

# Will AI eat the consultants? Accenture's \$800,000-employee problem

Date: June 04, 2026 | Model: anthropic-batch:claude-opus-4-7

Source: Screenshot (OCR via AI)

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*Note: the original article is provided as a separate file (attached to the email or downloadable from the website).*

## 1. Reading Passage

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When Anthropic released its formidable new AI model Mythos in April 2026, Accenture should have been celebrating. The world's largest publicly listed IT consultancy received more than 1,000 inquiries from clients suddenly anxious about AI-powered cyber threats – exactly the kind of urgent demand that has made Accenture rich for decades. Instead, Wall Street wiped 10% off Accenture's share price within days. The pattern has become familiar: every time a major AI advance is announced, IT consulting stocks lurch downward. Accenture shares have more than halved in less than 18 months. Cognizant is down 43% from its peak; India's Infosys and Tata Consultancy Services are down 41% and 49% respectively.

The debate gripping the sector is stark. Is AI a once-in-a-generation bonanza for IT consultants – or an existential threat? Accenture has thrived on technological disruption before. It helped companies adopt enterprise software in the 1980s, reinvented itself for the cloud era, and rode the Covid-era work-from-home boom. Chief strategy officer Manish Sharma argues that AI is creating 'entirely new categories of work that simply did not exist before' and providing a tailwind that will last years.

But investors fear this time is different. The worry is brutally simple: Accenture employs 786,000 people, and a great deal of their work – writing code, configuring software, drafting strategy documents – is precisely what generative AI is now good at. Jason Kupferberg, an IT services analyst at Wells Fargo Securities, has said the share price reflects a 'pretty significant degree of concern' that consultants are net losers from AI. Consultancy revenue is still growing, but not dramatically faster than before ChatGPT; Source Global estimates the 'technology and innovation' segment of US consulting grew 7% in 2024, 3% last year, and is on course for 6% in 2026.

Here's the catch – and where the story complicates. AI's biggest beneficiaries so far have included consultants themselves. Surinder Thind of Jefferies likens client behaviour to a 'deflationary cycle': companies delay big projects because they expect a cheaper option soon. But once they commit to AI transformation, the implementation is enormous. Ravi Kumar, chief executive of Cognizant, calls his firm 'a bridge' – and the more complex the technology, the more valuable the bridge. Accenture is doubling down by acquiring AI-native firms (it bought the UK's Faculty in January 2026) and forming deployment partnerships with the AI labs themselves.

The AI labs, however, are not staying in their lane. OpenAI launched a \$4bn consulting venture backed by TPG and Bain Capital, beginning with the acquisition of a firm called Tomoro. Anthropic has formed a joint venture with private equity heavyweights Blackstone and General Atlantic to deploy AI across their portfolio companies. KPMG, meanwhile, expanded its alliance with Anthropic to develop tax and legal tools. The Big Four firms are exploring radically different models too: PwC's US boss Paul Griggs has floated a low-cost subscription service giving cheaper access to PwC expertise via AI.

The long-term fear, as Citi analyst Bryan Keane puts it, is that AI-native competitors are arriving with venture-capital backing and no legacy workforce – and might price the work very differently. 'If we were to start an IT services company today, we wouldn't start with 800,000 employees,' he

said. Whenever model disruption hits an industry, it usually has growing pains. The question now is whether Accenture is the bridge to the AI economy – or the toll booth being bypassed.

## 2. Explanation

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*Accenture has 786,000 employees whose job is helping companies adopt new tech. So what happens when the new tech can do the helping itself – and do it for cheaper?*

### What's Going On?

Accenture is the world's largest publicly listed IT consultancy – the firm Fortune 500 companies hire when they need to install new software, migrate to the cloud, or, lately, figure out AI. For decades it has thrived on technological disruption: every wave (enterprise software in the 1980s, cloud computing, the Covid-era digital push) sent companies running to its consultants for help.

But investors are increasingly worried that generative AI is different. When Anthropic launched its powerful Mythos model in April 2026, Accenture got over 1,000 client inquiries about cyber defence – great news, you'd think. Instead, Wall Street knocked 10% off Accenture's share price. The fear: AI won't just be another lucrative project for consultants to manage. It might replace the consultants themselves.

### How To Think About It

The puzzle is whether AI is a tailwind or a tornado for the consulting industry. Two parallels help:

- Travel agents in the 1990s: Booking flights used to require a human middleman with access to specialised systems. The internet didn't just make travel agents more productive – it made most of them unnecessary. Consultants whose value is 'we know how to use the complicated software' face the same risk.
- Blockbuster vs. Netflix: Blockbuster wasn't killed by people who hated movies. It was killed by a better delivery model for the same product. If AI lets clients get strategy advice directly from a model rather than from an army of MBAs, the consultancy 'store' becomes harder to justify – even if demand for advice itself keeps rising.

### Key Things To Know

- Accenture shares have more than halved in under 18 months; Cognizant is down 43% from its peak, and India's Infosys and TCS are down 41% and 49% respectively.
- The big consultancies have around 786,000 employees (Accenture alone). Much of their revenue comes from billing clients by the hour – exactly the model AI threatens.
- Key players are fighting back: Anthropic has formed a joint venture with private equity firms Blackstone and General Atlantic, and OpenAI launched a \$4bn consulting initiative backed by TPG and Bain Capital, acquiring a firm called Tomoro.
- Counterintuitive consequence: Accenture is also a winner from AI. It's been hired to help companies actually deploy AI safely, and it's acquiring AI-native firms like Faculty (UK) to upgrade its own skills.
- What people get wrong: this isn't a binary 'AI replaces consultants' story. It's about pricing power – whether Accenture can keep charging premium rates when clients realise the work takes one-tenth the people.

## **Why It Matters**

Consulting and IT services are some of the biggest graduate employers on Earth – Accenture, Deloitte, TCS, Infosys hire hundreds of thousands of new grads every year for exactly the kind of analytical, slide-making, code-writing entry-level work AI is best at. If you're considering a business, CS, or economics degree, the career ladder you're aiming for is being rebuilt mid-climb. The roles that survive will look more like 'AI orchestrator' than 'spreadsheet jockey.'

## **The Bigger Picture**

Every previous wave of tech disruption – PCs, the internet, mobile, cloud – ended up making consultancies bigger, not smaller. AI might too. But watch for two signals: whether new 'AI-native' competitors built around 10 people and a model can win big enterprise contracts, and whether Accenture's revenue per employee starts rising sharply (good – AI is leverage) or stays flat while headcount falls (bad – AI is competition). The same question is hanging over law firms, ad agencies, and investment banks. Consulting is just the canary.

### 3. Key Terms Glossary

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#### **IT consultancy**

A firm hired by other companies to plan, install, integrate, and maintain technology systems – essentially outsourced tech departments and digital strategy advisers.

#### **Generative AI**

AI systems (like ChatGPT or Claude) that produce new text, code, or images from prompts, rather than just classifying or analysing existing data.

#### **Forward price-to-earnings (P/E) ratio**

A stock's price divided by its expected future earnings per share. A falling forward P/E means investors are paying less for each dollar of expected profit – usually a sign of waning optimism.

#### **SaaS (Software-as-a-Service)**

Software delivered over the internet on subscription rather than installed locally. Companies like SAP and Workday sell SaaS; consultants typically configure it for clients.

#### **Deflationary cycle**

A period of falling prices. Used here as an analogy: customers delay purchases because they expect a cheaper, better option soon, which suppresses demand.

#### **Tokenised pricing**

Billing based on units of AI work (tokens consumed by the model) rather than human hours, shifting the cost basis of a project from labour to compute.

#### **Discretionary spending (corporate)**

Optional budget that companies can delay or cut – usually the first thing frozen during uncertainty, which hurts consultants reliant on new projects.

#### **Joint venture**

A business jointly owned by two or more separate firms to pursue a specific goal – here, AI labs teaming with private equity to bypass the traditional consultancy middleman.

## 4. Reading Comprehension Quiz

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Circle the best answer for each question.

**Q1.** The passage most directly argues that:

- A) AI has already destroyed the IT consulting industry's business model.
- B) Consultancies face genuine disruption but also new opportunities from AI adoption.
- C) Accenture's leadership is in denial about the threat AI poses to its revenues.
- D) Investors have correctly concluded that AI is purely negative for consultants.

**Q2.** According to the passage, Accenture's share price fell after the Mythos launch primarily because:

- A) The company reported disappointing quarterly earnings that month.
- B) Clients cancelled existing contracts in favour of AI-native competitors.
- C) Investors interpreted the AI advance as a threat to the consultancy's core model.
- D) Accenture's CEO publicly admitted that AI would shrink the company.

**Q3.** As used in the passage, 'tailwind' most nearly means:

- A) a strong gust of wind
- B) an unexpected obstacle
- C) a force that aids progress
- D) a temporary distraction

**Q4.** As used in the passage, 'discretionary' most nearly means:

- A) secretive
- B) optional
- C) wasteful
- D) mandatory

**Q5.** Which statement about new AI-native consulting competitors can most reasonably be inferred from the passage?

- A) They will inevitably bankrupt the established consultancies within five years.
- B) They benefit from not carrying the cost burden of large traditional workforces.
- C) They have already captured most enterprise IT budgets globally.
- D) They are funded primarily by retail investors via crowdfunding.

**Q6.** The passage suggests that established consultancies might preserve their position if:

- A) they convince regulators to slow down AI deployment.
- B) they help large clients integrate AI into existing IT systems.
- C) they reduce their workforces by at least 50% immediately.
- D) they stop partnering with AI labs like Anthropic and OpenAI.

**Q7.** The author's tone when discussing the consultancies' future is best described as:

- A) dismissive and mocking of executive claims
- B) balanced but acknowledging genuine uncertainty
- C) alarmed and predicting imminent collapse
- D) celebratory of the consulting industry's resilience

**Q8.** The author's primary purpose in the passage is to:

- A)** predict which AI startup will dominate consulting in 2030.
- B)** explain why a major industry's business model is being tested by AI.
- C)** advise readers on whether to buy or sell Accenture stock.
- D)** criticise consulting firms for being slow to adopt new technology.

**Q9.** Which choice can most reasonably be inferred about Accenture's strategy in response to AI?

- A)** It is abandoning its core consulting business entirely.
- B)** It is combining acquisitions of AI-native firms with internal repositioning.
- C)** It plans to merge with Anthropic to gain access to Mythos.
- D)** It has decided to compete directly with cloud providers like AWS.

**Q10.** Which choice provides the BEST evidence for the answer to the previous question?

- A)** 'Accenture shares have more than halved in less than 18 months on the fear that AI could replace many of the tasks carried out by its 786,000-person workforce.'
- B)** 'Accenture has also increased its budget for acquisitions, looking for products and services it can sell that do not need armies of employees.'
- C)** 'The pattern is the same every time a big advance in AI is announced, prompting a lurch downward for IT consulting shares.'
- D)** 'No one doubts, however, that AI will significantly disrupt the IT consultancies' business model.'

**My Score:** \_\_\_\_\_ / 10

## 5. Answer Key with Explanations

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**Q1.** The passage most directly argues that:

**Answer: B**

The passage repeatedly balances the threat (falling share prices, fears of replacing 786,000 workers) against opportunities (1,000 client inquiries, new acquisitions, deployment partnerships). Option D is the trap – it reflects the stock-market reaction but ignores the passage's careful presentation of the bullish case. SAT Tip: when a passage gives roughly equal space to two views, the correct 'central idea' answer is almost always the one that captures the tension, not the one that takes a side.

**Q2.** According to the passage, Accenture's share price fell after the Mythos launch primarily because:

**Answer: C**

The passage explicitly states that each AI advance triggers a 'lurch downward' in consulting shares because investors fear consultants are net losers from AI. Option B is the trap (Trap C: plausible in the real world but the passage doesn't claim contracts were cancelled). SAT Tip: 'According to the passage' questions are not asking what's true in the world – they're asking what the text says. If you can't point to a sentence, it's wrong.

**Q3.** As used in the passage, 'tailwind' most nearly means:

**Answer: C**

Manish Sharma describes AI as creating 'a tailwind' alongside new categories of work – meaning a favourable force pushing the business forward. Option A is the trap (Trap B: the literal meaning of the word in a non-business context). SAT Tip: on vocab-in-context, substitute each option into the original sentence. Only the figurative business meaning ('a force that aids progress') keeps the sentence coherent.

**Q4.** As used in the passage, 'discretionary' most nearly means:

**Answer: B**

The passage notes that 'discretionary spending by clients remains subdued' – meaning the optional, non-essential budget clients can choose to delay. Option A is the trap (Trap B: 'discretion' in everyday speech can mean keeping a secret, but the financial sense here is different). SAT Tip: financial and economic terms often have a precise, narrow meaning that overlaps with – but isn't identical to – their everyday meaning.

**Q5.** Which statement about new AI-native consulting competitors can most reasonably be inferred from the passage?

**Answer: B**

The passage notes a Citi analyst saying a new IT services company today wouldn't start with 800,000 employees – implying AI-natives have a structural cost advantage. Option A is the trap (Trap A: right direction but absolute language – 'inevitably' overshoots what the passage actually claims). SAT Tip: on inference questions, pick the softest reasonable claim that the text supports, not the boldest one. Words like 'inevitably,' 'always,' and 'never' are red flags.

**Q6.** The passage suggests that established consultancies might preserve their position if:

**Answer: B**

The passage describes Accenture and peers building 'deployment' units and integration partnerships with AI labs, framing integration work as the bridge they're betting on. Option C is the trap (Trap B: uses passage vocabulary – workforces, AI – but in a combination the passage doesn't endorse). SAT Tip: 'the passage suggests' answers must match the passage's actual logic, not a tougher policy you might invent yourself.

**Q7.** The author's tone when discussing the consultancies' future is best described as:

**Answer: B**

The passage gives serious weight to both the threat (halved share prices, layoffs) and the executives' counterarguments (new categories of work, deployment opportunities) without picking a winner. Option C is the trap – the data is grim but the author never predicts collapse. SAT Tip: tone questions hinge on the author's adjectives and qualifiers, not the topic's drama. A scary subject can be discussed in a measured voice.

**Q8.** The author's primary purpose in the passage is to:

**Answer: B**

The headline ('puts Accenture and peers to the test') and the structure – laying out the threat, the response, and the open questions – point to explanation rather than prediction or advice. Option C is the trap (Trap C: a real-world reader might want this, but the passage doesn't give buy/sell guidance). SAT Tip: 'purpose' questions reward the broadest accurate verb – explain, argue, describe – over narrow tactical verbs like predict or advise.

**Q9.** Which choice can most reasonably be inferred about Accenture's strategy in response to AI?

**Answer: B**

The passage describes Accenture buying AI-native businesses (like the UK firm Faculty) and increasing acquisition budgets while also building internal AI capabilities. Option A is the trap (Trap A: opposite direction – Accenture is adapting, not abandoning). SAT Tip: on inference questions about strategy, look for evidence of multiple parallel moves; companies rarely bet on a single tactic.

**Q10.** Which choice provides the BEST evidence for the answer to the previous question?

**Answer: B**

Option B directly cites the acquisition strategy and the pivot toward products that don't require huge workforces – exactly the dual-track approach Q9 identifies. Option A is the trap: it describes the threat, not the strategic response. SAT Tip: on evidence-pairing questions, first identify the exact sentence in the passage that proves your Q9 answer, then find the option whose wording most closely matches it.