Accelerating AI and digital adoption in professional services

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Summary

SME law, accountancy and other professional service firms are currently grappling with the opportunities of AI and digital adoption, firms being slow to realise the potential for productivity, growth and client-service gains. The risk of a slow pace of adoption is weakening UK competitiveness in Professional & Business Services (PBS). Key growth opportunities in the regions are being lost because of a long tail of slow adopters.

Government departments such as DSIT and DBT should look to scale practical, vendor-neutral adoption support programmes, paired with simple buyer guidance and help with data and change management.

Key research findings

Since January 2024, the Technology in Professional Services (TiPS) innovation adoption accelerator has gathered insights from over 60 accounting and law firms, and the wider sector, into what accelerates and what slows digital and AI adoption in PBS. TiPS has delivered over 500 hours of direct training, development and advisory support to professional service firms across the UK. The key research findings are:

- **Successful adoption is about people and organisations, not just technology.** The main obstacles are fear of new technology, lack of confidence and trust, and time to focus on adoption. Partners and managers adopt readily when they see near-term gains in fee-earners' work, underpinned by a clear link be a problem and technology solution, responsibilities for and structured change management.

- **Safe spaces build trust to try.** Firms progress fastest when they can test ideas away from client work, talk through risks, and learn from peers before committing to live deployment. This lowers perceived risk and raises the quality of decisions.

- **Firms should focus on workflows, not blanket roll-outs.** Adoption is most durable when scoped to a well-defined task - e.g. lease reviews, client onboarding or audit testing - rather than attempting firm-wide deployments of generic tools.

- **Data quality and legacy integration are barriers.** Poor data hygiene and brittle integrations stop projects before benefits are realised. Short, targeted sprints to purposefully tidy data and connect systems pay off quickly.

- **A complex and opaque market makes buying technology hard for smaller firms.** Decision-makers struggle to compare tools and judge risks. Practical buyer checklists, model clauses and peer demonstrations make choices faster and safer. Standards for data security and safe AI use are needed to simplify adoption in SMEs that lack compliance teams.

- **Vendor lock-in is a real risk.** Firms that insist on exportable data, clear exit terms and simple audit trails retain strategic flexibility and capture more value from adoption over time.

Policy recommendations

- **DBT and DSIT should consider supporting adoption schemes for PBS SMEs** as part of the government's ongoing work to improve SME digital adoption and sector productivity. Cohorts should be time-limited and focus on delivering projects relating to real workflows. Where possible, programme support should be independent of vendors and could be delivered by universities or consortia using safe sandboxes, peer demonstrations and sprints focused on data readiness.

- **DBT, DSIT and professional bodies could improve the buyer's market** by co-publishing concise, vendor-neutral guidance that sets minimum expectations for exportable data, clear exit terms and straightforward audit trails. Guidance could be illustrated with real use-cases from TiPS and other similar programmes. Such interventions would shorten decision times in firms and address perceived risks associated with procurement processes.

- **The Cabinet Office and Crown Commercial Service should make safety and governance routine in relevant frameworks**, encouraging auditable AI usage policies, standardised risk discussions and clear client-confidentiality controls in supplier contracts in the PBS sector.

- **DBT, DSIT and NCSC should make cyber security a non-negotiable baseline** for PBS SMEs, by further promoting Cyber Essentials and encouraging take-up of NCSC's free 'Exercise in a Box' in PBS.

- **DBT could provide targeted training to PBS SME managers on tech adoption,** for example through variants of the Help to Grow: Management scheme and the AI Skills Hub, and through new schemes designed to produce cohorts of firm "champions" and peer learning opportunities. This should be PBS specific given the distinctive challenges faced by leaders in the PBS sector.

- **DSIT could broker safe, auditable sandboxes with major platforms,** negotiated at low per-trial cost and made available through universities or professional association hubs, with clear IP and data-handling rules so firms can experiment before committing.

- **DBT and DSIT should consider metrics to measure outcomes, not just activity**, publishing a short pre-/post- KPI set (cycle time for the target task, onboarding time, billable-to-admin ratio, realised write-offs, client satisfaction, staff adoption and future opportunity enablement).

Work with us

Professor Martin Spring leads the Technology in Professional Services (TiPS) accelerator from Lancaster University Management School, working with Professor James Faulconbridge. TiPS is funded by the ESRC and Innovate UK and is a collaboration between Lancaster, Oxford Brookes and Salford Universities and Hyperscale Group. We partner with law and accountancy firms to design, trial and evaluate practical adoption models.

We're happy to provide short briefings to officials on our work to date through TiPS, or help to organise more intensive roundtables or demo days focused on tech adoption in SMEs and professional service firms.

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