CASE STUDY

Confidential IT consultancy improves gross margin by 46% with agentic AI proposition

INTRODUCTION

Our client, a long-established IT firm specialising in ERP implementation and support work wanted to grow the managed services side of the business to help increase the amount of recurring revenue they earn.

The work they do specifically focuses on the security of their clients ERP systems. Working with enterprise clients, this work is critical, with hundreds of millions of pounds flowing through these ERP systems, the work to enforce technical and financial controls and ensure audit compliance takes on a higher significance.

Over a period of time, our IT company client had observed a number of their clients having growing concerns about the standard of critical control monitoring services that larger IT companies were providing. They knew they could deliver a better service than their larger competitors so therefore targeted this specific service as an opportunity to drive their strategy on growing the managed service business.

This case study explores the opportunity the company had to expand into managed services, the difficulties of breaking into that market and how launching it as an agentic AI solution was the unlock they needed to create an efficient and profitable service that resolved all the historical issues around larger players delivering a quality service.

AT A GLANCE

- Autonomous AI solution replaces a 4-person execution team
- Automates mundane, repetitive error prone work to improve service delivery
- Pricing becomes based on value delivered, not headcount supplied
- Paired with human oversight, the service is a no-brainer for clients
- Creates a genuine win for clients and for service delivery providers

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BACKGROUND

The nature of enterprise ERP systems dictates that huge sums of money flow through them. This creates inherent risk for the companies that have these systems that must be managed to avoid damaging fraud and financial loss events.

Because of the potential impact and scale of such an event, these systems are meticulously controlled and subject to intense audit scrutiny.

It's standard practice for enterprise companies to maintain established control processes, allowing them to look back and prove to auditors that their ERP systems operated exactly as intended. By demonstrating that these systems were equipped to prevent unauthorised access and malicious attacks, they provide a clear, verifiable paper trail that eliminates the friction of annual compliance audits.

Our client, a respected boutique ERP security expert works with clients that engage with large MSP companies to operate these control processes for them. Feedback from their clients about these control processes operated by larger competitors was universally underwhelming. The same stories were told by various clients that engaged various MSP's: delivery standards were not as good as they needed to be and didn't reflect the critical nature of the controls they were operating. It was commonplace for controls to be incomplete at audit time, with evidence missing which would invariably result in longer audit cycles and higher audit fees.

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CURRENT SITUATION

With the recurring feedback from multiple sources about how other providers were operating this critical controls service, our IT company client did a deep dive into what was happening.

The crux of the matter was that the work involved in operating these controls was painstaking, it was mundane, repetitive and is also high volume. It therefore gets handed to whoever can do it cheapest, and that tends to be a rotating bench of junior, often offshore based teams.

It's commonplace for these junior staff to move on in the interests of career progression before they've really had time to truly understand the controls they run meaning continuity is a problem and quality suffers.

They also found it was commonplace, even in well documented controls processes for different analysts to perform a control differently to their colleagues, especially where data analysis is concerned. In an environment where things are black and white, this can be a problem and again raises consistency concerns.

Errors and omissions in this manual process was found to be commonplace yet wholly unacceptable. They concluded that control operation done this way appeared to be a false economy. It would appear to be a cheap way of operating controls yet often led to hidden costs at audit time.

THE CHALLENGE

Our client was seeking a way to deliver control operation as a service with better quality at its core that could provide audit compliance as it's outcome. It needed to provide a large uplift in quality whilst being competitive in price against offshore MSP's.

OUR SOLUTION: AUTONOMOUS CONTROL OPERATION FOR ERP SYSTEMS

We've created autonomous AI control operation for ERP systems. It operates critical controls directly, continuously, and to the same exacting procedure every time, automatically, on repeat. It runs the process exactly and precisely, without fail. Evidence is gathered and analysed and every exception is surfaced to a named, accountable ERP controls expert who reviews, exercises judgement, and signs off.

The requirements of this project were perfectly suited to agentic AI, where custom AI workers automatically deliver the repetitive, mundane data processing and data analysis that's prone to error and inconsistency when done by humans. The accuracy of execution and the schedule to which the controls are operated can be guaranteed and should anything go awry, agents are on hand to self-diagnose and correct any anomalies.

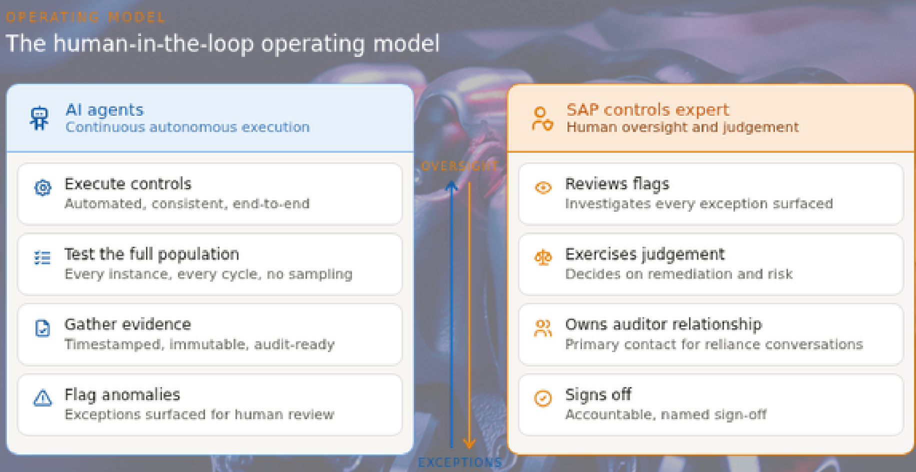
DELIVERING FOR OUR CLIENT

We created a solution that first and foremost solved the biggest problem: quality, accuracy and consistency of control execution with AI workers executing the parts of the process where the known issues were due to the natural limitations of humans doing repetitive, mundane work. Our agents automatically run controls, data analysis, gather evidence and chase sign offs as soon as the requirement to do so exists. They analyse everything and don't stop working until a control is audit compliant.

The agents feed the control status into a live dashboard so client stakeholders can see any time what the control environment looks like, where the issues are and what the compliance status is. Auditors can drill into each control and for the first time retrieve the evidence they need to audit controls effectively on a self-serve basis making the audit cycle shorter and more effective.

Whereas historically, knowledge that built up in the controls team left the building when a junior analyst left, our agents learn continuously and the service quality therefore compounds month on month.

SAFEGUARDS



Our client underpins the work our AI workers do with one of their expert consultants in what they call a human-in-the-loop solution. This means our AI agents are not left unsupervised in the wild, they work hand-in-hand with the human expert who oversees their work and maintains the auditor relationship, representing a best practice AI + human scenario that gives their clients confidence in the solution. It means their expert team still has an important and yet better role to play for clients. Instead of having to be involved in low value repetitive work, they exclusively deliver high value work that clients rely on.

A BETTER WAY: IMPROVED SERVICE DELIVERY, BETTER EFFICIENCY AND GREATER BUSINESS VALUE GENERATED

A typical controls engagement used to have 4 human analysts doing the manual work with a more senior expert overseeing and managing the auditor relationship. Our solution enables far superior delivery quality, better outcomes, reduced audit costs and only needs the senior expert for the oversight role. It plays to strengths: AI agents handle the work humans don't really want to do and the senior expert handles judgement, exceptions, the auditor relationship, and sign-off providing elevated human assurance on top of our AI layer.

KEY FEATURES

Repetitive, mundane and error prone work automated with AI agents

AI engine runs the work like clockwork, without fail

All controls get executed on time and audit ready evidence stored securely

Stronger controls, more secure systems and lower audit costs

WHY THIS WORKS

It's a multi-faceted solution that first and foremost delivers value to the IT companies clients by solving long-standing problems in the way the service is delivered by large MSP's whilst also enhancing project profitability for our service provider client with no increase in the price charged for the service.

- The solution delivers better service than revolving junior analysts doing mundane, repetitive work can produce. Errors and omissions, missed runs, and missing data are a thing of the past
- Headcount is no longer a constraint to service coverage. Controls can now run as frequently as the client wants them without incurring additional cost. Whereas previously, controls may have been run monthly or quarterly because of cost, it would mean if a defect was identified, it could have been weeks before anyone knew about it. Now, relevant stakeholders know about it immediately meaning the fix can be actioned before anything bad happens, reducing business and financial risk
- Our agents handle volume, repetition and consistency quicker and better than humans can so controls are operated correctly and to a fixed schedule without fail
- Audit compliance is assured and is delivered as the outcome from the solution. Clients save money on audit fees as auditors get the right answer the first time they look for it, all self-contained within our reporting tool

BUSINESS IMPACT: HOW THIS BENEFITS OUR CONSULTING COMPANY CLIENT

Everyone wins from this modern service delivery model.

Our client can deliver a managed control operation service that's far superior to that delivered by volume MSP's that operate in their market. In a market where winning bids are characterised by low pricing with the inherent quality issues that creates, they've bucked the trend and can offer competitive pricing with a big uplift in service delivery.

They get the opportunity to now grow market share in a market segment they couldn't be competitive in before. They'd previously explored being able to deliver an offshore service themselves with partners to rival that delivered by the volume MSP's. Such a model would have meant achieving a low gross margin that would have made it not worth pursuing. With our AI solution in place delivering this service for their clients, even with pricing similar to the offshore resourcing model, they are able to achieve a gross margin 46% higher than hiring the offshore partner which represents a great result that's fuelling business growth.

Their clients also win from this new delivery model. Clients get quality and consistency not seen before in this control operation space from the volume MSP's. They also find that the downstream costs related to additional audit fees are also avoided because everything the auditors need is delivered and stored within our solution.

NEXT

See the case study of how Integrc automated consulting delivery to increase gross margin

Talk to us about building something similar for your business

MY VIEW: HOW AI AUTOMATION TRANSFORMS CLIENT DELIVERY

Professional and technical services have always run on the same basic model: sell time, staff up to deliver it, and grow revenue by adding people. It was the only way but AI is now challenging it, and the firms most exposed are the ones that built their entire economics around it.

The traditional model actively punishes getting more efficient. A firm that bills by the hour, and then uses AI to do the work faster, bills fewer hours for the same outcome. Efficiency shrinks revenue under the old model which is exactly why so many large firms don't want to change. The tools have arrived, but the business model hasn't caught up, because the incentive to keep it exactly as it is remains stronger than the incentive to change it.

Any service business that prices on time or headcount, like a managed IT provider billing per engineer, an agency billing per hour of strategy work, a bookkeeping firm billing per hour of processing, or a consulting team, is exposed to exactly the same structural pressure. If the delivery work can be meaningfully accelerated by AI, and your pricing model punishes you for doing that, a competitor who isn't carrying that same constraint will eventually out-price and out-deliver you, without sacrificing margin.

This is precisely the pattern behind the work in this case study. The traditional model needed a team sized to the manual effort, more effort meant more headcount, in a straight line. Rebuilding that around an AI-run delivery process, with senior oversight rather than a large execution team, broke that line entirely. Work now gets priced based on the outcome and according to the value delivered. The net effect for service delivery companies is the work delivered earns better margins and teams have greater capacity to deliver more.

The firms that win in future won't be the ones with the biggest teams. They'll be the smaller, leaner operations. Real expertise sitting on top of a genuinely AI-native delivery process that can do the same work, priced on the value it delivers, without a large team. That's not a threat to service businesses. It's the shape the winning ones are already taking. And it's a huge opportunity that exists right now for forward looking service businesses.