Collier Wilson Law

Consolidation in Professional Services: Strengthening the Industry or Hollowing It Out?

Over the last six months, I received the same phone call from three different clients - all entrepreneurs who, with my help, sold their businesses in recent years.

Not long ago, the mood among them was celebratory - closing dinners, toasts, and the sense of having reached the finish line after decades of building.

Lately, the mood has been more somber.

None of them are sour about money. All of them made out well in their transactions and shouldn't ever have to work again after their post-closing employment terms end.

The problems coming up are more cultural, operational, and even personal.

A common issue of course is that none of them are enjoying the new status quo of working under a boss. But this isn't surprising. In fact, I've never known otherwise as a sell-side M&A lawyer.

The broader complaint is that the former owner feels like they let their clients down.

All of these clients' businesses were owner-operated white collar professional services firms - accounting, tax, IT services - in different geographies throughout the US. Each client sold between 6-18 months ago to a private equity-backed platform or roll-up strategy.

These are companies built on meaningful, personal and deep professional client relationships.

The professionals know more about their clients' affairs than almost anyone, even family members. They've navigated life's white water rapids together. They're teammates.

And now, sensitive client issues that were once handled with discretion are "processed" by a new hierarchy, and increasingly technology.

The clients miss talking to someone they know.

Money Floods In

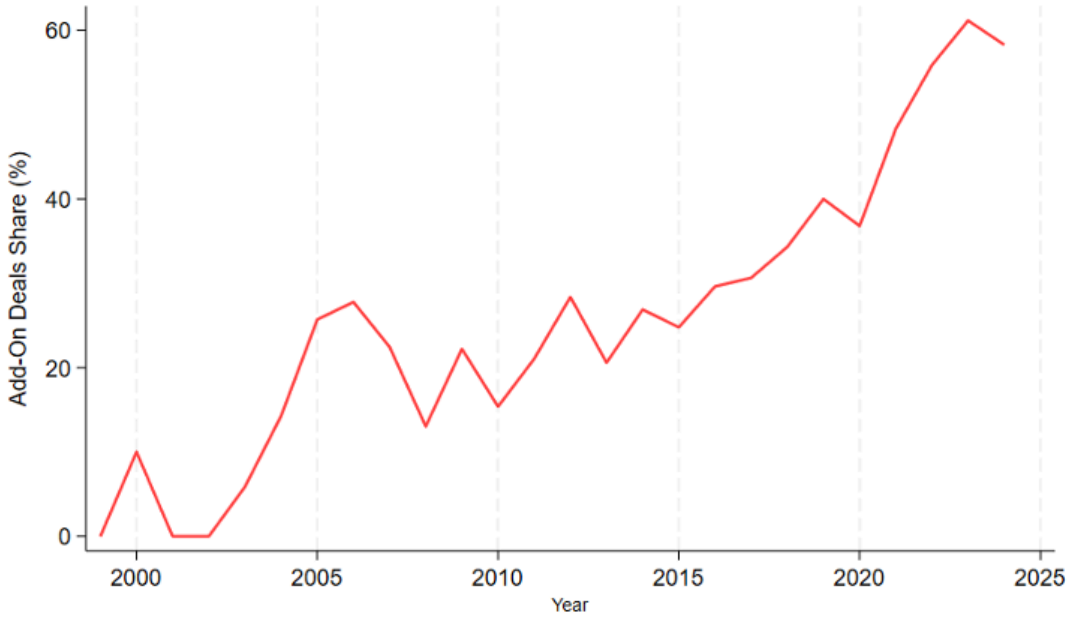
Personal behavior shifts, when developing in a pattern, are often early indicators towards a larger trend. I wanted to understand more about the underlying mechanics and took a look under the hood.

© Collier Wilson Law, PLLC March 2026 All Rights Reserved

Turns out there's lots of buy-side capital in search of professional services firms to roll-up. Accounting, payroll and bookkeeping have been especially hot lately.

Figure 2: **Add-on Investments in Accounting Industry**

This figure depicts the time-series trend in add-on investments—acquisitions of smaller, complementary firms made by an existing PE-backed portfolio company—using data from PitchBook and Preqin. It shows how the share of PE deals in the accounting industry represented by add-on investments has evolved over time.



The buy-side investment thesis is that professional services firms represent a vast pool of fragmented but robust client books of business, primed to be rolled-up and consolidated into a platform model.

They're largely right. These firms are revenue-recurring businesses in fragmented industries, shaped by substantial - but manageable - regulatory complexity. The companies are often operated by aging founders, typically with limited succession options. And they often have stable client books built over decades with predictable cash flow.

For funds sitting on large pools of private capital, these appear to be attractive consolidation targets.

Software has been pushing the momentum for a while. In recent decades, the software stack behind tax, accounting, wealth management, IT and legal services has become more robust. The back-end operations of firms are rewired in nearly every aspect: workflow management,

© Collier Wilson Law, PLLC March 2026 All Rights Reserved

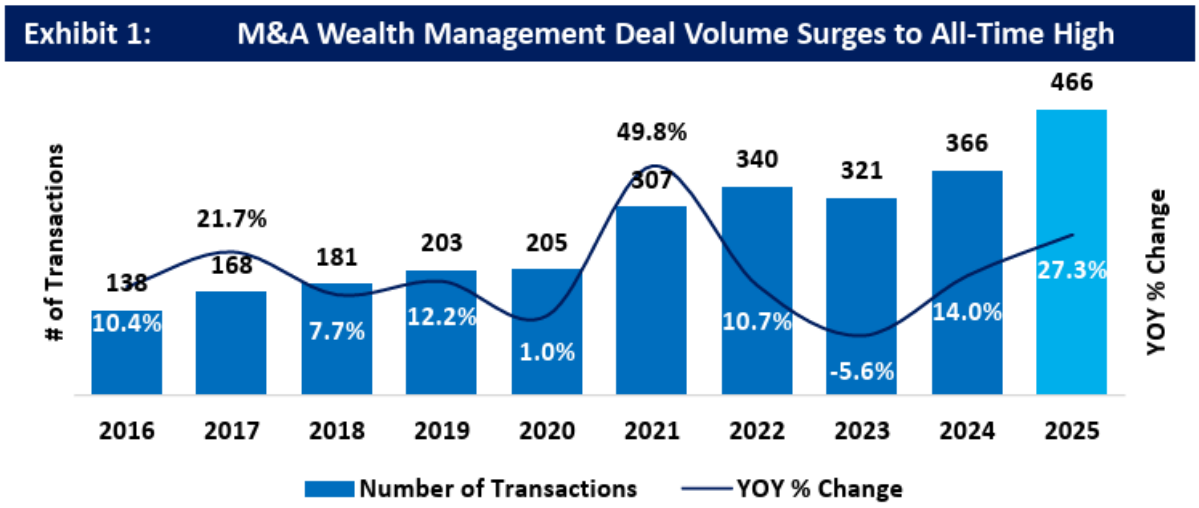
document automation, research tools, CRM systems, banking and money management, compliance tracking, and digital onboarding - all of which are bolstered by encryption and data security guardrails. So software has already transformed how firms operate.

And now, in recent years: A.I.

Huge advances in mid-level professional services functions - like research, analysis, summarization, drafting, coding, engineering computation, mechanical design, compliance review, and other "knowledge work" - are all advancing meaningfully as the software stack integrates with AI.

These trends should result in margin expansion, as firms standardize and mix headcount with technology costs.

M&A activity for wealth management firms shows similar trends.



Note: Total transaction count excludes deals with assets of $100 MM or lower
Sources: Company reports, SEC IARD, ECHELON Partners analysis

It seems obvious to me that, all else being equal, a significant portion of white-collar output can be systematized. And therefore, consolidated.

© Collier Wilson Law, PLLC March 2026 All Rights Reserved

Where the Consolidated Model Works

Matters with Low Variability

The consolidated model works best where the information flows are simplified and variability is limited, for example:

- High-volume tax preparation for filers with simple situations,
- Standardized bookkeeping,
- Routine estate planning,
- Compliance-heavy advisory services for self-directed investors.

In these areas, consolidation will expand access to services to broader segments of the economy.

Broader access to professional services at better cost, which leads to more access to more people.

Succession Solutions

Acquirers also solve genuine succession problems.

Many founders in professional services lack internal successors or obvious stand-alone buyers.

A well-capitalized platform provides liquidity, continuity for employees, and ongoing operational support that would otherwise be unavailable.

Overall this brings a new stability to the professional services landscape. The new pools of capital are nipping away at fragmentation. All quite exciting.

But it assumes that a lot of things go right.

Where It Gets Complicated

Professional services are not just systems businesses; they're *trust* businesses.

Clients trust not just that the service provider will always give good advice, they trust that they will be there to help solve the next problem that comes up. And the next. And the next.

Life and Business Are Unpredictable

Complex situations evolve in real time. Life is nonlinear and in constant motion.

Professional services providers live between nuance and chaos.

This is the reason why the best white collar professional service providers are always busy.

© Collier Wilson Law, PLLC March 2026 All Rights Reserved

Everyday brings something new, and the best at their trade are often at the frontlines of new challenges.

Consider the volatility of:

- Cross-border tax, with always shifting regulations and payment flows,
- M&A, where closings hinge on high-value decisions under time pressure,
- IT projects overseeing decades of tech debt, alongside IP and sensitive privacy issues, or
- Wealth management, when family complications emerge.

The value of the professional service provider in these situations isn't just informational - it's relational and judgment-based.

Apprenticeship

Historically, professional services are apprenticeship professions - trades built on knowledge, judgment, and execution.

This is an often overlooked characteristic of white collar work.

Judgment is transferred through observation, iteration, and mentorship. Young professionals learn not only by reading statutes or reviewing models, but by watching experienced practitioners navigate ambiguity and client psychology.

"See one, do one, teach one" - a traditional teaching principle in medical schools - applies as much to white collar professional knowledge work as it does to medicine.

In apprenticeship professions, as routine work becomes commoditized, the premium on judgment may *increase* rather than decrease.

A Market Question

When capital underwrites a professional services firm primarily as a recurring revenue asset, it must also underwrite the *durability of the client relationships* that produce that revenue. This is tricky to model.

None of this is meant to suggest that I think consolidation will reverse. Capital will continue to seek durable cash flows. Technology will continue to compress routine work.

The more interesting question, to me, is how the economy will adjust to pricing the human component of professional services. This is a fundamental question at the probing edge of AI.

On one hand, consolidation makes things cheaper and more widely available.

© Collier Wilson Law, PLLC March 2026 All Rights Reserved

On the other hand, when it comes to serious life matters, people may still want to talk to someone they know.

If automation reduces the value proposition for routine output, differentiation seems to naturally shift toward judgment, communication, and trust.

That could mean that the most capable operators - regardless of firm size - will become *more* valuable, not less.

It's possible that we are not witnessing the end of individualized advisory work, but a re-sorting of it.

The tension is not between technology and tradition. It's between scale and trust.

Those who balance both well may define the next generation of professional services firms.

Samuel Wilson
Collier Wilson Law PLLC
Austin, Texas

March 2026

© Collier Wilson Law, PLLC March 2026 All Rights Reserved