

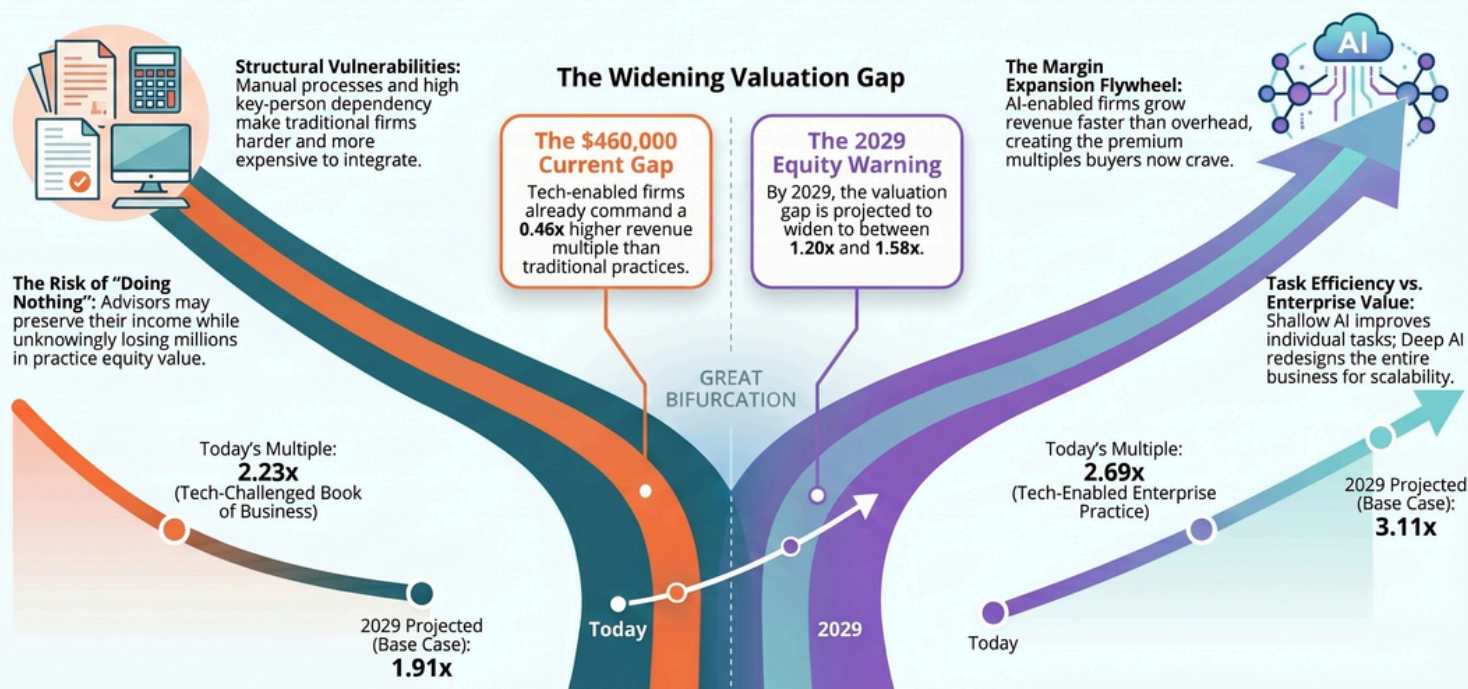
2029: The Great AI Financial Services Disruption

Is It Time to Monetize Practice Equity?

The 2029 Valuation Divide: Protecting Your Practice Equity in the AI Era

The Risk of “Doing Nothing” & Traditional Practices

The AI Advantage & Tech-Enabled Enterprise Value



Artificial intelligence has already arrived in financial services, but its impact is still being underestimated. Not because AI is invisible. It is everywhere. Advisors are using it to summarize meetings, draft emails, create marketing content, organize notes, review data, and speed up routine work. In that sense, AI is already a **mile wide**.

But in most advisory practices, it is still only an **inch deep**.

Today, AI is mostly improving tasks. It is helping advisors work a little faster, communicate a little more efficiently, and reduce some administrative friction. Those are useful gains, but they do not yet represent the full disruption. They do not, by themselves, fundamentally change practice valuation.

By 2029, that changes.

Over the next three years, AI will move from the surface of advisory work into the operating core of the firm. It will shape data gathering, client segmentation, service delivery, planning workflows, reporting, compliance documentation, acquisition integration, margin expansion, and succession strategy. The first phase of AI helped advisors become more productive. The next phase will help enterprise firms become more valuable.

**AI is currently a mile wide and an inch deep.
By 2029, it will be a mile deep.**

For tech-enabled enterprise practices, this creates an extraordinary opportunity. For tech-challenged, book-of-business-style practices, it creates a more urgent question: ***should the owner attempt to transform the practice, partner with a platform that already has scale, or monetize practice equity before the valuation gap becomes much larger?***

The answer will not be the same for every advisor. But the window for making that decision intentionally may be narrowing.

The Shallow Phase Is Creating False Comfort

Many advisors can look at the current AI environment and conclude that nothing fundamental has changed. Clients are still calling. Revenue is still recurring. Referrals are still coming in. The advisor remains trusted. The book of business remains profitable.

That conclusion is understandable, but incomplete.

The danger is not that AI has already replaced the advisor. It has not. The danger is that AI may begin to reprice the business model before the advisor feels the full operational impact.

In the current shallow phase, AI use often looks like this: meeting summaries, email drafts, newsletter content, CRM notes, marketing copy, simple research prompts, and generic planning commentary. These tools save time, but they usually sit on top of the existing practice model. A founder-centric practice remains founder-centric. Manual workflows remain manual. Key-person dependency remains high. Client service remains dependent on memory, staff effort, and individual advisor capacity. That type of adoption may create productivity, but not necessarily enterprise value.

The foundation paper behind this discussion makes the broader point clearly: as financial information becomes abundant, the advisor's value shifts from delivering information to interpreting it. That shift affects not only client relationships, but also firm economics and valuation. Firms that reposition around interpretation, scale, and technology-enabled service become more valuable; firms that remain tied to information delivery and manual operating models face pressure.

That is the first part of the disruption. The second part is more consequential for practice owners nearing succession, sale, merger, or retirement: buyers will increasingly separate firms that merely use technology from firms that are structurally built around it.

The shallow phase improves tasks. The deep phase improves enterprise value.

From Book of Business to Enterprise Value

For decades, many financial advisory practices were valued primarily as books of business. The core question was relatively simple: how much recurring revenue exists, how loyal are the clients, and how much of that revenue is likely to transfer?

Those questions still matter. But they are no longer enough.

Modern buyers are evaluating whether a practice can survive and scale beyond the founder. They are asking whether client relationships are institutionalized, whether workflows are documented, whether service delivery is consistent, whether margins can expand, whether staff dependency is manageable, and whether the practice can be integrated efficiently.

The valuation framework in the attached materials describes this evolution directly. Practice valuation has moved beyond a simple revenue multiple exercise and now reflects recurring revenue, client composition, profitability, scalability, and operational efficiency. The Valuation Blueprint frames this as a movement from surface-level revenue to deeper institutional value: transferability, scalability, retention, margins, and durability.

This is where the bifurcation begins.

A **tech-challenged book of business** may still be a strong practice. It may have loyal clients, recurring revenue, and a respected advisor. But it often carries structural risks:

Manual service processes. Founder-centric relationships. Limited workflow documentation. Heavy reliance on staff memory. Inconsistent client segmentation. Limited technology leverage. High key-person risk. Lower operating leverage. A weaker transition story for buyers.

A **tech-enabled enterprise practice** is different. It converts advisory relationships into institutional value. It has documented workflows, scalable service models, segmented client experiences, automated data gathering, systematized reporting, team-based continuity, margin discipline, and a stronger acquisition or transition infrastructure.

The attached Valuation Blueprint's diagnostic table contrasts these two models directly: traditional advisor-centric firms tend to be manual, bespoke, limited by headcount, and exposed to high key-person risk, while AI-enabled institutional-quality firms are systematized, consistent, unlocked by compute, and positioned for premium enterprise value.

That distinction is becoming the valuation story.

The market is no longer just buying revenue. It is buying transferability, margin, systems, and future capacity.

Why Deep AI Adoption Changes Multiples

AI's long-term impact on practice valuation will not come from helping advisors draft better emails. It will come from changing the economics of service delivery.

Deep AI adoption allows firms to do several things buyers value highly. It can reduce manual administrative work. It can automate data gathering and reporting. It can support more disciplined client segmentation. It can protect advisor time for higher-value relationships. It can improve compliance documentation. It can make acquisition integration smoother. It can help lower-tier clients receive consistent service without consuming disproportionate advisor capacity. It can expand margins by allowing revenue to grow faster than overhead.

This is why AI should not be viewed only as a productivity tool. In the right operating model, it becomes a valuation multiplier.

The Valuation Blueprint describes this through a "margin expansion flywheel": AI automation reduces support friction, frees advisor time, increases capacity, expands margin, and helps drive a premium multiple. That is the bridge between technology adoption and practice equity.

The difference between shallow and deep AI adoption is therefore not cosmetic. It is economic.

- Shallow AI helps an advisor complete the same work faster.
- Deep AI helps a firm redesign how the work gets done.
- Shallow AI preserves the old operating model.
- Deep AI creates a new valuation model.

That distinction matters most for advisors who own practices that are profitable today but structurally vulnerable tomorrow. A tech-challenged practice can remain a good business and still become a less attractive acquisition target. The issue is not whether the practice has value. It does. The issue is whether the practice's value is likely to be discounted as buyers increasingly reward scale, systems, and lower transition risk.

For tech-challenged practices, the danger is not that AI eliminates the advisor. The danger is that AI reprices the practice.

The 2029 Valuation Gap

The valuation gap is already visible.

Using the current multiples provided:

Practice Type	Current Multiple of Gross Revenue
Tech-Challenged Book of Business	2.23x
Tech-Enabled Enterprise Practice	2.69x

The current difference is 0.46x gross revenue. On every \$1 million of gross revenue, that represents approximately \$460,000 of additional value for the tech-enabled enterprise model.

That is today's gap.

The key question is what happens if the gap compounds over the next three years as AI moves from shallow adoption to deep operating infrastructure.

For illustration, we can model two scenarios: a high-confidence base case and a probable accelerated case.

Scenario 1: High-Confidence Base Case

In the base case, the tech-challenged book-of-business multiple declines by 5% per year, while the tech-enabled enterprise multiple rises by 5% per year.

This is not an extreme assumption. It reflects a measured continuation of the existing bifurcation: buyers discounting firms with manual processes and high founder dependency, while rewarding firms with scalable infrastructure, stronger margins, and better transferability.

Practice Type	Today	2029 Base Case
Tech-Challenged Book of Business	2.23x	1.91x
Tech-Enabled Enterprise Practice	2.69x	3.11x
Valuation Gap	0.46x	1.20x

Under this base case, the gap grows from **0.46x** to approximately **1.20x gross revenue**. For every \$1 million of gross revenue, the valuation difference expands from approximately **\$460,000 today** to approximately **\$1.2 million by 2029**.

That is the central economic warning of this paper.

A tech-challenged advisor may believe waiting three years is a neutral decision. The practice may still produce income. Clients may remain loyal. The advisor may still feel in control. But if the buyer market reprices the model during that period, the owner may preserve income while losing equity value.

The cost of waiting may not be measured in years. It may be measured in lost multiple.

Scenario 2: Probable Accelerated Case

The accelerated case assumes the same direction of change, but at a faster pace: the tech-challenged book-of-business multiple declines by 7.5% per year, while the tech-enabled enterprise multiple rises by 7.5% per year.

This case becomes probable if deep AI adoption accelerates across leading firms faster than many advisors expect. That is a reasonable possibility because the industry is already moving toward institutional-quality operating models, better segmentation, recurring revenue discipline, and scalable service delivery. The Practice Valuation paper notes that market premiums are not uniform; top-tier firms can achieve stronger valuations while weaker or less scalable practices may see more moderate pricing.

Practice Type	Today	2029 Base Case
Tech-Challenged Book of Business	2.23x	1.76x
Tech-Enabled Enterprise Practice	2.69x	3.34x
Valuation Gap	0.46x	1.58x

Under the accelerated case, the gap grows to approximately **1.58x gross revenue**.

For every \$1 million of gross revenue, the difference between the two models would rise from **\$460,000 today** to approximately **\$1.58 million by 2029**.

That would represent more than a valuation difference. It would represent a strategic divide between two categories of advisory businesses: those buyers see as scalable enterprise assets and those buyers see as transition-sensitive books of business.

The Selling Your Practice in 2026 brief reinforces the importance of grounded expectations. It notes that most financial advisory practices have sold between 2x and 3.5x gross trailing 12-month revenue, while outcomes above that range are less common and often involve additional risk, contingencies, equity participation, or delayed monetization. That matters because sellers should not assume the market will automatically reward them with premium pricing simply because advisory practices remain attractive. Premiums accrue to practices with premium characteristics.

Why Monetization Timing Matters

For many advisors, the practice is their largest personal asset. The Practice Valuation paper makes this point directly and emphasizes that valuation should be used as a strategic tool for understanding, growing, and ultimately maximizing enterprise value.

That is why the monetization question is not merely emotional. It is financial.

A tech-challenged advisor may still own a valuable business today. Buyer demand remains strong for well-run recurring-revenue practices. Financing remains available for qualified buyers. Succession-driven consolidation continues. The Selling Your Practice in 2026 brief states that monetization remains healthy for practices with clean financials, stable recurring revenue, clear transition planning, and professional deal guidance.

But the fact that monetization is strong today does not mean the same practice will be valued the same way in 2029.

That is the strategic tension.

If an advisor has the time, energy, capital, team, and appetite to transform, then building a deeper, more AI-enabled enterprise may be the best path. But if the advisor is within one to five years of succession or sale, does not want to rebuild the operating model, or is already feeling technology fatigue, then monetization may deserve serious consideration.

This should not be framed as failure.

For some advisors, monetization is the intelligent conversion of decades of relationship equity into financial certainty before the market applies a larger discount to the model.

The advisor does not need to believe that AI will replace human advice. That is not the point. The advisor only needs to recognize that AI may change what buyers are willing to pay for different types of practices.

A profitable practice can still become less transferable.

A loyal client base can still carry key-person risk.

A strong book of business can still be discounted if buyers believe it will be expensive to service, hard to integrate, or dependent on the selling advisor's personal presence.

That is why the real 2029 question is not simply, "Will my clients still value me?"

The more important question may be:

"Will buyers still value my practice the same way?"

Build Depth, Join Depth, or Monetize Before the Discount

Advisors facing this disruption have three strategic choices.

1. Build Depth

This path is for advisors who want to remain independent and are willing to transform the practice from the inside.

Building depth means moving beyond surface-level technology use. It requires documented workflows, AI-supported reporting, disciplined segmentation, client service tiers, recurring revenue quality, margin management, team-based delivery, reduced key-person risk, and a clear succession or continuity structure.

The Valuation Blueprint's defense playbook points in this direction: increase revenue quality, improve operational efficiency, strengthen client segmentation, and prepare for strategic growth or exit by documenting processes and reducing key-person dependency.

This path can create meaningful upside, but it requires commitment. It is not simply buying software. It is redesigning the business.

2. Join Depth

This path is for advisors who still want to serve clients but do not want to personally build the infrastructure required for the next phase.

The advisor may partner with, merge into, or sell to a tech-enabled enterprise practice or larger platform. This can allow the advisor to preserve client relationships while transferring the operational burden of technology, compliance, workflows, reporting, staffing, and succession infrastructure to a stronger enterprise.

For advisors who are not ready to retire but are tired of carrying the full weight of the business, this may become an increasingly attractive middle path.

3. Monetize Before the Discount

This path is for advisors who are within a realistic transition window and do not want to absorb the cost, complexity, or disruption required to become AI-enabled.

Monetizing before the discount does not mean panic-selling. It means evaluating market value while buyer demand remains strong, preparing the practice professionally, creating competitive tension where appropriate, and structuring a transaction that balances price, terms, certainty, client continuity, and personal goals.

The Selling Your Practice in 2026 brief highlights that how a practice is sold can materially affect the outcome. Closed, do-it-yourself transactions have produced meaningfully different results from professionally supported and open-market processes, with competitive processes helping maximize valuation and improve deal structure.

That point becomes even more important in a bifurcating market. As buyers become more selective, sellers need a clear story: why the practice is attractive, how the revenue transfers, how clients will be retained, how operations will integrate, and why the buyer should compete for the opportunity.

The Dangerous Fourth Option

There is also a fourth option: doing nothing.

Doing nothing means not building depth, not joining depth, and not monetizing before the discount widens.

That may be the riskiest choice.

For years, many advisors delayed succession planning because the business continued to work. That delay was understandable in a market where revenue multiples were rising, buyer demand was strong, and the operating differences between firms were not always fully priced.

But the next phase may be less forgiving.

If AI becomes mile deep by 2029, the market may no longer treat tech-challenged practices as merely “traditional.” It may treat them as structurally less scalable, more expensive to service, harder to integrate, and more dependent on the founder.

That does not make them worthless. It makes them more discountable.

And once a discount becomes widely accepted by buyers, it is difficult for sellers to negotiate around it.

Advisors have three choices: build depth, join depth, or monetize before the discount.

The Final Question

The AI disruption in financial services will not affect every practice equally. For tech-enabled enterprises, it may expand value. For tech-challenged books of business, it may compress value.

That is the great bifurcation.

Today, the valuation gap between a tech-challenged book of business and a tech-enabled enterprise practice may be approximately 0.46x gross revenue. In the high-confidence base case, that gap grows to approximately 1.20x by 2029. In the probable accelerated case, it grows to approximately 1.58x. For a \$1 million revenue practice, that means the difference could grow from \$460,000 today to between \$1.2 million and \$1.58 million within three years.

That is why this is not simply a technology paper. It is an equity paper.

The advisor who owns a tech-challenged book of business may still have time. Time to transform. Time to partner. Time to prepare. Time to monetize.

But time is not neutral.

As AI moves from an inch deep to a mile deep, buyers will increasingly reward practices that look like scalable enterprises and discount practices that look like founder-dependent books of business. The question is no longer just how to adapt.

The question is how to protect the value of what has already been built.

The AI disruption in financial services will not happen all at once. It is already happening unevenly. Today, AI is broad but shallow. By 2029, it will be embedded deeply into the infrastructure of leading advisory enterprises. That transition will widen the gap between practices that can scale and practices that remain dependent on manual work, founder knowledge, and relationship gravity. For advisors with tech-challenged books of business, this may be the monetization window: the period when the practice is still highly salable, buyer demand remains strong, and the discount for being on the wrong side of the AI divide has not yet fully arrived.



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Todd is an M&A Expert with a special focus on growing practice value. He helps advisors through all aspects of succession and transition planning. Having owned businesses himself, he is able to help advisors make solid decisions.