You Pay For Hours. That Premise Just Broke.

Rolls-Royce has billed airlines per flying hour since 1962. What's new in 2026 is that the same logic now applies to knowledge work.

SWIPE →

Four business models under the most pressure

01 Hourly professional services and consulting

02 Resource-based managed service retainers

03 Per-seat SaaS licensing

04 Gov-tech tied to deliverables, not outcomes

40%

Faster scaling for AI-native companies vs. traditional SaaS

Not because of better technology. Because of better commercial alignment — they sell results, not access. That alignment compounds.

Source: Gartner

15–25%

Where the outcome variable starts in a hybrid contract

A base fee protects the provider's floor revenue while the measurement cadence and dispute-resolution process get proven in a low-stakes environment first.

60–80%

Where the outcome variable lands once trust is earned

Performance floors and ceilings protect both sides. The base fee shrinks to cover only platform and monitoring cost.

"

The measurement problem that kept time-based billing in place no longer holds.

Terence Kok
Enterprise AI Strategist

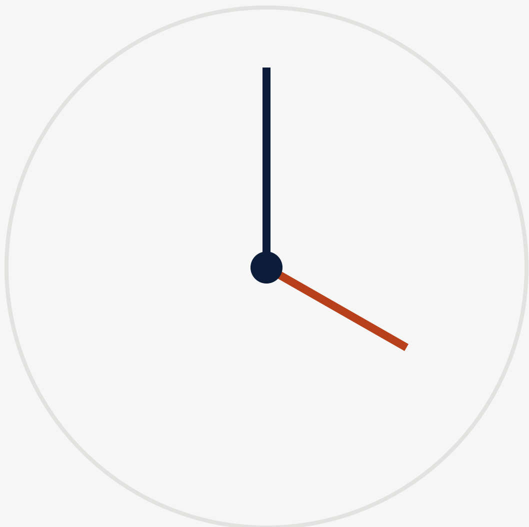
Time-based versus outcome-based

TIME-BASED	OUTCOME-BASED
Prices hours, seats, licences	Prices results actually achieved
Revenue scales with headcount	Revenue scales with value created
Paid the same regardless of result	Payment linked to performance

Nobody jumps straight to pure outcome pricing.

The correct path runs through four stages: establish a measurable baseline, introduce a hybrid base-plus-variable fee, let the outcome component grow as trust and data accumulate, then mature into an outcome-led contract. Skip the staging and you get measurement disputes and cash-flow crises instead.

Five decisions, resolved up front



Outcome unit, attribution, floors and ceilings, data obligations, and exit rights: terencekok.com/blog/end-billing-time-why-outcome-service-most-important

Move before the margin erosion begins.

The question isn't whether your business adapts to outcome-based pricing. It's whether you move before or after your competitors do.

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