



# [Royalty Range]

Consistent, audit-ready comparable selection  
— what we learned building an AI tool for it

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[royaltyrange.com](https://royaltyrange.com)

# Choosing comparables is a judgment call — not a query

**Transfer Pricing benchmarking studies vary greatly** – analyses are complex, they require high degree of attention, consistency and transparency.

**The query is the easy part. The hardest is the qualitative review:** dozens of acceptance / rejection reasons for individual companies.

**Criteria:** Independence · functional match to the tested party (from the business description, not just NACE code) · active with usable financials.

**Everything is a judgment call:** slow, interpretation-dependent, and reasonable analysts disagree.



# Where mistakes and inconsistencies slip through

**Takeaway:** the manual process quietly rewards hidden reasoning — the less you can see how a decision was made, the harder it is to check.

## Too brief

The rejection record might have just a short reason — a brief category like an activity or functional mismatch — with little explanation behind it.

## Inconsistency

The same analyst differs Friday vs Monday; two analysts differ from each other. The matrix records the decisions, but not in a form that shows how consistent the reasoning was, so it is unmeasurable.

## Limited resources

Challenging a study can take almost as much effort as building it — and reviewers have limited time and resources.

*A real study does leave some record — the search steps and a short note on why each company was dropped. But that record is thin and uneven. It is short on detail, it changes from case to case, and it is weakest on the hardest decisions — the companies that could reasonably be accepted or rejected. That is how mistakes and inconsistency slip through.*

# What makes the AI usable here: structure, not magic

**The principle, plainly:** Whenever AI contributes to a regulated decision, it must be constrained, inspectable, and reproducible.

Not a TP rule — a data-governance rule.

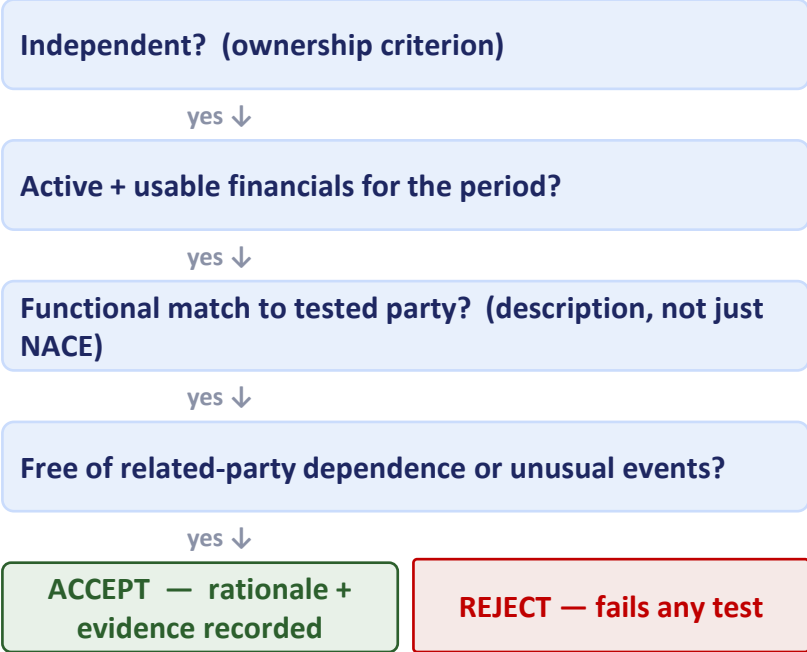
**The naive approach** — hand the model the whole task, get a finished set in one shot — is useless for regulated work: you cannot inspect it, and it may not reproduce.

**What it does instead:** the same fixed checklist of small decisions, in the same order, for every candidate — with evidence attached at each step.

**As a daily user (not the engineer):** the behavior is structured and repeatable, and I can see every step.

# The decision tree (centerpiece)

Starts from a plain-language instruction → structured search → the tree judges each candidate.

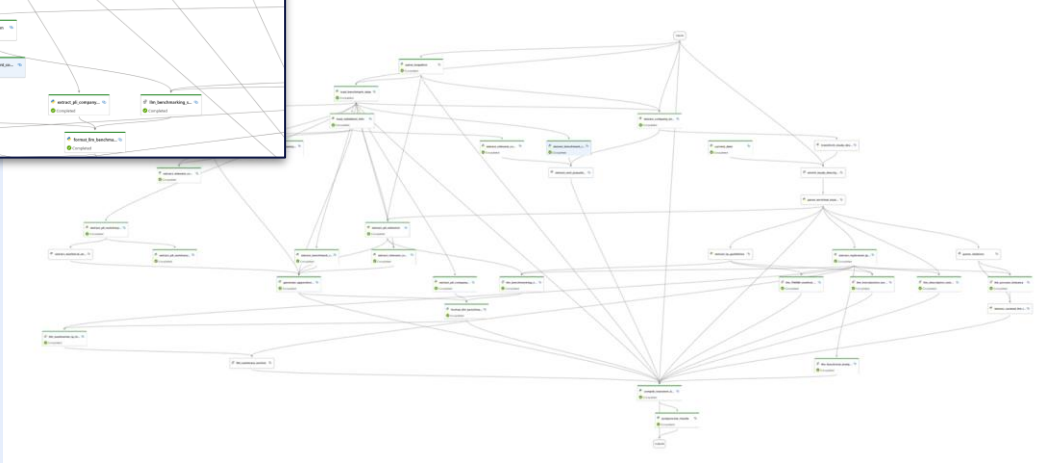
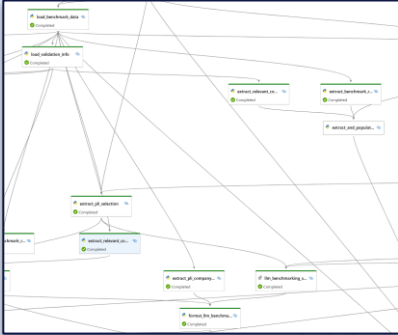
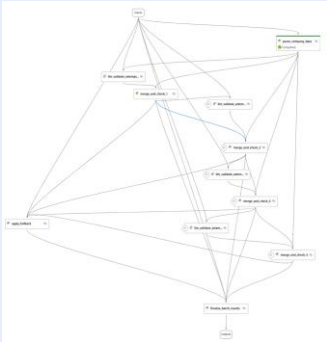


**Same brevity, different quality**

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- ✓ A sentence or two per company — like a careful analyst writes.
- ✓ The difference is the sentence is uniform across every company, carries the evidence it relied on, covers accepts as well as rejects, and is reproducible.
- ✓ High level of detail provides the auditor a clear decision trail and transparency.

# Behind the scenes



# The honest part: consistency you can measure but with a challenge

The challenge: same borderline company, run three times



*Hand the same company to two experienced analysts and they disagree too. The variance was never introduced by the AI — it always lived in human review. We just never measured it.*

AI enables measurement

**71% accepted across 100 runs (illustrative)**

*You can quantify how borderline a case is, see which are stable vs knife-edge, and treat them differently.*

**Consistency** = the same criteria applied the same way, with the residual variance visible and reportable — not a human reviewer's invisible variance.

# An Example from development process

Prod company	Prod accepted	Prod rejected	Prod run details	Demo company	Demo accepted	Demo rejected	Demo run details
Companies dedicated to providing personnel services, human resources provision, personnel management services, and staffing solutions, staffing, experts service, solution business, insourcing, talent, outsourcing, integrated human resource, workforce optimization, with information 2022 to 2024, for mexico							
Consistent accept: 3/12 (25%) Consistent reject: 6/12 (50%) Mixed: 3/12 (25%)				Consistent accept: 0/8 (0%) Consistent reject: 7/8 (88%) Mixed: 1/8 (12%)			
Company	Accepted	Rejected	Run details	Company	Accepted	Rejected	Run details
AMN HEALTHCARE SERVICES	3	2	<p>Run 1: X AMN Healthcare Services focuses on healthcare workforce solutions and staffing services, which is a specialized area that does not align with the broader criteria for personnel services and human resources provision</p> <p>Run 2: ✓ AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which directly align with the criteria for personnel services. Their focus on staffing for healthcare facilities demonstrates a clear commitment to providing integrated human resource solutions</p> <p>Run 3: ✓ AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which directly align with the criteria for personnel services. Their focus on staffing for healthcare facilities demonstrates a strong alignment with the specified industry requirements</p> <p>Run 4: ✓ AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which are critical for personnel management in the healthcare sector. Their focus on staffing at healthcare facilities aligns well with the criteria for human resources provision</p> <p>Run 5: X AMN Healthcare Services focuses on healthcare workforce solutions and staffing services specifically for healthcare facilities. This narrow focus on healthcare staffing does not align with the broader criteria for personnel services and human resources provision</p>	AMN HEALTHCARE SERVICES	0	5	<p>Run 1: X AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which are specific to the healthcare sector. This focus on healthcare does not align with the broader criteria for personnel services across various industries</p> <p>Run 2: X AMN Healthcare Services specializes in healthcare workforce solutions and staffing services specifically for healthcare facilities. While it provides staffing services, the focus on healthcare does not align with the broader criteria for personnel services across various industries</p> <p>Run 3: X AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which aligns with the criteria. However, the focus on healthcare specifically limits its alignment with the broader personnel services criteria, leading to a lack of consistency</p> <p>Run 4: X AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which, while related to personnel services, are specifically tailored to the healthcare sector. This specialization does not align with the broader criteria for general personnel services, resulting in a rejection</p> <p>Run 5: X AMN Healthcare Services specializes in healthcare workforce solutions and staffing services, which aligns with the criteria. However, the focus on healthcare specifically does not meet the broader personnel services criteria, leading to a rejection based on industry focus</p>

# AI helps — but only with the right structure

## Fewer mistakes, by construction

The same checks run on every company and each is logged — the silent errors of manual review get caught systematically, not by luck.

## Faster, more consistent review

A reviewer reads the reasoning per company and re-runs the prompt. Review shifts from reconstruction toward verification.

## Documentation as a by-product

The reasoning and evidence are recorded as the work is done — the documentation is created automatically, not written up afterwards.

*Takeaway: Same judgment calls as today — but consistent and evidence-backed.*

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