



Service
Performance
Insight

Deltek®

Accelerate Service Productivity & Profit

2026

**PROFESSIONAL SERVICES
MATURITY™ BENCHMARK**



Professional Services Organizations Continue to Transform in an Era of Rapid Innovation

Thank you for downloading this year's SPI Professional Services Maturity Benchmark Report. As the leader of Deltek's global research practice, I have the privilege of working with a team focused on empowering project-based organizations with timely insights, accessible data, and advanced technologies that help them adapt with confidence. Each year, this benchmark serves as a cornerstone for understanding how the best-run firms are performing and how the industry continues to evolve.

In 2026, professional services organizations (PSOs) face an environment marked by both unprecedented opportunity and accelerating technological change. Artificial intelligence has moved far beyond experimentation and is now embedded in core business processes — redefining how firms engage clients, deploy talent, forecast profitability, and uncover operational efficiencies. The pace of adoption is reshaping expectations for service quality and elevating the importance of modern, connected systems.

Benchmarking against peers has never been more essential. This year's SPI report — now in its 19th edition — offers leaders the ability to interpret where their organizations stand and identify which best practices are driving meaningful improvements in utilization, predictability, and growth among top-performing consultancies.

As you review the findings, take a moment to reflect on your organization's progress over the past year. Many firms have emerged stronger by rethinking delivery models, investing in automation, and equipping teams with AI-powered tools that reduce friction and elevate strategic focus. The question moving into 2026 is how you can continue that momentum. If you have not yet evaluated whether your business applications are supporting the level of performance you aspire to, now is an ideal time to consider modern Professional Services Automation (PSA) and Enterprise Resource Planning (ERP) solutions being adopted by high-performing firms across the industry.

Key 2026 SPI Benchmark Themes Include:

- A renewed emphasis on operational scalability as firms integrate AI into everyday workflows
- Continued improvement in pipeline strength and bookings predictability
- Rising demand for more flexible service delivery models to compete effectively in a global talent market

- Increased focus on data quality and governance as analytics and AI grow more embedded in decision-making

Deltek is proud to once again sponsor this gold standard SPI benchmark. We rely on it ourselves, and we hope it provides you with the same level of clarity and strategic guidance as you plan for the year ahead.

Warm regards,

Kevin Plexico

SVP, Research

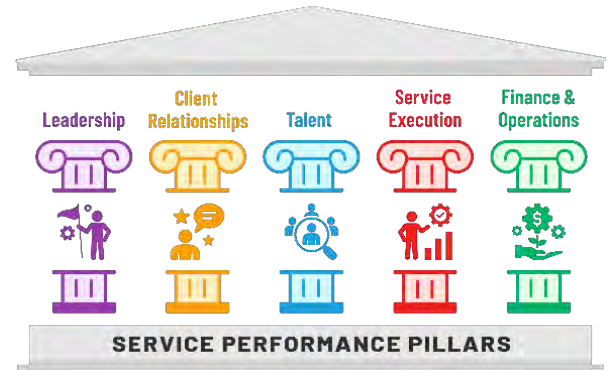
Deltek, Inc.

Service Performance Insight

Service Performance Insight, LLC (SPI Research) is a global research, consulting, and training organization dedicated to helping professional services organizations (PSOs) achieve quantum improvements in productivity and profitability. In 2007, SPI developed the PS Maturity Model™ as a strategic planning and management framework. It is now the industry-leading performance improvement tool that over 50,000 service- and project-oriented organizations use to chart their course to service excellence.

The core tenet of the PS Maturity Model™ is that PSOs achieve success through the optimization of five Service Performance Pillars™:

- ◆ **Leadership**
- ◆ **Client Relationship**
- ◆ **Talent**
- ◆ **Service Execution**
- ◆ **Finance & Operations**



The SPI Advantage – Research

Service Performance Insight provides clients and industry audiences with an informed and actionable third-party perspective. Our market research and reporting help buyers and sellers of information technology-based solutions maximize the effectiveness of solution development, selection, deployment, and use.

The SPI Advantage – Consulting and Scorecards

The PS Maturity™ Scorecard benchmarks PSOs against industry peers across 160+ critical metrics, providing a data-driven framework and roadmap to achieve Level 5 maturity in each Service Performance Pillar™. In 2025, firms at Level 5 saw, on average, a 1200% relative increase in revenue growth (23.2% vs. 1.7%), a 250% boost in project margins, and a 42% improvement in billable utilization compared with Level 1 organizations.



For more information on Service Performance Insight, please visit:

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Executive Summary

EXECUTIVE SUMMARY

2026 marks the 20th anniversary of Service Performance Insight. So much has happened over the past two decades, and SPI celebrates this milestone with the publication of its 19th annual **Professional Services Maturity™ Benchmark**.

This comprehensive report from SPI Research presents a detailed benchmark analysis of Professional Services Organizations (PSOs) worldwide for 2025-2026. It evaluates PSO performance, maturity, technology adoption, and the impact of Artificial Intelligence (AI) across five core Service Performance Pillars™: Leadership, Client Relationships, Talent, Service Execution, and Finance & Operations.

Building on data from over 2,700 firms over the past five years, this year's report presents a global survey of 509 firms, representing over 245,000 employees and \$63 billion in professional services revenue. Their combined experience informs this report's insights into profitability, operational efficiency, and strategic priorities for PSOs aiming to improve growth and profitability.

Key Findings: 2025 in Review

Following 2024's economic volatility, geopolitical tensions, and regulatory shifts, firms experienced **smaller-than-average revenue growth (5.2%), utilization struggles (66.4%), and continued lower profits (9.8%)**. 2025 brought improvement, but the market still has a long way to go. The professional services market is showing early signs of recovery, evidenced by year-over-year increases in most key metrics from 2024 to 2025.

Revenue growth reached 5.2% in 2025, which is well below the 10% rate PSOs historically achieve (Table 1). There was an increase in headcount, which will help prepare for the future. Employee attrition was down, but unfortunately, billable utilization hit its lowest point in SPI's surveying history. However, the financial KPIs improved somewhat (margin, profit, revenue per consultant and employee, etc.), which bode well for the future. SPI Research believes it will take significant work in 2026 to achieve better performance metrics than in 2025. Another important area is Artificial Intelligence. AI remains a key driver across the Professional Services market, with a growing number of firms integrating AI into diverse projects this year. As digital transformation initiatives advance, the resulting benefits are likely to become increasingly evident and quantifiable in terms of ROI. PSOs embrace it more every year, and its benefits are starting to pay off.

Table 1: KPIs Changes from 2024 to 2025

Key Performance Indicator (KPI)	2024	2025	% ↑↓
Year-over-year change in PS revenue	4.6%	5.2%	13%
Year-over-year change in PS headcount	1.9%	2.8%	50%
Total attrition	11.7%	11.3%	4%
Employee billable utilization	68.9%	66.4%	-4%
Projects delivered on time	73.4%	73.8%	0%
Project margin	35.9%	37.7%	5%
Annual revenue per billable consultant (k)	\$199	\$210	6%
Annual revenue per employee (k)	\$158	\$168	6%
Percent of annual revenue target achieved	87.9%	90.1%	3%
Percent of annual margin target achieved	86.9%	88.8%	2%
Profit (EBITDA %)	9.8%	9.9%	0%

Source: SPI Research, February 2026

Performance Trends: Where Firms Are Gaining & Losing Ground

While many performance metrics improved in 2025, most remained below their five-year average (Table 2). Revenue growth continues to struggle and is only half of what SPI traditionally expects professional services firms to achieve. Employee billable utilization is at its lowest level ever, surpassing the previous record low set in 2024. The good news is that project margins rose in 2025. Other financial performance metrics that improved include revenue per billable consultant, the percentage of annual revenue, and margin targets. Profitability rose slightly in 2025 but remains below SPI's 15% expected rate.

Table 2: Key Performance Metrics 5-Year Trends

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Number of firms surveyed	547	540	709	575	403	509
Leadership Index (8-40)	33.8	35.3	34.3	33.7	33.6	33.5
Year-over-year change in PS revenue	8.0%	10.6%	10.4%	7.8%	4.6%	5.2%
Deal pipeline relative to qtr. bookings forecast	168%	183%	162%	154%	166%	175%
Total attrition	12.8%	14.0%	13.8%	12.5%	11.7%	11.4%
Employee billable utilization	69.8%	73.2%	70.7%	69.3%	68.9%	66.4%
On-site service delivery	35.6%	33.9%	35.4%	41.5%	32.1%	34.0%
Projects delivered on time	76.0%	80.2%	76.2%	75.7%	73.4%	73.8%
Project margin	35.8%	36.5%	35.0%	34.4%	35.9%	37.7%
Annual revenue per billable consultant (k)	\$205	\$206	\$204	\$207	\$199	\$210
Percentage of annual revenue target achieved	91.8%	96.2%	92.7%	90.6%	87.9%	90.1%
Percentage of annual margin target achieved	88.9%	92.1%	88.8%	87.7%	86.9%	88.8%
Profit (EBITDA %)	13.8%	15.7%	16.1%	15.4%	9.8%	9.9%

Source: SPI Research, February 2026

Market Overview and Key Performance Trends

The professional services sector experienced a modest recovery in 2025, with revenue growth rising to 5.2% and headcount growth improving to 2.8%. However, billable utilization declined to a historic low of 66.4%. Project margins and profitability (EBITDA) showed slight improvements, signaling cautious optimism for 2026. AI adoption is accelerating: 26% to 38% of projects incorporate AI, and 40% of firms sell AI-related services, despite uneven time-to-ROI. SPI Research has concerns about the Leadership Index (the combination of all subjective Leadership Pillar questions) because it continues to deteriorate. This decline is concerning because SPI Research consistently finds that the Leadership Pillar is the most strongly correlated with PSO success.

Looking Ahead: A Year of Opportunity

The professional services industry thrives on resilience. In 2026, firms embracing data-driven transformation and workforce optimization will lead. This benchmark serves as both a mirror and a roadmap to help PSOs turn challenges into growth. Decisive execution strategies will unlock opportunities ahead.

Technology Adoption and Business Applications

Integrated business applications are critical to PSO success. Integration supports the Plan-to-Profit (P2P) process, which encompasses business planning, client acquisition, talent management, service delivery, and financial performance. Key applications include:

- **Business Planning (BPL)**: Used by ~50% of PSOs; users experience 56% higher revenue growth and 74% higher headcount growth than firms not using BPL solutions.
- **Client Relationship Management (CRM)**: Adopted by 84%, CRM users report significantly better revenue growth, deal pipelines, and profitability.
- **Human Capital Management (HCM)**: Used by 74%, supporting recruitment and workforce optimization; users show superior revenue and operational metrics.
- **Professional Services Automation (PSA)**: Adoption at 68.9%, PSA improves billable utilization, project margins, and revenue per consultant.
- **Corporate Financial Management (CFM)**: Nearly universal in firms with over 20 employees; integration with other applications enhances visibility and controls. Integrating these solutions, especially CFM, improves forecasting, revenue realization, and profitability. Satisfaction with these applications correlates with better operational and financial outcomes.

Artificial Intelligence (AI) Impact

AI adoption is rapidly growing, with 27.1% of projects using generative AI in 2025 – a 40% increase from the prior year. SPI Research has just begun to see how AI enhances productivity, efficiency, and strategic decision-making across all five service pillars. Its use varies by organization size and sector, with SaaS PSOs and mid-sized firms showing both the highest adoption and benefits. While near-term ROI expectations remain cautious, AI is increasingly viewed as vital for future growth and competitive advantage.

Conclusions and Recommendations

The report promotes continuous benchmarking and fact-based assessments to identify areas for long-term improvement and those ripe for quick wins. PSOs are encouraged to develop measurable business plans that strengthen the five core pillars and enhance IT infrastructure to support real-time decision-making. Leadership, client relationships, talent management, disciplined service execution, and financial rigor are each essential for sustainable growth and profitability. The incorporation of AI and improvements in marketing and sales effectiveness are rising priorities across all PSO segments.

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Foreword

FOREWORD

The State of Professional Services Organizations in 2026: A Multi-Dimensional Analysis

Professional Services, like most industries, is in a state of flux. Geopolitics, tariffs, trade, and uncertainty drive every market. Professional services try to be different, but they are also affected by these changes. Ironically, when market conditions become more uncertain, opportunities for professional services peak. Not only do organizations need help, but they also know it. PSOs are recognized for helping their clients make significant improvements. And right now, that is just what many companies around the world are looking for. The following sections highlight some of the areas that will impact professional services over the next year and beyond.

Geopolitical Dynamics and Their Impact on Professional Services

Professional services organizations (PSOs) increasingly operate against a backdrop of global geopolitical volatility. Shifting trade relationships, regulatory divergence, regional conflicts, and supply-chain disruptions all meaningfully shape client priorities and the operational realities of service-based firms. These geopolitical forces influence demand for consulting services in areas such as risk management, operational redesign, and compliance modernization. SPI Research finds that many PSOs have responded by reallocating delivery capacity toward work that helps clients navigate uncertainty. High-value services improve operational resilience and accelerate digital transformation initiatives. The effect is clearly observable in widespread shifts in consulting focus and client engagement models.

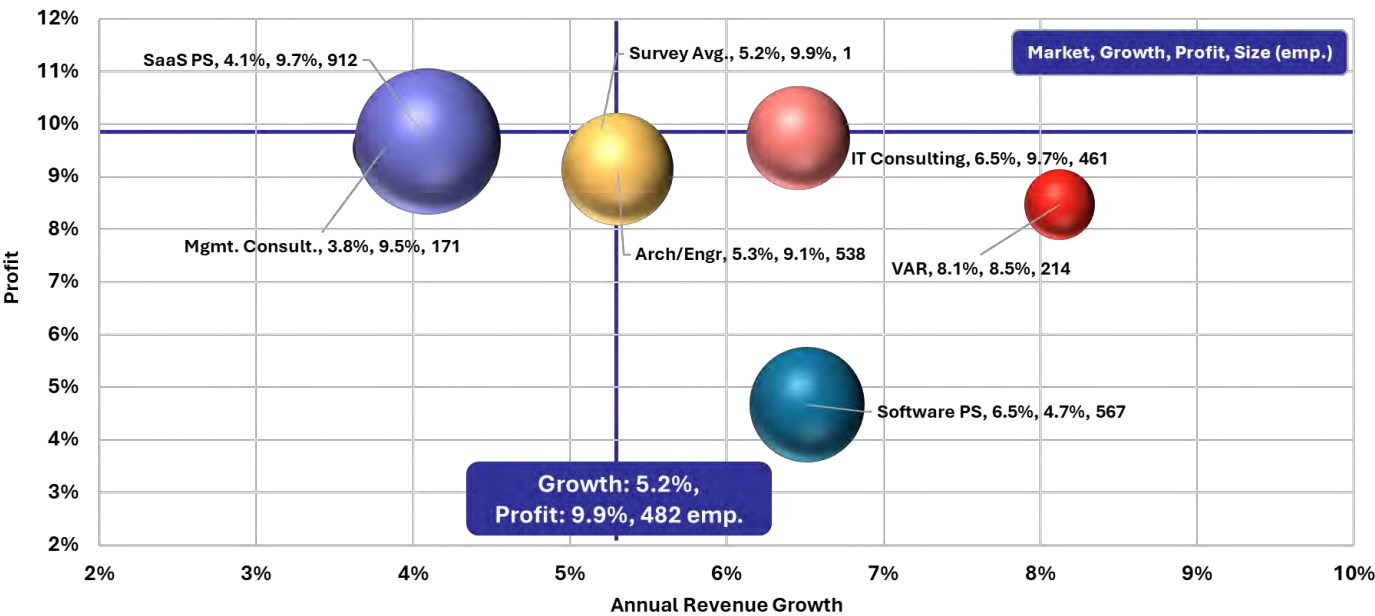
This turbulence extends to multinational clients, whose global footprints expose them to varied (and often conflicting) political, legal, and market environments. For these organizations, PSOs can serve as cross-border navigators. In this role, they help clients adjust their business models, manage organizational complexity, and adapt to rapidly evolving regulatory landscapes. As a result, consulting needs in areas such as M&A, data governance, global compliance, program management, and international expansion strategy have all grown. The firms best positioned to thrive under such conditions are those that have cultivated diversified market footprints, strong scenario-planning capabilities, and the organizational agility to pivot in response to external shocks.

Economic Growth and the Future Outlook

Despite near-term pressures, the long-term outlook for the professional services industry remains strong. Growth has softened below long-term averages, but it remains positive across most subsectors (Figure 1). There is ongoing demand for consulting services in AI, digital transformation, and global strategy. As client environments become more complex, reliance on advisory services increases, creating sustained opportunities for PSOs that adapt their models effectively. SPI Research identifies a combination of AI adoption, workforce transformation, data-driven operations, and nimble organizational structures as the key drivers of near-term and future growth.

Firms that strategically integrate these capabilities will be best positioned to capitalize on the next decade of industry (r)evolution. AI-enabled service models are expected to be the most significant catalyst for margin expansion, differentiation, and innovation. Even as macroeconomic cycles fluctuate, the structural demand for specialized expertise, digital enablement, and operational modernization remains strong. That demand underscores a resilient and opportunity-rich future for the sector.

Figure 1: PS Market Growth and Profit Comparison



Source: SPI Research, February 2026

Monetary Policy and Economic Forces Shaping the Sector

Macroeconomic conditions – especially monetary policy – exert substantial influence on the performance of professional services. Higher interest rates, inflationary pressure, and constrained liquidity push clients to tighten spending, reevaluate discretionary initiatives, and focus heavily on cost optimization and operational efficiency. SPI Research’s benchmark data underscores this shift. The fact that revenue growth grew from 4.6% to 5.2% in 2025 demonstrates how closely PSO performance tracks economic cycles. When borrowing becomes more expensive, clients tend to defer transformation programs and shift focus to more defensive initiatives such as automation, workforce optimization, and process redesign.

The internal economics of PSOs are also heavily affected by monetary conditions. Billable utilization, one of the most critical levers of margin performance, fell to 66.4% – well below the optimal 75% threshold – pressing on profitability. Subcontractor dependency also decreased to 10.4% of revenue (from 10.9% in 2024) in some segments. This dependency can create cost volatility during uncertain market cycles. Tightening monetary conditions further complicate PSO investment strategies by raising the cost of capital for acquisitions, expansion, and modernization initiatives. Firms that navigate this environment most effectively prioritize disciplined pricing, financial modeling, revenue diversification, and technology-enabled forecasting to anticipate shifts before they materialize.

Artificial Intelligence (AI) and Its Transformational Role

Artificial intelligence has emerged as a defining force, reshaping professional services delivery models. Although enthusiasm for AI remains strong, SPI Research's multi-year studies show that expectations are becoming more grounded. Firms increasingly recognize that effective AI adoption requires robust data foundations, organizational readiness, governance, security, and long-term change management that goes far beyond excitement alone. Many PSOs have moved beyond experimentation to operational integration, embedding AI into project delivery, strategic advisory, and internal operations.

Industry data highlights several important trends. Between 26% and 38% of projects now incorporate AI components, depending on a firm's maturity level. This shift indicates that AI has progressed from pure conceptual strategy to day-to-day execution. Meanwhile, 40% of firms now sell AI-related services, and a rising share report having established dedicated AI practices. Clearly, demand for AI expertise has become mainstream across the market.

Workforce proficiency is increasingly recognized as a competitive differentiator, with high-performing PSOs reporting significantly stronger AI fluency across their teams. As AI adoption accelerates, AI is projected to account for 22% to 37% of future professional services revenue. That increase signals its growing strategic and financial importance. Despite these gains, the path to value is not uniform. Time-to-ROI has nearly doubled in some cases, due to the complexity of successful adoption. Taken together, these trends reveal an industry on the cusp of transformation, where firms that invest in data quality, governance, and workforce enablement will unlock the greatest long-term gains.

Across SPI's benchmark research, one theme consistently emerges: the greatest barrier to AI adoption is not technology – it is workforce readiness. Preparing talent for an AI-infused future is now a strategic imperative for PSOs. High-performing firms demonstrate measurable improvements in AI literacy, with some organizations reporting year-over-year proficiency gains approaching 33%. This rise reflects investments in structured enablement programs that emphasize tool training, data literacy, and responsible AI usage.

Effective workforce preparation also requires robust change management. Consultants must understand not only how AI tools function but also how these tools augment expertise rather than replace it. The goal is smooth human-machine collaboration. Leadership teams repeatedly underscore the importance of stronger data discipline and workforce proficiency as the two defining characteristics that separate outperforming firms from their peers. Successful organizations focus on continuous upskilling, role-based learning journeys, and the integration of AI capabilities into everyday workflows. These efforts support the emergence of hybrid talent models that blend consulting, analytical, technical, and automation skills – ultimately enabling PSOs to deliver more efficient, insight-driven services.

Building Nimble Organizations

“Nimbleness” has become essential for PSOs navigating rapid technological change and increasingly dynamic client expectations. SPI Research identifies rising technological complexity and shifting market demands as key forces that require organizations to rethink traditional operating structures. Nimble PSOs can dynamically

reallocate resources across service lines and geographies, quickly adjust delivery models, and respond to external disruptions with minimal lag.

Several capabilities underpin this organizational agility. Fast decision-making that is supported by real-time data visibility is one of the most critical capabilities. Yet SPI data show that this capability has declined across the industry, with executive visibility scores falling from 3.65 to 3.53 year over year (on a 5-point scale). Nimble firms also leverage modular service offerings that can be easily configured to meet specific client needs and maintain strong internal alignment across sales, delivery, finance, and operations. These attributes enable PSOs to pivot rapidly in response to economic shifts. Accelerating time-to-value for clients, they remain competitive in turbulent markets.



Technology-Driven Service Models

Technology now sits at the core of PSO strategy and performance. The rapid advancement of cloud platforms, automation, analytics, and AI has increased technological complexity across the sector. It also expands opportunities for firms to differentiate through modernized service delivery models. SPI Research notes that many PSOs – and particularly IT consultancies – are essential in helping clients manage this complexity. They optimize operational visibility and integrate emerging technologies into their businesses.

Successful technology-driven PSOs share several common features. They rely on integrated tech stacks across Professional Services Automation (PSA), Client Relationship Management (CRM), Human Capital Management (HCM), with Corporate Financial Management (CFM) systems. This integration enhances organizational transparency and supports both better resource planning and margin management. Early adopters of AI in finance and operations are already demonstrating stronger performance metrics, with some firms reporting measurable improvements in revenue per consultant and profitability. Technology-enabled operating models also reduce delivery variability, shorten onboarding timelines, and provide scalable leverage as firms grow. In this environment, technology fluency is no longer optional – it is a prerequisite for competitiveness.

Data-Driven Decision Making

Data-driven decision-making is one of the most consistent predictors of high performance across the professional services industry. SPI's research emphasizes that firms with strong data discipline consistently outperform those with siloed or inconsistent practices. Robust data strategies enable more accurate forecasting across the sales pipeline, resource planning, and revenue projections, and they support better project margin control in volatile market conditions.

Despite its critical importance, data visibility has declined across many organizations. Executive real-time visibility scores fell year-over-year, suggesting that many PSOs still struggle to create unified, reliable data

environments. Firms that successfully operationalize data – embedding it deeply into decision workflows – are better positioned to adopt AI and streamline execution. They identify profit-at-risk earlier and respond proactively to internal and external changes. Ultimately, data-driven PSOs demonstrate higher agility, stronger financial performance, and greater client impact.

Report Organization

Organized by Service Performance Pillars, the report compares **160 key performance measures across organizations of different types and sizes**. It defines maturity levels and provides practical steps to optimize business processes. As industry standards evolve, SPI Research continuously refines the benchmark with new data and insights.

The 2026 Benchmark, based on SPI’s Fall 2025 survey with **509 firms, builds on a foundation of data from 2,700 participant firms over the past five years**. The respondent profile remains consistent with prior years. This consistency ensures statistical significance, five-year comparability, and a robust data set that enables SPI Research to track industry trends and provide high-quality, prescriptive guidance.

The report delivers **comprehensive industry benchmarks**, offering a clear view of overall performance trends. In addition, it delves deeper into **individual markets, regions, and organization sizes**, providing enhanced insight for PSOs looking to refine their strategies. SPI Research also offers scorecard services, based on the latest benchmark data, to help PSOs assess their performance and improvement initiatives.

Since its introduction in 2008, SPI Research’s Professional Services Maturity Model has guided over **50,000 organizations**, providing a framework for assessing maturity and implementing improvement strategies. By evaluating each pillar’s maturity, PS executives can pinpoint opportunities to accelerate performance and profit.

Each year, the report expands its coverage across key **professional service segments**:

- ◆ IT Consulting
- ◆ PS w/in Software firms
- ◆ Other PS organizations
- ◆ Management Consulting
- ◆ Architecture & Engineering
- ◆ PS w/in SaaS firms
- ◆ Value-Added Reseller (VAR)

It also categorizes firms by six **organizational size segments**:

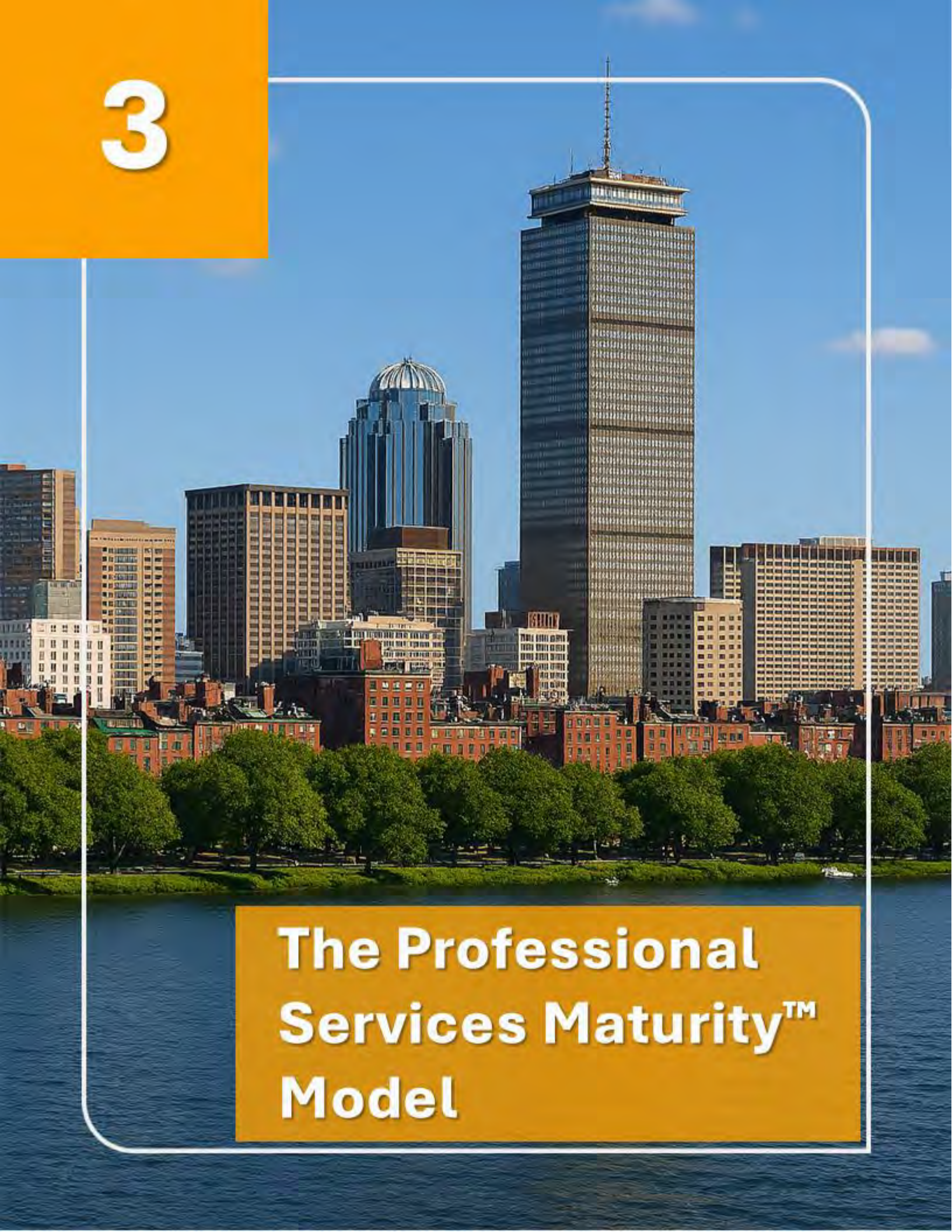
- ◆ Under 10 employees
- ◆ 101 - 300
- ◆ 10 - 30
- ◆ 301 - 700
- ◆ 31 - 100
- ◆ Over 700

The benchmark enjoys significant global participation, cementing its status as the industry standard for professional services benchmarks over many years.

Service Performance Insight thanks the organizations and their executives for 19 years of support for this project! Your role in professional services is critical, and we hope this report continues to provide the insights you need to navigate the road ahead.

Please contact SPI Research (david.hofferberth@spiresearch.com) if you are interested in learning more.

3



The Professional Services Maturity™ Model

THE PROFESSIONAL SERVICES MATURITY™ MODEL

Service Performance Pillars™

SPI Research has established a model that categorizes and evaluates Professional Services Organizations (PSOs) across five distinct, logical, and functional performance areas. These key elements are referred to as **Service Performance Pillars™**, which serve as the foundational components for all professional services organizations (Figure 2):

- ◆ **LEADERSHIP (CEO)**: Leadership entails articulating a strategic vision for the service organization's future and its role in achieving organizational objectives. An effective strategy consolidates target markets, their core business challenges, and the organization's unique value proposition. For optimal results, the service organization's mission must be clearly defined, integrated, supported, and consistently communicated throughout the enterprise. Organizational goals and metrics will differ depending on whether the service strategy prioritizes product sales or service revenue and profitability. As the organization grows, so too must the leadership's competencies and skills. Additionally, organizational culture—defined by shared values, behaviors, and unwritten norms—guides decision-making, structure, and authority. Key leadership processes include strategic planning, business planning, goal development, and management oversight.
- ◆ **CLIENT RELATIONSHIPS (Marketing and Sales)**: This pillar emphasizes effective communication with employees, partners, and customers to facilitate business development and deal closure. Robust client management involves crafting a targeted go-to-market strategy that identifies key buyers, understands their requirements, and communicates how the organization's solutions deliver differentiated value. The pillar encompasses marketing, lead generation, sales, contract administration, and partnership management. Core processes include marketing strategies, sales execution, and the quote-to-cash cycle.
- ◆ **TALENT (Human Resources)**: Talent management focuses on attracting, hiring, retaining, and motivating high-caliber consulting professionals. Evolving workforce demographics have amplified the importance of talent initiatives, as employees embody the firm's brand and reputation. PSOs increasingly utilize a mix of onshore, nearshore, and offshore staffing arrangements, placing greater emphasis on client-facing personnel to foster strong relationships and accurately capture client needs. Expectations for career progression, skill enhancement, and flexible work options continue to grow. Essential talent processes

Figure 2: Service Performance Pillars™



Source: SPI Research, February 2026

comprise recruiting, onboarding, training, compensation, performance evaluation, and career development.

- ◆ **SERVICE EXECUTION (Engagement/Delivery):** This pillar covers the methodologies, processes, and tools necessary to efficiently schedule resources, deploy teams, and monitor service delivery quality. Service execution entails resource allocation, project delivery within predictable timeframes, cost optimization, quality improvement, and knowledge sharing. Principal processes include resource management, capacity planning, project scheduling, quality assurance, knowledge management, and methodology and tool development.
- ◆ **FINANCE & OPERATIONS (CFO):** Finance and operations pertain to managing the profitability of services, driving revenue growth, and standardizing operational processes. This area focuses on revenue management, margin optimization, cost control, and establishing financial, contractual, and IT controls essential to running a profitable and sustainable business.

Professional Services Maturity™ Model Benchmark Levels

The model, created on the same foundation as the Capability Maturity Model (CMM) for software development, is designed explicitly for billable PSOs (Figure 3). It is aimed at those who either exclusively sell and deliver professional services or complement product sales with services.

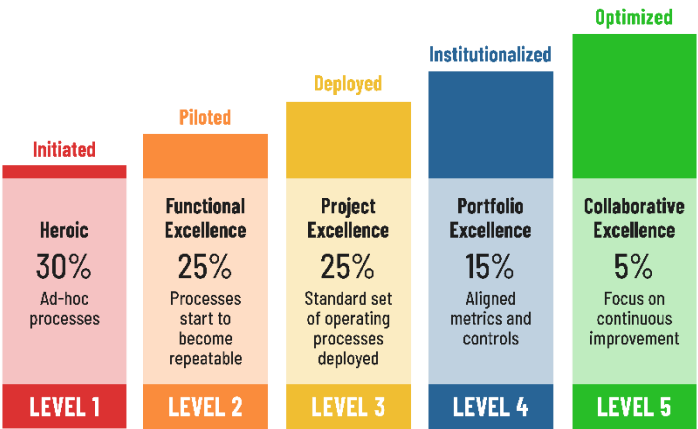
LEVEL 1 — INITIATED “HEROIC”:
(APPROXIMATELY 30% OF PSOS)

At maturity level 1, processes are generally ad hoc and fluid. The business environment is characterized by opportunism and frequent changes, with Professional Services Organizations focusing mainly on acquiring new clients and establishing references. Success at this stage relies heavily on the competence and initiative of individuals within the organization, whose expertise significantly influences overall quality. While often described as “reactive” and reliant on “heroics,” organizations at this level can progress towards greater proactivity and strategic focus through collective effort.

LEVEL 2 — PILOTED “FUNCTIONAL EXCELLENCE” (Approximately 25% of PSOs):

Upon reaching maturity level 2, processes become more repeatable. Best practices may be evident within specific functional areas or regions, though they are typically not yet formalized across the entire organization. Foundational processes have been developed for the five Professional Services Performance Pillars but are

Figure 3: Services Maturity™ Model Levels



Source: SPI Research, February 2026

not universally implemented. Operational excellence emerges within functions rather than across them. By Level 2, key areas should demonstrate measurable Functional Excellence.

LEVEL 3 — DEPLOYED “PROJECT EXCELLENCE” (Approximately 25% of PSOs):

At level 3, PSOs establish standardized processes and operating principles for all central service performance pillars, although isolated noncompliance may persist. Management begins enforcing global financial and quality objectives. There is an increasing emphasis on execution and alignment both within and between functions. Project delivery methodologies and quality metrics are standardized and rigorously applied. Organizations at this stage should demonstrate consistent “Project Excellence” through repeatable project delivery methods.

LEVEL 4 — INSTITUTIONALISED “PORTFOLIO EXCELLENCE” (Approximately 15% of PSOs):

At maturity level 4, management employs precise metrics and controls to oversee the PSO’s operations. Each service performance pillar is supported by detailed principles, tools, and metrics. These organizations set both quantitative and qualitative objectives in customer acquisition, retention, and account penetration, complemented by comprehensive financial and quality controls. Processes align to maximize leverage, and portfolio management focuses on optimal project selection and execution. “Portfolio Excellence” is the hallmark of Level 4 organizations.

LEVEL 5 — OPTIMISED “COLLABORATIVE” (Approximately 5% of PSOs):

Level 5 organizations prioritize continuous improvement across all five performance pillars. Robust, disciplined processes are implemented to assess and enhance performance through both incremental and innovative technological advancements. Quantitative objectives for process improvement are established and continually updated to reflect evolving business goals, serving as benchmarks for ongoing enhancements. Initiatives are systematically pursued to maintain quality, control costs, and achieve client acquisition targets. Interdisciplinary collaboration is optimized, eliminating silos and enabling rapid resolution of unique challenges. Level 5 organizations are distinguished by their visionary approach and collaborative engagement with internal teams, clients, and external partners.

Over the past 19 years, more than 50,000 PSOs have utilized the PS Maturity Model™ and its key performance indicators to evaluate their current organizational maturity and devise targeted improvement plans. SPI Research presents individual client performance using a SPIDER chart (Figure 4). The maturity scorecard assesses each organization relative to defined maturity benchmarks and peer entities, offering a critical tool for analyzing current standing and prioritizing future initiatives. This graphical representation of the Service

Figure 4: Service Performance Pillar Maturity™



Source: SPI Research, February 2026

Performance Pillars™ by maturity level enables PS executives to efficiently assess organizational performance and identify strengths and areas requiring development.

Professional Services Maturity™ Model Construction

Using core benchmark data across all primary business functions, SPI Research developed the Professional Services Maturity™ Model, which characterizes organizational maturity pillar by pillar and provides guidance for advancing to the next level (Table 3).

Table 3: Performance Pillars Mapped Against Service

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Leadership	The initial strategy is to support product sales and provide reference customers while providing workarounds to complete immature products. Leaders are “doers”.	PS has become a profit center but is subordinate to product sales. The strategy is to drive customer adoption and references profitably. Leaders focus on P&L and client relationships.	PS is a significant revenue and margin source, but channel conflict still exists. Services differentiate products. Leadership development plans are in place. Leaders have strong backgrounds & skills in all pillars.	Service leads products. PS is a vital part of the company. Solution selling is a way of life. PS is included in all strategy decisions. Succession plans are in place for critical leadership roles.	PS is critical to the company. The service strategy is clear. Complementary goals and measurements are in place for all functions. Leaders have a global vision and continually focus on renewal & expansion.
Client Relationships	Opportunistic. No defined solution sets or Go to Market plan. The focus is on new customers and reference building. Individual heroics, no consistent sales, marketing, or partnering plan or methodology. No consistent estimating, quoting, or contract management processes. Ad hoc, one-off projects.	Start using marketing to drive leads—multiple sales models. Start investing in sales training, CRM, and sales methodology. Start measuring sales effectiveness and client satisfaction. Start developing partners and partner programs—some level of proposal reviews and pricing control.	Marketing, inside sales, and solution sales with defined solution sets. CRM integrated with financials and PSA. Deal, pricing, and contract reviews. Partner plan and scorecard. Tight pricing and contract management controls. High levels of customer satisfaction.	CRM, PSA, ERP/CFM integration provides a 360-degree view of client relationships. Business process, vertical and horizontal solutions. Vertical client centers of excellence. Top client and partner programs. Global contract and pricing management. Key partner relationships. Strong customer reference programs.	Executive relationships. Thought leadership. Brand building and awareness. High customer satisfaction. Integrated sales, marketing, and partnering programs. Consistent, high-quality marketing, sales, contract management, pricing processes, systems, and measurements. High-quality references.
Talent	Hire as needed. Generalist skills. Chameleons, Jack of all Trades. Individual heroics. May perform presales, consulting delivery, and project management.	Begin forecasting workload. Start developing job and skill descriptions and compensation plans—rudimentary career paths. Start measuring employee satisfaction.	Resource, skill, and career management. Employee satisfaction and engagement surveys. Training plans. Aligned goals and measurements with compensation. Attrition <15%	Business process and vertical skills in addition to technical and project skills. Career ladder and mentoring programs. Training investments to support career. Low attrition, high satisfaction	Continually staff and train to meet future needs—highly skilled, motivated workforce. Outsource commodity skills or peak demand—sophisticated variable on and offshore workforce models.

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Service Execution	No scheduling. Reactive. Ad hoc. Heroic. Scheduling by spreadsheet. No consistent project delivery methods. No project quality controls or knowledge management.	Bare-bones methodology in place. Centralized resource management. Initiating project management and technical skills. Starting to measure project satisfaction and harvest knowledge.	PSA deployed for resource and project management. Collaborative portal. Earned Value Analysis. Project dashboard. Global Project Mgmt. Office, project quality reviews, and measurements. Effective change management.	Integrated project and resource management. Effective scheduling. Using portfolio management. Global PMO. Global project dashboard. Global Knowledge Management. Global resource management.	Integrated solutions. Continual checks and balances are needed to ensure superior utilization and bill rates. Complete visibility to global project quality. Multi-disciplinary resource management.
Finance & Operations	The PSO has been created but is not yet profitable. Rudimentary time & expense capture. Limited financial visibility and control. Unpredictable financial performance. Rudimentary contract and risk management.	5 to 15% margin. PS is becoming a profit center but still has immature finance and operating processes. Investment in CFM and PSA to provide financial visibility. It may not have real-time visibility or BI. Standard Library of Contracts and Statements of Work.	15 to 25% margin. PS operates as a tightly managed P&L. Standard methods for planning, resource mgmt., time & expense mgmt., cost control & billing. In-depth knowledge of all costs at the employee, subcontractor & project level. Processes are in place for contract management and legal and pricing decisions.	PS generates > 20% of overall company revenue & contributes > 30% margin. Well-developed finance and operations processes and controls. Systems have been implemented for CRM, PSA, CFM, and BI. IT integration and real-time visibility. Systems have been implemented for contract management, legal, and pricing decisions.	> 30% margin. Continuous improvement and enhancement. High profit. Integrated systems. Global with disciplined process controls and optimization. Completely integrated financial, CRM, resource management, contracts, pricing systems, processes, and controls.

Source: SPI Research, February 2026

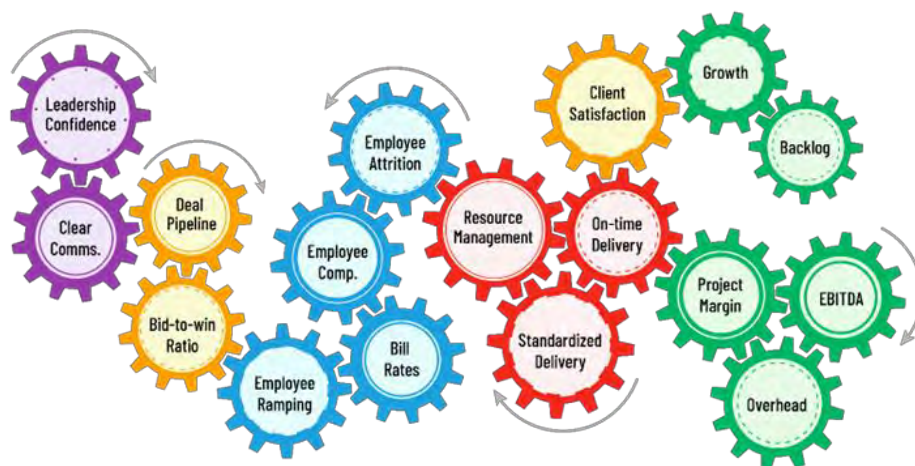
Does Professional Services Maturity Matter?

SPI Research has spent the past 19 years benchmarking varying levels of operational performance and control, or “maturity,” to determine the characteristics and behaviors appropriate for PSOs based on their organizational lifecycle stage. The primary questions SPI Research’s Professional Services Maturity Model Benchmark addresses are:

- ◆ What are the most critical focus areas for PSOs as business processes mature?
- ◆ What is the optimum level of maturity or control at each phase of an organization’s lifecycle?
- ◆ How can diagnostic tools determine and assess the health of key business processes according to an organization’s level of maturity?
- ◆ What are the key business characteristics and behaviors that spell the difference between success and failure? How do they change depending on the maturity of the company or industry?
- ◆ How does the Professional Services Maturity Model Benchmark operate within the broader context of the technology maturity model?

The original concept behind SPI Research's Professional Services Maturity Model was to investigate how increasing levels of standardization in operating processes and management controls affect financial performance. It is based on the correlation of all KPIs and how each can and does influence others (Figure 5).

Figure 5: Performance in One Area Impacts Others' Performance



Source: SPI Research, February 2026

SPI Research's 2026 Professional Services Maturity Benchmark indicates that greater business process maturity leads to notable

improvements in organizational performance. This conclusion is supported by comprehensive surveys conducted with 509 service organizations over the past year. Figure 6 presents key performance metrics segmented by maturity level. These results provide a compelling rationale for professional services executives to consider adopting these practices to enhance profitability.

Figure 6: Professional Services Maturity™ Progression

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Firms	152	127	128	76	26
Year-over-year change in PS revenue	1.7%	3.3%	5.0%	9.1%	23.2%
Deal pipeline / quarterly bookings forecast	118.5%	138.1%	184.3%	216.0%	276.9%
Backlog at the beginning of the Quarter	20.9%	35.1%	47.6%	60.1%	73.1%
Employee billable utilization	54.7%	66.9%	74.0%	80.0%	81.2%
Projects delivered on-time	31.3%	70.4%	75.4%	82.5%	89.6%
Project margin	15.9%	22.6%	37.7%	48.5%	55.8%
Annual revenue per billable consultant (k)	\$68	\$158	\$228	\$255	\$255
Profit (EBITDA %)	-2.0%	-1.9%	5.2%	13.8%	27.0%

Source: SPI Research, February 2026

An aspect that sets the Professional Services Maturity™ Model apart from others is its holistic approach to measuring performance. **Maturity is determined through alignment and focus, both within and across functions.** For example, although financial measures are of primary importance, they are treated as equally

weighted and correlated with leadership, sales, and quality measures in this model. This weighting ensures that organizations can improve across all dimensions, not just financial performance. However, if the organization is profit-motivated (which most are), **increasing maturity levels correlate strongly with significant bottom-line profit.**

Pillar Importance and Organizational Maturity

Nineteen years of research indicate that service organizations need a balanced approach to business improvement as they grow. SPI Research found that focus shifts across different performance areas as organizations mature. True success depends on alignment among these areas rather than excelling in just one. Many service firms start without optimizing performance, initially aiming to build client references and early product feedback. They often operate as cost centers or provide product support. At **Level 1** maturity, the priority is to acquire reference clients and hire versatile consultants who can deliver early customer wins.

By **Level 2**, although the primary focus is on creating reference customers, more emphasis is placed on human capital alignment to recruit and ramp skilled employees, partners, and contractors. Service execution focuses on developing repeatable project delivery methods and quality processes. At these early stages, many embedded professional services organizations have a strong product-driven focus, and the service organization's role is subordinate to products. Conflicts between service profit, client success, and driving product revenue are often characteristic of Level 2 embedded service organizations.

By **Level 3**, the organization must move toward a more balanced focus on all elements of the business by investing in systems, operating processes, and repeatable methods to sustain growth and ensure quality. Level 3 maturity should be the aspirational target of all PS organizations because it is at Level 3 that an ongoing, profitable, and sustainable business is established. At Level 3, the PS organization's charter is clear. For example, consider an embedded PS organization within a product company. In that case, PS has a seat at the executive table and is seen as adding value that transcends product implementation, integration, and customization. Increasingly, embedded PS has become a critical component of ensuring customer adoption and may play a leading role in driving product management direction and strategy. Independent Level 3 PSOs are financially and operationally strong, clearly focusing on target markets, sustainable, repeatable business processes, and quality controls. They have built a compelling, differentiated portfolio brought to life by specialized, knowledgeable consultants. At Level 3, heroics and firefighting are no longer the standard way of doing business, as disciplined management systems, controls, and integrated systems ensure predictability and repeatability.

At **Level 4**, the organization has implemented structured business processes and uses integrated information systems to ensure a “one view of the business”. Level 4 organizations are seen as true industry leaders in their target markets. They have developed a distinct culture that attracts industry-leading consultants and clients. More than average firms, Level 4 organizations are very transparent. They typically have strong management controls and visibility into all facets of the business by providing dynamic, real-time access to empowered team members. Level 4 organizations continually expand their horizons and boundaries – whether through geographic, vertical-market, or technology-platform expansion.

Finally, at **Level 5**, the organization runs very efficiently. The focus is on continual improvement and innovation. Level 5 firms are the Best of the Best. They are excellent in all functional areas. They transcend functional excellence with a collaborative, knowledge—and intellectual property-centric focus. Very few firms achieve sustained Level 5 performance. Figure 7 highlights some of the critical areas PSOs should continually monitor to achieve higher levels of maturity. And there are many more! This report highlights more than 160 key metrics to capture, analyze, and improve, along with the tools leading firms use to run their businesses.

Key Metrics for Sustainable Growth

The Service Performance Pillars™ framework reveals how key metrics interact to drive profitability and scalability across an organization. Among the many metrics identified, five stand out for their strong correlation to success: **billable utilization, project overrun, project margin, revenue per billable consultant, and revenue leakage**.

These metrics not only reflect performance within individual pillars but also highlight their interdependence. For example, **billable utilization** connects **Talent** with **Finance & Operations**, balancing workforce efficiency and revenue generation. **A project overrun exceeding 10%** undermines **Service Execution** and risks damaging **Client Relationships**. Similarly, maintaining **project margins** above **35%** signals pricing and delivery excellence, which is critical to profitability. Firms achieving **\$200K+ revenue per billable consultant** create reinvestment opportunities, while those reducing **revenue leakage** below **5%** secure financial predictability. These metrics are part of a broader set of **165+ indicators** that enable firms to track performance across all pillars, ensuring balanced and scalable growth. This holistic view reinforces that success lies in managing not just isolated metrics but their interplay across the organization.

Figure 7: PS Performance Pillars – Core KPIs



Source: SPI Research, February 2026

4



Survey Demographics

SURVEY DEMOGRAPHICS

Professional Services remain one of the fastest-growing segments of the global economy, as companies across other vertical industries increasingly outsource and out-task their non-core business functions, processes, and technology to specialized service providers.

Firms in the professional service industry provide accounting, agency (advertising and marketing), architectural, management consulting, engineering, IT, legal, and research services. These companies provide employees' knowledge and skills, typically on a project basis, in which an individual or team is responsible for delivering high-value services to the client.

Unlike other industries, Professional Services is nearly 100% knowledge – and people-based. The developed North America, Europe, and Asia-Pacific regions are prosperous in this resource. Growth in this segment depends on concentrated efforts to attract and deploy skilled talent in the most proven, efficient, and profitable ways to sharpen the business performance of professional services firms.

SPI Research surveyed 509 billable Professional Services Organizations (PSOs) for this benchmark from September through early December 2025. The following sections outline the key markets that comprise the global professional services industry and present the 2025 survey demographics across several vital areas (market, organization size, and geographic region) to help PS firms compare their results with the benchmark.

The North American Professional Services Market

SPI Research uses the North American Industry Classification System (NAICS) to analyze the U.S. services market. The primary Professional Services designation is NAICS 54xx, which defines PS sub-verticals as follows: ***“Those in this subsector engage in business processes where human capital is the major input. These establishments provide their employees with the knowledge and skills, often on an assignment basis, in which an individual or team is responsible for delivering high-value services to the client. The individual industries of this subsector are defined based on the services provider's expertise, training, and credentials (Table 4).”***

Table 4: Vertical PS Markets – the North American Industry Classification System

Code	Market	Description
5112	Software	Software publishing, both public and private software companies. Total revenue is reported. PS typically represents ~ 20% of revenues.
518	Data Services	Data processing, hosting, and related services
5411	Legal	This industry comprises legal practitioners known as lawyers or attorneys (i.e., counselors-at-law) primarily engaged in law practice. Firms in this industry may provide a range of expertise or specialize in specific areas of law, such as criminal law, corporate law, family and estate planning, patent law, real estate law, or tax law.
5412	Accounting/ Tax Prep/ Bookkeeping / Payroll	This industry comprises establishments primarily providing services such as auditing and accounting, designing accounting systems, preparing financial statements, developing budgets, preparing tax returns, processing payrolls, bookkeeping, and billing. Accountants are certified to ensure they have and maintain competency in their field.

Code	Market	Description
5413	Architectural, Engineering, and Related Services	This industry comprises establishments primarily planning and designing residential, institutional, leisure, commercial, and industrial buildings and structures by applying knowledge of design, construction procedures, zoning regulations, building codes, and building materials.
5414	Specialized Design Services	This industry group comprises establishments providing specialized design services (except architectural, engineering, and computer systems design).
5415	Computer Systems Design Services Related Services	(IT Consulting) – This industry comprises establishments primarily engaged in providing expertise in the field of information technologies through one or more of the following activities: (1) writing, modifying, testing, and supporting software to meet the needs of a particular customer; (2) planning and designing computer systems that integrate computer hardware, software, and communication technologies; (3) on-site management and operation of clients' computer systems and/or data processing facilities; and (4) other professional and technical computer-related advice and services.
5416	Management Science and Technical Consulting Services	(Management Consulting) – This industry comprises establishments advising businesses and other organizations on management issues, such as strategy and organizational planning; financial planning and budgeting; marketing objectives and policies; human resource policies, practices, and planning; production scheduling; and control planning.
5417	Scientific Research and Development. Services	This industry group comprises establishments conducting original investigations systematically to gain new knowledge (research) and/or the application of research findings or other scientific knowledge to create new or significantly improved products or processes (experimental development). The industries within this industry group are defined based on the domain of research, that is, on the scientific expertise of the establishment.
5418	Advertising and Related Services	(Marketing and Communications) – This industry comprises establishments primarily creating advertising or public relations campaigns and advertising in periodicals, newspapers, radio and television, or other media. These firms are organized to provide a full range of services (i.e., through in-house capabilities or subcontracting), including advice, creative services, account management, production of advertising material, media planning, and buying (i.e., placing advertising).
5419	Other Professional, Scientific, Tech. Serv.	(Other PS) – This industry group comprises establishments engaged in professional, scientific, and technical services not listed above.
5613	Employment Services	Staffing, temporary employment, placement, and employment search services.

Source: [US Census](#) and SPI Research, February 2026

PS Maturity™ Benchmark Vertical Market Demographics

Table 5 and Figure 8 show the PS markets of the 509 survey participants by PS vertical market. As usual, the IT and Management Consulting markets provide approximately 42% of the surveys.

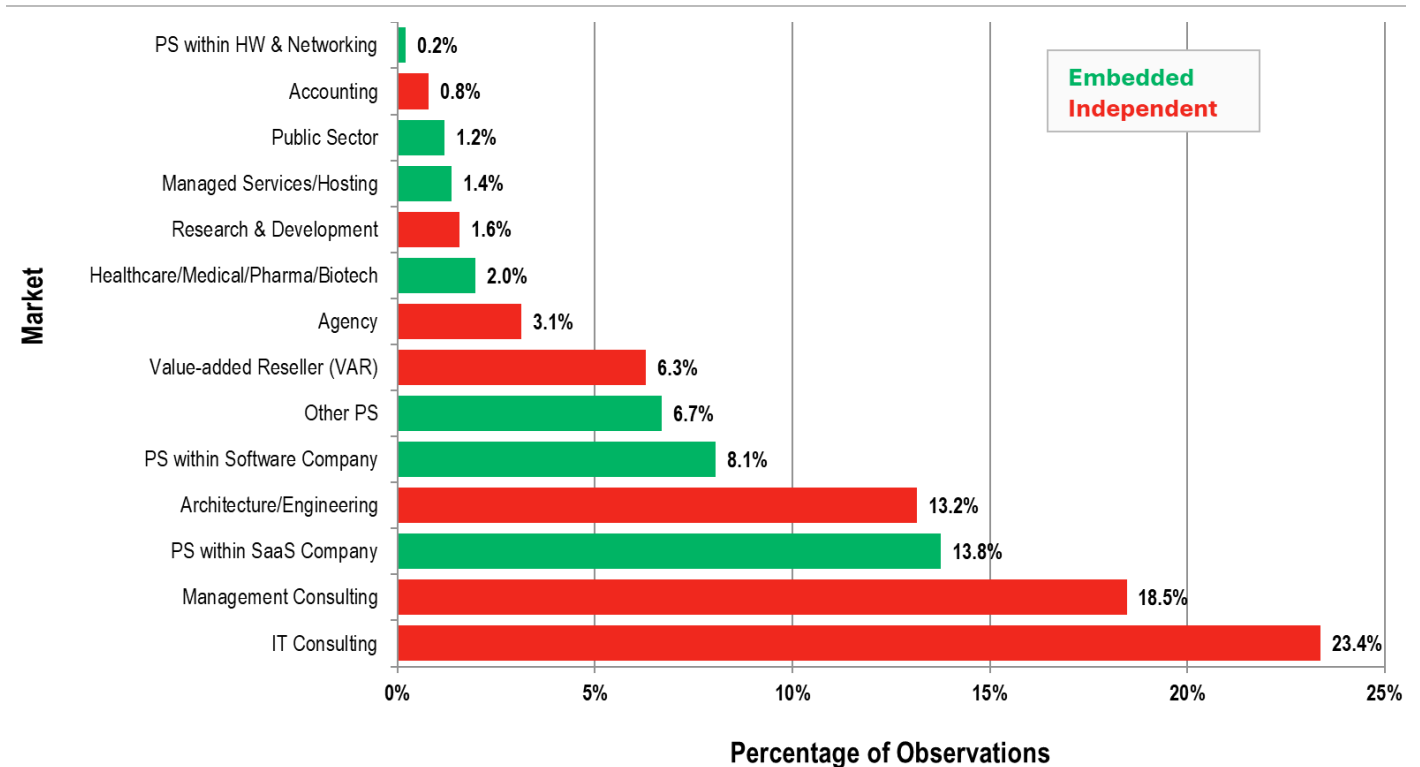
Table 5: 2026 Professional Services Maturity™ Benchmark Vertical Market Participation

Market	Surveys	Percent	Consultants
IT Consulting	119	23.4%	54,885
Management Consulting	94	18.5%	16,040
PS within SaaS Company	70	13.8%	63,840
Architecture/Engineering	67	13.2%	36,055
PS within Software Company	41	8.1%	23,235
Value-added Reseller (VAR)	32	6.3%	6,855

Market	Surveys	Percent	Consultants
Other PS	24	4.7%	13,455
Agency	16	3.1%	1,235
Healthcare/Medical/Pharma/Biotech	10	2.0%	8,670
Research & Development	8	1.6%	265
Managed Services/Hosting	7	1.4%	3,595
Public Sector	6	1.2%	75
Accounting	4	0.8%	395
Govt. Contracting	4	0.8%	15,070
Legal	2	0.4%	70
Manufacturing	2	0.4%	1,165
Construction	2	0.4%	205
PS within HW & Networking	1	0.2%	200
Total/Average	509	100.0%	245,310

Source: SPI Research, February 2026

Figure 8: Benchmark Participant Vertical Market Distribution



Source: SPI Research, February 2026

Table 6 shows participant demographics for the past 19 years. Historically, IT consultancies have been the largest participating market. The number of software PS organizations has decreased in recent years, as most have transitioned to SaaS-based solutions. This benchmark's popularity continues to grow, averaging more

than 500 participating firms for the past five years, making this **the most comprehensive global Professional Services benchmark.**

Table 6: Number of Participating Firms by Vertical Market (2007 through 2025)

Market	Type	2007-11	2012-16	2017-21	2022	2023	2024	2025	Total
IT Consulting	PSO	215	593	677	173	132	96	119	2,005
Software PS	ESO	302	283	309	84	47	23	41	1,089
Mgmt. Consulting	PSO	89	199	374	106	74	85	94	1,021
Other PS	PSO	80	135	336	97	99	49	50	846
SaaS PS	ESO	63	136	276	73	69	53	70	738
Arch./Engr.	PSO	17	109	373	67	59	45	67	737
Agency	PSO	16	42	94	46	52	25	16	291
HW & Network. PS	ESO	35	39	68	19	12	1	1	175
VARs	ESO	0	28	66	10	8	13	32	157
Accounting	PSO	8	32	42	6	1	1	4	94
Mgd. Serv./Hosting	ESO	0	25	31	11	5	6	7	85
Staffing	PSO	0	14	23	12	14	4	0	67
Research & Dev.	PSO	0	22	25	5	3	2	8	65
Total		825	1,657	2,692	709	575	403	509	7,370

Source: SPI Research, February 2026

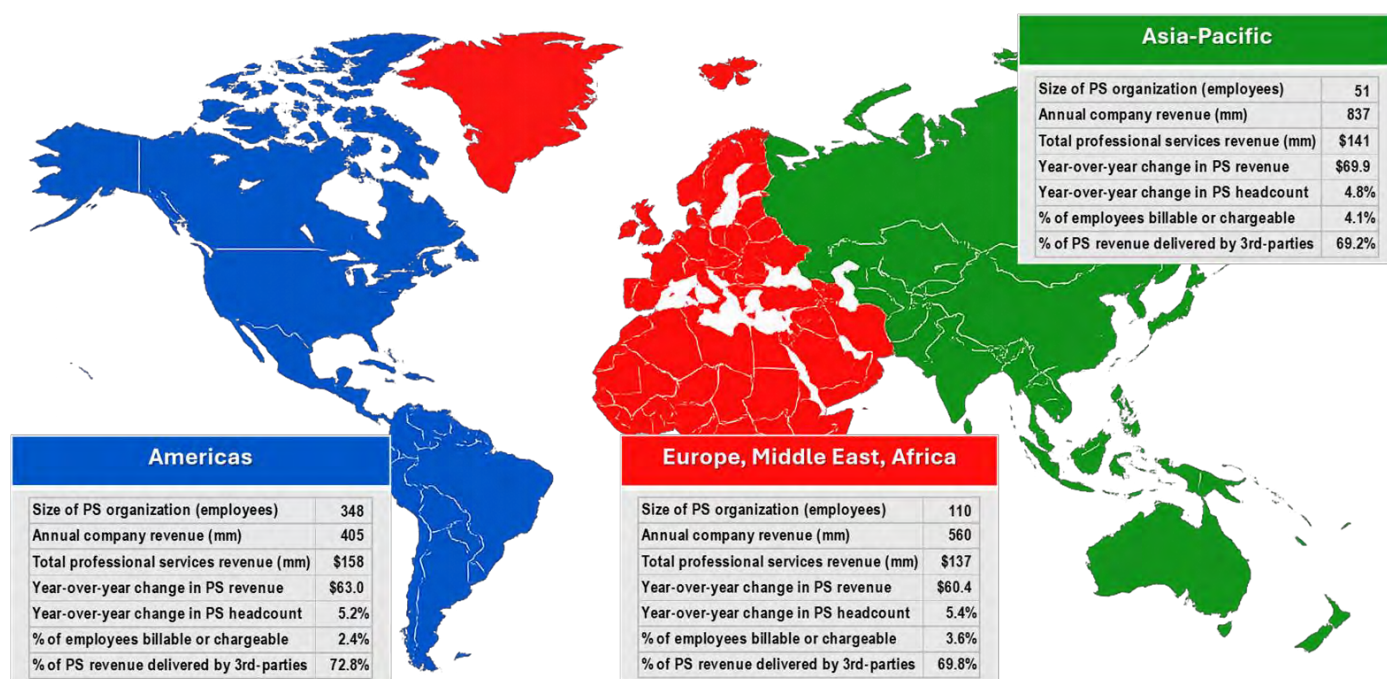
Table 7: Survey Participant Demographics by Organization Type and Geographic Region

Key Demographic	2024	2025	ESO	PSO	Amer	EMEA	APac
Surveys	403	509	159	350	348	110	51
Size of PS org. (employees)	376	482	616	421	405	560	837
Annual company revenue (mm)	\$139	\$152	\$209	\$128	\$158	\$137	\$141
Total PS revenue (mm)	\$58.5	\$63.1	\$65.0	\$62.3	\$63.0	\$60.4	\$69.9
YoY change in PS revenue	4.6%	5.2%	5.3%	5.1%	5.2%	5.4%	4.8%
YoY change in PS headcount	1.9%	2.8%	2.7%	2.9%	2.4%	3.6%	4.1%
% of employees billable	71.1%	71.8%	69.0%	73.1%	72.8%	69.8%	69.2%
% of PS rev. delivered by 3rd-parties	10.9%	10.4%	9.7%	10.7%	10.7%	10.6%	8.0%

Source: SPI Research, February 2026

Figure 9 highlights key regional demographics, and Table 7 shows that 350 surveys came from independent firms and 159 from ESOs (Embedded Service Organizations within product companies). North American-headquartered firms dominated the study with 348 surveys, while 110 came from EMEA-headquartered firms and 51 came from Asia Pacific (predominantly Australia and New Zealand). The average-sized organization this year employs 482 employees.

Figure 9: Regional Demographics



Source: SPI Research, February 2026

Headcount growth grew from 4.6% in 2024 to 5.2% in 2025 but remained below the 10% SPI expects. Geopolitical tensions, tariffs, and inflation eased in 2025 but remain headwinds for the economy. In 2025, the larger PSOs grew the fastest and added the most headcount (Table 8). They also relied heavily on subcontractors to generate incremental revenue. In the high-growth professional services world, mergers and acquisitions are increasingly seen as one of the fastest ways to augment growth and expand into hot new service and technology segments such as Artificial Intelligence.

Table 8: Survey Participant Demographics by Organization Size

Demographic	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
Surveys	77	96	147	101	34	54
Size of PS organization (employees)	5	20	65	200	500	3,634
Annual company revenue (mm)	\$6	\$11	\$46	\$174	\$357	\$706
Total professional services revenue (mm)	\$2.8	\$4.4	\$14.8	\$34.8	\$83.6	\$436.4
Year-over-year change in PS revenue	2.9%	4.1%	4.8%	6.6%	7.0%	7.5%
Year-over-year change in PS headcount	0.2%	2.3%	2.2%	4.5%	6.1%	4.2%
% of employees billable or chargeable	70.6%	74.0%	71.5%	73.4%	71.5%	67.6%
% of PS revenue delivered by 3rd-parties	11.1%	11.2%	8.3%	10.1%	9.7%	15.1%

Source: SPI Research, February 2026

Table 9 further analyzes the survey demographics by vertical market, highlighting the markets surveyed. According to this year’s survey, Value-added Resellers grew the fastest, while Management Consultancies and SaaS firms experienced the least.

Table 9: Survey Participant Demographics by Vertical Market

Demographic	IT Con	Mgmt Con	SaaS PS	Software PS	Arch/Engr	VAR
Surveys	119	94	70	41	67	32
Size of PS org. (employees)	461	171	912	567	538	214
Annual company revenue (mm)	\$120	\$44	\$296	\$421	\$100	\$264
Total PS revenue (mm)	\$64.5	\$35.6	\$55.1	\$86.6	\$75.0	\$84.7
YoY change in PS revenue	6.5%	3.8%	4.1%	6.5%	5.3%	8.1%
YoY change in PS headcount	3.8%	2.2%	2.9%	6.0%	2.6%	5.1%
% of employees billable	76.2%	73.3%	68.7%	69.2%	71.5%	69.5%
3rd-party PS revenue	10.8%	9.9%	8.5%	9.2%	11.9%	9.9%

Source: SPI Research, February 2026

Type of Work Sold

SPI Research analyzed the type of work sold (Table 10). The 2025 distribution was similar to the 2024 numbers. Business and IT consulting represent nearly 50% of the work Embedded Services Organizations sell, whereas independents sell 66%. The percentage of managed service recurring revenue has risen over the past five years, although it dropped from 12.2% in 2023 to 10.9% in 2024 and back up to 12% in 2025.

Table 10: Type of Work Sold by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Business/management consulting	34.2%	33.3%	22.1%	37.8%	32.7%	33.8%	36.6%
Technology or IT consulting	27.4%	28.2%	26.9%	28.7%	25.1%	39.8%	24.4%
Subscription services	7.8%	8.2%	14.6%	5.7%	8.1%	6.8%	12.4%
Managed services	10.9%	12.0%	15.6%	10.5%	13.3%	8.5%	10.3%
Staff Augmentation	5.8%	5.9%	6.0%	5.8%	6.1%	5.3%	5.5%
Hardware, software, or equipment	3.7%	3.3%	4.4%	2.9%	2.9%	3.1%	6.3%
Other	10.3%	9.2%	10.4%	8.7%	11.9%	2.7%	4.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SPI Research, February 2026

Table 11: Type of Work Sold by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
Business/management consulting	52.0%	41.5%	30.9%	22.8%	26.5%	19.2%
Technology or IT consulting	19.7%	24.0%	26.1%	40.0%	43.4%	22.4%
Subscription services	6.0%	6.5%	6.1%	6.6%	8.9%	24.5%
Managed services	10.1%	10.4%	13.3%	15.1%	5.9%	12.0%
Staff Augmentation	2.6%	4.2%	7.3%	5.1%	8.4%	10.3%
Hardware, software, or equipment	0.5%	4.7%	3.6%	3.7%	0.6%	5.2%
Other	9.1%	8.8%	12.7%	6.7%	6.3%	6.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SPI Research, February 2026

PSO Type

Many concepts and applications of professional services outlined in this report are also present within product-centric organizations. Accordingly, SPI Research refers to the rapidly growing market for service entities embedded within product companies as “Embedded Service Organizations” (ESOs). Within the professional services sector, the fastest-expanding domain is software and IT services.

In the United States, there are over 70,000 companies engaged in software, hardware, IT, and managed services, with more than 99% classified as small and medium-sized enterprises (i.e., fewer than 500 employees). This landscape includes software publishers, custom computer programming firms, computer systems design companies, and managed services providers. Collectively, these industries are supported by a highly educated, US-based workforce of more than 6.4 million individuals. SPI Research assesses billable Professional Services Organizations (PSOs) primarily across two macro segments: independent PSOs and embedded PS organizations.

Independent Professional Services Organizations (PSOs)

Independent PSOs offer, deliver, and invoice for professional services rendered to external clients. These clients engage systems integrators, IT consultancies (SIs), Value-Added Resellers (VARs), and Managed Service Providers (MSPs) to implement or integrate technology, leveraging their strategic expertise or specialized industry knowledge. Management consultants are enlisted for strategic insight, facilitation, and coaching. Independent PSOs typically offer deeper specialization in expertise, knowledge, skills, and business practices than internal teams. The study predominantly features independent PSOs such as IT consultancies, systems integrators, and VARs, with additional representation from management consultancies, accountants, marketing and advertising agencies, architects, and engineers. Healthcare services – including staffing, management consulting, technology, and business process consulting – are among the fastest-growing areas, driven by the healthcare sector's need for automation and improved patient reporting. The responding PSOs represent a diverse array, ranging from some of the largest global providers to small regional and specialty firms, most of which are privately held.

Embedded Services Organizations (ESOs)

ESOs function similarly to PSOs but operate within product-focused enterprises. While most ESOs focus on implementing their own technology, notable organizations such as IBM and HP offer global IT consulting, managed services, and outsourcing beyond their own products. For small- and mid-sized ESOs, successfully deploying their offerings remains the core objective. The scope of embedded PS has broadened to include client adoption initiatives aimed at reducing time-to-value. Although they pursue professional services revenue and profitability, ESOs frequently provide non-billable presales, proof-of-concept, and customer-satisfaction engagements. They support external clients and internal sales, support, and engineering teams. In early maturity stages (levels 1 and 2), their focus lies primarily on project delivery and establishing reference clients.

In ESOs, product sales divisions generally handle lead generation, marketing, and sales functions; however, as ESOs mature, many establish dedicated sales teams for services. This survey found that most ESOs are based at software and cloud solution vendors (ISVs), serving prestigious cloud providers. Over time, the mission of embedded cloud PS has evolved from a cost center to a profit center, now measured by metrics such as implementation success, packaged subscription services, client adoption, expansion, churn, and recurring revenue. Nearly all traditional on-premises software providers are transitioning to cloud-based models, with SPI Research presenting insights into both on-premises and SaaS operations.

509 firms are represented in this year's survey; however, not every firm answered every question. Therefore, if a firm did not answer a specific question, no analysis will be conducted on its impact. The following table shows the correlation of EBITDA (profit) and annual revenue growth. This table compares all the surveys with those that answered this specific question. SPI Research will eliminate the 14 firms that did not complete this question; therefore, the EBITDA is 10.1% vs. the actual survey average of 9.9%. This elimination is done because showing blank answers does not really provide value to the reader (unless there is a high percentage of blanks).	Annual Revenue Growth	Surveys	Comp. %	EBITDA w/ Blanks	EBITDA w/o Blanks
	Blank	14	2.8%	4.5%	
	Under -10%	63	12.4%	7.9%	7.9%
	-10% - 0%	56	11.0%	9.6%	9.6%
	0% - 5%	110	21.6%	8.6%	8.6%
	5% - 10%	116	22.8%	10.2%	10.2%
	10% - 15%	63	12.4%	9.0%	9.0%
	15% - 25%	44	8.6%	12.5%	12.5%
	Over 25%	43	8.4%	16.5%	16.5%
	Grand Total	509	100.0%	9.9%	10.1%

SPI Research utilizes this segmentation model because independent consultancies must finance sales, marketing, and back-office operations – such as finance, facilities, IT, and talent acquisition – in ways that embedded organizations typically do not. Consequently, independents incur higher operating costs than their captive counterparts. Nonetheless, subsequent chapters will demonstrate that independent PSOs outpace embedded organizations, largely due to their commitment to high-quality, profitable service delivery. Independents tend to prioritize client satisfaction, service revenue, and profit growth, whereas ESOs may subordinate service profitability to goals related to product adoption and incremental product sales.

Organization Size

The average organization size in the Professional Services Maturity™ Benchmark was 482 employees, up from 376 in 2024. This year’s survey is based on firms that employ over 245,000 people worldwide, making it the most comprehensive study of the Professional Services market.

Table 12 highlights the survey distribution by PS headcount. The largest share of firms has between 31 and 100 employees annually. Embedded services organizations averaged 616 PS employees, whereas independents averaged 421.

Table 12: Key KPIs by Organization Size

Size of PS organization (employees)	Survey %	Revenue growth	Billable utilization	On time project. delivery	% of ann. revenue target	% of ann. margin target
Under 10	15.1%	2.9%	65.9%	77.6%	87.5%	87.6%
10 - 30	18.9%	4.1%	65.3%	72.7%	88.3%	85.5%
31 - 100	28.9%	4.8%	67.7%	73.5%	90.9%	89.4%
101 - 300	19.8%	6.6%	68.0%	74.0%	90.2%	89.1%
301 - 700	6.7%	7.0%	71.3%	76.3%	95.2%	93.0%
701 - 1,500	3.9%	5.5%	66.2%	68.8%	92.1%	93.2%
1,501 - 5,000	3.7%	6.7%	75.0%	68.6%	94.2%	94.6%
Over 5,000	2.9%	11.4%	71.1%	65.6%	84.2%	82.5%
Total/Average	100.0%	5.2%	69.6%	73.7%	90.0%	88.7%

Source: SPI Research, February 2026

Firms headquartered in the Americas averaged 405 PS employees per firm, EMEA 560, and APac 837. SaaS PS organizations averaged 912 PS employees, and Software averaged 567, underscoring the importance of embedded PS within these organizations. IT consultancies (461 employees) and management consultancies (171) also had a substantial PS workforce. Architecture and engineering firms averaged 538 employees.

Table 13 shows a meaningful increase in benchmark participation from 2024 to 2025, strengthening the dataset's robustness and representativeness. Total participation increased to 509 firms in 2025, up from 403 in 2024, a 26% increase. Participation growth was geographically broad-based, with EMEA participation increasing to 110 firms from 67 in the prior year and APAC increasing to 51 from 31, representing increases of 64% and 65%, respectively. This regional expansion improves global balance relative to prior benchmarks, which were more heavily weighted toward the Americas.

Table 13: Annual change size of PSO (employees)

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	376	482	28%	Under 10	5	5	0%	IT Consult.	297	461	55%
ESO	573	616	8%	10 - 30	20	20	0%	Mgmt. Cons.	302	171	-43%
PSO	297	421	42%	31 - 100	65	65	0%	SaaS PS	264	912	246%
Amer	358	405	13%	101 - 300	200	200	0%	Software PS	480	567	18%
EMEA	470	560	19%	301 - 700	500	500	0%	Arch. / Engr.	335	538	61%
APac	353	837	137%	Over 700	3,495	3,634	4%	VAR	493	214	-57%

Source: SPI Research, February 2026

Participation also increased among larger and more complex organizations, affecting how maturity and performance results should be interpreted. Greater representation from larger PS organizations increases the presence of multi-service, multi-region delivery models in the dataset, reinforcing the relevance of maturity, execution, and operational discipline benchmarks in this year’s results. SaaS PS organizations were much larger than those surveyed in 2024.

Headquarters Location

SPI Research encourages professional services organizations worldwide to participate in the annual benchmark survey. Survey participation from firms headquartered outside North America (Europe, the Middle East, Africa (EMEA), and Asia-Pacific (APac)) accounted for over 25% of the survey (Table 14).

Table 14: Key KPIs by Headquarters Location

Headquarters Location	Survey %	Revenue growth	Billable utilization	On-time project delivery	Annual rev./ consult. (k)	Profit (EBITDA)
North America	66.0%	5.1%	68.5%	74.9%	\$219	10.5%
Western Europe	18.5%	4.9%	65.3%	72.9%	\$202	9.1%
Eastern Europe	0.6%	20.8%	47.5%	80.0%	\$88	-10.0%
Australia/New Zealand	5.5%	6.9%	72.0%	76.7%	\$226	9.0%
South/Central America	2.4%	6.5%	65.0%	64.5%	\$97	4.4%
Asia (Singapore, Japan)	2.2%	-0.9%	58.3%	58.3%	\$175	5.0%
Central Asia (India, Pakistan)	2.4%	5.2%	67.0%	61.0%	\$180	7.2%
Middle East	1.0%	5.0%	55.0%	63.3%	\$113	14.5%
Africa	1.6%	4.7%	65.0%	58.3%	\$117	23.0%
Total/Average	100.0%	5.2%	67.6%	73.8%	\$210	9.9%

Source: SPI Research, February 2026

It is important to note that, regardless of where the organization is headquartered, many employees live outside the headquarters location. This distribution is especially true for larger organizations. Therefore, the benchmark does reflect global organizations with a worldwide PS workforce.

Annual Company Revenue

Average company revenue grew to \$152 million, up from \$139 million the prior year (Table 15), expanding the benchmark base. More important than the increase in total coverage was the shift in organizational representation.

Table 15: Key KPIs by Total Company Revenue

Annual company revenue (mm)	Survey %	Revenue growth	Headcount growth	% of emp. billable	New clients	Profit (EBITDA)
Under \$5mm	26.0%	2.4%	0.5%	72.3%	33.7%	9.9%
\$5mm - \$10mm	15.3%	3.4%	0.7%	70.5%	30.2%	4.1%
\$10mm - \$50mm	27.2%	6.2%	4.1%	72.8%	26.2%	10.2%
\$50mm - \$100mm	10.7%	7.5%	6.2%	68.8%	29.5%	11.7%
\$100mm - \$200mm	6.4%	8.8%	4.3%	74.0%	32.8%	8.5%
\$200mm - \$500mm	4.9%	4.9%	4.9%	72.5%	35.2%	3.5%
\$500mm - \$1bn	4.7%	5.9%	1.7%	70.0%	31.1%	17.0%
Over \$1bn	4.7%	6.2%	4.4%	67.5%	25.0%	7.9%
Total/Average	100.0%	5.0%	2.8%	71.5%	30.2%	9.1%

Source: SPI Research, February 2026

The distribution of revenue represented by organization size also shifted toward the mid-market. Firms with 301–700 employees increased to \$357 million, up from \$247 million the prior year, while firms with over 700 employees increased to \$706 million, up from \$810 million the prior year. This concentration reduces the relative weight of the largest enterprises in the aggregate results and increases the influence of mid-sized firms, which affects how benchmark medians and cross-size comparisons should be interpreted.

Table 16: Year-over-Year Change – Annual company revenue (mm)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	\$139	\$152	9%	Under 10	\$6	\$6	16%	IT Consult.	\$130	\$120	-7%
ESO	\$256	\$209	-18%	10 - 30	\$14	\$11	-18%	Mgmt. Cons.	\$9	\$44	370%
PSO	\$92	\$128	39%	31 - 100	\$50	\$46	-8%	SaaS PS	\$314	\$296	-6%
Amer	\$133	\$158	18%	101 - 300	\$228	\$174	-24%	Software PS	\$376	\$421	12%
EMEA	\$156	\$137	-12%	301 - 700	\$247	\$357	45%	Arch. / Engr.	\$54	\$100	85%
APac	\$152	\$141	-7%	Over 700	\$810	\$706	-13%	VAR	\$319	\$264	-17%

Source: SPI Research, February 2026

Total Professional Services Revenue

Total professional services revenue increased to \$63 million from \$58 million in the prior year (Table 17), indicating a modest expansion of the benchmark base. The more relevant context is the change in composition across operating models and sizes. Independent PSO revenue rose to \$62 million from \$56 million in the prior year, while ESO revenue remained flat at \$65 million, modestly increasing the relative weight of PSO delivery models. At the same time, revenue from firms with 301–700 employees fell to \$84 million, down from \$219 million the prior year, while revenue from firms with over 700 employees rose to \$436 million, up from \$416 million the prior year. This combination further concentrates results in larger firms and should be considered when interpreting aggregate benchmarks and year-over-year comparisons.

Table 17: Key KPIs by Total Professional Services Revenue

Total Professional Services revenue (mm)	Survey %	Billable utilization	Project duration (man-months)	On time project delivery	Project margin	Ann. rev./ consult. (k)
Under \$5mm	34.1%	63.3%	16.8	74.0%	37.4%	\$186
\$5mm - \$10mm	21.2%	68.0%	19.4	71.9%	37.7%	\$218
\$10mm - \$50mm	29.1%	69.8%	37.3	73.8%	39.2%	\$221
\$50mm - \$100mm	7.8%	70.7%	53.6	81.6%	34.3%	\$235
\$100mm - \$200mm	2.6%	73.9%	62.3	68.5%	47.0%	\$235
\$200mm - \$500mm	1.8%	75.0%	44.4	68.6%	42.0%	\$189
\$500mm - \$1bn	2.0%	65.7%	29.8	63.3%	36.3%	\$225
Over \$1bn	1.4%	79.0%	38.6	80.0%	28.8%	\$263
Total/Average	100.0%	67.5%	28.6	73.7%	37.9%	\$210

Source: SPI Research, February 2026

Table 18: Annual change in total professional services revenue (mm)

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	\$58	\$63	8%	Under 10	\$3	\$3	-9%	IT Consult.	\$80	\$65	-19%
ESO	\$65	\$65	0%	10 - 30	\$4	\$4	21%	Mgmt. Cons.	\$43	\$36	-18%
PSO	\$56	\$62	12%	31 - 100	\$16	\$15	-5%	SaaS PS	\$29	\$55	91%
Amer	\$51	\$63	25%	101 - 300	\$43	\$35	-20%	Software PS	\$75	\$87	15%
EMEA	\$56	\$60	8%	301 - 700	\$219	\$84	-62%	Arch. / Engr.	\$54	\$75	40%
APac	\$144	\$70	-51%	Over 700	\$416	\$436	5%	VAR	\$124	\$85	-32%

Source: SPI Research, February 2026

Year-over-year Change in PS Revenue

Table 19: Key KPIs by Year-over-Year Change in PS Revenue

Year-over-year change in PS revenue	Survey %	New clients	Deal Pipeline	% of bids won	Backlog	Client reference
Under -10%	12.7%	27.8%	160%	39.8%	39.5%	60.0%
-10% - 0%	11.3%	27.3%	183%	55.3%	50.7%	72.3%
0% - 5%	22.2%	29.4%	151%	45.4%	39.8%	65.9%
5% - 10%	23.4%	32.4%	171%	47.1%	39.3%	65.7%
10% - 15%	12.7%	29.7%	176%	49.2%	52.4%	72.7%
15% - 25%	8.9%	31.2%	206%	54.1%	53.2%	75.0%
Over 25%	8.7%	35.6%	225%	52.3%	58.7%	72.8%
Total/Average	100.0%	30.4%	175%	48.1%	45.3%	68.1%

Source: SPI Research, February 2026

PS's annual revenue growth has averaged 8.7% for the past five years. In 2020, due to COVID, annual PS revenue growth declined to 8.7%, down from 10.6% in 2019. In 2021, hiring improved, with backlogs up to 10.6%. 2022 saw a slight decline in revenue growth (10.4%). 2023 also saw a more significant decrease in revenue growth (7.8%). SPI expected a rebound in 2024, but unfortunately, numerous economic and political issues arose, and PS revenue only increased by 4.6%. 2025 showed improvements, but at 5.2% PS revenue growth, there is still a long way to go.

Table 20: Annual change in total professional services revenue (mm)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	4.6%	5.2%	13%	Under 10	0.1%	2.9%	1945%	IT Consult.	6.8%	6.5%	-5%
ESO	4.7%	5.3%	12%	10 - 30	6.6%	4.1%	-38%	Mgmt. Cons.	-0.9%	3.8%	-509%
PSO	4.5%	5.1%	14%	31 - 100	4.0%	4.8%	22%	SaaS PS	4.5%	4.1%	-8%
Amer	4.7%	5.2%	11%	101 - 300	7.6%	6.6%	-12%	Software PS	5.1%	6.5%	27%
EMEA	4.4%	5.4%	23%	301 - 700	3.3%	7.0%	111%	Arch. / Engr.	9.3%	5.3%	-43%
APac	4.2%	4.8%	15%	Over 700	5.0%	7.5%	51%	VAR	5.8%	8.1%	41%

Source: SPI Research, February 2026

Year-over-year Change in PS Headcount

Average annual PSO headcount growth increased to 2.8%, up from 1.9% the prior year (Table 21), reflecting an acceleration in workforce expansion across the benchmark. Independent-specific growth changed to 2.9%, from 2.0% the prior year, indicating that the increase reflects a broad shift in staffing posture rather than isolated outliers. This change provides important context for interpreting 2025 capacity, utilization pressure, and hiring-related metrics.

Table 21: Key KPIs by Year-over-year Change in PS Headcount

Year-over-year change in PS headcount	Survey %	Revenue growth	Employee attrition	Rec. to family/ friends	Billable utilization	Ann. rev./ consult. (k)
Under -10%	12.0%	-10.9%	12.2%	3.95	64.7%	\$201
-10% - 0%	18.6%	-0.4%	11.3%	4.22	67.4%	\$226
0% - 5%	32.3%	5.7%	10.1%	4.10	67.2%	\$205
5% - 10%	16.2%	9.0%	10.4%	4.32	68.8%	\$201
10% - 15%	9.2%	12.9%	13.5%	4.26	69.2%	\$212
15% - 25%	5.4%	18.8%	12.3%	4.26	68.3%	\$197
Over 25%	6.4%	17.1%	10.6%	4.71	68.8%	\$225
Total/Average	100.0%	5.2%	11.1%	4.20	67.5%	\$209

Source: SPI Research, February 2026

Growth was not evenly distributed across organizational sizes. PSOs with 301–700 employees changed to 6.1%, from 1.7% the prior year, marking a pronounced inflection in mid-sized firm hiring activity. More broadly, firms with 100+ employees accelerated hiring faster than smaller PSOs, shifting workforce expansion toward

larger players. This divergence implies a tighter talent environment for smaller firms, as accelerated hiring by mid-sized and large PSOs increases competition for experienced staff and makes it harder to ramp capacity at the lower end of the market.

Table 22: Year-over-Year Change – Annual change in the size of PSOs (employees)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	1.9%	2.8%	50%	Under 10	-1.6%	0.2%	-114%	IT Consult.	3.8%	3.8%	0%
ESO	1.6%	2.7%	63%	10 - 30	2.3%	2.3%	1%	Mgmt. Cons.	-2.5%	2.2%	-189%
PSO	2.0%	2.9%	47%	31 - 100	1.9%	2.2%	16%	SaaS PS	-0.5%	2.9%	-630%
Amer	1.7%	2.4%	44%	101 - 300	3.9%	4.5%	15%	Software PS	1.5%	6.0%	305%
EMEA	2.2%	3.6%	69%	301 - 700	1.7%	6.1%	264%	Arch. / Engr.	5.8%	2.6%	-56%
APac	3.4%	4.1%	19%	Over 700	3.5%	4.2%	19%	VAR	3.8%	5.1%	32%

Source: SPI Research, February 2026

Percentage of Employees Billable

Excessive, non-billable headcount can create a top-heavy organization or be a symptom of poor sales, marketing effectiveness, and/or poor systems. But as with all things PS, a delicate balance must be maintained. A non-billable headcount is necessary for leadership and developing infrastructure, systems, and tools that support growth, consistency, and quality.

Table 23: Key KPIs by the Percentage of Employees Billable or Chargeable

% of employees billable or chargeable	Survey %	Revenue growth	Project margin	Ann. rev./ consult. (k)	Ann. rev./ emp. (k)	Profit (EBITDA %)
Under 40%	7.4%	2.1%	33.9%	\$171	\$129	6.1%
40% - 50%	4.4%	3.3%	37.3%	\$232	\$168	7.3%
50% - 60%	9.0%	2.9%	34.6%	\$211	\$169	8.2%
60% - 70%	17.2%	6.2%	37.9%	\$218	\$161	7.6%
70% - 80%	23.0%	6.8%	37.9%	\$205	\$163	9.4%
80% - 90%	20.2%	5.7%	38.5%	\$197	\$159	11.1%
Over 90%	18.6%	4.8%	39.7%	\$229	\$199	13.1%
Total/Average	100.0%	5.2%	37.7%	\$209	\$167	9.7%

Source: SPI Research, February 2026

SPI Research found the percentage of billable employees increased to 71.8% from 71.1% in 2024. The largest firms had 67.6% of their employees billable.

Table 24: Annual change % of employees billable or chargeable

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	71.1%	71.8%	1%	Under 10	69.8%	70.6%	1%	IT Consult.	74.3%	76.2%	3%
ESO	67.5%	69.0%	2%	10 - 30	72.6%	74.0%	2%	Mgmt. Cons.	69.3%	73.3%	6%

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
PSO	72.5%	73.1%	1%	31 - 100	72.2%	71.5%	-1%	SaaS PS	66.2%	68.7%	4%
Amer	71.2%	72.8%	2%	101 - 300	71.5%	73.4%	3%	Software PS	73.1%	69.2%	-5%
EMEA	70.4%	69.8%	-1%	301 - 700	65.3%	71.5%	10%	Arch. / Engr.	74.1%	71.5%	-3%
APac	71.5%	69.2%	-3%	Over 700	68.3%	67.6%	-1%	VAR	70.8%	69.5%	-2%

Source: SPI Research, February 2026

Percentage of PS Revenue Delivered by Third Parties

A viable third party (subcontractor) is essential to most PSOs, especially as they grow. They offer additional services that might not be core to the PSO, or additional “bodies,” when there is more work than they can manage with their internal workforce. Every year, this KPI averages between 10% and 15%.

Table 25: Key KPIs by the Percentage of PS Revenue Delivered by Third Parties

% of PS revenue delivered by 3rd-parties	Survey %	Org. size (emp)	Revenue growth	Headcount growth	Client reference	Profit (EBITDA)
None	21.0%	199	3.8%	2.8%	66.1%	13.2%
1% - 5%	26.0%	322	3.3%	0.4%	65.8%	8.5%
5% - 10%	16.9%	276	5.9%	3.1%	70.4%	9.7%
10% - 20%	18.3%	725	6.8%	5.1%	72.1%	11.0%
20% - 30%	9.1%	1,018	6.1%	2.5%	61.6%	12.7%
Over 30%	8.7%	814	7.5%	4.4%	75.4%	3.5%
Total/Average	100.0%	468	5.1%	2.8%	68.2%	10.1%

Source: SPI Research, February 2026

Table 25 shows the distribution of survey responses by revenue generated from third-party resources. The average percentage of PS revenue from subcontractors decreased by 5% in 2025, from 10.9% to 10.4%. ESOs used a third-party workforce to generate 9.7% of revenue, whereas independents reported 10.7%. APac used a third-party workforce to generate 8.0% of revenue; the Americas averaged 10.7%, and EMEA averaged 10.6%. Software PS showed the largest increase in PS revenue delivered by 3rd parties, at 23%, while the SaaS PS market remained the same (Table 26).

Table 26: Annual change in the Percentage of PS revenue delivered by 3rd-parties

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	10.9%	10.4%	-5%	Under 10	10.4%	11.1%	6%	IT Consult.	11.9%	10.8%	-10%
ESO	10.0%	9.7%	-3%	10 - 30	10.7%	11.2%	5%	Mgmt. Cons.	10.1%	9.9%	-2%
PSO	11.3%	10.7%	-5%	31 - 100	10.5%	8.3%	-22%	SaaS PS	8.5%	8.5%	0%
Amer	10.5%	10.7%	2%	101 - 300	10.5%	10.1%	-4%	Software PS	7.5%	9.2%	23%
EMEA	13.0%	10.6%	-19%	301 - 700	8.9%	9.7%	9%	Arch. / Engr.	11.5%	11.9%	4%
APac	10.4%	8.0%	-24%	Over 700	16.7%	15.1%	-10%	VAR	11.9%	9.9%	-17%

Source: SPI Research, February 2026

5

A photograph of the Toronto skyline featuring the CN Tower and various skyscrapers, with a historic building in the foreground. The image is framed by a white border with rounded corners. An orange banner is in the top left corner with the number '5', and another orange banner is at the bottom with the title 'High-Performance PSOs'.

High-Performance PSOs

HIGH-PERFORMANCE PROFESSIONAL SERVICES ORGANIZATIONS

SPI Research evaluates the top 20% of benchmark participants – those achieving Levels 4 and 5 in the PS Maturity™ Model – to understand the drivers behind their superior performance. In this year’s study, 101 organizations out of 509 qualified as High-Performance PSOs (HPOs) based on their aggregate maturity scores across all five service performance pillars.

Across the board, key performance indicators declined from 2024 to 2025, underscoring the impact of a challenging geopolitical and economic environment. However, 2025 was a difficult year for professional services, but High-Performance PSOs demonstrated operational discipline and resilient results compared to their peer group. This section compares the two groups and offers practical, cause-and-effect guidance to capitalize on opportunities in the coming year.

Demographics

Table 27 compares 101 High-Performance PSOs (HPOs) with the other 408 PSOs. 75% were independents, while 25% were embedded services organizations (ESOs). IT consultancies represented 31% of the highest performers, followed by Management consultancies at 24%.

Compared to the others, HPOs averaged:

- ◆ 19% fewer employees
- ◆ 10% more annual revenue at \$163 mm
- ◆ 169% more annual PS revenue, at \$87.1 mm.

While some numbers are down from a year ago, high-performing organizations grew revenue much faster than their counterparts.

Artificial Intelligence

Artificial Intelligence (AI) plays a more significant role in HPOs than it does in other

PSOs. Table 28 highlights leaders’ opinions on how AI will impact them. The numbers in this table are similar because AI is starting to take off in professional services. Roughly 13% of consultants are dedicated to AI. The main difference is that HPO’s leadership has stronger support for AI. Although AI is affecting their organizations, HPOs have lower short-term expectations for it to generate high returns than their peers. The good news is that SPI believes the movement over the next 12 months will be significant for AI adoption and use. When completed, there should be measurable advances. HPOs believe they can use Gen AI to help increase organizational efficiency. The market is just beginning to experience AI’s utility.

Table 27: High-Perf. PSO Comparison – Demographics

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Number of firms	101	408	
Size of PS organization (employees)	408	500	-19%
Annual company revenue (mm)	\$163	\$149	10%
Total professional services revenue (mm)	\$87.1	\$57.1	53%
Year-over-year change in PS revenue	10.4%	3.9%	169%
Year-over-year change in PS headcount	6.2%	2.0%	215%
% of employees billable or chargeable	79.5%	69.9%	14%
% of PS revenue delivered by 3rd-parties	11.2%	10.2%	9%

Source: SPI Research, February 2026

Table 28: High-Performance AI Concentration Comparison (1-5 Scale)

High-Performance AI Comparison	HPO	Rest	% ↑↓
The percentage of the organization's projects currently utilizing Generative AI	30.2%	26.3%	15%
Generative AI has impacted the organization's productivity and efficiency	3.93	3.81	3%
The estimated ROI PS can achieve from implementing Generative AI technologies in 12 months	12.4%	13.6%	-8%

Source: SPI Research, February 2026

Leadership

This year's leaders were more heavily concentrated in consultancies, which grow faster and more efficiently than embedded organizations. The leading firms tend to be highly specialized, focused on specific high-growth technology and IT segments or on vertical industries. The executives of high-performing organizations are seasoned professionals – often with a track record of founding and growing multiple prior consulting organizations. Early-stage organizations tend to “chase shiny objects” with dramatic strategic shifts that are not necessarily backed by analysis or investments. Although high-performing leaders are competitive and consistently seek new growth opportunities, they are more balanced in their investment decisions. They prioritize rapid payback to expand recurring revenues.

Table 29 compares the leadership metrics of the highest-performing organizations with the remainder of the survey. The highest differential score was “ease of getting things done,” while the second was “goals and measurement alignment.” These numbers change each year slightly, but are almost always at least 10% higher for high-performance organizations. Leadership correlates with all positive attributes in professional services, so PSOs must ensure their organizations are well-led.

Table 29: High-Performance PSO Comparison - Leadership

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Well-understood vision, mission, and strategy	4.10	3.66	12%
Confidence in PS leadership	4.25	3.85	10%
Ease of getting things done	3.94	3.57	10%
Goals and measurement alignment	4.06	3.61	12%
Employees have confidence in PSO's future	4.16	3.69	13%
Effectively communicates w/employees	4.07	3.74	9%
Embraces change - nimble and flexible	3.96	3.70	7%
Innovation focused	3.79	3.44	10%
Data-driven	3.86	3.47	11%
Total	36.2	32.7	10%

Source: SPI Research, February 2026

Table 30: High-Performance Planning Comparison

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Forecasted revenue growth in 2026 (over 2025)	11.5%	9.5%	22%
Have you initiated outcome-based billing models	37.1%	35.4%	5%
Frequency PS strategy is communicated to the whole company (months)	10.9	16.9	-35%
How often does leadership share key financial or operational metrics with staff	4.79	9.32	-49%

Source: SPI Research, February 2026

Leaders at HPOs foster a fair and well-managed work environment with ample rewards and career progression. Because employees understand and share in these organizations' success, the atmosphere is characterized by collaboration, trust, and loyalty. Leadership is among the most critical factors driving success in the professional services market. In today's virtual work environment, maintaining a personal connection while fostering collaboration, "fun," and personal growth is essential to effective leadership. Increasingly, leading firms are focused on promoting from within, investing in skill and career building to ensure young workers stay with the firm and are continually presented with growth opportunities.

Client Relationships

High performers averaged over 35% of their revenue from IT consulting. Most high-performing firms push management consulting with higher bill rates. High performers sold about 25% of services to (logo) new clients, whereas the others were over 32%. However, the high-performance firms sold contracts for more than twice the price of the other group. Their focus on sales helped them to drive superior results. Although 2025, like 2024, was somewhat of a down year for PSOs, HPO firms showed that success can still be achieved through persistence and hard work.

The high-performing firms were more productive in sales, in part because their clients were satisfied and more likely to be referred to (Table 32). winning more bids. Client references tend to go a long way in driving growth, profit, and employee satisfaction. Many firms have implemented client success programs to ensure clients are satisfied with the work; if not, they quickly work to fix it. HPOs maintained a significantly larger pipeline and a larger backlog.

Table 31: High-Performance PSO Comparison – Client Structure

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Current clients - Existing services	64.2%	54.1%	-19%
Current clients - New services (less than 1 year)	10.9%	13.8%	21%
New logo clients - Existing services	18.0%	21.6%	-17%
New logo clients - New services (less than 1 year)	6.9%	10.5%	-34%
Total	100.0%	100.0%	

Source: SPI Research, February 2026

Table 32: High-Perf. PSO Comparison – Client Relationships

Performance Indicator (KPI)	HPO	Rest	% ↑↓
Deal pipeline / quarterly bookings forecast	224%	158%	41%
Percentage of bids won	56.5%	45.1%	25%
Beginning of quarter backlog	58.2%	40.5%	44%
Service discount given	6.0%	9.6%	37%
Percentage of referenceable clients	79.0%	64.3%	23%
The technology infrastructure supports growth	3.76	3.38	11%
Solution development effectiveness	3.70	3.42	8%
Service marketing effectiveness	3.28	3.01	9%
Service sales effectiveness	3.61	3.18	13%

Source: SPI Research, February 2026

SPI Research found it interesting that HPOs sold a much higher percentage of time-and-materials work (51% vs. 41%) than other firms. With consultants in short supply, it is little wonder that they can sell more T&M work.

High-performance organizations sell much larger engagements than the rest of the organizations. Two reasons stand out. First, they are ahead in their ability to deliver a positive client or customer experience program. Secondly, they have more sales reps dedicated to service sales and they carry much higher quotas. The only negative was that it takes longer to sign deals, but given the high price of the engagement, the lag is understandable and well worthwhile.

Beyond revenue, sales success does help mitigate issues in other areas of firms. For instance, growing PSOs tend to have happier consultants and make more money. That success requires more and better targeted marketing combined with value-based selling.

Table 33: High-Perf. PSO Comparison – Bill Structure

Key Performance Indicator (KPI)	HPO	Rest
Time & materials % of work sold	50.8%	41.0%
Fixed time / fixed fee % of work sold	35.5%	37.9%
Shared risk / performance-based % of work sold	2.0%	3.8%
Subscription % of work sold	6.5%	6.6%
Managed Services % of work sold	4.9%	8.1%
None of the above % of work sold	0.3%	2.7%
Total	100.0%	100.0%

Source: SPI Research, February 2026

Table 34: High-Perf. PSO Comparison – PS Sales

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Status of Client/Customer Experience (CX) Program (1-5 scale)	2.50	2.03	23%
The number of full-time equivalent (FTE) employees dedicated to service sales	10.57	9.01	17%
Annual service sales revenue quota per person (\$mm)	1.92	1.36	41%
Deal size (contract value) (\$k)	\$292	\$143	104%
Length of sales cycle from qualified lead to contract signing (days)	94	85	-11%
What is your overall Net Promoter Score?	62.6	53.6	17%
How is return on investment (ROI) tracked with your clients? (1-5 scale)	2.40	2.37	1%

Source: SPI Research, February 2026

Talent

Talent is central to all PSOs and is always a hot topic. In a hyper-competitive talent market, HPOs are laser-focused on their employment brand. Organizations embrace technology to help reinvent the workplace. They innovate through knowledge sharing, team building, transparency and collaboration, with these at the core of their continuous learning cultures. Support for a virtual workforce includes using the best virtual tools and technologies with an emphasis on productivity, knowledge sharing, and collaboration.

Table 35 compares Talent Pillar KPIs between the High-Performance PSOs and the others. Total employee attrition was about the same for HPOs and the rest. Two areas in this year's study stood out for high-performance organizations. On a relative basis, billable utilization was roughly 15% higher, and on-site delivery was about 18% lower. The two are related as consultants can be more efficient and productive when working most of their time off-site. They can serve multiple clients on the same day without missing a beat.

While COVID drove most consultants to work remotely, the post-COVID years have shown an increase in on-site work periods. SPI Research suggests consultancies split work about two-thirds remote and one-third on-site.

Table 35: High-Performance PSO Comparison – Talent

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
The average tenure at the firm of consultants	6.75	6.28	8%
Employee annual attrition - voluntary	7.6%	5.9%	-28%
Employee annual attrition - involuntary	5.3%	4.9%	-9%
Days to recruit and hire for standard positions	61.4	62.4	2%
Days for a new hire to become productive	54.0	65.5	18%
Employee billable utilization	75.0%	64.9%	16%
Annual fully loaded cost per consultant (\$k)	\$146	\$125	17%
PS consultant billable day rate achieved (USD)	\$1,271	\$944	35%
Expected salary increase of PS emp. in 2026	4.2%	3.7%	13%
PS Performance Management process	3.62	3.22	12%
We are effective at aligning skills, capacity and hiring with pipeline demand.	3.97	3.45	15%
Recommend company to friends/family	4.53	4.08	11%
Well-understood career path for all emp.	3.87	3.38	15%
Employees have the tools they need to deliver quality services efficiently and effectively	4.12	3.77	9%

Source: SPI Research, February 2026

Table 36: High-Performance PSO Comparison – Hours Worked

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Vacation / personal / holiday hours	172	179	-4%
Education/training hours	66	77	-14%
Administrative hours	140	164	-15%
Non-billable business development/sales support	88	125	30%
Non-billable project hours	96	160	40%
Total non-billable hours	562	705	25%
Billable hours on-site	428	483	-11%
Billable hours off-site	1,041	850	23%
Total billable hours	1,469	1,332	10%
Total hours	2,031	2,037	0%
Percentage of remote delivery hours	71.5%	63.5%	13%

Source: SPI Research, February 2026

Service Execution

Solid sales growth and a motivated, talented workforce are critical to success. However, if a firm cannot deliver efficiently and effectively, it doesn't matter how much it sells or how good the people it hires are. Table 37 compares Service Execution pillar metrics between high-performance organizations and the rest. Quality service execution is what really sets top-performing organizations apart. They tend to be highly disciplined in all facets of service execution.

The table points out leaders tackling more significant mission-critical projects. They have larger project team sizes. What differentiates them is that their consultants work on fewer projects simultaneously, which strengthens their focus. Given the scale and complexity of their projects, they have a remarkable record of on time and on budget execution. They deliver projects with quality and integrity and are far more likely to use a standardized delivery methodology. The result is more projects delivered on time, fewer project overruns, and significantly fewer project cancellations.

The table shows that 14% more high-performing PSOs use a commercial PSA solution. The best firms deploy the best consultants and effectively use PSA solutions to exceed client expectations; every facet of their projects is more profitable. The table also shows improvement in almost every Service Execution pillar metric. High performers did an excellent job generating much more revenue per project, utilizing standard delivery methodologies, minimizing scope creep, and delivering services on time and budget at much higher margins. This success is what one would expect from the high-performing firms.

Table 37: High-Performance PSO Comparison – Service Execution

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
Revenue per project (k)	\$291	\$118	146%
Project staff (people)	4.50	3.88	16%
Project duration (months)	6.77	6.04	12%
No. of projects a PM manages concurrently	4.72	5.76	-18%
No. of projects a consultant works on concurrently	3.28	4.15	-21%
Our firm uses a project management office (PMO)	49.1%	37.0%	33%
Use a standardized delivery methodology	69.4%	61.2%	13%
The frequency on a project, the contract needs to be modified due to scope change (per project)	1.56	1.63	4%
Projects delivered on time	82.4%	70.6%	17%
Project overrun	6.9%	12.1%	43%
Target project margin	43.4%	33.9%	28%
Project margin for time & materials projects	45.1%	32.8%	38%
Project margin for fixed price projects	44.4%	34.2%	30%
Project margin – subs, offshore	34.8%	26.2%	33%
Resource management process effectiveness	3.79	3.33	14%
Estimating processes and review effectiveness	3.91	3.40	15%
Change control process effectiveness	3.82	3.37	13%
Project quality process effectiveness	3.85	3.59	7%
Knowledge management processes effectiveness	3.65	3.38	8%
Onsite delivery	28.5%	36.5%	-22%
Employee billable utilization	75.0%	64.9%	16%
Use a commercial PSA solution	76.0%	66.9%	14%

Source: SPI Research, February 2026

Finance & Operations

HPOs generate significant profit! They are focused on financial success as a means of growth. Leaders in this survey were much more profitable than their peers. Table 38 shows the financial results from this year’s HPOs. They had significantly higher revenue per billable consultant and per employee. They were much more successful at reaching both target revenue and margin goals. Proper planning, talented employees, and a met schedule tend to drive these figures higher. The high performers had slightly higher Days Sales Outstanding (DSO) but met forecasts more consistently, illustrating the need for superior planning tools.

Table 38: High-Perf. PSO Comparison – Finance and Operations

Key Performance Indicator (KPI)	HPO	Rest	% ↑↓
EBITDA	14.5%	6.7%	115%
Annual revenue per billable consultant (k)	\$252	\$192	31%
Annual revenue per employee (k)	\$213	\$149	43%
PS can accurately forecast revenue and skills	3.88	3.28	18%
How accurately can your firm attribute profit margin at the client or project level	4.09	3.29	24%
Percent of annual revenue target achieved	97.4%	87.3%	12%
Percent of annual margin target achieved	95.8%	86.0%	11%
Revenue leakage	3.6%	4.8%	24%
% of inv. redone due to error/client rejections	1.4%	2.0%	31%
Days' Sales Outstanding (DSO)	44.7	44.1	-1%
Quarterly non-billable expense per employee	\$1,316	\$1,592	17%
Executive real-time wide visibility	3.99	3.35	19%

Source: SPI Research, February 2026

Profitability was 67% higher than for the others (14.5% vs. 6.7%). The profitability of these organizations goes a long way to fueling future growth. PS leaders at top-performing firms always have their eyes on the bottom line. While the KPIs were not as large as they were a year ago, it just shows that PSOs performing well can out-deliver others in the same economic environment.

The High-Performance PSOs Use PS Applications

As noted in the prior section, high-performance PSOs have better information visibility than lower-performing firms. Table 39 highlights business solutions that facilitate better business operations. High-performance PSOs use the five core information solutions to improve their performance:

- △ Corporate Financial Management (CFM)
- △ Client Relationship Management (CRM)
- △ Professional Services Automation (PSA)
- △ Human Capital Management (HCM)
- △ Business Planning (BPL)

The table depicts the level of commercial business application use and integration for top-performing organizations. In all core business application categories, top performers invested more in business applications than the rest. They are much more satisfied with their application infrastructure because it powers the business.

In Professional Services, PSA is the core solution for driving operational success. As noted from the table, 76% of HPOs use PSA, and over half integrate it with the core financial management solution. This integration allows executives to understand project-related data in real time.

In this year's survey, HPOs integrated the core business solutions to a greater degree than their peers. Integration is essential because the two groups directly interacting with clients – sales and delivery – must have consistent information to coordinate the best way to plan, sell, staff, and deliver professional services. SPI Research is vocal and adamant about the importance of information integration. Visibility throughout the PSO ensures that everyone is operating with the same information to achieve organizational goals. It is the fuel that makes an organization work as team.

High-Performance Conclusions

2025 was a challenging year for professional services organizations, including the high performers. Although rough conditions impacted the ability to grow and prosper, HPOs did very well compared to the others. Their focus on growth, profitability, client satisfaction, and employee optimization helped them achieve positive results.

Regardless of economic conditions, competition, or other geopolitical issues, HPOs figure out a way to succeed. SPI Research has worked with many of these firms to improve performance. As SPI Research likes to say, *“In the game of golf, winning a tournament at 10-under par in one year doesn’t necessarily mean the same score a year from now will win it again. Conditions change every year and PSOs must focus and conquer different challenges every year.”* In other words, past performance benchmarks may not guarantee success in subsequent years. The environment, client expectations, and market dynamics constantly evolve, requiring PSOs to adapt their strategies and processes to address new obstacles each year. Staying agile and responsive to change is essential for continued high performance and competitive advantage. High performers always look for improvements, utilizing information to drive superior results.

Table 39: High-Perf. PSO Comparison – Business Applications

Solution	HPO	Rest	% ↑↓
Corporate financial mgmt. solution (CFM)	94.9%	90.8%	5%
Satisfaction with a financial solution	3.78	3.57	6%
Commercial CRM solution	87.8%	83.5%	5%
Satisfaction with CRM solution	3.88	3.75	3%
CRM is integrated with CFM	50.6%	48.5%	4%
Commercial PSA	76.0%	66.9%	14%
Satisfaction with the PSA solution	3.64	3.59	1%
PSA is integrated with CFM	64.6%	53.1%	22%
CRM / PSA integration	51.3%	47.1%	9%
CPQ / PSA integration	47.7%	44.1%	8%
Commercial HCM solution	79.4%	72.5%	9%
Satisfaction with the HCM solution	3.70	3.42	8%
HCM is integrated with CFM	48.0%	38.8%	24%
Commercial Planning solution	58.8%	48.1%	22%
Satisfaction with Planning solution	3.80	3.49	9%
Planning is integrated with CFM	56.3%	54.4%	3%

Source: SPI Research, February 2026

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A photograph of the Tokyo skyline featuring the Tokyo Tower in the foreground, surrounded by various skyscrapers and greenery under a clear blue sky.

Professional Services Business Applications

PROFESSIONAL SERVICES BUSINESS APPLICATIONS

In today's business environment – characterized by rapid technological advancement, ongoing disruption, and persistent shortages of skilled talent – professional services organizations (PSOs) have necessarily evolved to become increasingly technology-enabled. The adoption of professional services technology is no longer optional; it has become essential. These tools extend virtual workspaces, strengthen collaboration and knowledge sharing, underpin effective recruiting, hiring, training, and employee engagement, and provide the analytical capabilities required for planning, budgeting, forecasting, and performance evaluation.

Leading services organizations have implemented integrated business applications across all operational domains, thereby achieving unprecedented visibility and control. This integration enables them to respond to and capitalize on business changes in real time.

Mastery of technology has emerged as a strategic imperative, both to harness the opportunities of globalization and to drive sustained market growth. PSOs are increasingly required to quantify the value of their services to justify the premium pricing that supports expansion. Their mandate is clear: to deliver demonstrable returns on client engagements within compressed timeframes.

To meet this mandate, information systems must support the five phases of organizational execution identified by SPI Research as the critical success disciplines for PSOs of all sizes:

1. **Analysis and Business Planning:** Establish annual plans with the knowledge that change (organizational, geopolitical, etc.) can force PSOs to adapt to their unfamiliar environment without deterring their mission, goals, and performance.
2. **Client Acquisition:** Create, package, market, and sell unique, in-demand, and quantifiable-value services and products.
3. **Talent Optimization:** Build a “talent portfolio” by recruiting, hiring, training, and keeping the best and brightest people with strong professional and personal skills.
4. **Service Delivery:** Innovate, add quality, collaborate, maximize utilization, and collect project information.
5. **Financial Performance:** Assurance that the organization optimizes its inflow and outflow of capital, maintains healthy cash flow and margins, invoices wholly and accurately, and collects promptly.

Based on this year's benchmark survey, this chapter provides PS executives and software application providers with insight into market adoption, integration, and satisfaction with core Professional Services business applications. The solutions highlighted in this chapter help PSOs optimize operational effectiveness by increasing visibility, streamlining business processes, and managing costs.

This study is not intended to be an overall application market adoption survey and should not be relied on as such.

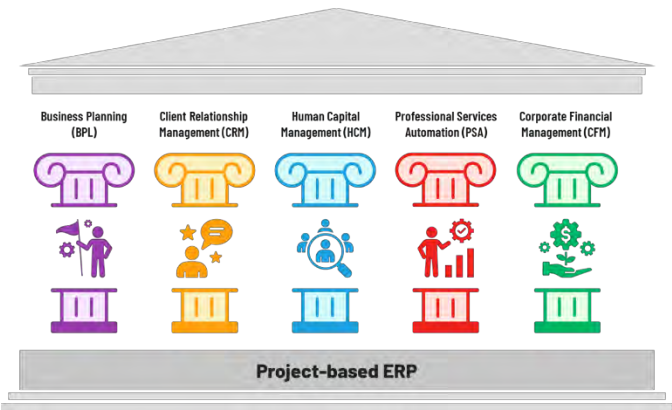
The primary business applications used by Professional Services organizations include:

Planning (BPL) 	Business Planning (BPL): The assembly and use of information to improve decision-making, extensively used to plan and analyze. In prior reports, SPI Research termed this application Business Intelligence (BI), but the market has moved to be more planning oriented.
Client Relationship Management (CRM) 	Client Relationship Management (CRM): Automating client relationship processes to improve sales and marketing efficiency and effectiveness.
Human Capital Management (HCM) 	Human Capital Management (HCM): Talent management solutions for recruiting, hiring, compensation, goal setting, and career and performance management rely on integration with and extracts from the employee database.
Professional Services Automation (PSA) 	Professional Services Automation (PSA): The initiation, plan, execution, closing, and control of projects and services through the management and scheduling of resources that include people (both internal and partners), materials, and
Corporate Financial Management (CFM) 	Corporate Financial Management (CFM): The fundamental solution required to collect and report financial transactions while meeting regulatory requirements accurately.

Both embedded and independent professional services organizations require similar functionality. The service industry’s use of technology has typically lagged the manufacturing sector. Still, today’s service businesses’ global size, complexity, and growth have accentuated the need for specialized applications and an increased demand for real-time information.

(Figure 10) highlights the Importance of these solutions to optimize operations from annual planning through achieving high levels of profit, what SPI Research calls the **Plan-to-Profit (P2P)** process.

Figure 10: Primary PS Business Applications



Source: SPI Research, February 2026

Core Business Processes

Professional Services solutions are designed to integrate core business processes across the organization so that each department clearly understands its specific goals and measurements and how they impact the organization’s ability to succeed (Figure 11). Success can be defined in many terms, such as growth, profit, quality, streamlined operations, or reduced administration and rework. Regardless, results tend to improve when everyone works from the same information set and focuses on the critical path to completing project-based work.

Figure 11: Primary Business Processes Cross Multiple Departments for P2P



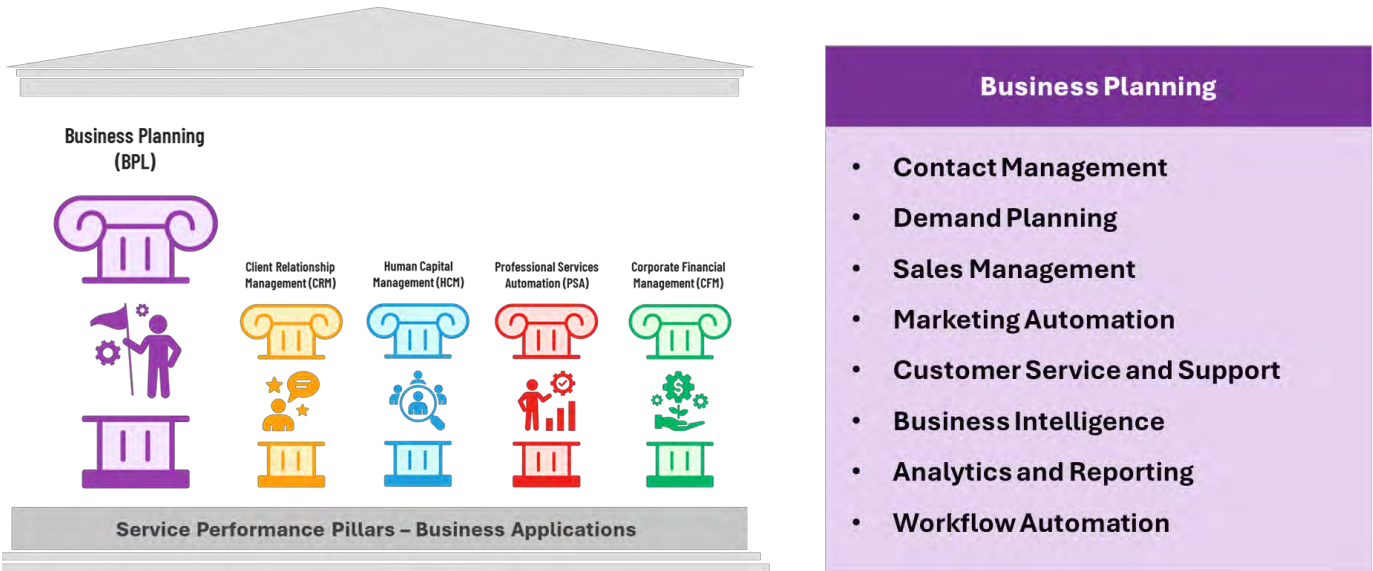
Source: SPI Research, 2025

The importance of business applications supporting the Plan-to-Profit process is that information from one phase (for example, Plan) must be passed to the next phase (Sell) so that individuals responsible for marketing and sales understand their expectations. They can create plans and tools to sell professional services more efficiently and effectively.

Likewise, sales plans don't work well without qualified people. Therefore, the information must be passed on to the group responsible for hiring talent so they understand the required skills and their associated costs. This process continues: with an optimal talent pool, PSOs can staff and deliver projects at a price that meets requirements for timeliness, quality, and margin. Finally, PSOs can invoice and collect from their clients. This process is already complex, and without the necessary real-time information, it is extremely hard for PSOs to meet revenue and margin requirements.

The following sections highlight the five major business applications PSOs use to improve productivity and profit.

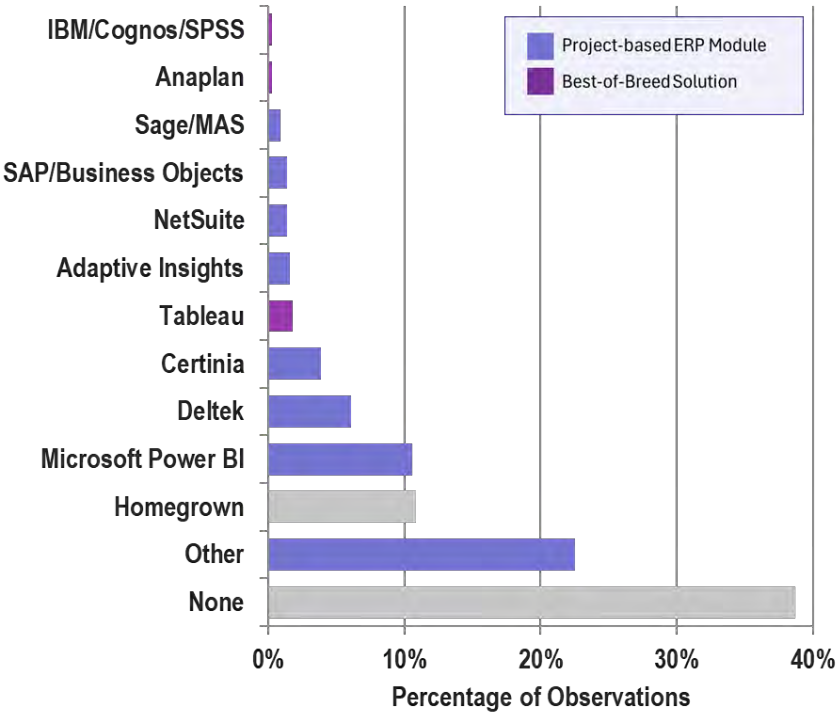
Business Planning (BPL)



Business Planning (BPL) integrates information from core business applications to improve strategic analysis, demand and capacity planning, budgeting, forecasting, and financial planning. It is increasing adoption in PSOs, whether offered as stand-alone tools or part of integrated business applications for reporting and analysis. As professional services organizations mature, planning becomes a more critical tool to provide real-time visibility to all aspects of the operation – allowing executives to spot trends and take corrective action early. It is an essential solution for annual planning, as PS executives try to uncover areas where additional growth and profit can be extracted.

Figure 12 shows relatively low Planning adoption levels in this year's survey. Like prior surveys, no solution, Microsoft, other, and homegrown are the most prevalent PL solutions. Of the Project-based ERP (suite) providers, Certinia, Deltek, and Workday Adaptive Planning each have a broad following.

Figure 12: Business Planning (BPL) Solution Used



Source: SPI Research, February 2026

SPI Research found it interesting that most of the solutions in this survey were part of a Project-based ERP suite.

The results in Table 40 highlight some of the core benefits that organizations have achieved from using BI solutions. While each improvement is impressive, growth in revenue, headcount, and the size of the deal pipeline stand out. PL is a strategic tool that helps PSOs plan, budget, and forecast their business. Its powerful “what if” analysis tools help PSOs model capacity and resource plans to achieve optimal results.

Surprisingly, SPI Research found 50% of the organizations surveyed fully integrate PL solutions with the core financial application. Where there is no integration, it suggests that those organizations are not taking advantage of the integrated capabilities Project-based ERP offers.

Solution satisfaction tends to be highly correlated with performance. Table 41 highlights how several critical KPIs improve as satisfaction with the planning solution increases. With better planning, PSOs can operate more efficiently, driving higher client and employee satisfaction while improving their financial position.

Table 40: Impact – Business Planning (BPL) Use

Key Performance Indicator (KPI)	PL Used	PL Not Used	% ↑↓
Survey %	50.5%	49.5%	
Year-over-year change in PS revenue	6.4%	4.1%	56%
Year-over-year change in PS headcount	3.5%	2.0%	74%
Deal pipeline / quarterly bookings forecast	190%	163%	17%
% of the qtr. revenue target in the backlog	46.6%	44.2%	5%
Total attrition	10.9%	11.8%	7%
Annual revenue per billable consultant (k)	\$215	\$201	7%
Percent of annual revenue target achieved	92.8%	86.9%	7%
Percent of annual margin target achieved	91.3%	86.1%	6%
Profit %	10.2%	8.0%	28%

Source: SPI Research, February 2026

Table 41: Impact – Key KPIs based on Planning solution satisfaction

Satisfaction with a Planning solution	Survey %	Billable utilization	On time Delivery	Project margin	% ann. rev. achieve	% ann. marg. achieve
Very Dissatisfied	2.9%	59.5%	63.3%	48.3%	78.9%	85.6%
Dissatisfied	5.7%	68.0%	70.8%	36.9%	91.8%	89.8%
Neither satisfied nor dissatisfied	51.4%	64.2%	71.8%	34.3%	88.5%	87.3%
Satisfied	29.2%	65.9%	75.6%	41.0%	92.8%	91.6%
Very Satisfied	10.7%	66.5%	85.0%	41.5%	92.3%	89.7%
Total / Average	100.0%	65.0%	74.0%	37.6%	90.1%	88.9%

Source: SPI Research, February 2026

Satisfaction with the planning solution increased by 6%, from 3.38 in 2024 to 3.57 in 2025. Smaller firms (under 100 employees) experienced a greater decrease than smaller firms. Management Consultancies showed the largest increase in satisfaction with the planning solution, at 20%, while the other PS markets declined.

Table 42: Annual change in satisfaction with BPL solution

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	3.38	3.57	6%	Under 10	3.40	3.62	6%	IT Consult.	3.58	3.66	2%
ESO	3.33	3.53	6%	10 - 30	3.37	3.62	8%	Mgmt. Cons.	3.17	3.81	20%
PSO	3.40	3.58	5%	31 - 100	3.33	3.59	8%	SaaS PS	3.29	3.42	4%
Amer	3.36	3.56	6%	101 - 300	3.46	3.62	5%	Software PS	3.42	3.33	-3%
EMEA	3.47	3.62	4%	301 - 700	3.47	3.50	1%	Arch. / Engr.	3.29	3.32	1%
APac	3.34	3.48	4%	Over 700	3.25	3.35	3%	VAR	3.50	4.00	14%

Source: SPI Research, February 2026

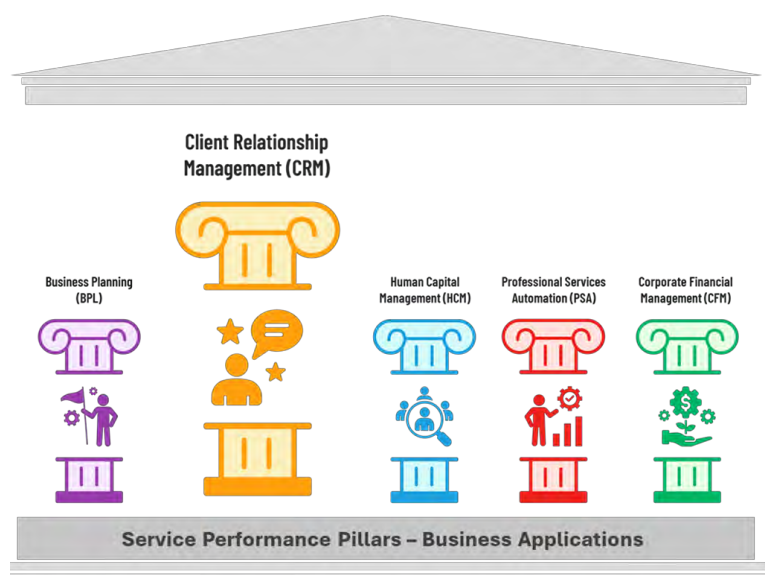
Table 43 shows some of the benefits of integrating Planning with the Corporate Financial Management solution. With a greater understanding of operations, PSOs can more effectively sell and build backlog with the right resources.

Table 43: Impact – Key KPIs based on BPL integration

Key Performance Indicator (KPI)	PL Int.	PL Not Int.	% ↑↓
Survey %	57.2%	42.8%	
Year-over-year change in PS revenue	7.7%	5.5%	40%
Year-over-year change in PS headcount	5.1%	3.2%	59%
Annual revenue per billable consultant (k)	\$209	\$214	-3%
Annual revenue per employee (k)	\$168	\$164	3%
Percent of annual revenue target achieved	94.7%	90.3%	5%
Percent of annual margin target achieved	92.9%	88.8%	5%

Source: SPI Research, February 2026

Client Relationship Management (CRM)



Client Relationship Management

- **Contact Management**
- **Sales Management**
- **Marketing Automation**
- **Proposals**
- **Client Analytics**
- **Client Service and Support**
- **Analytics and Reporting**
- **Workflow Automation**

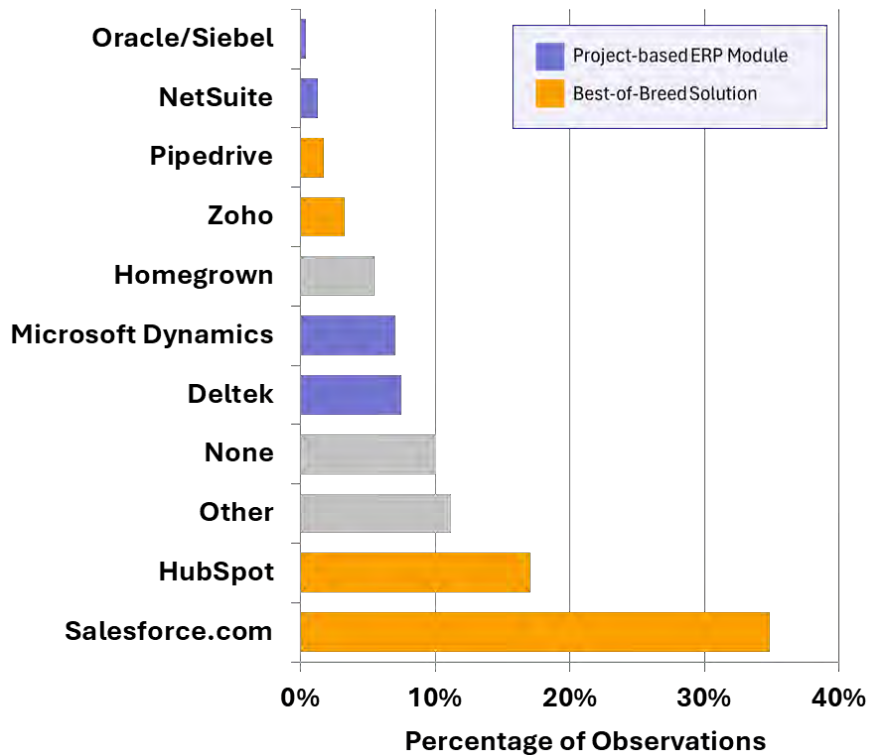
CRM supports the management of client relationships and is designed to improve sales and marketing effectiveness. CRM automates lead, contact, campaign management, sales pipeline, territory, and contract management. Many CRM applications also provide powerful call center functionality for issue management, call handling, trouble ticketing, and problem resolution. It allows PSOs to track clients through engagement and to specifically target customer segments and offers by understanding the details of the relationship. CRM supports analysis by sales representative, client, geography, and portfolio. CRM is the system of record for client contacts, relationships, and contracts.

Figure 13 shows Salesforce.com leads survey participation again, with 34.9% (159) of the organizations surveyed using it. HubSpot moved into second place, followed by

Microsoft, Deltek, and NetSuite. Salesforce's dominance continues to erode in the PS market, having slipped from a 60% market share four years ago.

Table 44 compares organizations using a commercial CRM solution to those that do not. 10.1% of the organizations surveyed do not use a commercial CRM solution. As the table shows, CRM benefits organizations in terms of growth. CRM users experienced significantly more significant revenue and headcount growth. They have

Figure 13: Client Relationship Management (CRM) Solution Used



Source: SPI Research, February 2026

Table 44: Impact – Client Relationship Management (CRM) Use

Key Performance Indicator (KPI)	CRM Used	CRM Not Used	% ↑↓
Survey %	84.4%	15.6%	
Year-over-year change in PS revenue	5.7%	2.7%	108%
Year-over-year change in PS headcount	2.9%	1.7%	67%
Deal pipeline / quarterly bookings forecast	183%	135%	36%
% of the qtr. revenue target in the backlog	46.2%	41.1%	12%
Project margin	38.1%	35.4%	8%
Annual revenue per billable consultant (k)	\$211	\$193	9%
Annual revenue per employee (k)	\$168	\$158	7%
Profit %	9.4%	8.0%	16%

Source: SPI Research, February 2026

larger sales pipelines, more revenue from new clients, and more backlog. CRM users report larger, more profitable projects, resulting in significantly more revenue per consultant and employee. Improved sales effectiveness leads to a more efficient use of resources down the line. Profitability is enhanced when CRM is integrated with PSA and the CFM application.

Table 45 shows that over 65% of the organizations surveyed are satisfied with CRM. The table highlights improvements in sales and profitability metrics as satisfaction increases. Satisfaction typically means “uses,” as those organizations that like their solutions tend to use them more and reap their benefits. Solution satisfaction tends to come from people not only using the solution but embracing all its benefits, less about data input.

Table 45: Impact – Key KPIs based on CRM satisfaction

Satisfaction with CRM	Survey %	Revenue growth	Headcount growth	Deal Pipeline	Bids Won	Backlog
Very Dissatisfied	2.0%	1.4%	-0.4%	143%	33.3%	32.5%
Dissatisfied	7.0%	4.0%	2.1%	169%	47.9%	48.0%
Neither	25.2%	4.3%	2.3%	153%	47.9%	45.1%
Satisfied	48.8%	5.5%	3.3%	186%	47.7%	44.7%
Very Satisfied	17.1%	6.5%	1.8%	201%	50.3%	49.3%
Total / Average	100.0%	5.2%	2.7%	178%	47.9%	45.6%

Source: SPI Research, February 2026

CRM solution satisfaction decreased by 2% from 3.79 in 2023 to 3.73 in 2024, which is not significant but still concerning (Table 46). Larger firms (over 100 employees) experienced a more substantial decrease in CRM satisfaction than smaller firms.

Table 46: Annual change in satisfaction with CRM solution

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	3.73	3.78	1%	Under 10	3.55	3.61	2%	IT Consult.	3.79	3.84	1%
ESO	3.84	3.74	-3%	10 - 30	3.55	3.92	10%	Mgmt. Cons.	3.70	3.85	4%
PSO	3.68	3.80	3%	31 - 100	3.76	3.72	-1%	SaaS PS	3.75	3.71	-1%
Amer	3.75	3.77	1%	101 - 300	4.00	3.93	-2%	Software PS	3.86	3.89	1%
EMEA	3.67	3.88	6%	301 - 700	3.67	3.81	4%	Arch. / Engr.	3.45	3.70	7%
APac	3.66	3.61	-1%	Over 700	3.68	3.60	-2%	VAR	3.92	3.18	-19%

Source: SPI Research, February 2026

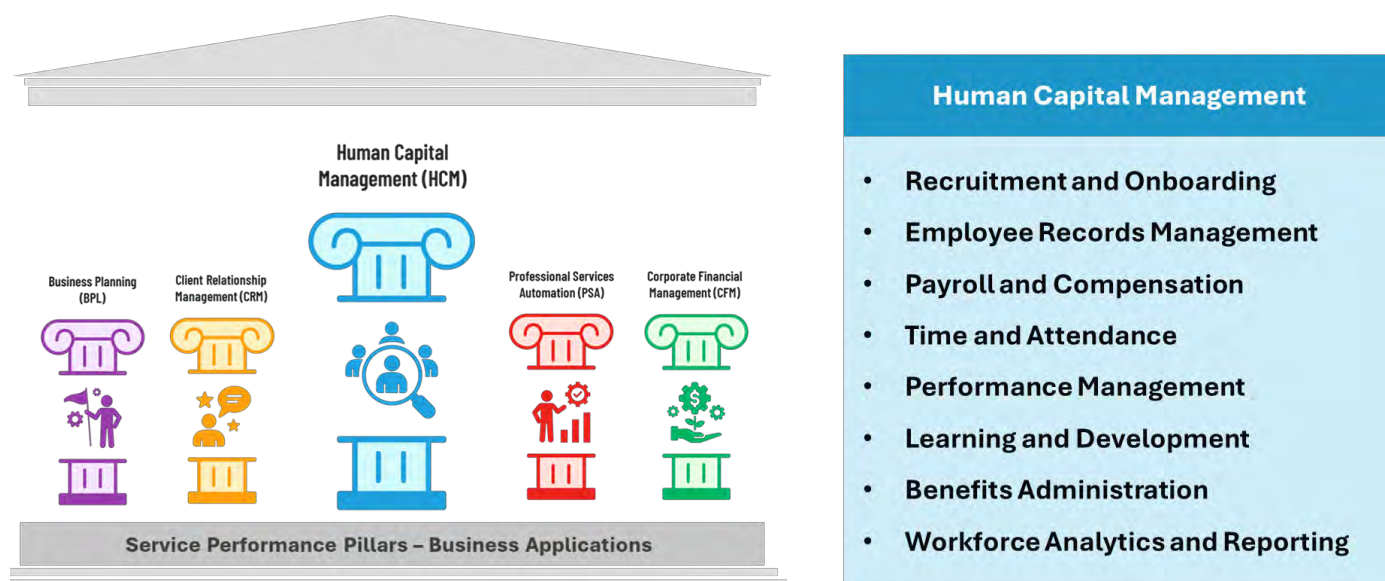
Table 47 highlights the benefits organizations receive from nonintegrated CRM to integrated CRM with a significant pipeline and the ability to land new clients. With a more substantial sales pipeline, revenue yields soar for billable consultants because of a predictable and steady work stream. PSOs have greater financial success as the selling process is more efficient.

Table 47: Impact – Key KPIs based on CRM integration

Key Performance Indicator (KPI)	CRM Int.	CRM Not Int.	% ↑↓
Survey %	48.2%	51.8%	
Deal pipeline / quarterly bookings forecast	187%	165%	13%
Percentage of bids won	48.3%	44.2%	9%
Beginning of quarter backlog	47.7%	42.9%	11%
Annual revenue per billable consultant (k)	\$207	\$200	3%
Annual revenue per employee (k)	\$168	\$151	11%
Percent of annual revenue target achieved	92.1%	87.4%	5%
Percent of annual margin target achieved	90.0%	85.9%	5%

Source: SPI Research, February 2026

Human Capital Management (HCM)



Human Capital Management (HCM) solutions (also known as Talent Management solutions) give employers the tools to effectively recruit, hire, onboard, train, evaluate, and compensate employees. HCM helps PSOs create and maintain a high-performance workforce by tracking performance, skills, and progression.

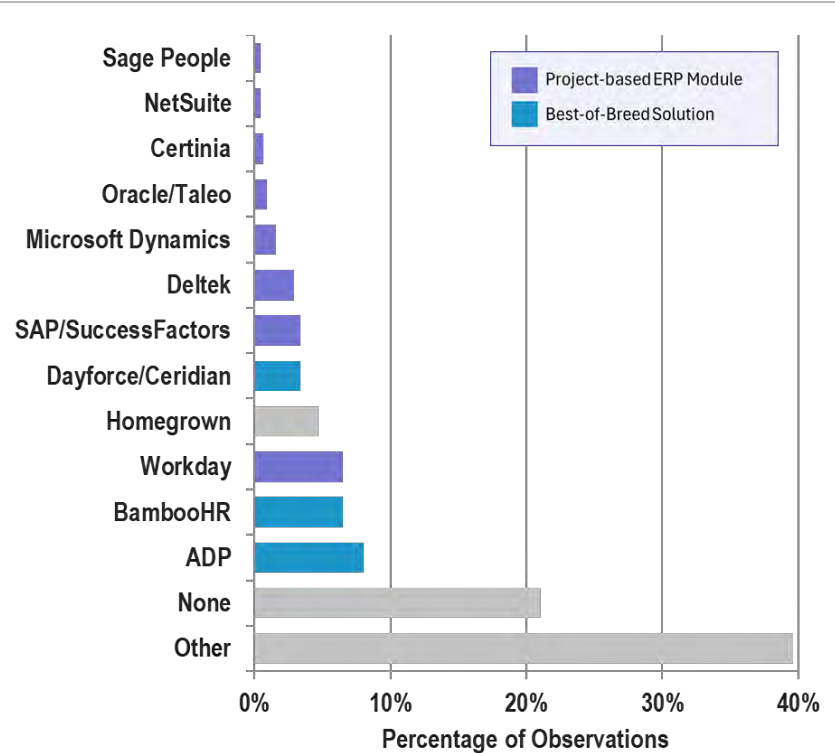
HCM benefits PSOs by maintaining a database of skills, benefits, and pay rate information for resource scheduling, recruiting performance, and career management. HCM solutions offer rich applications that enable consultants to manage their careers and skill development (training) and bid on projects of the greatest interest to them. They may also include workforce management functionality for time capture, time off, and time and attendance tracking, as well as workforce forecasting, budgeting, and scheduling. Employee and

manager self-service are now embedded roles in HCM business processes. Mobile access has become a fundamental component of HCM, supporting virtual operations, approvals, and reporting.

Figure 14 highlights that while 26% of the firms do not use HCM or use a homegrown solution, a majority use HCM as part of a Project-based ERP solution. Of the Project-based ERP solution providers, Workday, Deltek, SAP, and NetSuite had the largest number of users.

HCM solutions, in conjunction with PSA, drive greater billable utilization, which results in higher revenue and profit per employee. Most cloud-based HCM applications offer mobile access from anywhere, making it easy for employees to keep their profiles and time-off requests up to date. Several vendors have added rich predictive analytics, providing visibility into levels of employee engagement to provide early warning for employees who are likely to quit. Their recruiting tools are very powerful with out-of-the-box integration to all the top job sites. Table 48 highlights how the PSOs using HCM in this year’s benchmark are much larger in size but also are growing faster and have much higher financial KPIs as well.

Figure 14: Human Capital Management (HCM) Solution Used



Source: SPI Research, February 2026

Table 48: Impact – Human Capital Management (HCM) Use

Key Performance Indicator (KPI)	HCM Used	HCM Not Used	% ↑↓
Survey %	74.0%	26.0%	
Professional services revenue (mm)	\$80.2	\$12.1	564%
Year-over-year change in PS revenue	5.4%	4.9%	11%
Year-over-year change in PS headcount	2.8%	2.5%	12%
% of employees billable or chargeable	71.1%	73.4%	-3%
Total attrition	11.8%	9.9%	-20%
Employee billable utilization	68.3%	65.8%	4%
Onsite service delivery	33.7%	40.9%	-18%
Annual revenue per billable consultant (k)	\$212	\$197	8%
Annual revenue per employee (k)	\$169	\$160	6%
Percent of annual revenue target achieved	90.6%	87.9%	3%
Percent of annual margin target achieved	89.2%	87.6%	2%

Source: SPI Research, February 2026

Table 49: Impact – Key KPIs based on HCM satisfaction

Satisfaction with HCM	Survey %	Revenue growth	Headcount growth	On time Delivery	Revenue/ consult. (k)	Revenue/ employee (k)
Very Dissatisfied	2.9%	-0.6%	-4.2%	77.5%	\$193	\$118
Dissatisfied	9.0%	2.8%	2.0%	65.7%	\$188	\$136
Neutral	42.1%	4.9%	2.1%	74.3%	\$210	\$173
Satisfied	34.6%	6.1%	3.8%	74.9%	\$219	\$177
Very Satisfied	11.4%	5.7%	2.3%	75.6%	\$201	\$170
Total / Average	100.0%	5.1%	2.5%	74.0%	\$210	\$169

Source: SPI Research, February 2026

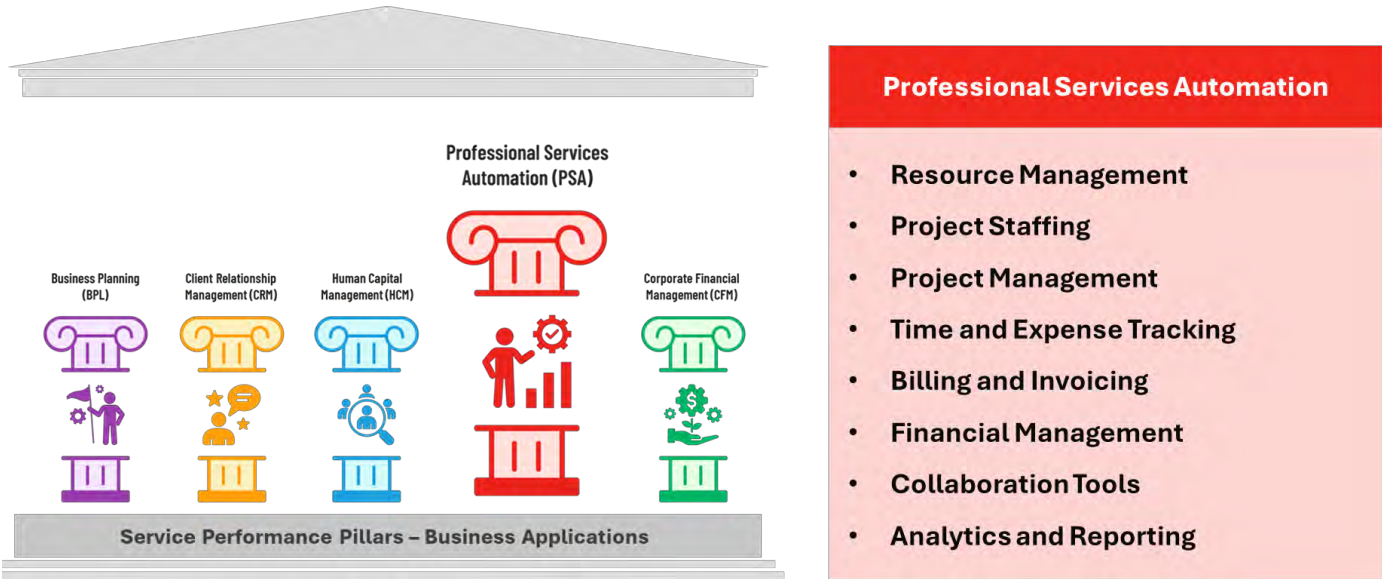
Table 50 shows HCM benefits are amplified with better integration with the core financial management solution. This integration drives higher billable utilization, resulting in significantly higher revenue per consultant and employee, which in turn produces better net Profit (EBITDA). Although HCM satisfaction lags behind other core PS business applications, the benefits are significant for those organizations that fully exploit HCM to enhance recruiting, skill-building, and compensation. Increased user satisfaction is also correlated with a higher percentage of employees in billable roles. These more engaged workers would strongly recommend their company as a great place to work, with higher performance in completing projects on time and meeting annual revenue goals.

Table 50: Impact – Key KPIs based on HCM integration

Key Performance Indicator (KPI)	HCM Int.	HCM Not Int.	% ↑↓
Survey %	36.0%	64.0%	
Year-over-year change in PS revenue	5.8%	4.5%	29%
Year-over-year change in PS headcount	4.0%	1.4%	182%
Total attrition	10.4%	11.6%	10%
Employee billable utilization	67.9%	65.9%	3%
Onsite service delivery	27.4%	32.7%	-16%
Profit (EBITDA %)	12.3%	8.3%	48%

Source: SPI Research, February 2026

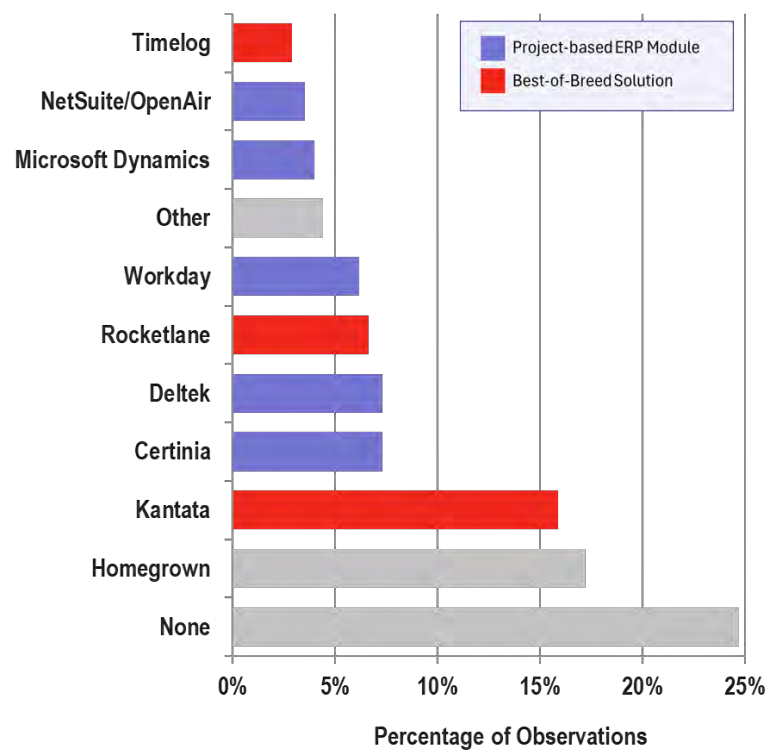
Professional Services Automation (PSA)



Professional Services Automation (PSA) establishes a comprehensive system for the initiation, planning, resource management, scheduling, execution, closure, and oversight of projects and services. PSA features an integrated resource and project dashboard that incorporates demand forecasting, thereby facilitating effective service delivery by managing opportunities, staffing, project administration, and collaboration. As the primary repository for resource skills, competencies, and preferences, PSA ensures this information is seamlessly integrated into the employee and contractor database. Additionally, PSA captures time and expenses at both the project and task levels, serving as the authoritative source for data on resource utilization, project costing, and estimation.

Figure 15 shows that this year, Kantata was the most adopted PSA solution in the survey, with 15.9% (72 firms). Certinia and Deltek tied for the second-most prevalent solution, with 7.3% (33 firms). Deltek was third, with 5.4% (21 firms). Rocketlane was fourth with 6.6% (30 firms).

Figure 15: Professional Services Automation (PSA) Solution Used



Source: SPI Research, February 2026

PSA solutions provide accurate time and expense capture, and most offer billing modules with some level of revenue recognition by type of billing method – time and materials, work in process or fixed price. PSA extensions for the construction industry include modules for material costs and procurement. Although PSA is still focused on enabling project- and services-driven organizations to better plan, staff, execute and collect all relevant project information, it has become much more than that. It has become a core solution for business planning, with a focus on the best services, projects, clients, and people to translate the business plan into reality.

Go to the [2022 PSA End-User Survey Report](#) for more information on the benefits and ROI of PSA.

This year, the adoption of a commercial PSA solution decreased from 74.3% to 71.3%. PSA satisfaction decreased slightly this year from 3.72 out of 5 to 3.55. However, most KPIs improve with the use of PSA.

Table 51 compares PSOs using PSA solutions to those that do not. The results in this table are very powerful. Professional Services Automation solutions continue to drive significant operational performance benefits, yielding higher revenue and profit for professional services organizations. The trend in the use of PSA is on the rise due to a more virtual workforce and the need to better manage projects and resources, especially in more technical disciplines, as it has become increasingly difficult to find, hire, retain, and deploy talent. PSA solutions help match the right resources with the right skills at the right time for the right projects.

Table 51: Impact – Professional Services Automation (PSA) Use

Key Performance Indicator (KPI)	PSA Used	PSA Not Used	% ↑↓
Survey %	68.9%	31.1%	
Year-over-year change in PS revenue	5.6%	4.1%	37%
Year-over-year change in PS headcount	2.7%	3.1%	-13%
Employee billable utilization	66.4%	63.5%	5%
On-site service delivery	30.5%	44.0%	-31%
Use a standardized delivery methodology	64.8%	58.7%	10%
Projects delivered on time	73.8%	75.2%	-2%
Project margin	37.9%	36.7%	3%
Profit (EBITDA %)	8.3%	10.9%	-23%

Source: SPI Research, February 2026

PSA solutions yield several core benefits to PSOs. Still, most executives only need to look to the relative 8% (from 65.0% to 70.2%) increase in billable utilization as a primary reason to select PSA. For a 100-person PS organization, 5.2% translates to 10,400 more billable hours per year. With average bill rates of \$200 per hour, the PSO can produce \$2.1mm in incremental revenue!

Table 52: Impact – Key KPIs based on PSA satisfaction

Satisfaction with PSA	Survey %	Total attrition	Billable utilization	On time Delivery	Project margin	Revenue/ consult. (k)
Very Dissatisfied	4.1%	15.7%	65.0%	58.5%	35.3%	\$190
Dissatisfied	10.1%	10.7%	65.5%	73.1%	39.3%	\$193
Neutral	35.7%	10.6%	66.9%	74.3%	35.0%	\$215
Satisfied	34.3%	12.9%	66.3%	74.8%	39.0%	\$212
Very Satisfied	15.8%	10.4%	64.2%	73.7%	39.8%	\$190
Total / Average	100.0%	11.6%	66.0%	73.6%	37.6%	\$207

Source: SPI Research, February 2026

Almost all key metrics improve with PSA adoption. PSA pays for itself with substantially higher consultant revenue yields, better project margins, and more bottom-line EBITDA profit. Table 52 highlights the correlation between PSA satisfaction and performance. It is one thing to use PSA; it is another to embrace what PSA can do for PSOs and use it to its maximum capabilities. Satisfaction comes from seeing PSA's benefits, and satisfied users tend to drive better results.

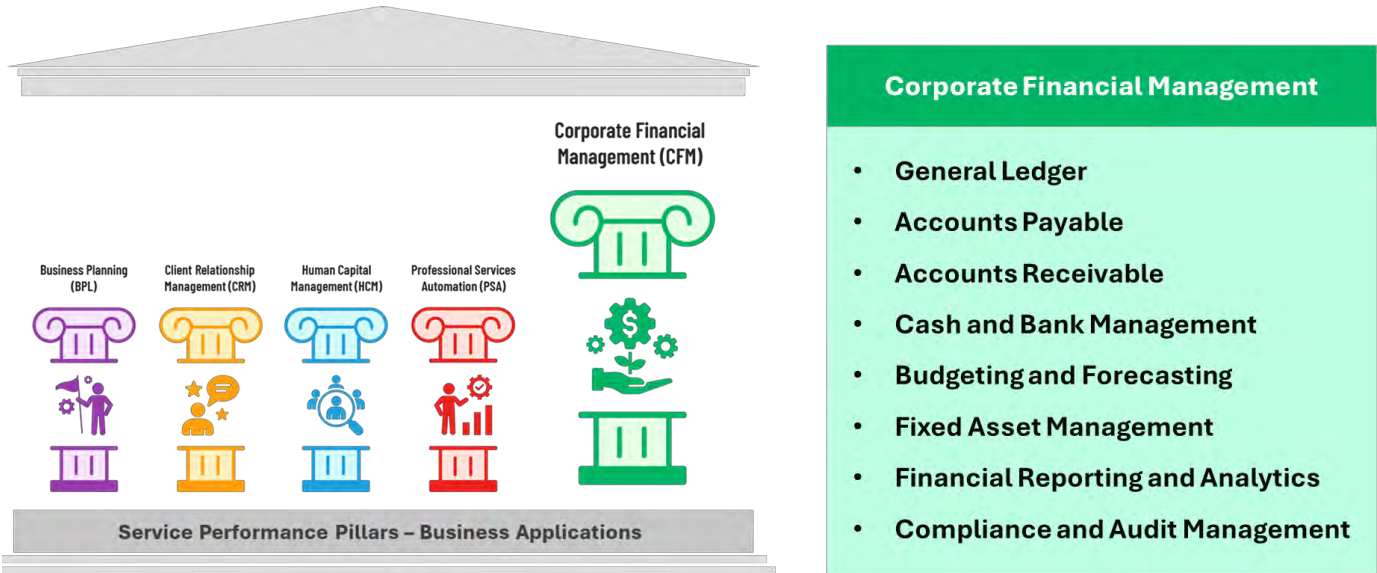
Because the delivery of services is where PSOs make their money, and because PSA is the primary solution used by project managers and others responsible for service delivery, it is easy to understand why the operational and financial benefits are so significant. SPI Research has always recommended that organizations with over 20 employees use PSA. With the affordable cloud-based solutions now available, PSA should also be considered by even smaller organizations.

Table 53: Impact – Key KPIs based on PSA integration

Key Performance Indicator (KPI)	PSA Int.	PSA Not Int.	% ↑↓
Survey %	58.5%	41.5%	
Employee billable utilization	68.4%	62.2%	10%
On site service delivery	30.3%	24.3%	25%
Use a standardized delivery methodology	63.6%	66.5%	-4%
Projects delivered on time	75.7%	71.1%	6%
Project overrun	10.1%	12.0%	15%
Project margin	38.8%	36.7%	6%
Annual revenue per billable consultant (k)	\$213	\$198	8%
Annual revenue per employee (k)	\$170	\$151	12%
Profit (EBITDA %)	8.5%	5.2%	62%

Source: SPI Research, February 2026

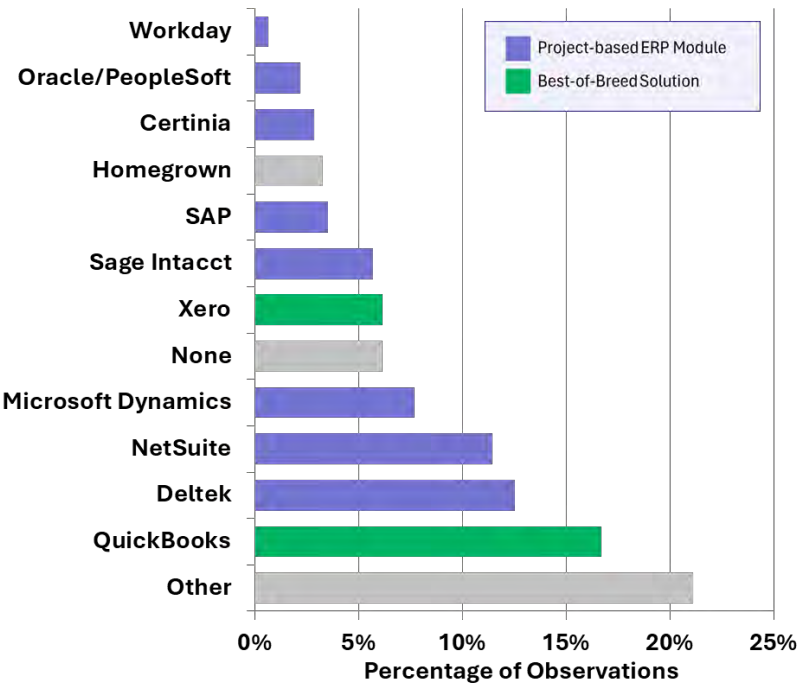
Corporate Financial Management (CFM)



Corporate Financial Management (CFM) [Finance and Accounting, or ERP, is the primary application required to accurately collect, invoice, and report financial transactions. CFM collects and manages all financial information (expenses, invoices, etc.) to provide management reporting and visibility into total service revenue, cost, and profitability.

Project-driven, human capital-intensive businesses, like professional services, have unique financial management requirements, including support for complex contract types and billing arrangements, and this is one reason why so many PSOs have moved to Project-based ERP. Revenue recognition is also complex and must comply with local accounting and tax rules while supporting multicurrency, multilingual transactions for global firms. Seamless integration between the system of record (PSA) for managing resources and projects and the financial management solution for payroll, expense management, invoicing, revenue recognition, and project accounting is critical. Whether the PSO chooses a Project-based ERP

Figure 16: Corporate Financial Management (CFM) Solution Used



Source: SPI Research, February 2026

solution or a Best-of-breed, the financial management solution is the first to be selected, before any other applications.

This year's survey included responses from 76 QuickBooks, 57 Deltek, 52 NetSuite, 35 Microsoft, and 26 Sage Intacct financials customers.

QuickBooks is perennially the leading financial solution for small and medium-sized PSOs, with 20% of survey respondents using it.

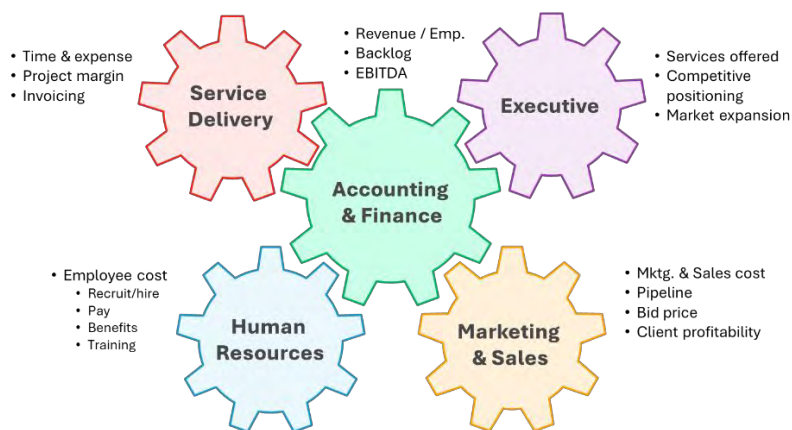
QuickBooks' market share has not declined despite the proliferation of cost-effective, low-end solutions that have come to market, offering project accounting and resource management functionality needed by PS firms.

Project- and service-based extensions to enterprise ERP applications started to appear in the late 1990s. At the same time, stand-alone Professional Service Automation (PSA) solutions supporting resource scheduling, time capture, and billing became available. Over the past 25 years, project accounting, resource management, and time capture and billing modules have been added to many ERP applications. Now, most project-based ERP providers also offer Human Capital Management (HCM) or talent management extensions to emphasize the critical role of recruiting and engaging a talented workforce in today's economy.

Every organization surveyed with over 20 employees uses a CFM solution. Many PSOs now use Project-based ERP, and most are cloud-based. Cloud-based financials provide significant benefits compared to legacy on-premise solutions. They make it easier and less expensive to stay current on new releases; they offer greater adoption and ease of use; they provide support for new digital capabilities, including artificial intelligence, machine learning, and robotic process automation; and faster introduction for advanced billing, revenue recognition, multi-entity; multi-lingual and multi-currency accounting and taxation. They also provide much greater security for PSO information, becoming a more significant concern every year.

SPI Research did not calculate benefits associated with the core financial management solution, as every PSO with more than 20 employees utilizes it. SPI investigated the solution satisfaction of CFM and found that over 65% of the organizations surveyed were satisfied with it. Again, satisfaction correlates with greater use, and the organizations showing high satisfaction levels delivered more projects on time and with fewer overruns. Project margins tended to increase as satisfaction levels did. Approximately 10% of the PSOs were dissatisfied with their core financial management solution. Application Integration with the Corporate Financial Management Solution.

Figure 17: Success Depends on Inter-departmental Cooperation



Source: SPI Research, February 2026

While the core business solutions support individual departments in their efforts to become more productive and profitable, when these solutions are integrated with the core financial management solution (CFM), they create additional insight and value (Figure 17). For instance, a CRM integrated with CFM provides sales executives with the insights needed to develop a pricing strategy, thereby increasing the likelihood of winning the bid while maximizing profitability. Without this integration, conducting this analysis would be much more challenging. Today’s PSOs cannot operate with functional silos as the lines between sales, talent, delivery, and finance become blurred. Table 54 shows a three-year trend in the solution’s integration with core financials.

It is also important for applications to communicate with each other. PSA, integrated with CRM, provides visibility from the sales pipeline to the resource schedule, ensuring the right resources are available when needed. With integrated HCM, human resources, recruiting and resource management all benefit from visibility into in-demand skills, consultant preferences and career aspirations.

Each year SPI Research’s Professional Services Maturity™ Benchmark quantifies the benefits achieved by services organizations with solutions that integrate Client Relationship Management and financial processes, Human Capital Management and financial processes, and Professional Services Automation and financial processes. Of course, the systems themselves are only part of a broader firm-wide commitment to behavioral change that fosters collaboration and enhanced communication, coordination, and quality management.

Solution Satisfaction

Table 55 shows application satisfaction (1: very dissatisfied to 5: very satisfied). Satisfaction with CRM tops the list followed by CFM and PSA. PSOs continue to exploit the functionality of HCM more fully beyond payroll for recruiting, learning management, career management and skill building and certification.

Table 54: Solution Integration with Core Financials Trend

Solution	2023	2024	2025
Professional Services Automation (PSA)	49.6%	41.6%	58.5%
Business Planning (BPL)	52.4%	26.8%	57.2%
Client Relationship Management (CRM)	51.1%	37.2%	48.2%
Human Capital Management (HCM)	58.8%	25.6%	36.0%

Source: SPI Research, February 2026

Table 55: Solution Satisfaction Trend

Key Performance Indicator (KPI)	2023	2024	2025
Client Relationship Management (CRM)	3.79	3.73	3.78
Corporate Financial Management (CFM)	3.76	3.72	3.62
Professional Services Automation (PSA)	3.77	3.55	3.60
Business Planning (BPL)	3.68	3.38	3.57
Human Capital Management (HCM)	3.54	3.49	3.49

Source: SPI Research, February 2026

CRM / PSA Integration

CRM and PSA solutions are used by both client-facing groups – sales and service delivery. It is essential that these two groups communicate and collaborate effectively. Integrated CRM and PSA help sales and service delivery collaborate better to ensure sales are selling what the service delivery team can deliver. Table 56 shows just a few of the benefits achieved when PSO integrates CRM and PSA. A larger backlog and significantly higher financial metrics are achieved when these two solutions are integrated.

Table 56: Impact – Key KPIs based on PSA -CRM integration

Key Performance Indicator (KPI)	Integrated	Not Integrated	% ↑↓
Survey %	47.2%	52.8%	
Deal pipeline/qtr. bookings forecast	212%	168%	26%
Percentage of bids won	51.7%	44.3%	17%
Beginning of quarter backlog	48.2%	44.6%	8%
Percent of annual revenue target achieved	91.0%	89.2%	2%
Percent of annual margin target achieved	89.2%	87.1%	2%
Profit (EBITDA %)	10.3%	9.4%	10%

Source: SPI Research, February 2026

CPQ / PSA Integration

Configure, Price, and Quote (CPQ) solutions are becoming increasingly important in the professional services sector. Many PSA providers now offer integrated CPQ capabilities within their core platforms.

In its first year of collecting this data, SPI Research found notable performance advantages among organizations using an integrated CPQ solution. These firms demonstrated stronger results across sales effectiveness, service delivery, and key financial metrics (Table 57). As SPI Research continues to analyze CPQ adoption, further insights are expected on how these solutions enhance operational performance.

Table 57: Impact – Key KPIs based on PSA -CPQ integration

Key Performance Indicator (KPI)	Integrated	Not Integrated	% ↑↓
Survey %	42.3%	57.7%	
Year-over-year change in PS revenue	6.0%	4.5%	34%
Deal pipeline / quarterly bookings forecast	209%	169%	23%
Percentage of bids won	46.8%	44.5%	5%
Projects delivered on time	76.3%	70.4%	8%
Project overrun	10.7%	12.1%	12%
Project margin	39.2%	33.1%	18%
Annual revenue per billable consultant (k)	\$205	\$193	6%
Annual revenue per employee (k)	\$162	\$152	6%
Percent of annual revenue target achieved	93.5%	88.6%	6%

Source: SPI Research, February 2026

Project-based Enterprise Resource Planning (ERP)

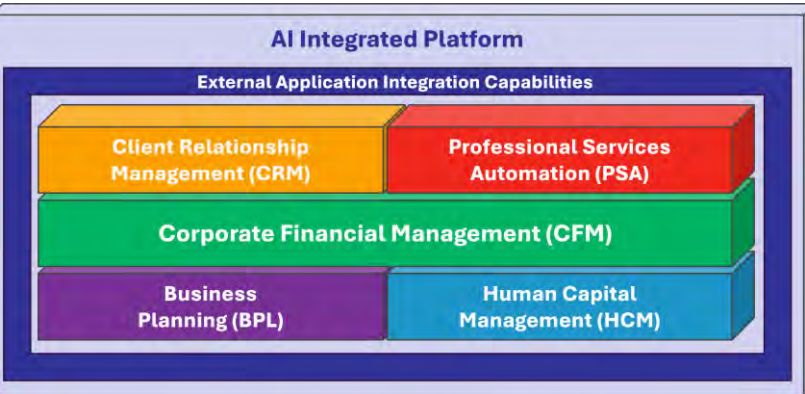
Enterprise Resource Planning (ERP) solutions have been around for decades. Some of the leading vendors provide project-based capabilities for their clients. Over the past decade, the market has demanded that ERP be built around projects and service delivery, thus the recent birth of Project-based ERP. SPI Research has tracked this market since its inception, and finally, there is sufficient data to show the true benefits of Project-based ERP.

SPI Research defines Project-based ERP as a solution specifically designed for project-based businesses where people are the primary input and organizational goals can be attained by optimizing people and projects. Ideally, a Project-based ERP solution includes the five core applications that PS uses to run its business efficiently and effectively. They include: 1) Business Planning (BPL), 2) Client Relationship Management (CRM), 3) Human Capital Management (HCM), 4) Professional Services Automation (PSA), and 5) Corporate Financial Management (CFM).

A point to note is that **Project-based ERP must include financial management, as it is the first and most important solution that PS executives implement.** Several providers offer platforms that include core professional services solutions, in addition to financials, such as Client Relationship Management (CRM), Human Capital Management (HCM), Professional Services Automation (PSA), and Business Planning (BPL). These five make up the base of Project-based ERP (Figure 18). But there are so many other solutions developed by independent software vendors that must be able to be integrated with a Project-based ERP solution. Therefore, the platform is critical when decision-makers make a purchase.

Table 58 shows fewer firms in the survey used project-based ERP solutions than did not. Last year this comparison was reversed. The bottom line is that performance with a project-based ERP financial solution shines brightly. The organizations surveyed grew revenue much faster, had higher billable utilization, greater revenue per project and consultant, and a higher profit figure than those organizations that did not use project-based ERP. This trend will be necessary as we advance, as the project-based ERP vendors are offering so much more than just financials.

Figure 18: Project-based Enterprise Resource Planning Platform



Source: SPI Research, February 2026

PS Solution Adoption

In this year’s survey, commercial adoption increased in all the primary business applications except for Professional Services Automation (Table 59). SPI’s clients emphasized the importance of business and capacity planning tools to help them navigate a challenging year. HCM usage went up in 2025 and continues an upward trend in use as more and more firms realize the benefits of integrating payroll with recruiting and skill building. The integration of HCM and PSA gives employers and employees visibility to upcoming projects and the skills they need to be part of them. The abundance of high quality, affordable cloud-based solutions has enabled greater numbers of PSOs to adopt commercial business applications, yet a surprisingly large number of firms still rely on antiquated homegrown applications and spreadsheets. Excel remains the most-used business application.

Figure 19 shows that over 90% of the organizations surveyed use a financial management solution. Those firms that do not tend to be very small and either have no solution or a homegrown (Excel) solution. The percentages change every year, and the adoption of the CFM solution is always followed by CRM, PSA, HCM, and the planning solution, in that order. SPI Research sees a broader adoption of HCM going forward. This figure has risen for over a decade and has become increasingly important as workforce management (cost, skills, availability) becomes more critical than ever.

Table 58: Impact – Project-based ERP Use

Key Performance Indicator (KPI)	PBE Used	PBE Not Used	% ↑↓
Survey %	38.7%	61.3%	
Total professional services revenue (mm)	\$62.2	\$56.2	11%
Year-over-year change in PS revenue	5.7%	4.8%	20%
Deal pipeline / quarterly bookings forecast	185%	170%	9%
Beginning of quarter backlog	50.2%	42.5%	18%
Percent of annual revenue target achieved	90.2%	89.6%	1%
Percent of annual margin target achieved	89.6%	88.2%	1%
Profit (EBITDA %)	10.2%	8.6%	19%

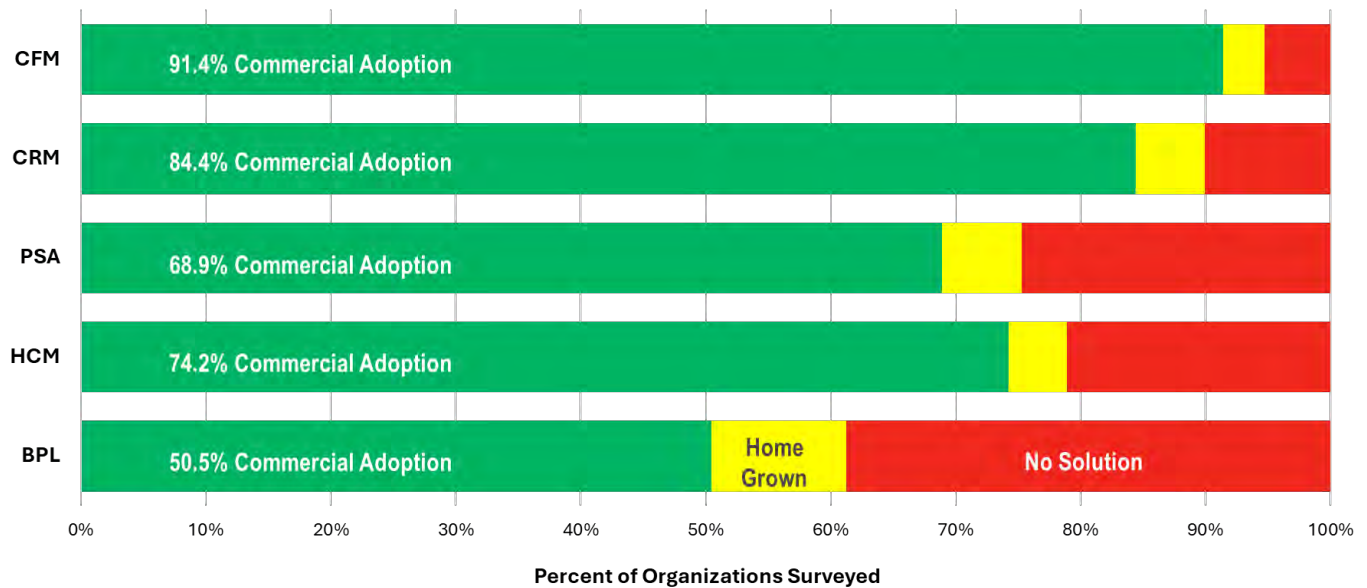
Source: SPI Research, February 2026

Table 59: Commercial Solution Adoption

Solution	2023	2024	2025
Corporate Financial Management (CFM)	94.7%	91.5%	91.6%
Client Relationship Management (CRM)	79.6%	83.9%	84.4%
Human Capital Management (HCM)	67.8%	69.0%	74.0%
Professional Services Automation (PSA)	74.3%	71.3%	68.9%
Business Planning (BPL)	54.1%	47.9%	50.5%

Source: SPI Research, February 2026

Figure 19: Commercial Solution Adoption



Source: SPI Research, February 2026

Table 60: Business Application Use by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2025	ESO	PSO	Americas	EMEA	APac
Commercial CFM solution used	91.6%	91.5%	91.7%	92.6%	90.1%	88.6%
Satisfaction with CFM solution	3.62	3.47	3.68	3.64	3.66	3.35
Commercial CRM solution	84.4%	88.5%	82.8%	86.2%	81.2%	79.5%
Satisfaction with CRM solution	3.78	3.74	3.80	3.77	3.88	3.61
CRM is integrated	48.9%	55.0%	46.4%	51.5%	43.8%	41.2%
Commercial PSA solution	68.9%	78.4%	65.1%	67.2%	75.2%	65.1%
Satisfaction with PSA solution	3.60	3.45	3.67	3.56	3.67	3.69
PSA is integrated	55.9%	48.5%	59.5%	55.8%	54.9%	59.3%
CRM / PSA integration	48.0%	51.9%	46.4%	47.8%	50.6%	43.8%
CPQ / PSA integration	44.9%	45.4%	44.7%	41.9%	52.2%	47.1%
Commercial HCM solution	74.0%	78.7%	72.2%	75.3%	74.0%	65.1%
Satisfaction with HCM solution	3.49	3.45	3.51	3.53	3.50	3.17
HCM is integrated	40.9%	37.8%	42.3%	38.9%	42.5%	53.8%
Commercial BPL solution	50.5%	50.4%	50.5%	47.5%	58.8%	52.4%
Satisfaction with BPL solution	3.57	3.53	3.58	3.56	3.62	3.48
BPL is integrated	54.9%	63.9%	51.3%	56.7%	46.4%	65.8%

Source: SPI Research, February 2026

Table 60 compares business solution adoption and satisfaction with the level of financial management (CFM) integration. APac's usage of CFM surpasses that of EMEA and the Americas. Recently, European- and Asia-Pacific-headquartered firms have made significant investments in PSA. HCM continues to receive the lowest overall satisfaction ratings because SPI's research shows that much of HCM's functionality has not been fully deployed or adopted. Effective HCM use requires strong talent management processes, including change management and leadership training and development.

The level of solution adoption is much higher within embedded PS organizations. The table shows that CRM, HCM, PL, and PSA are significantly more prevalent in embedded service organizations than in independents. This is to be expected because embedded service organizations (ESOs) tend to be larger and have a strong product-oriented sales force responsible for bringing services into deals. Product companies tend to value and invest more in IT than independent service providers.

Table 61 shows higher levels of solution adoption as organizations grow. Most importantly, the extent of solution integration with core financials increases as organizations grow larger. Even with the proliferation of affordable, easy-to-use cloud solutions, the smallest organizations will always lag in adoption rates. SPI Research has seen an increase in adoption in organizations of all sizes. This table highlights the importance that professional services organizations place on building a strong financial application infrastructure to enhance visibility and management control, resulting in higher productivity and profitability.

Table 61: Business Application Use by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 - 100	101 - 300	301 - 700	Over 700
Commercial CFM solution used	64.3%	97.8%	94.7%	100.0%	96.6%	93.5%
Satisfaction with CFM solution	3.78	3.83	3.53	3.64	3.57	3.27
Commercial CRM solution	63.2%	85.4%	84.7%	92.3%	93.1%	91.7%
Satisfaction with CRM solution	3.61	3.92	3.72	3.93	3.81	3.60
CRM is integrated	23.3%	45.3%	51.9%	54.9%	46.2%	63.6%
Commercial PSA solution	27.1%	69.8%	75.8%	82.8%	84.0%	77.3%
Satisfaction with PSA solution	3.69	3.77	3.61	3.55	3.20	3.55
PSA is integrated	44.4%	49.2%	57.9%	58.7%	54.8%	63.6%
CRM / PSA integration	23.2%	38.2%	55.7%	56.5%	52.2%	51.2%
CPQ / PSA integration	28.1%	42.3%	51.0%	44.4%	43.3%	47.0%
Commercial HCM solution	37.3%	65.1%	79.1%	87.5%	100.0%	89.6%
Satisfaction with HCM solution	3.39	3.62	3.50	3.43	3.60	3.39
HCM is integrated	34.0%	45.5%	37.4%	39.7%	34.0%	53.5%
Commercial BPL solution	23.9%	43.7%	50.8%	67.0%	59.3%	64.4%
Satisfaction with BPL solution	3.62	3.62	3.59	3.62	3.50	3.35
BPL is integrated	40.6%	43.4%	57.0%	61.1%	59.4%	58.9%

Source: SPI Research, February 2026

Table 62 shows that embedded services organizations (Software & SaaS PS) have higher CRM and PSA adoption rates than independents in almost all solution categories. Generally, these organizations are part of a larger technology-focused product organization, and larger organizations tend to rely more heavily on business applications to improve performance. Architects, engineers, and management consultancies reported lower application usage across most categories, except for core financials, which they rely on to run the business.

Table 62: Business Application Use by Market

Key Performance Indicator (KPI)	IT Consult	Mgmt Cons	SaaS PS	Soft PS	Arch/Engr	VAR
Commercial CFM solution used	91.8%	83.1%	93.8%	94.9%	98.3%	100.0%
Satisfaction with CFM solution	3.57	3.82	3.34	3.58	3.79	3.73
Commercial CRM solution	86.5%	73.9%	98.5%	97.4%	77.0%	90.9%
Satisfaction with CRM solution	3.84	3.85	3.71	3.89	3.70	3.18
CRM is integrated	45.3%	33.6%	62.9%	61.8%	62.2%	55.6%
Commercial PSA solution	73.3%	52.9%	90.2%	89.7%	49.2%	81.8%
Satisfaction with the PSA solution	3.71	3.80	3.53	3.43	3.57	3.20
PSA is integrated	58.9%	55.6%	40.0%	52.9%	88.9%	50.0%
CRM / PSA integration	52.3%	32.5%	60.3%	60.8%	45.5%	55.6%
CPQ / PSA integration	48.9%	39.1%	43.0%	46.6%	34.6%	37.5%
Commercial HCM solution	72.1%	57.0%	90.5%	97.4%	78.3%	63.6%
Satisfaction with the HCM solution	3.45	3.70	3.34	3.66	3.45	3.50
HCM is integrated	39.6%	49.0%	37.5%	48.7%	40.9%	50.0%
Commercial BPL solution	55.2%	38.4%	50.0%	65.8%	54.2%	63.6%
Satisfaction with BPL solution	3.66	3.81	3.42	3.33	3.32	4.00
BPL is integrated	51.8%	42.4%	60.3%	44.0%	64.5%	85.7%

Source: SPI Research, February 2026

7



Artificial Intelligence

ARTIFICIAL INTELLIGENCE

Artificial Intelligence (AI) definitely has the attention of PS executives. Its strategic and operational impact is in the early but accelerating stage. The potential is taking shape. In late 2025, SPI Research published a comprehensive study on the impact of Artificial Intelligence on PSOs [2025 Impact of AI on Professional Services](#). This chapter will share some of those results as well as analysis from this year's 2026 Professional Services Maturity™ Benchmark survey.

Gen AI's Impact on the Professional Services Market

Gen AI has quickly become essential to the technology industry, particularly the Professional Services market. Research associated with AI is highly technical and specialized. The core problems it helps with include programming computers for specific traits, such as:

1. **Knowledge:** The representation of knowledge about the world.
2. **Reasoning:** The rules of logic to reach approximate or definite conclusions.
3. **Problem-solving:** The capability to solve problems through logical deduction.
4. **Perception:** The ability to interpret images, sounds, and other sensory inputs.
5. **Learning:** AI systems must learn from experience and adjust to new inputs.

The many ways that Gen AI can transform the professional services market include automating tasks, enhancing data analysis, personalizing services, improving risk management, enriching the customer experience, increasing efficiency, enabling predictive analytics, and supporting compliance and regulatory requirements. Professionals who embrace AI technologies can gain a competitive edge when they deliver higher-quality services and better meet their clients' evolving needs more cost-effectively than their peers. Below is a partial list of just some of the ways Gen AI will impact the Professional Services market:

1. **Automation of Routine Tasks:** Automate repetitive and time-consuming tasks such as data entry, document analysis, and report generation. Professionals focus on more strategic, high-value activities. As a bonus, they are happier doing this better work.
2. **Enhanced Data Analysis:** Analyze large volumes of data quickly and accurately, providing professionals with valuable insights for decision-making. This can improve the timeliness and quality of services, enabling professionals to make more informed recommendations to clients.
3. **Personalization of Services:** Help professionals personalize their services to each client's needs. Professionals can tailor their services and recommendations by analyzing client data and preferences, improving client satisfaction and loyalty.
4. **Improved Risk Management:** Professionals can better manage risk by analyzing data and identifying potential dangers before they become problems. This proactive approach can help professionals mitigate risks more effectively and protect their clients' interests.

5. **Enhanced Client Experience:** AI-powered chatbots and virtual assistants can provide round-the-clock customer support, answer frequently asked questions, and assist clients with basic inquiries or tasks. The overall customer experience and client satisfaction improve.
6. **Efficiency and Cost Reduction:** Automating tasks and streamlining processes can help professional services firms increase efficiency and reduce operational costs. This can lead to improved profitability and a competitive advantage in the market.
7. **Predictive Analytics:** Analyze historical data to predict future trends and outcomes. In professional services, predictive analytics can help firms anticipate client needs, market trends, and potential risks, enabling them to make proactive decisions and provide more strategic advice to clients.
8. **Compliance and Regulatory Support:** Monitor changes in legislation, analyze compliance requirements, and flag potential issues to assist professionals in staying up to date with complex laws and regulations. This can help professionals meet regulatory standards and avoid costly compliance violations, cutting a massive amount of time and effort.

The Professional Services technology market is already ahead in AI. Most leading Professional Services solution providers have built early iterations of AI into their applications for years. From SPI Research's perspective, AI's several different capabilities will be pivotal in each of the five core business models:

1. **Analysis & Planning:** AI will allow annual planners to conduct simulations and scenario analyses. Perhaps more importantly, AI will provide real-time updates on how strategies and service offerings might change as conditions change. Of course, this will drive a greater need for employee training and hiring practices.
2. **Client Relationships:** PSOs will utilize AI to create marketing campaigns that make a difference. Design of compelling content, visual graphics, marketing messages, emails, and outreach across a wide range of media will promote new products and services. It won't be perfect initially, but it will provide an advantage to organizations creating fresh content.
3. **Talent Optimization:** Professional services executives must continually look at their talent pool to ensure they have the right balance of resources because their employees have a much higher cost than the average industry. AI will help organizations balance supply and demand to keep the bench strength at an optimal level -- neither over- or underutilized. Satisfied employees tend to stay with an organization, while those overworked or underworked are more likely to leave. AI will also help with training new and upskilling existing employees. In the professional services market, individuals constantly work to gain knowledge to make themselves more valuable in their careers. AI will help organizations steer employees to suitable courses and the training necessary to achieve their career goals. This situation, of course, will help lower employee costs.
4. **Service Execution:** Service delivery is where the rubber meets the professional services road. It is where PSOs make or lose money. Organizational strategies, sales, and hiring go to waste if PSOs cannot efficiently deliver high-quality services. AI will help in this area. It will help us continually review staffing resources and aim to optimize cost, margin, and the timeliness of service delivery. Professional Services is a market that depends on people, and people change. It could be termination,

projects that are delayed or canceled, or another reason that an ideal schedule on one day is wildly inaccurate just a few days later. AI will continually examine the makeup of services and individuals to ensure the PSO can optimize billable utilization, cost, and margin.

5. **Finance and Operations:** Most PSOs are in business to make money. That means being productive and serving more clients with the same number of (human and financial) resources. AI effectively adds a virtual business analyst who never stops working to ensure sufficient cash flow, manage costs across the organization, and maximize profitability.

The Importance of People and AI in Professional Services

By its very nature, Professional Services centers around people. The discipline's value derives from judgment, contextual understanding, and accountability – qualities clients depend on when they lack the capacity, capability, or confidence to manage change independently. While some services may be standardized or productized, they then become products rather than Professional Services. The remaining work involves interpretation, adaptation, and execution – functions that are uniquely suited to human expertise.

Advancements in AI are progressing rapidly. These technologies will automate tasks, conduct in-depth analysis, and, through agentic capabilities, coordinate efforts across systems. In the near future, AI will be capable of drafting strategies, modeling scenarios, and recommending solutions. However, organizations are unlikely to delegate the redesigning of operating models, processes, or governance structures to AI without human oversight and accountability. This situation reflects not merely a capability gap but also a gap in trust and accountability.

Leaders continue to seek expert validation of strategic direction. Boards require individuals who can provide contextual explanations of recommendations. Teams rely on professionals to interpret AI-generated outputs within commercial, political, and cultural frameworks. Organizational change, alignment, and adoption are not automatic processes. Firms are unlikely to entrust critical procedural decisions solely to algorithms without expert human involvement.

A fundamental principle persists: people prefer engaging with people. Clients seek confidence, credibility, and meaningful relationships, rather than impersonal automation. Common dissatisfaction with chatbots and automated support underscores the limitations of interactions without human presence. While these technologies improve over time, demand for human guidance will endure in high-stakes scenarios.

As technology advances beyond internal capabilities, the demand for specialists grows accordingly. Internal teams focused on business-as-usual often cannot keep pace with rapid developments in AI, data, security, and automation. Professional Services firms remain vital—not because AI lacks potential, but because experts are essential to implement technology, orchestrate transitions, and assume responsibility for outcomes.

AI will transform Professional Services, but it will not render them obsolete. Instead, it will shift human contribution toward contextual interpretation, risk navigation, alignment-building, responsible AI use, solution

selection, sequencing change, defining standards of excellence, and accepting accountability. Clients will continue to rely on trusted professionals to oversee transformation and manage risk effectively.

Survey Results

SPI asked a series of questions to explore how AI is improving the various aspects (Pillars) of their organization. The questions were on a 1-5 scale, with 1 being not impactful and 5 being very impactful. The following tables present the question results and break them down by organizational type, geographic region, vertical market, and organization size (Table 63). At a high level, the results show that AI has had the greatest impact on leadership, especially in Europe.

Table 63: The Impact of Artificial Intelligence in each Pillar by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2025	ESO	PSO	Amer	EMEA	APac
How is AI incorporated into leadership decision-making and strategic planning (e.g., invest., perf., scenario planning, and governance)	2.48	2.42	2.51	2.47	2.61	2.31
How is AI applied to manage and grow client relationships (i.e.- bus. dev., mktg., etc.)	2.19	2.21	2.18	2.19	2.21	2.14
How is AI applied to workforce and talent management (e.g., hiring, retention, skills development, etc.)	2.07	2.00	2.10	2.04	2.13	2.23
How is AI embedded in your firm's service execution (e.g., resourcing, deliv, QA, , etc.)	2.22	2.20	2.23	2.19	2.34	2.17
How is AI applied across your finance and operations function (e.g., forecast, report., compliance, etc.)	2.03	2.03	2.03	1.99	2.15	2.03

Source: SPI Research, February 2026

As one might expect, AI has had a significant impact on software professional services and SaaS PS (Table 64). It makes sense as they are embedding AI capabilities into their solutions to enable their customers to take advantage of advances. Surprisingly, SPI Research did not see the expected results in IT Consultancies.

Table 64: The Impact of Artificial Intelligence in each Pillar by Market

Key Performance Indicator (KPI)	IT Consult	Mgmt Cons	SaaS PS	Soft PS	Arch/ Engr	VAR
How is AI incorporated into leadership decision-making and strategic planning (e.g., invest., perf., scenario planning, and governance)	2.50	2.68	2.46	2.80	2.05	2.27
How is AI applied to manage and grow client relationships (i.e.- bus. dev., mktg., etc.)	2.17	2.37	2.30	2.22	1.90	2.09
How is AI applied to workforce and talent management (e.g., hiring, retention, skills development, etc.)	2.17	2.15	2.27	2.34	1.67	1.91
How is AI embedded in your firm's service execution (e.g., resourcing, deliv, QA, , etc.)	2.31	2.42	2.26	2.34	1.70	2.18
How is AI applied across your finance and operations function (e.g., forecast, report., compliance, etc.)	2.00	2.17	2.17	2.17	1.67	2.00

Source: SPI Research, February 2026

Likewise, AI has positively impacted the Service Execution Pillar, especially in smaller organizations and in Client Relationships (Table 65). Smaller organizations are a little quicker to adopt and utilize AI as they see it as an equalizer or even a competitive advantage over some of their larger peers. Also, they have less organizational baggage and fewer barriers to navigate.

Table 65: The Impact of Artificial Intelligence on each Pillar Organization Size (employees)

Key Performance Indicator (KPI)	Under 10	10 - 30	31 - 100	101 - 300	301 - 700	Over 700
How is AI incorporated into leadership decision-making and strategic planning (e.g., invest., perf., scenario planning, and governance)	2.78	2.45	2.39	2.40	2.39	2.60
How is AI applied to manage and grow client relationships (i.e.- bus. dev., mktg., etc.)	2.40	2.23	2.05	2.14	2.15	2.33
How is AI applied to workforce and talent management (e.g., hiring, retention, skills development, etc.)	2.05	1.92	2.03	2.04	2.32	2.44
How is AI embedded in your firm's service execution (e.g., resourcing, deliv, QA, , etc.)	2.48	2.15	2.18	2.07	2.31	2.31
How is AI applied across your finance and operations function (e.g., forecast, report., compliance, etc.)	2.23	2.03	1.93	1.94	2.04	2.18

Source: SPI Research, February 2026

SPI evaluated the aggregated self-assessment scores across five pillars to assess organizational perceptions of AI adoption. Table 66 presents these results, categorizing them from least to most mature. These findings are based on individual insights regarding the influence of AI within their organizations. Overall, the data indicates that organizations demonstrate improvement as they further integrate and leverage AI technologies. While the KPIs do not reflect dramatic advances, several exhibit notable potential. For example, entities with fewer than 10 points (averaging below 2 per pillar) tend to experience accelerated growth and increased profitability. Furthermore, SPI research observed that organizations ranking lowest in self-assessment also reported the highest levels of on-site service delivery. This is of particular interest, as greater organizational maturity is typically associated with enhanced capabilities for remote service provision.

Table 66: Cumulative Impact of Artificial Intelligence on all Five Pillars

Row Labels	Under 8	8 - 9	10 - 11	12 - 14	Over 14
Percentage of surveys	17.3%	15.5%	30.7%	18.8%	17.9%
Year-over-year change in PS revenue	3.5%	2.8%	5.1%	5.6%	5.3%
Percentage of referenceable clients	68.1%	67.1%	70.0%	68.5%	68.4%
Employee billable utilization	63.3%	66.6%	65.6%	68.1%	64.3%
Revenue per project (k)	\$178	\$193	\$165	\$190	\$120
Projects delivered on time	69.8%	70.9%	74.7%	78.1%	75.9%
Project overrun	13.6%	11.4%	10.8%	8.2%	9.2%
Annual revenue per billable consultant (k)	\$192	\$217	\$204	\$225	\$206
Annual revenue per employee (k)	\$160	\$170	\$162	\$175	\$169

Row Labels	Under 8	8 - 9	10 - 11	12 - 14	Over 14
Percent of annual revenue target achieved	90.1%	87.6%	88.8%	90.8%	91.8%
Percent of annual margin target achieved	88.9%	86.3%	88.0%	88.7%	92.1%
Project margin	35.9%	41.2%	35.5%	40.7%	38.0%
Onsite service delivery	47.9%	30.4%	29.4%	29.2%	38.2%
Profit (EBITDA %)	6.3%	12.5%	7.8%	10.2%	10.6%

Source: SPI Research, February 2026

Use of generative AI expanded rapidly across the benchmark, with the share of projects utilizing AI changing to 27.1%, from 19.3% the prior year (Table 67), a 40% increase. Adoption rose across delivery models, with PSO usage increasing to 27.9% from 20.0% and ESO usage increasing to 25.2% from 17.5%. These numbers indicate broad-based adoption rather than isolated experimentation. Consistent with SPI’s recent [2025 Impact of AI on Professional Services](#) research, this level of penetration reflects early maturity. This stage is characterized by task-oriented use cases embedded in day-to-day execution rather than transformational redesign of service models.

Table 67: Year-over-Year Change – The percentage of PS projects currently utilizing Generative AI

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	19.3%	27.1%	40%	Under 10	29.7%	40.4%	36%	IT Consult.	18.4%	29.8%	62%
ESO	17.5%	25.2%	44%	10 - 30	20.3%	29.8%	46%	Mgmt. Cons.	24.9%	35.8%	44%
PSO	20.0%	27.9%	39%	31 - 100	16.9%	22.7%	34%	SaaS PS	14.6%	26.2%	80%
Amer	18.8%	25.7%	37%	101 - 300	14.0%	19.7%	41%	Software PS	17.4%	22.1%	27%
EMEA	21.5%	31.0%	44%	301 - 700	18.9%	22.4%	19%	Arch. / Engr.	11.5%	14.1%	23%
APac	20.0%	28.1%	41%	Over 700	17.8%	31.3%	75%	VAR	19.1%	26.4%	38%

Source: SPI Research, February 2026

Adoption accelerated unevenly across markets and firm types, creating early structural asymmetry. SaaS professional services increased to 26.2% from 14.6% the prior year, catching up to most other markets and signaling that the market now expects AI-enabled delivery and solutions. By contrast, Architecture and Engineering changed to 14.1%, from 11.5%, remaining materially lower and reinforcing limits on applicability in highly bespoke or physical-world–constrained work. Larger firms moved later but faster. Organizations over 700 employees changed to 31.3% from 17.8%. This jump suggests that scale, investment capacity and change readiness increasingly shape who can operationalize AI at pace, and who can’t. This divide intensifies the pressure to keep up as AI usage becomes an expected component of service delivery.

Perceived impact of generative AI on productivity and efficiency strengthened across the market, with the average agreement score changing to 3.84, from 3.54 the prior year (Table 68). This broad upward shift across delivery models and regions indicates that AI is increasingly viewed as contributing to day-to-day efficiency gains rather than as an experimental tool. The consistency of the increase suggests firms are beginning to realize operational benefits, even as adoption remains early in maturity.

The magnitude of perceived impact diverged by organization size and market, signaling uneven realization of value. Firms with 301–700 employees changed to 4.03, from 3.39 the prior year, outpacing both smaller and larger peers. This change indicates the accelerating translation of AI use into measurable efficiency gains. By contrast, Architecture and Engineering changed to 3.44, from 3.32, remaining well below the benchmark average and reinforcing structural limits on AI-driven productivity in highly bespoke or physical-world–constrained services. This divergence suggests that advantages from early AI productivity gains are accruing first to firm types and service models best positioned to operationalize AI at scale.

Table 68: Year-over-Year Change – Generative AI has impacted **PS's** productivity and efficiency

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.54	3.84	8%	Under 10	3.71	4.00	8%	IT Consult.	3.53	3.88	10%
ESO	3.53	3.84	9%	10 - 30	3.60	3.91	8%	Mgmt. Cons.	3.65	4.08	12%
PSO	3.55	3.84	8%	31 - 100	3.54	3.77	6%	SaaS PS	3.53	3.79	7%
Amer	3.52	3.79	8%	101 - 300	3.36	3.67	9%	Software PS	3.53	3.74	6%
EMEA	3.62	3.94	9%	301 - 700	3.39	4.03	19%	Arch. / Engr.	3.32	3.44	4%
APac	3.60	3.95	10%	Over 700	3.70	3.88	5%	VAR	3.27	3.73	14%

Source: SPI Research, February 2026

The estimated 12-month ROI from generative AI initiatives increased materially, with the average expected return changing to 13.3%, from 10.0% the prior year (Table 69). These step-ups signal a broad shift in firm expectations, with AI increasingly viewed as delivering near-term economic benefit rather than distant-horizon speculative value. The increase was evident across delivery models, indicating that ROI expectations are rising alongside the expansion of operational use.

Table 69: Year-over-Year Change – Estimated 12-month ROI PS can achieve from implementing Gen AI

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	10.0%	13.3%	33%	Under 10	13.0%	14.5%	11%	IT Consult.	9.5%	14.0%	48%
ESO	9.0%	13.8%	53%	10 - 30	10.2%	15.0%	48%	Mgmt. Cons.	12.4%	16.2%	31%
PSO	10.4%	13.2%	27%	31 - 100	9.7%	12.3%	27%	SaaS PS	8.0%	15.2%	90%
Amer	10.0%	12.7%	27%	101 - 300	7.7%	10.3%	34%	Software PS	10.0%	11.7%	17%
EMEA	10.3%	15.8%	54%	301 - 700	7.8%	15.9%	104%	Arch. / Engr.	7.7%	8.3%	8%
APac	9.3%	12.6%	35%	Over 700	12.0%	15.7%	31%	VAR	7.0%	11.8%	69%

Source: SPI Research, February 2026

Expected ROI gains diverged sharply by organization size and market, creating early economic asymmetry. Firms with 301–700 employees increased to 15.9%, up from 7.8% the prior year, the largest acceleration among size cohorts. This acceleration suggests faster conversion of AI activity into financial return at mid-scale. By market, SaaS professional services changed to 15.2%, from 8.0%, outpacing most other service

models and reinforcing the advantage of more standardized, repeatable delivery environments. In contrast, Architecture and Engineering changed only to 8.3%, from 7.7%, remaining structurally constrained. These gaps indicate that near-term AI economics are accruing unevenly, favoring firm types with scale, repeatability, and faster paths from efficiency gains to realized return.

AI’s Impact on the Five Performance Pillars

Professional services organizations are just beginning to see the impact of the new generation of AI, although older capabilities have been in their business applications for some time. The following section highlights some of the benefits achieved as PS leaders begin to embrace AI across their organization's departments.

Leadership Pillar

AI is just beginning to have a profound impact on leadership within professional services organizations. At a time **of greater uncertainty and confusion, as many organizations adapt to change**, leadership becomes more important than ever. Table 70 highlights the relationship between how organizations apply AI and its impact. When AI use increases, performance improves. While the table is not perfect for a linear up-or-down model, it does show that AI is integrated into leadership. The organization performs better. 2025 was just the beginning. By the end of 2026, SPI expects more organizations to fully embrace AI to achieve strategic balance and improve productivity and profitability.

Table 70: Impact – How AI is applied to decision-making and strategic planning

How AI is incorporated into leadership decision-making and strategic planning	Survey %	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Not applied	3.2%	\$145	\$103	85.8%	87.3%	8.2%
Used experimentally	12.1%	\$199	\$143	87.6%	87.6%	9.8%
Applied in selected workflows	26.7%	\$214	\$179	90.7%	88.9%	6.1%
Widely used with measurable benefits	41.8%	\$208	\$169	89.1%	88.0%	9.7%
Fully embedded and strategic	16.2%	\$218	\$168	92.5%	91.5%	13.5%
Total/Average	100.0%	\$208	\$166	89.8%	88.7%	9.3%

Source: SPI Research, February 2026

Client Relationships Pillar

A major perceived benefit of artificial intelligence is that it will help professionals, organizations, and service providers surface, plan, and deliver services more efficiently. SPI's research for this benchmark shows that most organizations have not yet fully applied AI in their marketing and sales functions. However, those who have can see improvement.

Table 71: Impact – How AI is applied to manage and grow client relationships

How is AI applied to manage and grow client relationships	Survey %	Revenue growth	Headcount growth	Deal pipeline	Bids won	Backlog
Not applied	23.6%	3.1%	1.6%	152%	46.6%	45.7%
Used experimentally	42.7%	5.3%	2.9%	182%	48.8%	44.9%
Applied in selected workflows	26.8%	4.4%	1.5%	185%	48.6%	47.5%
Widely used with measurable benefits	5.0%	4.7%	2.9%	186%	48.9%	34.7%
Fully embedded and strategic	1.9%	17.1%	9.3%	229%	41.4%	52.1%
Total/Average	100.0%	4.7%	2.3%	177%	48.1%	45.4%

Source: SPI Research, February 2026

Talent Pillar

Few would argue that AI is beginning to affect the Talent Pillar in professional services. PSOs have made significant strides over the past year in using AI to recruit top talent more effectively, train employees, and improve efficiency. AI is like having your own personal assistant, but it's always working. Obviously, training individuals to use AI will be important going forward, but application vendors serving the professional services market have already incorporated many AI capabilities into their solutions.

Table 72: Impact – How AI is applied to workforce and talent management

How AI is applied to workforce and talent management	Survey %	Billable utilization	On time Delivery	Project margin	Rev/ consult. (k)	Rev/emp. (k)
Not applied	28.5%	66.7%	72.9%	35.7%	\$204	\$161
Used experimentally	41.7%	67.0%	74.0%	38.5%	\$214	\$172
Applied in selected workflows	25.7%	69.3%	75.1%	39.7%	\$209	\$167
Widely used with measurable benefits	2.2%	66.3%	66.3%	40.5%	\$191	\$172
Fully embedded and strategic	1.9%	75.7%	89.3%	36.1%	\$171	\$154
Total/Average	100.0%	67.7%	74.1%	38.0%	\$208	\$167

Source: SPI Research, February 2026

Service Execution Pillar

As with client relationships, AI should have a dramatic impact on PSO's ability to deliver high-quality, profitable services efficiently and effectively. So far, participants in this year's benchmark have not seen that result. Table 73 highlights that most organizations have not applied AI to service delivery or are using it experimentally. SPI Research believes that it will change. The table shows that when organizations use AI for service delivery, most of the key performance metrics improve. From on time delivery and project margins to revenue and margin goals, these firms show solid improvement as they integrate AI into their operations. It's worth noting that, because so few firms are represented in the "fully embedded and strategic" category, their results are not statistically significant.

Table 73: Impact – How AI is **embedded in your firm's** service execution

How is AI embedded in your firm's service execution	Survey %	On time Delivery	Project margin	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Not applied	19.9%	70.8%	34.5%	89.9%	88.2%	6.0%
Used experimentally	46.5%	74.2%	37.7%	89.1%	88.5%	9.0%
Applied in selected workflows	26.9%	73.7%	40.0%	89.5%	88.3%	9.9%
Widely used with measurable benefits	4.7%	81.5%	40.2%	94.6%	94.0%	17.9%
Fully embedded and strategic	1.9%	92.1%	41.8%	100.0%	98.6%	6.3%
Total/Average	100.0%	74.1%	37.9%	89.8%	88.8%	9.0%

Source: SPI Research, February 2026

Finance & Operations Pillar

Survey participants rated their success in the AI-enabled finance and operations pillar as marginal so far. As with the Service Execution Pillar, most organizations do not use AI as much in financing operations. Although it is early in the process, SPI can see that organizations using AI to improve finance and operations are achieving more success. Again, SPI Research expects these numbers to move higher as more firms better understand the impact of AI on financing operations.

Table 74: Impact – How AI is applied across finance and operations

How AI is applied across finance and operations	Survey %	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Not applied	29.3%	\$203	\$163	89.2%	87.0%	8.8%
Used experimentally	46.7%	\$216	\$170	89.9%	89.2%	9.0%
Applied in selected workflows	18.3%	\$203	\$164	89.6%	90.7%	9.4%
Widely used with measurable benefits	3.5%	\$225	\$206	90.8%	88.3%	24.2%
Fully embedded and strategic	2.3%	\$136	\$114	93.1%	91.9%	-0.5%
Total/Average	100.0%	\$208	\$167	89.8%	88.8%	9.3%

Source: SPI Research, February 2026

8



Leadership Pillar

LEADERSHIP PILLAR

Professional Services can be operationally complex, but its core goals remain remarkably straightforward. Every PS organization is ultimately balancing four outcomes that determine long-term performance: Revenue Growth, Talent Optimization, Client Satisfaction, and Organizational Profit. These map directly to four of SPI's five maturity pillars. Leadership is excluded here, not because it is less important, but because this discipline focuses on the organizational outcomes that leaders are responsible for achieving. Across markets, industries, and maturity levels, these four outcomes define whether a PS business is healthy.

What makes Professional Services challenging is not the number of goals, but the fact that all four must remain in equilibrium. A firm needs to **grow**, but growth adds pressure on hiring pipelines, skill depth, and onboarding capacity. The talent base must be strong enough to **deliver** the work sold, yet over-hiring erodes profit. Clients must be **satisfied** but overservicing them strains delivery teams and impacts margins. **Profit** must be protected, but not at the expense of capability, culture, or client experience. Every decision – how fast to scale, how aggressively to hire, how tightly to manage margins – shifts the balance among these four outcomes. When one drifts too far out of range, the business quickly feels it: stalled growth, client churn, burned-out teams, or declining profitability.

This balance is the essence of Professional Services, and no new framework or technology – including AI – changes the fundamentals. AI can accelerate efficiency, sharpen insight, and expand capacity, but it does not rewrite the underlying mechanics of the PS model. Any AI initiative must be judged against these four outcomes:

Does it help the firm grow sustainably? Does it strengthen talent without overburdening them? Does it enhance the client experience and deliver value? Does it contribute to organizational profit rather than distract from it? These goals anchor the business, and they should anchor AI decision-making as well (Figure 20).

The Leadership Pillar is vital in people-driven businesses like Professional Services, as leaders not only define strategy but also motivate and communicate with employees. The significance of leadership is well established in literature, yet quantifying its benefits has proven challenging. This study addresses that gap. Service Performance Insight has introduced a Leadership Index designed to measure the most vital aspects of leadership and evaluate its impact. SPI Research is confident that readers will find the results noteworthy, as

Leadership

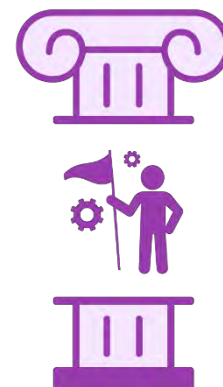


Figure 20: Leadership Objectives



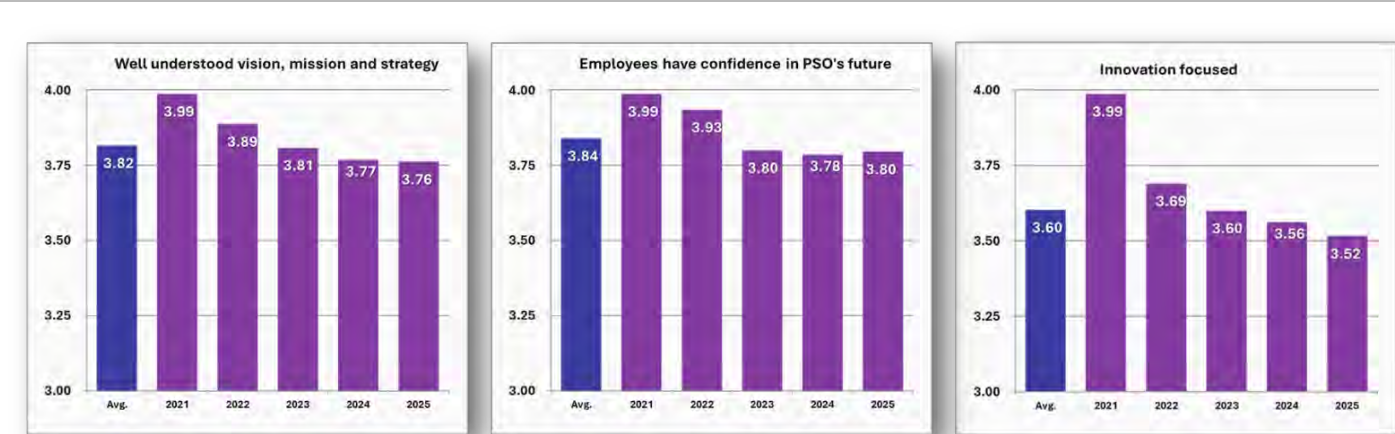
Source: SPI Research, February 2026

the influence of effective or ineffective leadership is evident across all dimensions of Professional Services Organization (PSO) performance.

In the 2026 PS Maturity™ survey, SPI Research collected data through a series of questions on professional services vision, strategy, and leadership, including confidence, clarity, and alignment. Strategic decisions provide direction and set the tone for the PSO, affecting all functions. Vision and strategy define organizational goals and objectives, target clients, service offerings, and how various functions interact within the organization.

Figure 21 shows the decline in three key leadership KPIs over the past five years. What makes this figure noteworthy is the deterioration. Leadership is by far the most critical aspect of success in professional services. As employees lose faith in leadership and it becomes harder to move forward, the professional services firm will suffer. SPI Research hopes PS leaders will take heed of these areas and begin to help reestablish confidence and communication.

Figure 21: Leadership Trends of Note



Source: SPI Research, February 2026

Leadership Maturity

SPI Research shows a strong link between growth and success in professional services. Growth enables firms to build market dominance, win top deals, satisfy clients, and attract talent by fostering innovation and a value-driven culture. However, expanding brings leadership challenges – founders must shift from hands-on roles to cultivating repeatable skills and empowering new leaders. After reaching approximately 50 consultants, firms need scalable processes. As organizations grow, communication and alignment become increasingly complex, requiring clear policies and robust systems for effective management and control.

Leadership development, succession planning, and funding growth are significant challenges for independent PSOs. Many consider mergers and acquisitions to be a way to augment organic growth. Employee ownership is a viable option as the founder nears retirement. A chief concern is “How best to monetize value while building a firm for the future?” Table 75 presents the Leadership Maturity model and the best leadership style for each maturity level.

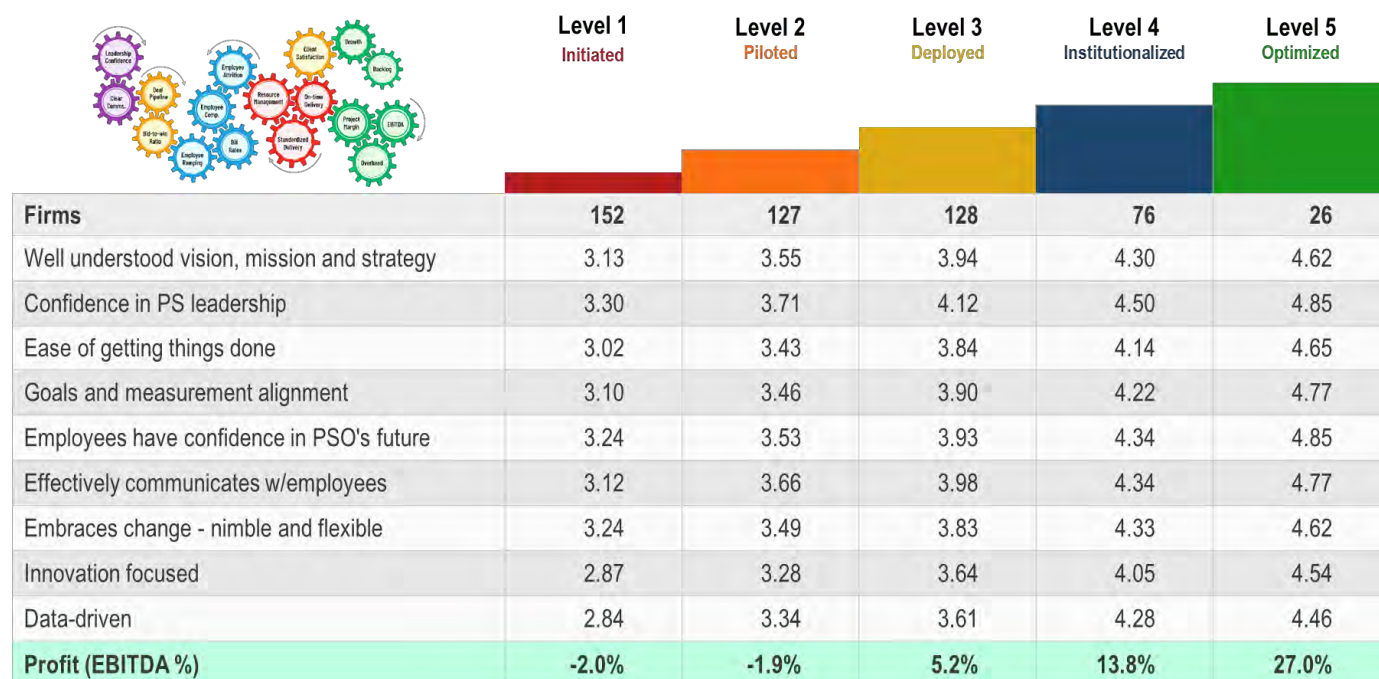
Table 75: The Leadership Maturity Model

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Leadership	Initial strategy is to support product sales and provide reference customers while providing workarounds to complete immature products. Leaders are “doers”.	PS has become a profit center but is subordinate to product sales. The strategy is to profitably drive customer adoption and references. Leaders focus on P&L and client relationships.	PS is a significant revenue and margin source, but channel conflict still exists. Services differentiate products. Leadership development plans are in place. Leaders have strong backgrounds and skills in all pillars.	Service leads products. PS is a vital part of the company. Solution selling is a way of life. PS is included in all strategy decisions. Succession plans are in place for critical leadership roles.	PS is critical to the company. The service strategy is clear. Complimentary goals and measurements are in place for all functions. Leaders have a global vision and continually focus on renewal and expansion.
Leadership Styles by Maturity Stage	The Entrepreneur. Leaders are “doers”. In small companies, PS leaders are technically competent and directly perform engagement activities in addition to recruiting and ramping up new consultants. Typically, they possess more substantial technical than business or leadership skills.	The Generalist. The emerging PS leader must start focusing on HR, Finance, and Operations while nurturing close relationships with clients and partners. At this stage, setting a strategic vision and strategy is less important than strong operational management skills.	The General Manager. By the deployed stage, the PS leader must focus on setting a vision and strategy and forging strong partnerships with clients and the cross-functional leadership team. The PS leader must exhibit strong operational and process management skills and have a strong background in sales, finance, and operations. The focus at this stage is on recruiting strong functional leaders to scale the organization.	The Strategist. By the institutionalized phase, the PS leader has developed a strong leadership team and institutionalized operating processes in all five service performance pillars. His primary focus is strategy, business planning and establishing strategic partnerships and alliances. At this stage, he must “lead”, “inspire” and “communicate”. He must be able to attract and retain high quality functional leaders.	The Leadership Team. As the PS organization matures, the leader becomes more strategic and able to communicate and inspire effectively. All functional areas have strong, sustainable operating processes. He focuses on ensuring alignment within the organization while continually forging new business partnerships. The leadership team constantly focuses on innovation and operational excellence.

Source: SPI Research, February 2026

Leadership in embedded PSOs faces unique challenges. These units prioritize the success and adoption of company products over independent service development, often at the expense of their own productivity or profitability. Major obstacles include charter conflict and building cross-functional relationships. Leaders must balance growing a strong consulting practice with supporting product growth. As strategic roles emerge to drive client adoption and renewal, effective collaboration with sales, support, and product teams becomes essential.

Figure 22: Leadership Maturity Matters



Source: SPI Research, February 2026

The Leadership Index – Quantifying the Impact of Leadership in Professional Services

Understanding the Importance of Leadership

It is impossible to work in Professional Services and conclude that leadership is unimportant. Most professionals intuitively recognize the importance of effective leadership, yet few studies have quantified its benefits. This research addresses that gap by introducing a Leadership Index specifically designed to measure the most critical aspects of leadership and assess its impact on organizational performance. The findings reveal that whether leadership is exceptional or lacking, its influence extends across all areas of operations in Professional Services Organizations.

Surveying Leadership Dimensions

Over the past decade, SPI Research has conducted surveys that ask targeted questions about various elements of professional services: vision, strategy, and leadership. These questions focus on confidence, clarity, and alignment within organizations. Strategic decisions, driven by leadership, establish the direction and tone for PSOs and have wide-ranging effects on all functions. Vision and strategy guide the setting of goals and objectives, dictate which clients to pursue, determine the types of services offered, and shape interactions among functional areas.

Leadership Index Questions

Through refinement over time, the leadership survey now centers around nine core questions. These questions are designed to evaluate how different facets of leadership affect organizational performance. Survey

participants are asked to rate their organizations on these aspects, using a scale from 1 (very ineffective) to 5 (very effective):

- 1. The vision, mission and strategy of the PSO is well understood and clearly communicated
- 2. Employees have confidence in PS leadership
- 3. It is easy to get things done within the PS organization
- 4. Goals and measurements are aligned for the service organization
- 5. Employees have confidence in the future of the PS organization
- 6. The organization effectively communicates with employees
- 7. The organization embraces change; it is nimble and flexible
- 8. The organization focuses on innovation and can rapidly take advantage of changing market conditions
- 9. The firm utilizes its vast data resources to improve overall performance

SPI Research developed a **Leadership Index** by scoring survey participants on nine leadership-related questions, ranging from 9 to 45. Higher leadership scores are consistently associated with improvements in key performance metrics, including revenue per person, utilization, project margin, and on time project completion (see Table 76). A clear strategy and strong leadership enable employees to confidently support corporate goals, resulting in higher productivity, client satisfaction, and profitability.

Table 76: Impact Based on Leadership Maturity Scores

Key Performance Indicator (KPI)	9 - 12	32 - 35	36 - 39	39 - 45
Survey %	32.4%	30.3%	21.0%	16.3%
Year-over-year change in PS revenue	3.2%	3.4%	7.9%	8.0%
Percentage of referenceable clients	64.2%	68.9%	69.4%	71.1%
Total attrition	13.6%	12.2%	9.8%	7.5%
Employee billable utilization	64.1%	65.4%	67.1%	68.4%
Projects delivered on time	65.7%	74.8%	78.3%	84.7%
Project margin	36.9%	39.2%	36.0%	38.7%
Annual revenue per billable consultant (k)	\$202	\$203	\$216	\$218
Annual revenue per employee (k)	\$162	\$167	\$170	\$170
Percent of annual revenue target achieved	88.0%	86.8%	95.3%	92.3%
Percent of annual margin target achieved	87.2%	87.9%	90.8%	90.7%
Profit (EBITDA %)	7.0%	7.3%	12.0%	12.7%

Source: SPI Research, February 2026

The table illustrates the distribution of survey respondents by their overall leadership index rating across key operational metrics. The data indicate that effective leadership exerts significant influence across all dimensions of performance.

Leadership quality, whether strong or weak, plays a critical role in shaping business outcomes, including growth rates, billable utilization, project timeliness, proposal success, and customer satisfaction levels. Conversely, inadequate leadership may hinder cross-functional collaboration, fostering organizational fragmentation and inefficiency. Leaders who struggle to assume strategic responsibilities can inadvertently cultivate reactive environments marked by frequent crisis management and employee fatigue.

Numerous high-performing organizations have integrated SPI’s leadership questions into their employee surveys to assess and quantify workforce confidence in leadership capabilities.

5-Year Leadership Trends

As in the table below, most have regressed over the past five years and now sit below their five-year average. Few would doubt that PSO employees are not working hard. However, taking occasional steps back to communicate and rebuild culture, trust, and agility will help drive PSOs forward. The stress of COVID and now AI, coupled with geopolitical and economic tensions, has most likely discouraged employees in every industry. But the Professional Services market is the leader and, therefore, must be a beacon across industries. The bottom line is that for PS leaders, now might be the right time to double down on their efforts to provide more effective leadership to reduce the risk of issues arising over the next year.

Table 77: Leadership Pillar 5-year Trends

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Well-understood vision, mission, and strategy	3.82	3.97	3.89	3.81	3.77	3.76
Confidence in PS leadership	3.99	4.17	4.08	3.95	3.94	3.94
Ease of getting things done	3.68	3.85	3.72	3.70	3.63	3.65
Goals and measurement alignment	3.72	3.81	3.68	3.75	3.73	3.71
Employees have confidence in PSO's future	3.84	4.08	3.93	3.80	3.78	3.80
Effectively communicates w/employees	3.87	4.01	3.92	3.83	3.88	3.82
Embraces change - nimble and flexible	3.80	4.03	3.87	3.74	3.80	3.76
Innovation focused	3.60	3.87	3.69	3.60	3.56	3.52
Data-driven	3.52			3.51	3.49	3.56

Source: SPI Research, February 2026

Survey Results

The following tables provide insight into the maturity levels for each question. About half of the KPIs declined year over year, and embedded service organizations scored below average.

Table 78: Leadership Pillar Results by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Well understood vision, mission and strategy	3.77	3.76	3.69	3.80	3.79	3.74	3.59
Confidence in PS leadership	3.94	3.94	3.94	3.94	3.99	3.92	3.63
Ease of getting things done	3.63	3.65	3.59	3.68	3.69	3.60	3.51
Goals and measurement alignment	3.73	3.71	3.63	3.75	3.73	3.63	3.76
Employees have confidence in PSO's future	3.78	3.80	3.74	3.82	3.82	3.73	3.73
Effectively communicates with employees	3.88	3.82	3.81	3.82	3.86	3.72	3.73
Embraces change - nimble and flexible	3.80	3.76	3.82	3.73	3.78	3.78	3.54

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Innovation focused	3.60	3.52	3.50	3.52	3.49	3.53	3.68
Data-driven	3.51	3.56	3.50	3.58	3.57	3.49	3.61

Source: SPI Research, February 2026

Table 79: Leadership Pillar Results by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 - 100	101 - 300	301 - 700	Over 700
Well understood vision, mission and strategy	3.75	3.83	3.73	3.78	3.64	3.78
Confidence in PS leadership	4.03	3.98	3.94	3.95	3.82	3.80
Ease of getting things done	3.82	3.74	3.65	3.70	3.18	3.42
Goals and measurement alignment	3.76	3.57	3.80	3.81	3.54	3.60
Employees have confidence in PSO's future	3.81	3.71	3.84	3.89	3.61	3.76
Effectively communicates w/employees	3.92	3.89	3.83	3.83	3.61	3.60
Embraces change - nimble and flexible	3.89	3.89	3.76	3.80	3.32	3.49
Innovation focused	3.66	3.56	3.48	3.55	3.25	3.40
Data-driven	3.66	3.44	3.57	3.68	3.21	3.58

Source: SPI Research, February 2026

Table 80: Leadership Pillar Results by Market

Key Performance Indicator (KPI)	IT Consult.	Mgmt. Con	SaaS PS	Soft. PS	Arch/Engr	VAR
Well understood vision, mission and strategy	3.66	3.96	3.52	3.91	3.85	3.97
Confidence in PS leadership	3.75	4.13	3.94	3.97	4.09	4.10
Ease of getting things done	3.58	3.78	3.68	3.69	3.89	3.69
Goals and measurement alignment	3.69	3.88	3.52	3.69	3.87	3.79
Employees have confidence in PSO's future	3.72	3.76	3.60	3.94	4.07	4.14
Effectively communicates w/employees	3.70	3.95	3.73	3.89	3.87	4.00
Embraces change - nimble and flexible	3.72	3.88	3.90	3.74	3.57	3.64
Innovation focused	3.60	3.61	3.52	3.57	3.35	3.27
Data-driven	3.54	3.66	3.62	3.74	3.56	3.45

Source: SPI Research, February 2026

For the second year in a row, SPI Research asked questions in the Leadership Pillar designed to assess growth plans and leaders' focus on AI for internal use and on consulting AI to clients. The questions related to growth plans for 2026 are listed below in Tables 81 – 83.

- ◆ Forecasted revenue growth in 2026 (over 2025)
- ◆ Have initiated outcome-based billing models
- ◆ Frequency of communicating PS strategy to employees (months)
- ◆ Frequency leadership shares key financial or operational metrics with staff (months)

The responses were very telling. Anticipated growth for embedded and service organizations is approximately 10% in 2026. The Americas had the least forecasted growth, but it was still close to 10%.

Table 81: Leadership KPIs by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2025	ESO	PSO	Amer	EMEA	APac
Forecasted revenue growth in 2026 (over 2025)	9.9%	10.6%	9.6%	9.8%	10.3%	9.9%
Have you initiated outcome-based billing models	35.8%	34.0%	36.6%	30.4%	43.1%	57.1%
Frequency leaders share strategy is communicated to PS	15.6	17.3	14.9	14.5	16.4	21.3
Frequency leaders share key financial or operational metrics	8.30	8.83	8.08	9.03	8.28	3.15

Source: SPI Research, February 2026

Table 82 shows that value-added resellers (VARs) are both a little more optimistic about the future and do a much better job of communicating with their key employees. This communication is reflected in higher leadership scores, which, in turn, affect performance.

Table 82: Leadership KPIs by Market

Key Performance Indicator (KPI)	IT Consult	Mgmt Cons	SaaS PS	Soft PS	Arch/ Engr	VAR
Forecasted revenue growth in 2026 (over 2025)	11.5%	10.5%	11.1%	9.2%	6.9%	12.7%
Have you initiated outcome-based billing models	40.9%	42.6%	38.7%	32.2%	24.0%	23.6%
Frequency leaders share strategy to PS	15.8	12.0	19.1	18.4	13.5	8.1
Frequency leaders share key financial or operational metrics	12.19	3.63	8.37	2.60	8.91	4.55

Source: SPI Research, February 2026

Overall, the largest firms show solid revenue growth for 2026, projected revenue growth, and solid communication KPIs (Table 83). This should be expected as larger firms tend to have greater discipline in their processes, which helps them maintain a competitive advantage

Table 83: Leadership KPIs by Organization Size (employees)

Key Performance Indicator (KPI)	Under 10	10 - 30	31 - 100	101 - 300	301 - 700	Over 700
Forecasted revenue growth in 2026 (over 2025)	9.2%	11.8%	9.2%	9.4%	9.6%	10.8%
Have you initiated outcome-based billing models	30.3%	32.7%	37.7%	32.8%	46.4%	43.4%
Frequency leaders share strategy to PS	18.7	16.0	13.4	15.9	12.2	17.6
Frequency leaders share key financial or operational metrics	14.24	7.02	7.70	8.37	2.64	7.03

Source: SPI Research, February 2026

Profitability Growth

The perceived importance of profitability growth moderated, with the average priority score changing to 4.25, from 4.47 the prior year (Table 84). This shift indicates a recalibration in near-term focus as firms balance margin discipline against ongoing investments in talent, capacity and delivery stability. Rather than signaling

reduced concern about profitability, the change suggests that margin expansion is being weighed alongside competing operational priorities in a more complex operating environment.

The moderation was uneven, revealing differences in structural pressure and resilience. Firms under 10 employees fell to 3.80 from 4.31 the prior year, reflecting the largest reduction in emphasis as smaller firms absorb cost volatility and face scaling constraints. By contrast, Architecture and Engineering grew to 4.51, from 4.45, maintaining a high and stable priority. This divergence suggests that firms with predictable delivery economics and tighter cost control continue to anchor strategy around profitability, while more labor-intensive or fast-scaling segments face sharper tradeoffs between growth, investment and margin focus.

Table 84: Year-over-Year Change – Importance of PS Profitability Growth

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	4.47	4.25	-5%	Under 10	4.31	3.80	-12%	IT Consult.	4.46	4.21	-6%
ESO	4.50	4.28	-5%	10 - 30	4.45	4.17	-6%	Mgmt. Cons.	4.44	4.04	-9%
PSO	4.46	4.23	-5%	31 - 100	4.49	4.47	0%	SaaS PS	4.47	4.22	-6%
Amer	4.49	4.25	-5%	101 - 300	4.54	4.27	-6%	Software PS	4.50	4.50	0%
EMEA	4.46	4.31	-3%	301 - 700	4.61	4.44	-4%	Arch. / Engr.	4.45	4.51	1%
APac	4.31	4.05	-6%	Over 700	4.52	4.28	-5%	VAR	4.64	4.45	-4%

Source: SPI Research, February 2026

Challenges to sustain growth in PS business

SPI asked PS executives to identify their largest challenges for 2026. By a significant margin, economic uncertainty was the main issue, not only in professional services but across all industries. Second was attracting and retaining talent, which is very important during this transition. Artificial intelligence technology disruption came in third, primarily due to a refocus of the employee base. These figures were consistent across both embedded and independent professional services, as well as across regions.

SPI found it interesting that the largest organizations were less concerned with economic uncertainty than with attracting and retaining talent and with technology disruptions. SPI research also found that both management consultants and value-added resellers were more concerned with the economy than with other markets. Management consultancies felt more confident about retaining talent, as they tend to get the best people and keep them. Technology disruption obviously affects firms such as SaaS and software professional services, whose businesses are changing by the week.

Table 85: Challenges to sustain growth in PS business

	Economic Uncertainty	Attracting & Retaining Talent	Technology Disruption	Client Insourcing	Other PS Firm Competition	Offshore / Low-Cost Providers
Survey Total	35.9%	23.4%	18.1%	9.7%	9.5%	3.5%
Org. Type - ESO	39.2%	21.6%	19.2%	5.6%	10.4%	4.0%
Org. Type - PSO	34.5%	24.1%	17.6%	11.4%	9.1%	3.3%
Region - Americas	36.9%	23.5%	18.4%	10.2%	8.2%	2.7%
Region - EMEA	35.1%	19.6%	17.5%	10.3%	11.3%	6.2%
Region - APac	31.0%	31.0%	16.7%	4.8%	14.3%	2.4%
Employees - Under 10	35.4%	9.2%	15.4%	23.1%	10.8%	6.2%
Employees - 10 - 30	51.8%	18.8%	9.4%	9.4%	5.9%	4.7%
Employees - 31 - 100	31.5%	27.4%	20.2%	8.1%	10.5%	2.4%
Employees - 101 - 300	36.1%	27.7%	15.7%	8.4%	10.8%	1.2%
Employees - 301 - 700	32.1%	25.0%	28.6%	0.0%	7.1%	7.1%
Employees - Over 700	21.3%	31.9%	29.8%	4.3%	10.6%	2.1%
Market - IT Consulting	35.5%	20.6%	20.6%	9.3%	10.3%	3.7%
Market - Mgmt. Cons.	42.2%	12.0%	10.8%	18.1%	10.8%	6.0%
Market - SaaS PS	37.1%	16.1%	29.0%	4.8%	6.5%	6.5%
Market - Software PS	22.9%	34.3%	34.3%	5.7%	0.0%	2.9%
Market - Arch. & Engr.	32.7%	43.6%	9.1%	3.6%	10.9%	0.0%
Market - VARs	45.5%	27.3%	9.1%	0.0%	18.2%	0.0%

Source: SPI Research, February 2026

Areas of Emphasis in 2026

SPI Research asked PS leaders to rate the importance of several key concerns to their organization over the next year on a scale of 1 (very unimportant) to 5 (very important). The results are listed below and summarized in Table 86:

- **Business development:** (create and implement services and campaigns, finding new clients, etc.)
- **Talent management:** (find, hire, train, manage and retain employees)
- **Resource utilization:** (work to optimize skill levels, increase billable hours per consultant)
- **Profitability growth:** (deliver more efficiently, effectively, manage cost, reduce rev. leakage)

As one might expect, PS executives are more focused on business development in 2026 after a year of slow growth, and inflation is their least concern as the new year begins. Second was profitability growth.

Table 86: The importance of specific areas to the PSO over the next year

	Business development	Talent management	Resource utilization	Profitability growth
Survey Total	4.44	4.03	4.12	4.25
Org. Type - ESO	4.35	3.90	4.03	4.28
Org. Type - PSO	4.48	4.08	4.16	4.23
Region - Americas	4.47	4.04	4.15	4.25
Region - EMEA	4.43	4.01	4.15	4.31
Region - APac	4.24	4.00	3.83	4.05
Employees - Under 10	4.39	3.17	3.47	3.80
Employees - 10 - 30	4.50	4.12	4.13	4.17
Employees - 31 - 100	4.60	4.31	4.35	4.47
Employees - 101 - 300	4.32	4.07	4.26	4.27
Employees - 301 - 700	4.30	4.22	4.30	4.44
Employees - Over 700	4.30	4.15	4.09	4.28
Market - IT Consulting	4.37	3.92	4.19	4.21
Market - Mgmt. Cons.	4.67	3.90	3.94	4.04
Market - SaaS PS	4.22	3.87	3.97	4.22
Market - Software PS	4.25	4.39	4.31	4.50
Market - Arch. & Engr.	4.69	4.56	4.45	4.51
Market - VARs	4.27	4.27	4.36	4.45

Source: SPI Research, February 2026

Well Understood Vision, Mission and Strategy

Clear leadership direction and effective bi-directional communication are critical success factors. Employees who lack an understanding of the vision, mission, and strategy cannot work toward realizing it. In contrast, those who comprehend and support the organization's mission will work tirelessly to realize it. In this year's survey, clarity of vision, mission, and strategy directly correlated with revenue and headcount growth, on-time service delivery, and confidence in the PSO's future (Table 87).

Table 87: Impact – Well-understood vision, mission, and strategy

Well-understood vision, mission, and strategy	Survey %	Employees have confidence in PSO's future	Headcount growth	Total attrition	On time Delivery	% ann. rev. achieved
1: Very ineffective	1.8%	2.13	-3.6%	17.8%	45.7%	83.3%
2: Ineffective	7.6%	3.03	5.4%	17.5%	64.4%	88.1%
3: Neither	20.9%	3.40	-0.6%	10.8%	69.5%	88.2%
4: Effective	52.2%	3.88	3.6%	10.9%	75.2%	90.7%
5: Very effective	17.6%	4.51	4.0%	9.4%	81.8%	91.5%
Total / Average	100.0%	3.80	2.8%	11.2%	73.9%	90.0%

Source: SPI Research, February 2026

Clarity of vision, mission, and strategy remained broadly stable at the aggregate level, with the average effectiveness score changing to 3.76, from 3.77 the prior year (Table 88). This stability suggests that, despite operational and market volatility, most firms are maintaining baseline strategic coherence rather than undergoing widespread strategic reset. The absence of aggregate movement indicates that shifts are occurring unevenly across firm types rather than reflecting a sector-wide change in strategic effectiveness.

That unevenness points to growing asymmetry in organizational alignment. Firms with over 700 employees increased to 3.78, up from 3.59 the prior year, while firms under 10 employees fell to 3.75, down from 3.95. This divergence implies that scale is becoming an advantage for sustaining and communicating strategy as firms grow more complex: larger organizations appear to be reinforcing alignment mechanisms, while smaller firms may be experiencing strain as operational demands crowd out strategic clarity. The result is a widening gap in strategic coherence that can affect execution speed, consistency, and resilience as market conditions evolve.

Table 88: Year-over-Year Change – Well-understood vision, mission and strategy

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.77	3.76	0%	Under 10	3.95	3.75	-5%	IT Consult.	3.72	3.66	-2%
ESO	3.59	3.69	3%	10 - 30	3.68	3.83	4%	Mgmt. Cons.	4.10	3.96	-3%
PSO	3.84	3.80	-1%	31 - 100	3.72	3.73	0%	SaaS PS	3.43	3.52	3%
Amer	3.77	3.79	1%	101 - 300	3.80	3.78	0%	Software PS	3.72	3.91	5%
EMEA	3.65	3.74	3%	301 - 700	3.78	3.64	-4%	Arch. / Engr.	3.53	3.85	9%
APac	4.00	3.59	-10%	Over 700	3.59	3.78	5%	VAR	3.73	3.97	6%

Source: SPI Research, February 2026

Confidence in PS Leadership

Effective leadership, clarity of purpose, and organizational alignment are fundamental assets available to all service organizations. By strategically investing in these elements, such organizations can exert greater control over their future success. SPI Research has consistently found that improvements in key performance metrics

are closely linked to increased confidence in leadership. Survey data further indicate that few factors influence the overall health and viability of service organizations as profoundly as leadership quality.

Conversely, ineffective leadership often triggers a detrimental cycle – elevated turnover rates, diminished morale, and poor employee engagement – which, in turn, lead to decreased client satisfaction and suboptimal financial outcomes. Leadership remains essential for organizational growth, particularly as millennials assume a larger presence within the workforce. This demographic shift underscores the need for leaders to provide enhanced guidance, supportive feedback, and opportunities for younger employees to refine both technical and interpersonal skills.

Table 89: Impact – Confidence in PS leadership

Confidence in PS leadership	Survey %	Revenue growth	Headcount growth	Total attrition	On time Delivery	Rev/emp. (k)
Very ineffective	0.9%	1.9%	-0.6%	32.5%	43.8%	\$50
Ineffective	4.5%	3.4%	0.5%	20.1%	67.1%	\$150
Neutral	19.4%	2.4%	3.3%	11.8%	67.9%	\$173
Effective	50.1%	5.2%	2.3%	10.7%	73.6%	\$165
Very effective	25.2%	7.3%	4.0%	9.5%	80.8%	\$174
Total/Average	100.0%	5.1%	2.8%	11.2%	73.8%	\$167

Source: SPI Research, February 2026

As shown in Table 89, confidence in leadership is strongly associated with a clear articulation of the growth strategy, which facilitates the pursuit of appropriate opportunities and ensures adequate resources for effective execution. Achieving organizational alignment not only drives success but also reinforces the firm's value proposition.

The tools for effective leadership, clarity of purpose and alignment exist within all service organizations. By investing in these critical aspects, service organizations can manage their own destiny. SPI Research continues to discover that most key performance measurements improve as confidence in leadership increases. According to the survey results, a few other factors have had the same impact on the service organization's overall health and well-being. Poor leadership creates a negative spiral: high attrition, low morale, and poor employee engagement, which in turn lead to low client satisfaction and poor financial results. Leadership is a critical aspect of growth. As millennials become the dominant force in the workforce, effective leadership is more critical than ever. Younger workers need more guidance, handholding, and constructive feedback to hone both their technical and interpersonal skills.

Confidence in professional services leadership remained stable at the aggregate level, with the overall effectiveness rating holding at 3.94 in 2025, unchanged from 3.94 the prior year (Table 90). This stability suggests that, despite operating in a more volatile operating environment, firms did not experience a broad erosion in leadership credibility or clarity.

Beneath the flat total, divergence across regions points to uneven pressure on leadership confidence. In APac, confidence declined to 3.63 from 3.97 the prior year, while EMEA improved modestly to 3.92 from 3.84. This

spread implies that leadership effectiveness is increasingly shaped by regional operating conditions, creating asymmetric resilience across markets and reinforcing that leadership strength may become a differentiator in navigating uneven demand and execution complexity.

Table 90: Year-over-Year Change – Confidence in PS leadership

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.94	3.94	0%	Under 10	4.06	4.03	-1%	IT Consult.	3.97	3.75	-5%
ESO	3.89	3.94	1%	10 - 30	3.94	3.98	1%	Mgmt. Cons.	4.04	4.13	2%
PSO	3.96	3.94	-1%	31 - 100	3.95	3.94	0%	SaaS PS	3.90	3.94	1%
Amer	3.96	3.99	1%	101 - 300	3.93	3.95	1%	Software PS	4.06	3.97	-2%
EMEA	3.84	3.92	2%	301 - 700	3.78	3.82	1%	Arch. / Engr.	3.82	4.09	7%
APac	3.97	3.63	-8%	Over 700	3.78	3.80	0%	VAR	4.18	4.10	-2%

Source: SPI Research, February 2026

Ease of Getting Things Done

How easily work is completed affects both productivity and morale. SPI Research surveyed whether organizations minimize bureaucracy and assign qualified resources efficiently. PSOs that streamline processes support employee satisfaction and financial performance. Table 91 shows that most firms find it easy to accomplish tasks. As ease increases, so does revenue, headcount growth, on-time project delivery, and both margin and revenue attainment.

Table 91: Impact – Ease of getting things done

Ease of getting things done	Survey %	Revenue growth	Total attrition	On time Delivery	% annual revenue achieved	% annual margin achieved
Very ineffective	1.1%	0.5%	30.1%	46.3%	80.0%	86.3%
Ineffective	8.7%	0.9%	15.3%	64.2%	87.9%	86.6%
Neutral	29.8%	3.9%	10.9%	69.9%	87.6%	87.1%
Effective	44.7%	5.4%	11.1%	76.3%	91.3%	89.0%
Very effective	15.8%	9.1%	8.2%	81.5%	93.3%	92.4%
Total/Average	100.0%	5.1%	11.2%	73.9%	90.1%	88.7%

Source: SPI Research, February 2026

Ease of getting things done improved modestly at the aggregate level, with overall operational effectiveness changing to 3.65, from 3.63 the prior year. This slight improvement suggests incremental progress in internal execution rather than a step change in operating models, indicating that firms are finding limited efficiency gains without materially reducing friction across the organization. The marginal nature of the shift implies that complexity and coordination costs remain a persistent constraint for most firms.

That aggregate stability masks widening regional divergence. In EMEA, ease of execution improved to 3.60, from 3.37 the prior year, while APac declined to 3.51, from 3.82 the prior year. Such divergence increases

execution asymmetry, making operational simplicity a growing source of competitive advantage in markets where conditions are tightening rather than stabilizing.

Table 92: Year-over-Year Change -- Ease of getting things done

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.63	3.65	1%	Under 10	3.89	3.82	-2%	IT Consult.	3.65	3.58	-2%
ESO	3.45	3.59	4%	10 - 30	3.62	3.74	3%	Mgmt. Cons.	3.75	3.78	1%
PSO	3.70	3.68	0%	31 - 100	3.65	3.65	0%	SaaS PS	3.56	3.68	3%
Amer	3.66	3.69	1%	101 - 300	3.53	3.70	5%	Software PS	3.78	3.69	-2%
EMEA	3.37	3.60	7%	301 - 700	3.39	3.18	-6%	Arch. / Engr.	3.61	3.89	8%
APac	3.82	3.51	-8%	Over 700	3.35	3.42	2%	VAR	3.36	3.69	10%

Source: SPI Research, February 2026

Goals and Measurement Alignment

Alignment means having a clear strategy, defined goals, and measurements that support the organization's purpose and drive action. When alignment is lacking – due to unclear priorities or conflicting objectives – it leads to disengaged employees and functional silos, which negatively affect performance. Top service organizations maintain clarity and align around core values and initiatives, with effective measurement and compensation connecting strategy to execution. As shown in Table 93, aligned goals and measurements are highly correlated with revenue, headcount, attrition, and revenue and margin attainment.

Table 93: Impact – Goals and measurement alignment

Goals and measurement alignment	Survey %	Revenue growth	Headcount growth	Total attrition	% ann. revenue achieved	% ann. margin achieved
Very ineffective	1.1%	-7.0%	-7.0%	26.2%	77.5%	86.3%
Ineffective	8.9%	3.2%	1.0%	15.6%	86.2%	86.4%
Neutral	25.8%	4.5%	3.1%	11.4%	89.2%	86.5%
Effective	46.0%	5.4%	3.3%	10.8%	91.1%	89.5%
Very effective	18.2%	6.9%	2.9%	9.3%	91.2%	90.9%
Total/Average	100.0%	5.1%	2.8%	11.3%	90.0%	88.7%

Source: SPI Research, February 2026

Goal and measurement alignment remained broadly flat year over year, with the overall effectiveness rating changing to 3.71 from 3.73 the prior year. This slight decline indicates that firms are not materially improving how strategy, targets and performance metrics connect, despite heightened execution pressure elsewhere in the operating model.

Beneath the stable total, divergence by firm type signals uneven control over execution discipline. PSOs improved modestly to 3.75, from 3.73 the prior year, while ESOs declined to 3.63, from 3.74 the prior year. This split implies that organizations more tightly coupled to service delivery maintain a stronger linkage between

goals and measurement, while firms with broader product or solution portfolios face increasing coordination strain. That imbalance increases the risk of execution drift for less-aligned firms, particularly as complexity rises and margin for error narrows.

Table 94: Year-over-Year Change -- Goals and measurement alignment

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.73	3.71	-1%	Under 10	3.75	3.76	0%	IT Consult.	3.82	3.69	-4%
ESO	3.74	3.63	-3%	10 - 30	3.79	3.57	-6%	Mgmt. Cons.	3.69	3.88	5%
PSO	3.73	3.75	1%	31 - 100	3.70	3.80	3%	SaaS PS	3.90	3.52	-10%
Amer	3.76	3.73	-1%	101 - 300	3.69	3.81	3%	Software PS	3.89	3.69	-5%
EMEA	3.49	3.63	4%	301 - 700	4.00	3.54	-12%	Arch. / Engr.	3.59	3.87	8%
APac	3.93	3.76	-4%	Over 700	3.61	3.60	0%	VAR	3.82	3.79	-1%

Source: SPI Research, February 2026

Employees Confidence in the PSO's Future

Employee confidence in the PS organization's future plays a crucial role in nearly all major performance metrics. Companies where employees feel optimistic about the future tend to see the greatest revenue growth, are often regarded as excellent workplaces, and experience both lower employee turnover and higher utilization rates. Ultimately, these organizations also achieve higher profitability. For companies experiencing little or no growth, a critical question is how to chart a course toward renewed growth without sacrificing employee commitment.

Table 95: Impact – Employees have confidence in PSO's future

Employees have confidence in PSO's future	Survey %	Headcount growth	Total attrition	Rev/emp. (k)	% ann. revenue achieved	% ann. margin achieved
Very ineffective	1.3%	-5.4%	25.9%	\$145	79.0%	86.0%
Ineffective	5.6%	0.5%	20.9%	\$150	84.1%	81.1%
Neutral	24.7%	1.1%	12.0%	\$171	86.6%	85.8%
Effective	49.1%	3.1%	11.1%	\$171	91.0%	89.3%
Very effective	19.3%	5.8%	7.8%	\$157	94.6%	92.9%
Total/Average	100.0%	2.8%	11.4%	\$167	90.1%	88.6%

Source: SPI Research, February 2026

Overall confidence that employees have in their PSO's future was effectively flat year over year, changing to 3.80 from 3.78 the prior year. ESO effectiveness in building employee confidence improved to 3.74 from 3.58 the prior year, a 5% increase that signals a meaningful rebound in internal sentiment. This shift coincides with a broader normalization of AI expectations as firms moved past peak generative AI disruption narratives, reducing existential uncertainty around service-based business models and allowing ESOs to re-anchor confidence around execution rather than structural risk.

By contrast, IT Consulting confidence declined to 3.75 from 3.97, a 5% reduction that highlights growing uncertainty in delivery-heavy service models closely tied to platform implementation. Unlike advisory-led work, IT Consulting relies on sustained demand for complex delivery and integration efforts, and the decline suggests rising concern that AI-enabled tooling and automation may compress implementation scope or duration, or that there is, in general, a need for external parties to deliver.

Table 96: Year-over-Year Change – Employees have confidence in PSO's future

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.78	3.80	0%	Under 10	3.78	3.81	1%	IT Consult.	3.91	3.72	-5%
ESO	3.58	3.74	5%	10 - 30	3.75	3.71	-1%	Mgmt. Cons.	3.77	3.76	0%
PSO	3.87	3.82	-1%	31 - 100	3.95	3.84	-3%	SaaS PS	3.58	3.60	1%
Amer	3.80	3.82	1%	101 - 300	3.71	3.89	5%	Software PS	3.94	3.94	0%
EMEA	3.64	3.73	3%	301 - 700	3.50	3.61	3%	Arch. / Engr.	3.95	4.07	3%
APac	3.96	3.73	-6%	Over 700	3.59	3.76	5%	VAR	3.91	4.14	6%

Source: SPI Research, February 2026

Effective Communication with Employees

As PSOs expand into new regions, maintaining effective organizational communication becomes more challenging. Survey respondents were asked to assess how well their organization communicates with employees. A lack of two-way communication can quickly leave employees feeling disconnected. Developing a solid communication plan should be an essential part of any improvement strategy. Inadequate communication significantly affects employee engagement, client satisfaction, and turnover rates. Respondents were asked to rate “our organization effectively communicates with employees” (Table 97).

Table 97: Impact – Effectively communicates with employees

Effectively communicates w/employees	Survey %	Revenue growth	Bids Won	Backlog	On time delivery	Revenue/consult. (k)
Very ineffective	1.3%	-3.8%	26.7%	24.2%	35.0%	\$169
Ineffective	5.3%	2.3%	38.6%	36.9%	63.5%	\$193
Neutral	24.5%	4.2%	47.5%	46.2%	72.3%	\$203
Effective	47.9%	5.4%	49.1%	46.9%	73.8%	\$211
Very effective	20.9%	7.0%	50.0%	43.9%	80.4%	\$217
Total/Average	100.0%	5.2%	48.0%	45.3%	73.7%	\$209

Source: SPI Research, February 2026

In 2025, the effectiveness of communication with employees continues to vary by organization size, with smaller firms maintaining clearer and faster information flow than larger firms. Firms with fewer than 10 employees rated communication effectiveness at 3.92, compared with 3.61 for organizations with 301–700 employees and 3.60 for those with more than 700 employees. In a year that remained demanding for professional services, this gap suggests that, in larger PSOs – where senior leaders often balance selling and

delivery – internal communication may have taken a back seat as attention shifted toward closing work and meeting client commitments.

Table 98: Year-over-Year Change – Effectively communicates w/employees

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.88	3.82	-2%	Under 10	4.16	3.92	-6%	IT Consult.	3.84	3.70	-4%
ESO	3.71	3.81	2%	10 - 30	3.83	3.89	2%	Mgmt. Cons.	4.09	3.95	-3%
PSO	3.94	3.82	-3%	31 - 100	3.87	3.83	-1%	SaaS PS	3.81	3.73	-2%
Amer	3.89	3.86	-1%	101 - 300	3.84	3.83	0%	Software PS	4.00	3.89	-3%
EMEA	3.72	3.72	0%	301 - 700	3.44	3.61	5%	Arch. / Engr.	3.76	3.87	3%
APac	4.00	3.73	-7%	Over 700	3.74	3.60	-4%	VAR	3.82	4.00	5%

Source: SPI Research, February 2026

Embracing Change

Change is a way of life for 21st-century professional services organizations. One of the primary reasons why more and more companies outsource IT, accounting, law, architecture, strategy, and marketing to specialized PS organizations is that the pace and amount of change and technical complexity are impossible to keep up with, so they must rely on external consultants and specialists. Each leadership dimension affects all the others. Nimble organizations that can easily adapt to change have higher levels of billable employees and are considered better places to work. The glue that binds superlative leadership scores is always executive real-time visibility. Numbers don't lie, so the best-led organizations invest in integrated systems to see and capitalize on market changes instantly.

Recent years show that change is constant for PSOs. Companies increasingly delegate IT, accounting, legal, architectural, strategic, and marketing tasks to specialist PS organizations because keeping up with rapid, complex changes requires external expertise. Leadership dimensions are interconnected, and adaptable companies have more billable staff and are regarded as better workplaces. Survey data reveal that nimbleness declines as organizations grow. Strong leadership depends on executive real-time visibility; top-performing organizations use integrated systems to respond quickly to market shifts.

Table 99: Impact – Embraces change - nimble and flexible

Embraces change - nimble and flexible	Survey %	Revenue growth	Headcount growth	Total attrition	On time Delivery	% ann. revenue achieved
Very ineffective	1.2%	1.0%	-3.0%	26.7%	47.5%	76.3%
Ineffective	8.1%	-0.4%	0.6%	14.9%	69.4%	89.7%
Neutral	26.9%	2.9%	1.7%	12.3%	69.6%	88.8%
Effective	41.7%	6.6%	3.5%	10.5%	75.2%	90.4%
Very effective	22.2%	6.6%	4.0%	9.3%	80.5%	90.5%
Total/Average	100.0%	5.0%	2.8%	11.3%	74.1%	89.8%

Source: SPI Research, February 2026

Overall effectiveness in embracing change was largely flat, with the total score changing to 3.76 from 3.80 the prior year, masking a widening divergence by organization size. Mid- to large-sized firms showed the sharpest pullback: organizations with 301–700 employees fell to 3.32 from 3.94 the prior year, signaling growing friction in adapting to increasing scale and complexity. In contrast, smaller and mid-sized firms (10–30 employees) changed to 3.89, from 3.76, reinforcing that structural agility remains easier to sustain at a lower scale – an advantage in markets where timing and responsiveness increasingly shape competitive outcomes.

By market, the most notable behavioral shift occurred in SaaS professional services, which changed to 3.90 from 3.63, suggesting renewed confidence in flexibility following a period of AI-driven uncertainty. That improvement contrasts with Software PS, which fell from 4.11 to 3.74, indicating that not all technology-aligned services are experiencing the same level of adaptability. The split highlights an emerging asymmetry: firms closer to recurring platforms appear to be regaining momentum in their ability to absorb change, while others face growing internal drag as operating models adjust more slowly.

Table 100: Year-over-Year Change – Embraces change - nimble and flexible

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.80	3.76	-1%	Under 10	3.94	3.89	-1%	IT Consult.	3.84	3.72	-3%
ESO	3.73	3.82	2%	10 - 30	3.76	3.89	4%	Mgmt. Cons.	3.76	3.88	3%
PSO	3.82	3.73	-2%	31 - 100	3.82	3.76	-2%	SaaS PS	3.63	3.90	8%
Amer	3.80	3.78	-1%	101 - 300	3.69	3.80	3%	Software PS	4.11	3.74	-9%
EMEA	3.73	3.78	2%	301 - 700	3.94	3.32	-16%	Arch. / Engr.	3.76	3.57	-5%
APac	3.86	3.54	-8%	Over 700	3.65	3.49	-4%	VAR	3.82	3.64	-5%

Source: SPI Research, February 2026

Innovation Focus

Innovation is essential to grow PSOs. Studies on innovation indicate that successful innovators tend to take calculated risks and possess a strong tolerance for setbacks. Within professional services, innovation is fostered by adopting novel business models, processes, and technologies to enhance productivity and quality. Thought leadership is frequently recognized as an element of innovation, and professional services organizations often excel in this regard. Benchmark data underscores the importance of pursuing innovative problem-solving approaches. PSOs that prioritize innovation instill confidence among employees in the organization's long-term stability while providing continuous opportunities for growth and development as it evolves.

In professional services, innovation comes from exploring and embracing new business models, processes and technologies to improve productivity and quality. To the extent thought leadership is a component of innovation, PSOs excel at it. The benchmark results highlight the importance of pursuing innovative solutions to problems. Innovative organizations give employees confidence that the organization will be around for years to come and that they will be continually challenged and personally grow as the organization expands. Innovation focus is not organization-size dependent. One of this year’s Best-of-the-Best PSOs said their belief

is “great ideas come from anywhere”. This organization has built a culture of empowerment, embracing innovation. Any employee, at any level, with a great idea can build a business case and secure funding and support to tackle internal problems or create new solutions. Over 54% of survey participants gave high marks for innovation. With innovation, billable utilization grows and attrition declines. (Table 101).

Table 101: Impact – Innovation focused

Innovation focused	Survey %	Revenue growth	Headcount growth	Total attrition	On time Delivery	% ann. rev. achieved
Very ineffective	2.1%	-4.4%	-0.8%	20.2%	61.9%	87.5%
Ineffective	14.6%	2.9%	-0.2%	13.9%	69.6%	88.3%
Neutral	28.7%	2.9%	1.8%	10.3%	70.8%	88.7%
Effective	38.9%	6.6%	4.8%	11.6%	76.4%	90.3%
Very effective	15.7%	8.1%	3.1%	8.2%	80.7%	92.2%
Total/Average	100.0%	5.0%	2.8%	11.2%	74.2%	89.8%

Source: SPI Research, February 2026

Innovation effectiveness remained broadly flat in 2025, with the overall score changing to 3.52, from 3.56 the prior year, but that stability masks a growing divide by organization size. Mid- to large firms experienced the sharpest erosion: organizations with 301–700 employees fell to 3.25, down from 3.67 the prior year, suggesting that scale and operational load are increasingly constraining the ability to sustain an innovation focus. In contrast, very small firms improved slightly, with organizations under 10 employees rising to 3.66 from 3.62, reinforcing that innovation capacity remains more resilient when decision cycles are shorter and coordination costs are lower. Regionally, APac continued to lead on innovation focus despite a pullback.

By market, SaaS professional services stood out as a countertrend, changing to 3.52 from 3.35 the prior year, indicating renewed innovation momentum after a period of caution. That improvement contrasts with Software PS, which fell to 3.57 from 3.67, indicating uneven recovery in how innovation is prioritized across technology-aligned services. The divergence suggests that innovation is re-emerging selectively, favoring firms closer to evolving platforms while others remain more constrained by delivery pressure and internal complexity.

Table 102: Year-over-Year Change – Innovation focused

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.56	3.52	-1%	Under 10	3.62	3.66	1%	IT Consult.	3.68	3.60	-2%
ESO	3.52	3.50	-1%	10 - 30	3.57	3.56	0%	Mgmt. Cons.	3.58	3.61	1%
PSO	3.58	3.52	-1%	31 - 100	3.53	3.48	-1%	SaaS PS	3.35	3.52	5%
Amer	3.57	3.49	-2%	101 - 300	3.54	3.55	0%	Software PS	3.67	3.57	-3%
EMEA	3.36	3.53	5%	301 - 700	3.67	3.25	-11%	Arch. / Engr.	3.43	3.35	-2%
APac	3.89	3.68	-5%	Over 700	3.52	3.40	-3%	VAR	3.45	3.27	-5%

Source: SPI Research, February 2026

Data-driven

Across industries, businesses have become more data-driven, including those in professional services. SPI Research has observed significant adoption of technology over 25 years to enhance business planning and operations. Sharing data throughout the organization is essential for informed decisions that drive performance improvements. However, to optimize performance, it is essential that data not be confined to isolated systems; rather, it should be shared throughout the organization to provide decision-makers with the information necessary for informed change.

Table 103: Impact – Data-driven

Data-driven	Survey %	Billable utilization	On time Delivery	Project margin	% ann. revenue achieved	% ann. margin achieved
Very ineffective	3.2%	70.4%	56.8%	42.3%	85.8%	87.3%
Ineffective	12.1%	65.1%	69.0%	36.8%	87.6%	87.6%
Neutral	26.7%	66.8%	71.2%	37.6%	90.7%	88.9%
Effective	41.8%	69.0%	75.4%	37.6%	89.1%	88.0%
Very effective	16.2%	67.1%	83.5%	40.0%	92.5%	91.5%
Total/Average	100.0%	67.6%	74.2%	38.0%	89.8%	88.7%

Source: SPI Research, February 2026

Table 103 shows that PSOs that prioritize data integration experience greater revenue growth and achieve notably higher financial returns. Predictably, these organizations operate more efficiently than those without a robust data focus. Further enhanced financial performance underscores the value of such approaches. SPI Research anticipates that the importance of data and artificial intelligence will continue to grow as professional services organizations seek to deliver superior business outcomes.

Table 104: Year-over-Year Change – PSO is Data-driven

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.49	3.56	2%	Under 10	3.42	3.66	7%	IT Consult.	3.60	3.54	-2%
ESO	3.39	3.50	3%	10 - 30	3.43	3.44	0%	Mgmt. Cons.	3.53	3.66	4%
PSO	3.53	3.58	1%	31 - 100	3.55	3.57	1%	SaaS PS	3.48	3.62	4%
Amer	3.53	3.57	1%	101 - 300	3.53	3.68	4%	Software PS	3.67	3.74	2%
EMEA	3.24	3.49	8%	301 - 700	3.39	3.21	-5%	Arch. / Engr.	3.46	3.56	3%
APac	3.57	3.61	1%	Over 700	3.52	3.58	2%	VAR	3.27	3.45	6%

Source: SPI Research, February 2026

9



Client Relationships Pillar

CLIENT RELATIONSHIPS PILLAR

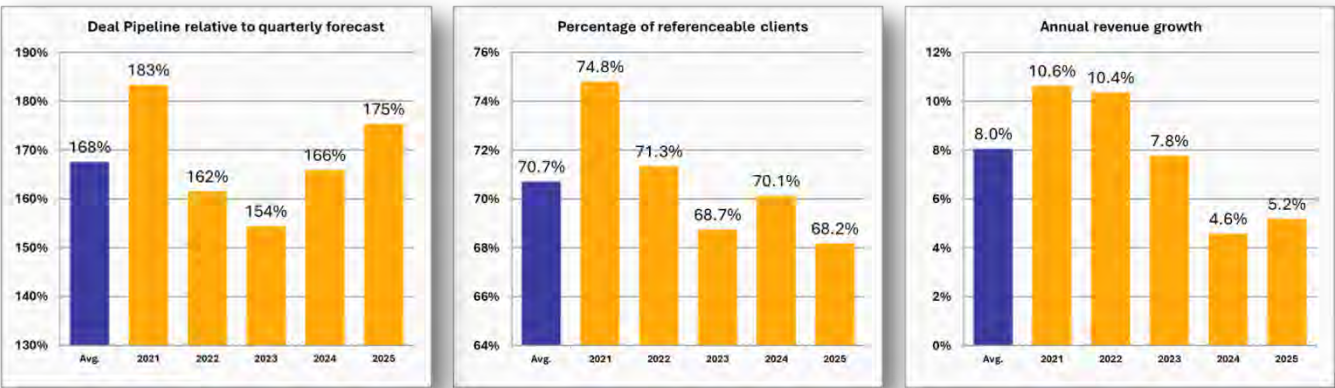
The Client Relationships Pillar focuses on activities related to business development and client management. PSOs spend significant time and capital on finding and retaining clients, a primary means of growing their business and a top challenge for PSOs.

Cultivating new and repeat clients is the lifeblood of the service industry. Professional services organizations are in business to provide knowledge, expertise, and guidance. Their sales and marketing organizations must define target markets and solutions by understanding key client challenges. The service sales and marketing job generates awareness, identifies opportunities, and closes them. Services are intangible, so service sales and marketing must demonstrate concrete proof of the firm’s knowledge, experience, differentiation, and quality.

SPI Research identified three key trends in client relationships, as shown in Figure 23, which are critical performance indicators for the Client Relationships pillar. While it is encouraging to see the deal pipeline grow again in 2025, there was a decline in both the percentage of referenceable clients and annual PS revenue growth. Professional services experienced year-over-year revenue growth exceeding 10% for many years, but have faced challenges since the COVID-19 pandemic. It's essential to monitor these trends to prevent further deterioration in performance.



Figure 23: Client Relationships Trends of Note



Source: SPI Research, February 2026

Client Relationships Maturity

Table 105 describes the five levels of maturity in the Client Relationships pillar. As sales and service delivery processes mature, organizations move from selling anything and everything to anyone to a more careful and selective approach to client selection, solution creation, deal capture, contract and pricing management, reference building, and partnering.

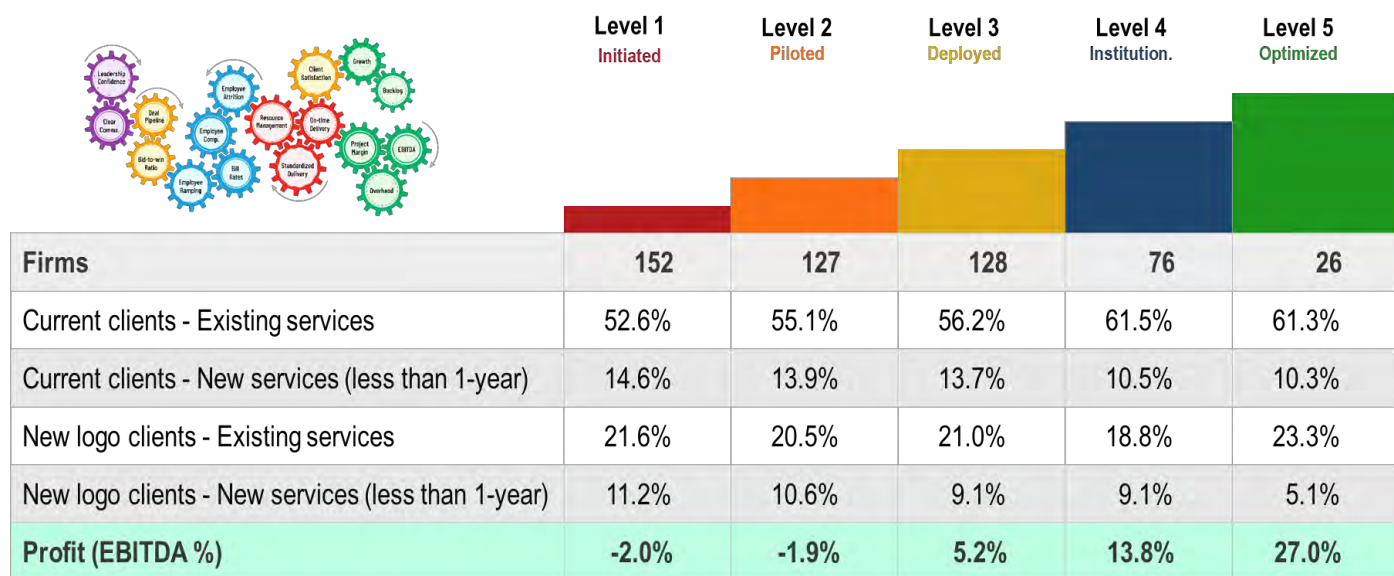
Table 105: PS Sales and Marketing Maturity Model™

	Level 1	Level 2	Level 3	Level 4	Level 5
Client Relationships	Opportunistic. No defined solution sets or go-to-market plan. The focus is on closing deals and reference building. Individual heroics, no consistent sales, marketing, or partnering plan or methodology. Ad hoc, one-off projects.	Start to use marketing to generate leads – multiple sales models. Start investing in sales training, CRM & sales methodology – manual integration with PSA. Start measuring sales effectiveness & customer satisfaction. Start developing partners and partner programs – some level of proposal and contract reviews and pricing control.	Marketing, inside sales, and solution sales with defined solution sets. CRM integrated with PSA. Deal, pricing, and contract reviews. Partner plan and scorecard. Tight pricing and contract mgmt. Controls. High levels of customer satisfaction.	CRM, PSA, and CFM integration provides a 360-degree view of client relationships. Business process, vertical and horizontal solutions. Vertical centers of excellence. Top client and partner programs. Global contract and pricing management. Key partner relationships. Strong customer reference programs.	Executive relationships and client advisory board. Thought leadership. Brand building and awareness. High customer satisfaction. Integrated sales, marketing, and partnering programs. High-quality references.

Source: SPI Research, February 2026

The effectiveness of the organization's sales and marketing efforts determines the quality and size of the pipeline, win percentages, discounts, client satisfaction and reference ability, and the length of the sales cycle. Effective sales and marketing organizations continually uncover new opportunities while ensuring existing customers continue to buy and refer. Today's successful PSO, whether embedded or independent, is increasingly taking charge of its destiny by investing in sales, marketing, and service packaging.

Figure 24: PS revenue breakdown by new vs. existing clients and services (under 1-year)

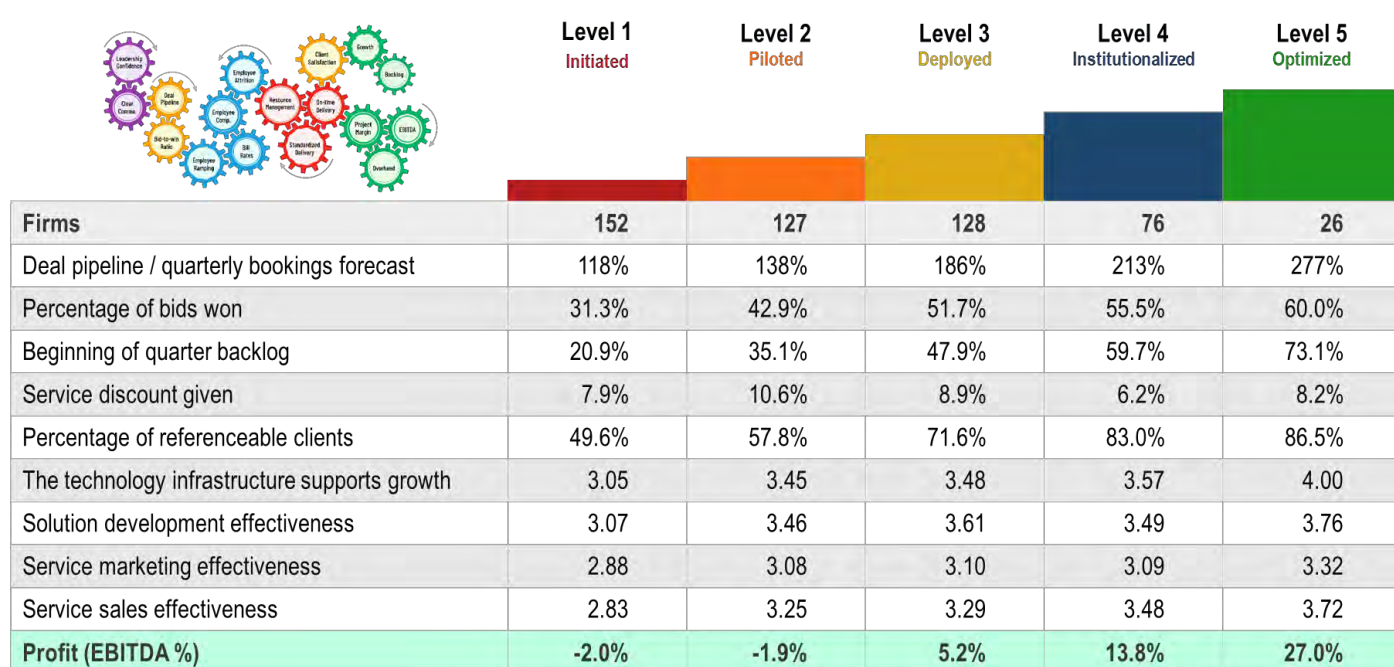


Source: SPI Research, February 2026

Improvements in sales and marketing performance, often referred to as "maturity" by SPI Research, lead to outstanding results for professional services organizations. Establishing strong client relationships leads to significant growth as PSOs expand their deal pipelines, secure more contracts, and build their backlog. With robust sales and market demand, PSOs can be more selective about the deals they pursue and the clients they serve. This setting allows them to confidently reject unfavorable terms and conditions or excessive discounts that could jeopardize the firm's stability and profitability.

In today's virtual sales and delivery environment, organizations across all industries are eager to select and implement cloud-based business applications. The shift toward online self-service applications has created a high demand for IT and management consulting services. As illustrated in Figure 25, as PSOs enhance their sales, marketing, service packaging, and client reference-building strategies, they can achieve powerful results.

Figure 25: Client Relationships Maturity Matters



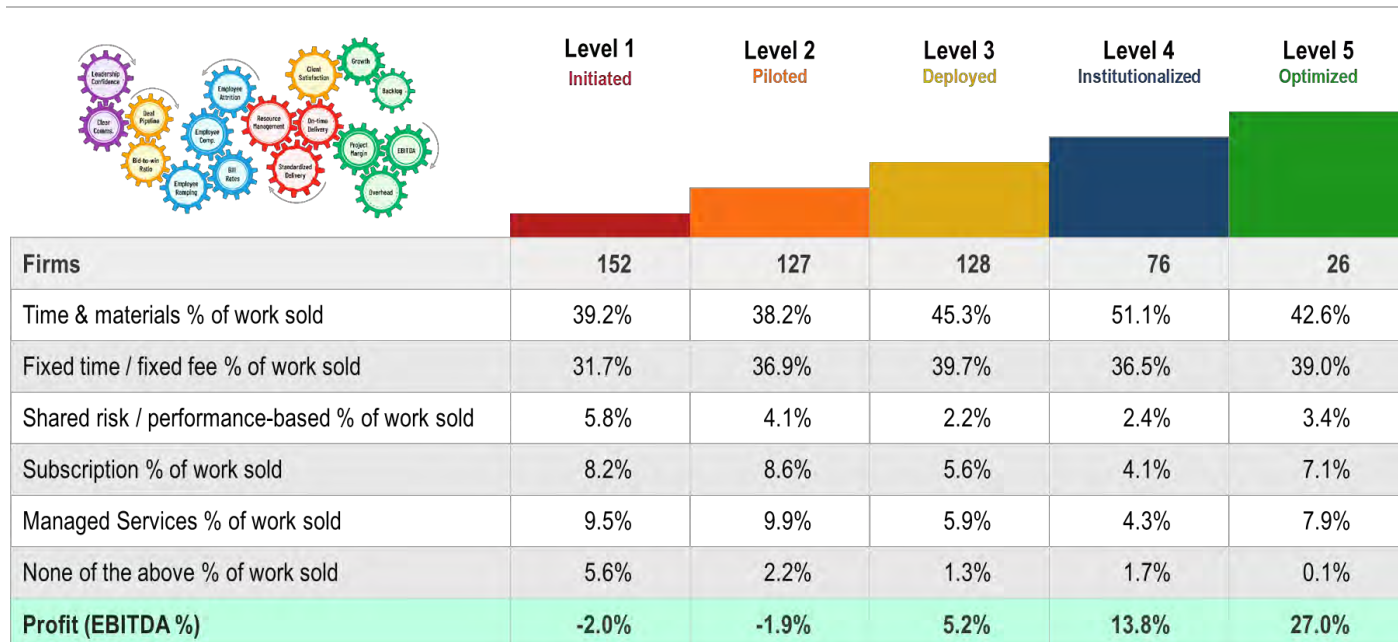
Source: SPI Research, February 2026

Enhancing client relationship maturity brings significant benefits, including increased market expansion (as reflected in a higher percentage of revenue from new clients), improved win rates, a larger sales pipeline, and reduced discounts. More mature organizations report significantly better client references and Net Promoter Scores, leading to increased referrals, a broader client base, and larger projects. Additionally, more mature PSOs require fewer salespeople, who are, however, tasked with higher quotas and win ratios.

Enhanced sales effectiveness also leads to lower indirect costs and improved marketing efficiency, yielding better results with higher bill rates and reduced discounts. High-performing organizations recognize that sales and marketing effectiveness are interdependent; a strategic alignment between marketing, sales, and service delivery is crucial for success. Leading organizations ensure that all elements of the business work together seamlessly from strategy to execution, ultimately aiming to delight their clients.

An examination of the types of work sold (Figure 26) indicates that high-performing firms are increasingly engaging in time-and-materials work as the market for professional services expands and talent becomes harder to find. This shift is giving more power to PSOs, which is expected to result in higher billing rates and profits in the future. In this benchmark study, firms that predominantly use time-and-materials pricing demonstrate significantly greater profitability than those that rely more on fixed pricing.

Figure 26: Bill Type of Work Sold by Maturity Level

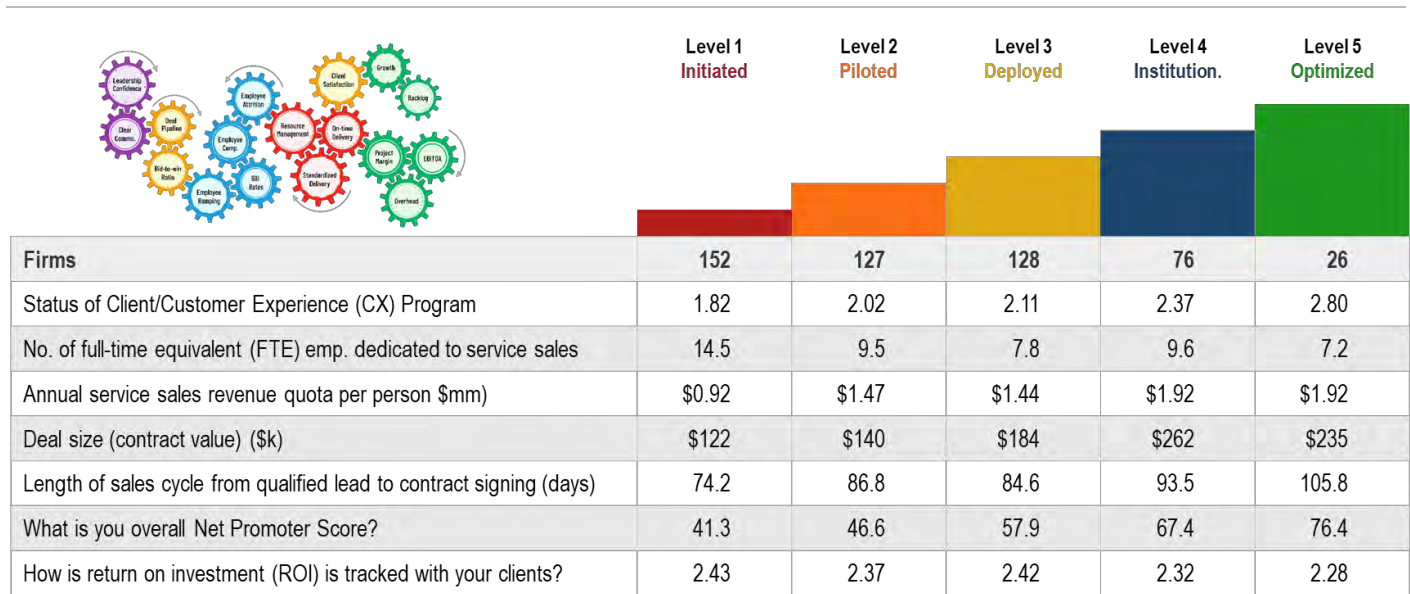


Source: SPI Research, February 2026

In today's extremely competitive talent market, firms face risks with fixed pricing, as they may struggle to secure the necessary resources to deliver projects on time. More service providers are now offering subscription and managed services under monthly, quarterly, or annual contracts to generate predictable, recurring revenue. Buyers prefer predetermined monthly costs, which places the responsibility on service providers to effectively package, price, and fulfill these contracts. While shared risk contracts are becoming more popular, they still have a long way to go before they become the preferred approach.

SPI Research included several questions about service sales. Figure 27 illustrates the results by maturity level. While the maturity chart may not reveal many apparent trends, it indicates that organizations with higher maturity levels set higher revenue quotas for service sales. This suggests that the quality of individuals in these organizations is superior. Additionally, these mature organizations tend to secure much larger professional services engagements, resulting in increased revenue and profit margins. This is the first year SPI Research has analyzed maturity levels for these specific questions, so we can expect even more data next year.

Figure 27: Sales KPIs by Maturity Level



Source: SPI Research, February 2026

5-Year Client Relationships Trends

Table 106 provides an overview of benchmark surveys conducted over the past five years. It reveals that most Client Relationship metrics reached their peak performance in 2021. During this time, the market began to improve as PSOs adapted their marketing and sales strategies in response to the pandemic, resulting in a surge in consulting demand.

Table 106: Client Relationships Pillar 5-year Trend

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Deal pipeline / quarterly bookings forecast	168%	183%	162%	154%	166%	175%
Percentage of bids won	48.3%	47.0%	50.2%	48.1%	47.3%	48.1%
Percentage of the quarterly revenue target in backlog at the beginning of the quarter	44.4%	45.5%	44.6%	43.8%	42.8%	45.2%
Service discount given	8.0%	6.6%	8.0%	8.1%	9.1%	8.7%
Percentage of referenceable clients	70.7%	74.8%	71.3%	68.7%	70.1%	68.2%
The technology infrastructure supports growth	3.55	NA	NA	NA	3.63	3.48
Solution development effectiveness	3.60	3.71	3.65	3.62	3.45	3.49
Service marketing effectiveness	3.16	3.24	3.22	3.15	3.15	3.08
Service sales effectiveness	3.49	3.64	3.60	3.54	3.47	3.30
Status of Client/Customer Experience (CX) Program	NA	NA	NA	NA	NA	2.15
The number of full-time equivalent (FTE) employees dedicated to service sales	NA	NA	NA	NA	9.12	9.41

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Annual service sales revenue quota per person (\$mm)	NA	NA	NA	NA	1.60	1.51
Deal size (contract value) (\$k)	NA	NA	NA	NA	187	182
Length of sales cycle from qualified lead to contract signing (days)	NA	NA	NA	NA	91	87
Net Promoter Score	NA	NA	NA	NA	63.5	56.0
How is return on investment (ROI) is tracked with your clients?	NA	NA	NA	NA	1.60	2.38

Source: SPI Research, February 2026

Survey Results

The following sections analyze Key Performance Indicators (KPIs) related to Client Relationships, their influence on overall performance, and the changes observed over the past year. The professional services market is dynamic, and agile firms are more likely to experience growth and success.

Service Revenue Breakdown by Newness of Client and Service

The breakdown of sales by new logo clients (less than one year) vs. existing and new services (offered for less than one year) vs. existing (over one year).

Tables 107-109 indicate an increase in the number of new logo clients in 2025. Embedded service organizations, mainly those driven by software and SaaS companies, experienced significant growth in acquiring new clients. In contrast, architecture and engineering firms did not see similar success. Approximately 30% of services were sold to new clients in the Americas and EMEA regions, while the APac region had around 27%. PSOS needs to focus on acquiring new clients, especially for newly launched services (less than one year old), as these clients and services are essential for driving growth.

Table 107: Year-over-Year Change – client and service breakdown

Four categories total 100%	Current clients – Existing services			Current clients – New services (less than 1-year)			New logo clients – Existing services			New logo clients – New services (less than 1-year)		
	2024	2025	Change	2024	2025	Change	2024	2025	Change	2024	2025	Change
Total	57.9%	56.9%	-2%	12.8%	13.0%	1%	21.0%	20.6%	-2%	8.3%	9.5%	15%
ESO	54.3%	52.3%	-4%	13.7%	14.4%	5%	25.1%	22.3%	-11%	6.9%	11.0%	58%
PSO	59.1%	58.6%	-1%	12.5%	12.5%	-1%	19.7%	20.0%	2%	8.7%	8.9%	2%
Amer	58.6%	58.2%	-1%	12.1%	12.6%	4%	21.1%	20.8%	-1%	8.3%	8.4%	1%
EMEA	54.5%	52.8%	-3%	15.0%	14.0%	-6%	22.0%	18.9%	-14%	8.5%	14.3%	68%
APac	57.4%	57.4%	0%	15.8%	13.0%	-18%	18.7%	23.1%	24%	8.1%	6.5%	-20%

Source: SPI Research, February 2026

Client mix shifts in 2025 indicate firms are leaning more on expansion than on pure retention. Revenue from current clients using existing services declined modestly, to 56.9% from 57.9% the prior year, while work from current clients adopting new services edged up to 13.0% from 12.8%. This pattern suggests firms are prioritizing incremental growth inside their installed base, using service expansion to offset softer renewal momentum and slower net-new demand.

At the same time, new-logo activity became more polarized. Revenue from new logo clients buying existing services slipped to 20.6% from 21.0%, while new logo clients adopting new services increased materially to 9.5% from 8.3%. This divergence indicates that, as firms win new logos, they increasingly do so through differentiated or newly introduced offerings rather than through standard delivery, reinforcing a market dynamic in which growth favors firms that lead with innovation and service novelty rather than scale alone.

Client Mix YoY Changes by Market

The 2025 client mix by market reinforces a defensive posture centered on revenue durability rather than service expansion. In IT Consulting, the share of current clients purchasing existing services fell to 60.5%, down from 59.5% the prior year, while the share of current clients adopting new services declined to 11.3%, down from 14.2%. This pattern points to constrained discretionary demand, with firms concentrating their efforts on established delivery motions where revenue is certainly higher, limiting the pace at which new offerings gain traction.

SaaS PS diverged meaningfully, shifting mix toward new-logo entry despite broader caution. New-logo clients purchasing new services increased to 14.9%, up from 6.7%, while new-logo clients purchasing existing services declined to 25.5%, down from 30.7%. This rebalancing signal intensified competition at initial platform adoption, favoring providers with differentiated value propositions and efficient onboarding, while raising acquisition risk for firms less equipped to absorb longer or more volatile sales cycles.

Table 108: Year-over-Year Change – client and service breakdown by PS Market

Four categories total 100%	Current clients – Existing services			Current clients – New services (less than 1-year)			New logo clients – Existing services			New logo clients – New services (less than 1-year)		
	2024	2025	Change	2024	2025	Change	2024	2025	Change	2024	2025	Change
IT Consulting	59.5%	60.5%	2%	14.2%	11.3%	-20%	18.2%	18.6%	2%	8.2%	9.5%	16%
Mgmt. Cons.	56.2%	57.1%	2%	12.1%	11.0%	-9%	21.9%	23.9%	9%	9.8%	8.1%	-18%
SaaS PS	48.1%	43.3%	-10%	14.5%	16.4%	13%	30.7%	25.5%	-17%	6.7%	14.9%	122%
Software PS	44.1%	46.8%	6%	17.8%	19.9%	12%	25.1%	20.4%	-19%	13.1%	12.8%	-2%
Arch./Engr.	70.9%	64.7%	-9%	7.8%	12.5%	60%	15.8%	16.1%	2%	5.5%	6.6%	21%
VAR	61.1%	63.6%	4%	12.7%	8.7%	-31%	18.7%	21.3%	14%	7.6%	6.4%	-16%

Source: SPI Research, February 2026

Client Mix YoY Changes by Company Size

Client mix shifts by organization size indicate a widening divergence in how firms balance stability versus growth under uneven demand conditions. Firms with fewer than 10 employees reweighted strongly toward existing relationships, with current clients purchasing existing services increasing to 56.5%, up from 48.5% the prior year, while current clients adopting new services declined to 12.2%, down from 15.1%. This pattern suggests smaller firms prioritized near-term revenue certainty and capacity control, reinforcing defensiveness as a competitive posture where balance sheet resilience is limited.

Mid-sized and larger firms showed greater willingness – and ability – to absorb acquisition and expansion risk, but in different ways. Organizations with 101–300 employees increased current clients' purchase of new services to 16.1%, up from 10.3%, while new-logo clients' purchase of existing services fell to 16.4%, down from 21.4%, signaling a shift toward expanding wallet share rather than chasing net-new logos. In contrast, firms with over 700 employees saw new-logo clients purchasing existing services shift to 18.3%, up from 14.4%, reflecting scale advantages in brand reach and sales coverage that allow large firms to pursue new client capture even as smaller peers retrench.

Table 109: Year-over-Year Change – client and service breakdown by PSO size

Four categories total 100%	Current clients – Existing services			Current clients – New services (less than 1-year)			New logo clients – Existing services			New logo clients – New services (less than 1-year)		
	2024	2025	Change	2024	2025	Change	2024	2025	Change	2024	2025	Change
Under 10	48.5%	56.5%	16%	15.1%	12.2%	-19%	21.3%	22.6%	6%	15.1%	8.7%	-42%
10 - 30	60.1%	51.1%	-15%	12.5%	10.1%	-19%	22.7%	28.8%	27%	4.8%	10.0%	108%
31 - 100	62.9%	61.9%	-2%	10.5%	11.5%	10%	21.1%	18.7%	-11%	5.5%	7.9%	44%
101 - 300	61.0%	57.7%	-5%	10.3%	16.1%	56%	21.4%	16.4%	-23%	7.3%	9.8%	34%
301 - 700	49.1%	62.5%	27%	18.9%	13.1%	-30%	18.8%	14.3%	-24%	13.2%	10.1%	-24%
Over 700	49.3%	49.5%	1%	24.4%	18.7%	-23%	14.4%	18.3%	27%	11.9%	13.5%	13%

Source: SPI Research, February 2026

Deal Pipeline in Comparison to the Quarterly Bookings Forecast

*The size of the pipeline (in dollars) is divided by the forecasted revenue. **Include only the quarter's pipeline revenue for potential engagements that span multiple quarters.***

The size of the deal pipeline shows a direct correlation to major growth indicators – revenue growth, new clients, backlog, revenue per billable employee, percentage achievement of annual revenue and margin targets. A cautionary sign amid continued market turbulence is that 49.3% of benchmark participants reported their deal pipeline was less than twice their forecast. Table 110 shows the positive impact of a strong sales pipeline on revenue growth, backlog, billable utilization, and real-time visibility.

In 2025, the deal pipeline increased relative to the quarterly bookings forecast. This bodes well for professional services organizations: a larger pipeline means less pressure to discount, resulting in higher margins. Those

organizations with the highest pipelines showed superior financial results to those with smaller pipelines. The results in this table highlight the importance of deal pipelines, and PS executives should ensure their organizations achieve at least 2X their forecasts.

Table 110: Impact – Size of deal pipeline in comparison to quarterly bookings forecast

Size of deal pipeline in comparison to quarterly bookings forecast	Survey %	Revenue growth	Backlog	Billable utilization	Project margin	% ann. marg. achieved
Less than forecast	18.3%	0.8%	38.9%	64.6%	39.0%	81.2%
Same as forecast	30.2%	4.1%	38.5%	67.6%	32.8%	88.7%
2X forecast	27.1%	5.7%	48.6%	68.3%	40.8%	90.9%
3X forecast	15.5%	8.9%	56.2%	67.1%	37.9%	92.0%
4X forecast	8.8%	3.9%	53.7%	69.8%	43.3%	92.1%
Total / Average	100.0%	4.7%	45.4%	67.4%	37.8%	88.7%

Source: SPI Research, February 2026

Even though the aggregate pipeline signal strengthened in 2025, the underlying momentum was uneven by region and firm type. Total deal pipeline coverage changed to 175%, from 166% the prior year, indicating firmer near-term demand assumptions. This expansion was driven disproportionately by EMEA, where pipeline coverage changed to 175%, from 147%, suggesting a late but material recovery in forward demand. By contrast, APac reversed course, changing to 160% from 192%, signaling earlier-cycle volatility and a more cautious reset in booking expectations after a comparatively strong prior year.

Market and scale dynamics point to widening competitive asymmetry. SaaS PS pipeline coverage increased to 191% from 164%, reinforcing a renewed willingness to invest ahead of delivery capacity, while Architecture/Engineering declined to 137% from 162%, indicating constrained forward visibility. At the firm-size level, organizations with 301–700 employees saw pipeline coverage increase to 217% from 173%, reflecting a balance of sales reach and execution capacity that smaller firms lack and that larger firms may struggle to mobilize quickly. The implication is a market where growth opportunity is re-concentrating among firms able to carry risk on the balance sheet while converting pipeline into delivery at scale.

Table 111: Year-over-Year Change -- Deal pipeline / quarterly bookings forecast

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	166%	175%	6%	Under 10	128%	138%	8%	IT Consult.	172%	195%	14%
ESO	174%	178%	2%	10 - 30	172%	163%	-5%	Mgmt. Cons.	158%	179%	13%
PSO	163%	174%	7%	31 - 100	165%	173%	5%	SaaS PS	164%	191%	16%
Amer	167%	178%	6%	101 - 300	187%	187%	0%	Software PS	203%	207%	2%
EMEA	147%	175%	19%	301 - 700	173%	217%	25%	Arch. / Engr.	162%	137%	-15%
APac	192%	160%	-17%	Over 700	188%	219%	16%	VAR	220%	175%	-20%

Source: SPI Research, February 2026

Percentage of Bids Won

The percentage of client bids submitted that are awarded with contracts.

The percentage of bids won is a culmination of good marketing, sales, and pricing. If the percentage of bids won is too high, it may indicate that the organization is not aggressive enough in targeting new clients and new services (Table 112). If it is shallow, it suggests the firm is competing in a commoditized market, is not well-positioned, or is not doing a sufficient job of qualifying deals. The best deals do not require a bid (sole source) because the client has done business with the firm before and knows they will do a good job, or they are so clearly the premium supplier that no other providers need to be considered

Table 112: Impact – Percentage of Bids Won

Percentage of Bids Won	Survey %	Revenue growth	Backlog	Billable utilization	On time Delivery	Revenue/ consultant (k)
Under 20%	9.3%	0.8%	26.5%	62.5%	69.4%	\$154
20% - 40%	24.9%	3.7%	40.5%	66.7%	71.6%	\$196
40% - 60%	39.4%	4.3%	48.4%	68.5%	73.3%	\$209
60% - 80%	18.9%	8.5%	51.6%	67.7%	77.8%	\$237
Over 80%	7.5%	4.5%	51.5%	70.0%	80.5%	\$245
Total / Average	100.0%	4.6%	45.2%	67.5%	73.9%	\$209

Source: SPI Research, February 2026

While the deal pipeline increased in 2025, the winning bid percentage decreased by 2%. This was especially prevalent in embedded service organizations and the Asia-Pacific region. SaaS PSOs saw the percentage of bids won decline significantly, from 50.9% to 43.5%. However, PS organizations increased their bid-win percentage to 54.4%, a healthy increase for the year.

Win rates ticked upward overall, but the more consequential signal is where gains concentrated. The total percentage of bids won changed to 48.1%, from 47.3% the prior year, masking a sharp regional divergence. APAC shifted materially, with bid win rates rising to 52.7% from 46.2%, while EMEA moved in the opposite direction, dropping to 44.8% from 48.3%. This widening spread points to uneven demand conditions and buyer confidence across regions, advancing firms with exposure to faster-moving APAC markets while increasing competitive pressure and the need for pricing discipline in slower European cycles.

Organization size further shaped outcomes, reinforcing capacity-driven asymmetry. Firms with 301–700 employees saw bid win rates increase to 52.4%, up from 41.3%, while firms with fewer than 10 employees declined to 47.3%, down from 51.3%. The implication is that larger mid-sized firms are converting pipeline more effectively, likely benefiting from broader delivery credibility and sales coverage, while smaller firms face a tougher conversion environment as buyers concentrate spend with providers perceived as lower risk.

Table 113: Year-over-Year Change – Percentage of bids won

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	47.3%	48.1%	2%	Under 10	51.3%	47.3%	-8%	IT Consult.	46.6%	47.9%	3%
ESO	43.3%	47.4%	9%	10 - 30	47.2%	48.5%	3%	Mgmt. Cons.	51.6%	47.4%	-8%
PSO	48.7%	48.4%	0%	31 - 100	46.9%	47.5%	1%	SaaS PS	43.5%	44.0%	1%
Amer	47.2%	48.4%	3%	101 - 300	46.9%	49.7%	6%	Software PS	54.4%	53.6%	-1%
EMEA	48.3%	44.8%	-7%	301 - 700	41.3%	52.4%	27%	Arch. / Engr.	47.1%	50.4%	7%
APac	46.2%	52.7%	14%	Over 700	42.5%	44.6%	5%	VAR	43.3%	52.9%	22%

Source: SPI Research, February 2026

Quarterly Revenue Target in Backlog

Quarterly revenue backlog is the amount of already sold (booked) business in backlog (ready to execute) divided by forecasted quarterly revenue.

Backlog serves as an essential “fuel” for organizational growth and enhances the accuracy of financial forecasts. Many PSOs define quarterly backlog as the combination of sold work and factored sales-forecast opportunities. A declining backlog signals slowing growth and is one of the strongest leading indicators. Product-focused organizations often face backlog challenges when they bundle “banks of hours” that customers may never use. Regular reviews are necessary to validate whether booked work can be delivered in the current quarter; any “shadow” backlog that cannot be fulfilled should be excluded. Backlog not consumed within a year should be written off or removed from revenue projections, as clients are unlikely to use that consulting time.

Table 114 illustrates how key performance indicators improve as PSOs expand their backlog. Growth is driven by a stronger pipeline, higher win rates, and more new clients, along with the successful achievement of annual revenue and margin goals.

Table 114: Impact – Quarterly revenue target in backlog at the beginning of the quarter

Percentage of the quarterly revenue target in backlog at the beginning of the quarter	Survey %	Revenue growth	Billable utilization	On time Delivery	Project margin	Rev/consult . (k)
Under 20%	19.8%	2.4%	65.5%	67.6%	34.0%	\$194
20% - 40%	21.6%	1.4%	66.6%	73.0%	35.9%	\$201
40% - 50%	13.7%	4.2%	64.6%	76.5%	39.0%	\$206
50% - 60%	15.0%	6.9%	67.2%	74.3%	39.8%	\$206
60% - 70%	10.3%	5.6%	71.2%	76.4%	43.3%	\$211
Over 70%	19.5%	7.2%	70.5%	78.0%	37.8%	\$235
Total / Average	100.0%	4.4%	67.4%	74.0%	37.7%	\$209

Source: SPI Research, February 2026

Backlog coverage improved meaningfully in 2025, signaling a more defensive revenue posture entering the quarter. The percentage of the quarterly revenue target in backlog increased to 45.2%, up from 42.8% the prior year, with ESOs driving most of the lift, as coverage rose to 47.3%, up from 41.3%. This shift suggests firms prioritized locking in committed work earlier, reducing near-term exposure in a market where demand timing remained uneven, and forecast confidence mattered more than upside optionality.

The gains were uneven by firm type, reinforcing emerging capacity asymmetries. Mid-sized firms showed the greatest improvement, with organizations of 301–700 employees increasing to 53.1% from 44.0%, while firms with over 700 employees declined to 42.3% from 45.6%. By market, Management Consulting and SaaS PS both expanded backlog coverage– changing to 44.1% from 36.8% and to 48.3% from 43.7%, respectively – indicating greater success converting pipeline into committed work, while Software PS saw coverage compress. The net effect is a widening gap in planning certainly: firms with stronger backlog positions gain flexibility in staffing and pricing, while those with thinner coverage face tighter delivery and sales pressure earlier in the quarter.

Table 115: Year-over-Year Change – Quarterly Revenue Target in Backlog at the Beginning of the Quarter

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	42.8%	45.2%	6%	Under 10	33.4%	38.4%	15%	IT Consult.	45.6%	44.8%	-2%
ESO	41.3%	47.3%	15%	10 - 30	40.1%	43.9%	9%	Mgmt. Cons.	36.8%	44.1%	20%
PSO	43.3%	44.3%	2%	31 - 100	47.6%	45.4%	-5%	SaaS PS	43.7%	48.3%	11%
Amer	44.1%	45.9%	4%	101 - 300	45.7%	51.3%	12%	Software PS	47.5%	44.2%	-7%
EMEA	38.2%	45.5%	19%	301 - 700	44.0%	53.1%	21%	Arch. / Engr.	47.3%	48.8%	3%
APac	38.8%	40.1%	3%	Over 700	45.6%	42.3%	-7%	VAR	45.6%	47.8%	5%

Source: SPI Research, February 2026

Service Discount Given to Clients

The average discount or price concession from the list price for a proposed service.

The average discount percentage shows how much the organization must discount its services to win bids. This percentage is noteworthy as it cuts right into PS margins. Professional services organizations build, sometimes elaborate, pricing models to optimize revenue and profitability. As competition intensifies in services, differentiation alone is not enough to win a bid, and PS executives must discount their services.

Developing a pricing strategy in professional services is far more challenging than in product-based organizations. It is easy to compare prices at a grocery store or online. In professional services, pricing is more art than science, with wider cost variability, estimates, proposals, and pricing. Professional services executives cannot rely solely on expected project costs, sales forecasts, or other key metrics when setting pricing. Supply and demand come into play. The more unique the offering, the more demonstrable the return on investment, the larger the reference base, the harder it is to find the required skills, and the more premium pricing is warranted. Table 116 shows that over 70% of organizations discount less than 10%. Organizations

that discount heavily (by more than 20%) have significantly higher employee attrition and fewer client references.

Table 116: Impact – Service discount given to clients

Percentage of Service discount	Survey %	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
None	22.7%	\$208	\$169	90.1%	88.1%	13.0%
Under 5%	25.0%	\$213	\$171	90.6%	90.4%	8.3%
5% - 10%	25.8%	\$232	\$190	91.4%	89.1%	9.9%
10% - 20%	13.7%	\$202	\$152	89.8%	89.0%	13.8%
20% - 30%	7.2%	\$181	\$134	90.8%	90.2%	3.1%
Over 30%	5.7%	\$122	\$108	81.5%	77.2%	11.9%
Total / Average	100.0%	\$208	\$167	90.1%	88.6%	10.3%

Source: SPI Research, February 2026

Past win percentages are critical, but they must be viewed alongside past and projected margins to determine the optimal pricing strategy. Professional services executives should not mind losing bids when they hurt margin because “bargain basement” pricing rarely results in win-win partnerships. If firms are continually asked to discount pricing, it is a sure sign that something is wrong. Either they have not adequately demonstrated their value, are moving into a commodity market, or have not done a good job of differentiating their services. There is no way service organizations can make up for the volume they lose per deal because margins are too thin, and there is no way to recoup hours worked at low rates.

Although limiting discounting might impact growth, it enhances win ratios, billable utilization, on-time project delivery, and client references. Firms that refrain from discounting use standardized methods and tools more effectively, resulting in fewer project overruns. Profit is the fuel that drives expansion. While not every project achieves its desired profitability goal, one or two money-losing projects can quickly undermine all profit.

When creating a large bid, all costs, including sales costs, should be measured. Very few projects are delivered precisely on time and on budget, so change control is an important element of pricing. If a client demands pricing concessions, the scope must be limited, and the client must understand and accept the associated risks. Best practices in pricing include creating a dedicated proposal center to ensure all proposals are of the highest quality. Bid, estimate, pricing, and contract reviews are all good investments that pay dividends by improving project margins and reducing the risk of overruns and losses. Service discounting continued to recede in 2025, signaling firmer pricing posture as pipeline coverage improved. Overall discounts fell to 8.7%, down from 9.1% the prior year, with the pullback most pronounced among ESOs, where discounts fell to 11.6%, down from 13.4%. This suggests that as demand visibility stabilized, firms were less reliant on price concessions to secure work, shifting competition away from discount-led wins toward capacity, timing, and delivery credibility.

The discipline was not uniform across markets, revealing emerging asymmetry in pricing power. IT Consulting discounts fell to 8.6% from 9.1%, reinforcing a move toward normalized pricing, while SaaS PS discounts

edged up to 19.3% from 19.0%. The implication is a bifurcated market: services tied to platform expansion and adoption remain more price-sensitive, while advisory and implementation-led segments regain leverage – making margin defense easier for firms with differentiated expertise and harder for those competing primarily on speed or volume.

Table 117: Year-over-Year Change – Service discount given

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	9.1%	8.7%	-5%	Under 10	7.8%	6.4%	-18%	IT Consult.	9.1%	8.6%	-6%
ESO	13.4%	11.6%	-14%	10 - 30	9.5%	8.0%	-16%	Mgmt. Cons.	6.6%	5.5%	-16%
PSO	7.6%	7.4%	-3%	31 - 100	7.6%	8.4%	12%	SaaS PS	19.0%	19.3%	1%
Amer	8.8%	8.8%	0%	101 - 300	10.4%	9.4%	-10%	Software PS	13.6%	14.8%	9%
EMEA	11.4%	8.6%	-25%	301 - 700	11.4%	13.1%	15%	Arch. / Engr.	3.0%	3.6%	20%
APac	7.7%	7.8%	1%	Over 700	13.3%	10.5%	-21%	VAR	6.1%	4.4%	-27%

Source: SPI Research, February 2026

Percentage of Referenceable Clients

The percentage of customers providing a reference to help the PSO sell more services. Ideally, this KPI would be captured by an outside service.

The percentage of reference clients is considered one of the most important KPIs in the professional services market. Client references strongly correlate with service sales effectiveness, the length of the sales cycle, ease of getting things done, and whether employees would recommend the PSO as a great place to work. The relationship between client and employee satisfaction is irrefutable.

Table 118: Impact – Client references

Percentage of referenceable clients	Survey %	Revenue growth	Headcount growth	Deal Pipeline	Bids Won	Billable utilization
Under 50%	22.5%	0.8%	-0.9%	155%	43.2%	64.1%
50% - 60%	13.7%	4.2%	-0.2%	174%	42.9%	61.7%
60% - 70%	13.7%	5.1%	3.8%	180%	44.3%	69.1%
70% - 80%	16.6%	5.9%	3.9%	193%	50.3%	68.9%
80% - 90%	15.0%	6.3%	5.5%	190%	50.7%	72.1%
Over 90%	18.4%	6.5%	2.4%	173%	55.6%	69.2%
Total / Average	100.0%	4.6%	2.2%	176%	47.9%	67.4%

Source: SPI Research, February 2026

Client references are a leading indicator of organizational success. As the percentage increases, so does the probability of higher growth, better win ratios, and lower sales costs. Any maturity improvement plan must address measuring and improving client satisfaction and building references. Best practices include post-project engagement interviews and surveys, acquiring client references and testimonials during project

closeout, and conducting frequent, consistent project quality reviews. Executive teams should review the project dashboard at weekly meetings and immediately assign resources to intervene with troubled projects. Table 118 shows that more references lead to higher sales win rates and higher revenue per consultant and employee. Referenceable clients also help PSOs meet revenue and margin targets.

The percentage of referenceable clients softened modestly in 2025, signaling growing delivery strain as firms operated under sustained volume and pricing pressure. Overall, the percentage of referenceable clients changed to 68.2%, from 70.1% the prior year, with PSOs showing a similar decline to 70.0%, from 71.9%. This pattern is consistent with a market where throughput and backlog coverage improved, but at the cost of depth of engagement, making it incrementally harder to convert a larger base of active work into consistently promotable client outcomes.

Divergence by market highlights where that pressure is most acute. SaaS PS saw the sharpest contraction, with referenceable clients falling to 52.8% from 59.7%, suggesting onboarding-heavy growth and a faster sales motion diluted advocacy despite demand. In contrast, VARs moved counter to the trend, with referenceable clients rising to 77.3% from 73.5%, indicating an advantage for firms operating in more standardized delivery environments, where scale and repeatability support client satisfaction even as volumes rise.

Table 119: Year-over-Year Change – Percentage of referenceable clients

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	70.1%	68.2%	-3%	Under 10	72.6%	74.0%	2%	IT Consult.	70.0%	69.5%	-1%
ESO	65.0%	64.0%	-1%	10 - 30	70.2%	68.0%	-3%	Mgmt. Cons.	77.5%	73.5%	-5%
PSO	71.9%	70.0%	-3%	31 - 100	71.4%	69.4%	-3%	SaaS PS	59.7%	52.8%	-12%
Amer	71.1%	70.0%	-2%	101 - 300	68.3%	64.4%	-6%	Software PS	63.3%	64.8%	2%
EMEA	67.1%	63.2%	-6%	301 - 700	62.3%	69.1%	11%	Arch. / Engr.	70.5%	71.4%	1%
APac	66.7%	66.3%	-1%	Over 700	68.1%	61.5%	-10%	VAR	73.5%	77.3%	5%

Source: SPI Research, February 2026

The Technology Infrastructure Supports Growth

The SPI Research principals have spent over 25 years analyzing technology in the Professional Services market. CRM solutions have been around for decades, and PSOs integrating it with PSA have generally delivered superior results. SPI Research asked this year for the first time, “Does the organization's technology infrastructure support the firm's growth?” The results in Table 120 show that over 50% of respondents believe the technology infrastructure supports growth. The results are impressive in helping the organization grow revenue, build pipelines, and win more bids.

Perceived technology readiness weakened in 2025, signaling a growing gap between growth ambition and infrastructure confidence. Overall ratings fell to 3.48 from 3.63 the prior year, with the decline concentrated among ESOs, whose scores fell to 3.21 from 3.58. This divergence suggests that expansion-oriented firms are

experiencing greater friction as scaling demands outpace systems maturity, increasing operational risk at the point when growth depends most on platform reliability and integration.

Table 120: Impact – The technology infrastructure supports growth

Technology Infrastructure Supports Growth	Survey %	Revenue growth	Headcount growth	Deal Pipeline	Bids Won	Backlog
1 - Poorly	4.3%	0.3%	2.5%	147%	34.0%	42.7%
2	10.2%	6.6%	3.0%	161%	42.4%	45.8%
3	29.4%	3.6%	1.7%	168%	48.0%	43.3%
4	45.6%	5.3%	2.3%	183%	49.5%	47.5%
5 – Very well	10.5%	4.4%	3.3%	208%	53.7%	44.2%
Total / Average	100.0%	4.6%	2.3%	177%	48.1%	45.6%

Source: SPI Research, February 2026

That pressure is amplified by firm size, where the largest organizations show the steepest erosion in perceived support. Firms with over 700 employees changed to 3.27, from 3.88, while smaller firms under 30 employees remained effectively flat. The implication is a widening structural advantage for smaller, more modular organizations that can adapt tooling faster, while larger firms face mounting coordination and technical debt that can slow response times and constrain their ability to convert pipeline momentum into scalable delivery.

Table 121: Year-over-Year Change – The technology infrastructure supports growth

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.63	3.48	-4%	Under 10	3.50	3.50	0%	IT Consult.	3.83	3.62	-6%
ESO	3.58	3.21	-10%	10 - 30	3.56	3.54	0%	Mgmt. Cons.	3.51	3.58	2%
PSO	3.65	3.58	-2%	31 - 100	3.68	3.47	-6%	SaaS PS	3.33	3.13	-6%
Amer	3.63	3.49	-4%	101 - 300	3.65	3.54	-3%	Software PS	3.89	3.56	-8%
EMEA	3.57	3.48	-3%	301 - 700	3.75	3.38	-10%	Arch. / Engr.	3.55	3.64	3%
APac	3.77	3.35	-11%	Over 700	3.88	3.27	-16%	VAR	4.00	3.64	-9%

Source: SPI Research, February 2026

Effectiveness of Service Development, Marketing and Sales Processes

The effectiveness of solution development, service marketing, and sales on a 1-5 scale, with 1=very ineffective and 5=very effective.

To successfully create, market, and sell professional services, PSOs must analyze market trends and past and future service commitments, understand client needs, and translate those needs into solutions. The following sections analyze how effective PSOs are in solution development, marketing and sales.

Solution Development Effectiveness

Solution development effectiveness requires consistent PS and Sales executive funding and support. Ad hoc teams of benched consultants cannot be effective in developing a compelling and meaningful solution development strategy and program. Based on the [Service Productization Benchmark](#), very few organizations are effective at service productization. Creating an effective and efficient solution development process is difficult. Most firms struggle to do this because solution development crosses traditional functional boundaries and requires cross-organizational collaboration and change management. The work of having all the constituent groups – professional services, sales, marketing, product management, and channel partners – on the same page to create compelling solutions for targeted markets is a tough but worthwhile task.

Solution development requires significant leadership, organizational commitment, funding, and ongoing change management. SPI Research believes that the following are critical success factors for instantiating and sustaining a successful solution development program:

- ◆ Articulated and well-understood services strategy
- ◆ Service productization program vision
- ◆ Executive sponsorship
- ◆ Market-driven focus
- ◆ Global company adoption of the program
- ◆ Ongoing resource commitment
- ◆ Cross-functional participation; and
- ◆ Repeatable sales and delivery methods, tools, and templates.

SPI Research asked respondents to rate how effective solution development was on a scale of 1 to 5, with 5 representing very effective (Table 122). Solution Development effectiveness has traditionally received a lower score than sales effectiveness but a higher score than marketing effectiveness. This year’s overall sales effectiveness of 3.30 was lower than the 3.49 for solution development effectiveness. Both solution marketing and sales effectiveness declined compared with the 2024 survey. For 53.8% of firms that gave their solution development efforts a good score of 4 or 5, solution development positively impacted several of the Client Relationships KPIs and the ability to meet annual goals.

Table 122: Impact – Solution Development Effectiveness

Solution Development Effectiveness	Survey %	Revenue growth	Deal Pipeline	On time Delivery	% ann. rev. achieved	% ann. marg. achieved
Very ineffective	2.2%	2.8%	138%	63.1%	78.1%	82.1%
Ineffective	8.9%	1.9%	155%	69.2%	86.3%	87.0%
Neutral	35.1%	5.4%	174%	72.8%	90.6%	88.8%
Effective	44.9%	4.2%	183%	76.1%	89.9%	89.0%
Very effective	8.9%	6.5%	195%	80.0%	93.7%	91.8%
Total / Average	100.0%	4.6%	177%	74.4%	89.9%	88.9%

Source: SPI Research, February 2026

Solution development effectiveness showed modest overall improvement, but the gains were uneven and signal a shift in where adaptive capacity sits. Overall effectiveness increased to 3.49 from 3.45 the prior year, driven primarily by PSOs, which rose to 3.58 from 3.52, while ESOs remained flat at 3.28 from 3.27. This suggests that solution evolution is being pulled closer to delivery and client-facing teams, where firms are responding more directly to near-term demand signals rather than centrally driven innovation agendas.

The more material divergence sits by organization size and market, pointing to widening execution asymmetry. Firms with over 700 employees saw solution development effectiveness change to 3.38, from 3.65 the prior year, while VARs changed sharply to 3.82, from 3.00. The implication is that smaller, partner-led and ecosystem-oriented firms are iterating solutions faster under market pressure, while larger firms face growing coordination and prioritization drag, making it harder to convert scale into speed as competitive conditions tighten.

Table 123: Year-over-Year Change – Solution development effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.45	3.49	1%	Under 10	3.54	3.61	2%	IT Consult.	3.57	3.64	2%
ESO	3.27	3.28	0%	10 - 30	3.28	3.52	7%	Mgmt. Cons.	3.48	3.60	4%
PSO	3.52	3.58	2%	31 - 100	3.47	3.44	-1%	SaaS PS	3.26	3.35	3%
Amer	3.47	3.49	1%	101 - 300	3.44	3.49	1%	Software PS	3.59	3.52	-2%
EMEA	3.33	3.48	5%	301 - 700	3.50	3.58	2%	Arch. / Engr.	3.45	3.70	7%
APac	3.54	3.54	0%	Over 700	3.65	3.38	-7%	VAR	3.00	3.82	27%

Source: SPI Research, February 2026

Service Marketing Effectiveness

Service marketing must develop an effective online presence, thought leadership, lead-generation campaigns, sales tools, and sales enablement to amplify the firm’s brand awareness, showcase its thought leadership, and nurture qualified leads. The most successful PS marketing efforts require a strategic focus to ensure they augment and enhance the firm’s strategy.

Marketing should bring the firm’s vision and strategy to life through effective positioning. Without a seat at the executive table, marketing will be relegated to tactical lead generation and sales support activities. Effective marketing requires dedicated, skilled personnel and sustained funding to support ongoing campaigns.

SPI Research asked respondents to rate the effectiveness of service marketing on a scale of 1 to 5, with 5 indicating very effective (Table 124). Marketing effectiveness has consistently scored lower than sales effectiveness. For 37.4% of firms that gave their marketing efforts a strong score of 4 or 5, marketing positively impacts revenue growth, size of the sales pipeline, and project margins. Marketing is worth the expense – if it is well-staffed, fully funded, and strategically positioned.

Table 124: Impact – Service Marketing Effectiveness

Service Marketing Effectiveness	Survey %	Revenue growth	Headcount growth	Deal Pipeline	Bids Won	Backlog
Very ineffective	7.5%	4.1%	0.3%	161%	41.1%	42.5%
Ineffective	19.4%	3.6%	1.7%	191%	46.9%	48.0%
Neutral	35.6%	4.2%	1.8%	176%	48.0%	46.8%
Effective	32.3%	5.9%	3.3%	169%	50.5%	43.1%
Very effective	5.1%	4.3%	5.0%	214%	46.7%	46.8%
Total / Average	100.0%	4.6%	2.3%	177%	48.0%	45.5%

Source: SPI Research, February 2026

Service marketing effectiveness softened overall, suggesting constrained demand conditions continued to shape go-to-market behavior in 2025. The total score fell to 3.08 from 3.15 the prior year, with ESOs declining more sharply to 2.80 from 2.92. This pattern suggests that marketing execution became more difficult as firms prioritized near-term revenue capture over message refinement, reducing the payoff from broad service marketing efforts in a still-competitive environment.

Against that backdrop, gains clustered where focus and agility were highest. Firms with 10–30 employees improved to 3.07, from 2.76, and VARs rose to 3.18, from 2.70, indicating that narrower offerings and closer proximity to buyers supported more effective signal-to-market. The consequence is a widening advantage for firms that can focus marketing on clear, immediate value, while larger and more diversified players face dilution as attention and resources are pulled toward delivery and sales execution.

Table 125: Year-over-Year Change -- Service marketing effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.15	3.08	-2%	Under 10	3.22	3.10	-4%	IT Consult.	3.19	3.12	-2%
ESO	2.92	2.80	-4%	10 - 30	2.76	3.07	11%	Mgmt. Cons.	3.20	3.24	1%
PSO	3.24	3.19	-2%	31 - 100	3.27	3.11	-5%	SaaS PS	2.64	2.71	2%
Amer	3.15	3.08	-2%	101 - 300	3.26	3.03	-7%	Software PS	3.06	3.03	-1%
EMEA	3.11	3.04	-2%	301 - 700	3.06	3.04	-1%	Arch. / Engr.	3.50	3.40	-3%
APac	3.27	3.22	-2%	Over 700	3.29	3.11	-6%	VAR	2.70	3.18	18%

Source: SPI Research, February 2026

Service Sales Effectiveness

SPI Research asked respondents to rank the effectiveness of the service sales organization on a scale from 1 to 5, with 5 representing very effective (Table 126). Sales effectiveness has a profound impact on all aspects of PS, but unfortunately, 18.4% of respondents give it a failing grade of 1 or 2; 36.5% give it an “OK” score of 3; and 45.1% give it high marks. This year’s average rating of sales effectiveness decreased from 3.47 (72.0%) to 3.30.

Table 126: Impact – Service Sales Effectiveness

Service Sales Effectiveness	Survey %	Revenue growth	Deal Pipeline	Backlog	% ann. marg. achieved	Profit (EBITDA %)
Very ineffective	4.9%	-0.7%	153%	39.1%	83.3%	2.6%
Ineffective	13.5%	0.2%	163%	43.1%	85.2%	7.4%
Neutral	36.5%	4.2%	171%	44.1%	89.2%	8.6%
Effective	37.3%	7.0%	183%	48.0%	89.8%	10.6%
Very effective	7.8%	6.1%	218%	48.2%	92.4%	9.4%
Total / Average	100.0%	4.6%	177%	45.5%	88.9%	8.9%

Source: SPI Research, February 2026

Service sales effectiveness softened broadly in 2025, signaling a more constrained go-to-market environment despite earlier signs of pipeline recovery. Overall effectiveness changed to 3.30, from 3.47 the prior year, with both ESOs and PSOs declining in parallel. This pattern suggests that while demand may be re-emerging, converting opportunity into closed services revenue has become harder, likely reflecting more competitive deal cycles and heightened buyer scrutiny rather than execution gaps within individual firms.

The most consequential divergence appears by organization size, pointing to asymmetry in sales resilience. Firms with over 700 employees saw effectiveness change to 3.24, from 3.71 the prior year, indicating scale has not insulated larger providers from sales friction, while mid-sized firms showed relative stability. This dynamic implies that sales pressure is felt most acutely where deal structures are larger and more complex, potentially shifting near-term advantage toward firms that can compete on speed, specialization, or a narrower scope rather than breadth alone.

Table 127: Year-over-Year Change -- Service sales effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.47	3.30	-5%	Under 10	3.41	3.14	-8%	IT Consult.	3.59	3.35	-7%
ESO	3.25	3.06	-6%	10 - 30	3.36	3.33	-1%	Mgmt. Cons.	3.52	3.44	-2%
PSO	3.55	3.39	-4%	31 - 100	3.59	3.30	-8%	SaaS PS	3.03	3.10	2%
Amer	3.48	3.30	-5%	101 - 300	3.44	3.40	-1%	Software PS	3.53	3.47	-2%
EMEA	3.28	3.19	-3%	301 - 700	3.31	3.33	1%	Arch. / Engr.	3.59	3.62	1%
APac	3.73	3.54	-5%	Over 700	3.71	3.24	-12%	VAR	3.50	3.45	-1%

Source: SPI Research, February 2026

Pricing and Deal Structure

Pricing structure refers to the percentage of work sold by deal structure: time and materials, fixed fee, performance-based, subscription, managed services, or other.

SPI Research has seen a shift in pricing and deal structure every year. As clients have become increasingly concerned about risk and cost overruns, they have pushed for more accountability to PSOs through fixed-fee

and shared-risk contracts. Until 2024, the percentage of fixed-fee work steadily increased from 35.5% in 2009 to 44.7% in 2022. In 2023, it was 36.5%, and 48.1% of all contracts were priced as time and materials. In 2024, SPI Research found fixed fee work went back up to 38.9%. And now, in 2025, it went down to 37.3%.

Time and materials-based pricing emphasizes accurate resource management, time collection, and reporting. Fixed-price pricing emphasizes accurate estimates, project costing, and change management. Regardless of pricing strategy, Professional Services Automation (PSA) and now CPQ (Configuration, Pricing, and Quoting) applications are critical to support accurate estimates, time and cost capture, and billing.

Table 128 compares billing models for embedded and independent PSOs. ESOs have steadily shifted away from fixed-fee contracts, favoring subscription and managed service pricing. Independents have always preferred time and materials contracts; with increased demand, they are moving away from fixed-price work due to the cost and time overruns inherent in fixed-price contracts. Geography, time, and materials are the prevalent pricing structures. EMEA predominantly sells time and materials contracts, although they are often “daily” contracts far less favorable for the service provider than hourly contracts.

Table 128: Percentage of work sold by pricing structure

Pricing structure	2024	2025	ESO	PSO	Amer	EMEA	APac
Time & Materials	39.6%	43.5%	36.9%	46.2%	42.9%	47.5%	39.6%
Fixed time / fixed fee	38.9%	37.3%	40.6%	36.0%	39.4%	32.9%	32.3%
Shared risk / performance-based	3.3%	3.3%	1.3%	4.1%	2.5%	5.1%	4.7%
Subscription	8.2%	6.5%	9.9%	5.2%	5.3%	8.1%	11.6%
Managed Services	8.3%	7.3%	8.8%	6.7%	7.6%	5.0%	10.3%
Other	1.7%	2.1%	2.5%	1.9%	2.3%	1.5%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SPI Research, February 2026

Table 129: Percentage of work sold by Market

Pricing structure	IT Con	Mgmt Con	SaaS	Software	Arch/Engr	VAR
Time & Materials	54.4%	40.9%	50.8%	24.5%	33.7%	48.2%
Fixed time / fixed fee	25.2%	41.4%	44.6%	46.7%	42.2%	27.8%
Shared risk / performance-based	3.6%	5.1%	1.9%	1.3%	0.4%	2.3%
Subscription	5.3%	4.3%	1.0%	12.3%	13.7%	8.1%
Managed Services	10.1%	6.7%	1.1%	11.0%	9.1%	13.6%
Other	1.3%	1.6%	0.6%	4.2%	0.9%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SPI Research, February 2026

By vertical, architects, agencies, and consultancies rely on fixed-price contracts approximately 45% of the time (Table 129). IT consultancies favor time-and-materials contracts. As the SaaS market has matured, greater emphasis is placed on customer adoption, so SaaS firms focus on “time to value” through subscription

pricing, which includes the cost of software and implementation services. Net profit is not necessarily tied to the pricing structure, as it is possible to achieve good service margins with any contract if costs, deliverables, and client expectations are set correctly. Accurate estimating, excellent project management, good communication, and change control are essential to ensuring that quality services are delivered within planned margins.

Table 130: Percentage of work sold by Organization Size

Pricing structure	Under 10	10 - 30	31 - 100	101 - 300	301 - 700	Over 700
Time & Materials	43.2%	38.4%	48.7%	46.4%	45.1%	32.3%
Fixed time / fixed fee	36.1%	43.4%	34.7%	36.5%	37.2%	35.9%
Shared risk / performance-based	5.1%	4.2%	1.4%	3.6%	1.4%	5.2%
Subscription	6.0%	6.5%	5.2%	5.5%	5.8%	14.2%
Managed Services	7.2%	6.8%	8.1%	5.7%	6.2%	9.8%
Other	2.4%	0.7%	2.0%	2.3%	4.3%	2.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SPI Research, February 2026

Time & materials % of work sold

The 2025 shift toward time-and-materials pricing signals a broad market reversion to flexibility and risk containment amid persistent demand uncertainty. Overall, time-and-materials work sold increased to 43.5%, up from 39.6% the prior year, reinforcing a preference for variable delivery over upfront commitment. This tilt was especially pronounced in EMEA, where time & materials changed to 47.5%, from 33.6%, suggesting buyers prioritized adaptability over scope certainty as recovery conditions remained uneven. The consequence is increased revenue volatility but improved near-term deal flow for firms that can scale their delivery capacity quickly.

Table 131: Year-over-Year Change – Time & materials % of work sold

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	39.6%	43.5%	10%	Under 10	32.5%	43.2%	33%	IT Consult.	53.1%	54.4%	2%
ESO	34.0%	36.9%	9%	10 - 30	34.2%	38.4%	12%	Mgmt. Cons.	37.8%	40.9%	8%
PSO	41.6%	46.2%	11%	31 - 100	42.2%	48.7%	15%	SaaS PS	22.1%	24.5%	11%
Amer	40.4%	42.9%	6%	101 - 300	47.4%	46.4%	-2%	Software PS	33.1%	33.7%	2%
EMEA	33.6%	47.5%	41%	301 - 700	43.9%	45.1%	3%	Arch. / Engr.	39.2%	50.8%	30%
APac	42.6%	39.6%	-7%	Over 700	30.8%	32.3%	5%	VAR	46.1%	48.2%	5%

Source: SPI Research, February 2026

Firm size further shaped this transition, revealing uneven capacity to absorb commercial risk. Organizations with fewer than 10 employees saw time & materials increase to 43.2% from 32.5%, indicating limited tolerance for fixed commitments amid pricing and utilization pressures. In contrast, firms with 31–100 employees

increased their share to 48.7% from 42.2%, positioning themselves to capture variable demand while leveraging broader delivery benches. This divergence favors mid-sized firms that can balance flexibility with execution depth, while smaller firms face tighter margins and larger firms encounter slower pricing resets due to structural inertia.

Fixed time / fixed fee % of work sold

The fixed time / fixed fee mix continued to contract at the aggregate level, signaling a cautious reset of risk exposure rather than a broad pricing shift. Total fixed-fee work changed to 37.3%, from 38.9% the prior year, reinforcing a market posture that favors flexibility as delivery complexity and margin sensitivity remain elevated. This contraction was not uniform: ESOs moved modestly in the opposite direction, with fixed-fee work changing to 40.6%, from 39.2%, suggesting greater balance-sheet tolerance for delivery risk where scale and utilization smoothing remain advantages.

Organization size exposed a sharper structural divide in how firms absorb and price risk. Firms with 301–700 employees saw fixed-fee work change to 37.2%, from 29.0% the prior year, while firms with over 700 employees moved materially lower to 35.9%, from 50.3%. This divergence implies that mid-sized firms are selectively using fixed-fee structures to compete for constrained demand, while the largest firms are retreating to time-based models to preserve margin control, thereby increasing competitive pressure on mid-market providers and reducing risk appetite at the top end of the market.

Table 132: Year-over-Year Change – Fixed time / fixed fee % of work sold

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	38.9%	37.3%	-4%	Under 10	41.4%	36.1%	-13%	IT Consult.	26.8%	25.2%	-6%
ESO	39.2%	40.6%	3%	10 - 30	46.7%	43.4%	-7%	Mgmt. Cons.	42.3%	41.4%	-2%
PSO	38.7%	36.0%	-7%	31 - 100	38.1%	34.7%	-9%	SaaS PS	48.1%	46.7%	-3%
Amer	38.2%	39.4%	3%	101 - 300	30.8%	36.5%	18%	Software PS	38.3%	42.2%	10%
EMEA	45.6%	32.9%	-28%	301 - 700	29.0%	37.2%	28%	Arch. / Engr.	51.4%	44.6%	-13%
APac	32.9%	32.3%	-2%	Over 700	50.3%	35.9%	-29%	VAR	25.9%	27.8%	7%

Source: SPI Research, February 2026

Shared risk / performance-based % of work sold

The overall use of shared-risk or performance-based commercial models remained limited, but the composition shifted sharply by firm type, signaling a divergence in risk posture. Among ESOs, shared-risk work fell to 1.3%, down from 3.7% the prior year, while PSOs moved in the opposite direction, rising to 4.1%, up from 3.1%. This divergence suggests PSOs are increasingly willing – or compelled – to absorb delivery risk to secure demand, while ESOs are pulling back toward more controllable commercial structures as scale and portfolio exposure increase.

Regional and size-based shifts reinforce this asymmetry in risk capacity. In APAC, shared-risk work increased to 4.7% from 3.4%, indicating greater client and provider willingness to experiment with outcome-linked models, whereas in the Americas it fell to 2.5% from 2.9%, reflecting a more conservative stance. At the same

time, firms with over 700 employees increased shared-risk work to 5.2%, from 3.9%, while mid-sized firms (301–700 employees) reduced it to 1.4%, from 5.1%, highlighting how balance-sheet strength and diversification increasingly determine who can participate in higher-risk, performance-based engagements as market pressure persists.

Table 133: Year-over-Year Change – Shared risk / performance-based % of work sold

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.3%	3.3%	1%	Under 10	4.1%	5.1%	23%	IT Consult.	5.0%	3.6%	-27%
ESO	3.7%	1.3%	-64%	10 - 30	4.6%	4.2%	-7%	Mgmt. Cons.	3.3%	5.1%	54%
PSO	3.1%	4.1%	31%	31 - 100	0.9%	1.4%	50%	SaaS PS	2.1%	1.3%	-37%
Amer	2.9%	2.5%	-13%	101 - 300	4.2%	3.6%	-15%	Software PS	1.1%	0.4%	-65%
EMEA	5.0%	5.1%	2%	301 - 700	5.1%	1.4%	-72%	Arch. / Engr.	1.0%	1.9%	86%
APac	3.4%	4.7%	39%	Over 700	3.9%	5.2%	35%	VAR	1.5%	2.3%	52%

Source: SPI Research, February 2026

Status of Client/Customer Experience (CX) Program

Customer (or Client) Experience (CX) is becoming more important in PSOs, as efforts around it can significantly improve client loyalty, increase sales, reduce customer churn, enhance brand reputation, and drive greater profitability by focusing on delivering positive interactions throughout the customer journey. This leads to repeat business and positive word-of-mouth recommendations. Key benefits include increased client retention, a higher client lifetime value, improved brand loyalty, reduced client acquisition costs, and enhanced brand perception. Table 134 shows that 39% of the firms surveyed are implementing or operating a CX program. The benefits show up in better sales and ultimately higher profits.

Table 134: Impact – Status of Client/Customer Experience (CX) Program

Status of Client / Customer Experience (CX) Program	Survey %	Revenue growth	Headcount growth	Deal Pipeline	Bids Won	Backlog
No program yet	50.9%	4.2%	1.8%	154%	47.2%	43.4%
Evaluating CX	10.1%	3.6%	2.6%	172%	43.5%	39.2%
Implementing CX	12.3%	2.3%	-0.1%	186%	49.1%	45.4%
Operating a CX program	26.7%	6.6%	4.0%	216%	50.8%	52.1%
Total / Average	100.0%	4.6%	2.2%	176%	48.0%	45.5%

Source: SPI Research, February 2026

Full-time Equivalent (FTE) Employees Dedicated to Service Sales

SPI also wanted to know how many full-time equivalent (FTE) employees were dedicated to service sales in the PS organization, the annual service sales revenue quota, the contract deal size, and how long it took from qualified lead to contract signing.

The number of salespeople is directly related to the size of the organization. Still, across the entire benchmark, the average number of salespeople is 9.1 with an average sales quote of \$1.6mm. Sixty-five firms reported that they do not employ service salespeople as they rely on PS leaders to generate revenue. Table 135 shows total PS revenue, sales quotas, and bill rates by number of dedicated salespeople. In all scenarios, a sizable percentage of total revenue is not generated by dedicated salespeople.

Table 135: Impact – The number of full-time equivalent (FTE) employees dedicated to service sales

FTE employees dedicated to service sales	Survey %	PSO size (emp)	PS revenue (mm)	Revenue growth	Deal Pipeline	Bids Won
None	17.8%	72	\$13.1	6.0%	162%	51.5%
1 - 5 FTE	47.2%	142	\$16.2	3.3%	166%	46.8%
6 - 10 FTE	15.9%	624	\$91.1	6.4%	201%	50.0%
11 - 20 FTE	7.4%	448	\$50.4	3.6%	204%	47.9%
21 - 50 FTE	5.6%	1,208	\$169.9	3.6%	168%	51.1%
Over 50 FTE	6.1%	2,798	\$480.6	7.1%	205%	38.6%
Total / Average	100.0%	451	\$67.0	4.5%	176%	48.0%

Source: SPI Research, February 2026

Leading PS executives realize they need more employees dedicated to service sales. 2024 and 2025 taught them that an increased emphasis on selling will become more critical as economic conditions change. Table 136 highlights how PSOs have increased the number of full-time equivalent employees dedicated to service sales. While this number might not increase as much after 2025, it has become increasingly crucial for PSO's dedicated sales employees.

Table 136: Annual change in the number of FTE employees dedicated to service sales

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	9.12	9.41	3%	Under 10	2.56	2.42	-5%	IT Consult.	9.58	10.03	5%
ESO	12.48	10.47	-16%	10 - 30	4.20	5.04	20%	Mgmt. Cons.	4.79	5.85	22%
PSO	7.94	9.00	13%	31 - 100	7.95	6.74	-15%	SaaS PS	13.55	9.10	-33%
Amer	8.84	9.67	9%	101 - 300	14.04	9.92	-29%	Software PS	17.39	15.15	-13%
EMEA	7.91	8.10	2%	301 - 700	9.67	15.00	55%	Arch. / Engr.	7.30	7.00	-4%
APac	13.92	10.65	-24%	Over 700	35.06	31.66	-10%	VAR	13.80	14.91	8%

Source: SPI Research, February 2026

Annual Service Sales Revenue Quota Per Person

Not all PSOs have sales revenue per salesperson. For those that do, revenue growth and total revenue increase. About half of the firms have an average sales quota per salesperson of less than \$2mm.

Table 137: Impact – Annual service sales revenue quota per person

Annual service sales revenue quota per person	Survey %	Revenue growth	Deal Pipeline	Bids Won	Backlog	Rev/emp. (k)
Under \$1mm	27.3%	3.9%	152%	43.1%	40.3%	\$154
\$1mm - \$1.5mm	13.9%	4.6%	182%	41.3%	37.8%	\$155
\$1.5mm - \$2.0mm	10.6%	3.3%	199%	51.0%	52.9%	\$172
\$2.0mm - \$2.5mm	5.7%	3.0%	214%	50.0%	48.0%	\$166
\$2.5mm - \$3.0mm	4.4%	4.0%	185%	55.9%	54.4%	\$189
Over \$3mm	9.5%	7.1%	206%	47.8%	48.3%	\$196
Total / Average	28.6%	5.9%	169%	54.8%	49.1%	\$176

Source: SPI Research, February 2026

PSOs saw service sales representative quotas reduced by 6% on average (Table 138). They went down the most in embedded service organizations and, slightly, in PSOs. The Americas remained at \$1.64mm per person, while both EMEA and APac declined.

Table 138: Annual change in annual service sales revenue quota per person

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	\$1.60	\$1.51	-6%	Under 10	\$0.64	\$0.82	28%	IT Consult.	1.96	1.80	-8%
ESO	\$1.79	\$1.49	-17%	10 - 30	\$1.26	\$1.25	-1%	Mgmt. Cons.	\$1.30	\$1.24	-5%
PSO	\$1.53	\$1.52	-1%	31 - 100	\$1.79	\$1.51	-15%	SaaS PS	\$1.37	\$1.28	-7%
Amer	\$1.64	\$1.64	0%	101 - 300	\$2.17	\$1.96	-9%	Software PS	\$1.54	\$1.62	5%
EMEA	\$1.38	\$1.17	-15%	301 - 700	\$2.56	\$2.27	-11%	Arch. / Engr.	\$1.28	\$1.57	22%
APac	\$1.68	\$1.41	-16%	Over 700	\$2.15	\$2.06	-4%	VAR	\$1.53	\$1.63	7%

Source: SPI Research, February 2026

Contracted Deal Size

The size of the contracted deal affects PSOs in various ways. Smaller deals mean more deals must be sold. It also means there is a greater chance of consultants “sitting on the bench” waiting for the next project. Ideally, PSOs sell long-term (duration and staff) deals to ensure cash flow is met. The largest firms build the largest pipelines and backlogs of large projects, which drive much higher revenue (Table 139).

Table 139: Impact – Deal size (contract value) (k)

Deal size (contract value) (k)	Survey %	Revenue growth	Backlog	Billable utilization	On time Delivery	Project margin
Under \$50k	29.4%	2.3%	41.6%	63.4%	71.8%	37.3%
\$50k - \$100k	21.0%	4.4%	45.6%	64.5%	72.3%	37.3%
\$100k - \$250k	33.0%	5.4%	46.7%	70.2%	74.7%	38.1%
\$250k - \$500k	10.4%	8.2%	52.1%	71.0%	78.7%	39.7%
\$500k - \$1mm	4.2%	5.9%	40.6%	75.0%	74.0%	42.9%
Over \$1mm	2.1%	6.1%	51.9%	75.7%	83.6%	32.2%
Total / Average	100.0%	4.6%	45.4%	67.4%	73.9%	37.9%

Source: SPI Research, February 2026

Table 140 shows that the deal size (contract value) went down by 3% from \$187k in 2024 to \$182k in 2025. Professional services organizations were particularly hit hard, causing them to sell more deals at reduced prices. Both EMEA and the Asia Pacific region showed significant decreases, as did the mid-sized organizations in the study. Consultancies again showed an increase in average deal size.

Table 140: Annual change deal size (contract value) (k)

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	\$187	\$182	-3%	Under 10	\$75	\$114	52%	IT Consult.	\$196	\$231	18%
ESO	\$248	\$163	-34%	10 - 30	\$116	\$90	-22%	Mgmt. Cons.	\$124	\$152	22%
PSO	\$167	\$191	15%	31 - 100	\$164	\$159	-3%	SaaS PS	\$144	\$139	-4%
Amer	\$180	\$192	7%	101 - 300	\$284	\$217	-24%	Software PS	\$200	\$199	-1%
EMEA	\$236	\$161	-32%	301 - 700	\$445	\$377	-15%	Arch. / Engr.	\$197	\$169	-14%
APac	\$172	\$153	-11%	Over 700	\$344	\$367	7%	VAR	\$110	\$146	33%

Source: SPI Research, February 2026

Sales Cycle Length

PSOs strive to keep the sales cycle under 60 days, but as Table 141 shows, only about 23% of the organizations surveyed have low sales cycles. It is interesting that the quicker the sales come to new clients. Unfortunately, the new clients show lower margins and make it more difficult for PSOs to meet their revenue and margin targets. The bottom line is that even though ideally the sales cycle is quick, leading firms take the time to sell larger, more profitable work to their client base.

Table 141: Impact – Length of sales cycle from qualified lead to contract signing

Length of sales cycle from qualified lead to contract signing (days)	Survey %	Revenue growth	Deal Pipeline	Bids Won	Backlog	Total attrition
Under 30 days	5.5%	2.5%	130%	47.0%	40.3%	5.7%
30 - 60 days	24.9%	2.8%	133%	47.6%	42.5%	9.7%
60 - 90 days	27.4%	3.2%	184%	52.7%	44.8%	11.2%
90 - 120 days	22.2%	7.3%	186%	47.0%	48.0%	13.2%
120 - 150 days	8.8%	5.2%	220%	45.6%	53.3%	13.3%
Over 150 days	11.2%	6.4%	225%	45.0%	46.3%	13.1%
Total / Average	100.0%	4.5%	177%	48.3%	45.6%	11.4%

Source: SPI Research, February 2026

Table 142 shows that the sales cycle length from qualified lead to contract signing has decreased by 4% in 2025. This table is interesting to SPI as it shows that most firms take at least three months to close a deal, if not more. PS executives should continue efforts to drive faster sales using AI, more robust tools, and quantifiable benefits for their clients.

Table 142: Annual change in the length of sales cycle from qualified lead to contract signing (days)

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	90.9	87.4	-4%	Under 10	76.0	65.9	-13%	IT Consult.	89.6	98.2	10%
ESO	98.5	91.6	-7%	10 - 30	98.6	83.0	-16%	Mgmt. Cons.	81.0	72.6	-10%
PSO	88.3	85.7	-3%	31 - 100	88.3	88.9	1%	SaaS PS	106.1	89.6	-16%
Amer	92.6	90.0	-3%	101 - 300	97.2	95.1	-2%	Software PS	105.0	106.8	2%
EMEA	89.3	86.5	-3%	301 - 700	93.6	99.6	6%	Arch. / Engr.	82.3	76.1	-8%
APac	77.5	71.5	-8%	Over 700	106.3	103.6	-2%	VAR	100.6	111.4	11%

Source: SPI Research, February 2026

Net Promoter Score (NPS)

Over the years, SPI Research has asked PSOs for their Net Promoter Score (NPS). There is still a lot of confusion in this area, and many firms did not answer the question. A higher Net Promoter Score means the organization has more positive references, and, of course, those references come from delivering work on time and on budget at acceptable quality levels. So, regardless of whether PSOs use the NPS, the true goal is client satisfaction and profitability, which will drive growth going forward.

The results in Table 144 show that the numbers decreased dramatically over the year, and therefore, the firms that answered the question must have a better idea of what it means and calculate it. VARs use NPS more than most others, and their NPS scores improved in 2025. However, much more work is needed to ensure that NPS is a valuable tool for PSOs.

Table 143: Impact – Net Promoter Score (NPS)

Net Promoter Score (NPS)	Revenue growth	Total attrition	On time Delivery	Project margin	Rev/consult. (k)	Revenue growth
Negative	-5.7%	29.3%	54.2%	42.8%	\$135	-5.7%
0 - 25	2.8%	12.0%	71.5%	34.7%	\$195	2.8%
26 - 50	2.4%	11.9%	72.3%	35.1%	\$199	2.4%
51 - 75	6.1%	13.0%	73.2%	37.3%	\$213	6.1%
Over 75	6.7%	8.7%	77.7%	39.7%	\$215	6.7%
Total / Average	4.7%	11.6%	73.7%	37.3%	\$206	4.7%

Source: SPI Research, February 2026

Table 144: Annual change to overall net promoter score (NPS)

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	63.5	56.0	-12%	Under 10	65.6	56.5	-14%	IT Consult.	67.8	58.6	-14%
ESO	55.6	53.0	-5%	10 - 30	59.1	53.9	-9%	Mgmt. Cons.	70.1	59.2	-16%
PSO	66.7	57.2	-14%	31 - 100	63.6	58.3	-8%	SaaS PS	47.9	47.4	-1%
Amer	64.4	55.3	-14%	101 - 300	66.0	57.9	-12%	Software PS	66.1	60.1	-9%
EMEA	59.9	58.6	-2%	301 - 700	61.8	54.9	-11%	Arch. / Engr.	58.5	50.6	-14%
APac	62.3	55.1	-11%	Over 700	62.2	50.0	-20%	VAR	65.9	70.8	8%

Source: SPI Research, February 2026

How Client Return on Investment (ROI) is Tracked

This year, SPI Research asked how they track return on investment (ROI) for the projects they complete. This tracking should be mandatory to help PSOs improve both pricing and delivery. It is interesting that most firms do very little, if anything, to track ROI. As the market becomes more data-driven, this will be increasingly important. Table 145 shows that performance improves as tracking increases.

Table 145: Impact – How return on investment (ROI) is tracked with clients

How is return on investment (ROI) tracked with your clients?	Survey %	Bids Won	Project margin	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieved
No ROI tracking	35.1%	50.6%	39.4%	\$194	\$155	89.9%
ROI discussed occasionally	17.2%	47.1%	38.2%	\$192	\$154	87.7%
Some ROI measures are not consistent	28.4%	47.0%	37.9%	\$223	\$179	90.9%
Formal ROI tracking - key clients/projects	13.4%	45.1%	35.9%	\$216	\$179	90.2%
Embedded ROI tracking - all clients	5.9%	44.5%	33.9%	\$250	\$194	90.3%
Total/Average	100.0%	47.9%	38.0%	\$208	\$167	89.9%

Source: SPI Research, February 2026

10



Talent Pillar

TALENT PILLAR

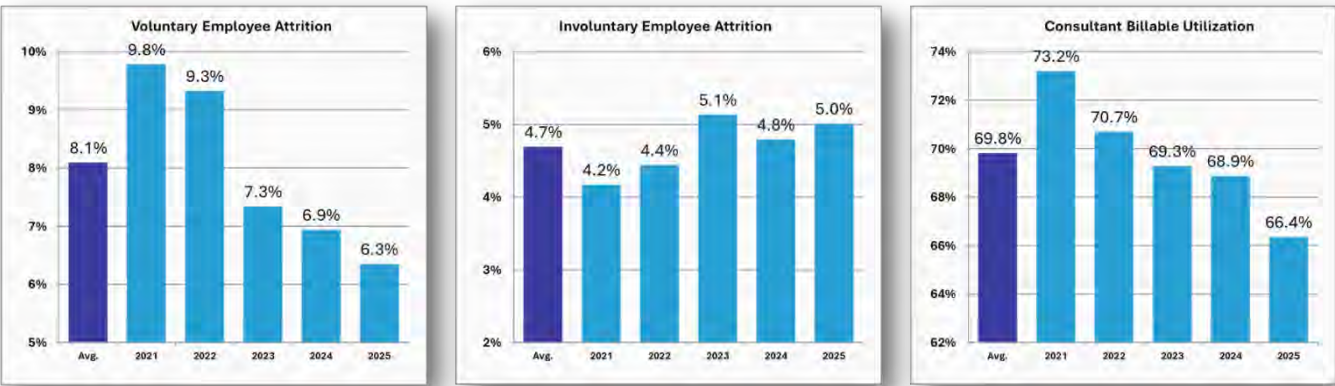
The Talent Pillar serves as an essential element of Service Performance Insight’s Professional Services Maturity™ Model, encompassing the comprehensive workforce strategy within a Professional Services Organization (PSO). It addresses the integration of people, processes, and systems necessary to attract, develop, engage, and retain a highly skilled consulting workforce. Given the rapidly evolving dynamics of today’s labor market, this area warrants heightened attention.

Talent acquisition and management continue to represent significant challenges for professional services organizations. In 2025, factors such as persistent inflation, elevated interest rates, geopolitical uncertainties, and the ambiguity surrounding the U.S. election contributed to widespread economic pressures. Concurrently, the swift advancement of artificial intelligence has fundamentally altered the requisite skill sets in both professional and personal realms.

The critical insight from the Talent Pillar is that organizations employing best-practice talent strategies – including clearly defined roles, timely performance evaluations, equitable compensation structures, articulated career progression pathways, and robust skills development programs – consistently see improvements in employee satisfaction, billable utilization, and on-time project delivery. A strategic, well-implemented approach to talent management delivers substantial, enduring competitive advantages.



Figure 28: Talent Trends of Note



Source: SPI Research, February 2026

Figure 28 highlights some of the trends associated with talent. They do show a reduction in voluntary employee attrition and a slight rise in involuntary attrition. The big negative change is in consultant billable utilization. In 2025, it reached its lowest level ever! Ideally, billable utilization is over 75%, meaning the average consultant bills at least 1,500 hours annually. While senior consultants may bill 500 hours or less per year, junior-level consultants make up for it: they are more numerous and many bill over 2,000 hours annually.

For several years, one of the most critical challenges for Professional Service leaders has been competing for top talent. Some of the professional services challenges include:

- ◆ Attract, compensate, train, motivate, and retain top talent.
- ◆ Manage through a technical labor shortage.
- ◆ Manage a global, multi-lingual, multi-cultural workforce.
- ◆ Manage a variable and/or contingent workforce.
- ◆ Prepare consultants for the new world of AI.

Professional services organizations are judged by the quality of the people within the firm, as well as its subcontractors and partners. All PSOs must place a premium on the consultant workforce's attraction, motivation, and retention. Regardless of an organization's size and performance maturity, its people are the essence of the organization. They determine financial viability, brand quality, and client satisfaction. They define the effectiveness of service marketing, sales, and delivery. From inception, all PSOs must intently focus on their people.

This year, there was no question associated with guaranteed annual training. For nearly 20 years, SPI has asked this question but has not found any true correlation between guarantees and performance improvements. However, the question of how much time PSOs *actually* spend on training matters. Later in this chapter, this topic will be explored in greater depth.

Talent Maturity

SPI Research's "Talent" pillar includes all aspects of workforce strategy for Professional Services. It emphasizes the processes and systems required to recruit, hire, onboard, retain, and motivate a high-quality consulting workforce. Table 146 illustrates how PSOs progress in the Talent pillar.

Table 146: Talent Maturity Model

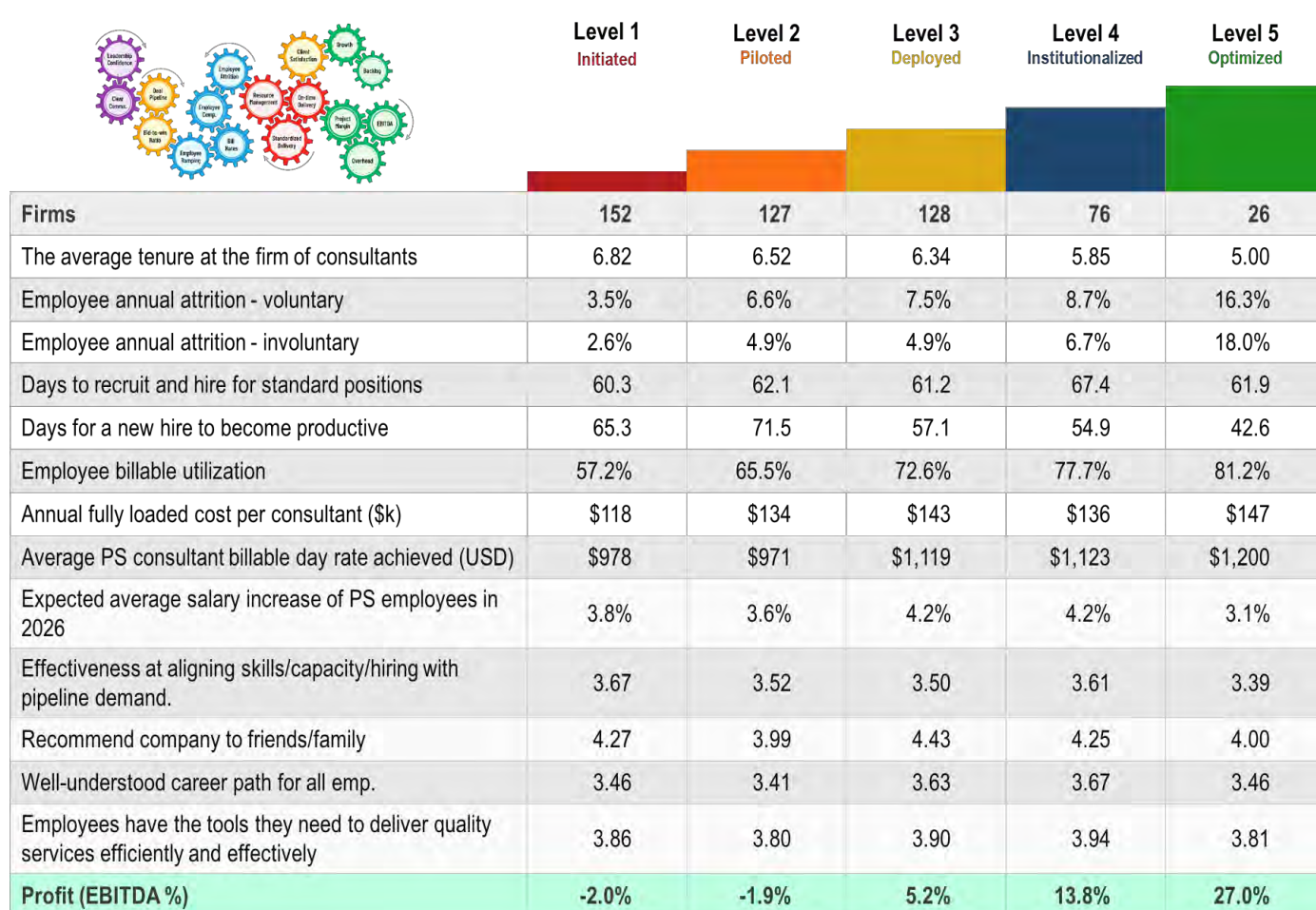
	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Talent	Hire as needed. Generalist skills. Chameleons, Jack of all Trades. Individual heroics. May perform presales as well as consulting delivery.	Begin forecasting workload. Start developing job and skill descriptions and compensation plans. Develop rudimentary career paths. Start measuring employee satisfaction.	Resource, skill and career management. Employee satisfaction surveys. Training plans. Goals and measurements aligned with compensation. Attrition <15%	Business process and vertical skills in addition to technical and project skills. Career ladder and mentoring programs. Training investments to support career. Low attrition, high satisfaction	Continually staff and train to meet future needs—highly skilled, motivated workforce. Outsource commodity skills or peak demand—sophisticated variable on and offshore workforce model.

Source: SPI Research, February 2026

SPI's Professional Services Maturity™ research, conducted over the past 19 years, shows that only a small fraction (less than 20%) of Professional Services Organizations achieve a high level of excellence. These leading organizations can swiftly capitalize on market opportunities and achieve best-in-class performance by

leveraging technology and progressive management and workforce practices (Figure 29). Enhancing talent maturity is the most effective and quickest method to improve overall results and should always be a top priority.

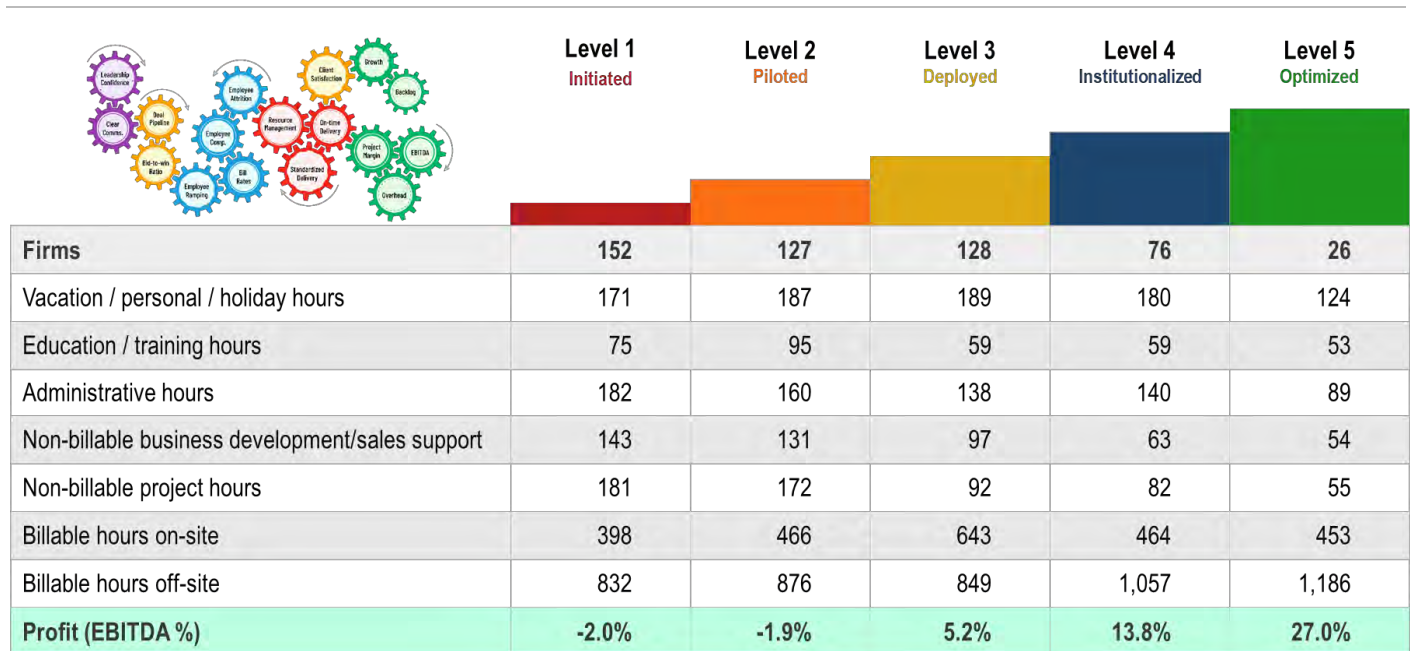
Figure 29: Talent Maturity Matters



Source: SPI Research, February 2026

Figure 30 highlights the disparity in the hours employees spend. While organizations at Level 5 take many more personal / vacation hours than their peers at lower levels, they all have about the same number of training hours. Administrative hours decrease as the organization becomes more efficient and effective, and less time is spent on non-billable activities (sales, non-billable project hours). The key is to reduce non-billable time. What SPI Research found very interesting was that Level 5 organizations average about 400 more billable hours annually than those at Level 1. At \$200 an hour, this revenue is significant (almost \$80,000) per consultant. Level 5 employees work more hours overall, but there are not so many that they burn out.

Figure 30: Maturity Matters in Annual Hours Worked



Source: SPI Research, February 2026

5-Year Talent Trends

The war for talent continued in 2025, with high levels of attrition, a record number of vacancies in hard-to-fill roles, huge consulting demand, and wage growth. Talent continues to take center stage as the number one priority for all service providers. The good news is that total employee attrition continues to go down.

Table 147: Talent KPI Trends

Key Performance Indicator (KPI)	Avg.	2021	2022	2023	2024	2025
The average tenure at the firm of consultants	NA	NA	NA	6.20	6.39	6.40
Employee annual attrition - voluntary	8.1%	9.8%	9.3%	7.3%	6.9%	6.3%
Employee annual attrition - involuntary	4.7%	4.2%	4.4%	5.1%	4.8%	5.0%
Days to recruit and hire for standard positions	64.1	64.9	64.5	65.9	61.8	62.3
Days for a new hire to become productive	61.7	59.1	62.7	62.5	61.0	62.5
Employee billable utilization	69.8%	73.2%	70.7%	69.3%	68.9%	66.4%
Annual fully loaded cost per consultant (\$k)	\$129	\$127	\$129	\$128	\$132	\$130
Consultant billable day rate achieved (USD)	NA	NA	NA	NA	NA	\$1,035
Expected salary increase in 2026	NA	NA	NA	NA	NA	3.8%
What best describes your company's Performance Management process	NA	NA	NA	NA	NA	3.33
PS is effective at aligning skills, capacity, and hiring with pipeline demand.	NA	NA	NA	NA	NA	3.58
Recommend the company to friends/family	4.28	4.43	4.40	4.09	4.27	4.20

Key Performance Indicator (KPI)	Avg.	2021	2022	2023	2024	2025
Well-understood career path for all employees.	3.47	3.28	3.51	3.55	3.53	3.51
Employees have the tools they need to deliver quality services efficiently and effectively	NA	NA	NA	3.93	3.99	3.86

Source: SPI Research, February 2026

Survey Results

Today’s Professional Services leaders face the ongoing challenge of attracting and retaining a younger workforce amid a technical talent shortage, particularly as artificial intelligence becomes a central focus in boardrooms worldwide. Workforce strategies have evolved with globalization, with service providers increasingly offering hybrid on-site and off-site resources through regional and global competency centers. As technology advances, there is a growing emphasis on business processes and sector-specific expertise within consulting; however, there remains substantial demand for broad-based applications and technical proficiency. Research from SPI indicates that talent metrics are among the most significant performance indicators, showing a strong correlation with organizational success, underscoring that employee effectiveness is pivotal to overall outcomes.

SPI Research identified 23 key talent performance measures crucial for achieving high employee performance. Table 148 illustrates current trends in human capital alignment. The primary challenges for Professional Services employers remain recruitment and retention. Over the past four years, billable utilization rates have declined, reducing revenue, while consultant costs have risen. The abundance of career opportunities for skilled professionals has led to elevated voluntary attrition rates. Notably, there has been a modest increase this year in the number of employees willing to recommend their company as an excellent workplace.

Table 148: Talent Pillar Results by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
The average tenure at the firm of consultants	6.39	6.40	6.26	6.46	6.61	5.90	6.03
Employee annual attrition - voluntary	6.9%	6.3%	5.8%	6.6%	6.3%	6.3%	6.9%
Employee annual attrition - involuntary	4.8%	5.0%	6.0%	4.6%	5.4%	4.1%	4.4%
Days to recruit and hire for standard positions	61.8	62.2	67.1	60.3	63.3	60.9	56.5
Days for a new hire to become productive	61.0	62.5	74.1	57.9	63.5	63.4	52.7
Employee billable utilization	68.9%	66.4%	66.7%	66.2%	67.9%	61.9%	64.2%
Annual fully loaded cost per consultant (\$k)	\$132	\$130	\$129	\$131	\$137	\$115	\$114
Consultant billable day rate achieved (USD)	NA	\$1,035	\$937	\$1,073	\$1,024	\$1,069	\$1,038
Expected salary increase in 2026	NA	3.8%	3.7%	3.9%	3.8%	3.8%	4.5%
What best describes your company's Performance Management process	NA	3.33	3.27	3.35	3.37	3.25	3.17
We are effective at aligning skills, capacity and hiring with pipeline demand.	NA	3.58	3.52	3.60	3.58	3.59	3.55

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Recommend company to friends/family	4.27	4.20	4.10	4.24	4.21	4.18	4.14
Well-understood career path for all employees.	3.53	3.51	3.41	3.55	3.51	3.44	3.63
Employees have the tools they need to deliver quality services efficiently and effectively	3.99	3.86	3.71	3.93	3.88	3.74	3.94

Source: SPI Research, February 2026

Tables 149 and 150 break down the Talent KPIs by organization, market, and size. By market, Value-added Resellers (VARs) and IT consultancies had the highest billable utilization in the survey. However, IT consultancies had the highest annual attrition, whereas management consultancies had the lowest.

Table 149: Talent Pillar Results by Market

Key Performance Indicator (KPI)	IT Consult	Mgmt. Consult	SaaS PS	Soft PS	Arch / Engr	VAR
The average tenure at the firm of consultants	5.66	6.35	5.22	7.23	7.79	8.50
Employee annual attrition - voluntary	6.8%	6.0%	5.4%	5.5%	7.4%	4.3%
Employee annual attrition - involuntary	6.0%	3.5%	6.3%	5.0%	3.7%	6.6%
Days to recruit and hire for standard positions	54.3	56.8	65.6	69.5	71.3	73.5
Days for a new hire to become productive	44.7	55.8	78.1	76.4	66.1	80.5
Employee billable utilization	67.4%	64.8%	64.0%	66.1%	68.6%	75.6%
Annual fully loaded cost per consultant (\$k)	\$124	\$141	\$120	\$131	\$130	\$136
Consultant billable day rate achieved (USD)	\$1,064	\$1,229	\$840	\$1,111	\$882	\$1,345
Expected salary increase in 2026	4.0%	3.8%	3.8%	3.4%	4.0%	4.0%
What best describes your company's Performance Management process	3.37	3.25	3.40	3.72	3.37	3.27
We are effective at aligning skills, capacity and hiring with pipeline demand.	3.60	3.61	3.39	3.46	3.71	4.11
Recommend company to friends/family	4.22	4.29	3.87	3.82	4.55	4.56
Well-understood career path for all employees.	3.45	3.61	3.32	3.48	3.71	3.74
Employees have the tools they need to deliver quality services efficiently and effectively	3.88	4.01	3.40	3.61	4.20	4.07

Source: SPI Research, February 2026

Regarding organization size, the larger PSOs had higher billable utilization than the smaller, supposedly more nimble consulting firms. Many larger firms have structured or standardized delivery methodologies that have helped them increase billable utilization.

Table 150: Talent Pillar Results by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
The average tenure at the firm of consultants	6.27	6.03	6.30	6.72	5.67	7.49
Employee annual attrition - voluntary	2.9%	6.4%	6.7%	7.0%	7.9%	8.3%
Employee annual attrition - involuntary	4.0%	5.0%	4.9%	5.6%	5.6%	5.6%
Days to recruit and hire for standard positions	56.7	64.0	58.8	63.6	63.9	72.9
Days for a new hire to become productive	55.3	60.4	68.1	62.1	55.6	66.4
Employee billable utilization	61.2%	63.2%	69.1%	67.6%	70.0%	66.6%
Annual fully loaded cost per consultant (\$k)	\$137	\$126	\$127	\$135	\$130	\$129
Consultant billable day rate achieved (USD)	\$1,040	\$1,098	\$1,011	\$1,042	\$1,128	\$893
Expected salary increase in 2026	3.7%	3.6%	3.9%	3.8%	3.8%	4.4%
What best describes your company's Performance Management process	2.56	3.22	3.42	3.63	3.85	3.44
We are effective at aligning skills, capacity and hiring with pipeline demand.	3.57	3.59	3.61	3.73	3.22	3.46
Recommend company to friends/family	3.96	4.25	4.28	4.38	3.93	4.03
Well-understood career path for all employees.	3.32	3.39	3.54	3.64	3.59	3.56
Employees have the tools they need to deliver quality services efficiently and effectively	3.84	3.99	3.89	3.88	3.63	3.67

Source: SPI Research, February 2026

The Primary Reason Employees Leave

Employees leave for various reasons, but typically, there is a primary catalyst for moving on.

Table 151: Impact – Why employees leave

Why employees leave	Survey %	Revenue growth	Total attrition	Billable utilization	On time delivery	Project margin
Better opportunity	39.5%	3.6%	10.5%	67.4%	73.3%	38.5%
Money	21.6%	6.8%	12.1%	67.8%	74.6%	37.1%
Lack of career advancement	9.9%	1.5%	10.8%	66.5%	72.3%	38.2%
Management dissatisfaction	5.1%	7.1%	20.4%	60.8%	66.8%	37.1%
Stress	5.1%	8.5%	12.4%	69.1%	73.5%	33.2%
Travel	1.6%	10.0%	7.6%	66.7%	74.2%	41.3%
Other	17.3%	3.8%	9.6%	70.2%	78.8%	39.9%
Total / Average	100.0%	4.6%	11.3%	67.6%	74.2%	38.1%

Source: SPI Research, February 2026

Turnover will always be an essential issue for PS executives. Employees leave for a variety of reasons. In many cases, there is a primary catalyst that drives the decision to move on. Table 151 shows the top reasons why

employees leave. The number one rationale (39.5%) is “better opportunity,” which translates to a better work environment, better compensation, a better boss, or more opportunities for advancement.

Money ranks second, accounting for 21.6%. Younger, less traditional workers seek engaging projects, exposure to cutting-edge technologies, and high-profile clients. They also prioritize training, communication, and teamwork to stay motivated, making compensation important. Lack of career advancement ranks third (9.9%), and Management dissatisfaction stands at 5.1%. The workforce today is different from what it was 20 or 30 years ago; younger employees do not tolerate overly authoritative or ego-driven management.

Consultant Tenure

Consultant tenure is the average number of years each billable consultant has worked.

Due to rising employee attrition, achieving high performance has become more challenging. Many consultants remain at their firms for only a few years before moving on. In this year's survey, SPI Research found that over 52% of consultants reported an average tenure of less than five years at their firm. Longer tenures are associated with better client references and higher on-time delivery rates (Table 152).

Table 152: Impact – The average tenure at the firm of consultants

The average tenure at the firm of consultants	Survey %	On time Delivery	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieve	% ann. marg. achieve
Under 3 years	12.0%	66.9%	\$187	\$155	85.3%	85.0%
3 - 5 years	40.2%	72.1%	\$201	\$154	88.8%	87.8%
5 - 10 years	36.7%	75.6%	\$211	\$170	91.9%	90.5%
10 - 20 years	9.3%	81.3%	\$227	\$190	92.1%	90.6%
Over 20 years	1.9%	85.0%	\$289	\$289	86.4%	90.0%
Total / Average	100.0%	73.9%	\$207	\$166	89.8%	88.8%

Source: SPI Research, February 2026

Average consultant tenure held flat overall, masking a widening split by firm posture and scale. At the total level, average tenure changed to 6.40 years, from 6.39 the prior year, indicating a market that has largely stabilized after earlier churn. That stability was not evenly distributed: employee-supported organizations increased tenure to 6.26 years, from 5.82, while project-supported organizations declined to 6.46 years, from 6.61. The divergence implies that firms leaning into longer-term employment models were better positioned to retain experienced talent, while delivery models more exposed to demand variability continued to see erosion in tenure.

By organization size, retention advantages shifted toward larger platforms with greater capacity to absorb uncertainty. Firms with over 700 employees increased average tenure to 7.49 years, from 5.79, while firms under 10 employees saw tenure fall to 6.27 years, from 7.62. This gap signals a growing structural advantage in scale: larger firms are consolidating experience and institutional knowledge, while smaller firms face heightened retention pressure as competition for senior talent intensifies and the cost of replacing talent rises.

Table 153: Year-over-Year Change – The average tenure at the firm of consultants

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	6.39	6.40	0%	Under 10	7.62	6.27	-18%	IT Consult.	5.43	5.66	4%
ESO	5.82	6.26	8%	10 - 30	6.55	6.03	-8%	Mgmt. Cons.	6.81	6.35	-7%
PSO	6.61	6.46	-2%	31 - 100	5.97	6.30	6%	SaaS PS	5.96	5.22	-12%
Amer	6.53	6.61	1%	101 - 300	6.16	6.72	9%	Software PS	6.94	7.23	4%
EMEA	5.85	5.90	1%	301 - 700	6.03	5.67	-6%	Arch. / Engr.	9.04	7.79	-14%
APac	5.91	6.03	2%	Over 700	5.79	7.49	29%	VAR	5.90	8.50	44%

Source: SPI Research, February 2026

Employee Attrition

*Employee attrition is defined as the number of employees who left the company, voluntarily or involuntarily, over the past year, divided by the weighted average number of employees. (Attrition Rate = Number of Attritions/Weighted Average Number of Employees * 100).*

Employee Annual Attrition - Voluntary

Voluntary attrition occurs when employees leave on their own accord, without being asked to do so, and is a key performance indicator in the professional services market. Employees are an organization's most valuable asset, and high voluntary attrition can have high costs that affect all business areas.

Table 154: Impact – Employee annual attrition - voluntary

Employee annual attrition - voluntary	Survey %	On time Delivery	Project margin	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieved
None	16.8%	76.8%	37.9%	\$193	\$156	88.8%
1% - 5%	34.0%	73.2%	36.4%	\$212	\$169	91.1%
5% - 10%	31.4%	73.2%	39.0%	\$223	\$180	91.0%
10% - 15%	11.0%	72.5%	37.5%	\$201	\$156	90.0%
15% - 25%	4.5%	76.3%	42.1%	\$214	\$171	89.6%
Over 25%	2.4%	73.9%	40.7%	\$172	\$128	76.9%
Total / Average	100.0%	73.9%	37.9%	\$210	\$168	90.2%

Source: SPI Research, February 2026

Lower employee engagement can hinder a firm's ability to attract top talent. On average, it takes about 125 days to find, recruit, hire, and onboard new consultants after an employee departs. This timeframe only reflects the surface costs, as it does not account for lost productivity among recruiters and managers, the burden placed on remaining employees who must take on additional responsibilities, or the time spent mentoring and ramping up new hires. SPI Research has found that the actual cost of replacing a valuable consultant exceeds \$150,000. This substantially reduces profits, making it challenging for firms to boost revenue and profit margins while simultaneously replacing departing employees.

Voluntary attrition eased meaningfully in 2025, signaling a shift from talent instability toward labor market normalization rather than renewed growth pressure. Overall voluntary attrition fell to 6.3% from 6.9% the prior year, with the most pronounced improvement among externally selling organizations, where attrition fell to 5.8% from 7.9%. This pattern suggests firms are benefiting from reduced employee mobility and fewer outside options, easing near-term replacement risk and dampening wage escalation pressure without yet implying renewed hiring aggressiveness.

The decline was not uniform, highlighting where retention advantages are consolidating. Large firms showed the clearest reset, with organizations over 700 employees seeing voluntary attrition drop to 8.3% from 11.1%, indicating that greater internal mobility, benefits scale, and role optionality are regaining defensive value. By contrast, attrition remained flat or rose slightly in several mid-market segments, implying that competition for experienced consultants is becoming more concentrated, favoring firms with brand scale and internal career depth while making selective talent acquisition harder for peers lacking those buffers.

Table 155: Year-over-Year Change – Employee annual attrition - voluntary

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	6.9%	6.3%	-8%	Under 10	4.9%	2.9%	-41%	IT Consult.	6.7%	6.8%	2%
ESO	7.9%	5.8%	-27%	10 - 30	6.1%	6.4%	5%	Mgmt. Cons.	5.7%	6.0%	5%
PSO	6.6%	6.6%	1%	31 - 100	7.7%	6.7%	-13%	SaaS PS	7.2%	5.4%	-25%
Amer	6.7%	6.3%	-7%	101 - 300	6.9%	7.0%	1%	Software PS	6.9%	5.5%	-21%
EMEA	7.6%	6.3%	-17%	301 - 700	8.1%	7.9%	-3%	Arch. / Engr.	7.0%	7.4%	5%
APac	7.8%	6.9%	-11%	Over 700	11.1%	8.3%	-26%	VAR	5.8%	4.3%	-25%

Source: SPI Research, February 2026

Employee Involuntary Annual Attrition

Involuntary attrition, such as layoffs, can temporarily increase revenue per consultant and utilization rates because fewer employees are available to manage the existing workload. However, the long-term effects of involuntary attrition typically lead to lower top-line growth and reduced employee engagement. Interestingly, voluntary attrition often rises in response to involuntary layoffs, as remaining employees may fear they will “be next” or feel disillusioned about their long-term career prospects. Table 156 illustrates the correlation between involuntary attrition and performance across several key areas.

Table 156: Impact – Employee annual attrition - involuntary

Employee annual attrition - involuntary	Survey %	On time Delivery	Project margin	Rev/ emp. (k)	% ann. rev. achieved	% ann. marg. achieved
None	23.4%	77.3%	39.8%	\$176	91.4%	88.5%
1% - 5%	46.6%	74.4%	36.5%	\$163	91.4%	90.7%
5% - 10%	16.9%	71.1%	39.7%	\$171	88.5%	86.2%
10% - 15%	7.3%	69.1%	37.1%	\$157	86.4%	88.8%
15% - 25%	2.9%	72.7%	38.8%	\$184	86.8%	81.5%
Over 25%	2.9%	63.2%	38.6%	\$144	80.0%	80.0%
Total / Average	100.0%	73.8%	38.0%	\$167	90.1%	88.7%

Source: SPI Research, February 2026

Overall, involuntary attrition edged up, signaling more active use of workforce adjustments rather than employee-led exits. Total involuntary attrition changed to 5.0%, from 4.8% the prior year, while ESO involuntary attrition increased more sharply, changing to 6.0% from 5.3%. This pattern suggests firms leaned more on structural rebalancing and selective reductions to align capacity with demand, reinforcing the view from earlier tables that recovery remains uneven and staffing decisions are being made cautiously rather than opportunistically.

The most consequential divergence appears by region, where adjustment pressure eased in APAC but intensified elsewhere. APAC involuntary attrition changed to 4.4%, from 5.8% the prior year, contrasting with increases in the Americas, which changed to 5.4% from 4.9%. This implies APAC firms entered 2025 with better capacity alignment and less need for corrective action, while firms in other regions faced continued pressure to recalibrate workforce levels, potentially constraining near-term delivery flexibility and increasing internal disruption during an already fragile demand environment.

Table 157: Year-over-Year Change – Employee annual attrition - involuntary

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	4.8%	5.0%	5%	Under 10	2.8%	4.0%	42%	IT Consult.	5.9%	6.0%	3%
ESO	5.3%	6.0%	14%	10 - 30	5.2%	5.0%	-4%	Mgmt. Cons.	3.9%	3.5%	-10%
PSO	4.6%	4.6%	-1%	31 - 100	5.0%	4.9%	-3%	SaaS PS	5.5%	6.3%	14%
Amer	4.9%	5.4%	10%	101 - 300	4.7%	5.6%	20%	Software PS	4.9%	5.0%	2%
EMEA	3.7%	4.1%	11%	301 - 700	7.2%	5.6%	-23%	Arch. / Engr.	3.4%	3.7%	10%
APac	5.8%	4.4%	-24%	Over 700	6.2%	5.6%	-10%	VAR	4.1%	6.6%	63%

Source: SPI Research, February 2026

Length of Time to Recruit and Hire for Standard Positions

SPI Research considers the duration it takes to recruit and onboard new employees to be an important factor in overall performance and sustainable growth. The ramp-up period is vital because it aims to make

employees productive more quickly, thereby reducing non-billable time and minimizing the costs associated with hiring and onboarding support.

Many firms do not track recruiting and hiring costs, yet these costs can be substantial, often exceeding 50% of a new hire's first-year base salary. This year, the average price of recruiting accounts for 1.0% of total revenue. The most successful firms establish dedicated recruiting functions, including detailed skill and personality profiles for targeted positions. Given the ongoing talent shortage in professional services, firms should focus on improving their recruiting, onboarding, and training processes. Recruiting efforts must align closely with the sales pipeline and resource management plan.

Table 158: Impact – Days to recruit and hire for standard positions

Days to recruit and hire for standard positions	Survey %	Billable utilization	On time Delivery	Project margin	Revenue/ consult. (k)	Revenue/ employee (k)
1 - 30 days	10.8%	69.5%	75.1%	41.0%	\$187	\$152
30 - 60 days	40.9%	66.7%	74.7%	39.3%	\$195	\$156
60 - 90 days	34.1%	68.4%	74.2%	36.9%	\$230	\$186
90 - 120 days	10.3%	67.1%	72.2%	34.0%	\$207	\$161
Over 120 days	3.8%	67.1%	67.9%	37.0%	\$217	\$183
Total / Average	100.0%	67.7%	74.1%	38.0%	\$208	\$167

Source: SPI Research, February 2026

Table 158 compares the time required to recruit standard positions, such as consultants, with other key performance indicators. As recruitment and hiring take longer, it is essential that billable utilization improve. This is because current employees must spend more time on recruitment, which limits their availability for billable work. Additionally, on-time delivery suffers as experienced employees are diverted into the hiring process, leaving new hires unavailable for essential roles. It is also important to recognize that new hires may require additional support to overcome their inexperience. Organizations with lengthy recruitment processes need to better define roles and begin recruiting early to meet critical resource needs. Maintaining a "warm pool" of candidates is beneficial.

The 2025 data signals a material loosening in hiring constraints, with time-to-hire compressing sharply across the market. Average days for recruitment and hire changed to 62.2 days, from 78.8 the prior year, indicating a shift in firm posture from cautious capacity preservation toward readiness to staff demand more quickly. This is not a performance gain so much as a market condition change: talent availability improved and decision friction fell, reducing the cost of waiting and enabling faster response when demand does surface.

The advantage accrued unevenly by firm type. Small firms benefited disproportionately, with organizations under 10 employees reducing time-to-hire to 56.7 days, from 90.3, suggesting greater flexibility and faster internal decision cycles. In contrast, large firms still hired faster than last year but remained structurally slower, reinforcing a competitive asymmetry in which smaller firms can pivot staffing earlier, while larger firms retain scale but face greater inertia when timing matters.

Table 159: Year-over-Year Change – Days to recruit and hire for standard positions

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	78.8	62.2	-21%	Under 10	90.3	56.7	-37%	IT Consult.	86.3	54.3	-37%
ESO	76.3	67.1	-12%	10 - 30	76.5	64.0	-16%	Mgmt. Cons.	83.0	56.8	-32%
PSO	79.8	60.3	-24%	31 - 100	74.5	58.8	-21%	SaaS PS	74.6	65.6	-12%
Amer	79.6	63.3	-20%	101 - 300	75.6	63.6	-16%	Software PS	65.0	69.5	7%
EMEA	77.5	60.9	-21%	301 - 700	72.0	63.9	-11%	Arch. / Engr.	76.5	71.3	-7%
APac	73.8	56.5	-23%	Over 700	96.2	72.9	-24%	VAR	76.5	73.5	-4%

Source: SPI Research, February 2026

Days For a New Hire to Become Productive

Effective onboarding and mentoring programs are essential for PSOs that anticipate significant growth – in 2024, the average time for a new hire to become productive decreased from 62.5% to 61%. PSOs have been monitoring this metric for some time, and while it had increased in recent years due to talent competition, it was encouraging to see it decline in 2024.

Table 160: Impact – Days for a new hire to become productive

Days to recruit and hire for standard positions	Survey %	Billable utilization	On time Delivery	Project margin	% ann. rev. achieved	% ann. marg. achieved
1 - 30 days	21.0%	72.7%	78.9%	40.6%	87.6%	89.0%
30 - 60 days	30.9%	68.9%	74.9%	39.1%	89.8%	90.3%
60 - 90 days	27.4%	65.0%	72.0%	37.0%	91.4%	87.0%
90 - 120 days	13.7%	65.5%	70.9%	37.9%	91.3%	90.0%
Over 120 days	7.0%	62.7%	70.2%	30.9%	88.0%	86.8%
Total / Average	100.0%	67.7%	74.1%	38.1%	89.8%	88.8%

Source: SPI Research, February 2026

The time required for new hires to reach productivity edged higher in 2025, signaling a subtle but important capacity drag as firms remobilize hiring. Overall ramp time increased to 62.5 days, from 61.0 days the prior year, indicating that incremental hiring did not immediately translate into deployable capacity. The divergence between operating models is notable: PSOs saw ramping time increase to 57.9 days, up from 55.9 days the prior year, while ESOs remained materially slower at 74.1 days, up from 74.6 days the prior year. This gap reinforces a structural advantage for delivery-led firms, which are better positioned to convert hiring into near-term revenue capacity.

Table 161: Year-over-Year Change – Days for a new hire to become productive

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	61.0	62.5	3%	Under 10	60.9	55.3	-9%	IT Consult.	48.2	44.7	-7%
ESO	74.6	74.1	-1%	10 - 30	71.8	60.4	-16%	Mgmt. Cons.	58.2	55.8	-4%
PSO	55.9	57.9	4%	31 - 100	57.1	68.1	19%	SaaS PS	86.7	78.1	-10%
Amer	61.6	63.5	3%	101 - 300	58.6	62.1	6%	Software PS	73.3	76.4	4%
EMEA	60.3	63.4	5%	301 - 700	55.0	55.6	1%	Arch. / Engr.	63.8	66.1	4%
APac	55.6	52.7	-5%	Over 700	60.0	66.4	11%	VAR	78.0	80.5	3%

Source: SPI Research, February 2026

At the same time, organizational scale is reshaping where productivity friction concentrates. Large firms experienced a clear slowdown, with organizations with over 700 employees seeing ramp time increase to 66.4 days, up from 60.0 days the prior year, while the smallest firms improved, decreasing to 55.3 days, down from 60.9 days the prior year. This asymmetry suggests that scale is now a constraint rather than a buffer: larger firms face increasing onboarding and integration drag as demand returns, while smaller firms gain speed advantages that allow faster responses to market signals and tighter alignment between hiring decisions and billable impact.

Employee Billable Utilization

SPI Research defines employee utilization as 2,000 hours annually. It is calculated by dividing the total annual billable hours by 2,000.

Employee billable utilization is a critical metric for organizational profitability and remains one of the most closely monitored key performance indicators. For robust analysis, utilization rates should be evaluated against overall revenue, profit per employee, and leading indicators such as backlog and sales pipeline volume. As an essential measure of opportunity and workload distribution, utilization provides valuable data to inform decisions on workforce expansion or reduction.

To improve profit margins, professional services executives are encouraged to increase both employee billable utilization and the proportion of billable personnel. Table 162 illustrates the gains organizations have realized this year through higher employee utilization rates. Firms achieving billable utilization above 80% generally demonstrate superior performance. Notably, these organizations often manage larger projects, which support sustained high utilization without the frequent turnover seen with shorter engagements.

Table 162: Impact – Employee billable utilization

Employee billable utilization	Survey %	On time Delivery	Project margin	Rev/consult. (k)	% ann. rev. achieved	% ann. marg. achieved
Under 50%	9.1%	65.1%	33.8%	\$166	83.2%	80.7%
50% - 60%	16.1%	71.0%	37.4%	\$196	86.7%	85.9%
60% - 70%	30.1%	73.1%	38.0%	\$215	92.1%	89.3%
70% - 80%	28.3%	74.7%	38.1%	\$224	89.9%	89.6%
80% - 90%	13.0%	79.7%	40.6%	\$198	92.7%	92.9%
Over 90%	3.4%	87.9%	41.1%	\$252	98.6%	97.3%
Total / Average	100.0%	73.9%	38.0%	\$209	90.1%	88.8%

Source: SPI Research, February 2026

While maintaining over 80% utilization within a growing professional services organization can deliver substantial profits, it may not be feasible in the long term due to potential risks of employee burnout and attrition. In contrast, organizations with utilization rates below 50% commonly experience unfavorable outcomes across all metrics. Ultimately, success depends on establishing an optimal balance between meaningful work, skill development, and cultivating client relationships.

Softness in utilization in 2025 was concentrated among larger firms, while smaller organizations remained broadly stable rather than strong. Total employee billable utilization fell to 67.6%, down from 68.9% the prior year, driven by scale: organizations with 101–300 employees declined to 68.0%, from 72.4%, and firms over 700 declined to 70.7%, from 72.1%. Firms with fewer than 30 employees were essentially flat, with utilization rising to 65.9% from 64.3%, indicating steadier demand alignment but at structurally lower utilization levels.

Pressure was also uneven across operating models and geographies. ESO utilization fell to 64.9% from 69.0% the prior year, while PSO utilization remained stable at 68.8%, indicating greater exposure among externally selling firms as demand tightened. All regions moved backward – signaling a broad-based cooling rather than a localized disruption, with scale amplifying the impact rather than insulating against it.

Table 163: Year-over-Year Change – Employee billable utilization

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	68.9%	67.6%	-2%	Under 10	64.3%	65.9%	3%	IT Consult.	71.0%	69.9%	-2%
ESO	69.0%	64.9%	-6%	10 - 30	65.4%	65.3%	0%	Mgmt. Cons.	67.4%	67.8%	1%
PSO	68.8%	68.8%	0%	31 - 100	69.2%	67.7%	-2%	SaaS PS	66.4%	64.0%	-4%
Amer	68.9%	68.3%	-1%	101 - 300	72.4%	68.0%	-6%	Software PS	61.8%	68.0%	10%
EMEA	68.3%	64.4%	-6%	301 - 700	73.7%	71.3%	-3%	Arch. / Engr.	70.3%	71.8%	2%
APac	69.4%	68.8%	-1%	Over 700	72.1%	70.7%	-2%	VAR	71.0%	66.9%	-6%

Source: SPI Research, February 2026

Annual Fully Loaded Cost per Consultant

Fully loaded costs include base and variable compensation, fringe benefits, and healthcare costs.

The annual fully loaded cost per consultant was initially viewed as a negative key performance indicator (KPI), if higher consultant payments would lead to lower profits. However, this assumption has been proven incorrect. Studies by SPI have consistently shown that as the fully loaded cost increases, performance maturity also improves. Over 56% of firms reported a fully loaded cost between \$100,000 and \$150,000 (Table 164), while only 5.1% reported costs over \$200,000. Notably, the firms that invest the most in consultant costs tend to be larger organizations and often achieve some of the best financial results.

Table 164: Impact – Annual fully loaded cost per consultant (k)

Annual fully loaded cost per consultant (k)	Survey %	Billable utilization	On time Delivery	Project margin	Rev/consult. (k)	Rev/emp. (k)
Under \$100k	20.4%	63.4%	66.2%	38.7%	\$147	\$105
\$100k - \$120k	26.9%	66.7%	74.6%	36.1%	\$193	\$149
\$120k - \$150k	29.3%	68.4%	71.8%	38.2%	\$229	\$187
\$150k - \$200k	18.3%	69.5%	81.9%	40.2%	\$254	\$211
Over \$200k	5.1%	73.9%	81.7%	40.3%	\$282	\$275
Total / Average	100.0%	67.4%	73.7%	38.2%	\$210	\$169

Source: SPI Research, February 2026

Overall, fully loaded cost pressure eased slightly, but the relief is uneven and signals widening cost asymmetry. At the total level, the annual fully loaded cost per consultant fell to \$130k from \$132k the prior year, reflecting broad cost discipline rather than structural improvement. That decline was driven by larger organizations, where the cost per consultant changed to \$129k, from \$135k the prior year, indicating that scale enabled more aggressive cost actions without proportionate talent loss. This reinforces a market posture in which larger firms prioritize margin protection through cost resets rather than reinvestment.

In contrast, smaller firms absorbed rising unit costs while utilization and demand remained constrained. For firms with fewer than 10 employees, the fully loaded cost per consultant rose to \$137k, up from \$127k the prior year, reversing the trend seen in most other size cohorts. This shift suggests that smaller firms are carrying higher fixed talent costs and have less ability to spread overhead, making them more exposed as utilization softness persists. The result is a growing structural gap in cost resilience, with smaller firms facing tighter margin pressure while larger firms regain pricing and cost-control flexibility.

Table 165: Year-over-Year Change – Annual fully loaded cost per consultant (k)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	\$132	\$130	-1%	Under 10	\$127	\$137	8%	IT Consult.	\$135	\$124	-9%
ESO	\$132	\$129	-3%	10 - 30	\$139	\$126	-10%	Mgmt. Cons.	\$137	\$141	3%
PSO	\$132	\$131	0%	31 - 100	\$126	\$127	1%	SaaS PS	\$126	\$120	-5%

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Amer	\$133	\$137	2%	101 - 300	\$136	\$135	-1%	Software PS	\$133	\$131	-2%
EMEA	\$120	\$115	-5%	301 - 700	\$131	\$130	-1%	Arch. / Engr.	\$115	\$130	14%
APac	\$135	\$114	-16%	Over 700	\$135	\$129	-4%	VAR	\$126	\$136	8%

Source: SPI Research, February 2026

PS Consultant Billable Day Rate Achieved

This year, SPI Research began asking participants about their consultants' daily billing rates. Table 166 highlights improvement as day rates increase. As one might expect, performance improves as day rates rise. While no one suggests that PS leaders can just raise their day rates to achieve this success, it should be a point of emphasis as PSOs drive higher-quality engagements to their clients.

Table 166: Impact – Consultant billable day rate achieved (USD)

Average PS consultant billable day rate achieved (USD)	Survey %	Total attrition	On time Delivery	Project margin	Revenue / consult. (k)	Revenue / Emp. (k)
Under \$400	16.1%	12.2%	65.0%	32.7%	\$138	\$117
\$400 - \$700	15.0%	11.5%	71.0%	34.6%	\$189	\$144
\$700 - \$1,000	18.4%	11.9%	74.6%	38.4%	\$206	\$154
\$1,000 - \$1,500	30.5%	11.7%	76.0%	39.5%	\$217	\$179
\$1,500 - \$2,000	15.8%	11.2%	78.2%	40.4%	\$258	\$202
Over \$2,000	4.2%	5.6%	86.1%	43.9%	\$305	\$282
Total/Average	100.0%	11.5%	74.0%	37.8%	\$208	\$167

Source: SPI Research, February 2026

Average PS consultant billable day rates in 2025 show a clear segmentation by operating model and market, signaling where pricing power is currently concentrated. Independents achieved higher realized rates at \$1,073 compared with ESOs at \$937, reinforcing the premium attached to delivery-led, services-centric models where expertise is sold directly rather than bundled. By market, management consulting sits at the top end at \$1,229, while SaaS PS is materially lower at \$840, underscoring continued client resistance to premium pricing in implementation-heavy, product-adjacent services.

Firm size further sharpens this divide. Mid-sized firms (10–30 employees) achieved \$1,098, firms with 301–700 employees reached \$1,128, while the largest firms (over 700) realized just \$893, indicating that scale alone does not translate into pricing leverage. Instead, pricing strength appears tied to specialization and perceived value rather than footprint, suggesting that firms with differentiated offerings retain more control over rates, while large, broadly positioned providers face greater pricing pressure in competitive deals.

Table 167: Year-over-Year Change – Average PS consultant billable day rate achieved (USD)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	NA	\$1,035	NA	Under 10	NA	\$1,040	NA	IT Consult.	NA	\$1,064	NA
ESO	NA	\$937	NA	10 - 30	NA	\$1,098	NA	Mgmt. Cons.	NA	\$1,229	NA
PSO	NA	\$1,073	NA	31 - 100	NA	\$1,011	NA	SaaS PS	NA	\$840	NA
Amer	NA	\$1,024	NA	101 - 300	NA	\$1,042	NA	Software PS	NA	\$1,111	NA
EMEA	NA	\$1,069	NA	301 - 700	NA	\$1,128	NA	Arch. / Engr.	NA	\$882	NA
APac	NA	\$1,038	NA	Over 700	NA	\$893	NA	VAR	NA	\$1,345	NA

Source: SPI Research, February 2026

Expected PS Employee Salary Increase in 2026

SPI also asked about the average expected salary increase for PS employees in 2026. Overall, it came in at 3.8%. SPI expects professional services executives to be slightly more conservative in 2026 as they realign their organizations and grow revenue in a changing environment. Firms planning for higher salaries showed stronger performance in 2025, and this should translate into higher performance in 2026.

Table 168: Impact – Expected average salary increase of PS employees in 2026

Expected average salary increase of PS employees in 2026	Survey %	Revenue growth	Headcount growth	Billable utilization	% ann. rev. achieved	% ann. marg. achieved
Under 2%	14.2%	-2.2%	-1.9%	65.6%	81.6%	84.8%
2% - 5%	66.9%	4.7%	2.3%	67.9%	90.8%	89.1%
5% - 8%	15.3%	8.2%	6.7%	69.0%	93.3%	91.4%
8% - 10%	3.0%	9.3%	-0.5%	65.5%	88.6%	89.1%
Over 10%	0.5%	10.0%	5.0%	67.5%	95.0%	95.0%
Total/Average	100.0%	4.4%	2.3%	67.7%	89.8%	88.9%

Source: SPI Research, February 2026

Expected salary increases in 2026 cluster tightly around the high-3.8% range, signaling continued wage discipline rather than a renewed compensation cycle. The overall expected increase sits at 3.8%, with PSOs slightly higher at 3.9% and ESOs at 3.7%, reinforcing the pattern seen elsewhere in the data: firms are prioritizing cost control even as utilization and hiring conditions remain uneven. This narrow spread suggests limited pricing or margin headroom to fund differentiated pay strategies at scale.

The main divergence appears by region and organization size, pointing to where wage pressure is most acute. APac stands out at 4.5%, above the global norm, while firms with over 700 employees also sit higher at 4.4%, indicating that large, globally scaled organizations are absorbing more compensation pressure – likely to protect critical talent depth after prior-year adjustments. By contrast, mid-sized firms cluster closer to the average, implying fewer degrees of freedom to compete on pay and a greater reliance on non-cash levers to retain staff.

Table 169: Year-over-Year Change – Expected average salary increase of PS employees in 2026

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	NA	3.8%	NA	Under 10	NA	3.7%	NA	IT Consult.	NA	4.0%	NA
ESO	NA	3.7%	NA	10 - 30	NA	3.6%	NA	Mgmt. Cons.	NA	3.8%	NA
PSO	NA	3.9%	NA	31 - 100	NA	3.9%	NA	SaaS PS	NA	3.8%	NA
Amer	NA	3.8%	NA	101 - 300	NA	3.8%	NA	Software PS	NA	3.4%	NA
EMEA	NA	3.8%	NA	301 - 700	NA	3.8%	NA	Arch. / Engr.	NA	4.0%	NA
APac	NA	4.5%	NA	Over 700	NA	4.4%	NA	VAR	NA	4.0%	NA

Source: SPI Research, February 2026

PS Performance Management process

SPI Research asked about the professional services performance management process. Table 170 highlights the results, which are rated on a 1 to 5 maturity scale. Overall, the score is average at 3.33, which reflects how many firms have always been run with annual reviews. In a people-based business process, the process should be better documented and supported within the technology infrastructure, such as HCM. Firms with a more mature performance management process averaged much higher margins, revenue per consultant, and revenue per employee than those without it, underscoring the importance of this process.

Table 170: Impact – PS Performance Management process

What best describes your company's Performance Management process	Survey %	Billable utilization	On time Delivery	Project margin	Rev/ consult. (k)	Rev/ emp. (k)
1. None (no formal process)	6.2%	63.2%	69.8%	38.2%	\$177	\$149
2. Ad hoc, inconsistent, manager-led	10.8%	65.0%	75.3%	38.3%	\$200	\$158
3. Basic structure, typically annual reviews	36.6%	66.6%	72.9%	36.7%	\$211	\$168
4. Standardized, consistent, linked to business goals	37.1%	69.9%	73.4%	38.0%	\$207	\$166
5. Embedded, systemized, tech-enabled, and strategic	9.4%	69.7%	81.7%	41.6%	\$233	\$191
Total/Average	100.0%	67.7%	74.0%	37.9%	\$208	\$167

Source: SPI Research, February 2026

The 2025 composite score of **3.33** indicates that, on average, firms cluster around a *structured but not fully embedded* performance management posture. The gap between **PSOs at 3.35** and **ESOs at 3.27** signals a modest but consistent difference in operating discipline, with PSOs more likely to run standardized, goal-linked processes. Organizations that operate under significant delivery pressure tend to formalize their performance management processes. This formalization serves as an essential coordination mechanism, helping to align teams and resources to meet demanding project requirements and tight deadlines. In contrast, Embedded Service Organizations (ESOs) typically rely more on manager-led approaches, resulting in greater variability in how performance management is practiced across the organization. This distinction highlights how the level of operational pressure influences the degree to which performance management systems are standardized versus manager-driven.

Table 171: Year-over-Year Change – The Perceived Maturity of the PS Performance Management Process

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	NA	3.33	NA	Under 10	NA	2.56	NA	IT Consult.	NA	3.37	NA
ESO	NA	3.27	NA	10 - 30	NA	3.22	NA	Mgmt. Cons.	NA	3.25	NA
PSO	NA	3.35	NA	31 - 100	NA	3.42	NA	SaaS PS	NA	3.40	NA
Amer	NA	3.37	NA	101 - 300	NA	3.63	NA	Software PS	NA	3.72	NA
EMEA	NA	3.25	NA	301 - 700	NA	3.85	NA	Arch. / Engr.	NA	3.37	NA
APac	NA	3.17	NA	Over 700	NA	3.44	NA	VAR	NA	3.27	NA

Source: SPI Research, February 2026

Organization size shows the strongest gradient. Firms **under 10 at 2.56** sit materially closer to ad hoc or basic approaches, while firms in the 301–700 range at 3.85 are closest to embedded, systematized models. That concentration of higher scores in mid-to-large firms suggests that scale enables consistency and tooling, while very small firms face coordination limits and very large firms experience some dilution (**over 700 at 3.44**). Regionally, **APAC at 3.17** trails **Americas at 3.37**, implying looser formalization despite earlier signals of faster communication and adaptability – highlighting a trade-off between speed and process depth rather than execution quality.

Effectiveness at Aligning Skills, Capacity and Hiring with Pipeline Demand.

The final new question from SPI Research in the talent benchmark asks how efficient and effective PSOs are at aligning skills with capacity and hiring, as well as with pipeline demand. This area has become increasingly important to professional services firms, as they will never achieve billable utilization goals and financial success if they don't balance skills with pipeline.

Table 172 shows that most firms agree they are effective at this alignment. And it makes sense as those that are effective grow both revenue and headcount faster than those who are not. They also have lower employee attrition because there is no over- or underutilization of consultants. The bottom line is that this is an area PS executives should look at more closely to better understand.

Table 172: Impact – Effectiveness at aligning skills, capacity and hiring with pipeline demand

Effective at aligning skills, capacity and hiring with pipeline demand.	Survey %	Revenue growth	Headcount growth	Total attrition	On time Delivery	Profit (EBITDA %)
Strongly disagree	1.2%	2.5%	-1.7%	36.3%	47.5%	NA
Disagree	10.9%	2.6%	-0.1%	16.1%	66.7%	3.1%
Neutral	28.2%	3.9%	1.1%	10.1%	70.2%	6.8%
Agree	48.2%	6.4%	3.2%	11.1%	76.2%	5.7%
Strongly agree	11.5%	7.6%	4.5%	9.4%	82.9%	15.1%
Total/Average	100.0%	5.4%	2.4%	11.4%	73.9%	7.5%

Source: SPI Research, February 2026

Table 173: Year-over-Year Change – Effectiveness at aligning skills, capacity and hiring with pipeline

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	NA	3.58	NA	Under 10	NA	3.57	NA	IT Consult.	NA	3.60	NA
ESO	NA	3.52	NA	10 - 30	NA	3.59	NA	Mgmt. Cons.	NA	3.61	NA
PSO	NA	3.60	NA	31 - 100	NA	3.61	NA	SaaS PS	NA	3.39	NA
Amer	NA	3.58	NA	101 - 300	NA	3.73	NA	Software PS	NA	3.46	NA
EMEA	NA	3.59	NA	301 - 700	NA	3.22	NA	Arch. / Engr.	NA	3.71	NA
APac	NA	3.55	NA	Over 700	NA	3.46	NA	VAR	NA	4.11	NA

Source: SPI Research, February 2026

Recommend PSO to Friends and Family

Recommending one's company to family and friends as a "great place to work" is an essential measure of employee engagement.

Recommending a company to others is a strong indicator of employee satisfaction. Table 174 illustrates the significant impact of workplace satisfaction. The positive news is that 43.8% of the organizations surveyed would strongly recommend their firms. Great workplaces are characterized by high employee engagement, a strong culture of achievement, and confidence in the future.

Table 174: Impact – Recommend PSO to friends/family

Recommend PSO to friends/family	Survey %	Revenue growth	Headcount growth	Total attrition	Billable utilization	On time Delivery
Strongly disagree	1.5%	-3.8%	-7.1%	28.1%	65.8%	45.8%
Disagree	2.6%	1.9%	-1.0%	17.3%	62.5%	58.0%
Neutral	14.2%	6.2%	1.5%	11.6%	66.0%	70.9%
Agree	37.9%	3.8%	1.4%	11.4%	66.4%	70.3%
Strongly agree	43.8%	6.0%	4.3%	9.8%	69.3%	79.8%
Total/Average	100.0%	4.9%	2.5%	11.2%	67.5%	73.9%

Source: SPI Research, February 2026

While Table 175 shows the annual change in recommending the PSO declined slightly in 2025, it is still much higher than many other KPIs that track employee engagement in the firm.

Table 175: Year-over-Year Change – Recommend company to friends/family

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	4.27	4.20	-2%	Under 10	4.09	3.96	-3%	IT Consult.	4.36	4.22	-3%
ESO	4.07	4.10	1%	10 - 30	4.10	4.25	4%	Mgmt. Cons.	4.20	4.29	2%
PSO	4.34	4.24	-2%	31 - 100	4.44	4.28	-4%	SaaS PS	3.76	3.87	3%
Amer	4.30	4.21	-2%	101 - 300	4.30	4.38	2%	Software PS	4.56	3.82	-16%

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
EMEA	4.16	4.18	0%	301 - 700	4.33	3.93	-9%	Arch. / Engr.	4.44	4.55	2%
APac	4.13	4.14	0%	Over 700	4.24	4.03	-5%	VAR	4.30	4.56	6%

Source: SPI Research, February 2026

Well-Understood Career Path for All Employees

A well-understood career path is an important KPI for measuring PSO commitment, employee motivation, and retention.

The survey asked whether the organization offers a clear career path, including opportunities for employees to transition into different roles and a well-defined next step for their career progression (Table 176). This KPI highlights the organization's commitment to employee skill development and career advancement. Although the question is subjective and responses come from PS executives, who may be biased, the results underscore the importance of career development within the company.

Table 176: Impact – Well-understood career path for all employees

Well-understood career path for all emp.	Survey %	Total attrition	Billable utilization	On time Delivery	Rev/consult. (k)	Rev/emp. (k)
Strongly disagree	1.8%	27.6%	60.7%	52.9%	\$139	\$104
Disagree	11.6%	11.7%	64.0%	67.7%	\$191	\$145
Neutral	32.0%	10.6%	67.4%	73.2%	\$202	\$164
Agree	43.6%	10.5%	68.3%	74.5%	\$223	\$179
Strongly agree	11.1%	11.5%	69.4%	83.6%	\$211	\$170
Total/Average	100.0%	11.1%	67.5%	73.9%	\$210	\$168

Source: SPI Research, February 2026

An important indicator of employee satisfaction is the availability of a clearly defined career path for all employees. In 2025, this indicator declined slightly, particularly in embedded service organizations. Both IT consultancies and SaaS professional services experienced a decrease in the clarity of their career pathways.

Table 177: Year-over-Year Change – Well-understood career path for all emp.

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.53	3.51	-1%	Under 10	3.56	3.32	-7%	IT Consult.	3.70	3.45	-7%
ESO	3.30	3.41	3%	10 - 30	3.31	3.39	3%	Mgmt. Cons.	3.42	3.61	6%
PSO	3.62	3.55	-2%	31 - 100	3.54	3.54	0%	SaaS PS	2.95	3.32	13%
Amer	3.53	3.51	-1%	101 - 300	3.64	3.64	0%	Software PS	4.06	3.48	-14%
EMEA	3.47	3.44	-1%	301 - 700	3.67	3.59	-2%	Arch. / Engr.	3.71	3.71	0%
APac	3.63	3.63	0%	Over 700	3.59	3.56	-1%	VAR	3.50	3.74	7%

Source: SPI Research, February 2026

Employees Have the Tools They Need to Deliver Quality Services More Efficiently and Effectively

SPI Research asked, for the second year in a row, whether employees have the necessary tools to deliver quality services efficiently and effectively. This question strongly correlates with several key KPIs, as shown in Table 178. Companies, and PSOs in particular, where employees are equipped with the right tools to grow faster, are more likely to recommend their firm to others and achieve higher levels of billable utilization and on time delivery. This, in turn, leads to increased profit margins. This KPI is vital for enhancing productivity and profitability in the professional services sector.

In today's rapidly changing technological environment, employees need practical tools to deliver high-quality services efficiently. Both independent PSOs and embedded service organizations experienced a decline. Both software and SaaS providers reported decreased available tools, along with IT Consultancies, while AE firms showed an increase. Additionally, as the industry shifts towards artificial intelligence, both these organizations and IT consultancies will need to keep up with new tools and technologies.

Table 178: Impact – Employees have the tools they need

Employees have the tools they need to deliver quality services efficiently and effectively	Survey %	Revenue growth	Total attrition	Billable utilization	On time Delivery	Project margin
Strongly disagree	1.0%	4.4%	34.3%	72.5%	45.0%	47.5%
Disagree	5.7%	-1.1%	12.5%	61.2%	64.8%	35.7%
Neutral	18.4%	4.4%	11.7%	64.8%	69.2%	36.8%
Agree	56.0%	5.5%	10.9%	68.4%	74.5%	38.1%
Strongly agree	18.9%	5.5%	9.5%	69.3%	81.4%	39.4%
Total/Average	100.0%	4.9%	11.1%	67.5%	74.0%	38.0%

Source: SPI Research, February 2026

Table 179: Annual change employees have the tools they need

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.99	3.86	-3%	Under 10	3.91	3.84	-2%	IT Consult.	4.13	3.88	-6%
ESO	3.84	3.71	-3%	10 - 30	3.95	3.99	1%	Mgmt. Cons.	3.98	4.01	1%
PSO	4.04	3.93	-3%	31 - 100	4.04	3.89	-4%	SaaS PS	3.66	3.40	-7%
Amer	4.01	3.88	-3%	101 - 300	4.03	3.88	-4%	Software PS	3.94	3.61	-8%
EMEA	3.86	3.74	-3%	301 - 700	3.93	3.63	-8%	Arch. / Engr.	4.09	4.20	3%
APac	4.00	3.94	-1%	Over 700	3.94	3.67	-7%	VAR	4.10	4.07	-1%

Source: SPI Research, February 2026

Annual Hours

SPI Research frequently receives inquiries about how professional services consultants allocate their time. Many executives aim for their team members to be billable for at least 75% of the available annual hours, which total around 1,500 hours. For senior consultants, who often have additional responsibilities beyond

billing, utilization rates can drop below 25%. In contrast, new or junior consultants may exceed 100% utilization, reaching over 2,000 hours annually.

Annual hours remain among the most sought-after metrics from the annual PS Maturity™ benchmark survey. Organizations typically focus on the time consultants spend on billable and non-billable tasks. According to the benchmark data, billable hours slightly decreased from 1,385 in 2024 to 1,373 in 2025 (Table 180). While the hours spent in the various categories remained constant, annual administrative hours decreased by over in 2025, from 176 hours per year to 157.

Table 180: Annual Hours by Organization Type and Geographic Region

Annual Hours	2024	2025	ESO	PSO	Amer.	EMEA	APac
Vacation / personal / holiday hours	181	177	152	188	162	226	188
Education/training hours	73	74	75	73	71	86	71
Administrative hours	179	157	169	152	162	124	191
Non-billable business dev./sales support	110	114	91	124	109	120	143
Non-billable project hours	126	141	188	120	136	150	155
Total non-billable hours	670	662	675	657	640	706	749
Billable hours on-site	445	466	374	507	460	420	633
Billable hours off-site	940	907	972	878	946	884	615
Total billable hours	1,385	1,373	1,346	1,385	1,406	1,304	1,248
Total hours	2,055	2,035	2,021	2,041	2,046	2,010	1,997
Percentage of remote delivery hours	67.9%	66.0%	72.2%	63.4%	67.3%	67.8%	49.3%

Source: SPI Research, February 2026

Table 181: Annual Hours by PS Market

Annual Hours	IT Cons	Mgmt. Cons	SaaS PS	Soft PS	Arch./ Engr.	Agency
Vacation / personal / holiday hours	196	186	194	187	170	68
Education/training hours	80	54	115	104	48	35
Administrative hours	143	142	180	164	168	90
Non-billable business dev./sales support	91	158	97	108	98	48
Non-billable project hours	95	112	312	161	134	55
Total non-billable hours	605	652	897	723	617	297
Billable hours on-site	413	547	279	393	803	223
Billable hours off-site	1,024	839	1,002	915	634	1,266
Total billable hours	1,437	1,386	1,281	1,308	1,437	1,489
Total hours	2,043	2,039	2,178	2,031	2,054	1,786
Percentage of remote delivery hours	71.2%	60.5%	78.2%	70.0%	44.1%	85.1%

Source: SPI Research, February 2026

Table 182: Annual Hours by Organization Size

Annual Hours	Under 10	10 - 30	31 - 100	101 - 300	301 - 700	Over 700
Vacation / personal / holiday hours	155	194	174	193	179	144
Education/training hours	85	69	68	73	86	84
Administrative hours	155	152	149	187	105	171
Non-billable business dev./sales support	171	119	101	93	104	119
Non-billable project hours	134	138	154	112	133	176
Total non-billable hours	700	672	647	658	608	694
Billable hours on-site	522	495	474	376	379	557
Billable hours off-site	838	843	957	971	931	783
Total billable hours	1,360	1,338	1,431	1,348	1,310	1,339
Total hours	2,060	2,010	2,078	2,005	1,918	2,033
Percentage of remote delivery hours	61.6%	63.0%	66.9%	72.1%	71.1%	58.4%

Source: SPI Research, February 2026

Billable Hours

The following sections highlight how the market has changed over the past year in the delivery of services remotely. PS executives realize this trend will continue for some time. In fact, most consultants favor remote or hybrid work and will likely leave firms that mandate a return to on-site work. Having the right tools and infrastructure to support remote employees will be more critical than ever. Firms would be well-advised not to force a “return to work” policy without continuing to offer more flexibility. The following sections compare changes from 2024 to 2025 in terms of hours spent.

Education and training hours

Table 183: Year-over-Year Change – Education and training hours

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	73	74	1%	Under 10	77	85	10%	IT Consult.	84	80	-5%
ESO	61	75	23%	10 - 30	61	69	14%	Mgmt. Cons.	61	54	-12%
PSO	77	73	-4%	31 - 100	67	68	1%	SaaS PS	60	115	93%
Amer	70	71	2%	101 - 300	79	73	-8%	Software PS	131	104	-21%
EMEA	79	86	9%	301 - 700	70	86	23%	Arch. / Engr.	56	48	-14%
APac	93	71	-24%	Over 700	119	84	-29%	VAR	73	35	-52%

Source: SPI Research, February 2026

Administrative hours

Table 184: Year-over-Year Change – Administrative hours

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	179	157	-13%	Under 10	160	155	-4%	IT Consult.	133	143	7%
ESO	206	169	-18%	10 - 30	213	152	-29%	Mgmt. Cons.	194	142	-27%
PSO	170	152	-11%	31 - 100	202	149	-26%	SaaS PS	168	180	7%
Amer	176	162	-8%	101 - 300	155	187	21%	Software PS	187	164	-13%
EMEA	184	124	-33%	301 - 700	142	105	-26%	Arch. / Engr.	190	168	-12%
APac	206	191	-7%	Over 700	104	171	65%	VAR	220	90	-59%

Source: SPI Research, February 2026

Non-billable business development/sales support

Table 185: Year-over-Year Change – Non-billable business development/sales support

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	110	114	4%	Under 10	173	171	-1%	IT Consult.	99	91	-7%
ESO	108	91	-16%	10 - 30	121	119	-1%	Mgmt. Cons.	105	158	50%
PSO	111	124	12%	31 - 100	96	101	6%	SaaS PS	128	97	-24%
Amer	107	109	1%	101 - 300	100	93	-7%	Software PS	132	108	-18%
EMEA	132	120	-9%	301 - 700	71	104	46%	Arch. / Engr.	125	98	-22%
APac	99	143	44%	Over 700	95	119	25%	VAR	75	48	-36%

Source: SPI Research, February 2026

Non-billable project hours

Table 186: Year-over-Year Change – Non-billable project hours

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	126	141	11%	Under 10	151	134	-11%	IT Consult.	110	95	-14%
ESO	141	188	33%	10 - 30	137	138	1%	Mgmt. Cons.	135	112	-17%
PSO	121	120	-1%	31 - 100	126	154	23%	SaaS PS	194	312	61%
Amer	118	136	16%	101 - 300	124	112	-10%	Software PS	160	161	1%
EMEA	165	150	-9%	301 - 700	91	133	47%	Arch. / Engr.	112	134	20%
APac	144	155	7%	Over 700	66	176	165%	VAR	55	55	1%

Source: SPI Research, February 2026

Billable hours on-site

Table 187: Year-over-Year Change – Billable hours on-site

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	445	466	5%	Under 10	568	522	-8%	IT Consult.	406	413	2%
ESO	411	374	-9%	10 - 30	448	495	10%	Mgmt. Cons.	439	547	25%
PSO	456	507	11%	31 - 100	452	474	5%	SaaS PS	312	279	-11%
Amer	413	460	11%	101 - 300	379	376	-1%	Software PS	177	393	122%
EMEA	518	420	-19%	301 - 700	400	379	-5%	Arch. / Engr.	761	803	5%
APac	626	633	1%	Over 700	451	557	23%	VAR	95	223	135%

Source: SPI Research, February 2026

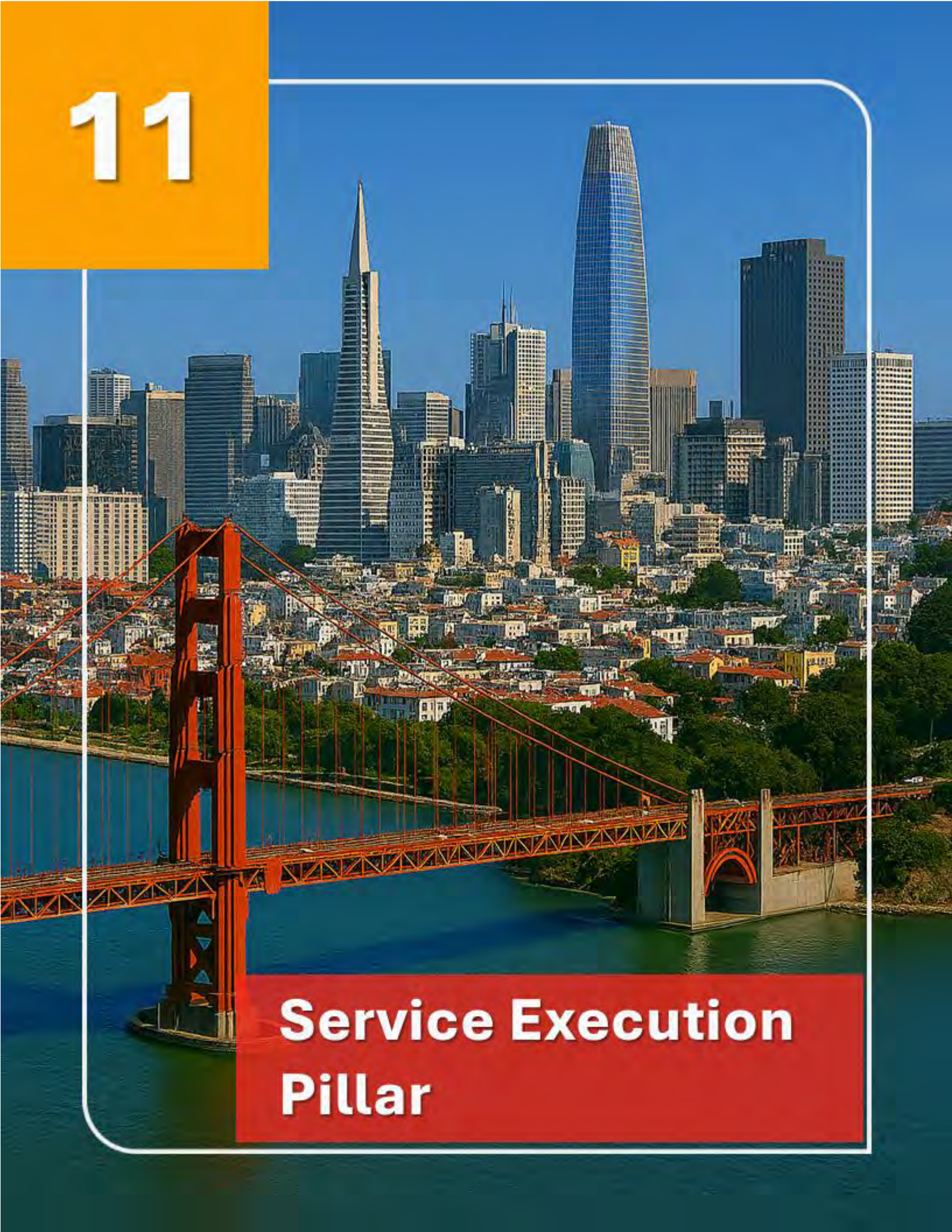
Billable hours off-site

Table 188: Year-over-Year Change – Billable hours off-site

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	940	907	-4%	Under 10	778	838	8%	IT Consult.	1,032	1,024	-1%
ESO	939	972	4%	10 - 30	890	843	-5%	Mgmt. Cons.	959	839	-12%
PSO	940	878	-7%	31 - 100	929	957	3%	SaaS PS	985	1,002	2%
Amer	1,003	946	-6%	101 - 300	1,035	971	-6%	Software PS	1,020	915	-10%
EMEA	788	884	12%	301 - 700	1,205	931	-23%	Arch. / Engr.	685	634	-7%
APac	606	615	2%	Over 700	903	783	-13%	VAR	1,341	1,266	-6%

Source: SPI Research, February 2026

11



Service Execution Pillar

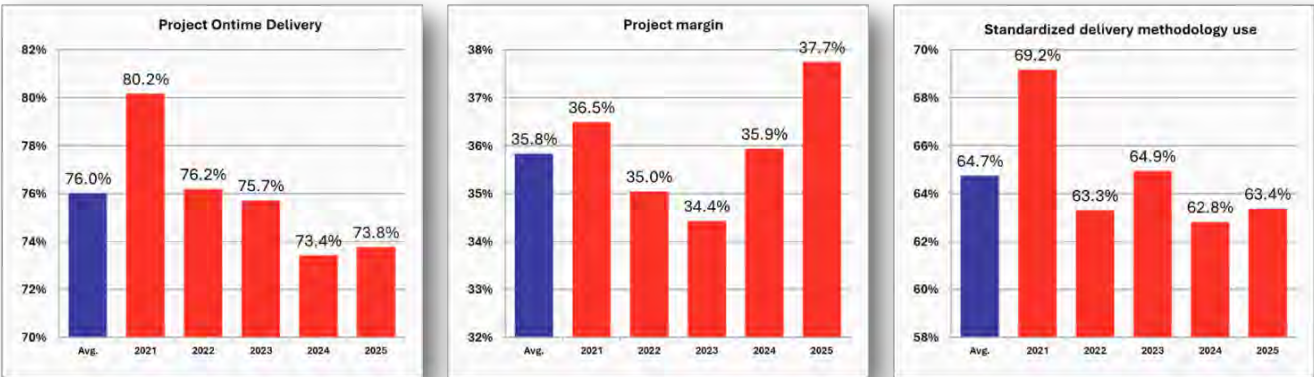
SERVICE EXECUTION PILLAR

The Service Execution Pillar evaluates the effectiveness, efficiency, and consistency of service delivery within professional services organizations. It focuses on the fundamental processes of planning, scheduling, and executing service engagements. Regardless of the maturity level of other PSO components, the ability to deliver high-quality, on-time services that add customer value remains central to organizational success and profitability.

This pillar is fundamental to revenue generation in professional services. Achieving optimal project margins requires that work be accurately scoped, priced, sold, delivered, and billed. Seamless coordination among the sales, human resources, service, and finance departments is essential to this workflow. Comprehensive documentation of all project-related elements – including time, expenses, project specifics, and institutional knowledge – is critical for accurate invoicing and for driving continuous improvement in future service delivery.

According to SPI Research, several key trends have emerged within the Service Execution Pillar, as depicted in Figure 31. These trends are instrumental to successful project outcomes. Notably, billable utilization (Talent Pillar) remains one of the most significant Key Performance Indicators (KPIs) for professional services. Over the past two years, SPI Research has seen project margins rise despite lower levels of on-time project delivery.

Figure 31: Service Execution Trends of Note



Source: SPI Research, February 2026

In an increasingly competitive consulting landscape, operational excellence often determines success. PSOs must implement visibility and management controls to ensure effective resource and project management. When done correctly, gross project margins exceeding 60% are achievable. Conversely, poor execution can lead to single-digit or even negative margins.

For decades, SPI has analyzed various aspects of service delivery, and this area has seen significant improvements as firms recognize the importance of resource specialization and comprehensive visibility in

project delivery. PSOs have integrated automation, virtualization, analytics, and cohesive business applications into their service delivery operations. Advances in technology have significantly enhanced areas such as resource management, project management, collaboration, time and expense tracking, and billing, thanks to a range of cloud-based tools.

Additionally, the nature of the work itself has evolved. Today, few firms focus on resolving basic operational issues before streamlining business processes. Agile delivery methods have become standard, alongside advanced workflows, reporting, process automation, and the incorporation of artificial intelligence. Every aspect of service execution has benefited from these technological advancements, making consulting a more enjoyable profession. The growing acceptance of remote service delivery, especially since the pandemic, has alleviated some travel-related stress and allowed consultants to work from home.

Service Execution Maturity

Table 189 illustrates the maturity levels within the Service Execution pillar as the PSO transitions from a basic, reactive "all hands on deck" project delivery approach to a more efficient, repeatable, and higher-quality service execution.

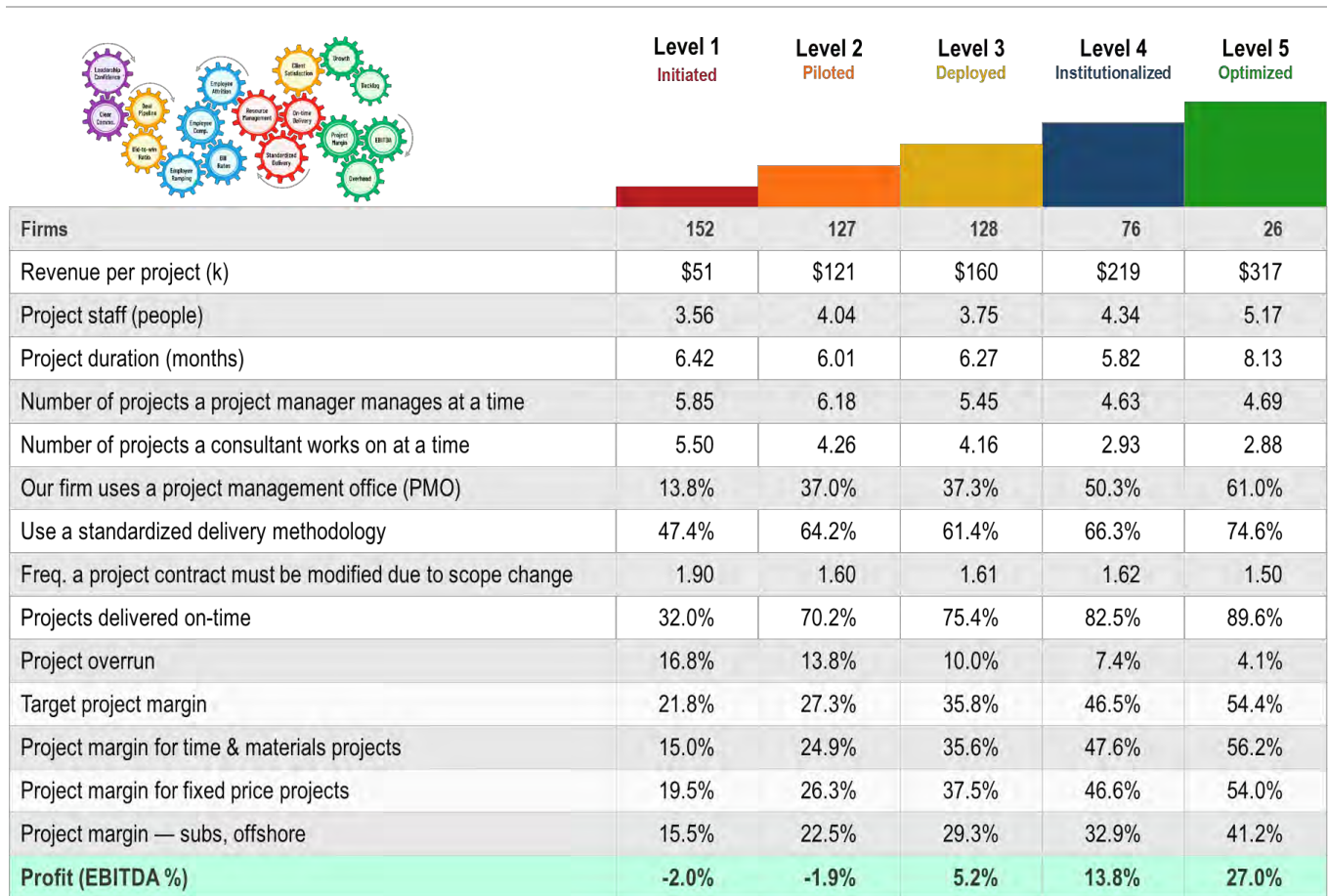
Table 189: Service Execution Performance Pillar Mapped Against Service Maturity

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Service Execution	No scheduling. Reactive. Ad hoc. Heroic. Scheduling by spreadsheet. No consistent project delivery methods. No project quality controls or knowledge management.	Skeleton methodology in place. Centralized resource mgmt. Initiating project mgmt. and technical skill development. Starting to measure project satisfaction and harvest knowledge.	PSA deployed for resource and project management. Collaborative portal. Earned Value Analysis. Project dashboard. Global Project Management Office, project quality reviews and measurements. Effective change management.	Integrated project and resource management. Effective scheduling. Using portfolio management. Global PMO. Global project dashboard. Global Knowledge Management. Global resource management.	Integrated solutions. Continual checks and balances are needed to ensure superior utilization and bill rates. Complete visibility to global project quality. Multi-disciplinary resource management.

Source: SPI Research, February 2026

Figures 33 and 34 highlight the importance of performance maturity within the Service Execution pillar. It highlights the importance of securing larger projects and implementing effective resource management processes. Firms that adopt a standardized (repeatable) delivery methodology experience improved on-time delivery, better project margins, and increased profit.

Figure 32: Service Execution Maturity Matters



Source: SPI Research, February 2026

5-Year Service Execution Trends

In 2025, SPI Research discovered that the average revenue per project had decreased significantly from 2024 and project lengths went down. Additionally, the number of projects a project manager handled concurrently decreased slightly, as did the number of simultaneous projects consultants managed. While there can be advantages to overseeing multiple projects simultaneously, many consultants and project managers tend to lose focus when juggling too many tasks (Table 190).

Table 190: Service Execution Pillar 5-year Trend

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Revenue per project (k)	\$185	\$181	\$203	\$183	\$189	\$165
Project staff (people)	4.26	4.16	4.51	4.42	4.00	4.05
Project duration (months)	6.30	6.23	6.44	5.76	7.02	6.23
No. of projects a PM manages at a time	NA	NA	NA	5.79	5.69	5.48
No of projects a consultant works on at a time	NA	NA	NA	4.21	3.95	3.91

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Our firm uses a project management office (PMO)	NA	NA	NA	36.2%	34.6%	40.3%
Use a standardized delivery methodology	64.7%	69.2%	63.3%	64.9%	62.8%	63.4%
The frequency on a project the contract need to be modified due to scope change	NA	NA	NA	1.48	1.65	1.62
Projects delivered on time	76.0%	80.2%	76.2%	75.7%	73.4%	73.8%
Project overrun	9.8%	8.1%	9.9%	9.6%	11.3%	10.7%
Target project margin	NA	NA	NA	NA	NA	36.6%
Project margin for time & materials projects	34.9%	35.9%	34.3%	33.6%	34.7%	36.4%
Project margin for fixed price projects	35.1%	36.0%	34.2%	34.0%	34.6%	37.2%
Project margin – subs, offshore	28.2%	28.3%	27.6%	27.6%	28.9%	28.7%
Resource management process effectiveness	3.60	3.69	3.60	3.67	3.56	3.46
Estimating processes and review effectiveness	3.44	3.43	3.39	3.47	3.39	3.54
Change control process effectiveness	3.44	3.45	3.42	3.43	3.40	3.49
Project quality process effectiveness	3.42	4.03	3.06	2.75	3.90	3.66
Knowledge management processes effectiveness	3.48	4.02	3.23	2.83	4.14	3.46

Source: SPI Research, February 2026

Overall, service execution performance significantly declined from its peak in 2021. In the post-COVID era, PSOs worked harder and were more successful in delivering projects on time and within budget. Unfortunately, these metrics have worsened in recent years, with fewer on-time deliveries and more project overruns. The good news is that project margins rose in 2025, though not by as much as the 40% SPI prefers.

Survey Results

Table 191 highlights differences in performance metrics for service execution between embedded and independent professional services across various geographic regions. SPI Research found that most KPIs varied significantly across regions. However, all reflect a lower level of performance throughout the professional services market. Professional services executives should pay close attention to these figures and initiate measures to enhance service delivery performance. This area is crucial for professional services, as it drives both revenue and profit and influences client and employee satisfaction. Poor performance in the Service Execution pillar can lead professional services organizations to experience slower growth and reduced profits moving forward.

Table 191: Service Execution Pillar Results by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Revenue per project (k)	\$189	\$165	\$159	\$168	\$177	\$146	\$122
Project staff (people)	4.00	4.05	3.81	4.16	4.04	4.21	3.76
Project duration (months)	7.02	6.23	5.67	6.49	6.53	5.61	5.35

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
No. of projects a PM manages at a time	5.69	5.48	6.29	5.14	6.03	4.22	4.39
No of projects a consultant works on at a time	3.95	3.91	4.69	3.60	4.31	3.21	2.75
Our firm uses a project management office (PMO)	34.6%	40.3%	41.1%	39.9%	40.7%	39.2%	39.9%
Use a standardized delivery methodology	62.8%	63.4%	65.9%	62.1%	66.3%	57.8%	53.9%
The frequency on a project the contract need to be modified due to scope change	1.65	1.62	1.68	1.59	1.59	1.75	1.50
Projects delivered on time	73.4%	73.8%	70.6%	75.3%	74.5%	72.1%	71.3%
Project overrun	11.3%	10.7%	12.1%	10.0%	9.9%	13.9%	9.4%
Target project margin		36.6%	32.9%	38.0%	36.0%	36.3%	41.0%
Project margin for time & materials projects	34.7%	36.4%	34.4%	37.1%	35.7%	38.4%	36.8%
Project margin for fixed price projects	34.6%	37.2%	33.8%	38.6%	37.6%	34.1%	40.7%
Project margin – subs, offshore	28.9%	28.7%	29.0%	28.6%	28.4%	29.8%	28.5%
Resource management process effectiveness	3.56	3.46	3.18	3.57	3.50	3.31	3.44
Estimating processes and review effectiveness	3.39	3.54	3.35	3.62	3.61	3.30	3.58
Change control process effectiveness	3.40	3.49	3.34	3.56	3.52	3.42	3.47
Project quality process effectiveness	3.90	3.66	3.47	3.73	3.70	3.57	3.56
Knowledge management processes effectiveness	4.14	3.46	3.40	3.48	3.51	3.34	3.31

Source: SPI Research, February 2026

Table 192: Service Execution Pillar Results by PS Market

Key Performance Indicator (KPI)	IT Consult	Mgmt. Consult	SaaS PS	Soft PS	Arch / Engr	VAR
Revenue per project (k)	\$223	\$158	\$158	\$179	\$96	\$133
Project staff (people)	4.68	3.30	3.39	4.47	4.68	3.72
Project duration (months)	6.57	6.00	5.05	6.39	7.57	5.24
No. of projects a PM manages at a time	3.89	3.79	6.87	7.19	8.27	8.00
No of projects a consultant works on at a time	2.69	3.26	6.13	4.42	5.07	4.09
Our firm uses a project management office (PMO)	47.2%	33.9%	41.3%	54.7%	30.6%	60.0%
Use a standardized delivery methodology	61.6%	58.8%	66.2%	70.0%	65.0%	75.2%
The frequency on a project the contract need to be modified due to scope change	1.74	1.21	1.34	1.88	1.75	2.19
Projects delivered on time	74.5%	78.5%	65.7%	72.0%	74.8%	72.2%
Project overrun	11.0%	7.4%	12.2%	10.5%	12.2%	11.7%
Target project margin	41.3%	40.0%	27.4%	37.6%	31.0%	37.3%
Project margin for time & materials projects	39.9%	38.8%	30.2%	40.7%	30.6%	38.3%
Project margin for fixed price projects	40.1%	42.0%	31.5%	40.0%	31.1%	39.2%

Key Performance Indicator (KPI)	IT Consult	Mgmt. Consult	SaaS PS	Soft PS	Arch / Engr	VAR
Project margin – subs, offshore	29.9%	30.2%	29.5%	34.1%	19.5%	35.5%
Resource management process effectiveness	3.51	3.68	3.04	3.45	3.68	3.36
Estimating processes and review effectiveness	3.51	3.67	3.32	3.72	3.80	3.27
Change control process effectiveness	3.58	3.63	3.24	3.73	3.42	3.45
Project quality process effectiveness	3.58	3.86	3.28	3.64	3.86	3.82
Knowledge management processes effectiveness	3.25	3.66	3.36	3.48	3.72	3.09

Source: SPI Research, February 2026

Smaller PSOs generally performed better in completing projects on time and within budget, resulting in fewer overruns. As the firm's size increased, larger project team sizes became more common.

Table 193: Service Execution Pillar Results by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
Revenue per project (k)	\$79	\$90	\$154	\$208	\$349	\$294
Project staff (people)	2.25	3.32	3.92	5.14	6.32	5.15
Project duration (months)	5.76	5.24	6.25	6.86	7.14	7.18
No. of projects a PM manages at a time	4.07	6.06	5.94	5.74	4.81	5.09
No of projects a consultant works on at a time	3.31	4.70	3.93	3.87	3.25	3.74
Our firm uses a project management office (PMO)	26.9%	35.1%	37.6%	52.4%	48.1%	51.3%
Use a standardized delivery methodology	57.1%	63.9%	66.4%	65.5%	65.4%	55.9%
The frequency on a project the contract need to be modified due to scope change	1.35	1.58	1.58	1.60	1.88	2.12
Projects delivered on time	77.6%	72.7%	73.5%	74.0%	76.3%	68.0%
Project overrun	9.2%	13.2%	10.2%	9.8%	9.9%	11.6%
Target project margin	38.4%	36.7%	35.4%	37.1%	36.5%	36.3%
Project margin for time & materials projects	36.3%	34.4%	34.9%	40.1%	38.9%	36.0%
Project margin for fixed price projects	38.0%	37.6%	36.6%	36.9%	37.5%	37.4%
Project margin – subs, offshore	27.7%	30.9%	28.2%	28.0%	28.8%	28.9%
Resource management process effectiveness	3.56	3.43	3.54	3.49	3.28	3.15
Estimating processes and review effectiveness	3.80	3.48	3.44	3.69	3.32	3.45
Change control process effectiveness	3.63	3.46	3.47	3.58	3.50	3.21
Project quality process effectiveness	3.87	3.72	3.64	3.69	3.54	3.27
Knowledge management processes effectiveness	3.61	3.49	3.45	3.48	3.35	3.18

Source: SPI Research, February 2026

Resource Management Process

The resource management process shows how organizations staff projects, moving from a centralized management process to a local, account-based, horizontal, or center of excellence.

SPI's research indicates that there is no universally optimal resourcing strategy for professional services organizations (PSOs). The following five approaches enable PSOs to effectively manage talent and meet client requirements. While centralized resource management remains the most commonly adopted method, each organization should design a resourcing strategy tailored to its specific business objectives to enhance utilization as well as client and employee satisfaction.

1. **Centrally Managed** – Centralized resource management is widely recommended among industry experts due to its ability to offer comprehensive visibility into project backlogs and present and future skill requirements. Under this model, a dedicated team oversees the master resource schedule and makes staffing decisions informed by skills, availability, location, cost, and preferences. This approach proves particularly efficient for managing larger workforces. Benchmark results from this year demonstrate that organizations utilizing centralized management experienced fewer project overruns and achieved superior revenue per consultant and higher project margins.
2. **Local Resource Management** – Local resource management is typically favored by emerging organizations with smaller teams, where close-knit collaboration and multi-functional roles are prevalent. These organizations often lack the scale to support a dedicated resource management function, relying instead on flexible roles and direct oversight. Local management also promotes stronger client relationships and reduces travel needs.
3. **Account-Based** – Managing resources by account can be advantageous for sizeable accounts with sustained project pipelines. However, this model presents risks if account revenue declines and may result in limited development opportunities for consultants, who might not gain exposure to varied business models or challenges. Additionally, teams may develop a strong affinity for their clients, potentially compromising their ability to challenge unreasonable client demands.
4. **By Horizontal Skill Set** – Structuring resource management around horizontal skill sets supports best practice development, process standardization, and knowledge sharing. For example, many organizations have their project and program managers report directly or indirectly to a Project Management Office (PMO). Affinity groups based on specialized expertise facilitate the dissemination of methodologies and templates. As organizations expand, integrating a competency-based reporting structure can further promote operational efficiency while cultivating deep domain expertise.
5. **Centers of Excellence** – The adoption of vertical and offshore Centers of Excellence (COEs), popularized by Accenture, has become increasingly prevalent. These centers foster comprehensive industry-specific expertise, serving as hubs for advanced knowledge and solutions. Clients value the forward-looking insights offered by COEs for addressing unique industry

challenges. Nevertheless, the model may incur significant overhead costs and risk developing an insular culture, which could limit responsiveness to evolving industry trends.

To improve utilization, PSOs must enhance the effectiveness of resource management. As Table 194 shows, there are pluses and minuses to different resource management strategies. Green shading indicates “Best” while red shading indicates “Worst” based on responses from 509 firms. This year, besides “Other”, “By Horizontal Skill Set” came out with the highest project margin scores. “

Table 194: Impact – Resource management process

Resource management process	Survey %	Revenue growth	Total attrition	Billable utilization	On time Delivery	Project margin
Centrally Managed	57.4%	4.7%	11.8%	68.3%	75.3%	38.6%
Locally Managed	24.7%	4.3%	10.1%	66.6%	72.9%	36.1%
Center of Excellence	4.6%	2.1%	10.9%	71.6%	72.8%	36.5%
By Account	4.8%	5.4%	10.8%	63.8%	69.2%	35.6%
By Horizontal Skill Set	3.8%	3.8%	10.8%	70.4%	72.5%	43.1%
Other	2.4%	10.3%	9.1%	61.7%	66.7%	41.9%
Total / Average	100.0%	4.8%	11.2%	67.5%	73.8%	38.1%

Source: SPI Research, February 2026

The table shows differences and what SPI Research finds interesting is that “Other” had some of the best and worst performance KPI's. “Other” typically refers to a hybrid of various resource management processes.

Revenue per Project

The average revenue per project is calculated by dividing the service organization's total revenue by the total number of projects delivered. This KPI provides insight into project size, scope, and duration.

PSOs complete many small projects and a few larger ones, which may skew revenue per project. Wide variability in project size strains the predictability of resource management and may make project management unaffordable. Most financial metrics improve with project size as it is easier to forecast them. Larger organizations build “rapid response” teams to handle short, unpredictable projects. The 5-year average revenue per project is \$183k and has been going up annually.

Average revenue per project is important for planning and execution. PS executives would naturally prefer large projects with many billable consultants and for extended durations. This format is much preferable to forecasting personnel and revenue. Unfortunately, the market is changing and PS executives now, more than ever, must do a much better job of planning to meet revenue and profitability targets.

Table 195: Impact – Revenue per project (k)

Revenue per project (k)	Survey %	Revenue growth	Headcount growth	Billable utilization	On time Delivery	Project margin
Under \$25k	15.0%	0.1%	-1.1%	63.4%	68.4%	33.7%
\$25k - \$50k	21.5%	2.0%	1.7%	62.7%	71.7%	37.2%
\$50k - \$100k	23.7%	6.8%	2.4%	68.6%	73.0%	39.5%
\$100k - \$250k	22.6%	6.3%	2.9%	70.0%	76.8%	37.5%
\$250k - \$500k	10.4%	3.9%	2.1%	69.9%	79.7%	41.0%
\$500k - \$1mm	4.4%	6.9%	4.8%	77.5%	79.1%	43.0%
Over \$1mm	2.5%	11.3%	10.8%	75.6%	81.1%	35.1%
Total / Average	100.0%	4.4%	2.1%	67.6%	74.1%	37.9%

Source: SPI Research, February 2026

This KPI provides insight into the size, number of employees involved, and duration of projects. Over the past five years, Service Performance Insight has seen this figure range from approximately \$180k to \$200k, but in 2025 it dropped to its lowest level recorded in SPI's study.

Table 196: Year-over-Year Change – Revenue per project (k)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	\$189	\$165	-12%	Under 10	\$66	\$79	21%	IT Consult.	\$225	\$223	-1%
ESO	\$221	\$159	-28%	10 - 30	\$132	\$90	-32%	Mgmt. Cons.	\$132	\$158	19%
PSO	\$178	\$168	-5%	31 - 100	\$153	\$154	1%	SaaS PS	\$97	\$158	64%
Amer	\$178	\$177	-1%	101 - 300	\$256	\$208	-19%	Software PS	\$111	\$179	61%
EMEA	\$230	\$146	-37%	301 - 700	\$538	\$349	-35%	Arch. / Engr.	\$150	\$96	-36%
APac	\$220	\$122	-45%	Over 700	\$395	\$294	-25%	VAR	\$229	\$133	-42%

Source: SPI Research, February 2026

Project Team Size

The project team size is the FTE number of resources dedicated to projects. Shorter, more iterative, “agile” projects cause more scheduling issues but may result in improved project value and ROI.

Table 197 shows that projects with larger staffs have the highest project margins and the lowest employee attrition, making them more desirable. However, it is more difficult to sell large projects, and they tend to be the most prevalent for larger PSOs that can handle global scale and complexity.

Table 197: Impact – Project staff (people)

Project staff (people)	Survey %	Total attrition	On time delivery	Project margin	Revenue/ consult. (k)	% ann. rev. achieved
1 - 2 people	29.4%	9.1%	75.9%	38.0%	\$215	89.3%
3 - 5 people	52.6%	11.4%	73.1%	37.9%	\$212	90.7%
6 - 8 people	12.7%	12.4%	71.2%	36.2%	\$185	89.1%
9 - 11 people	3.2%	12.2%	79.1%	41.0%	\$233	94.0%
Over 11 people	2.1%	18.8%	65.0%	51.6%	\$186	85.7%
Total / Average	100.0%	11.1%	73.7%	38.1%	\$210	90.1%

Source: SPI Research, February 2026

The average number of people working on a project increased by 1%, mostly in the independent professional services organizations. Both Europe and APac showed a significant decline, as did many of the larger firms.

Table 198: Year-over-Year Change – Project staff (people)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	4.00	4.05	1%	Under 10	2.25	2.25	0%	IT Consult.	4.68	4.68	0%
ESO	3.90	3.81	-2%	10 - 30	3.21	3.32	4%	Mgmt. Cons.	2.95	3.30	12%
PSO	4.04	4.16	3%	31 - 100	4.10	3.92	-5%	SaaS PS	3.30	3.39	3%
Amer	3.78	4.04	7%	101 - 300	4.75	5.14	8%	Software PS	4.50	4.47	-1%
EMEA	4.99	4.21	-16%	301 - 700	6.71	6.32	-6%	Arch. / Engr.	3.82	4.68	22%
APac	4.52	3.76	-17%	Over 700	6.26	5.15	-18%	VAR	4.15	3.72	-10%

Source: SPI Research, February 2026

Project Duration

The average project duration, expressed in months, is the time it takes to deliver a project. The average project duration, like the average project staff size, is important because it shows the project length and scale. Longer projects and staff may be easier to forecast but are not necessarily more profitable because they may entail more risk and complexity.

Unlike project staff size, project duration went up, averaging 6.3 months over the past five years. Table 199 shows that KPIs vary as projects get larger. In this year's survey, PSOs who completed shorter-duration projects did much better than those who completed longer projects.

Table 199: Impact – Project duration (months)

Project duration (months)	Survey %	On time Delivery	Project margin	Rev/consult. (k)	Rev/emp. (k)	Total attrition
Under 1 month	1.6%	75.8%	42.0%	\$270	\$220	3.5%
1 - 3 months	19.7%	71.4%	36.1%	\$213	\$167	9.8%
3 - 6 months	37.1%	76.0%	38.5%	\$207	\$164	10.6%
6 - 9 months	19.7%	70.4%	38.4%	\$206	\$159	12.2%
9 - 12 months	13.3%	75.3%	38.2%	\$214	\$186	12.4%
Over 12 months	8.5%	72.3%	37.8%	\$196	\$160	12.3%
Total/Average	100.0%	73.6%	38.0%	\$209	\$167	11.0%

Source: SPI Research, February 2026

The length of projects went down by 11% in 2025 (Table 200). Both embedded and independent professional services firms showed lower project durations, and every region, organization size and market showed a decrease. Ideally, PS should work harder to sell longer-term projects that stabilize the workforce. SPI Research believes 2025 was an abnormality to the standard operations of PSOs.

Table 200: Year-over-Year Change – Project duration (months)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	7.02	6.23	-11%	Under 10	6.83	5.76	-16%	IT Consult.	6.99	6.57	-6%
ESO	6.77	5.67	-16%	10 - 30	7.01	5.24	-25%	Mgmt. Cons.	6.86	6.00	-13%
PSO	7.11	6.49	-9%	31 - 100	6.57	6.25	-5%	SaaS PS	6.14	5.05	-18%
Amer	6.92	6.53	-6%	101 - 300	6.97	6.86	-2%	Software PS	6.59	6.39	-3%
EMEA	8.46	5.61	-34%	301 - 700	8.32	7.14	-14%	Arch. / Engr.	8.06	7.57	-6%
APac	5.65	5.35	-5%	Over 700	9.29	7.18	-23%	VAR	5.25	5.24	0%

Source: SPI Research, February 2026

Number of Projects a Project Manager Manages Concurrently

A project manager who manages several projects concurrently could help lower costs. However, as they manage many projects concurrently, overall performance suffers, and projects come in late and over budget. There is a balance here, and SPI Research is working to find the best combination.

In 2023, SPI Research started asking how many projects a project manager manages simultaneously. It helps when project managers manage multiple projects, but when they manage too many, performance suffers. The changes over the last two years are insignificant. However, in 2025, larger firms had project managers managing much fewer projects. Again, this is a new KPI for SPI Research to track, so it will be interesting to see how it helps us better understand the optimal number of projects each project manager manages.

Table 201: Impact – Number of projects a project manager manages at a time

Projects a project manager manages at a time	Survey %	Revenue growth	Billable utilization	On time Delivery	Project margin	Revenue / employee (k)
1 project	8.8%	2.8%	73.9%	84.7%	42.4%	\$163
2 projects	13.8%	4.7%	68.0%	77.4%	39.8%	\$176
3 - 5 projects	41.2%	4.9%	67.4%	72.8%	37.0%	\$170
6 - 10 projects	22.1%	5.1%	65.9%	72.9%	38.8%	\$164
over 10 projects	14.1%	4.2%	67.4%	69.2%	34.2%	\$157
Total / Average	100.0%	4.6%	67.7%	74.0%	37.9%	\$167

Source: SPI Research, February 2026

Table 202: Year-over-Year Change – Number of projects a project manager manages at a time

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	5.69	5.48	-4%	Under 10	4.51	4.07	-10%	IT Consult.	4.71	3.89	-17%
ESO	6.93	6.29	-9%	10 - 30	6.49	6.06	-7%	Mgmt. Cons.	4.42	3.79	-14%
PSO	5.25	5.14	-2%	31 - 100	6.26	5.94	-5%	SaaS PS	7.40	6.87	-7%
Amer	6.04	6.03	0%	101 - 300	5.07	5.74	13%	Software PS	6.38	7.19	13%
EMEA	3.95	4.22	7%	301 - 700	5.43	4.81	-11%	Arch. / Engr.	8.00	8.27	3%
APac	5.22	4.39	-16%	Over 700	6.63	5.09	-23%	VAR	7.90	8.00	1%

Source: SPI Research, February 2026

Number of Projects a Consultant Works on Concurrently

The number of projects a consultant works on concurrently is important. Having responsibilities on a few projects makes sense, as delays in one don't overall negatively impact billable utilization or overall employee costs. However, as the number of projects rises, quality issues will most certainly arise, leading to increased costs and frustration among clients and consultants.

Table 203: Impact – Number of projects a consultant works on at a time

Projects a consultant works on at a time	Survey %	Total attrition	Onsite service delivery	Billable utilization	On time Delivery	Project margin
1 project	15.8%	13.6%	37.2%	73.0%	79.5%	40.1%
2 projects	20.2%	11.2%	28.2%	67.6%	74.3%	39.4%
3 - 5 projects	43.5%	11.1%	33.8%	67.2%	73.9%	38.4%
6 - 10 projects	14.7%	9.5%	37.6%	62.4%	70.8%	35.9%
over 10 projects	5.8%	10.9%	49.4%	70.5%	66.2%	27.2%
Total / Average	100.0%	11.2%	34.7%	67.7%	74.0%	37.9%

Source: SPI Research, February 2026

One project would be problematic because there are frequent stoppages due to scope changes or unavailability. Over the past couple of years, the average has been around four projects a consultant works on at a time. The number went down in 2025 across embedded providers and in APac.

Table 204: Year-over-Year Change – Number of projects a consultant works on at a time

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.95	3.91	-1%	Under 10	3.89	3.31	-15%	IT Consult.	2.84	2.69	-5%
ESO	5.05	4.69	-7%	10 - 30	5.05	4.70	-7%	Mgmt. Cons.	3.78	3.26	-14%
PSO	3.56	3.60	1%	31 - 100	4.13	3.93	-5%	SaaS PS	6.78	6.13	-9%
Amer	4.21	4.31	2%	101 - 300	3.27	3.87	18%	Software PS	3.29	4.42	34%
EMEA	3.12	3.21	3%	301 - 700	3.00	3.25	8%	Arch. / Engr.	4.19	5.07	21%
APac	2.79	2.75	-1%	Over 700	3.18	3.74	18%	VAR	2.80	4.09	46%

Source: SPI Research, February 2026

Project Management Office (PMO)

Many PSOs have incorporated a PMO. SPI Research shows that some KPIs improve as PSOs use project management offices. Typically, PMOs are used for larger, more complex projects. But in many cases, they are also used for repetitive projects to ensure quality is built in and achieved as the project is delivered.

Table 205: Impact – The firm uses a project management office (PMO)

The firm uses a project management office (PMO)	Survey %	Total attrition	Onsite service delivery	Billable utilization	On time Delivery	Project margin
Never	40.5%	11.2%	40.4%	66.1%	72.5%	38.5%
Sometimes	24.4%	12.2%	35.2%	69.5%	74.9%	36.5%
Most of the time	19.7%	11.4%	29.9%	67.5%	73.7%	37.2%
Always	15.3%	9.6%	24.7%	69.2%	77.3%	40.2%
Total / Average	100.0%	11.2%	34.6%	67.7%	74.0%	38.0%

Source: SPI Research, February 2026

Table 206: Year-over-Year Change – Our firm uses a project management office (PMO)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	34.6%	40.3%	17%	Under 10	16.2%	26.9%	66%	IT Consult.	45.8%	47.2%	3%
ESO	45.7%	41.1%	-10%	10 - 30	29.7%	35.1%	18%	Mgmt. Cons.	13.1%	33.9%	160%
PSO	30.5%	39.9%	31%	31 - 100	27.4%	37.6%	37%	SaaS PS	46.3%	41.3%	-11%
Amer	32.9%	40.7%	24%	101 - 300	47.2%	52.4%	11%	Software PS	56.3%	54.7%	-3%
EMEA	41.7%	39.2%	-6%	301 - 700	64.3%	48.1%	-25%	Arch. / Engr.	11.7%	30.6%	161%
APac	39.1%	39.9%	2%	Over 700	73.4%	51.3%	-30%	VAR	52.8%	60.0%	14%

Source: SPI Research, February 2026

Standardized Delivery Methodology Use

The percentage of projects where a standardized (or structured) delivery methodology is used. It incorporates best practices and quality into projects. These repeatable frameworks include tools, templates and knowledge.

Mature firms invest significant time and attention into methodology development to standardize delivery processes; define expectations and institutionalize quality. Using a standardized delivery methodology is a critical component of a service productization strategy. It helps improve project forecasting and resource management, thereby improving profitability. PSOs that can accurately plan and execute services in a structured way are not only more productive but also more likely to deliver with quality. There is significant effort involved in developing, implementing and adhering to standardized delivery methodologies, but the net impact for PSOs is beneficial (Table 207).

Table 207: Impact – Use a standardized delivery methodology

Use a standardized delivery methodology	Survey %	Onsite service delivery	On time Delivery	Project margin	Rev/consult. (k)	% ann. marg. achieved
Under 20%	9.5%	49.5%	69.4%	37.5%	\$173	86.4%
20% - 40%	9.7%	38.8%	70.1%	40.2%	\$211	84.3%
40% - 60%	20.8%	34.4%	71.3%	37.0%	\$208	88.4%
60% - 80%	24.5%	32.3%	72.4%	35.9%	\$216	91.7%
Over 80%	35.5%	29.1%	78.4%	39.8%	\$216	88.9%
Total / Average	100.0%	33.8%	73.8%	38.1%	\$210	88.8%

Source: SPI Research, February 2026

The use of standardized delivery methodologies is essential in professional services. Fewer than two-thirds of the organizations surveyed use a standardized delivery methodology for project execution. This is an area where PS executives should better understand the benefits of standardized or structured delivery methodologies. The changes were not significant year over year, and some markets showed a decrease, except for management consultancies and SaaS PS.

Table 208: Year-over-Year Change – Use a standardized delivery methodology

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	62.8%	63.4%	1%	Under 10	58.3%	57.1%	-2%	IT Consult.	63.6%	61.6%	-3%
ESO	69.3%	65.9%	-5%	10 - 30	64.5%	63.9%	-1%	Mgmt. Cons.	54.8%	58.8%	7%
PSO	60.5%	62.1%	3%	31 - 100	62.6%	66.4%	6%	SaaS PS	69.5%	66.2%	-5%
Amer	63.9%	66.3%	4%	101 - 300	64.0%	65.5%	2%	Software PS	66.5%	70.0%	5%
EMEA	56.7%	57.8%	2%	301 - 700	61.4%	65.4%	6%	Arch. / Engr.	64.8%	65.0%	0%
APac	62.5%	53.9%	-14%	Over 700	68.8%	55.9%	-19%	VAR	76.0%	75.2%	-1%

Source: SPI Research, February 2026

The Frequency a Project Contract Must Be Modified Due to Scope Change

Very few PSOs encounter situations where projects and their associated contracts don't need to be modified due to a change in scope. Table 209 highlights this statistic. As projects are modified, so are schedules, costs, and delivery dates. These add up to greater confusion, lower margins, and dissatisfied clients and consultants alike. Scope change and the associated contractual obligations of the PSO are a fact of life, and PSOs must consider them to keep clients happy, to begin with. It's how the changes are managed that separates the great firms from the rest. Clear communication and understanding of how the changes will impact time and cost go a long way toward driving client satisfaction.

Table 209: Impact – Frequency a project contract must be modified due to scope change

The frequency on a project the contract need to be modified due to scope change	Survey %	Total attrition	On time Delivery	Project margin	Rev/ consult. (k)	% ann. rev. achieved
Never	15.6%	8.0%	75.4%	44.1%	\$227	87.8%
Once	40.6%	11.6%	76.7%	37.5%	\$211	91.7%
Twice	27.3%	10.5%	71.7%	35.2%	\$208	89.8%
Three times	8.0%	13.5%	73.5%	35.1%	\$208	89.0%
Over three times	8.5%	14.9%	65.6%	42.3%	\$184	88.5%
Total / Average	100.0%	11.2%	73.9%	38.1%	\$210	90.1%

Source: SPI Research, February 2026

Table 210: Year-over-Year Change – Frequency a project contract must be modified due to scope change

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	1.65	1.62	-2%	Under 10	1.20	1.35	12%	IT Consult.	1.89	1.74	-8%
ESO	1.50	1.68	12%	10 - 30	1.55	1.58	2%	Mgmt. Cons.	1.18	1.21	2%
PSO	1.70	1.59	-7%	31 - 100	1.55	1.58	2%	SaaS PS	1.23	1.34	9%
Amer	1.55	1.59	3%	101 - 300	1.86	1.60	-14%	Software PS	1.59	1.88	18%
EMEA	2.17	1.75	-20%	301 - 700	2.21	1.88	-15%	Arch. / Engr.	2.06	1.75	-15%
APac	1.67	1.50	-10%	Over 700	2.47	2.12	-14%	VAR	1.30	2.19	68%

Source: SPI Research, February 2026

Project On Time Delivery

The percentage of projects delivered on time is calculated by dividing the number of projects completed on time by the total number of projects. This KPI is critical for billable service organizations because when it decreases, both profitability and client satisfaction decline.

This year, over 20% of organizations reported delivering over 90% of their projects on time. Those that did not struggle with on-time delivery also showed lower billable utilization, fewer client references, and poor visibility into resource availability – factors that contributed to missed annual margin targets. On-time

delivery remains a critical KPI, as delays directly affect organizational performance. Common causes include cost overruns, unclear communication, unmet expectations, insufficient change control, and scope creep.

On a positive note, more than 40% of firms achieved on time delivery rates of 80% or higher. Delivering projects on time and within budget is a strong indicator of alignment across the quote-to-cash process. Sales teams accurately estimate and sell services that the organization can staff effectively, and resources are matched to project needs to meet committed timelines. Organizations that excel in on time delivery typically benefit from stronger client references, lower employee attrition, and higher engagement and billable utilization. Firms that struggle must take a closer look at their sales, estimating, contracting, and delivery processes. Improving these areas can significantly enhance on time performance and overall organizational outcomes.

Table 211: Impact – Projects delivered on time

Projects delivered on time	Survey %	Billable utilization	Project margin	Rev/emp. (k)	% ann. marg. achieved	Profit (EBITDA %)
Under 40%	5.3%	56.8%	37.3%	\$117	78.1%	3.3%
40% - 60%	12.0%	65.5%	33.6%	\$128	85.5%	3.9%
60% - 70%	16.2%	66.6%	35.9%	\$160	87.8%	10.9%
70% - 80%	23.7%	66.3%	38.9%	\$166	89.2%	9.6%
80% - 90%	22.6%	70.2%	39.0%	\$174	91.3%	11.5%
Over 90%	20.2%	70.5%	40.3%	\$202	90.5%	11.6%
Total / Average	100.0%	67.5%	38.0%	\$167	88.7%	9.6%

Source: SPI Research, February 2026

The percentage of projects delivered on time went up slightly in 2025. The average went down by 3% in embedded service, while it went up in independents. Most of the markets did as well, except SaaS PS. PS executives should place greater emphasis on this KPI going forward, as it is a primary driver of both client and employee satisfaction.

Table 212: Year-over-Year Change – Projects delivered on time

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	73.4%	73.8%	0%	Under 10	80.3%	77.6%	-3%	IT Consult.	71.4%	74.5%	4%
ESO	72.6%	70.6%	-3%	10 - 30	70.8%	72.7%	3%	Mgmt. Cons.	77.8%	78.5%	1%
PSO	73.7%	75.3%	2%	31 - 100	71.2%	73.5%	3%	SaaS PS	72.7%	65.7%	-10%
Amer	74.4%	74.5%	0%	101 - 300	75.9%	74.0%	-2%	Software PS	71.5%	72.0%	1%
EMEA	71.7%	72.1%	1%	301 - 700	64.6%	76.3%	18%	Arch. / Engr.	66.3%	74.8%	13%
APac	66.5%	71.3%	7%	Over 700	70.0%	68.0%	-3%	VAR	65.0%	72.2%	11%

Source: SPI Research, February 2026

Project Overrun

Project overrun is the percentage difference between actual and budgeted cost or time. Project overruns may be expressed in actual time/cost versus plan. This KPI is important because any time a project goes over budget in either time or cost, it cuts directly into the PSO's profitability.

Project overruns have a profoundly negative impact on almost all aspects of service execution as they put stress on service delivery and forestall new project initiation. Most KPIs are affected by the 16.1% of firms that reported project overruns greater than 20%. Like on-time delivery, project overruns hurt both cash flow and margins. Project overruns are most likely when delivering new services or implementing unproven technologies. The first step towards minimizing project overruns is understanding where and why the project went awry. Project reflection reviews and lessons learned will help lower future overruns.

Table 213: Impact – Project overrun

Project overrun	Survey %	Total attrition	Onsite service delivery	Billable utilization	On time Delivery	Project margin
None	7.9%	6.9%	46.7%	70.5%	83.1%	38.4%
0% - 5%	26.4%	11.1%	34.9%	68.0%	83.0%	39.7%
5% - 10%	31.5%	11.1%	33.2%	66.7%	74.8%	37.5%
10% - 20%	18.2%	13.4%	23.6%	65.1%	66.6%	37.5%
20% - 30%	10.1%	11.2%	39.7%	64.1%	68.9%	34.1%
Over 30%	6.0%	14.5%	44.8%	61.5%	46.4%	33.0%
Total / Average	100.0%	11.4%	34.3%	66.5%	73.8%	37.6%

Source: SPI Research, February 2026

Table 214: Year-over-Year Change – Project overrun

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	11.3%	10.7%	-6%	Under 10	10.1%	9.2%	-9%	IT Consult.	11.5%	11.0%	-4%
ESO	13.2%	12.1%	-8%	10 - 30	11.7%	13.2%	13%	Mgmt. Cons.	8.0%	7.4%	-8%
PSO	10.6%	10.0%	-6%	31 - 100	11.6%	10.2%	-12%	SaaS PS	15.4%	12.2%	-21%
Amer	10.9%	9.9%	-9%	101 - 300	11.0%	9.8%	-11%	Software PS	15.9%	10.5%	-34%
EMEA	13.2%	13.9%	6%	301 - 700	12.1%	9.9%	-19%	Arch. / Engr.	12.4%	12.2%	-2%
APac	12.1%	9.4%	-23%	Over 700	12.8%	11.6%	-10%	VAR	13.3%	11.7%	-13%

Source: SPI Research, February 2026

Project Margin

Project margin is the percentage of revenue that remains after accounting for the direct costs of project delivery.

Over the past few years, average project margins have varied significantly but have shown an upward trend. This metric highlights the importance of adopting a holistic view of PS, as a single critical metric, such as project margin, can have a cascading effect that ultimately reduces overall net profit.

Effective resource management and achieving high billable utilization are crucial for maintaining project margins. However, factors like repeatability and the quality of project delivery also play significant roles. Regardless of the organization's size, SPI always recommends maintaining a project dashboard to track visibility from the project budget to actual performance.

Leading PSOs aim for project margins of over 40%. Several issues contribute to low project margins, including inaccurate estimates, scope changes, unclear project charters, poor project management, ineffective execution, and insufficiently prepared consultants. PSOs with lower project margins often struggle to meet their annual margin targets, and very few exceed 30% on subcontractors.

Projects can be structured in various ways, including fixed-price, milestone-based, time-and-materials, or cost-plus. Time-and-materials projects typically yield the best margins when billing rates are set appropriately. "Not to exceed" projects should be avoided because they offer none of the advantages of fixed-price projects while carrying all the associated risks. Cost-plus contracts are generally undesirable; they are often seen in government work, which tends to be short-sighted in its financial approach. Both clients and service providers should focus on paying fairly for work that delivers the promised results. If the potential project benefits are substantial, ensuring successful delivery should be the primary objective.

Target Project Margin

SPI Research has asked about project margins for over 15 years, but this is the first year the target project margin has been asked. The results are interesting in that nearly 60% of the organizations surveyed indicate target project margins below 40% (Table 215).

Table 215: Impact – Annual Target Project Margin

Target project margin	Survey %	Billable utilization	On time Delivery	Project margin	Revenue / consultant (k)	Profit (EBITDA %)
Under 20%	10.9%	62.4%	63.6%	17.4%	\$152	3.3%
20% - 30%	23.2%	65.8%	73.5%	27.7%	\$209	7.5%
30% - 40%	25.6%	69.5%	74.7%	35.7%	\$211	9.5%
40% - 50%	22.9%	69.4%	77.8%	44.2%	\$218	6.3%
Over 50%	17.4%	69.5%	75.3%	57.4%	\$218	15.9%
Total/Average	100.0%	67.8%	74.0%	37.6%	\$207	8.7%

Source: SPI Research, February 2026

Table 216: Year-over-Year Change – Target project margin

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	NA	36.6%	NA	Under 10	NA	38.4%	NA	IT Consult.	NA	41.3%	NA
ESO	NA	32.9%	NA	10 - 30	NA	36.7%	NA	Mgmt. Cons.	NA	40.0%	NA
PSO	NA	38.0%	NA	31 - 100	NA	35.4%	NA	SaaS PS	NA	27.4%	NA
Amer	NA	36.0%	NA	101 - 300	NA	37.1%	NA	Software PS	NA	37.6%	NA
EMEA	NA	36.3%	NA	301 - 700	NA	36.5%	NA	Arch. / Engr.	NA	31.0%	NA
APac	NA	41.0%	NA	Over 700	NA	36.3%	NA	VAR	NA	37.3%	NA

Source: SPI Research, February 2026

Time and Materials Project Margin

Project margin is a fundamental building block of productivity and profit for all PSOs. It is a metric that must be carefully measured and tracked. High project margins correlate with timely and on-budget delivery. Standardized delivery methods, tools, project quality reviews, and training investments are associated with the highest margins. When projects are completed on schedule, time-and-materials project margins increase, resulting in higher revenue per consultant and employee. Because project margins generate most of PS's profit, overall EBITDA improves as T&M project margins rise.

Table 217: Impact – Project margin for time & materials projects

Project margin for time & materials projects	Survey %	On time Delivery	Project margin	Revenue /consult. (k)	Revenue /emp. (k)	% ann. marg. achieved
Under 20%	15.2%	69.7%	19.9%	\$181	\$136	86.1%
20% - 30%	18.9%	73.2%	25.3%	\$196	\$157	86.1%
30% - 40%	25.3%	73.6%	36.3%	\$218	\$180	91.1%
40% - 50%	20.4%	79.0%	44.3%	\$228	\$185	87.6%
Over 50%	20.1%	76.4%	56.7%	\$207	\$166	89.7%
Total / Average	100.0%	74.6%	37.5%	\$208	\$167	88.4%

Source: SPI Research, February 2026

Despite challenges in project delivery, SPI Research found that time-and-materials project margins have increased. The positive news is that many projects are adopting this model, which is promising for organizations. All regions showed a rise in project margins, and both larger and smaller PSOs grew theirs.

Table 218: Year-over-Year Change – Project margin for time & materials projects

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	34.7%	36.4%	5%	Under 10	30.6%	36.3%	19%	IT Consult.	37.3%	39.9%	7%
ESO	35.1%	34.4%	-2%	10 - 30	33.9%	34.4%	1%	Mgmt. Cons.	33.7%	38.8%	15%
PSO	34.6%	37.1%	7%	31 - 100	37.0%	34.9%	-6%	SaaS PS	32.2%	30.2%	-6%
Amer	34.2%	35.7%	4%	101 - 300	35.3%	40.1%	14%	Software PS	29.7%	40.7%	37%

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
EMEA	36.4%	38.4%	5%	301 - 700	36.9%	38.9%	5%	Arch. / Engr.	31.5%	30.6%	-3%
APac	36.5%	36.8%	1%	Over 700	33.1%	36.0%	9%	VAR	42.8%	38.3%	-10%

Source: SPI Research, February 2026

Fixed Price Project Margin

Table 219 shows that 45% of organizations achieved fixed price margins exceeding 40%, while 32.6% reported margins below 30%. Clients appreciate the simplicity of fixed-price bids, which transfer risk to the service provider. Fixed pricing is suitable for standardized projects with clear deliverables but should be avoided for projects with significant uncertainties, such as new technology, new geography, new deliverables, and limited resources. Overall, many service providers struggle to manage change orders effectively.

Project margins for fixed-price projects increased in 2025. SPI Research found it intriguing that, despite numerous project performance challenges, project margins rose. Part of this increase can be attributed to higher project pricing in 2025, but several other factors likely contributed as well, suggesting that PSOs may have refined their pricing strategies for these engagements.

Table 219: Impact – Project margin for fixed price projects

Project margin for fixed price projects	Survey %	Billable utilization	On time delivery	Project margin	Revenue / consult. (k)	Revenue / employee (k)
Under 20%	13.3%	61.5%	67.2%	20.6%	\$167	\$128
20% - 30%	19.3%	66.7%	71.0%	27.1%	\$209	\$173
30% - 40%	22.4%	62.7%	74.1%	35.2%	\$222	\$176
40% - 50%	25.4%	69.3%	80.0%	44.2%	\$222	\$178
Over 50%	19.6%	65.8%	76.4%	56.3%	\$212	\$171
Total / Average	100.0%	65.6%	74.5%	38.1%	\$210	\$169

Source: SPI Research, February 2026

Table 220: Year-over-Year Change – Project margin for fixed price projects

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	34.6%	37.2%	7%	Under 10	29.6%	38.0%	28%	IT Consult.	37.3%	40.1%	8%
ESO	31.6%	33.8%	7%	10 - 30	34.3%	37.6%	10%	Mgmt. Cons.	35.2%	42.0%	19%
PSO	35.6%	38.6%	8%	31 - 100	36.1%	36.6%	1%	SaaS PS	27.4%	31.5%	15%
Amer	34.7%	37.6%	8%	101 - 300	35.4%	36.9%	4%	Software PS	39.7%	40.0%	1%
EMEA	32.8%	34.1%	4%	301 - 700	40.0%	37.5%	-6%	Arch. / Engr.	31.2%	31.1%	0%
APac	36.9%	40.7%	10%	Over 700	35.3%	37.4%	6%	VAR	28.8%	39.2%	36%

Source: SPI Research, February 2026

Subcontractor, Offshore Margin

The use of subcontractors has remained relatively stable in this benchmark, averaging 10.8% of revenue over the past five years. Although service providers would like to engage in more contingent labor, there are limited numbers of highly skilled subcontractors available consistently. Concurrently, average subcontractor margins have remained around 28.2% during this five-year period.

Table 221 indicates significant advantages for the few firms that can achieve subcontractor margins above 40%, which are coupled with strong overall project margins and higher annual revenue per consultant and employee. These organizations are more likely to utilize subcontractors because they effectively implement standardized methods and tools. However, it's important to exercise caution; excessive use of subcontractors can undermine quality and knowledge retention, leading to commoditization. Organizations relying on subcontractors for over 20% of their revenue risk being perceived as transactional staffing providers rather than high-value consultancies.

Table 221: Impact – Project margin – subcontractors, offshore

Project margin – subs, offshore	Survey %	Billable utilization	On time Delivery	Project margin	Rev/consult. (k)	Profit (EBITDA %)
Under 20%	32.2%	65.2%	73.1%	33.1%	\$202	5.2%
20% - 30%	23.7%	68.3%	75.9%	33.1%	\$203	8.4%
30% - 40%	20.8%	70.2%	75.5%	40.3%	\$224	10.4%
40% - 50%	11.4%	68.1%	73.8%	41.6%	\$221	11.6%
Over 50%	12.0%	70.4%	74.7%	51.6%	\$210	16.5%
Total / Average	100.0%	67.9%	74.5%	37.8%	\$210	9.1%

Source: SPI Research, February 2026

Project margins for subcontractors went down slightly in 2025. While they don't reach the same level as the PSO's consultants, they do provide expertise and relief to help the organization attain its goals. The bottom line is that PSOs must deliver on time and on budget, maintain high quality, and use subcontractors as needed to achieve their goals.

Table 222: Year-over-Year Change – Project margin – subs, offshore

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	28.9%	28.7%	-1%	Under 10	24.5%	27.7%	13%	IT Consult.	32.2%	29.9%	-7%
ESO	27.4%	29.0%	6%	10 - 30	32.7%	30.9%	-6%	Mgmt. Cons.	29.0%	30.2%	4%
PSO	29.4%	28.6%	-3%	31 - 100	28.8%	28.2%	-2%	SaaS PS	27.9%	29.5%	6%
Amer	29.5%	28.4%	-4%	101 - 300	28.7%	28.0%	-2%	Software PS	29.4%	34.1%	16%
EMEA	26.3%	29.8%	13%	301 - 700	28.2%	28.8%	2%	Arch. / Engr.	20.9%	19.5%	-7%
APac	27.6%	28.5%	3%	Over 700	31.6%	28.9%	-9%	VAR	34.4%	35.5%	3%

Source: SPI Research, February 2026

Service Execution Process Effectiveness

Process effectiveness analyzes how an organization manages various service delivery processes (estimating, resource management, change control, quality, knowledge management) on a scale from 1 (very ineffective) to 5 (very effective)

Because project/service delivery is where money is made in professional services, SPI Research analyzes the various processes associated with it. The following section highlights the results of the five aspects of project/service delivery.

Estimating Process and Review Effectiveness

SPI Research asked survey respondents to rate the effectiveness of their estimating processes and estimate reviews, with 1 = very ineffective and 5 = very effective. This key performance indicator is important as accurate estimates are key to all other service delivery metrics. Inaccurate estimates and poor pricing controls lead to mis-set client expectations, project overruns, and poor client satisfaction. While this subjective KPI may be hard to interpret, its results show that some of the most critical KPIs improve as the organization becomes more effective at pricing and estimating.

Billable utilization, longer-duration projects, and revenue per employee rise as firms become more effective at estimating and process reviews. Estimating requires significant investment in methodology development and scoping projects to the task level, but from this table, it is well worth the effort to ensure accuracy and continual improvement. More Configuration, Pricing, and Quoting (CPQ) tools have come to market to bridge the gap between CRM and PSA, improving service estimating and pricing accuracy and reliability. Better estimates lead to better results, as shown in Table 223.

Table 223: Impact – Estimating processes and review effectiveness

Estimating processes and review effectiveness	Survey %	On time Delivery	Project margin	Rev/consult. (k)	Rev/emp. (k)	Profit (EBITDA %)
Very ineffective	2.2%	62.5%	39.2%	\$150	\$134	1.3%
Ineffective	9.2%	66.1%	39.7%	\$196	\$137	2.0%
Neutral	30.8%	69.4%	36.9%	\$200	\$156	7.2%
Effective	47.6%	76.7%	37.1%	\$214	\$177	10.7%
Very effective	10.1%	88.1%	43.5%	\$235	\$188	14.7%
Total/Average	100.0%	74.3%	38.0%	\$209	\$167	9.0%

Source: SPI Research, February 2026

This KPI improved from 2024, and the most notable difference was in both the smallest and the largest PSOs. Architecture and Engineering firms did much better as well.

Table 224: Year-over-Year Change – Estimating processes and review effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.46	3.54	2%	Under 10	3.47	3.80	9%	IT Consult.	3.58	3.51	-2%
ESO	3.25	3.35	3%	10 - 30	3.43	3.48	1%	Mgmt. Cons.	3.47	3.67	6%
PSO	3.53	3.62	2%	31 - 100	3.43	3.44	0%	SaaS PS	3.21	3.32	4%
Amer	3.51	3.61	3%	101 - 300	3.57	3.69	3%	Software PS	3.59	3.72	4%
EMEA	3.24	3.30	2%	301 - 700	3.43	3.32	-3%	Arch. / Engr.	3.42	3.80	11%
APac	3.29	3.58	9%	Over 700	3.18	3.45	9%	VAR	3.20	3.27	2%

Source: SPI Research, February 2026

Resource Management Effectiveness

SPI Research asked survey respondents to rate the effectiveness of their resource management process on a scale from 1 (very ineffective) to 5 (very effective). Resource management is critical to project planning and execution. PSOs who effectively and efficiently manage resources show much higher client reference ability, utilization rates, larger projects with less overrun, and revenue per billable consultant. Resource management effectiveness directly improves with the use of PSA solutions.

Table 225: Impact – Resource management process effectiveness

Resource management process effectiveness	Survey %	Billable utilization	On time Delivery	Project margin	Revenue / consultant (k)	% ann. marg. achieved
Very ineffective	3.6%	65.8%	56.5%	35.4%	\$167	85.0%
Ineffective	10.3%	65.0%	71.1%	34.9%	\$207	85.3%
Neutral	29.3%	67.0%	71.3%	38.0%	\$208	88.7%
Effective	50.0%	68.3%	76.3%	38.2%	\$213	89.5%
Very effective	6.7%	70.2%	84.6%	43.1%	\$212	91.5%
Total/Average	100.0%	67.6%	74.1%	38.0%	\$209	88.8%

Source: SPI Research, February 2026

Table 226: Year-over-Year Change – Resource management process effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.43	3.46	1%	Under 10	3.42	3.56	4%	IT Consult.	3.65	3.51	-4%
ESO	3.20	3.18	0%	10 - 30	3.39	3.43	1%	Mgmt. Cons.	3.45	3.68	7%
PSO	3.52	3.57	2%	31 - 100	3.31	3.54	7%	SaaS PS	3.15	3.04	-4%
Amer	3.50	3.50	0%	101 - 300	3.63	3.49	-4%	Software PS	3.53	3.45	-2%
EMEA	3.17	3.31	5%	301 - 700	3.36	3.28	-2%	Arch. / Engr.	3.37	3.68	9%
APac	3.25	3.44	6%	Over 700	3.53	3.15	-11%	VAR	3.20	3.36	5%

Source: SPI Research, February 2026

Change Control Effectiveness

SPI Research surveyed respondents to evaluate the effectiveness of their change control processes, using a scale from 1 (very ineffective) to 5 (very effective). All projects inherently involve risks and scope changes. The key question is how these factors are managed. Mature PSOs invest in developing change and risk management policies, as well as project management oversight and guidance.

Both clients and service providers must consider the impacts of changes and how they will affect timelines and future projects. An essential aspect of change control is to ensure that project margins remain intact. Ideally, project changes should be clearly defined, client perceptions should be managed appropriately and change orders should be implemented effectively. Excessive change orders can negatively impact budgets and schedules, and they may indicate issues such as scope creep, insufficient executive sponsorship, or poor communication.

Table 227 compares the effectiveness of change control processes with other KPIs. Organizations that excel in resource management and estimating effectiveness tend to manage change more effectively, with significantly better KPIs across service execution and finance/operations. Those that emphasize fundamental execution processes, such as resource management, estimating, and change control, achieve superior results compared to organizations that place less emphasis on these critical business processes.

Table 227: Impact – Change control process effectiveness

Change control process effectiveness	Survey %	Billable utilization	On time Delivery	Project margin	Rev/ consult. (k)	Profit (EBITDA %)
Very ineffective	2.0%	63.6%	51.4%	44.8%	\$163	16.1%
Ineffective	9.5%	65.3%	62.4%	34.7%	\$178	4.7%
Neutral	34.5%	68.8%	71.8%	39.1%	\$211	6.1%
Effective	45.4%	67.0%	77.1%	37.5%	\$218	10.2%
Very effective	8.7%	70.2%	86.2%	39.4%	\$192	19.1%
Total/Average	100.0%	67.7%	74.2%	38.1%	\$208	9.1%

Source: SPI Research, February 2026

Table 228: Year-over-Year Change – Change control process effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.40	3.49	3%	Under 10	3.45	3.63	5%	IT Consult.	3.51	3.58	2%
ESO	3.27	3.34	2%	10 - 30	3.35	3.46	3%	Mgmt. Cons.	3.54	3.63	2%
PSO	3.44	3.56	3%	31 - 100	3.32	3.47	4%	SaaS PS	3.23	3.24	0%
Amer	3.44	3.52	2%	101 - 300	3.54	3.58	1%	Software PS	3.53	3.73	6%
EMEA	3.26	3.42	5%	301 - 700	3.36	3.50	4%	Arch. / Engr.	3.16	3.42	8%
APac	3.25	3.47	7%	Over 700	3.24	3.21	-1%	VAR	3.10	3.45	11%

Source: SPI Research, February 2026

Project Quality Process Effectiveness

Table 229: Impact – Project quality process effectiveness

Project quality process effectiveness	Survey %	Total attrition	On time Delivery	Project margin	Rev/ consult. (k)	% ann. rev. achieve
Very ineffective	1.4%	43.8%	44.0%	51.7%	\$144	73.8%
Ineffective	6.1%	12.8%	60.2%	40.8%	\$180	89.1%
Neutral	30.4%	11.5%	68.9%	36.6%	\$208	89.1%
Effective	49.6%	10.9%	77.0%	37.9%	\$214	90.3%
Very effective	12.5%	9.3%	85.8%	39.1%	\$215	91.7%
Total/Average	100.0%	11.4%	74.2%	38.0%	\$209	89.8%

Source: SPI Research, February 2026

SPI Research asked executives to rate the effectiveness of project quality processes on a scale from 1 = very ineffective to 5 = very effective. Quality must be a core organizational attribute deeply embedded in the culture and management practices. Most leading PSOs implement quality checks and balances to ensure that work is completed correctly. As more PSOs focus on productizing their service offerings, they must integrate quality processes, procedures, and metrics. High-quality service delivery is fundamental to client satisfaction and significantly drives referrals and repeat business. Table 229 demonstrates that results improve across the board with the implementation of quality processes.

Table 230: Year-over-Year Change – Project quality process effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.56	3.66	3%	Under 10	3.76	3.87	3%	IT Consult.	3.56	3.58	0%
ESO	3.27	3.47	6%	10 - 30	3.49	3.72	7%	Mgmt. Cons.	3.78	3.86	2%
PSO	3.67	3.73	2%	31 - 100	3.54	3.64	3%	SaaS PS	3.05	3.28	7%
Amer	3.62	3.70	2%	101 - 300	3.60	3.69	2%	Software PS	3.76	3.64	-3%
EMEA	3.38	3.57	6%	301 - 700	3.36	3.54	5%	Arch. / Engr.	3.52	3.86	10%
APac	3.35	3.56	6%	Over 700	3.35	3.27	-2%	VAR	3.00	3.82	27%

Source: SPI Research, February 2026

Knowledge Management Process Effectiveness

PSOs are progressively enhancing their capabilities to capture, organize, and repurpose knowledge. Leading organizations understand that their distinctive expertise and the ability to generate, extract, and reuse industry-defining intellectual property are critical competitive advantages. While numerous robust and cost-effective knowledge management solutions are available, their potential is limited without a centrally coordinated and empowered knowledge management function.

Effective knowledge management extends beyond simply capturing and codifying information – it requires ongoing refinement and enrichment of organizational knowledge assets. In an era of information saturation

from social media, advanced search capabilities are indispensable for retrieving the most pertinent insights.

Table 231: Impact – Knowledge management processes effectiveness

Knowledge management processes effectiveness	Survey %	Revenue growth	Total attrition	Onsite service delivery	On time Delivery	% ann. rev. achieved
Very ineffective	2.8%	-4.8%	22.3%	26.0%	51.5%	77.8%
Ineffective	11.2%	2.4%	13.7%	26.7%	67.9%	89.1%
Neutral	34.1%	5.5%	12.5%	37.6%	72.6%	89.4%
Effective	41.6%	4.9%	9.8%	37.8%	76.3%	90.8%
Very effective	10.3%	5.3%	8.1%	24.2%	83.6%	91.7%
Total/Average	100.0%	4.6%	11.3%	34.7%	74.2%	89.8%

Source: SPI Research, February 2026

Knowledge management is now integral to service execution, with best practices and quality-focused initiatives embedded within project delivery processes. Ensuring timely access to essential information for stakeholders remains fundamental to organizational success. Over the past five years, the role of knowledge management – especially through social media and collaborative platforms – has grown substantially in supporting service execution. Enhanced collaboration among team members has contributed to improved project outcomes. The findings demonstrate that effective knowledge management practices yield positive impacts on both service delivery and financial performance.

Table 232: Year-over-Year Change – Knowledge management processes effectiveness

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.39	3.46	2%	Under 10	3.55	3.61	2%	IT Consult.	3.26	3.25	0%
ESO	3.31	3.40	3%	10 - 30	3.29	3.49	6%	Mgmt. Cons.	3.52	3.66	4%
PSO	3.41	3.48	2%	31 - 100	3.32	3.45	4%	SaaS PS	3.21	3.36	5%
Amer	3.43	3.51	3%	101 - 300	3.47	3.48	0%	Software PS	3.50	3.48	0%
EMEA	3.26	3.34	2%	301 - 700	3.21	3.35	4%	Arch. / Engr.	3.53	3.72	5%
APac	3.21	3.31	3%	Over 700	3.38	3.18	-6%	VAR	3.10	3.09	0%

Source: SPI Research, February 2026

12



A vibrant photograph of the Singapore skyline across Marina Bay. On the left, the Marina Bay Sands hotel with its iconic SkyPark is visible. In the center, the Singapore Flyer, a massive Ferris wheel, stands out. To the right, the Esplanade - Theatres on the Bay, with its lotus-like petals, is prominent. The background is filled with various skyscrapers of the city. The water in the foreground is blue, and a small boat is visible in the lower left corner. The sky is a clear blue with scattered white clouds.

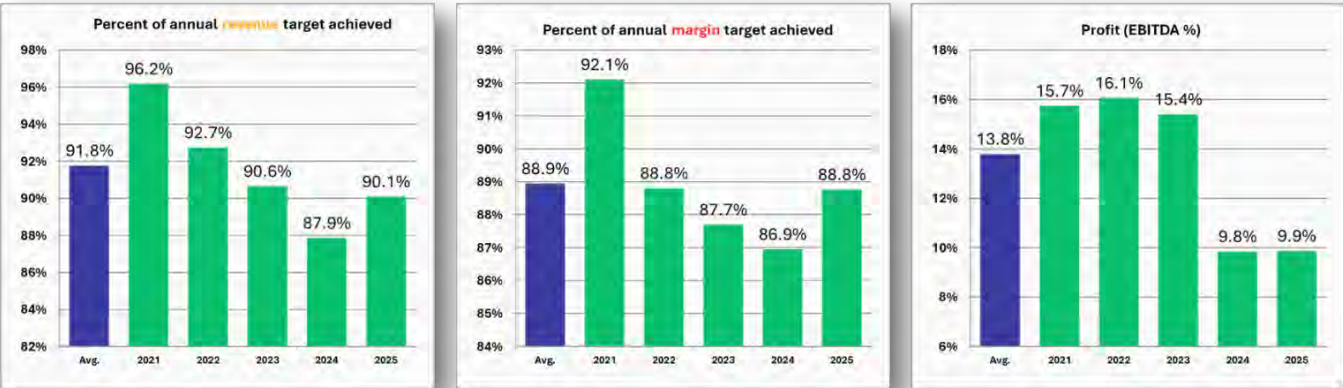
Finance & Operations Pillar

FINANCE AND OPERATIONS PILLAR

The Finance and Operations pillar encompasses the responsibilities typically assigned to Chief Financial Officers within prominent Professional Services Organizations (PSOs). This aspect is fundamental to the role of the Chief Service Executive in all PS organizations, regardless of their size. Within this service performance pillar, SPI Research evaluated 36 key performance indicators pertaining to revenue generation, margin attainment, and operating expenditures. The analysis includes comprehensive profit and loss statements along with expense ratios segmented by organizational size, geographic region, and industry sector.

SPI Research has identified operational trends shown in Figure 33 that demonstrate improvements in financial and operational performance. The capability to achieve revenue targets and maintain margins also increased in 2025. Achieving these objectives, while maintaining high revenue per consultant, remains essential and is strongly influenced by operational effectiveness. The data highlights the importance of PSOs consistently reviewing their sales and delivery performance and implementing necessary adjustments to optimize both areas in 2025.

Figure 33: Finance & Operations Trends of Note

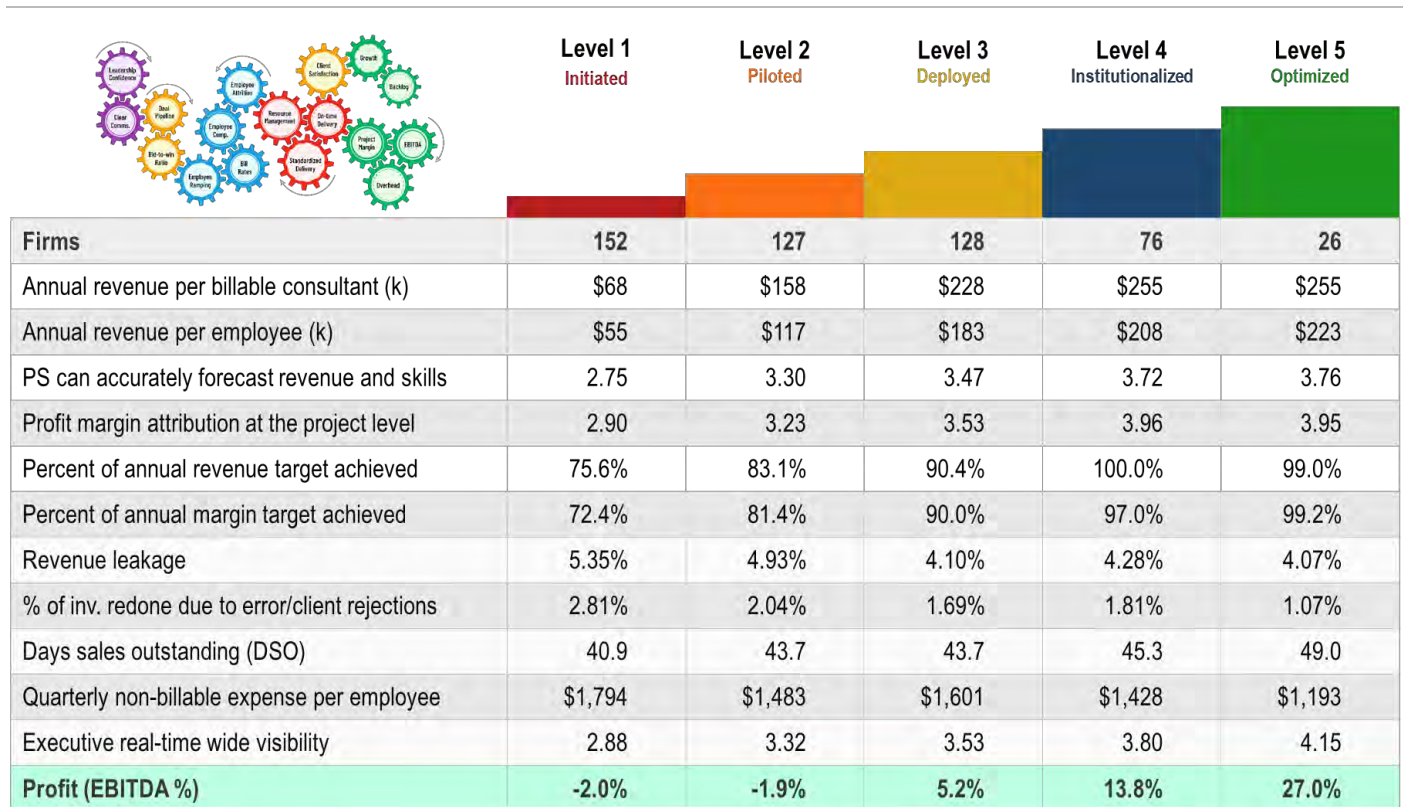


Source: SPI Research, February 2026

Finance and Operations Maturity

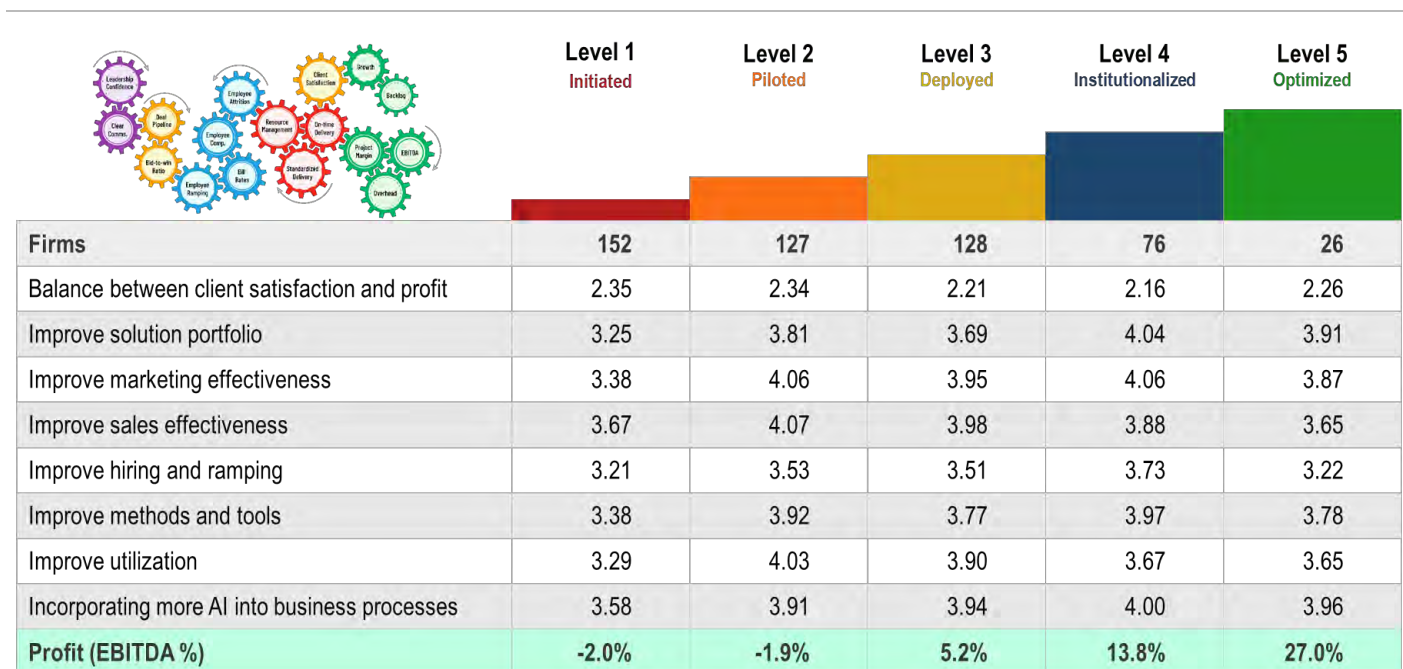
Figure 34 illustrates the importance of achieving higher performance levels. The gap between Level 1 and Level 5 performance is substantial. Profitability at Level 5 is notably higher, which should capture executives' attention. However, since numerous factors influence profitability, they must evaluate improvements across the organization. Level 5 organizations operate at a much higher financial standard than their peers, with much of their success attributed to structured service delivery and enhanced visibility throughout the organization. Rapid industry changes mean that PSOs capable of efficiently preparing for and managing them will thrive in the long term.

Figure 34: Finance & Operations Maturity Matters



Source: SPI Research, February 2026

Figure 35: A Focus on Financial Maturity Matters



Source: SPI Research, February 2026

5-Year Finance and Operations Trends

In 2025, SPI Research observed solid improvement in most financial KPIs. Table 233 provides insight into the trends over the past five years within the Finance and Operations pillar. Profitability improved slightly in 2025, although quarterly non-billable expenses per employee and Days Sales Outstanding (DSO) increased.

Table 233: Finance & Operations Pillar 5-year Trend

Key Performance Indicator (KPI)	5-year avg.	2021	2022	2023	2024	2025
Annual revenue per billable consultant (k)	\$205	\$206	\$204	\$207	\$199	\$210
Annual revenue per employee (k)	\$165	\$165	\$164	\$170	\$158	\$168
PS can accurately forecast revenue and skills	NA	NA	NA	3.31	3.33	3.45
How accurately can your firm attribute profit margin at the client or project level	NA	NA	NA	NA	NA	3.51
Percent of annual revenue target achieved	91.8%	96.2%	92.7%	90.6%	87.9%	90.1%
Percent of annual margin target achieved	88.9%	92.1%	88.8%	87.7%	86.9%	88.8%
Revenue leakage	4.7%	4.2%	4.9%	4.7%	5.3%	4.5%
% of inv. redone due to error/client rejections	2.0%	1.9%	2.1%	2.0%	2.1%	1.8%
Days sales outstanding (DSO)	44.6	43.5	46.8	43.9	43.3	44.3
Quarterly non-billable expense per employee	\$1,496	\$1,290	\$1,528	\$1,716	\$1,378	\$1,512
Executive real-time wide visibility	3.53	3.67	3.46	3.43	3.65	3.53
Profit (EBITDA %)	13.8%	15.7%	16.1%	15.4%	9.8%	9.9%

Source: SPI Research, February 2026

Survey Results

The following section reviews and analyzes the 2026 PS Maturity™ benchmark results from 509 participating professional services organizations. SPI Research examines 36 key performance indicators (KPIs) related to finance and operations that are critical for achieving superior financial performance.

Table 234 compares the Finance and Operations KPIs by organization type and region. This year, embedded service organizations reported higher revenues per consultant and employee than independent organizations. Employee productivity improved slightly in 2025, with most KPIs improving, though not to the levels of a few years earlier.

Table 234: Finance & Operations Pillar Results by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Annual revenue per billable consultant (k)	\$199	\$210	\$206	\$211	\$214	\$193	\$212
Annual revenue per employee (k)	\$158	\$168	\$166	\$168	\$172	\$154	\$168
PS can accurately forecast revenue and skills	NA	3.45	3.31	3.50	3.50	3.27	3.45
How accurately can your firm attribute profit margin at the client or project level	NA	3.51	3.26	3.61	3.53	3.44	3.48

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Percent of annual revenue target achieved	87.9%	90.1%	89.7%	90.3%	89.8%	89.1%	94.1%
Percent of annual margin target achieved	86.9%	88.8%	88.8%	88.8%	88.8%	86.7%	93.2%
Revenue leakage	5.3%	4.5%	5.2%	4.2%	4.4%	5.1%	3.6%
% of inv. redone due to error/client rejections	2.1%	1.8%	1.8%	1.9%	1.9%	1.6%	1.6%
Days sales outstanding (DSO)	43.3	44.3	46.0	43.5	46.5	40.0	36.8
Quarterly non-billable expense per employee	\$1,378	\$1,512	\$1,667	\$1,451	\$1,464	\$1,627	\$1,609
Executive real-time wide visibility	3.65	3.53	3.42	3.57	3.55	3.56	3.26
Profit (EBITDA %)	9.8%	9.9%	11.9%	9.1%	10.2%	9.2%	8.5%

Source: SPI Research, February 2026

The EMEA and Americas regions showed a positive trend in financial KPIs from 2024 to 2025. The Asia Pacific region showed improvement in some areas, although profitability remained low (Table 235).

Table 235: Finance & Operations Pillar Results by Market

Key Performance Indicator (KPI)	IT Consult	Mgmt. Consult	Soft PS	SaaS PS	Arch /Engr	VAR
Annual revenue per billable consultant (k)	\$205	\$226	\$184	\$206	\$210	\$246
Annual revenue per employee (k)	\$169	\$181	\$151	\$156	\$166	\$195
PS can accurately forecast revenue and skills	3.50	3.58	3.35	3.71	3.40	3.89
How accurately can your firm attribute profit margin at the client or project level	3.62	3.65	2.98	3.47	3.63	3.60
Percent of annual revenue target achieved	90.3%	90.0%	88.4%	92.8%	92.4%	96.8%
Percent of annual margin target achieved	88.1%	88.8%	87.1%	90.2%	90.5%	92.9%
Revenue leakage	4.3%	3.6%	5.8%	4.4%	5.0%	2.9%
% of inv. redone due to error/client rejections	1.6%	1.1%	2.2%	2.1%	3.3%	1.3%
Days sales outstanding (DSO)	41.3	39.3	47.0	39.7	61.6	43.6
Quarterly non-billable expense per employee	\$1,321	\$1,589	\$1,642	\$1,161	\$1,713	\$1,000
Executive real-time wide visibility	3.50	3.67	3.29	3.53	3.61	4.00
Profit (EBITDA %)	10.1%	9.4%	8.9%	8.0%	6.8%	14.4%

Source: SPI Research, February 2026

Table 236 also compares Finance and Operations KPIs based on organization size. Smaller firms improved their financial metrics in 2025. Larger firms performed unevenly, and most showed a slight decline in financial KPIs.

Table 236: Finance & Operations Pillar Results by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
Annual revenue per billable consultant (k)	\$205	\$201	\$211	\$225	\$217	\$197
Annual revenue per employee (k)	\$173	\$160	\$162	\$181	\$169	\$166
PS can accurately forecast revenue and skills	3.36	3.25	3.41	3.72	3.44	3.59
How accurately can your firm attribute profit margin at the client or project level	3.48	3.54	3.44	3.67	3.46	3.42
Percent of annual revenue target achieved	87.5%	88.3%	90.9%	90.2%	95.2%	91.4%
Percent of annual margin target achieved	87.6%	85.5%	89.4%	89.1%	93.0%	91.7%
Revenue leakage	3.4%	4.7%	5.1%	3.7%	5.1%	4.7%
% of inv. redone due to error/client rejections	1.4%	1.5%	1.9%	1.6%	2.3%	3.1%
Days sales outstanding (DSO)	38.1	42.1	44.3	45.2	52.6	52.2
Quarterly non-billable expense per employee	\$1,956	\$1,446	\$1,358	\$1,313	\$1,909	\$1,534
Executive real-time wide visibility	3.73	3.48	3.51	3.65	3.50	3.10
Profit (EBITDA %)	14.8%	6.4%	10.0%	9.6%	12.0%	7.8%

Source: SPI Research, February 2026

Balancing Client Satisfaction and Profitability

The charter of every professional services organization can vary. Most are profit-driven, with a focus on client satisfaction, while others have little desire to make a profit, as long as they can ensure high levels of client satisfaction. These firms tend to be embedded service organizations, where they make more money from the product than from the service.

In both 2024 and 2025, SPI Research assessed whether PSOs prioritized profits or client satisfaction. The results aligned with expectations: many organizations aimed to balance client satisfaction and profitability, while a smaller group prioritized client satisfaction. IT consultancies and larger PSOs were most inclined towards profit-driven strategies.

Table 237: Impact – Balance Between Profit and Client Satisfaction

Balance between client satisfaction and profit	Survey %	Revenue growth	Headcount growth	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Very focused on client satisfaction	22.0%	5.9%	3.9%	90.1%	88.6%	7.8%
Client satisfaction comes first	34.9%	4.3%	1.5%	89.7%	89.3%	9.9%
Client satisfaction is balanced with profit	39.7%	4.5%	2.1%	90.5%	88.8%	9.6%
Profit comes first	2.3%	5.7%	6.3%	88.1%	88.1%	9.0%
Very focused on profit	1.1%	-9.4%	-7.5%	76.3%	86.3%	0.7%
Total/Average	100.0%	4.6%	2.3%	89.9%	88.9%	9.2%

Source: SPI Research, February 2026

Table 238 presents profit and client satisfaction for service organizations, ranging from highly client-satisfaction motivated to highly profit-driven. The results are interesting in that very few organizations describe their PSO as profit-driven. Most are seeking a balance between client satisfaction and profitability. Europe is very focused on this balance, whereas APac and the US are a little more focused on client satisfaction.

Table 238: PS's Emphasis Between Client Satisfaction and Profit

	Not profit-driven	Client sat. comes first	Client sat. / profit balance	Profit comes first	Very profit-driven	Total
Survey Total	22.0%	34.9%	39.7%	2.3%	1.1%	100.0%
Org. Type - ESO	23.0%	31.0%	41.0%	1.0%	4.0%	100.0%
Org. Type - PSO	21.6%	36.4%	39.2%	2.8%	0.0%	100.0%
Region - Americas	22.7%	36.4%	36.4%	2.9%	1.7%	100.0%
Region - EMEA	11.8%	29.4%	55.9%	2.9%	0.0%	100.0%
Region - APac	24.3%	32.4%	43.2%	0.0%	0.0%	100.0%
Market - IT Consulting	23.8%	31.0%	44.0%	1.2%	0.0%	100.0%
Market - Mgmt. Cons.	21.1%	42.3%	33.8%	2.8%	0.0%	100.0%
Market - SaaS PS	20.0%	38.0%	34.0%	2.0%	6.0%	100.0%
Market - Software PS	29.0%	25.8%	32.3%	12.9%	0.0%	100.0%
Market - Arch. & Engr.	14.0%	48.8%	37.2%	0.0%	0.0%	100.0%
Market - VAR	10.0%	20.0%	70.0%	0.0%	0.0%	100.0%
Employees - Under 10	32.1%	26.4%	32.1%	7.5%	1.9%	100.0%
Employees - 10 - 30	18.3%	40.8%	39.4%	1.4%	0.0%	100.0%
Employees - 31 - 100	25.0%	26.9%	46.2%	1.9%	0.0%	100.0%
Employees - 101 - 300	21.5%	41.5%	32.3%	1.5%	3.1%	100.0%
Employees - 301 - 700	20.0%	36.0%	44.0%	0.0%	0.0%	100.0%
Employees - Over 700	7.7%	69.2%	23.1%	0.0%	0.0%	100.0%

Source: SPI Research, February 2026

Table 239: Year-over-Year Change – Balance between client satisfaction and profit

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	2.21	2.26	2%	Under 10	2.13	2.21	4%	IT Consult.	2.14	2.23	4%
ESO	2.25	2.32	3%	10 - 30	1.96	2.24	14%	Mgmt. Cons.	2.18	2.18	0%
PSO	2.19	2.23	2%	31 - 100	2.34	2.25	-4%	SaaS PS	2.22	2.36	6%
Amer	2.21	2.24	2%	101 - 300	2.23	2.23	0%	Software PS	2.27	2.29	1%
EMEA	2.19	2.19	0%	301 - 700	2.43	2.24	-8%	Arch. / Engr.	2.33	2.23	-4%
APac	2.18	2.50	15%	Over 700	2.25	2.47	10%	VAR	2.70	2.60	-4%

Source: SPI Research, February 2026

Steps Taken to Improve Profitability

Each year, PS executives strive to enhance profitability. On a scale of 1-5 (with one representing "not important" and five representing "very important"), executives highlighted their focus areas, including:

- ◆ Improve solution portfolio - service packaging, new offers
- ◆ Improve marketing effectiveness - brand awareness, lead generation, events
- ◆ Improve sales effectiveness - higher close ratio, on-target performance, training
- ◆ Increase bill rates
- ◆ Improve hiring, ramping, skill-building, training
- ◆ Improve methods and tools for reuse, consistency, and quality
- ◆ Improve billable utilization - increase billable utilization
- ◆ Reduce non-billable time - presales, write-offs, admins
- ◆ Expand business models (add managed services, subscription, hybrid, etc.)

Organizational profitability went up slightly in 2025. Table 240 shows that overall, PS Executives believe improving marketing and sales will be the most important way to improve profits.

Table 240: Steps PSOs Plan to Take to Improve Profits by Organization Type and Geographic Region

Key Performance Indicator (KPI)	2024	2025	ESO	PSO	Amer.	EMEA	APac
Improve solution portfolio	3.65	3.78	3.82	3.76	3.71	4.01	3.76
Improve marketing effectiveness	3.94	3.96	3.73	4.05	3.92	4.06	4.06
Improve sales effectiveness	3.84	3.94	3.95	3.94	3.95	3.99	3.82
Improve hiring and ramping	3.65	3.52	3.39	3.57	3.54	3.49	3.41
Improve methods and tools	3.94	3.83	3.78	3.85	3.86	3.83	3.59
Improve utilization	3.84	3.84	3.77	3.87	3.89	3.75	3.68
Incorporating more AI into business processes	3.61	3.92	3.94	3.91	3.89	3.96	4.03

Source: SPI Research, February 2026

Table 241: Steps PSOs Plan to Take to Improve Profits by Market

Key Performance Indicator (KPI)	IT Consult	Mgmt. Consult	SaaS PS	Software PS	Arch /Engr	Agency
Improve solution portfolio	3.88	3.83	3.96	4.06	3.19	4.10
Improve marketing effectiveness	4.08	4.15	3.46	3.84	3.98	4.00
Improve sales effectiveness	4.10	3.83	3.84	3.90	3.83	4.00
Improve hiring and ramping	3.53	3.38	3.46	3.81	3.83	3.30
Improve methods and tools	3.87	3.79	3.90	4.13	3.76	3.80
Improve utilization	3.80	3.66	3.65	4.23	4.14	4.10
Incorporating more AI into business processes	3.98	3.96	4.13	4.20	3.38	3.60

Source: SPI Research, February 2026

Consulting excellence comes with knowledge, effectively harvesting that knowledge and making it accessible. Most PSOs are focused on Marketing going forward, and the second is sales. Expanding business models and improving the solution portfolio as not high on their list.

Table 242: Steps PSOs Plan to Take to Improve Profits by Organization Size

Key Performance Indicator (KPI)	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
Improve solution portfolio	3.55	3.79	3.93	3.83	3.79	3.56
Improve marketing effectiveness	4.00	4.10	4.13	3.84	3.46	3.66
Improve sales effectiveness	3.74	4.01	4.13	4.05	3.63	3.56
Improve hiring and ramping	3.02	3.39	3.72	3.70	3.71	3.50
Improve methods and tools	3.70	3.91	3.83	3.86	4.17	3.56
Improve utilization	3.48	3.84	3.96	3.97	3.96	3.66
Incorporating more AI into business processes	3.58	3.79	4.15	3.90	4.21	3.84

Source: SPI Research, February 2026

Annual Revenue per Billable Employee

The annual revenue per billable consultant is the service organization’s total revenue divided by the number of FTE (Full-time equivalent) billable consultants. Alternatively, this metric is derived by multiplying the consultant’s average bill rate times billable hours.

Annual revenue per billable consultant closely aligns with hourly billing rates and serves as an indicator of market demand for consulting services and the firm's profitability prospects. It represents one of the most critical performance indicators, though it is essential to assess this figure alongside labor costs.

Revenue per consultant measures consultant productivity, while the labor multiplier forecasts firm profitability. SPI Research reiterates that revenue per billable consultant is a vital metric, but it should always be evaluated against labor expenses. The recommended minimum target for this metric is 1.5 times the consultant’s fully loaded cost, although headcount and capacity planning often assume a twofold revenue yield relative to consultant costs.

A best-practice benchmark is that revenue per billable consultant is at least twice the fully loaded cost of the individual. In sectors such as engineering and architecture, revenue multipliers of three or more are common, while management consulting and legal professional services typically achieve labor multipliers above three.

Table 243 shows the positive effects of increased revenue per consultant, as improvements in this area generally lead to stronger overall financial metrics. Revenue growth is often attributed to higher billable utilization rates, which support both revenue and margin objectives for professional services organizations (PSOs). Furthermore, superior on-time project delivery tends to correlate with increased margins and profitability.

Table 243: Impact – Annual Revenue per Billable Consultant

Annual revenue per billable consultant (k)	Survey %	On-site service delivery	Billable utilization	On time Delivery	Project margin	Profit (EBITDA %)
Under \$100k	11.3%	23.8%	61.1%	66.1%	33.5%	-0.3%
\$100k - \$150k	10.1%	26.9%	67.2%	72.5%	39.5%	9.7%
\$150k - \$200k	31.0%	37.6%	67.5%	70.8%	36.9%	9.4%
\$200k - \$250k	18.2%	39.1%	69.6%	74.3%	37.9%	10.2%
\$250k - \$300k	16.7%	24.8%	68.8%	79.8%	40.2%	11.9%
Over \$300k	12.5%	38.1%	70.4%	83.7%	42.9%	13.8%
Total/Average	100.0%	33.1%	67.7%	74.2%	38.3%	9.4%

Source: SPI Research, February 2026

Table 244 shows that, overall, annual revenue per billable consultant increased by 6%, from \$199k in 2024 to \$210k in 2025. The smaller firms experienced a greater increase in annual revenue per billable consultant compared to the larger firms. The largest decrease in annual revenue per billable consultant was seen in VARs, which fell by 8%. In contrast, management consultancies experienced a 15% increase.

Table 244: Year-over-Year Change – Annual revenue per billable consultant (k)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	\$199	\$210	6%	Under 10	\$178	\$205	15%	IT Consult.	\$207	\$205	-1%
ESO	\$209	\$206	-2%	10 - 30	\$199	\$201	1%	Mgmt. Cons.	\$197	\$226	15%
PSO	\$195	\$211	8%	31 - 100	\$192	\$211	10%	SaaS PS	\$183	\$184	0%
Amer	\$203	\$214	6%	101 - 300	\$227	\$225	-1%	Software PS	\$183	\$206	13%
EMEA	\$169	\$193	14%	301 - 700	\$227	\$217	-4%	Arch. / Engr.	\$188	\$210	11%
APac	\$213	\$212	-1%	Over 700	\$185	\$197	7%	VAR	\$267	\$246	-8%

Source: SPI Research, February 2026

Annual Overall Revenue per PS Employee

The annual revenue per employee represents the service organization's total revenue divided by the total FTE (Full-time equivalent) employees.

This analysis evaluates overall revenue yield for all Professional Services (PS) employees, encompassing both billable and non-billable personnel. In contrast to annual revenue per billable consultant, which measures total revenue relative only to billable consultants, annual revenue per employee utilizes the total workforce as its denominator. This key performance indicator (KPI) demonstrates a strong correlation with profitability and bill rates. Organizations maintaining a high proportion of overhead employees frequently report lower annual revenue per billable employee.

Revenue per employee is an essential metric for assessing organizational scale and financial stability. Given the high costs of skilled consulting professionals, SPI Research recommends that this figure ideally exceed

twice the fully loaded cost per employee to ensure robust financial viability. If an organization achieves an acceptable revenue yield per billable consultant but fails to meet the benchmark for overall revenue per employee, it may indicate disproportionately high overhead expenses.

This KPI is a substantial indicator of firm-wide profitability. When average employee costs are established, profitability can be estimated by comparing revenue per employee against cost per employee. This measure correlates closely with profitability, utilization rates, and bill rates. Professional Services organizations with elevated proportions of non-billable employees or excessive expenditure on sales, marketing, or general and administrative (G&A) functions often experience reduced annual revenue per employee.

Table 245 highlights the importance of increasing revenue per employee, which is driven by higher billable utilization. As this key performance indicator (KPI) improves, so does on-time delivery and profitability. A higher revenue per employee increases the likelihood that the PSO will meet its annual margin targets. If an organization achieves an acceptable revenue yield per billable consultant but falls below the benchmark for revenue per employee, it suggests excessive non-billable overhead.

Table 245: Impact – Annual Revenue per Employee

Annual revenue per employee (k)	Survey %	Revenue growth	Rev/consult. (k)	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Under \$100k	17.1%	0.3%	\$99	83.0%	81.3%	2.6%
\$100k - \$150k	15.9%	4.7%	\$162	90.7%	88.3%	10.4%
\$150k - \$200k	37.1%	5.2%	\$213	90.0%	88.6%	11.6%
\$200k - \$250k	12.6%	3.0%	\$263	93.4%	93.3%	12.9%
\$250k - \$300k	10.3%	6.7%	\$302	95.0%	93.1%	6.8%
Over \$300k	7.1%	7.3%	\$350	92.7%	94.0%	13.8%
Total/Average	100.0%	4.3%	\$211	90.1%	88.7%	9.7%

Source: SPI Research, February 2026

The annual revenue per employee increased in 2025, though at a slower rate than the annual revenue per consultant. Table 246 indicates that revenue per employee increased significantly in Europe, the Middle East, and Africa (EMEA), while it increased modestly in the Americas.

Table 246: Year-over-Year Change – Annual revenue per employee (k)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	\$158	\$168	6%	Under 10	\$147	\$173	17%	IT Consult.	\$169	\$169	0%
ESO	\$160	\$166	3%	10 - 30	\$154	\$160	4%	Mgmt. Cons.	\$160	\$181	13%
PSO	\$157	\$168	7%	31 - 100	\$153	\$162	6%	SaaS PS	\$144	\$151	5%
Amer	\$163	\$172	5%	101 - 300	\$172	\$181	5%	Software PS	\$131	\$156	20%
EMEA	\$127	\$154	21%	301 - 700	\$189	\$169	-11%	Arch. / Engr.	\$155	\$166	7%
APac	\$167	\$168	1%	Over 700	\$154	\$166	8%	VAR	\$200	\$195	-3%

Source: SPI Research, February 2026

PS Accuracy of Forecasting Revenue and Skills

The significance of planning has been outlined in this report. The key question is: "Can PSOs accurately forecast their revenue and the skills necessary to achieve it?" This capability is essential for meeting revenue and margin targets. Leading PSOs excel in forecasting both revenue and required skills, allowing them to gain a clearer understanding of their financial standing.

Table 247 illustrates the impact of effective forecasting on PSOs. It shows that organizations that excel in this area experience not only higher revenue growth and a stronger pipeline but also improved on-time delivery and reduced project overruns. Forecasting accuracy leads to growth and better project performance, as the PSO has the proper resources in place. The importance of planning and forecasting cannot be overstated; both are critical to success.

Table 247: Impact – PS can accurately forecast revenue and skills

PS can accurately forecast revenue and skills	Survey %	Rev/consult. (k)	Rev/emp. (k)	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Very inaccurately	2.5%	\$150	\$113	76.9%	83.8%	4.2%
Inaccurately	12.2%	\$181	\$126	82.6%	84.5%	6.7%
Neutral	31.6%	\$213	\$170	88.4%	87.8%	7.7%
Accurately	45.6%	\$224	\$185	93.2%	91.0%	11.4%
Very accurately	8.1%	\$170	\$141	94.0%	92.5%	8.0%
Total/Average	100.0%	\$209	\$168	90.0%	89.1%	9.2%

Source: SPI Research, February 2026

Table 248 indicates that the ability of professional services to accurately forecast revenue and skills increased by 4%, rising from 3.33 in 2024 to 3.45 in 2025. This change is minor, and there were no significant differences between ESOs and PSOs in 2025. Europe improved, as did mid-sized PSOs, but overall, there were no major differences for the year.

Table 248: Year-over-Year Change – PS can accurately forecast revenue and skills

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	3.33	3.45	4%	Under 10	3.16	3.36	6%	IT Consult.	3.30	3.50	6%
ESO	3.25	3.31	2%	10 - 30	3.29	3.25	-1%	Mgmt. Cons.	3.41	3.58	5%
PSO	3.35	3.50	4%	31 - 100	3.29	3.41	4%	SaaS PS	3.28	3.35	2%
Amer	3.36	3.50	4%	101 - 300	3.51	3.72	6%	Software PS	3.47	3.71	7%
EMEA	3.10	3.27	5%	301 - 700	3.14	3.44	9%	Arch. / Engr.	3.50	3.40	-3%
APac	3.38	3.45	2%	Over 700	3.56	3.59	1%	VAR	3.60	3.89	8%

Source: SPI Research, February 2026

How accurately can your firm attribute profit margin at the client or project level

Professional services organizations are now examining performance in greater detail. It is critical for them to understand each project and each client and the profitability associated with each. PS leaders are using PSA solutions to further analyze their areas of success. Table 249 highlights the importance of understanding individual projects and managing them accurately. The table shows how leading KPIs improve, including on-time delivery, project margin, and achievement of both revenue and margin targets.

Table 249: Impact – Accuracy to attribute profit margin at the client or project level

Accuracy of attributing profit margin at the client or project level	Survey %	On time delivery	Project margin	% ann. rev. achieved	% ann. marg. achieved	Profit (EBITDA %)
Very inaccurately	5.3%	58.6%	32.4%	85.8%	80.0%	-3.4%
Inaccurately	10.9%	65.4%	32.6%	89.0%	88.1%	13.8%
Neutral	28.0%	72.6%	34.7%	89.1%	88.9%	5.5%
Accurately	39.2%	77.6%	40.5%	90.7%	90.1%	9.8%
Very accurately	16.5%	80.1%	41.1%	91.3%	90.3%	11.4%
Total/Average	100.0%	74.3%	37.7%	89.9%	89.0%	8.6%

Source: SPI Research, February 2026

This is a new KPI just asked in 2025. SPI Research expects PSOs to continue to increase their detailed understanding of profitability at both the project and client levels.

Table 250: Year-over-Year Change – Accuracy to attribute profit margin at the client or project level

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	NA	3.51	NA	Under 10	NA	3.48	NA	IT Consult.	NA	3.62	NA
ESO	NA	3.26	NA	10 - 30	NA	3.54	NA	Mgmt. Cons.	NA	3.65	NA
PSO	NA	3.61	NA	31 - 100	NA	3.44	NA	SaaS PS	NA	2.98	NA
Amer	NA	3.53	NA	101 - 300	NA	3.67	NA	Software PS	NA	3.47	NA
EMEA	NA	3.44	NA	301 - 700	NA	3.46	NA	Arch. / Engr.	NA	3.63	NA
APac	NA	3.48	NA	Over 700	NA	3.42	NA	VAR	NA	3.60	NA

Source: SPI Research, February 2026

Percentage of Annual Revenue Target Achieved

The annual revenue target achieved is the percentage of the annual revenue goal. PSOs create detailed annual business plans; this figure shows their accuracy in business planning, forecasting, and execution.

The percentage of the annual revenue target achieved reflects how closely the organization's revenue goal has been met. Professional Services Organizations (PSOs) prepare comprehensive annual business plans, and this metric indicates their proficiency in planning, forecasting, and execution. Failure to attain the annual revenue target often results in missed profit or margin objectives, as most organizations align their spending plans with

revenue projections. Conversely, significantly exceeding revenue forecasts may lead to challenges, including reduced quality, employee burnout, and client dissatisfaction, due to limited staffing amid increased demand. As illustrated in Table 251, there is a direct relationship between achieving revenue targets and other critical financial metrics. Furthermore, a strong positive correlation exists between meeting revenue objectives and profitability, provided both are set appropriately. Research conducted by SPI indicates that organizations that meet their revenue targets typically experience lower staff attrition rates, indicating financial stability, the capacity to reward performance, and opportunities for reinvestment in the business.

Table 251: Impact – Percentage of Annual Revenue Target Achieved

Percent of annual revenue target achieved	Survey %	Revenue growth	Billable utilization	On time delivery	Rev/emp. (k)	Profit (EBITDA %)
Under 80%	19.4%	-1.2%	62.3%	69.5%	\$133	2.8%
80% - 90%	26.9%	2.3%	66.1%	69.5%	\$154	6.1%
90% - 100%	35.1%	4.4%	70.9%	78.7%	\$184	13.1%
100% - 110%	13.4%	11.6%	67.8%	77.3%	\$184	13.4%
Over 110%	5.1%	21.5%	71.9%	79.7%	\$209	15.1%
Total/Average	100.0%	4.6%	67.6%	74.3%	\$167	9.4%

Source: SPI Research, February 2026

Table 252 shows that the Percent of annual revenue target achieved improved in 2025, and that this improvement was observed in most of the smaller PSOs.

Table 252: Year-over-Year Change – Percent of annual revenue target achieved

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	87.9%	90.1%	3%	Under 10	82.4%	87.5%	6%	IT Consult.	89.6%	90.3%	1%
ESO	86.9%	89.7%	3%	10 - 30	87.1%	88.3%	1%	Mgmt. Cons.	84.1%	90.0%	7%
PSO	88.2%	90.3%	2%	31 - 100	87.0%	90.9%	5%	SaaS PS	87.7%	88.4%	1%
Amer	88.0%	89.8%	2%	101 - 300	92.2%	90.2%	-2%	Software PS	91.4%	92.8%	1%
EMEA	86.5%	89.1%	3%	301 - 700	92.1%	95.2%	3%	Arch. / Engr.	93.4%	92.4%	-1%
APac	88.7%	94.1%	6%	Over 700	92.4%	91.4%	-1%	VAR	87.8%	96.8%	10%

Source: SPI Research, February 2026

Percentage of Annual Margin Target Achieved

The annual margin target, like the annual revenue target, is the percentage of the annual profit goal achieved.

The annual margin target, akin to the annual revenue objective, reflects the proportion of the yearly profit goal attained. SPI Research evaluates achievement against both revenue and margin targets to determine the reliability of annual business plans. While PSOs may not rigorously track all benchmark metrics, they are generally aware of whether these primary targets have been met.

Attaining these targets is essential from both planning and investment perspectives. Failure to meet margin objectives may necessitate future expenditure reductions, potentially constraining organizational growth. For PSOs, achieving the annual margin target is evidence of excellence in service performance. Moreover, consistently achieving annual revenue and margin targets is a significant marker of financial maturity.

Table 253: Impact – Percentage of Annual Margin Target Achieved

Percent of annual margin target achieved	Survey %	Revenue growth	Headcount growth	Billable utilization	Rev/consult. (k)	Profit (EBITDA %)
Under 80%	24.7%	-1.1%	-1.2%	62.8%	\$176	2.4%
80% - 90%	23.9%	4.1%	2.0%	65.4%	\$206	6.2%
90% - 100%	34.2%	6.1%	3.6%	71.2%	\$224	15.1%
100% - 110%	13.2%	7.4%	3.6%	69.3%	\$230	15.5%
Over 110%	4.0%	17.9%	9.5%	73.6%	\$264	12.3%
Total/Average	100.0%	4.5%	2.3%	67.6%	\$210	9.8%

Source: SPI Research, February 2026

Notably, the percentage of firms that achieve their margin targets is always lower than that of those that reach their revenue targets. In fact, only 17.2% of survey respondents reported achieving 100% or more of their annual margin target.

Table 254: Year-over-Year Change – Percent of annual margin target achieved

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	86.9%	88.8%	2%	Under 10	84.9%	87.6%	3%	IT Consult.	90.0%	88.1%	-2%
ESO	84.3%	88.8%	5%	10 - 30	84.4%	85.5%	1%	Mgmt. Cons.	85.3%	88.8%	4%
PSO	87.9%	88.8%	1%	31 - 100	85.5%	89.4%	5%	SaaS PS	84.0%	87.1%	4%
Amer	87.1%	88.8%	2%	101 - 300	90.1%	89.1%	-1%	Software PS	88.9%	90.2%	1%
EMEA	86.8%	86.7%	0%	301 - 700	91.4%	93.0%	2%	Arch. / Engr.	88.1%	90.5%	3%
APac	86.1%	93.2%	8%	Over 700	93.3%	91.7%	-2%	VAR	85.6%	92.9%	9%

Source: SPI Research, February 2026

Percentage of Overall Revenue Unable to Bill (Revenue Leakage)

Revenue leakage refers to revenue that has been earned but is lost before it can be realized. Causes of revenue leakage include billing errors, time the firm is unable to bill for product or project delivery issues and incorrect statements of work or misquotes.

Often, organizations may not be aware of unbilled revenue, making accurate assessment challenging. Furthermore, revenue leakage is indicative of overall operational efficiency. Professional Services Organizations (PSOs) experiencing higher levels of revenue leakage typically report lower utilization rates, delays in project delivery, increased project overruns, and reduced EBITDA. In contrast, organizations that

effectively manage contracts, accurately record all hours and expenses, and ensure precise billing tend to minimize revenue leakage and improve financial performance.

Common causes include billing errors, failure to invoice for delivered products or services, and inaccuracies in statements of work or quotations. Detecting revenue leakage can be difficult, which is why it is often referred to as a “silent killer” of profitability (Table 255).

Table 255: Impact – Revenue Leakage

Revenue leakage	Survey %	Total attrition	Revenue growth	On time delivery	Rev/consult. (k)	Profit (EBITDA %)
None	9.6%	8.2%	4.9%	74.4%	\$209	10.6%
Under 2%	24.7%	10.0%	4.9%	79.3%	\$218	10.4%
2% - 5%	34.9%	11.9%	3.5%	73.8%	\$216	8.6%
5% - 10%	21.7%	12.8%	4.9%	73.0%	\$205	8.8%
Over 10%	9.0%	12.5%	3.1%	65.0%	\$155	6.6%
Total/Average	100.0%	11.3%	4.3%	74.3%	\$208	9.1%

Source: SPI Research, February 2026

Table 256 indicates that revenue leakage improved by 16%, from 5.3% in 2024 to 4.5% in 2025. The data reveal that independent service organizations improved significantly.

Table 256: Year-over-Year Change – Revenue leakage

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	5.3%	4.5%	16%	Under 10	6.4%	3.4%	47%	IT Consult.	4.6%	4.3%	7%
ESO	5.5%	5.2%	6%	10 - 30	4.7%	4.7%	1%	Mgmt. Cons.	5.2%	3.6%	31%
PSO	5.2%	4.2%	20%	31 - 100	5.5%	5.1%	8%	SaaS PS	6.2%	5.8%	6%
Amer	5.0%	4.4%	12%	101 - 300	4.4%	3.7%	15%	Software PS	6.5%	4.4%	32%
EMEA	7.2%	5.1%	28%	301 - 700	4.8%	5.1%	-5%	Arch. / Engr.	6.4%	5.0%	22%
APac	4.9%	3.6%	27%	Over 700	6.1%	4.7%	23%	VAR	4.7%	2.9%	38%

Source: SPI Research, February 2026

Percentage of Invoices Redone due to Error or Client Rejection

The percentage of invoices submitted to clients that are rejected due to errors in the amounts, hours billed, or work done that are rejected and must be modified and resubmitted to the client.

Invoices rejected for any reason may adversely affect both profit and cash flow, as Professional Services Organizations (PSOs) must absorb the associated costs while continuing to deliver services. Some PSOs omit the time and expenses associated with correcting inaccurate or client-rejected invoices from their Days Sales Outstanding (DSO) calculations, even though these should be included.

To reduce invoice rejections, it is imperative to establish clear expectations and maintain accurate records of time and expenditures. Ideally, all invoices should be accepted without exception. Common invoicing challenges are often systemic and result from insufficient documentation of time and expenses, ambiguous statements of work, absence of approved change orders, incorrect billing, or exceeding established spending limits. It is essential for all PSOs to fully understand the client’s procurement process prior to initiating work. Failure to secure payments or revise invoices can lead to significant frustration and exert a substantial negative effect on cash flow.

SPI Research could not find any major correlations with improvement in invoices redone. Table 257 shows an improvement in this KPI, most notably in independent PSOs, in the Asia-Pacific region, and in both IT and management consultancies.

Table 257: Year-over-Year Change – % of inv. redone due to error/client rejections

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	2.1%	1.8%	11%	Under 10	1.7%	1.4%	19%	IT Consult.	1.9%	1.6%	15%
ESO	1.7%	1.8%	-2%	10 - 30	1.6%	1.5%	5%	Mgmt. Cons.	1.4%	1.1%	21%
PSO	2.2%	1.9%	14%	31 - 100	2.4%	1.9%	19%	SaaS PS	1.4%	2.2%	-62%
Amer	2.0%	1.9%	1%	101 - 300	2.1%	1.6%	27%	Software PS	2.5%	2.1%	13%
EMEA	1.9%	1.6%	16%	301 - 700	1.9%	2.3%	-25%	Arch. / Engr.	3.5%	3.3%	8%
APac	3.1%	1.6%	50%	Over 700	2.4%	3.1%	-28%	VAR	1.6%	1.3%	19%

Source: SPI Research, February 2026

Days Sales Outstanding (DSO)

The average amount of time (in days) from when an invoice is generated until the payment is made.

Days Sales Outstanding (DSO) underscores the importance of accurate invoice preparation and efficient payment collection. Moreover, DSO provides valuable insights into client satisfaction, operational control robustness, and client creditworthiness.

Although DSO may not directly affect other performance metrics, it underscores the need for meticulous invoicing and effective receivables management. In addition, DSO consistently serves as an important benchmark for evaluating client satisfaction, operational proficiency, and overall credit risk. It is also highly correlated with the PSO's ability to achieve both revenue and margin targets (Table 258).

Table 258: Impact – Days Sales Outstanding (DSO)

Days sales outstanding (DSO)	Survey %	On time Delivery	Project margin	% ann. rev. achieve	% ann. marg. achieve	Profit (EBITDA %)
Under 30 days	22.4%	76.1%	40.1%	88.9%	88.0%	8.5%
30 - 50 days	45.6%	75.5%	36.7%	89.6%	88.3%	9.6%
50 - 70 days	21.2%	73.5%	38.6%	92.0%	89.4%	10.8%
70 - 100 days	8.8%	65.8%	38.5%	92.8%	92.2%	15.3%
Over 100 days	2.1%	66.4%	35.4%	81.4%	81.4%	-11.0%
Total/Average	100.0%	74.2%	38.0%	90.1%	88.7%	9.7%

Source: SPI Research, February 2026

Table 259 shows that days' outstanding increased by 2%, from 43.3 in 2024 to 44.3 in 2025. Larger firms (over 100 employees) had a greater increase in DSO than smaller firms. The VARs showed the largest increase in DSO, at 19%, while the Software PS market declined by 16%. Cash collection is crucial for independent businesses, as they rely on cash flow to fund operations.

Table 259: Year-over-Year Change – Days sales outstanding (DSO)

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	43.3	44.3	2%	Under 10	37.4	38.1	2%	IT Consult.	38.8	41.3	6%
ESO	43.3	46.0	6%	10 - 30	41.8	42.1	1%	Mgmt. Cons.	39.9	39.3	-2%
PSO	43.2	43.5	1%	31 - 100	43.7	44.3	1%	SaaS PS	42.1	47.0	12%
Amer	44.3	46.5	5%	101 - 300	44.5	45.2	2%	Software PS	47.2	39.7	-16%
EMEA	40.1	40.0	0%	301 - 700	50.4	52.6	4%	Arch. / Engr.	59.7	61.6	3%
APac	38.8	36.8	-5%	Over 700	52.3	52.2	0%	VAR	36.7	43.6	19%

Source: SPI Research, February 2026

Quarterly Non-billable Discretionary Expense per Employee

All other non-billable expenses spent per employee (cell phones, non-billable travel, training)

The quarterly non-billable expense per employee measures how effectively PSOs manage expenses unrelated to billable work. Ideally, this metric should be minimized; however, there will always be unavoidable expenses such as travel, training, IT, and business development that cannot be billed to clients. SPI Research believes that an average quarterly non-billable expense exceeding \$3,000 is excessive, and PS executives should strive to reduce it.

Excessive, non-billable employee expenses often indicate poor or ineffective business expense policies. They may also reflect unrestrained business development costs, where non-essential personnel spend valuable time and resources pursuing non-qualified opportunities. Elevated business development and training expenses, as well as misuse of employee expenses, are common contributors to high non-billable

discretionary spending. SPI Research found very little correlation between the non-billable expenses and other lagging indicators. Table 260 shows costs increasing in 2025 in most areas, except in APac.

Table 260: Year-over-Year Change – Quarterly non-billable expense per employee

	2024	2025	% ↑↓	Org. Size	2024	2025	% ↑↓	Market	2024	2025	% ↑↓
Total	\$1,378	\$1,512	10%	Under 10	\$1,349	\$1,956	45%	IT Consult.	\$1,345	\$1,321	-2%
ESO	\$1,542	\$1,667	8%	10 - 30	\$1,426	\$1,446	1%	Mgmt. Cons.	\$1,367	\$1,589	16%
PSO	\$1,322	\$1,451	10%	31 - 100	\$1,389	\$1,358	-2%	SaaS PS	\$1,235	\$1,642	33%
Amer	\$1,295	\$1,464	13%	101 - 300	\$1,223	\$1,313	7%	Software PS	\$1,250	\$1,161	-7%
EMEA	\$1,408	\$1,627	16%	301 - 700	\$1,750	\$1,909	9%	Arch. / Engr.	\$1,466	\$1,713	17%
APac	\$2,083	\$1,609	-23%	Over 700	\$1,567	\$1,534	-2%	VAR	\$2,111	\$1,000	-53%

Source: SPI Research, February 2026

Executive Real-time Visibility into Overall PS Activities

The ease with which executives can look across the entire PSO to assess operational information (sales, service, marketing, finance, etc.).

Real-time information visibility remains an essential management resource. SPI Research surveyed participants to determine whether their executives have real-time access to all business functions, including sales, service, marketing, and finance. Organizations that benefit from integrated systems and management dashboards experience significant advantages.

Companies led by executives with real-time visibility consistently demonstrate higher profitability, as they are better equipped to respond proactively to shifting market dynamics. Notably, even in periods of market volatility, adoption of real-time visibility has grown. PSs have closely monitored sales pipelines and project backlogs, ensuring sufficient project volume to maintain staff utilization.

Table 261: Impact – Executive Real-Time Wide Visibility

Executive real-time wide visibility	Survey %	Revenue growth	Total attrition	Rev/consult. (k)	On time Delivery	Profit (EBITDA %)
None at all	4.4%	3.3%	20.5%	\$191	62.8%	3.5%
A little	13.3%	4.2%	13.5%	\$197	65.1%	6.0%
A moderate amount	29.7%	3.9%	10.3%	\$201	68.8%	8.9%
A lot	30.3%	5.2%	10.5%	\$225	77.5%	10.5%
A great deal	22.2%	5.6%	8.8%	\$210	84.4%	12.9%
Total/Average	100.0%	4.7%	10.9%	\$209	74.1%	9.6%

Source: SPI Research, February 2026

Furthermore, real-time visibility is recognized as a critical key performance indicator. As depicted in Table 261, organizations with comprehensive transparency can make well-informed strategic decisions that drive growth and optimize project profitability. This level of insight enhances performance throughout the organization and

is indicative of firms with egalitarian cultures that promote knowledge sharing and distributed decision-making authority, empower employees to work more closely with clients, and foster overall organizational agility.

Extended real-time visibility is achieved only through application integration. "Extended" refers to the flow of information across departments and functions, providing employees with a more complete picture of operations so they can make quick, fact-based decisions. Without real-time visibility, decision-making can become subjective and reactive, negatively impacting business performance. SPI Research believes these findings support organizations in justifying the IT expenditure needed to visualize, monitor, and manage their operations effectively. Visibility numbers decreased year-over-year in 2025. Both ESOs and independents demonstrated lower executive real-time visibility, as did organizations of various sizes and markets.

Table 262: Annual change in executive real-time wide visibility

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	3.65	3.53	-3%	Under 10	3.73	3.73	0%	IT Consult.	3.65	3.50	-4%
ESO	3.60	3.42	-5%	10 - 30	3.78	3.48	-8%	Mgmt. Cons.	3.68	3.67	0%
PSO	3.67	3.57	-3%	31 - 100	3.63	3.51	-3%	SaaS PS	3.72	3.29	-12%
Amer	3.72	3.55	-5%	101 - 300	3.58	3.65	2%	Software PS	3.69	3.53	-4%
EMEA	3.21	3.56	11%	301 - 700	3.21	3.50	9%	Arch. / Engr.	3.83	3.61	-6%
APac	3.70	3.26	-12%	Over 700	3.73	3.10	-17%	VAR	3.30	4.00	21%

Source: SPI Research, February 2026

Professional Services Profit (EBITDA)

Net Profit (Earnings before Interest, Taxes, Depreciation & Amortization [EBITDA]) serves as a crucial measure for aligning all elements of a business. Over the past 20 years, since SPI Research was established, every aspect of Professional Services (PS) operations has improved. Two decades ago, single-digit profits were ordinary in the PS sector. Today, the aspirational profit target for most independent firms is 20%, while embedded organizations aim for 25%. Clearly, professional services have become a profitable and essential component for all technology and project-driven organizations. However, profitability has recently become more difficult to achieve due to factors beyond PS executives' control.

Table 263: Impact – How Profitability is impacted by Performance

Profit (EBITDA %)	Survey %	Total attrition	On-site service delivery	Billable utilization	On time Delivery	Project margin
Negative	16.0%	11.6%	43.2%	58.7%	68.9%	33.5%
0% - 10%	37.9%	11.6%	32.3%	67.0%	74.2%	39.5%
10% - 20%	32.5%	10.2%	27.8%	71.2%	76.9%	38.0%
Over 20%	13.6%	8.8%	18.6%	65.9%	81.5%	48.8%
Total/Average	100.0%	10.8%	30.7%	66.9%	75.2%	39.3%

Source: SPI Research, February 2026

Overall, profitability improved slightly from 2024 to 2025. Both embedded and independent firms saw a slight decrease in profitability. US-based firms showed significant growth, while EMEA saw a large decline in profits. Overall, SaaS and Software providers and architecture and engineering firms saw a significant decrease in profitability in 2025.

Table 264: Year-over-Year Change – Profit %

Summary	2024	2025	▲	Org. Size	2024	2025	▲	Market	2024	2025	▲
Total	9.8%	9.9%	0%	Under 10	10.5%	14.8%	41%	IT Consult.	7.8%	10.1%	29%
ESO	12.0%	11.9%	-1%	10 - 30	12.0%	6.4%	-46%	Mgmt. Cons.	10.1%	9.4%	-6%
PSO	9.3%	9.1%	-2%	31 - 100	8.6%	10.0%	16%	SaaS PS	13.4%	8.9%	-33%
Amer	9.3%	10.2%	10%	101 - 300	10.2%	9.6%	-6%	Software PS	12.0%	8.0%	-34%
EMEA	13.8%	9.2%	-33%	301 - 700	8.0%	12.0%	51%	Arch. / Engr.	8.7%	6.8%	-22%
APac	8.3%	8.5%	3%	Over 700	8.5%	7.8%	-9%	VAR	16.0%	14.4%	-10%

Source: SPI Research, February 2026

Income Statement

In this section, SPI Research analyzes income statements by organization type and size. Inputs were:

Revenue

- ◆ **Direct gross PS revenue:** Directly delivered PS revenue (not including re-billable travel)
- ◆ **Indirect gross revenue:** (revenue from subcontractors, outside resources).
- ◆ **Pass-thru revenue:** (revenue from hardware, software, materials, etc.)
- ◆ **Reimbursable travel and expense revenue:** (re-billable travel and expense revenue)

Expenses

- ◆ **Direct Labor expense:** (does not include fringe benefits, vacation, sick time or overhead)
- ◆ **Fringe benefit expense:** as a percentage of direct labor (for healthcare, pensions, vacation and sick pay)
- ◆ **Subcontractor/outside consultant expense:** cost of subcontractors and outside consultants
- ◆ **Pass-thru expense:** (expense for hardware, software, materials, etc. that can be billed)
- ◆ **Billable travel and business expense:** business expense that can be billed to clients
- ◆ **Non-billable travel and business expense:** business expenses that cannot be billed to clients
- ◆ **Recruiting expense:** (includes recruiting headcount, fees and signing bonuses)
- ◆ **Sales expense:** (includes sales headcount, bonus and non-reimbursable sales expense)
- ◆ **Marketing expense:** (includes marketing headcount, bonus and marketing program expense)
- ◆ **Education, training and certification expense:** (includes the cost of training and certification)
- ◆ **PS IT expense:** supporting the IT infrastructure (personnel, applications, networking, etc.)
- ◆ **General and Administrative:** non-billable headcount, general and administration costs, facilities, non-billable headcount and overhead.

In 2025, the big change was a decrease in other general and administrative expenses, from 10.4% to 8.0%. CFOs should consistently assess which costs are essential for revenue growth and identify which expenses can be eliminated without negatively affecting the business. Additionally, PSO executives should consider the numerous benefits of allowing employees to work from home. Reducing business travel and daily commutes could have a significant long-term positive impact on the environment.

Table 265: Annual Income Statement Comparison

Income Statement Revenue & Expense	2024	2025	Delta
Benchmark Surveys	403	509	
REVENUE			
Direct gross PS revenue	80.3%	81.4%	1%
Indirect gross revenue (subcontractor)	12.2%	11.6%	-5%
Pass-thru rev. (hardware, software, mat.)	5.5%	4.1%	-25%
Reimbursable Travel & Expense revenue	2.1%	3.0%	43%
Total Revenue	100.0%	100.0%	
EXPENSES			
Direct labor expense	40.6%	42.4%	4%
Fringe benefit percentage of direct labor	9.7%	9.2%	-5%
Subcontractor/outside consultant expense	9.2%	7.2%	-21%
Pass-thru equipment expense	4.2%	2.8%	-33%
Billable travel and business expense	1.7%	2.8%	61%
Non-billable travel expense	1.7%	2.0%	18%
Total recruiting expense	1.1%	1.6%	47%
Sales expense	4.8%	5.4%	13%
Marketing expense	2.5%	3.2%	31%
Education/training/certification expense	1.7%	2.1%	20%
PS IT expense	2.6%	3.4%	32%
All other G&A expense	10.4%	8.0%	-23%
Total Expense	90.2%	90.1%	0%
EBITDA	9.8%	9.9%	1%

Source: SPI Research, February 2026

Table 266 presents a comparison of income statements for embedded service organizations and independents, as well as by geography.

Table 266: Income Statement by Organization Type and Embedded Service Type

Key performance indicator (KPI)	Survey	ESO	PSO	Americas	EMEA	APac
Surveys	509	159	350	348	110	51
REVENUE						
Direct gross PS revenue	81.4%	78.0%	82.3%	82.5%	76.8%	83.8%
Indirect gross revenue (subcontractor)	11.6%	11.6%	11.6%	10.8%	16.0%	6.9%
Pass-thru rev. (hardware, software, mat.)	4.1%	6.5%	3.4%	3.6%	4.6%	5.8%
Reimbursable Travel & Expense revenue	3.0%	3.9%	2.7%	3.0%	2.7%	3.5%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENSES						
Direct labor expense	42.4%	41.7%	41.2%	40.6%	46.2%	35.5%
Fringe benefit percentage of direct labor	9.2%	6.7%	9.6%	10.8%	5.5%	4.7%
Subcontractor/outside consultant expense	7.2%	6.5%	7.2%	6.8%	9.2%	4.0%
Pass-thru equipment expense	2.8%	5.2%	2.1%	2.1%	3.6%	5.3%
Billable travel and business expense	2.8%	2.4%	2.8%	2.5%	3.3%	2.7%
Non-billable travel expense	2.0%	1.8%	2.0%	1.8%	2.5%	1.6%
Total recruiting expense	1.6%	1.5%	1.6%	1.7%	1.3%	1.3%
Sales expense	5.4%	5.2%	5.3%	4.9%	4.9%	8.6%
Marketing expense	3.2%	3.4%	3.1%	3.1%	3.1%	3.5%
Education/training/certification expense	2.1%	2.2%	2.0%	1.7%	2.6%	2.5%
PS IT expense	3.4%	4.8%	2.9%	2.8%	3.0%	6.5%
All other G&A expense	8.0%	6.7%	11.2%	10.9%	5.6%	15.2%
Total Expenses	90.1%	88.1%	90.9%	89.8%	90.8%	91.5%
2025 EBITDA	9.9%	11.9%	9.1%	10.2%	9.2%	8.5%
2024 EBITDA Comparison	9.8%	12.0%	9.3%	9.3%	13.8%	8.3%

Source: SPI Research, February 2026

Table 267 presents a comparison of income statements across five of the six main verticals included in this benchmark. In this year's survey, profitability decreased in five of the six markets, except for IT Consulting.

Table 267: Income Statement by PS Market

Key performance indicator (KPI)	IT Cons	Mgmt. Cons	SaaS PS	Soft PS	Arch/ Engr	VAR
Surveys	119	94	70	41	67	32
REVENUE						
Direct gross PS revenue	80.6%	84.7%	87.2%	87.7%	85.3%	66.8%
Indirect gross revenue (subs.)	10.3%	11.3%	9.9%	7.3%	9.6%	6.2%
Pass-thru rev. (hw, sw, mat.)	6.2%	1.2%	0.0%	4.0%	2.4%	25.7%
Reimbursable Travel & Expense	2.9%	2.8%	2.9%	1.0%	2.8%	1.4%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENSES						
Direct labor expense	43.1%	43.4%	52.6%	44.5%	39.3%	19.2%
Fringe benefit % of direct labor	7.5%	9.9%	7.6%	14.7%	11.5%	5.6%
Subcontractor/outside consultant	6.5%	6.5%	5.8%	6.0%	7.5%	3.9%
Pass-thru equipment expense	2.6%	1.4%	2.2%	1.5%	2.3%	17.3%
Billable travel and business	2.6%	3.1%	2.5%	2.3%	2.6%	1.8%
Non-billable travel expense	2.6%	2.2%	1.8%	1.1%	1.3%	0.4%
Total recruiting expense	1.9%	1.7%	1.7%	0.8%	1.3%	0.6%
Sales expense	5.8%	6.3%	4.0%	4.0%	2.3%	11.2%
Marketing expense	2.5%	2.6%	2.1%	1.2%	2.8%	1.5%
Education/training/certification	2.0%	2.4%	1.5%	1.2%	1.6%	1.2%
PS IT expense	3.5%	2.2%	2.2%	2.0%	2.8%	16.4%
All other G&A expense	9.3%	9.0%	6.9%	12.8%	18.0%	6.4%
Total Expenses	89.9%	90.6%	91.1%	92.0%	93.2%	85.6%
2025 EBITDA	10.1%	9.4%	8.9%	8.0%	6.8%	14.4%
2024 EBITDA Comparison	7.8%	10.1%	13.4%	12.0%	8.7%	NA

Source: SPI Research, February 2026

Table 268 analyzes income statements based on organization size. This year's benchmark showed that organization size did not significantly impact profitability,

Table 268: Income Statement by Organization Size

Key performance indicator (KPI)	Under 10	10 - 30	31 – 100	101 - 300	301 - 700	Over 700
Surveys	77	96	147	101	34	54
REVENUE						
Direct gross PS revenue	86.4%	80.1%	83.6%	75.0%	92.5%	73.0%
Indirect gross revenue (subs.)	10.2%	11.1%	11.9%	15.0%	5.8%	9.2%
Pass-thru rev. (hw, sw, mat.)	0.4%	6.3%	2.1%	6.6%	0.1%	11.7%
Reimbursable Travel & Expense	3.1%	2.7%	2.5%	3.5%	1.6%	6.2%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENSES						
Direct labor expense	35.8%	38.7%	43.4%	39.7%	54.2%	40.2%
Fringe benefit % of direct labor	9.1%	6.6%	9.8%	9.7%	9.0%	9.6%
Subcontractor/outside consultant	8.3%	8.2%	6.3%	7.7%	4.2%	5.1%
Pass-thru equipment expense	3.3%	3.3%	1.5%	3.7%	0.8%	5.8%
Billable travel and business	4.8%	2.5%	2.5%	2.0%	2.1%	3.5%
Non-billable travel expense	2.5%	2.1%	1.6%	1.6%	2.4%	2.3%
Total recruiting expense	2.0%	1.0%	1.6%	1.8%	1.5%	2.0%
Sales expense	4.3%	5.4%	5.2%	5.2%	3.4%	10.1%
Marketing expense	4.6%	3.2%	2.5%	3.3%	1.6%	4.8%
Education/training/certification	4.0%	2.1%	1.4%	1.6%	1.6%	3.0%
PS IT expense	2.6%	5.1%	3.0%	3.0%	1.9%	2.6%
All other G&A expense	4.0%	15.3%	11.2%	11.1%	5.2%	3.1%
Total Expenses	85.2%	93.6%	90.0%	90.4%	88.0%	92.2%
2025 EBITDA	14.8%	6.4%	10.0%	9.6%	12.0%	7.8%
2024 EBITDA Comparison	10.5%	12.0%	8.6%	10.2%	8.0%	8.5%

Source: SPI Research, February 2026

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**Professional
Services Maturity™
Model Results**

2026 PROFESSIONAL SERVICES MATURITY™ MODEL RESULTS

Service Performance Insight developed the Professional Services Maturity Model™ 19 years ago to assess PSO performance and help them improve. Over 50,000 billable PSOs have utilized the model to benchmark and enhance their organizational performance. With over 7,500 participating billable services organizations (including 3,000 in the past five years), SPI Research has refined the model for greater accuracy.

In this chapter, SPI Research presents the model's analytical foundation and provides insight into our survey techniques. For this year's model, SPI Research analyzed data from firms surveyed in late 2025. A total of 509 organizations participated from September through early December 2025, representing over 250,000 consultants worldwide. This makes it the most comprehensive study of the global professional services industry to date.

While nearly 70% of participating organizations are headquartered in North America, many of these firms have employees worldwide. SPI Research believes that this arrangement offers a reliable representation of the global PS industry. SPI's clients continue to leverage the model to develop, prioritize, and implement performance improvements.

Maturity Levels

The maturity rating for each Service Performance Pillar varies based on the organization's performance. In each of the five performance pillars, every firm operates at one of the five maturity levels (Figure 32):

- ◆ **Level 1 (Initiated – 30% of the respondents):** In the initial stages, the organization's focus is primarily on client acquisition and building a reference base. To accomplish this core mission, the organization must recruit and hire excellent staff. Therefore, at Maturity Level 1, the priority focus areas are Customer Relationships and Talent.
- ◆ **Level 2 (Piloted – 25% of the respondents):** The organization is becoming a profit center, so the focus is still on client relationships, but human capital and finance and operations have become more important as the organization moves from a cost center to a profit center.
- ◆ **Level 3 (Deployed – 25% of the respondents):** The organization has now deployed core operating processes in all five service performance pillars. At this point, the organization must continue to accentuate Talent alignment, but the key focus has shifted to Finance, Operations, and Service Execution. The organization must start considering strategy and vision to ensure the focus is on the right clients, markets, and competition. At this level, the organization must have deployed standard business processes across all dimensions.
- ◆ **Level 4 (Institutionalized – 15% of the respondents):** At this level, the organization must start optimizing across all dimensions. However, maintaining and growing service revenue and margin is of paramount importance. The organization must also develop a differentiated approach for clients across vertical and horizontal market segments and geographies, so a focus on the Client Relationship pillar is critical.
- ◆ **Level 5 (Optimized – 5% of the respondents):** The organization has achieved “black belt” status in all functional areas. Processes are fully developed, deployed and institutionalized. The organization is developing comprehensive measurement, monitoring, and optimization processes across all pillars.

Every organization should aim to achieve Maturity Level 5 in each of the five service performance pillars. However, the importance of these areas may vary depending on the company's lifecycle stage or its market conditions. For example, in the early stages of a professional services organization, maintaining strong client relationships is more critical than profitability because, without clients, there is no future. While client relationships will always be important, as the organization matures, it must also focus on other performance pillars. Ultimately, the firm should strive for Level 5 in all dimensions to become a truly optimized organization.

Model Improvements

SPI Research refines the model each year based on new survey data, analysis, and feedback from participating PSOs. This year’s updates include adjustments to several questions, particularly those related to AI and consultant day rates. As in prior years, not all questions are included in the PS Maturity™ Model. Although demographic data is excluded from the model itself, it remains valuable for helping PS leaders compare their organizations to the benchmark. Questions that did not demonstrate a meaningful contribution to PSO performance were removed.

Model Inputs

SPI Research conducted a correlation analysis to evaluate how key performance indicators (KPIs) relate to one another. Each KPI-related question was assigned an importance score ranging from 0.0 (unimportant) to 1.0 (very important). A maximum value was then calculated based on both the response and the question's weight. Each table includes the maximum total value for each maturity rating. The following section summarizes SPI Research's methodology.:

- ◆ **Factor:** Respondent’s unique answers to the given question. Some questions are answered within a range to reduce the time to complete the survey.
- ◆ **Weight:** The relative value of the question compared to others. Questions were weighted from 0.0 to 1.0 depending on their overall importance. Questions with a weight of 1.0 are the most important in determining organizational maturity.
- ◆ **Pillar Correlation:** SPI Research incorporates a correlation coefficient for each question to all pillars, reflecting the interrelationship between different functions and key performance metrics within PSOs. Correlations range from -1.0 to 1.0, depending on the KPI’s negative or positive impact on performance.
- ◆ **Maximum Score:** The maximum score for each question is determined by multiplying the normalized value of the question by its weight. Scores are normalized to 1-100 and then assigned a Maturity Level based on a score of 1-5.

The minimum scores for each Pillar are presented in Table 269. The highest possible score is 100, indicating that an organization is at the "Optimized" level. The maturity scores are relative to the size of the survey, with approximately 5% of organizations achieving Level 5 (Optimized) in any given Pillar. Additionally, SPI Research estimates that 15% of organizations operate at Level 4, 25% at Level 3, 25% at Level 2, and the remaining 30% at Level 1.

Table 269: Minimum Normalized Performance Pillar Scores

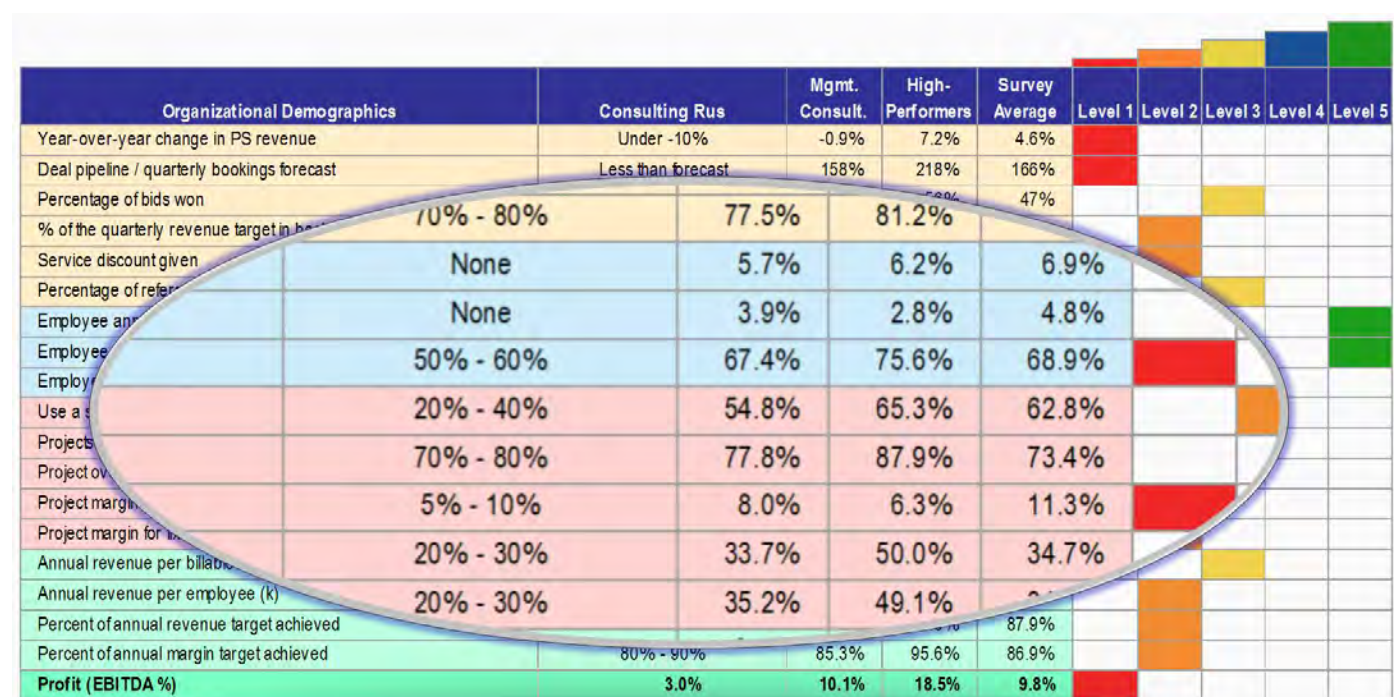
Pillar	Level 1	Level 2	Level 3	Level 4	Level 5	Maximum
Leadership (LE)	0.0	40.9	52.8	61.5	71.4	100.0
Client Relationships (CR)	0.0	25.3	36.3	46.1	58.6	100.0
Talent (TA)	0.0	36.0	45.8	51.1	62.0	100.0
Service Execution (SE)	0.0	25.8	45.3	60.6	71.7	100.0
Finance and Operations (FO)	0.0	15.2	27.6	38.8	59.9	100.0

Source: SPI Research, February 2026

An interesting finding from this report is that when we analyze the normalized scores (ranging from 1 to 100) in each Pillar, no firm receives a score of “0,” which would indicate the lowest level of performance. Similarly, no firm achieves a score of “100,” which would signify the highest level.

SPI Research collaborates with PSOs to enhance their performance across each Pillar. The analysis illustrates how a firm’s scores compare with those of its peers – specifically, management consultancies with 100-300 employees – and with the overall survey results. This graphical representation highlights the areas where the organization is underperforming and where additional focus is needed to drive improvements. SPI Research recommends that firms prioritize addressing areas of poor performance (marked in red) rather than further enhancing areas where they already excel (marked in green). Figure 36 illustrates this analysis.

Figure 36: Increase performance by focusing on low-performing KPIs



Source: SPI Research, February 2026

Model Results

SPI Research analyzed 509 participating firms to minimize bias when comparing PSOs of different sizes. Table 270 shows that most organizations within each category have similar average scores for each performance pillar. This year’s results indicate that independent firms scored better across all performance pillars. In previous years, embedded organizations demonstrated greater maturity in all five dimensions. Typically, embedded PSOs are early adopters of business applications and benefit from significant IT investments. In contrast, independent firms often prioritize business development and marketing expenditures over acquiring solutions. However, just like in 2024, this year’s survey reveals that independents performed at a higher overall level. The EMEA region scored the lowest overall in 2025.

Table 270: Average Service Maturity by PSO Type and Region

Demographic	Count	Average Maturity Level					Average
		LE	CR	TA	SE	FO	
ESO	159	2.25	2.29	2.40	2.23	2.38	2.31
PSO	350	2.47	2.46	2.41	2.49	2.41	2.45
Americas	348	2.48	2.47	2.47	2.47	2.46	2.47
EMEA	110	2.25	2.27	2.25	2.24	2.25	2.25
APac	51	2.24	2.24	2.29	2.35	2.33	2.29
Total / Average	509	2.40	2.40	2.40	2.40	2.40	2.40

Source: SPI Research, February 2026

Table 271 presents the average maturity levels across various performance pillars for selected vertical markets. Overall, IT consultancies received the lowest scores, followed closely by software professional services. In contrast, management consultancies achieved the highest scores in all five pillars, marking a significant achievement in the 19-year history of the Professional Services Maturity Model™.

Table 271: Average Service Maturity by Market

Market	Count	Average Maturity Level					Average
		LE	CR	TA	SE	FO	
IT Consulting	119	2.37	2.46	2.59	2.56	2.38	2.47
Management Consulting	94	2.78	2.70	2.31	2.67	2.64	2.62
PS within SaaS Company	67	2.31	2.21	2.37	2.09	2.24	2.24
PS within Software Company	70	2.21	2.11	2.21	2.07	2.09	2.14
Architecture/Engineering	41	2.59	2.59	2.41	2.73	2.44	2.55
Value-Added Reseller	32	2.09	2.50	2.72	2.19	3.16	2.53
All Others	86	2.30	2.27	2.31	2.34	2.28	2.30
Total / Average	509	2.40	2.40	2.40	2.40	2.40	2.40

Source: SPI Research, February 2026

This year’s survey revealed that smaller firms had higher levels of maturity compared to their larger competitors, who achieved the highest scores last year (Table 272). The results show that firms performed better as they grew in size. However, the largest (over 700 employees) scored the lowest of all PSO sizes. Smaller firms tend to be more agile and can quickly adapt to changing market conditions, but they often lack the established processes and procedures needed to manage uncertainty effectively and promote growth.

Table 272: Average Service Maturity by PSO Size (People)

Demographic	Count	Average Maturity Level					Average
		LE	CR	TA	SE	FO	
Under 10	77	2.56	2.35	1.92	2.39	2.39	2.32
10 – 30	96	2.44	2.42	2.16	2.38	2.36	2.35
31 – 100	147	2.42	2.49	2.46	2.39	2.50	2.45
101 – 300	101	2.46	2.35	2.60	2.52	2.39	2.46
301 – 700	34	2.29	2.71	3.00	2.56	2.59	2.63
Over 700	54	2.06	2.15	2.65	2.19	2.17	2.24
Total / Average	509	2.40	2.40	2.40	2.40	2.40	2.40

Source: SPI Research, February 2026

The Financial Benefits of Moving Up Levels

The PS Maturity Model™ was developed to underscore the importance of organizational improvement through benchmarking. SPI Research notes that the model helps Professional Services organizations strengthen performance across all dimensions, not just financial results. For most profit-driven organizations, higher maturity levels correlate with significantly improved profitability. Table 275 outlines key performance indicators for each maturity level, highlighting the value of deeper analysis for PS executives seeking to enhance productivity and financial outcomes.

This table highlights the benefits of advancing through maturity levels. Nearly all the 160+ KPIs examined improve as organizations progress from one level to the next. Most companies that SPI Research has worked with find that achieving an annual improvement of one maturity level is a realistic goal. While advancing even a single level can be challenging, the model demonstrates that the investment is worthwhile.

Table 273: Key Performance Indicators by Maturity Level

	Level 1	Level 2	Level 3	Level 4	Level 5
Well understood vision, mission and strategy	3.13	3.55	3.94	4.30	4.62
Confidence in PS leadership	3.30	3.71	4.12	4.50	4.85
Ease of getting things done	3.02	3.43	3.84	4.14	4.65
Deal pipeline / quarterly bookings forecast	118.5%	138.1%	184.3%	216.0%	276.9%
Percentage of bids won	31.3%	42.9%	51.7%	55.5%	60.0%
Backlog at the beginning of the Quarter	20.9%	35.1%	47.6%	60.1%	73.1%
Time from recruit to bill (days)	128	132	114	120	94
Total attrition	6.1%	11.2%	12.2%	15.5%	34.5%
Annual fully loaded cost per consultant (k)	\$117	\$137	\$142	\$135	\$145
Employee billable utilization	54.7%	66.9%	74.0%	80.0%	81.2%
Recommend company to friends/family	4.25	4.02	4.30	4.33	4.04
Onsite service delivery	39.7%	28.6%	37.8%	29.9%	28.0%
Revenue per project (k)	\$48	\$122	\$160	\$219	\$317
Our firm uses a project management office (PMO)	13.6%	37.2%	37.3%	50.3%	61.0%
Use a standardized delivery methodology	49.1%	63.9%	61.4%	66.3%	74.6%
Projects delivered on-time	31.3%	70.4%	75.4%	82.5%	89.6%
Project overrun	16.3%	13.8%	10.0%	7.4%	4.1%
Project margin	15.9%	22.6%	37.7%	48.5%	55.8%
Annual revenue per billable consultant (k)	\$68	\$158	\$228	\$255	\$255
Annual revenue per employee (k)	\$55	\$117	\$183	\$208	\$223
Percent of annual revenue target achieved	75.6%	83.1%	90.4%	100.0%	99.0%
Percent of annual margin target achieved	72.4%	81.4%	90.0%	97.0%	99.2%
Profit (EBITDA %)	-2.0%	-1.9%	5.2%	13.8%	27.0%

Source: SPI Research, February 2026

The Inter-relationship of Pillars

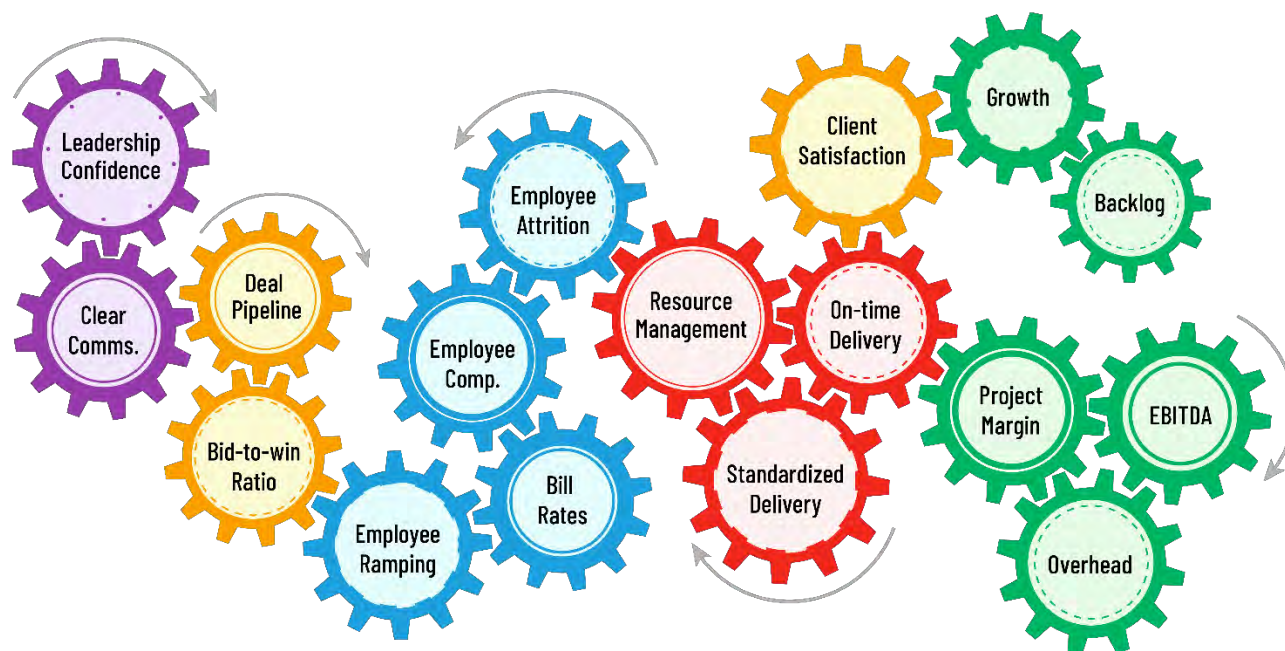
Process improvements can positively and negatively impact other key performance indicators (KPIs) in the same Service Performance Pillar and the other four. Some examples include:

- ◆ **Leadership** issues (**communication, well-understood vision, mission, and strategy**) impact the ability to grow (*Client Relationships*) & (*Finance and Operations*), staffing levels (*Talent*), and the ability to deliver projects effectively (*Service Execution*).
- ◆ **Percentage of bids won** (*Client Relationships*) impacts margins and revenue growth (*Finance and Operations*). Winning bids might improve a PSO's sales effectiveness but might worsen its Finance and Operations pillar due to lower profit margins if heavy discounting is required to win the bids.

- ◆ If a project is **delivered late** (*Service Execution*), it can negatively impact relations with the client and future sales effectiveness (*Client Relationships*), employee morale (*Talent*), revenue growth, and project profitability (*Finance and Operations*).

SPI Research considered these interrelationships when developing the Professional Services Maturity Model™ (Figure 37). While this introduces complexity to the model, SPI Research believes it offers a balanced perspective that enhances PSOs' ability to implement positive change.

Figure 37: Key Performance Indicators are Correlated



Source: SPI Research, February 2026

Key Metrics for Sustainable Growth

The Service Performance Pillars™ framework demonstrates how key metrics influence profitability and scalability across an organization. Among these, five metrics show the strongest correlation with overall success: **billable utilization**, **project overrun**, **project margin**, **revenue per billable consultant**, and **revenue leakage**. Each reflects performance within individual operational areas while also illustrating their interdependence.

For example, billable utilization links Talent to Finance & Operations, balancing workforce capacity with revenue generation. Project overruns above 10% weaken Service Execution and can strain Client Relationships. Sustaining project margins above 35% indicates effective pricing and delivery management, both essential for profitability. Firms generating over \$200K per billable consultant create capacity for reinvestment, while keeping revenue leakage below 5% improves financial predictability.

Model Conclusions

As organizations grow, they often gain operational efficiencies but may lose some degree of close communication and agility. Each industry also faces specific constraints – particularly around pricing – that can limit profitability.

Over the past 19 years, SPI Research has refined the Professional Services Maturity Model™, noting that KPI correlations shift with economic and competitive changes. The model is designed for both embedded and independent PSOs of varying sizes and industries, which can introduce some broad generalizations. To get the most value, executives should evaluate their results in the context of their industry and organizational size. SPI Research can also provide more tailored peer comparisons for deeper insight.

Because KPIs are interconnected – much like the functions within a PSO – collaboration is essential for achieving both performance gains and broader organizational goals. PS leaders seeking a direct comparison to similar organizations, such as IT consulting firms with 100–300 employees, are encouraged to contact SPI Research for customized benchmarking.

Contact SPI Research on info@spiresearch.com for more information on the Professional Services Maturity Model™.

Figure 38: PS Performance Pillars – Core KPIs



Source: SPI Research, February 2026



Conclusions & Recommendations

CONCLUSIONS AND RECOMMENDATIONS

This report marks SPI Research's 19th year exploring the professional services market – time certainly flies! Each year, the benchmark offers new insights into the factors affecting this sector's growth, productivity, and profitability. The number of responses received this year, as in previous years, demonstrates the value professional service executives worldwide place on the Professional Services Maturity™ Benchmark.

The professional services market is expected to remain dynamic in 2026. SPI Research anticipates continued growth, although likely not exceeding the 10% increase experienced in the early 2020s. A primary concern for organizations will be sustaining profitability, requiring executives to manage expenditures carefully and focus on driving increased margins. Artificial Intelligence will have a significant influence across industries, and firms that effectively understand, implement, and manage AI solutions are poised for long-term success.

To achieve desired outcomes, professional services teams should conduct comprehensive evaluations to identify areas for improvement. The 2026 Professional Services Maturity™ Benchmark provides executives with peer comparison insights and practical strategies to enhance organizational performance. It is essential to recognize the interconnectedness of departmental functions, as changes in one area can affect others, both positively and negatively. Therefore, executive leadership must prioritize initiatives that align with strategic goals for future growth and improved profitability.

This report underscores the importance of benchmarking within professional services organizations. While most firms may not track over 160 key performance indicators, establishing department-specific metrics and objectives remains crucial. Benchmarking serves as the foundation for improvement by providing clarity on the organization's current position and informing future direction.

Executives must also optimize their use of available information and technology. Modern tools enable professional services organizations to operate more efficiently; however, their benefits depend on effective utilization. Developing a robust information strategy should be a priority, leveraging available data to inform decision-making.

SPI Research continues to advocate that PSOs must concentrate on their weakest links, while also continuing to improve in each of SPI Research's five core pillars:

1. **Leadership**: build leaders for the future. A new young millennial workforce requires strong front-line management and guidance. With changing workforce dynamics, effective, ethical and collaborative leadership is required more than ever before.
2. **Client Relationships**: Selling professional services has become increasingly difficult, as client organizations look for demonstrable value and demand “pay as you go” subscription or consumption-based pricing. Marketing and sales campaigns must address clients' key challenges and provide the means for them to buy the way they want. New usage-based business models make it easier for buyers to buy but more complex for service providers to provide. Measurable business value and adoption are driving references and growth.

3. **Talent:** your talent pool is your most critical asset, and continued understanding of how the workforce changes, and how they wish to be treated, from training to compensation to social programs, is critical to understand and cultivate a high-quality workforce.
4. **Service Execution:** delivering services on time and on budget with sufficient margin fosters growth and profitability. Always keep an eye on project budgets to actuals, eliminating overruns before they spiral out of control. PSOs cannot have their best people on every project; there must be a mix between higher-level skills and lower-level and lower-cost talent. Implementing standardized business processes and systems helps leaders better understand and track effort for the services delivered.
5. **Finance and Operations:** PSOs must keep an eye on the bottom line! Cash flow is critical, and it is imperative that organizations track costs and expenses to identify where improvements are needed. Predictable financial performance provides the breathing room to invest in new growth areas. PSOs should consider a permanent shift away from expensive facilities and lavish meetings. The last few years have shown that these discretionary expenditures make little difference to either employee well-being or business success.

After 19-years of surveying and hundreds of PS Maturity™ assessment projects, SPI believes the following steps should be taken to improve overall performance:

1. **Benchmark and Scorecard:** Any realistic performance improvement plan must start with a fact-based assessment of strengths and weaknesses. SPI developed this benchmark precisely for that purpose. It will help teams analyze performance while visualizing improvement potential.
2. **Prioritize:** Armed with a fact-based assessment, any business planning effort must evaluate and prioritize improvement potential and priorities. SPI uses several business planning and prioritization methods to help teams surface common issues and evaluate alternatives.
3. **Quick wins:** Using the assessment as a guide, teams should determine quick wins – improvements that can be accomplished within a year that will significantly move the needle.
4. **Build your business plan:** There are many frameworks that help leadership teams formulate, communicate, and monitor target results on a regular basis. The most meaningful plans link the company, teams, and personal objectives to align the entire organization around measurable improvement priorities. Typical goal-setting frameworks consist of time and measurement-bound objectives, key results, and initiatives.
5. **Measure:** SPI firmly believes you only achieve what you measure. Goals must be specific, measurable, achievable, realistic, and time-bound (SMART). In today's business climate, measurement and improvement must be continuous, not just quarterly or annually. Running a service organization is a game of singles and doubles. Small percentage improvements in just a few key performance areas can produce dramatic bottom-line results.
6. **Continually improve:** if there is one thing we have learned, PS is a marathon, not a sprint. There is no shade. Every element of the business impacts every other element as firms are continually discovering, designing and delivering services around the clock. No client or business problem is identical to the last so the organization must be constantly learning and adapting. This is not a business for those who

are not comfortable with accountability. There should be very few chiefs and mostly Indians in any organization with employees who are willing and able to add value and make things happen.

6. **Improve the IT Infrastructure:** One area that tends to bog PS executives down is the lack of actionable information. SPI Research believes that executives should consider IT infrastructure in any business transformation. Many of the firms SPI Research has met with lack the information they need to make real-time decisions. The PS Maturity Model does not work without accurate and timely information. Needless to say, it is.

Stay healthy and best of luck for a prosperous and profitable 2026!

Service Performance Insight

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Appendix C: Acronyms Used in This Report

Table 274: Lexicon of Acronyms and Abbreviations

Acronym	Meaning	Acronym	Meaning
AI	Artificial Intelligence	NAICS	North American Industry Classification System
APac	Asia-Pacific	PA	Project Accounting
BI	Business Intelligence	PaaS	Platform as a Service
BPL	Business Planning	PMI	Project Management Institute
BPM	Business Process Management	PMO	Project Management Office
BPO	Business Process Outsourcing	PMP	Project Management Professional
CEO	Chief Executive Officer	PPM	Project Portfolio Management
CFM	Core/Corporate Financial Management	PS	Professional Services
CFO	Chief Financial Officer	PSA	Professional Services Automation
CIO	Chief Information Officer	PSO	Professional Services Organization
CRM	Client Relationship Management	ROI	Return on Investment
DSO	Days Sales Outstanding	RSD	Remote Service Delivery and Collaboration
EMEA	Europe, Middle East, Africa	SaaS	Software as a Service
ERP	Enterprise Resource Planning	SCM	Supply Chain Management
ESG	Environmental, Social and Governance	SM	Social Media
ESO	Embedded Service Organization	SMAC	Social, Mobile, Analytics, Cloud
EVM	Earned Value Management	SRP	Service Resource Planning
GenAI	Generative Artificial Intelligence	SLA	Service Level Agreement
HCM	Human Capital Management	SLM	Service Lifecycle Management
HR	Human Resources	STEM	Science, technology, math and engineering
IaaS	Infrastructure as a Service	SVC	Service Value Chain
IoT	Internet of Things	VAR	Value-added Reseller
ISV	Independent Software Vendor	VSOE	Vendor-Specific Objective Evidence
IT	Information Technology	WBS	Work Breakdown Structure
KPI	Key Performance Indicator	YoY	Year-over-year

Source: SPI Research, February 2026

Appendix D: Financial Terminology

The following table contains a list of standard key performance measurement terms and definitions used in the benchmark report. The terms and definitions have been compiled from our knowledge and experience and a variety of sources, including www.wikipedia.org and <http://www.investopedia.com>. SPI Research is interested in expanding and evolving common key performance measurements, standards and definitions for Professional services organizations. If you would like to add terms or suggest changes, your comments and suggestions will be appreciated.

Table 275: Standard Key Performance Indicator (KPI) Definitions

Term	Definition
70% utilization	~ 1,400 billable hours/year or 350 hours/quarter. Based on a 2,000-hour work year.
Allocations	Corporate allocations refer to a company's policy of distributing the cost of shared resources, for example, facilities, healthcare, IT, Sales, General and Administrative (SG&A) costs to specific functions or departments.
Annual Billable Utilization %	Annual Billable Hours/(2080 hours – vacation and holidays) or Billable days/(260 days – 10 vacation – 10 holidays ~ 240 days)
ASC606	Developed jointly by the Financial Accounting Standard's Board (FASB) and International Accounting Standards Board (IASB), ASC 606 provides a framework for businesses to recognize revenue more consistently. The standard's purpose is to eliminate variations in the way businesses across industries handle accounting for similar transactions. This lack of standardization in financial reporting has made it difficult for investors and other consumers of financial statements to compare results across industries, and even companies within the same industry. The rule, "Revenue from Contracts with Customers" standardizes and simplifies how companies record revenue in customer contracts. Effective for fiscal years beginning after Dec. 15, 2017, it covers how businesses report the nature, amount, and timing regarding contracts with customers. The impact might not be as significant for companies, such as retailers, that sell products and receive revenue at one time. But for companies that sell recurring services like subscriptions or licenses, the rule may improve the results. Under the previous law, if a company for example, sold a 12-month software product license, it could apply only six months of revenue to its books. It would not be able to count the next six months of revenue until the following year. But under ASC 606 it can count all the revenue at once.
Attrition %	$\text{Attrition \%} = (\text{Voluntary} + \text{involuntary}) / \text{Total Beginning Employees}$
Backlog	Backlog = Bookings - Billings The total value of contract commitments yet to be executed: Total Backlog = Previous fiscal year's contracts not yet billed + Latest fiscal year's sales - Latest fiscal year's revenue
Bid Win Ratio	The ratio of successful bids (resulting in signed contracts) divided by the total number of bids or proposals issued. Bid Win ratio is a good measure of sales and marketing effectiveness because it demonstrates the organization is pursuing appropriate types of business and is able to beat its competitors.
Billings	Completed, accepted work that can be billed (T&M, Work in process, Milestone, Deliverables)
Bookings	Signed Contracts (signed PS Agreement + signed SOW + PO)

Term	Definition
Burdened Cost	Typically employee burdened costs are the costs per employee for benefits (Healthcare, Pensions, 401K) and an apportioned cost for the employee's facility and IT usage + all discretionary expense. The difference between burdened cost and fully burdened cost is that fully burdened cost includes an allocation for corporate SG&A costs.
Capitalization	Expensed computing equipment: expenses (typically less than \$100k) vs. capitalized (paid for over a time period). Servers for example, are typically capitalized and depreciated over a 3 year period. Capital expenditures usually refer to expenses a company makes for property, buildings or equipment. Capitalized items typically have a useful life of several years.
Cash	The value of the most liquid assets within the balance sheet. Cash equivalents are assets such as money market accounts that can be accessed quickly and are not subject to significant change. Does not include the value of accounts receivable.
Cash flow	Is the balance of the amounts of cash being received and paid by a business during a defined period of time, sometimes tied to a specific project. The timing of cash flows into and out of projects is used as input to financial models such as internal rate of return , and net present value .
Cost per person	Cost Per person = Base + Fringe (~25%) + Bonus
Days Sales Outstanding (DSO)	A measure of the average number of days that it takes a company to collect revenue after a sale has been made and a bill has been issued. A low DSO means that it takes a company fewer days to collect its accounts receivable. A high DSO means that a company is selling its product to slow-paying customers and it is taking longer to collect money. Days sales outstanding is calculated as: $= \frac{\text{Accounts Receivable}}{\text{Total Credit Sales}} \times \text{Number of Days}$ OR $= \left[\frac{\text{Accounts Receivable}}{\left(\frac{\text{Total Credit Sales}}{\text{Number of Days}} \right)} \right]$ DSO is a key performance measurement of the credit-worthiness of a company's clients; a general indicator for client satisfaction and the effectiveness of the billing and collection process. DSO is reported either quarterly or annually.
Depreciation	An expense recorded to allocate a tangible asset's cost over its useful life. Because depreciation is a non-cash expense, it increases free cash flow while decreasing reported earnings.
Direct Costs	Cost incurred as a direct consequence of producing a good or service, as opposed to overhead or indirect costs.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA = Revenue - Expenses (excluding tax, interest, depreciation and amortization) EBITDA is essentially net income with interest, taxes, depreciation, and amortization added back to it. EBITDA can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. However, this is a non-GAAP measure that allows a greater amount of discretion as to what is (and is not) included in the calculation. This also means that companies often change the items included in their EBITDA calculation from one reporting period to the next.
FASB	A seven-member independent board consisting of accounting professionals who establish and communicate standards of financial accounting and reporting in the United States. FASB standards, known as generally accepted accounting principles (GAAP), govern the preparation of corporate financial reports and are recognized as authoritative by the Securities and Exchange Commission. FASB sets up and oversees accounting standards for public firms and nonprofits throughout the U.S. that follow GAAP.
Fixed Costs	Fixed costs are costs that remain the same regardless of changes in the business. For example, facility lease costs remain the same for the life of the lease, regardless of occupancy levels. If the business is expanding, the percentage of fixed costs may decrease, whereas if it is contracting, it may increase.

Term	Definition																
Fringe Benefits	A collection of various benefits provided by an employer, which are exempt from taxation as long as certain conditions are met. Fringe benefits commonly include health insurance, group term life coverage, education reimbursement, childcare and assistance reimbursement, cafeteria plans, employee discounts, personal use of a company-owned vehicle, and other similar benefits.																
Gross Margin	Gross Margin = (Total Services Revenue – Expense or Cost to Deliver the Services) The gross profit generated per dollar of services delivered. A company's total sales revenue minus its cost of goods or services sold. This dollar amount represents the gross amount of money the company generated over the cost of producing its goods or services.																
Gross Margin Percentage	Gross Margin % = (Total Services Revenue – Expense or Cost of Services Delivered) / Total Services Revenue Gross Margin %= Gross Margin / Revenue																
Gross Profit Percentage	A company's total sales or service revenue minus cost of goods or services sold, divided by the total sales revenue, expressed as a percentage. Gross profit and gross margin are used interchangeably.																
Income Statement or Profit & Loss Statement	A financial statement that summarizes the revenues, costs and expenses incurred during a specific period of time - usually a fiscal quarter or year. The statement of profit and loss follows a general format that begins with an entry for revenue and subtracts from revenue the costs of running the business, including cost of goods sold, operating expenses, tax expense and interest expense. The bottom line is net income (profit).																
Labor Burdened Cost	Labor Burdened Cost per Productive Hour (or Fully-burdened Cost) (Labor Burdened Cost + gross payroll labor cost) ÷ the number of <u>actual</u> work (productive) hours Number of <u>actual</u> productive hours ÷ the <u>total additional cost</u> of the employee = Employee labor burden cost per productive hour																
Labor Multiplier	Labor multiplier = total \$ amount of labor hours billed / fully loaded (burdened) labor cost Note: a labor multiplier of 1.0 indicates a breakeven point. Any usability cost-benefit analysis should value people's time based on their fully loaded cost and not simply on their take-home salary. The cost to a company of having a staff member work for an hour is not that person's hourly rate but also includes the cost of benefits, bonuses, vacation time, facility costs (office space, heating and cleaning, computers etc.), and the many other costs associated with having that person employed. The simplest way to derive the average loaded cost of an employee is to add up all corporate or division expenses and divide by the total number of productive hours worked. Commonly, the fully loaded cost of an employee is at least twice his or her salary. This is why consultants charge so much more than regular employees: their billable hours have to cover the many overhead costs that are implicit for full-time employees. In fact, looking at common consulting rates for the kind of staff you are dealing with is a shortcut for estimating the fully loaded value of your employees' time. EXAMPLE: <table> <tr> <td>base rate/hour (BR)=</td><td>dollar per hour pay for the staff category</td></tr> <tr> <td>OH multiplier (OHM) =</td><td>firm's overhead (OH) percentage + 100%</td></tr> <tr> <td>Profit multiplier (PM)=</td><td>profit percentage + 100%</td></tr> <tr> <td>"loaded" rate/hour =</td><td>BR X OHM X PM</td></tr> <tr> <td>Base rate/hour=</td><td>\$45.00 per hour</td></tr> <tr> <td>overhead multiplier =</td><td>135% overhead + 100% = 235% = 2.35</td></tr> <tr> <td>Profit multiplier =</td><td>10% profit + 100% = 110% = 1.1</td></tr> <tr> <td>"loaded" rate/hour =</td><td>\$45.00 X 2.35 X 1.1</td></tr> </table>	base rate/hour (BR)=	dollar per hour pay for the staff category	OH multiplier (OHM) =	firm's overhead (OH) percentage + 100%	Profit multiplier (PM)=	profit percentage + 100%	"loaded" rate/hour =	BR X OHM X PM	Base rate/hour=	\$45.00 per hour	overhead multiplier =	135% overhead + 100% = 235% = 2.35	Profit multiplier =	10% profit + 100% = 110% = 1.1	"loaded" rate/hour =	\$45.00 X 2.35 X 1.1
base rate/hour (BR)=	dollar per hour pay for the staff category																
OH multiplier (OHM) =	firm's overhead (OH) percentage + 100%																
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Base rate/hour=	\$45.00 per hour																
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Profit multiplier =	10% profit + 100% = 110% = 1.1																
"loaded" rate/hour =	\$45.00 X 2.35 X 1.1																

Term	Definition
Lagging Indicators	Investopedia explains LAGGING INDICATORS. Lagging indicators confirm long-term trends, but they do not predict them. Some examples are unemployment, corporate profits and labor cost per unit of output. Interest rates are another good lagging indicator as interest rates change after severe market changes. In services, billable utilization, revenue per person and net profits are lagging indicators because they reflect changes in market conditions after the change has already occurred.
Leading Indicators	A measurable economic factor that changes before the economy starts to follow a particular pattern or trend. Leading indicators are used to predict changes in the economy, but are not always accurate. In services, leading indicators are backlog and sales pipeline because they are predictors of future revenue. What Does the COMPOSITE INDEX OF LEADING INDICATORS Mean? An index published monthly by the Conference Board used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components, whose changes tend to precede changes in the overall economy. These 10 components include: 1. The average weekly hours worked by manufacturing workers 2. The average number of initial applications for unemployment insurance 3. The amount of manufacturers' new orders for consumer goods and materials 4. The speed of delivery of new merchandise to vendors from suppliers 5. The amount of new orders for capital goods unrelated to defense 6. The amount of new building permits for residential buildings 7. The S&P 500 stock index 8. The inflation-adjusted monetary supply (M2) 9. The spread between long and short interest rates 10. Consumer sentiment
Loaded Cost per Person	Base + Fringe Benefits (~25%) + Target Variable Compensation + % Corporate and Practice Overhead allocation per person. Non-billable time (bench time) must be added to calculate the actual cost per hour of productive time.
Margin %	$\text{Margin \%} = (\text{Revenue} - \text{Cost}) / \text{Revenue}$
Markup %	$\text{Markup \%} = (\text{Revenue} - \text{Cost}) / \text{Cost}$ For example, 60% markup = 40% margin
Measurement Utilization %	$\text{Billable Hours} + \text{Approved non-billable hours (pre-sales, Customer Satisfaction, Special Projects)} / (2080 \text{ hours or } 260 \text{ days} - \text{vacation and holidays})$
Measurement Utilization	$\text{Measurement Utilization} = (\text{Billable Hours} + \text{Approved non-billable hours}) / (2080 \text{ hours} - \text{Vacations} - \text{Holidays})$ Approved non-billable hours are usually associated with presales, overtime not billed to clients, customer satisfaction resolution time, internal projects or skills training.
Net Income	A company's total earnings (or profit). Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time. The measure is also used to calculate earnings per share. Often referred to as "the bottom line" since net income is listed at the bottom of the income statement. Net income is calculated by starting with a company's total revenue. From this, the cost of sales, along with any other expenses that the company incurred during the period, is removed to reach earnings before tax. Tax is deducted from this amount to reach the net income number.
Non-billable Travel	Non-billable travel expenses are those that cannot be billed to a client. Typically, consulting non-billable travel is associated with business development or training activities.

Term	Definition
On-Target Earnings (OTE)	The typical pay structure for a salesperson is composed of a fairly low basic salary with an additional amount of commission. The package is usually called OTE (on-target earnings), meaning that if a salesperson hits the specified target, they are guaranteed that amount. A higher commission can be paid if the person performs beyond this target.
Operating Income	Operating income would not include items such as investments in other firms, taxes or interest. In addition, nonrecurring items such as cash paid for a lawsuit settlement are often not included. Operating income is required to calculate operating margin, which describes a company's operating efficiency. $\text{Operating Income} = \text{Gross Income} - \text{Operating Expenses} - \text{Depreciation}$
Operating Margin	Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of service delivery such as wages and benefits. $\text{Operating Margin} = \text{Operating Income} / \text{Net Sales}$ $\text{Operating Profit} = (\text{Total Service Revenue} - \text{Total cost of service delivery} - \text{Total Operating Expense}) / \text{Total Service Revenue}$
Operating Profit / Margin	The amount of profit realized from a business's own operations. A ratio used to measure a company's pricing strategy and operating efficiency.
Overhead Costs	Usually, fixed costs - a business cost that is not directly accountable to a particular function or product; a fixed cost such as facilities. Costs incurred that cannot be attributed to the production of any particular unit of output. The general, fixed cost of running a business such as rent, lighting, and heating expenses, which cannot be charged or attributed to a specific product or part of the work operation.
Profit Margin = Return on Sales (ROS)	The percentage of every dollar of sales that makes it to the bottom line. Profit Margin is Net Income after Tax divided by Net Sales. A ratio of profitability calculated as net income divided by revenues, or net profits divided by sales. It measures how much out of every dollar of sales a company actually keeps in earnings.
Project Margin	$\text{Project Revenue} - \text{Direct Cost of project service delivery} \text{ £\$€}$
Revenue Estimate	$\text{Revenue Estimate} = \text{Billable headcount} \times \text{Billable hours} \times \text{Average Bill rate} \times \text{Average Utilization Rate}$
Revenue	$\text{Revenue} = \text{Billings that can be recognized within the time period} + \text{Re-billable travel and expense}$ The amount of money that a company actually bills during a specific period, including sales discounts.
Revenue per person	$\text{Actual Bill Rate} \times \text{Billable Hours} + \text{re-billable travel and expense}$
Recurring Revenue	The best revenues are those that continue year in and year out, they are often referred to as “recurring” revenue. Examples of recurring revenues are multi-year maintenance contracts and multi-year Software as Service (SaaS) subscription revenues. Temporary revenue increases, such as those that might result from a short-term promotion, are less valuable and garner a lower price-to-earnings multiple for a company.
Run Rate	How the financial performance of a company would look if you were to extrapolate current results out over a specified period of time.
Subcontractor Margin	$\text{Subcontractor Margin} = (\text{Total subcontractor-generated revenue} - \text{total subcontractor cost}) / \text{Total subcontractor generated revenue}$
Variable Costs	Variable costs are costs that vary based upon usage. Training, travel and business expenses are variable, whereas costs for facilities are treated as a “fixed” cost because they do not vary based on use. Commonly variable costs may also be termed “discretionary” because management can make decisions to make or not make the expenditure.

Source: Investopedia, Wikipedia, and SPI Research, February 2026

Appendix E: PS Maturity™ Benchmark Survey Questions

1. 2026 PS Maturity Benchmark Source
2. Name
3. Title
4. Company
5. Email
6. Headquarters location
7. Professional services sub-vertical
8. Size of PS organization (employees)
9. Annual company revenue (mm)
10. Total professional services revenue (mm)
11. Year-over-year change in PS revenue
12. Year-over-year change in PS headcount
13. % of employees billable or chargeable
14. % of PS revenue delivered by 3rd-parties
15. Business/management consulting
16. Technology or IT consulting
17. Subscription Services
18. Managed services
19. Staff augmentation
20. Hardware, software or other equipment resale
21. Other
22. Financial solution used
23. Satisfaction with financial solution
24. CRM solution
25. Satisfaction with CRM solution
26. CRM is integrated
27. PSA solution
28. Satisfaction with PSA solution
29. PSA is integrated
30. HCM solution
31. Satisfaction with HCM solution
32. HCM is integrated
33. PL solution
34. Satisfaction with PL solution
35. PL is integrated
36. CRM / PSA integration
37. CPQ / PSA integration
38. The percentage of organization's projects currently utilizing Generative AI
39. Generative AI has impacted the organization's productivity and efficiency
40. Estimated ROI PS can achieve from implementing Generative AI technologies in 12 months
41. Forecasted revenue growth in 2026 (over 2025)
42. Have you initiated outcome-based billing models
43. How often PS Strategy is communicated to the whole company
44. How often does leadership share key financial or operational metrics with staff
45. What do you expect will be the biggest challenge to sustaining growth in your PS business
46. Business dev. (create and implement services and campaigns, finding new clients, etc.)
47. Talent management (find, hire, train, manage and retain employees)
48. Resource utilization (work to optimize skill levels, increase billable hours per consultant)
49. Profitability growth (deliver more efficiently, effectively, manage cost, reduce rev. leakage)
50. Well understood vision, mission and strategy
51. Confidence in PS leadership
52. Ease of getting things done
53. Goals and measurement alignment
54. Employees have confidence in PSO's future
55. Effectively communicates w/employees
56. Embraces change - nimble and flexible
57. Innovation-focused
58. Data-driven
59. How is AI incorporated into leadership decision-making and strategic planning
60. Current clients - Existing services
61. Current clients - New services (less than 1-year)
62. New logo clients - Existing services
63. New logo clients - New services (less than 1-year)
64. Deal pipeline / quarterly bookings forecast
65. Percentage of bids won
66. Percentage of the quarterly revenue target in backlog at the beginning of the quarter
67. Service discount given
68. Percentage of referenceable clients
69. The technology infrastructure supports growth
70. Solution development effectiveness

71. Service marketing effectiveness
72. Service sales effectiveness
73. Time & materials % of work sold
74. Fixed time / fixed fee % of work sold
75. Shared risk / performance-based % of work sold
76. Subscription % of work sold
77. Managed Services % of work sold
78. None of the above % of work sold
79. Status of Client/Customer Exper. (CX) Prog.
80. The number of full-time equivalent (FTE) employees dedicated to service sales
81. Annual service sales revenue quota per person (\$mm)
82. Deal size (contract value) (\$k)
83. Sales cycle days from qualified lead to contract signing
84. What is your overall Net Promoter Score?
85. How is return on investment (ROI) is tracked with your clients?
86. How is AI applied to manage and grow client relationships
87. Why employees leave
88. The average tenure at the firm of consultants
89. Employee annual attrition - voluntary
90. Employee annual attrition - involuntary
91. Days to recruit and hire for standard positions
92. Days for a new hire to become productive
93. Employee billable utilization
94. Annual fully loaded cost per consultant (\$k)
95. Average PS consultant billable day rate achieved (USD)
96. Expected average salary increase of PS employees in 2026
97. What best describes your company's Performance Management process
98. We are effective at aligning skills, capacity and hiring with pipeline demand.
99. Recommend the company to friends/family
100. Well-understood career path for all employees.
101. Employees have the tools they need to deliver quality services efficiently and effectively
102. How is AI applied to the workforce and talent
103. Vacation / personal / holiday hours
104. Education/training hours
105. Administrative hours
106. Non-billable business development/sales support
107. Non-billable project hours
108. Billable hours on-site
109. Billable hours off-site
110. Describe your resource management process
111. Revenue per project (k)
112. Project staff (people)
113. Project duration (months)
114. No. of projects a project manager manages at a time
115. Number of projects a consultant works on at a time
116. Our firm uses a project management office (PMO)
117. Use a standardized delivery methodology
118. The frequency on a project the contract needs to be modified due to a scope change
119. Projects delivered on time
120. Project overrun
121. Target project margin
122. Project margin for time & materials projects
123. Project margin for fixed price projects
124. Project margin – subs, offshore
125. How is AI embedded in your firm's service execution
126. Resource management process effectiveness
127. Estimating processes and review effectiveness
128. Change control process effectiveness
129. Project quality process effectiveness
130. Knowledge management processes effectiveness
131. Balance between client satisfaction and profit
132. Improve solution portfolio
133. Improve marketing effectiveness
134. Improve sales effectiveness
135. Improve hiring and ramping
136. Improve methods and tools
137. Improve utilization
138. Incorporating more AI into business processes
139. Annual revenue per billable consultant (k)
140. Annual revenue per employee (k)
141. PS can accurately forecast revenue and skills
142. How accurately can your firm attribute profit margin at the client or project level
143. Percent of annual revenue target achieved
144. Percent of annual margin target achieved
145. Revenue leakage
146. % of inv. redone due to error/client rejections

- | | |
|--|---|
| 147. Days sales outstanding (DSO) | 157. Subcontractor/outside consultant expense |
| 148. Quarterly non-billable expense per employee | 158. Pass-thru expense |
| 149. Executive real-time wide visibility | 159. Billable travel and business expense |
| 150. How is AI applied across your finance and operations function | 160. Non-billable travel expense |
| 151. Direct gross PS revenue | 161. Total recruiting expense |
| 152. Indirect gross revenue | 162. Sales expense |
| 153. Pass-thru revenue | 163. Marketing expense |
| 154. Reimbursable travel & expense revenue | 164. Education/training/certification expense |
| 155. Direct labor expense | 165. PS IT expense |
| 156. Fringe benefit percentage of direct labor | 166. All other G&A expense |
| | 167. SPI Feedback |

Appendix F: Related SPI Research

SPI Research has produced several publications for services-driven organizations that include:

- △ [**2025 The Impact of Artificial Intelligence \(AI\) on Professional Services**](#) (November 2025) Built on the prior year's report, this essential study shows where AI is actually moving the needle in PSOs and ESOs – the top use cases leaders today prioritize, how high performers select and scale AI pilots, and the data-driven truth behind which firms are progressing and which are still stuck in a superficial hype cycle. Built from in-depth surveys from 146 PSOs and ESOs worldwide – reveals a market adopting AI fast but struggling to turn its pilots into performance.
- △ [**2025 Service Productization Benchmark**](#) (October 2025) The 2025 Service Productization Benchmark, based on responses from more than 100 services organizations, delivers the industry's first data-driven view of how productized services improve scalability, margin and delivery consistency. The report maps productization maturity across firms and offers clear guidance on how organizations can package, standardize and operationalize their expertise for more predictable growth.
- △ [**The Structural Divide – Why Sales & PS Clash and the Strategies to Fix it**](#) (September 2025) The Structural Divide: Why Sales and PS Clash analyzes why Sales and Professional Services often work at cross-purposes and how this misalignment erodes margin and delivery predictability. Based on SPI's research into sales-to-delivery friction points, the report outlines the structural, incentive and process gaps that create conflict – and provides practical actions leaders can take.
- △ [**2024 Project-based Enterprise Resource Planning \(ERP\)**](#) (May 2024) The 50-page report provides data-based guidance for professional services executives with 29 informative graphics and tables supporting strategic initiatives to improve organizational performance by implementing Project-based ERP solutions. Data was taken from 2,898 firms over the past five years.
- △ [**2023 Professional Services Talent Benchmark**](#) (September 2023) SPI Research's 2023 Talent Benchmark analyzes 137 billable PS organizations representing over 50,000 consultants. This 122-page study examines talent priorities, virtual delivery trends, employee investment and the role of business applications. It provides detailed insight into target and realized bill rates, compensation and utilization across major PS verticals and 12 global job levels, offering a comprehensive view of workforce structure and composition across IT Consulting, Management Consulting, Architects and Engineers and embedded SaaS services teams.
- △ [**2022 Professional Services Automation End-user Survey**](#) (September 2022) SPI Research's 2022 PSA End-User Survey captures insights from 88 billable organizations using Professional Services Automation solutions. Conducted independently with no vendor input, the study explores why firms select PSA, which capabilities matter most and how users perceive value. It examines both pre- and post-deployment performance, user satisfaction across core modules and real-world adoption patterns, supported by 44 quantitative and qualitative figures and tables.

Information on these and any other SPI Research publications can be found at www.spiresearch.com or by e-mail at info@spiresearch.com.

About Service Performance Insight



R. David Hofferberth, PE, founder and Managing Director of Service Performance Insight, has over 35 years of experience in information technology (IT), serving as a consultant, industry analyst, market consultant, and product director with firms including Aberdeen Group and Oracle. He is focused on the services economy, particularly on white-collar productivity issues and the technologies that enable people to perform at their highest capacity.

Dave (with his former partner, Jeanne Urich) is the co-author of the **Professional Service Maturity Model™** benchmark used by over 50,000 project-oriented organizations to diagnose and improve their performance. He is a frequent speaker at key industry events on information technology worldwide and has provided advisory services to project- and service-driven organizations.

Dave's background includes the development of application and analytical tools to support business decision-making processes, dating back to the early 1980s. In 1999, he introduced to the market the solution area now known as Professional Services Automation (PSA), when he published the seminal report: **Professional Services Automation: Increasing Efficiencies and Profitability in Professional Services Organizations**.

Dave earned an MBA from Duke University and a BS in Industrial Engineering from the University of Tennessee. He is also a licensed Professional Engineer (PE).



Connor Budden – Global Director (London-based). Connor brings over a decade of experience in operational transformation for high-growth, PE-backed organizations, with expertise in systems integration, process optimization and cross-functional alignment. He has led global post-merger integrations and operational change at SoftwareOne and ITRS Group, improving revenue, margin and delivery performance.

As co-founder of The 1801 Consulting Group, Connor has worked with leadership teams worldwide to embed scalable, data-driven processes and prepare PE-backed firms for successful exits. He champions applied AI and automation to simplify complexity, improve decision-making and accelerate time-to-value.

Service Performance Insight (SPI Research) is a global research, consulting and training organization dedicated to helping professional service organizations (PSOs) make quantum improvements in productivity and profit. In 2007, SPI developed the PS Maturity Model™ as a strategic planning and management framework. It is now the industry-leading performance improvement tool used by over 50,000 service and project-oriented organizations to chart their course to service excellence.

SPI provides a unique depth of operating experience combined with unsurpassed analytic capability. We not only diagnose areas for improvement but also provide the business value of change. We then work collaboratively with our clients to create new management processes to transform and ignite performance. Visit <https://SPIresearch.com> for more information on Service Performance Insight, LLC.