

# The Professional Services Market

## The view from 2023

It's a new year, and it's time for a new snapshot of the professional services industry. Service Performance Insight's annual **Professional Services Maturity Benchmark™** - now in its 16<sup>th</sup> year - is the leading analysis of the sector. Here's some of the most important topline findings from the 2023 report.



## PSOs worked harder in 2022 – but not necessarily smarter

Many KPIs have deteriorated since the previous year. Although these are minor slips, they should serve as a wake up call to leadership.

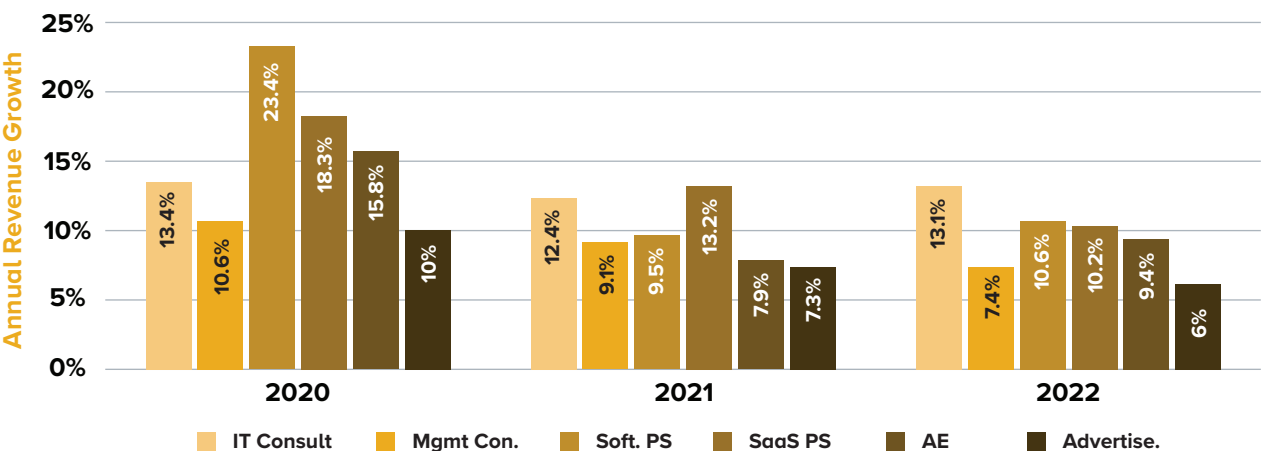


- ✔ Deal pipelines relative to bookings forecast: ↓ **21%**
- ✔ Employee billable utilization: ↓ **2.5%**
- ✔ Projects delivered on time: ↓ **4%**
- ✔ Project margin: ↓ **1.5%**
- ✔ Annual billable revenue per consultant: ↓ **1%**
- ✔ % of annual revenue target reached: ↓ **3.5%**
- ✔ % of annual margin target reached: ↓ **3.3%**

Further, the movement to remote working has stalled at around **two-thirds of billable hours**. (Although this may be the optimum balance for a highly people-focused sector.)

## Revenue growth is also down across the sector

But some subsectors are performing better than others: IT consulting leads the pack. Management consulting continues its downward growth trends – and advertising agencies, which peaked in 2020, have returned to pre-pandemic growth levels.



## Talent is still a major challenge

Despite redundancies upping the available talent pool, it still takes **10 days longer than in 2021** to hire a new fee earner and for them to become productive.

Many firms are investing heavily in moving to a **people-centric model** to satisfy both their consultants and their clients as a result. But attrition rates still remain higher than their 5-year average baseline.

## All aspects of maturity still depend on technology

The importance of **real-time information** is now generally understood throughout the industry thanks to its ability to **enable employees to perform at a higher level**.

Newer technologies are being implemented in professional services: capabilities such as collaboration tools, machine learning (ML), artificial intelligence (AI), and automation are now increasingly being used to boost operational visibility, automation efficiency, performance improvement, and goal achievement.

## Want to know more?

For all of SPI's insights into how professional services businesses perform – and how to perform better – download the Professional Services Maturity Benchmark™ report below.



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