

Service Performance Insight, LLC



# 2023 Professional Services Maturity™ Benchmark



## Executive Summary

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## Consultancies Focus on Efficiencies to Improve Project and Service Delivery

Thank you for downloading this year's SPI Professional Services Maturity Benchmark Summary. As an executive leading Deltek's global consulting practice, I strive to enable my team to be the most efficient they can, with the resources, technology, and data easily accessible to act quickly. By studying industry benchmarks, we have been able to implement processes, set clear goals for future growth and have discovered and replicated efficiencies others have used for project success.

With market uncertainty and growing competition remaining top of mind this year, it's more important than ever to benchmark yourself against other consulting firms in the industry. This annual report, now in its 16th year, has become the go-to resource for professional services leaders like you and I to gain insight into ways we can analyze the performance of our service organizations and improve processes to achieve service excellence.

While using this year's SPI Benchmark to measure performance, take a moment to reflect on the challenges your organization has overcome throughout the last year. Your teams and the resources utilized have helped you become a more efficient consultancy and better meet your client's needs, but is there room for improvement? If you haven't already, consider taking things a step further and evaluate the project-based Professional Services Automation (PSA) and Enterprise Resource Planning (ERP) tools your top-performing peers are using to ensure the best path forward in their projects, and in their business.

### Key 2023 SPI Benchmark findings include:

- » Consultancies increased profitability 35%
- » Firms increased new clients by 32% but their deal pipeline went down by 11%
- » On-time project delivery went down by 5%, project overruns by 32% and billable utilization by 4%
- » Despite some improvements in profits, many consultancies entered 2023 with a few areas of concern, especially around project delivery

It is our pleasure to continue our work with SPI, sponsoring this gold-standard benchmark report. We hope you find as much value in it as we do at Deltek. What follows is an executive summary of the 2023 SPI Benchmark Report. You may access the full 200+ page report for free [by clicking here](#).



Warm regards,

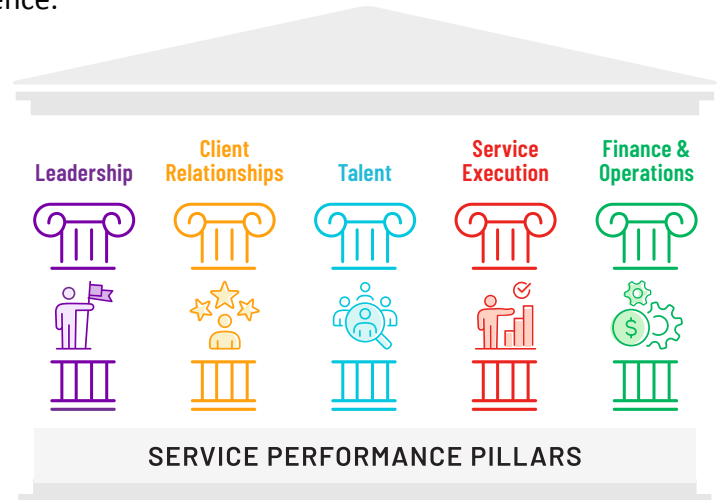
**Timothy Bailey,**

Vice President, Deltek Global Consulting

Service Performance Insight (SPI) 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 35,000 service and project-oriented organizations to chart their course to service excellence.

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

- Leadership
- Client Relationships
- Talent
- Service Execution
- Finance and Operations



## THE SPI ADVANTAGE – RESEARCH

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

## THE SPI ADVANTAGE – CONSULTING

Service Performance Insight brings years of technology service leadership and experience to every consulting project. SPI Research helps clients ignite performance by objectively assessing strengths and weaknesses to develop a full-engagement improvement plan with measurable, time-bound objectives. SPI Research offers configurable programs proven to accelerate behavioral change and improve bottom line results for our clients.

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# About the Professional Service Maturity Benchmark

The Professional Services Maturity Benchmark is designed to give professional service organizations (PSOs) a reliable basis to view their performance relative to a well-established benchmark of peers.

This benchmark provides visibility into critical business processes and key performance metrics. Organizations can easily compare their own performance against these findings to understand, analyze and improve business outcomes.

A hallmark of this benchmark is SPI Research's Professional Services Maturity Model, first introduced in 2008. Adopted by more than 35,000 organizations, the model has been enriched over time by their collective experience. The benchmark guides its users to locate their organization on this maturity model, providing prescriptive advice for formulating practical steps to advance to the next level.

This year, 709 firms completed the survey in the Fall of 2022. Their insight adds to that of 3,000 participant firms over the past five years. The combined insight gives SPI Research a rich database from which to analyze and trend.

Each year, SPI Research has expanded both the number of vertical markets and the size of organizations the report profiles.

**This benchmark covers nine professional service segments:**

- |  |   |   |
|--|---|---|
|  Software PS                |  IT Consulting         |  Marketing and Advertising |
|  SaaS PS                    |  Management Consulting |  Architects and Engineers  |
|  Hardware and Networking PS |  Accounting            |  Other PS                  |

The report categorizes key performance measurements into six organizational size segments.

North America originally dominated the survey. Over time, the benchmark has gained significant international participation with this year's respondents representing leading service organizations from around the world. Today, the Professional Services Maturity™ Benchmark report is generally considered to be the global standard for PS benchmarks.

## Introduction to the Professional Services Maturity Model

This report reflects SPI Research's working premise that the business outcomes of all billable professional services organizations are based on five fundamental Service Performance Pillars. Together they form the foundation of this benchmark study, which explores each pillar.



**Leadership** – Examines where and how PS executives most effectively offer a clear and compelling strategy to provide a unifying focus for organization and action.



**Client Relationships** – Concentrates on the effectiveness of sales, marketing, and partner relationship development.



**Talent** – Focuses on recruiting, hiring, compensation and retention of people, the core asset in every project- or services-driven organization.



**Service Execution** – Details all aspects of project delivery from planning through resource management, project management, delivery methods & tools, time and expense capture, and collaboration.



**Finance and Operations** – Considers the management of all financial information – revenue, margin, billing, and collections.

Within each of the five service performance pillars, SPI Research determines the relative operational effectiveness of each pillar with five maturity levels as follows:

- ▶ **Level 1 – Initiated "Heroic"**: The PSO is in an early stage, so operating processes are ad hoc and fluid. The business environment is opportunistic and primarily focused on new client acquisition and reference building. Employees wear many hats and perform multiple roles.
- ▶ **Level 2 – Piloted "Functional Excellence"**: Core operating processes are repeatable but unenforced. The company may demonstrate best practices in some functional areas or geographies, but those practices are not documented or codified for the entire firm.
- ▶ **Level 3 – Deployed "Project Excellence"**: The PSO has standard processes and operating principles for all major service performance pillars. However, renegades, holdouts, and outliers are tolerated where they persist.
- ▶ **Level 4 – Institutionalized "Portfolio Excellence"**: Management uses precise measurements, metrics and controls to effectively manage the PSO. Each performance pillar is supported by a detailed set of operating principles, tools and measurements.
- ▶ **Level 5 – Optimized "Collaborative"**: The PSO focuses on continual improvement of all elements of the five performance pillars. A disciplined, controlled process is in place to measure and optimize performance through both incremental and innovative technological improvements. Management has established both quantitative and qualitative process improvement objectives and continually revises them to reflect changing business targets.

SPI Research's maturity level surfaces areas where PSOs are underperforming compared to their peers. Understanding each pillar's relative maturity can help PS executives identify and implement improvement strategies to move their organization forward.

## Does Professional Services Maturity Matter?

SPI Research has spent the past 16 years benchmarking varying levels of operational control or "maturity" to determine the characteristics and behaviors that are 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 important focus areas for professional services organizations (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 wider context of the technology maturity model?

The original concept behind SPI Research's Professional Services Maturity Model was to investigate the impact of increasing levels of standardization in operating processes and management controls on financial performance.

SPI Research’s 2023 Professional Services Maturity Benchmark demonstrates that increasing levels of business process maturity do result in significant performance improvements. This quantifiable finding is based on in-depth surveys of 709 service organizations over the past year.

In fact, SPI Research found that high levels of performance have far more to do with leadership focus, organizational alignment, effective business processes and disciplined execution than “time in grade.” Relatively young and fast-growing organizations can and do demonstrate surprisingly high levels of maturity and performance excellence if their charters are clear. Further improvements accrue when goals and measurements are aligned with the overall mission, and PSOs make

investments in systems to provide visibility and appropriate levels of business control. Of course, it certainly helps if they are also well-positioned within a fast-growing market.

As the adjacent table shows, the payoff from investing in a program to assess current maturity and prioritize maturity improvements can be substantial. Based on the 2023 benchmark of 709 service organizations, 55% performed at financial maturity levels 1 and 2, 25% at level 3, and 20% performed at maturity levels 4 and 5. The 143 organizations at levels

4 and 5 significantly outperformed their peers by generating considerably higher amounts of revenue per billable consultant combined with higher project and subcontractor margins.

Table 1: Maturity Matters!

Key Performance Measurement	MATURITY LEVEL 1-2	MATURITY LEVEL 3	MATURITY LEVEL 4-5
Percentage of respondents	54.7%	25.1%	20.2%
Year-over-year change in PS revenue	6.3%	13.3%	17.1%
Deal pipeline / qtr. bookings forecast	122%	183%	220%
Employee billable utilization	67.1%	72.8%	75.7%
Projects delivered on time	70.7%	78.7%	83.4%
Annual revenue / billable consultant (k)	\$131	\$216	\$270
Annual revenue / employee (k)	\$102	\$174	\$224
<b>PS Profitability (EBITDA)</b>	<b>9.0%</b>	<b>16.1%</b>	<b>20.7%</b>

## Report Organization

The report is organized by Service Performance Pillars and shows benchmark comparisons by type and size of organization for 151 key performance measurements. It provides maturity definitions and levels for most major business processes to demonstrate how each Service Performance Pillar can be optimized. The report offers prescriptive guidance to help organizations advance their business process maturity and improve bottom-line results. The purpose of the five performance pillars is to delineate core functional elements and related business processes while providing guidance on how PSOs can move forward.

The SPI Research Professional Services Maturity Model Benchmark continues to evolve – it is not static. Performance considered “world-class” five years ago may be considered average today. SPI Research continually works with clients and participants to test and improve the Professional Services Maturity Model Benchmark.

The overall benchmark highlights industry averages. But every year, the mix in the types of professional services organizations change. Therefore, the best way to take advantage of this report is to look at individual market figures, as well as geographic region and organization size. From there, PS executives can determine exactly how well they are performing relative to their peers. SPI research offers services to help organizations score themselves and their performance improvement initiatives.

► Please contact SPI Research ([david.hofferberth@spiresearch.com](mailto:david.hofferberth@spiresearch.com)) if you are interested in learning more.

# Executive Summary

*Service Performance Insight, LLC (SPI Research) is proud to introduce the sixteenth annual Professional Services Maturity™ Benchmark (PSMB). Since its inception SPI has researched, benchmarked, and built a maturity model to give professional services executives:*

- ✓ A quantifiable understanding of how their organization compares to others that are similar in size and scope of work, in addition to placement within the broader professional services market.
- ✓ An objective, fact-based framework for performance improvement.
- ✓ A basis for building an annual plan that targets specific goals.

In 2007, SPI Research developed the Professional Services Maturity Model™ as a strategic planning and management framework. The Professional Services Maturity Model helps executives compare and analyze their own performance so they can build consensus around the actions to take, where to start, and how to quantify the benefits of change. It is now the industry-leading performance improvement tool used by over 35,000 service and project-oriented organizations to chart their course to service excellence.

Analyzing the benchmark data by vertical market, geographic region and organization size gives PS executives an accurate basis of comparison to their peers and the market at large. Nearly 6,000 firms have completed SPI's benchmarking surveys over the past sixteen years (see "About the Professional Service Maturity Benchmark" for a description of the benchmark and the maturity model).

This year, a record number of respondents (709) completed the benchmark survey. With growth in the number of participants, data accuracy improves and enables us to expand coverage into more sub-verticals and geographies. This wealth of data means the depth, breadth and accuracy of the benchmark continues to grow.

2022 marked the beginning of a strong recovery for the professional service market. Growth and profitability have strengthened following the shockwave of 2020. PSOs are well positioned going forward. However, not all went well in 2022. Many of the KPIs associated with service delivery went down. If the past few years have taught us nothing else, it is that market forces shift rapidly and those PSOs that operate (perform) the best will also do the best at weathering future storms.

## The Professional Services Market

According to the North American Industry Classification System (NAICS), in 2021 there were over 40 million people working for consulting firms based in the US. Many of those people work outside US borders. This number represents nearly an 80% increase over the past three years. Approximately 75% of those individuals are billable, making the professional services market extremely important in the United States as well as around the world.



### Leading markets include:

- ▶ **Management consultancies** with over 7 million employees
- ▶ **IT consultancies** with nearly 6.5 million employees
- ▶ **Architects and engineers** with 5.7 million employees
- ▶ The **staffing market** as well as the **managed services** market have taken off over the past several years, as well as professional services organizations in both **SaaS** and **software firms**.

Companies in every market need help. Technology is just one of the ways in which they can improve performance and maximize revenue per employee.

## Professional Services Performance Trends

The past five years saw a lot of change in the professional services market. 2018 and 2019 were years of growth and success in the market. Then came 2020, with COVID and a whole host of problems impacting the global market. 2021 was a rebound year as firms truly felt they were getting back to work, but a hangover effect from COVID lingered. 2021 saw positives in overall sales growth and profitability. But one might say PSOs worked harder in 2022, but not necessarily smarter. The fact that many performance metrics deteriorated, albeit in a minor way, serves as a warning bell to PS executives.

■ **Table 2: Key Performance Metrics 5-Year Trends**

Key Performance Indicator (KPI)	5-YEAR AVERAGE	2018	2019	2020	2021	2022
Number of firms surveyed	589	622	513	561	540	709
Year-over-year change in PS revenue	10.0%	9.7%	10.6%	8.7%	10.6%	10.4%
Deal pipeline relative to qtr. bookings forecast	177%	181%	181%	179%	183%	162%
Total attrition	13.3%	13.9%	13.2%	11.6%	14.0%	13.8%
Employee billable utilization	71.3%	69.7%	71.7%	71.4%	73.2%	70.7%
Onsite service delivery	34.5%	53.0%	47.5%	40.8%	33.9%	34.9%
Projects delivered on time	78.3%	76.9%	79.3%	79.7%	80.2%	76.2%
Project margin	35.4%	34.7%	35.4%	35.4%	36.5%	35.0%
Annual revenue per billable consultant (k)	\$205	\$206	\$207	\$203	\$206	\$204
Percentage of annual revenue target achieved	93.6%	93.8%	93.6%	92.1%	96.2%	92.7%
Percentage of annual margin target achieved	90.2%	90.3%	87.7%	90.3%	92.1%	88.8%
<b>Profit (EBITDA %)</b>	<b>16.3%</b>	18.5%	15.2%	15.8%	15.7%	16.1%

Source: SPI Research, February 2023

As shown in Table 2, many of the most important metrics went down in 2022, most notably deal pipelines, billable utilization, project margin, and achievement of both projected annual revenue and margin goals. Although attrition went down slightly, it is still above the five-year average. It's encouraging that profitability increased from 2021 to 2022, but this alone is not enough. The movement to remote service delivery appears to have stalled at around 66%, or two-thirds of all billable hours. This number may turn out to be the optimal level because it is important for consultants to spend ample face-to-face time with their clients. While Zoom and Microsoft Teams are necessary, a true handshake goes a long way in a people-based market, such as professional services.

## Trends by Geographic Region

Overall market trends are interesting, but the devil is in the detail. It is important that PS executives have detailed information to understand where they are relative to their peers and where they should focus their improvement efforts. At a high level, they understand all regions of the world are not the same.

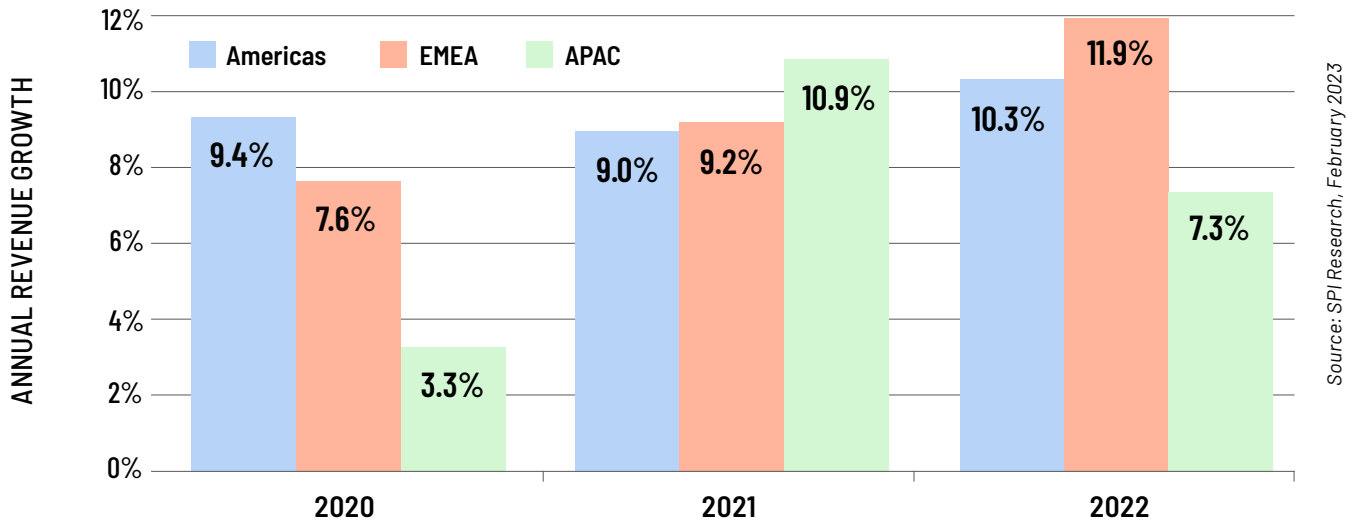
### Revenue Growth by Geographic Region

Figure 1 shows that the annual revenue growth in Europe, the Middle East, and Africa (EMEA) increased for the past three years. This expansion bodes well for the regions as COVID knocked down many areas in the world and EMEA is now recovering strongly.



Likewise, the Americas are on the rebound from COVID, posting their highest annual revenue growth increase in a few years. The Asia Pacific (APAC) region, still battling COVID more than any other area of the world, had fairly stable growth after the lows and highs of 2020 and 2021. This figure shows where the work is being done, and SPI Research expects it to improve in 2023.

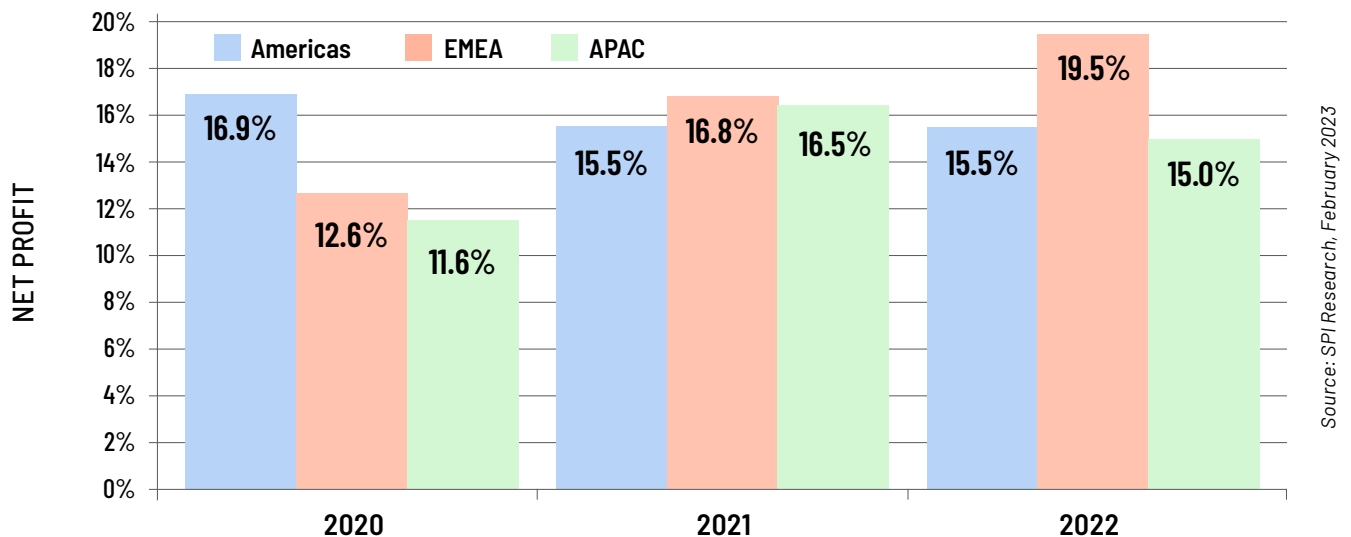
■ **Figure 1: Revenue Growth Comparison by Geographic Region (2020 - 2022)**



**Profitability by Geographic Region**

From an annual profitability standpoint, EMEA again had quite a year in 2022. The region saw profitability go up by over 50% from 2020 through last year. Europe is back in action. The Americas also showed stable profitability at 15.5% over the past two years (Figure 2). SPI Research has always set 15% profit as the baseline each year, and the study showed that each region attained at least that level. Profit can be used to invest in the future by adding more training, enhancing sales processes, and placing a greater emphasis on project delivery for PSOs in 2023.

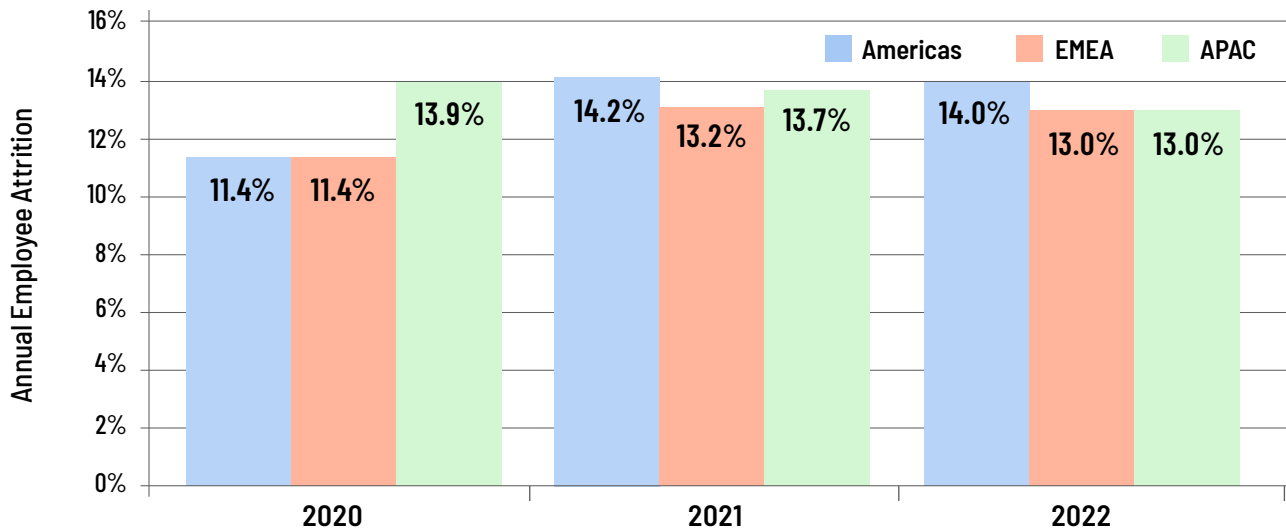
■ **Figure 2: Net Profit Comparison by Geographic Region (2020 - 2022)**



**Attrition by Geographic Region**

SPI Research expected employee attrition to rise post-COVID. It did so around the world but seems to have stayed flat for two years now. While employee attrition over 10% is not usually a positive rate, considering economic uncertainty and the events happening globally, under 15% is not all that bad (Figure 3).

**Figure 3: Total Employee Attrition Comparison by Geographic Region (2020 - 2022)**

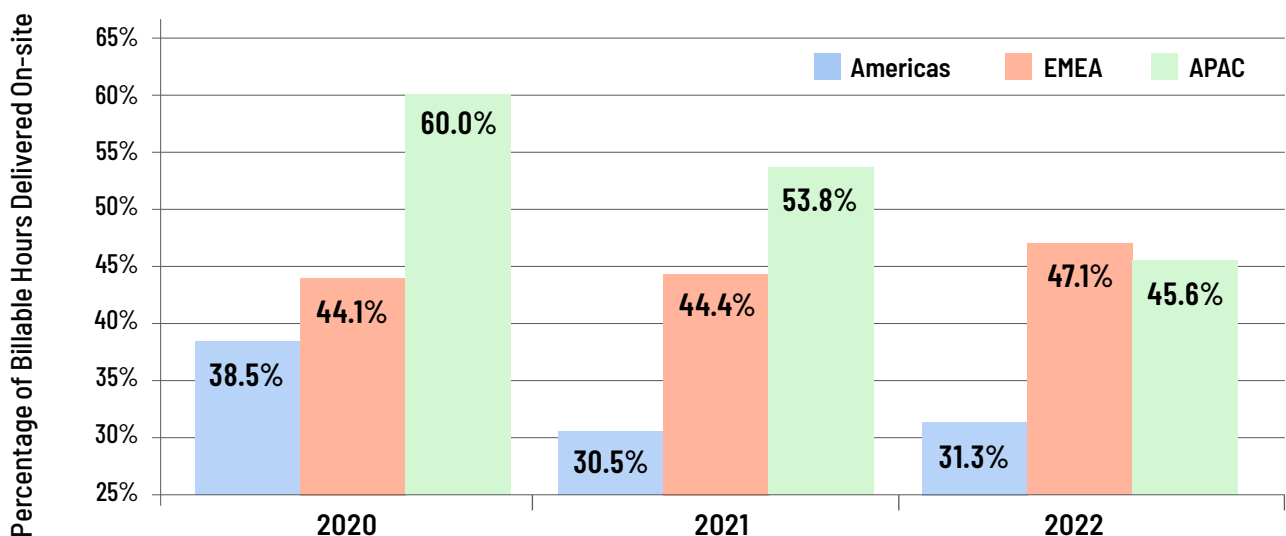


Source: SPI Research, February 2023

**On-site Billable Hours by Geographic Region**

COVID changed the way many industries look at remote work. The professional services market has been doing remote work for many years. Consultants travel enough already, so the use of home offices has benefitted PSOs greatly. Working remotely (at home, usually) means consultants can work on several projects each day, and with several clients. In 2020, SPI Research saw profitability rise, as travel lessened (Figure 4).

**Figure 4: Percentage of Billable Hours Delivered Onsite by Geographic Region (2020 - 2022)**



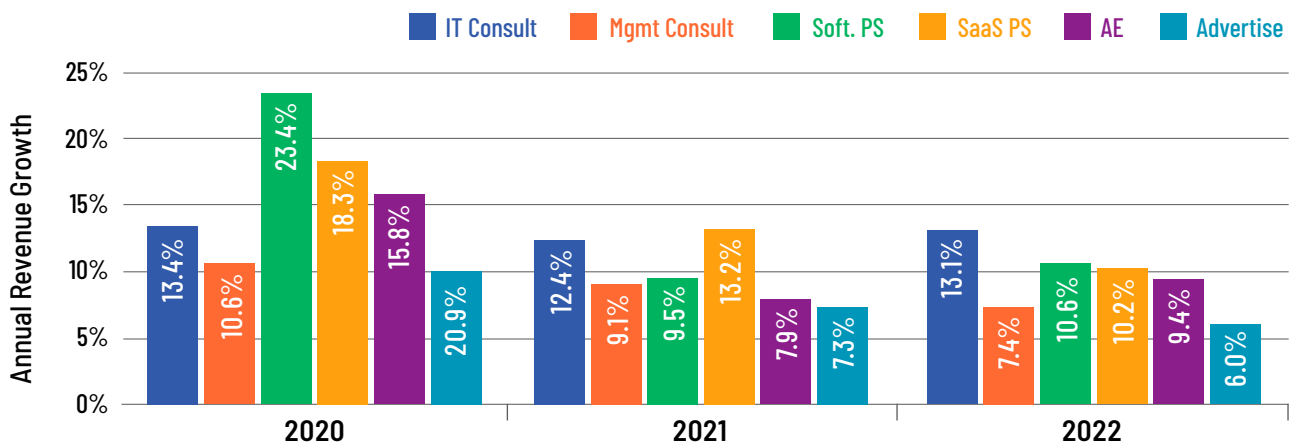
Source: SPI Research, February 2023

## Trends by PS Market

### Revenue growth by market

Figure 5 shows just how different annual performance numbers can be. The trends are important. For instance, software professional services organizations still grow at an acceptable level, but that level is down significantly from 2020. The same could be said for SaaS PS organizations. Advertising agencies, which peaked in 2020, are back down to a normal level. Management consultancies have seen a reduction in growth rates over the past several years. Could 2023 be the year growth rates go up?

■ **Figure 5: Revenue Growth Comparison by PS Market (2020 - 2022)**

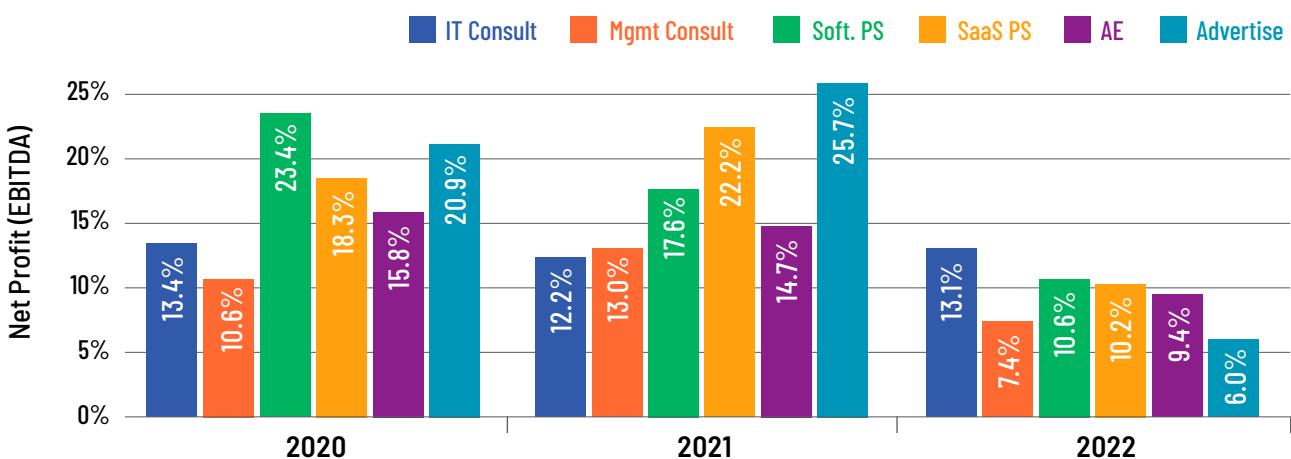


Source: SPI Research, February 2023

### Profit by market

Figure 6 shows a wide variety of profitability when comparing markets. 2022 was a year for lower profitability for the major PS markets SPI Research monitors. IT consultancies have been very consistent in terms of delivering profit over the past three years, while management consultancies have experienced highs and lows. Other markets, such as software and SaaS professional services, have gone down following the end of COVID. Many firms are gearing up for 2023. If all the outside factors don't become overly burdensome, 2023 should be an improved year for all markets.

■ **Figure 6: Profit Comparison by PS Market (2020 - 2022)**



Source: SPI Research, February 2023

### What Changed From 2021 to 2022?

Performance maturity is only one aspect to this benchmark (Table 3). PS executives do not work to achieve high levels of performance, they work to achieve goals. In this report, SPI Research defines and highlights the four major goals most PSOs have:

1. Revenue Growth
2. Organizational Profit
3. Client Satisfaction
4. Employee Optimization

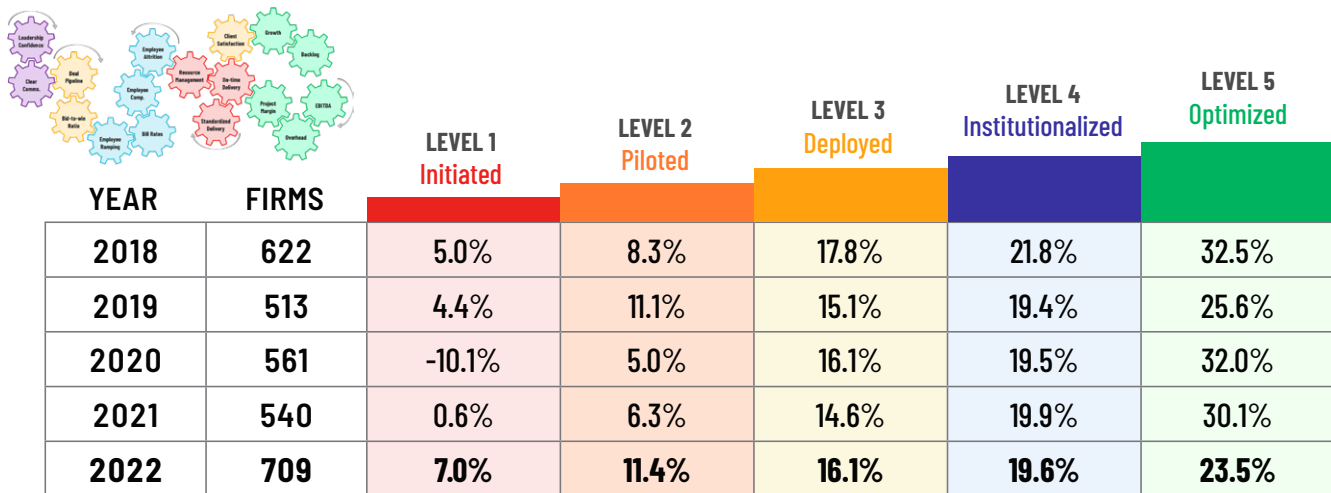
Success depends on optimizing all four, not just focusing on growth or profitability. Firms that successfully achieve their goals have a much greater chance of longevity in the marketplace. Without attaining each, chances of long-term success are minimized.

In this year’s benchmark, Service Performance Insight added questions concerning PS executive concerns and how important they were for the upcoming year. The results are enlightening, but perhaps not as varied as one might think. The analysis is in the Leadership Pillar chapter and should make interesting reading.

### Maturity Trends

Figure 7 highlights the variability in annual numbers for the benchmark. The importance of this figure is to show that each year performance improvements should be at or near the top of a PS executive’s list. For example, one year of 15% profitability is great, but the next year, perhaps not so much. Each year, there are changes and challenges that face executives in every market and utilizing this benchmark aids in a better understanding of how they compare.

Figure 7: Profitability Maturity Trends (2020 - 2022)



The figure shows that in 2022, the leading firms did not achieve as high a level of profitability as in past benchmarks. However, even the poorest-performing firms made money. This figure highlights the variability of performance on an annual basis so that executives can better understand and target future goals.

Table 3: What Changed From 2021 to 2022? KPI Comparison

Key Performance Indicator (KPI)	2021	2022	▲
Year-over-year change in PS revenue	10.6%	10.4%	-3%
Year-over-year change in PS headcount	9.1%	8.5%	-7%
New clients	21.4%	29.3%	37%
Deal pipeline / quarterly bookings forecast	183%	162%	-12%
Project duration (man months)	21.7	33.9	56%
Projects delivered on-time	80.2%	76.2%	-5%
Project overrun	8.1%	9.9%	-21%
Percentage of annual revenue target achieved	96.2%	92.7%	-4%
Percentage of annual margin target achieved	92.1%	88.8%	-4%
Profit (EBITDA %)	15.7%	16.1%	2%

Source: SPI Research, February 2023

Source: SPI Research, February 2023

## The Technology Sector

The Professional Services technology landscape continues to improve. It wasn't too many years ago that PSOs invested very little in information technology for internal use. Now, the market has clearly demonstrated the benefits of information, especially in real time. PSOs continue to work in new ways to leverage that data.

Newer technologies are being implemented in professional services solutions. Capabilities such as collaboration tools, machine learning (ML), artificial intelligence (AI), and automation will only aid PSOs going forward. The goals of these technologies are operational visibility, automation efficiency, performance improvement, and goal achievement. Visibility into the data enables employees at all levels to better perform tasks. At a high level, it represents more accurate information reporting and clear guidance on how and where the firm should proceed.

## A Snapshot of the Service Performance Pillars in 2022



### Leadership

SPI Research annually asks how strongly PSOs agree with various leadership KPIs. In 2022, each KPI went down, albeit slightly. Much of the reduction has to do with the economic conditions of 2022 as uncertainty rose in every market. A changing workforce coupled with the movement toward greater remote service delivery gives PSOs continuing cause for concern.



### Client Relationships

Revenue growth has averaged 10% over the past five years. In the past two, it has been over 10% for the first time in a long time. Over the past five years, PSOs pivoted to increase revenue from management consulting. These engagements tend to have higher margins than pure technology, subscription, or managed services. This movement is not by accident. Clients look for help in all aspects of their business as they navigate events of the past three years. Plus, as new technologies become available, more clients look for assistance in adopting and implementing these advances.

SPI Research finds it interesting that the percentage of time and materials work has gone up over the past five years. For the first decade of conducting this benchmark, that number was in decline. However, the talent cliff and the ability for PSOs to adequately staff resources have changed the market. PSOs have become more selective in the types of engagements they sell. Fixed-time and fixed-fee work will continue to grow, and PS executives should particularly notice an increase in shareholder risk and performance-based work.



### Talent

SPI Research finds that in 2022 it takes an average of 10 days longer to recruit and hire and for those new hires to become productive. Time is money in professional services and the additional days in the process have added expense to an already increasingly expensive asset.

For the first time in several years, guaranteed annual training days, which are offered but not always taken, have increased to more than 10 days annually. This change is a positive trend since PSOs work not only to increase broaden the skills of their consultants, but also to provide an environment where consultants can learn new skills. That environment may increase their loyalty to the PSO.

The annual fully loaded cost per consultant has gone up slightly over the past five years, from \$122k per consultant in 2018 to \$129k in 2022. Most PS executives saw this increase coming, but question whether they can raise rates high enough to keep margins intact.

While every industry grapples with how to create a workforce that works remotely, the professional services market has prepared for this scenario for years. In 2018, consultants delivered 671 billable hours remotely,

and in 2021 this number peaked at 937. Probably good news for the market is that in 2022, more hours were delivered onsite than in the prior year. SPI Research uses a rule of thumb of approximately 33% of their hours on site versus 67% offsite. This mix allows consultants to be more productive on a daily basis yet have time in front of clients to continue to grow relationships.



### Service Execution

SPI Research saw a degrading of almost all KPIs associated with service delivery. This change will be important to follow in 2023 as PSOs work to become more efficient. Services delivery is where profit is made in professional services. If PSOs cannot improve margins in 2023, it will be difficult to grow in 2024. PSOs have begun to sell larger projects, which is positive, but the delivery has suffered. More late projects, higher overruns, and smaller margins have contributed to this degradation. PS executives should increase the use of standardized (or structured) delivery methodologies to improve service execution. This structure will enable project managers to improve work at a task level and implement quality checks. PS tools will help, in particular, Professional Services Automation (PSA), which helps PSOs better manage resources, project delivery, time and cost.



### Finance & Operations

Profits grew in 2022, but many other Finance & Operations KPIs went down. The ability to make both revenue and margin targets is critical for future planning and growth. In 2022, SPI Research saw the percentages go down, which means that the planning and execution (or both) deteriorated in 2022.

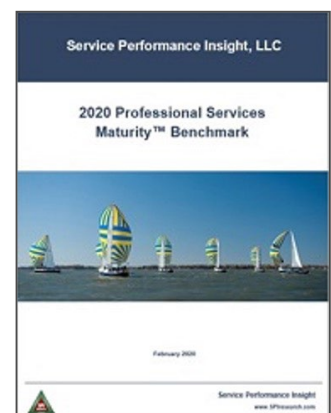
**Information** – In SPI’s annual benchmark survey, the percentage of organizations using a commercial financial management (CFM) solution, client relationship management (CRM), and professional services automation (PSA) remained consistent. What has changed over the past five years is greater use of human capital management (HCM). The growth in adoption has to do with issues associated with the talent lifecycle. PSOs are always looking for ways to more efficiently hire consultants, train them, make them billable, and retain them as long as possible. In an environment where there is a limited supply of talented individuals, HCM provides PSOs with the tools to better manage their organization.

## Things can Change Quickly

There is never a dull moment in Professional Services. Take, for example, the February 2020 cover of SPI Research’s 13th annual Professional Services Maturity™ Benchmark report. It featured sailboats, with several references to “smooth sailing ahead.” The market had seen a few years of solid growth and profit, and with new government spending proposed, all PS sub-markets seemed poised for the future.....then.... Boom....30 days later in March along came COVID, bringing with it a disruption like most had never seen before.

SPI Research immediately noticed a change in how the professional services market operated. Delivering services remotely was a trend that had begun long before COVID. PS executives had recognized changing times and they changed with it. In came a variety of new services and a more streamlined focus on what they did well and how to accelerate it.

As a result of this innovation, the professional services market fared quite well in 2020 and 2021, with 2022 offering new opportunities and challenges. Of course, there will be other events, changes and challenges that will happen in 2023. But leading professional services organizations are now well positioned to manage through the maze of uncertainty.

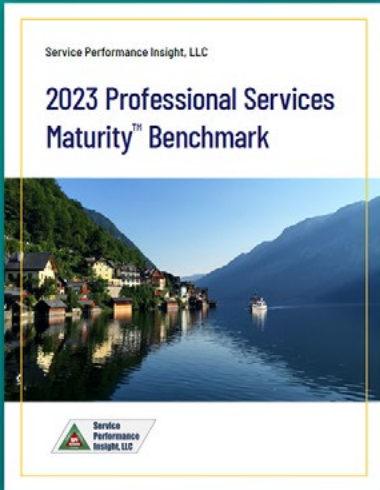


## Looking Ahead to 2023

The professional services market has experienced solid levels of growth over the past two years. COVID, supply chain disruption, inflation, and war have slowed the economy. But the market continues to evolve, and the focus in 2023 must return to improved project and services delivery. Talent will continue to be an issue in 2023. However, the wave of recent technology layoffs means that the pool of available, qualified workers has grown. A recession could slow business expansion, but not for long. All signs point to a robust economy by the second half of 2023.

*SPI Research would like to thank everyone for their support over the past 16 years! I hope this report provides important concepts and KPIs to help you navigate the sometimes-choppy waters that lie ahead.*





## ACCESS THE FULL REPORT

Thank you for reading the 2023 SPI Benchmark Executive Summary. The full report contains over 200 pages of survey results, trends, and best practices. You may download the full report for free right here.

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