

Deltek®

Clarity: Trends & Insights for Architecture, Engineering & Consulting Firms

4th Annual EMEA and APAC Clarity Industry Study

Based on research conducted by 3Gem and Deltek.

3Gem
Research & Insights



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INTRO



Amongst architecture, engineering and consulting firm participants, three quarters worry they will lose market share within two years if they fail to make meaningful digital transformation progress

This is the fourth annual Deltek Clarity report focusing on architecture, engineering and consulting companies in Northern Europe, Australia & New Zealand.

The report investigates professional service firms' views of the current business landscape and opportunities for 2023 in terms of digital transformation, monitoring business metrics and the importance of corporate strategies such as CSR, ESG and employee wellbeing.

The survey covers the UK, Germany, Nordics, BeNeLux, Australia and New Zealand. Whilst the impact of the COVID pandemic diminishes, this is against a backdrop of recession, global conflict, rising energy costs, talent shortages and a renewed focus on the acceleration of climate change.

Architecture, engineering and consulting companies need to adapt and apply strategic foresight to successfully respond to these challenges. Rising costs and global uncertainty remain prime concerns for senior managers, as they look ahead and focus on modernisation and digital transformation.

Ambition and impetus are evident. Technology budgets are likely to increase in 2023 and senior managers are committed to making successful progress in digital maturity.

The 4th Annual Deltek Clarity Industry Report for Europe and APAC details trends and insights for the architecture, engineering and consulting companies in 2023. This report highlights the uncertainties these industries face about prioritising effective technology investments, expanding into new markets and corporate considerations relating to the workforce and talent shortages.



ABOUT THE STUDY



This year, Deltek surveyed architecture, engineering and consulting firms from Northern Europe, Australia & New Zealand about industry trends and market conditions. This is the fourth report focusing on professional services firms in EMEA and APAC.

To increase the value of this comprehensive survey initiative, we have extended the survey to encompass other key markets such as BeNeLux and have expanded the industries beyond A&E to include the consulting industry – management consulting, market research and scientific research companies – to represent project-based professional services businesses.

Methodology

The self-completion online survey was completed between February and March 2023 by senior decision makers such as CEOs, C-suite, and heads of department such as Finance, Operations, Delivery or Projects. We surveyed 549 architecture, engineering and consulting firms with 25 or more employees about opportunities and challenges, technology trends, monitoring of key performance indicators, corporate strategies and governance and business development.

Company Size

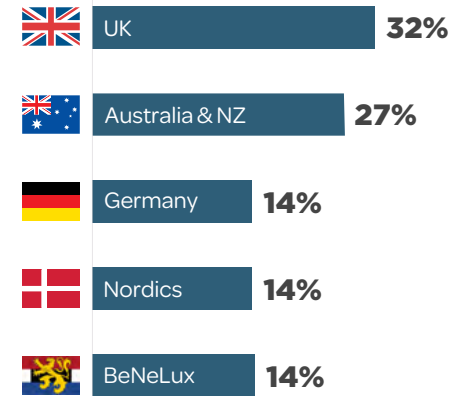
'Small' (25-49 employees), 'medium' (50-250 employees) and 'large' (251+ employees) firms took part. Small firms made up 6% of the sample, medium firms 25% and large firms 69%. Included in large firms are 38% termed 'very large' which have more than 500 employees.

Company Type

This year's survey includes architecture, engineering and consulting firms. The term 'architecture and engineering' (A&E) refers to all architecture, engineering and allied firms. The term 'consulting' refers to management consulting, market research, and scientific research companies. In this report the total sample is referred to as 'A&E and consulting'.

In previous years, only A&E firms were surveyed so this report does not focus on comparisons with last year, but instead on the state of play for the firms included in 2023.

Countries included



This year firms from UK, Germany, Nordics, BeNeLux and Australia & New Zealand took part.

This fresh focus on different regions means the data is not directly comparable with previous years. It is worth noting that the UK makes up a third of the sample.

In this 2023 study, 34% of participants were from architecture firms, 26% from engineering firms and 40% from consulting companies.

EXECUTIVE SUMMARY

This study reveals the priorities and concerns of architecture, engineering and consulting firms in 2023.

The report unwraps reasons firms are prioritising tech investment and how that will help move businesses forward.

It highlights where and how growth might be expected in 2023.



- 1 Top priorities amongst senior decision makers** in architecture, engineering and consulting firms for 2023 are: investing in new technology; expansion into new markets; and attracting more talent.
- 2 Financial concerns**, such as recession, inflation and interest rates are key business concerns alongside cyber security.
- 3 74% of architecture, engineering and consulting firms** say they will lose market share within two years if they fail to make progress in digital transformation. Most firms plan to spend on emerging technology in 2023.
- 4 Substantial change is predicted over the next five years** and the proportions of firms where digital transformation is a strategic focus, a culture of innovation is prevalent, and business and IT management are integrated is expected to double.
- 5 Barriers to digital transformation** include knowing which technology to prioritise, the cost of the technology and inadequate training and support for employees. These issues appear to be more of a problem for small firms and consultants.
- 6 Small and medium firms lag behind large firms** on digital transformation and are less prepared.
- 7 KPIs to track business performance and project management are widely used** in A&E and consulting firms. There is potential for improvement in the accuracy and confidence of tracking KPIs.
- 8 Social responsibility is becoming as important as profitability.** Most firms say CSR or ESG policy is more important to their firm now compared to 2022.
- 9 Two thirds of A&E and consulting firms plan to increase their workforce** in 2023. The main personnel related issue affecting firms is the difficulty in attracting and retaining talent.
- 10 Firms expect to see financial profit growth** in 2023. To achieve this firms, plan to carry out more projects in 2023, split equally between targeting their existing clients or expanding their client base.

SECTION ONE

Opportunities & Challenges

This year, A&E and consulting industries face a number of competing priorities, concerns and challenges and it is unlikely one solution suits all sizes and types of firms.

In 2023, investing in new technology, expansion into new markets and attracting more talent are all included in the top priorities for architecture, engineering and consulting firms. Senior decision makers, however, report investing in IT infrastructure offers the single biggest growth opportunity perhaps due to concerns over recession and inflation making growth in new markets less palatable.

Technology plays a key role in enabling professional services firms to manage business challenges, and companies recognise the imperative to commit to digital transformation.



As this section shows, this focus on technology will help to protect firms against business concerns such as cyber security, whilst addressing challenges such as AI adoption in project management.

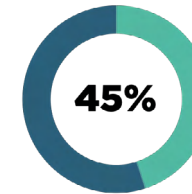


KEY FINDINGS

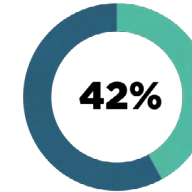
- 1 Technology investment** is the prime area for perceived growth. Cybersecurity is as much a concern as financial concerns such as recession, inflation and interest rates. Consequently, investing in tech is one of the main strategies that firms are focusing on.
- 2 The current global economy presents challenges** for businesses with recession and inflation being top business concerns. As firms look for opportunities to grow, many firms report an interest in expanding into new markets to diversify their businesses and potentially provide more protection against market volatility.
- 3 There are several challenges for project management and concerns vary by size, type and location of firms.** Key challenges identified are adoption of Artificial Intelligence (AI), developing the right knowledge and skills plus keeping pace with changing client expectations.



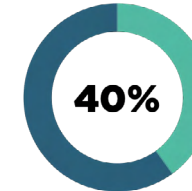
Top priorities in 2023



investing in new technology



Expansion into new markets



Attracting more talent



26% say investing in IT infrastructure offers the single biggest growth opportunity

BUSINESS RISKS FOR 2023



Architecture, engineering and consulting firms face many concerns, rather than any one issue standing out. Financial concerns, such as recession, inflation and interest rates dominate along with cybersecurity risks.

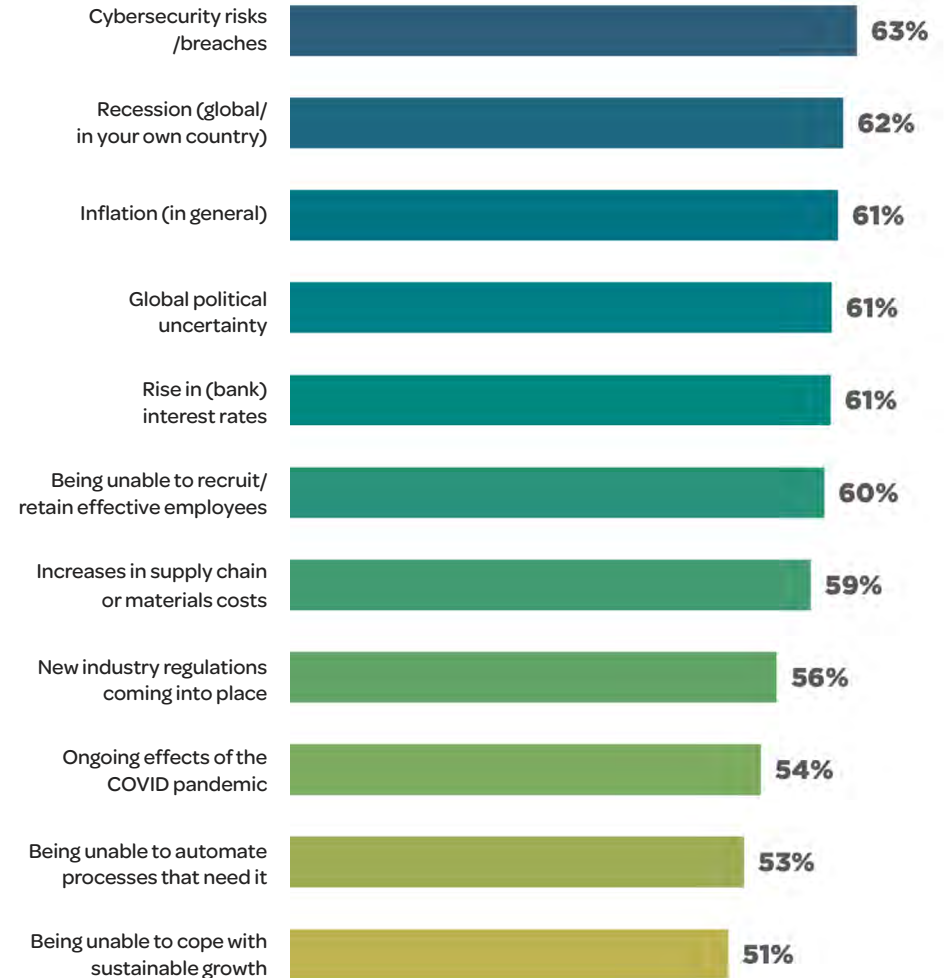
In the UK, firms are as concerned about cybersecurity as recession (both 66%), whereas in BeNeLux cybersecurity is the top issue (67%) followed by recession (64%).

Small firms (25-49 employees) are less concerned about cybersecurity and more about financial issues, especially a rise in interest rates, whereas in very large firms (500+ employees) cybersecurity is the number one concern.

Engineering firms and consultants are more likely than architecture firms to be concerned about cybersecurity risks.

Whilst the top concern for consulting firms is cybersecurity risks, the top concern for engineering firms is global political uncertainty. For architecture firms, the focus is more on being unable to recruit and retain effective employees alongside inflation and recession.

Firms concerned about key issues

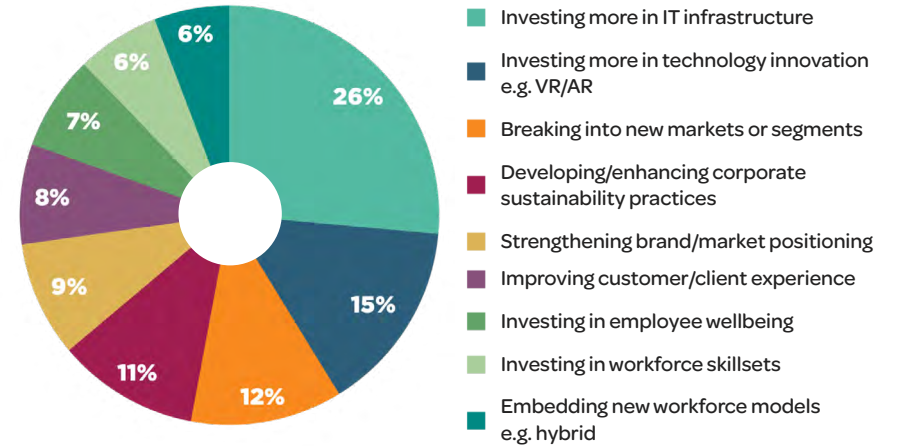


GROWTH OPPORTUNITY & TOP PRIORITIES

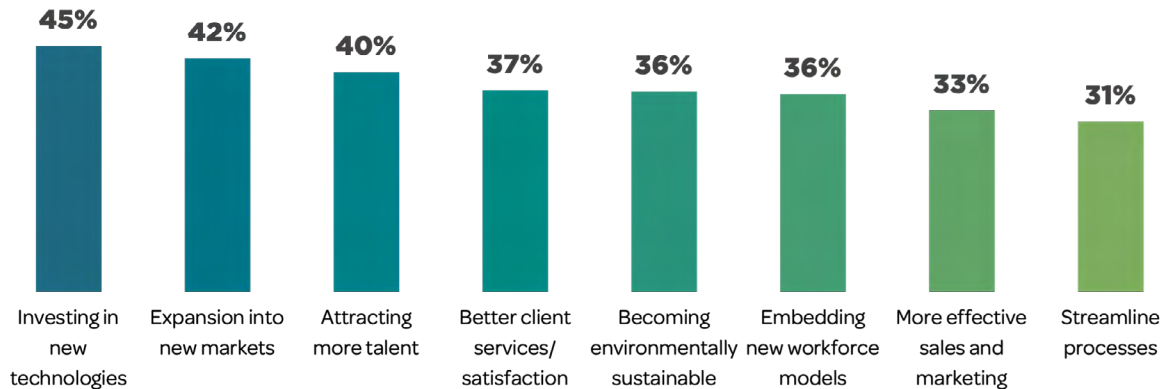


Senior managers in architecture, engineering, and consulting firms are aware of the tangible benefits of investing in technology. Two out of five felt it offers the largest opportunity to grow, either via investing in existing IT infrastructure or in technological innovations.

Biggest growth opportunity in next 12 months



Top 3 priorities in 2023



This helps to explain why 45% of A&E and consulting firms include new technology investment as one of their top priorities for 2023.

Firms also see breaking into new markets or segments as a significant growth opportunity, with 42% reporting it at the top of their list.

In Australia & New Zealand, half of firms put new technology investment in their top priorities for 2023, whereas in BeNeLux, only 40% report it top. In BeNeLux and Germany, expansion into new markets is more of a priority than investing in new technology. Yet these countries still place investing in IT infrastructure as the single biggest growth opportunity.



PROJECT MANAGEMENT CHALLENGES



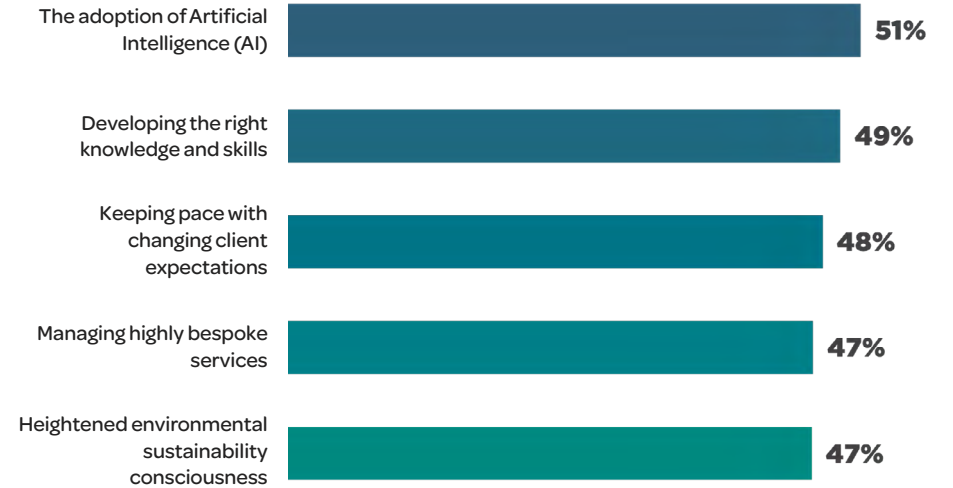
Over the next five years the industry will be faced with a number of trends that present challenges for project management.

Half the firms surveyed say that adoption of Artificial Intelligence (AI), developing the right knowledge and skills and keeping pace with changing client expectations are ranked in their top five challenges.

Australia & New Zealand are most likely to rank the adoption of AI in their top five project management challenges (58%) and BeNeLux the least (39%). In the UK, adoption of AI is the biggest challenge alongside developing the right knowledge and skills. In Germany and BeNeLux the greater project management challenge is developing the right knowledge and skills.

Whilst A&E firms are most likely to rank the adoption of AI in their top five project management challenges, consulting firms are most likely to be concerned about keeping pace with changing client expectations.

Top project management challenges



Similar differences are evident by size of organisation with small organisations most likely to rank keeping pace with changing client expectations in their top five project management concerns whilst large organisations are most likely to be concerned with the adoption of AI.

SECTION TWO

Technology Trends

Technology plays a key role in enabling architecture, engineering, and consulting firms to address business challenges.

The need to innovate and advance digitally is recognised and supported by those taking part in this study.

This year's survey assesses the extent of digital transformation in the industry currently and asks firms to make predictions about where they will be in five years.

Firms report they are keen to progress digital transformation, so they do not lose market share and emphasise that investment in emerging technology is planned for this year.



KEY FINDINGS

- 1 Firms are conscious about the need to make progress on their digital transformation journey** or risk losing market share. Most firms plan to spend on emerging technology in 2023.
- 2 Three in 10 firms already consider themselves to be 'advanced' or 'mature' on the digital transformation maturity spectrum** and this proportion is expected to double in next five years. Architecture firms expect to catch up with engineering firms in digital maturity whereas consultants may lag behind.
- 3 Consulting companies are less advanced on digital transformation** and less prepared for it compared with A&E firms.
- 4 Small and medium firms lag behind large firms on digital transformation and are less prepared.** Staff and senior decision makers in these smaller companies have more knowledge gaps to fill in understanding the new technologies.





PLANS TO INCREASE INVESTMENT

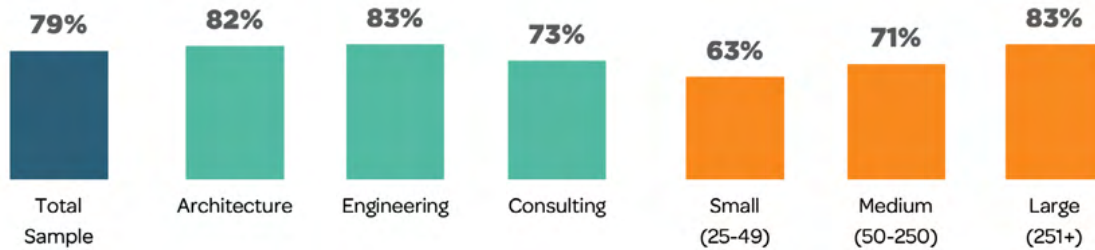


The majority of A&E and consulting firms (79%) plan to invest more in emerging technologies in 2023 with very few planning to lower their budget.

Consulting firms are less likely to increase their investment than either engineering or architecture firms.

Large firms are more likely to be investing in emerging tech in 2023 than small or medium firms.

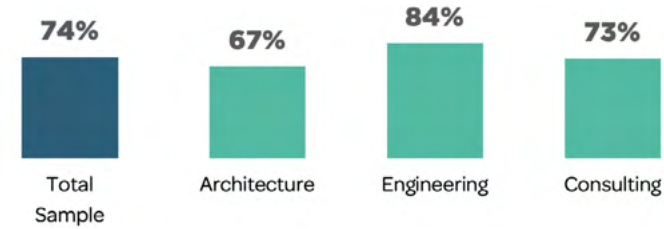
Firms that plan to increase investment in emerging technologies in 2023



DIGITAL PROGRESS

The need to keep pace with technology is evident as 74% of A&E and consulting firms say they will lose market share within two years if they fail to make progress in digital transformation.

Firms that expect to lose market share within two years, if they fail to make progress in digital transformation



Engineering firms are most concerned about keeping pace with digital transformation, then consulting firms and architecture firms the least.

IMPORTANCE OF EMERGING TECHNOLOGIES



Data science is the emerging technology firms reported to be most important to their success (87%), but closely followed by a number of other technologies including big data (83%), AI (83%) and robotic process automation (82%).

Larger companies are more likely than smaller ones to say ones to say each of these eight emerging technologies are important, hence their likelihood to be keener to invest in technology that will change the status quo and push them forward.

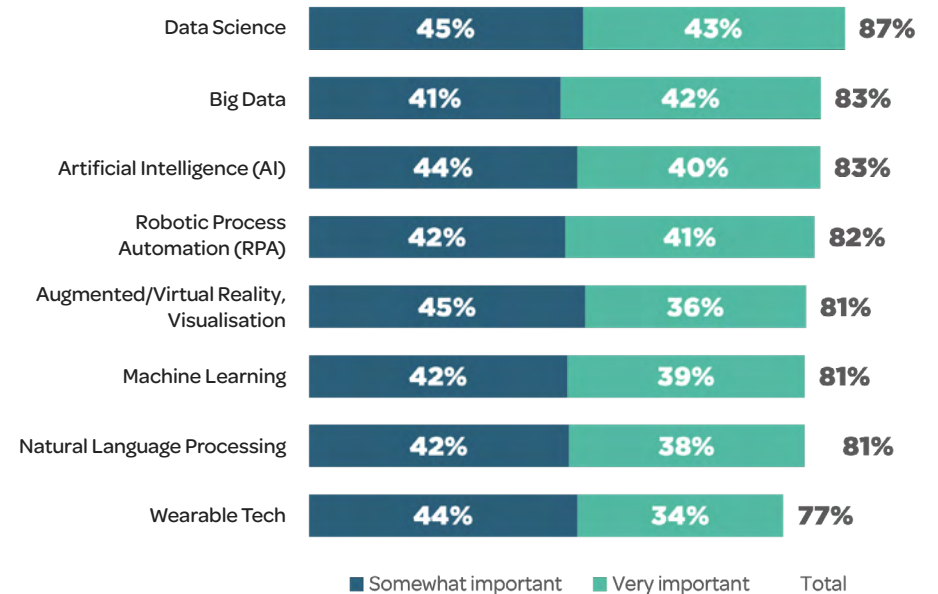
On average, large firms are 20% more likely than small firms to say an emerging tech is important. The difference is most notable for AI, where 60% of small firms say it is important, 76% of medium firms and 88% of large firms. There is also a substantial gap between small and large firms for the importance of natural language processing (60% to 86%) and big data (60% to 85%).

The main challenges for these firms associated with emerging technologies are prioritising which of the different technologies are most applicable to their business (20% ranked number one challenge) and the cost of the technology (19% ranked number one challenge).

Architecture firms, whilst being keen to catch up with engineering firms are more likely to say that they lack employee education about

trends and how they apply to my industry (54% of architecture firms rank this as a top 3 compared to 47% of engineering firms) and lack time to personally invest in learning about technology trends (47% of architecture firms rank this as a top 3 compared to 33% of engineering firms). These differences could be highlighting a knowledge gap.

Emerging technologies and their importance to firms



DIGITAL TRANSFORMATION AMBITIONS



“ In terms of digital transformation, we’ve been quite progressive throughout the 19 years the business has been established.... Digital transformation means improvement, establishing better processes, better technologies, and migrating our operations to the cloud.”

- Michael Ibbeson, Principal & CEO, Structa LLP (UK engineering consulting firm)

Currently 11% of A&E and consulting firms describe themselves as being in the ‘advanced’ stage of digital transformation and a further 18% describe themselves as ‘mature.’

Firms reported they predict their digital maturity will change substantially in the next five years. The proportion of firms that expect to reach an advanced stage of digital maturity, where digital transformation is a strategic focus, a culture of innovation is prevalent, and business and IT management are integrated, is expected to double from where it is today (from 29% to 63%).

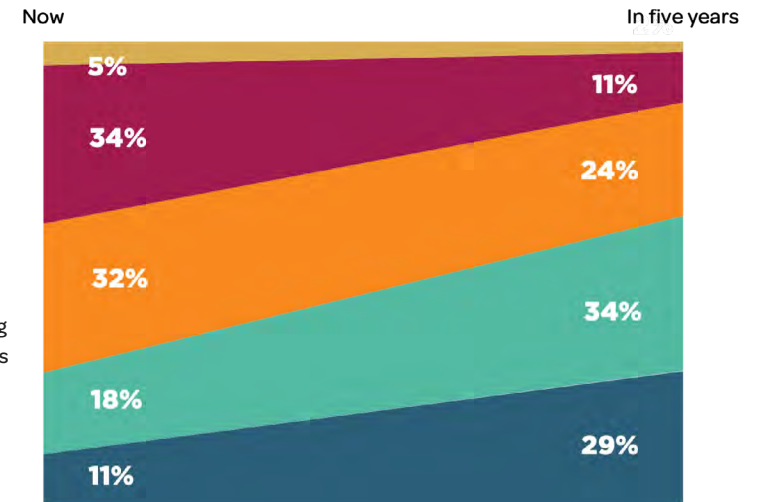
Previously there was reticence amongst firms to proceed with digital transformation plans due to the uncertainty of post-pandemic world and changing economic landscape.

Refreshingly, in today’s accelerated pace of change, firms are prioritising digital investment to reach advanced stages of digital maturity and to simply keep up with the rapid pace of change to stay competitive.

Engineering firms are currently more likely than architecture or consulting firms to be at the advanced or mature stage of digital transformation. In five years, architecture firms expect to catch up with engineering firms whereas consulting firms expect to still lag behind, perhaps because of the different commitments to IT investments, but it could also be based on the importance of digital maturity to their clients.

Digital transformation maturity

- Nascent - there’s a disconnect between business and digital IT initiatives or a misalignment with company strategy
- Exploratory - there’s a recognition of the need for digital transformation strategy but execution is at the lighthouse stage, on an ad-hoc project, which is neither predictable nor scalable
- Applied - there’s alignment between business and IT goals and momentum to adapt, but not dedicated focus on the full disruptive potential of digital initiatives
- Mature - Business and IT management are integrated and delivering digitally enabled product/service experiences on a continuous basis
- Advanced - Digital transformation is a primary strategic focus at the executive level and a culture of innovation is prevalent along with, increasing revenue, improving customer experience and growing operating margins.



PREPAREDNESS FOR DIGITAL TRANSFORMATION

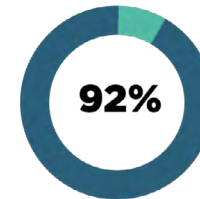
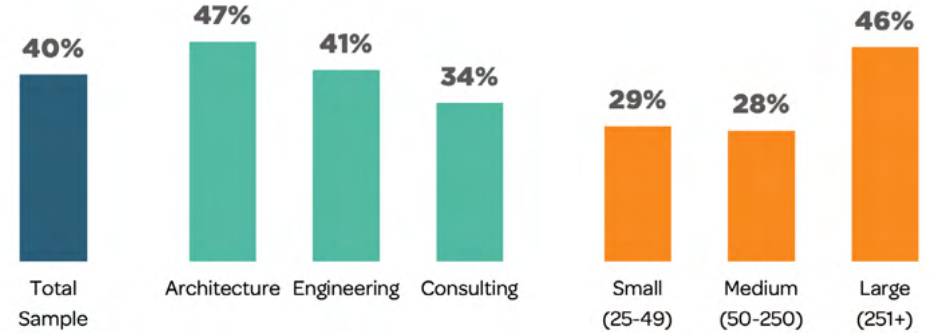


Most firms feel prepared to some extent to implement their top priorities for digital transformation, and 40% say they are 'very' well-prepared.

Architecture firms are the most likely to feel very well prepared which bodes well for their five-year transformation plans. Consulting firms currently feel the least prepared, which might explain why they do not predict as much progress in the next five years.

Large firms are much more likely than either small or medium size companies to feel very well prepared to implement their top priorities for digital transformation.

Firms that feel 'very well-prepared' to implement top priorities for digital transformation



92% of firms say that they are well prepared to implement their digital transformation priorities

Amongst the small number that feel unprepared (8%), the primary reason is inadequate training and support for employees, highlighting a knowledge gap or lack of prioritisation in the business. Other reasons given by small numbers are inadequate planning or preparation, lacking resources or budget, and insufficient stakeholder buy-in.

MANAGEMENT & WORKFORCE KNOWLEDGE GAPS



Within A&E and consulting firms, although most staff and senior decision makers are perceived to understand emerging tech to some extent, less than half completely understand it.

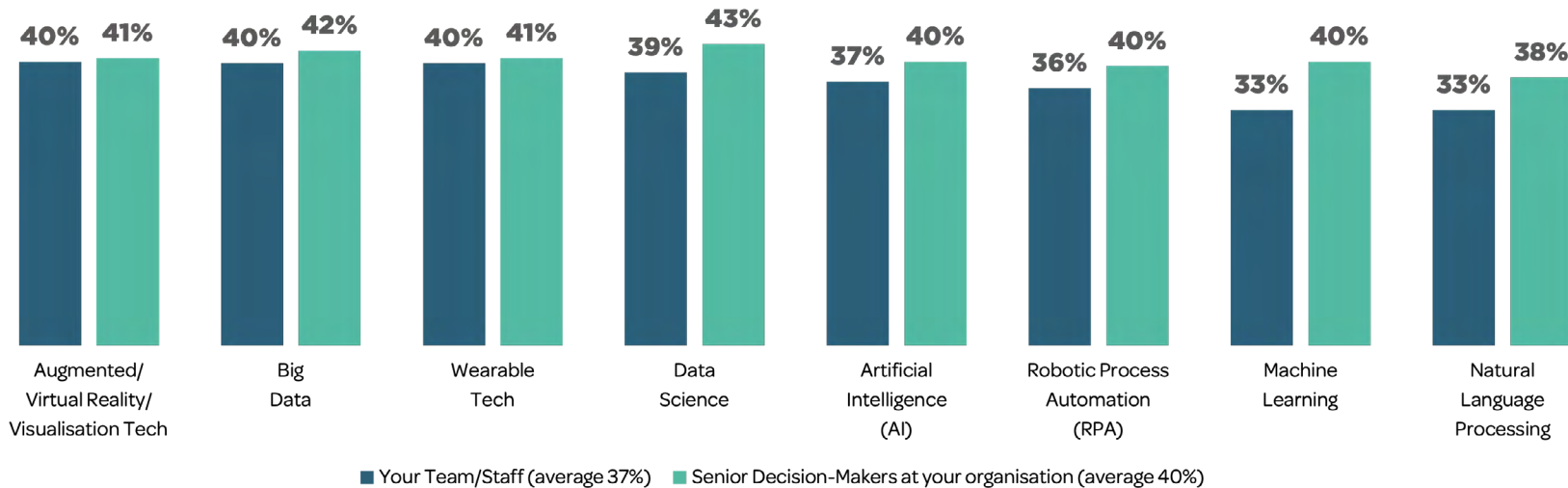
Even if emerging technology is perceived to be less important than in larger firms, there is an opportunity to increase knowledge in small and medium sized companies.

Firms which completely understand emerging tech currently have a competitive advantage, but those with some understanding may be keen to catch up.

“Our focus has been to invest in whether we can script things, whether we can use AI, whether we can improve our processes locally to try and retain as much of that work in Australia as we can. And through development, we invest in our people pretty heavily, and we certainly invest in tech quite heavily as well.”

- Ryan Latchford,
Chief Financial Officer,
ADG Engineers
(APAC Engineering Practice)

Percentage of staff that completely understand each emerging technology





Tracking Performance Metrics



Firms were asked about how well their firm tracked key performance indicators (KPIs) and how reliant they still are on manual processing.

While many firms are tracking key performance indicators to monitor how the business is doing, there is room for improvement in the quality of this tracking to increase confidence in the metrics.



KEY FINDINGS

- 1** **KPIs to track business performance and project management** are widely used in A&E and consulting firms.
- 2** **There is potential for improvement in the accuracy and confidence of tracking KPIs.**
- 3** **Despite the industry desire to move forward with digital transformation,** there is still a reliance on manual entry in many areas of the business.



“ Tracking KPIs is very important. Next to our ERP, we are currently using our own dashboards-based on its data.”

- **Reinier de Koning**, Project and Program Manager, Deerns (consultancy and engineering services)

TRACKING KEY PERFORMANCE INDICATORS

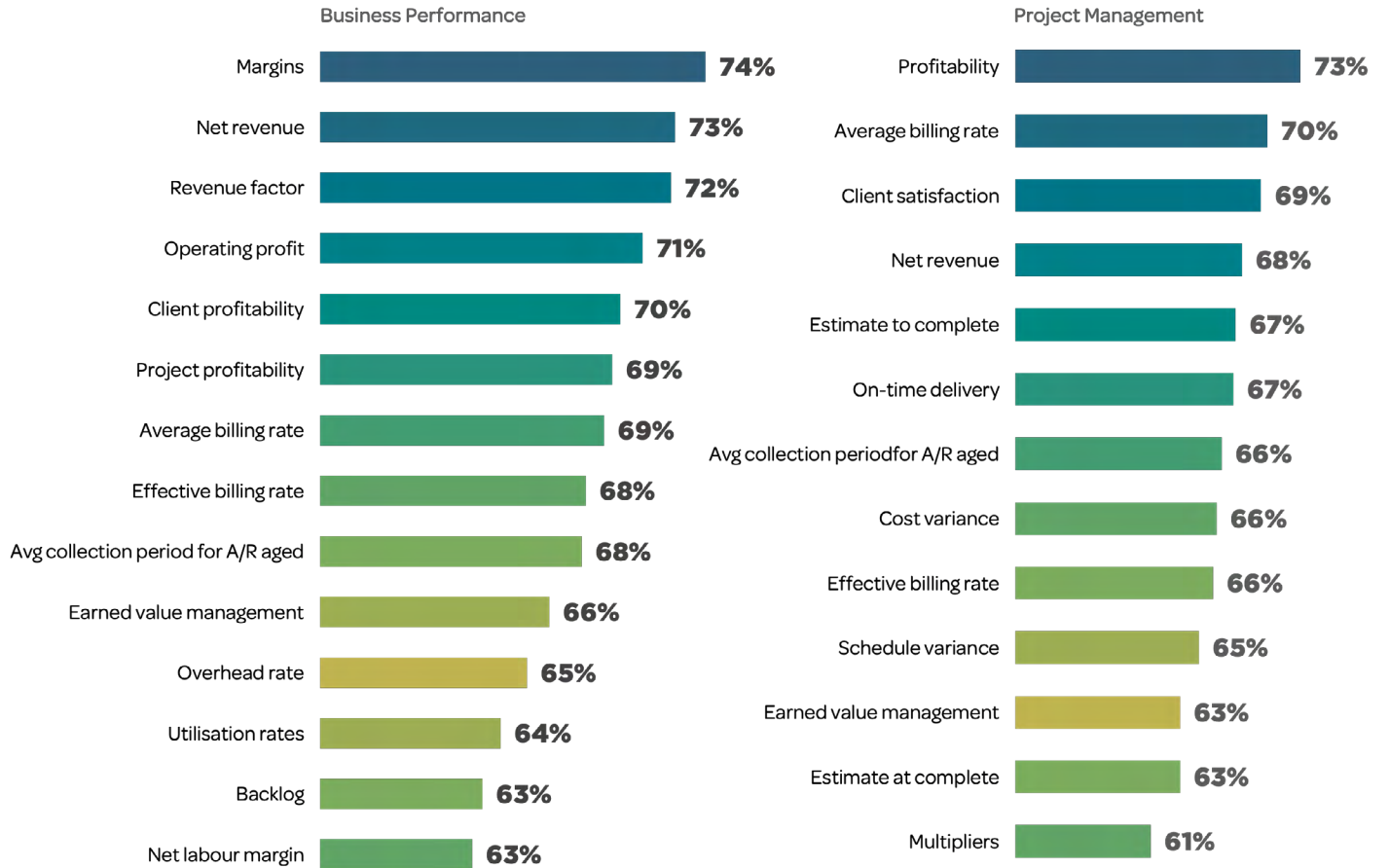
While the majority of firms are tracking KPIs, especially for financial performance, there are fewer firms tracking some critical metrics that can deliver key insights to the business.

The KPIs most likely to be tracked are margins, net revenue and revenue factor. The KPIs least likely to be tracked are backlog and net labour margin (both for 63% of firms). Engineering firms are more likely to be tracking KPIs than architecture firms and consultants while consulting firms are most likely to track operating profit.

For project management, KPIs of profitability, average billing rate and client satisfaction are most tracked. Again, these KPIs are most used by engineering firms. The exceptions are that a higher proportion of architects monitor schedule variance and consulting firms are more likely than A&E firms to monitor net revenue.

Also worth noting is that many of the project management KPIs are financial and looking in the past. Project managers should take a close look at what they are monitoring and if those KPIs will help them adjust current projects that are at risk or provide insight from past projects to plan for better projects in the future.

Percentage of firms that track each KPI

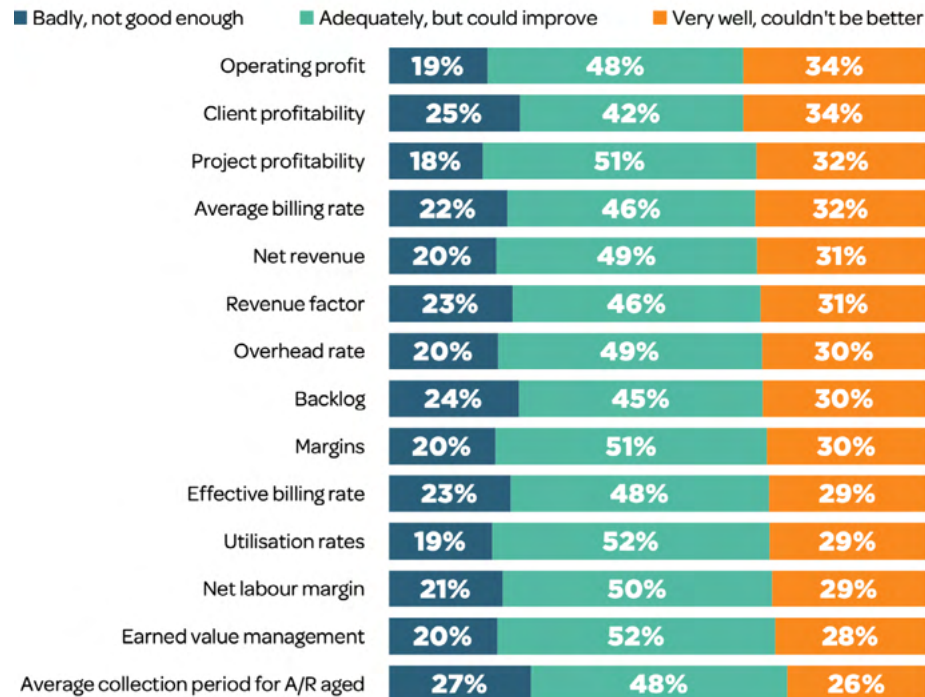


SUCCESS OF TRACKING BUSINESS KPIs



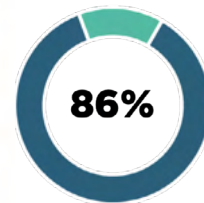
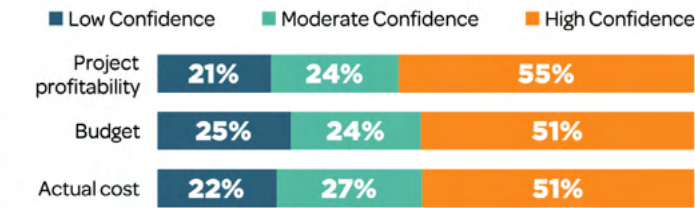
While most firms are tracking some combination of KPIs, firms do not have a lot of confidence in the accuracy of the information provided.

How well firms feel they track KPIs for business performance



(Bases sizes - all that track each of them : n=343 to 406)

Confidence in accurately reporting on project performance metrics



86% of firms say that they are reliant on manual data entry for a project's financial data

When asked which KPIs are not tracked well enough, 27% of firms cited average collection period as the top KPI that is not tracked well while 25% noted client profitability and 24% identified backlog as needing the most work.

Only half of firms have high confidence in their firm's ability to accurately report on the project performance metrics such as project profitability, budget, actual cost and schedule.

There is clearly opportunity to improve tracking of business and performance metrics in the industry.

One aspect of this could be the current reliance on manual data entry. Only 2% of firms are not at all reliant on manual entry and are fully automated. Most firms (86%) say they are 'completely' or 'somewhat' reliant on manual data entry. In engineering firms this rises to 91% being reliant on manual data entry.

In comparison 86% of architecture firms are reliant on manual data entry and 82% of consulting firms.



SECTION FOUR

Corporate & Workplace Strategies



The 2023 survey sought to understand what corporate and workplace strategies A&E and consulting firms have and their growing importance.

It highlights those policies moving up the workplace agenda, such as employee wellbeing, and where there

are still issues to be addressed and tools could be improved.

This section details that most firms do have tools or activities in place for initiatives such as Corporate Social Responsibility (CSR), Employee Wellbeing; Diversity, Equity and Inclusion (DE&I), and Environmental, Social and Governance (ESG); although fewer have a formal strategy.

Workforces look set to increase in numbers in 2023. Firms highlight the difficulties in attracting and retaining talent and finding appropriate work/life balance. It is clear from the data that this year mental health and wellbeing of employees has increased in importance.



“ Finding talent is always hard, but we find when we are meeting people that if we can convince them that we are a well-organised, well-managed business that goes a long way to them choosing Structa as their employer.”

- Michael Ibbeson, Principal and CEO, Structa LLP (UK engineering consulting firm)

KEY FINDINGS

- 1 The majority of firms have at least tools or activities in place for corporate strategies** such as Corporate Social Responsibility (CSR); Employee Wellbeing; Diversity, Equity and Inclusion (DE&I); and Environmental, Social and Governance (ESG), although two in five or less have clear and agreed strategies for these.
- 2 Social responsibility is becoming as important as profitability.** The majority of firms say CSR or ESG policy is more important to their firm now compared to 2022.
- 3 The majority of firms plan to increase headcount in 2023.** Attracting and retaining talent and improving work/life balance are key employee-related issues that need to be addressed.



WORKPLACE POLICIES & STRATEGIES

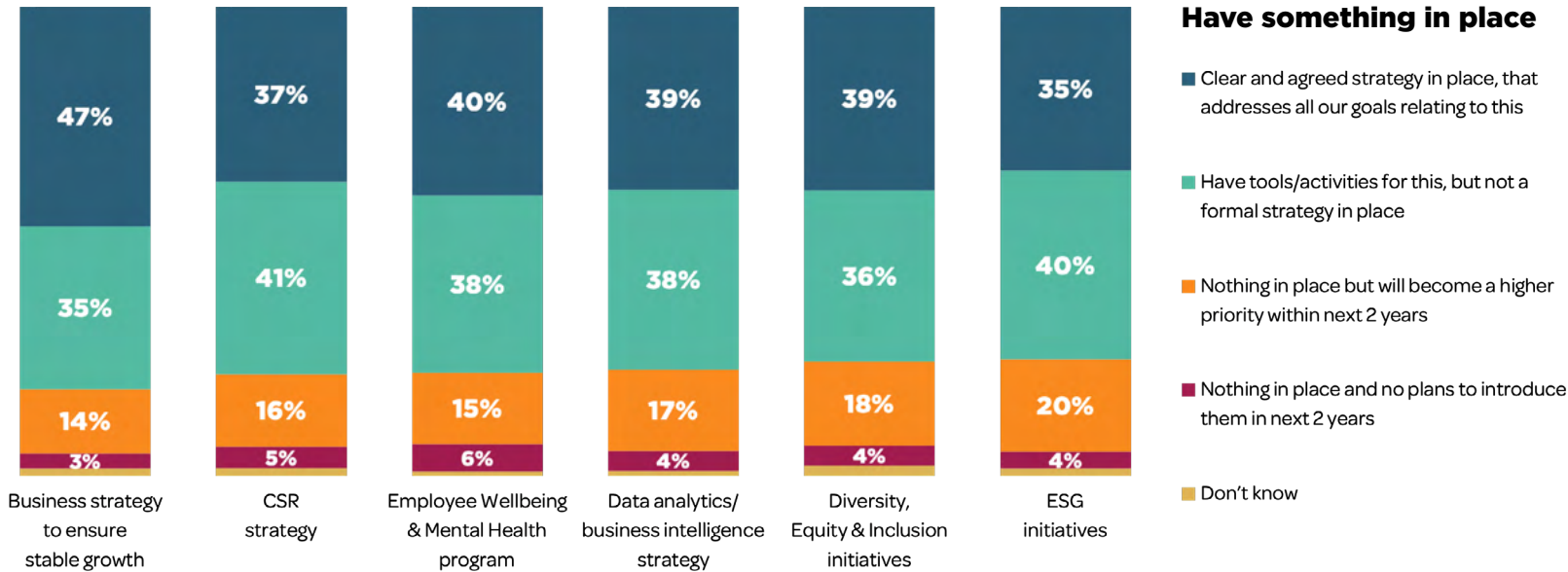


Almost half of organisations (47%) have a clear and agreed business strategy for stable growth. That means that half do not have a clear strategy, although 35% report having tools or activities in place.

When it comes to other corporate strategies - such as Corporate Social Responsibility (CSR), Employee Wellbeing, Diversity, Equity and Inclusion (DE&I) and Environmental, Social and Governance (ESG) - around two in five have a clear and agreed strategy in place for each of these and a further two in five have tools or activities in place.

In general, consultants are less likely than A&E firms to have each of these strategies and tools in place and smaller companies are less likely than larger companies. This is most evident in relation to DE&I and employee wellbeing.

Extent to which firms have made provisions for each strategy or initiative



A third (33%) of consulting firms have a DE&I strategy compared with 40% of architecture firms and 47% of engineering firms, although this may be because engineering firms are larger and 43% of large firms have a DE&I policy.

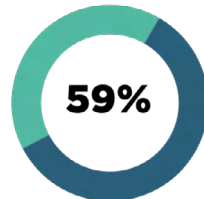
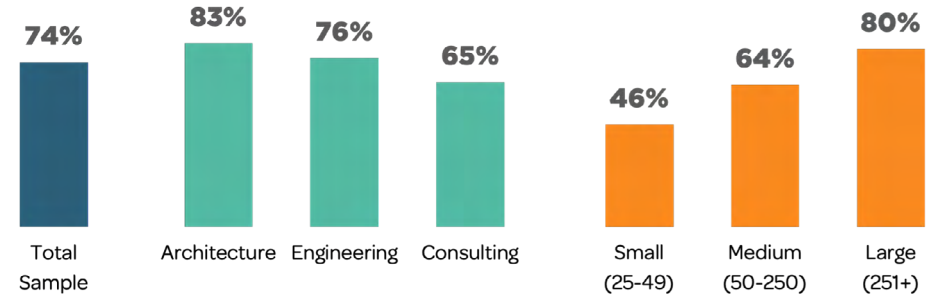
As for employee wellbeing and mental health, 34% of consulting firms have a policy compared with 44% of both architecture and engineering firms. Again, small companies are far less likely than large companies to have a policy (20% compared with 45%).

CSR & ESG ISSUES IMPORTANCE

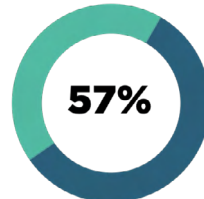


Despite less than two in five A&E and consulting firms having a formal CSR strategy or ESG initiative in place, they acknowledge the importance of these.

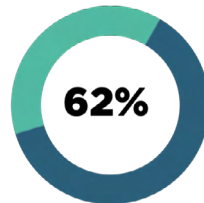
Firms that place more importance on CSR/ESG issues now, compared to last year



of firms agree that social responsibility and profitability should be at least equally important to their company



of firms say that they are only planning to do business with socially responsible companies. A similar proportion (55%) say that their clients apply the same rule to their suppliers



of firms agree that employees working in a socially responsible company feel a stronger sense of purpose than those working for other companies

In fact, 74% report they are now more important to their firm than they were at the start of 2022.

It is apparent from this year's results] that social responsibility is becoming as important as profitability (59% of firms agree).

Many firms [say they are only planning to do business with socially responsible suppliers and a similar proportion say that their own clients already have this restriction in place.

Additionally, firms acknowledge the positive impact of workforce purpose, amongst those working in more socially responsible companies.

HUMAN CAPITAL STRATEGY

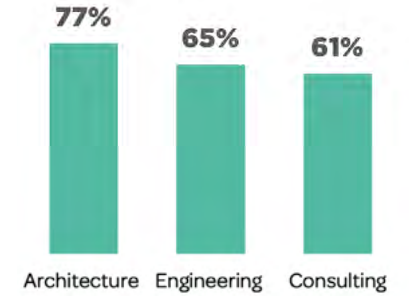


Firms are facing ongoing people challenges, with many firms not only trying to fill open positions but create new positions as well. Two-thirds, (67%) of A&E and consulting firms are planning to increase their workforce in 2023.

This is more likely to take place in architecture firms than engineering or consulting firms and in large firms compared to small and medium firms.

Increases are more likely to be seen in Nordics, Australia & New Zealand and less likely to be seen in Germany.

Firms planning to increase workforce in 2023



Employee-related issues, detrimentally affecting the organisation

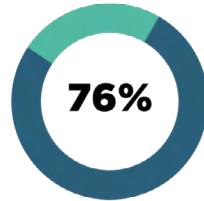


HUMAN CAPITAL STRATEGY

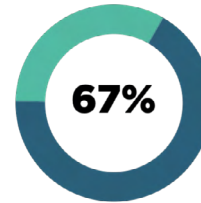
The main personnel related issue affecting firms is the difficulty in attracting and retaining talent. In fact, 53% of firms turned down work in 2022 due to resourcing issues.

Lack of work/life balance and lack of employee engagement are also employee related issues A&E and consulting firms are facing this year.

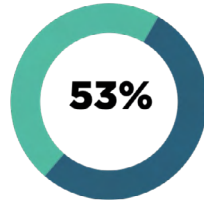
There has been a substantial increase in the importance of looking after employee mental health and wellbeing since the COVID pandemic.



76% of firms say that they place more importance on employee mental health and wellbeing than last year



67% of firms are planning to increase the size of their workforce in 2023



53% of firms say that they had to turn down profitable projects in 2022, as they did not have enough resources (e.g. staffing) available



SECTION FIVE

Profitability & Growth Potential

In the previous section, half of firms had a clear and agreed business strategy for stable growth. This section looks at growth in more detail, such as what firms can do to increase profitability.

Despite the challenges that have been discussed earlier, firms are generally optimistic about their expected business performance in 2023, utilising strategies to reduce costs and increase workload with new and existing clients.



KEY FINDINGS

- 1 Firms expect to see profitability increase in 2023.** Architecture firms are more positive about this than engineering or consulting firms.
- 2 Perceived methods of increasing profits are varied and not dominated by one single factor.** They are most likely to be associated with reducing or controlling project costs and other expenses.
- 3 As far as business growth, firms plan to carry out more projects in 2023, split equally between targeting their existing clients or expanding their client base.**



INCREASING PROFITS

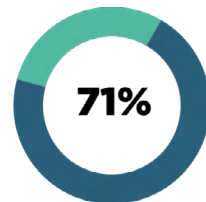
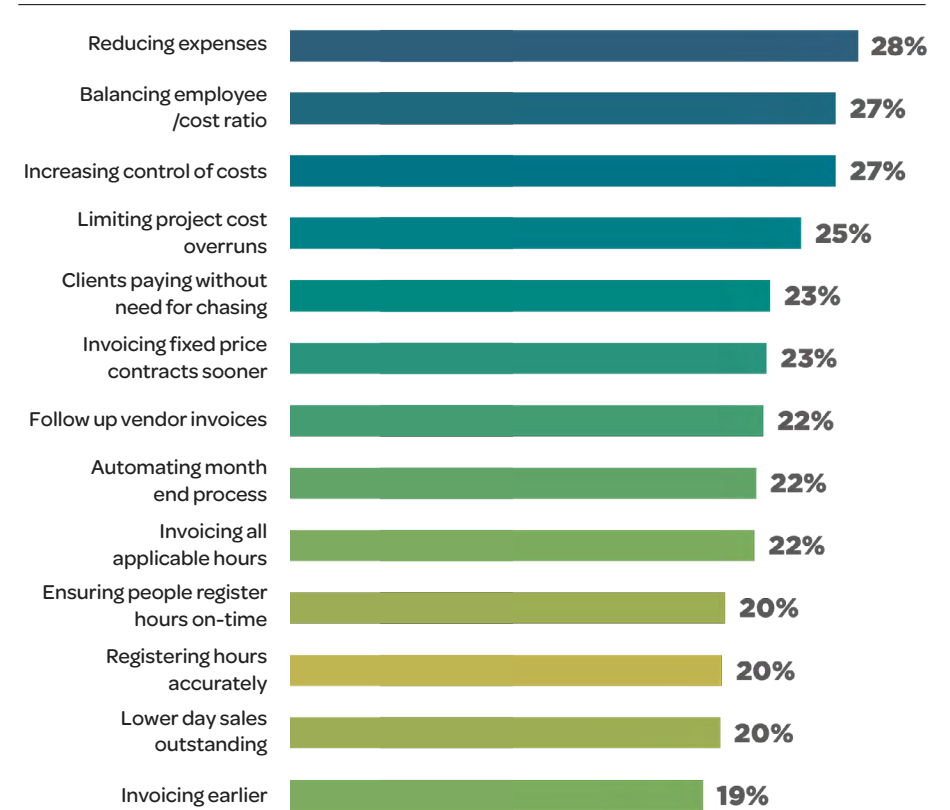


Seven in 10 firms expect to see an increase in profits in 2023. Architecture firms are more likely than engineering or consulting firms, to expect profits to increase in 2023. Large firms are more likely to expect an increase in profits compared with small and medium firms.

When asked how they would increase profits in 2023, A&E and consulting firms gave a number of strategies with reducing expenses topping the list. There appears to be more of a demand for cost saving than increasing billing or more accurate time tracking.

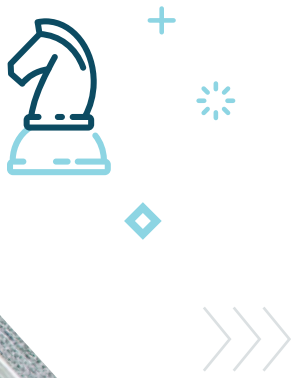
Automation could have a bigger role to play in increasing profitability if it was focused in helping keep control of costs and alerting over runs as opposed to time tracking.

Methods of significantly increasing profitability



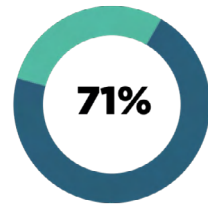
of firms say that, compared to 2022, they are expecting to increase profits in 2023

BUSINESS STRATEGY



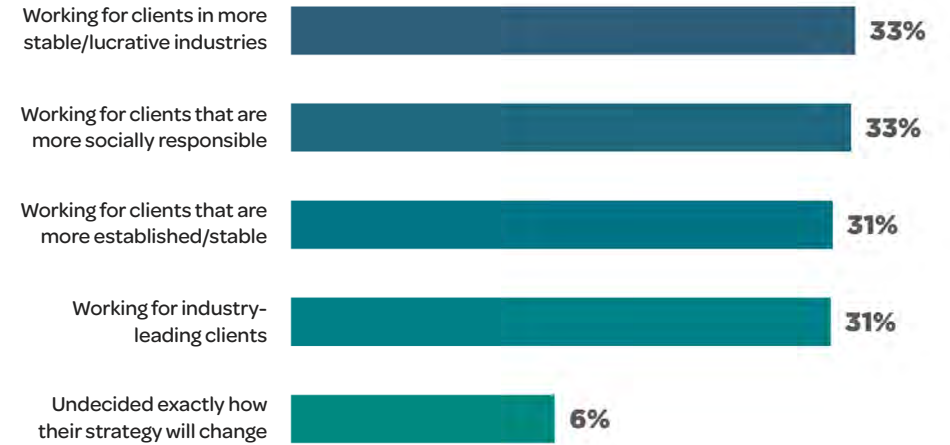
The majority of firms plan to carry out more projects in 2023 compared to 2022, split equally between doing this for the same number of clients (35%) and a greater number of clients (36%).

Engineering firms are more likely to look for more projects from a greater number of clients whilst architecture firms are more likely to look for more projects within their existing client base.



of firms say that, compared to 2022, they plan to carry out more projects, split equally between the same number (35%), and a greater number (36%) of clients.

Firms expecting to change business strategy in 2023



CONCLUSION

2023's global economy is presenting the architecture, engineering and consulting industries with a variety of challenges.

On a global scale there is recession, inflation and rising costs; infrastructure is threatened by cyber attacks; and some industries, such as architecture, engineering and consulting industries face talent shortages.



The architecture, engineering and consulting firms that participated in this study are keen to invest in IT to grow.

They also acknowledge that expansion into new markets and attracting more talent must be business priorities for 2023 if they are to realise their ambitions to see profit growth.

There are examples of good practice and some firms have policies in place and are confident in the quality of their performance metric tracking.

Others, often the smaller firms, need to ensure they remain competitive by keeping up with emerging technologies, being less reliant on manual input, improving employee wellbeing and balancing social responsibility with profits.

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