

PAC Executive Study

Winning Back Time

How Professional Services Firms Can Beat the Administration Drain

INTRODUCTION

The trillion-dollar global Professional Services (PS) industry has a serious productivity and efficiency problem.

Days and weeks are being lost on avoidable administrative tasks, on piecing together data from outdated technology, and reworking and correcting vital work relating to functions such as project management, finance and human resources.

Frontline and central operations teams are going above and beyond, spending their evenings and weekends on ensuring that essential tasks such as project resource management, payroll processing and quarterly financial report filing are delivered.

However, a new study from industry analyst group PAC has found that this effort is often in vain, with almost a third of firms experiencing regular delays in project delivery due to operational inefficiency.

This is a real problem at a pivotal time in the evolution of the sector. Strategy leaders are desperate to keep clients happy by delivering the best possible level of service during a period of heightened competition, and increasing buyer expectations. At the same time, they need to ensure that the daily working roles and routines they offer their employees are compelling enough to retain and attract the best talent to power future growth.

To understand the extent of these challenges, and to pinpoint the processes and aspects of day-to-day work that cause the most pain, PAC undertook an international study based on briefings with senior business and digital strategy leaders at 500 PS firms worldwide.

The following analysis is based on research that focused on large and mid-size firms (with between 250 and 5,000 employees), operating in sectors including IT services, management consulting, architecture & engineering, and business and other services. It is required reading for any Professional Services strategy leader seeking to understand the state of the industry, and explore *how their peers are successfully tackling these issues*.

AUTHOR



Nick Mayes is a Principal Analyst at PAC, and plays a key role in many areas of the leading industry analyst firm's coverage of the global IT and Professional Services market. Based in the UK, he is part of the team leading PAC's research on the IT and Professional Services industry.

KEY FINDINGS

30%

Almost one third of Professional Services companies suffer frequent or regular delays in project delivery due to operational inefficiency.

59%

While organizations state that the main reason that their teams work additional hours are monthly or quarter-close bottlenecks, **59%** cite inconsistent data models, and **55%** point the finger at outdated technology.

28%

More than a quarter of client-facing specialists are spending more than **30%** of the working week completing administrative tasks rather than focusing on their core work.

>33%

More than one third of Professional Services leaders admit their teams spend time on either a daily or weekly basis correcting work relating to many aspects of finance, HR, and projects & resource management.

62%

Close to two thirds of Professional Services executives said that if they could be released from avoidable administration and reworking tasks, they would spend that time with family and friends.

59%

59% of PS organizations believe that keeping their best talent will be critical to their short-term success, while **58%** view improving cost efficiency as vital to them achieving their targets this year.

>60%

Executives expect AI to have a positive influence on their core processes. Over **60%** expect it to have a beneficial impact, with more than **30%** expecting it to have a transformational effect on finance, HR, and projects & resource management.

33%

Only a third of organizations currently run their business on a modern, integrated, cloud-based platform. But those that do:

- Suffer far fewer project delays resulting from operational inefficiencies.
- Spend less time correcting work on aspects such as reporting and forecasting.
- Work fewer additional hours resulting from bottlenecks or poor access to information.

PROJECT DELIVERY PAIN

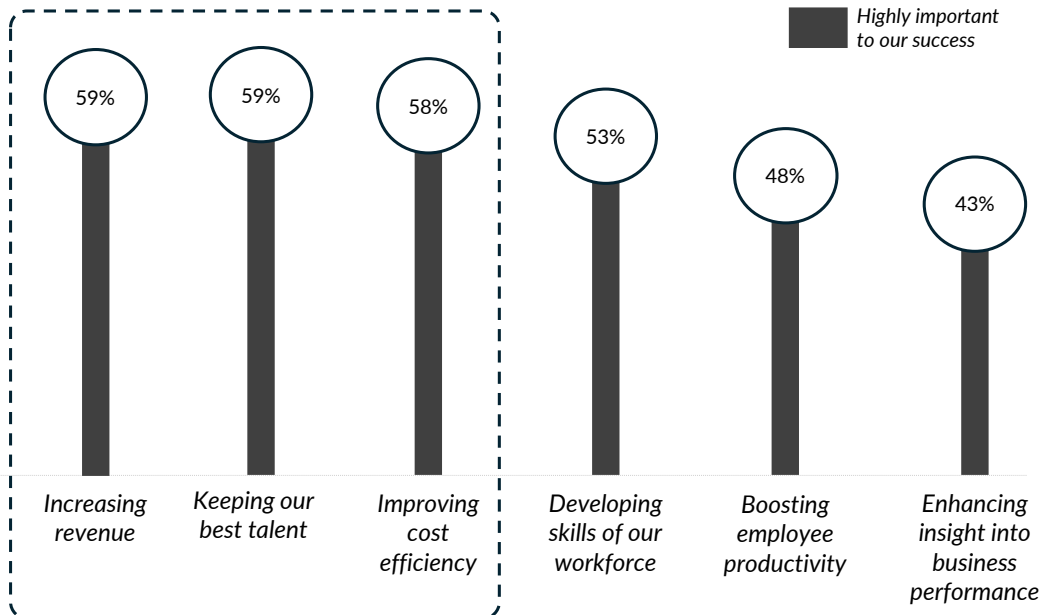
Professional Services organizations face significant challenges ahead.

PAC's new study, based on briefings with senior strategy leaders at 500 PS firms, found that they identify three aspects as being critical to their success during the next 12 months: increasing revenue; keeping their best talent, and improving cost efficiency.

These three targets are consistent across all industry sectors, although firms in the **IT Services (64%)** and **Management Consulting (64%)** segments are placing the greatest emphasis on revenue growth. In contrast, Architecture and Engineering companies view retaining their best talent (**65%**) as their top priority.

However, against a volatile and uncertain global economic backdrop, Professional Services organizations are having to work harder and more creatively to achieve these ambitions. Top-line growth is a struggle with major economies such as Canada, the Netherlands, the UK, and Germany all expecting subdued growth of less than 1.5% in 2026. Improving efficiency is also a challenge as firms combat rising costs across areas such as travel and energy. Meanwhile, many areas of the PS sector have a significant challenge to keep the talent with the most in-demand skills. For example, recent research from IT services resourcing specialist **Harvey Nash** found that **48%** of cyber security specialists planned to change jobs within the next 12 months.

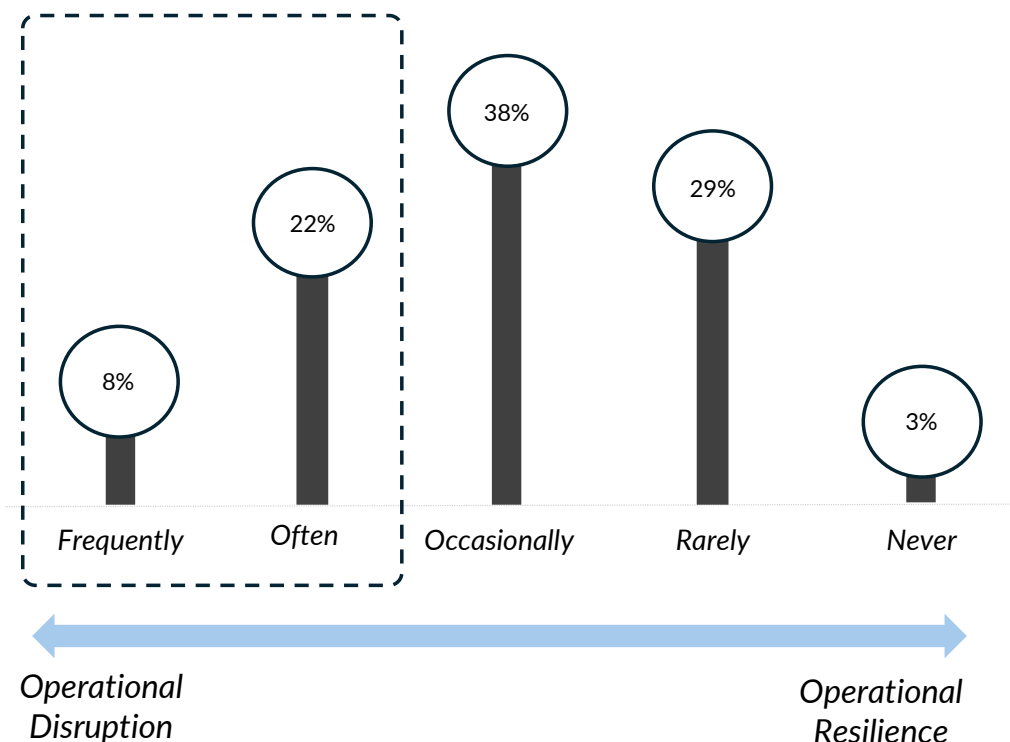
Fig 1 Which aspects will be most important to your organization's success in the next 12 months?



To give themselves the best chance of hitting these targets, organizations need to ensure their day-to-day operations are running at an optimum level. Clients need to be kept happy with projects being delivered on-time and to budget. Colleagues need to be freed from repetitive administrative work to focus on frontline work and building new customer relationships. And with the sector starting to embrace the potential of artificial intelligence, there is a growing expectation from both customers and employers that firms will be able to unlock new levels of value through harnessing data and process automation.

However, the PAC study found that there are some worrying points of failure that are regularly preventing businesses from fulfilling their core mission. In total, 30% of business and digital leaders at PS firms state that operational inefficiencies cause frequent or regular delays in project delivery, with only 3% stating that this is never the case. IT Services companies (34%) are the most frequently disrupted, in contrast to just 25% of Business & Professional Services firms. From a regional perspective, 34% of PS firms in the Nordic region state that project delivery is regularly impacted by under-performing processes, compared to 26% in Canada.

Fig 2. How frequently do operational inefficiencies cause delays in project delivery?



This is a huge issue. Project delays damage client satisfaction and future revenue opportunities, and in an era of transparency on supplier performance, underpinned by online review sites and community message boards, bad news travels fast. It is also the PS firm that will shoulder the burden of any additional costs associated with project over-runs, impacting their ability to drive cost efficiency.

But there is a wider challenge. Many PS organizations are being pushed by clients to transform their commercial models to move away from traditional time-and-materials and fixed-price models, and to transition towards compensation based on the delivery of project outcomes. For example, **Lightouch Consulting** is one of a new breed of Professional Services firms that has launched in the last 12 months that aims to embed AI across its operations and delivery model. In doing so, it is aiming to drive greater speed and consistency in the way it engages clients, enabling it to work to a commercial model built around the delivery of outcomes rather than billable days. The firms that are successful in adapting to this major market shift will be those that iron out the operational inefficiencies that are holding them back today.

The study also found a correlation between those businesses that have a stronger digital backbone and those that encounter fewer project delays. One third of the 500 firms that participated in the study run their operations on a modern, fully integrated cloud platform, versus the majority which continue to use fragmented or legacy applications. Those organizations that take the former approach are half as likely to experience project delays, with only 15% stating that they experience regular delays.

THE OVERTIME DRAIN

The study explored three critical areas of Professional Services organizations: finance, human resources, and project & resource management, in order to pinpoint those parts of the business that are causing the greatest pain and forcing already-stretched teams to work beyond their normal scheduled hours.

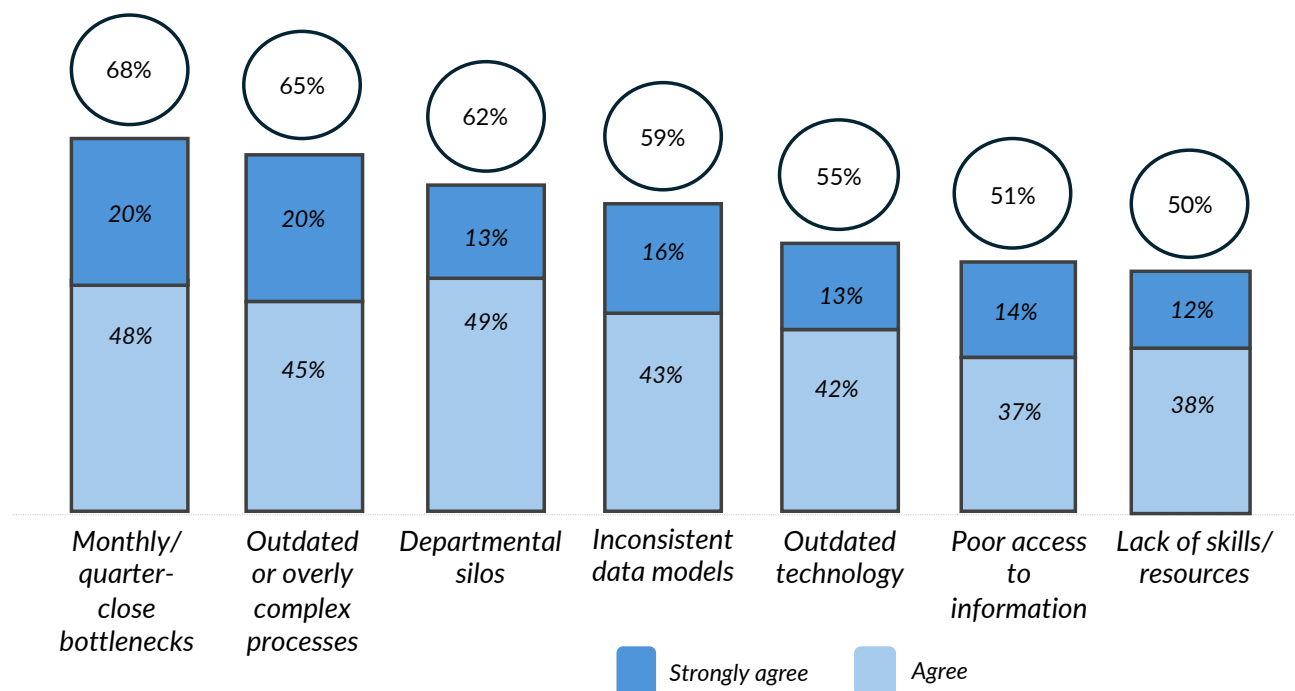
More than one third of executives report that all of the process areas cause teams to work additional hours, with aspects such as accounts reconciliation (37%), project cost & profitability management (37%), and project timeline management (36%) particularly troublesome. From a sector perspective, **IT Services** organizations struggle the most with overtime, with more than 40% regularly working additional hours to complete tasks relating to timesheet management, budgeting & forecasting, and accounts reconciliation.

These additional workload burdens are a major problem when we consider that 59% of companies believe that keeping their best talent will be critical to their success. There is also an expectation from younger generations in the workforce that their employers will not task them with administrative work that can readily be automated. Consulting firm **Deloitte** recently undertook a global study of Gen Z and Millennial employees which found that close to 80% of both groups believed artificial intelligence has improved the quality of their work, while more than 75% stated that it has helped to free up time and improve their work/life balance.

If we drill down a level, what are the specific root causes that are forcing colleagues to work additional hours?

More than two thirds (68%) state that month- or quarter-close bottlenecks are a significant cause, while 65% cite outdated or overly complex processes. Notably a lack of skills and resources is not perceived to be among the most prominent causes of working additional hours. Executives believe that current challenges can be addressed by organizational and technological changes rather than workforce expansion. As might be expected, organizations that run on a modern, fully integrated cloud platform suffer fewer issues relating to inconsistent data models and poor access to information.

Fig 3. What are the main reasons your teams work additional hours?



The study also pinpoints several areas where Professional Services businesses are spending valuable time on correcting errors and reworking. More than one third spend time on either a daily or weekly basis correcting work relating to many aspects of finance, HR, and projects & resource management. The area that requires the greatest level of reworking is timesheet management, where **47%** of firms are spending time on corrective work.

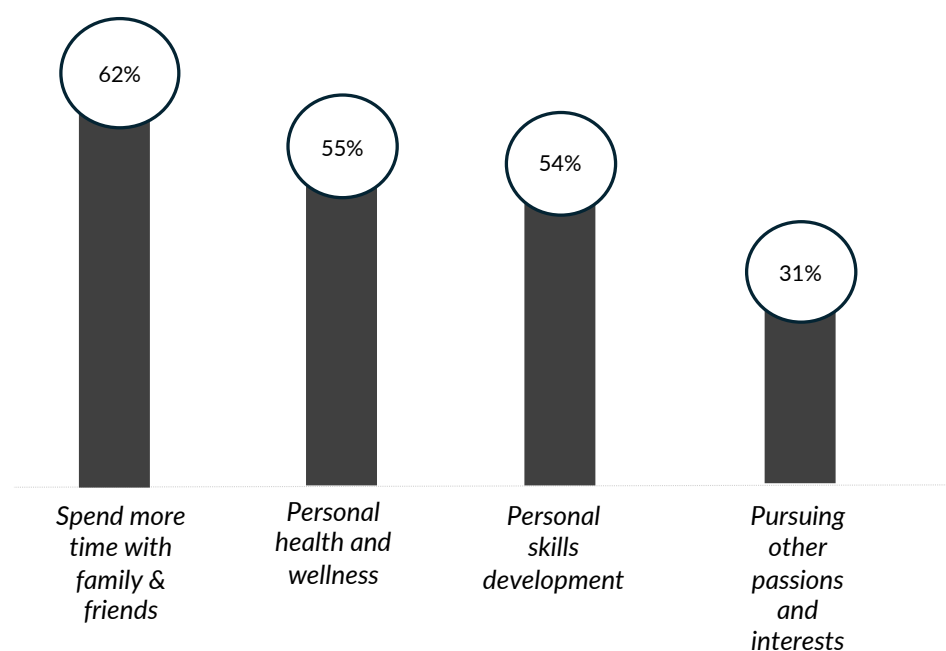
As we've seen elsewhere in the study, there is a strong correlation between those organizations that have modern IT environments and those that spend the least time on correcting and reworking. Organizations that run on a modern, fully integrated, cloud-based platform spend significantly less time on a daily or weekly basis on correcting errors relating to finance reporting (**29%** vs **37%**), and budgeting and forecasting (**28%** vs **36%**).

A growing number of organizations are investing in modern central software platforms as a way to help them overcome the silos that they have built up over the years. These changes are frequently driven by M&A or the formation of new practice teams aimed at expanding into fresh markets and opportunities. Canadian hospitality services group **Canalta** eliminated **25,000** hours of manual data entry, equivalent to annual cost savings of **CA\$750,000**, by deploying a standard platform across its multiple brands. This meant that management no longer had to re-enter payments and bookings data in order to build a single view.

Time is precious, and it is essential that over-worked Professional Services frontline and operations teams strike a better work-life balance if they are to remain happy in their current roles. Close to two thirds of PS executives (**62%**) state that if they could be freed from some of the manual tasks, reworking, and error correction, they would reinvest that time with family and friends. More than half (**55%**) state that they would spend some of that time on activities supporting personal health and wellness.

There is often a strong link between those organizations that provide a good work-life balance and those that achieve strong metrics relating to talent retention. One example is change management consulting group **Nine Feet Tall**, which has consistently been hailed as one of the best places to work within the Professional Services sector. The company reported an attrition rate of just **5%** in its most recent financial year – well below the sector average – with **95%** of staff stating that they would recommend the company as a place to work to others. The company offers employees ten annual personal learning and development days and two fully paid days of voluntary work.

Fig 4. If you could reclaim time spent on manual tasks, rework or fixing errors, how would you choose to spend it?



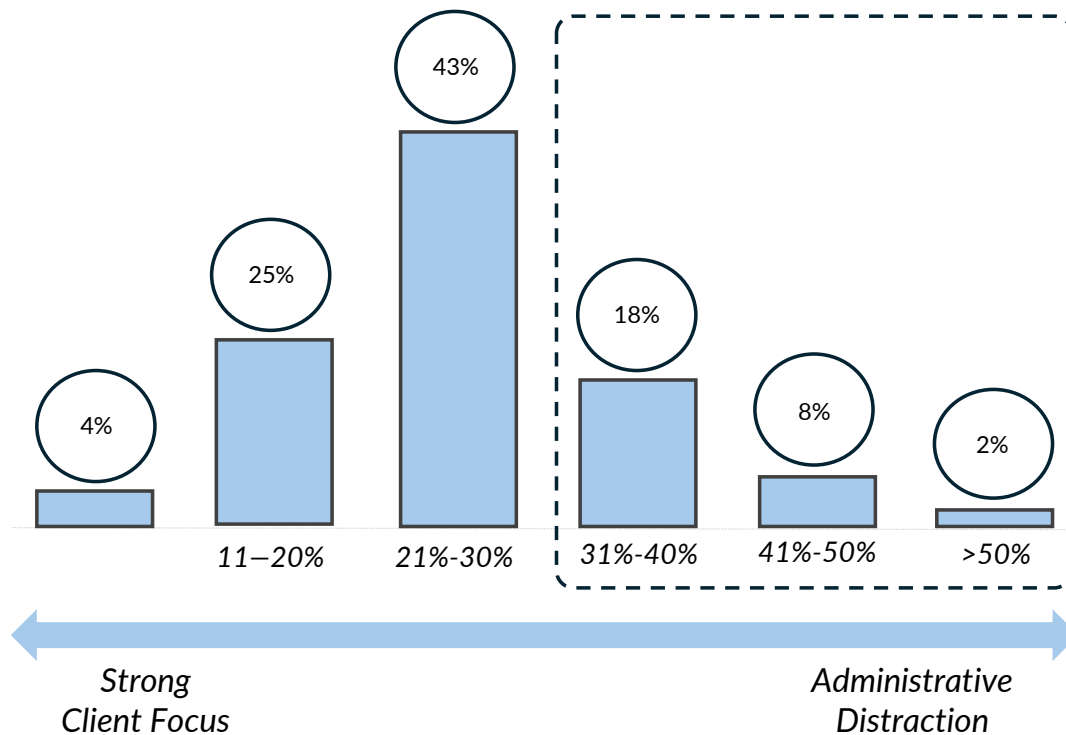
FRONTLINE DISTRACTIONS

Professional Services frontline workers play a central role in creating value for their organizations. They sell and deliver projects, foster client relationships, and build the business in what remains a highly people-centric industry. But the study found that these experts spend a worryingly high amount of their time on administrative tasks. More than a quarter (**28%**) spend at least 30% of their working week completing administrative work. This means that during an average working week, these individuals are losing more than 12 precious hours to the admin burden.

This is a major challenge when firms have set out strategic priorities to retain their best frontline talent and increase their revenue. Reducing an avoidable administration burden in areas such as timesheet, expense, and project management will be critical to achieving success in both areas.

From a sector perspective, this frontline administration headache is felt most acutely in the IT Services segment, where more than one third (**34%**) spend at least **30%** of their working time on administration rather than on core project delivery. One large IT services organization that participated in the study admitted that its frontline consultants were having to record their working hours in three different spreadsheets. This was due to the need to report into multiple business divisions in order to support different group incentive programs.

Fig 5. What percentage of the week do client-facing teams spend on administrative tasks versus project delivery?



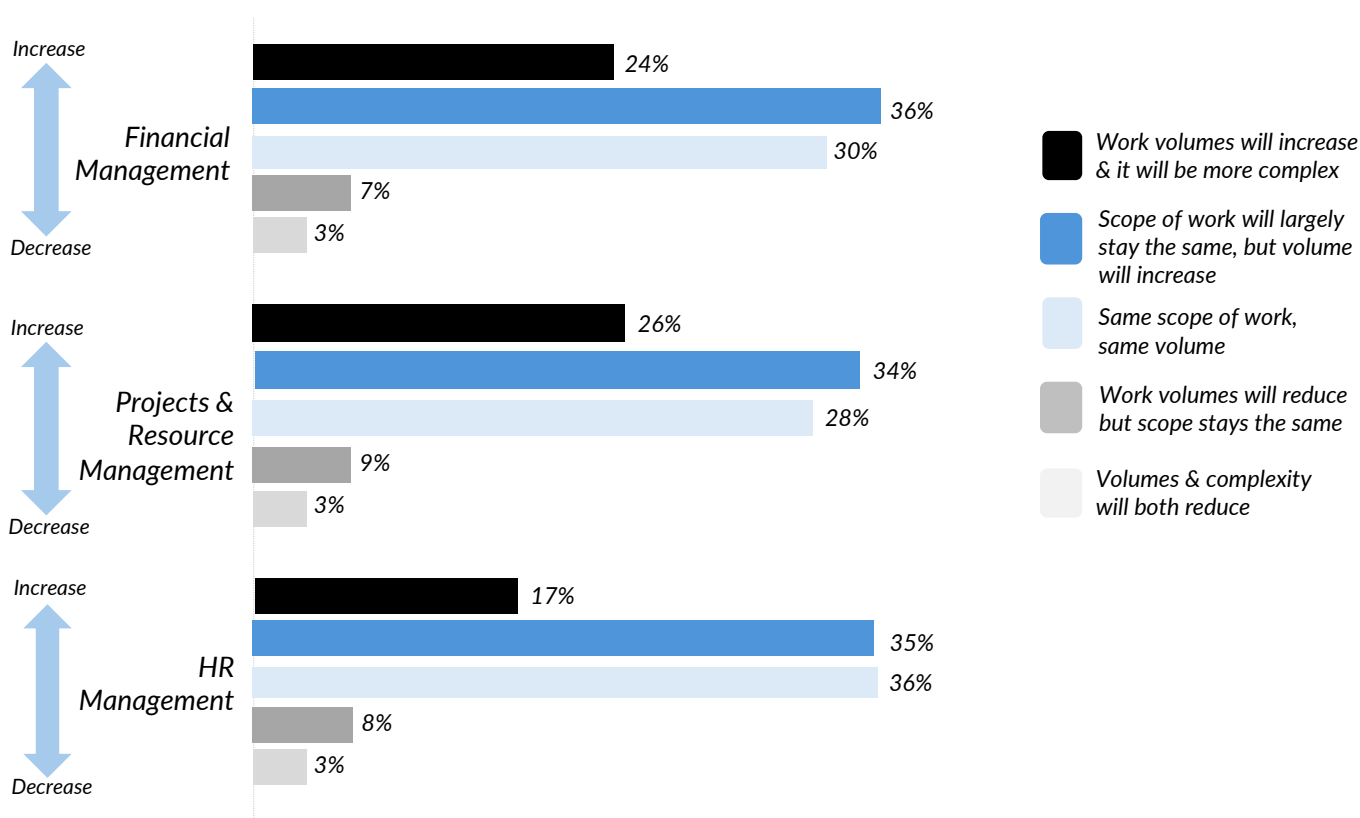
While frontline and operations teams are being held back by avoidable administrative tasks, another challenge is looming large on the horizon. Key teams are already spending too much time on work that does not bring value to the business, but many executives anticipate that this situation has the potential to get a lot worse, with workload volumes expected to both increase and become more complex.

The issue is across the board, but in the area of project and resource management, **60%** of Professional Services organizations either expect their work volumes to escalate and/or become more complex during the next 12 months.

The sector that expects the toughest challenge going forward is IT Services, where more than two thirds (68%) expect both their Financial Management and Project & Resource Management workloads to increase and/or become more complex. Resource management has become a more complex area for many PS organizations to tackle as a result of how the structure of the workforce has changed since the start of the decade. The impact of the pandemic not only triggered a shift to more remote and flexible working patterns, but also led many firms to ramp up their use of freelance workers either directly or through platforms such as **Malt** or **Upwork**. Building and maintaining an up-to-date, 360-degree view of skills and availability, and being able to match it to project requirements has become a bigger challenge as a result.

The faster a company grows, the more it will be stretched by administration-heavy internal processes. A good example of an organization that tackled this issue is **PEAB**, one of the largest construction and engineering groups in the Nordic region. The company regularly adds new businesses into the group through acquisition, but also spins out units if they become less strategic. In order to create an agile core that gives them the flexibility to smoothly and quickly manage this churn, PEAB has created a central shared services cluster built around a standard organization-wide business software platform. This has helped it to absorb and integrate acquisitions at speed, also to increase the pace at which it can automate manual processes across the group, driving major efficiency gains.

Fig 6. How do you expect the workload volumes of your teams to evolve during the next 12 months?



INVESTMENT PLANS & PRIORITIES

The study has pinpointed several areas where Professional Services teams are being stretched by administrative and corrective work at a time when they are under greater pressure to drive growth and profitability.

But what do business leaders view as the solutions? What would top their wish-lists if they had the opportunity to remove these administrative pain points and give their colleagues some valuable time back both during the working day and beyond.

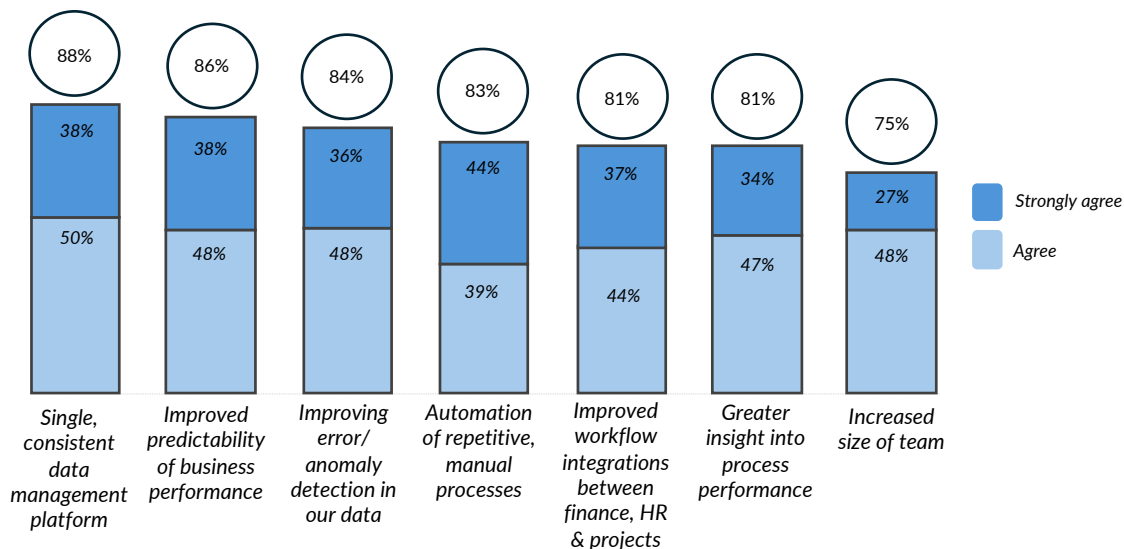
The number one area that senior decision-makers believe will drive the biggest improvement is the implementation of a single, consistent data management platform. Some **88%** agree that this would improve their organization's processes, ahead of improved predictability of business performance (**86%**), and improving error and anomaly detection (**84%**).

There are some different priorities by industry sector, with **90%** of Management Consulting firms stating that improving anomaly/error detection in their data would have a positive impact, and **83%** of Business & Professional Services firms highlighting improved integration of workflows between finance, projects, and HR as an area of potential benefit.

As we have seen in some of the client stories in this study, in many cases the data platform is often the golden thread that helps organizations to enable many of the other improvements that they are looking to achieve. As we shall explore, there is a lot of expectation around the potential benefits that artificial intelligence can bring to operational efficiency. But first, PS organizations need to ensure they have a consistent base of clean, usable data on which to launch their AI initiatives. For example, German IT services group **diva-e Conclusion** has managed to reduce financial reporting time from days to minutes by implementing a single, consistent view of data across the 12 different divisions that made up its organization.

In the current economic climate, throwing extra bodies at the challenge is not an attractive option, so it makes sense that executives are looking increasingly to harness data to drive lasting improvement. Three quarters state that increasing the size of the team would help them to drive process improvement, but this would not support the cost efficiency targets that many PS organizations are working towards in their current strategy cycles.

Fig 7. Which of the following would most improve your organization's processes?



Professional Services firms are targeting process improvements on multiple fronts, but in what areas are they planning to invest to make it happen?

Executives highlight three areas where they plan to invest in the short-term: modernizing the operating model; automating repetitive, manual work; and improving integration to create a single, consistent view of data. When we break down the findings by business function (finance; project & resource management; and HR) the same top priorities remain consistent.

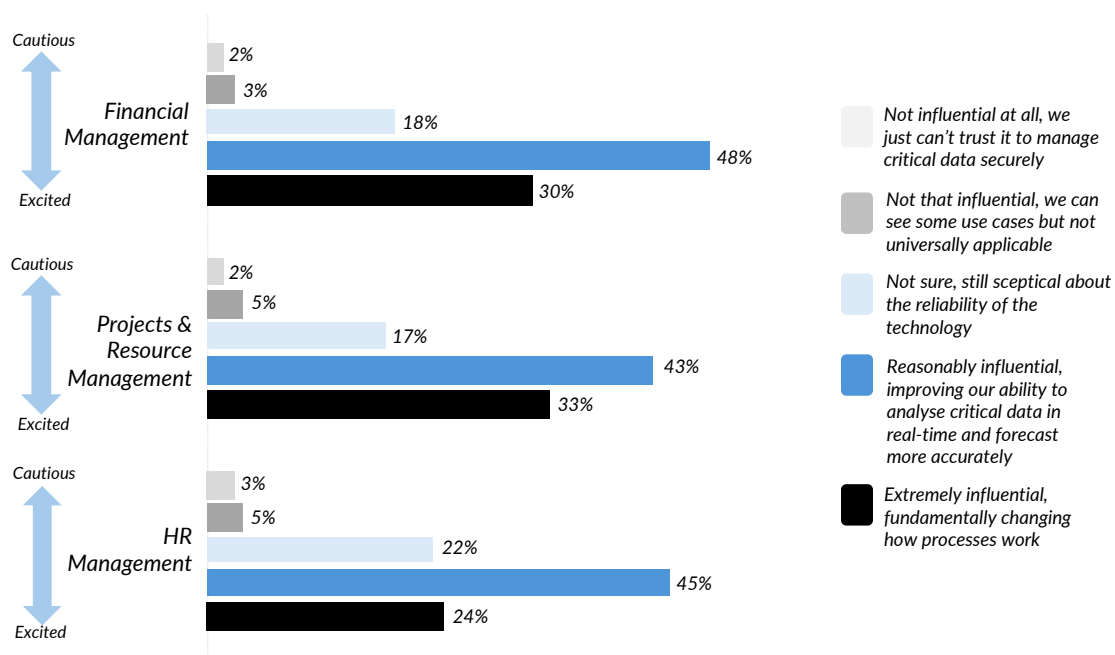
Historically, these initiatives would require a multi-year business and technology transformation program, but businesses need solutions that can deliver a much faster time-to-value. In such a rapidly changing market, few have the breathing space to implement classic three-year business and digital change programs. Instead, we see organizations look to build around those parts of their organization that are already performing at a high level and to use them as a central pillar around which to build a more agile and resilient approach. From a technology perspective, PS firms are looking to buy off-the-shelf solutions that can help them drive a more integrated, consistent data view within a matter of weeks rather than months. In PAC’s latest global market outlook for IT investment trends in the Professional Services sector, cloud-based Software-as-a-Service (SaaS) solutions now represent more than **85%** of total application software investment, up from a level of less than **70%** just five years ago.

There is not a boardroom in the PS sector that has not started to consider how artificial intelligence could reshape their organization – and the wider industry – in the coming years. One of the hottest topics of conversation in the architecture sector in recent months was the unveiling of the first building concept designed by a humanoid robot (**Ai-Da**), which was put on display in Denmark’s Utzon Centre in early 2026.

The study found that PS executives have an overwhelmingly positive view of how AI can impact their core financial, HR, and projects & resource management processes. One third (**33%**) of firms believe that AI will fundamentally change the way that their projects & resource management processes work, while a further **43%** believe it will improve their ability to analyze critical data and enhance their forecasting.

AI remains a highly charged and often controversial topic, but in this study, the balance is strongly tipped in favor of PS strategy leaders that expect a significant and positive impact on day-to-day operations.

Fig 8. How influential do you believe AI will be in improving your processes?



CONCLUSIONS

This study shows an industry sector that is being held back by largely avoidable constraints.

Professional Services workers are spending too much time on unnecessary administrative tasks, reworking and correcting errors, and duplicating data entry because of outdated and fragmented processes and technology.

This is not just eating into their working day and holding them back from delivering real value to clients and the business, but it is also damaging their work-life balance and preventing them from spending precious personal time with family and friends or on health and wellness activities.

It is a major barrier to productivity at a time when many PS organizations are desperately trying to protect their bottom line while driving new growth opportunities. But just as importantly, it poses a challenge to talent retention strategies, with younger colleagues in particular, expecting roles that keep repetitive, manual tasks to an absolute minimum. Even in a new age of automation, Professional Services remains a people-centric business, and the success of organizations depends largely on how they are able to harness the skills of their best talent.

The study found that PS companies have already started to take some strides to increase the levels of automation across many areas of the business, particularly in standardized processes such as payroll processing and reporting, and financial reporting. But even in these areas, there is headroom for improvement, with a quarter of PS firms (25%) yet to automate more than **20%** of their core processes in these areas.

Recruitment, resource, and talent management are the areas where the largest cluster of PS businesses has yet to drive significant levels of automation, with more than **30%** yet to reach **20%** coverage. These are areas where there is huge potential for process automation to have a truly transformational impact and to become a genuine competitive differentiator. If a PS firm has a clear, real-time view of their current resourcing levels and project schedules, it will significantly increase the speed and accuracy at which they can develop proposals and budget plans for clients and prospects.

The study has highlighted many examples of organizations that have been able to make substantial cost and time savings through the implementation of modern, cloud-based software platforms. But technology itself is not a panacea. Those PS firms that have most successfully harnessed these platforms have built their initiatives around two critical pillars: business outcomes and data.

Strategy leaders now have the opportunity to reinvent their processes on a clean, agile digital core. This involves taking several important steps starting with identifying the outcomes they are looking to achieve - such as faster financial reporting cycles, more effective resource management, and improved talent retention levels - and then working their way back through process planning and redesign. They also need to develop an effective data strategy that breaks down organizational and technology silos, and creates a central view of valuable business insight. PS executives have a positive view about the potential impact of AI on their business, but they need to walk before they can run, and having a robust approach to data management will be the critical difference between success and failure.

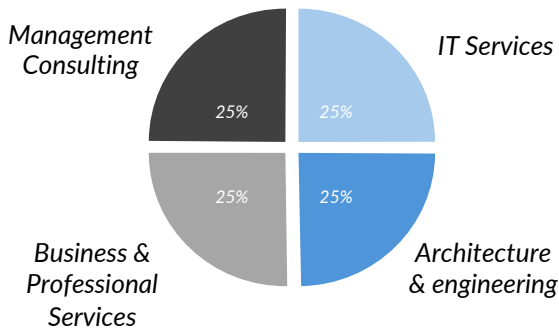
The overall takeaway from this study is that key frontline and operations teams at PS organizations are already spending far too much time on tasks that are holding back productivity, efficiency, and colleague satisfaction. While many are addressing these challenges through technology, data, and process transformation initiatives, as the pace of change accelerates across all areas of the Professional Services sector, business leaders need to act with urgency or risk falling further behind.

METHODOLOGY

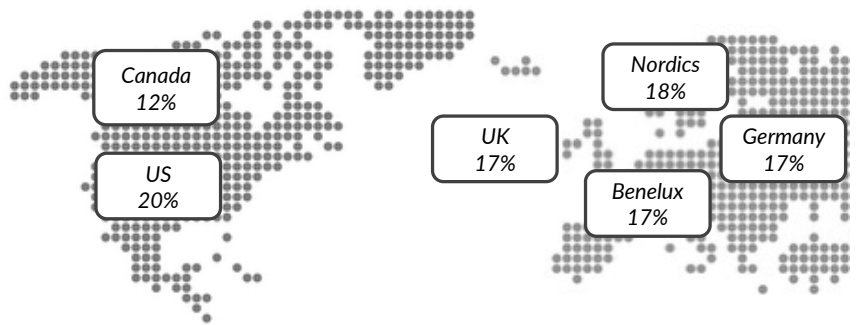
The study is based on a primary research study conducted between February and April 2026. A full breakdown of the survey sample group can be found in the chart below.



Breakdown by Industry



Breakdown by Region





CONTACT

Nick Mayes

Principal Analyst

PAC UK

n.mayes@pacanalyst.com

www.pacanalyst.com
