BIGTIME

PROFESSIONAL SERVICES AUTOMATION SOFTWARE BENCHMARK REPORT

Industry trends, insights, and how PSA software impacts firm efficiency and profitability.
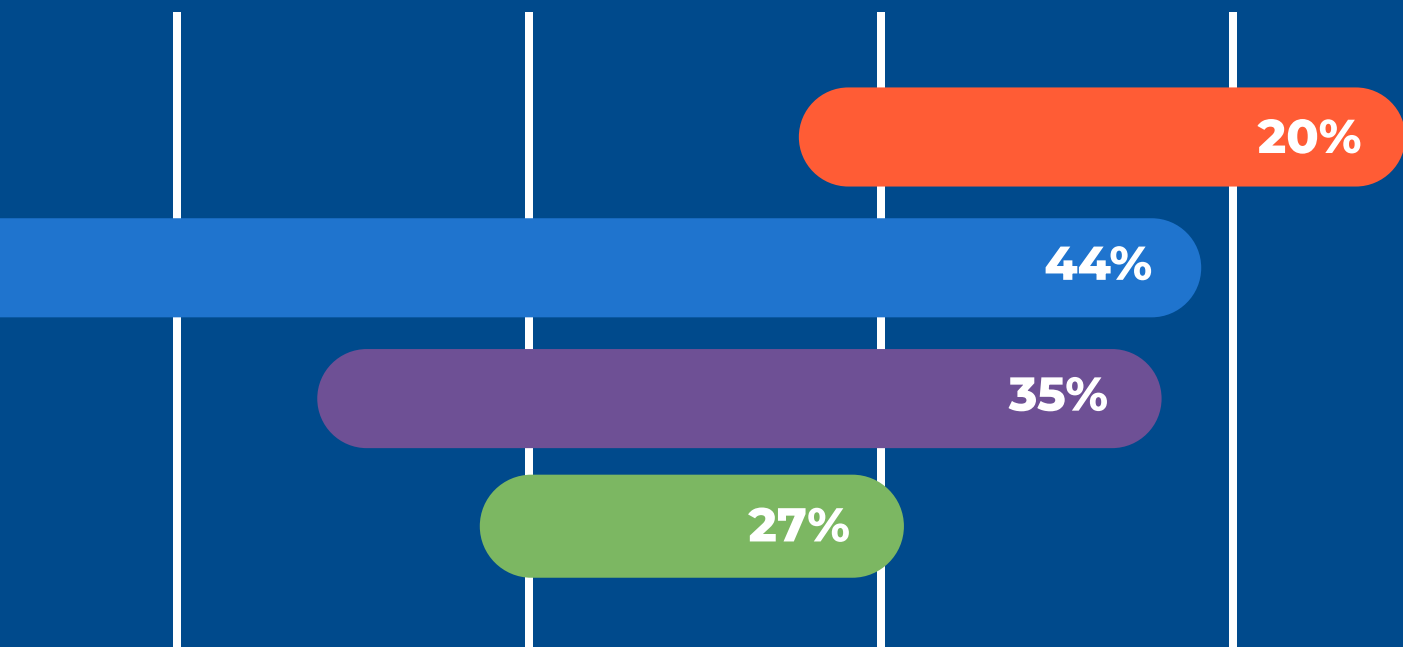
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Introduction

The success of a professional services firm is dependent on its efficiency. For a firm to thrive, projects, resources/staff, budgets, time, and invoices must all be managed with accuracy and clarity. The goal of this report is to give professional services firms the data they need to make informed decisions regarding their firm's health and success. The findings in this report will show the industry standard to set KPI benchmarks, the main challenges and opportunities professional services firms face, and how Professional Services Automation (PSA) software can help solve these problems.

In this comprehensive Benchmark Report, you'll find data that shows just how impactful and beneficial PSA software can be at your firm. Learning from peers can help gauge where your firm stands on team productivity, billable hours, time to get paid, and much more.

Preview of findings:

- ✓ **81% of those surveyed experienced time saved on administrative tasks with PSA software.**

- ✓ **Inefficient time tracking is the #1 reason firms change PSA software.**

- ✓ **86% of PSA customers say their employees see the value in their respective PSA software.**

Overview

The goal of this report is to give professional services firms the data they need to make informed decisions regarding their firm's health and success. The findings in this report will show the industry standard to set KPI benchmarks, the main challenges and opportunities professional services firms face, and how PSA software can help solve these problems.

We sought to find out:

✓ **INDUSTRY TRENDS**
Are there common themes in the professional services industry that bring firms to PSA software?

✓ **EFFICIENCY AND PRODUCTIVITY**
Are firm's KPIs being met and/or increasing with help from their PSA software?

✓ **PROFITABILITY**
Is PSA software contributing to firms' success? And most importantly, is PSA software even worth it?
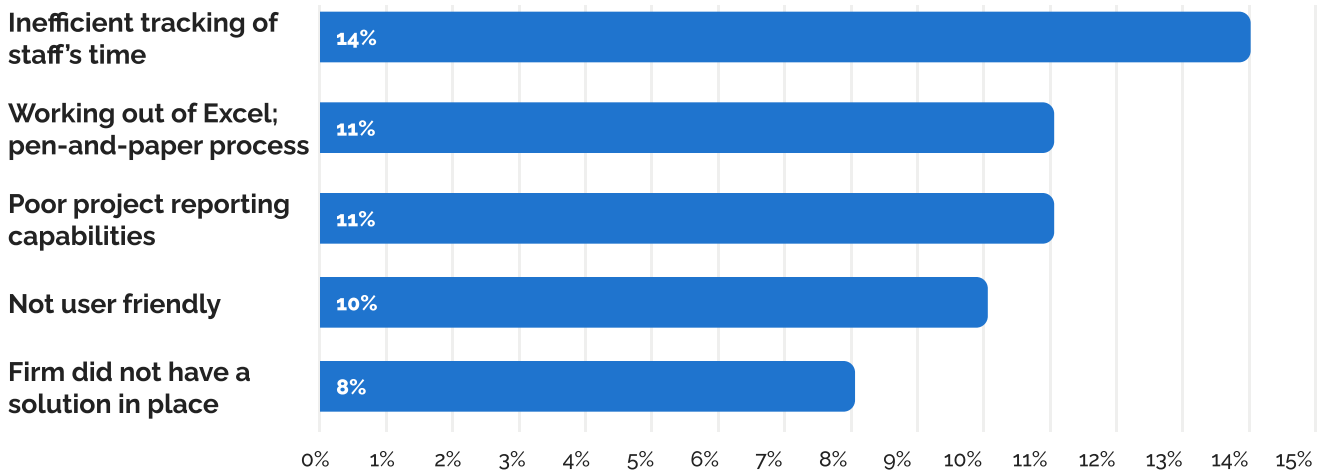
Industry Trends Benchmarks

Sometimes an internal workflow becomes a roadblock that turns into a reoccurring pain point. No business is free from this experience and often a change is needed to alleviate the pain. But what internal pains are the biggest driver to improving processes? How does PSA software help? In this section, you'll gain insight into what firms are struggling with, why they implement a new PSA software, what problems PSA software is able to solve, and more.
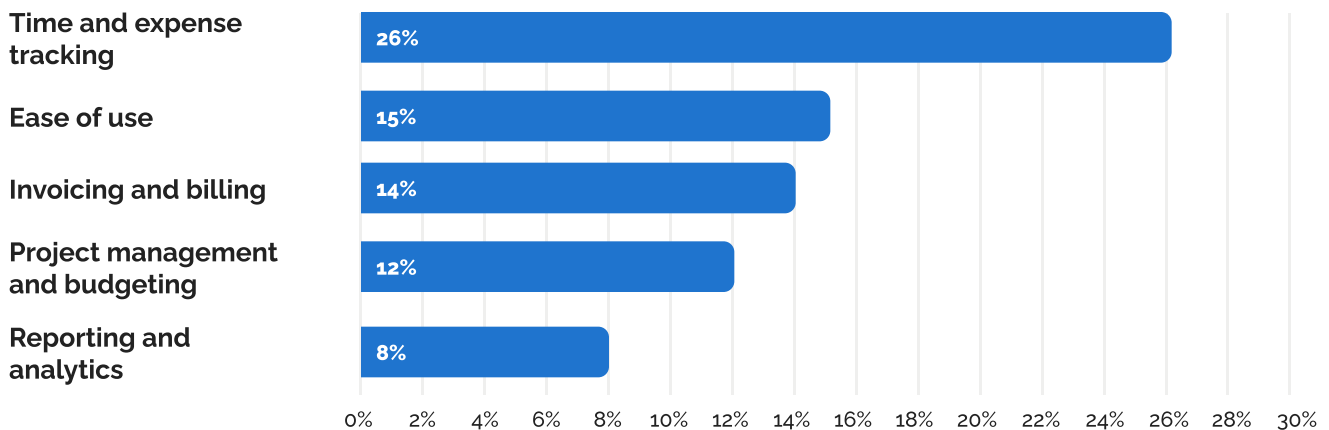
When employees aren't tracking their time efficiently, the firm is going to feel the effects. Properly tracking time and expenses directly results in projects getting done on time and how fast a firm gets paid.

Top 5 Reasons Why Firms Implement a New PSA Software

Out of the 17 pain points and 16 features surveyed, below are the top 5 chosen, respectively.

Reason	Percentage
Inefficient tracking of staff's time	14%
Working out of Excel; pen-and-paper process	11%
Poor project reporting capabilities	11%
Not user friendly	10%
Firm did not have a solution in place	8%

Most Valuable Features of PSA Software

Feature	%
Time and expense tracking	26%
Ease of use	15%
Invoicing and billing	14%
Project management and budgeting	12%
Reporting and analytics	8%

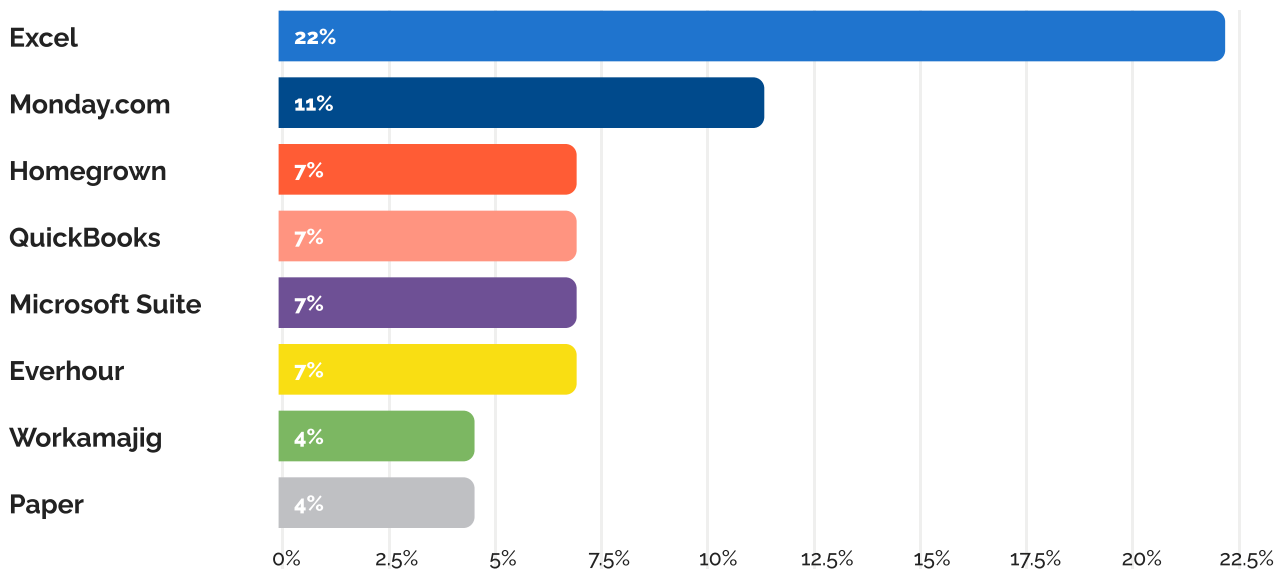0% 2% 4% 6% 8% 10% 12% 14% 16% 18% 20% 22% 24% 26% 28% 30%

Key Takeaway: The list of top features directly correlates to the list of top pain points. Data shows that firms find time and expense tracking as the most valuable tool in their PSA software's arsenal. While simple, this feature is the basis of generating revenue, and leads to improved reporting and analytics, real-time decision making, and accurate project tracking and projections. To encourage employees to track their time, it's important to provide them with an easy-to-use and accessible tool to do so.

If your firm is not using PSA software, chances are, you're working out of Microsoft Excel. The majority (22%) of non-PSA customers reported working out of spreadsheets, and 5 out of 8 Excel users also reported using more than 2 other solutions in conjunction. This means there is no one source of truth for their operations. Disjointed systems can lead to manual-entry mistakes, reduction in billable time and utilization, and even decrease in productivity and revenue.

The data confirms that working solely out of Excel is a pain point for professional services firms. It ranks second-highest on the list of why firms look to move to PSA software. While it may be a daunting task, implementing a PSA software can actually save firms time and money with its robust features and will continue to grow as they do.
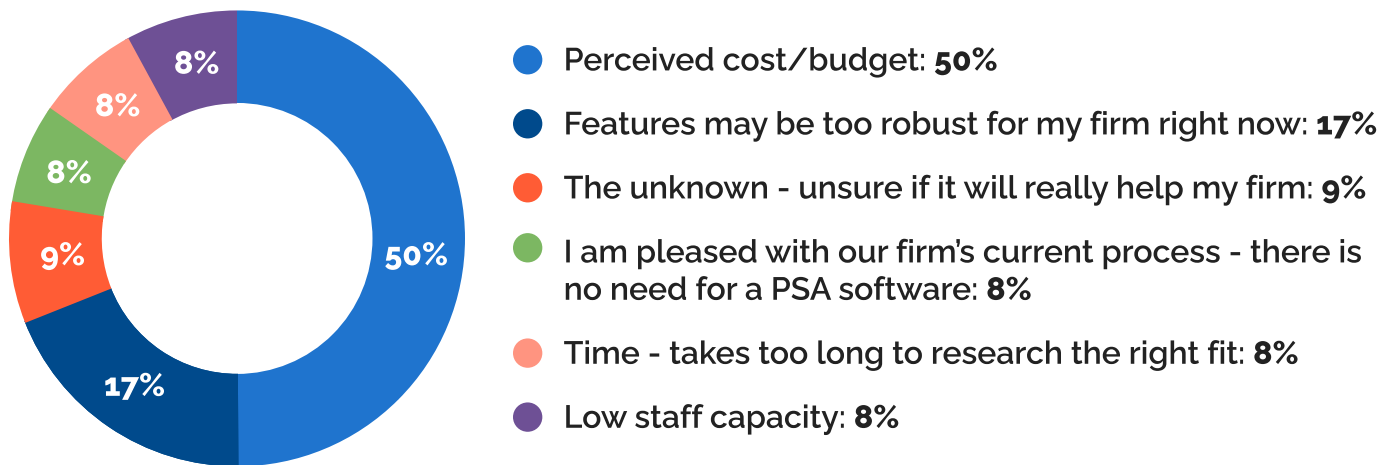
What Firms Without a PSA Software are Using to Manage Projects & Operations

Excel	22%
Monday.com	11%
Homegrown	7%
QuickBooks	7%
Microsoft Suite	7%
Everhour	7%
Workamajig	4%
Paper	4%

0% 2.5% 5% 7.5% 10% 12.5% 15% 17.5% 20% 22.5%

Record Count

***The graph reflects the top 8 responses out 16.

Challenges Keeping Non-PSA Software Firms From Implementing

- ● Perceived cost/budget: **50%**
- ● Features may be too robust for my firm right now: **17%**
- ● The unknown - unsure if it will really help my firm: **9%**
- ● I am pleased with our firm's current process - there is no need for a PSA software: **8%**
- ● Time - takes too long to research the right fit: **8%**
- ● Low staff capacity: **8%**

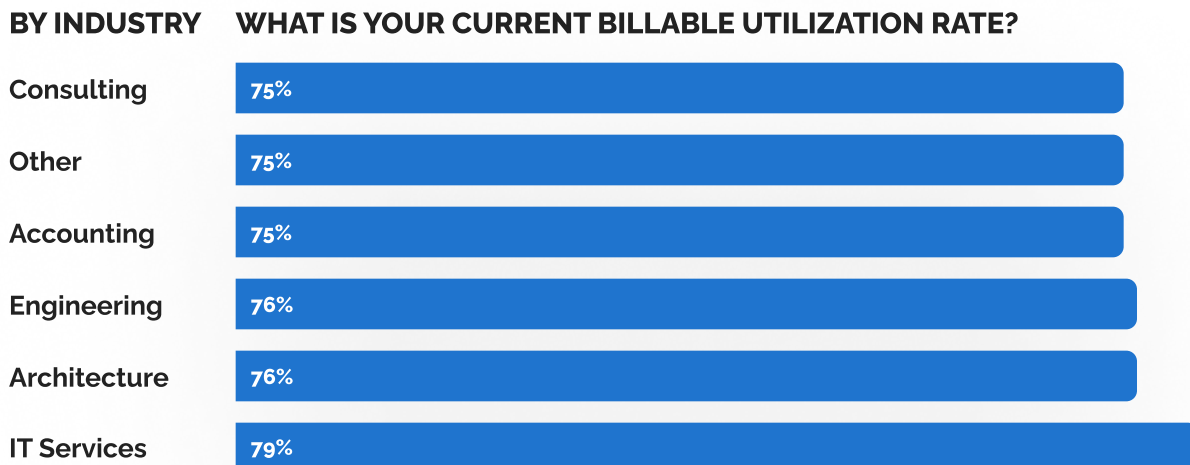50% · 17% · 9% · 8% · 8% · 8%

50% of non-PSA software customers say that the perceived cost/budget of the software is the main concern for not implementing one. However, as you'll see in the next section, the ROI professionals see is surprisingly high.

Section 2

Efficiency and Productivity Benchmarks

If your firm is not performing at a high level of productivity and efficiency, your bottom line is most likely seeing the effects. In this section, you'll learn if firms using a PSA software are finding that to be true related to resource allocation, utilization rates, team productivity, and time tracking efficiency.
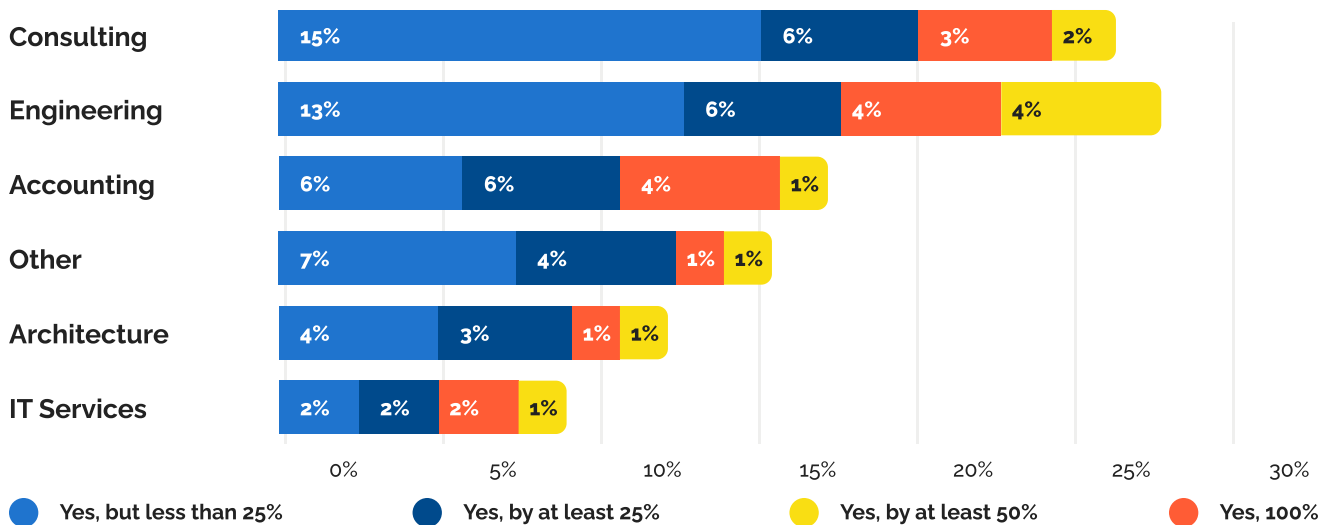
Average Utilization Rates of Firms Using a PSA Software

BY INDUSTRY	WHAT IS YOUR CURRENT BILLABLE UTILIZATION RATE?
Consulting	75%
Other	75%
Accounting	75%
Engineering	76%
Architecture	76%
IT Services	79%

> A firm's utilization rate refers to time spent doing billable work. Utilization percentage can be calculated by dividing total productive hours by total available hours, then multiplied by 100.

Increase in Team Productivity with PSA Software

BY INDUSTRY

Industry	Yes, but less than 25%	Yes, by at least 25%	Yes, 100%	Yes, by at least 50%
Consulting	15%	6%	3%	2%
Engineering	13%	6%	4%	4%
Accounting	6%	6%	4%	1%
Other	7%	4%	1%	1%
Architecture	4%	3%	1%	1%
IT Services	2%	2%	2%	1%

Legend: ● Yes, but less than 25% ● Yes, by at least 25% ● Yes, by at least 50% ● Yes, 100%

Key Takeaway: Engineering firms and firms with 1-20 employees see the largest increase in productivity after implementing Professional Services Automation software. This is likely due to smaller teams having fewer established processes in place, and implementing PSA software adds automation that boosts efficiency.

Tracking Time Without Reminders in PSA Software

- **16%**
- **43%**
- **17%**
- **24%**
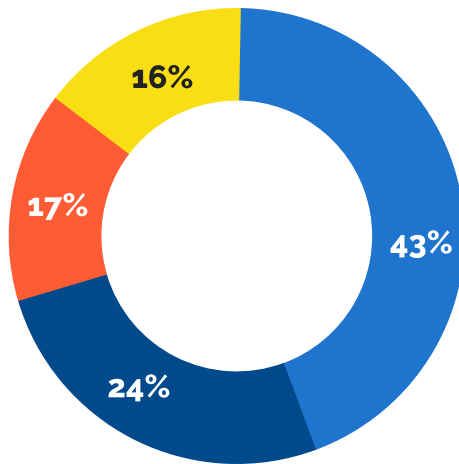
- At least 75% of employees track their time without reminders: **43%**
- 100%, everyone tracks their time without reminders: **24%**
- At least 50% of employees track their time without reminders: **17%**
- Other: **16%**

Key Takeaway: Majority of firms using PSA software find 75-100% of employees track their time without reminders. At its core, tracking time is one of the most important aspects of all professional services firms. The faster staff enters their time, the more real-time project data is, giving an accurate look into reports, projections on profitability of projects, allocations for the future, and the overall health of the firm.
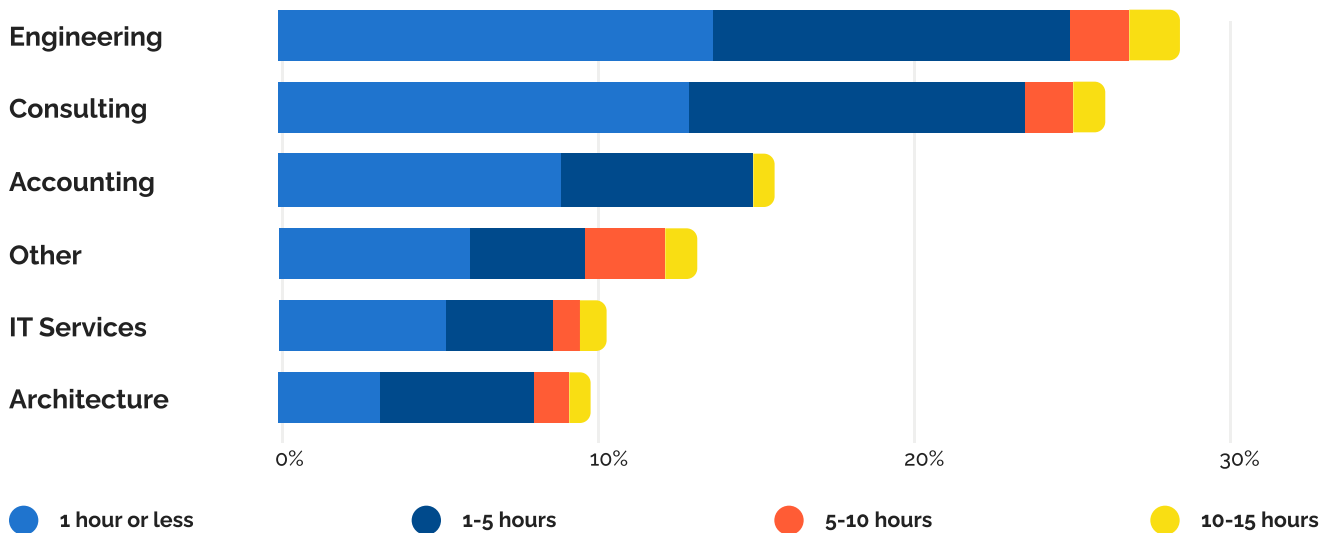
Average Hours Spent Gathering & Approving Expenses for a Project

- **5%**
- **3%**
- **66%**
- **26%**
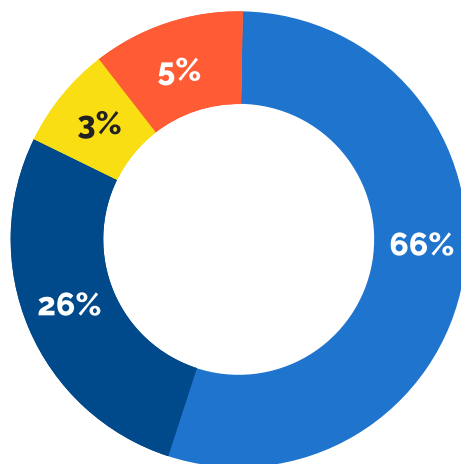
- 1 hour or less: **66%**
- 1-5 hours: **26%**
- 5-10 hours: **3%**
- Other: **5%**

Average Hours Spent Allocating Resources & Staff to a Project

BY INDUSTRY

● 1 hour or less	● 1-5 hours	● 5-10 hours	● 10-15 hours

48% of firms using PSA software allocate resources to a project in 1 hour or less.

Key takeaway: PSA software lets you make smarter decisions quicker. In a single snapshot you can see who's available for a project, and select the best person based on allocated hours, skillset and cost per project.
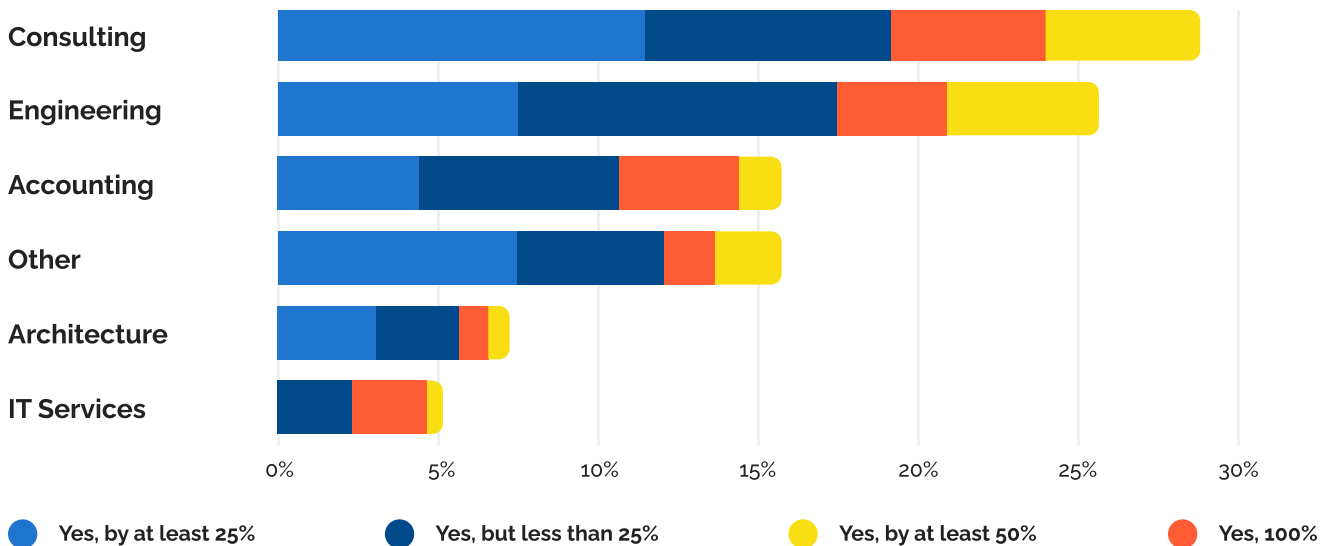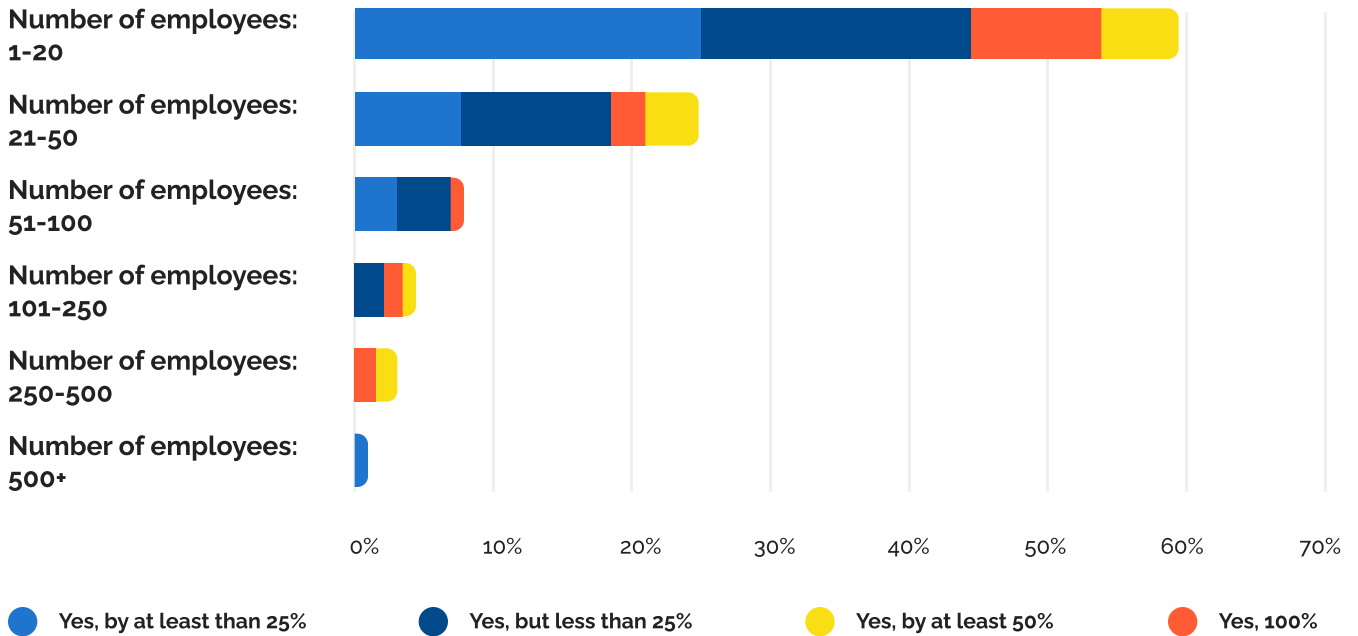
Profitability Benchmarks

There are so many factors that contribute to how profitable a firm can be in the professional services industry. From scoping a project to sending an invoice to a client, every single step of a project's life cycle contributes to a firm's bottom line. That's why it's so important to have a tool that will help you through each stage to ensure you're not going over budget or over hours. But does PSA software really help firms achieve this? Let's find out.

## Increase in Billable Hours Since Implementing PSA Software

BY INDUSTRY

Legend:
- Yes, by at least 25%
- Yes, but less than 25%
- Yes, by at least 50%
- Yes, 100%

BY FIRM SIZE

Number of employees: 1-20

Number of employees: 21-50

Number of employees: 51-100

Number of employees: 101-250

Number of employees: 250-500

Number of employees: 500+

0%　10%　20%　30%　40%　50%　60%　70%

- Yes, by at least than 25%
- Yes, but less than 25%
- Yes, by at least 50%
- Yes, 100%

Key Takeaway: Unsurprisingly, our report shows a direct correlation between an increase in productivity and billability as a firm. Consulting firms and firms with 1-20 employees who see the largest increase in productivity also see the most increase in billable hours after implementing PSA software.

6.2% reported their PSA software increased utilization by 100%.

Average Time Saved on Admin Tasks

Legend:
- Yes, by at least 50%
- Yes, 100%
- Yes, but less than 25%
- Yes, by at least 25%
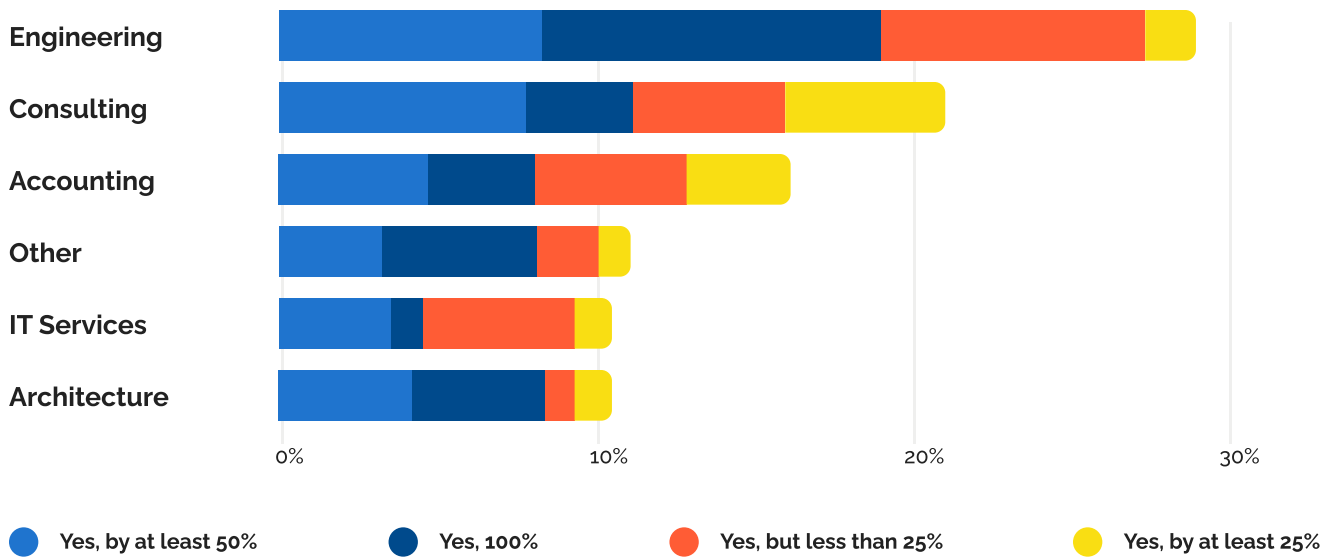
81% of PSA software customers saved time completing administrative tasks since implementing.

20% saw time spent on administrative tasks cut in half.

Key Takeaway: Engineering and Consulting were the top two industries that saw an increase in billable hours since using PSA software. Based on this data, we can conclude that the decrease in time spent on admin tasks directly correlated to staff having more time to spend on billable work.

Time it Takes to Get Paid

57% of PSA software customers say it takes less than 1 month to get paid. Of those customers, 13% report receiving payment in as little as an hour.

The industry average for collecting payments is around 45 days. BigTime customers who are taking advantage of BigTime Wallet (our integrated payments processing solution) receive payment in as little as **9.6 days** on average. That's almost **5x faster than the industry average!**

Employees Who See the Value in PSA Software

14%

86%
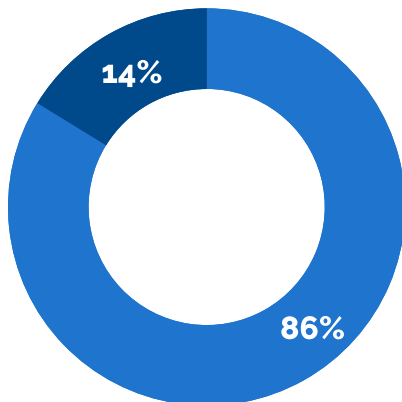
"Our employees have adopted the software and see the value in PSA software."

- True: **86%**
- False: **14%**

86% of PSA customers say their employees have adopted the software and see the value in their respective PSA software.

Key takeaway: Like anything else, PSA software is only going to help your firm if it's actually being used. In order to make it worth the time and effort of implementing, employees must see the value in PSA software.

Conclusion

The global professional services market size is expected to reach $6.69 billion in 2022, and then expected to grow to **$9.65 billion by 2026**. With the industry landscape growing this rapidly, firms need the competitive edge of seamless delivery and operations that PSA software has been proven to provide.

Firms who utilize PSA software can expect an increase in growth margins. Simply put, the automation of each phase of a firm's engagement lifecycle leads to an increase in productivity and profitability, and provides a smoother workflow.

By tracking time, expenses, budgets, and resources all in one place, it's easier to stay on top of important business KPIs to ensure projects never go off track and to forecast accurately for the future. Customized reports can be pulled in real-time for the leadership team, rather than having to compile raw data from Excel sheets and hope for accuracy.

Tracking those key metrics also allows for stronger staff management and allocation on projects. More insight into staffing availability and project status leads to a more productive workforce and a decrease in bench time.

PSA software is the engine that sits at the center of what your organization does, empowering your people to make critical decisions about delivering services and managing resources. If you're already using PSA software, you know what we're talking about. if you're not currently using PSA software and want to learn more, check out how BigTime's clients KPI's compare to other PSA software customers in the BigTime Software Benchmark Report.
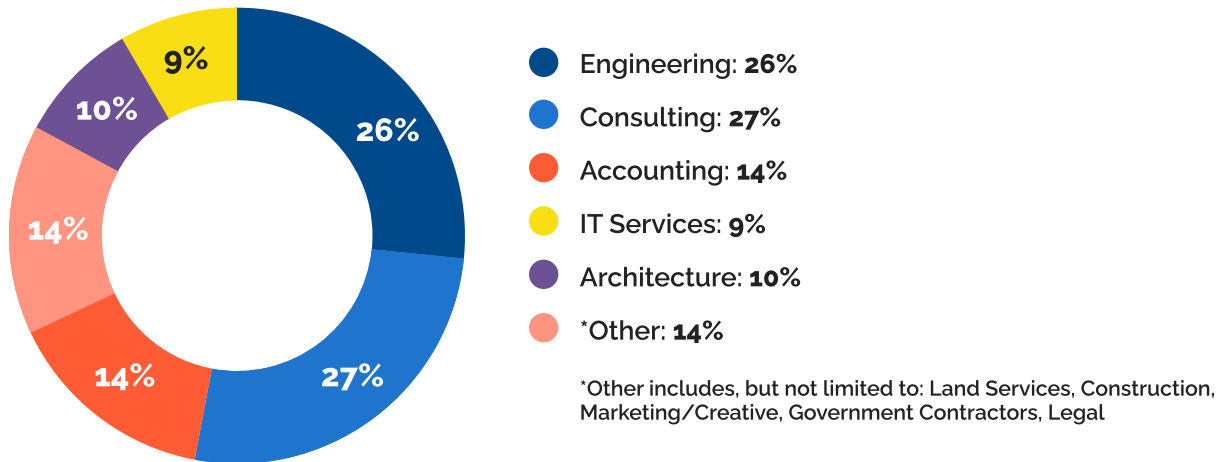
THE ADDED BONUS:

Decision makers are able to see results and track the firm's improvement to see if the custom structure within the PSA software is working. Often times, PSA software offers solutions for road blocks you didn't even know you had!
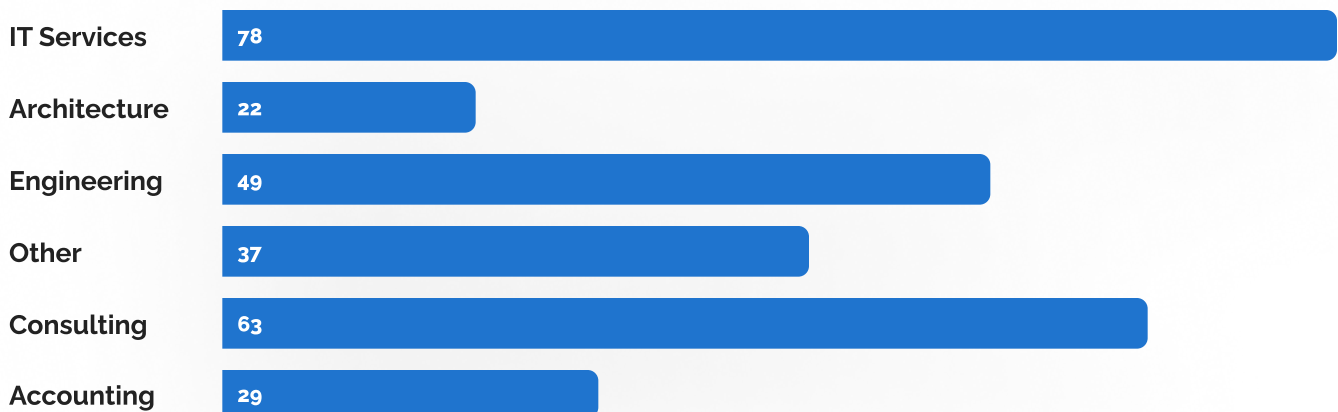
Methodology

BigTime surveyed and collected data from 400+ professional services firms, including firms who utilize PSA software and those who do not. The companies surveyed range from 1-500+ employees, and come from around the world and across all professional services industries.

Demographics

TOTAL INDUSTRIES

- Engineering: **26%**
- Consulting: **27%**
- Accounting: **14%**
- IT Services: **9%**
- Architecture: **10%**
- *Other: **14%**

*Other includes, but not limited to: Land Services, Construction, Marketing/Creative, Government Contractors, Legal

INDUSTRY	AVERAGE NUMBER OF EMPLOYEES
IT Services	78
Architecture	22
Engineering	49
Other	37
Consulting	63
Accounting	29

BIGTIME

About BigTime

BigTime takes the guesswork out of utilization, capacity planning, and project profitability. Our award-winning PSA software provides project planning, budgeting, time and expense tracking, and invoicing, all backed by uber-cool reporting and analytics.

We help accountants, architects, engineers, IT-services firms, and scientific and management consultants budget, track, and bill their most important asset: time.

GET A DEMO

BIGTIME

| TIME/EXPENSE | WORKFLOW | INVOICING | QUICKBOOKS | REPORTS | MY COMPANY |

Dashboard

5/14/21
4:55:00 AM
Last QB Cloud Sync

40 Pending Tasks

0.00 Hours Today

Billability

25%

< 5/01/2021 - 5/31/2021 >

MTD QTD YTD

Invoicing

$103,582.00 Unbilled WIP

$402,722.38 Invoices Drafted

$0.00 Invoices Finalized

Invoicing

Workforce/Utilization

5%

Total Staff	23 (+2)
Billable Staff	23 (+2)
EFF Rate	$0.00
Revenue/Head	$0.00

MTD T3 T12

Utilization →

Review and Approvals

5 Invoices

205 Hours

$90,345 Expenses

To Approve

Client Approvals