



Professional services (PS)

Global Business Services Index 2026



Professional Services: Selective demand and continued investments in talent and AI shaped sector performance



Professional services

Providers of management / technology consulting services, auditing & risk services

Sector performance summary

The sector performance remained resilient, even as it grappled with a more selective client demand. Mandatory audit, compliance, and regulatory work remained stable, while discretionary spend shifted towards projects with clearer economic value, including cost reduction, digital transformation, restructuring, and operational efficiency.

AI adoption accelerated across the sector as firms embedded generative AI into delivery, research, and compliance workflows to improve scalability, enhance client outcomes, and support more efficient service delivery. Cash flow was pressured by a combination of working capital movements, acquisitions, technology and AI investment, and other non-operational factors such as taxes and capital deployment.

Momentum drivers and pressure points

	Compliance demand surge Persistent demand for mandatory tax, audit, and ESG reporting shielded firms from broader budget cuts		Macroeconomic headwinds Macro uncertainty contributed to longer decision cycles and more selective spending, especially in less urgent or discretionary work
	AI-enabled workflow design Firms continued embedding AI and digital platforms into delivery workflows to improve speed, scalability, and compliance execution		Impact of investments on cash flow Ongoing spend on technology, talent, and platforms, together with WIP/receivables and other working-capital demands, constrained cash conversion for some firms
	Recurring and platform-led delivery Managed services, platform-enabled delivery and repeat client work supported revenue resilience for some firms		Moderate productivity uplift Despite technology investment, sector productivity remained broadly stable, indicating benefits are still being scaled rather than fully realised

121⁻²
year-on-year

GBSI sector score

	YoY change	GBSI 2026 Score
Growth	+5	168
Profitability	+1	117
Productivity	+0	102
Cash Flow	-14	98

100 (base score for each dimension with FY19 as reference year)

Growth held firm with focus on AI and efficiency, which improved the economies of delivery



Professional Services



AI adoption is becoming increasingly outcome-oriented

During FY25, AI usage expanded across the sector as firms incorporated AI into client delivery, research, and compliance activities. Adoption increasingly moved beyond experimentation into day-to-day operations.

Entering FY2026, firms are placing greater emphasis on linking AI-enabled services to measurable client outcomes, including productivity improvements, efficiency gains, and service quality enhancements.

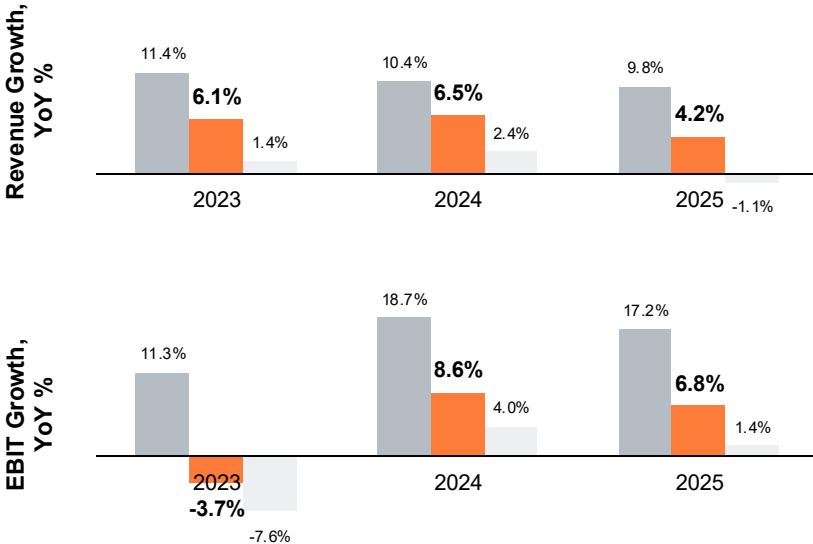
Going forward, firms are likely to focus on scaling successful AI use cases, strengthening AI-enabled offerings, and demonstrating clearer business value from technology-enabled services.



Growth

168 +5

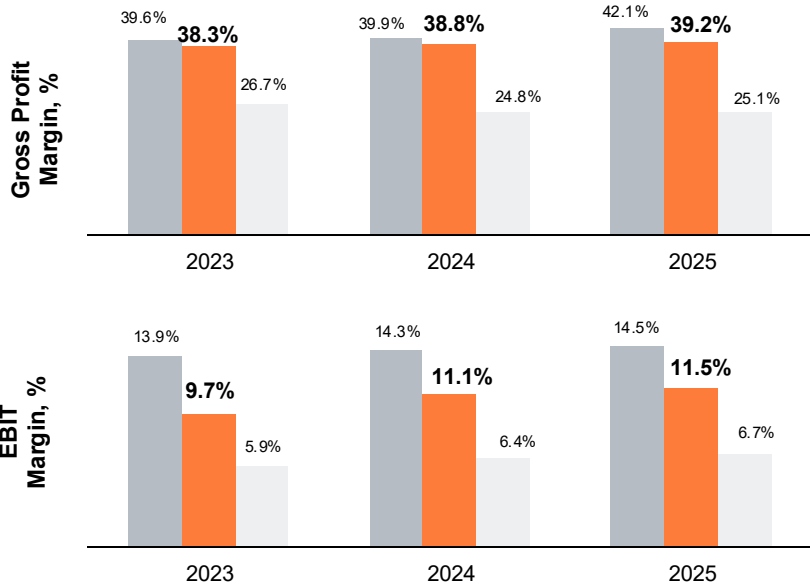
Overall growth remained positive, supported by demand in audit, compliance, and AI-related advisory, as well as recurring revenue streams. Revenue growth was impacted by slower client decision-making and cautious budget spending. EBIT growth improved as firms placed greater focus on productivity, including utilisation, efficiency, workflow speed, and better use of AI delivery tools.



Profitability

117 +1

Profitability of the sector improved slightly, reflecting strong focus on productivity by the companies in FY25. The gross-profit margin benefited from focus on stronger utilisation and delivery efficiencies, whereas EBIT margin was supported by better pricing discipline, even though the pricing power was uneven across the sector, as not all firms were able to secure price increases.



Productivity remained steady, while investment and working-capital pressure weakened cash flow



Professional Services



Firms continue building AI capabilities and workforce readiness

During FY25, firms expanded the use of AI-enabled tools across service delivery, research, and compliance activities, while continuing to build AI capabilities and specialist expertise across their workforce.

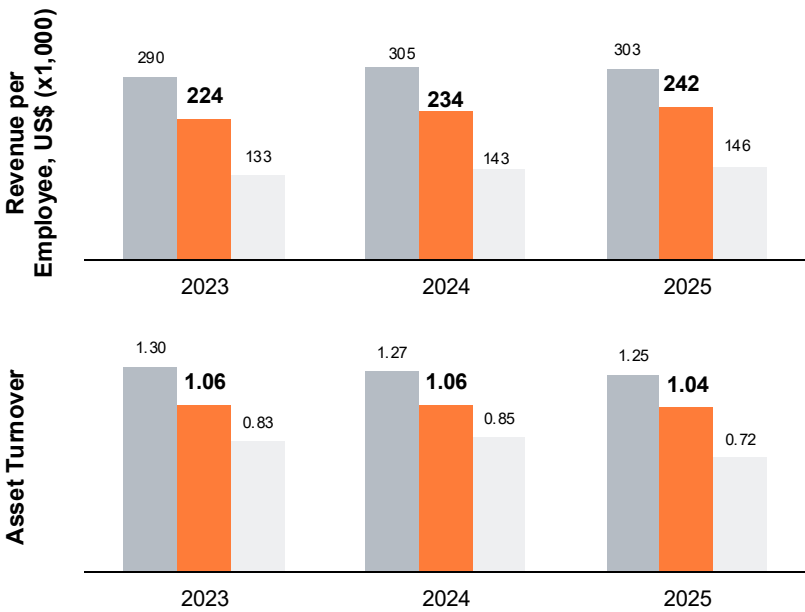
Entering FY2026, firms continued embedding AI into delivery processes through training, workflow integration, and broader adoption across service teams.

Through the rest of FY2026, firms are likely to focus on workforce readiness, disciplined execution, and scaling AI-enabled delivery approaches across the organisation.



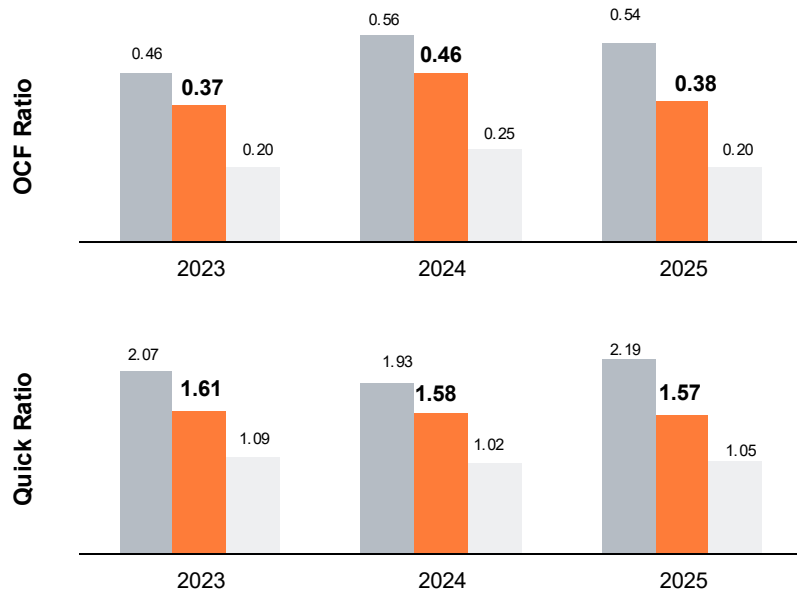
Productivity 102 +0

The sector's productivity profile was broadly stable, as gains in revenue per employee were offset by softer asset turnover. Across the sector, firms continued investing in AI capability, specialist skills, and more consistent delivery approaches. In several cases, these changes supported service quality, utilisation, or billing discipline, but they have not yet translated into a clear step-up in overall productivity.



Cash Flow 98 -14

Cash flow softened despite resilient profitability, reflecting weaker cash conversion rather than broad operating deterioration. Across the sample, movements in receivables, work-in-progress (WIP), and other working-capital items, together with acquisitions, capex, taxes, restructuring, and technology investment, were the most visible drivers of cash-flow pressure.



The sector's next phase will be shaped by firms' ability to turn AI deployment into measurable client ROI



Future outlook

The sector outlook is cautiously positive, supported by healthy pipelines and continued demand for transformation and specialist expertise.

Firms expect growth to be centred around offerings related to AI transformation and digital modernisation, alongside demand from sectors undergoing significant regulatory change and capital investment, particularly healthcare and life sciences, energy and infrastructure, and defence. Recurring managed services are also gaining importance.

However, performance remains uneven, as cautious client spending and pricing and cost pressures challenge profitability. Geopolitical and policy uncertainty may also limit near-term growth and margin expansion.

Avg. revenue growth*, YoY %

Avg. EBIT Margin*



Priorities for success

To succeed in the sector's next phase, firms will need to adapt to changing client expectations and a more technology-intensive delivery environment by focusing on three priorities:



Provide specialist expertise with AI support: Embed AI into core services, while strengthening technical and sector expertise to improve quality and execution in complex client work



Focus on recurring service delivery: Expand recurring, managed, and repeatable delivery approaches to improve consistency and support growth across client engagements



Build workforce readiness and capability depth: Invest in skills, training, and capability development so teams can deliver more effectively as AI adoption and client complexity continue to increase



As AI becomes embedded across professional services, competitive advantage will increasingly depend on turning technology investment into measurable client and business outcomes.

Alexander Reitmann, Partner, PwC Strategy& Germany

Secured refinancing to create the leeway for growth

Context

- A leading professional services provider was pursuing an ambitious growth agenda, but its existing financing left little leeway to act on the market opportunities its leadership had identified
- Attractive add-on acquisition targets were in view, and the company needed both the funding headroom and a clear basis for judging strategic fit before it could move on them

Our approach

- Collaborated closely with management to define and document the company's key strengths, competitive advantages, and historical track record
- Analysed markets, customers, and right-to-win in detail, translating the findings into an equity story and value creation roadmap

Impact delivered



Expanded financing leeway

Provided commercial review evidencing the company's track record and right-to-win, that gave lenders the confidence to expand the financing headroom available for growth.



Clear equity story

Leadership gained a documented articulation of its strengths and a value creation roadmap, sharpening ongoing C-level discussion of strategic ambitions and execution.



Due diligence support

Supported the client with due diligence of an add-on acquisition, providing an assessment of the target's operating model, financial position, market environment and strategic fit.



Key contacts

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I. Overview

- This report presents an outside-in view of the Business Services industry and the performance across 8 key sectors: (i) Built Environment Services, (ii) Business Process Outsourcing, (iii) Digital and Education Services, (iv) Human Capital Management, (v) Legal Services, (vi) Logistics and Distribution, (vii) Professional Services; and (viii) Testing, Inspection and Certification
- The performance of each sector is measured by the '**Sector Index Score**', which has been developed based on an analysis of key metrics for a sample set of companies. This score considers 4 key dimensions and 8 metrics (2 metrics in each dimension), as outlined below:
 - **Growth** – (i) Revenue; (ii) EBIT
 - **Profitability** – (i) Gross margin; (ii) EBIT margin.
 - **Productivity** – (i) Revenue per employee; (ii) Asset turnover
 - **Cash flow** – (i) OCF ratio; (ii) Quick ratio
- A sample of 74 companies has been considered for this sector, and they have been selected based on multiple factors including size, geographic presence/coverage, availability of information, etc
- The **Global Business Services Index** is based on an aggregate of the 8 sector indices (considering a total sample of 438 companies)

II. Index calculations¹

1. **Time period and baseline** – The index calculation is based on company data for FY23 to FY25 and FY19, the latter being considered as a baseline and assigned a score of 100
2. **Metric scores**
 - Actual values for each metric were compared between FY19 and FY23 to derive a **ratio**
 - The ratios were aggregated across all 45 companies to arrive at an **aggregated ratio** (to avoid larger-sized companies skewing the results)
 - **Metric scores** are calculated by multiplying the aggregated ratio by 100
3. **Dimension scores**
 - The dimension score is an **average of the metric scores** for metrics included in the respective dimension:
 - i.e., Dimension score (Growth) = Average [Metric score (Revenue), Metric score (EBIT)]
4. **Sector scores**
 - The sector score is an **average of the dimension scores**:
 - i.e., Sector score = Average [Dimension score (Growth), Dimension score (Profitability), Dimension score (Productivity), Dimension score (Cash Flow)]
 - If the sector score >100, it outperformed against the FY19 benchmark
 - If the sector score = 100, results were at par with FY19
 - If the sector score <100, it underperformed against the FY19 benchmark

III. Future outlook

- The FY26 outlook is based on analyst reports and company guidance for 10 leading companies in every sub-sector, selected on the basis of revenue, scale and availability of information
- Revenue growth and EBIT margin estimates were reviewed and aggregated to develop an indicative sector-level outlook

IV. Key sources

- The key sources referred to throughout the report include the following:
 - Company websites and annual reports
 - Analyst reports
 - Databases such as S&P Capital IQ, Bloomberg, EMIS
 - Company registrar portals such as Companies House (UK), Securities and Exchange Commission (US)

1. The scores for the 2023 and 2024 index were recalculated due to changes in sample size and the incorporation of revised financial figures of included companies

Thank you