Testing, inspection & certification (TICC)

Global Business Services Index 2026

TICC: The sector made strong progress led by resilient demand and emphasis on cost control

Sub-sectors:

Inspection and certification

Providers of testing, inspection, and certification services to verify content, quality, and/or compliance standards.

Healthcare diagnostics and testing

Providers of testing and diagnostic services for healthcare sector.

Sector performance overview

The TICC sector improved solidly over FY25, led by strong momentum across both inspection and certification, and healthcare diagnostics and testing sub-sectors.

Performance across the growth dimension was the main driver, supported by rising demand for environmental, energy, and electronics testing among inspection and certification players, and specialised diagnostics services among healthcare diagnostics firms. Profitability also improved as firms benefited from better business mix and cost discipline, though inflation and one-off charges still weighed on some players. Productivity rose through digitalisation, automation, and stronger workforce utilisation, while cash flow remained generally resilient despite capex and working-capital strain.

Momentum drivers and pressure points

↑ **Growing compliance requirements**
Stricter regulations and evolving risk landscapes are expanding demand for independent assurance and certification services

↑ **Specialty healthcare testing**
Demand is rising as diagnostics move beyond routine testing towards earlier detection and personalised care

↑ **Automation-enabled productivity**
Lab automation, digital platforms and AI workflows are supporting increased throughput and margin resilience

↓ **Talent and capacity constraint**
Specialist labour and lab capacity remain critical bottlenecks as demand shifts toward higher-complexity services

↓ **Pricing pressure**
Cost-conscious customers and competitive markets continue to pressure pricing and contract economics

↓ **Technology investment burden**
Automation, digital platforms, and AI investments are necessary but put pressure on cash flows and margins

123 **+8** year-on-year

GBSI sector score

Sub-Sector Overview

Inspection and certification

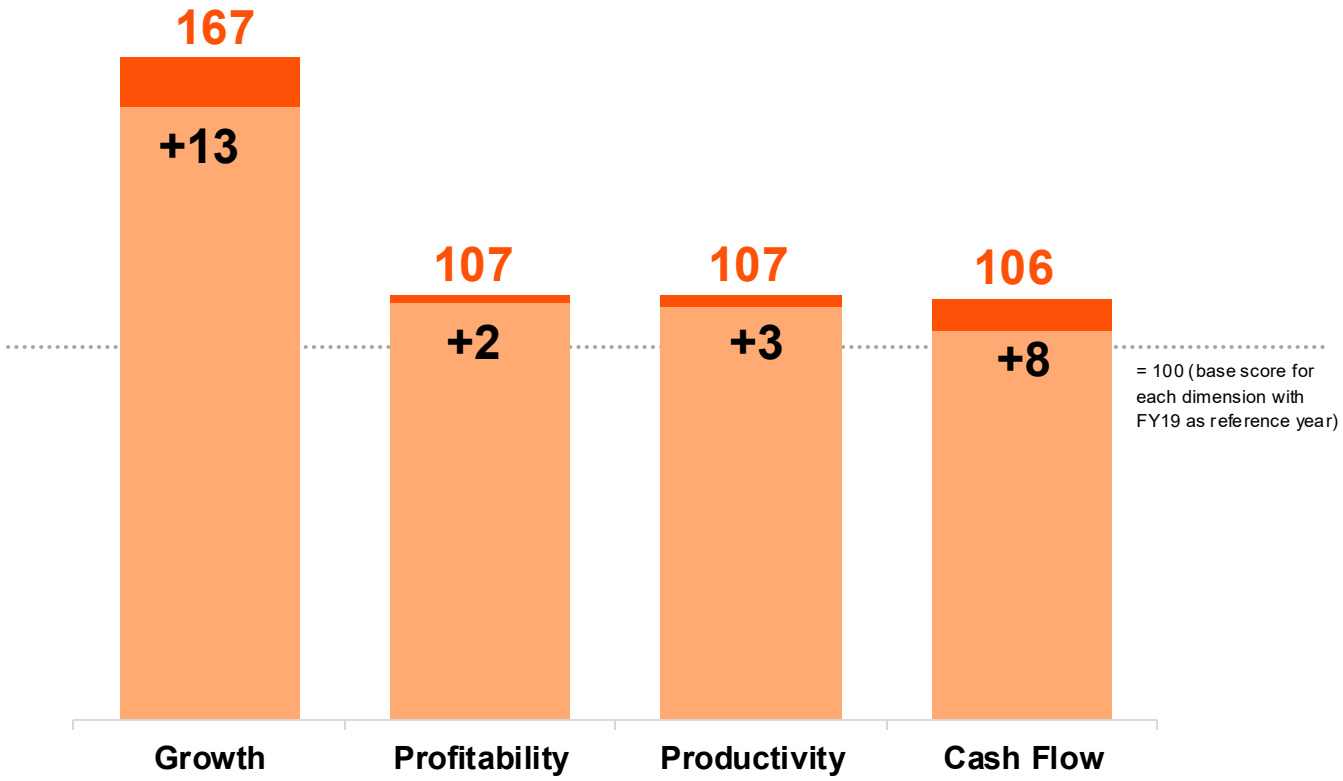
Providers of testing, inspection and certification services to verify content, quality and/or compliance standards.

Healthcare diagnostics and testing

Providers of testing and diagnostic services for healthcare sector.

122 **+7** year-on-year

GBSI Sub-sector Score



Global Business Services Index Annual Report 2026

Resilient demand and cost efficiency measures supported growth and profitability in the sub-sector

Inspection and certification

Firms are looking to expand beyond product testing into new growth areas

Inspection and certification firms exited FY25 with stronger top-line momentum and improved profitability.

In FY26, demand is expected to be shaped by structural trends such as tighter regulation, the energy transition, and the emergence of AI. In response, firms are moving beyond traditional product testing into higher-value areas such as sustainability, digital and AI assurance, and advisory-led offerings.

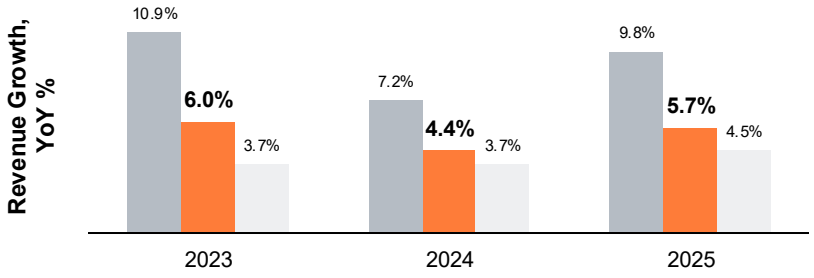
Firms are also likely to benefit from Middle East–related disruption and tariff complexity, as geopolitical rerouting boosts demand for testing, inspection, and certification services.

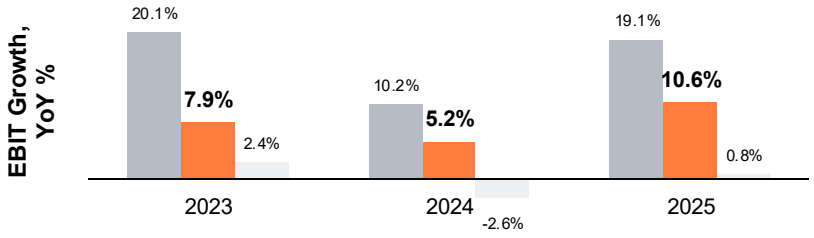
75th percentile | Average | 25th percentile

Growth

167 +13

Both revenue and EBIT growth accelerated in the sub-sector over FY25. Revenue growth was supported by organic demand and price increases, with strength in environmental, energy, electronics, and digital infrastructure testing. Several firms further built out capabilities and entered new markets, using acquisitions to widen their footprint. EBIT growth was driven by stronger revenue, favourable business mix, and cost control, though some firms saw earnings held back by one-off effects.

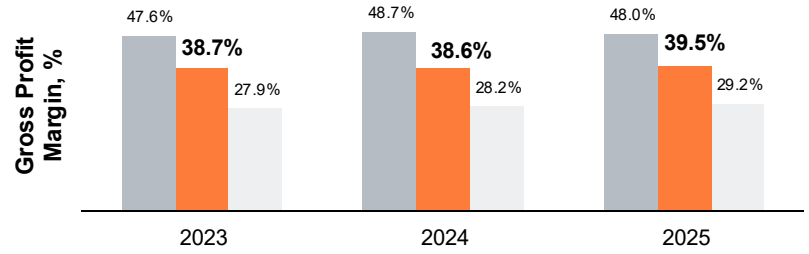


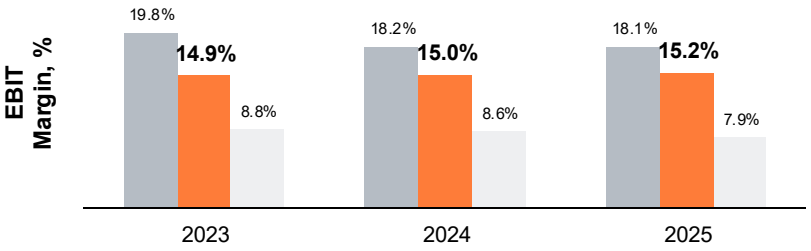


Profitability

107 +2

Gross and EBIT margins edged up over FY25. Gross margins rose as favourable sales mix and price increases offset higher personnel and materials cost. EBIT margins strengthened as firms absorbed higher selling, general and administrative expenses through cost-efficiency programmes focused on restructuring, improving procurement practices, and driving productivity gains. However, some saw margins held back by one-off charges, acquisition dilution, and softer testing volumes.





Firms continue to maintain healthy liquidity levels while also experiencing uptick in productivity

Inspection and certification

Technology-enabled execution to drive productivity momentum

Inspection and certification firms also saw improvements in productivity and cash flow, pointing to a more balanced performance across all four GBSI dimensions.

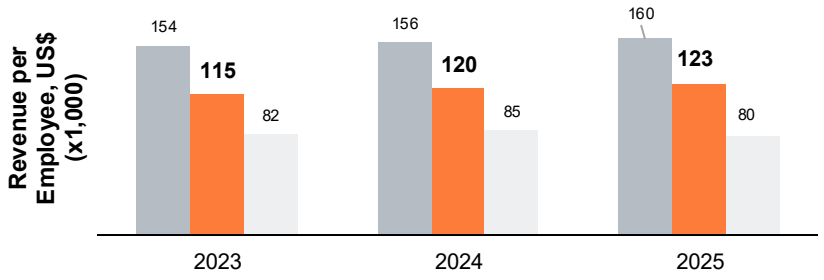
As firms respond to a more complex operating landscape, productivity priorities in FY26 are shifting beyond headcount management towards smarter process design, leaner operating models, and more technology-enabled execution.

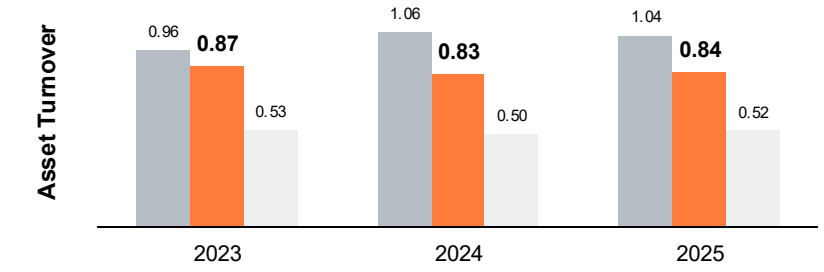
However, as firms leverage AI and automation to accelerate inspection workflows, they may need to rethink pricing and potentially shift towards value-based models to protect margins as customers challenge billable-hour structures.

75th percentile | Average | 25th percentile

Productivity 107 +3

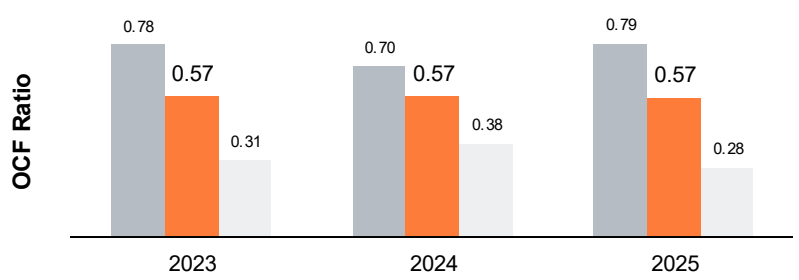
Productivity gains were led by improved revenue per employee, while asset turnover stayed broadly steady. Output per head rose as higher revenue combined with improved workforce utilisation and greater use of digital tools, with firms embedding AI in inspection and audit workflows. Asset turnover held roughly flat as continued investment in laboratories, technology, and acquisitions expanded the asset base broadly in step with the revenue growth

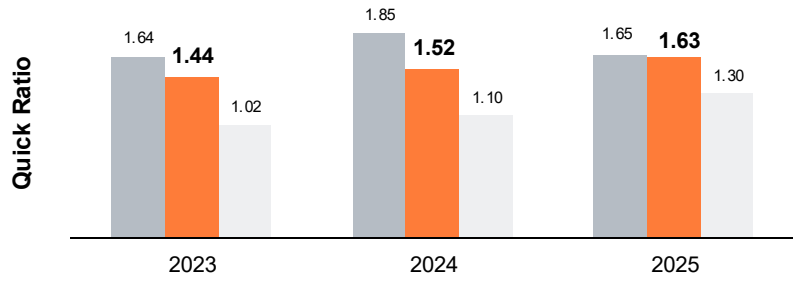




Cash Flow 106 +8

Operating cash flow (OCF) held broadly steady, while liquidity strengthened across the company set. The OCF ratio was largely unchanged as stronger operating income and improving receivables at several firms were offset by higher working capital outflows at others. Quick ratio improved further, supported by stronger cash balances and disciplined cash management for better performing players.





Sub-Sector Overview

Inspection and certification

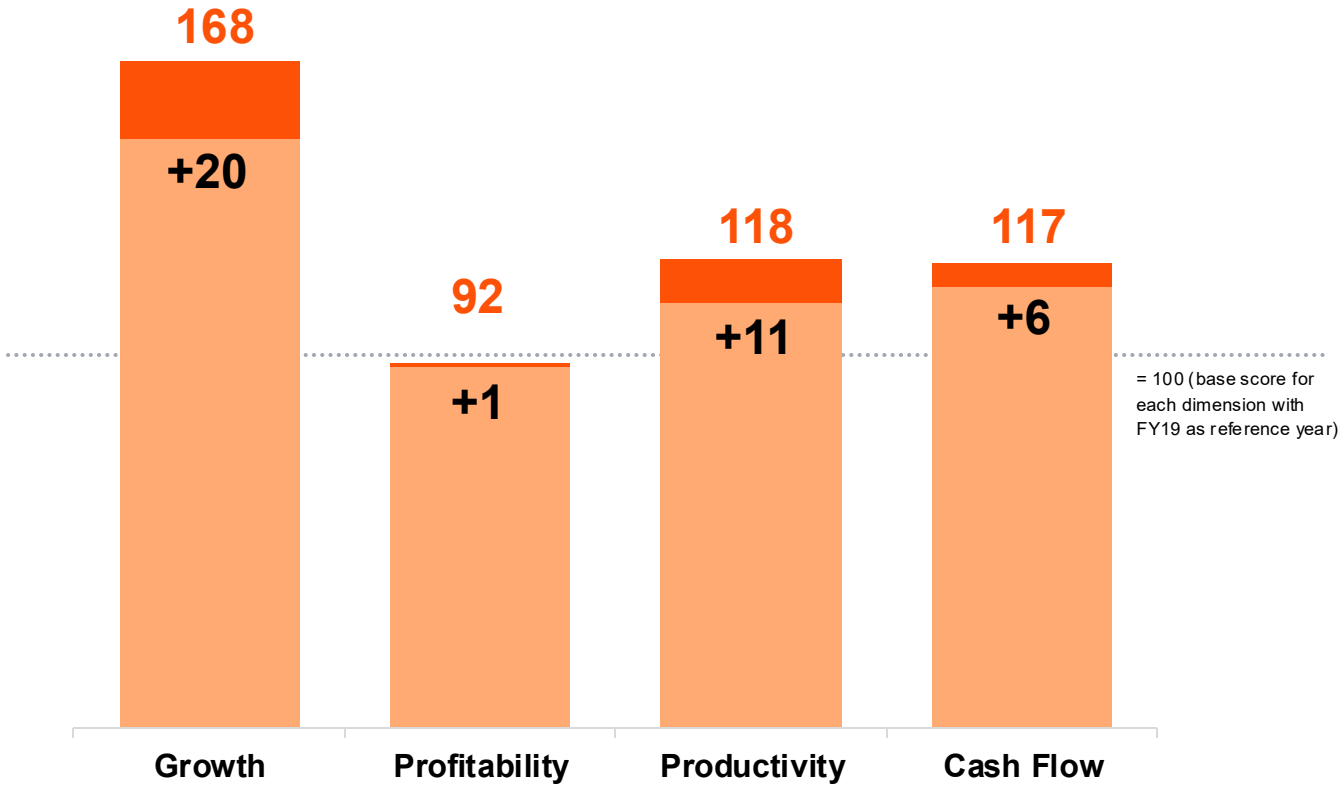
Providers of testing, inspection and certification services to verify content, quality and/or compliance standards.

Healthcare diagnostics and testing

Providers of testing and diagnostic services for healthcare sector.

124 **+10** year-on-year

GBSI Sub-sector Score



Global Business Services Index Annual Report 2026

Growth in testing volume and specialised segments lifted revenues and supported margin growth

Healthcare diagnostics and testing

Firms are looking to lift margins through higher-value testing areas

Diagnostics firms ended FY25 on a positive note, supported by resilient demand, pricing gains, and a richer revenue mix.

In FY26, revenue growth and margins are expected to face continued pressure from tighter reimbursement and rising labour, materials, supplies, and logistics costs. This is pushing firms to find new ways to grow profitably.

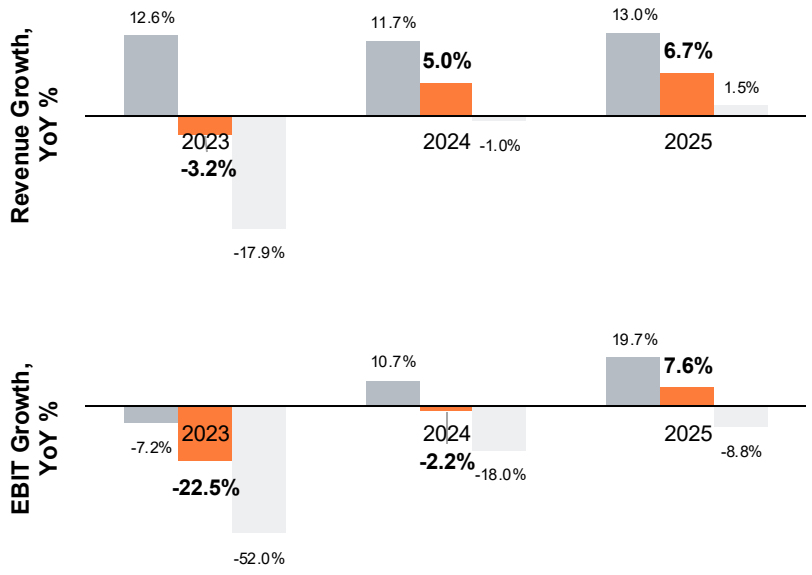
Many are using automation to improve efficiency and tackle higher costs, while also expanding into higher-value areas such as precision and specialist testing to support stronger growth and profitability.

75th percentile | Average | 25th percentile

Growth

168 +20

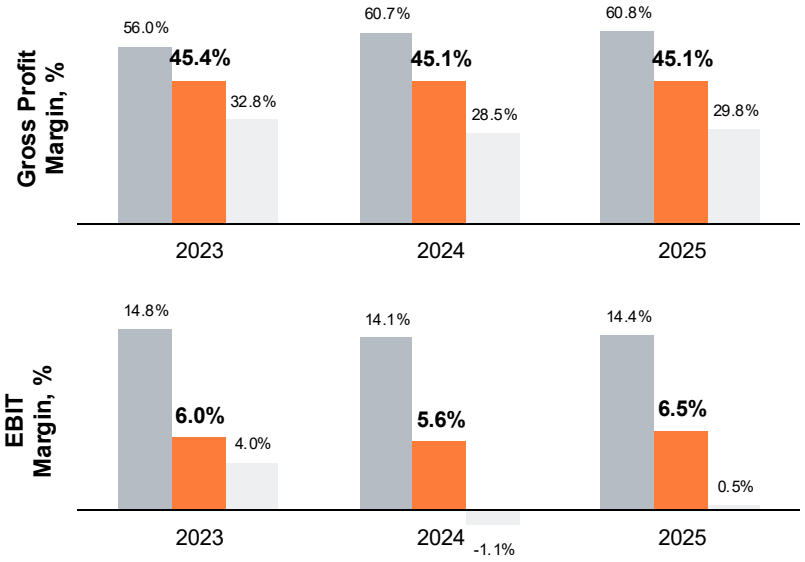
The sub-sector saw both revenue and EBIT accelerate over FY25. Revenue rose on account of higher testing volumes, pricing adjustments, and favourable business mix, and in some cases were supported by acquisitions. Segments such as oncology, genomics, and veterinary pathology saw gains. EBIT improved thanks to cost-efficiency programmes and higher revenue. However, impairments, inflation, and higher spending on R&D held back earnings at some firms.



Profitability

92 +1

Profitability improved as EBIT margins strengthened and gross margins held steady. Gross margins were supported by pricing gains, favourable revenue mix, and efficiencies from lab automation and optimised consumable spend, which offset wage, supplies, and shipping-and-logistics inflation. EBIT margins improved through productivity gains, disciplined overhead management, and reduced losses at underperforming businesses.



While liquidity softened, firms recorded productivity gains, supported by automation investments

Healthcare diagnostics and testing

Firms eye AI as a core enabler of productivity and quality improvement

Against a backdrop of labour intensity, specialist shortages, and ongoing margin pressures, diagnostics firms are embedding AI within broader digital transformation agendas.

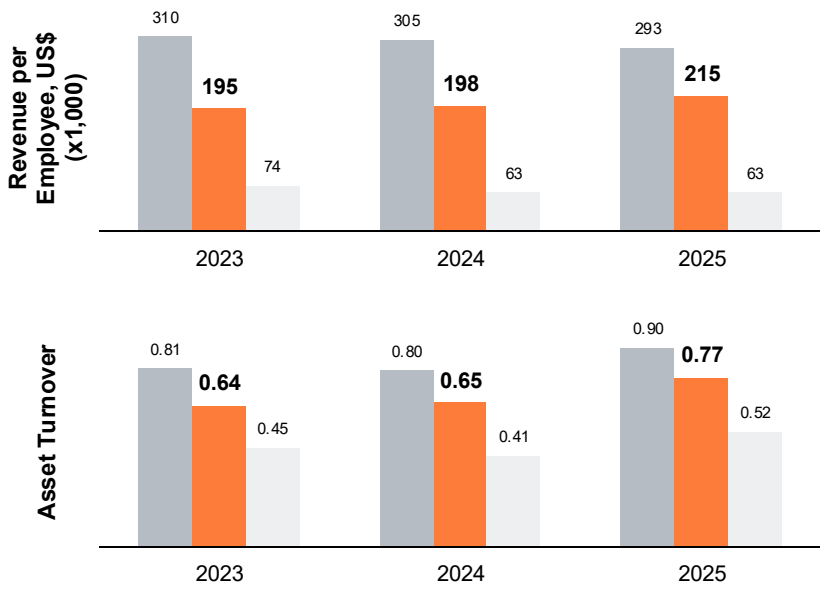
In FY26, players are continuing to expand AI adoption across areas such as digital pathology, clinical decision support, and workflow automation, with some also leveraging proprietary datasets to enhance deployment.

While adoption remains at an early stage, firms increasingly view AI as a meaningful lever to improve efficiency, quality, and capacity across diagnostic workflows.

75th percentile | Average | 25th percentile

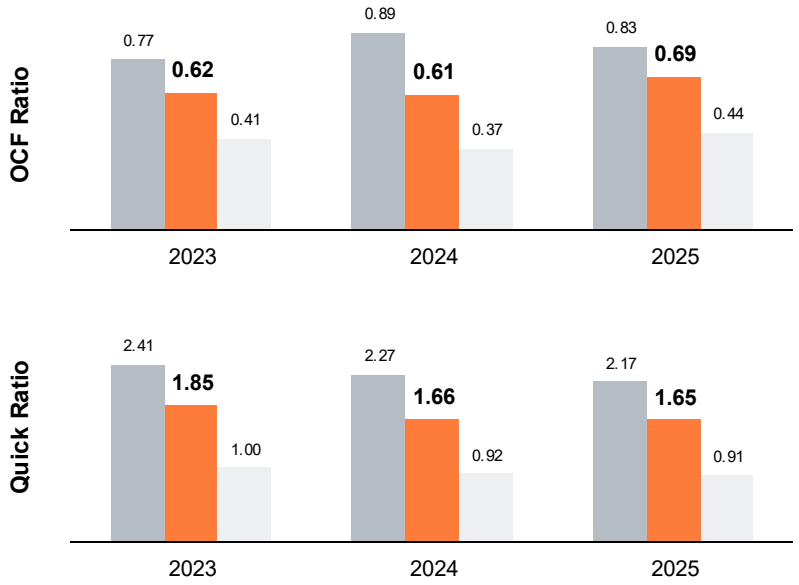
Productivity 118 +11

Productivity improved, supported by higher revenue per employee and stronger asset turnover. Output per head saw a boost thanks to workflow automation, digital process improvements, and staffing efficiencies. Asset turnover also improved as revenue growth was supported by better use of existing laboratory infrastructure; although acquisitions, goodwill build-up, and ongoing investment in facilities kept utilisation flatter for some players.



Cash Flow 117 +6

The sub-sector saw operating cash flow improve, while liquidity held steady over FY25. Operating cash flow ratio edged up, supported by improved earnings and stronger operating cash generation. Quick ratios were broadly stable, albeit slightly softer, as cash balances at some firms were used to support facility investment and acquisitions.



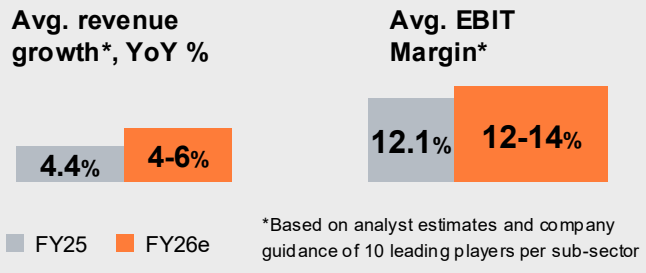
Structural shifts point towards a positive near-term outlook but will require firms to adapt and expand into higher-value specialist services

Future outlook

The TICC sector is expected to remain structurally resilient in the near term, with growth underpinned by rising demand for independent assurance as risk, compliance, and trust become increasingly important.

Within certification and inspection, firms expect momentum to be strongest in digital trust, including AI and cybersecurity assurance, as well as sustainability, infrastructure, and energy transition–related services. The sub-sector may also see further consolidation given its fragmented structure, enabling firms to expand scale, realise synergies, and improve margins, provided pricing remains resilient.

Diagnostics should remain relatively attractive, supported by the recovery in routine testing and growth in advanced diagnostics.



*Based on analyst estimates and company guidance of 10 leading players per sub-sector

Priorities for success

TICC firms are well positioned to benefit from structural trends that can support long-term growth, but capturing this opportunity will require focus on three key priorities that strengthen differentiation, capability depth and execution resilience.

Shift toward higher-growth specialist areas: Venture into adjacent verticals like cybersecurity, governance certifications, and specialised diagnostic testing services that are seeing increased demand and offer higher margins

Use M&A to expand capabilities and scale: Acquire or partner to add specialist capabilities, enter attractive niches, and strengthen local market access, while using consolidation to drive synergies and improve profitability

Expand AI investment to boost efficiency: Improve productivity, automate workflows, and enhance service delivery through targeted AI and automation investments

> AI is a major theme in the sector, with the potential to improve efficiency and automate processes, but it also raises important questions around pricing, revenue models, and new forms of competition

Sam Heslop, Director, PwC UK

UK TICC Provider: Enhanced operational performance and accelerated value capture

Impact delivered

18%

EBITDA increase
£8M+ EBITDA uplift identified across c.30 underlying initiatives

£3M+

Quick wins identified
~14% of cost base in identified opportunities, including £3m of quick wins to be delivered within 12 months

Our approach

- PwC conducted open and insightful interactions with the management team, going through each sub-process, walkthroughs, and interviews, considering activity, people, and systems.
- Performed data analysis to deepen understanding of business operations; identify a broad set of process, systems, and people opportunities; and test, refine, and validate each initiative with management teams.
- Aligned identified initiatives with the ongoing technology transformation programme, highlighting opportunities to unlock further strategic value through system upgrades and operating model changes.

Focus areas

Operational performance diagnostic

Reviewed a £400m TICC business to identify productivity and efficiency improvement opportunities

Operational workflow assessment

Assessed quote-to-cash workflows across engineering and middle-office functions

Transformation mobilisation & planning

Supported PMO mobilisation, initiative prioritisation, and detailed planning for implementation

Key contacts

Alexander Reitmann
Partner, PwC Strategy& Germany
alexander.reitmann@pwc.com

Simon White
Partner, PwC UK
simon.j.white@pwc.com

Sam Heslop
Director, PwC UK
sam.j.heslop@pwc.com

Renan Santos
Director, PwC UK
renan.santos@pwc.com

Mark Anderson
Global Business Services Leader, PwC UK
mark.r.anderson@pwc.com

Methodology

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 calculations[1]

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 FY25 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

pwc.com

© 2026 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details.