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Most IT and Engineering Staffing Firms Less Dependent on VMS/MSP Revenue than Expected; Path to Higher Profitability is Control of Internal Staff Costs

Report Highlights Key Drivers of Growth and Profitability

Alexandria, VA, June 30, 2017 – In the just released **2017 TechServe Alliance Operating Practices Report ("OPR"),** IT and engineering staffing firms were less dependent on VMS/MSP program revenue than previously believed. According to the report, only **1/3 of revenue** was attributable to these typically low margin, low fill rate programs. The divide between the overall industry and the top performing firms continued to be stark. While the industry grew by **4.7%** overall, high performing firms grew year-over-year by **14%**.   As in the past, high profit firms were **2-3 times** as profitable as the industry overall.

"The most recently released Operating Practices Report continues to look at a variety of new metrics and trends," stated Mark Roberts, CEO of TechServe Alliance. In addition to highlighting what is driving top-line and bottom-line growth, the report captures responses on key industry trends, talent acquisition technology and much more. "This report highlights why it is more critical than ever to employ data-driven management and execute in a highly disciplined manner---the chasm between high-performing firms and typical firms remains vast," added Roberts.

This comprehensive benchmarking report covers a wide range of metrics including:

- Gross Margin & Net Margin Based on Size and Geography
- Close Rates and Gross Margins associated with different business types: Direct Client Relationship, VMS/MSP with Hiring Manager Contact, and VMS/MSP Without Hiring Manager Contact
- SG&A Payroll and Non-Payroll Expenses—the former is an important metric in relation to gross margin.
- Performance Expectations & Compensation for Salespeople & Recruiters at Various Levels of Experience
- Benefits Offered For Internal Staff as well as Hourly and Salaried Consultants
- Key Industry Trends such as client policies on the use of H-1Bs, multi-tier arrangements and consultant tenure restrictions (the latter, much less pervasive than expected).

Learn more about the 2017 Operating Practices Report here. A Sales & Recruiter Metrics Report will be released separately.

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ABOUT TechServe Alliance TechServe Alliance is the national trade association of the IT & Engineering staffing and solutions industry. Hundreds of IT & Engineering staffing and solutions firms and tens of thousands of affiliated professionals, count on TechServe Alliance to keep their leadership informed, engaged and connected. TechServe Alliance serves as the voice of the industry before the policymakers and the national and trade press. By providing access to the knowledge and best practices of an entire industry and tapping the "collective scale" of hundreds of companies, TechServe Alliance supports its members in the efficient delivery of best-in-class IT & Engineering staffing and solutions for clients and exceptional professional opportunities for every consultant.