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Despite Solid Revenue Growth, IT and Engineering Staffing Firm Profits Remain Under Pressure; Performance Varies Widely

Report Highlights Key Drivers of Growth and Profitability

Alexandria, VA, May 31, 2019 – In the just released 2019 TechServe Alliance Operating Practices Report (“OPR”), the median IT and engineering staffing firms posted solid revenue growth of 7.4%—the strongest showing in 5 years. While median gross margins and net profitability were up modestly, bottom-line profitability was underwhelming at only 3.6%. Performance among firms continues to vary widely. High performing firms grew a robust 22.3% with bottom-line profitability of 9.1%. As in the past, high profit firms were 2-3 times as profitable as the industry overall.

“This report continues to highlight why it is more critical than ever to manage by metrics and execute a data-driven strategy in a highly disciplined manner—the divide between high-performing firms and typical firms remains vast,” stated Mark Roberts, CEO of TechServe Alliance. “The OPR also addresses many key questions such as the impact of working through VMS/MSP channels and increasing levels direct hire revenue on profitability,” added Roberts.

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

- Gross Margin & Bottom-line Profitability Based on Size
- Gross Margins and Close Rates and associated with Direct Client Relationship, VMS/MSP with Hiring Manager Contact, and VMS/MSP Without Hiring Manager Contact
- SG&A Expenses—what areas of expense control help drive higher profitability
- Performance Expectations & Compensation for Sales & Recruiters at Three Levels of Experience
- Benefits Offered Internal Staff, Hourly and Salaried Consultants
- Key Industry Trends such as client policies on the use of H-1Bs, multi-tier arrangements and consultant tenure restrictions

Learn more about the 2019 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.