

Kantata

State of the Professional Services Industry

What Last Year Set in Motion – and What Leaders Must Do to Stay Ahead in 2026

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Foreword

The professional services industry has never stood still. But this moment is different.

When I speak with services leaders, the message is remarkably consistent: we are at an inflection point. The conditions that defined success in professional services for decades no longer apply. Artificial intelligence isn't just knocking on the door of service delivery anymore; it's already inside, rearranging the furniture. It's reshaping how work gets done, how value is created, and how firms compete — there is a new model ahead where expertise scales outcomes and impact for services firms.

This year's State of the Professional Services report captures that shift in motion. The data shows an industry energized by what's possible, and increasingly clear-eyed about what it will take to realize that potential. Many organizations are already embedding AI into parts of delivery. The opportunity ahead is harnessing it to reinforce the fundamentals of great services execution — planning with confidence, staffing intelligently, delivering predictably, and protecting margin.

The takeaway is clear: AI at the edges is not the answer. What matters is whether it is embedded across the full delivery lifecycle, working alongside people to turn expertise into a repeatable, scalable advantage. Firms that treat expertise as a strategic asset — not a byproduct — will pull away, others will be accelerating in a race to the bottom.

At Kantata, we believe that services businesses deserve systems built expressly for this moment, technology that elevates how work gets done, not just how it's tracked. The insights in this report reinforce what we hear everyday: firms need platforms that learn from their best work and apply that expertise across every proposal, project, staffing decision, and outcome. That's the future the right technology engine can unlock and one this industry urgently needs to bridge the gap between ambition and execution uncovered in our report.

This moment isn't about technology alone — it's about leadership. Every services firm can see the same forces at work. The difference will come down to the choices leaders make now: whether they use AI to optimize around the edges, or to fundamentally raise the bar on how their firm delivers value, proves expertise, and competes. I hope this report equips you with the clarity and conviction to take your next bold step forward.

With Optimism,
Michael Speranza, CEO

Key Themes

This State of the Professional Services Industry report reveals an industry at a pivotal moment. Firms are rapidly embracing AI, navigating shifting client expectations, and working to protect margins amid increasingly competitive markets.

In this sea of change, three themes clearly emerged from this year's research:

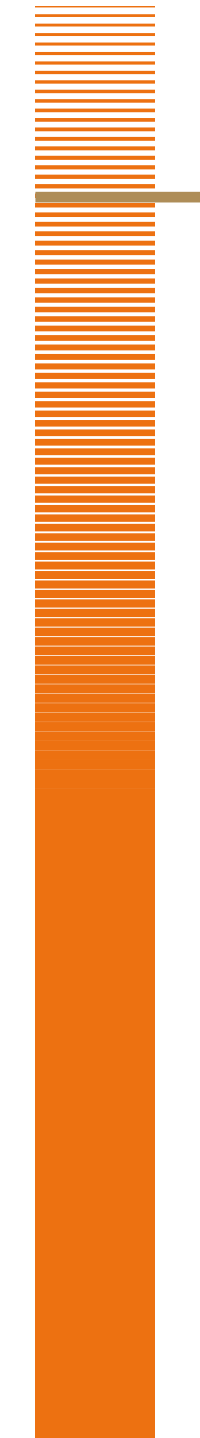
Key Theme One

Resourcing

The top resourcing challenge of 2025 is integrating AI agents into delivery workflows.

When it comes to the challenges professional services leaders face in 2025, integrating AI agents into delivery workflows has emerged as the clear front-runner. This challenge is impossible to ignore. It reframes the entire resourcing landscape. Rather than struggling to keep a pulse on people, leaders now have to figure out how to plan for a hybrid workforce of humans and AI, who each contribute to delivery in different ways. And while most organizations can't confidently forecast roles or skills beyond 1-2 months, 87% say they are already preparing to manage AI agents as part of their delivery workforce, with the majority knowing their systems will need to attribute work, outcomes, and value across both human and AI contributors.

Combined with the fact that 66% of firms surveyed had to turn down work due to resourcing constraints, the message is clear: resourcing is now a challenge that spans both human capacity and AI capability – and the infrastructure to make them work together.



87%

of organizations say they are already preparing to manage AI agents as part of their delivery workforce, even though most can't confidently forecast roles or skills beyond 1-2 months

Key Theme Two

Delivery

Nearly half of firms already use outcome-based pricing, but many are still not outcome ready.

An interesting anomaly emerged in this year's data: nearly half of firms report using outcome-based pricing (46%), yet few appear actually "outcome ready." AI is accelerating the shift toward outcome-centric delivery. Leaders cite improved execution efficiency, better proposal quality, and enhanced forecasting accuracy as measurable AI benefits, which clearly show that AI is reshaping what clients expect and how firms must deliver. But while scoping remains inconsistent, margin leakage is common, and more than half (54%) of organizations say 10% or more of their projects fall short of budget goals. The gap between aspiration and readiness is widening. Without stronger project health measurement, clearer success criteria, and real visibility into both client and team sentiments, firms risk embracing outcomes without the operational muscle to deliver them profitably.

The takeaway is obvious: AI is pushing the industry toward outcomes at lightning speed, but firms need to build the foundations that make outcome-based delivery sustainable.

Key Theme Three

Data

88% of services professionals trust AI outputs, yet 89% spend significant time verifying them – proof that trust and speed are out of balance.

Data has become a driving force in services delivery, and AI sits squarely at the center of this shift. But this year's findings reveal a hard truth: 88% of services professionals say they trust AI outputs enough to make operational decisions, but 89% also say they spend meaningful time verifying those same outputs. Trust and speed are out of balance, and this imbalance is slowing down the very efficiencies AI promises. Adding to this challenge, the top reason leaders lose trust in their data is AI outputs that are not always explainable or transparent, and fewer than a quarter of organizations say they have "full trust" in their data overall. With a growing need for systems that can attribute outcomes across both humans and AI agents, the demand for clarity, context, and traceability is skyrocketing.

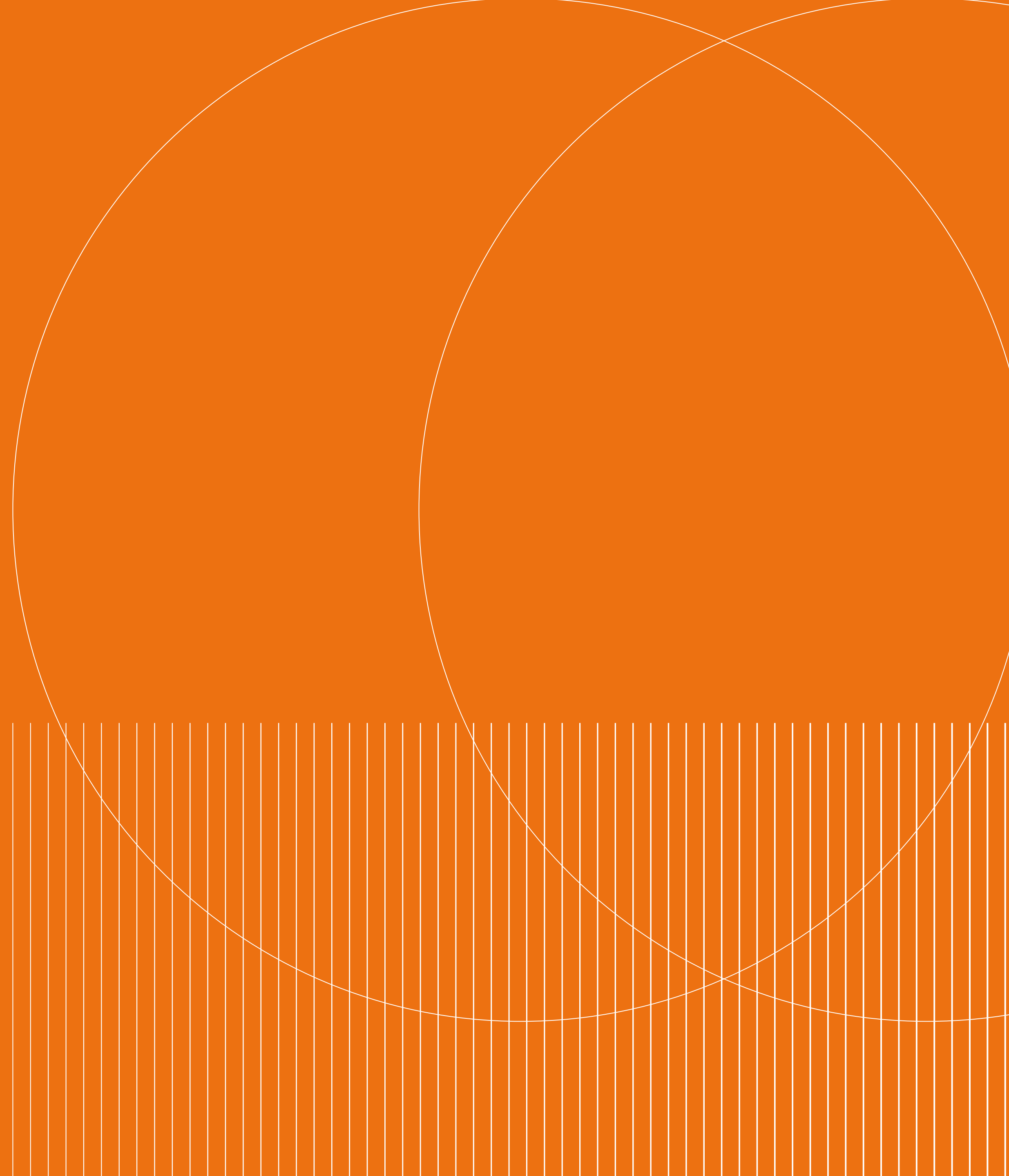
For professional services organizations, this means one thing: The next era of operational performance will belong to firms that close the trust gap by building data systems that are transparent, centralized, and able to support a hybrid human + AI workforce.

Key Theme One

Resourcing

THE NEW HYBRID WORKFORCE IS HERE

The professional services workforce is entering a decisive era, one defined not by headcount, but by hybridization. Organizations are no longer managing teams made solely of people; they're orchestrating a mix of human expertise and AI agents, and the transition is exposing deep structural weaknesses in traditional resourcing models.

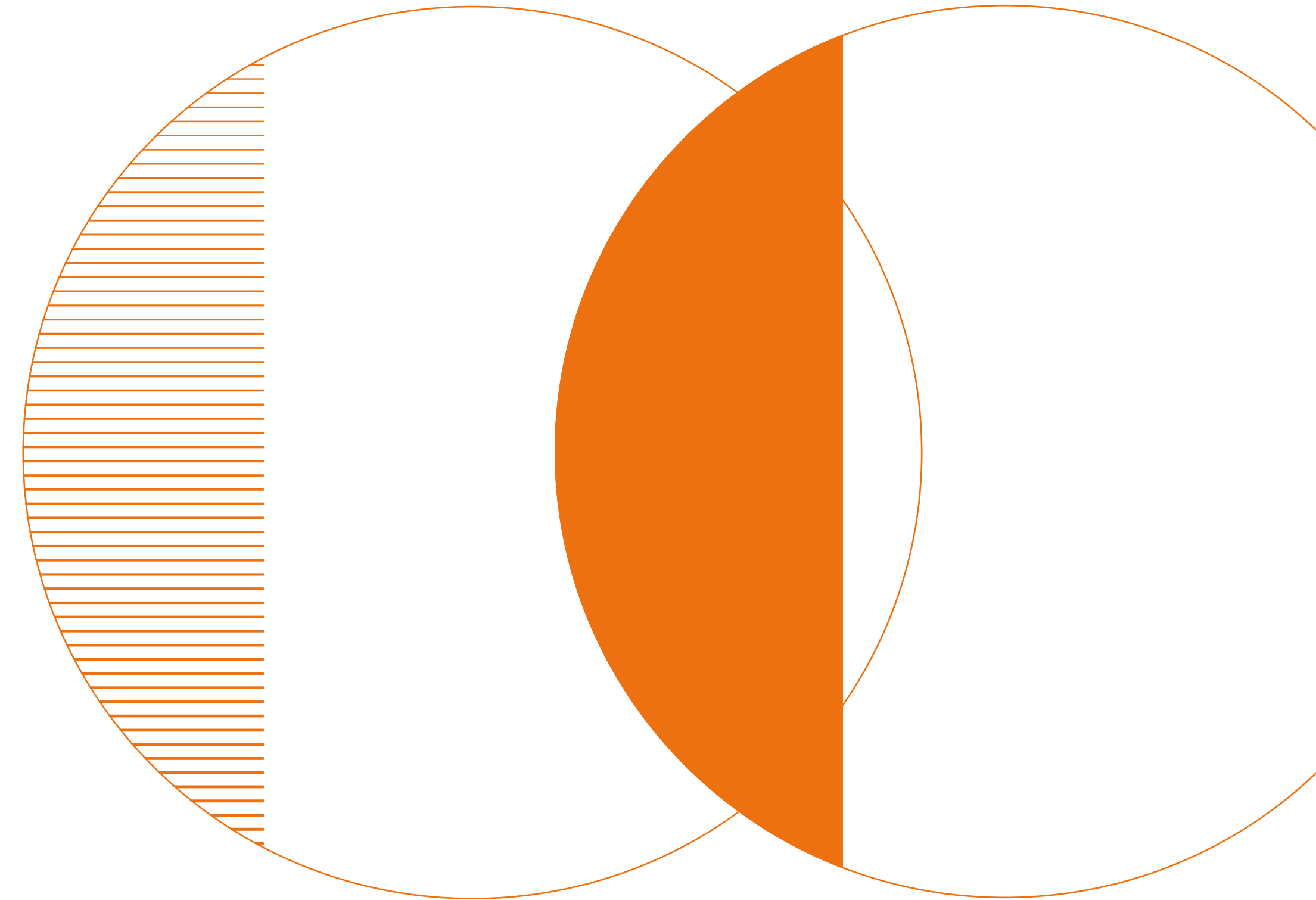


Today's Challenges

This year's resourcing landscape comes with a significant year-over-year shift in what leaders view as their biggest obstacles. In 2024, their top challenge was upgrading systems and technology. But in 2025, that has been displaced by adapting to the rise of AI in service delivery. Now, the top concern across professional services leaders surveyed is managing and integrating AI agents into delivery workflows (27%). While customer expectations and classic issues like forecasting and utilization still rank highly, the arrival of AI inside project teams is redefining every aspect of resource allocation.

These challenges carry real business consequences. Sixty-six percent of respondents report turning down work in the past year due to insufficient resources, with a notable rise in organizations citing not having the right number of available resources as the cause. In short: demand is there. The capacity to deliver is not.

Forecasting is also becoming increasingly unstable. In 2025, organizations report that it's becoming more and more difficult to see what's ahead. The number of firms that can only forecast resource needs one to two months into the future leapt from 22% to 32% year over year, while those able to plan three to four months out fell from 48% to 45%. Long-range forecasting saw the steepest decline: only 15% can reliably predict five to six months ahead, compared to 24% the year before. This shows that the future is getting more and more hazy, while the stakes continue to rise.



27%

of professional services leaders cite managing and integrating AI agents into delivery workflows as their top concern

32%

of firms can only forecast resource needs one to two months into the future, up from 22% year over year

Leaders are also confronting a growing gap between rising expectations and operational reality. They agree that competencies and outcomes should drive staffing decisions, but most still lack the systems or the clarity to actually do so. Skills uncertainty remains one of the most universally felt pressures, and teams don't just struggle to identify the skills they need – they struggle to trust the mechanisms they're using to assess them.

Nearly two-thirds of decision makers (63%) say they are unsure which skills they'll need to meet demand over the coming six months, but know that effective staffing calls for more than matching job titles to open roles. Eighty-eight percent say resourcing decisions should be based on competencies and past outcomes rather than skills alone, and 85% believe soft skills – such as communication and adaptability – play a critical role in services delivery. Leaders also anticipate difficulty obtaining the skills they know they'll need – a telltale sign of how unpredictable talent requirements have become. Sixty-eight percent expect skill availability to be a barrier in the months ahead, compared to 45% the previous year.

In short, the narrative has changed. Leaders aren't wrestling with whether AI will impact their workforce; they're now grappling with how to operationalize it.



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68%

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Tomorrow's Opportunities

Despite the turbulence, the sector is not resisting the shift. *It is preparing for it.*

The overwhelming majority (87%) of organizations say they are actively looking to manage AI agents as part of their workforce, and most (90%) surveyed believe their systems will soon need to attribute work, outcomes, costs, and value across both humans and AI agents. The industry is bracing for a workforce where every contributor, human or digital, plays a measurable role.

Firms that succeed in hybrid resourcing will gain a growth advantage. When work attribution, forecasting, and capacity planning expand to include both human and AI contributions, organizations unlock new levels of operational flexibility that traditional staffing models cannot replicate.



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Looking Ahead: Resourcing in 2026 and Beyond

2026 will be a year of true hybrid workforce design, creating systems where humans and AI agents are resourced, measured, and optimized together, not apart. Firms know that agents are becoming real contributors to delivery, but most lack the frameworks to schedule them, evaluate output quality, or track their impact on utilization and margins. Next year, the resourcing function will shift toward orchestration: blending human expertise with AI capacity in ways that maximize speed and predictability, while minimizing delivery risk.

The firms that win will build systems that will lean into transparency and visibility when it comes to hybrid contributions. This means creating clear attribution, performance measurements, skills inventories, and forecasting models that treat agents as part of the bench. Firms that don't will see a rocky road ahead, one that's rife with unclear ownership, inconsistent quality, and widening gaps in delivery efficiency as AI adoption accelerates around them.

Take Action

- Build a forward-looking skills inventory to help you understand what competencies, soft skills, and outcomes are essential to your business – not just what job titles.
- Shorten your forecasting cycle to align with actual visibility (1-2 months for most firms) and expand it only once accuracy improves.
- Invest in automating non-billable work to reclaim utilization and prevent over-reliance on “heroics.”

Key Theme Two

Delivery

ALIGNING WITH THE OUTCOME IMPERATIVE

Delivery in professional services has reached a pivotal transition point. The industry has long centered around “on time, on budget” delivery, but current client expectations (and the operational realities of AI-enabled work) demand something far more ambitious: outcomes that can be measured, explained, and trusted.

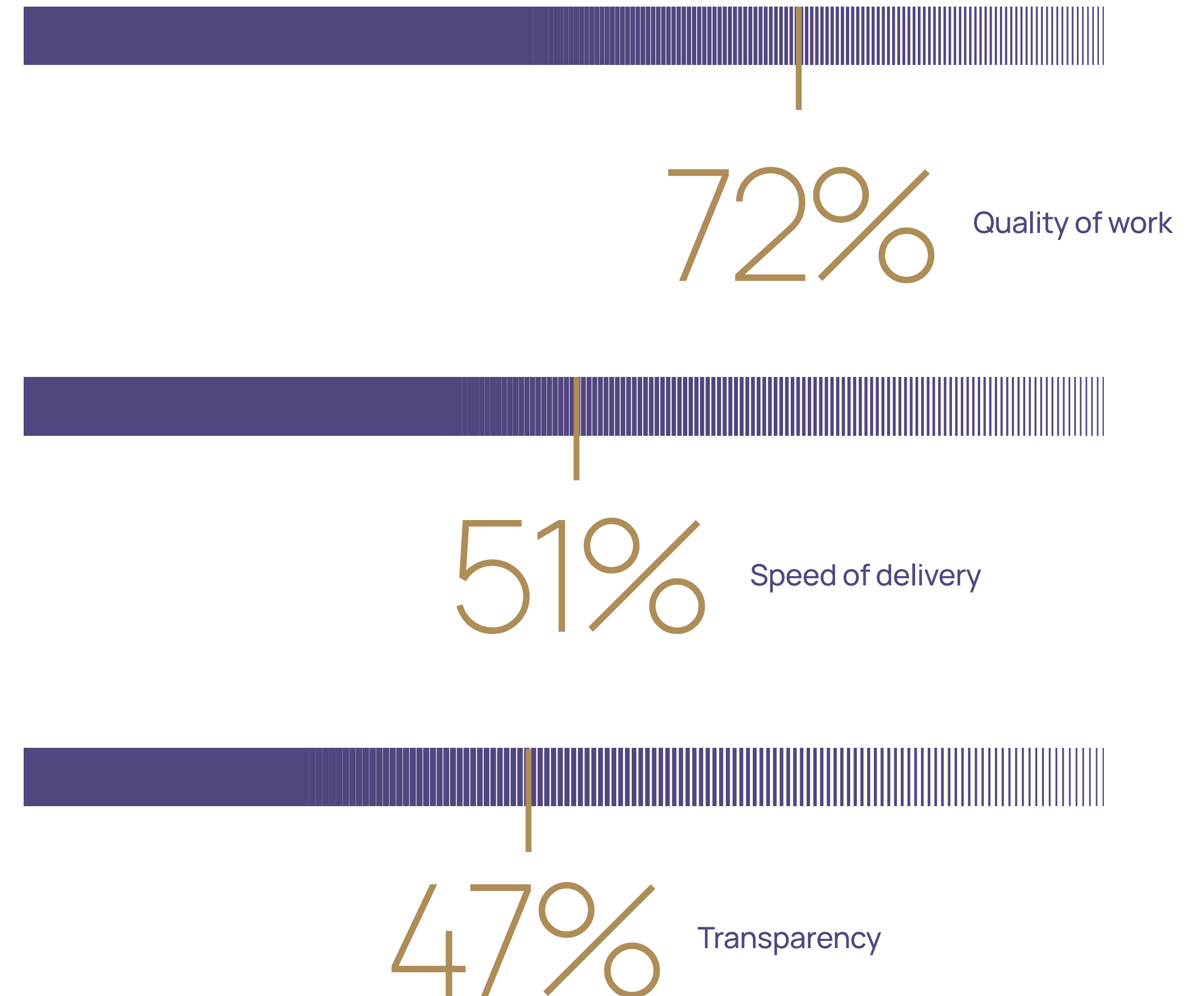


Today's Challenges

Quality of work isn't just rising steadily – it's rising faster than other expectations. Last year, client expectations (speed, transparency, quality) were fairly even. This year, quality stands out far above the others. Nearly all decision makers say client expectations are increasing in some way: 72% cite rising expectations around quality of work, 51% around speed of delivery, and 47% around transparency. This shift directly links to competitive pressure: clients aren't satisfied with faster or cheaper; they expect higher-value, outcome-centric work.

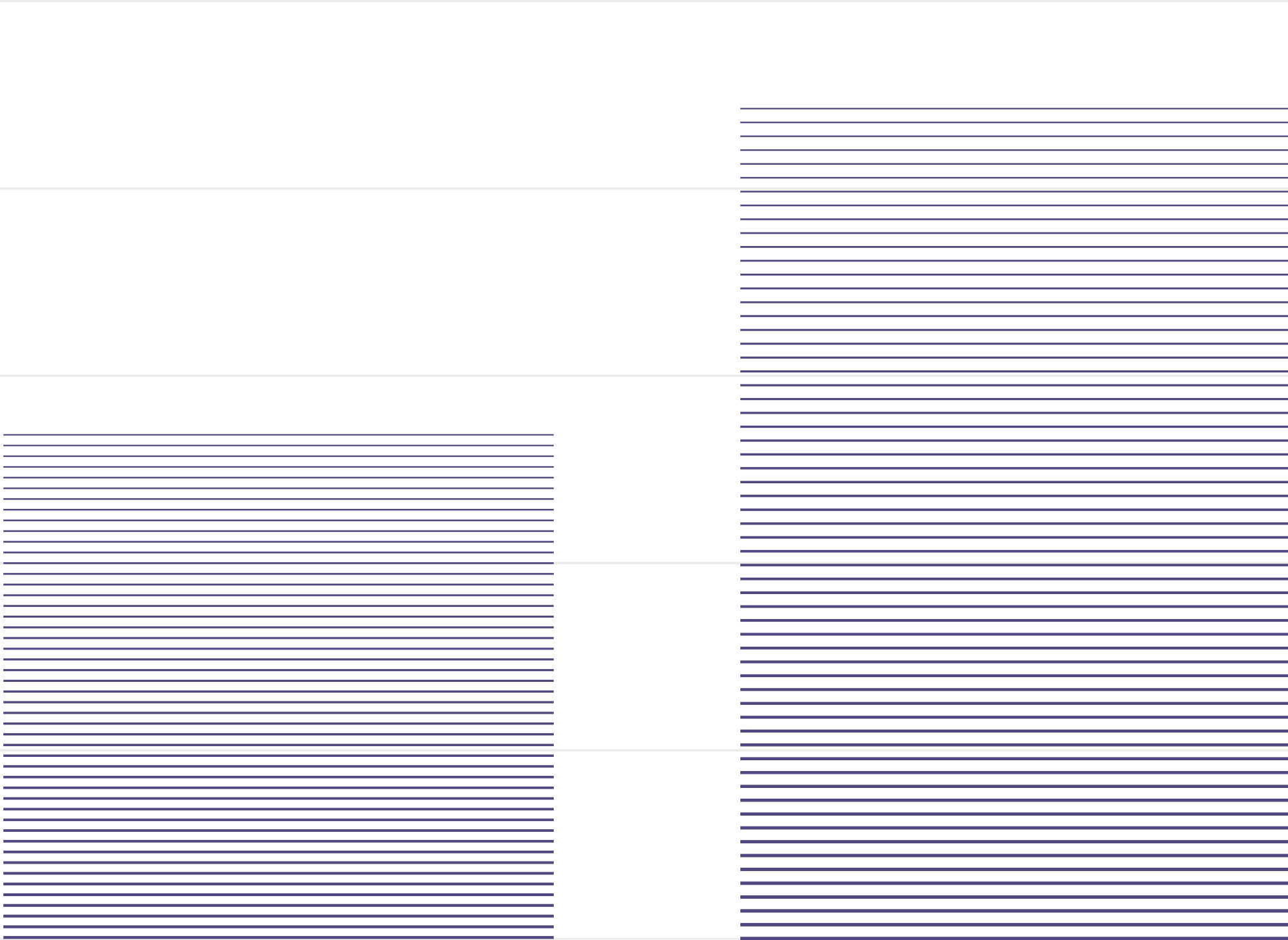
At the same time, margin pressure has outpaced billable utilization as a top concern, and more leaders are now focused on improving margins (70%) than driving topline growth (62%). The shift is reinforced by performance data: the number of firms reporting declining margins decreased from 12% to 4% year over year, while billable utilization has remained flat. This is a clear reflection of rising competition, tighter budgets, and race-to-the-bottom dynamics.

Nearly all decision makers say client expectations are increasing in some way:



Budget performance adds to the tension. Firms report an average budget shortfall of 10% on client-facing projects, with more than half (54%) saying that 10% or more of their projects miss budget goals, demonstrating that despite improvements in tooling and analytics, budgeting accuracy remains elusive.

Operational strain is also ramping up. Difficulty managing projects to timeline and budget now impacts 89% of organizations, up from 72% the prior year. Visibility into the future is another growing challenge, with most firms (90%) sharing that they struggle to forecast business performance accurately enough to support confident decision-making. Inconsistencies in service delivery across teams amplify these pressures.



54%

of firms say that at least 10% of their projects miss budget goals

89%

of organizations report difficulty managing projects to timeline and budget, up from 72% the prior year

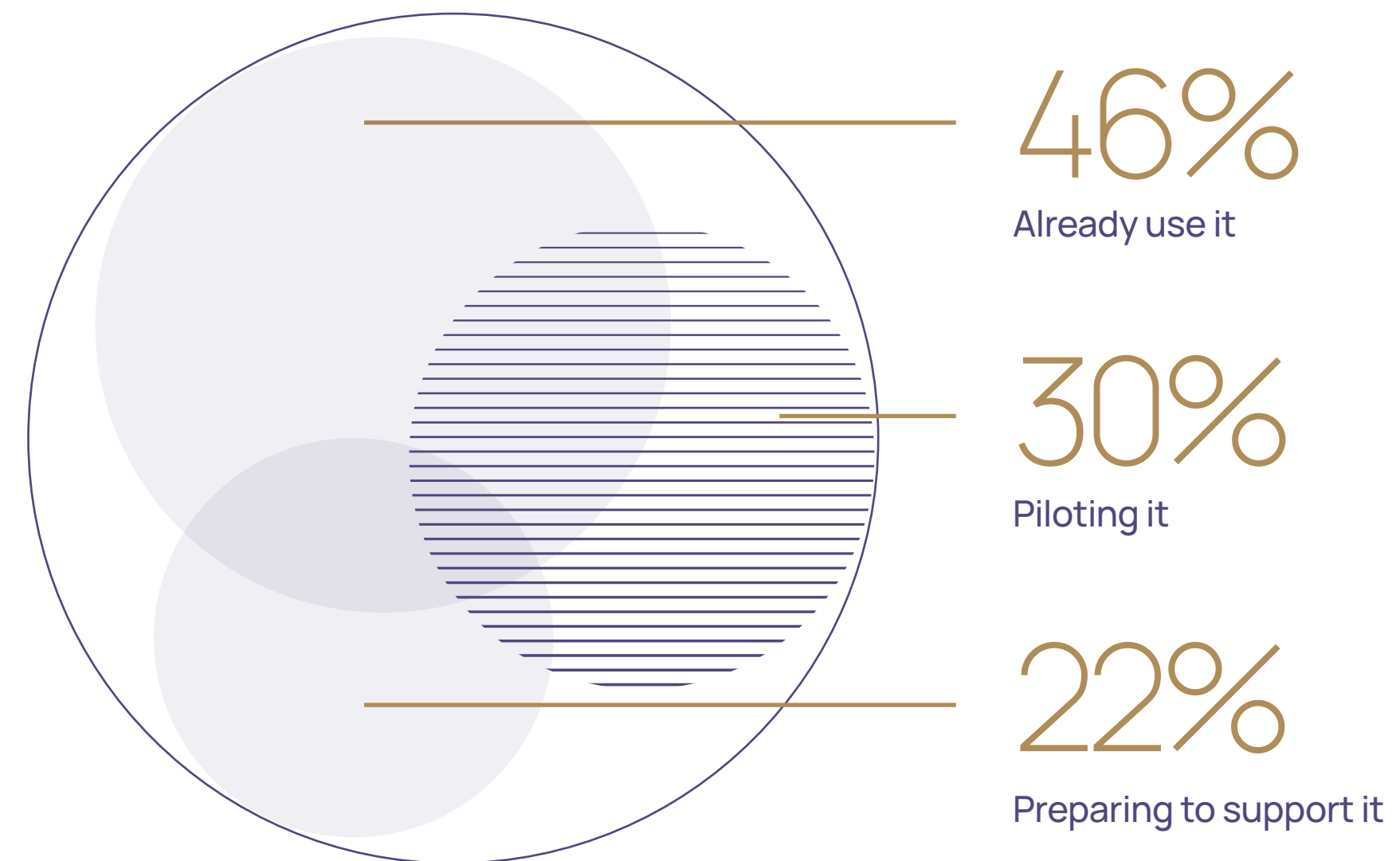
Tomorrow's Opportunities

Amidst these delivery challenges, the industry is rapidly moving towards a new model: outcome-based pricing. Nearly half of organizations (46%) say that they already use outcome-based pricing extensively, while about a third (30%) are piloting it and 22% are preparing to support it. Only a small minority (3%) are not preparing to adopt it in the near future at all – showing just how inevitable this change is.

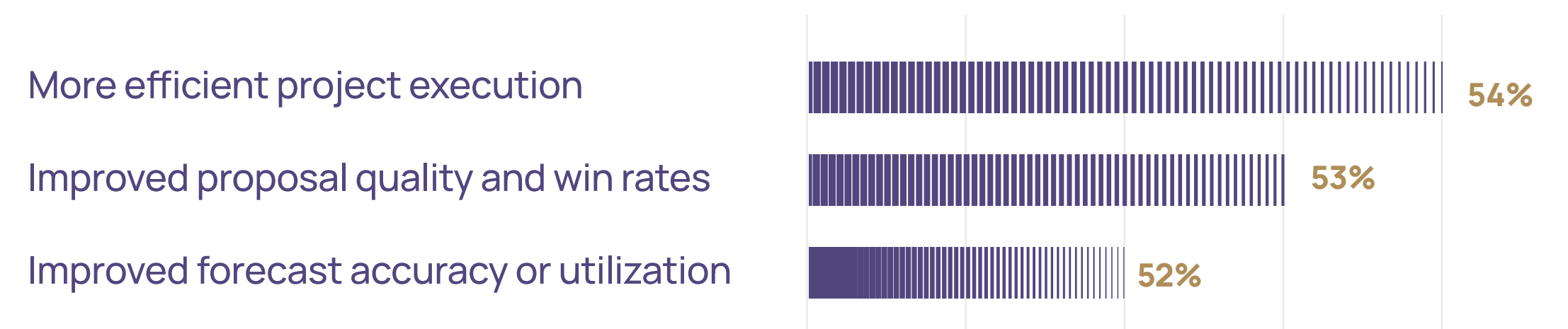
But adopting outcome-based pricing requires outcome-ready operations – something many firms still lack. Leaders say that metrics like client sentiment, team sentiment, and quality of deliverables are extremely important – yet most admit they can't measure them well. This reinforces the underlying challenge: firms want to improve outcomes, but they lack the systems needed to reliably measure the factors that drive those outcomes.

Firms that weave AI-driven insights and automation into their delivery operations will be the first to fully reap the benefits of outcome-based pricing to align outputs with measurable, transparent value.

Percentage of organizations using outcome-based pricing:



Among organizations using AI to optimize essential processes, over half report success in key areas:



Looking Ahead: Delivery in 2026 and Beyond

Delivery is entering a year defined by outcome enablement, not task execution. Firms may still be cautious about fully committing to outcome-based pricing, but clients will continue to expect engagements built around measurable results, not just billable hours. AI will play a big role in this shift by accelerating onboarding, sharpening scoping, and exposing risks earlier, impacting how teams define and manage value.

In the year ahead, AI will take on more repetitive, time-consuming tasks so human resources can shift focus towards maintaining relationships and building clearer, stronger strategies. Teams will need to manage client health, anticipate obstacles, and guide customers through AI-powered workflows with confidence. Success will hinge on strong alignment between every step of the delivery lifecycle (proposals, staffing, onboarding, outcomes) before work even begins. Firms that adapt will deliver smoother, faster, and more predictable engagements that are rooted in impact and value.

Take Action

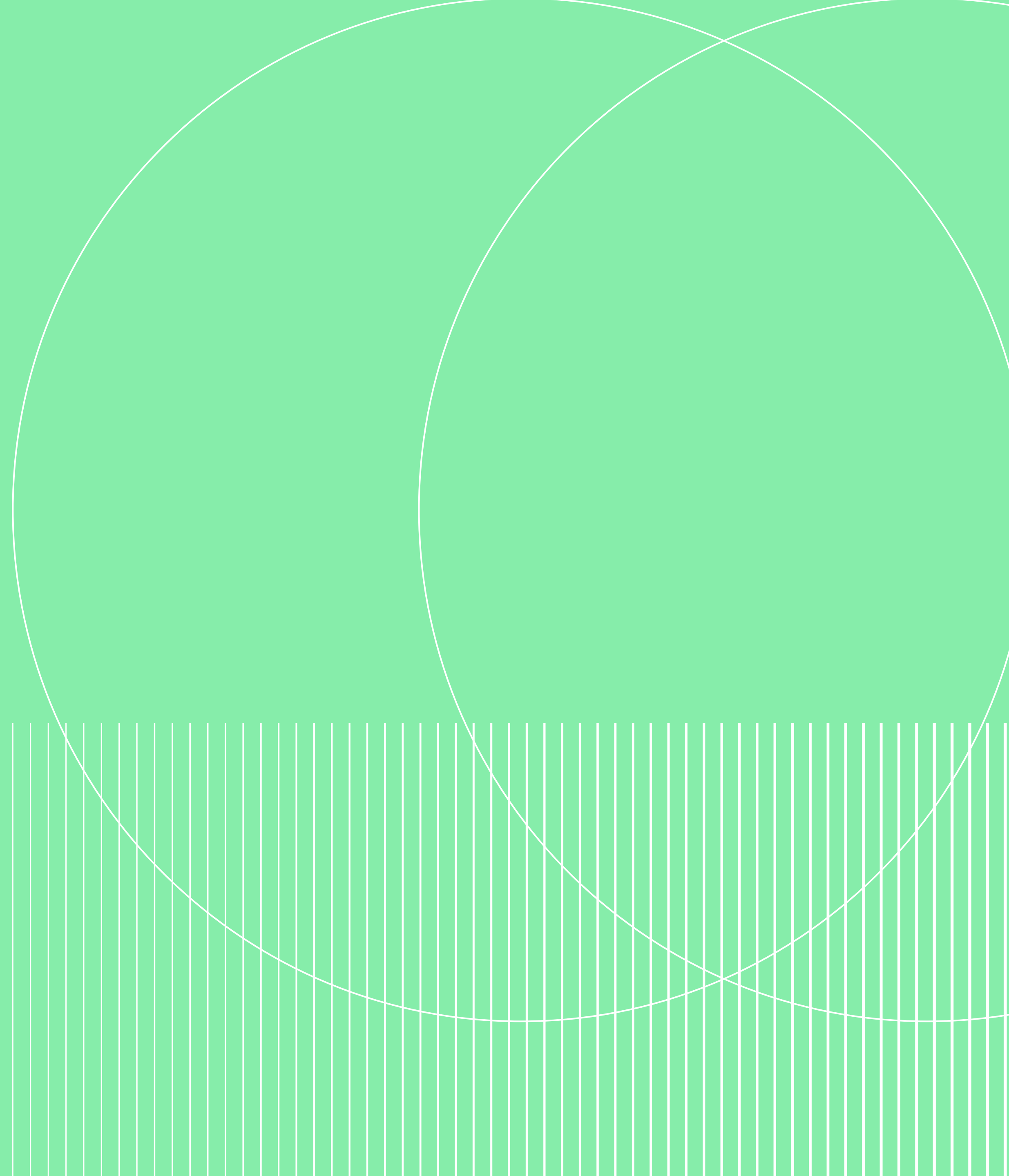
- Shift your mindset. Don't just look at whether or not work was delivered, look at whether or not the work was impactful and made a difference for your clients.
- Redefine what success and progress look like for your organization and clients, and develop systems that are able to drive and track outcomes that get you there – not just effort.
- Figure out how to compound the expertise powering your organization and leverage AI to make outcomes visible across your teams – ultimately ensuring repeatable, sustainable processes that can be used time and time again. Look beyond customer stories to understand what worked, what didn't, and what lessons were learned or best practices were picked up along the way.

Key Theme Three

Data

TURNING TRIBAL KNOWLEDGE INTO INSTITUTIONAL EXPERTISE

The industry has never had more data — or been more uncertain about what to do with it. Teams collect massive amounts of information across dozens of systems, yet confidence in that data is eroding. And AI has amplified the anxiety teams feel about how they approach their organizational information. As teams adopt more automated tools, they become increasingly sensitive to the risks of outdated, siloed, or unverifiable data.

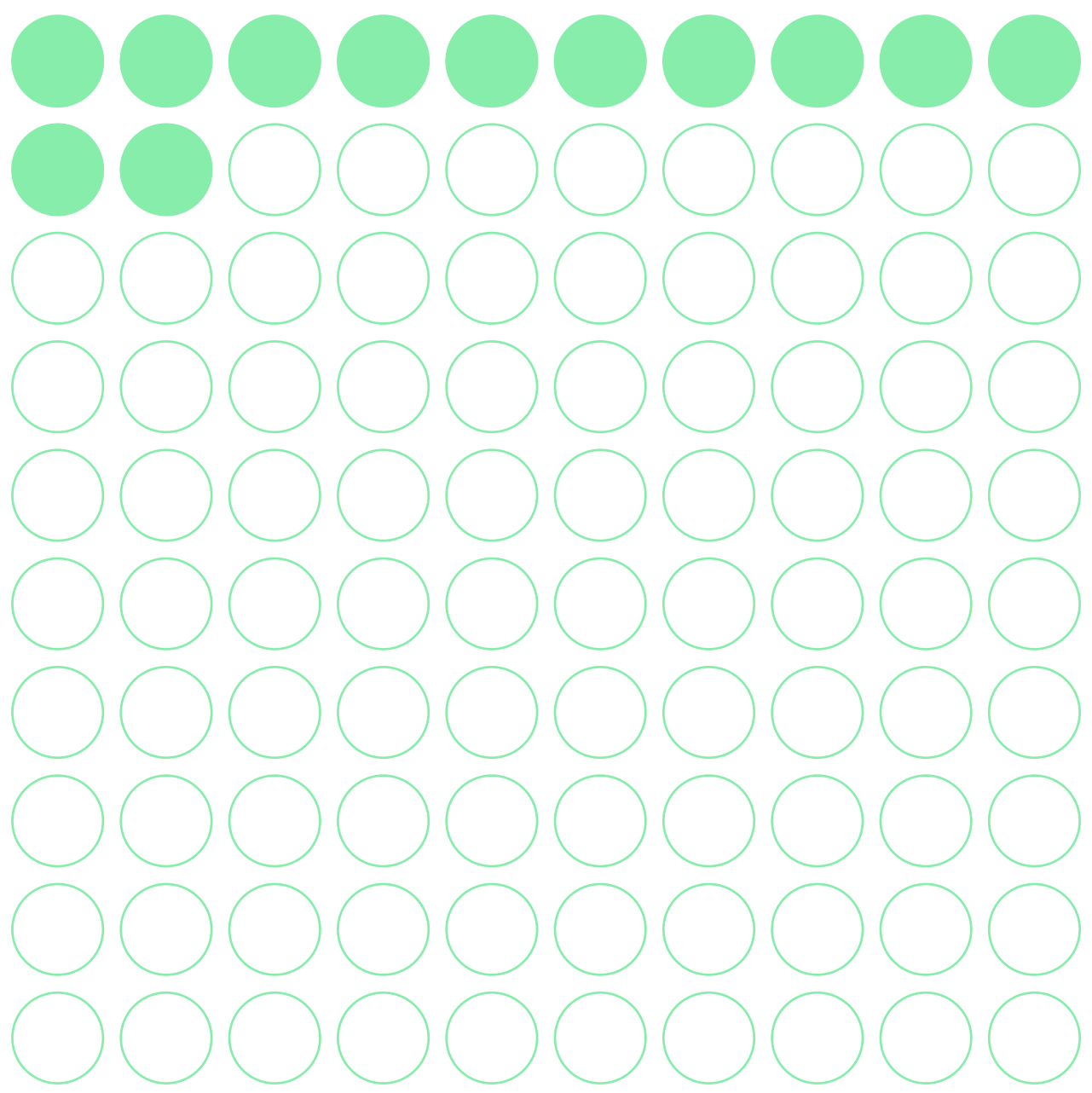


Today's Challenges

Data trust is deteriorating rapidly. Just 12% of leaders surveyed say they fully trust the data in their systems, down from 24% the previous year. That means a full 88% lack confidence in the information that drives their operations. And the reasons are telling, with respondents pointing to a lack of transparency from AI outputs (39%), overly siloed data (38%), and duplication issues (35%) as key contributors. These challenges directly undermine speed and accuracy – the very qualities organizations expect AI to improve.

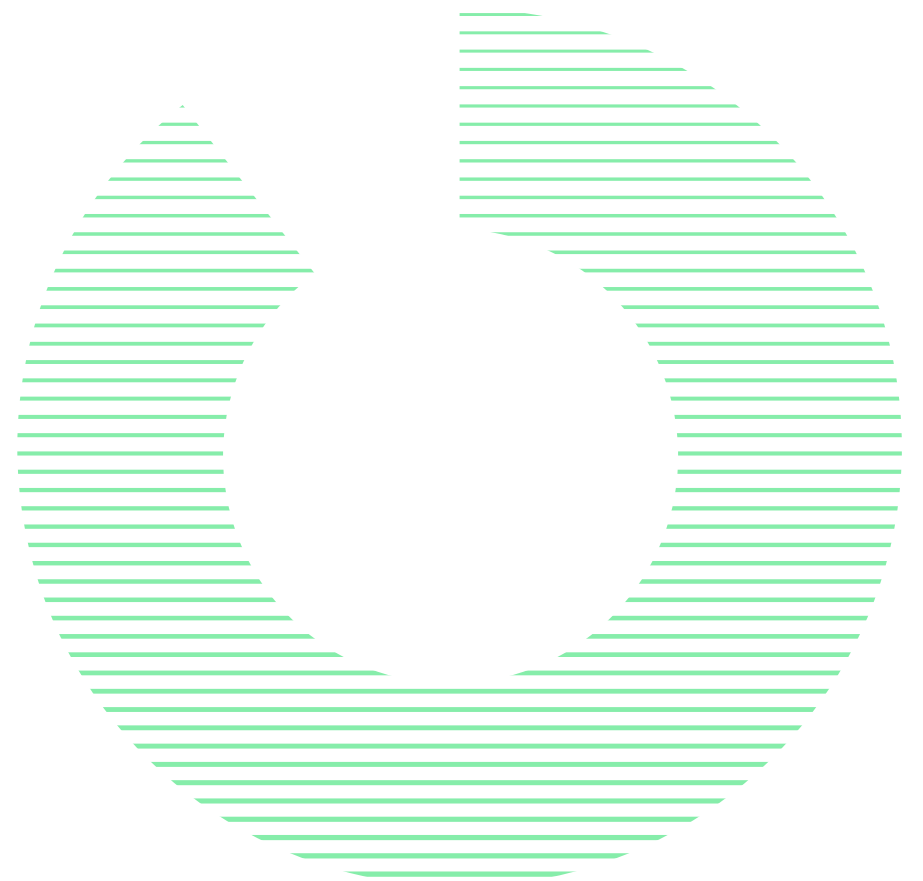
Adding to the frustration is data validation, with verification becoming a hidden tax on productivity. While most (88%) say they trust AI outputs enough to use them in operational decisions, an almost identical share (89%) say they spend a significant amount of time verifying those outputs. The industry finds itself in a catch-22: AI accelerates insight generation, but human teams slow the process back down through manual validation. Trust and speed remain fundamentally misaligned.

The consequences of outdated or unreliable data are mounting. The share of organizations impacted by looking at old, unactionable data rose sharply from 75% to 88% year over year. And while the majority of firms consistently track key health metrics like on-time and on-budget delivery, only about half (48%) say they track these metrics extremely well – showing that while tracking exists, insight does not.



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88%
of organizations are impacted by looking at old, unactionable data, up from 75% year over year

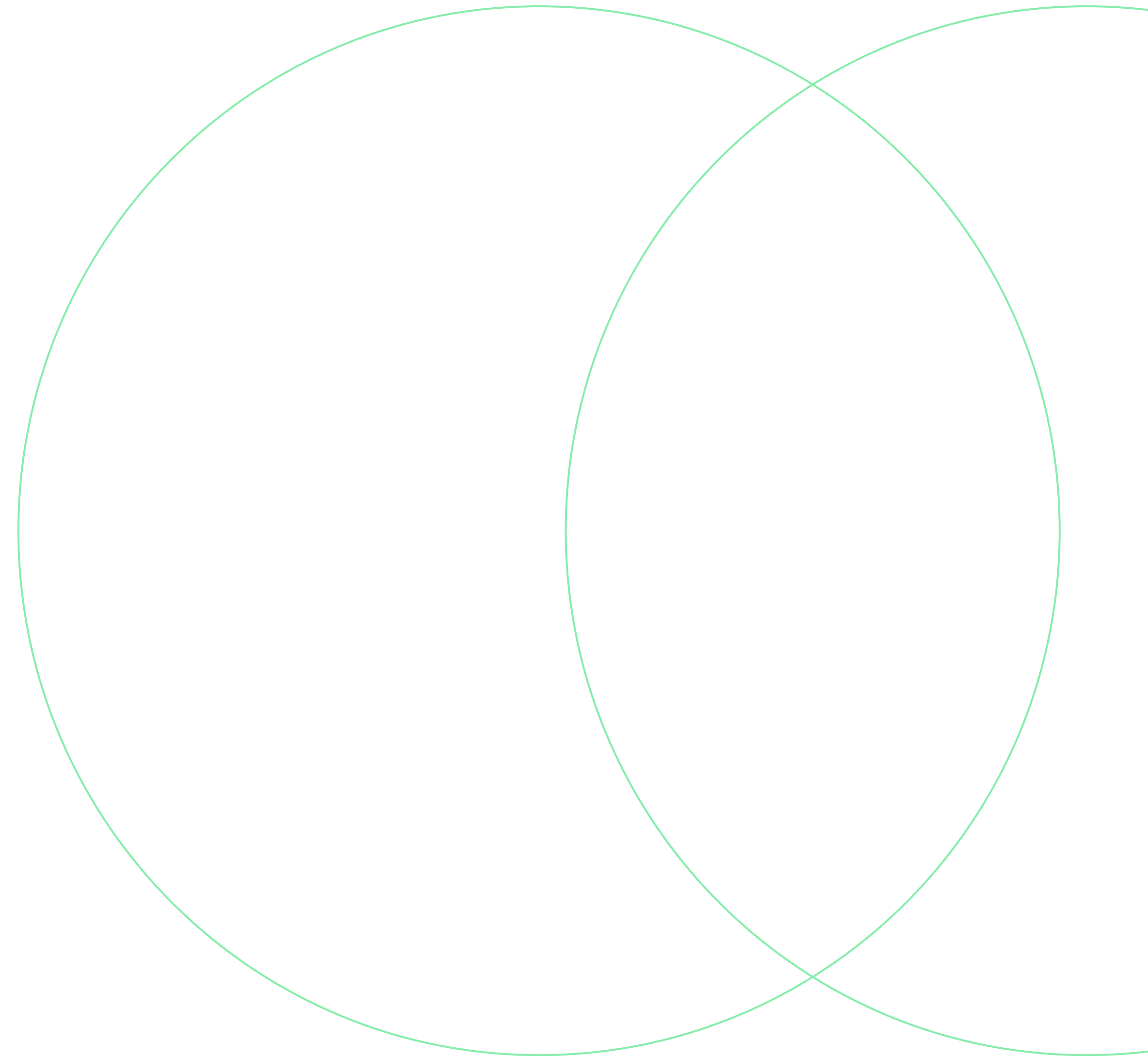


Tomorrow's Opportunities

This fragmented data ecosystem reflects the systems landscape many firms still operate in. Organizations typically use a patchwork of disconnected systems that function on their own, keeping data siloed rather than centralized and streamlined. Leaders see the gap: firms share that they do plan to implement PSA, CWM, resource management capabilities, and other advanced analytics in the near future. This demonstrates that the push toward centralization is a clear necessity.

But integration alone is not the goal. The real opportunity lies in change, in moving from tribal knowledge held by individuals or teams to institutional intelligence that guides the entire organization.

Firms are beginning to shift from systems that merely store data to systems that *learn* from it – systems that capture patterns in project outcomes, talent performance, resourcing choices, and delivery risks, and convert those patterns into repeatable, scalable guidance. This emerging class of technology will become the foundation of competitive advantage in professional services: platforms that transform data into institutional expertise.



Looking Ahead: Data in 2026 and Beyond

With AI integrating deeper and faster into our workflows, 2026 will widen the gap between firms that invest in interconnected systems and those still relying on spreadsheets and manual oversight. Trust in AI is rising, but verification cycles are still too slow; firms rushing ahead without strong data and operational foundations will hit bottlenecks in forecasting, staffing, and visibility.

The advantage will belong to organizations that build domain-specific intelligence, unify delivery data, and make AI outputs transparent enough to act on in real time. Because as operational decisions speed up, teams without trusted data will fall behind, stuck validating what others are already using to drive action. The winners will be those who treat data and knowledge as the engine of performance, allowing them to build towards faster, stronger, more transparent outcomes that clients can feel confident in.

Take Action

- Define how human and AI work will be measured, tracked, and valued inside your organization.
- Create a unified project health dashboard that integrates financial, experiential, and delivery data.
- Invest in systems that elevate expertise and context, not just automate tasks — the next era of AI will reward firms that can operationalize what makes them uniquely excellent.

Conclusion

The 2025 results make one thing clear: professional services is entering one of its most transformative periods yet. AI adoption is accelerating faster than expected and reshaping how firms plan, deliver, measure value, and grow. But this shift isn't just about technology – it's about confidence. Confidence in scoping, pricing, staffing, measuring project health, and trusting the data behind every decision.

Across all three themes, the message is consistent: firms that want to lead must build an operational foundation that unifies people, processes, and data, and prepares them to manage both human and AI contributors. Success will come from embedding repeatability, elevating expertise into a strategic advantage, and turning insight into action faster than competitors.

The future of services is high-velocity, insight-driven, outcome-oriented, and powered by a hybrid workforce. Firms that build for this reality today will define the industry tomorrow.

Learn more at [Kantata.com](https://www.kantata.com)

About This Report

Kantata commissioned Censuswide to conduct an online survey of professional service organization decision-makers, at director-level or above, with awareness of services performance targets in their business. Respondents spanned a wide range of services, specialties, and markets across the US. The survey took place between August 6-14, 2025.

- Respondents: 200
- Age: 18-55+
- Regions: US
- Industries: Consulting, Marketing, Advertising, Media, IT Services, Technology, Healthcare, Finance
- Titles/roles: President, CEO, CRO, COO, CFO, CIO/CTO, CMO, Vice President, Director/Department Head, Manager/Senior Manager
- Company size range: 100-25,000+