

Welcome to Today's Webinar!

The webinar will begin shortly. Here are a few housekeeping notes:



Browser

Use Google Chrome or Firefox for the best experience.



Audio

Audio is streamed through your computer; there is no dial-in. Ensure your volume is turned up.



Slides

Download slides via the Resources widget (top right).



Layout

Widgets can be resized to fit your screen.



Recording

Recording will be emailed within 24 hours.



Ask questions in the Q&A box—any unanswered questions will be addressed offline.



Deltek. CLARITY

Where A&E Industry Insights Become Strategy

47th Annual Industry Study

Today's Speaker



Megan Miller

Sr. Director, A&E Industry

Deltek

- 12 years with Deltek Clarity Insight
- Product Marketing Leader at Deltek
- 11 years in the A&E Industry
- Active member of SMPS



What is Deltek Clarity?

About the Study



- 47th year
- 896 A&E firms in U.S. and Canada
- Based on 2025 fiscal data
- In collaboration with ACEC, AIA and SMPS

#DeltekClarity



What is the Purpose of Deltek Clarity?

Sections of the Deltek Clarity A&E Industry Report



**Business
Development**



**Project
Management**



**Human Capital
Management**



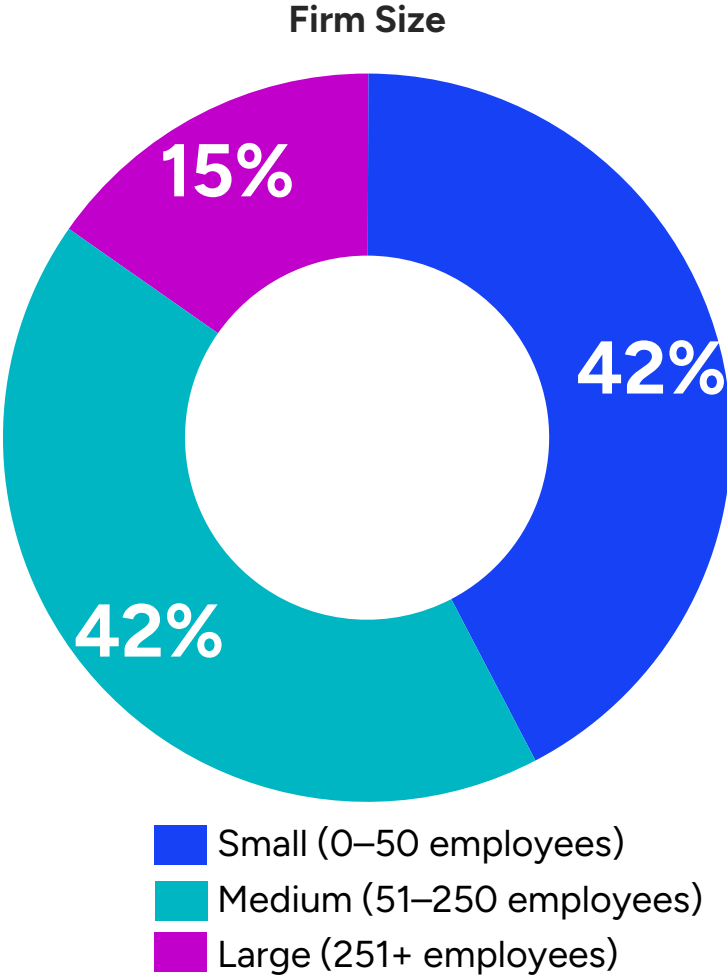
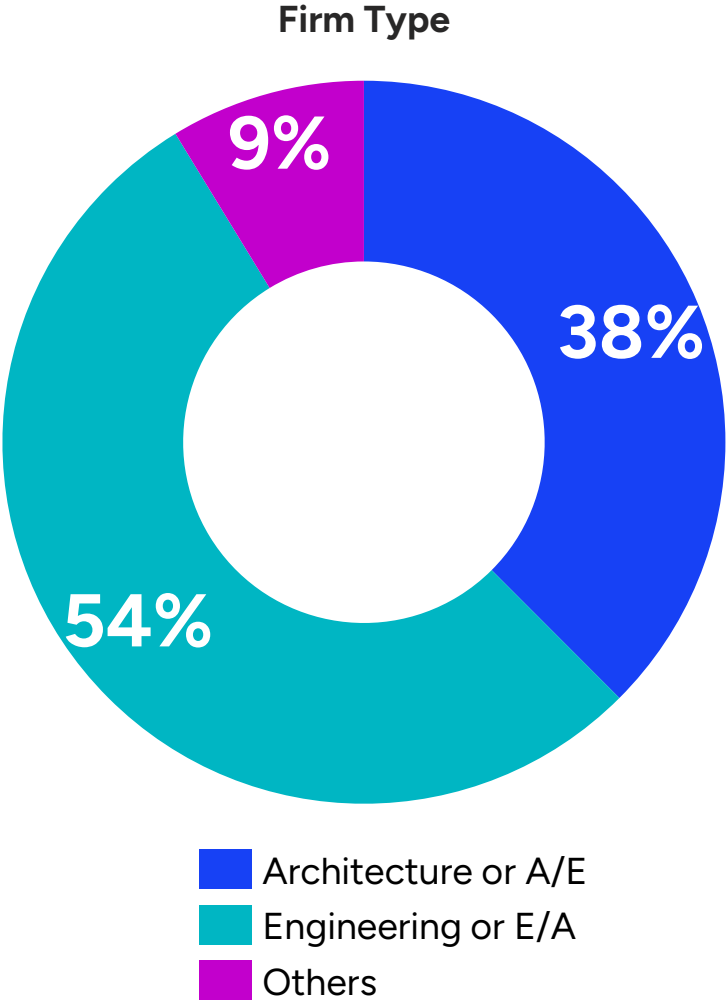
**Financial
Management**



**Technology
Trends**

Participant Profile

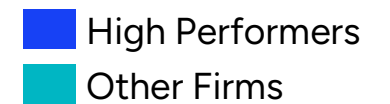
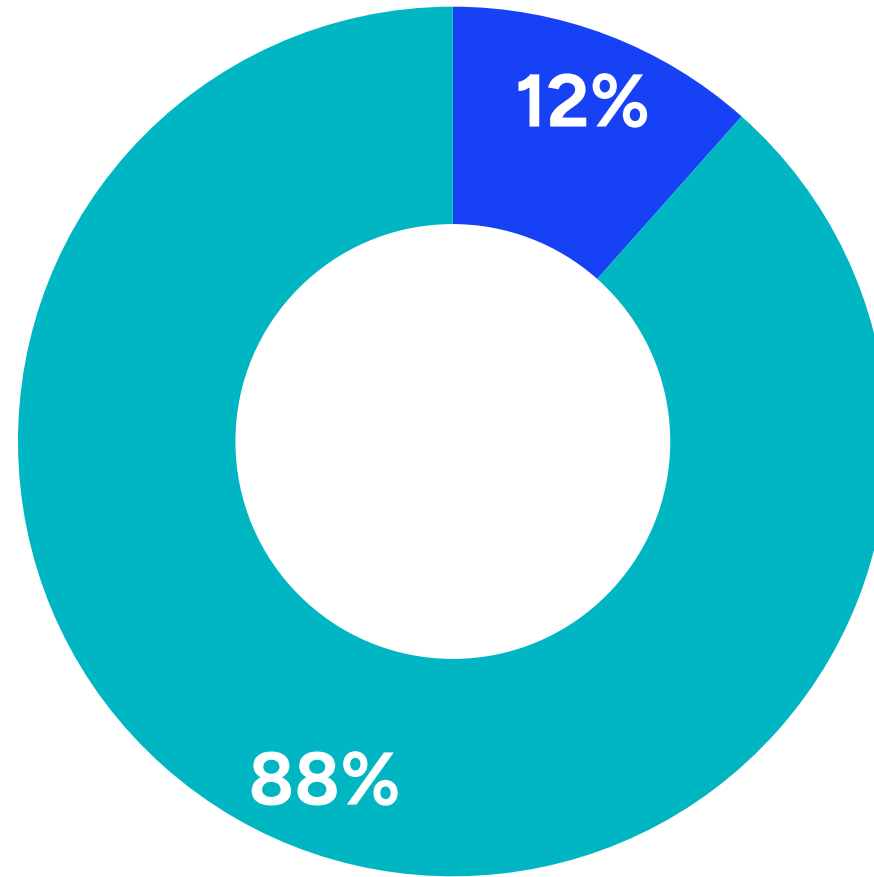
Participant Profile



High Performers

What Makes a High Performer?

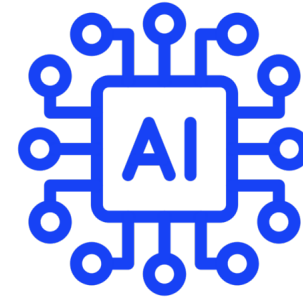
- » 15%+ Operating Profit
- » 3.0+ Net Labor Multiplier



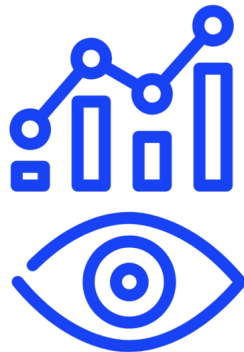
Prevalent Themes



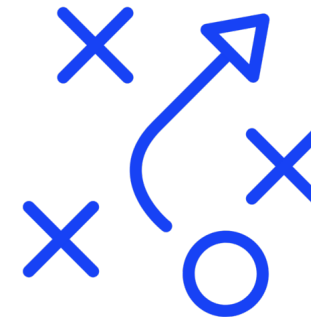
Performance normalizing; efficiency pressures increasing



AI adoption accelerating; measurable returns lagging



Operational discipline, data-driven management becoming standard practice



Shifting markets, increased competition make pursuit strategy more critical

Top Overall Challenges



**Finding time to
nurture client
relationships**

44%

Business
Development



**Competing
priorities**

53%

Project
Management



**Availability of
good candidates**

80%

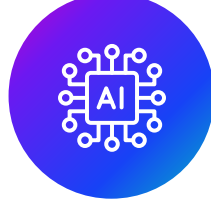
Human Capital
Management



**Increasing
profitability**

54%

Financial
Management



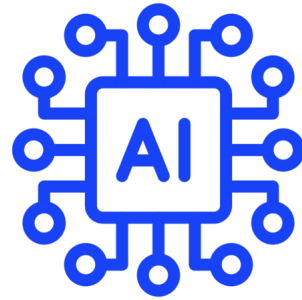
**Prioritizing
applicable tech
trends**

61%

Technology
Trends

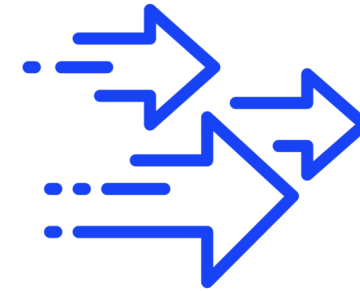
Technology Trends

Technology Trends



78%

Use Generative AI
(a significant increase from last year)



46%

Improved operational efficiency as primary benefits of AI



1 in 5

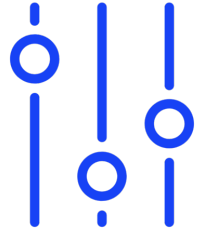
Expect to lose market share in less than 2 years without significant digital transformation



93%

Have experienced a cyber attack attempt in last three years

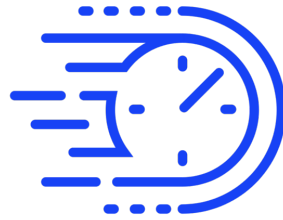
Top Tech Trend Challenges



Prioritizing Applicable Tech Trends

61% ranked in top 3

24% indicated this is their **top challenge**



Lack of Time to Invest in Learning

51% ranked in top 3

Up 8% from last year

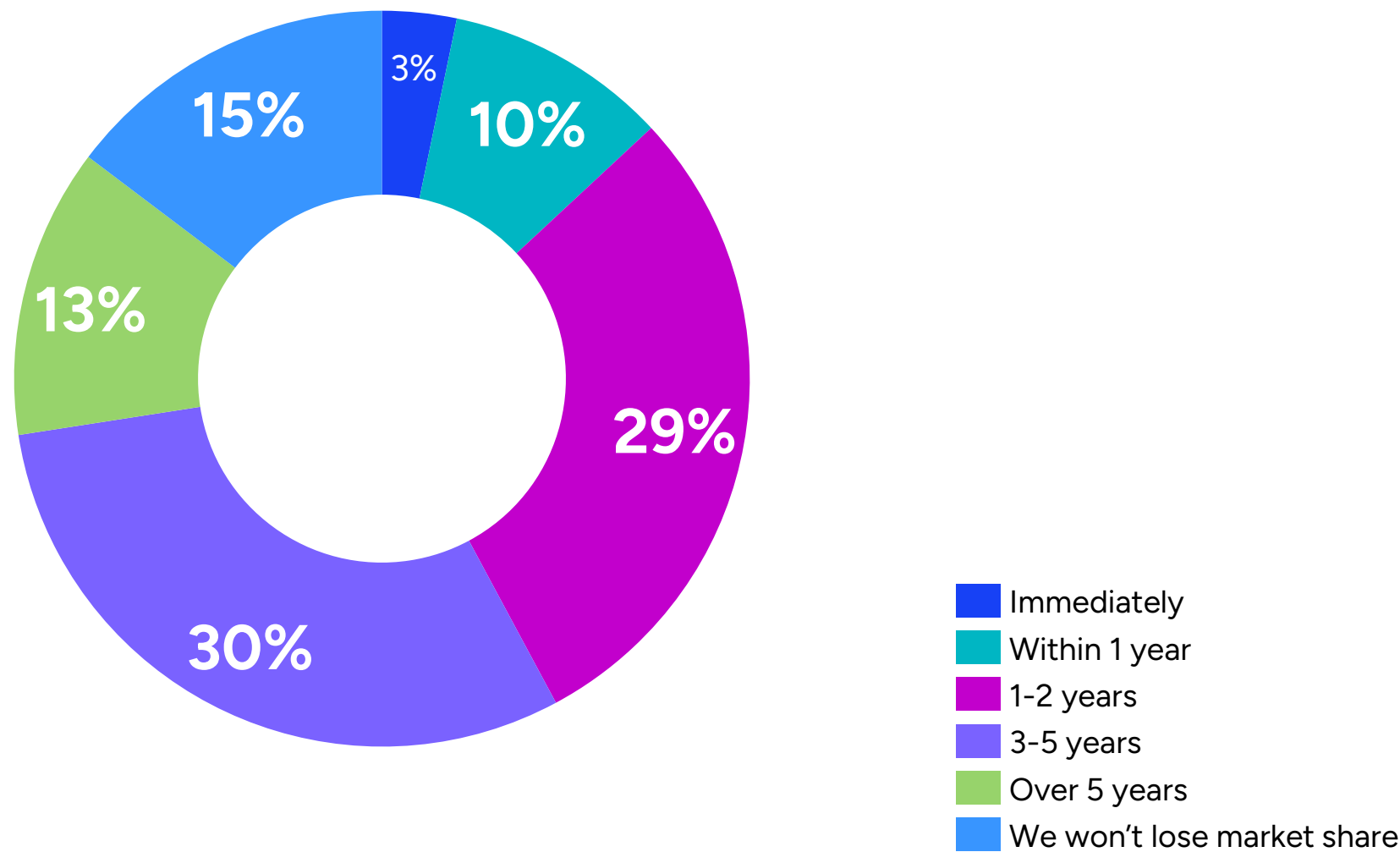


Cost of Technology

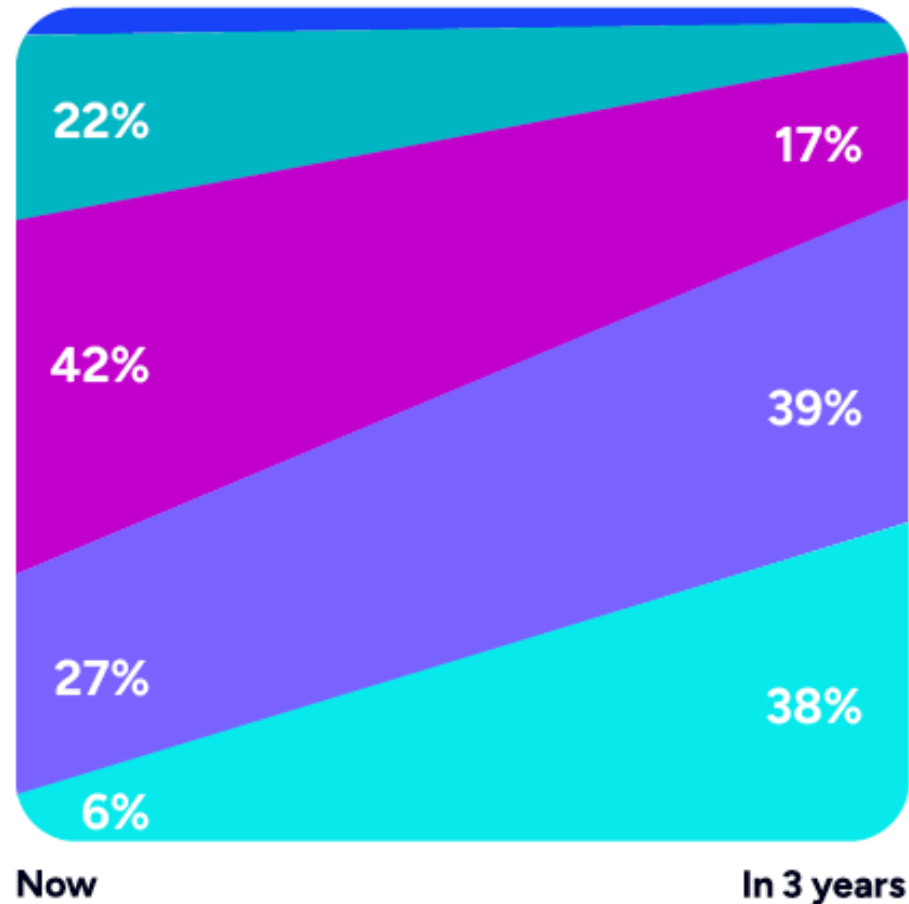
48% ranked in top 3

19% indicated this is their **top challenge**

Time Before Losing Market Share Without Digital Transformation

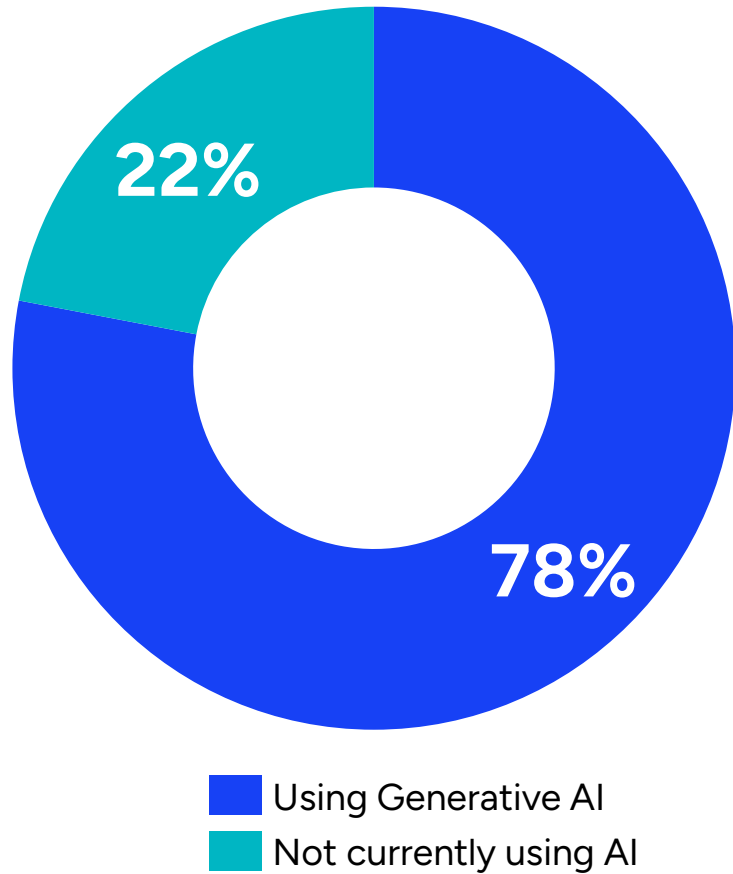


Digital Transformation Maturity



- **Nascent** - there's a disconnect between business and digital IT initiatives or a misalignment with company strategy
- **Exploratory** - there's a recognition of the need for digital transformation strategy but execution is at the lighthouse stage, on an ad-hoc project basis, which is neither predictable nor scalable
- **Applied** - there's alignment between business and IT goals and momentum to adapt, but not dedicated focus on the full disruptive potential of digital initiatives
- **Mature** - business and IT management are integrated and delivering digitally enabled product/service experiences on a continuous basis
- **Advanced** - digital transformation is a primary strategic focus at the executive level and a culture of innovation is prevalent along with, increasing revenue, improving customer experience and growing operating margins

Generative AI



PRIMARY BENEFITS

- Improved operational efficiency (46%)
- Improved internal communications (25%)
- Improved project timeline/delivery (21%)



Tech Trends: Next Steps

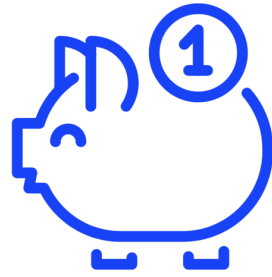
- What are your top tech priorities today and what are the specific steps to move those forward?
- Where are your biggest opportunities with automation and AI?
- What is slowing your teams down the most today? (tools, versions, adoption, etc.) How do you resolve it?

Financial Performance

Financial Metrics at a Glance

Top Challenges

- Increasing profitability
- Finding and retaining qualified staff
- Increasing leaders' financial knowledge



16.7%

Operating profit
on net revenue

(down 4.7 pp yoy)



58.9%

Utilization rate
(\$ not hours)

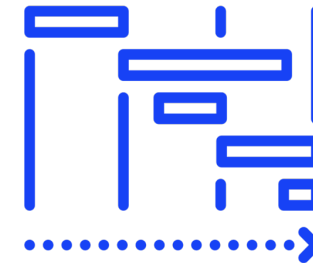
(down 2.2 pp yoy)



3.11

Net labor
multiplier

(relatively flat yoy)

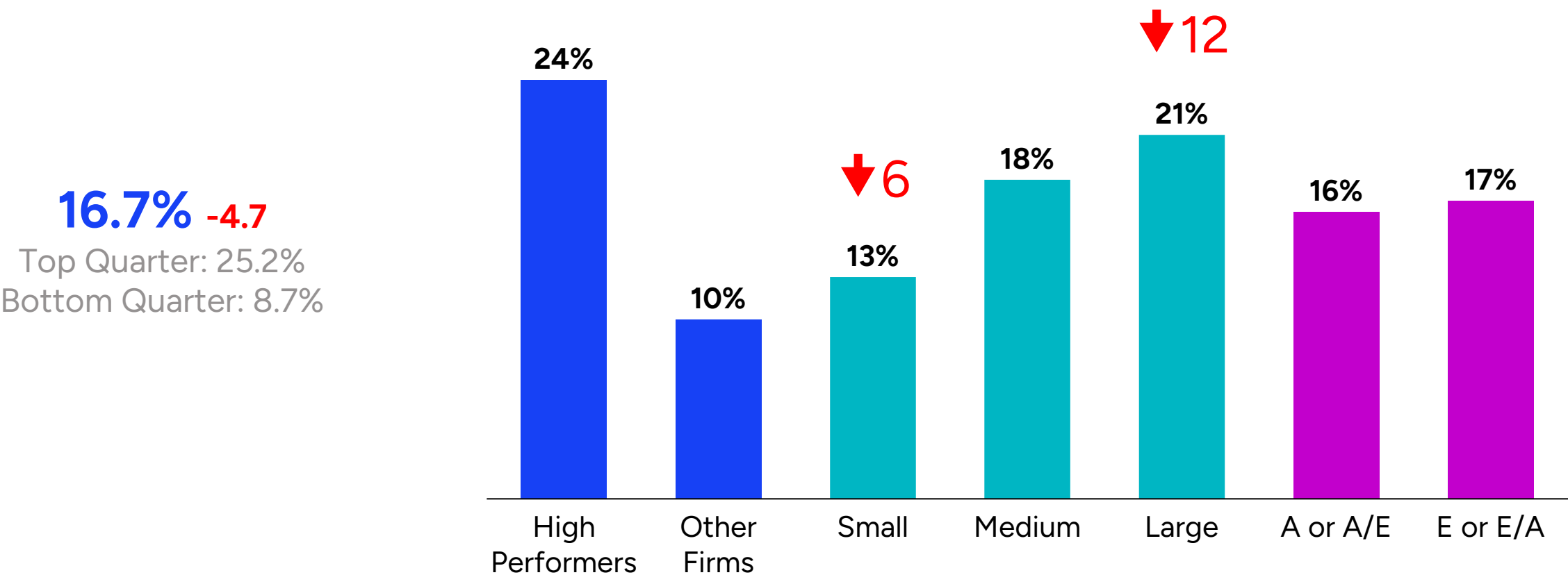


6.3

Backlog in months

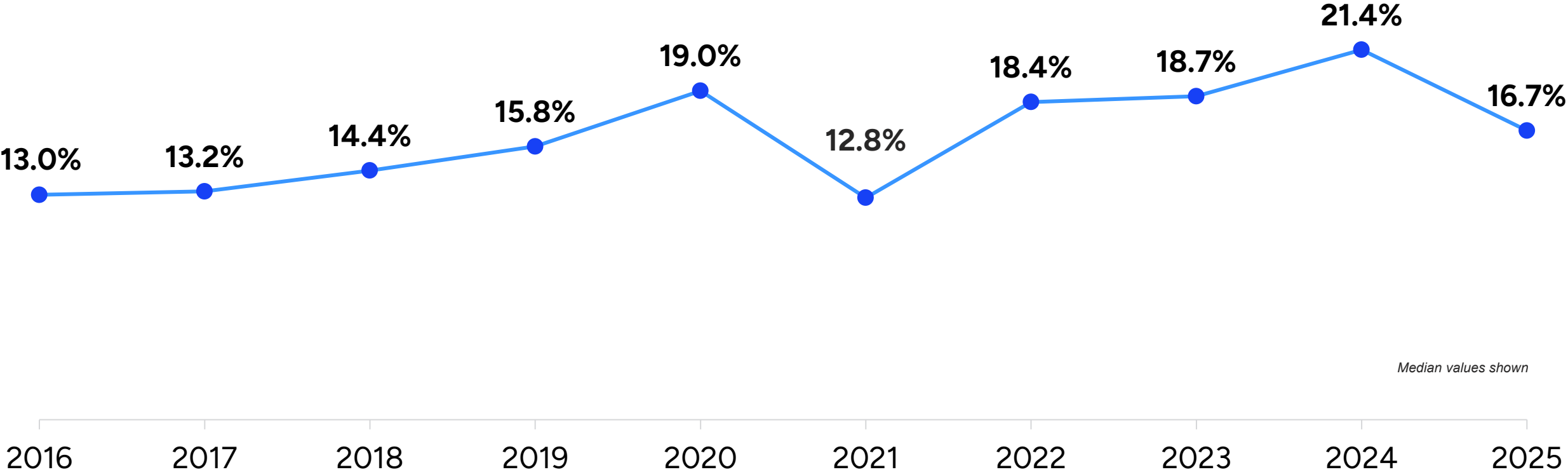
(down 3 months)

Operating Profit on Net Revenue

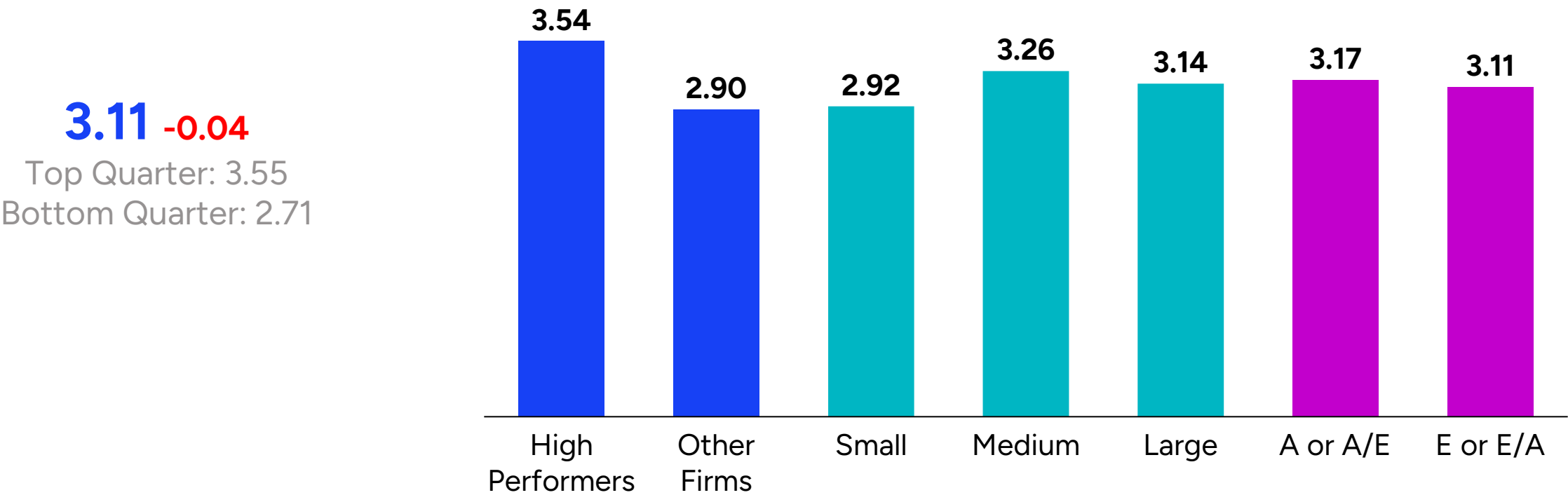


Divide pre-tax, pre-distribution profit by net revenue (total revenue minus consultants and other direct expenses).

Operating Profit on Net Revenue: 10-Year Trend



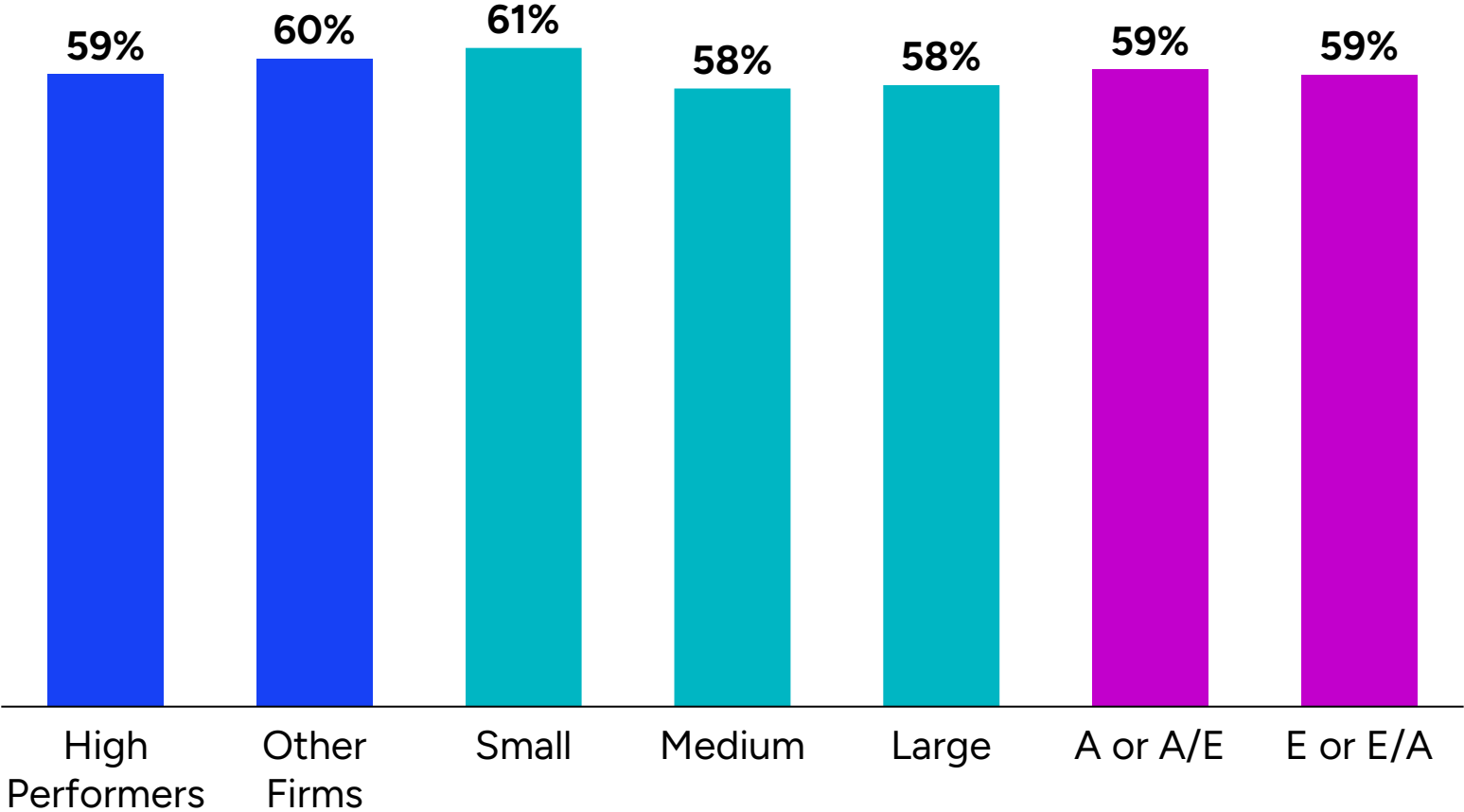
Net Labor Multiplier



Divide net revenue by direct labor, the cost of labor charged to projects.

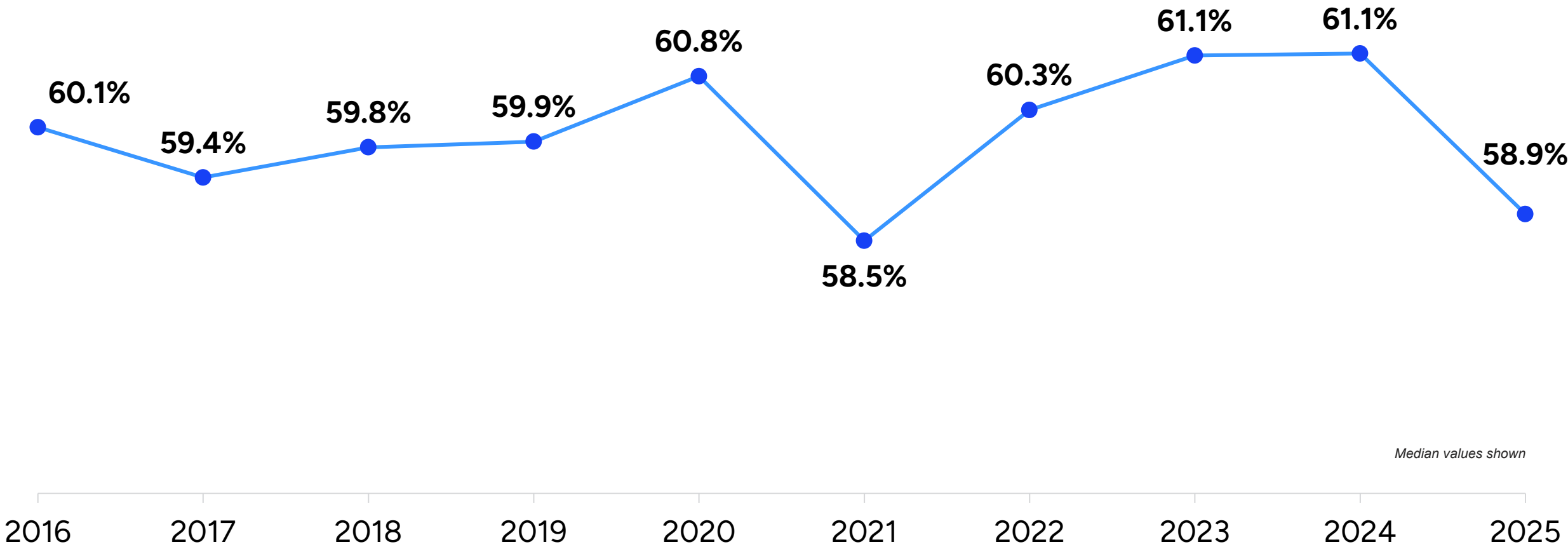
Utilization Rate

58.9% **-2.2**
Top Quarter: 67.0%
Bottom Quarter: 53.1%



Divide the cost of labor charged to projects by the total labor cost of the firm.

Utilization Rate: 10-Year Trend



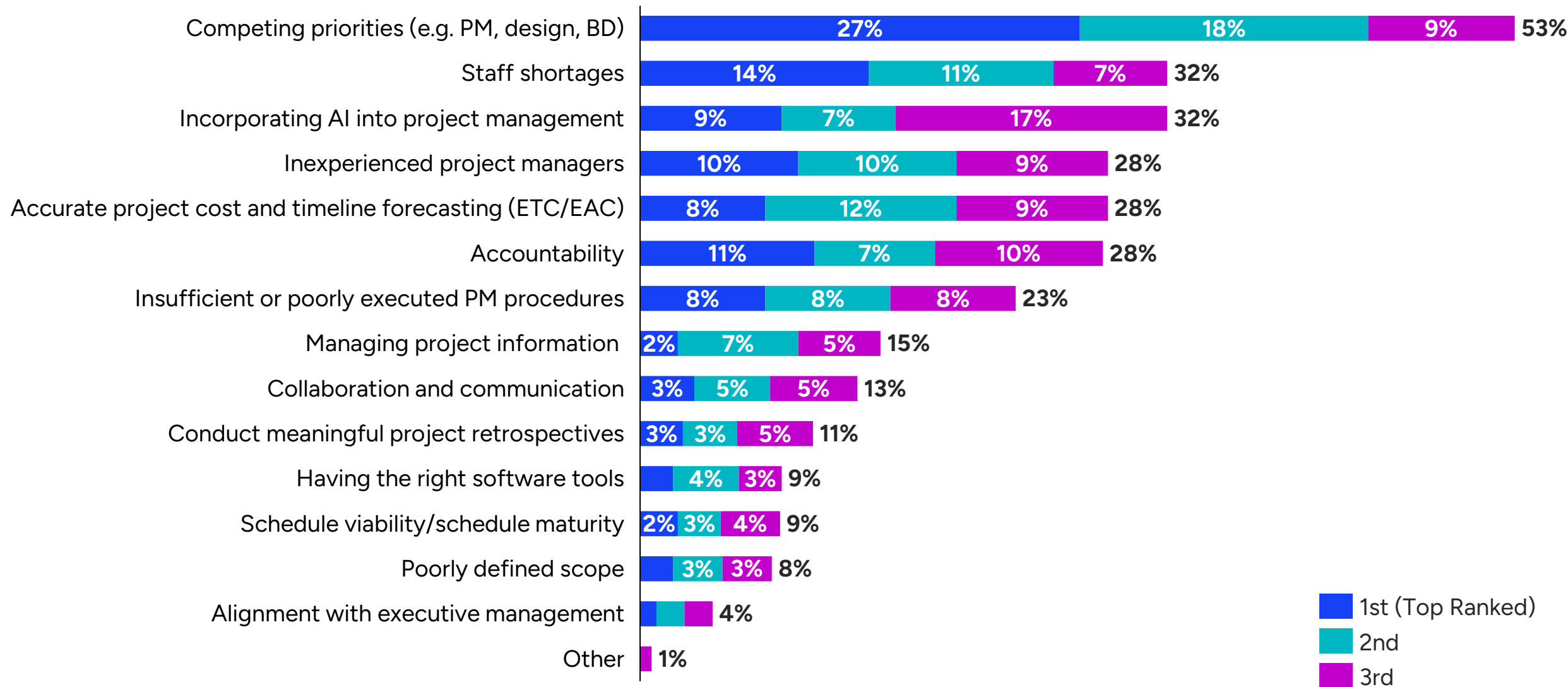
Financial Performance: What Next?



- As project margins tighten, where is there room for efficiency gains, automation, etc.?
- Do you have the visibility you need to adjust mid-project, mid-quarter, mid-year?
- What is holding you back from a financial performance perspective and where are your biggest risks this year?
- Where are your biggest opportunities for growth and how do you make those a reality?

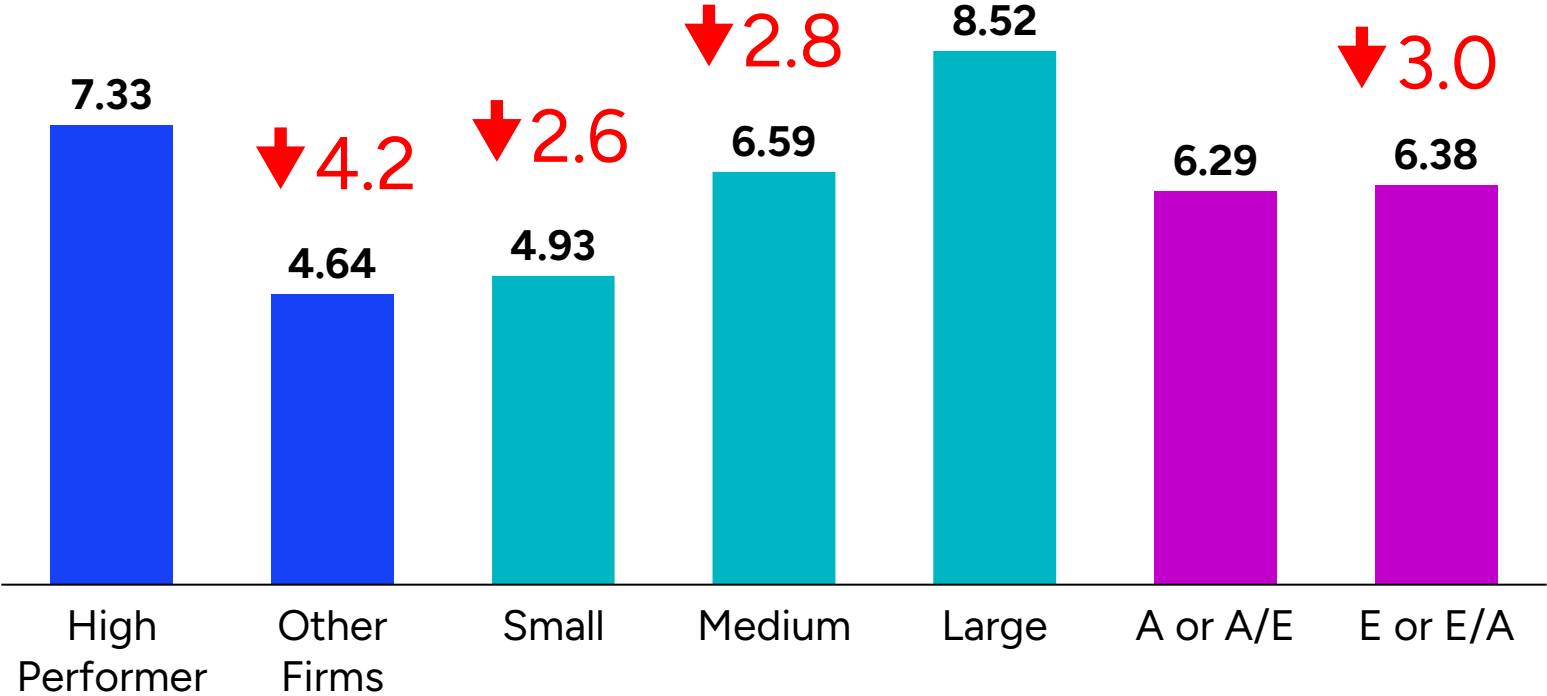
Managing and Delivering Projects

Top Project Management Challenges



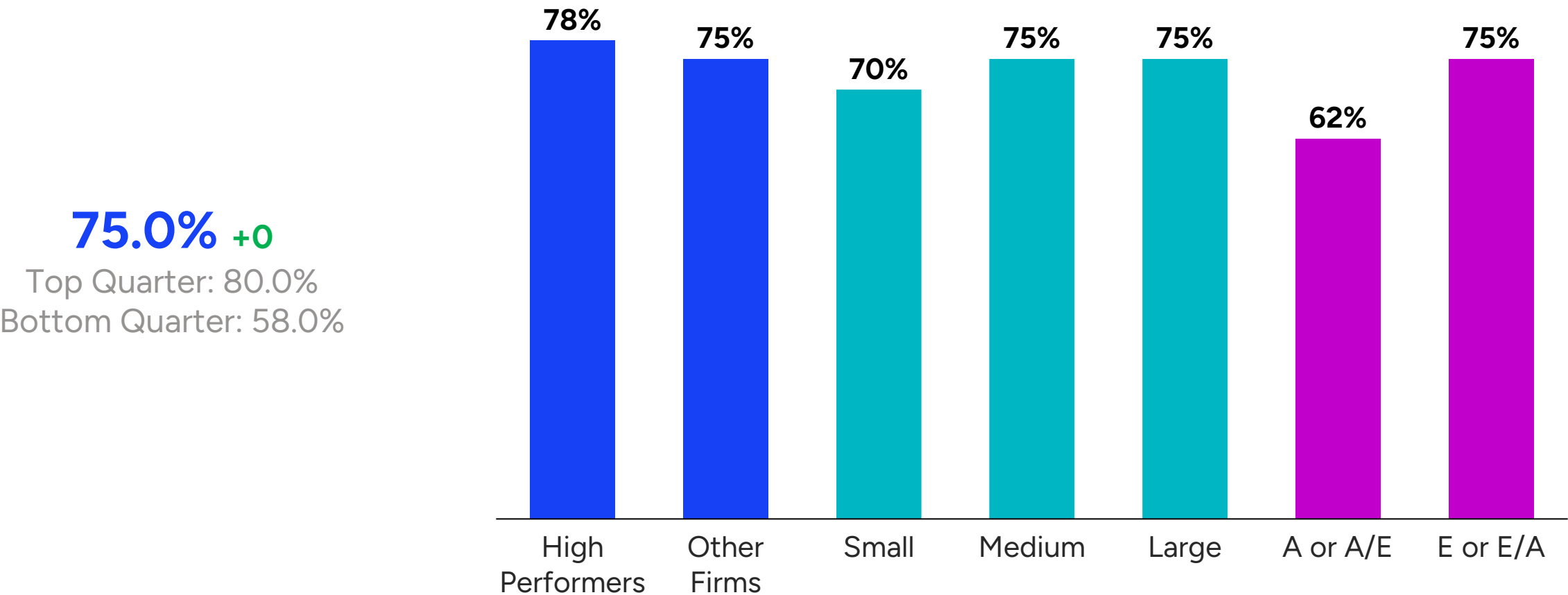
Backlog in Months

6.33 months -2.67
Top Quarter: 10.84 months
Bottom Quarter: 0.31 months

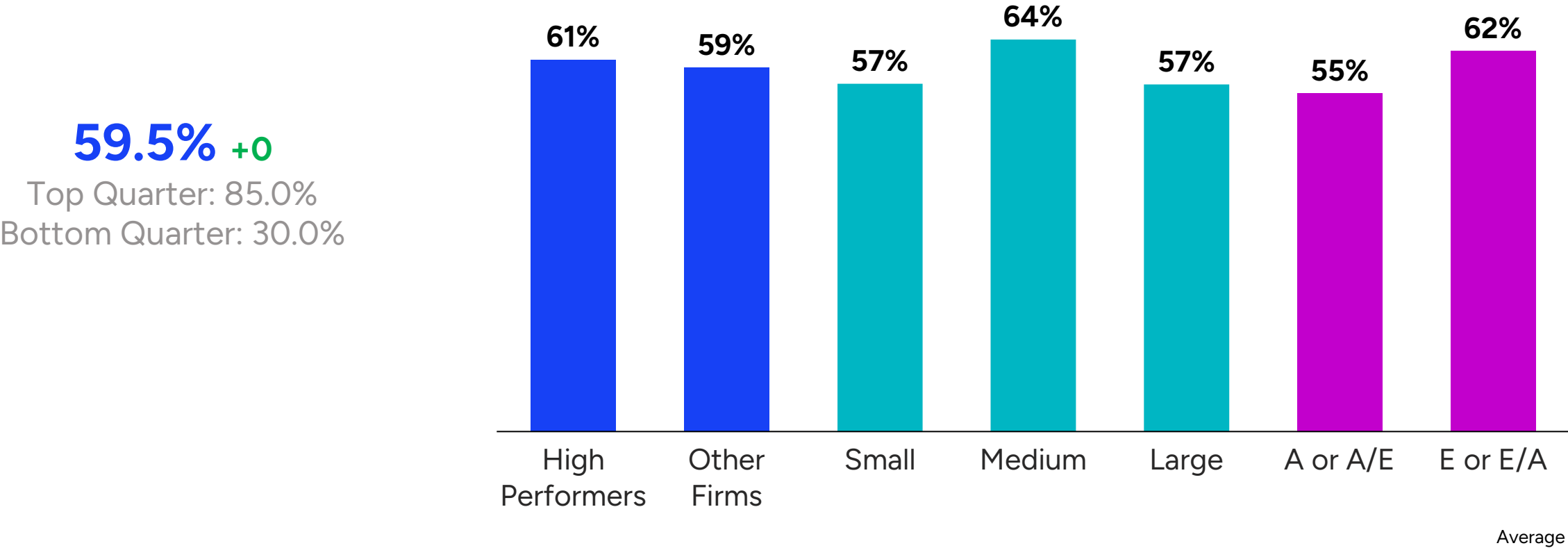


Divide backlog dollars by total revenue, times 12.

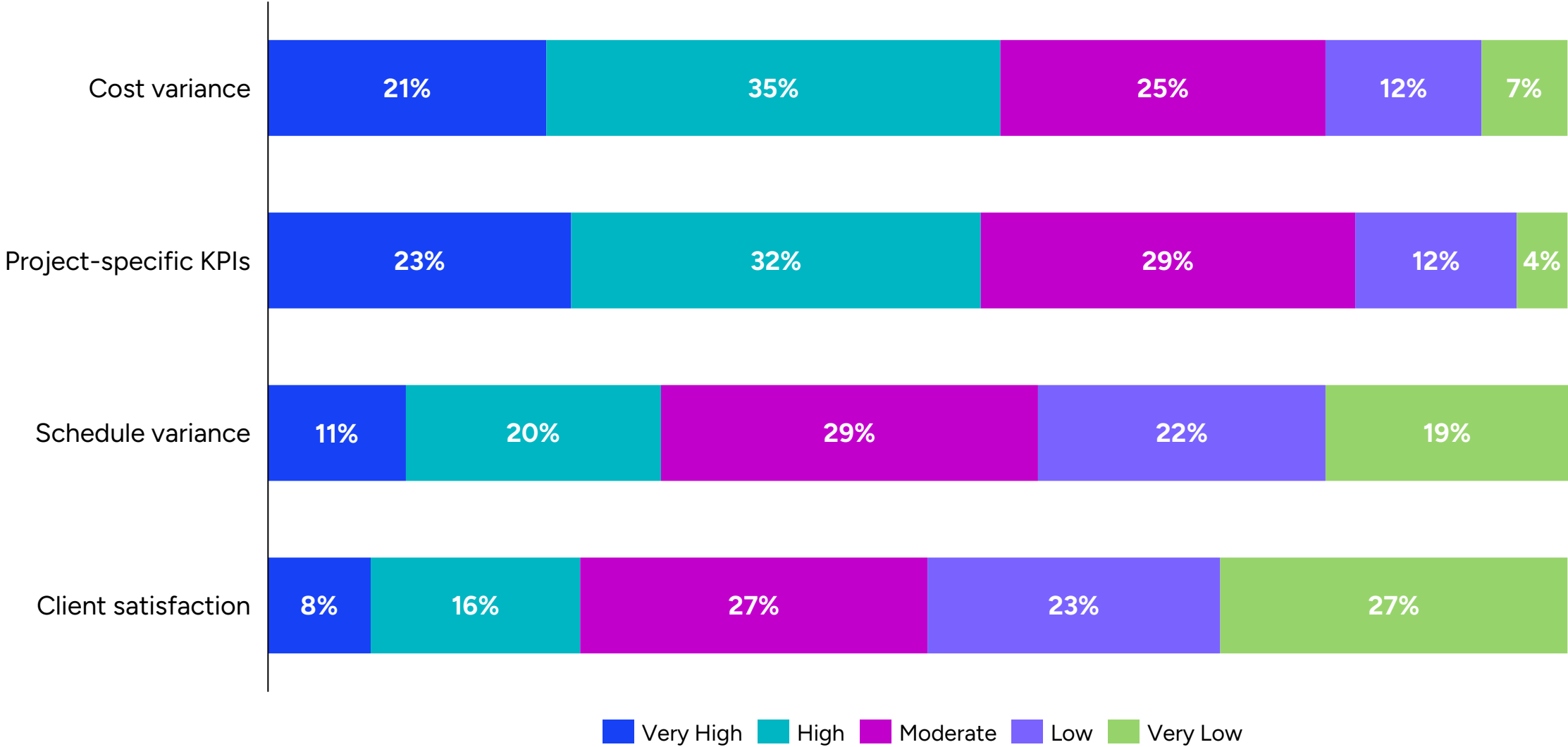
Projects On or Under Budget



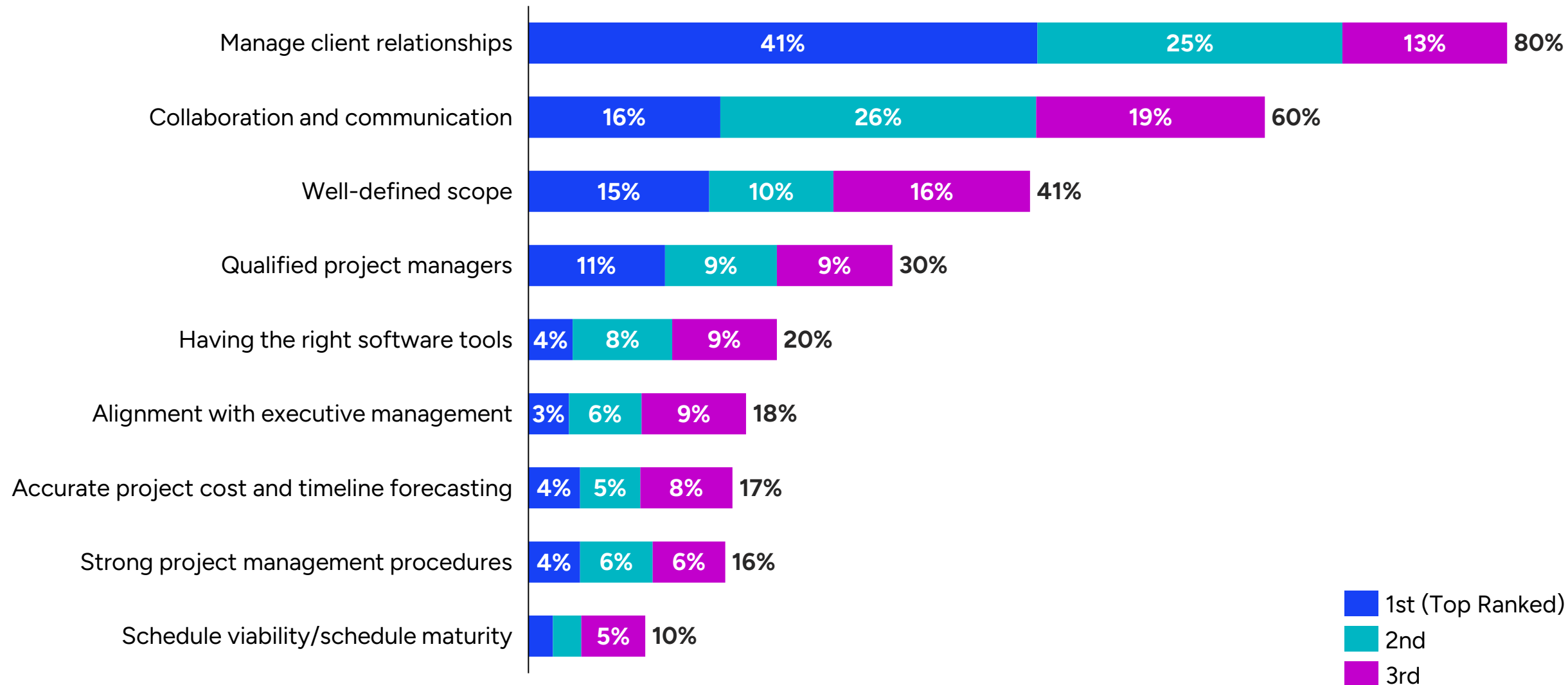
Projects On or Ahead of Schedule



Level of Visibility



What Firms Do Well in Project Management





Financial Performance: What Next?

- What's causing issues in your schedules today and how can you get ahead of them?
- What will help your PMs be more successful?
- What tools can help them have greater visibility, better manage resources and monitor project performance?
- Where are there opportunities for AI and automation that make sense for your clients and your business?

Human Capital Management

People Metrics at a Glance

Top Challenges

- Succession and career development planning
- Workforce and capacity planning
- Performance management



13.8%

Employee turnover

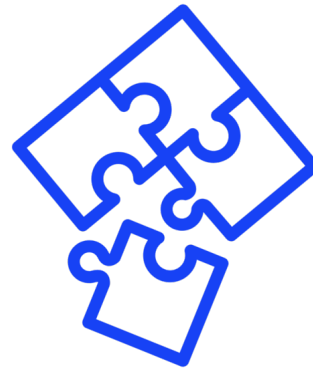
(highest in five years)



1.2%

Staff growth compared to the previous year

(bottom quarter saw 5%+ decline)



Most Needed Skills

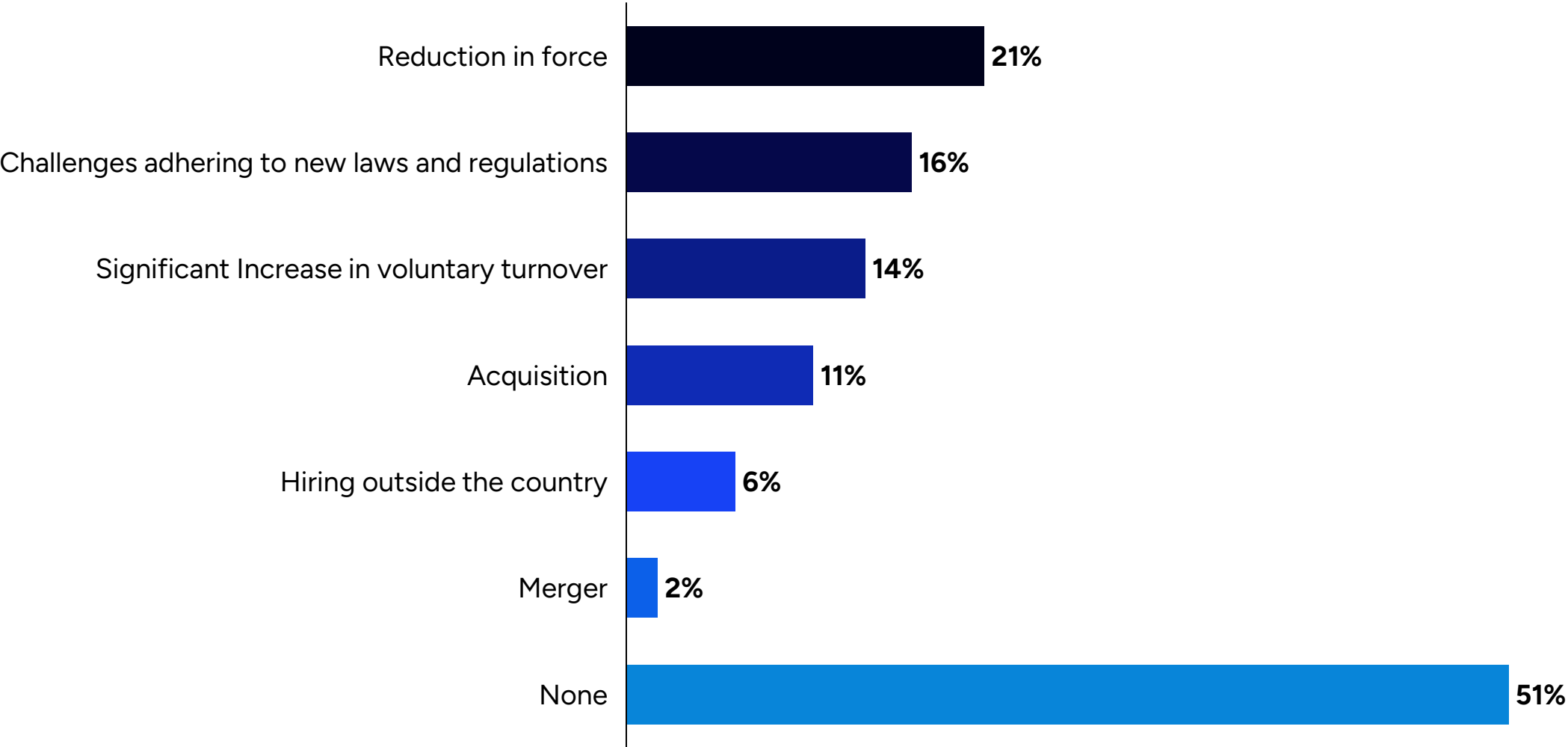
Strong PM
AI literacy
Collaboration
Adaptability



21%

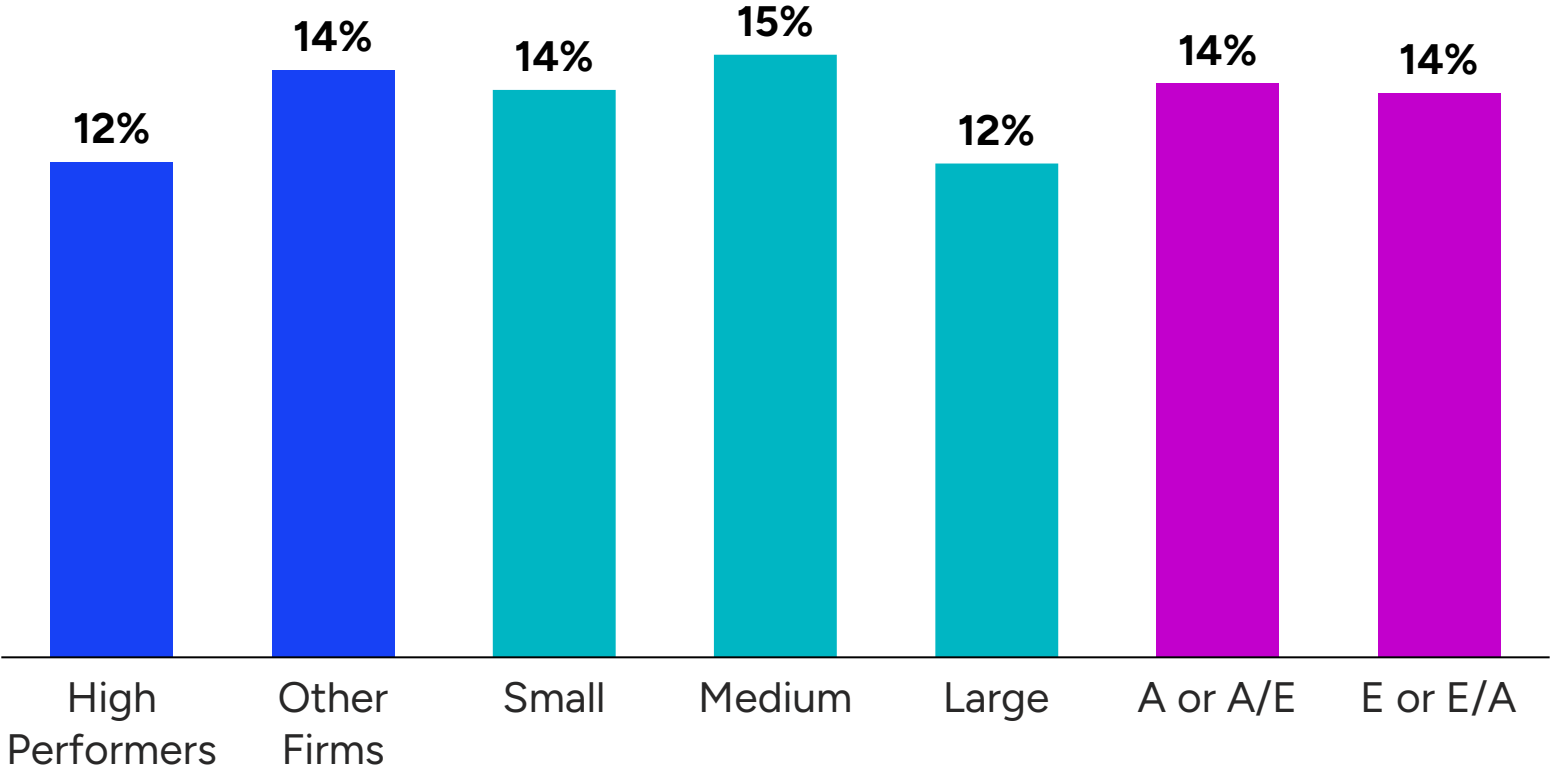
Experienced a reduction in force (reduced number of staff)

Workforce Events Experienced



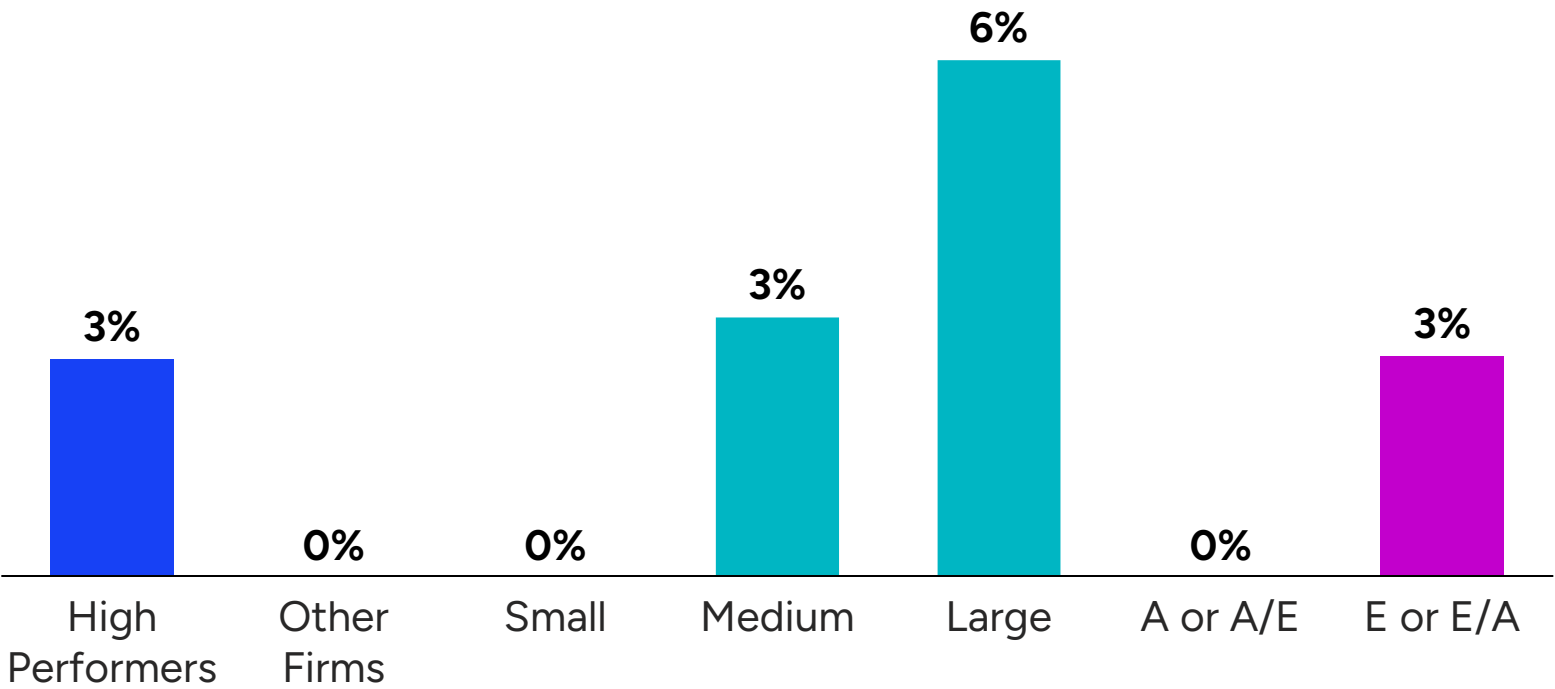
Employee Turnover

13.8% +0.6
Top Quarter: 19.1%
Bottom Quarter: 8.3%



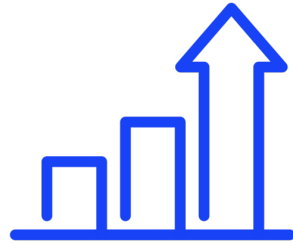
Staff Growth/Decline

1.2% **-1.7**
Top Quarter: 7.7%
Bottom Quarter: -4.9%



Business Development

Business Development at a Glance



9.5%

Net revenue
growth forecast



49%

Proposal win rate
(competitive)

44% Capture Rate



32%

Increase in
number of
proposals
submitted



30%

Revenue from top
three clients

Top Business Development Challenges



Finding Time to Nurture Client Relationships

44% ranked in top 3

16% indicated this is their **top challenge**



Increased Competition

40% ranked in top 3

Down 9 pp from last year



Economic Uncertainty

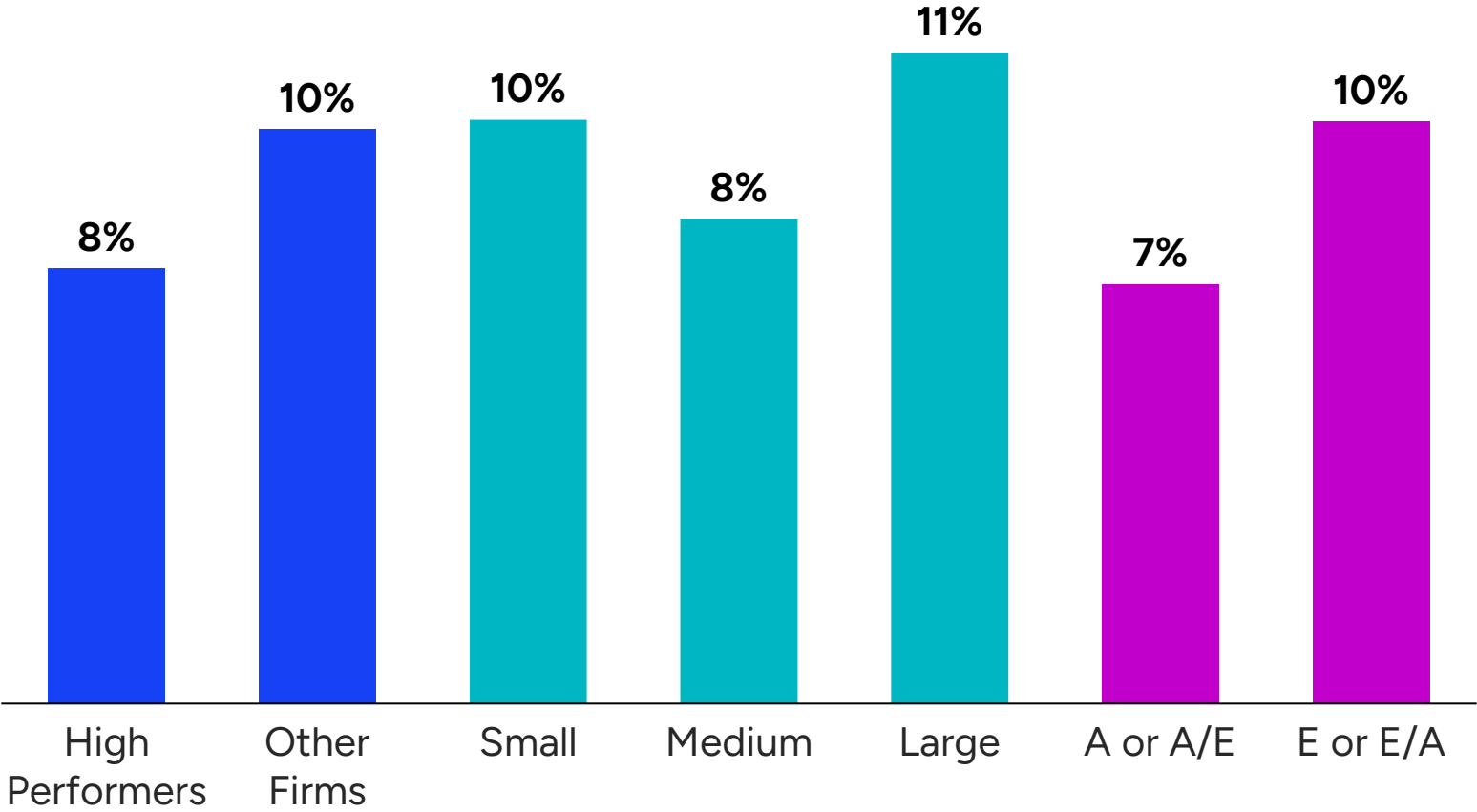
38% ranked in top 3

19% indicated this is their **top challenge**

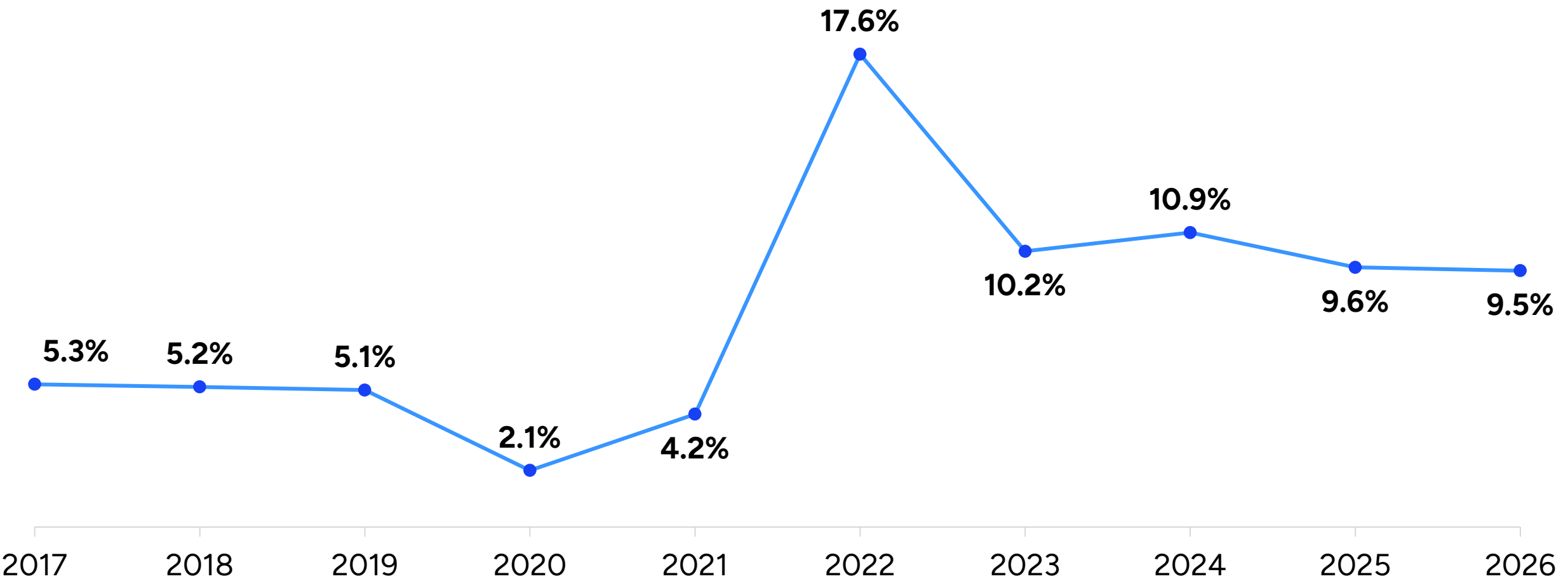
** New option this year*

Net Revenue Growth Forecast

9.5% **-0.1**
Top Quarter: 19.8%
Bottom Quarter: -2.5%

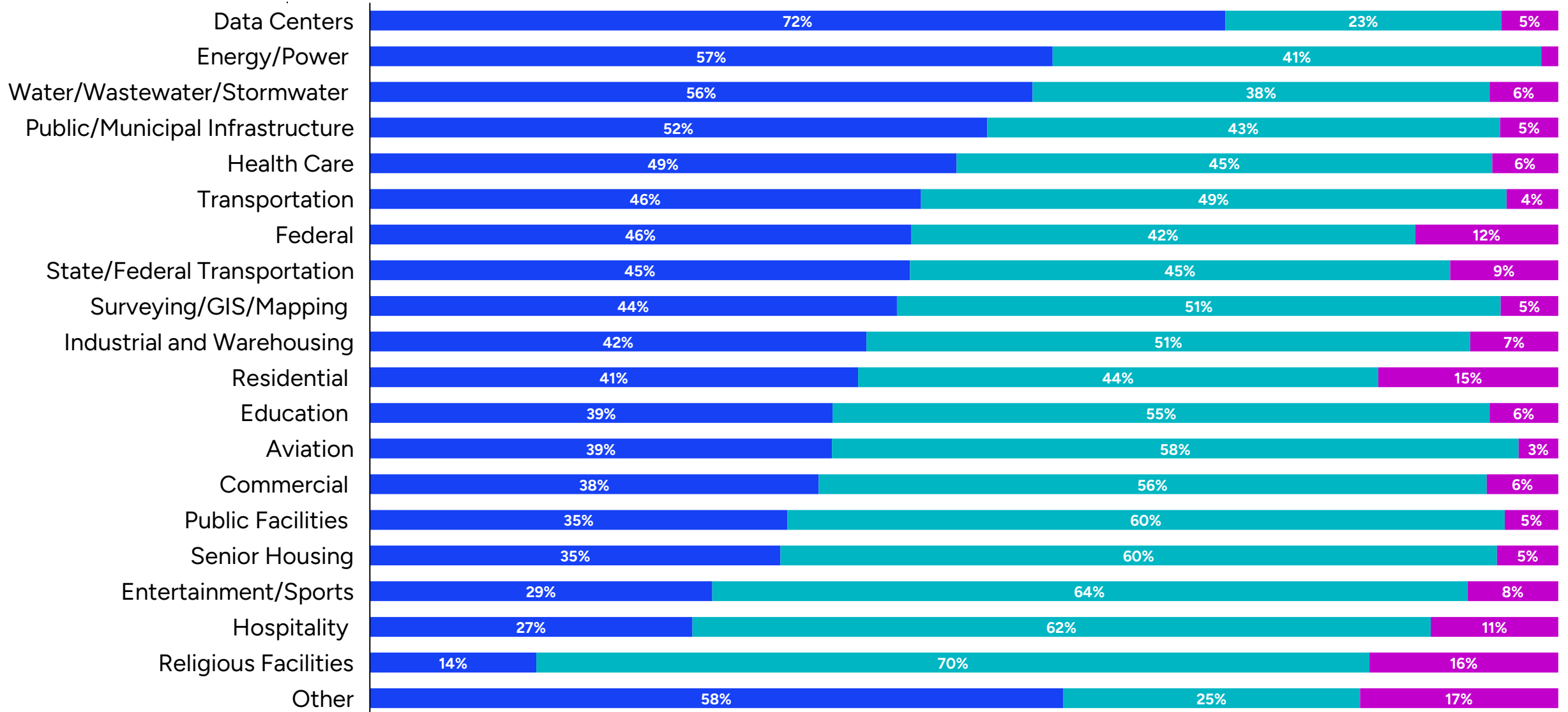


Net Revenue Growth Forecast: 10-Year Trend

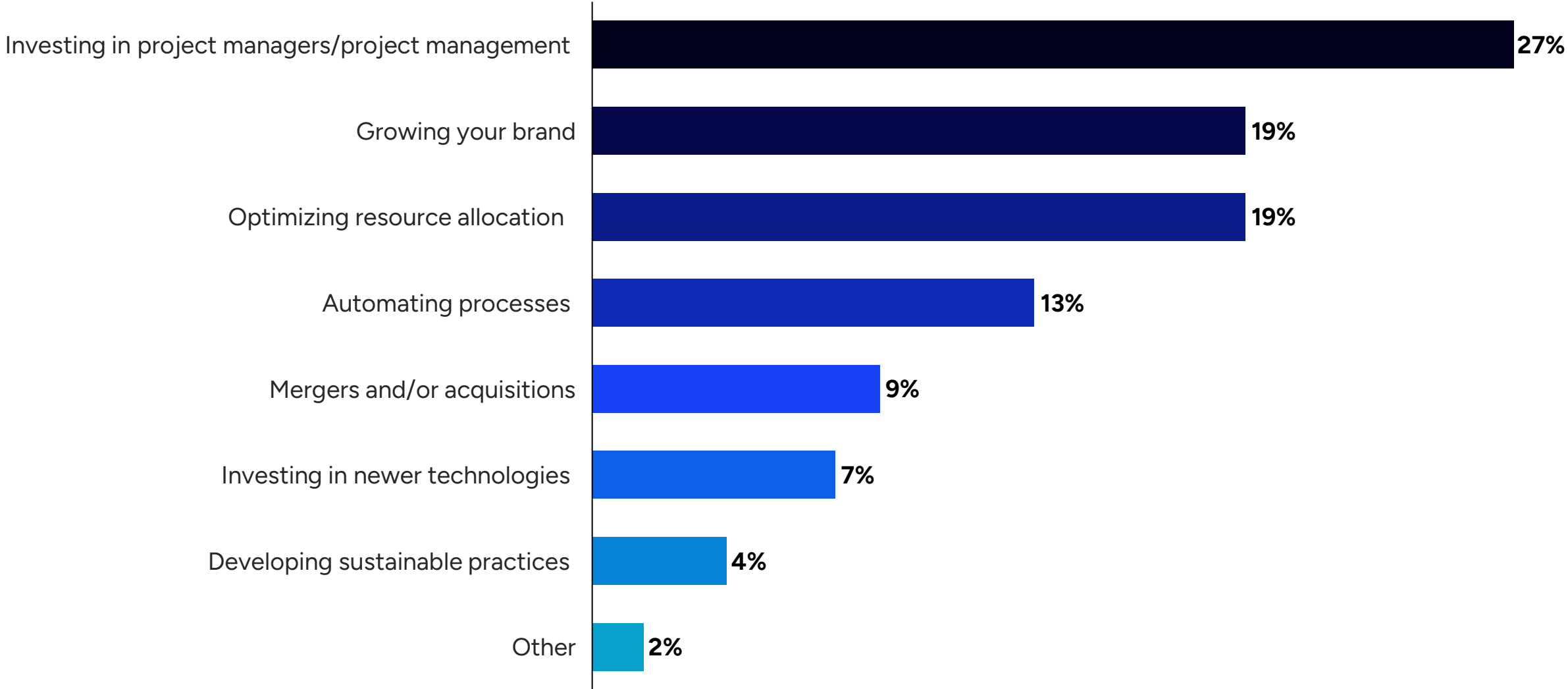


Median values shown

Market Position



Greatest Growth Opportunities in Next Year



Top Overall Initiatives



**Strategic networking
to expand teaming
options**

39%

Business
Development



**Establish and implement
PM accountability
metrics/measures**

33%

Project
Management



**Targeting new grads
and/or younger
professionals**

47%

Human Capital
Management



**Business process
improvements**

53%

Financial
Management

Next Steps

- Download the full report
- Share it with your teams
- Review your scorecard
- Chart your KPIs and make a plan
- Monitor your metrics and discuss the variances
- Sign up for the deep dive webinars throughout the summer



Deltek Clarity Deep Dive Webinar Series

Register Now!



**Technology
Trends**

June 4

Speaker: Bret Tushaus



**Business
Development**

June 18

Speaker: Megan Miller



**Financial
Management**

July 9

Speaker: Megan Miller



**Project
Management**

July 23

Speaker: Linda Dininger

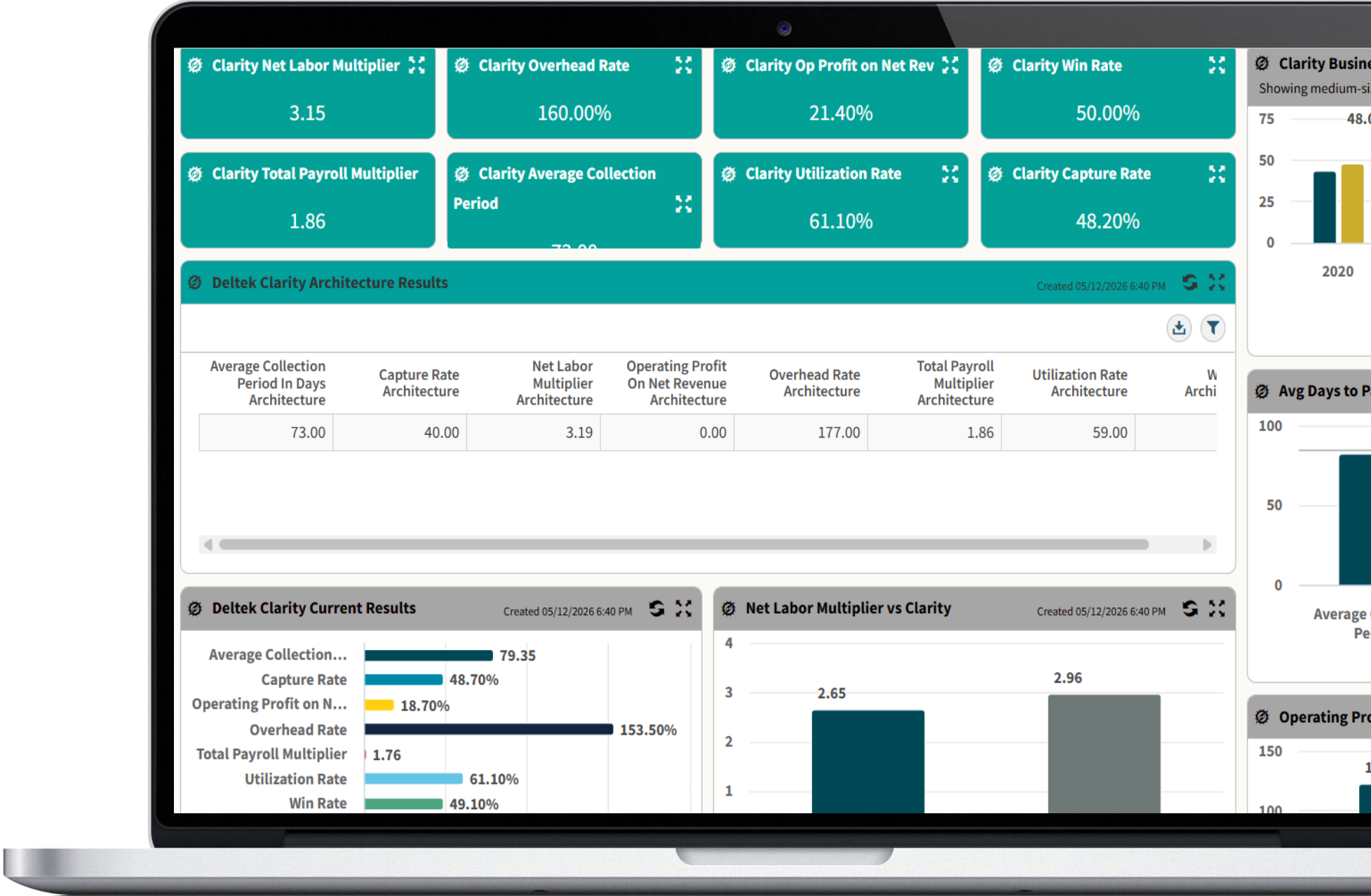


**Human Capital
Management**

August 6

Speaker: Linda Dininger

How Deltek Can Help



Questions?

Contact Megan Miller
MeganMiller@Deltek.com



Deltek®

Speed. Clarity. Control.