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**FOR IMMEDIATE RELEASE**

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## **IT and Engineering Staffing Firm Gross Margins Improve; Surge in Perm Placement Revenue Prime Contributor**

Report Highlights Key Drivers of Growth and Profitability

Alexandria, VA, June 8, 2016 – According to the just released **2016 TechServe Alliance Operating Practices Report (“OPR”)**, the median IT and engineering staffing firm saw an increase in **gross margins to 26.4%**---up 70 basis points from the prior year. For high performing firms, the increase was even more dramatic posting gross margins of **31.9%**---up from 26.9% the prior year. A large part of the increase is attributable to a surge in perm placement revenue. As for the top-line, the median firm saw **growth of 4.5%** with high-performing firms growing **11.3%**. Where “High-profit” firms delivered **Profit Before Taxes of 9.3%** of revenue, the median firm in the survey reported bottom-line profitability of **4.3%**.

“The most recently released Operating Practices Report continues to look at a variety of new metrics,” stated Mark Roberts CEO of TechServe Alliance. In addition to highlighting what is driving top-line and bottom-line growth, the report captures data on new issues such as the response of staffing firms to the Affordable Care Act, Paid Leave Laws 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, Geography, Level of Vendor Management Business (VMO)
- Close Rates in Direct Client Relationship, VMOs with Hiring Manager Contact, and VMOs Without Hiring Manager Contact
- The Impact of Permanent Placement Revenue on Profitability
- 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 including weekly spreads
- Benefits Offered For Internal Staff as well as Hourly and Salaried Consultants

A Sales & Recruiter Metrics Report and analysis of talent acquisition technologies will be released separately.

For more information or to order the TechServe Alliance 2016 Operating Practice Report, please contact Jenny Bragiel at (703) 838-2050 x. 105 or [bragiel@techservealliance.org](mailto:bragiel@techservealliance.org) or click [here](#) to purchase the OPR.

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#### **ABOUT TechServe Alliance**

TechServe Alliance is the national trade association of the IT & engineering staffing and solutions industry. We help member firms achieve business goals while advancing the interests of the industry through advocacy before policymakers, public relations and the promotion of ethics and performance standards.