

The profitability challenges for Services groups in a “perma-crisis” world

Key findings from the 2025 Eight Advisory & Eight International Business Services Study

Foreword

Business Services are a cornerstone of the European economy, contributing approximately 23% to the EU's GDP⁽¹⁾. The sector benefits from a distinctive European advantage: a highly skilled and diverse workforce, mature infrastructure, and a dynamic, innovation-driven business environment. From professional services and outsourcing to IT and facilities management, the breadth of activities covered under Business Services plays a crucial role in enabling the operations and growth of every other sector of the economy.

Despite these strengths, the past five years have brought a wave of unprecedented and severe crises. From the Covid-19 pandemic and supply chain disruptions to inflationary pressures, geopolitical tensions, and accelerating digital transformation. These external shocks have had a profound impact on services companies, challenging traditional business models and exposing operational vulnerabilities. In response, many organisations have launched complex mitigation and remediation initiatives, focusing on pricing optimization, cost efficiency, digital innovation, workforce realignment, and resilience-building.

23%

Business Services
contribution to the EU's GDP

47%

European Business
Services companies have
yet to regain their pre-crisis
profitability levels

However, the road to recovery has been uneven. According to recent data, 47% of European Business Services companies have yet to regain their pre-crisis profitability levels. This highlights the scale and persistence of the challenges still facing the sector, as well as the need for continued adaptation and forward-looking strategy.

82

Companies interviewed by
us in 10 European countries

To go beyond our own advisory experience and anecdotal insights, we sought to provide a clear, operational, and fact-based view of the critical issues, success factors, and emerging best practices shaping the future of Business Services in Europe. As part of this effort, we interviewed 82 companies across 10 countries, collectively representing more than 1 million employees and the diversity of the Business Services landscape, to help leaders better understand where the sector stands today and what it will take to thrive in a rapidly evolving environment.

The Eight Advisory & Eight International Business Services Team

Getting in touch

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**William Berger**

Strategy & Operations | Partner
Eight Advisory, Paris office
william.berger@8advisory.com

**Laurent Chometon**

Strategy & Operations | Director
Eight Advisory, Paris office
laurent.chometon@8advisory.com

**Mathieu Morisot**

Transaction Services | Partner
Eight Advisory, Paris office
mathieu.morisot@8advisory.com

**Christian Berling**

Transaction Services | Partner
Eight Advisory, Paris office
christian.berling@8advisory.com

**Pierre-David Forterre**

Transaction Services | Partner
Eight Advisory, Paris office
pierredavid.forterre@8advisory.com

**Dan Parsons**

Transaction Services | Partner
Eight Advisory, London office
daniel.parsons@8advisory.com

**Pierre Boy de la Tour**

Strategy & Operations | Partner
Eight Advisory, Paris office
pierre.boydelatour@8advisory.com

**Boris Imbert**

Strategy & Operations | Partner
Eight Advisory, Paris office
boris.imbert@8advisory.com

**Michał Ma dry**

Transformation Advisory | Partner
JP Weber, Warsaw office
m.madry@jpweber.com

**Guido Seminati**

Transformation Services | Managing Director
New Deal Advisors, Milan office
guido.seminati@newdealadvisors.com

**Thomas Drilhon**

Strategy & Operations | Manager
Eight Advisory, Paris office
thomas.drilhon@8advisory.com

**Rob van den Berg**

Strategy & Operations | Director
Eight Advisory, Amsterdam office
rob.vandenberg@8advisory.com

Summary

01. Key insights
02. Survey panel overview
03. Years of turmoil:
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Key insights

01. Perma-crisis era

In the wake of Covid-19, Business Services companies have found themselves in what can be described as an era of "perma-crisis", a constant stream of evolving challenges. These crises emerge from unpredictable events such as Covid-19, social unrest ("yellow vests" in France) or the Ukraine War and its effect on inflation. More recently, political upheavals, including the dissolution of the French National Assembly and the re-election of Donald Trump, as well as geopolitical tensions like the escalating tariffs between the USA and Europe have also increased market uncertainty for 65% of our interviewees. The ripple effects of these past and current crises have shifted the sector's focus towards increasing resilience and pushed some companies to think about diversifying their "geographic risk" and company locations – to the point when there is a risk of "de-servicialisation" of the European economy, comparable to the "de-industrialisation" that has been widely publicised.

02. Labour management

Labour management has been a central topic in conversations and transformation initiatives across Business Services sectors and countries, regardless of the states of the underlying labour markets. Given their labour and skill-intensive nature, Business Services companies have indeed actively pursued productivity levers to mitigate the challenges posed by growing recruitment difficulties driven by new generations' different approach to work, with a strong focus on flexibility and purpose. Whether by overhauling organisational structures, increasing centralisation, adopting new tools, offering higher compensation, or rightsizing, close to 50% of interviewed companies have worked to boost productivity and retain talent. While talent retention has been addressed with levers such as employer branding, competitive compensation and profit-sharing plans, Business Services companies are beginning to limit the negative impacts of talent volatility through productivity increases.

03. AI ambition

A lot of Business Services companies think big on technology and are particularly eager to transform their businesses with AI. Tech is the key to unlocking more client value from operations, modernising processes & integrating networks. AI is widely seen as a transformative force, reshaping offerings, ways of working, and the broader market landscape, posing a risk of falling behind for those slow to adapt. This hunger for transformation highlights the realisation that adaptation and resilience should be Business Services company's cornerstone in the wake of "perma-crisis"; however a lot of companies are still increasing their technological maturity.

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Survey panel overview

In 2024, we interviewed 82 companies from 10 countries, accounting for over 1 million employees and reflecting the diversity of the Business Services sector



10
countries



82
companies

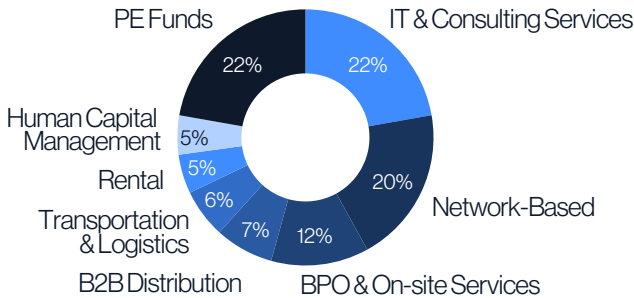


> 1 million
employees



c. €125bn
cumulated revenue

Panel overview by sub-sector

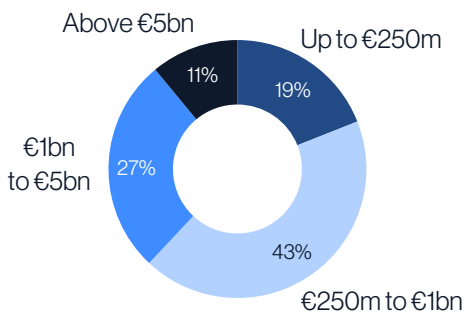


Our survey sought to study the multifaceted Business Services sector in all its diversity.



High representation of Network-Based services, IT & Consulting Services and BPO & On-site services is explained by the diversity of activities encompassed by these sub-sectors & the fragmented nature of some of their markets.

Panel overview by revenue

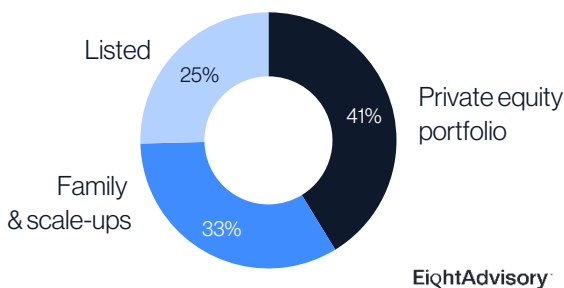


In line with the diverse degrees of fragmentation of their markets, our interviewees ranged from mid-sized to large players.



Groups generating more than €5bn are scarce in a sector that is less concentrated than financial services or industrials, and where language, labour management frameworks and culture can slow down concentration and internationalisation.

Panel overview by ownership type



Our panel includes a diverse range of ownership structures, reflecting the sector's variety and the deep history of some groups.



A significant portion of interviewees are owned by private equity firms, indicating the attractiveness of the sector for investors seeking growth, light asset bases and consolidation opportunities.

Overview of our panel



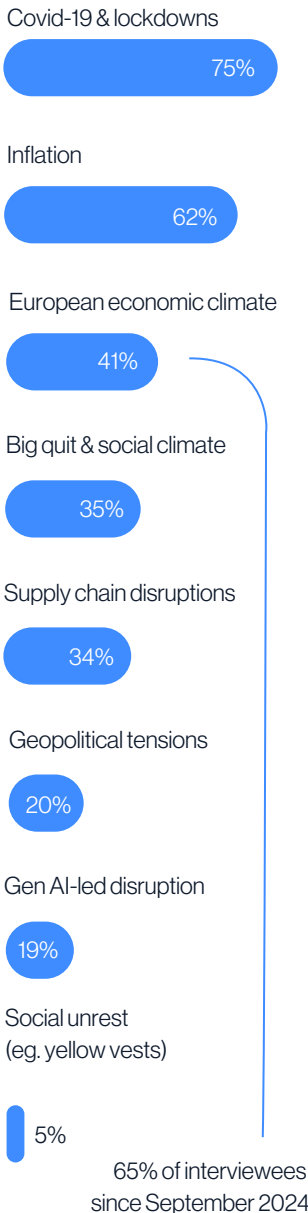
Composed of companies from
France | UK | Germany | Netherlands | Belgium
| Switzerland | Italy | Poland | USA | India

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Crises landscape and magnitude

Strong impact of crises as perceived by interviewees



Covid-19 and inflation have impacted the highest number of companies, while the European economic climate has become an increasing preoccupation for decision-makers since September 2024.

While our interviewees singled out Covid-19 & inflation as the most impactful crisis of the past five years, most of them have had to deal with consecutive crises. As a respondent puts it:

“crises have piled-up on top of each other, to the point that we live in a perma-crisis.”

Although quickly resolved, the disruption caused by Covid-19 triggered deeper, more enduring effects—such as reduced team engagement and cultural shifts—that have continued to erode performance.

62% of our interviewees felt the impact of inflation in 2022-2023 but were able to execute pass-through at the time. However, this pass-through has proven more difficult with time. As an illustration, one respondent noted that:

“with one extra year of this level of inflation, pass trough would not have been possible anymore.”

Many other respondents noted that pressure on prices had increased in 2024 due to the greater structuring of clients' procurement approaches as well as to increased competition. Most of the past cost increases have been managed but room for price increases is wearing thin.

The degradation of the European economic climate stands out as one of the most concerning topics for 41% of interviewees. It has been a rising concern throughout the year, and the percentage rises to 65% for our interviews of the second semester of 2024. Interviewees were concerned with a widening competitiveness gap between Europe and other continents, caused by the combination of new political instability and increased regulatory pressure.

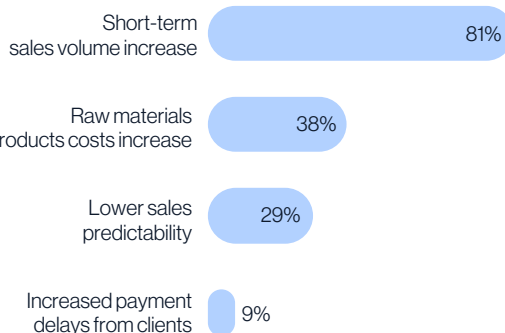
Geopolitical tensions counted among the lesser-cited crises, due notably to the limited internationalisation of the sector, which meant limited exposure to the most affected areas. In addition, the outcome of the US presidential election, and its potential consequences, were still uncertain at the time of interviews.

Generative AI, while counting among key future challenges (see later on p.27) has yet to materialise as a global disruptor of business models in most sectors but has started to disrupt IT & Consulting Services according to our interviews.

Negative consequences

81% of interviewees have been impacted by short-term volume decreases during Covid-19. However, several other factors, notably cost increases, recruitment difficulties and structural market changes, are affecting a significant number of companies.

Short-term consequences



The Covid-19 crisis, and associated lockdowns, were primarily felt in the form of an activity decrease. Their consequences were swiftly resorbed by the public support at the time in a lot of countries, as well as by the spike in consumption following lockdowns.

Close to 40% of interviewees experienced a spike in raw material prices during the global supply chain reboot in the wake of the pandemic.

Over the longer term, these crisis continuum created a scissors effect, impacting Business Services companies most strongly on their key characteristics.

Business Services companies' value creation process required both important labour quantity and high skill levels. The acceleration of wages increases ignited by inflation was fueled by high demand on the job market: 33% of interviewees experienced recruitment difficulties. This led to lasting labour costs increases for over 75% of interviewees, weighing on their performance.

As Business Services evolve in highly fragmented environments, they face permanent competition, from both established and small players. Each wave of inflation pass-through has been harder to implement, as one interviewee pointed out:

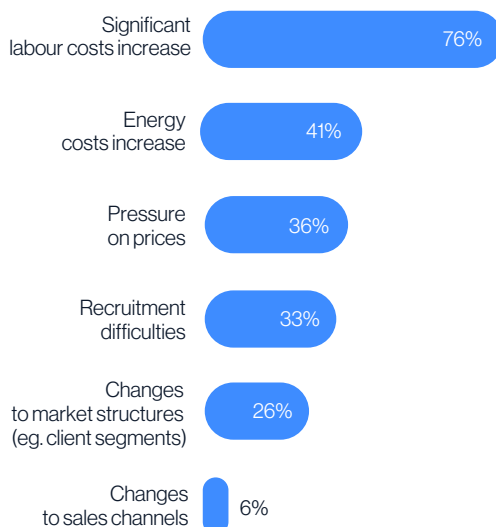


The procurement departments of our clients have forced us to up our game.

36% of our interviewees have thus experienced pressure on prices.

All the while, as key client sectors reorganised in the wake of the pandemic's public support, over a quarter of our interviewees had to respond to significant market structure changes forcing them to adapt their commercial and pricing strategies as well as their operations.

Long-term consequences



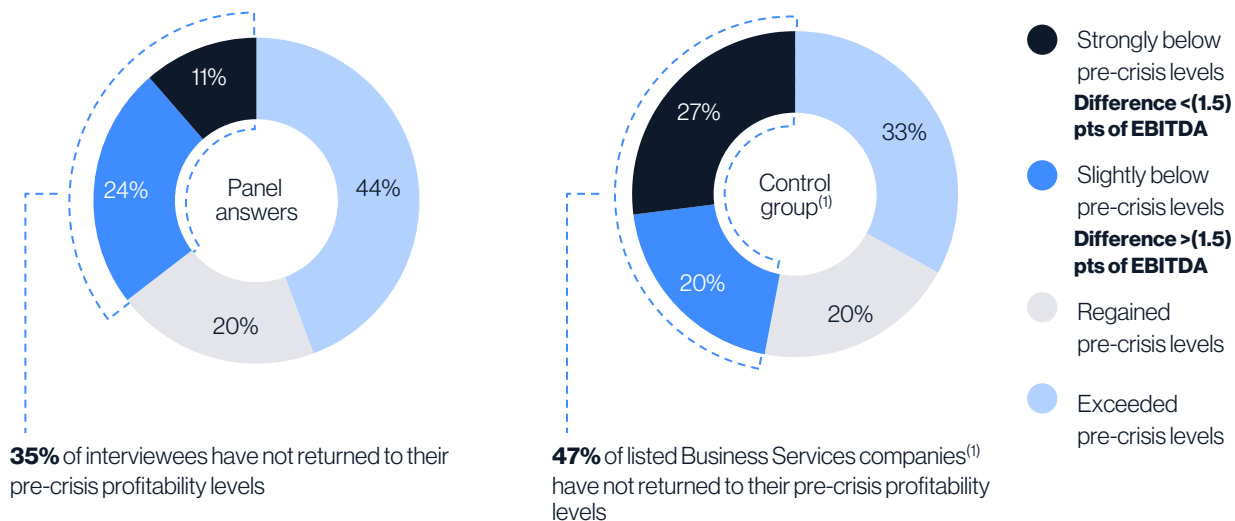
Source: Eight Advisory

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Impacts on profitability

While there are signs of resilience and recovery, the sector has yet to fully reclaim the value lost during the perma-crisis.

Margin levels in 2024 compared to pre-crisis, 2019 levels



Note: (1) Source: Analysis of the EBITDA performance between end 2019 and end 2024 of listed Business Services companies in the main stock market indexes of France, the UK, Germany, Italy, Spain, Switzerland and Sweden
Source: Eight Advisory 2025 Business Services study

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Despite the challenges faced, most of our interviewees feel they have moved past the crises, with many matching (20%) or even exceeding (44%) their pre-crisis EBITDA performance. However, about one-third (35%) are still working their way back to former levels.

The picture becomes more mixed with the broader view of listed Business Services companies across major European economies : nearly half (47%) of them remain below their pre-crisis EBITDA levels.

These findings suggest that, while there are signs of resilience and recovery, the sector has yet to fully reclaim the value lost during the crises.

Several hurdles continue to stand in the way - from difficulty in raising prices and weaker commercial performance to missed chances for organisational transformation and challenges in boosting labour productivity.

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Best practices in a nutshell

Our interviewees' experience reveals 9 key guidelines that have enabled them to respond effectively to crises – see next pages.

01. Preserve value



Anticipate future crises and take impactful decisions based on imperfect information



Actively manage low-potential, unprofitable and risky clients



Ensure ownership and resilience, across management and operatives



Properly reward performance

02. Create value



Diversify revenue streams with new geographies and technologies



Invest in structural levers, including processes and tools



Redesign the organisation towards the right balance between central expertise and local responsibility



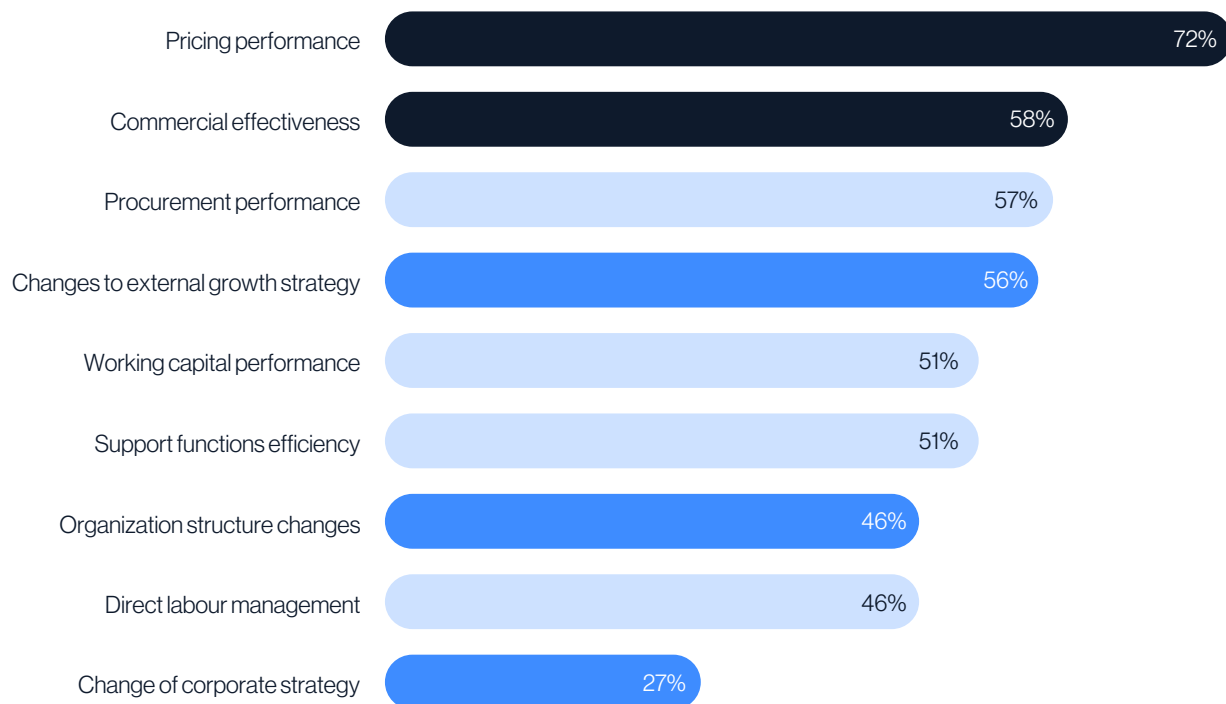
Optimise labour management, including on direct labour

Maintain agility in quickly identifying & answering new issues

Activated levers

Most interviewees prioritised top-line growth and activated a combination of several additional transformation levers, including on their cost base. Only a quarter of companies changed their overall strategy.

Levers implemented by interviewed companies



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Revenue increase



Cost reduction



Strategy changes

Businesses have shifted focus to revenue growth and long-term resilience amid economic pressures.

As Business Services companies confront rising operational costs and increased uncertainty, a majority of them initially turned to revenue-generating initiatives to maintain profitability. Such key initiatives focused on enhancing pricing performance and strengthening commercial effectiveness, to drive top-line growth even as inflationary pressures persist.

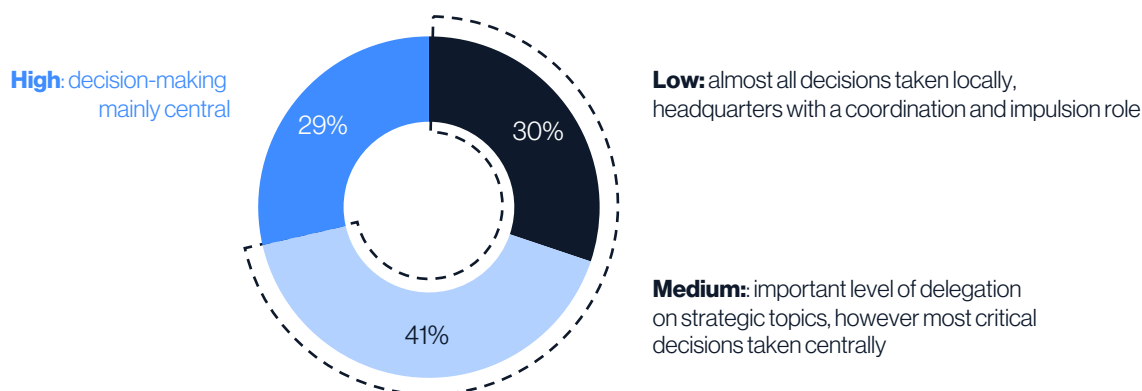
Changes to direct labour management and organisation structures (the latter often towards increased centralisation) have been less pronounced, albeit not less successful. This highlights a broader initial reluctance to pursue workforce reduction, as many companies chose to preserve talent and stability even in the face of economic uncertainty – or indeed to face such uncertainty while retaining their key talent and “social contract”.

A smaller number of firms have revamped their corporate strategy, as some business environments were overhauled by specific crises such as the impact of remote work for BPO & on-site services and the switch from sector to offer specialisation for IT & Consulting Services to overcome sector dependence. However, overall, a vast majority of companies have pursued more operational initiatives to ensure resilience.

Focus on organisation structure changes

Decentralisation remains the most usual structure for Business Services groups in order to uphold proximity and maintain an entrepreneurial culture.

Current levels of centralisation



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Even though the level of decentralisation can vary between sub-sectors, Business Services is probably the industry sector with the highest proportion of decentralised organisations and of local strategic decision-taking. 30% of interviewees describe their organisation as “a network of entrepreneurs”, while 41% report that strategic decisions are mostly taken at local level, highlighting that decentralised structures have often been maintained in a sector which values proximity.

Decentralisation is driven by several factors, including the history of groups being built through consolidation of smaller, local companies, the need to maintain commercial dynamics driven by local entrepreneurship, the proximity to local talent pools, widespread local client networks and specific local operational practices. As one Transport & Logistics CEO noted:



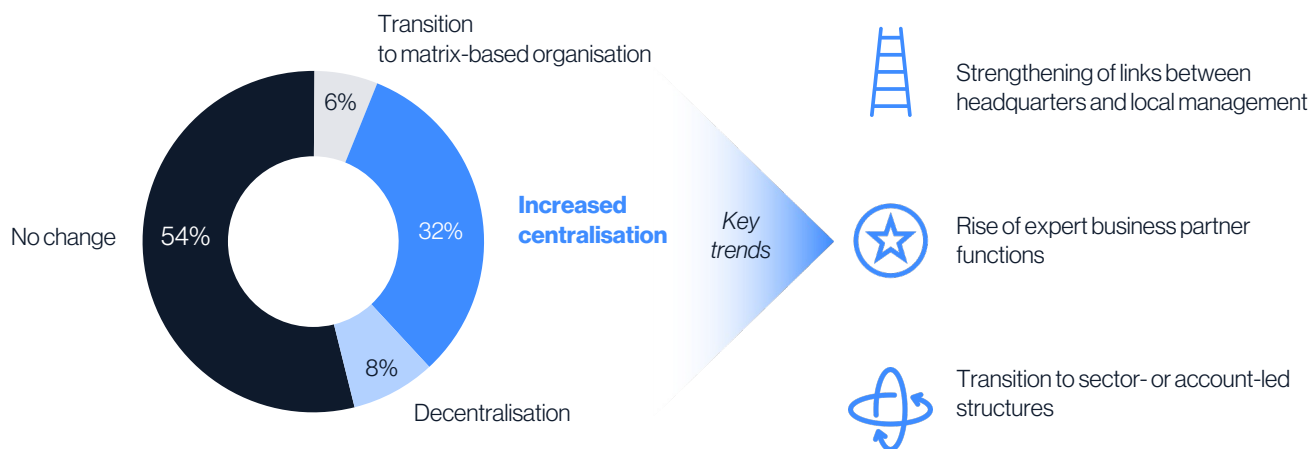
Proximity is highly beneficial to both recruitment & profitability.

However, the ongoing series of crises has prompted a reevaluation of this approach, as nearly 40% of interviewees have further centralised their teams or adopted matrix-based organisations, whereas 8% of them have increased the scope of decisions taken locally.

Focus on organisation structure changes, continued

Nearly half of the interviewed companies changed their organisation structures, mostly towards greater centralisation to achieve disintermediation, greater expertise in some areas and stronger coverage of key sectors or accounts.

Organisation structure changes



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The shift towards more centralisation reveals three key transformations:

01. The strengthening of links between headquarters and local management:

By layering and streamlining intermediate management layers, Business Services companies aim to empower local managers and foster direct communication between central leadership and local teams, sometimes at the cost of regional organisations. This approach seeks to enhance each team's responsiveness and reinforce the accountability culture across all management layers.

02. The formation of expert business partner functions:

Decentralised structures often lead to diverse processes and local-based recruitment challenges, resulting in skill disparities. These issues can undermine the effectiveness of support functions like Procurement, Finance and HR. Centralizing the most expertise-driven roles in these functions into expert teams addresses these challenges, eliminates redundant efforts, enables productivity through process standardisation and enables recruiting higher-profile experts, thereby boosting financial performance and quality.

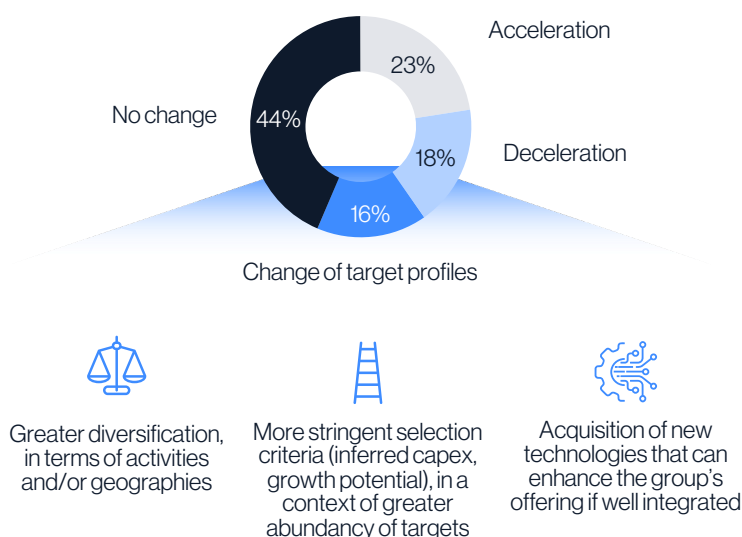
03. The transition to sector- or account-led structures:

As their clients grow, expand their operations and demand more specialised services, Business Services companies are increasingly adopting sector- or key account-led commercial, and sometimes delivery organisations. These models provide key accounts with a dedicated point of contact across the organisation and enable tailored client management, from both commercial and operational standpoints.

Focus on external growth strategy changes

56% of interviewees reviewed their external growth strategy. Changes have been highly diverse, with similar levels of acceleration, deceleration and changes of target profiles.

Levers implemented by interviewed companies



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In the wake of successive global disruptions such as Covid-19, inflation - and companies' abilities to pass it through, geopolitical conflicts and growing commercial tensions - more than half of companies have revised their approach to external growth. As one CFO put it,

“We had accelerated on our external growth strategy prior to the crises, but we are now looking more deeply into our long-term strategy and our operations. Transversal projects are more of a priority now.”

Indeed, the primary focus is no longer solely on expansion but also on building long-term resilience, including - and first in most cases - for the existing organisation. This shift reflects a broader strategic pivot towards operational efficiency and organisational adaptability, ensuring businesses can withstand future crises.

While acquisitions still occur, they have become more targeted, with firms prioritising opportunities that bring complementary capabilities—particularly in terms of diversification, from both a product portfolio and a geographical standpoints. As the CEO of an IT & Consulting Services company explained, acquisitions are increasingly seen as a way to

“push towards diversification.”

A complementary trend sees companies take action on opportunities enabling innovation & technology acquisitions. Established companies, often constrained by legacy structures, are actively seeking partnerships with younger, more agile players that leverage technological advantages and nurture a culture of innovation.

Nevertheless, when innovation or growth potential is a key driver for acquisition, the actual value-added of the target, including from its operational setup, is of increased importance. As the Head of M&A at a network-based company noted, firms are now more likely to

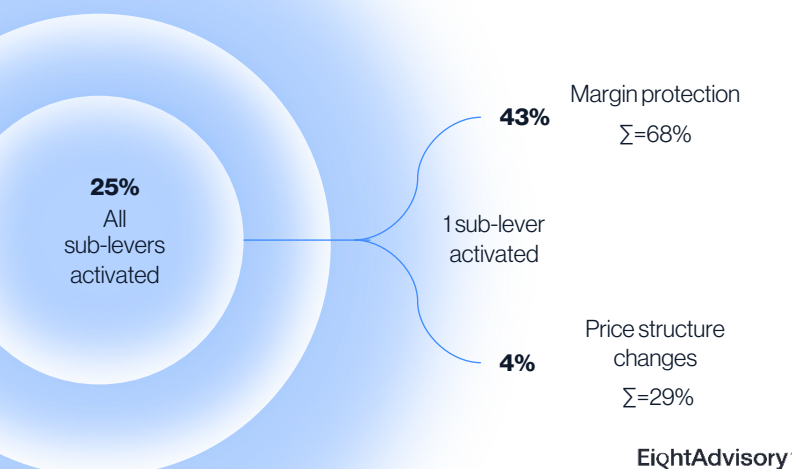
“move towards more value-adding targets.”

This is becoming even more critical at a time when sales processes for smaller companies have become more mature and, consequently, previous build-up strategies based on multiple arbitrage are less likely to work.

Focus on pricing performance

Most Business Services companies have sought to improve their pricing to respond to inflationary pressures, mainly by protecting margins rather than changing price structures.

Details of the implemented levers



72%

Of interviewees declared they had implemented pricing levers...

68% of interviewees have implemented margin protection measures, mostly because systematic contract renegotiation to pass inflation through was widely adopted (59% of respondents).

29% of interviewees have implemented price structure changes measures, such as value-based pricing or differentiated pricing per service category or customer segment.

Business Services companies have treated pricing not just as a tactical response to inflation, but as a strategic lever to drive resilience and long-term value. However, they have considered their sector's specific dynamics, including the fact that price structures are difficult to amend in highly fragmented client landscapes. Indeed, 72% of the surveyed companies have implemented pricing levers to respond to inflationary pressure, primarily to protect margins through systematic contract renegotiation such as value-based or differentiated pricing.

For many, protecting margins meant making tough calls, including on their growth ambitions and existing client relationships. As one CEO explained,



we prioritised margin over hypergrowth,

even if it meant walking away from large but unprofitable contracts- a move made possible by a solid profitability base. Others turned to advanced analytics to sharpen their pricing strategies, with one Managing Director noting they



activated value-based pricing and differentiated our pricing per customer,

signaling a shift towards more customised, data-driven approaches.

Private equity funds also played a role in accelerating these decisions, both on pricing methodologies, the discipline with which these methods were applied and existing client portfolios. As a fund's Principal put it:



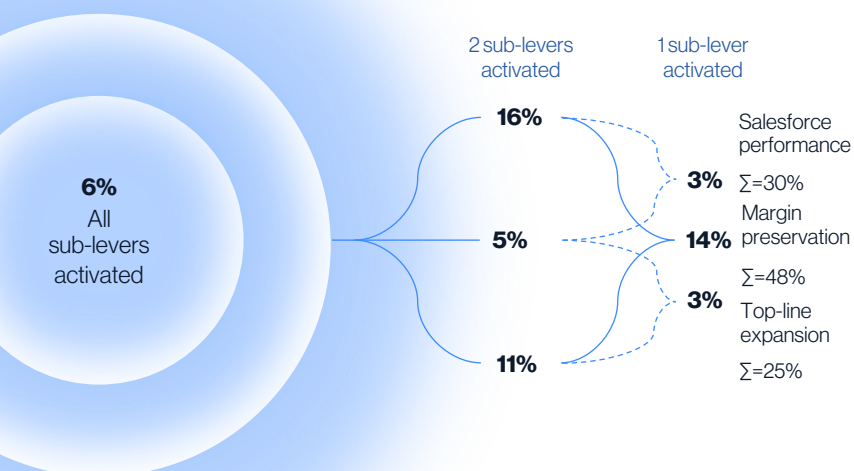
We helped our portfolio companies take difficult pricing decisions sooner than they would have normally,

which underlines the value of a "semi-external" viewpoint in moments of change.

Focus on commercial effectiveness

Companies have focused on preserving margins rather than transforming their relationship with their clients.

Details of the implemented levers



58%

Of interviewees declared they had implemented commercial efficiency levers...

30% of interviewees implemented salesforce performance levers such as commercial performance plans, new incentives and new tools.

48% of interviewees implemented margin preservation levers such as service and client portfolio optimisation or client coverage model optimisation.

25% of interviewees have focused their response on top-line expansion through cross-selling fostering or "pushes" into some client segments.

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Nearly half of the interviewed companies relied on margin preservation measures such as optimising their client portfolio or adapting their client coverage model to clients' overall revenue and margin potential, including through standardising some services. This enabled them to focus their efforts on the most promising segments. As one Chairman explained:



We decided to declutter our portfolio to focus on larger clients, which increased our senior staff's bandwidth and generated economies of scale.

However, many leveraged on previously under-exploited potential to perform as one firm, to increase cross-selling and firms' abilities to use new commercial channels, including sometimes e-commerce. As a CEO explained:



We used these crises to start steering the organisation towards cross-selling, which has been a long overdue, long-term initiative and is still work in progress.

As in many past crises, adaptation of salespeople and of the wider commercial functions to changes has been a critical success factor for these transformations. As this CEO explained:

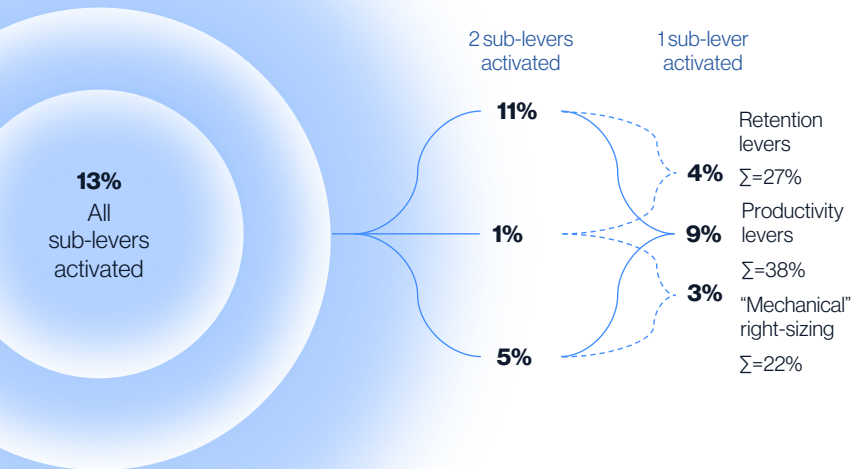


The difficulty from a commercial standpoint has been to find the salespeople with the right attitude in an increasingly omnichannel commercial relationship with clients.

Focus on direct labour management

A majority of the 46% of respondents who focused on improving direct labour have implemented productivity measures. This underscores both the central role and the untapped potential of direct workforce productivity enhancements.

Details of the implemented levers



46%

Of interviewees declared they had implemented direct labour optimisation levers...

27% of interviewees focused on employee retention levers such as salary & incentives increases and employer branding improvement.

38% of interviewees focused on productivity levers such as activity forecasting, planning and/or routes optimisation, tasks standardisation, worktime annualisation...

22% of interviewees have "mechanically" right-sized their teams to a reduced activity level, as they anticipate it for the short- or the longer-term.

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The various crises pushed companies to look more closely at their labour base and how to better manage it. As noted by the Head of M&A at a Network-based firm, many organisations were compelled to "re-dimension" their teams to consider new volumes of activity when crises had an adverse effect of their clients. However, this approach was only adopted by a limited number of companies, as most groups pursued more structuring initiatives.

At the same time, Business Services companies implemented initiatives to improve workforce efficiency, including task standardisation - identified by the COO of an IT and Consulting firm as a key priority - higher workforce flexibility thanks to annualisation, mutualisation and "social contracts" review, and strategic investments in tools and methodologies that improve activity forecasting, planning reliability (including in businesses such as homecare or maintenance, where a number of emergency interventions is bound to happen), minimise quality risks, and boost both productivity and billability.

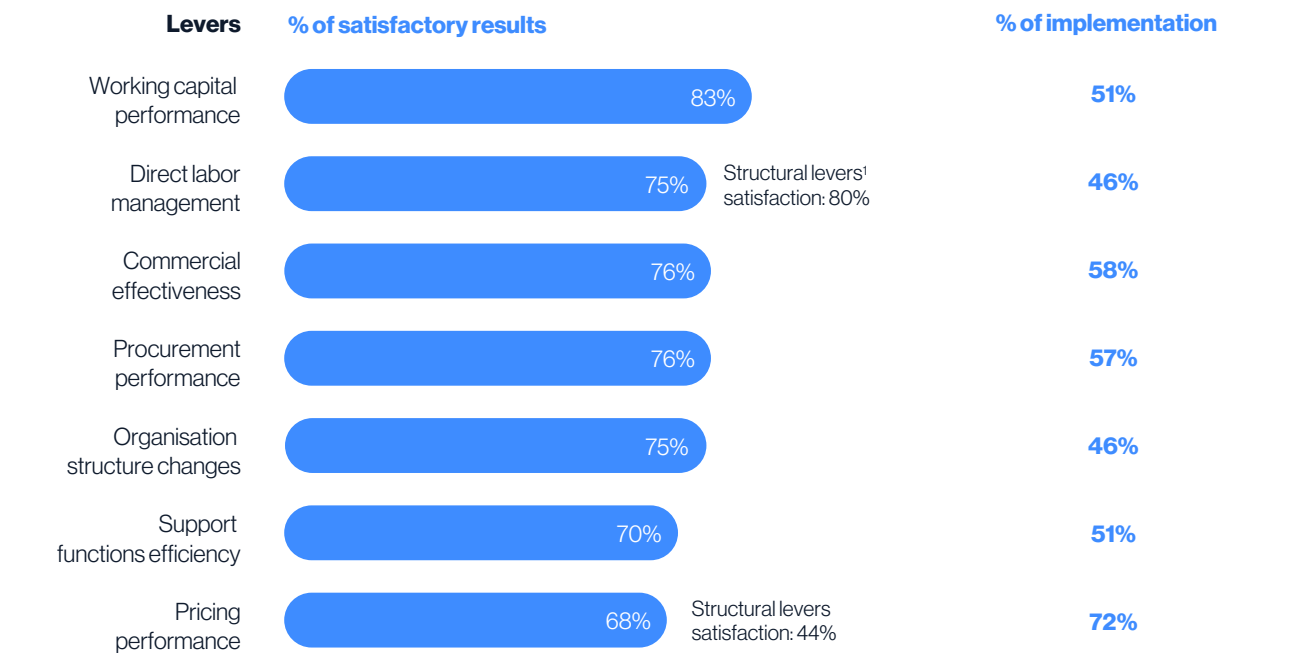
In addition to operational adjustments, companies placed renewed emphasis on retaining talent. Efforts such as employer branding improvement, compensation benchmarking and profit-sharing plans have become increasingly common.

Among these, value-sharing mechanisms stand out for their impact, aligning personal incentives with company goals and strengthening employee engagement. These initiatives have greater value than before, as they have enabled to increase not only retention, or the strategic retention of high performers, but also productivity. A larger number of companies than before have indeed tailored their incentive plans to specific commercial and operational objectives, rather than rely only on group performance or standard individual performance KPIs.

Lever performance

Where transformation levers were implemented, they largely generated the intended impact, including in instances where this transformation was structural.

Companies' satisfaction levels on the levers they implemented



Note: (1) Structural levers encompass levers that durably transform the company such as productivity levers on Direct labour, Topline expansion, etc. **EightAdvisory**

In the wake of recent crises, Business Services companies have largely succeeded in their transformation efforts. All of the identified operational performance levers all have yielded satisfactory outcomes for at least 68% of the companies that adopted them.

The lowest level of satisfaction with pricing overall appears to stem from structural pricing levers, which may seem inconsistent given that only a small proportion of companies have actually implemented such levers. However, this low satisfaction likely results from a combination of three factors: the limited bargaining power of Business Services firms due to client size and market fragmentation, the increasing difficulty of cost pass-through, and the current challenges in effectively deploying structural pricing levers.

Forward-thinking companies have seized the crises as an opportunity to successfully reshape their operating models in a structural manner. As an illustration, support function efficiency and direct labour optimisation were implemented by a more moderate number of companies than, for example, pricing performance. However, those who pursued structural changes on these dimensions experienced results that were both highly satisfactory in absolute terms and stronger than for simpler-to-implement changes. This is, in particular, the case in sectors such as IT consulting, certification or utilities installation, where structural changes to labour management were previously deemed hard to implement or, to put it in the terms of a PE fund's Principal,

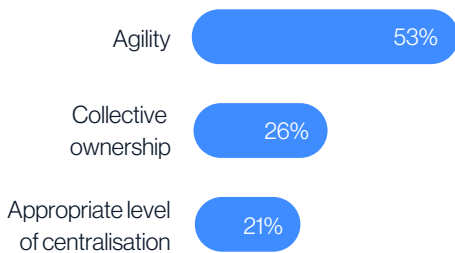
“a taboo for management teams.”

These crises were therefore a catalyst for structural changes.

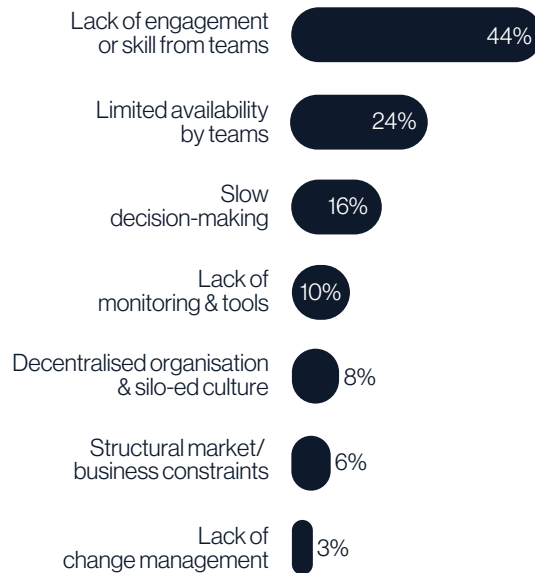
Transformation accelerators and roadblocks

A mix of agility, engagement across all levels of the business, and appropriate levels of centralisation helped companies remain resilient in the face of such perma-crisis.

Key success factors according to interviewees



Key roadblocks according to interviewees



Source: Eight Advisory

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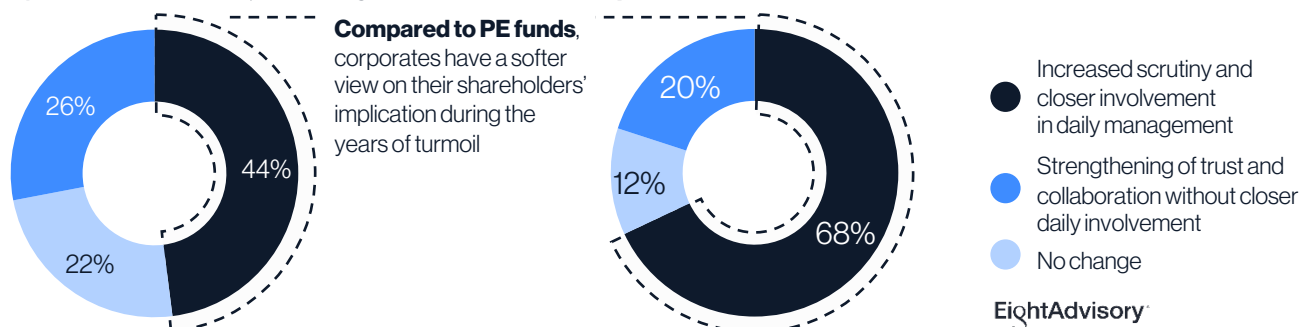
The survey findings offer a deeper look into what drives success—and what gets in the way - when organisations face crises. At the heart of the interviews is a recurring theme: agility has been key to face crises of unforeseen dimensions and magnitude. Companies that adapt quickly tend to weather storms better. Interviewees also point to shared ownership, smart levels of centralisation and a shift towards a more entrepreneurial mindset at all levels of the organisation as essential ingredients for navigating turbulent times.

This cultural shift is not just a nice-to-have - it's seen as a vital step toward creating value and staying profitable when the pressure is on. But the path is not without its hurdles. Teams have often struggled with engagement, employee skillsets, availability and slow decision-making. Executives emphasise the importance of leaders who can stay flexible, think ahead and act decisively, but also on their ability to embark teams in a context where the cultural levers have changed, especially as the relationships between employees and their work have sometimes been redefined in the past five years: work from home, work/life balance, etc.

Evolution of relationships with shareholders

Shareholders have become much more engaged in decision-making and performance oversight, and management teams have generally viewed this involvement positively.

Key lessons from crises, according to the interviewed companies



The perma-crisis has resulted in private equity shareholders now taking a more hands-on role in company oversight - and management teams are largely embracing the shift.

What was once seen as overreach is now increasingly viewed as high-value collaboration.



We are more demanding towards our portfolio companies

said one managing director, referencing the expanding scope of value creation plans, quicker execution timelines, and more rigorous performance monitoring.

But this pressure isn't generating friction - it's fostering results.



"We were lucky to have PE shareholders that were both involved and not painful. They have acted as true sparring partners, helping us stick to the right fundamentals."

This new level of involvement is not just strategic - it's structural.



We now have a 2-hour monthly meeting on each element of our situation.

a CEO pointed out.

a CEO reflected.

While the cadence is intense, it ensures that no part of the business drifts off course. Frequent, structured communication is enabling faster course corrections and a clearer alignment between investors and Company's management.

Instead of micromanagement, management teams are experiencing deep, targeted dialogue and practical support.



The way we handled the crises has fueled the trust between us and our private equity shareholder.

a CEO added.

In turbulent periods, this trust has proven critical. In essence, the dynamic is shifting from control to partnership. Shareholders are becoming strategic co-pilots, not just financial sponsors. As value creation expectations rise, this high-trust, high-engagement model is emerging as a best practice in the private equity ecosystem - demanding, but decisively effective.

Lessons learnt

Learnings from crises highlight the underlying importance of creating a culture of adaptation and of onboarding a team into this culture.

Key lessons from crises, according to the interviewed companies



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The recent succession of crises has served as a pivotal learning experience for companies, reshaping priorities and deepening market understanding. Every interviewee noted significant changes in their approach to doing business, whether it involved shifting priorities, gaining new insights into their markets, or strengthening their organisational vision.

Resilience - the ability to withstand pressure without faltering - has emerged as the most sought-after trait within organisations. Nearly 50% of interviewees highlighted the link between resilience and adaptability as a key lesson from recent crises. As one CEO of a Network-based company stated:

The importance of cultivating an engaged management team was another critical takeaway. As one respondent observed,



Crises always highlight well-managed companies and good management teams, whereas anomalies can exist during economic euphoria.



It fostered an adaptation culture within our managers.

This underscores the value of strong leadership in navigating turbulent times. However, some interviewees expressed concern over the lack of anticipation within their industry and among peers. As a CFO from a B2B Distribution company remarked,



It is hard to understand how our ecosystem did not anticipate the sequential knock-on effects. Whereas Covid -19 created a liquidity crisis followed by a quick rebound, the subsequent crises have been much more impactful and lead to longer-term impacts.

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Next challenges

Integration of technology and Gen AI specifically, as well as talent acquisition and nurturing, are expected by our panel to be the main challenges of the next five years. ESG and climate change is perceived as both a challenge and an opportunity.

Strategic challenges identified by the interviewed companies



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Business Services companies, now familiar with sector-wide transformations, are anticipating a new set of structural challenges following the multi-crises period. Interviewees have identified technology and talent management as the most pressing issues for the years ahead.

Given the labour-intensive and skill-demanding nature of the industry, the importance of these challenges is hardly surprising.

Companies anticipate significant changes to their operating models and service offerings, largely driven by technological advancements.

As during pre-crisis years, the focus is on ensuring that operations are supported by a qualified and engaged workforce capable of adapting to new markets, technologies and tools.

However, the integration of Gen AI is expected to revolutionise processes and create opportunities for enhanced efficiency and innovation. This transformation requires a workforce that is not only skilled but also adaptable to rapidly evolving technological landscapes. Securing such a workforce is crucial for maintaining competitive advantage and ensuring swift and successful adaptation.

Ecosystem-related challenges are becoming increasingly prominent for Business Services companies. They must now adapt to both the consequences of climate change and the rising demand for ESG actions and transparency, while navigating evolving regulatory frameworks across the European market.

As European administrations and regulations are often criticised for stifling innovation and competitiveness, and as the European macroeconomic outlook is decorrelated from other parts of the world, international expansion is emerging as a growing need for Business Services groups. This is all the more enabled since "de-servicisation" is not happening and since a lot of European companies emerge as global leaders in many Business Services subsectors. As the CFO of an IT & Consulting Services firm noted:

Amid these market headwinds, consolidation is also surfacing as a major strategic challenge, for around 15% of our panel.

This represents a continuation of previous years, where consolidation had already been a key growth lever in highly fragmented market structures. Nonetheless, this is becoming less of a financial, multiple arbitrage-related lever, and more of pricing pressures create a growing need for scale, many companies feel a growing need to be a key player in the race for leadership on their markets. As one Head of M&A stated:

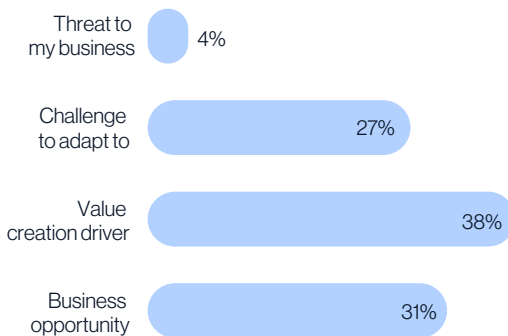
“Tensions can result in fragmentation and the creation of multiple market standards, such as a Chinese alternative to ESG or new regulatory constraints.”

“In five years, there will be one market leader in each country - ideally, our group.”

Focus on technology & AI

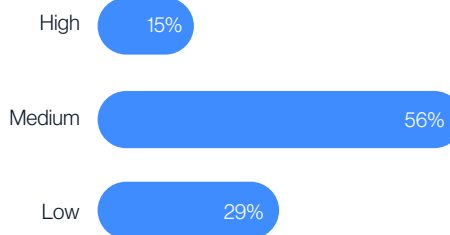
While most respondents view technology as a lever to more profitable and stronger businesses, they feel that their company is behind on tech-readiness, which is slowing down their adoption of AI.

Perception of technology by the interviewed companies



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Self-appraised tech-readiness



Companies' stances on AI



Source: Eight Advisory

EightAdvisory

Over 30% of our respondents view technology as a challenge or a threat. This statement highlights the degree of legacy systems and lack of tech culture of certain sub-sectors within Business Services ecosystems.

At the other end of the spectrum, over 30% of respondents view technology as an opportunity to develop new offers or gain a lasting advantage over competition.

While those proactive respondents may have successfully undergone a first wave of digitisation, they are still part of 85% of interviewees who feel their company still lags behind in terms of technology.

It is indeed a consensual statement amongst Business Services managers that the historical strong autonomy to local business units, the resulting lack of automatised and the structural people-intensive operating models have not put the sector in the leading spots for technology adoption and technological innovation.

With those characteristics in mind, Business Services companies exhibit strong interest for Artificial Intelligence implementation:



AI will impact the services sector the same way that robotisation has impacted industry,

said the Chairman of a BPO & On-site services company.

As with any new technology, the stances vary: close to 50% of our interviewees view AI as the lever to overhaul their entire business model (the "Believers") but more than 20% anticipate to have a highly selective use of AI and may accumulate lag to leading market practices.

The key challenges in implementing AI lie in choosing a Return on Investment-focused mindset to identifying the right use cases where AI can deliver meaningful impact without overpromising or underdelivering.

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Focus on talent acquisition & management

Talent management challenges increasingly require to address productivity, and companies have yet to fully activate the corresponding structural levers.

Approaches taken to tackle talent management challenges

37% of interviewees view talent management as a key challenge of the next 5 years

Continuous improvement levers

- Intrapreneurship
- Employer brand
- Internal academies
- Profit sharing
- Offshoring

75% Satisfaction in survey

Short-term solution

Enhance attractiveness & retention
Secure temporary workforce and qualifications

Structural initiatives

- Direct labour optimisation

80% Satisfaction in survey

Long-term solution

Decrease retention risks exposure
& recruitment needs

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Talent acquisition and retention have remained a key challenge in Business Services

Recruitment challenges have long been a key constraint for Business Services groups, as they rely heavily on human capital and scarce skillsets. As one executive insightfully noted,

“ *recruitment has always been a key mitigant to our growth, along with our ability to retain people.*

In this context, talent retention is not just an HR issue, it is a fundamental driver of competitiveness and scalability. The increasing cost and complexity of replacing skilled professionals, correlated with an ageing population and on tense labour markets in some countries such as Germany, means that companies must now more than ever invest, innovate and step out of their comfort zone to attract and retain talent.

Evolving employee expectations are reshaping organisations

The evolving employee-employer relationship presents another layer of complexity. Prompted notably by an increasing ESG conscience and by the advent of teleworking, both white- and blue-collar workers have become less motivated by traditional corporate incentives and more driven by personal purpose, flexibility, and autonomy. This has created a landscape marked by

“ *less motivation and engagement, more individualism and a search for meaning.*

This forces companies to redesign career paths and value propositions. To remain attractive, firms must craft compelling employee experiences that combine purpose, progression, and personalisation - which are key ingredients of a modern employer brand looking to maintain engagement, especially among younger, high-potential talent.

These challenges are also handled through workforce optimisation and digitalisation

Long-standing structural issues, such as overstaffing in low-value and highly repetitive tasks, must also be addressed. As highlighted from one of our respondents,

“ *we could not let external shocks stir us away from working on historical overstaffing.*

Instead, firms must use moments of disruption to accelerate digitisation and standardisation, which, on top of boosting operational efficiency, also

“ *ensures future resilience on talent management issues.*

By automating repetitive tasks and optimizing team structures, companies have both reduced their dependency on scarcer human capital and reallocated talent towards value-adding roles and career-enhancing experiences, thus supporting retention through meaningful work and career growth opportunities.

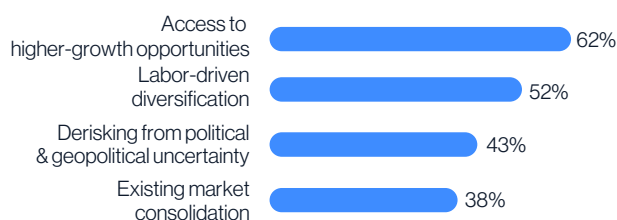
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Focus on diversification & internationalisation

Diversification, especially internationalisation, has increasingly been a key resilience lever within Business Services.

Drivers to geographical diversification



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Business Services companies are actively seeking to mitigate risks associated with demographic, regulatory, and competitiveness challenges in European countries.

On top of accessing higher growth opportunities, a key driver behind this internationalisation effort is labour diversification, aimed at reducing costs and accessing a broader pool of skilled workforce, notably for IT & Consulting companies. For companies established in Europe's demographically stagnant environment, this structural need is becoming increasingly urgent.

Most recently, the desire to derisk from political and geopolitical uncertainties has emerged as a significant concern. Among the 43% of interviewees pursuing internationalisation, a key motivator has indeed been the need to navigate changing European regulations and a volatile political climate. The recent tariff war has further intensified this trend, with major Business Services companies pledging to increase their investments in the United States in response to the initial tariff wave.

Business Services companies are also acutely aware of the widening gap between Europe, Asia and the USA. While China and the USA have historically demonstrated that economic competitiveness was their top priority, EU regulations are often perceived as constraints on the development of European champions. A lot of European Business Services companies are worrying about the increasing potential growth gap between Europe & the rest of the world and seek to expand their operations outside of Europe, notably in Americas, in order to capture this growth and reap of the benefits of the underlying innovation.

Optimistic players view market consolidation as a key driver of their international ambitions and a means to replicate internationally a model that has proven to be successful on their home market. However, this can also be interpreted as a defensive move in response to competition from less regulated players, which is increasingly impacting the European market. Companies are looking to scale and expand into emerging countries to secure knowledge and remain competitive. As one CEO from an IT & Consulting Services firm noted,

“ *With the power dynamics between countries: no one knows what India will do, and India has a lot of knowledge, so one needs to identify the correct growth zones for tomorrow.*

To effectively navigate these global dynamics, companies can consider the following strategies:

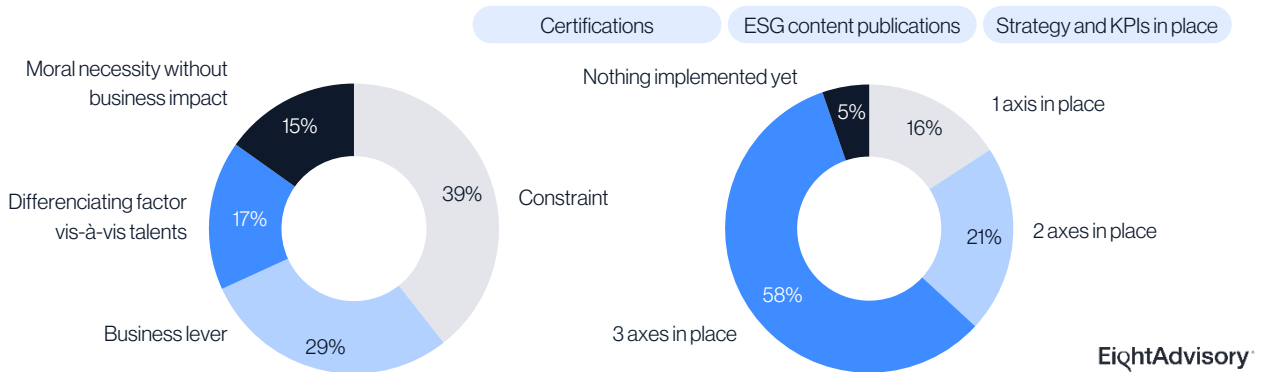
- 1. Regulatory Flexibility:** Develop strategies to balance regulatory constraints commitments with competitiveness.
- 2. Defensive Expansion:** Pursue strategic international expansion to mitigate risks associated with competition from less regulated players and secure valuable knowledge.
- 3. Knowledge Acquisition:** Focus on acquiring and leveraging knowledge from emerging markets to enhance innovation and adaptability in a rapidly changing global landscape.

Focus on ESG

ESG awareness is widespread among Business Services, and companies dedicate significant efforts and resources to a wide range of initiatives. However, ESG's current form is viewed as a constraint by a significant portion of companies.

Perception of ESG

ESG actions implemented on the following axes



The energy transition is not only an environmental necessity but also a major source of new market opportunities. Many European companies are already leading the way in sectors closely linked to this shift, such as the installation and maintenance of EV charging stations, electrical networks, and green construction services. These industries are rapidly expanding, positioning Europe at the forefront of sustainable economic growth.

While 39% of respondents continue to perceive ESG as a constraint, a growing share - 46% - recognises its strategic potential, with 29% viewing it as a value creation lever. These findings resonate with executive perspectives: one CEO underscored ESG actions as both a

“*must-do* and a *key criterion in tenders*,

while another highlighted its role in fostering purpose and deepening employee engagement.

That said, in the European context, ESG is often framed as a regulatory burden—reflecting broader concerns that stringent compliance obligations may erode corporate competitiveness across the region. From our perspective, this divergence in ESG perception signals a critical inflection point. The challenge for leaders is no longer whether to engage with ESG, but how to integrate it effectively into the group's core business model.

A majority - 58% - of companies have indeed implemented a full suite of concrete actions, across several dimensions, to structure their actions, measure their impacts and formalise their communication, through KPI alignment, third-party certifications, and transparent disclosure. This shift is driving structural change—creating new leadership roles (e.g., Heads of ESG), and reshaping supply chains, such as firms that are redesigning procurement criteria to favor low-carbon partners, embedding sustainability metrics into client reporting, etc.

As a conclusion, the 3 dimensions of Environment, Social and Governance are indeed shifting from a reputational safeguard to a performance driver—impacting operations, value chains, and go-to-market strategies. We are observing that ESG commitments are becoming pivotal in client relationships, compelling companies to shift from ad hoc efforts to structured, scalable strategies.

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How we can support you and your business

Eight Advisory can address most of the identified trends with differentiating offers



Value Creation & Turnaround

Value Creation Plan

- Holistic Value Creation Plan
- Commercial effectiveness plan
- Labour management plan
- Procurement cost reduction
- Working capital improvement

Restructuring

- Independent Business Review
- Chief Restructuring Office
- Social strategy



M&A Strategy

Acquisition support

- Finance, Legal, Tax, Commercial, Operational, Synergies, Technology, ESG and Culture due diligence
- Platform-based strategy definition
- Company and support functions structuring to absorb (hyper)growth

Post-Merger Integration

- Integration strategy
- Integration execution
- Integration Playbook elaboration
- Synergy assessment, refining and tracking
- Change management strategy
- Cultural integration



Strategy & Performance

Organisation & operating model

- Agile organisation and operating model design
- Change management strategy

ESG

- ESG strategy
- Decarbonisation plan

Artificial Intelligence

- Use cases identification and assessment
- Implementation support
- Change management

Thank you

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Paris
37 rue la Boétie
75008 Paris, France

Lyon
17 rue de la République
69002 Lyon, France

Nantes
34 rue du Pré Gauchet
44000 Nantes, France

Rennes
28 boulevard du Colombier
35000 Rennes, France

Marseille
10 place de la Joliette
13002 Marseille, France

London
100 Pall Mall
SW1Y 5NQ London, United Kingdom

Brussels
53 Avenue des Arts
1000 Brussels, Belgium

Amsterdam
Parnassus Tower
1076 AZ Amsterdam, Netherlands

Frankfurt
Mainbuilding, Taunusanlage 15
60325 Frankfurt am Main, Germany

Hamburg
Neuer Wall 80
20354 Hamburg, Germany

Munich
Isartorplatz 1, 1. OG
80331 Munich, Germany

Cologne
Rudolfplatz 3
50674 Cologne, Germany

Zurich
Gerbergasse 5
8001 Zurich, Switzerland

Madrid
Paseo de la Castellana, 40
28046 Madrid, Spain

New York
Tower 49
12 East 49th Street
New York, NY 10017

Mumbai
Urmi axis, Seventh floor, Famous Studioline,
Mahalaxmi, Mumbai 400 011, India

Eight International
12 rue Jean Engling
L-1466 Luxembourg

FRP
110 Cannon Street
London, EC4N 6EU, United Kingdom

JP Weber
Ul. Wspólna 70
00-687 Warsaw, Poland

JP Weber
Grodzka 9
50-137 Wrocław, Poland

New Deal Advisors
Via Santa Maria Fulcorina
2-20123 Milan, Italy

McGrathNicol
Level 12, 44 Martin Place
Sydney NSW 2000 Australia

DH Advisory
Dubai World Trade Centre
Dubai, UAE

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