

# The PSA Gap: Why Professional Services Firms Run Projects in Spreadsheets

Professional services firms have the platforms. They run projects in spreadsheets anyway. The PSA gap is an operations problem, not a tech one.



**L5 Team**

March 30, 2026

Walk into most professional services firms and ask how they track billable utilization. The answer will involve a spreadsheet. Ask how they manage resource allocation across active projects. Another spreadsheet. Ask how they produce the monthly billing report for clients. A spreadsheet, probably assembled by someone who works too many Fridays to do it.

This is not because the technology does not exist. PSA software has been a mature category for twenty years. Kantata, Certinia, Scoro, and Workday all offer platforms designed specifically to run project-based businesses. The problem is not the product. The problem is who can afford it, who can implement it, and who runs it after go-live.

## The price wall at SMB

Dedicated PSA tools start at \$100 to \$275 per user per month.<sup>[1]</sup> For a 30-person consulting firm, that is \$3,000 to \$8,250 per month in software alone, before implementation, training, or ongoing support. For a firm billing at \$150 to \$200 per hour, the math is straightforward: the platform costs more than it saves unless adoption is near-total and the operational overhead is minimal.

Neither of those conditions is easy to achieve. Adoption requires that delivery teams actually use the platform daily for time tracking, resource management, and project status. Operational overhead requires someone maintaining the configuration as the firm's business evolves. Most SMB PS firms have neither. So they use spreadsheets, which cost nothing and require no training, and accept the margin leakage that comes with incomplete utilization data and manual billing.

- **\$13.5B** Global PSA market in 2025. Growing at 11 to 15% per year. Most of it concentrated in mid-market and enterprise.<sup>[2]</sup>
- **\$100+** Per user per month for dedicated PSA tools. Price-prohibitive for firms under 50 employees.<sup>[1]</sup>
- **\$7-19** Per user per month for ClickUp. The same core PSA primitives at a fraction of the dedicated tool price.

## The implementation gap at mid-market

Firms above 250 employees can afford the enterprise tools. Workday, in particular, offers a comprehensive PSA module alongside its HCM and Financial Management products. A mid-market professional services firm on Workday has everything it needs to run project accounting, resource management, utilization tracking, time and expense, and client billing on one platform.

Most do not. The Workday PSA module has a fraction of the penetration of Workday HCM, despite being sold to many of the same customers. The reason is not the product. It is the implementation.

PSA requires a different kind of expertise than HCM or Finance. HCM is HR's system. Finance is the CFO's system. PSA is everyone's system: project managers, consultants, delivery leads, finance, and client services all need to adopt it and use it daily or the data becomes unreliable immediately. Getting that adoption requires an implementer who understands the economics of a services business: utilization targets, engagement models, billing rate frameworks, and the difference between how a firm bills and how it tracks internally.

Most Workday implementation partners prioritize HCM and Finance. Those practices are higher volume, the domain expertise is more widely available, and the client base is broader. PSA is a smaller market that requires specialized knowledge. Generic partners do not invest in building that knowledge. So the PSA module gets configured at a basic level, the delivery team finds it cumbersome, and within six months the spreadsheets are back.

*"PSA requires specialized PS operations expertise. Implementation partners prioritize higher-volume HCM and Finance deployments. The gap is distribution, not product."*

*L5 PSA Market Analysis, 2026*

## The operation gap everywhere

Price and implementation are the first two barriers. The third barrier exists even for firms that clear the first two. It is the operation gap.

PSA environments drift faster than almost any other enterprise platform. The reason is that PSA is operational: it has to reflect the real state of the business at all times. When a project scope changes, the PSA has to be updated. When a resource joins or leaves a project, the workload view has to be corrected. When billing rates are renegotiated, the invoice triggers have to reflect the new terms. When a new engagement type is added to the firm's service offerings, the project templates have to be built.

None of this happens automatically. It requires active operation: someone reviewing the system weekly, catching mismatches between the platform state and the business reality, and making corrections before they compound into reporting inaccuracies. Without that cadence, utilization data becomes unreliable within weeks. Project financials drift from actuals. The platform stops being the source of truth, and the spreadsheets come back.

## The PSA Gap

The PSA gap is the space between owning a PSA-capable platform and running project operations inside it. It is created when the tool is too expensive (SMB), the implementation is too generic (mid-market), or the operating cadence is absent (everywhere). The result is firms that own the capability and work around it simultaneously.

## Two paths to closing the gap

The answer to the PSA gap depends on where the firm sits in the market.

### SMB (10 to 250 employees)

- Dedicated PSA tools are prohibitive on price
- ClickUp provides the core PSA primitives at \$7 to \$19 per user
- L5 configures six PSA domains: project delivery, client engagement, resource management, time and billing, analytics, and knowledge management
- AI agents handle utilization tracking, billing workflow, and exception flagging
- Weekly Drive cadence keeps data current and agents performing

### Mid-Market (250 to 5,000 employees)

- Workday PSA is the enterprise-grade option
- Implementation requires PS domain expertise most partners do not carry
- L5 configures and operates Workday PSA for professional services firms specifically
- Expertise in utilization models, engagement economics, and billing frameworks built into every engagement
- Weekly Drive cadence governs data quality and AI agent performance after go-live

## What the spreadsheet is actually costing

The cost of the PSA gap is rarely calculated because it does not appear on a single line item. It appears across several.

Utilization data that is manually assembled from time sheets, rather than captured in real time by a platform, is always stale and often incomplete. Consultants who are at 60% utilization because nobody tracked the remaining 40% are not generating the revenue the firm thought it had. The gap between estimated and actual utilization, multiplied across a 50-person firm, is the difference between a healthy margin and a CFO question at the end of the quarter.

Billing that runs through spreadsheets introduces errors. Rate mismatches. Invoice timing delays. Write-offs on work that was completed but not billed because the tracking was not in place. These are recoverable, but recovery takes time that senior people spend reconciling instead of delivering.

Resource management that happens in the head of the delivery lead, or in a shared spreadsheet updated monthly, produces the allocation decisions that do not reflect current capacity. Overbooked consultants miss deadlines. Underbooked consultants run at low utilization while the firm turns away work. Neither situation shows up cleanly in a dashboard because the data is not in a platform.

**The spreadsheet is not free.** It has no licensing cost. The cost is the margin leakage in utilization, the write-offs from billing errors, and the delivery risk from resource decisions made without current data. Most PS firms have never calculated that number. It is almost always larger than the cost of operating a PSA platform correctly.

## The path forward

Closing the PSA gap does not require ripping out existing tools or committing to a platform consolidation project. It requires the right tool for the firm's size and a partner who knows how to operate it.

For SMB firms, ClickUp at \$7 to \$19 per user provides the primitives. L5 configures the six domains, deploys the AI agents, and runs a weekly Drive to keep the system current. Implementation in weeks. Operate subscription ongoing.

For mid-market firms on Workday, or firms ready to graduate to Workday, L5 operates the PSA module with the domain expertise that generic partners do not carry. The same ACT methodology, the same Drive cadence, the same outcome accountability built into every SOW.

The spreadsheet wins because nothing else was operated. The first Drive closes that gap.

## Sources

1. Published pricing from Kantata, Certinia, and Scoro as of Q1 2026. Dedicated PSA tool pricing typically ranges \$100 to \$275 per user per month at mid-market tier.
2. 7-analyst consensus: Grand View Research, Polaris Market Research, Future Market Insights, Mordor Intelligence, Research and Markets (TBRC and 360iR), SNS Insider. 2025 PSA market size consensus range \$13.5B to \$15.2B.