

## **Engineering Services Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

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### **Report description:**

The engineering services market is expected to register a CAGR of 8% during the forecast period. One of the primary factors driving the increased acceptance of the engineering services market is expected to be the expanding collaboration between original equipment manufacturers (OEM) and engineering service providers (ESP). The increasing need to shorten product life cycles and cut costs and the rising desire for product options that incorporate the most outdated technology is expected to support market expansion. The market for engineering services has been expanding steadily along with clients' willingness to outsource various services to reduce costs.

### **Key Highlights**

The ES model, which was created later to provide clients with smart solutions, is additionally useful. The embedded engineering solutions market in the ES sector has undergone a paradigm shift from essential engineering services to solutions that include automation, analytics, and the Internet of Things (IoT), among other things. Furthermore, platform-as-a-service (PaaS) plans with bundled IT solutions are now possible thanks to technical improvements.

Engineering services firms are critical enablers of this global vision, as they are upgrading infrastructure to incorporate sensing technology and data analytics that could improve people's lives. Thus, the new investments for industry expansion and massive infrastructure investments in countries such as India, Indonesia, and China are now fueling the growth of engineering and design services.

Moreover, another factor driving the market is digitization, which has triggered organizations to demand advanced IT solutions such as engineering analytics, the Internet of Things (IoT), and artificial intelligence (AI) to gain an edge over their competitors and maintain the momentum of the company. This is the result of the increasing penetration of industrial IoT in several industry verticals; with this, the demand for engineering services sees exponential growth for managing complex connected infrastructure.

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Engineering services firms are accustomed to cyclical downturns, but COVID-19's speed and force were unparalleled. Projects were getting pushed back or shelved. Supply lines were in danger. The labor health of employees and subcontractors was a concern, and social distance on building sites presented some practical difficulties. Employers that had to lay off staff worried about their future availability and skill level. The effects of the lockdowns also compelled specific engineering and contracting companies to restructure debt, look for new sources of finance, or risk going bankrupt because many of them lacked significant cash reserves.

## Engineering Services Market Trends

### Civil Engineering Services is Expected to Register a Significant Growth

Rising demand for environmentally friendly buildings coupled with government initiatives to revamp the country's depleted infrastructure and increasing public and private sector investments in residential, commercial, healthcare, and educational infrastructure construction projects globally are providing the civil engineering market with the opportunity to expand exponentially.

Industrial goods manufacturing organizations are heavily embracing the execution of private, public, and hybrid clouds to modernize their information technology-driven infrastructure, drive automation, and streamline inheritance processes. The ability of the industrial internet of things to reduce downtimes, find and fix mistakes, and lower the cost of supervision is expected to be a key factor in the growth of the industrial segment.

For instance, in August this year, Jacobs declared its intention to use a brand-new holding company structure. The new parent company's name, Jacobs Solutions Inc., is a better match for Jacobs' public image as a global company that offers cutting-edge technology solutions.

Another thing that is growing the market share is the use of robots in the construction industry. Robots are becoming more popular in the construction industry because they can do repetitive tasks that make workers safer. This helps increase overall productivity, which in turn grows the market share.

For example, a Canadian-based robotics company, Novarc Technologies, demonstrated its Spool Welding Robot (SWR). This robot would help in pipe welding applications that would solve industrial automation problems. These robots would lower the cost of welding and positively affect the market.

Further, in the future, engineering firms will augment their portfolios with digital and connected technology assets to capture a larger market share.

### Asia- Pacific to Witness Fastest Growth

A supporting government initiative to build economic infrastructure together with an increasing rate of urbanization in the Asia Pacific area is two critical factors affecting the market's growth. With an average yearly pace of 3%, East Asia and the Pacific are also the parts of the world that are urbanizing the fastest. Due to several factors, the market for engineering services is anticipated to grow in the Asia-Pacific region.

Industrial items are manufactured in the area, and highly skilled engineering professionals provide cost-effective employment support. Additionally, the region serves as the hub of significant software outsourcing service providers. The expansion of the Asia-Pacific regional market is anticipated to be driven by the escalating need for technological advancement and the pervasive integration of embedded software into the existing models.

The Asia-Pacific region is dominated by two highly populated countries, i.e., India and China. China is making significant

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infrastructural investments to expand 163,000 kilometers for gas, 37,000 for crude, and 40,000 for oil products. The new 40,000-kilometer gas pipeline would connect 470 million new people by 2025. Such investments provide opportunities for engineering services to flourish in the region, considering the functional benefits that these services can provide. Moreover, with levels of urbanization reaching above 50% in APAC by the previous year, there will be increased consumption of products and services, encouraging various industries to develop their facilities and offices in these economies. Hence, this would provide ample opportunity for the engineering services market to increase its regional footprint. Additionally, governments are investing in the aviation industry, intending to boost global trade in the country, further driving the market. For instance, India plans to open 100 additional airports by 2024, which would include the start of 1,000 new routes connecting smaller towns and villages in the country. So, this kind of development would lead to more infrastructure construction in the area, which would be good for the engineering services market.

## Engineering Services Market Competitor Analysis

The engineering services market is very competitive because of the presence of many global players, such as AECOM, Bechtel Corporation, and Kiewit Corporation, among others. A significant trend of mergers and alliances among various international engineering firms has been seen over the past decade to increase the market's foothold. International players in the market are more acquisitive and look to acquire smaller players, which creates a barrier for new entrants. A few recent developments in the market are:

In October 2022, to digitally modernize the global construction and infrastructure industries, Tech Mahindra, a top provider of digital transformation, consulting, and business reengineering services and solutions, partnered with SoftTech. In order to provide tailored solutions for the end-to-end digital transformation of businesses in the building and infrastructure sectors, the collaboration will bring together the technological skills of Tech Mahindra and the domain experience of SoftTech.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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