

THE RISE OF CUSTOMER-CENTRIC PROFESSIONAL SERVICES AUTOMATION: ALIGNING SALES, RESOURCES, AND DELIVERY

April 2017

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Report Highlights

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Top challenges for professional services firms include managing resources and customer expectations.

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Leaders are 51% more likely to connect sales/customer data with project data.

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64% of those with customer-centric PSA can allocate resources during the sales proposal phase.

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Those with customer-centric PSA realized 12% better utilization rates.

This report reveals how a “customer-centric” professional services automation (PSA) solution can help to improve utilization and lead to more profitable projects.

Professional services firms that wait until a deal is made begin their projects on a shaky foundation. Is your business solution setting your firm up for failure?

For many years, professional services firms have prioritized financial and project capabilities when selecting business solutions to help run their business. However, the increased challenge of scarce skilled resources — while trying to focus on profitability — has led successful firms to reassess their needs. Instead, top performers prioritize the ability to work collaboratively with customers and prospects to define requirements, schedule resources, and establish a plan. For this reason, modern professional services firms look to “customer-centric” professional services automation solutions to improve employee utilization and deliver higher-profit projects more efficiently. Through these solutions, project execution begins during the sales process, enabling the firm to make better decisions throughout the project lifecycle. Firms that wait until a deal is already made begin their projects on an inadequate foundation. Is your business solution setting your firm up for failure?

Balancing Clients and Resources

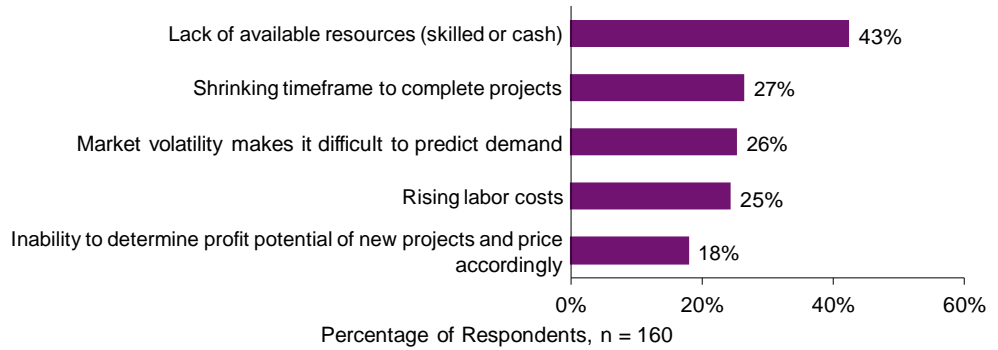
A recent Aberdeen survey asked professional services firms to indicate their top two challenges in managing their business (Figure 1). The results show that a lack of resources, rising labor costs, and shrinking timeframes (to complete projects) has put significant pressure on them as they attempt to manage project portfolios and meet customer needs. If they cannot effectively allocate the scarce resources they do have, they will miss out on opportunities and experience increased costs as projects take longer than they should. Of course, this is extremely difficult when demand for these resources is extremely unpredictable. Further, an inability to accurately price these projects can set these firms up for failure from the beginning. How can a professional services firm maximize the utilization of their resources to improve profitability? Figure 1 illustrates the many challenges they face in order to do this.

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In this report, Aberdeen groups respondents into two maturity classes:

- **Leaders:** Top 35% of respondents based on performance
- **Followers:** Bottom 65% of respondents based on performance

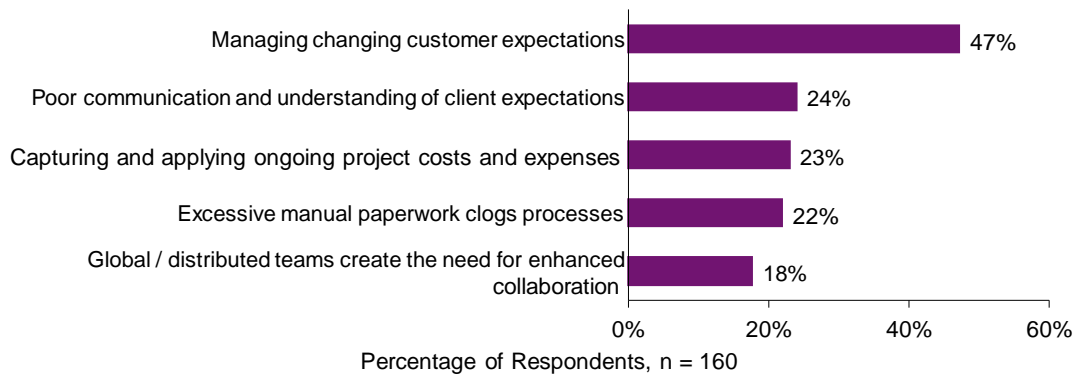
Figure 1: Professional Services Firm Challenges



Source: Aberdeen Group, April 2017

Demand starts with your customer base. Therefore, it would make sense that understanding customer base needs and schedules would be the first step towards managing demand and allocating resources effectively. This would enable a successful professional services firm to set a foundation for project success — across the entire portfolio — as early as possible. Unfortunately, the top two pressures that professional services firms face in delivering projects concern communication with the customer (Figure 2). To be successful, these firms must align their operations with customer data.

Figure 2: Professional Services Project Challenges



Source: Aberdeen Group, April 2017

Survey respondents were ranked on the following criteria:

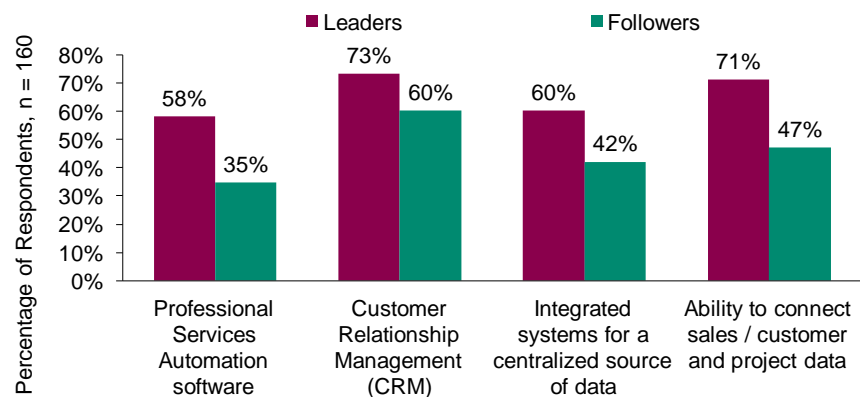
- **Percentage of projects delivered on-time or early:**
 - Leaders – 91%
 - Followers – 63%
- **Percentage of projects delivered within budget:**
 - Leaders – 92%
 - Followers – 66%
- **Year-over-year improvement in project profitability:**
 - Leaders – 15%
 - Followers – 4%

Customer-Centric PSA

To address these challenges, professional services firms must make the connection between project management and delivery as well as the sales and customer management processes. To do this, Leaders rely on technology. For many years, PSA has been a significant enabler for professional services firms. In fact, Leaders are 66 percent more likely to have this technology (Figure 3).

PSA software includes capabilities for project planning and management, resource management, visibility into costs and revenue, and time and expense management. However, due to the evolving needs of a modern professional services firm, requirements have changed. Leaders are now connecting PSA to customer relationship management (CRM) to create a centralized source of data. As a result, Leaders are 51 percent more likely to have the ability to connect sales/customer data with project data. This is referred to as “customer-centric” PSA that will lead firms to more effectively balance their resources, access profitability, and manage customers.

Figure 3: Customer-Centric PSA

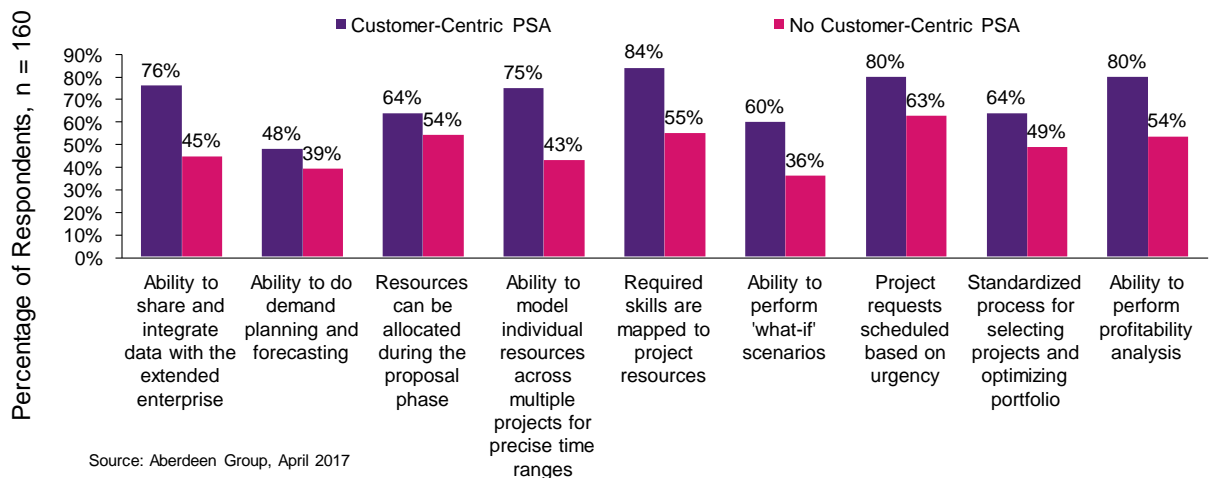


Source: Aberdeen Group, April 2017

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The purpose of customer-centric PSA is to combine customer information with project and resource data. Therefore, those with customer-centric PSA are 69 percent more likely to have the ability to share and integrate data outside of the organization (Figure 4). This will help to address the challenge of demand planning. Sixty-four percent of those with customer-centric PSA can allocate resources during the sales proposal phase. Firms that cannot do this may run into situations where the resources they need to deliver a project are not available, due to being assigned to another project. If resources cannot be allocated until after the sale, there may not be enough time to hire. Unfortunately, this translates to the extension of project timelines, unhappy customers, and increased costs. Fortunately, those with customer-centric PSA can be more precise when allocating resources to avoid these issues.

Figure 4: Managing Resources to Meet Customer Needs

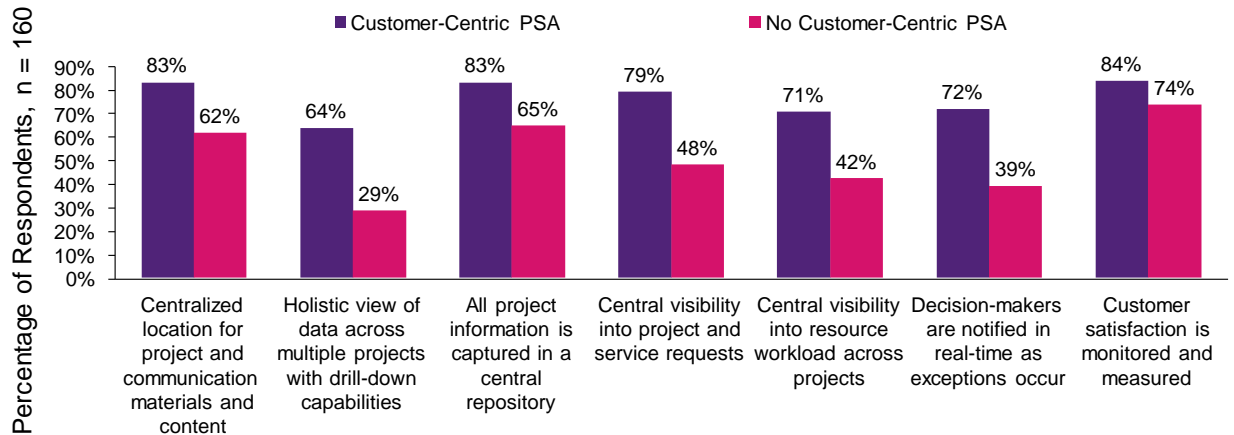


Additionally, customer-centric PSA helps with planning out the project portfolio. “What-if?” scenarios can help determine where resources are most needed, but also enable portfolio balancing and profitability analysis. For a professional services firm, the customer

drives operations — and connecting customer data with project and resource data gives leaders a leg up on the competition.

Next, customer-centric PSA creates a portal for all project information that helps to improve delivery once the project has started. In fact, those with customer-centric PSA are more likely to have a centralized repository of all project information (Figure 5). Not only does this include the data typically related to project timelines, costs, and resources, but the connection to CRM enables this repository to contain information related to customer needs. Therefore, the project team can align their actions accordingly. And since those with customer-centric PSA are 85 percent more likely to have real-time notifications, these firms can be more agile in their reactions to reduce scope creep and keep costs in check.

Figure 5: Centralized Project Delivery



Source: Aberdeen Group, April 2017

Lastly, 84 percent of firms with customer-centric PSA monitor and measure customer satisfaction. This helps to inform communication with that customer, enable better profitability analysis, and improve project planning for the future.

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The Benefits

Customer-centric PSA connects customer and project data, enabling decisions, resource allocation, and execution across the entire project lifecycle. The firms that have implemented this type of solution have experienced significant performance benefits. In fact, those with customer-centric PSA perform better in a variety of key performance indicators (Table 1). These firms are delivering more projects on-time, and under budget, as well as achieving greater customer satisfaction. Additionally, since customer-centric PSA enables more precise and better aligned resource allocation, those with customer-centric PSA realized 12 percent better utilization rates. All of this will lead to higher revenue and margins. Ultimately, those with customer-centric PSA saw a 12 percent improvement in project profitability over the past year.

Table 1: The Results

Metric	Customer-Centric PSA	No Customer-Centric PSA
Projects delivered on time or early	77%	72%
Projects delivered within budget	79%	75%
Percentage of customers that report better than average satisfaction	79%	77%
Utilization rate	83%	74%
Improvement in project profitability over the past year	12%	7%
Improvement in productivity over the past year	10%	8%

Source: Aberdeen Group, April 2017

Key Takeaways and Recommendations

The foundation of profitable professional services projects is built long before the deal is made. Modern professional service firms look to customer-centric PSA to improve employee utilization and deliver high-profit projects more efficiently from the get-go. Following their lead will benefit your organization. Here's how:

- Begin project execution **during** the sales process.
- Always keep an eye towards profitability and resources when communicating with clients. Understand how their needs will impact resource allocation and hiring, and make sure that projects will be able to be delivered on-time and within budget.
- Use customer-centric PSA to connect sales and customer data with project data to align sales, resources, and delivery.
- Imagine “What if?” scenarios to determine where resources are most needed, and enable portfolio balancing and profitability analysis.

Leading organizations are looking far beyond They can project and cast data these days. By integrating “customer centric” features into their PSA solutions, they are substantially improving utilization and profitability.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[Cloud Project Management: Connecting Teams for Improved Project ROI](#); September 2016
[Improve Project Profitability with Professional Services Automation](#); July 2015

[Improving Profit Margins in AEC: Visibility, Risk-Mitigation, and Project Management](#); October 2014

[Managing the Customer in Professional Services: Enabling Communication through PSA](#); May 2014

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