

# SERVICES RESOURCE PLANNING

How Integrated PSA, CRM and Financials  
Can Transform Your Services Business



Grab a seat and enjoy.  
Read Time: 10 minutes

# EXECUTIVE OVERVIEW:

## What Is Services Resource Planning?

The world economy has become service- and project-driven. Global businesses have realized the new playing field is not based solely on competing with products and price, but rather through client-driven projects that require unique consulting knowledge, skills and experience.

This project-driven service economy depends on accurately capturing knowledge-worker productivity—how much time, skill, materials and intellectual property are required to produce favorable client outcomes? New cloud-based Services Resource Planning (SRP)

applications have emerged to manage the entire project lifecycle from requirements to quoting, time and expense capture and billing.

SRP provides the systems basis for initiation, planning, resource management, execution, close and control of projects and services. An SRP solution combines the best elements of previous standalone business applications for accounting (ERP), Client Relationship Management (CRM) and Professional Services Automation (PSA) to support the entire bid-to-bill lifecycle of project- and service-driven organizations.



Services



Resource



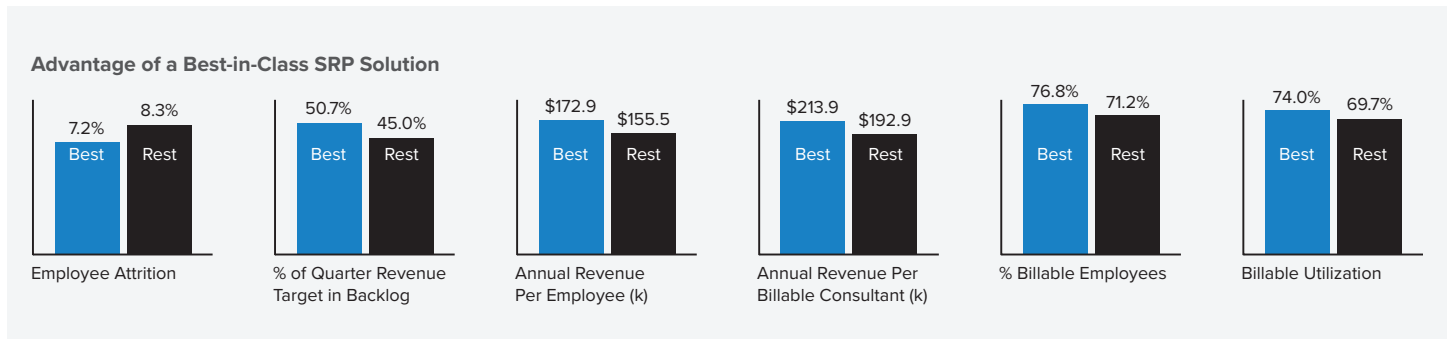
Planning

SRP is a best-in-class solution built on a single underlying database structure so that critical information is captured once and across business functions, ensuring data is accurate, timely and consistent. SRP applications rely on business process workflows that mimic core business processes used by service-driven organizations to:

- **Qualify opportunities** to turn them into quotes and proposals.
- Initiate and staff projects with the **right resources at the right time.**

- Capture time and expenses spent on projects and **optimize resource utilization.**
- Manage project accounting, including invoicing and collection.
- Proactively manage to **maximize project profitability.**

A complete SRP solution provides all aspects of project-based finance and accounting to generate invoices based on a variety of methods (time and materials, milestone-based, fixed price, etc.), ensuring accurate invoicing, timely cash collection and revenue recognition.



This white paper draws on results from the 2014 Professional Services Maturity™ benchmark by Service Performance Insight (SPI), the leading research firm in the services industry, to provide insights into SRP business applications and metrics. As discovered in SPI's study of 238 firms, it's abundantly clear that integrated SRP solutions are a key ingredient underlying the success and growth of the service economy. These systems support effective resource and project management while illuminating the key success metrics that drive profitable growth.

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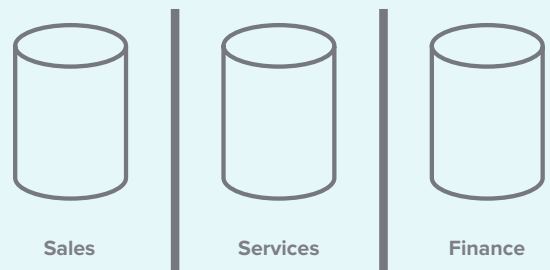
# SERVICES RESOURCE PLANNING

## The Current Reality: Standalone Applications

Today, many service-driven organizations rely on a hodgepodge of point solutions to manage their business. They may have outgrown legacy financial applications used to manage general ledger, accounts payable and accounts receivable. These traditional accounting solutions weren't built for an always-on, project-based business at which employees at all levels need visibility and mobile access to financial information to make timely decisions.

Sales and marketing organizations often use standalone CRM solutions that are disconnected from financial and PSA solutions. Silos of customer information mean service delivery teams don't know what deals are in the pipeline, or the skills and resources required for upcoming projects. Finance doesn't have a view into the estimates, terms and pricing being proposed. The sales team may be committing to unacceptable contract terms and pricing, exposing the firm to risk and jeopardizing margins.

### Limitations of standalone PSA and CRM systems:



- Sales can't see project status.
- Services doesn't know what deals to plan for.
- Finance operates in its own world.
- Client organization can't react to billing issues.
- Complicated IT environment.

Many service-driven organizations use timesheet and project management applications to capture time and expense, but many more rely on scores of error-prone spreadsheets that require constant manual updating and cumbersome email approvals and data re-entry. The knowledge workers who need accurate and timely project- and account-based information don't have it—or if they do, they must wade through static reports to get it.

Although standalone solutions for PSA and CRM do provide greater visibility and control than spreadsheets, their value is limited without integration to each other and to the core financial application. Sales can't see project information, and service delivery doesn't know what deals to plan for. Finance appears to operate in its own world, precluding client-facing personnel from reacting to or anticipating issues as they arise. Further complicating matters, each software vendor supplies its own database, creating a complicated and rigid IT environment.

## **Integrated Applications Make the Difference**

Service Performance Insight's research has shown the highest performing organizations excel in their use of integrated information technology solutions. While many professional services organizations utilize financial management, CRM and PSA solutions to efficiently plan, sell and execute services, those that perform the best drive even better results through the integration of these core applications.

Information should be integrated so that it can be seamlessly passed from one application to another (for example, from CRM to PSA to ERP). Information-sharing enables all relevant employees to better understand high-demand skills, cost, availability and profitability by project, client and consultant. With integrated information, recruiting and subcontracting can be turned on and off to ensure the right resources with the right skills are available at the right time. Financial executives can ensure revenues and costs are aligned while service delivery can focus on productivity and quality (Table 1).

Combining the best of CRM, PSA and ERP applications, SRP is a strategic planning tool for executives to gain an understanding of current and future business operations. The integration of these core applications provides the systems background for visibility and control of all aspects of the business.

Because SRP applications share a common database, organizations have a single source of the truth, with information constantly updated to provide an accurate view across

functions and processes. Sales can see what resources are available and the status of projects to provide more accurate information to clients. Service delivery can see the schedule of upcoming projects and details of the client relationship to be proactive with communication, change orders and resource scheduling. Finance gets an accurate picture of revenue and costs to ensure they are kept in balance so cash flow is improved and business plans and forecasts are accurate.

Table 1: CRM/PSA/ERP Integration Benefits

SELL	DELIVER	COLLECT
<b>Client Relationship Management (CRM)</b>	<b>Professional Services Automation (PSA)</b>	<b>Enterprise Resource Planning (ERP)</b>
<ul style="list-style-type: none"> <li>• Understand Project Costs</li> <li>• Optimize Pricing to Meet Margin Requirements</li> <li>• Ensure Resource Availability</li> <li>• Begin the Relationship Right</li> <li>• Manage Client Needs</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Project Plan</li> <li>• Staff Project, Manage Schedules</li> <li>• Mitigate Scope Creep</li> <li>• Manage Time and Expense Costs</li> <li>• Collaborate on Work</li> <li>• Send Financial Data to ERP for Invoicing</li> </ul>	<ul style="list-style-type: none"> <li>• Assure Accurate Project Accounting</li> <li>• Track All Time and Expenses</li> <li>• Improve Visibility Info Financial Transactions</li> <li>• Reduce Billing Cycle</li> <li>• Close the Books Faster</li> <li>• Report Accurately to Regulators and Shareholders</li> </ul>

Source: Service Performance Insight

## Introducing NetSuite Services Resource Planning

NetSuite SRP simplifies the software landscape with integrated business process workflows based on NetSuite's decades of focus on services organizations. NetSuite SRP helps organizations complete projects more quickly, generate invoices accurately and efficiently, and decrease accounts receivable cycles, so cash flow is improved and revenue leakage is eliminated.

With NetSuite SRP, organizations gain visibility into and control over the entire business in real time, from new opportunity identification through to project delivery, invoicing and revenue recognition, while eliminating double entry and costly systems and integration management overhead.

NetSuite SRP provides a comprehensive, end-to-end solution that supports an entire services business and the complete bid-to-bill lifecycle. Key components include CRM, PSA and financials/ERP.



### Key SRP Benefits

- Streamline operations and drive profitability by optimizing the entire services business lifecycle.
- Increase visibility into all aspects of the business.
- Support the way services teams work to enhance productivity.
- Achieve real-time global business management and financial consolidation.



## NetSuite SRP Drives Results

In theory, an integrated SRP foundation makes sense. But do actual results live up to the promises? Based on results from the 2014 PS Maturity™ benchmark, NetSuite SRP clients achieved substantially better results than the benchmark average across all core metrics. Importantly, NetSuite SRP not only improved all core service execution metrics—like billable utilization, the number of project concurrently managed by a project manager, and the percentage of billable employees—but also delivered superlative results in client relationships, talent management, and finance and operations.

Table 2 is based on the 2014 PS Maturity™ benchmark of 238 firms. It demonstrates the advantages achieved by the 39 firms that use NetSuite compared to the benchmark average. The metrics show NetSuite clients are able to manage more projects per project

manager. They experienced significantly lower attrition and had more revenue in backlog. Sales metrics were substantially better with a higher percentage of revenue from new clients and larger deal pipelines in comparison to the quarterly forecast.

Where NetSuite SRP really shines is in financial metrics, supporting significantly higher revenue per employee and per billable consultant. Further, because of improved visibility, NetSuite clients were able to reduce the number of non-billable administrative staff, resulting in significantly higher revenue yields per employee and consultant. All the NetSuite SRP advantages add up to deliver superior net income. NetSuite clients achieved net earnings of 13.2% compared to 11.4% for the benchmark.

These superlative statistics prove beyond a shadow of a doubt the value delivered by NetSuite SRP.

Table 2: The Advantages of Using NetSuite SRP

KEY PERFORMANCE INDICATOR (KPI)	USE NETSUITE	BENCHMARK AVERAGE	NETSUITE ADVANTAGE
Concurrent Projects Managed by Project Mgr.	6.0	5.2	17.1%
Employee Attrition	7.2%	8.3%	13.3%
% of Quarter Revenue Target in Backlog	50.7%	45.0%	12.7%
Annual Revenue Per Employee (k)	\$172.9	\$155.5	11.2%
% Revenue from New Clients	34.5%	31.1%	10.9%
Annual Revenue Per Billable Consultant (k)	\$213.9	\$192.9	10.9%
Deal Pipeline Compared to Forecast	208.3%	190.5%	9.3%
% Billable Employees	76.8%	71.2%	7.9%
Billable Utilization	74.0%	69.7%	6.2%
<b>EBITDA</b>	<b>13.2%</b>	<b>11.4%</b>	<b>15.8%</b>

Source: Service Performance Insight

# CONCLUSIONS AND RECOMMENDATIONS

The professional services market is growing rapidly as businesses around the world increasingly turn to professional services providers for the knowledge and skills they need to succeed in today's global economy. With increased global competition for business and resources, consulting organizations must continually improve across every aspect of the organization, and all departments must work together to achieve service performance excellence.

The integration of core professional services business solutions for ERP, CRM and PSA provides PS executives the real-time information they need to rapidly adjust and adapt to changing market conditions. NetSuite SRP solutions integrate and amplify the best-of-breed results that its core business applications provide and are at the core of enabling services organizations to efficiently and profitably deliver professional services.

Integrated business solutions are essential to provide the platform for running today's professional service organizations. Significant performance improvements are abundantly apparent when comparing the results of firms that use and do not use NetSuite SRP.

## Executives Need:

- Key performance measurements
- Integrated business applications
- A plan for continual advancement

## About NetSuite

### NetSuite CRM

NetSuite CRM capabilities include Sales Force Automation (SFA), marketing automation, customer support and service, and flexible customization, all in a web-based solution. Unlike typical CRM solutions, NetSuite CRM includes powerful sales performance, order management and marketing capabilities as standard.

NetSuite CRM is the only CRM solution that is completely integrated with the back office and project delivery, reducing manual entry and risk of error by synchronizing front- and back-office processes and information. This integration ensures the business is operating on the same customer and project data, and has real-time visibility into the entire client lifecycle from lead to close to fulfillment. Key CRM features include:

- Advanced SFA to improve sales performance and customer service.
- Marketing automation to drive lead generation, nurturing and management.
- CRM analytics and reporting for a single, pervasive view of customer information.

### NetSuite PSA

NetSuite PSA provides comprehensive project management, resource management, project costing and accounting, and timesheet and expense management. NetSuite PSA has been proven to generate tangible results by driving down bench time, increasing resource utilization, enhancing on-time project delivery, improving invoicing accuracy, streamlining revenue recognition, reducing overhead, expediting billing cycles and increasing visibility. Key PSA functionality includes:

- Advanced resource management and forecasting.
- Project costing, accounting, budgeting and profitability reporting.
- Powerful billing rules engine to support complex client billing.
- Collaborative project management to proactively identify and resolve issues.
- Easy-to-use timesheet management, integrated with project management and billing.
- Flexible expense management to maximize accuracy and timeliness.
- Powerful, intuitive, configurable dashboards and reporting for personalized views of key metrics.

## **NetSuite Financials**

NetSuite Financials provides award-winning financial/ERP capabilities that integrate with broader back-office, sales and project delivery processes. NetSuite Financials takes the business beyond traditional accounting software by providing the real-time visibility needed to make better, faster and more accurate decisions. Key capabilities include:

- Comprehensive financial management accelerates financial close and ensures accountability and compliance.
- Integrated quote-to-order-to-cash accelerates cash flow, drives sales and improves customer satisfaction.
- Powerful reporting, budgeting and planning delivers real-time visibility with drill-down to detail.
- Advanced revenue recognition automates processes and supports revenue recognition standards.
- Flexible bid-to-bill and recurring billing management automates billing, invoicing and complex recurring, time and project-based billing.
- Automated contract renewal reduces cost, revenue leakage and customer churn.

 **NETSUITE** | #1 Cloud ERP