



**A Service Performance Insight White Paper**

**Service Compass: *Charting the Course to Professional Service Excellence***

# **Delivering Superior Professional Services Performance in Uncertain Times**

**Stay connected, work remotely efficiently, achieve success**

**Commissioned by Unit4**



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**Service Performance Insight, LLC**

[www.SPIresearch.com](http://www.SPIresearch.com)

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## Foreword

When 2020 began, few could have predicted the magnitude of change in the geopolitical, public health and business environment over the upcoming months. As the second quarter of 2020 began, the world looked much different. Fear reached epic proportions, and no one really knew what lay ahead. Governments realize they must balance the safety of its citizens against the ability of business to generate income to pay salaries and for all the government programs, especially those that improve safety and quality of life.

Many countries closed their doors and limited travel to take the precautions necessary to reduce the effects of the Coronavirus (COVID-19) and improve the probability of a healthy world in the coming months. The concept of “social distancing” has become a critical concept for the long-term viability of the human race. In business, this concept can be more difficult to implement. However, in many markets, such as Professional Services (PS), firms are better prepared to conduct consulting engagements remotely and therefore reduce the potential of spreading viruses.

In this executive white paper, SPI Research will analyze and highlight some of the areas where professional services organizations (PSOs) can improve performance given the changing world. As one might expect, technology will play an increasingly important role to help organizations achieve both financial and health related goals. The data taken for this white paper comes from 339 consultancies in the technology related fields such as management and IT consulting, software, and SaaS professional services.

## Maintain a Safe Distance

Coronavirus (COVID - 19) has thrown the market a serious curveball. The virus takes long enough to incubate that people shaking hands today might not notice the illness for a week or more. Therefore, social distancing (people maintaining separation of at least six feet from each other) is one of the few ways to minimize the risk of the coronavirus. Companies in every industry have turned to technologies such as videoconferencing (Microsoft Teams, Zoom, etc.) to improve the ability to conduct business efficiently, while maintaining a safe distance. The Professional Services market has moved in this direction for some time. However, its use has increased exponentially in recent months as a result of the pandemic. Cloud-based computing, which was built to support a mobile workforce, has also taken off over the past decade.

## From Boom to Bust

2019 was one of the best years of PS performance SPI Research has ever seen. SPI Research’s annual benchmark survey (***2020 Professional Services Maturity™ Benchmark report***) even had a sailboat on its cover with the theme of “smooth sailing”, denoting how well the PS market had performed over the past few years. Solid increases in revenue, profit and both client and employee satisfaction highlighted just how well the PS market was doing. But in came 2020, and it seems like the world has changed. Plans made at the end of 2019 have become irrelevant for many PSOs, and their executives must rapidly adapt to a new work environment. Now, most industries suffer layoffs and furloughs, but the question is “how will they bring employees back and win both employee and client confidence?” This

environment will alter the professional services landscape for some time, just as it has other industries. Only the strong will survive, and the competitive landscape will change as PS executives look to mergers and acquisitions over the next few years. Information, as usually is the case, will become *even more important* as PSOs work to improve performance in a time of economic uncertainty. PSOs that do not optimize their data, will set themselves up to fail.

## The New Normal

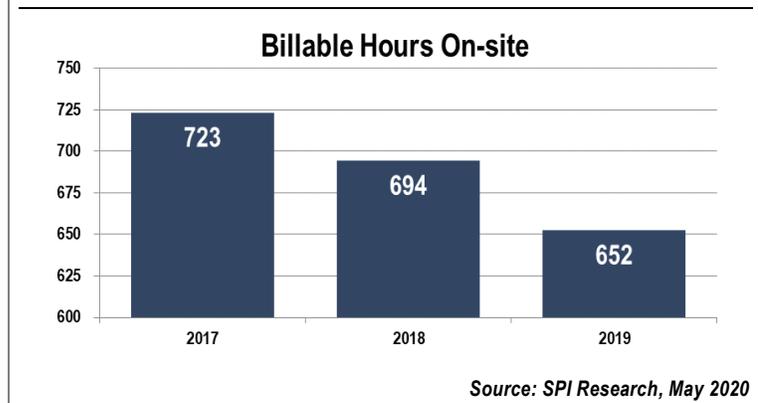
Professional Services, like many other industries, has begun to see what the future looks like in terms of daily operations. Because the PS market is talent-driven, as opposed to manufacturing or distribution, organizations will look to manage their people in different ways going forward. While in-person contact is important, safety concerns and a reduction in physical contact (i.e. shaking hands) will be a point of emphasis for talent-driven firms. Therefore, taking advantage of the technologies to conduct meetings and manage consulting projects remotely will become the norm. Years ago, it would be difficult to manage people remotely and ensure they are working efficiently to achieve the goals. Now, with cloud-based technologies, online collaboration in real-time is possible. People can manage their work processes remotely and show deliverables at the end of each day. This new environment enables PSOs to run more efficiently, with a reduction in the amount of both travel and inactive time that normally occurs in office environments. SPI Research is not recommending total isolation by any means, but an increase in remote work will enable PSOs to reduce the transfer of viruses and other health issues.

When analyzing the last three years of data, highlighted in Figure 1, it is apparent that the trend of on-site billable work is going down in professional services. This trend has occurred for some time, as PSOs both trust their employees more, and have the tools available to help manage a remote workforce. The recent health-

related issues have only increased offsite work. And as long as management has the tools to ensure work is completed on-time and on-budget, and at high levels of quality, this trend will continue. Much of this is new for many PSOs that have always done work on site. But times are changing and it is important that these organizations work to deliver services remotely when possible.

Working remotely will also shift other areas of the PSO. As more people work from home, PSOs will invest fewer dollars in expensive office space. Classroom training will become less prevalent as online education increases in use. Much of the work for consultants will be over the Internet, from meeting with healthcare providers to ordering personal items, all enabling consultants to spend more time doing billable work for the PSO.

Figure 1: On-site Service Delivery is Moving in the Right Direction



There are quantifiable benefits of working remotely. SPI Research compared those organizations that average under 50% on-site delivery to those with over 50% and found some interesting differences. There are many reasons why consulting firms prefer their consultants be on-site. Many of the KPIs SPI Research analyzed highlight the benefits of working on-site. However, some of the most critical KPIs improve greatly as

**Table 1: Performance Varies by Delivery Location**

Key Performance Indicator (KPI)	Over 50% Offsite	Under 50% Offsite	▲
Year-over-year change in PS revenue	11.6%	11.1%	5%
New clients	36.7%	31.2%	18%
Total attrition	13.0%	13.6%	5%
Use a standardized delivery methodology	74.0%	64.2%	15%
Project margin	37.6%	35.8%	5%
<b>Profit (EBITDA %)</b>	<b>16.5%</b>	<b>14.1%</b>	<b>16%</b>

Source: SPI Research, May 2020

PSOs shift their service delivery off-site. Table 1 highlights just a few KPIs. Billable utilization increases when employees do not have to travel, and the improved efficiency shows up in increased margins, and eventually higher profitability for PSOs. SPI Research does not recommend shifting all work remotely, but where the organization can be more efficient and deliver sufficient client satisfaction.

Just because the work environment has changed does not mean organizational objectives must. PS executives will continue to look for revenue growth and profitability regardless of the situation (Figure 2). They understand during difficult times their success might not be as great, but still, they must venture on while recalibrating plans. They will also continue to focus on both employee and client satisfaction, especially during difficult times.

**Figure 2: PS Organizational Goals**



Source: SPI Research, May 2020

Executives also know it could take longer to close deals than in the past. To succeed, they must improve both internal and external communications. More upfront work must be done in the planning process, and coordination with

every department is critical. Client organizations will also look to reduce risk, so PSOs must expect more fixed-time / fixed-fee work. Leading PSOs excel with this type of engagement, but it is not easy, which is why coordination among all PS departments is so critical.

Issues that arise must also be managed remotely, and risk management becomes increasingly important. PS executives know that whatever they promise for the delivery of services must be kept. And client organizations appreciate their professional services partners who work hard to deliver during difficult times. In order to maintain or improve performance during the current market volatility, PS

executives must analyze operations throughout their organization. The following sections highlight some of the areas where PSOs must increase their efforts to improve performance to get through these difficult times.

## Improve Delivery Capabilities

Figure 3 shows the results of the 339 technology related consultancies over 2019. Unfortunately, most analysts expect the numbers in 2020 to be much lower. However, regardless of the circumstances, PS executives must continue to utilize every tool at their disposal to improve organizational performance. The table highlights differences between those organizations operating at the lowest levels of efficiency (Level 1), to those operating at the highest level (Level 5).

**Figure 3: Technology Consultancies Must Improve Organizational Performance**

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institutionalized	Level 5 Optimized
Confidence in PS leadership (5 pt. scale)	3.35	3.95	4.29	4.74	5.00
Year-over-year change in PS revenue	8.4%	9.0%	13.3%	14.3%	17.3%
Bid-to-win ratio (per 10 bids)	4.27	4.93	5.72	5.66	7.30
Deal pipeline relative to qtr. bookings forecast	144%	180%	197%	194%	291%
Employee billable utilization	56.3%	68.3%	77.5%	83.1%	87.0%
Projects delivered on-time	63.9%	76.7%	83.7%	90.7%	93.4%
Annual revenue per billable consultant (k)	\$84	\$168	\$234	\$284	\$310
Annual revenue per employee (k)	\$57	\$126	\$191	\$243	\$263
<b>Profit (EBITDA)</b>	<b>0.4%</b>	<b>10.2%</b>	<b>12.8%</b>	<b>20.7%</b>	<b>26.0%</b>

Source: SPI Research, May 2020

It is very important the organization works with a singular focus, which can be increasingly difficult during periods where so many employees work remotely. That is why PSOs must embark on a data strategy to ensure everyone is working with the common set of information and understands their specific goals, objectives, and processes. With one common set of information and collaboration utilizing various technologies, employees can work more efficiently, especially during times when they work in isolation.

## Plan for the New Market

The first thing PS executives must do is plan for the upcoming year, realizing they do not know exactly how the pandemic and subsequent regulations will impact operations. Normally, they would conduct roundtable discussions in-person to hash out detailed plans. Now, they are forced to work in isolation, but fortunately have the tools available to collaborate as if they were meeting in person. PS leaders must begin to reevaluate and analyze target markets, services, and clients – focused on high-value

segments. Some clients may no longer be in position to purchase professional services or may need other services in order to survive.

The goal for many PSO's is to navigate the next six months to one-year and maintain business continuity – and potentially thrive! Lower performing firms will suffer and could ultimately go out of business. Leading firms will take this moment in time to increase headcount through aggressive hiring practices or mergers and acquisitions. Regardless, only the strong will survive!

### Sell Services Efficiently and Effectively

Working remotely or in isolation will put additional pressure on marketing and sales. The creation of marketing campaigns is usually done sitting around a table, with experts collaborating. Now, these same individuals will build campaigns remotely utilizing online collaborative tools. PSOs that depend on outside agencies for marketing support will also use remote tools.

In terms of sales, more work will be required to better get to know potential clients. No longer will they be able to take these individuals out to lunch, shake hands, and really get to know one another on a more personal basis. Much of the work will be done over teleconferencing, email, and phones.

Greater focus must be on building pipeline, winning bids, and building backlog. Success in these areas allows them to discount less and to continue to keep their workforce highly utilized. PSOs with low utilization have both dissatisfied employees and clients and tend to complete work late, and is counterproductive to organizational goals of growth, profit, and satisfaction. SPI Research recommends the following for successfully generating growth:

- ▲ **Pipeline > 200%**. At the beginning of each quarter ensure the pipeline is at least twice that of what is planned to deliver in the quarter. This reduces the need for discounting.
- ▲ **Bids Won > 50%**. Win at least half of the bids submitted. Winning every bid probably means the PSO is underpricing services. However, losing a high percentage of bids is a waste of time and money.
- ▲ **Backlog > 50%**. Like pipeline, PSOs should have a backlog of 50% of the revenue to be generated at the beginning of each quarter, ready to be delivered. This keeps consultants working and reduces the need for any type of desperate sales maneuver.
- ▲ **New Clients > 20%**. Keeping current clients satisfied is important, but

**Table 2: Marketing & Sales High-Performers**

Key Performance Indicator (KPI)	High	Low	▲
Year-over-year change in PS revenue	15.3%	10.1%	51%
New clients	33.0%	33.5%	-1%
Bid-to-win ratio (per 10 bids)	6.19	5.00	24%
Deal pipeline / quarterly bookings forecast	225%	175%	29%
Percentage of referenceable clients	91.5%	65.2%	40%
Employee billable utilization	76.0%	71.2%	7%
Projects delivered on-time	87.2%	77.9%	12%
<b>Profit (EBITDA)</b>	<b>16.0%</b>	<b>14.5%</b>	<b>10%</b>

Source: SPI Research, May 2020

so is generating new clients. Ideally, at least 20% of the clients are new, which enables the PSO to create and sell different types of services.

Table 2 highlights differences between leading organizations and their peers. While growth is significantly higher, new client penetration is not. This is because leading organizations are successful with the existing client base and can continue to add on services. But new clients are important.

### Hire Talent with Diverse Skills Who Can Work Remotely

With a limited supply of high-quality technology consultants, PS executives must work to build a talent portfolio – the recruitment, hiring, training, and maintaining of the best and brightest people – with both strong professional and personal skills. **The people hired must have the skills that are in demand and have the discipline to work remotely and potentially in isolation!** This change in operations calls for greater communication and collaboration of all individuals.

The new business climate will add pressure on the hiring process. Face-to-face interviews will now be conducted through teleconferencing. This situation may make it more difficult to get to know potential employees on a personal basis. However, because most of the information will be electronic, the information systems should be able to manage all of the data and perhaps use Artificial Intelligence (AI) tools to search for specific candidates with specific skills.

While teleconferencing interviews should not be difficult, PS executives always prefer to both interview potential consultants in person, as well as see them in social situations such as a lunch to see how they respond.

Over the past decade training has shifted from classroom to over the web, with an increased number of training modules available to Internet users. This trend will continue, and while classroom training does have benefits in terms of employee interaction, the efficiency of remote training makes it better.

In order to optimize talent, SPI Research believes PSOs should do the following:

- ▲ **Voluntary annual attrition <5%.** Create a work environment where people do not feel compelled to leave, but rather feel compelled to grow into additional roles in the organization.
- ▲ **Involuntary annual attrition <5%.** Hire the right type of people in the first place with an understanding of their role going forward. Times change, and every hire isn't the quality one would expect. Therefore, there will usually be involuntary attrition, but it should be kept to a minimum.

**Table 3: Talent High-Performers**

Key Performance Indicator (KPI)	High	Low	▲
Year-over-year change in PS headcount	12.5%	9.0%	40%
Percentage of referenceable clients	77.6%	69.5%	12%
Total attrition	8.0%	15.2%	47%
Recommend company to friends/family	4.71	4.28	10%
Employee billable utilization	84.2%	68.8%	22%
Projects delivered on-time	82.9%	79.3%	4%
Project overrun	6.8%	9.7%	30%
Use a standardized delivery methodology	71.4%	67.1%	7%
<b>Profit (EBITDA %)</b>	<b>18.3%</b>	<b>14.1%</b>	<b>29%</b>

Source: SPI Research, May 2020

- ▲ **Time from recruit to bill <60 days.** Recruiting was already difficult to begin with considering the talent shortage. Now it becomes increasingly difficult as interviews are conducted remotely and the process takes longer, which depletes the PSO of people focused on delivering services and adds cost to the organization.
- ▲ **Billable Utilization >75%.** Billable utilization is considered one of the most important metrics in professional services. With the right type of hiring and sales, employees should have over 75% billable utilization. However, over-hiring a particular skill or selling the wrong types of services can reduce billable utilization to low levels, which negatively impacts both profitability and employee satisfaction.

The key is to balance the three departments needs of sales and marketing, human resources, and service delivery. Those must be in alignment for the organization to maximize billable utilization. Table 4 highlights the importance of billable utilization to the organization.

**Table 4: Increase Billable Utilization**

Key Performance Indicator (KPI)	Over 80%	Under 80%	▲
Survey %	25.1%	74.9%	
Year-over-year change in PS revenue	12.1%	11.0%	9%
% of employees billable or chargeable	81.2%	72.7%	12%
Project duration (man-months)	36.7	23.8	54%
Projects delivered on-time	82.6%	79.1%	4%
Project overrun	8.3%	9.3%	11%
Annual revenue per billable consultant (k)	\$224	\$208	8%
<b>Profit (EBITDA %)</b>	<b>18.4%</b>	<b>14.2%</b>	<b>29%</b>

Source: SPI Research, May 2020

### Deliver Services Remotely

Over the past decade PSOs have increased the percentage of time consultants deliver services remotely. While PS leaders understand the importance of face-to-face interaction, in many cases a majority of the work can be done remotely. Remote service delivery capabilities enable consultants to serve multiple clients in the same day, without the need to travel to different locations. It also reduces overall travel time, which allows consultants to increase billable utilization by a couple hours a day at a minimum.

**Table 5: Service Delivery High-Performers**

Key Performance Indicator (KPI)	High	Low	▲
<b>Employee billable utilization</b>	<b>77.8%</b>	<b>70.6%</b>	<b>10%</b>
Project duration (man-months)	37.6	23.6	59%
Use a standardized delivery methodology	79.3%	64.5%	23%
Projects delivered on-time	91.4%	76.4%	20%
Project overrun	5.6%	10.1%	45%
Annual revenue per billable consultant (k)	\$247	\$200	23%
Project margin	44.9%	33.7%	33%
<b>Profit (EBITDA %)</b>	<b>16.1%</b>	<b>14.5%</b>	<b>12%</b>

Source: SPI Research, May 2020

Project delivery processes are likely to change, beginning with pre-project meetings to discuss strategy. Much of the work will be done via teleconferencing solutions. Scheduling will be done over the web

utilizing cloud-based Professional Services Automation (PSA). As projects begin, consultants will depend more heavily on collaborative workspaces, managing projects from one source of data and submitting time and expense sheets electronically. The negative aspects of not working in the same room as clients should be outweighed by the efficiency gained by utilizing these technologies. Regardless, SPI Research recommends consultants regularly meet face-to-face with their clients to continue building relationships. There are other areas PSOs should work to achieve higher performance that include:

- ▲ **Project duration >20 man-months.** The larger the project in terms of people and duration, the easier it is to maximize billable utilization and revenue.
- ▲ **Standard delivery methodology use >90%.** It is now more important than ever for PSOs to utilize standardized (or structured delivery) methodologies to ensure consistent processes, quality, and timeliness of service delivery.
- ▲ **On-time delivery >90%.** Focus on schedule to ensure work is completed on time. When it is not, subsequent projects suffer as well as client satisfaction.
- ▲ **Project overrun <5%.** In order to maintain sufficient margin project costs must be managed.

### Manage Financials in an Isolated Environment

As more people are disconnected and working remotely, it becomes increasingly difficult to track all of the capital spent. Ideally, PSOs utilize cloud solutions where everyone can more easily scan receipts, input costs or procure online, which feeds into the financial system from anywhere. Going forward, more procurement will be done electronically without the need for in-person buying. Much of what can and should be done will be done electronically, eliminating manual input. The coronavirus did not start this trend, but now has accelerated it.

Changes in how work will be done should greatly improve the ability to invoice and collect fees. Now, all of the information should be in electronic format, from time and expenses to automatic generation of invoices. Because this information should be collected daily, project profitability and project completion percentages will be available in real-time. This new environment will greatly aid project managers and executives alike as they will better understand overall performance on individual projects. Many PSOs already invoice electronically, but recent economic and health circumstances make this process more prevalent in today's economy.

**Table 6: Financial Management High-Performers**

Key Performance Indicator (KPI)	High	Low	▲
Year-over-year change in PS revenue	13.8%	10.5%	32%
Year-over-year change in PS headcount	10.2%	9.6%	6%
Bid-to-win ratio (per 10 bids)	5.78	5.11	13%
Employee billable utilization	75.7%	71.2%	6%
Annual revenue per billable consultant (k)	\$291	\$181	61%
<b>Profit (EBITDA %)</b>	<b>22.9%</b>	<b>10.5%</b>	<b>118%</b>

Source: SPI Research, May 2020

Table 6 highlights organizations performing well on the financial management. It is not just that the leader's profitability is significantly higher than their peers, it is the other aspects of their business as well. Revenue growth compared to headcount growth is significantly higher as these organizations

better manage their people, which is their greatest cost. They are also much more successful at selling services and keeping their people highly utilized. All of this adds up to increased profitability.

To optimize financial performance, SPI Research recommends the following:

- ▲ **Revenue per consultant >\$210k.** SPI Research finds that PSOs that average over \$210,000 in revenue per employee generate much higher growth and profitability than those that do not. To generate this level of revenue per consultant, PSOs must have their employees highly utilized and at the right rate. Balance is always key to success.
- ▲ **Revenue per employee >\$170k.** Keeping revenue per employee over \$170,000 means the organization has right sized and overhead is kept at a manageable level. PSOs that cannot achieve this target tend to have lower profit ability on average.
- ▲ **Annual target achieved (revenue & margin) >100%.** The development, execution and management of plans is critical. Ideally, PSOs average between 95% and 105% of their plan objectives. Too low and the organization could face layoffs or elimination. Too high and employees might burn out. The key is to build and execute plans and continually monitor to see if modifications need to be made rather than wait for the plan to fall apart.
- ▲ **Profit (EBITDA) > 15%.** In 2020 profitability over 15% might be difficult for many PSOs, similar to what SPI Research saw in 2007. However, with the right plans, coupled with excellent hiring sales and execution, PSOs can meet their objectives.

## Information Technology Has Become More Important Than Ever

There have been tools available for years that enable consultants to collaborate with other consultants and clients in order to achieve project success. However, they were more of a luxury back then, whereas now they might be a necessity. With fewer employees interacting at a corporate office or at a client site, the need to efficiently plan, sell, hire, and deliver becomes more complex. Without an excellent information infrastructure, where employees can all work with the same information, and have that information available in real-time, it could be very difficult for PSO's to succeed.

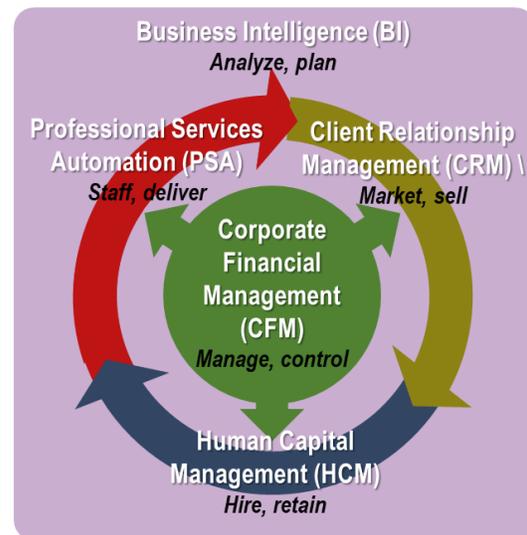
SPI Research tracks the tools PSOs use to run their business efficiently. The importance and need for specific tools to help PS executives plan, sell, staff, deliver and collect for fees is nothing new. However, delivering face-to-face services remotely has increased in importance during these critical times. Solutions such as Microsoft Teams and Zoom are excellent examples. Teams can work together collaboratively to meet client needs. Being able to conduct a face-to-face meeting over the Internet was something futuristic a decade or so ago. Now, it is commonplace.

Years ago, IT consultancies were the cobbler's children. They implemented information technology but did not embrace it internally. Now, everything is different. Information technology not only enables IT consultancies to manage capital, but it also helps them sell and deliver services more efficiently and effectively. The movement to the cloud creates a highly mobile workforce that has much greater access to information in order to make more accurate and timely decisions. Each day more consultancies move

to integrated technology solutions to manage all aspects of their business (Figure 4). Some of these include:

- △ **Business Intelligence (BI):** Utilize information from each business application to assess, prioritize and implement a strategic plan to maximize resources, revenue growth and profit.
- △ **Client Relationship Management (CRM):** Create marketing plans and sell based upon the most profitable services with the available and forecasted resources.
- △ **Human Capital Management (HCM):** Determine staffing requirements, then find, hire, train, and retain the most qualified resources for the types of work that are proposed and sold.
- △ **Professional Services Automation (PSA):** Staff and deliver services that offer the highest quality and margins, as well as maximize billable utilization, which will also maximize revenue.
- △ **Corporate Financial Management (CFM):** Manage and control every financial transaction in the PSO. Understand and optimize cash flow, determine the most profitable work sold, as well as analyze by client, consultant, region, and practice area. Efficiently report on all activities.

**Figure 4: Financial Management is at the Core of the Plan-to-Profit Process**



Source: SPI Research, May 2020

While companies in every industry leverage many of these solutions to run their business, PSOs are unique in their use of PSA. Table 7 compares PSOs that use PSA solutions to those that do not. As the table highlights, PSA can help improve not only service delivery, but revenue growth and profit because of the overall efficiency gained through greater execution of services.

**Table 7: Professional Services Automation (PSA) Drives Performance**

Key Performance Indicator (KPI)	With PSA	w/o PSA	▲
New clients	35.6%	21.1%	69%
Deal pipeline / quarterly bookings forecast	195%	141%	38%
Quarterly revenue target in backlog	46.4%	39.8%	16%
Employee billable utilization	72.8%	67.6%	8%
Annual revenue per billable consultant (k)	\$218	\$179	22%
Annual revenue per employee (k)	\$180	\$143	26%
<b>Profit (EBITDA %)</b>	<b>15.5%</b>	<b>12.0%</b>	<b>29%</b>

Source: SPI Research, May 2020

### The True Value of Information Comes Through Integration

For years PSOs depended on best-of-breed solutions to meet their various needs in terms of sales, resource management, service delivery and finances. The market has evolved, and executives now

understand the importance of integration. When information systems are integrated, visibility across the organization improves. It enables PS executives in all departments to understand the types of services being sold, their cost, duration, and margin. With this information availability to sales, human resources, delivery teams and financial executives, the PSO can do a much better job of planning, sales and delivering services while meeting revenue growth and profitability numbers, as well as monitoring both employee and client satisfaction. It is the attainment of these goals that helps PSOs grow and prosper over the long term.

If the information were in silos, unintegrated, each department would run their business the best they could. But everyone knows that executives can accomplish more if they understand issues that could impact them in the near and long-term, so that they can prepare and make changes to meet PS goals and objectives. Integration is the key. SPI Research has shown for almost 15 years the importance of integration. In the latest benchmark survey, as highlighted in Table 8, integrating the PSA solution with the core financial management solution benefits the organization greatly. Similar could be said to integration of both CRM and HCM. It is the visibility that really drives these improvements and helps executives make changes in real time, versus waiting for weeks, quarters or even years to understand what is happening.

**Table 8: Integrated PSA Improves Performance to Higher Levels**

Key Performance Indicator (KPI)	Int. PSA	Not Int. PSA	▲
Year-over-year change in PS revenue	11.8%	9.5%	23%
Annual revenue per billable consultant (k)	\$224	\$203	11%
Annual revenue per employee (k)	\$188	\$157	20%
Project margin	38.5%	32.6%	18%
<b>Profit (EBITDA %)</b>	<b>16.3%</b>	<b>12.7%</b>	<b>29%</b>

Source: SPI Research, May 2020

## Conclusions & Recommendations

2019 was an excellent year in Professional Services. However, success in one year does not translate to success in the next. The world has changed, maybe forever. Business will slowly but surely move to “the new normal.” In the back of everyone’s mind for the next 20 years will be the pandemic faced in 2020. As such, it is imperative that organizations in every industry plan and prepare contingencies for what could happen next. Employees safety is number one, but ensuring business continuity is also a very high priority. Having contingency plans in place helps, and with changes in the information technology landscape over the past decade, PSOs information infrastructure can support remote employees and clients – regardless of location. Most PS employees now do a significant portion of their service delivery remotely, which increases overall efficiency as they spend less time in transit and can support more clients in any given day or week. There will always be a need for meetings in-person. However, it is not as critical for them to take place on a daily basis.

***At the core of this change will be information supporting the people, business process and capital.***

***Videoconferencing and integrated business solutions offer PSOs***

***the best chance to weather the pandemic storm and come out ahead in the future!***

## About Service Performance Insight



**R. David Hofferberth, PE**, Service Performance Insight founder, managing director and licensed professional engineer has served as an industry analyst, market consultant and product director. He is focused on the services economy, especially productivity and technologies that help organizations perform at their highest capacity.

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## About Unit4



Unit4's next-generation enterprise software supports our customers in delivering an exceptional People Experience to their customers – from students and professionals to the public servants and non-profits doing good in the world. Unit4 transforms work to be more meaningful and inspiring through software that's self-driving, adaptive and intuitive, intelligently automating administrative tasks and providing easy access to the answers people need. Unit4 works with people the way people work. For more information please visit <https://www.unit4.com/>, follow us on Twitter [@Unit4global](https://twitter.com/Unit4global), or visit our [LinkedIn page](#).

Service Performance Insight (SPI Research) is a global research, consulting and training organization dedicated to helping professional service organizations (PSOs) make quantum improvements in productivity and profit. In 2007, SPI developed the PS Maturity Model™ as a strategic planning and management framework. It is now the industry-leading performance improvement tool used by over 35,000 service and project-oriented organizations to chart their course to service excellence.

SPI provides a unique depth of operating experience combined with unsurpassed analytic capability. We not only diagnose areas for improvement but also provide the business value of change. We then work collaboratively with our clients to create new management processes to transform and ignite performance. Visit [www.SPiresearch.com](http://www.SPiresearch.com) for more information on Service Performance Insight, LLC.