Using Social, Mobile, and Cloud ERP Strategies in Professional Services to Deliver Value

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Professional services firms are faced with a variety of unique challenges that can hinder their success. They are tasked with collaborating with clients to complete projects that will improve their clients’ organizations and bottom line. As a result, they are especially subject to changing expectations and project plans. This also means employees are often deployed in the offices of the client. At the same time, a professional services organization’s employees are the actual product. The organization must effectively distribute resources and promote knowledge sharing in order to standardize quality and minimize the impact of employees that leave the organization. When dealing with these unique obstacles and circumstances, visibility, collaboration, and agility are extremely important. Past Aberdeen Group research has illustrated the ways in which Enterprise Resource Planning (ERP) has helped professional services organizations standardize processes, cut costs, and promote efficiency. This report, based on data collected from 82 professional services organizations, will demonstrate how professional services are combining social, mobile, and cloud strategies with ERP to collaborate internally and externally and deliver more value.

The Environment Facing Professional Services

Aberdeen’s 2012 ERP Benchmark study as of September 2012 discovered the top business drivers that are impacting ERP strategies in professional services organizations (Figure 1).

Figure 1: Top Business Drivers Impacting ERP Strategies

<table>
<thead>
<tr>
<th>Business Driver</th>
<th>Percentage of Respondents, n = 82</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must reduce costs</td>
<td>35%</td>
</tr>
<tr>
<td>Delays in decision-making from lack of timely information</td>
<td>30%</td>
</tr>
<tr>
<td>Need to manage growth expectations</td>
<td>29%</td>
</tr>
<tr>
<td>We need to be easier to do business with</td>
<td>26%</td>
</tr>
<tr>
<td>Desire to increase service revenue</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, September 2012

What is ERP?

Aberdeen defines ERP as an integrated suite of modules that forms the operational and transactional system of record upon which any business is based. With its roots in Material Requirements Planning (MRP), it is most ubiquitous in the manufacturing industries, but has truly expanded beyond these boundaries to become a mature business application that provides value to a far more extensive set of industries. ERP systems provide much-needed capabilities, such as management of financial, product / inventory, human capital, purchasing, and other transactional data within one environment.
Unsurprisingly, the top pressure in professional services is cost. Professional service organizations need to be able to successfully manage people and projects to keep costs low while still delivering value to their customers. Some professional services firms deliver projects to their customers that can take a significant amount of time to complete. Therefore, it becomes essential to manage processes so that costs do not spiral out of control and cause the organization to take a loss on a project.

This is easier said than done. Twenty-nine percent (29%) also indicate that they need to manage growth expectations. Maintaining control over costs can be difficult as an organization increases in size. Additionally, managing growth is difficult in professional services because taking on more projects and spreading out geographically requires the organization to do a better job of managing human resources, removes employees from day to day operations, and makes it harder to collaborate.

Another top business driver impacting ERP strategies is delayed decision-making due to a lack of timely information available to employees (30%). Timely information allows employees to make course-correcting decisions when projects are going off plan. Since many professional services employees are actually working in the office of a client, this data connects employees that are removed from the home office.

The final two pressures relate to collaborating with customers to deliver greater value. In a professional services firm, clients are more partners than customers. Therefore, it becomes essential to work with these clients in a manner that encourages communication and collaboration. These organizations may look to ERP to facilitate interactions and manage expectations in order to gain repeat business and increased revenue.

In summary, these pressures indicate three challenges:

1. A need for better collaboration between employees and customers
2. A need for faster access to data
3. An inability to effectively communicate across geographic boundaries

These challenges must be navigated while keeping costs low. What follows is data illustrating how ERP and its supporting technologies and capabilities can help to combat these pressures.

**ERP and Emerging Technology in Professional Services**

Last year’s *ERP in Professional Services: Managing Costs When People are the Product* study uncovered the reasons that professional services organizations are looking to ERP, as well as the capabilities, cost savings, and business benefits that those organizations receive as a direct result of their ERP solution. This year, Aberdeen’s *SoMoClo's Impact on ERP* study illustrated the ways in which organizations of all types are leveraging social, mobile, and cloud ERP strategies in order to improve data access, collaboration, and reaction times. Both reports provide data supporting the ways in which
ERP, in alignment with social, mobile, and cloud technology can aid in combating the business pressures that impact professional services firms the most. Top performing professional services firms are more likely than Followers to be implementing social, mobile, and cloud ERP strategies (Figure 2).

Figure 2: Social + Mobile + Cloud = SoMoClo™

In order to increase collaboration between employees and customers, Leaders are almost twice as likely as Followers to integrate social networking capabilities into ERP. These tools can be wide ranging. Some examples include corporate-managed and employee blogs, wikis, forums and communities, activity streams, tagging of content and people, employee profiles, and other social collaboration tools. These tools encourage data sharing among skilled employees and also help the organization to work together with its customers to provide better service.

In relation to the pressures of connecting employees that are spread out geographically and a need for more timely access to data, Leaders are 71% more likely than Followers to provide employees with access to ERP from mobile devices. Mobile technology allows project managers and their teams to react immediately to any changes no matter where they are or when the changes occur. The effects of any adverse events can be minimized and any new opportunities can be exploited. Through mobile technology, corporate management gains constant visibility into daily operations and can more effectively guide business strategy.

Finally, 33% of Leaders have their ERP solutions deployed in the cloud. This means that users can access ERP wherever there is internet access. This helps to solve all three of the main challenges listed above. It rapidly connects users across the world, and it provides constant access to real-time data. This is essential for managing human resources across a variety of projects.
While these adoption rates seem low, this may not be the case for long. An additional 40% of Leaders plan to implement social networking ERP capabilities. Another 33% of Leaders plan to begin providing mobile access to ERP. Finally, a new trend has emerged where more professional services organizations are willing to consider a cloud-based solution for ERP in comparison to the traditional on-premise model, indicating that there may come a point in the future where this becomes the standard (Figure 3). Professional services organizations that are not considering these technologies may soon find themselves at a disadvantage in relation to their competitors. Since these technologies promote values that are essential for professional services success, failure to adopt them may ultimately result in lost profits.

**Figure 3: Cloud Deployment Options Under Consideration**

<table>
<thead>
<tr>
<th>Percentage of Respondents, n = 82</th>
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</thead>
<tbody>
<tr>
<td><strong>Leaders</strong></td>
</tr>
<tr>
<td>On Demand / Software as a Service (SaaS)</td>
</tr>
<tr>
<td>ERP hosted and managed by your ERP vendor</td>
</tr>
<tr>
<td>ERP hosted and managed by an independent 3rd party</td>
</tr>
<tr>
<td>Traditional licensed on premise</td>
</tr>
</tbody>
</table>

Source: Aberdeen Group, September 2012

**Collaboration and Decision-Making Through ERP**

Professional services organizations are staffed with a mix of skilled individuals. People are the product and their knowledge is a commodity. But sometimes, specific skills are stretched across a variety of projects. Therefore, knowledge sharing and collaboration are very important in order to deliver the greatest possible value to customers. At the same time, successful professional services firms work with clients rather than for them. These combined needs can be partially satisfied through ERP and its supporting technologies (Figure 4).
Leaders are almost three times as likely as Followers to encourage collaboration between sales and the project team to set proper expectations with customers. This communication helps to ensure that the customer gets what they are looking for and the professional services firm can plan projects efficiently. Setting proper expectations also mitigates the risk of customer disappointment with even the most outstanding of projects.

Internally, 64% of Leaders have cross-functional continuous improvement teams that are responsible for improving operational performance in comparison to only 38% of Followers. This data sharing allows employees to share best practices so that the organization can provide better service on similar projects in the future. This helps the organization to make the most of the knowledge of skilled employees.

At the same time, professional services organizations are in need of access to real-time data. These organizations are often geographically dispersed and operating over multiple time zones. As employees are removed from the home office, they can lose touch. Concurrently, those at the top of the organization need visibility into what is going on with the organization’s individual projects. This is a key benefit of ERP along with the mobile and cloud technologies listed above.

Almost half of Leaders have real-time visibility into the status of all processes compared to less than a third of Followers (Figure 5). Additionally, Leaders are 97% more likely than Followers to receive automatic alerts when scheduled activities fail to occur on time. This helps to ensure that project schedules are maintained, keeping costs low and preventing scope creep.
But this visibility should not occur strictly within the organization itself. As mentioned above, working closely with clients is absolutely essential for success in professional services. Therefore, 52% of Leaders have the ability to share and integrate data with the extended enterprise, including customers. In order to manage projects effectively, project teams, as well as sales people, need all relevant information about the customer. Contract terms must be provided so employees can ensure that the organization is meeting its commitments, and costs are accounted for. Return business can be obtained and managed more effectively when sales people and project teams have data pertaining to past projects. As such, leaders are 43% more likely to be providing fully integrated views of customer information.

The capabilities listed here promote visibility, collaboration, and customer engagement. These tools are directly aligned with the drivers impacting ERP strategies in professional services organizations.

Key Findings and Recommended Actions

As professional services organizations strive to increase service revenue while keeping costs low, they face numerous hurdles. They must manage projects more effectively, allocate scarce human resources to derive value from the knowledge contained within the organization, and work with their customers to deliver a project that meets expectations. Leading professional services firms are looking to ERP, along with social, mobile, and cloud technologies, to address these challenges. Organizations that want to improve should consider the following recommendations:

- **Increase collaboration between employees and customers.**
  Leading organizations are 68% more likely to have cross-functional continuous improvement teams. These teams work together to improve processes with the aim of improving customer service.
These teams also encourage knowledge sharing between skilled individuals that will help the organization to make the most of its human resources investments. Additionally, Leaders are almost three times as likely to connect sales, project design, and the customer. This further promotes collaboration, helps keep expectations in check, influences effective project management, and helps to eliminate cost increases and scope creep.

- **Provide access to real time data.** In order to manage projects effectively, decision-makers (who may be removed from day-to-day operations) need instant updates on what is going on in the business. One such way that Leaders are promoting this data is through mobile ERP access. This gives decision-makers an enhanced ability to receive alerts and a real-time view into the status of all processes.

- **Connect people across the globe.** Along with mobile ERP access, Leaders are 38% more likely than Followers to have deployed ERP in the cloud. This ensures that employees deployed in the offices of the client are still able to access ERP, provided there is an internet connection. Employees can then collaborate across geographies and share pertinent information and status updates with the home office.

By following these recommendations, professional services organizations can leverage cloud, social, and mobile ERP strategies to work with their customers and deliver superior value.

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To take part in Aberdeen's 2012 ERP research, click [here](http://www.aberdeen.com).
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| SoMoClo’s Impact on ERP; August 2012 | ERP in Professional Services: Managing Costs When People are the Product; November 2011 |

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