Research Study:

Cloud-Based Business Solutions Suite Delivers Key Performance Improvements to Services-Based Businesses

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Executive Summary

Many firms—including those in the services industry sector—have achieved more efficient and agile business operations by using cloud-based ERP.

The services industry sector is highly diverse, not just in the variety of services offered but in the nature of the companies themselves. There are "pure," services-only firms, such as systems integrators, consultancies and other professional services providers. And then there are companies that include consulting and/or support services as part of their portfolio offerings, such as software companies, manufacturers and retailers.

For either services companies or services-based profit centers, companies need to be able to identify and measure key performance indicators (KPIs). Then, they have a baseline on which to improve and track their critical business processes and achieve a high level of business efficiency.

There are financial management processes, including billing, cash collections and end-of-month book closings. Then there are project management processes, including project-based accounting, resource forecasting, allocation and utilization, and a number of other metrics critical to services – and business – success.

Project-Based Metrics are Critical for Services-Based Businesses

At its core, the services business model is one that is project based. Services firms – or the services departments of other types of companies – can't just track their businesses at a macro level. They must be able to drill down into project-specific profitability, staffing and other variables, and must contend with a constantly changing matrix of customer engagements. They also need to identify and respond to project deviations and risks as early as possible.

Among the key challenges faced by services sector companies:

Staffing Resource Challenges

- **Resource allocation**: Services staff must be assigned to projects based on their skill sets, availability, hourly rates and other factors.

- **Forecasting**: Companies must ensure that staff with the necessary skill sets will be available for assignment to upcoming projects.

- **New employees**: Companies in this sector must often hire new talent, and must be able to quickly and easily train people to perform critical business processes efficiently.

Accounting Challenges

- **Project-based accounting**: Everything from project profitability to rates-per-hour to time and expense reporting must be done on a project-by-project basis.

- **Unique Project Requirements**: Because projects vary, companies may need to support, and track, a variety of billing models.

- **Profitability tracking**: Companies often track revenues and expenses by client, by service line, by industry and by other variables.

- **Accounting consolidation**: project revenues and other project-based numbers must be consolidated and integrated with the company's core financials.

KPIs That Matter

Services companies continue to invest in cloud applications because of their low upfront costs and faster time to deployment and highly efficient and flexible functionality. The anywhere/anytime nature of cloud technology is also highly important for services firms that must support remote and on-the-move employees. Many services companies have been able to measure and improve their KPIs after adopting NetSuite's cloud-based business solutions suite, including ERP and PSA (professional services automation).

By interviewing and surveying representative NetSuite customers in the services sector, market research firm SL Associates identified which KPIs these companies track as well as the improvements they've realized by basing their core operations on NetSuite's multifaceted business suite.

Deploying the common NetSuite platform as the foundation for their core business processes generated a range of impressive KPI improvements, as illustrated in **Figure 1**.

Figure 1: Typical Services Company KPI Improvements

Category	KPI	Results
Business Visibility	360° Visibility & Actionable Insights	Increased 50% - 80%
Financial Management	Collection Time for Accounts Receivables	Improved 30% - 45%
	Revenue Performance	Increased 2% - 5%
	Time to Close Financial Books	Reduced 45% - 75%
	Accounting Staff Productivity	Increased 25% - 45%
Professional Service Engagement Management	Availability and Utilization of Resources	Improved 20% - 40%
	Report Generation Time	Improved 75% -85%
Sales and Marketing	Sales Productivity and Capacity	Improved 20% -40%
IT Management	IT Support Resource Costs	Reduction 45% -75%
	Cost to Purchase and Maintain Servers	Reduction 100%
	Business Continuity/Disaster Recovery Costs	Reduction 50% - 75%

Source: SL Associates, 2014

Conclusion

The different types of KPIs shown in Figure 1 represent some of the business processes and measurements that can help services-based businesses determine how well they're performing. Many of the improvements shown spring from the NetSuite ERP and PSA solution, and its delivery as a cloud-based service.

Finding a business solution suite sold as a cloud-based service has become a highly desired, and increasingly required, purchasing consideration. After all, cloud vendors take responsibility for managing, updating and securing the solutions that run in the cloud .

Many of the improvements shown spring from both the integrated, multi-function nature of the NetSuite solution, and its delivery as a cloud-based service.

Finding a business solution suite sold as a cloud service has become a highly desired, and increasingly required, purchasing consideration.

Having a reputable cloud provider handle these and other critical business processes frees companies from performing these tasks, which are often outside of their areas of core competency. And, as shown by the following examples of representative NetSuite customers, having a comprehensive and fully integrated business solution suite foundation on which to conduct a wide range of business operations can greatly improve the efficiency and effectiveness of many critical KPIs.

For additional information about NetSuite's cloud-based solutions, visit the company's website at www.netsuite.com.

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NetSuite Customer Experiences

Cardinal Path

Cardinal Path is a digital data analytics firm that fields teams of analysts, statisticians, academics developers and others to conduct digital marketing and other professional service projects. Formed in 2011 by the merger of three independent firms, the company has grown at more than 30 percent each year, and now employs about 60 people in four offices in Canada and the U.S.

Each of the three entities that combined to create Cardinal Path had its own legacy systems, ranging from QuickBooks to Google Apps for Business to AffinityLive, a professional services automation package. "We had four offices in two countries, customers in dozens of different countries and we wanted a system that wasn't hodgepodged together," says Cardinal Path's President. "We also needed to reduce our need for on-premises IT, so the solution had to be cloud based."

In particular, he says, the company needed to address its biggest pain point: resource allocation and tracking. "We looked at other systems, but we felt that NetSuite was stronger than the other solutions. It was one of the few that did everything we needed."

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— President

Cardinal Path currently uses NetSuite modules for finances, CRM, professional services automation, workflows and scripting. The company hired a third-party consultant to help it integrate the NetSuite solution with Google Apps for Business and is in the process of integrating it with the Marketo marketing automation and demand generation software.

One of the biggest benefits Cardinal Path has realized thanks to its NetSuite solution is more accurate and more efficient billing, he says. "Our billing is very complicated, in that we don't discriminate in the way people can pay us." The company put in place accounts receivable (AR) practices built on top of the NetSuite platform. "AR went from 60 percent collected within 60 days to 98 percent collected within 60 days," he reports.

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NetSuite has also helped the company boost the utilization rate of its employees. "We're always busy in the services business, but you want to make sure people are busy in ways that help the business," he says. "We've improved our consultant billables by 30% and are now hitting and exceeding our billable targets."

Among other benefits, he says NetSuite is helping Cardinal Path do a better job of projecting its resource needs one to three months in advance, and is also helping it centralize once-dispersed customer contacts, calls and other data. All told, "it's helping us become a more professional organization," he says.

"We're delivering more work, on time and on budget, which leads to happier customers," he continues. "NetSuite gives us the infrastructure to sell more work to our existing customers, which is much easier than finding someone new."

NetSuite Customer Experiences

Accuvant

Accuvant, a leading supplier of information security services and solutions for enterprises, employees about 600 people and recorded gross revenues of $577 in 2013. The company had been using Changepoint software for professional services automation and QuickBooks for its financials. The company shifted to a NetSuite business suite and NetSuite OpenAir solution 5-6 years ago.

One of the biggest benefits of the cloud-based NetSuite solution is the speed at which Accuvant can bring new employees up to speed, says Manager of Financial Planning and analysis at the company. "We can send someone a computer, have them access the cloud platform, and they're up and running in a matter of minutes," he says.

Accuvant uses OpenAir to generate weekly reports on effective utilization, effective rate, revenue trends and other KPIs for its board and executive management, says the Manager of the company's consulting operations team. "All of our project accounting is in OpenAir, while we use NetSuite for our core financials," he says.

Ironside Group

A multidisciplinary technology and advisory consulting firm that specializes in all facets of business intelligence, the Ironside Group started using NetSuite OpenAir in early 2013 and added NetSuite ERP modules to its solution at the end of that year. The 100-person company had been using Sage's MAS 90 accounting software, but wanted better dashboard and reporting functionality, as well as the ability to drill down deeper into its account data.

With NetSuite, the company's financial close has dropped from about 10 days per month to 5-7 days, says the Ironside Group's Director of Financial Planning and Analysis.

"I've also spent less time analyzing data and am able to find out what's happening a lot quicker," he says.

Ironside Group is also saving about a day each month generating AR collateral, aging and other required reports for its bank, he says. "A report that took 4-5 hours to generate in the past now takes an hour or less."

MSA Security

Using its team of security professionals with diverse backgrounds in law enforcement, elite military units, and the private sector, MSA Security delivers threat protection and specialized training for government and corporate clients. The 500-person company had outgrown its QuickBooks accounting software, and wanted to combine its three business divisions under a single general ledger, says MSA Security's Finance Director. "We couldn't get workflows between departments, he says, and we also wanted to be in the cloud, which we thought would be more secure."

The company's billing efficiency has also improved, according to the Finance Director. "NetSuite's billing schedules are nice, since we bill some customers quarterly and others annually. We can also find invoices that may have been missed, and recognize revenue ratably over a service period. That has helped our revenue performance."

Since shifting to NetSuite in September 2012, MSA Security has deployed the suite's ERP, CRM SuiteAnalytics, workflow and scripting services. Under QuickBooks, the company wasn't able to perform project based accounting. "If we had multiple services going on for the same customer in the same location, there was no way for us to track each project, he says. "We can now classify everything by project."

NetSuite Customer Experiences

RevGen Partners

A business and technology consulting company, RevGen Partners provides business intelligence, process optimization, IT support and other services. The 100-plus employee company has grown rapidly since its 2008 founding, adding 38 new team members 2013, a year in which its revenues increased by 40 percent.

After its manually intensive QuickBooks-based financial operations proved too limiting, the company shifted to a combined NetSuite and NetSuite OpenAir solution. RevGen uses NetSuite business solutions suite for its core financials, and OpenAir for its projects accounting. The cloud-based nature of the integrated solution was critical, according to the Executive Vice President for Client Services Delivery. "Our consultants are on client location 90 percent of the time, so we needed a solution they could access anywhere," he says.

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With its NetSuite-based operations, RevGen has been able to retain its five-day financial close period even as project volume grew from 10-15 invoices per month to more than 100. Under its former processes, the company used both QuickBooks and SharePoint to manually create each bill. "We couldn't operate under that method with our current headcount and project load," he says. "It would have required that we hire three or four additional people."

Billing accuracy is also "absolutely better," he continues. "As we got bigger, we knew the risk of missing hours and expenses was significant. We didn't want to have to go back and bill our clients for missed hours."

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The NetSuite solution also helps RevGen filter its finances by client, by service line, by industry and by project. "We definitely have better access to information," he says. "In the past, we really had no idea about project profitability, rate-per hour, and other measures that are critical to our business. It was very difficult to gather that information with our old system because the data was spread all over."

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RevGen is able to realize these and other benefits without having an internal IT staff or maintaining any servers on site. And not all of the benefits the NetSuite solution delivers are internal. "It's very helpful to have a robust accounting package that allows us to not just manage the business, but also report out to our investors and our different stakeholders," he says.