



A BUYER'S GUIDE TO

PROFESSIONAL SERVICES AUTOMATION SOFTWARE

Roffensian Consulting

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CREDITS

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Roffensian Consulting is an Ontario, Canada based management consulting firm with a strong emphasis on organizational transformation, portfolio management and PMOs. Quality service is the cornerstone of a Roffensian Consulting Inc. engagement, but we go further - priding ourselves on delivering on our promise - “exceeding expectations”.

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The Tenrox workflow-driven, cloud application is designed to meet the challenges of managing globally dispersed services organizations and project workforces. It automates project initiation, resource management, time and expense, and reporting and analytics to enable customers to improve the management of billable projects from pipeline to close. Tenrox offers configurable cost and billing rules, including chargeback or invoicing, with certified integrations to all major CRM and accounting systems. Organizations worldwide, including Autodesk, Estee Lauder, Eaton, General Electric and JDA Software, trust the Tenrox product to meet their requirements in the areas of Professional Services Automation (PSA) and time and expense tracking. Tenrox is part of the Upland Software family of cloud-based enterprise work management applications. For more information, visit www.tenrox.com.

INTRODUCTION

Professional Services Automation or PSA software is one of the most powerful tools that a professional services organization (PSO) can adopt. The right solution, implemented in the right way allows these companies to take their business to the next level. It eliminates duplication of effort, removes areas of manual effort where mistakes frequently happen, and enables an organization to gain a much better understanding of how it operates and where its opportunities for improvement are.

Yet many PSOs still rely on personal productivity tools to try and run their businesses, living in the misguided belief that they aren't ready for PSA, or that the tools available are far too complex to implement without a significant investment in time, money and process redesign. It's for those organizations that this buyers' guide has been created. It begins by briefly looking at how PSA can help, and at how the absence of PSA is a real performance drag. The guide then provides a brief checklist section where we look at some of the variables you need to consider when deciding whether you need a tool, and who to partner with. We move on to look in a little more depth at some of the key PSA features that can be differentiators for your organization, and finally we help you develop a plan for your PSA implementation that will set you up for success.



WHY YOU NEED PSA

How PSA helps

Professional Services Automation is not a silver bullet solution that will magically solve all of an organization's problems as soon as it is let out of the box, but neither is it some hugely daunting enterprise application that will change every aspect of how a PSO operates. What it is, is a way for that PSO to bring all of its other working elements together, while offering ways to streamline and automate. In short, it offers increased effectiveness and improved efficiency.

The best PSA solutions achieve this by combining powerful tools of their own with the ability to integrate with an organization's existing software suites – effectively creating a consistent way for software and business processes to come together into a single cohesive unit. In the professional services world everything is driven by customer projects and so project management is at the foundation of all PSA solutions, but they support much more than simple work tracking. PSA solutions offer integrated management of customer projects from proposal to payment. They allow PSOs to associate all work with a customer project and to track the activities on that project.

Layered on top of this alignment in the best PSA solutions are powerful workflow engines that automate different elements of projects – triggering invoices when certain project milestones are met, automating approval requests, alerting when variances occur, etc. The software suites also allow for capturing of time and expense information to track the resources expended on a project, or even on a specific work item. Not only does this help track the work that is underway, combined with reporting and analysis tools it supports profitability analysis, provides valuable information to assist with resource planning, and helps identify improvement opportunities within the PSO's internal operations.

Combine all of this functionality with the ability to integrate with Customer Relationship Management (CRM) tools, enterprise financial applications and other corporate software suites and you have a powerful set of tools specifically designed to make managing your PSO easier.

The cost of not having PSA

Before we get into some of these PSA features in more detail, it is worth considering the costs that organizations incur by not having access to such a suite. Inevitably start-up service organizations will

manage their business using personal productivity tools. Before long spreadsheet software will be the cornerstone of how such businesses are managed, and for small firms that approach may work for a short period. However, all of the data will be disconnected, it may well be unavailable to most people in the firm, and management of the data will be completely manual. That makes it liable to be out of date and erroneous, and that's not the kind of data that should be driving business critical decisions.

These organizations will invest in more appropriate tools to run certain elements of their business – dedicated project management tools for managing project schedules for example – but most still resist the move to a completely integrated PSA suite. There are many reasons for this, often based on flawed assumptions that the costs will be too high, that the tools will require the PSO to fundamentally change their business practices, or that management and administration of the tool will create excessive amounts of overhead. None of those concerns reflect the reality of today's PSA solutions as we will see in this guide.

For organizations that resist PSA, the technology environment they find themselves in consists of a number of 'islands' that are isolated from one another. CRM tools will exist separately from project management tools which will be completely distinct from financial management and invoicing software. When the combination of those tools is insufficient the organization will continue to rely on spreadsheets with all of the challenges those pose. In addition, data will need to be re-entered into multiple systems and leadership will lack a cohesive view of the most fundamental business metrics – project profitability, resource utilization, etc.

This creates a situation that is worse than simply unclear decision making; it has real bottom line impact on the organization. A lack of management information will lead to less than optimal decisions which will focus the organization on lower profitability work, create unnecessary costs and potentially cause lost sales. It will also focus resources on low value or no value work, creating significant opportunity cost for employees who could be focused on generating revenue. These situations would be difficult for any organization to accept, but for the small, growing firms who fall victim to these mistakes by thinking they can't afford to invest in PSA, they can result in the failure of the enterprise.



PSA SELECTION CHECKLIST

So how do you know whether your organization is ready for PSA? Should we assume that every PSO can leverage a PSA solution? Not quite, but organizations likely are ready for PSA earlier in their lifecycle than they think. In this section we look at the ‘checklist’ of questions a PSO should consider when deciding if it is ready to implement PSA, as well as some of the considerations in choosing the right solution for them.

At the end of this guide is an Appendix in the form of a double sided standalone checklist that summarizes these sections and can be used to conduct your internal due diligence in deciding to implement PSA and selecting the right partner.

Are we ready for PSA?

If you answer ‘yes’ to most or all of these questions, the absence of a PSA solution may be negatively impacting your business.

- Are you using spreadsheets to manually track business elements – schedules, deliverables, prospects, resources, etc?
- Are you maintaining the same information in multiple locations?
- Are you dealing with out-of-date information?
- Do you have difficulty ensuring that projects are undertaken using consistent processes?
- Do you spend large amounts of time managing data?
- Do you need to look at multiple systems to understand what is happening with a client, business area, proposal, etc?
- Do you have difficulty quickly assessing profitability for any project?
- Does it take multiple people to summarize current status on a project or prospect?
- Do you ever have inaccurate data?
- Do you ever lose customer information or have trouble finding current information?

These challenges are common to a growing organization that has moved beyond its ability to control operations using personal productivity tools. If these problems were happening in your Finance department you would invest in an enterprise finance and billing solution; if it were happening in Sales you would look for an appropriate CRM suite. When it is happening in every element of your business, it's time to look for a PSA solution that can help you now, and grow with you as your needs develop.

Finding the right kind of PSA

Later in this guide we'll look at some of the elements of PSA solutions that differentiate one provider from another, but first, let's consider how you can narrow the choice to a more manageable shortlist. One of the first areas to consider is whether the features offered meet your needs, and that requires consideration of the following questions.

- *What are our biggest challenges?*
- *Where do we need the most help from a tool solution?*
- *Do we know what excellent looks like?*
- *Can we define how much improvement we need to make?*
- *How quickly do we need a solution in place?*

These considerations aren't overly complicated, but they are vitally important. Many PSOs start their journey with PSA by looking at one or more software offerings and trying to figure out which ones offer the most features that resonate. There is a far greater likelihood for success if the organization begins by looking inward – ensuring it understands its needs before looking at the functionality available. In this way the focus can be on what is needed rather than what would be 'nice to have'. Nice to have doesn't solve today's challenges!

Prioritizing users and features

As a result of this exercise in understanding your own needs, there will likely be some areas where different business areas have different perspectives on what is important. That's understandable and comes down to varying needs of different areas. However, the organization has to determine how those different perspectives are going to be resolved; ultimately a successful implementation requires a consistent approach for the organization that acknowledges that the needs of some users are more urgent than others.

In order to appropriately prioritize those needs, and to resolve conflicts between different user communities, you need to answer the following questions.

- *Which business priorities are most important to us?*
- *Resolution of which challenges would have the biggest impact on those priorities?*
- *Which challenges have viable workarounds?*
- *Which challenges can be resolved most quickly?*

For most organizations the focus will immediately go to a combination of financial and customer impact priorities, and that is likely appropriate. However, there must be a mix of strategic and tactical priorities considered here – focusing only on immediate problem areas will deliver some short term gains from a PSA implementation, but will also lead to a slowdown of those gains and may result in questioning of the merits of the solution. By overlaying more strategic priorities in addition to tactical needs we begin to develop a PSA roadmap, which leads us to the next consideration.

Ensuring your PSA suite can grow with you

While modern PSA solutions are highly flexible and configurable, you want to ensure that the product you choose is able to adapt to your specific organizational needs as you grow and develop. You need to be confident that your PSA suite will be able to support a growing business with increasing complexities, and that it will be able to facilitate more effective and efficient growth in the process. Consider the following questions in this area.

- *What are our anticipated major growth areas in the next one to three years?*
- *What new challenges are likely to be introduced by that growth?*
- *Are we expecting to diversify into new areas (markets, services, etc.), and if so what are they?*
- *Is our growth model likely to change as we grow – e.g. shift to partnering / outsourcing vs. internal skills?*

As much an exercise in selecting the right tool, this is an exercise in ensuring your organization has thought through the ways that it is looking to grow. A commitment to enterprise software is also a commitment to a more structured growth strategy than the ‘grow in any direction we can’ approach of many start-up services organizations. While organizations don’t have to have reached a certain size, they do require a level of developmental maturity to the point where they have a directional strategy developed and ready for implementation.

Finding the right partner

One of the final consideration areas you need to address is also one of the most important. A commitment to PSA is more than just a purchase of a piece of software, it is the start of a partnership with the company that provides and supports that software. A PSA implementation may well involve on site consulting support to help train, configure and optimize the solution during the initial rollout. More importantly, a client organization will want to be able to reach out to its vendor partner for help and advice as needs evolve and will want to feel as though the vendor is there to help the organization maximize the return on the investment in PSA.

That requires a collaborative, trust based relationship where both sides feel as though they are stakeholders in the organization’s success. You can only determine that after shortlisting potential PSA solutions through the questions we have already explored, but once you have that shortlist this should become the most significant deciding factor – a strong relationship with common goals can overcome any short term challenges with the solution. Consider the following questions.

- *Are we comfortable with each potential PSA solution vendor's ability to understand our business and challenges?*
- *Have they demonstrated that they are able to suggest realistic solutions that will work within our existing business operations (i.e. without having to fundamentally change how we work)?*
- *Do we know who the individuals are that would be working with us, and are our staff comfortable working with them?*
- *Are the potential vendors offering their own solutions to help us grow and mature or are they relying on us to drive things?*

By the time your organization has completed the assessment of the questions identified in this section you should have a good idea of how you want to proceed with a PSA solution. However, you will likely still have a number of strong potential candidates. How do you distinguish between those alternatives? Not all PSA solutions are created equal and in the next section of this buyers' guide we will look at some areas where differentiation can have a huge impact on your ability to achieve the results you need.



DIFFERENTIATING FUNCTIONALITY IN PSA SOLUTIONS

All Professional Services Automation software will contain the same core features, with feature differentiation occurring at the periphery where features may or may not deliver business benefits for your organization. However, there can be significant differences in the way that some of that core functionality is implemented, and those differences can determine how appropriate a particular solution is for your needs.

Workflow automation

Any piece of enterprise software that claims to be able to integrate different areas of business into a single tool needs to have a powerful workflow engine. Work needs to be able to move seamlessly from one part of the business to the next without relying on anyone to manually ‘push it’. In the ideal world work should be able to move from the creation of an opportunity to the payment of the final invoice without anyone from the organization ever having to do anything beyond their normal work. That ideal can be achieved, but only with the right engine. A PSA solution should offer workflow automation that can:

- ✓ **Support complex approval / work release rules** – different paths and requirements depending on specific work elements and previous actions for example.
- ✓ **Support the creation of standards for workflow** – simplify the process of rolling similar process flows out across the enterprise.
- ✓ **Automate alerts and escalations** – ways to highlight work that is delayed or ‘stuck’ in the system, alternative approval paths in the event of delays, etc.
- ✓ **Provide flexible exception handling** – a recognition that no automated workflow can apply in all circumstances and that exceptions need to be simple to implement, but still controlled and managed.
- ✓ **Allow simple but powerful rule definition** – the creation of rules must be straightforward for administrative users in order to reduce the reliance on IT, but still be powerful enough to not require business processes to be compromised.
- ✓ **Evolve workflows without requiring comprehensive redesign** – organizations grow and change over time creating additional layers and complexities to processes that must be capable of being applied as an overlay to existing workflow.

- ✓ **Integrate seamlessly with the solutions reporting engine** – there must be clear visibility into the work that is occurring combined with the ability to analyze that work as needed (we'll look more at reporting later). This must include both user dashboards to provide feedback on work requests as well as macro level reporting.
- ✓ **Track all work items for audit and compliance purposes** – ensuring that internal and external compliance needs are met through complete tracking of all activity.

Workflow automation is an area of PSA that employees will interact with on a daily basis. Done well it will be seamless, presenting information and actions to users in an easy to interact with format and in a timely manner. Done badly it will be a constant fight between users and system that no one will win.

In considering workflow automation options look for simplicity in defining rules combined with flexibility in the application of those rules. Ensure that there are options for redirects, breakouts and exceptions within the processes that are defined and ensure that the limitations imposed by the solution are not going to have a practical impact on how you want to run your business. Look for evidence that the workflow capabilities far outstrip your current needs to ensure you can grow with the workflow engine without compromise.

Time and expense management

Time and expense management is a critical element of a PSA tool. This goes beyond simple project management task tracking and requires the ability to integrate with financial software to support invoicing and profitability analysis. While the basic functions associated with time and expense management are straightforward, the way that they are implemented can make or break an implementation. This is particularly crucial as this is an area of functionality that frequently drives a decision to implement PSA. Your PSA solution needs to offer the following time and expense management features:

- ✓ **Audit trail tracking of all time and expense items** – not just a specific project, but to a work element within a project for complete transparency and detailed analysis.
- ✓ **Support for multiple calendar modules** – making it easy to create custom working days / weeks and regional variations. This should include a user friendly calendar / timesheet design feature.
- ✓ **Support for custom calculations** – it is important to have the ability to do items like overtime / lieu time and tracking of entitlements for time off including seniority management.
- ✓ **Integration with workflow engine** – for automation of approval processes in accordance with organizational policy and for appropriate routing of reviews.
- ✓ **Management of expenses in multiple currencies along with support for multiple tax regimes** – doing global business requires multiple currency and tax tracking in order to succeed.
- ✓ **Ability to import transaction ledgers and track receipts at the transaction level** – clients require detail now for approvals that go beyond expense rollup.
- ✓ **Integration with invoicing systems** – for billable expenses and with enterprise accounting systems for reimbursable and capital expenses.

Time and expenses are the base units for the day to day operations of your business, and will go a long way to defining the profitability of engagements. They are also areas where disagreements with customers are most likely to occur. In choosing a system based on this functionality look for ease of use and transparency of reporting and tracking. Also consider the ease with which time and expense management can be integrated – both into the daily operations of your business (automation and workflow) and to enterprise financial applications.

Reporting and analysis

Depending on who in the PSO is involved in making the decision around which PSA solution to select, reporting can be either the most important factor, or the most overlooked. Executives typically focus on reporting and analysis to ensure they are able to monitor and manage the business effectively, while operationally focused employees largely ignore reporting in favor of other functional elements. Reporting should be viewed as an important element because, while the stakeholder group for it may be small, failure to provide reliable information in a manner that the organization can effectively consume will undermine the perceived benefit of the PSA solution. Organizations should look for solutions that offer the following reporting and analysis features:

- ✓ **Real time user dashboards to graphically present various PSA elements** – project status, workflow request summaries, profitability, resource utilization, etc. These end user dashboards should allow for regular, operational level interaction by employees to rapidly identify areas requiring further attention.
- ✓ **Proactive alerts** – system generated warnings / calls to action when one or more tracked data elements vary beyond predefined parameters.
- ✓ **Data mining / custom analysis capability** – the ability to create custom data queries / reports to assess data in a number of different ways depending on user needs.
- ✓ **Predefined automated reports** – regularly scheduled reports distributed to stakeholders to report various information elements. This may cover anything from management information to audit and compliance, to outstanding work items.
- ✓ **User friendly reporting interface** – an intuitive and accessible set of user tools to create custom reports and filters without requiring complex systems knowledge.

Reporting should not be viewed as the prime driver of a decision over which PSA solution to acquire, but it is an important consideration to ensure that an organization can appropriately manage its business and leverage the other functionality to optimum effect.

Integration

A standalone PSA solution is of little benefit to an organization. The software must be capable of integrating with other applications if it is to truly deliver value. Whether those other systems are CRM, Enterprise Resource Planning (ERP), Human Resource Information Systems (HRIS), or an enterprise financial system, there needs to be the ability to securely share data across applications, enhancing

the quality of enterprise management information available whilst eliminating (or at least minimizing) rekeying activities. Organizations are good at understanding this concept from the standpoint of existing applications, but they don't always think about their evolving integration needs. Ensure you are investing in a solution that can:

- ✓ **Support all major industry solutions** for CRM, financial, payroll, ERP, HRIS, project management and content management. You need to know that regardless of the choices you make on those platforms in the future you will be able to deliver a fully integrated solution
- ✓ **Deliver full integration** – you don't want to be limited to passing data from one system to the next; you need two-way data transfer that integrates with your workflow engine to support real business needs.
- ✓ **Support integrations without custom development effort** – you need to integrate systems in a way that makes sense to you, not using a limited interface that requires you to adapt your processes or commit to extensive custom development effort.

A PSA solution will immediately become part of your technology backbone so considering how well that solution is able to integrate with other technology elements, both today and in the future is critical to success. This is also where you should be considering the type of implementation you commit to – cloud based or on site. For most organizations starting out with PSA a cloud based / Software as a Service (SaaS) solution is likely the right choice to minimize the infrastructure investment and maximize flexibility and growth potential.



MOVING FORWARD WITH PSA

The final area you need to consider before committing to the implementation of a PSA solution is the work you need to do within your own organization to ensure the implementation will be successful. A PSA rollout is a project, and just like any other project it needs to be well planned, appropriately resourced, and have the backing of engaged stakeholders. Professional Services Organizations make their living by executing projects, but that doesn't mean that they are automatically adept at internal initiatives, in fact this is where things can easily go wrong.

Planning an implementation

Before any contract is signed or any vendor resource arrives at your office, the success of a PSA implementation may well already be determined. Planning an implementation is absolutely critical to success and must include all of the following elements:

- ✓ **The scope of work for the first phase** – which departments / business areas will be included, which business processes will be moved into the tool suite, and which functional elements of the software will be leveraged.
- ✓ **The schedule of work for the first phase** – the timing (with care being taken to avoid impact on customer projects) and sequencing of the deliverables contained in the scope.
- ✓ **The success criteria** – the business focused measures that will determine whether the project is successful. This needs to cover the initial implementation (which should align with the payment schedule for the vendor), the adoption of the new functionality, and the business benefits that are expected to accrue in terms of cost reduction, time saving, error elimination, etc.
- ✓ **The project management approach** – the communication strategy, governance model, etc. that will be used to execute on the work.
- ✓ **The project team** – the people working on the project, their role on the project and how resource conflicts will be resolved if the resources are not dedicated.

To get to the point where all of this is in place there needs to be significant discussion with all stakeholders around the priorities and limitations of the implementation. The questions contained in the checklist section earlier in this document can help frame those discussions and the functionality differentiation section above can help further refine those priorities and limitations. All stakeholders need to agree to support the final requirements set along with the criteria by which success will be measured.

The project should have a single, high level, sponsor who is prepared to publicly commit to the PSA implementation and be a frequent and consistent champion of the work. He or she must also be prepared to 'stay the course' in the event that conflicting priorities occur, or if challenges arise. The adoption and success of a new software implementation will be significantly diminished if the perception is that it isn't that important to the organization's success. For the same reason the project should be viewed as just as important as a client initiative and resources assigned accordingly.

The plan should not be developed in isolation. You have spent time identifying the right partner for your PSA solution and you should now leverage that partnership by reviewing your plan with the vendor to ensure that your perception aligns with their recommendation and that the work can be achieved effectively and efficiently within the parameters of the plan.

Developing a roadmap for success

Your initial PSA deployment will only form the foundation for your ultimate leveraging of the functionality offered. In order to ensure you maintain traction and continue to enhance and expand on the benefits that PSA can offer, you need to develop a roadmap for a comprehensive rollout of all (relevant) functionality across all business areas over a period of time. This may occur over several quarters, perhaps even over several years depending on your unique needs, but it needs to be planned up front. That way you can ensure that the work in early phases is foundational and supports the later work, rather than requiring significant rework further down the road.

At the same time, the roadmap needs to be flexible. It will inevitably need to be modified as the organization's growth deviates from the original plan due to unexpected opportunities, shifting priorities and changing market conditions. Further, the timing may need to be adjusted to reflect different rates of growth and maturity. Finally, the roadmap should have a series of validations between each phase to ensure that the work from the previous implementation has been successfully embedded into the organization and that the benefits are being achieved.

APPENDIX: PSA SOFTWARE BUYER'S GUIDE CHECKLIST

Are we ready for PSA?	
QUESTION	RESPONSE
What business functions are we managing with spreadsheets?	
What information is being maintained in more than one place?	
What information needs to be more current?	
Which processes are applied inconsistently?	
How many people are involved in managing / manipulating data?	
How much time do they spend on that?	
How many different systems do we rely on for information on a prospect or client?	
Can we analyze profitability for any project at any time? If not, how long does it take, and how accurate is the analysis?	
How many people are involved in preparing status summaries / reports?	
Is any of our data ever inaccurate? What mistakes occur as a result of relying on that data?	
Do we ever lose information?	
How much money does all of the above cost us?	
How much lost opportunity occurs?	

What kind of PSA do we need?

QUESTION	RESPONSE
What are our biggest challenges? Which areas of our business need the most help from a tool?	
Do we know what excellent looks like? Can we define our desired end state after a tool is in place?	
How quickly do we need a solution in place and contributing to our improvement?	

Which users and features need to be prioritized?

QUESTION	RESPONSE
Which business priorities are the most important to address?	
Which challenges would make the biggest contribution to those priorities if resolved?	
Which challenges have viable short to medium term workarounds?	
Which challenges can be resolved most quickly and simply?	

What will allow our PSA solution to grow with us?

QUESTION	RESPONSE
What are our anticipated major growth areas in the next 1 – 3 years?	
What new challenges are likely to be introduced by that growth?	
Are we expecting to diversify into new business areas / markets, and if so what are they?	
Is our growth model likely to evolve (partnerships, outsourcing, etc.)?	

How do we find the right partner?

QUESTION	RESPONSE
Are we comfortable that potential partners understand our business and challenges?	
Has each potential partner demonstrated the ability to offer realistic solutions that work within our existing business processes?	
Do we know which partner resources would be working with us, and are our staff comfortable working with them?	
Are potential partners offering their own solutions, or are they relying on us to define our requirements?	