A Service Performance Insight White Paper

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

Ecosystems Matter!

Leverage the Google Platform for Professional Services performance and profit

May 2018

VOGSY

Service Performance Insight, LLC

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INTRODUCTION

Knowledge and Information have become the currency of the new world economy. As disruptive forces strike every industry, leaders are more dependent than ever before on information to provide insights for competitive advantage. In professional services (PS), real-time information has taken center stage as firms look to increase productivity, grow more rapidly and achieve higher levels of profitability. All of this must be done while balancing the needs of both clients and employees. Fortunately for PS executives, the tools available today are better than ever. Optimizing sales, hiring the most talented and in demand employees, delivering services on time and on budget and billing for them go a long way towards achieving growth and profit.

Information itself is under disruptive pressure. With cloud solutions dominating the marketplace, and a pressing need to share information and optimize business processes across professional services organizations (PSOs), leading providers are starting to coalesce around cloud platforms, which offer benefits beyond scalability and security. These new platforms help automate and optimize business processes across the organization and provide the tools and capabilities for structured growth.

Figure 1: Information visibility drives performance

Source: VOGSY

Google has developed a business information platform beyond what most would have imagined just a few years ago. With the ever-growing G Suite of business productivity applications, all based on Google's industry-leading cloud search and security, leading application providers have begun to view Google as a platform of choice. This Service Performance Insight white paper examines how professional services organizations, with their need for greater mobility and real-time information, have turned to the Google platform, and one solution in particular, VOGSY Professional Services Automation, to optimize business processes across the organization. SPI Research analyzes how leading professional services organizations drive successful business outcomes through the integration of VOGSY and other applications on the Google platform. The information in this white paper was taken from SPI Research's 2018 Professional Services Maturity™ Benchmark based on analysis of 384 professional services organizations (PSOs) with fewer than 300 employees.
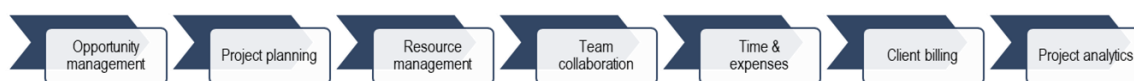
THE WORLD IS BECOMING PROJECT- AND SERVICES-DRIVEN

Professional services firms, and most people-based organizations, have changed their operations to be more project-driven, which puts projects at the center of the work they deliver. Whether the organization supports internal clients (such as internal IT or new product development); or external clients, such as management and IT consultancies, architects and engineers or marketing and advertising agencies, the primary mode of work is based on virtual project teams who rapidly come together to produce measurable business outcomes. Gathering requirements, estimating scope and organizing disparate teams to collaborate and deliver work has become the mainstay of today's people-based businesses. For better or worse; time, task and project tracking have become mandatory to gauge the efficiency and effectiveness of work teams.

Figure 2: Take a project-driven approach to professional services

Opportunity management → Project planning → Resource management → Team collaboration → Time & expenses → Client billing → Project analytics

Source: Service Performance Insight, May 2018

Project-driven enterprises add structure, standardization, quality, value and cost to the equation; with an understanding that every minute and every dollar count to reach organizational objectives. All PSOs are being asked to quantify the benefits of their work. Taking a structured and standardized approach to resource management and project delivery reduces overruns and improves quality, enhancing value realization.

FOCUS ON ECOSYSTEMS – WHY PLATFORMS MATTER

With the evolution of enterprise cloud applications, today's businesses are managing tens if not hundreds of disparate cloud applications. Although the rush to the cloud has dramatically reduced the cost of business applications, a new host of problems have arisen out of the cost and complexity of managing scores of vendors and ensuring their applications share data and talk to one another.

In reality, the cloud has ushered in a new era of siloed business processes with each department and function selecting and managing their own set of applications. Now, in the third decade of cloud computing, the new name of the game has become platform standardization with key players emerging as the dominant platform providers, each with their own partner ecosystems. Leading platforms such as Amazon, Microsoft Azure and Google in turn are developing their own standards for mobility, integration, artificial intelligence, security, data analytics, user experience and business process optimization; reducing time to market and the total cost of ownership. For buyers, standardizing on a platform offers the advantages of "one throat to choke", improving buyer leverage and reducing support and integration costs.

Figure 3: Enterprise Public Cloud Adoption

Source: Rightscale 2018 State of the Cloud Report
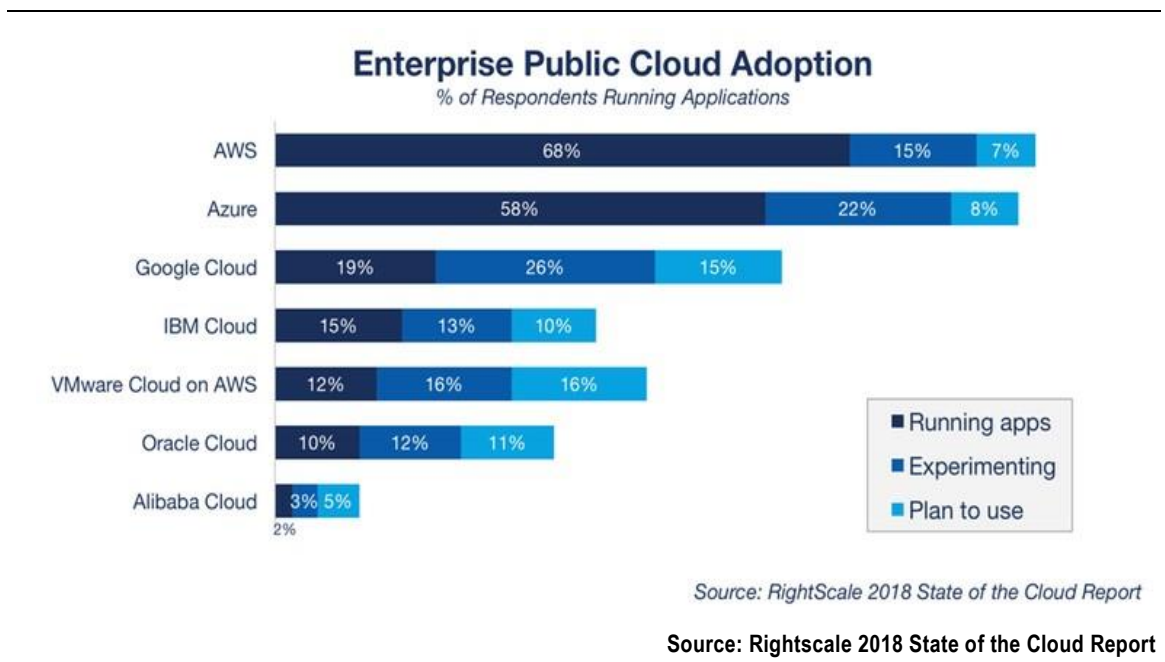
According to Gartner, "The impact of digital business is giving rise to new categories; for example, the convergence of "software plus services plus intellectual property." These next-generation offerings are fueled by business and technology platforms that will be the driver for new categories of spending." Today's Professional Services organizations are not only adopting cloud applications to run their own businesses, but they must also start making strategic decisions regarding the cloud platforms they will support.

THE ECONOMICS AND RICHNESS OF PLATFORM AND PARTNER APPLICATIONS

The movement toward platforms has been a boon to application developers and partners. Time to market is always a competitive advantage, but so are multi-platform support, scalability, ease of development and the ability to collect and analyze big data. Mobile application standardization reduces the cost and complexity of developing beautiful, easy to

Figure 4: Google Cloud Platform

Source: Google
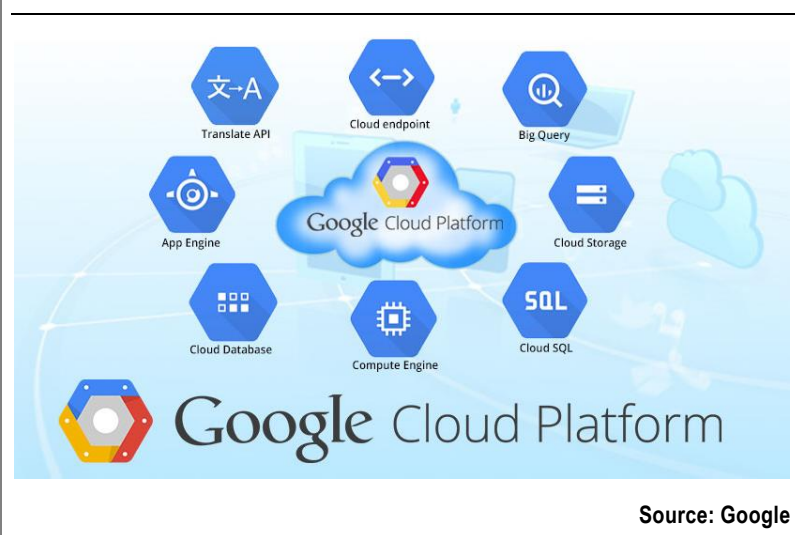
use mobile applications while reducing on-going support costs.

Platforms enable application developers to focus on their core areas of expertise, rather than building the underlying architecture to support their work. It is much easier for application developers to build on top of a standardized infrastructure as they no longer need to worry about the plumbing, allowing them to rapidly build out specialized industry and domain functionality.

The platform vendors provide robust tools to enable partners and application providers to efficiently streamline their solutions and provide integration to other tools and solutions. By building solutions on a common platform, business users gain greater efficiency and ease of use as the applications look and feel the same, meaning reduced costs in terms of training, frustration and errors.

BENEFITS OF CHOOSING THE GOOGLE APPLICATION PLATFORM

Professional services organizations can only optimize performance and profitability if employees and functions communicate and collaborate efficiently. Google provides an extensive array of platform service offerings including mobile, application engines, cloud storage, security and a relational database with big data query and analytics. Just as Google Analytics and AdWords have revolutionized advertising, Google analytics is revolutionizing business with analytics embedded into its applications, providing visibility into bottle necks and usage. These tools are just the tip of the iceberg as Google dominance in search spreads across the platform and applications. Long recognized as a leader in security, Google is leading the way with both individual and enterprise security with built in cryptographic security and authentication.

Figure 5: Google FREE Productivity Apps
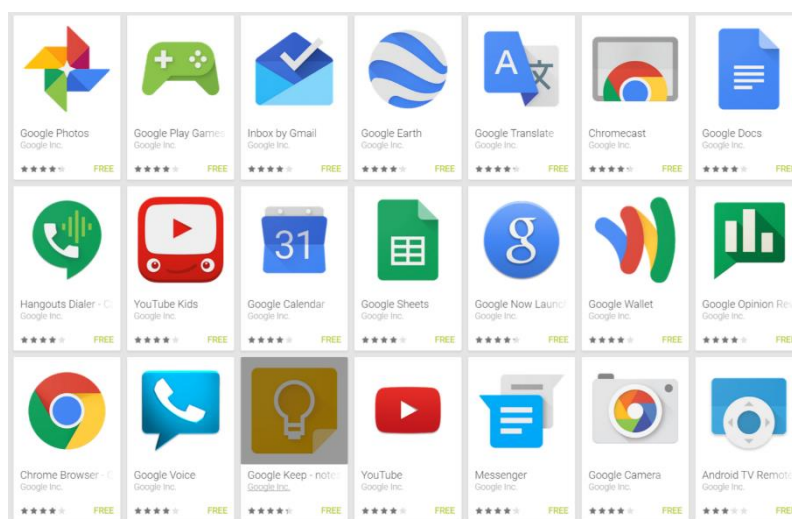
Source: Google

On top of the security and time to market advantages of the Google Platform, Google supports its platform and business applications around the world with one of the largest and most secure datacenter networks. Google's global reach means applications are available at scale around the world. Even better, due to Google's market dominance and economies of scale, the cost to run applications on the Google platform is less than 50% of the cost of Amazon Web Services and Microsoft Azure.

But when it comes to personal productivity mobile applications, Google is in a class of its own with more than one hundred free mobile applications. These productivity applications are clear leaders in almost every category with an entire business productivity suite comprised of Gmail, Docs, Calendar, Sheets, Hangouts, Wallet, Slides, YouTube and more that put Microsoft Office to shame. Even better, every Google mobile application is designed from the ground-up to run on Android, Apple and Microsoft mobile operating systems with no integration required.

For Professional Services organizations, both the Google Cloud platform and the G Suite of productivity tools are becoming attractive alternatives to the proprietary platforms and expensive applications found in the Microsoft, Salesforce, Oracle and SAP clouds.

ESTABLISH PSA AS A LOGICAL NEXT STEP – EXTEND YOUR BUSINESS APPLICATIONS

A decade ago most PSOs deployed few enterprise applications. The financial system was the backbone of the organization, but other than financial management and perhaps a time tracking application, most firms were light on information systems and depended on manual methods and spreadsheets to run the business. In the Professional Services market, the notion of "Cobbler's Children" has been rampant, meaning PS executives designed and sold information technology solutions to make their clients more efficient and profitable, but they did not invest in technology for themselves. Growth, globalization, competition, and regulatory pressure have been a catalyst to force PSOs to make better use of information technology internally. At the same time project methodologies have transitioned from "big bang" static waterfall to agile, requiring instantaneous communication and collaboration between team members.

Figure 6: PSA delivers visibility, insight and value

Source: Service Performance Insight, May 2018

Intuitive, powerful and easy-to-use Professional Services Automation (PSA) solutions have arisen with a new breed of extremely cost-effective solutions available for even the smallest project-driven businesses. PSA provides organizations with a solution to efficiently plan, sell, staff, execute and charge for work. It gives team members the tools to collaborate and collect knowledge that can be further used to optimize business processes. The net effect of PSA is a more productive and profitable business, as well as improved levels of predictably and client satisfaction.

Table 1: PSA drives performance improvement

Key Performance Indicator	With PSA	Without PSA	▲
Year-over-year change in PS revenue	8.6%	4.9%	74%
Year-over-year change in PS headcount	10.1%	7.2%	39%
New clients	27.0%	19.3%	40%
Deal pipeline / quarterly bookings forecast	176%	148%	19%
Annual revenue per billable consultant (k)	$204	$182	12%
Annual revenue per employee (k)	$163	$152	7%
Quarterly revenue target in backlog	47.8%	41.3%	16%
Project Margin	34.4%	28.5%	21%

Source: Service Performance Insight, May 2018

While many firms look to more tangible benefits, such as improvements in billable utilization and decreased revenue leakage, it is the increase in visibility that allows management to better analyze the business to determine improvement priorities. PSA provides "one source of the truth" around project health, resource assignments and costs, to all constituents including sales, service delivery, finance and operations. Professional service profitability relies on a consistent balance between demand and supply. Perhaps PSA's most important benefit is providing organizational visibility to support assigning the right resources at the right time to the right type of projects and clients.

Table 2: PSA integrated with CRM optimizes the front-office

Key Performance Indicator	Int. PSA	Non-Int. PSA	▲
Bid-to-win ratio (per 10 bids)	5.31	4.64	15%
Deal pipeline / quarterly bookings forecast	199%	152%	31%
New clients	30.1%	28.5%	6%
Average project overrun	8.4%	9.7%	14%
Use a standardized delivery methodology	69.8%	66.7%	5%
Profit (EBITDA)	**16.1%**	**13.7%**	**18%**

Source: Service Performance Insight, May 2018

POWER OF PROCESS AND APPLICATION INTEGRATION – ERP + CRM + VOGSY PSA

One critical reason solution providers have begun building their applications on leading platforms is for ease of integration with other complimentary solutions. Business value occurs when business processes are streamlined as information and handoffs flow seamlessly across multiple departments. PSA

solutions extend core benefits through integration with other business solutions, providing insight into all areas of PSOs:

Δ **Marketing and sales**: with visibility into the best clients and most profitable services, PSOS can develop marketing and sales programs for growth. With insight into non-billable consultants on the bench, new programs can be developed to improve billable utilization.

Figure 7: VOGSY Sales Dashboard

Source: VOGSY
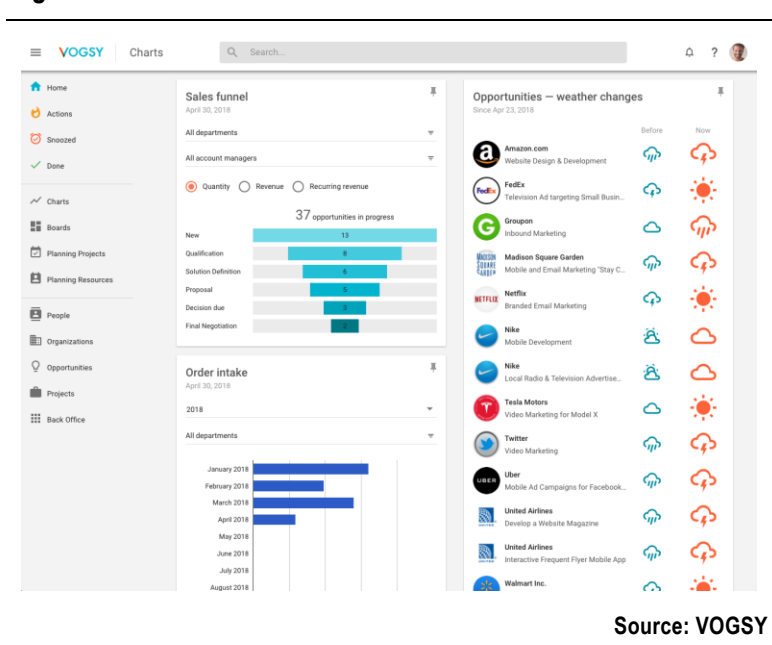
Without this visibility, both marketing and sales would continue "business as usual", without an understanding of how they can enhance both revenue and profitability.

Δ **Human Resources**: for several years PS executives have told SPI of their frustration with finding, hiring, training and retaining talent. Integration across the marketing and sales organizations can provide early insight into the skills HR should focus on to meet client demands. SPI Research's benchmarking has shown it takes over 100 days on average from the time an individual is recruited until the time they are fully billable. Therefore, valuable recruiting time must be focused on finding the right resources with the right skills.

Δ **Service Delivery**: service delivery needs visibility to the sales pipeline to ensure the right resources are available to begin and end projects on-time and on-budget. When looking at the overall cost of services sold, PS executives can determine the optimum resource mix required to deliver the project profitably. Effective resource management

Table 3: Integrated PSA, CRM and CFM benefit all employees

Key Performance Indicator	Int.	Non-Int.	▲
Year-over-year change in PS headcount	11.3%	8.9%	28%
Bid-to-win ratio (per 10 bids)	4.81	4.28	13%
Deal pipeline / quarterly bookings forecast	179%	150%	19%
Employee attrition	11.6%	14.8%	22%
Average project overrun	9.6%	13.5%	29%
Annual revenue per employee (k)	$167	$150	12%
Exec. real-time wide visibility (5 pt. scale)	3.97	3.40	17%
Profit (EBITDA)	**16.2%**	**12.4%**	**31%**

Source: Service Performance Insight, May 2018

must take into account project requirements and needed skills as well as consultant location, aptitude and preference.

Δ **Accounting and Finance**: with changing accounting rules regarding when to account for project-related costs and revenues (especially in Software and SaaS), the management of financial information has become more critical than ever. Global organizations compound the complexity of financial management as they must comply with local regulations and taxes. With 80% of costs predicated on people costs, cash management is critical for PSOs to ensure costs and revenues are kept in balance.

PSA, integrated with CFM, provides a seamless flow of information from project delivery to the core accounting and finance solution. These two solutions allow executives to manage revenue, costs, cash flow and profit, in other words, they provide visibility and process integration across the Quote-to-Cash process.

INTRODUCING **VOGSY**

VOGSY's pedigree is strong. The company was created by AllSolutions, a 30-year PSA software veteran with customers in 25 countries. VOGSY, headquartered in Amsterdam, built its PSA solution on the Google platform to take advantage of the tools, capabilities, scalability and security Google offers. VOGSY brings an entirely new approach to managing Professional Services.

Figure 8: VOGSY Resource Management
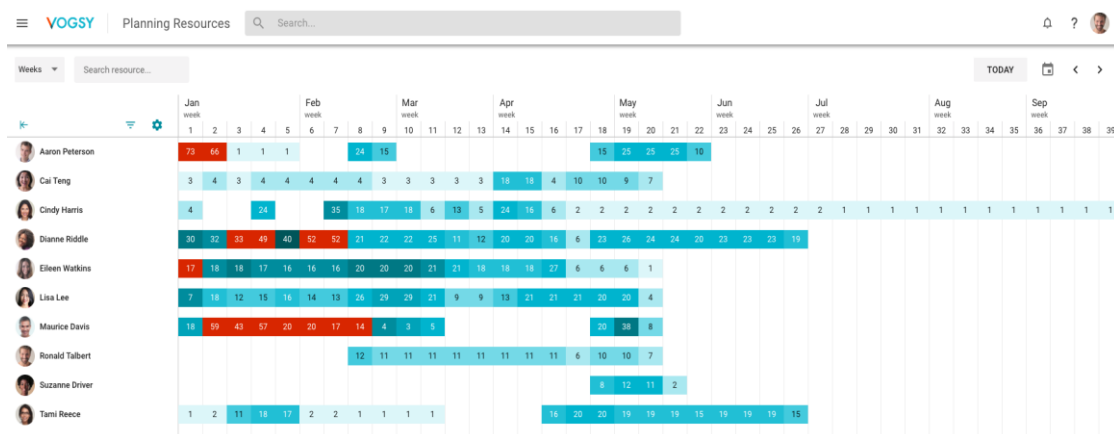
Source: VOGSY

It leverages Google's G Suite of office and collaboration tools to offer PSOs an end-to-end, simple, yet sophisticated, Professional Services Automation (PSA) solution that manages all core areas:

Δ **Sales**: Client Relationship Management (CRM) capabilities to capture and manage leads.
Δ **Project Staffing**: As projects are won, VOGSY helps PSOs optimize project staffing using skills, cost and availability to optimally staff projects which deliver value at acceptable project margins.

Δ   *Service Delivery*: Manage projects as they are delivered, capturing all time and costs to insure invoicing is accurate.

Δ   *Invoicing*: Seamless integration with service delivery to rapidly generate accurate invoices.

Δ   *Analysis*: During and after project completion, PSOs can accurately analyze the work done to determine the overall success of projects, by service offering, practice and geographic region.

VOGSY – built on Google

The numbers of project-based organizations moving to G Suite are growing exponentially as companies look for a more agile,

Figure 9: VOGSY Financial Dashboard

Source: VOGSY

collaborative approach with less overhead and lower costs. For those organizations, VOGSY is positioned as a natural extension into PSA. Its focus is on *business outcomes*, offering process support and key performance indicators (KPIs) across every function associated with professional services sales, finance and operations, project teams and executive oversight.
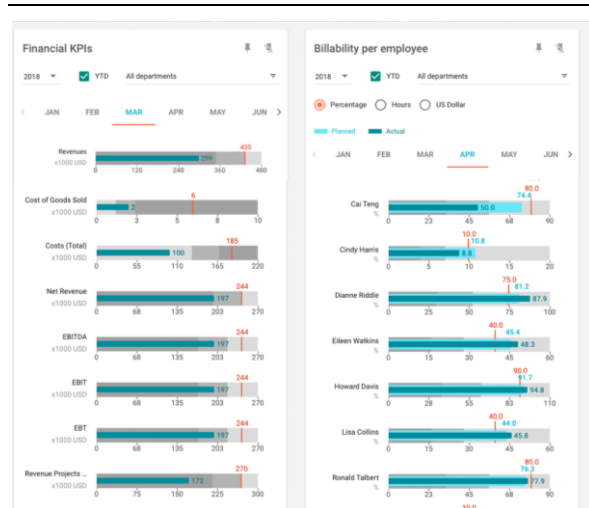
Table 4: VOGSY provides visibility and performance improvement across PSOs

EXECUTIVES	FINANCE & OPERATIONS	SALES	PROJECT TEAMS
Revenue & Cost Tracking & Projection	Integrated Chart of Accounts	Automated Quoting & SOW Creation	Project, Resource and Budget Planning
24/7 Financial Insight Across the Business	Full P&L Reporting	Opportunity Mgt, Pipeline & Forecasts	Manage Milestones, Deliverables and Activities
Goal & KPI Setting and Tracking	Demand Forecasting & Capacity Planning	Build Projects in Opportunity Phase	Automated Document Management
Customer & Project Health Monitoring	Hyper-efficient Invoicing, Time & Expense Tracking	Margin and Budget Insight & Quote-to-Cash control	Team Communication and Collaboration
Unified Solution for All Employees	Revenue Recognition & Burn-to-Budget	Proposal Templates and Project Cloning	Change and Decision Alerts
KEY BENEFITS	**KEY BENEFITS**	**KEY BENEFITS**	**KEY BENEFITS**
Drive New Business & Quality of Revenue	Improved Cash Flow & Cost Control	Higher Win Rates & Better Margins	On Time, On Budget Projects
Lower Overhead, Better Cost Control	Efficient Operations and Optimal Utilization	Aligned with Delivery from Start to Finish	Better Handoffs, Better Insights
Engaged Employees, Better Decisions, Faster Action	Bullet-proof Financial Reporting & Forecasting	24/7 Customer Health Insight	Less Hassle, More Dazzle
Better Business Outcomes	360-Degree Business Control	Return Business, Shorter DSO	More Customer Focus

Source: VOGSY

As the company puts it:

"VOGSY is all you need to run your services business from Quote to Cash. Unlike traditional PSA solutions, we put the professional at the center of technology. VOGSY is your single source of engagement for anything you need to drive the desired outcomes for your clients and for your own business. To Google users, VOGSY is instantly recognizable. And since we leverage a lot of what Google has already taken care of, we onboard in days rather than months."

How do Google and VOGSY work together?

VOGSY utilizes Google's user management and single sign-on features as well as its industry-leading security and scalability. And of course - everything is in the Cloud. There is also strong Google Drive integration; VOGSY creates project folders for each project in Drive and manages user access. Google docs are automatically created - and managed in Drive - for proposals, invoices, statements of work and the like. VOGSY also leverages other G Suite applications including Chat, Sheets and Calendar. For organizations who are already familiar with G Suite, costs and learning time are minimized resulting in payback within two months of operation.

Why did VOGSY choose Google?

To quote Mark van Leeuwen, CEO at VOGSY: "*We are consultants ourselves, as well as a technology business. Google has been a life saver. We run a 'No-Ops', company which tremendously speeds up our development and continuous delivery, allowing us to run a very streamlined and cost-effective organization. That, in turn, means that we can go to market at a price-point that will allow even the most cost-conscious and margin-driven PSO to profit from VOGSY.*"

WHERE TO BEGIN

To accelerate performance and profit, PSO leaders need a plan. The following steps should be undertaken with the information infrastructure in mind:

1. Make sure core Financials, CRM and PSA are integrated, ideally built on an industry-leading platform supporting organizational collaboration.
2. Look at the whole organization, not just one or two departments. Each department adds value, and each has specific information needs, and their corresponding KPIs.
3. Analyze business processes, look to how they can be improved or optimized, or eliminated to streamline operations and information flow. The quote-to-cash process must be optimized.
4. Determine how applications can provide structure to standardize business processes so that the main ingredients of quality, cost control and efficiency are built in.
5. Don't over-complicate, begin with the basics and fine-tune.

CONCLUSIONS AND RECOMMENDATIONS

Platforms matter. Integration matters. Structured business processes matter. With increasing competition, a constrained talent pool, and greater global regulatory accountability, leading PSOs have turned to solutions that offer greater business process support and visibility into current and future work. Most are starting to standardize on industry-standard platforms, so integration, scalability and security-related issues are minimized. And perhaps equally as important, PS executives have begun to demand better platform tools to optimize their business processes, and analytic capabilities that will provide the insight necessary for the organization to grow profitably.

SPI Research recognizes there are not really many complete information platforms available, which makes the decision easier for professional services executives. Google is well-established and admired as a leader in search and analytics. It is now positioned as a leading platform for the business application community. VOGSY has emerged as Google's leading PSA solution. And going forward, it is certainly one executives should consider in project- and services-driven organizations if they want flexibility and security at an extremely attractive cost.

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. He is the co-author of the Professional Service Maturity Model™ benchmark, used by over 20,000 project- and service-driven organizations to diagnose and improve their performance.

Dave's background includes application and analytical tool development to support business decision-making processes. He has over 35 years of domestic and international information technology experience with firms including the Aberdeen Group and Oracle. Contact Hofferberth at david.hofferberth@spiresearch.com or 513-759-5443.

Jeanne Urich, Service Performance Insight Managing Director, is a management consultant specializing in improvement and transformation for project- and service-oriented organizations. She has been a corporate officer and leader of the worldwide service organizations of three publicly traded software companies (Vignette, Blue Martini and Clarify), responsible for leading the growth of their professional services, education, account management and alliances organizations. She is the co-author of the Professional Service Maturity Model™ benchmark, used by over 20,000 project and service oriented organizations to diagnose and improve their performance.

Jeanne is a world-renowned thought-leader, speaker and author on all aspects of Professional Services having spent 40 years creating, running and transforming global consulting organizations.

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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 20,000 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** for more information on Service Performance Insight, LLC.