

TIME TO UPGRADE YOUR BUSINESS SOFTWARE?

Follow This Blueprint

A Roadmap for
Professional Services
Organizations Evaluating
New Business Software
Systems



Systems
Advisors
Group

Microsoft
GOLD CERTIFIED
Partner



Table of Contents

1	INTRODUCTION	1
2	RATIONALE FOR A SOFTWARE INVESTMENT	1
2.1	Compliance Initiatives	1
2.2	A Platform for Business Growth	1
2.3	Becoming More Agile	1
2.4	Manage Growing Human Capital Requirements	2
2.5	Lack of Integration Across Current Systems	2
2.6	Timely Decision Support Tools	2
2.7	Increase Client Satisfaction	2
2.8	Support for Operational Improvements	2
2.9	A Technology Refresh	2
3	KNOWING YOUR OPTIONS	3
3.1	ERP versus "Best-of-Breed PSA"	3
3.1.1	ERP Defined	3
3.1.2	Best-of-breed PSA Defined	4
3.2	SaaS versus On Premise Solutions	4
3.2.1	Cost Model	4
3.2.2	Security and Control	4
3.2.3	Flexibility	4
3.3	Technology Platform	4
4	WHERE TO BEGIN - SOFTWARE SELECTION BLUEPRINT	4
4.1	Define Your Business Goals	4
4.2	Create a Project Team	4
4.3	Define Your Business Requirements	5
4.4	Create a List of Potential Vendors	5
4.5	Define Your Decision Criteria	5
4.6	Create a Vendor Short List	6
4.7	Create Presentation Agenda and Required Content	6
4.8	Vendor Presentation Phase	6
4.9	Total Cost of Ownership (TCO) Comparison	7
4.10	Decision Time	7
5	CRITICAL SUCCESS FACTORS FOR SOFTWARE IMPLEMENTATIONS	7
5.1	Executive Support	7
5.2	Experienced Project Management	7
5.3	User Adoption	8
5.4	Sufficient Testing Before "Go-Live"	8
6	ABOUT SYSTEMS ADVISORS GROUP	8

1. Introduction

As the market for professional services has become increasingly competitive, it is critical that Professional Services Organizations (PSOs) in businesses such as Architecture & Engineering, Advertising & Marketing Communications, IT Services, and Business or Management Consulting perform at the highest possible levels. For many of these organizations, this means maintaining the ability to rapidly respond to client requests, operating at maximum efficiency levels, and having the foresight to quickly react to changes in your business environment.

As you examine the highest performing services organizations, a common theme presents itself - they all proactively leverage technology to support their business. A key element of this technology base is the use of enterprise-level business software as a tool to help them maintain their competitive edge and profitably run their business.

Many organizations in the position to evaluate new business systems find the identification, selection, and implementation process to be a challenging undertaking. The business software landscape is a fast-paced market undergoing what seems like constant market consolidation. So where do you begin if your organization has made the strategic decision to evaluate new business systems?

This blueprint was developed to provide guidance, best practices, and general awareness to help ensure that your organization has the greatest chance for success, and that your software investment adds true value to your business.



2. Rationale For A Software Investment



Professional Services Organizations (PSOs) decide to implement new business software systems for a variety of different reasons. Ultimately, each

organization has its own unique business drivers or justification for making a capital investment in new software technology, and for dedicating the time and resources required to make it a successful venture. Some of the more common drivers that organizations list for investing in new business software technology include the following.

2.1 Compliance Initiatives

Many PSOs are forced to implement new business software as a means for supporting compliance initiatives. Examples of these initiatives include the need to support Regulatory requirements such as the Sarbanes-Oxley legislation, or Customer-driven compliance issues such as support for complex project billing hierarchies or customer-specific invoice formats. Often times, organizations using older, less flexible technology struggle to quickly meet these compliance requirements, making it necessary to invest in a new technology platform.

2.2 A Platform for Business Growth

Whether your growth model is an organic one or based on acquisitions, PSOs that are aggressively growing their business often encounter limitations with their current information systems. Many legacy software applications do not offer the flexibility to easily adapt the software as your business grows and your processes become more complex. These same systems also prohibit you from easily adding new legal entities that you have acquired, or to quickly change the operational or financial reporting structure to support a new organizational model. Today's business software systems can provide a scalable platform on which to build your future growth strategy.

2.3 Becoming More Agile

In a competitive market such as professional services, it is crucial that PSO's be agile enough to quickly seize new market opportunities and to easily react to changes in the marketplace. Today's business software applications offer far greater levels of flexibility to help organizations adapt their business practices to meet current and future market demands.

2.4 Manage Growing Human Capital Requirements

As PSOs grow their business and expand their project coverage and resource pools across locations and even country boundaries, they find that managing human capital becomes more complex as well. Overseeing a growing and geographically dispersed resource pool requires tools that can help you effectively plan the optimal capacity levels, skill set requirements, and resourcing strategies to ensure that you can adequately staff your client facing projects. Many of the more modern business systems are built specifically to help PSOs improve the management of their growing human capital requirements.

2.5 Lack of Integration Across Current Systems

If your organization uses a series of disconnected software applications, spreadsheets, and emails to run your business, you can probably relate to the headaches of using disparate software systems. This lack of integration across your business can impede your communication, lower efficiency levels, and prevent management from having a comprehensive view of your organization. Improving the integration and the flow of information across all departments and business functions is a common driver for investing in a new business system.

2.6 Timely Decision Support Tools

In today's competitive environment, business leaders must have access to real-time information that they can use to make informed business decisions. However, many software applications simply don't present data back out of the system in a useful format and with the proper context. Gaining real-time decision support tools to help drive your business is a common justification for a new system investment.

2.7 Increase Client Satisfaction

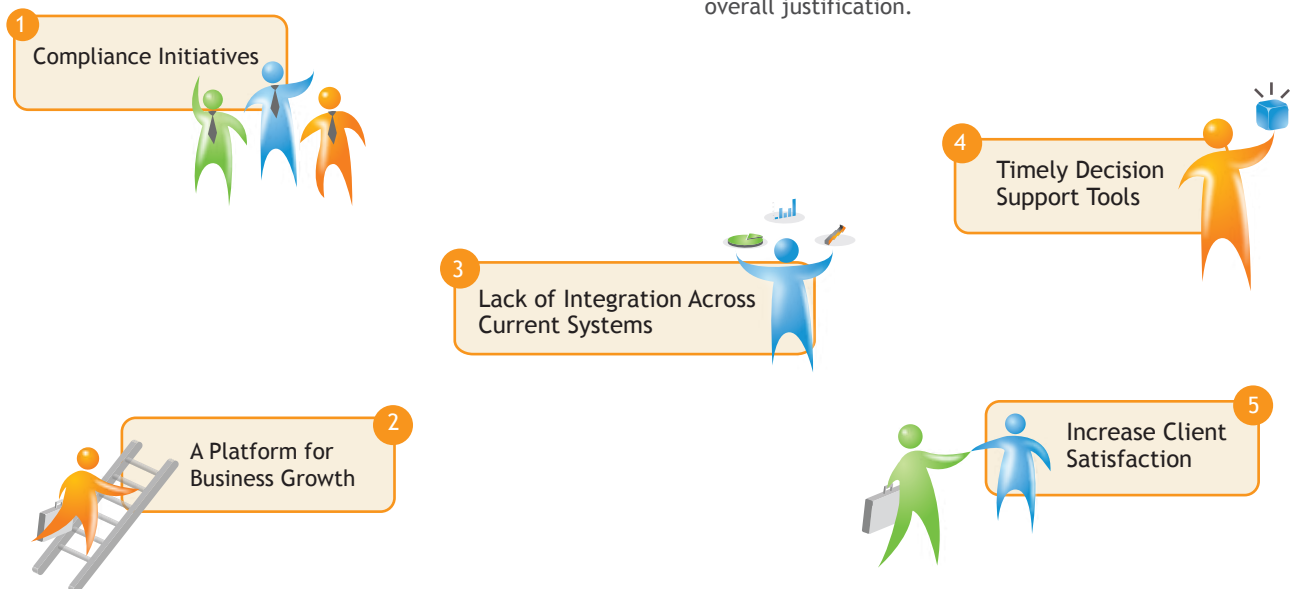
Many PSOs have come to the realization that if they don't take care of their clients, somebody else will. Ensuring that your organization is providing outstanding customer service is an imperative in today's competitive business climate. This means having the flexibility to structure projects in a way that makes sense to your clients, having the right resources available at the right time to support their projects, and quickly and accurately providing invoices and reports that meet customer specifications. Gaining the tools to provide the highest levels of customer service is a common reason for investing in a new software system.

2.8 Support for Operational Improvements

Often times, organizations look at a new system implementation as an opportunity to gain operational improvements that directly impact their bottom line. These can include efforts to improve cash flow by speeding up the billing and Accounts Receivable cycle, streamlining the collection of project time and expenses from the field, and improving overall employee productivity and collaboration. These improvements can have a positive impact on your organization's profitability, and can help to justify an investment of this nature.

2.9 A Technology Refresh

Sometimes, organizations simply get to a point where they are in need of a technology refresh. Businesses who invested in a new system 5 to 10 years ago, and who have not proactively kept up with the latest advances in software and technology, reach a point where it is necessary to get current with today's latest technologies. While this is not often a primary business driver for a system investment, it can help to support the overall justification.



3. Knowing Your Options

Before getting started on a software selection project, it is important to know your options when it comes to several big picture decisions that you will need to make. These high level decision points are detailed below.

3.1 ERP versus "Best-of-Breed PSA"

One of the first issues to understand is whether or not your organization needs a full ERP system, or if you simply need a PSA software package. Let's define these two options.

3.1.1 ERP Defined

ERP (short for Enterprise Resource Planning) software is a category of comprehensive systems that can run your entire business in a single software application. Most ERP systems will support your entire Service Delivery Lifecycle, and will include the following modules which you can turn on or off depending on your needs:

- Accounting and Financial Management
- Project Accounting
- Time & Expense Management
- Human Resource Management and Resource Scheduling
- Customer Relationship Management
- Inventory Management
- Business Intelligence

Until the early part of this decade, most ERP systems didn't provide the depth of Project Accounting functionality required by most PSOs to efficiently run their business. As a result, many services organizations opted for the best of breed approach that is defined below. However, with several ERP vendors providing a renewed focus on supporting the unique needs of PSOs, the market has seen a notable shift back toward ERP-based solutions. As a general rule of thumb, the more you can do in a single software system, the better your cross-functional integration will be, and the lower you can keep the total cost of owning your technology.

3.1.2 Best-of-breed PSA Defined

PSA (short for Professional Services Automation) software is a category of systems that provide a smaller feature set focused solely around project-based services functions. Compared to ERP software which provides a much broader feature set, PSA solutions generally offer the following :

- Project Accounting
- Time & Expense Management
- Resource Planning and Scheduling

PSA solutions offer deep functionality in these core competency areas, but their coverage is obviously much more limited than an ERP system. And since PSA solutions don't offer the complete set of functionality required to run a Professional Services Organization, most companies that purchase a PSA solution also then integrate that PSA system with a backend Financial Management or ERP system, thereby creating the term "best of breed".



3.2 SaaS versus On Premise Solutions

The next big picture decision to make is whether you are better off with a solution that is rented in a Software as a Service (SaaS) model, or with the traditional approach of owning your software and hosting it on your company premises. The traditional model for purchasing and implementing business software is to acquire the software licenses and host the software application in your organization's data center. However, over the last several years, some vendors have come into the market that offer a model known as SaaS, whereby you can "rent" the software for a monthly fee and access the software remotely over the Internet. Several pro's and con's exist for each approach, which impact the cost, security, flexibility, and control that you have over your system and your data.

3.2.1 Cost Model

SaaS solutions do not require an initial acquisition of software licenses, so the initial costs should be lower than the traditional On Premise solutions. However, there are significant monthly fees involved to "rent" the SaaS software. With On Premise solutions, once you acquire the licenses there are no ongoing license purchase fees. The breakeven point is typically somewhere between 3 and 5 years, meaning that the total cumulative cost of a SaaS solution is less than an On Premise solution in the first 3 to 5 years, but after

this initial period it becomes more expensive due to the monthly rental fees. This breakeven period is a critical piece of the cost/benefit analysis.

3.2.2 Security and Control

With a rented SaaS solution, you have no ownership rights, and the software, servers and your data are all stored outside of your organization at the software host. This creates an issue related to your tolerance for security and control over your data, since many businesses are very nervous about storing their critical client and financial data at a 3rd party site that is out of their control. On Premise solutions naturally give you more control since you have the software and servers in your data center and because you have your data stored locally. However, they do require more IT management since you have the systems hosted internally.

3.2.3 Flexibility

Another issue to consider is the degree of flexibility that you want to retain over your systems. Because most SaaS solutions are hosted at an outside vendor, and they have many different companies using the same physical system, SaaS vendors place restrictions on how much flexibility you have with the software. This includes how easy or costly it is to customize the software to meet your needs, or to integrate the software with other applications that you use. With On Premise solutions, you have much more control over what you can do with your systems and your data since you have gained the individual right to use your system as you please.

3.3 Technology Platform

A final big picture decision is what technology platform your new system should be based on, since this will impact which vendors you ultimately consider. The “platform” refers to the servers, database, and programming language that the software is written for. The system’s platform can have implications on the Total Cost of Ownership, how well your new system works with



existing tools that your employees use, and how well the new system can be supported by your IT staff without significant retraining.

The most common platform for business software is the Microsoft Windows/SQL Server platform. Most IT organizations have skill sets in house to support these technologies, and the Microsoft platform works well with other tools most employees already use. However, this isn't the only viable platform available. Vendors like IBM and Oracle also offer technology platforms that software can run on.

4. Where to Begin - Software Selection Blueprint

Now that you have a better feel for the types of systems that are available for Professional Services Organizations, let's discuss where to go from here. By following a proven blueprint for your software selection process, you can reduce your overall risk and ensure that your investment adds value to your business.



4.1 Define Your Business Goals

The first step in your selection process should be to clearly define your business goals and objectives for the project, and to lay out a plan to ensure that your investment adds value to your business in critical areas. These overarching business goals will be an important tool as you move through the evaluation process. They will also help guide you in the decision making process, and will help to prioritize certain conversations during the implementation phase.

4.2 Create a Project Team

The next step in the process is to create a Project Team that will participate in the software evaluation and selection, as well as the implementation project. This team generally includes key business stakeholders and representatives from each of your core business functions, such as Accounting, Human Resources, Project Management, etc...

4.3 Define Your Business Requirements

Once your Project Team is in place, the next logical step is to define the requirements for your new software system. This should include a list of modules, features, and processes that are necessary to support your business. Your requirements list can be a formal requirements document or simply an informal bullet point list of necessary features. Some of the more critical high level system areas required for PSOs include:

- Financial Management (General Ledger, Accounts Receivable, Accounts Payable, Budgeting, Fixed Assets)
- Project Accounting (Work Breakdown Structures, Project Budgeting, WIP Management, Revenue Recognition, Billing)
- Resource Planning and Scheduling
- Time and Expense Management (T&E Entry and Approval)
- Human Resource Management (Skill Set Management, Recruiting, Education and Training, etc.)
- Customer Relationship Management (Sales, Marketing, and Customer Service)
- Business Intelligence (Financial Reporting, Operational Reporting, Key Performance Metrics)

Within each of the core functional areas required by your organization, it is recommended that you define in more detail your current needs in each area so that you have a baseline level of required functionality for the systems that you choose to evaluate. It's also best to focus your efforts in areas that are critical to your business strategy moving forward. For example, it is often less critical that you spend time in the details of routine business functions such as Accounts Receivable or Accounts Payable processes, and more critical that you focus on unique areas with Project Accounting, Time & Expense Management, Resource Management and other key elements of your Service Delivery Lifecycle.



4.4 Create a List of Potential Vendors

The next step is to create a list of potential software vendors and solutions that match the high level requirements defined by your Project Team. Research can be done fairly easily on

the Internet in order to define a list of potential vendors to work with. You will be best served by keeping your options open at this point, and defining a fairly broad list of alternatives.

4.5 Define Your Decision Criteria

Another key step for your Project Team is to define the decision criteria that you will ultimately base your vendor and system selection on. By defining and prioritizing these criteria at the initial stages of the evaluation, you will create a clear and objective list of attributes on which to rate the vendors. Some of the more commonly used decision criteria include:

- How well the software feature set supports your business
- Overall breadth of software functionality
- Ease of use factors
- Scalability to support business growth
- How well the technology platform fits into your current IT environment
- Long-term vendor support services
- Long-term vendor viability and financial stability
- Vendor's long-term product strategy, roadmap, and research and development budget
- Vendor's implementation strategy and processes
- Ease of maintenance for your IT staff
- Acquisition cost and Total Cost of Ownership (TCO)

In addition to creating a list of decision criteria, it is also important that you rank these in order of importance to your organization. Some vendors may be similar in some areas, but quite different in other areas. You may even choose to create a scorecard with a quantitative value in each area to help appropriately weigh the vendor scores.

4.6 Create a Vendor Short List



Now that you have identified and prioritized your decision criteria, you have a checklist with which to narrow down your vendor list to determine which systems will be evaluated in detail. This will generally require that you have a conversation with each of the vendors on your preliminary vendor list to attempt to determine how well they meet your requirements. You may also consider asking for a brief overview demonstration of the systems to get a feel for the general capabilities. At this point, your Project Team should be able to start eliminating vendors or systems that do not stack up to your requirements and decision criteria. Most organizations create a short list with an average of three vendors. Generally speaking, it becomes difficult to remember the differences between systems, and to dedicate the proper amount of time to each vendor, when you expand the short list beyond three.

4.7 Create Presentation Agenda and Required Content

At this point, your Project Team is approaching the vendor presentation phase, but it is extremely important that you adequately prepare for the presentation activities in order to ensure that you receive the maximum benefit from them. It is recommended that you structure a presentation agenda for the vendors that will specifically capture the information listed as important decision criteria for your organization. Typical vendor presentation topics include:

Vendor overview - The vendor overview should include information such as the vendor's history, their product mix, the number of active customers, their overall strategy, and what differentiates them from their competitors.

Software demonstration - The software demonstration is usually a half day or full day presentation of the software's feature set relative to your critical business requirements. This is further explained below.

Implementation plan - This should include a discussion of the vendor's implementation approach, tools, and typical project timeframes, in order to evaluate the amount of time and internal resources that will be required to support the implementation.

Long term customer services - The vendors should explain their annual software maintenance and support services, and how they work with their existing clients to ensure that they continue gaining value from their system.

Development Roadmap - Ask the vendors to provide details on their long term development strategy and product roadmap, including their annual Research & Development budget, their upcoming version release schedule, and their plans for adopting any new technologies.

When it comes to the software demonstration itself, you have options in terms of how formal your presentation agenda is. It's a good idea to make sure that each vendor is showing a comparable set of functionality. When you leave the agenda open to them, the vendors will likely focus time only on areas where they are strong, and will avoid areas where they are weak. To address this, you should consider putting together, at minimum, a list of system functions that you expect to see from all vendors. Or if you feel like getting more formal with the agenda, you can even consider a point by point demonstration script that details each of the major steps in your core business processes. Either way, it's best to make sure that the vendors are working at the right level of detail, and that you gain a level of confidence that they can run your business.



4.8 Vendor Presentation Phase

After your presentation agenda is complete, you are ready to move to the presentation phase of the evaluation. This phase can take several weeks to execute, so you should take that into account in the planning and scheduling for your overall evaluation and selection activities. Prior to the presentations, the vendors may ask to come on-site for some discovery interviews so that they can learn more about your business and your

processes. This is a wise investment of your time, as it allows the vendors to present their solutions in a way that is relevant to your business, and to discuss specific issues or problem areas that your business is currently experiencing.

4.9 Total Cost of Ownership (TCO) Comparison

Following the presentation phase, the vendors should be in a position to provide detailed information regarding the price of their solution. It is important that you look beyond the initial acquisition costs to include the long term cost implications that impact your Total Cost of Ownership (TCO). A complete TCO analysis should include the following:

Initial Acquisition Costs

- Software license fees
- Hardware costs
- Implementation and consulting fees, including:
 - Customizations
 - Report Writing
 - Data Migration Assistance
- IT integration costs
- Training fees (user training and IT/administrative training)

Ongoing Costs

- IT staffing costs to support the application
- Annual software maintenance fees
- Annual technical support contract fees
- Annual hardware maintenance fees
- Annual training fees
- Long-term upgrade fees

4.10 Decision Time

At this point, you should have most of the information that will serve as the primary inputs to your decision process. The vendors have demonstrated how their software could potentially be configured to work for your business, and you have a relative comparison of the costs and implementation requirements for each solution. It's now time to refer to your business objectives and decision criteria, and to have some dialogue with your Project Team regarding their impressions of the vendors under consideration.

Be forewarned that the final decision process can often evolve into highly emotional discussions among your Project Team, as



it is likely that each team member has their own individual preferences and concerns. This is why it is critical to reiterate your overall business objectives for pursuing this initiative, as well as the decision criteria that you defined up front. This can help to make the decision an objective, fact-based discussion based on relevant business considerations, rather than on personal preferences.

5. Critical Success Factors For Software Implementations

Selecting and implementing new business software can be a lot of work, but it can also pay significant dividends if done successfully. Once you've selected a new system and begin to turn your attention toward the implementation process, it's important to be aware of some common factors that will impact your chances for a successful implementation and help to determine whether or not your investment adds tangible value to your business.



5.1 Executive Support

Studies conducted over the years have shown that the single most important factor in a project's success or failure is that there be strong executive involvement and support throughout the selection and implementation projects. The Executive Sponsor is responsible for establishing the goals and vision for the project, and for clearly communicating to all employees the importance of the project and the expected impact of the new system on the overall business. In addition, the Executive Sponsor should provide oversight to the implementation of the new system to ensure that the project is on track, and to quickly remove any roadblocks that could hinder the success of the project.

5.2 Experienced Project Management

Another key attribute of successful projects is the presence of strong Project Management skills. A Project Manager's overall responsibility is to ensure that the project is delivered on time, on budget, and with the functionality to support your business. A Project Manager's day to day responsibilities include managing the project schedule, allocating project resources, and ensuring that your team is completing their tasks on time. The Project Manager will also work with the Project Manager from your vendor or consult-



your team is completing their tasks on time. The Project Manager will also work with the Project Manager from your vendor or consulting team to

coordinate the overall project activities and report the project's progress up to the Executive Sponsors. Efficiently managing these activities requires strong organizational skills, interpersonal skills, and general business acumen.

5.3 User Adoption

Another critical factor in establishing a tangible return on your investment is that all of your employees are using the system correctly once you go “live”. Only then will the day to day transactions support the overall business, and will the data going into the system provide reliable information for business decision makers. User training is therefore one of the most important activities that you will undertake during the implementation process. Fortunately, many vendors now offer online E-learning courses and other training materials to augment the classroom training that is provided during the implementation. It is always a good idea to develop a detailed training program and schedule that will ensure that all of your system users receive adequate training and support as you approach your go-live transition.

5.4 Sufficient Testing Before “Go-Live”

Your business software manages processes that are at the very core of your operations, so it is critical that when you turn on the new system it supports your key processes in a complete yet efficient manner. Only through significant scripting of day to day business processes, and testing by way of Conference Room Pilots, can you be confident that the system will support your business upon “go live”. Organizations that downplay the testing process as they approach the transition date often pay the price in the form of a more difficult conversion than is necessary.



6. About Systems Advisers Group

Systems Advisers Group specializes in the evaluation and implementation of enterprise level business software for mid-sized and upper mid-market Professional Services Organizations worldwide. Headquartered in the United Kingdom, Systems Advisers Group has “Centers of Excellence” in Europe, North America, Africa, Asia Pacific, and Latin America. Systems Advisers Group has completed enterprise software implementations in over 50 countries worldwide.

Systems Advisers Group also specializes in the implementation and support of several business software solutions for PSOs, including Microsoft Dynamics ERP systems, and the WSG Empire SUITE Professional Services Automation solution. These software applications help project-based services organizations improve their visibility, streamline their operations, and enhance their decision making capabilities, to improve the overall profitability of their organization.



For more information, visit www.systemsadvisors.com, or to visit the Systems Advisers Group Professional Services Resource Center, please visit www.systemsadvisors.com/psa.



Systems Advisors Group – Our offices

With offices across 5 continents, Systems Advisors Group delivers integrated Microsoft Dynamics™ solutions across North America, Europe, South America, Africa, the Middle East, South Asia and the Far East.

- ▶ BELGIUM
- ▶ LUXEMBOURG
- ▶ GERMANY
- ▶ UNITED KINGDOM
- ▶ THE NETHERLANDS
- ▶ FRANCE
- ▶ ITALY
- ▶ BRAZIL
- ▶ USA
- ▶ SINGAPORE
- ▶ SOUTH AFRICA
- ▶ INDIA
- ▶ MOROCCO
- ▶ CHINA



How can we assist you next?

Systems Advisors Group helps leading companies plan and implement projects that stay on time and budget to deliver business results.

Let's talk

info@systemsadvisors.com
www.systemsadvisors.com