Executive Summary
In today’s globalized Professional Services market, business efficiency is instrumental to a firm’s long-term success.

With current economic forces compelling Professional Services (PS) firms, the most prominent trends of 2013 and beyond will be in business consolidation and acquisition. Yet, whether your firm is an active acquirer or on the market as a potential acquisition, ensuring an efficient back-office through elements of shared services or outsourcing is a critical component of growth, success and long-term market stability.

But what is the first step? Before a firm can even think of moving towards shared services or an acquisition strategy, their processes need to be aligned in a way that promotes efficiency, productivity and—over all—value.

In this white paper, Deltek takes you through each step towards streamlining your business for shared services—and then, potentially, even further down that path to outsourcing your key processes. Because the fact is, shared services and outsourcing—though very often talked about as one process—are two separate transitions for a business. For a business to even begin considering the move to outsourcing processes, the firm must first have implemented a strong streamlined model that promotes faster, more functional internal business operations.

Additionally offering first-hand experience from Deltek industry partners and clients, this White Paper demonstrates that with the right tools and best practices in place, today’s Professional Services firms can reap the benefits of efficiency, visibility and end-to-end, improved profitability.

Starting Smart with the Right ERP
Without doubt, many of your competitors have already begun their journey to shared services efficiency. However, even if your firm is contemplating this transition for the first time, there are ways of getting the edge over the competition—and the most effective one is by utilizing the right resource management and ERP software that is purpose-built for your business.

With over 30 years of experience in the Professional Services market, Deltek has seen the pitfalls of businesses that put their most critical processes in the hands of generic—or even worse, ‘in-house-built’—solutions, rather than selecting an ERP that is tailored specifically for their unique industry. For one thing, “one-size-fits-all” generic solutions don’t have a matching mindset to a PS firm. If you’re a business that treasures your people and time as your most powerful resources, a broad ERP solution can only serve as the most rudimentary tool—not something that can give you the sophisticated insight and driving power you need to maximize efficiencies.

Instead, it’s important to start your move to shared services and business consolidation by making intelligent decisions about your ERP. Make sure you’re choosing an end-to-end ERP software that can truly sync your internal people and processes, to help you deliver against your ultimate goals of efficiency, visibility and profitability.
The Road to Shared Services and Outsourcing

Within the Professional Services industry, every hour of a firm’s time makes a difference as revenue either gained or lost. With that in mind, it becomes increasingly critical for today’s firms to streamline their business processes and ensure all hours of the day are profitable. Below, Deltek maps out the history of how shared services and outsourcing came to the forefront of today’s businesses, and provides tips and best-practices for firms embarking on the transition to ultimate efficiency.

Shared Services: From Cutting Cost to Optimizing Workflows

The original driver of shared services was a simple one: to cut costs for businesses amidst an unpredictable market place. Referring to any service that is shared by more than one department, group or part of an organization, shared services—and even outsourcing—were first utilized to take the financial strain off of businesses that were struggling for growth. However, the strategy of cutting cost and cost alone has since been refined, and the new industry-wide objective is in deploying a more efficient business model that results in optimized profitability.

“Day in, day out, culture hurts,” says William Jones, Chief Information Officer at SSI Engineers, a DHV company. “But firms have to be nimble, that’s the nature of business. In today’s business landscape, it’s not enough to merely slash and burn for the sake of cost cutting. Instead, businesses need to keep their eye on streamlining processes, so that any shared service hits the perfect balance between resources and profit.”

Acquisition is the New Normal

Everywhere Professional Services firms look, they see acquisition in the headlines. That’s because acquisition is the new frontrunner for expansion; amidst today’s economy it’s one of the most popular—and successful—strategies for growth and achievement.

But acquisitions aren’t always easy, especially if your firm is the one being acquired. For example, the recent Dell acquisition of Professional Services firm, Quest Software, shows us that firms can even be acquired by businesses outside their industry. With lots of other examples just like this one, this trend depicts how critical it is for firms to have the most value-driving internal process in place. On the other side of this example, acquiring firms need to have the ability to scale up efficiently in order to make smart acquisitions that promote long-term success.

Pick Your Own Strategy

There’s no “one way” to share services or outsource that’s going to be right for every firm. Because shared services and outsourcing is not a ‘one-size-fits-all’ model, firms need to choose the transition and operation strategy that works for their unique business and its needs. In other words, firms need to ask themselves what strategy can deliver the benefits they need to move their firm towards efficiency, growth and success.

It’s important to note that this is not just about shipping processes to a lower cost market—this will only succeed to prioritize and streamline business in the most basic way, and may not be the correct path for all firms. Instead, it may be something as simple as consolidating one or two business processes to a single office or department. You may find that your firm can boost efficiency and productivity with a few simple measures rather than duplicating efforts in all your entities or office locations. The real trick is to think about your processes and change what hasn’t worked in the past.

“If you look at any business, the processes they have in place have normally been there for years,” Jones confirms. “The ownership of these processes is entrenched in the business, but often primary processes do not align with the key financial processes.”
By making sure you have the right tools and taking a sharp eye to back-office processes, firms can align their back-office processes for better, stronger and more profitable operations.

**Know Your Firm and Its Core Processes**

As the first step to embarking on a shared services or outsourcing strategy that works for your firm’s unique needs and goals, knowing your core processes is instrumental to targeting your focus in the right direction. The sad but true fact is, firms cannot offshore a poorly designed process. For you to even begin thinking of moving towards a mass consolidation or acquisition, your firm needs to make sure it has the absolutely best tools in place to optimize efficiency. And it doesn’t have to stop there. Just because a firm has successfully streamlined its processes, does not mean there’s no benefit in re-evaluation later on. For many firms, the choice to continue examination of process efficiency results in outsourcing or even development of an internal Shared Services Center.

**Your Move to Efficiency, Visibility and Profitability**

When it comes to aligning your business for growth, being aware of the benefits is one of the surest motivations to success in the Professional Services landscape. By taking advantage of the current trends towards shared services, outsourcing or even simple process consolidation, your firm gains the competitive advantages of higher efficiency, visibility and profitability—resulting in stronger performance across your firm or enterprise.

**Efficiency Gains**

The most overwhelming benefit that firms can take away from aligning their disparate systems is ultimate financial efficiency. However, as PS organizations grow and expand, their financial and administrative teams typically grow alongside them—driving costs up and margins down.

By appropriately sizing your firm’s finance department through efficient business processes for each function (for example, having a specified personnel for credit control, another for invoice processing), your firm can create a lean finance department that can do much more with less time and cost spent. What’s more, by creating this efficient ‘machine’, firms are able to support all important growth and future profitability.

Similarly, moving to a Shared Services model empowers PS organizations to the second most important process efficiency: resource efficiency. The simple fact is that PS firms cannot improve their core client service delivery and utilization when they are weighted down with the inefficient pains of daily administration. By aligning your systems and deploying a Shared Services model, your firm can eliminate those pains and get back to doing what you really do best—servicing your clients.

**Visibility Gains**

In today’s fast-moving, globalized economy, empowering visibility across your Professional Services organization is critical for both decision making and long-term success. Firms that have not aligned their processes under one connected system will find themselves in some trouble; holding information, expertise, systems and processes in uncommunicative silos is not only time-consuming and money-draining, but it also does nothing to support a long-term profitable business model.

On the other side, firms that have centralized their process have gained the benefit of having only one clear version of the truth across the entire firm. Best of all, with top-practices established and communicated throughout, firms gain the edge from having a workforce that is entirely unified and dedicated to the same goals.
Profitability Gains
When moving towards aligned systems and efficiency, increased profitability is an undisputed benefit that stems from a number of reasons. First, consolidating, sharing services or even outsourcing allows firms to increase their focus on their core services—not daily, time-consuming administration tasks—which improves specialization and brings economies of scale. What’s more, increased financial efficiency empowers firms with international growth goals to do so at a faster rate, with less risk and higher profit margins as the reward.

Yet, most of all, the factor of profitability can be seen from the acquisition approach. In today’s world where acquisitions are a major trend of organic growth for savvy Professional Services firms, it’s critical to have your processes streamlined in a way that proves your business is functioning at the highest level possible. Whether you are looking to be acquired or increase your share price, investors’ first step is due diligence—and if your core business models and profitability don’t meet standards, these investors will be the first to know.

Take it From the Experts
In a 2011 annual report released by WPP, the international advertising, branding and consumer insight agency notes that outsourcing or sharing services can significantly reduce time spent on administration and redundant tasking—allowing firms to focus on their core growth and success strategies.

“Within the WPP group, our clients have access to companies with all necessary communication skills; companies with strong and distinctive cultures of their own; famous names, many of them,” the report says. “WPP, the parent company, complements these companies in three distinct ways. First, it relieves them of much of the administrative work. Financial matters (such as budgeting, reporting, control, treasury, tax, mergers, acquisitions, investor relations) are coordinated centrally. For the operation companies, every administrative hour saved is an extra hour to be devoted to the pursuit of professional excellence.”

Conclusion
In today’s Professional Services market, organizations that want to stay competitive and successful need to keep their eye on opportunities for consolidation and acquisition. Yet, in order to align their organization for future growth, these firms require internal efficiencies and core process prioritization that can only come from shared services and outsourcing. With the right, industry-focused ERP as their foundation and targeted insight on their most critical practices, firms can take the steps to systems alignment that will bring higher gains in efficiency, visibility and profitability.

“A coordinated approach to changing business processes can be difficult. It really must take into account a cultural change too,” concludes William Jones, Chief Information Officer at SSI, a DHV Company. “But that really relies on initially having the right tools in place to bring about that change. The right software is the foundation to moving to bigger, better and more profitable things.”