How Services Organisations Can Gain a Competitive Advantage from Cloud Business Management Solutions

A white paper by Peter Cox

Best Practice

Reduce over-servicing

Single Point of truth

Project Profitability

Robust timely data

Improves Utilisation

ERP is a

Resource management

Business Management Solution not a Finance system alone

Enables Growth

Fits a Cloud First Strategy

Good data leads to good decisions

No infrastructure costs

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1 Introduction

Services organisations need data on which to base decisions. These decisions can affect the profitability & success of the organisation at a strategic level. This much is obvious. But, how do organisations then decide how to invest in management systems that give accurate, timely and robust data? This white paper explores the thoughts of finance leaders, from services organisations that are using, or have recently implemented a business management solution in the cloud, or are evaluating the options.

2 Initial motivation for change

When organisations invest in a business management system, the main motivation may vary – some want to improve the way they support their clients, some to manage client growth and relationships, some prioritise robust financial information and many services organisations need to improve the efficiency of how they manage their resources. Ultimately what everyone wants is a system that improves their business and provides a strategic advantage – *a Business Management Solution or Enterprise Resource Planning (ERP) system, call it what you will.*

The fact is that the greatest driver for investment in a business management solution is to overcome the experience expressed by many - that previous systems have not delivered a single version of the truth for all the information needed for success. To quote the FD of a consultancy business:

"My experience is that management systems do not typically have the functionality required to match the current needs of our business. There are issues with integration, and costly upgrades often mean that systems become out of date. We need a project accounting system that integrates with the finance system".

3   A changing view of cloud-based solutions

In the past 5 years we have seen a significant change in the availability, and attitude towards cloud-based solutions.

In a recent survey conducted by Equinex, 91% of respondents stated that new cloud-based offerings will be deployed over the next 12 months. Frost & Sullivan have also recently published a white paper titled "*The Role of Cloud Computing in Industry Transformation*" that finds:

"72% of UK organisations have now adopted Software as a Service solutions (SaaS) for at least one of their main business applications, and feel that it has given them a competitive advantage, particularly in lowering hardware costs, improving the ability to serve customers and providing the ability to better respond to industry changes".

Services organisations with many locations, especially seek a solution that will introduce common processes across all locations and deliver a single, real-time answer to questions the leadership team may need. The nature of cloud-based business management solutions – being available anytime, anywhere, handling multiple currencies and languages, match well to this need.

For sure, the integrity of data has been a priority in most business management solutions in the past – but non-cloud-based solutions may struggle to provide real-time, global information without significant investment in server and support infrastructure. Cloud solutions offer this infrastructure within their license cost. To quote the CIO of a global marketing company:

"This fits with our cloud-first strategy to leverage hosted / managed services. It is a great benefit to have the solution fully managed with limited technical concerns".

A consultancy business said:

"Cloud was a big draw for us – with staff in different locations and travelling – we really couldn't work any other way – users find that it is very secure to log in, and as Business Intelligence experts, they are very sensitive to security".

4   Is the security of data a concern?

Many business leaders still have concerns about using the cloud for their crucial, confidential business data. There is still a view that cloud may be less secure than local server based storage, that somehow an organisation loses control of their data once it is in the cloud. The reality is that all filed data – electronic or not - is subject to loss or theft. So the need for management of information security does not change – however, a cloud solution allows the costs to be shared by all – allowing providers to invest in high quality infrastructure and professional management of the security of client data.

To quote the director of a new B2B marketing business:

"How could I believe that my business could afford to employ the same level of professionalism in managing the security, availability and compliance of my data compared with the expertise of a global cloud-based ERP supplier?".

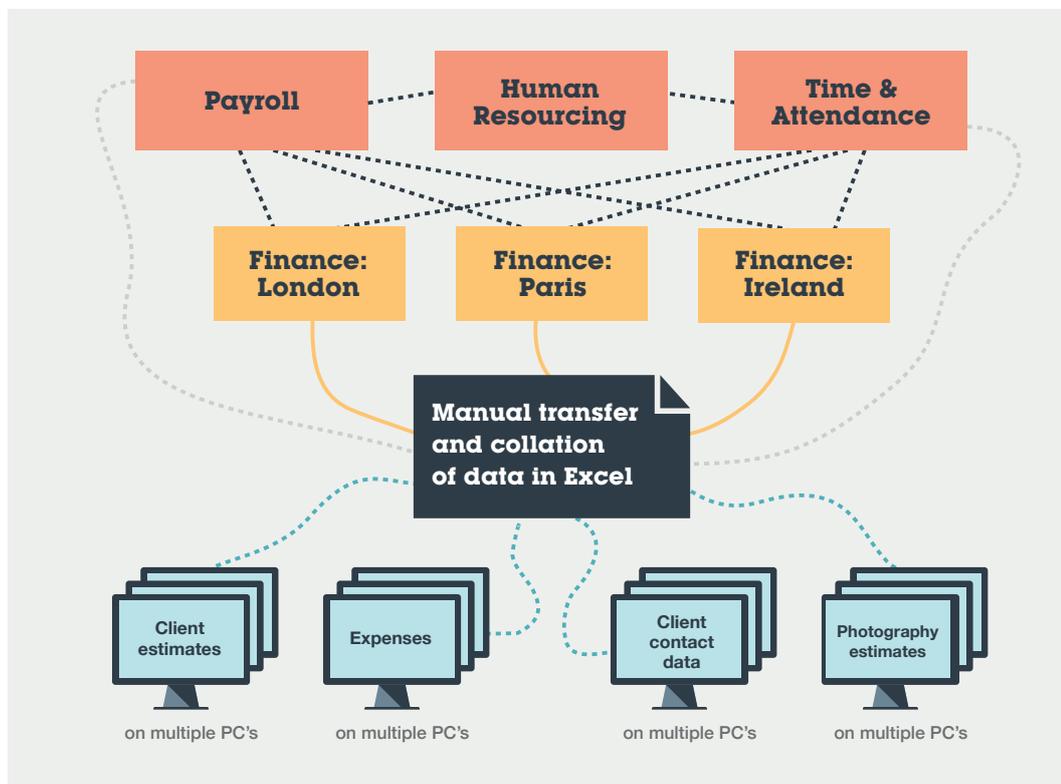A database manager of a media business said:

"People are 'paranoid' about security – however there is no truth to the concerns".

5 The current "birds nest" of non-integrated solutions

The CIO & CFO have also changed their agenda – they know that a business management solution has to be usable, enabling efficiency and effectiveness of their teams – they don't want the complication of many systems doing different things without speaking to each other, the risks of manual data entry or the pain of managing an infrastructure that adds no value to their business – they need data to be integrated and deliver valuable business information. So they look to cloud-based integrated solutions to release them from this burden, allowing them to concentrate on adding real value to the business through growth, efficiency and profitability.

Figure 1: The birds nest of data sources in a typical european services organisation

The CIO of a global marketing business said:

"The primary objective is the establishment of one point of truth of data to enable good decision making.Other benefits include savings in servers, infrastructure and costs associated with updating systems".

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6 Balancing customisation with off-the-shelf best practice

Traditional business management solutions are typically built from the bottom up, to reflect the unique requirements of the business – so one might think that they would deliver a better solution than an off-the-shelf cloud-based system based upon generic / best practice processes – well maybe – but is that true and at what cost?

- The implementation time and cost for a bespoke system is significantly greater than a cloud-based solution

- A bespoke system needs to be modified every time a business process is changed

- Every time there is an upgrade available, a costly and time-consuming process must be undertaken to ensure the bespoke iteration will continue to work as expected

- It may well be that by custom building a solution, old, unnecessary and inefficient processes are copied and continued rather than embracing the latest best practices offered by cloud-based solutions

In any case, this assumes that a cloud-based system is not customisable – and this is not true of them all – the more advanced solution providers have built in the opportunity for significant customisation – especially with user interfaces and reporting, to ensure that all the users of the system find it intuitive and relevant to their needs.

7 Priorities that a services organisation seek from a business management solution

Two priorities stand out as crucial:

First - FD's seek a single point of data from which to make good investment decisions – such data has to be:

- Robust
- Timely
- Delivered in easy to read form – such as dashboards
- Focused on the data that is relevant to measuring specific business metrics

To quote the FD of a web-based retail business:

"I want a business management system to provide a universe in which numbers are pulled together to provide timely and robust information. A business management system needs to be integrated, available in real-time and easy to use by all across the business".

Second – Project Accounting – it is crucial for services organisations to find ways to better manage their primary cost of people, through better resource management and planning and pay close attention to project profitability – having this integrated with financial information is an essential.

To quote an operations director in a business intelligence consulting business:

"It has changed the way we look at project profitability – we now examine resource utilisation on a 3 and 6 month forecast and this provides the visibility to drive targets".

Indeed the need to improve resource management is a primary driver of profitability for services organisations, where upward of 80% of their costs will be people. The CEO of a B2B marketing business claims that:

"Since implementing a cloud business management solution we are delivering 30% more projects per head than planned. Expense management has radically improved now that staff use the convenience of a mobile app for recording and claiming expenses".

Others using a customer relationship management solution integrated with financials say that this has reduced duplication of data and resolved the arguments created by the sales team having different data to the finance and management teams – as well as improving their client management and the process of pitching with new clients.

These are the two crucial priorities finance leaders seek from a business management solution. The next page summarises the 10 ways a cloud business management solution is recognised as meeting the needs of services organisations better than traditional on-premise systems:

10 ways services organisations can gain a competitive advantage from a cloud business management solution

Improves project profitability

Provides resource management and planning that helps align resource to flow of income – thus improving utilisation whilst project costs and profitability can be closely monitored.

Accessible anytime, anywhere

Ideal for pulling in data from multiple sources and locations across the globe in real-time. Mobile access has huge advantages for those travelling or working offsite.

Fast to implement

Generally cloud business management solutions are fast to implement, so your teams can quickly pass through the challenges involved in implementations and get on with adding value to the business.

Zero cost upgrades

Traditional business management solutions need regular and costly upgrades – cloud-based solutions offer this for free.

Improves client service

By providing tools that give clear estimates and reporting to the client on progress.

Easy to expand

No infrastructure required to add a new location – just add another user – providing the ability to grow data management in line with your business.

User based charge

A monthly fee for each user is a flexible arrangement, especially suitable for services organisations whose resource may fluctuate.

Provides 'best practice' processes

Adopting these in your business ensures processes and controls are best in class.

Single point of truth

Integrates data and provides control of the various aspects of your business processes. Through intelligent dashboards, a business management solution can deliver timely information to users, focussed on what their role needs to know.

Zero cost for IT infrastructure

Traditional on-premise systems require costly servers and mirror servers, network architecture to ensure security, plus expensive technical staff to manage all this – cloud-based systems just need an Internet connection.

8 Conclusion

A cloud enterprise resource planning system, or ERP, is clearly seen as a relevant choice for businesses seeking a business management solution. The benefits of cloud deliver great advantage – especially to services organisations with multiple locations.

In choosing a solution, services organisations should take care to choose a system that will not only provide an integrated single point of truth, but also drive through the benefits to be gained through greater resource management; client relationship management; selling billable time; project profitability; and time to billing. Such a system has to be accessible and intuitive to all users (that's everyone) and provide leadership with a dashboard approach that delivers real-time business information, from which strategic, planning and operational decisions can be made.

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About the author

Peter Cox is an independent consultant, advising organisations on ERP selection and implementation and change management. His recent career has included the role of Chief Operating Officer for The Marketing Store in Europe and Asia, where he led the selection and implementation of an ERP that replaced different systems across all locations. Over the past 10 years he has held leadership roles in Internet Hosting (Fasthosts); Publishing (SportBusiness); Information Security (Chubb); Business Communications (Madge Networks) and Field Marketing (FDS.)

This wide range of experiences have allowed Peter the opportunity to gain a deep insight into technology oriented services organisations.

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About NetSuite

Today, more than 20,000 companies and subsidiaries depend on NetSuite to run complex, mission-critical business processes globally in the cloud. Since its inception in 1998, NetSuite has established itself as the leading provider of enterprise-class cloud ERP suites for divisions of large enterprises and mid-sized organisations seeking to upgrade their antiquated client/server ERP systems. NetSuite excels at streamlining business operations, as demonstrated by a recent Gartner study naming NetSuite as the fastest growing top 10 financial management systems vendor in the world. NetSuite continues its success in delivering the best cloud ERP/financial suites to businesses around the world, enabling them to lower IT costs significantly while increasing productivity, as the global adoption of the cloud accelerates.

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