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**“Ensuring your PSA Solution Delivers Real Business Benefits”
A Subject Matters breakfast briefing
Sponsored by Agresso Ltd**

Introduction by Agresso Ltd

Professional Services Automation (PSA) is a term used to describe an integrated suite of applications which enables a time-based organisation to increase its profitability and productivity by boosting its efficiency through better utilisation and recording of personnel and chargeable time, improved resource planning and integration of information management.

AGRESSO Business World is a fully integrated information delivery and business management system which has been designed, from concept, to address the key challenges faced by medium to large professional services and people-based organisations.

Its unique approach to analysis and information delivery allows a complete understanding of the business at all levels, facilitating operational and structural change. Projects of varying complexity, composition and financial structure can be managed with maximum control. Key business processes are automated, maximising the potential of resources whilst minimising running costs and overheads. The result is the creation of an environment where optimum operational efficiency and customer service are achievable.

Briefing presentations

“All three presentations were objective and honest” was one attendee’s view of this highly professional briefing, whilst other comments ranged from, “Interesting, amusing and well thought out.”, “Informative, brief and valuable” to “Time well spent listening and learning from others experience.” In fact an impressive 94% expressed themselves more than satisfied. This then, is a resume of the event, which attracted a large and interested audience to the Royal Society of Arts in The Strand on the 21st November.

Companies representing a wide range of professional service activities attended, including BARCLAYS Global Investors, DESKspace Ltd, Integral Dynamics UK Ltd, JacobsGIBB, LEK Consulting, Marsh Risk Consulting, Nelson Bakewell Ltd, Seaforths Business Travel, Time International and W D Scott, all of whom were keen to discover more about PSA solutions.

The proceedings began with a welcome from Nicky Cornish, Director of Subject Matters, who thanked Agresso Ltd for their sponsorship of the event and underlined their credentials by revealing that The House of Commons had become Agresso’s latest customer. She introduced Clive Woodward from Agresso, who detailed the case study presenters we would be hearing, both of whom were Agresso customers. He then

introduced Jyoti Banerjee, who got the briefing underway with a lively and informative presentation.

A leading independent business systems analyst, Jyoti explained the history behind the development of Professional Services Automation (PSA) systems. He began by telling the stories of two start up internet trading businesses, both of whom had good ideas, but realised totally contrasting results, one falling into obscurity and the other becoming an outstanding success. The key reason for this, he told us, was the quality of the business models on which the companies were based, one lacking in structure and cohesion, whilst the other was well defined, original and totally appropriate to the e-commerce world.

One of the key challenges for services companies today, he continued, was to change the way they do business in the e-commerce world. Simply automating existing business structures and practices would not suffice. They need to utilise lateral thinking to create not only exciting products but also a new business plan which reflects the current trading environment and is designed to work efficiently and effectively in that environment. Your business model is your company's infrastructure he concluded.

Jyoti then moved on to outline how people perceived PSA. Some see it as ERP (Enterprise Resource Planning) for services companies. But, he felt, borrowing concepts from a manufacturing environment and building them into a service organisation, where people are the vital ingredient and driving force, is the wrong approach. The alternative however, that PSA is a type of accounting or project management system, does not go far enough. **PSA must encompass and automate the activities and business processes relevant to every aspect of the business including customers, suppliers, consultants and partners.** A good system must be an electronic record of the key business processes along the route to a successful outcome. It must deliver a methodology which ensures every aspect of the business works together and in the same way.

Many people, Jyoti continued, select a system in the hope that it will tell them what to do and how to run their business. This will never work. You must know how your business works and what you need the system to do for you, then find a system which supports your activities.

There are three keys to gaining maximum benefit from a good PSA system he stated:

- **Get the business model right**
- **Define business processes for every function**
- **Create an electronic equivalent for the key processes and procedures**

Then evaluate the systems available, looking for one that offers a functionally rich and complex solution from a reputable and financially stable supplier who will continue to develop the product.

Finally he noted, check the origin, i.e has the system been developed from an accounting and finance background, a human resources background or a sales background. Each will have different strengths and weaknesses. To maximise the benefits for your company, you need to select the one that most closely supports your whole business model, not simply the function you wish to automate first.

The Q&A session for Jyoti clearly demonstrated the interest he had generated. Questions ranged from:

“Is there a global benchmark of PSA vendors?” to which the answer was not yet, although all the leading software consultancy firms have produced papers and recommendations.

and

“Is there a proven methodology for producing a good business model?” Once again, the answer was not really. Most software vendors offer checklists or route maps but companies should listen and learn from other organisations, then make a judgement on what will work best for them, rather than simply adopting someone else’s methodology wholesale

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“How do I identify the best vendor and system for me?” Jyoti recommended a three step plan.

- 1. Check their financial strength and viability.*
- 2. Check both the technology choices ie the system’s capability and whether it fits with your company - and the supplier’s specific expertise ie does the management team have a good understanding of your needs.*
- 3. Check their strategy. Ask where are they going as a company and do you operate in one of their target sectors?*

JOHN DEAR

The next speaker was John Dear, UK Finance Director of DTZ, an international property advisory company who have recently selected the Agresso PSA system. DTZ has a UK turnover of approximately £100m, is a people-based organisation and has highly complex business analysis requirements. The company had turned to Agresso because its existing IT solutions had been limited, were not integrated and could not be rolled out across Europe. They had four regional teams producing their own figures and reports using a variety of spreadsheet applications, a slow process which delivered different versions of the truth and required significant manual intervention with the accompanying opportunity for error. The lack of integration with the budget process was also a problem, and finally, it could not be rolled out into Europe, which was a long-term aim.

The reason, John continued, why DTZ decided in 2001 that it needed to replace its old incumbent system was due to changes in the economy in general and the business environment in particular. The company had grown during a boom market, when success could be achieved through a “seat of the pants” style of management. Now with a larger organisation, a tougher economic climate and far more demanding customers, the infrastructure had to be more orderly, more streamlined and more precise, with managers presenting a unified front and taking decisions based on a single set of accurate data. **Consistency became the key priority, to unify the group and service clients’ needs to the best of our ability. A good PSA system delivers the flow of management information needed to run a successful business.**

In addition, John told us, investing in a PSA system would help the company develop a culture which clearly links profitability and accountability for everyone. Finally, it would save costs, through improved efficiency and effectiveness, as well as enhancing sales opportunities by providing more comprehensive and relevant client information.

DTZ wanted to be able to report and analyse its performance by geography, by skill and by client. Having decided to implement a system DTZ established a core user group of both accountants and business people, who drew up a basic set of key requirements. They included:

- **Flexible reporting**
- **Simple use with drill down capability**
- **Web-enablement**
- **Support for business restructuring**
- **A pan European reach**
- **Integration with our other systems such as HR**
- **A supplier with a stable workforce & positive references**

All senior management added their own particular requirements and the list was circulated widely for comment before being given final approval by the Board.

John then ran through DTZ's evaluation process which included technical and accounting appraisals, system demonstrations, a Gap analysis between requirements and system functionality and the checking of business and system references. Throughout this procedure the Agresso product had matched requirements well, their references were positive and their people had impressed the DTZ project team. "We felt they were people we could work with." John stated.

The final section of the presentation covered the benefits seen so far.

A major benefit has derived from the data cleansing carried out as records were brought together in a single database. Information and figures are now accurate, consistent and accessible to all relevant parties, wherever they may be, at any time. Staff find the system easy and intuitive to use and reports already provide the means for better business decision making. Client profitability can be accurately monitored and measured, providing a reliable method to identify unprofitable clients. This in turn allows negotiations to take place which will either change the working relationship to a profitable one or facilitate the ending of the relationship if necessary.

John said that many process and procedural issues have come to light which they had previously fudged and the implementation process has forced them finally to address these. He went on: "We have also tried hard to involve everyone in the business from the start because they all need to embrace the system and not see it either as just an IT or an accounting project. **Putting in a new accounting and finance system has helped us become a tighter, more focused business. We have one source of figures which we know are up to date, accurate and readily available. That is helping us both run the business and service our clients better. PSA is helping us to work smarter not just harder.**"

John's presentation also elicited a significant number of questions from the audience including:

Was an ROI calculation done and are the directors being held responsible? John replied no, because in the main the benefits were not quantifiable. The expected cost savings will be through improved decision-making and improved use of resources. The Board understood this and are fully supportive of the investment.

How were those directors who were not totally committed to the project converted to supporters? John answered that they are being convinced by the quality of the information and the improved methods of working. He felt that in most cases people would soon wonder how they managed without the system.

How did the system address the "time-sheet" culture? To which John replied that the key benefit was that time sheets were web-enabled. This means they are quicker and easier to complete and therefore more acceptable. That means we can deliver more accurate billing and through that a more profitable business.

MIKE TURNER

Following a presentation which essentially focused on the reasons behind the decision to invest in a PSA solution, the evaluation criteria, the implementation process and the immediate and expected benefits, the final session of the briefing added a touch down to earth realism. .

Mike is the Group Financial Systems Manager at AEA Technology, another Agesso customer. AEA Technology is a science and engineering services business turning over £300m from a 3000 strong workforce and an annual project base of 10,000. These projects range from small contracts lasting a matter of weeks, to those that run for years, worth millions of pounds. In 1999, Mike told us, AEA implemented what they perceived as a new financial system but have now realised is a PSA solution. "In those days PSA didn't exist" he said, "but now it does and we appear to be doing it!"

He began by reiterating what John had stated earlier, that services companies are essentially about people and their projects. He said that AEA is totally project-driven and totally focused on people to the extent that every single person in AEA completes an in-depth time sheet every week. Therefore AEA's PSA system had to reflect and support the key business requirements of these two core components and provide the project managers with the information they need to fulfil their responsibilities. These include:

- **Time bookings**
- **Expense approvals**
- **Purchasing**
- **Sales Invoicing**
- **Working capital – both debtors and WIP**
- **Forecasts of project profitability**
- **Monthly reporting**

Additional requirements of the system were low support costs, that is was user-friendly and required minimal training, provided real-time information, consistent data, had a multi-site and multi-currency capability and strong functionality to monitor and control the validity of the input. **And the key to success was that it should be a single integrated system.**

Mike gave us a run down of the scope of the system, which covered everything from Fixed Assets, the critical entry of Time Sheets, through to Utilisation Reporting which proved invaluable in identifying billable time which was lost or wasted.

Just as important, commented Mike, were aspects that AEA excluded from the initial specification. One of these, Resource Allocation, in particular proved a mistake although Mike pointed out this wasn't a failure of the system but a wrong decision by the project team.

The company went for a "Big Bang" implementation with all the functionality live from day one. Mike recommended this approach but with hindsight says they should not have opted to phase-in priorities. AEA decided to focus on getting the basic data accurate first and concern themselves with the project management reports later so a project manager wasn't included on the implementation team. This gave the project managers the impression that the system was just an accounting package. AEA also didn't train the project managers on Agresso early enough and consequently some have been slow to take up the system which has meant its benefits have not been fully realised.

Although Mike said the system and AEA's use of it was not perfect, he pointed out that 90% of the company's requirements could be met within the standard Agresso system and that was one of the advantages of having bought a flexible package. He concluded that the system has made life easier and improved the way AEA runs its business.

He gave the audience just three priorities to remember.

- 1. It is possible to have a single integrated system, which reduces costs, is easier to use and ensures consistent information.**
- 2. The involvement of Project Managers is vital throughout the process.**
- 3. Make sure you go "Big Bang" on everything at once and avoid delivering a part solution if you want to keep everyone on board.**

Another interesting Q&A session ensued, with Mike fielding questions regarding the best way to transfer information out of local systems? He recommended that should only be done if there is a properly supported interface provided by the software vendor and not to get involved in writing your own.

Why had AEA decided not to include Resource Allocation in their initial specification, since this caused such problems? It was just one of those things, replied Mike. The scope of the project was very wide and boundaries had to be drawn. Resource Allocation hadn't been provided previously so no one thought to include it this time.

With time fast running out, Mike was joined by the other speakers to answer any general questions.

One attendee wished to know if the conflict between the accountants' natural desire for reports and analysis of past performance and the project managers need to plan ahead and forecast could be reconciled by a PSA system. The answer from Agresso was yes, and the other speakers confirmed that. Jyoti Banerjee noted however, that no single system does everything, each has different strengths and weaknesses.

The panel referred to the new MicroSoft Enterprise Project Management system. Agresso has customers using this and it appears to be an excellent development.

One perceptive attendee enquired of both case study presenters whether they did indeed bring down costs or simply change them? Mike replied that yes, there were quantifiable reductions - fewer people in central support and drastically reduced documentation costs since, unless it was a legal requirement, no hard copies are produced. But he felt that simply demanding cost cutting was not the way to measure success. This should be in improved business operating and performance.

John agreed that improvement not reduced costs should be the priority, although costs were being held down because the same resources were servicing higher levels of activity.

A final question put to the panel was, what was the perceived value of a PSA system? Business accountants she was told, saw it as providing flexible access to large quantities of data which can be utilised quickly and well, whilst Project Managers see it as a method of accessing accurate and reliable costing. Information they can trust and use with confidence.

There was some discussion about the various PSA systems available. Several were considered reputable, among them Lawson and JD Edwards, whilst there were perceived drawbacks with Peoplesoft, SAP and Oracle. Not surprisingly Agresso was recognised as a winner by all three speakers.

This brought a dynamic and informative briefing to a close, with final thanks from Nicky Cornish and a promise of follow up information on the events of the morning and many exciting future events relating to high profile business to be run by Subject Matters.