

# Running a predictable business in an unpredictable world

A focus on forecasting, utilization,  
and breaking out your backlog

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RUN A CONNECTED BUSINESS



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# Today, services leaders are being asked to deliver more predictability in a world that's never been more unpredictable.

The professional services world is in a constant state of change, and it's only accelerating. In the ever-evolving services economy, compounded by growing market disruptions, services leaders are on the hook to support more delivery models, revenue streams, and staffing requirements, all while under intense pressure to retain customers and keep productivity high. In this era of continuous transformation, staying on top of utilization and margins has never been more important. But what will separate the leaders from the pack?

## **Predictability.**

Services leaders today need to not just execute on day-to-day management, but also develop executable project plans for the next six months — or even the next two years. The right processes, technologies, and insights are essential and will ultimately help you run a more connected, agile, and intelligent services business.

Based on industry research and interviews with services leaders at top services organizations around the world, this ebook outlines the top five requirements for running a more predictable services business.

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## Sales & services alignment

When it comes to adding predictability to your business, you must ensure your sales and services teams are working as one team to build the right deals. Unfortunately, many organizations are still relying on legacy systems that compel sales and services to operate as standalone departments.

When these two teams use different systems, services teams receive limited information, preventing them from planning with clear-cut parameters and knowing how best to staff for both the near and longterm. Meanwhile, the sales team may be under- or over-promising simply because they're unable to see what's available to deliver.

The opposite is true when sales and services teams are aligned to the same platform, sharing unified data. Then they can work in unison to scope, plan, and price the right deals, predict and optimize staffing, and collaboratively deliver on customer promises. Plus, services will have the insight required to keep billable consultants off the bench and in the field.

Effective resource management is more critical than ever before as suppliers must correctly anticipate and staff for unpredictable demand. ”

**Jeanne Urich**

Managing Director, SPI Research

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## Accurate services forecasting

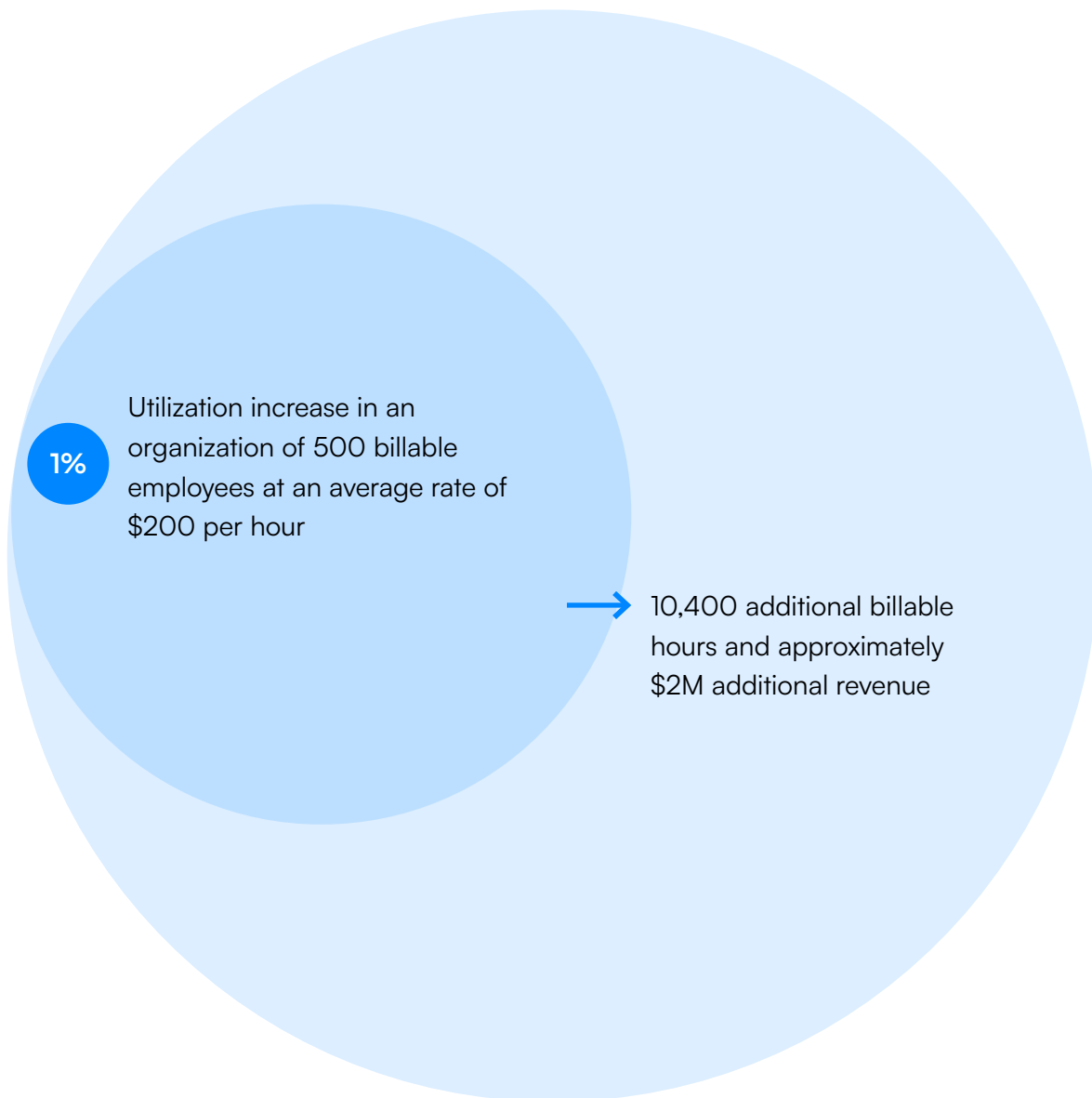
Inefficient resource management, missed utilization targets, and revenue leakage can all adversely affect the bottom line—and services revenue predictability. This is a core reason why forecasting has become such a major focus for service leaders. But it's also a big point of contention with more types of services, more revenue streams, and more variables to track.

When it comes to revenue forecasting, most organizations today will build a forecast that looks at the close date of a deal and then spread the consultant as well as revenue evenly over a number of months. But it can be done better than that. For example, a services pipeline forecast should mirror how it will actually be delivered and how you are actually going to realize it (e.g. is it a mix of fixed fee, T&M, and ratable, or some other combination?). To forecast this new norm accurately requires the use of fine-tuned formulas, unified datasets, and the right IT framework to deliver the results.

The best case scenario is a single platform for both sales and services that enables your forecasting and capacity planning data to be instantly pulled from inflight projects as well as potential deals in the sales pipeline. With this view, your services organization can confidently plan revenue and staffing requirements for the long term, something rarely achievable when sales data lives in one silo and project data lives in another.

This widely used guide ***Powerful Forecasting at Your Fingertips*** can help you determine which formulas and scenarios (covering revenue, backlog, and utilization forecasting) to apply to your business.

# The impact of 1% utilization





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## Comprehensive utilization reporting

Having the right team on the right project at the right time is a huge piece of what keeps projects on track, margins in line, and customers happy. But despite services leaders knowing how important this is, managing capacity, demand, and utilization remains an enigma for even the most seasoned services organizations. And it has only gotten more challenging with remote delivery.

What's the problem? Too many spreadsheets.

Nothing can throw off the proper tracking of resources, conflicting schedules, and a wide range of billable services and delivery models quite like a spreadsheet. They are extremely time-consuming and rife with potential errors. And when your margin tracking and profitability rely on their calculations, you don't want to worry about errors.

What you do need is resource planning software that delivers comprehensive views across your capacity and backlog while also providing timely, accurate, and powerful utilization reporting. Today, this type of visibility and reporting is only made possible with professional service automation (PSA) solutions.

# Before and after spreadsheets

Red Hat, one of the world's largest providers of open-source solutions for the enterprise, previously used multiple systems and spreadsheets to manage its global projects. It would take two weeks and many lost dataentry hours to generate meaningful reports about utilization and other project-related insights.

Using FinancialForce PSA, Red Hat now has unified datasets and realtime reporting to make data-driven decisions for thousands of projects across 95 global offices. Project managers have the visibility and data they need to ensure proper resource allocation while managing assignments, products, planners, and contacts.

[SEE RED HAT'S STORY](#)

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## Understanding your backlog

Backlog data is key to bringing predictability to your business, but too often it's one of the hardest things to track accurately. As services organizations add more technical and managed services, backlog creates more friction in the “delivery machine,” a problem often exacerbated by using resources both in and outside the organization.

How should you break out your backlog: By dollar or hour? By billable or non-billable? By role, skill, revenue type, or deal close date? The answer is yes.

You need to be able to break down the view by both effort and revenue because they are two very different things that drive critical elements of the business. The more detail you have in your backlog, the more information you have to understand your business health.

Best practices for backlog tracking starts with the sale. You have to collect the right attributes during the sale in order for it to effectively be measured in your backlog. This will also give you a predictive view of what your backlog or demand will be if these deals close and when. By having the correct structure and process in your sales cycle you will also be able to segment your backlog by the type of engagement. The more you know about your backlog the better.



# Bookings and backlog in one dashboard

The global services arm of Flexera, an IT spend and asset management software company, engages in about 500 projects annually. However, the company's standalone product for entering timecards and providing basic reporting to the billing department lacked analytics and project management capabilities. Having standardized on Salesforce as its CRM system, Flexera aimed to leverage the same platform to manage resourcing plans and projects in one place.

Native to the Salesforce platform, FinancialForce PSA enables Flexera to see bookings and backlog in one dashboard. It can also segment data by practices and drill down to the granular level. Reports are also easy to generate with FinancialForce, giving Flexera a view into its customers' journeys from opportunity to closed business. Plus, the company can now assign resources anywhere globally, and track their work and project outcomes.

**SEE FLEXERA'S STORY**

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## Modern IT infrastructure

Services leaders serious about improving predictability and the overall business must empower their teams with a solution that unifies data across their business and offers full visibility into important metrics.

### **CRM + PSA = Predictability**

Having a modern PSA solution connected to your CRM has become a key success factor for top services organizations. SPI Research reports that organizations with a PSA solution integrated to their CRM achieve 4% higher utilization versus organizations that don't have the same system in place. Unifying data related to your customers, projects, resources, and financials on one platform not only makes it easier to calculate and improve utilization but also helps account for every detail, including calendars, target rates, supply, demand, forecasting revenue, protecting margins, and more.

### **Real-time analytics a must**

With the unified dataset offered by connected PSA and CRM, you can also take advantage of powerful analytics and business intelligence tools to produce meaningful, actionable insights customized by need, role, geography, project, and more. While analytics can benefit any business, it's even more important for professional services firms that want to accurately assess utilization, backlog, and capacity. Services leaders can use analytics dashboards to more easily spot customer opportunities and project trends, and to track revenue, billing, and margin health in real-time. Identify when to capitalize on product upgrades or cross-sells, which regions to focus on, or which customers need proactive outreach to prevent them from churning.

# Believe the hype

Service leaders that improve predictability and visibility also help their businesses achieve higher win rates, utilization, and services margins. When you can see and track everything happening across sales, services, finances, and projects, you can bring the right people to the right role. Sales teams can sell the correct scope at an ideal rate. And everyone gains transparency across billing, revenue, and pipeline to make smart, swift decisions.



# Experience Certinia

Certinia elevates business growth through a complete Services-as-a-Business solution spanning services delivery, finance, and customer success. Native to the leading cloud platform, Salesforce, Certinia enables organizations to run a connected business, deliver with intelligence, and achieve scalable agility.

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