

Now Tech: Professional Services Automation Tools, Q2 2018

Forrester's Overview Of 17 Professional Services Automation Providers

by Margo Visitacion and Alex Kramer

April 2, 2018 | Updated: April 18, 2018

Why Read This Report

Customer insights (CI) professionals in project-based businesses can use professional services automation (PSA) tools to improve project delivery by automating critical processes and increasing visibility. But to access these benefits, you'll first have to select from a diverse set of vendors — vendors that vary by size, functionality, geography, and vertical market focus. CI professionals should use Forrester's Now Tech report to understand the value they can expect from PSA tools and select vendors based on size and functionality.

Key Takeaways

Improve Project Delivery With Professional Services Automation Tools

Services organizations must be able to respond quickly to new opportunities. PSA tools help them meet their need for greater visibility into capacity and capabilities.

Select Vendors Based On Size And Functionality

Forrester categorizes tools for project-based businesses based on size and whether they are enterprise resource planning (ERP) PSA, pure-play PSA, or collaborative work management (CWM) solutions.

Use PSA To Deliver Exceptional CX In Your Project-Based Business

PSA tools can help project-based businesses develop a collaboration hub and monitor performance to deliver exceptional customer experiences.

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Improve Project Delivery With Professional Services Automation Tools

Complex digital transformations are plagued by talent constraints and pressures to meet customer expectations. This is increasing demand for professional services organizations (PSOs) to help organizations to spin up projects quickly. Complex projects require specific talent, and price-sensitive customers demand outcome-based contracts.¹ Firms need tools to get visibility into capacity and capabilities to quickly respond to new opportunities. Forrester defines PSA tools as:

Tools that help services organizations automate pipeline management, resource planning, expense and cost tracing, and financial management to help them quickly identify opportunities to win, serve, and retain customers.

Professional services firms that invest in professional services automation technologies will:

- › **Make deft, timely hires to help project delivery and Net Promoter Scores.**² PSA tools empower firms to access and report the information that making better decisions demands. Customers increasingly demand value-driven, outcome-based contracts. Capabilities like human capital and resource management enable firms to identify needed skills, cultivate the appropriate talent, and allocate that talent when projects need it.
- › **Automate critical processes to support reporting compliance and drive profitability.** Automating essential processes allows firms to identify opportunities, plan profitable projects, and control project finances to drive profitability. For large firms, this is the link from customer relationship management (CRM) to back-end general ledger systems. For midsize PSOs, this usually encompasses the entire order-to-cash life cycle.
- › **Increase project visibility via analytics and artificial intelligence (AI).** PSA tools at every market level deliver a combination of ready-to-view dashboards that clearly describe performance metrics and analytics, providing insights into financial and resource performance. AI capabilities drive stronger field performance through bots that remind consultants to update status and time.
- › **Boost agility via greater accessibility.** Today's workforce is increasingly mobile, and firms require their people to be available to respond to project issues regardless of their current location. PSA tools support this through full-functioning mobile capabilities that support various project lifecycle activities such as status updates, risk and issue tracking, and expense reporting.

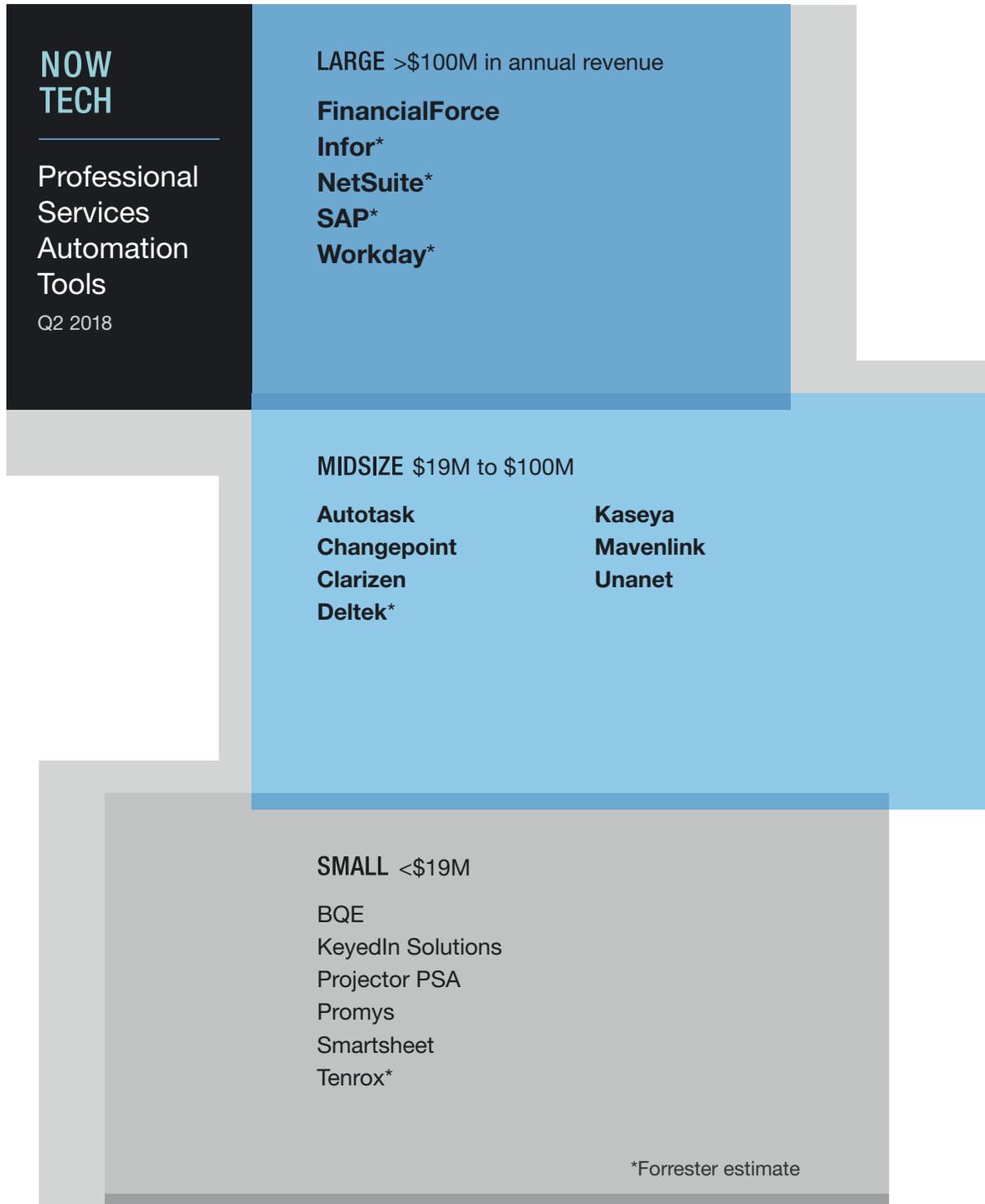
Select Vendors Based On Size And Functionality

We segmented the market by professional services automation tools revenue into large established players (more than \$100 million in annual revenue), midsized players (\$19 million to \$199 million in annual revenue), and smaller players (less than \$19 million in annual revenue) (see Figure 1). We did not include vendors that we estimated to have less than \$1 million in annual revenue.

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FIGURE 1 Now Tech Market Presence Segments: Professional Services Automation, Q2 2018



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In our analysis of the PSA tools market, we identified the following three functional segments, each with varying capabilities (see Figure 2):

- › **ERP PSA.** Full-service ERP and PSA solutions help professional services organization optimize resources and people for each project. Vendors in this category typically target enterprises with more than 500 users, but they have been expanding into midmarket customers over the past few years. Organizations that need tight integration between their human capital management and accounting capabilities choose these solutions.
- › **Pure-play PSA.** These solutions target project-based services, which has allowed them to grow as the services industry has driven deeper into the midmarket. These tools help organizations quickly identify opportunities and improve customer relationships through document management, pipeline management, and resource management. Vendors in this category have differentiated themselves by offering superior mobile applications that allow their increasingly mobile workforces to track resources and projects on the go.
- › **CWM solutions.** These emerged to help information workers manage projects with a collaborative, light-weight tool, and they give casual project managers the ability to adhere to a project methodology without formal project management expertise. They provide flexible, collaborative workspaces for team members to work, but lack the deep connections to resources and financials that traditional PSA and ERP solutions provide. These vendors are enhancing their integration capabilities to service management and content management solutions as they mature.

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FIGURE 2 Now Tech Functionality Segments: Professional Services Automation, Q2 2018

	Enterprise ERP/PSA	PSA	CWM
Pipeline management	■■■	■■■	■■■
Project management	■■■	■■■	■■■
Resource management	■■■	■■■	■■■
Time and expense tracking	■■■	■■■	■■■
Human capital management	■■■	■■■	■■■
Billing	■■■	■■■	■■■
Accounting	■■■	■■■	■■■
Revenue recognition	■■■	■■■	■■■
Reporting/business intelligence	■■■	■■■	■■■
Integrations	■■■	■■■	■■■
Mobile	■■■	■■■	■■■
Document management	■■■	■■■	■■■
Collaboration	■■■	■■■	■■■

■■■ High segment functionality ■■■ Moderate segment functionality ■■■ Low segment functionality

Align Individual Vendor Solutions To Your Organizational Needs

The following tables provide an overview of vendors with details on functionality category, geography, and vertical market focus (see Figure 3, see Figure 4, and see Figure 5).

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FIGURE 3 Now Tech Large Vendors: Professional Services Automation, Q2 2018**LARGE** >\$100M in annual revenue

	Primary functionality segments	Headquarters	Vertical market focus (top three by revenue %)	Sample customers
Financial Force	Enterprise ERP/PSA	San Francisco	Consulting/IT services, healthcare, technology services	Greenway Health, JLL, Salesforce
Infor	Enterprise ERP/PSA	New York	Energy, financial services, healthcare	Dematic, Sparta, Tecnova
NetSuite	Enterprise ERP/PSA	San Mateo, Calif.	Consulting, software/internet, wholesale distribution	EPEC Engineered Technologies, Land O'Lakes, Lovesac
SAP	Enterprise ERP/PSA	Walldorf, Germany	Consulting audit/tax, IT/BPO, multiservice providers	Vendor did not disclose.
Workday	Enterprise ERP/PSA	Pleasanton, Calif.	Embedded services in tech., management consulting, tech. consulting	Captech, Plex, Quorum Health Resources

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FIGURE 4 Now Tech Midsize Vendors: Professional Services Automation, Q2 2018**MIDSIZE** \$19M to \$99M

	Primary functionality segments	Headquarters	Vertical market focus (top three by revenue %)	Sample customers
Autotask	PSA	Norwalk, Conn.	Information technology/MSPs	Anchor Network Solutions, Inc., Circle It
Changepoint	PSA	Seattle, Wash.	Financial services, professional services and healthcare, technology	ALTEN, Dimension Data, UHY
Clarizen	CWM, PSA	San Mateo, Calif.	Management consultant firms, technology vendor's service divisions	Newell Brands, Ricoh Australia, Sodexo
Deltek	Enterprise ERP/PSA	Herndon, Va.	A&E, consulting	Integrated Project Management Company, Superior Controls, Inc.
Kaseya	PSA	Waltham, Mass.	Engineering, managed service providers, retail	The 20, Spectrum Data Networks, LLC
Mavenlink	Enterprise ERP/PSA	Irvine, Calif.	Consulting, IT services, software (embedded PSOs)	Cornerstone OnDemand, Navigant Consulting, Inc., Salesforce
Unanet	Enterprise ERP/PSA	Dulles, Va.	Advanced technology, commercial consulting, government contracting	Abbott, General Dynamics, Isobar

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FIGURE 5 Now Tech Small Vendors: Professional Services Automation, Q2 2018**SMALL** <\$19M

	Primary functionality segments	Headquarters	Vertical market focus (top three by revenue %)	Sample customers
BQE	CWM/PSA	Torrance, Calif.	Architecture, engineering, law	Carr Engineering
KeyedIn Solutions	PSA	Minneapolis, Minn.	B2B software or hardware vendors, IT services, management consulting	MEDHOST. Prairie Capital, Pulsant
Projector PSA	PSA	Boston	Digital marketing, management consulting, technology implementation	Bentley Systems, e4 Services, Mercer/CPSG Partners
Promys	PSA	Toronto	Audio visual, IT/MSP's, physical security	Advanced Video Group, High Point, Mason
Smartsheet	CWM	Bellevue, Wash.	Financial services, manufacturing, technology	eResearch Technology, Motus, Seachange
Tenrox	PSA	Austin, Texas	Advertising, biotech, manufacturing	Eaton, JDA Software, Regent Systems

Recommendations**Use PSA To Deliver Exceptional CX In Your Project-Based Business**

PSA is becoming increasingly critical for PSOs. Automation can ensure that business practices run efficiently and without problems. However, successful automation transformation demands choosing the right PSA for your organization. To choose the right PSA, customer insights professionals must:

- › **View PSA as your operational system of record.** Talent and skills are at the core of a PSO's ability to generate revenue. PSA must become the communication and management hub that provides firms with transparency into resource availability and performance while supporting regulatory reporting requirements.

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- › **Prioritize vendors that have experience integrating with your existing systems.** Few vendors provide a one-stop shop for all PSA requirements, and for many firms, back office financial capabilities may be overkill. Identify the vendors that have experience in your industry and proven integration track records that support building effective data transparency.
- › **Consider vendors that have a head start on advanced analytics.** Managing profitable projects requires access to real-time data to monitor performance and cost controls. Look to vendors that combine robust reporting that answers open questions about resource utilization, project margins, and potential project risks with flexible analytics for ad hoc analysis.

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Supplemental Material

Market Presence Methodology

We defined market presence in Figure 1 based on customer analytics revenue from fiscal year 2017.

To complete our review, Forrester requested information from vendors. If vendors did not share this information with us, we made estimates based on available secondary information. We've marked companies with an asterisk if we estimated revenues or information related to geography or industries. Forrester fact-checked this report with vendors before publishing.

Endnotes

- ¹ Application development and delivery leaders undertaking transformation are finding it difficult to staff appropriately. Whether because of the types of skills or the size of the workforce, transforming a company's digital assets in flight is not easy. Looking outside the company to a custom outsourcer is often viable option. See the Forrester report "[New Engagement Models Emerge For Custom Software Outsourcing](#)."
- ² Net Promoter, Net Promoter Score, and NPS are trademarks of Satmetrix Systems, Inc., Bain & Company, Inc., and Fred Reichheld.

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