



# Digital Transformation for Professional Services Firms

How the services sector can harness digital transformation to drive revenues and growth



**READ TIME: 10 MIN**

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**The professional  
services industry is at  
an inflection point.**

# Customers are more self-sufficient—and more in control—than ever before.



The professional services industry is at an inflection point. Customers are more self-sufficient—and more in control—than ever before. When they pay for services, they expect those services to quickly demonstrate real business value, and will swiftly evaluate the growing number of competitive offerings should this not be the case.

Within services organizations, disparate and unequally distributed innovations have disconnected sales, delivery, support, and finance, hampering the customer experience. Services firms are challenged to understand the profitability of customers across numerous projects and contracts, and to harness their data to forecast effectively. Equipped with the right data, firms also need the ability to turn key business levers to streamline delivery, respond to competitive pressures, and adapt to client expectations.

Meanwhile, attracting skilled employees—and retaining them—remains one of the most important and most challenging focuses for firms. Because changing technologies have lowered barriers to entry in many fields, traditional firms with physical offices and full-time staff can find themselves competing with solo consultants and virtual networks.

All these challenges have added up, risking customer retention and making it even more difficult to close deals and grow services business. How can professional services firms succeed in this changing, ultra-competitive environment?

**The key is digital transformation.**

Digital transformation requires that every part of your services organization be more data-driven, more predictive, and more focused on customer success than ever before. Put it this way: your customers themselves face digital transformation, and they expect their providers to keep up. This ebook will define what digital transformation means for professional services organizations, and lay down a blueprint of what it takes to turn this challenge into an opportunity for improved project margins and overall business growth.

## **What is digital transformation?**

Digital transformation is the practice of using technology to unify and optimize every aspect of an organization, from internal operations to customer and partner touchpoints. For professional services organizations, it means the ability to automate project lifecycles, easily collaborate with customers and partners, and make data-driven, informed decisions.

## **Professional services firms that choose digital transformation can:**

**Accelerate order-to-cash.** With automated delivery, digital transformation can accelerate project lifecycles as well as handoffs between sales, delivery, and finance teams. Overall, projects are billed faster, revenues are recognized sooner, and risks and errors are reduced.

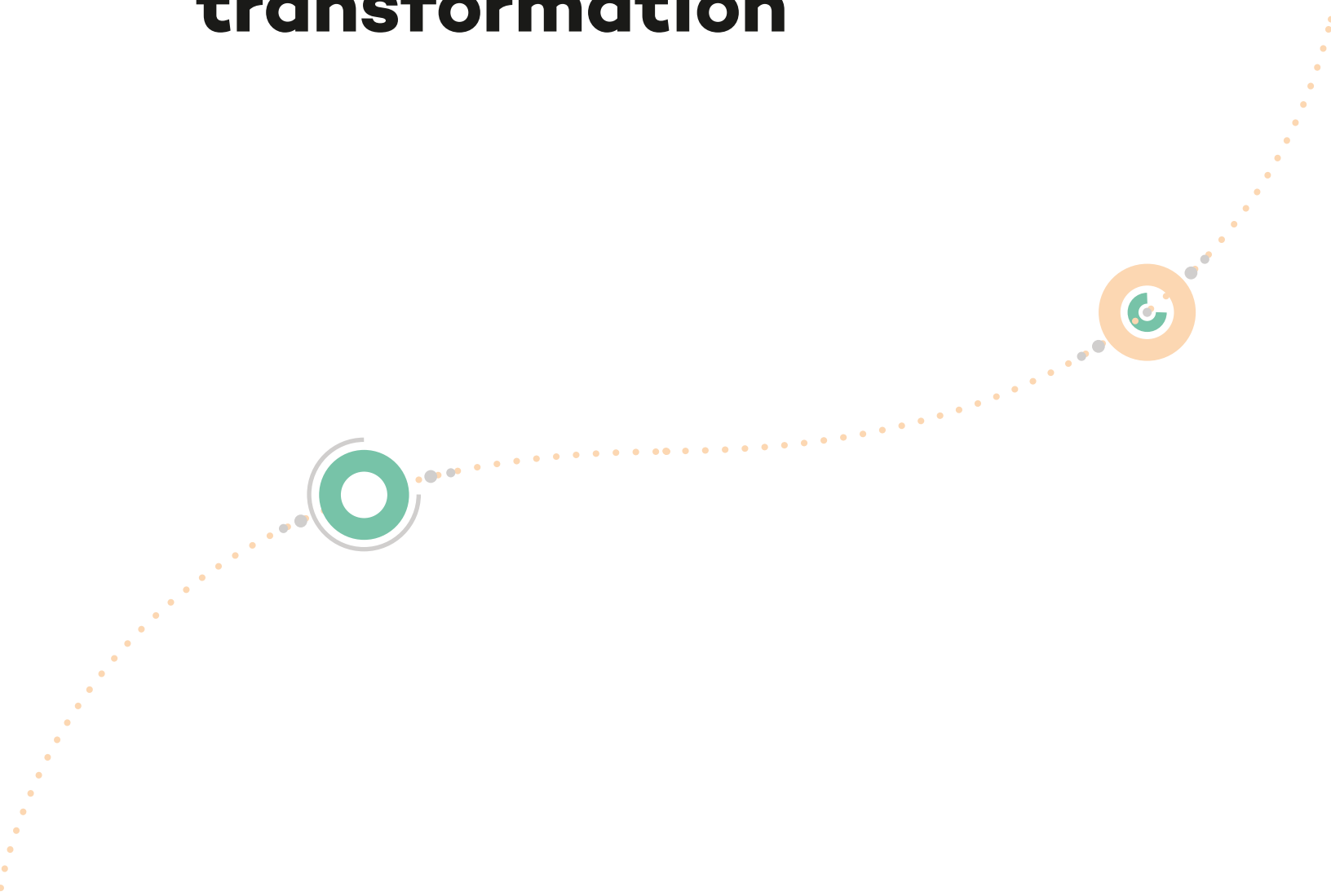
**Improve resource utilization.** By giving executives better visibility into project pipelines, milestones, and resource demand and capacity, digital transformation helps professional services organizations spend less on contractors and avoid work-resource mismatches.

**Build bridges between teams.** Sales, delivery, and finance teams often operate as silos, making decisions based solely on information from their own departments. Replacing disparate systems with an integrated technology stack can help teams work together more effectively, accelerating routine processes like client onboarding while giving leadership a full view into people, backlog, pipeline of projects, and other core key performance indicators (KPIs).

**Increase customer retention.** By giving customers digital collaboration options as well as accurate and timely invoices and flexible payment, you can improve the customer experience and increase loyalty.

**Make better forward-looking decisions.** By aggregating and analyzing company-wide project data into a single source of truth, you can better identify trends, predict work volume, and plan for growth.

# The path to digital transformation



# The path to digital transformation

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For most people-based organizations, managing the ebb and flow of work is a major challenge. Grow your team too quickly, and you risk becoming unprofitable during a slow period. Fail to invest in enough skilled people, and you risk being unable to handle big new projects.

Digital transformation allows professional services organizations to better plan for changing market conditions and, in some cases, even predict them. It also helps your people complete projects faster while delivering exceptional customer experience. And it lets everyone in your organization not only understand how the business is performing, but also what tangible steps they can take so they meet key KPIs.

This section outlines a roadmap to digital transformation that can help your professional services firm achieve predictable and profitable growth.

## Streamline end-to-end delivery

For any professional services organization, the first step to digital transformation demands that you get a handle on your data and how decisions are made - often a key differentiator for services organizations.

You must be able to trust your data. For example, you will want to be nimble in responding to spikes in demand (or lulls in business) without scrambling to add or reduce headcount. This requires automatic business processes enabled by a standardized technology infrastructure. Unless you have a large IT budget to allocate towards deploying and managing data warehouses and application integrations—and don't mind being on the hook for continuous, expensive upgrades—it's typically best to standardize on a single vendor platform and data model strategy to avoid complexity and costs.

Understanding and documenting how decisions are made is equally important. Delivery leaders must ensure their organization is fully connected and transparent across sales, support, and finance. Data must be trusted and easily shareable to empower different individuals to make the best decisions for the business.

Next comes automation. People are your product and their available hours are your inventory, so you need a system that can optimally deploy these resources based on skill sets, availability, and customer needs. Many teams today still use Microsoft Excel, which tends to decrease collaboration and efficiency.

The right delivery automation system, on the other hand, can help you streamline workflows and foster collaboration among internal teams. It should be designed to bring predictability and efficiency to every stage of delivery, from opportunity and staffing to project delivery and revenue recognition. The idea is that the better you can deploy and coordinate your people at every customer touchpoint, the better you can maximize your client's lifetime value, grow revenues and margins, and improve your competitive position in the market.

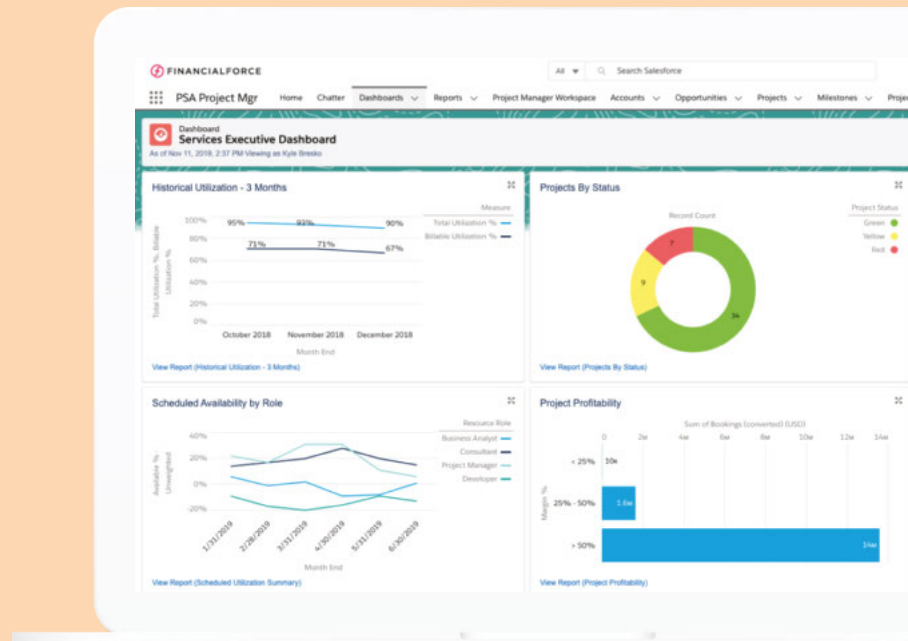


# “WE COULDN’T LIVE WITHOUT FINANCIALFORCE. IT’S INGRAINED IN WHAT WE DO.”

**MARK CONKLIN**  
DIRECTOR OF OPERATIONS, SALESFORCE



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## Connect sales, delivery, and finance

In many professional services organizations, sales and delivery are disconnected. Sales teams may promise outcomes that your consultants cannot guarantee or write work scopes without input from delivery teams. Digital transformation leads to improved collaboration between sales and delivery so you can close more deals and improve project outcomes. Connecting sales and delivery teams can help:

- **Sales and delivery work together on deals and project requirements**
- **Give delivery greater visibility into work scopes**
- **Ensure a smooth handoff of projects from sales to delivery**

A fine-tuned sales-delivery collaboration can enable your team to manage its portfolio of offerings like a Wall Street fund manager, optimizing the right offerings for the most profitable customers and guiding sales to best pitch this tailored portfolio to new and existing clients. You can also leverage your customer data to more intelligently improve the portfolio by strategically introducing new offerings (and retiring others).

This is where the finance team becomes a critical ally to both sales and delivery. By analyzing project performance across multiple dimensions, finance can identify which types of projects and pricing models are most profitable—and which customers are most likely to pay promptly. Finance systems must also be able to meet current and future billing and revenue recognition requirements for specialized and hybrid business models (e.g. time and materials, work-in-process, deliverables-based, percentage completion, subscription-based, and usage-based service contracts).

When you make this information available to everyone in your organization, you empower your people to make better decisions. Knowing which pricing models are most profitable, sales teams can structure deals accordingly. Delivery teams can adopt practices that keep costs down. And overdue accounts can be managed holistically through open conversations with sales, account management, and finance.

## **Align employees to overall business KPIs**

All the collaboration described in the previous section doesn't necessarily mean getting sales, delivery, and finance in the same room. With digital transformation, businesses have the ability to not just clean up, centralize, and optimize their business data, but also to share that data democratically across the organization in real-time. Whether it's utilization, average billable rates, cost-related data, or traditional financial metrics, sharing KPIs with employees empowers them to do better work and identify risk areas before they become bigger problems.

When an account becomes overdue, for instance, digital systems can alert the account manager in sales as well as the project manager on the delivery team, encouraging conversations to take place with the customers across multiple levels beyond collections in finance. As another example, real-time project data means that sales commissions can be paid on actual revenue recognized instead of bookings or future/unrealized revenues. When everyone—not just a few business leaders—feels empowered to improve the business, both employee and customer satisfaction go up.

Digital transformation  
with a modern cloud  
solution enables  
delivery leaders to:



**Increase utilization with supply  
& demand forecasting**



**Reduce revenue leakage  
& margin erosion**



**Increase productivity across  
PMO & delivery operations**

## **Transform the customer and partner experience**

Customers value engagement and collaboration. If they have a question about an invoice or a project in progress, they would rather get answers on demand than wait for an emailed attachment or a returned call. Service automation can help you be more transparent with customers by giving them self-service options to find the information they need. They can use chat to get real-time consultations, digitally route documents for review, brainstorm using online whiteboards, and more.

Similarly, digital transformation can help you more efficiently manage partner and subcontractor relationships, minimizing costs and solving problems faster. Your partner channel is essential to provide capacity and skills when needed, so engage with them via digital channels in order to reduce delays and cost overruns while improving customer satisfaction.

## **Win the future with intelligent forecasting**

Fully realized, digital transformation helps professional services businesses predict impending challenges and opportunities. Using historical data, for example, you can identify projects at risk of failure before problems start. You can also identify which add-on offerings will convert best for different types of clients and forecast precisely when to hire for new resources and roles over the next 6 to 12 months. On the finance side, you can predict which clients are likely to pay on time or pay late, and optimize your billing strategy to better manage collections and cash flow.

AI systems like Salesforce Einstein have begun to take forecasting even further, using variables such as market trends and anticipated growth to predict pipeline and backlog 9-18 months out. Since AI can evaluate a volume of elements that would normally require a team of data scientists to consider, delivery can be even more accurately modeled.

The next step is typically prescriptive analytics, where the system will make recommended corrective actions and even suggest to service professionals which levers to pull to achieve the desired business outcomes. Processing data quickly, modeling delivery, and continuing to refine those models will transform how businesses manage delivery in the near future.

**“Seamless integration between the sales and marketing system of record, the service delivery system of record, and the financial management solution for payroll, expense management, invoicing, revenue recognition and project accounting is critical.”**

**JEANNE URICH**  
SPI RESEARCH



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# Make digital transformation real

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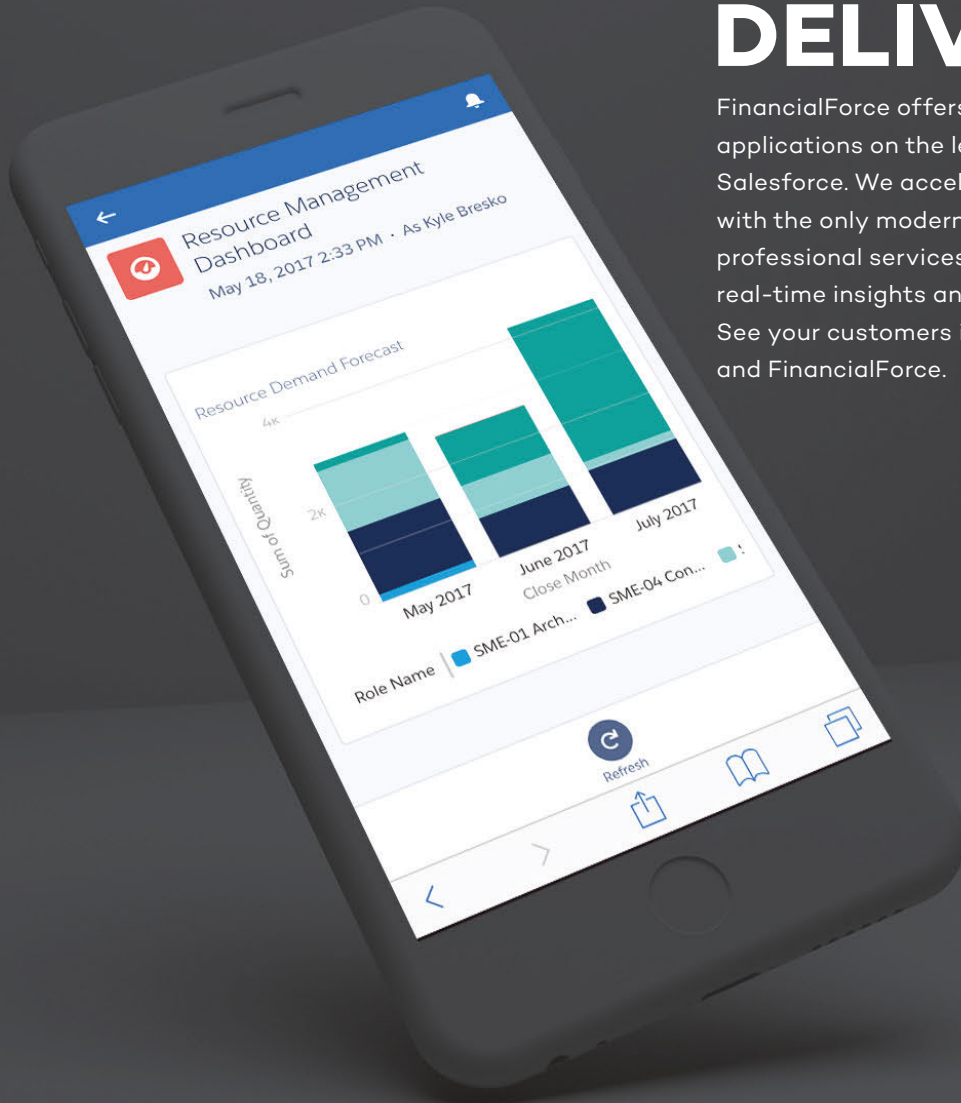
Your business is more than just a collection of projects. A modern professional services organization must be managed holistically, with clear connections and visibility across sales, delivery, and finance.

To succeed in today's high growth, customer-empowered market, professional services organizations must operate with great efficiency and repeatability, leveraging real-time data and operational transparency to keep the business constantly aligned. Prioritizing the capture, sharing, and analysis of data through a single lens will unlock the long-term value and competitive differentiation you should expect from digital transformation.

Your technology strategy will play a central role in this. The technology requirements for project-driven, human capital-intensive professional services businesses are unique. Legacy systems cannot meet these needs; in fact, they tend to restrict sustainable growth. Instead, delivery leaders are turning to customer-centric solutions to seamlessly connect people, processes, and data across their organizations. It's not just the best way—it's the only way to make digital transformation real, giving leaders a 360-degree view of customers, projects, and business health.

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