



How to Increase Working Capital & Transform your Services Organisation

Abstract

As any business knows, if you aren't growing and improving; the competition will be.

This is even more prevalent in Services companies. Often, the value of the services you deliver to your customers can sometimes be challenging to both sell and deliver at a margin that allows you to 'value sell' rather than engage in a race to the bottom with your competitors. What's more, you need to allow your executive management and teams to focus on the company's mission and strategies for growth, with the knowledge that the execution of these is carried out in a repeatable, controlled fashion, providing real business insight.



MISSION



STRATEGY



EXECUTION

For many companies, in delivering the day-to-day operations, they lose sight of the five key execution pillars that support their business. Keeping these in sight will ensure they stay ahead of the competition and are able to maximise all aspects of their operations to increase working capital and focus on both the mission and strategy of the business.

- Visibility
- Control
- Agility
- Productivity
- Collaboration

For services businesses, there are opportunities within each of these areas, to both benchmark and move up the value chain by making incremental improvements to several key areas, which can be easily measured with simple KPI's. Doing so can help transform your business by leveraging the power of a fully integrated, single version of the truth business system which will ensure the company focuses on the mission and strategy, safe in the knowledge that the execution areas are as efficient as possible.

Problem Statement

In an ideal world, business stakeholders of whatever role within an organisation, should be able to log-in into a single version of the truth, curated and tailored specifically for them, giving actionable insight into their business function in real-time.

The reality, however, is that as a business grows, they typically see multiple systems used to drive their different departments. The operations team will buy the best solution for their needs, as will the finance and sales teams. Some businesses may even develop and build their own solutions. These may work perfectly well; however soon, the business will notice that they are double keying data, month end billing cycles become longer as the number of projects increase and executive reports become almost obsolete as soon as the 'save' key is hit on Excel.

Typically, this then means that project and commercial managers have a different view of the project portfolio compared to the finance team, who have a different view to the sales team, compounded by the executive team needing full portfolio visibility to influence their strategic plans.

This will typically lead to:

- Invoices taking a long time to issue
- Being able to issue these in a timelier manner: i.e. within 1 day of month-end as opposed to 6 may allow you to recover 17% of your trade receivables earlier (based on standard credit terms of 30 days)
- Increased day sales outstanding (DSO)
- There is an increase in unnecessary questions on invoices due to them being inaccurate (quantity or rate). Reducing DSO by only 5 days could increase working capital by \$137k (based on a company turning over \$10m annually with standard credit terms of 30 days)
- More labour hours spent carrying out month reporting into a single pack than is necessary impacting the operating margin as key staff contribute to the reporting

The evidence and research suggest that Services companies, by implementing a fully integrated business system covering all aspects of the business, guaranteeing real time data to all, enhanced with rich project management capabilities, means that they will ensure that they can deliver real and measurable impact to their bottom line.

Background

Service organisations, perhaps more than any other industry type, need to continually evolve and improve their business operations to ensure they can effectively 'do more with less'.

Significant research has gone into understanding what makes those excellent service organisations consistently over-achieve. It has been found that this effectively distills into five distinct areas:

- How quickly can we bill for the work carried out?
- How quickly can we receive the cash in the bank?
- How best do we use our staff, and do we retain them?
- How profitable are our projects and services?
- Are we delivering value to our customers?

The table below outlines research by Service Performance Insight* who consider what these metrics may mean for your business and the areas by which you can bench mark your company. Additional research they carried out also shows how, by moving up this value chain, a business can make a real difference to their EBITDA.

	Level 1 Initiated	Level 2 Piloted	Level 3 Deployed	Level 4 Institution	Level 5 Optimised
Confidence in PS leadership	3.85	3.96	4.05	4.12	4.50
Year-over-year change in PS revenue	6.0%	6.9%	10.0%	18.3%	20.8%
New clients	29.2%	25.0%	30.0%	31.7%	32.9%
Bid-to-win ration (per 10 bids)	3.90	4.92%	5.23	5.66	6.27
Deal pipeline relative to qtr. bookings forecast	163%	178%	222%	241%	245%
Employee billable utilisation	67.2%	69.9%	72.7%	73.7%	76.7%
Projects delivered on-time	71.7%	78.6%	79.1%	84.7%	86.8%
Annual revenue per billable consultant (k)	\$149	\$175	\$222	\$230	\$257
Annual revenue per employee (k)	\$142	\$156	\$197	\$203	\$216
Profit (EBITDA)	3.8%	10.6%	14.6%	19.9%	25.3%

For Service companies, difficulties typically arise when trying to maintain a close eye on all of their KPI's as well as the underlying processes to ensure they are achieving their goals. If a business is using separate systems, this will typically mean either the implementation of a data warehouse and/or the use of external data tools (Business Intelligence tools, complex Excel sheets, Access databases) to pull all of this together.

	Foundational	Competitive	Best In Class	Transformative
Gross Profit Margin	27.7%	47.5%	57.4%	63.6%
Referenceable Customers	66%	74%	81.4%	88.8%
Churn	> 4.7%	4.7%	3.7%	2.7%
Utilisation	< 71%	71.2%	74.8%	78.3%
Annual Rev per Billable Consultant	< \$190,000	\$191,000	\$228,000	\$265,000
Days Sales Outstanding	49.4 days	48.3 days	47.3 days	46.2 days
Time to Close the Books	> 10 days	5 days	2 days	Hours
Finance FTEs per \$100M Rev	> 4.5 FTE	4.5 FTE	3.3 FTE	2.4 FTE
IT FTE Per \$100M Rev	> 3.7 FTE	3.7 FTE	2.8 FTE	1.9 FTE

- **Foundation** - Your business may just be beginning to track this metric, perform this business function or identified this as a problem. Improved execution in this area should be a high priority.
- **Competitive** - Your business is competitive in this area, but there's still room for advancement. Consider investments to improve related operations to achieve better results.
- **Best in Class** - Your performance in this area is considered best in class and is superior to the average company in your sector. You've laid a solid foundation in this business function, and the next step is optimisation.
- **Transformative** - You're continually improving and achieving the optimal results for this metric. Your business processes in this area are highly efficient and stand out against competitors. Keep investing in this area to maintain these results.

Solution

So how do companies achieve this?

By adopting a fully integrated business system, encompassing the full lead to cash lifecycle, enriched with project, programme and portfolio management capabilities!

We believe that the use of NetSuite in conjunction with ProScope for NetSuite can deliver the command and control that Services companies need. These solutions combined, will set them on the path of becoming transformational across the board on the KPI's outlined above and achieve a real impact on their working capital and bottom line.

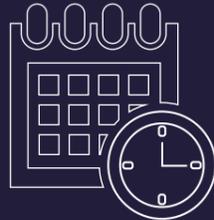
Out of the box, NetSuite provides companies with:



Integrated, End-to End Solution - Includes CRM, PSA, Financials



Cloud Based - No Upgrade Hassles, Secure, Customisable, Adapts To New Business Models



Real-Time Visibility Across Business - Forecasts, Resources, Projects, KPIs



Anytime, Anywhere, Any Device Access



CFO

Global Business Management and Financial Consolidation

Advanced Revenue Recognition

Multi-Subsidiary, Multi-Currency Environments

Accurate and Efficient Billing and Invoicing



VP of Services

Real-Time Resource Visibility

Consolidated Time Tracking

Rules Based Automated Billing

Manage Performance - Monitor KPI's in Real-Time

In addition to this, ProScope for NetSuite enriches and enhances the NetSuite offering by providing:

Enhanced Project Planning and Mobilisation:



- Detailed Job Costing Build to allow accurate estimating on projects
- Separate cost breakdown structures
- Activity-based budgeting
- Advanced project procurement and requisitions, direct from the project
- Automated document generation on project creation
- Visual Scheduler for entire project portfolio
- Create new or from Predefined Project Templates

Enhanced Project Execution / Governance and Control:

- View individual/team/company utilisation straight in your dashboard:
 - Merge historic and actual utilisation into a single view
 - Set and track individual team members utilisation targets
 - Create visual, at a glance, timesheets
 - View activity trends for continuous improvement in project performance
 - Export to Excel at the touch of button for reporting
- Real-time interactive Gantt Chart
- Import to and from Microsoft Project
- Teams/Sharepoint integration for increase collaboration and streamlining efficiencies
- Visual timesheet compliance views
- Dashboard reporting of utilisation
- Dashboard reporting of sales, WIP and invoicing across budget lines
- Project and team resourcing in Excel exportable formats to share with clients
- Auto allocations of teams to projects dealing with HR leaver and starters
- Effectively track on-site/off-site and non-travel days for team members:
 - Manage Shifts/Rota Patterns
 - View colour coded project and team resource allocations
 - Plan daily across team and projects, directly allocating tasks
 - Establish teams separate from HR structure and billing class constraints
 - Export pixel perfect sheets to Excel to share with clients
 - Instant pop-ups indicate project task information and notes, providing managers with the detail to make resourcing decisions easily
 - Edit and manipulate resource allocations straight from the spreadsheets
- Manage project inventory



Enhanced Project Accounting and Reporting

- Manages project retentions / change orders / variations
- Manages applications for payments
 - Support AIA Billing for US businesses
 - Supports CIS Submissions & Verifications for UK businesses
 - Allows project based overheads, including % of total contract value, fixed fee and labour overheads
 - Data is viewed directly on project header and instantly visible to project managers
 - Allows target margins to be set per project/project type
 - A rule based engine flags any profitability warning
- Cost roll-ups from child projects to master projects
- Automatic status and stages based on project activity
- Extended set of dashboard and reporting from commercial, programme and project managers offering



Additional Features:

- Charge based billing prepared at weekly time sheet level
- Enhanced time sheet entry to include off-call and on-call entitlements
- Project schedules and calendars
- Cost value reconciliation reporting
- Multiple project baselines



Relating this to the key operational pillars mentioned above, implementing NetSuite and ProScope will guarantee :

Visibility – full 360 visibility of sales, project performance and financials in a single system, with reports tailored to specific roles in a single source of truth.

Control - you cannot control what you cannot measure, whether that is utilisation or billings days sales outstanding. With a fully integrated system you are asking the correct people to enter information once with data entries points providing an actionable data to the next in the process.

Agility - clearly understand what services and projects are profitable or not, to allow the executive to ensure their services are aligned to the customer needs and internal costs are correctly apportioned and controlled.

Productivity - focus your billing staff in the correct way by clearly understanding who is working and on what.

Collaboration - allow multiple teams to work on a single version of the truth for projects, customers, sales and invoices reducing the need for external reports and inefficiencies and allowing the system to extend this collaboration by integrating best of breed collaboration tools (slack etc...)

Conclusion

Adopting a Services Resource Planning tool that integrates the full lead to cash life cycle will provide Service businesses with transformational gains to their business. By adopting NetSuite and ProScope for NetSuite, Service companies of all shapes and sizes will benefit hugely from the insight and control the solutions provide, allowing their project managers, finance and executive teams to exceed expectations.



**ORACLE
NETSUITE**
SuiteCloud Developer Network



ProScope has been developed by Cooper Software, a leading NetSuite partner with over 17 years track record supporting clients in the ERP space. ProScope is a culmination of that experience: an industry cloud solution that meeting the needs and standards of a range of project driven-sectors, offering truly breakthrough performance.

There has been a distinct lack of solutions built for project centric companies operating within complex environments, until now. ProScope provides an indepth functionality that has only been possible by the undertaking of major modifications to existing ERP solutions or by shifting from application to application.

For more information about ProScope for NetSuite, visit www.proscope.co.uk



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