

# What is Professional Services Automation?

*A complete guide to the software that can increase your profit by **12%***



TimeLog



# Get your motivation back



## Try to think back to when you first started out your career.

What motivated you? Was it your field? Was it exciting, inspiring and skilled colleagues? The challenge of executing projects for clients?

Feel free to think about it for a little while.

Regardless of your answer, I'm willing to place a bet on what *didn't* motivate you.

You probably weren't motivated by incomprehensible administrative tasks that stole the time you didn't have.

Or when you couldn't deliver on your reporting, because it was based on obsolete data that you had to drag out of your employees or colleagues. Or if you watched while your projects stalled due to chaotic planning and execution.

Even so, if you're like everyone else in the business world, you've probably run into these issues again and again.

I'd guess that you have solid expertise in your field. I'd also guess that what motivates you, your colleagues, and your leaders or employees is mainly your professional expertise - and perhaps translating this professionalism into a healthy and profitable business.

That's why the goal of any business making a living from selling their expertise is to use as little time as possible on administration, so you can spend more time delivering quality services to your customers.

It was in response to this challenge that **Professional Services Automation** (PSA software) was developed.

**PSA software's purpose is to eliminate the manual administrative tasks that drain you, your company and your profit.**

Those manual tasks keeping you from that which really motivates you and from running a more profitable business.

In this guide, you'll find everything you need to know about PSA software.

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1.

# What is Professional Services Automation (PSA software)?

## 1 What is Professional Services Automation?

You've probably heard about the elements that make up PSA software.

You just probably haven't called it PSA.

We'll come back to that soon. But before we do, let's jump in the helicopter to get an overview.

### What does PSA software do?

Basically, if you run a consultancy or advisory business, the aim of PSA software is to implement *automatisation* in your company.

PSA software is a cloud-based end-to-end solution, which supports, automates and optimises all the internal processes that you require to effectively execute profitable projects.

You know - **the internal processes that require too much manual work and increase neither your motivation nor your profit.** You run into them when you need to collect timesheets for invoicing, review e-mails to check a project's status, or when you painstakingly compile numbers you've found all over the place in a huge Excel sheet.

**PSA software ties your business together across teams and projects, gives you insight into your company and its resources and the health, progress and finances of your projects.**

In addition, it helps companies to organise their way out of chaotic and flawed processes that your employees and colleagues are battling with almost every single day.

At its core, Professional Services Automation includes:

Time & expense tracking

Project management & reporting

Invoicing

Capacity & resource planning

Client management (CRM)

# The key ingredients of PSA software

The majority of PSA solutions cover the most crucial functions required to perform a consultancy or advisory company's internal processes - all the way from a signed customer contract to the final invoice.

The most crucial functions include:

- Tracking time and expenses
- Budgeting, planning and executing projects
- Invoice the time employees have spent on clients and projects
- Gaining an overview of employee's time, so you can effectively allocate resources to projects and clients

Further, a few PSA providers also offer features such as integrated accounting, business intelligence or internal communication functions.

Features vary between PSA solutions, since each solution is often based on a different philosophy or because they have been developed for very specific industries or business functions.

For example, some PSA solutions are built around the internal communication between project members, while others focus on the sales process or finances and forecasting.

# 1 “But I’m familiar with these ingredients already – what is PSA’s ‘secret sauce’?”

Perhaps you’re already using systems to manage projects, time registration, invoicing, and resource allocation.

## So why use PSA?

What makes PSA software special is that data from the essential work processes is linked together and accessible to every employee in the company when they need it - in a single system.

**For the individual consultant,** PSA software is an easy tool for tracking time and expenses, as well as keeping track of their own timesheets, holidays and flextime.

**For project managers,** PSA software is a management and analysis tool that enables them to see how much value is

created by their projects, since the time tracking system feeds hours directly into the project management tool.

**For the CFO and accountant,** PSA is where they access up to date key figures and reliable invoicing data that can be sent directly to the accounting program.

consolidated and updated view of which customers are most profitable and which projects make best economic sense.

It is this access to relevant data for everybody that gives every employee the best possible conditions for performing their job to the best of their abilities.



## PSA software simplifies chaotic solutions + minimises mistakes and lost turnover



Companies that link together data and workflows from all levels of the organisation in a single solution avoid unnecessary e-mails, tedious copy-pasting in Excel, double entries, human error and lack of insight across teams and projects when data needs to be transferred between different teams and applications.

PSA tidies up the chaotic landscape of different systems and gives all employees access to the data they need, when they need it.

This makes it much easier to work together across the organisation. At the same time, time and data don't disappear into a black hole when data is moved from one application to another.

The results are more invoiced hours, less manual administrative work and greater transparency.



# Best of breed vs full suite PSA

**Hopefully you now have a clear idea of what PSA is. But there's still one important thing you need to be familiar with when looking for a PSA solution.**

In the PSA world, you will find both *full suite* and *best of breed* solutions.

While a full suite PSA solution (often part of a larger Enterprise Resource Planning (ERP) suite) is designed to support all of your company's internal processes, best of breed solutions focus on the most crucial internal processes in time and project oriented companies.

Best of breed solutions are usually specialised in a single internal process.

What best of breed PSA doesn't offer in a standalone package, it makes up for in the form of well developed integrations for accounting programs, business intelligence, salary systems etc.

**Over the last few years, the PSA software market has swung towards the best of breed approach.**

If you're looking for a PSA solution that fits your company, you need to make a fundamental decision.

Either you put your trust in a single, large solution or you go for a more specialised and flexible solution that integrates with your other systems.





## Out of the box system structure

While full suite solutions have a hard time providing in-depth functionality because they need to encompass all manner of needs, companies also find it difficult to integrate 8-10 separate solutions and make them work well together.

Best of breed PSA software gives you the out of the box functions and integrations which companies that sell their expertise and time need.

So if you invest in a good best of breed PSA solution, you can expect the software to integrate with your accounting program, salary system, business intelligence etc. from day one.

The idea is to shift the responsibility for making different pieces of software integrate with each other from the users to their PSA provider. This means that you only need to remember one phone number, if something isn't working.

# Best of breed

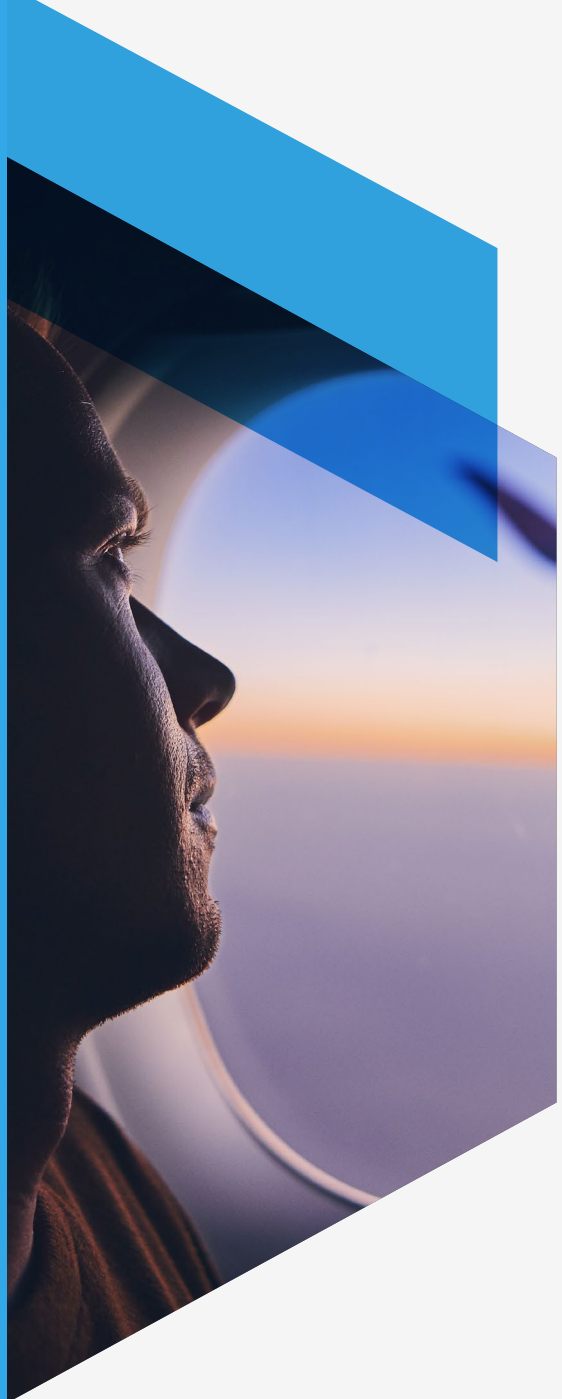
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- ↑ High level of flexibility
- ↑ Easy to scale
- ↑ More in-depth functionality
- ↑ Cheaper
- ↓ Multiple providers
- ↓ Business intelligence often requires a separate solution

# Full suite

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- ↑ One system / greater familiarity
- ↑ Single provider
- ↓ Difficult to change to a new solution
- ↓ The provider can increase the price and push add on sales
- ↓ More superficial functions
- ↓ More expensive



2.

## Who actually needs PSA software?



## We sell wood chips and drainpipes - do we need PSA software?

Probably not.

PSA software is specifically designed for the particular needs and workflows of companies that make a living from selling their expertise and time as opposed to products.

Or if your company work in a project oriented manner and need to coordinate all the activities and people that are involved in your projects.

It's for companies that work in what we call the consultancy and advisory field - also known as *Professional Services Organisations (PSOs)*. This is where the term **Professional Services Automation** originates.

Typically, PSA software becomes truly relevant for companies with more than 10-15 employees.

This is the point at which manual work processes start to become inadequate, and when PSA can really provide you with an overview of your business and help your employees to work better together across teams.



## Professional Services Organisations (PSOs) include:

- Management consultants
- Engineering consultants
- IT developers and consultants
- Architects
- Bookkeepers and accountants
- PR and marketing agencies

## Origin

# How project managers escaped from ERP and the CFO finally got a good night's sleep

**From the mid-90s onwards, consultancy companies were forced to use ERP as the sole method for supporting their business.**

The problem, however, was that ERP systems are built to handle and report on the physical assets of manufacturing companies.

Time and project oriented companies need their primary solution to be able to handle intangible assets - such as the time of their employees and consultants - and at the same time perform in a flexible, project based environment.

In addition, ERP is, as a rule, a finance system made for the CFO rather than a project manager.

Because ERP is a complex financial system, the CFO usually has a special interest in it, and would rather not have project managers messing with it. As a result, project managers are disconnected from their project's finances and have to ask the CFO to stay updated.

One of PSA's strengths is that it gives the project manager direct financial insight into projects, and lets the CFO to relax, because the project manager doesn't need access to the financial system.

PSA solutions take their starting point in the existing project organisation and are therefore designed to integrate with the financial systems instead of providing a fully developed financial solution.

PSA software can also be seen as a counter to cumbersome and inflexible ERP solutions that notoriously create dissatisfaction within companies.

Today, most of the consultancy companies that invest in PSA software transition away from cumbersome ERP solutions - mainly because they want a cheaper, more streamlined and flexible solution that better suits their time and project oriented workflows.



3.

Checklist:  
Are you suffering from  
PSA deficiency?

**Software providers are quick to tell you how incredibly smart their solution is (sorry!).**

That gets pretty boring eventually.

Much more interesting is to explore whether it's even relevant to be talking about Professional Services Automation. Maybe everything's fine as it is today.

So let's investigate that idea - together.

American SPI Research has identified a number of symptoms which suggest that it might be time for your company to consider a PSA solution.

This has been turned into a [checklist](#), you can find on the next page.







## Can you answer ‘yes’ several times here?

- Are you more than 20 employees, and are you struggling to get an overview from you current systems?
- Does it take too long to collect timesheets and expenses, so you can invoice your clients?
- Does it take more than a day to complete invoicing and salary administration?
- Are your invoices often imprecise, so your clients ask for them to be revised?
- Are your billable utilisation rates too low? Perhaps you’re not even sure what they are?
- Are you lacking access to view project margins on the client, project and consultant levels?
- Do your departments and teams need to be better at sharing information in order to execute projects?
- Has it become too laborious to allocate resources and manage projects via spreadsheets and e-mail?
- Are your project management and time tracking systems out of date or expensive to maintain and update?
- Are employees bound to your physical office instead of being able to work flexibly via the cloud?
- Is it important for employees to be able to access insights into projects in real time?
- Are you unable to view you sales pipeline or project backlog, and are you unable to forecast demand and delivery deadlines quickly and accurately?
- Do you have plans to expand, but no solutions that support multiple currencies, laws and tax systems?



4.

# Benefits of PSA software (in cold, hard numbers)

*”Because the delivery of services is where PSOs make their money, and because PSA is the primary application used by project managers and others responsible for services delivery, it is easy to understand why the operational and financial benefits of PSA are so significant.”*

**- Dave Hofferberth, Service Performance Insight**



That PSA software can be a smart solution is one thing.  
Whether it's worth investing in is another.

At this point, you'd no doubt like to see some data.

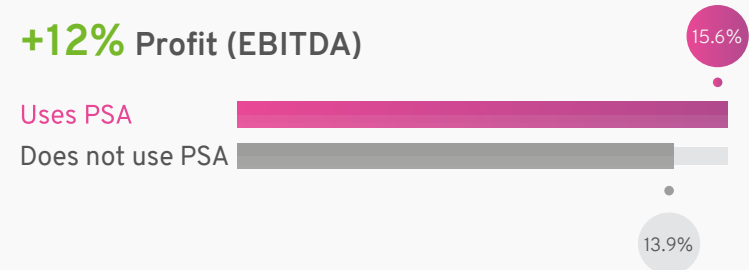
Over the past 13 years American SPI Research has benchmarked the international consultancy and advisory field. Over the years, thousands of companies have participated, and part of the benchmarking study reveals the impact of different software on the companies' performance.

SPI Research **found significantly better performance amongst companies that have integrated PSA** compared with companies that haven't on key figures including bottom-line profit (EBITDA), consultants' billable utilisation and project margins.

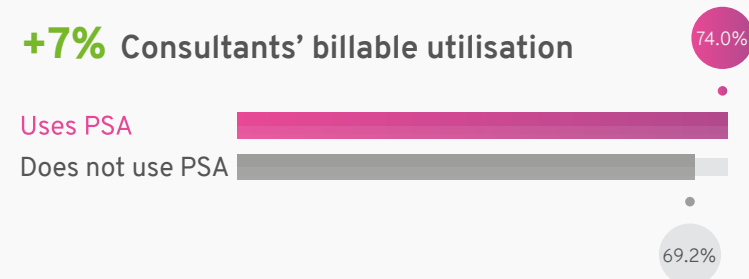
It is primarily the highly optimised project delivery, resource management and workflows, plus better collaboration between a company's teams - made possible by PSA software - that have led to the impressive key figures.

## The impact of PSA software on key figures amongst thousands of companies

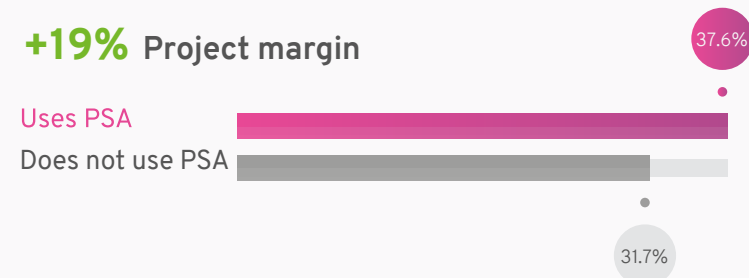
### +12% Profit (EBITDA)



### +7% Consultants' billable utilisation



### +19% Project margin



# How does an ROI calculation for PSA software look like?



There is always cost involved in new software - is PSA worth the money?

To judge whether a PSA solution is profitable, let's look at the ROI.

PSA software impacts numerous financial and operational key figures in a company, so it would be impossible to take them all into account here.

So to have a solid number to work with, let's use the **4.8 percentage points** (pp) by which the billable utilisation rate increases on average when PSA\* is used.

On the next page, you'll find **an ROI calculation example** showing the impact of investing in PSA software for a company with 25 consultants.

## 4 Example ROI / 25 consultants

PSA software increases the billable utilisation rate by **4.8 percentage points** on average.

So what's the impact of increasing the billable utilisation rate by 4.8 percentage points on a consultancy company employing 25 consultants?

### Increase in billable utilisation rate

25 consultants x 1,650 hours/year  
x 4.8 percentage point increase in  
billable utilisation

= 1980 additional billable hours / year

+4.8pp

#### Average additional revenue

1,980 hours x € 160 / hour

= € 317,000 in additional revenue



#### PSA software costs - year 1

25 x € 480 subscription\*  
+ 25 x DKK 540 implementation\*

= € 25,500 in costs - year 1

= Year 1 ROI = **1,240 %\***

*\*Cost stated is the highest subscription price for TimeLog PSA and average implementation cost.*

*\*ROI is calculated based on the direct costs and doesn't take into consideration internal time spent on implementation etc.*



5.

Ready to get your  
motivation back?

# Start your journey with TimeLog PSA

Have you thought about what motivates you since the beginning of this guide?

Is it the opportunity to hone your expertise?

The challenge of leading ambitious projects to completion?

Or perhaps you're motivated by your company creating a healthy profit based on your employees' expertise?

Regardless of what motivates you, I hope this guide has shed light on how PSA software can help to eliminate the manual tasks that stand between you and that which motivates you.

Instead, you can get to the core of the kind of business you want to run.

With TimeLog PSA, you're provided with all the tools you need to run your consultancy company effectively with fewer distracting manual tasks and a greater profit margin.

TimeLog PSA's engine is our unique time tracking system that enables you to track the value of each registered hour. This ensures that you receive the most reliable data for your invoicing, project management and leadership reporting.

Common to the whole TimeLog team is that we **are motivated by developing the world's best PSA solution** and supporting our customers towards evolving more automated, competitive and profitable businesses.

And ultimately, helping to get their motivation back.

Integrations

Invoicing & salary

Project management & reporting

Time & expense

Client management

Resource management

Explore  
TimeLog PSA

FREE 30 DAY TIMELOG TRIAL



# Our customers in 2019

+ 22,000  
active users

24,000,000  
hours registered

91,000  
new projects

EUR 8,043,000,000  
invoiced

358,500  
invoices created



## “Successful with Timelog since 2008”

*The onboarding process for new employees is extremely easy and can be done quickly. The billing process is also easy to learn and invoices can be issued within minutes.*

*Timelog is a very flexible system and we are able to manage and invoice even the most complicated projects in a timely manner.*

**Birgit Olerst-Veit, iC Consult**



## “Simplicity, User-friendly, Price and Service”

*TimeLog is so easy to implement and the platform is extremely user-friendly with a great support online in form of chat and the Help Center with detailed text and video tutorials.*

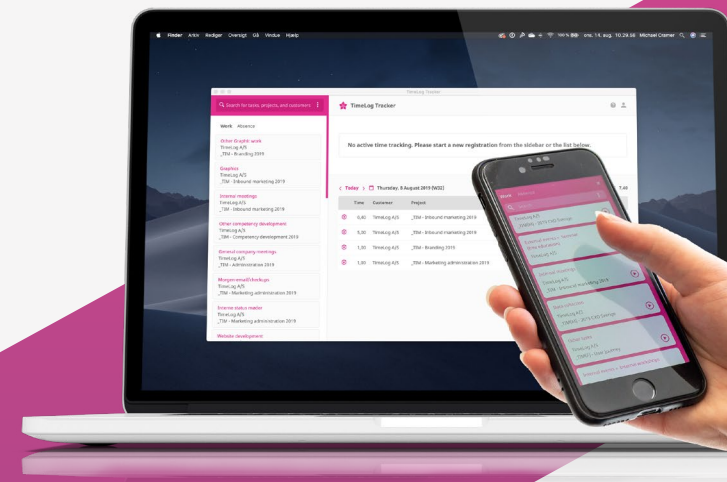
**Nidzara Fazlic, Ingholt Consult**



**Overall** ★★★★★ 5 / 5

**Ease of Use** ★★★★★ 4.5 / 5

**Customer Service** ★★★★★ 5 / 5





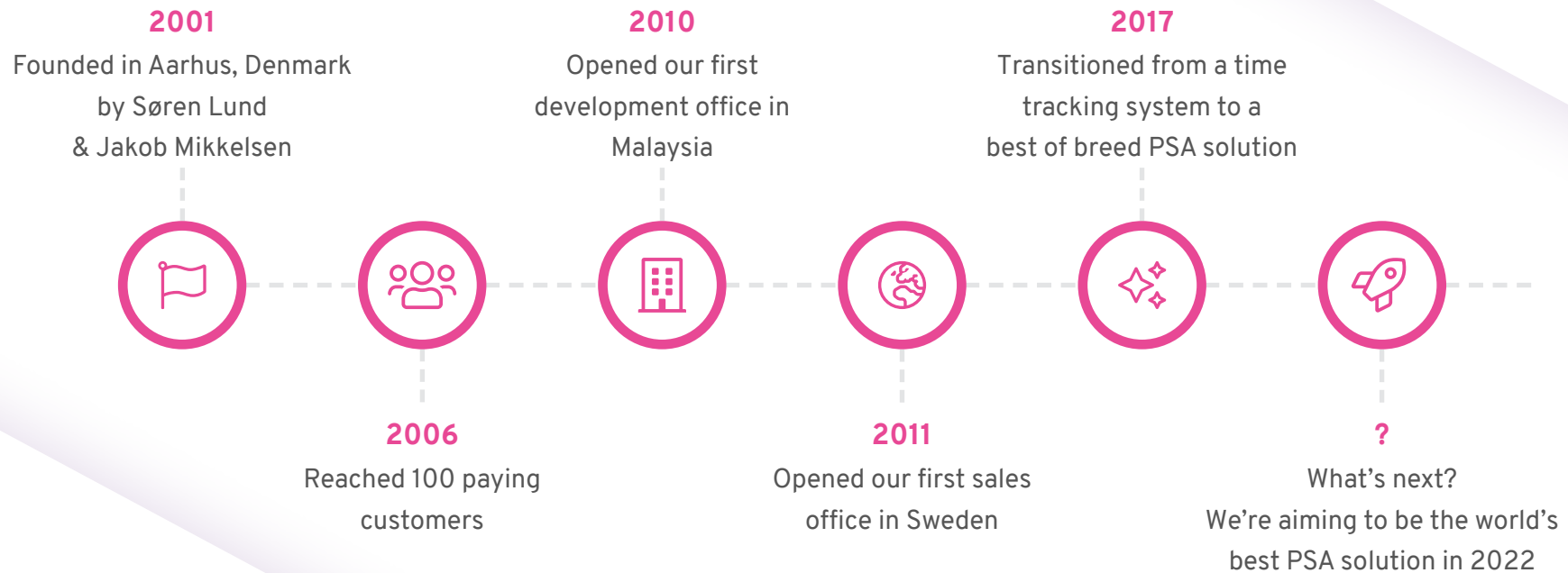
# TimeLog

Professional Services Automation

*“Our most important task is to help you on your journey towards a better and far more mature business”*



Per-Henrik Nielsen  
CEO, TimeLog



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