

TEC BUYER'S GUIDE 2021

Services ERP Software Buyer's Guide



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EDITORIAL

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JUNE 2021



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WHAT IS SERVICES ERP SOFTWARE?

Enterprise resource planning (ERP) software for services organizations manages the projects and people that are the lifeblood of any services organization. ERP for services software brings together project management, resource management, time and expense tracking, customer relationship management (CRM), and other applications into a single enterprise software solution. These ERP solutions are fundamentally different from ERP solutions for manufacturing companies. Manufacturing ERP software is product centric, whereas services ERP software centers around organizations that manage projects.

Services organizations face many business challenges. Increasing profitability, meeting staffing requirements, and satisfying customer expectations are a few of these challenges. A company can increase profits by reducing expenses, minimizing consultant time on the beach, or focusing on higher-margin opportunities. The company's staff could be augmented or trained to serve the higher-margin opportunities and reduce bench time. The problem at most companies is not in recognizing these obvious business challenges. It is about having the systems in place to help them analyze the business's current state and make the appropriate decisions for short- and long-term growth.

Many services organizations cannot get the answers from their systems because they either have too many systems or don't have suitable systems in place to meet their needs. Some services organizations have an overly complicated hodgepodge of disparate systems to manage different aspects of the business. These organizations have separate project management, CRM, human capital management (HCM), and financial systems. These different systems need to be integrated to get a complete picture of the business. Unfortunately, many companies struggle to integrate systems and are left with an incomplete picture of the business put together by, for example, Phil over in accounting using a mystical Excel workbook that only he understands.

An ERP for services system brings all these business transactions into a single, unified software enterprise application. The applications have customer-facing CRM tools to track customer-facing contact and project pipelines. They also have project and resource management tools tightly linked to HCM, providing staffing insight. Employees use the latest mobile time and expense tools delivered as part of the solutions. These tools are all linked together and integrated with a global financial engine. An ERP system pulls all these subsystems and processes together into one place, providing an organization with a complete and real-time view of the business.

When services people think of ERP solutions, they are mainly thinking of the back-office financials systems. ERP for services solutions bring together support for the project- and people-centered business requirements of a services organization. This guide helps unlock essential considerations to understand when evaluating ERP services solutions. The first section looks into vertical industries of the services sector, using construction as a prime example. The guide then breaks down the ERP for services software's benefits and functional areas, the biggest market trends, and the top ERP services solutions on the market. Please visit the [TEC ERP Resource Center](#) for more valuable insight and cutting-edge research into the ERP marketplace.



ERP FOR SERVICES VERTICALS

Services organizations include a wide range of businesses. Architects, engineers, lawyers, accountants, construction workers, information technology, marketing, not-for-profits, advertising, sports, and broadcast professionals all make their living primarily by delivering a service. The services industry sectors are very project centric, relying on skilled professionals to deliver the project. This differs from manufacturing and distribution businesses, which are product centric. The differences are significant to keep in mind when looking for an ERP solution to meet an organization's needs. Some ERP systems are built first for manufacturing businesses with unique services industry requirements added almost as an afterthought.

The solutions built for services industries focus on delivering projects using skilled personnel. These systems have extensive tools to provide insight into project health, costs, risks, and other metrics. The projects can be rolled up into portfolios. Project portfolio management provides a higher-level view of work to support better ways of managing the overall business. Services solutions also include a wide range of support for the people working on the projects. Project collaboration, frictionless time and expense reporting, and staffing needs are vital in supporting the people charged with delivering the projects.

Yet, creating a solution for all services industries is not an easy undertaking. The type, scope, and lifecycle of these organizations' services vary widely by industry and even within the same industry. The requirements for architecture firms are quite different from those of construction firms. There are ERP solutions that are focused on meeting the needs of specific services industries. Architecture and engineering firms see strong support from long-time industry players Deltek, Microsoft, and Oracle. Lawyers and accountants have solutions to ensure proper credentials are maintained for all personnel and features for automatically recording time against a client account when a phone call is logged.

Because of these factors, the availability of targeted solutions for segments of the services industry has been, up until now, somewhat limited. The construction industry is a prime example. It has several unique process requirements, not the least because most of its professionals have little more than a mobile phone with limited bandwidth available for conducting business. Acumatica has a special edition of their ERP solution for the construction industry. The construction edition has features explicitly built for general contractors, home builders, land developers, and subcontractors. IFS is another ERP provider with extensive knowledge and support for the needs of people working in the construction industry. This [TEC special report](#) provides insight into the unique capabilities of the IFS ERP solution for construction.



BENEFITS OF ERP FOR SERVICES ORGANIZATIONS

End-to-End Project Visibility

ERP systems enable a services business to see work in the pipeline and status of all projects in-flight. Services organizations often work across disconnected systems to manage the entire pipeline. A company has a CRM system for tracking customer leads and opportunities. It has another system for managing active projects. And a financial system to control payroll, billing, and expenses. An ERP system integrates the entire project pipeline, providing complete visibility into all work.

Manual Processes Automation

Services industries are burdened with mundane manual tasks. Employees collect receipts, enter expenses, and pass documents regularly. Instead of staff performing tasks manually, the ERP steps in to perform the work. ERP systems automate expense report processing by scanning receipts, recognizing content, and automatically posting the results. Services ERP solutions store documents and document revisions and allow employees to collaborate during document development. The solutions provide tools for marketing campaign development and portfolio earned value management reporting. ERP systems for services organizations take care of many of these mundane tasks, enabling workers to focus on higher-value tasks.

Customer Service and Retention

Today's customers want more. They want to work with a business that, of course, knows their address when they call on the phone but also knows their order history, shipping address, and other order preferences. The customer wants to know exactly when the order will arrive and be notified of any issues that may arise. An ERP system integrates CRM, order processing, shipping, and customer service, making top customer service possible with all services merged into one unified system.

Employee Satisfaction

Finding and retaining top talent is a problem affecting all industries. Like companies operating in all other industries, services companies face increasing pressure from the new generation of workers. Today's employees want to work with the latest tools and technologies, be part of a company supporting an environmental, social, and governance (ESG) mission, and have digital access to job duties and benefits. A digital native might be surprised or even shocked when put in front of older software. Today's ERP systems offer the user experiences, collaboration, and visibility expected by today's workers.

Securing Intellectual Property

Services organizations need to protect their intellectual property along with that of their customers. The last thing an organization wants is for the details of one of its clients' projects to get leaked to the wrong party. Disparate and disconnected systems can create a maintenance and audit nightmare for services companies. As the system of record, the ERP system has its main responsibility to manage the security of all information, no matter how small, that is managed by the system.



WHAT TO LOOK FOR IN ERP FOR SERVICES SOFTWARE?

Companies in services industries rely on ERP software to support critical parts of their business. The complete set of business requirements to support services companies is quite extensive, with requirements lists numbering in the thousands. ERP for services software is broken down into a standard set of functional modules. TEC's industry analysts define the following primary functional modules within ERP for services software.

Portfolio and Project Management—Project portfolio management organizes a series of projects into a single portfolio consisting of reports that capture project objectives, costs, timelines, accomplishments, resources, risks, and other critical factors. Executives can regularly review entire portfolios, spread resources appropriately, and adjust projects to produce the highest departmental returns. As its name implies, project portfolio management groups projects so that they can be managed, the same way an investor would manage a portfolio of stocks, bonds, and mutual funds. The Portfolio and Project Management (PPM) module typically includes submodules dedicated to Portfolio Management, Project Management, Process Management, Workflow Management, Risk Management, and Earned Value Management.

Resource Planning and Scheduling—Resource planning and scheduling is the efficient and effective deployment of an organization's resources when they are needed. Such resources may include financial resources, inventory, human skills, production resources, or information technology. The Resource Planning and Scheduling module includes submodules for Resource Allocation, Multiple User Management, Contacts, and User Preferences.

Opportunity, Contact, and Contract Management—The Opportunity, Contact, and Contract Management module stores sales opportunities and related information. Each sales lead or opportunity can be tracked with information such as source, type, worth, status, the likelihood of closure, etc. Contact management systems enable organizations to easily store and find contact information such as names, addresses, phone numbers, and email addresses. The system is also linked to contract management tools to support the creation and versioning of contracts. Opportunity, Contact, and Contract Management submodules include Customer Service and Support, and Account and Contact Management.

Time and Expense Management—Time management refers to the development of processes and tools that increase efficiency and productivity. Time management tools include timesheets, which capture both work and nonwork-related activities, thus allowing organizations to capture and track data for payroll and project-related activities. Expense management refers to tools that streamline and automate the submission and approval of multiple expenses and expense types, such as travel, lodging, auto, and meals. Submodules for Time and Expense Management are Time Management and Expense Management.

Budgeting, Costing, and Billing—Financial management in an ERP for services solution automates the submission and tracking of project budgets, costs, and assets. It also provides the capability to track multiple billable details and generated customized invoices. Budgeting, Costing, and Billing submodules include Budgeting and Transactions, Project Billing, Invoice Generation, Project Costing, and Resource Sharing.

Knowledge Management, Collaboration, and Analysis—The central focus of knowledge management is to identify and gather content from documents, reports, and other sources, along with searching that content for meaningful relationships. In PPM, knowledge management also includes robust business intelligence capabilities from the extracted repository of information in the system. Submodules for Knowledge Management, Collaboration, and Analysis include Document and Records Management, Collaboration, and Business Intelligence and Reporting.

Technology Platform—ERP system capabilities are constructed on sophisticated software platforms. These platforms form the underlying foundation and plumbing for an ERP system. Modern ERP application platforms frequently run on cloud infrastructure services such as Microsoft Azure, Amazon Web Services, or Oracle's platform services. Business intelligence (BI), document management, Internet of Things (IoT) processing, e-signature, and open application programming interfaces (APIs) are other services provided by the underlying software platform.





TRENDS SHAPING THE FUTURE OF SERVICES ERP

Mobile and 5G Wireless—Mobile device usage continues to expand across services industries. The rollout of 5G networks will bring additional bandwidth, opening up more possibilities for mobile workers. Mobile devices have long allowed employees to check messages, update project status, and submit time and expense reports from anywhere. Many ERP vendors add personal digital assistants, much like Apple's Siri, to assist people in their daily work activities. The spread of 5G networks makes it possible for employees to share pictures, videos, and technical drawings from anywhere.

Wearable Technology—The next generation of wearable technology is already here. Glasses, goggles, and watches are a few examples. The latest generation of wearable tech is smaller, lighter, and more affordable. Watches and fitness trackers receive messages, monitor heart rate, and take electrocardiogram (ECG) readings. Virtual reality (VR) and augmented reality (AR) goggles let engineers collaborate on a new factory's digital twin or view the service instructions for an aircraft engine. Wearable technology affords many opportunities for services businesses to improve business operations as well as provide additional services to their customers.

Drones—Drones open up exciting new business opportunities for services businesses. Drones make it possible to service hard-to-reach infrastructure, such as under bridges and highway bypasses, without putting people in harm's way. Drones technology is improving, allowing these unmanned aerial vehicles to fly farther and swim deeper every day. There are drones as tiny as an insect or as big as a small plane to aid in security, photography, transportation, delivery, inventory counting, and many other applications. Drones offer interesting possibilities because they aren't restricted to ground-based byways.

Artificial Intelligence (AI)—AI is all about making machines smarter and undertaking more intelligent tasks. AI technologies are being used widely in ERP for services solutions. AI software and hardware range from chatbots, digital assistants, image recognition, natural language processing (NLP), robotics, and machine learning (ML) tools. NLP tools make it easier to interact with systems. Image recognition takes the guesswork out of parts handling to assist factory and warehouse workers. ML tools digest massive volumes of data and determine the optimal warehouse setups for incoming customer orders. Because of their enormous potential, AI applications rolling out today will impact all areas of ERP systems.

Human Capital Management (HCM)—Companies understand that finding and retaining top talent is one of their top concerns. HCM components of an ERP system play an essential role in helping to staff, hire, motivate, and retain employees. Many ERP providers stay away from developing comprehensive HCM solutions as part of the ERP system. The lack of attention is partly due to the complexities of supporting personnel pay, benefits, and leave across diverse industries and geographies. Because people are the most important asset in a services organization, ERP vendors are increasing their focus on HCM capabilities.



TOP SERVICES ERP VENDORS

Many vendors provide solutions for services businesses. Some solutions target companies in a specific region or country. Other ERP solutions are designed and built for a particular services vertical such as architecture and engineering businesses. Many manufacturing ERP providers market and sell their products to services organizations even though the solutions aren't built first for services organizations. Here is a list of leading ERP providers for services businesses:

- Deltek
- Oracle
- Microsoft
- Clarizen
- CA Technologies (acquired by Broadcom)
- IFS
- Workfront
- Celoxis
- Oracle NetSuite
- Adeaca
- Mavenlink
- HP
- Wrike



CONCLUSION

ERP for services software is geared toward enabling the operations of project-centric and people-based industries such as construction. Companies operating in services industries require functionality for optimally planning and scheduling their resources; tracking the billable time and expenses for each project; and tracking managing project goals, achievements, risks, and costs; among other factors. ERP for services software is available to enable these organizations to enhance visibility into their projects and provide the quality services that are needed to maintain customer satisfaction and loyalty. For those organizations needing additional info or help with evaluating or selecting an ERP for services solution for their services business, [check out our software selection services](#) or [contact TEC today](#).

ABOUT THE AUTHOR



Ted Rohm covers the areas of enterprise resource planning (ERP), commerce, customer relationship management (CRM), enterprise asset management (EAM), configure price quote (CPQ), supply chain management (SCM), and IT service management (ITSM), with a particular expertise in manufacturing. He has over 20 years of experience in large-scale selection, design, development, and implementation projects, primarily in the biotech/pharma industry.

Prior to joining TEC, Rohm worked for a number of companies including Oracle, Syntex, and Genentech (now part of The Roche Group). Rohm worked with Genentech for 13 years, starting as a senior programmer analyst responsible for building custom applications using the Oracle Tool suite in support of sales and marketing and product distribution. He then became senior manager of commercial systems, where he directed the development, deployment, and operations of enterprise-wide applications for the sales and marketing departments. Rohm was the principal systems architect during his last few years at Genentech, focusing mainly on the implementation of SAP ERP and its integration with other systems.

Rohm holds a bachelor's degree in electrical engineering from Columbia University and a bachelor's degree in physics from Allegheny College.



ABOUT TECHNOLOGY EVALUATION CENTERS (TEC)

Technology Evaluation Centers (TEC) is a global consulting and advisory firm, helping organizations select and adopt the best enterprise software solution for their needs. TEC reduces the time, cost, and risk associated with enterprise software selection with its advanced decision-making process and support application, software selection experts, and extensive resources.

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