Why Professional Services Firms Need an Integrated ERP Solution

Microsoft Dynamics Case Study

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CGS
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Introduction

Professional Services Organizations (PSOs) have historically used a combination of financial and project management solutions to help them more effectively run their business. While these solutions (from time and expense tracking to billing to project management) have provided adequate functionality, the individual niche solutions are typically evaluated, selected and implemented in a siloed fashion to meet operational business requirements. Therefore, complex and costly interfaces are required between industry solutions and back office Enterprise Resource Planning systems (ERP), not to mention presenting the users with a series of different user interfaces.

Another challenge for PSOs in evaluating mission critical project management solutions is that Tier One ERPs, such as SAP or Oracle, were originally designed for manufacturing organizations. These ERP companies pitch their solutions as one-size-fits-all— whereby generalized features address business requirements regardless of industry. Unfortunately, this approach is far from reality and upon implementation it is often discovered that critical industry functionality is lacking or poorly designed. Not only do PSOs differ from manufacturers in what they require from an ERP solution, but PSOs themselves typically have very specific business requirements to meet the unique needs of the many different professional services verticals to which they provide services.

The ERP Landscape

Today's ERP market is largely dominated by incumbent Tier One companies who deliver end-to-end software applications that are designed to monitor and integrate enterprise-wide functional requirements, such as Financial, Human Resources and Supply Chain Management, as well as some industry specific business functionality. Whether the ERP client's line of business is manufacturing, logistics, or professional services, the software is assumed to have many of the features any customer would need -but does the software really support the customer's specialized processes?

Conversely, there are many Industry-Specific niche software solutions available in the market with robust vertical functionality, but lacking strong enterprise back office support. The considerations and challenges a customer faces with a best-of-breed approach is: cost of ownership due to complex integration requirements, data integrity and stability of the niche software provider – are they an acquisition target, will they have resources/budget to invest in the growth of the solution and/or will the solution be supported in the future?

Both approaches to making a software selection have its drawbacks:

- **Complexity**. Whether a PSO chooses an ERP approach, providing breadth of functionality, an industry niche solution approach, providing depth of industry functionality, or a combination thereof, complex integrations and/or customizations are inherent in order to meet the needs of the enterprise. These implementations can sometimes require months or even years of dedicated, full-time effort to integrate and customize.

- **Ability to change**. When ERP software development companies devote the majority of their engineering efforts and R&D budget to providing functionality that attempts to cover the needs of all industries, they do so at the sacrifice of *specific* industry requirements. In many cases, the general needs of a company may be met by the core features, but specific needs simply cannot be addressed. As these all-purpose ERP solutions become even more complex, an increasingly larger percentage of those engineering budgets must be focused on maintenance and upgrades rather than new feature development. The result? ERP Customers spend months or years implementing these systems only to realize that the features they really need won't be incorporated into the core system by the ERP software company for several versions–perhaps years after the software has been deployed. Moreover, vertical solution providers to PSOs may not have the R&D budget to keep up with technology changes introduced to the marketplace which will eventually provide a challenge to their customers, as they attempt to upgrade their various solutions and infrastructure to the latest technology.
- **Limited expertise**. When there are complex software packages to be implemented, the use of consultants is needed. Unfortunately, when the software solution is generalized like most of today's ERP systems, consultants may have little expertise with the unique needs of the customer's industry or markets. As a result, the PSO implementation becomes system or platform focused rather than business process focused—it's about getting the software installed and working correctly, not configuring it specifically to industry-specific requirements. On the other hand, while functional consultants for PSO-focused solution providers provide domain expertise and depth of knowledge of specific professional services sub-verticals, these consultants may be challenged in continuing to provide value should the PSO expand globally or into other verticals and/or industries to remain competitive. Hence, the value of the niche solution provider diminishes as the PSO grows and expands its operations.

But one ERP solution provider, *Microsoft*, has taken a different approach with Microsoft Dynamics AX.

A More Focused Approach

Microsoft Dynamics AX represents a much more focused approach to ERP systems. Rather than trying to serve every industry that might need ERP functionality, Microsoft has targeted its AX platform at five key industries:

- Professional Services
- Manufacturing
- Distribution
- Public Sector
- Retail

Like other ERP platforms, the Dynamics AX platform is built on a core layer of functionality that spans industries and provides a base of features such as:

- Core Financials
    - General Ledger
    - Accounts Receivable
    - Accounts Payable
    - Fixed Assets
- Basic Project Accounting
- Reporting and budgeting

But that's where the similarities between Dynamics AX and competitor's solutions stop. Beyond the core, Microsoft's software is tailored to meet the needs of the five key industries outlined above. What value does this provide? In short, it allows Microsoft the opportunity to enhance the software with new features much faster than many of the other software vendors; features that are specifically tailored to the industries they have targeted.

Enhanced functionality, providing value to Professional Services Organizations, has been added to Dynamics AX:

- Advanced Project Accounting, Time and Attendance and Expense Management
- Resource Definition and Scheduling
- Flexible and Powerful Work Breakdown Structure creation
- Business Intelligence reporting and budgeting
    - KPIs delivered to monitor project activity

> One of Microsoft Dynamics AX's unique features is the tight integration with Microsoft Office products. As a standard "office suite" software in most enterprise networks, users are intimately familiar with Word, PowerPoint, Excel, and Outlook. Microsoft Dynamics AX uses the same the User Interface that is used in the Office suite of products and includes a variety of features that integrate directly with the Microsoft Office suite, ensuring a much faster time to user adoption and reduced training.

Additionally, Microsoft has also partnered with a robust community of independent software vendors (ISVs) to extend the Dynamics AX solution to target specific verticals within each of the five industry segments. Because these ISV's are so closely in tune with the verticals they support, they provide domain expertise and specialized consulting for vertical-specific functionality. Secondly, since the Dynamics AX solution is implemented by System Integrators (SIs) who are also aligned to specific industry verticals, customers can be assured that implementation will not just be about getting the system up and running, but a strategic component of the business. The SI brings countless man-hours of industry experience ensuring that the customer doesn't have to educate the

consultant on the ins-and-outs of their industry, thus providing tremendous value-add and ensuring that Dynamics AX is best configured for their specific needs.

PSO + ERP = MP³

There are clear benefits for PSOs to implement an ERP solution like Microsoft Dynamics AX:

- **Manage People**. Through such features as time-sheet tracking, resource scheduling, and payroll processing, a PSO can ensure that people and their activities are accurately captured for billing and job costing.
- **Manage Profits**. Integrating a variety of financial-management features including finance, role based views, accounts payable and accounts receivable, PSOs can make sure that everything from SOWs (statements of work) to invoices are generated on time and accurately to ensure predictable cash flow, accurate revenue recognition and profitability.
- **Manage Projects**. Dynamics AX provides management of projects that are staffed with internal labor resources and third-party contractors. This aspect of Microsoft Dynamics AX ensures that workflows and processes are clearly operationalized and that all resources have clear visibility into critical milestones and responsibilities.

It's MP^3—Manage people, manage profits, manage projects.

So how can you experience the benefits of Microsoft Dynamics AX? Unlike implementing other ERP packages, you can get the most out of Microsoft Dynamics AX by enlisting the help of an integration partner with the expertise to tailor the solution to your specific needs.

One PSO Is Not Like the Other

Just as there are dozens of industries that need ERP systems to help them most effectively manage their businesses, there are dozens of PSOs addressing specific vertical industries. From IT/Management Consulting to Architecture/Engineering/Construction, to Advertising, PSOs have developed services and expertise to address those target markets. But it's not just about a unique workflow or approach that differentiates one PSO from the next—it's the people. The true value that a PSO brings to an industry (and, more importantly, to a project) is the expertise of its employees. When a services firm can bring thousands of man hours in experience to bear on a project, they are an invaluable resource in helping to bring a project to successful completion.

Combining Dynamics AX with an SI with vertical Professional Services expertise ensures that these two traits of a PSO, the project methodologies they use and the optimal assignment of their resources to their projects, is represented in the eventual implementation configuration.

Computer Generated Solutions (CGS) designed and developed the *Professional Services Automation (PSA)* AX extension as the flagship PSO solution for Microsoft Dynamics AX. CGS enabled a global Dynamics AX partner channel to market, sell and implement PSA worldwide to various Professional Services organizations, including companies in IT/Management Consulting, Architecture/ Engineering/Construction, Media and Entertainment and Advertising industries.

In 2009, Microsoft acquired the PSA solution from CGS which has been uplifted to Dynamics AX 2012. Since then, CGS has maintained its staff of highly skilled consultants, developers and architects focused on delivering world class solutions to professional solutions organizations, both directly and indirectly through global Dynamics AX partners.

CGS In Action!—Alliance Life Sciences (ALS)

About Alliance Life Sciences

Alliance Life Sciences Consulting Group, Inc. (ALSCG) is a management and technology consultancy targeting the Life Sciences industry. They have a proven track record working with many Life Sciences clients to successfully define, deploy, and support business critical applications.

Alliance Life Sciences (ALS) has experience with seven of the ten largest pharmaceutical manufacturers, and several middle market & emerging life sciences firms.

Alliance Consulting (AC), founded in 1994, employs over 150 professionals each with a tremendous understanding of the Life Sciences business challenges and solutions. Through 15 years of service to the pharmaceutical industry, Alliance has gained an extensive understanding of the Sales & Marketing, Managed Care & Government Contracting, and Commercial Operations functions. In the early 2000s, an internal sales center was formed to deal specifically with the life sciences. Then, in 2008, ALSCG was purchased by a venture capital group that split the company into a general consulting practice, Alliance Consulting and Alliance Life Sciences, both of which were subsidiaries of Alliance Holdings.

Need for a new ERP solution

When ALS and AC split, they still shared a variety of back-office systems, many of which were layered on each other and didn't really play well together. Alliance Life Sciences recognized the need for their own ERP system that would be flexible, extensible, and powerful. They began to search for a packaged solution that would meet their specific industry needs while also being customizable enough to address long-term growth.

They eventually selected Microsoft Dynamics AX for its core functionality of timesheet tracking, expense management, project management, A/P, A/R and G/L.

To ensure a successful implementation they also selected Computer Generated Solutions (CGS), a certified Dynamics AX solutions integrator with domain expertise in the consulting services vertical.

CGS worked with ALS to implement an out-of-the-box AX solution that included migrating the existing data from their shared system as well as setup and configuration of the new system to enable ALS to "hit the ground running."

Results of Alliance Life Sciences' Dynamics Implementation

> After ALS split from its former company, they paid their sister company a flat fee to outsource their ERP solution. After going live on Dynamics AX with the help of CGS, ALS realized a significant cost savings. The flat fee versus their current operating costs leaves Alliance operating for 80% of the cost they would be incurring if they had continued to outsource to the home office.

When ALS contracted with CGS to implement Microsoft Dynamics AX they knew they were getting a certified AX partner specializing in implementing the software solution for PSOs like Alliance.

As part of that commitment, CGS focused on configuring the AX solution to ensure maximum value for ALS:

- **An Easy Migration**—Alliance Life Sciences gained access to an enterprise-class ERP solution that can grow with their business;
- **Real-time Data**—Alliance specified during the requirements-gathering phase of their engagement, it was determined that they needed to be able to report on engagement trends and other key business metrics as a way to analyze projects. CGS ensured that this functionality was properly enabled and operating as expected;
- **Customized invoicing**—Dynamics AX provides a flexible invoicing system leveraging SQL Reporting Services (SSRS) which allowed ALS to produce professionally-formatted, customer-facing invoices. Integrated with Time and Expense reporting, this functionality enabled ALS consultants to print their own approval sheets for on-site customer approval and invoice processing;
- **Document management**—all receipts are stored within Dynamics AX for easy auditing and reporting;
- **Payroll system integration**—with Dynamics AX, Alliance was able to easily and seamlessly integrate directly into their Paychex payroll system.

Beyond these functional improvements, Dynamics AX provided Alliance with a number of critical business benefits:

- **Cost of Ownership**—what once took a staff of 12 to handle, both finance and projects, has been reduced to 3.
- **System extension and improvement**—an ongoing relationship with CGS ensures that system changes and requests are not dependent upon contacts in different time zones. CGS can quickly allocate resources to help Alliance fine-tune and extend their system as needed.
- **Billing/processing efficiencies**—invoices, expenses, and other forms that needed approval and processing can get accomplished in just a few days instead of weeks.

Computer Generated Solutions (CGS)—Helping PSOs Leverage the Power of Dynamics AX

Computer Generated Solutions' Dynamics AX practice is structured to help PSOs get the most from their Microsoft Dynamics AX implementation through a standard implementation process:

- **Scoping and Requirements Gathering**—CGS first works with your services organization to understand any unique requirements such as specific, home-grown systems or other software which Dynamics AX must replace, and determines your key project goals and objectives.
- **Planning and Project Management**—once the scope of work has been identified, CGS puts together a comprehensive plan, outlining milestones and work that will be accomplished during the project;
- **Implementation**—with a project plan in hand, CGS' experts can get started. Leveraging our industry subject-matter expertise and IT knowledge, we get to work installing, configuring, and customizing Microsoft Dynamics AX to meet your specific needs;
- **Testing and Q&A**—CGS never leaves a project until we know that everything is working as intended. Once the solution has been configured, we perform extensive testing and quality assurance to eliminate and mitigate any workflow, process, or integration issues. Once the issues are fixed and the system is operating to our client's satisfaction, we move to user education;
- **Training**—the new solution will not produce optimal results if the user community is not properly trained to use it. That's where CGS stands apart from other System Integrators. After we've configured Microsoft Dynamics AX with the client's project team, we work together with individual departments, business units, or individuals to ensure a thorough knowledge transfer and understanding of how to use the deployed software.

About Computer Generated Solutions

For over twenty-seven years, CGS has enabled global enterprises, regional companies and government agencies to drive breakthrough performance through technology. With global delivery capabilities, expertise across leading platforms and deep experience in multiple industries, CGS has become the IT partner of choice for thousands of organizations worldwide. CGS delivers a wide array of proprietary and third-party business applications, technology and business services, outsourcing solutions and learning and communications platforms. Headquartered in New York City, CGS maintains a worldwide presence with 20 offices in North America, Europe and Asia. For more information please visit http://www.cgsinc.com.

Computer Generated Solutions is a premier Microsoft partner and has worked closely with the Microsoft Dynamics AX Development Team in its commitment to R&D. As part of every engagement, CGS looks for opportunities to productize industry-specific software that can be integrated with Dynamics AX and fulfills some of the unique requirements of professional services organizations.