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Cloud-Based Project Life-Cycle Management for Professional Services Firms

March 2012

Public IT cloud services will grow at almost four times the rate of the IT market as a whole. Worldwide revenue from public IT cloud services exceeded \$21.5 billion in 2010 and will reach \$72.9 billion in 2015, representing a compound annual growth rate of 27.6%. Cloud-based software, generally delivered as software as a service (SaaS), is expected to be a key software distribution approach by 2014, offering professional services firms an excellent opportunity to use it to manage the complete project life cycle that defines their business models. Utilizing a cloud-based approach represents a low-cost way to access world-class applications and services quickly while avoiding the up-front capital expense of buying and maintaining hardware and software licenses and managing resources onsite.

The following questions were posed by Deltek to Michael Fauscette, group vice president of IDC's Software Business Solutions, on behalf of Deltek's customers.

Q. What types of mission-critical business management solutions do today's professional services firms need to be successful, and why?

A. Many firms are small and midsize businesses that face a variety of challenges. They need a full life cycle of solutions that span the front office, the back office, and everything in between, including project, employee and client management capabilities that will help them win bids and successfully manage the projects that they have won.

In addition, professional services firms need the ability to manage and get granular visibility into each step of the project life-cycle process so that corrective actions can be taken when things go off track within their businesses. When companies utilize an integrated solution for managing all facets of their business, all of these aspects work together to drive compliance, deliver projects on time and on budget, streamline financial management processes, win more business, and help firms stay ahead of the competition in a very competitive market.

Q. What are cloud-based solutions, and how are they advantageous for professional services firms?

A. When you're talking about cloud, you're talking about a system that sits in an environment that's available across the Internet. In a cloud environment, a software product is available as a service rather than purchased as an application. With that SaaS approach, professional services firms can avoid hiring new IT resources and buying new infrastructure such as servers and databases that they would have to support and maintain themselves. The business pays a subscription price to the SaaS provider, which includes access to best-in-

class applications that are delivered over the Web and managed by a dedicated cloud operational and technical team.

Leveraging the cloud has a number of benefits for professional services firms. It relieves them from worrying about all the resource and infrastructure requirements needed if they were maintaining the system on their own, which means significantly less operational complexity. It also changes the type of budget needed. Rather than spending from the capital budget, firms are basically leasing what they need and paying on a per-user or per-transaction basis, depending on the provider. They get access to world-class quality software with minimal capital investment, and because upgrades are automatic, the latest features are always available. In addition, SaaS allows them to operate using the same best-in-class capabilities used by larger competitors, providing the tools they need to accelerate growth and compete more effectively.

Q. What types of professional services firms are a great fit for cloud-based business management solutions?

- A. Any firm obviously wants to minimize the amount of IT and other non-revenue-generating resources and keep costs in check. But cloud services are an especially great fit for companies that need to focus on their core expertise and competency. A small or midsize firm tends to be highly focused, and its expertise is not necessarily managing an IT infrastructure but delivering a particular contract service to its customer that is executed on time and on budget. Getting high-quality business management tools and at the same time saving financial and staff resources that can now be applied to your core business makes good sense.

In addition, the quality of the tools is maintained because SaaS offers rapid innovation and upgrades versus an on-premise model, which has a much longer upgrade cycle, perhaps even as much as 18 months as opposed to weeks to a few months. So it gives professional services firms a real opportunity to evolve their business with a solution that incorporates these best upgrade practices.

Q. What should professional services firms look for in a cloud services provider?

- A. It's really important to look at several areas. First of all, it's worth remembering that this is a partnership and an important one at that. It's a continuous service relationship with a provider that's somewhat different in nature than the relationship a company might have with an on-premise vendor. The goal is to pick a partner that's trusted, experienced, and financially stable and that will be a long-term player in the market.

Another important area to look at is whether the cloud vendor understands the services business model. In this type of situation, going with a vendor that offers deep vertical expertise is crucial. The SaaS provider should really understand the complexities of the industries within the professional services world – including the accounting and CPA market, PR and marketing communications agencies, consulting firms, law firms, scientific research firms and more.

In addition, make sure that the vendor has built a cloud infrastructure that can provide high levels of security, availability and scalability.

Q. What are best practices for moving from an existing system to a cloud solution?

- A. The firm needs to go into a SaaS implementation the same way any other IT project might be tackled. There needs to be good planning up front, which includes careful definition and understanding of business needs and goals in the context of what's needed from the

applications involved. It's important to have the right people, with expertise across different business units, involved in helping to configure the system. Also important is a good training and change management program.

Firms are well advised not to try and convert all their legacy data for the cloud environment by figuring out the smallest amount of conversion needed to get the job done. It is also important to have executive commitment and the right sponsors and support within the company.

ABOUT THIS ANALYST

Michael Fauscette leads IDC's Software Business Solutions group, which includes research and consulting in ERP, SCM, CRM, and PLM applications (and the associated business process that the software supports); small and medium-sized business applications; partner and alliance ecosystems; open source; software vendor business models (SaaS); and software pricing and licensing.

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