Vertical SaaS For Professional Services Is Driving Material Benefits

How Professional Services Firms Can Overcome Key Business Challenges With A Purpose-Built Solution

FORRESTER OPPORTUNITY SNAPSHOTS: A CUSTOM STUDY COMMISSIONED BY KANTATA AND SALESFORCE SEPTEMBER 2022
Unique Industry Needs Require Out-Of-The-Box Vertical Solutions

The generic, one-size-fits-all approach of traditional horizontal software-as-a-service (SaaS) solutions fails to meet the unique, complex needs of professional services (PS) organizations. To meet these requirements, vertical SaaS for PS solutions are emerging to deliver industry-specific tools. A vertical, professional services SaaS solution is a cloud solution that has been purpose-built by domain experts with configurable out-of-the-box capabilities that are specifically designed to address the unique needs of services organizations. These solutions provide access to capabilities and vendor support/expertise that are aligned with industry standards and improve data management and access.

In 2022, Kantata and Salesforce commissioned Forrester to conduct a study that investigated how vertical SaaS solutions are intentionally designed to help professional services organizations create loyal customers, mitigate risk, and maximize profits.

Key Findings

- Professional services organizations are investing in more vertical solutions to mitigate challenges associated with their unique needs, and 89% agree that vertical SaaS is the way of the future.

- Vertically aligned and minimally customized tech stacks outperform generic solutions and establish leaders.

- Vertical, out-of-the-box SaaS solutions for professional services organizations drive material benefit for 91% of users.
Professional Services Companies Struggle To Realize Top Business Priorities

Decision-makers from professional services companies were asked to evaluate their organizations’ initiatives. Their top priorities include creating loyal customers (87%), making more informed decisions (86%), and maximizing profits (85%), but many are still challenged with client retention (53%), lack of visibility/insights (58%), and lower-than-expected profits (55%), signaling that these organizations are finding it difficult to achieve their goals and meet their top priorities.

Base: 383 global technology decision-makers for professional services firms
Source: A commissioned study conducted by Forrester Consulting on behalf of Kantata and Salesforce, July 2022
The pursuit of business goals significantly impacts how PS firms approach tech stack development, as they focus on solutions offering enterprisewide tooling (60%) that supports customer goals/outcomes (58%). Decision-makers report the most essential features of their tech stacks for PS processes include professional services automation (PSA) (24%), customer relationship management (CRM) (21%), and enterprise resource planning (ERP) tools (15%). Yet, three out of four (77%) companies also utilize spreadsheets to manage engagement and workforce coordination.

The majority of companies find it challenging to perform goal-oriented tasks with their tech stacks, such as conducting resource planning across the entire services workforce (51%), collaborating directly with clients on engagements (51%), and maintaining visibility into project performance (51%).
... But Leaders Have Tools To Overcome Business Challenges And Meet Goals

The ability to mitigate challenges and accomplish essential tasks without the need for complex, over-customized solutions matters. Professional services decision-makers report that they feel their organizations are limited when vendors provide generic (rather than industry-specific) tech solutions that require high customization (78%).

Leader organizations in this study were identified by how well they were able to accomplish key tasks with tech stacks that did not require significant customization to meet their needs. Compared with less mature organizations, leaders were better equipped to overcome business challenges that impact their ability to achieve top initiatives.
Vertical SaaS for PS Addresses The Unique Needs Of Professional Services Organizations

Professional services decision-makers agree that their industry has unique needs compared to other industries (84%), and customizing solutions to meet essential use cases has been costly and difficult to maintain (81%). Vertical SaaS for PS provides specific solutions that address the unique needs of professional services organizations. Utilizing this option is having a direct impact on the ability of businesses to achieve their organizational goals.

Current vertical SaaS for PS users are realizing benefits that directly align with client retention goals and help overcome top challenges, like forecasting accuracy. Additionally, those reporting an increase in billable utilization estimated a 49.5% increase in utilization.

9 in 10 users agree that vertical SaaS drives material benefit for their PS organization.

Benefits of Vertical SaaS for PS
(Showing “Vertical SaaS for PS users”)

- Increased forecast accuracy: 47%
- Increased client retention: 47%
- Increased customer satisfaction: 46%
- Increased services revenue: 43%
- Increased employee retention: 44%
- Improved average project margin: 43%

Base: 329 global technology decision-makers for professional services firms who use vertical SaaS for professional services
Source: A commissioned study conducted by Forrester Consulting on behalf of Kantata and Salesforce, July 2022
Vertical SaaS For PS Is The Way Of The Future

As professional services decision-makers consider future investments, they are putting their confidence and budgets behind vertical SaaS for PS. Of those who currently use vertical SaaS for PS, 88% report that they intend to increase their vertical SaaS for PS budgets in the future.

Of those decision-makers who have not yet adopted vertical SaaS for PS as part of their tech stack, 73% say they believe their organization would greatly benefit from vertical SaaS for PS. Because nonadopters recognize the benefits of vertical SaaS for PS, they report they are very likely to consider adopting in the future (57%) and plan to increase their budgets to accommodate adoption (65%).

89% of users agree believe that vertical SaaS for PS is the way of the future.

Nonusers See Business Value In Vertical SaaS For PS

My organization would greatly benefit from vertical SaaS for PS that has out-of-the-box, configurable capabilities that support the essential use cases for my organization.

Nonusers Are Likely To Consider Adopting Vertical SaaS for PS In The Future

13% Extremely likely
44% Very likely

Base: 45 global technology decision-makers for professional services firms who don't use vertical SaaS for professional services. Source: A commissioned study conducted by Forrester Consulting on behalf of Kantata and Salesforce, July 2022
Conclusion

Vertical SaaS solutions for professional services provide necessary capabilities that offer specific features to meet the unique needs of services professionals. Benefits include:

- Increasing capabilities in resource allocation, including project and data management processes. Vertical SaaS solutions enable PS firms to operate more effectively, helping them to reap material benefits.
- Creating customer loyalty with operational efficiencies. Vertical SaaS for PS meets technology needs with minimal configuration and enables greater transparency into operational processes that support process improvements.
- Providing solutions to improve how leading services firms deliver successful projects. Vertical SaaS for PS is an essential technology, enabling firms to deliver projects driven by unique customer needs.

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Contributing Research:
Forrester's Application Development & Delivery research group
Methodology

This Opportunity Snapshot was commissioned by Kantata and Salesforce. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 383 global technology decision-makers from professional services firms. The custom survey began and was completed in July 2022.

Demographics

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<td>United States</td>
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<td>Canada</td>
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<tr>
<th>COMPANY SIZE (BY NUMBER OF EMPLOYEES)</th>
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<td>Technology/tech services</td>
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<td>Advertising and/or marketing</td>
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Note: Percentages may not total 100 because of rounding.