FORRESTER®

Vertical SaaS For Professional Services Is Driving Material Benefits

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

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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.

FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY KANTATA AND SALESFORCE SEPTEMBER 2022

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.
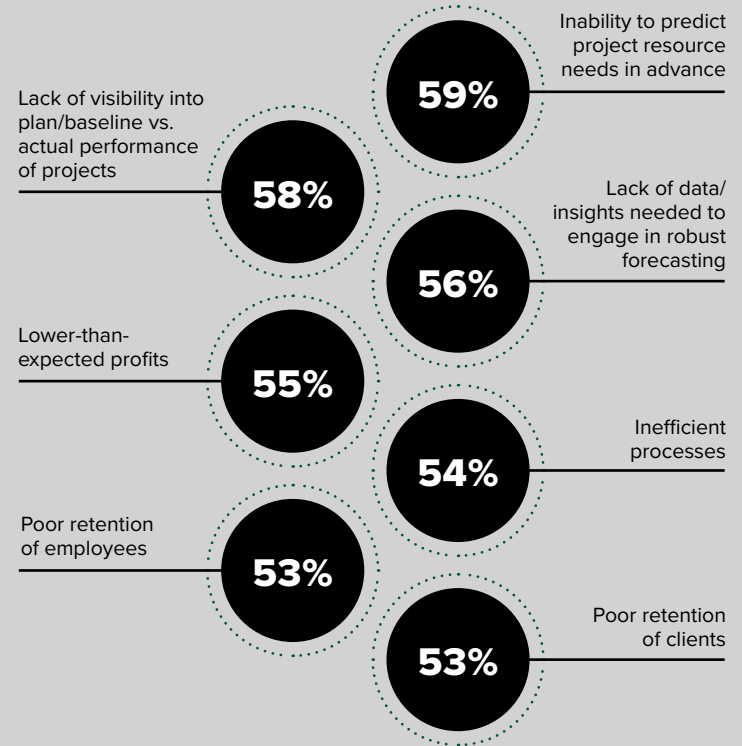
Vertical, out-of-the-box SaaS solutions for professional services organizations drive material benefit for 91% of users.

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.

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PS Business Challenges

(Showing "Very challenging" and "Extremely challenging")

Inability to predict project resource needs in advance — **59%**

Lack of visibility into plan/baseline vs. actual performance of projects — **58%**

Lack of data/ insights needed to engage in robust forecasting — **56%**

Lower-than-expected profits — **55%**

Inefficient processes — **54%**

Poor retention of employees — **53%**

Poor retention of clients — **53%**

Base: 383 global technology decision-makers for professional services firms
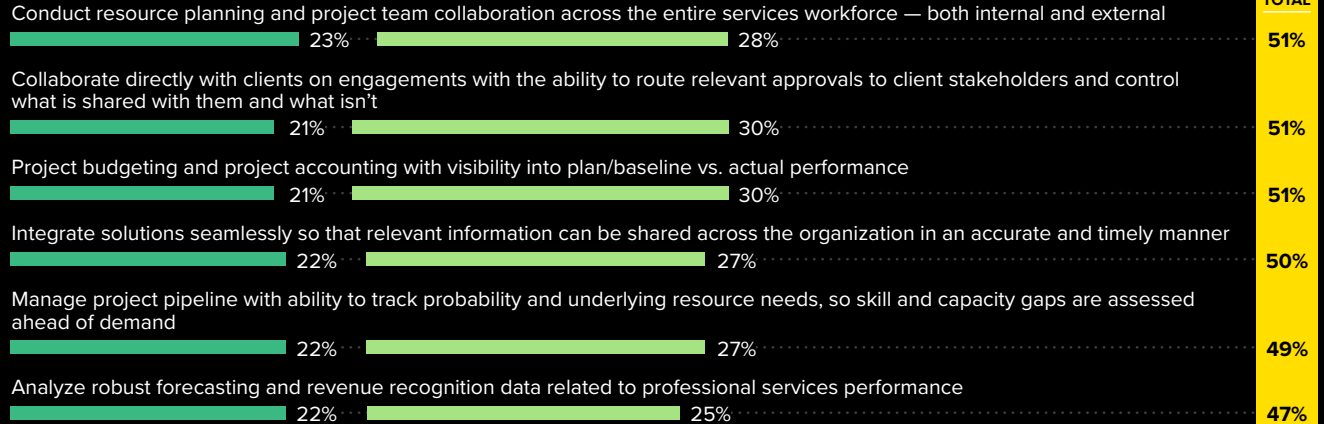Source: A commissioned study conducted by Forrester Consulting on behalf of Kantata and Salesforce, July 2022

PS Tech Stacks Underperform On Essential Tasks …

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%).

PS Organizations Find Tasks Challenging With Their Current Tech Stack

● Extremely challenging
● Very challenging

TOTAL

Conduct resource planning and project team collaboration across the entire services workforce — both internal and external
23%   28%   **51%**

Collaborate directly with clients on engagements with the ability to route relevant approvals to client stakeholders and control what is shared with them and what isn't
21%   30%   **51%**

Project budgeting and project accounting with visibility into plan/baseline vs. actual performance
21%   30%   **51%**

Integrate solutions seamlessly so that relevant information can be shared across the organization in an accurate and timely manner
22%   27%   **50%**

Manage project pipeline with ability to track probability and underlying resource needs, so skill and capacity gaps are assessed ahead of demand
22%   27%   **49%**

Analyze robust forecasting and revenue recognition data related to professional services performance
22%   25%   **47%**

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… But Leaders Have Tools To Overcome Business Challenges And Meet Goals
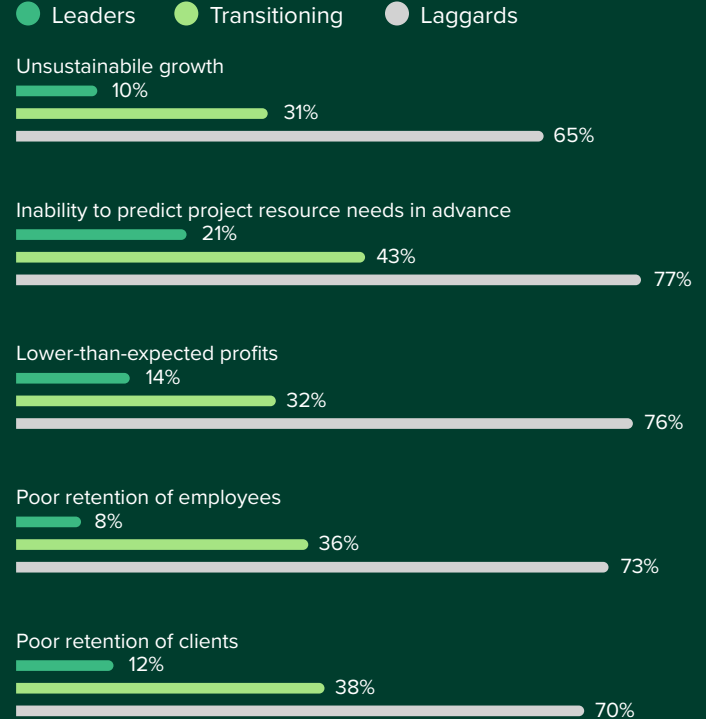
The ability to mitigate challenges and accomplish essential tasks without the need for complex, over-customized solutions matters. Professional services decision-makers report that they feel their organizations are limited when vendors provide generic (rather than industry-specific) tech solutions that 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.

PS Business Challenges Have The Highest Impact On Laggard Organizations

(Showing "Very challenging" and "Extremely challenging")

● Leaders   ● Transitioning   ● Laggards

Unsustainabile growth
- Leaders: 10%
- Transitioning: 31%
- Laggards: 65%

Inability to predict project resource needs in advance
- Leaders: 21%
- Transitioning: 43%
- Laggards: 77%

Lower-than-expected profits
- Leaders: 14%
- Transitioning: 32%
- Laggards: 76%

Poor retention of employees
- Leaders: 8%
- Transitioning: 36%
- Laggards: 73%

Poor retention of clients
- Leaders: 12%
- Transitioning: 38%
- Laggards: 70%

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.

FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY KANTATA AND SALESFORCE
SEPTEMBER 2022

Benefits of Vertical SaaS for PS

(Showing "Vertical SaaS for PS users")

47%
Increased forecast accuracy

47%
Increased client retention

46%
Increased customer satisfaction

43%
Increased services revenue

44%
Increased employee retention

43%
Improved average project margin

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

73%

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.

FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY KANTATA AND SALESFORCE SEPTEMBER 2022

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

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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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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.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

Demographics

COUNTRY	
United States	**67%**
Canada	**18%**
United Kingdom	**16%**

COMPANY SIZE (BY NUMBER OF EMPLOYEES)	
100 to 499	**15%**
500 to 999	**26%**
1,000 to 4,999	**39%**
5,000 to 19,999	**15%**
20,000 or more	**4%**

INDUSTRY	
Technology/tech services	**29%**
Business/professional services	**26%**
Architecture/ engineering services	**24%**
Advertising and/or marketing	**20%**

TITLE	
Director	**48%**
Vice president	**32%**
C-level executive	**19%**

Note: Percentages may not total 100 because of rounding.