

Staying Ahead:

**How Professional Services firms
use automation to become agile**



OXFORD
ECONOMICS



Introduction

In a dynamic global marketplace, midsize professional services firms play a pivotal role in delivering specialized and personalized solutions to clients—fueling customer growth and driving innovation.

By staying adaptable and agile, professional services firms continue to excel while navigating a competitive global landscape. Research conducted by Oxford Economics, in collaboration with SAP shows a large majority (85%) of professional services firms saw positive revenue growth over the past three years. They are more likely than other industries to have reported an average annual revenue growth rate of over 20% (18% vs. 11% survey average). But while revenue increases, profitability growth has

not followed suit; significantly fewer (67%) have seen positive profitability growth over the same period—and only 8% say this growth has been above 10%.

This indicates an opportunity for professional services firms to improve profitability, which has not increased in line with business growth. This report aims to highlight the steps that they are taking to achieve their business objectives and become more digitally resilient in the coming years.

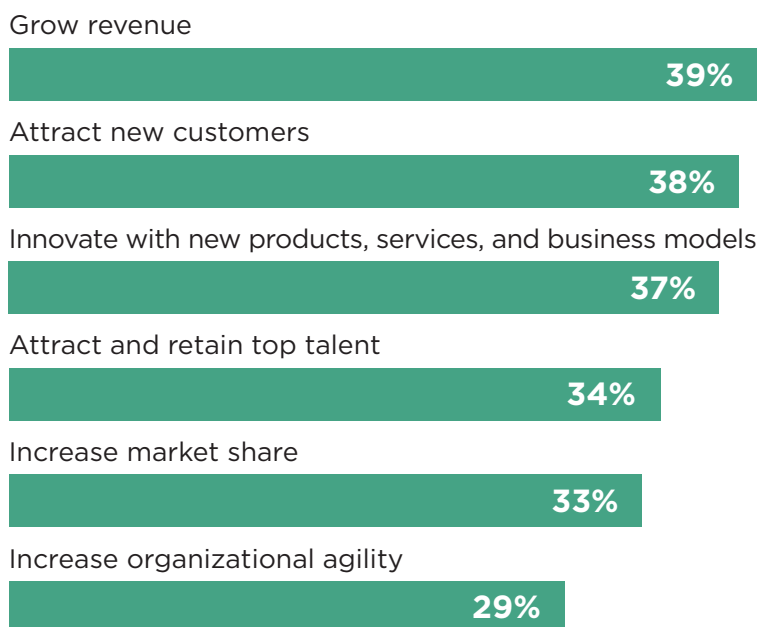
Resource management capabilities

Revenue growth and increasing the business's client base are the top priorities cited by respondents in the professional services industry. Nearly two-fifths rank these as their highest business objectives for the next two years (39% say growing revenue; 38% say attracting new customers).

To achieve growth and profitability, talent is a particularly critical resource. People play a vital role in delivering client value, and professional services executives recognize this. In comparison to all other industries, they are significantly more likely to say that attracting and retaining top talent is a key organizational priority over the next two years (Figure 1). And they are right to emphasize these strategic needs: talent also presents the greatest risk to their industry. Almost half of the respondents say their greatest risks over the next two years are the inability to find (49%) and retain talent (44%).

Figure 1: What are your organization's top business objectives for the next two years?

Top 6 answer choices shown.



Matching talent with technology

Given the nature of the business, it is not surprising that talent is top of mind. Professional services firms need to ensure that they derive the greatest value from their employees. They are looking for ways to enhance employee efficiency, support end-to-end processes, increase visibility, and improve client satisfaction. Doing so effectively requires leveraging the capabilities of digital technologies, like cloud ERP and other tools that help automate suggestions and insights.

An integrated end-to-end cloud ERP provides a unified digital platform. Employees benefit from real-time information, mobile access, standardized processes, and comprehensive data management. It helps to streamline core business practices, automate work, and make more informed decisions. All of this makes it possible for employees to reduce the amount of busywork and focus on more strategic activities.

The organization can more easily identify existing skills and better allocate those skills where and when they are needed. More than half (58%) of the respondents say that matching skills requirements with available talent via automated processes is significantly

important or critical to achieving the overall business goals (Figure 2). Further, technology can support learning recommendations to drive new skills acquisition which is a key factor in talent retention and employee engagement.

Business model innovation is also easier. Cloud ERP can help manage complexities around how companies deliver services and how they bill and collect money. As their operations become more agile, firms can test new delivery models and services. Reusable, repeatable intellectual property can be sold as packages or as digital services, creating new revenue streams, and using new monetization models.

The result is greater profit. Automation of manual, low-level processes and a reduction of complexity enable both improved levels of talent utilization and higher value engagements.

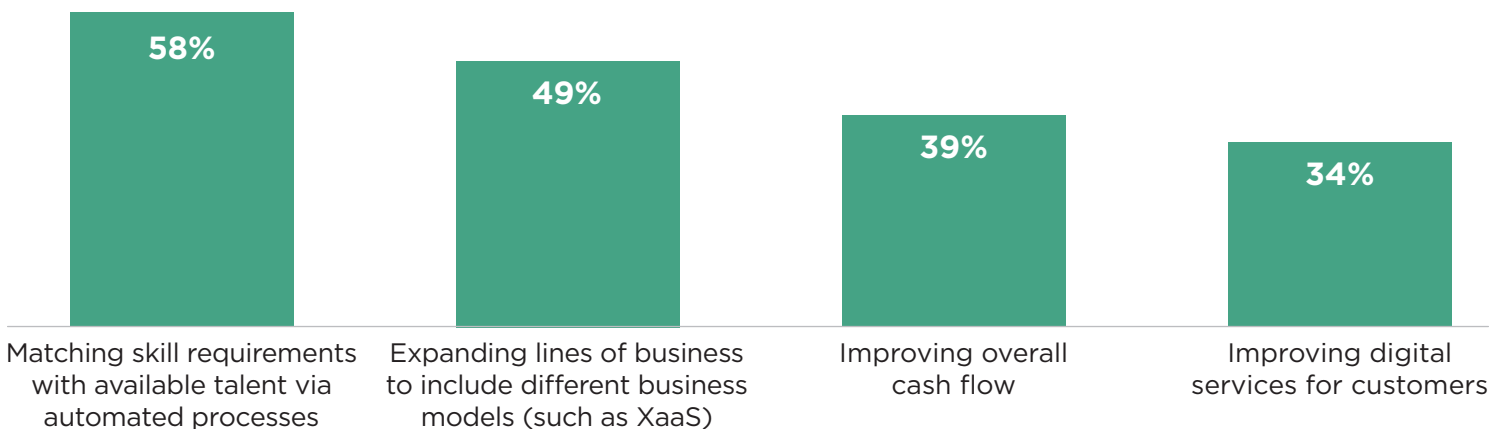
How will you stay competitive?

“Creating more opportunities for our employees to work creatively and generate more revenue.”

— Chief Data Officer in South Korea

Figure 2: In your opinion, how important are each of the following business decisions to achieving your overall business goals?

“Significantly important” and “absolutely critical” responses combined.



Leveraging the power of AI

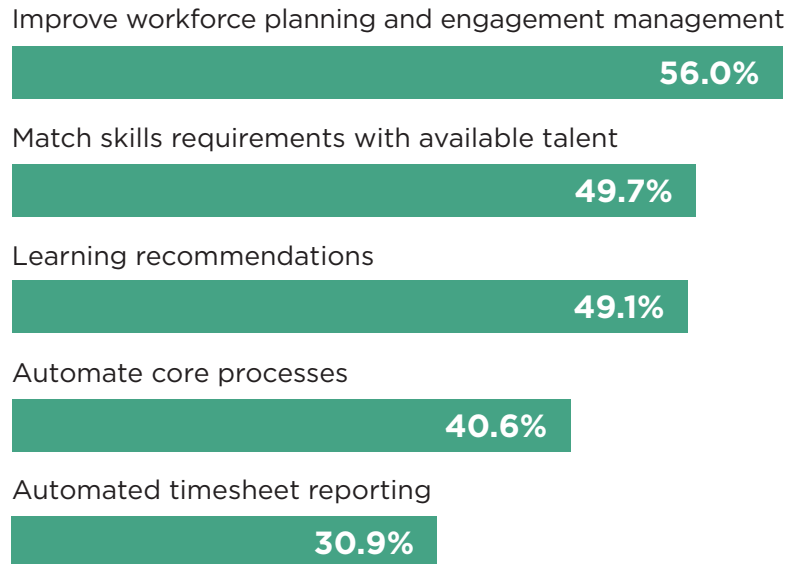
A successful talent management strategy is supported by AI enabled apps. AI is playing a growing role in improving organizational efficiency—and professional services executives are well aware of this. More than half of the respondents have used AI to improve workforce planning and engagement management. Half are using AI to match skills requirements with available talent. They also view AI as valuable for recommending business learnings and automating processes. (Figure 3)

These executives see the impact that AI will have on operational areas. More than four-fifths say that AI will have a significant or moderate impact on products and services (88%), marketing and sales (87%) and strategy and corporate finance (83%).

Getting the most out of AI requires a base of integrated business processes and, more importantly, data. According to the respondents, significant rewards are reaped from integrating data into processes—the largest being creating innovative business models at scale (86% say moderately or significantly beneficial); offering consistent employee experiences (80%); and keeping data accurate and up to date (80%). Of all industries, the professional services industry is most likely to say that data integration is beneficial for collecting and using employee productivity data to improve business efficiency (79% vs 68% survey average).

Figure 3: In which of the following ways has your organization made use of AI?

Select all that apply.



How will you stay competitive?

“Remaining on the cutting edge of artificial intelligence advancements by consistently pursuing continuous education and training initiatives.”

— CTO in Canada

Conclusion

Profitable and sustainable growth are paramount for professional services firms, but they must first find the balance between talent acquisition and process automation. Organizations in the professional services industry should consider the following actions to strike this harmony:

- 1. Align strategic priorities with talent needs.** Growth is great, but resiliency is critical. Act towards results that reduce risk of finding and retaining talent.
- 2. Make technology investments work for the workforce.** Whether that means acquiring technologies that classify and allocate skills where they are needed or automating areas that are understaffed, the balance of talent and technology must be addressed.
- 3. Prepare for the power of AI.** Software suites are continually incorporating AI capabilities as part of future offerings. Identify how your organization can make the most of AI and establish a unified data flow to feed the AI tools.

How will you stay competitive?

“Optimizing our cloud infrastructure for scalability and cost-efficiency for better data protection and easy exchange of information inside the organization so that we improve on our product and service quality and delivery time.”

— *CTO in Australia*

“With the help of automation, robotics and artificial intelligence, we can improve the productivity and quality of our services.”

— *Chief Procurement Officer in China*

Take the next step

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