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BUSINESS GUIDE

Moving Beyond Traditional Project Management Tools to Drive Efficiency and Profitability



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Moving Beyond Traditional Project Management Tools to Drive Efficiency and Profitability

For project managers, business and finance leaders, and end customers, finishing projects on time and on budget is always the end goal. As services businesses grow, however, projects become more competitive to win and complex to manage. Leaders often find that the entry-level applications and spreadsheets that helped them get where they are no longer support efficient project delivery or strong revenue growth.

For many, investing in a professional services automation, or PSA, solution seems like the logical answer. Yet choosing the right system to manage projects, and project

finances, can be complicated, especially if the business is using multiple applications to run project delivery.

When PSA and financial management solutions run on a unified, cloud-based suite, businesses can set up project billing rules, track milestones, and manage resources more efficiently while billing time and expenses accurately and promptly. As a result, project managers can actively take on more project work thanks to improved collaboration and resource utilization and simplified billing. The outcome: A more effective project management lifecycle.



“Quality must be a core organizational attribute that is built into culture and management practices. Most leading professional services organizations build in quality checks and balances to ensure the work is done correctly.”

2023, SPI Professional Services Benchmark Survey

Foundational Project Management

Today's project management is a combination of people management, requirements management, opportunity management, risk management, and more. Project managers need operational tools to establish baselines and set schedules to limit scope creep and encourage collaboration among teams, like finance and sales. And of course, project managers also need to deliver projects on schedule, on budget, and in alignment with business goals.

Moving from spreadsheets or a simple project management application, like a task-tracking tool, to a PSA solution not only helps with project success, it also optimizes these fundamental project processes:

- **Project Planning.** Entry-level project planning tools can leave out critical components, like historical data from similar past projects. They often lack features to pinpoint the best resource for a given task, which can lead to delayed starts, wasted time, higher project costs, and lower profits and revenue.

Good project planning with PSA can pave the way for on-time and on-budget delivery because it lowers the chance of scope creep, budget overruns, and resource overutilization via more effective reporting and use of preconfigured templates that fit the specific requirements of the project.

Organizations with an optimized PSA solutions report a 21.6% increase of on-time project delivery compared to PS organizations that have little to no PSA strategy according to the 2023 SPI benchmark report.

PSA solutions also allow project managers to proactively forecast and react to change. For example, project task placeholders make it easy to set budgets. In contrast, firms with only simple project-tracking tools are often forced into reactive mode.

- **Collaboration.** Establishing collaboration among internal teams is another barrier to successful projects. Without collaboration, work stagnates, tasks don't get completed, and time is wasted.

A PSA improves collaboration among project team stakeholders by ensuring data comes from a single source that all project managers, finance team members, and other resources can access. Now, work processes, like time and expense approvals, are completed accurately and on time.

- **Tracking and Forecasting.** Reporting and tracking are paramount to efficient project delivery. The advanced project-tracking and reporting capabilities PSAs provide can lead to better success rates and greater visibility throughout the project lifecycle.

When organizations use only spreadsheets to manage projects, they are limited to a few data points to record what is happening at a given time. Typically, a project manager looks only at what actually happened, neglecting the “what if” scenarios. Project managers with advanced management solutions, like a PSA, can look at all data points from planned or budgeted work, or time and expenses, and compare that data with the actual work completed. This in-depth reporting gives organizations greater visibility into how certain resources affect the project and helps staff work proactively instead of reactively.

Managing these fundamental project processes in a PSA solution creates two main benefits. First, with one data source, it's easier to track tasks, reducing confusion and inaccuracy. Additionally, by automating workflows, teams are notified when work should be started or billed, which reduces delays.

Now, projects are always up-to-date.

Increase Utilization With Resource Planning

In project management, a “resource” is anything that is needed to complete a task or project. That list includes people, time, materials, and expenditures. Because organizations don't have unlimited assets, project managers need to deploy resources strategically and efficiently to optimize billable utilization and keep projects profitable.

SPI found that services businesses using a commercial PSA solution delivered, on average, 6% higher utilization of resources than those that don't.

From a project management standpoint, increasing utilization is one of the best ways to become more efficient and profitable. Automation simplifies processes and eliminates redundancies. Before a project reaches the execution stage, project managers can take an inventory of resources and look ahead at what they will need throughout the project lifecycle. A PSA solution helps by providing better visibility into workloads and forecasting demand while evaluating archived project data to set the right budgets and expectations.

“Not having to worry if the data is correct has freed us up to focus on higher strategic values, such as how to efficiently manage a project, forecasting, and revenue recognition.” SoftwareAG



“NetSuite provides the tools that are needed to make the cutover from five to 10 systems to one true system of record and data management. It’s definitely a solution that works for companies like us.”

W. Capra Consulting Group



With the right PSA solution, services organizations can search expertise and match people to tasks through intuitive skills tracking and capacity reporting, so that human resources are more efficient and productive.

When resource planning is paired with robust reporting on metrics like allocated and assigned hours, it is easier to ensure that resources are not overbooked and projects are running as efficiently as possible.

Project Billing Strategies

For project managers, ensuring that finance teams have the needed information to bill clients for the work that is performed seems straightforward. But when more complex contracts are in place, or when financials are disconnected from your project solution, choosing the right billing model and managing invoicing becomes a thornier task because every billing situation is not a one-size-fits-all.

PSA solutions yield several core benefits to service organizations, but most executives only need to look to the 6% increase in billable utilization as a primary reason to select PSA.

A robust PSA solution can have a profound impact on the most common project-billing models in the services industry, including:

- **Fixed Price.** This is based on an estimate and agreed-on amount of work that needs to be done to complete a project. A fixed-price model is ideal for smaller and less complex projects.

A PSA solution that manages fixed-price contracts makes sharing project completion data between project managers and accounting groups simple by establishing the project billing rules within the solution. It sets a fixed rate for labor hours specified by the contract to complete the project.

- **Project Milestones.** In this billing model, invoices go out once certain milestones are reached. Milestones can be a percentage of the overall project, a set go/no-go checkpoint or predetermined phases. By setting billing rules within the PSA to generate invoices automatically as

each milestone or trigger is reached, organizations free up staff time and achieve better data tracking and reporting for recognizing revenue when the project is complete.

- **Time and Materials.** Time and materials contracts cover the costs of materials and other overhead plus the cost of labor. This model is typically seen in construction, where expenses are subject to many variables, such as supply and equipment costs that are project-dependent.

With a PSA tracking billing rules, materials, and billable and non-billable time, invoicing becomes a simple, automated process.

For example, PSA can ensure time as well as expenses are accurately entered against the project as the work is completed. Once the time and expenses are approved through internal processes, those costs are automatically invoiced. Recognizing revenue with the right billing rules reduces errors and leads to better visibility throughout the project lifecycle's financials.

Importance of Financials and PSA Together

PSA drives profitability, and profitability helps organizations grow. When project financials from a PSA are incorporated into an ERP system, stakeholders gain a complete view of all their projects' — and the overall organization's — financial health. All project costs, such as labor, cost of resources, billing rates, time, and revenue, are easily captured and tied to a general ledger account.

Automating the exchange of this data allows teams to effectively monitor profitability so that organizations can adjust project schedules and resources as strategies shift. For example, when a change order is created on a project, it is easy to view how the variations affect the budgets, giving project teams better data to make adjustments that benefit the success of the project.

NetSuite PSA solutions make projects much easier to manage by keeping project and finance teams on the same page. Not only do they help align project activities with company financials, they ensure accurate accounting and billing throughout the project lifecycle. NetSuite PSA solutions also help deliver projects on time and within budget by providing collaboration tools and real-time visibility to increase resource utilization and profitability while reducing reliance on spreadsheets and the inherent revenue leakage created by data errors and disconnected financials.

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