

National Technology News & Sage Research Report

SCALING FOR SUCCESS:

How should consulting firms build their infrastructure to confidently grow their business?



INTRODUCTION

The traditional pyramid model of a consulting firm's approach to conducting business is changing. Increasingly, number-crunching conducted by junior consultants, no matter their capability, may not be sufficient in meeting the market's ever-changing demands. Senior management and other departments of the organisation need to play a more active role if they are to continue to be innovative and acquire new business.

For many consulting firms, the current trends reflect a need for greater input from senior management. The use of technology in the accounting department to support research and overall project execution is similarly becoming increasingly important. Firms are looking to analytics-based technology to help with budget allocation, while forecasting is now an important factor in determining demand and minimising revenue leakage.

Taking advantage of the latest developments in AI and machine learning is also a key factor in making research and insight generation quicker and more accurate.

Consultancies who do not utilise these resources to differentiate their service offerings to provide new and novel insights in their research are at risk of falling behind their competitors.

Methodology

National Technology News and Sage surveyed 102 finance professionals to examine how consulting firms are maintaining the integrity of their data and growing at a time when many firms are cutting spending on external expertise. The results offer a representative snapshot of the key challenges and drivers for consultancies as they look to support overall business goals and maximise value by investing in technology.



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Has your organisation experienced growth in the past 12-months?

[Select one option]

Results

27%

There has been a decrease in growth

36%

There has been an increase in growth

37%

There has been no change to growth

There was little to split organisations who said that they had seen increased growth or no change in growth. The results demonstrate that over a third of organisations in the survey have experienced a hike in growth during the past 12-months. These companies are most likely those equipped with the right expertise and tech integrations to meet current demand in the marketplace.

Firms that haven't managed to scale, including just over a quarter that saw a decrease in growth, could benefit from rolling out financial management software to support them on their growth journey through accessing real-time information to boost project profitability and the automation of back office processes.

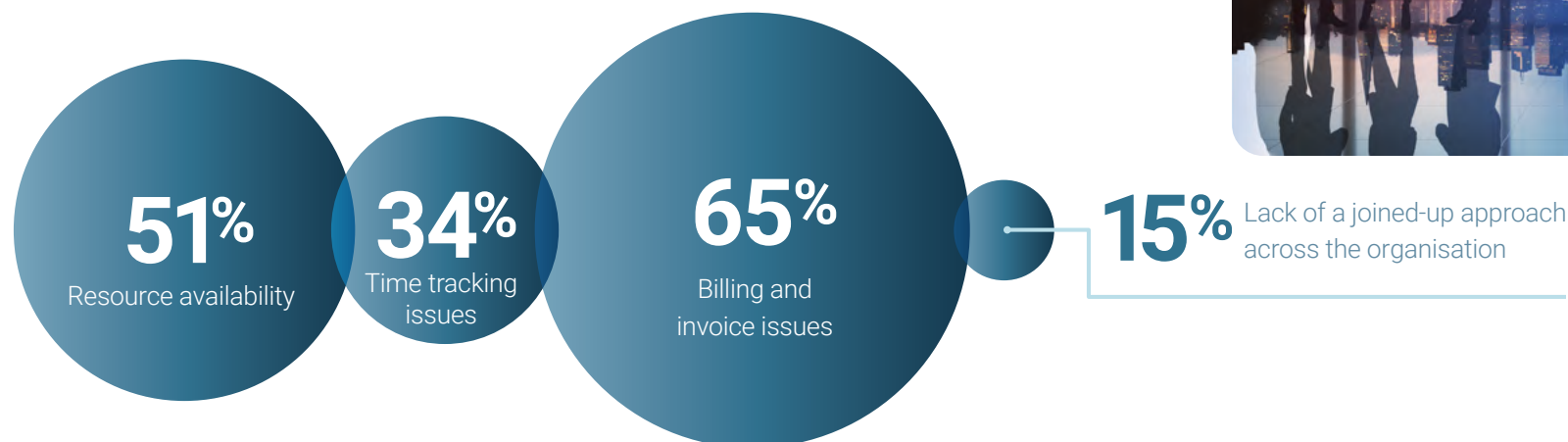
Over a third of organisations in the survey have experienced an increase in growth during the past 12-months



2

Which of the following areas are causing the most revenue leakage within your organisation?

[Select all that apply]



Around two thirds of respondents said that billing and invoice issues were causing the most revenue leakage within their organisations.

One contributing factor to this response may be accounting backlogs as a result of the pandemic's continued impact. Post-pandemic recovery has resulted in many consulting firms needing to revise their business strategies as they assess demand for their service provision in a shifting marketplace. This has resulted in unpredictability for some accounting departments in terms of forecasting demand for expertise and in turn generating new revenue.

The figure may also point to invoice miscalculations. This stands in contrast to projected expectations

in instances where services in the post-pandemic landscape are no longer required. A further lack of awareness around customer needs and changes in the market could also have had an impact

Billing and invoice issues may also have been selected due to a lack of accounting software adoption. Accounting software solutions can ensure consistency and accuracy in financial record keeping, provide clear pricing, and bolster client advisory with smart reports.

Over half of respondents said that resource availability was causing the most revenue leakage. This could relate to firms' lack of investment in analytics technology, which would result in a lack of visibility in data and accuracy in reporting. These factors may also result

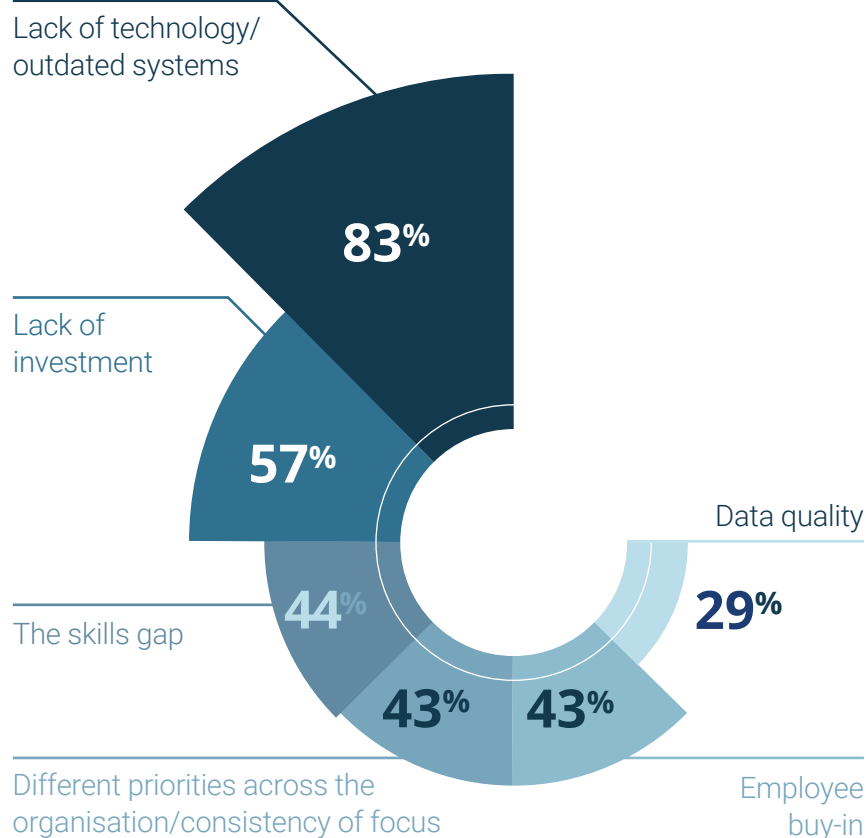
in an inability to compete in the marketplace, possibly due to a failure to invest in relevant tech – such as AI or machine learning – to analyse data and bolster research.

Time tracking issues cited by over a third may indicate revenue leakage due to an inability for some respondents' organisations to meet deadlines for clients' projects, resulting in lost business. Again, this may be due to several reasons, including lack of investment in relevant expertise or technology and software to efficiently manage projects.

Post-pandemic recovery has resulted in many consulting firms needing to revise their business strategies

3 | What are the top challenges for your organisation when it comes to scaling effectively?

[Select top three]



Over three quarters of respondents cited lack of technology and outdated systems as their top challenges towards scaling effectively.

Given the possibility of misplaced or inaccurate projections for marketplace demand covered previously in this report, the figure here may reflect a lack of preparedness around scaling to meet current marketplace demand.

It also indicates that upper management may be failing to recognise new opportunities and underinvesting in appropriate systems. This is potentially limiting organisations' ability to scale and meet shifting needs in the marketplace.

This hypothesis is supported by almost half of respondents reporting that scaling challenges for their organisation comes down to different priorities across the business and a lack of consistent focus. Some firms may also be alternating between competing priorities and failing to judge the right areas of focus which would inform or justify scaling the

business to meet current marketplace demand.

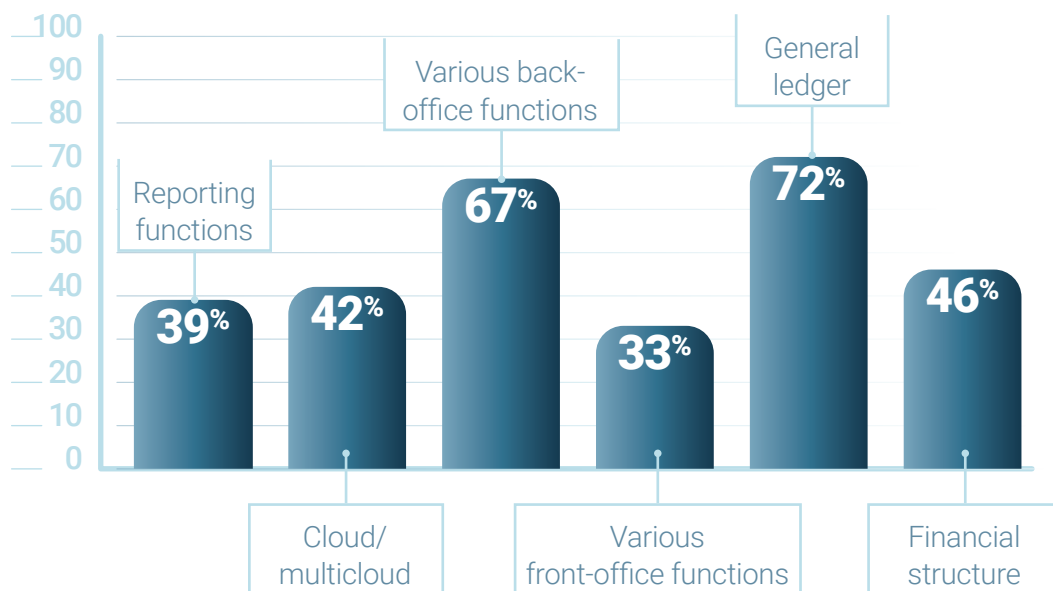
Cited by almost half, the skills gap in personnel could also be constraining the need or desire to scale the business and address new demand. Employee buy-in, also cited by almost half, may further reflect a workforce that will not, or is unable, to shift focus to make scaling the business justifiable.

Selected by almost two thirds of respondents, a general lack of investment could be stymying a number of areas of respondents' organisations, including attracting suitable talent and investing in technology and software that would help the organisation to grow.

Over three quarters of respondents cited lack of technology and outdated systems as their top challenges towards scaling effectively

4 Which of the following areas is your organisation having most difficulty in scaling?

[Select top three]



At two thirds, the general ledger was cited as the area respondents' organisations were having most difficulty in scaling. The result reflects a lack of investment, and suggests that most organisations are missing out on the value of accountancy software. Such software can simplify scaling the general ledger with improved visibility, real time posting, and by streamlining multiple managed accounts.

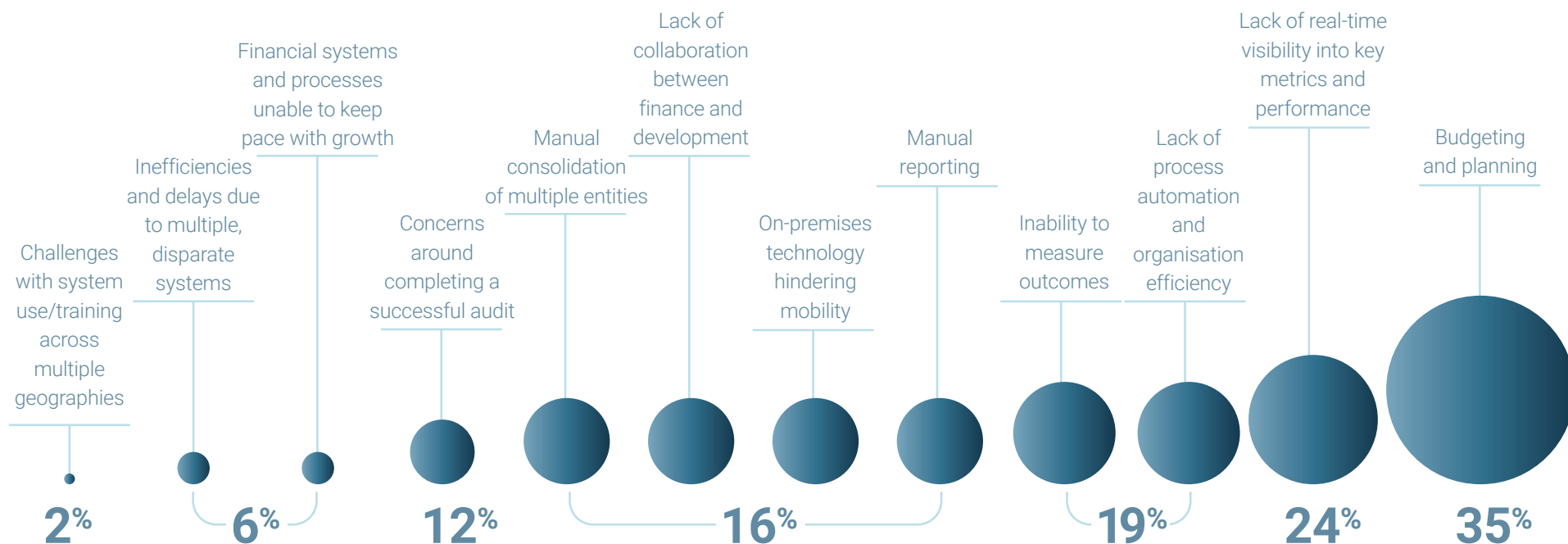
Almost half of respondents identified scaling the cloud as a key difficulty. This result may suggest a lack of collaboration with third party vendors who could assist with an effective cloud migration strategy. The plain reality of a lack of investment – cited by over half earlier in this report – could be limiting scaling ability.

Over two thirds said various back-office functions were a challenge. As mentioned earlier in the report, accountancy software can help to expand capabilities; the same could be said of organisations' approach to administrative functions. Again, the suggestion here is that a lack of investment is hindering organisations' ability to scale.

5

What are the key internal challenges currently impacting your organisation?

[Select all that apply]



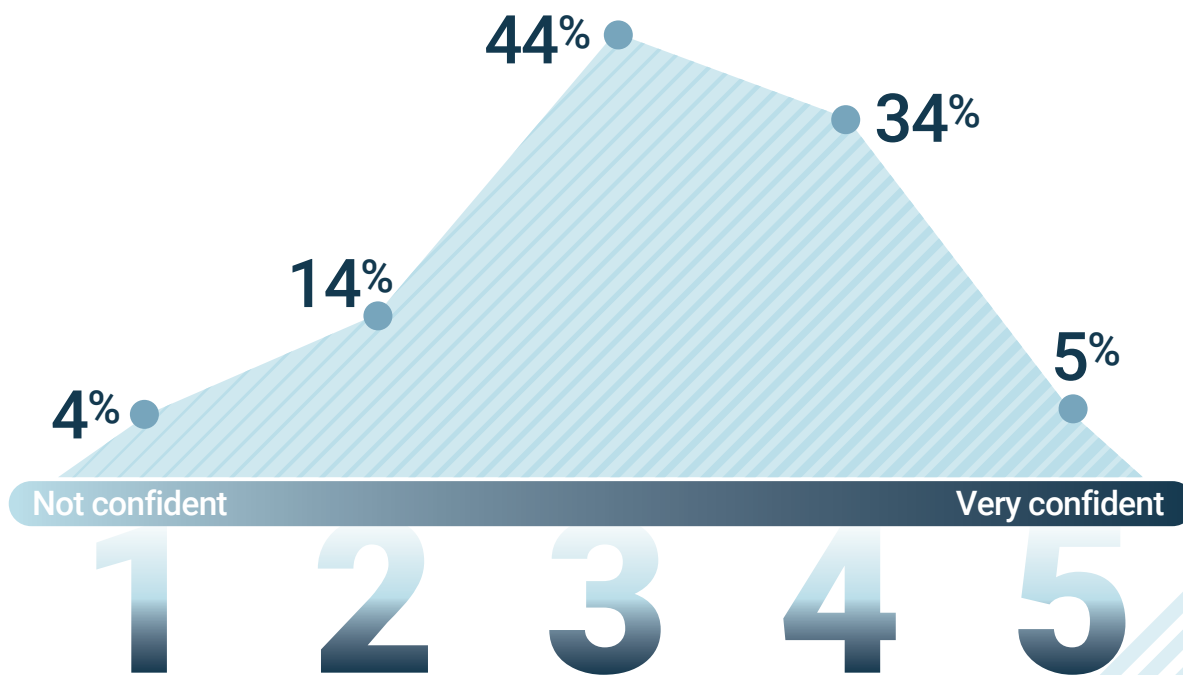
Almost a quarter of respondents said a lack of real-time visibility into key metrics and performance was a key internal challenge. This suggests a lack of financial dashboards or reporting software which can analyse

real-time business performance and business drivers. At more than a third, budgeting and planning was cited as a challenge. This could suggest that some organisations are not sufficiently matching the skills and

capabilities with the needs of their potential customers. An inadequate business strategy, financial forecasting plan and sufficient marketing are all further factors which could have an impact in this regard.

6 | On a scale of 1 – 5, how confident do you feel in your current financial management systems?

(1 – not confident, 5 – very confident)



Here the majority of respondents, at almost half, fell in the middle between not being confident and being very confident in their organisations' current financial management system. Less than 10 per cent said they are not confident (1) or very confident (5) about their financial systems.

These findings suggest that while the majority feel their current financial systems are competent enough, they

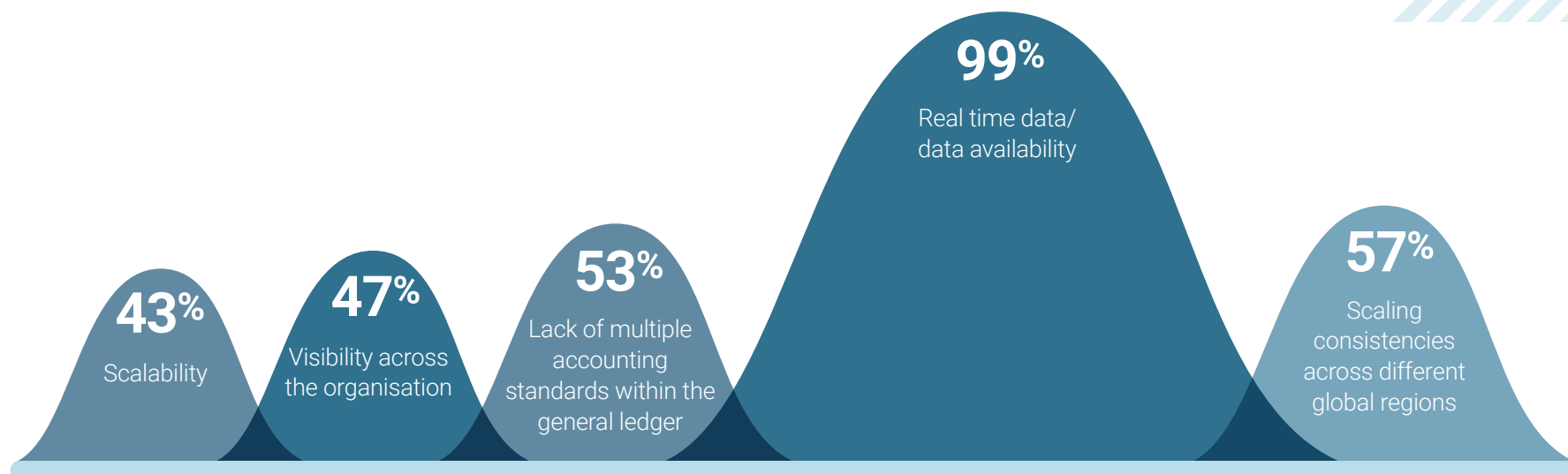
are perhaps not good enough to support deficiencies cited elsewhere in this report such as challenges around scaling the general ledger. The prevailing notion here is that more investment in financial systems is required. Such systems which are forward looking and can handle more complex tasks would help streamline efficiencies and help consultancies adapt their systems with improved flexibility.



7

What are the key general ledger challenges for your organisation?

[Select top three]



Almost all respondents said real time data and data availability was a key general ledger challenge. The figure suggests a clear lack of technology to help assist with data collection and glean insights which could help determine focal areas for the business. Natural Language Processing is just one tool that could help organisations to make sense of large datasets to realise efficiencies and cut down on inefficiencies in the general ledger.

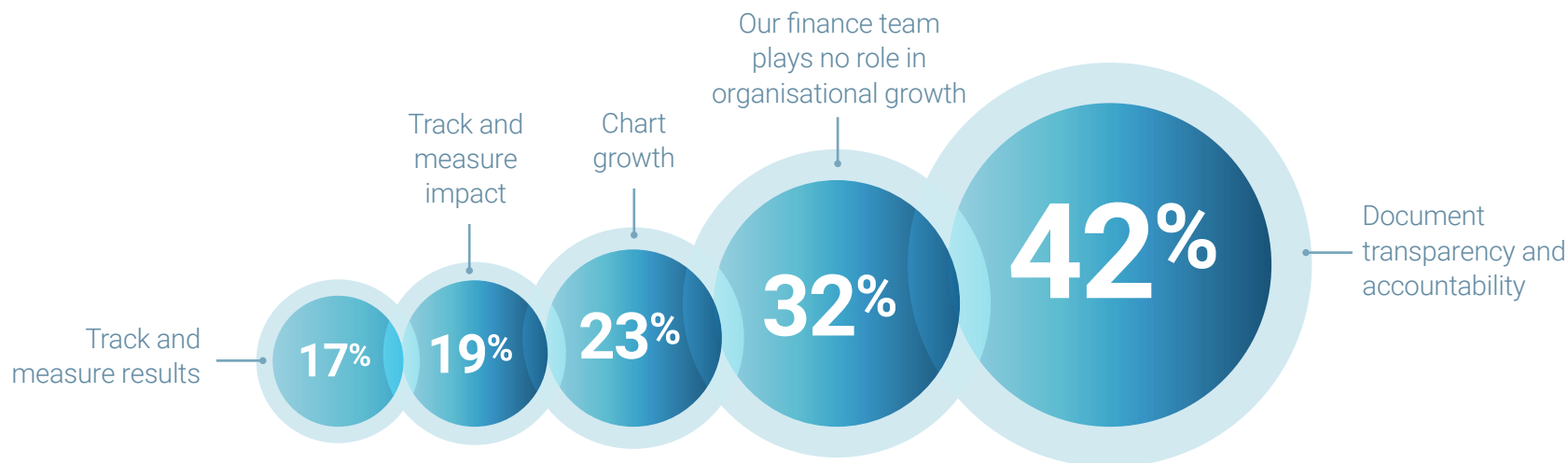
Cited by around half, enterprise resource planning software could solve some of the challenges associated with scalability and visibility of the general ledger across the organisation. This could also be resolved with the adoption of Distributed Ledger Technology, which could also help organisations to scale their general ledger

across different global regions and introduce multiple accounting standards in the general ledger, which was a challenge identified by more than half of respondents.

Cited by around half, enterprise resource planning software could solve some of the challenges associated with scalability and visibility of the general ledger across the organisation

8 | What is the role of your finance team in managing organisational growth?

[Select all that apply]



Almost half of respondents said document transparency and accountability was the role of their finance teams. Earlier in the report, the majority said their organisation had seen decreased growth or no growth. This suggests the traditional role of finance teams are not meaningfully shaping organisational growth.

The implementation of data analytics technology could aid teams in identifying new business opportunities and

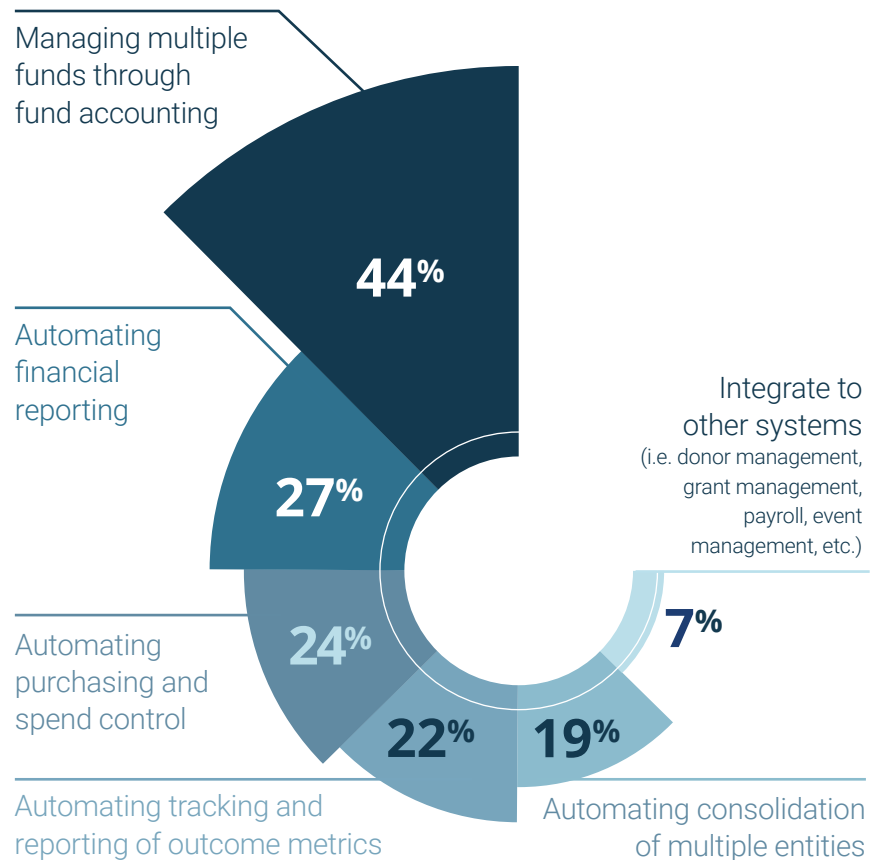
setting aside budget to invest in technologies that could make their overall service proposition more competitive.

Around a third said the finance team plays no role in organisational growth. This may similarly suggest a lack of adoption of technology which could enable finance teams to add insight and interpret financial data to drive business strategy and development while delivering greater value.



Which of the following are a key priority for your organisation when it comes to financial management/accounting software?

[Select all that apply]



Managing multiple funds through fund accounting was a top priority for respondents around their management and accounting software. Previously in this report, a lack of investment was shown to be a key challenge around respondents' accounting software. The adoption of targeted software could

help in managing multiple funds more efficiently.

Around a quarter said automating financial reporting was a key priority. Implementing such technology could greatly streamline efficiencies and save time.



CONCLUSION


The responses gathered in this report - from scaling the general ledger to cloud migration - indicate a recurring theme that a lack of investment in technology is hindering a range of process which could add value to individual teams and respondents' organisations as a whole.

In a competitive consulting environment, the quality of data and insight is a key differentiator. In the present day, it seems clear that applying technology is a critical factor in harnessing the value of otherwise disparate datasets.

The majority of respondents said a lack of investment was a key challenge for their organisation, and this hinders organisations' ability to add value across departments.

As firms hope to grow and maintain accurate and timely financial reporting in order to improve their business, the report frequently suggests that technology gaps are proving to be more challenging than other areas, such as workforce expertise, in achieving that aim.

Solutions such as onboarding accountancy software and enlisting third party vendors to help with cloud migration are just some of the investments which would help consulting firms to meet their needs and grow their businesses.



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