



**NUCLEUS
RESEARCH**

GUIDEBOOK DELTEK

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THE BOTTOM LINE

Deltek provides enterprise resource planning (ERP) applications for professional services firms, government contractors, and other project-oriented businesses. In looking at Deltek customers, Nucleus found that its integrated project accounting and costing capabilities and industry-specific functionality enabled increased visibility and productivity for employees and managers. This resulted in increased profitability and more efficient operations.

THE SITUATION

Project-driven companies have unique challenges. Unlike repetitive manufacturers or distributors that have clearly-defined SKUs and product sets, the products and services that project-driven companies deliver are qualitative and have a high level of variability. To scale and grow, project-driven firms must have the flexibility to allocate resources to multiple projects on an ongoing basis, identify and curb scope problems or cost overruns before they damage margins, accelerate cash flows, and ensure consistency in project delivery. They often use outside resources such as subcontractors, which further complicates accounting. Rapid capture of time and expense data and visibility into that and other financial data are critical.

Deltek provides enterprise resource planning (ERP) solution applications specifically designed for project-driven companies such as professional services firms and government contractors. The company has four ERP offerings: Costpoint, Vision, Maconomy, and Deltek First delivered through the cloud, with functionality including:

- Resource and project management to automate scheduling, allocation, and optimization of human and material resources
- Financial management, including project accounting, budgeting, and planning for multi-currency and multi-company deployments to track costs and revenues for each project or contract
- Time and labor collection and expense management
- Purchasing and procurement
- Human resources and payroll to manage employee information, process payroll, improve candidate tracking and onboarding, train, and assess performance
- Customer relationship management (CRM) for customer data management, pipeline management, and marketing automation
- Business intelligence and performance management with real-time analytics
- Document and contract management for Web-based collaboration, information sharing, and knowledge management
- Governance, risk, and compliance support

To better understand the value that Deltek solutions deliver, Nucleus analyzed the experiences of a broad group of Deltek customers in the United States and Europe. The customers ranged from small project-driven firms to large organizations with more than 10,000 users, and included customers of all three Deltek solutions.

WHY DELTEK

One of the common themes Nucleus found in analyzing Deltek customers was that they sought a solution that could help them to grow by streamlining their business management and project accounting capabilities. In smaller firms, Deltek was often replacing homegrown applications or QuickBooks; in larger firms Deltek most often replaced existing systems, such as Microsoft Dynamics AX, IFS, UNIT4 Agresso, and Sage. Nucleus found three main reasons why companies selected Deltek:

- Deltek applications had strong industry-specific project management functionality, which helped companies accelerate time to value while supporting industry best practices.
- The decision maker had previous experience with a Deltek application from another company and believed it was the best match for the business.
- The company knew of Deltek's reputation and its ability to successfully support project-driven finance and accounting needs.

Nucleus also found that the ability to connect more business processes and functions and manage the entire project lifecycle with one underlying data model was a significant advantage for Deltek customers. They could start by automating one area or process and grow their application footprint over time as their business needs evolved.

KEY BENEFIT AREAS

Nucleus found Deltek customers experienced benefits including increased employee productivity, support for growth, greater visibility, improved invoicing and billing, and reduced IT costs.

Ninety-three percent of the companies Nucleus analyzed had achieved a positive ROI from their Deltek deployment.

INCREASED EMPLOYEE PRODUCTIVITY

Nucleus found that Deltek's ease of use, robust functionality for time and expense reporting, and reporting and analysis capabilities enabled customers to increase general employee, accounting staff, and manager productivity. In some cases this enabled Deltek customers to grow without needing to hire additional staff; in other cases, they were able

to focus less staff time on accounting and project management and more time on client-facing activities. Customers said:

- *"Our accounting department is running at 66 percent of the staff versus what we would have needed without Deltek. We saved at least \$350,000 in the accounting department alone."*
- *"All of our 100 project managers increased their productivity by 3 to 5 percent, which translated into a profit improvement of at least €150,000 per year."*
- *"We used to need to hire people to enter data manually for timesheets. The electronic time sheets are a huge benefit for us, and helped us achieve a lot of time savings."*
- *"Our accounting department is down by 15 percent in number of personnel and 20 percent in labor costs."*

Sixty-four percent of companies indicated that they increased employee productivity, particularly for project managers and accountants.

Companies moving from manual or paper-based systems to Deltek can expect the greatest savings; Nucleus found companies were able to increase accounting and finance staff productivity by 10 to 30 percent and project manager productivity by 3 to 7 percent.

SUPPORT FOR GROWTH

Nucleus found that companies using Deltek were able to grow organically or by acquisition without making a corresponding increase in accounting and IT staff. Companies using Deltek can store project, time and expense, and financial data in a single system. As they seek to expand into other markets and geographies, or integrate acquisitions, they can still quickly consolidate data and meet reporting requirements.

Customers said:

- *"We started as a small company using QuickBooks and we are a \$30 million company now. The company would be unmanageable now without having a platform like Deltek."*
- *"The first deployment was done for 2,000 employees. Since then, we have 9,000 users from 25 companies and we only need 1 employee per 1,000 users to support the application."*

Fifty percent of companies cited support for growth as a key benefit of using Deltek.

GREATER VISIBILITY

In project-driven companies, rapid visibility into resource allocations, expenses, and potential variances on any project is critical to maintaining margins. Nucleus found Deltek's single data repository, project tracking and allocation capabilities, dashboards, and reporting capabilities enabled companies to increase visibility for better decision

making. Rapid access and greater visibility into data also enabled companies to more quickly respond to client inquiries:

- *"Our project managers were spending 90 percent of their time searching for data. Deltek helped us overcome this problem from day one."*
- *"We now have more sophisticated, industry-specific reports and analytics."*

Seventy-three percent of Deltek customers cited analytics functionality and customizable dashboards as drivers for improved visibility.

In many cases, Deltek made business insights more accessible to more employees, so they could independently access the data they needed without asking for IT or administrative staff support. This drove better decision making and a reduced need for IT staff time to be devoted to custom reporting and analysis.

IMPROVED INVOICING AND FASTER BILLING

Companies using Deltek were able to quickly capture project cost information details and use that data to automate much of the process around generating invoices for clients. This enabled them to provide more detailed invoices faster and answer client inquiries about billing, which accelerated the billing process.

Eighty-two percent of Deltek customers were able to streamline financial management and accelerate billing.

Customers said:

- *"Automated billing improved our cash flow. We were able to achieve a 15-day reduction for outstanding invoices and reduce our processing costs per transaction by 5 to 10 percent."*
- *"The solution allows us to have more historical data and helps project managers more easily get the information they need for billing. We now process 95 percent of all the client billing automatically using Deltek."*

Companies that plan to accelerate or automate billing using Deltek can expect an average reduction in time to payment of 15 to 20 percent. Those without any automation today are likely to experience greater benefit. The net benefit of accelerated billing is a positive change in working capital.

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REDUCED IT COSTS

Companies moving to Deltek experienced IT cost savings by:

- Taking advantage of Deltek's industry-specific functionality to avoid initial development and consulting costs. Nucleus has found that customization also drives greater support costs over time and more costly and disruptive upgrades, which Deltek customers were able to avoid by using Deltek's existing functionality.
- Using Deltek's hosted delivery model to reduce ongoing hardware and support personnel costs.
- Taking advantage of Deltek's single data model and reporting capabilities to reduce the IT staff time needed to gather data and deliver reports. In many cases, this meant business users could create needed reports themselves; in others, less-skilled IT developers were needed to deliver the reports, reducing overall costs.

Customers said:

- *"We implemented Deltek in 25 companies and we were able to reallocate 8 full-time employees in IT, which is the equivalent of \$640,000 in savings."*
- *"Deltek is highly configured for government contractors which helps us take advantage of industry-specific functionality and reduces the need for customization."*

Forty percent of customers achieved IT cost savings by moving to Deltek by retiring systems and applications that were more costly to support.

BEST PRACTICES

The most successful Deltek customers followed a number of common best practices to maximize returns from their Deltek investment.

USE A PHASED DEPLOYMENT TO BUILD USER BUY-IN

Nucleus found that some customers moving from multiple manual systems or paper-based systems determined that a large-scale deployment including reporting was too much for end users to digest at once. They were more successful when they broke up their deployment into stages so employees could be trained on new capabilities and processes and master them at each stage before moving on to the next stage. This is particularly true in the reporting area, where the extensive Deltek capabilities can be overwhelming for some users.

EVALUATE HOSTED AND CLOUD DELIVERY

Cloud delivery enabled small and large Deltek customers to take advantage of the latest software innovations and support access to the application from any location while limiting the need for internal IT support resources. Nucleus found, however, that customers that were not planning to expand or change their Deltek application footprint over time didn't necessarily benefit from a hosted model.

KEEP REPORTING FOCUSED

Particularly in early deployment phases, limiting the number of KPIs and dashboards employees have access to can help them successfully adopt the application, focus on the most important factors to project success, and increase their productivity. Nucleus found that companies who started with a few reports and then expanded based on demand were more successful than those that invested in building out a lot of reporting before users had experience with the application.

TAKE ADVANTAGE OF INDUSTRY EXPERTISE AND BEST PRACTICES

Nucleus found that companies that took advantage of Deltek expertise and best practices in their industry were able to limit initial customization and development costs, streamline existing practices and processes to gain efficiencies, and have a more predictable, less risky deployment. Taking advantage of Deltek expertise over time also helped them maximize ongoing returns from their investment.

CONCLUSION

Project-focused firms seeking to grow today need to take advantage of technology to gain efficiencies and greater visibility into their business operations. In its analysis of Deltek customers, Nucleus found that the advantage of the Deltek approach is twofold:

- Industry-specific functionality reduces initial and ongoing deployment cost and risk
- A single data model for customer, project, partner, and financial management and integrated reporting tools deliver greater visibility and more rapid access to data for decision making.

Nucleus found these characteristics enabled Deltek customers to accelerate time to value, increase productivity, and, ultimately, position themselves for growth and increased competitive advantage.