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Prevent revenue leakage

When information falls through the cracks, so does revenue

Based on research from top industry firms

Revenue leakage is revenue earned but not realized, executed but not rewarded, owed yet not collected.

Every services business suffers from some amount of revenue leakage, but, when uncontrolled, its hugely negative impact on cash flow can become an existential threat. According to SPI Research's 2024 Professional Services Maturity™ Benchmark Report, the average reported revenue leakage this year came in at 4.7%. Bad as that sounds SPI found that low-performing organizations suffered over 10% revenue leakage! Whether your business is beating the odds, or falling behind, the drag on your business from revenue leakage threatens your ability to compete.

How is revenue leakage impacting your business?

The impact: direct and indirect

As inflation and interest rates rise, driving global uncertainty and business turmoil, capturing every dollar earned is the key to survival. Gaining 3% (a conservative estimate) of total services revenue in a company already driving $50M in revenue could put another $1.5M straight to the bottom line, with not so much as a single additional minute worked.

And that's just the direct impact of plugging leaky revenue processes.

The indirect impacts of tolerating undue revenue leakage are at their worst in your customer relationships. Billing errors, murky statements of work, and poorly-estimated quotes can dampen an otherwise excellent experience: even when the work itself is stellar, poor financial communication can leave the customer frustrated. And that less-than-ideal customer experience doesn't just slow down cash flow, and fuel runaway DSO, it reduces your chances of winning the next project.

Meanwhile, poorly-optimized financial processes can ignite crippling revenue recognition issues, and weigh heavily on business-wide margins. Between misquotes causing overruns or underruns, and delivery issues driven by uneven resource management that is needed to plug gaps, it is easy to lose control over both the strategic moves, and the tactical execution, not only of individual projects, but the whole book of business.

THE CAUSE & EFFECT OF REVENUE LEAKAGE

According to the SPI Professional Services Maturity™ Benchmark Report

CAUSES:
Billing errors, time delays in billing, project delivery issues, incorrect statements of work, misquotes.

EFFECTS:
Lower utilization, poor on-time project delivery, more project overruns, lower EBITDA

FEAR FACTOR:
"Revenue leakage is difficult to determine in many cases, making it a 'silent killer' of profitability. In many instances, organizations don't even realize revenue has not been billed, making it a very difficult figure to calculate."

Delighted customers lead to an increase in revenue and profit margins

Clients are the center of the services world, and the only way to serve them comprehensively is to connect every element of their experience. That's why every interaction must be visible cross-functionally across the organization, starting from the moment sales creates an opportunity, through delivery, operations, finance, support, and customer success. Keeping everyone on the same page, sharing the same data — working from the same customer record — eliminates miscommunication, and increases the likelihood of catching issues before they become problems. And keeping the whole project team inside a single, connected, application means never losing billed time to failed system syncs, nor wondering whether everyone has properly accounted for their time.

Certinia customer Agilyx reduced revenue leakage by 50% and attained 96% improvement in visibility and DSO. Their CEO said,

> With Certinia, we improve the way we deliver our services while delighting our employees and the customers we serve. Being customer-centric has been our constant North Star, and Certinia PS Cloud enables us to continue confidently in that direction. 99

John Catarinich
CEO, Agilyx

How does Certinia help put an end to revenue leakage?

With Certinia, you can seamlessly build estimates that have full visibility over resources and their availability; relevant expenses and margins; as well as both existing backlog and future pipeline. Easily connect all project participants for clear project communication, as well as simple entry and tracking of billable and non-billable hours. Use advanced analytics to assign the most skilled and cost-effective resources, while ensuring optimal utilization across your team. Easily identify project risks with project burndown reports that match hours used to SOW scope. Increase your forecasting accuracy with all-on-one-platform data records; track profitability for past, current, and future projects to tighten your business controls; and automate the production of bullet-proof revenue recognition. All with your customer at the center.

Connectedness eliminates errors, plugs leaks

When all customer and project data is in one place, shared with all of your teams in real time, you have an environment where customer experience is world-class, leakage is a thing of the past, revenue grows, and renewals and margins increase.

It's time to build a truly connected services journey.

What are you waiting for?

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