FORRESTER®

Improve Customer Centricity And Unlock Lifecycle Visibility With PSA Solutions

Why Breaking Technology Silos Across Your Customer Functions Is Critical For Driving Professional Services Business Growth

Table Of Contents

Project Team:

Ben Anderson,
Market Impact Consultant

Contributing Research:

Forrester's Technology and Security research group

ABOUT FORRESTER CONSULTING

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Executive Summary

Customer obsession requires organizations to consistently place their customers at the center of their operations. For professional services (PS) organizations, this means understanding and delivering on needs, expectations, and outcomes at every stage of the customer lifecycle — for example, how they win business, deliver projects, track costs, manage revenue, support customers, and win renewals. Renewals are critical for services businesses and the ultimate measure of customer obsession; however, just 3% of organizations in Forrester's latest 2024 State Of Customer Obsession Survey are truly customer obsessed.[1]

In October 2024, Certinia commissioned Forrester Consulting to evaluate the effectiveness of professional services automation (PSA) solutions used today. Forrester conducted an online survey with 623 respondents who are decision-makers at PS organizations across North America, Europe, and APAC to explore this topic.

We found that although PSA solutions are critical for future business success, many organizations are missing important functionalities, which impacts their operational efficiency and ability to deliver client value. They need comprehensive PSA solutions that support functions across not just operations and delivery management, but the entire customer lifecycle. Organizations that have adopted a PSA solution with these functionalities see customer centricity and business growth improve.

Key Findings

Many organizations lack a full suite of critical PSA functionalities. More than three-quarters of respondents agreed that PSA tools are critical for organizational growth; however, less than half use PS tools with comprehensive features like reporting/analytics, skills management, resource management, or time/expense tracking functionalities. Only 44% use a PSA solution that combines all functionalities.

Lacking PSA functionalities impacts operational efficiency and client value delivery. Respondents' organizations face challenges with forecast accuracy, resource and skill alignment, and conflicting data insights and definitions resulting from siloed data and current PSA tools. Establishing effective visibility of project performance and client satisfaction is a time-consuming, manual process that detracts from delivering client value.

More comprehensive PSA solutions are needed. Respondents agreed there is room to optimize their PSA solutions, and more than 80% are prioritizing enhancing transparency into all customer lifecycle functions. Less than one-quarter currently have high or full visibility across functions, and just 39% can use one platform for complete insight into all customer functions.

Organizations with PSA solutions supporting the entire customer lifecycle improve business outcomes. Respondents reported delivering more client value, improving operations, and increasing revenue by using PSA solutions that support all customer lifecycle functions, provide greater upstream visibility (e.g., opportunities and scoping), and automatically track customer and project metrics.

PSA Is Critical For Success, Yet Many Organizations Lack Key Functionalities

Gone are the days when adopting a PSA solution simply offered organizations marginal improvements in utilization rates. PSA is now an essential element for managing all aspects of a PS business and critical for catalyzing any organization's growth. In surveying 623 PS decision-makers, we found that:

- **Adopting PSA technology is critical for successfully executing top business initiatives.** Decision-makers reported that their PS organizations are tackling an extensive list of business initiatives over the next 12 months, including improving employee experience, customer retention, and business predictability. To execute on these initiatives, PSA tools play an important role. More than three-fourths of respondents agreed that PSA tools are critical to their organization's growth potential, resource management and skilling efforts, organizational complexity control, and profit margin KPI achievement (see Figure 1).

- **Many organizations lack important PSA functionalities.** Nearly half of respondents reported that their

organization uses financial and accounting management tools to support PS operations. However, they noted their organization is less likely to use tools with critical functionalities in reporting and analytics, skills management, time and expense tracking, customer success, and resource management (see Figure 2).

- **Organizations have not yet centralized their PSA functionalities.** Just 44% of decision-makers reported that their organization uses a dedicated solution for all PSA functionalities. Fifty-six percent reported that their organization uses a custom-built PSA solution, a combination of discrete PSA tools, or relies on spreadsheets and other manual methods (see Figure 3).

FIGURE 2

PS Tools Used Today

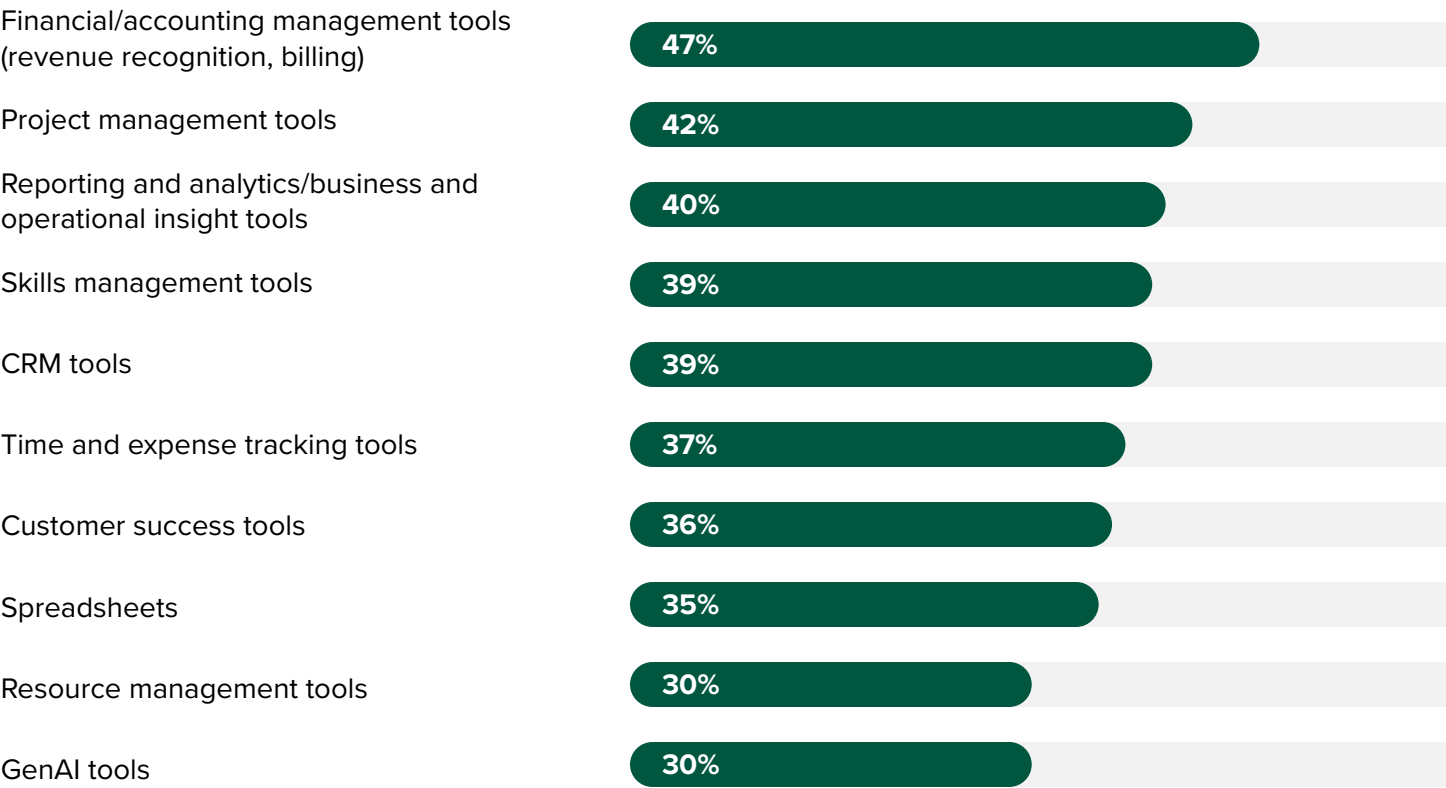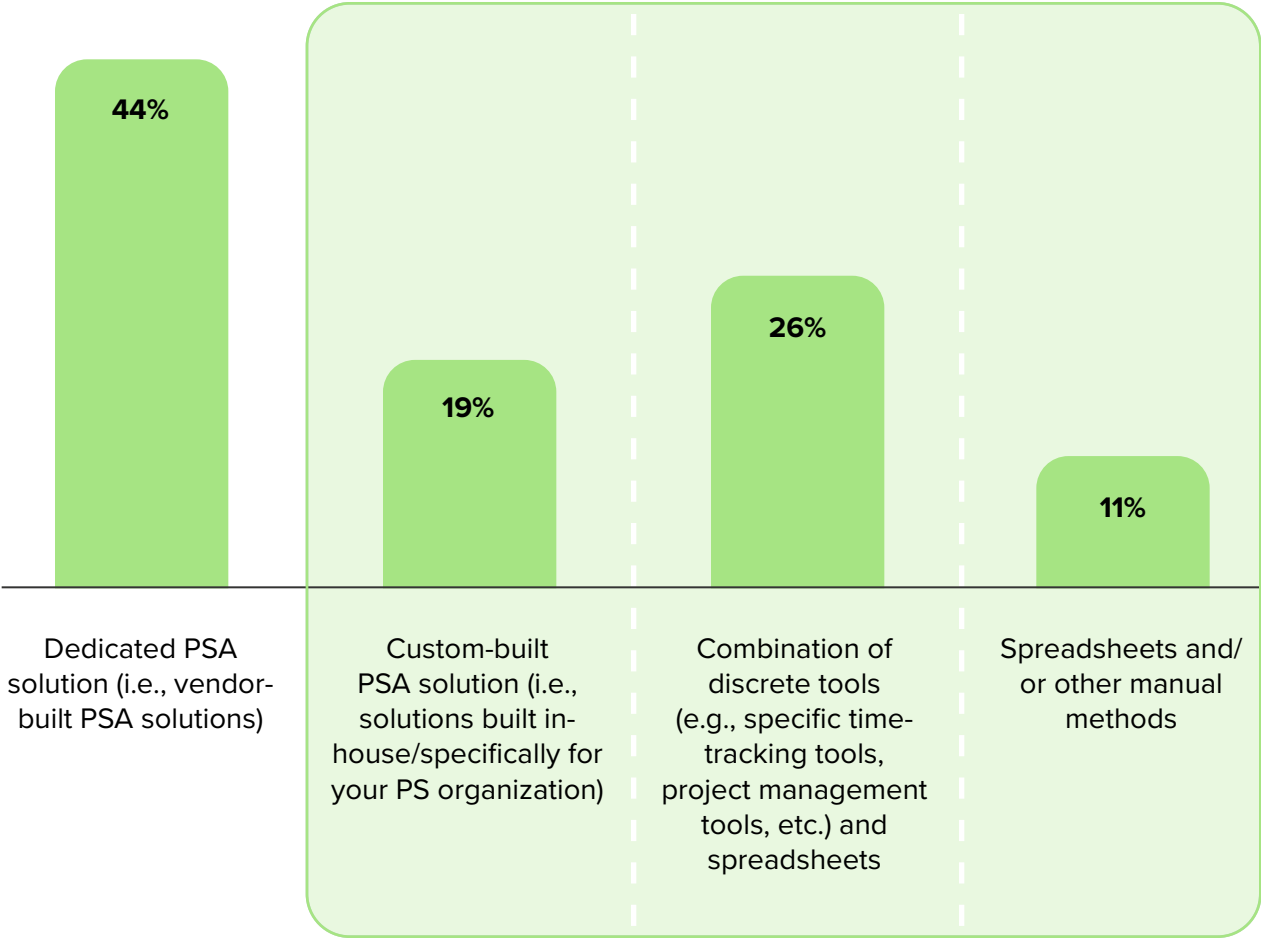| Tool	Percentage
Financial/accounting management tools (revenue recognition, billing)	47%
Project management tools	42%
Reporting and analytics/business and operational insight tools	40%
Skills management tools	39%
CRM tools	39%
Time and expense tracking tools	37%
Customer success tools	36%
Spreadsheets	35%
Resource management tools	30%
GenAI tools	30%

Base: 623 professional services decision-makers
Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

FIGURE 3

Types Of PSA Solutions Used

Base: 623 professional services decision-makers
Note: Percentages may not total 100 due to rounding.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]
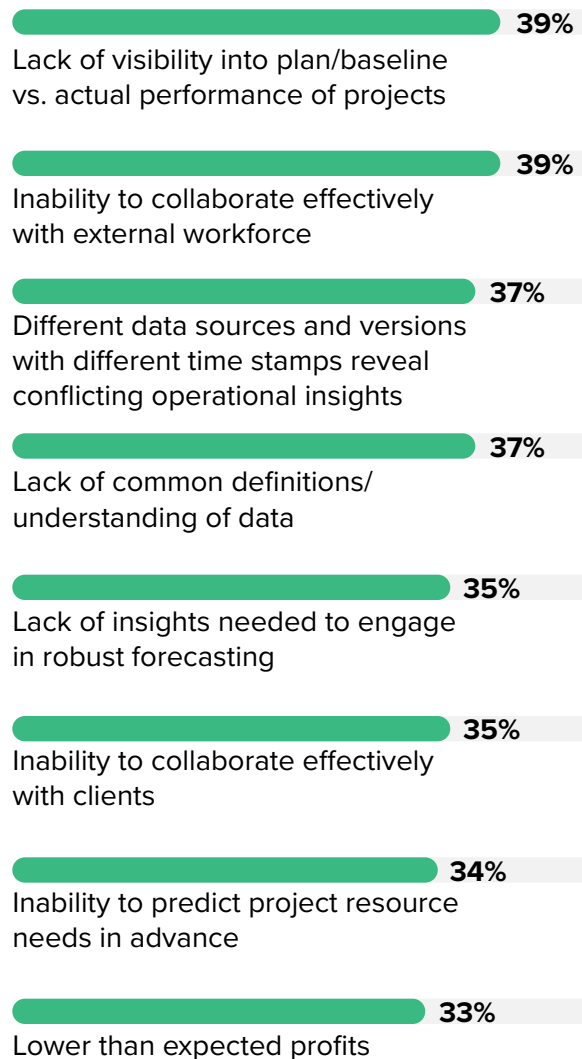
A Lack Of PSA Functionalities Affects Operational Efficiency And Client Value Delivery

PS organizations are often overloaded managing manual, complicated, and time-consuming processes that allow them to understand project performance and the value they deliver to clients. Without the right PSA functionalities, they cannot focus on delivering client value and growing their business. In exploring today's challenges, we found that:

- **Current PSA tools are the root of significant operational challenges.** PS organizations struggle to operate efficiently. Decision-makers reported that their organization faces its most significant challenges in poor forecasting accuracy (e.g., a lack of visibility into plan versus actual performance), ineffective collaboration with their external workforce, conflicting operational insights, and inconsistent data definitions (see Figure 4). Respondents attributed these challenges to siloed data, difficulty using current tools, and lacking the right tool functionalities needed to execute.

- **PS organizations struggle to track customer health and project performance metrics.** Decision-makers reported that their organization, on average, automatically tracks just two

FIGURE 4

Top Challenges Of PS Organizations

39%
Lack of visibility into plan/baseline vs. actual performance of projects

39%
Inability to collaborate effectively with external workforce

37%
Different data sources and versions with different time stamps reveal conflicting operational insights

37%
Lack of common definitions/ understanding of data

35%
Lack of insights needed to engage in robust forecasting

35%
Inability to collaborate effectively with clients

34%
Inability to predict project resource needs in advance
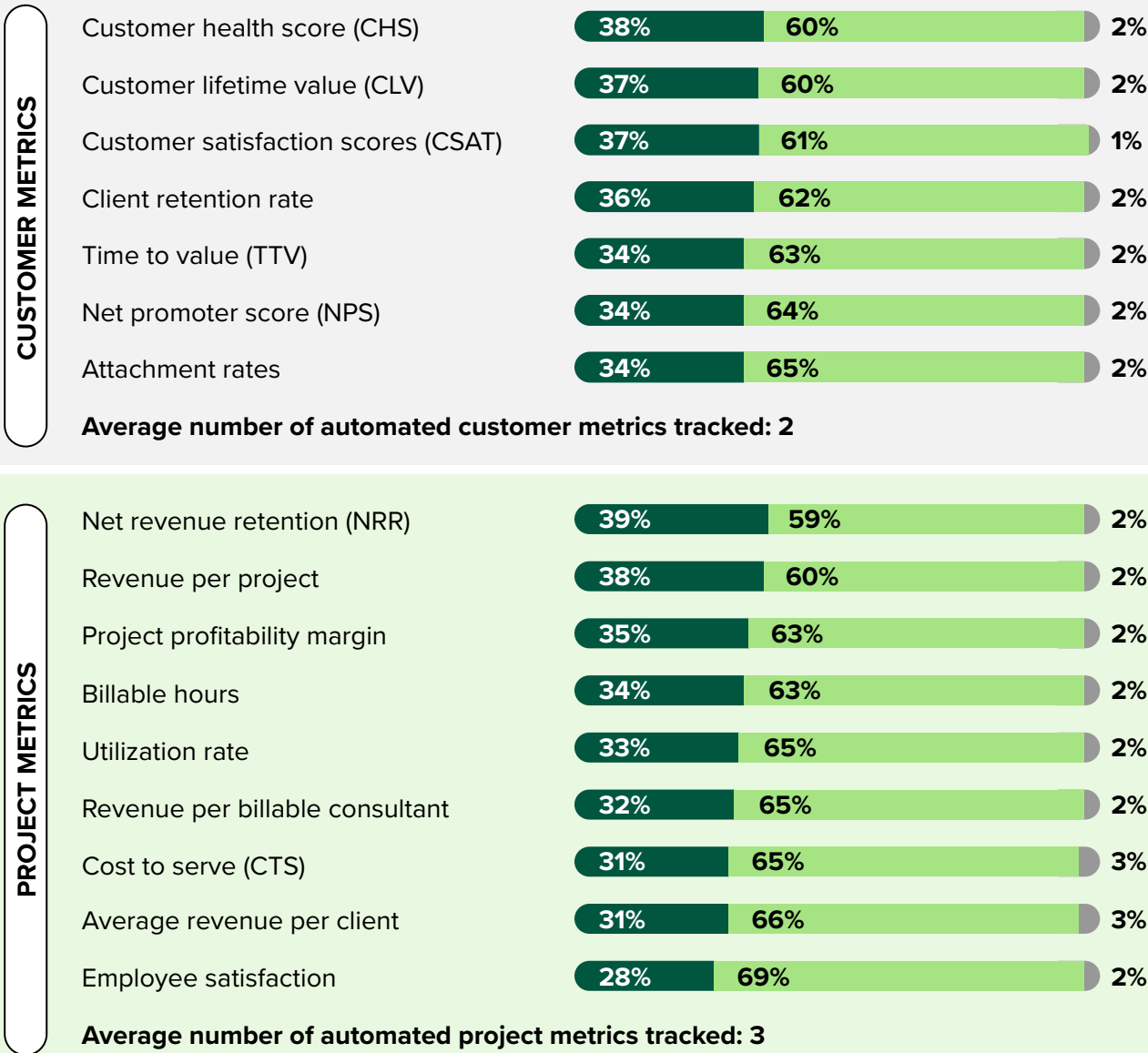
33%
Lower than expected profits

Base: 623 professional services decision-makers
Note: Showing top eight responses; respondents could select up to five challenges
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

customer metrics and three project-related performance metrics. The majority of all customer and project performance metrics were tracked manually or on an ad hoc basis (see Figure 5).

FIGURE 5

Metrics Tracked Today ● Automated tracking ● Manual/ad hoc ● Not tracked

CUSTOMER METRICS

Metric	Automated	Manual/ad hoc	Not tracked
Customer health score (CHS)	38%	60%	2%
Customer lifetime value (CLV)	37%	60%	2%
Customer satisfaction scores (CSAT)	37%	61%	1%
Client retention rate	36%	62%	2%
Time to value (TTV)	34%	63%	2%
Net promoter score (NPS)	34%	64%	2%
Attachment rates	34%	65%	2%

Average number of automated customer metrics tracked: 2

PROJECT METRICS

Metric	Automated	Manual/ad hoc	Not tracked
Net revenue retention (NRR)	39%	59%	2%
Revenue per project	38%	60%	2%
Project profitability margin	35%	63%	2%
Billable hours	34%	63%	2%
Utilization rate	33%	65%	2%
Revenue per billable consultant	32%	65%	2%
Cost to serve (CTS)	31%	65%	3%
Average revenue per client	31%	66%	3%
Employee satisfaction	28%	69%	2%

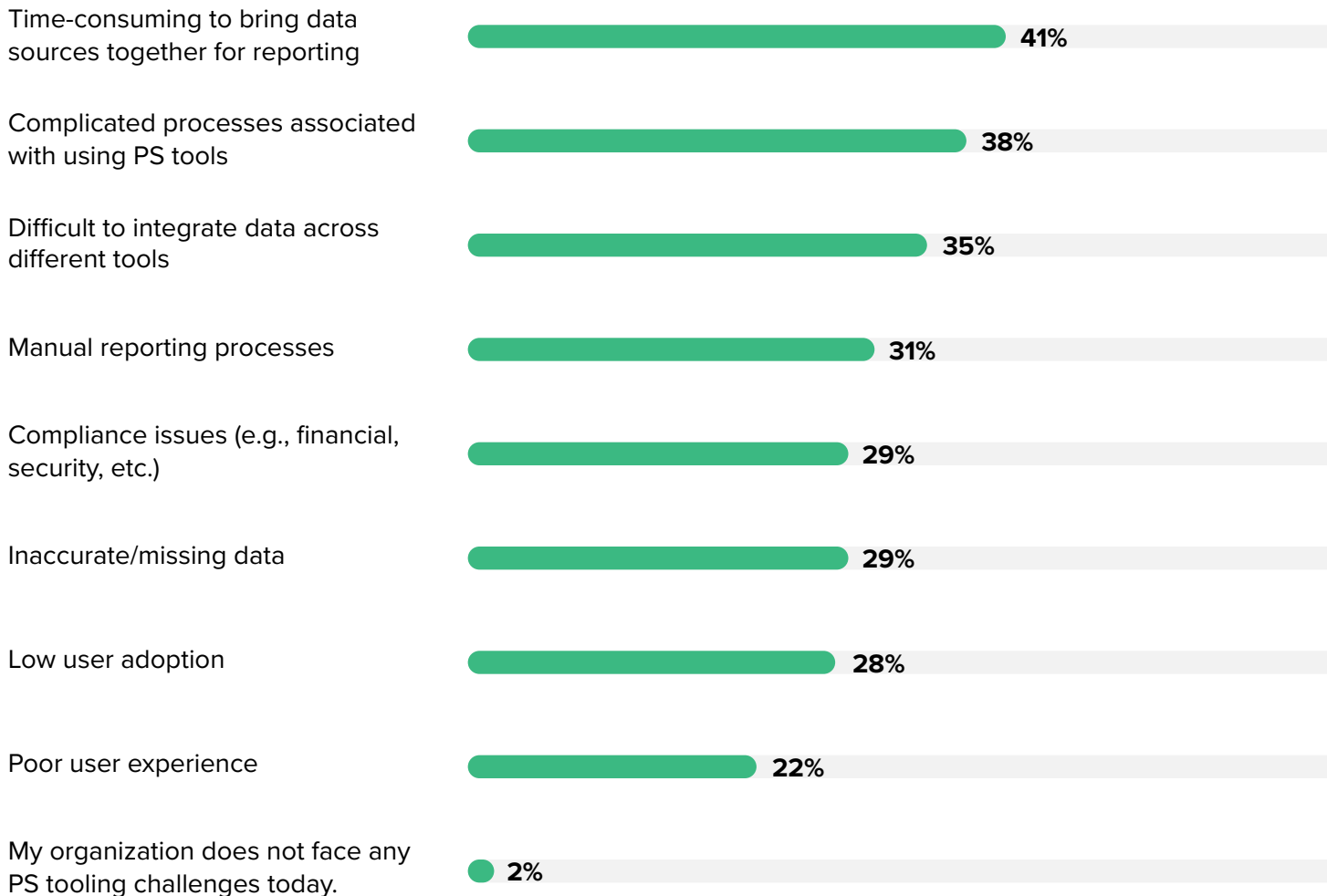**Average number of automated project metrics tracked: 3**

Base: 623 professional services decision-makers
Note: Percentages may not total 100 due to rounding.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

- **Not having dedicated PSA solutions detracts from delivering client value.** Respondents at organizations without dedicated PSA solutions were forced to spend valuable time compiling data sources for reporting, navigating complicated PS tool processes, integrating data from different tools, and using manual reporting processes (see Figure 6).

FIGURE 6

Challenges Faced As A Result Of Not Using A Dedicated PSA Solution

Time-consuming to bring data sources together for reporting	41%
Complicated processes associated with using PS tools	38%
Difficult to integrate data across different tools	35%
Manual reporting processes	31%
Compliance issues (e.g., financial, security, etc.)	29%
Inaccurate/missing data	29%
Low user adoption	28%
Poor user experience	22%
My organization does not face any PS tooling challenges today.	2%

Base: 349 professional services decision-makers at organizations not using a dedicated PSA
Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

Organizations Need More Comprehensive PSA Solutions

PS organizations require support beyond operations and delivery management. They need assistance in achieving visibility across all customer lifecycle functions, including new opportunity and project scoping, resource optimization, skills management, project management, services financials, and customer success. We found that:

- **Teams must reevaluate their current PSA solutions.** Decision-makers across organizations, whether using a dedicated PSA solution or not, agreed there is room for improvement. More than three-quarters of those with a dedicated PSA solution see potential to optimize its use, and a similar percentage of those without one acknowledged the need to invest in a dedicated PSA solution (see Figure 7).

FIGURE 7

Current State Of PSA Strategies

There is room for my organization to further optimize how it uses PSA tools.

78%
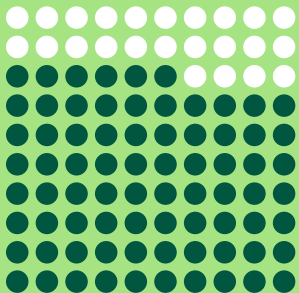
My organization needs to purchase a dedicated (vendor-built) PSA solution.*

76%
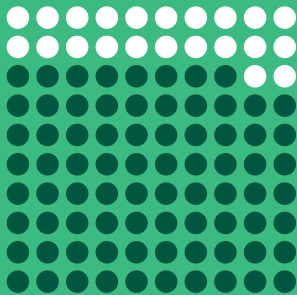
Base: 391 professional services decision-makers using a dedicated (vendor-built) PSA
*Base: 233 professional services decision-makers not using a dedicated (vendor-built) PSA
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

- **Improving PS visibility across the customer lifecycle is a critical priority, but few organizations have mastered it.** More than eight in 10 decision-makers reported that improving visibility into all customer lifecycle functions is a critical priority for their organization, yet just 23% reported having high or full visibility across all functions (see Figure 8).

- **PSA solutions must work with the rest of the tech stack outside of operations and delivery tools.** Decision-makers at organizations using a dedicated PSA solution emphasized the strategic importance of their PSA solution working with other technologies, including enterprise resource planning (ERP) tools, customer success platforms, and CRM.

- **Few organizations can use a single platform for visibility across all customer lifecycle functions.** Only 39% of decision-makers reported their organization can use one platform for visibility across its customer lifecycle functions. Those at organizations with multiple platforms for customer lifecycle visibility face complex, costly, and error-prone data integration; security risks; and extensive training resource requirements.

- **Managing platform integration to improve customer visibility can be complex.** While organizations with multiple platforms across their

FIGURE 8

Customer Lifecycle Visibility Priority Versus The Current State

PRIORITY FOR IMPROVING CUSTOMER LIFECYCLE VISIBILITY

81%
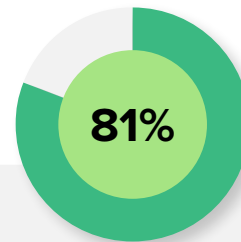
Improving professional services operations and delivery visibility into the end-to-end customer lifecycle is a critical priority for my organization.

CURRENT CUSTOMER LIFECYCLE VISIBILITY

23%
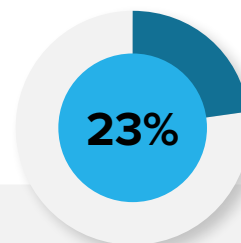
My organization has "high" or "full" visibility into every stage of the customer lifecycle.

Base: 623 professional services decision-makers
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

customer lifecycle functions can improve customer visibility by using integrations to connect these platforms — such as connecting a PSA with CRM data — this method also presents problems. Decision-makers at organizations using this approach reported security risks in data sharing, difficulty finding resources for integration set up and management, and the need for data verification between platforms (see Figure 9).
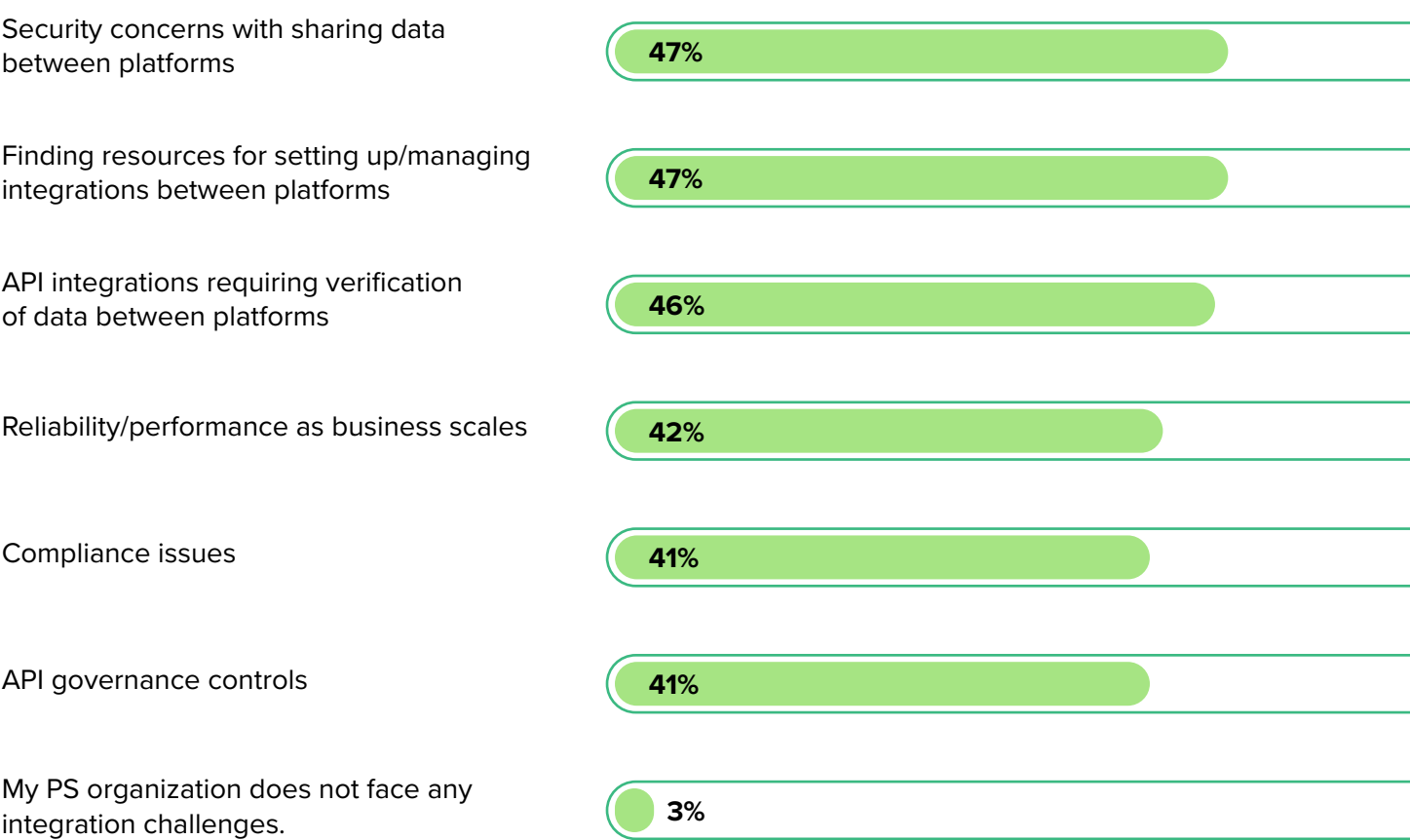
FIGURE 9

Platform Integration Challenges For PS Organizations

Security concerns with sharing data between platforms	47%
Finding resources for setting up/managing integrations between platforms	47%
API integrations requiring verification of data between platforms	46%
Reliability/performance as business scales	42%
Compliance issues	41%
API governance controls	41%
My PS organization does not face any integration challenges.	3%

Base: 175 professional services decision-makers using a PSA with CRM integrations
Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]
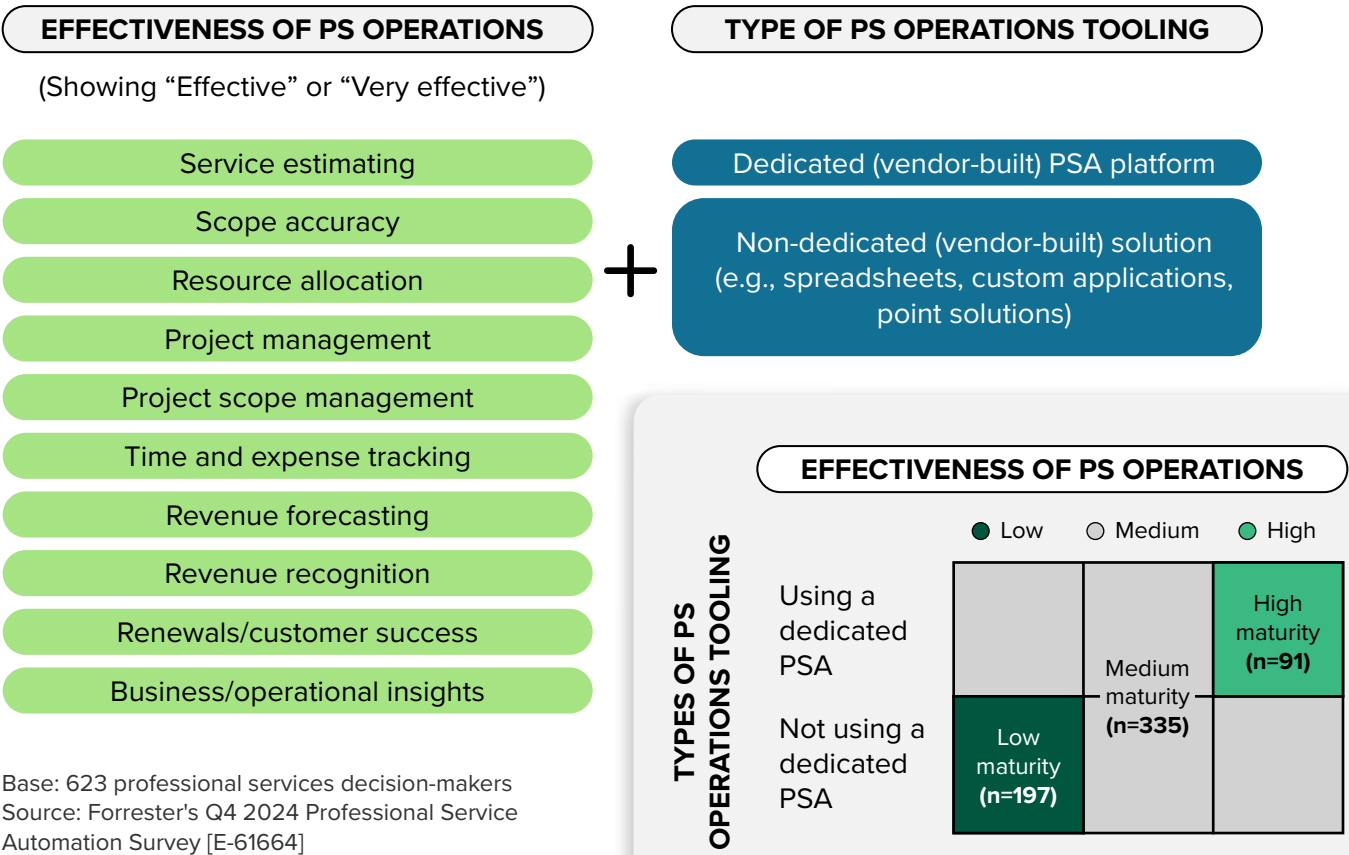
Organizations With PSA Solutions Supporting The Customer Lifecycle Experience Improved Business Outcomes

Forrester created a maturity model to measure how PSA solutions that support the entire customer lifecycle affect professional services organizations.

Decision-makers at organizations using dedicated PSA solutions with high execution effectiveness across all customer lifecycle functions were grouped into the "high maturity" category. Decision-makers at organizations not using a dedicated PSA solution and ineffectively executing across their customer lifecycle functions were grouped into the "low maturity" category (see Figure 10).

FIGURE 10

Defining Professional Services Maturity

EFFECTIVENESS OF PS OPERATIONS

(Showing "Effective" or "Very effective")

- Service estimating
- Scope accuracy
- Resource allocation
- Project management
- Project scope management
- Time and expense tracking
- Revenue forecasting
- Revenue recognition
- Renewals/customer success
- Business/operational insights

TYPE OF PS OPERATIONS TOOLING

- Dedicated (vendor-built) PSA platform
- Non-dedicated (vendor-built) solution (e.g., spreadsheets, custom applications, point solutions)

EFFECTIVENESS OF PS OPERATIONS

● Low   ○ Medium   ● High

TYPES OF PS OPERATIONS TOOLING

	Low	Medium	High
Using a dedicated PSA		Medium maturity (n=335)	High maturity (n=91)
Not using a dedicated PSA	Low maturity (n=197)		

Base: 623 professional services decision-makers
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

We found that mature organizations are more likely to:

- **Have more visibility across the customer lifecycle.** Decision-makers at mature organizations reported having a better understanding of their customer's lifecycle compared to less-mature peers. The most significant difference reported was upstream visibility into new opportunities and scoping — a critical component for estimating future PS demand, including necessary resources and skills. Other areas with significantly more visibility include resource optimization and skills management (see Figure 11).

FIGURE 11

Customer Lifecycle Function Visibility

● High maturity   ● Low maturity

(Showing "High visibility" or "Full visibility")

New opportunities/scoping (e.g., initial service estimates)
81%
68%

Resource optimization (e.g., resource allocation, billing rate cards)
71%
60%

Skills management (e.g., tracking/ managing resource skills)
76%
65%

Project management (e.g., managing accurate and profitable projects)
85%
75%

Services financials (e.g., accounting, forecasting, billing, revenue rec, financial reporting)
74%
69%

Customer success (e.g., customer satisfaction, success plans, renewals)
78%
71%
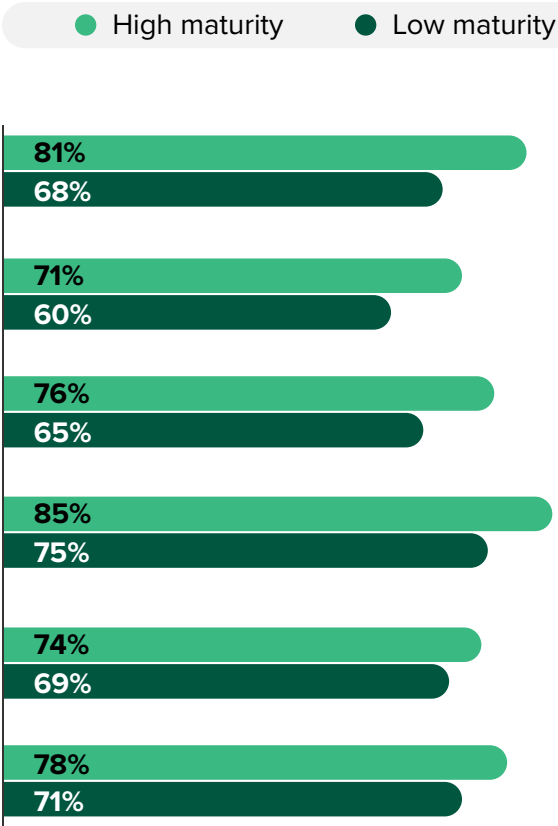
Respondents at PS organizations that have "high" or "full" visibility into every stage of the customer lifecycle

High maturity	Low maturity
38%	12%

Base: 288 professional services decision-makers; 91 high maturity and 197 low maturity
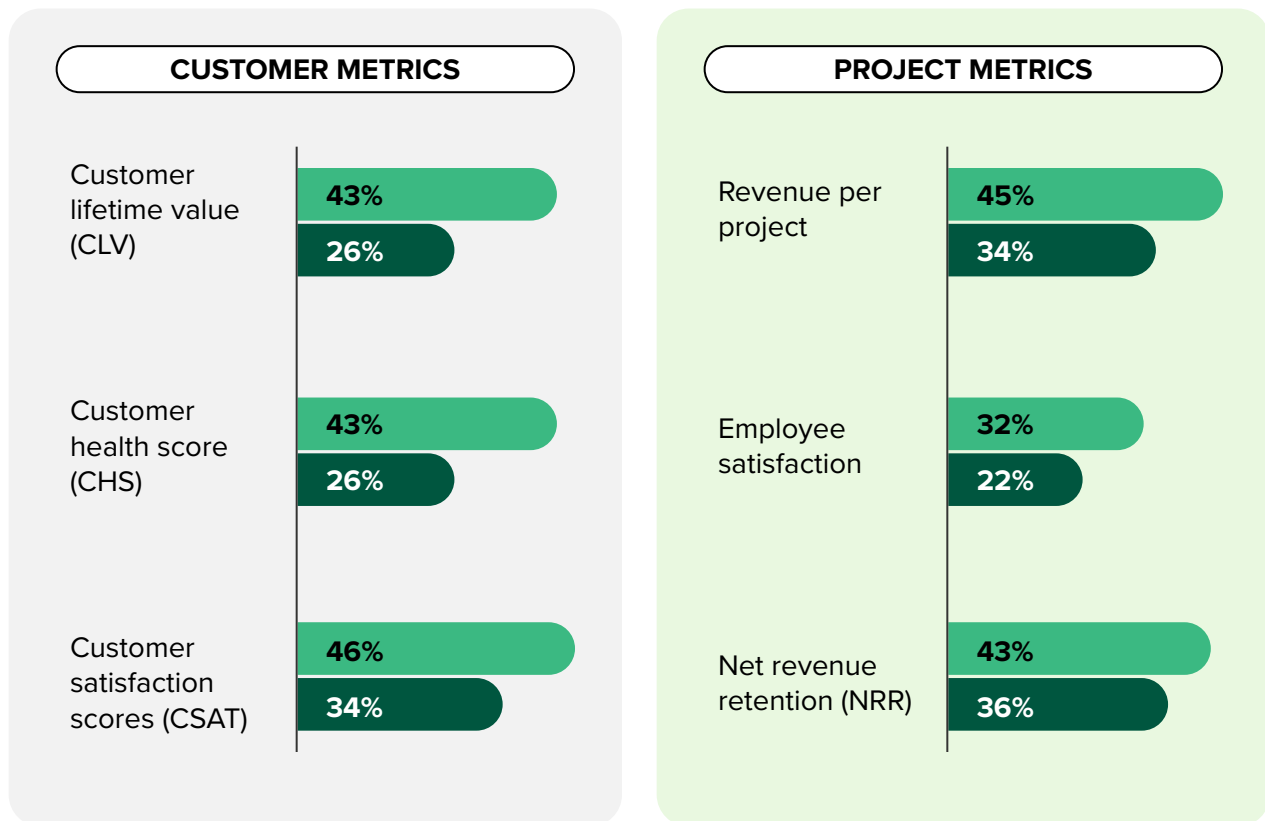Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

- **Automatically track critical customer and project metrics.** Respondents at mature organizations were much more likely to automatically track critical customer metrics like customer lifetime value (CLV), customer health score (CHS), and customer satisfaction score (CSAT). Similarly, they were much more likely to track project metrics such as revenue per project, employee satisfaction, net revenue retention, and utilization rates (see Figure 12).

FIGURE 12

Current Metrics Automatically Tracked By Maturity

● High maturity   ● Low maturity

CUSTOMER METRICS

Metric	High maturity	Low maturity
Customer lifetime value (CLV)	43%	26%
Customer health score (CHS)	43%	26%
Customer satisfaction scores (CSAT)	46%	34%

PROJECT METRICS

Metric	High maturity	Low maturity
Revenue per project	45%	34%
Employee satisfaction	32%	22%
Net revenue retention (NRR)	43%	36%

Base: 288 professional services decision-makers; 91 high maturity and 197 low maturity
Note: Showing top three metrics with the most significant differences between high and low maturity
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

- **Use one platform for full visibility into all customer lifecycle functions.** Respondents at mature organizations were much more likely to report that their PS organization uses one platform for visibility across customer lifecycle functions (see Figure 13).

- **Correlate PSA use with driving business growth.** Respondents at mature organizations were significantly more likely to agree that PSA tools are critical for their organization's future ability to grow (see Figure 14).

PSA SOLUTIONS THAT CONNECT CUSTOMER LIFECYCLE FUNCTIONS CAN IMPROVE CUSTOMER CENTRICITY AND DRIVE GROWTH
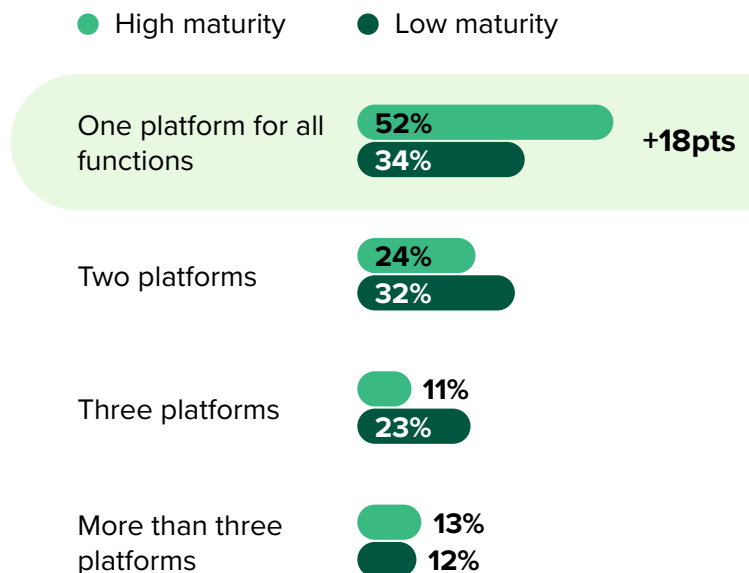
Customer-obsessed organizations ensure they design processes that provide demonstrable value at every step of their customers' connected lifecycle. These organizations have 43% better retention rates, 33% higher profit growth rates, and 28% faster revenue growth rates compared to their non-customer-obsessed peers.[2]

PSA solutions that support all customer lifecycle functions can help organizations become more customer obsessed. Our study found that these solutions can help:

- **Improve customer centricity.** Decision-makers whose organizations improved customer lifecycle visibility by using a dedicated PSA solution with support for all functions reported being able to enhance customer support and renewal rates, improve insight into CLV, and proactively work with customer success teams to prevent issues (see Figure 15).

FIGURE 13

Number Of Platforms Used For Visibility Across Customer Lifecycle Functions

● High maturity ● Low maturity

One platform for all functions
52%
34%
+18pts

Two platforms
24%
32%

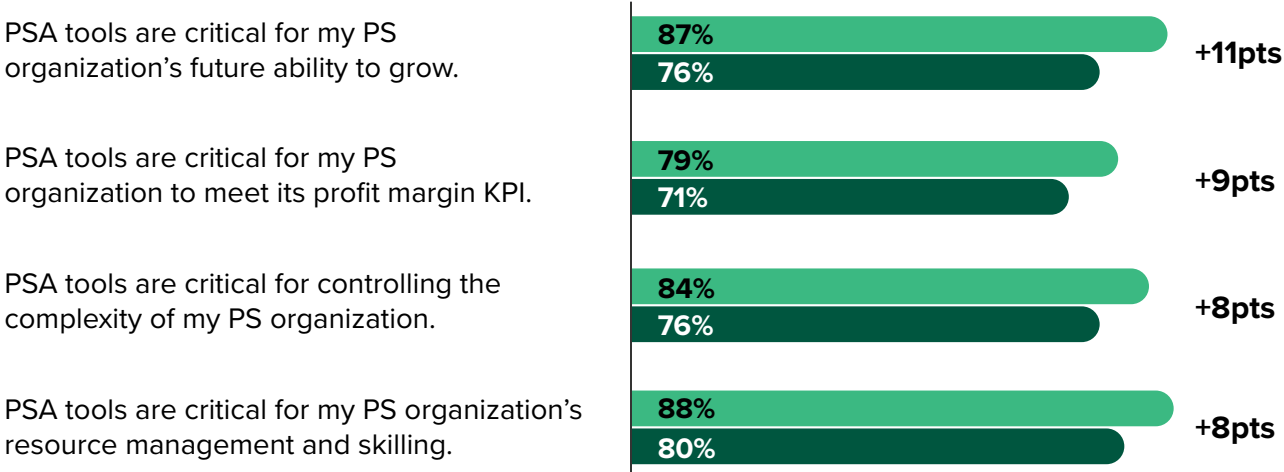Three platforms
11%
23%

More than three platforms
13%
12%

Base: 288 professional services decision-makers; 91 high maturity and 197 low maturity
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

FIGURE 14

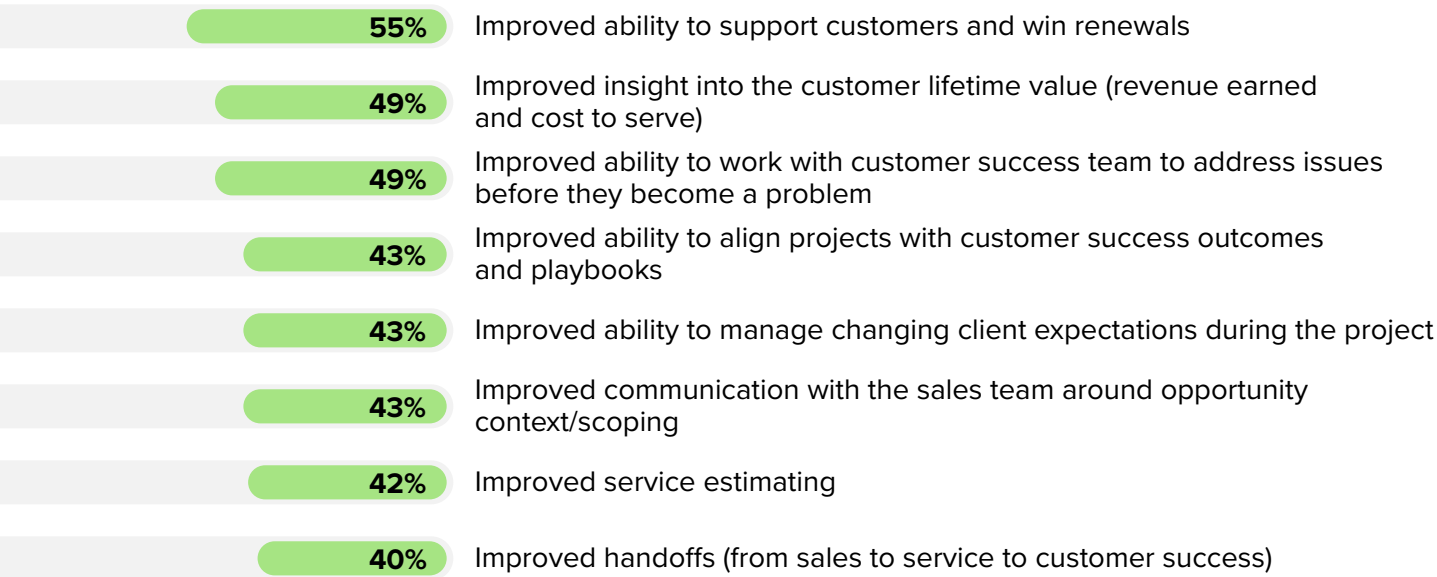## Importance Of PSA Tools For Future Business Growth

● High maturity ● Low maturity

PSA tools are critical for my PS organization's future ability to grow.
87%
76%
+11pts

PSA tools are critical for my PS organization to meet its profit margin KPI.
79%
71%
+9pts

PSA tools are critical for controlling the complexity of my PS organization.
84%
76%
+8pts

PSA tools are critical for my PS organization's resource management and skilling.
88%
80%
+8pts

Base: 288 professional services decision-makers; 91 high maturity and 197 low maturity
Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

FIGURE 15

Benefits Experienced By Increasing Customer Lifecycle Visibility

55% Improved ability to support customers and win renewals

49% Improved insight into the customer lifetime value (revenue earned and cost to serve)

49% Improved ability to work with customer success team to address issues before they become a problem

43% Improved ability to align projects with customer success outcomes and playbooks

43% Improved ability to manage changing client expectations during the project

43% Improved communication with the sales team around opportunity context/scoping

42% Improved service estimating

40% Improved handoffs (from sales to service to customer success)

Base: 65 professional services decision-makers at high maturity organizations whose visibility into the customer journey has improved over the last one to two years
Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]

- **Drive top- and bottom-line growth.** Reported benefits include improved client value (e.g., increased customer satisfaction, increased client retention, more effective client collaboration), increased operational efficiencies (e.g., increased employee retention, increased forecast accuracy, increased billable utilization, improved average project margin, reduced time spent on admin activities), and increased services revenue (see Figure 16).

FIGURE 16

Benefits Experienced After Implementing A Dedicated PSA Solution

(Showing "Significant" or "Transformative" benefit)

74%
Increased customer satisfaction

74%
Reduced time spent on admin activities

73%
Increased employee retention

70%
Increased services revenue

69%
Increased client retention

69%
Increased billable utilization

68%
Increased forecast accuracy

66%
Increased effective client collaboration

59%
Improved average project margin

Base: 92 professional services decision-makers at high maturity organizations who have invested in a solution that supports the entire customer lifecycle
Note: Multiple responses accepted.
Source: Forrester's Q4 2024 Professional Service Automation Survey [E-61664]
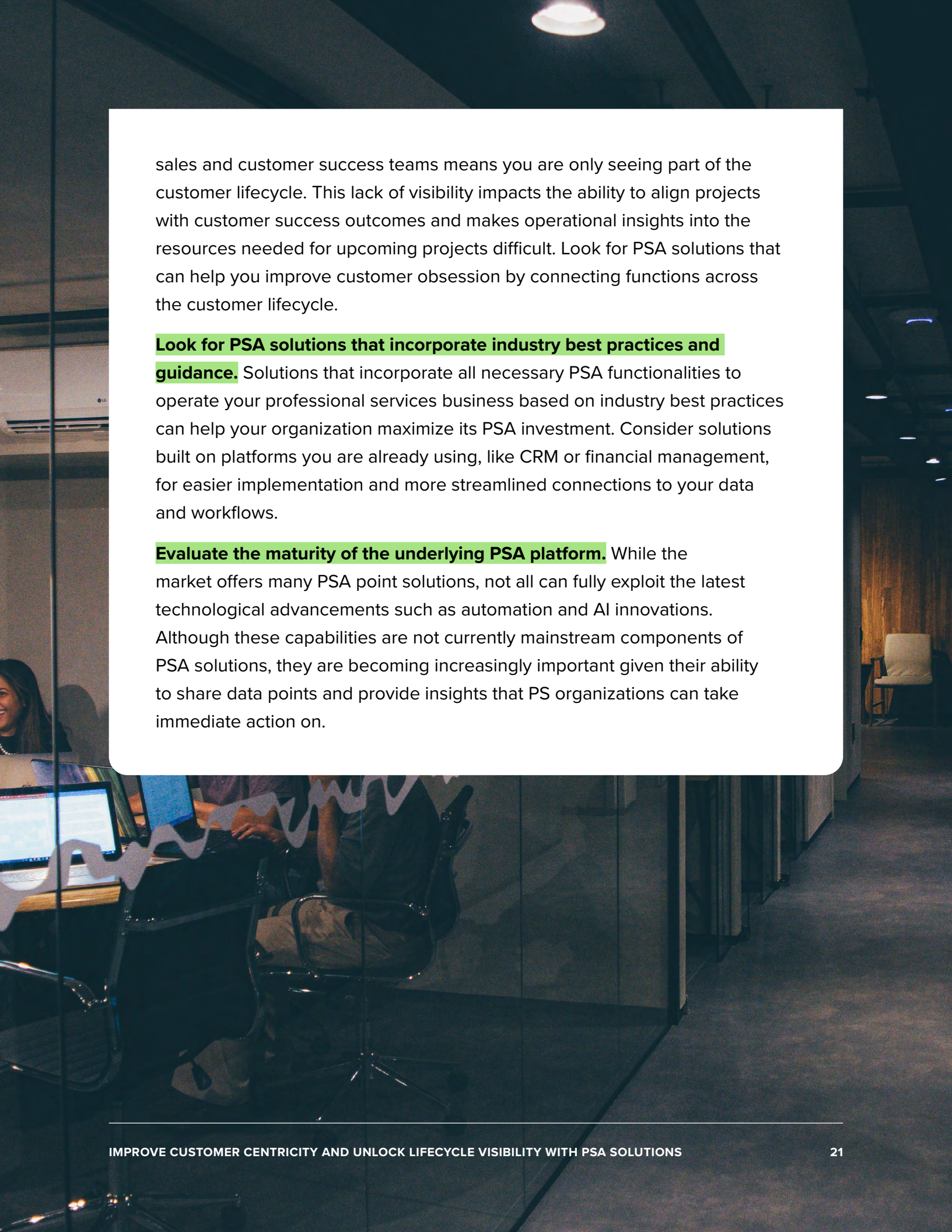
Key Recommendations

Today's customers hold the power in business relationships. They simply want a friction-free environment delivered with a full understanding of their context throughout their customer lifecycle. For many PS organizations to achieve this, they need to improve their ability to operate effectively across customer lifecycle functions.

Forrester's in-depth survey of professional services decision-makers regarding the effectiveness of their organization's current PSA solutions yielded several important recommendations:

Put the customer at the center of your operations. Improving CX increases customer-generated revenue while reducing customer-related expenses in a broad swath of industries and geographies.[3] Improving customer centricity must be core to your operational strategy. This takes a companywide dedication to understanding customer needs, delivering expected outcomes, and supporting customer lifecycles by adopting technology and processes to work across functions.

Focus on business outcomes when choosing a PSA solution. Avoid looking for solutions that address individual business problems but have little impact on overall business performance. Instead, take a business-outcome-based approach. Start by clarifying the business outcomes and objectives you are trying to achieve in your search for a PSA solution. Then identify the business capabilities that will help achieve your outcomes. Lastly, match those capabilities to technical functions.

Articulate the value of adopting PSA solutions that support all customer lifecycle functions. PSA tools have traditionally focused on a subset of customer lifecycle functions (e.g., resource optimization, skills management, project management, and services financials). While these functions are critical operational elements, a lack of technological connection with your

sales and customer success teams means you are only seeing part of the customer lifecycle. This lack of visibility impacts the ability to align projects with customer success outcomes and makes operational insights into the resources needed for upcoming projects difficult. Look for PSA solutions that can help you improve customer obsession by connecting functions across the customer lifecycle.

Look for PSA solutions that incorporate industry best practices and guidance. Solutions that incorporate all necessary PSA functionalities to operate your professional services business based on industry best practices can help your organization maximize its PSA investment. Consider solutions built on platforms you are already using, like CRM or financial management, for easier implementation and more streamlined connections to your data and workflows.

Evaluate the maturity of the underlying PSA platform. While the market offers many PSA point solutions, not all can fully exploit the latest technological advancements such as automation and AI innovations. Although these capabilities are not currently mainstream components of PSA solutions, they are becoming increasingly important given their ability to share data points and provide insights that PS organizations can take immediate action on.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 623 professional services decision-makers at organizations in North America, Europe, and APAC to evaluate how organizations are currently using PSA technology and the impact this is having on their operations. Survey participants included decision-makers involved in budgeting and forecasting, resourcing management and planning, skills and project management, and PSA technology adoption. Questions provided to the participants asked about their organization's current PSA strategies, what challenges they are currently facing, and how their PSA solutions could better support their needs. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began in October 2024 and was completed in December 2024.

Appendix B: Demographics/Data

GEOGRAPHY	
North America (US, Canada)	**50%**
Europe (United Kingdom, Germany, France)	**25%**
APAC (Australia, New Zealand, Singapore)	**26%**

COMPANY SIZE	
100 to 999 employees	**22%**
1,000 to 4,999 employees	**39%**
5,000 to 19,999 employees	**36%**
20,000 or more employees	**3%**

TITLE	
C-level executive	**30%**
Vice president	**24%**
Director	**41%**
Manager	**5%**

INDUSTRY	
Tech/tech services	**27%**
Business services	**17%**
Healthcare/life sciences	**10%**
Accounting	**10%**
Engineering	**10%**
Architecture/environmental	**9%**
Scientific research and development	**9%**
Digital media	**9%**

DEPARTMENT	
Project management/PMO/ project delivery	**46%**
Professional services leadership	**28%**
Operations	**26%**

Note: Percentages may not total 100 due to rounding.

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

The State Of Customer Obsession, 2024, Forrester Research, Inc., May 6, 2024.

Navigate Tech Evolution With Function-First Thinking, Forrester Research, Inc., July 29, 2024.

Optimize Your Enterprise Tech Stack For The Right Outcomes, Forrester Research, Inc., February 12, 2024.

High-Performance IT Makes Business Results Technology's North Star, Forrester Research, Inc., February 20, 2024.

The ROI Of CX Transformation, Forrester Research, Inc., February 7, 2024.

Embrace Revenue Process Transformation To Drive Long-Term, Durable Growth, Forrester Research, Inc., April 25, 2024.

ADDITIONAL RESOURCES

Amy Bills, Su Doyle, B2B Firms Win By Putting Customer-Obsession Vision Into Action, Forrester Blogs.

What Is Customer Obsession And Why Does It Matter?, Forrester Research, Inc.

Laura Cross (Vice President and Principle Analyst), Anthony McPartlin (Principle Analyst), The Rise Of Revenue Operations, What It Means, October 19, 2023.

Appendix D: Endnotes

[1] Source: The State Of Customer Obsession, 2024, Forrester Research, Inc., May 6, 2024.

[2] Source: Embrace Revenue Process Transformation To Drive Long-Term, Durable Growth, Forrester Research, Inc., April 25, 2024.

[3] Source: The ROI Of CX Transformation, Forrester Research, Inc., February 7, 2024.

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