Smart Growth, Seamless Delivery:

How service innovation and sales transformation are redefining success for professional services firms

OXFORD ECONOMICS

SAP

Introduction

For consulting businesses, accounting and law firms, staffing providers, and other providers of business services, much of the expected growth story depends on the success of sales process employees. IT professionals, operations executives, the CEO office, and senior members of the sales teams themselves all play an integral role in the how transformation is carried out.

Growth is tricky to capture. According to a recent survey—conducted by Oxford Economics and SAP in 2023—more professional services SMEs saw at least some profitability growth in 2023 than any other industry in our survey (77% vs. 67% survey average). But the extent of that growth is only modest: only 25% said this growth was over 5%, indicating an opportunity to leverage sales improvements and build upon profitability performance.

This focused paper will show the business decisions that professional services organizations in the midsized business sector are making and propose suggestions to achieve competitive goals, drive revenue growth, and maximize service revenue.

Driving organizational growth

The need for sales process innovation becomes increasingly apparent as small- and mid-sized enterprises (SMEs) in the professional services sector turn their focus toward growth. These executives have identified several key priorities, but attracting new customers shines brightest (47% name this as a top focus for the coming years). Improving market share and profit margins follows closely behind (39%, 35%, respectively). Other growth-related pursuits include growing revenue (34%) and retaining customers by enhancing their experience (20%).

How will you stay competitive?

"We plan on developing a deep understanding of our target audience, their motivations, and pain points to customize our services to look more preferable in their eyes."

— A Chief Customer Officer at a professional services organization in Italy

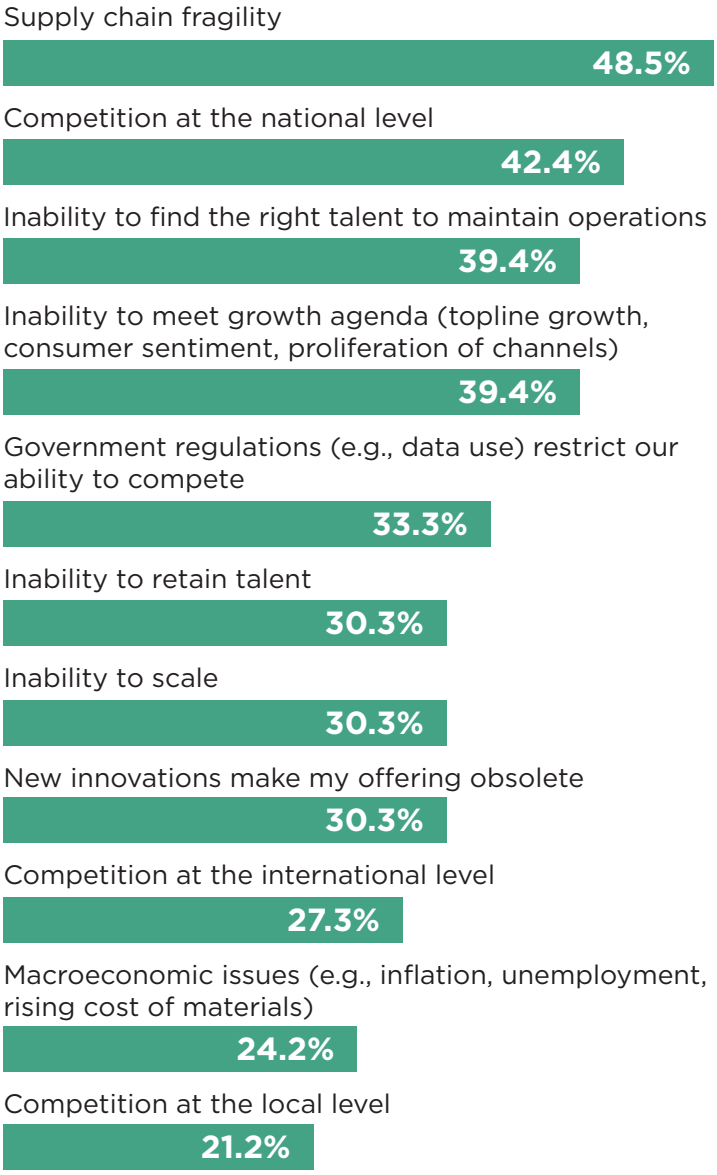
In light of these aspirations, professional services executives are tasked with overcoming scalability challenges to handle the growth that sales process innovation may bring. These scalability issues cause a significant headache; a substantial cohort (63%) of sales-minded executives recognize the inability to scale IT processes and systems as a significant barrier to matching organic business growth. Additionally, 42% note that their current limitations in adapting to new information and changing priorities hinder scalability efforts. To foster sustainable growth, professional services firms must prioritize tracking, managing, and measuring client engagements from inception through completion.

Figure 1: What are your organization's top business objectives for the next two years?

The path to SME growth may become clearer if executives embrace the opportunities that new business models provide. Respondents acknowledge that their current inability to launch new business ventures or deploy novel business models hinders scalability (58%), but many have addressed some of these challenges: Only 32% say launching new business models is the most difficult aspect of managing new product or service rollouts. Nearly half of professional services organizations say that the ability to create bundles that combine products, subscriptions, and services would improve their ability to monetize new business models, while another one-third say providing out-of-box subscription and service contract capabilities that support service delivery would provide the same benefit.

The increasing complexity of revenue streams compounds the challenges professional services firms face. Firms may expand their sales channels to include direct sales, service and post-sale engagements, and e-commerce solutions; as they adopt diverse revenue models like one-time purchases, consumption-based billing, and subscription services, they will seek ways they can enhance efficiency and reduce costs—all while maintaining robust client relationships. This intersection of growth ambitions and complexity underscores the pressing need for innovative sales processes to successfully navigate an evolving business landscape.

Figure 2: Which of the following threats present your organization with the greatest amount of risk over the next two years?



The role of technology adoption and data integration

Professional services firms rely less on physical materials than other industries, so executives must concentrate on innovative technologies, strong data practices, and a well-equipped workforce to overcome scalability challenges and revolutionize sales processes.

An emphasis on technology is not a novel idea; current usage of technologies within the professional services sector is indicative of this trend, citing significant adoption of enterprise resource planning (ERP) systems (76%), business networks (73%), customer data platforms (CDP) (70%), and customer relationship management (CRM) (61%). ERP and CRM technologies are particularly relevant for sales teams; disconnected ERP and CRM solutions result in siloed data, delayed responses, and inconsistent messaging. These technologies are table stakes and drive more advanced technologic advances—all of which prevent sales teams from engaging customers effectively.

While these solutions drive efficiency and make carrying out professional services easier, finding ways to grow the business is the ultimate goal. Automation may play a significant role here; firms that deal in business areas that are heavily project-based—like consulting, accounting, tax, and audit—can streamline processes and accelerate each stage of a program using AI capabilities. And with two out of five respondents (41%) saying they have already started using AI to automate core processes, these organizations aim to exceed client expectations and win repeat business.

How will you stay competitive?

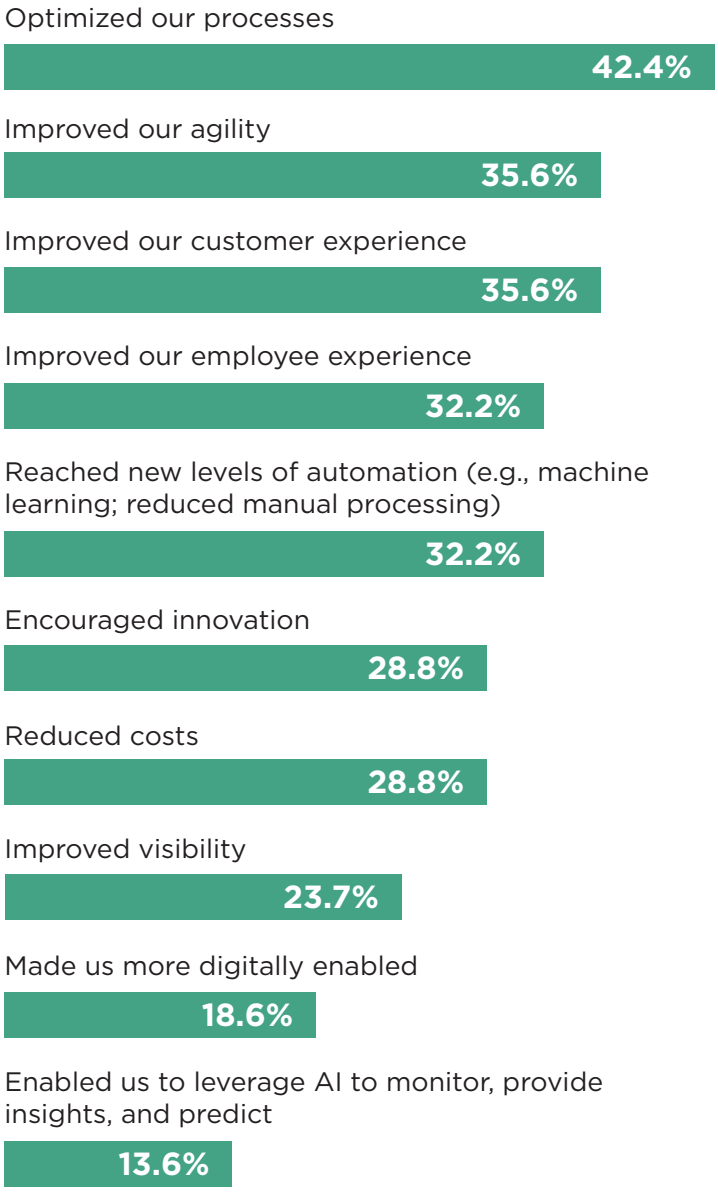
"Optimizing our cloud infrastructure for scalability and cost-efficiency for better data protection and easy exchange of information inside the organization so that we improve on our product and service quality and delivery time."

— A Chief Technology Officer at a professional services organization in Australia

Connected cloud applications are also fast approaching the "foundational technology" tier. Most respondents have made the transition already, with nearly three out of four professional services SMEs already embracing this approach. And their efforts have already started paying dividends; professional services firms say it has helped optimized processes (42%), enhanced agility and customer experiences (36%), and accelerated automation (32%).

The shift to cloud has simultaneously brought benefits to the workforce. Nearly one-third of professional SMEs cite top benefits in the form of improvements in the employee experience (32%). Additionally, professional services SMEs say cloud capabilities have brought on other innovation improvements (29%) and greater digital enablement (19%); by giving employees access to cloud-enabled applications, they can expect to see improved collaboration between systems, better application integration, and accelerated deal closures.

Figure 3: Which of the following benefits have been most significant as a result of your adoption of cloud solutions?



How will you stay competitive?

"Integrating data analytics as a means to harness information for valuable insights and informed decision-making within the organization."

— A Chief Operating Officer at a professional services organization in the United Kingdom

However, the transition to cloud-based systems has not fully enabled a digital transformation that leverages artificial intelligence (AI), with only 19% of executives reporting substantial digital enablement and a mere 14% achieving AI potential. Professional services firms must work towards connecting AI capabilities to their cloud infrastructure; the seamless connections that AI makes between cloud-based data sources will make it easier to analyze data to understand historic customer activity and drive profitable engagements.

Data is a critical component in this equation and remains a pivotal element of innovation within sales processes. As professional services firms develop new products and services, scaling these new business models will become a priority—and today, nearly half of respondents say seamless integration of processes and data across the organization solves this issue. However, intertwining data and processes from lead to cash aids in sharing knowledge across the business to drive innovation (76% say it helps to at least a moderate extent). SMEs also say it helps deliver more personalized customer solutions (70%) and ensures greater data accuracy (74%); these capabilities underscore not only the need for consistent, up-to-date data but also for actionable insights that enhance real-time client engagement.

Ultimately, the ability to react in real-time to a client's project trajectory changes. By rapidly adapting to these shifts, whether due to internal client dynamics or external market forces, these firms can enhance client engagement and drive efficient revenue through automation and real-time data.

The future of sales process innovation is AI-driven

SMEs are acutely aware of the threats that scalability issues pose and the potential for new innovations to render current offerings obsolete. This is a significant concern for 45% of SMEs, with 51% of sales-minded executives in the professional services sector identifying obsolescence due to innovation as the most significant threat. Moreover, competition manifests across various levels, from the national level (32%) to the international (25%) and local (21%) levels. The need to innovate sales processes becomes paramount for SMEs seeking to maintain a competitive edge in such a dynamic market.

Central to this revolution is the ability to sell and plan more profitable projects and oversee teams across multiple locations—all without sacrificing profit margins. Such advancements necessitate increased productivity and more hands-on analysis. Professional services firms recognize that merely maintaining pace will not suffice. They must innovate and adapt continuously, and artificial intelligence emerges as a transcendent tool. AI's ability to embed itself within existing customer platforms and transform extensive data into actionable insights gives sales teams the ability to extract value from beneath the surface of typical analyses, offering a competitive advantage not easily attained through manual methods.

How will you stay competitive?

"Remaining on the cutting edge of artificial intelligence advancements by consistently pursuing continuous education and training initiatives."

— A Chief Technology Officer at a professional services organization in Canada

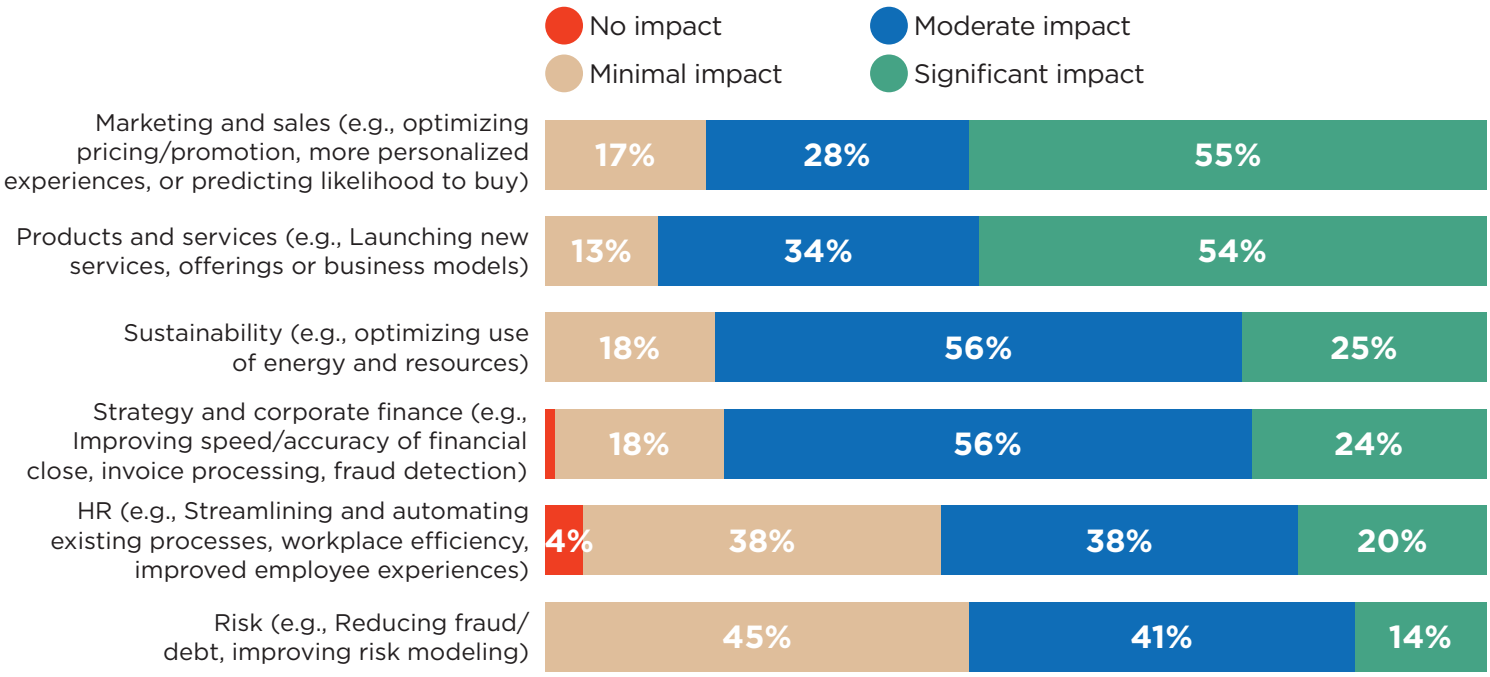
While the adoption of AI is still in its infancy—only 27% of professional services SMEs report current usage—the potential of AI as a driver of sales process innovation is widely anticipated. Over half (55%) of professional services sales executives predict that AI will have a significant impact on sales innovation, and 83% anticipate at least a moderate impact. This reflects AI's potential to optimize lead generation strategies, personalize customer interactions, and enhance sales efficiency—all while reshaping the way sales teams connect with and support their clients.

The impact of AI on products and services themselves is expected to be equally transformative, and AI's role in fostering product innovation, enhancing client offerings, and enabling more nuanced service delivery is highly anticipated. Over half (54%) of sales executives foresee AI having a substantial influence on these abilities, and 88% anticipate at least moderate impacts.

Integrating AI into data processes may allow for further breakthroughs by housing and analyzing data to extract insights, such as recommending the 'next best actions' to be taken. It enables the effective capture of sales opportunities and can help tailor marketing efforts at scale. From generating sales scripts employees can use in negotiations, to ensuring each client interaction is optimized for success, AI can help pass relevant client data from sales to marketing. Firms can then craft curated engagement journeys that resonate deeply with each client's needs.

As professional services SMEs embrace AI, they are not merely adopting a new technological tool. They are engaging in a real-time paradigm shift that firmly positions sales processes and solidifies their competitive standing—all essential components in the quest for sustained growth and success in an era of rapid technological advancement and market evolution.

Figure 4: To what extent do you believe AI will have a positive impact on the following business areas?



Conclusion

As professional services SMEs grow and compete with larger organizations, focusing on sales processes will provide an advantage to how they build new revenue paths and maximize the value of technology advancements. SMEs may want to focus on the following steps to set themselves up for success:

Launch initiatives that benefit the organization as it will exist in the future. As SMEs grow, processes must scale to accommodate increased data flows and employee skills. Focus on initiatives the business can grow into, and sales processes will benefit later.

Digitize and automate processes through the cloud. The benefits SMEs are seeing from putting the right data and processes into and through the cloud are lengthy; identify areas of the business that can benefit from this agile way of working to improve efficiency, optimize resources, and achieve operational excellence.

Initiate AI investments. If executives expect sales and marketing efforts to bear fruit, AI must distribute information, create complex quotes, and maximize deal size by adding AI-recommended upsell and cross-sell offerings. Providing teams with the insights they need will allow for better customer experiences and more accurate sales strategies—and in turn, better business performance.

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