



*Resultant*

## **Why Advanced Analytics Matter to Any Business with Skills Inventory Resources**

When two skilled technologists joined forces in Texas in 1999, they started a boutique data and analytics firm to help business leaders make better decisions with data for improved organizational performance. They knew that better data brings better insights, leading to better results.

They began bringing value to clients, meeting the tech needs of businesses with excellence and integrity long before they focused on adding value to the company itself.

But in 2013, the growing firm had to face the fact that it was time to focus their skills on their own business operations.



## THE COBBLER'S CHILDREN HAVE NO SHOES

The founders and their employees battled with challenges stemming from being a data solutions company that was struggling with its own data. “Our inability to optimize resource utilization had profound impacts on the business: profitability, sales, hiring signals, and culture,” said one early partner.

Having too much inventory—in this case, billable resources—quickly reduces cash, while having too little inhibits sales and growth.

For a professional services firm, critical KPIs include:

- Resource utilization (billable vs. unbillable)
- Rate attainment
- Revenue forecasting
- Resource forecasting and visibility

The information needed to accurately measure these KPIs resided in three different systems: ERP, CRM, and time/project tracking. Because the systems weren't integrated, any attempts to measure and report on the KPIs required manual processes that couldn't ensure accuracy. Not only was it time-consuming, but the team couldn't entirely trust the data.

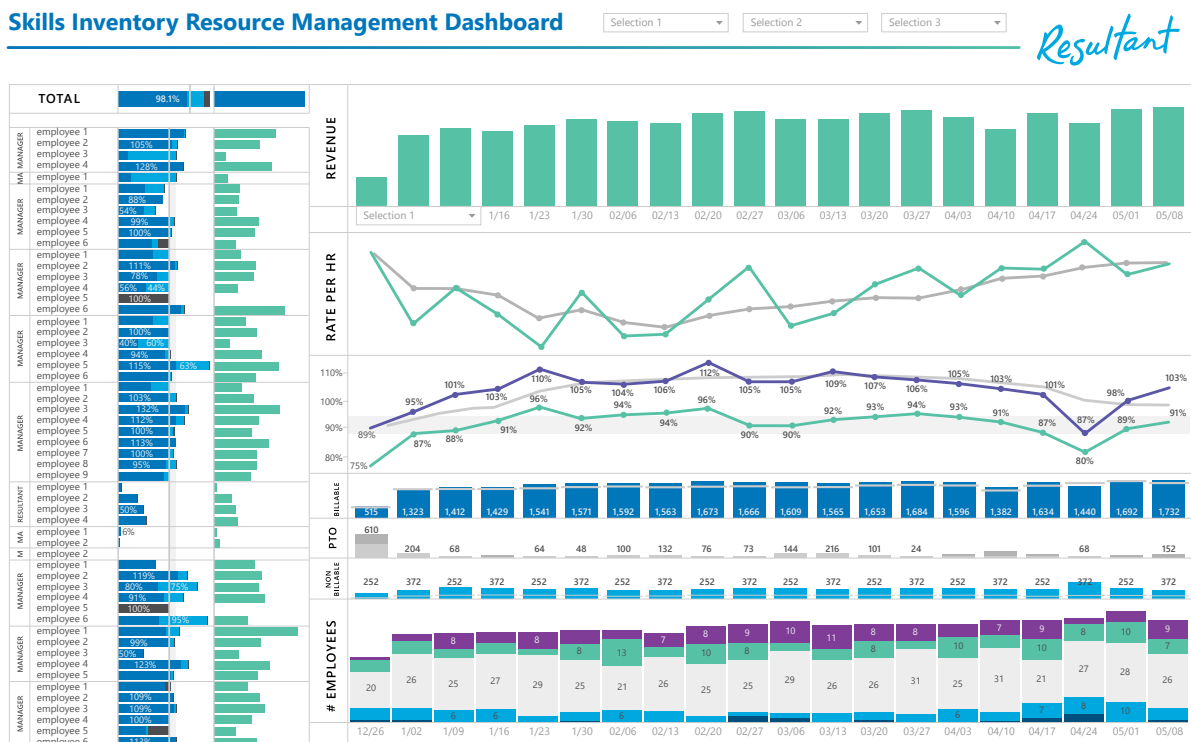
# UNLOCKING A POWERFUL SOLUTION WITH A DATA ANALYTICS ENGINE

It was time for the data company to invest in their own data maturity.

They began solving this problem first by building their own data warehouse that integrated the ERP, CRM, and time/project tracking systems. An automation tool pulls data from their multiple sources and transforms it for the cloud data warehouse, where all data comes together and constantly refreshes to enable pulling KPIs in real time.

Next, they developed and automated business intelligence dashboards to measure and present the critical KPIs.

The early partner said, “The first thing you do in an Excel report is question where a number came from.” The company wanted to eliminate that doubt. The analytics engine gave them the ability to discover the data source as well as perform new queries right from the dashboard interface.



Rolling out across the organization, the dashboards present data in meaningful views to give decision-makers at all levels better information to work with.

The dashboards are not only customizable, but they enable question askers to keep digging as more questions arise. Users can:

- ✔ Filter datasets by time
- ✔ Weigh full potential revenue against actual revenue generated
- ✔ Filter revenue by client to inform resource allocation
- ✔ Examine the trend of bill rates over time
- ✔ Dig into utilization details
- ✔ Easily go further into each layer to answer subsequent questions





## UNDENIABLE RESULTS FROM AN ANALYTICS ENGINE BRING FAR-REACHING BENEFITS

The data solutions company experienced significant growth while leveraging the analytics engine and realized the following benefits:

- From 2019 to 2022, revenue grew by 91% and EBITDA percentage doubled
- Utilization improved from 70% to 80%, driven by visibility into fractionalized staffing capabilities and delivering \$750k of annualized revenue
- Rates were monitored by resource type and grew by 16% over 4 years, delivering \$800k of annualized revenue
- Forecasting capabilities improved, enabling more accurate staffing plans for 12–16 weeks ahead compared to previous capabilities of 2–3 weeks
- Proven revenue forecasting capabilities improved valuation upon exit, significantly decreasing the risk associated with the transaction

When it came time to sell, the company's data maturity was recognized as invaluable during the process—and to the overall enterprise value. Not only was it easy to get the information during due diligence, but also to prove its accuracy, strengthening the atmosphere of trust on both sides of the table.

The benefits of an analytics engine go both ways. When private equity firms help outfit their portfolio companies with these abilities, performance improves. Everyone can dig deep into data and keep asking questions that ultimately will increase valuation, enabling a higher selling price when the time comes.

The early partner said, "Our ability to serve the new board's needs and our ability to show revenue visibility has been greatly enhanced by the building out of this data warehouse."



## COMPANY CULTURE: THE HUMAN SIDE OF DATA ANALYTICS

While this company's data maturity was a huge factor in their valuation, what got them noticed to begin with was their company culture. That culture is a direct reflection of what the organization values, and this Texas company truly put their people first.

They wanted their people to thrive, being absolutely devoted to solving complex problems for clients instead of bogged down in manual reporting tasks that lacked insight.

The early partner reminds leaders, "When you're looking at an Excel spreadsheet and asking those questions, somebody's got to go find the answer. It may take them an hour. It may take them a day, but the speed of that question–process–question–answer is just terrible without an analytics engine."

Any business—architectural firms, law firms, engineering firms, any company dealing with billable hours or other skilled labor—will derive major benefits from advanced analytics capabilities. It's not only going to impact their bottom line but will give a huge boost to their company culture and the overall value of their company.

**Find out what an analytics engine can do for your culture and valuation. Talk to a team member today about a proof-of-concept engagement.**