# Navigating Professional Services with IBM's Mark Hammack

[00:00:00] **Mark:** [00:00:00] What's the future of ERP and professional services? Cloud. Cloud with the ability to be agile and modular. And an adopter of AI to help with predictive analysis. AI has been such a game changer in ERP, so we're gonna see more of these natural language tools like Joule and Copilot and other ones that'll come out that over the next couple of years, they're going to go across not only ERP, but the many applications to really change the future of our industry.

[00:00:37] **Richard:** I am Richard Howells, and this is the future of ERP, a podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. In this week's episode, I'll be chatting with Mark Hammack from IBM about the evolving role of cloud ERP in the professional services industry. So, welcome, Mark, to the podcast. I look forward to hearing from you.

[00:00:59] **Mark:** [00:01:00] Thank you Richard. Thanks for this opportunity to talk, look forward to it, everybody. As Richard introduced me, my name is Mark Hammack. I am a partner in the IBM consulting practice in North America. I have been doing professional services and consulting work. CRM, ERP, and finance operations for going upwards of 27 years. So, I'm excited to share this time with you. The evolutions that we're going through are amazing at the time.

[00:01:30] **Richard:** Looks like you're the right person. Plenty of experience, so I'm looking forward to getting your perspective. Let's start with a basic question. What are the challenges and opportunities that professional services companies are facing today and going into 2026?

[00:01:46] **Mark:** Well, professional services we look at it as we got a lot of smart people who solve a lot of questions for a lot of companies, and we're often last at looking at ourselves. [00:02:00] What we need to look at, what we need to reply to is what is the market requesting? And it's changing right now. Professional services companies internally are under enormous pressure to operate more efficiently, deliver consistently, maximize margins, reduce delivery times, and keep up with technology that is coming at us every day with

something different. For example, we in professional services have increased pressure to forecast with greater accuracy. Market conditions are driving that, and how are we looking at resource planning? We tend to really have very lean benches nowadays compared to 20 years ago. It's not uncommon to have a 3% batch, which makes it very difficult to adopt, to, and execute. We have to look 00:03:00 at the new complex rev rec rules and billing rules; it's not just time and material anymore. We have to be able to adapt to milestones and fixed fees with outcome-based POC accounting, as some of the complexities and what we're really seeing out there is that consulting professional services firms aren't just selling services anymore. It's about selling assets in the form of agents or leave behind software that is specialized to what you have implemented, and then figuring out a pricing scheme for that. So it's really evolved over just being a normal professional services firm going out there, and which, since we're talking about ERP, setting up finance or implementing a logistics supply chain solution.

[00:03:50] **Richard:** So with all of that in mind, the environment is shifting. How can cloud ERP help address some of these challenges?

[00:03:57] **Mark:** Well, cloud [00:04:00] ERP is new in the sense of its maturity. For so many years, we've gone through and looked at expenses, purchases of Big Iron to support your ERP solution. You know that landscape evolution is a monumental move. We're away from these large on-prem purchases, and we've shifted that into, now I'm doing software as a service, and I don't have that large capital investment. I have my investment in setting up that ERP. The cloud is delivering more capability to. Professional services, clients, and non-professional services are at their highest levels ever before. We get faster content now in the cloud than when we did in our own standalone [00:05:00] on-prem solutions. Why? Well, it's because we have a lot of influencers out there in the market who are sharing what best practices are and what they want from a standard ERP solution with our software providers, SAP, Oracle, Dynamics, et cetera, et cetera, Workday. So we are getting more of a standardized product delivered to us. So we have less upfront investment costs because we're taking out the big iron and we're allowing our capital expenses to be focused more where they're needed, not just on depreciating hardware.

[00:05:43] **Richard:** Right. You mentioned that there are now more capabilities for professional service companies in the standard Cloud ERP offerings, but there's still a question around the maturity in some cases. So what is stopping professional services companies from moving to the cloud, and what are some of the myths [00:06:00] and sometimes misconceptions that you have to overcome?

[00:06:04] **Mark:** Two items there. You have hesitation and fear, and then you have myths. They're one and the same. You have companies that, over the decades, have invested. Heavily invested in their ERP solution, and they've built a large amount of customization. So you can imagine here, they've gone through multiple years of ERP, done millions of dollars in customization, and now we're coming in and saying, Hey, now move to the cloud. So they're thinking, wow, I'm gonna have a big multi-year, multimillion-dollar do-over. I don't like that. That doesn't sit well. Doesn't sit well with their board either. They're afraid that they're losing visibility and accessibility to core data that allows them to [00:07:00] do operational reporting or management reporting at their will. They think they're constrained. They really believe that they're losing the ability to customize. So you think about all the workflows that have been put out there for multiple approvals. You look at billing solutions, you look at reports. It's unimaginable how much customization has been done out there in ERP systems, and they're really scared that they're gonna lose that ability to be agile and nimble. Moving to the cloud, they're afraid that they have to be forced. To adopt what the cloud solution for industry is giving to them, rather than partially adopting and dealing with their gaps.

[00:07:52] **Richard:** Right.

[00:07:53] **Mark:** So those are the fears and the myths. Clearly, I go about that. The myth is kinda like accessibility and [00:08:00] security, one and the same. Is the cloud less reliable and less secure? Well, the answer's no. You are giving that to a hyperscaler to be that wall for you. They specialize in that. You don't have to have people on your team to do it. A team, you have scaled back in that area. So, is cloud less reliable and secure? Absolutely not. Availability is there, and you are not the one who has to make sure that that's always up to date.

[00:08:31] **Richard:** Yep.

[00:08:32] **Mark:** The flexibility for customization. Now you are working within some guidelines. They won't let you break something that you know is tantamount to catastrophic failure in your ERP. They won't let you do that, but they give you an awesome set of tools. Dependent on the software to come up with your own flexible narratives that meet your [00:09:00] custom needs for your company, allowing you that ability to handle your complex billing solutions, your billing rules, your approval workflows, et cetera. So those are common fears, loss of flexibility, and being nimble. Security is less protected, less reliable. Data is not available to you, and you're pigeonholed into an adoption.

[00:09:29] **Richard:** But on the counter side, the cybersecurity threat and the fact that you don't have to manage that cybersecurity issue. It's managed by people who focus a hundred percent on managing that cybersecurity. And you can focus on your core competencies. You can focus on satisfying your customers rather than supporting and maintaining your software system.

[00:09:50] **Mark:** 100%.

[00:09:51] **Richard:** The counterargument. The fact of customization means you can still customize cloud solutions. You've just gotta customize them the [00:10:00] right way. As you say, you can't mess up the core of the system. You have to integrate and customize through standard application programming interfaces (APIs.

[00:10:11] **Mark:** Right.

[00:10:12] **Richard:** That you don't mess up and can keep up with the latest releases and the latest innovations and the latest capabilities.

[00:10:18] **Mark:** But what does that do for us in professional services? We're very cash-focused right now. We want our cash flows, and by taking out some of those additional costs, I freed up big cash flows. Now I pay for the software as a service, and I let those experts in security within the hyperscalers, et cetera, within the software companies, handle some of those activities. I still get, as a purchaser and owner of it, I still have access to all my data. I still have 24/7 access to my data. I also have the ability to focus my cash and my wherewithal on next [00:11:00] opportunities that I need to focus on. I personally believe that now I can become a more aggressive business person.

[00:11:08] **Richard:** Right.

[00:11:08] **Mark:** I can focus on what I want to sell, those more time material services or more projects, or also invest more in assets that I can sell, that change in professional services.

[00:11:19] **Richard:** With that in mind, how is this changing the customer expectations for ERP and business systems in general?

[00:11:28] **Mark:** Once the individuals, once the customers accept the cloud ERP path and they get into the initial stages of a migration to cloud ERP from an on-prem, what they're saying is, oh yeah, that's right. I don't know why I put all this customization in before. Or what we're also seeing is that you're getting

new tools. Before, we used to want to do everything, well, [00:12:00] ERP shouldn't do everything, meaning we're now seeing the onset of more focused proposal and quotation tools. CPQ. We're getting more specialized tools in resource planning that are really tying together with the likes of the HR systems, the Workday, the SuccessFactors, the CRM solutions, the Sales Cloud, the Dynamics, and the Salesforce. So we're seeing more of an integration, leveraging the best of breed of HR, the new instances of CPQ, the enhanced functionalities of a resource planning tool providing for greater ability within the project systems landscape, and that's really new. That project system is really new within, at more mature, within ERP, people say, Well, we've been doing project systems for decades. [00:13:00] Yes, that's true. But that project system's functionality has always really been geared more to the manufacturing services, or CPG services, or big pharma. Now what we're seeing is we're seeing project systems evolve, and it is fitting to how. Professional services have to work. We're setting up that project in our ERP system, and we're getting our resources in there. So I have a very good cost base. So I have to know what my inception to date is. I know what my EA C's going to be. I know what my margin's gonna be. I can do real-time revenue recognition. I could look at underperformers, overperformers, et cetera. That's golden knowledge for professional services. Tie that together with a data lake and some of your operational reporting or your analytics composers. You've got a lot of power now to make fast decisions for an [00:14:00] evolving business.

[00:14:01] **Richard:** You've set me up perfectly for my next question because AI is the hot topic at the moment when it comes to technology. And you've just talked about that access to data, the ability to analyze that data, and to make better decisions and provide better information to their customers, your customers' customers in this case. So, how are you seeing AI being deployed within the companies that you work with? Is it a top-down? Where the executives are saying, well, we have to use AI because everyone's using AI, but we don't really know why. Or is it business challenge-driven? And what are some of the use cases that you are seeing?

[00:14:44] **Mark:** Well, is it top down or is it bottom up? I'll start with what I've seen in dealing with professional services clients, you have talent galore in the evolution and desire [00:15:00] for. Future automation, I hope I say that correctly to compliment them, 'cause that's what I truly mean as a compliment.

[00:15:09] **Richard:** It sounded like a compliment.

[00:15:12] **Mark:** Thank you. Senior executives are really pushing for that optimization. They know that they have to be able to have AI as a core offering

to their external customers, but let's turn it around from internal operations. Let's really go into it from that direction. Internal operations, businesses getting bigger clients, and operations are getting bigger. Country localizations are getting more isolated and unique, and that turns into more time needed. Well, we're not getting more resources to do more work in accounting.

[00:15:49] **Richard:** The people on the bench, only 3%.

[00:15:52] **Mark:** Yeah.

[00:15:53] **Richard:** Don't have the extra resources.

[00:15:54] **Mark:** Right. So, we get a lot of executives who want. But the amount of [00:16:00] individuals who are sitting down and thinking creatively is incredible. There cannot be a steering committee out there that consists of 10 people who come up with all of this content and push it down. Sure, they might come up with some. Ideas, but it's the core of the company that is coming up with use cases that actually drive the project. They get their funding, and then that delivers. So, the value is coming bottom up, to be perfectly honest, in my opinion.

[00:16:36] **Richard:** And are there any use cases that you are seeing that are taking shape, that multiple companies are looking to deploy or are deploying?

[00:16:43] **Mark:** One of the challenges with an ERP system specific to professional services is that a lot of these ERP systems think very much like manufacturing distribution, as we talked about. And when you think about the challenges of billing, a lot of [00:17:00] the billing effort involved with professional services is personalized. Whether it's the invoice you send out or the follow-up on accounts receivable, those are very time-consuming, and that takes you away from doing other items. It's time-consuming because most of the ERP applications are built for, again, manufacturing and distribution in this area. AI use cases in billing assistance and AR assistance are very good for the initial. Initial use cases they're big. They're saving time.

[00:17:35] **Richard:** So, they can automate the simple decisions and point you in the direction of the ones that need a person involved. Is that what you're getting at?

[00:17:41] **Mark:** That's right. It allows the professional to spend more time client-facing with their customer. The Value is right there.

[00:17:48] **Richard:** Yeah.

[00:17:50] **Mark:** Now we also see use cases really coming in on tools where it's assisting in replying to [00:18:00] RFPs, we're not having the multiple weeks of RFP replies anymore that it took to assemble. Going out there and fetching all of the key content that you wanna put into your RFPP or res or reply to specific questions, use cases are really enhancing that turnaround time and accuracy. We also see use cases very clearly in customer support; every industry professional service included has customer support areas. So again, the use cases in customer support are enormous. And I don't want to exclude the CRM side, I know we're talking ERP, but in CRM as well, the evolution of the advancement of opportunities leads to opportunities to orders to contracts to cash, and then the subsequent accounting really comes in the purview and closes it out. Now we're seeing a lot of use cases coming into that finance area, helping [00:19:00] with the month-end closures, creating automatic accruals and reconciliations that speed up. And while we would've been overwhelming the general accounting group to close out the books, now we're giving them what they need with fewer resources.

[00:19:19] **Richard:** To stay with AI for a little bit. IBM is a huge technology company, so I'm sure that you, as a company, have a point of view on AI in the industry in general. How is IBM leveraging AI, if you're allowed to share any examples?

[00:19:39] **Mark:** Well, IBM is a market leader in AI. You look at the Masters, you look at the US Open, you see AI that has been using our Watson technology for several years. And it's fantastic.

[00:19:54] **Richard:** Watson was AI before AI was a thing, I would say.

[00:19:58] **Mark:** That is correct. Let's first [00:20:00] start out with IBM's ethos, IBM firmly believes an ethical usage of AI. That's a paramount statement from our CEO. We believe in the open architecture of AI as well. Now, IBM embraces AI, going through our own transformation, our own Green Star. We are client zero for our own toolings.

[00:20:28] **Richard:** Okay.

[00:20:28] **Mark:** What we see a lot is ask HR AI, and we've reduced the need for delays and replies to common HR questions by a huge factor. This is all marketplace knowledge that could be found out there. Our ask IT is out there, as well as several other agents. Well, those are all great, but what's missing on that

is the orchestration that overlays it instead of having all these different. AI agents, [00:21:00] which you need in different solutions, whether it's calling into your HR system or your finance system, or your sales CRM system manufacturing system. You have an orchestration layer that allows you as the user, as a single point of entry, and then it does the work to all those other agents, and it gets smarter. That's a huge transformation that IBM, as part of our client zero tooling, is making. It also allows for data. AI is reliant on good data, and that's a huge challenge. Building the AI agent isn't difficult nowadays. You can turn around agents in days, but how good is the data that it's going after? And that is the direct impact of what information is that's gonna give you. So data and orchestration are huge.

[00:21:50] **Richard:** First of all, it's remarkably similar to SAP's approach to AI and that whole concept of ethical AI. There's no point using [00:22:00] AI unless you trust the data. Because the best systems in the world, the best in the world, will just give you the wrong answer if it's got invalid data, inaccurate data. And that word orchestration, I think, is critical because I think some companies still need to break down silos between departments.

[00:22:21] **Mark:** Yes.

[00:22:22] **Richard:** The agents that if they only work within that one department. You're gonna get an answer that's optimized to that specific function, but it's not taking into account the rest of the company. It's not taking Data from the rest of the company. In some cases, it might have counterintuitive answers that are great for this department, but terrible for this department. That's a poor decision from a company's perspective. So I loved your description of how AI is being leveraged both within IBM and how you are encouraging other companies to leverage it.

[00:22:54] **Mark:** Thank you, Richard. I appreciate that. One of the things that we are seeing is IBM's [00:23:00] point of view. Well, the use of the term POC is often used, oh, well, I'm not sure how I want to do something, so let's do A POC. In AI, the problem with that term, POC, is that you'd never get out of A POC then. The definition of the use case includes the business purpose and the definition of what the outcome needs to be put into reality. If you get into the common usage of the term POC, you never start to see the value of that investment, that use case. And there are articles galore out there by some of the leading think tanks on the amount of investments in AI and the amount of return from those investments. And it's a huge number on the amount of investment, and that's a low number on the amount of return. Why is that? Well, the lack of orchestration. This is common, I'm always in A POC rather 00:24:00 than

implementing a use case. And that use case can continue to evolve and grow, ensuring the ability to customize. Companies are getting smarter. They're seeing that because people are asking now, they're measuring based on the ERP system, what's my cost of investment? What's my value return? So they're seeing that now, and we're starting to see that transformation out of the. Things are always being called for an AI POC and more into a project.

[00:24:28] **Richard:** That's great advice as well. Identify where the business problems that you want to address are, and then. Use that as the testing ground to get a return on your investment. We're coming to the end of the discussion. Mark, it's been really enlightening. I've really enjoyed it, but I have one question that I ask all of my guests. From your perspective, in a sentence or two, what's the future of ERP?

[00:24:52] **Mark:** AI has been such a game changer in ERP and we're really getting into this now, aI [00:25:00] helping with the user experience. That's really new. So we're gonna see more of these natural language tools like Joule, and like Copilot and other ones that'll come out over the next couple of years, they're going to go across not only ERP, but the many applications to really change the future of our industry. What's the future of ERP and professional services? Cloud. Cloud with the ability to be agile, modular, and an adopter of AI to help with predictive analysis. That's where the future is. Being the trendsetter and adopting the user industry and localizations.

[00:25:45] **Richard:** That's a great summary of our conversation. Thanks for a great conversation, Mark. It's been a lot of fun.

[00:25:51] **Mark:** Thank you, Richard, for having me. I appreciate the time.

[00:25:53] **Richard:** And thanks everyone for listening. Please mark us as a favorite. You can get regular updates and information about future [00:26:00] episodes, but until next time, from Mark and me, thanks for discussing the future of ERP.