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21ST Century Business Tools For The
CONSTRUCTION INDUSTRY

21st Century Business Tools for the Construction Industry

Historically slow to adopt technology, the construction industry was hit hard by the COVID-19 crisis, with impacts ranging from suddenly-mothballed projects to labor shortages to a renewed focus on worker health and safety on the jobsite. Combined, these factors pushed more companies to explore how technology can help them work better, smarter, and safer in this "new normal" operating environment. The industry's high levels of stratification also create unique challenges for the general contractors, subcontractors, project management consultants, land developers, home builders, and other entities that must work in sync in order to get projects over the finish line. And while some organizations may handle more than one aspect of a project (e.g., a developer that is also a home builder), for the most part the industry remains fragmented across myriad different roles and responsibilities.

To handle those responsibilities, most companies use a general ledger system (GL), with Sage or QuickBooks as their main business management tools. Popular add-ons include time entry, project tracking, payroll tools, and Excel spreadsheets, the latter of which are frequently used for data-sharing across the organization and between project partners.systems onto a single, unified enterprise resource planning (ERP) platform.

Regardless of their current approaches, construction firms as a whole have room to improve when it comes to technology. Experts in their respective fields, many of these firms lack technology expertise and don't have large IT departments standing by, ready to install and implement new technology.

> *"With a unified, Cloud ERP in place, construction companies can easily spot and react to cost overruns and detect other trends based on specific project categories within NetSuite."*
> ~Paul McDonagh, Principal, Appficiency, Inc.

Room for Improvement

Because construction projects take time to complete, changes to initial contracts are fairly common throughout the life of those projects. Where in a perfect world a contractor would sign and execute on a single contract, the reality is that owners and project leads usually request multiple changes along the way. In the absence of a unified, enterprise-wide system, construction firms have to manage and implement these changes manually, and across the myriad solutions (Excel, QuickBooks, etc.) that they're running on.

Regardless of their current approaches, construction firms as a whole have much room to improve when it comes to technology. Experts in their respective fields, many of these firms lack technology expertise and don't have large IT departments standing by, ready to install and implement new technology tools.

These companies do, however, realize that there are significant efficiencies to be gained by investing in technology. The subcontractor with less than $25 million in annual revenues may be less apt to adopt this tech-forward mindset, but larger firms that have consolidated with other entities—or that are operating with private equity backing—do recognize the value in bringing their numerous different enterprise-level systems onto a single, unified enterprise resource planning (ERP) platform.

Without this type of unified technology solution in place, construction firms can't gauge the health of their businesses, manage projects effectively, or predict future business needs. With multiple different systems, platforms, and spreadsheets to juggle on the internal operational front, these companies wind up with an unmanageable tangle of data that can't be optimized, used, or shared with the right parties.

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A Robust Solution for the Construction Sector

Designed for construction firms that have revenues in the $50 million to $200 million range, Appficiency's Construction Solutions is an end-to-end technology suite that's based on NetSuite Cloud ERP. In developing the solution, the NetSuite-centric Appficiency team—which has years of experience both working directly for the software provider and implementing its solution for a broad range of customers—wanted to cover all aspects of a construction firm's business.

The end result is a platform with business process-oriented functionalities that include vendor requests for quote (RFQs), estimates, bids, project planning, material job costing, change order management, revenue tracking/planning, and billing. Key functionalities include:

- **Project Estimating:** To help companies optimize and automate their project estimating activities, Appficiency Construction Solutions incorporates functions that both create estimates and manage margin control—an important consideration in an industry that deals with thin margins and unpredictable raw material costs.
- **Bid Retrieval:** The solution also facilitates the retrieval of bids from subcontractors, with those bids ultimately being used to create the final project bid.
- **Final Job Costing:** Once a contractor is awarded a bid, it uses the software to develop final project costs, track orders for that project, determine percent calculations by task, and manage revenue recognition.

Managing Workloads and Leveraging New Opportunities

Appficiency's Construction Solutions helps general contractors, subcontractors, developers, home builders, and other organizations automate their internal business operations, gain access to valuable data, and make better business decisions. No longer saddled by Excel spreadsheets and manual processes, companies can also speed up their operations in a way that helps them better manage their current workloads and leverage new opportunities.

Because the application handles many of the tasks that require a "hands on" manual approach, companies also gain major operational efficiencies as they allocate employees to more meaningful tasks.
Using the software's historical data, contractors can tell which projects they're best suited for and which ones they'd be better off skipping. For example, a company can determine whether it will be competitive or not, based on its track record on similar jobs.

Appficiency's Construction Solutions also helps companies understand where their projects stand at any given time, how much additional time they're taking to complete, or whether their customers are paying their invoices on time across specific job or cost categories. When problems arise in these areas, companies can quickly isolate the root cause of those issues, address them, and use data to drive continuous process improvements.

Company Snapshot:

Company: Appficiency
Industry: NetSuite integration and implementation partner
Headquarters: Ontario, Canada
Solution: Appficiency's Construction Solutions for general contractors and subcontractors

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