

THE NECESSARY STEPS TO SOFTWARE SELECTION:
Your Operational Needs Analysis

Market Perspective

Over the past 12-18 months, the construction industry has undergone a transformation. Changing market dynamics are forcing contractors to resize staffs, reallocate resources, and modify overall market strategies. Combine the fact there are fewer jobs to bid with a higher pool of competition for jobs that are available, and what you have are unfavorable circumstances. Forced to bid and build at tighter margins despite a reduction in resources and personnel, it can be argued that contractors have become as reliant as ever on the role technology plays on the day-to-day operations of the company.

More than 50% of contractors plan to spend greater than \$30,000 on new technology in the year ahead

21% will be faced with updating outdated or inefficient software/hardware within the next 3-to-6 months

The role of technology is to make significant contributions to the bottomline. Today's market creates an environment where companies are struggling and as a result many are afraid to make any investment that could be deemed too risky. However, sitting back and becoming complacent is not an option. Seize the moment and position your company to emerge ahead of the competition in the long run.

Is It Time For A Change?

The software selection process can be a long and arduous one that requires a deep level of commitment within an organization from the top down. And while this is by no means a desirable endeavor, it can be done efficiently given the right approach.

Before even beginning the research and examination process you must first understand the reason you are making the switch. The reasons for selecting new software can range considerably. They can be very generic in nature, such as you find that users are working too much outside of the current system in order to get things done; or that you didn't win a job or a client has become unhappy with your work, causing you to look inward at processes.

The impetus for looking for new software can also be the result of more specific factors, such as finding a new way to do estimating rather than the very specialized spreadsheet-based environment you are currently working in; your current job costing system does not recognize costs at the time of commitment but only when you receive the bills of when you pay your vendors; you don't have a system in place to ensure all costs incurred are actually billed; or you do not have the correct job purchasing controls in place to ensure that committed costs do not deviate from your estimated costs.

Many companies make changes in software due to a transformation in the way their business currently operates. Perhaps new management has been added. Oftentimes a new CFO or controller may recognize the need for better information systems and may even have been brought in for that specific purpose

Then there are factors beyond your control, which may prompt a change in system, including new litigation or regulatory requirements that force a change in the way you are collecting, recording, and reporting information. Changing customer requirements are another factor to consider. Your customers may request the ability to obtain information or advanced reporting in an automated way. This is where something like a Web-based customer or partner portal can help, for example.

Whatever the case may be, it is inevitable that at some point in time your company will be faced with making a new software selection. And while this process is never easy, there are steps you can take to ensure the process is not completely disruptive to the way your company operates.

It is not uncommon to get sticker shock when entertaining the notion of investing in new software. Oftentimes, this is the number-one reason that software searches result in no-decision, as companies are scared off by the high price of the end purchase. But in many cases, this price is miniscule in comparison with the ultimate cost of not making a switch.

To that end, a good exercise is to conduct a bit of internal research throughout the course of a couple of months to find out how much your current system is actually costing you day-to-day. Through this practice, you begin to uncover the hidden costs of the technology you are currently running. Perhaps you have two or three employees dedicated to redundant data entry or your employees have created custom

spreadsheets outside the system because it is just simpler to operate. While these might seem like isolated instances, added up over the long run for completing a project can spell disaster. Overall, this can help motivate you to want to upgrade your system and understand how practical this purchase is for the company.

Take a mechanical contractor, for example: Some important factors might include connecting service technicians' vans to the network. This will help increase billing cycles and reduce the amount of paperwork. While this presents a significant investment on the part of the company, when compared against economic conditions where service and parts are the biggest part of the business, the investment is justified.

Companies need to look closely at the cost savings that will be experienced as a result of implementing a particular piece of software. Complicating matters is the fact there are soft costs associated with technology, many of which are not tangible and therefore cannot be accurately justified to upper management. A major consideration before implementing any new technology is the upfront investment. Any large upfront investment must certainly be justified. Companies must see the potential productivity gains before proceeding forward with any new technology implementation. The bottom line is that technology must improve the efficiency in your organization in order to be viable. If these systems in any way create a more cumbersome process, it is simply not worth the effort.

On the following page we have provided you with a list of questions to see if your organization is ready for a change.

Is your company growing?	<input type="checkbox"/> YES <input type="checkbox"/> NO
As your company grows it is inevitable that volumes change. Do you have concerns that your solutions functionality can scale and grow with you?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Have you evaluated your total cost of ownership on your current solution?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Have you documented a complete list of system requirements?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you understand how people are using the solution?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are employees generally happy with the functionality, integration, and support of your current solution?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are your employees asking for additional functionality or updates?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Is your solution intuitive and easy-to-learn?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Does your current solution support the sharing of sales and operations data and accounting data and processes?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do you have adequate metrics to know how your organization is performing?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are you able to mine data and present reports from across all your systems?	<input type="checkbox"/> YES <input type="checkbox"/> NO
With the tools and processes you currently have in place are you able to anticipate fluctuating demand and accurately forecast business?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are there areas where the information is difficult to gather or is missing?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are challenges and new opportunities being surfaced and are you taking advantage of them?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do any of your employees work from the road, from home, or in remote or branch offices?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are these mobile and remote workers have timely access to the business information and functionality they need to work effectively?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Do employees currently have secure, role-based access to data and customer relationship management systems?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Relying on your current systems, are you able to get a 360-degree view of a specific customers, including their current projects, revenue activity, and profitability?	<input type="checkbox"/> YES <input type="checkbox"/> NO
How do you currently track lead time for materials? Do you have forward visibility to enable you to consolidate vendor orders to gain larger discounts?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are you able to manage and control costs, or identify areas before they become a problem?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Are you customers looking for real time accurate information?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Is there data consistency between computer generated reports?	<input type="checkbox"/> YES <input type="checkbox"/> NO

If you have checked the box on these questions as areas where you have the potential to make improvement and you know there are advocates to increasing your organization's efficiency the next step is to evaluate the options and make the commitment to change.