

THE ENTERPRISE, EVOLVED

by Mike Carrozzo, chief editor

One version of the truth. Time and time again, contractors have heard about the importance of having a single enterprise platform that collects, processes, and shares key information. But the word “enterprise” can often sound quite intimidating. Certainly any large multidiscipline construction company would never shy away from being called an enterprise, and would therefore embrace such a system as ERP (enterprise resource planning). The same, however, can't be said for the smaller firms operating only a few jobs.

That trend, however, is on an evolutionary track driven in part by the changing nature of technology. Given the fact many enterprise solutions are now widely accepted and readily available as hosted or cloud-based solutions, contractors have the ability to leverage software solutions with a flexible business model that allows them to optimize their IT infrastructure. This trend has permeated the ERP landscape in construction, giving contractors a more cost-efficient and competitive manner in which to deploy and leverage a solution that for many years was viewed as one only fitting for the very large companies with deep IT pockets.

“While construction companies will watch their spending carefully and are working on growing their backlog in 2012, they will continue to take advantage of the slower work schedules and prepare for the next wave of economic growth,” says Roger Kirk, president and CEO, Computer Guidance Corp., www.computerguidance.com, Scottsdale, Ariz. “A slower work schedule allows contractors to evaluate their current systems and deploy new solutions that will drive greater margins on each job. This environment has and will continue to drive the demand for hosted or cloud-based solutions as they provide the flexibility to take advantage of enterprise-wide operational efficiency and improvement with minimal immediate financial investment.”

Also, it will be the people and business processes that will be a company's biggest source of competitive advantage, meaning it will be essential to align business strategies with the ability to execute. “Technology can play an important role for construction companies to execute well, regardless of the economic climate, as it provides a common platform that they can use to operate on,” adds Kirk. “Companies that execute well in today's market will likely be positioned well when the economy rebounds. So whether they are ensuring improved profitability in 2012 or planning for business growth, enterprise resource

planning solutions can provide them with the capability to adjust their operations according to their business strategies.”

Add in the emerging trends of mobile technologies, business analytics, business process improvement initiatives, and dynamic collaboration among key stakeholders, and what starts to take shape is a market where the ERP becomes almost essential for doing business. The value of deploying an ERP solution that standardizes and automates business processes and provides a level of business intelligence can be of great value to any firm.

“Initiating and managing construction projects require insights in history, trends, and metrics around key financials, equipment, assets, human resources, labor performance, vendor/subcontractor performance, material costs, and more,” says Ted Jandl, business unit executive for IBM's Business Analytics Division, which has partnered with Computer Guidance to integrate the Cognos business intelligence and analytics into the company's eCMS ERP. He adds, “Dashboards are very useful in presenting key visuals on the performance of these disciplines (actuals vs. targets), so that companies can make adjustments in an informed way.”

Consider how valuable it could be to have access to data that lets you run analysis on things such as cash position on each job; equipment recovery based on certain timeframes; labor units vs. budget units; and forecast to budget, to name a few.

“ERP touches all aspects of a business and collects, manages, and processes data in realtime across the enterprise,” adds Jandl. “Entry in one application creates action, results in processing, and is viewable in another application. Multiple users (may be) conducting their work in multiple business areas using different applications—but all the activities and data reside in one database and are available realtime.” In this example, the Cognos product becomes the mechanism for displaying the information in a dashboard or in a form of reports, providing quick alerts and visibility without going through multiple records and screens of an ERP.

But this is merely the start. The ERP has evolved to meet the changing needs of construction today. Whereas such a system used to be viewed as one implemented by only the very large companies, the ERP is taking shape to fit the needs of construction. Sure, size matters; but what also matters is your line of business. The next step becomes picking the right solution that fits your line of work. •