How Modern Project Controls Challenges the Status Quo

Digital transformation is a game changer – don't be left behind

aconex

*"It's outdated, frustrating to project teams, but it's what we know"*

*"**we need to change** but just don't have the time"*

When scouring your business for potential efficiency gains, no area can be off limits. In an industry where even small changes translate into big savings, no stone can be left unturned.

Complexity is growing across all areas of construction — aligning field and office, depending on external teams, interpreting vast amounts of data, and making rapid decisions — all require innovation, to be successful. The legacy systems and spreadsheets used throughout the years to manage projects will not allow businesses to grow and adapt quickly in today's market.

Project controls are mission critical. It is this criticality that also makes them difficult to change. It requires a pivot: from systems and practices that place emphasis on individual organizations, to solutions that focus on projects being the unifying force that brings teams together.
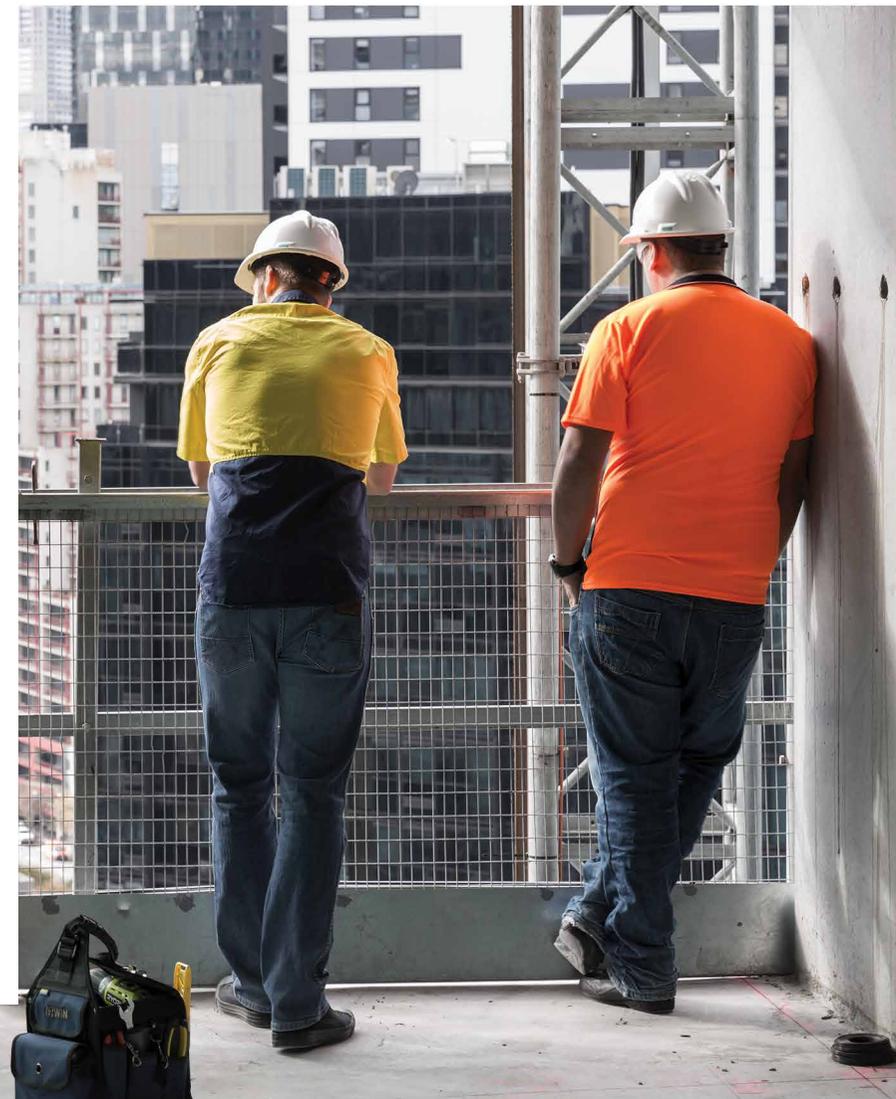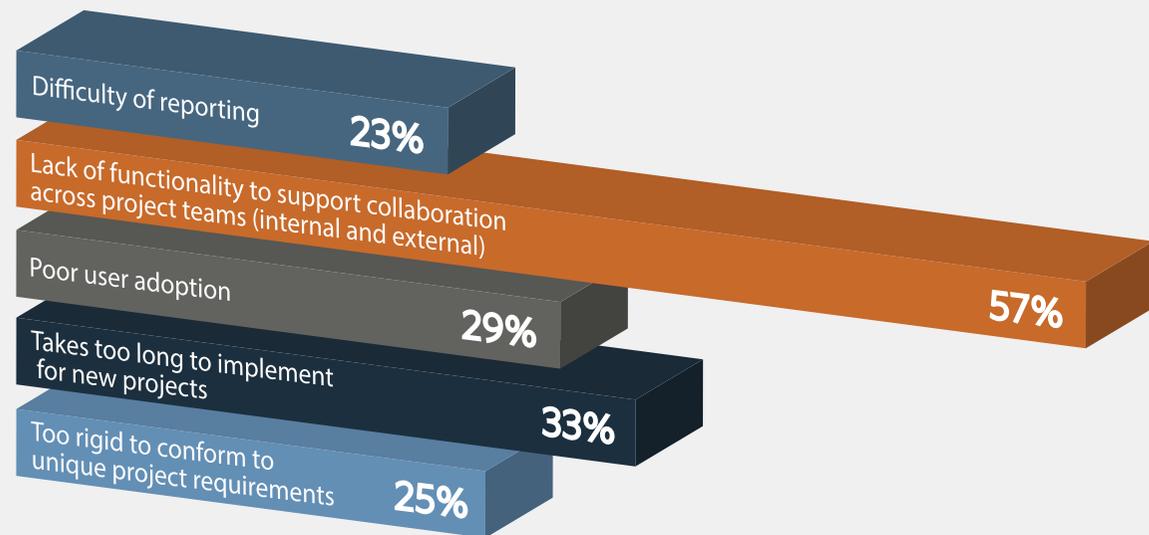
Project teams want to focus their attention on executing the work, not pushing and recreating data across multiple systems and groups.

While technology and new methods, like BIM and lean construction, are advancing physical efficiency, some of the tools and systems used to execute the project have not kept pace. The level of effort needed to interpret and report the data increases significantly. Project teams are burdened with the never-ending task of collecting, feeding, and maintaining cost data in outdated systems that do not support the extensive requirements for team collaboration. The level of effort increases significantly to interpret and report the data. It takes a *team* to successfully deliver a *project,* and collaboration is the foundation.

What frustrates you the most about your current project controls and cost management solutions?

- Difficulty of reporting **23%**
- Lack of functionality to support collaboration across project teams (internal and external) **57%**
- Poor user adoption **29%**
- Takes too long to implement for new projects **33%**
- Too rigid to conform to unique project requirements **25%**

Aconex conducted a recent TechValidate survey exploring how organizations are using project control solutions. Out of 174 responders, 57% agreed that the inability to support collaboration between internal and external teams was what frustrated them the most about their current project control solutions.

Maintaining the status quo *= being left behind*

A combined 83% of people surveyed cited spreadsheets, email (45%), and legacy software (38%) as the primary systems used to manage budgets, costs and contracts. At first glance, it may appear you're in good company in maintaining the status quo — why the need for change? But the real concern, if you identify with the majority, is in the outlying 17% — leaders that have invested in modern, cloud-based project control solutions. Don't be left behind! Organizations leveraging modern, cloud-based technologies are the industry leaders, gaining efficiency and accuracy, and transforming the way projects operate.

The perceived cost of maintaining the status quo may seem low at first glance, but the hidden costs for the following issues can add up quickly:

• Data security
• Accuracy of information
• Internal talent to maintain systems

Modern, cloud-based project control systems enable businesses to rapidly deploy new projects, adapt to unique business requirements, and operate leaner with teams using data rather than collecting it.

We typically manage budgets, cost and contract administration via:

- 🟧 Spreadsheets and email
- 🟦 Installed or legacy software
- ◼ Cloud-based cost management for projects only
- 🟦 Cloud-based cost management for projects and enterprise-wide visibility


45%

38%

10%

7%
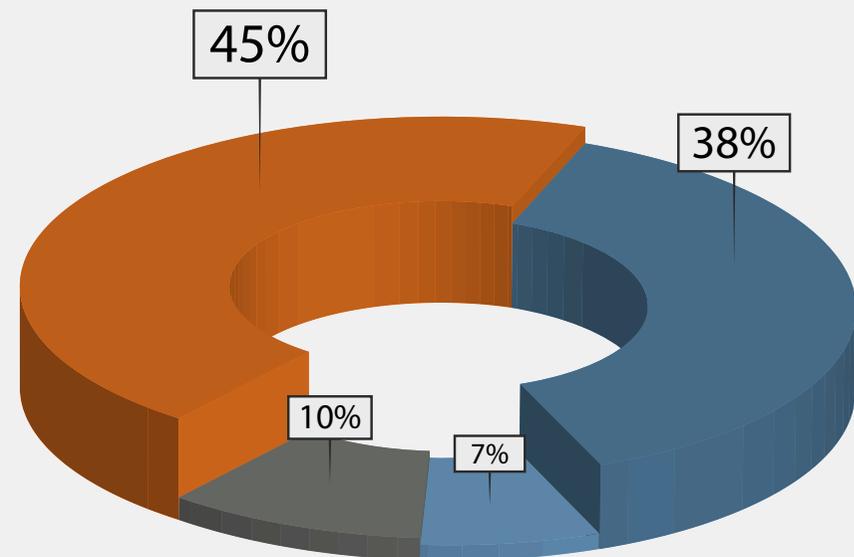
You say collaborative, I say...
who owns the data?

The critical flaw in the industry's traditional approach to collaboration is data ownership. While technically allowing the exchange of information between parties, it is not supported by an environment that incentivizes community sharing. It reinforces the adversarial relationship of "me against you" instead of focusing on the project. To provide protection in the event of disputes, external participants are forced to keep redundant systems with their own version of the truth.

Independent versions of truth translate into added costs impacting the supply chain. It is difficult to quantify the extra hours spent recreating and maintaining separate records — like time spent searching for information and communication errors — which all impact the bottom line for everyone, increasing the cost of performing the work and reducing/degrading performance.

Increased costs can linger on long after construction is complete. In addition to absorbing the inflated supply chain cost, owners frequently lack critical information necessary to operate and maintain the asset. Because external collaborators are more incentivized to maintain their own records, the centralized project system may not contain the most accurate or complete records, and valuable information remains locked in other systems.

True community sharing can take place only when teams can rely on access to their data and control who sees it and when. It requires an innovative approach to execution where the unifying force is project performance, with all teams supported *equally*. With real collaboration, the focus is on delivering the project with all teams working toward a common goal, benefiting everyone — from reducing costs of extended teams, to the owner gaining better-quality data — and increasing efficiency for all.
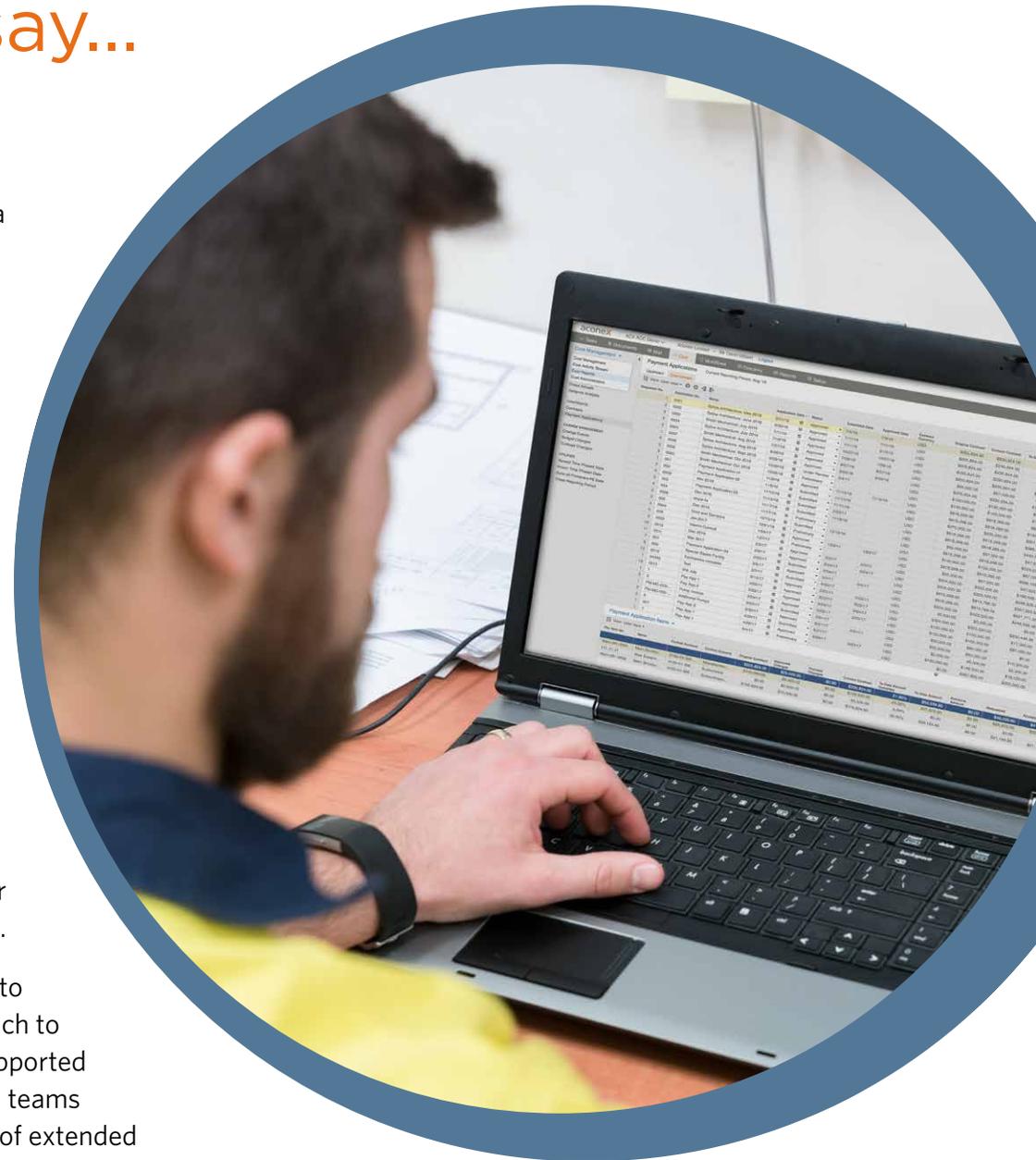
So much data,
yet so little information

Projects have evolved from keeping vast amounts of data in physical files that required an army to find anything. Today, most project data is stored electronically, but it still can take an army to interpret it. The value in data is the ability to distill it into meaningful information to steer the decision-making process — and it can't take weeks! Massive amounts of data make us smarter only if we can interpret, understand, and act upon it.

Hundreds of decisions that impact projects are made daily, and it may be shocking to discover that only 29% of stakeholders feel they have access to accurate and timely information.

Choose the statement that best describes your company's reporting capabilities when it comes time to make an informed decision:

- ■ Stakeholders have instant access to trusted data in real-time reports
- ■ Stakeholders struggle to obtain the information needed
- ■ Stakeholders contend with inaccurate and outdated information

57%

29%

14%
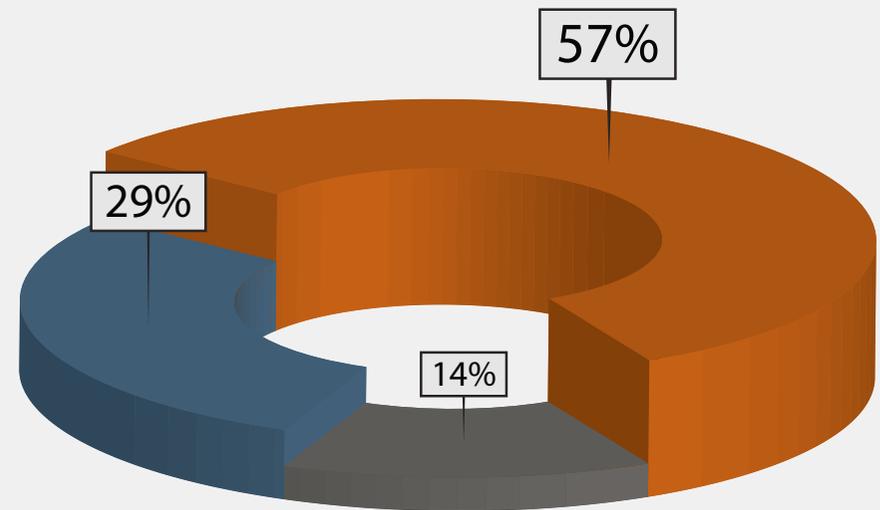
Informed decisions require accurate data that provides early warning of potential issues for quick resolution that results in less project impact.

Despite the promises, *ERP is not the answer*

Enterprise Resource Planning (ERP) systems have long attempted to expand their capabilities into the realm of project controls — with dismal results. Why don't they share data? The answer is rigidity. Some things require it, like ERP, where the rigor of corporate financials requires "hard math" capturing what has happened. But projects also require "soft math" to explore what *might* happen — potential alternatives and solutions for change — and to understand impacts to the project. Projects are in a state of perpetual change that requires the flexibility to account for everything in flux, as well as capture final decisions. The flexibility that project teams require and the rigidity that finance teams require cannot coexist in a single system. Would you drive your car relying on the rear-view mirror? No; that would be disastrous! But the same applies to managing your project with an ERP system. The simple truth is that organizations need both, and integration between these mission-critical systems is the only meaningful answer.

What's right for your company?

There is no "one size fits all" approach to integration — the journey begins with the end goal in mind. What do you want to accomplish? To increase efficiency and accuracy? To provide teams the tools they need instead of forcing them into financial applications?

Integrating mission-critical systems is no longer considered a luxury but a necessity to drive cost efficiency and reduce risk. The cost of integration increases with the level of complexity, but the benefits increase as well:

- Lowering overall risk by automation
- Freeing resources to focus on delivering the project rather than gathering data
- Providing real-time report access

Levels of integration to consider:

1. Manual data exchange: data manually exported from one system and imported into another — simple exchanges, like actuals from a finance system, exported to CSV and imported to a project cost controls system. Timing is typically monthly to assist with month-end reports.

2. Point to point: hard-coded integrations that can be either automated or manual (requiring user input), using APIs between two systems. An example would be the import of schedule data into a cost control system. They are typically pre built, which means they are easy to set up but will not provide flexibility in the type of data exchanged or configurable parameters.

3. Middleware platform: connects multiple systems using software that sits between systems and controls the exchange of data, frequency, and business rules for each system.

Are you ready to start challenging the status quo?

Five questions to ask when evaluating
Modern Project Control Solutions

1 **Will it keep my data safe?** Cloud-based systems are secured by teams that solely focus on data safety, unlike typical IT departments, which must oversee a variety of applications and systems across the organization.

2 **Is it easily configurable by end users?** One size does not fit all. The system should support your current business process with flexibility to support future needs.

3 **How does it increase my efficiency?** Modern project control systems should support the way project teams work and the collaboration necessary to keep information flowing. They should eliminate double entry across multiple systems and reduce risk by increasing accuracy.

4 **Will teams like using it?** Adoption of a system is as important as functionality. It must be used to provide real benefit. Teams tend to find workarounds for difficult systems; data gets locked away in spreadsheets and email, making a single source of the truth impossible.

5 **How easily can it be deployed?** The ability to rapidly deploy new projects allows teams to execute immediately and reduces risk of errors.

Aconex breaks through the status quo with Connected Cost.

See how modern project controls pave the way to the future with this **short video**.

Note to Owners

- Does it support the entire project lifecycle, assisting in the operation and maintenance of the asset?

- Does it support stakeholder and regulatory visibility requirements for projects?

- Can I track projects across my portfolio and organization?

Note to Contractors

- How easy will it be to get my supply chain on the system and support them?

- Does it support my need to have control over my data?

- Does it make it easier for staff to focus on the project rather than on data?

About Aconex

Aconex provides the #1 cloud and mobile collaboration platform for the global construction industry. This platform connects owners, contractors, and their project teams in the construction, infrastructure, and energy and resources sectors, providing project-wide visibility and control between the many different organizations collaborating across their projects.

With more than 70,000 user organizations and over $1 trillion of project value delivered in more than 70 countries, Aconex is the industry's most widely adopted and trusted platform. Founded in 2000, Aconex has 47 offices in 23 countries around the world. The company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code ACX and are included in the S&P/ASX 200 Index.

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