The Necessary Steps to Software Selection

Your Operational Needs Analyst
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.

According to the 2010 IT Playbook, published by Constructech magazine, more than 50% of contractors plan to spend greater than $30,000 on new technology in the year ahead. Of those investing, approximately 20% plan to invest in new technology initiatives, 29% plan to invest dollars into maintaining current initiatives, and 41% plan to allocate their IT spend to a blend of both new technology and maintaining current investments.

Research from Constructech also reveals 21% will be faced with updating outdated or inefficient software/hardware within the next 3-to-6 months, with another 23% facing this reality in the next 7-to-12 months. This indicates that for many contractors, this renewed look at current technology initiatives has revealed a harsh reality that the software systems they have had in place are not as efficient as the systems can be.

Regardless of market conditions, you must always be looking for ways to improve and grow. The bar to deliver on-time, on-budget projects, cost-effectively as well as manage your equipment and execute work orders continues to go up. As a result, it is critical to equip your company with the best technology.

The role of technology is to make significant contributions to the bottom line. 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.
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.