Should I Stay or Should I Go Now?

VIEWPOINT
CONSTRUCTION SOFTWARE®

According to a technology survey[1] of more than **500 contractors**, over **40 percent** of the participating businesses have been using their current accounting software for eight or more years, but **scored their system an average of 3 out of 5** when it came to their provider keeping current with technology.

[1] 2015 ViewpointTechnology Survey, February 2015

With the pace of technology advancements progressing so quickly, isn't it worth evaluating how your accounting and operations software (and its provider) are performing for you on a regular basis?

Within that eight-year mark, for example, hasn't an organization's situation changed?

Consider workflow and processes, management and operations needs, competitive landscape, costs and overhead, skill of employees, and any number of aspects that could impact a contractor's use of accounting software. And that's just one side of the equation; how has the vendor of that software and the software itself changed in that timespan?

Keeping pace with technology innovations, falling behind, or staying ahead?

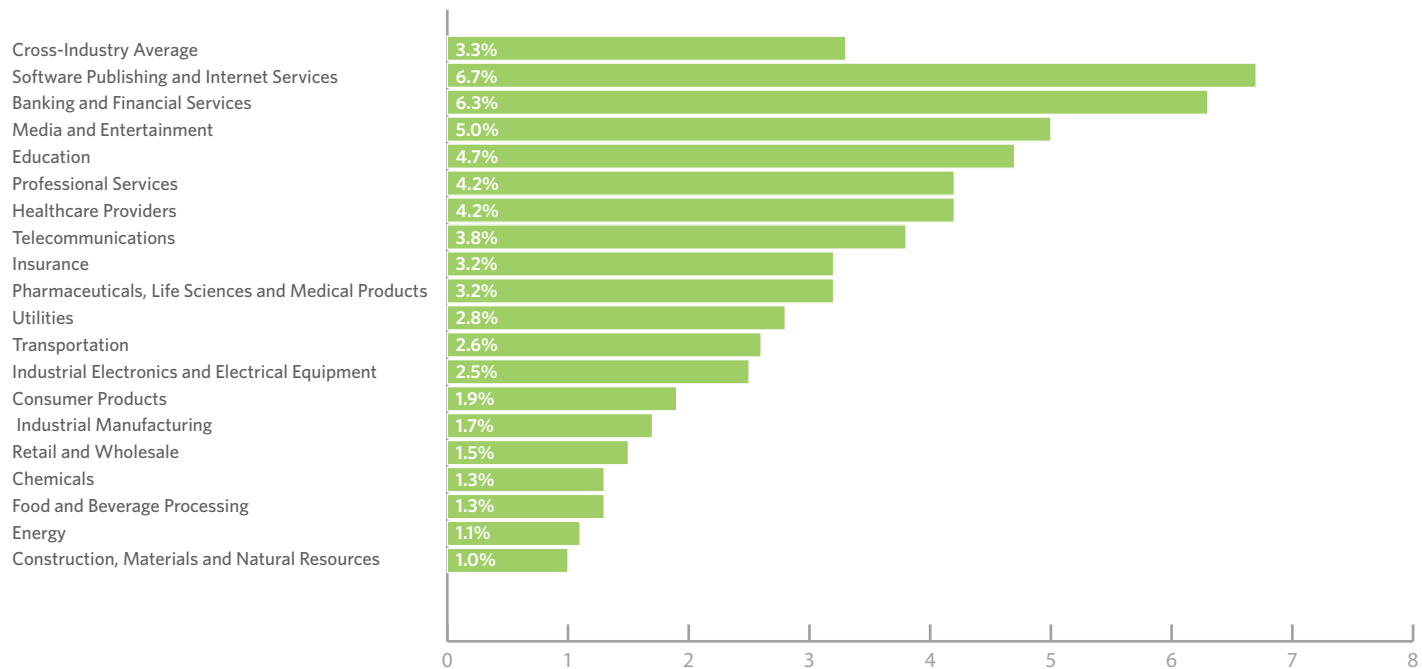| 2006	2007	2008	2009	2010
		2003	7	
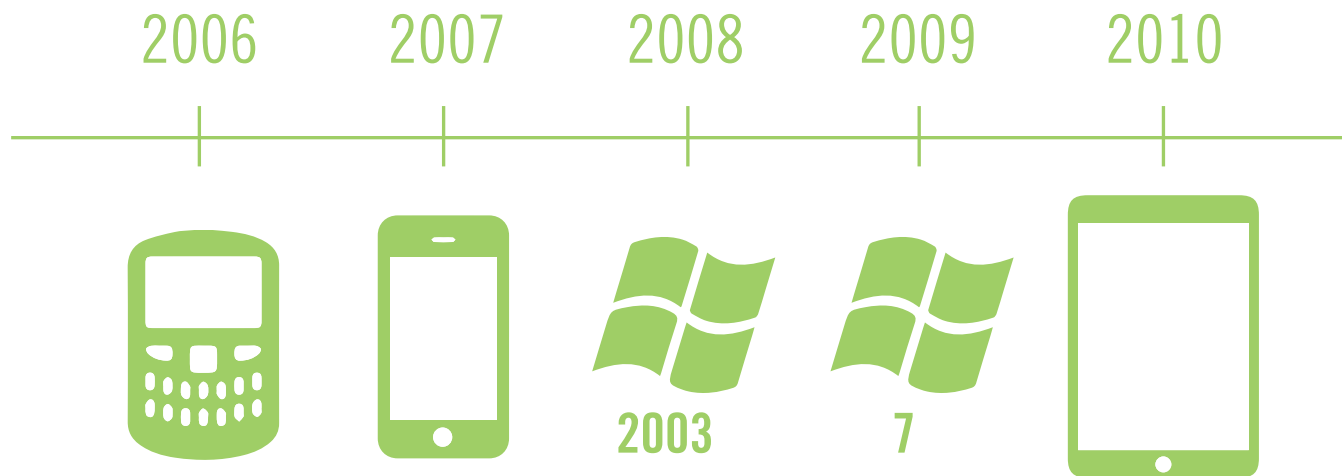
Change With the Times?

Over 40 percent of the survey respondents indicated that they are interested in evaluating new software. So what's holding them back? Key drivers of resistance to change were noted as disruption to business, cost to change, and data migration. Is change worth it? When is it the right time for change? Many contractors may be asking, "Should I Stay Or Should I Go?"

Contractors are Under-Investing in IT

Prospective buyers in construction have relatively small budgets. A 2014 report published by JBKnowledge, Inc. notes that, among IT professionals in the construction industry with knowledge of their firms' budgets, 71 percent say they allocate less than 1 percent of corporate revenue for IT (which includes expenses beyond software, such as salaries and other overhead costs).

IT SPENDING AS A PERCENT OF REVENUE, BY INDUSTRY

Industry	IT Spending %
Cross-Industry Average	3.3%
Software Publishing and Internet Services	6.7%
Banking and Financial Services	6.3%
Media and Entertainment	5.0%
Education	4.7%
Professional Services	4.2%
Healthcare Providers	4.2%
Telecommunications	3.8%
Insurance	3.2%
Pharmaceuticals, Life Sciences and Medical Products	3.2%
Utilities	2.8%
Transportation	2.6%
Industrial Electronics and Electrical Equipment	2.5%
Consumer Products	1.9%
Industrial Manufacturing	1.7%
Retail and Wholesale	1.5%
Chemicals	1.3%
Food and Beverage Processing	1.3%
Energy	1.1%
Construction, Materials and Natural Resources	1.0%

Source: IT Key Metrics Data 2014. Gartner Benchmark Analytics.

[2] JBKnowledge, 2014 Construction Technology Report, http://jbknowledge.com/report

This is likely due to the fact that profit margins in the construction industry are slim: The same report by JBKnowledge notes that **most firms operate with 1 to 2 percent margins**.

Software Advice notes that, strikingly, the larger a firm is, the less it is willing to allocate spending—in terms of total percentage of revenue—toward software purchases. Across all business sizes, the **average budget for new software is $7,766** for prospective buyers.[3]

For those in the construction industry, there must be a clear return on investment (ROI) from the purchase of new software—and **uncertainty about ROI** is likely the root of many of these smaller budgets.

The consequences of under-investing in IT can be experienced in the short and long term. Decisions impact all areas of the business and capacity to scale and grow, to compete, to leverage skills, to maximize productivity, to control costs, to improve profitability, and more. Once this is realized, how does one know if it's time to change the software in place?

[3] http://www.softwareadvice.com/construction/buyerview/report-2015/

Indicators for Change

There are some clear and creditable indicators for a software change. Your current vendor sunsetting the product you're using is an obvious one. However, some of the less obvious indicators would be support time that is measured in **days** and the vendor doesn't have viable support **resources**, such as **online knowledge base support**, **user community**, and **call back policies**. Another indicator that may prompt you to consider a change is that in the last few years the **product upgrades** have included only payroll changes and no impactful enhancements. Another is that your bonding company is suggesting you convert to construction accounting and project management software.

Is it Time to Change?

Once you believe the indicators are relevant to your business, the next step is to consider various determinates to decide if it's time for you to change your software.

Looking at your business and your current software, answer the following:

Have you been using the application for five years or more?

Is the reporting capability lacking?

When it comes to recruiting talent, do the younger generations place high value on technology?

Do you rely on assorted software applications from different providers?

Answers to those questions will help determine your satisfaction level and where your current solution could be letting you down and holding you back. Moreover, they will help assess if you could greatly benefit by a change. In the recent software satisfaction survey mentioned earlier, respondents were asked which factors would interest them most in making a software change; the most frequent response included:

- Ease of use in reporting/ability to customize
- Increased field visibility/accessibility
- Quantifiable ROI
- Comprehensive bidding software package/strong estimating
- Web-based for accessibility anywhere
- Integrated so data input in one place carries over through the modules

Do those feel applicable to your situation, too? Keep exploring your situation and how your business and needs may have changed since first implementing your current software.

Has your business changed since you purchased your current software? Consider:

| Type of work | Location of work | Volume of work | Accounting & Project Management Staff | Complexity of Business | Reporting Requirements |

What You Have and Where You're Going

Take stock of what you have in your current software. Identify capabilities you use and those you don't.
Here are some helpful tips:

CHECKLIST OF MODULE & REPORTS

- ☑ G/L, Payroll, A/P, A/R, Job Cost
- ☑ Equipment Management
- ☑ Inventory Management
- ☑ Service Management
- ☑ Project Management Documents
- ☑ Estimating

SYSTEM REVIEW

- Make a list of existing modules
- List features used in each module
- List features needed in each module
- List modules needed but not in system
- List features needed in modules not in system
- Review reports and forms

Ready to Dig Deep?

Viewpoint conducted interviews among construction firms that recently made a change or made a change just a few years ago. The feedback from those interviews revealed many influences in the decision-making process. Specific quotes from participants include:

"It was important for us to find a software partner that can meet our technological challenges, is forward-thinking, and meshes well with our company culture. We interviewed many with cultures that simply did not align with ours."

– Paul Walker,
Vice President of Information Technology,
Hoar Construction
Made the switch to Viewpoint in 2012

"We were looking for a partner that our company could grow with. We especially wanted something that would help with our equipment management, integrate with our estimating software, and be simple enough that our Project Managers would feel comfortable using it."

– Barbara Angell,
Controller, Sanford Contractors
Made the switch to Viewpoint in 2012

"We were with Sage for close to 31 years and it was a tough decision for us to move away from it. It's easier to keep using what you're comfortable with. As a long-time customer, we encouraged Sage to develop their software to better fit the needs of heavy-civil construction. They simply chose not to offer the products that we needed and there seemed to be no interest in hearing about it."

– Patti Arnold,
Secretary/Treasurer, Bacco Construction
Made the switch to Viewpoint in 2011

"We were looking for the best overall solution to run our whole business, particularly job cost and project management functionality, and Viewpoint was the clear answer for an integrated software system that had these capabilities."

– Jack Peterson,
Corporate Controller,
Sunora Energy Solutions
Made the switch to Viewpoint in 2012

"Our goal with Job Cost was to make sure all costs from payroll to payables was documented. With Viewpoint, we're now in a position to do that this year."

– Sue Murphy, Operations Manager,
Murphy Concrete and Construction
Made the switch to Viewpoint in 2013

Evaluating New Technology and Products

Technology evolves and is always changing. To keep up, you need to know what components and applications construction firms are investing in when looking at the big picture around their new software.

HERE ARE JUST A FEW:

- Cloud
- Document & Content Management (with Workflow)
- Electronic Forms (with Workflow)
- Field input for payroll, equipment, units, and other information
- Software platform (how flexible it is to adapt to new environments and needs)
- Mobile capabilities (across all mobile platforms)
- Project Collaboration & BIM

Conclusion: Make a Decision

This is probably the most important advice. Many firms get stuck in the world of inertia. Involve your internal key stakeholders early so they feel a part of the process; understand their needs and make sure key stakeholders are included in the decision making.
If you are ready to embark on a journey of change, check out the **software selection guide**. This step-by-step guide provides best practices around software evaluation, how to get started, and the keys to success, and helpful resources like a project activity chart.

ABOUT THE AUTHOR

Philip Zak, CPA, CCIFP, has worked with the construction industry for more than 25 years, providing various accounting and advisory services, and he is certified for Project Management implementation and training. Philip works with Viewpoint Construction Software where he assists customers with workflow and process improvement. He has assisted several hundred companies in the selection and implementation of accounting and project management software. In addition, he has spoken at many industry organization meetings on software, projected final costs, reducing labor costs on Davis-Bacon jobs, workflow, and IT Strategy. Philip is a licensed CPA in Ohio and Colorado and a Past Chairman of ICCIFP.

ABOUT VIEWPOINT

Viewpoint, a leader in meeting the collaborative and information needs of the AEC industry, offers construction-specific solutions for a variety of professionals including small, medium, large, and enterprise contractors. Viewpoint solutions include takeoff and estimating, project management, accounting solutions, enterprise resource planning, project and BIM collaboration, mobile field-to-office, and enterprise content management. Viewpoint customers include more than 30 percent of the ENR 400 and have the most technology partnerships with the top 50 mechanical and electrical contractors in the United States. Viewpoint serves as the technology partner of choice to the construction industry and delivers the right solutions on the right platform, including cloud, SaaS, and on premise solutions and provides customers improved accountability, efficiency, and productivity throughout the U.S., Canada, the United Kingdom, Europe, the Middle East, and Australia. For more information, please visit **www.viewpoint.com.**

VIEWPOINT
CONSTRUCTION SOFTWARE®

viewpoint.com | 800.333.3197