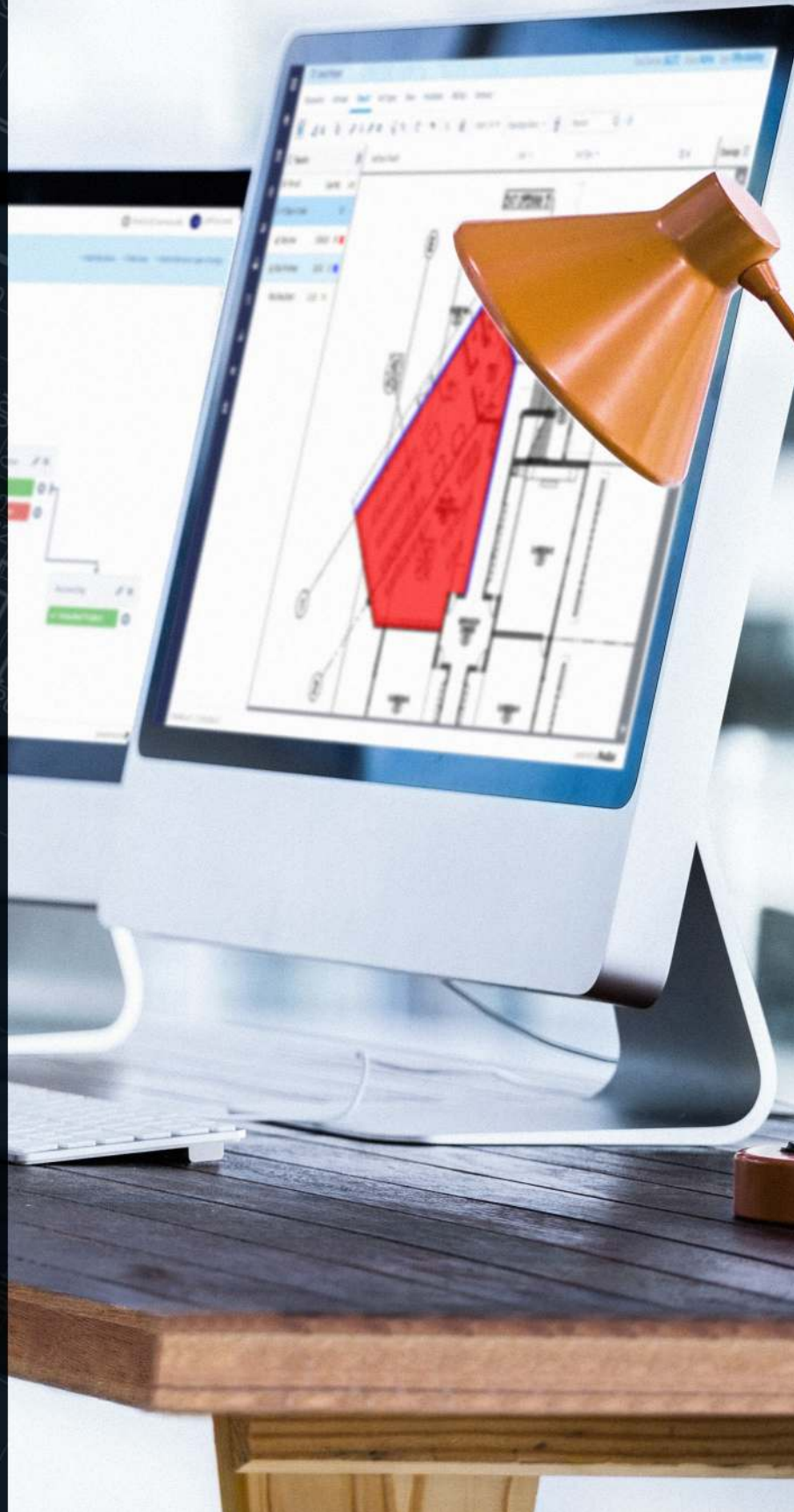


proEst[®] 5

**Things to Consider
Before Spending a Dime
on Estimating Software**

EXECUTIVE INSIGHT





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INTRODUCTION

In a business atmosphere that increasingly asks companies to do more with less, any potential business investment should be carefully evaluated for its ability to improve the bottom line. Now more than ever, decision-makers are in no position to allocate budget and resources and then passively wait to “see what happens” on the back end. When a real business need arises, and a potential solution is identified, it’s essential to have a clear idea of what the investment will cost, what benefits you can expect, and exactly how it will deliver a market advantage, both right away and down the road.

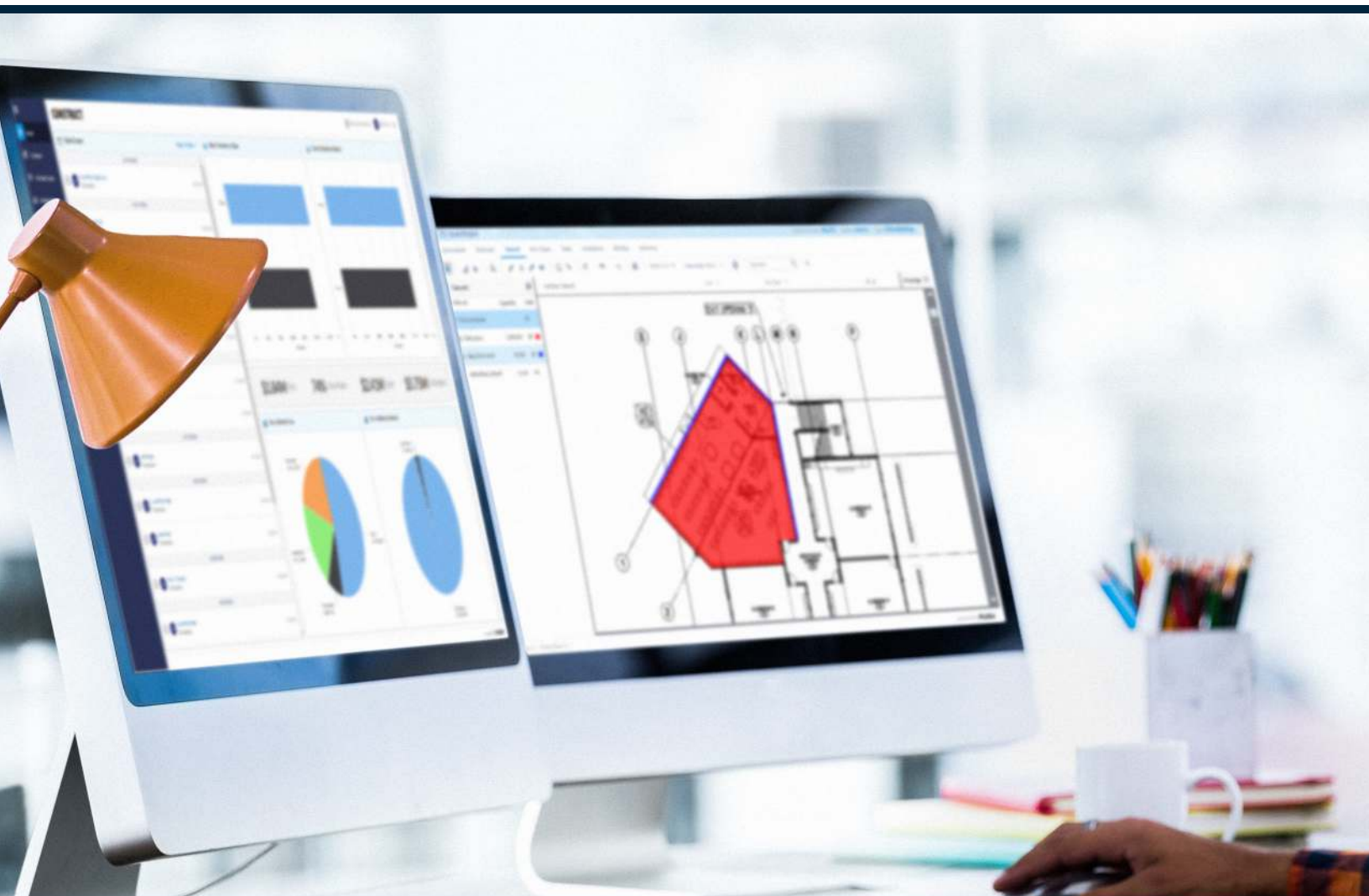
For most decision makers, cost is a logical place to start. And it goes without saying that “cost” and “price” are two different things. What you pay for a product or service is vitally important, of course, but properly calculating the cost of your investment is far more complex. The real cost of any investment must always be understood in the context of what business benefits, including savings, will potentially be delivered.

Inevitably, deciding if a new investment in estimating software makes sense for your company requires an honest appraisal of what tangible results you expect. Will it cut estimating time? Eliminate errors? Improve profit margins? What is the real problem—or problems—that your construction company needs to solve? Even the most capable estimating software can’t fix everything that can possibly go wrong during the preconstruction phase, yet the right solution can address key gaps in processes and technology that may have gone unrecognized far longer than they should.

In this Executive Report, we'll look at five things every construction company should consider before making a new investment in estimating software—from the urgency of the business need to the reputation of the provider you select. I hope it will contribute to your decision-making in a positive way, and help you make the right choice for your needs.

Jeff Gerardi

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CONSIDERATION #1: URGENCY

HOW IMMEDIATE IS THE PROBLEM THAT NEEDS TO BE SOLVED?

By the time most construction companies start to actively explore alternative approaches to cost estimating, they've usually recognized that they have an issue—or issues—with their current process that needs to be corrected. For many, it's a matter of efficiency; estimates are taking too long to produce, or contain errors that require intervention, or can't be used as the basis for essential back-office tasks. When even a tolerable level of inefficiency starts to impact business productivity—and even worse, profitability—the scales begin to tip. If you know for a fact that valuable man hours are being wasted on manual calculations, or that estimators are falling behind due to the need for constant error-checking, your problem is an immediate one that should be addressed without delay.

Less obvious is an issue with back-office system integration. For many accounting and project management teams, taking the time to re-enter estimate data into a different program is a familiar “business as usual” task. Moreover, it can be difficult—even impossible—to accurately measure how much waste is actually occurring. If you begin to see process bottlenecks that produce a cascade of negative impacts over the life of the project, an alternative estimating solution should be implemented before the problem grows exponentially.

Applying a “what if” scenario can be a useful exercise for contractors who are unsure of how urgent their need for a more robust estimating solution really is. Imagine, for example, that your company could increase the number of estimates you prepare next month by 50%, as many contractors that move to an automated estimating platform do. How would that affect your revenue? Would it enhance your ability to take on more projects, hire more workers and grow as

a company? Given the potential for tangible performance improvements almost right away, can you afford not to replace problematical estimating processes with a solution that's more efficient and cost-effective?

Of course, construction companies who anticipate active "growth mode" can avoid potential business disruption and process glitches by implementing a robust and scalable estimating solution ahead of time—and allow enough time for users to be trained and become proficient in its use. If aggressive growth is part of your strategy, you need to act sooner rather than later.

ASK YOURSELF:

- Are manual estimating tasks impeding our workflow and taxing our resources?
- Are our accounting teams forced to re-enter and reconcile estimate data?
- Are we limiting transparency with siloed, inaccurate or hidden information?
- Does our near-term growth strategy include more estimates, more users and more projects?

If you answered "yes" to even one of the questions above, your company may have an urgent need for a more powerful and productive estimating system.

THOUGHT STARTER

As a contractor, when you invest in construction-specific estimating software, it can be well worth its cost. Because it saves time and boosts productivity, you can do better than you would without it, even while paying a subscription fee. The key is to choose a solution that is both sufficiently robust and simple to access and use. That way, you get the functionality you didn't have before, and can expect adoption to be universal.

CONSIDERATION #2: CONSEQUENCES

WHAT ARE THE IMPACTS IF YOU DON'T TAKE ACTION?

We're all familiar with what can happen if a company lives on the "bleeding edge," blindly adopting untested strategies and technologies that don't deliver on their promises. It's expensive. It's disruptive. And it can lead to an unhealthy resistance to change among key decision-makers down the road. So, the negative consequences of false starts and wasted resources are clear—but what are the impacts of resisting change to the point that your construction company does too little, too late? Answer: they're considerable.

Project estimating is the perfect example. For years, construction companies of all sizes relied on pencil-and-paper estimates that were slow to produce and prone to error—and many still do. Others adopted Excel as their primary estimating tool and are forced to make do with a generic tool that lacks the power needed for complex calculations and is difficult—or impossible—to customize for many construction-specific estimating requirements.

The question becomes this: to what degree are the limitations of manual calculations and Excel spreadsheets affecting your company's ability to produce winning bids, strengthen client relationships, close out profitable jobs and maintain a healthy growth strategy? Answer: you may not really know. The irony is that until your company adopts a platform that improves your estimating approach in fundamental ways, you have no basis of comparison.

That's why it's useful to look at construction companies that have already taken the step:

- ▶ A large general contractor replaced Excel with a cloud-based estimating platform and increased estimate output by 50%, generating an additional \$100M in annual revenue in less than twelve months.
- ▶ A specialty contractor based in the Midwest gained 30-40% greater estimating efficiency with a construction-specific estimating and digital take-off tool, nearly doubling estimate output.
- ▶ A midsize commercial builder doubled their estimate output—from 60 to 120—in a single year after implementing a cloud-based estimating platform, forecasting revenue to increase by nearly 25%

ASK YOURSELF:

- Is our business being affected in a negative way because we're slow to embrace change?
- Is our revenue tied to outdated manual estimating processes and generic spreadsheets?
- Do we have low visibility into the true cost of manual estimating errors and limited back-end integration?
- Are we missing out on sizable market opportunities because we have limited estimating speed and scope?

If you answered "yes" to even one of the questions above, your company is probably suffering the consequences of inaction, and could realize significant benefits from the addition of a new estimating system.

CONSIDERATION #3: ACCEPTANCE

WILL YOU BE ABLE TO ACHIEVE BUY-IN FROM EVERY STAKEHOLDER?

Even the best construction estimating software can't deliver the business benefits you're looking for if your people are unable—or unwilling—to use it. In many ways, that's what made Excel spreadsheets a popular choice among construction estimators at a time when alternatives were few and far between. After all, spreadsheets represented a major step forward from pencil-and-paper calculations in terms of speed and accuracy, and because they were relatively easy to use, estimators were willing to make the leap. Fast forward to today's more advanced, construction-specific estimating solutions, and to many, Excel looks generic, clunky and dated by comparison. Even so, some estimators cling to the familiarity of Excel and try their best to ignore its deficiencies—including the real possibility of calculation errors, intentional or otherwise, that often occur with multiple users, as well as a lack of customization for the needs of specialty subcontractors.

So, how can you be sure that your estimators will embrace a new estimating platform before you spend a dime on your new investment? The answer is to do your homework—and choose a solution that combines powerful functionality with as much convenience and ease of use that you can find. Here are three important things to look for:

A Simple Interface - Many construction professionals will tell you that they don't consider themselves to be "tech-savvy," and would rather focus on core business issues than keep up with the latest thing in IT. A smooth, simple and user-friendly interface can do a lot to encourage new users to engage with and use an unfamiliar estimating platform, speeding adoption and offering the reward of improved productivity. One-click functionality and graphical dashboards are

a boon to novice and non-technical users, which shortens the learning curve considerably and leads to higher levels of acceptance.

Customized Training - Great training for a new estimating platform is more than “how to” instruction for your users. Experienced trainers know that motivation is an important factor, too, and will make the rewards of an unfamiliar solution abundantly clear to new users from the very beginning. It’s also true that people have different learning styles, and that some instruction methods will work better for some than others. That’s why having a range of training options to choose from is so important. Hands-on, face-to-face training sessions combined with online tutorial and practice sessions have been shown to be most effective in developing new skills, improving morale and encouraging adoption; some companies even find that establishing mentor-mentee relationships between tech-proficient users and others can help everyone “own” a positive outcome.

Ongoing Support - No one likes to think they’re on they’re own, especially when it comes to resolving issues with new software. Higher levels of buy-in for your new estimating platform will come from knowing that expert support teams are ready, willing and able to answer user questions and address any problems that may come up, especially during the implementation period.

ASK YOURSELF:

- Can we quickly and easily demonstrate the benefits of a new estimating solution to our users?
- Are we choosing a software platform that even non-technical personnel will feel comfortable using?
- Will training be available that aligns with a variety of learning styles as long as we need it?
- Does the selected solution include readily available customer service and technical support?

If you answered “yes” to all of the questions above, your company should expect company-wide buy-in for your new estimating system.

THOUGHT STARTER

Success in the construction industry is all about doing the math. You only need a handful of numbers to decide whether an investment in estimating software is right for your company, but by quantifying the issues you face-- and the results you need to make an investment worthwhile—you'll have the kind of metrics-driven insight that will help you make a better decision.

CONSIDERATION #4: ALTERNATIVES

WHAT IS THE COMPETITIVE SET AND HOW DOES IT COMPARE?

As automated estimating platforms advance, and user adoption accelerates, product options are proliferating. Construction estimating solutions that appeared to be “leading edge” yesterday are very much in the mainstream today, and a growing number of software providers are eager to claim a piece of the pie. All of them will tell you that their solution is the one: cheaper, faster, easier, and so on. Sorting out the differences can be problematical—and navigating their relative strengths and weaknesses can become a full-time job. In fact, a quick internet search reveals more “Top Ten” and “Best Five” lists of construction-specific estimating and project management software than you can reasonably use, without an easy way to compare and contrast. The bottom line? Before you spend a dime on construction estimating software, know exactly what you’re buying. Let’s take a quick look at some key definitions.

- Bidding software focuses on project bids/proposals, subcontractor and project scheduling, client management, and bid analysis/reporting
- Takeoff software pulls information out of digital blueprints and spec-sheets to generate cost estimates
- Estimating tools help estimators create line-by-line cost and quantity estimates for materials and supplies. These tools can include cost summary templates, pre-added formulas and calculations, and regional part/material cost databases

Now, here’s where things really get interesting: online vs desktop. When it comes to an estimating solution, you have a choice. Either (1) install the software on computers or servers

that you own, or (2) gain access to the tool online, via a web browser and mobile devices that connect to the cloud. Many contractors find that the convenience of a cloud-based estimating platform is hard to beat. Users have 24/7/365 access to data, updates are automatic, and it can easily be scaled up or down depending on estimating volume. That translates into the kind of efficiency and collaboration that can make a big difference to the bottom line.

Obviously, before you spend a dime on construction estimating software, it's important to take a good, hard look at the cost of the estimating solution—or solutions—your company is considering. The good news is that construction estimating software is typically a very affordable piece of technology. And it can save your estimators significant time as compared to manual methods of cost calculation, which must also be factored in. But keep in mind that different providers use different pricing models, some more flexible than others. And you can assume that the upfront cost of a desktop estimating solution will be higher than that of a cloud-based product, which doesn't require installation.

Last, but not least, take the following things into consideration before you make your decision:

Reputation & Customer Service - You're starting a long-term partnership, so make sure that your provider is both reputable and responsive with A+ ratings and rave reviews.

Accessibility - Hands down, cloud-based estimating platforms offer the highest levels of 24/7/365 accessibility for your users, who can connect from any mobile device.

Product Design - Good design asks less of the user, not more. Make sure the experience is intuitive for even non-technical users; a product demo can help make that clear.

Features - Confirm that the tool meets all of your estimating and digital take off needs—both present and future—and can be scaled up or down as necessary.

Training - As we've seen, the right training can help speed adoption by new users and boost productivity, so choose a company committed to education.

Pricing - Paying up for powerful features that fit your needs makes sense, but beware of over-paying for a weak product or getting locked into an unwieldy contract.

ASK YOURSELF:

- Have we done all we can to understand what options are available and compare their features, functionality and pricing models?
- Does a smaller upfront capital investment in estimating software make sense for our company?
- Could we benefit from the added flexibility of an estimating platform that's cloud-based?
- Are we considering the history, experience and reputation of each software provider under consideration?

If you answered "yes" to all of the questions above, you have a clear sense of what product options are available to you and how they align with your estimating needs—the best way to make an informed investment decision.

THOUGHT STARTER

To win in the construction industry, you must be aware of who your competitors are and what, if any, business advantages they may have. Research shows that companies that adopt technology that supports efficiency and cost reduction are better positioned to compete and grow than those that don't. By applying that thinking to your project estimating tasks, you may have a better idea of your own next steps.

CONSIDERATION #5: VALUE

WHAT CAN YOU EXPECT IN RETURN FOR YOUR INVESTMENT?

Most of us have a vision of what will happen after we make an important investment, and a commitment to new construction estimating software is no exception. Perhaps you're hoping that process gaps will be closed. Maybe you'd like accuracy to increase. Whatever it is, keep that thought in mind as you weigh the value of your potential investment. The dictionary tells us that value is "to consider something with respect to worth, excellence, usefulness or importance," or "the equivalent worth or return in money, material or services." But for a construction business, bottom-line value is often defined by how much return on its capital investment can be reasonably expected, the higher the better. We've already seen that "price" and "cost" are two different things. "Value" is something else altogether.

Before spending a dime on construction estimating software, contractors should specify—even quantify—their expectations of what business value it will deliver, both right away and over time. That way, you'll have a realistic "before and after" picture of what you'll get in exchange for your money, and the information you need to make a fact-based investment decision.

In some ways, this takes us back to Consideration #1: Urgency. If you've identified an estimating issue that you know for a fact is costing you money—lost bids or unprofitable jobs, for example—the value of resolving it quickly with a new estimating solution is fairly clear. Less dramatic, but more important for the long-term success of your company, are underlying process issues that have been tolerated—even ignored—in favor of maintaining the status quo. Making a major change to your estimating process requires that a certain amount of inertia among stakeholders be overcome, but delaying the

decision to upgrade may be costing your company more than you realize. Let's use integration as an example. Integration essentially eliminates bottlenecks (such as data transmission and conversion) and reduces the inefficiencies of dealing with multiple software solutions. That saves time. And money. It also ensures that data remains accurate and consistent from beginning to end, which for contractors, may be the biggest benefit of all.

Finally, because no one can really foresee the future, it can be useful to apply some of those "what if" scenarios for your estimating needs down the road. Do you foresee long-range business expansion? Or is it possible that markets will shift or shrink? The value of having a scalable estimating solution—capable of accommodating increased or decreased demand—becomes clear, giving you the ability to address any potential business issues you can't yet see.

ASK YOURSELF:

- Are we winning fewer bids than we'd like, or losing money on the projects that are awarded?
- Do we have urgent needs or underlying issues that are having a negative impact on our business?
- Have we experienced data transition bottlenecks that affect the productivity of our teams?
- Would an unexpected increase, or decrease, in estimating activities result in disruption?

If you answered "yes" to even one of the questions above, your company can expect a positive return on investment for a new construction estimating system.

CONCLUSION

Ultimately, every construction company must decide on its own if making an investment in estimating software is the right thing to do. By carefully considering the factors laid out in this Executive Briefing, you will have a better picture of your own business needs, wants and expectations, as well as what next steps are in your best interest to take. Ask yourself: Are there urgent problems to solve? Is there a long-term strategy that requires support? What measurable business benefits do we expect to see in exchange for our investment—and how long will they take to manifest?

Today, thousands of contracting firms use software that was specifically created for construction estimating, and more join them every year. A growing number of those companies are choosing a cloud-based estimating platform, powerful technology that offers higher levels of efficiency, accuracy and process integration, as well as improved user access and connectivity. In the last five years, ProEst has helped construction firms harness the power of cloud technology to work more efficiently, win more bids and run more profitable jobs. If we can help you decide if an investment in a cloud-based construction estimating tool is right for your company, please give us a call at 800-255-7404.

ABOUT PROEST

ProEst provides advanced construction estimating capabilities for leading companies and public sector clients in the United States, Canada and Australia. Our cloud-based platform combines cost estimating, digital takeoffs and bid day analysis in a single powerful solution— a proven way to reduce costs, ensure accuracy and streamline pre-construction workflow.

For more information about ProEst cloud-based construction estimating, visit www.proest.com