Construction Management ERP Selection Guide

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Choosing an Enterprise Resource Planning (ERP) solution is one of the most important decisions your construction business will make. The ERP system you select today will affect the way your business runs for at least the next 5 to 10 years. In this guide, we offer recommendations and best practices, based on nearly 30 years of ERP implementation experience, for how to research, evaluate, and select the right construction ERP solution for your business.

Accounting for 13 percent of the world's GDP, according to McKinsey, the construction industry, which encompasses real estate, infrastructure, and industrial structures, is the largest industry in the global economy. But for decades, its financial performance and long-term profitability has lagged other industries.

As construction firms look to become more competitive, agile, efficient, and data-driven, they are increasingly utilizing a range of new and emerging technologies including drones, autonomous guided vehicles, IoT sensors, building information modeling (BIM), artificial intelligence (AI), and advanced data and analytics. From the jobsite to the back office, digital technologies are transforming the way construction firms work.

COVID-19 accelerated this digital transformation as companies needed to adapt to supply chain and labor issues, the rising cost of building materials, and the new realities of remote work. The impacts of the global pandemic continue to be felt across the industry.

The increasing complexity of construction projects, and the growing number of technologies and business systems needed to manage them, has created significant challenges for construction companies. Many firms struggle to grow profitably because their operations are hampered by administrative busywork, spreadsheets, and disconnected apps. Data silos make it difficult for construction leaders to keep track of construction metrics and key performance indicators (KPIs).

As they scale, every engineering and construction company eventually reaches a point where an ERP solution stops being a "nice to have" and becomes a strategic imperative.

Business Drivers for Investing in a Construction ERP

The strength of a construction ERP lies in integration. Data collected from across the organization is fed into a central location that construction executives, project managers, and teams can use to understand past and current operations, proactively address issues, and accurately forecast future needs. The result is a single system that delivers actionable, real-time information and a single source of truth about the health of your operations.

Large, complex construction projects take a long time to complete and involve many moving parts. Growing construction firms face obstacles in managing their projects and operations. A major challenge is how to integrate and unify disparate data from multiple systems and data sources to make it accessible and actionable for construction leaders and teams.

As the number, scale, and complexity of construction projects increases, the challenges of managing multiple projects efficiently without the right tools become all too apparent:

» Lack of communication with field teams, causing projects to finish late and over budget

» Reliance on manual processes and disconnected systems, which often results in missing or wrong information and unnecessary mistakes and delays

» Incomplete, out of date, or error-prone data makes it challenging to determine project successes and failures, gauge employee engagement, and improve safety and productivity

» Multiple, independent platforms for project management and accounting with poor integration result in a lack of visibility into project costs and future forecasting

» Dependence on lagging versus leading indicators makes it difficult to plan

» Teams are bogged down with time-consuming manual data manipulation and complicated spreadsheet analysis

» Inaccurate information results in poor business decisions, unhappy customers, and missed business opportunities

Before these operational issues reach a breaking point where they begin to negatively impact your bottom line and your ability to win contracts, compete, and scale, it's time to start evaluating construction ERP solutions that can provide a 360-degree view of your business. Choosing the right ERP solution can bring tangible improvements to your daily operations with benefits that can be felt across your entire organization from your employees in the field all the way up to the C-suite.

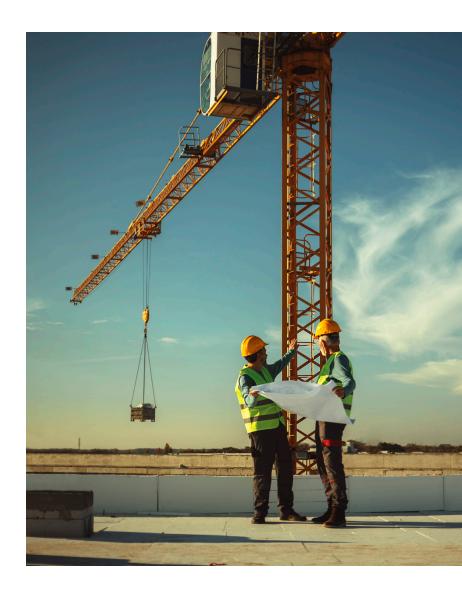# The Benefits of Construction ERP Software

Cloud ERP software built for the construction industry brings together financials, job cost accounting, project management, payroll, inventory, service management and more into a single platform. With visibility into every corner of the business, construction companies can improve collaboration, streamline time-sensitive processes, and increase project profitability.

Mobile Access

In construction, connecting the field to the office is a necessity. Cloud ERP makes real-time, anywhere/anytime connections easy. With mobile access, users can document and update projects from the field. Employees can keep projects moving without having to track down RFIDs, change orders, and project plans because all relevant documentation is readily available in the cloud ERP system and accessible from any browser-enabled device.

Track Projects in Real Time

ERP for construction manages all the moving parts that make up a project. With integrated software, project managers can easily track costs and compare them to budgets, view and sort important documents, and collaborate with other users. Because accounting and project management are connected in one platform, users get greater visibility into budget versus actual costs, change orders, subcontractor commitments, safety and compliance issues, and more. As team members input information into the system, real-time updates ensure all users are accessing the most current documentation (such as RFIs, daily field reports, change orders. project drawings, and photos).

Eliminate Costly Delays

Whether you're tracking materials to and from job sites or managing time and materials, you need accurate, timely project data so that you can make the right decisions that will move projects—and your business—forward. Streamline the exchange of information between your office and teams out in the field with cloud ERP. The system will sync if someone makes changes to items such as an RFID, project issues or timecards. This allows managers to address important issues immediately. An ERP for construction cuts down on administrative overhead and avoids error-prone manual processes that can cause costly delays. With access to a single source of information, all stakeholders can remain on the same page and work toward the same goals.

Fast Track Teamwork and Save Time

Automate complex, manual workflows and tasks that create project roadblocks and slow down communication between contractors, subcontractors, architects, and other stakeholders. Use intuitive role-based dashboards, live reports, inquiries with drilldowns, notifications, and alerts to ensure action items are addressed in a timely manner. Leverage powerful business intelligence (BI) tools for real-time analysis of current projects and accurate forecasting.

Use Construction Metrics to Make Better Decisions

Better decision-making starts with a solid view of the health of the entire construction business. Given the sheer number of parameters within each project, construction leaders need to monitor a multitude of KPIs. This can include profit analysis, cash management, schedules, and productivity—each of which has supporting metrics, such as change orders and Requests for Information (RFIs). A construction ERP provides business leaders with a foundation to combine data from multiple systems with configurable inquiries, tailored reports, dashboards, and dimensional data analysis to ensure data integrity and timeliness.

The Cost of Doing Nothing

Transitioning to a new ERP system is a significant undertaking. Given the financial investment and potential for business disruption, construction leaders often delay ERP projects far too long, choosing to limp along with existing systems that are well past their expiry date. But avoiding the inevitable comes at a cost, limiting your competitive advantage, lowering team morale, and leading to lost opportunities and barriers to growth.

Whether you've outgrown your basic accounting software like QuickBooks, or your legacy ERP system has become a bottleneck, it is essential that you evaluate new systems to understand the features and capabilities of a best-of-breed ERP solution and how they could benefit your business. If you're struggling with an outdated or inadequate system, deferring your decision to move to a new ERP for six months or a year means that you are essentially losing 6-12 months of time and cost savings,

not to mention yielding market share to more agile construction firms.

When you consider what's at stake, it's important to assess and compare new ERP systems, conduct a total cost of ownership (TCO) and return on investment (ROI) analysis, and build a business case for digital transformation. In our experience, most companies that do their homework and due diligence find that the cost of doing nothing far exceeds the investment in a new ERP.

"Every growing construction firm eventually reaches a point where standard, out-of-the-box accounting software just doesn't cut it anymore. You know those businesses that still use fax machines? Yeah, me either. The failure to modernize and keep pace with change will put you in the same category with them. The cost of doing nothing is high."

PENNY TINGLE
SENIOR CONSULTANT
nextec

Features to Look for in an ERP for Construction

Not all ERP solutions are created equal. Choosing a construction-specific ERP solution backed by deep industry expertise will ensure that you have the best tools to run your business and a future-proof solution that will grow with you as you scale.

Project and job cost accounting, forecasting, field services and strict safety and environmental regulations are just a few of the unique pressures construction companies face every day. To effectively manage these challenges, you need to choose an ERP vendor and implementation partner who understands your business at a deep level and has developed purpose-built features and functionality for construction.

Beware of ERP vendors who lack a proven track record in the construction industry or who claim they can easily customize their generic, "off-the-shelf" ERP software to meet your specific needs. While a competent ERP consultant can certainly accomplish this, any customization adds complexity to the implementation. In the hands of a consultant that doesn't have deep construction industry expertise, it can be a recipe for time and cost overruns. Why reinvent the wheel when there are ERP vendors who have invested in a proven construction-specific solution and best-of-breed capabilities to support your unique needs?

It's important to look for ERP software that gives you control over all aspects of your construction business on the executive, operational, and project levels. When choosing a solution, look for the following features:

"The WIP, Over/Under Billings, Lien Waivers, AIA documents, Cost Codes, Retainage, Certified Payroll, Substantiated Billing are unique construction ERP requirements. No two construction companies are alike. You might have two highly successful mechanical contractors or two general contractors that provide almost identical services, but you'd be amazed at how differently their systems can be configured."

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SENIOR CONSULTANT

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Accounting

Test and tweak data to see the financial impact of specific decisions or expenditures

Accurately forecast and manage job costs, profits, cash and taxes

Maximize project profitability in real time

Lower financial and operational risk with accurate projections

Manage financials across the organization

Project Management

Access real-time information to stay on top of every project and budget

Leverage real-time data for faster decision making

Track all activities, documents and costs from one integrated system

Gain greater visibility into every link of your supply chain and adjust project timelines as you go

Field Management

Increase productivity by optimizing job sites, work schedules and hiring processes

Enable the office to work in tandem with the field to ensure employee time, expenses and change orders are captured

Streamline work processes, including ordering, equipment availability, inventory and personnel management

Eliminate duplicate data entry to save time

Gain greater visibility into every link of your supply chain and adjust project timelines as you go

Customer Relationship Management

Perform marketing, quoting and sales tasks directly within the system

Manage delivery and post-sales support to maintain strong client relationships

Maintain always up-to-date and accurate customer data

Use automation features to support better communication with customers, helping you to grow your business and boost your brand reputation

Mobile Access Anywhere, Anytime

Connect people and projects from anywhere, whether in the field, at the office or at home

Access and update critical project details from a smartphone or tablet

Increase productivity by reducing the time it takes to access real-time information

"Industry leaders continue to prioritize technology investments, aiming for efficiency improvements in order to mitigate ongoing workforce, cost, and supply chain challenges."

Source: 2024 engineering and construction industry outlook, Deloitte Insights

The Construction ERP Selection Process

ERP is an essential business tool for construction leaders and professionals. When vetting ERP solutions for your organization, consider the following best practices:

Assemble a Project Team

Start by establishing a cross-functional internal selection team, ideally including the key stakeholders who will be using the solution every day. A consulting partner like NexTec Group can help with this process. The team should bring together subject matter experts from across your organization who can articulate the features, functions, software requirements and construction KPIs that are essential to the success of your company. These internal SMEs should have a deep understanding and hands-on knowledge of what their current processes and workflows look like and how they can be improved.

Conduct a Business Process Review

Together with your consulting partner, conduct a business process review to help identify the areas that would benefit from a connected ERP business management system. Ask questions such as:

» Where are the bottlenecks in our current processes?

» Are there blind spots or gaps in your construction KPIs?

» What areas could benefit from more visibility and transparency?

» Are there areas of opportunity that we're currently missing?

» Do we lack processes or insight that could help us become more efficient or competitive?

Select the Right ERP Solution

Once you have defined the areas for improvement, you can move on to the selection stage. Your consulting partner will help your team evaluate various solutions and how they compare. A checklist like this one can help give you an idea of what to look for in a construction-specific ERP system.

Use this handy comparative tool to guide your selection process. Evaluate solutions in five key categories: productivity, functionality, technology, value, and risk: **Construction ERP System Evaluation Checklist »**

Why NexTec Recommends Acumatica Cloud ERP

Built on an adaptable platform with open APIs for rapid integration, Acumatica Construction Edition is a modern cloud ERP platform designed for the way construction professionals operate today and into the future. Its flexible architecture allows for low-code or no-code customization and added capabilities, such as data visualization, artificial intelligence, and machine learning. All construction processes share the same data, information is available anytime, anywhere, and everything revolves around the project and the customer.

For more information about the implementation process for Acumatica Construction Edition, check out our guide: **How to Implement Acumatica Construction Edition »**

Whether you're a general contractor, subcontractor, specialty contractor, homebuilder or land developer, you can rely on Acumatica to handle all your processes in one solution, saving you time, effort and money.

Acumatica Construction Edition provides industry-specific features and functionality to improve the way you work, including:

Construction Financials

Acumatica's certified payroll and native AIA billing and reporting help to speed up invoicing and payment. Natively configure tax requirements and manage retainage.

Change Management

Set up change order workflows and manage status throughout the project's lifecycle. Enable RFI workflows and use them to create change requests.

Compliance & Safety

Set up automation to alert construction leaders when compliance and safety documents need attention. Avoid project delays with a central location for all documentation.

Daily Field Reports

Collaborate between field and office with Acumatica's mobile app for field reports, photo logs, submittals, change requests, progress worksheets, expenses, and more.

Business Intelligence (BI)

Acumatica's BI and analytics give construction leaders visibility into each project's profitability. Deliver financial insights and control expenses with agility for faster decision-making.

Collaboration Tools

Extend Acumatica features to vendors, subcontractors, and customers with no added user license fees. Set up customers with secure online access to account details.

Remote Time Management

Capture employee time for payroll, human resources, and expenses for field service, project accounting, and other construction activities.

Role-based Security

Control access to menus, screens, and fields specific to each construction department's needs. Set up role-specific dashboards for improved job performance and efficiency.

Wikis and Documentation

Create a knowledge base of business practices, construction procedures, and tips using built-in wikis to empower employees.

Why Choose NexTec as Your Acumatica Partner

Winner of the 2024 Acumatica Construction Excellence Award, NexTec is one of North America's largest and most experienced Acumatica consulting teams, bringing deep implementation and construction industry expertise.

When it comes to implementing a core ERP system, expertise matters. NexTec Group is a gold-certified Acumatica implementation partner with nearly three decades of experience in the consulting industry. Our consultants have successfully implemented Acumatica Cloud ERP for hundreds of clients. Their experience and wisdom are invaluable in avoiding common pitfalls, ensuring a smooth implementation, and improving ROI.

That's why leading engineering and construction firms and general contractors like Allison Resources, Freeland Contracting, and Wildstone trust NexTec to help them get the most out of their technology investments, both in the back office and out in the field. Our over 90% customer retention rate is a testament to the lasting, impactful relationships we build with our clients.

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Contact Us

Manage Your Construction Business Better with Acumatica Cloud ERP

SCHEDULE A DEMO

Contact us to learn more:

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About the NexTec Group

NexTec Group is one of North America's largest and most experienced technology consulting firms, specializing in industry-specific solutions for mid-sized organizations. For nearly 30 years, NexTec has been a trusted partner to businesses, delivering, implementing, and supporting the core Enterprise Resource Planning (ERP) and Business Intelligence (BI) solutions they need to scale and grow. With seasoned consultants from coast to coast, and a premium portfolio of innovative business management solutions including Acumatica and Sage X3, we help you get the most out of your technology investments. Visit www.nextecgroup.com or follow us on LinkedIn.

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