

# Gain complete project control in real time with a construction specific solution



Modern contractors need the structure, risk mitigation and visibility that come from enterprise business software optimized for the construction industry. Yet many of the software packages on the market fail to adequately address the complex project financial control needs of construction companies that ensure a project is completed, on time, on budget and at a high quality and by extension, the success or failure of the business.

Why is this commercial project control role so vital? And how do solutions from IFS help them discharge their essential duties?

## A delicate balancing act

With typical contracting margins currently less than one percent, every penny counts. Small variances will spell the difference between profit and loss. To compound matters, almost no significant project is executed exactly as it is envisioned in the initial contract. Estimates rely on assumptions or provisions that drive project risk, and stakeholders may bring new requirements to the table as project plans become public. So construction enterprise business solutions must give the managers and project controllers the tools to identify and address deviations from the contract, estimate and budget before they can adversely affect project viability. Commercial managers need tools to help them:

- Translate contract documents into a detailed and actionable scope of work
- Identify all liabilities and responsibilities
- Identify incentives including positive and negative financial impacts
- Determine contractual requirements for exactly how the scope must be completed
- Exercise variation control, particularly



## Off to the right start

Not all projects start at the same point, especially if additional contractors are brought in at a later stage. IFS solutions help the project manager record the indemnities, insurance liquidated damages, letters of credit, guarantees and other requirements of the contract. Sometimes this may involve notches-outs for local, woman- or minority-owned subcontractors. Regardless of the nature of the requirement, failure to address these contract terms will carry a financial penalty for non-performance. At the same time, the commercial manager will also ensure the contract signed with the customer was up to date and determine, in the project financial plan, how much deviation from project requirements could be supported without affecting overall profitability. In order to support significant decisions like this with confidence, IFS solutions give you a complete, real-time view of your exposure to risk, and total cost to complete.



### Following project owner processes

Your construction enterprise business solution from IFS also lets you streamline the project plan based on various procurement methodologies. The goal is to get an accurate and hard estimate, because without it, your entire project is at risk. IFS solutions manage deviations from that estimate in a well developed risk register.

At first, the risk register will contain an unattributed pot of money. As the project progresses, the sources of and exposure to risk are more clearly defined. Scope changes are one common source of project risk and the commercial manager must ensure project variances are dealt with and approved in well-documented change orders that amend the scope and budget. They need the ability to determine the true impact of a change on subsequent project phases. This is essential in order to avoid cost or timeline overruns caused by interdependencies.

In IFS solutions, the project plan is integrated with financial controls, so you can see when you are going to spend money as well as when milestones tied to applications for payment will be achieved. This enables you to forecast the end position of the project at any time and take corrective action if necessary long before you get around to collecting actuals against the general ledger. IFS gives you ready access to real-time metrics like Estimate-To-Complete (ETC) and Estimate-At-Completion (EAC).

### IFS solutions protect the interests of the commercial manager

IFS software is built for construction and delivers real time benefit by encompassing all the cost centers that accrue against a project—labor, materials purchasing, internal and external equipment rental, subcontracts and other cost drivers. This gives you excellent financial project control so you can confidently meet your fiduciary obligation as commercial manager. IFS solutions deliver with tools that:

- Provide one version of truth that give you a single and comprehensive control point for costs from procurement
- Proactively identify and manage risk as it becomes more defined over the lifecycle of the project
- Manage cash and applications for payment to identify and mitigate cash flow bottlenecks
- Freely switch between Cost Breakdown Structure (CBS) and Work Breakdown Structure (WBS)

Proper commercial management is easier when you can see CBS—which determines outgoing cash—and the WBS—which drives applications for payment, together as each evolves over time. Too often, a project manager and controller will just be able to see an initial CBS or WBS, but will struggle to generate a rolling wave forecast that becomes more detailed as the project unfolds.

### Learn more

To learn more about how IFS can put you in financial control of your projects, visit [here](#)

For general information about IFS Solution, visit [ifs.com](#)