

# Do I Really Need New

## Software



## THE 5 WARNING SIGNS



BY FRED ODE

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When is the right time to purchase new business software? Do you use the three-year rule, figuring that technology must simply be three times better by now? Or do you take a more conservative approach, hanging on to the familiar, albeit sluggish, programs because they are as comfortable as well-worn sneakers?

In construction, it's easy to justify the purchase of new equipment. With a \$90,000 front end-loader, for example, a contractor knows exactly what it can do and how it's going to make money for the company. Besides, it can be depreciated up to 15 years. Harder to negotiate, however, is the decision-making process involving new business software purchases. Though new tax laws provide added incentives (increased deductions and investment limits) for new asset purchases through 2005, many are still unsure if now is the right time to buy. More importantly, how will the investment pay off? These five warning signs can indicate a need for change.



**1 The present system does not meet business needs.** If a software package is not doing what is necessary, then it is probably a good candidate for change. In this case, use the frustration factor. Before shopping for new technology, sit down and list the top three challenges or problems with the current system. For example, keeping track of over/under billing may be difficult using the current accounting package. Maybe the present bidding software doesn't offer enough levels of detail to prepare competitive bids. Or perhaps the cut and fill package won't allow importing of architectural CAD files.

Define the real problems to reveal the company's basic "must-have" requirements for new software. Identify the vendors that meet these basic requirements to start the selection process.



**2 The costs of inefficiency are high.** In every business—and construction is no exception—payroll costs represent a huge percentage of a company's overhead. When employees work inefficiently, or when they are assigned to jobs that are inherently inefficient, it costs the company. But is there a way to determine if switching software will actually save money?

First, quantify the approach by evaluating areas of inefficiency and assigning costs to them. For example, three project managers are collectively spending about 20 hours each month estimating and preparing bids and another 15 hours each month reentering information into spreadsheets for reporting purposes. These tasks cost the company approximately \$3,000 each month (\$55/hour wages x 60 hours per month). An integrated software package promises to cut that time in half or better. From that, determine how long it will take to recover the purchase and start-up costs.

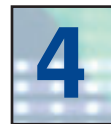
When considering costs, don't forget the qualitative factors, such as whether the new software will improve productivity, time constraints and overall stress levels for employees. If all indications say

"yes," then the cost of staying with the current software is simply too high and change is needed.



**3 The present system is too difficult to use.** Perhaps the current program is capable of doing what is necessary, but it is clearly way too complex for non-technical or novice computer users. Perhaps minor problems snowball because the software vendor offers inadequate technical help. Or perhaps the only person capable of running the program just left the company for another job.

Even the greatest software package can become a liability if minor "glitches" can't be overcome quickly. If employees spend more than 10 percent of their day learning new features, solving software difficulties, or waiting for help-desk call-backs or tech support, consider other products and vendors—and quickly. The key is to balance technology with functionality to get a package that will work well into the future.



**4 The present system is not specific to the industry or business.** With sophistication comes selectivity. Yesterday's computer user may have been satisfied with the generic, one-size-fits-all software program. The trend today in software development and technology is a definite shift to industry-specific "middleware" products that offer tailor-made solutions for specialized industries. And construction trades are no exception.

Take, for example, the wide range of estimating software packages available. In addition to general construction, several products address specific trades such as electrical and mechanical, transportation, roofing and more. For companies that focus in just one area, it makes sense to consider software designed to improve specific efficiencies of operation.

Consider the options available to a heavy/highway construction company that regularly bids on Department of Transportation (DOT) projects. A specialized package allows for the instant import and setup of DOT items, which

average 300 to 500 line items per job, while a non-specific program might require downloading information and manual entry. While an industry-specific package might cost more than a generic package, recovering those costs will happen more quickly.



**5 The present system does not keep pace with technology.**

The fact that a certain software package was a perfect fit five years ago means absolutely nothing today if it can no longer grow alongside the business. While advances in technology happen in nanoseconds today, many software products don't keep pace. In addition to regularly scheduled new feature updates, software companies need to invest in core product development if their product is to stand the test of time. A contractor should ask: Does the software vendor have a vision for the future as well as a commitment to continuous improvement?

Regarding technology, the other important consideration is how well software products integrate with others. Construction firms can benefit from the integration of their many software programs and the resulting flow of information between different applications. Some vendors promise to do it all, but many of the leading systems focus on just one area, such as estimating and bidding, job cost accounting, project management and others. The good ones were developed with integration in mind, from the design environment to the programming language.

#### THE NEXT STEP

After considering these five warning signs, a construction company can choose to make peace with its current software, or make a change. Selecting business software is a complex process but, hopefully, you now have a good idea of how to begin the search.

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Ode is CEO/chairman of Foundation Software. For more information, call (800) 246-0800 or email, [fred@foundationsoftware.com](mailto:fred@foundationsoftware.com).

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