CRYSTALIZING YOUR BUSINESS CASE FOR CONSTRUCTION TECH INVESTMENT

5 STEPS TO CONSIDER AS YOU PRESENT YOUR BEST STRATEGY

INTRODUCTION

When it comes to a construction project management platforms, there are numerous functional capabilities comprising a complete system.

The construction industry has always played a pivotal role in the global economy. Growth in general construction output alone is predicted to average 3.6% per year to 2030, higher than either the manufacturing or services sectors.[1] This presents a welcome yet challenging opportunity for new construction projects in multiple key markets.[2]

Why challenging? Because this projected growth comes on the heels of a global market decrease of 3.1% in 2020, its worst decline since the 2008 global financial crisis.[3] This means that while projects have resumed, many are still being plagued by global supply chain disruptions, skilled labor shortages and skyrocketing material prices.

All of this means that now is the time for construction companies to embrace technology as a competitive differentiator. If not now, otherwise successful companies will find themselves falling behind — and falling away — as their digitalized competitors become more efficient and profitable.

Despite the fact that 40% of construction executives who have gotten onboard digitally are reporting that their investment in technology has helped them improve operational efficiencies,[4] many construction organizations are still struggling with their transformation goals due to a lack of a crystal-clear business case for change.

[1]*Future of Construction,* Oxford Economics, Sep 2021.
[2]*Supercharging Net Zero, the Race to a Faster, Fairer Energy Transition,* Arcadis, 2022.
[3]*Global Construction Outlook to 2025 (Q3 2021 Update),* Research and Markets, September, 2021.
[4]*State of the CIO, CIO from IDG,* Winter, 2018.

SOME KEY AREAS WHERE ORGANIZATIONS OFTEN FIND THEMSELVES COMING UP SHORT INCLUDE:

- **Failure to Align Technology to a Strategic Business Plan.** There is a disconnect between the alignment of technology investment plans, the problems faced, and the organization's long-term goals, leaving companies unsure of the exact problems they are seeking to solve.

- **Lack of Executive Buy-In.** Leadership invariably understands the benefits of technology, but they may not understand the specific benefits or the true ROI to weigh this investment versus others in consideration, a mindset that can trickle down throughout the organization.

- **The "Frozen Middle."** Sometimes, even with executive buy-in and enthusiasm from field personnel, middle managers can still resist moving away from their learned preference for spreadsheets.

- **"We've Always Done It This Way."** This common mentality speaks to the inertia that often stands in the way of progress as the team does not yet believe in how their lives and processes could improve.

- **Competition for Investment Across the Organization.** Hard numbers may be lacking, numbers that help ensure your investment request is successful, again echoing the power of the ROI.

- **Fear of Change**. Change across an organization can be overwhelming, financially, personally and culturally. In the excitement of digitalization, the human element can unintentionally be neglected.

Overcoming these obstacles requires building a robust, comprehensive and formal business case that is clear in its intent and how it will serve your organization from the initial financial approval through onboarding.

But you have to know how to build your case first.

What follows are five concrete steps to help you solidify your vision, present your plans and help you succeed in achieving buy-in for your digital goals.
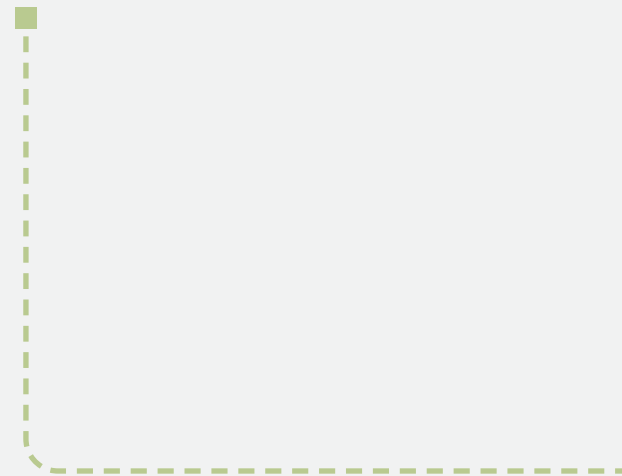
YOUR 5 STEPS

Step 1: **Honestly define your current state,** where you are succeeding, and where you can do better.

Step 2: **Present a clear vision of your future state,** including the new workflow and business processes.

Step 3: **Create a realistic cost-benefit analysis** to build buy-in for the investment.

Step 4: **Outline your complete ROI** details to secure the investment.

Step 5: **Formalize and humanize your transition state** to enhance team buy-in.

1

HONESTLY DEFINE YOUR CURRENT BUSINESS STATE AND PLANS FOR CHANGE

In this state, several questions must be asked and answered. What is the current technology situation within the organization or project? Have there been a significant number of changes already? Is this initiative just one aspect of several changes being experienced by stakeholders? How successful have any previous digitalization initiatives been? Is there change fatigue already?

Your assessment should also include where you are succeeding, how you stack up against your key competitors, where you can do better, and how you will get there.

CONSIDER THE FOLLOWING:

- **Documenting your key business drivers** and how they align with your organization's strategic vision

- **Outlining current "as-is" workflows** for a clear picture of what is happening now

- **Using workshops and/or stakeholder interviews** to add workflow detail and identify needs and opportunity areas

- **Finding out and documenting what your competitors are doing,** i.e., what level of a digital transformation have they gone through? Where are they succeeding and/or failing?

- **Thought starters as you consider key team pain points with your as-is workflows:**

  - Time spent looking for information
  - Materials that aren't always ordered on time, creating unreasonable demands on schedules
  - Senior people who are retiring over the next few years, i.e., knowledge capture issues
  - Incomplete physical drawings
  - Contractor discrepancies

PRO TIP

*"Understand what matters most to your CFO, COO, CEO, and other key leaders **before** you present your case."*

2

PRESENT A CLEAR VISION
OF YOUR FUTURE STATE

This is your vision statement, so make sure it is fully scoped and easy to "see." Group leaders should remember that though *they* may have spent months or years already working through their vision for the future before accepting it, other stakeholders whose day-to-day tasks may be more significantly impacted by a digital change often hear about such things without much notice.

So, ensure the future state is developed with all of the appropriate stakeholders at every level of engagement at an early enough stage. Garnering support at all levels of the organization is the only way to ensure a successful digital transformation journey. If done correctly, you will be able to collaborate regarding details and everyone will feel included instead of something imposed upon them without their involvement.

As you work, create a new, unified workflow to address and help your team (including leadership) envision the solutions to the problems stated in step one. What will your enhanced business model look like — metrics *and* processes?

Remember, analyzing current programs, identifying breaking points, and providing and implementing solutions can be a daunting, perhaps seemingly impossible task. So, make sure the work is divided into smaller, more consumable chunks. This will allow the team the opportunity to pause and recognize the small wins along the way. By doing so, you will realize the benefits of your journey sooner, and keep employees engaged in the cause as well.

ITEMS TO INCLUDE:

- **Choose a destination.** Start with a detailed description of where you see your business after the digital strategy is implemented. How you articulate your leadership vision of this destination will determine whether the stakeholders will support the entire strategy or not. You'll want to stay somewhat flexible here as your vision will often look different post-transformation.

- **Consider the market:** Will your customers become more or less detail-oriented in the future? Will competitive pressures remain as they are, or will they become more intense or simply different in nature? Will future employees want to work in an environment with modern tools?

- **Establish major milestones.** A schedule is an essential part of a digital roadmap. Break down the entire strategy into a few milestones to show how you'll implement your journey step-by-step.

- **Provide evaluation criteria.** Use your key pain points from step one as a reference as you evaluate your progress.

- **Confirm that doing nothing is not an option!** The time to act is now, so make that even if you don't get complete buy-in upfront, you do have consensus agreement.

PRO TIP

"Look to others in your organization who have tackled large IT or change management projects for guidance."

3

CREATE A COST-BENEFIT ANALYSIS TO BUILD BUY-IN FOR THE INVESTMENT

While it will seem to some in your organization more economical to stick with current processes and isolated point solutions than to embark on a technology upgrade, is it really?

When building a cost-benefit analysis that holds water, time wasted in manual data entry (and re-entry), errors, IT resources to maintain each solution, wasted labor, and potential failures must be considered. Also,

the cost of maintaining licenses for multiple solutions, while not immediate, adds up. These items must be called out honestly. Additionally, siloed systems create niche spaces within your organization that can become devoid of precious knowledge and experience when team members leave or shift within the organization, taking that knowledge and experience with them.

COST-BENEFIT CONSIDERATIONS SHOULD INCLUDE:

CAPEX
- Software license costs
  - Number of end-users by function, i.e., estimators, planners, document managers, schedulers, etc.
  - "Train the trainer" program expenses
  - Hours of training per user
  - Savings from the reduction in third-party point solutions
- Implementation services
  - Custom development costs
  - Vendor consulting services
  - Third-party consulting services to help manage implementation

- Computing hardware and networking
  - Additional servers, if needed
  - Mobile device costs and data plans
  - Savings from the reduction in third-party point solutions (listed by solution)

OPEX
- Software maintenance subscriptions
- Internal support
  - Full time equivalent (FTE) needed to support the implementation
  - True loss of productivity during training
- External support

PRO TIP

"Ensure early-on you have the right internal and external resources to fully support the project."

4

OUTLINE YOUR COMPLETE ROI DETAILS TO SECURE THE INVESTMENT

Return on investment is a crucial step in any organization's successful commitment to technology. Think of this example to help get you started. Suppose you're planning to integrate technology to win new business. In that case, the ROI metric will help you determine how much profit every new customer is bringing you now and how much profit you can gain by investing in construction technology.

Whatever your plans, a great ROI is tough to argue against — but only if it is achieved through correct and thorough calculations.

DETAILED METRICS SHOULD INCLUDE:

- **Essential benefit assumptions/quantification**
    - **Productivity benefits**
        - Reduction in rework
        - Reduction in unpaid or excessive change orders
        - Reduction in project time
    - **Cost avoidance benefits**
        - Reduction of external costs
        - Reduction in capital project costs
        - Reduction in health, safety and environment (HSE) risks as legal regulations and safety standards are observed

- **"Real-life" typical savings unique to your business model**

- **Timing assumptions for benefits**
    - Phase-in realization of benefits over (x) years
    - Pull in cost assumptions

- **Calculate net cash flow and financial metrics**
    - Payback period/breakeven period
    - Internal rate of percent return

PRO TIP

"Be sure you capture the loss of productivity during the implementation and training period when crafting your ROI as transparency is a crucial key to your success."

5

FORMALIZE YOUR TRANSITION STATE TO ENHANCE BUY-IN

Often with complex changes like digitalization impacting a range of stakeholders, there is an interim state where users are required to adopt short-term behaviors to assist in transitioning to their final approach. In these instances, it's crucial to manage stakeholder expectations to ensure impacted users fully understand there will be a transition state, and that this is a good thing.

Doing so can prevent misconceptions, resistance, potential disillusionment, or longing to revert to "what we've always done" while also answering the understandable question of "what's in it for me?"

To communicate your transition state appropriately, you must first fully scope and detail it in the context of your ultimate future state. This is critical especially because some benefits of the final outcome (such as increased efficiencies) will not be realized in the transition state and therefore will not be "seen" in the beginning.

The question of training, onboarding and implementations will come up, as it should. You can increase your chances of success in this area by fully researching vendors to ensure you have the support and expertise you need. Look for a "best practices" approach that can steer you toward similar solutions created for similar-sized companies.

Your final output for your formal report, by section, should include at least the following:

- Executive summary

- Problem statement

- Solution options

- Project descriptions

- Cost-benefit analysis

- ROI statement

- Next steps, including a high-level implementation plan

PRO TIP

"Try to collaborate with your finance and accounting departments early and often as their input and support is vital."

REMEMBER THE
HUMAN ELEMENT

When writing the business case for your company's digital transformation, remember that although you will find yourself knee-deep in metrics and ROI, at the end of the day, your company is made up of people. Therefore, for your business case to succeed, do not forget that many of its objectives must intertwine with your organizational change strategy.

Remember, at first glance, change management can sound reasonably straightforward as it prepares, equips and supports project stakeholders to embrace and adopt change successfully. This perceived simplicity, however, may be why many organizations and project teams view the process as either an optional extra or something that requires very little beyond a launch email and a few training sessions for each user.

The truth? Although every individual's change management journey — whether in the ranks or at C-level leadership — occurs at a different rate, it does happen sequentially. Therefore, you must structure change management activities to support that sequence.

CONCLUSION:
A JOURNEY THAT WON'T WAIT

While there are many benefits associated with investing in construction technology solutions, it takes time to get there. It also takes a willingness to break down how you run your business now and how you want to run it: *a maturity of purpose,* if you will. Then and only then can you start the conversation about adopting digitalized solutions because you'll know where your gaps and opportunities are and how to address them.

The main takeaway from all of this is a clear call to action. Performance gains from digitalized platforms are such that if you haven't started your digital journey, chances are your competition already has. So, the time to plan and act is now.

But take heart, too. Industry data confirms one truth that we see every day here at InEight about this amazing industry. And that truth is that no challenge is too great. This particularly applies to the challenge of understanding, adopting and investing in technology that will serve our growing industry and its business needs as we move into the next exciting phase of construction project management.

About InEight

InEight provides field-tested project management software for the owners, contractors, engineers, and architects building the world around us. Over 575,000 users and more than 850 customers worldwide rely on InEight for real-time insights that help manage risk and keep projects on schedule and under budget across the entire life cycle. InEight's solutions are built on an open, functionally rich, and modular technology platform that drives seamless integration with other systems. For more information, visit **InEight.com**.