# constructivesolutions

## What Are the Benefits of Using Construction Specific Software?

Contractors who use construction specific accounting software gain a substantial advantage over those that use horizontal packages such as QuickBooks or Simply Account (more efficient processes and greater access to in-depth reporting).

Most contractors start out using horizontal packages because they are inexpensive and easy to learn and use. These packages are a good fit when the owner or management team is heavily involved in day-to-day operations and is hands on with the accounting system. However, as businesses grow and add people, management often finds that they need to spend more and more time overseeing the basic functions of their IT systems rather than working to grow the business.

The primary difference between construction specific software and horizontal packages is that construction accounting software offer a complete solution. Products like QuickBooks are, first and foremost, accounting systems that have some basic job cost functionality. Functions such as Progress Billing, integration of payroll to job cost, management of holdback, change orders, sub contract control, among others, either do not exist or are inadequate. Construction specific software systems have all of these functions in integrated solutions that cover every major element of a construction company including accounting, payroll, job cost, work orders, inventory and project management. This integration provides contractors with three key benefits; streamlined processes, improved reporting and a higher degree of control over their data.

#### **Streamlined Process**

Experienced users of horizontal packages are more often than not also experts in Excel. Horizontal packages lack the product breadth (number of modules) and depth (functionality within a module) of construction specific software applications that perform almost all processes in a single system. In horizontal packages, detailed estimates and actual costs from the field must be maintained in spreadsheets, and data from these spreadsheets is then imported in summary form into the accounting, billing, payroll and inventory packages as required. This process depends heavily on human labor to move data between systems, which is both time consuming and error prone.

In integrated construction specific software, most information is entered only once and flows automatically to the other systems. As an example: hours worked on a job are entered only once, typically in the job cost module along with cost codes and job phase, and are then passed automatically to the payroll, billing and accounting modules. All processes use the exact same data, thereby avoiding potential discrepancies between systems resulting from inaccurate transcription, and there are no delays in processes caused by the need to transfer data.

### Reporting

As a contractor grows and management becomes separated from day to day operations, it becomes increasingly important to have access to detailed reporting to help fully understand operations and results. The nice drill down features and simple report writers available in horizontal systems are only as good as the data behind them which is typically summary only. Most of the detail is found in other systems, forcing contractors to build cross operations reports from information pieced together from different reports in disparate systems with data that may or may not match. In construction specific software, all the data from across the system is available in a single database, which makes cross operation reporting easier and more accurate, while allowing contractors to drill down to the detail without having to go to another system.

#### Control

The strength of horizontal applications is that they are flexible and forgiving. If a user makes a mistake in QuickBooks, they can just delete the transaction and start again without having to worry about audit trails and messy accounting entries. In a small organization, this is not a big issue. As they grow and delegate control to lower levels, the more open horizontal packages can allow staff to manipulate the data to hide mistakes or, worse, commit fraud. Construction accounting systems follow core accounting principles more rigorously. If a user enters something into the system, it is there forever. They can still correct problems, but it requires them to reverse transactions and re-enter them so as to ensure that there is a full audit trail. Additional depth of functionality in exception reporting and user event logs gives management a higher degree of visibility into what is happening without forcing them to oversee every single entry into the system.

For contractors with more than four or five users on a horizontal product, moving to construction specific software will make them more efficient and give management a better understanding of their business. With that being said, it is not always an easy move. Integrated systems are inherently more complicated because they require rules for how information is to move between elements of the system. To save time in day to day operations, a contractor moving to construction specific software needs to invest the time upfront to ensure that their system is set up correctly for their needs. The key to getting this right is picking the right partner. For any contractor, there are likely two or three packages that will suit their needs within a given price range. The decision between them should certainly consider functionality, but also should consider comfort level with the supplier. A good supplier will make for a smoother transition and will ensure that the contractor gets the most from their investment through ongoing support and training. For contractors that are stretching the capabilities of their horizontal system, a move to construction specific software with the right partner could be a tremendous opportunity and could help them push the business forward.