

Choosing 'Best Fit' Construction Management Software

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Introduction

Welcome to *Choosing 'Best Fit' Construction Management Software*. If you're reviewing this material, chances are good that you're considering whether or not to purchase new business management software. This is not something to take lightly. In fact, selecting the best business management software for your construction company may be one of the most critical business decisions you will ever make.

Why? You may be losing profits through errors or inefficiencies; inaccurate or incomplete information may be seriously hindering your ability to make the best decisions for your business. Choosing the right software can drastically alleviate these and many other problems.

While critical, selecting new business software is not easy. There are many vendors and programs from which to choose. This confusion creates many questions, such as:

- Which vendors will still be in business in ten, five, or even two years?
- Which programs have the features your business needs to reach its peak efficiency?
- What additional costs—including training, customization, and ongoing support—are associated with purchasing each program?
- And many more....

We can't make the decision for you; each company is unique. But we can help you by providing simple steps to make the software selection process more efficient and as informative as possible.

To Your Success

Your business may be at a crossroads. Maybe you've simply outgrown your current systems. Or perhaps you believe there must be easier, less cumbersome ways to do many of the business management tasks related to your construction company. You may be re-entering data or duplicating too much work between software programs. Whatever the reason, you'll benefit from the information provided here as you seek to obtain the sound financial data so critical to a contractor's long-term success.

The Six Steps to Success

Selecting construction management software should be thought of as a process similar to constructing a building—there are many sequential key steps. If you gloss over or skip one part, you risk undermining all your other efforts, no matter how complete or thorough those were.

Step 1: First Things First— The Needs Assessment

Why Change at All?

Let's begin at the beginning—why even consider changing your software? Your current software may have met your needs for quite some time. The danger is if this software has become a “legacy” system—something outdated that you continue to use because your team is familiar with it and can use it without much effort.

New business management software that's the right fit for your business *may* help you realize the following:

- Achieve greater efficiencies in day-to-day operations, both on the job and in the office, cutting costs and increasing profits.
- Gain greater control over key business data, leading to better decision-making.
- Manage all materials, from procurement to utilization.
- Provide better communication to subcontractors and others involved in the construction projects.
- Create schedules to predict and track workflow.
- Provide your customers with more and better information.
- Generate stronger cash flow.
- Lay the foundation for the future controlled growth of your company.

There are two key factors to consider when studying whether or not to purchase new business management software:

Where you're at right now

Where you want to go in the future

Where You're At

Take the following "Business Snapshot" to assess your current systems.

Reasons to Consider Keeping Your Software

Yes	No	
___	___	Does your current system allow you to operate your business at maximum efficiency, with little wasted time?
___	___	Do you have the business information you need to make the best informed decisions possible?
___	___	Can you easily access the information you need?
___	___	Has the way you do business stayed consistent, with little change to the processes?
___	___	Are day-to-day procedures flowing smoothly?
___	___	Do your project managers, estimators, and financial people have the reports they need, when they need them?
___	___	Are your estimating and accounting programs compatible (can data and information be shared between the two programs?)
___	___	After completing a job, do you have accurate and complete job cost information?
___	___	Do you trust your business data?

Take a moment to review your answers. Count the number of "No" responses. If that number is three or more, you may be ready for new business management software.

Now answer the following questions:

Reasons to Consider Changing Your Software

- | Yes | No | |
|-----|-----|--|
| ___ | ___ | Is critical business information difficult to find and/or scattered among several different programs, computers, or files? |
| ___ | ___ | More and more, is your company missing information which is costing you money, such as <i>not</i> obtaining proper change order documentation? |
| ___ | ___ | Do you use “workarounds” to force your current software to do (or not do) certain things? |
| ___ | ___ | Are your customers becoming more sophisticated or asking for information that you are unable to provide? |
| ___ | ___ | Are you using two or more programs that either don’t integrate or, if they do, the integration is inconsistent and error-prone? |
| ___ | ___ | Are there only one or two people on your staff who know how to do certain tasks or work with key elements of your software? |
| ___ | ___ | Must the same data be entered into two, three, or more places? |
| ___ | ___ | Have you recently been forced to “eat” change order work that was not officially approved? |
| ___ | ___ | During a job, is it difficult to obtain current and accurate information? |

Take a moment to review your answers. Count the number of “Yes” responses. If that number is three or more, you may be ready for new business management software.

Where You Want to Go

There’s another important factor to consider: the functions that you may want new software to do that you can’t do now. In other words, you may be very happy with your current system, but it may be limited in one or more areas, and does not fulfill the other needs you have. Use the following “Forward-Looking Assessment” as a guide.

Forward-Looking Assessment

What manual tasks are you doing now that could be automated?

Where is your company experiencing greater-than-expected errors?

Payable Processing?	Data Flow?	Approvals?
Subcontract Control?	Estimating?	Proposals?
Receivable Processing?	Change Orders?	Project Management?

What information cannot be generated from your current system, or must be cobbled together from multiple sources or by hand?

What information have you needed that you have been unable to get from your current system?

What reports must be created by gathering information from multiple sources or by hand?

How integrated are the prospecting/sales, estimating, production, accounting, and analysis elements of your business?

Do you do payroll in-house? If not, do you think bringing payroll in-house would ultimately save you money? If so, do you get the information you need for accurate job costing and invoicing from your current payroll processes?

Do you use Purchase Orders? Can you see the benefit of instituting Purchase Orders in your company?

What scheduling, payment, or other problems have you encountered lately with Subcontractors?

To Buy or Not to Buy

What have you discovered after assessing your current business management software? Are you going to stand pat, or are you going to explore purchasing a new system?

If you decide to move forward, read on to continue the software selection process.

Step 2: Creating the Team and the Timeline

Because selecting the right software for your business is such an important decision, and because it will affect many members of your company, you should create a *review and decision team* to make the best decision and build “buy-in” among key people. However, your staff is busy and software selection can be a fairly lengthy process. Thus you also should create a general *decision timeline* to help the decision team stay on schedule.

The Team

The software review team should consist of at least one person from each of the following functions:

- ~ Company Owner
- ~ CFO (Chief Financial Officer)/Financial Manager
- ~ Accountant
- ~ Project Manager
- ~ Estimator
- ~ Scheduler
- ~ IT (Information Technology)

In addition, consider including your CPA, tax consultant, or business consultant.

If you are a small company, some of these functions may be performed by the same individual. Perhaps your team is as small as two or three people. That’s fine. A team should never be more than eight people.

PLEASE NOTE: It should be clear to each member of the team *at the beginning of the review process* what the team’s role is, and what their individual role will be. It also should be clear to all which person or group has the authority to make the final purchase decision.

The Timeline

People and companies work best if they have clear, specific goals to achieve. (Like the old saying goes, if you don't know where you're going, any road will take you there.) Likewise, asking people to do additional research and review "when they have some spare time" isn't realistic; construction companies are very busy places, and there is little free time to spend on a regular basis for extra projects.

Reviewing and selecting business management software must be made a priority, with specific milestones and decision points. A timeline establishes key dates and time frames, and provides an overall direction to participants. Here is a sample timeline:

<u>Task</u>	<u>Completion Date</u>
~ Create Team	_____
~ Perform Needs Assessment	_____
~ Initial Research	_____
~ Narrowing of Choices	_____
~ Product Demonstrations	_____
~ Final Review	_____
~ Decision Date	_____

Your timeline will vary based on many factors. Create time frames that are aggressive but also realistic and won't negatively affect your company's day-to-day efforts.

Notice, too, the timeline's order. Many companies make the mistake of jumping into the Product Demonstrations as a first step. They often waste time looking at products that are not right for them. They also waste time by having to start over when a member of the team finds a new promising product that should have been discovered during the initial research. *By thoroughly completing each step before moving to the next, you will save time and effort in the long run.*

Step 3: Research

Preliminary Decisions

There are many accounting, business management, and construction business management software programs available. These vary in features and capabilities; they also vary widely in price, from a few hundred dollars for generic accounting software to fully integrated construction management systems costing \$25,000 or more.

Your goal at this stage should be to locate between three and six software vendors. Any more and you risk spending too much time or becoming too confused; any fewer and you may not do adequate “due diligence” to find the best solution for your needs.

To help narrow the field, the review and decision-making team should review the needs assessment completed earlier (Step 1), then make a preliminary decision to review one or two from each of the following general software types:

— *Generic accounting software*

Includes basic accounting functions. Several programs must be purchased and used together. Inexpensive: \$400-\$3,000.

— *Integrated generic (not construction-specific) software*

Offers integrated capabilities but not designed specifically for construction. Usually sold on a modular basis. Can cost \$3,000-\$15,000.

— *Integrated construction-specific business management software*

Fully integrated accounting, estimating, scheduling, and project management. Features designed specifically for the construction industry. Usual investment from \$5,000-\$25,000 or more.

This initial decision will be influenced by both need and budget. Your company may not need a fully integrated business management solution (with the complexities and hardware requirements that entails); likewise, it would be foolish to spend time reviewing high-level systems if you are only willing to invest \$2,500 or less in new software.

Preliminary Research

You probably bought your current software one of these three ways:

1. Your business consultant suggested the program.
2. You went to a store and purchased an off-the-shelf program.
3. You responded to a magazine advertisement or direct mail promotion, and later purchased the program.

Here are additional ways to gather initial research about software programs:

~ Ask colleagues in construction

Learn what software your friends use. Ask them specifics about what they like and don't like about their programs. Seek out colleagues with large businesses and small ones; pay special attention to companies similar to yours in terms of annual sales, number of employees, and expected growth.

~ Search the Internet

The Internet contains a wealth of knowledge about software. Some key terms to search for include: *Construction Management Software*, *Integrated Construction Software*, and *Construction Accounting Software*.

~ Contact construction associations

Construction associations at both the local and national level usually have a great deal of information about available software. They may even have one or more recommended programs.

~ Review construction publications

There are many construction-related magazines, newsletters, and online e-newsletters. Most of these cover technology and software. In addition, review *The CPA Software News*, which devotes one issue per year to construction software reviews.

~ Attend construction trade shows

There are many construction trade shows throughout the U.S. Consider attending one as most software vendors will exhibit. Another benefit to trade shows is that you usually can see the software demonstrated and ask very detailed questions.

From this research, you should be able to find at least three but not more than six different programs that meet your business needs and your budget.

Further Research

Once you've created a list of three to six potential programs, gather as much information as possible about each by doing the following:

1. Call the company and request product information.
2. Visit each company's Web site and download key information.
3. Determine if the company has a local representative, and call him or her.
4. Ask colleagues and others in construction what they know or have heard about particular companies and programs.
5. Attempt to find independent reviews about each program on the Web or in construction publications.

Step 4: Vendor Comparisons

Once you've completed the initial research on the three to six companies, we suggest that you next begin comparing the companies that make each program. Some disagree with this; they argue that a program's functions and capabilities are more important than the software creator.

We disagree. As you've probably seen by now from your research, there are many companies out there that make accounting and business management software, from small and focused organizations to large firms with billion-dollar annual revenue figures. While finding a reliable and workable product is the most important goal, the worst thing you could do would be to select a software program from a company that is shaky financially, prone to possible bankruptcy, or offers inconsistent or incomplete customer assistance and support.

Company Comparison (Form 101)

Gather the following information from each potential vendor:

General Company Information

How many years have they been in business? _____

What are their annual sales? _____

Is the company publicly traded? _____ Yes _____ No

Is their software construction-specific? _____ Yes _____ No

How recent is their latest product version? _____

Is their software upgraded regularly? _____ Yes _____ No

How many customers do they have?*

What is the company's vision for the future in terms of technology and software upgrades?

*NOTE: Number of customers is also referred to as a vendor's "installed base." Typically a "customer" is counted as one company—not the total number of users within a company. A relatively small number of customers should not imply that the company's software is poor; a company with a huge number of customers may simply have inexpensive, generic software.

Service and Technical Support

Technical Support hours of operation: _____

Days of week available: _____

What about after-hours questions? _____

What is the average customer phone wait time? _____

What are Tech Support costs/options? _____

Is this an annual fee? _____ Yes _____ No

Is Support available via (circle): Phone? Fax? E-Mail?
Internet? Live chat?

Training

Does the company provide: _____ User manuals
_____ In-product Help
_____ CD-ROM training
_____ Live, online training
_____ Seminars/Workshops

Does the company supply product training? In what forms, and how expensive is each option?

Will the vendor provide assistance with software installation? How, and at what cost?

Will the vendor provide assistance with data conversion? How, and at what cost?

Does the company have field representatives available to assist in your office? What fees are involved with this?

KEY POINT: Look for a company with a variety of training options—in-person, Web-based, seminars, etc. Why? People learn best from different methods—auditory, visual, kinesthetic, instructor led, independently—and options allow your team to choose what best fits them.

Step 5: Program Comparisons

After gathering company information, it's time to review the software programs themselves. This should be done by your own research and by speaking with each vendor.

Program Costs (Form 102)

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
What is the initial cost of the core program?						
What are the costs for additional seats or additional users?						
What do add-on modules cost?						
What are the yearly technical support costs, if any?						
<i>SUBTOTAL: Estimated Software Purchase Cost</i>						
<i>Estimated Training and Implementation Costs</i>						
<i>TOTAL ESTIMATED COST</i>						

Program Functionality (Form 103)

Refer again to the needs analysis your team created at the beginning of this process. Now compare how each program meets your required list of features and your "wish list" of would-like-to-have capabilities.

Use a Y for each "yes" answer and an N for each "no" answer.

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Do the program's screens look easy to use?						
Do the screens look cluttered?						
Are the screens easily customizable?						
Do the data fields in each screen appear logical/easy to find quickly?						
Are there clear data input prompts?						
Are the fields easy to read?						
Are there embedded Help systems?						
Are different functions <i>truly</i> compatible?						
Are different functions <i>truly</i> integrated?						
Can information be easily moved from one place to another?						
Are available reports easy to read?						
Are custom forms easy to create?						
Can existing forms be modified?						
Are the forms you need available?						
Can custom reports be created? At what cost?						

Program Functionality—continued

Use a Y for each “yes” answer and an N for each “no” answer.

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Word Processing available?						
Does the program perform Accounts Receivable Invoicing, including T&M and Progress Billing?						
Accounts Payable available?						
Inventory Control available?						
Is there a General Ledger?						
Can the program do all federal and state payroll reporting? Quarterly and yearly?						
Workers' Comp reporting available?						
Can the program do Estimating?						
Can the program do Production/Scheduling?						
Track Change Orders?						
Equipment Management available?						
Can the program do Purchase Orders?						
Financial Reports available?						
Is Asset Management available?						
Cash Flow report be generated?						
Does the program require a fiscal year-end hard close?						

Program Scalability (Form 104)

Use a Y for each "yes" answer and an N for each "no" answer.

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Can the program be customized? In what way and at what cost?						
Will your existing data convert to the new system? How involved is this process, and at what cost?						
Does the company issue program upgrades? If so, how often?						
Will this program suit your needs in: 3 years? 5 years? Can it grow with your company?						
What current capabilities might you not be able to do on the new system?						
Does the company offer an upgrade path—that is, progressively more powerful programs within the same product family?						

Other Key Factors (Form 105)

Use a Y for each "yes" answer and an N for each "no" answer.

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Are there limits to the number of customers, jobs, and/or vendors?						
Are there limits to the number of transactions?						
Can you control who uses the program?						
Are security features available to allow you to prevent individuals from accessing specific program elements, fields, or reports?						
Does the program include internal systems to back up and, if necessary, restore data?						
Does the program offer third-party data backup options? If so, at what cost?						
Are compatible third-party applications available?						

PLEASE NOTE:

It's important to remember that NO single program can meet all your needs. Also, as you move to a new program, you cannot expect to enter information in exactly the same way as you have before and receive identical reports. You must be willing to compromise on some issues. While there are undoubtedly some very good features in your current system, if it was perfect, you wouldn't consider changing programs. So you need to be flexible in your expectations of the process and the output of any new system.

Installation and Implementation Costs (Form 106)

Installing and implementing new business management software will be a major undertaking from both a time and cost standpoint. Do not downplay the amount of time, effort, and money needed to properly install, configure, and test the new software, and to switch from the old system to the new. Typical “additional” expenses, for example, include new hardware purchases and training and consulting fees.

For these key implementation areas, ask for general guidelines as to what factors may increase or decrease the amount of time and money needed to install and implement the software.

Consider these installation and implementation questions:

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
What new hardware may be needed if the software is purchased? At what cost?						
What will Installation cost?						
What will System Configuration cost?						
What will Testing cost?						
What will Data Conversion cost?						
What will Training cost?						
What will System Modification or Customization cost?						

Step 6: Reaching a Decision

After researching and comparing the three to six programs, narrow your choices to at least two but no more than five programs that seem to be, on paper, the best fit for your needs and your budget. Next, invite representatives from each organization to conduct a product demonstration at your office. The product demonstrations should be one of the final steps in the decision-making process. Keep these points in mind regarding product demonstrations:

- Provide each vendor with information about your company and your business management needs and wants. (The best sales representatives will be relentless in attempting to learn as much as possible about your organization; while they are doing this to make a sale, this also shows that they want to meet your company's specific needs.)
- Try to keep each product demonstration to approximately the same amount of time (schedule at least 90 minutes and no more than four hours), and, as much as possible, schedule all demonstrations within a one or two week period, so the review team can remember what they've seen.
- To keep the demonstrations short, remember that this is *not* a training session. You are here to find out *what* the product can do, not *how* to do it.
- Do **not** plan to make a decision during this process; communicate this to the sales representative but also let him or her know when you do expect to make your final decision.
- Have all people from the review team attend each demonstration.
- Beware of the too-slick salesperson who's obviously an expert at conducting product demonstrations. (It's easy to be entertained—and thus distracted from core issues—during a demonstration.)
- Beware of the sales representative who focuses too much attention on what the program does (also known as the program's *features*). You want to know what the program will do **for your business** (the program's *benefits*).
- The review team should meet after each demonstration and after all demonstrations have been completed. Is there a clear consensus as to which program to select? What issues do team members have at this point?

Making the Selection

What's next? Simply make a decision based on your research, the review team's input, and the product demonstrations to select the software solution that best meets your construction company's needs and budget.

Moving Forward

Congratulations on selecting a new business management software program! Please realize, however, that your work is only just beginning—now comes the difficult but necessary tasks of installing, learning, and implementing the new system.

To assist with these and the other tasks involved when switching software systems, consider the companion Profit Press Profit Guide *Implementing New Business Management Software*. Information about this and other profit-building guides for contractors can be found at **www.profit-press.com**.

Forms

Company Comparison (Form 101)

Gather the following information from each potential vendor:

General Company Information

How many years have they been in business? _____

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Is their software construction-specific? _____ Yes _____ No

How recent is their latest product version? _____

Is their software upgraded regularly? _____ Yes _____ No

How many customers do they have?* _____

What is the company's vision for the future in terms of technology and software upgrades?

*NOTE: Number of customers is also referred to as a vendor's "installed base." Typically a "customer" is counted as one company—not the total number of users within a company. A relatively small number of customers should not imply that the company's software is poor; a company with a huge number of customers may simply have inexpensive, generic software.

Service and Technical Support

Technical Support hours of operation: _____

Days of week available: _____

What about after-hours questions? _____

What is the average customer phone wait time? _____

What are Tech Support costs/options? _____

Is this an annual fee? _____ Yes _____ No

Is Support available via (circle): Phone? Fax? E-Mail?
Internet? Live chat?

Program Costs (Form 102)

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
What is the initial cost of the core program?						
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What do add-on modules cost?						
What are the yearly technical support costs, if any?						
<i>SUBTOTAL: Estimated Software Purchase Cost</i>						
<i>Estimated Training and Implementation Costs</i>						
TOTAL ESTIMATED COST						

Program Functionality (Form 103)

Refer again to the needs analysis your team created at the beginning of this process. Now compare how each program meets your required list of features and your "wish list" of would-like-to-have capabilities.

Use a Y for each "yes" answer and an N for each "no" answer.

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Do the program's screens look easy to use?						
Do the screens look cluttered?						
Are the screens easily customizable?						
Do the data fields in each screen appear logical/easy to find quickly?						
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Program Functionality—continued

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Can the program do Estimating?						
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Track Change Orders?						
Equipment Management available?						
Can the program do Purchase Orders?						
Financial Reports available?						
Is Asset Management available?						
Cash Flow report be generated?						
Does the program require a fiscal year-end hard close?						

Program Scalability (Form 104)

Use a Y for each "yes" answer and an N for each "no" answer.

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Will your existing data convert to the new system? How involved is this process, and at what cost?						
Does the company issue program upgrades? If so, how often?						
Will this program suit your needs in: 3 years? 5 years? Can it grow with your company?						
What current capabilities might you not be able to do on the new system?						
Does the company offer an upgrade path—that is, progressively more powerful programs within the same product family?						

Other Key Factors (Form 105)

Use a Y for each "yes" answer and an N for each "no" answer.

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
Are there limits to the number of customers, jobs, and/or vendors?						
Are there limits to the number of transactions?						
Can you control who uses the program?						
Are security features available to allow you to prevent individuals from accessing specific program elements, fields, or reports?						
Does the program include internal systems to back up and, if necessary, restore data?						
Does the program offer third-party data backup options? If so, at what cost?						
Are compatible third-party applications available?						

Installation and Implementation Costs (Form 106)

Installing and implementing new business management software will be a major undertaking from both a time and cost standpoint. Do not downplay the amount of time, effort, and money needed to properly install, configure, and test the new software, and to switch from the old system to the new. Typical “additional” expenses, for example, include new hardware purchases and training and consulting fees.

For these key implementation areas, ask for general guidelines as to what factors may increase or decrease the amount of time and money needed to install and implement the software.

Consider these installation and implementation questions:

	Program 1	Program 2	Program 3	Program 4	Program 5	Program 6
What new hardware may be needed if the software is purchased? At what cost?						
What will Installation cost?						
What will System Configuration cost?						
What will Testing cost?						
What will Data Conversion cost?						
What will Training cost?						
What will System Modification or Customization cost?						

About The Author

Leslie C. Shiner—author, speaker, and trainer—has more than 20 years of experience working as a financial and management consultant for the construction industry. She earned her MBA from the University of California, Berkeley, and is adjunct faculty at Dominican College (CA). She has spoken to or presented for many national construction organizations, including the National Association of Home Builders (NAHB), the National Association of Women in Construction (NAWIC), and JLC Live. She is the author of the Profit Press Profit Guides *Choosing 'Best Fit' Construction Management Software*, *Implementing New Business Management Software*, and *Health Checkup for Your Construction Business*, among others.