PROCORE® | FMI

Where Construction Firms Are Finding Value

2020 FMI INDUSTRY REPORT

Investing in the right construction technology to improve
financial performance, productivity, and reputation—
and the mindset shift that's driving top ROI

What's inside:

FMI conducted a Procore-sponsored industry study to examine the top challenges facing construction today and how firms are leveraging technology to combat them.

The report covers:

+ The industry's top concerns for success, how well those concerns are being addressed, and where improvement efforts can have the greatest impact.

+ The rise of construction technology, the types of solutions firms are implementing, and what they are using the software to do.

+ The top criteria when investing in construction technology, the biggest challenges with software solutions, and how buyer behavior impacts outcomes.

+ How firms gauge the ROI of construction technology and the value of technology partners vs. technology vendors.

The data within represents the experience and opinions of contractors, specialty contractors, project owners, architects, and engineers across the globe.

Contents

Preface

Across the globe, while construction projects continue to grow in both scope and complexity, labor productivity is flatlining. According to McKinsey Global Institute, builders' productivity growth worldwide has averaged only 1% growth per year over the past two decades, compared to 3.6% growth in the manufacturing sector. In the U.S., construction productivity has actually dropped by half since the late 1960s.

While productivity is stagnating, the labor shortage is intensifying, and the cost of both materials and labor is rising.

These industry challenges are being magnified by global migration from rural to urban settings. In fact, the population of global urban areas is increasing by 200,000 people per day. A report from the United Nations predicts that by 2050, the global population living in cities will have increased from 55% to 68%. That translates to a need for everything from new housing and schools to office buildings and infrastructure— for 2.5 billion people. Put simply, we will need to build "an entire New York City every month" for the next few decades to keep up.

The construction industry today is both booming and fiercely competitive. In this climate, status quo business processes are no longer valid. To keep pace and sustain profitability, firms must find new ways to increase efficiencies, improve productivity, and increase margins.
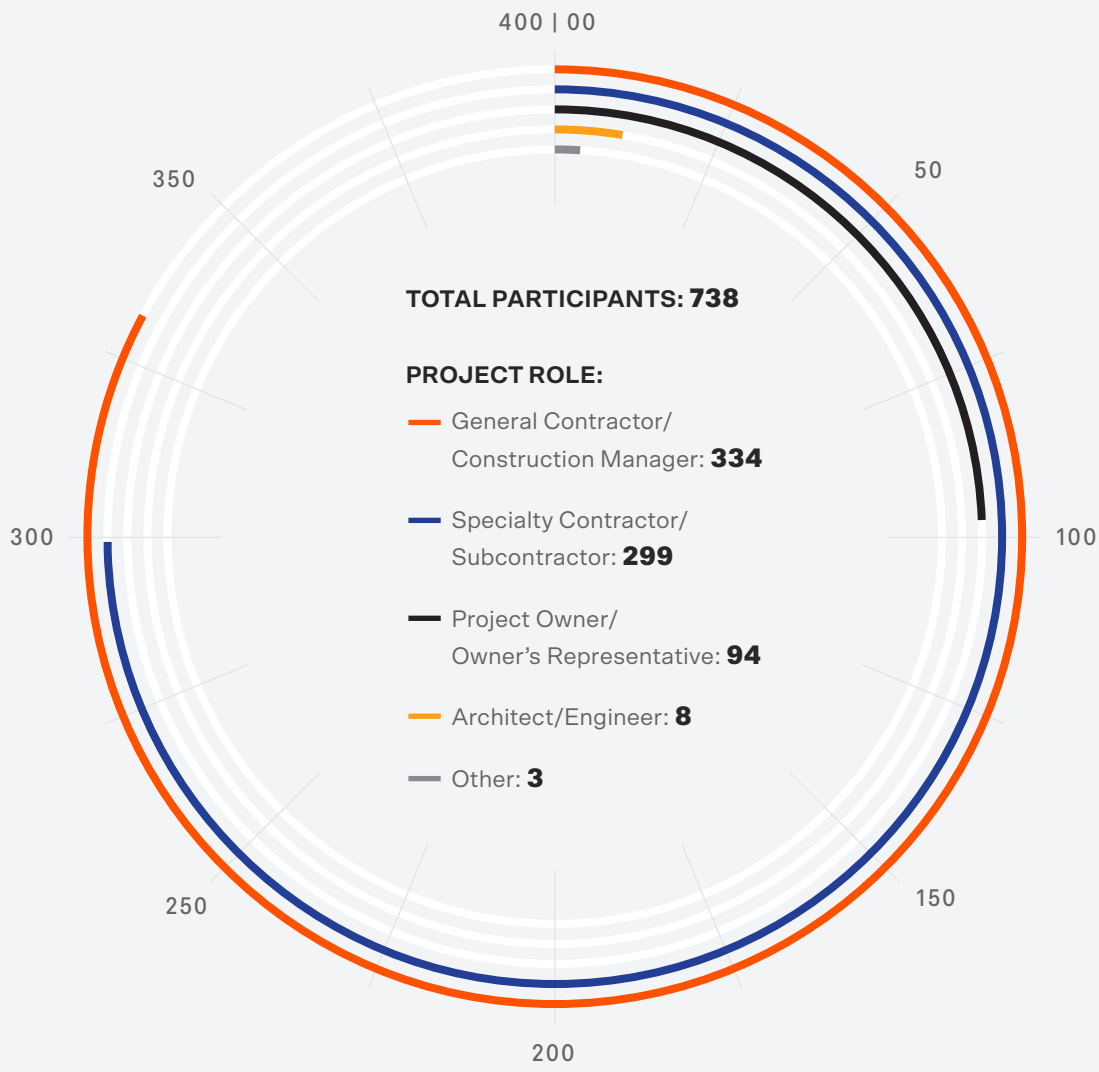
The good news is that after a much slower start than most industries, construction is finally joining the digital revolution. Investors, seeing a multi-trillion-dollar industry poised for disruption, have been pouring billions of dollars into construction technology. In the first half of 2018 alone, venture capitalists injected a whopping $1.05 billion into global construction technology startups. As a result, there has been a sharp rise in the number of construction-specific solutions available on the market.

Construction firms are moving fast to implement a range of innovative software solutions. But merely purchasing software is not enough. In order to achieve the transformational change we've seen across other sectors, firms must invest in a technology partner that will ensure the software is leveraged effectively.

Survey Demographics

A total of 738 industry leaders participated in the study. Geographically, 42% of survey participants represented firms in the United States, 22% were from the United Kingdom, and the rest came from Canada, Australia, and New Zealand. More than

600 respondents worked for general contractors or specialty contractors; nearly 100 were project owners or owners' representatives; and a handful of architects, engineers, and other construction industry stakeholders rounded out the sample.

TOTAL PARTICIPANTS: 738

PROJECT ROLE:

— General Contractor/
Construction Manager: **334**

— Specialty Contractor/
Subcontractor: **299**

— Project Owner/
Owner's Representative: **94**

— Architect/Engineer: **8**

— Other: **3**

400 | 00
50
100
150
200
250
300
350

**COUNTRIES/
GEOGRAPHIC
REGIONS:**

United States: **42%**   United Kingdom: **22%**

Australia + New Zealand: **21%**   Canada: **15%**
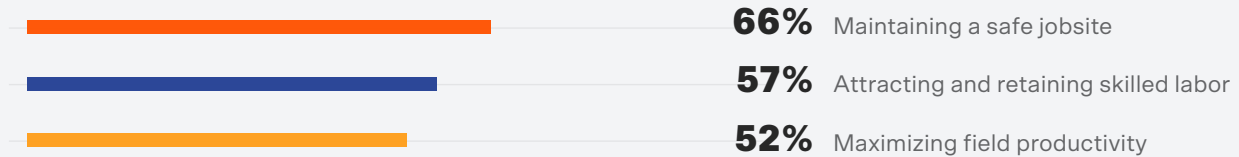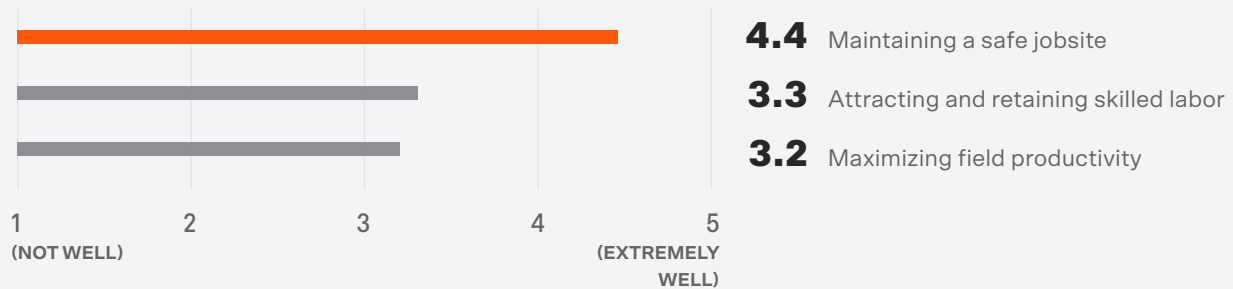
Executive Summary

Construction's Top 3 Concerns for Future Success

In today's hyper-competitive and ever-evolving construction landscape, sustainable success depends on continuous improvement. Today, firms are most concerned with optimizing outcomes in three key areas:

66% Maintaining a safe jobsite

57% Attracting and retaining skilled labor

52% Maximizing field productivity

While jobsite safety is being handled effectively, the industry is lagging to address its other top priority concerns:

4.4 Maintaining a safe jobsite

3.3 Attracting and retaining skilled labor

3.2 Maximizing field productivity

1   2   3   4   5
(NOT WELL)   **(EXTREMELY WELL)**

Top Impact Areas

Where firms expect to see the greatest direct impact in addressing their concerns:

1. **Schedule/productivity**

2. **Reputation**

3. **Financial performance**
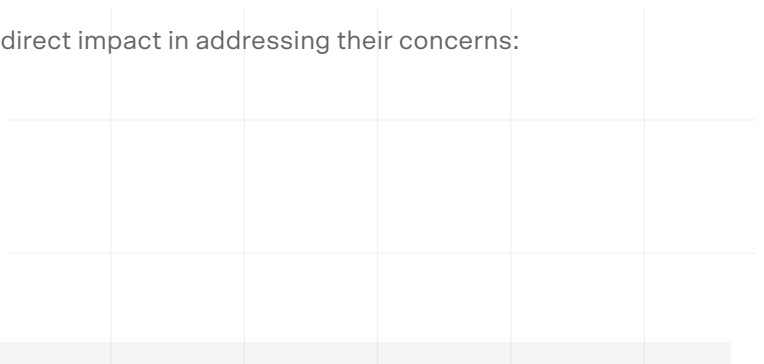
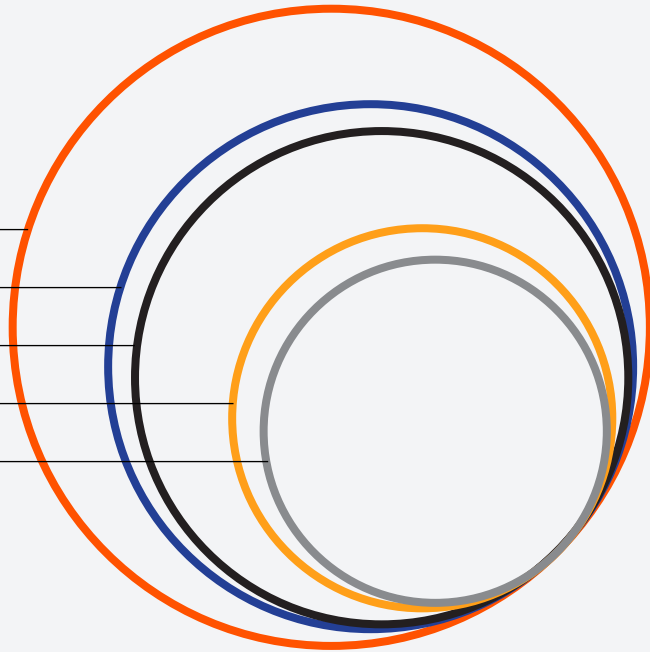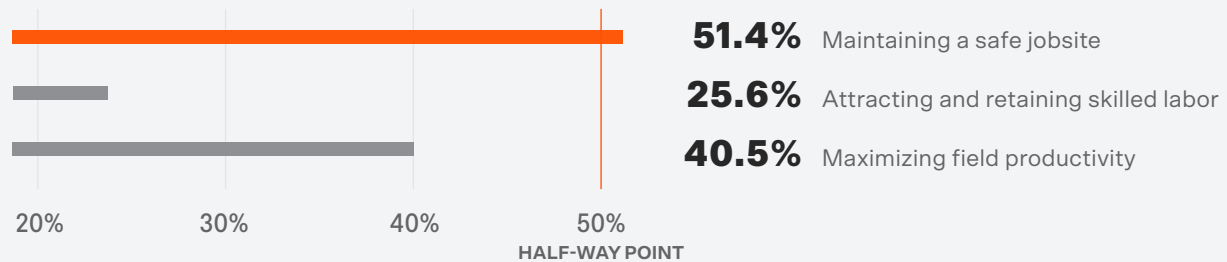# How the Industry Is Leveraging Construction Technology

**TYPES OF SOFTWARE
PROGRAMS FIRMS ARE USING:**

Project financials: **68%**

Project management: **58%**

Safety/risk management: **55%**

Equipment management: **48%**

Field/labor management: **47%**

Most firms are using construction software to help maintain a safe jobsite: **51.4%**.
But less than half are leveraging technology to address their other top priority concerns:

51.4% Maintaining a safe jobsite

25.6% Attracting and retaining skilled labor

40.5% Maximizing field productivity

20% 30% 40% 50%
HALF-WAY POINT

These lower percentages reveal gaps in the way technology is being used, and highlight prime opportunities to add market value. Firms that leverage advanced technology to plan and execute work more efficiently—and to better attract and retain a diminishing pool of skilled labor—will be better positioned to keep up with the pace and complexity of today's built environment.

Feature-Based Solution Assessments Are Proving Insufficient

The construction industry is in the early stages of digital transformation. Having lagged behind in technology adoption, firms are now struggling to make informed buying decisions that deliver top results.

Top 3 criteria when investing in construction software

1. Speed and functionality
2. Ease of use and ease of adoption
3. Cost of the solution

Top reasons for dissatisfaction with construction software [in no particular ranking order]

+ Was difficult to use
+ Did not save employees time
+ Did not integrate
+ Lacked mobile accessibility

Top challenges with construction technology

+ Was not adopted by everyone: 34%
+ Was not easy to use: 17%
+ Did not integrate: 16%

The Value of Tech Partners vs. Tech Vendors

There is a direct relationship between how well construction firms are addressing their top-priority concerns and the degree to which they are leveraging technology to do so. As the potential for technology to impact outcomes becomes apparent, so too does the importance of distinguishing technology vendors from technology partners.

A "technology vendor" offers solutions that address a handful of problems. A "technology partner" takes a holistic approach to help construction firms leverage the full potential and continued benefit of construction technology.

KEY INDICATORS OF A TECHNOLOGY PARTNER:

+ Provides access to experts: 79%

+ Understands your industry thoroughly: 71%

+ Incorporates customer feedback into product development: 69%

+ Provides educational tools/materials: 69%

+ Provides customized and effective training: 69%

TOP REASONS FOR SATISFACTION WITH "TECH PARTNER" SOLUTIONS:

+ All information in one place: 20%

+ Easy to use: 20%

+ Good mobile accessibility: 16%

TOP REASONS FOR DISSATISFACTION WITH "TECH VENDOR" SOLUTIONS:

+ Lack of integration: 25%

+ Difficult to use: 22%

+ Poor mobile accessibility: 20%

The Tangible Impact of Working with a Tech Partner

+ Sustain superior financial performance: 68%

+ Better anticipate/respond to customer needs: 63%

+ Increase employee engagement/job satisfaction: 62%

+ Exceed financial goals: 59%

+ Achieve financial goals ahead of schedule: 57%

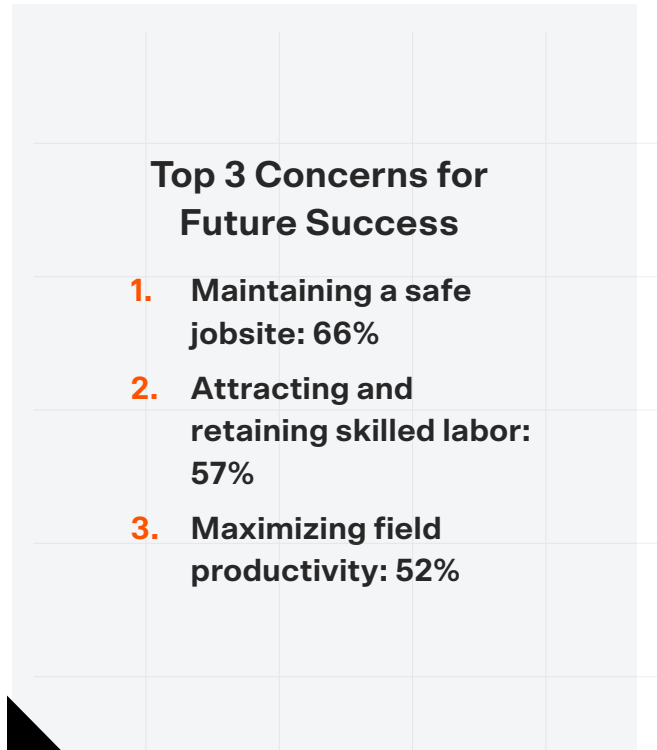+ Better attract top talent: 47%

+ Create new customer opportunities: 45%

Construction's Greatest Concerns

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Projects are becoming more complex, while schedules are becoming more compressed.

Adding to these pressures is a shrinking pool of skilled talent; according to the 2017 FMI Talent Development Industry Study, 89% of construction firms indicated they were facing talent shortages—up from 53% in 2013. To compete in today's market, firms must find new ways to alleviate these pressures.

Respondents were presented with a list of common industry concerns and asked to rank each one according to its level of importance. The three concerns most cited as a high priority were maintaining a safe jobsite (66%), attracting and retaining skilled labor (57%), and maximizing field productivity (52%). Other considerations centered on meeting compressed project schedules, reducing rework, improving stakeholder communication, and leveraging data insights.

Top 3 Concerns for Future Success

1. **Maintaining a safe jobsite: 66%**
2. **Attracting and retaining skilled labor: 57%**
3. **Maximizing field productivity: 52%**

PLEASE RANK EACH OF THE FOLLOWING IN TERMS OF YOUR ORGANIZATION'S FUTURE SUCCESS:

1 (least concern)

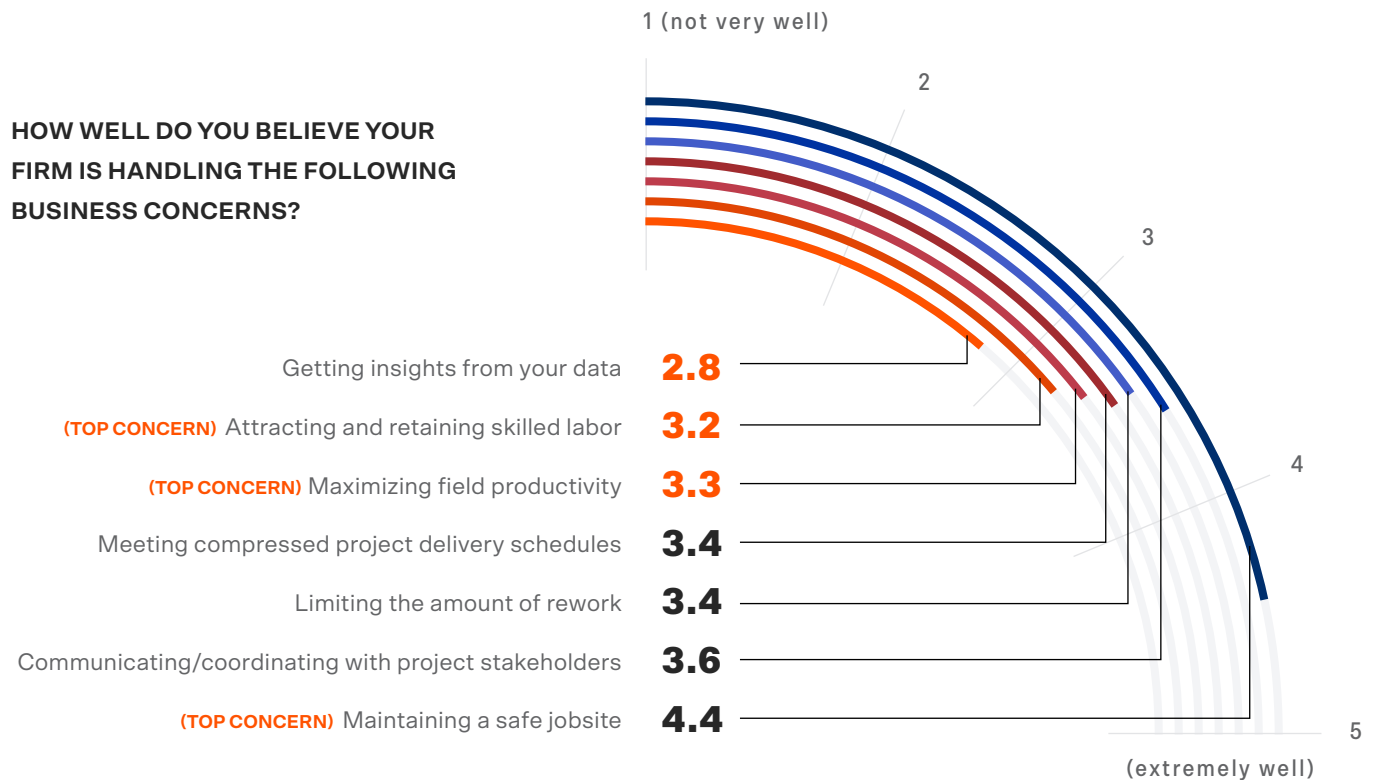|	
Getting insights from your data	**4.3**
Communicating/coordinating with project stakeholders	**5.1**
Limiting the amount of rework	**5.3**
Meeting compressed project delivery schedules	**5.4**
Maximizing field productivity	**6.2**
Attracting and retaining skilled labor	**6.5**
Maintaining a safe jobsite	**7.0**

(most concern)

11
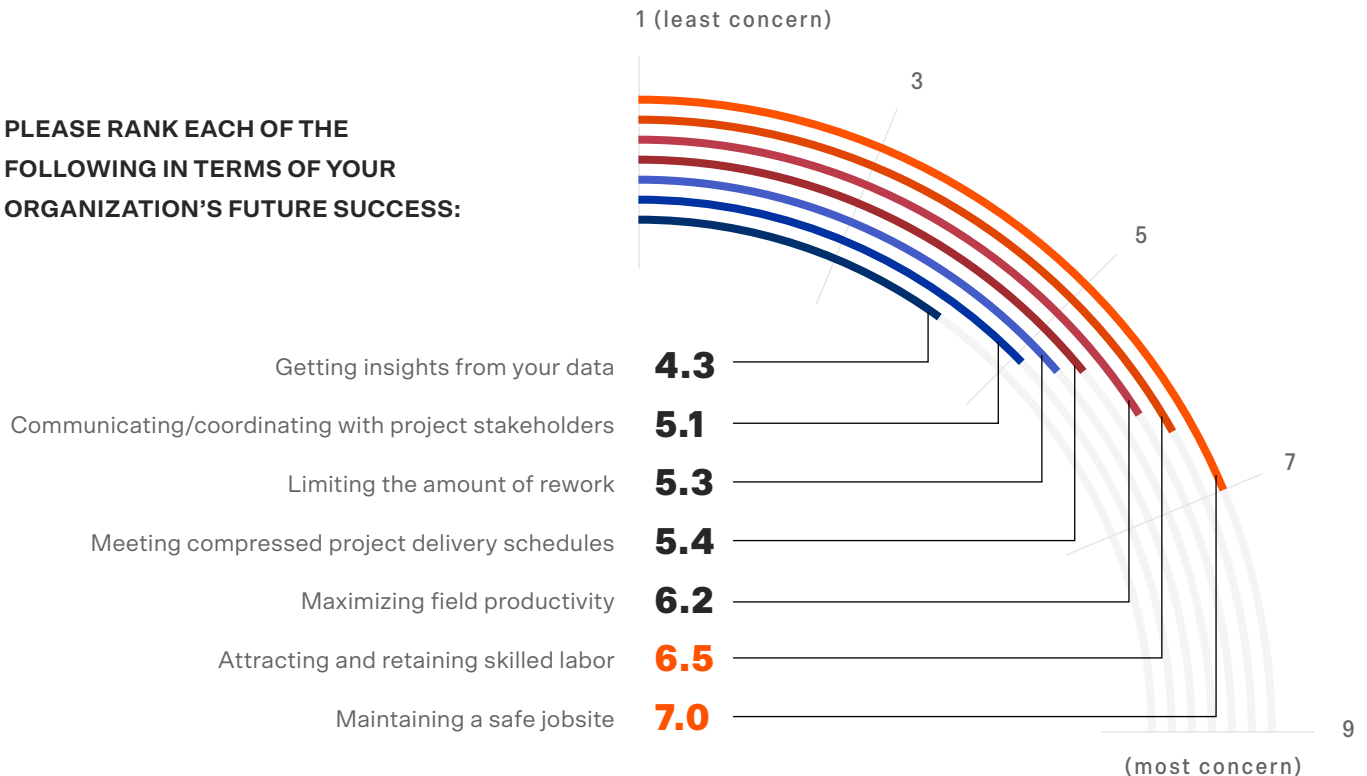
How the Industry Is Handling These Concerns

Of the industry's top three business concerns, jobsite safety is being proactively managed, but firms are making little headway in addressing field productivity or talent acquisition and retention. This data exposes key areas for improvement as firms work to ensure their future success.

As the pace of construction continues to accelerate and the labor market continues to tighten, the consequences of failing to address these concerns will only intensify. Without a skilled and productive team, for example, firms will struggle to meet project schedules, satisfy customer needs, and win project bids.

The construction industry is lagging to address 2 of its top 3 concerns.

HOW WELL DO YOU BELIEVE YOUR FIRM IS HANDLING THE FOLLOWING BUSINESS CONCERNS?

1 (not very well)
2
3
4
5
(extremely well)

Concern	Rating
Getting insights from your data	2.8
(TOP CONCERN) Attracting and retaining skilled labor	3.2
(TOP CONCERN) Maximizing field productivity	3.3
Meeting compressed project delivery schedules	3.4
Limiting the amount of rework	3.4
Communicating/coordinating with project stakeholders	3.6
(TOP CONCERN) Maintaining a safe jobsite	4.4

Level of Concern and Degree of Organizational Handling of Industry Trends Analysis

All respondents (n=692)

DEGREE OF ORGANIZATIONAL HANDLING

Extremely Well

Median

Not well at all

MAINTAINING A SAFE JOB SITE

COMMUNICATING WITH PROJECT STAKEHOLDERS

INCREASING OWNER TRANSFER OF PROJECT RISK TO CONTRACTOR

COMPRESSED PROJECT DELIVERY SCHEDULES

LIMITING REWORK

MAXIMIZING FIELD PRODUCTIVITY

ATTRACTING + RETAINING SKILLED LABOR

GETTING INSIGHTS FROM YOUR DATA

Median

Most concern

LEVEL OF CONCERN

Least concern

Where Improvements Can Have the Greatest Impact

In addressing their concerns, firms expect to see the greatest impact across three key areas:

1. Financial performance/margins
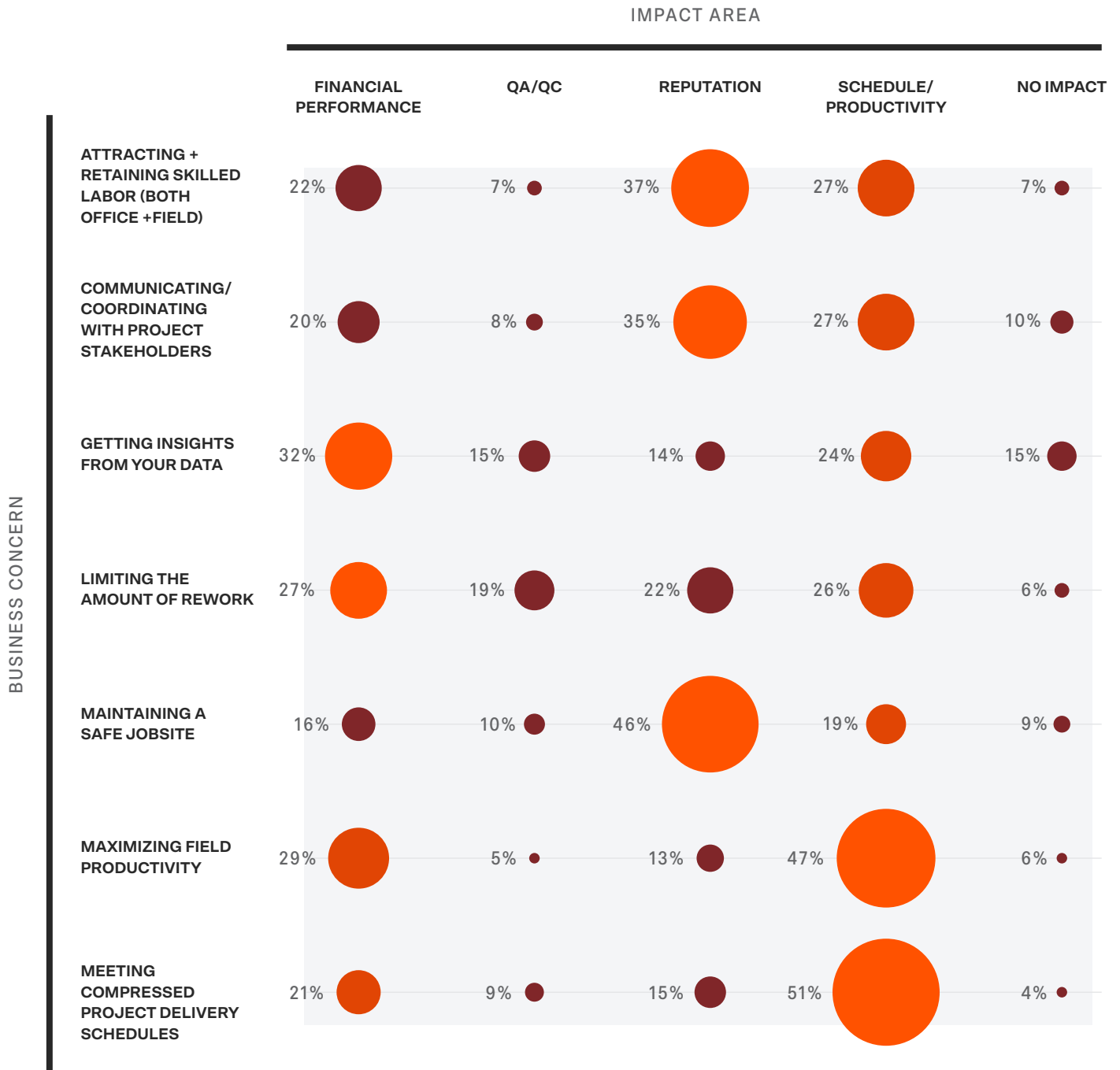2. Schedule/productivity
3. Reputation

A closer look at the survey responses reveals a pattern: the underlying objective across the board is to improve the financial position of the company—whether increasing margins through improved productivity or securing more client opportunities through a stronger reputation.

It is worth noting that although industry leaders are not concerned with drawing insights from data and are lagging in this area, they nevertheless believe data intelligence can have a significant positive impact on financial performance.

Access to data enables more informed, strategic decision-making. Plus, it helps to bridge a deepening knowledge gap resulting from the industry's changing demographics.

Today, many strategic decisions are based on leaders' past experiences, hard knocks, and gut instincts. But as the 30- to 40-year-old demographic grows and more baby boomers retire, experiential knowledge is dwindling— making data intelligence ever more critical. An added bonus is that technology automates information collection, which reduces workload and frees up employees to focus on their core function. The result is more work with fewer errors, translating to increased productivity and improved margins.

By addressing the following concerns, which area of your business do you expect to see the greatest positive impact?

IMPACT AREA

| BUSINESS CONCERN	FINANCIAL PERFORMANCE	QA/QC	REPUTATION	SCHEDULE/ PRODUCTIVITY	NO IMPACT
ATTRACTING + RETAINING SKILLED LABOR (BOTH OFFICE +FIELD)	22%	7%	37%	27%	7%
COMMUNICATING/ COORDINATING WITH PROJECT STAKEHOLDERS	20%	8%	35%	27%	10%
GETTING INSIGHTS FROM YOUR DATA	32%	15%	14%	24%	15%
LIMITING THE AMOUNT OF REWORK	27%	19%	22%	26%	6%
MAINTAINING A SAFE JOBSITE	16%	10%	46%	19%	9%
MAXIMIZING FIELD PRODUCTIVITY	29%	5%	13%	47%	6%
MEETING COMPRESSED PROJECT DELIVERY SCHEDULES	21%	9%	15%	51%	4%

The Digital Revolution Has (Finally) Arrived for the Construction Industry

Across industries, businesses are leveraging technology to break new ground, increase efficiency, and delight customers.

But while construction firms have been using basic business software for decades, the industry has been on the low end of the technology adoption curve.

Finally, things are starting to change. As investors continue to fund construction technology at a record pace, we have seen an explosion of construction-specific software— and a sharp uptick in technology adoption.

To compete in today's market, respondents report implementing a wide range of advanced software solutions. But in the scramble to build up their tech stacks, many firms are struggling to assess the value—and leverage the full potential—of their technology investments.
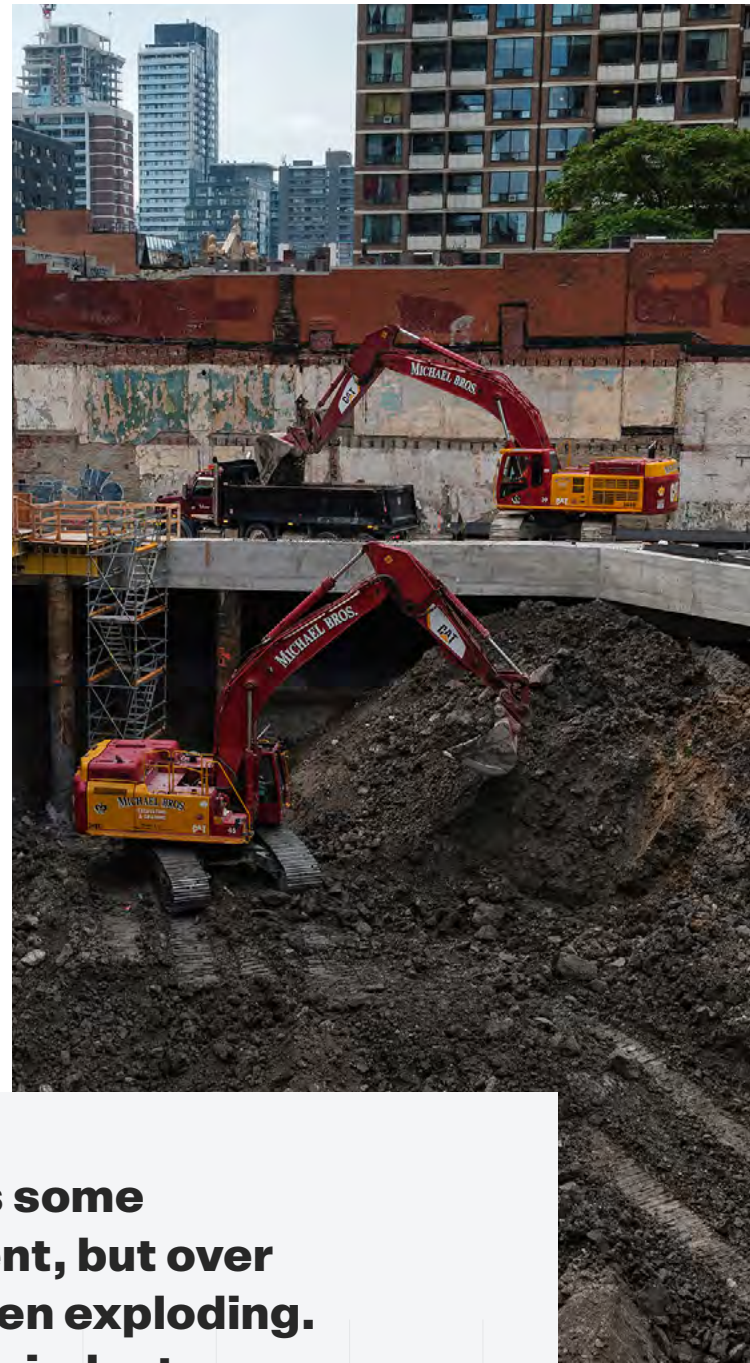
"Ten years ago, there was some technological advancement, but over the past five years, it's been exploding. It's taken the construction industry a while to embrace that change."

VICE PRESIDENT

GENERAL CONTRACTOR, COMMERCIAL CONSTRUCTION IN THE MIDWEST U.S.A. SPECIALIZING IN COMMERCIAL AND INSTITUTIONAL CONSTRUCTION

The Types of Software Programs Firms Are Using

The construction industry is not yet taking full advantage of construction-specific technologies. While the majority of firms have formal software programs in place for project financials, project management, and safety/risk management, less than half have implemented programs for equipment management and field labor management.

In a landscape where construction labor costs are increasing at a rate of 3.8% annually, compounded by an industry that has struggled for decades to boost labor productivity—and a dwindling workforce where 61% of baby boomers are exiting the industry over the next 10 years—firms need to manage their scarce human capital more efficiently.

As the construction industry continues on its path toward digital transformation, those who adopt equipment management and field labor management programs now can take advantage of a timely opportunity to get ahead of the curve.

Notably, more than 15% of construction leaders do not know whether or not they have software in place. Company leaders must clearly articulate their vision for technology as a catalyst for company performance. If employee end users do not understand the bigger picture of how technology leads to a better future state—for themselves and for the firm—they will be reluctant to support the initiatives or provide feedback on how the technology could be improved in their area of work.

Indeed, it is difficult to know what part technology plays in the company if a specific articulation of the opportunity has yet to be communicated. Yet, per FMI, 65% of companies do not have a stated point of view and 70% have not created a technology roadmap.
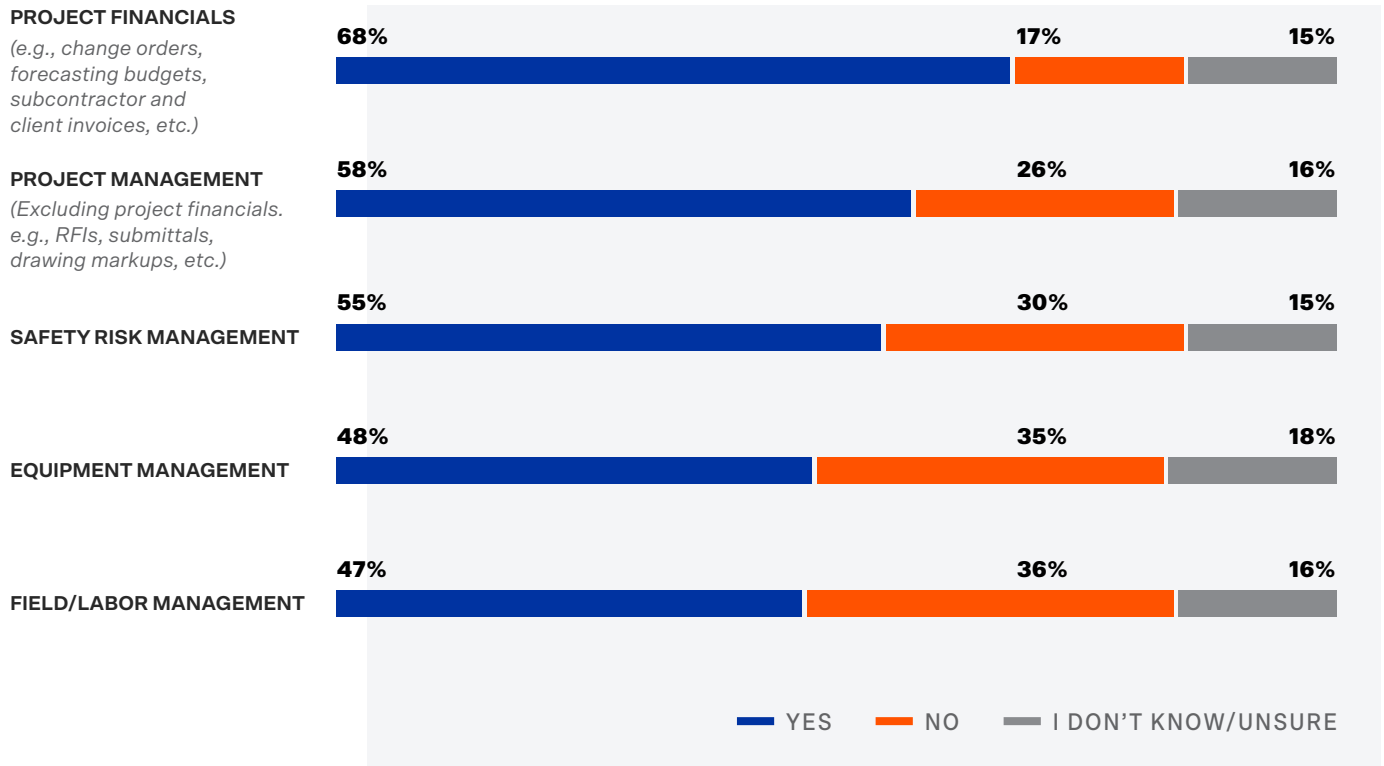
> "Whether you like it or not, it comes down to, 'Either we'll get on board and be leaders—or we'll get left behind and not be able to compete.'"

DIRECTOR OF PROJECT MANAGEMENT

GENERAL CONTRACTOR, COMMERCIAL CONSTRUCTION IN THE SOUTHEAST U.S.A., FAMILY-OWNED

Do you have a formal software program in place for the following?

All respondents (n=666)

PROJECT FINANCIALS
(e.g., change orders, forecasting budgets, subcontractor and client invoices, etc.)

68%　17%　15%

PROJECT MANAGEMENT
(Excluding project financials. e.g., RFIs, submittals, drawing markups, etc.)

58%　26%　16%

SAFETY RISK MANAGEMENT

55%　30%　15%

EQUIPMENT MANAGEMENT

48%　35%　18%

FIELD/LABOR MANAGEMENT

47%　36%　16%

■ YES　■ NO　■ I DON'T KNOW/UNSURE

How Firms Are Leveraging Construction Software

The industry's top concern for success—jobsite safety—is being leveraged most effectively, and producing the best ROI.

Safety performance is perhaps the most critical component for a contractor to maintain their license, secure affordable insurance coverage, obtain bonding, prequalify for projects, and recruit and retain talent. In addition to the financial impact associated with OSHA fines and lawsuits, a succession of safety violations or one major infraction will affect a company's experience modifier rating, making them potentially ineligible for certain projects. In a hyper-competitive market—driven by risk management or avoidance and 2-3% net margins on average—it is no wonder that safety is the industry's top concern and a place where contractors strive to perform at the highest level.

Clear and timely communication is essential for maintaining a safe jobsite—and can be improved dramatically with technology. The right solution, with good mobile accessibility, empowers field teams to quickly report any potential safety issues they witness, while also providing quick access to safety information when needed.

Additionally, the safety data collected through the software—from inspection reports and daily logs to incident reports and corrective actions—can be used to understand trends, identify areas for improvement, and address safety issues proactively.

On the flip side, less than half of the firms are using construction software to maximize field productivity. And only about a quarter are using technology to better attract and retain skilled labor. Recall that both of these issues are among the top three concerns for business success, yet companies are failing to adequately address them. This reveals a weakness in how the industry is leveraging construction software—and highlights a missed opportunity for significant improvement.

Why are firms lagging in these areas? Per FMI, many firms simply aren't aware of viable technology solutions for addressing these top concerns. Another issue is a lack of discretionary budgeting for technology spend, compounded by an unstructured approach to the research required to pursue the right solution.

Construction software can provide myriad benefits for firms as they strive to maximize field productivity and better recruit and maintain skilled talent. To start, technology enables the use of key performance indicators (KPIs) that would not otherwise be available due to disorganized or non-existent data. It also enables companies to efficiently organize data and business workflows to reveal vulnerabilities or areas for improvement; create financial, cost, and project controls to highlight areas of concern or business requirements; and automate reporting and trend analysis in operations, finance, and risk management that would otherwise be cumbersome to create.

Access to strategically actionable data is a game-changing element of modern business technology. Indeed, big data is being leveraged in other industries to achieve breakthrough improvements across all aspects of business, from operational effectiveness and productivity to financials and human resources.
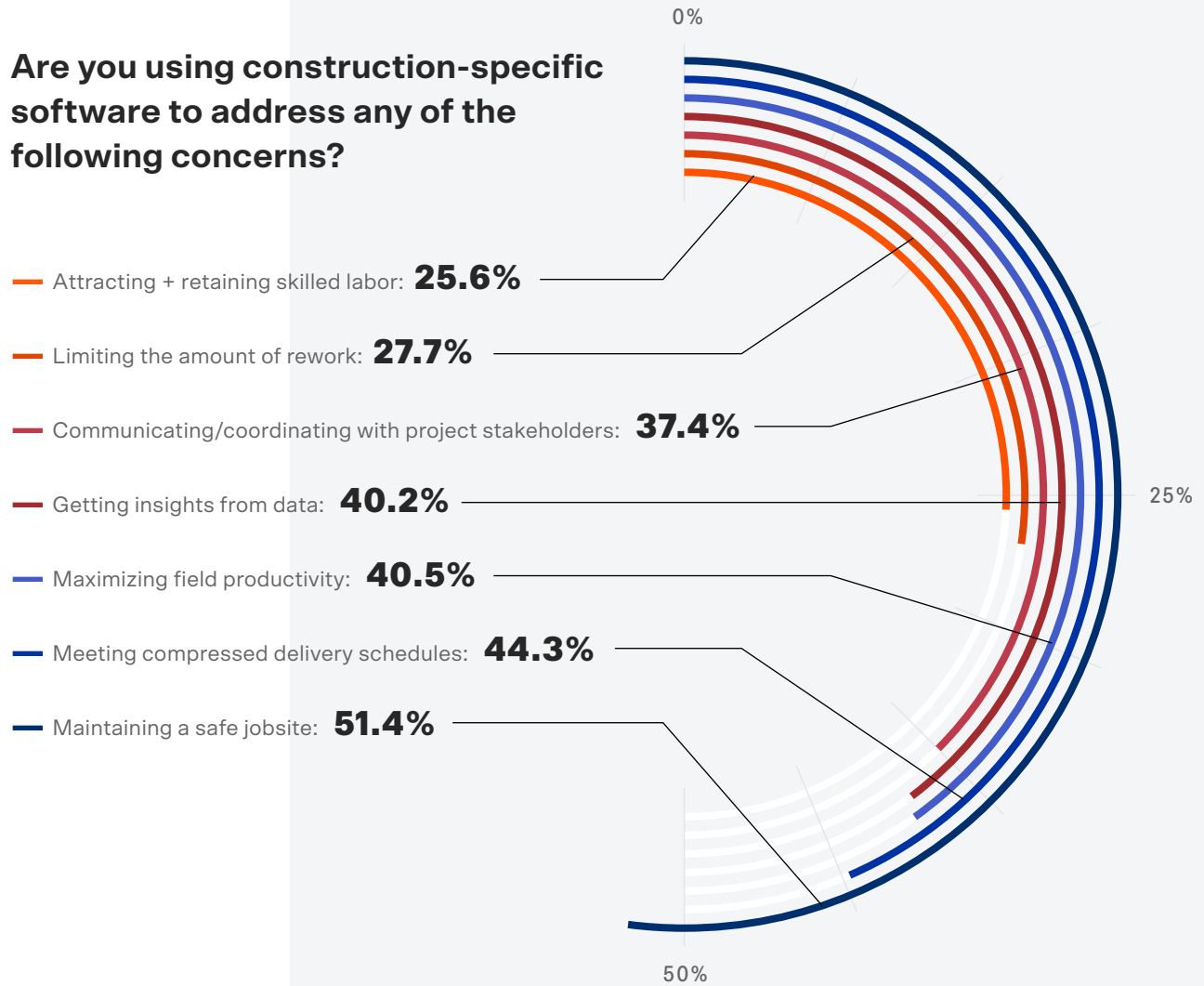
Significantly, a relatively large portion of firms (40.2%) are using construction software to get insights from their own project data—despite the fact that it ranked as the industry's lowest priority concern.

How do we make sense of these seemingly contradictory survey responses?

While more than 90% of all data remains unused in construction, we know that some construction firms' organizational processes are outdated and not able to accommodate advances in data collection, management, and analytics. But long-standing cultures that are resistant to data-driven business models are also to blame. Because the construction industry has been slow to adopt new technologies, many frontline managers and field staff simply haven't had the training required to make good use of their data.

Industry leaders understand that an abundance of data can be game-changing. Indeed, they have seen the massive efficiency gains that other industries have achieved in going from analog to digital. But extracting meaningful insights is only possible if the data sources (i.e. software solutions) are integrated and the data is expertly managed. For many firms, getting insights from data may seem out of reach at this stage in their digital maturity.
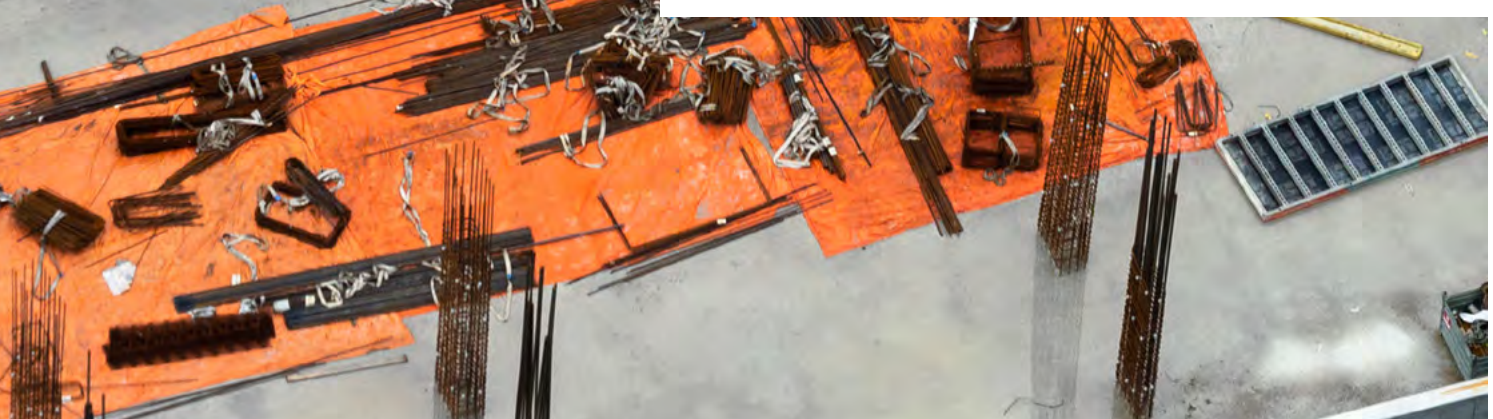
Are you using construction-specific software to address any of the following concerns?

— Attracting + retaining skilled labor: **25.6%**

— Limiting the amount of rework: **27.7%**

— Communicating/coordinating with project stakeholders: **37.4%**

— Getting insights from data: **40.2%**

— Maximizing field productivity: **40.5%**

— Meeting compressed delivery schedules: **44.3%**

— Maintaining a safe jobsite: **51.4%**

0%

25%

50%

Features Alone Don't Guarantee ROI
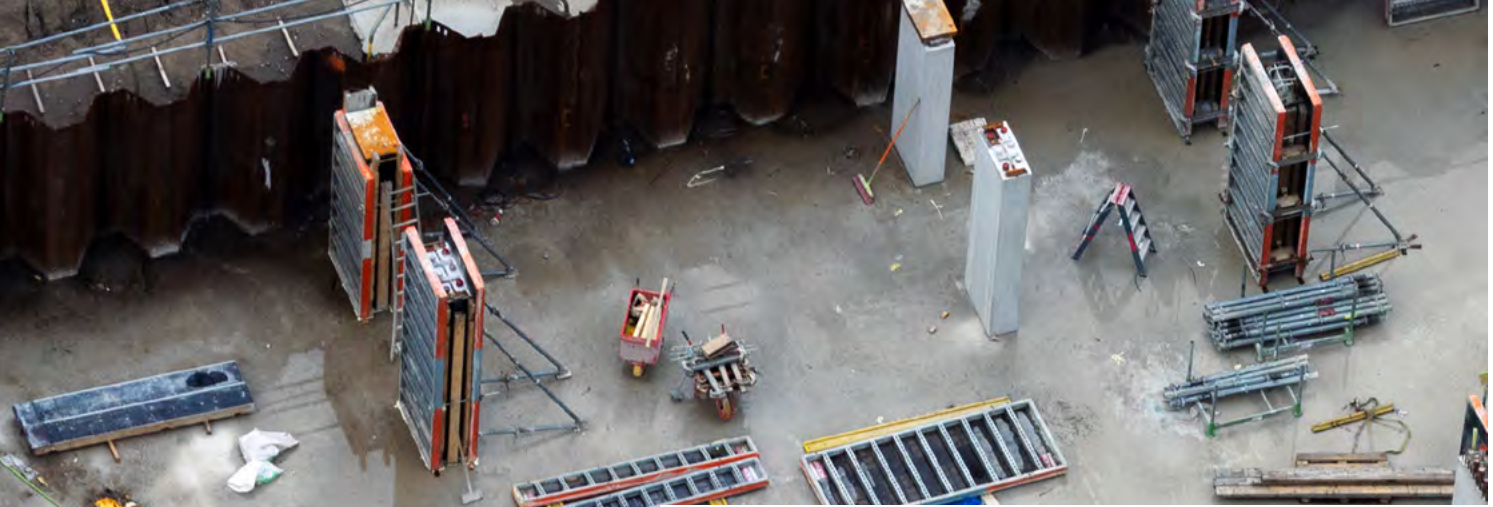
As construction firms seek to alleviate the pressures of today's increasingly complex and crowded construction landscape, technology is taking center stage.

The industry has experienced an accelerated rise in construction technology, and firms are looking for solutions they can use to increase margins, increase productivity, and stand out from the competition.

But with rapid change comes new challenges. In particular, the industry's ability to capably access the value of construction-specific technology has not kept pace with the rate of innovation.
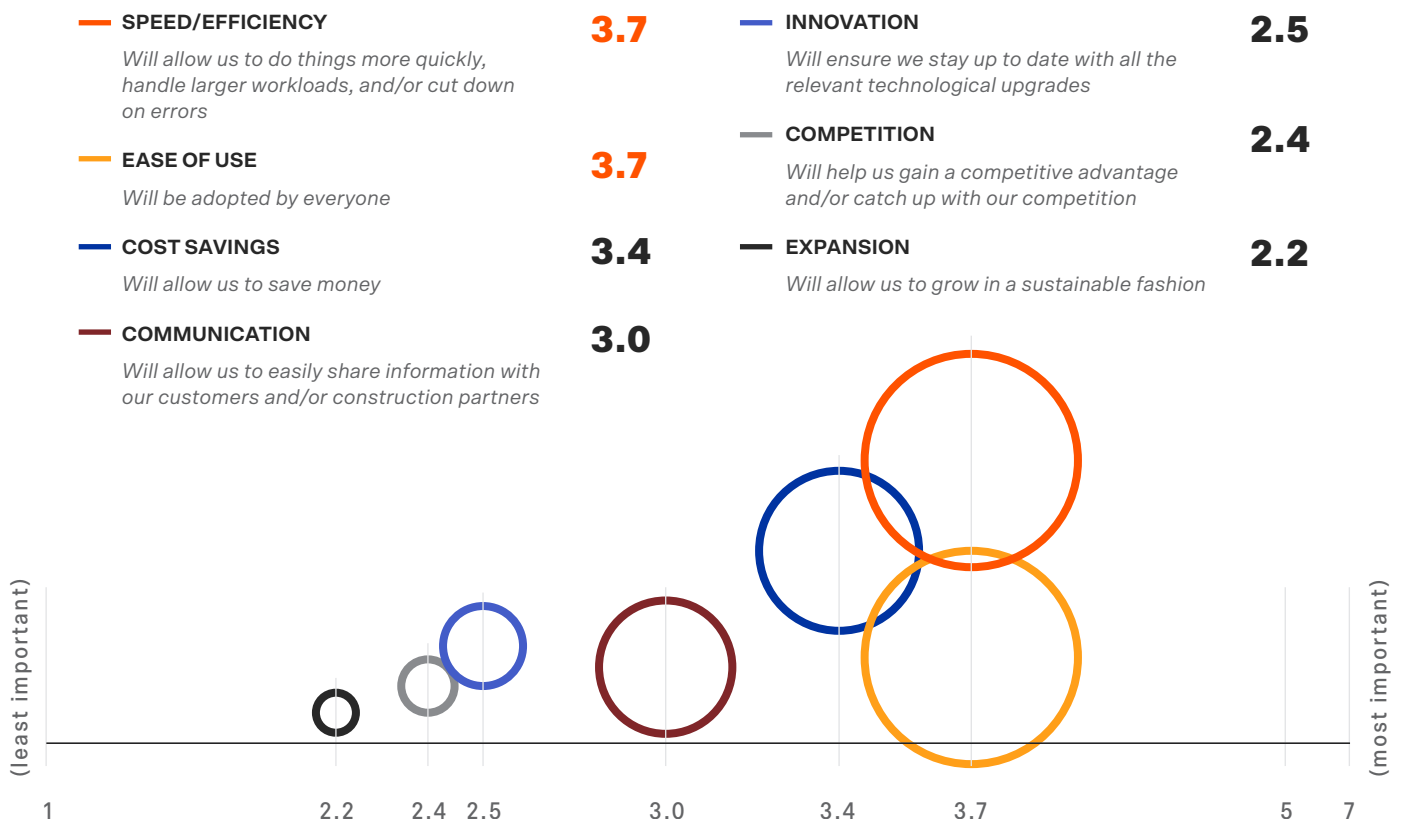
Buyer Behaviors When Investing in New Technology

When determining whether to invest in construction-specific technology, firms are most focused on solutions that will enable speed and efficiency, are easy to use, and will save the company money. Other considerations center on improving communication, keeping up with the market, and maintaining sustainable growth.

Top 3 Criteria When Investing in Tech

1. **Speed and efficiency: ranked as important by 61% of respondents**
2. **Ease of use: ranked by 57% of respondents**
3. **Cost: ranked by 50% of respondents**

PLEASE RANK EACH OF THE FOLLOWING IN TERMS OF IMPORTANCE WHEN DETERMINING WHETHER TO INVEST IN CONSTRUCTION TECHNOLOGY/SOFTWARE:

SPEED/EFFICIENCY   **3.7**
Will allow us to do things more quickly, handle larger workloads, and/or cut down on errors

EASE OF USE   **3.7**
Will be adopted by everyone

COST SAVINGS   **3.4**
Will allow us to save money

COMMUNICATION   **3.0**
Will allow us to easily share information with our customers and/or construction partners

INNOVATION   **2.5**
Will ensure we stay up to date with all the relevant technological upgrades

COMPETITION   **2.4**
Will help us gain a competitive advantage and/or catch up with our competition

EXPANSION   **2.2**
Will allow us to grow in a sustainable fashion

(least important)   (most important)

1   2.2   2.4   2.5   3.0   3.4   3.7   5   7

Buyer Behavior When Selecting Solutions

When deciding which software solutions to purchase, the top three criteria center again on functionality, ease of use, and cost. These are important considerations for any buying decision but may not be sufficient for assessing the ultimate value and impact a solution can deliver, or how it aligns with the firm's long-term technology strategy.

Top 3 Criteria When Selecting Technology

1. **How well the solution meets functional requirements**
2. **Ease of use and adoption**
3. **Price/cost**

PLEASE RANK EACH OF THE FOLLOWING IN TERMS OF INFLUENCE WHEN CHOOSING WHICH TECH SOLUTION TO PURCHASE:

— How well the solution meets functional requirements — **4.5**

— Ease of use and adoption — **4.4**

— Price/cost — **4.1**

— Integration with existing solutions/technologies — **3.6**

— Effect on employee satisfaction — **3.3**

— Level of support offered — **3.1**

— ROI analysis — **2.7**

— Having a dedicated account manager — **2.2**

(least influential)

(most influential)

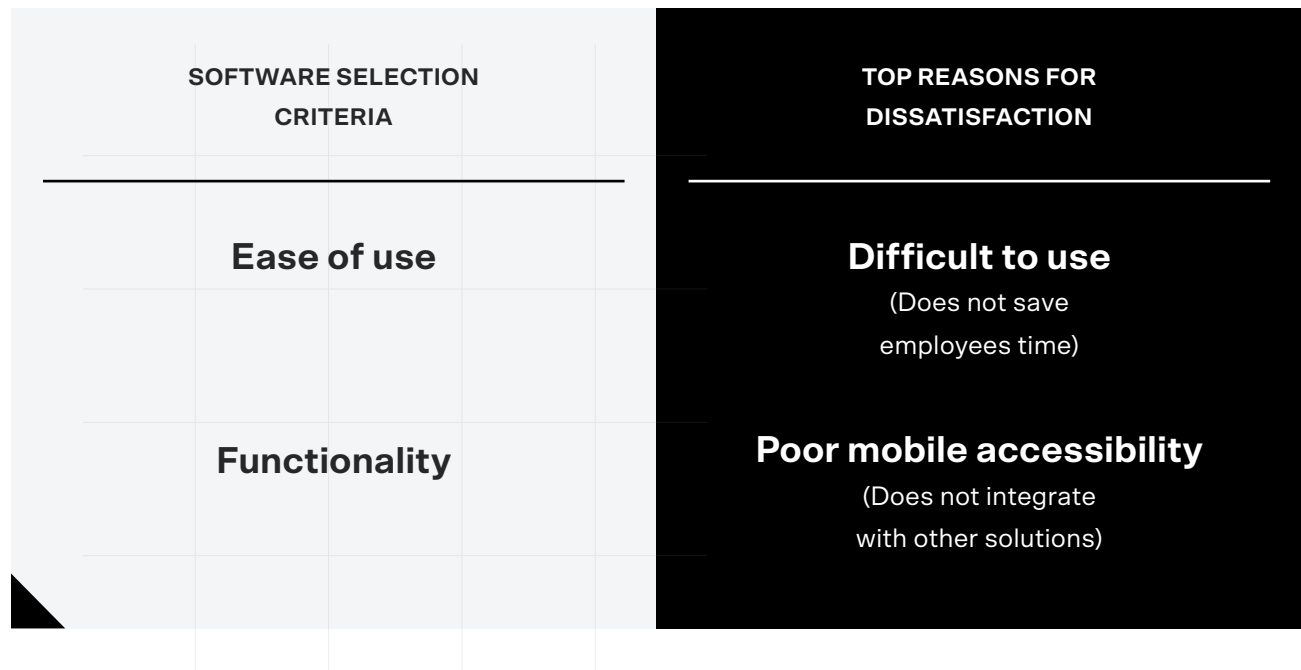1   2.2   2.7   3.1 3.3   3.6   4.1   4.4 4.5   5   8

Dissatisfaction with Construction Technology

Once firms onboard a solution, they are generally satisfied with those technologies that are easy to use, increase efficiency, and perform well. However, firms are also implementing solutions that ultimately fail to meet their selection criteria for functionality and ease of use.

We asked survey respondents their reasons for dissatisfaction with specific software solutions they have implemented. The list of software solutions mentioned was long and varied, but there was consistency among the most common complaints: the software in question was difficult to use, did not save employees time, did not integrate with other software, and lacked mobile accessibility.

A key takeaway is that many firms are unsure of how to perform a holistic assessment of construction technology. And with features and functionality as the top considerations, decision-makers often resort to an environment that the industry knows all too well: choosing a perceived commodity based mostly on price.

The problem is that you can't choose a solution based on a price tag—yet expect the performance of a market leader. Technology is not a commodity, and the cost does not easily translate to value. Indeed, it is very difficult to develop a baseline, measure the improvement, and then convert the gain or impact into hard numbers.

SOFTWARE SELECTION CRITERIA	TOP REASONS FOR DISSATISFACTION
Ease of use	**Difficult to use** (Does not save employees time)
Functionality	**Poor mobile accessibility** (Does not integrate with other solutions)

The Industry's Top Challenges with Construction Technology

Far and away, low user adoption was the most commonly stated challenge with construction technology, receiving 34% of total mentions. Poor ease of use and lack of integration took the number two and three spots, trailing behind with 17% and 16% of total mentions respectively.

How is it that user adoption and ease of use are top criteria when purchasing software but are still the top challenges with construction technology? Is it an issue with the selection process or the way solutions are deployed? Most likely, it is a combination of the two.

Poor implementation processes often stem from a mismatch of expectations relating to the roles and responsibilities of the buyer versus the provider. When firms select technology based on cost, they are not assessing the value a provider can bring in terms of optimizing customer success, ensuring team capabilities, and facilitating user adoption.

Additionally, many firms consider adoption and ease of use as important buying criteria because they have learned from experience that those are the areas where past solutions have failed. But unless the flawed selection process is corrected, this cycle will continue.

HAVE YOU ENCOUNTERED ANY OF THE FOLLOWING CHALLENGES WITH TECHNOLOGY SOLUTIONS YOU HAVE IMPLEMENTED?

Was not adopted by everyone:	**34%**
Was not easy to use:	**17%**
Did not integrate with other software solutions:	**16%**
Had to buy something else to make it work:	**13%**
Did not deliver what was promised:	**12%**
Other:	**8%**
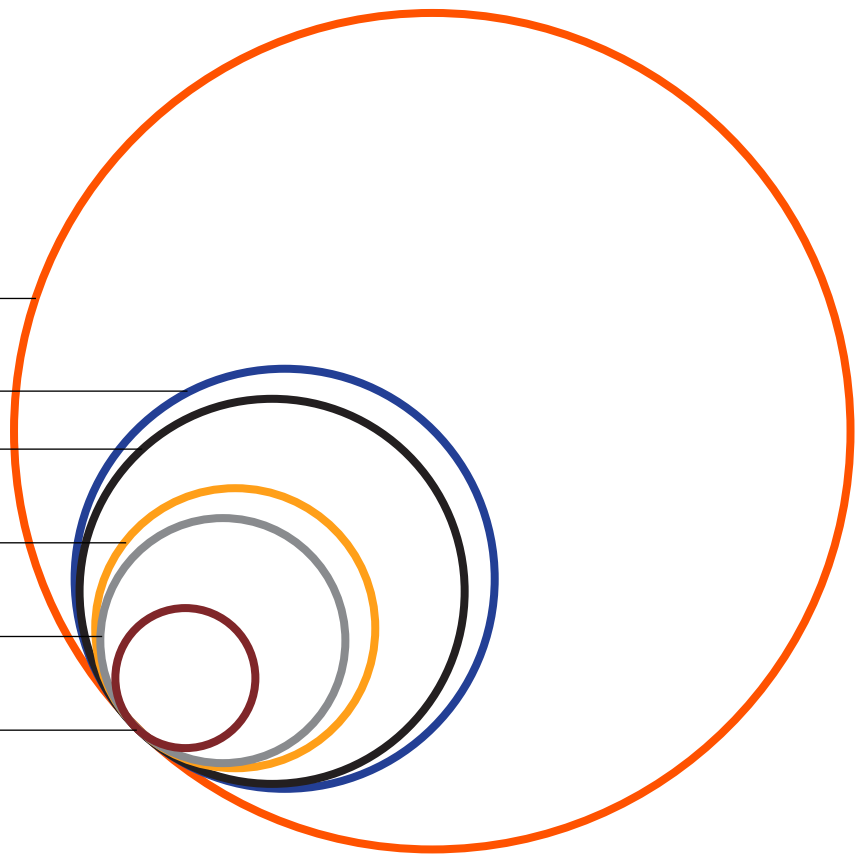
The Commoditization of Tech Is Suppressing ROI

As the construction industry becomes more complex and traditional systems of work and problem solving become less effective, technology can be a tremendous ally. But even the best construction software—that which performs well and is easy to use—can only be value-maximized if it is widely adopted within the company and across its ecosystems.

Today, while most firms are basing their buying decisions on functionality, ease of use, and cost, they may not be considering the bigger picture: how to ensure the widespread user adoption required to achieve top returns on their technology investments.

Perhaps the most common explanation for subpar user adoption is that people don't know how to use the technology. But more importantly, without being trained on the software and shown firsthand how it will save them time and make their jobs easier, people aren't motivated to use it.

To unleash the full potential of today's technology solutions, firms must fundamentally shift the way they think about and purchase construction software. Construction technology is not a commodity—a basic, interchangeable good like lumber or crude oil. Rather, it is a strategic investment with the potential to add long-term value across the entirety of the company. Achieving exceptional ROI requires an investment not only in the technology's features and functions but also in the right people to help accelerate and improve its adoption.

The Value of Tech Partners vs. Tech Vendors

Construction firms that are achieving the best returns on their software investments are shifting away from a commoditized view of technology.

Rather than making purchase decisions based on price and features alone, firms are also assessing technology based on a provider's ability to add sustainable value for the company.

The benefits of technology are not simply inherent in the software. The true value comes from the technology's ongoing impact on the organization. And the strength of that impact is largely dependent on the solution provider's approach.

A provider that seeks to understand the customer's business strategy, for example, can help ensure the solution is deployed and adopted properly while making sure no functions or features are overlooked that could help the firm achieve its objectives.

Realizing that not all construction technology providers are created equal, many firms see notable differences between providers that take a partnership approach versus those that serve strictly as software vendors.

"We need to do a better job of training from the standpoint of the software maker. I mean, if they offer trainings, I think that's one of the huge benefits."

PROJECT DIRECTOR

GENERAL CONTRACTOR, COMMERCIAL CONSTRUCTION IN THE MIDWEST U.S.A., MINORITY-OWNED

Characteristics of a Technology Partner

Among the subset of participants who characterized any of their solution providers as "technology partners," we asked what behaviors make a good partner. "Provides access to experts" was the most commonly cited answer at 79%, followed by "understands your industry thoroughly" at 71%. In a 3-way tie for third place were "incorporates customer feedback into product development," "provides educational tools/materials," and "provides customized and effective training" with 69% of respondents citing each of these characteristics.

Rather than simply offering a software solution to address a handful of problems, technology partners listen in order to understand construction's evolving concerns; they use this knowledge to continually advance product development; and they invest in educating and training their customers to demonstrate the value of the technology and encourage user adoption—thereby opening the door to better ROI.

What characteristics do you experience with providers you consider tech partners?

79% Provides access to experts

71% Understands your industry thoroughly

69% Provides educational tools/materials

69% Provides customized and effective training

69% Incorporates customer feedback into product development
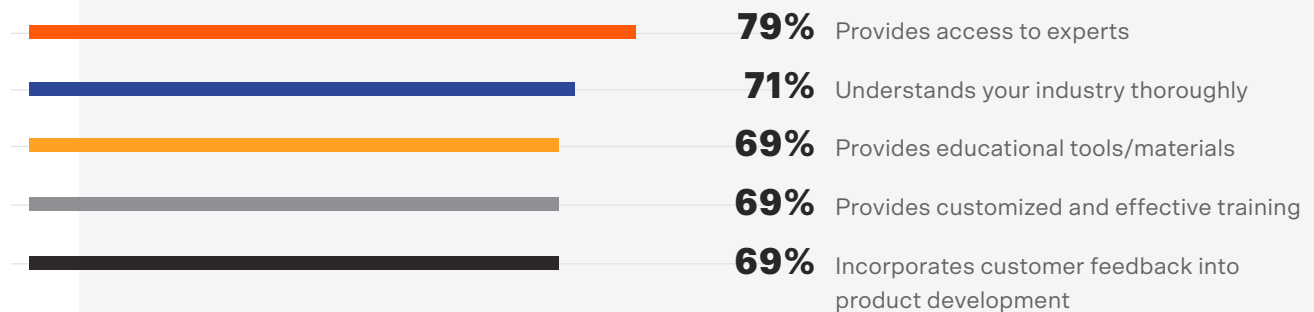
Additionally, we asked this subset of respondents to rank their level of satisfaction with each of the construction-specific technologies they have implemented (whether provided by a tech partner or a tech vendor).

Interestingly, when looking only at the solution that received the highest overall satisfaction score (4.4 out of 5, compared to a second-place tie at 4.0), "incorporates customer feedback into product development" jumped up to the top position—with a full 91% of its users citing this characteristic. This data suggests that technology is more satisfying when product development is fed by customer input.
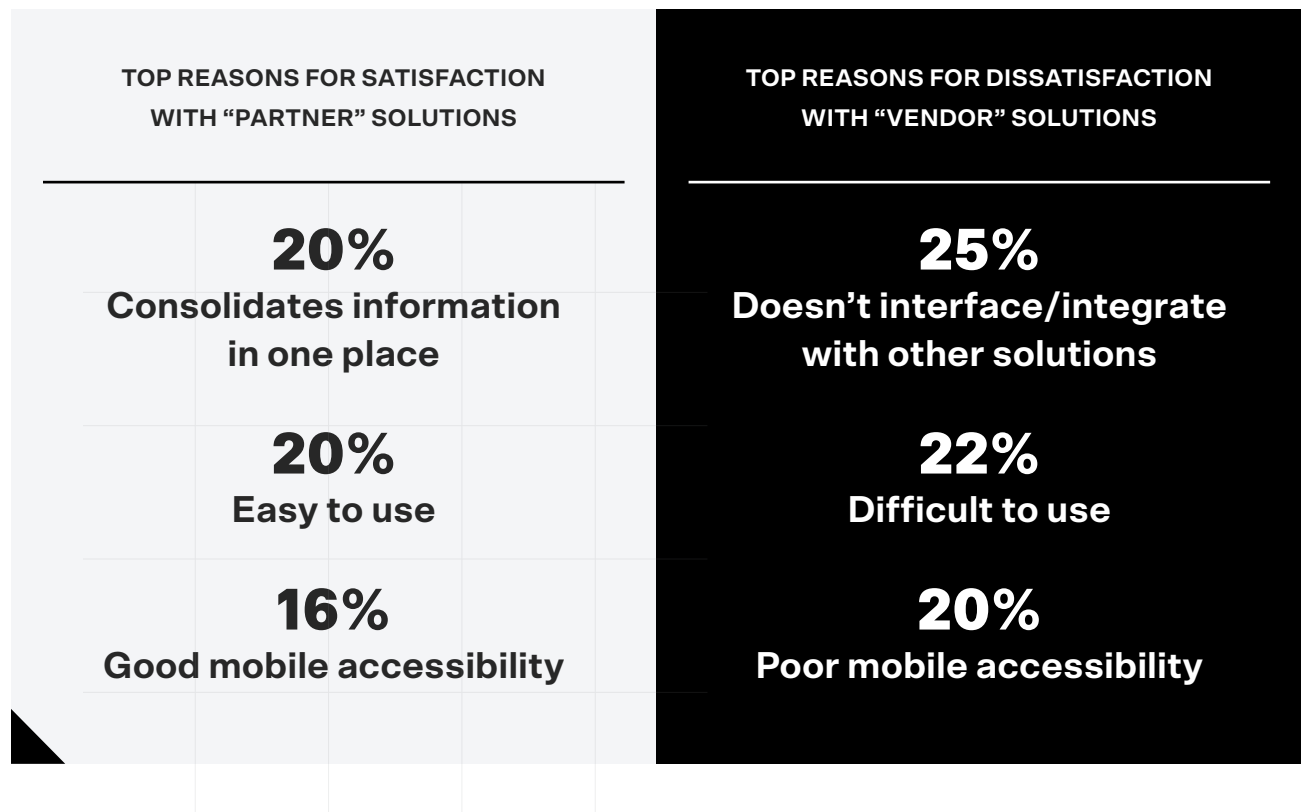
Satisfaction with Tech Partners vs. Tech Vendors

Focusing again on this same subset of respondents, we looked at the top reasons they reported being satisfied with technology partner solutions. We compared those answers to their top reasons for dissatisfaction with vendor solutions. Interestingly, the responses in both cases centered on the same three things: central access to information, ease of use, and mobile accessibility.

It is important to note that ease of use, which is among the top three criteria firms rely on when determining whether to invest in technology

and when selecting solutions, is also among the top reasons firms are satisfied with partner solutions and conversely, dissatisfied with vendor solutions.

As you follow this study, however, it becomes clear that ease of use alone (e.g. field-friendly, mobile-first technology) is not enough to guarantee satisfaction with construction technology. Rather, it is the ability to demonstrate that ease of use—and ensure the software is adopted at the highest level—that drives better outcomes, increase satisfaction, and maximizes ROI. Technology partners play an integral role in helping firms achieve those results.

TOP REASONS FOR SATISFACTION WITH "PARTNER" SOLUTIONS

20%
Consolidates information in one place

20%
Easy to use

16%
Good mobile accessibility

TOP REASONS FOR DISSATISFACTION WITH "VENDOR" SOLUTIONS

25%
Doesn't interface/integrate with other solutions

22%
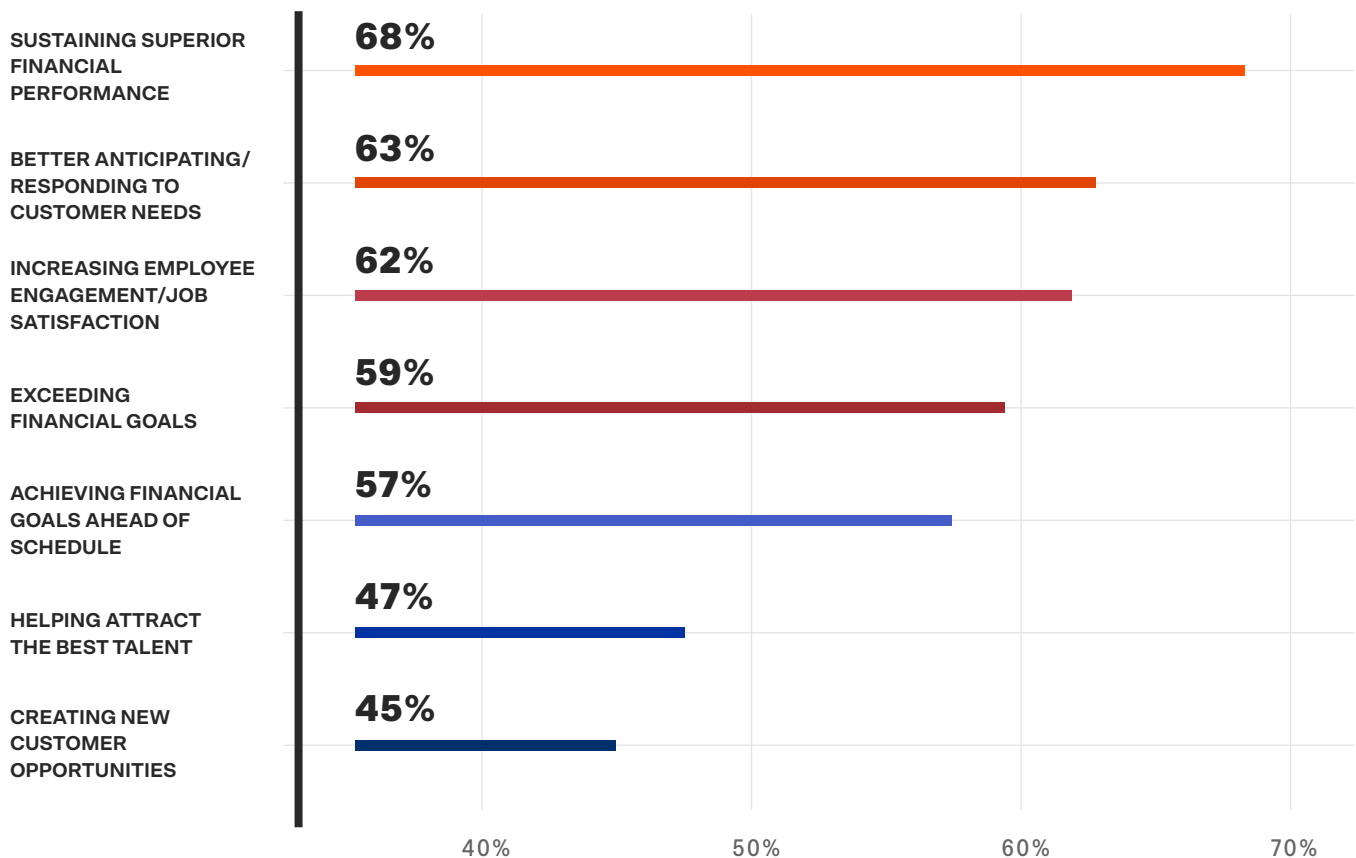Difficult to use

20%
Poor mobile accessibility

The Tangible Impact of Technology Partners

Respondents who reported using solutions provided by technology partners are achieving greater returns on their technology investments. When asked about the role they believe technology partners have played, or will play, in the organization's success, the most common answers were: "sustaining superior financial performance," "better anticipating/responding to customer needs," and "increasing employee engagement/job satisfaction."

These roles correlate well with the areas where firms say they need the impact most: financial performance, schedules and productivity, talent acquisition and retention, and reputation. Technology partners take an active role in their customers' success. They are solving the problems construction cares about, ensuring proper solution deployment, encouraging user adoption, and having a greater impact on business outcomes.

Where do you believe the technology partners you work with have played, or will play, a significant role in your organization's success?

SUSTAINING SUPERIOR FINANCIAL PERFORMANCE	**68%**
BETTER ANTICIPATING/ RESPONDING TO CUSTOMER NEEDS	**63%**
INCREASING EMPLOYEE ENGAGEMENT/JOB SATISFACTION	**62%**
EXCEEDING FINANCIAL GOALS	**59%**
ACHIEVING FINANCIAL GOALS AHEAD OF SCHEDULE	**57%**
HELPING ATTRACT THE BEST TALENT	**47%**
CREATING NEW CUSTOMER OPPORTUNITIES	**45%**

40% 50% 60% 70%

Conclusion

We are in an age where technology is no longer a nice-to-have enabler; it is an actuator—a requirement for achieving sustainable business performance. The construction industry, which has been historically slow to adopt new technology, is now moving forward at an accelerated pace. But in the race to build out their technology stacks, many firms are struggling to gain traction. In particular, they are still figuring out how best to gauge the value, and leverage the full impact, of construction technology.

Obviously worker health and safety are vitally important, but the industry might benefit by reconciling its weaknesses with its areas of focus. Additionally, this data shows the breadth of challenges in the industry—there isn't one issue that is singled out as the highest priority for all companies. This is caused not by a discrepancy of challenges, but a variety of them.

That is to say, companies are similar, not because they share one problem, but because they

Improvement to these areas could be addressed most effectively, therefore, by investing in the right technology partner that not only provides software for optimizing a multitude of processes, but is also invested in your success with their software.

Additionally, there seems to be some trouble prioritizing the challenges they are attempting to address. Respondents felt their margins and financial performance could be impacted by gaining insights from their data, yet ranked data insights lowest among their concerns and current capabilities.

The area respondents felt was most in need of optimization was jobsite safety, but they also rated this as the area they were already performing best, and it was rated as the least likely to impact their bottom line.

share many. Improvement to these areas could be addressed most effectively, therefore, by investing in the right technology partner that not only provides software for optimizing a multitude of processes, but is also invested in your success with their software.

Construction firms that choose to work with technology partners can realize greater value in the three areas they say matter most—financial performance, productivity, and reputation—while ensuring sustainable success as the industry continues to evolve.

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