

15 - 16 November, Wembley Stadium, UK

Demonstrating Project Controls Relevance to Executives:

*Quantifying the Business Impact of
Speed and Accuracy*



 **Project Controls**
EXPO
London, UK



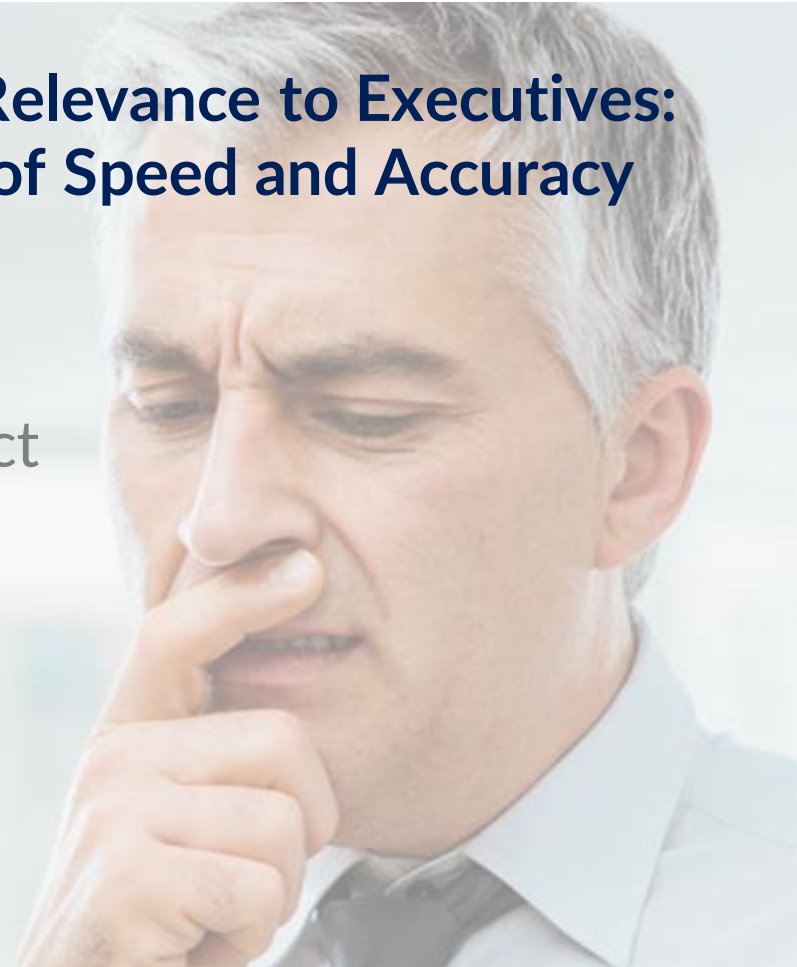
Kurt Kauper, CRO



**Simon Johnson, Director
of Operations UK**

Demonstrating Project Controls Relevance to Executives: Quantifying the Business Impact of Speed and Accuracy

Translate the importance of project controls through **business metrics** that speak to executive priorities



A construction site at sunset. A worker in a hard hat and safety vest stands in the foreground, looking towards a large concrete beam being lifted by a crane. The sky is filled with orange and yellow clouds, and the sun is visible on the horizon. The image is split vertically, with the left side in natural colors and the right side in a blue-tinted overlay.

Problems we all know

27%

Average cost over-run



50%

Projects are delivered on time and on budget



3.8x

Projects are more likely to fail without full integration of systems and processes



75%

Probability of success if utilize project controls!





What holds



business value?

Executive Business Drivers:

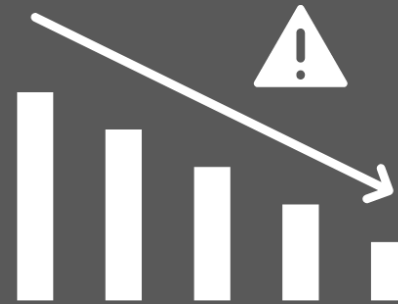
Grow Revenue



Reduce Cost



Reduce Risk



Empower
Mission/Strategy
Priority



Optimize Project Spend & Performance

Reduce annual spending due to better forecasting & fewer overruns

Average annual reduction in project spending

2%

Ex. \$20M Per \$1 Billion in Annual Project Spend

Account for Change & Maximize Efficiency

Reduce contract overspending due to improper change management

Average annual reduction in contract overspend

4%

Ex. \$4M Per \$100 Million in Annual Contract Overspend

Improve Visibility to Make Informed Decisions

Reduce time spent on data collection, entry, and validation

Average annual reduction in FTE labor hours

80%

Ex. \$952K Per 10 Project Controls FTEs

Managing Contracts & Getting Progress From Vendors

Reduce time spent on contract administration

% reduction in time spent on contract administration

50%

Ex. \$178K Per \$1 Billion in Annual Project Spend



Total Value and Savings over 5 years is \$157M



A construction site at sunset. A worker in a hard hat and safety vest stands in the foreground, looking towards a large concrete slab being lifted by a crane. The sky is filled with orange and yellow clouds. The image is split vertically, with the left side showing the worker and the right side showing a closer view of the crane and the slab.

What role does
project controls
play though?

Challenge:

Evaluating project spend and performance accurately to take corrective action when issues surface

- ✘ Missing full picture of performance across business units
- ✘ Lack of data validation and reliable SPI/CPI performance measures
- ✘ Unable to forecast and measure progress objectively

Optimize Project Spend & Performance

Visualize project status, health indicators, data trends and forecasts

One step drilldown to identify the poorly performing project

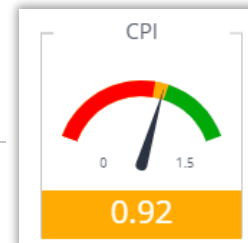
Reduce annual spending due to better forecasting & fewer overruns

Average annual reduction in project spending

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Track your cost efficiency



Project Cost

| Group | Project | Budget Period | Earned Period | Actual Period | Budget To Date | Earned To Date | Actual To Date | SV | CV | SPI | CPI |
|---------------------|------------------|---------------|---------------|---------------|----------------|----------------|----------------|---------|---------|------|------|
| Australia | Sample Project E | 104.8K | 108.7K | 108.6K | 107.9K | 110.9K | 110.9K | 2.98K | -4.48 | 1.03 | 1.00 |
| | Sample Project F | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Australia Total | | 104.8K | 108.7K | 108.6K | 107.9K | 110.9K | 110.9K | 2.98K | -4.48 | 1.03 | 1.00 |
| Canada | Sample Project C | 163.0K | 155K | 155.1K | 464.4K | 416.9K | 428.7K | -47.54K | -11.88K | 0.90 | 0.97 |
| | Sample Project D | 269K | 288.1K | 453.5K | 421.2K | 428.3K | 591.8K | 7.06K | -163.5K | 1.02 | 0.72 |
| | Sample Project Z | 374.3K | 372.8K | 453.7K | 526.4K | 513.0K | 592.0K | -13.48K | -78.99K | 0.97 | 0.87 |
| Canada Total | | 806.4K | 815.9K | 1.06M | 1.41M | 1.36M | 1.61M | -53.97K | -254.3K | 0.96 | 0.84 |
| United States | Sample Project A | 347.2K | 303.7K | 282.9K | 977.7K | 833.3K | 829.7K | -144.5K | 3.54K | 0.85 | 1 |
| | Sample Project B | 293.6K | 261.5K | 264K | 963.2K | 868.7K | 878.9K | -94.43K | -10.19K | 0.9 | 0.99 |
| United States Total | | 640.7K | 565.2K | 546.9K | 1.94M | 1.7M | 1.7M | -238.9K | -6.64K | 0.88 | 1.00 |
| Grand Total | | 1.55M | 1.49M | 1.72M | 3.46M | 3.17M | 3.43M | -289.9K | -261.0K | 0.92 | 0.92 |

Sample Project D > Navigation Level (All)

| Group | Navigation Level | Budget Period | Earned Period | Actual Period | Budget To Date | Earned To Date | Actual To Date |
|--------------|---|---------------|---------------|---------------|----------------|----------------|----------------|
| Canada | Common Process Materials and Methods | 0 | 0 | 0 | 0 | 0 | 0 |
| | Concrete | 0 | 0 | 0 | 0 | 0 | 0 |
| | Electrical | 0 | 0 | 0 | 0 | 0 | 0 |
| | Existing Conditions and Site Construction | 0 | 0 | 0 | 0 | 0 | 0 |
| | Gas and Liquid Handling /Purification and Storage Equipment | 0 | 0 | 124.7K | 0 | 0 | -124.7K |
| | General Requirements | 0 | 0 | 0 | 0 | 0 | 0 |
| | Owner Requirements | 269K | 288.1K | 328.3K | 421.2K | 428.3K | 467K |
| Canada Total | | 269K | 288.1K | 453.5K | 421.2K | 428.3K | 591.8K |
| Grand Total | | 269K | 288.1K | 453.5K | 421.2K | 428.3K | 591.8K |

Accurately account for cost across projects

Challenge:

Controlling Project Changes and Preventing Overspend

- ✗ No Audit trail of project changes
- ✗ Unable to trace root cause of change
- ✗ Manual review and disconnected approval processes
- ✗ Cannot quickly evaluate the impact of changes

Account for Change & Maximize Efficiency

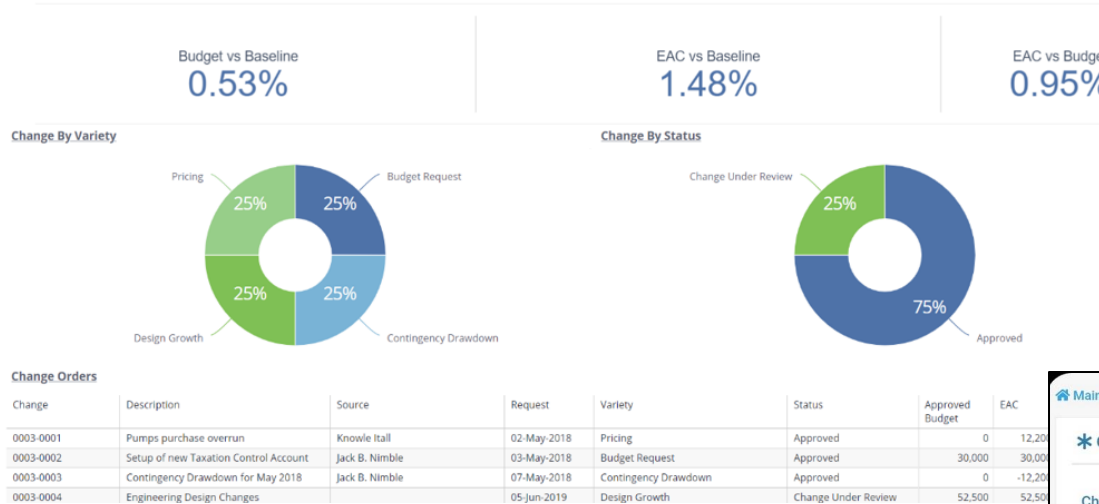
Proactively manage contract spending with a robust change management engine

Reduce contract overspending due to improper change management

Average annual reduction in contract overspend

4%

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Advanced change management with workflows for an in-program user notification, action items, review and approval

Auto-generate the list of approvers based on PRE-configured delegation of authority policies

Main Menu / Approvals / Change Summary / 0005-0005

* Change Order Summary - 0005-0005 Approved Rejected

Change Information

Project ID: PROJECT A - Sample
 Change ID: 0005-0005
 Description: scope update
 Details: This change is regarding a scope update in the concrete pouring volume. The revised amounts have been reflected in this change order

Status Details

Status: SUBMITTED -
 Status Date: -
 X Not Final

Comments

Change Orders - Approvals

1 of 6

Tools **Generate** Submit

| User ID | Name / Description | Team | Authority ID | Sort Code | Approved Budget Change Cost | Control Budget Cost | Financial Budget Cost | EAC Cost |
|---------|--------------------|------|--------------|-----------|-----------------------------|---------------------|-----------------------|----------|
| HOWARD | | | PURCHASE | 1-A | 1,000.00 | 0.00 | 0.00 | 1,000.00 |
| OTTO | | | ESTIMATE | 1-B | 1,000.00 | 0.00 | 0.00 | 1,000.00 |
| JUSTIN | | | COST ENG | 1-C | 2,000.00 | 0.00 | 0.00 | 2,000.00 |
| BEN | | | SCHEDULE | 1-D | 2,000.00 | 0.00 | 0.00 | 2,000.00 |
| EARL | | | CONSTRUCT | 2-A | 1,000.00 | 0.00 | 0.00 | 1,000.00 |
| DONW | | | CONTROLS | 2-B | 2,000.00 | 0.00 | 0.00 | 2,000.00 |

Detailed Description | Control Accounts | Budget Details | **Approvals** | Documents | Events | Action Items | Time Phased Data Setup | Activities | Links | Revision History

Approvers receive email notifications and can utilize mobile devices to make decisions

Challenge:

Effective Reporting

Can't Measure It - Can't Manage It!

- ✗ Lack of data accuracy and consistency
- ✗ Reporting formats that don't engage executives or support decision-making
- ✗ Inability to get a quick understanding of what is going well and what's not
- ✗ No integration of data coding structures to support reporting across multiple projects

Improve Visibility to Make Informed Decisions

Increase project deliverability and cost-efficiency to stay within budget

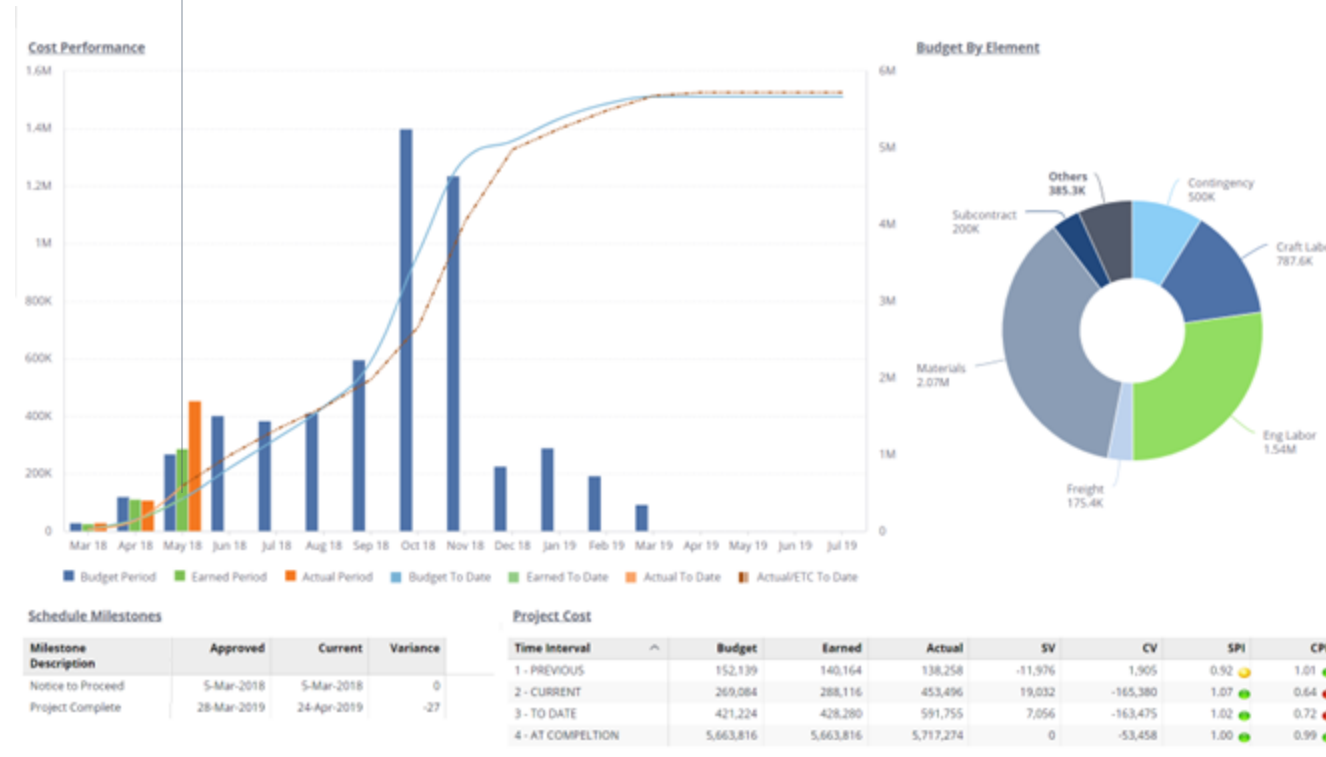
Reduce time spent on data collection, entry, and validation

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Determine if project / contract is ahead or behind



Visibility into progress and performance indicators

Challenge:

Managing Contracts & Getting Progress From Vendors

- ✘ Contract progress comes in multiple formats
- ✘ No automation once contract is received
- ✘ Not receiving timely updates from contractors
- ✘ No ability to provide secure access to vendors

Manage Contracts & Contractor Activity

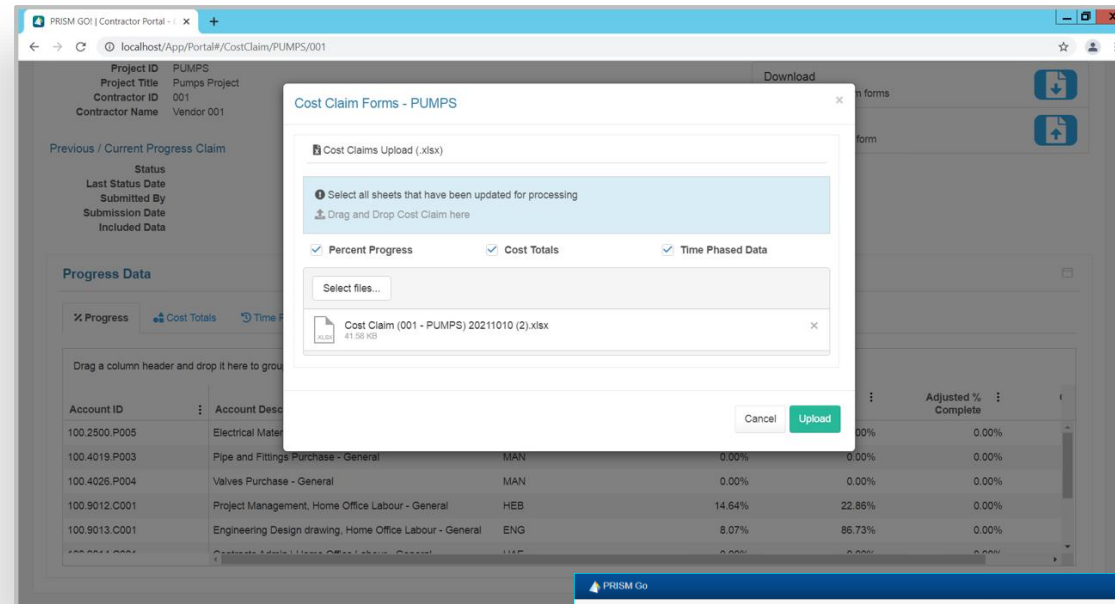
Organize contract milestones, utilize pre-built reports and track contract-level progress

Reduce time spent on contract administration

% reduction in time spent on contract administration

50%

Ex. \$178K Per \$1 Billion in Annual Project Spend



Gated contractor access for data viewing, template downloads and uploads

Contractor Portal provides visibility into the progression of contractor claims, allowing you to track progress

| Item | Description | Price Unit | Unit Price | Quantity Unit | Original Quantity | Approved Change Quantity | Approved Quantity | Proposed Quantity Installed To Date | Adjusted Quantity Installed To Date | Quantity Installed Previous | Quantity Installed This Period | Quantity Remain... | Original Hours | Approved Change Hours | Approved Hours | Proposed Hours Worked To Date | Adjusted Hours Worked To Date | Hours Worked Previous | Hours Worked This Period | H | Rema | |
|------|-------------------------------------|------------|------------|---------------|-------------------|--------------------------|-------------------|-------------------------------------|-------------------------------------|-----------------------------|--------------------------------|--------------------|----------------|-----------------------|----------------|-------------------------------|-------------------------------|-----------------------|--------------------------|---|------|--|
| 001 | Surveying Work - Potable Water Area | LOT | | 1.00 | 1.00 | | 1.00 | | | | | | 65.00 | | 65.00 | | | | | | | |
| 002 | Surveying Work - Fuel Storage Area | H | 219.00 | LOT | 1.00 | | 1.00 | | | | | | 90.00 | | 90.00 | 50.00 | 50.00 | | | | | |



But how do



you prove it?



**Find
Executive
Sponsorship**

Find a sponsor that cares about your project

**Understand
Corporate
Initiatives**

Know the company's overall business goals

**Determine
Important
Metrics**

Identify the high impact projects within the org

**Share with
Sponsor**

Drive internal alignment for your project

**Accelerate
Process**

Accelerate, integrate, and automate the process



Find Executive Sponsorship

- ✓ Invested in the project
- ✓ Has decision-making authority
- ✓ Understands the mechanics of the organization to influence movement

Find Executive
Sponsorship

Understand Corporate Initiatives

- What are the overall business initiatives, mission and strategy?
- Why is the company prioritizing this?
- Who is making it a priority?
- When does this timeline need to be met?



Understand
Corporate Initiatives

Determine Important Metrics

Sample Questions to Ask:

- Number of new projects per year?
- Time required to setup new project?
- Time spent on data collection, entry and validation per month?
- Time spent on ad hoc reporting?
- Number of team members involved in reporting?
- Number of days needed per period close out?
- Time spent per month of change management?
- Number of audits/oversight issues per year?

| | | |
|---|---|---|
| Select Industry | <input checked="" type="checkbox"/> EPC | <input type="checkbox"/> Owner/Operator |
| Average number of new projects per year | <input type="text" value="10"/> | |
| Average annual value per added project | <input type="text" value="\$ 2,500,000"/> | |
| Average annual project spending across all projects | <input type="text" value="\$ 5,000,000"/> | |
| Average percent by which contract budgets are overspent due to improper change management | <input type="text" value="5"/> % | |
| Average annual budgeted contract spend across all contracts/projects | <input type="text" value="\$ 5,000,000"/> | |



Consolidate & Share with Sponsor

- Sharing should be a collaborative process and not just informative.
- Provides an opportunity for the sponsor to contribute to and invest in the initiative.



Share with Sponsor



Accelerate Process

- Accelerate, integrate, automate the process
- Remember, don't wait... START!



A nighttime cityscape with a multi-lane highway in the foreground. The highway shows light trails from cars, with white and yellow streaks on the left side and orange and yellow streaks on the right side. In the background, several tall skyscrapers are illuminated with lights, creating a vibrant urban scene. The sky is dark blue.

ARES PRISM Software is

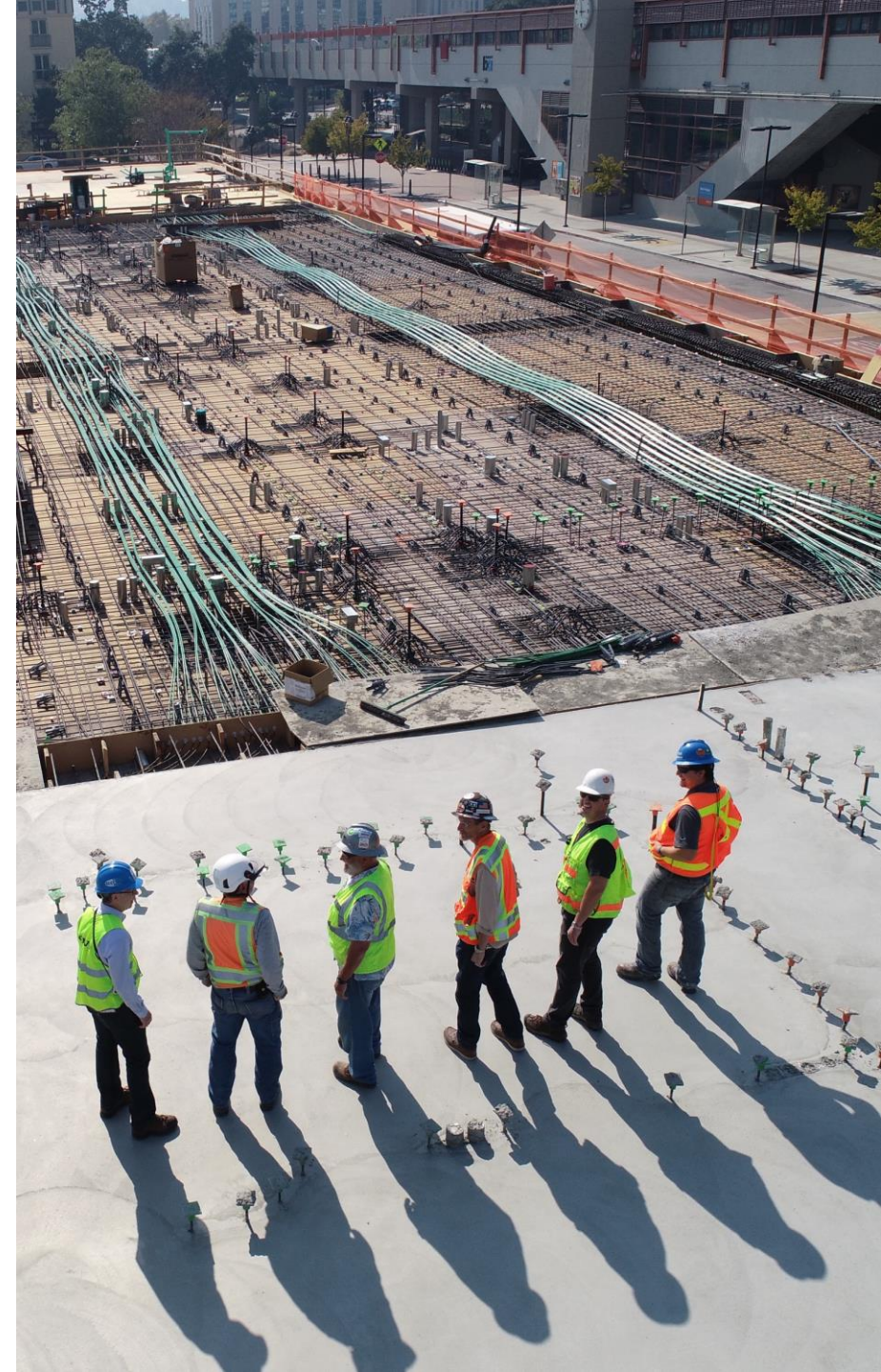
Faster to Deliver

- ✓ Accuracy
- ✓ Implementation
- ✓ Integration
- ✓ Compliance
- ✓ ROI

Hobson & Co. Sample Case Study:

Imagine building a largest rail project:

- Annual spend of **\$1 billion** across all projects
- An average of **10 new projects** per year
- **8 days** needed for the period close-out
- Average budget overspend of **10%**



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**VISIT
ARES PRISM AT
STAND 05**

THANK YOU