

# The Relevance of ERP Systems for Construction Companies

The rapid growth of the construction and infrastructure industries has brought in its own set of problems for them to face. However, the problems faced by the construction or infrastructure industries are not new. In fact, they have been in existence for thousands of years, ever since they started building the pyramids. What is so different these days are the tools and techniques that can be utilized to get the best usage of resources, materials and equipment. Construction is a complex array of interdependent activities that some would say is at best organized chaos. The very nature of construction introduces challenges typically not encountered in other industries.

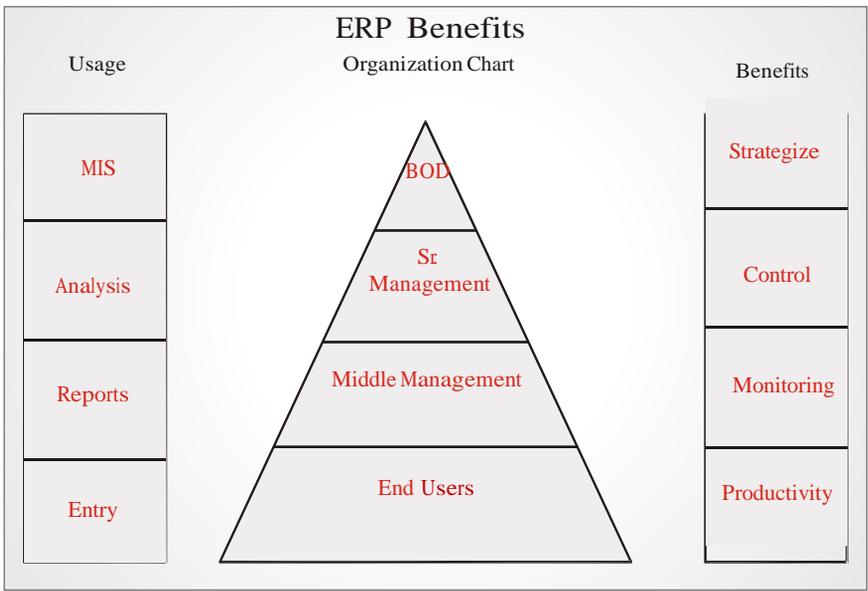
Let's take a look into some of the major problems in construction companies who do not have or have partial IT infrastructure. These include

- Budget and controls done using legacy spreadsheets and these are most time-consuming and error-prone tasks
- Detailed / precise reports for the management to take decisions
- There are chances that data may be erroneous if it is written by hand
- Proper control on inventory management
- Visibility into the totality of business
- Each project has its own independent method of encoding
- Off-Site locations are not as organized as desired
- Material and equipment usage is hard to track; there is very little writing on site.
- The project managers do status reports but lack critical information such as:
  - 1) Inventory information
  - 2) Budgetary information
- Tracking of tasks-The project manager needs to produce manual daily production report
- Due to disorganization there is little time for follow up
- There is no process for payment follow up
- Reminders of important issues like raising invoices
- Duplicate invoices and multiple payments
- Multiple resources to check the accuracy of data
- Status report on the project at any given point in time
- Multiple level approvals
- Evaluating the performance of the project
- Seamless data flow between the different departments within the organisation
- Ineffective system to incorporate fixed assets into the company books

What does one do to tackle these issues? This is where ERP systems like “Quadra” can make a difference. The system will measure multi dimensions of data associated with Material, Labour, Equipment, Subcontracting and Overheads (MLESO) which give you complete monitoring of Risk, Cost, Cash flow, Time and resources (RCCTR) of any project.

By using an ERP system a construction company can benefit in the following areas:

- Savings on overall project execution- it is understood from various studies that an ERP implemented and tightly monitored could save the cost of the project anywhere between 7-10% of the project value which will be the direct ROI
- Reduced working capital needs - This can be achieved using multiple areas. One of the basic business needs is to tighten the spread between receivables and payables. In fact, once you know the areas where your payables are coming due before receivables are due, specific programs can be launched to address the issue.
- Better Risk Management
- Increased visibility into projects
- Multi project comparison across geographies and timelines



When the entire infrastructure sector is going through the phase of consolidation, this is the time for the companies to implement ERP for their organization. This industry is slowly upgrading itself in terms of technology, with government (reform initiatives such as Real Estate regulatory Bill) looking to make the process transparent and bringing standardization in the sector will attract more FDI into the sector. It is just a matter of time before infrastructure and real-estate companies wholeheartedly embrace technology. We believe this sector will follow the path set by the banking industry in adopting the technology in the last 20 years even though the challenges are very different. We are yet to realize the full potential and greener days are ahead for the industry.

Quadra Software Solution is a lead-

ing software product and solutions company which provides ERP solutions to any project-based companies, especially in the area of Engineering, Construction, Contracting and Real Estate (ECCR). Quadra provides end-to-end ERP solutions, well suited for pre-construction, construction and post-construction bringing together the best-practice tools and techniques of the industry. Quadra with its in-depth domain knowledge of over 25+ years and over 13+ years of ERP implementation across India- Middle East and Africa offers the right enterprise-wide application.

Quadra has multiple products at different price points to suite the requirement of the clients at Low Cost of Ownership (TCO). The products are designed for users across small, mid or large enterprises. Quadra products provide an integrated system of record for

all quality, compliance and risk issues within the organization. These products enable enterprises to carry out multiple operations using a single platform. It has dashboards with real time, intuitive, configurable, mobile enabled, click to action/transaction capabilities, which brings the key information to fingertip. Quadra has incorporated the international standards like FIDIC and IFRS, which help the companies to follow the best practices followed worldwide.

Quadra has been awarded by various organizations like, NASSCOM, CREDAI, Frost and Sullivan etc., over these years for its innovations and contribution to the Industry from time to time. □

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