IDC ExpertROI® SPOTLIGHT

Global Program Management Firm Improves Project Delivery with Meridian's Proliance Software Suite

Sponsored by Meridian Systems

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Overview

As one of the largest providers of professional, technical, and program management support services in the world, with over 10,000 employees around the globe and annual revenue of more than $1 billion, this United States–based construction and program management firm serves public and private sector clients in over 130 countries and is a leader in all of the key markets that it serves.

Over the years, the company has developed an extensive portfolio of skills and abilities associated with program management services, including an understanding of all of the functions and responsibilities required during all phases of a capital program's life cycle. Using these strengths and resources, the company has managed hundreds of major capital programs for clients across all continents and market sectors, including transportation/infrastructure, environmental, facilities, energy, and mining and minerals.

Since 2005, the company has utilized the Proliance software suite from Meridian Systems to deliver high-visibility projects on time, within budget, and to the highest standards of quality, maintainability, and sustainability. With the flexibility of Proliance, the company has also been able to customize the software for individual clients and establish standardized processes and best practices for each managed program.

Business Value Highlights

Organization: Global program management firm with headquarters in the United States

Challenge: To consistently deliver high-visibility projects on time, within budget, and to the highest standards of quality, maintainability, and sustainability

Solution: Meridian Systems' Proliance software suite

Cumulative benefits:
- $13M for five-year period
- ROI of 420%
- Payback in 12 months (after deployment)

Specific benefits:
- System start-up savings of $700,000
- Program start-up savings of $130,000
- Program management savings of $160,000
- Control team productivity increase of $1.5M

The company finds Proliance particularly helpful for document control, especially with very large projects, and for automatic and accurate reporting and communications among team members.

In addition to improving project control, Proliance enhances staff productivity and strengthens financial control by providing a projective financial view of a program, showing where it is and where it is going and helping identify potential problems early so there are fewer financial surprises.

To assess the internal rate of return (IRR) of the company's investment in the Proliance software, IDC interviewed the company's senior vice president and chief technology officer (SVP/CTO) and asked in-depth questions about the selection and implementation of Proliance and the productivity enhancements made possible by its deployment. IDC also asked about the company's investment in the software, including annual training and hardware and software maintenance costs, as well as the loaded salaries of its project management and configuration staff in order to quantify the productivity benefits. From the results, IDC found that the company achieved a return on investment (ROI) of 420%, resulting in a payback period of 12 months.

Implementation

Prior to deploying the Proliance solution, the company used a construction management application that also supported its larger program management contracts. As the company's global business grew and evolved, however, the company recognized it would need a more robust and scalable solution that could support very large capital programs capable of lasting up to 15 years. The company also wanted a solution that was Web based for greater accessibility, focused more toward the owner and owner-agent roles, and easy to enhance and customize to the needs of individual clients. After evaluating many options, the company chose Proliance as the best fit for its needs.

"It changed the size of projects we could go after. Without this solution we couldn't provide services on the scale we do. It's a prerequisite for the larger projects, so we simply wouldn't be getting the job otherwise," said the SVP/CTO.

"We also picked Proliance because it was more flexible than other tools. It lets us configure more dynamically to meet specific client needs, which is important since we configure the tool uniquely for each client," added the SVP/CTO. Clients also benefit because once the company's work is done, they can continue to use the customized software in-house.

Business Benefits

Proliance consists of several integrated modules, including the Project Portfolio Management module for use during the planning and building phase of the life cycle, and the Business Intelligence module, which provides visibility into the entire portfolio of projects, programs, and facilities through key performance indicators, dashboards, and rollup reporting. The Business Process Management module tightly integrates with all Proliance applications via a technology platform that enables organizations to create, enforce, and automate best practices and processes enterprisewide.

Document control is one area where Proliance is particularly helpful to the company, especially with very large and complex programs, which may involve hundreds of thousands of documents. Having a single central place for all project information not only strengthens project control but also reduces IT and training costs and speeds time to market. "It avoids the need for large teams of document control people," said the SVP/CTO, "and the risks associated with different versions of email systems."

One of the tool's important functions for the company is built-in electronic workflow, which can be preprogrammed. The workflow designates the next task that needs to be done and the next person in line to take the action. Managing information electronically with a predetermined workflow is particularly valuable with very large programs. Also, when a program lasts for five or ten years, many people and groups may come and go. Proliance's predetermined workflow and consistent methodology help specialists become productive as soon as they start working on a project.

In addition to improving project control, Proliance enhances staff productivity and provides more accurate reporting and communications among team members. By automating the tracking and reporting of client costs, the tool reduces financial control requirements. It provides the company with a projective financial view of a program, showing where it is and where it is going. With comparative financial analyses and exception reporting, Proliance also provides insights to help identify potential problems early so there are fewer financial surprises. For each program, three or four different reporting dashboards may be created to address a client's unique concerns and the needs of different recipients.

Standardization of program management practices is another benefit of the Proliance tool. The company has a standard method for running large programs. For every program that uses the software, the company combines 80% of its standardized processes with 20% of client-specific customizations and is able to blend its best practices with its client's best practices. Proliance lends itself to this methodology because it readily adapts to incorporating standardized processes that the company has developed over the years into a personalized management service.

Because of this methodology, each Proliance deployment improves the company's standards. "Our standardization and best practices help us to be more competitive," said the SVP/CTO. "There's also a training benefit. The more we standardize on the large programs, the more portable our people are. When we use our people from another program, the customer's processes may be a little different, but at least they know the tool and our methodology, which is a big help."

Quantifying the Productivity Savings

To determine the value of the company's investment in the Proliance software, IDC quantified the savings from productivity enhancements made possible by the tool. IDC then projected the savings over a five-year period to establish the internal rate of return realized by the company on its investment in Proliance.

Some of the productivity enhancements were related to system startup. "Time to market for us means a reduction in costs," said the SVP/CTO. With Proliance, the company can typically set up an instance within two months, dedicating fewer full-time employees (FTEs) to the task. Otherwise, it might take four months with four or five people involved. The company might have four or five such instances a year, some on the scale of managing a $100 billion project.

IDC found that the cost for establishing the service for clients would have averaged **$700,000,** which would have been commercially unacceptable (see Figure 1).

Figure 1.

Average Estimated Benefits = $2.5 Million
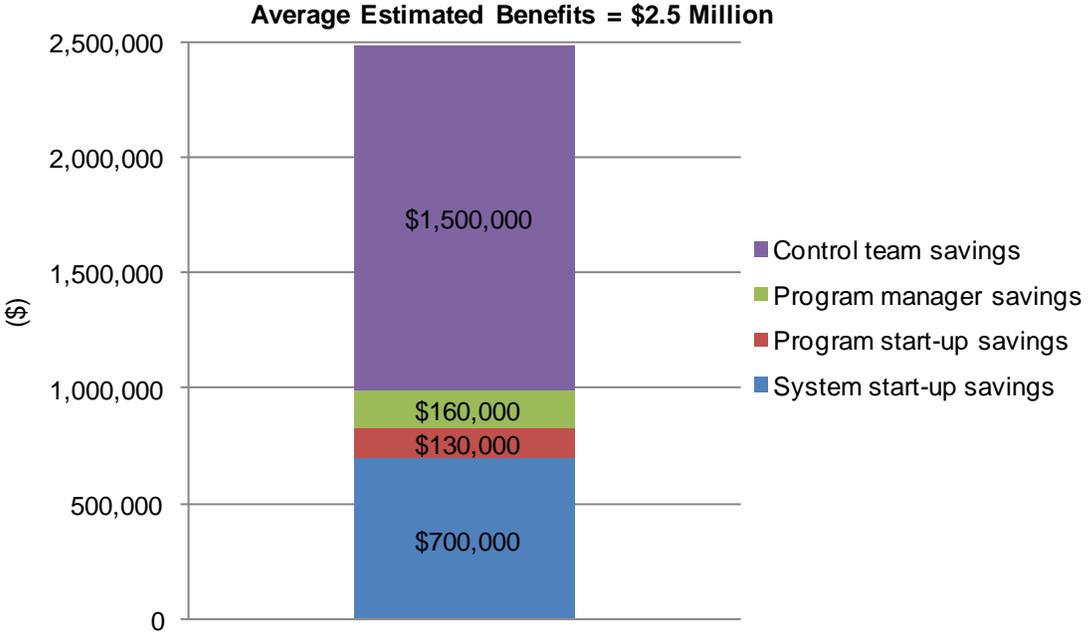
Source: IDC, 2012

Proliance also saves on the time project managers need to start up a program. For an average size project, they can probably get a team of people up and running in a month. Without the standardization that Proliance brings to the training, start-up might take three months. For five projects a year, the estimated benefits averaged **$130,000.**

Most of the company's employees are engineers who design and build. Project managers who might use Proliance make up a small percentage of the company's workforce, and they save a portion of their time using the tool compared with what they had before. These estimated productivity benefits averaged **$160,000** annually.

On the program side, the big efficiencies are gained among the control teams — financial control, document control, and schedule control. Control people account for a big chunk of the program team — about 40%. "If we had to manage all the control stuff manually, our costs would be multiplied at least fourfold," estimated the company's SVP/CTO. IDC found that the estimated benefits averaged **$1.5 million**.

Return on Investment

Over the five years, the total discounted benefits from deploying Proliance amounted to **$11.1 million** (see Table 1). The total discounted investment over the same period amounted to **$2.2 million**. IDC projects that the company will realize an internal rate of return of **122%** from its investment in Proliance, resulting in a payback period of 12 months.

Table 1.

Five-Year ROI Analysis	
Benefits (discounted)	$11.1M
Investment (discounted)	$2.2M
NPV	$8.9M
IRR	122%
Payback	12 months
Discount rate	11%

Source: IDC, 2012

IDC ROI Methodology

IDC calculates the ROI and payback period in a three-step process:

1. Measure the benefits from cost savings, improved IT staff and end-user productivity, and increased revenue since the deployment.

2. Ascertain the total investment.

3. Analyze the investment and benefit over five years and calculate the ROI and payback period.

The ROI is the five-year net present value (NPV) of the benefit divided by the discounted investment. To account for the time value of money, IDC based the ROI and payback period calculations on an 11% discounted cash flow (provided by the global program management firm).

In conclusion, Proliance not only delivered a strong financial return on investment to the company but also enabled the company's staff to deliver high-visibility projects on time, within budget, and to the highest quality levels. Additionally, the company was able to implement consistent, standardized program management processes on a global scale while maintaining the flexibility to customize the software for individual client rollouts as needed.

About Meridian Systems

Meridian Systems, a wholly owned subsidiary of Trimble, is based in Folsom, California, and provides construction project management and capital program management solutions to building owners and contractors around the globe. This unique dual-market strategy of serving both owners and contractors with tailored software solutions sets Meridian apart from other technology players within the construction space. Meridian continues to invest in enhancements to its Proliance and Prolog software brands and is also expanding its solution portfolio by acquiring other market-leading brands including WinEst estimating and cost modeling solutions.