IFMA: Practical Management; End-To-End Transparency for Owners – Controls & Risk Mitigation During Construction Projects

IFMA Presentation Series #5
Session Outline

• Introductions
• A Brief Introduction of IFMA
• Our Initial Concept
• What the Community Told Us
• An overview of the Technology Platform
• An Evolving Case Study
  o Company Bio
  o Justification
  o Pilot
  o Workflows & Human Dynamics
  o Adoption, Bumps in the Road & Rewards
• Open Discussion
Tom Pritscher FMP, LEED® AP, President of TEPCON Construction, Co-Founder of DrawAlert, is a second-generation commercial contractor with more than 30 years of experience in the industry and is President of TEPCON Construction. Well-respected in the industry and by his many repeat customers, Pritscher is highly regarded for his team's ability to work in high value occupied environments. He is the Co-Founder of DrawAlert and has been involved with IFMA since 1993.

Ted Ritter, CBD, LEED® AP, Principal at LMI360, Co-Founder of DrawAlert, is the Current Global Chair of the IFMA Technology Community, Past President of the Greater Phoenix Chapter and also serves on the IFMA Americas’ Advisory Board as Vice Chair. He has over 30 years of experience in facility operations and project management. He is a co-author of the Facility Managers Guide to Information Technology.
Facility Management is a trillion dollar industry.
IFMA is the world’s largest and most widely recognized association for facility management professionals.

### By the Numbers:

<table>
<thead>
<tr>
<th>Count</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>24,000</td>
<td>Active IFMA Members</td>
</tr>
<tr>
<td>104</td>
<td>Countries have IFMA Presence</td>
</tr>
<tr>
<td>6</td>
<td>Worldwide IFMA Communities</td>
</tr>
<tr>
<td>134</td>
<td>Global Chapters</td>
</tr>
<tr>
<td>16</td>
<td>Industry Councils</td>
</tr>
<tr>
<td>10,000+</td>
<td>Credentialed FM Professionals</td>
</tr>
<tr>
<td>84%</td>
<td>of employers state that IFMA education increases the collective FM knowledge of their organization</td>
</tr>
<tr>
<td>74%</td>
<td>of employers feel that their reputation is improved by having employees complete IFMA credentials</td>
</tr>
</tbody>
</table>

**Over $1.2 Trillion in the US & over $3 Trillion Globally**

### Cost:

- IFMA membership is an affordable investment with meaningful payoff
  - Professional & Associate Membership: $219
  - Young Professional Membership: $139
  - Retired Membership: $100
  - Student Membership: $10

IFMA membership provides the following benefits:

- **Over $1.2 Trillion in the US & over $3 Trillion Globally**
- **Active IFMA Members:** 24,000
- **Countries with IFMA Presence:** 104
- **Worldwide IFMA Communities:** 6
- **Global Chapters:** 134
- **Industry Councils:** 16
- **Credentialed FM Professionals:** 10,000+
- **Employer Satisfaction:**
  - 84% state that IFMA education increases collective FM knowledge.
  - 74% feel their reputation is improved by employees completing IFMA credentials.

Presented by: [AECONEXT](http://www.aecnexsun.com) [SPAR3D](http://www.spar3d.com)
The importance of IFMA Communities and Councils

<table>
<thead>
<tr>
<th>Communities are aligned with <strong>Core Competencies</strong></th>
<th>Councils are aligned with <strong>Vertical Markets</strong></th>
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</thead>
<tbody>
<tr>
<td>• Business Leadership (BUS)</td>
<td>• Academic Facilities Council</td>
</tr>
<tr>
<td>• Environmental Stewardship &amp; Sustainability (ESUS)</td>
<td>• Airport Facilities Council</td>
</tr>
<tr>
<td>• Information Technology Community (IT)</td>
<td>• Banking Institutions &amp; Credit Unions Council</td>
</tr>
<tr>
<td>• Operations &amp; Maintenance Health Safety (OMHS)</td>
<td>• City &amp; Country Clubs Council</td>
</tr>
<tr>
<td>• Real Estate Advisory &amp; Leadership (REAL)</td>
<td>• Corporate Facilities Council</td>
</tr>
<tr>
<td>• Workplace Evolutionaries (WE)</td>
<td>• FM Consultants Council</td>
</tr>
<tr>
<td></td>
<td>• Food Service &amp; Restaurant Council</td>
</tr>
<tr>
<td></td>
<td>• Legal Industry Council</td>
</tr>
<tr>
<td></td>
<td>• Manufacturing, Industrial &amp; Logistics Council</td>
</tr>
<tr>
<td></td>
<td>• Museums/Cultural Institutions Council</td>
</tr>
<tr>
<td></td>
<td>• Public Sector Facilities Council</td>
</tr>
<tr>
<td></td>
<td>• Religious Facilities Council</td>
</tr>
<tr>
<td></td>
<td>• Research &amp; Development Facilities Council</td>
</tr>
<tr>
<td></td>
<td>• Utilities Council</td>
</tr>
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</table>
Many thanks to our Members

*We have members from over 20 countries*
What we do
The goal of the 2nd edition of The Facility Manager’s Guide to Information Technology is to provide current best practices content and extend distribution to membership, interested parties and universities with FM Programs.

Win or Buy a Good Reference Tool! Kindle or Hard Cover

Thanks for attending The IFMA Sessions at AEC Next 2019!
Join the IFMA IT Community Today

For more information visit:  it.ifma.org or ifma.org

or contact Daniel Stonecipher at dstonecipher@immersivx.com
In the beginning
In the beginning
What the community told us

If each stakeholder on a project could upload all their required documentation to a single, secure portal, how much administrative time do you think that would save on a project?

2-5 Hours – 60% of Subs
6-10 Hours – 20% of Subs
11-15 Hours – 20% of Subs
More than 40 Hours – 100% of General Contractors
What the community told us

How confident are you that you know when an owner funds a draw on a project?

- I feel completely confident all of the time – 13%
- I feel completely confident most of the time – 7%
- I feel completely confident about half the time – 33%
- I feel completely confident some of the time – 7%
- I almost never feel completely confident about that – 40%
What the community told us

Would you bid more aggressively on a project if you knew the project provided full funding transparency?

YES – 73% of all responders
NO – 27% of all responders
What the community told us

If yes, by what percentage would you reduce your typical bid amount on a project with increased transparency?

- 0.1% to 0.5% - 23%
- 0.5% to 1% - 54%
- 1.0% to 2.0% - 15%
- More than 2.0% - 8%
What the community told us

Have you ever rated a fellow contractor on their project performance?

YES – 27%
NO – 73%
Solution Overview

Invest in Transparency

Construction Administration Software

Invest in Transparency
Project Management Software vs. Construction Administration Software

**Project Management Software**
Focused on the project schedule and detailed task management.

**Construction Administration Software**
Focused on document management, financial controls and transparency for all
Who Benefits from DrawAlert?

*A DrawAlert Certified Project supports a transparent, professional and respectful business relationship between all stakeholders on construction projects by increasing efficiency across the life cycle of each project.*

We support Document Compliance and Fund Controls for Owners on Construction Projects

- **Lenders / Bonding**
- **Owners**
- **Prime Contractors**
- **Subcontractors**
- **Lien Services**
Save Time
Reduce Costs
Improve Results
The average administrative time savings on a mid-sized TI project is 100 hours for the Owner and the GC.

- What does that add up to if you did 10 projects/year?
- What if they were large projects?
- It’s significant!

It’s simple: If companies know they will get paid in a timely manner, they will bid more aggressively.

- The majority of major trade subcontractors we surveyed said DrawAlert would reduce their costs by 1% to 2%.
- What would that mean on your next project?

Given the current economy, it makes sense to attract the best resources, in turn getting “A” Teams on your projects.

- What’s the motivation?
- Money and funding transparency.
“We have run into General Contractors not paying subs in a timely manner in the past. Now with DrawAlert and funding transparency, this is no longer a concern.”
- Director of Construction,

“It was comforting to know all the contractors, and their associated risks, that were on our last project. The DrawAlert Smart Document Hub has saved us a ton of admin hours and our efficiencies increased 5x.”
- Director of Facilities

“If our Subcontractors know there is funding transparency on a project, we see them bidding more aggressively. We think it’s a 1% to 2% savings opportunity.”
- Senior Project Manager
Key Features

Robust Project Dashboard
- Visibility of all stakeholders
- Key milestones and financials

Smart Document Portal
- Supporting virtually every document type

Warranty Tracking with Alerts
- Notifications at 60, 30, and 15 days
- All trades and manufacturers

Peer Rated Directory & Project Score Card

Draw Notifications to all Stakeholders
- Prime Contractor payment confirmation
- Sub Contractor payment confirmation

Standard & Tailored Reporting
- Seven standard outputs
- Tailored outputs to meet your needs

Integration
- Accounting and asset management systems

Configurable
- Enabled for multiple Prime Contractors
- Private or local government workflows
- Flexible collaborator options
- Configured for all 50 states and DC
Organizing Data for Better Decisions

Clear view of financial status

Easy access to project progress

One-click visibility to your key documentation and resources

The only early detection system for money problems!
SMART DOCUMENT PORTAL

- Contracts
- Preliminary Notices
- Plans & Specs Repository
- Meeting Notes
- Certificates of Insurance with Alerts
- Conditional & Unconditional Waivers – Progress
- Conditional & Unconditional Waivers – Final
- Non Conformance Documentation Process
- Site Inspections
- Warranty Documentation with Alerts
- Provides a Complete Audit Trail

PDF files are aggregated to individual projects and associated with specific resources.

A full ZIP file of all project documents can be downloaded at the end of project.
Project Coordinators Now vs. Project Coordinators with DrawAlert

Piles of constant paperwork
A standardized, efficient process
PORTFOLIO & CASH FLOW
A simplified roll up of all your projects, grouped by Open, In Close Out or Closed

Integration with Accounting & Asset Management Systems

WARRANTY REPORT
A detailed report of all items under warranty including those responsible.

PAYMENT HISTORY REPORT
A complete report of all payment confirmations during the life cycle of a project.

Easily download project data to Excel

REPORTING
- PROJECT DETAILS: Provides you visibility to all stakeholders & associated data points
- DRAW vs BUDGET: At a glance view of where your project is at any given point in time
- PAY APP VALIDATION: Utilize the data stakeholder provided data to validate each pay application
- TAILORED OUTPUTS: We support your business needs and are able to configure specific outputs to meet them.

Integration with Accounting & Asset Management Systems
Ratings are listed in the Contractor Directory where Owners and GCs can search for best-practice contractors when starting new projects.

### Project Score Card

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Owner Rating</th>
<th>General Contractor Rating</th>
<th>Subcontractor Rating</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>TechCo Headquarters Remodel, Flood Repair New City Property Development</td>
<td>4.45</td>
<td>4.36</td>
<td>4.36</td>
<td></td>
</tr>
<tr>
<td>Rating: 4.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey(s): 8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Prime Contractor Reviews

**Wilson Contracting**

- **Rating:** 4.6

<table>
<thead>
<tr>
<th>Rating</th>
<th>Question</th>
<th>Average</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ☑ ☑ ☑ ☑</td>
<td>Did the stakeholder operate in a safe manner at all times during this project?</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>☑ ☑ ☑ ☑ ☑</td>
<td>Did the stakeholder communicate effectively during this project?</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>☑ ☑ ☑ ☑ ☑</td>
<td>Did the stakeholder provide quality?</td>
<td>4.38</td>
<td></td>
</tr>
<tr>
<td>☑ ☑ ☑ ☑ ☑</td>
<td>Did the stakeholder meet the expected schedule for this project?</td>
<td>4.38</td>
<td></td>
</tr>
<tr>
<td>☑ ☑ ☑ ☑ ☑</td>
<td>Did the stakeholder provide fair value on this project?</td>
<td>4.36</td>
<td></td>
</tr>
</tbody>
</table>

**Comments:**

Would recommend for a future project.

Each project is rated on **cost, time, quality, communication and safety**:

- Owner rates the GC
- The GC rates the Subs
- The Subs rate the GC anonymously

Ratings are listed in the Contractor Directory where Owners and GCs can search for best-practice contractors when starting new projects.
How It Works

Lenders Require

Owners Require

Prime Contractors Accept & Invite

Subcontractors Accept & Invite

Lien Services Accept & Add
How it Works

Most organizations see benefit after the first draw cycle. We make the change management process easy.

During the project closeout phase, warranties are uploaded and scorecards are completed.

Our customer support team provides concierge on-boarding for all project stakeholders.

Each time a draw is funded, all stakeholders are notified and payment confirmations are recorded.
The Benefits of Document Compliance & Funds Controls for Owners

Cost Savings
• Significant administrative time savings
• Potential reduced costs from major trades
• Potential lower interest rates and faster funding cycles
• Warranty tracking
• Standardized processes and ease of use

Risk Mitigation
• End-to-end accountability
• Complete transparency on draws and payment confirmations
• Attract the “A” team from each Subcontractor
An evolving case study

Company Bio
Justification
Pilot
Workflows & Human Dynamics
Adoption, Bumps in the Road & Rewards
Justification

Loss of TI Funds
Lack of Visibility to Work Completed
Lack of collaborative tool
Limited Administrative Resources
Increased Accuracy

*Wanted to be known as a Gold Standard company that takes care of all stakeholders*
Pilot

Ground Up Project

TI Projects

Executive Management

Two PM Teams

Multiple GC’s and Subcontractors
Workflows & Human Dynamics

Change Management

Easy for some

Difficult for some

Interaction highlights from the different work groups
DrawAlert

Onboarding Phase

1. Client Commitment
2. New Client Onboarding
   - On-Boarding Forms
   - Welcome Package Email
   - Usage Agreement via Docusign
3. once agreement is signed...
   Onboarding Scheduled
4. Prime Contractor Invited
Onboarding Phase

5. Owner Invoiced Per Usage Agreement

6. Subcontractors Invited

7. DrawAlert Team Follows Up
   - 2nd Draw Survey Email
   - Mid Project Survey Calls*

* if longer than 6 months
DrawAlert

Operating Phase - Part 1

1. Onboarding with Collaborators
   - Integration with Accounting Systems for all Stakeholders

2. Initial Document Verification
   - Contracts
   - Plans & Specs
   - Preliminary Notices
   - Certificates of Insurance

3. Draw One

4. Conditional Waivers Supported by Invoices

Presented by:
DrawAlert

Operating Phase - Part 1

5. Draw Request to Owner or Owners Rep for Review
6. Owner Approval & Forward to Accounting and/or Lender
7. Draw Released and DrawAlert Notification to all Stakeholders
DrawAlert
Operating Phase - Part 1

8 Prime Contractor Payment Confirmation

9 Reporting - Typical Report Utilization
- Draw vs. Budget
- Pay App Validation
DrawAlert

Operating Phase - Part 2

1. Project Health Assessment
2. Document Verification
   - Contracts
   - Plans & Specs
   - Preliminary Notices
   - Certificates of Insurance
3. Draw Two & Beyond
4. Conditional Waivers Supported by Invoices & **Unconditional Waivers** for Preceding Draw
Operating Phase - Part 2

5. Subcontractor Payment Confirmation for Preceding Draw

6. Draw Request to Owner or Owners Rep for Review

7. Owner Approval & Forward to Accounting and/or Lender
DrawAlert

Operating Phase - Part 2

8 Draw Released and DrawAlert Notification to all Stakeholders

9 Prime Contractor Payment Confirmation
DrawAlert
Close-Out Phase

1. Final Draw
2. Document Verification
   - Close-out Documents
   - Warranty Documents
3. Final Waivers
4. Conditional Waivers Supported by Invoices & Unconditional Waivers for Preceding Draw
DrawAlert
Close-Out Phase

5. Subcontractor Payment Confirmation for Final Draw
6. Draw Request to Owner or Owners Rep for Review
7. Owner Approval & Forward to Accounting and/or Lender
DrawAlert
Close-Out Phase

8. Draw Released and DrawAlert Notification to all Stakeholders
9. Final Prime Contractor Payment Confirmation
10. Bi-Directional Rating & Project Scorecard
Adoption, Bumps in the Road & Rewards

- Core Team Adoption
- GC Adoption
- Subcontractor & Supplier Adoption
- Standardization
- System Integration
- Supported $.5 Billion Investment
Thank You

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