

eCMS Connect for Textura—CPM Applications Case Study



Company: Knutson Construction

Industry: General Contractor

Construction Services: full-service general building contractor focusing on construction management, design/build, pre-construction and sustainability

Corporate Headquarters: Minneapolis, MN

Territory / Locations: Minnesota and Iowa with projects in 18 states

Client Information: For over ten decades, the company has pre-planned, managed and built virtually every size and type of facility in the world — hundreds of clinics, hospitals, churches, assisted care facilities, libraries, museums, government facilities, environmental facilities, and universities.

- Founded in 1911
- Annual Revenue \$300 million
- #177 Engineering News-Record Top 400
- 400 employees
- 350 paychecks processed per week (2012)
- 1,900 invoices processed per week (2012)

Software Applications: eCMS, Accounts Payable, Accounts Receivable, General Ledger, Equipment Accounting, Job Cost, Human Resources, Payroll, Time & Material Billing, Enterprise Content Management, Business Intelligence and eCMS Connect for Textura—CPM

Technology Environment: IBM System i



Challenge: Knutson has always faced challenges due to the high volume of subcontractor payment applications processed each year. In 2012 alone, over 1,000 contracts and 5,000 pay applications totaling more than \$160 million were processed. Prior to introducing an automated process, the subcontractor pay applications were entered and processed manually using Microsoft Excel and other methods to track the applications, supporting documentation, approvals and payments. Beyond issues resulting from the complexity of manual processing and the double entry of data, issues were also introduced due to the incorrect documents being used, incorrect project information recorded on documents submitted, incomplete payment applications, and errors in the calculations on invoices. Beyond this, inconsistent methods for submitting pay applications (hardcopy, e-mail, phone, fax and more) and submitting documents to the wrong location or person further extended the process. Finally, due to lack of a standard process and multiple points of intake for applications, Knutson often failed to receive 1st and 2nd tier Lien Waivers from the subcontractors and suppliers resulting in incomplete applications and inconsistent documentation. When taken all together, these issues resulted in an uncontrolled process where payment was repeatedly delayed or incorrect.

Solution: Knutson has been using Computer Guidance's construction enterprise resource planning solutions since 1993 for the management of its financial operations. However, while offering a lot of control over core financials, it did not fully automate the subcontract pay application process. After evaluating the generally available solutions on the market, Knutson found that there was not a single, comprehensive solution available that met their specific requirements. With that in mind, Knutson turned to Computer Guidance Corporation and Textura Corporation to create and integrated solution using the eCMS Accounts Payable/Subcontract application and Textura—CPM. The combination of these solutions would allow for centralization of the financial accounting and subcontractor payment application process including collection of subcontractor invoices and Lien Waivers, review and approval of payment applications to ensure completeness and accuracy and processing of electronic payments to the subcontractors and suppliers.

Results: The implementation of eCMS and Textura—CPM for the processing of all of Knutson's subcontract pay applications has eliminated an unnecessary layer of complexity while standardizing the process across the organization. This has resulted in an increase in the quality and coverage of Lien Waiver collection, reduced the time to pay for subcontractors and suppliers and reduced administrative overhead that resulted from manual processing and error checking. Furthermore, all documents and data are consistent and stored in a centralized, easily accessible location. Knutson has been able to reduce costs associated with data entry, penalties from misfiled or lost pay applications and interest from delayed payments, resulting in more than \$400,000 savings in the last year.

"With eCMS and Textura—CPM, we are able to process subcontractor payments faster while lowering our overall labor burden. We have eliminated lost or misplaced pay applications and reduced payment cycles by more than 3 days resulting in more than \$400,000 in savings in the last year."

— Dale Rohling, Accounting Manager, Knutson Construction Services



Otter Tail Ag Ethanol Plant, Fergus Falls, Minnesota



Heritage Park Senior Services Center, Minneapolis, Minnesota

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