



Maximizing Self-Performance with ERP Technology

Arizona Pipeline Leverages eCMS to Manage, Measure and Make the Most of Critical Construction Resources

California-based Arizona Pipeline provides California, Arizona, and Nevada with underground utility construction services as well as gas pipeline, gas distribution, fiber optics and telecommunications solutions for privately funded projects and public utility companies. The firm drives annual revenues of \$100M and self-performs 95% of their jobs with 650 to 1,000 employees per year, which fluctuates depending on their current project types and volumes. Due to the firm's reliance on in-house resources, Arizona Pipeline CFO Steve Lords made it his mission to implement a comprehensive enterprise resource planning solution, after the company selected Computer Guidance Corporation's eCMS system to manage all activity.

Where does technology play a crucial role for Arizona Pipeline? Why?

We are a multi-division organization self-performing 95% of our jobs across 3 different states...so without the support of ERP technology, Arizona Pipeline practically couldn't exist. In today's economy, every firm needs to be productive, that's a given. But, as a self-performer, we have no room for error. We need to understand the strength, reach and limitations of all of our resources simultaneously, as well as the timelines and budgets we are working within.

eCMS gives us critical insight across our divisions and job sites, with our crews, customers and equipment. Computer Guidance Corporation provides us with tools to communicate among all key stakeholders, comprehensive reporting, and the ability to manage costs and

control variables like labor, materials and equipment. The bottom line is we need data to survive. And, automating our business processes, and collecting and disseminating information when and where we need to make it visible is key to our success.

Arizona Pipeline has been utilizing ERP since 2012, what specifically prompted your decision to upgrade to eCMS v.4.0?

While effective to a point, the previous version of ERP software could not fully satisfy the detailed job cost management that we believe is so vital to Arizona Pipeline. We need to slice-and-dice project costs for any job in any of our divisions as well as to roll everything up across the organization as a whole. eCMS was chosen not only because it is a solid system, but because of its reputation of handling construction accounting, job cost and payroll for firms with multiple locations and divisions doing diverse work. And, eCMS can scale as our business demands it.

As for the specifics, one of our unique requirements is to push and pull data into and out of the field. At first glance, this sounds no different than the needs of any construction company. However, Arizona Pipeline jobs are typical construction in that we do a lot of pipeline work in the street where we cannot physically set up a job site. And, our employees may be working through the night to minimize interference with traffic on the roadways, for example. In such cases, there could be one or more large utility trucks per project with crews working without localized project management.

These extenuating circumstances are what make remote access to software and information so vital to the firm. We probably have 100 of these trucks at job locations at a given time, and we need 24/7 insight for effective project management. eCMS offers us that access – anywhere, anytime and in any condition.

On a grand scale, the structure and culture of the company also helped the push to eCMS for Arizona Pipeline. When the company chose a new system we wanted each division to do most of the job cost and accounting data entry, with the subsequent processing of payroll and payables being done centrally. eCMS gives us the freedom to operate and make decisions as close to the individual project as possible, driving efficiency at the division level, but at the same time helps us manage and plan strategically from an overall corporate perspective.

Your eCMS implementation is cloud-based. Why was that the best fit for Arizona Pipeline?

I think the whole world is headed that way, but for us it was an ease-of-operability decision. Choosing the cloud rather than doing it in-house makes software updates easier, it's just a push from Computer Guidance Corporation and it's done. In addition, we saved on the costs it would have required us to staff employees to manage the system as well as the IBM hardware and platform expenses. We can get IBM reliability and scalability without draining our resources that would be better focused elsewhere.

We believe we're also benefitting from the fact that eCMS is Internet Explorer-based software, since it will continue to flex and grow with our business and the information we need and generate. With browser-based applications, we are more scalable and the software is more accessible. At the end of the day, Arizona Pipeline gets the services we so critically need, and the solution provider keeps things in constant motion.

You've said it yourself...it's all about the data. What are you doing today and what are your plans for tomorrow when it comes to data access and distribution?

Data drove Arizona Pipeline to eCMS, there's no mistaking that. The firm needs data – we need it from the field and we need it in the field. My opinion on this is no secret, I believe information and communication is a two-way street.

As I've said during speaking engagements at CFMA conferences, too many financial managers and CFOs at construction companies like to hold all the cards. They believe that this gives them control. They believe that data from the field is inaccurate, and they think that ERP access at the field level would corrupt the system. But this closed-mindedness needs to stop. The data itself is the power and by sharing it construction companies can achieve efficiency and productivity they may have never thought possible.

The field needs to be empowered and management can't wait for end of month or quarterly reporting. Operating activity and the data around it are the most important influencers on profitability. This is where your job cost is determined as this is where your materials, equipment and labor costs are. You need to know how the field is doing and they need to report progress and activity. ERP integrated with daily operations drives cash flow, effective project management and the opportunity to maximize revenue and profit.

What about mobile and self-service applications for construction companies?

They are really just an extension of what we've been discussing and they are critical for Arizona Pipeline as a self-performing construction company. Field reporting is a priority for us and should be for any firm looking to drive enhanced profitability and cash flow. You can't tell if you're making money or not unless you have direct access to on-site activity and progress. In today's fast-paced market, you can't afford to sit on your hands waiting for the payroll cycle to finish to find out your labor costs, or wait until you run out of materials before you order more. Field reporting and automated collection of remote labor expenses are vital.

What has Arizona Pipeline gained by using eCMS v.4.0?

We moved to eCMS v.4.0 instead of the earlier version of eCMS v.3.7.0 due to the timing of our implementation and the software version availability. Since we just implemented v.4.0, I look forward to providing you a laundry list of tangible and quantifiable benefits in our next article. However, I will say that we expect much higher productivity and better financial performance due to this ERP implementation.

Fair enough, but what future benefits are you expecting to see?

Mobile applications will be huge for us. Because of the remote locations we work and the nature of our business, putting the technology directly into the hands of the field will deliver the connection we need to be more effective from a management perspective while simultaneously empowering our employees toward more effective day-to-day decisions and actions. The bottom line will be more projects done on time and on budget and continued growth for the organization overall.

Cognos is another exciting area for Arizona Pipeline. We already have some very strong users and, in fact, we have done a lot with Cognos in the short time we've been online

with it. We have created a lot of mission-critical reports and we plan to continue to leverage this solution. We are very pleased with how well we are doing in this area and how well this solution is working out for us.

What advice do you have for others looking at ERP solutions?

I have done 4-5 conversions or implementations over the course of my career and my first word of advice is that no single person or single department should make the decision as to what you need as far as functionality goes. Consider all departments and involve all key stakeholders. When you do, they are more likely to get behind the change and help drive it because they were part of the decision. And, at the end of the day, they will get what they need for their specific department.

Looking at what other contractors are doing, especially larger ones, can be a great starting point. That way, you can plan for your business today as well as its growth and changing needs.

The move to ERP is not just about the bottom line. It can be a great time to improve corporate culture and organizational processes. When you select an ERP, leverage the time to improve your operations and then apply the ERP to help you do so. You need to work smarter and not harder, and technology is the key – not just for Arizona Pipeline.

What are your plans with technology for your organization in the next 5 years?

Arizona Pipeline will finish the implementation of our mobile solutions next, and we will work on implementing the Equipment Accounting and Maintenance modules of eCMS. After that, ECM imaging and workflow is at the top of our list. We want to be 100% paperless. We would love it and so would the auditors. Nothing will get lost and there is less likely any risk of identity theft. We cannot wait to get this going.

