THE ESTIMATING EDGE

WHITE PAPER

SOFTWARE THAT HURTS, NOT HELPS

Does your software provider have an API? If not, it will hurt your business.

Software is an essential tool for running a construction business and the solutions you choose need to align with your internal operations and processes. Whether you are considering implementing a program for the first time, or contemplating switching to different business software, there are some important facts to understand.

Business software is an investment in the health of your company. Your business requires an estimating platform, an accounting platform, a customer management tool, email programs, fleet management software, and office productivity tools.

ROOFING DRYWALL ACOUSTICAL FIREPROOFING FLOORING EIFS PAINTING

Only The EDGE™ provides a complete estimating solution — Takeoff and Cost Estimating in just one software application

Each of these systems typically requires annual licenses and in some cases, user fees. There are two types of architectures that software systems are built on—those that are open and those that are proprietary or closed. It's easy to be swayed by the vendor offering a proprietary system when the sales representative leads with the message that there is cost savings in the all-in-one solution versus paying eight different program licenses.

There are two types of architectures that software systems are built on—those that are open and those that are proprietary or closed.

While it may seem like there is cost savings in terms of licensing fees, it usually ends up being more expensive when you examine the total cost of ownership, which is the sum of all direct and indirect costs incurred by that software. It's important to fully understand the differences between the two options to be certain you have the right solution for your business.

If you want your estimating software to talk to your accounting software, you need to ensure that they both offer APIs. APIs are the backbone behind almost everything we do online.

UNDERSTANDING CLOSED, PROPRIETARY SYSTEMS

With a closed system, the developer wants to keep everything in house and not let anyone else have access. These types of systems are typically common in government, the financial industry, and healthcare. They were very common in the 1990s before the technology behind the Internet and software had evolved into what it is today.

Beware of a company that offers a closed system for business operations software and claims to be a one-stop solution. To understand the closed system approach, imagine if you bought an HP® computer and HP decided that only its own programs could be installed on the computer. You would have to use an HP web browser, an HP office suite, an HP anti-virus package. Oh, you want to open a PDF file? Well, you can't install Acrobat Reader®, you'll need to use the HP PDF viewer.

Chances are that while HP might be good at making computers, they probably aren't so good at making web browsers and office applications. At best you would have a good computer with a lot of subpar programs that slowed you down and left you frustrated.

That same rule applies to your business operations software. Companies that claim to offer everything you need in one closed system—an estimating tool, an accounting tool, a sales management tool, a CRM—are going to leave you as frustrated as that HP-captive computer would.

Closed system architectures are based on decades-old technology. It is also very difficult for one software vendor to meet the needs of every company and every functional department within that company. A software system that offers an all-in-one system is only ever going to be as good as its weakest program.

These all-in-one platforms are also difficult to manage and upgrade. They are often set up in a linear style, meaning the job works through the system from beginning to end. It's not easy to move it back and forth between stages if, for instance, there is a change order or other adjustment that needs to be made.

WHY CHOOSING AN OPEN SYSTEM MAKES SENSE

In an open system, the developer offers an Application Programming Interface (API) that allows the application and devices to seamlessly connect and communicate with other applications and devices.

Have you ever read an article online that you wanted to share with your friends on Facebook®? You like the Facebook share icon and voila—that article is now posted by you on Facebook. The only reason you could do that is because there is an API working behind the scenes that allows the site that is hosting the article to talk to Facebook.

If you want your estimating software to talk to your accounting software, you need to ensure that they both offer APIs. APIs are the backbone behind almost everything we do online.

Do you watch Netflix® on your smart TV? Or on your tablet or phone? APIs allow Netflix to work on over 200 devices. The API allows your device to talk to Netflix, get the information on what you want to watch and deliver that video content to you.

By using business programs that feature APIs and can talk to each other, you can ensure that you are getting the best-in-breed for each of the programs that your business needs to operate. Your estimating platform can talk to your sales management tool and your accounting software.

With an open architecture, you aren't locked into one vendor and it creates an environment of innovation. Open software companies don't have their users locked in, so they must continue to develop and evolve their programs. Open platforms are always innovating and improving their programs because If they don't, they risk losing customers to another solution.

Open systems are easier to manage and upgrade and have an overall lower cost of ownership. Each department within your company can use the platform that aligns best with the way they function rather than being forced into a linear process that doesn't meet their needs. If the software doesn't support and fit with your operational processes, it makes your team and company much less efficient and begins to eat into overall business profitability.

About the Author

JP Milciunas came to The Estimating Edge from Accelerator Ventures (AVC), where he led early-stage technology investments in Silicon Valley and NYC. Prior to AVC, he was at Yahoo!, where he worked in Strategic Partnerships and Business Development for search and display advertising technology. JP was part of the Strategy and Emerging Businesses team, where he focused on creating innovative strategies for content distribution and user data analysis.

Prior to Yahoo! he served as Chief Executive Officer of SPI Dynamics, a pioneer in the Web Application Security Industry, which was acquired by Hewlett-Packard in 2007. JP also spent three years working as a Business Strategy Consultant for Scient in Silicon Valley. He began his career at S1 and was part of the team that created SFNB, the world's first Internet bank.

He has over 18 years' experience working with advanced technology companies. JP is a graduate of the Georgia Institute of Technology.