IS YOUR ESTIMATING LIKE RUNNING WITH SCISSORS?

Executive Summary

Reckless estimating of project costs can cause more than cuts and bruises. As contract sizes grow, so do the impacts of errors and inefficiencies. Overestimating could lose you deals; underestimating could sink your company. Clearly, cost estimating needs to be better than "guesstimating."

Your enterprise also needs to make sure that everybody has access to the right resources for estimating and uses estimating best practices. What you spend on improving your cost estimating can pay dividends through increased bid wins, higher profitability, and greater productivity.

LoadSpring cloud computing solutions can provide you with the estimating software and support that is right for all your teams, wherever they are, working with your IT department to lighten its load and liberate it for other strategic activities. No more running with scissors. Instead, run your estimating smoothly, efficiently, and rapidly for high-quality results. Read on to see how.

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WHAT IS
COST ESTIMATION?

In the simplest terms, you want to figure out the cost of doing a project —before you do it. But when you combine headcount, equipment, subcontractors, and fluctuations in costs over time, things quickly get complex. To keep your estimating manageable, you need to identify the critical cost drivers and how they behave as quantities and schedules change. By structuring your projects and breaking them down into more manageable parts, you can also ensure that different costs are accounted for and make it easier to build or rebuild reliable estimates. Work Breakdown Structure (WBS) and Cost Breakdown Structure (CBS) are examples of such approaches.
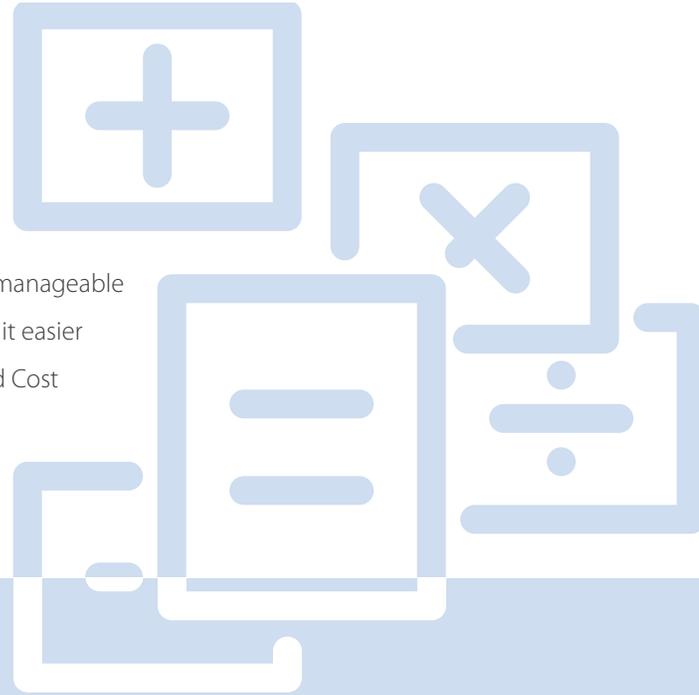
BRINGING IN
BEST PRACTICES

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Experience and judgment are key factors in good cost estimating. They can be supported by best practices in collecting, managing, and applying the data needed for estimating, as well as efficient, robust workflows. This, in turn, means ensuring that all your teams can access the same data, the "same version of the truth." It also means supporting your teams with resources to help them estimate faster, more easily, and without errors or omissions.

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SOFTWARE APPLICATIONS FOR ESTIMATING SOFTWARE

Software lets you encapsulate best practices, making them generally available and making sure everyone sticks to the rules. Software applications for estimating do not replace experience and judgment. However, they can offer valuable support in making data for estimating available at your fingertips and showing projections of costs to help steer every project to profitability. If costs or quantities change, software can redo your estimating for you in the blink of an eye.

Are PC spreadsheet applications like Excel suitable for cost estimating?
While they may be handy elsewhere, using PC-based spreadsheets for estimating costs of large projects is like using a shovel when you should be using a bulk earth mover. They can also easily become inconsistent (different versions on different PCs with stale data) and difficult to scale and integrate for the complex estimating needs of large projects. Purpose-built estimating software is often a better solution.

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SMART ESTIMATING SOFTWARE FEATURES

The following features make estimating software useful for many organizations:

- A centralized database (for example, an industry-standard SQL database) where standard cost data and breakdown structures can be stored, to be used as modular blocks for cost estimates and bids.

- Central software-based collections of procedures, takeoff sheets, building information modeling (BIM) constructs, and other resources for estimating.

- Go/no-go calculations to show you rapidly if a given project is feasible in terms of costs and pricing, before spending further time and effort on it; "what-if" analyses at any point in a project to see impacts of changes on costs.

- Integration upstream to read data for cost estimating directly from sources like takeoff sheets or bills of quantities, helping to cut down or cut out labor-intensive steps, increasing efficiency, and reducing errors.

- Integration downstream to pass cost estimation information directly to other applications, for example, for project and financial management software.

- Statistics on bid wins, analysis of forecast and actual budgets as projects progress, measurement of earned value, and other reporting to keep you continually updated and avoid surprises.

- Location-based, price escalation, and time-phased cost burdening functions.
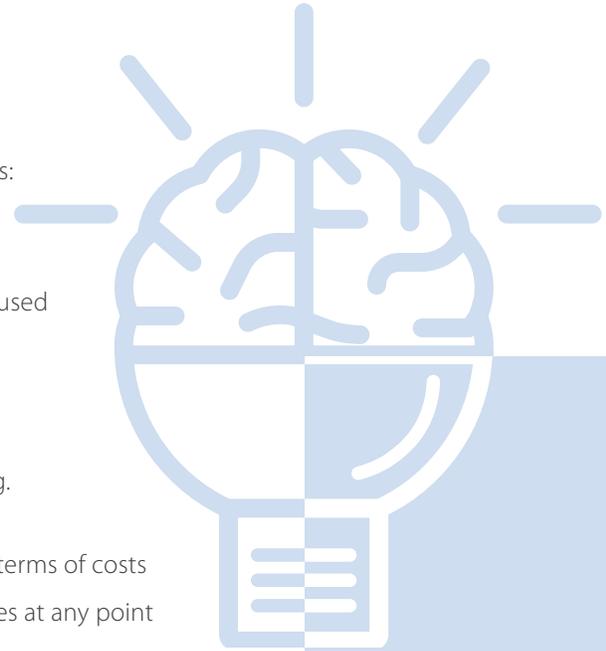
USING CLOUD HOSTED SOFTWARE FOR ESTIMATING

Using managed services from a cloud provider like LoadSpring lets you offer the advantages of your chosen cost estimating application to all your teams, all the time. LoadSpring offers all the know-how, experience, and responsiveness needed to provide excellent service and user experience. Your applications run in a secure, scalable, reliable environment (guaranteed 99.99% uptime) and can be accessed by authorized users over the internet.

The LoadSpring integrated cloud platform helps you avoid expensive on-premises resources, while LoadSpring takes care of software maintenance and update services so that your IT department does not have to. With our estimating software partners, we also focus on software interoperability between estimating and other applications to facilitate data sharing, eliminate duplicate data entry, and enhance accuracy in reconciling data between systems and between your estimates and your actuals.

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EXAMPLES OF CLOUD HOSTED SOFTWARE

LoadSpring works with leading software vendors to offer you hosted estimating solutions, like the following:

B2W Software

Targeting larger construction projects, B2W Estimate software lets users pre-populate a centralized database with estimation building blocks for fast, accurate bids.

Benchmark Estimating Software

A complete front-end solution encompassing estimating, quoting, reporting, project management and analysis, and business/project intelligence.

Deltek Cobra

For managing project costs, analyzing budgets and forecasts, and measuring earned value, Deltek Cobra also integrates with estimating applications like InEight (below).

InEight Estimate

Strengths include multi-user collaboration, estimating flexibility, and connection of estimates and schedules to see time-phased costs and resource utilization.

PRISM Estimating

PRISM Estimating (Powered by CostOS) is designed so users can create conceptual estimates for feasibility studies resulting in a range of detailed estimates that help to win work and develop sound budgets.

RIB iTWO

Construction planning combining traditional and modern 5D (BIM) planning, estimating, cost management, and project controls in an interactive, model-based graphic process.

Sage Estimating

Sage Estimating allows you to bid faster and more cost effectively. With a familiar and intuitive design, you can streamline the construction bidding process, simplify calculation of materials and labor for accurate estimates in less time.

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CONCLUSION

Good estimating applications can rapidly pay for themselves in several ways. They can increase your profitable win rate, lower your labor costs, raise your productivity, and reduce your risks at the start and throughout each project life cycle. Your teams, your partners, and your customers can be confident about your forecasts for finishing within budget.

LoadSpring provides you with a single platform for teamwork and integrated cloud applications, with the benefits of flexibility, performance, reliability, scalability, and security. To learn how you can benefit from the cloud-hosted estimating software, visit LoadSpring.com/Hosted-Software/Hosted-Software-Estimating, and remember to subscribe to the LoadSpring blog and get the latest posts sent to your inbox.