Suffolk Construction Builds Strong Finance Systems for AP and Client Billing

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Synopsis

New England's largest general contractor, Suffolk Construction, was hampered by manual systems for Accounts Payable (AP), expenses and manually compiling costs to be "re-billed" to the clients (e.g., materials, person hours, and expenses). The combination hindered Finance's ability to support the rapidly growing business. Suffolk implemented Oracle E-Business Suite and 170 MarkView to automate key Finance processes, enabling the company to successfully support its business growth and clients' needs for project-specific reporting and data sharing.

Company Overview

Suffolk Construction Company, Inc., the New England area's largest general contractor, has a strong reputation for constructing quality buildings, building strong relationships and exceeding client expectations. In just 25 years of business, the company has become one of the most successful privately held contractors in the country, combining a proactive approach to projects with strategic focus and financial strength. The company successfully manages projects in key industry sectors, including residential, hospitality, retail, commercial, senior living and entertainment, with specialized teams in the education and healthcare sectors that understand the unique requirements of working in sensitive environments and operational campuses.

Leveraging Finance for Strategic Advantage

The scope, size and complexity of Suffolk's projects drove the company to take a more strategic approach to its Finance processes and the role they could play in supporting the organization's growth. Suffolk's leadership also understood that accurate and timely documents and more efficient business processes were essential to successfully managing multifaceted construction projects. However, Suffolk was facing several challenges with its legacy and manually based financial reporting and accounts payable systems:

- Project costing and Accounts Payable approval processes were inefficient, resulting in long paper trails, misplaced receipts, high document transportation and storage costs, and higher overall costs.
- Field employees did not have immediate, real-time access to critical project costing information, which sometimes made gathering important project information challenging.
- The company's substantial growth over a five-year period taxed the existing legacy system – the company was simply outgrowing its existing technology infrastructure.
- Sophisticated clients were demanding enhanced project-specific reporting to improve their own data sharing and collaboration systems.
- The client billing process was managed manually, which negatively impacted project management staff utilization rates due to the amount of their time required to prepare client invoices. It was clear that the company needed a more efficient approach to this labor-intensive activity that could streamline the process while easily integrating with invoice processes and technologies.

Previous invoice approval process: Under the previous system, vendor invoices would be received in the field, hand coded and manually approved. The invoice was then copied and filed in the field, while the original was sent on to Accounts Payable where it was entered and filed (assuming everything was in order). If there were any issues, the invoice would be returned to the owner for clarification and resolution, and would make its way through the entire process again.

Previous employee expenses process: Expense processes also were not streamlined. Employees would compile an expense report, attach receipts, and send the expense report to the manager. The manager would review and approve the hard copy and then forward to AP for entry, payment and filing.

Previous client bill preparation process: The first step in the client bill preparation was the draft invoice to which project-related invoices were attached (they had to be located, copied and re-filed). Time and labor charges were included and then project-related expenses were added – but before all this took place, the receipts actually had to be located, copied, and re-filed, which took time. Then the documentation was assembled, copies were made for review, and sent to the Project Manager for review and revision, often requiring multiple iterations. Once the invoice was complete, copies were made for the Project Manager, Accounting and the Client.

Each of these tasks took a great deal of time and resources because the Accounting system and documents were separate, the processes inefficient (too many people involved, too many paper touches and copies, redundant, and too long), and cost expensive. Further, from an audit perspective, Suffolk wanted to create a tighter controls environment, simplify the audit, and reduce opportunities for fraud, a fairly common issue across all industries. The billing process, in particular, had an enormous impact on Suffolk because of the amount of time spent across the organization preparing client bills. This was a critical area to address as billing issues were expensive and time-consuming for both Suffolk and its clients, and could have a negative impact on the client relationship.

The Selection
To ensure that Finance was prepared to properly support Suffolk's current and future growth, the company conducted a thorough review of the options available to them in the marketplace. They were clear that they wanted to re-engineer their manual business processes as a strategic way to maintain their competitive edge.

Suffolk Construction selected the Oracle E-Business Suite's financial applications, and the 170 MarkView Financial Suite from 170 Systems. The Oracle ERP system was chosen to provide a strong operational foundation, and the 170 MarkView Financial Suite would allow Suffolk to integrate and automate end-to-end financial business processes by replacing paper documents with online imaging while streamlining the previously manual invoice and client-billing processes. The 170 Systems Suite was the only solution specifically designed to address the client billing process along with the best built integration with the Oracle ERP system.

"For Suffolk, selecting 170 MarkView to complement our Oracle purchase was the fastest way to implement best practices in our critical, end-to-end financial processes," said Corren Collura, Vice President of Business Systems at Suffolk. "If we were going to invest in process redesign, we wanted to make sure we did it right the first time," she added.

In 2005, Suffolk went "live" with both the Oracle E-Business Suite applications and the 170 MarkView Financial Suite applications for AP, Expense Management and Project Re-Billing.

The New System: Streamlined Processes for AP, Expenses and Client Billing
By implementing 170 MarkView Financial Suite, Suffolk was able to simplify, streamline and automate the processing of all invoices (paper, fax and electronic) using integrated workflows that route transactions to the appropriate approvers without any duplication of ERP data. In the new system, PO-based invoices match proceed directly to payment. Additionally, 170 MarkView validates user input against the ERP in real time (e.g., GL account codes), and leverages the ERP user hierarchy and single sign-on. The cumulative impact of the new system was significant

- it immediately made financial reporting quicker, easier and more reliable for Suffolk employees in all areas.

Accounts Payable
Suffolk's Accounts Payable department was able to automate manual transactions, applying best practice workflows that streamlined processes, created a complete audit history trail, and eliminated exposure with lost invoices and missing information. The results included lower operating costs, increased visibility into Accounts Payable processing and strengthened cost controls. The integrated solution also enables teams to track, research and review vendor and subcontractor invoices online.

Expense Management
Suffolk leverages the 170 MarkView Expense Management application to optimize its expense management process. Employees now enter expense report details online in Oracle, print out a bar-coded cover sheet, and then fax the associated receipts into the 170 System. 170 automatically associates the receipts with the expense report in Oracle. 170 MarkView then routes the expense report – with associated receipts – for approval and, once approved, to Accounts Payable. This process eliminates the need for paper records, and reimbursement checks are delivered to employees much more quickly and efficiently.

Client Bill Preparation
Integrated with the Oracle Accounts Payable, Expense Management and Projects applications, the 170 MarkView Project Re-Billing application has improved the way Suffolk prepares its client bills. 170 MarkView for Project Re-Billing synthesizes all the information required to prepare the client bill – vendor expenses, employee expenses, time reports, project expenditures – and associates all appropriate back-up information to significantly reduce the amount of time and resources it takes to create client bills. Additionally, project costing information and billing backup is easily accessible (online) to Suffolk's employees at all times, without having to put an inquiry into Accounts Payable.

Conclusion
Since implementing Oracle and enhancing Suffolk's Accounts Payable, expense management and client billing systems with the 170 MarkView applications, the company has recognized significant benefits:
- Suffolk's financial reporting capabilities are now online, integrated and fully automated.
- Employees have immediate, real-time access to critical project costing information.
- Suffolk's Oracle ERP system has strengthened Suffolk's existing construction technologies and applications.
- Suffolk clients have access to more project-specific reporting and data sharing opportunities, allowing for more cross-team collaboration.

Suffolk has simultaneously saved money, made better use of its employees' resources, increased customer satisfaction and implemented a stronger business solution and technology foundation that will support the company's continued growth and expansion in the construction industry.