



## Major Contractor Boosts Revenue with Job Cost, Service Management System

### Overview

**Country or Region:** Canada

**Industry:** Building and Construction

### Customer Profile

ESC Automation is the largest contractor in British Columbia, Canada, and a leader in the northwestern United States for Direct Digital Controls supporting HVAC, lighting, and security access systems.

### Business Situation

Explosive growth demanded cost controls and project management to ensure a “boom” outcome.

### Solution

The company moved from its previous financial package to Microsoft® Business Solutions–Great Plains® and deployed WennSoft Job Cost and Service Management series.

### Benefits

- Annual revenue up CDN\$1 million
- Standing inventory reduced 7 percent
- Cost variances down 1600 percent
- Support staff down 40 percent
- Bond reporting reduced 240 percent

“We have effectively established 100 percent confidence in the financial data with the WennSoft and Microsoft Great Plains solution.”

Bobbi Bhangu, Chief Financial Officer, ESC Automation

ESC Automation is a market leading Direct Digital Controls contractor. With a large and growing base of Delta Building Automation Control Systems, ESC does business with a who’s who of prominent clients. Success of this magnitude requires a sound financial, job costing, and service management system. ESC made the decision to upgrade its business management system to meet its immediate needs and support future planned expansion. After an exhaustive search for software to manage these critical functions, ESC chose Microsoft® Business Solutions–Great Plains® (now part of Microsoft Dynamics™) in combination with WennSoft Job Cost and Service Management. The new software will facilitate the cost control and project financial management required for this rapidly growing, multi-faceted contracting and construction business.



**“We found that WennSoft Job Cost proved to be a more comprehensive and robust solution due to the tight integration with Microsoft Business Solutions–Great Plains.”**

Bobbi Bhangu, Chief Financial Officer, ESC Automation

## Situation

ESC Automation (ESC), headquartered in Surrey, British Columbia, Canada, installs and services automated building control systems and is the largest Direct Digital Controls contractor in British Columbia. Signature installations include the Vancouver International Airport and the city’s prominent Science World and Library Square facilities.

With anticipated acquisitions and market growth, it was apparent that supplying effective financial, job costing, and service management capabilities was critical to the ongoing success of ESC. The company was tracking its construction jobs and maintenance contracts on spreadsheets, a process which became very ineffective for managing current business and was evidently not able to support the growth.

ESC’s old financial system was not effective in tracking the labor and products used on the jobs and, accordingly, the company could not match actual job costs with estimates and had challenges recognizing revenue. In addition, ESC was keeping an excessive inventory, which also proved challenging to manage and track against jobs.

“We are dominant in this market, and we are experts at estimates,” says Bobbi Bhangu, ESC’s Chief Financial Officer. “But we realized that without an effective system we could not manage the many cash flow issues because we couldn’t look at our costs accurately and determine how much we needed to bill.

“We’d estimate how much of a job was complete,” she continues, “and we’d decide to recognize that much revenue. But, being tracked manually on spreadsheets, items were missing, and ESC ended up paying for products or labor which were not billed to our customers. Our revenue was not steady; we recognized too much or too little revenue, and we had no way to forecast.”

Furthermore, once the jobs were complete maintenance contracts were also tracked by spreadsheet, and in many cases ESC often gave away free services after the fact.

“We had no real service revenues,” Bhangu recounts. “We manually tracked service calls, and that posed huge problems. Facilities managers would call us, and we’d fix something on their sites without a purchase order. Then we’d bill for it, but we had difficulties collecting for the services without proof of the services being ordered.

“My commitment to the executive team was to create a system that guaranteed accuracy in the financial numbers, critically controlled costs, accurately invoiced customers, and stimulated profits and sales. Building confidence in the financial reporting was key to our profitable success as we grew,” states Bhangu.

## Solution

Bhangu and the ESC team began a comprehensive search for a job costing and service tracking package to help them manage labor and product costs and to create a maintenance contract system.

“We found that WennSoft Job Cost proved to be the most comprehensive and robust solution due to its tight integration with Microsoft® Business Solutions–Great Plains®,” says Bhangu. She knew that the product’s job costing functionality would not be useful if it was not integrated with a strong enterprise resource planning (ERP) solution.

“We also required service tracking functionality, which WennSoft (a Microsoft Gold Certified Partner) offers with its Service Management Series, and that was the deciding factor,” continues Bhangu. “Obviously, the fact that it worked with Microsoft Great Plains made WennSoft a much better solution in our estimation.”

The WennSoft Job Cost and Service Management Series are tightly coupled with Microsoft Great Plains, with more than 80 points of integration. As a result, the end user cannot tell at any given time whether a piece of data or functionality is associated with Microsoft Great Plains or WennSoft.

WennSoft Job Cost includes a variety of features such as labor, equipment, and sub-contractor management, along with change order management, billing, and accounts receivable. The Service Management Series includes service call assignment, tracking and resolution, and maintenance contract administration.

ESC chose Deloitte and Touche, Inc. as an implementation partner for the solution. ESC and Deloitte started work in August 2000 and had the new system up and running by October of the same year, according to Petra Haas, the Deloitte project manager at the time. Deloitte used its Express Methodology, a form of Rapid Application Deployment, and integrated both Microsoft Great Plains and WennSoft with its existing payroll system.

Originally, ESC installed the Microsoft Great Plains and WennSoft applications on local machines, with Microsoft SQL Server™ version 7.0 database installed on a single Dell PowerEdge 4400 running the Microsoft Windows® 2000 Server operating system. Since that time, the company has upgraded to Microsoft SQL Server 2000 Standard Edition and installed Windows 2000 Terminal Services on a second server, so that users now log in without a local installation of the application software.

Since the initial installation, Abacus Enterprise Solutions, recently acquired by Encore Business Solutions, has provided ongoing account management and will continue to work closely with the ESC team to help ensure smooth running of the system.

## Benefits

ESC has turned profitable with help from the new environment by automating critical business and accounting practices. "Once the WennSoft and Microsoft Great Plains solution was in place and coupled with a change in our management team structure, we saw immediate results from the new platform by automating critical business and accounting practices," says Bhangu.

### Enhanced Cost Control

By supplying effective financial, job costing, and service management capabilities, Microsoft Great Plains and WennSoft helped to critically control costs, accurately invoice customers, and stimulate profits and sales.

#### ■ Annual Revenue Increased by CDN\$1 Million

Accurately documenting and billing for construction change orders turned one critical area of red ink into black. "Prior to implementing the Great Plains and WennSoft system, ESC would bid for the change orders and do the work, but they would rarely be incorporated into the contract, and therefore never billed," Bhangu recalls.

"Now, being able to track and bill for change orders with WennSoft Job Cost has easily generated CDN\$500,000 per year in additional construction revenue, and another \$500,000 for service revenue since the original implementation in 2000."

#### ■ Standing Inventory Reduced 75 Percent

Inaccuracies in inventory records meant that ESC had to maintain much larger stocks than needed. The company was not able to return products easily, and could not always track what was on hand.

The WennSoft materials management feature and the Microsoft Great Plains Inventory Management component link products used on the job with inventory tracking. This

function has enabled ESC to reduce its standing inventory over 75 percent from CDN \$1 million to between CDN \$200,000 and \$300,000.

“Now transactions don’t get lost and engineers don’t over-order products, because we can track exactly what we need and drop-ship supplies,” Bhangu adds. “Out of a million dollars in inventory at any given time, \$400,000 of it used to be obsolete. Now obsolescence has been virtually eliminated with the new Microsoft Great Plains and WennSoft system.”

■ **Cost Variances Down 1600 Percent**  
ESC’s lack of a job costing system had caused unpredictable discrepancies between the total dollars the company predicted for an installation effort and the final outcome. Improper billing for products and labor, not charging for change orders, and poor inventory management all contributed to the gap between expectations and reality.

“Before, actual costs could run 30 percent over estimate,” says Bhangu. “Now with WennSoft Job Cost, we have variances of only plus or minus 2 to 3 percent,” she explains.

“As a result, we can accurately assess the percentage completion of a job and its subsequent associated costs at any point during that job’s progress. This means that we can recognize revenue and bill properly based on those highly accurate numbers.”

■ **Increased Accuracy in the Recognition of Revenue**  
Recognizing revenue quickly and effectively has increased the bottom line, streamlined procedures, and generated faith in the accounting numbers.

“In construction it takes 60 days or more to get a payment, but the products and services need to be paid for in 45 days,” Bhangu

explains. “You have to pay for labor which hasn’t been billed. Because we couldn’t accurately recognize revenue by correctly calculating the POC (percentage of completion) of a job, we would bill inaccurately and get behind,” she explains.

“WennSoft Job Cost solved our problem. Now we run the percentage of completion routine at the end of a billing cycle, and it’s done in 10 minutes for 200 jobs. We can bill, report, and forecast with precision.”

■ **Created New Revenue Stream**  
ESC implemented an aggressive plan to grow revenues from service contracts. With a significant investment in manpower and resources, the WennSoft Service Management tool complemented the company’s growth plans and accomplishments, contributing to a smooth and managed growth with enhanced system capabilities to ensure high customer satisfaction levels along with profitable business.

“With WennSoft Service Management,” Bhangu explains, “we can push a button and generate invoices for every maintenance contract we have. And if customers are not on a maintenance contract we won’t provide them free support unintentionally, because the system tracks all of that information.

“We are now experiencing industry standard margins, and we would not have been able to grow our service business if we didn’t have strong systems in place like WennSoft and Microsoft Great Plains, and, most important, we have happy customers.”

### **Reduced Support Requirements**

The labor savings ESC encountered via streamlining its processes with WennSoft and Microsoft Great Plains also contributed significantly to the company’s bottom line. According to Bhangu, ESC reduced

accounting staff by 30 percent and administrative staff by 50 percent as a result of efficiencies gained from the new software.

#### ■ Simplified Payroll Procedures

Prior to the implementation, ESC was calculating payroll and job costs in two separate systems and spending excess amounts of time attempting to reconcile the differences. The integration of WennSoft and Microsoft Great Plains with its payroll system eliminated the double entry and the effort required to resolve the differences resulting in a 50 percent reduction in administration effort.

“WennSoft and Microsoft Great Plains’s integration with our payroll system is invaluable,” states Bhangu. “It saves considerable time in the end with administrative expenses, and we no longer have a discrepancy between posted labor costs and payroll.”

#### ■ Reduced Time on Task

Tasks such as collections, billing, and the documentation of requirements for construction bonding companies all shrank dramatically once the new system was in place, eliminating the need for 30 percent additional head count in accounting.

In the case of generating reports for the construction bonding companies, reports Bhangu, “Microsoft Great Plains and WennSoft brought one week’s work down to two minutes.”

As for billing procedures, “We’re down from three or four days to approximately one day,” Bhangu claims. “And the collections management feature of Microsoft Great Plains helps us, too. We acquired a company in the United States, and our collections person could still do the same job—in addition to taking on the billing

responsibilities. We didn’t take on new overhead with the new company.”

Summarizing ESC’s experience with WennSoft and Microsoft Great Plains, Bobbi Bhangu puts it simply, “We are very pleased with our decision to purchase and implement the Great Plains and WennSoft system. It has met our expectations with respect to management and performance. The implementation team was timely and professional and implemented on time with a minimum disruption to our business. We give the team and the system the highest possible marks.

“Within the company,” Bhangu concludes, “We have effectively established 100 percent confidence in the financial data with the WennSoft and Microsoft Great Plains solution. We would not have been able to grow our business if we didn’t have such strong systems in place.”

## For More Information

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For more information about WennSoft products and services, call (262) 821-4100 or visit the Web site at: [www.wennsoft.com](http://www.wennsoft.com)

For more information about ESC Automation Inc. products and services, call (604) 574-7790 or visit the Web site at: [www.energrated.com](http://www.energrated.com)

## Microsoft Dynamics

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like familiar Microsoft software such as Microsoft Office, which means less of a learning curve for your people, so they can get up and running quickly and focus on what's most important. And because it is from Microsoft, it easily works with the systems that your company already has implemented. By automating and streamlining financial, customer relationship, and supply chain processes, Microsoft Dynamics brings together people, processes, and technologies, increasing the productivity and effectiveness of your business, and helping you drive business success.

For more information about Microsoft Dynamics, go to: [www.microsoft.com/dynamics](http://www.microsoft.com/dynamics)

Microsoft Business Solutions—Great Plains  
Now Microsoft Dynamics GP

### Software and Services

- Microsoft Windows Server System
  - Microsoft Windows 2000 Server
  - Microsoft SQL Server 2000
- Microsoft Dynamics
  - Microsoft Business Solutions—Great Plains
- Solutions
  - Wennsoft Service Management Series

### Hardware

- Dell PowerEdge 4400

### Partners

- Abacus Enterprise Solutions (*recently acquired by Encore Business Solutions*)
- WennSoft

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