

# Oracle's NEC3 Contract Management Cloud Solution

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## Introduction

As projects become larger and more complex, the variation in contracting standards around the world makes compliance increasingly challenging to maintain – especially when project teams are often operating in different time zones. Easy access to tools that streamline compliance with a range of contracting standards enables construction firms to rapidly improve communication, optimise efficiency and mitigate risk.

In places such as the UK, South Africa, Australia and Hong Kong, compliance with the New Engineering Contract 3 (NEC3) standard is critical to avoiding costly mistakes. However, many organisations underestimate the challenges of adopting NEC3 processes. While these processes support the control of contract administration, NEC3 is just one component of successful project delivery.

To fully realise the benefits of NEC3 compliance, these contracting standards need to be integrated as part of the overall project management ecosystem, which includes schedules and ERP systems. At the same time, NEC3 is one of many contracting standards, so organisations also need the flexibility to accommodate a variety of different models – which can add even more complexity to management systems.

With these factors in mind, there are some key areas to consider in selecting the right contract management system:

## Control your processes

While NEC3 helps to control processes with guidance on how contracts should be administered, over time, procedures are often adjusted to fit with the limitations of contract management software applications. With on-demand access to the latest project management applications you can overcome issues with legacy technology and maintain best practice standards and processes – for NEC3 and other contracting frameworks. You can then configure your system to the way you want to work.

Responses such as 'we do it this way because that's how the application works', seems to be a common answer to why certain processes have been adopted, but it's an approach that can compromise efficiency and leave you exposed to greater risk. This is backed by research from Hitachi Consulting<sup>1</sup>, which says that up to 90% of IT decision makers believe legacy systems are holding back their organisations from deploying digital technologies to innovate or make operational efficiencies.

Source: <sup>1</sup> Hitachi Consulting, ZDNET.com, 2016



## Simplify and secure

According to a 2015 survey conducted by KPMG<sup>2</sup>, 53% of project owners suffered one or more underperforming construction projects in the previous year. Having simple, secure access to relevant information so executives, project teams and stakeholders can coordinate and collaborate more effectively is one way to improve project performance. This increased data visibility makes it easier to manage project cost, change and scope creep. You can drive efficiency with a solution that allows your people to see exactly what they need to see, when they need to see it. They'll get guidance on the best way to complete their tasks, and the need for extra training to work around rigid applications will be eliminated.

## Accelerate your response time

Large, complex projects can take a long time to secure, and at times are required to be up and running quickly – which can present a challenge. Integrating quickly with NEC3 provides a clear structure for supporting these projects, and helps ensure the right resources and management systems are in place to allow you to scale quickly, while remaining compliant. Business agility and the ability to rapidly deploy support are essential to successfully ramping-up operations – whether you're working to NEC3 guidelines or any other established contracting model.

## Reduce cost of ownership

Over time, organisations can acquire many pieces of technology to support specific project requirements. One piece of technology may replace another, but it will nonetheless remain supported while projects are active. This support, along with new hardware costs and the frequent need for staff training, can quickly become expensive and time-consuming. To reduce the cost of ownership and avoid complex integrations from ad-hoc additions, organisations should consider a pre-configured contract management solution that's easily customisable to the needs of any project.

## Manage all critical documentation

Capturing and securing project documentation is a necessary but difficult task. Critical items can often end up on hard drives or buried in email, while working from outdated document versions can lead to costly errors and non-compliance with NEC3 standards. Contract management systems with built-in contracting standards (such as NEC3) capture and store important information in a single location throughout the project lifecycle, reducing your risk of exposure should any future claims arise. A best-in-class system can precisely track thousands of documents over hundreds of projects and help to drive continuous improvement in performance through real-time monitoring of compliance with internal best practices and industry standards.

## Complete visibility

In order to grow and gain efficiencies you need to be able to learn from past experience and adapt for the future. That's why a solution that delivers complete project visibility, across your portfolio, is vital. This visibility goes way beyond being able to report on current project status – it enables you to capture and transfer best practices across your portfolio. With KPMG's Global Construction Survey 2015<sup>2</sup> reporting that only 31% of projects came within 10% of budget in the last three years, the ability to zero in on key performance metrics means you're better placed to decide on what projects to pursue, the best people to work on those projects and the best ways to become more efficient.

Source: <sup>2</sup> KPMG, Global Construction Survey, 2015

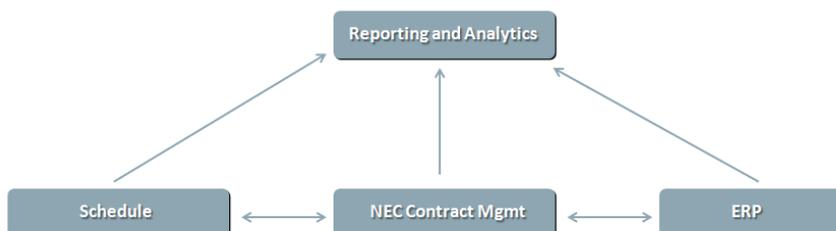
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## The bigger picture



It can be tempting to focus on addressing a single component of project management, such as contracts or schedules – or even NEC3 standards themselves. But it's the way these component parts are connected that makes all the difference to risk and efficiency. Disparate systems lead to redundant data collections and input, along with the risk of inaccuracies. What's more, it's difficult to get a clear picture of your projects from all angles when you're viewing from within a silo. Real value comes from taking a holistic view of the bigger picture.

## Conclusion

Contracting standards like NEC3 provide a crucial framework for the efficient administration of construction contracts, but their contribution to the overall success of a project depends on choosing the right contract management system. A class-leading, cloud-based system such as Oracle's NEC3 Contract Management Cloud Solution supports compliance with all established standards frameworks and is pre-configured with best practices and business processes to help you quickly ramp-up. Integrating to existing Enterprise Project Portfolio Management (EPPM) systems such as Oracle's, enables you to drive efficiency and reduce risk across the entire project lifecycle

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