

SHADOW VENTURES

# True Construction Progress Status Tracking is More than a Photo - Here's Why

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# The Inefficiencies Costing You

\$177.5 billion annually—that's how much the construction industry spends in labor costs on activities like fixing mistakes, looking for project data, and managing conflict resolution, according to a 2018 survey by FMI, a management consulting and investment banking firm focused on the built environment. And that's in the US alone. It makes you question how much you're wasting through lost productivity. Productivity in construction runs across many different aspects of a project, but this white paper will focus on progress status tracking and the many inefficiencies of traditional tracking methods.

To get a clearer picture of the problem, let's take a look at how hours are being used in construction. The previously mentioned study, which surveyed 600 construction companies, also broke out how much time was spent on non-optimal activities. Thirty-five percent of work hours recorded were spent non-optimally. Out of that 35%, five and a half hours were spent on searching for project data and information, almost five hours on conflict resolution, and just under three hours correcting mistakes. How much time are you wasting on these exact items? Probably more than you think. Two days a week - that's how much time is wasted on average those activities. It's our belief that many of these issues can be alleviated or even solved with better progress tracking.

## The Inefficiencies of Current Progress Tracking

Let's start with the basics. What exactly is progress tracking? Construction projects have many moving parts. Good tracking measures reduce schedule delays, enhance visibility, improve decision making, and hold teams accountable. These activities include tracking changes for design, staging, and scheduling for different phases of the project. Currently, snapping photos during different project phases is considered the standard for tracking. For many years it has seemed to work fine. The problem here is the mess it creates; it's difficult to tag images and make sure they're associated with the right projects and the right locations. Photos also don't account for the overall status of the project.

*"What I love about ICT is it allows us to use information that we are already creating through our BIM process and have transparency throughout the company through the field with our PMs, our field guys and create new workflows using ICT Tracker. It helps us to really improve our efficiencies and reduce human error."*

**Don DeGuzman, Corporate BIM Director, Silicon Valley Mechanical**

Photos also can't show how many man-hours it takes to complete specific tasks and if they're ahead or behind on schedules. Tracking labor costs to schedules can directly impact costs. Pictures only show the status of an installation at one point in time. Manual progress tracking's lack of efficiency costs big dollars.

This causes a lack of transparency in the project, inaccurate reporting surrounding labor costs, and incorrect estimates. Inefficient manual tracking creates a gap between what you need vs. what you think you need—or simply put, estimates vs. guesstimates.

How are you currently collecting information in your field? A 2018 survey found that 47% of construction managers still use manual methods to collect important project information. In the same survey, 70% of respondents said they need reliable data to identify small problems before they become major issues. Even more compelling, 52% said they believe issues surrounding data collection could be eliminated by introducing technology. The idea of implementing new technology may seem daunting but the benefits outweigh the inefficiencies in current status tracking methods.

*"Our founding team is myself, an architect, and two construction veterans. We built ICT Tracker because we were tired of dealing with the inefficient and ineffective paper-based methods to track a project's progress. ICT Tracker is an extremely easy to use app that provides real-time insight that improves our customer's operations and bottom line."*

- **Tim Duncan, Co-founder & CEO of Innovative Construction Technology**

### Why a Progress Tracking Solution

No secret here—the best way to reduce and eliminate inefficiencies is to adopt technology. Here's the truth of the matter: you're probably wasting money you're not even aware of. Current methods like photo taking shouldn't be the standard for progress tracking. It's inefficient and doesn't give you a full understanding of the health of your project's status. In order to control the scope of changes and manage time and costs, better tracking is imperative.

Ask yourself how much time you spend sifting through folders of site photos, are they sorted in a way that makes sense, can you see when the photos were taken and uploaded, can you see who uploaded them and easily send them questions about something that may be unclear? If there are a lot of no's to these questions you need to look at finding a solution.

### Selecting the Right Solution

Implementing new processes can be difficult at the best of times, and most companies are now operating under the need to reduce costs. Most know and understand that inefficient manual tracking costs time and money. The big issue is knowing how to start evaluating a solution. So what should you be looking for in new solutions? We have a few suggestions for choosing the right technology for progress status tracking (and any other tool, for that matter):

1. Your Single Source of Truth: When it comes to progress tracking, in particular, you need one place to feed information and to receive information. Multiple tools make adoption more difficult and you need one solution to make decisions from.
2. Make sure the tech is adoptable: A 2017 report from McKinsey & Company suggested one of the reasons the industry has been slow to adopt is because many firms felt the expected payoff wasn't worth the effort. You need something your team can pick up and use without extensive training.
3. Is it a product or a feature? We like to think of technology in terms of products vs. features. Products add value to your work while features make a very specific aspect of your work easier. If you want to make the most of your investment find a tool that covers a majority of your pain points instead of one very specific asset. You don't need all solutions at once, but comprehensive solutions that will make an impact in the short term.
4. Audit your tech: If you are using solutions for progress tracking, do an annual audit of what's being used. If you threaten to take it away, is there an uproar? If not, it's probably a sign it should be cut. You also need to understand the reasons why—is it unnecessary, or just not the right solution?

If your standard for progress tracking is through photos without a database to manage them, know that there are more efficient means. Make updating your progress status tracking a priority. Don't forget that \$177.5 billion is lost in labor costs annually. How much of that has your organization added to with your current tracking processes? Our hope is that after having read this paper, you (at minimum) assess what you're losing with your current processes through increased labor costs, shifting timelines, and the inability to make sound decisions from data.

## **About ICT Tracker**

This paper was developed by Shadow Ventures and sponsored by ICT Tracker. ICT Tracker was developed to answer inefficiencies on the job site and the frustration of manually tracking data preventing contractors from achieving their goals of profitability. ICT asked the question, "If we are able to develop a tool that would give contractor's visibility into elements of a project using 3D and augmented reality on a simple app, would this allow them to make faster and proactive decisions?" That answer was ICT Tracker. Contractors who are constantly over budget and off schedule are struggling to make ends meet. They are now able to use a simple tool in the field that gives them visibility into elements of the business and allows them to see what they need to see and make informed and faster decisions. [www.ict.tech](http://www.ict.tech)

## **About Shadow Ventures**

Shadow Ventures is a purist technology VC firm for the built industry. We operate on a strict investment thesis that includes technology focused on the built industry. We understand this industry inside and out and see the opportunities to advance and move it forward. We're also dedicated to adding value to the industry through our insight group research. This report is just one of the ongoing research and reports we've published. We're knowledge nerds and it's part of what sets us apart. We are a firm of entrepreneurs that still write code, obsess over long sets of data, and yearn for the daily in-the-trenches grind of operating startups. We're proven, entrepreneurs and investors. We're unapologetic technology nerds. We're ruthless builders. Contact us for investment questions at [kpr@shadow.vc](mailto:kpr@shadow.vc).