

Project and Claim Management at a Glance

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Keywords

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Introduction

Capital projects are long-term projects which involve a huge potential for risks in terms of time and costs. An appropriate support through IT-systems can unveil positive cost effects, possible risks can be detected early.

Accenture provides a solution in the area of Project, Contract Lifecycle and Claims Management that supports capital project sponsors and project managers. This solution has been developed with our partner Oracle. It interconnects existing software utilizing Oracle Primavera Unifier and P6 and the existing patented Accenture concept and asset to optimize capital project management practices.

Accenture's approach

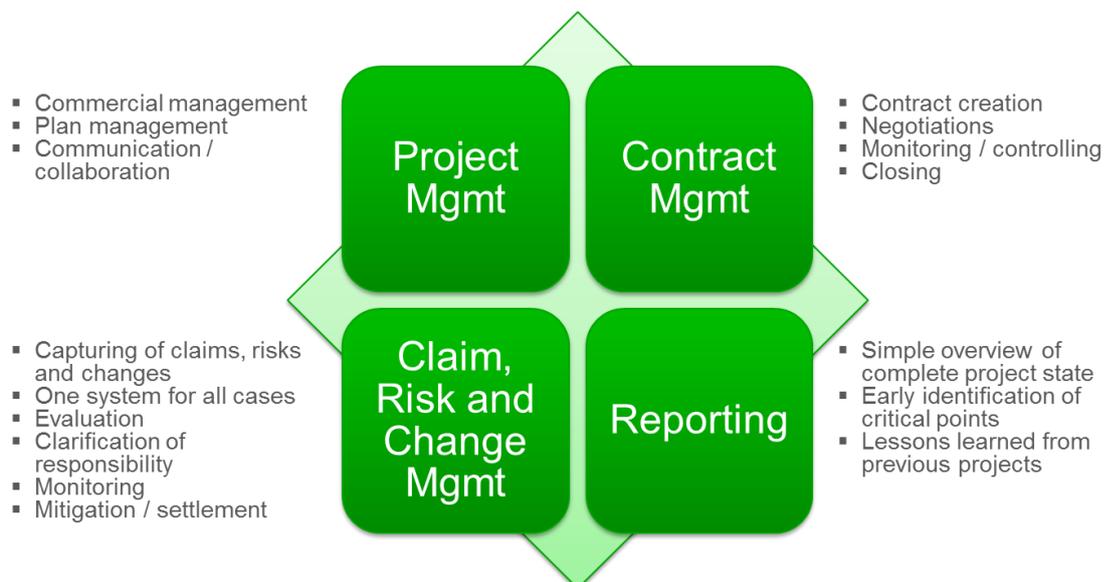


Figure 1: The four fields of Accenture's approach

Project Management (PM) - is the process of systematically and efficiently managing a project that is a venture with a determined starting-point and end and that is not a routine operation. The PM Process consists of five phases that are initiating, planning, executing, monitoring & controlling and closing.

Contract Lifecycle Management (CLM) - is the process of a systematic and efficient management of contracts in a company. The lifecycle of a contract is divided into the following phases: setting, negotiation, monitoring and retention. The aims of CLM are to reduce costs and to increase turnover, the maximization of operative and financial performance, and effective risk management. A system supporting CLM enables companies to achieve these goals.

Claim Management (ClaiM) - is the process of systematically and efficiently managing of claims (construction defects) in building projects. Claims run through the phases of detection, examination and correction of the defects.

Reporting tracks the outcome and provides a holistic level of transparency. Beyond a simple overview on the project, it enables an early identification of critical issues and risks – and increases predictability. Via documented lessons learned from previous projects and specific risk analysis options our clients can reduce the amount of claims substantially and is positioned to optimize its processes and future project outcomes.

Current Challenges

In many capital projects – specifically in the area of plant engineering and construction there is no central connection of Project Management with Claim Management and Contract Lifecycle Management. Accenture recognizes these three processes as interconnected and offers its clients tailored solutions for this purpose. Only if this interconnection is realized and consciously implemented, an extensive project will be managed optimally.

The present situation in many companies is that each step or phase of these Management processes takes place in a different department.

Specifically the capturing and execution of claims is typically separated from the general project management.

As part of disconnected processes the legal implications are often not verified.

As a consequence, processes are executed decentralized, not standardized nor with an appropriate level of transparency for corporate management. In addition, most Backend Systems (e.g. ERP, CRM and SRM) are based on the same decentralized, not standardized – leading to the point that the entire IT landscape does not provide integrated and full-scale results.

In that conjunction the following questions are important to consider:

- Are claims captured and executed in a standardized process?
- Is the entire information in conjunction with a claim fully summarized in a consistent claim dossier?
- Are the consequences of a claim double-checked in regards to the implications to the project plan?
- Is the delay caused by the claim eventually on the critical path of the project plan?
- Are any regulations in the contract in regards to that particular claim?
- Who checked the final contract and approved it?
- Is there a need to modify the contractual state due to frequently occurred claims?
- Is there any strategy to initially avoid / reduce claims via an appropriate risk mitigation plan?

In the case of Project Management it is currently often handled in a different system and not linked to the claims. This leads to increased communication demand for claim managers and project managers to understand the impact of claims on the overall project progress.

There is a similar result when taking a closer look on Claims Management with large-scale projects. Once a claim is detected it is usually rather a complex examination process to find out the responsible party who has to correct the defects. There is currently no possibility for a fast and automatic determination of what contract which appendixes state the basis for claim. This long process takes valuable time that bears to increase the risk of delays. Often the amount of claims is that high that a company has to outsource the Claim Management which is on the one hand lucrative for the service providers but it does not enable the company to follow up their very own interests.

Reporting is a step executed in most companies. By having a more holistic view and interconnected processes this can more efficiently monitor the effects on the project plan, the claim situation and on risks for the whole project.

Accenture's interconnected approach and the benefits

Accenture developed a concept of an integrated Project Management, Claim Management and Contract Lifecycle Management that enables capital project sponsors to manage large-scale building projects systematically and more efficiently. We achieved this by a specially designed systems architecture that is supported by standardized processes. Existing software already provides solutions to manage each of these competencies separately, but so far none of them supports the integrated approach to interconnect the three management cycles. Via a dashboard the project leaders and the management will get a quick overview on the process, claims, delays, quality and other relevant data.

The benefits of Accenture's concept:

1. Reduction of costs
 - Monitoring contractual agreed discounting
 - Better procurement through effective processes
 - Reduction of legal matters due to faster clarification of responsibilities for claim
2. Transparency
 - Capturing and executing claims in standardized processes, fully summarized in a consistent claim dossier
 - Overview regarding claims and related consequences Identification of pain points in capital projects
 - Direct link to particular parts in the contract that effect this claim
3. Risk Management
 - Earlier detection of the critical path
 - Improved project control
 - Reduction of the general project and legal contractual risks
4. Integration
 - with Project Management and Risk Management
 - Interaction Interfaces with ERP systems etc.

5. Compliance

- As a consequence of automatic alarms and notifications it is going to be possible to establish a closed and regular monitoring system
- The system creates an revision-proof audit-trail for any activities

Process of claim capturing and execution including a mobile Application

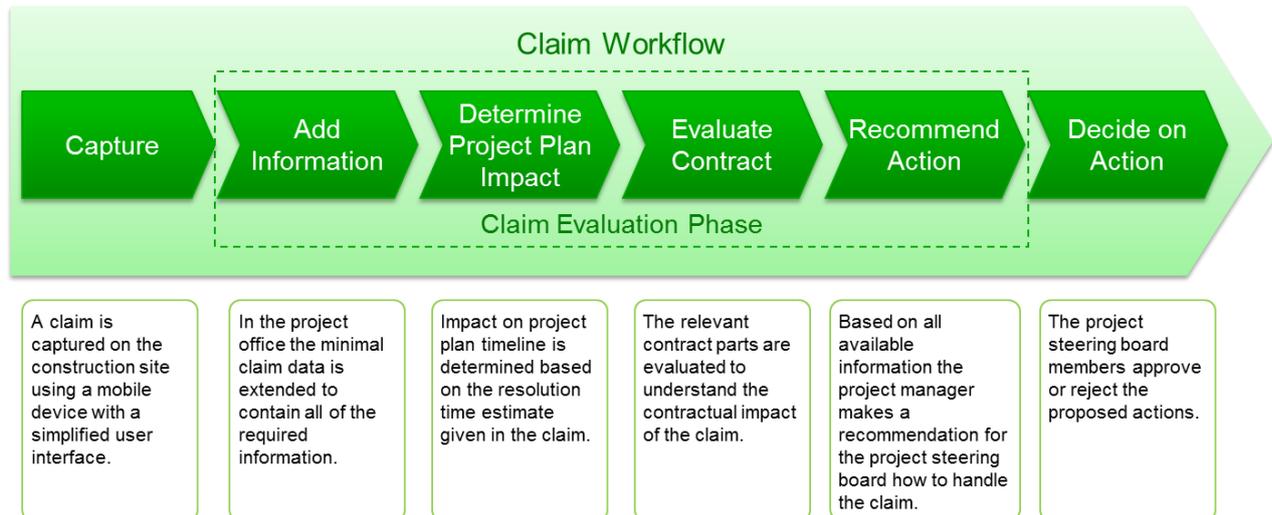


Figure 2: Process overview

In large-scale plant engineering and construction projects a claim is usually detected at the building site, when there is not necessarily a computer around. Often the capturing and classification of a claim is complicated and time-consuming. Accenture has developed a mobile application that facilitates the capturing and categorization of claims right at the premises that takes no longer than two minutes – in conjunction with photo of the incident on the spot.

A claim detected at the construction or building stage can easily lead to delays or increased costs. The benefits of our interconnected solution are already previously mentioned and there, but with the help of the mobile application project managers can be alerted of claim impacts even faster.

Once the claim is detected the employee opens the app on his mobile device. This leads to a shortened claim form with a very simple user interface where he fills in the basic information. This comprises the project ID, the craft, and a text field for key words, a field to indicate the priority and of course a field for the description of the claim. To adequately document the claim the next step is to attach a picture of the defect by either capturing a picture. This is then submitted together with the information and integrated to the core claim management solution – to create a new claim dossier with a unique claim ID.

The claim manager receives a pre-filled main claim form with the basic data. The agent fills in the missing blanks that include a defined dropdown field with defined keywords that are necessary for following steps.

With an easy click the claim manager can initiate the comparison with the project plan that shows the impact on time and costs. The result will be attached to the claim dossier.

The next click leads to verify if related regulations in regards to this claim subject are documented in the relevant contract. The mentioned predefined key word is automatically filled-in. A free-text field allows to add another complimentary key word to specify the actual search.

The search result will deliver the relevant paragraph that matches the claim. This paragraph will then automatically be attached to the claim dossier as well. The system leads the claim manager to the next steps to settle the claim.

Having completed the recording of the claim, the claim manager initiates a pre-defined approval process – providing an e-mail with a link to the claim dossier including the entire previously verified information. A project steering board can be informed / updated in a similar manner. The approver / expert reviews the claim and approves the further actions to correct the defect and to execute the final settlement of the incident.

Summary

Accenture's integrated Project -, Claim – and Contract Lifecycle Management provides a holistic view on capital projects. All disciplines are interconnected and the current compartmentalization caused by separate systems for each discipline will be avoided.

With this joint solution provided by Accenture and Oracle Primavera our clients achieve better and more cost-effective business processes, improve risk management and compliance processes, increase transparency and harmonize claims and contracts.

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