

OPEN ECX

Construction in 2023: Building innovation into the framework



Matthew Jones, Founder of Open ECX discusses how in recent years, the construction industry has shown it can rise to any challenge. From getting straight back to work after the first lockdown, to navigating supply chain challenges and skills gaps, there's no doubt construction is a sector that knows how to innovate.

The Construction sector should now look to 2023 as an opportunity to capitalise on the wider opportunity that technological innovation offers, to streamline operations, make significant cost savings and harness the power of collaboration.



➤ Foreword

The pandemic coupled with an economic downturn hit businesses with no prejudice of scale, financial stability or location. Many companies closed their doors, downed tools and for brief moments of time appeared to freeze. However, where other sectors with desk-based roles turned to technology and home working to solve their problems, the construction industry had to get back on site and clear the backlog of projects disrupted by the pandemic.

Since the pandemic the sector has been making up for lost time. A report from the Centre for Economics and Business Research (CEBR) showed that the pandemic accelerated digital transformation in construction by three years. Even before Covid, technology was being used in every area of construction, and here's just a few examples of how:

- **Augmented reality supports the planning process with measurement and real time modification visuals**
- **Drones allow for easier mapping in the pre-construction phase as well as providing support with security surveillance and equipment tracking throughout a project**
- **Building Information Modelling (BIM) allows multiple parties to work together digitally to visualise a space and is increasingly being used in more advanced ways**

For an industry that many view as antiquated and unable to adapt, the variety of technology used across the construction sector, from health and safety, to planning to supply chain, is impressive.

During the pandemic we saw businesses turn to partners they could trust, and with more challenges on the horizon this trust will be as important as ever. Businesses want partners that respect and adhere to responsible business practices. Firms want to partner with those offering prompt payment, who will be transparent about their ways of working, open to collaboration and accountability. Technology can facilitate all of this.

As a leading provider of cloud-based e-trading solutions to the construction sector and wider supply chain, we see first hand the significant impact adopting technology has on our clients. From creating efficiencies, to facilitating fair and prompt payment terms, technology has a huge impact on a business, as well as how it's perceived by its partners. With this in mind we have conducted research into the impact and scale of technology adoption within the construction sector, and the further opportunity on offer for those who continue to innovate.



> Methodology

Open ECXs latest whitepaper, Construction in 2023: Building innovation into the framework, is built on insights from a survey of 102 senior financial decision makers in large (250+ employees) construction firms. The survey was conducted by Open ECX in collaboration with Censuwide in November 2022.

In this whitepaper we'll cover a number of key issues, trends and themes growing within the sector, combined with insights and data from our latest research, including the following:

Education:

How well does the sector understand the technology and new tools available?

Efficiency:

What impact are technological advancements, including eTrading, having on efficiencies within the industry, and how do they positively impact responsible business practices?

The role of collaboration in the modern construction ecosystem:

What does the future of construction look like and how can technology support collaboration?

> The opportunity of technology and the role of education

Despite the wide array of technology available to firms and business leaders that could help shore up their finances, as well as streamline processes for their employees, a lack of awareness and education around technology is still deterring adoption across the sector.

Our data gives us some interesting insight into the mindsets of business leaders in the sector. We know that over half (55%) of the large construction firms surveyed have either implemented or developed a new technology as part of their ways of working in the past year. As with anything new, it takes time for adoption across the board. Until now those leading the charge have been innovators and early adopters, but our data shows more people are implementing new technologies and we're reaching the apex of the adoption curve. Soon we expect to see mass adoption of construction technology.

Although only 55% have implemented or developed new technology this year, 47% of those surveyed do currently use eTrading. eTrading is one of the simplest ways for a business to digitise their purchasing, which has always been a labour-intensive task. This helps to preserve the resource, and helps businesses to identify areas where significant savings can be made and as such it is one of the most vital digital assets available to construction businesses, so why hasn't it been adopted more widely?

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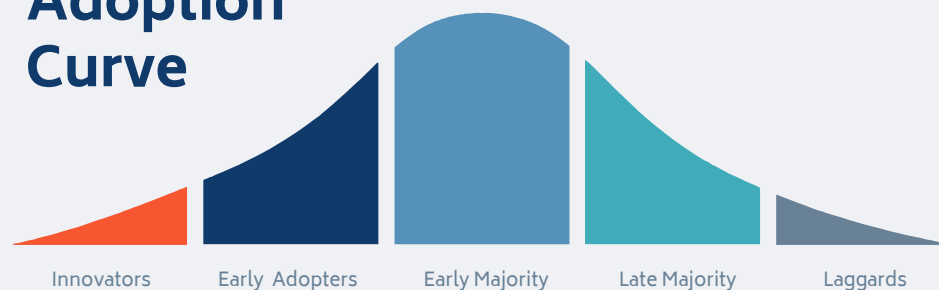


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Adoption Curve



➤ Reasons why construction businesses aren't implementing eTrading

31%

were worried about onboarding

28%

didn't understand the benefits

28%

didn't feel their internal processes could be automated

26%

put it down to a matter of cost

What's interesting is there is clearly an appetite to use it, with nearly a third (30%) of businesses surveyed saying that whilst they don't currently have eTrading capabilities, they plan to use it in the future. So what are the key barriers to adoption?

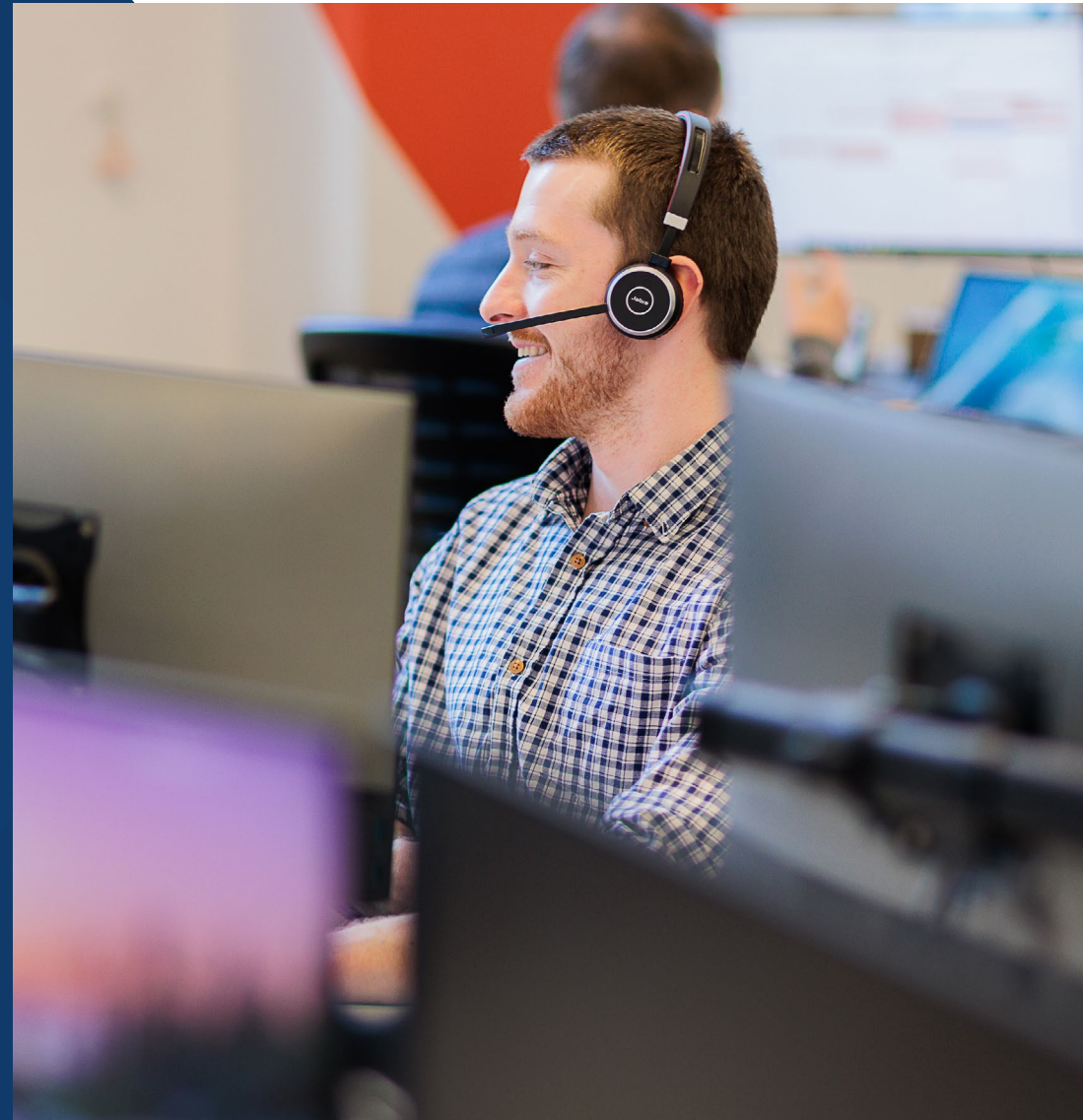
It's unsurprising that cost plays a factor in determining whether or not to invest in technology. But our data shows that finance isn't the biggest barrier. Instead, it's a lack of understanding around the benefits of eTrading, how it can be integrated with existing systems and the onboarding process that is putting firms off.

Nearly a third (31%) of businesses surveyed stated that they were worried about onboarding. This is an undertaking that many eTrading suppliers such as Open ECX will help their clients manage, with the help of a dedicated team that assists companies to get up and running in no time. Gone are the days of lengthy installation processes and inadequate support for new systems, despite these challenges living on in the mind of key decision makers within the sector. The quicker these systems are integrated into your business the more valuable they will be, as you will be able to speed up processes and reap the business benefits.

> **PRODUCT SPOTLIGHT: Onboarding**

We know that onboarding can be a challenge for businesses looking to implement enhanced technology in-house. At Open ECX we've set aside time and resources for a dedicated onboarding team which is committed to getting your internal team and suppliers up and running in no time, providing further support with knowledge of a wide variety of construction technology and systems.

To speak to our knowledgeable implementation team on how to make this work for your company, please give us a call on 0161 543 5300.



> Making efficiency effortless

Nearly 30% of businesses surveyed that don't currently use eTrading, stated it was due to "lack of knowledge about what benefits eTrading offers", proving once again the need for greater awareness of the benefits of construction technology. For those businesses that have implemented eTrading, our research shows the benefits are tangible.

In the construction industry, time equals money - whether that's time spent having crew on-site, time waiting for deliveries or time waiting for a project to be greenlit. As such, evaluating the benefit of technology based on the time it saves in a week demonstrates the tangible benefit to businesses.

When we asked construction firms how much time they saved in a week with eTrading, we found that a remarkable 98% of businesses had saved between 1-5+ hours each week because of eTrading. Assuming these businesses are averaging four hours a week of time saved, this equates to 208 hours a year, or 26 eight-hour working days. Simply with the use of eTrading nearly an entire month can be saved. Time equals money and saving 26 working days per year clearly shows the value in adopting new technologies to support business growth.

When we look specifically at how much money firms believed they saved from implementing eTrading, once again the stats are extremely positive - 77% of businesses surveyed said they had saved between £10k-£100k by implementing eTrading.

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➤ **PRODUCT SPOTLIGHT: eHub**

Open ECX's eOrdering and eInvoicing platforms automate the purchase to payment (P2P) process for buyers and streamlines the order to cash process for sellers, reducing cost and removing risk for the organisations involved.



It's clear those who have already adopted eTrading are reaping the benefits. It's also encouraging to see those who haven't adopted it yet still recognise its potential. When we asked those not currently using eTrading what they believe its benefits to be they were quick to list attributes that could help their company.

This list of potential benefits mirrors the key areas that business leaders will be looking to prioritise in the midst of a recession - keeping costs low, improving

payment accuracy, utilising available resource to the best of its abilities and choosing trusted partners. With cashflow challenges continuing, firms of all sizes will prioritise partners who adhere to prompt payment and have the processes in place to evidence it. Streamlining processes using technology to ensure payment terms are met will be key.

The benefits they believed eTrading could provide were:



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➤ Collaboration in the modern construction ecosystem

The construction sector is a vast and complicated one encompassing many different skill sets. As a result it can be tempting for those in the industry, whether that be manufacturers, architects, housebuilders or the supply chain, to stay in their silos and overlook the benefits of collaboration. This creates a Catch 22 - firms don't collaborate, so they don't see the benefits of collaboration.

Technology can bridge the gap between facets of the construction industry. In the coming months this will not only be necessary for innovation, but also crucial to drive efficiency. BIM is a great example of a collaborative technology that has already been adopted on a wide scale. Businesses need to look at the efficiencies created following the adoption of BIM and explore other technologies, like eTrading, supply chain transparency and energy efficiency monitoring, which can promote this level of efficiency elsewhere in their business.

By utilising third-party technology platforms, firms can drastically improve the ways they work, digitising elements of their businesses that no longer need to be manual, and instead allowing their staff to focus their time and energy elsewhere to drive business growth and innovation.

When we surveyed senior decision makers at large construction firms on how much they collaborate with other professionals in the industry, the data shows a wide variation, and it's clear there is definitely still room for improvement.

Time decision makers spent collaborating with firms in each area of construction

Manufacturing **16%** collaborate **2-3 days a week**

Construction **19%** collaborate **once a week**

Supply Chain **17%** collaborate **once a week**

Planning **17%** collaborate every **2 to 3 weeks**

Architecture **19%** collaborate **once a month**

Housebuilders **17%** collaborate **once a month**

While senior financial decision makers collaborate with others in construction, manufacturing and supply chain weekly, as we look to planning, architecture and housebuilding the regularity of collaboration drops significantly. The data clearly shows that collaboration is a priority in some areas and not others, but what's unclear is why.

Technology is a valuable vehicle to facilitate collaboration. Where site plans were once paper based for example, digital information gathering is now essential. This is only as valuable as the data which is inputted, however in the wake of the Grenfell Tower disaster, the importance of technology like this is only going to increase, and rightly so, with traceability of products being essential to ensure changing safety standards are being met.

It is this type of collaborative technology that will ultimately create efficiencies in the sector and drive growth.

Of those surveyed who had adopted technology in the past 12 months, 48% implemented supply chain tracking, 45% automated payments and 39% product information management, demonstrating that when it comes to investing in technology, supporting responsible business practices is a top priority.

In 2023 business leaders should continue to utilise technology, whether that is eTrading solutions or complimentary platforms that provide real-time product information, which can help expedite collaboration, speed up transactions and improve accuracy, minimising delays and extra costs, ultimately supporting efficiency and positioning them as a partner of choice.

“...when it comes to investing in technology, supporting responsible business practices is a top priority.”

> Final thoughts

Throughout this paper we've utilised our most recent data and research to show attitudes towards technology within the construction sector. Here are some of the key takeaways we discovered:

- **Over 50% of construction firms have implemented or developed a new technology to help aid their business in the last year, highlighting that technological advancements have already been made to improve efficiencies in the sector.**
- **Nearly a third of businesses surveyed don't currently use eTrading but do plan to implement it in the future**
- **Nearly half of businesses not currently utilising eTrading believe the biggest benefits it offers are cost savings (48%) and improved accuracy (44%)**
- **77% of businesses saved between £10k - £100k after implementing eTrading**
- **Businesses using eTrading are saving on average a month's time (annually)**

Looking at these facts, it's hard not to feel like the industry is missing out on a winning formula. Business leaders know the benefits that adopting technology and prioritising innovation brings, as well as how these benefits would directly help boost their bottom line - by cutting costs, saving resources, improving accuracy - yet they still stumble at hurdles like onboarding, which is almost seamless nowadays.

For businesses considering adopting new eTrading strategies, it's important to remember that for the most part your peers, customers, competitors and suppliers will already have theirs in place – and they may be questioning why you don't. The accessibility of new technologies within the construction space is making it increasingly easier for businesses, irrespective of size, to modernise and evolve to compete in 2023.

Construction businesses may be nervous to invest in innovation and technology given the financial uncertainty, but they should reflect on the different ways businesses reacted to the pandemic. Businesses that took opportunities to grow and evolve and adopt new technologies reaped the benefits and are now leading the sector.

Now more than ever, clients and partners want speed, efficiency and accuracy, all attributes that construction technology can assist with, getting rid of the need for labour-intensive tasks, allowing businesses to utilise their teams more effectively for growth.

Construction firms have tackled a recession before and undoubtedly the pain of that situation remains very real for business leaders. Thankfully we now have technology that can reduce costs, save time and free up resource making businesses more resilient to the challenges they'll face, if the sector is willing to pick up the pace with adoption.

Through a greater level of innovation, construction businesses can strengthen themselves, make the most of their teams, build resilience for the years to come and become more agile when new opportunities arise.

“Innovations in construction technology are more in-demand than ever”



Matthew Jones is the Founder of Open ECX. With over 20 years' experience working in the global construction industry and supply chain, Matthew founded the business in 2012 with the specific aim of creating a new innovative eTrading platform for all businesses within construction. After delivering the benefits of eTrading to the banking, pharmaceutical and electrical industries, Matthew identified the opportunity within the construction space and 10 years on has built a global community.

Open ECX's ten-year anniversary serves as a good reminder that innovations in construction technology are more in-demand than ever. Open ECX's work continues to make a real difference in the industry, helping to uphold standards, remain resilient and tackle challenges head-on.

Open ECX is a rapidly-growing, global business processing thousands of transactions every year. It is a pioneer in the purchase-to-payment space, providing multi-award-winning eTrading solutions, that help its customers put electronic invoicing and ordering at the core of their business. Its products integrate seamlessly and are compatible with the majority of finance systems used in the wider construction supply chain.



> Contact us

To speak to our knowledgeable implementation team on how to make this work for your company, **please give us a call on 0161 543 5300.**