Platned

Platned – your **IFS partner** for integrated project financial control



Companies that are project-centric all have one thing in common—they need their projects to be profitable.
Within the construction sector, achieving profitability is particularly challenging, with project margins around 4% considered 'good'. Increased unpredictability, intensified competition (both domestic and international), economic pressures, labour shortages, and supply chain disruptions further heighten these risks. Effective project financial control is no longer a 'nice to have'—it is a must-have.

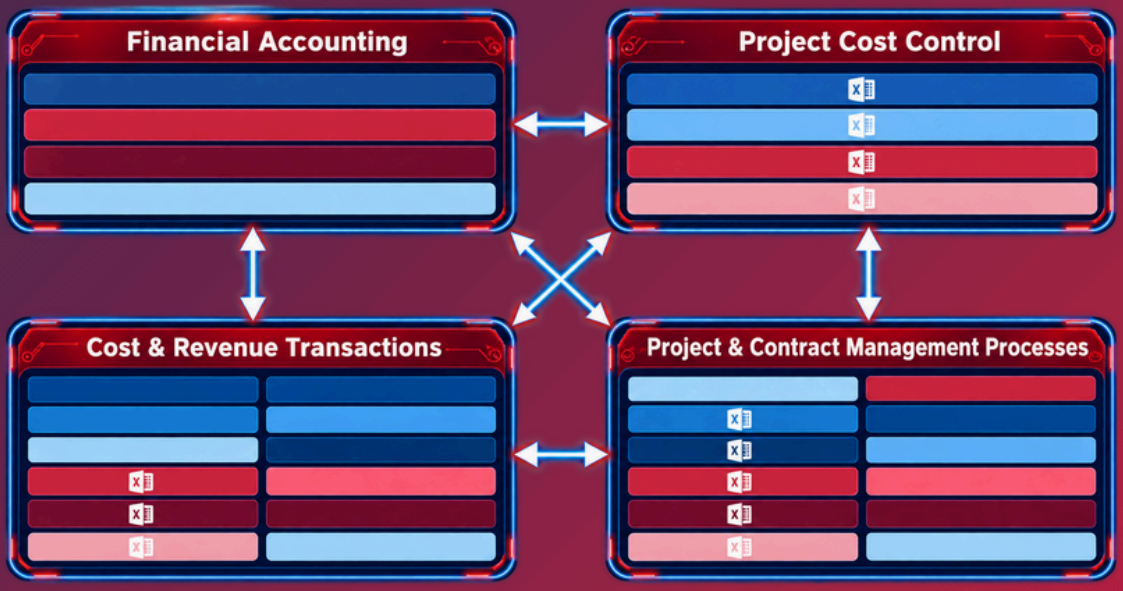
How effectively do companies manage project financial control today?

Broadly speaking, many companies manage this poorly. Effective project financial control requires integration across four key areas:

- Financial Accounting
- Cost and Revenue Transactions
- Project and Contract Management
- Project Cost Control

Every established business has an accounting system, but managing project financial control effectively is far more complex. Implementing a robust accounting system alone is not enough. The four key areas are not standalone requirements—they need to interact with each other to provide a complete and totally integrated project financial control solution. A standalone accounting system also fails to manage all elements that influence the current and future position of a project, including risks, cash, contract changes, and forecasts to ensure project margins remain on track.

Typical non-integrated Business System landscape



Most companies attempt to manage financial control using a fragmented system landscape of disconnected best-of-breed systems and numerous Excel spreadsheets. This results in information that is slow and inefficient, as well as inaccurate and open to manipulation, meaning that management is presented with a distorted version of the truth. Building the complex integrations to support all the necessary interaction points between these disparate systems, and keeping them updated, would require dedicated IT experts. Plus, the software solutions are built on different data structures and technology architectures, so information will not transfer accurately between systems, nor would integrations with static spreadsheets result in real-time data sharing. This leads to slow, inefficient, inaccurate information, and a distorted view of the project's financial health.

The four key pillars of integrated project financial control:

1. Financial Accounting.
A world-class accounting system is foundational. It must support project accounting, integrate with source cost and revenue transactions, and project cost control. Support for group consolidation is essential, especially for companies with multiple legal entities or joint ventures.

2. Cost and Revenue Transactions.
A functionally rich financial accounting solution must be fully integrated with cost and revenue transactions. Real-time data eliminates manual journals and accruals, significantly enhancing efficiency and providing detailed transactional analysis.

3. Project and Contract Management.
Effective contract management includes sales and subcontract management, contract and project change management (variations), risk and opportunity management, estimating, and pre-contract support.

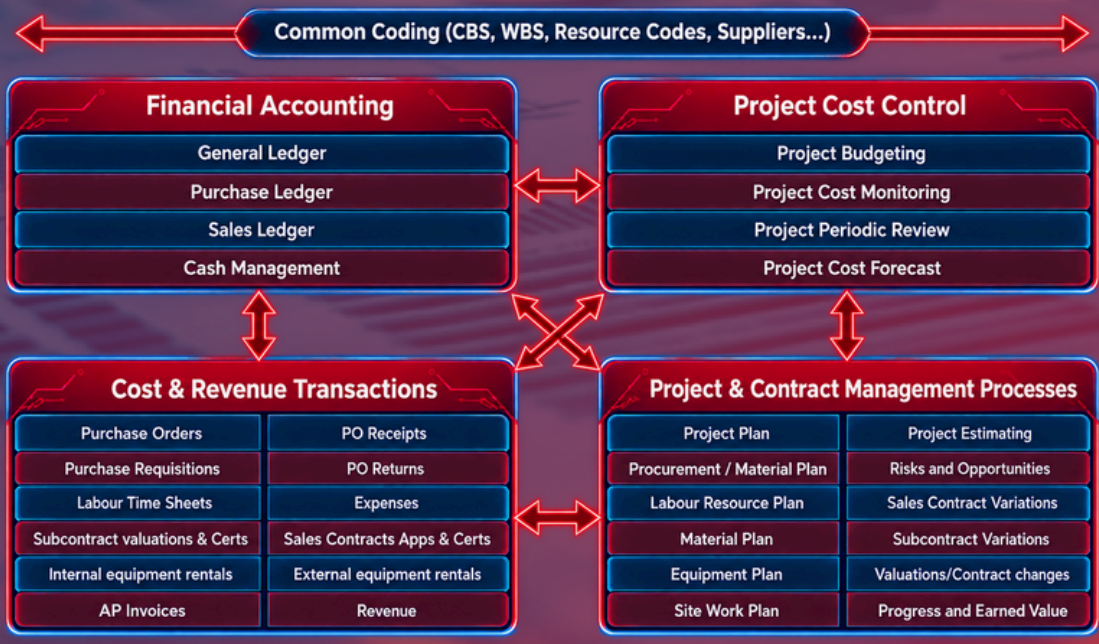
Project progress tracking and earned value measurement are critical, along with integrated sub-plans (engineering, procurement, manufacturing, labour, equipment rental, and site plans).

4. Project Cost Control.
Key components include:

- Project budgeting
- Project cost monitoring
- Periodic project reviews and forecasts
- Project cash flow planning

Many would regard this as the most critical area, as it is where the project budget is set and the future outcome of the project is forecasted. It feeds off information from the other three areas, so to be effective and accurate, it should be fully integrated. For example, the project estimate should form the basis for the budget. Current sales and subcontract values provide critical information to forecast future project costs and revenues. Additionally, approved and unapproved contract changes and variations should automatically update the project forecast.
Sub-plans should also drive a more accurate project financial forecast.

IFS Delivers integrated project financial control



Companies who are looking to implement best-in-class project financial control recognize that they need an integrated solution. The diagram above shows how IFS delivers a holistic and integrated project financial control solution, providing accurate, timely and trusted information with one single version of the truth.

A fully integrated project financial control solution delivers many benefits:

- Improved control and governance
- Improved efficiency, profitability and project margins
- Reduced project and business risk
- More informed and timely decision-making

Key benefits include:

- Improved control and governance
- Enhanced efficiency, profitability, and project margins
- Reduced project and business risk
- Informed and timely decision-making
- Real-time, accurate data
- Reduced reliance on Excel
- Improved cash collection and planning
- Faster period-end closing
- Accurate costs and accruals
- Enhanced analysis capabilities
- Accurate progress tracking
- Auditable and transparent data
- Continuous improvement through captured lessons learned

Platned and IFS collaborate globally, leveraging deep industry expertise and innovation, delivering tangible value at every step, making us recognised leaders in project financial control solutions.

Discover how Platned and IFS Cloud can transform your organisation's approach to project financial control.

Visit **platned.com** today to learn more.

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