



EFCG

Overview Letter, Summer 2020

For the Architecture, Engineering & Construction (A/E/C) Industry

History and Purpose of the EFCG Overview Letter

The EFCG Overview Letter provides a summary of the key changes, issues, trends, and activities within the A/E/C industry, and synopses of the latest EFCG conferences. The key topics addressed in the EFCG Overview Letter include M&A trends, A/E/C industry growth and profit metrics, speaker highlights from the most recent EFCG conference, and general updates on major public firms within the A/E/C industry.

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Op-Ed: Tenna, LLC.

In construction businesses, the more transparency you have over your assets (people, equipment, tools), the more margin you can earn, more competitive you will be and more profit you will generate. Equipment fleet management is economical for construction. It really effects improving logistics and operations which saves you money on active projects, assists in accurately estimating costs, prices and rates for the next job, and drives more efficient and cost-effective decision making for the business as a whole.

Coming from a global civil contractor with 100+ year roots in the construction industry, Tenna is well versed in construction operations and the associated costs related to running a construction business in addition to complex projects. We built a system based on our experience that allows contractors to know more, control more and make more out of their mixed asset fleet so that they can run profitable construction projects and businesses and solve their pain points in areas that are integral to their operations.

As we see it, equipment fleet management directly effects a contractor's bottom line in four simple, but major ways. Tenna has designed and built a software system to actualize savings as a result of gained efficiencies and improvements in fleet operation, management and ownership for our contractor clients based on these realities.

Equipment Fleet Management Improves Productivity and Progress

Effective management of your mixed fleet allows active projects to meet their schedules and milestones. This improved performance positively impacts your internal organization and elevates your client satisfaction levels. Giving your employees tools that make their jobs easier boosts their productivity. Reducing the amount of time your employees spend searching for assets, backtracking, making and missing phone calls and other typical inefficiencies greatly contributes to a reduction in wasted time. Eliminating these inefficiencies directly increases the amount of time employees have to get quality work done, which translates to improved productivity (and, best case scenario, schedule savings). Cost impacts of this are touched on in example four.

Externally, this helps you progress further in your projects faster, which improves your relationships with your clients and could lead to repeat work or reviews and accolades that contribute to the winning of new work. Read more about this in example three.

Internally, equipment management permeates throughout your organization. Used effectively, it reaches employees in all levels and departments in your business beyond just operations. Equipment fleet management software automates data flow between departments and improves communications, overall saving lots of time for all parties.

Not only does this benefit the whole team, but it improves employee attitude and motivation. Motivated and productive employees in the field and in the office are the ones your construction business benefits most from.

Tenna's related software features built to contribute to improved productivity and progress include:

- One platform for all asset types
- Asset Library
- Automated Trips/Cycles/Location updates
- Scanning functionality for tool tracking
- Sites and Geofences
- Map functionality
- Notifications for improved communications

Equipment Fleet Management Provides Insights on Operational Efficiencies and Performance

Equipment fleet management systems provide insights on your asset utilization and performance that were previously unavailable or extremely difficult to back into manually. Analysis of this data can be used to drive improvements and affect change in multiple areas of your construction business.

Performance insights can keep your fleet operational with reduced downtime and elimination of inefficiencies. They can help improve your balance sheet by exposing dead-weight machines that are not working or being used but are continuing to cost you to carry that you can eliminate. Read more about this in example four.

We asked one Tenna customer we interviewed prior to implementing about how many hours they speculated their wheel loader was working on one project. Their estimate was 2,000 hours, yet the accurate hours logged were 800 hours. The remaining 60% of the time their machine was not in use was wasted. This 60% could have been used on another jobsite to eliminate an unneeded rental or purchase, saving thousands of dollars in costs on a new/stand-in asset and improving utilization on the owned asset.

Overall, equipment fleet management lowers the cost of asset ownership with better utilization and maintenance insights, and helps you better manage costs associated with project variables, including your equipment, labor and inventory.

Tenna's related software features contributing to improved visibility and insights on operational efficiencies and performance include:

- Utilization (individual asset and those collectively on jobsites)
- Maintenance (Preventive and service/repair requests)
- Reports and Data Exporting (standard, custom)
- Dashboard Analytics
- Notifications for quick response times to key events
- Reservation functionality

Equipment Fleet Management Increases Competitiveness

Accurate utilization data, as touched on in the previous example, gives way to more accurate bid rates. Without accurate utilization data, you provide your estimators with inflated internal costs, which they apply to bids for projects that require similar work. This can, first, make or break a bid, and second, impacts the margin your team will make on that project.

Utilization data provided by your equipment fleet management system can help your operations and estimating teams accurately estimate how long an asset will be needed to perform an operation on a future job.

Further, as touched on in example one, when your customers see you performing efficiently on their projects, it leads to an increase in your client satisfaction rate. Happy customers lead to positive evaluations, awards and accolades to help you qualify for future RFPs and, most desirably, repeat work. Winning more work grows your bottom line. Increasing your margins and profits with operational efficiencies and informed cost data to underpin bid rates grows that cushion even more.

Equipment management technology is becoming an industry standard. If your competitors are using it already, you are at a disadvantage. Don't jeopardize your future win rates.

Tenna's related software features that include data that can be leveraged to increase competitiveness include:

- Asset Library
- Utilization
- Fuel and Performance Telematic data
- Reports and Data Exporting (standard, custom)
- Dashboard Analytics

Equipment Fleet Management Reduces Capital Expenditures

Many of the topics covered in the earlier examples directly relates to a reduction in capital expenditures. Through the elimination of underutilized assets, better preventative maintenance programs that prolong and maximize an asset's lifespan, and better visibility and accessibility of assets you already own and have available vs. need to rent, efficient asset management significantly impacts a business' capital expenses.

With equipment resources being one of a contractor's highest cost centers, better purchase, elimination, rental, and maintenance decisions that can be arrived at from an asset management system's insight can save a contractor many thousands of dollars each year. With the elimination of one equipment related expense, the equipment management system typically pays for itself. And, in reality, the system eliminates many of these expenses over the course of a year.

The other high cost center for a contractor is labor. With an equipment fleet management system improving daily productivity, work can be completed more quickly and efficiently. Productivity increases while schedule and cost impacts decrease, saving contractors tons on labor costs. When productivity is improved across projects, contractors can better estimate how long it will take to perform routine operations and man hours in future bids; another bid savings and margin buffer. Combined with reduced costs, you grow the bottom line on your jobs and in your business.

Tenna's related software features that generate data that can directly contribute to a reduced total cost of ownership and reduction in capital expenditures include:

- Asset Library
- Maintenance
- Utilization
- Reservation Tools
- Fuel and Performance Telematic data
- Safety & Compliance

Conclusion

Tenna knows that inefficiencies in the areas above eat away at your margins because we have been impacted by them ourselves. We wanted a way to improve in these areas by operating more cost effectively, better leveraging resources and improving overall performance. Our system was built by contractors for contractors to meet the challenges faced in typical construction business operations and generate related savings that are reflected on the bottom line.

While there are a lot of "asset management" systems on the market today that span from tool tracking to fleet tracking to equipment tracking, Tenna is the only solution that allows contractors to track and manage all mixed asset types in their fleet and provides the data that contractors want and can actually use. We know how contractors think because we are contractors and we developed our solutions directly for contractors.

We know contractors are cost-conscious, and we see equipment fleet management is an investment in a contractor's business, rather than another operating expense. Not only will it bring efficiencies to your operations, but it will also bring about efficiencies in your personnel who directly benefit from what the technology can offer them in terms of less manual work, better tools to get their jobs done right, higher productivity, and improved satisfaction and performance overall. These operational and labor efficiencies (the two greatest cost centers for contractors), combined with insights that help win new work directly translates to your bottom line and the growth of your construction business.

We urge our fellow contractors to consider the areas where your construction business could benefit from improvements today and take appropriate action to find a solution. Your bottom line will thank you.

EFCG 2020 Conference Schedule

EFCG Conference Schedule	
HR Executive Conference, Digital	September 15-17, 2020
Executive Leadership Conference, Digital	October 7-9, 2020
Technology Leadership Conference, Digital	November 4-5, 2020

Executive Leadership Conference (Virtual), October 7-9, 2020

Since 1990, EFCG has hosted its annual legacy CEO Conference, bringing together executive leaders from across the A/E/C space to engage on the industry's biggest challenges. As the International Monetary Fund warns that the economy may head into the worst downturn since the Great Depression, now more than ever, A/E/C firms need to understand the financial state of the industry and draw from best practices to navigate the "new normal."

During EFCG's virtual Executive Leadership Conference on October 7-9, 2020, EFCG will pull from its over 30 years of proprietary industry data to critically assess industry performance and disclose high-impact insights. Distinguished panelists and keynote speakers will explore shifting industry trends and draw from their experience to dive into decisive topics such as managing the new workforce, seizing cash flow opportunities, and reshaping technology's role in what and how firms deliver to the market.

In light of the pandemic's impact, EFCG will host this event virtually for the first time this year. Hosted on a high-quality, interactive platform, this event will combine EFCG's premier CEO and CFO Conferences to bring attendees the same rich content and esteemed speakers, all on a larger scale. Unique to this year's event, an Enterprise Level Ticket welcomes up to five of your firm's senior-level team members and provides each with on-demand access to all Conference sessions. For more information contact Dimitri Milionis at dmilionis@efcg.com.

Executive Leadership Conference (Virtual)

For Architecture, Engineering, and Construction Firms

October 7 – 9, 2020 (Eastern Time)

Wednesday, October 7

MAIN SESSION 11:00 am – 4:00 pm

- A| A/E/C Industry Overview: Analyzing the Data & Providing Key Insights
- B| Leading in the New Normal: How CEOs are Adapting to Shifting Trends
- C| *Keynote*: Economic Outlook: Moving Markets, Changing Outcomes
- D| Rethinking Technology, Realizing a New Competitive Edge

WORKSHOPS 5:00 pm – 6:00 pm

Thursday, October 8

MAIN SESSIONS 11:00 am – 4:00 pm

- A| Maximizing Leadership Effectiveness: Advancing the C-Suite Partnership
- B| Successful M&A Transactions: A Case Study
- C| Reinventing Your Growth Strategy: Differentiating Sources of Capital
- D| Expecting the Unexpected: Managing the Downside Risk

WORKSHOPS 5:00 pm – 6:00 pm

Friday, October 9

MAIN SESSION 11:00 am – 4:00 pm

- A| *Keynote*: All That's Possible through Sustainability
- B| Delivering a More Sustainable Future
- C| Diversity, Equity & Inclusion: Beyond Doing Well, Doing Good
- D| Redefining Workforce Productivity in a New Virtual World

KEYNOTE SPEAKERS



Julian Agyeman
Ph.D. FRSA FRGS

Award-winning expert on the field of social justice and environmental sustainability



Ronald Braeutigam
Ph.D. Economics

Top-selling economics scholar bridging research and practice in today's world

INTERNATIONAL FORUMS

The Pandemic's Impact Around the World

Thursday, October 8

9:00 am – 10:30 am

8:00 pm – 9:30 pm

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