



# CONTRACTOR MANAGEMENT TECHNOLOGY SOLUTIONS



MCI has defined Contractor Spend Management with an emphasis on cost savings through automation and accuracy of total hours and dollars earned for contracted services.



## Introduction

Management Controls, Inc. (MCI) is the authority in Contractor Spend Management with a 30-year history of assisting clients across multiple industries save 10-15% in contractor labor, equipment and materials spend. Our Track® Platform is currently in use at over 250 industrial sites, including 85% of North American refining capacity and processing over \$50 billion annually in contractor spend and generating over \$5 billion in annual savings. Our experience and expertise means we truly understand the owner/contractor relationship and what is needed to ensure accuracy and control.

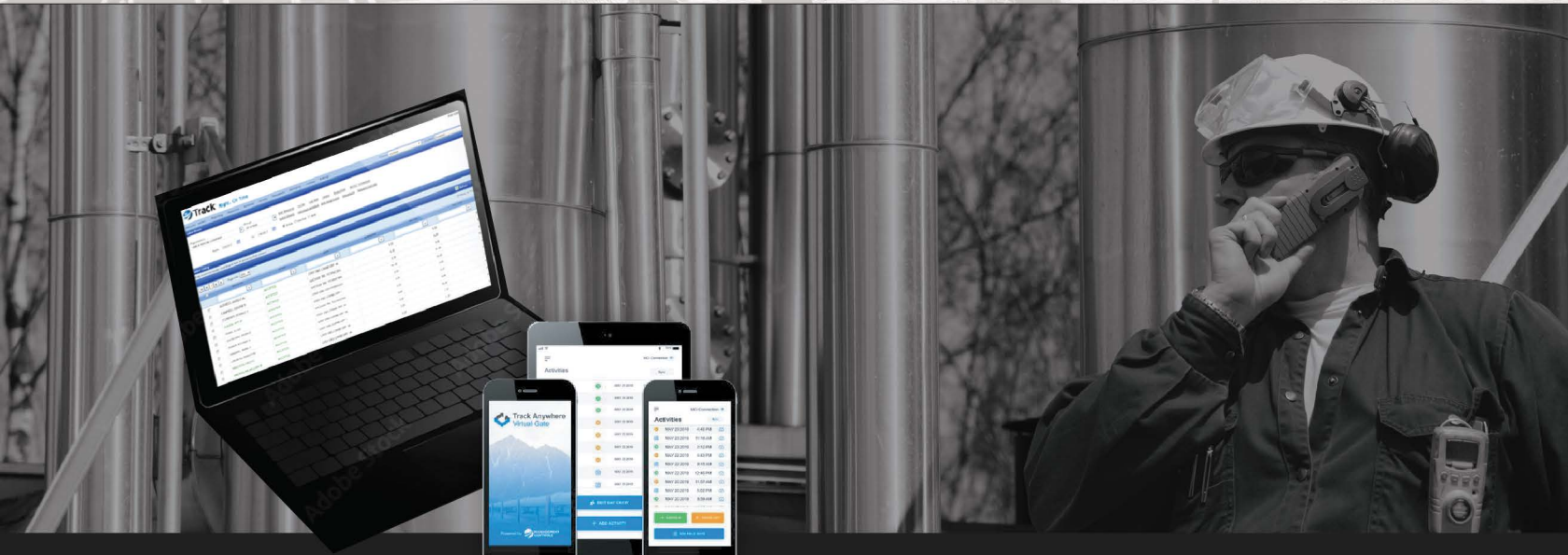
## TRUSTED BY GLOBAL ORGANIZATIONS



## Track Platform

Our Track® Platform provides a unique way of managing and controlling contractor labor, materials, and equipment spend. It solves the challenges of a paper-based and manual processes by automatically capturing the in and out badge events of contractors via your existing Access Control System (ACS), and combining that gross time on site with smart contract formulas which are the Terms, Conditions, Rates & Schedules in the owner/contractor negotiated contracts. And because these activities are automated, Track® eliminates the reliance on paper timesheets, paper invoices and manual entry.

The output of our Track® Platform is contractually compliant hours and dollars that have been calculated and allocated in real-time and updated to your ERP system. Track® transforms the relationship between owner and contractor by giving (you) the owner the ability to approve these audited hours and dollars daily and agree with the contractor on precisely what they have earned. In other words, you generate your own invoice which then feeds accurate information into your ERP system and follows your normal accounts payable process.



## Track Platform adds Significant Value

- Leveraging existing security/access control system data to calculate real-time workforce headcount & time on site.
- Automatically calculates contractually accurate labor, rates & schedules to achieve net time.
- Supporting project controls with timely direct & indirect hours, equipment & materials costs.
- Facilitating automatic vendor payments.
- Delivering daily visibility & control of contractor costs at the PO & WO level.
- Eliminating manual timesheet processing, invoice handling & post-invoice reconciliation.
- Supplying a system already widely adopted by many of the industries major contractors.

## Ensures Accuracy for the Cycle of Activities Performed Daily

- 1 ERP** | Interfaces with client ERP to receive cost objects(Purchase Orders, Work Orders, work breakdown structure elements & operations) in real-time.
- 2 ACS** | Interfaces with client ACS to calculate instant workforce headcount & time-on-site or gross-time, or MCI's Track Anywhere Mobile Applications.
- 3 Terms, Conditions, Rates & Schedules** | Applies contractor specific Terms, Conditions, Rates & Schedules (i.e. Pay Formulas) to gross-time to calculate Net Billable Hours.
- 4 Allocation & Acceptance [Daily Settlement]** | Presents Net Billable Hours for a contractor timekeeper to allocate each craftsman's work for the prior day. Allocations include skill, billable rate(s), total cost, appropriate project cost objects, & responsible supervisor.
- 5 Authorization [Daily Settlement]** | The Owner's Supervisor approves or rejects accepted allocations designated for his or her approval. This person has access to all details of these allocations.
- 6 Visibility** | Owners access data to analyze progress in the field, update schedules, & produce additional invoices if necessary; contractors utilize data for internal systems.
- 7 Completion** | Authorized allocations are routed to client's ERP.



## IMPROVED VISIBILITY & CONTROL

- Accurate hours and costs to manage projects
- Daily Settlement with all contractors; ensuring no surprises!
- Real time personnel and equipment information

## COST REDUCTION

- Eliminate timesheet and invoice errors; resulting in 10% to 15% annual savings
- Eliminate double billing
- Overtime approval required via override request

## ENHANCED PRODUCTIVITY

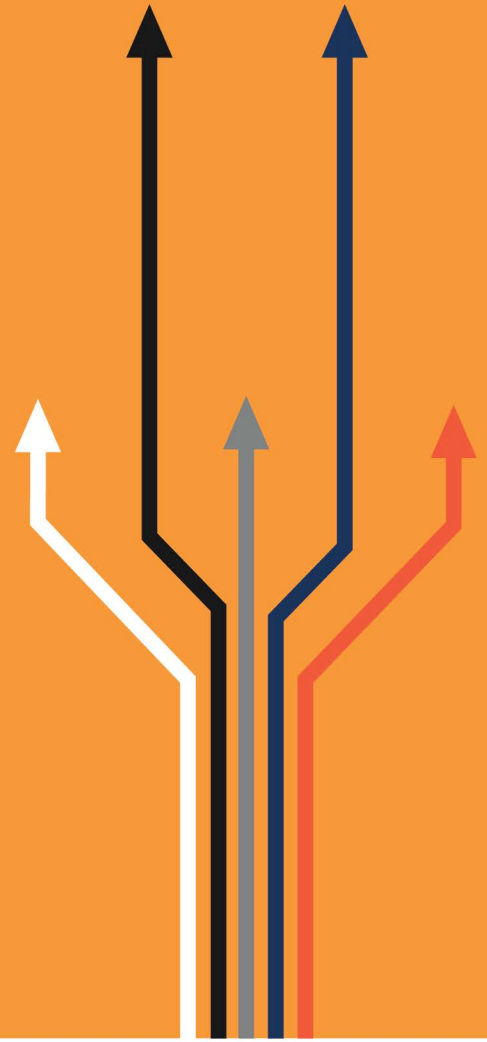
- Puts your supervision back into the field
- Eliminates timesheet and invoice disputes
- Improves contractor accountability
- Daily agreement between owners and contractors

## IMPROVED INVOICING PROCESS

- Eliminates timesheet and invoice disputes
- Eliminates need for manual timesheet authorization in the field

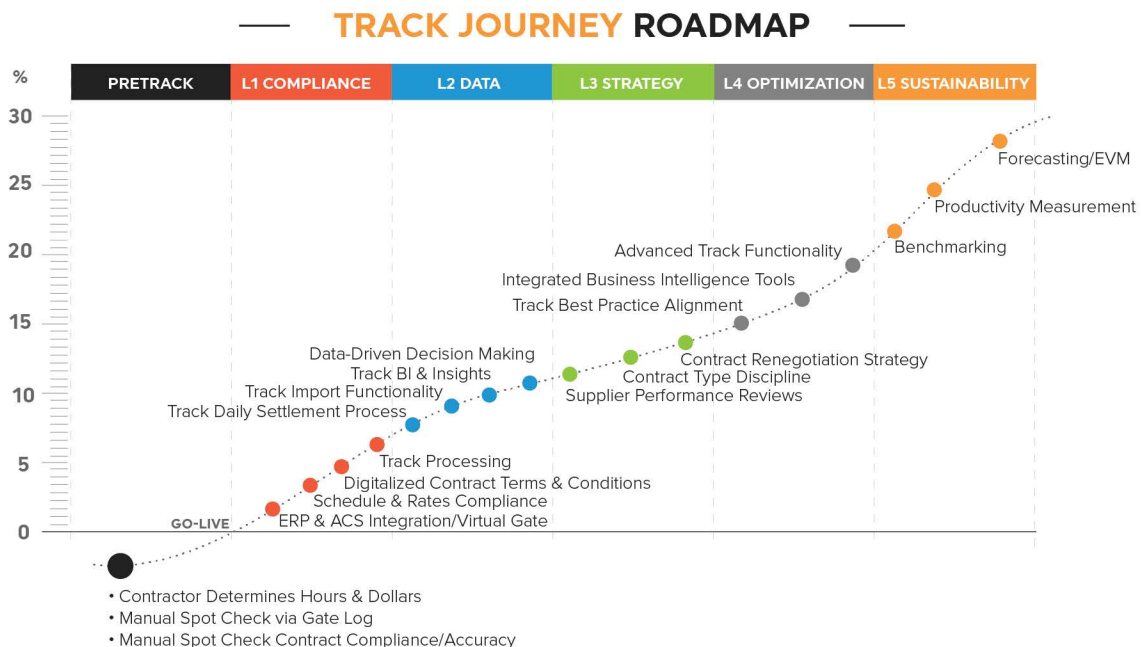
## INCREASE EFFICIENCY

- Accurate and timely contractor activity
- Generates a clean invoice daily or weekly
- Identify and remove roadblocks and delays so contractors can get back to work



## Business Value

The Track® Platform delivers an automated process to control, manage and reduce contractor labor, equipment and materials spend. The Track® Daily Settlement Process, unique to MCI, is a daily process which automatically determines Net Billable Hours & Costs which you and your contractors agree on (Daily) before you authorize payment. Net Billable Hours & Costs are accurate, transparent and reflect the work that is “Earned” by your contractors. By applying the Track® Platform methodical process, our customers achieve 10-15% in annual savings.





**“While it’s a rough estimate, we think we save \$167M annually through Track.”**

- Fortune 500 Refining Company

## PROCESS IMPROVEMENTS PROVIDED

### Spend Reduction Breakdown

### Control Type

### SAVINGS

#### Improved Contractor Management Business Process 4% SAVINGS

Establish Clear Pay Rules (On-Site Norms)	1%
Daily Settlement Process	1%
Automated 3 Way Match: Import Planned Work, Capture Accurate, On-Site Time, Reconcile T&C	0.50%
Standardize and Enforce Work Schedules/Shifts	1%
Establish Clear Expectations for All Vendors	0.50%

#### Automated Capture of Time On-Site 3% SAVINGS

Capture Time On-Site	3%
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#### Compliance With Agreement T&C 7% SAVINGS

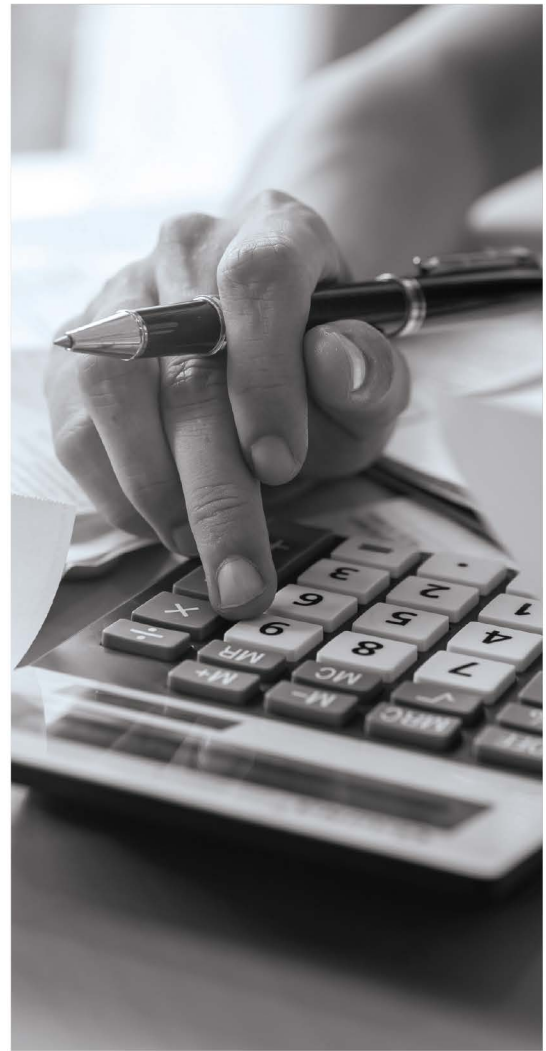
Terms & Conditions Automatically Derive Net-Billable Time & Costs	3%
Write Better Contracts and Standardize Key Terms & Conditions Across All Vendors	1%
Reduce Overbilling on Contracted Labor, Equipment, Material, Rounding, Lunch, Holiday Pay, etc.	2%
Reduce Unapproved Spend on Over Time, Travel Time, Off-Site Time, etc.	1%

#### Automation & SAP/ACS Integration 1% SAVINGS

Reduce Manual Entry Errors Eliminate Manual Rounding	0.25%
Eliminate Invoice Reconciliation and Invoice Disputes; Daily Cost Settlement	0.25%
Less FTE's to Manage	0.50%

**Savings 15%**

**Savings Assuming \$100M in Annual Spend \$15M**



## A GLOBAL ENERGY LEADER

5 Major US Operations	Average % Savings per Contractor	Contractor Spend with Track	SAVINGS
Site #1	4%	\$718M	\$28M
Site #2	4%	\$1.2B	\$48M
Site #3	4%	\$948M	\$38M
Site #4	5%	\$20M	\$1M
Site #5	4%	\$245M	\$9M
		<b>\$3.13B</b>	<b>\$124M</b>

Track provides the required accuracy and control that has become critical in the day-to-day operations of a prominent list of clients around the globe, generating savings in the billions of dollars.



## Complete & Accurate

Critical to businesses that utilize contractors is ensuring complete and accurate payment for labor, equipment and materials. Traditional ways of managing contractor services can result in significant variances between the hours worked (and equipment and materials utilized) and the hours and costs invoiced, which on average equates to anywhere from 10% to 15% overspend in contracted labor.



POWERED BY

