LTI Project Paychain

Automate construction project payment process across organizational boundaries enabling contract compliant billing and payment
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1. Objective

Engineering and Construction industry from ages has been a labor intrinsic industry and has been traditionally very slow in adopting the digital ways of working. With the rapid changing dynamics of the way of doing business, the industry has started to move slowly but steadily towards digital ways of construction. With the advent of Concept of Construction 4.0, it is of prime importance for the industry to adopt to the digital world.

Engineering and Construction activity involves a mix of resources such as material, labor and equipment. The efficient management of all these resources is an important aspect of completing the project on time which in turn leads to increase in profitability. For the efficient supply and management of these resources there are various stakeholders involved such as Contractors, Vendors and Sub Vendors. These stakeholders have various kinds of contracts as per their job requirements. It is very important to have a complete view of all the important aspects of vendor and customer contract at one place from efficient project management aspect. Payment in construction industry is a very complex process where effective work progress monitoring and approval workflow is very important. Efficient cashflow management is a must for maintaining the health of a project. An important aspect for maintaining a healthy cashflow management is having a complete overview of amount receivable and amount payable.

Keeping all these aspects in mind, LTI has developed “Project Paychain” on SAP Cloud Platform for catering to the complex demands of the Engineering and Construction industry. The objective of this application is to provide the users a complete view of all the important aspects of contracts and payments for better decision making. “Project Paychain” also intends to increase the transparency and collaboration between the contractor and vendor. Using this application, you can now have a better cashflow management by easily able to monitor the amount payable to the vendors as per the work progress and can the accordingly raise the customer invoice. “Project Paychain” provides a very user-friendly interface with the objective of reducing the time consumption due to complexity and increasing the contract and payment cycle visibility.
2. Solution

The simple yet advanced user interface of “Project Paychain” makes it a unique and must have for the Engineering and Construction industry. The solution methodology adopted in the application is comprehensive and has been designed keeping in mind the specific needs of the Engineering and Construction industry. The Solution has been developed on SAP Cloud Platform and integrated with core SAP S/4HANA.

The solution has been designed to provide the visibility of amount payable and amount receivable for increased transparency. “Project Paychain” also helps to have a 360° view of all the contract related information (both customer and vendor contract) and the vendor work progress data both in terms of material and labor. One of the major objectives of “Project Paychain” is the automation of the Invoice generation process which otherwise in the current scenario is a complex and unwieldy process. The key aspects of “Project Paychain” are listed below.

- Increased transparency & collaboration with subcontractor/vendor and real-time alerts & notification
- Supports industry specific contract types related to customer & Subcontractor/vendor
- Linkage between the customer and vendor contracts for enhanced profit analysis
- Customized forms for previews of payments applications
- Graphical Analysis of Contract Progress for better visibility
3. Benefits

“Project Paychain” has been developed keeping in mind the variety of needs that the business has with respect to amount receivable and amount payable. Visibility, Transparency, Collaboration and User Friendliness are the four major guiding principles of the solution. Due to these principles the business gets multiple benefits by using the solution in terms of simplicity, productivity and profitability. The key benefits of “Project Paychain” are listed below:

- **Real time integration with Core S/4HANA**
  - Realtime synchronization of data with core S/4HANA from end to end process facilitates automation and results in increased efficiency

- **Real time Analytics of Payment cycle**
  - Comprehensive graphical view of the payment progress till date

- **Improvisation of turnaround time for payment cycle**
  - Historical information of payment application including iterations till customer approval and time taken to process

- **Automation of Invoice generation**
  - Automatic invoice generation and subsequent payment processing through real-time integration with S/4HANA Core

- **Transparency and Collaboration**
  - Increased transparency via subcontractor collaboration for work progress entry, real-time alters & notification during the process

- **Intelligent Mapping of Customer & Vendor Contract**
  - Detailed profitability analysis at each customer contract line-item

- **Flexibility in capturing progress and view**
  - Multiple ways to enter & present work progress

- **Compliance & Back-up Documentation**
  - Submission of documents such as lien waivers, insurance certificates and progress back-up documents
4. Quick Facts

In a nutshell “Project Paychain” can be termed as a tailor made and necessary digital solution for the effective management of construction payment process. Through its easy to use interface the user can effortlessly complete the end to end payment cycle both in terms of amount receivable and amount payable. The previous sections on solution and benefits gives a detailed view of the major aspects of this solution. In business terms there will be multiple advantages in using this solution.

Increase in visibility across Contracts and Purchase orders

Increase in productivity due to automation

Reduction in Payment cycle turnaround time

All these will ultimately lead to increase in profitability which every enterprise thrives for. Given the industry moving towards digital construction, it is of utmost necessary for the enterprise to digitize their payment cycle in order to stay relevant and take a lead in the industry.