

EBOOK

Capturing Your Market

An excerpt from the
2023 AEC Inspire Report:
Unanet's latest research highlighting
the growth of tech-forward firms.



About the Research

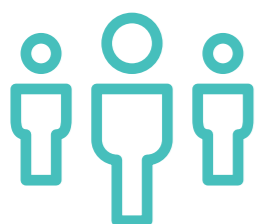
Standards

Three basic principles guided our survey methodology: Generating findings that are unbiased, authoritative, and comprehensive, so you can trust the data and the results.



Unbiased

Market research was conducted, vetted, and compiled from 395 independent respondents from July through September 2022. Contributors were recruited from multiple sources and supplemented by a nonproprietary business panel.



Authoritative

All participating AEC respondents were screened to confirm their decision-making responsibilities and involvement across their area of the organization (Finance, Project Management, Sales & Marketing, BI/ Analytics Purchasing Technology Solutions, HR, etc.).



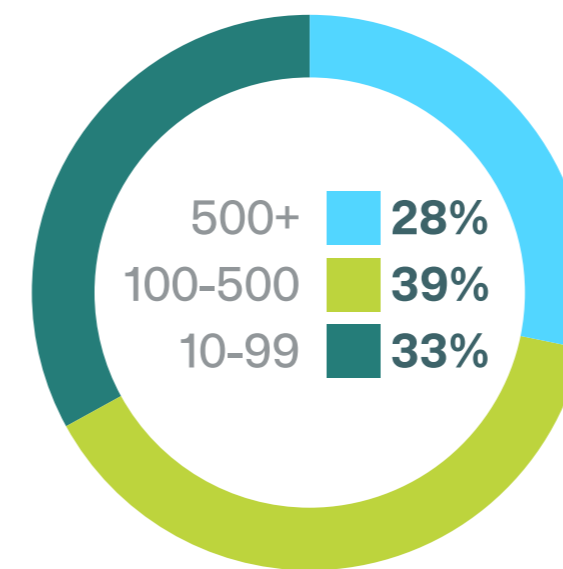
Extensive

Survey sessions averaged 15-20 minutes and drew definitive data from close-ended questions.

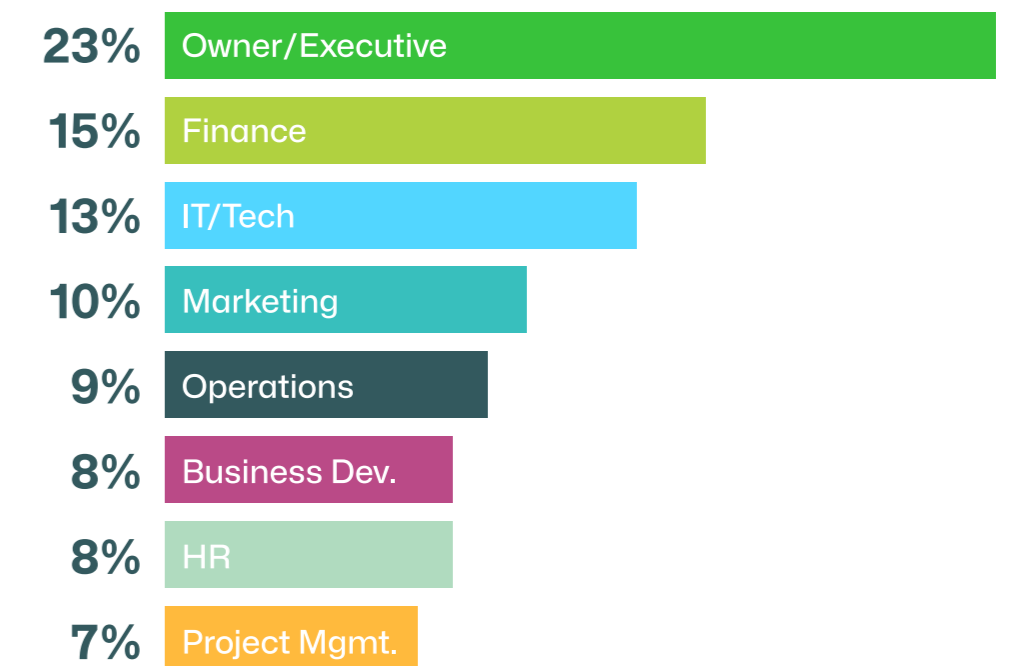
Survey Respondents

Survey respondents include senior decision-makers across the architecture, engineering, and construction (AEC) industry. Respondents fall into three broad categories based on number of employees (10-99, 100-500 and greater than 500) and annual revenue.

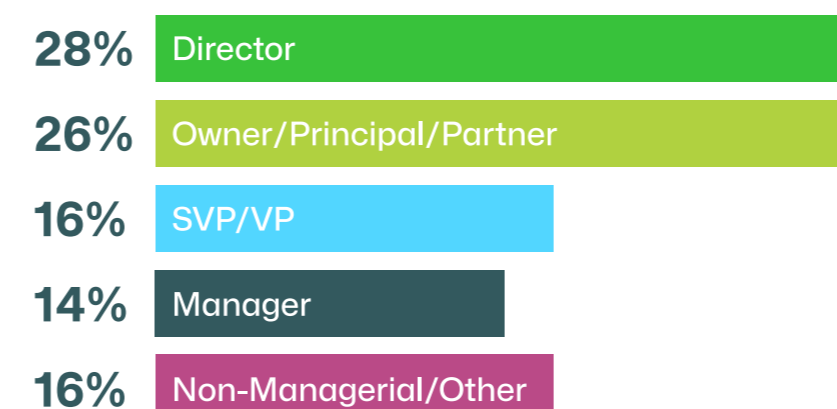
Respondents by Employee Size



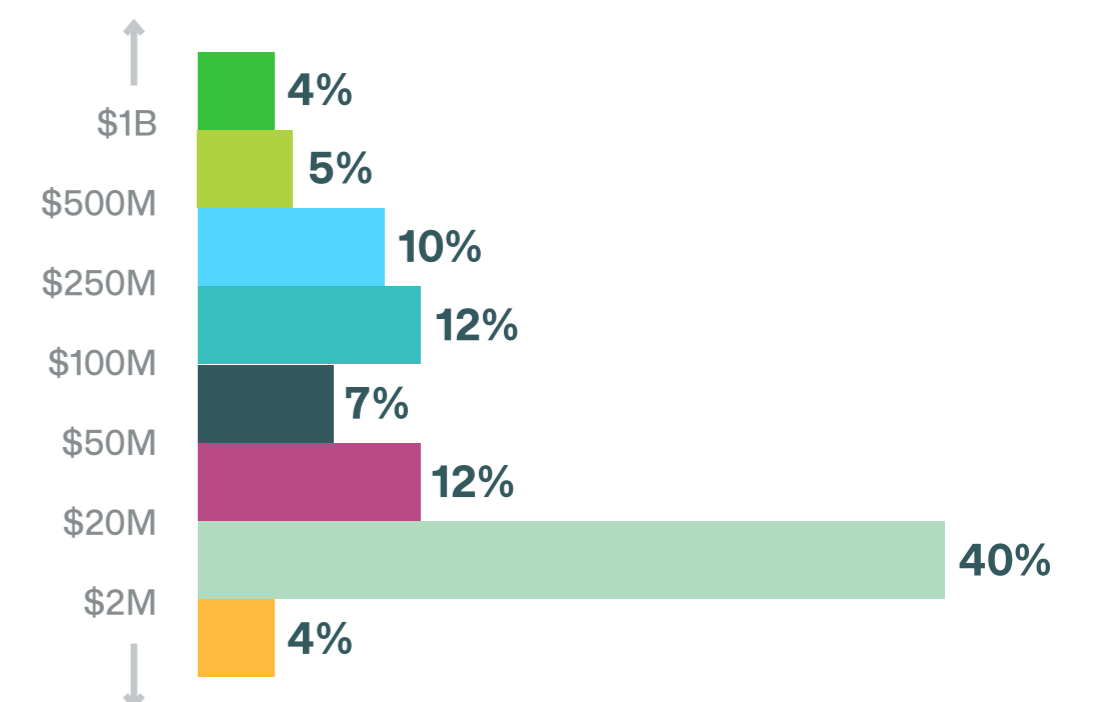
Respondents by Function



Respondents by Role



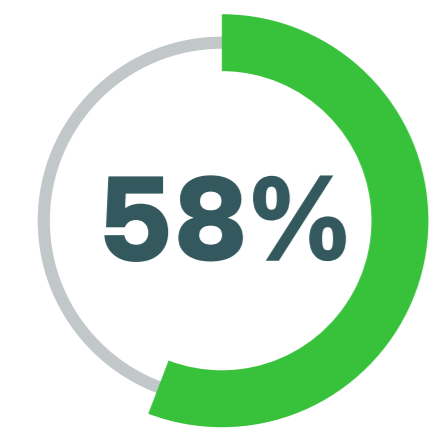
Respondents by Annual Revenue



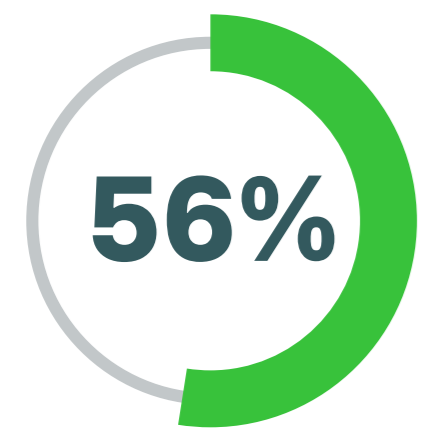
What it means to be Tech-Forward

The connection between technology and performance is clear.

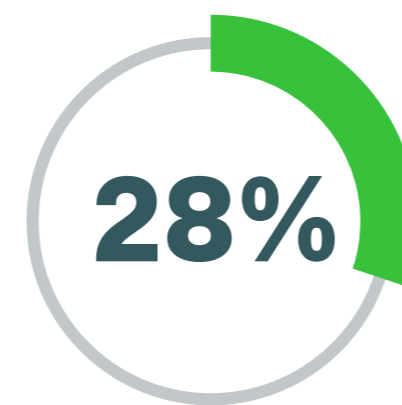
The firms that are best at turning technology into better outcomes and higher performance tend to get things right in several key areas. **32%** of respondents reported to be “tech-forward”, as defined by the criteria below:



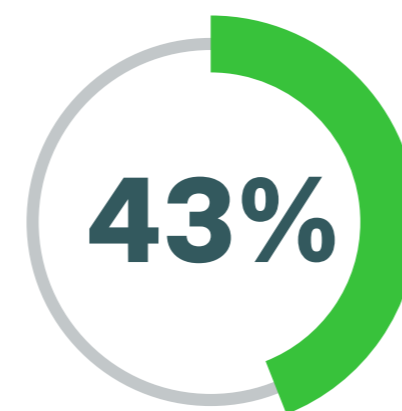
58% consider themselves “**very data driven.**”



They’re **cloud-enabled**; 56% of respondents said at least half of their software and business apps are cloud-based, while slightly more than a quarter (26%) indicated that at least 75% of their software and business apps reside in the cloud, and 7% reported that all their software and apps are based in the cloud.

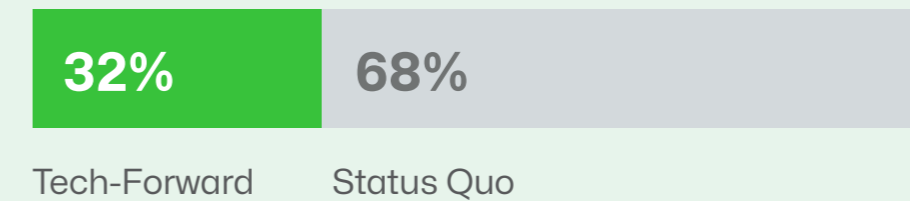


28% say their tech systems and applications are **fully or mostly integrated**, up from 21% in 2021.



They rely heavily on **mobile capabilities** across the business. A large share (43%) of respondents said most or all of their tech tools are mobile-enabled, up from 36% in 2021.

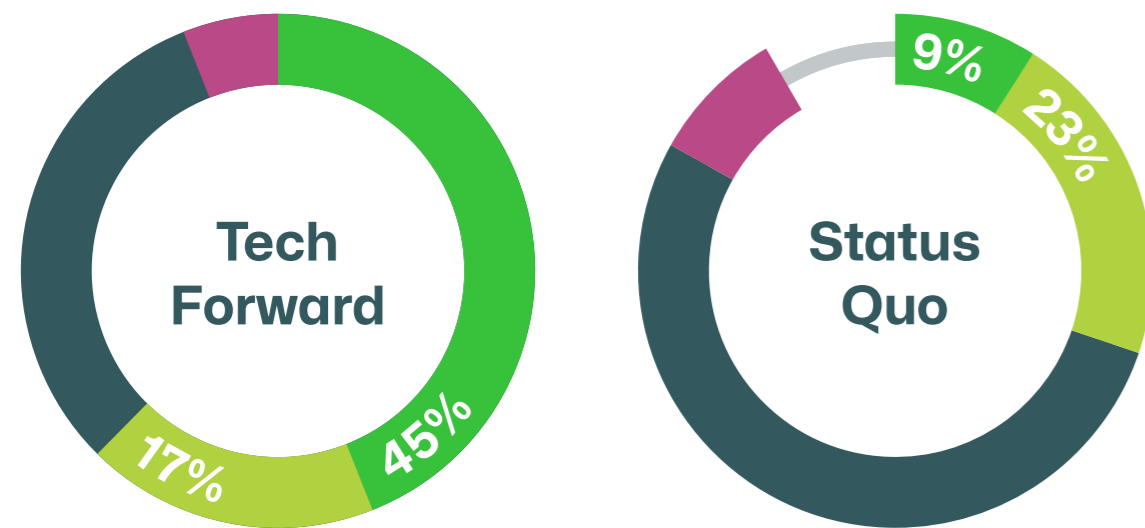
Tech-Forward vs. Status Quo



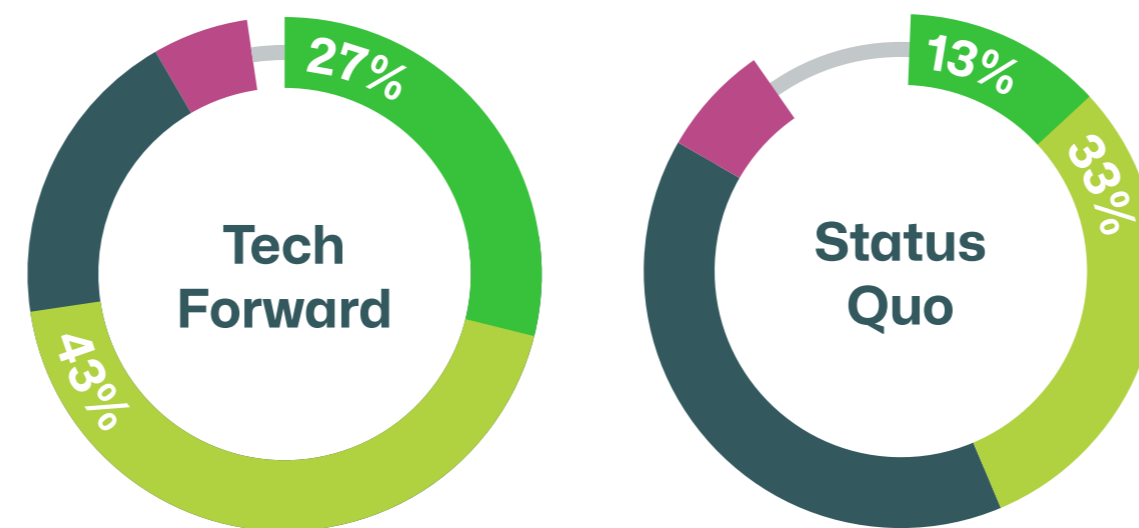
Better Integration and Use of Data Nets Better Results Now and In the Future

Firms appear to be winning projects at a strong rate - particularly tech-forward firms. As AEC firms fine tune their pursuit strategy with a modern tech-forward approach, the dividends are self evident, especially in the projected year ahead.

**Actual Proposal Win Rate,
Past 12 Months**



**Projected Proposal Win Rate,
Next 12 Months**



■ 76% - 100% won
 ■ 50% - 75% won
 ■ 25% - 50% won
 ■ 0% - 25% won
 ■ Don't know



Being Tech-Forward Can Create a Competitive Advantage

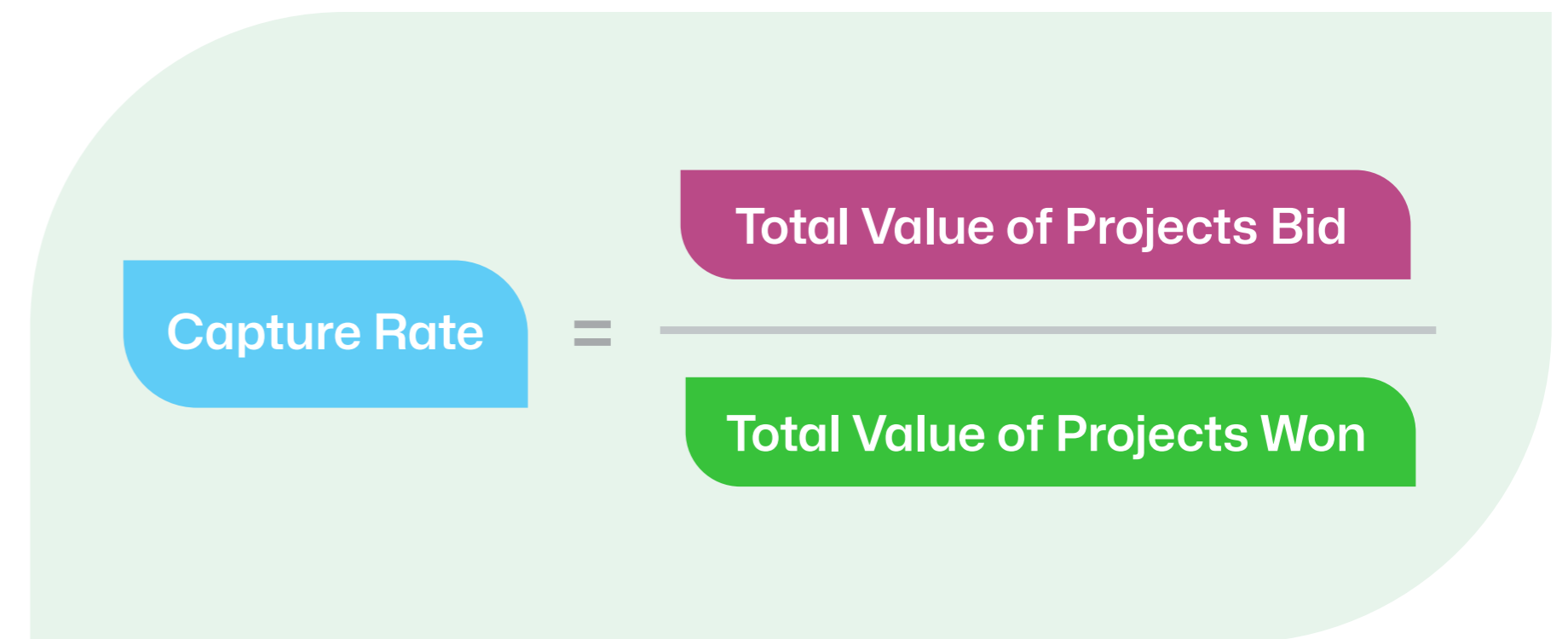
Why Capture Rate Could Be Your Best BD Metric.

For some firms, a win is a win. But the most successful, consistently high-performing firms don't settle for just any new business. They strive to win the right business – projects that are the most profitable and generate the most revenue stand the best chance of a positive outcome, which project teams find most desirable. In short, projects that fall into a firm's sweet spot.

Capture rate highlights the important distinction between winning one \$1 million dollar job versus ten \$10,000 jobs. Having more wins and a high win rate is nice, but it can be skewed by cherry-picking, for example. **Firms that focus more on capture rate are likelier to find more of the “sweet spot” projects** that will sustain them (and engage their employees) over the long haul.



Our advice: Pay attention to win rate, but prioritize tracking capture rate.



Capture rate is a metric that helps firms zero in on their sweet spot. Think of capture rate as a weighted win rate, where you're not just counting wins, you're capturing the dollar value of those wins. In simple terms, it's the total dollar value of the projects a firm wins as a percentage of the total value of the projects on which a firm bids.



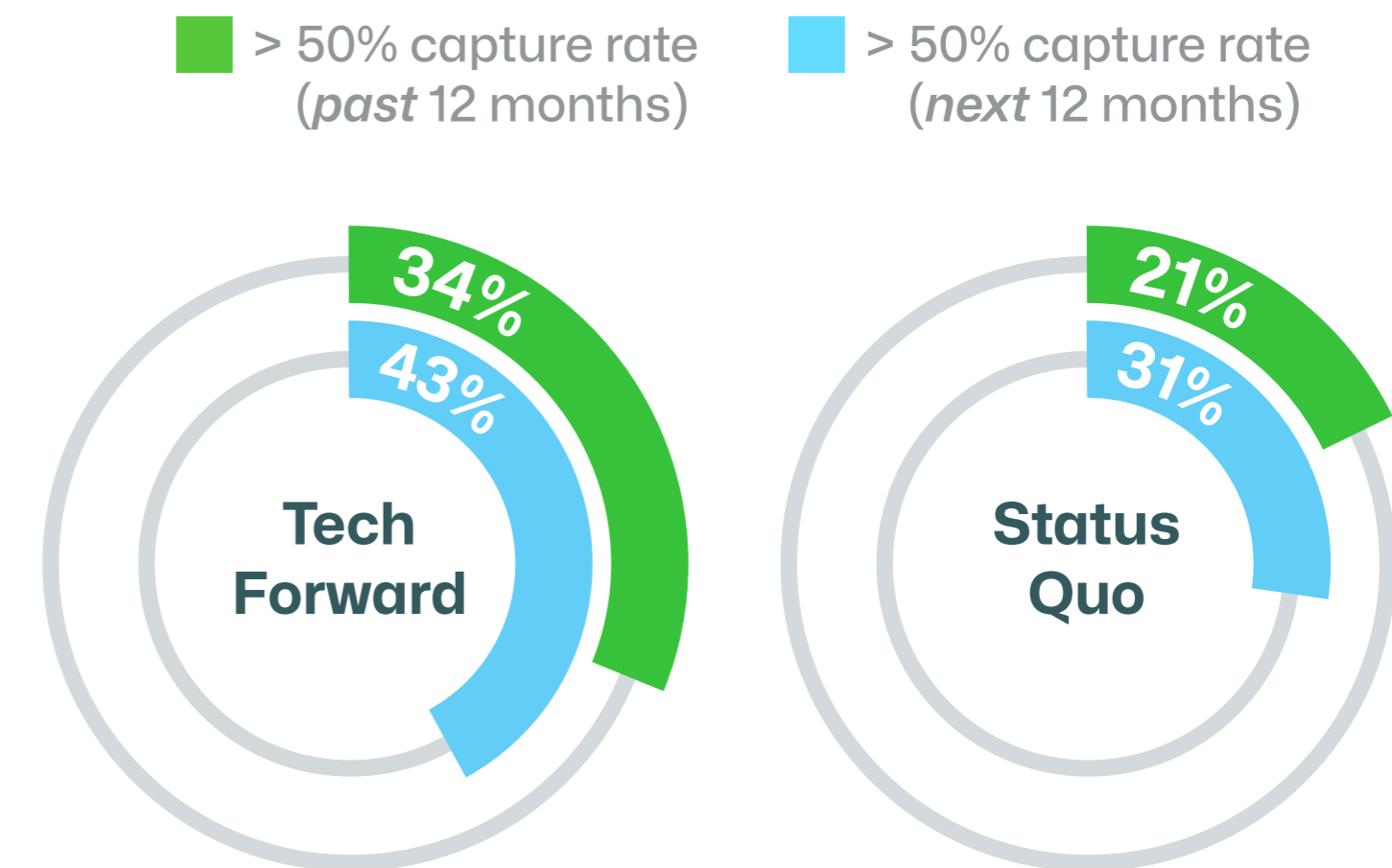
Capture Rate Adoption Now and in the Future

A vast majority (**92%**) of AEC firms actually know their win rate. But **only 58%** of firms are tracking capture rate, which could well provide a better indication of business sustainability.

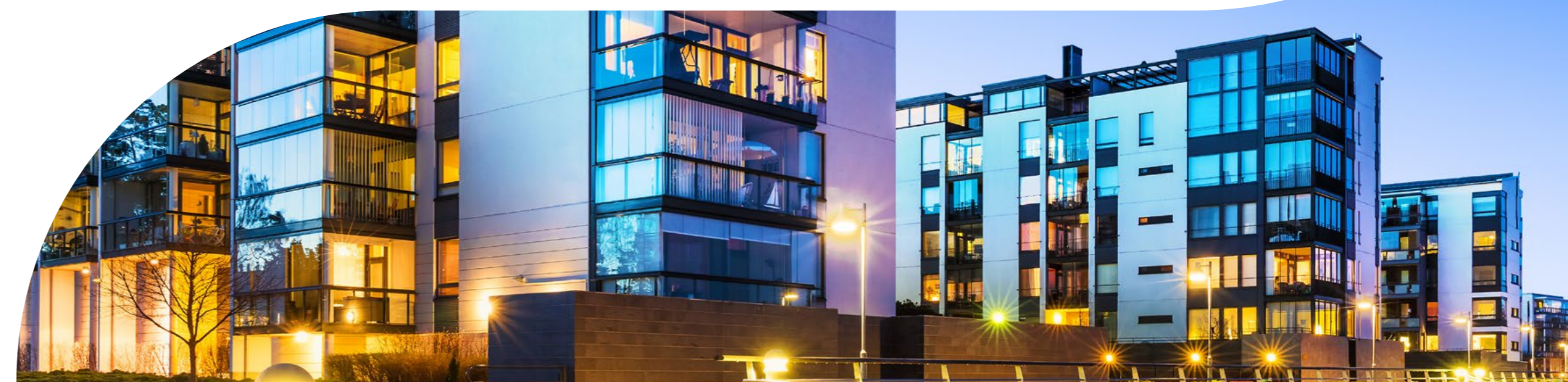
A slightly higher portion of tech-forward firms (**60%**) track capture rate. Among tech-forward firms, **34%** report a capture rate higher than 50%, compared to **21%** of tech-static firms.

Tech-forward firms also project a higher capture rate for the next year at **43%** compared to only **31%** of tech-static firms.

Actual and Projected Capture Rate



For more about capture rate and why it's worth tracking, check out Inspired Insights on page 40 of the full **2023 AEC Inspire Report**.



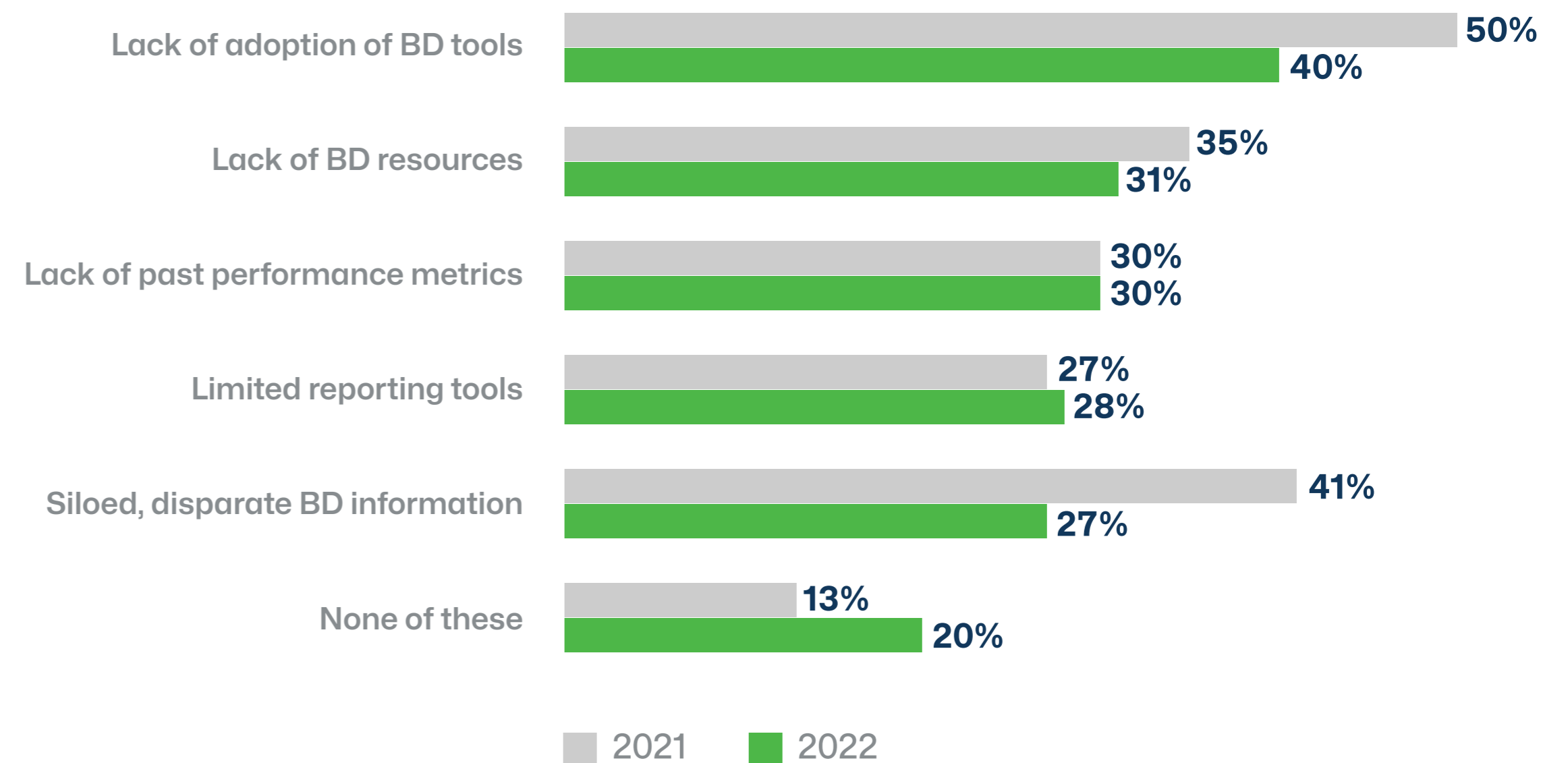
What is Holding Companies Back?

A lack of adoption of business development tools tops the list of biggest business development challenges firms face here in this reporting period (it was named by **40%** of firms), followed by a lack of BD resources (**31%**) and a lack of past performance metrics (**30%**). One area where we see significant progress is in the area of siloed, disparate business development information, a challenge that significantly fewer firms said they are dealing with this year compared to last.

Here's another area where tech-forward firms are surpassing their tech-static peers: **17%** land in the top quartile for proposal win rate in the last 12 months compared to **9%** of tech-static firms. Looking a year into the future, more than one-quarter of tech-forward firms project a win rate exceeding **75%** in the next 12 months, compared to **13%** of tech-static firms.

Biggest Business Development Challenges Compared to 2021

(Select all that apply)



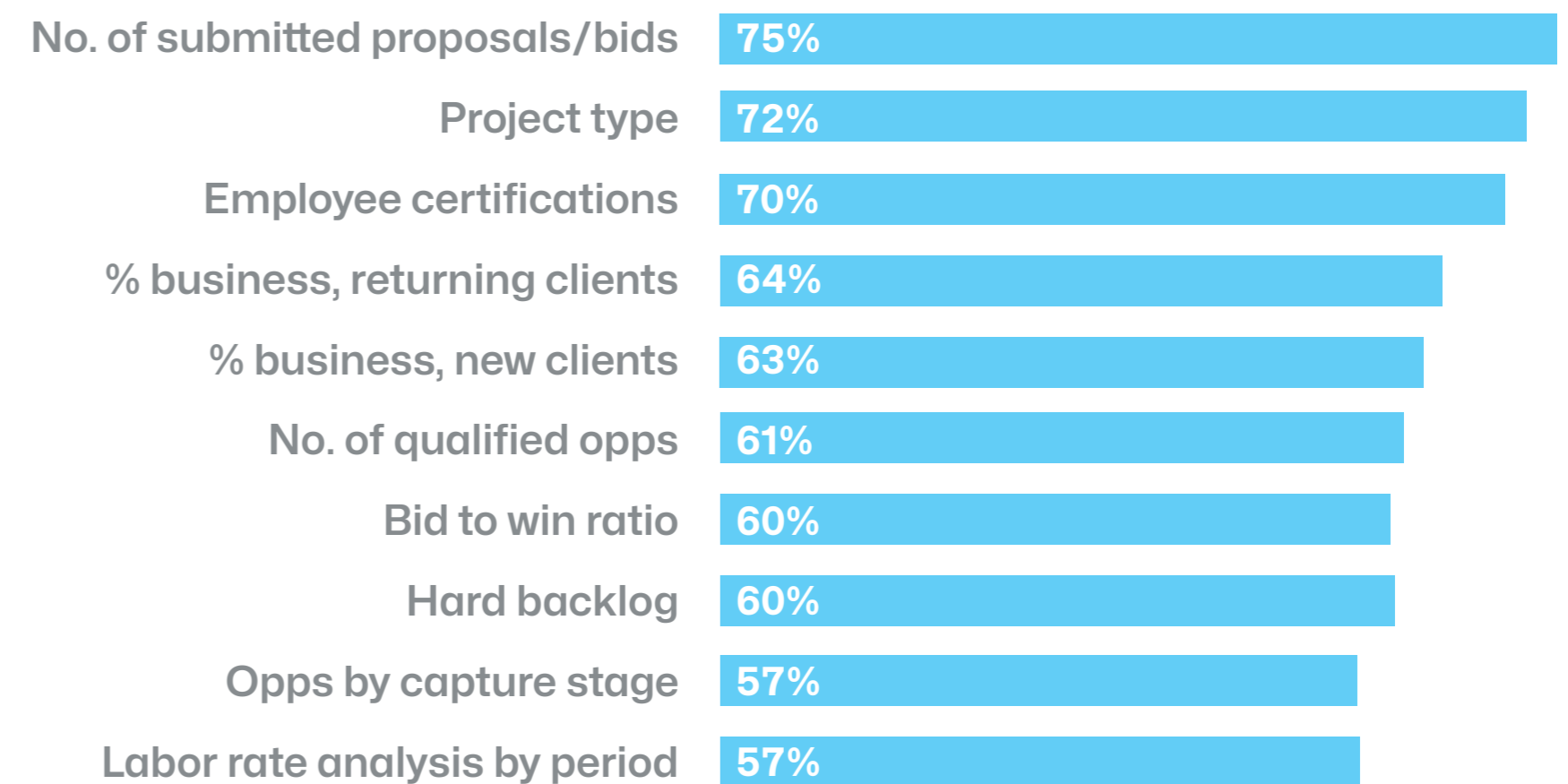
Top Ten Pipeline Metrics Tracked and Desired

Among the sales and pipeline metrics that firms track, employee certifications jumped into the top five most tracked, as did the source of business (existing or new clients).

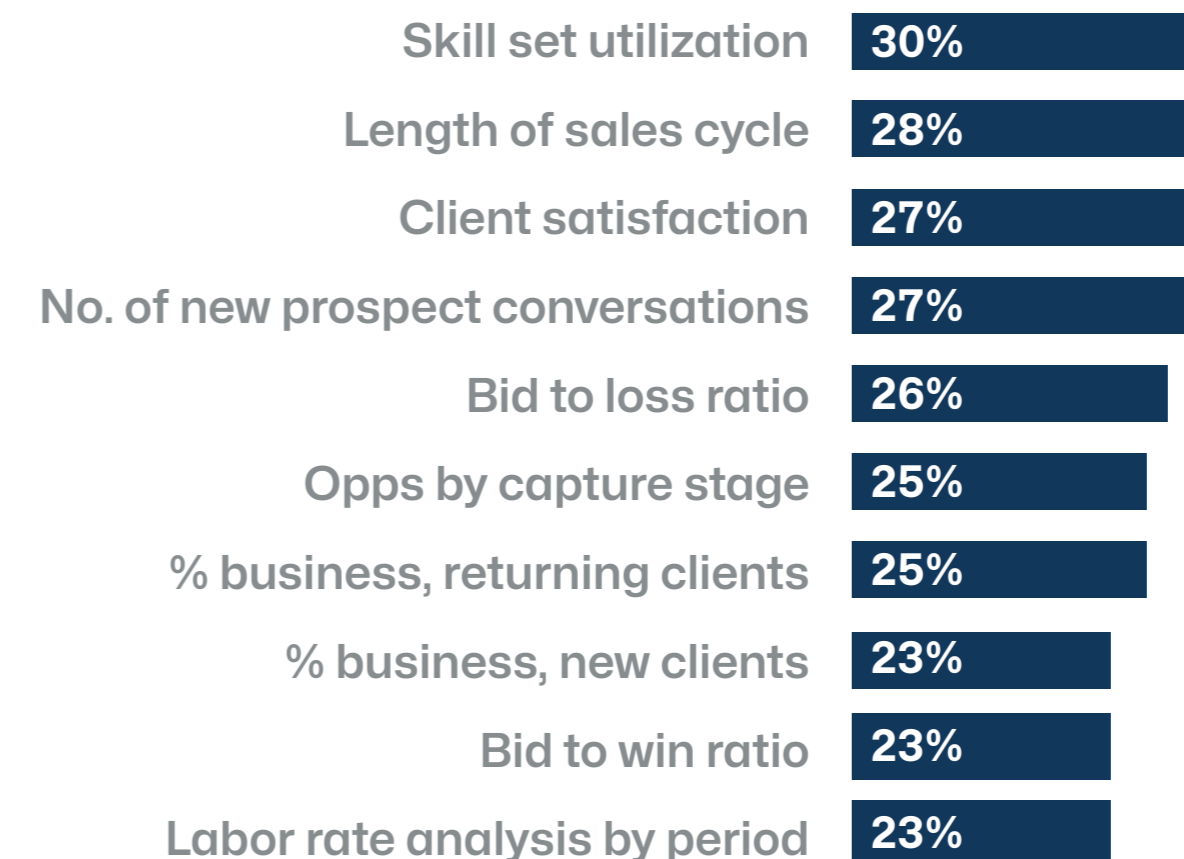
As for the metrics that firms said they want to track but aren't currently:

- *Skill-set utilization* (**30%** indicated they wished they were tracking) helps a firm determine if it has the right people on the right projects, and the extent to which its bench can support its pipeline.
- *Length of the sales cycle* (**28%**) tells firms how long it takes to get new business through the door, which impacts forecast accuracy and the backlog picture
- *Client satisfaction* (**27%**) reveals much about a firm's client experience – where it's strong and where it needs improving. As much weight as clients put on having a positive project experience with their AEC firm, expect this metric to gain prominence in coming years.

Top 10 Pipeline Metrics Being Tracked



Pipeline Metrics *Not* Being Tracked, but Desired



In Summary

- Companies that are quickly adopting mobile, cloud and data integration are gaining a competitive advantage in win rates and tracking key metrics
- These tech-forward companies are projected to continue improving win and capture rates
- More companies are projected to use Capture Rate as a key metric to drive the profitability and sustainability of their businesses
- Challenges exist in having the right tools and resources to progress these key areas faster



Tech-Forward Roadmap



A top-notch CRM (Customer Relationship Management) system could give your firm a real edge in cultivating new clients and sustaining strong, lasting client relationships. Look for a CRM system that provides:

- Seamless, bi-directional integration** with your project-based ERP and other critical business tools like Outlook, BambooHR, Constant Contact, etc.
- Optimized workflows** task assignment, easy visualization of opportunities by stage, and automated notifications.
- Real-time, interactive data** and metrics to guide business decisions, with easy-to-use reporting and analytics.
- Tools to track key project performance** (current and historical) to inform analytics and priority pursuits.
- Resource planning** for both active and TBD resources.
- Forecasting that reacts** to updated win probability as opportunities move through the funnel.
- One-click record updates** from opportunity to executable projects.
- Cloud-based, mobile-enabled** capabilities for secure on-the-go access to all your data.
- Key insights** from past project performance data to improve in-process pursuits.

Afterword

A Big Thank You!

We owe a huge debt of gratitude to the AEC executives who took time out of their busy schedules to share their insights and data. Thank you for being so forthcoming and thoughtful about the practices, successes, and challenges facing your firms. It led to findings that we believe will be invaluable in helping guide the AEC industry and helping the firms that comprise it raise their games.

Here at Unanet, the AEC industry has always inspired us to reach for greater heights. Your design, attention to detail, and vision make our world a better place. It is our hope that this report serves as a go-to source of benchmarking, insight, and inspiration as we all strive to do better for our clients, employees, communities, and our own bottom lines.

About Unanet

Unanet is a leading provider of project-based ERP and CRM solutions purpose-built for architecture, engineering, and construction firms, professional services firms, and government contractors. More than 3,400 project-driven organizations depend on Unanet to turn their information into actionable insights, drive better decision-making, and accelerate business growth—all backed by award-winning support delivered by a people-focused, forward-thinking team for whom the success of your projects, people, and financials is paramount.

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Contacting Us

If you have questions or feedback regarding the 2022-2023 AEC Inspire Report, or wish to participate in the next benchmarking survey, please contact:



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