

The Business of Projects

A guide to winning, executing and managing projects for government contractors.



FOR THE PEOPLE, BY THE PEOPLE

Government work is big business and government contractors (GovCons) play a central role in keeping that business – and the country – moving forward. Agencies and departments throughout the federal government depend on an expansive network of government contractors to support efforts across healthcare, defense, infrastructure, and an array of other vital foreign and domestic interests.

Federal contract spending passed \$680 billion in fiscal 2022 and may continue to increase to match inflation.

Source: Bloomberg Gov. Playbook

The demand for qualified government contractors continues to grow. Federal contract spending has grown at an average of 5% per year, even with a spike in 2021 and dip in 2022 accounting for COVID-19. However, this doesn't mean that more contracts are being handed out to more companies. Even with "set-asides" for small businesses, more contracts are going to fewer firms. Earning these valuable contracts requires new levels of flexibility, knowledge, and tenacity.

Government contractors must demonstrate that they have the requisite expertise, resources, and cost control apparatus during the request for proposal (RFP) process if they want to be awarded profitable government contracts. Yet, for many contractors, critical data about projects, people, and finances resides in a number of disparate tools and systems that create massive visibility gaps and hinder productivity.

Information about everything from costs and schedules to resources and project forecasts live in different point tools that require a number of time-

consuming manual processes to create a view of the health of the business and status of specific projects. In an age where efficiency and transparency reign supreme, more government contractors are trading in their disjointed technology environments for more unified approaches to manage their essential information, tools, and people for greater visibility and productivity.

Progressive business leaders are finding that project-centered enterprise resource planning (ERP) platforms are key to breaking down data silos and producing a 360-degree real-time view of their business that helps unlock their firm's full potential and deliver sustainable growth.

In addition, as contracts become more complex – requiring partnerships and joint ventures – Customer Relationship Management (CRM) software is becoming more critical for firms to compete.

More importantly, relying on spreadsheets creates significant obstacles that rob teams of efficiency, makes compliance more challenging, and creates more possibilities for costs to rage out of control.

THE CURSE OF DATA SILOS, BAD DATA, AND COMPLIANCE

Manual entry nightmares and disparate systems

Many GovCons of all sizes rely on low-barrier tools like spreadsheets to manage various elements of their businesses. Spreadsheets make it easy for any member of a team to capture and organize surface-level data in familiar and ubiquitous tools but require time-consuming manual data entry that's prone to costly errors.

Spreadsheet-induced chaos

- Wasted time manually entering data into multiple sources
- Re-reconciling due to poor/inaccurate data support enterprise resource planning
- Data errors in invoices and reports
- Limited visibility into project statuses
- KPIs are moving targets

For example, in our GAUGE 2023 report we asked what tools were being used for labor resource forecasting. The respondents were asked to check all that apply. Hands down no matter what size company, spreadsheets were the widest used tool.

	Total	2023 Annual Revenue				Employee Size *	
		\$0 - \$10M	\$10 - \$25M	\$25 - \$50M	> \$50M	1-99	100+
Excel Spreadsheet	70%	75%	70%	73%	65%	70%	69%
Integrated into your timekeeping system	37%	18%	48%	50%	39%	37%	38%
Off-the Shelf Software	16%	9%	15%	27%	17%	8%	21%
Manual	13%	18%	7%	5%	17%	14%	12%
Custom Built Software	10%	2%	2%	9%	22%	6%	13%

MORE FILES, LESS VISIBILITY

As businesses grow, usually the number of spreadsheets they need to aggregate data from across the organization does too. Over time, individual employees may need to toggle among dozens of different spreadsheets to find the information they need to transmit to a central ERP system.

The result is a significant increase in both the amount of time employees spend on non-revenue administrative work as well as the risk of data entry errors or data loss. Team members who could be working on project-specific activities, coordinating with other staff members, or communicating with client stakeholders are instead buried by spreadsheets, copying and pasting from one sheet to another and meticulously entering vital information hoping to avoid an error that could prove costly to the company.

Even spreadsheets saved in cloud collaboration folders create data silos and further restrict visibility and transparency. Because data is stored across many files in many places, it's impossible to compile information to gain an accurate, current, 360-degree perspective of the business virtually. This dramatically slows strategic decision-making that can negatively impact everything from gaining entry to an RFP to hiring and resourcing.

* Source: 2023 GAUGE REPORT Industry Roadmap of Benchmarks and Trends for Government Contractors. Unanet and CohnReznick.

CAPTURING NEW BUSINESS

Competition for government projects is fierce and keeping pipelines full is challenging. Businesses that are target-smart, on point with their decision-making and most efficient with their capture process from start to finish are winning. Plain and simple, the GovCon firms that excel at maintaining structured business development processes, that do all the big and little things in the capture process well, are the ones that ultimately win more of the types of projects they desire.

In addition, the contracting process is getting more complicated lately with more Best-In-Class, IDIQ and other vehicles. This requires government contractors to be flexible and function as a prime for some projects, subcontractor for others, and create joint ventures and other legal entities. Managing these complex partner and customer relationships across different agencies, time, and contracts requires a flexible CRM that is different from commercial options.

That winning capture approach is anchored in six key areas:

1. Establishing and sustaining a structured capture process.
2. Creating consistently strong proposals.
3. Winning the right kind of business.
4. Growing the firm organically.
5. Gaining a clear, current understanding of the total pipeline picture.
6. Managing the capture process with limited effort. KPIs are moving targets

With all these elements working in unison, it won't be long before the business development people at your firm begin to wonder why they ever settled for a subpar CRM (spreadsheets) and capture process, or no process at all.

Growing businesses are moving to fully integrated capture process tools that are purpose-built for project-based businesses and increasing their win rates with the right business.

- 59% of companies are winning less than 50 percent of the time.*
- 61% of GovCons cite new revenue sources is the most significant financial challenge in 2023.*
- While the importance of forecasting pipeline is above average, most companies do not believe these forecasts to be very accurate.*

COMPLIANCE

Unlike private sector engagements, government contracts come with a dizzying array of stipulations, standards, and rules. Compliance is fully dependent on clean, accurate, and verifiable data that usually results from closely and appropriately following the rules and regulations.

Whether it's SOX, GAAP, or DCAA, complying with regulations can be nerve-racking without full faith and confidence in the veracity of financial data. Locally stored spreadsheets lack connected or concise trails of the company's activities that allow business managers to quickly respond to internal and external audit demands.

* Source: 2019 23 GAUGE REPORT Industry Roadmap of Benchmarks and Trends for Government Contractors. Unanet and CohnReznick

- There's a broad sense among government contracting firms that they are under greater government scrutiny. While 51% of all survey respondents said the level of government oversight they're experiencing has essentially held steady, almost half—46%—indicated they're subject to greater government oversight.*
- Business systems remain a big focus for DCAA. Expect 2023 and beyond to be much like 2022, when the agency reported completing 288 such audits.*
- By a wide margin, the accounting system was the business system most frequently required for winning or gaining points in a solicitation. Thirty-eight percent of respondents said their solicitations always require an accounting system.*

Since organization leaders and select staff unfortunately can't be in two places at once, the rest of the team operates short-handed while leadership scrambles to get all their files and records in order ahead of the audit. They know they're at extreme risk of falling out of compliance with regulatory requirements and potentially missing out on future business opportunities.

CONTROLLING COST

Cost control – balancing revenues and expenses – is fundamental to any successful, thriving business. Manual project accounting using spreadsheets or

other simple tools is a near guarantee to increase a company's costs.

Enterprises can expect their general and administrative (G&A) costs to soar as their finance teams scramble to reconcile, re-reconcile, assimilate, bill, account, and plan in spreadsheets and disparate systems. Worse, as the finance team is forced into survival mode, they're no longer able to perform the deep-dive analysis on the business to uncover opportunities to streamline operations, reduce costs, and generate greater profits.

POINT TOOLS AREN'T THE ANSWER, EITHER

Many GovCons are beginning to slowly replace spreadsheets with more modern data management point tools – a range of consumer- and enterprise-grade accounting, customer relationship management (CRM), and resource management point tools.

These single-purpose tools are richly featured and capture detailed structured and unstructured data that manual tools like spreadsheets can't. They're great for tracking pipeline metrics, project revenues, invoices, and timesheets when required. Yet despite digitizing a hefty portion of a firm's data aggregation activities, the data collected remains in each tool individually instead of in a central data repository because the tools aren't well-integrated.

The amount of time and effort it takes to transfer that data to a common repository – usually with some assistance from IT, a consultant, or specialized employee – largely defeats the purpose of using the software in the first place.



With Unanet, we've seen a 70% decrease in the time it takes to get bills out.

* Source: 2019 23 GAUGE REPORT Industry Roadmap of Benchmarks and Trends for Government Contractors. Unanet and CohnReznick

MODERN GOVCONS DEMAND MODERN SOLUTIONS

GovCons looking to modernize their operations and gain a strategic advantage should invest in project-centered ERP solutions. Project-based enterprise resource planning builds on the traditional ERP concept that various aspects of a project should be fed into a single system.

A growing need for modern, integrated ERP solutions

- More than 36% of GovCon leaders expect to complete a mergers or acquisition, driving greater need for consolidated accounting and project management tools *
- 81% of GovCons say they will hire slight or significant additions to their workforce in the next 12 months, requiring more insight about open roles and associated costs/salaries for each *
- GAUGE respondents identified resource management as their top project management challenge. Making the case to have modern and mobile time collection system as well as an ERP that has resource planning as the focal point of the tool *

Generic ERPs did a great job of changing the way GovCons approached project management and accounting but were designed to be all-purpose solutions in support of a one-size-fits-all approach.

In particular, generic ERPs leave project accounting to other tools in favor of focusing on accounts and departments, wherein the project itself becomes a mere afterthought and still requires extensive work to reconcile data from different sources – not ideal for project-based contractor businesses.

GovCons need their ERP systems specifically designed for the unique needs of their sector. These modern systems are ideal for project-based providers because they prioritize per-project resource management functionality as a pillar of the platform, meaning that data capture is an end-to-end exercise starting with a contractor's first interaction with a prospect about a specific project and continues on through service delivery – all within a single environment.

Project-based ERPs are superior choices for project-based professional services organizations because they're...

- **Integrated and flexible**

ERP systems should adapt to specific project parameters rather than focusing on the account or department and tracking project data in a different system. Functionalities and workflows must be configurable for various uses across teams and functions within the business.

- **Efficient**

Modern ERP solutions should feature built-in capabilities that centralize core processes and automate repetitive actions around accounting, invoicing, document management, proposals, and time and expense tracking.

* Source: 2019 23 GAUGE REPORT Industry Roadmap of Benchmarks and Trends for Government Contractors. Unanet and CohnReznick.

- **Secure, but accessible**

Project-centered ERP tools should be web-based for easy access from any device or location, but also feature robust identity and access management capabilities to ensure only authorized users can access sensitive data.

- **Compliance-oriented**

While “compliant software” doesn’t truly exist, project-centered ERPs should be designed to enable compliant accumulation and allocation of costs utilizing time keeping, expense accounting, cost pools, indirect rates, revenue recognition, and project management.

Unanet Key Features:

- Customer Relationship Management
- Resource Requesting & Management
- Project Management
- Project Accounting
- Invoicing and Revenue Recognition
- Timesheet Management
- Expense Management
- Teamwork Collaboration
- Financials – General Ledger

UNANET: A CONFIGURABLE, EFFICIENT, AND COMPLIANT PLATFORM FOR THE DIGITAL AGE

Unanet is leading the charge in reshaping how government contractors win and execute project management and cost accounting. Unanet’s hosted, cloud-based platform is fully integrated and provides GovCons with a complete project-based ERP solution that delivers real-time project performance management, people, and financials in a single application.

Each element – every tool, process, and workflow – has been purpose-built to consolidate the various systems government contractors need to significantly increase efficiency, reduce costs, and improve compliance with even the most stringent requirements. With Unanet, everything from resource requesting and project management to project accounting and financial reporting is easily accessible through a secure, web-based platform.

Data flows automatically and unimpeded from every solution to a central database, eliminating time-wasting and error-prone data entry as well as any need for reconciliation among different systems or disparate spreadsheets. Contractors can slash their G&A expenses through greater efficiency and connected apps, while better positioning their teams to capitalize on new opportunities and create new revenue streams.

END-TO-END PROJECT LIFECYCLE AUTOMATION

Unlike legacy ERP solutions, Unanet’s project-centered architecture provides for greater visibility, insight, and strategic decision making. With Unanet, managers gain

real-time visualizations of resource demands, commitments, and capacity through convenient and configurable reporting dashboards that give them the information they need to make smart decisions across the company's entire project portfolio.

Some key differences between a generic ERP and one designed for GovCons include:

- Project forecasting/budgeting and GL budgeting
- Treating direct and indirect projects differently
- Support for cost pools and cost allocation; this is known as total project accounting
- Billing and revenue recognition for time & materials, fixed price, and cost reimbursable contracts
- Project profitability analysis, backlog, burn rate, remaining funded, etc.
- Earned value and/or progress-based billing/revenue recognition

Customer Success Spotlight: Relyant

Relyant Global is a Service-Disabled Veteran Owned Small Business (SDVOSB) specializing in construction, MMR & environmental services, and global development. They wanted to replace their existing ERP system because it was inefficient and not intuitive. With Unanet's all-in-one integrated solution, the firm was able to...

- Decrease its monthly close timelines by 68%
- Reduce time spent on payroll by up to 5 hours per month
- Increase data accuracy and transparency
- Save more than \$250,000 a year in operating costs and software licenses
- Improve data visibility and reporting

With on-demand analytics and intelligence from a single dashboard, GovCon managers can confidently establish consistent KPIs for the business and align everyone in the organization to:

- Focus on corporate and strategic financial goals
- Use real-time information to be proactive vs. reactive in reducing costs
- Study lessons learned so improvements can be made in the future to save money and resources
- Gain insight into what types of projects to chase – most profitable and maximization of resources

COMPLIANCE-READY ARCHITECTURE

While there's no such thing as "DCAA compliant" software, Unanet is purpose-built for compliance-heavy government projects and incorporates robust compliance features into each element of the platform.

Unanet supports compliant accumulation and allocation of costs, creating an easy-to-follow, digital paper trail incorporating timekeeping, expense accounting, cost pools, indirect rates, revenue recognition, and project management all within the same system and environment. More importantly, Unanet's hosted environment meets all major compliance standards for data collection and security, having passed a SOC 2 audit NIST SP 800-171, 800-88, and CMMC Level 2 pre-assessment.

Now, GovCons can execute their daily responsibilities and pursue new government contracts with complete faith and confidence that their essential data is

accurate, accessible, and verifiable by both internal and external auditors – without having to staff huge compliance teams to pore over every detail or risking huge fines and missing out on future opportunities.

Government contractors play a vital role in the ability of various government agencies and departments to effectively deliver the services and support they're obligated to provide to citizens. Yet, the ability of a GovCon to deliver on their promises depends heavily on how efficient and repeatable their own operations are.

In an age when GovCons must demonstrate an equally ardent commitment to transparency and ethical operations as to the profitability of each and every project, replacing generic ERP systems with project-centered ones is vital to gaining the on-demand insight, intelligence, and verifiable financial data today's contractor teams demand.

Contact us today for a free, personalized demo to see how project-centered ERP helps simplify complex compliance requirements and put your business on track for sustainable growth.

About Unanet

Unanet is a leading provider of project-based ERP and CRM solutions purpose-built for Government Contractors, AEC, and Professional Services. More than 3,700 project-driven organizations depend on Unanet to turn their information into actionable insights, drive better decision-making, and accelerate business growth. All backed by a people-centered team invested in the success of your projects, people, and financials.



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