!FATIGUE ALERT!

98% WELDER 1

LAUNCH

ELECTRICIAN 2

FOREMAN 5

SAFETY

DRIVER 4

SIMPLIFYING THE COMPLEXITIES
OF CONTRACTOR SPEND MANAGEMENT

MANAGEMENT
CONTROLS

WHY YOU NEED TO OVERCOME
DATA SILOS & MANUAL SYSTEMS

From the assembly line to the computing cloud, <u>digital transformation is in full swing in manufacturing</u>. But while the industry has come a long way in recent decades, the transformation isn't complete. Changes in the complexity and scale of contractors, as well as the push for digital transformation in manufacturing and industrial site operations, have created an <u>emerging opportunity in the category of Contractor Spend Management</u>.

Today, manufacturing companies work with networks of contractors to achieve incredible levels of efficiency and productivity. But even at powerhouse producers, the approach to Contractor Spend Management is locked inside a web of legacy systems, data silos, and inefficiencies — a web that can cost these companies <u>30%-50% more than it should</u>. This web of inefficiencies and ambiguity traps so much value that companies that update this process regularly see as much as a <u>10%-15% increase in annual savings</u>. Unfortunately, as long as manufacturers are content to sit on valuable data and innovative technology that could bring data to life, they will miss out on Contractor Spend Management's full potential.

Digital Transformation Challenges Facing Manufacturing and Asset-Heavy Industrial Site Operations

LEGACY SYSTEMS
Many manufacturing companies still use legacy systems and outdated technology while relying on manual analysis of contractor spend. This creates complexity, increases costs, and makes it challenging to streamline processes.

DATA MANAGEMENT
Manufacturing companies generate large amounts of data around contractor spend practices, but managing, consolidating, and analyzing this data can be difficult. This creates delays in decision-making, reduced efficiency, and missed opportunities for optimization.

CONTRACTOR SPEND INEFFICIENCY
The combination of outdated technology and lack of modern data management opportunities leaves manufacturing companies in the dark about tracking, measuring, and improving how they manage contractor services.

UNLOCK VALUABLE DATA FOR SAFETY, PRODUCTIVITY, & SAVINGS

Contractor Spend Management tools untangle this web and build insight into how manufacturers manage contractor services — resulting in higher levels of safety, productivity, and profitability.

Without Contractor Spend Management tools, manufacturers miss out on digital transformation's benefits. They can't measure, track, or make informed decisions about what matters most — proceeding with little data and few insights into underlying issues that arise. Owners are dependent on the accuracy of the contractor's invoices and record-keeping. Without oversight into contract spend, contractors essentially receive a blank check that can only be verified by paper-based, manual processes.

With Contractor Spend Management tools, owners gain real-time insight into their relationship with contractors. Companies can become more contract-compliant, ensuring hours and dollars are calculated and allowed in real time, then updated to the enterprise resource planning (ERP) system. Contractors get paid accurately and on time, with labor and hours validated through access control and gated systems.
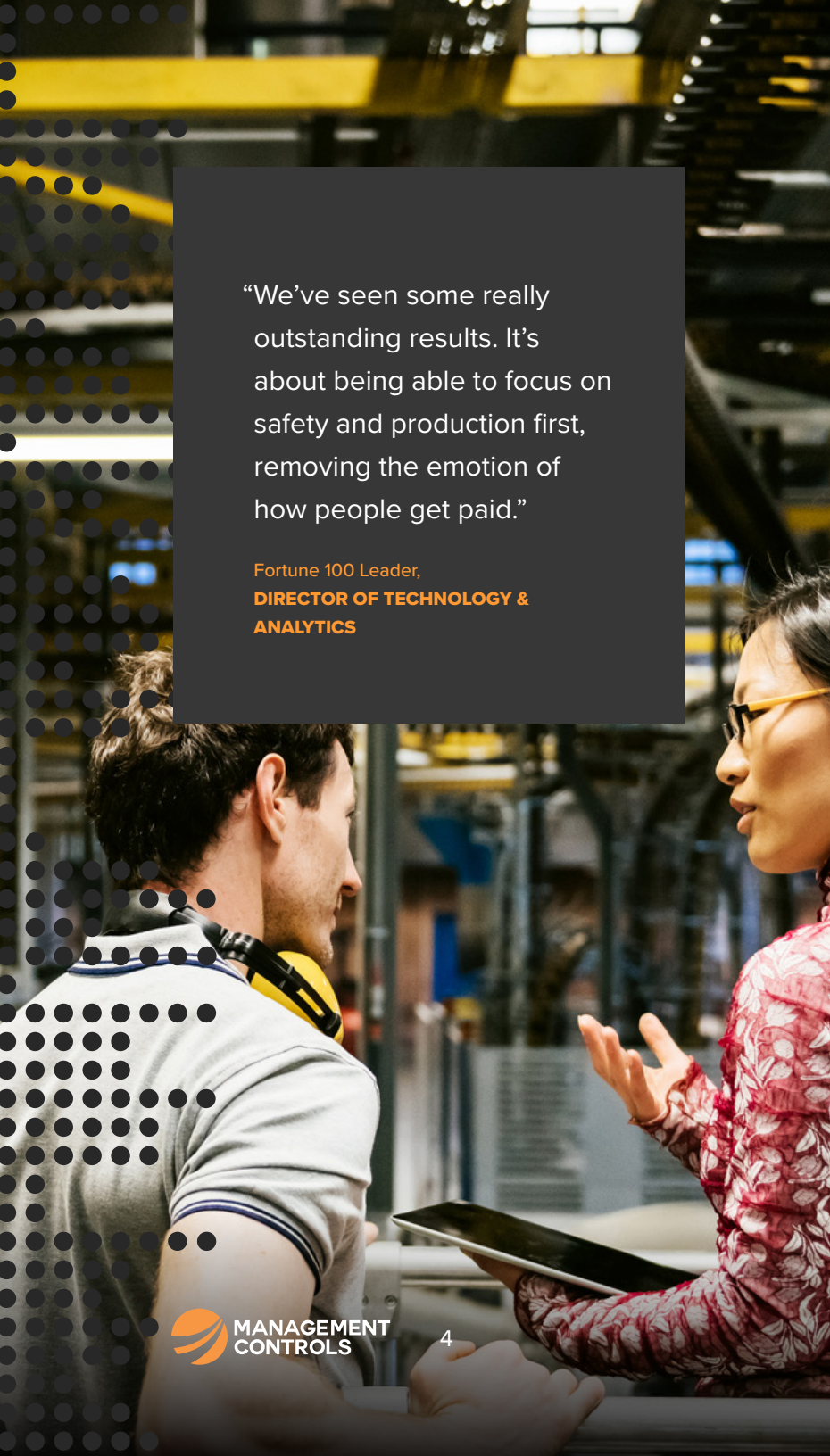
Successful digital transformation in this area offers manufacturing and heavy-industry businesses an unprecedented opportunity to save money, improve the safety and efficiency of operations, and automate processes that are still painfully manual.

Here's how any company can put the transformative power of digital transformation to work for Contractor Spend Management today.

"Successful digital transformations can have an impact of up to twice EBITDA, while the lead over digital laggards may increase by a factor of 10 in other company performance metrics such as employee productivity, customer experience, or return on investment."

MCKINSEY & COMPANY RESEARCH

MANAGEMENT CONTROLS

> "We've seen some really outstanding results. It's about being able to focus on safety and production first, removing the emotion of how people get paid."
>
> Fortune 100 Leader,
> **DIRECTOR OF TECHNOLOGY & ANALYTICS**

CONTRACTOR SPEND MANAGEMENT AUTOMATES DATA COLLECTION AND DELIVERS INSIGHT INTO OPERATIONS

Contractor Spend Management tools allow owners to go deep into the state of contracts and contractors within the company's site-specific operations. Whereas previously, contracts had to be monitored and tracked manually — leading to the possibility of errors, safety and compliance issues, and additional costs — an automated approach provides the missing piece of the puzzle to make these processes easier. These tools automate the data collection and analysis process, enabling organizations to reduce costs, improve compliance with regulatory requirements, and increase visibility into their contractor spend.

These tools also go much deeper than other organizational software used today. Existing organizational technology, such as ERP systems or vendor management software (VMS), focuses on managing internal organizational processes. Contractor Spend Management technology, on the other hand, focuses on managing spending on contractors and other third-party service providers. It provides tools for managing contracts, tracking and monitoring spend, managing vendors, and ensuring compliance with regulatory requirements.

PILLARS OF CONTRACTOR SPEND MANAGEMENT

PILLAR 1

Visibility and Productivity

Gain near real-time visibility into on-site labor, equipment, and material usage so you can make informed decisions and stay on track with project commitments.

PILLAR 2

Budgets and Costs

Eliminate timesheet and invoice errors — and curb off-contract spend — so you can protect your budget and profitability.

PILLAR 3

Owner-Vendor Accountability

Automate and simplify the work-to-invoice process to ensure accountability and prompt payment for both owner and vendor.

PILLAR 4

Data-Driven Continuous Improvement

Automatically collect and use powerful data insights so you can drive continuous improvement across the business.

"We were not paying vendors in a timely manner and often disputing invoices months after the work was done... what I like most about Track® is the live data and that it's accurate, consistent, electronic, and timely."

Fortune 500 Petroleum Leader, **PROJECT CONTROL SPECIALIST**

MANAGEMENT CONTROLS

EVERY STAKEHOLDER BENEFITS FROM CONTRACTOR SPEND MANAGEMENT

Every manufacturing and industrial site contains a complex web of stakeholders with different but supporting priorities. Plant managers prioritize personal safety, productivity, and profitability, while maintenance managers emphasize vendor relationships, work site safety, budgets, and schedules. The most effective use of technology is one that allows these stakeholders (and others, such as turnaround and procurement managers and finance executives) to get exactly what they need in a way that benefits the whole business.

"Track provides owners and contractors with a shared single source of truth when invoicing, by providing an automated, timely and accurate process for ensuring the services billed by vendors are contractually compliant to the terms and conditions of their contracts."

Bruce Grissom,
SME OPERATIONS AND MAINTENANCE,
Management Controls, Inc.

CLOCKED IN 6:15AM

EDDIE YANEZ
LOADING...

COMPANY: AAA CONSTRUCTION

SAFETY CERTIFICATIONS: YES

SKILL: ELECTRICIAN II

SCHEDULE: 0600 – 1600

GROSS TIME ON SITE: 9.25HRS

SKILL RATE: $45/HR ST - $60/HR OT

PER DIEM: $50

CONTRACT TYPE: TIME & MATERIAL

CONTRACT DEDUCTIONS: 0.5 HRS (LUNCH)

BILLABLE HOURS: 8.75 ST

TOTAL COST: $443.75

MANAGEMENT CONTROLS

MAKE INFORMED DECISIONS WITH SPEND MANAGEMENT

Increase Process Automation and Work Site Productivity

Real-time data provides visibility into work site productivity, leading to more efficient and safer operations.

Maintenance/STO

Better Data and Insights

With a single source of truth for advanced analytics and reporting, companies benefit from even more detailed insights into spending patterns and trends. Companies can automate how they track and reconcile contractor hours and materials to create a fully transparent and accountable owner-vendor relationship.

Maintenance/STO　　**Procurement**　　**Finance**

Internal Audit　　**EHS managers**

Automate Cost Control and Payments

Having more insight into costs and payments allows companies to track and manage expenses and cash flow in real time. Easily cross-check vendor invoices with payments to eliminate the potential for double billing. Manage overtime proactively by requiring advance approval via override request.

Procurement　　**Finance**

Increase Safety and Reporting

Easily accessible, real-time information makes it simpler for companies to capture and report incidents. Reinforce safety measures by capturing badge events on-site, and automate fatigue management with daily tracking of worker hours, consecutive days worked, exposure hours, and more.

Maintenance/STO　　**EHS managers**

Reduce Audit Risk and Increase Compliance

Accurate, organized, and accessible data tied to all projects allows stakeholders to avoid potentially costly audits and reduce the risk of working with unqualified contractors.

Internal Audit　　**Procurement**　　**Finance**

Protect the Budget

Better data leads to better cost management and financial performance. Companies can save up to 15% annually by dramatically reducing timesheet and invoice errors. Ongoing billable hours and costs are accurate and transparent. Time and expense tracking also makes budgeting and forecasting possible with greater visibility and control over spending.

Maintenance/STO　　**Finance**

MANAGEMENT CONTROLS

Onsite - 3 Days
Rental Equipment Rate: Daily
Daily Rental Rate: $1,500

CRAWLER EXCAVATOR 2

03:48:56   TIME LEFT

> "With Track's ability to provide automated upfront invoice attestation against the contract terms and conditions down to the individual resource level, companies no longer need to review thousands of paper invoices against the contract manually. This kind of digital transformation allows companies to focus on other value-generating activities for their business."
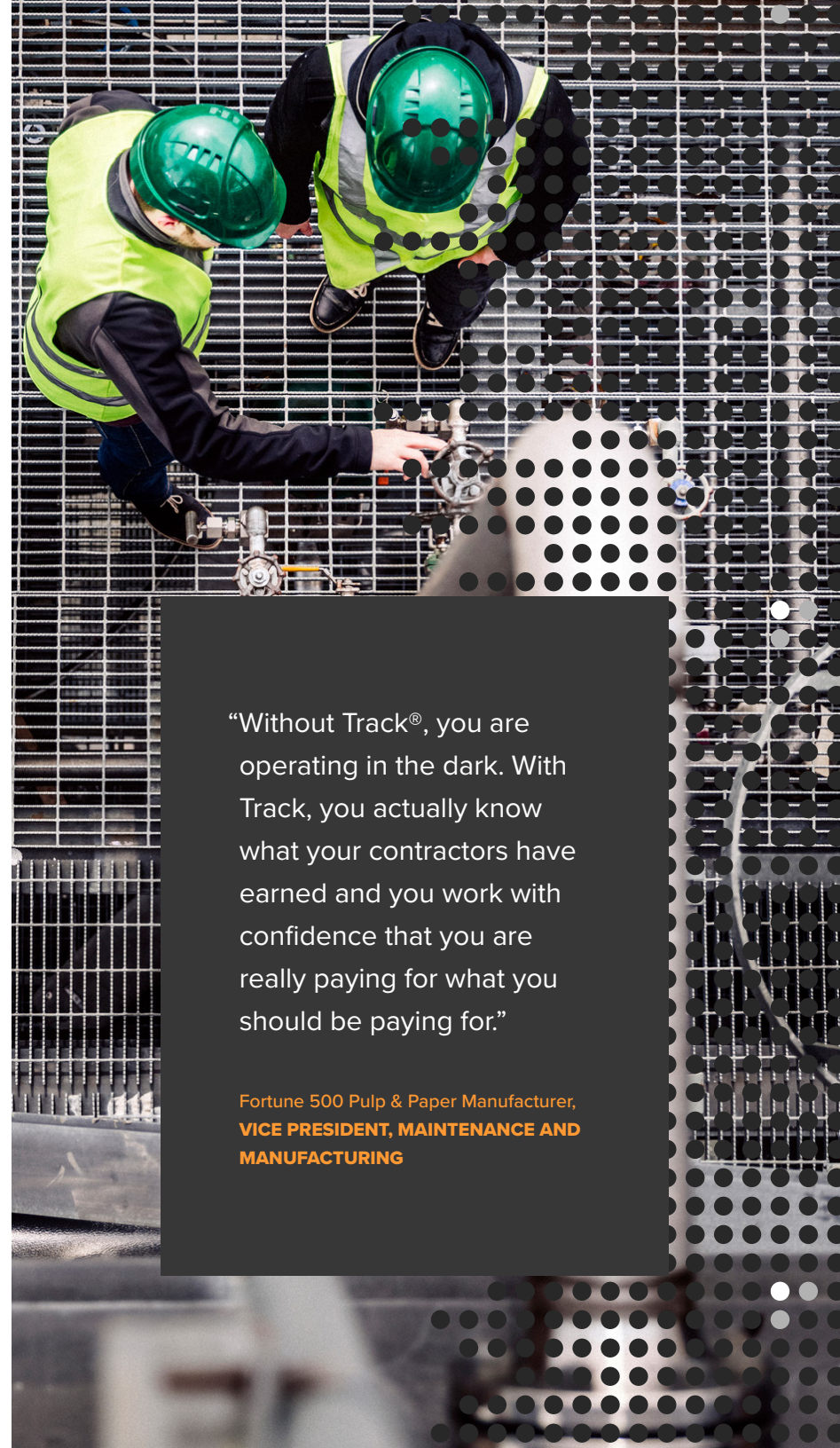
Jackie Andre,
SENIOR DIRECTOR CONTRACTOR OPTIMIZATION,
Management Controls, Inc.

Because Contractor Spend Management technology gathers critical details in an automated process that controls, manages, and reduces contractor labor, equipment, and materials spend, every stakeholder in the organization benefits. Every stakeholder gets the insight and transparency they need to make the best possible decisions for their team, their responsibilities, and the business as a whole.

NEXT STEPS FOR MANUFACTURERS

Manufacturing and heavy-industry companies eager to capitalize on these benefits will want to explore what Contractor Spend Management technology can do. Here's a look at what the Track Platform offers best-in-class manufacturing companies right from the start:

- **Ensure accurate payments.** Pay contractors accurately and maintain real-time insight into your contractor costs.

- **Confirm payment according to exact terms and conditions.** Easily confirm whether contractors are adhering to all terms and conditions.

- **Avoid common invoice errors.** Gain real-time insight into on-site activity to confirm when and where shifts are completed.

- **Promptly settle invoice disputes with contractors.** Settle disputes rapidly with an automated work-to-invoice process.

- **Easily capture data to improve work site productivity.** Gain visibility into work site productivity and identify bottlenecks causing delays.

- **Quickly account for on-site attendance in the event of an emergency.** Know who is on the work site and whether they have the necessary safety certifications and qualifications.

"Without Track®, you are operating in the dark. With Track, you actually know what your contractors have earned and you work with confidence that you are really paying for what you should be paying for."

Fortune 500 Pulp & Paper Manufacturer, **VICE PRESIDENT, MAINTENANCE AND MANUFACTURING**

MANAGEMENT CONTROLS

234
DAILY AVG CONTRACTOR
HEADCOUNT

678
STO AVG CONTRACTOR
HEADCOUNT

$55M
LABOR SPEND
TO DATE

$12M
EQUIPMENT SPEND
TO DATE

$2M
MATERIAL SPEND
TO DATE

FOREMAN 5

SAFETY

!FATIGUE ALERT!
WELDER 1
98%

LAUNCH
ELECTRICIAN 2

DRIVER 4

CROSSING THE GAP
TO OPPORTUNITY
IN MANUFACTURING

Digital transformation is more than just a buzzword. It's a necessary step to stay competitive in today's manufacturing landscape. However, manufacturing companies operating at full capacity, managing legacy systems, and juggling increasingly complex contractor agreements don't always know how to find the most efficient or reliable path forward.

Contractor Spend Management technology fills the enormous gap between where manufacturing companies are today and where they could be tomorrow. And the companies that step into this opportunity will see benefits across the entire ecosystem of managing contracts - from process to productivity to profits.

MANAGEMENT CONTROLS

MANAGEMENT CONTROLS

LEARN MORE ABOUT THE TRACK® PLATFORM

The Track® Platform takes the guesswork out of project and contractor spend, giving owners near real-time visibility into accurate on-site activity so you can make your budgets go further. The platform delivers an automated process to control, manage, and reduce contractor labor, equipment, and materials spend. By applying the Track® Platform's daily process, owners have confidence in the accuracy of contractor hours, safety, and productivity so they can effectively control budgets, ensure contract compliance, and save as much as 15%, on average, in overpayments.

LEARN MORE

1-855-898-7225
www.managementcontrols.com