



CONTRACT MANAGEMENT

CONTRACTS PROVIDE THE NECESSARY BUSINESS FRAMEWORK FOR LARGE REAL ESTATE, CONSTRUCTION AND OTHER CORPORATE INFRASTRUCTURE PROJECTS. KEEPING PROJECTS ON TRACK INVOLVES CONSTANT ATTENTION TO AND MANAGEMENT OF CONTRACT SPECIFICS THAT CAN IMPACT REVENUE AND COST. THE PROLIANCE® CONTRACT MANAGEMENT APPLICATION SIMPLIFIES REVENUE AND EXPENSE CONTRACT MANAGEMENT BY AUTOMATING TIME-CONSUMING TASKS AND KEEPING AUDITABLE RECORDS OF THE DETAILS.



Contract Management works with the Proliance Budget and Cost Management application to turn contract and change details into budget and cost line items. Proliance workflow capabilities can automate interactions between contracts, budgets and costs – from project planning and pre-construction through closeout.

And, the Proliance solution is built with Web services and XML technology to keep business intelligence fresh by facilitating the integration of real-time contract data with other financial applications.

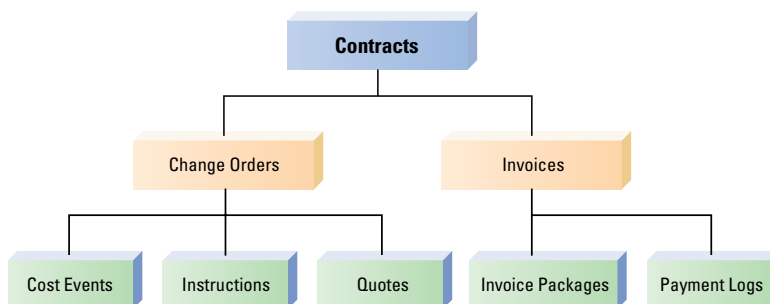
Contract Management is designed for organizations on both sides of the real estate and construction contract – owners managing project costs, and engineering and construction firms managing revenue and supplier expenses.

KEY FEATURES

› *Expense Contracts:* All contracts, purchase orders and other forms of commitments representing project costs can be managed using Contract Management. Every Proliance document is template driven, allowing workflow and approval process configuration for various contract types including: professional services agreements, unit price contracts, consulting agreements, design-build, lump sum and more. Associated contractual dates, detailed schedules of values and links to design and other project-related documents can all be tracked. In addition, Expense Contracts can be created containing key financial terms, conditions and preferences that govern the functionality of contract-related invoices and change orders.

› *Revenue Contracts:* When client contracts need to be tracked as project revenue, Contract Management can create revenue contracts with typical schedule of values, change orders, and various settings on retainage, tax codes and more.

PROLIANCE MANAGES THE ENTIRE CONTRACT PROCESS, ALL OF ITS COMPONENTS, AND THEIR RELATIONSHIPS TO EACH OTHER.



- › *Auto Commit Contracts:* Blanket purchase orders, general condition commitments, open-ended purchase orders, vendor accounts and similar types of commitments are handled by Auto Commit Contracts. The value of these contracts is not known at the time of execution, but established as work progresses and is invoiced. Both the committed amount and the invoiced amount can be viewed and tracked simultaneously. Auto Commit Contracts can represent either project revenue or project expense.

CHANGE MANAGEMENT

The Proliance workflow automation and change process documentation ensures an immutable record of all changes during the course of a project.

- › *Cost Events:* When potential changes arise, the Cost Event feature collects and evaluates how the changes impact the financial outcome of associated projects and contracts. Revenue and expenses can be managed independently and rolled into a change or new contract when work is approved. These changes are linked directly to the Anticipated Cost Report (ACR), the summary view of all budget and cost transactions for a program or project. New cost events can be created from any other document in the Proliance system, so there is always a record of the source document for a cost event.
- › *Instructions:* All outgoing requests for pricing and quotations to external partners can easily be managed with the Proliance Workflow Engine. All levels of detail can be documented as instructions to ensure timely responses to requests, such as RFPs and RFQs. Workflow automates this process, speeding up change

management cycles, and providing a powerful history of instructions during the course of a project.

- › *Quotations:* Contract Management can process both quotes submitted to clients, and all incoming quotes from external partners. By setting up an account and appropriate Limits of Authority, even a partner can create and interact with quotes in the Proliance system.
- › *Change Orders:* An increase or decrease to an expense or revenue contract is usually issued via a change order. These change orders can be created on the fly as a simple process, or can be integrated into a cohesive change management process involving cost events, instructions and quotations. Proliance maintains complete financial control of every contractual change allowing management and total understanding of multiple changes.

- Contract Management
 - Expense
 - Contracts
 - Change Orders
 - Invoices
 - Invoice Packages
 - Payment Logs
 - Revenue
 - Change Control
 - Cost Events
 - Instructions
 - Quotes

PROLIANCE CAN MANAGE BOTH EXPENSE AND REVENUE CONTRACTS TO CREATE AN IMMUTABLE RECORD OF ALL CHANGES THROUGHOUT A PROJECT.

QUOTE: Revised Refrigeration (003)	
Main Financial Summary Tax Summary Line Items	
QUOTE SUMMARY	
Total Labor :	11,721.88
Total Material :	19,933.75
Total Equipment :	3,600.00
Total Subcontract :	9,544.50
Total Other :	0.00
Quote Subtotal :	44,800.13
Total Markup :	6,944.02
Grand Total :	51,744.15

QUOTES CAN BE SIMPLE OR DETAILED, WITH BREAKDOWNS BY VARIOUS PARTS INCLUDING: LABOR, MATERIAL, EQUIPMENT AND MARKUPS.



BILLING AND INVOICE MANAGEMENT

Managing cash collections and cash payments is critical to maintaining the financial stability of projects. Contract Management streamlines invoicing from both directions by submitting invoices to customers for payment and approving or rejecting invoices for expenses. Certified invoices and billings automatically appear on the ACR for real-time reporting of total project costs billed to date.

EACH CONTRACT CAN HAVE MULTIPLE LINE ITEMS IN THE SCHEDULE OF VALUES. EACH LINE ITEM CAN BE SPLIT INTO MULTIPLE COST ACCOUNTS FROM THE BUDGET MANAGEMENT APPLICATION.

Item Number	Description	Approved B/C/M Column	*Scheduled Amt	Stored Material Retainage Pct	General Work Retainage Pct	Current Retainage
001	Earthwork	CostOriginal	2,104,000.00	10	10	
002	Concrete	CostOriginal	3,400,000.00	10	10	
003	Structural Steel	CostOriginal	4,801,000.00	10	10	
004	Thermal Protection	CostOriginal	1,419,500.00	10	10	
005	Exterior Walls	CostOriginal	5,675,000.00	10	10	
006	Finishes	CostOriginal	3,970,100.00	10	10	

*Item Code	Item Description	Cost Account	*Amount	*B/C/M Column	Item Role
1	Below Grade	Excavation	791,000.00	CostPending	
2	Piles & Lagging	Shoring	499,000.00	CostPending	
3	Excavation	Excavation	816,000.00	CostPending	

- › **Invoices:** Effectively manage Invoices for a revenue contract, an expense contract, a purchase order and an auto-commit contract. Using these invoice types, combined with the Workflow Engine, ensures that the right level of approvals are automatically and consistently applied to these important documents. Invoices also offer flexibility in stating progress (quantity, percentage or amount), provide numerous hold-invoice options and allow accounting for stored materials. These features tightly integrate with the Tax Management feature to support governmental and tax compliance requirements.
- › **Invoice Packages:** One or more invoices can be bundled into an Invoice Package. This expedites the approval process at the end of the month, or appropriate accounting period, by routing the

invoices together through the workflow process. Invoice Packages also provide a great integration point into financial applications.

- › **Payments:** Exact payment dates can be documented using the Workflow Engine, including separate approval steps for the invoice amount and for the subsequent payment authorization to accounting. Once an invoice has been released for payment, the option to create a payment record for multiple invoices or an Invoice Package with a single check is available. Payment records can also be generated from financial and accounting system data, keeping the operations and finance teams in synch.

LIMITS OF AUTHORITY

Organizations can establish best practices and business processes by defining the Limits of Authority for all financial transactions. For each cost-related document, Limits of Authority can be defined to restrict changes by specific roles for each phase of a document lifecycle.

When a user attempts to perform a workflow action on a document with defined limits, Proliance will verify that the user is authorized. Before proceeding, it will further compare the user's authorization limit against the document's value before allowing changes. The power to override Limits of Authority can also be defined and carefully monitored. A documented audit trail for all document changes will accompany each record.

MULTI-CURRENCY MANAGEMENT

For global enterprises and their international project teams, programs and projects can be budgeted and managed using several different currencies. Contracts can be managed and payments made in the currency of the contract, and reports generated using a common project, program or organization's currency. For example, project and program budgets can be set up in U.S. dollars, but contracts can be managed and invoices

issued in Euros, British Pounds, or Japanese Yen. Proliance instantly summarizes contracts in both the transacted currency and the project currency.

Exchange rates can vary from contract negotiation to payment, creating a tangle of calculations to be tracked and verified. Companies can easily manage

EACH PROJECT CAN HAVE ITS OWN CURRENCY REGISTER WITH THE APPROPRIATE CURRENT AND BASELINE EXCHANGE RATES.

Number	Title	Currency ...	CU...	Current ...	Baseline ...	Project Currency
1	US Dollars	USD	\$	1	1	Yes
2	European Euros	EUR	€	1.12	1.09	No
3	British Pound	GBP	£	1.59	1.61	No

fluctuating currencies by date and time stamping all associated documents. Virtually all Contract Management documents can be created in multiple currencies and tracked in logs that cannot be altered.

THE CONTRACT SUMMARY SCREEN ILLUSTRATES POWERFUL MULTI-CURRENCY TRANSACTION CAPABILITIES. NOTICE THAT THIS CONTRACT IS IN EUROS, YET THE PROJECT IS IN U.S. DOLLARS. YOU CAN INSTANTLY SEE THE VALUE OF THE CONTRACT IN BOTH EUROS AND U.S. DOLLARS.

	Contract Currency	Project Currency
Original Contract Value	€ 1,500,000.00	\$ 1,635,000.00
Approved Change Orders	€ 60,500.00	\$ 74,665.00
Revised Contract Value	€ 1,568,500.00	\$ 1,709,665.00
Currently Invoiced	€ 412,500.00	\$ 449,625.00
Current Total Retainage	€ 41,250.00	\$ 44,962.50
Balance To Invoice	€ 1,156,000.00	\$ 1,260,040.00
Total Pending Change	€ 23,750.00	\$ 25,887.50

TAX MANAGEMENT

Operating in multiple geographies requires understanding, payment and accounting for multiple tax requirements. Adding further complexity, the nature of the project may also have different tax implications. Contract Management automates project tax accounting by allowing up to 10 different tax rates per project, and an unlimited number of rules for tax calculations. Line items within contracts, change orders and other documents can each be assigned a different tax rule. During the invoice process, taxes are calculated based on progress made against each line item and then summarized for each invoice.

Specific Proliance business functionality automatically manages Value Added Taxes, often referred to as flow-through taxes such as GST in Canada and Australia, or VAT in the United Kingdom. These types of taxes typically do not impact overall project costs, but require management and reporting during the invoice and payment processes.



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