

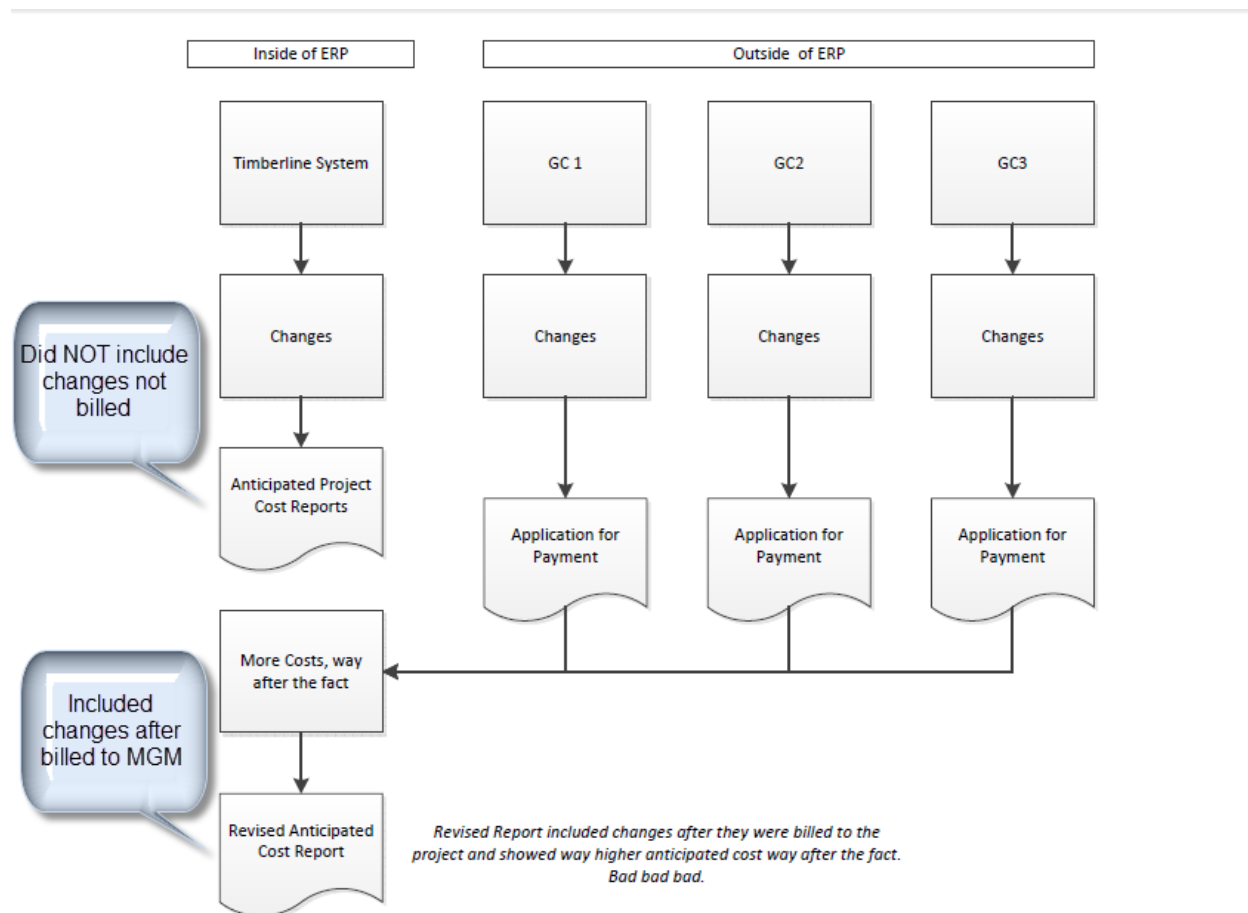
Case Study
MGM City Center
Las Vegas, Nevada

When we were called in to project manage a Timberline Office implementation to capture construction costs of the MGM City Center Project in Las Vegas Nevada Mike interviewed our contacts at Earnst and Young, who were involved as process refinement consultants on the same project. When Mike asked EY to define a successful project the answer was quite simple: “the last real estate venture came in significantly over budget and that can’t happen again”.

The problem to be solved

Ok, so we had a starting point. As we interviewed related management and decision makers it became clear to us that the issues were not that construction cost vs. estimate information did not exist, the issue was that various contractors change management information was desegregated, and this information was not known to MGM in their cost system until the contractors application for payment was processed. Of course this was happening 30, 60, sometimes 90 days (or more!) after changes occurred on the project.

The following depicts the flow of information and timeliness of accurate project forecasting:

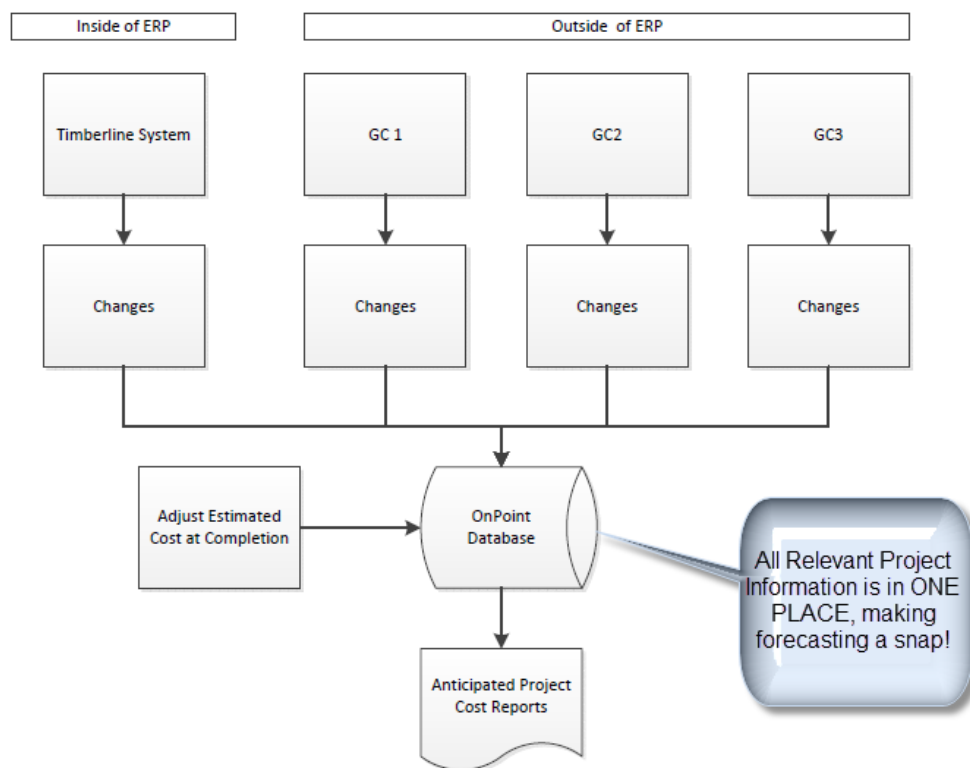


The conceptual solution

Our approach to resolve accurate and timely project forecasting consisted of the following remedies:

1. Pour existing Timberline and 3rd party GC project information into one database so that all information is together and visible for forecasting
2. Provide a user interface that showed all information as though it were in the same system so users can see total cost and total change orders in all systems
3. Provide a way for users to adjust total anticipated costs on phases up or down based on all information in the various systems and knowledge of what was happening on the project.
4. Design a project forecast report that simply pulls the combined data and user estimate of Estimated Cost at Completion.

The revised flow of information looked like this:



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The Statement of Work

Our SOW looked basically like the bullet points above with scheduled “check in milestones” to be monitored by Ernst and Young. Collaboration and teamwork were awesome and the project went to the user testing phase before the expected due date. Tweaks were made and the forecast tool went in to production so that MGM could anticipate the financial outcome of the City Center Project.

The end result

MGM used the forecast tool routinely to anticipate the final project cost. Significant management and funding decisions were made based on information provided by this valuable tool.

As a footnote, OnPoint has developed many many forecast processes and tools so that our clients can know where they stand on projects while there is time to act, vs. not knowing and then looking at an after the fact scorecard 90 days after project close and all invoices are in your system. This fundamental process also leads to visibility of over/under billings which directly effects:

- Gross Profit on financials
- Working Capital on Financials
- Bonding Capacity based on the WIP Schedule and Financials
- Strategic planning including backlog information and resource planning

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