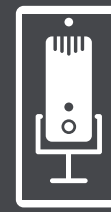


Episode: 80

Steve Hathaway



THE
**MOBILE
WORKFORCE**
PODCAST

Mike Merrill:

Hello and welcome to the Mobile Workhorse Podcast. I'm your host, Mike Merrill. And today, we are sitting down with Steve Hathaway, our good friend from Construction Software Solutions, or CSS.

Steve Hathaway:

Yup.

Mike Merrill:

And excited-

Steve Hathaway:

Good morning.

Mike Merrill:

To have the conversation today, Steve

Steve Hathaway:

Excited to be here.

Mike Merrill:

Awesome. Well, where are we at today? What are we doing? How did we connect up?

Steve Hathaway:

Well, we are at the 2022 Construction Financial Management Association, national conference in Atlanta. So, CFMA in Atlanta. It's nice to be back in person. It's been a couple years-

Mike Merrill:

Yeah.

Steve Hathaway:

With COVID and all. Virtual is a little difficult to do conferences and it's good to be back.

Mike Merrill:

Yeah, it is. So, it's great to see you. And I just grabbed you in the conference hall and said, "Hey, we've been talking about doing this for a while. Let's see if we can line something up and get together this morning."

Steve Hathaway:

Yup.

Mike Merrill:

So, one of the reasons I really wanted to get you in here to record today, I think you just have a very unique and interesting background in, not only construction software and in the technical industry, but also in construction directly. So, do you mind sharing a little bit about your history with the listeners and who you are?

Steve Hathaway:

Yeah. Could take a while, but I'll try to condense it-

Mike Merrill:

Okay.

Steve Hathaway:

For the podcast, because we don't have that much time.

Mike Merrill:

Okay.

Steve Hathaway:

But, really, I guess, I started in construction in 1985. I was 12 years old and I was a laborer and some may say, "Well, how can you work when you're 12?" And I guess, you can get away with it when the owner of the company just claims that you're his son, even though you're not. So-

Mike Merrill:

All right, all right.

Steve Hathaway:

I started as laborer-

Mike Merrill:

The statute of limitations. You're fine, right?

Steve Hathaway:

Right, it's good.

Mike Merrill:

Okay, okay. We're good. All right.

Steve Hathaway:

So, started as laborer, equipment operator, estimator, project manager. Been through every role in my career, in the construction side, construction operations. Moved over to equipment, equipment management, did that for a while, got a civil engineering degree, then a master's degree in IT and Management Information Systems. So, then I ended up as an IT Director and finally a Chief Information Officer. And then, took a little break from the construction side and went over and worked for Viewpoint Construction Software for a number of years, along with Coins Construction Software. And then, finally came back as Chief Financial Officer for a \$400 million heavy civil contractor out of Denver. And really, I guess that concluded everything. I started from the laborer and went all the way up to the CFO role-

Mike Merrill:

Yeah.

Steve Hathaway:

And pretty much, everything in between at some point, operations equipment, finance, IT, you name it.

Mike Merrill:

Yeah.

Steve Hathaway:

And then, that got me to where I am now. And now, we started Construction Software Solutions and there's a small group of us that started this consulting company, trying to take all that knowledge and help elevate the industry-

Mike Merrill:

Right.

Steve Hathaway:

Trying to move it forward and present that back to the next generation.

Mike Merrill:

Yeah, it's really cool. You and I have a similar story in terms of, starting literally in the trenches, or out in the field, in the construction company and working all the way up. I wasn't 12, I was 17.

Steve Hathaway:

Ha.

Mike Merrill:

So, I was legal, but yeah. It was a Summer job during high school. But, it's been fun to watch your journey. I mean, we've known each other almost two decades now.

Steve Hathaway:

Yup.

Mike Merrill:

Quite some time. I do think, one thing that's very interesting, I remember going back to Rocky Mount, North Carolina for-

Steve Hathaway:

Oh.

Mike Merrill:

A user conference for Construction Imaging Systems, who you worked for.

Steve Hathaway:

Yeah, I was there for-

Mike Merrill:

For a hot minute, right?

Steve Hathaway:

Right. Before they got acquired by Viewpoint.

Mike Merrill:

Right.

Steve Hathaway:

Yeah.

Mike Merrill:

But, that was cool. That was cool technology at the time, was pretty unique. I mean, just like ours, we were on Palm pilot. So, it was very early, right?

Steve Hathaway:

Yup.

Mike Merrill:

Very archaic, from what we have today. But, I think those steps in the journey are important and the fabric of what makes you, who you are and makes you tick the way that you do. And so, I think it's cool what you're doing now and actually giving back the industry and trying to leverage what you've learned and the resource that you've been able to bring together to help other companies.

Steve Hathaway:

And this is the one industry I've been in. It's the only thing I've ever-

Mike Merrill:

Yeah.

Steve Hathaway:

Done, is construction in some way, shape, or form.

Mike Merrill:

Yeah.

Steve Hathaway:

And I love the people. It's a lot of blue collar people in the field, that no matter what happens, they will get it done.

Mike Merrill:

Yeah.

Steve Hathaway:

They will find a way. They don't come up with excuses. They have deadlines to meet and they make it happen. And I really like that mentality.

Mike Merrill:

Yeah, very adaptable. And-

Steve Hathaway:

Yeah.

Mike Merrill:

And just, to get it done, elbow grease attitude.

Steve Hathaway:

And it's 110 degrees outside and you're paving asphalt and you're-

Mike Merrill:

Right.

Steve Hathaway:

Laying asphalt down, or it's 20 below and the wind's blowing and the snow's blowing and you can't shut your equipment off at night, because it'll never start again.

Mike Merrill:

Right.

Steve Hathaway:

So, you have to let everything run all night long. I mean, those types of conditions that you don't see in other industries.

Mike Merrill:

Yeah.

Steve Hathaway:

So...

Mike Merrill:

Yeah, it's cool.

Steve Hathaway:

Yeah.

Mike Merrill:

What we do is pretty cool as an industry, for sure.

Steve Hathaway:

I know.

Mike Merrill:

So, tell me this. I mean, really, that's a background, but the meat of what I think you and I should talk about today, is there's a lot of data. There's all these software companies. There's a lot... I won't steal any of your thunder, but I mean, share with us why you started this company? What it is you're trying to do? And why is it such a big deal?

Steve Hathaway:

Yeah, you hit on it there, Mike, when you said, "There's all these systems." And here we are at the CFMA Conference and you look at the exhibit floor and it is packed full of software systems. And-

Mike Merrill:

Yeah.

Steve Hathaway:

There's 10 by 10 booths that go on and on and on of just different software systems. A lot of them do the same thing. Some of them don't do, or some of them are unique in their little microcosm, some replicate each other's functionality, but they all are trying to do the same thing. They're all trying to help the industry move forward. And what we've seen, is contractors will come here and in the end, they buy everything. It just seems that way-

Mike Merrill:

Or, nothing.

Steve Hathaway:

Or, nothing, yeah. They'll go one way, or the other. They'll buy everything, or nothing.

Mike Merrill:

Yeah, yeah.

Steve Hathaway:

And then, two years later, they realize it's like, "Man, I have all these systems and where's my data at? And now, I want reporting across all these systems and I've got data in this cloud, in that cloud and I've got data local. And how do I simplify this?" Because, I mean, we're working with a client right now, who actually coined the phrase that we now use as our motto, is Fewer Systems, Better Data.

Steve Hathaway:

Because-

Mike Merrill:

Oh, I like that.

Steve Hathaway:

And they were the ones who said it, because we were working with them and they said, "We have all these systems and all we want is fewer systems and better data. Can you help us get there?" So, we go in and we look at the different systems they have, we try to work through all of their workflows and business processes and truly understand their business and then say, "Okay, well maybe, you can combine these two programs together into one."

Mike Merrill:

Right.

Steve Hathaway:

And maybe, it doesn't do 100% of what it does today, but maybe it does 95% of what it does. And maybe, you're okay with that.

Mike Merrill:

Right.

Steve Hathaway:

And let them choose. And again, get back to simpler methods. And then, have a strategy for their data. So, that there's methods to report on it, using Power BI. I mean, we're all talking data analytics these days and Power BI is the default that everybody goes to. But, you can't really use Power BI. You can't use data analytics, unless you have a strategy for how to store the data and organize it, because there's one thing that data analytics is very good at and that is showing you how ugly your data is. So, people start getting into the data analytics and they realize, "Oh, that's not what I thought." Or, "This data was put in six years ago and it doesn't match the way we're tracking things now. And it doesn't line up and it's not useful." So again, you have to have a strategy to make all that work. So...

Mike Merrill:

Yeah, and to your point, and I've shared this story a little bit before. I don't think with you, but we had a customer, this is, gosh, maybe 12, 13 years ago. They were trying to consolidate all their data in this Sage database that they had, it was old Timberline System.

Steve Hathaway:

Oh yeah.

Mike Merrill:

And basically, they did what they call a re-key, or a key change. And they were trying to consolidate their list of cost codes, or tasks, or extras down to really what they were doing. And when they looked system-wide, they had over 77,000 different potential activities to cost time to, in their system. And when they really broke it down and consolidated everything, it was under a thousand.

Steve Hathaway:

Wow.

Mike Merrill:

That were unique, which is still a lot.

Steve Hathaway:

Yeah.

Mike Merrill:

But-

Steve Hathaway:

But, it's much more manageable than-

Mike Merrill:

Right.

Steve Hathaway:

77,000.

Mike Merrill:

So, who's putting what, where? What is what? And which pile goes with plastering? Or, concrete? Or, I mean, how do you really... And that's the essence of what you're saying, bad data.

Steve Hathaway:

Yeah.

Mike Merrill:

It's bad data, right?

Steve Hathaway:

And a lot of companies, in the course of trying to consolidate cost codes, may go a little too far that way, too.

Mike Merrill:

Sure.

Steve Hathaway:

I mean, 1,000 seems-

Mike Merrill:

Too broad.

Steve Hathaway:

Realistically-

Mike Merrill:

Yeah, yeah.

Steve Hathaway:

Could be very good, but some try to get down to under 100. And what you see then, is you see cost codes that say, "Indirects."

Mike Merrill:

Mm.

Steve Hathaway:

Or, plastering, as you just-

Mike Merrill:

Right.

Steve Hathaway:

Mentioned. Okay. But-

Mike Merrill:

Which type?

Steve Hathaway:

What does that mean?

Mike Merrill:

Yeah.

Steve Hathaway:

And break that down. And it's great to pull that out on reports-

Mike Merrill:

Yeah.

Steve Hathaway:

As indirects, but to be able to track it at more detail, so that if people ask questions, "Well, what's in indirects?"

Mike Merrill:

Right.

Steve Hathaway:

Because, that's the next question that always comes up.

Mike Merrill:

Right.

Steve Hathaway:

Oh, well that's project management and superintendents and whatever, utilities and things like that. "Well, okay. But, then break that out." But, if you want to see it on the report as indirects fine, but on the cost coding, maybe break that out, but manage it, so that the cost codes that are in your job are only being used by that job, that you don't have cost codes in there that don't have budget to them.

Mike Merrill:

Right, right.

Steve Hathaway:

I mean, you got to make sure they're clean-

Mike Merrill:

Right.

Steve Hathaway:

And that a lot of people also track to turn cost codes on when they're actually doing the work and turn them off when the work is done.

Mike Merrill:

Right, right.

Steve Hathaway:

Good-

Mike Merrill:

Yeah.

Steve Hathaway:

Good.

Mike Merrill:

Yeah, yeah.

Steve Hathaway:

That's a good thing, but a lot of people don't.

Mike Merrill:

Right-

Steve Hathaway:

So...

Mike Merrill:

Right.

Steve Hathaway:

Mm.

Mike Merrill:

Yeah. So, there's a lot of structure that's behind this, which goes back to systems and-

Steve Hathaway:

Yeah.

Mike Merrill:

We were talking before and the phrase popped into my mind, data doesn't care about politics, right?

Steve Hathaway:

Right.

Mike Merrill:

I mean-

Steve Hathaway:

Yeah.

Mike Merrill:

In companies, there's these discussions going on, there's people that are angling for this system, or, "I really like that sales guy." Or, "We're friends with this company, because we see him at this event." And those things are all fine. But, at the end of the day, what is the company's goal? What are they really trying to accomplish? And then, what systems, or process are going to help them best accomplish that, right?

Steve Hathaway:

Right.

Mike Merrill:

And that's not political, that's just weighing out what makes the most sense, right?

Steve Hathaway:

And that's different, than going back and talking to the people who do your implementations, obviously your ERP-

Mike Merrill:

Uh-huh (affirmative).

Steve Hathaway:

Or, if you've bought different point solutions along the

way, it's different, than talking to them, because they do really well with their products-

Mike Merrill:

Theirs.

Steve Hathaway:

But, nobody is saying, "Okay, but what's the data strategy for the whole organization?"

Mike Merrill:

Mm.

Steve Hathaway:

And you need that architecture. You need that design.

Mike Merrill:

Right.

Steve Hathaway:

Because, today's systems really, it's not about the ERP like it used to be-

Mike Merrill:

Right.

Steve Hathaway:

It used to be that accounting system was the end all be all of all data. But, now we're really seeing that ERP system get pulled apart-

Mike Merrill:

Mmm-hmm.

Steve Hathaway:

And it's all those vendors that are up in the exhibit hall.

Mike Merrill:

Yeah.

Steve Hathaway:
It's people like yourself.

Mike Merrill:
Yeah, yeah.

Steve Hathaway:
I mean, time entry-

Mike Merrill:
Sure, sure.

Steve Hathaway:
Is now, not part of the ERP system.

Mike Merrill:
Right.

Steve Hathaway:
It's out here.

Mike Merrill:
Right.

Steve Hathaway:
Payrolls over here, HR got pulled out this way. And the ERP is... I used to say, it's now accounts payable, accounts receivable, the GL and job costs. But, now I'm starting to even see accounts payable get pulled out.

Mike Merrill:
Yup.

Steve Hathaway:
And accounts receivable starting to get pulled slightly. And it's like, "Okay."

Mike Merrill:
Project Management's...

Steve Hathaway:
Yeah, project management's been gone.

Mike Merrill:
Outside of where it used to be, yeah.

Steve Hathaway:
Yeah. So, all this stuff is getting pulled apart and every contractor is going to have their unique collection of systems that they use to run their business with. And how do you report on it, when it's in all these different places? And again, that goes back to Power BI-

Mike Merrill:
Right.

Steve Hathaway:
But, in order for Power BI to work, you can't just say, "We'll use these six systems and make it work." You got to have good structure of your data to get there. And that has to be planned out and thought about and organized ahead of time, because... And you want to start doing that today, because if you want good data 10 years from now, you got to start organizing your data today. So, that 10 years from now, you have-

Mike Merrill:
Right.

Steve Hathaway:
Something good to look back on, because a lot of companies, we deal with, they want Power BI. And then, as we said earlier, it shows you how ugly your data is.

Mike Merrill:
Mm.

Steve Hathaway:
And they spend the next three years trying to organize-

Mike Merrill:

Fix it.

Steve Hathaway:

Reorganize their data. And then, in three years, they just are finally beginning the journey of having clean data. But, even that doesn't give you a report right away. Now, you have to get years of-

Mike Merrill:

Right.

Steve Hathaway:

Data in that clean structure to report from. So, I mean you're five years out.

Mike Merrill:

Wow.

Steve Hathaway:

So, the sooner you can get going, the better.

Mike Merrill:

Well, stepping back from that, as you zoom in on that whole conversation, it goes back to getting data and information every day, real time visibility, right?

Steve Hathaway:

Yeah.

Mike Merrill:

So, that's the other side of that is like, "Okay, yeah, we can spend this five years doing this other thing. But, in the meantime, we're running payroll. We're logging hours. We've got costs accruing. We've got overhead, we've got liability out there. So, how do we quickly reign that all in? And while the plane's in the air and we're switching the engine out, we still got to maintain flight and elevation, so that we don't crash and burn." Right?

Steve Hathaway:

Yeah. So, that takes a lot of planning, a lot of organization, to even just get the logistics of being able to switch the engine-

Mike Merrill:

Right.

Steve Hathaway:

On the plane-

Mike Merrill:

Right.

Steve Hathaway:

While you're flying, right?

Mike Merrill:

Right.

Steve Hathaway:

But, the goal with the data collection has always been and should be, to collect the data as close to the source of the-

Mike Merrill:

Yeah.

Steve Hathaway:

Data as-

Mike Merrill:

Yeah.

Steve Hathaway:

Possible.

Mike Merrill:

Yeah.

Steve Hathaway:

So, wherever, whatever type of data that is, you want that individual who generates that bit of information, to be the one that enters it into the system, because that person is really the only one who cares, for the most part, about that data.

Mike Merrill:

Yeah.

Steve Hathaway:

And the classic example, is the person entering their time-

Mike Merrill:

Right.

Steve Hathaway:

In the field.

Mike Merrill:

Right.

Steve Hathaway:

Nobody cares more about that time entry than that person-

Mike Merrill:

Right.

Steve Hathaway:

Who's entering their own time.

Mike Merrill:

Because, they want to be paid for it.

Steve Hathaway:

They want to be paid.

Mike Merrill:

Yeah.

Steve Hathaway:

It matters to them. You may think payroll cares, but they don't care.

Mike Merrill:

Right, right.

Steve Hathaway:

Not to that-

Mike Merrill:

It's another check.

Steve Hathaway:

The same level, right? It's just process.

Mike Merrill:

Process, yeah.

Steve Hathaway:

Yeah. Project managers, they see the job costs, but they see thousands of entries-

Mike Merrill:

Right.

Steve Hathaway:

Come in. So, how much does that-

Mike Merrill:

It's just math.

Steve Hathaway:

One entry matter? It's just math.

Mike Merrill:

It's just math, right?

Steve Hathaway:

Yup.

Mike Merrill:

Yeah.

Steve Hathaway:

Or, daily logs. I mean, you take daily logs coming in from the field, who should be entering those? Is it somebody in the back office-

Mike Merrill:

In the office, yeah.

Steve Hathaway:

Or, is it somebody in the-

Mike Merrill:

Nah.

Steve Hathaway:

Field?

Mike Merrill:

Yeah.

Steve Hathaway:

And that person in the field knows what's going on and knows how it's going to affect their job.

Mike Merrill:

Right.

Steve Hathaway:

They should be the one doing the entry and not trying to convey it back to somebody else. So, it should be captured as close to the source, as possible.

Mike Merrill:

Yeah, their eyes and ears are-

Steve Hathaway:

Yeah.

Mike Merrill:

On the project, they saw and heard it, right?

Steve Hathaway:

Yeah.

Mike Merrill:

They should be documenting it, right?

Steve Hathaway:

Yeah.

Mike Merrill:

But, then once they do, it should be shared quickly.

Steve Hathaway:

Yup.

Mike Merrill:

And with all interested parties that need that information-

Steve Hathaway:

That goes into workflow.

Mike Merrill:

Mmm-hmm.

Steve Hathaway:

So, yeah. You capture the data as close to the source as possible. And then, it should go into a workflow, where the individual user does not have to think about where it goes.

Mike Merrill:

Yeah.

Steve Hathaway:

They should not have to go there, or have to know that, "Oh, I filled out a safety incident. So, I need to send that to Mike in-"

Mike Merrill:

Right.

Steve Hathaway:

"The safety department."

Mike Merrill:

Right.

Steve Hathaway:

No, there shouldn't be a name involved-

Mike Merrill:

The system should know where that-

Steve Hathaway:

The system should just hit submit and it goes.

Mike Merrill:

Right.

Steve Hathaway:

Because, what if Mike's not there that day?

Mike Merrill:

Or, forgets, or-

Steve Hathaway:

Yeah. What if he's on vacation? What if he's quit? I mean, who knows?

Mike Merrill:

Right.

Steve Hathaway:

So, you can't rely on names. And then, from a training aspect too, it's hard to bring new employees in and say, "Oh, you got to-"

Mike Merrill:

Right.

Steve Hathaway:

"Email this to that person, email that over there." It's just too much.

Mike Merrill:

Yeah. You got an HR manager, or a hiring manager, or somebody that's over that new employee onboarding, or-

Steve Hathaway:

Yeah.

Mike Merrill:

In a role, right?

Steve Hathaway:

Yup.

Mike Merrill:

So...

Steve Hathaway:

And then, really to build forms out with the systems, whether they're point solutions, or your ERP, or whatever, but again, being able to collect the data at the source, and then move it through the workflow, without names.

Mike Merrill:

Mm.

Steve Hathaway:

That it's all from one position to the next, to the next. And you see that more in the tier one ERPs where-

Mike Merrill:

Okay.

Steve Hathaway:

The Microsoft Dynamics, the SAPs. But again, a lot of those are above, they're too much for the construction industry for the size companies that we tend to have in the construction industry. They're too expensive. So, you don't see that a lot. But, those type of systems, when you get outside the construction industry, and you're looking at healthcare, you're looking at-

Mike Merrill:

Very common.

Steve Hathaway:

Retail, anything like that, you see those systems and everything is... The organizational chart of the company is in the system and the workflows are defined by that organizational chart. And whatever name is associated with positions-

Mike Merrill:

Mm.

Steve Hathaway:

Is irrelevant. It's really, the workflows are from one position to another. I'd love to see that in this industry.

Again, you tend to see it more upmarket on the ERP systems. But, again, it just goes back to the industry-

Mike Merrill:

Why haven't we gotten there? Why don't you think construction has figured that out yet? I know they're smart enough, right?

Steve Hathaway:

They are.

Mike Merrill:

So.

Steve Hathaway:

A lot of it, I think just goes back to the size of the companies, for the most part. I'm not saying this about every contractor that's out there, but a lot of contractors are still fairly small companies, less than 100 people.

Mike Merrill:

Right.

Steve Hathaway:

And that's just the way the industry is-

Mike Merrill:

Statistically-

Steve Hathaway:

Yeah.

Mike Merrill:

That would be totally accurate, yeah.

Steve Hathaway:

Yeah.

Mike Merrill:

Yeah.

Steve Hathaway:

And when you're less than 100 people, you aren't going to spend the money for that type of system. You don't need that type of system-

Mike Merrill:

Processes and layers and yeah.

Steve Hathaway:

And you also end up in those smaller organizations with people that do multiple roles, which makes it-

Mike Merrill:

Right.

Steve Hathaway:

More complicated. You always hear that you should have separation of duties in accounting and all this. Well, a lot of construction companies don't even have that. Because, I only have four people in accounting. How can I-

Mike Merrill:

Yeah.

Steve Hathaway:

Separate duties when I only have four?

Mike Merrill:

Right.

Steve Hathaway:

Yeah.

Mike Merrill:

And the accounting person also does IT.

Steve Hathaway:

Yes, right. That too. They do both, right?

Mike Merrill:

Right?

Steve Hathaway:

So...

Mike Merrill:

In some companies, right?

Steve Hathaway:

Yup.

Mike Merrill:

That's just a hat you end up... "Oh, you understand computers. Why don't you-"

Steve Hathaway:

Why don't you manage that?

Mike Merrill:

Work with the network?

Steve Hathaway:

Yeah.

Mike Merrill:

Google it.

Steve Hathaway:

YouTube.

Mike Merrill:

Yeah. Yeah.

Steve Hathaway:

So-

Mike Merrill:

That's funny.

Steve Hathaway:

But, I mean, that's exactly it, it's just the size more than anything.

Mike Merrill:

Okay.

Steve Hathaway:

Of most of the companies.

Mike Merrill:

So, you're engaging with customers. This is a fairly new startup venture for you. Obviously, you're already working with customers and you have things moving. What has been surprising with you so far? And then, maybe what's not a total surprise in your finding?

Steve Hathaway:

Well, the biggest surprise, which is unrelated to this, but it was fascinating, was to see... I haven't... Or, coming out of COVID-

How the culture at construction companies has changed.

Steve Hathaway:

That they're much more open to remote work, than they used to be.

Mike Merrill:

Interesting.

Steve Hathaway:

And some of them I've seen too, that are fairly large

contractors, even change their policies to just say, "Hey, every Friday we shut down at 11:00 AM."

Mike Merrill:

Really?

Steve Hathaway:

"And everybody gets at two and a half day weekend."

Mike Merrill:

Wow.

Steve Hathaway:

That it really changed during COVID.

Mike Merrill:

Hmm.

Steve Hathaway:

And I don't know it was unusual. But, with remote work goes back to the data systems, because now people are like-

Mike Merrill:

Yeah.

Steve Hathaway:

"Okay, now I've got to be able to get at this. So..."

Mike Merrill:

They've got tools to help manage that. So, now they could do that, right?

Steve Hathaway:

Yeah. And you look at remote work and there's people that are for it and against it. And when I look at it, I always said, because I used to be a hiring manager-

Mike Merrill:

Yeah.

Steve Hathaway:

And still am, right? But, is my talent pool within a 45 minute drive of this office?

And maybe they're not, maybe there's talent that I want working at my company, that's an hour away, two hours away.

Mike Merrill:

Right.

Steve Hathaway:

People don't move anymore. I mean, they used to, but that's not like it used to be five years ago-

10 years ago people would move to their job. But, now doesn't happen. So-

Mike Merrill:

Interesting.

Steve Hathaway:

Again, how does that tie into the technology? You need systems, you need process. It needs to be defined better than it used to be. It was different when everybody was all sitting in the office, it was a lot easier to understand process and the workflows within the organization, because you knew everybody in the building and you talk during lunch. But, if you're going to be remote, if you're not in that environment, those processes have to be better defined. And it's not so much a training issue, of trying to train people on-

Mike Merrill:

Right.

Steve Hathaway:

Process. It's that the user shouldn't be trained on the process, the process should just flow.

Mike Merrill:

Right.

Steve Hathaway:

And they shouldn't have to care about it.

Mike Merrill:

They hit a button and let it go-

Steve Hathaway:

Hit a button and let it go, yup?

Mike Merrill:

Yeah, yeah.

Mike Merrill:

Set it and forget it.

Steve Hathaway:

Yeah. So...

Mike Merrill:

All right, well that's interesting. I think, well, to your point, you've got people that are commuting... And even in our type of companies, in software, you don't want someone having to commute two hours, or an hour and a half somewhere, because it's not maintainable. At a point, they're going to get really frustrated and they're going to think, "Why am I doing this? I got to get a job closer to home." So if we don't allow for some of that, then they're not going to be happy, right? They're going to leave.

Steve Hathaway:

That's exactly it.

Mike Merrill:

That's not good for culture, right?

Steve Hathaway:

Right.

Mike Merrill:

So, that's an interesting takeaway that you've seen.

Steve Hathaway:

And unfortunately, out in the field, you still got to-

Mike Merrill:

Yeah, right.

Steve Hathaway:

The people actually doing the work, still have that commute, but-

Mike Merrill:

Yeah. So, are you seeing some things that you're not surprised about? Or, that you're like, "Man, this is worse than I even imagined." I mean, really?

Steve Hathaway:

What was worse, was the number of data systems that are out there-

Mike Merrill:

Ah, okay.

Steve Hathaway:

And you'd go into a company and they don't even know you'd ask, "Well..." And this might be an initial interview. "Well, how many systems are you using?" And they'd rattle off seven, or 10 systems. And I'd be thinking in my head, "Yeah, I'm bringing double that. I'm going to say you got 20." But then, when you'd actually go in there and start doing a discovery, it's 40.

Mike Merrill:

Yeah.

Steve Hathaway:

And nobody has any idea where all their data is. Even the IT director, chief information officer, nobody.

It's very much like an aircraft carrier. I mean, if you've ever been in the military, in the Navy, or anything, where you're on an aircraft carrier, there isn't any one person who completely understands how that whole entire operation works. Everybody knows their piece.

Mike Merrill:

Interesting.

Steve Hathaway:

And then, it all works together, but there isn't any one person who knows the whole thing.

Mike Merrill:

Uh-huh (affirmative).

Steve Hathaway:

And it's the same here. It's getting that way in the construction industry. Because, there's so many systems.

Mike Merrill:

Yeah. It's funny, you mentioned that. Just yesterday, I was talking to a company, they're looking at our solutions and we've been talking to them for a little while. And they hadn't realized this previously, but they actually have three different software products to do the same thing within their company. And this division's using this one and this one's using that one. And why is that? "Oh, well, it's because this one's better at this, this other one's better at that." I'm like, "The one we offer, actually solves all of those and it can be set up dynamically, so each crew, or division, or team, or workflow can run independently. And it all feeds into the same place. And payroll gets fed and job costs gets fed and your BI tools get fed and we've got this opportunity for you to consolidate down to one app and one vendor and all the things that you would preach from a brochure, a marketing-"

Steve Hathaway:

Yup.

Mike Merrill:

“Campaign, or your website.” But, that’s the truth. It’s like, how many times do we replicate processes and systems and spend money on the same thing more than one time, right?

Steve Hathaway:

And it’s-

Mike Merrill:

A lot, right?

Steve Hathaway:

The money thing. And people don’t realize how much money they’re spending on all these systems. Because again, they don’t even know how many systems they have.

Mike Merrill:

Yeah.

Steve Hathaway:

And it really... God an I guess, I’ll throw it out to Procore, those guys-

Mike Merrill:

Sure.

Steve Hathaway:

Their spectacular business model, because they were able to sell their product to the job site.

Mike Merrill:

Yup, the top.

Steve Hathaway:

They sold it to the job site individually. So, this job bought it and that job bought it.

Mike Merrill:

Yeah.

Steve Hathaway:

And that job bought it. And then, pretty soon they’d get enough jobs buying it, that they just sell the whole company, an enterprise license and be done. And IT was never involved.

And from their standpoint, they being Procore what a great model, to be able to sell your product. From the contractor standpoint it was the beginning of losing control of their data-

Because, Procore’s one, but as more and more companies, more and more software vendors started doing that same model, more and more of that data gets out of IT’s hands. And the organization doesn’t know where it is. It keeps getting pulled this way in that way.

And jobs are signing up for software, that nobody knows about. And they see that all the time- Where jobs just, “Oh, I like this software and it’s going to save me money. So, I’m going to go buy it. And I don’t need to get anybody’s approval, because again, that software product did a great job of designing their product, that it doesn’t need IT’s involve-”

Mike Merrill:

Bypassing IT-

Steve Hathaway:

Yup.

And that’s again, where we come in and we see those 40 systems instead of what they thought was 10.

Mike Merrill:

Yeah.

Well, yeah. It reminds me, I think it's probably been six, or eight years ago, but when we were first launching our cloud product, I remember we were having an internal discussion and we were talking about, how we were going to share this message with the industry that, the cloud is actually better, it's more efficient, it saves everybody time. We don't have these servers and updates. And we knew, from a logical perspective, or from the brochure perspective of what the sales point, or the sales pitch, is for cloud, versus on premise. But, when we really started to peel the layers of the onion back and look at what we were selling on this end, and then also as a company, just as a software vendor, what tools we were utilizing and what we realized at that moment was, "Wow. 85, 90% of our systems are in the cloud. And we didn't even know it."

Steve Hathaway:

Yeah.

Mike Merrill:

I mean, it wasn't a conscious choice.

You can't buy a CRM that's on premise anymore, right?
You can't-

Steve Hathaway:

I don't think so. Maybe, you can-

Mike Merrill:

Microsoft Office, or some of these-

Steve Hathaway:

Yeah.

Mike Merrill:

Other tools. I mean, they're not installed anywhere. It's all cloud based, right?

Steve Hathaway:

Yeah.

Mike Merrill:

And so, what we realize is, "Wow, most of our stuff now, is..." Even QuickBooks, right?

Steve Hathaway:

Yup.

Mike Merrill:

You can't buy the desktop stuff anymore. I mean, you got to pay every year.

Steve Hathaway:

Yeah. So, subscription-

Mike Merrill:

The most base system.

Steve Hathaway:

Yeah.

Mike Merrill:

So...

Steve Hathaway:

But, you get your upgrades and it just keeps flowing and it works

Mike Merrill:

Yeah, but on my phone, from anywhere, I can look at reports-

Steve Hathaway:

Yes.

Mike Merrill:

And dashboards and I would never trade that out for what we used to have and backing it up and getting it to the accountant for taxes every year. And then, "Oh, I made these changes. Now, I got to update this and back it up, and then give it to you." And I mean, what a mess, right?

Steve Hathaway:

It took a lot of time, yeah.

Mike Merrill:

So, I think, under our feet, a lot of these things have changed. And I think, sometimes construction companies' brains are maybe stuck in the past, to what we're used to doing. And I think, that's part of the challenge. We've got to try and uproot that. The cold, dead hands that are around that stuff. And let them realize, "Hey, this is better over here. It's warmer on this side of the hill, where the sun shines brighter."

Steve Hathaway:

But, people would say, and this was one guy I was working with a couple years ago, who was total anti-cloud. He wanted all of his data on his servers. And there's still some of those out there.

Mike Merrill:

Yeah, sure.

Steve Hathaway:

But, he gave the most interesting reason, that I never forgot. And that was, his answer to why he wanted his data locally, was that, if the IRS ever came knocking on the front door, that he would be standing between the IRS-

Mike Merrill:

Oh.

Steve Hathaway:

And his data.

Mike Merrill:

Ah, interesting.

Steve Hathaway:

But, if it's out there in the cloud, the IRS can go right to that vendor and get the data without him. And I'm like-

Mike Merrill:

That's interesting.

Steve Hathaway:

Is that a good reason? That's how you run your business?

Mike Merrill:

Did you say that out loud?

Steve Hathaway:

Like, mm, okay.

Mike Merrill:

Interesting.

Steve Hathaway:

We'll just leave that one alone.

Mike Merrill:

Right, right.

Steve Hathaway:

But, there is the security, I mean, that is somewhat of a humorous story, but really what it leads to, is the security thing.

Steve Hathaway:

And contractors say, "Well, nobody is going to go after my data, because I'm not big enough."

Mike Merrill:

Ah, okay.

Steve Hathaway:

"I just got 20 guys here running, maybe QuickBooks." As you said. Locally-

Mike Merrill:

Right, right.

Steve Hathaway:

Back in the day, "Nobody's going to come after my data. What do I have?"

Mike Merrill:

Right, right.

Steve Hathaway:

Oh, but they will.

Because, it is so easy to get robots on the internet to mine your data without... It's not some hacker over in-

Mike Merrill:

Yeah.

Steve Hathaway:

Russia, or Iran hacking into your system, it's a robot that, that hacker wrote. That's just scanning the internet and finding anything-

Mike Merrill:

Whatever.

Steve Hathaway:

And everything.

Mike Merrill:

Yeah.

Steve Hathaway:

And it'll just pull it in. So, you are a target, no matter how small you are.

Mike Merrill:

Mmm-hmm.

Steve Hathaway:

And nobody is going to secure your data better, than Microsoft, Amazon all of those big names. Because, they have people that do that. That's all-

Mike Merrill:

Yeah.

Steve Hathaway:

They do-

Mike Merrill:

Right.

Steve Hathaway:

Is fight the intruders-

Mike Merrill:

Right.

Steve Hathaway:

And the hackers. You're never going to be able to do that-

Mike Merrill:

XYZ construction, doesn't have that guy.

Steve Hathaway:

Yeah.

Mike Merrill:

Right.

Steve Hathaway:

And you'll see this, if you come to my session tomorrow-

Mike Merrill:

Ah.

Steve Hathaway:

You'll see if I may, but you guys can't do that. But, the town of Erie, Colorado, didn't believe, or didn't take cyber security seriously. And the company I was working for, we were building a bridge. So, we were building a bridge in the town of Erie.

And the town of Erie is a pretty small town. I believe, I don't know the exact number, but I've heard that their entire annual budget for their entire operations of their town is 15 million.

Mike Merrill:

Ah, okay- not big.

Steve Hathaway:

So, it's not a lot of money, it's a pretty small town. But, on their website, the town of Erie's website, they had posted that our company was building a bridge.

Mike Merrill:

Okay.

Steve Hathaway:

And somewhere else in their website... So, same town of Erie website, just down a different path. They had a, "If you're a contractor, here's how you change your banking information form."

Mike Merrill:

Oh.

Steve Hathaway:

That people could print out.

Mike Merrill:

Wow.

Steve Hathaway:

And somebody, from the other side of the planet, looked at their website and saw this little tiny town of Erie, the way they didn't think they were a target and downloaded that change of banking information form-

Mike Merrill:

And routed money to... Ah.

Steve Hathaway:

And filled it out with our construction company's information. Because, they got that from the same website.

Mike Merrill:

Wow.

Steve Hathaway:

Filled it out, changed the bank, sent it in and the town of Erie never double checked on it. They just changed the banking. And \$1.2 million went out of the country somewhere. And the FBI never did find out where.

Mike Merrill:

Wow.

Steve Hathaway:

And the town of Erie lost 1.2 million, out of whatever their annual budget was. So, it was significant amount-

Mike Merrill:

A big part.

Steve Hathaway:

Yeah.

Mike Merrill:

That high percentage.

Steve Hathaway:

And then, there was no insurance that would cover it. Their insurance didn't cover it either. So-

Mike Merrill:

Wow.

Steve Hathaway:

They didn't think they were a big target, because they only have a few employees in the town of Erie-

Mike Merrill:

Hmm.

Steve Hathaway:

But, it was little things like that. So...

Mike Merrill:

Yeah, great example. That's very, very interesting. A lot of crazy stuff going on out there these days. So, yeah.

Steve Hathaway:

And I look at that and was like-

Mike Merrill:

Yeah.

Steve Hathaway:

"Really? It's that easy?" I'm not the best hacker.

Mike Merrill:

Yeah, yeah. No.

Steve Hathaway:

But, I'm thinking, "Is it really that easy?"

Mike Merrill:

Right, right, right.

Steve Hathaway:

But, apparently it is sometimes.

Mike Merrill:

Wow.

So, reigning it back in, I guess, from everything we've talked about, essentially, over there in this vendor hall, there's just this pile of solutions, a lot of great systems-

Steve Hathaway:

Yup.

Mike Merrill:

Overlap, seven, or eight, or 10 in some specific areas that solve a certain thing. There's probably a dozen ERP systems. I mean, there are lots of choices. What do you recommend to companies to weed through that and get the best of breed? And then, connect up with true integration, those best solutions that, as a conglomerate, will actually help them solve their challenges?

Steve Hathaway:

Yeah, I think the biggest thing, is to understand your processes before you embark on that. Know your processes, document your processes, so that not just one person understands the process, but that as a group, everybody can look at the paper and say, "Oh yeah, this is how this process works. And here's what it is today. Here's what we want it to be. And we're going to save five steps. I can visually see that-"

Mike Merrill:

Right.

Steve Hathaway:

"That these five steps disappeared, by implementing this system. And now, I can put dollars to it." It's like, "Okay, now, those five steps, do they take five minutes

a day? Or, do they take five hours a day? Well, what are those steps?"

Mike Merrill:

Right.

Steve Hathaway:

And try and break that down, so you can convert it to dollars. And then, determine which system is best, by what number of steps is it going to reduce?

What efficiencies are you going to gain?

Mike Merrill:

Okay.

Steve Hathaway:

And then, the cost associated with it. Because, in the end, you should be able to come up with a number when you're doing any system evaluation, whether it's for an ERP, or for a point solution that maybe connects to that ERP, you should have a number, not emotions-

Mike Merrill:

Yeah.

Steve Hathaway:

But, a number, a score of how this one does, versus the next one, versus the next one.

Mike Merrill:

Okay.

Steve Hathaway:

And everybody who's involved, all your stakeholders, should be part of-

Mike Merrill:

Voting, right?

Steve Hathaway:

Determining what that number is.

Mike Merrill:

Mm.

Steve Hathaway:

And they should all agree. Once you've gone through the process, because you define the process first. So, everybody agrees on the process, and then you start filling out the numbers. And as you're doing the scoring, you get to the end, it's like, "Well, it's real simple. You just pick the one with the-"

Mike Merrill:

Math at that point, right?

Steve Hathaway:

Best number.

Mike Merrill:

Yeah.

Steve Hathaway:

Yeah, it's just math. It should be defined by math.

Mike Merrill:

Okay. And so, did your organization provide a service like that, to help step-

Steve Hathaway:

We do.

Mike Merrill:

Somebody through that?

Steve Hathaway:

Yeah.

Mike Merrill:

Okay.

Steve Hathaway:

Yup.

Mike Merrill:

Because, that's the next thing I'm thinking, is if I'm a smaller builder, if I haven't done this before, I don't know what I don't know.

Steve Hathaway:

Right.

Mike Merrill:

I mean, roughly what does it cost to get somebody in to help navigate those waters?

Steve Hathaway:

It depends on their size and their complexity.

Mike Merrill:

Okay.

Steve Hathaway:

I mean, it really goes.... Anything. What does it? You go to a doctor, what does it cost to treat cancer? I don't know, that could be-

Mike Merrill:

Yeah, sure.

Steve Hathaway:

It could be skin cancer-

Mike Merrill:

Depends on what it is.

Steve Hathaway:

Let's just cut this out here, or-

Mike Merrill:

Right, right.

Steve Hathaway:

You got-

Mike Merrill:

Chemo-

Steve Hathaway:

Kidney cancer, or bone cancer.

Mike Merrill:

Yeah.

Steve Hathaway:

Okay. Well, that's a whole different price model.

Mike Merrill:

I understand.

Steve Hathaway:

So, it depends. If you're just a single, legal entity-

Mike Merrill:

Okay.

Steve Hathaway:

With, maybe you're doing 20, \$30 million a year and you're pretty clean. And when I say that, that there's not a lot of complexity.

Mike Merrill:

Mmm-hmm.

Steve Hathaway:

I mean, you could go through that for maybe, four, or five digits. Four-

Mike Merrill:

Okay.

Steve Hathaway:

Maybe, high 9,000s, low-

Mike Merrill:

Okay.

Steve Hathaway:

15s. But, if you're \$300 million with 17 different legal entities-

Mike Merrill:

Yes.

Steve Hathaway:

And all these inner company-

Mike Merrill:

Yeah, sure.

Steve Hathaway:

Transactions-

Mike Merrill:

Sure.

Steve Hathaway:

And nonprofits and insurance companies and all these other things that you own. Oh, then you're talking a lot more.

Mike Merrill:

Yeah, okay. Okay.

Steve Hathaway:

So, it goes back to skin cancer, versus-

Mike Merrill:

Yeah.

Steve Hathaway:

Bone cancer, or what is it?

Mike Merrill:

Oh, that's fair. That's good. I just want to put a pin somewhere, that someone can say, "If I spend eight, or 10 grand, I can have somebody come in, as an expert from a small organization and-"

Steve Hathaway:

And figure it out.

Mike Merrill:

"And they can help us take care of this, so we can-"

Steve Hathaway:

Yeah.

Mike Merrill:

Put our best foot forward. And as we both know, companies can save that money in weeks-

Steve Hathaway:

In a flash, yeah.

Mike Merrill:

In weeks.

Steve Hathaway:

And that's-

Mike Merrill:

Literal, so...

Steve Hathaway:

Otherwise, you shouldn't be putting it in. Otherwise, you should-

Mike Merrill:

That's true.

Steve Hathaway:

Just stay with-

Mike Merrill:

Yeah, what you're doing.

Steve Hathaway:

With manual processes and Excel. So...

Mike Merrill:

Right, right.

Steve Hathaway:

But, we're happy to point that out too. I mean, if it's best to just stay there, stay where you are.

Mike Merrill:

Yeah. Then, I would be consulting for a few hours to tell you that you're fine.

Steve Hathaway:

Yeah.

Mike Merrill:

Yeah.

Steve Hathaway:

Because, in the end-

Mike Merrill:

Yeah.

Steve Hathaway:

We, specifically Construction Software Solutions, we are certified in a number of products.

Mike Merrill:

Okay.

Steve Hathaway:

But, we don't sell any of them.

Mike Merrill:

Yeah.

Steve Hathaway:

So, we don't really care. I mean, our goal is to make sure-

Mike Merrill:

You're just a trusted advisor-

Steve Hathaway:

Right.

Mike Merrill:

To say, "We want to help you find what's best for you."

Steve Hathaway:

Best, yeah.

Mike Merrill:

Yeah.

Steve Hathaway:

So, that we're not trying to push any product on you, or anything that way.

Mike Merrill:

Awesome.

Steve Hathaway:

So...

Mike Merrill:

Well, it's been a lot of fun. I'm glad we finally were able to sit down and do this.

Steve Hathaway:

It was.

Mike Merrill:

Tell me, if you were going to say one thing to the listeners, what would be the number one takeaway for them from our conversation today?

Steve Hathaway:

I would say, you have way more systems than you think you do.

o matter what it is. You say you have 10, but you probably have 40. So...

Mike Merrill:

Okay, good to know. Well, I appreciate that. And then, thanks again for joining us today, it's been fun. We'll have to do it again down the road. Check in on you, see how things are going after you've got a little more time under your belt and you've seen a few more horror stories probably, to share.

Steve Hathaway:

Oh, yeah.

Mike Merrill:

Well, thank you.