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Quote for Today

The greatest glory in living lies not in never falling, but in rising every time we fall.

Nelson Mandela

Feature Article: Shovel Ready Building Information Models?

By Nick Ballard

Some months ago, Cambashi discussed the impact of US government stimulus money being spent on “shovel ready” construction projects (see [CADCAMNet](#)). We tried to provide a rational view of which types of technical application software were likely to see sales growth as a result of this expenditure.

We felt that individual productivity applications were likely to benefit more than applications designed to provide a multi-disciplinary, whole-project view. The primary reason was that if a project is shovel-ready, it is probably too late to get the various players to co-operate around a more complete dataset defining the project. Yet it is also true that construction applications can also promote efficiencies once projects are initiated, to better-coordinate the construction plan and on-site activities, as well as check against design and buildings standards as projects progress.

A contributory factor to this is the fragmented nature of the industry, with only a few participants in a position to see the benefits of whole project optimization. And yet most of the industry buzz relates to the more sophisticated applications – the systems that offer some level of Building Information Modelling (BIM) and the vision of transformation of fractured industry processes into a cost-efficient, error-free supply chain in which everyone wins.

Having followed developments in this sector over a number of years and looking at the old and new BIM tools on offer, I reflected on these things over the Christmas period. How ready is the construction industry? Just what is on offer from vendors to the AEC industry? How is it all supposed to help? BIM has become a buzz-word, just like PLM a few years ago, for everything that is new and shiny in the construction software universe. "You're either on the BIM or off the BIM," with apologies to Kerouac, so far as the race to garner dollars is concerned, so suddenly everyone is talking BIM.

BIM can be as straightforward as developing a link with document management to deliver standard and up-to-date revisions of the drawings linked to the model. Or it can involve creating and maintaining a 3D model of a design from various CAD packages, assigning rules to design elements as well as cost and time parameters, and importing project planning data, to end up with a building and construction simulation model (4D) that goes into estimating and costing (5D) and links to enterprise purchasing and payment systems. Such integrated systems usually only exist in plans and pilot projects; however, there are examples of companies embracing BIM beyond traditional 3D design, albeit on a small scale at the moment, that may show the way forward. And this is good news for the construction software industry; something that is growing, like a rose in a snowfield - a rare sight indeed.

Speaking to a Construction Director in a construction management company recently, he extolled the abilities of BIM to produce models and simulations from different systems for use in bid preparation and presentations to clients and planning authorities. When I asked about use of that model down-stream, he replied that a simple model with a small number of objects, such as integrating the architectural design with the structural design to resolve clashes and provide a timeline for construction and simulations, was relatively cheap to create.

"If I were to build a full MEP model for a simple project, it would cost me over \$100K; and the MEP contractors would gain the most, not me." An engineering manager of a large pump manufacturer told me that the on-site alignment of walls, pipes and fixtures usually bore no relation to the design they were working to. So it appears my construction director was right. Anything that eliminates waste, rework, lost-time and materials would be worthwhile having in the context of the whole project; the issue really is "who gains" and "who pays?"

Of course, if you are a manufacturer or specialist constructor, making use of off-site construction techniques and pre-fabricated modules, linking your processes to an accurate model for estimating and timing of manufacture and installation on-site, then the benefits of a BIM approach are more tangible as the rewards stay within your contractual obligations. Similarly if you are operating in a design-build-operate environment or as a construction or facilities manager, a full BIM model can be of enormous benefit. So it is within small niches or within specific disciplines that we see elements of the innovative use of BIM.

Old habits die hard, and there is resistance to some aspects of wider BIM from old practitioners, tending not to trust the quantities they are given, for instance. Practice has told them they always need more; the idea of relying on a computer model and simulation to price, procure and pay for value-added in a project causes professionals great discomfort. Yet to deliver the vision of a smoothly running BIM project, these prejudices must be addressed by the industry and old practices must be put aside. And change on this scale is perhaps the most difficult thing of all to achieve - as Mark Twain said, "I'm all for progress; it's change I hate!"

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Cambashi Industry Observatory update: G8 Application Software spending to recover in 2010

by Dan Roberts

The *Cambashi Industry Observatory* tracks IT spending in about 50 countries across 100 industry sectors, with forecasts to 2012. One of the key outputs is Application Software spending by industry sector. These predictions come from econometric modelling, based on forecasts for value-added by industry sector from IHS Global Insight.

In 2009, Canada seems to have been the worst-hit of the G8 in the recession with spending down 19%. In 2010, forecasts suggest that Application Software spending will increase in all of the G8, except for Italy.

When we compare the G8 to China, we see that China's spending on Application Software is expected to have exceeded that of three G8 countries in 2009 – Canada, Italy and Russia. China's percentage growth is forecast to outstrip even other emerging economies like Russia (see Chart 1).

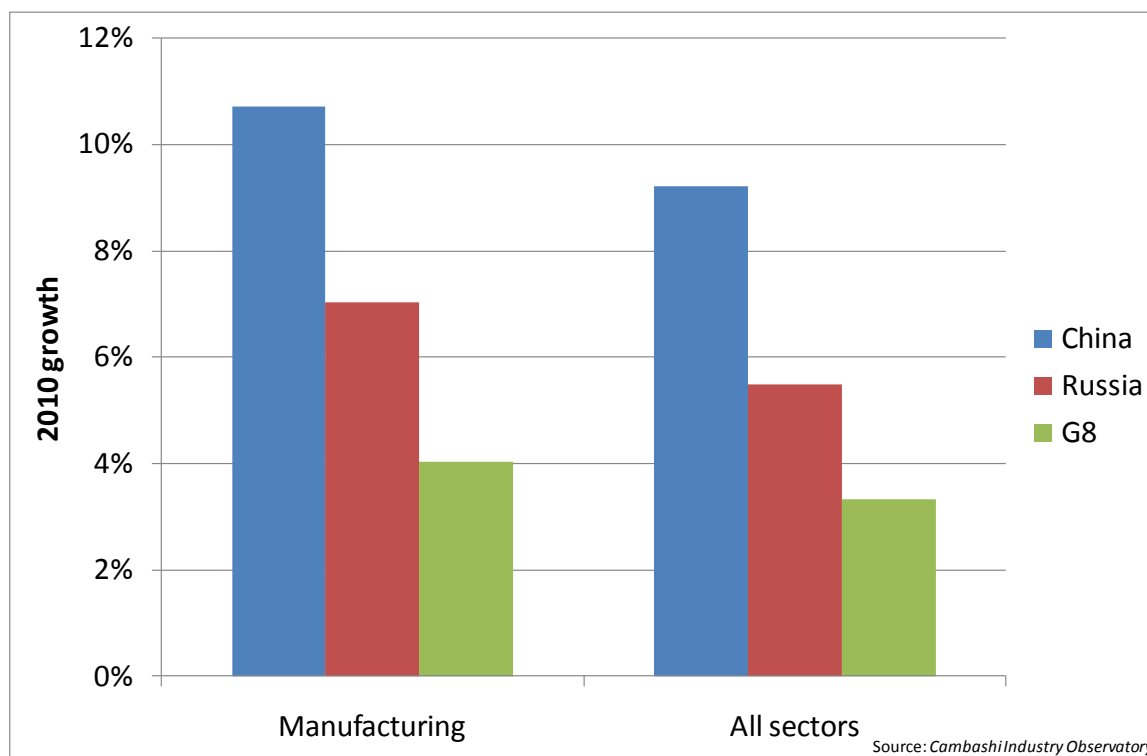


Chart 1: Growth in Application Software spending in China, Russia and the whole G8

However, in absolute terms the application spending growth of \$2.2BN in the US is expected to far exceed that of China and any of the other G8 countries (see Chart 2). However, much of the US growth merely claws back the \$2BN decline seen in 2009. China's absolute application spending growth will decline from \$600M in 2009 to \$300M in 2010. Recent surveys suggest that worldwide IT budgets are increasing, but if the economy does suffer a double-dip recession, then this spending could be put back on hold. If there is a double-dip recession, then China is likely to be a better bet for continued growth than the US.

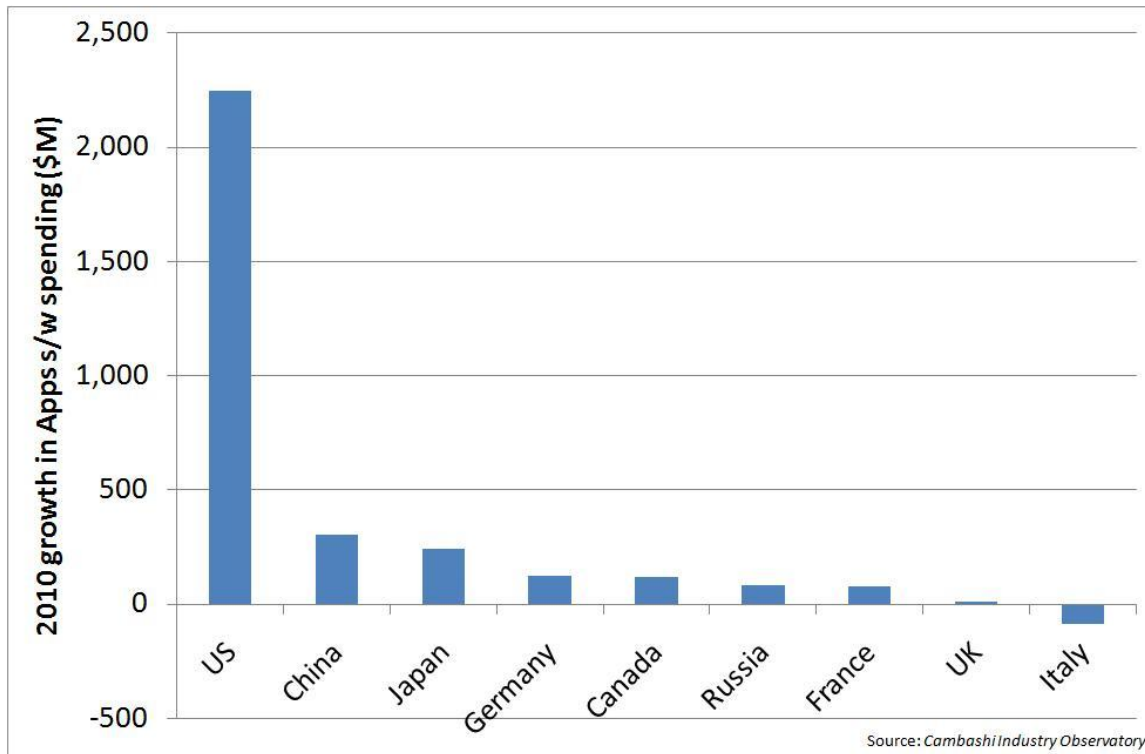


Chart 2: Forecast increase in Application Software spending in China and the G8 (\$M)

In Manufacturing, 2009 was a tough year for Application Software vendors, with only Russia of the G8 marginally increasing its spending. Even in countries that were growing, their growths were much reduced compared to spending in 2008: Russia dropping from 13% to 2%. By comparison, China's growth dropped from 39% to 27%.

Manufacturing is expected to recover in most G8 countries during 2010. Only Italy and the UK are forecast to reduce Application Software spending. According to the latest forecasts, the Manufacturing sector in both Italy and the UK is expected to shrink again in 2011.

The Automotive sector is one of the largest manufacturing sectors and various scrappage schemes had a big impact on 2009 output. Germany is the largest market for Application Software spending in the Automotive sector. The US is forecast to grow faster than China in Automotive Application Software spending in both 2010 and 2011 (US 20% and 17%, China 14% and 12%). This is a major turnaround compared to 2009. China is expected to have increased spending in the Automotive sector by 78% during 2009, while the US is expected to have reduced spending by 8%.

Provided governmental policies continue to support the economy, it is clear that current data suggests that Application Software vendors will have a much better year in 2010 than they did in 2009.

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Book review: On Selling Management by Spider Lockhart & Ulrich Herter

by Mike Evans

Arbor Eight Publishing, 2008. ISBN 13: 978-0-61524693-2

This book is about sales management. It describes a series of techniques dubbed the PATH that can be used to organize, measure and motivate a sales force. The PATH is an engineering approach to sales management with a strong focus on metrics and objective judgement. This book is neither about implementing CRM nor about personal selling techniques, such as solution selling; rather it complements an organisation using any of these techniques to support the obtainment of new business.

The book begins with chapters on the PATH system and how to use customer input to establish where each prospect is on the sales pipeline. The next chapters deal with applying the techniques to different kinds of selling, from direct business to business sales through retail selling. The final set of chapters cover ancillary sales management issues such as financial forecasting.

At the beginning of the book, the authors make a useful distinction between selling and order taking. In the case of the latter, the sales team's job is only to manage the transaction. The PATH is aimed at managing a selling scenario where the sales team has to find, convince and close business, probably in competition. Though the book does cover a range of different selling situations, there is an emphasis in the book on direct selling high technology products to business customers.

I am generally easily bored by books containing "new" sales systems that offer to improve my business. The problem is that they turn out not to be new. However, I liked this book which did contain new ideas by taking the perspective of the sales manager rather than the sales representative. My only criticism of the text is that the description of the example company – GIST – following the PATH is a little wooden. I felt that the readability of the book would have increased if more of the content had been in the context of this example rather than as a tutorial.

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