

# Mercury Engineering gains company-wide access to real-time information

Unique construction industry platform from Diagonal and SAP provides this rapidly growing business with an 'at a glance status' of complex projects



## Key IT Benefits:

- Instant access to real-time information at any stage of a project
- More efficient management of retentions
- Improved analysis of project performance and better management of performance issues
- More efficient HR management
- Quicker month end processing
- Improved cash flow
- Increased productivity

## Case Study Implementation



A private owner-managed business, Mercury Engineering has provided mechanical, electrical, fire protection and technology services to companies throughout Ireland for over 35 years. Having grown progressively, the company is now the largest multi-service engineering contractor in Ireland with annual revenues of around €500million and over 2,500 employees. Mercury has also expanded internationally with offices in Poland, France, Russia, Qatar, Libya and Bahrain.

Along with the undoubted benefits, the company's continued success and growth brought a challenge – how to keep control of complex business processes? The collection, exchange and reporting of project information was based on paper plus a selection of different solutions such as spreadsheets and databases, making it slow and inefficient. It was difficult to keep track of project progress and react quickly if a project was falling behind schedule. Human Resource solutions were not integrated into project management solutions, resulting in inefficiencies when managing the frequent movement of staff and sub-contractors between different projects. On the financial side, it was difficult to gain full transparency of project profit or loss and managing cash flow was complex.

## A need for standardisation and integration

Philip Adams, Business Solutions Manager at Mercury Engineering says: "Our four major divisions - mechanical, electrical, fire protection and technology services – were all operating independently in terms of how projects were coordinated and run, how customers were billed and how sub-contractors were paid. We recognised we needed a company-wide ERP solution to introduce a standard, integrated way of doing business."

However, like most companies in the construction industry, Mercury operates with a complex system of stage payments, retention and contract billing. Few ERP solutions are able to provide an integrated way of managing such complicated financial scenarios.

"We selected SAP because we needed an ERP solution that would meet our international business requirements by providing a multi-national, multi-lingual option. We then had to find an implementation partner. Diagonal came highly recommended by SAP but it was the company's construction industry experience and its unique Construction Billing Solution that made Diagonal the right choice for us. Not only is CBS designed to meet the particular requirements of our industry, it also integrates fully with SAP," explains Adams.

## Stretching standard solutions

A Diagonal project team worked alongside the Mercury team in Dublin to implement the new solution. Diagonal provided the technical expertise and Mercury provided the business expertise, validating the technical solutions to ensure they met requirements.

"We had a pretty rigid set of business requirements and didn't want to move too far away from a standard SAP solution. It's fair to say that we encountered some challenges because of that," admits Adams. "These were overcome by flexibility on both sides. The project team – including Diagonal – had to work with the business to reach an acceptable compromise in the more difficult areas."

This was a large SAP project that took around 18 months to complete and, in the end, did require some changes to the standard SAP ERP solution. For example Mercury required a very complex set of authorisations to control access to information within SAP. Mercury also needed changes to the standard Construction Billing Solution (CBS). The company has additional processes, such as an additional step in the billing procedure, that are not commonly used by UK-based construction companies.

## Visibility and control

With a new, consistent solution across its business, Mercury has instant access to real-time information at any stage of any project and access is appropriately controlled through user authorisation. Reporting and processing time are far more efficient with month end processing now completed in a matter of days rather than weeks. And information can be accessed or input from a construction site through a laptop and modem, helping ensure that everything is kept up to date. The new transparency that SAP has brought to Mercury projects also makes it much easier to assess sub-contractor performance and take appropriate action if performance falls.

Adams says: "As far as the Construction Billing Solution is concerned, it has really helped us keep control by ensuring costs and profits are allocated to the correct projects. It provides strong analytical tools so we know if costs are spiralling on a particular project and can take immediate action. It's also improved our revenue collection and cash flow by making retentions far easier to manage."

Asked whether with hindsight integrating a non-SAP element like CBS into an SAP solution might be considered risky, Adams says: "Introducing a non-SAP supported product into our SAP ERP solution is, and will continue to be, a risk. However, in my opinion it's a risk worth taking because it's enabled us to get a solution that works really well for us. And the risk is mitigated by the fact that CBS is based on standard SAP coding."

By implementing the HR module of SAP, Mercury has solved a recurring problem for its HR department. Previously operating with Excel spreadsheets, only one person could work on a spreadsheet at any one time. Now any number of authorised people can work with information whenever they need to. The SAP solution also makes it easier to move employees and sub-contractors from one project to another. All the information associated with a particular person – such as where to send payslips or their applicable site allowances - can be "dragged and dropped" into a new project, making moves seamless.

## Towards a healthy future

"I'm sure that Mercury's productivity has increased dramatically thanks to the streamlined processes, improved efficiency, better visibility and access to real-time information that we've gained through our new SAP solution. Unfortunately we didn't have measurement systems in place previously so can't quantify any improvement, but thanks to SAP we've now been able to introduce around 30 KPIs across the business which will provide a useful health check going forward," concludes Adams.



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