




Cracking the Code: Data-Driven Negotiation Strategies for Fair Contracts in Construction

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Introductions



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Agenda

- How the contract relates to so much on the job
- Electri // Document Crunch Partnership
- Specialty contractor contracts
 - Common pitfalls and the impact
 - What data to gather
 - Strategies for stronger negotiating positions
- ArchKey
 - Implementation & strategies for success
- Innovation Roundtable
 - Product and Partnership needs

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Unseen Costs & Industry Impact

Why unfair terms drive risks

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Construction is a **\$13T** industry **entirely based on contracts.**

The people who build are contractors.

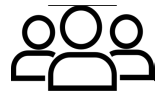


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Contract compliance underpins all workflows and all stakeholders in the \$13T industry.



The contract affects workflows such as preconstruction, bidding, changes, payments, notices, quality, safety.



Owners, underwriters and lenders all have an interest in the contract admin, including changes, payments, claims.



This condition exists on every project in the world.

50% of construction projects finish over budget, and someone must pay.



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Contractors invest massively to prevent contract risk but lose massively because of contract risk.*

\$5.5B + \$5B

spent on legal expenses annually (limited to contractors)

lost annually in "fee erosion" (assuming a rate of 0.25%)

Fee Erosion

Unanticipated profit loss due to bad contracts or poor compliance by project teams

***excludes related expenses like risk and contract management, and limited to U.S. spend only**



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Contractors' contract pain is the cause of disputes that spread like wildfire across all stakeholders.

Construction disputes almost always balloon to pull in others like owners, designers, insurers, sureties, and suppliers.

\$43M

Average dispute size (enough to bankrupt most)

"Failing to understand and/or comply with the contract is the leading cause of disputes."

NECA
2024

Arcadis 2022 Global Construction Disputes Report

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All of this pain is preventable, but our industry lacks a viable solution.

Are in-house lawyers consulted about risk at the start of a project?

Are external counsel consulted about risk at the start of a project?

What would improve risk management?

Earlier identification of risks during tender phase	69%
Keeping better records	69%
Managing change better (e.g. recording and agreeing variations in line with contractual requirements)	67%
Better management of supply chain/subcontractors	65%
Improving understanding of local market/regional specific factors prior to project execution	63%
Submitting notices within prescribed time limits	58%
Managing design issues	53%
Other	11%

NECA
2024

CMSS International Construction Study 2024

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We purpose-built a compliance platform to change the industry.

Our proprietary AI platform allows the construction industry to achieve better contract compliance, which is the key to protecting profits and limiting risk/liability in construction.

Our core product simplifies construction contracts and supporting documents, based on a construction specific knowledge base. We evolved to enable successful project execution by automating critical work and providing decisional support to teams to drive compliance.

Our platform supports best practices from the beginning to end of every project.

NECA
2024

DOCUMENT CRUNCH

ELECTRI Partnership

What is it and what does it mean for you?

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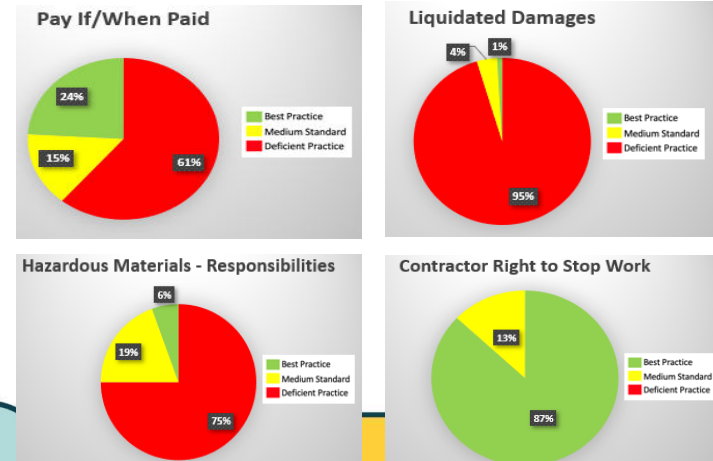
Overview

- **Where it started**
 - How this was originally being used by ArchKey & ELECTRI
- **Where it's going**
 - Our partnership is centered on equipping NECA members with **data-driven tools** that level the playing field during negotiations.
 - Together, we're focused on developing strategies to help electrical contractors:
 - Mitigate risk in contracts.
 - Increase transparency.
 - Achieve fairer, more balanced agreements with owners and general contractors.
- **The future** is with preconstruction, specs, and scope review

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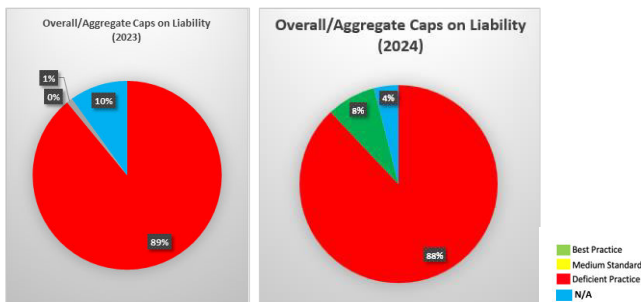
Specialty Contractor Industry Data



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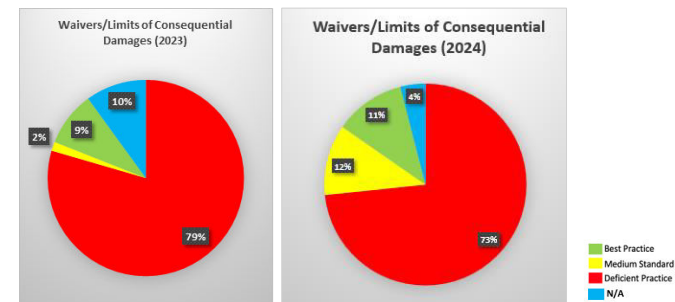
Select Benchmarking Results



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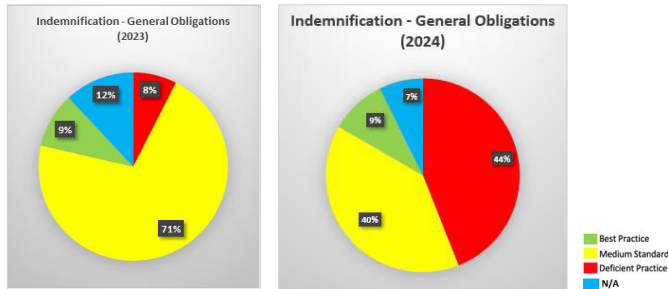
Select Benchmarking Results



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Select Benchmarking Results



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Leveraging Technology

ArchKey's 5 Steps to Success

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Our Key Takeaways

- Your time is more valuable than doing the manual stuff
 - How we knew we needed to get off the spreadsheet
- What it means to read the contract (12 provisions)
- Low hanging fruit / how to negotiate contracts
- How to evaluate your no/go strategies



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Partnership & Product

Innovation Roundtable

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Moving Forward: Empowering NECA Members

- With our **partnership**, NECA members gain exclusive access to **Document Crunch's tailored tools** for electrical contractors.
- We're dedicated to continuously improving these tools with input from NECA's experts, ensuring the platform meets the evolving needs of the electrical industry.
- Our goal: **equip every NECA member with the data-driven insights** needed to secure **fair, balanced contracts** and mitigate unnecessary risk.

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Thank you!

Learn more



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