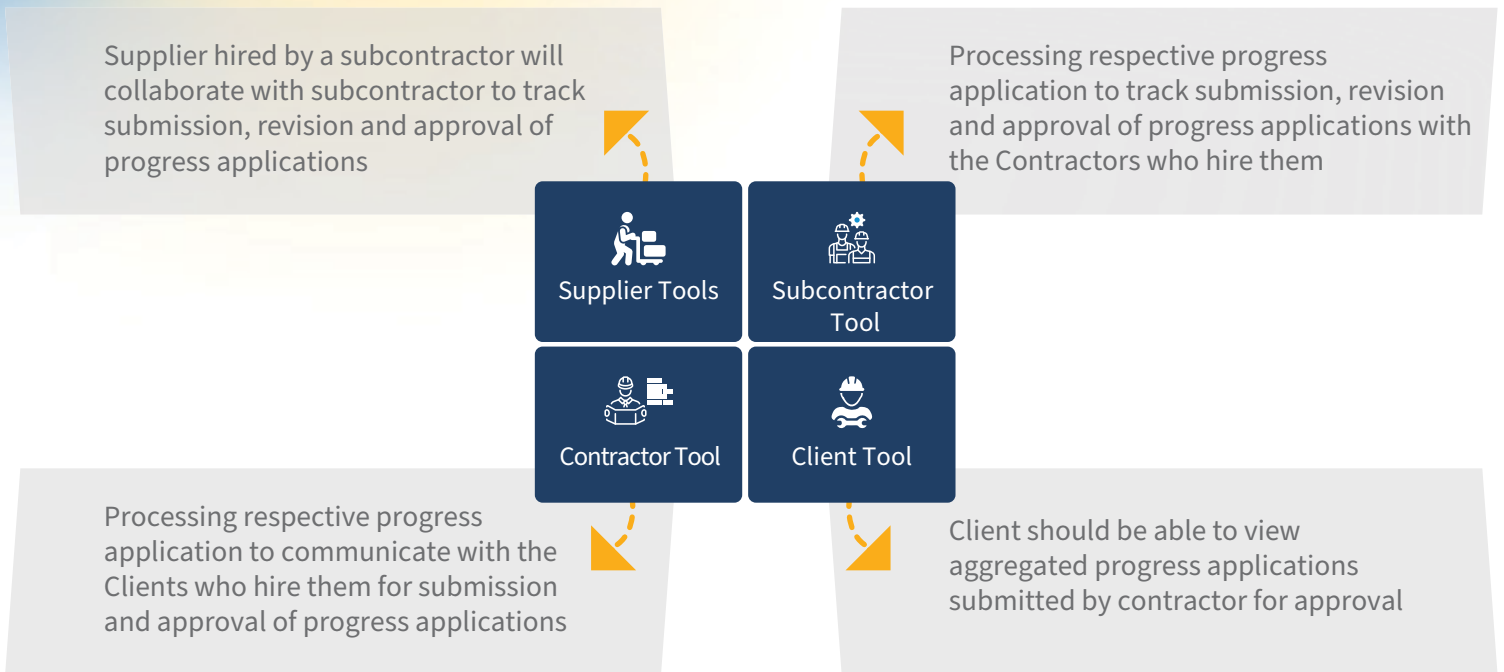# LTIMindtree Project Payment Paychain Solution

Automate construction project payment process across organizational boundaries enabling contract compliant billing and payment

Solution is based on **SAP Cloud Platform with four separate tools** as per user requirement within the overall process of construction payments

Supplier hired by a subcontractor will collaborate with subcontractor to track submission, revision and approval of progress applications

Processing respective progress application to track submission, revision and approval of progress applications with the Contractors who hire them

Supplier Tools

Subcontractor Tool

Contractor Tool

Client Tool

Processing respective progress application to communicate with the Clients who hire them for submission and approval of progress applications

Client should be able to view aggregated progress applications submitted by contractor for approval

All the **applications** in the Paychain solution will havethe following **functions**

Master Data

Covering setup of project, client, vendor, contractor etc.
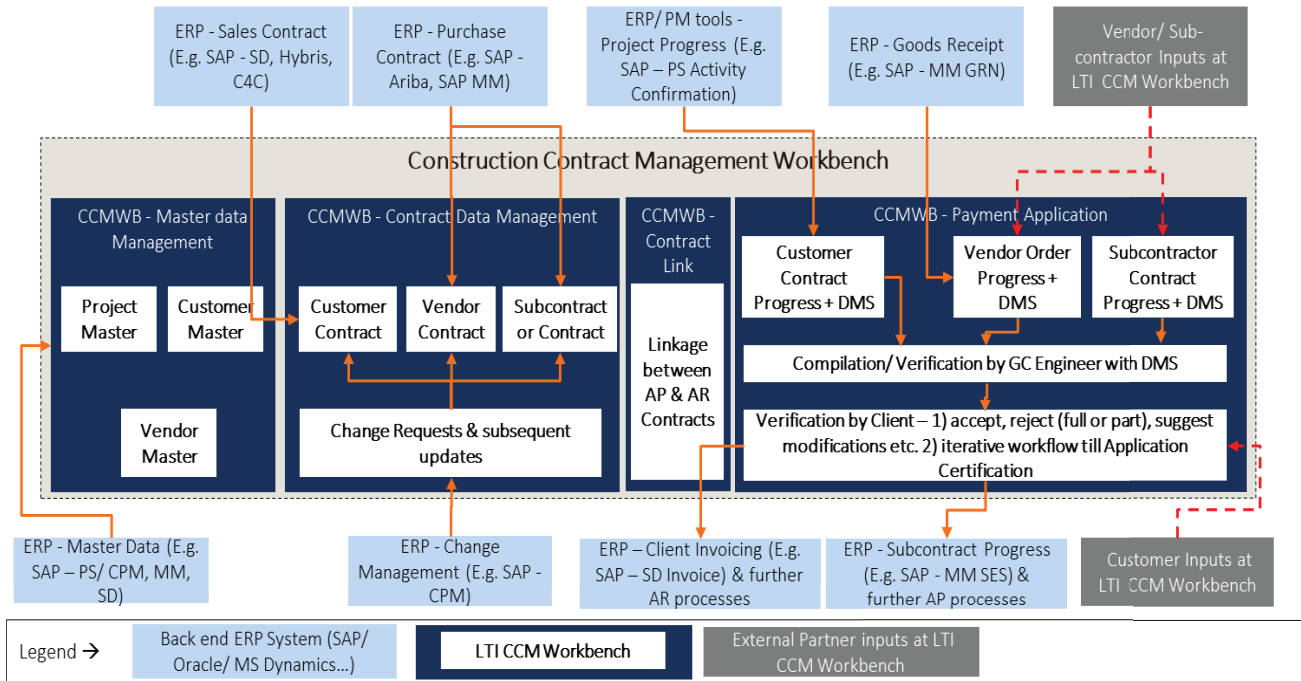
Progress Application

User will be able to gather progress applications from their vendors, assemble a progress application to the client and follow this process through to approval

Contract Management

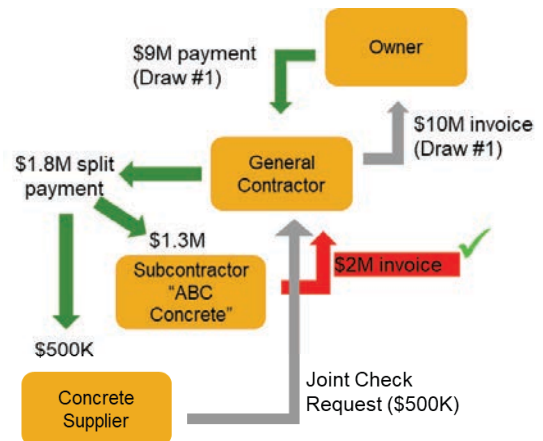Covering both i.e. receivable and payable side contracts of different types

Complete view of the data flows in the **payment chain solution** with functionality covering all the aspects of construction payments

Construction Contract Management Workbench

ERP - Sales Contract (E.g. SAP - SD, Hybris, C4C)

ERP - Purchase Contract (E.g. SAP - Ariba, SAP MM)

ERP/ PM tools - Project Progress (E.g. SAP – PS Activity Confirmation)

ERP - Goods Receipt (E.g. SAP - MM GRN)

Vendor/ Sub-contractor Inputs at LTI CCM Workbench

CCMWB - Master data Management
- Project Master
- Customer Master
- Vendor Master

CCMWB - Contract Data Management
- Customer Contract
- Vendor Contract
- Subcontract or Contract
- Change Requests & subsequent updates

CCMWB - Contract Link
- Linkage between AP & AR Contracts

CCMWB - Payment Application
- Customer Contract Progress + DMS
- Vendor Order Progress + DMS
- Subcontractor Contract Progress + DMS
- Compilation/ Verification by GC Engineer with DMS
- Verification by Client – 1) accept, reject (full or part), suggest modifications etc. 2) iterative workflow till Application Certification

ERP - Master Data (E.g. SAP – PS/ CPM, MM, SD)

ERP - Change Management (E.g. SAP - CPM)

ERP – Client Invoicing (E.g. SAP – SD Invoice) & further AR processes

ERP - Subcontract Progress (E.g. SAP - MM SES) & further AP processes

Customer Inputs at LTI CCM Workbench

Legend →

Back end ERP System (SAP/ Oracle/ MS Dynamics…)

LTI CCM Workbench

External Partner inputs at LTI CCM Workbench

A Construction Paychain example is provided below where payments are made in a **complex multi-tier team structure** throughout the lifecycle of a project which is **cumbersome, time consuming and prone to errors**

$100M Commercial Building

- Owner hires GC to complete $100M building
- GC hires subcontractors including ABC Concrete for $20M
- ABC Concrete purchases initial material from Concrete Supplier for $500K
- ABC Concrete completes 10% of their work and invoices GC ($2M)
- GC invoices Owner (Draw #1) for project progress to date of 10% ($10M) across entire project
- GC places ABC Concrete invoice on hold for "Paywhen-Paid" (released after payment from Owner of Draw #1) and for compliance:
  • Verification of Insurance Certification
  • Lien Waiver signature
  • Project Manager Hold
- Concrete Supplier requests GC to issue "Joint Check"to ABC Concrete and Concrete Supplier for materials
- Owner verifies project progress and pays GC invoice less 10% retention* ($9M)
- GC verifies compliance* items for ABC Concrete are satisfied and releases payment less 10% retention ($1.8M) upon receipt of Owner payment
- Joint Checks are cut to ABC Concrete for $1.3M and Concrete Supplier for $500K

About LTIMindtree