## REMARKS FOR 2012 CONSTRUCTION INDUSTRY OUTLOOK

*Stephen E. Sandherr*

Hello and thank you for making time to join us today. My name is Stephen Sandherr and I am the chief executive officer of the Associated General Contractors of America. With me are Ken Simonson, our chief economist, Roger Kirk, Computer Guidance Corporation's President & CEO – Computer Guidance is co-sponsoring our Outlook this year - and two contractors: Tracy Hart of St. Louis, Missouri-based Tarlton Corporation and David Morrill, of



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While hiring plans remain relatively modest, especially considering the fact the industry has shed more than 2 million jobs since 2008, the trend is obviously heading in the right direction. Unfortunately, as our chief economist Ken Simonson will explain, other indicators are more mixed. Ken...

***Ken Simonson***

Thank you, Steve. There are definitely some conflicting trends when it comes to contractors' expectations for construction demand in 2012. On one hand, a majority of firms expect the dollar volume of projects they compete for to either grow or remain stable in every market segment. In particular, the power and the hospital and higher education market look particularly robust, with roughly three-fourths of contractors expecting each of those markets to expand or remain stable this year.

In contrast, contractors working on a number of market segments typically funded by the public sector are less optimistic. For example, 44 percent of contractors expect the market for new public buildings to shrink, while only 17 percent expect that market to grow in 2012. Forty-one percent of contractors expect the market for K-12 school construction to shrink, while only 18 percent expect it to expand. And 40 percent of contractors expect the highway market to contract, while only 19 percent expect it to grow.

As a result, construction companies are continuing to think strategically and leverage their investments in information technology.  Money is being spent on software solutions that better support the business and the need to do more with fewer people.  That is why 55 percent of firms report they plan to invest in their information technology departments in 2012.  Moreover, companies looking to invest in replacing legacy solutions are looking at alternative models which require up front investments and limit the impact on existing resources.  Indeed, one-third of firms report they would consider leasing or financing new job cost software, compared to the 9 percent who said they would planning to purchase that kind of software.

For solution developers, this is the time where our software proves its value by increasing the efficiency of existing staff and creating transparency into the financial transactions of the company.  Business intelligence and financial reporting solutions are critical to evaluate performance and proactively respond to business activities. Integrated solutions with enterprise content management and business intelligence will facilitate communications and aids in ensuring that the appropriate financial controls are put in place to protect the profit margin.

Although a majority of firms indicated that they will not take their current solutions to the Cloud, they have also indicated that if they were to invest in new or complementary solutions, they would very likely to consider the Cloud.  Cloud computing is becoming popular as it is proven to be reliable and it provides the flexibility that construction companies need by avoiding significant upfront investments in IT infrastructure and ongoing maintenance costs.

In other words, from an IT point of view, there is some indication that 2012 will be a more productive year for the construction indusenclP al TJETn heencsfAJE5 Tmme itect the()()(hl(i02 391.75 Tr