Engineering & Construction

Building Opportunities in Challenging Times

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Adapting to changing times
…and new opportunities

Engineering and construction (E&C) companies have always been charged with creating sustainable shareholder value by providing customers with differentiated capital project and service offerings. However, today’s E&C companies must also adapt to the most challenging market conditions in decades. Economic turbulence, severely tightened credit, and a depressed global market have significantly changed market dynamics after many years of impressive growth. E&C companies are now feeling the pressure as customers delay or reduce spending on large-scale projects. Costs are escalating as customers demand pricing concessions. Adding to these issues are increasingly aggressive competition, the strain of increased public scrutiny, and the heightened focus on cost transparency.

While the business landscape has shifted, the underlying necessities to effectively compete have not changed. To survive and grow, E&C companies must continuously develop and maintain customer relationships; achieve technical excellence and retain skilled labor pools; and manage significant risks. They need to deliver personnel, processes, and systems wherever and whenever needed. And they must also focus on maintaining health, safety, and environmental standards, building financial strength, and implementing programs to monitor risk management processes. In doing so, such well-managed E&C companies will be better equipped to navigate turbulent times. They’ll also be better positioned to seize future opportunities in infrastructure, energy, power, petrochemicals, commercial construction and other industrial sectors.

Moving forward E&C companies must look for new ways to address existing challenges, mitigate risks, and seize future opportunities. This is where the integrated approach, diverse experience, and valuable insight of a trusted professional services firm such as KPMG LLP can help.
Committed to meeting today’s business needs …and tomorrow’s

By keeping a constant pulse on the industry, KPMG’s E&C professionals deliver in-depth knowledge and valuable advice to help companies adapt accordingly in challenging economic times and beyond. We understand the complexity of the E&C industry and have a keen grasp of the business issues and challenges that exist in different market climates. In addition, you can count on our objective perspective. Our professionals can help your organization improve business processes, control costs, identify and mitigate risks, increase visibility and transparency, maintain regulatory compliance, and identify growth opportunities through international expansion, merger or acquisition, or joint venture.
We know your industry

KPMG’s E&C professionals combine deep industry experience and valuable insight to deliver services that assist clients with a variety of audit, tax, and advisory needs. As an objective resource, we are able to provide the knowledge, skills, and global reach to help you meet your strategic objectives and achieve your business goals.

Practical approaches to business issues

With increasingly aggressive competition and pricing pressures, some E&C companies may be tempted to focus on short-term wins to the detriment of long-term profitability. KPMG’s holistic approach can help companies take a big-picture view to explore the appropriate paths forward.

In addition to our financial acumen, we have deep experience with the operational aspects of your industry that help us identify the real drivers affecting business performance. This knowledge also gives us insight into ways to help you better manage working capital, fixed assets, and business systems. As a result, we can help you with not only the “what” and “why” but also the “how-to” of decision-making—regardless of the issues your company may be facing. Whether it is navigating the ever-changing competitive environment, maintaining compliance with financial reporting standards and regulations, providing tax planning advice, identifying growth opportunities, or mitigating other financial and operational risks, KPMG’s E&C professionals can help you apply a practical approach to help drive long-term value.
Serving the needs of a diverse clientele

When E&C leaders turn to KPMG for advice, they do so because we understand the industry on a local, national, and global level. For decades, we have provided a vast array of services tailored specifically to meet the needs of the E&C industry. To do this, we have created a diverse practice that includes certified public accountants, professional engineers, architects, project managers, owner representatives, contract and procurement specialists, finance and tax professionals, business valuation specialists, cost estimators and specialists, certified fraud examiners, and forensic technology specialists.

Our E&C professionals provide strategic insights and relevant guidance wherever our clients operate. KPMG services are delivered through the global network of KPMG International member firms by 2,000+ professionals in more than 40 countries worldwide.

Who we serve

In addition to serving nearly half of the Top 50 U.S. firms on Engineering News-Record’s 2008 Top Contractors list, and two-thirds of the Top 50 Global firms, our extensive experience serving all segments of the E&C industry includes:

- Engineering, Procurement & Construction (EPC) firms
- Diversified and Specialty Engineering & Construction
- Specialty Contracting
- Government & Infrastructure Contracting
- Developers
- Real Estate Operating companies
Industry innovation and leadership

As an E&C professional, you need to know which issues may impact your organization – now and in the future. That’s why you need a professional services firm that has the vision and experience to help you prepare for a wide variety of developments and discuss them with authority. At KPMG, our professionals embrace the opportunity to take leading roles in investigating the complex issues that demand the industry’s attention.

Our commitment to the industry is demonstrated by our ongoing efforts to make financial reporting more relevant. We are active in the standards-setting process and participate, often in leadership roles, in the activities of many industry organizations. Our involvement helps us keep our clients up-to-date on potential changes in the business, tax, or financial reporting environment on a timely basis to enhance planning and reporting processes. Some of these organizations include:

- Associated General Contractors of America (AGC)
- The Beavers – Heavy Engineering Construction Association
- Construction Financial Management Association (CFMA)
- Construction Industry Institute
- Engineering and Construction Risk Institute
- Urban Land Institute (ULI)
- World Economic Forum
Your needs, our services

KPMG’s E&C professionals provide a wide range of services designed to help you balance business performance while maintaining appropriate risks and controls.

BUSINESS PERFORMANCE SERVICES

Our Business Performance Services professionals focus on financial analysis, operations, controls, and performance tailored to the regulatory and compliance environment unique to the E&C industry. Our professionals have extensive experience working with clients to help identify and implement business process improvement opportunities to maintain a competitive advantage. Some of these process improvement services include finance transformation, budgeting and forecasting, financial consolidation and reporting, procurement transformation, inventory optimization, supply chain effectiveness, and data management.

FORENSIC SERVICES

In a difficult economic climate, contract disputes are often likely to arise. KPMG Forensics professionals can assist clients in resolving these disputes as well as assist clients in achieving higher levels of business integrity through the prevention, detection and investigation of fraud and misconduct. We assist clients in assessing their vulnerability to fraud and misconduct activities and in developing controls and programs to address these risks. Some of the services we provide include contract and regulatory compliance, forensic technology, fraud risk management, investigations, Foreign Corrupt Practices Act (FCPA) compliance, dispute advisory services and construction claims, and other construction-related services.

OPERATIONS AND FINANCIAL RISK MANAGEMENT

As the responsibility for risks increasingly shifts back to the contractor, operations and financial risk management are more important than ever. KPMG can help management and boards of directors to identify, measure, and monitor financial and business risks, relationships between risks and returns, and the control environment over the management and reporting of these risks. Some of the operations risk management services we provide include supply chain management, operations management, enterprise performance management, project development and execution risks, revenue enhancement and cost reduction, environmental compliance, and transformation, business process and integration. Financial risk management services cover various types of risks including commodity and energy, credit, liquidity, treasury, and market risk.

INTERNAL AUDIT, RISK, AND COMPLIANCE SERVICES

Our Internal Audit, Risk and Compliance Services professionals have many years of relevant experience in the E&C industry, which enables them to understand what types of approaches will help in dealing with control and compliance challenges.
As a result, we help organizations assess the effectiveness and efficiency of their accounting, finance, operations, and government compliance processes. We provide contract compliance, enterprise risk management, Internal Audit outsourcing and co-sourcing, regulatory and compliance services, SOX sustainability and monitoring, and IFRS conversion services.

**IT ADVISORY SERVICES**
KPMG’s IT Advisory Services professionals help organizations to assess, design and integrate leading information management and operational processes and controls to deliver sustained business value and risk management. Services include IT architecture and strategy, ERP advisory, IT governance, security, privacy and continuity, IT attestation, as well as program and project management.

**TRANSACTION SERVICES**
KPMG’s Transaction Services professionals provide merger, acquisition, and divestiture support by placing a strong emphasis on stakeholder value and by helping clients identify key risks and benefits early in the process. This includes support throughout the transaction life cycle for both strategic and financial buyers and sellers. Services include technical accounting assistance, business due diligence, buy-side due diligence, vendor assistance, pre-close and post-close assistance, and pre-sale due diligence.

**TAX SERVICES**
KPMG’s Tax professionals can help E&C companies plan for, manage, and resolve tax issues in a number of specific areas. In an increasingly complex tax environment with ever-changing legal and regulatory requirements, we can help assist E&C companies with business tax issues relating to international, federal, state, and local taxes, as well as keeping you abreast of changing state and federal legislative and regulatory issues. Our tax professionals offer a broad range of capabilities in areas such as tax compliance, tax accounting methods and credit services, valuation services, mergers and acquisitions, tax controversies, and tax planning.

**AUDIT SERVICES**
The network of KPMG member firms provides independent auditing for a number of leading E&C companies across the globe. Our audit professionals have in-depth industry experience that results in well-planned, efficient audits that focus on financial reporting risks that really matter. These individuals bring knowledge and practical application of complex financial reporting issues such as revenue recognition under long-term construction contracts, contract claims and change orders, accounting for joint ventures, pension and other employee benefit programs, and income taxes. They also provide valuable insight toward the application of accounting standards relating to variable interest entities, business combinations, and goodwill impairment tests.

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**Paving the way to IFRS conversion**
Converting to International Financial Reporting Standards (IFRS) is expected to reap many benefits including improved performance in the finance function, reduced costs, and increased transparency. KPMG can help smooth your transition to IFRS by providing planning, program management, and process implementation assistance.
Rely on KPMG

Helping today’s E&C companies overcome challenges and build new opportunities requires a professional services firm that provides objective advice, industry knowledge, and business acumen to enable your organization to make better business decisions and realize long-term value. It requires a professional services firm such as KPMG.

Contact us

For more information on how KPMG’s Engineering and Construction professionals can help your organization, please contact:

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