

Welcome to The JCT Povey Lecture

8th November 2018



Setting the standard for construction contracts

Neil Gower

JCT Chief Executive



Richard Saxon CBE

JCT Chairman



Connected, Collaborative and Cool

How technology and governance could
transform the impact, efficiency and image of
the construction industry.

Sixteenth JCT Povey Lecture
8 November 2018

Richard Threlfall
Global Head of Infrastructure
KPMG



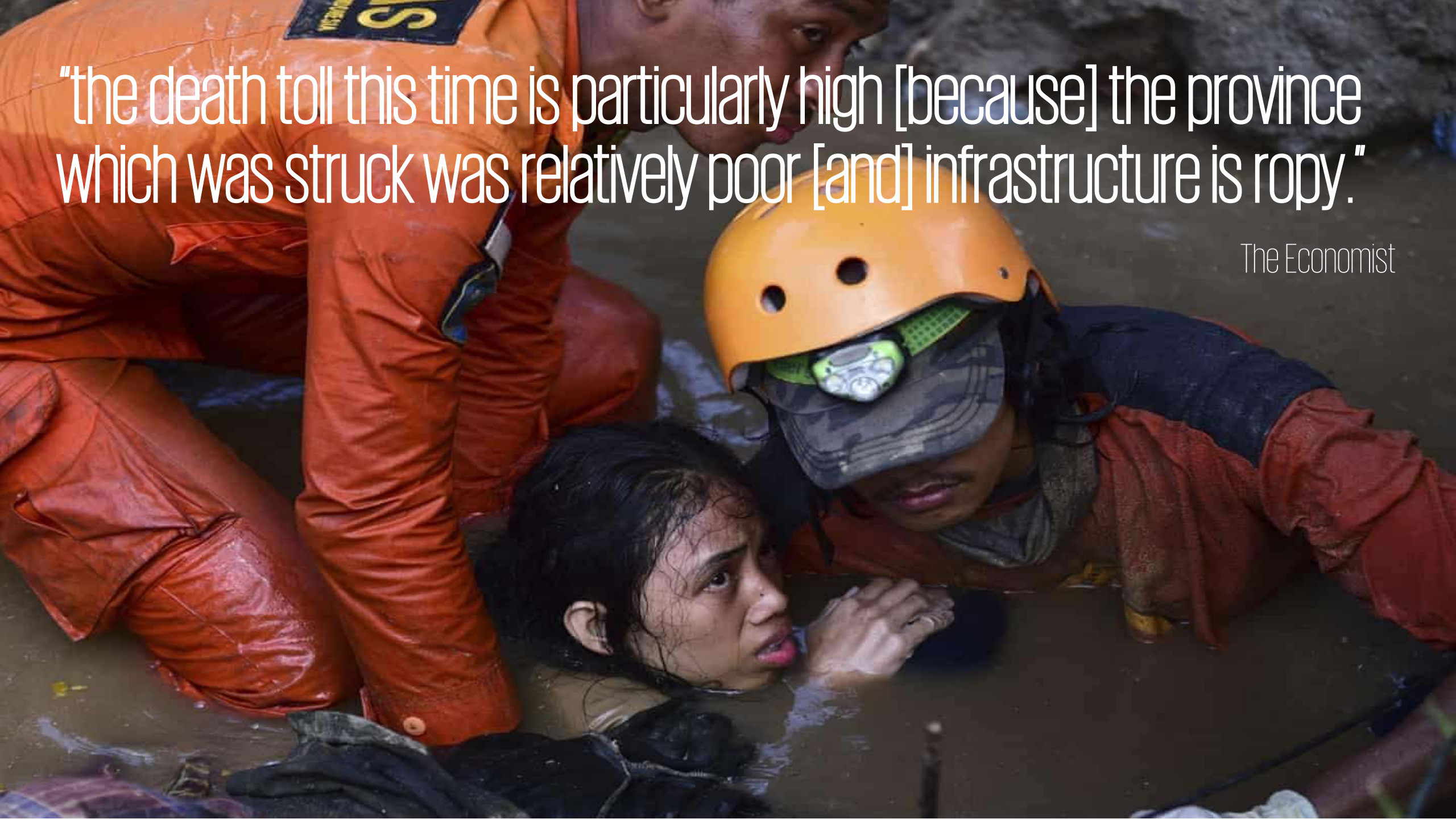


"The world will build more infrastructure in the next 40 years than in the past 4,000."

Dr. Parag Khanna

"the death toll this time is particularly high [because] the province which was struck was relatively poor [and] infrastructure is ropy."

The Economist



Connected



Technology is impacting every stage of the asset lifecycle

Data-driven investment decisions



Optimised asset maintenance



Transformed user experience



Digital-enabled manufacture and construction

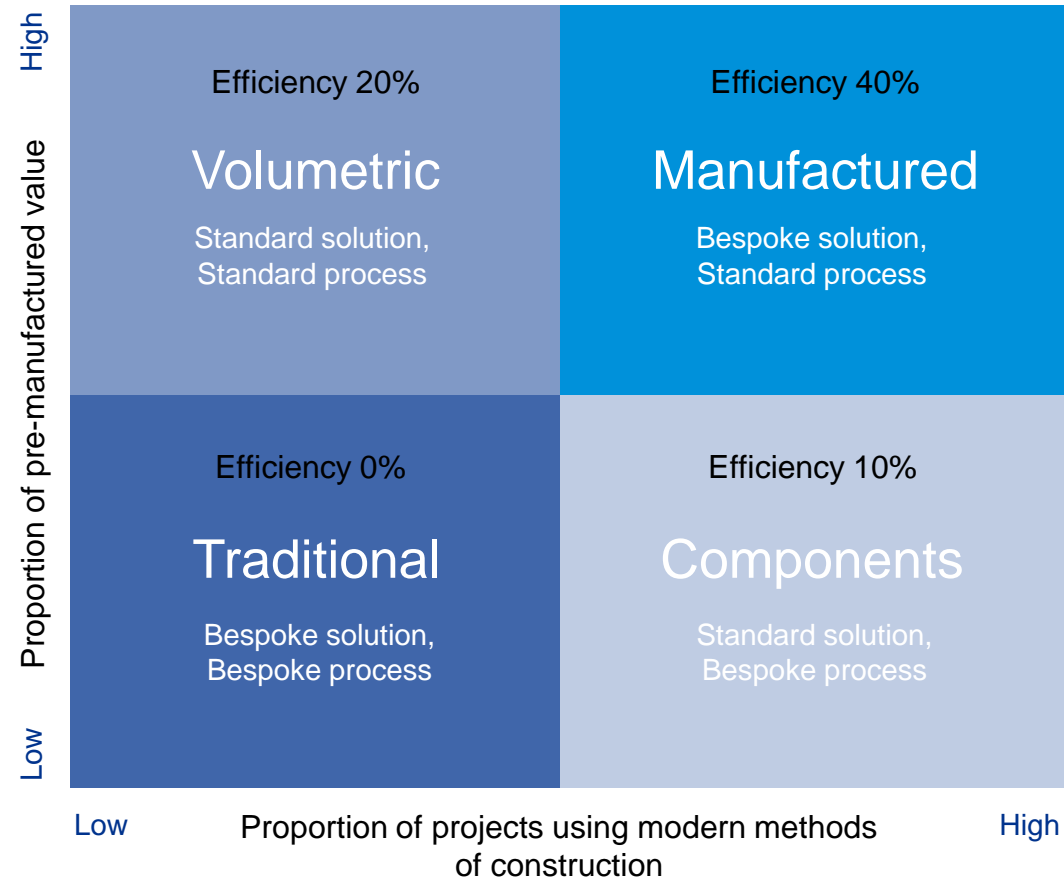


Predictive network operation

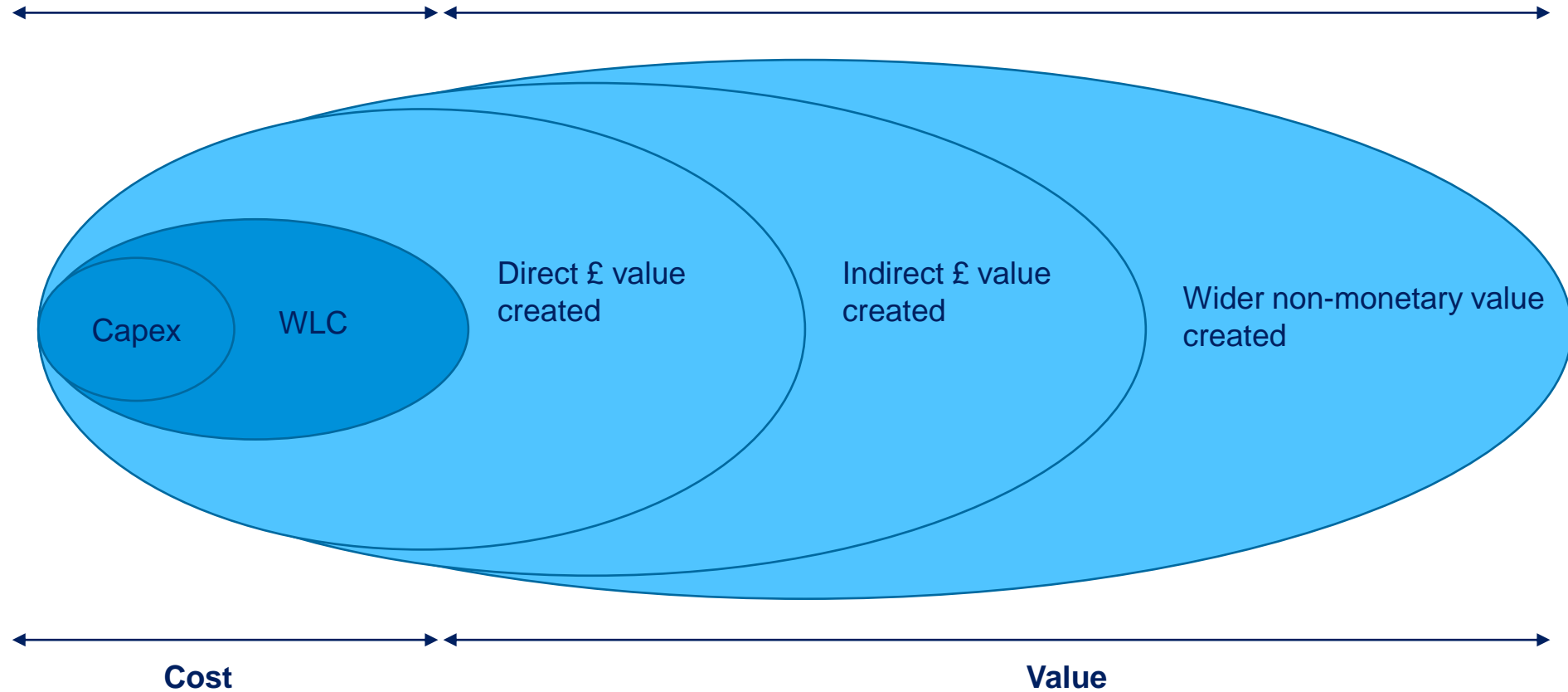
Planning: more analytical and evidential



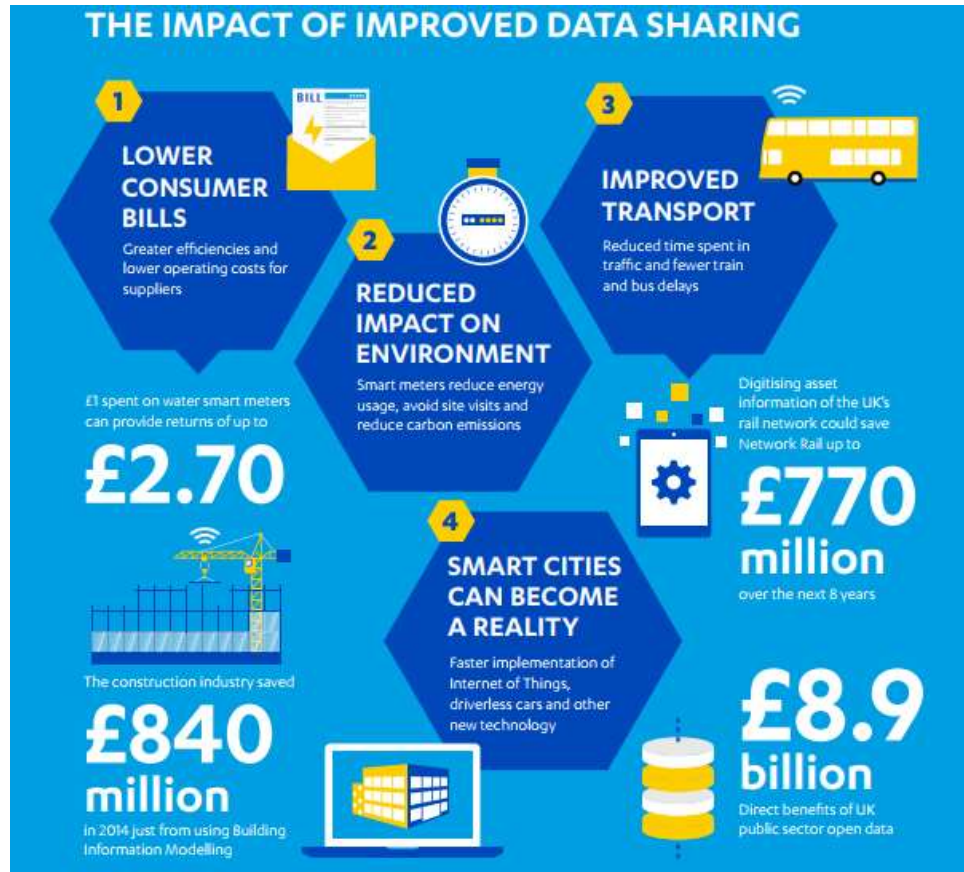
Building: moves to manufactured and / or components



Maintaining: we can optimise over whole life



Operating: the value is in the data

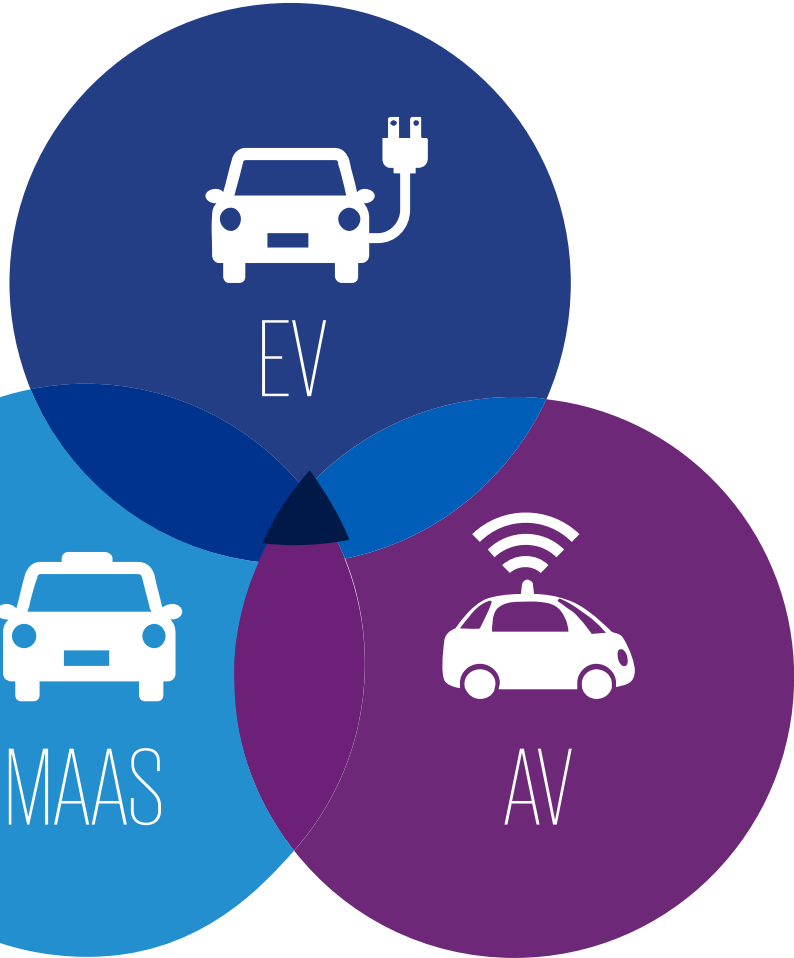


ENTUR



Source: National Infrastructure Commission / [Designit.com](https://www.designit.com)

Outcomes: transformational change



[illegible]



Project 13

<https://wetransfer.com/>

A better approach to
delivering high performance
infrastructure

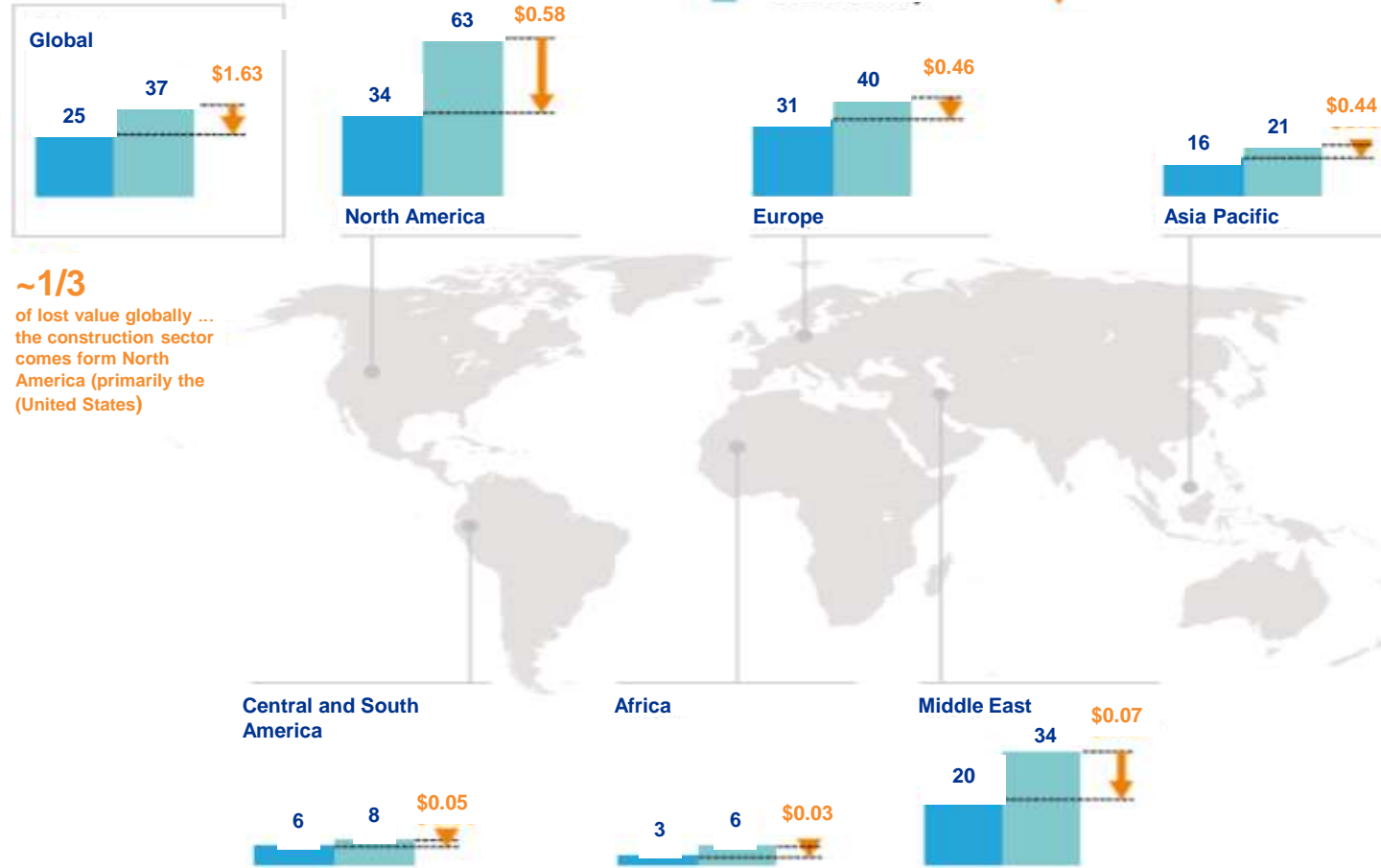
Construction productivity is woeful

Total productivity differential, 2015
Real gross value added per hour, 2005 \$

Average productivity

Construction sector
Total Economy

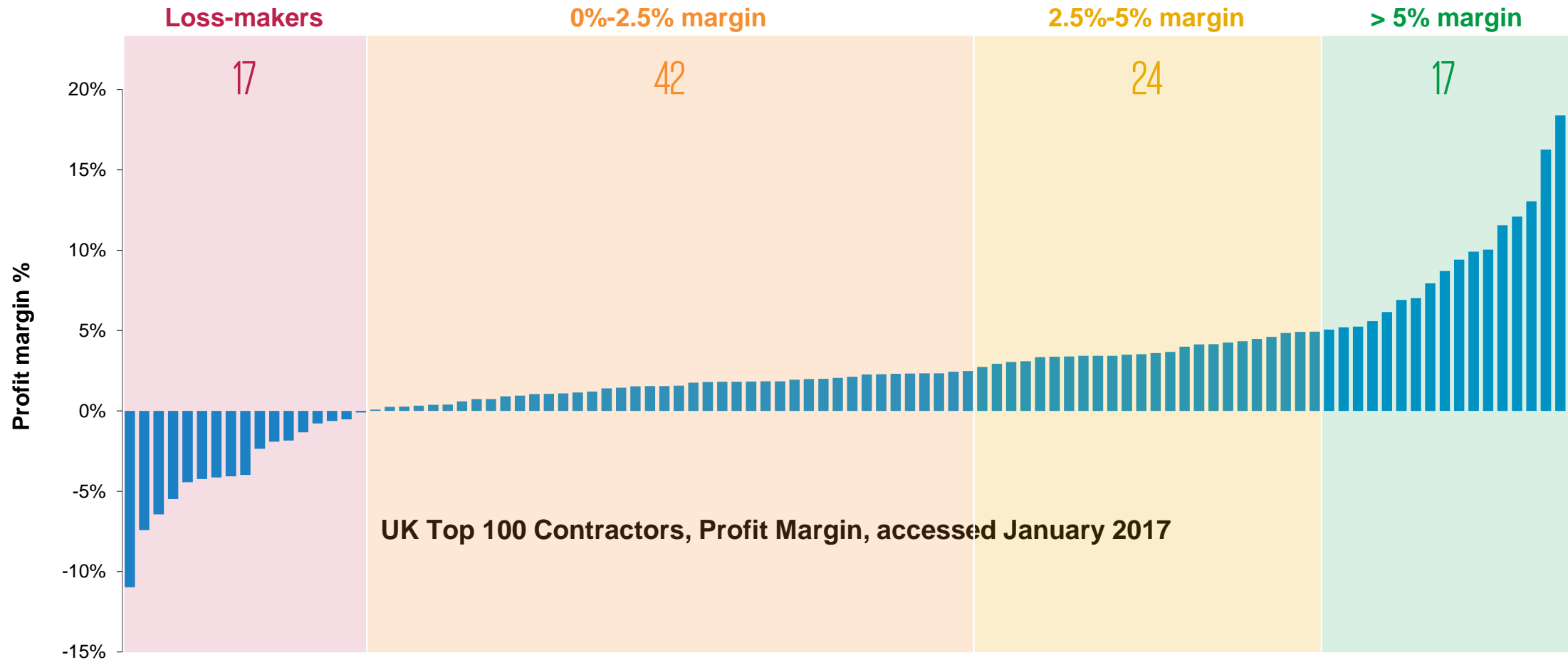
Economic value lost as a
Result of productivity gap
(\$ trillion)



1 Assumes construction sector output remains constant and current workers are re-employed in other sectors at the total economy productivity rate

Source: OECD; WIOD; GGCD-10; World Bank; BEA; BLS; Turkish National Statistics Bureau; Singapore National Statistics Agency; Malaysian Statistics Agency; Rosstat; IHS; ITF; GWI; McKinsey Global Institute analysis

Because margins are vanishingly small



Source: The Construction Index

Change requires a shift in our thinking

From Growth

Focus on asset creation

Focus on cost of initial build

Outputs for Clients

Traditional constructed solutions

Fragmented, siloed organisations

Limited reward for developing skills

Purchase scope

Short term transactional relationships

Transfer risk

Customer
focus

Improve
Productivity

Sustainable
Industry

To Maturity

Focus on asset management and operation

Focus on long term performance

Outcomes for the ultimate customers

Innovative integrated digital/physical solutions

Integrated enterprise team

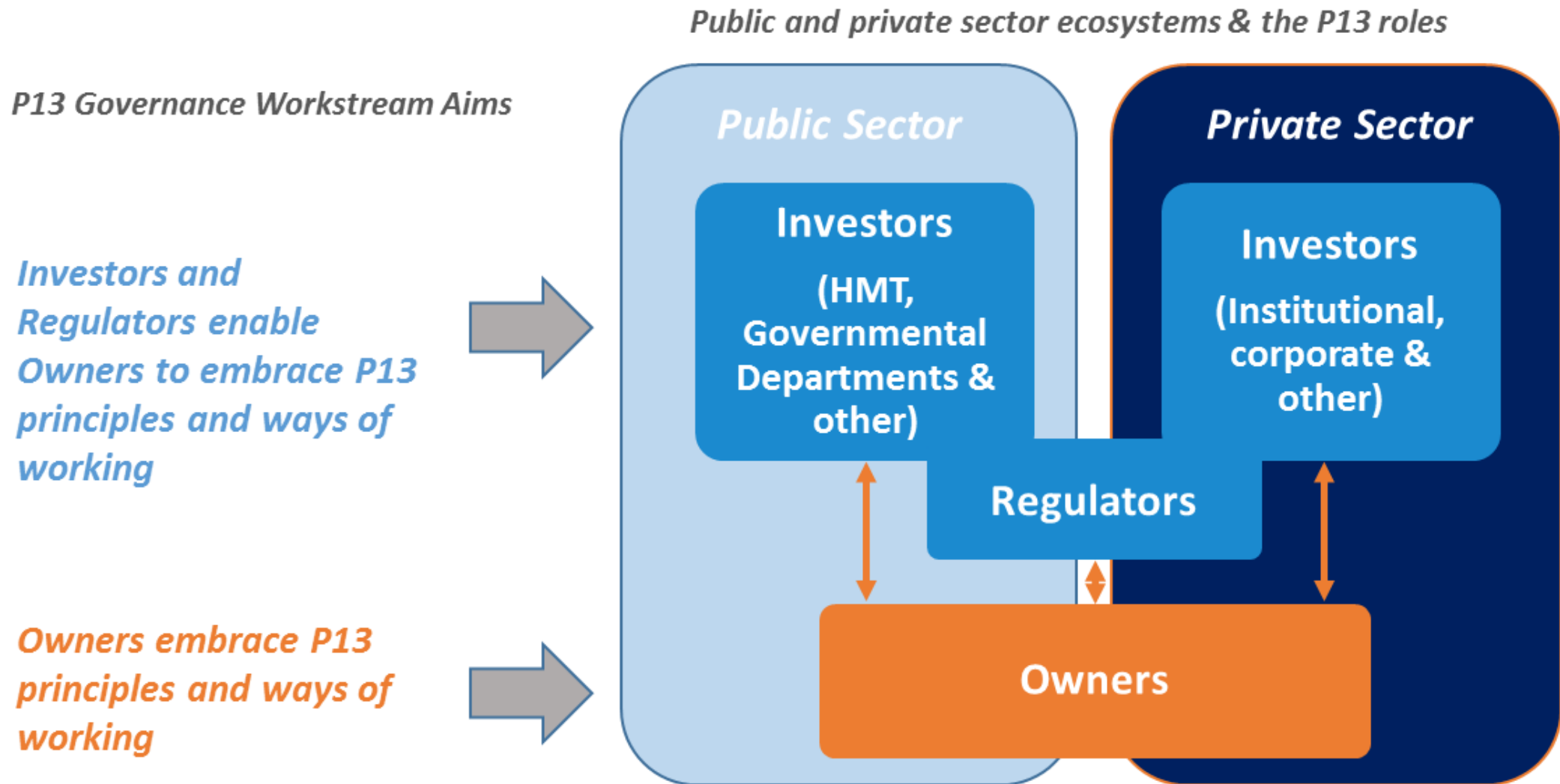
Incentivised to improve skills and staff productivity

Reward outcomes + performance

Long term sustainable enterprises

Incentives joint performance

Embedded through governance reform



Measured through three stages of maturity

Simple collaboration



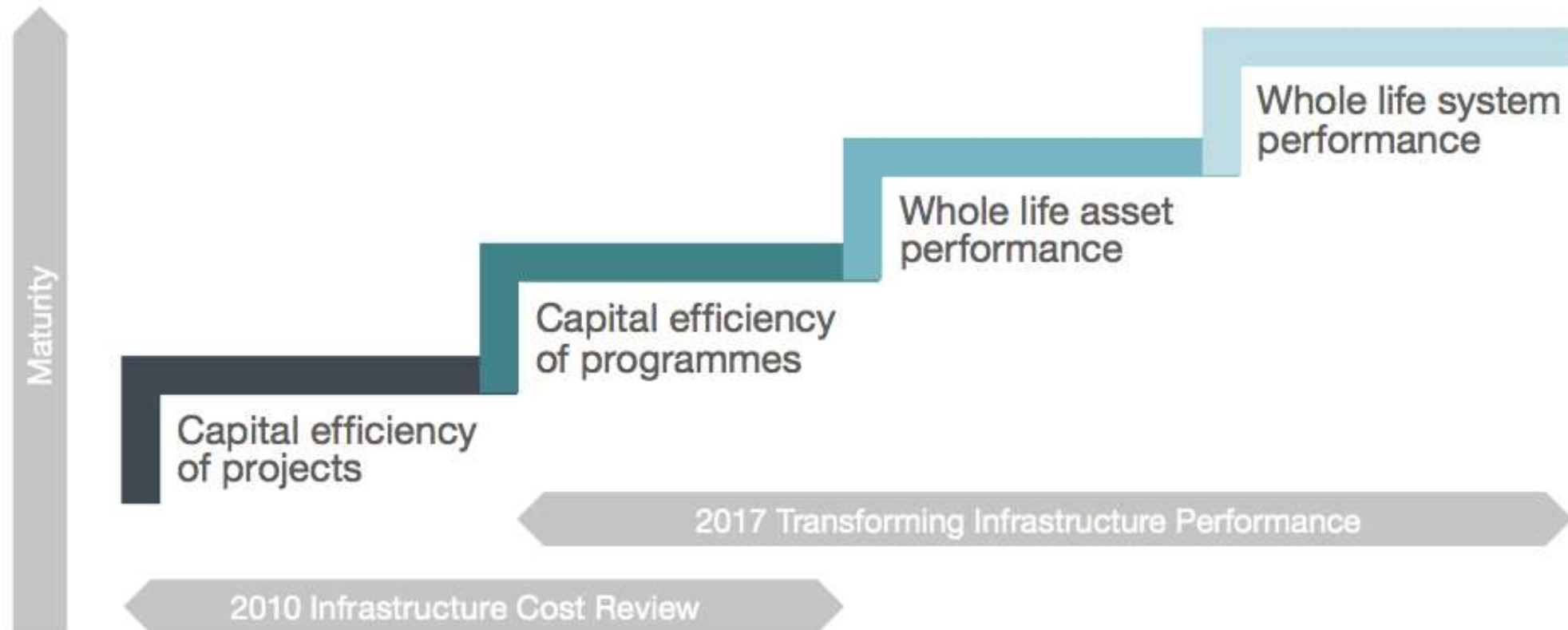
**Integrated
functions and relationships**



High performing enterprise

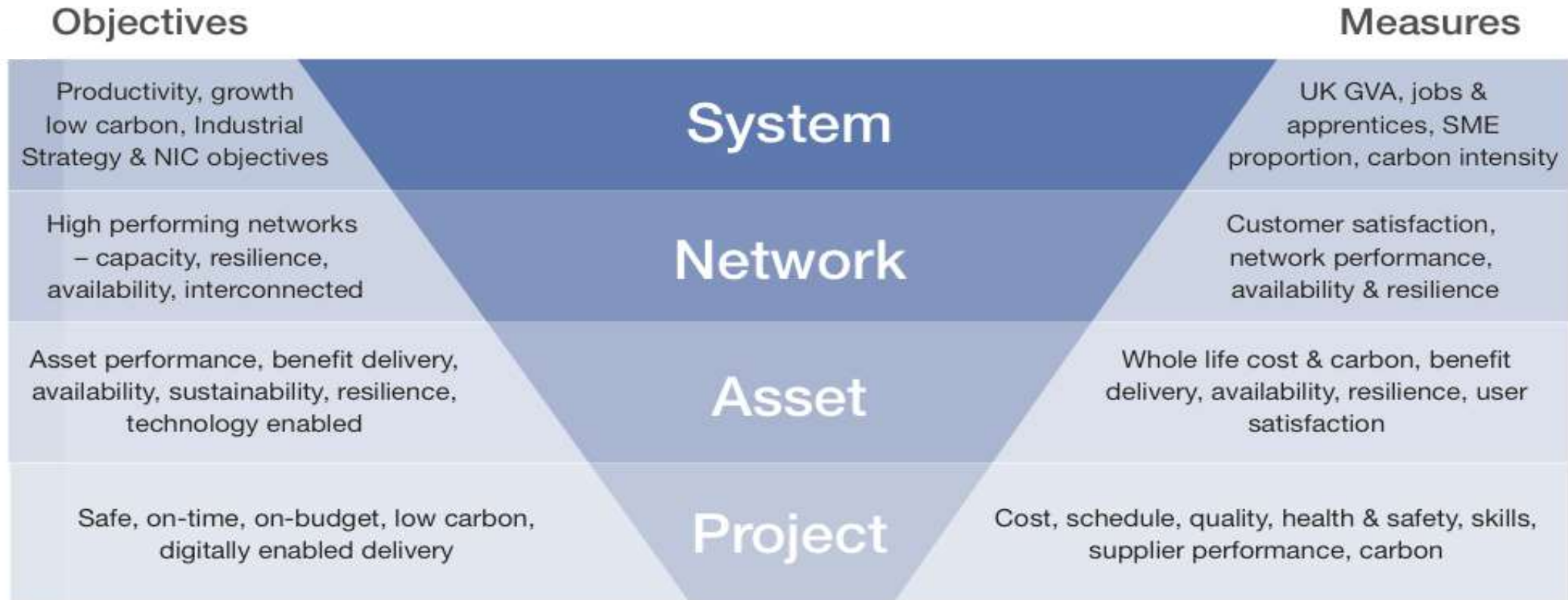


Focussed on whole system performance



Source: Transforming Infrastructure Performance. IPA. November 2017

Aligning system, network, asset and project



Source: Transforming Infrastructure Performance. IPA. November 2017

Cool







SUSTAINABLE DEVELOPMENT GOALS



Source: United Nations



We connect
the world



We build
prosperity



We reduce
poverty



We create sustainable
quality of life

We enable a better future for
everyone, everywhere

Q&A Session

Richard Saxon CBE, JCT Chairman

Richard Threlfall



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