

Financial Management in a Digital-First World: Construction Finance Leaders Weigh In



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Stronger cash flow, faster operations and bigger profits don't happen by accident in construction. They depend on non-negotiable investments in digital transformation and financial management.

To see how today's construction companies are managing digital transformation and its integration into financial processes, GCPay and Construction Dive's studioID surveyed 150 senior-level construction finance executives. These finance leaders shared their insights

on tech-driven change, financial management strategies and challenges, and the payment application process.

The biggest takeaway: On the surface, construction finance leaders seem to be satisfied with their companies' progress when it comes to accelerating digital transformation and improving financial management. But several red flags in the survey data indicate that **companies aren't as far along as they think**. The biggest risk indicators:



Many hours are wasted every week on manual data verification



Paper checks are still part of the payment landscape



Lengthy payment approval processes are creating costly roadblocks

But fear not. By **integrating digital solutions into financial processes**, construction firms can automate and optimize actions that make the entire payment application process more fluid. Approvals are completed faster, data is more accurate, and everyone knows when, why, and how payments are processed.

The insights shared in this report can help you evaluate how well your own digital transformation is going and determine where integrating digital solutions into financial processes might address bottlenecks and manual workflows that have plagued payment applications for too long.

About the Research

Between March 3 and March 17, 2025, GCPay partnered with Construction Dive's studioID to survey 150 senior-level finance executives from general contracting and construction firms. The online survey gathered insights into their digital transformation strategies, challenges, and satisfaction levels with financial operations and the payment application process.





Basic tech stacks aren't enough for construction finance

Today, every company is inevitably in some state of digital transformation. How far along they are on their journey depends on several factors: what their culture is like, what their tech stack allows, what they've budgeted, and more.

However, defining digital transformation is critical before evaluating progress.

Case in point: Rolling out a new tool or platform doesn't mean you're "done" with digital transformation. Why? Because digital transformation is an ongoing expedition, not a final destination.

Based on what construction finance leaders revealed about their digital transformation efforts, it's clear they may not fully understand what's possible when systems are optimized beyond basic automation and digital tools are leveraged to their full potential.

88%

of construction finance leaders are "very" or "completely" satisfied with their company's digital transformation efforts so far.

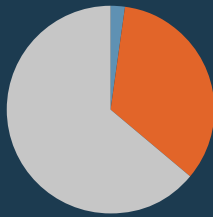
64%

of construction finance leaders say their digital transformation plan is fully defined and implemented.



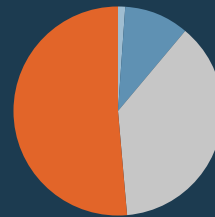
How finance leaders view their digital transformation efforts

Has your company established a digital transformation strategy?



- 64%** Yes, our strategy is fully defined and implemented
- 34%** Yes, but our strategy is still in the early stages
- 2%** No, but we are considering a digital transformation
- 0%** No, and we have no plans to implement a digital transformation strategy

How satisfied are you with your company's digital transformation efforts so far?



- 37%** Completely satisfied
- 51%** Very satisfied
- 10%** Moderately satisfied
- 1%** Slightly satisfied
- 0%** Not at all satisfied

But these declarations may be premature. In today's world, where technology is changing every day, there are very few companies — if any — that can say they have fully defined and implemented digital transformation plans.



Rudimentary tech stacks don't count as digital transformation, but that's what many construction companies likely think."

Mike Milligan Chief Growth Officer at GCPay



"They have an accounting system, a BIM subscription, and project management software. And that's often the industry's definition of an effective tech stack because they don't know what else is possible. But there's a need to extend tech stack functionality so teams can deal with expenditures and payments much more effectively than writing checks and tracking payments in Excel."

Once construction companies discover what's possible with the right tools, they realize how much farther they can go — and **why it's so important to go there.**



What's missing from many digital transformation strategies?

Construction finance leaders seem to be confident in their digital transformation efforts, but many are **missing critical elements in the equation**.

If you struggle with these weak points, don't worry. You're certainly not alone. And there are simple solutions to consider when you're ready to close those gaps and move forward with confidence.

The data revealed three signs that digital transformation journeys aren't progressing as effectively as many construction finance leaders believe.



PROBLEM #1:

Contractors haven't found a way to reduce reliance on paper checks

Too many construction companies still depend on paper checks as part of the payment process, and it's causing avoidable delays and inefficiencies.

Nearly four in 10 construction finance leaders say their teams struggle with handling and processing paper checks during the subcontractor invoicing and payment process.

If the billing team is still writing, mailing, and manually processing checks, then how effective can the company's digital transformation strategy possibly be?

Most companies already understand how and why paper checks slow processes, introduce unnecessary manual work, make payment visibility impossible, and present security risks. All you have to do is look at the process to see why improvement is necessary:

- 1 The subcontractor submits a payment application to the general contractor (GC)
- 2 The GC accepts the payment application, verifies completion of the work, and checks for discrepancies
- 3 The GC then requests a signed conditional lien waiver from the subcontractor as assurance that payment is on the way and a lien won't be applied to the project if payment is delayed
- 4 The subcontractor submits the requested signed conditional lien waiver
- 5 The GC forwards the payment application and lien waiver to appropriate parties for review and approval
- 6 After documents are approved, the GC writes the check — but holds it until the subcontractor signs an unconditional lien waiver
- 7 The subcontractor delivers a signed unconditional lien waiver
- 8 The GC drops the check in the mail, and it's received a few days later by the subcontractor (hopefully)

This process has been an accepted practice for decades, but it **no longer serves anyone in the construction payment chain.**



SOLUTION:

Digital payment platforms

Digital payment tools automate this process and eliminate the back-and-forth. As Milligan describes: “Think of it like a digital intermediary that says, ‘The GC can release the payment, but we’re going to hold it until that unconditional lien waiver is signed. Once it’s signed, we’ll automatically release those funds.’”



At least 50% of our subcontractors forgot documents, which held up our billing process. On top of that, the delays in checks being received in the mail were unacceptable.”

Wendy Swanson

Account Manager at InnoConn Construction Management

Now that InnoConn has implemented GCPay as the company’s digital payment platform, subs are paid 60% faster and lien waivers are collected in real time. Plus, **digital payments give everyone confidence that money is moving.** They can see every step in the process, understand where a payment is sitting at any given time, and know exactly when a payment is made.

“The sub knows whether we accepted it, the project manager is seeing it, and we have the audit trail indicating that they saw it. It’s an open book for everybody,” says Swanson.

“When a GC sends a paper check through the mail, they assume a lot of risk,” explains Milligan. “But that risk can be passed along when digital payments are in place. A third party is trained and equipped to oversee security and respond to concerns if they occur.”

Security is another consideration when weighing paper checks vs. digital platforms. **The paper-check process is riddled with vulnerabilities:**

- » Subcontractor bank information can be subject to hackers or breaches
- » Checks can be altered, lost, or stolen
- » Financial controls can be bypassed when unauthorized individuals issue or sign checks
- » Illegible handwriting or other errors can create processing mistakes

Security is obviously top of mind for construction finance leaders, who report that:

- » Security is most important when expanding the company’s tech stack (52%)
- » They want their company’s tech stack to provide better security (54%)



PROBLEM #2:

Finance teams are losing time to manual data verification

The number of hours going toward manual verification of data each week is alarming, to put it mildly.

Approximately seven in 10 finance leaders report that their teams dedicate six or more hours per week to manually verifying the accuracy of their data. Of this group, one-quarter say the process eats up **20 hours each week**. (That's a part-time position!) This process not only wastes time but also introduces errors, drives labor costs up, and makes auditing difficult.

If invoice amounts, bank information, and compliance documents need to be manually cross-checked, then companies should have serious concerns about the value of their digital transformation efforts.

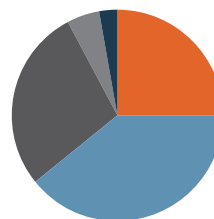


Your company will never grow if you utilize your human capital for time-intensive clerical work. The only way growth will be possible is if you hire more people to do that manual work as you scale."

Mike Milligan Chief Growth Officer at GCPay

But hiring is easier said than done. And it shouldn't be the obstacle that prevents you from scaling effectively. The best-case scenario would be to free AP specialists from manual data-verification work and turn them into experts who drive strategic work, whether that means assisting with forecasting, offering bid support to large projects, or optimizing financial processes.

How much time per week do team members collectively spend verifying data accuracy?



3% Less than one hour

25% 1-5 hours

39% 6-10 hours

28% 11-20 hours

5% Over 20 hours



SOLUTION:

Data automation tools + system integration

Instead of attempting to manage information about subcontractor details, invoices, lien waivers, compliance documents, and payment details across multiple systems, a construction payment platform can do all this for you.

It automates validation, enforces compliance, and integrates with ERP systems for accuracy. This prevents billing errors, aligns payment applications with contract values, and prevents discrepancies between financial records and subcontractor payment data.

For Sherry Campbell, Senior Project Accountant at Cityscape Residential, staying on top of **paperwork and manual math took hours every day**, plus a full week each month to manually process pay apps and complete the draw. Luckily, the right digital tools helped shorten this timeframe significantly.



A four-to-six day process to get a draw became a four-to-six hour process.”

Sherry Campbell

Senior Project Accountant at Cityscape Residential

“The process takes the same amount of time whether it’s processing one pay app or 30 pay apps. Importing pay apps into the accounting system takes 30 seconds instead of being retyped. Info from our ERP is automatically pushed into the platform, so that’s one more thing we don’t have to think about.”



PROBLEM #3:

Payment approval processes take too long

Too many construction companies are still dealing with approval processes that take far too long to complete.

Nearly half of the finance leaders surveyed are struggling with prolonged approval timelines for subcontractor invoicing and payments. These delays waste time and can introduce errors into financial workflows, driving up labor costs and making reconciliation more difficult later.

If payment approval processes take weeks, then is the company's digital transformation strategy truly delivering meaningful efficiency gains?

"Multiple approval chains often cause payments to be late," explains Milligan. "First, the AP person has to approve it. Then, the project accountant must approve it. Maybe your field project manager needs to approve it, followed by your controller, CFO, or even CEO or owner. When that's a human-driven, paper-based process, it takes lots of time."

The cumbersome exchange of lien waivers and compliance documentation referenced earlier also adds days to the approval process.

Top challenges of subcontractor invoicing and payment

45%

Lengthy approval processes

38%

Handling and processing paper checks

36%

Tracking and recording payments

32%

Handling change orders

28%

Late invoice submission

26%

Incomplete or incorrect invoices

25%

Ensuring compliance

22%

Duplicate submissions

19%

Collecting signed lien waivers upon receipt of payment

2%

We don't face any of these challenges

*Respondents could choose up to three answers



SOLUTION:

Automated and progressive approval chains

A construction payment platform can move approvals through the process automatically, notifying each party when it's their turn to review and routing it to the next in line. It eliminates each "handshake" in the manual, paper-based process.

"All paperwork can be captured in advance of starting work on the project," explains Milligan. "Payments will be processed a lot faster because compliance documents are already handled and an internal approval chain is set up. When a subcontractor submits an invoice, the verification step is seamless. They can quickly confirm it matches the schedule of values for that milestone, approve it, and send it forward without delays. **The entire process becomes more efficient.**"

With roughly 60 subs working on any given project, Flint Builders Senior Project Coordinator Sandra Bergst uses a digital construction management platform to streamline tracking and billing. Before, she relied on Excel spreadsheets with hyperlinks to lien waivers, which created lengthy approval delays.



Now we can go into a project, click on a tab, and see everything that needs to be reviewed and approved. And we can easily see what's needed from our subs."

Sandra Bergst

Senior Project Coordinator at Flint Builders

This way, nothing falls through the cracks.

By automating the approval process and allowing payments to move seamlessly through predefined workflows, you eliminate the bottlenecks that slow down the payment process. **There's always digital infrastructure working** behind the scenes to eliminate friction and keep payments on track.





Financial management: Where perceptions fall short

Every respondent we surveyed faces significant challenges when it comes to financial management. This is likely due to the legacy processes they continue to tolerate: juggling paper checks, manual data verification, and lengthy approvals.

Construction finance leaders say they're most concerned about these aspects of financial management:

- Controlling and reducing costs
- Budgeting and forecasting
- Financial reporting and compliance

Top financial management challenges



**Respondents could choose up to three answers*



Overcoming inconsistent and inaccurate data

Data is the foundation for the intelligence that powers construction payment platforms. When it's missing, inaccurate, or incomplete, then workflows become unreliable and create costly disruptions. These inconsistencies are likely the reason so many construction finance leaders admit that their teams spend too much time verifying numbers.



The single source of truth for every construction project needs to be the accounting system.”

Mike Milligan *Chief Growth Officer at GCPay*

“When you have multiple people managing work, costs, and labor outside that system, then inaccuracy and inconsistencies will be the result. Everyone needs to be working from the same set of information inside the accounting system.”

Integrating a construction payment platform with your accounting system enables smooth data exchange in near-real-time.



Battling a limited budget

If budget is the hurdle you face in improving financial management, then simply ask:

Does your company view its tech stack as an investment? Or as an expense?



If you view technology as an expense, then you won't be competitive five years from now."

Mike Milligan Chief Growth Officer at GCPay

"When you consider the different ways technology can eliminate costs and manual processes and uncover new ways to improve efficiencies and productivity, then **technology needs to be viewed as an investment**. And that shifts the entire conversation."

Top roadblocks to improving finance operations

43%

Inconsistent/inaccurate data

40%

Limited budget

25%

Lack of personnel

23%

Poor ERP system performance

23%

Manual processes

19%

Slow payments

17%

Poor personnel performance

3%

We don't face any of these roadblocks

*Respondents could choose up to two answers





Increasing complexity demands action, and now's the time for improvement

Construction isn't getting any easier. In fact, survey data indicates that it's doing the opposite: It's becoming more complex.

- **Data is increasing:** 93% of finance leaders collect more data from sub-tier vendors today than they did two years ago.
- **Systems aren't connected:** Construction companies have more platforms and applications to manage, and their systems are fragmented. This manifests itself in disconnected workflows. When preparing and managing audit reports, 30% struggle to integrate data from multiple sources. More than four in 10 struggle with fragmentation and integrating systems.
- **Tech sprawl is multiplying:** When it comes to tech stacks, 23% are dealing with one that's too large to manage.



Signs of increasing operational complexity

Are owners asking you to collect more info from sub-tier vendors today than two years ago?

93%

Yes

7%

No

What challenges do you encounter most often when preparing and managing audit reports?

52%

Gathering required documentation

46%

Ensuring data accuracy and timeliness

37%

Handling discrepancies

34%

Preparing in a timely manner

3%

We don't face any challenges

What are the two biggest challenges your company faces with its tech stack?

44%

Integrating different systems/fragmentation

38%

Controlling costs

33%

User adoption and training

32%

Ensuring security

23%

Too large to manage

21%

Scaling in line with business growth

1%

We don't face any of these challenges

If these financial management issues, which are tied to digital transformation gaps, aren't remedied soon, then the payment application problems outlined throughout this report will escalate.

But if your company can prioritize effective digital transformation strategies now, then these issues will fade into the background as you improve cash flow and gain better control of workflows.





GCPAY

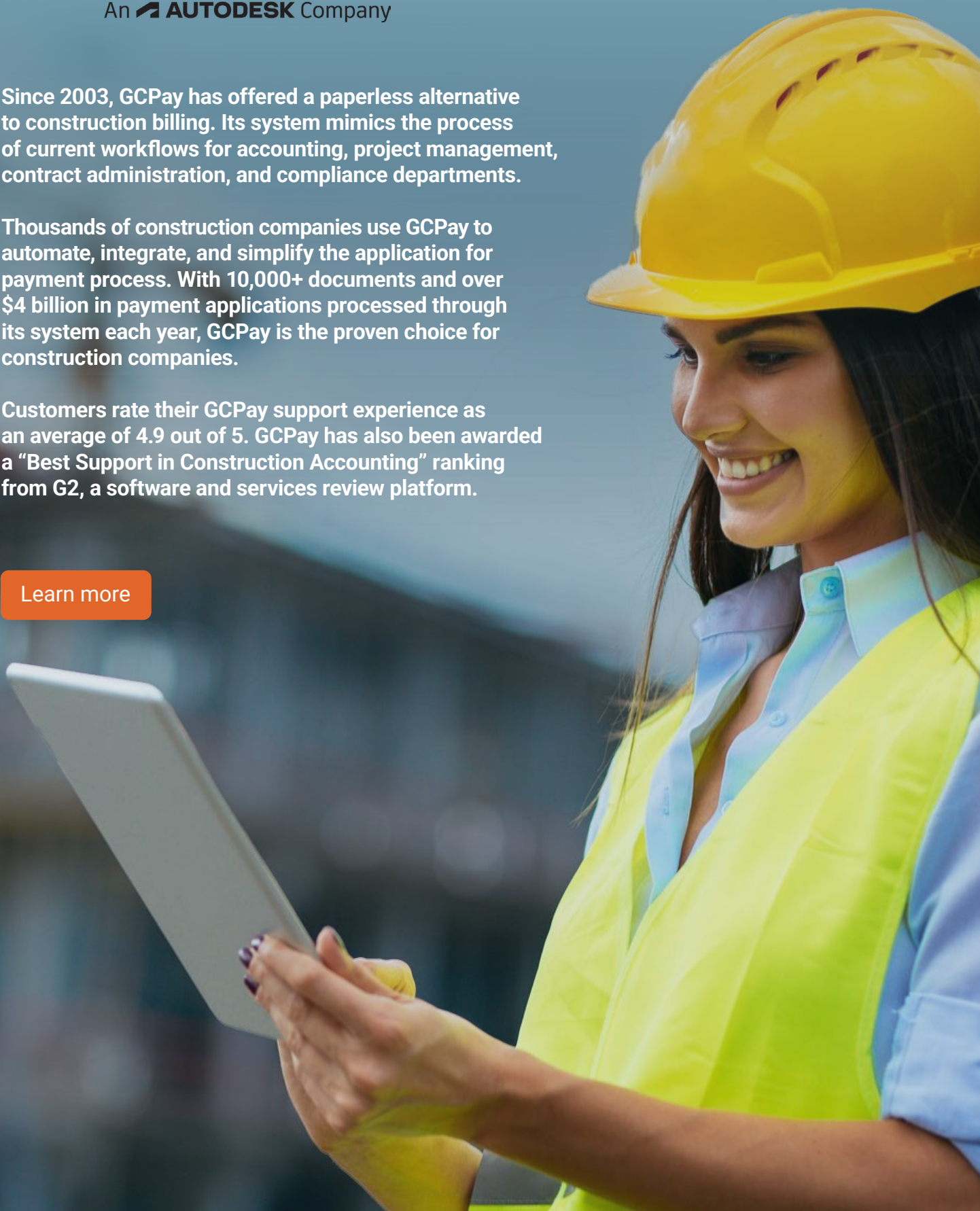
An  **AUTODESK** Company

Since 2003, GCPay has offered a paperless alternative to construction billing. Its system mimics the process of current workflows for accounting, project management, contract administration, and compliance departments.

Thousands of construction companies use GCPay to automate, integrate, and simplify the application for payment process. With 10,000+ documents and over \$4 billion in payment applications processed through its system each year, GCPay is the proven choice for construction companies.

Customers rate their GCPay support experience as an average of 4.9 out of 5. GCPay has also been awarded a “Best Support in Construction Accounting” ranking from G2, a software and services review platform.

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