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ASA President's Monthly Newsletter-September 2012

Dear ASA Member:

In response to concerns and "gripes" by ASA members, the ASA Executive Committee met with representatives of Textura Corporation on Aug. 10, 2012. The participants in the meeting engaged in an open and wide-ranging discussion that led to greater understanding and what is certain to be a continued collaboration for the benefit of subcontractors.

As some of you may know, Textura has a Construction Payment Management (CPM) system. This is software and a payment system used by general contractors and construction managers to pay subcontractors and directly pay suppliers. The ASA Executive Committee expressed many concerns and "gripes" that some subcontractors have had with the CPM payment process. In the past, subcontractors bid projects only to find out after the bid was awarded that Textura's CPM system was going to be used. Not only would subcontractors have to sign up for the system in order to get paid on the projects, but the costs associated with using the platform were not known to the subcontractors prior to bidding and, therefore, not included in the bids.

ASA Executive Committee members told the Textura representatives about reports that some general contractors were charging different fees for using the CPM product and deducting them from payments to subcontractors. Some of these fees were ongoing throughout entire projects.

I'm glad to report that Textura's representatives informed the Executive Committee that Textura has changed its CPM product from a per-transaction model to a subscription model with a maximum charge per project. Per-transaction fees are no longer being charged. Furthermore, Textura's representatives agreed that subcontractors need proper advance notice of CPM fees. They explained to the ASA Executive Committee that Textura takes great strides to assure that general contractor clients notify subcontractors of their rights and responsibilities, including financial obligations, to all parties.

The Textura representatives said they want subcontractors to understand how the CPM platform works, especially since in addition to being a payment system, the system includes other important documents such as lien waivers. Textura wants subcontractors to know that its CPM system is transparent and allows subcontractors to know where their individual payments stand, e.g., the status of change order approvals, etc. This type of transparency is the real value to subcontractors and suppliers of Textura's CPM system.

Let's face it: Subcontractors don't necessarily want costs added to their bottom line, so if a general contractor has chosen to use the CPM system, the subcontractors deserve to know more about it. We need to educate ourselves about Textura products.

Textura supplies all of its CPM clients, including general contractors and subcontractors, with a [written product explanation and schedule of fees](#), and provides [training webinars](#) on CPM and other products. For subcontractors and suppliers, the minimum fee is \$50 and the maximum fee is \$1,450. For specialty contractors or suppliers working for a subcontractor, there is a fixed fee of \$50 per contract. We as specialty contractors and suppliers can share this information about Textura's CPM system with general contractors and others who may not understand how Textura says the CPM system should work.

Textura's CPM system has been used on over 10,000 projects in the United States and Canada. Textura tells ASA that it is currently being used for up to 20 percent of the commercial construction market. This

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is a large number of projects, and that's why ASA's relationship with Textura is growing and the Executive Committee's discussion with Textura representatives was significant. Subcontractors will benefit from ASA and Textura's agreement to further collaborate and educate subcontractors and suppliers about the fees, terms and conditions, and proper use of Textura products.

If you have comments or questions, please feel free to contact me via e-mail at wbazan@asa-hq.com.

Very truly yours,

Walter Bazan Jr.

ASA President, 2012-13

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