

Cornerstone has been asked to prepare a white paper comparing LandDev to NewStar's General Costing (GC) module. This paper was commissioned to help potential LandDev customers determine whether or not to purchase and implement LandDev instead of using GC for land development projects.

Product Overview

Both LandDev and GC are designed to support land development activities—from initial acquisition through development lifecycle and finally to selling finished lots. Each product has its own ability to track budgets, contracts, and payments.

GC has been the core module for NewStar for many years. Unfortunately, it has not changed significantly in the last ten years, and its functionality and reporting capabilities are very limited. One complaint about the module is that it does not have a standard AIA report used for payment processing. On the plus side, the module is well integrated with the accounts payable and general ledger modules.

LandDev is a standalone module developed by Chuck Cosby who was one of the original founders of FAST. Seeing that the land development community was not being fully served, Chuck developed an operational system for them. He developed no financials but he made it relatively simple to integrate accounts payable data with a number of off-the-shelf systems including NewStar. The system is easy to use because it has the look and feel of Microsoft Excel.

Functional Matrix

Comparing the two products side by side, it is clear that LandDev offers more features than NewStar. Chuck continues to evolve his product with additional functionality (he has merely a single module to support), whereas NewStar has its own development resources but spends the bulk of its time on the homebuilding feature. The matrix below is a high-level comparison of the two systems by functional area. Each category is noted with a simple yes or no, including some brief qualifying comments.

	LandDev	NewStar General Costing
Scheduling	Yes	No
Purchasing and Contracts	Yes	Yes
Purchasing and Parts	Yes	No
Purchasing and Bid Rates	Yes	No
Variance / Change Orders	Yes	Yes
Budget Control	Yes at Parts and Bid Rates	Yes at Major Code level
Land Acquisition Tracking	Yes	Yes
Workflow Management	Yes	No
Document Management	Yes	Yes
Payment Processing	Yes – integrated with NewStar	Yes
Cash Disbursements	Yes – integrated with NewStar	Yes
Manual Journal Entries	Yes – integrated with NewStar	Yes
Loan Draw Processing	Yes	No
AIA Report Format	Yes	No
Report Writer	Yes	Yes
InformXL integration	No	No

The matrix illustrates that LandDev is rich with features and functionality to support land developers. GC has core functionality but none of the bells and whistles related to scheduling, workflows, and bank draws.

Homebuilder Quandary

As shown, LandDev is a solid standalone product designed for land developers. The issue at hand is whether or not LandDev adequately supports land development activities for homebuilders using NewStar for their homebuilding operations. Each product can support land development but their design creates reporting issues for their users.

- 1) NewStar – NewStar uses operating units to divide its database into business units. Traditionally, homebuilding and land development are set up in separate operating units. This means that each operating unit has its own set of projects and cost codes (major-minor) as well as a separate set of job cost reports. Unfortunately, the base product does not have consolidated job cost reporting, so any builder using both modules must run separate standard reports and consolidate them outside the system to get a true project total. To resolve this issue, NewStar encourages users to set up land development operations in homebuilder, replacing its contract functionality with purchase orders and partial payments. This solution does work but it creates more work for the accountants to constantly reconcile differences between contracts issued outside the system and purchase orders generated from the system. Additionally, this setup creates an issue with lot inventories because land jobs must be set up with unique lot numbers in the homebuilding system. As a result, the standard lot inventory and back log reports are inaccurate because of the pseudo lots for land development and other common amenities.

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- 2) LandDev – LandDev integrated with NewStar creates a comprehensive land development system but it does have some weaknesses in its overall reporting at a 30,000 level. The land development team can get all of their key reports from once source: LandDev. They can generate job cost reports including budgets, commitments, and actuals. They can also generate job schedules and cash flow reports from a single system. The reporting problem is created not on the front line but in the back office for accounting and financial reporting. The LandDev system uses NewStar’s accounts payable and general ledger modules. Check requests are generated in LandDev and sent to NewStar for payment. When checks are generated and recorded in NewStar, a financial transaction is created in both AP and GL. NewStar will send a file to LandDev with the check number, date, and amount for information purposes. Therein lies the difficulty. LandDev has budgets, contracts, and actuals—and NewStar has only actuals and manual journal entries. When an accountant creates consolidated reporting for management, it usually contains components related to budgets, commitments, and actuals. Unfortunately, the only information in NewStar is the check payments and journal entries. As mentioned earlier, land development projects in NewStar are separate from homebuilding, creating an issue for consolidated project reporting within the system. Ultimately, users find themselves developing custom reports outside and around the system. InformXL is not a solution because it is not integrated with LandDev.

Potential Remedies

Cornerstone has discussed the following remedies with both software vendors. Unfortunately, we do not carry much weight with their development teams.

- 1) NewStar – NewStar needs to remove the reporting barriers created by separate operating units. It is a mystery to Cornerstone why NewStar does not have reports that consolidate operating units since the job cost data resides in the same file. For this reason, we use InformXL to consolidate similar projects but we are limited to actuals only. The standard InformXL Analyzer can combine land development and homebuilding projects, so NewStar should be able to do it too.
- 2) LandDev – Cornerstone encourages LandDev to expand its integration with NewStar. At the moment, only invoices, payments, and manual journal entries are shared between the two systems. LandDev should send its budgets (originals and revisions) and commitments (contracts and change orders) to the general costing application within NewStar. This transfer of data would give anyone in the back office full access to land development project data. This integration can be designed in a manner similar to the linkage between NewStar Sales and NewStar Enterprise. This level of integration has been discussed with Chuck Cosby. It is doable and he is looking for a client to fund it.

- 3) InformXL – The third system that touches NewStar data is InformXL. Cornerstone would like to see a link between InformXL and LandDev similar to its integration with NewStar Sales for detail sales data. Additionally, a GC analyzer must be developed. This analyzer would make it easier for the back office to download GC data in a useable format for creating spreadsheets and reports.

At Cornerstone, we are positive on all three products mentioned in this white paper. However, we would like the vendors to continue to evolve their products and tighten the integration between them.

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