NUCLEUS RESEARCH

DELTEK PROJECTCON 2024 UPDATES

ANALYST

Charles A. Brennan

THE BOTTOM LINE

Nucleus attended Deltek ProjectCon 2024 in Washington, D.C., where Deltek showcased enhancements to its AI-powered business companion, Dela, announced earlier in 2024, a new user interface design experience called Deltek Harmony, and updates on new releases stemming from its recent acquisitions of government contracting pricing solution vendor ProPricer and global project time and resource management software vendor Replicon. Nucleus anticipates these announcements and updates will bring value to customers by increasing operational efficiency, improving vendor collaboration, and enhancing pricing accuracy and proposal confidence. Analysts believe Deltek's focus on embedding generative AI capabilities at no additional cost, coupled with efforts to address usability challenges through Harmony, positions the vendor to strengthen its platform offerings and drive faster adoption in both SMB and enterprise markets.

OVERVIEW

Deltek provides project-based ERP solutions to organizations in accounting, architecture, engineering, construction, consulting, energy, IT, aerospace, defense, marketing, and government contracting industries. Its main suite of products includes Costpoint, Vantagepoint, Maconomy, Ajera, WorkBook, and ComputerEase, each offering tailored functionalities to meet the specific needs of various industries. At Deltek ProjectCon 2024, product experts, customers, partners, and analysts gathered in Washington D.C., to hear about recent product updates, specifically around the advancement of Deltek's AI-powered intelligent business companion, introduced Deltek Project Nation Live London in April 2024, a new design experience for its user interface available in 2025, and recent acquisitions.

DELTEK DELA

One of the most significant announcements at the conference was the latest enhancements to Deltek's AI-powered intelligent business companion Dela that was officially announced in mid-2024. Through natural language interactions, users can leverage Deltek's GenAI digital assistant, Ask Dela, to generate project and client summaries, including financial health, recent activities, and upcoming milestones. Users can also leverage Dela to search for and retrieve data from documents. Users can engage with Ask Dela to locate specific files, such as contracts or proposals, and receive summaries highlighting details like deadlines, milestones, or compliance requirements. Dela also integrates with Microsoft Teams in Costpoint, enabling users to complete, review, and submit timecards directly within both platforms and on their mobile devices. An additional license is not required to access Dela, and its capabilities are already embedded across many solutions in the Deltek portfolio, with further expansion to come. However, users must opt-in to use Dela features within their respective solutions.

Dela-specific example use cases in products:

- **Costpoint.** Users can ask questions such as "What are my top 10 unpaid vouchers by Due Amount?" or "What number of parts are obsolete?" They can even ask questions such as "How many active employees does the company have over the age of 50?" Users can also receive smart summaries for contracts with vendors and customers.

- **Vantagepoint.** Users can request a financial analysis of a project and receive summaries that include key findings, potential concerns, and actionable suggestions for improvement. They can also leverage *Ask Dela* to locate contracts, identify projects associated with a specific firm, or even draft a proposal summarizing a particular project for a target firm. Organizations can also get Smart Summaries of firms they work with and current, past, and future projects they are working on.

- **Specpoint.** Dela can recommend to specifier users environmentally friendly insulation material information for a commercial design project and explain the reason behind its choices.

- **ProPricer.** Users can utilize Dela to guide them through tasks like associating labor rates with resources or shifting proposal timelines. Instead of searching through documentation or interfaces, users can rely on Dela's step-by-step instructions to complete these tasks efficiently.

While Dela's current capabilities are robust, its success depends on improving its ability to interpret more general queries. Users currently need to phrase queries with high specificity to get optimal results. Reducing the reliance on highly detailed input will make the tool more intuitive and foster broader adoption across user bases.

DELTEK HARMONY

Deltek is addressing usability challenges by introducing Harmony, a next-generation user interface designed to unify and modernize the experience across applications including Costpoint and PPM. Harmony's key features include a consistent design across all Deltek solutions, integration with Dela for context-aware suggestions, and support for personalized data visualizations. The timeline for other solutions has yet to be determined.

Harmony is scheduled for phased rollouts starting in 2025, with an opt-in approach allowing users to adopt the new experience at their own pace. The success of Harmony will depend heavily on its practical adoption. Balancing the needs of experienced, long-time users with the expectations of younger, tech-savvy users poses a significant challenge. A clear, consistent message about the importance of adopting the new platform will be critical to ensuring user buy-in and prevent fragmentation in the user base. Deltek must carefully manage this balance to maintain momentum and ensure Harmony fulfills its potential as a transformative improvement.

UPDATES ON RECENT ACQUISITIONS

At the conference, Deltek showcased its two recent acquisitions, Replicon and ProPricer. These acquisitions reflect Deltek's focus on strengthening its professional services and government contracting product offerings.

- **Replicon.** In August 2023, Deltek announced that it had completed its acquisition of Replicon, adding workforce management capabilities to its professional services portfolio. This acquisition has led to the launch of Replicon Time Tracking, and Polaris PSA for Government Contracting. Replicon Time Tracking offers premier solutions for managing time data, while Polaris PSA enhances resource management

for government contractors. Both tools are ERP-agnostic, allowing users to integrate them with existing systems.

- **ProPricer.** In January 2024, Deltek expanded its footprint in the government contracting space by acquiring ProPricer. ProPricer provides capabilities for creating and analyzing pricing proposals for government procurement. It helps contractors generate accurate price estimates and streamline proposal creations. For government agencies, ProPricer offers tools to evaluate and analyze contractor bids, ensuring greater transparency in procurement decisions. Deltek introduced two new tools on the ProPricer platform. The first is CashFlow Pro, which helps contractors analyze the financial impact of winning a contract, offering insights into how cash flow and profitability could be affected. The new Cost Volume Pro functionality speeds up the creation of final cost proposals. This feature is integrated into Deltek's Costpoint ERP system, allowing customers to access project and financial data directly within the pricing solution.

ANTICIPATED CUSTOMER BENEFITS

Nucleus expects Deltek's announcements to increase operational efficiency, improve vendor collaboration, and enhance pricing accuracy and proposal confidence.

INCREASED OPERATIONAL EFFICIENCY

Beyond simply automating tasks, Dela's capabilities enable organizations to scale operations without proportionally increasing administrative overhead. For example, an A&E firm managing hundreds of active projects can use Dela to generate project summaries, prioritize overdue tasks, and identify resource bottlenecks across its portfolio. This reduces dependency on multiple associates gathering and wrangling this information, allowing a leaner project management team to handle larger projects while maintaining quality and timeliness in reports. The scalability benefit ensures organizations can grow without incurring excessive costs in hiring or process inefficiencies.

IMPROVED VENDOR COLLABORATION

Dela's capabilities embedded within Costpoint elevate vendor collaboration by delivering precise, actionable insights into contract performance and compliance. For example, a government contractor can use Dela to generate detailed summaries of vendor agreements, highlighting overdue payments, upcoming milestones, and compliance risks tied to deliverables. If a vendor misses a shipment deadline, Dela can quickly identify alternative

vendors or flag potential impacts on project timelines based on embedded historical performance data. This proactive functionality enables immediate contingency planning, ensuring continuity and avoiding delays. By embedding these tools directly into Costpoint, Dela reduces the need for manual tracking, fostering stronger, more accountable vendor relationships that directly improve project outcomes.

ENHANCED PRICING ACCURACY AND PROPOSAL CONFIDENCE

The ProPricer acquisition improves the accuracy and efficiency of government contract proposals by equipping contractors with tools like CashFlow Pro and Cost Volume Pro. For example, with CashFlow Pro, contractors can simulate the financial implications of a contract win by analyzing how variables like labor rates, material costs, or schedule changes impact cash flow and profitability over the project lifecycle. By integrating directly with Costpoint, contractors can pull real-time data on project expenses, vendor pricing, and resource allocations, ensuring proposals reflect the most current information. This speeds up the proposal creation process and reduces errors, enabling contractors to submit competitive, well-supported bids that enhance their likelihood of success in highly competitive procurement processes.

LOOKING AHEAD

In the future, customers can expect Dela to automate critical financial close processes, such as consolidating financial statements, reconciling sub-ledgers, and prioritizing batch jobs in 2025. Additionally, Deltek plans to extend its Smart Summaries functionality to CRM customers. Deltek's strategy of embedding generative AI capabilities across its platform without additional licensing costs could be a differentiator. While most vendors have launched Gen AI solutions, Deltek's approach to offering these features as part of its core platform offerings may drive faster user adoption, creating an opportunity to establish deeper customer loyalty and engagement in the SMB and enterprise markets.

The release of Harmony marks a critical step forward in addressing long-standing usability concerns. Recognized as an SMB and enterprise ERP expert in the Nucleus Research Technology Value Matrixes (Nucleus Research Y71 – Enterprise ERP Technology Value Matrix 2024 – June 2024) (Nucleus Research Y74 – SMB ERP Technology Value Matrix 2024 – June 2024), Deltek has often faced criticism for its user interface and general user experience. The release of Harmony and ongoing AI investments underscore Deltek's commitment to improving usability while maintaining its platform's functional depth. If executed effectively, these changes could strengthen Deltek's competitive position across the ERP market by aligning usability with its already strong functionality.