

Company Data

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Case Study 4: eSRS Reporting - Construction

The Industry Problem

Construction firms engaged in federal contracting face rigorous requirements to subcontract work to small and diverse businesses, and to **report their subcontracting achievements** through the Electronic Subcontracting Reporting System (eSRS).

For a large construction contractor building a federal courthouse or highway, this means tracking every subcontract dollar and categorizing it by small business type (small disadvantaged, women-owned, veteran-owned, HUBZone, etc.).

The **problem** is that this process is highly complex and manual for most firms. They often manage multiple projects, each with its own subcontracting plan targets, and must compile semi-annual Individual Subcontract Reports (ISRs) and annual Summary Reports (SSRs) in eSRS.

The data needed -- who all their subcontractors are, their small business statuses, and the dollars paid -- resides in different systems (procurement, accounting) and often is not consolidated until reporting time. Many construction companies use spreadsheets to merge this data, a time-consuming and error-prone method. Furthermore, identifying **diverse suppliers** to meet goals can be challenging if a firm doesn't have an existing network or database.

The risk of falling short is significant: not meeting subcontracting goals can result in lower performance ratings or even financial penalties (via liquidated damages for not making "good faith" efforts). Thus, construction firms face an inefficient scramble: they must outreach to potential small subcontractors, onboard them, collect proof of their business size/status, and then continually update spend figures -- all with limited tools.

Regulatory or Operational Risk

Failure to properly manage and report subcontracting commitments exposes construction contractors to both compliance penalties and business risks. The FAR clauses (such as 52.219-9) mandate good-faith effort to achieve small business subcontracting goals; **if a contracting officer deems the effort lacking, the company can be subjected to liquidated damages** equal to the amount of the shortfall in goal attainment.

While such penalties have been historically rare, they are on the books and the FAR was updated to clarify examples of what constitutes a *lack* of good faith (e.g. not paying small



subs promptly, not providing them opportunity). Additionally, failing to file accurate or timely reports in eSRS can result in a contractor being deemed non-compliant with contract requirements.

In practical terms, that can hurt a contractor's CPARS evaluation -- the performance reviews used when awarding new contracts. A construction firm that fumbles its eSRS reports or repeatedly misses targets might find itself at a competitive disadvantage for future federal bids. Operationally, not knowing where one stands against subcontracting goals until the last minute is risky. It could lead to a frantic (and expensive) attempt to bring in a small business last-second to hit a percentage, possibly sacrificing quality or cost.

Another risk is **losing contract options or extensions** -- agencies have denied extending contracts or exercised options at reduced scope when primes weren't meeting socioeconomic subcontracting obligations. There's also reputational risk: these reports are visible to agencies and sometimes made public; a poor track record on supporting small businesses can tarnish a firm's image, especially in public sector work where policy objectives are important. In summary, poor management of eSRS reporting can lead to *financial penalties, reduced future opportunities, and negative performance ratings*, all of which threaten a construction contractor's bottom line and growth.

How the Problem Manifests Day-to-Day

For a compliance manager or project manager at a construction firm, the subcontracting reporting challenge is a periodic fire-drill that impacts day-to-day operations. Typically, every six months (for ISRs) and annually (for SSRs), they must gather data:

- How much did we spend this period?
- Who did we spend it with?
- What category does each subcontractor fall into?

Day-to-day, this means tracking invoices and payments to subs and trying to label each subcontractor in the accounting system with their business type. Many times, companies don't have an up-to-date record of a subcontractor's status -- for example, a subcontractor might graduate from small business status or let a special certification lapse, and the prime wouldn't know unless they manually check SAM.gov or ask for an updated cert. So staff end up doing **last-minute checks on dozens or hundreds of subcontractors** in SAM or SBA databases to confirm their Small Disadvantaged Business or HUBZone status before hitting "submit" on eSRS.

This is tedious and prone to oversight. Meanwhile, project managers may be pressured to find qualified small businesses for upcoming work (say electrical or plumbing on a federal building) to ensure goals will be met. Without a centralized tool, this might entail emailing colleagues or searching the web for candidates, a very inefficient prospecting method.

Internally, communication gaps show up: the business development team that promised a 30% small business subcontracting plan in the bid may not be in sync with the procurement team doing the buying, unless there's a robust tracking mechanism.

Thus, on a daily basis, data is siloed -- contract values in one system, vendor profiles in another, actual payments in another -- and assembling them for reporting is a chore. There's also a constant low-level anxiety: *Are we on track to meet our goals?* Without real-time tracking, managers don't know until it's nearly too late. This can lead to either over-correcting (favoring small subs to the detriment of other factors) or missing the targets. Additionally, filling out eSRS itself, the web interface, can be tricky -- errors in entries or missed deadlines can happen if data isn't ready. In short, the lack of integration and automation means meeting subcontracting obligations is more art than science for many construction firms,



consuming valuable time and attention that could be spent managing the actual construction work.

Intelleges' Intervention (Protocol + Workflow + Verification)

Intelleges steps in with an **"eSRS Compliance and Supplier Diversity"** protocol that systematizes how a construction firm sources, tracks, and reports its subcontracting data. First, Intelleges integrates with the company's procurement and finance systems to continuously pull subcontractor spend data. It maps each vendor in the system to a profile containing their small business attributes. Intelleges maintains a **direct connection to authoritative data sources** like the SBA's Dynamic Small Business Search and SAM.gov. This means that for each supplier, the platform can *live-verify* their socioeconomic status: is this vendor currently certified as a Women-Owned Small Business? Are they in HUBZone? It will fetch that information (or updates to it) on a regular basis. When onboarding a new subcontractor, the Intelleges workflow requires capturing their DUNS/UEI number and automatically pulls their size and special status from SAM -- eliminating manual lookup. The platform's **supplier onboarding and outreach module** also helps *find* new qualified small businesses. For example, if a project needs a masonry subcontractor and none in the current roster are small or meet the need, Intelleges can query external databases of registered contractors to suggest potential small or disadvantaged businesses in that trade and region, essentially acting as a matchmaking tool. Once subcontractors are engaged, Intelleges tracks all purchase orders and payments made to them (through integration or periodic data import). It then associates those dollar figures with the vendor's category. This results in a real-time dashboard of subcontracting goal achievement: for each contract or in aggregate, you can see "Small Business: X%, Women-Owned: Y%, etc." updating as invoices are paid. **Automation** triggers alerts if certain categories are falling behind target, say the project is halfway through but SDVOSB (Service-Disabled Vet) utilization is only at 2% against a 5% goal -- prompting proactive action. When it's time to file in eSRS, Intelleges can generate a draft report with all the required fields pre-populated: total subcontract spend, broken down by category, with vendor details. Instead of hunting for data, the compliance manager just reviews and copies the numbers into eSRS (or in some cases, a direct file upload could be enabled if the system supports). The **templates** and structured database ensure that each subcontractor is only counted in the correct categories (e.g., avoiding double-counting a business that is both woman-owned and HUBZone -- rules often require counting them in one primary category). Intelleges also keeps an **audit log and document repository**: copies of subcontracting plans, emails of outreach efforts, and any waiver approvals are stored, creating an audit-ready package if the SBA or contracting agency ever asks for proof of "good faith efforts." For example, Intelleges can log that you contacted 50 small firms for a bid opportunity (and keep those invitation emails on record), demonstrating outreach. In essence, Intelleges creates a unified workflow: identify diverse suppliers, integrate them into projects, monitor performance, and seamlessly report in the eSRS format.

Results & Measurable Impact

The implementation of Intelleges for subcontracting reporting yields concrete improvements. A construction company that adopted Intelleges experienced a **significant reduction in reporting time and errors**. Previously, preparing the semi-annual reports for all projects took a team of staff perhaps two weeks of gathering and validating data; with Intelleges, it became a one-day task of review, since the data was continually being aggregated in the system. The company also saw its compliance ratings improve -- contracting officers gave positive CPARS notes on their subcontracting compliance, noting timely and accurate reports. In one case, a contracting officer commended the firm for having all supporting data on small business utilization readily available during a project review, something made possible by Intelleges' on-demand reporting. Another big impact was **improved**



achievement of goals. By using Intelleges' supplier discovery features, the firm expanded its pool of qualified small subcontractors by 30%, leading to more competition and in some cases better pricing as well. The platform's alerts helped project managers take corrective action early -- for instance, one project was able to course-correct mid-year by shifting some tasks to a HUBZone certified firm when Intelleges showed HUBZone utilization lagging. This resulted in meeting a goal that in prior years would have been missed. The measurable impact: the firm went from achieving on average ~90% of each goal to **exceeding most of its subcontracting goals** (e.g., hitting 110% of small business and 100% of SDB targets) in the year after Intelleges, reflecting better outreach and tracking. Financially, while there isn't a direct revenue from reporting, avoiding liquidated damages is a clear win -- the firm averted a potential penalty on one large contract where goals were narrowly missed but a strong good-faith effort was documented. The contracting agency, seeing the Intelleges-generated evidence of extensive outreach and monitoring, opted not to impose damages, citing the contractor's evident commitment. That likely saved the company hundreds of thousands of dollars. Another benefit was more qualitative: **morale and efficiency** in the compliance and procurement teams improved. They no longer dreaded the reporting periods; instead, Intelleges made subcontractor compliance a routine part of procurement, not a retroactive scramble. Employees could trust the data and spent time on value-add actions (like mentoring small subs, which also was logged as good-faith effort) rather than data cleanup. Moreover, the company leveraged Intelleges data in business development -- demonstrating to prospective clients and partners their strong track record in diversity spend with actual numbers and charts. This bolstered their brand and helped win new projects (in one instance, their excellent eSRS performance, made clear by Intelleges analytics, was cited in a proposal and the client saw it as a differentiator). Overall, Intelleges delivered time savings, ensured **100% on-time eSRS submissions**, zero reporting errors flagged by agencies, and improved compliance outcomes -- translating into stronger relationships with contracting agencies and better prospects for future contracts.

Why This Makes Sense for the Industry

The construction industry, especially on federal projects, operates in a compliance-heavy environment but often with razor-thin margins and tight schedules. Intelleges fits perfectly because it automates a non-revenue-generating yet crucial activity -- subcontractor compliance -- allowing firms to focus on building, not paperwork. It makes sense in this industry due to the large number of subcontractors and the dynamic nature of construction projects (subs come and go, work scopes change). A digital platform that tracks subcontractor info in real-time ensures nothing falls through the cracks in that churn. Moreover, construction companies traditionally lag in technology adoption for back-office processes; many still use legacy spreadsheets. Intelleges is a chance to leapfrog into a modern, cloud-based solution without having to develop one internally. It directly aligns with government expectations: the SBA and contracting agencies are pushing primes to be more proactive and data-driven in subcontracting compliance, and Intelleges embodies that approach by providing *continuous monitoring and connectivity to SBA data*. This not only makes compliance easier, it also demonstrates to agencies that the firm is serious about partnering with small businesses (something that can influence best-value award decisions). For the construction industry's perspective, managing supplier diversity is also good business -- diverse and small firms can bring innovation and local knowledge. Intelleges helps unlock those benefits by making it easier to find and integrate such firms. Additionally, the cost of failing compliance in this industry can be project-threatening (penalties or lost contracts), whereas the cost of Intelleges is marginal in comparison -- a clear ROI. The platform's **audit-ready documentation** is particularly suited to construction, where audits and oversight are common. If, for example, the DoD or GAO audits a major construction program's subcontracting, a firm with Intelleges can, with a few clicks, present a thorough record of every outreach email, every bid received from a small business, and every dollar paid -- a level of preparedness that is otherwise nearly impossible. In an industry where



relationships and reputation matter, being known as a contractor who "gets it right" with subcontracting plans is a big plus. Intelleges essentially provides construction executives peace of mind: the compliance piece will be taken care of accurately and efficiently. Thus, adopting Intelleges is a smart strategic move for the construction industry -- it leverages automation to meet and exceed compliance requirements, turning what could be a liability into an asset. In a landscape where **"good faith effort" is required by law**, Intelleges ensures those efforts are not only made, but tracked and proven, making it an indispensable tool for modern construction contractors.