

Task / Issue	EPC (Engineering, Procurement and Construction)	EPCM (Engineering, Procurement and Construction Management)
Equipment Supply Contracts	Negotiated & Signed solely between EPC contractor & Supplier	Negotiated & signed between Owner and Supplier /with EPCM contractor's advise and assistance
On-Site Construction Contracts	Negotiated & Signed solely between EPC contractor & Supplier	Negotiated & signed between Owner and Contractor /with EPCM contractor's advise and assistance
Supplier Selection	Suppliers chosen solely by EPC contractor with no input from Owner	Suppliers chosen by mutual agreement of Owner and EPCM contractor
Scope of Supply	EPC Contract only as good as the original project specifications presented during bidding process. Changes to specifications / scope of supply after awarding of contract can be expensive, due to EPC contractor's sole contract with Owner and Owner's inability to "Shop Around" for multiple quotations from independent contractors / suppliers	Owners can modify project specifications with little or no trouble. Owner, with the assistance of the EPCM contractor can negotiate independent contracts with suppliers / vendors at any time due to the fact that project is under multiple (independent) contracts and not one (1) all encompassing contract
Equipment Supply Warranties	Warranties negotiated by Suppliers & EPC contractor and issued to EPC Contractor directly. Warranty to Owner from EPC contractor is negotiated separately between Owner and EPC Contractor and issued to Owner by EPC Contractor	Warranties negotiated individually with each supplier by Owner with EPCM contractor's advice. Issued directly to Owner from the suppliers and contractors
Process Warranties	Warranties negotiated by Suppliers & EPC contractor and issued to EPC Contractor directly. Warranty to Owner from EPC contractor is negotiated separately between Owner and EPC Contractor and issued to Owner by EPC Contractor (Usually in the form of a performance Bond)	Warranties negotiated individually with each supplier by Owner with EPCM contractor's advice. Issued directly to Owner from the suppliers and contractors (Usually in the form of a Performance Bond)
Construction Site Safety (General Liability Insurance, Workman's Compensation, Accident, etc.)	Site Safety solely the responsibility of the EPC contractor and sub contractors; in accordance with Contractual Agreements	Site safety is monitored by EPCM contractor but site safety is the legal responsibility of Owner and Sub Contractors; in accordance with Contractual Agreements
Permitting (Environmental, Construction, etc.)	Permitting is the responsibility of the EPC contractor with the exception of permits that are required by law to be issued in the name of the Owner of the project	Permits are issued to the Owner directly with EPCM contractor assisting in filing the necessary paperwork
Project Budget Cost Overruns	The cost risks for a project are borne by the EPC contractor. Any cost overruns, for equipment and/or services within the EPC contractor's scope of supply, are for their own account and can not be passed onto Owner unless "change conditions" occur or contractual agreements to the contrary	The cost risks for a project are borne by the Owner. Any cost overruns, for equipment and/or services are for the Owner account (with the exception of fixed price supply contracts) i.e. Final equipment pricing bids / on site cost higher than originally budgeted.
Project Budget Cost Savings	The cost risks for a project are borne by the EPC contractor. Any cost savings, for equipment and/or services within the EPC contractor's scope of supply, are for their own account and are not passed onto Owner unless contractual agreements to the contrary	The cost risks for a project are borne by the Owner. Any cost savings, for equipment and/or services are for the Owner account ie. Equipment/Services bids are returned lower than budgeted.
Project Day-to-Day Expenses	The day-to-day expenses for the project, within the EPC contractor's scope of supply are borne by the EPC contractor.	The day-to-day expenses for the project are borne by the Owner but are managed and administered by the EPCM contractor (up to pre-determined quantities, without Owner's need for intervention). Usually a small fund is established by Owner for day-to-day expenses
Project Financing	Project Financing is usually accomplished by substantial down payment by Owner to EPC contractor and the remainder of the fees issued with Irrevocable Letter of Credit (with partial payments) from Owner to EPC Contractor. This requires Owner to have all financing in place at the onset of the Project so as to secure letter of credit (LC).	Project Financing can be any combination of down payments, open accounts, and Irrevocable Letters of Credit from Owner to suppliers / contractors; whatever method is negotiated during contract negotiations. EPCM contractor will assist in all negotiations on Owner's behalf. This allows Owner to have partial financing in place at the onset of the Project with the remainder available as needed, dependant on contractual requirements.
Legal Cost	Legal Costs are low for Owner. Owner negotiates only one detailed supply contract with EPC contractor. EPC contractor must negotiate individual contracts with suppliers / vendors. EPC contractor's legal costs are high due to multiple contracts. In the event of legal action is taken, Owner must sue EPC contractor, who in turn must bring legal action against appropriate suppliers / contractors.(Usually a longer process than EPCM legal actions)	Legal Costs are higher for Owner. Owner negotiates multiple supply contracts directly with suppliers / contractor; with the assistance of EPCM contractor. In the event of legal action is taken, Owner must bring legal action against individual suppliers / contractors. (Usually a shorter process than EPC legal actions)
Administration	Owner's administration costs are low with EPC contract. Only minimal staff (management, QC, legal, etc.) needed to administer/monitor project.May have negative effect on project "ownership" feeling within Owner's organization (Hands off).	Owner's administration costs are higher with EPCM contracts. Substantial staffing levels needed to assist/compliment EPCM contractor in administering/monitoring project.Promotes "ownership" feeling within Owner's organization. Project staff often transferred to operational staff after project completion.

Source: <https://plexusconsultants.wordpress.com/services/epcm/engineering-services/epcm/>