Time and Billing

November 2007

EXECUTIVE GUIDE SERIES

Executive’s Guide to Time and Billing

Time and billing applications are used in professional services organizations such as legal, engineering, accounting and hi-tech consulting firms where detailed time and expenses are tracked and billed to specific customers. Time and billing software is used when there is little to no product inventory to sell and maintain.

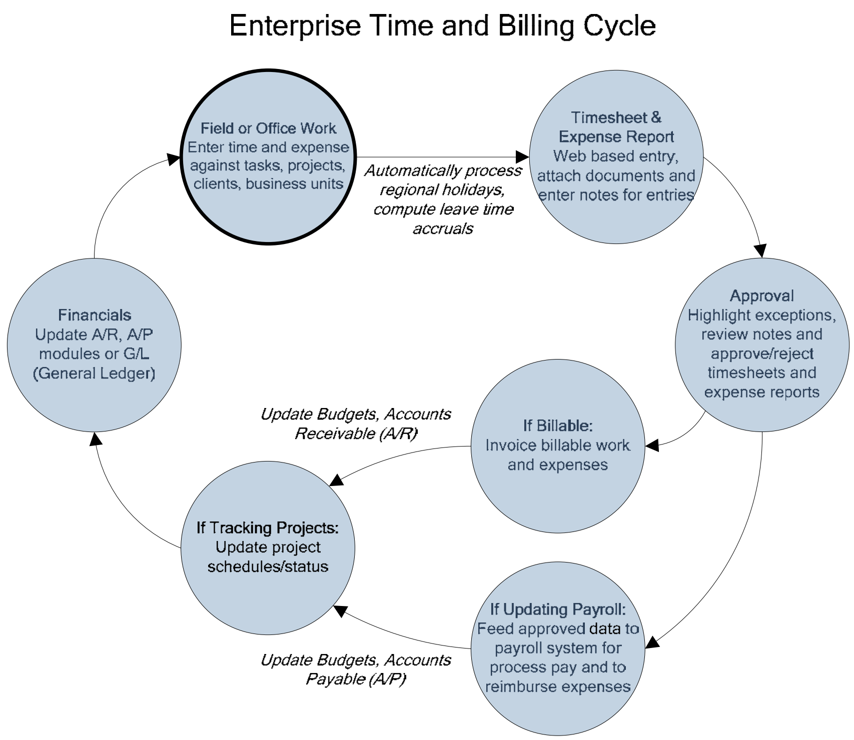
– Do you spend too much time on managing timesheets and expense reports?
– Does it take too long and cost too much to collect payroll and expense data?
– Are you spending too much on managing regulatory requirements?
– Are you entering (re-entering) data into multiple systems?
– Do you experience revenue leakage from not billing for the all work performed?
– Are you losing customers (and revenue) due to the lack of timely project reporting?
– Are you able to easily determine non-performing and under-performing projects?

For a project or service oriented business that is looking to automate and streamline its business, taking a good hard look at your time and billing processes is a great place to start. Tracking, controlling and analyzing billable work and expenses will lead to immediate and tangible gains in profit margins, productivity and cost reductions. Time and expense tracking enhances operational control, facilitates compliance with various employment and regulatory regulations, reduces costs, and improves efficiency. An enterprise time and billing software enables you to:

- Reduce errors and duplicate entry and administrative overhead
- Reduce the amount of time it takes to collect project data and manage timesheets
- Reduce or eliminate "revenue leakage"; reduce days sales outstanding (DSO)
- Reduce over budget and over schedule projects; eliminate non performing projects
- Reduce the cost of compliance with labor and corporate governance regulations
- Reduce the amount of time spent on providing updates on project status and remote data entry
- Increase resource utilization (reduce "bench time")
- Increase billable (productive) projects
- Forecast more accurately for similar projects

This guide serves as an introduction to time and billing software, the benefits of implementing it, and what you need to prepare for and deploy such a solution in your organization.

Time and Billing Solution Cycle



Some companies use multiple systems, administrative staff, and a manual process to track time for payroll, projects, and billing. To eliminate redundant data entry and multiple tracking systems, you can implement a single time tracking system that is used and accessed by everyone across the organization. Therefore, employees enter time once, managers approve it once, and the same information is used for payroll, project management, billing and reporting purposes.

Small to mid-sized companies use spreadsheets to track work, expenses, and leave time. The information is then reentered or manually imported from spreadsheet files into the company's accounting, payroll and project systems. This process is highly error prone and can result in significant payroll and billing errors and lost or duplicate entries; consolidating this kind of data later frequently results in conflicts and errors that are often difficult to identify or address. A time tracking software that is integrated with your accounting system and provides point of entry data validation, policy based approval, and notification setup will eliminate such errors. Studies have shown that eliminating duplicate systems, manual processes and entry/approval errors can save you up to 3% of total payroll costs and increase your billable hours by as much as 4%.

Time and Expense Reporting

Time and billing software provides project or service oriented organizations with a real-time view of all billable work and spending. Executives are able to analyze and assess resource needs more effectively thereby reducing overload resources or use of external consultants. Even for a small service organization, overloaded resources and poorly staffed projects can quickly lead to hundreds of thousands in extra costs and lost revenue. A time and billing system provides the control, visibility and reporting you need to avoid revenue leakages and escalating costs.

Billing

Time and billing systems incorporate a real-time rate engine. The cost and revenue of any time, expense, or charge is immediately calculated at point of entry. The rate engine supports simple or detailed date based rules that enable organizations to define hourly, daily, fixed, flat charge, prorated, cost plus, and split billing rules for users, clients, projects, and tasks. Date based or milestone based billing rules are also provided to track maintenance, support and other recurring billing scenarios.

Timesheets and expense reports that are collected to track billable work may require supporting documents and notes. Time and billing software lets users and managers attach notes and documents to the timesheet and expense report or to specific time and expense entries. These notes automatically appear in the invoices to facilitate invoice review and approval. Our customers report that invoices with insufficient documentation or detailed notes are three times more likely to be rejected, face much more scrutiny, and lead to iterative discussions with customers who are being charged for the work.

Project Collaboration

For companies that track projects, collaboration improvements include:

- Much faster and more accurate reporting; no need to consolidate data from many spreadsheets or multiple time, expense and project systems. Time and billing software includes real-time analytics that provides you with instant and accurate cost and revenue information for better decisions
- Executive dashboards that report to stakeholders on project status and display progress and project health indicators
- The ability to assign work and to collaborate with team members on estimated time to complete
- Integration with project management applications so that approved timesheet data automatically updates the project plan versus actual effort

Self Service

Timesheets and Expense Reports

Employees and consultants will often ask payroll and finance teams for the payment and reimbursement status of the timesheets and expense reports they have previously submitted. A time and billing application allows the end user to view the current status of all of his/her previously submitted time and expense reports online and in real-time; you can visually see where the report is in the approval process and who is currently reviewing it. This type of self service feature reduces inquiries, collaboration time and administrative overhead for end users, finance and administrative staff.

Travel and Leave Requests

Self service features for timesheet and leave management reduce redundant and unnecessary overhead. Enterprise time and billing applications provide travel and leave request approval workflows. Users use the workflows to request leave and can verify the status of the travel or leave request online until it has been approved or rejected. Once a leave request has been approved, the system automatically calculates the leave time remaining and updates the user's timesheet (and availability) to ensure that no work is assigned to that person during their absence.

Non-Work Time

With an in-house or spreadsheet-based time and billing system, work and leave time (paid and unpaid leave) policy enforcement is usually verified after timesheets have been submitted. Managers and administrative staff are the only line of defense for detecting and correcting invalid and unauthorized work or leave time. A time and billing solution enables you to specify your work policy and to set up leave time accrual and usage rules per employee, department, and site. The system then automatically enforces these rules at point of entry, so users can never submit invalid or unauthorized entries. This feature alone reduces the administrative effort from a few hours to a few minutes per pay period per manager. Many companies have reported that just work policy validation at point of entry and controlling leave time pays for a time tracking system in less than twelve months.

A time and billing system automatically enters time for pre-configured holidays by region for every user. After the fact, entries or invalid time entries for holidays can lead to invalid timesheets, billing and payroll processing corrections. These types of automations make the timesheet tracking process much simpler and a more welcome task.

Analytics

You have learned how a time and billing solutions facilitates data collection, approvals, and collaboration while ensuring compliance. Another important benefit of a time and billing system is the ability to report and analyze all of this invaluable operational data in real-time. Time and billing systems include reports to show billable and non-billable time and expenses by customer, projects, task, or team, as well as leave time by user. The reporting systems include live analytical pie and bar charts that let executives view real-time, high level or detailed operational information of their own choosing with drill in/out capabilities. These operational reports help executives spot unprofitable, over budget and late fixed bid projects, un-billable work, or potential problem areas so they can take immediate action to improve the situation.

Summary

Streamlining your time and billing processes has a large and immediate business impact and return on investment. You need to approach such a project carefully, should not underestimate the internal resistance to change, and do not oversimplify your needs. Implement a solution that provides a true business advantage, which integrates with your existing systems and can scale as you automate more business processes related to project and service delivery. Do not attempt to automate too many business processes at once; start with a few key processes and measure your results. A phased implementation with specific milestones is much more likely to succeed than trying to do everything at once.

For more information, please contact Tenrox representative at 1.877.4TENROX or visit: www.tenrox.com.

Notes

Tenrox®

EMPOWER YOUR PROJECT WORKFORCE

www.tenrox.com