

The importance of timekeeping increases in organizations with highly-compensated employees, those which generate billable time, and those where employee time directs critical management decisions.

Every organization can measure the net benefit of a timekeeping system, both as a cost item and as a management tool, by examining its impact on different parts of the organization.

Benefits of a Timekeeping System

The value of a timekeeping system will vary greatly across different companies and is impossible to generalize. These are the various uses of timekeeping in organizations:

- Payroll calculation
- Benefits administration
- Workforce allocation decisions (based on utilization)
- Invoicing clients/customers (in billable service organizations)
- Managing project budgets (estimated vs actual)
- Planning for headcount

Role	Timekeeper	Administrator	Manager	IT Department
Labor Costs	<ul style="list-style-type: none"> • Accessing system • Filling out timesheets 	<ul style="list-style-type: none"> • Managing Compliance • Compiling Reports 	<ul style="list-style-type: none"> • Compiling Reports 	<ul style="list-style-type: none"> • Time to install and maintain server • Time to deploy client software on PCs
Other Costs	<ul style="list-style-type: none"> • Inaccurate data entry • Technical support needs • Training 	<ul style="list-style-type: none"> • Delayed Reports 	<ul style="list-style-type: none"> • Outcome of decisions-based on report data 	<ul style="list-style-type: none"> • Management of company VPN for outside access • Mobile device support
Fiscal Impact	<ul style="list-style-type: none"> • Hours per month spent filling in timesheets • Dollars lost to errors in data entry 	<ul style="list-style-type: none"> • Hours per month spent compiling reports • Hours per month spent administering the timekeeping system 	<ul style="list-style-type: none"> • Hours per month spent compiling reports 	<ul style="list-style-type: none"> • Hardware & software expense • Time spent configuring, patching, maintaining, backing up server & VPN • End user help-desk
ClickTime Direct Benefits	<ul style="list-style-type: none"> • Easier to access • Less training • Faster data entry • Fewer errors 	<ul style="list-style-type: none"> • Up-to-the minute reports • Less time spent chasing late timesheets 	<ul style="list-style-type: none"> • Eliminates time spent compiling reports • Better quality data leads to better reports and better decisions 	<ul style="list-style-type: none"> • ClickTime is hosted centrally, completely relieving each customer from IT expenses
Savings Opportunity	<ul style="list-style-type: none"> • Data entry: 1–2 hours per employee per month • Training: 1.5 hours per employee 	<ul style="list-style-type: none"> • 4–10 hours per admin per month 	<ul style="list-style-type: none"> • 3–7 hours per manager per month • Better strategic decision-making (variable) 	<ul style="list-style-type: none"> • \$4500 per server • \$1500 per year in maintenance.

Costs of a Timekeeping System

Substantial Labor ROI

Ignoring savings in computing costs (which may be substantial), the most significant opportunity to reduce costs comes from the workforce itself. If any time is wasted in managing the time reporting system, it is distributed widely across the entire workforce. This produces a multiplier effect, so even small amounts of wasted time or time reporting errors can snowball into large cost items.

This table offers a simple ROI calculation for a business with billable workforce. (Nonbillable organizations may easily modify the calculations.)

Measurement	Value	Example Company
Number of Users (those who keep time or run reports)	A	50
Their average rate of pay (per hour):	B	\$35
Their average billing rate (if appropriate):	C	\$140
Number of Administrators (those who administer the system)	D	2
Their average rate of pay (per hour):	E	\$40
Number of Managers: (those who utilize time data to make decisions)	F	4
Their average rate of pay (per hour):	G	\$60
Analysis compared to using spreadsheets (figures are monthly)		
New profit on timekeepers' saved billable time	$A \times (C-B) \times 1 \text{ hour}$	\$5,250.00
Savings on administrators' time	$D \times E \times 4 \text{ hours}$	\$320.00
Savings on managers' time	$F \times G \times 3 \text{ hours}$	\$720.00
Total Savings		<u>\$6,290.00</u>
Monthly Cost to Adopt ClickTime:	$A \times \$12$	\$600.00
Total Return on Investment (ongoing)		1,048%

This model assumes just ONE billable hour saved by timekeepers each month. Customer anecdotes suggest far greater savings are possible.

General Purchase Considerations

As with any technology purchase, there are general financial factors which are important but vary greatly across businesses:

Upfront Capital Requirements	<p>The opportunity cost of cash tied up in the initial purchase. <i>ClickTime's startup costs are negligible, freeing up cash flow for other projects.</i></p>
Time to implement	<p>A longer delay in developing and implementing a timekeeping solution will postpone the benefits, prolong the status quo, and create measurable expenses. Implementation time consists of:</p> <ol style="list-style-type: none"> 1. Selection and purchase 2. Technical installation 3. Customizing the solution and implementing best-practices 4. Training/Rollout <p><i>ClickTime greatly reduces the time spent with phase 1, since there is usually no required contract length to negotiate and fees are on an as-used basis. (i.e. no minimum fees are required)</i></p> <p>ClickTime also minimizes costs of phase 2, since all server, software, and other IT matters are covered by ClickTime.</p> <p>Phases 3 and 4 are generally similar across products, although rollout may be simpler with ClickTime since it is accessed from a regular web browser.</p>
Failure to implement	<p>Any new software or system must be accepted by an organization and there is always the possibility of a failure to adopt. In this event, large investments of time and money may be lost.</p> <p><i>ClickTime has very low startup costs and no obligatory contracts.</i> The risk of trying a ClickTime solution is very low.</p>

Cost Factors in Various Timekeeping Systems

- Paper timesheets offer the lowest apparent cost of adoption, but hide the most waste of any option. Users are more likely to record erroneous data. Managers will spend vastly more time compiling reports, and will commit additional errors in transcription. The delay between collecting and compiling timesheet data will also bear costs and, if the organization bills for its time, delay invoicing.
- Installed Software (Client/server) carries the highest upfront costs, in the form of software licenses and the installation of hardware and software. Economies of scale suggest that these costs be amortized across many customers in a multi-tenant (hosted) scenario.
- Installed Software (Browser-based) reduces complexity for the end-user by using a standard web browser for access. However, the server still carries a high upfront cost for configuration and maintenance, as well as software license fees. The convenience of the browser carries a high cost to maintain security (SSL certificates, VPNs, etc.)
- Simple Spreadsheets are the most popular computer-based tool. These solve many of the errors in paper timesheets and can reduce the time spent compiling data (through the use of macros). Spreadsheets suffer from the same need to physically gather submissions (often through insecure email) and physically distribute revised templates to users. Inconsistent or out-of-date templates can result in wasted time while users resubmit their timesheets.
- Hosted Time Tracking (ClickTime) carries a low monthly fee, trivial upfront costs, and no I.T. investment beyond a regular internet connection. Sophisticated backup and security measures are available to every customer regardless of size. The user interface makes data entry errors nearly impossible. Most significantly, reports are available immediately and on-demand.

Notable Customer Experiences

As compared to their prior experience, ClickTime customers report savings concentrated in these areas:

- Reduced IT Expenses (server, network, etc)
- Reduced setup time (both in hours and in calendar delay)
- Lower training and rollout costs
- Fees in direct proportion to usage (i.e. scales with headcount) with no contractual lock-in
- Self-service reporting means fewer requests to administrators to distribute reports

For additional information about ClickTime and ROI Analysis, contact sales@clicktime.com or phone us at 888-746-8227 and ask for Sales.

Pricing

ClickTime ranges from \$5 per user per month to \$12 per user per month, depending on volume. Optional modules may add up to \$8 per month. Even with all optional features enabled, one month of ClickTime usually costs less than one hour of wages, and often a small fraction of a billable hour. By creating a few extra billable hours, ClickTime can pay for an entire year of use in one month. If ClickTime can eliminate the manual process of compiling timesheets, it can dramatically reduce costs far in excess of its own fees.