Analyzing the real cost of developing an in-house **Time and Effort** system.

In their quest to meet the federally mandated requirements for Time and Effort reporting, some institutions are considering the feasibility of an in-house system. One of the greatest challenges in measuring the true feasibility of such a system is identifying the real cost to the institution.

A 2011 research study conducted by PricewaterhouseCoopers for industry leader ADP, strikingly concluded that organizations routinely underestimate the real cost of building and operating in-house systems. The study identified the primary reason for undervaluing the real cost of these systems as the failure to account for hidden costs. The study further found that hidden costs typically represent more than 50% of the actual cost of building and administering an in-house system.

A **true and accurate cost analysis must include an accounting of hidden costs.** Most institutions are unaware of the true cost of developing and administering an in-house system. In addition to the obvious costs for development there are myriad hidden costs that negatively impact the feasibility of these systems. These hidden costs include:

- The cost of labor (salary plus benefits) for development staff.
- The costs of consultants, facilities, vendor fees and staff overhead related to the development process.
• Non-developmental labor costs associated with compliance issues and requirements for time and effort systems and grant management systems.
• The cost of planning, building, testing, installing and implementing a new, unproven solution to central administrators, departmental administrators, and end users.
• The cost and time drain on the in-house technical staff to support, maintain and develop upgrades for the in-house system.
• The cost to other normally supported areas due to the diversion of technical staff as they implement and support the newly developed in-house system.
• The unforeseen cost of keeping up with new and changing technologies. The Windows migration of the 1990’s and the Internet migration of the 2000’s are just two examples of how changing technologies can drain an in-house IT staff.

Beyond the hidden costs lie other significant factors that add to the complexity of in-house systems:

• Accurate, verifiable and consistent Time and Effort documentation is required for salaries and wages of employees working on federally funded programs.
• Time and Effort records are subject to review during audits, compliance monitoring, public records requests or other situations requiring verifiable evidence that time funded by the federal grant was spent working toward the grant’s objectives.
• Before completing certification, institutions must create, implement and execute their own Time and Effort policies.
• Knowledge of the federal regulations concerning Time and Effort is crucial to ensure the accurate design and building of a system that will meet these requirements.
• Rules and requirements to federal regulations change often, requiring ongoing changes to the in-house system.
• Time and Effort certification requires the ability to interface with, and extract information from your payroll system to ensure accurate record keeping and reporting.
• Often times, cost sharing and salary retroactive changes become a concern in Time and Effort reporting.

Once hidden costs are added to the equation, the in-house solution becomes a much less attractive alternative. Time and Effort management is a complex task and should be managed by professionals who have experience with the requirements and the process of effort reporting. At IT Works, our knowledgeable Time and Effort team devotes 100% of its resources to helping small and medium sized institutions meet their effort reporting requirements. We created Effort Administrator™ with your unique needs in mind. Effort Administrator™ is a proven solution that is helping institutions like yours to meet their federal effort reporting requirements at a cost that is dramatically lower than that of in-house systems.

If your institution is currently evaluating options for meeting the federally mandated requirements for Time and Effort reporting, talking to IT Works is an important first step. You’ll discover how an affordable, off-the-shelf solution can meet all your effort reporting needs, eliminating the expense, frustration and uncertainty of an in-house solution. You’ll experience the amazing power and flexibility of Effort Administrator™. And you’ll see why more and more institutions are calling it the best Time and Effort value in the industry.

To speak to an IT Works Time and Effort team member today, or to arrange a live web demo, email us at wrenna@itworks-inc.com or call 919-232-5332-x234. It will change the way you view Time and Effort solutions.