

## Case Study: Replicon Inc.

"Years ago we implemented Web TimeSheet to automatically track Research & Development work. This has dramatically reduced workload, added \$900,000 to our bottom line and made the company a real winner! "

- Raj Narayanaswamy, Co-CEO,  
Replicon, Inc.



**Type of Business:** Computer Software

**Uses Web TimeSheet for:**

Tracking projects, time and attendance, costing, billing, expenses

**Corporate Headquarters:** Calgary, Alberta

### Company Profile

Founded in 1996, Replicon Inc. is the global leader in timesheet and expense management software. Replicon is the only company in the industry that provides a complete solution for all the time tracking needs of a corporation. Replicon has enabled over 1.2 million users in 68 countries to track time and expenses to manage projects, bill clients, and automate time & attendance policies within one end-to-end solution.

### The Challenge

#### Qualifying for the SR&ED Program

<http://www.c CRA-ADRC.gc.ca/sred/>

The Scientific Research and Experimental Development (SR&ED) Program provides tax incentives to Canadian businesses that conduct SR&ED in Canada. This program is intended to encourage businesses -- particularly small and start-up firms -- to conduct SR&ED that will lead to new, improved, or technologically advanced products or processes.

"This program is an economic driver for small and medium companies, with some very direct bottom-line benefits." says Narayanaswamy. The SR&ED Program returns \$57 on every \$100 spent on applicable research and

### RESULTS SUMMARY

#### Company

Replicon Inc.

#### Vertical Industries

IT Solutions, System Management

#### Proven ROI

By using Web TimeSheet, Replicon:

- Qualified for the SR&ED Program using the time tracking feature to document processes, earning 400% growth in 3 years.
- Reduced the workload of compiling documentation for the year.
- Increased employee involvement by having researchers and developers document their time, activities and project statuses.
- Add \$900,000 to their bottom line.

development (R&D). Industry claims about 1.4 billion dollars of support annually from the SR&ED program. Canadian software developers are a major beneficiary of these credits, receiving approximately one third of the total amount.

- To qualify for the SR&ED tax credit, companies must be doing research that advances technology with uncertain success. The companies must provide documentation of the activities and time spent on resolving these uncertainties through a scientific process.
- Application for the tax credit typically involves extensive review of the year's R&D activities long after the fact, and often by people uninvolved with the research activities. This creates a huge job under time pressure, many unanswerable questions about the year's activities, and often a loss of SR&ED benefits.
- Many companies don't think they qualify for the program, or find the process of qualification to be too much hassle to complete amid countless other deadlines. These perceptions leave many potentially qualified companies scrambling to find funding for further R&D.

## The Solution

Replicon Inc. beat the odds in a challenging business environment by capitalizing on the Federal SR&ED tax program. Replicon reinvested capital gains of almost \$900,000; funding technological breakthroughs that have made the company a leader in web based software and resulted in 400% growth over three years. "Last year we implemented Web TimeSheet software to automatically track Research & Development work. This has dramatically reduced workload, added \$900,000 to our bottom line and made the company a real winner!" asserts Raj Narayanaswamy, Co-CEO of Replicon Inc.

- Replicon's Web TimeSheet allows daily or weekly commentary alongside a familiar time-entry interface. This delegates the documentation to the scientists and developers and makes it an easy part of the research process.
- Management is hands-off, with a customized e-mail system generating reminders and tracking late submissions for attention. cursory review of timesheets allows for quality control.
- Work activities, uncertainties, developer logs and status are all captured alongside hours entered to provide a complete evidence package of the scientific research process. "What Web TimeSheet brings to the SR&ED process is simplified, distributed documentation," says Narayanaswamy. "The process has changed from an over-complicated administrative hassle to a painless, automatic activity that's part of weekly research work." The effort to claim SR&ED is greatly reduced and the probability of qualifying for a sizeable tax credit is greatly increased.

## The Results

### Benefits of the SR&ED Program

A direct contributor to economic growth, the SR&ED Program gives an important capital jump-start to growing companies.

- **Growth and reinvestment:** "Replicon has had a 400% increase in revenue since 2000, with the SR&ED program adding \$900,000 to the bottom line. With growth on track, Replicon is planning on doubling its workforce."
- **Mitigating risk:** With groundbreaking research, results are not always certain. The SR&ED program provides a safety net for companies to improve and grow. "The program reduces our expense, adds directly to our profit, and allows us quick capital to invest." says Narayanaswamy.
- **Ease of qualification with Web TimeSheet:** The complex documentation process becomes simple when using Web TimeSheet's time-tracking and journaling functionality on a weekly basis.

### Benefits of Using Web TimeSheet to Track SR&ED Work Activity

Qualification for the SR&ED program is daunting when performed annually, requiring reconstruction and retracing of the year's R&D work activity. Web TimeSheet provides an easy, integrated alternative to this difficult process, getting the job done with only one-minute weekly updates.

- **No administrative hassle:** By distributing the documentation to the individuals performing the research, managers can avoid guesswork in a review of the complete year of work activity. Easy-to-use reporting tools provide snapshots of progress through the year.
- **Hands-off management:** "This is an inclusive process where all the researchers doing the work take care of their own documentation as they go." states Narayanaswamy. "Over the year you get a really accurate record of challenges, uncertainties, successes, status and accomplishments." Customized, personal e-mail reminders keep everybody up to date.
- **Employee involvement:** Researchers tracking their work activities become educated about the SR&ED process, creating clear and concise evidence on R&D work performed each week. "We used to go through real suffering at year end to recall and gather all the SR&ED claim information, but now we just enter the work activities, uncertainties and status each week." states Dan Selinger, Senior Developer at Replicon. "This is great, especially for people who hate documentation."
- **Ease of use:** Integrating seamlessly with a familiar timesheet product, Web TimeSheet improves the time-tracking process to include additional documentary comment features. Web TimeSheet can be implemented in 2-3 days, making its benefits almost immediate.

The cost of implementing Web TimeSheet to track eligible work activity is more than covered by SR&ED Program returns. If you have a team of 10 scientists, you can purchase the software for \$2000 and implement it within 2 days. Your annual ITC payment for one year will be over \$400,000 (This conservative projection is based on qualified SR&ED work and average salaries of \$70,000).

**The bottom line: invest \$2000 in software to automate your R&D tracking and regain \$400,000 in capital!**

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