



## Simplifying hourly rates in TimeLog

In TimeLog, we continuously improve and update the functionality of our system. Our focus is simplifying the application with focus on a better user experience and removing unnecessary complexity.

We are now updating and improving the hourly rate model in TimeLog.

In this document, we have gathered information about:

- Why we make the changes
- Which changes we make
- What you will need to do after the release
- Explained how to utilise the functionality of the new release to make your daily work in TimeLog easier

Happy reading!





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# 1 Why are we simplifying hourly rates?

Based on feedback and meetings with our customers, we have learned that the current hourly rates model has some disadvantages and do not fit to all the ways our customers price their projects.

We have worked out a new hourly rates model to make TimeLog easier and much more flexible to use. At the same time, we remove cumbersome operations such as the need to modify price list when projects have special pricing.

The new model lets you perform easy indexation across customers, projects and contracts from a central interface. This is brand new functionality.

We expect the new and clear hourly rates model will result in faster and more correct project setups. As a result, you will spend less time on correcting invoices with errors originating from wrong project setups.

# 2 How will you benefit from this?

The purpose of the hourly rates model in TimeLog is to:

1. Make indexing hourly rates easy
2. Allow invoicing of work settled by time and material at a specific hourly rate in the currency the customer is invoiced in
3. Control standard pricing and customer specific pricing of services sold in multiple currencies
4. Support pricing on the single project according to the agreement with the customer
5. Correctly pre-select the correct hourly rate for employees 95% of the time when allocating resources to a project. This is so the you do not have to manually select the hourly rate all the time. It saves you time in the project setup
6. Enable project templates to work across multiple currencies through an intelligent pricing model

## Improvements in new solution

- Users will experience a flexible and much more intuitive way of working with hourly rates
- Project managers deviate from the price list and create specific hourly rates on their project without having to create customer specific price lists
- The hourly rate suggested when allocating employees will often be the correct hourly rate limiting the number of times the project manager needs to select the hourly rate
- Specialised indexation functionality for easy indexation of standard price list, customer prices and specific projects in batch operations





## 2.1 How the new model is different from the current one

The major difference between the current hourly rates model and the new one is the introduction of **project hourly rates**. This means that every project has its own copy of hourly rates and do not use the price lists directly.

In the current version, all hourly rates lists in the project are directly showing the default hourly rate price list combined with the customer price list (if one exists for the customer of the project). Any changes to these price lists will automatically be visible in all projects for this customer.

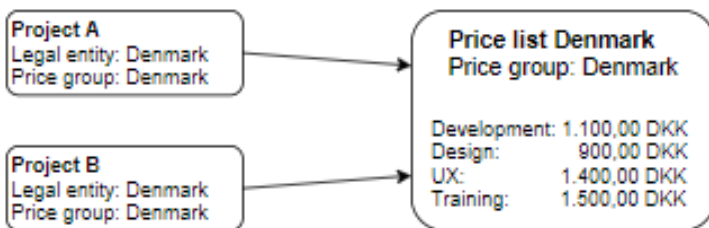


Figure 1: This is how projects directly reference the price list in the current version of TimeLog. All projects and customers get the prices from the same standard list.

This presents a problem when pricing of the same service deviates from project to project. The reason for different pricing can be discounts given on some projects, and not others or indexing prices for some projects, but not all.

In the new hourly rates model, the hourly rates are copied to the project from the price list creating a list of hourly rates that only belong to that specific project.

This results in flexibility to freely adjust the hourly rates on each project to fit the agreed pricing with the customer without affecting the standard price lists or other projects.

In the illustration below, the project manager for Project A has removed hourly rates for UX and Training and changed the two remaining hourly rates to fit the pricing agreed with the customer. While this takes place, Project B can operate by the standard pricing without being affected by changes in Project A.

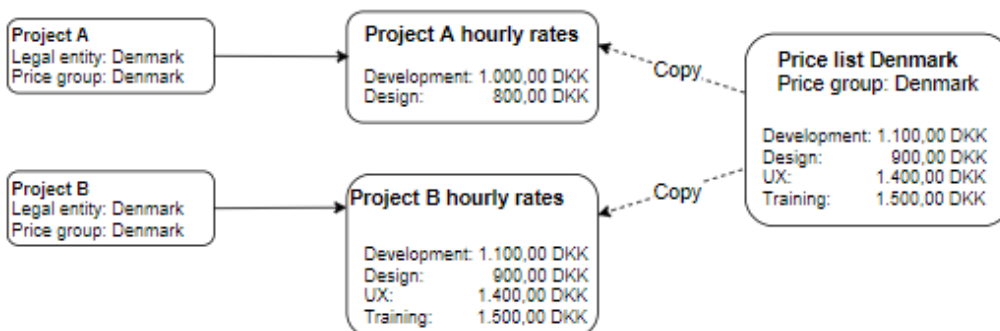


Figure 2: With the new hourly rates model, hourly rates can deviate from project to project.





Besides freely adjusting hourly rates on each project, this also means that project managers do not have to select hourly rates as often as before.

In the current version, the example in Figure 2 would require project managers to create a customer specific hourly rate for “Design” of 800 DKK for Project A. When allocating an employee with “Design” as default hourly rate, TimeLog in the current version would suggest the customer specific price of 800. This would be correct for Project A, while on Project B the project manager would have to remember to select standard “Design” hourly rate of 900 DKK. This is both cumbersome and a source of mistakes and can ultimately lead to incorrect invoicing of the customer.

In the new model, the “Design” hourly rate in Project A is 800 DKK and in Project B it will be 900 DKK. This removes the need to select the hourly rate and limits the error sources.

## 2.2 The elements of the hourly rate model

### 2.2.1 Standard price list and price groups

Having a standard price list saves the user from having to create the same hourly rates for every new project. The standard price list consists of a list of named default hourly rates and serves as a basis for all time and material projects.

The names of the hourly rates in a standard price list most often reflect the services the company provides by the hour, such as Project management, Development, Design. Or they can be named to describe the roles of employees performing the work, e.g. Project manager, Developer, Designer etc.

#### Standard price list

| Name        | Hourly rate (DKK) |
|-------------|-------------------|
| Development | 1,100.00          |
| Design      | 900.00            |
| UX          | 1,400.00          |

Figure 3: Example of a standard price list based on services.

#### 2.2.1.1 Price groups in price lists

As pricing of services can deviate in the same currency, a standard price list can also have multiple price groups with the same currency. This can be relevant, if you have different prices for the same service in different countries within the Euro zone.

When you have customers that you invoice in different currencies (with multi currency activated in TimeLog) each hourly rate in the standard price list can be priced in the different currencies you invoice your customers in (example in Figure 4 below).





The hourly rates are grouped in price groups. Each group defines the amount of the default hourly rates for a specific currency.

### Standard price list

| Hourly rates | Price groups  |               |              |
|--------------|---------------|---------------|--------------|
|              | Denmark (DKK) | Germany (EUR) | Europe (EUR) |
| Development  | 1,100.00      | 140.00        | 120.00       |
| Design       | 900.00        | 125.00        | 100.00       |
| UX           | 1,400.00      | 185.00        | 160.00       |

Figure 4: Example of Figure 3 standard price list with three price groups.

Price groups can also be used to reflect different prices for same services sold to different segments e.g. prices for public sector vs. insurance companies etc.

### 2.2.2 Customer specific price lists

If a customer negotiates special prices, it is possible to create a customer specific price list and define the default hourly rates specifically for this customer. The customer specific price list can cover a single, some or all the price groups depending on what is relevant for the given customer.

When creating a customer specific price list, the system administrator selects which of the price groups in the standard price list are relevant for the customer. The customer price list is by default a copy of the selected price groups. The special pricing agreed with the customer is defined by changing the amount for specific hourly rates.

The hourly rates will be visually marked, if they deviate from the hourly rates in the standard price list.

### Customer specific prices: Lego

| Name        | Denmark (DKK) | Europe (EUR) |
|-------------|---------------|--------------|
|             | Hourly rate   | Hourly rate  |
| Development | 1,000.00      | 100.00       |
| Design      | 800.00        | 100.00       |
| UX          | 1,400.00      | 160.00       |

Figure 5: Example of a customer specific price list based on Figure 4 price list with two price groups selected.

In this illustration, only the price groups Denmark and Europe were chosen from the Figure 4 standard price list as relevant for the customer. The customer has negotiated different pricing than the standard pricing. Two hourly rates in the price group “Denmark” and one hourly rate in the price group “Europe” have been changed.

With this setup, it is still possible to create projects with the price group “Germany”, but then the default prices of that price group will be added to the project.





## 2.2.3 Project hourly rates

The most important change in the new version of TimeLog's hourly rates model is the introduction of project hourly rates. The project hourly rates are the hourly rates used on the project. The standard price list and customer specific price lists are only used as templates from which the project hourly rates are generated.

When creating a time and material project (or contract) and selecting the price group for the project, the hourly rates of the selected price group are copied to the project. If a customer specific price list exists for the customer of the project, the customer hourly rates are used as template for the project hourly rates. If not, the standard price list is used as template for the project hourly rates.

After copying the hourly rates to the project, the hourly rates can freely be changed or removed from the project, and only special hourly rates valid for this specific project can be added.

### 2.2.3.1 Having multiple time and material contracts on the same project

In the rare cases where the project has multiple time and material contracts, each contract has its own hourly rates which must be maintained separately from the other time and material contracts.

### 2.2.3.2 Hourly rates for multiple customer projects (MCP)

In multiple customer projects, the hourly rates are copied from the standard price list related to the project and customer specific price lists are ignored. First established, the project hourly rates can freely be modified to align with the agreement for the project.

Please note that the MCP feature is running in beta at specific customers right now. If you are interested in this feature, please contact Head of Product Management Christoffer Lanstorp at [chl@timelog.dk](mailto:chl@timelog.dk).

## 2.2.4 Employee default hourly rate

On the employee card, the system administrator can set a default hourly rate. The hourly rate is selected from the standard price list in the system currency.

If the [multiple legal entity \(MLE\)](#) module is active, the hourly rate is selected from the standard price list of the legal entity of the employee.

The employee default hourly rate is used in the algorithm when suggesting the most likely hourly rate when adding the employee to a project or task. More about this in the next section.

## 2.2.5 Intelligent hourly rates suggestion

TimeLog in the current version already contains the "intelligent hourly rates suggestion" algorithm. The algorithm allows TimeLog to suggest the most likely hourly rate when allocating an employee





to a task, limiting the number of times the project manager manually will have to select the hourly rate in the dropdown. With the new model we expect the algorithm to work much better and create much more value for you.

**Important!** Understanding the default hourly rate levels described below and the “intelligent hourly rate suggestion” is necessary to utilise the full potential of the new hourly rates model and easy daily operational work.

### **2.2.5.1 The different levels of default hourly rates**

TimeLog offers the option to set default hourly rates on different levels in the project, where setting a default hourly rate for the whole project is the highest level and the allocation hourly rate is the most specific level.

It is possible to set a default hourly rate on the following levels (ordered in highest to most specific level):

- For the project as a whole in the project settings
- For a specific employee for the project as a whole in the resource group
- For a specific employee for a task under a specific contract in the “Contract default hourly rate list”. This “Contract default hourly rate list” can be added to a time and material contract from the context (burger) menu on the contract (top right corner)
- For a specific task when creating or editing a task
- For an employee for a specific task when creating or editing an allocation

### **2.2.5.2 How the algorithm works**

The intelligent hourly rates algorithm uses this hierarchy of default hourly rates to find the most relevant hourly rate for a given employee for a specific task. This is used when an employee is allocated to a task or when tracking time on a task the employee has not yet been allocated to (when the user has privilege to track time on all task).

The algorithm starts at the lowest or most specific level closest to the task and works like this...

- If the employee already has an allocation, the hourly rate of the allocation is suggested. If there is no allocation, it moves to the next level
- If there is a default hourly rate on the task, this hourly rate is suggested. If no default hourly rate is set, it moves to the next level
- If the contract of the task has a default hourly rate list and a default hourly rate is set for the employee, this hourly rate is suggested. Else it moves to the next level
- If the employee is in the resource group and a default hourly rate is set, this hourly rate is suggested. Else it moves to the next level
- If there is a default hourly rate set for the project, then this hourly rate is suggested. If no hourly rate is set on the project, then move to the next level
- Use the default hourly rate of the employee







The beauty of this algorithm is that it allows for defining the general condition at the highest level and then deviate on a lower level to define the exceptions from the general scenario.

**An example:** A project has been sold with a specific hourly rate of 150 € per hour for all work, except from travel time which can only be invoiced at 75 € per hour.

To facilitate this scenario, an hourly rate of 150 € is set on the project in project settings, while a “Travel time” task is setup with a default hourly rate of 75 €.

When allocating an employee on the project, an hourly rate of 150 € is suggested for all tasks except for the “Travel time” task, where 75 € is suggested.

An intern is working on the same project and it is agreed with the customer that the work of the intern is invoiced at 100 € per hour. To facilitate this, the intern is added to the resource group with a default hourly rate set at 100 €.

When allocating all employees to any task on the project, an hourly rate of 150 € is still suggested except for the intern for whom an hourly rate of 100 € will be suggested instead.

For the “Travel time” task, all employees including the intern are still suggested an hourly rate of 75 €.

Setting up projects correctly like in the example saves the project manager from doing a lot of manual work while allocating, and at the same time it ensures that the customer is invoiced correctly according to the agreement.

By three simple actions in the example project, the project manager does not need to change the suggested hourly rate when allocating, except if the intern is to be invoiced at a different hourly rate on the “Travel time” task.

The three simple actions were

- Setting a project hourly rate
- Setting a task hourly rate on the “Travel time” task
- Adding the intern to the resource group with a specific hourly rate

## 2.3 Project templates working across currencies

Project templates are created by saving an existing project as a template. This existing project will be in a specific currency. When the template is used for creating a project in a different currency, TimeLog will still be able to select the correct hourly rates for the new project.





When creating a project from a template, the project hourly rates are created first based on the template. Next, TimeLog will find the actual price and correct currency of each hourly rate in the customer specific price list or the standard price list. If the project hourly rate is not available in the price lists, the actual price will be calculated on the fly based on the currency exchange rates from the European Central Bank.

After establishing the project hourly rates, all the default hourly rates throughout the project are updated to point to the project hourly rates and budget amounts are recalculated as Budget hours x Default hourly rate.

**An example:** A template project is created in Euro. The project has five hourly rates, where the “Travel” hourly rate is a special hourly rate that does not exist in the standard price list. The template project has a default hourly rate set to “Development” and the “Travel time” template task has a default hourly rate set to “Travel”.

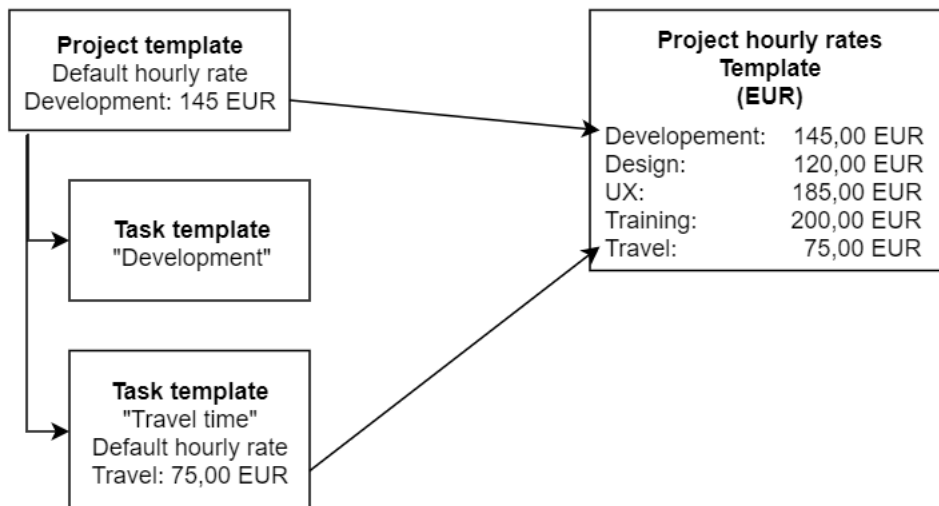


Figure 6: Example of a project template with template project hourly rates.

Creating a new project called “My copy project” under the price group “Denmark” with currency DKK will result in the below project, where the default hourly rates are copied from the “Denmark” price group while the “Travel” hourly rate is calculated as  $75 \times 7,45$  that was the exchange rate from Euro to Danish kroner on the day the project was created.



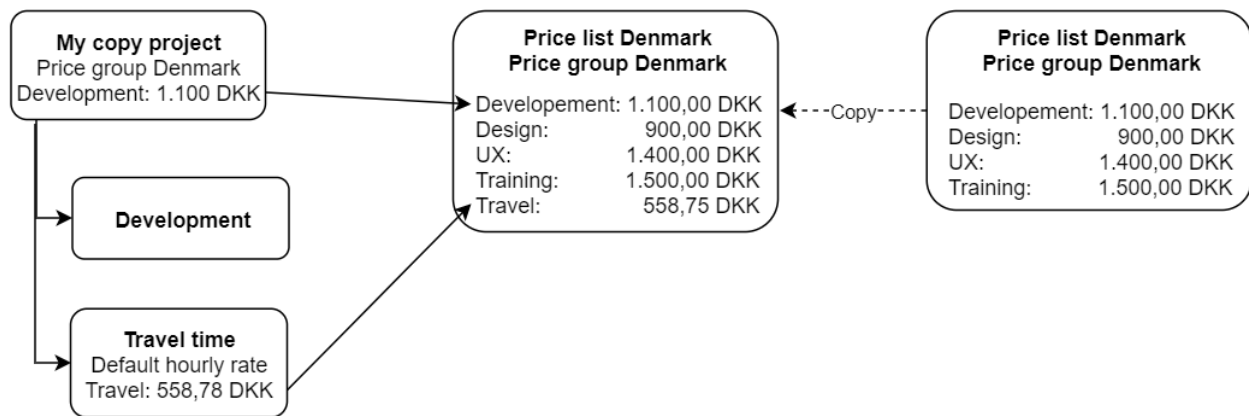


Figure 7: Example of a project created from Figure 6 project template in a different currency.

## 2.4 Indexation of hourly rates

Indexation means to increase the hourly rate a bit. Often around the same as the general price index changes in the country of the customer. But often indexation is excluded from specific customers and projects, and it differs how much it is possible to index different customers.

TimeLog will make a dedicated indexation interface that allows you to filter out customers, their projects and contracts marking which to be indexed by allowing to batch

- Index all hourly rates under the selected customer with a specific percentage
- Update all hourly rates on selected projects with a specific percentage
- Update all hourly rates on selected contracts with a specific percentage
- Update changes in a standard price list for selected customers, projects or contracts
- Update changes in a customer price list for selected customers, projects or contracts

Indexation can for now only be done back in time. This is because the existing time registrations are updated with the indexation and get the new hourly rate. This means that all numbers are recalculated. All new registrations made from that date will get the new hourly rate too.

## 2.5 Creating hourly rates on the fly

It will be possible to create hourly rates on the fly in the project from the list of hourly rates on the contract, in the project settings and when setting the default hourly rate for the task. When creating an hourly rate from the project, the project manager can decide, if the hourly rate is to be used on the project only, or if it should be added to the standard price list or to the customer specific price list. The access to do this is based on the user roles and privilege settings done in the system administration.





This makes it easy to handle both project specific hourly rates and price list modifications directly from the project without having to navigate to the system administration.

## 3 How to handle the change

This is a list of concrete system changes to be aware of, and advice on what to do after the release to help making the transition to the new hourly rate model less stressful.

### 3.1 Who is affected by the release?

- Project managers
- Project controllers
- System administrators controlling price lists

### 3.2 Specific changes

#### 3.2.1 Project hourly rates instead of references to price lists

The major change in this approach is that instead of referencing an hourly rate in the standard or customer specific price lists, the project holds its own copy of the hourly rates, which provides you with complete freedom to change the hourly rates for the specific project and opens up for adding project specific discounts.

When time and material projects (or contracts) are created, the project manager should change the hourly rates on the project, if they differ from the standard or customer specific price list.

#### 3.2.2 No hourly rate on resource group members by default

In the current version of TimeLog, an employee always has a default hourly rate when added to the resource group. In the new release, the employee will have no default hourly rate set.

The reason for this change is that employees can be allowed to track time on all tasks. If an employee is not in the resource group, and they find a task by “search all tasks” and tracks time on it, the employee is added to the resource group with the hourly rate used for the time registration (see section [2.2.5.2](#)). If the hourly rate for this task is only valid for this task, the employee will be suggested with this hourly rate on all other tasks as well (see section [2.2.5.2](#)).

Setting no default hourly rate eliminates this error scenario and the “intelligent hourly rates suggestion” is delegated back to the employee default hourly rate except for when the default hourly rates are defined on the project.





If an employee is to have an hourly rate that differs from his or her default hourly rate, the project manager can set the hourly rate on the resource group manually.

### 3.2.3 Security and rights management

In the current application, access to set up price lists are managed through access to the system administration page. With this new release, it will be possible to add hourly rates to price lists through the creation of hourly rates directly in the projects.

To keep price lists in control, it will be possible through privileges to control, if the employee can

- Create project hourly rates
- Add the created hourly rate to standard price list
- Add created hourly rate to customer specific price list

## 3.3 What to do when the new hourly rates model is released?

When the system is updated, the **system administrator** should

- Go through all customer specific price lists and delete all overridden hourly rates and special prices that only relates to existing projects and is not a general customer specific hourly rate.
- Set user privilege on hourly rates creation for project manager roles in the role management under employees to control which roles are allowed to create hourly rates in the project, and if they can add the created hourly rates to the price lists

When the system is updated, the **project manager / project controller** should

- Read and understand the material on the new hourly rates model
- Go through all their time and material contracts to validate the hourly rates are correct
- Remove irrelevant hourly rates from the projects to avoid them being used by accident
- Set up default hourly rates, where relevant, to ensure correct pricing and avoid spending time correcting hourly rates when invoicing

## 4 Future non-planned development

In this section, we list some of the future development plans for hourly rates handling in TimeLog. We do not currently have any timeline for these ideas, but list them here to give you an opportunity to get involved in the future development of TimeLog.

Please let us know your ideas and what you think would make TimeLog better and more user-friendly by writing an e-mail to [feaurerequest@timelog.com](mailto:feaurerequest@timelog.com).





Our developers are working hard every day to bring new functionality to you, and we are prioritising feature requests based on what brings most value to the highest number of customers. Do not hesitate to let us know what you believe is the most valuable feature or improvement we should develop.

### 4.1 Cascading upgrade of hourly rates changes

Updating a default hourly rate in a project must offer the user to cascade update time registration and allocations that are not aligned with the changes. E.g. setting a default task hourly rate after allocations and time registrations have been created should ask, if you want all allocations and time registration to be updated with the new default hourly rate. This will save a lot of maintenance time doing such updates manually through the “Manage hourly rates” page.

### 4.2 Discount on hourly rates

Instead of overriding a default hourly rate in a customer price list, it will be possible to add a discount to the hourly rate instead. The discount will follow the time registration, and on the invoice the full hourly rate and the discount will be added clearly communicating to the customer they got a discount. This can be favourable when negotiating the project that the customer remembers they got a discount and do not try to get a discount on an already discounted hourly rate.

#### Customer specific prices: Lego

|             | Denmark (DKK) |          | Europe (EUR) |          |
|-------------|---------------|----------|--------------|----------|
| Name        | Hourly rate   | Discount | Hourly rate  | Discount |
| Development | 1,100.00      | 10%      | 100.00       | 0%       |
| Design      | 900.00        | 10%      | 100.00       | 0%       |
| UX          | 1,400.00      | 0%       | 160.00       | 0%       |

Figure 8: Example of a customer price list with both discounted and overridden hourly rates.

### 4.3 Improved support for multiple legal entities (MLE)

When the MLE module is active in TimeLog, the model will support both when legal entities are operating separately with their own separate price lists and when legal entities share hourly rates across all legal entities.

The current version of TimeLog only supports operating with separate price lists per legal entity.





Standard price list Denmark

| Hourly rates | Price groups  |               |              |
|--------------|---------------|---------------|--------------|
|              | Denmark (DKK) | Germany (EUR) | Europe (EUR) |
| Development  | 1,100.00      | 140.00        | 120.00       |
| Design       | 900.00        | 125.00        | 100.00       |
| UX           | 1,400.00      | 185.00        | 160.00       |

Standard price list Sweden

| Hourly rates      | Price groups |               |              |
|-------------------|--------------|---------------|--------------|
|                   | Sweden (SEK) | Germany (EUR) | Europe (EUR) |
| Senior consultant | 2,000.00     | 200.00        | 175.00       |
| Junior Consultant | 1,400.00     | 150.00        | 125.00       |
| Assistant         | 800.00       | 100.00        | 75.00        |

Figure 9: Two legal entities with their own price lists.

It is possible to have a setup, where the legal entities mostly provide the same services hence having the same set of hourly rates, but they are priced separately per legal entity. This means some of the hourly rates are available in all legal entities, while legal entity specific hourly rates are only available in a specific legal entity. This will allow the “intelligent hourly rates suggestion” to work across legal entities locating the correct hourly rate no matter if the employee is in the legal entity of the project.

In the below illustration, all hourly rates but training are available in both legal entities, but they are priced separately per legal entity.

Standard price list Denmark

| Hourly rates | Price groups  |               |              |
|--------------|---------------|---------------|--------------|
|              | Denmark (DKK) | Germany (EUR) | Europe (EUR) |
| Development  | 1,100.00      | 140.00        | 120.00       |
| Design       | 900.00        | 125.00        | 100.00       |
| UX           | 1,400.00      | 185.00        | 160.00       |
| Training     | 1,500.00      | 200.00        | 175.00       |

Standard price list Sweden

| Price groups |               |              |
|--------------|---------------|--------------|
| Sweden (SEK) | Germany (EUR) | Europe (EUR) |
| 2,000.00     | 200.00        | 175.00       |
| 1,400.00     | 150.00        | 125.00       |
| 800.00       | 100.00        | 75.00        |

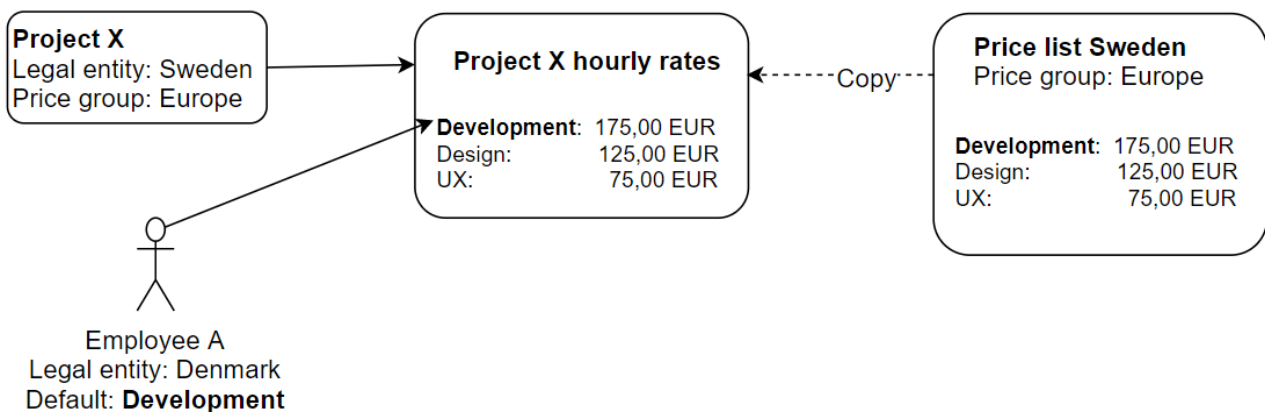


Figure 10: Price lists and illustration of cross legal entity hourly rate suggestion.

Even if the Development hourly rate is changed on the project or derives from a customer specific hourly rate, the algorithm will find the hourly rate and use the amount from the project price list.

