

PROJECT TIME BILLING ANALYSIS

Summit Digital Solutions, Inc.

Period: January 1, 2023 - December 31, 2023

Document Date: January 9, 2024

Reference: SDS-FIN-2024-001

1. EXECUTIVE SUMMARY

This Project Time Billing Analysis document provides a comprehensive review of Summit Digital Solutions, Inc.'s ("Company") project billing methodologies, rate structures, and utilization metrics for the 2023 fiscal year. This analysis has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the Company's internal billing policies.

2. BILLING RATE STRUCTURE

2.1 Standard Rate Categories

- Principal Consultant: \$375-425/hour
- Senior Consultant: \$275-350/hour
- Consultant: \$200-250/hour
- Associate Consultant: \$150-175/hour
- Technical Specialist: \$225-275/hour
- Project Manager: \$250-300/hour

2.2 Rate Adjustments

Rate modifications are implemented based on:

- Geographic market differentials (15%)
- Project complexity multiplier (1.0-1.5x)
- Volume discount agreements (-5% to -15%)
- Long-term engagement adjustments (-10% after 6 months)

3. PROJECT CATEGORIZATION

3.1 Service Lines

- AI/ML Implementation: 35% of total billing

- IoT Systems Integration: 28% of total billing
- Process Automation: 22% of total billing
- Digital Strategy Consulting: 15% of total billing

3.2 Industry Verticals

- Manufacturing: 45%
- Logistics: 30%
- Professional Services: 25%

4. UTILIZATION METRICS

4.1 Billable Hours Analysis

- Total Available Hours: 624,000
- Actual Billable Hours: 468,000
- Overall Utilization Rate: 75%
- Target Utilization Rate: 70%
- Variance: +5% (favorable)

4.2 Resource Allocation

- Direct Project Work: 65%
- Project Management: 15%
- Client Development: 10%
- Internal Training: 5%
- Administrative: 5%

5. REVENUE ANALYSIS

5.1 Revenue by Project Type

- Fixed Price Projects: \$39.4M (45%)
- Time & Materials: \$43.8M (50%)
- Managed Services: \$4.3M (5%)

5.2 Project Profitability

- Average Project Margin: 42%

- Highest Margin Service Line: AI/ML Implementation (48%)
- Lowest Margin Service Line: Digital Strategy Consulting (35%)

6. BILLING EFFICIENCY METRICS

6.1 Invoice Processing

- Average Days to Invoice: 5.2
- Collection Period: 45 days
- Invoice Accuracy Rate: 98.5%
- Billing Adjustment Rate: 1.5%

6.2 Write-offs and Adjustments

- Total Write-offs: \$875,000 (1% of revenue)
- Client Requested Adjustments: \$437,500 (0.5% of revenue)
- Internal Quality Adjustments: \$262,500 (0.3% of revenue)

7. COMPLIANCE AND CONTROLS

7.1 Billing Compliance

All billing practices conform to:

- SOX requirements
- AICPA professional standards
- Client contractual obligations
- Internal control frameworks

7.2 Quality Control Measures

- Bi-weekly timesheet reviews
- Monthly billing accuracy audits
- Quarterly rate structure reviews
- Semi-annual compliance assessments

8. RECOMMENDATIONS

- 1 Implement automated time-tracking integration with Peak Performance Platform
- 2 Standardize industry-specific rate cards

3 Enhance project profitability tracking tools

4 Develop real-time utilization monitoring dashboard

9. CERTIFICATION

This analysis has been prepared by the Finance Department of Summit Digital Solutions, Inc. and reviewed by the undersigned. The information contained herein is accurate and complete to the best of our knowledge as of the document date.

/s/ Sarah Blackwell

Sarah Blackwell

Chief Operating Officer

Summit Digital Solutions, Inc.

/s/ Marcus Thompson

Marcus Thompson

Director of Finance

Summit Digital Solutions, Inc.

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