

IoT Project Cost Allocation Report

Summit Digital Solutions, Inc.

Fiscal Year 2023-2024

Report Date: January 9, 2024

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1. Executive Summary

This report details the cost allocation methodology and financial distribution for Summit Digital Solutions' enterprise IoT implementation projects for fiscal year 2023-2024. The analysis covers direct costs, overhead allocation, and resource utilization across the company's Peak Performance Platform deployments.

2. Scope and Methodology

2.1 Project Coverage

This analysis encompasses all IoT implementation projects exceeding \$250,000 in total contract value, specifically focusing on:

- Enterprise sensor network deployments
- Edge computing infrastructure
- Data integration systems
- Analytics platform customization
- Implementation services

2.2 Cost Categories

The following cost categories have been analyzed:

- Hardware and equipment procurement
- Software licensing and development
- Professional services delivery
- Project management overhead
- Technical support infrastructure
- Training and documentation

3. Direct Cost Analysis

3.1 Hardware Components

Total hardware expenditure: \$12,475,000

- IoT sensors and devices: \$5,850,000
- Edge computing hardware: \$3,625,000
- Network infrastructure: \$2,100,000
- Installation materials: \$900,000

3.2 Software and Licensing

Total software expenditure: \$8,950,000

- Platform licensing fees: \$3,750,000
- Custom development: \$2,900,000
- Third-party integrations: \$1,400,000
- Security solutions: \$900,000

3.3 Professional Services

Total services expenditure: \$15,325,000

- Implementation consulting: \$6,750,000
- System integration: \$4,575,000
- Project management: \$2,500,000
- Training services: \$1,500,000

4. Overhead Allocation

4.1 Administrative Overhead

Annual allocation: \$4,250,000

- General administration: 35%
- Facilities and equipment: 25%
- IT infrastructure: 25%
- Quality assurance: 15%

4.2 Technical Support Infrastructure

Annual allocation: \$3,875,000

- Help desk operations: \$1,450,000

- System monitoring: \$1,225,000
- Maintenance services: \$1,200,000

5. Resource Utilization Analysis

5.1 Personnel Distribution

Total FTE allocation: 185 employees

- Project managers: 25
- Solutions architects: 35
- Implementation engineers: 85
- Support specialists: 40

5.2 Utilization Metrics

Average utilization rates:

- Billable hours: 75%
- Project-specific work: 65%
- Administrative tasks: 15%
- Training and development: 10%

6. Project Performance Metrics

6.1 Financial Performance

- Average project margin: 42%
- Cost recovery rate: 94%
- Revenue per FTE: \$472,000
- Operating efficiency ratio: 0.85

6.2 Project Delivery Statistics

- On-time completion rate: 87%
- Budget adherence rate: 91%
- Client satisfaction score: 4.3/5.0
- Change order frequency: 1.8 per project

7. Risk Management and Contingencies

7.1 Cost Overrun Protection

- Project contingency fund: 12% of direct costs
- Insurance coverage: \$10M aggregate
- Performance bonds: Required for projects >\$1M

7.2 Risk Mitigation Measures

- Vendor diversification strategy
- Component stockpiling program
- Flexible resource allocation model
- Structured change management process

8. Recommendations

8.1 Cost Optimization Opportunities

Implement volume-based procurement strategy

Standardize implementation frameworks

Enhance resource pooling efficiency

Optimize support infrastructure

8.2 Process Improvements

Automated cost tracking systems

Enhanced project scheduling tools

Integrated resource management platform

Streamlined approval workflows

9. Certification

This cost allocation report has been prepared in accordance with generally accepted accounting principles and Summit Digital Solutions' internal financial policies. All figures represented are supported by detailed documentation available in the company's financial management system.

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Date: January 9, 2024

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Date: January 9, 2024

10. Disclaimer

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