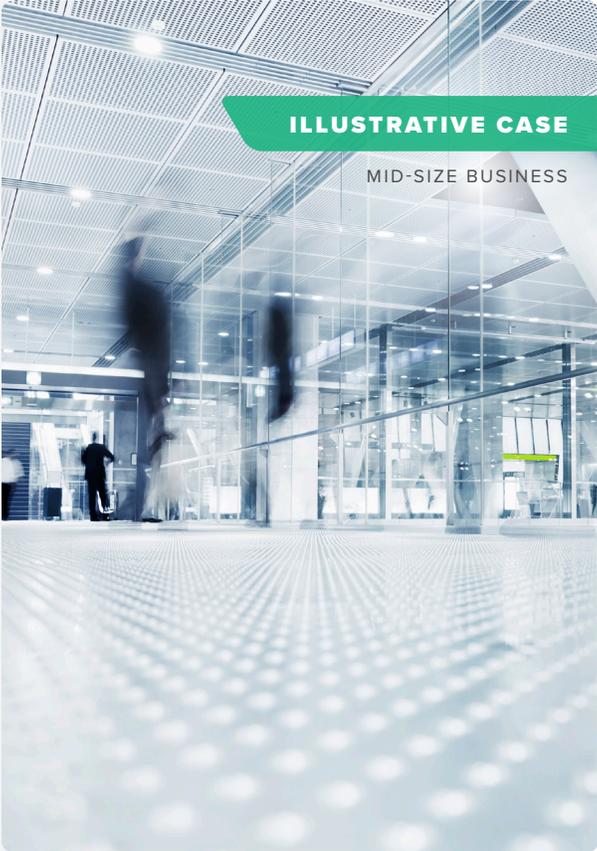




## Quantifying the Opportunity Cost of a Manual R&D Tax Credit Process

Without software automation, companies can spend up to **235 additional hours** and incur large opportunity cost penalties needlessly.



Boast has prepared this illustrative case example to highlight what companies truly face when compiling their R&D tax credit claims data—including cost capitalization data—to use the information and potential incentives to accelerate their innovation.



Often, companies dramatically underestimate the true burden for the business when using outside consulting firms or internal approaches. Boast will illustrate these costs and compare to their technology-driven, automation-enabled process and the benefits it offers.

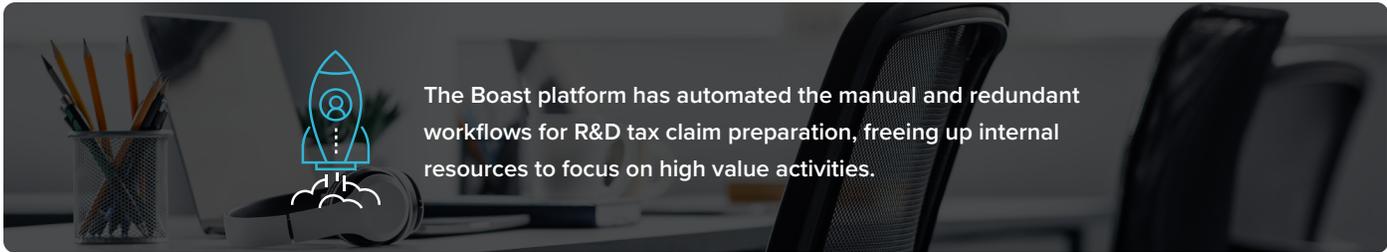
### R&D Tax Credits with Boast— An illustrative Case Example

Digital transformation has been a corporate priority for many years, but many executives struggle to identify when and how to implement this strategic initiative. When it comes to the accounting department, this initiative was quickly adopted with the advancement of cloud ERP but has stalled beyond this initiative.

Companies such as Avalara, Blackline, and Boast have furthered this initiative by automating additional manual and repetitive accounting workflows to streamline process and accuracy.

One accounting workflow that requires internal coordination across multiple departments is R&D cost calculations that are used for R&D tax credits and R&D cost capitalization calculations. Traditionally, we have seen that companies will leverage external consultants for this operation where in turn the consultants will just push the work back onto the company to gather the required information.

Just as Avalara did for sales tax compliance and reporting, Boast has built workflow and automation software to tackle the manual and repetitive R&D cost calculation process. Boast integrates with your technical and financial systems to automatically estimate R&D cost calculations more accurately throughout the year leading to:



The Boast platform has automated the manual and redundant workflows for R&D tax claim preparation, freeing up internal resources to focus on high value activities.

**WHY WORK WITH BOAST**

- Faster, Automated and Defined Processes
- Larger, More Accurate Claims
- Automated Audit Compliance
- Backed by R&D Tax Credit Experts
- More Cost Effective

## The Boast Platform Reduces Internal Time Commitment for R&D Cost Calculations by 94%

### Illustrative Company Profile

- Industry: Software
- 75 Developers
- 280 Total Employees
- \$12M Annual Spend On R&D
- 5 R&D Projects
- R&D Cost Capitalization in Excel
- R&D Tax Credits with a Big-4 Accounting Firm
- Currently Claiming 35% of R&D
- Expenditures (.35 Innovation Ratio)

### Largest Pains While Preparing R&D Tax Credit Claims

- High Internal Overhead
- Under Claiming
- Audit Risk
- Operational Succession Risk
- High Fees

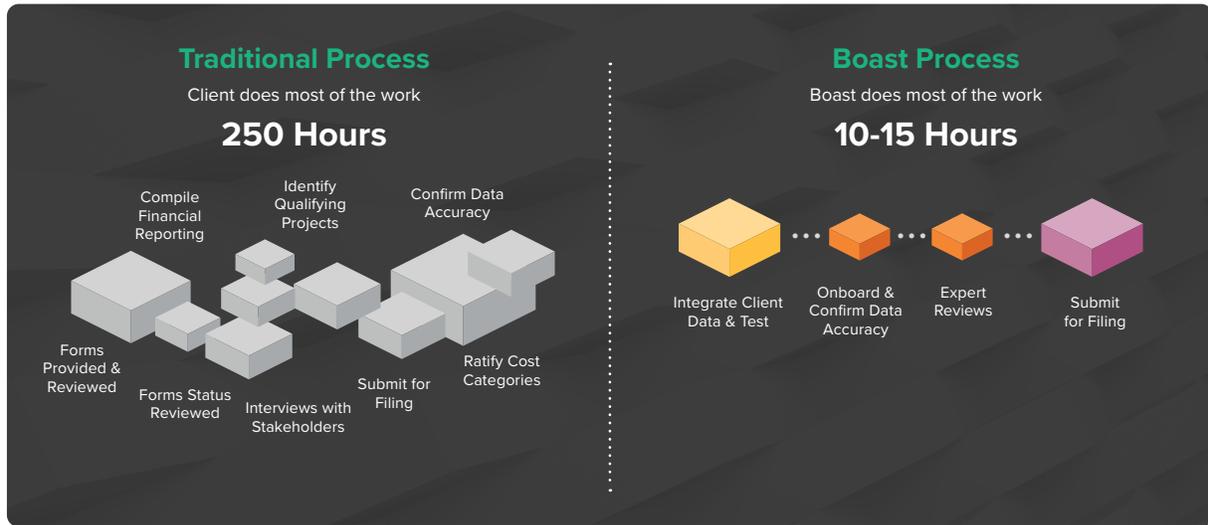
## Examining The Process

### Revealing the True Burden Faced by Companies

Prior to working with Boast, this company prepared their R&D tax credit claims with a large accounting firm and calculated R&D cost capitalization internally using manual spreadsheets.

The process was undocumented, manual, inconsistent, reactive, and involved multiple individuals from engineering and finance to help determine qualifying projects, prepare project descriptions and supporting documentation, as well as identify project costs and associated time tracking. Even though the company spent a significant amount of time on R&D cost calculations, they were still unsure if they were claiming the maximum amount they were entitled to because they were relying on incomplete time tracking and their engineering teams' memory at the end of the year.

To track down all the qualifying work, the engineering team had to manually fill out time allocations surveys and write descriptions of all the work that they did over the course of the fiscal year. This information was typically inadequate upon the first pass and required multiple rounds of revisions by the engineering team to finally satisfy the needs of the accountants. This was because most accounting firms don't employ technical employees that can decipher the technical innovation happening, causing unnecessary delays and unnecessary frustration.



	PRIOR TO BOAST	AFTER BOAST
VP Engineering, VP R&D	60 hours	5 hours
CFO, Controller, Dir Tax	40 hours	5 hours
Project 1 - Lead engineer + team	30 hours	1 hour
Project 2 - Lead engineer + team	30 hours	1 hour
Project 3 - Lead engineer + team	30 hours	1 hour
Project 4 - Lead engineer + team	30 hours	1 hour
Project 5 - Lead engineer + team	30 hours	1 hour
	<b>250 hours</b>	<b>15 hours</b>

**NOTE:**

- Cost of internal resources allocated to the current process is 250 hours, costing the company \$25,000.
- Opportunity cost from lost engineering productivity in the current process is equivalent to \$25,000.

Boast leveraged its technical and industry expertise as well as its experience in working with thousands of clients to provide strategic guidance on which projects should (or shouldn't) be claimed within the R&D program.

Since Boast is powered by proprietary R&D automation software, Boast was able to seamlessly integrate with the company's payroll and technical systems, such as JIRA and GitHub. This resulted in automated outcomes like **identifying and categorizing qualifying projects, resource time, and expenses, and creating the backup documentation** necessary to effectively defend an audit with minimum additional work.

### Boast vs. External Consultant Solutions

Many finance or c-suite leaders are not aware of the burden that engineering and other teams incur when involved in R&D tax credit claims preparation or cost capitalization efforts.

External Consultant		
<b>250 Internal Hours Across Engineering / Finance Teams</b>	<b>250 x \$100/hr</b>	<b>\$25,000</b>
Typically, external consultants push all the work onto the client in the form of surveys, time sheets, technical write ups, data gathering, technical interviews, endless meetings, and redundant efforts.		
<b>Opportunity Cost of 250 internal hours</b>	<b>250 x \$100/hr</b>	<b>\$25,000</b>
Every second your team is working on something besides moving the product forward is a second where they miss a sprint, miss a deadline, or delay productivity		
<b>Audit Risk (Internal Hours to Defend an Audit)</b>	<b>20% Audit Risk</b>	<b>\$5,000</b>
Most external consultants must cut corners when it comes to audit documentation because they simply don't have the resources to go through thousands of tickets and documents to categorize and identify what belongs to each R&D project. The resulting outcome is significant additional work when audited, otherwise the company could face significant claw back in tax credits, resulting in significant back taxes owing.		
<b>Opportunity Cost internal Audit (1 in 5 years audit)</b>	<b>20% Audit Risk</b>	<b>\$5,000</b>
No one wants to go through an audit, especially if you are unprepared. The opportunity cost of facing an unprepared audit is real and this means you and your team are forced to compile significant supporting evidence instead of high value creation items that you and your team just never find time to do.		
<b>Consultant Fee</b>	<b>150 hrs x \$300/hr</b>	<b>\$45,000</b>
Don't forget about accountant time and materials. This is the monetary cost that most Boast clients only quantify when they think about the true costs associated using their traditional accounting firm.		
<b>Additional Consultant Fee for Audit</b>	<b>20% Audit Risk</b>	<b>\$12,000</b>
Audits aren't free for anyone, and your account will charge you time and materials for helping you defend the audit.		
<b>Monetary Cost</b>		<b>\$57,000</b>
<b>Actual Cost</b>		<b>\$117,000</b>

Boast		
<b>15 Hours Across Your Team</b>	<b>15 hrs x \$100 / hr</b>	<b>\$3,750</b>
By taking your process online, and pulling data from over 60 different providers, Boast has streamlined the R&D cost calculation process by automatically estimating quarterly and yearly calculations.		
<b>Opportunity Cost of 15 Hours</b>	<b>15 hrs x \$100 / hr</b>	<b>\$3,750</b>
What could your team accomplish with an additional 235 hours?		
<b>Audit Risk</b>	<b>Audit Risk</b>	<b>\$300</b>
Boast claims get audited too, but our advanced algorithms sort, interpret, and categorize all your documentation proactively, meaning you can rest easy that we are always ready to defend your claim in a fraction of the time and effort. Clients of Boast can proactively reduce their provision for future allowances knowing that they have the industry gold standard for audit defence.		
<b>Opportunity Cost Audit</b>	<b>Audit Risk</b>	<b>\$300</b>
When the IRS comes calling, simply log on, adjust the fiscal year, and voila!...all your R&D cost and tax credit documentation are ready to go.		
<b>Consultant Fee</b>	<b>Licensing Fee</b>	<b>\$30,000</b>
Boast's transparent pricing gives you peace of mind that you know exactly what you will be invoiced; no additional fees, no surprise time, or materials.		
<b>Additional Fee for Audit</b>	<b>Included</b>	<b>\$0</b>
Boast is so confident in our proprietary platform and process that we stand by our claims, and will help defend you in the event of an IRS audit at no additional charge.		
<b>Monetary Cost</b>		<b>\$30,000</b>
<b>Actual Cost</b>		<b>\$38,100</b>

Most tax professionals don't look at opportunity costs and hidden fees when estimating their costs for R&D tax credit claim preparation. From a monetary standpoint, their initial cash outlay may only be \$45,000 to \$50,000 but given the most of the work that is pushed back onto the client and their teams, the true cost for their claim is 2x to 3x the cash outlay when factoring opportunity costs, additional audit fees, and lost productivity.

The Boast platform has automated the manual and redundant workflows for R&D tax claim preparation, freeing up internal resources to focus on high value activities. From a monetary standpoint, many professionals think that they are only saving \$10,000 to \$15,000 on their R&D tax claim service using Boast, but the true cost savings cost is closer to \$80,000 (\$117,000 minus \$38,000).

REDUCE INTERNAL  
TIME BY

**94%**

REDUCED COST BY

**\$27,000**

INCREASED PRODUCTIVITY

**\$51,900**

by \$51,900 as result of reducing internal time spent by 94% and reallocating resources from R&D tax credits to product development.

### Results: Boast Takes Away the Pain of the R&D Tax Credit Claims Process

- **High Internal Overhead** — Internal resources reduced by 94% or 235 hours
- **Under Claiming** — Advanced algorithms sort, classify, and capture all your R&D
- **Audit Risk** — Proactive audit documentation so you can rest easy
- **Operational Succession Risk** — Turn a key operation into a defined process with software
- **High Fees** — Boast is 68% cheaper when accounting for total cost of resources

**Why Work with Boast?** Boast automated processes and increased efficiencies, resulting in a more accurate R&D tax credit claim while drastically reducing the company's internal time spent.

TALK TO A BOAST EXPERT TODAY FOR A FREE ANALYSIS