

The Real Cost of Bad R&D Time Tracking

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Poor R&D time tracking can remain hidden until it's time to prepare a claim. The first visible sign may be a lower claim value than expected or a long and difficult reconciliation process. By that stage, the cost has already accumulated across the year.

The impact is much broader than administrative inconvenience. Weak records can leave qualifying effort unclaimed, pile on arduous documentation work, and erase a company's record of innovation and intellectual property creation.

1) The direct cost: documentation overhead

Companies that reconstruct time allocations from memory and scattered records at year-end have reported spending more than 30 hours per claim on documentation alone. That's before any dispute or query from a reviewing authority.

This effort repeats every claim cycle when the underlying process remains unchanged. Even a technically strong R&D project can become expensive to document when evidence has to be hastily assembled after the work is complete.

2) The hidden cost: under-capture

Under-capture occurs when engineers record only part of the time spent on qualifying work. The gap may develop gradually as logging habits slip, technical work moves between systems, or employees mistakenly assume that certain activities do not need to be recorded.

In one anonymised example, an engineer's annual R&D entries represented only a small part of the effort suggested by the surrounding project timeline. The time record had not kept pace with the real work that happened. The result was a smaller evidence base and a claim that may have excluded legitimate expenditure. Under-capture is difficult to detect because the missing hours do not appear as an obvious error.

3) The structural cost: reconciliation drift

Time attribution and financial records can diverge when they are maintained through separate processes. Differences in reporting methodology are not automatically evidence of a problem, but they need a clear explanation. Risk increases when nobody can show why the R&D record and finance record differ or how the final figure was reached.

Without a running reconciliation step, small inconsistencies can accumulate. Resolving them at year-end takes significantly longer and weakens evidence for funding claims.

COST TYPE	WHAT IT MEANS	HOW IT DEVELOPS	BUSINESS IMPACT
Documentation overhead	Time spent reconstructing R&D activity and evidence after the work is complete.	Time allocations are rebuilt from memory, emails and scattered records at year-end.	More than 30 hours per claim may be spent on documentation alone, with the same effort repeated each claim cycle.
Under-capture	Qualifying R&D work is completed, but only part of the time is recorded.	Logging habits decline, work moves across systems, or employees misunderstand which activities qualify.	Legitimate expenditure may be excluded, reducing the evidence base and the value of the claim.
Reconciliation drift	R&D time records and financial records gradually move out of alignment.	Separate teams, systems or reporting methods produce figures that are not reconciled throughout the year.	Year-end reconciliation becomes slower, differences are harder to explain and funding evidence is weakened.

A chart displaying the 3 major costs of bad R&D time tracking

What this means in practice

The cost of poor R&D time tracking appears in documentation overhead, under-capture, and reconciliation risk, compounded every claim cycle.

ReaDI-Watch's approach keeps attribution and reconciliation continuous. The objective is to identify gaps while the underlying work is still understood, with labour, technical activity, and financial records connected before claim preparation begins.