PLATFORM GUIDE

Variations

Head contract to subcontract, end to end

How a variation is raised, priced with cost and sell on the same line, linked to the subcontractor who is doing the work, approved, and carried through to your budget and your claim.

Every screen in this guide is the live Deep Space web app.

September 2026

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1. Why variations are the hardest money on a project

On a typical mid-tier commercial project the variations are where the margin is won or lost. The base contract is priced carefully over weeks. The variations are priced under pressure, often in a day, often while the work is already underway.

The problem is rarely the pricing itself. It is that the same change lives in two places at once. Your subcontractor prices it to you. You price it to your client. Those two numbers sit in different systems, or different spreadsheets, or different heads, and the difference between them is your margin. If you cannot see both at once, you cannot see the margin.

Deep Space keeps both sides on the same record. This guide walks the whole flow.

> **The two records**
>
> A Head Contract Variation (HVO) is the sell side. It is what you are charging your client, and approving it moves the contract sum.
>
> A Subcontract Variation (SVO) is the cost side. It is what your subcontractor is charging you, and approving it moves your committed cost.
>
> They are separate records because they are separate commercial events with separate approvals. Deep Space links them so you can see them together.

2. Where it starts: the head contract

Every variation hangs off a head contract. The Head Contract Register holds each client contract with its sum, retention rules and claim cycle. The value split here is the first thing worth understanding: your original value, your approved variations, and the revised value they add up to.

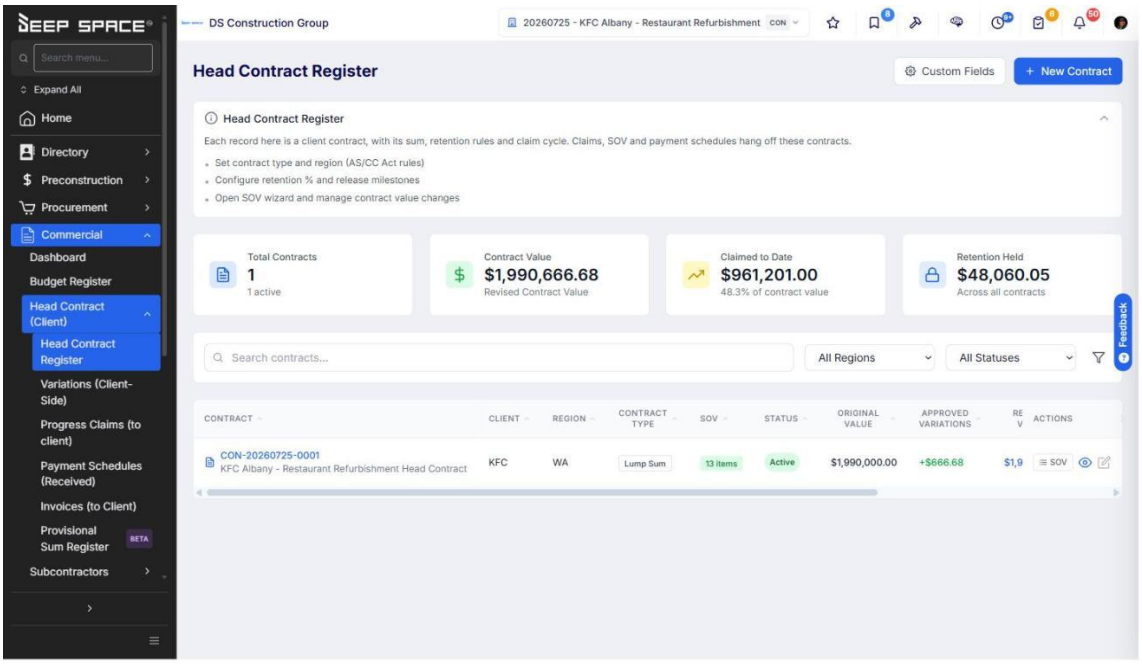


Figure 1. The Head Contract Register. Original value, approved variations and revised contract value are separate columns, so the movement is always visible.

The summary cards carry the same idea at project level. Contract Value shows the revised figure, not the original, because the revised figure is the one that matters once variations start landing.

3. The variations register

Commercial, then Head Contract (Client), then Variations (Client-Side). This is the client-facing register.

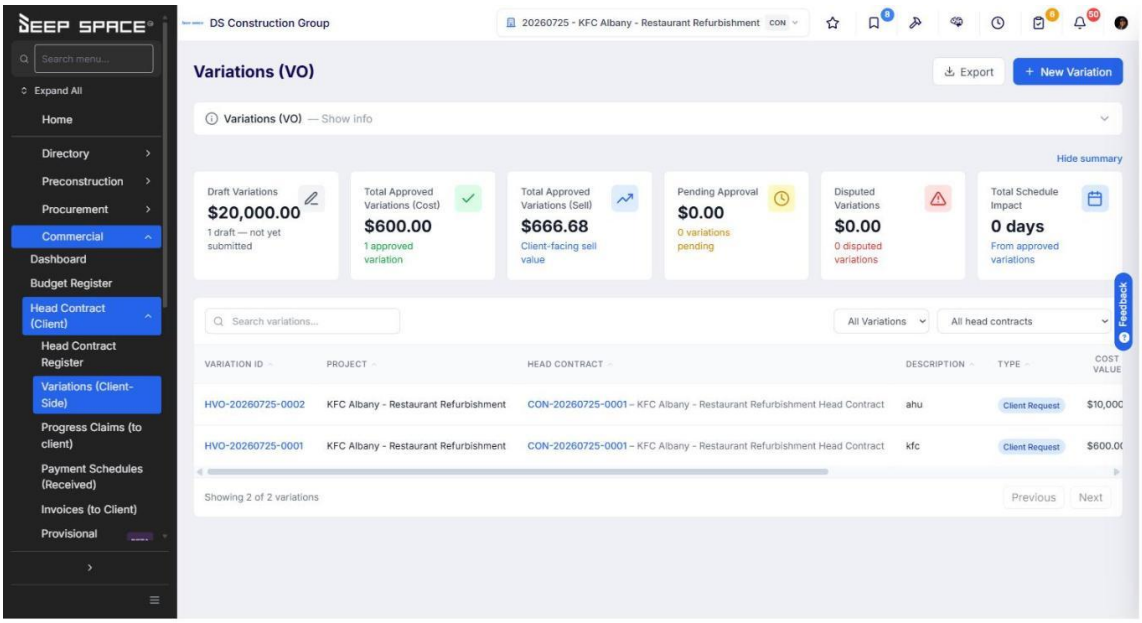


Figure 2. The variations register. Note the two separate cards: Total Approved Variations (Cost) and Total Approved Variations (Sell). Cost is what the work costs you. Sell is what the client pays. The gap is your margin.

Most platforms give you a single value per variation. Deep Space gives you both, because a variation with a value of $666.68 that cost you $600.00 is a very different commercial position from one that cost you $700.00, and you should be able to see which is which without opening anything.

The register also separates drafts from approved work, tracks disputed variations, and totals the schedule impact in days across everything approved.

4. Raising a variation

New Variation opens a metadata-only form. Deliberately, there is no pricing here. You capture what the change is and where it came from first, then price it separately once you know the numbers.

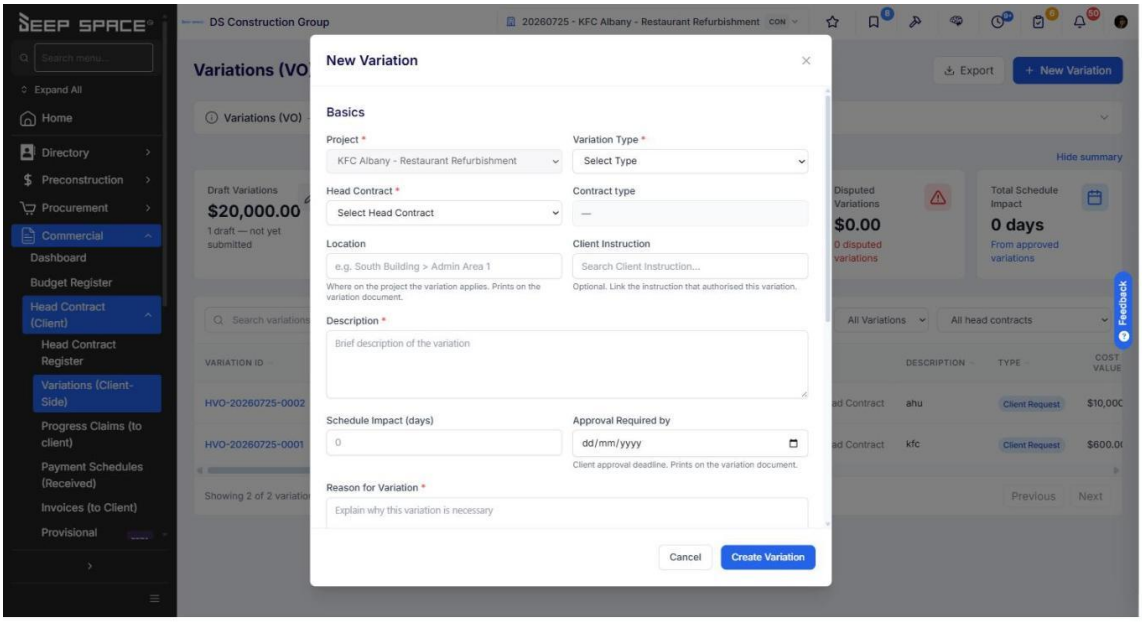


Figure 3. The New Variation form. Project, type, head contract, location, client instruction, description, schedule impact, approval deadline and reason.

The fields that matter commercially

Field	Why it is there
Client Instruction	Links the variation to the instruction that authorised it, so the authority for the change sits on the record rather than in someone's inbox.
Location	Where on the project the variation applies. Prints on the variation document.
Schedule Impact (days)	Captured at the same time as the cost. Approved variations roll up into a total schedule impact on the register, so time and money move together.
Approval Required by	The client approval deadline. Prints on the variation document, so the commercial pressure is on the page rather than in a follow-up email.
Reason for Variation	Mandatory. Every variation carries its justification.
Clarifications / Qualifications	Your commercial protections, recorded on the variation itself.

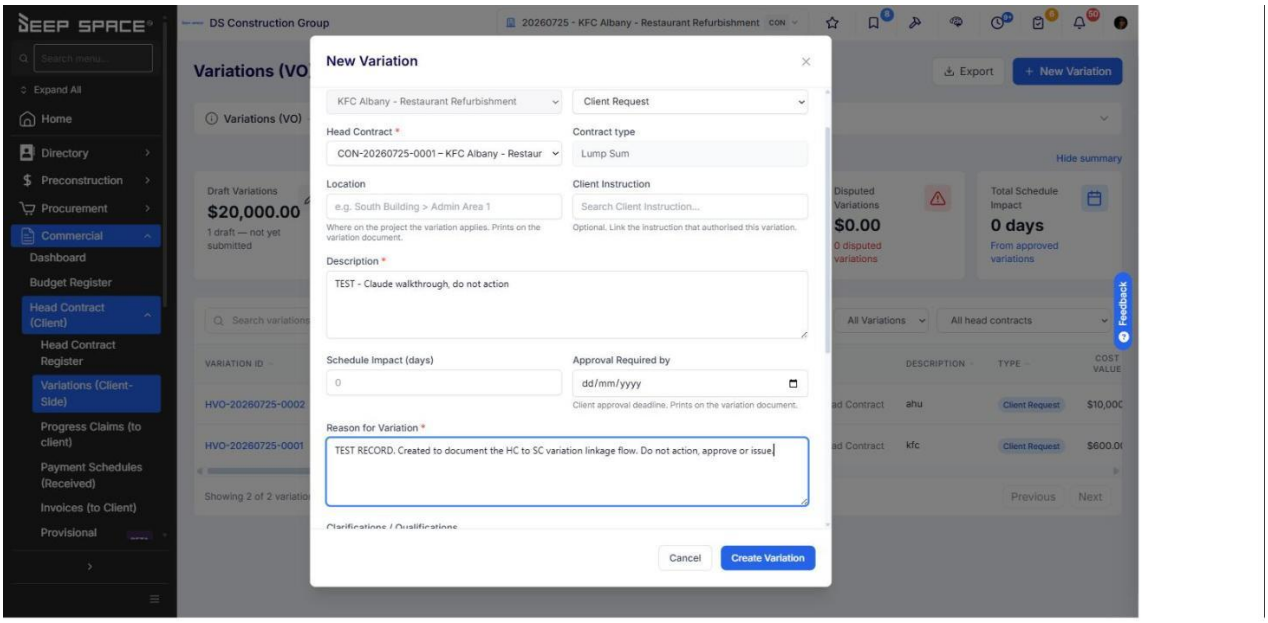


Figure 4. The form completed. Contract type has auto-filled from the selected head contract.

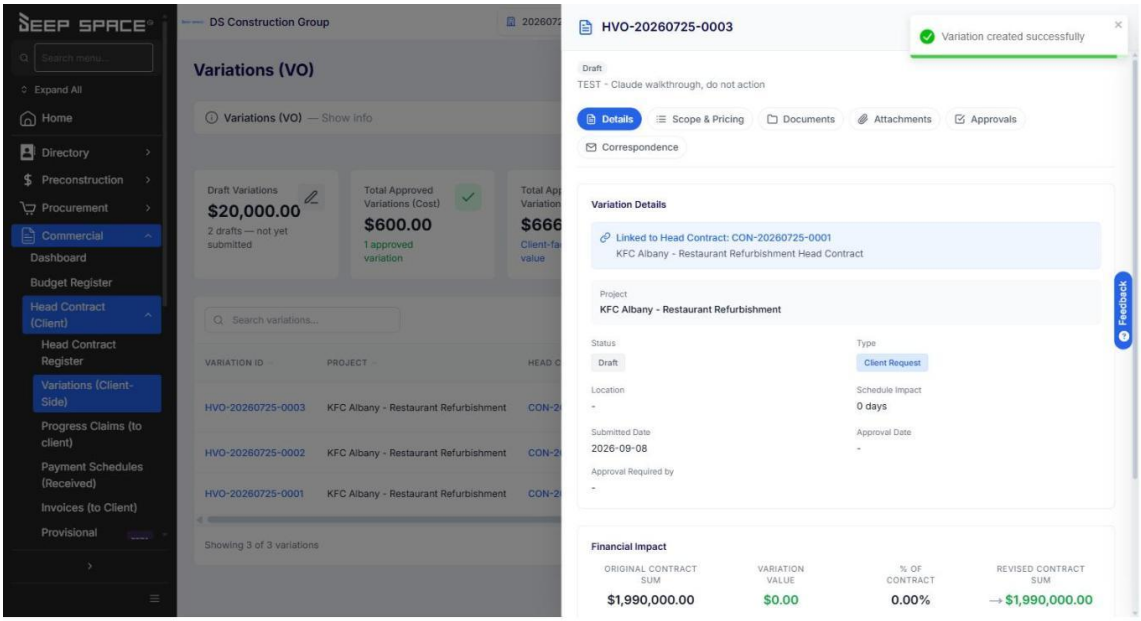


Figure 5. The variation is created as a Draft and linked to its head contract. Financial Impact shows the original sum, the variation value, the percentage of contract and the revised sum it would produce.

5. Pricing it: cost and sell on the same line

This is the part that makes the rest work. Open Scope and Pricing, then Add Item.

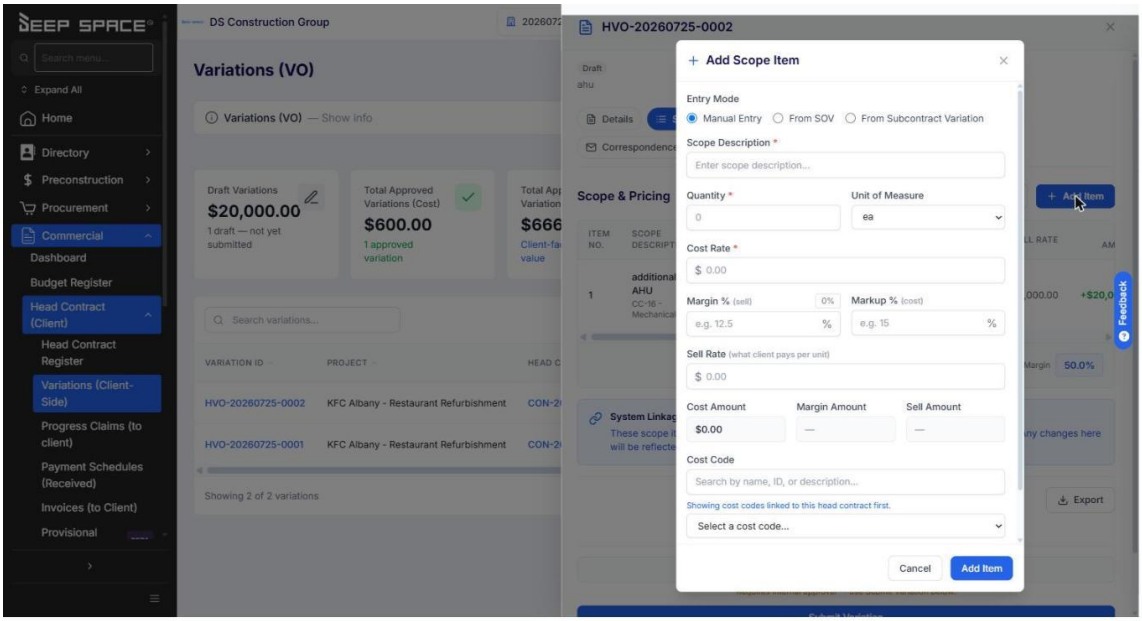


Figure 6. Add Scope Item. Three entry modes across the top, and both Margin % (sell) and Markup % (cost) available on the same line.

Three ways to build a line

Entry mode	When you use it
Manual Entry	You are pricing the change yourself. Enter quantity and cost rate, then either a margin percentage or a markup percentage.
From SOV	The change relates to work already in your schedule of values. Pull the existing line as your basis rather than retyping it.
From Subcontract Variation	Your subcontractor has already priced the change. Pull their scope straight in. Covered in section 6.

Margin and markup, both directions

Builders argue about margin and markup because they are different numbers for the same commercial position. Fifteen percent margin on sell is 17.6 percent markup on cost. Deep Space carries both fields and derives one from the other, so you enter whichever your business works in and the other fills itself.

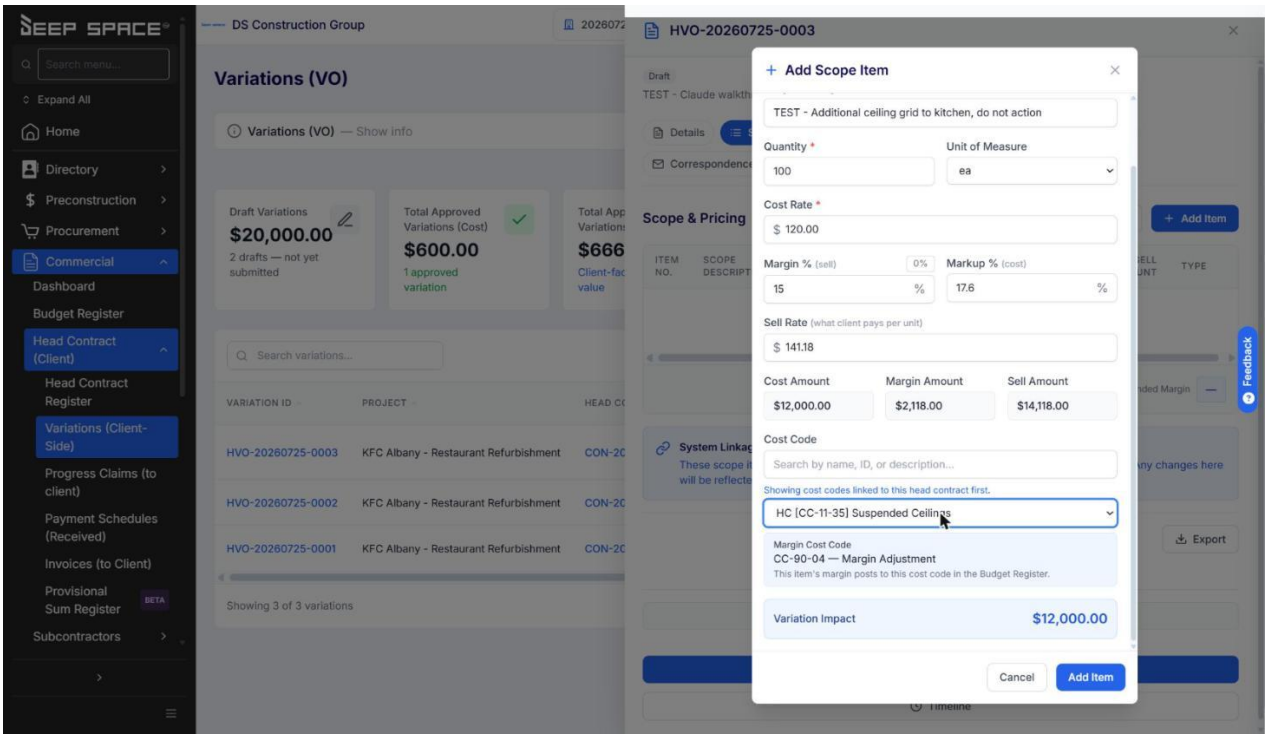


Figure 7. A line priced live. Cost rate $120.00 with 15% margin entered. Markup 17.6%, sell rate $141.18, cost amount $12,000.00, margin amount $2,118.00 and sell amount $14,118.00 all derive automatically.

Where the margin goes

Look at the panel below the cost code. It reads: Margin Cost Code, CC-90-04 Margin Adjustment, this item's margin posts to this cost code in the Budget Register.

This is a workspace setting. Many mid-tier builders model their budget register so that it totals to the contract sum rather than to cost, which means tender margin sits in the register as its own line. When that is how you work, variation margin needs a home too, or your revised budget stops reconciling to your revised contract sum the first time a variation is approved.

Deep Space lets you nominate that home. The margin on every variation line then posts to it automatically, and your register keeps tying out.

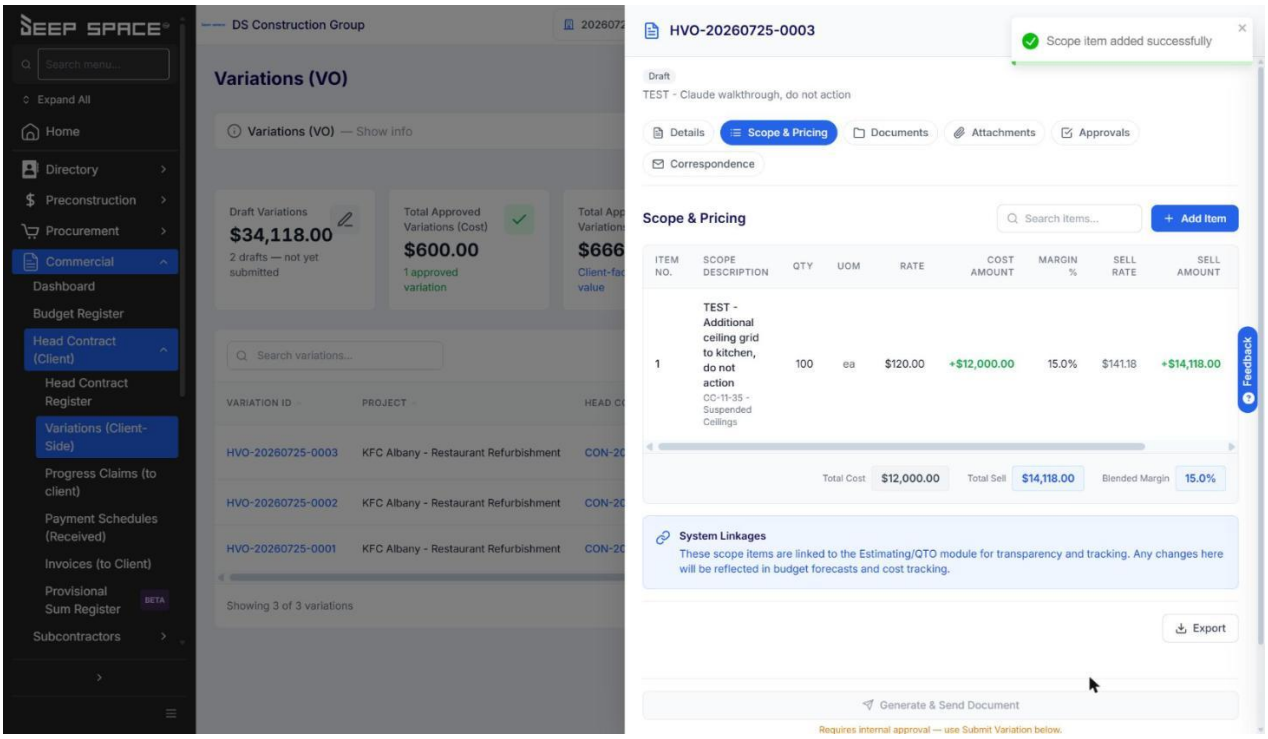


Figure 8. The priced line in the variation. Cost $12,000.00, sell $14,118.00, blended margin 15.0%, coded to CC-11-35 Suspended Ceilings. The blended margin figure updates as you add lines, so a multi-line variation shows its true overall position.

6. Linking to the subcontractor

Most variations are not priced by the head contractor from scratch. The subcontractor prices the change, and the builder adds margin and passes it to the client. Deep Space handles that as a direct import rather than a retype.

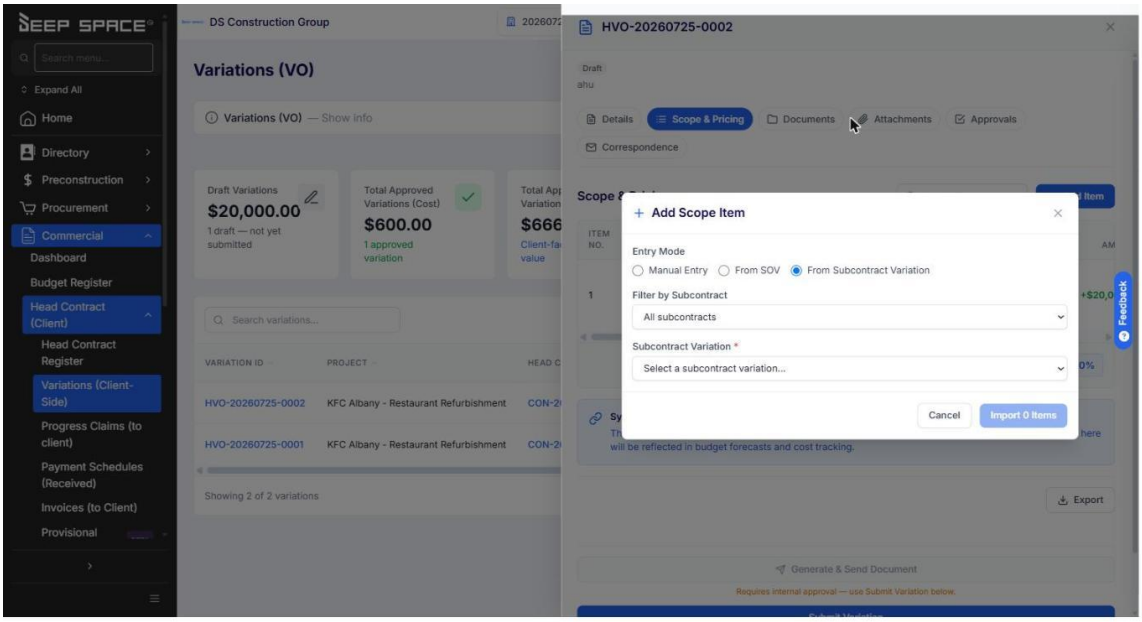


Figure 9. From Subcontract Variation mode. Filter to a subcontract, then pick the subcontract variation you want to draw from.

Select a subcontract variation and its scope lines appear with description, cost code, quantity, cost rate, base value, sell rate and sell amount. Tick the lines you want and import them into your head contract variation. Lines already pulled into another variation are flagged, so the same subcontractor cost cannot be billed to the client twice by accident.

What this gives you

- No retyping, so no transcription errors between what the subbie quoted and what you charged.
- The subcontractor's cost carries across as the cost side of your line, and you add your margin on top of it.
- Cost codes come across with the scope, so your budget coding stays consistent between the cost side and the sell side.

The subcontract side

The subcontractor-side register is the mirror image, under Subcontractors, then Variations (Subcontractor-Side).

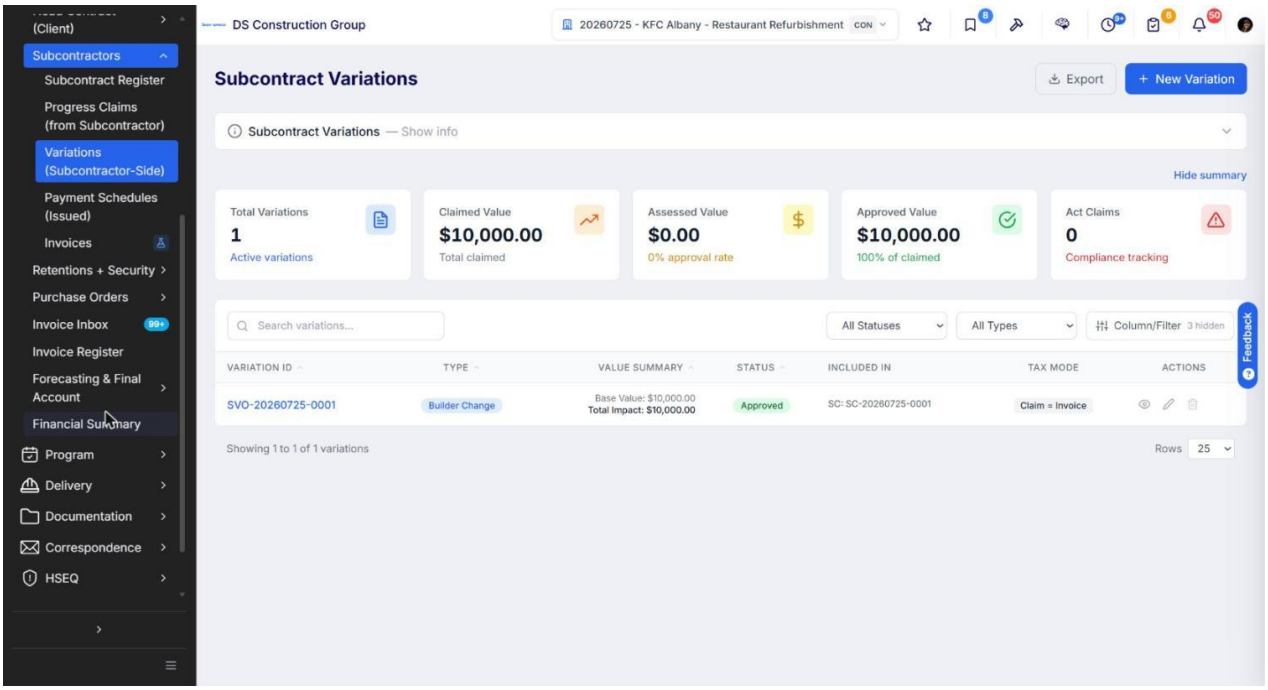


Figure 10. Subcontract Variations. Base value, total impact, status, and the subcontract each variation belongs to.

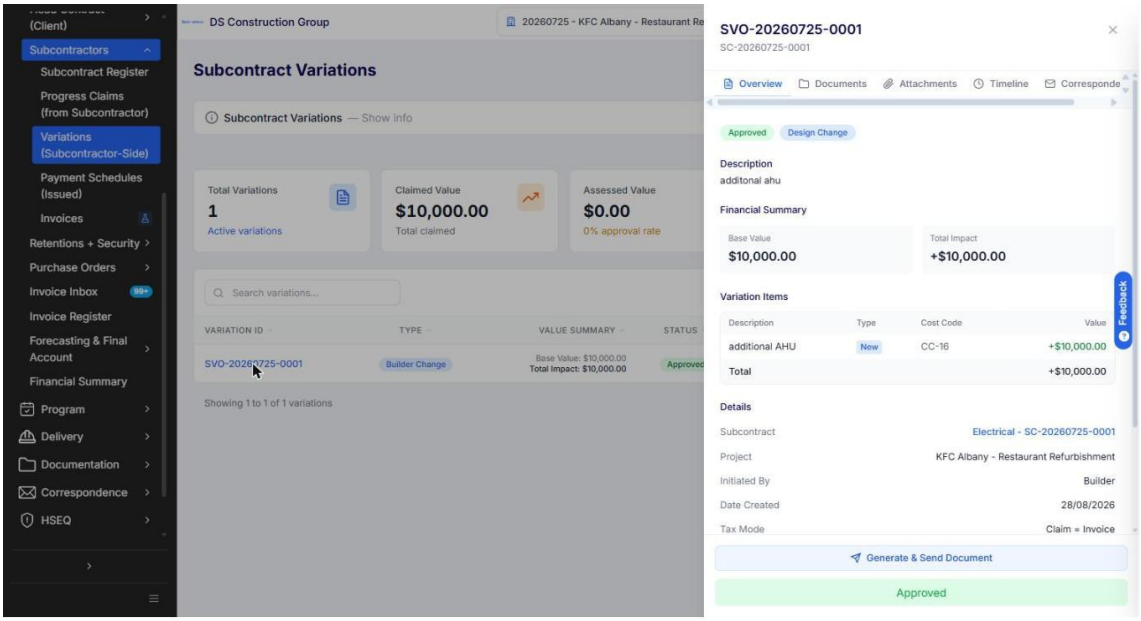


Figure 11. A subcontract variation in detail. Variation items with their cost codes, the linked subcontract, who initiated it, and the tax mode that governs how it flows into claims.

Note the Initiated By field. A variation can come from the builder or from the subcontractor, and the record says which, which matters when the two of you are reconciling at final account.

7. Approval: two gates, not one

A head contract variation passes two separate approvals, and keeping them apart is deliberate.

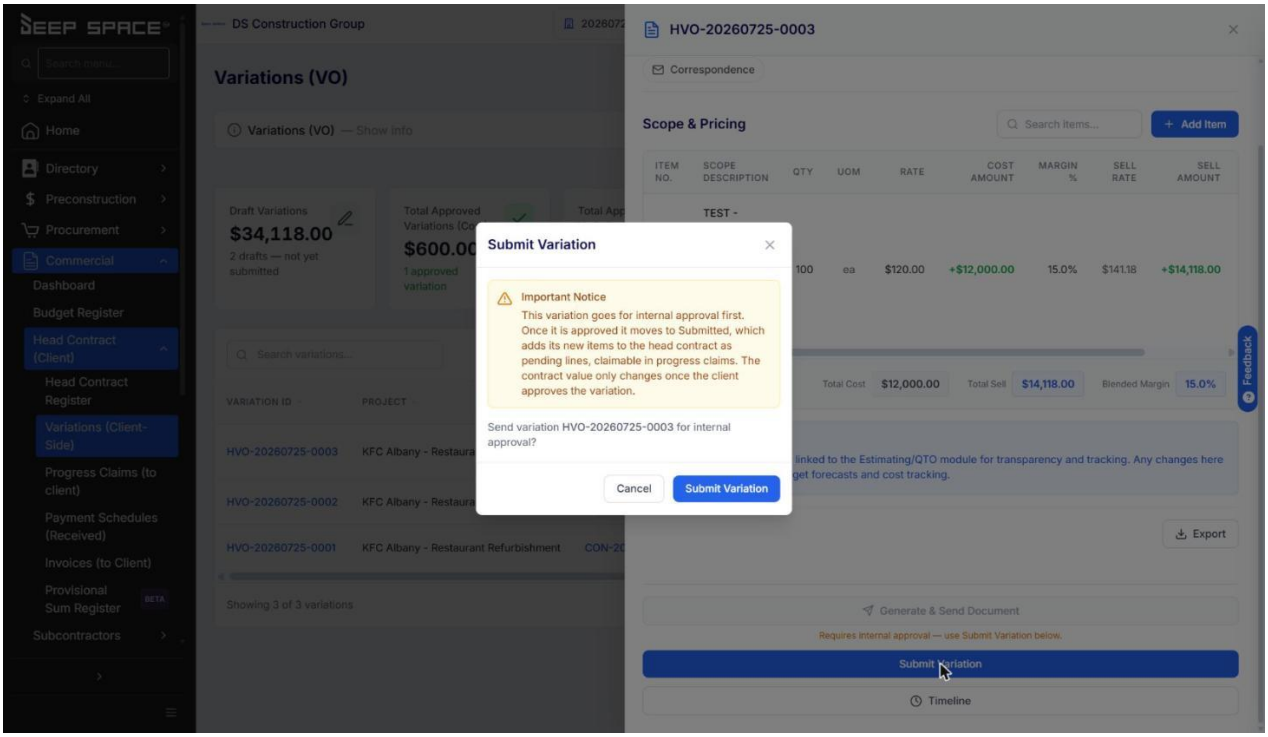


Figure 12. Submitting a variation. The notice states the sequence explicitly.

Read that notice carefully, because it describes the commercial logic:

1. Internal approval comes first. Your own team signs off before anything reaches the client. Until that happens, Generate and Send Document stays locked, so a variation cannot go out the door unapproved.
2. Once internally approved it becomes Submitted, and its items are added to the head contract as pending lines. Pending lines are claimable in progress claims, which is how you put commercial pressure on a client who is slow to approve.
3. The contract value only changes when the client approves. Until then your revised contract sum is untouched, however confident you are.

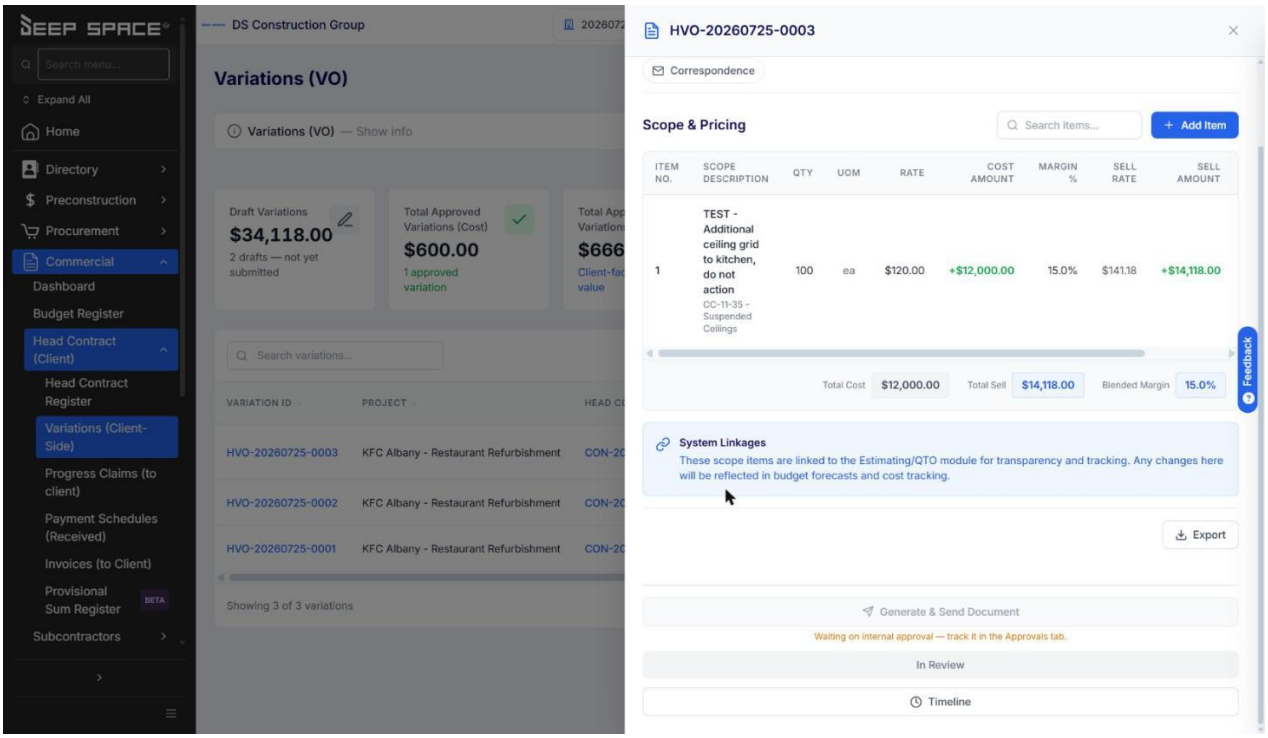


Figure 13. The variation sits In Review, waiting on internal approval, tracked in the Approvals tab.

Why this matters at final account

Because internal approval and client approval are separate states, the register can always answer three different questions: what have we priced, what have we sent, and what has the client actually agreed. Those are three different numbers and treating them as one is how projects lose track of their position.

What locks after approval

Once a variation is approved, its scope is fixed. Add Item is greyed out. The record becomes evidence rather than a working document, which is exactly what you want when a variation is being claimed against and, eventually, reconciled.

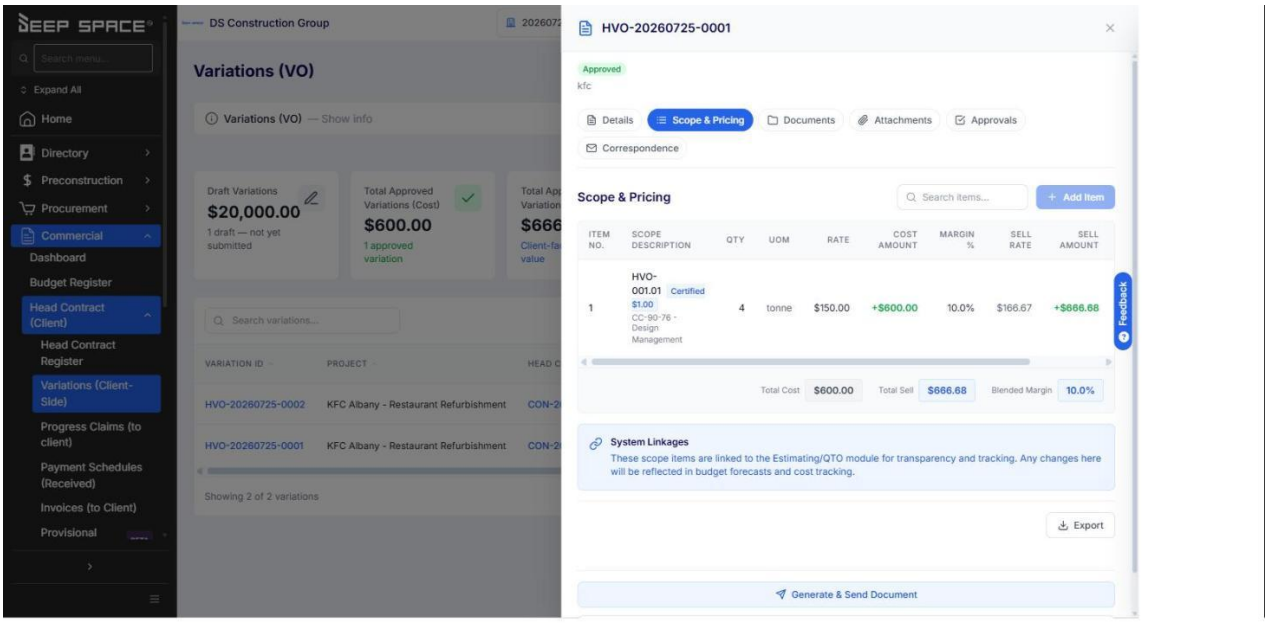


Figure 14. An approved variation. The line is priced at $600.00 cost and $666.68 sell, blended margin 10.0%, and Add Item is greyed out because the scope is locked.

8. Where the money lands

This is where the two-sided pricing pays off. An approved variation does two different things at once, and they go to two different places.

Side	Where it goes
Cost portion	Into the Budget Register, against the cost code on each scope line. Your cost budget grows by what the work will actually cost.
Sell portion	Into the head contract schedule of values, lifting the revised contract sum. This is what you can claim.
Margin portion	Into the Budget Register against your nominated margin cost code, so the register still reconciles to the contract sum.

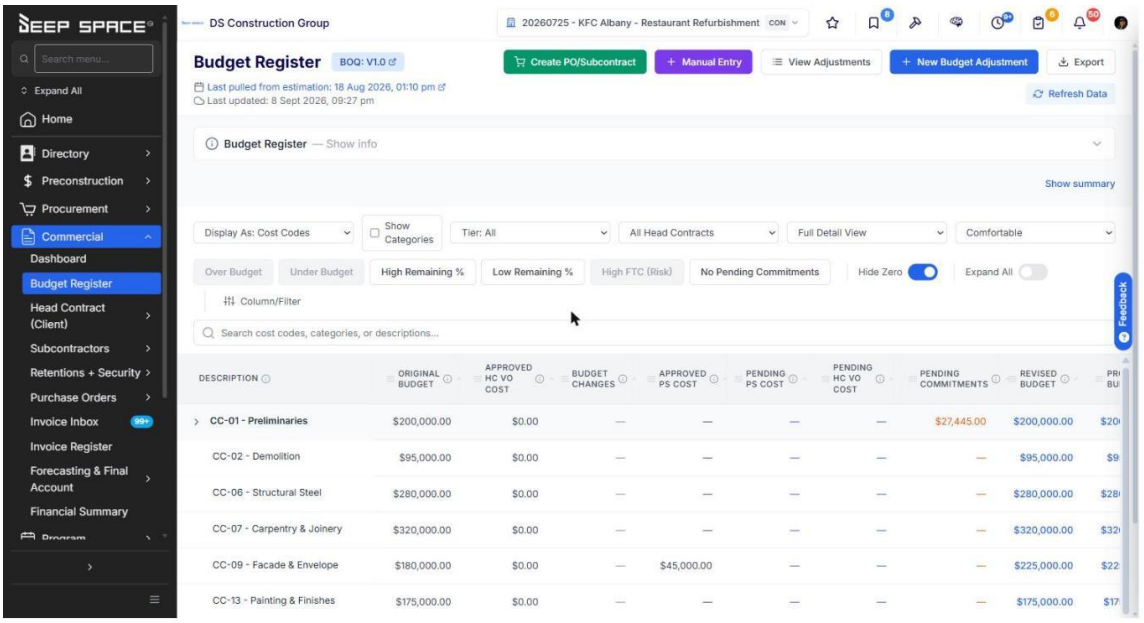


Figure 15. The Budget Register. Approved HC VO Cost and Pending HC VO Cost are separate columns, alongside Budget Changes, Approved and Pending PS Cost, Pending Commitments, Revised Budget and Projected Budget.

Approved and pending, side by side

The register distinguishes variations the client has approved from variations still in flight. Approved HC VO Cost is committed reality. Pending HC VO Cost is what your budget becomes if the pending variations land.

That distinction is what lets a project manager answer the question every director asks, which is not what the budget is, but what the budget is about to be.

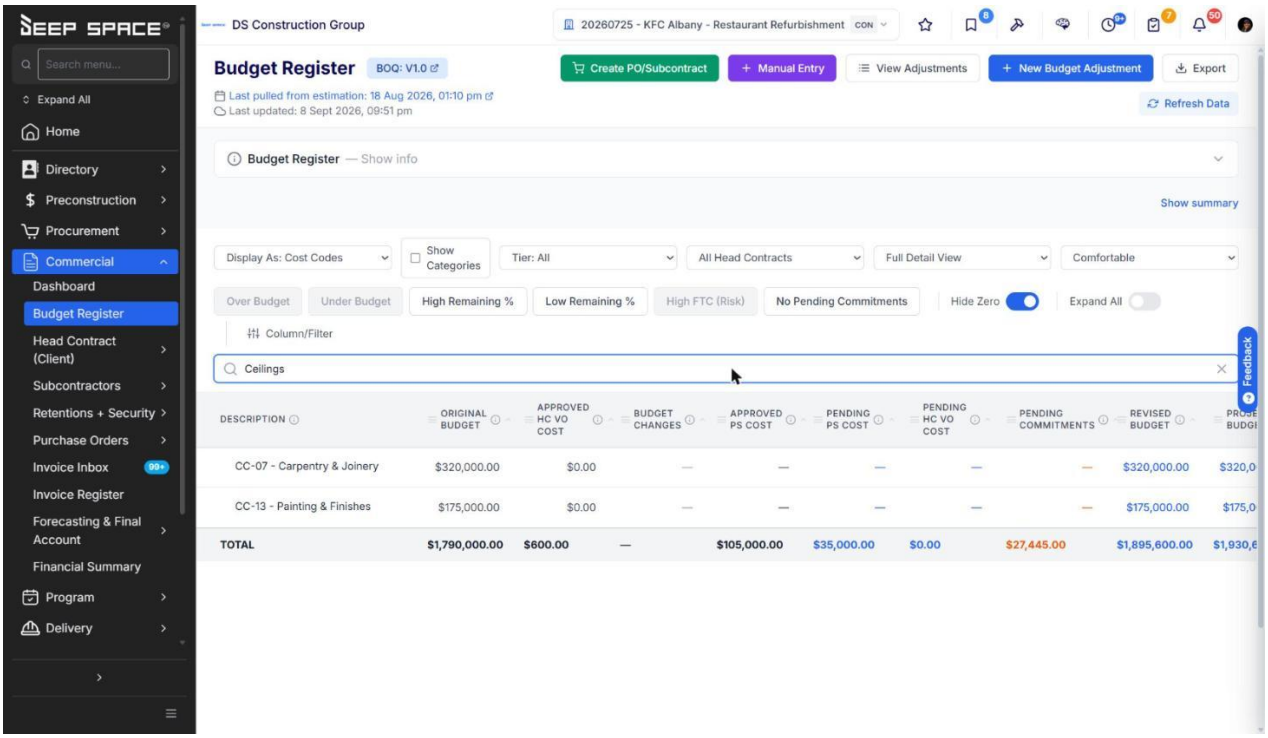


Figure 16. The totals row. Approved HC VO Cost of $600.00 has moved into the revised budget. Pending HC VO Cost reads $0.00 because nothing is currently awaiting client approval.

Recouped headroom

The sequence that matters: your client approves a variation at $12,000 of cost intent, so your budget envelope lifts by $12,000. You then commit the subcontractor at $10,500. The difference is visible immediately as headroom you have recovered, rather than disappearing into a single blended number.

That is only possible because the cost side and the sell side were captured separately at the point the variation was priced.

9. Carrying it into claims

Approved variations flow into head contract progress claims as individual scope item lines, each with its own quantity, rate and percentage complete. They are not collapsed into one lump figure.

- You can partially claim a variation, which matters when the varied work spans more than one claim period.
- Variation lines are shown separately from base schedule of values lines, so the claim matches how your client assesses it.
- A separate variation report can be produced for claim submission.
- Retention settings can include or exclude variations, depending on what your contract says.
- Submitted but unapproved variations can be shown on a claim, which is often the most effective way to get a slow client to approve.

On the subcontractor side the same applies in reverse. Approved subcontract variations flow into the subcontractor's claims and your payment schedules, with the tax mode on the variation governing the treatment.

10. The whole flow

Stage	What happens	What moves
Raise	Capture the change, its authority, its location and its deadline.	Nothing. Draft only.
Price	Build scope lines with cost, margin and sell. Enter manually, from the SOV, or import from a subcontract variation.	Nothing yet.
Internal approval	Your team signs off. The variation becomes Submitted.	Items join the head contract as pending lines. Claimable.
Client approval	The client agrees the variation.	Contract sum moves. Cost lands in the Budget Register, margin lands on the margin code, sell lands in the SOV.
Commit	The subcontract variation is approved.	Committed cost moves. Recouped headroom becomes visible.
Claim	Variation lines appear individually in the progress claim.	Cash.

> **One idea, if you remember nothing else**
>
> A variation has a cost and it has a price, and they are not the same number. Every screen in this guide is built around keeping those two figures visible at the same time, on the same line, from the moment the change is priced to the moment it is claimed.
>
> That is where the margin lives.