



*Tips For Selecting*  
Best-In-Class Revenue  
Management Software  
For ASC 606



# Moving Beyond Transformation and Transition

If your company was required to adopt ASC 606, the new revenue recognition standard that affects all businesses that enter into contracts with customers to transfer goods or services, you are most likely aware of the extraordinary demands placed on your Accounting, Finance, Sales, Legal and IT departments. These functions are forced to plan for and transform your organization's Accounting rules, procedures, policies, contracts, sales approach and commission structures in order to meet the deadline for adoption.

The focus on transformation and transition to ASC 606 consequently left little or no time for post-transition planning and implementation for many organizations.

Thus, many companies are now struggling with how to track performance obligations (POBs), apply new revenue calculation rules and record revenue. In addition, Accounting and Finance personnel may be unable to provide effective reporting and business-critical analytics as it is particularly challenging and time-consuming in this new world.

The under estimation of manpower required to properly document and record contract modifications and implement reconciliation procedures and adequate controls has led to non-compliance with the ASC 606 recognition standard, and it's delayed period closures, audits and statutory filings for many companies. These inefficiencies, combined with inadequate reporting and analytics capabilities, can be very costly for any company.

## Software Solution or Spreadsheets:

Without software in place designed to handle complex revenue scenarios and multiple revenue streams, track POBs and contract modifications, Accounting teams are left with no other option than reliance on spreadsheets and customized models. Though the use of spreadsheets may have been sufficient pre-adoption of ASC 606, many Accounting professionals are struggling now to meet demands imposed by the new revenue recognition standard.

So, has your company implemented a software solution to handle ASC 606, or are you faced with the challenge and risk of maintaining multiple spreadsheets?

Perhaps you are just beginning to appreciate the need for a software system to centrally control and apply Accounting rules, track POBs, calculate revenue, and generate summary-level journal entries that can easily be uploaded to your ERP system. And you recognize the value of providing multiple users visibility to present contract state and history including all events, bills, modifications, reallocations and fulfillment events that occurred since inception through either a robust user interface or standard reports.

**Sure, there are many software solutions available that will enable elimination of spreadsheets and automation of the revenue recognition processes to ensure compliance with ASC 606. But how do you find the best solution for your company?**



**For those who are struggling to keep up with the demands of a very complex new revenue standard, resolving the following questions may be frustrating and time-consuming:**

- How do I begin the process of searching for a software solution?
- Which software companies are industry leaders in revenue management for ASC 606?
- What questions should I ask potential vendors, and what do I need to tell them about my company's systems and processes?
- Who should I involve at my company to conduct the selection?
- Should I get a third party to help with the process?
- How do I narrow the vendor list and then select the best solution for my company?
- What documents do I need to prepare?

Having a solid step-by-step plan in place for the search and select process will guide you through resolution of these questions (and many more) and substantially increase your chances for selecting the optimal software solution for your company.

## Note from an Expert

Dan Lauten | 8020 Consultant



Hey, I have been in your shoes, so I know how stressful this situation is. As the former VP of Finance for a large Global IT Consulting firm, I led the software selection and implementation for several internal ERP systems. I also had the unique opportunity in my role to observe both the diligent process our clients went through to secure the best system provider for their companies and the pre- and post-implementation activities led by our Consultants. Now, as a Consultant for **8020 Consulting** - a Finance and Accounting Consulting firm based in LA, I specialize in leading clients through the entire process: from software search and selection to full-scale implementation and post-implementation process improvements.

Whatever your level of experience with selecting a software solution, I highly recommend engaging a third-party Consultant to lead the selection process and assist with negotiation of contract terms and conditions. And since most software solutions involve deep skills to successfully implement the new system, transform and migrate legacy data and integrate the new system with peripheral systems, I advocate using the Consultant who led the selection process to represent your company to project manage the implementation. This recommendation is provided they have the depth of knowledge with the software and skills to lead your company through a complex implementation.

I recently completed an engagement with a Global Sports and Entertainment company who adopted ASC 606 as of January 1, 2019. The client sponsor for the project, herself a former consultant with significant systems implementation experience, made the recommendation for late adoption of the new standard to allow ample time to plan and transform the company's sales, contract and accounting procedures, policies and processes. She also wanted to select and implement an optimal software solution to fulfill their complex business requirements, automate revenue recognition and ensure full compliance under ASC 606. This client selected 8020 Consulting to lead the search and selection process and to represent their company as the project manager for implementation. This ultimately dictated the success of the project by allowing internal teams to focus on their day-to-day duties and creating momentum and consistency throughout the project.



# Recommendations for Selecting the Best Software Solution for ASC 606

There are hundreds of books, white papers and articles on leading a successful software implementation, but relatively few focus on selecting the best software to meet a company's specific and often unique business requirements. This is unfortunate since every successful software implementation begins with securing the optimal solution.

What follows is a process for selecting the ideal software solution for your business.

**Note that Steps 2 - 5 below are related to preparation of the following documents typically prepared during the Search and Selection Process: Request for Information (RFI), Request for Proposal (RFP) and Request for Quote (RFQ).**



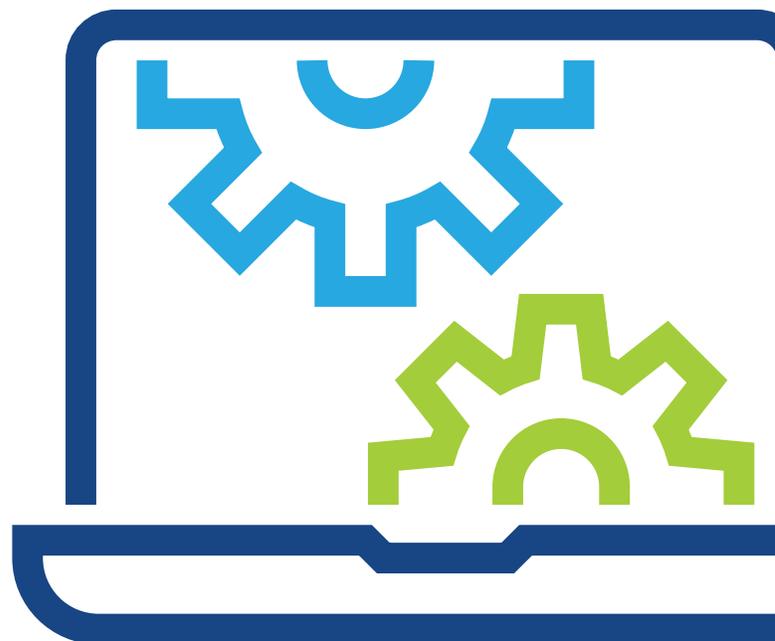


## 1. Treat the Selection Phase like any other project.

- Assemble a selection team. Identify stakeholders, C-Level sponsor, subject matter experts.
- Define management roles and responsibilities of the selection team.
- Create a project plan and communicate progress and updates with your team.
- Identify and monitor the project budget, scope and timeline.
- Schedule brief, regular meetings with your team to obtain project status updates and remove roadblocks.
- Routinely update the project sponsor on status, issues and changes to the plan.

## 2. Succinctly define and document the Business Requirements for the new system.

- Meet with subject matter experts, users and leadership to gather and refine requirements.
- Include Finance, Accounting, IT, Security, Legal, Sales and Business Development in the process of reviewing business processes, gathering requirements and identifying bottlenecks and other challenges.
- Give each Business Requirement a score from 1 – 5. A score of 1 would mean “nice to have” and 5 would mean “must have”. Use this scoring system when evaluating responses from potential vendor RFIs and RFPs.
- Gather feedback on final requirements from the user group; adjust if needed.
- Create and obtain project sponsor’s sign-off on a Business Requirements Document.





### 3. Prepare a list of current system specifications and requirements.

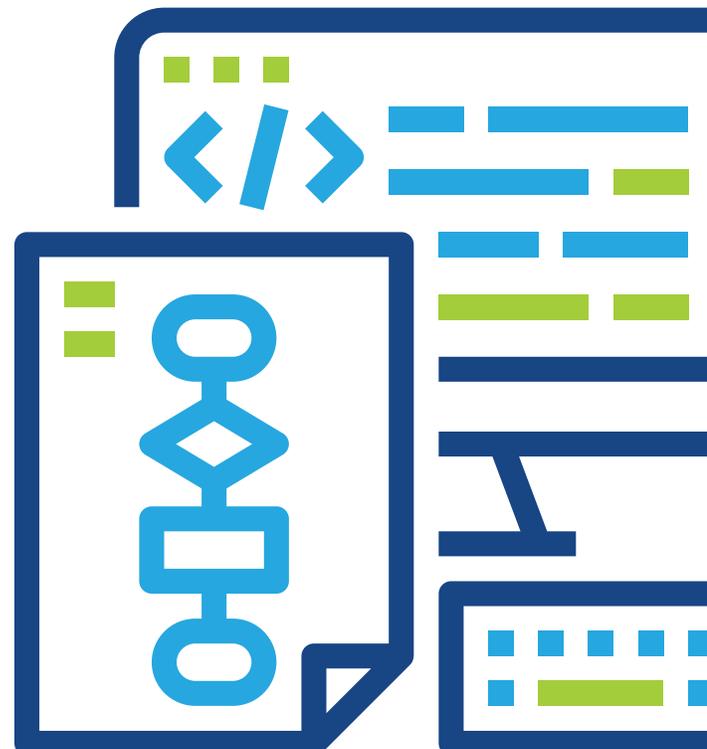
**These include:**

- Preferred delivery platform: cloud, on-premise
- Number of users, defined by type (e.g., admin, super-user, user, read-only)
- Current and planned systems to be integrated with the new system
- Existing hardware and network environment
- Data protection and security compliance requirements
- Number of entities and currency and language requirements
- Additional environment for ongoing UAT
- Other: mobile and offline system requirements

### 4. Prepare a list of specific ASC 606 software specifications and requirements.

**For example:**

- Contractual arrangements:
  - Multiple or single-year contracts
  - Year/Year pricing escalations
  - Bundled goods or services
  - Leasing
- Revenue allocations
- Carves
- Complex revenue scenarios
- Multiple revenue streams
- Multiple recognition policies (*Point in time, Dynamic, Ratable, etc.*)
- Disclosures
- Contract modifications
- User-defined fields



## 5. Prepare a list of implementation and post-implementation requirements.

These requirements typically include:

- Critical data sets in the legacy system and data migration requirements
- Scope and delivery method for training
- External consulting needs
- Manuals, desktop procedures, documentation, etc.

## 6. Prepare a shortlist of software solutions that support ASC 606.

- Identify market leading solutions and compile a shortlist.
- Produce an RFI document and send to shortlisted solution providers.
- Narrow shortlist based on RFI responses.
- Compile requirements and processes and include in an RFP.
- Narrow shortlist based on RFP responses and produce final shortlist of solution providers.



## 7. Prepare for and facilitate software demonstrations.

- Define scope for software demonstrations and book each vendor on the shortlist.
- Identify (3) use case contracts for the demonstration – from simple to complex. Review with each shortlisted vendor so they can best prepare for the demonstration.
- Prepare agenda with timeline for demonstrations. Note: allow ample time for Q&A.
- Create a scoring sheet for each vendor’s demonstration and distribute to selection team. The scoring sheet should enable each attendee to quickly assess if each business requirement is currently available, in development, available through a bolt-on system, not planned, etc.
- Prepare selection team for demonstrations:
  - Review Agenda and advise that timelines will be adhered to
  - Review scoring sheet details with the team
  - Encourage the team to remain positive, ask pertinent questions and stick to the agenda and use cases.
- During each demonstration, request the presenter to:
  - Review all modules within the software
  - Demonstrate uploading capabilities for products, contracts, revenue items, etc.
  - Demonstrate administrative functions, including entity, GL account string, fiscal calendar, Fx rates, products, accounting book, revenue segment overrides.
  - Walk through the Order-to-Cash process
  - Show how the software handles each use case, including revenue allocation
  - Demonstrate contract modifications, including cancellations, holds and POB-related changes
  - Process and approve journal entries and simulate upload to ERP
  - Simulate bill-match import from ERP
  - Review out-of-box reporting and data import/export capabilities, including:
    1. Revenue
    2. Deferred Waterfall
    3. Roll-forward revenue
    4. Balance sheet reports

- Demonstrate the user interface and dashboard
- Review security enablements, such as two-factor authentication and SSO.
- Discuss system integration with:
  1. CRM / Order Management System
  2. ERP System
  3. Order Entry System, if different from CRM or ERP
  4. Billing Software, if different from ERP
  5. Other specific integrated systems identified in system requirements
- Discuss the vendor’s recommendation for internal manpower and skills to administer and operate day-to-day functions.
- Discuss the vendor’s approach to and cost for technical support, help desk, etc.
- If applicable, review related software included in this vendor’s portfolio, including Billing, Order Entry, and others which may be beneficial in the future.

## 8. Make final software solution selection.

- Assemble the selection team immediately after each demo for debrief
- Seek 2-3 vendor references from each vendor
- Send an RFQ to all vendors that demoed
- Assemble the selection team and review RFQ responses
- Make final selection and proceed to contract negotiations
- Present the business case to company tech governance committee, Board of Directors, etc., for approval, if required.
- Agree to contractual terms and conditions and deliver documentation including contract and vendor commitments to C-Level sponsor and implementation team.

## Case Study: Selecting Softrax Revenue Manager

Dan Lauten | 8020 Consultant

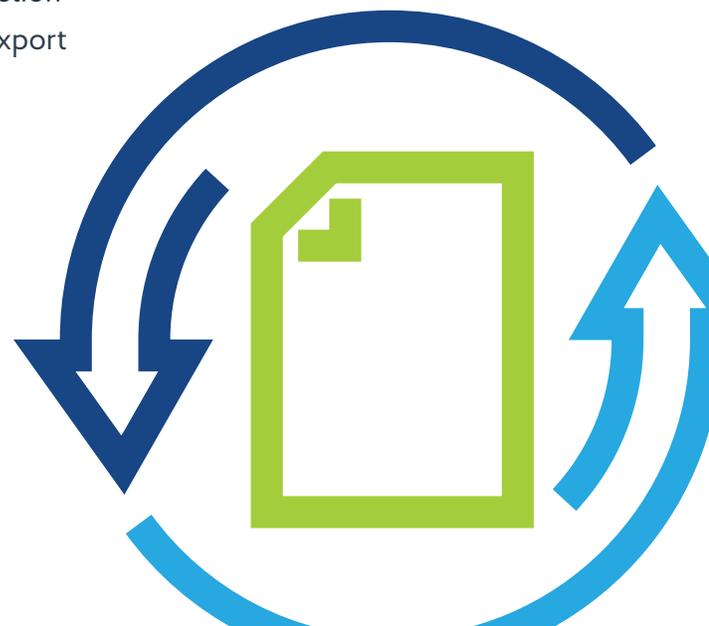


After diligently following the eight steps above, our client narrowed the shortlist to two software solutions for demonstrations.

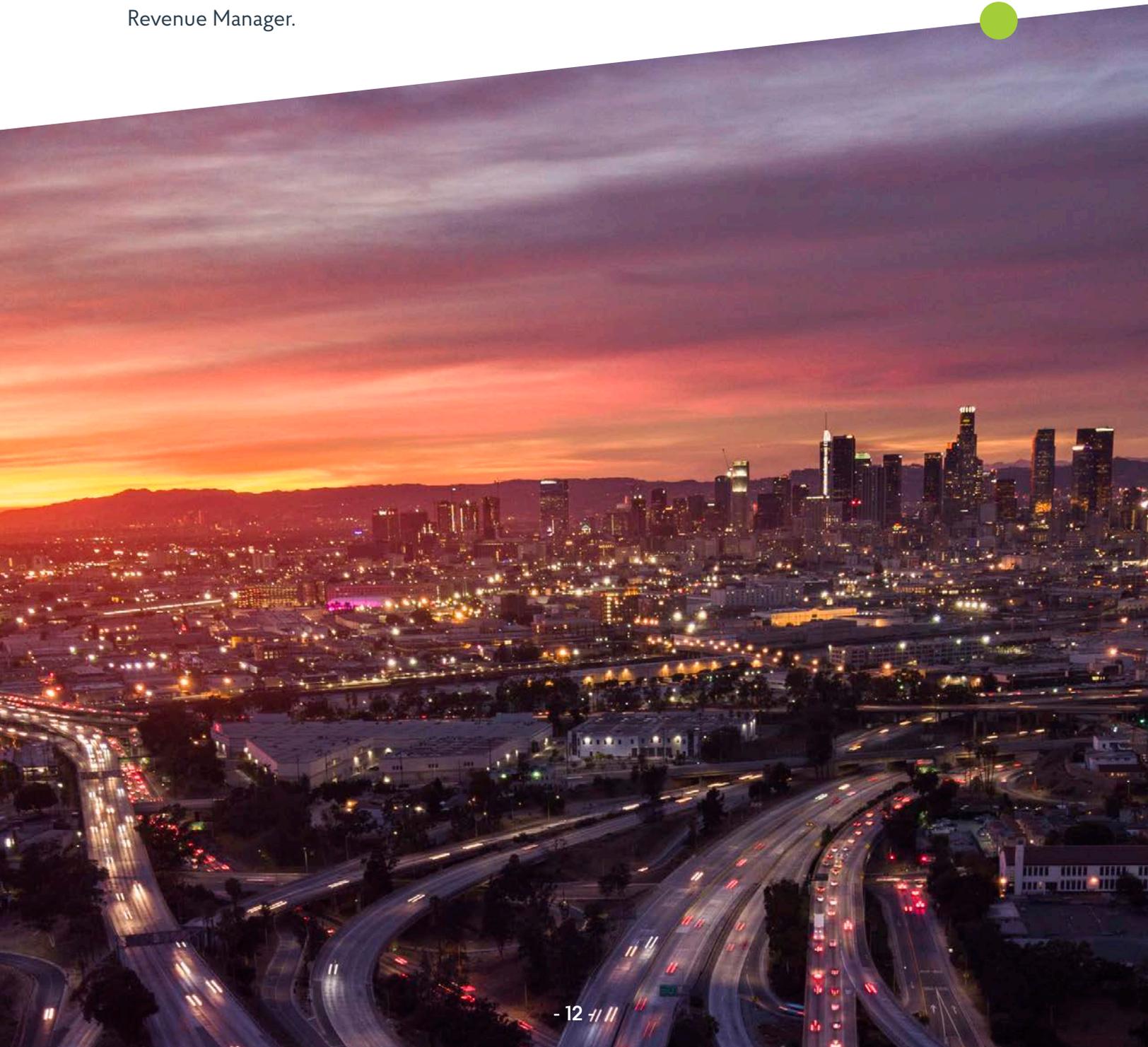
Both of these solutions providers are industry leaders in the Revenue Management Software space with over 20 years and 1000+ deployments under their belt with a plethora of large Global Clients. We spoke to two references of each solution provider who spoke candidly about the software performance, flexibility, functionality and reporting and analytics capability. We also discussed their implementation experience with the solution provider and manpower and skills required to administer the system on a day-to-day basis. The feedback from each reference was positive; however, it was clear that one system would require a significant amount of manpower to handle the daily and month-end demands of the system. The cost to implement this particular system was 50% higher and annual licensing fees were slightly higher.

For these reasons, the client chose Softrax Revenue Manager – a cloud-based system which is validated by the Big 4 and other accounting firms. The Softrax Revenue Manager analytics capabilities were also deemed superior to other systems' out-of-the box features, which provide executives a pure understanding of revenue, cost, margin, as well as past, present and future earnings:

- Dashboards that provide updates in real time for executives and accountants on changes to the business
- Drill down capabilities that can be customized to support the user's approach to reconciliation and analysis
- Revenue, deferred waterfall, roll-forward and balance sheet reports
- Audit and control reports which indicate changes to stated revenue policy and manual interventions in processing revenue data
- Robust reporting engine with drag-and-drop construction and modification to reports, filtering on the fly, and export to several formats
- Scheduling engine that ensures the right information is delivered to the right individuals at the right time
- User interfaces with presentment of contract state and history including all events, bills, modifications, reallocations and fulfillments that occurred since inception



But the biggest advantage Softrax Revenue Manager has over many other Revenue Management systems is that it is ERP-agnostic. This reduces the time, cost and complexities of customizing integrations between the Revenue Management software and peripheral systems, and provides a seamless, automated solution for transferring data between Softrax Revenue Manager and any Accounting, Billing, Order Entry and Contract Management software. This client does not have immediate plans to move away from their current CRM, Order Entry or Accounting software, but if and when future changes are made to these peripheral systems, the cost, time and risk of retaining Softrax Revenue Manager would be substantially less than a system that is not ERP-agnostic. And if this particular client decides to switch to a new Order Entry or Billing system in the future, Softrax offers both of these solutions within their Enterprise and would thus be simpler and faster to integrate with Revenue Manager.



# Ready to Move Ahead with Selection of a *Revenue Management Software for ASC 606?*

While the effort to select and implement a new software solution to manage revenue under ASC 606 may seem like a laborious, complex, costly and time-intensive activity, we encourage you to focus on the positive effects on managing your business in both the short and the long term. Moving to a centrally controlled cloud solution will inherently:

- Reduce errors
- Eliminate version control issues
- Ensure revenue is recorded correctly by centralizing and controlling accounting rules
- Give visibility of key contracts and related financial information to executives and accountants
- Provide the system of truth for contractual data, analytics and reconciliations

The move to a central Revenue Management software solution presents an opportunity for your company to evaluate and design current practices, procedures, rules, policies and controls for all Order-to-Cash and Revenue Recognition processes. This will not only ensure your compliance with the new ASC 606 standard, but also help transform your business so your organization can easily evolve to meet customer demands in this growing services economy.

Best wishes for a successful selection and implementation of a software solution that is best for your company!



## Need Support?

Our financial systems consultants provide third-party perspective and expertise to enterprises that want to implement better technology or improve their usage of existing systems.

[Learn More](#)

## For more information, *contact:*

8020 Consulting  
contactus@8020consulting.com  
855.367.8020

6303 Owensmouth Ave, 10th Fl.  
Woodland Hills, CA 91367