

THE POWER
OF BEING
UNDERSTOOD

REVENUE RECOGNITION CONSULTING

A proven streamlined approach to implementation and management of a complex new standard

Preparing for and complying with the new revenue recognition standard may be more challenging than many companies realize. The standard is complex and represents a revolutionary change in accounting, affecting both internal and external perceptions of a company's performance.

Adoption and implementation of the new standard also provides an opportunity to consider strategic operational issues such as improving efficiency, enhancing information systems, and strengthening processes and controls. RSM has developed a structured and integrated approach to facilitate the timely and efficient implementation of the new standard that ensures companies meet the new requirements and identifies areas for enhancement through a framework for the ongoing management and monitoring of the new standard.

Our dedicated team of experienced professionals specializes in helping organizations design a plan for implementing new accounting standards. We can provide a wide array of assistance to support the adoption of the new standard, from complete implementation and project management to high-level advisory services—plus the documentation needed to support both internal and external needs. Moreover, we use an integrated approach that focuses on both the implementation of the new standard as well as the technology and tools needed. Our team has worked with key application and technology providers to deliver an integrated and streamlined solution.

Navigating the complexity

The new standard is complex, creating a five-step model for recognizing revenue:

1. IDENTIFY THE CONTRACT(S) WITH THE CUSTOMER
2. IDENTIFY THE PERFORMANCE OBLIGATIONS
3. DETERMINE THE TRANSACTION PRICE
4. ALLOCATE THE TRANSACTION PRICE TO THE PERFORMANCE OBLIGATIONS
5. RECOGNIZE REVENUE AS EACH OBLIGATION IS SATISFIED

Each of these steps involves significant judgments and requires detailed evaluation, documentation and disclosures. Organizations, especially those with multiple business units and locations, will have different requirements that require customized solutions. Implementation of the new standard requires involvement throughout an organization.

We can help companies every step of the way, providing comprehensive documentation and processes to support judgments, working with information technology to design potential technology solutions, and allowing for the ongoing management of revenue recognition.

A proven approach

The initial evaluation and diagnostic are critical first steps to ensuring the design and implementation of an appropriate solution. Our comprehensive approach starts with an overall discovery phase to assess both the business requirements and potential key areas of impact related to adoption of the new standard. This focused, integrated approach continues as we:

- **Define the effects of adoption**, including determining the appropriate revenue recognition under the new standard for each revenue stream; assisting with the determination of the appropriate methods of adoption and assessment of key judgments; and working with external auditors to discuss findings and preliminary conclusions.
- **Develop a technology and implementation strategy**, including mapping business requirements to applicable applications; developing a system configuration and migration strategy; and testing system changes to ensure they are responsive to requirements. We work with our clients to determine and deploy a cross-functional team of RSM specialists who can implement technology solutions, if needed, as well as assist with the design of effective internal controls and processes required to address risks associated with the implementation of the new standard.
- **Implement standards changes**, including supporting or drafting key policy memos and position papers; recasting historical transactions and validating results; developing templates and checklists to be utilized for ongoing assessments of contracts; and managing ongoing interactions with both external auditors and audit committee to ensure everyone is aligned.
- **Evaluate internal controls**, including assistance with identification and design of appropriate processes and controls to support both pre- and post-implementation requirements.

We work with our clients throughout the process to ensure a timely and comprehensive solution is delivered.

Work with an experienced team

RSM's technical accounting consulting practice offers a dedicated team of experienced professionals who focus on helping organizations meet their ongoing technical accounting and financial reporting requirements.

With a blend of deep technical knowledge and public company finance experience, we can provide an integrated team of accounting and other subject matter specialists who can help identify issues and suggest practical solutions.

Let us help you navigate the complexities and maximize the benefits associated with revenue recognition implementation at your organization.

Experience the power of being understood®

Understanding is the key to service. Understanding your industry, your goals, and where you are and where you want to be. That's our commitment to every client on every engagement—to deliver the power of being understood.

For more information

For insights on revenue recognition, please visit rsmus.com/revrec. For more information on our services, please visit rsmus.com/technicalaccountingconsulting.

What our clients are saying:

"RSM has provided valuable, in-depth assistance with navigating the challenges and complexities of the new revenue standard. Their technology implementation team paired seamlessly with us and our technology provider and as a result we collectively identified the appropriate and best approach with respect to system design and changes. RSM's methodology allowed us to ensure that the technical accounting matters were identified and addressed upfront. Involving the relevant parties both internally and externally resulted in a comprehensive approach to facilitate implementation and beyond." – **Robert Johnson, Corporate Controller, Dynatrace LLC**

"RSM undertook a well thought out, comprehensive, and streamlined approach in assisting us implement the new revenue standard. It started with interactions with multiple internal departments to obtain a detailed understanding of our business thinking, pricing strategy, and company practices. RSM considered the multiple cross-functional dependencies and needs of the several internal departments affected by the new standard and prepared a thorough project plan. RSM's ability to rapidly adapt and respond to changes in our requirements throughout the implementation process was invaluable to ensure the project is completed on time, within budget, and meets the adoption and ongoing accounting requirements." – **Stathis Kouninis, VP of Finance and Chief Accounting Officer, Pegasystems Inc.**

+1 800 274 3978

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