

# ASK THE EXPERTS WEBINAR

*Optimizing Systems for a Successful  
606 Adoption*

**September 5, 2019**

## KEY REMINDERS

- ▶ Riveron webcasts – past and upcoming
- ▶ 4 polling questions must be answered to obtain CPE
- ▶ If you have questions, feel free to ask in Q&A option in Zoom
- ▶ Webinar evaluation form & CPE certificate will be emailed to you
- ▶ On demand video is not eligible for CPE
- ▶ You will receive a follow up email including:
  - ▶ Access to this webinar recording and deck
  - ▶ The ability to join our Webinars Mailing list to receive future invites
  - ▶ Presenter contact info

## PRESENTERS



### **Brent Fisher** *MANAGING DIRECTOR*

Brent has 15 years of experience in advising customers on leveraging technology to digitally transform their business and deliver on business outcomes. He has deep experience and proven success in around technology solutions, serving on product advisory boards, leading software selections, fit/gap assessments across ERP, and migrating on-premise solutions to the cloud. Brent has worked with numerous private and public companies in various industries including consumer products, wholesale distribution, manufacturing and professional services.



### **Mark Jistel** *DIRECTOR*

Mark has over 11 years of experience in public accounting and consulting. He began his career at PwC in the financial services audit practice. At Riveron, he has served a variety of industries and led a number of ASC 606 assessments and implementations, for both private and public companies. In addition, he has assisted with the development of internal training, tools and publications for ASC 606.



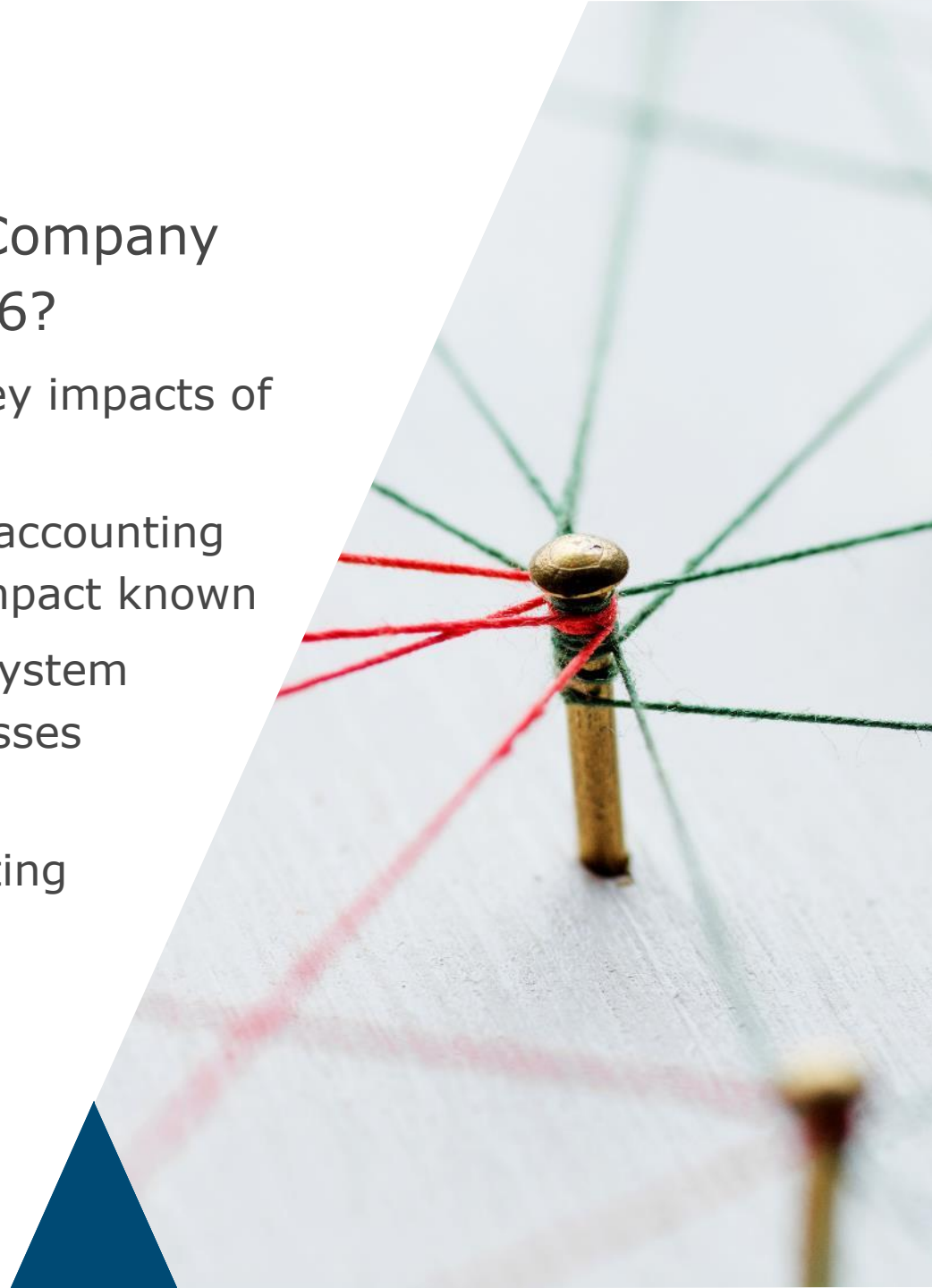
### **Chuck Bunting** *PRINCIPAL CONSULTANT*

Chuck is a principal consultant at NetSuite and helps companies with their accounting and finance needs, including bringing best practices to the table. Chuck began his accounting career at Deloitte in their A&A group, has been an implementer of ERP as a Controller and Director of Accounting. He's been through the IPO process twice, most recently at a Company that chose NetSuite to assist in complex revenue and subsidiary management.

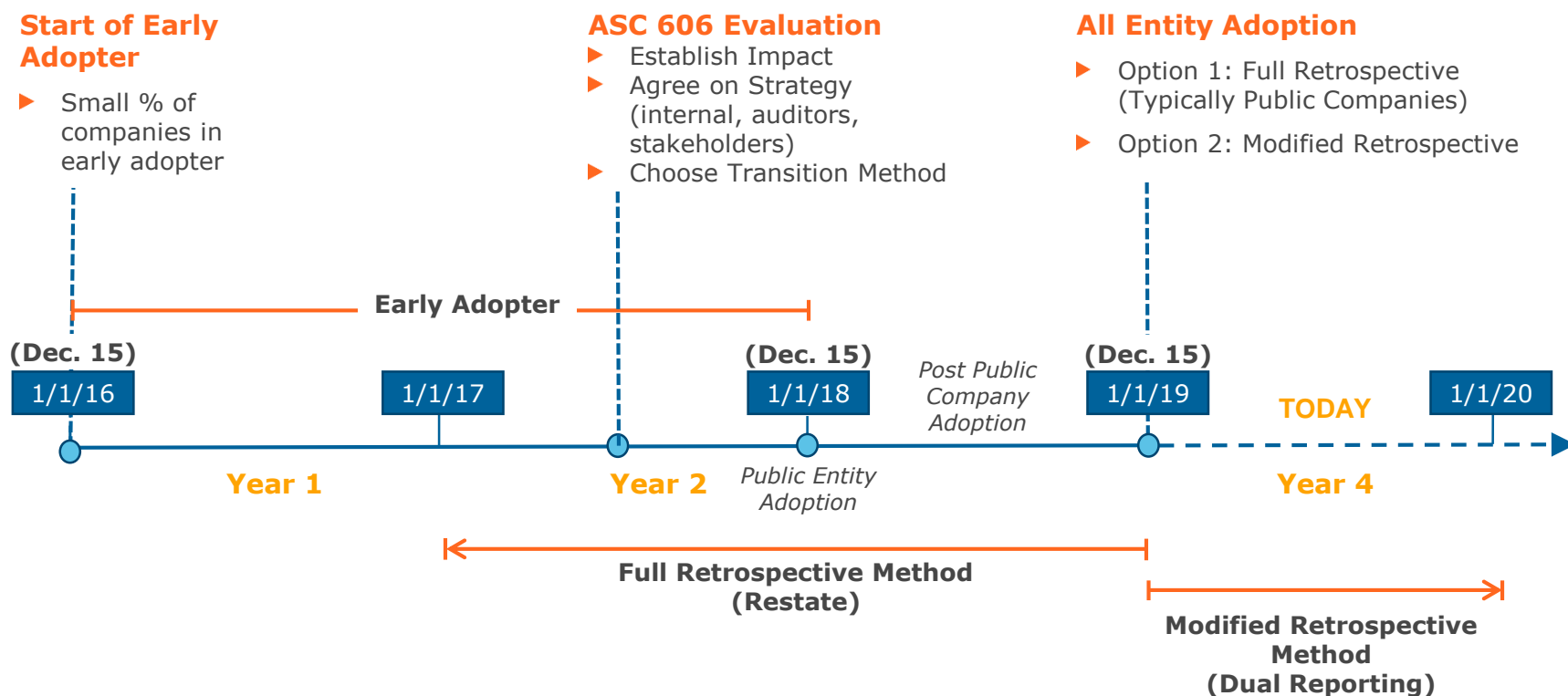
# Polling Question 1

What progress has your Company made in adopting ASC 606?

- A. Initial assessment of the key impacts of ASC 606
- B. Contract testing, technical accounting memo drafted and initial impact known
- C. Implementing accounting system and related business processes
- D. Have not started or are in preliminary stages of adopting ASC 606



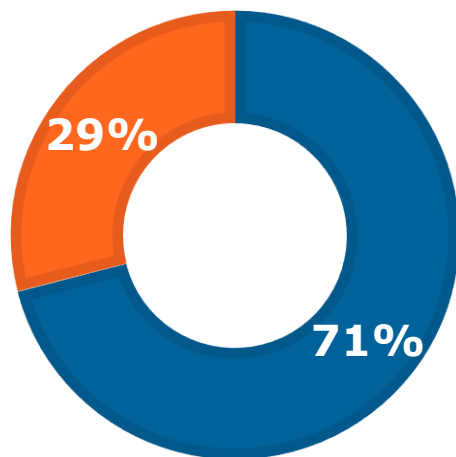
# ASC 606 TRANSITION TIMELINE



## PUBLIC VS. PRIVATE ASC 606 ADOPTION

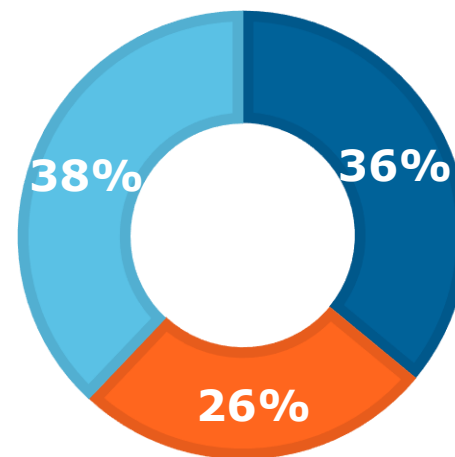
### PUBLIC

■ Changed Initial Disclosure ■ No Change



### PRIVATE

■ Designing Solution ■ Implementing ■ Neither



Source: EY Revenue Recognition Survey

# TRANSITION METHOD

## FULL RETROSPECTIVE

- ▶ Requires retrospective application of the new guidance to each prior reporting period presented.
- ▶ Requires an entity to present financial statements for all periods **as if** the new revenue standard had been applied to all prior periods.

## MODIFIED RETROSPECTIVE

- ▶ Do not need to adjust contracts with customers that were completed before the date the new standard was initially applied
- ▶ Recognize the cumulative effect of initially applying the new revenue recognition guidance as an adjustment to the opening balance of retained earnings

### ADVANTAGES

- ▶ Better YoY comparative reporting
- ▶ Longer period between the transition date and the reporting date to test systems of controls and audit transactions (e.g., the period from January 1, 2016, through March 30, 2018, for a public entity with a calendar year-end that does not early adopt).

### DISADVANTAGES

- ▶ Significant implementation efforts depending on impact
- ▶ Information needed to restate prior years may not be available

### ADVANTAGES

- ▶ Entities will have more time to (1) define or establish policies and (2) design and implement changes to processes.
- ▶ Approach provides relief from restating and presenting comparable prior-year financial statements.
- ▶ Contracts completed before the transition date do not need to be restated.

### DISADVANTAGES

- ▶ Less visibility into YoY trends
- ▶ Requires two sets of accounting records in year of adoption

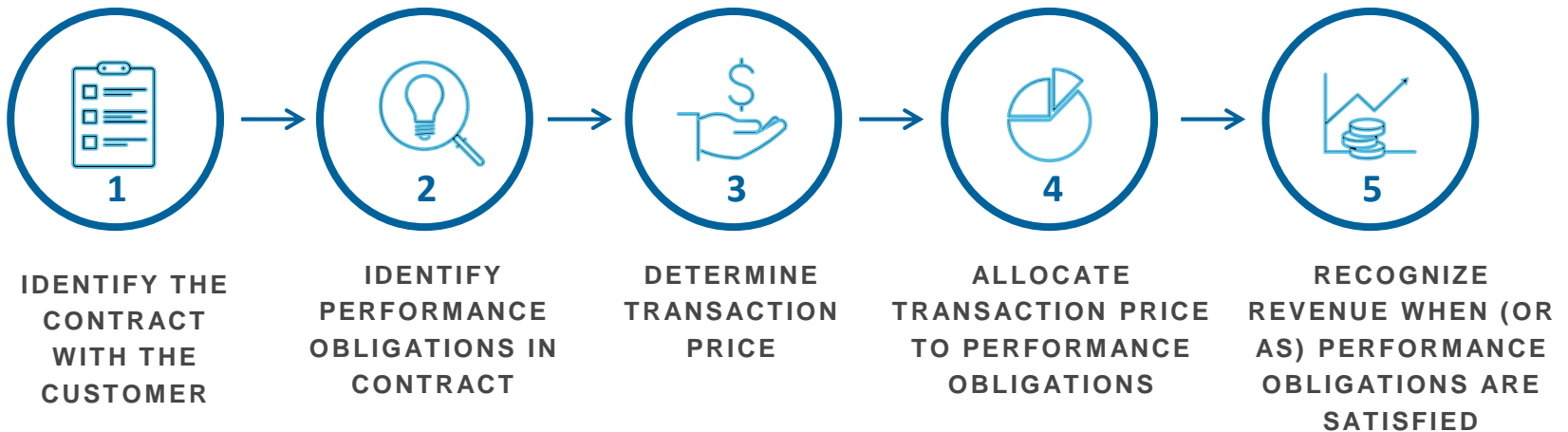
## Polling Question 2

What transition method under 606 does your Company plan on choosing?

- A. Modified Retrospective
- B. Full Retrospective
- C. Still assessing
- D. Unsure



# THE FIVE STEP MODEL FOR REVENUE RECOGNITION



## ERP OR MANAGEMENT SYSTEM NEEDS



## Polling Question 3

Does your company's current ERP system(s) able to fully support 606 adoption?

- A. No, current ERP system(s) will need to be modified, re-configured or replaced in order to support 606 adoption
- B. Yes, current ERP system(s) will fully support 606 adoption
- C. N/A, will not manage in an ERP system
- D. Unknown



## REVENUE RECOGNITION

- Separate revenue recognition forecasts from actual revenue plans
- Use event triggers such as fulfillment or billing to drive the creation of planned revenue recognition
- Create period-end revenue recognition entries in bulk
- Automatic deferred revenue reclassification for recognized revenue that has not been billed

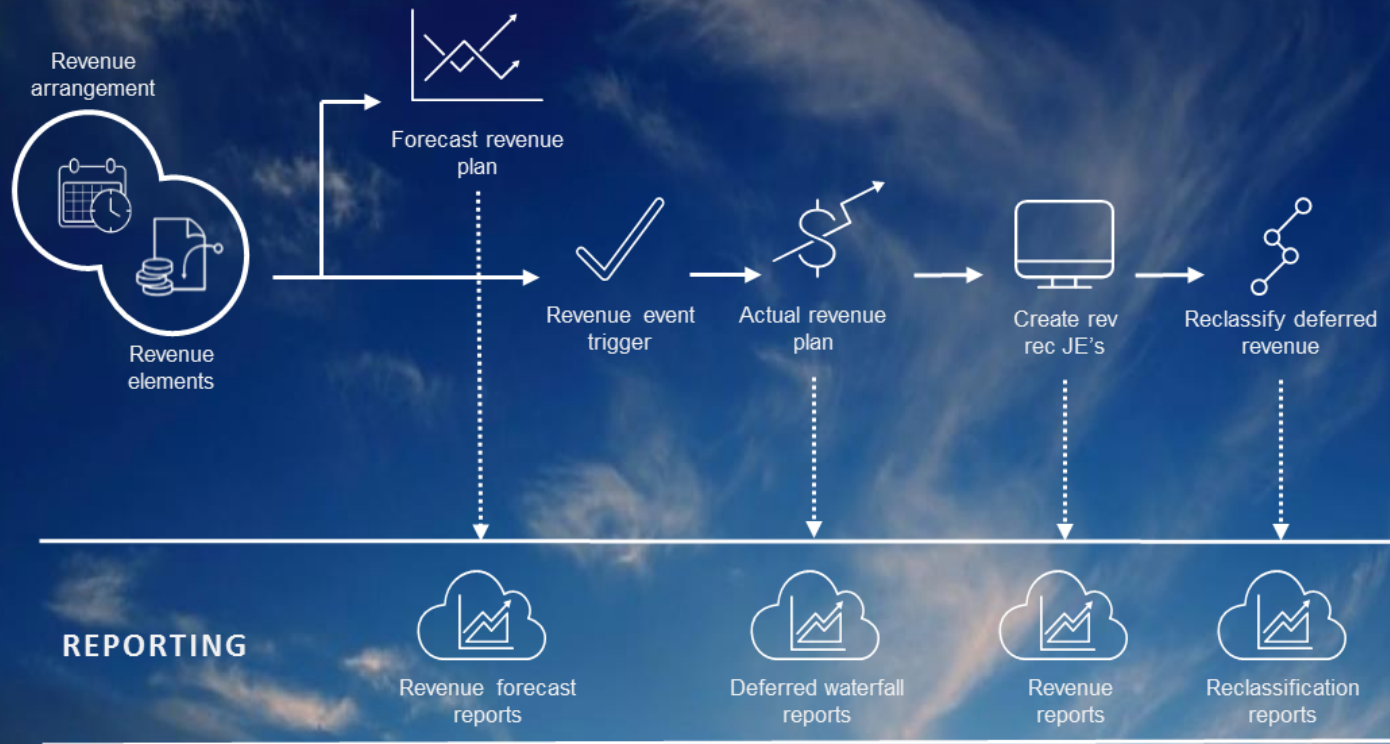
## ROLE:



Controller



# REVENUE RECOGNITION PROCESS



## ADVANCED REV REC

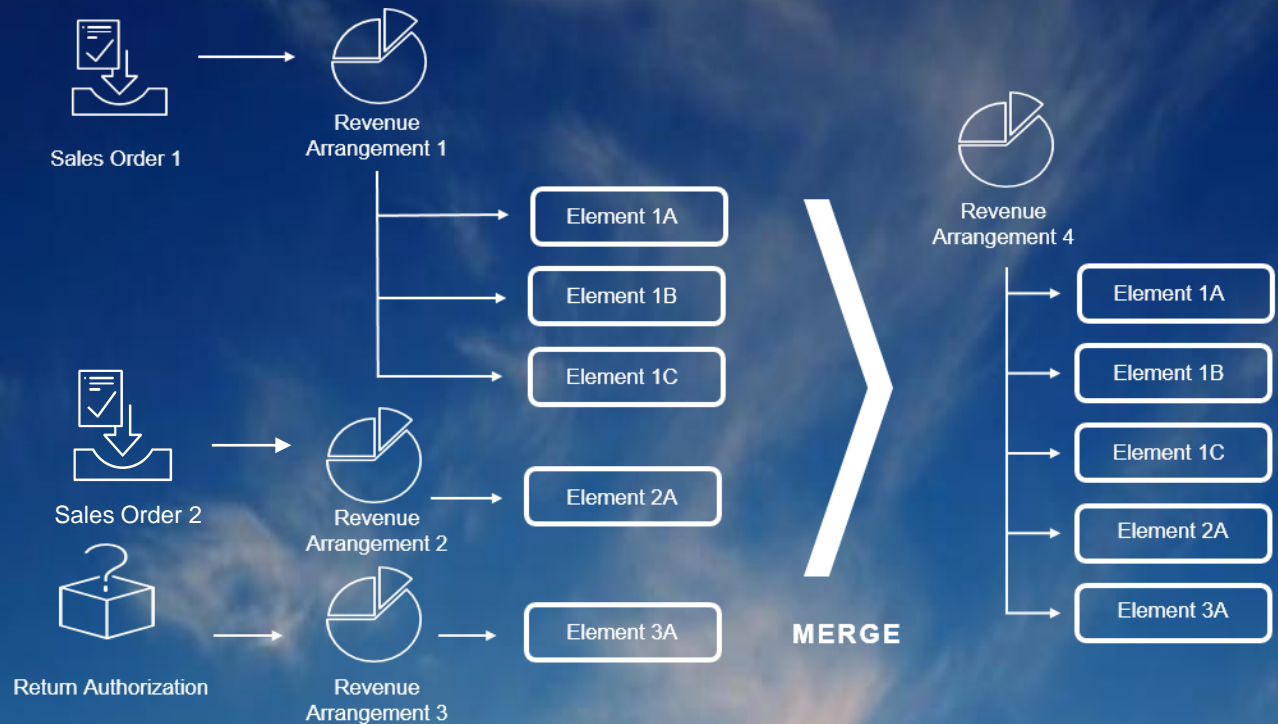
- Ability to merge arrangements to reallocate co-terminus orders
- The solution's Advanced Revenue Management has productized tracking per revenue recognition standards
- Compliant with both ASC 606 and IRFS 15
- Eliminate Excel calculations and manual reports

### ROLE:

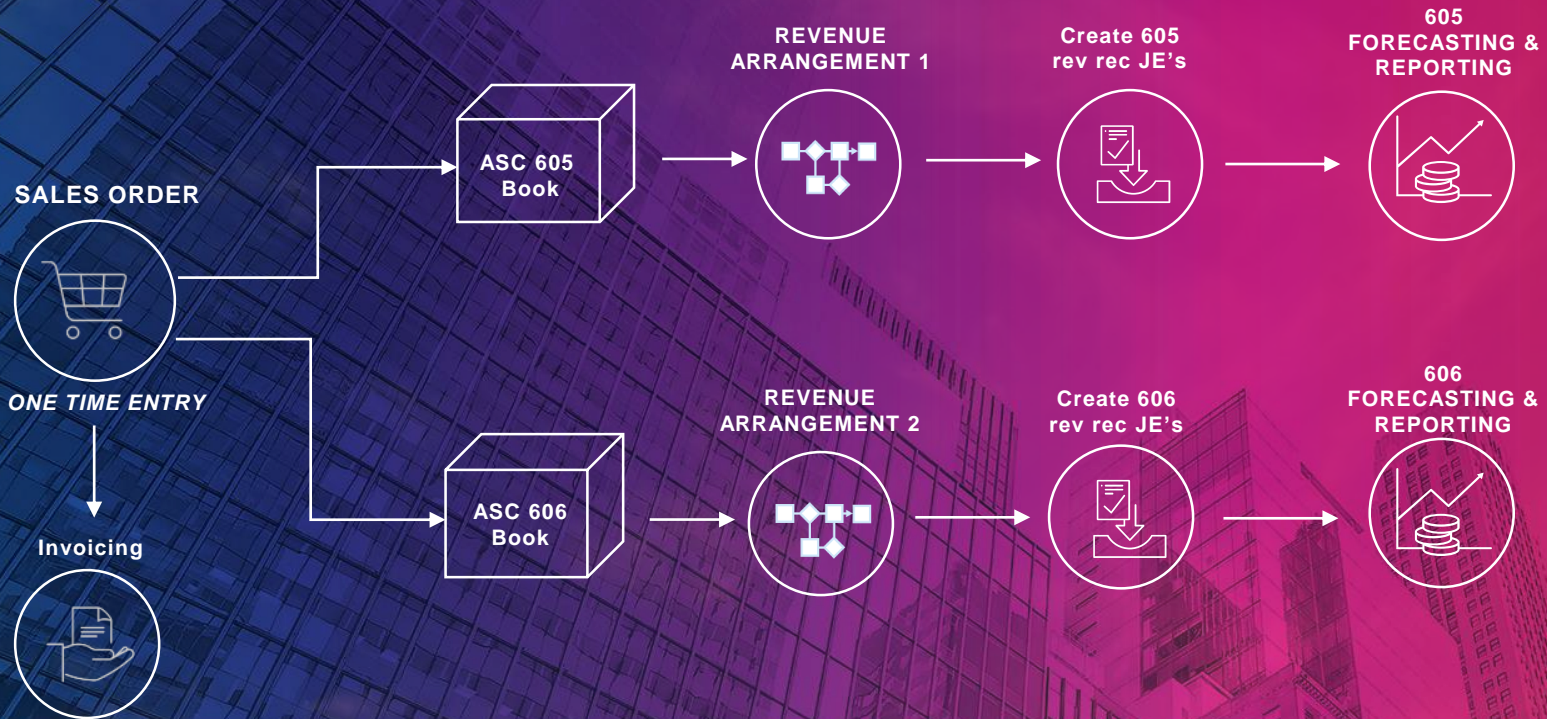


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# MERGING REVENUE ARRANGEMENTS PROCESS FOR UPSELLS / DOWNSSELLS



# MULTIBOOK ACCOUNTING EXAMPLE



## Polling Question 4

Does your company have the bandwidth to support 606 adoption or will your Company need external expertise?

- A. We have the proper resources and technical expertise to navigate adoption.
- B. We are implementing a software and may need assistance.
- C. We will need help with the technical accounting aspects.
- D. Unsure



# WHAT WE ARE SEEING

*PANEL DISCUSSION*

# Q&A

*ASK THE EXPERTS*