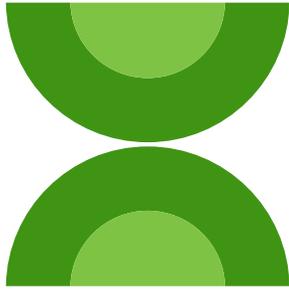
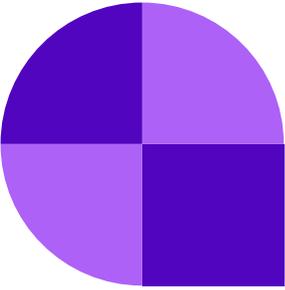


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Revenue recognition

Automating revenue recognition for subscription companies

Vindicia has partnered with Softrax, the industry leader in revenue management software, and has integrated Softrax's Revenue Manager product into the Vindicia Subscribe (formerly CashBox) subscription management platform. The combination of Vindicia and Softrax provides world-leading automated support for even the most complex revenue recognition for subscription-based companies. The combined solution eases the adoption of the new international accounting standards ASC 606 and IFRS 15. Softrax simplifies ongoing financial compliance and reporting, making both complex manual manipulations and expensive enterprise resource planning (ERP) customizations a thing of the past.

What is revenue recognition?

Revenue recognition is a generally accepted accounting principle that determines the specific conditions in which revenue is recognized or accounted for. Generally, revenue is recognized only when a critical event has occurred, and the amount of revenue is measurable. Merchants must recognize revenue according to accepted accounting standards in order to be able to "close the quarter" and pass financial audits.

Why can't I do revenue recognition in a spreadsheet?

In many cases, revenue recognition may be done in a spreadsheet. It depends on a number of factors, such as the specific accounting and audit practices used. Vindicia Subscribe provides four revenue recognition reports that track invoices, transactions and liability to enable such businesses to extract the relevant data, which they can then analyze and manipulate in a spreadsheet before uploading it to their financial and ERP solutions.

Drawbacks of spreadsheets

However, there are certain limitations to using spreadsheets for revenue recognition:

- **Error prone** – research by Marketwatch.com shows that 88% of spreadsheets contain errors
- **Lack of security** – people do not always remember to password protect their spreadsheets
- **Not built for collaboration** – only one person can work on a spreadsheet at a time. It is difficult to ensure that everyone knows which is the master version

Key Features

Softrax offers a host of capabilities that make it easy and quick to configure, deploy and integrate with existing systems and ERP:

- **Full support for ASC-606/IFRS 15** – including comparison of revenue as processed under the old and new guidance (ASC 605 vs. 606) in support of the dual reporting requirement in the new guidance
- **Multiple revenue policies (multi-book accounting)** – compare budget to actuals to pipeline and projected revenues and costs
- **Policy configuration** – robust template maps, override options and point-and-click configurations that remove the need for logic in the integration layer, expediting and simplifying implementation
- **Reporting and dashboards** – supported by an advanced business intelligence engine offering advanced drill-down, filtering, etc.
- **Configuration of multi-stage approvals**
- **Chart of accounts** – tracks the deferral and recognition of revenue
- **Flexible accounting calendar**

- **Limited reporting capabilities** – filtering, pivot tables and other capabilities are no replacement for the reporting flexibility and drill downs needed for in-depth analysis and reporting

When do I need an automated revenue recognition solution?

Your company needs an automated revenue recognition solution when your subscription business model is more complex. Three common factors that create a need for more sophisticated revenue recognition include:

- 1. Irregular fulfillment dates.** If your product is delivered electronically every day, or on a fixed day of every month – then knowing when to recognize the revenue may be straightforward. However, if the date of fulfillment is not regular, then you need a calendar that can track the dates. An example would be a sports subscription for five games a month. You would recognize the revenue only once the consumer actually watches a chosen game.
- 2. Multiple deliverables.** If your product is atomic (for example, unlimited access to a game site at a fixed monthly sum), then revenue recognition should be straightforward. However, if you offer multiple products, it gets tricky. For example, together with a 12-month subscription to a sports channel, you also provide a 10% discount on season tickets to a sports team.

3. Compliance with the new ASC 606 and IFRS 15

accounting standards. The new reporting standards include many new requirements and new ways of calculating revenue recognition. In addition, there is a requirement for dual accounting during the transition period from the old to the new accounting standards.

Softrax and Vindicia – automating subscription revenue recognition

The integration of Softrax and Vindicia Subscribe brings out-of-the-box advanced revenue recognition capabilities to Vindicia clients.

About Softrax

Softrax is a leading provider of revenue recognition software, helping enterprise-level companies comply with the new standards, ASC 606 and IFRS 15. With Softrax solutions, companies can regain control and implement the new revenue recognition standard with confidence. Softrax solutions seamlessly augment ERP and financial systems to support existing and coming revenue guidance, reduce operating expenses, and gain unprecedented visibility into business performance.

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About Vindicia

Vindicia offers comprehensive subscription management solutions that help businesses acquire and retain more customers. Providing much more than just a billing and payments system, the company's SaaS-based subscription management platform combines big data analysis, strategic consulting and proprietary retention technology. Vindicia provides its clients with more recurring revenue, more customer data, better insights, and greater value throughout the entire subscriber lifecycle. To learn more visit www.vindicia.com.

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