



Navigate new accounting standards with confidence

Revenue recognition managed services from KPMG and Aptitude Software

Designed to improve how companies across industries report revenue generated from contracts with customers, ASC 606—the new accounting standard issued by the Financial Accounting Standards Board (FASB)—goes into effect in January 2019 for private companies. As the compliance date quickly approaches, privately held companies must take action now to ensure they are ready to meet this challenge. While public companies have had to be compliant since the start of 2018, there may also be a number that are looking for more automated solutions.

The challenges of revenue recognition under ASC 606

Depending on your company's business model and historic revenue recognition practices, the new revenue recognition standard can result in substantial changes to how your company's revenue is measured, the timing of when it is recognized, and the information disclosed in your financial statements. This, in turn, can significantly impact your business in many ways. For example, you may have to rethink key performance measures, amend debt covenants, and modify terms and conditions within your customer contracts. In addition, companies need to consider changes to IT systems, processes, and internal controls in order to meet the requirements of the new revenue recognition rules in an efficient and controlled manner.

Potential benefits from our revenue recognition managed service

- Address the new ASC 606 revenue recognition standard
- Gain insight into how changes to revenue recognition will impact organizations such as IT, tax, sales, operations, supply chain, and human resources
- Simplify accounting rule configuration and close processes
- Accelerate the planning process
- Automate the revenue recognition process in ERP systems
- Reduce audit risk
- Free up in-house finance and accounting experts to focus on business innovation
- Reduce IT challenges and the need to maintain support staff
- Gain insight into where your revenue is coming from

Far from being a mere accounting change, ASC 606 affects leaders across the company:

- Controllers and CFOs need access to timely and accurate data to support revenue recognition and remain compliant with the accounting rules.
- Accounting teams need new systems and processes to calculate and record revenue and design new period-close processes.
- CIOs must supply the required data from multiple, perhaps disparate, systems while protecting data and avoiding breaches.
- Operational leaders may need to drive changes across their organizations to ensure newly required information is being captured throughout processes in the order to cash life cycle.
- Finance will need to work together with product development and marketing to understand how to account for new products, bundles, and offerings under the new standard.
- There is also the opportunity to utilize the new data to drive valuable insights into the business and better manage and understand your revenues.

The alliance between KPMG LLP and Aptitude Software provides capabilities to address these changes to your accounting, business processes, and supporting systems. Whether your company is in need of a revenue recognition solution to support your adoption of the new standard or you want to optimize your current revenue recognition processes via automation, KPMG and Aptitude Software can help you to:

- Efficiently address regulatory changes with industry-leading accounting and technical practices.
- Empower your finance and accounting organizations to support a fast-changing business landscape.
- Streamline and automate revenue recognition processes to reduce close times and inaccuracies while getting access to insights faster.

The managed service couples KPMG's accounting experience and system implementation services with Aptitude Software's cloud-based RevStream solution. Combining leading services and tested technology, KPMG and Aptitude Software provide a managed service you can be confident in to achieve ASC 606 compliance and help drive the business into the future.

KPMG: Blending accounting and technology

With an integrated team of accounting and technology professionals, KPMG can help your company understand the impact of new accounting and regulatory requirements and implement required changes to your financial processes and systems.

For the new ASC 606 revenue recognition standard, KPMG's holistic approach covers the full implementation—from assessment to requirements and design to implementation. Accounting professionals experienced with the new standard provide practical advice on the accounting impacts, accounting policy, and disclosure strategy, while technology professionals translate the accounting impacts into requirements for the design and implementation of the revenue management solution. KPMG's integrated team provides a coordinated delivery model to support a smooth transition to the new ASC 606 standard. In addition, KPMG's project management can help you accelerate your implementation, ultimately reducing implementation and investment risk.

Aptitude Software: Automating revenue recognition

Aptitude Software delivers innovative software applications for finance, enabling enterprise CFOs and finance teams to efficiently deploy systems that streamline complex processes and provide a competitive edge. Aptitude Software has a range of solutions solving regulatory challenges such as Revenue Recognition (ASC606/IFRS15), Lease Accounting (ASC842/IFRS16), and Insurance Contracts (IFRS17) as well as accounting engines and subledger solutions to support financial transformational journeys across a range of sectors.

Aptitude Software's RevStream product suite helps manage revenue recognition compliance, insights, and reporting. It eliminates the bottlenecks, inaccuracies, and risks of manual revenue management to accelerate period close activities. Importantly, RevStream offers the reporting capabilities and flexibility to address ASC 606 through improved revenue accounting automation. Based on a powerful, secure, cloud-based platform, RevStream is built upon industry-leading standards for connectivity and access security to provide high levels of authentication, data encryption, and role-based access control. With it, your finance organizations can forecast more accurately, making smart decisions about customer contracts, and product pricing while managing liabilities such as deferred revenue.

Managed services: Let us take care of things

Combining KPMG's accounting experience and technical skills with Aptitude Software's RevStream revenue management software results in a holistic implementation for private companies filing under U.S. GAAP rules. The managed service features:

- Rapid project implementation conducted by experienced KPMG professionals.
- A robust, transparent, cloud-based RevStream platform to support accounting, internal controls, and financial disclosures.
- Ongoing support for technical and accounting issues and system enhancements at a predictable cost.
- Trusted professionals to help navigate current and future regulatory challenges.

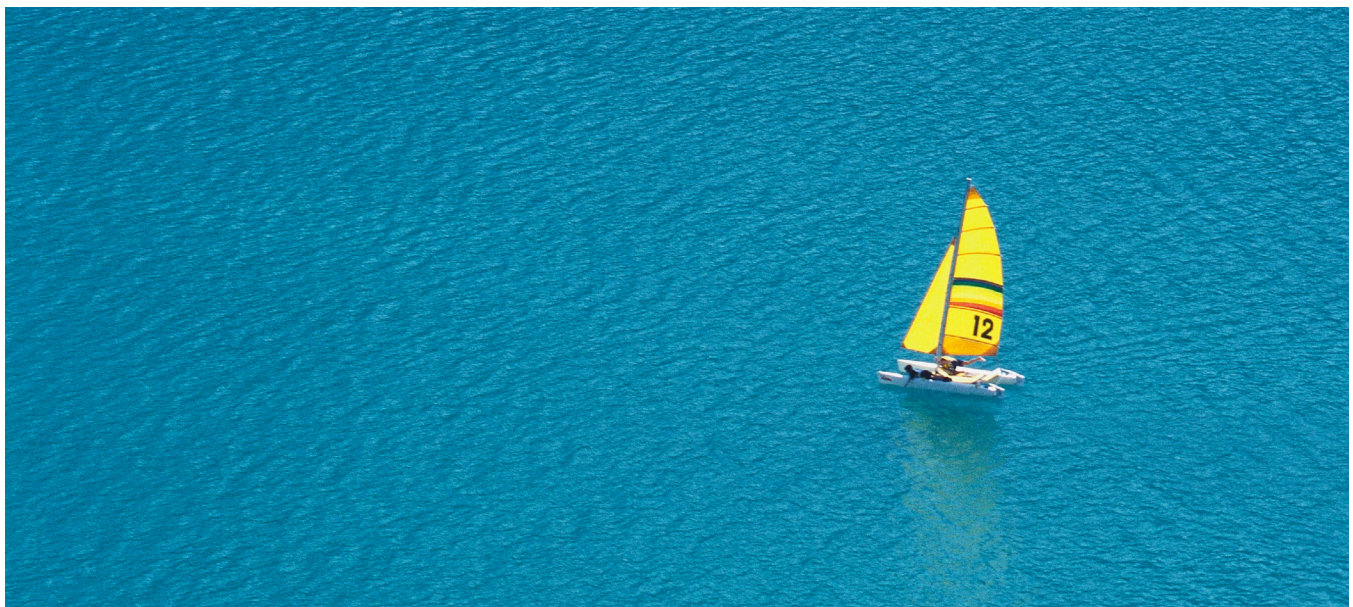
KPMG's integrated team—with as-needed assistance from Aptitude Software's architects—lead the engagement from assessment and solution design through implementation. For ongoing system operations, KPMG provides day-to-day support for technical and functional issues and manages requests for additional enhancements. KPMG also provides on-call accounting support for policy questions, disclosure queries, and advice for customized contracts. The Aptitude RevStream software will be hosted by Aptitude Software, and Aptitude Software will provide maintenance and day-to-day monitoring of its technical infrastructure. Aptitude Software and KPMG will jointly manage software maintenance, patching, testing, and customer migrations.

Qualifying questions

Consider these questions as you evaluate a partner for ASC 606 compliance and revenue recognition:

- Has your company considered the impact of the new Revenue Recognition accounting standards on financial statements, disclosures, systems, processes, and controls?
- Have impacts on areas such as performance measurement, compensation systems, and contracts been examined?
- Does your company have specific plans for implementing ASC 606?
- Does your company understand how ASC 606 may affect its financial reporting metrics and perhaps its valuation in the market?
- Does your company have the resources and knowledge to carry out the conversion effectively and efficiently?
- Has your company assessed the need for an automated solution for revenue and cost accounting?
- Is your company planning other transformational projects? Are these projects aligned with the new revenue recognition guidelines?

With managed services for Revenue Recognition through KPMG and Aptitude Software, you get the confidence that comes from experienced, capable partners. For more information please contact one of our KPMG professionals below or visit the [KPMG and Aptitude alliance](#).



Contact us

Sara Dioguardi
Advisory Principal,
Program Delivery Services
T: 847-707-8035
E: sdioguardi@kpmg.com

Steve Thompson
Partner, Accounting Advisory
T: 303-382-7970
E: sgthompson@kpmg.com

Anuj Pandey
Advisory Director,
Program Delivery Services
T: 732-423-2463
E: anujpandey@kpmg.com

Eric Saneholtz
Sales Execution Director
T: 310-975-9441
E: esaneholtz@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP129563-1A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

November 2020