Time is running out to comply with the new revenue recognition standard.

Deloitte RevenuePrint™ for Oracle
Can help you get there faster.

In May 2014, the Financial Accounting Standards Board (FASB), responsible for U.S. Generally Accepted Accounting Principles (U.S. GAAP), and the International Accounting Standards Board (IASB), responsible for International Financial Reporting Standards (IFRS), issued the following converged standards on revenue recognition: ASU 2014-09, “Revenue From Contracts With Customers” (ASC 606) and IFRS 15, “Revenue from Contracts with Customers” (IFRS 15). ASC 606 (the new revenue standard) outlines a single model to account for revenue arising from contracts with customers and it supersedes current revenue recognition guidance, including industry-specific guidance.

Customer contracts within scope should be analyzed against a five-step model (see Figure 1) that supports the core principle of the new revenue standard. This could alter how your organization recognizes and reports revenue which in turn may require changes to your master data, systems, controls and business processes. Although the new revenue standard is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017, for public entities, the level of effort involved in transitioning to the new revenue standard may be significant and should not be underestimated. This is especially the case for industries that tend to have complex customer contracts such as telecommunications, media, and technology.

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2 ASC 606-10-65-1a
**The time is now**

The window to implement the new revenue standard is rapidly closing. While the new revenue standard is not effective until fiscal years beginning after December 15, 2017, at the earliest\(^4\), depending on the requirements for reporting comparison periods and the adoption method chosen, the effective transition date for both public and private companies may be sooner\(^5\). Considering that it commonly takes anywhere from 6 months to a year or more to deploy new technologies, organizations should start preparing now to facilitate a smoother transition.

There is another reason to act swiftly. Since companies are already being challenged to adapt to “solution selling” and other marketplace developments, the new revenue standard can also present an opportunity to transform. Now may be the right time to redesign your revenue recognition solution, rather than racing to implement a stop-gap remedy just to meet the new standard.

**Oracle cloud enablement**

Since a vast amount of data and significant calculations are involved, technology enablement will likely play an important role in helping companies not only to transition smoothly, but also to remain in compliance moving ahead. One potential solution is Oracle Revenue Management Cloud—a centralized, automated revenue management product that helps organizations to address the new accounting standards.

Oracle Revenue Management Cloud can be configured to automatically identify and create customer contracts and performance obligations, calculate their valuations, allocations and resulting accounting entries, and recognize revenue over time or at a point in time. Furthermore, depending on the adoption method chosen, companies may be required to restate existing transactions under the new revenue standard. Oracle Revenue Management Cloud offers robust functionality to facilitate this transition, and it integrates with Oracle E-Business Suite or Oracle ERP Cloud. This further helps organizations that are already running their businesses on Oracle both to transition to the new revenue standard and to comply with it on an ongoing basis.

**Why Deloitte**

Meeting the new revenue standard likely means taking your business somewhere it has never been before and the journey involves more than technology know-how. It also involves knowledge of finance, experience in transforming organizations, and a business-process focus (see Figure 2).

Deloitte is specifically positioned to help companies “get there,” both in terms of complying with the new standards and realizing Oracle-driven business value from the transition. With Deloitte’s respected accounting Advisory practice and a highly experienced global Oracle practice, our revenue recognition team comprises technical accountants, business analysts, solution architects, process specialists and change managers, as well as skilled Oracle practitioners. And, to help you get there faster, our accounting and financial reporting professionals and our Oracle practitioners have jointly funneled their know-how into our Deloitte RevenuePrint™ for Oracle offering.

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3 ASC 606-10-05-4
4 ASC 606-10-65-1
5 Depending on the adoption method chosen, prior periods may need to be restated in accordance with ASC 250-10-45-5 through 45-10
Demonstrated Benefits of RevenuePrint
Based upon Deloitte's Enterprise Value Delivery (EVD) for Oracle methodology, Deloitte RevenuePrint is a cloud implementation accelerator that addresses all four aspects of transitioning to the new revenue recognition standard—process, organization, financial reporting, and technology. It contains a pre-configured Oracle Revenue Management Cloud environment that incorporates industry-leading business process flows. It also features a robust repository of business events and accounting scenarios, along with supporting documentation. Together, these components serve to accelerate requirements definition, expedite solution design, manage risk and quality, and promote faster user adoption (see Figure 3).

Figure 3: How Deloitte RevenuePrintTM for Oracle can help

Accelerate Revenue Transformation with Deloitte RevenuePrint
While tailored, the foundation for our approach is RevenuePrint, our revenue framework and leading-practice conceptual solution architecture.

What it takes to adopt new revenue recognition rules
Accounting assessment
As a foundation, interpret the new rules and establish a policy direction:
• Timeline to become compliant—FY19 or before
• Full retrospective vs. modified retrospective transition
• Transactional level analysis vs. category level analysis
• Policy election and development

Scenarios/Business Requirements
Before embarking on a system journey, the following areas need careful consideration:
• Use case scenario analysis
• Data needs and uses
• Business requirement document
• Data dictionary

Design & Implementation
At the final stage, an organization will look at the software solution and implement. Key stages are:
• Fit gap analysis
• System & process design
• Configure and test

Benefits
Quick compliance
Reduced time to implement
Dual reporting
Efficient scenario development

Contact Us
The ability to stay one step ahead matters more than ever when time is running short. Deloitte was the first systems integrator to earn Global Cloud Elite status in the Oracle PartnerNetwork (OPN) Cloud Program. In addition, we were the first system integrator to be granted early access to the Oracle Revenue Management Cloud solution, and we are collaborating with Oracle in helping companies understand ways to leverage it to comply with the new revenue recognition standards. To learn more about Deloitte RevenuePrint and how we can help you get there—not only faster but also with confidence—please contact:

Drew Scaggs
Principal
Deloitte Consulting
dscaggs@deloitte.com

Jane Altman
Managing Director
Deloitte Advisory
janealtman@deloitte.com

Randy Paulson
Senior Manager, Sales Executive
Deloitte Consulting
rpaulson@deloitte.com


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