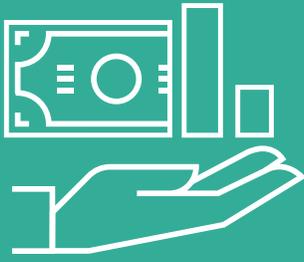# 5 Considerations for Evaluating Technology to Automate Revenue Recognition

Revenue recognition is a core component of accrual-based accounting. Revenues (and expenses) are recognized at the time when they are considered delivered and not necessarily when cash is received. It sounds simple, but in practice can be challenging to determine what has been committed, how much, and when revenue should be recognized.

As monetization strategies shift from neatly defined, one-time purchases to subtler long-term relationships that are built on a combination of ongoing product and service-based cash flow, financial professionals need to define a distinct and automatable process for generating accurate, clear and thorough financial reports.

Here are 5 considerations to keep in mind when evaluating software that automates revenue recognition:

1

Flexibility

New revenue recognition standards are now principle-based, giving businesses a lot of flexibility in how to apply the rules. Your software solution needs to be flexible enough to handle the initial rules you set, and over time, have the ability to adjust along with your business.

2

Configurability

While the application of revenue recognition comes down to simple mathematics, establishing the fundamental elements that will trigger how much revenue to recognize and when must be established first. Once established, it must be continually managed and updated as businesses and markets evolve. It is crucial to have a software solution that can adapt quickly and be configured to meet changing business needs.

3

Scale

As companies scale their business, the right solution will scale with them; providing the necessary flexibility in packaging, dynamic pricing and subsequent revenue recognition to continuously drive new revenue.The right billing systems must scale to support thousands or even billions of transactions, locally or internationally.
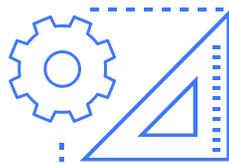
4

Automation

Automated revenue recognition processes that are built into agile monetization or dynamic billing platforms take much of the human error component out of the order to cash process. This can include automated updating of revenue recognition "triggers" and automatic reporting of revenue metrics to key stakeholders.

5

Single Source of Truth

Define a single "source of truth" instead of relying on ad hoc reporting from various systems. By leveraging a system that includes a product catalog with packaging and pricing that can also handle order placement, calculate usage, track billing, and produce invoices all the way through revenue recognition, you reduce the risk of errors and the need for restatements of earnings.

Recognizing revenue in a subscription business model introduces new challenges. The right strategic partner can help give you the visbility and control you need. The goTransverse platform was designed and built to be a global revenue management system at the core. Its native revenue recognition capabilities enable organizations to recognize revenue daily, providing actionable insight into net income, cash flow and more. **Contact goTransverse today to learn more.**