

Netsuite Revenue Recognition Overview

RMNSUG - March 2020

Topics Discussed

- Introduction
- Revenue “In Plain English”
- Breaking the “Rules”
- Core Concepts
- Typical G/L Treatments
- “Simple” Example - Invoices
- “Complex” Example - Using Amortization Journals
- Advanced Revenue Management (ARM)
- Closing Notes

Introduction

Basic concepts and techniques for understanding what “Revenue” is, and how it is “Recognized” within Netsuite.

In general, these same concepts directly apply to opposite activities (“Credits”, “Returns”).

We will NOT delve into deeper concepts like ASC 606 and VSOE.

BERKSHIRE HATHAWAY INC.
and Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in millions except per share amounts)

	Third Quarter		First Nine Months	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Revenues:				
<i>Insurance and Other:</i>				
Insurance premiums earned	\$ 15,323	\$ 14,333	\$ 44,505	\$ 41,855
Sales and service revenues	34,026	33,832	100,563	99,492
Leasing revenues	1,438	1,474	4,365	4,378
Interest, dividend and other investment income	2,483	1,993	6,895	5,583
	<u>53,270</u>	<u>51,632</u>	<u>156,328</u>	<u>151,308</u>
<i>Railroad, Utilities and Energy:</i>				
Freight rail transportation revenues	5,982	6,112	17,558	17,547
Energy operating revenues	4,338	4,419	11,729	11,818
Service revenues and other income	1,382	1,287	3,633	3,450
	<u>11,702</u>	<u>11,818</u>	<u>32,920</u>	<u>32,815</u>
Total revenues	<u>64,972</u>	<u>63,450</u>	<u>189,248</u>	<u>184,123</u>
Investment and derivative contract gains (losses):				
Investment gains (losses)	10,692	14,569	40,079	12,750
Derivative contract gains (losses)	234	137	1,217	303
	<u>10,926</u>	<u>14,706</u>	<u>41,296</u>	<u>13,053</u>

What is Revenue? - In Plain English

Amount the seller states in the Income Statement as “Income”, once the seller has delivered, and the buyer has provided a commitment to pay.

- “Simple” Cases (Cash based Accounting)
 - Example: Cash and Carry
 - Example: Monthly Subscription, Paid Monthly.
 - Example: Service Delivery Milestones being met, Monthly Billing
- More Advanced Cases (Accrual Based Accounting)
 - Example: “Monthly” Subscription, paid Annually
 - Example: Delivering Products to a High Risk-to-Pay customer.
 - Example: Service Delivery milestones are met, quarterly billing.

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Revenue Recognition - Breaking the “Rules”

Brain twisting concepts about RevRec which defy common beliefs.

- You can Recognize Revenue BEFORE Issuing an Invoice
- You can Recognize Revenue BEFORE Collecting Cash
- You can DEFER Revenue, even though you have Collected Cash

Revenue Element

Primary Information

SOURCE
Sales Order #16380

SOURCE DATE
10/1/2017

EFFECTIVE START DATE

EFFECTIVE END DATE

Revenue Recognition Core “Concepts”

These basic concepts are used throughout Revenue Recognition, in both “simple” cases, as well as complex.

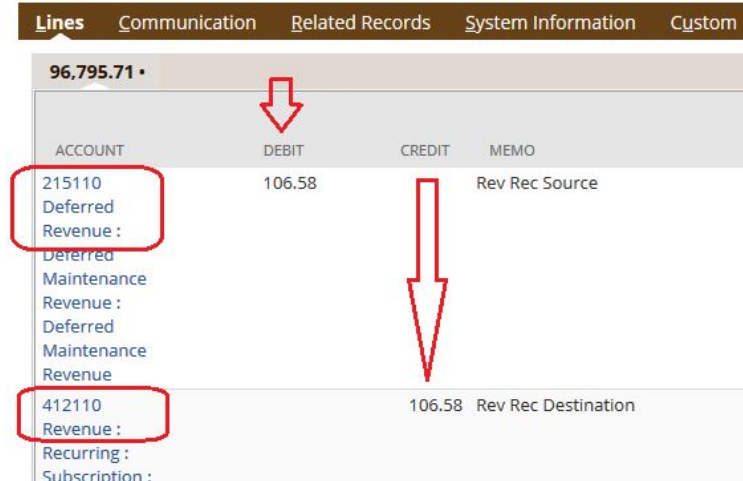
- Event which Triggers Recognition to Start
- Revenue Start Date / End Date
- Recognition Schedule
- Total Amount to Recognize

Revenue Element		
Primary Information		
SOURCE Sales Order #16380	REVENUE ALLOCATION GROUP	START DATE 11/1/2017
SOURCE DATE 10/1/2017	REFERENCE ID SalesOrd_39241	END DATE 10/31/2018
EFFECTIVE START DATE	<input type="checkbox"/> FAIR VALUE OVERRIDE	TERM IN MONTHS
EFFECTIVE END DATE	BASE FAIR VALUE 71.28	TERM IN DAYS
REVENUE ARRANGEMENT Revenue Arrangement #18209	ALTERNATE QUANTITY	REV REC FORECAST RULE VF Daily Rule (On Fulfillment)
NUMBER 1000000	CALCULATED FAIR VALUE AMOUNT 71.28	FORECAST START DATE 11/1/2017
LAST MERGED FROM ARRANGEMENT	ALLOCATION TYPE Normal	FORECAST END DATE 10/31/2018
ITEM PreZAB_SW-M-AD-PRI-2100	<input type="checkbox"/> IS KIT ITEM TYPE	DEFERRAL ACCOUNT 215110 Deferred Revenue : Deferred Main Maintenance Revenue
ORIGINAL QUANTITY 1	PARENT KIT ELEMENT	RECOGNITION ACCOUNT 411110 Revenue : Recurring : Maintenance
QUANTITY 1	<input checked="" type="checkbox"/> PERMIT DISCOUNT	FOREIGN CURRENCY ADJUSTMENT ACCOUNT 411110 Revenue : Recurring : Maintenance
CURRENCY US Dollar	<input type="checkbox"/> POSTING DISCOUNT APPLIED	TRANSITION TO NEW STANDARD
EXCHANGE RATE 1.00	REVENUE AMOUNT 71.28	REVENUE MIGRATION ADJUSTMENT ACCOUNT
SALES AMOUNT 71.28	REVENUE ALLOCATION RATIO 1.86%	REVENUE PLAN STATUS Completed
ORIGINAL DISCOUNTED SALES AMOUNT 71.28	LINKED ELEMENT	CUSTOMER 3002596
DISCOUNTED SALES AMOUNT	CREATE REVENUE PLANS ON Fulfillment	CUSTOMER 3002596
	REVENUE RECOGNITION RULE VF Daily Rule (On Fulfillment)	

Typical Revenue G/L Treatments

- Revenue Recognition moves funds from the Balance Sheet, to the Income Statement
- Amounts are usually tied to “Sales” Lines.
- Amounts Exclude Costs and Taxes
- Typical Income Statement Accounts Affected:
 - Anything under the “Income” section.
- Typical Balance Sheet Accounts Affected:
 - Deferred Revenue (Liability on Balance Sheet)
 - Unbilled Receivables

ACCOUNT	DEBIT	CREDIT	MEMO
96,795.71 •			
215110 Deferred Revenue :	106.58		Rev Rec Source
Deferred Maintenance Revenue :			
Deferred Maintenance Revenue			
412110 Revenue :		106.58	Rev Rec Destination
Recurring : Subscription :			



GL Treatment - Cash Based Accounting

Invoice GL Impact				
ACCOUNT	AMOUNT (DEBIT)	AMOUNT (CREDIT)	POSTING	MEMO
<u>Accounts Receivable</u>	\$25.00		Yes	
<u>Membership Sales - Individual</u>		\$25.00	Yes	Annual Individual Membership Dues Rocky Mountain NetSuite User Group

Customer Payment GL Impact				
ACCOUNT	AMOUNT (DEBIT)	AMOUNT (CREDIT)	POSTING	
<u>Undeposited Funds</u>	\$25.00		Yes	
<u>Accounts Receivable</u>		\$25.00	Yes	

GL Treatment - Accrual Based Accounting

Invoice GL Impact			
ACCOUNT	AMOUNT (DEBIT)	AMOUNT (CREDIT)	POSTING
<u>112100 Accounts Receivable</u> : Trade AR	\$131.25		Yes
<u>215410 Deferred Revenue</u> : Deferred Implementation Revenue : Deferred Implementation Revenue		\$125.00	Yes
212705 Accrued Expenses : Accrued Taxes - Canada : GST/HST Payable		\$6.25	Yes

Payment GL Impact			
ACCOUNT	AMOUNT (DEBIT)	AMOUNT (CREDIT)	POSTING
<u>111199 Undeposited Funds</u>	\$131.25		Yes
<u>112100 Accounts Receivable</u> : Trade AR		\$131.25	Yes

Revenue Journal GL Impact				
ACCOUNT	AMOUNT (DEBIT)	AMOUNT (CREDIT)	POSTING	MEMO
<u>215410 Deferred Revenue</u> : Deferred Implementation Revenue : Deferred Implementation Revenue	\$125.00		Yes	Rev Rec Source
<u>441670 Revenue</u> : Service : Online Set-up : Online Set-up - SAB104 In		\$125.00	Yes	Rev Rec Destination

Simple Revenue

Most typical case for a “cash based” company. When it sells, you recognize the revenue.

- Examples: Sale of a Widget
- Most Common Netsuite cases: “Cash Sale” or “Invoice”
- GL Treatment:
 - Debit A/R + Credit Revenue
- Recognize all revenue on Posting Period
- “Income Accounts” are determined on a line-item level.

Simple Revenue - Example

The screenshot displays a NetSuite invoice interface. At the top, the invoice number is 299, and the status is 'PAID IN FULL'. Navigation buttons include 'Edit', 'Back', 'Authorize Return', 'Credit', and 'Renew'. The invoice details show a customer project, date of 9/4/2014, and terms of 'Due on receipt'. A summary table on the right shows a subtotal of 25.00, a total of 25.00, and an amount due of 0.00. Below the invoice details, there are tabs for 'Items', 'History', 'Workflow', and 'Custom'. The 'Items' tab is active, showing a table with one item: 'Annual Individual Membership Dues' with a quantity of 1 and a price of 25.00. The tax is noted as '-Not Taxable-' with a rate of 0.

Invoice # 299 **PAID IN FULL**

Buttons: Edit, Back, Authorize Return, Credit, Renew

Customer Project: [redacted]
Date: 9/4/2014
Invoice #: 299
Posting Period: Sep 2014
Terms: Due on receipt

Due Date: 9/4/2014
To Be E-Mailed: [redacted].com

Summary	
SUBTOTAL	25.00
DISCOUNT	
TAX	0.00
TOTAL	25.00
AMOUNT DUE	0.00

TAX -Not Taxable-
TAX % 0

Cases Items 25.00										
ITEM	BACK ORDERED	QUANTITY	UNITS	DESCRIPTION	INVENTORY DETAIL	PRICE LEVEL	RATE	AMOUNT	TAX	OPTION
Annual Individual Membership Dues		1		Annual Individual Membership Dues Rocky Mountain NetSuite User Group		Base Price	25.00	25.00		

Most typical case for a “cash based” company. When it sells, you recognize all revenue.

Simple Revenue - Gotchas



ACCOUNT	AMOUNT (DEBIT)	AMOUNT (CREDIT)	POSTING	MEMO
Accounts Receivable	\$30.00		Yes	
Membership Sales - Individual		\$30.00	Yes	Annual Individual Membership Dues Rocky Mountain NetSuite User Group

- Revenue is tied to a single “event” (typically Invoice generation)
- All Revenue is recognized at once.
- Income Statement can be not as accurate, depending on what type of sale.

“Complex” Example - Using Amortization JEs

METHOD
Straight-line, by even periods

START OFFSET
0

ACCOUNT	POSTING PERIOD	IS RECOGNIZED	DATE EXECUTED	JOURNAL	AMOUNT
412110 Revenue : Recurring : Subscription : Subscription	May 2018		5/31/2018	18550	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Jun 2018		6/30/2018	18899	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Jul 2018		7/31/2018	19796	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Aug 2018		8/17/2018	20642	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Sep 2018		9/30/2018	21750	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Oct 2018		10/31/2018	22507	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Nov 2018		11/30/2018	23363	-20.75
412110 Revenue : Recurring : Subscription : Subscription	Dec 2018		12/31/2018	25380	-20.75

Monthly Subscription, Paid Annually

- “Amortization Guide” - User Guide
- Page: Amortization Schedules
- Page: Amortization Templates
- Page: Create Amortization Journals

Amortization JE: A) Create Amortization Templates

Amortization Template

List

[Edit](#) [Back](#) | [Actions](#) ▾

NAME
Oracle Migration Schedule 215110

TYPE
Standard

METHOD
Straight-line, by even periods

TERM SOURCE
Transaction Date

DEFERRAL ACCOUNT
215110 Deferred Revenue : Deferred Maintenance Revenue : Deferred Maintenance Revenue

CONTRA ACCOUNT

START OFFSET
0

TARGET ACCOUNT
Default

RESIDUAL

AMORTIZATION PERIOD

INITIAL AMOUNT

PERIOD OFFSET
0

INACTIVE

Recurrence System Notes

ACCOUNT

PERIOD OFFSET

AMO

No records to show.

- Page: Amortization Templates
- Create one template per DR account
- Specify Method, Term Source and Deferral Account.
- Leave Contra Account blank, use “Default” for “Target Account”
- Period+Start Offsets: 0

Amortization JE: B) Create Amort Journals

A2 | X ✓ Jx | 8/26/2013

	A	B	C	D	E	F	G	H
1	trandate	debit	credit	externalid	Journal Entry Line : account	Journal Entry Line : startdate	Journal Entry Line : enddate	Journal Entry Line : schedule
2	8/26/2013		101211.55	WATERFALL_8214202	431120 Revenue : Software : Softw	5/1/2018	3/1/2020	Oracle Migration Schedule 215410
3	8/26/2013	101211.55		WATERFALL_8214202	215410 Deferred Revenue : Deferre	5/1/2018	3/1/2020	
4	8/26/2013		11500	WATERFALL_8214202	431120 Revenue : Software : Softw	5/1/2018	3/1/2020	Oracle Migration Schedule 215410
5	8/26/2013	11500		WATERFALL_8214202	215410 Deferred Revenue : Deferre	5/1/2018	3/1/2020	
6	8/26/2013		8944.43	WATERFALL_8214202	431120 Revenue : Software : Softw	5/1/2018	3/1/2020	Oracle Migration Schedule 215410
7	8/26/2013	8944.43		WATERFALL_8214202	215410 Deferred Revenue : Deferre	5/1/2018	3/1/2020	
8	8/31/2013		958.29	WATERFALL_8214205	431120 Revenue : Software : Softw	5/1/2018	3/1/2020	Oracle Migration Schedule 215410
9	8/31/2013	958.29		WATERFALL_8214205	215410 Deferred Revenue : Deferre	5/1/2018	3/1/2020	
10								

- Page: Make Journal Entries (or, CSV Import)
 - Debit DR, Credit Revenue for full amounts.
 - Add “Start Date” + “End Date” on every line.
 - Reference Amort template ONLY on “Credit Revenue” line
- Assumes DR has already been booked!
- GL Impacting, but always at Net \$0
- Creates Amort “schedules”

Amortization JE: C) “Running” Amort Journals

Creates monthly “posting journals” from your Amort schedules.

- Page: Create Amortization Journals
- Run this monthly.
- Creates new JEs which debit DR / credit Revenue

Create Amortization Journal Entries

Reset Create Journal Entries More

POSTING PERIOD: Mar 2020

INCLUDE PRIOR PERIODS

JOURNAL ENTRY DATE: 3/31/2020

SUBSIDIARY: Vertafore, Inc.

TRANSACTION TYPE: Journal Entry

NAME: <Type then tab>

SELECT INDIVIDUAL SCHEDULES

TYPE: - All -

ITEM TYPE: - All -

ORIGINAL ACCOUNT: <Type then tab>

TARGET ACCOUNT: <Type then tab>

DEFERRAL ACCOUNT: <Type then tab>

TRANSACTION DATE: All FROM TO

SOURCE TRANSACTION	PROJECT	TYPE	% RECOG.	% COMPLETE	SCHEDULE NO.	TEMPLATE NAME	TRANSACTION TYPE	POSTING PERIOD	AMOUNT
Journal #13800		Standard	95.1989%		10000	Oracle Migration Schedule 215410	Journal	Jan 2020	-10.50
Journal #13801		Standard	95.2577%		10001	Oracle Migration Schedule 215410	Journal	Jan 2020	-20.75
Journal #13802		Standard	95.2008%		10002	Oracle Migration Schedule 215410	Journal	Jan 2020	-9.80
Journal #13803		Standard	95.2871%		10003	Oracle Migration Schedule 215410	Journal	Jan 2020	-8.25

Amortization JE - Thoughts

- Not really ideal for “sale” revenue.
- Great for importing external waterfalls.
- “Triggering” revenue is manual;
(Creation of this journal)
- Amort journals do not “look right” in the UI. (Net \$0 GL impact)

Journal 6515 APPROVED FOR POSTING PAYMENTS APPLIED

6515 APPROVED FOR POSTING PAYMENTS APPLIED

Primary Information

ENTRY NO.	6515	POSTING PERIOD	May 2018	APPROVAL STATUS	Approved
CURRENCY	US Dollar	REVERSAL #		NEXT APPROVER	
EXCHANGE RATE	1.00	REVERSAL DATE		JE SUGGESTED APPROVER	
DATE	1/8/2018	MEMO	Oracle Migration Waterfall Oracleinvoice:"8538424"		

Classification

SUBSIDIARY
Vertafore, Inc.

COMMENTS

Lines Communication Related Records System Information Custom EFT AvidXchange Tax Reporting Integration Approver List Vertex Tax Details Vertex Call Details

166.00

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	COST CENTER	PRODUCT LINE	LOCATION	REVENUE RECOGNITION RULE	SCHEDULE	START DATE	END DATE
215110 Deferred Revenue : Deferred Maintenance Revenue : Deferred Maintenance Revenue		166.00	Oracle Migration Waterfall Oracleinvoice:"8538424" OracleOrder:"15597" OracleAccount:"412110" OracleSchedule:"VF Daily Rule" OracleProduct:"Compliance Express - Subscription"	2215597 - Irv Cost Center	Other : No Cost Center	Sircon Industry Platform	Sircon		1002	5/1/2018	12/31/2018
215110 Deferred Revenue : Deferred Maintenance Revenue	166.00		Oracle Migration Waterfall Oracleinvoice:"8538424" OracleOrder:"15597" OracleAccount:"215110" OracleSchedule:"VF Daily Rule" OracleProduct:"Compliance Express - Subscription"		Other : No Cost Center	Sircon Industry Platform	Sircon			5/1/2018	12/31/2018

Advanced Revenue Management (ARM) - Intro

Netsuite's solution for recognizing revenue in many different cases.

- Works with both “Simple” and “Complex” cases.
- Integrates well with other Netsuite “advanced” bundles (Advanced Billing, SRP)
- Scalable
- Focused on ASC 606 compliance.
- Emphasis on “Advanced.”

Advanced Revenue Management



ARM - Basic Concepts

How does ARM “Work”?

- (One Time) Item Record Setup
- “Source” Transaction
- Revenue Arrangements
- Revenue Elements
- Revenue Plans
- Revenue Journals

Advanced Revenue Management



ARM - Item Record Setup

How does ARM know which Revenue Triggers to use?

- Revenue Recognition Rule
- Create Revenue Plans on
- “Direct Revenue Posting”
Checkbox.

Non-inventory Item for Sale 🔍
PreZAB_SW-S-CR-PLR-2501

[Edit](#) [Back](#) [Convert to Inventory](#) [Actions](#)

Primary Information

INTERNAL ID 9881	DISPLAY NAME/CODE PreZAB_SW-S-CR-PLR-2501	SUBITEM OF
ITEM NAME/NUMBER PreZAB_SW-S-CR-PLR-2501		

Classification

SALESFORCE ID 01e410000054hAAC SPEC PRODUCT LINK	PROJECT ASSIGNEE	PRODUCT LINE NAME PL Rating
SUBSIDIARY Parent Company - Vertafore, Inc.	PS PRICING TYPE	PRODUCT FAMILY Connectivity
<input checked="" type="checkbox"/> INCLUDE CHILDREN	LEGACY ITEM	PUBLISHER
COST CENTER Other - No Cost Center	PRODUCT CATEGORY User	LICENSE METRIC User
PRODUCT LINE PL Rating	PRODUCT CLASS Subscription	VERTEX PRODUCT CLASS ASPD
LOCATION Vertafore	PRODUCT GROUP Rating/TransactNOW	<input type="checkbox"/> DEFER REVENUE TILL DELIVERED
VERTEX UNSPSC CODE	PRODUCT LINE CODE 25102	<input checked="" type="checkbox"/> SUBSCRIPTION ITEM

Advanced Revenue Recognition

Purchasing Sales / Pricing Accounting Revenue Recognition / Amortization Related Records Communication Preferences System Information Custom Tax Reporting ZAB Settings	<input type="checkbox"/> HOLD REVENUE RECOGNITION	CREATE REVENUE PLANS ON Fulfillment
ALLOCATION TYPE Normal	REVENUE RECOGNITION RULE VF Daily Rule (On Fulfillment)	<input type="checkbox"/> DIRECT REVENUE POSTING
PERMIT DISCOUNT	REV REC FORECAST RULE VF Daily Rule (On Fulfillment)	<input type="checkbox"/> ELIGIBLE FOR CONTINGENT REVENUE HANDLING
<input type="checkbox"/> DEFAULT AS DELIVERED	REVENUE ALLOCATION GROUP	FOREIGN CURRENCY ADJUSTMENT ACCOUNT - Use Income Account -
ITEM REVENUE CATEGORY		

ARM - Create “Source” Transaction

On a transaction-by-transaction basis, how does ARM know things such as the RevRec schedule?

- Page: Revenue Recognition Mapping
- Line: Start Date / End Date
- Item: Create Revenue Plans On
- Item: Recognition Schedule
- Line: Amount

Revenue Recognition Field Mapping

[Save](#) [Cancel](#) [Reset](#)

Revenue Recognition Field Mapping		
SOURCE RECORD TYPE *	SOURCE FIELD *	TARGET FIELD *
Transaction Line	VF Rev. Rec. Start Date	Start Date
Transaction Line	VF Rev. Rec. End Date	End Date
Transaction Line	VF Rev. Rec. Start Date	Forecast Start Date
Transaction Line	VF Rev. Rec. End Date	Forecast End Date
Transaction Line	Salesforce Bundle ID	Salesforce Bundle ID
Transaction Line	Salesforce Bundle Name	Salesforce Bundle Name
Transaction Line	SFDC Asset ID	SFDC Asset ID
Transaction Line	Salesforce Line Id	Salesforce Line ID (Rev Element)

[Add](#) [Cancel](#) [Insert](#) [Remove](#)

ARM - Revenue Arrangements

Think of this as a “Revenue-Centric View” of your (Sales/Credit) Transaction.

- Non-Posting
- Can be mapped to one or more of: SalesOrder, Invoice, Cash Sale, CreditMemo, Journals
- Contains one or more “Revenue Elements”
- Searched via “Transaction”

Revenue Arrangement 172232 3008051 L INSURANCE

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Primary Information

REVENUE ARRANGEMENT # 172232 MERGED INTO NEW ARRANGEMENTS
CUSTOMER 3008051 L < INSURANCE REVENUE PLAN STATUS **Completed**
DATE 11/1/2019 TRANSACTION IS ALLOCATION BUNDLE
 CREATED FROM MERGED ARRANGEMENTS TRANSACTION TOTAL -1,465.05

Classification

SUBSIDIARY Vertafore, Inc. COST CENTER Other: No Cost Center
CURRENCY US Dollar PRODUCT LINE AMS360 Online

Revenue Elements Communication Related Records System Information Custom Dunning Tax Reporting AvidX

Revenue Element	Allocation Detail	Revenue Arrangement Version	Revenue Arrangement Message	Revenue Summary					
REVENUE ELEMENT	SOURCE	SOURCE DATE	EFFECTIVE START DATE	EFFECTIVE END DATE	ITEM	ORIGINAL QUANTITY	QUANTITY	DECOMMISSION LINE	DECOMMISSION QUANTITY
979085	Credit Memo #66921	9/26/2019			PreZAB_SW-S-CR-360-2001	-0.66667	-0.66667		
979119	Credit Memo #66921	9/26/2019			PreZAB_SW-S-AD-360-4000	-0.08333	-0.08333		

ARM - Revenue Elements

Think of this as a “Revenue-centric” view of a specific line on your transaction.

- Non-Posting
- One Revenue Element for each line on your transaction.
- Specifies RevRec trigger and RevRec schedule.
- Specifies total Revenue Amount

Revenue Element

Primary Information

SOURCE Sales Order #16380	REVENUE ALLOCATION GROUP	START DATE 11/1/2017
SOURCE DATE 10/1/2017	REFERENCE ID SalesOHL_39241	END DATE 10/31/2018
EFFECTIVE START DATE	<input type="checkbox"/> FAIR VALUE OVERRIDE	TERM IN MONTHS
EFFECTIVE END DATE	BASE FAIR VALUE 71.28	TERM IN DAYS
REVENUE ARRANGEMENT Revenue Arrangement #18209	ALTERNATE QUANTITY	REV REC FORECAST RULE VF Daily Rule (On Fulfillment)
NUMBER 100000	CALCULATED FAIR VALUE AMOUNT 71.28	FORECAST START DATE 11/1/2017
LAST MERGED FROM ARRANGEMENT	ALLOCATION TYPE Normal	FORECAST END DATE 10/31/2018
ITEM PreZAB_SW-M-AD-PRI-2100	<input type="checkbox"/> IS KIT ITEM TYPE	DEFERRAL ACCOUNT 215110 Deferred Revenue : Deferred Maintena Revenue
ORIGINAL QUANTITY 1	PARENT KIT ELEMENT	RECOGNITION ACCOUNT 411110 Revenue : Recurring : Maintenance : M
QUANTITY 1	<input checked="" type="checkbox"/> PERMIT DISCOUNT	FOREIGN CURRENCY ADJUSTMENT ACCOUNT 411110 Revenue : Recurring : Maintenance : M
CURRENCY US Dollar	<input type="checkbox"/> POSTING DISCOUNT APPLIED	TRANSITION TO NEW STANDARD
EXCHANGE RATE 1.00	REVENUE AMOUNT 71.28	REVENUE MIGRATION ADJUSTMENT ACCOUNT
SALES AMOUNT 71.28	REVENUE ALLOCATION RATIO 1.806	REVENUE PLAN STATUS Completed
ORIGINAL DISCOUNTED SALES AMOUNT 71.28	LINKED ELEMENT	CUSTOMER 3002596 - ... COMPANY
DISCOUNTED SALES AMOUNT 71.28	CREATE REVENUE PLANS ON Fulfillment	<input type="checkbox"/> DELIVERED
RESIDUAL DISCOUNTED SALES AMOUNT	REVENUE RECOGNITION RULE VF Daily Rule (On Fulfillment)	<input type="checkbox"/> ELIGIBLE FOR CONTINGENT REVENUE HANDLI
<input checked="" type="checkbox"/> IS VSDE?		

Classification

SUBSIDIARY Verstare, Inc.	DEPARTMENT Other : No Cost Center	LOCATION Verstare
CLASS Policy Rater		

ARM - Revenue Plans

A Netsuite-Native record which maps to a specific instance where ARM wants to (or already has) recognized revenue, for a given line item.

- Non-Posting
- “Actual” and “Forecast” plans.
- Multiple Plans for each Revenue Element
- One “Actual” plan for each time revenue was historically posted to the GL, one “Forecast” plan for the next posting.

Revenue Recognition Plan

[Edit](#) [Back](#) [Actions](#)

Primary Information

REVENUE 1900703 CREATION TRIGGERED BY Item Fulfillment #87103 CREATED FROM Revenue Element #978597 REVENUE RECOGNITION FILE VF Daily Rule (On Fulfillment) REV REC START DATE 10/09/2019 REV REC END DATE 6/16/2020 AMOUNT 3,602.55 RECOGNITION METHOD Straight-line, prorate first & last period RECOGNITION PERIOD PERIOD OFFSET	START OFFSET REVENUE TERM IN MONTHS REVENUE TERM IN DAYS AMOUNT SOURCE Even Percent based on quantity REVENUE RECOGNITION START DATE SOURCE Revenue Element Start Date REVENUE RECOGNITION END DATE SOURCE Revenue Element End Date END DATE CHANGE IMPACT Update Remaining Periods Only INITIAL AMOUNT PARENT LINE CURRENCY USD REVENUE RECOGNITION PLAN CURRENCY USD	<input type="checkbox"/> HOLD REVENUE RECOGNITION ITEM PvtZAB_SWS-CR-PLR-2001 COMMENTS PLAN EXCHANGE RATE 1.00 REMAINING DEFERRED BALANCE 2,138.47 TOTAL RECOGNIZED 1,464.08 STATUS In Progress REVENUE PLAN TYPE Actual <input type="checkbox"/> CATCH UP PERIOD <input type="checkbox"/> ELIMINATE
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Planned Revenue [System Notes](#) [Workflow](#)

PLANNED PERIOD	AMOUNT	LINE EXCHANGE RATE	JOURNAL	POSTING PERIOD	DEFERRAL ACCOUNT	RECOGNITION ACCOUNT	DATE EXECUTED	IS RECOGNIZED	% RECOGNIZED IN PERIOD	% TOTAL RECOGNIZED	TOTAL RECOGNIZED C
Oct 2019	46.58	1.00	37301	Oct 2019	215110 Deferred Revenue - Deferred Maintenance Revenue	412110 Revenue - Recurring Subscription - Subscription Revenue	10/31/2019		1.259%	1.259%	46.58
Nov 2019	472.50	1.00	38362	Nov 2019	215110 Deferred Revenue - Deferred Maintenance Revenue	412110 Revenue - Recurring Subscription - Subscription Revenue	11/30/2019		13.1157%	14.4087%	519.08
Dec 2019	472.50	1.00	44553	Dec 2019	215110 Deferred Revenue - Deferred Maintenance Revenue	412110 Revenue - Recurring Subscription - Subscription Revenue	11/30/2019		13.1157%	27.5244%	991.58
Jan 2020	472.50	1.00	46474	Jan 2020	215110 Deferred Revenue - Deferred Maintenance Revenue	412110 Revenue - Recurring Subscription - Subscription Revenue	1/31/2020		13.1157%	40.6401%	1,464.08
Feb 2020	477.50	1.00			215110 Deferred Revenue - Deferred	412110 Revenue - Recurring			13.1157%		

ARM - Revenue Journals

No different from a regular Journal except, ARM creates these.

- GL Posting!
- Easily identified by “Magic Memo”
- Associated with “Revenue Plan” records
- Page: Create Revenue Journals
- *Multiple* Journals could be created with each run.

The screenshot displays the Oracle Journal interface for journal 38382. The title bar indicates it is 'APPROVED FOR POSTING CREATED FROM REVENUE RECOGNITION SCHEDULE'. The primary information section shows the entry number 38382, date 11/30/2019, currency US Dollar, and posting period Nov 2019. The classification section identifies the subsidiary as Vertafore, Inc. Below this is a navigation bar with tabs for Lines, Communication, Related Records, System Information, Custom, EFT, and others. The main table, titled '34,340.08', lists journal lines with columns for ACCOUNT, DEBIT, CREDIT, MEMO, NAME, COST CENTER, PRODUCT LINE, LOCATION, and SOURCE REVENUE PLAN. A red box highlights the 'SOURCE REVENUE PLAN' column, showing values like 1651538 and 1632503.

ACCOUNT	DEBIT	CREDIT	MEMO	NAME	COST CENTER	PRODUCT LINE	LOCATION	SOURCE REVENUE PLAN
215110 Deferred Revenue : Deferred Maintenance Revenue : Deferred Maintenance Revenue	0.00	0.00	Rev Rec Source	1006905 F... INC	Other : No Cost Center	PL Rating	Vertafore	1651538
412110 Revenue : Recurring : Subscription : Subscription	0.00	0.00	Rev Rec Destination	1006905 F... INC	Other : No Cost Center	PL Rating	Vertafore	1651538
215110 Deferred Revenue : Deferred Maintenance Revenue : Deferred Maintenance Revenue		121.17	Rev Rec Source	1004814 F... AGENCY	Other : No Cost Center	PL Rating	Vertafore	1616945
412110 Revenue : Recurring : Subscription : Subscription	121.17		Rev Rec Destination	1004814 F... AGENCY	Other : No Cost Center	PL Rating	Vertafore	1616945
215110 Deferred Revenue : Deferred Maintenance Revenue : Deferred Maintenance Revenue	15.58		Rev Rec Source	3110600 F... any	Other : No Cost Center	PL Rating	Vertafore	1632503
412110 Revenue : Recurring : Subscription : Subscription		15.58	Rev Rec Destination	3110600 F... any	Other : No Cost Center	PL Rating	Vertafore	1632503

Revenue - Closing Notes

- Implementing Revenue? Consider your Billing engine.

Useful Links and Pages:

- LinkedIn Learning: “Running a Profitable Business: Revenue Recognition” (Kay & Jim Stice)
- “Advanced Revenue Management” User Guide
- “Amortization Guide” User Guide
- IRS Publication 538 (Cash vs Accrual Guidelines)