Revenue Recognition in the Digital Age

Businesses must have an effective system for accurately managing and reporting income. With more than twenty-years of experience designing and supporting SAP Revenue Accounting and Recognition implementations, Bramasol understands how to cost-effectively design and deliver these solutions. Vast knowledge of SAP and the ASC 606 and IFRS 15 accounting standards help ensure greater success for our projects and clients.

Challenges

Many companies manage revenue recognition using spreadsheets, standalone software, or manual denial methods. Those techniques are prone to error and incompatible with modern scalable architectures such as SAP S/4HANA. Share information between systems and business units often requires workarounds, which slow distribution and revenue reconciliations. For global companies, Multi-GAAP reporting and managing multiple currencies can be quite difficult. Unfortunately, concerns about the cost and complexity of transitioning to a full-function revenue recognition model preclude some companies from upgrading their systems.

Five Step Revenue Recognition Model

1. Contract Management
   - ASU 606 has changed the revenue recognition landscape. Combining multiple contracts for financial reporting purposes can be essential. Are you ready?

2. Performance Obligation
   - Distinct "standalone" performance obligations of contracts will be benchmarks for when and how revenue is recognized.

3. Transaction Pricing
   - The stated price of a contract is no longer the actual price of the contract. Transactional pricing now takes into consideration expectations of outcomes.

4. Pricing Allocation
   - Adjusted market, expected cost-plus margins, and residual approaches each require in-depth discussion to truly understand proper application.

5. Revenue Recognition
   - Above all, revenue should be recognized over time, or at a point in time, and that both approaches should be mutually exclusive.
The Solution

Following the Comply/Optimize/Transform framework, Bramasol leverages revenue accounting processes and data to create competitive advantages for businesses. Our revenue recognition solution, built on the SAP platform, provides companies with deep insight into customer behavior, product perception and uptake rates for downstream services. A long-time co-innovation partner with SAP, Bramasol has successfully implemented more than 100 RAR projects using our groundbreaking proprietary methodologies.

With deep expertise and extensive experience in SAP revenue recognition solutions, Bramasol delivers cost-effective implementations on time and on budget.

Success Story

Client: A $9B automotive supplier with manufacturing facilities located throughout the world.

Challenge: In addition to the obstacles they face as an early adopter in clean/hybrid technologies, it was difficult to manage the company’s complex scheduling processes and sophisticated engineering/design development practices. Volume pricing further complicated the organization’s accounting procedures.

Requirements: The solution needed to integrate with the company’s soon to be implemented contract repository system and had to meet global accounting and financial reporting standards.

Solution: Bramasol created a custom solution to accommodate all the prescribed project requirements with additional functionality to achieve the company’s revenue posting goals. After migrating existing business processes and data, our team implemented a customized version of SAP RAR 1.2.

Why Bramasol

Revenue recognition accounting system design and implementation requires a technology partner with deep skills and extensive experience. Our leadership in Office of the CFO solutions, extensive experience with RAR solutions and close working relationship with SAP helps ensure your project will come in on-target, on time and on budget. Bramasol understands the demands of the evolving digital economy and empowers businesses with unrivaled expertise in RAR-related technologies, processes, compliance, and support.

Take our health check to self assess your revenue recognition solution.

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