



Aptitude  
**Revenue  
Management  
(ARM)**

**SOLUTION BRIEF**

**A secure, configurable platform  
to strategically automate revenue  
recognition and manage the end-to-end  
revenue lifecycle**

**Aptitude™**  
SOFTWARE

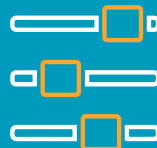
# Aptitude's Revenue Management Solution strategically and efficiently manages the end-to-end revenue lifecycle—from contracts to compliance to financial close—delivering trusted revenue insights that can help drive desired business outcomes

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## Rich revenue data model

consolidates highly granular contract, billing, and accounting data for an enterprise-wide, single version of sales and revenue truth



## Centralized control

repository of centralized bookings and arrangements simplifies the capture of performance obligations and the management of complex, multi-element arrangements



## Operational efficiencies

full automation of the end-to-end revenue lifecycle accelerates the speed of financial close, reducing risk while optimizing costs and resources



## Strategic foresight

an intuitive platform for analysis and real-time reporting allows for easy to consume, multi-dimensional visualization of data and key KPIs to unlock valuable business insights and drive forward-looking planning



## Smart compliance

continuous ASC 606 / IFRS 15 compliance and controls drives accurate regulatory reporting, reducing business risk



## Business agility

an out-of-the-box, highly configurable solution with flexible deployment models that scale with your business to support diverse business models and the rapid enablement of new offerings

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value beyond ASC 606 and IFRS 15 compliance
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# Finding opportunity amidst the challenges

The way in which revenue is accounted for has undergone significant changes with the introduction of the regulatory standards ASC 606 and IFRS 15. The standards required organizations to revisit their processes and internal systems with many making significant investments to ensure compliance before the 2018 effective date.

But many companies have found opportunity in the challenges of compliance. In addition to addressing the standards, companies that have automated revenue recognition are not only achieving significant productivity gains, but are also able to access a more centralized, granular data set to generate insights and direct the business. With the building blocks in place, these forward-thinking companies are now looking at how to manage their revenue more strategically across every stage of the revenue lifecycle.

For those organizations that are still addressing the demands of compliance manually or had implemented customized solutions not suited for growth, now is the time to assess the value of an automated solution that can address compliance while also improving efficiency, agility, control, and decision-making.



**81%**

**of CFOs**

**see identifying areas  
of new value across  
the business as their  
primary responsibility**

*Source: Accenture*

# Challenges to overcome

## Unique business models

An increasingly digital world has driven innovative new business models in both the consumer and B2B space. With new product types and payment models like SaaS-based subscriptions, pay as you go, and rapidly changing product bundles, using traditional accounting methods to determine the standalone selling price, are no longer fit for purpose.

## Complex contract arrangements

Many organizations have multiple offerings per product, depending on geography, customer type, business unit, or other characteristics of unique contracts. A variance between expected and actual numbers is often exposed because of pricing, discounts, variable considerations, or other contract terms. In addition, many contracts require modifications over the life of the contract which creates further accounting and revenue recognition complexities.

## Disparate data

The revenue recognition standards require reporting for your contract obligations across all customer contracts across the enterprise. However, contract details are often siloed in various order and billing systems and lack a consistent format. Using Excel to aggregate data downloaded from multiple source systems is highly inefficient, prone to human error, and creates a lack of trust in data quality.

## Lack of flexibility and limited systems capability

In order to comply before the deadline, many organizations created complex, manual workarounds using systems they already had in place. The result is a lack of flexibility and scalability, inefficient business processes, and a manual maintenance burden that is unsustainable.

## Increasing focus on operational efficiency and scale

Organizations are under increasing pressure to optimize cost and operational efficiencies across the enterprise and the finance function is no exception. Many finance office tasks are ripe for automation which would dramatically increase efficiencies, reduce costs, and free finance teams from the shackles of routine drudgery.





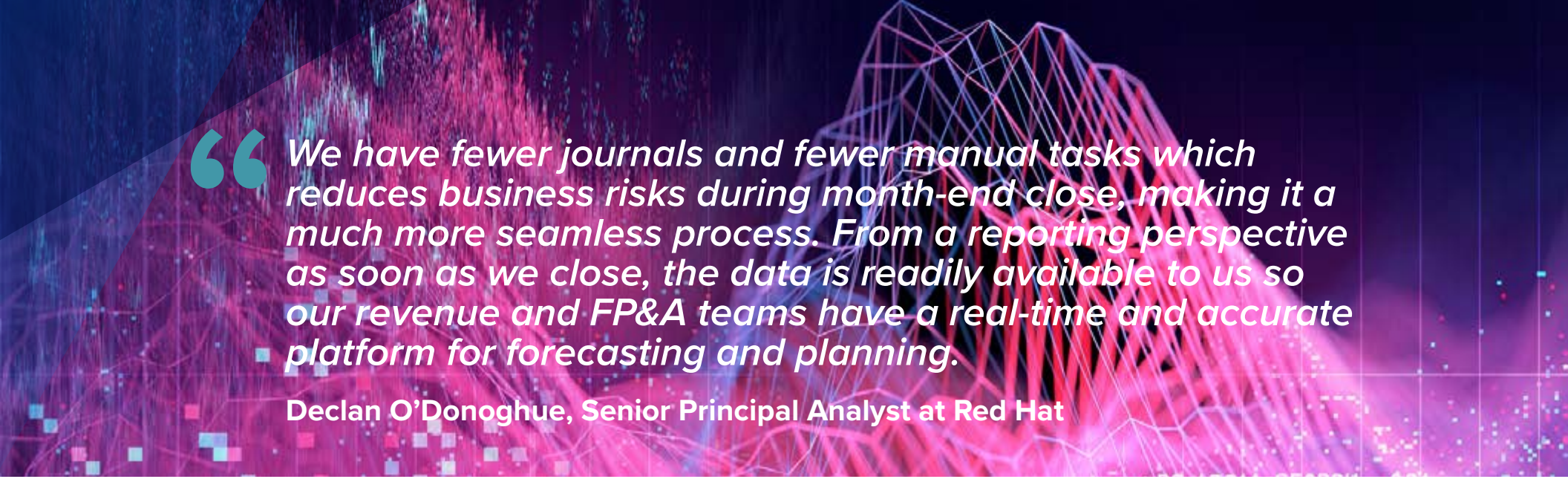
The infographic features a large orange circle with a gear icon in the center, surrounded by concentric circles. A blue wedge points from the circle to the text '30-40%'. The background includes a blue bar chart and a line graph with a candlestick pattern.

**30-40%**

of processing time  
for several key  
finance processes  
could be eliminated  
with automation

*Finance effectiveness  
benchmarking: PwC*





**“ We have fewer journals and fewer manual tasks which reduces business risks during month-end close, making it a much more seamless process. From a reporting perspective as soon as we close, the data is readily available to us so our revenue and FP&A teams have a real-time and accurate platform for forecasting and planning.**

**Declan O'Donoghue, Senior Principal Analyst at Red Hat**

## **Aptitude Revenue Management** value beyond ASC 606 and IFRS 15 compliance

The Aptitude Revenue Management Solution provides companies with a secure, highly configurable solution for simplifying and automating the revenue management process, from contract capture to revenue recognition and reporting.

Its comprehensive and rich data management capabilities are underpinned by a centralized repository of all contract, accounting, and revenue data. This allows the entire revenue recognition cycle to be controlled and managed within a single solution, while at the same time expanding the value beyond compliance with a 360-degree view of all revenue contracts that reveal key performance indicators that can drive strategic go-to-market and sales decisions.

Aptitude's Revenue Management Solution is designed to empower the finance team through an intuitive user interface, an application that is easy to configure, and offers logical steps and templates that provide accounting guidance and simplify compliance. This enables users to come up to speed quickly and revenue teams to optimize resources, reduce training costs, maximize productivity, and deliver timely reporting and insights to the business with confidence.

The Aptitude Revenue Management Solution allows finance teams to shift from a focus on revenue recognition compliance to take a more holistic, strategic approach to managing revenue for the organization, delivering significant operational efficiencies and enabling the generation of actionable business insights.





# Key features



## AUTOMATION TEMPLATES

Out-of-the-box templates for automating revenue and cost accounting, configurable by finance through a graphical rules engine



## CENTRALIZED REPOSITORY

Stores aggregated and transformed contract, revenue, and accounting data at a highly granular level



## REVENUE ARRANGEMENT MANAGER

Comprehensive and flexible, capabilities include contract capture, arrangement, performance obligations, deferred & revenue balances, contract modifications, and accounting in a single view by reporting method



## AUTOMATE COMPLEX ARRANGEMENTS

Centralized management of complex, multi-element arrangements with automated tools to identify and analyze linked arrangements



## AUTOMATE COMPLEX CALCULATIONS

Full automation of complex accounting calculations including allocations, carve-outs, recognition triggers, and revenue schedules



## SSP ENGINE

A powerful, interactive tool to automate batch-based evidence studies of historical transaction analysis and testing to support ASC 606 and IFRS 15 compliance



## FLEXIBLE INTEGRATION

Includes options including secure file-based data (SFBD) with full encryption, RESTful Web APIs, browser upload, and pre-built connectors including Oracle eBusiness Suite (EBS)



## REAL-TIME REPORTING

Configurable, interactive, pre-packaged disclosure report templates for multiple GAAPs, management reporting, and forecasting in addition to flexible ad-hoc reporting



## COMMON KPI TEMPLATES

Out-of-the-box data visualization of results in multi-dimensional and drillable views, easy configuration of role-contextual KPIs and dashboards providing actionable insights



# 76%

Of CFOs agree that without one version of the truth across business units, their organizations will struggle to meet objectives

*Source: From bottom line to front line – Accenture*

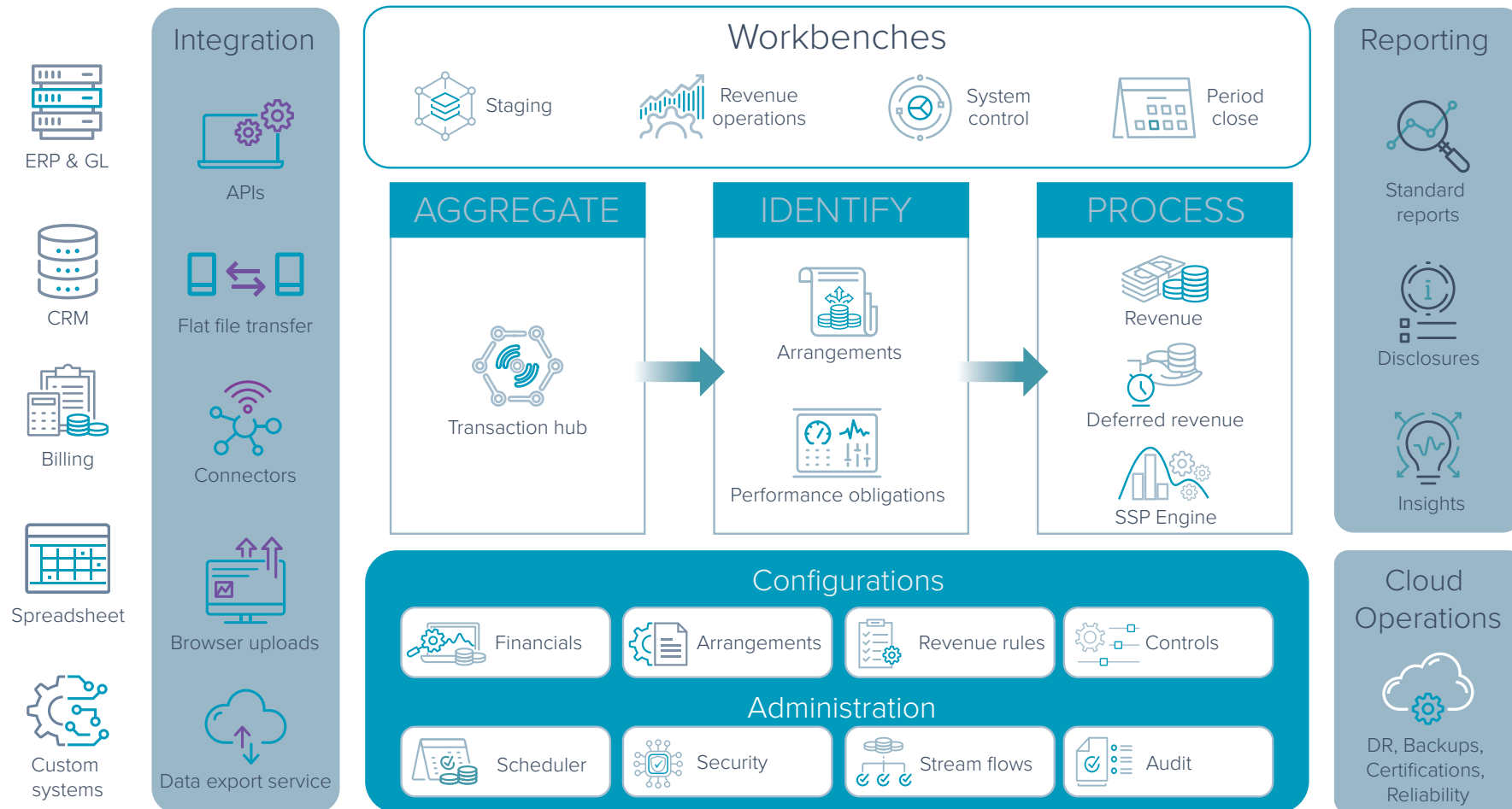
# Core offering

## Aptitude Revenue Management Solution



Aptitude  
**Revenue  
Management  
(ARM)**

A secure, configurable platform to strategically manage the end-to-end revenue lifecycle and automate revenue recognition.



# Key components explained

## Transaction Hub

The transaction hub provides a powerful repository of contract, order, and business events. It interfaces with existing ERP, CRM, contract, billing, sales, and other relevant source systems to collect, aggregate, and systematically enable these transactions for revenue recognition.

- Arrangement assignment – automatically create arrangements based on configured rules
- Arrangement inspection – apply alternate revenue treatments when contract characteristics or exceptions occur
- Contract adjustments – support modifications to transactions that may affect past, current, or future revenue calculations
- Identification and linking of arrangements – automatically link multiple orders from one contract into a single arrangement
- Version and change detection – automatically track transaction and rule changes with the ability to adjust the change on a retroactive or prospective basis
- Contract attachments – easily attach files and additional documentation to transactions or orders
- Holds and approvals – automatically suspend or hold contracts based on user-defined rules and route arrangements for approval based on a configurable, multi-level approval hierarchy
- Business events management – view the related fulfilment events for each transaction line to verify performance obligation is complete and recognition may begin
- Data transformation and integration – access a central repository of transformed data from source systems for end-to-end revenue management
- Integration options – leverage packaged connectors to many commercial applications, as well as RESTful Web APIs, flat file, and CSV browser uploads for rapid integration and adoption

## Revenue Arrangement Manager

Define performance obligations and customer arrangements and automatically track and manage contracts in accordance with ASC 606 and IFRS 15.

- 360° view of arrangements – easily see all relevant aspects of any revenue arrangement from a single view
- Proactive arrangement creation – immediately define an arrangement and establish performance obligations and default revenue rules as soon as a contract is executed; automatically associate sales orders, contracts and other transactions to the arrangement
- Rules-based arrangement creation – automatic generation of arrangements, driven by easily configurable rules which link transactions by any contract attribute and time threshold
- Externally established arrangements and POBs – adopt externally established arrangements with integration to upstream systems
- Performance obligations – automatic creation of performance obligations using configurable rules and pre-defined templates by arrangement type
- Override standard revenue rules – manage exceptions with the ability to override by performance obligation type or directly on a performance obligation
- Line splitting – split a single line, such as a product bundle order, across several performance obligations to correctly allocate revenue and control the release of revenue as the obligation is satisfied
- Multiple/dual reporting methods – apply different revenue accounting policies to a single set of contracts with customers and performance obligations to support ASC 606 and IFRS 15
- Contract changes – make contract changes that affect the transaction price, performance obligations, or revenue policy after contract execution; changes are fully traceable, providing a complete version and audit trail of the contract history

## SSP (standalone selling price) Engine

Automate historical transaction analysis and testing to determine standalone selling price and support the processing of high transaction volumes.

- Configurable batches – utilize batch-based evidence studies of historical pricing activity configured by time period, products, services, and offerings based on finance-verified data
- SSP determination – identify fair values by grouping evidence lines in the batch, product, product category, currency, and stratifications; midpoints may be determined by mean, media, weighted mean, weighted median, or by retrieving the last approved fair value
- Stratifications – use up to 15 stratifications or configure a variety of stratification sets to allow for different options to be used by product or product category; currency and volume pricing tiers within a contract are also supported
- Configurable testing – define and apply fair value tests to establish low and high ranges based on percentage or standard deviations before testing evidence lines for the fair value against thresholds (population %, distinct customers, quantity thresholds, etc.) to ensure an adequate sample set for testing
- Modelling – create modelling batches to perform 'what if' scenarios with user adjustable fair value determination methods, test sets, and stratification sets to discover the best fit policy for establishing SSPs
- Approval and transfer – configure test results to automatically approve resulting fair values, or flag fair values for review and approval; adjust calculated results and maintain full audit and adjustment history





## Revenue Recognition Manager

Gain full automation of revenue and cost accounting through a highly configurable rules engine to increase efficiency and reduce the risk of non-compliance.

- Multiple reporting methods – supports dual reporting, forecasting, statutory, offering modelling, and management reporting with the ability to apply different revenue accounting policies to customer contracts to support ASC 606 and IFRS 15, as well as strategic management reporting requirements
- Fair value application – apply stratified fair values and SSP to contracts and run tests against a range to drive allocations across performance obligations
- Allocations – de-bundle, allocate, and carve revenue across performance obligations; identify contingent revenue for additional deferral and determine available revenue for each performance obligation
- Revenue netting – compare net expense of revenue reversals against open deferred revenue; provides support for credits for vendor consideration, price protections, or product returns, as well as gross/net arrangements
- Revenue eligibility – release available revenue based on triggers and events as prescribed by company policy; automate robust eligibility calculations driven by events or contract triggers provide flexibility for diverse product models
- Revenue scheduling – leverage flexible, rule-based automation for actual or forecasted revenue
- Revenue accounting – build accounting entries for receivables, tax, statistical entries, deferrals, unbilled, ST/LT reclass, contract asset / liability, allocations, accruals, recognition, and FX adjustments; offers support for booking into multiple sets of books for intercompany, consolidated, or management reporting
- Cost and expense recognition – capitalize the direct cost of contract acquisition
- Multi-currency – translate accounting entries from transactional or entered currency to functional currency and reporting or group currency based on configurable rate types; FX adjustment functionality detects differences in the FX rate used by the Aptitude Revenue Management Solution versus billing systems due to differences in billing and revenue recognition schedules
- Deferred revenue management – manage deferrals and established revenue balances, with support for contract asset/liability accounting, unbilled reclass, and short/long term reclassification
- Cost and expense recognition – capture COGS, expense, and capitalized costs from contract acquisition and fulfilment and recognize to match revenue or net against revenue
- Contract changes – automatically apply contract changes that affect transaction price, performance obligations, or revenue policy, with support for retrospective and prospective adjustments
- Period close and revenue subledger – utilize revenue subledger functionality with the ability to close by ledger or set of books

## Revenue reporting

Interactive reporting platform leveraging financially controlled, trusted and rich operational and revenue data models.

- Out-of-the-box reporting – access disclosure, financial, and audit reports including financial performance data and operational metrics
- Reporting for fair value summaries – access analysis charts and audit reporting to support analytical and control requirements

## Revenue Insights

Access a rich library of pre-packaged analytics, delivering valuable business insights to drive smarter decision making, accurate forecasting, and real-time, strategic foresight.

- Easy to consume – leverage data visualization with multi-dimensional, drill-down views of results
- Out-of-the-box – access contract, revenue, and deferred revenue analytics like forecast waterfall schedules
- Highly configurable – provides role-based key performance indicators (KPIs), as well as management dashboards and analytical, self-service reporting



# Revenue Insights

Analyze trusted data to reveal actionable insights that drive desired business outcomes

Detect trends and patterns to confirm expectations or uncover surprises

Identify and link actions and outcomes associated with previous business decisions

Generate data to support future investment decisions, competitive strategies, and business operations

Spot outliers and anomalies for further investigation and analysis

## Increase financial confidence

Actively monitor key KPIs focused on the overall quality and health of a company's revenue

A revenue health score could include metrics such as:

### 1 Revenue Diversity

A revenue measure that may indicate excessive dependence on a single revenue source, business model, industry sector, region, or demographic which could pose risk to the organization. Having this information allows the business to take action to restore balance.

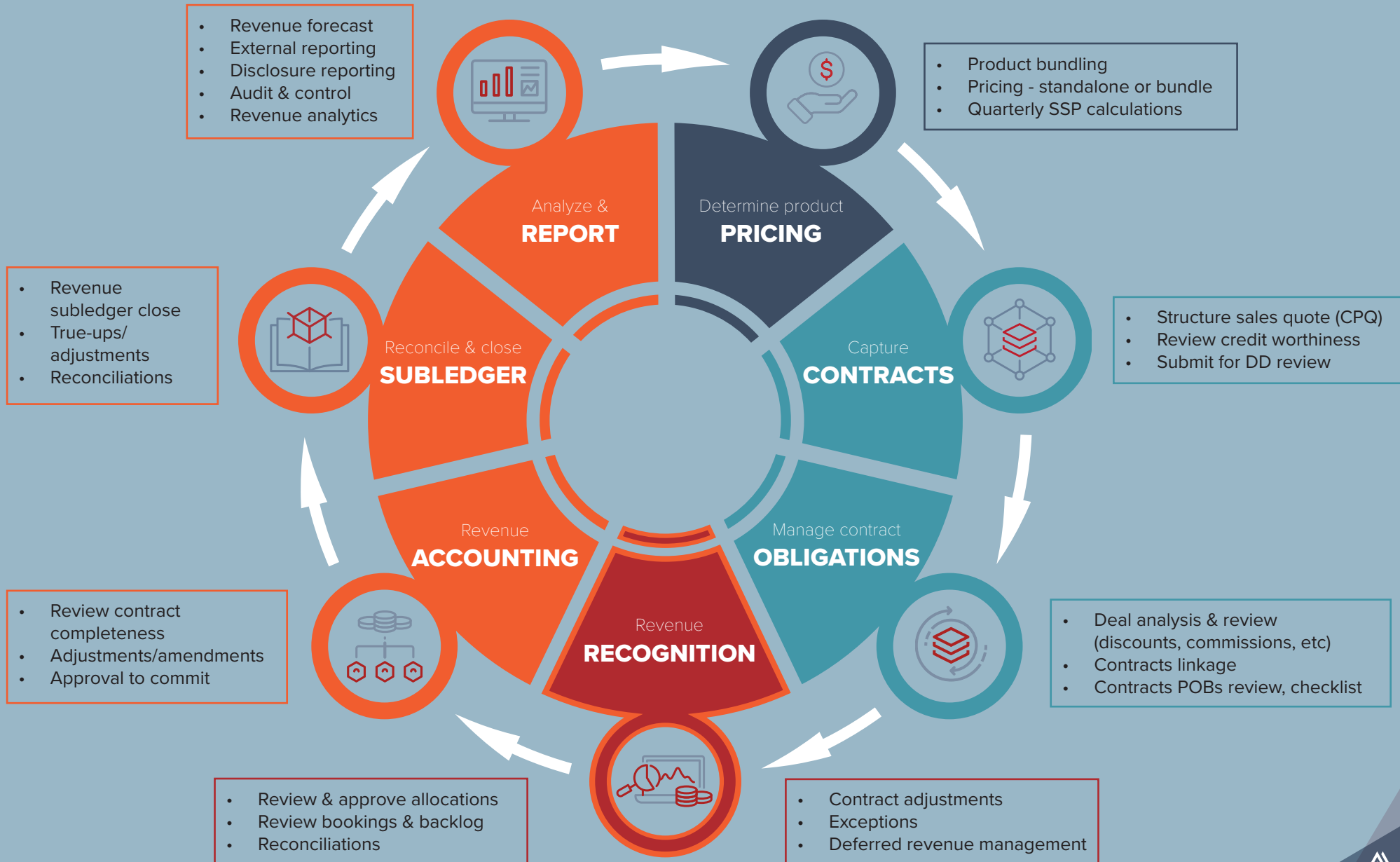
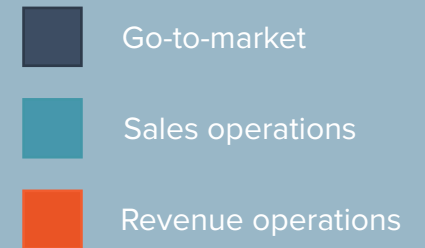
### 2 Revenue Loading

A measure of contract quality based on front-loading (early in period) versus back-loading (near period end) contract signings. By analyzing revenue loading you can determine the level of back-end risk to the period and identify which types of products or contracts exacerbate such risks and then take action to reduce risk and increase certainty of profit.

### 3 Revenue Pace

A measure analyzing the pace at which specific revenue streams are recognized from order or contract signature to proof of delivery to P&L. This can help identify and rectify revenue log jams like credit score, fulfillment or product delivery/ service issues.

# The Revenue Lifecycle





# Aptitude Revenue Management (ARM)

## Business benefits

Aptitude's Revenue Management Solution strategically and efficiently manages the end-to-end revenue lifecycle – from contracts to compliance to financial close – delivering increased efficiency, agility, control and trusted revenue insights to drive desired business outcomes.



### Control

Highly flexible and configurable giving finance full control

- Manage every aspect of the revenue lifecycle from a single location with a centralized repository for all revenue data, calculations and reporting
- Empower finance with full control to define and change business rules, modify contracts and transactions, access self-service analytics and reporting, and identify and fix any errors with complete audit trail
- Leverage accounting and revenue best practices encapsulated in revenue recognition templates, business events, data models and disclosures as well as suggested dashboards to highlight key KPIs



### Strategic foresight

Harness data to drive actionable business insights

- Data visualization with multi-dimensional views provides access to real-time, actionable data to influence current pricing decisions, support future investment decision and drive competitive strategies
- Drill-down from reported results to underlying transactions and business logic to support finance and regulatory needs
- Proactively model exception contracts to avoid the period-end crunch





## Smart compliance

Continuous ASC 606 /  
IFRS 15 compliance

- Accurate reporting with full transparency to the regulators
- Reduce risk of audits and restatements
- Higher investor confidence, valuation and credit ratings



## Operational intelligence

Gain operational and cost efficiencies  
and improved productivity

- Evaluate and approve quotes for SSP compliance to avoid balance sheet and P&L surprises
- Enable a much faster financial monthly and quarterly close, releasing resources to focus on more value-adding activities and getting the numbers into the hands of decision-makers sooner
- Understand the 'Revenue Health' of the business and address issues that may be negatively impacting key KPIs



## Business agility

Modern enterprise revenue management  
solution that can embrace change

- Highly configurable to support even the most complex contracts and business structures
- Flexible on-premise or cloud deployment capable of scaling with evolving needs
- Able to retrospectively and prospectively adjust 'in-flight' intercompany arrangements with an interactive SSP engine that allows rules to be easily adjusted and fair values recalculated



# Why Aptitude Software

Aptitude Software's vision is to empower finance communities to transform business with smart compliance, operational intelligence, control, and strategic foresight.

## We understand finance

Aptitude Software is dedicated to developing finance management software. Aptitude solutions are designed by finance experts who speak the language and understand the challenges today's CFO faces.

## Regulatory compliance expertise

Aptitude Software has been delivering finance solutions to address regulatory compliance needs for over 20 years. We have deep, specific expertise in both IFRS 15 and ASC 606. Our revenue management solution comprises approximately 40% of our business.

## Low risk and speed of deployment

Aptitude's solutions come pre-packaged with IP-rich, industry-specific project accelerators such as finance templates, pre-defined business event data models, and disclosure templates. The accelerators are continually enhanced as best practices are captured by Aptitude's Centre of Excellence (CoE). This enables efficient implementation, reduced risk, and faster time to benefit.

Our delivery team is made up of over 120 consultants located across the globe with deep technical and finance expertise. Together with a vast, global partner network of certified specialists and our Centre of Excellence providing guidance and oversight on projects, Aptitude's delivery teams have implemented over 75 instances of our solutions across four continents.

## Proven enterprise scalability and performance

Aptitude Software has proven expertise in delivering solutions for small/mid-size businesses to global organizations. Solutions are easily scalable to the size of the business.

Aptitude Software adopts a 'cloud-first' software development methodology and all products can be deployed to the cloud, or on-premise, providing our clients with choice and flexibility.

## Future ready solutions

Aptitude is 100% committed to the on-going development of finance management solutions. Aptitude solutions are built on modern IT architectures so that they can embrace emerging innovative technologies while having the agility to respond to fast changing regulatory and market conditions and new opportunities.

Aptitude is continually evolving its products, people and delivery processes and invests 33% (2019) of software revenue into research and development.\*

## Strong pedigree

Aptitude Software has an enviable global customer base with combined revenues approaching \$1 trillion. Aptitude has a strong, proven track record across all industries with specific, in-depth domain expertise in Financial Services (Insurance and Banking), Telecoms, Media, and Technology and has been helping companies with their digital finance journey for over 20 years.

Aptitude Software acquired RevStream™, the North American market leader in revenue recognition, in 2017. RevStream™ was the first revenue recognition solution to be made available in the cloud and benefits from over 10 years of product innovation, substantial investment, and finance expertise.



\* 2019 research and development figure is a % of total software and subscription revenues only.





# Aptitude Revenue Management (ARM)

Aptitude<sup>™</sup>  
SOFTWARE

You can learn more about the future of revenue management and our dedicated revenue management products and solutions using the resource below



## PRODUCTS

**Aptitude RevStream: (AREV)** is a fully scalable, highly configurable solution for simplifying and automating the revenue recognition process and managing the end to end revenue lifecycle from contract capture to revenue recognition and reporting.

**Aptitude Revenue Recognition Engine: (ARRE)** is a specialist financial application that connects existing General Ledgers and source systems to empower enterprises to comply efficiently with ASC 606 & IFRS 15.



## RESOURCE SITE

Visit our dedicated revenue management resource web page where you will find access to blogs, videos, podcasts, white papers and more all in one place.

[www.aptitudesoftware.com/resources/revenue-management](http://www.aptitudesoftware.com/resources/revenue-management)



## WHITE PAPER: The role of revenue management

Holistic revenue management is a business differentiator. Taking an active approach to end-to-end revenue management can help organizations surpass competitors and react with agility to market changes. In this white paper, we outline what true revenue management looks like and the organizational value it drives.

<https://info.aptitudesoftware.com/the-role-of-revenue-management-white-paper>



Aptitude Software provides software solutions that enable finance professionals to run their global businesses, forecast decision outcomes, and comply with complex regulations. Uniquely combining deep finance expertise and IP rich technology, Aptitude gives finance leaders the tools they need to transform their business and achieve their ambitions.

Aptitude is proud to have served the offices of finance for over 20 years, delivering financial control and insight to create a world of financial confidence for our global clients.

Aptitude Software supports businesses with combined revenues approaching \$1 trillion and over 500 million end customers. Headquartered in London, Aptitude Software is an operating company of Aptitude Software Group plc.

**For further information, email us at [info@aptitudesoftware.com](mailto:info@aptitudesoftware.com) or contact us:**

**London (Headquarters)**

Old Change House  
128 Queen Victoria Street  
London EC4V 4BJ  
Tel: +44 (0)20 7496 8196

**Boston**

Suite 1310  
101 Federal Street  
Boston, MA 02110  
Tel: +1 (857) 201-3432

**Redwood Shores**

Suite 310  
100 Marine Parkway  
Redwood Shores, CA 94065  
Tel: +1 (888) 738-0206

**Singapore**

Centennial Tower, Level 17  
3 Temasek Avenue  
039190 Singapore  
Tel: +65 82282403

**Toronto**

Suite 700  
2 Bloor Street West  
Toronto, Ontario M4W 3R1  
Tel: +1 (416) 642 6508

**Wrocław**

ul. Muchoborska 6  
54-424 Wrocław  
Poland  
Tel: +48 71 35 83 010

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