ASC 606

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Since the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued the ASC 606 revenue recognition guidance in 2014, companies of all sizes – from large, public entities to smaller firms – have been scrambling to update their accounting systems and processes in time to meet the January 2018 deadline.

Designed to standardize revenue recognition by aligning revenue bookings with the sales of products and services, ASC 606 will help investors compare and contrast financial filings between companies. While the new rule is valuable for investors, it has created headaches for companies. Internal finance teams and professional accounting firms are spending countless hours reviewing the ASC 606 mandate and guidelines. And they're allocating valuable resources and budget to upgrading existing or investing in new financial systems to report future revenue correctly.

Yet, having a system in place to start 2018 fiscal year reporting only gets companies halfway there. The new guidelines also require organizations to retroactively restate their revenues from the past three years to allow for proper auditing compliance. Forcing them to review internal IT environments and processes, the ASC 606 is causing many large companies to realize that their infrastructure is comprised of numerous, disparate accounting systems, and none of them are integrated or sharing data. This makes it increasingly difficult for finance professionals to identify what data needs to be migrated onto new systems for ASC 606 compliance. Even worse, if

and when the data is identified, manual data entry from source documents is

If these data challenges sound familiar, know there is a better way. Self-service data preparation and analytics solutions can automate and greatly simplify data access, migration and reconciliation processes. The transformative technology can extract disparate data from virtually any source, and then clean, enrich, combine and manipulate it for uploading into a central database for analysis and reporting. And it can all be done without coding, manual data entry or involvement from IT. From a business standpoint, this means accountants can ensure ASC 606 compliance well ahead of the looming deadline, and they can prep less and analyze more for timely, more strategic decision-making.

Here's a closer look at how self-service data preparation can help with data migration and reconciliation, specifically.

1. Data Migration

As discussed earlier, many organizations have multiple accounting software solutions in-house. This could be due to acquisition and mergers, organic growth, evolving reporting requirements or changing technology strategies. Migrating all of these systems together can take months, if not years – and that's time that companies don't have as the 2018 deadline inches closer. Self-service data preparation can pull relevant information from all systems and sources into one database making migration simple and fast. And because manual entry is eliminated, data quality drastically improves.

2. Data Reconciliation

An important step to revenue reinstatement is reconciling data (i.e., does X figure in system A mean the same as Y figure in system B and the same as Z figure in system C, and so on). Without self-service data preparation technology to automate data

extraction and reconciliation, this can be extremely difficult to ascertain, requiring

accountants to easily see the origin of reported numbers, and data masking, allowing organizations to ensure compliance with internal, federal and industry requirements.

Mission Accomplished

Many organizations are finding that ASC 606 compliance isn't as simple as adopting a new system or process. As accountants and finance professionals, our concerns about reporting revenues correctly never seem to end. And ASC 606 introduces an added layer of worry. But, self-service data preparation technology transforms the seemingly complicated task of 606 compliance into an easy one, and removes the overall reporting and compliance burden from our shoulders – making these vital tasks simple, fast and stress free to complete.

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James Eliason brings 20 years of experience to the Datawatch leadership team, including extensive background in corporate finance, investor relations, sales operations, mergers and acquisitions, human resources, and information technology. Prior to joining Datawatch, he served as CFO of Qvidian Corporation. Previously, he was the CFO of Desktone, Inc. and Empirix, Inc. He's also held senior finance positions with Narad Networks, Inc. and Silverstream Software, Inc.

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