practices and technology in response to shifting market conditions that demand new billing models, according to "The New World of Revenue Management" report released today by ...

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CFOs and senior management teams are reassessing their revenue management practices and technology in response to shifting market conditions that demand new billing models, according to "The New World of Revenue Management" report released today by the Institute of Management Accountants (IMA) and FinancialForce, the leading cloud ERP provider on the Salesforce App Cloud.

This and other findings from the survey suggest that as the business landscape continues to evolve with a service-centric mindset, companies will look to sophisticated technology to advance their accounting from spreadsheets to purpose-built applications.

Two concurrent market shifts are occurring that demand companies to implement revenue recognition procedures capable of addressing more complex scenarios. First, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) issued new revenue recognition accounting standards, update No. 2014-09 and IFRS 15 respectively.

Second, a new category of usage-based business models are drawing attention for their ability to positively influence a business's valuation. This includes software subscriptions, recurring billing, professional services and product/service bundling. These increasingly-popular business models encourage revenue growth, but require new billing and revenue recognition procedures to accurately track what can be recognized and when – tasks better served by technology beyond spreadsheets.

Notable findings from the survey include:

Spreadsheets are losing their dominance among accounting tasks due to inability to address complex scenarios and ensure integrity of data.

- Spreadsheets are still the most commonly used method to track revenue recognition (60 percent), but the use of purpose-built ERP apps is a close second (46 percent) and is on the rise with 21 percent currently implementing or planning to implement one.
- Those using ERP apps to track revenue rate the highest overall satisfaction with the integrity of data (40 percent “very satisfied”; 51 percent “somewhat satisfied”).

Market demand is also leading to the adoption of new billing models, supported by more advanced software and technology.

- The most common trigger of change in revenue recognition methods is billing models, followed by top management decisions, better software and changes to revenue recognition standards.
- Of those that categorize themselves as “very satisfied” with their revenue management systems, the majority are using ERP systems to track revenue recognition.

“The subscription economy is here and the recurring revenue is becoming more than ever the model of new and traditional businesses. CFOs and senior management teams are at a crossroads and must address these major shifts or risk being non-compliant, inefficient, and worse yet, lose market share for failing to give customers the new billing models they want,” said Raphael Bres, General Manager for Financial Management applications at FinancialForce. “As this survey underlines with the upcoming new revenue recognition rules, it is time to adopt a strong Revenue Management application, with customer retention in mind, helping companies to gain a reliable and predictable revenue stream, superior customer and revenue