

Revenue Recognition Implementation Approach

1

Identify

- Identify total population of all contracts with customers.
- Categorize similar types of contracts into groups according to revenue recognition characteristics.

2

Compare

- Select several customer contracts from each group identified in step one.
- Using our rev rec comparison matrix, evaluate revenue recognition under ASC 605 and ASC 606 for each contract selected in step one.
- Determine potential impact of ASC 606 on each type of contract.

3

Document

- Document an accounting policy position paper addressing ASC 606 as it applies to each type of contract with customers.
- Obtain auditor signoff on the rev rec methodology under ASC 606 by contract type.

4

Evaluate

- Evaluate the application of the new rev rec accounting policy on the entire population of customer contracts
- Assessment is according to contract type identified in step #1.
- Quantify the expected impact of implementing ASC 606 across the entire population of contracts.

5

Assess

- Assess the impact on implementing ASC 606 on systems and processes such as:
 1. Accounting system requirements.
 2. Customer contract changes,
 3. Accounting and operational process changes.

Considerations for Each Step