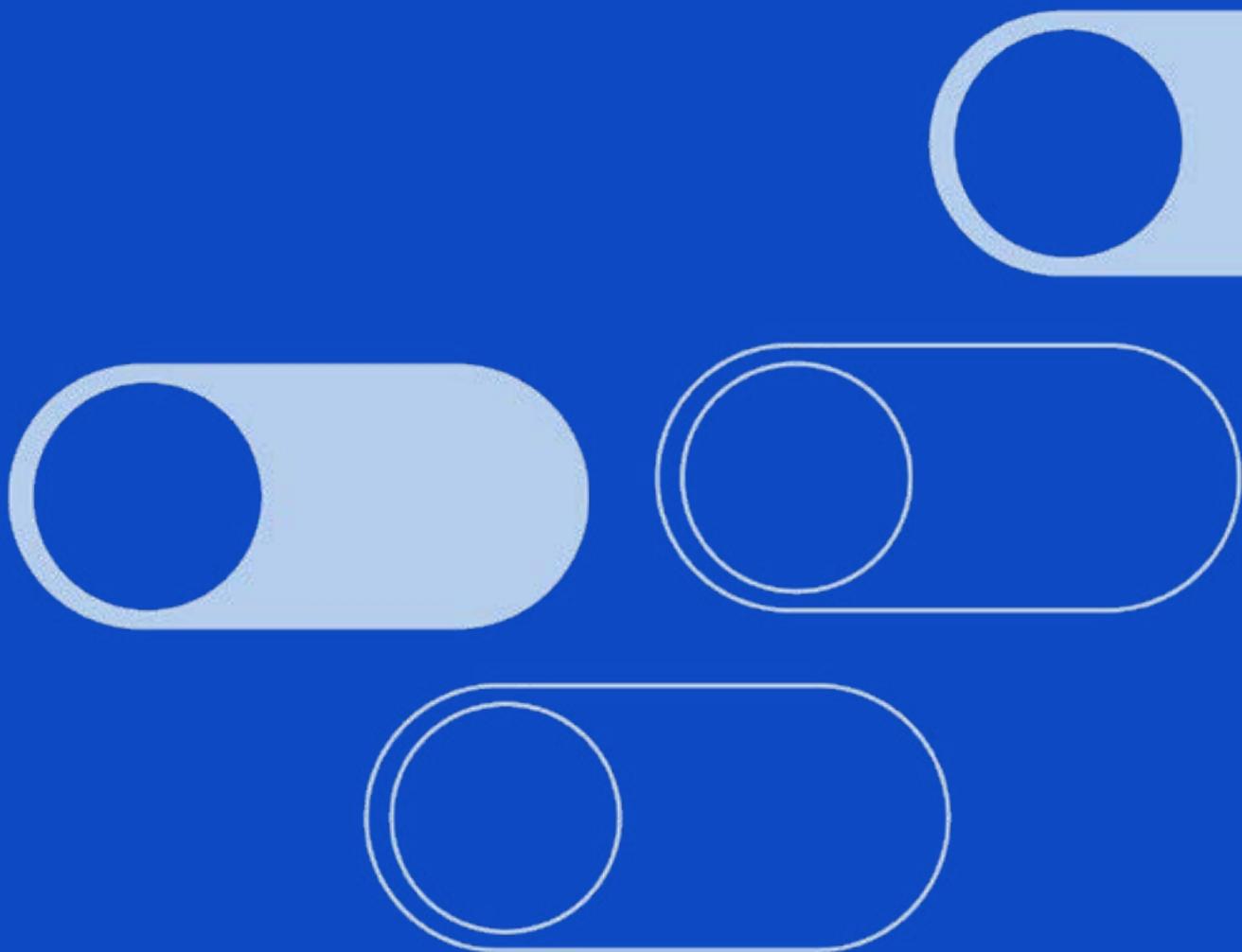


Recognize, reconcile, and analyze revenue in real time.

Turn your revenue recognition system
into a competitive advantage.



Contents

- 01 Revenue accounting gets complicated**
- 02 Not all solutions are created equal**
- 03 Zuora supports your business at every stage of growth**
- 04 Accounting success is company success**

Introduction

Business is changing. Customers are demanding robust options and services—in addition to products—and that shift has created new models of monetization for companies of all sizes. These models can make for messy accounting as revenue streams start to multiply almost overnight. But your job remains the same—implement a compliant revenue recognition process.

So how can you do this to scale?

The quick answer isn't more spreadsheets—nor is it ongoing customizations to your ERP system. It's an automated approach to recurring revenue.

An automated, cloud-based solution makes it possible to manage your company's complex pricing models quickly and accurately. Diversified revenue streams don't have to mean more work on your end. Work smarter, not harder with tools that help you close your books faster, forecast precisely, and reduce the time you spend on manual revenue recognition processes.

01

Revenue accounting gets complicated.

As successful companies automate their revenue operations, they're equipped for the growth that comes with new business models.

For example, Siemens Healthineers, a medical technology company, introduced a new x-ray service and still increased its revenue processing speed by 75%. In the software sector, Braze went public in 2021 while simplifying and maintaining its revenue reporting process. And then there's CRM powerhouse Salesforce, which officially acquired Slack in 2021 and automated all of its global revenue recognition later that same year.

When companies grow through automating revenue operations, they need accounting practices that grow with them. "Even today, too many organizations rely on manual and Excel-based revenue management processes," said Andrew Daily, co-founder and managing director at MGI Research. "This lack of automation translates into hidden errors, re-statement of results, and loss of confidence in financial statements." Since that growth brings more variability in pricing, timing, and revenue recognition rules, as well as the need to support a higher volume of complex contracts, these top-of-mind accounting aspects quickly become complex.

HERE'S WHAT YOUR CURRENT ACCOUNTING SOLUTIONS PROBABLY LOOK LIKE:

A high number of manual touchpoints

You've got spreadsheets supplemented with more spreadsheets. You've got case-by-case customizations to your existing revenue recognition system, most likely an ERP. And you've got employees monitoring contracts daily for changes or upgrades. But this system is a patchy process at best because of its many opportunities for human error.

When you're working with enterprise-level deals, your employees can easily miscalculate elements like up-front products, services that happen over time, or incurred usage. Add new growth strategies into the mix, like introducing new offerings, and you're left with a door wide open to inaccuracies. And increasing headcount doesn't address the error-prone nature of manual revenue recognition tasks.

Continuously customizing your contracts and systems is risky and costly. Manual revenue recognition processes are simply not feasible with how you price and package your products and services today.



Closing the books takes several days

Closing the books in a timely fashion while staying compliant takes weeks during each reporting period. It isn't a simple process to validate data in your revenue recognition system to all your upstream ordering systems and then validate accounting reports to your ERP. No matter the quality of your team's spreadsheet formulas, VLOOKUPs, and pivot tables, the risk of missing data and tie-out issues is great. All of this puts a lot of pressure on your accounting teams, creates potential compliance issues, and slows down the whole workflow.

Companies cannot afford to have a long close that locks up their accounting resources and hinders their ability to quickly introduce new go-to-market strategies every period. In addition, it doesn't make sense to invest dozens of days every period to create a set of reports that will likely still end up having audit risks.

Unreliable forecasting

Predicting future revenue based on data trends is a burdensome task, and the slow, painful reporting process often results in unreliable forecasting. Analysts have to run a BI report from their ERP journal entry to see things like a balance sheet, profit and loss statement, revenue waterfall, and more. And since your team is manually querying all these transactions, your ability to forecast becomes limited because they're using stale and sometimes inaccurate data. Not only is this practice tedious, it also keeps your data stuck in the past and limits revenue visibility.

If you can't swiftly forecast your revenue targets with the latest numbers using filters like product lines and geographies and billing models, you are unable to set accurate targets and consistently hit them.

Not all solutions are created equal.

When you're ready—or forced—to tackle the complexity of revenue recognition, you have options that can get you up and running quickly. But a quick fix can often be a headache for the hands-on groups, like accounting, if the chosen solution doesn't scale.

LEVEL 1

Customize an ERP system.

Businesses often rely on ERPs to handle their revenue recognition process, but these vendors only provide a partially automated solution that relies on a high degree of ongoing customizations and manual steps inside spreadsheets. That means accountants often still have the timely, error-prone work to manually monitor contracts for change, perform contract modifications, and analyze Standalone Selling Prices (SSP) among other tasks.

LEVEL 2

Deploy a low-end solution.

Some revenue recognition solutions can address low complexity use cases at a lower price point, but their solution is only partially automated and still requires manual workarounds for SSP analysis, contract modifications, contract grouping, and reporting. When businesses face complexity and high volume, these lower-end solutions can't offer the level of scale or customer support required. For example, they don't typically have revenue accounting subject matter experts who can provide dedicated customer assistance and advice.

LEVEL 3

Unlock a fully automated system with Zuora Revenue.

To meet the compliance and accuracy requirements of accounting, you need a nimble, streamlined system that can scale with any growth trajectory. With Zuora Revenue, there's no heavy lifting for finance and accounting. No teams combing through tables and contracts and overlooking new revenue sources. No prolonged, potentially-sloppy closing periods. Just consistent, accurate, compliant information that comes from the reliability of an automated system.

Zuora supports your business at every stage of growth.

In virtually every industry, businesses are shifting to predominantly subscription-based models combined with one-time offerings, and you need support during this transition. As the leader in subscription management, Zuora now offers the most innovative revenue recognition solution in the market. Zuora Revenue offers real-time capabilities that are the automated key to scalable accounting.

Drive daily revenue recognition

Drive daily revenue recognition using automation that works for any business, no matter the volume or the complexity. Zuora Revenue saves you time and resources by automatically recognizing the revenue coming in from any combination of products, services, and subscriptions. Accounting teams can then configure revenue recognition rules for any pricing model so that an automated recognition process occurs as soon as the data comes in. And you can support deal changes as they happen by setting triggers to flag any contract changes in pricing, quantity, or terms. Zuora Revenue also minimizes compliance risks by applying the five-step ASC 606 and IFRS 15 process to all transactions.

Revolutionize the reconciliation process

Revolutionize the reconciliation process by making it continuous. Using Zuora Revenue means you can start your close process as soon as a quarter or year has ended and close your books as early as Day 0. Once the calendar flips, you're already up to date with real-time reconciliations, giving you uninterrupted visibility to data exceptions that might occur. This time-saver lets your team then account for issues on a daily basis instead of scrambling to validate revenue recognition data with upstream and downstream data at a period's

end. And Zuora Revenue helps ensure data accuracy and tie-outs because you're able to reconcile at all times with minimized compliance risks. In fact, Zuora's commissioned study with Forrester Consulting found that businesses close the books 50% faster with Zuora Revenue.

Forecast revenue targets accurately

Forecast revenue targets accurately with real-time analytics. Thanks to a continuous close process, Zuora Revenue lets you harness the powerful analytics your company needs to forecast future revenue periods with precision and without extra work. As soon as you enter a new sales transaction, you'll see the associated revenue waterfall adjust immediately. Zuora Revenue also gives you centralized access to the most critical metrics on recognized revenue—such as bookings to revenue conversion rates, or recognized revenue—across all product lines and geographies. This revenue predictability ensures you're working with the most up-to-date numbers at any given time, letting you make informed business decisions throughout the quarter and allowing you to build forecasts accurately, set targets precisely, and hit the numbers every period.

As it streamlines your accounting workflows and minimizes audit risks, Zuora Revenue allows companies to easily pursue their go-to-market strategies with minimal compliance risks. It also frees your accounting teams to help your finance department better understand the business as well as focus on critical initiatives that impact your bottom line, such as:

- Analyzing revenue rollouts to improve predictability in future periods.
- Finding success factors of new product offerings.
- Pinpointing the root cause of variances in revenue periods.

Accounting success is company success.

Leading businesses across a wide range of industries are unlocking new levels of growth and efficiency when they automate revenue recognition with Zuora Revenue.

Gainsight

Software company Gainsight was facing the hurdles that accompany fast growth, especially for its revenue recognition process. As it managed its company revenue with a combination of spreadsheets and scripts, Gainsight placed a large burden on its finance and accounting teams—and with it a high error risk from time-consuming recalculations during audits. The company needed a solution that would automate its revenue related processes and provide more accurate revenue reporting.

Gainsight chose Zuora Revenue. By using Zuora to automate revenue recognition and key business processes, provide real-time data, and improve financial visibility, Gainsight reduced the time required to complete tasks and the risks associated with manual calculations. Now, Gainsight's accounting team has accelerated their close process by 30% and cut the time required to complete an audit in half thanks to Zuora Revenue. And with the increased level of automation and greater visibility into recognized revenue, the team has shifted their focus from tedious manual work to strategic projects and scaling with the company's ongoing growth.

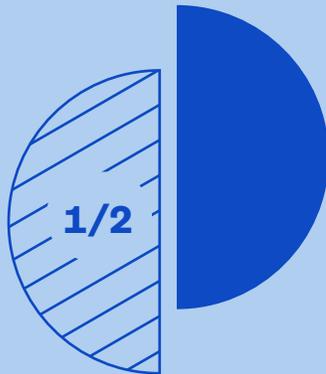
Siemens Healthineers

As a leader in medical technology, Siemens Healthineers is always updating its products and services portfolio to include innovations in diagnostic and therapeutic imaging, laboratory diagnostics, and molecular medicine. As it launched new subscription-based products, the company found its existing IT infrastructure—built for one-time transactions—wasn't able to support a subscription model with multiple customer touch points.

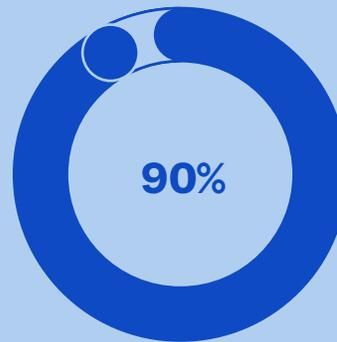
The Siemens Healthineers team knew they needed a fully automated revenue recognition system that could handle the launch of new products over time and decrease reliance on manual data entry. They especially needed to cut the time to close each period.

They found their solution in Zuora Revenue and Zuora Billing. Adding these two solutions to their IT stack enabled them to automate the entire revenue recognition process for the company's new digital services. In fact, Zuora reduced the number of manual steps involved in Siemens Healthineers' revenue recognition process by over 60% and shortened their revenue processing time by 75%.

With Zuora Revenue:



Gainsight cut time required to complete an audit in half.



Riverbed saved time to analyze standalone selling price data by over 90%.

Riverbed

Global hardware and software performance solutions provider Riverbed was rapidly growing. Finding itself with a complex product portfolio—and a large downstream impact on revenue recognition that was increasing audit risks—the company needed to ease the burden on its finance and accounting teams.

Riverbed turned to Zuora Revenue to automate its entire revenue recognition process, ensuring quick, error-free accounting and significantly lower audit risks. Zuora Revenue also helps the executive team understand the health of the business and make strategic decisions by responding to market signals and product performance.

With Zuora Revenue, Riverbed's accounting teams can now close their books in just four to five days. They've also reduced the time it takes to analyze standalone selling price data by more than 90%.

AppDynamics

Cisco company AppDynamics is an application monitoring platform that calls itself “the central nervous system of enterprise computing.” Because of rapid growth and a planned IPO, the finance team was grappling with numerous complex revenue allocations as well as incoming revenue recognition standards. They turned to Zuora Revenue—the world's leading revenue automation solution for ASC 606 and IFRS 15 compliance.

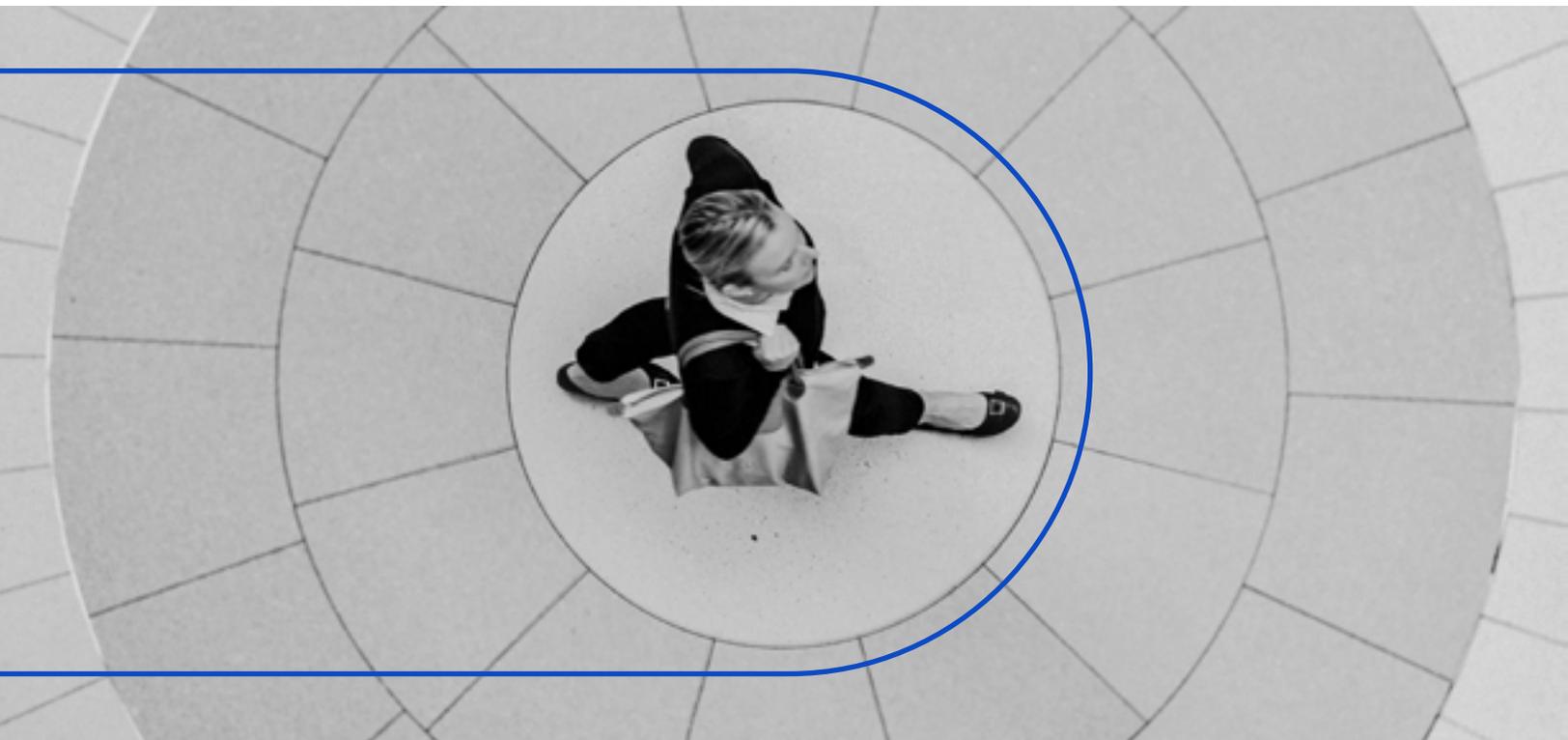
Zuora Revenue has helped AppDynamics unburden its finance and accounting teams with streamlined workflows and reduced risk factors. By automating their revenue recognition process, they've reduced their time to close by 40%.

Perhaps most importantly, thanks to the analysis Zuora provides, the accounting teams at AppDynamics are playing a bigger role in strategic decisions across the company because they're spending less time on manual data entry and monitoring.

Let Zuora's real-time value work for you.

There are many products that help you recognize your revenue, but as a solution truly built for modern business, Zuora Revenue is the only one that does it in real time. This means you can discern the revenue coming in from any combination of your company's offerings—subscriptions, products, and services. But it doesn't stop there. You're also reconciling in real time and tying out your contracts in real time, and that's what makes it possible to close your books just as quickly as you've opened them each period.

In addition to this revolutionary approach to revenue recognition, the reporting and analytics in Zuora Revenue can shape your company's strategy by providing the revenue predictability your leadership team needs to make the right decisions. With Zuora, publicly traded companies and Fortune 500 companies worldwide have improved their bottom line and successfully pursued their go-to-market initiatives—without compromising revenue recognition.



To learn more about how Zuora Revenue can unlock the value of real-time revenue for your subscription business, visit:

www.zuora.com/products/revenue/



Zuora provides the leading cloud-based subscription management platform that functions as a system of record for subscription businesses across all industries. Powering the Subscription Economy®, the Zuora® platform was architected specifically for dynamic, recurring subscription business models and acts as an intelligent subscription management hub that automates and orchestrates the entire subscription order-to-cash process, including billing and revenue recognition. Zuora serves more than 1,000 companies around the world, including Box, Komatsu, Rogers, Schneider Electric, Xplornet and Zendesk.

More at www.zuora.com