

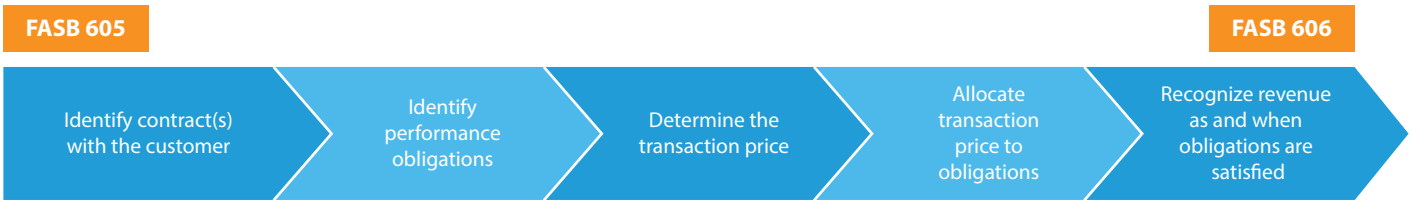
## Shifting revenue recognition norms for high-tech businesses

As business models have evolved in high-tech organizations to include subscription, hosting, SaaS-managed services, royalty, and usage-based

models, the complexity and variations in customer contracts and their associated revenue recognition has grown multifold. The new converged standard guidance

from the FASB\* and IASB\* details how organizations need to recognize revenue in financial statements under both US GAAP\* and IFRS\*.

### The new convergence standard as five-step model:



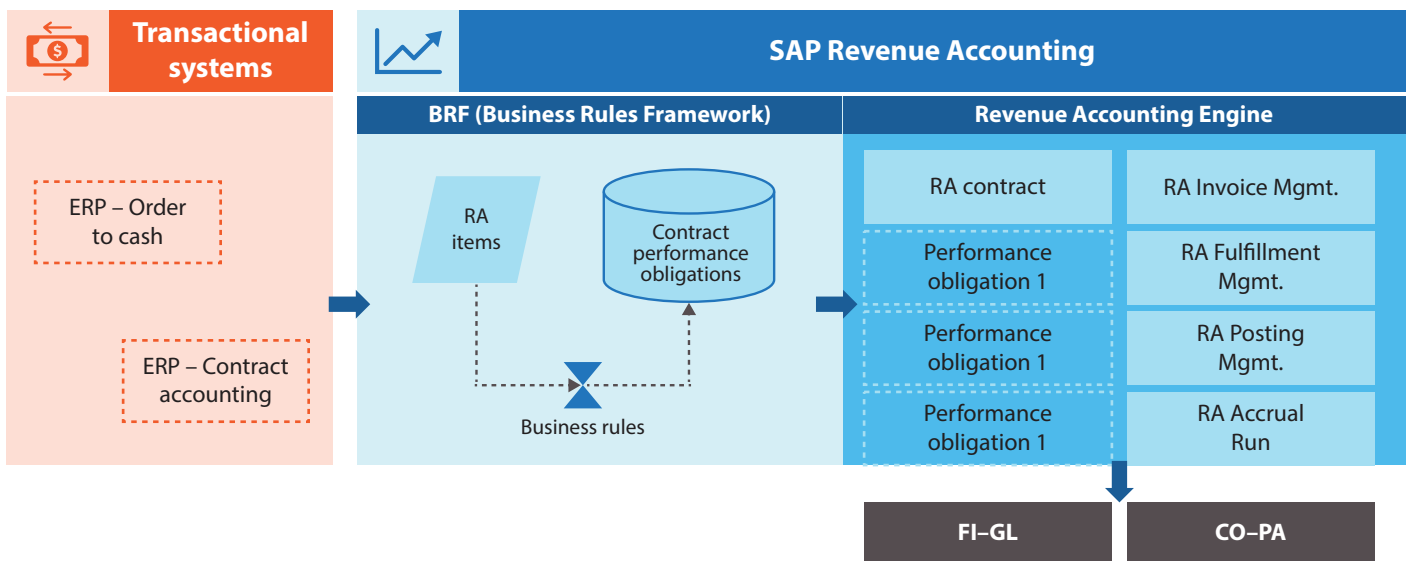
### Handle new convergence standards with the SAP RAR solution

The new SAP Revenue Accounting and Reporting (RAR) solution transforms revenue accounting items from the ERP layer to the revenue accounting contracts

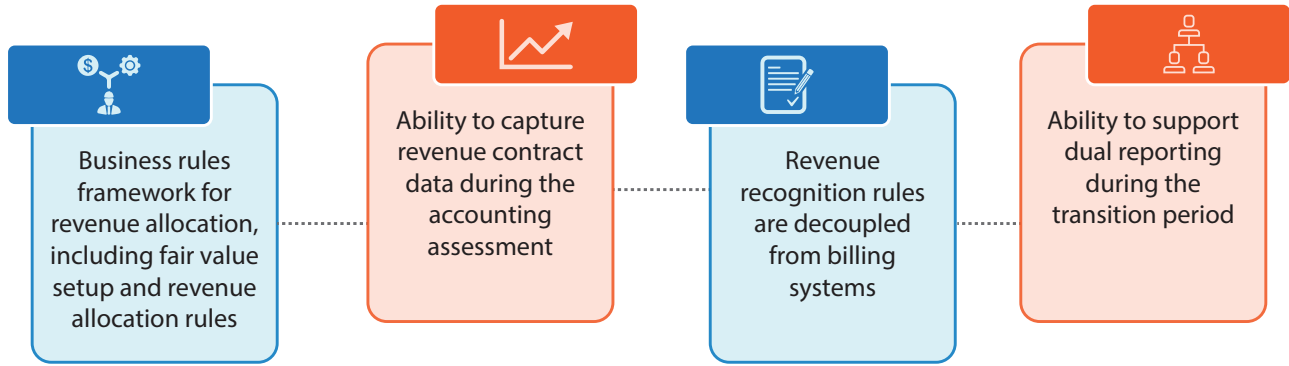
in the RA engine. This RA engine layers the contracts based on performance obligation, performs price allocation, determines recognized revenue, and

posts to FI-GL and CO-PA. It also enables downstream reporting capabilities.

### The SAP RAR solution in action



## Key features and benefits



## The Infosys edge

Critical success factors	Infosys solution elements
<ul style="list-style-type: none"> <li>Development of short-term deliverables in line with the long-term roadmap for a revenue recognition transformation</li> <li>Regulatory compliance to GAAP requirements as well as FASB   IASB standards</li> <li>Agility to support changing reporting needs</li> <li>Flexible platform compatible with existing platforms and technology</li> </ul>	<ul style="list-style-type: none"> <li>Colloquium of finance leaders across industry to share their vision and best practices</li> <li>Preconfigured contract scenarios with associated revenue recognition treatment that can be leveraged for blueprinting</li> <li>Leveraging IMPACT™ framework to guide the transformation</li> <li>Leverage Value Realization Method (VRM™) to ensure the project realizes the expected value</li> </ul>

## Our partnerships

A major security technology company	A Fortune 100 hardware and digital music distributor	A large semiconductor manufacturer
<ul style="list-style-type: none"> <li>Process design of the order-to-cash cycle</li> <li>SAP solution implemented to recognize revenue based on VSOE fair value of software</li> </ul>	<ul style="list-style-type: none"> <li>Using SAP standard billing and contract functionality</li> <li>Custom development to create a summary revenue recognition contract for 'after-sales service'</li> </ul>	<ul style="list-style-type: none"> <li>Implemented consume-to-cash process in SAP ECC using FICA and convergent invoicing</li> <li>Supports billing and invoicing, and revenue recognition</li> </ul>

**\*Abbreviations:**

FASB – Financial Accounting Standards Board  
IASB – International Accounting Standards Board

US GAAP – US Generally Accepted Accounting Principles  
IFRS – International Financial Reporting Standards



For more information, contact [askus@infosys.com](mailto:askus@infosys.com)

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