

ASC 606

NEW REVENUE REQUIREMENTS FOR SUBSCRIPTION BUSINESSES



What is ASC 606?

ASC 606 stands for Accounting Standards Codification (ASC) as Topic 606: Revenue from Contracts with Customers. [ASC 606](#) is a new revenue recognition standard that has been put into place to improve the revenue recognition portion of financial statements and increase the consistency of financial reporting across industries. [Revenue recognition](#) is a particularly important accounting principle for subscription-based businesses. It determines the specific conditions under which income becomes realized as revenue. Simply put, under ASC 606 revenue must be recognized when and as its value is received by the customer.



Why introduce a new standard?

Existing revenue recognition guidelines are inconsistent across industries and between US GAAP and IFRS, and they also fail to address certain types of arrangements. This new standard is aimed at reducing or eliminating those inconsistencies which will improve comparability and eliminate gaps. The new standards will also include improved disclosure requirements and provide a more robust framework for addressing revenue issues. ASC 606 revenue recognition standards are applicable to companies in the US. They took effect for public companies on Jan 1, 2018, and private companies on Jan 1, 2019. Adopting ASC 606 means SaaS, IoT or any other subscription-based businesses recognize their revenue in a way that is compliant, which requires the ability to track their earned and deferred revenue over the entire period of the subscription. For example, when subscribers make mid-term changes, it will be necessary to recognize revenue appropriately before the change and have any new revenue recognition requirements take hold after a change takes place.



How does Fusebill help you become compliant?

Fusebill is an automated billing and management platform that allows businesses to maximize revenue and scale their operations. Fusebill supports the revenue recognition requirements laid out in ASC 606 for recurring revenue and can help any subscription business become compliant.

Fusebill allows all the pieces of a subscription agreement to be broken into separate parts to ensure each receive a value and a revenue recognition schedule. This schedule determines how and when revenue gets recognized, so staying compliant with ASC regulations is automatic.



Handling subscription changes mid-term

One of the biggest obstacles to becoming ASC 606 compliant is handling mid-term subscription changes. Making changes manually to a subscription is an extremely complex and time-consuming process. With each change, settings need to be switched to initiate the replacement of one plan with another. There are also accounting adjustments that need to happen – such as proration of charges on the new subscription, cancellation of or partial reversal of charges on the old subscription, ledger movements for [deferred](#) and earned revenue, and [tracking MRR contraction and expansion](#). Fusebill's upgrade/downgrade capability (one of the best in the industry) automates the entire process and gives you the power and flexibility to satisfy customer needs. Because Fusebill automatically takes care of the back-end, customers can adjust their own subscriptions through Fusebill's self-service portal. Research has shown that the average customer will make 4 mid-term plan changes during the course of their subscription. This means you need your revenue recognition calculations to sync seamlessly and automatically with each adjustment.

The ability to recognize your revenue automatically and accurately allows you to remain compliant with the new ASC 606 standards and have access to an accurate real-time revenue picture. Fusebill's revenue recognition dashboard display shows deferred or earned revenue amounts at any given time.



Full-feature set priced right

Full-feature set priced right Fusebill's robust platform has a low entry price because smaller organizations need to get started on the right foot without having to overspend for capabilities they don't use right away. This means that

the Fusebill platform scales with the needs of the organization over time. Smaller businesses need a competitive advantage as much as larger businesses, and that's why all pricing packages include a full-feature set of capabilities.

Fusebill is the industry leader in simplifying revenue recognition and its adaptive platform automates and manages all your subscription billing activities. It is easy to deploy, easy to use, and priced better than the competition.

Let Fusebill take ASC 606 compliance changes off your to-do list.
Talk to one of our experts today!



Fusebill's feature-rich platform has given us a powerful way to seamlessly manage our entire subscription business from billing to account management. Fusebill is the Swiss Army of billing.

CHRIS FOWLER

CoFounder and CEO,
ClearPathGPS



[Read the Case Study](#)

Ready To **Do Subscriptions Right?**

Create your test drive account to automate your subscription billing and empower your subscription business for growth.

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