Deferred Revenue Model

Classification of Base Billings

# POB Type:

This field is the 606 version of “Sales Document Type” and determines if the billings go to revenue immediately, over time (ratably) or are service-based billings that sit in deferred until there are hours billed to the contract and then the amounts more to revenue.

|  |  |  |
| --- | --- | --- |
| Category | POB Types | Description |
| Immediate Revenue | IR, IR-NA, LFB | These are the same as perpetual sales. They go directly to revenue and have no impact on deferred. |
| Service-Based Revenue | CR, CR-NA | Contract Duration determines the length of time they amortized from deferred revenue to revenue. |
| Deferred Revenue | RR, RR-NA | Look to revenue recognition type and other fields to determine how these billings amortized from deferred to revenue |
| Hybrid | BNDL | 17% immediate revenue, the remaining 83% is deferred |

### Immediate Revenue:

This is the easiest type to classify. The billings go directly to revenue and AR.

### Service-Based Revenue:

These billings go to deferred revenue and AR. They will amortize to revenue as the hours under the service-based contract are consumed. Contract duration determines the length of time that these billings could possibly sit in deferred revenue. (Maybe plus 3 months depending on salesmen adjustments after the fact.)

### Deferred Revenue:

Deferred billings are split based on their revenue recognition category.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Rev Rec Type | Field 1 | Term 1 | Field 2 | Term 2 | Rebills |
| A | config type | MTHLY |  |  | Monthly |
| A | config type | 1Y | Sub term | 0 | Annual |
| A | config type | 1Y | Sub term | 1 | Monthly |
| A | config type | 1Y | Sub term | 12 | Annual |
| A | config type | 2Y | Sub term | 0 | Two years |
| A | config type | 2Y | Sub term | 12 | Annual |
| A | config type | 2Y | Sub term | 24 | Two years |
| A | config type | 3Y | Sub term | 36 | Three years |
| A | config type | OCONS |  |  | \* |
| A | config type | OENSV |  |  | \* |
| A | config type | ONORE |  |  | \* |
| A | config type | [BLANK] |  |  | \* |
| D | rule for bill date | Y1 |  |  | Monthly |
| D | rule for bill date | Y2 |  |  | Monthly |
| D | rule for bill date | Y3 |  |  | Monthly |
| D | rule for bill date | YM |  |  | Monthly |
| D | rule for bill date | YQ |  |  | Quarterly |
| D | rule for bill date | YY |  |  | Quarterly |
| D | rule for bill date | YT |  |  | Quarterly |
| D | rule for bill date | YH |  |  | Semi-Annual |
| D | rule for bill date | YA |  |  | Annual |
| D | rule for bill date | YC |  |  | Annual |
| D | rule for bill date | YX |  |  | Annual |
| D | rule for bill date | Y4 |  |  | Two Years |
| D | rule for bill date | Y7 |  |  | Three Years |
| D | rule for bill date |  |  |  |  |
| F |  |  |  |  | IR |

\* ‘ONORE”, “OCONS”, “OENSV” and “” (blank)are excluded from the base billings file and added later from the ‘type\_A\_no\_config’ billings file by comparing contract start and end dates and then mapping to a rebill frequency. The rebill frequencies considered, in months, are [1, 3, 6, 12, 24, 36].

NOTE: There should be no rev rec type Bs in the system any more

## BLANK POB TYPE:

When the POB type is blank, we have to look to the Sales Document Type to classify

|  |  |  |
| --- | --- | --- |
| Sales Document Type ID | Description | Classification |
| G2 | Credit Memo Request | IR |
| KR | Consignment Return | IR |
| OR | {No description} | IR |
| ZATS | Training Service | CR (Service Based with duration) |
| ZCC | CC Contract | Rev Rec Type to classify (blank = IR) |
| ZCCR | Credit Memo | IR |
| ZCDR | Debit Memos | IR |
| ZCOR | CRM Standard Order | IR |
| ZCQ | OMTR/Sc7 Sub Ser Cnt | Rev Rec Type to classify (blank = IR) |
| ZCRE | Returns Request | IR |
| ZCSB | Subscription | RR (assume Type D) |
| ZLCR | LIC Credit Only Order | Rev Rec Type to classify (blank = IR) |
| ZLDR | LIC Debit Only Order | Rev Rec Type to classify (blank = IR) |
| ZLG2 | LIC Credit Only Req | Rev Rec Type to classify (blank = IR) |
| ZLO1 | AVL CLP Order | IR |
| ZLO2 | AVL TLP Order | IR |
| ZLO3 | AVL FLP Order | Use Rev Rec category (blank =IR) |
| ZLO5 | AVL VIP Order | RR: Services (use contract duration) |
| ZOG2 | OMTR/SC7 Credit Memos | IR |
| ZOL2 | OMTR/SC7 Debit Memo | IR |
| ZOTM | T&M Over usage order | IR |
| ZRG2 | Royalty Credit Memo | RR over contract duration |
| ZRL2 | Royalty Debit Memo | RR over contract duration |