Revenue Recognition at Vmware
Norcal OAUG Rev Rec Panel Discussion

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Company Background

VMware (NYSE:VMW), the global leader in virtualization and cloud infrastructure, delivers customer-proven solutions that accelerate IT by reducing complexity and enabling more flexible, agile service delivery. VMware enables enterprises to adopt a cloud model that addresses their unique business challenges. VMware's approach accelerates the transition to cloud computing while preserving existing investments and improving security and control. With more than 300,000 customers and 25,000 partners, VMware solutions help organizations of all sizes lower costs, increase business agility and ensure freedom of choice.

➢ Rapidly growing software company
➢ Multiple acquisitions and product launches
➢ Transitioning licensing models

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Looking Forward to Company Growth

VMware was (and still is) experiencing significant sales growth

But growth means internal business process challenges

The Challenge

VMware was using Excel as the "system of record" for managing revenue...but it was not going to be a scalable solution

The problems were...typical:

➢Excessive time and effort to:
- analyze and arrange an enormous amount of data
- close the books
- create journal entries
- ensure accuracy

➢Increased time and effort to manage accounting controls

➢Inflexible reporting and analysis

…and the volume of data was growing…

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Absence of Good Solutions

Through 2006-2009 VMware searched for revenue recognition automation solutions:

➢ No viable solution from Oracle or partners (suggested modifying Oracle AR module)

➢ VMware's IT understood the business problem, but could not find technical folks (internally or externally) willing and able to build an automated solution

➢ Outside consulting did have readily-available solutions or adequate experience building solutions for other companies with similar problems

➢ Seemingly perfect solution failed (3rd party, non-EBS revenue app)

- Poor integration performance

- Too much functionality built in the integration

- Inadequate reporting

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A Good Solution

In 2009 VMware examined four solution options and chose Revstream:

- ➤ Detailed proof-of-concept using previous experience
- ➤ Thorough combination of revenue business and technical knowledge within the team
- ➤ Oracle native look-n-feel
- ➤ Scalable solution that will grow with the company
- ➤ Detailed UI with manual intervention possible
- ➤ Reliable integration with Oracle EBS
- ➤ No modification of the Oracle AR, OM or OKS modules
- ➤ Discoverer and/or BI reports

revstream™
Enterprise Revenue and Billing Management

In Production

Transparency, accuracy and scalability

➢ Individual revenue treatments provide recognition flexibility by product and by operating unit

➢ Automated processing of over 250,000 lines per quarter

➢ Systematic VSOE and embedded carve outs

➢ Automatic rev rec catch-ups (renewals)

➢ BOM explosion and allocation (with Oracle module help)

➢ One step historical reporting / trending

➢ Corrections from prior periods can be booked in current period

➢ Able to automatically hold recognition by product (keep in deferred revenue) for promotions and other

➢ Providing new insights into overall company data and process quality

On time...On Budget...!

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