revStream | an aquarius product for advanced revenue recognition and billing

Date: Jan 2011
Presented by: Bharat Kumar & Aditya Vadrevu
Agenda

- aquarius quick facts
- revenue recognition & reporting challenges
- revStream product suite & services overview
- revStream architecture & capabilities
- case studies & success stories
- Q&A
Aquarius - quick facts

1. Headquartered in Silicon Valley, CA, aquarius was founded in 2006.
2. Management team led by experienced, successful professional consulting executives (ex: Big 5 consulting firms) and entrepreneurs.
3. Advisory team comprises of independent technical accounting experts from top firms like Deloitte and E&Y and A&M.
4. 80% YOY growth, profitable and self-funded.
5. Our flagship product: revstream for advanced revenue and billing automation.
6. revstream 1.0 was first released in Mar 2008. 3.0 released in July 2010.
7. Top brand name global clients (Activision, Facebook, VMware, Yahoo, Verint Systems etc.)
8. $10bil+ in revenue is processed annually by revstream.
9. Leading cross-industry platform for complex revenue recognition automation.
10. # 1 revenue recognition automation solution for Oracle Ebusiness Suite.
contract to revenue { challenges }

- Opportunity to Quote
- Contracts

Account Mgmt, Sales & Contracts/Pricing

- Order to Fulfill
- Bill to Collect
- Recognize Revenue

Operations, Delivery and Billing/Revenue Mgmt

- Financial Close
- Financial Reporting

Period Close, Forecast and Financial Reporting

1. Complex and Evolving Revenue Accounting
   SOP 97-2 or EITF 08-01 or ??

2. Complex Multi-Element Deals
   Bundled deals; tiered pricing, complex discounts

3. Receivables = Revenue
   Billing not separate from revenue

4. Manual = Excel Spreadsheets
   Offline data manipulation & reporting
contract to revenue { challenges }

Opportunity to Quote  
Contracts

Account Mgmt, Sales & Contracts/Pricing

Order to Fulfill  
Bill to Collect  
Recognize Revenue

Operations, Delivery and Billing/Revenue Mgmt

Financial Close  
Financial Reporting

Period Close, Forecast and Financial Reporting

contract-to-revenue accounting cycle

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“Revenue recognition is the #1 reason for public high-tech companies to restate earnings – resulting in SEC investigation, drop in market value & plunging investor confidence” – IDC
92% of the public companies use spreadsheets for critical revenue recognition and reporting purposes – IDC

Majority of ERP/financial IT infrastructure cannot automate all of your revenue recognition and reporting needs

57% of public companies finalize revenue numbers after month close vs 43% at close

Revenue recognition restatements wipe out on average 10% of a company’s market value according to a new study by Audit Analytics. The study measured market reaction from 50 days before until 50 days after the announcement.
Prior to the new rules, Apple recognized all iPhone revenue ($200) over 24 months i.e. year 1 revenue would only be $8.33/phone.

Under the new rules, Apple can recognize the hardware revenue ($175) immediately at point of sale and differ $25 for software over 24 months i.e. year 1 revenue would be $176/phone.

Result: Apple restated its 2009 revenues under the new rules which increased revenue by $6.4bil.

Adopting the new rules enables upfront revenue recognition for companies. Most early adaptors are relying on excel and manual process to manage their revenue life-cycle.
revStream - product overview
revStream is a comprehensive solution developed by aquarius to address the complex revenue recognition & billing requirements for hi-tech product/services, online media/services and entertainment industries. It is essentially a billing and revenue automation engine (sub-ledger module) that bridges the gap that exists in the Oracle ERP system (R11 & R12).

revStream | Billing & Revenue Automation

1. revStreamSoftware
   High-Tech
   This solution allows for separately managing billing and revenue streams and ability to automate or allocate revenue deferrals, VSOE carve-outs etc., based on SOP97-2 and EITF-08-1 requirements

2. revStreamOnline
   Online Media & Services
   This solution enables automation of complex billing and revenue scenarios for online media, advertising and services based revenue models. This solution also includes a light-weight Order and delivery management with tight integration to the online order/delivery systems.

3. revStreamGames
   Interactive Entertainment
   This solution enables automation of high volume revenue/expense deferral products such as activation, licenses, subscriptions COGS, IP/Royalties based on time, event, gross and net amortization rules

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revStream { an Oracle sub-ledger module }

**IN Oracle**
Complete Oracle ebusiness sub-ledger Module

**Easy to Use**
Same look and feel as other oracle modules

**No Custom Interfaces**
Native integration to Oracle – no interfaces required

**No Add-on Cost**
No additional hardware or databases costs

**Secure**
Standard oracle security,
revStream \{ architecture, integration & footprint \}

**Source Systems**
- ERP/Custom/Data Files
  - Sales and Quoting
  - Order Management
  - Projects
  - Products
  - Licensing, Activations, Subscriptions
  - Sales and Service Contracts

**revStream**
- Revenue Manager
- Billing Manager
- Transaction Workbench
  - Rules & Treatments
  - Auto Accounting
  - Approvals & Hold
  - Security/SON
  - Audit & Change Log
  - Multi-org & Multi-Currency

**Reporting Views**
- Reporting Views
- revStream Interface Tables
- Integration Points

**Oracle Financials**
- Accounts Receivable
- General Ledger

**Reporting & BI**
- Oracle BI & Discoverer
- Non-Oracle Reporting (Micro Strategy etc.)

**Oracle 11i/12 Database**
- OM
- INV/BOM
- Contracts
- IB
- Projects
- Adv. Pricing
- AR
- GL

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# revStream Vs. Oracle EBS

<table>
<thead>
<tr>
<th>Functionality/Capability</th>
<th>revStream</th>
<th>Oracle 11i</th>
<th>Oracle R12</th>
<th>Oracle Fusion</th>
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</thead>
<tbody>
<tr>
<td>Automate revenue allocation based on Carve-outs, VSOE, ESP &amp; FMV</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
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<tr>
<td>Automate revenue scheduling based on contingencies &amp; business events</td>
<td>✔️</td>
<td>✗</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Flexibility to configure complex revenue and billing business rules &amp; triggers</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Enforce SOP 97-2, SAB 101 &amp; EITF08-01, 00-21, ASU 2009-13 for revenue recognition</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
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<tr>
<td>Revenue recognition reconciliation &amp; internal controls</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Automate revenue accounting entries in GL and generate detail audit trail for auditors</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Robust reporting for recognized revenue, deferred revenue and forecasting</td>
<td>✔️</td>
<td>✗</td>
<td>✗</td>
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### revStream { revenue manager functionality }

**Revenue Scheduling & Allocation**
- Separate billing and revenue streams
- Flexible configuration of revenue recognition rules
- Automate or manually allocate revenue based on VSOE
- Automation of revenue allocation for multi-element arrangements – complete arrangement analysis
- Adjustments and credits
- Manage (hold, approve, auto-approve) revenue schedules

**Revenue Recognition**
- Event based revenue recognition ex:
  - Date
  - Milestone % complete
  - Quantity
  - Business events
- Revenue Deferrals Automation
- Revenue Carve-Outs
- Revenue Trueup/Catchup
- Automated revenue recognition based on external and user defined conditions

**Revenue Accounting**
- Derived revenue auto accounting rules
- Automated creation of GL distributions
- Retrieve, review, approve and transfer batch to GL for a specific period and operating unit
- Automatically create journal entries in GL for approved entries (recognized revenue)
- Reject/Reverse, Re-run, batches and post to GL

**Reporting & Analytics**
- Revenue Reporting Datamart separate from transactional engine
- Ability to run revenue recognition as-needed basis for forecasting and planning
- Configurable rules for revenue forecasting
- Ability to selectively purge data based on date parameters
- Flat data structure for quick deployment of reports and dashboards using Oracle BI tool

**Compliance**
- Complete audit trail for revenue calculations/holds/approvals/error an exception handling
- Ability to configure SOD (segregation of duties)
- Pre-packaged testing templates and scripts to enable complete test cycle and audit reviews

**Integration to Oracle ERP**
- revStream – is an extension module developed on core Oracle apps foundation
- Tightly integrated to OM, sales contracts, inventory, shipping, AR & GL
- Robust API’s to easily extract and import data from non-oracle ERP systems
- Multi-currency, multi-operating unit enabled
- Ad-hoc Reporting and Analytics dashboards enabled with OBIEE

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case studies & success stories

$4.2b+ games online & software
- revstream revenue manager
- revstream cogs manager
- processes 99% of global revenue
- reduced close time to ~ 4 days

$700m+ enterprise software
- revstream revenue manager
- revstream billing manager
- revstream cogs manager
- standardized global quote/contract to revenue process on Oracle
- deployment to other BU’s in progress

$4b+ enterprise software
- Discover reporting – forecasting and revenue analysis/operations

$6.5b+ online media & advertising
- revstream revenue manager
- revstream billing manager
- PMO – 11i upgrade and several corporate applications initiatives
- PMO – over 8 post m&a order to cash tracks integration
- Oracle sales compensation implementation globally

$1.4b+ publishing & online media
- revstream revenue manager
- revstream billing manager
- revstream IO manager integrated with Google’s DART platform
- Microstrategy reports (revenue, forecasting, billing, reconciliation)

recent customer wins:

$300mil network monitoring equipment

$4b+ enterprise storage systems & software

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our value proposition (revStream/aquarius)

☑ Proven enterprise class solution with full audit capabilities
  ▸ revStream is the revenue engine for several global companies with $1+ billion in revenue

☑ Expertise & Specialization in Order-to-Cash
  ▸ revStream is our flagship revenue automation solution & our team is highly experienced with hi-tech industry best practices & consulting/deployment backgrounds

☑ revStream is a “revenue accounting sub-ledger” within Oracle EBS
  ▸ revStream is a product which sits within Oracle EBS as a sub-ledger module with seamless integration with rest of the Oracle modules

☑ Easy to Use, Support & Extend
  ▸ revStream provides a single source of truth for revenue. Its configuration based design enables clients to extend easily without any code changes

☑ Low total cost of ownership (TCO)
  ▸ revStream leverages your existing Oracle investments – Zero additional hardware/license costs involved

☑ Faster return on investment
  ▸ revStream automates your entire revenue process/tasks and enables savings on maintenance and audit costs.
Questions or requests for follow-up discussions may be sent to the contacts below, or to revstream@aquariuscg.com

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<thead>
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