

Performio®

Performio: Your ICM Solution for Complete ASC 606 Compliance

Keep Revenue and Commissions in Sync
to Meet GAAP Standards



The Financial Accounting Standards Board's ASC 606 accounting standard has transformed how companies recognize revenue – and the commission cost of that revenue. For many businesses, that means capitalizing commission costs and amortizing them over the life of the sales contract to match the timing of the revenue – a complicated, high-stakes task.

At its essence, ASC 606 provides a stringent framework for how companies – private or publicly traded – record revenue from customers and identify performance and licensing obligations.

Why Is It Difficult To Properly Account For Commission Expenses Under ASC 606?

In order to comply with ASC 606, commission expenses must be amortized over the life of the contract or applied when gateways are completed. This requirement dramatically changes the level of detail that accounting now requires from the ICM system. Instead of a single expense and payable number for monthly commission expenses, accounting will now need the commission detail reported at the contract level. This could be hundreds or thousands of contracts depending on your organization's transaction volumes. Each contract will potentially have different terms and different payment schedules which will result in different commission amortizations. What was once a simple accrual journal entry now becomes a massive amount of detailed work potentially requiring additional headcount.

One of the major challenges for finance involves the large volumes of quantitative data to calculate in order to properly allocate sales commission expenses over varying time periods – by product/service line, commission type, contract terms, and more. Once you determine the commission cost that must be capitalized (not expensed), you must then establish the contract term, and the pattern of revenue you're trying to match. Then, it's time to create dozens of amortization tables for each commissionable amount to govern the entire length of each engagement.

Performio's Comprehensive ICM Platform: Meeting the ASC 606 Challenge

The details and added requirements of ASC 606 can quickly become overwhelming — and that's where Performio's acclaimed platform for incentive compensation management can help. Performio not only streamlines sales-comp administration, communications, and reporting, it also can relieve the administrative burden associated with the ASC 606 requirement by automatically capturing the contract data at the most detailed level, calculating the commissions associated with each transaction and amortizing the commission expense over the life of the contract. Performio's custom reports and dashboards can help any organization with commission expense recognition. Performio's powerful advanced report writing capabilities are extremely flexible and can be based on any desired criteria. This allows highly detailed reports to be automatically generated in any format and delivered to finance and other ASC 606 stakeholders. All with no additional staff requirements for your company.



Automated Sales-Commission Audits

Performio's ICM platform automatically provides a robust audit trail of all commissions earned, with metrics that go well beyond the basic "who and when" because they factor in the ASC 606 requirements for revenue/expense matching. Performio provides a historical record of all commissions earned and paid and audit logs automatically record any changes to commission plans. You get one unified audit trail that continually updates and makes compensation management practices easier and more reliable.

Flexible And Powerful Reports for ASC 606 Compliance

With Performio, you can calculate accurate commissions that meet ASC 606 requirements, prevent overpayments, and avoid corrections and restatements. Our dashboard lays out everything against past periods and quarters, historical quotes, current efforts, and much more.

Performio's solution enables our customers to create the ASC 606 reports, in any format and structure, that their organization needs for finance to properly account for ASC 606 expense recognition.

Now, you can see where your company is growing and look beyond basic commissions to understand star salespeople, lucrative markets, cost overruns, and the other core elements of your business that can be directly represented and easily visualized thanks to the smart use of your data. And since it incorporates an inherent understanding of ASC 606, you stay compliant, too.



Smarter Cash Forecasting

With ASC 606, you must recognize expenses across the lifetime of the sales contract as the customer's deployment milestones are reached. Renewals and extensions add further complexities, of course. And many companies pay sales commissions up front, which raises the importance of cash forecasting. Performio tracks it all, so your business continues to thrive.



For more information, visit www.performio.co

About Performio

Performio is a new breed of incentive-compensation management software that combines enterprise-grade functionality with the ease of use required of modern software applications. Performio is used by large global enterprises such as Veeva, Optus, REA, Johnson & Johnson, and Vodafone, as well as growing midmarket companies worldwide. Performio's feature-rich cloud platform enables enterprises to automate sales compensation calculations and provide increased transparency to sales reps so they can adapt to changing market conditions with confidence.

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