7 Key Takeaways From My Intacct Contract Billing Training Class



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I recently attended a training class for the Intacct Contract Billing module and contract-mgmt-blog.jpg thought I would share my seven top takeaways. The Contract Billing module is one of the newest Intacct modules, but Intacct was the first to release an ASC 606 compliant module in early 2016. The module is extremely powerful, well thought out and covers a lot of functionality. So, let's get started…

The Contract Billing module is extremely powerful!

The Intacct Contract Billing module has to be one of the most well thought out modules of any ERP system I have worked on. Built from the ground up to be API-compliant and customization friendly, the module has the capability to fit most business scenarios. Discussions with the product manager revealed that the API was built first, which meant the fields and other structures were front and center along with the business processes and requirements. The user experience was then built on top of the solid foundation to create a module that not only looks good, but functions very well.

ASC 606 is very much an unknown

Even as a CPA and someone who might be considered an "insider" in respect to accounting regulations, it never ceases to amaze me how confusing and contradicting those regulations can be. Not only did the massive size of ASC 606 create contention in our class on a couple of occasions, but it makes for some mighty interesting reading – if you consider that stuff interesting!

How exactly is a Multi Element Arrangement determined? And, what are the procedures to account for it? How can two different people get two different calculations with the same facts? What do you do with add-on to contracts? These questions and many more still plague the new rule. And regular and frequent amendments and updates add to the continuing confusion. All-in-all though, the main gist of the rules are pretty clear – and, like it or not, the new rules will be reality very soon!

Multi-Element Arrangements are easier to understand than one might think

I was not what I would consider an industry expert in years past when it comes to VSOE. I had folks in my firm that could explain it and knew the details, but I always avoided getting in too deep because of the intricacies of the calculation. I don't mean to discount the new Multi Element Arrangements as being simple, but they are much more straightforward than the older VSOE calculations – at least in my opinion. The hardest – and most subjective – part of an MEA calculation is usually determining the Fair Market Value of the deliverables – and what constitutes separate deliverables. Once you have those variables in place, the remainder is – comparatively – easy.

Billed, Unbilled and Paid designators facilitate GL reporting like never before

At first this takes A LOT of getting used to. I mean A LOT! But after a couple of hours of studying the process and thinking things through, it clicks. And when it clicks, it all makes sense! Intacct setup the Contracts module to actually facilitate companies tracking the overall contract value (Unbilled initially), the amounts billed and the amounts billed and paid! Using separate GL accounts, as shown in our image, Intacct tracks contract status at the GL level. And, don't forget that Intacct associates the Contract dimension to every GL entry so you can see the FULL history of your documents at any point.

Contract is a dimension!

If you are an Intacct user, you know what a dimension is. You know they are very powerful. The Intacct Contract is a dimension! If you have not used Intacct, a dimension is a tag that can be applied to a transaction. It could be a department, division, class, event, fund, grant – and now, a Contract. Imagine being able to show billings vs recognized revenue vs payments at a Contract level in a report. Further imagine being able to compare you profit and loss statement by contract type! Intacct dimensions are very powerful reporting tools. Watch our tutorial to learn more!

This CANNOT be done in Excel any more!

The new ASC 606 regulations require a new calculation structure and, for those with contracts that run multiple years, you will likely have to calculate TWO different scenarios for each customer contract! Imagine doing two sets of calculations in Excel for every single customer contract! That would be overwhelming for even the most seasoned Excel wizard.

The calculations, while easily automated inside Intacct, can be complex to do in Excel – especially if you have Multi Element Arangements as we discussed. You would have to track both old (ASC 605) valuations as well as new (ASC 606) fair market values and use those amounts in calculations that would require very complex and long formulas. And, if you get audited and you did it wrong? Well, try sorting through all of your figures to find a transposition or an incorrect division? The risk of mistakes far outweigh the costs of automation. Use Intacct!

Above, you find my seven key takeaways from a recent Intacct Contract Billing training class. But wait, there is one more…

Bonus – David Bell is an amazing instructor

Yes, the last praise I want to acclaim based on this class is directed at the instructor, David Bell. David is a long-time Intacct employee and someone I consider extremely knowledgable on all subjects relating to Intacct. But, as I learned in this class, his feat is even more impressive when you realize he is not an accountant by trade! David has learned not only the ins and outs of Intacct well enough to teach them, but he has learned accounting as well in the process. David is patient and a fantastic teacher! It's always a treat to learn from him!