

SOLUTION DRIVERS

- Automate deferred revenue
- Streamline processes
- Eliminate spreadsheets
- Increase productivity

SOFTRAX BENEFITS

- Eliminated deferred revenue spreadsheets
- Increased productivity and time savings
- Improved accuracy
- Increased focus on analysis and planning

COMPANY SNAPSHOT

Ownership	Private
Industry	Tax Software
Location	Wakefield, MA

“Softrax is saving our department one and a half weeks a month, which means we can focus on analysis rather than accounting.”

—Annette Kovamees
Senior Accounting Manager

Taxware

Taxware selected Softrax to centralize and manage customer installation data, and to automate maintenance renewals and billings. Taxware turned to Softrax again several years later to handle all of the company’s deferred revenue. Today the entire revenue operation is streamlined, and finance is freed to spend considerably more time on analysis and planning.

THE COMPANY

Taxware, a First Data company, is a leading developer of global transaction-based tax calculation and compliance systems. They work with companies of all sizes, helping them to correctly calculate and remit sales and use taxes in the United States, General Sales Tax (GST) and provincial taxes in Canada, and value-added taxes (VAT) in Europe, Asia, and South America. They monitor not only ever-changing tax laws in more than 150 countries, but also legislative initiatives such as the Sarbanes-Oxley Act, the Streamlined Sales Tax Initiative (SSTI), and state sales tax holidays.

THE CHALLENGE

As a younger company experiencing a growth spurt, Taxware had selected Softrax to replace its basic financial infrastructure. The primary challenge at that stage was managing the maintenance renewal business for a burgeoning customer base. They needed a considerably more sophisticated solution than the spreadsheets they had outgrown: it must consolidate all customer installations data, invoice and bill automatically, and automatically track and renew all expiring contracts on time. They chose Softrax as the best solution available, and quickly realized significant improvements in productivity and revenue.

Several years later, another growth period triggered a renewed management focus on streamlining systems and processes. Annette Kovamees, Senior Accounting Manager, was a new Taxware employee in accounting. “While the company had solved the maintenance renewal problem, they were still handling deferred revenue in spreadsheets, then making manual journal entries back to the general ledger,” she said. “These spreadsheets were over 2000 lines long, there were several of them, and my predecessor spent nearly two weeks per month on this process. There was little time left for analysis and planning.”

THE REQUIREMENTS

Taxware needed a solution that would automate all of their revenue recognition functions, eliminate the need for spreadsheets and manual entries, as well as the many possibilities for error that those processes introduce. Their software business utilized a relatively simple subscription model in which the revenue for every license was initially deferred, then recognized in equal installments, one month at a time, depending on the length of the contract. They needed a system that would allow them to input revenue recognition rules for each contract, then process them automatically.



"With Softrax we have greatly expanded visibility into our business."

—Annette Kovamees
Senior Accounting Manager
Taxware

"Auditors prefer to see fewer manual processes and interventions, and Softrax has eliminated those for us."

—Annette Kovamees
Senior Accounting Manager
Taxware

THE SOLUTION

According to Kovamees, "We didn't need to look far for a solution since we already knew that Softrax had a module that would manage this for us. We had conversations about commissioning a custom-built system from a large data warehouse vendor, but that company didn't have Softrax' experience with software accounting or the functionality to manage deferrals and thousands of maintenance renewals. Those are two very big pieces, so building would have been an expensive alternative."

Today's enhanced Softrax system at Taxware manages not only the installed base data, billing and renewals, but automatically allocates and posts subscription and maintenance contract revenue using deferred revenue schedules.

THE BENEFITS

One of the biggest benefits is time savings. "Our productivity went way up. The deferred revenue capability in Softrax saves us between one and a half and two weeks per month," stated Kovamees. "In fact, revenue recognition is something we really don't even think about any more because the system does everything for us. The time savings and the peace of mind that come from this are wonderful. We also know that once we are ready to use it, we can turn on the VSOE feature per invoice line and manage multiple elements."

With the time savings, came a shift in the way people spend their time. "Softrax has really improved the way we are able to manage because we have so much more visibility now into our business," said Kovamees. The focus has turned from manually manipulating numbers to extensive analysis. "Before we were spending all of our time working on spreadsheets, but now we can dive deeply into analytics, looking at such things as prior year renewals versus this year, and making plans for the business based on what we've learned."

Accuracy has also improved. "Spreadsheets are inherently error prone. If you are working in a spreadsheet that is 250 columns by 2900 lines and you accidentally hit delete, you are never going to find the error. I don't know who has the time to look. With Softrax, this problem does not exist."

Audits too are easier and Sarbanes-Oxley less of a concern. "We present the auditors with reconciliations that include deferred revenue and that tie out. We tell them that it's all generated by the system, which we don't manipulate in any way, and they accept that." Also with Softrax in place, they feel very safe and secure for Sarbanes-Oxley. "With the auditors, the fewer the manual processes and interventions in place the better and Softrax has eliminated those."

