



CONSULTING
BUSINESS ADVISORS AND TECHNOLOGY SOLUTIONS

sage Intacct

3 Signs Your SaaS Company Is Ready to Graduate to a Next-Level Accounting System

Presenters



KEVIN SHIVES

» Partner

Kevin has over 25 years of experience helping clients optimize their people, processes and systems for competitive advantage. Prior to joining SSF, Kevin has held senior finance and management positions in multiple companies in the SF Bay Area. In his current role as Technology Partner, he works with clients to develop highly effective and cost-efficient corporate governance, internal audit, Sarbanes-Oxley (SOX), accounting systems and process optimization solutions.



TOM ACHOR

» Sr. Solutions Consultant

With over 30 years of experience, Senior Solutions Consultant, Tom Achor, specializes in delivering accounting support and helping clients evaluate, implement, and optimize cloud-based financial and ERP software investments.

Tom brings a deep understanding of accounting challenges that businesses face as well as current and emerging tools and technologies to meet those challenges.

Presenters



MEL FAUBERT

» Sr. Systems Implementation Specialist

With over 10 years of accounting experience, Mel Faubert specializes in helping clients implement Sage Intacct and streamline revenue management and subscription billing by leveraging Sage Intacct's Contracts Module. She serves a range of client types and sizes, from small scale to large multi-entity or multi-currency implementations.

Mel leverages her prior experience working for start-ups and SaaS companies to provide clients with proactive solutions to automate business processes and develop best practices. Her ability to effectively translate client needs into meaningful data combined with her experience on finance and accounting teams makes her uniquely suited to work alongside project managers and leadership.

Firm Overview



TAX

Individual & Business • Preparation
Planning • Representation • Appeals
M&A • Multi-State & International



AUDIT

Audit • Assurance • SOX Compliance
Employee Benefits Plan



TECHNOLOGY CONSULTING

Assessment • Implementation • Integration • Support



BUSINESS ADVISORY CONSULTING

Outsourced Accounting • Executive Placement • Internal Audit /
SOX • Sustainability

HIGHLIGHTS:

- » 40+ Years in Business
- » US & International Clients
- » Thousands of hours dedicated to community service each year
- » Five locations throughout California



Certified



Corporation™



AICPA®

SSF Consulting Overview

TECHNOLOGY SOLUTIONS

INTERNAL AUDIT / SOX

OUTSOURCED ACCOUNTING



TECHNOLOGY SERVICES:

- » Assessments
- » Implementation
- » Upgrades
- » Integration
- » Support

CERTIFIED PARTNER:

sage Intacct WHEREFOUR™

Avalara BLACKLINE

Bill.com™ limelight

LEASERUNCH

Agenda



- Key Terms
- Life of a SaaS
 - Growth
 - Challenges
- Overview of Sage Intacct
- 3 Signs Its Time to Graduate
- Critical Elements of SaaS Accounting Platform
- Questions

Key Terms

- **ASC 606:** ASC 606 provides a framework for businesses to recognize revenue more consistently. The standard's purpose is to eliminate variations in the way businesses across industries handle accounting for similar transactions.
- **Multi-Element Arrangement (MEA):** Bundling more than one product with allocation of the fair value across all products in the bundle.
- **Waterfall:** distribution of revenue across more than one period. Represents revenue recognition as performance obligations are met.
- **Monthly Recurring Revenue (MRR):** The total amount of monthly revenue active at the end of a given period generated by recurring subscriptions.
- **Annual Recurring Revenue (ARR):** Annual Recurring Revenue ("ARR") is a metric that is defined as the value of annual contracts, typically for SaaS or other subscription businesses that offer term subscriptions. ARR is equal to the value of the underlying contracts that are recurring in nature (subject to renewal on at least an annual basis) normalized to an annual basis and is intended to represent how much revenue a company is expecting to receive from recurring customers in the next 12 months.
- **Recognized Revenue:** Revenue is realized or earned when a specific performance obligation is met by the business

Learn more about the differences between ARR & Rev Rec:

[What You Need to Know About Annual Recurring Revenue and GAAP Revenue Recognition](#)

Life of a SaaS: Growth

Stage	Raised	Use of funds	What to accomplish	Key measure	Metrics
Sale or IPO	\$75M +	Expand product line, go global, acquisitions	Take what works and move to adjacent markets and new geographies	Net Profit	Market Penetration EBITDA
Series C, D, E, F	\$25M +	Grow to \$100M in gross profit	Growing @ 40%+ with repeatable product development, sales, and customer success processes	Gross Profit	Cohort Analysis Gross Margin
Series B	\$12M	Prove net expansion revenue model	Growing 50%+ Customers buying 2nd and 3rd time	CMRR per Customer	CLTV Gross and Net Churn
Series A	\$6M	Prove revenue model	Growing 100% 75% of sales meeting quota	Unit Economics	CMRR CAC
Seed	\$2.5M	Product market fit	10 ecstatic customers	Cash	ACV Bookings

Life of a SaaS: Common Challenges

Manual billing

“With 200 recurring invoices a month, we’re at the breaking point with manual billing”

Inflexible billing

“We need to innovate our pricing, but we can’t scale it”

Revenue in spreadsheets

“With 2,000 revenue schedules, my best team member spends all her time calculating revenue recognition in spreadsheets and manually updating our general ledger”

Delayed reporting

“I pulled an all-nighter (again!) putting together reports for investors”

Challenging forecasts

“We can’t efficiently predict our cash to manage operations and invest to drive growth and beat our competitors”

Life of a SaaS: Common Challenges

The Need for ASC 606 Compliance:

ASC 606:

- A framework for businesses to recognize revenue more consistently
- Eliminates variations in the way businesses across industries handle accounting for similar transactions
- Streamlines data comparison across industries and companies

ASC 606 Model:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price
- Recognize revenue when or as the entity satisfies a performance obligation

Sage Intacct for SaaS



Sage Intacct is **#1 in customer satisfaction** in Accounting and ERP and **#1 in Subscription Revenue Management** on G2

The only solution that provides all of these in one platform:

- ✓ Offers one native quote-to-cash with Salesforce CPQ
- ✓ Built from the group up to support ASC 606 and **endorsed by the AICPA**
- ✓ Can deploy recurring billing across perpetual, usage, and professional services
- ✓ Delivers prebuilt, customizable GAAP and SaaS metrics dashboards
- ✓ Enables a view into the future with forecasting tools



Signs Its Time to Graduate



#1

No Time to Analyze

- Don't Know Where Business Stands
- Can't Make Agile, Data-Driven Decisions
- Can't Speak to Customer or Contract Lifecycle

6 C's of SaaS Metrics

- CMRR – Current Monthly Recurring Revenue
- CAC – Customer Acquisition Cost
- CLTV – Customer Lifetime Value
- Cash Flow
- Customer Count



Polling Question #1

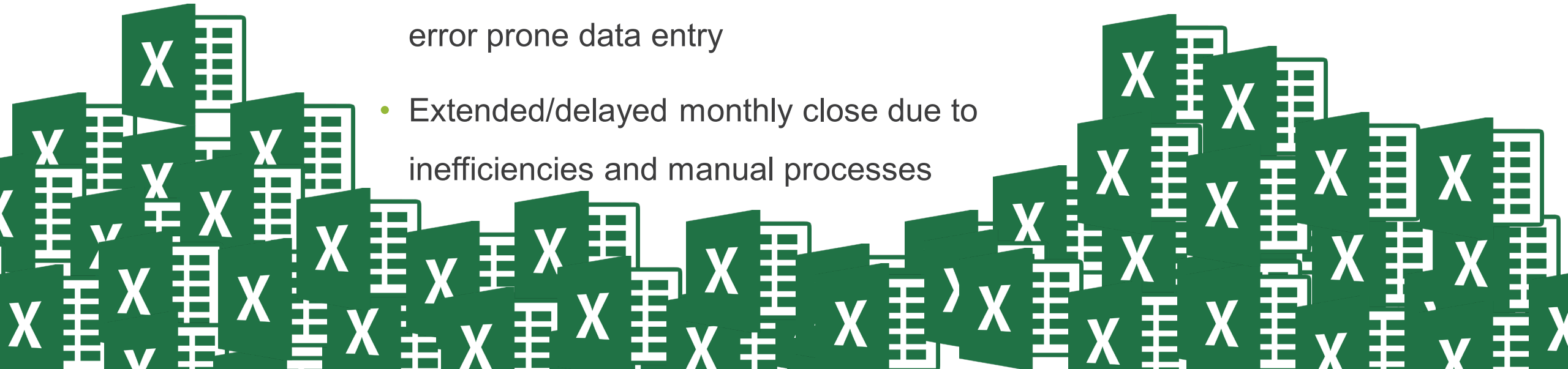
Signs Its Time To Upgrade



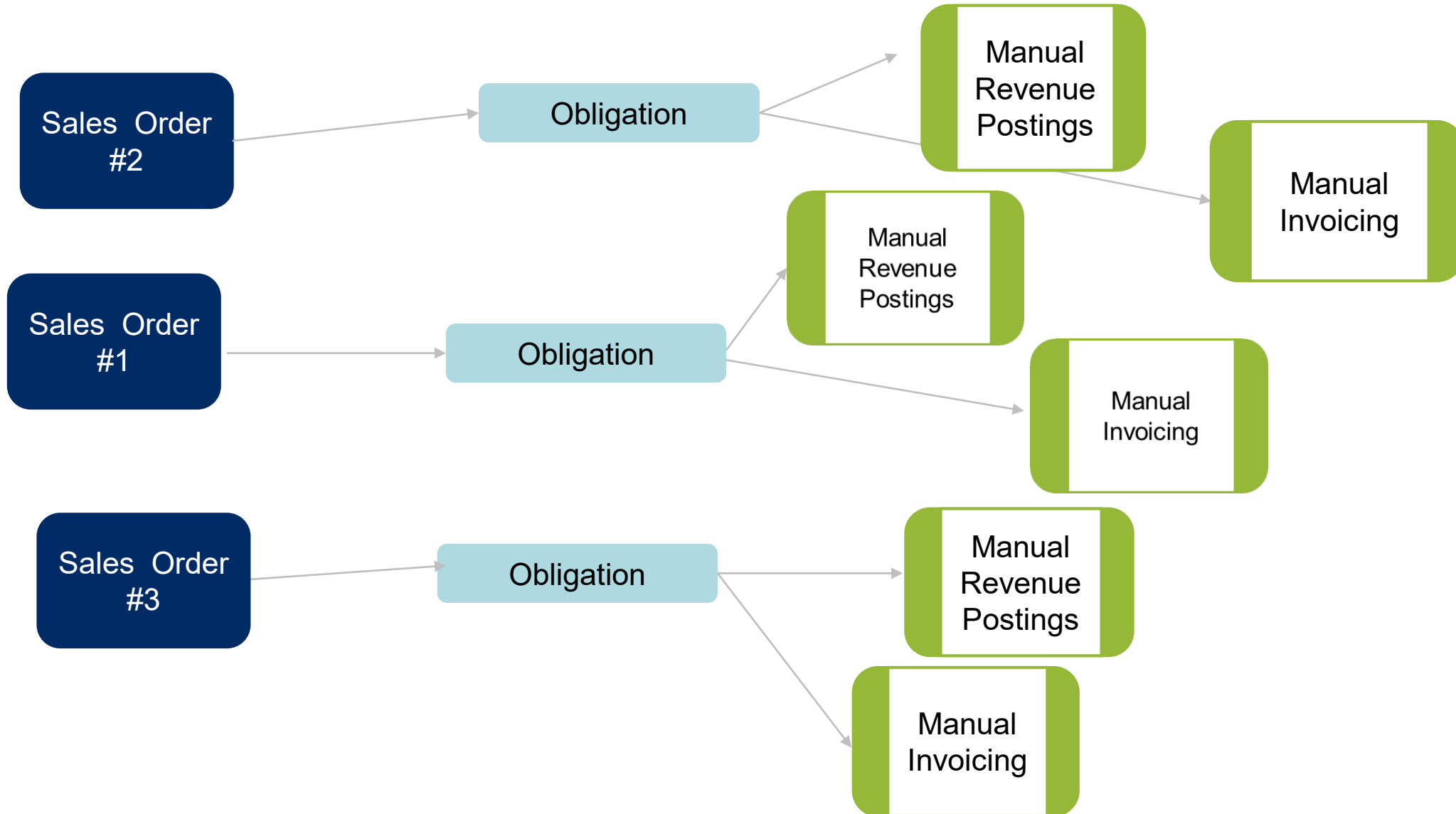
#2

Too Much Excel

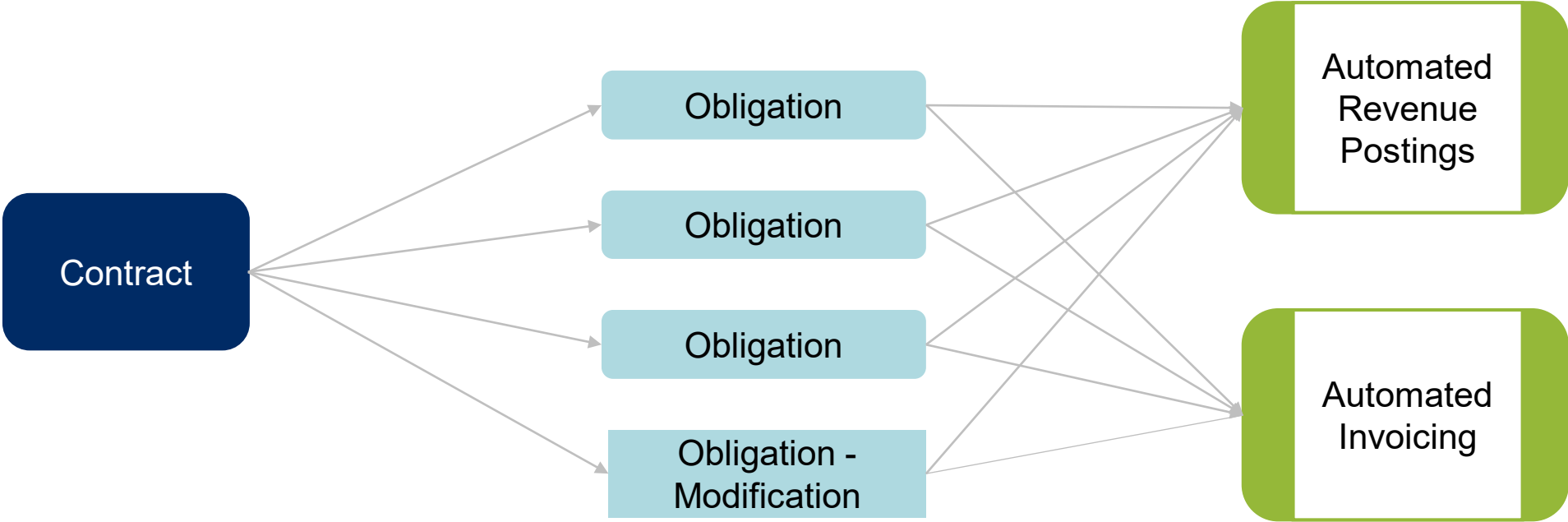
- Manual Reconciliations -> piecing together multiple sources of record
- Billing and Revenue Recognition -> tedious and error prone data entry
- Extended/delayed monthly close due to inefficiencies and manual processes



Inefficient Transaction Based Workflows



Independent Revenue & Billing Schedules

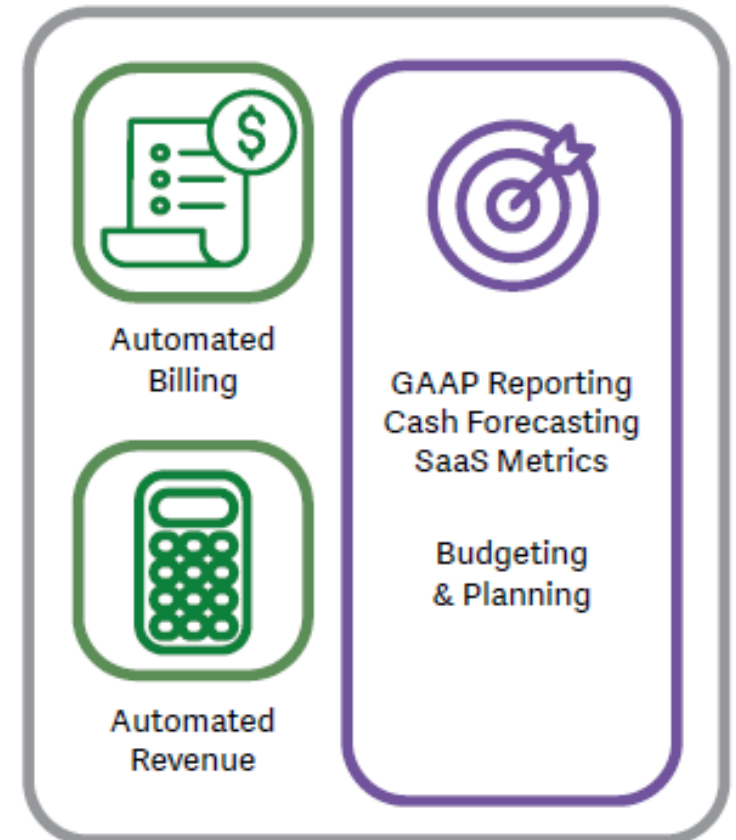


Contract Scenario & Example

- **Customer:** EZ Services
- **Purchased:** 1 Year Contract 1/1/2022 – 12/31/2022, 1 year renewal option
- **Products:**
 - Software subscription
 - 5 user licenses
 - Software implementation project fee
 - Training courses
- **Contract Modifications:**
 - Add on support subscription 3/1/2022
 - De-book/Downgrade of 1 user license on 4/1/2022. Staff member quit on the customer side

Sign #3: GAAP/IFRS Compliance

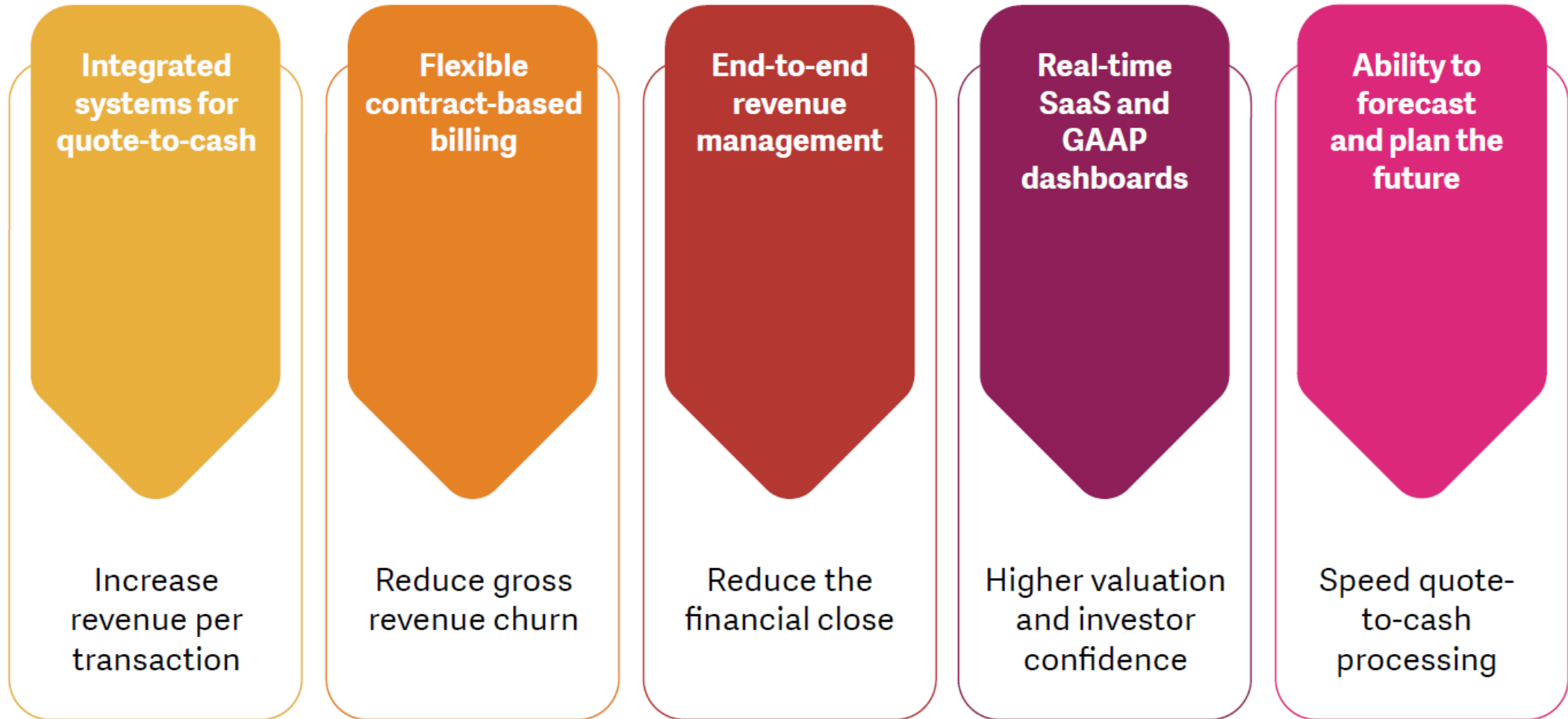
- Inflexible order-centric billing that prevents you from scaling your business
- Trouble complying and keeping up with ASC 606
- Lack of visibility to when revenue will be recognized, what has been billed, and when cash will come in





Polling Question #2

Critical Elements of SaaS Accounting Platform



Recap

- Key Terms
- Life of a SaaS: Growth & Challenges
- Overview of Sage Intacct
- 3 Signs Its Time to Graduate:
 - No Time To Analyze
 - Too Much Excel
 - GAAP Compliance/IFRS Compliance
- Critical Elements of SaaS Accounting Platform

Next Steps

- If you're experiencing signs, reach out. We can help you with:
 - Evaluation
 - Demo



Polling Question #3



Questions?

| Thank You!

For questions or to request a personalized demo, contact us:

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