



Tensoft Revenue Lens

Customer Solution Case Study



Overview

Customer: Tensoft, Inc.
Website: www.tensoft.com
Country/Region: San Jose, CA, USA
Industry: Software & Services

Customer Profile

Tensoft, based in Silicon Valley, California, provides software solutions for the technology industry.

Business Situation

- Eliminated manual revenue tracking
- Reduced revenue leakage
- Enabled 100% revenue accuracy
- Improved revenue projections
- Integrated seamlessly with ERP
- Improved cash projections
- Streamlined order-to-cash

Revenue Recognition Solution Streamlines Complexity for Software Manufacturer

"Revenue Lens has the ability to easily facilitate our contract billings and management. It provides one system to manage our revenue and compute transaction price with one set of data that integrates seamlessly with our financial systems to give us clear, overall reporting."

Dan Berube, Controller, Tensoft, Inc.

Tensoft, Inc. specializes in web-based, industry-specific software solutions and best practices for the technology industry. As the company grew it evolved to offer a variety of software solutions and services, increasingly taxing its manual revenue tracking methods.

To address these issues, Tensoft found an elegant solution that met all its needs in Tensoft's Revenue Lens software. The company not only found immediate relief for its revenue and billing challenges, it also saw benefits in improved customer service, greater profitability and the ability to easily scale for future product and service offerings.

Business Needs

Tensoft's initial system for invoicing renewals, contracts and customers was manual, using Excel spreadsheets.

"We had this huge manual mess" said Tensoft Controller Dan Berube. "Four different types of billings – all manually evaluated and created. All put on separate spreadsheets, fed by contracts and quotes,

moved into our accounting system, and then manually re-fed back into spreadsheets for revenue recognition.

"There was a lot we couldn't do," he added. "We could not forecast cash based on future anticipated billings because we didn't have forecasting in our system. We couldn't perform bookings analysis. We

couldn't perform revenue forecasts. We spent all our time just trying to move stuff around in these spreadsheets – just to get the basics out the door. We had very slow month-end close processes because our revenue spreadsheets didn't match our billing spreadsheets. And we had customers who were frustrated by billing inconsistencies and late billings caused by our archaic billing process.

"We are also subject to SOP 97-2 and EITF 08-1, which was almost impossible to manage manually. At the end of the year, we'd have to go in and re-state everything to recalculate everything the way it's supposed to be. This meant that every year, we'd end up with a 'year-end revenue surprise' because we weren't keeping up with the GAAP revenue in the first place.

"So in summary, we had no visibility, errors and an inability to accurately project revenue. We needed help.

Solution

Tensoft selected Revenue Lens to solve these complex, ever-growing challenges. Revenue Lens seamlessly automates and manages a company's revenue lifecycle. From complex billing and contract management through standards-based revenue recognition policy acceptance, the software can be integrated with any accounting and financial application, allowing its customers to continue to use their system of record. The product's unique revenue agreement functionality manages revenue separately from the accounting and financial applications – processing revenue data according to specific, user-defined rules.

"According to our customer contract agreements, we can invoice on an annual, monthly or quarterly basis, and for actual usage," Berube says. "Before we implemented Revenue Lens, we would manually itemize each application the customer has, which was a very lengthy process.

The Revenue Lens solution has made the process much more efficient and accurate, keeping all of this information in one place where we can configure it to invoice according to contract requirements. It has increased our efficiency, reduced workload and made our company more in touch with our customers."

Benefits

As company Controller, Berube can see the benefits of Revenue Lens from a big-picture view. "Revenue Lens has the ability to facilitate and provide insight into our contract billings and management. It provides one system to manage Tensoft's revenue and compute transaction price with one set of data that integrates seamlessly with our financial systems to give us clear, overall reporting. These factors have been a huge help in terms of visibility and usability. We can now truly see and understand what direction the company is going. The data is not in a spreadsheet, not in drawer, not on sticky note. It's in a system that we can use intelligently to get necessary data and make it actionable for the benefit of the company as a whole."

Customer service and cash flow is impacted both directly and indirectly. "Cash flow is impacted when you're not missing billings and are invoicing customers accurately and on time, you will definitely see your cash flow improve. Customer satisfaction has also improved due to less billing errors and more transparency in those billings."

Now that things are more automated, our people can get into the system and easily see all that customer information in one place, and understand the status of that customer, is extremely helpful.

Customer changes are a way of life at Tensoft, considering the complex contracts that make up most of the company's business. "With Revenue Lens, we have the ability to manage

co-terminus changes and ongoing renewals along with additional customer projects.

"On the revenue side, my concern was with revenue timing," he says. "Everyone is looking to grow revenue, but I also want to make sure that we are looking at profitability and that our revenue matches expenses. Revenue Lens gives us much better control to ensure that we are accurately timing the revenue based on when and how it is earned. We also want to make sure that there is an acceptance process for milestones achieved and that we have actually hit each milestone along the way. And Revenue Lens gives us much better control over the move from bookings to the profit and loss statement."

"One of the biggest reasons I would recommend Revenue Lens is that it gives us a complete picture of our relationship with each customer. When we have a contract with a customer in Revenue Lens, we can add all of the SKUs for services, software licenses, and the other items that we deliver to them. It's all in one place. We can enter one-time billings; we can enter recurring schedule billings; and we can manage usage-based billings. This would be absolutely impossible to do manually."