Customer RMR Management

PERENNIAL SOFTWARE

Makers of SedonaOffice and AlarmBiller

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Customer RMR Management Overview

For most security companies, RMR (Recurring Monthly Revenue) is the primary revenue stream for the company. RMR is the Recurring Revenue invoiced on a monthly basis. Even though a company may invoice their customers for recurring services on billing intervals other than monthly [quarterly, semi-annually, or annually], in SedonaOffice, all RMR tracking and reporting looks at the monthly rate.

Depending on how each company conducts business, many options are available for setting up RMR for your customer accounts.

This session is designed to communicate basic concepts and information pertaining to the RMR features within the SedonaOffice application. The topics that will be covered in this document are:

- RMR Main Concepts
- Setup
    - Invoice Items
    - RMR Reason Codes
- Deferred vs Non-Deferred Revenue
- RMR Billing Methods [Bill on Date vs First of Month]
- Pro-rating
- Recurring Line Creation
- Negative Recurring Lines
- Recurring Line Dates

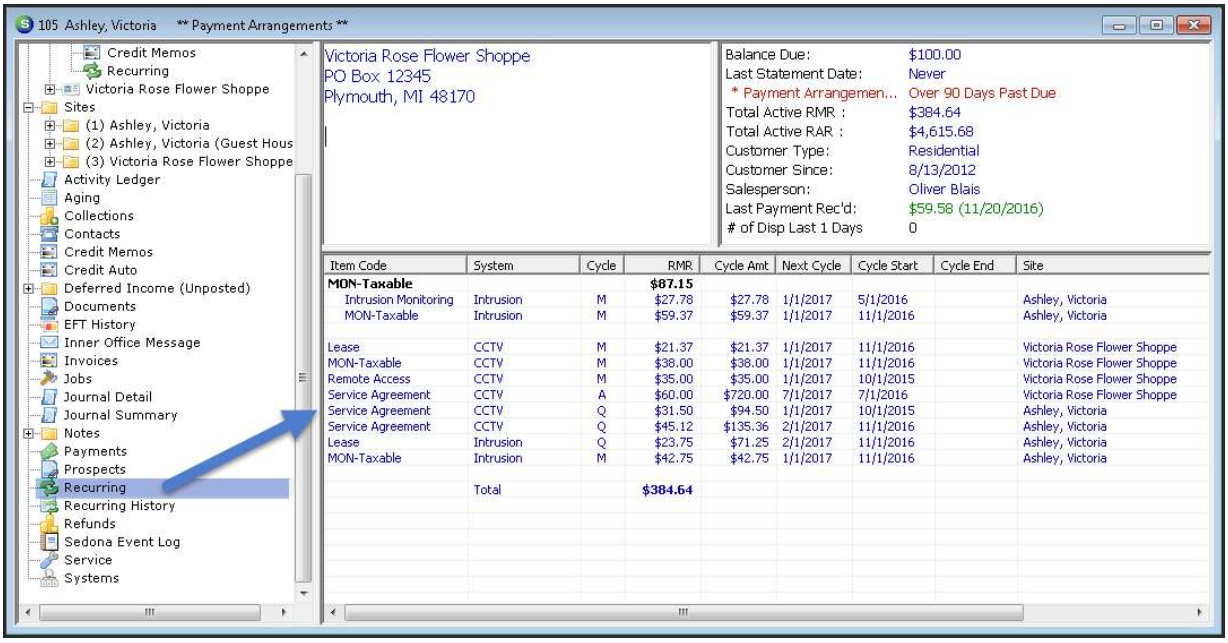
Main Concepts

There are two main data tables in SedonaOffice related to RMR; Recurring Line Records and RMR Tracking Records. The RMR reports available within the SedonaOffice Report Manager are based on the Recurring Line records or the RMR Tracking records.

When a new Recurring Line is saved to a customer's record, two records are created; the **Recurring Line** record and the **RMR Tracking** record.

Recurring Line Records

The Recurring Line records contain the information needed for invoicing the customer when generating a Cycle Invoice batch.



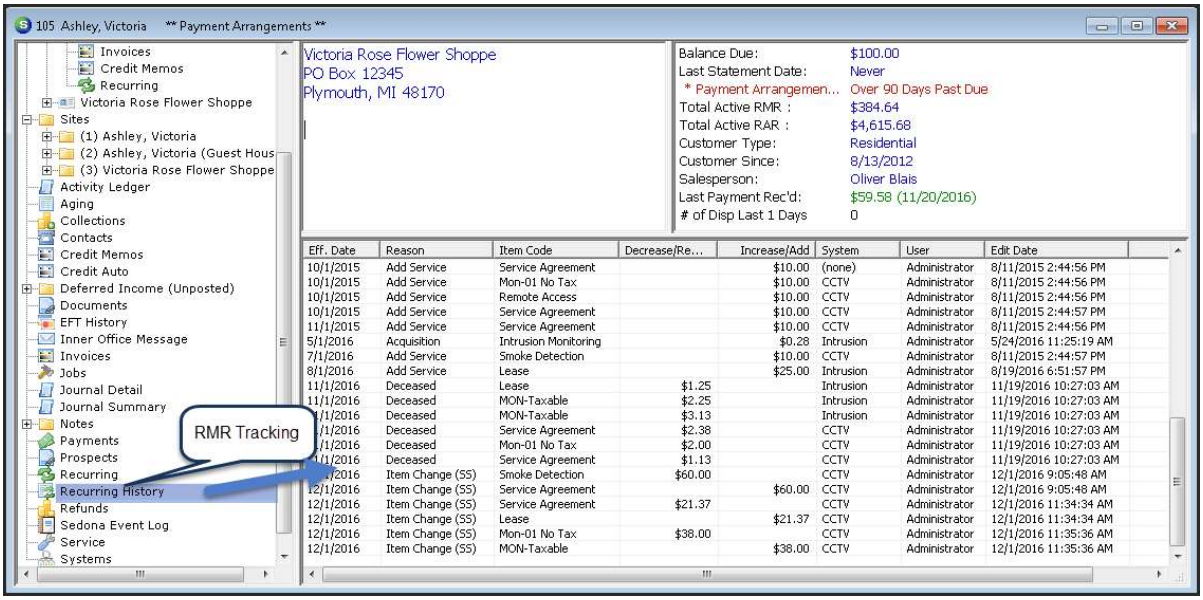
Notes

RMR Tracking Records

The RMR Tracking record is used for historical reporting purposes. If a major element of a recurring line is changed, a record is also written to the RMR Tracking table.

Records are written to the RMR Tracking table when:

- Recurring Line is added
- Recurring Line is deleted
- Item Code is changed
- Billing Cycle is changed
- Recurring Line is cancelled
- Rate Increase
- Rate Decrease
- Recurring Line Split



Notes

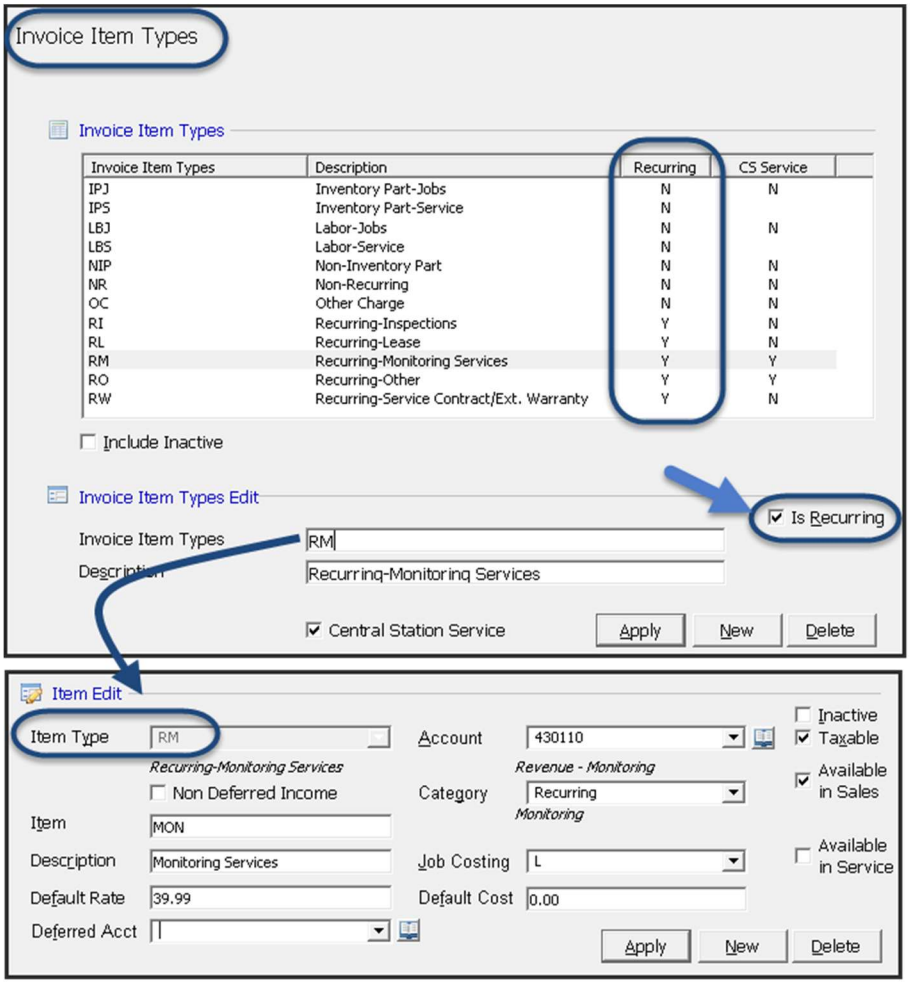
Setup

There are two main setup tables which are used relative to RMR; Invoice Items and RMR Reason Codes. Values for both of these tables are created and maintained in SedonaSetup.

Invoice Items

Each Recurring Line is linked to an Invoice Item. Invoice Items which are to be used for recurring services are determined by the Item Type assigned to the Invoice Item. Only recurring type Invoice Items may be selected when creating Recurring Lines for your customers.

The Invoice Item setup determines many things, including, the G/L Account to which the revenue will record, the default description of the service that will print on the customer's invoice, whether the revenue will be deferred, and a default price if desired.



Notes

RMR Reasons

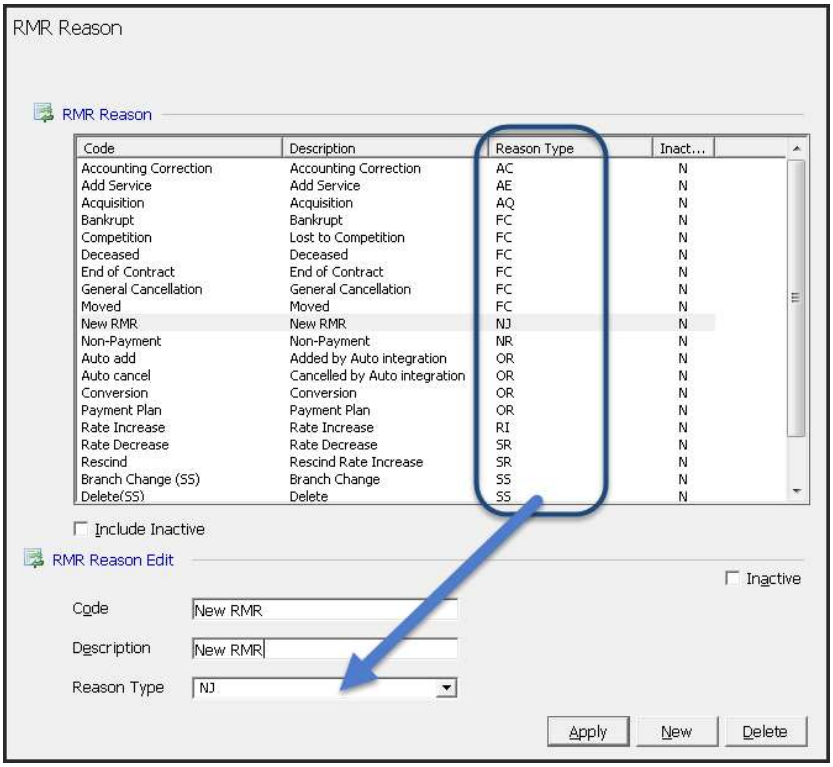
An RMR Reason is a code that the User is required to select when creating new recurring, modifying recurring or cancelling recurring. The Reason Code selected by the User becomes a part of the RMR Tracking record for the Recurring Line(s). RMR Reasons provide many reporting capabilities.

Each RMR Reason code must be assigned a reason type; these reason types are used by SedonaOffice in producing reports that may be found in the Report Manager within the Client Management report group. The Reason Types are controlled by SedonaOffice and may not be deleted or modified.

RMR Reasons with a Reason Type of SS may not be modified. These codes are used by the software to record information to the RMR Tracking when certain actions are performed by a User.

SS Reason Type Codes:

Branch Change	Delete (Recurring Line)	Item Change
Site/System Change	RMR Split	



Notes

Deferred vs Non-Deferred Revenue

In SedonaOffice, Deferred Revenue is an amount invoiced in advance of being earned. For example, if a Cycle Invoice is created and posted for $25.00 on 12/01/2016 for services that will be provided 01/01 – 01/31/2017, the $25.00 is unearned in the December 2016 accounting period. The revenue is deferred to the accounting period of the service period being invoiced – January 2017 in this example. When the cycle invoice is posted, the software will automatically debit Accounts Receivable account and credit the Deferred Revenue (liability type) account.

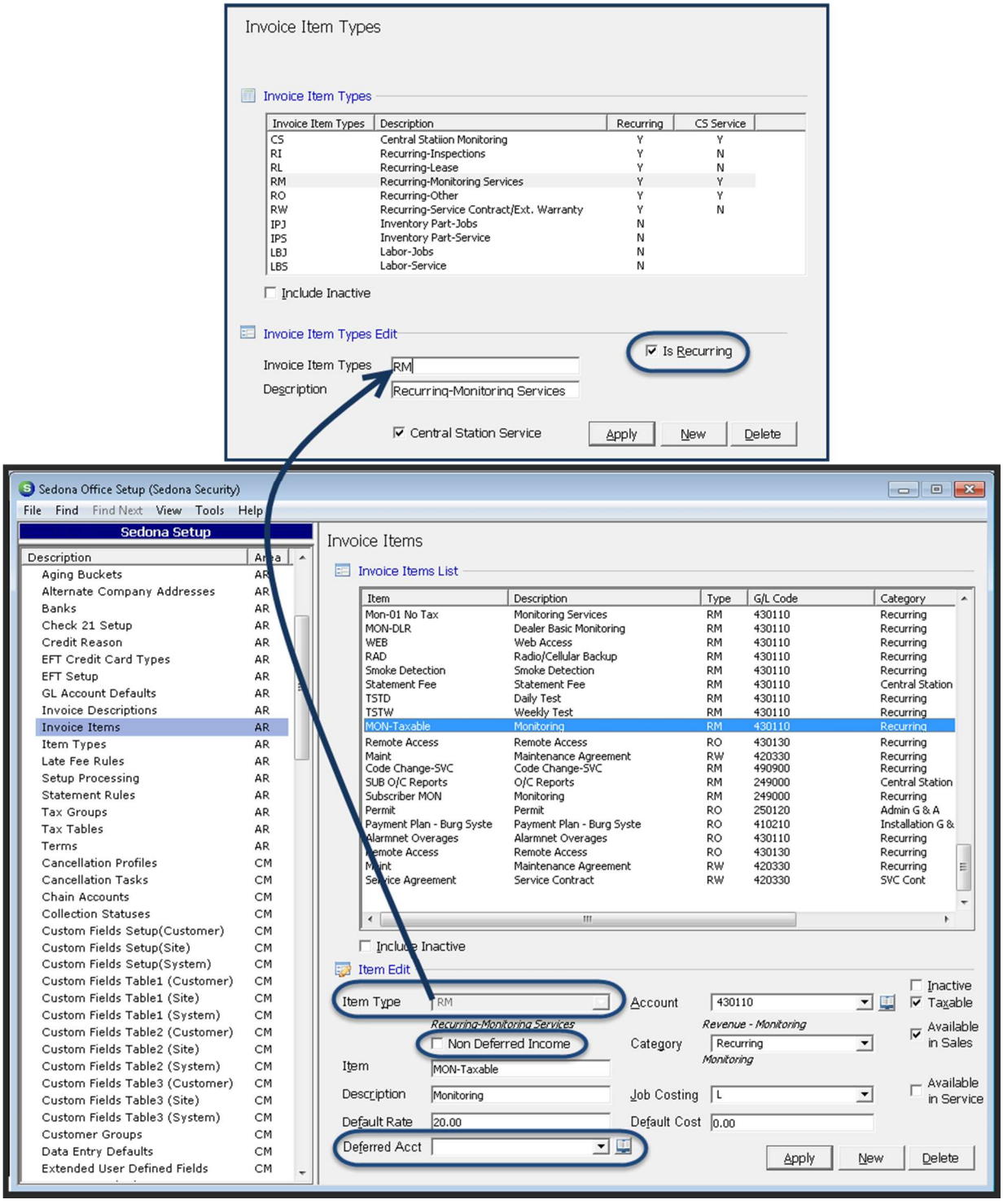
If a cycle invoice covers more than one month, such as a quarterly invoice, when posting the invoice, the software will automatically allocate the invoice deferred revenue into the appropriate month/year.

The default Deferred Revenue account that will be used for posting is setup and maintained in SedonaSetup/GL Account Defaults (AR). If a different Deferred account is specified on the Invoice Item setup, that deferred account will take precedence.

The Invoice Item(s) on the invoice determine whether the revenue will be deferred when an invoice is posted. If the Item Type of the Invoice Item is flagged as a "Recurring Type", then the Invoice Item may defer revenue. If the "Non Deferred Income" checkbox is selected on the Invoice Item setup, that Item will not post to the deferred account; charges invoiced for non-deferred items will post immediately to your revenue accounts.

A field is available on the Invoice Item setup to select the Deferred Account. This field may be left blank if your company uses a single Deferred Revenue account company-wide.

Notes

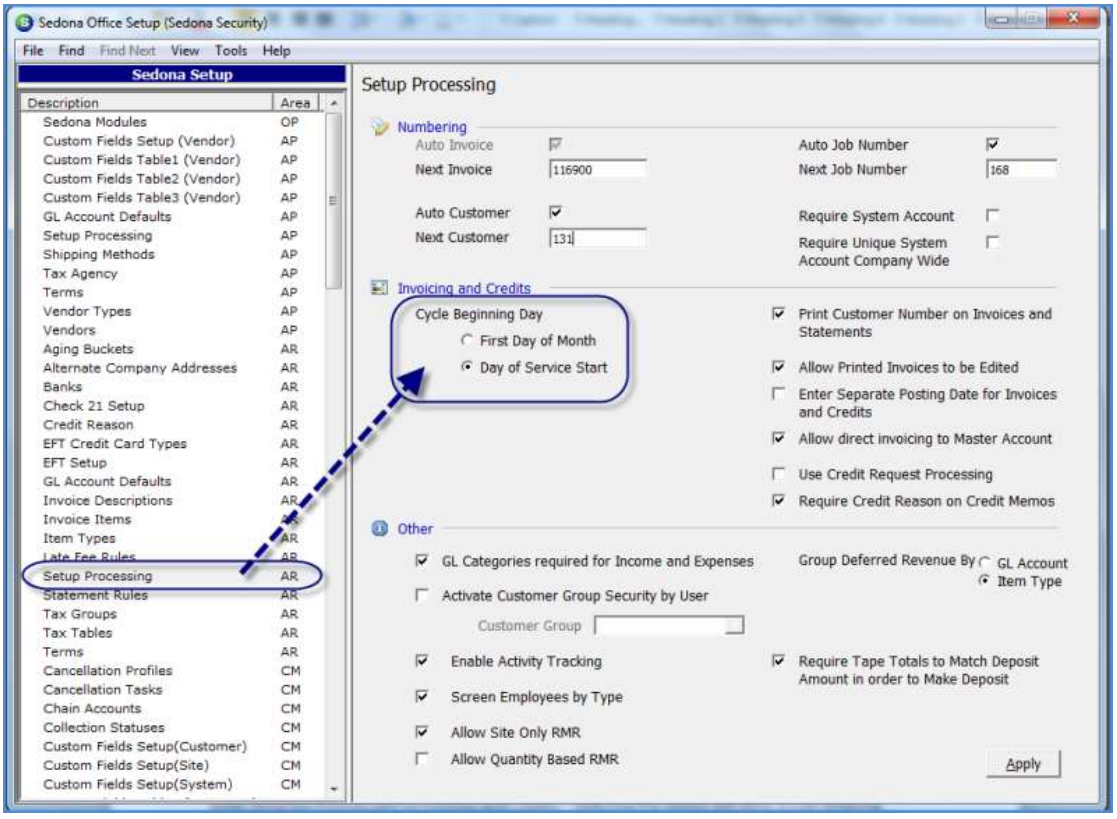

Invoice Item Types
Invoice Item Types
Invoice Item Types | Description | Recurring | CS Service
CS | Central Statiion Monitoring | Y | Y
RI | Recurring-Inspections | Y | N
RL | Recurring-Lease | Y | N
RM | Recurring-Monitoring Services | Y | Y
RO | Recurring-Other | Y | Y
RW | Recurring-Service Contract/Ext. Warranty | Y | N
IPJ | Inventory Part-Jobs | N
IPS | Inventory Part-Service | N
LBJ | Labor-Jobs | N
LBS | Labor-Service | N
Include Inactive
Invoice Item Types Edit
Invoice Item Types RM
Description Recurring-Monitoring Services
Is Recurring
Central Station Service
Apply
New
Delete
Sedona Office Setup (Sedona Security)
File Find Find Next View Tools Help
Sedona Setup
Description | Area
Aging Buckets AR
Alternate Company Addresses AR
Banks AR
Check 21 Setup AR
Credit Reason AR
EFT Credit Card Types AR
EFT Setup AR
GL Account Defaults AR
Invoice Descriptions AR
Invoice Items AR
Item Types AR
Late Fee Rules AR
Setup Processing AR
Statement Rules AR
Tax Groups AR
Tax Tables AR
Terms AR
Cancellation Profiles CM
Cancellation Tasks CM
Chain Accounts CM
Collection Statuses CM
Custom Fields Setup(Customer) CM
Custom Fields Setup(Site) CM
Custom Fields Setup(System) CM
Custom Fields Table1 (Customer) CM
Custom Fields Table1 (Site) CM
Custom Fields Table1 (System) CM
Custom Fields Table2 (Customer) CM
Custom Fields Table2 (Site) CM
Custom Fields Table2 (System) CM
Custom Fields Table3 (Customer) CM
Custom Fields Table3 (Site) CM
Custom Fields Table3 (System) CM
Customer Groups CM
Data Entry Defaults CM
Extended User Defined Fields CM
Invoice Items
Invoice Items List
Item | Description | Type | G/L Code | Category
Mon-01 No Tax | Monitoring Services | RM | 430110 | Recurring
MON-DLR | Dealer Basic Monitoring | RM | 430110 | Recurring
WEB | Web Access | RM | 430110 | Recurring
RAD | Radio/Cellular Backup | RM | 430110 | Recurring
Smoke Detection | Smoke Detection | RM | 430110 | Recurring
Statement Fee | Statement Fee | RM | 430110 | Central Station
TSTD | Daily Test | RM | 430110 | Recurring
TSTW | Weekly Test | RM | 430110 | Recurring
MON-Taxable | Monitoring | RM | 430110 | Recurring
Remote Access | Remote Access | RO | 430130 | Recurring
Maint | Maintenance Agreement | RW | 420330 | Recurring
Code Change-SVC | Code Change-SVC | RM | 490900 | Recurring
SUB O/C Reports | O/C Reports | RM | 249000 | Central Station
Subscriber MON | Monitoring | RM | 249000 | Recurring
Permit | Permit | RO | 250120 | Admin G & A
Payment Plan - Burg Syste | Payment Plan - Burg Syste | RO | 410210 | Installation G &
Alarmnet Overages | Alarmnet Overages | RO | 430110 | Recurring
Remote Access | Remote Access | RO | 430130 | Recurring
Maint | Maintenance Agreement | RW | 420330 | Recurring
Service Agreement | Service Contract | RW | 420330 | SVC Cont
Include Inactive
Item Edit
Item Type RM
Recurring-Monitoring Services
Non Deferred Income
Item MON-Taxable
Description Monitoring
Default Rate 20.00
Deferred Acct
Account 430110
Revenue - Monitoring
Category Recurring
Monitoring
Job Costing L
Default Cost 0.00
Inactive
Taxable
Available in Sales
Available in Service
Apply
New
Delete

RMR Billing Methods [Bill on Date vs First of Month]

In SedonaSetup/AR Setup Processing, your company determines which method will be used for billing customers for recurring services; First Day of Month or Day of Service Start.

- If **First Day of Month** is selected, the customer's recurring charges will always be invoiced in full calendar months. For example, if the billing cycle is quarterly and the recurring start date is set to 06/15/2016 and the next cycle date is set to June 2016, the first cycle invoice will be generated for the pro-rated portion of the billing cycle; from 06/15/2016 through 08/31/2016. On the September 2016 cycle invoice the customer will be billed for the entire quarter.
- If **Day of Service** is selected, when entering a recurring line, a field will be displayed to select the Bill On Day [of the month]. The customer's recurring charges will be billed starting on the date entered on the recurring line and continue in this fashion. For example, the Bill On Day selected is 15 and the recurring start date is set to June 2016. The customer's first recurring invoice service period for a monthly cycle will be 06/15/2016 through 07/14/2016. The next month's invoice would cover 07/15/2016 through 08/14/2016 and so forth.

Each company must select one of the two options above, which is a global setting; all recurring services will be billed using the same method selected above.

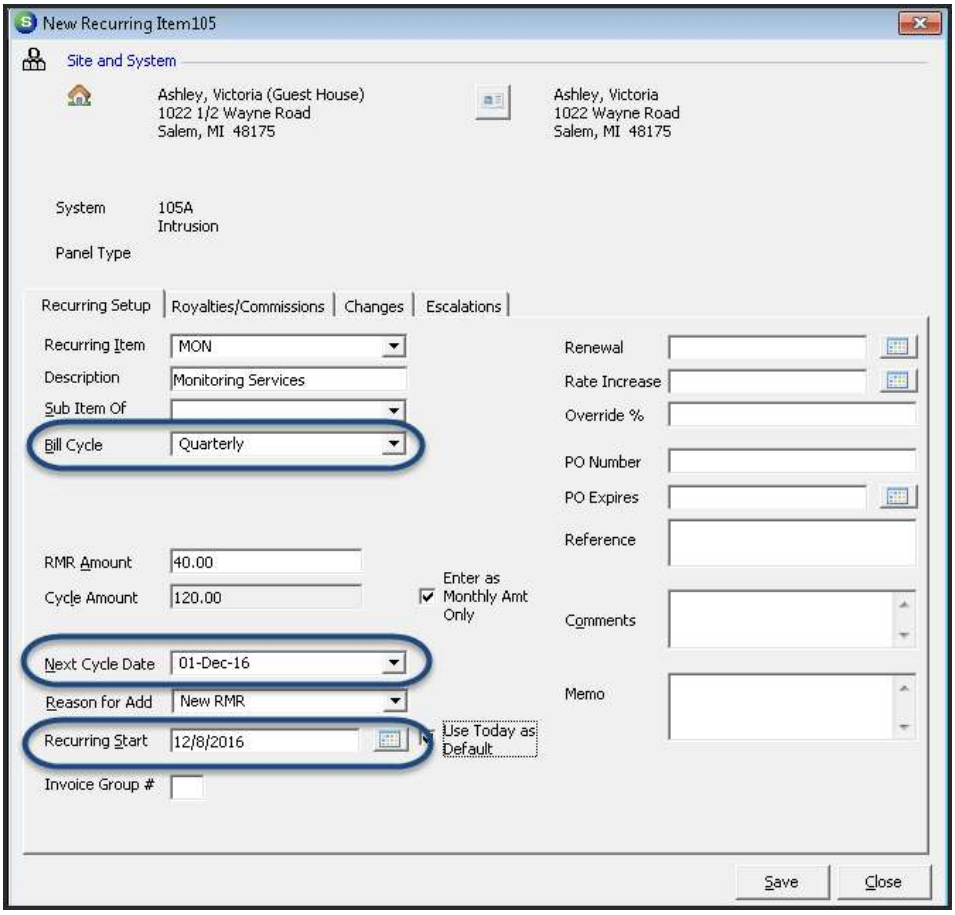


Notes

Pro-rating

For companies using the **First Day of Month** billing method, when generating cycle invoices, the software will automatically calculate pro-rated amounts based upon the dates entered by the User when creating the recurring line.

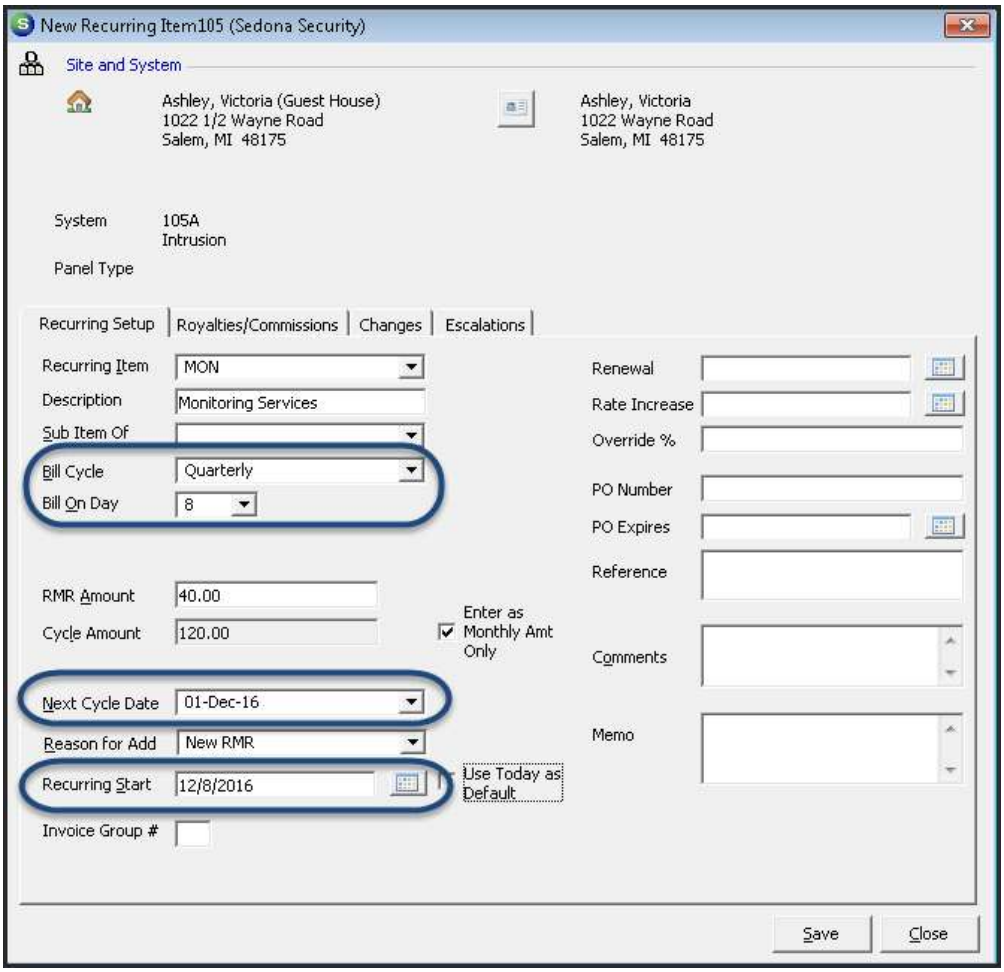
In the example below, the billing cycle selected is quarterly, and the recurring start date is 12/08/2016 and the starting cycle is December 2016. The first cycle invoice will invoice for the service period of 12/08/2016 through 02/28/2017. The month of December will be a pro-rated number of days; December 8 through December 31.



Notes

For companies opting to use the **Bill On Day** billing method, pro-rating will never take place via the cycle billing process. If a customer needs to be invoiced for a partial month, the user would need to create a miscellaneous invoice for the pro-rated period of time.

In the example below, the Bill On Date selected is 8, the billing cycle selected is quarterly, the cycle date is set to December 2016, and the recurring start date is set to 12/08/2016. The customer's first recurring invoice service period will be 12/8/2016 through 2/7/2017.



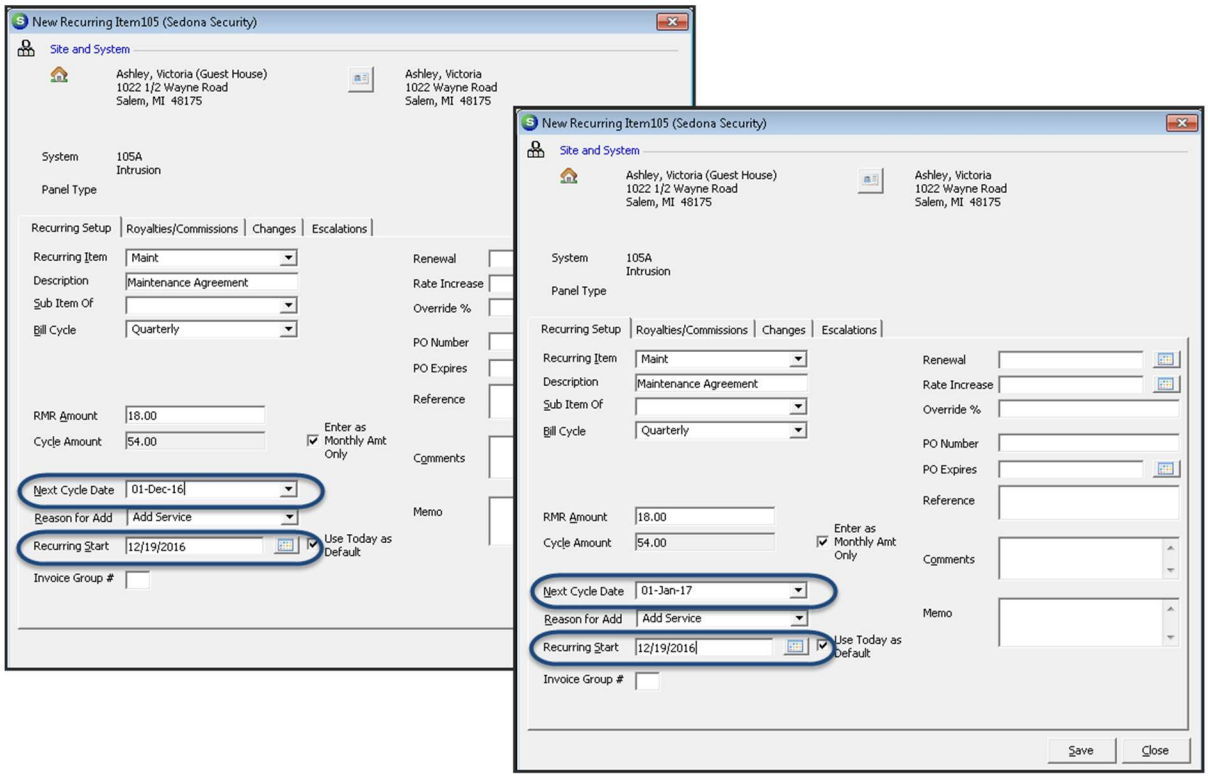
Notes

Recurring Line Dates

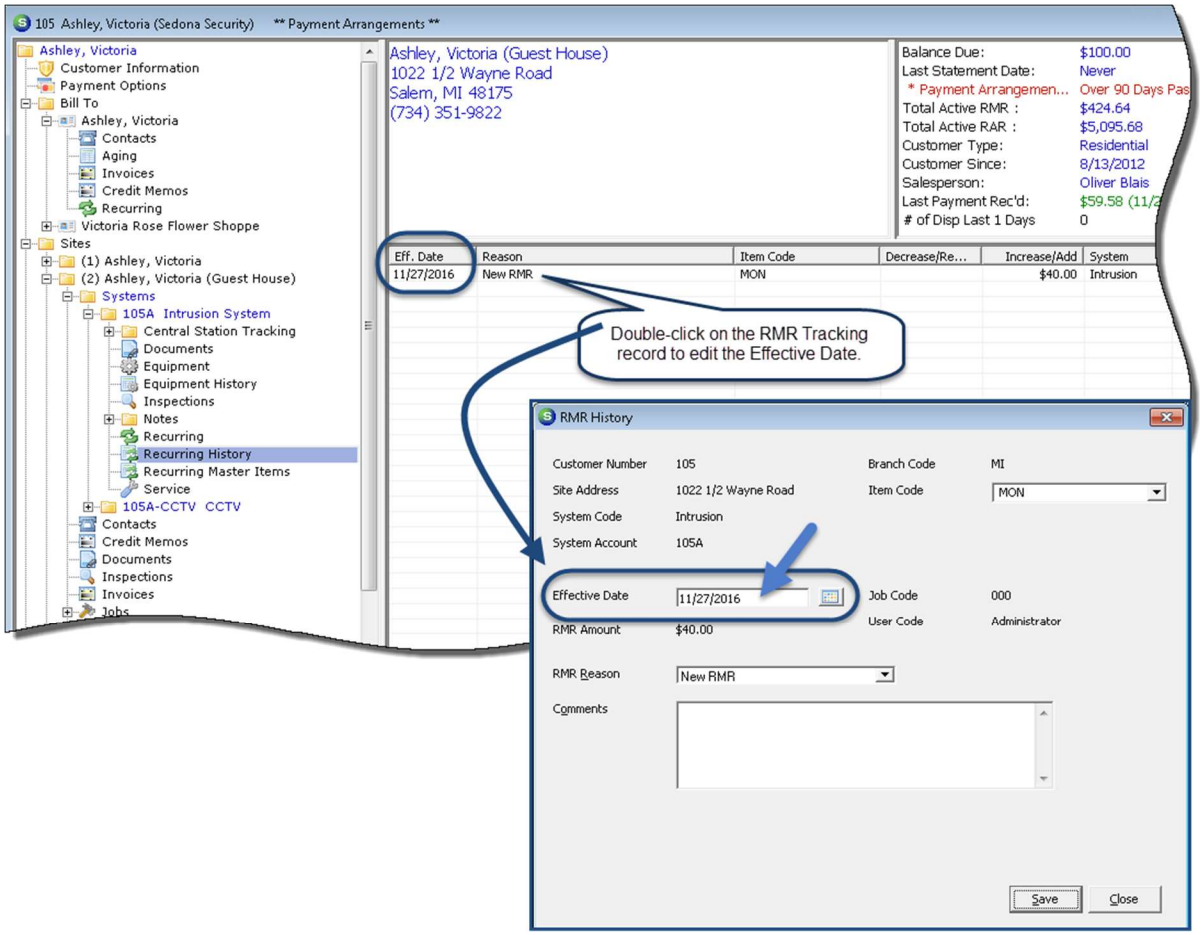
When creating Recurring Lines the entry of date fields is important to generate the desired results when generating cycle invoices.

In the example below on the left, the Next Cycle Date is set to December 2016, the Recurring Start Date of 12/19/2016, and the Billing Cycle is quarterly. When the first cycle invoice is produced for the December 2016 cycle, an invoice will be created for the pro-rated period of 12/19/2016 through 02/28/2017.

Using the example below on the right, the Next Cycle Date is set to January 2017, the Recurring Start Date of 12/19/2016, and the Billing Cycle is quarterly. In this case, the customer will not be invoiced for any days in December 2016, but will receive a full quarter invoice when the January 2017 is generated. Essentially the customer will receive free service for the period of 12/19/2016 through 12/31/2016.



Entering a Recurring Start Date that is in a month/year earlier than the Next Cycle Date may skew the results on some of the RMR Reports available within the Report Manager. When creating a new recurring line, the Recurring Start Date is known as the Effective Date that records to the RMR Tracking record. To make certain the RMR appears as new RMR in the correct month/year, the User may open the corresponding RMR Tracking record and change the effective date. In the example on the previous page on the right, the Effective Date on the RMR Tracking record would be changed to 01/01/2017.



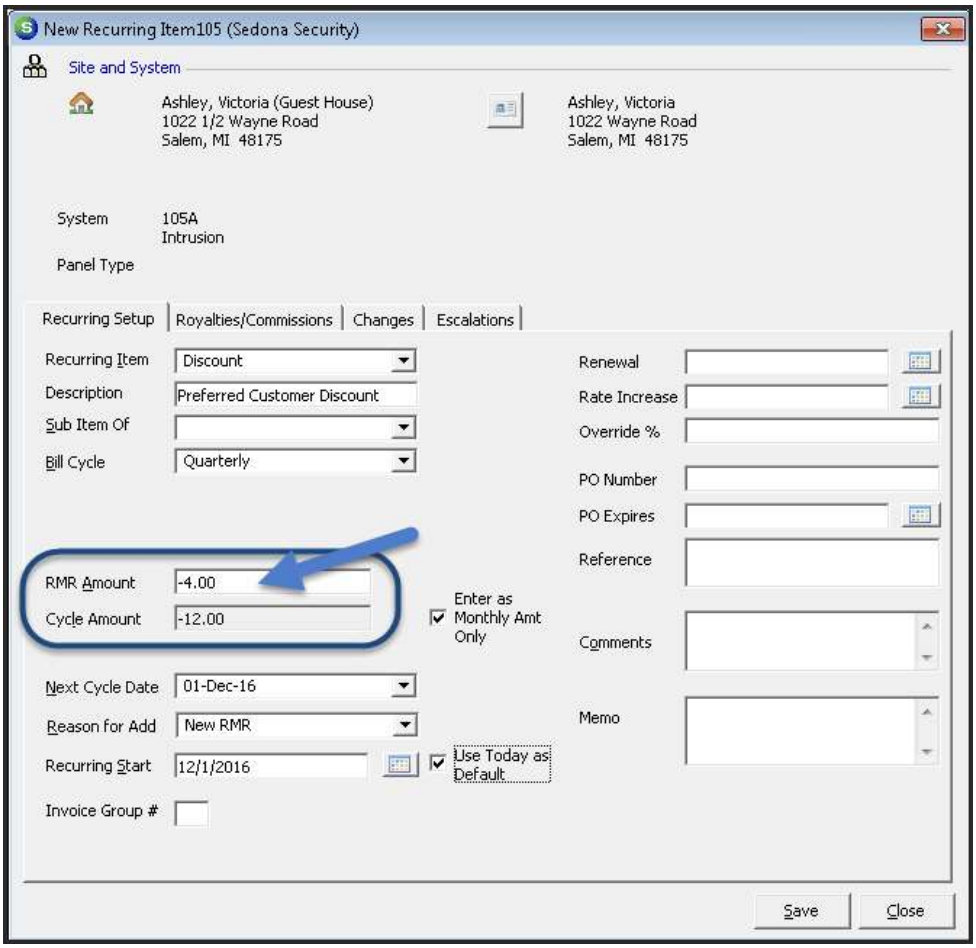
Notes

Negative Recurring Lines

Negative recurring lines may be created to track and display discounts extended to your customer on their recurring invoice. You may create as many negative recurring lines as desired as long as the total of the positive and negative recurring lines billing on the same invoice is not less than zero. Companies may want to create special Invoice Items for the purpose of tracking free or discounted services.

Negative Recurring lines may be created to track services that are discounted to a customer or for services that are being provided to a customer at no charge. Discounts may continue indefinitely or may be setup to end on a particular date. These limited discounts may be used when your company offers free services for a certain period of time, then begin invoicing the customer without a discount on a future date.

Note: The total amount of discount recurring lines may not exceed the positive value recurring lines. If the total of the discount and non-discount recurring lines nets to zero, a cycle invoice will be created during the Cycle Invoicing process with a net due amount of zero.



Notes

Generating Recurring Invoices

Cycle Invoicing is the process of creating invoices for your customers who have active and billable recurring lines set up on their Site or System records. This process is performed from the Accounts Receivable menu selecting the Cycle Invoicing option.

Cycle Invoicing is a five-step process:

- Generate a Cycle
- Review a report to make certain the data is accurate
- Post the Cycle / Create Invoices
- Apply any open Credits to the Cycle Invoices (optional)
- Print Cycle Invoices

For Master Accounts where the recurring services are billed directly to the Master Account, the cycle invoicing process is initiated from the Master Account List within the Client Management module. For recurring lines on the Subaccounts of Master Accounts that bill directly to the Subaccount, these recurring lines are picked up in the cycle invoicing for Non-Master Accounts.

In summary; if your company uses regular customers and master accounts, each month you will run the cycle billing process twice – once for the regular customers and again for the master accounts.

Typically cycle invoicing is performed once a month. When new recurring lines are added which will begin billing in the month where the cycle invoicing has already been completed, your company may run the cycle billing process at the end of each week or again at the end of the month to pick up the newly added recurring lines.

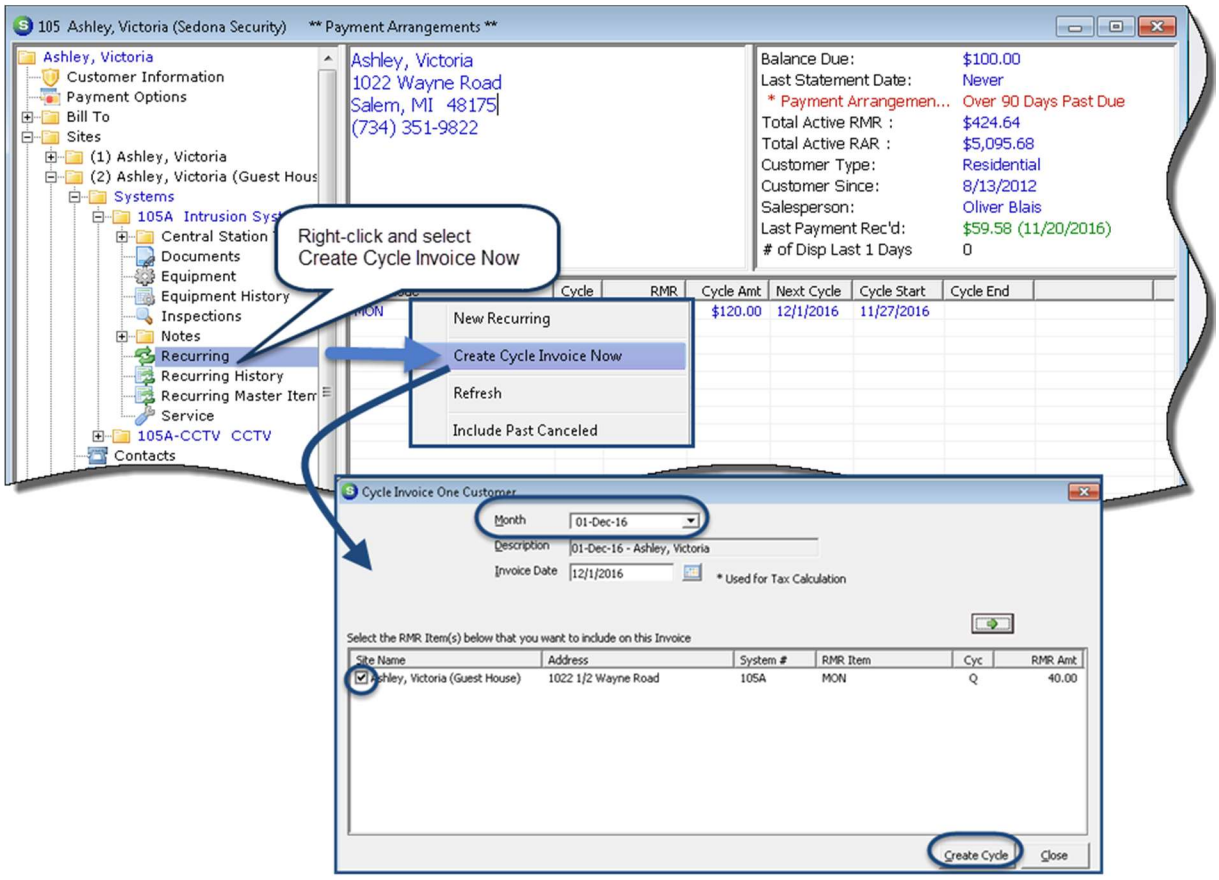
For companies using the Bill On Day method, cycle invoicing is typically performed for each unique Bill on Day 1 through 28 on each of these dates.

Notes

Cycle Invoicing a Single Customer

Individual customers may be cycle invoiced at any time if desired. This option may be used when the cycle invoicing has already been generated for the month in which the customer begins services and you do not want to wait until the next cycle to invoice the customer.

Cycling a single customer is initiated from a Customer Explorer record. Once the cycle has created, the remainder of the process is the same as if you had generated a monthly batch.



Notes