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The #1 Financial Software for Security Companies

2013 SedonaOffice Users Conference

RMR Auditing & Attrition Management

Presented By:

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About the Track

This track will review recurring revenue management and attrition management. Nothing is more important to a security company than recurring revenue for many obvious reasons. This track will focus on two important areas, RMR Auditing and Attrition Management. While these two items go hand-in-hand, we will look at both, and ways to truly understand your RMR and ways you can lower your attrition and maximize the value of your RMR.

Terms

Before we begin, let us discuss some terms and vocabulary that's important to know. *All these definitions are based on their usage within SedonaOffice.*

Recurring Revenue

Recurring Revenue is any revenue that is scheduled to be invoiced to a Customer on an ongoing basis.

RMR – "Recurring Monthly Revenue"

RMR is the Recurring Revenue invoiced on a Monthly basis. RMR is the standard measurement used by SedonaOffice to manage Recurring Revenue.

RAR – "Recurring Annual Revenue"

RAR is the Recurring Revenue invoiced on an Annual basis.

RMR in Force

The RMR in Force is the RMR that is or was active at any given period of time.

Recurring Item

A Recurring Item is the actual Recurring Revenue setup for a Customer. The Recurring Item is maintained in the ***AR_Customer_Recurring*** SQL table. Key elements of a Recurring Item include:

Recurring Start Date – (Cycle Start Date)

This is the Date the Recurring Item first started. This is the Activation date of the Recurring Revenue.

Recurring End Date – (Cycle End Date)

This is the Date the Recurring Item stops being invoiced. This is the Cancel date of the Recurring Revenue.

Next Cycle Date
This is the next date the Recurring Item will be Cycled (an invoice created for the Customer).

Cycle
Either Monthly, Quarterly, Semi-Annual or Annual. The period for which the recurring charges will be invoiced.

Monthly Amount
The RMR, this is the monthly amount that will be invoiced for the Recurring Item. *This is the amount that will be used for RMR Auditing.*

Cycle Amount
This is normally the Monthly Amount times its Cycle. This can be overwritten if the Cycle amount is not equally divisible, for example if you are invoicing $100 per quarter.

RMR Tracking
RMR Tracking (History) is the net change of the Recurring Revenue for a Customer. The RMR Tracking is maintained in the ***AR_RMR_Tracking*** SQL table. Key elements of a RMR Tracking include:

Effective Date
The date the change in Recurring Revenue actually takes place. *This date is very important to understand as it has an effect on the RMR Auditing.*

RMR Reason
The reason code why the Recurring Revenue amount actually changed. Every change to RMR requires a RMR Reason.

What is Active Recurring Revenue
Recurring Revenue is considered active in SedonaOffice when it is within the Cycle Start Date and Cycle End Date. If the Recurring Revenue is not cancelled (or does not have a future cancellation date) then there would not be a Cycle End Date.

Future | Active | Cancelled

| Cycle Start Date | Cycle End Date

NOTE: This is inclusive of the Cancellation Date, therefore Recurring Revenue is considered active on its activation date, as it actually cancels at the end of the date.

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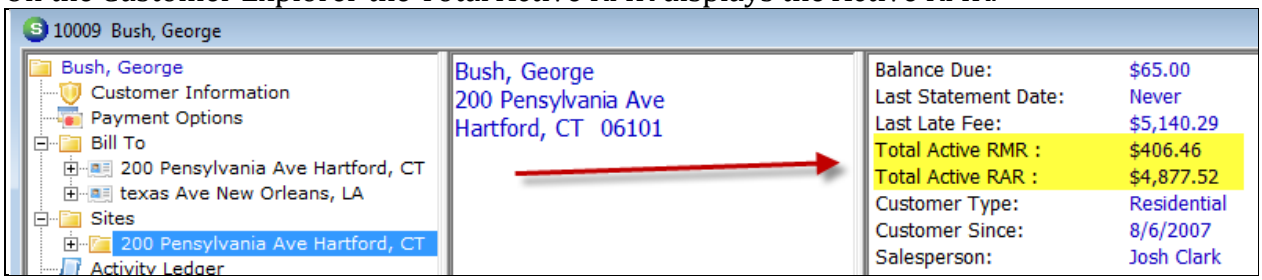
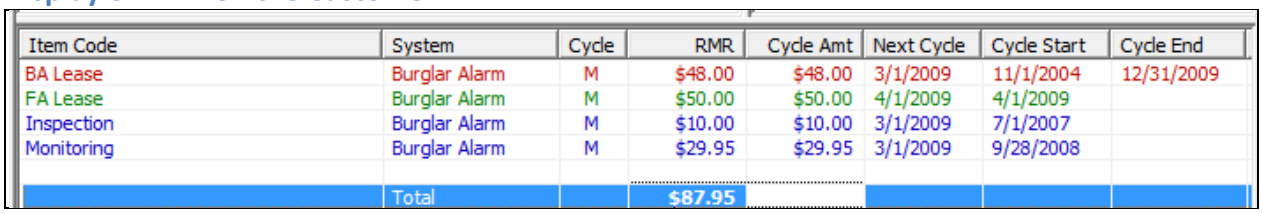
Total Active RMR

On the Customer Explorer the Total Active RMR displays the Active RMR.



Display of RMR on the Customer

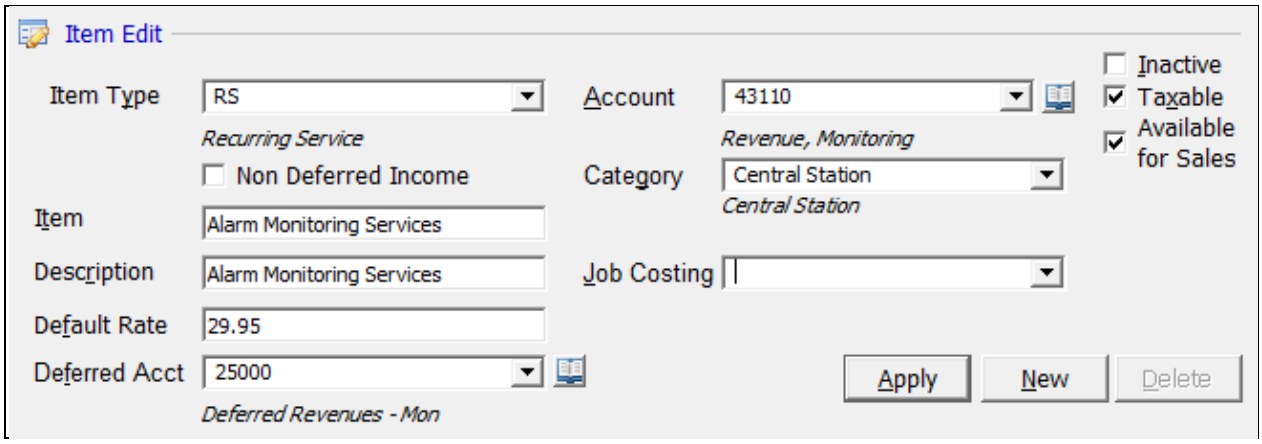


Item Code	System	Cycle	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
BA Lease	Burglar Alarm	M	$48.00	$48.00	3/1/2009	11/1/2004	12/31/2009
FA Lease	Burglar Alarm	M	$50.00	$50.00	4/1/2009	4/1/2009	
Inspection	Burglar Alarm	M	$10.00	$10.00	3/1/2009	7/1/2007	
Monitoring	Burglar Alarm	M	$29.95	$29.95	3/1/2009	9/28/2008	
	Total		$87.95				

- RED: Displays RMR that will be cancelled in the Future.
- GREEN: Displays RMR that will become active in the Future
- BLUE: Displays Active RMR
- TOTAL: Is the Total of the Active RMR (based on the Current Date)

Recurring Item Setup (Invoice Items)

The following explains the setup of a Recurring Item. A Recurring Item is an Invoice Item in which the Item Type is defined as Recurring. Only Recurring Items can be setup as Recurring Revenue for Customers.



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Item Type
The Item Type must be a Recurring Item Type. SedonaOffice allows you to create and define additional Item Types. The Item Type is used for many purposes including sales tax processing, revenue reporting and linking with central station software such as Manitou.

Non Deferred Income
This flag determines if this Recurring Item Type is deferred revenue. By default all new Recurring Item codes are set to defer the income unless checked. If you select this option, the income will not defer and will be recognized 100% based on the transaction date of the invoice, regardless of the Cycle.

Item
This is the Item Code to be used to identify the Recurring Item.

Description
The Description is the default description to be used for the Recurring Item. This can be overwritten when setting up the Recurring Revenue for the Customer.

Deferred Account
The Deferred Account is the GL Account the Deferred Income will be tracked in. If this field is left blank, the system default Deferred Income account will be used. It is most important you setup this account properly. For most companies, one Deferred Income account is all you will need.

Account
The Account is the GL Account the Income will be posted to; either when recognizing the Deferred Revenue or directly if the Recurring Item is setup as Non Deferred Income.

Category
The Category is the GL Category that is assigned to the Recurring Service.

Taxable
The Taxable flag determines if this is a Taxable service (based on the tax setup for the Customer).

Available for Sales
This flag determines if this Recurring Item is available for the integration with sales quoting systems such as QuoteWerks or WeSuite.

Creating New Recurring Revenue

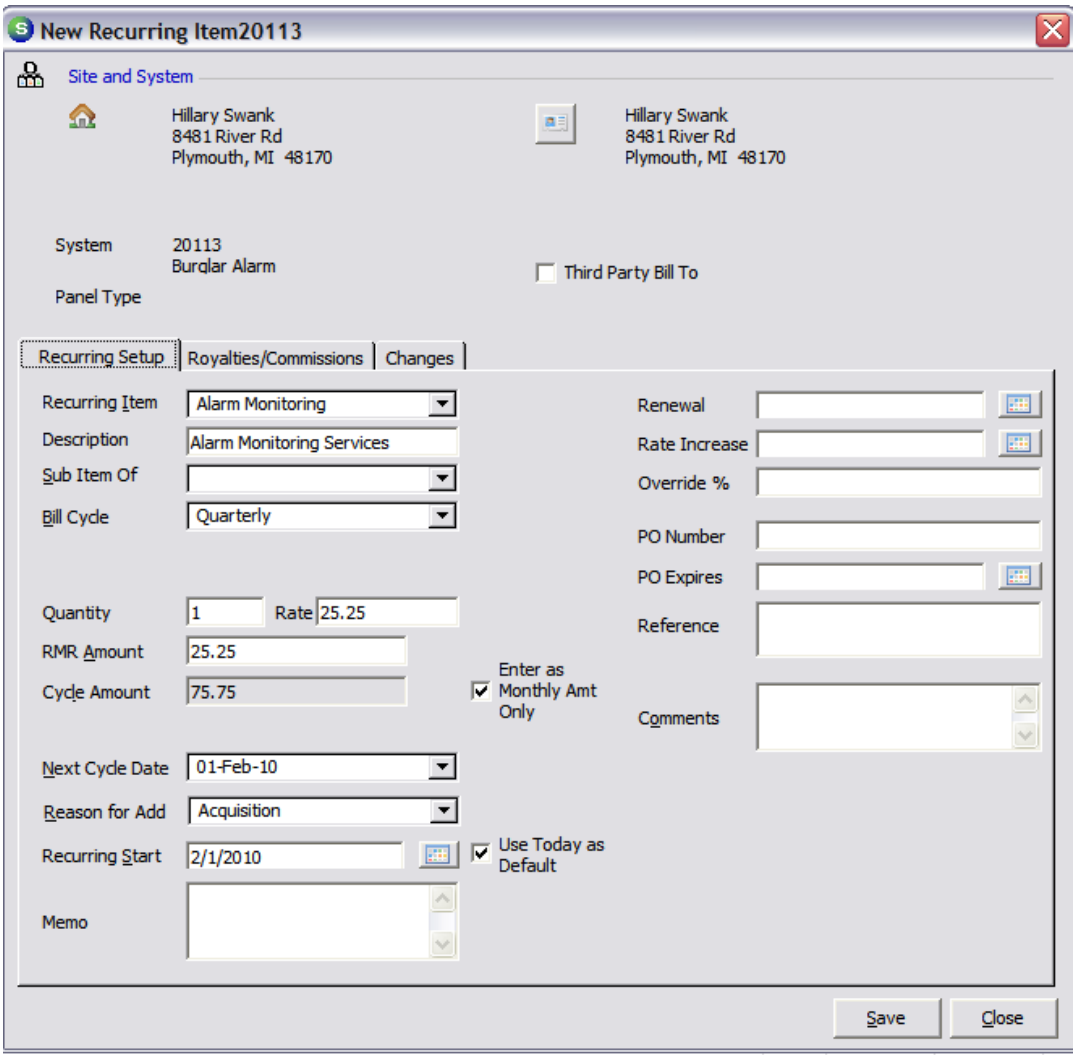
Recurring Revenue can be added in various means throughout SedonaOffice. This guide will review the properties of manually creating new Recurring Revenue.

System or Site Level Recurring Revenue

The default in SedonaOffice is that all Recurring Revenue is defined under a System. As an option you can allow SedonaOffice to create Site level Recurring Revenue (this is not recommended unless you specifically need it). If you turn on this option, you can then setup Recurring Revenue under the Site for a Customer, without defining a System.

Setting Up New Recurring Revenue

Here are the key elements in setting up new Recurring Revenue.



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Recurring Item
This is the Recurring Item Code.

Description
This will default to the Description from the Recurring Item; you can override this if you wish.

Cycle
This is the Cycle when creating the invoice; your options are Monthly, Quarterly, Semi-Annual or Annual.

Quantity
If you are using quantity based recurring revenue, you can insert a quantity.

Rate
If you are using quantity based recurring, you can enter the Rate per item.

Next Cycle Date
This is the Date this Recurring Service will next be Cycled (processed for invoicing). We will discuss this more later.

Reason for Add (Reason Code)
This is the reason this Recurring Item is being added.

Recurring Start Date
This is the date the recurring service become active.

Understanding the Next Cycle Date and Recurring Start Date
The usage of the Next Cycle Date and the Recurring Start Date are very important, and will affect how the income is generated for a Customer. Be sure to understand this fully before just entering dates randomly.

In the table below are examples of setting up Recurring Revenue, and how the revenue will be invoiced when the first cycle is processed.

Next Cycle Date	Cycle Start Date	Cycle	RMR	First Cycle (2/1/2012)
2/1/2012	2/1/2012	Q	25.00	**2/1/2012 – 4/30/2012 $75.00**
2/1/2012	2/15/2012	Q	25.00	**2/15/2012 – 4/30/2012 $62.50**
2/1/2012	1/15/2012	Q	25.00	**2/1/2012 – 4/30/2012 $75.00**
1/1/2012	1/15/2012	Q	25.00	**1/15/2012 – 3/31/2012 $62.50**
11/1/2012	1/15/2012	Q	25.00	**1/15/2012 – 4/30/2012 $87.50**

RMR Tracking

Every time Recurring Revenue is added or cancelled it is tracked in the RMR Tracking file.

AR_RMR_Tracking

This is the SQL table file that contains all the RMR Tracking records.

Adding/Creating New Recurring Revenue

There are two means to adding Recurring Revenue.

- New Recurring Revenue – Creating RMR that did not exist prior.
- Increasing an existing Recurring Item – This is commonly known as a Rate Increase

Cancelling/Decreasing Recurring Revenue

There are two means to lower Recurring Revenue.

- Full Cancellation – This would be a full reduction of the RMR
- Partial Cancellation – This would be a partial decrease of the RMR, commonly known as a Rate Decrease.

RMR Tracking Effective Date

The effective date is the date the RMR change occurred. Based on the above 4 types of rate changes the table below identifies the RMR Tracking Effective Date.

Transaction Type	Change Amount	New RMR	Effective Date
New RMR	$25.00	$25.00	2/1/2012
Increase RMR	$5.00	$30.00	3/1/2012
Partial Decrease RMR	-$5.00	$25.00	3/31/2012
Full Cancellation	-$25.00	0	4/30/2012

NOTE: Best Practices Suggestions

- When increasing RMR it is best to use the first of the Month (generally the Next Cycle Date)
- It's not a good idea to rate increase in the middle of a Cycle or the Customer will see two line items, one with the old rate the other with the new rate.
- When partially cancelling RMR it is best to use the last day of the month, or the day before the Next Cycle Date

FYI: If the Next Cycle Date is equal to the Cancel Date the RMR will not be invoiced (except if you are using Bill on Day feature).

Effects on RMR Rate Increases

Active RMR	Change Amount Date	Active RMR Date	Active RMR Date
$25.00	$5.00	$25.00	$30.00
2/1/2012	3/1/2012	2/29/2012	3/1/2012

Effects on RMR Rate Decreases

Active RMR	Change Amount Date	Active RMR Date	Active RMR Date
$25.00	-$5.00	$25.00	$20.00
2/1/2012	2/29/2012	2/29/2012	3/1/2012

Effects on RMR Rate Cancellation

Active RMR	Change Amount Date	Active RMR Date	Active RMR Date
$25.00	-$25.00	$25.00	$0.00
2/1/2012	2/29/2012	2/29/2012	3/1/2012

RMR Reporting

For our discussion purposes today we are going to discuss 3 areas of RMR Reporting:

- Balancing your RMR on a monthly basis.
- Understanding your RMR vs. your Actual Revenue.
- Using your RMR to understand your Creation Multiple.

Balancing your RMR on a monthly basis.

Balancing your RMR on a monthly basis is a simple formula:

RMR at Beginning of Month
+ RMR Added
- RMR Cancelled
= RMR at End of Month

Effects of Increases and Decreases

Understanding the effects of increases and decreases on the beginning and ending balances.

Here's the question for the ages…

If you add new recurring revenue to start on the first of the month, is that considered RMR at the Beginning of the Month or is that RMR added in the Month?

How about a Rate Increase that begins the first of the month?

How about a partial rate decrease that goes into effect at months end?

To understand how SedonaOffice reports these, let's review the RMR Tracking from above.

Transaction Type	Change Amount	New RMR	Effective Date
New RMR	$25.00	$25.00	2/1/2012
Increase RMR	$5.00	$30.00	3/1/2012
Partial Decrease RMR	-$5.00	$25.00	3/31/2012
Full Cancellation	-$25.00	0	4/30/2012

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Summary of RMR Tracking

Analyzes all changes based on the RMR Tracking Date in which the change is Effective on.

January 2, 2012
9:33 PM

Summary of RMR Changes

February, 2012
All Branches
All Customer Types
Commercial, Residential

Page# 1

Effective Date	Customer #	Site Name	RMR Reason	RMR Amount
			Beginning Balance as of 2/1/2012	25.00
Monitoring 2/1/2012	10000	Test Customer	Rate Increase	5.00
				5.00
			Ending Balance as of 2/29/2012	30.00

RMR Tracking

The RMR Tracking report is good to use in order to understand the Decreases and Increases of your RMR by Recurring Item Code.

RMR Tracking **Sandbox**

All Branches
All Items
All Reasons
Effective January 2012

Reason	System	Item	Effective	Created	Decrease	Increase	Net Change
Actvicity Fee							
10011 - Bill Frank							
Bill Frank, 600 East St.							
New Job	Burglar Alarm	Actvicity Fee	1/30/2012	1/5/2012	0.00	100.00	100.00
					0.00	100.00	100.00
10032 - Faybrick, Don							
Faybrick, Don, 800 West Side Street							
Accounting Correctio	Burglar Alarm	Actvicity Fee	1/1/2012	12/20/2011	0.00	44.00	44.00
					0.00	44.00	44.00
5550000-5 - ABC Master Account							
ABC Master Account, 555 Main St.							
Rate Increase	Burglar Alarm	Actvicity Fee	1/1/2012	11/15/2011	(175.00)	0.00	(175.00)
					(175.00)	0.00	(175.00)
				Actvicity Fee	(175.00)	144.00	(31.00)

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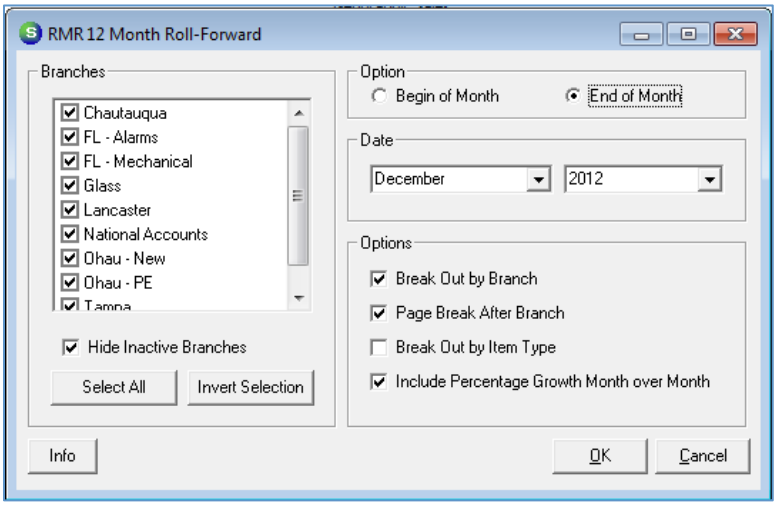
RMR 12 Month Roll-Forward Report

A new report (to be released in the next scheduled release) is the Recurring Revenue 12 Month Roll-Forward Report. This report will display your active recurring revenue over 13 monthly periods. It is actually the growth of your RMR over any year (12 months).

When this report is run, you select a month, and the report will roll-forward to the month selected by looking back over the past year. For example, if you run the report for February 1, 2012, it will roll-forward from February 1, 2011 through February 1, 2012. **This report can only be run as of the 1st of the month or the End of the Month.**



RMR on the 1st of the Month

RMR for the purposes of this report is RMR that is active as of the 1st of the month. Any RMR that cancels prior to, or on the 1st will not be included. Any RMR that starts prior to, or on the 1st will be included. Any RMR starting on the 2nd or greater within a month will not be included in that month and will start in the next month. Any RMR cancelling on the 2nd or greater within a month is included in that month and will be reflected as cancelled in the next month.

RMR on the End of the Month

End of the Month reports the RMR that is active based on the last day of the month. Any RMR that cancels on the last day of the month will not be included as active on that day.

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RMR 12 Month Roll-Forward Report

Sandbox Alarm Company

Invoice Item	12/31/2011	1/31/2012	2/29/2012	3/31/2012	4/30/2012	5/31/2012	6/30/2012	7/31/2012	8/31/2012	9/30/2012	10/31/2012	11/30/2012	12/31/2012	Annual Growth
Actvicity Fee	293	312	346	354	354	354	354	354	379	379	429	429	429	46.38%
		6.48%	*10.89%*	*2.31%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*7.06%*	*0.00%*	*13.18%*	*0.00%*	*0.00%*	
Alarm Permit Fee	0	0	0	0	0	0	0	0	0	0	0	0	29	N/A
		0.00%	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	
Alarm Services	1,028	1,110	1,120	1,125	1,175	1,175	1,180	1,180	1,180	1,183	1,183	1,183	1,227	19.29%
		7.91%	*0.90%*	*0.45%*	*4.45%*	*0.00%*	*0.43%*	*0.00%*	*0.00%*	*0.25%*	*0.00%*	*0.00%*	*3.72%*	
BA Lease	3,709	3,119	3,279	3,323	3,323	3,333	3,333	3,333	3,333	3,333	3,333	3,383	3,383	-8.81%
		-15.92%	*5.13%*	*1.34%*	*0.00%*	*0.30%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*1.50%*	*0.00%*	
CCTV Lease	1,575	1,775	1,775	1,775	1,775	1,775	1,775	1,775	1,825	1,825	1,790	1,840	1,840	16.83%
		12.70%	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*2.82%*	*0.00%*	*-1.92%*	*2.79%*	*0.00%*	
Extended Warranty	165	165	166	166	166	166	166	181	181	181	181	181	181	9.70%
		0.00%	*0.61%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*9.04%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	
FA Lease	557	658	658	658	658	658	658	658	658	658	658	658	758	36.09%
		18.14%	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*15.20%*	
Fire Inspection	0	0	0	0	0	0	0	0	0	167	167	267	350	N/A
		0.00%	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*60.00%*	*31.25%*	
Inspection	653	805	805	816	816	816	816	874	924	924	949	1,099	1,099	68.30%
		23.23%	*0.00%*	*1.37%*	*0.00%*	*0.00%*	*0.00%*	*7.15%*	*5.72%*	*0.00%*	*2.71%*	*15.81%*	*0.00%*	
Mon-dlr	960	918	931	921	936	927	913	923	923	923	911	917	917	-4.53%
		-4.37%	*1.36%*	*-1.07%*	*1.63%*	*-0.96%*	*-1.51%*	*1.10%*	*0.00%*	*0.00%*	*-1.30%*	*0.66%*	*0.00%*	
Monitoring	2,698	2,801	2,814	2,759	2,830	2,830	2,879	3,019	3,263	3,348	3,401	3,546	3,606	33.65%
		3.82%	*0.46%*	*-1.97%*	*2.57%*	*0.00%*	*1.73%*	*4.86%*	*8.11%*	*2.60%*	*1.58%*	*4.26%*	*1.69%*	
Monitoring Discount	-5	-5	-5	-5	-5	-5	-5	-15	-15	-15	-15	-15	-15	200.00%
		0.00%	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*200.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	
Op/Cl Reports-dlr	33	33	53	53	53	61	61	65	65	65	65	75	75	130.25%
		0.00%	*61.54%*	*0.00%*	*0.00%*	*15.87%*	*0.00%*	*6.58%*	*0.00%*	*0.00%*	*0.00%*	*15.42%*	*0.00%*	
Power	200	250	250	250	250	250	250	250	250	250	250	250	250	25.00%
		25.00%	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	

Page 1 of 2 — Report selection criteria displayed on the last page — 1/8/2013 3:48:17 PM

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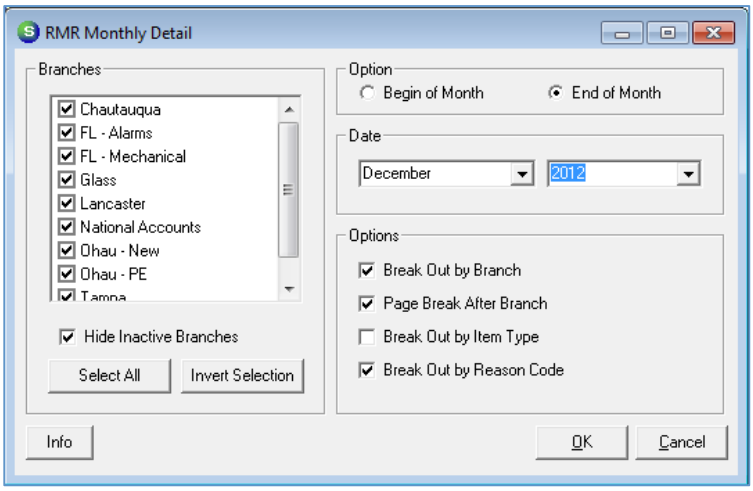
Use the RMR Detail Report to report on the Net Changes

To analyze the net change from any monthly period use the RMR Detail Report.



RMR Monthly Detail Report — **Sandbox Alarm Company**

From 11/30/2012 - 12/31/2012

Invoice Item / Customer #	Alarm Account	Site Name	Freq	Effective	Created	RMR Amount	
Monitoring							**3,441.35**
New Job							
10129	3453453434534	Leo Weiss	M	12/01/2012	01/08/2013	25.00	
10129	10129	Leo Weiss	M	12/18/2012	12/18/2012	29.95	
						$54.95	
Rate Increase							
10115	10115	ABC Company	M	12/01/2012	07/19/2012	5.00	
						$5.00	
Acquisition							
99001	New Sysetm	Flintsone, Fred	M	12/17/2012	12/17/2012	25.00	
						$25.00	
RMR Split							
10055	IT Systems	American ACME	Q	12/21/2012	12/21/2012	(75.00)	
10055	IT Systems	American ACME	Q	12/21/2012	12/21/2012	50.00	
						($25.00)	
						$59.95	**$3,501.30**

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RMR vs. Actual Revenue

One question that resurfaces over and over is "Why doesn't my RMR equal my Actual Revenue?" There are many reasons for this, here are the most obvious.

New Activations

Most companies activate new recurring revenue within a month. Let's for example say you activate a new monitored account on the 15th of a month. The RMR was created on the 15th, but you only invoiced the customer for that month for a prorated amount.

In this case the Revenue may be less than the RMR. If for example the RMR was $50, that would represent $50 in added RMR during the month, yet you may have only invoiced $25 within the monthly period.

Cancellations

Based on how you evaluate your RMR, a cancellation in a monthly period or at the end of the month, may reflect that at the end of the month the RMR is no longer active, although you may have invoiced the customer for either part of or the entire month.

Credits

Any Credits applied to a customer is an adjustment to your revenue. These Credits will lower your Revenue but will not have an effect on your RMR.

Cycle Distribution Analysis

The Cycle Distribution Analysis report when run by Next Cycle Date will show you all the RMR being Invoiced in the Cycle process. It will also show you how much is being Invoiced based on the RMR's Cycle.

Cycle Distribution Analysis* **Sandbox**

This report includes active recurring with a Next Cycle Date prior to or on March 1 2012

Buffalo

RMR Item Listing

Item Code	Qty	RMR	Monthly	Quarterly	Semi-Annual	Annual	Cycle Amt
Actvicity Fee	1	44.00	44.00	0.00	0.00	0.00	44.00
Alarm Services	6	447.87	131.20	450.00	1,000.00	0.00	1,581.20
BA Lease	7	411.91	381.91	90.00	0.00	0.00	471.91
CCTV Lease	1	50.00	50.00	0.00	0.00	0.00	50.00
Extended Warranty	2	141.00	41.00	300.00	0.00	0.00	341.00
FA Lease	1	50.50	50.50	0.00	0.00	0.00	50.50
Inspection	5	199.70	171.70	84.00	0.00	0.00	255.70
Monitoring	7	370.86	235.28	406.74	0.00	0.00	642.02
Rental	3	259.70	259.70	0.00	0.00	0.00	259.70
Service Contract	1	22.22	22.22	0.00	0.00	0.00	22.22
Service Maintenance	1	60.00	0.00	0.00	0.00	720.00	720.00
		2,057.76	**1,387.51**	**1,330.74**	**1,000.00**	**720.00**	**4,438.25**

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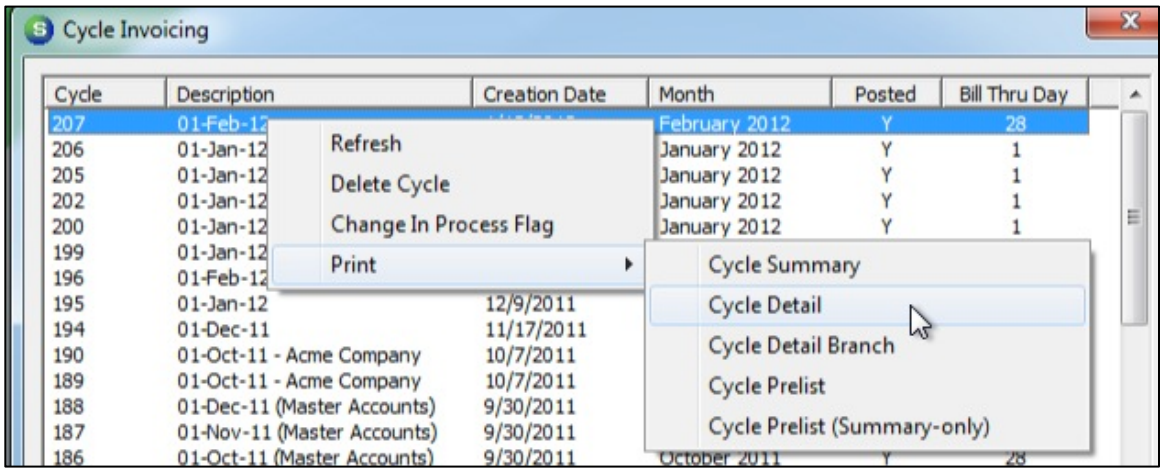
Cycle Invoice – Reports

Prior to posting your Cycle Invoices, run the Cycle Detail report. This report is a listing of all the recurring charges included in the Cycle batch.



Cycle Invoicing Detail **Sandbox**

Customer#	Name	Item	Cycle	Period	Amount	Tax	Total
10074	NYC ACME	Inspection	Q	2/1/2012 - 4/30/2012	300.00	0.00	300.00
		Monitoring	M	2/1/2012 - 2/29/2012	100.00	7.75	107.75
		Monitoring	M	2/1/2012 - 2/29/2012	90.00	6.98	96.98
		Monitoring	M	2/1/2012 - 2/29/2012	25.00	1.94	26.94
		Service Contract	M	2/1/2012 - 2/29/2012	15.00	1.16	16.16
					530.00	17.83	547.83
10076	Jim Smith	CCTV Lease	M	2/1/2012 - 2/29/2012	35.00	2.45	37.45
10079	Red Johnson	Alarm Services	M	2/1/2012 - 2/29/2012	100.00	7.00	107.00
		Alarm Services	M	2/1/2012 - 2/29/2012	55.00	3.85	58.85
		CCTV Lease	M	2/1/2012 - 2/29/2012	200.00	14.00	214.00
					355.00	24.85	379.85
10081	Barry Johnson	Monitoring	M	2/1/2012 - 2/29/2012	29.95	2.10	32.05
10089	ASAP Security	BA Lease	M	2/1/2012 - 2/29/2012	100.00	5.00	105.00
		Monitoring	M	2/1/2012 - 2/29/2012	50.00	2.50	52.50
					150.00	7.50	157.50
10092	XYZ Super Store	Power	M	2/1/2012 - 2/29/2012	200.00	14.00	214.00
		Space	M	2/1/2012 - 2/29/2012	1,000.00	70.00	1,070.00
					1,200.00	84.00	1,284.00
10096	ZZZ Company	BA Lease	M	2/1/2012 - 2/29/2012	150.00	10.50	160.50
5550000-3	Bill Smith	Mon-dlr	M	2/1/2012 - 2/29/2012	5.00	0.35	5.35
99001	Flintsone, Fred	Alarm Services	M	2/1/2012 - 2/29/2012	3.00	0.21	3.21
		BA Lease	M	2/1/2012 - 2/29/2012	100.00	7.00	107.00
		BA Lease	M	2/1/2012 - 2/29/2012	100.00	7.00	107.00
		BA Lease	M	2/1/2012 - 2/29/2012	128.00	8.96	136.96
		Inspection	M	2/1/2012 - 2/29/2012	5.00	0.00	5.00
		Inspection	Q	2/1/2012 - 4/30/2012	90.00	0.00	90.00
					426.00	23.17	449.17
999999991111111	Bush, George	BA Lease	M	2/5/2012 - 3/4/2012	25.00	1.75	26.75
					7,178.04	432.46	7,610.50

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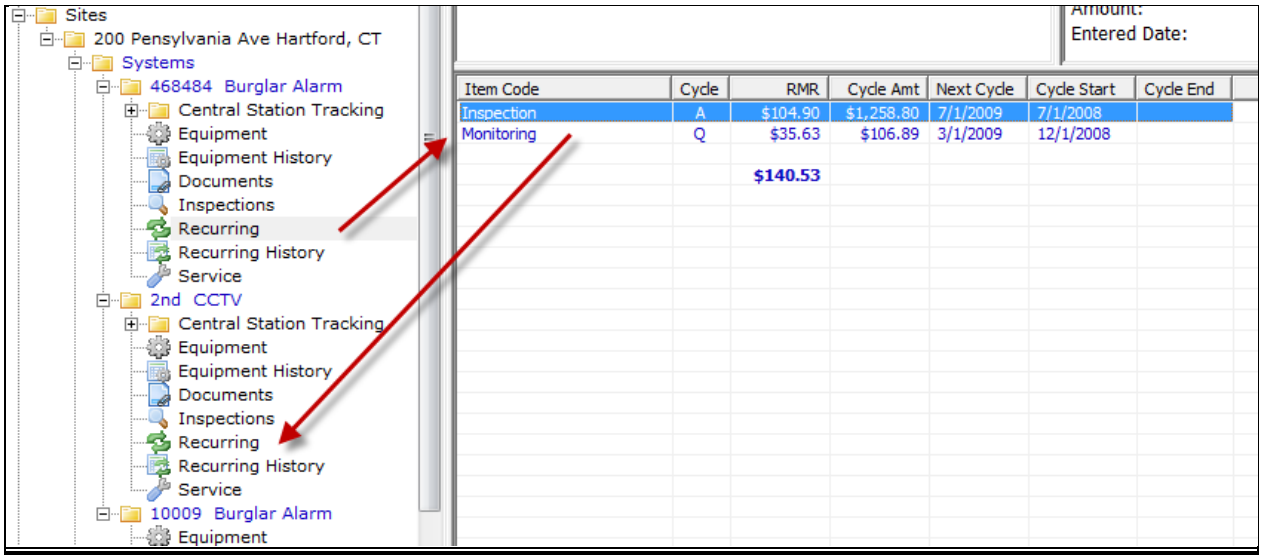
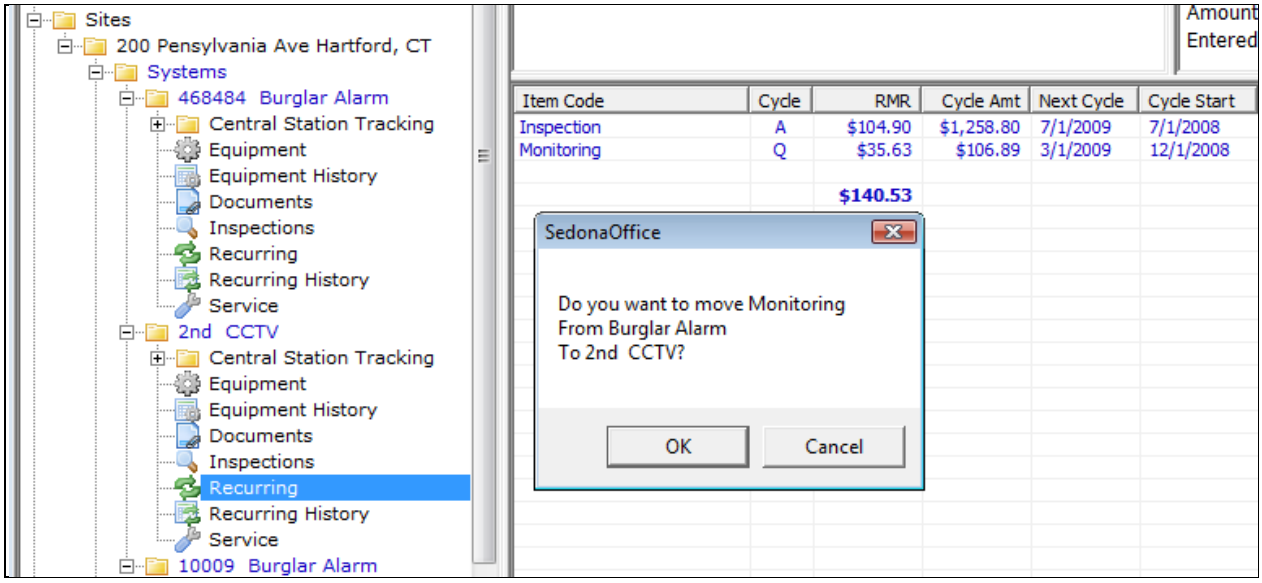
Drag & Drop Recurring Revenue in a Customer

SedonaOffice allows you the ability to move Recurring Revenue within a Customer. With this feature you can drag and drop a Recurring entry from one System to another.





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Deferred Revenue

When you generate recurring invoices with a Recurring Item that is setup as deferred (this is the norm) the amount Invoiced will flow through the Deferred Revenue GL Account. Here's how it works.

Service Period

Each line on an Invoice for a Recurring Service is based on a Service Period, the From and Thru dates. For example if your invoicing a Customer for quarterly Monitoring for February through April, the Service Period would be 2/1/2009 – 4/30/2009. *Each month is considered a Quantity of one (1), so in effect you are invoicing for a quantity of 3.*

Deferred Revenue Allocation

The Deferred Revenue is spread over the Service Period. Using the dates from above, since the Service Period is based on complete calendar months (this is the norm) the Deferred Revenue will be split in 3 equal amounts in each of the Accounting Periods.

Deferred Revenue Matrix

Here is an example how the Deferred Revenue is created.

Recurring Service	Deferred GL Account	For Period	Amount
MON	25000	2/1/2009	+25.00
MON	25000	3/1/2009	+25.00
MON	25000	4/1/2009	+25.00

Deferred Revenue GL Transaction

Here is an example of the Deferred Revenue as posted to the GL when the Invoice was created.

GL Account	Debit	Credit
11000 (AR)	75.00	
25000 (DR)		75.00

Posting of Deferred Revenue

When you post the Deferred Revenue to recognize the Income, here is an example of the posting. In this example we are recognizing the February 2009 revenue.

GL Account	Debit	Credit
25000 (DR)	25.00	
40100 (IN)		25.00

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Using the "Sub Item Of" Feature

The Sub Item Of feature works with selected Invoice forms to combine Recurring Items for a Customer into a single line. This is a nice feature if you want to allocate the services for reporting sales and financials to multiple accounts, while presenting the customer a single line for the services.

Set the Sub Item Of Field

In the Recurring Item, set the item codes to combine to the same Sub Item Of field.

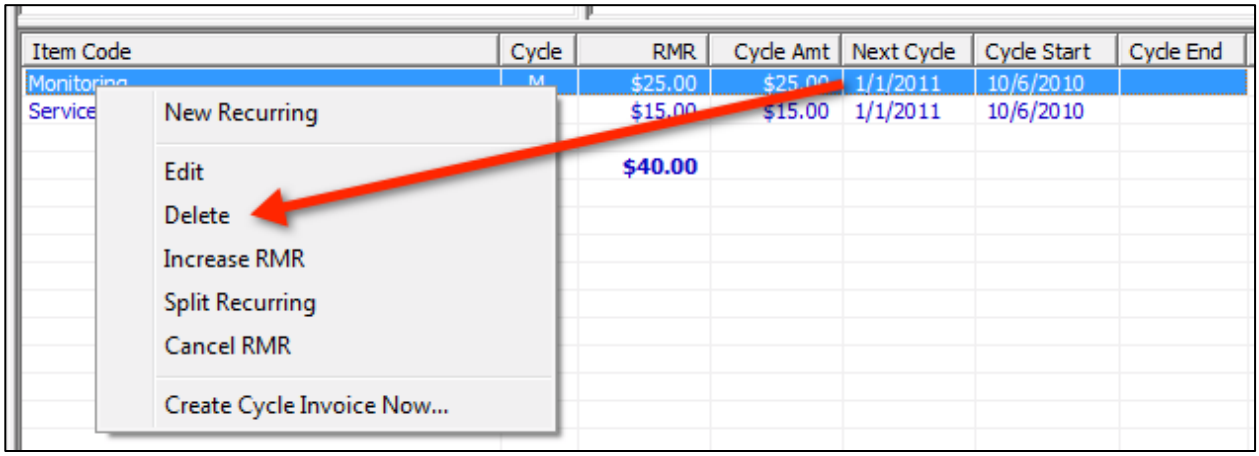
- You cannot override the Description of the Sub Item Of field, the invoice will display the default value as setup in the Recurring Item.
- For the Recurring Items you want to combine, the Cycle and the Next Cycle Date must be the same value.

Item Code	Cycle	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
Alarm Services		$39.95				
Inspection	M	$10.00	$10.00	3/1/2009	1/1/2008	
Monitoring	M	$29.95	$29.95	3/1/2009	9/28/2008	

NOTE: When you view the invoice generated, you will see both recurring items, only on the Invoice will they be combined. (Not all Invoice Forms combine Sub Item Of items, be sure to test the form you use.)

Deleting Recurring Revenue

If you right click on a Recurring Revenue line there is a Delete option. This option can only be used if a Recurring Item has never been Cycled. Once a Cycle Invoice has been generated you cannot delete it. When you Delete the Recurring Item it will leave a Delete transaction in the RMR History for audit purposes.



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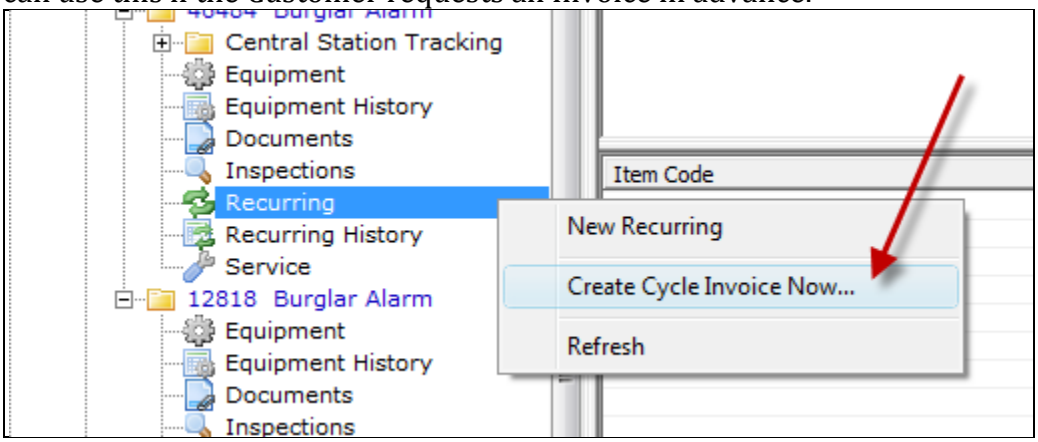
Other Recurring Revenue Topics

Quantity Based Recurring Items

A new feature in SedonaOffice allows you to turn on the ability to track Quantity based Recurring Services. This an enhanced feature, if you feel you may need this contact SedonaOffice support for further details.

Individually Cycle a Customer

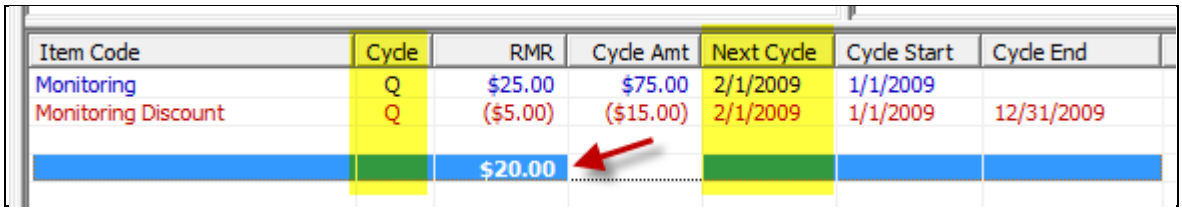
This option allows you to generate the Cycle Invoice for an individual Customer. You can use this if the Customer requests an Invoice in advance.



Using Negative Recurring Items

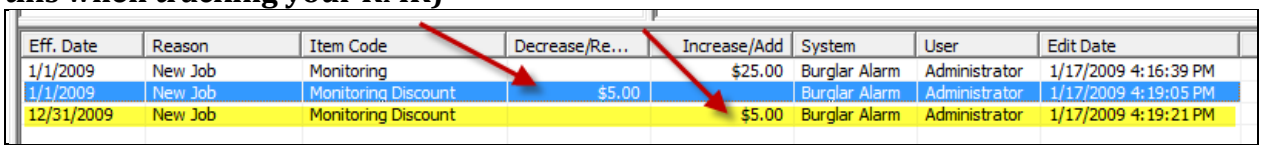
When using negative Recurring Items, here are a few rules you must follow.

- The Total RMR must be equal or greater than zero (0).
- The Cycle and Next Cycle Date for the Recurring Items must be the same.



Item Code	Cycle	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
Monitoring	Q	$25.00	$75.00	2/1/2009	1/1/2009	
Monitoring Discount	Q	($5.00)	($15.00)	2/1/2009	1/1/2009	12/31/2009
		$20.00				

NOTE: The RMR Tracking will display the creation of the negative RMR as a Decrease and the cancellation of the RMR as an Increase. (Be sure to consider this when tracking your RMR)



Eff. Date	Reason	Item Code	Decrease/Re...	Increase/Add	System	User	Edit Date
1/1/2009	New Job	Monitoring		$25.00	Burglar Alarm	Administrator	1/17/2009 4:16:39 PM
1/1/2009	New Job	Monitoring Discount	$5.00		Burglar Alarm	Administrator	1/17/2009 4:19:05 PM
12/31/2009	New Job	Monitoring Discount		$5.00	Burglar Alarm	Administrator	1/17/2009 4:19:21 PM

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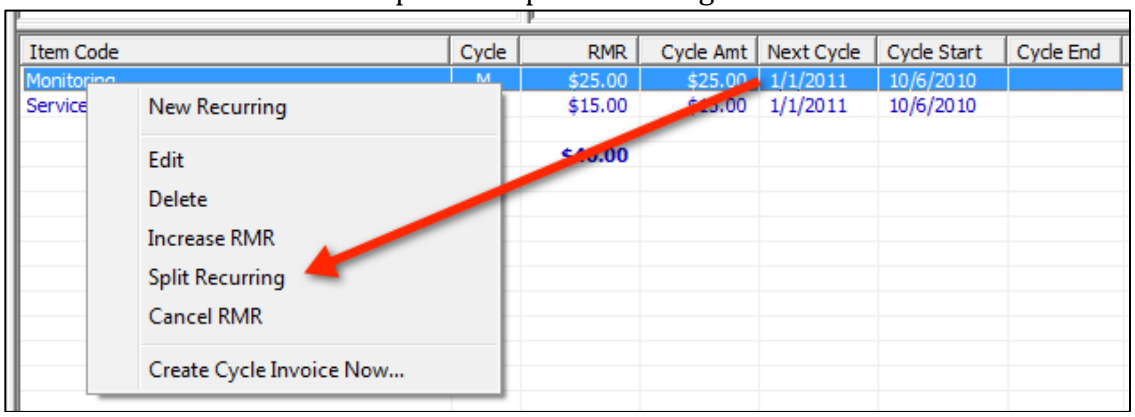
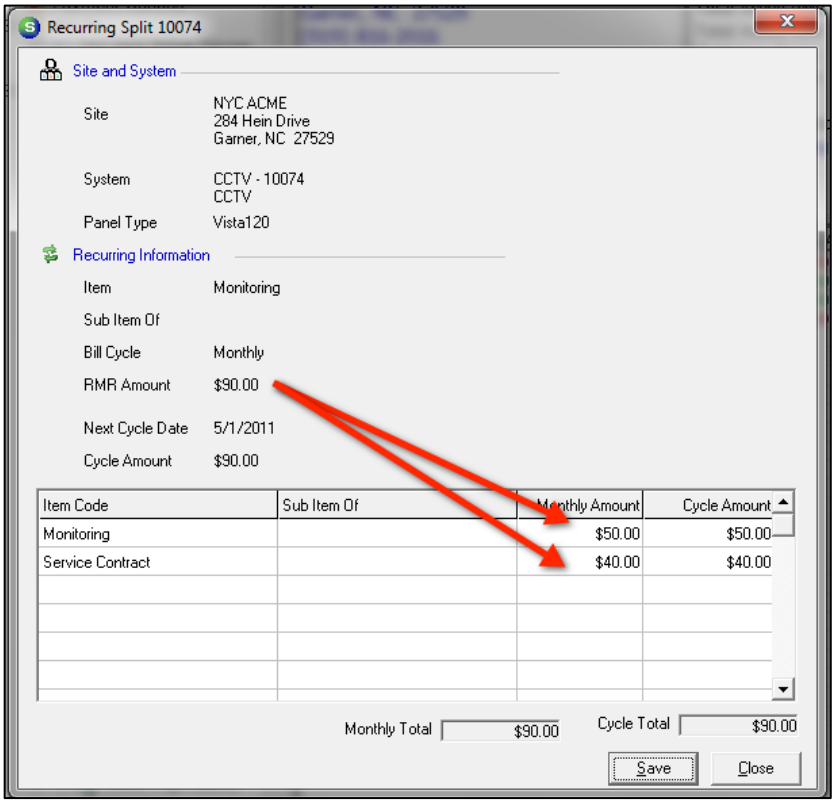
Splitting RMR

The splitting of RMR allows you to re-allocate the RMR if you want to break it down into additional Recurring Items. This feature can only be used if the Next Cycle Date is in the future. Choose the option to Split Recurring.





Note: The new allocated RMR must stay in balance to the original RMR.

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