



Via email to director@fasb.org

November 18, 2014

Ms. Susan M. Cospers
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856

Re: File Reference No. 2014-230: Proposed Accounting Standards Update, Intangibles-Goodwill and Other—Internal Use Software (Subtopic 350-40) Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement

Dear Ms. Cospers:

This letter is submitted in response to the request for public comment by the Financial Accounting Standards Board with respect to its Exposure Draft of the proposed Accounting Standards Update (ASU), Intangibles-Goodwill and Other—Internal Use Software (Subtopic 350-40) *Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement*. WeiserMazars LLP appreciates the opportunity to review and comment on this Exposure Draft. Although we support the FASB’s Simplification Initiatives, we do not believe the amendments in this proposed accounting standards update achieve such objective. We believe the proposed amendments may not achieve the intended goal of improving the usefulness of the information provided to users of financial statements in a simplified manner.

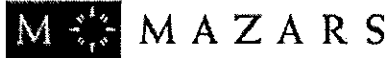
In BC4, the Board states that it wanted to use language that was already applied in practice by cloud service providers because it was already understood. However, the Board has indicated that diversity in practice exists in this area. Consequently, we advise the Board to reconsider and request additional feedback from both parties in cloud computing arrangements, cloud service providers and its customers on the wording and the operational aspects of any amendments to this guidance to ensure its usefulness, and to improve comparability and consistency for users of financial statements.

Furthermore, we do not believe that the concept of an end user “taking possession” included in the definition of a Hosting Arrangement, as well as in the criteria in paragraph 350-40-15-4A, is a relevant concept in the current software industry. For instance, using the example of applications “apps” that are on today’s computer devices or smart phones, certain apps will only work when internet access is available. In this case, physical possession is not taken. We believe “taking possession” is an outdated concept that was more relevant when this guidance was first written almost fifteen years ago. Today, software is primarily downloaded from the internet and external servers and there is no need for physical possession, only the right to access and use software.

WEISERMAZARS LLP
135 WEST 50TH STREET – NEW YORK, NEW YORK – 10020
TEL: 212.812.7000 – FAX: 212.375.6888 – WWW.WEISERMAZARS.COM

WEISERMAZARS LLP IS AN INDEPENDENT MEMBER FIRM OF MAZARS GROUP.





WeiserMazars

We do not think the accounting treatment should differ from when a customer has the right to access and use software by entering into a cloud computer arrangement versus entering into a license agreement with an independent software provider that would provide access on the customer's local servers and computer system infrastructure (i.e., an on-premise license agreement.) The economics of the transactions are virtually the same and the accounting should be consistent. The customer is deriving the same benefit whether the software resides locally or on the internet.

When a customer has the right to access and use an asset over a prescribed period of time, an intangible asset should be recorded based on the future economic benefit to be received.

We recommend that the Board reconsider the proposed amendments in this Exposure Draft, because of our concerns indicated above. We also recommend that the Board define what a cloud computing arrangement is, as well as provide brief definitions of each of the examples in the Summary and Questions for Respondents. It would also be helpful to provide examples of how the guidance should be applied to Topic 350-40 in a particular scenario. Finally, we recommend that the Board consult with hosting and cloud providers to see how the criteria ultimately developed would be applied in practice.

Thank you for this opportunity to provide comments on this Exposure Draft. We would be pleased to respond to any questions about our comments or if you wish to discuss any of the matters addressed herein, please contact Denise Moritz at (646) 225-5913 or Mike Crown at (212) 375-6748, or Wendy Stevens at (212) 375-6699.

Very truly yours,

A handwritten signature in cursive script that reads 'WeiserMazars LLP'.

WeiserMazars LLP