Proposed Accounting Standards Update, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date

Question Text	Response	Status
* Please select the type of entity or individual responding to this feedback form.	Preparer	Completed
Other, please specify (Specified)		
* Please provide contact information for any follow-up questions.	(Filled in as Follows:)	Completed
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1. Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans? Please explain why.	The effective date of the guidance in Update 2014-09 (the "New Standard") should be deferred for a minimum of one year. As explained in more detail below, we believe the effective date should be deferred beyond one year. The timing between the issuance of the final standard and the proposed effective date does not provide adequate time for companies to secure necessary resources, assess impact and begin implementation procedures. Over the last eleven months, the number of questions posed to the Transition Resource Group ("TRG") and the number of questions that remain unanswered are a testament to the fact that a deferral of the effective date is crucial to the success of the standard. Further, our own review along with conversations amongst our industry peers has produced numerous questions and complexities that require significant analysis and discussion.	Completed
2. Should the effective date of the guidance in Update 2014-09 be deferred for one additional year for all other entities? Please explain why.	We believe the effective date should be deferred for more than one year for all other entities. Private companies typically have fewer resources than public companies and will require additional time to properly address the new requirements of the standard. Additionally, if a public company were to acquire a private company, inconsistent revenue models would create significant hardships and integration issues, as well as create difficulties in performing due diligence.	Completed

3. In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented? Please explain why.	Yes, the Board should also provide an optional two-year deferral for all entities that apply the guidance retrospectively to each reporting period presented. The proposed one year deferral does not provide sufficient time to implement the New Standard for the following reasons: (a) There are many implementation issues amongst the various industries which have either not been concluded upon or addressed between the FASB, TRG and accounting firms. The biggest issues we are facing as a company and industry relate to how to address and develop reliable estimates for variable consideration for long-term contracts, the definition of performance obligations and the definition of a customer. Across our relatively small industry base, there currently exists varying degrees of interpretation and additional time is needed to thoroughly vet the issues, conclude on our accounting treatment, align with our industry peers and implement the standard. (b) In order to properly adopt the New Standard, sophisticated IT system enhancements will need to be designed and tested. Our current IT systems are designed to manage billing and reporting based on actual transactional data and do not contain any functionality related to estimating future revenue. The New Standard necessitates a complex system capable of forecasting future variable consideration and allocating consideration to multiple performance obligations. As there is currently no available "off-the-shelf" solution to address these new requirements, we will need to work with our third-party system providers to customize a solution. Further, given the expected impact of the New Standard, as well as the potential need to restate prior years, we will be required to run parallel for an extended period of time. The move to a new system will require significant data conversion and transfers, as well as funding and time, but most importantly a clear definition of requirements, including requirements for new financial statement disclosures. As improvements to the New Standard are currently under consideration, we cannot build a system until the requirements are defined. (c) The restatement of longstanding historical data, the enhanced focus on long-term forecasting and the utilization of a new system will inevitably have a significant impact on internal controls over financial reporting. Additional time is needed to ensure that we will have adequately designed and tested internal controls over financial reporting surrounding the assessment of historical information, the development of significant estimates, as well as, reporting and disclosure requirements. Further, these controls will need to be assessed and opined upon by our audit firm. (d) The New Standard will significantly impact what many	Completed

	consider to be the most critical component of our financial statements. A delay of no less than two years is required not only for the reasons outlined above but also to ensure that we have sufficient time to educate both the internal and external users of our financial information. Our internal business owners will need to think about revenue differently as the timing of recognition between us and our customers could vary. Our Investor Relations team will need to thoroughly understand the accounting changes and be able to clearly and simply articulate the related impact to investors.	
4. Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09? Please explain why.	No, earlier application should not be permitted as this would provide for inconsistencies in comparative reporting amongst peer companies. The Board's initial approach to require all public companies to adopt the standard at the same time was designed, in part, to reduce confusion with respect to comparability and should be preserved. The impacts of the New Standard are too significant to allow for variations in reporting and such differences would only result in significant confusion within the investor community.	Completed
Please provide any additional comments on the proposed Update:	N/A	Completed
Please provide any comments on the electronic feedback process:	The electronic feedback provides a consistent response format and directs company commentary in an easy to follow manner.	Completed
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