# The 15 Day Advanced Billing & Subscription Reconciliation

## Automate Usage Based Billing, Prorations, and Deferred Revenue Matching

A finance transformation playbook for SaaS teams that need audit ready reconciliation, cleaner revenue recognition, and a shorter close.

**Close in 1 day**

**Stop leakage**

**Keep deferred revenue current**

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# Why Month End Became Month Entire

For SaaS finance teams, the first week of each month becomes a race to tie out spreadsheets, reconcile CRM and ERP differences, and lock the General Ledger.

At 5,000 subscriptions, mid cycle upgrades, downgrades, retries, refunds, credits, usage accruals, and chargebacks can all change revenue recognition after the commercial event.

### What breaks first

- ✓ Order data does not match invoice data
- ✓ Usage records arrive late or incomplete
- ✓ Deferred revenue schedules keep moving
- ✓ Journal entries wait for manual proof

**The close becomes an investigation into why deferred revenue moved again, not a controlled finance process.**

**5,000**

**Active subscriptions**

**can turn exceptions into daily operations**

**10+**

**days can be added to monthly close when data is rebuilt manually**

**9,000**

**Billing data rows**

**can stall Stripe invoice, usage, and subscription reconciliation**

**Revenue, payroll, and AP cannot close in sync when usage billing, prorations, and deferred revenue are still being reconciled by spreadsheet.**

**Goal, automate the reconciliation engine before period end**

# THE MONTH END TRIPLE THREAT

The close breaks when every revenue event affects recognition differently and lands in systems at different times.

## 01

### System Drift

CRM, billing, and ERP operate in silos. Teams spend days proving contracts match invoices and journals.

## 02

### Deferred Revenue Waterfall

Cash collected does not equal revenue earned. Upgrades, downgrades, pauses, and credits keep changing schedules.

## 03

### Late Usage Data

Usage records must be validated, rated, adjusted, and tied to customer invoices before revenue is finalized.

## 04

### Proration Paradox

Plan changes mid cycle trigger credits, charges, cycle anchor questions, and MRR changes.

**Proration is not an edge case, it becomes the operating model once subscriptions change mid cycle.**

# THE SYMPTOMS FINANCE TEAMS FEEL FIRST

Manual reconciliation creates cash delays, leakage, and metrics the board cannot trust.

| | | |
|---|---|---|
| 1 | **Unbilled AR Buildup** | Invoices are delayed because usage overages and prorations are not calculated quickly enough. |
| 2 | **High DSO** | Inaccurate invoices create customer disputes and slow payment capture. |
| 3 | **Revenue Leakage** | Manual math can miss usage, upgrade charges, and contract changes, commonly 4% to 7% of revenue. |
| 4 | **Suspense Accounts** | Net payouts hide the GAAP split between gross revenue and merchant fees. |
| 5 | **Distorted Metrics** | Deferred revenue, churn, and MRR do not reconcile cleanly. |
| 6 | **60 Second Rule** | If deferred revenue questions take more than 60 seconds, the reporting system is not ready. |

# THE FIX, AUTOMATE THE REVENUE SUBLEDGER

Replace CSV exports and spreadsheet lookups with a rules based engine that matches transaction data across CRM, billing, and ERP.

- ✓ Confirms billed amounts match the contract
- ✓ Catches under billing and unbilled usage
- ✓ Flags discrepancies before period end
- ✓ Generates auditable journal entries
- ✓ Applies ASC 606 and IFRS 15 policies consistently

**Why it works, matching, policy application, and journal creation happen as part of the system flow, not as a month end hunt.**

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# PRORATION AND USAGE AUTOMATION

Move the math into the billing engine so revenue teams can support upgrades, downgrades, and consumption models at scale.

1

### Contract Change

Account executive updates CPQ or CRM.

2

### Billing Capture

Billing engine captures the order change instantly.

3

### Proration Logic

Precise charge or credit is calculated.

4

### Consolidated Invoice

Charge appears immediately or on the next invoice.

### Prorated Immediately

Best for upgrades, customer charged or credited right away.

### Prorated Next Cycle

Best for clean accounting, change applies now and proration appears later.

### Full Immediate

Best for revenue protection, charge full new plan with no old credit.

**Usage data should be ingested, aggregated, rated, and alerted when accounts reach 80% to 90% of allotted usage.**

# DEFERRED REVENUE, ALWAYS CURRENT

Automated schedules tie directly to invoices and update when contract terms change.

| $3,600 | | $300 | | Dynamic |
|---|---|---|---|---|
| annual contract | → | recognized monthly | → | updated when plans change |

- Extracts service periods automatically from invoices and contracts
- Generates amortization schedules at the contract level
- Ties schedules back to invoices for audit support
- Recalculates for upgrades, downgrades, pauses, and mid cycle changes

**Example, a June 1 annual contract releases $300 per month from June through May and updates automatically if the contract changes.**

# CONTINUOUS CLOSE, NOT MONTHLY BATCH

Run billing, revenue recognition, and variance detection as events happen instead of waiting for period end.

## Before, Manual Close

- ✓ Changes appear at month end data dump
- ✓ Billing data pulled into massive spreadsheets
- ✓ SSP and deferred revenue reworked manually
- ✓ Usage revenue calculated after the fact
- ✓ One to two days lost per complex account

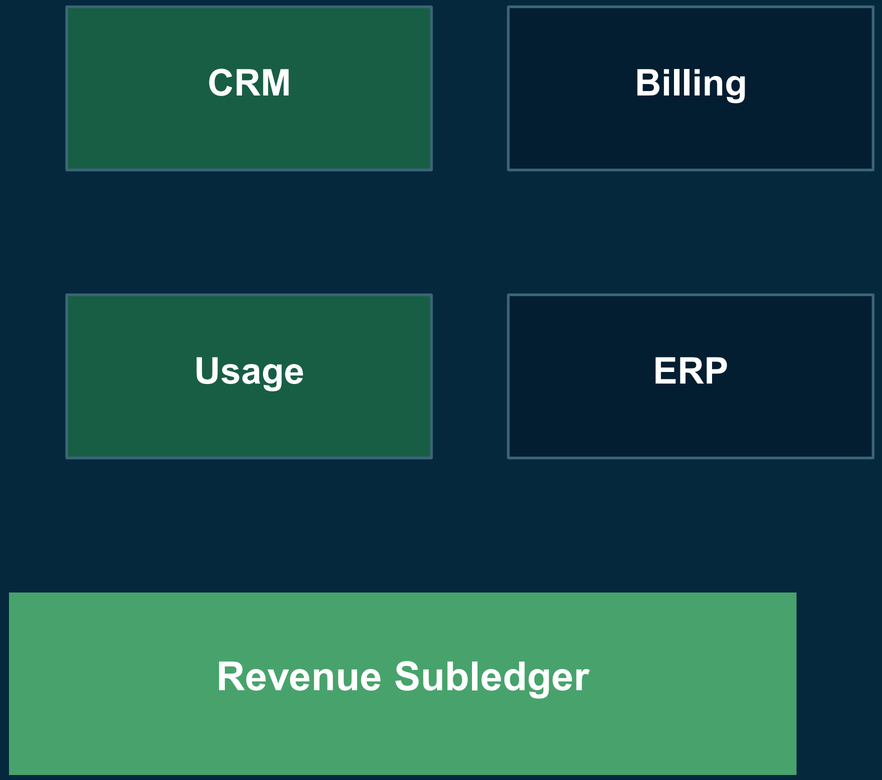
## After, Continuous Close

- ✓ Billing engine captures changes instantly
- ✓ Recognition schedules update automatically
- ✓ Deferred revenue and unbilled schedules stay current
- ✓ Usage revenue is calculated as data arrives
- ✓ Monthly close can shorten by up to 10 days

**The goal is not a faster spreadsheet. The goal is live revenue data that finance can explain tomorrow.**

# Create a Single Source of Truth

Eliminate manual CSV exports by integrating directly via API with CRM, billing, revenue subledger, and ERP. The subledger should operate on real time data, not a snapshot from three days ago.




**If revenue moves today, finance should know why tomorrow.**

High volume accounting is not about totals. It is about thousands or millions of independent events with accounting consequences.

# THE 15 DAY ACTION PLAN

A focused path from manual reconciliation risk to audit ready close.

| | DAY | ACTION | DELIVERABLE |
|---|---|---|---|
| 1 | Days 1 to 2 | Map revenue data flow, CRM, billing, ERP, GL | Process map, gaps |
| 2 | Days 3 to 4 | Audit deferred revenue waterfall for the last 3 months | Exception list |
| 3 | Days 5 to 6 | Quantify leakage from proration and usage errors | Impact assessment |
| 4 | Days 7 to 8 | Evaluate revenue subledger and automation platforms | Vendor shortlist |
| 5 | Days 9 to 10 | Pilot highest volume customer segment | Accuracy test |
| 6 | Days 11 to 12 | Automate usage ingestion and rating | Usage invoice pipeline |
| 7 | Days 13 to 14 | Automate deferred schedules and proration logic | Dynamic waterfall |
| 8 | Day 15 | Close the books in one day | Audit ready financials |

# From Spreadsheet Nightmare to Strategic Finance

- ✓ Month end compresses from 10 to 15 days to 1 day
- ✓ Suspense accounts disappear
- ✓ Finance moves from reactive to proactive
- ✓ Teams stop being data janitors and become strategic partners
- ✓ Audit ready revenue detail becomes available on demand

**Can you afford not to automate?**