



SedonaOffice Users Conference

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RMR Management

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PERENNIAL SOFTWARE

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RMR Management Overview

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 understand your RMR and ways you can lower your attrition and maximize the value of your RMR.

Terminology

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

Recurring Line

A Recurring Line is a billing record for invoicing a recurring type service on a periodic 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 amount of recurring monthly revenue multiplied by 12.

RMR in Force

The RMR in Force is the RMR that is or was active as of a particular date or accounting period.

Recurring Line

A Recurring Line is a record linked to a Site or System, which contains data entry fields that tell the cycle billing process what service, what amount, and how frequently to invoice the customer. Recurring Lines are saved and 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 Line first started. This is sometimes referred to as the Activation date.

Recurring End Date – (Cycle End Date)

This is the Date the Recurring Line stops being invoiced. This is the cancellation effective date.

Next Cycle Date

This is the next month/year the Recurring Line is available for cycle invoicing.

Cycle


Either Monthly, Quarterly, Semi-Annual or Annual; the period for which the recurring lines will be invoiced.


Monthly Amount


The monthly amount that will be invoiced for the Recurring Line. This is the amount used for RMR Auditing.


Cycle Amount

This is the Monthly Amount multiplied by the number of months in the Recurring Line billing cycle. This may be overridden if the Cycle amount is not equally divisible, for example if you are invoicing \$100.00 per quarter.

 Recurring Edit 105


 Site and System

 Ashley, Victoria
1022 Wayne Road
Salem, MI 48175

 Ashley, Victoria
2265 Towner
Salem, 48175


System 105I
Intrusion

Panel Type

 Recurring Setup

Royalties / Commissions

Escalations

 Recurring Information

Recurring Item MON

Description Monitoring

Sub Item Of MON

Bill Cycle Monthly

RMR Amount \$60.56

Cycle Amount \$60.56

Next Cycle August 2017

Recurring Start 12/1/2017

Recurring End

Invoice Group # 0

Renewal

Rate Increase

Override % 0

PO Number 678

PO Expires

Reference

Memo

Save

Close

Notes:

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.

Notes:

What is Active Recurring Revenue?

Recurring Revenue is considered active when it is within the Cycle Start Date and Cycle End Date. If the Recurring Line 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

Notes:

Total Active RMR

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

Customer Explorer: 10009 Bush, George

Left Pane (Tree View):

- Bush, George
 - Customer Information
 - Payment Options
 - Bill To
 - 200 Pennsylvania Ave Hartford, CT
 - texas Ave New Orleans, LA
 - Sites
 - 200 Pennsylvania Ave Hartford, CT
 - Activity Ledger

Middle Pane (Address): Bush, George
200 Pennsylvania Ave
Hartford, CT 06101

Right Pane (Account Details):

Balance Due:	\$65.00
Last Statement Date:	Never
Last Late Fee:	\$5,140.29
Total Active RMR :	\$406.46
Total Active RAR :	\$4,877.52
Customer Type:	Residential
Customer Since:	8/6/2007
Salesperson:	Josh Clark

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)

Notes:

Invoice Item Setup (Recurring Type)

The following explains the setup of Invoice Items used on Recurring Lines. A Recurring type of Invoice Item is an Invoice Item in which the Item Type is flagged as a recurring type of service. Only recurring type Invoice Items may be selected when setting up a Recurring Line.

Invoice Item Setup

The 'Item Edit' window displays the configuration for an invoice item. The 'Item Type' dropdown is set to 'RS' (Recurring Service) and is highlighted with a red box. Other fields include 'Account' (43110), 'Category' (Central Station), 'Item' (Alarm Monitoring Services), 'Description' (Alarm Monitoring Services), 'Default Rate' (29.95), and 'Deferred Acct' (25000). Checkboxes for 'Inactive', 'Taxable', and 'Available for Sales' are visible on the right. Buttons for 'Apply', 'New', and 'Delete' are at the bottom right.

Item Type Setup

The 'Invoice Item Types Edit' window shows the setup for the 'RS' item type. The 'Invoice Item Types' field is set to 'RS' and the 'Description' is 'Recurring-Monitoring Services'. The 'Is Recurring' checkbox is checked and highlighted with a red circle, with a blue arrow pointing to it from the right. The 'Central Station Service' checkbox is also checked. Buttons for 'Apply', 'New', and 'Delete' are at the bottom right.

Notes:

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 calculations, revenue reporting and linking with central station software such as Manitou.

Non-Deferred Income

This flag determines whether the revenue for this Invoice Item will be deferred. 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. The Item Code does not print on invoices.

Description

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

Deferred Account

The GL Account to which Deferred Income will be posted when creating cycle invoices. 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.

Notes:

Account

The GL Account used for the posting of the Income for the Invoice Item.

Category

This is the GL Category that is assigned to the Recurring Item.

Taxable

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

Available for Sales

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

The screenshot shows the 'Item Edit' window with the following fields and values:

- Item Type:** RS (dropdown)
- Account:** 43110 (dropdown)
- Category:** Central Station (dropdown)
- Item:** Alarm Monitoring Services (text box)
- Description:** Alarm Monitoring Services (text box)
- Default Rate:** 29.95 (text box)
- Deferred Acct:** 25000 (dropdown)
- Job Costing:** (empty dropdown)
- Flags:**
 - ☐ Inactive
 - ☒ Taxable
 - ☒ Available for Sales
- Buttons:** Apply, New, Delete

Below the fields, there are two lines of text: *Recurring Service* and *Revenue, Monitoring*. Below the **Deferred Acct** dropdown, there is a line of text: *Deferred Revenues - Mon*.

Notes:

Setting up a new Recurring Line

A recurring line can be added in various means throughout SedonaOffice.

We will review the methods of manually creating a new Recurring Line.

System or Site Level Recurring

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

There are several key fields involved when setting up a new Recurring Line.

New Recurring Item20113

Site and System

Hillary Swank
8481 River Rd
Plymouth, MI 48170

Hillary Swank
8481 River Rd
Plymouth, MI 48170

System: 20113
Burqlar Alarm

Panel Type: ☐ Third Party Bill To

Recurring Setup | Royalties/Commissions | Changes

Recurring Item: Alarm Monitoring

Description: Alarm Monitoring Services

Sub Item Of:

Bill Cycle: Quarterly

Quantity: 1 Rate: 25.25

RMR Amount: 25.25

Cycle Amount: 75.75

Next Cycle Date: 01-Feb-10

Reason for Add: Acquisition

Recurring Start: 2/1/2010

Memo:

Enter as Monthly Amt Only ☒

Use Today as Default ☒

Renewal:

Rate Increase:

Override %:

PO Number:

PO Expires:

Reference:

Comments:

Save Close

Recurring Item

This is the Recurring Item Code.

Description

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

Cycle

This is the billing cycle for the recurring line; 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 Line will next be Cycled (processed for invoicing). We will discuss this more later.

Reason for Add (Reason Code)

This is the reason this Recurring Line is being added.

Recurring Start Date

This is the date the recurring line becomes active.

Notes:

Understanding the Next Cycle Date and Recurring Start Date

The use 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.

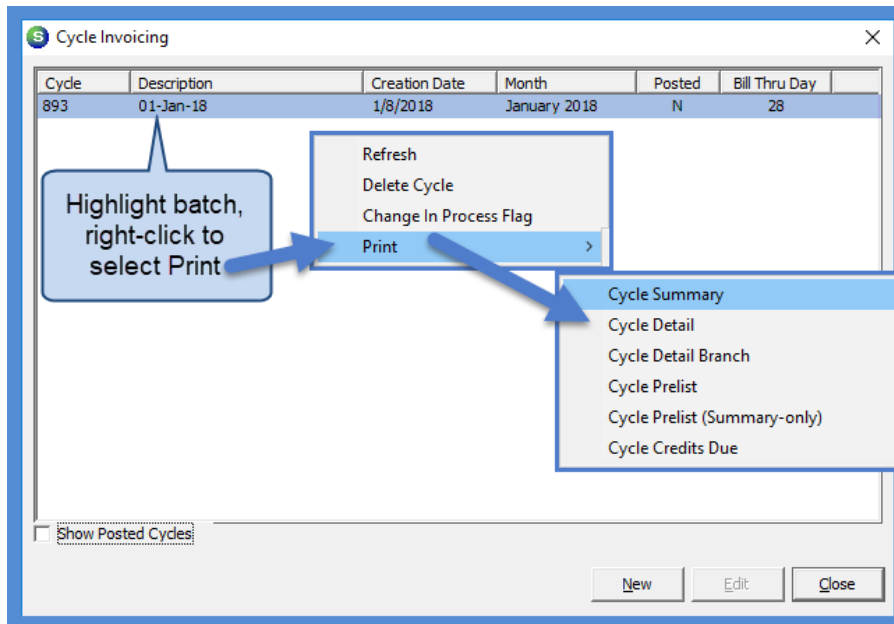
In the table below are examples of setting up Recurring Lines, and how the Recurring Line will be invoiced when the first cycle is processed.

Next Cycle Date	Cycle Start Date	Cycle	RMR	First Cycle (2/1/2017)
2/1/2017	2/1/2017	Q	25.00	2/1/2017 – 4/30/2017 \$75.00
2/1/2017	2/15/2017	Q	25.00	2/15/2017 – 4/30/2017 \$62.50
2/1/2017	1/15/2017	Q	25.00	2/1/2017 – 4/30/2017 \$75.00
1/1/2017	1/15/2017	Q	25.00	1/15/2017 – 3/31/2017 \$62.50
11/1/2017	1/15/2017	Q	25.00	1/15/2017 – 4/30/2017 \$87.50

Notes:

Cycle Invoicing Reports

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



Cycle Invoicing Detail					Sedona Security			
Customer #	Sub-Account - Site Name	Item	Cycle	Period	Amount	Tax	Total	
100	Moss Associates, Inc.	INSP Fire System	Q	11/1/2017 - 1/31/2018	\$70.50	\$0.00	\$70.50	
		MON-Taxable	M	11/1/2017 - 11/30/2017	\$50.00	\$0.00	\$50.00	
		MON-Taxable	M	11/1/2017 - 11/30/2017	(\$50.00)	\$0.00	(\$50.00)	
		MON-Taxable	Q	11/1/2017 - 1/31/2018	\$181.50	\$0.00	\$181.50	
	Taxes	MI-State Sales Tax	RI	6.75%	\$0.00	\$4.76	\$4.76	
		MI-State Sales Tax	RM	6.75%	\$0.00	\$12.25	\$12.25	
		MI-Wayne County	RM	0.50%	\$0.00	\$0.91	\$0.91	
		MI-Wayne County	RI	0.50%	\$0.00	\$0.35	\$0.35	
						\$252.00	\$18.27	\$270.27
		10000	Pentecost Deliverence	RAD	M	11/1/2017 - 11/30/2017	\$23.00	\$0.00
Taxes	MI-State Sales Tax		RM	6.75%	\$0.00	\$1.55	\$1.55	
	MI-Wayne County		RM	0.50%	\$0.00	\$0.12	\$0.12	
				\$23.00	\$1.67	\$24.67		
10001	Henry Small	Lease	M	11/1/2017 - 11/30/2017	\$25.00	\$0.00	\$25.00	
		MON-Taxable	M	11/1/2017 - 11/30/2017	\$19.90	\$0.00	\$19.90	
	Taxes	OH-Cuyahoga County	RL	7.75%	\$0.00	\$1.94	\$1.94	
		OH-Cuyahoga County	RM	7.75%	\$0.00	\$1.54	\$1.54	
						\$44.90	\$3.48	\$48.38
10003	S.H. Smith Company Inc	INSP Fire Waterflow	M	11/20/2017 - 12/19/2017	\$20.00	\$0.00	\$20.00	
		MON-Taxable	M	11/1/2017 - 11/30/2017	\$29.95	\$0.00	\$29.95	
		Service Agreement	M	11/1/2017 - 11/30/2017	\$20.50	\$0.00	\$20.50	
	Taxes	MI-State Sales Tax	RI	6.75%	\$0.00	\$1.35	\$1.35	
		MI-State Sales Tax	RM	6.75%	\$0.00	\$2.02	\$2.02	
		MI-Wayne County	RW	0.50%	\$0.00	\$0.10	\$0.10	
		MI-Wayne County	RI	0.50%	\$0.00	\$0.10	\$0.10	
		MI-Wayne County	RM	0.50%	\$0.00	\$0.15	\$0.15	
				\$70.45	\$3.72	\$74.17		

Recurring Line Management

Drag & Drop Recurring Line within the Customer Explorer

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.

The screenshot shows the SedonaOffice interface with a tree view on the left and a table on the right. The tree view shows the hierarchy: Sites > (7080) Oh Water Company > Systems > S1583 Intrusion System. The table on the right lists recurring items with columns: Item Code, Cycle, Group, RMR, Cycle Amt, Next Cycle, Cycle Start, and Cycle End. The 'Service Agreement' item is highlighted in blue. A red arrow points from the 'Recurring' folder under 'S1583 Intrusion System' to the 'Service Agreement' row in the table. Another red arrow points from the 'Service Agreement' row to the 'Recurring' folder under 'CCTV' in the tree view.

Item Code	Cycle	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
MON-Taxable	Q	0	\$81.00	\$243.00	1/1/2018	12/1/2002	
Service Agreement	A	0	\$51.25	\$615.00	1/1/2018	11/17/2017	
Service Agreement	A	0	\$50.00	\$600.00	1/1/2018	12/1/2002	
			\$182.25				

The screenshot shows the same SedonaOffice interface as the previous one, but with a confirmation dialog box open. The dialog box is titled 'SedonaOffice' and contains the text: 'Do you want to move Service Agreement From Intrusion To CCTV?'. There are 'OK' and 'Cancel' buttons at the bottom of the dialog box. The 'Recurring' folder under 'CCTV' is now highlighted in the tree view.

Item Code	Cycle	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
MON-Taxable	Q	0	\$81.00	\$243.00	1/1/2018	12/1/2002	
Service Agreement	A	0	\$51.25	\$615.00	1/1/2018	11/17/2017	
Service Agreement	A	0	\$50.00	\$600.00	1/1/2018	12/1/2002	
			\$182.25				

Notes:

Using the “Sub Item Of” Feature

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

Set the Sub Item Of Field

In the Recurring Line, 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	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
MON-Taxable		0	\$132.25				
MON-Taxable	A	0	\$81.00	\$972.00	1/1/2018	12/1/2002	
Service Agreement	A	0	\$51.25	\$615.00	1/1/2018	11/17/2017	
			\$132.25				

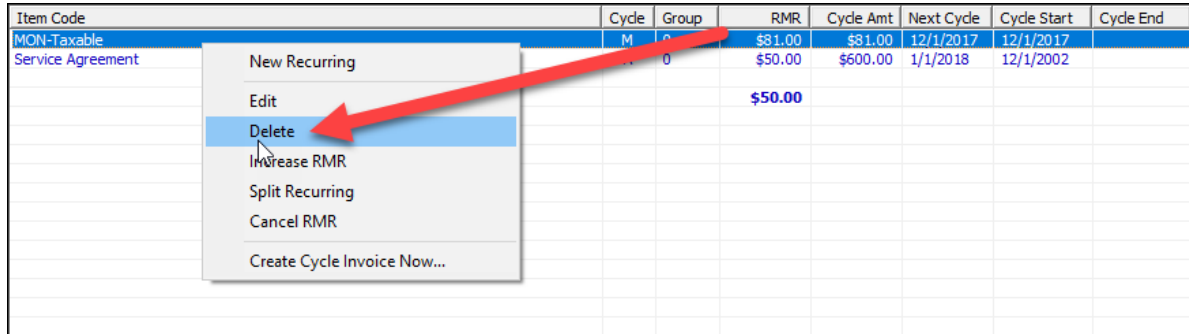
NOTE: When you view the posted invoice, you will see both recurring items listed. You can only see the combined items on the printed invoice. (Not all Invoice Forms combine Sub Item Of items, be sure to test the form you use.)

Notes:

Deleting a Recurring Line

When right-clicking on a recurring line, the option Delete is listed. This option can only be used if a recurring line has never been invoiced. Once a Cycle Invoice has been posted, you cannot delete it. When you delete the Recurring Line, a tracking record is recorded which may be used for audit purposes.

The ability to delete a recurring line is controlled by User Group permissions.



Item Code	Cycle	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
MON-Taxable	M	0	\$81.00	\$81.00	12/1/2017	12/1/2017	
Service Agreement			\$50.00	\$600.00	1/1/2018	12/1/2002	
			\$50.00				

Notes:

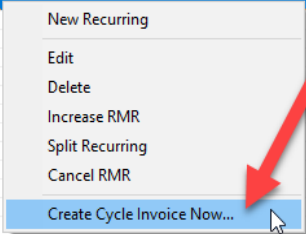
Quantity Based Recurring Items

This feature in SedonaOffice provides the ability to track Quantity based Recurring Services. This is an enhanced feature. Please contact SedonaOffice support for further details.

Cycle Invoice a Single Customer

This option allows you to generate a Cycle Invoice for an individual Customer. You can use this if the Customer requests an Invoice in advance of your regular cycle billing.

Item Code	Cycle	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
MON-Taxable	M	0	\$81.00	\$81.00	12/1/2017	12/1/2017	
Service Agreement	A	0	\$50.00	\$600.00	1/1/2018	12/1/2002	
			\$50.00				



Using Negative Recurring Lines

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

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

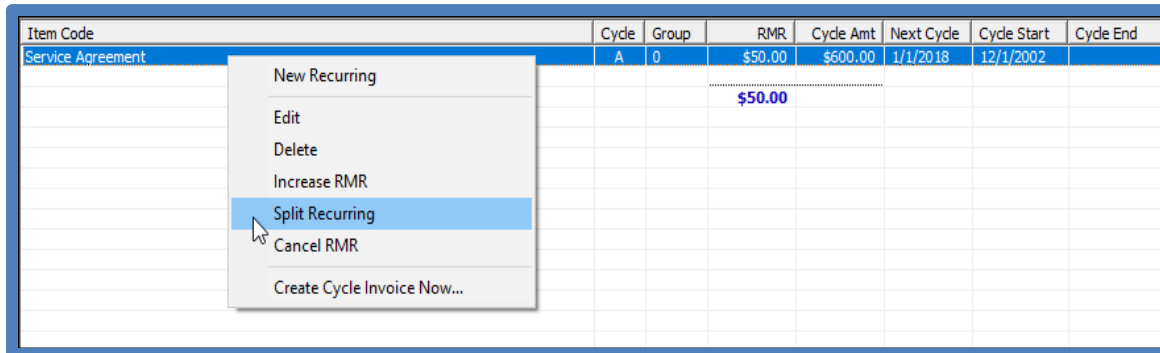
Item Code	Cycle	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
Service Agreement	A	0	\$50.00	\$600.00	1/1/2018	12/1/2002	
Service Agreement Disc	A	0	(\$5.00)	(\$60.00)	1/1/2018	11/20/2017	
			\$45.00				

Notes:

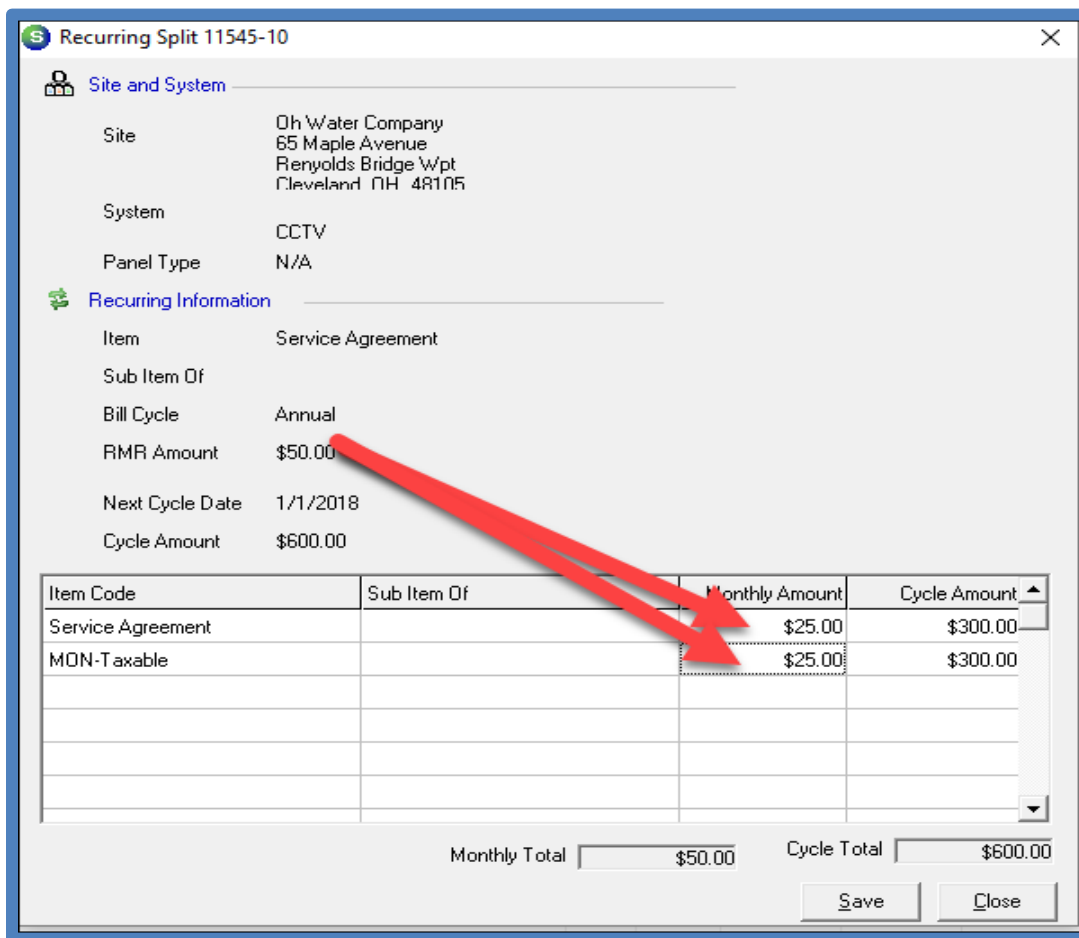
Splitting RMR

The splitting of RMR allows you to re-allocate the RMR if you want to break it down into additional Recurring Lines. This feature can only be used if the Next Cycle Date is in the future. Right-clicking on a Recurring Line will display the option “Split Recurring”.

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



Item Code	Cycle	Group	RMR	Cycle Amt	Next Cycle	Cycle Start	Cycle End
Service Agreement	A	0	\$50.00	\$600.00	1/1/2018	12/1/2002	
			\$50.00				



Recurring Split 11545-10

Site and System

Site: Oh Water Company
65 Maple Avenue
Renyolds Bridge Wpt
Cleveland OH 48105

System: CCTV

Panel Type: N/A

Recurring Information

Item: Service Agreement

Sub Item Of:

Bill Cycle: Annual

RMR Amount: \$50.00

Next Cycle Date: 1/1/2018

Cycle Amount: \$600.00

Item Code	Sub Item Of	Monthly Amount	Cycle Amount
Service Agreement		\$25.00	\$300.00
MON-Taxable		\$25.00	\$300.00

Monthly Total: \$50.00 Cycle Total: \$600.00

Save Close

Notes:


RMR Reason Codes

In SedonaOffice, anytime you add, cancel, increase or decrease a Recurring Line, you must select an RMR Reason Code for the change. RMR Reason codes are set up and maintained in SedonaSetup.

In the RMR Reason setup table are several system-controlled values, which the software uses when a user performs a certain action to a Recurring Line. These RMR Reason codes are followed by “(SS)” – these Reason Codes are protected and cannot be deleted. For example, when a user deletes a recurring line, a record is automatically recorded to the RMR History with the RMR Reason code of “Delete(SS)”.


Below are some examples of RMR Reason Codes.

RMR Reason

 RMR Reason

Code	Description	Reason Type	Inact...
Accounting Correction	Accounting Correction	AC	N
Acquisition	Acquisition	AQ	N
Add Service	Add Service	AE	N
Auto add	Added by Auto integration	OR	N
Auto cancel	Cancelled by Auto integration	OR	N
Bankrupt	Bankrupt	FC	N
Branch Change (SS)	Branch Change	SS	N
Competition	Lost to Competition	FC	N
Conversion	Conversion	OR	N
Deceased	Deceased	FC	N
Delete(SS)	Delete	SS	N
End of Contract	End of Contract	FC	N
General Cancellation	General Cancellation	FC	N
Item Change (SS)	Item Change	SS	N
Moved	Moved	FC	N
New RMR	New RMR	NJ	N
Non-Payment	Non-Payment	FC	N
Rate Decrease	Rate Decrease	SR	N
Rate Increase	Rate Increase	RI	N
Rescind	Rescind Rate Increase	SR	N

☐ Include Inactive

 RMR Reason Edit

☐ Inactive

Code

Description

Reason Type

Apply New Delete

Notes: