



KLARITY

# Automating the Review of Contracts for ASC 606 RevRec





# Case study in numbers

Optimizely built the leading progressive delivery and experimentation platform enabling thousands of companies around the world to optimize their customer experience through a/b testing, feature flagging, and personalization tools. Optimizely is using Klarity to streamline the ASC 606 sales contract review process and automate the population of a custom non-standard terms checklist for 300+ contracts each quarter.



**300+**

contracts reviewed  
in each quarter

**3X**

faster than manual  
contract review

**85%**

saves of time in comparison  
to manual process





# The Challenge

For a mid-size company with significant growth potential, ASC 606 compliance could be costly and challenging. For Optimizely, this meant an everincreasing number of sales contracts and order forms that needed to be appropriately reviewed to recognize revenue under ASC 606 guidelines.

They struggled with a lengthy, manual contract review process resulting in organizational inefficiencies as they lacked a centralized workflow that could help ensure completeness in the review process and compliance with accounting standards.

## Let us introduce Optimizely

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## Context

Their previous contract review workflow consisted of the following steps:

1. The Revenue Recognition Manager pulled the list of all contracts with their non-standard terms from salesforce which had been populated by Optimizely's deal desk team.
2. He read through all contracts and filled in a non-standard terms checklist in a spreadsheet for each contract in order to confirm the accuracy of the non-standard terms identified.
3. After reviewing all of the contracts, he made manual adjustments to revenue schedules in the company's enterprise resource planning (ERP) system where necessary.



We're a lean finance department, so our revenue team needs to be super efficient at what they do. We're fortunate to have brought on Klarity to help streamline our revenue processes.



**Sean Deorsey**

Chief Financial Officer at Optimizely







# Context

This workflow process had significant shortcomings.

- The review process was inefficient. The review process itself was an entirely manual process in which the Revenue Recognition Manager read through every contract in entirety. A revenue accountant was able to review only ~30 contracts on a given day.
- Review was prone to human error. Because the process was incredibly manual and repetitive, there was the risk that a contract would not be reviewed appropriately and according to accounting standards. Any attempts to accelerate the review process would always run the risk of revenue misstatement under ASC 606 standards.
- The workflow was frustrating and ill-designed. Communication between team members in the review process was difficult, as the contracts, non-standard terms checklist, and email all existed on separate platforms.



# Collaboration

Optimizely engaged Klarity to integrate its workflow management software and artificial intelligence capabilities into their sales contract review process.

With Klarity, their contract review process is significantly more efficient.

- Klarity's software automatically pulls sales contracts from their contract management system before closing the books each month.
- Klarity's artificial intelligence automatically extracts all metadata and clauses from the contract and uses this information to pre-populate Optimizely's non-standard terms checklist.
- Klarity's workflow management tools ensure completeness in the review process as it tracks and securely stores all documentation and comments corresponding to each item on the non-standard terms checklist for each contract.



# The Solution

Optimizely integrated Klarity's contract review software into their workflow. Klarity automatically pulls contracts from Optimizely's contract management system, removing the need for manual data transfer. Through automatically identifying contracts with non-standard terms, Klarity better identifies the population of contracts for Optimizely to review. Klarity auto-matically populates Optimizely's custom non-standard terms checklist for each contract by automatically extracting all information and metadata.



Klarity automates one of the most time-consuming parts of my job and saves me 85% of my time compared to my previous manual process.



**Barrett Wilkowski**

Revenue Recognition Manager at Optimizely

Ultimately, this streamlines the review process for Optimizely's revenue accountants, ensures that each contract goes through the requisite review steps, and helps to ensure compliance with ASC 606 revenue recognition guidelines. With Klarity, Optimizely is now able to review revenue contracts 3x as fast as before and hold greater confidence in their internal controls.





# Results

Klarity's platform facilitated the review of 342 contracts during a quarter, allowing the revenue recognition manager to review contracts 3x as fast as before.

