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Accounting Considerations Related to SaaS Resellers' Arrangements

The Bottom Line

- Arrangements for the resale of cloud-based or hosted software solutions (e.g., software as a service [SaaS]) vary in complexity, and a reseller's accounting for a particular arrangement will depend on its specific facts and circumstances.
- SaaS resellers need to carefully evaluate each arrangement to identify the goods or services that will be transferred to the customers (i.e., the "specified goods or services" referred to in ASC 606-10-55-36A¹). Because third parties are often involved in providing services to the end customer, SaaS resellers need to perform a principal-versus-agent analysis for each specified distinct good or service (or distinct bundle of good or services) that will be transferred to the customer. In certain circumstances, a SaaS reseller may be a principal for certain aspects of a contract with a customer and an agent for others.
- In many instances, SaaS resellers do not obtain control of the SaaS service before it is transferred to the customer because the SaaS vendor controls substantially all aspects of the service without direction from the reseller. However, there may be scenarios in which an entity provides a significant service of integrating a third party's service or services into its own service or services (i.e., the third party's service or services are an input) and the nature of the entity's promise is to transfer a combined service to an end customer as a principal.

¹ For titles of FASB Accounting Standards Codification (ASC) references, see Deloitte's "[Titles of Topics and Subtopics in the FASB Accounting Standards Codification.](#)"

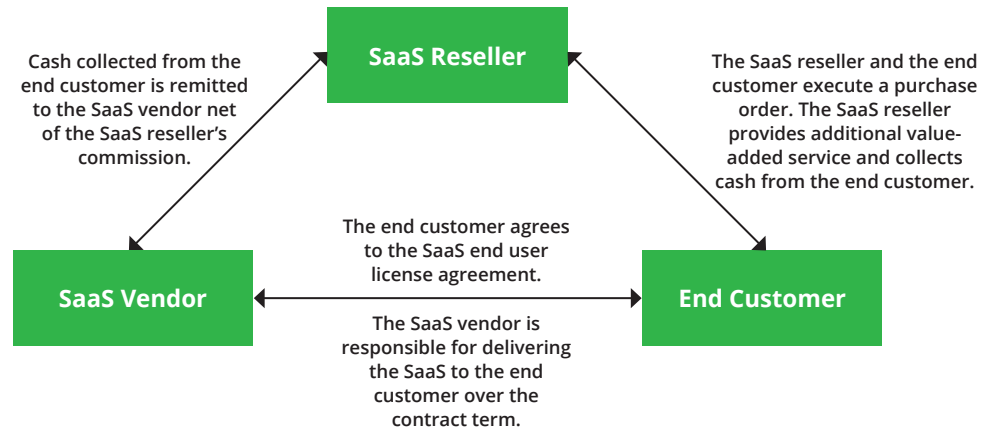
Beyond the Bottom Line

This *Technology Spotlight* highlights potential considerations for SaaS resellers related to their accounting for arrangements involving SaaS vendors and end users under ASC 606.

Background

SaaS resellers play a crucial role in the software ecosystem by connecting SaaS vendors with end customers. Some resellers primarily focus on generating leads for SaaS vendors in exchange for a commission. These resellers do not directly handle the sales process; instead, they act as referral agents, linking potential customers with the SaaS vendor. More commonly, however, SaaS resellers operate as value-added resellers. These resellers bundle one or more of the SaaS vendor's services with additional products or services, which may include professional services such as consulting, customized integration, implementation, training, and ongoing technical support. Value-added resellers often possess industry-specific expertise and technical skills, helping customers navigate the vendor selection and procurement processes.

The diagram below illustrates a typical arrangement involving a SaaS reseller, a SaaS vendor, and an end customer.



Identifying the SaaS Reseller's Customer

When the nature of a SaaS reseller's performance obligation is a promise to arrange for a SaaS vendor's goods or services to be provided directly to the end customer, it is often important to determine whether the SaaS reseller is an agent for the end customer, the SaaS vendor, or both to assess (1) to whom the SaaS reseller is obligated to satisfy its performance obligation of arranging for the provision of goods or services and (2) when the SaaS reseller satisfies the performance obligation. Depending on the facts and circumstances, the SaaS reseller's customer may be the SaaS vendor if the substance of the arrangement is that of a sales agent. Alternatively, the SaaS reseller may view the end customer as its customer if it is acting in the role of a purchasing agent.

It is also possible that the SaaS vendor and the end customer can each be considered the SaaS reseller's customer if the SaaS reseller is providing goods or services to both parties either explicitly or implicitly. This scenario often occurs when the SaaS reseller bundles the SaaS vendor's service with additional goods, such as implementation and professional services, and delivers the bundle to the end customer. As illustrated in [Example 3](#), the accounting in such circumstances can affect how much consideration is allocated to each performance obligation, especially when a SaaS reseller is the principal for some, but not all, of the specified goods or services that are transferred to a customer.

Evaluating the SaaS Reseller's Promise to the Customer

In accordance with ASC 606, SaaS resellers must carefully evaluate their contracts to determine how and when to recognize revenue. The key consideration for performing this assessment is the determination of whether the SaaS reseller is acting as a principal or as an agent. That is, a SaaS reseller must determine whether the nature of its performance obligation is a promise to provide the SaaS directly to the end customer (in which case, the SaaS reseller is acting as a principal) or a promise to arrange for the SaaS vendor to provide the SaaS directly to the end customer (in which case, the SaaS reseller is acting as an agent). As discussed in ASC 606-10-55-36A, for an entity to determine the nature of its promise, it should identify the specific goods or services that are being provided to the customer and then assess whether it controls each specified good or service before that good or service is transferred to the customer.

Because the principal-versus-agent analysis is performed for each specified distinct good or service (or distinct bundle of goods or services) that will be transferred to the customer, the same guidance that an entity applies to identify performance obligations (ASC 606-10-25-19 through 25-22) will be applied to determine the unit of account (i.e., the specified goods or services) used in the evaluation of whether an entity is acting as a principal or as an agent. In addition, because SaaS resellers may bundle the vendor's SaaS with other distinct performance obligations, a reseller may be a principal for certain aspects of a contract with a customer and an agent for others.

The specified service for a SaaS reseller when it performs the principal-versus-agent analysis is typically the vendor's SaaS. Accordingly, a reseller should consider whether it obtains control of the vendor's SaaS (or a right to the vendor's SaaS) before the SaaS is transferred to an end customer. A reseller may conclude that it does not obtain control of the vendor's SaaS before the SaaS is transferred to an end customer because the reseller (1) does not provide the SaaS itself, (2) cannot change or modify the SaaS, and (3) is promising when it sells the SaaS to the end customer that a specified service will be provided by a specified vendor in the future (e.g., if the end customer purchased a one-year subscription to "Vendor U's SaaS," the reseller cannot fulfill that promise by delivering a one-year subscription from another SaaS provider).

Further, ASC 606-10-25-55-37A discusses how an entity controls a good or service provided by a third party (and is therefore a principal) if it integrates goods or services (ASC 606-10-25-21(a)) provided by the third party into another good or service that the entity provides to the end customer. Therefore, there may be limited circumstances in which a SaaS reseller directs the use of the vendor's SaaS platform as an input that is combined with other goods or services provided directly by the reseller to create an output that would constitute the specified good or service promised to the customer. Such circumstances may occur when the SaaS reseller is also a software developer that integrates the vendor's SaaS platform into its own product offering, as illustrated in [Example 2](#).



Connecting the Dots

At the 2021 AICPA & CIMA Conference on Current SEC and PCAOB Developments, Jonathan Wiggins, then a senior associate chief accountant in the SEC's Office of the Chief Accountant, discussed situations in which an entity may conclude that it is a principal because it takes a good or service from a third party and integrates that good or service into its own offering. In his discussion of entities' contracts with customers involving a good or service from a third party, Mr. Wiggins highlighted the importance of determining whether an entity is performing an integration service and, if so, (1) the nature of the integration service, (2) the significance of the integration service, and (3) whether the entity controls the third party's good or service. He noted that if an entity does not control a promised good or service from a third party, it would be unclear how the entity can significantly integrate that promised good or service with its own offering.

SaaS resellers often provide implementation services that may include system setup and configuration, data migration, integration services (e.g., connecting the SaaS with other tools or systems), system testing, training, and postimplementation support. Typically, these types of value-added services do not represent a significant integration service.

Evaluating Control

As stated in ASC 606-10-55-37, an entity is a principal in providing a specified good or service “if it controls the specified good or service before that good or service is transferred to a customer.” The control principle used in the determination of whether an entity is acting as a principal or as an agent is the same control principle used in the evaluation of when a good or service (i.e., an asset) is transferred to a customer.

ASC 606-10-25-25 states, in part, “Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.”

However, it may not be clear whether an entity does in fact obtain control of the goods or services provided by a third party before they are transferred to a customer. In these circumstances, the entity will need to consider the indicators in ASC 606-10-55-39 and 55-39A when evaluating whether it is acting as a principal. Those indicators are listed and explained as follows:

There are three key indicators to help the entity make this assessment:

- The entity is primarily responsible for fulfilling the promise to provide the specified good or service.
- The entity has inventory risk before the specified good or service has been transferred to the customer or after transfer of control to the customer (e.g., if the customer has a right of return).
- The entity has discretion in establishing the price for the specified good or service. However, an agent can have discretion in establishing prices in some cases.

As noted in paragraph BC16 of [ASU 2016-08](#),² “the indicators in paragraph 606-10-55-39 were included to support an entity’s assessment of whether it controls a specified good or service before it is transferred to the customer. The indicators (a) do not override the assessment of control, (b) should not be viewed in isolation, (c) do not constitute a separate or additional evaluation, and (d) should not be considered a checklist of criteria to be met in all scenarios.” Further, paragraph BC18(e) of ASU 2016-08 states, in part, that “the indicators are not an exhaustive list and merely support the assessment of control. They do not replace or override that assessment.”

It is common in a principal-versus-agent analysis to place greater weight on certain indicators of control than on others. While there is no default indicator that is more important than others, certain indicators may be more relevant in some circumstances than others. How each indicator is factored into the analysis may also be influenced by how clearly the indicator is met.

Primary Responsibility

The entity that has primary responsibility for fulfilling the obligation to the customer is often the party most visible to the customer and from which the customer believes that it is acquiring goods or services. This entity usually bears the risk that the performance obligation

² FASB Accounting Standards Update (ASU) No. 2016-08, *Revenue From Contracts With Customers (Topic 606): Principal Versus Agent Considerations (Reporting Revenue Gross Versus Net)*.

will not be satisfied, as well as the risk related to the acceptable quality of the specified goods or services.

In the context of SaaS reseller arrangements, the SaaS vendor is generally visible to the end customer because the end customer has contracted to purchase access to a specific SaaS vendor through a reseller. Further, the end customer is subject to standard terms and conditions that include the SaaS vendor's terms, since all end customers must sign the end user license agreement (EULA) with the SaaS vendor to gain access to and use the service. The EULA typically outlines the terms and conditions governing the customer's access to and use of the SaaS. These aspects make the end customer aware of the party from which it is acquiring the SaaS.

Regarding fulfillment risk, a SaaS reseller is generally responsible for initially providing the end customer with access to the vendor's SaaS platform (which represents initial fulfillment risk) and ensuring that the end customer receives the specific service it has ordered (which indicates initial acceptability risk). However, these risks are less relevant in the control analysis because the end customer cannot fully benefit from the vendor's SaaS platform by merely receiving initial access. The end customer derives benefits only if the SaaS vendor continuously provides the service throughout the entire subscription period. The vendor is obligated to provide the service only after the order has been approved and the end customer has agreed to the vendor's terms and conditions.

Moreover, the fact that SaaS resellers often do not offer warranties or guarantees regarding the SaaS suggests that the resellers are not primarily responsible for providing the service. If an arrangement between a SaaS reseller and an end customer is terminated — regardless of whether as a result of cancellation or expiration — the SaaS vendor typically continues to deliver the service to all existing customer subscriptions on the same terms and conditions until the subscription period expires or is canceled. Further, the agreement between the SaaS reseller and the end customer may explicitly state or imply that the reseller does not provide the SaaS platform itself and that its role is limited to assisting in the initial selection of a vendor and managing initial fulfillment and acceptability risk.

Inventory Risk

As noted above, inventory risk may be relevant to the determination of whether an entity obtains control of a good or service before the good or service is transferred to a customer. Specifically, an entity's commitment to acquiring a specified good or service before a customer has been identified may indicate that the entity has the ability to direct the use of the good or service and obtain substantially all of the benefits from it.

For example, a value-added SaaS reseller might agree to certain guarantees that require it to make a shortfall payment to the SaaS vendor if the reseller's sales targets are not met. While this type of arrangement could suggest that the reseller has committed to obtaining the SaaS before it is transferred to the customer — effectively creating a form of inventory risk — it is typically viewed as similar to a variable-based commission structure rather than as an arrangement that poses true inventory risk. Further, the reseller's guarantee to make a shortfall payment is tied to its own future performance and would be outside the scope of ASC 460.

The conclusion that guarantees to make shortfall payments do not suggest that the reseller controls the vendor's SaaS before it is transferred to the end customer stems from the fact that the additional control indicators outlined in the principal-versus-agent guidance are not intended to override the principle of control itself. A commitment to resell a specific volume of a vendor's SaaS does not, by itself, demonstrate that the reseller has control of the SaaS or any rights to it before it is transferred to the end customer.

Discretion in Establishing Pricing

A SaaS reseller may have discretion in establishing the price that end customers pay for the vendor's SaaS. When combined with other factors, pricing discretion could indicate that the entity controls the specified good or service before it is transferred to the customer. However, ASC 606-10-55-39(c) states, in part, that "an agent can have discretion in establishing prices in some cases. For example, an agent may have some flexibility in setting prices in order to generate additional revenue from its service of arranging for goods or services to be provided by other parties to customers."

Other Channel Partners

Many SaaS resellers and vendors establish formal reseller agreements that outline where the resellers are permitted to sell the vendor's solution. Some SaaS resellers may sell through online marketplace platforms on which SaaS resellers can market various vendors' SaaS solutions. These platforms may offer automated billing, subscription management, and enhanced onboarding tools that simplify the process for end customers to access and use the SaaS product. Resellers may also use the platforms to sell additional value-added services, such as implementation support and consulting.

Generally, these marketplace platforms do not obtain control of the SaaS products before they are sold and transferred to end customers; instead, they provide services to the SaaS reseller, the SaaS vendor, or both. When a SaaS reseller leverages an online marketplace, the above considerations related to identifying the specified goods or services and evaluating whether the entity is a principal or an agent for each performance obligation remain applicable.

Illustrative Examples

Determining whether a SaaS reseller controls the service before its transfer to the customer — and is therefore considered the principal in the arrangement — can be straightforward in some situations but may require considerable judgment in others. Example 1 (below) and [Example 2](#) illustrate how a SaaS reseller may evaluate whether it acts as a principal or an agent for SaaS provided by a third-party vendor. [Example 3](#) demonstrates how a value-added reseller allocates the transaction price when the SaaS reseller is a principal for certain performance obligations and an agent for others.

Example 1

Company A is a reseller of a wide range of technology solutions, including SaaS platforms. The marketing materials of A primarily emphasize its ability to add value to the purchasing process of end customers by helping them select and procure the most appropriate SaaS solution. Although A provides advice and support to end customers in choosing SaaS platforms, the final decision on which platform to purchase rests with an end customer. Once a decision is made, the end customer issues a purchase order to A to buy access to the SaaS platform for a specified period. This purchase order constitutes an agreement directly between A and the end customer; the SaaS vendor is not a party to this agreement. Company A is responsible for collecting payment from the end customer in accordance with the terms of the purchase order, and its obligation to pay the SaaS vendor under its own purchase order is not contingent on successfully collecting payment from the end customer.

Example 1 (continued)

Company A has a reseller agreement with Company B that allows A to resell B's SaaS platform as a subscription-based service. In addition, A enters into contracts with end customers that allow the end customers to access and use software hosted by B for a defined period. Company A has full discretion in setting the price for B's SaaS platform. For each sale, A earns a commission of 20 percent of the total sales price. All sales of B's SaaS platform are subject to B's EULA. The contract with the end customer specifies that A does not warrant the performance or integrity of the service and does not make any warranties or guarantees regarding it. If A's reseller agreement with B is terminated, B will continue to provide services to all existing end customer subscriptions under the same terms and conditions until the expiration or cancellation of the respective subscription periods.

In 20X1, an end customer enters into a purchase order with A to purchase access to B's SaaS platform for a one-year subscription period. The end customer pays A an up-front fee of \$2 million for this access. Company A then remits \$1.6 million to B and retains \$400,000 as its commission. Company A facilitates initial access to B's SaaS through an electronic online portal hosted by B. Although the online portal is hosted by B, A is responsible for ensuring that the end customer gains access to the SaaS through the portal.

Company A identifies the specified service as B's SaaS and thus evaluates whether it obtains control of B's SaaS before the SaaS is transferred to the end customer. Although A has a contract with B to resell B's SaaS, A does not obtain a right from B that allows it to control B's SaaS before the service is delivered to an end customer. Company A evaluates the definition of control under ASC 606-10-25-25 and notes that it can neither direct the use of B's SaaS platform nor prevent B from directing such use. Although A can instruct B to deliver initial access to the end customer, the end customer cannot benefit from initial access unless B continues to provide the SaaS for the duration of the one-year subscription. Therefore, delivery of the specified service is contingent on B's ongoing actions, which A cannot direct (e.g., A cannot prevent B from ceasing to provide the customer with the service). Although A is regarded as the party that invoices the end customer for B's SaaS platform, this factor alone does not determine whether A is acting as the principal or the agent in the transaction. In this situation, the end customer enters into a contractual relationship with B by agreeing to its EULA.

In addition, A considers the control indicators outlined in ASC 606-10-55-39, which it believes supports its control assessment under ASC 606-10-25-25. Company A is responsible for arranging access to B's service (indicating that A bears initial fulfillment risk) and confirming that the end customer can successfully access the service (indicating that A has initial acceptability risk). However, A concludes that these initial fulfillment and acceptability risks are less relevant to determining whether it controls B's SaaS. This is because the end customer cannot fully benefit from B's SaaS simply by being granted initial access. The end customer can only gain the benefits of the service if B continuously provides it throughout the one-year subscription (i.e., interaction with B's SaaS platform must be ongoing for the end customer to use the service). Further, B is responsible for any service-related issues tied to its SaaS, such as reliability and downtime. Thus, even though the end customer initially interacts with A to obtain access to B's service, the end customer understands that B primarily fulfills this obligation.

Lastly, A notes that it does not have substantive inventory risk. Although A has the sole discretion to establish pricing for the end customer (an indicator that A may be acting as a principal), this factor alone is not definitive in the analysis.

On the basis of the above assessment, A concludes that it is acting as an agent that is responsible for arranging for B to provide B's SaaS to the end customer.

Example 2

Company X is a developer, seller, and reseller of SaaS. The company specializes in implementing cybersecurity solutions and provides outsourced monitoring and management of security devices and systems.

Example 2 (continued)

Company S, an independent third party, develops a specialized cybersecurity software and sells it as a service. Company X, in contrast, does not develop the same specialized cybersecurity software on its own. Rather, X enters into a master service agreement (MSA) with S that enables X to include S's cybersecurity SaaS platform as part of X's suite of products to end customers. The MSA is solely between X and S (i.e., the end customers are not a party to the MSA, and those customers are not aware of S's involvement with X). In addition, the MSA outlines that (1) S is providing technology and services to X and (2) X will include such technology and services as part of services sold to end customers. Company X does not need approval from S to enter into contracts with end customers, and end customers do not contract with S. That is, end customers contract only with X for its suite of products that include S's SaaS platform.

Company X has designed a software platform that integrates with S's SaaS platform, creating combined functionality that brings together X's integrated managed cybersecurity solution and S's cybersecurity SaaS into a single integrated service. Company X's contracts with end customers do not identify S as the provider of the specialized cybersecurity software service, and X alone is responsible for the fulfillment of the promise to transfer an integrated managed cybersecurity solution. If the end customers have any issues with respect to the platform and related services, X is responsible for customer satisfaction and resolving disputes.

From the end customers' perspective, X is the provider of the service. That is, X is responsible for the fulfillment of the integrated managed cybersecurity solution to its customers, including ensuring the solution's acceptability.

In accordance with the MSA, X pays S a fixed monthly fee per end user irrespective of what X charges end users for the integrated managed cybersecurity solution.

Although X is reselling S's SaaS platform by integrating the service with its own services, the nature of X's promise is to transfer a single managed cybersecurity solution (which includes S's SaaS platform as an input) as a principal. In a manner consistent with the type of control considered in ASC 606-10-55-37A, X obtains control of S's SaaS platform, which is evidenced by X's significant integration of S's service with X's own software and services before X transfers a combined output to X's customers. Specifically, X's software is designed and coded to function with S's SaaS platform so that it integrates into X's managed cybersecurity solution. That is, X provides a significant service of integrating S's SaaS platform with its own software and services to provide a single output to its customers.

Because X obtains control of S's SaaS platform and directs the use of the service as an input in creating the combined output that is transferred to the end customers, X is a principal in the arrangement with those customers and should record revenue in the gross amount to which it expects to be entitled. Amounts paid to S would be recorded as an expense.

Example 3

Company P is a value-added reseller that bundles Company U's SaaS platform with additional value-added services.

During the current year, P invoices an end customer a total of \$1 million for a bundle of services. The services include implementation services, training, Tier 1 technical support, and a one-year subscription to U's SaaS platform. Company P determines that it is the principal for the implementation services, training, and Tier 1 technical support since no other party is involved in delivering these services to the end customer. In addition, P concludes that each of these services represents a performance obligation to the end customer. However, P concludes that it is an agent for U's SaaS platform because U does not control the service before it is transferred to the end customer. Therefore, P is providing services to the end customer as the principal while acting as a reseller agent for U's services.

Example 3 (continued)

Company P concludes that the stand-alone selling prices of the performance obligations are as follows:

Performance Obligation	Stand-Alone Selling Price
Implementation services	\$ 200,000
Training	10,000
Tier 1 technical support	100,000
Company B's SaaS platform	<u>940,000</u>
Total	<u>\$ 1,250,000</u>

Company P agrees to sell U's SaaS for \$940,000 on behalf of U for a 20 percent commission and bundles the service with its other services. Thus, \$752,000 is remitted to U, and P retains a \$188,000 commission. Assume that the criteria for allocating a discount to one or more, but not all, performance obligations in accordance with ASC 606-10-32-37 are not met.

In practice, we believe that there are two acceptable models ("Alternative A" and "Alternative B") for allocating a contract transaction price when the entity is a principal for some performance obligations and an agent for other performance obligations.

Alternative A

Company P determines that the stand-alone selling price of the service provided as an agent is \$188,000 (and that therefore, the total stand-alone price of the performance obligations is \$498,000). Because P must remit \$752,000 back to U and retains only a \$188,000 commission, P determines that the total consideration it is entitled to receive is \$248,000 rather than the contract price of \$1 million. Therefore, P allocates the \$248,000 transaction price to identified performance obligations on a relative stand-alone selling price basis, as shown in the table below.

Performance Obligation	Allocated Transaction Price
Implementation services	\$99,598, or $(\$200,000 \div \$498,000 \text{ total stand-alone selling price}) \times \$248,000$
Training	\$4,980, or $(\$10,000 \div \$498,000 \text{ total stand-alone selling price}) \times \$248,000$
Tier 1 technical support	\$49,799, or $(\$100,000 \div \$498,000 \text{ total stand-alone selling price}) \times \$248,000$
Reseller service	\$93,623, or $(\$188,000 \div \$498,000 \text{ total stand-alone selling price}) \times \$248,000$

Alternative B

The facts and circumstances in this example may suggest that P has performance obligations to two separate customers. Specifically, the obligations for which P acts as a principal — namely, implementation services, training, and Tier 1 technical support — are transferred to the end customer. In contrast, the performance obligation for which P acts as a reseller agent (facilitating the delivery of the SaaS platform to the end customer) is performed on behalf of U. Therefore, it is reasonable to view the arrangement as consisting of two separate contracts.

The contract with U includes a single promise to provide reseller services, while the contract with the end customer encompasses multiple promises: implementation services, training, and Tier 1 technical support. Company P would allocate the commission of \$188,000 received from U directly to the reseller services. The remaining consideration of \$60,000 (\$1 million less the \$940,000 stand-alone selling price of U's SaaS platform) would be allocated to the performance obligations for which P acts as a principal with respect to the end customer on the basis of relative stand-alone fair value.

Example 3 (continued)

The allocations are shown in the tables below.

Contract With Company U	
Performance Obligation	Allocated Transaction Price
Reseller service	\$188,000

Contract With the End Customer	
Performance Obligation	Allocated Transaction Price
Implementation services	\$38,710, or $(\$200,000 \div \$310,000 \text{ total stand-alone selling price}) \times \$60,000$
Training	\$1,935, or $(\$10,000 \div \$310,000 \text{ total stand-alone selling price}) \times \$60,000$
Tier 1 technical support	\$19,355, or $(\$100,000 \div \$310,000 \text{ total stand-alone selling price}) \times \$60,000$

Choosing Between the Alternatives

While both alternatives described in this example are acceptable, we believe that for an entity to fairly depict the substance of the transaction, one alternative may be preferable to the other depending on the facts and circumstances of the particular arrangement. To determine which alternative is preferable, an entity should understand and evaluate the relationship of all of the parties involved in the particular arrangement. Specifically, Alternative A would most likely be preferable if (1) the facts and circumstances indicate that the entity has only one customer in the arrangement or (2) the economic substance of the arrangement is such that there is a single bundled discount provided to the end customer. In contrast, Alternative B would most likely be preferable if the facts and circumstances indicate that (1) the entity's performance obligations in the contract (or contracts) are provided to two separate customers (i.e., those performance obligations for which the entity acts as a principal are transferred to the end customer, and those performance obligations for which the entity acts as an agent are performed on behalf of a third party) and (2) the pricing of the performance obligations provided to the separate customers is not interdependent. Judgment is often needed in these types of arrangements to assess whether an entity has one customer or two customers.

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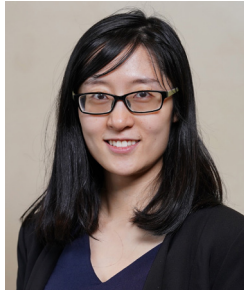
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