AUTOMATUM

The Cloud Marketplace Revenue Recognition Checklist

20 checkpoints to keep marketplace revenue ASC 606 / IFRS 15-clean — before the auditor, the board, or a diligence team finds the gaps.

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20
CHECKPOINTS

4
DOMAINS

~15 min
TO SCORE YOURSELF

HOW TO USE THIS

Marketplace revenue is not recognized when the cloud pays you

> The single most common marketplace rev-rec error is treating the monthly cloud disbursement as revenue. Disbursement is cash — it arrives on a lag, net of the marketplace fee, and it says nothing about which period the revenue belongs to. Recognition follows the contract, not the payout.

Marketplace deals compress a lot of accounting complexity into one order: multi-element private offers, usage-metered dimensions, channel (CPPO / multiparty) revenue splits, foreign currency, and a marketplace fee that has to be classified. As the channel scales — **IDC estimates roughly 19% of software purchasing now flows through cloud marketplaces** (IDC) — that complexity moves from a rounding error to a material balance an auditor will test.

Work through the four domains below in ASC 606 order — **Contract & Performance Obligations**, **Gross-vs-Net & Transaction Price**, **Recognition Timing**, and **Reconciliation & Controls**. Check a box only if you could show the workpaper today. Each item states what "done" actually means, so you're scoring against audit reality, not intent. Tally each domain, total out of 20, and read your band on the last page.

THIS IS NOT ACCOUNTING ADVICE

This checklist is an operational readiness tool, not a substitute for your auditor or a technical accounting memo. ASC 606 and IFRS 15 outcomes depend on your specific contracts and facts. Use it to find gaps and frame the conversation with your finance team and external auditors — then document the conclusions formally.

DOMAIN 01 — ASC 606 STEPS 1–2

Contract & performance obligations

> You can't recognize what you haven't first identified. Every marketplace order is a contract with one or more distinct promises — and private offers hide the messiest ones.

DOMAIN 01

Contract & performance obligations

SCORE

____ / 5

01 ☐ **Every marketplace order maps to an enforceable contract**

Public subscription, private offer, or channel (CPPO / multiparty) — with identified parties, term, and payment terms. **DONE:** the contract record, not the disbursement line, is the source of truth.

02 ☐ **Performance obligations are identified per order**

Software license, support/SLA, usage-metered dimensions, and any professional services bundled into a private offer, each assessed as distinct or not. **DONE:** POs are enumerated, not assumed to be a single line.

03 ☐ **Private-offer custom terms are captured in the rev-rec system**

Ramps, non-standard payment schedules, custom EULAs, and committed floors flow from the deal desk into the accounting records. **DONE:** the ramp lives in the rev-rec schedule, not only in a signed PDF.

04 ☐ **Bundled elements have a standalone-selling-price allocation**

Where a private offer bundles platform + implementation + support, the transaction price is allocated to each PO on an SSP basis. **DONE:** the allocation is documented, not defaulted to the invoice split.

05 ☐ **Modifications vs new contracts are handled by policy**

Mid-term upsells, expansions, and renewals are assessed as contract modifications or separate contracts under a written policy. **DONE:** a co-terminous upsell isn't silently booked as a brand-new deal.

DOMAIN 02 — ASC 606 STEPS 3–4

Gross-vs-net & transaction price

> The question auditors open with: are you the principal or the agent, and is the marketplace fee a cost or a reduction of revenue? Get this wrong and your top line is misstated — not just your margin.

DOMAIN 02

Gross-vs-net & transaction price

SCORE

____ / 5

01 ☐ **The principal-vs-agent conclusion is documented**

Because the ISV controls the software before transfer, marketplace sales are typically *principal* — recognize gross, with the marketplace fee as an expense. **DONE:** the conclusion is written down with the control indicators that support it.

02 ☐ **The marketplace fee is classified consistently**

Under a principal conclusion the AWS/Azure/GCP fee is a cost of revenue, not netted against revenue. **DONE:** gross revenue and fee expense are booked separately every period.

03 ☐ **Variable consideration is estimated and constrained**

Metered usage, overages, and tiered pricing are estimated with the ASC 606 constraint applied. **DONE:** you're not waiting on the disbursement report to book variable revenue you can reasonably estimate.

04 ☐ **Refunds, cancellations, and credits are reserved**

A refund liability / returns reserve is recognized rather than booking the full amount as revenue. **DONE:** service credits and cancellation rights reduce the transaction price, not next quarter's number.

05 ☐ **Taxes and withholding are excluded from transaction price**

VAT / GST / sales tax collected on the marketplace's behalf and any marketplace withholding are excluded from revenue. **DONE:** gross revenue reconciles to net-of-tax, net-of-withholding contract value.

WHY PRINCIPAL-VS-AGENT IS THE HIGH-STAKES CALL

Netting the marketplace fee against revenue (agent treatment) can understate reported revenue by the full fee — 3% to 15% of every marketplace dollar. For a company measured on ARR or heading into diligence, that's not a footnote; it's a restatement risk. Reach the conclusion deliberately and document it.

DOMAIN 03 — ASC 606 STEP 5

Recognition timing

> Right number, wrong period is still a misstatement. Marketplace mechanics — annual upfront billing, monthly metered usage, lagged disbursement — pull the cash and the revenue apart. Timing follows the transfer of control.

DOMAIN 03

Recognition timing

SCORE
____ / 5

01 ☐ **Committed subscriptions recognize ratably over the term**
An annual or multi-year contract is recognized over the service period, not on invoice or on disbursement. **DONE:** a 12-month deal billed upfront produces deferred revenue and a monthly release schedule.

02 ☐ **Usage / metered revenue recognizes as consumed**
Metered dimensions are recognized in the period the usage occurs, using the right-to-invoice expedient only where it genuinely applies. **DONE:** September usage is September revenue, even if it bills and disburses in October.

03 ☐ **Upfront and setup fees are recognized over the right period**
Implementation or activation fees are assessed for a distinct PO and, if not distinct, recognized over the service period. **DONE:** a setup fee isn't defaulted to point-in-time revenue on day one.

04 ☐ **Recognition is decoupled from disbursement timing**
Marketplace payout lags (often ~monthly, net of fees) and does not drive the recognition date. **DONE:** the close doesn't wait on the AWS/Azure/GCP disbursement file to book revenue.

05 ☐ **Deferred revenue and contract balances are scheduled**
Contract assets and liabilities are maintained per contract, with a roll-forward each period. **DONE:** deferred revenue ties to a per-contract schedule, not a single plug.

DOMAIN 04 — CLOSE & AUDIT

Reconciliation & controls

> Three numbers have to tie out every period: what you recognized, what the marketplace reported, and what hit the bank. When they don't, the gap is where restatements and audit findings live.

DOMAIN 04

Reconciliation & controls

SCORE ___ / 5

01 ☐ **Disbursement reports reconcile to recognized revenue and to cash**

The AWS / Azure / GCP disbursement file is reconciled both to the revenue subledger and to bank receipts each period. **DONE:** a three-way tie-out (recognized ↔ reported ↔ received) is a standard close step.

02 ☐ **Fees, chargebacks, and adjustments trace to specific contracts**

Every deduction on the disbursement report is tied back to the order that caused it. **DONE:** a fee or clawback isn't booked to a catch-all account with no contract linkage.

03 ☐ **Multi-currency and FX have a documented policy**

Marketplaces bill and disburse in multiple currencies; the rate, remeasurement, and gain/loss treatment are defined. **DONE:** FX is a policy, not a per-close judgement call.

04 ☐ **Cutoff controls put revenue in the correct period**

Usage and orders straddling period-end are recognized in the right period regardless of when the marketplace reports them. **DONE:** a documented cutoff control exists and is tested.

05 ☐ **There's an audit trail and one accountable owner**

Each recognized amount is traceable contract → order → usage/metering → disbursement → GL, and one person owns the marketplace revenue close. **DONE:** the trail is reproducible and the responsibility isn't split three ways.

YOUR RESULT

Add it up

> Total your four domain scores. The band tells you how much marketplace revenue risk you're carrying into your next close, audit, or diligence — and what to fix first.

TOTAL READINESS SCORE ____ / 20

Contracts ___/5 · Gross-vs-net ___/5 · Timing ___/5 · Reconciliation ___/5

WHAT YOUR BAND MEANS

SCORE	BAND	WHAT IT MEANS & WHAT TO DO NEXT
0–9	**Recognizing on cash**	You're likely booking revenue off the disbursement report, with material misstatement risk. Fix contract mapping, the principal-vs-net conclusion, and recognition timing before your next close or audit.
10–15	**Compliant with gaps**	The fundamentals hold, but weak spots in variable consideration, private-offer handling, or reconciliation will surface as audit adjustments or diligence questions. Close the lowest-scoring domain first.
16–20	**Audit-ready**	Your marketplace revenue is recognized on a defensible ASC 606 / IFRS 15 basis and ties out cleanly. Keep the schedules current and the ownership clear as volume scales.

The disbursement report tells you what the cloud paid. It never tells you what you earned. Confusing the two is the fastest path to a restatement.

Want the numbers to tie out automatically?

Automatum maps every marketplace order — public, private offer, or CPPO/multiparty — to its contract, metering, fees, and disbursement, so the three-way reconciliation your auditor wants is a report, not a month-end fire drill. Flat pricing, no revenue share, across AWS, Azure, and Google Cloud.

Bring your filled-in checklist and your last disbursement file. In 30 minutes we'll show you where recognized, reported, and received drift apart today.

Book a walkthrough →

Sources & notes. Marketplace share of software purchasing: IDC. Recognition principles reference the FASB ASC 606 / IASB IFRS 15 five-step model (identify the contract; identify performance obligations; determine the transaction price; allocate it; recognize as obligations are satisfied) and the standard's principal-vs-agent control guidance. Marketplace program mechanics (fees, disbursement timing, CPPO/multiparty, metering): AWS, Microsoft, and Google Cloud seller documentation. This document is an operational readiness tool, not accounting advice; confirm all conclusions with your finance team and external auditors against your specific contracts. Current as of publication (August 2026).

Automatum helps ISVs list, transact, meter, and reconcile across AWS, Azure, and Google Cloud marketplaces without burning a quarter of engineering or a finance close. By Aein Eskandari, Founder — automatum.io