Title: Determining Accounting Requirements for Product-as-a-Service Business Models

Introduction

The evolving landscape of subscription-based economies and service-centric business models is at the forefront of new-age business strategies. The traditional transactional selling concept is rapidly giving way to the **Product-as-a-Service (PRaaS)** model which charges customers for using a product rather than owning it:

Product-as-a-Service (PRaaS) offerings provide temporary access to a physical good for a recurring fee. They often **combine access to the physical good with intangible services**, like a digital service enabled by the product or an on top service, e.g., regular maintenance, which are jointly required to satisfy the end user need.

While companies are quick at inventing new Product-as-a-Service offerings, they still must comply with legal regulations, such as the different accounting standards (GAAP) used around the world, that determine how the related revenues and costs are treated or how key assets are represented in the balance sheet or depreciated over time: some accounting standards treat these offerings as simple subscription contracts with no additional reporting requirements. Some other standards, may treat them as financial leases, implying additional reporting requirements.
How to classify such a business offering depends on the relevant GAAP, but also characteristics of the offering, such as the runtime of the contract, the sum of recurring charge in comparison to the useful value, or other specific conditions defining the distribution of responsibilities and risks during the business relationship.

Research Objective

For a vendor of ERP software this complex relationship between characteristics of a PRaaS offering and their different treatment by a specific GAAP, leads to a multitude of questions since the software needs to provide the right capabilities to offer Product-as-a-Service in compliance with the law.

The proposed research targets some of these questions, in particular:

- What **categories of Product-as-a-Service offerings** exist?
- What are **legally relevant characteristics of a Product-as-a-Service offering**?
- **How do relevant GAAP**, e.g., HGB, IFRS, and US GAAP, **treat Product-as-a-Service Offerings** in general?
- **How do these rules apply** to the identified categories and their specific characteristics?
- Which **software capabilities are required**, for example, in relation to revenue recognition or asset accounting, to satisfy the legal requirements?

About SAP

SAP SE, a global leader in the field of enterprise software solutions, specializes in providing sophisticated Enterprise Resource Planning (ERP) systems. With a presence in over 180 countries, SAP ERP systems assist businesses in streamlining their diverse operational processes, from finance and HR to supply chain and sales.
The SAP ERP system is distinguished by its ability to integrate different business functions into a single realm, enabling organizations to operate with improved efficiency and process standardization. This system's capability to coalesce information management across various business functions makes it a preferred choice for businesses of all scales and scopes.
SAP's emphasis on process integration and optimization not only simplifies day-to-day business operations but also provides strategic insights to support decision-making and foster growth. As such, SAP continues to be at the forefront of facilitating businesses in navigating their processes towards operational efficiency.

Your profile
- Team of 2 to 5 students in Bachelor or Master studies enrolled in Management & Technology
- Excellent analytical and problem-solving skills
- Agile and flexible mindset with strong communication skills and German and English
- Motivated, independent, and target-oriented work approach

Your benefits
- Work independently in a project-based setting
- Receive continuous support by SAP experts
- Get first-hand relevant contacts for a career entry

Timeline
- 3 months starting from mid/end of March

Please direct your team's application (including a joint cover letter, CVs, transcripts and relevant references) to selina.hauch@tum.de .