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August 11, 2009

Mr. Russell Golden
Task Force Chairman
Emerging Issue Task Force
Financial Accounting Standards Board

401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: FASB Emerging Issues Task Force Draft Abstract EITF Issue 09-3

Dear Mr. Golden:

This letter will describe our position regarding Draft Abstract for EITF Issues No. 09-3, *Applicability of AICPA Statement of Position 97-2 to Certain Arrangements That Include Software Elements*. We are in agreement with the consensus reached by the Task Force that this specific issue will better reflect the core underlying economics of certain transactions involving software enabled devices. While current practices are well understood, updated accounting that reflects the true value of what customers receive at time of purchase would be a positive step for both financial statements preparers and users. We support finalization and timely implementation of Issue 09-3.

Application of SOP 97-2, *Software Revenue Recognition,* is losing relevance when applied to many electronic devices being sold today that are often updated over the life of ownership. The growing adoption of high speed internet service has allowed companies, for the first time in many cases, to deliver software enhancements to products over the life of product ownership. Due to the continuing evolution of technology more and more products are likely to be developed over time that will come with the ability for manufacturers to provide updates/add on value post the time of purchase. While these updates do have value, they should not require the deferral of all revenues generated when the original device is sold. While more subjectivity would be required, a subjective estimation of the value of these product updates would be more economically accurate than current practice of 100% revenue deferral thereby making financial statements more useful. The EITF Issue 08-1, Revenue Arrangements with Multiple Deliverables, which allows companies to best estimate selling prices of separate deliverables, serves as a much more sensitive guidepost for the types of transactions being discussed.

We would now like to respond to some of your questions asked in your request for comment.

Question 7: *Do you agree with the Task Force's decision to address this Issue considering potential overlap between this Issue and the FASB and IASB joint project on revenue recognition?*

We support the idea of a long-term project to standardize revenue accounting across industries and international borders. However, this does seem like a longer-term process that could still be done after a much quicker adoption of Issue 09-3.

Question 8: *Do you agree with the Task Force's decision to modify the scope of SOP 97-2 to address software-enabled devices rather than to address broadly the measurement and separation criteria within SOP 97-2?*

Modifying the scope of SOP 97-2 to exclude software enabled devices as described in Issue 09-3 makes more sense than trying to change the current measurement and separation criteria of SOP 97-2 for all transactions currently within its scope. The latter strategy seems like it would be a more lengthy process with less certain change than would result from just narrowing the scope of SOP 97-2. The revenue recognition for software enabled products that carry future updates (a growing universe of products going forward) is best matched with those products already excluded from SOP 97-2. The Task Force's decision to modify scope is a quicker solution and a likely better solution than rewriting SOP 97-2.

Question 9: *Do you agree that the scope modification of Issue 09-3 is operational and can be applied consistently? If not, why not?*

The mechanics of adoption seem relatively straightforward as there is already precedence for scope modification, so industry experts should be well prepared. In practice we believe this change, while introducing a higher level of subjectivity in valuing software enhancements, will result in a much better reflection of underlying economics.

Question 11: : *Do you agree that this Issue should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with earlier application permitted as of the beginning of a fiscal year provided the vendor has not previously issued financial statements for any period within that year?*

The governing principle on implementation should be "as soon as possible." We deal with companies making accounting changes all the time and it is quite common and understood within the industry that even a change within a fiscal year is acceptable when accompanied by retroactive adjustments to earlier periods in the year of adoption for best comparability.

We hope these comments help the process in allowing for financial reporting for software-enabled devices to better reflect the underlying economics. For any follow-up remarks over the phone please contact Gus Zinn at 913-236-1763.

Sincerely,

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