

# Accounting For Customer Acquisition At ADT Corporation



# Introduction

Growth through acquisition of customers in subscription business such as ADT Corporation is well explained in the “Accounting for Customer Acquisition at ADT Corporation” case. ADT Corporation a global security and automation solution provider has the issue how to invest in acquiring customer and still provide accurate reports of their financial status. It also looks at issues arising from different modes of accounting and their consequences in terms of business strategy.





# Capitalization vs. Expensing

Another factor which gives a company a lot of headaches is whether to capitalize or expense the customer acquisition costs; this is one of the biggest challenges that ADT Corporation has to solve. The use of capitalization may give an impression of a stable Company performance while in the same time masking the effects of high acquisition costs.



# Strategic Considerations

The case reveals that it is strategic for accounting practices to be in congruence with business strategy.

To support this for ADT, having a proper balance between customer attraction and firm revenues and profits reporting is recommendable. ADT being a company in a competitive industry has to ensure that it controls its expenses to support growth and at the same time make profits to please investors.







# Conclusion

The 'Accounting for Customer Acquisition at ADT Corporation' case shows how the fundamental decision of verifying the outcomes of financial decisions in a context of high growth industry is not an easy task. It is therefore important to select the appropriate way for making an allocation of the customer acquisition costs.



# RESOURCE

This is just a sample partial case solution. Please place the order on the website to order your own originally done case solution.

Resource: Visit [thecasesolutions.com](https://thecasesolutions.com) for detailed analysis and more case studies.