



Why Is Billing So Important?

We all know that “cash is king” is the mantra of any well run business. Cash is the fuel that drives growth when times are good, and the cushion that helps weather the storm when times are rough. Yet few companies focus on optimizing all the business processes that get cash “in the door”.

To start, let's look at the process of “getting cash in the door” in more detail. First, many steps are involved in the process. A customer has to initiate the process, compelling products and services with pricing that attract attention need to be available and easy to understand, the order needs to be created and fulfilled, billing preferences need to be established, and payment collected.

While this process seems basic, it can vary widely from one type of business to another. More or less complexity can impact one or several steps in the process. Self service, call center, or in-person order processes might vary. Credit policies and payment options might vary by type of customer or size of order. All of these things and others can impact the customer experience at any stage in the process and kill the transaction, leave a bad taste with the customer, or hopefully, create a loyal and satisfied high-value customer.

For purposes of this white-paper, we call this overall process - Customer Life-cycle Management (CLM). It is the end-to-end integrated workflow processes that are involved in any customer interaction. This broad definition is key because

optimizing the complete “customer life-cycle” from the point at which a customer interaction is initiated, to the point in time when the business has access to the cash from that interaction, is an area of critical importance and often overlooked or not well understood.

A Competitive Advantage

Since customer interactions often involve multiple steps, moving from one step to the next involves risk that something might go wrong and negatively impact the customer experience. Billing automation and an integrated, end-to-end customer life-cycle management solution approach help to minimize the risks by providing seamless workflows and a unified 360° view of a customer's current and past interactions with your business. With complete, accurate information available to your customer service representative, or to your customer directly, customer satisfaction can be maximized.

This is critically important in recurring revenue/subscription-based business models where an on-going series of interactions form the customer experience, and ultimately, the business' ability to reliably “get cash in the door”.

These businesses must manage customers in terms of interactions rather than transactions. Effective order, billing, and payment processes enable organizations to optimize their most frequent communications with their customers in a whole new way. In other words, the billing process is no longer simply a routine, isolated back-office activity, but rather an integrated business strategy that provides competitive advantage.

All Too Common Billing Misperceptions

Even in this hyper-competitive day and age, where the Internet has made customer choice easy to attain and bad experiences are broadcast far and wide, order management, billing, and payment processes are often an afterthought.

Anyone responsible for the success of a recurring revenue/subscription-based business knows the cost of not executing well can be significant. No one can afford to lose valuable customers because of order, billing, or payment problems. Worse still, a business' growth potential could be limited or even hampered if it can not adapt and offer flexible billing and payment methods to attract new customers. Who wants to tell the CEO the new product launch will be delayed or the new pricing strategy will not work because “we can't bill for it”.

Unfortunately, there are several common misperceptions and mistakes companies make when choosing and implementing a billing solution.

Wrong Tool for the Job. A back office system is put in place and while it might meet one critical need (order management, processing credit cards, simple invoice generation, etc.) it does not meet the end-to-end requirements of the total customer life-cycle - customer self-service, activation & provisioning, usage processing, delivery, billing options and processing, payment processing, credit and collections, etc. This “wrong tool for the job” problem often occurs because businesses think a complete solution would be too costly to acquire as well as integrate, customize and then modify, as the business needs change. It is not uncommon to see “home grown” systems built when the business was small that struggle with scale and flexibility, extensive customization to make multiple systems “talk” to each other, or extensive manual processes and spreadsheets used to hold the entire process together.

Success Requires a Plan. For many companies, the back office consists of a plethora of individual point solutions including accounting software, a merchant account, spreadsheets, paper-based fulfillment, and lots of notes. Not surprisingly, these systems don’t scale as the business grows or form a seamless workflow process. A real plan for scalability and interoperability need to be part of the initial product/service requirements. Volume of transactions and invoices, complexity in pricing, taxation, inventory, workflow, payments,

or sales channels, and integration with complimentary systems all need to be considered in advance and the underlying billing and CLM solution must be able to be configured to support these key customer-oriented processes, now and into the future.

We’re Simple, All We Need is a Merchant Account. “All we need is Salesforce.com, Quickbooks, and a merchant account and we’ll have automated everything we need - CRM, accounting, and payment processing.” Seems to make sense at first blush, but when you consider ALL the functions performed through the customer life-cycle with your product or service there are significant gaps that create real risk.

Critical questions include - How will you track marketing campaigns and automate channel fulfillment? How will you automate your reseller network? How will you automate the delivery of your product or service, including activation and provisioning? How will you collect, process, and bill usage? How will you create and manage pricing plans that generate business? How will you communicate with your customers? How will you handle exceptions? (credits, refunds, dunning, late payment, service suspension, etc.) How do handle changes to external systems? How will you scale you business? How will you react quickly and effectively to changing market dynamics?

Individual point solutions cannot address all these challenges, and who can afford a large internal programming staff to build and maintain all these systems.

Best Practices for Billing & CLM

Based on our 20+ years of billing & CLM experience across a number of industries, processing billions of transactions for millions of end-customers, we offer a few suggestions for building a successful billing & CLM solution for your recurring revenue/subscription-based business that optimizes existing business and enables long-term growth.

Plan for Billing & CLM Upfront.

Because a recurring revenue business model fundamentally changes the dynamic of the customer relationship, a plan of managing customers, customer interactions, and billing is a critical element in any product or service life-cycle and must be considered early-on in the product management process. Consider a customer’s perspective, you might have the best-in-class product or service, but if you can’t fulfill orders, handle billing and payments, or effectively deal with customer interactions - your customer is likely to find someone else to fill their needs.

Customer Interaction Management and Billing are highly inter-dependent processes.

Did you know that problems with billing is the #1 customer complaint? Seems simple enough, generate an invoice, send a bill, collect payment, and handle the occasional exception. Today, billing can be a competitive advantage when integrated into the end-to-end customer life-cycle process to support all potential points of customer interaction. For example, your customer database is an excellent starting point for identifying your best customers and trends that can make a difference to your bottom line. Easily

accessing, performing analytics and segmentation, and tracking transaction activity are crucial to getting your marketing right and making sure those dollars are spent well.

The Only Constant is Change. You make decisions about how best to monetize your products and services to support your overall business plan. You start with basic subscription pricing, watch demand and how your competition responds, and then react as necessary with changes to your product packaging and pricing plans to get back ahead of the competition. Surprisingly, many companies are “locked into” billing systems that do not enable packaging or pricing changes “on the fly”, or support adapting to changing market conditions without expensive customization. Organizations that plan for change will most likely be the one to survive and prosper in all types of market conditions.

One Size Does not Fit All. No two businesses’ billing and CLM needs are alike, so why force a single solution on them. Strategic value solutions like billing & CLM should be tailorable to fit your individual requirements. This means deployment options that align with your business policies and practices, configuration options to meet, and exceed, your business needs, and solution packages based on your size and complexity. All supported by a full spectrum of professional services and support capabilities to ensure your success, now and into the future.

Outsource with a Trusted Partner. The game is all about monetizing the expertise that exists in your organization and eliminating non-essential costs.

Unless your company has deep billing and CLM expertise and a budget to support it, you should not consider building your own billing & CLM system, or integrating several point solutions in-house, as tempting as it may seem. There are a number of solutions readily available on the market that can address your billing needs and allow you to deploy resources in your organization to spend more time delivering great products and customer service.

So What Makes a Great Billing & CLM Solution?

Performance, scalability, reliability, and accuracy should be given when evaluating solutions. Years of experience and depth of expertise can set suppliers apart. And a passion for customer service can make for a trusted partner in your long-term success. But what are the key features of a great billing & CLM solution?

Native support for all types of customer touch points - web, call center, in-person, kiosk, or sales channel partner. Customers expect access to tools that enable them to manage their own accounts and customer details. Yet for all the hype around the Internet, a majority of customer interactions still originate over the phone, in-person, or through the reseller. Often, these are the most sensitive and critical customer interactions making executing well even more critical. A single solution should be able to manage all these types of interactions to ensure consistency, real-time response, and customer satisfaction.

Flexible Automated Workflow and Communications Capabilities.

Customer interactions are a series of workflow processes. They need to work the way your business does and run seamlessly to deliver great service. Communicating with your customer and doing it in a more personalized way sets you apart from the competition. A Communications capability that is configurable and can be scheduled according to events or triggers is a key element for delivering personalized communications that keep your customers informed.

A Complete Transaction History that enables a 360° customer view and auditable visibility into your business.

Customer self-service capabilities are a great new tool for customer management. Customers love the convenience, and businesses love the cost-effectiveness of the tool. Problems can be resolved in a fraction of the time resulting in better customer satisfaction. Point solutions and legacy systems make delivering this valuable capability nearly impossible to achieve reliably or cost effectively.

Easy Integration with Complimentary Systems. Billing & CLM are not an island unto themselves. Their greatest value is best realized through automated integration with complimentary applications that form the overall technology ecosystem for the business. The integration should be cost effective, easy to implement and maintain as changes occur within any of the systems. For example, nearly all functions, business processes and data structures should be available via APIs, which use industry

standards such as web services and XML to communicate with external systems, both on-demand and on-premises.

Bill for Anything and Support Any Type of Pricing Plan. Traditional billing systems are limited by the types of products and services they can support and the flexibility of their pricing capabilities. You need a solution that is product and service agnostic that can support any type of measurable unit of billing, delivered in real-time or batch, supporting a wide variety of activation and provisioning approaches. Additionally, pricing should be a strategic tool that helps you beat the competition. Flexibility is needed to create pricing plans, bundles, packages, promotions, and discount strategies. Pricing sandboxes should be available so marketing and product management can see the impact of a pricing decision before it is deployed into production.

Flexibility to Support Any Type of Business Model. Different business models exist and your requirements may involve B2C, B2B, retail, wholesale, multi-level reseller, or any combination. You should have a solution that supports the way you do business. For example, support should be provided for an n-tier hierarchy structure to enable complex billing for multi-level programs and plans such as reseller programs, corporate accounts, partners, and family plans. Features should include data security, custom branding at different levels in the hierarchy, custom billing and pricing based on level, custom usage presentation based on level, CSR support at all levels, and hierarchy support for reporting throughout the system.

Security and Privacy Should be Taken Very Seriously. The solution must ensure the secure protection of your business data and the private information of your customers, including privacy control, data security, secure log-in, transaction tracking and audit trails, PCI and CPNI compliance, and data center best practices.

A Seamless Upgrade Path as Your Business Grows. A Billing & CLM solution that can not grow with you is not a good investment, nor is a solution bloated with unnecessary features. You should be able to get a solution that meets your needs today and offers configuration options and upgrades to add new capabilities as your business grows and changes.

For example, many software companies never envisioned offering their software as a service on their own hosted hardware infrastructure. Many have been caught flat footed and saw new competitors arise and take market share away from them. Creating a SaaS product offering was one challenge but just as important was being able to bill for this recurring, usage-based business model. These challenges are playing themselves out over and over again in many different industries as technology advances such as the Internet, high-speed data capabilities, and wireless communications options disrupt traditional methods and spawn new competitors.

Fleet footed product managers shouldn't also have to worry about whether they can bill for the product or service. Your billing & CLM solution should offer a migration path to greater feature &

function sophistication, as well as complimentary add-on capabilities that extend the value of your investment without introducing yet another 3rd party system into the mix.

BillWise's Connect:SM A Better Way to Run Your Billing

Superior customer life-cycle billing solutions. Real-time business visibility. An open, on-demand platform. Easy administration and configuration without programming. You can have all these things and the highest rate of customer success and satisfaction with a lower total cost of ownership.

Contact us to learn how BillWise can help you run your billing, on-demand.

1-949-484-4601

sales@billwiseinc.com

www.billwiseinc.com

