BillingPlatform

Building a Budget for Billing System Replacements

A Leadership Resource

How do you not just survive—but excel—in today's ever-changing world of monetization and finance management? Are there steps you can take this upcoming fiscal year to leverage new technology that ensures both the success and growth of your business or project? An essential step for project management executives is crafting a comprehensive and efficient budget plan that serves as the foundation to improve financial processes, drive customer value and increase revenue.

As you prepare to present your annual budget strategies and business process innovations to your executive board or leadership team, it's imperative to take an in-depth look at your short and long term objectives, strategic implementation goals and overall strategies.There are often things you haven't considered when it comes to monetization—and it's those items that can prove challenging as you implement billing changes, as well as navigate economic uncertainty in the year ahead.

BillingPlatform has compiled a detailed guide to building a budget for cloud-based billing and monetization systems that can ensure your success. Our goal is to guide you through the financial planning process, so you can present a comprehensive financial picture that considers every aspect of planning for a billing system or technology upgrade. It's more than just dollar amounts. We invite you to consider the whole picture and present an educated monetization initiative that supports the organization's strategic objectives and business goals.

Let's Talk Expenses

Your business is going to need to budget for different expenses for expanding or upgrading cloud-based billing systems depending on the diversity of your revenue streams, industry sector and growth aspirations. Here's some things to consider when planning for these types of business initiatives.

Software

Your simplified/base cost listed in the contract

You can determine this using a quote/RFP from your preferred vendor after discovery takes place. This is the cost for the billing system software access only.

Service Fees

1.2 x first year software fees

This could be more depending on the level of services offered by the vendor. In-house professional service fees are a best practice and should be offered at an enterprise level.

Support

Plan for onboarding and continuing costs

Consider additional costs associated with ongoing support and maintenance that are not included within the initial scope of work.

3rd party Considerations

Integrations from 3rd party vendors and legacy systems

You can determine this using a quote/RFP from your preferred vendor after discovery takes place. Remember, this is the incremental cost for the specific 3rd party system integration services only.

Going Beyond Dollar Amounts

One key area to consider within your budget goes beyond simple costs of materials or expenses—it involves the planning of both resources and personnel. Unexpected labor costs can quickly add up and derail projects. Here are four common mistakes that can be avoided.
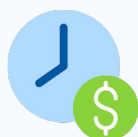
MISTAKE 1
Lack of Project Management

- Your initiative needs a dedicated project manager for the entire implementation process
- Invoicing personnel/Comptrollers need to have their roles backfilled or handled by a third party. You cannot do both this work and 'regular' monthly invoicing and be successful.
- Ensure key business and financial operations remain smooth and ongoing with minimal disruption with a focused team approach

MISTAKE 2
Make this a Key Project for Every Department

- This is a strategic investment, do not pull in-house project managers previously assigned to other key areas without filling their roles. Keep a dedicated focus.
- Many other functions of your business rely upon successful implementation of a billing system. Have clear goals and timelines approved and supported by management.
- Anticipate issues and plan for ongoing adjustments to schedules if other priorities arise. Plan to provide long-term and ongoing support for items such as training for personnel.

MISTAKE 3
Not Understanding Linking Technology (Time = Money)

- 3rd party integrations can often slow the implementation process. Your implementation can only advance as fast as other linked technology allows. This includes current and legacy systems.
- Prepare for technology and support in the interim. Consider what systems will be temporarily in place during implementation. Understand how your personnel and resources will transition to this new billing system.

MISTAKE 4
Not Considering the Implications of Building vs Buying a Solution

- If you choose to build a new billing solution in-house to improve your process, you must have a dedicated IT and software team that can fully solve or meet all your requirements.
- If you elect to buy a new billing solution, you need to fully understand all aspects of your financial and invoicing processes, including pricing, rating and bundling scenarios. Asking key questions that we've outlined below will help you make these determinations.
- BillingPlatform has provided an additional in-depth look for even more build vs buy considerations that you'll need to make for your budget. Don't miss our 'Solving the Build vs Buy Dilemma' whitepaper.

Common Questions To Ask
Before You Get a Billing System Quote

When you're planning your budget, you'll need to make a decision about which enterprise-level billing solution to purchase that you think can best support both your customers and business needs. Remember, every billing solution looks the same - unless you know what to look for. Consider these questions:

1. Can the System Support Pricing, Rating and Bundling Without Custom Code?

There is wide variation across billing systems in terms of what pricing models they can support.

Some are built to deploy simple subscription models, while others can handle highly complex rating schemes. Very few can support businesses with multiple pricing models and unique customer segments.

2. Does the System Support Event- or User-driven Invoice Cycles?

Businesses that want to offer tailored pricing to customers without burdening their finance teams need billing solutions that can automate invoicing around specific triggers and custom behaviors. To maximize billing efficiency, systems should be able to integrate with other applications and execute critical billing tasks automatically.

3. Does the System Include Configurable Usage Collection and Data Mediation Capabilities?

Businesses that want to deploy new-age pricing and create value from networks of smart devices need advanced billing capabilities. Most out-of-the-box systems require that data is prepped before it enters the billing engine. Sophisticated solutions, on the other hand, can ingest any kind of quantitative information related to any industry and process it rapidly.

4. Does the System Support Multiple Currencies and Languages?

Those with global operations must be able to recognize revenues in different currencies, languages and time zones without complicating core billing operations. Additionally, they must be able to comply with tax laws and private data regulations in every region.

5. Does the System Separate Product, Rating Method and Price?

Enterprises that want to evaluate how their products perform at every level should be able to separate product type, rating method and price. Otherwise, it's difficult to understand key metrics related to core offerings.

6. Can the System Adapt to Varying Business Processes and Data Models?

Billing systems vary widely in terms of data model flexibility. Most legacy billing applications limit how much users can reconfigure the underlying data model, thereby forcing finance teams to adjust operations accordingly. Some cloud-based billing solutions, in comparison, offer the ability to conform to the needs of the enterprise.

7. Can Workflow and Approval Rules Be Built for Any Object in the System?

By automating critical billing activities, organizations can accelerate cash flows and eliminate wasteful manual effort. When implemented effectively, automated billing saves time and enhances the overall accuracy of billing processes. Enterprises with large product catalogs and customer bases should consider billing solutions that support highly granular workflows.

8. Can the System Support Different Access Levels Based on User Role?

Billing systems process high volumes of private financial data. Therefore, organizations must have complete confidence that customer data is protected, as well as some element of control over who can access that information. Solutions differ in how they approach user access and permissions.

9. Can Business Users Directly Modify the Application Without Programming Support?

Enterprises that want to scale and grow without having to tap external vendors need cloud-based billing solutions that are designed for flexibility. That way, finance teams don't have to request custom code or IT support every time they want to make minor changes to data models or automated billing workflows.

10. Can the System Automate Produce Customer-specific Invoice Templates?

A majority of billing systems allow companies to apply their own branding to invoices. However, only a select few enable organizations to create custom invoice templates for specific customer segments. These solutions also allow enterprises to attach supporting documentation, which is helpful for auditing purposes or meeting contractual obligations.

Taking A Deeper Look

Answering these questions will give you a much clearer understanding of your potential billing vendor's capabilities. Ultimately, you need to find the solution that will support your organization's goals and ensure you can deliver a positive billing experience to customers for years to come. BillingPlatform takes an even deeper dive into these questions in the 'The 10 Questions to Ask Before Committing to a New Billing System' whitepaper.

The Revenue Lifecycle Management Process

In making the decision to replace or upgrade your billing software, your business should also consider your entire monetization process when evaluating potential vendors. To avoid disjointed and inefficient process integration, you'll need to understand how you manage key financial metrics and other core monetization capabilities.Your goal is not to engineer yourself into a corner with technology that limits your ability to scale. Your automated quote-to-cash processes should be integrated in your technology and should be capable of supporting complex revenue issues.

When selecting a billing vendor, here are some core monetization and process capabilities your business will need to evaluate

Configure, Price, Quote

Understand how your software manages all of your revenue in one single platform, including configuring, pricing, quoting (CPQ) and billing. Your business models can also quickly pivot, so make sure you have an extensible software platform designed to scale.

Revenue Management

Software should simplify revenue management by streamlining revenue recognition with automation, accuracy and auditability. Make sure your business can identify trends and manage your invoices in multiple currencies and languages.

Order Management

Ensure the software can handle subscriptions, recurring revenue and physical product transactions with built-in advanced usage processing, pricing and invoicing capabilities, including rules-based charging, exceptions and overrides in a single solution.

AR & Collections

Manage accounts receivables (AR) and collection activities with clear dashboards and reporting. You'll need software that conforms to the specific needs of your business, allowing you to easily track and automate collection activities, send notifications when accounts are overdue and manage payments.

B2B e-commerce Portal

Consider software that offers real-time access to securely manage accounts by allowing customers a self-service online portal or hosted payment pages. B2B customers are looking for options to manage their accounts online, view invoices, download statements and make payments.

Integrations

Connect to leading ERP, CRM, Tax and Payment systems to seamlessly synch data to create secure and efficient revenue management processes. Avoid unnecessary delays and costly IT projects with simple integrations.

The BillingPlatform Solution - Delivering Business Results

It's not enough just to think about dollar figures on a RFP or quote. Setting up a budget for your business or project requires a comprehensive overview of both time and resources.

BillingPlatform is the only company that offers a truly comprehensive, agile and buildable cloud-based platform that can meet any billing need. We help enterprises in every industry all over the world automate billing processes and monetize their business with no-code configuration capabilities.

We also provide professional services and support that ensure you can anticipate costs and budget accordingly to meet those needs. We've provided guidance, service and support in the most complex billing scenarios across all industries- from communications, transportation, utilities, media, high-tech and more.

Talk with a BillingPlatform Expert Today

If you have questions or would like to learn more, contact us: **billingplatform.com/contact-us**