



**BillingPlatform**

# **Comprehensive Guide to Automated Billing Processes**

Challenges, Benefits and  
Best Practices

# Executive Summary:

## Challenges and Benefits

Most businesses, whether communications, transportation, utilities, media or high-tech, have complex billing practices that can become cumbersome and time intensive. Billing becomes particularly frustrating when adding new product packages, discounts or promotions, which are critical to your success.

Automation can greatly improve billing processes, allowing you to focus less on operations and maintenance and more on innovation and growth. With the right billing solution, you can automate many processes, from data collection to product discounting, as well as invoicing and customer communications. An automated billing management system can greatly improve productivity and help your company save money.

If you are looking at improving your billing practices or selecting a new billing vendor, it's important to keep in mind that billing systems should conform to your business, not the other way around. An agile billing platform should simplify complex processes, dramatically reduce operating expenses, and increase your speed to market.

The purpose of this whitepaper is to highlight the challenges most companies face in billing; describe how automated processes benefit organizations; explore considerations for selecting a system to meet your needs; and understand the features that are critical to your billing automation success.

# What Are the **Billing Challenges** in Today's Environment?

As organizations grow and develop, increasingly complex billing practices place extra demands on customer management for the finance and accounting departments. Building trust and loyalty secures customer confidence. However, issues with billing can quickly undermine the customer relationships you work so hard to establish. This chapter explores some of the common causes of billing errors and sluggishness that affect department efficiencies and erode customer confidence.

Most companies use a mixture of both manual and automated processes to manage their billing operations. This combination often results in disjointed and complicated tasks. This error-prone approach doesn't have to be the norm for all businesses. However, to overcome these issues, your organization will first have to address these four culture problems:

- Fear of change
- Lack of training on new software
- Not understanding the full benefits of automation
- Legacy processes and technology systems

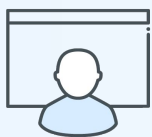
## Common Billing Challenges



### Manual Spreadsheet Processes

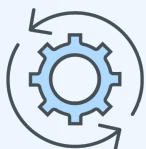
Manual billing is time-consuming and often inefficient because it's susceptible to human error. The time required is costly because each customer invoice requires a finance employee to manually perform the calculations or adjust spreadsheets. This can create an endless catch-up cycle, depending on the number of employees available, and often these processes slow invoice delivery and payment.

Manual processes often cannot keep up with customer requests. In some cases, customers will alter a plan or service requirement, and the customer expects those changes to take place quickly. With a manual process, the accounts team may not have been informed, resulting in a time lapse between the customer requirement and the updated order.



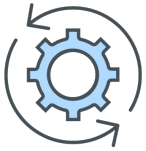
### Human Error Risks

Not surprisingly, moving information between spreadsheets leads to errors and miscalculations. In addition, once an error is realized, it can often take a long period of time to rectify and, in turn, causes unnecessary friction with customers.



### Resource Mismanagement

The combination of manual and semi-automated billing processes leads to a heavy dependency on IT team members to resolve back-end issues. Chasing down billing issues wastes time and leads to frustration not only for IT but also the finance teams who must wait to become a priority.



## Taxation Inefficiencies

Calculating taxes in separate states or countries manually creates multiple problems. Calculations for each region can be complex and change frequently. Changing tax rates constantly need to be researched and recalculated, wasting valuable time when taxation can easily be automated.



## Manual Invoicing Errors

Companies with large invoices containing an array of charges are sometimes bogged down when a customer disputes a single charge. One solution is to split a large invoice into multiple, smaller invoices and send each to the appropriate approvers as soon as the product or service is delivered. The problem is that doing this manually can be a long, error-prone process that is impractical for your business to sustain.

Manual invoicing is inefficient and complicated, especially when you offer different levels of service or discounts.



## Cumbersome Discount Processes

Loyalty programs and discount offers need to be managed closely so the correct payment terms are applied with accuracy and speed. Discounts help organizations grow their business and increase revenue flow while building brand loyalty. However, delivering the promised products or services to purchasing customers at the right price can be complicated. Attempting to manage these items manually leads to significant slowing and errors.

New offers and discount pricing need to be resolved with the general ledger quickly and efficiently to speed up revenue recognition and realize any increase. Additionally, automating discounted offers can reduce many of the associated manual errors.



## Bulky Product Catalogs from SKU Proliferation

One of the biggest challenges of the billing process is a sprawling product catalog created by rampant SKU proliferation. Using manual billing techniques or traditionally inflexible billing systems, retailers and other businesses can't separate price configuration from a product's identifier (stock keeping unit or SKU). As a result, they must create a new version of a product identifier just to offer it at a different or lower price.

In businesses that require promotions and discounts to stay competitive, billing techniques of this type quickly result in unmanageable product catalogs with multiple product identifiers all representing the same product at different rates. Keeping track of these catalog identifiers and ensuring that customers are charged the right price bogs down your billing and finance teams.

## Case Study: Taxation Inefficiencies

Calculating state taxes was slowing down a restaurant's corporate headquarters, delaying invoices to its franchise owners. In addition, the invoices were complicated and placed high demands on the finance department, which had to manage questions from confused franchise owners.

Automated billing was the answer for the large retailer. By implementing automation along with an integrated taxation application, headquarters sped up the overall invoice process for its franchises. This new efficiency allowed the franchises to present error-free invoices and receipts across regions.

# Benefits Offered by Automated Billing

Automation removes human error from the equation, minimizing risk while increasing speed of delivery and efficiency. You'll minimize time spent on answering questions on invoices and you'll maximize customer satisfaction.

Automation immediately offers your organization the ability to focus on innovation and business strategy. Overall, this new focus can only increase your ability to compete and succeed in the market.

## The Benefits of Billing Automation



### Supporting Growth and Innovation

Manual billing is time-consuming and often inefficient because it's susceptible to human error. The time required is costly because each customer invoice requires a finance employee to manually perform the calculations or adjust spreadsheets. This can create an endless catch-up cycle, depending on the number of employees available, and often these processes slow invoice delivery and payment.

Manual processes often cannot keep up with customer requests. In some cases, customers will alter a plan or service requirement, and the customer expects those changes to take place quickly. With a manual process, the accounts team may not have been informed, resulting in a time lapse between the customer requirement and the updated order.



### Adjusting and Invoicing Pricing Tiers

Billing automation makes tiered pricing and other pricing tiers easy to manage. For example, your team can simply configure the attributes of your pricing tiers within the billing system and then apply metered usage for invoice purposes. So, if a customer upgrades or downgrades their account within a portal, their feature tiers are modified automatically along with their invoicing attributes. So, rather than manually tracking the customer's selected tier, the system automatically tracks thresholds defined in the tier without your team having to lift a finger. In addition, an automated billing system can easily calculate the value associated with tiered pricing based on the volume of an order or customer usage—saving your team from the risk of human errors.



### Contract Management

Maintaining contracts automatically, rather than manually, means customer data is secured and information is delivered in the correct manner. Implementing a robust and flexible billing system with built-in contract lifecycle management allows you to manage multi-year contract rates and payment terms automatically, giving you confidence your contracts are managed without compromising your organization's business goals.



## Adjusting and Invoicing Pricing Tiers

Having an automated billing system means that customers can receive automated messages. For example, with automation you can notify customers when a contract is nearing renewal or a credit card payment has failed.

With event-based automation, you can apply triggers to send emails or messages whenever an account status is changed or simply notify customers about an impending due date. This transparency helps build strong customer relationships and loyalty while avoiding delays in payment and or costly customer churn.



## Cost Savings

Automated billing solutions solve common challenges resulting in cost savings. The savings arise from improved accuracy with reduced human overhead. For example, the sooner an invoice is processed and sent, the higher likelihood it will be paid on time. By automating the billing processes including invoice processing, your finance and operations teams will have more time to focus on other, more productive tasks.



## Improved Discounting

Discounts and associated loyalty programs can be delivered efficiently with automation. Rather than changing calculations manually (or risking having to remember to do it), a discount code can be configured in a single place and applied to all affected invoices immediately.

With this automation, discounts and promotional packages don't create extra manual work every renewal period. Instead of tracking numerous promotional packages, the discount can be configured as needed for individual situations. Manually applying discounts is time consuming and challenging, whereas automation makes this a simple, one-time task.



## Reduced Product Catalog Bulk

The primary cause for creating too many products in the product catalog, or SKU proliferation, is an inflexible billing system that ties pricing, rating method and/or usage directly to the product. Without the ability to decouple the price, rating method, and usage logic you are forced to create separate products in your system to sell the same product at different prices or from different sources or in different ways (ex: subscription in one context, metered in another).

Automated billing systems offer agile configuration that decouple products from their pricing and processing—in fact you can configure multiple attributes of a product for greater billing flexibility. Most notably, you don't need to create multiple SKUs for the same product, but simply alter the price attribute.

This decoupling also enables the ability to price at an account contract level or along a deep account hierarchy independent of the initial product definition, usage source or charge routing rules.



## Resolving Financial Queries

Automated responses to customer and account queries increase customer satisfaction and greatly impact word-of-mouth marketing. When a customer has a bad experience when requesting an account change or receiving a refund, that customer is less likely to repeat business but will certainly share that experience with peers and potential customers. Automated billing puts greater control into the hands of your customers, delivering an improved brand experience.



## Improved Business Intelligence

With an automated billing system, your billing is often integrated with back-end financial systems, connecting information across the organization's financial ecosystem. Additionally, system extensions can automate critical processes with taxation, ERP and CRM platforms, ensuring the organization delivers a complete, end-to-end quote-to-cash experience.

With a connected financial ecosystem, you can gain valuable insights into critical business metrics. These metrics can impact future business models allowing for further growth and development. Analysis is likely to highlight areas of challenge that can now be investigated and properly rectified, but also identify areas of success that generate the most revenue.

# 10 Implementation Strategies for Automation Success

Implementing an automated billing system gives your organization the opportunity to look at what it wants from a billing system, not what it currently has. For most businesses this means choosing a new billing solution more suited to current needs.

The key is to start with change in mind. Don't let prior processes or legacy issues dictate your choices moving forward, the aim of automation is increased efficiency and moving beyond processes that no longer serve your business.

## Considerations for Implementation

The following considerations can be utilized as a guide to implementing a billing solution that efficiently automates your billing practices.

### 1. Proactively look for billing efficiencies.

It's necessary to understand inputs and outputs and the reasons behind them to create an efficient system. Consider the possible need for global pricing and future growth. Tiered pricing for different aspects of products and services must be considered, so the system is ready to evolve as the organization does.

### 2. Seed end-user control, not IT intervention

By focusing on configuration, not custom code, the need to rely on developers is removed. When implementing a billing system, you should be able to easily configure an intuitive interface that allows your end users to easily accomplish their tasks. Flexible billing solutions can be configured to support your business models without the need for IT intervention.

### 3. Research available options

Technology can feel a little overwhelming, so consult industry analyst reports for wider perspectives and clarity. Consider industry best practices throughout the process. This will ensure focus is applied to the alignment of end goals and objectives.

### 4. Early adoption from stakeholders

To maximize the overall deliverability of a billing system, it's crucial to involve key stakeholders from other business units early in the process. Identify partners in functional areas of the business and any vendors that may need to be included. Critical departments, such as IT, operations, as well as accounting, need to help define how the billing system should function. Their input will also generate positive ideas for different functions and end users to create a useable and successful system. 1234

### 5. Set up a working committee

Working with an interdepartmental committee provides a 360-degree view of departmental feedback, ideas and concerns. It's important, however, to be mindful of scope creep. Evaluate ideas from stakeholders and users but know where the hard-line sits. This will enable you to move forward in the process and make decisions to obtain the end outcome of automation.

## 6. Parallel testing phase

Let your current system run parallel. Don't go for a live launch and switch off legacy processes. This concurrent launch provides a chance to iron out any glitches without affecting day-to-day operations. It will also highlight areas where changes need to be made to achieve a fluid process.

## 7. Define the financial ecosystem

Consider integration with other systems, such as data warehousing, partner systems, project management software, CRM systems, or ecommerce systems like POS. Automation should work across all areas, otherwise you are back to a mixture of manual and semi-automation. A functional, automated billing platform will support business agility and changes within your market and organization's needs without the need for heavy IT involvement.

## 8. Say goodbye to legacy

Design and implement with automation in mind. Be ready to leave legacy processes behind and take the steps forward to allow an automated process to give the maximum benefits and ability to move forward.

## 9. Focus on objectives

Don't lose sight of what the organization wants to achieve. Prioritize tasks and functions to create a workflow that connects business units and scales to meet your needs. Decide which outcomes are the highest priority and work forward from this point. Look at the areas that are 'need to have' and the areas that would be 'nice to have' to decide on the best levels of prioritization.

## 10. Plan for unknowns

Contingency planning should be built into the implementation and launch phases. Look at upstream challenges that will impact the phases of onboarding across all business units not just accounting or finance.

### The Don'ts

When configuring an automated billing platform, AVOID:

**Focusing on current limitations – Remember that you don't need to be bound by legacy processes.**

**Forgetting to build contingency planning – Deadlines need to hold some flex in case of outages or integration challenges.**

**Assuming you know everything – Make sure you involve the stakeholders early on and understand what you want to achieve from the platform.**

**Ignoring future benefits – Look at future sales and marketing projections so you're sure the selected system can be easily configured in the future.**

**Underestimating the need to change – Products and services change, and your billing platform will also need to be able to evolve.**

# 4 Features for Automated Billing Best Practices

When selecting a billing vendor, it's important to keep in mind that the billing system should conform to your business, not the other way around. A truly agile monetization platform should simplify complex processes, dramatically reduce operating expenses, and increase speed to market.

Below are four capabilities that make these benefits possible.

## Dynamic Rating Logic

For organizations whose products don't fit into the traditional metered or subscription models, there's a solution that provides tremendous flexibility without requiring custom code or add-ons. Dynamic rating logic using configurable formulas allows you to charge based on any dimension or logical path.

The ability for business users to formulate complex algorithms for rating is supported by self-aware systems that give access to the underlying data structure. This allows your business to build decision logic around elements of the customer, product, or other components of the surrounding business environment like time or region—all without IT intervention.

Classic examples of logic-based rating are: incentives for off-peak hours, preferred usage discounts, and pricing based on physical dimensions such as length and width. With configurable dynamic rating logic, you are free to design and control your strategic product and pricing initiatives with the necessary speed and specificity.

## Advanced Workflow Automation.

Workflow allows you to automate key business processes around events, attributes, or time. It adds a configurable layer to an information system that transforms it from a simple data repository to an aware servant to your business operation.

For example, many vendors offer this feature to remind customers when their subscriptions are about to expire, automate dunning flows, apply logic or rule-based discounts, etc. But some companies require more advanced automation that can only be accomplished on a truly self-aware, metadata-driven monetization platform.

Advanced workflow easily automates simple credit card expiration notifications, communication with other systems, rate adjustments, taxes, penalties and so on. Additionally, the advanced features support comprehensive business logic, formulas, and rules that can be easily defined without having to hire a developer to write and deploy custom code.

Advanced workflow capabilities give your organization the ability to provide advanced automation that can seamlessly execute pricing events based on specific conditions; trigger custom invoice, credit, or CPQ approval flows; or automate sophisticated mediation and charge routing processes. It essentially gives the organization a way to quickly and creatively support and automate any business or system process.

## Business Productivity Toolkit

This feature allows you to easily create sophisticated extensions to your application without having to write thousands of lines of code with lengthy release cycles. With a business productivity toolkit (or web toolkit), you can rapidly deliver powerful, user interface widgets that greatly enhance end-user productivity utilizing simple tags and JavaScript commands.

Toolkits help you simplify complex products packages, allowing you to quickly assemble pricing packages across a catalog of thousands of product and services with and apply multiple discounts when needed.

Essentially, the toolkit gives you the creative control to enhance your front-end application. This has the added benefit of helping team members work faster and with more accuracy, in turn giving your organization and its customers the best service possible.

## Event-based Billing Cycles

Companies with large invoices containing an array of charges are sometimes bogged down when a customer disputes a single charge on these massive invoices. One solution is to split a large invoice into multiple, smaller invoices and send each invoice out to the appropriate approvers as soon as the product or service is delivered. The problem is that doing this manually can be a long, error-prone process.

The good news is that this entire process can be easily automated with a feature called event-based invoicing. This feature allows you to define invoicing cycles based on a single event (or group of events), which signals the close and delivery of an invoice. Event-based triggers also provide the ability to group like charges around a defined filter to split invoices along a defined boundary.

Customer invoices are delivered automatically when triggered, creating a real-time, targeted invoicing process that can significantly simplify and accelerate the order to cash process

**The above features are just a few examples of how a self-aware, agile monetization platform can significantly influence a business's ability to be competitively responsive and operationally efficient. In today's market, the need for speed is greater than ever. Automation gained through advanced information systems is a key component to lowering costs and realizing efficiency. These key components are borne on a metadata platform that enables businesses to rapidly and specifically define the ways in which this new automation behaves within the boundaries of their specific business model.**

# Remaining Competitive and Efficient

If you have a complex billing process, your enterprise will benefit greatly from automating as much of your billing as possible. This allows you to focus less on maintenance and operations and more on innovation and growth.

This paper highlights numerous billing processes that can be automated. However, it also indicates that automation is not a simple fix for a single process. With a flexible solution, you can configure multiple aspects of your billing process, from rating and invoicing to payment processing and event-based triggers. The key is determining which manual processes are causing the biggest challenges and finding a solution. An agile billing platform can significantly influence your ability to be competitively responsive and operationally efficient. In the new world of technology and globalization, the need for speed is greater than ever. Automation gained through advanced information systems is a key component to lowering costs and realizing efficiency.

Automating critical billing processes is the first step toward taking control of an organization's billing procedures and maximizing efficiencies. Furthermore, your enterprise must ensure the automated billing system is robust enough to cope with changing market demands, positioning your products for the evolution that digital transformation requires for continued success.

Comprehensive Guide to Automated Billing Processes

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BillingPlatform is the only company that offers a truly comprehensive, agile, and configurable cloud-based platform that can meet every billing need. We help enterprises in every industry all over the world automate billing processes and monetize their business.

There is no limit to the customizations and extensions organizations can create in BillingPlatform's highly configurable, low-code environment



## 10 Questions: Guide for Billing System Vendors

Selecting the right billing system is critical. To help you move forward with confidence, BillingPlatform put together these 10 questions

<https://billingplatform.com/10-questions-to-ask-vendors>



## Talk with a Billing System Expert

If you have questions about billing systems, let our experts talk with you about them.

<https://billingplatform.com/expert>



## Schedule a One-On-One Demo

If you have questions about billing systems, let our experts talk with you about them.

<https://billingplatform.com/demo>

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BillingPlatform's monetization and billing software solution transforms enterprises to embrace digital transformation. This dynamic, cloud-based platform adapts to every unique business model and pricing structure. BillingPlatform provides the most agile and comprehensive solution available including billing, revenue recognition, reporting, and other critical financial functions. With global customers across multiple industries including communication, transportation, technology, utilities, and media, BillingPlatform processes millions of transactions and billions of dollars every year enabling enterprises to grow revenue, reduce costs, and improve overall customer experience.

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