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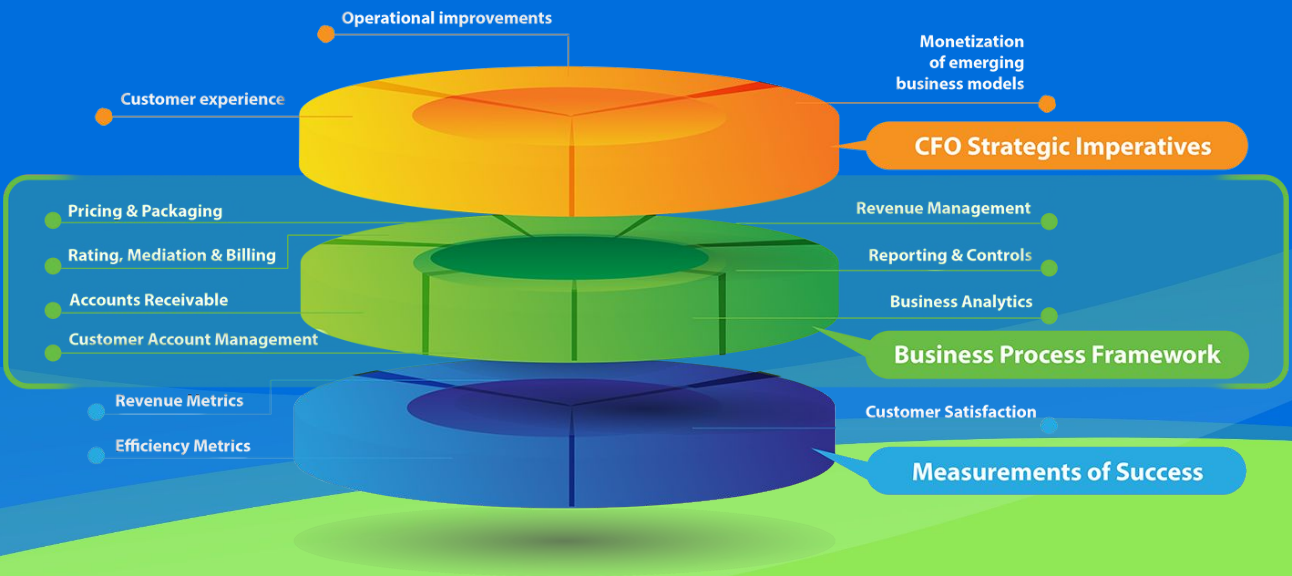
A CFO's Roadmap to Revenue Lifecycle Modernization

Part 2: 7 Dimensions Of Monetization: A Framework For Success



Let's Get Practical

As we learned in [Part 1 of our 3-part series](), CFOs and other financial leaders can make significant strategic contributions that add value to their company.

In particular, they can impact customer satisfaction and retention, optimize internal processes to increase efficiency and profitability and they can drive the monetization of new business models that increase revenue.

The limitations of legacy CRM and ERP systems are the biggest hindrances to making these things happen, because those legacy systems were not designed to handle the complexities of billing and monetization required to compete and win in today's economy.

In this document, we want to share real, practical tools you can use in your own company to implement the changes necessary to realize the value of these strategic imperatives.

Current and Future Needs

Overcoming the limitations of legacy enterprise software remains a primary challenge for business leaders.

Leaders need to analyze the gap between current system capabilities and the "future-state" systems the company would need to grow new revenue streams, better support customer expectations and capitalize on areas of improved efficiency.

At BillingPlatform, we see companies that are perfectly fine using spreadsheets and legacy systems to perform all their billing and revenue management tasks at their current volume inside their current portfolio. Problems don't arise until volume increases or they want to offer additional products, services or business models.

Legacy systems and outdated processes are simply not sustainable in the long term

Outdated legacy systems can actually become a hindrance to business growth. However, implementing new systems and processes takes time and can delay taking advantage of available opportunities. As the gap widens, it becomes more difficult for companies to bridge. Smart leaders need to look forward and anticipate the changes we are talking about and begin planning for any upgrades well before needing the additional capabilities.

There is one other way that **sustainability is relevant to the office of the CFO**, and that is in customer retention.

Because the economy is shifting away from long-term contracts, it becomes even more important to do whatever is necessary to retain existing customers and keep them happy. Happy subscription customers become more profitable over time, leading to higher customer LTV and increased spending, higher retention and lower churn, all of which are important factors for the CFO to consider in making investment decisions.

Perform a Self-Assessment

Once the company leadership has agreed on strategic investments and priorities to move the company forward, they begin to set goals around where they want to be a year to five years down the road.

A maturity model can be a very helpful framework for companies looking to assess and improve their capabilities in a specific area, moving them to that next target level. Each level of a maturity model represents a set of characteristics, practices, processes and outcomes the organization can strive to achieve.

Our goal with this document is to provide you with a roadmap of best practices and guidelines to help you develop your own maturity model for the processes where you need to identify areas of improvement and define a path towards higher levels of maturity and effectiveness.

At BillingPlatform, we have worked with many customers over several years to collect the data that has gone into these guidelines.

We have seen companies operate across 4 basic levels of maturity:

Ad-hoc

This is where companies usually begin, doing processes manually, often uncoordinated and not connected to the company strategy. They are just getting done the things that must be done the best way they know how, working in silos with no integration.

Structured

Companies will then begin to formalize processes and start to integrate efforts between silos. Most of the work they are doing is still manual, performed independently, but they may start using Excel or similar tools.

Coordinated

As they begin to look for efficiencies and productivity improvements, companies will start to invest in automation and systems to perform more complex processes. Those processes support a strategy that is becoming more clear and organizations are better aligned.

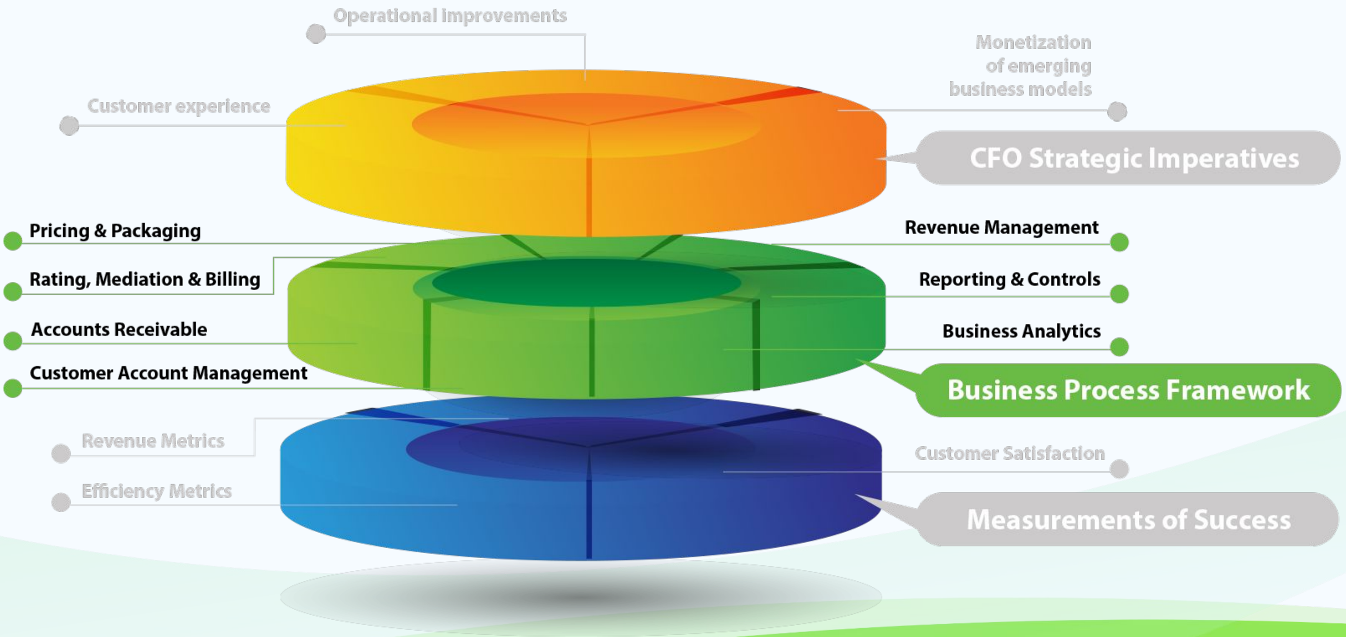
Optimized

Companies invest in dedicated systems that manage complex processes at a high level of execution. There is a strong focus on data-driven decision-making. Processes and systems align with corporate goals and are reviewed and improved.

In the next section, we will begin discussing the processes we feel are critical in supporting the CFO's initiatives and the company strategy. For each of those processes, feel free to look at your own company and identify where you might fall in a maturity structure, as we have just outlined.

The Framework:
Seven Dimensions of Monetization

We have identified **7 business-critical processes** across the revenue lifecycle that companies need to master if they want to see the growth, productivity and customer satisfaction results they are looking for.



SEVEN DIMENSIONS OF MONETIZATION

Pricing & Packaging

This dimension focuses on the processes that support sales in generating the revenue that keeps the company growing and increasing customer loyalty. It starts with determining the appropriate pricing strategy and building product or service packages that align with customer needs and maximizes value for the customer and for the business.

What is Your Company's Maturity Level?

Ad-hoc

All manual processes: external pricing sheets, in-person approvals, manual JE's into low-end ERP. No system integration. Scale by adding headcount.

Coordinated

Automated system(s) to handle advanced pricing. Easier to launch new models; less IT involvement. Integration with ERP and CPQ

Structured

Spreadsheet processing with upload/download to ERP. Some system reporting that require manual intervention. Heavy reliance on IT to deliver new pricing models.

Optimized

Smart, automated system to streamline processes and increase productivity and agility of sales team. Quick and easy launch of new pricing models. Advanced reporting and analytics.

Pricing and packaging includes the following steps

(with others as needed):

Deal configuration and compatibility, ensuring the products or services are configured appropriately based on customer requirements and are compatible with what the company is able to offer.

Developing **pricing/packaging** models includes determining the right price points, bundling options and value-added features to meet customer needs while aligning with the business's financial objectives.

Generation of **timely and accurate** quotes helps to streamline the sales process and provide customers with clear pricing information, shortening the sales cycle, enhancing transparency and facilitating faster decision-making.

Identifying **upsell and cross-sell** opportunities in order to offer additional products, services or upgrades to existing customers, increasing customer LTV, fostering loyalty and driving revenue growth.

Developing a well-defined **go-to-market (GTM)** strategy ensures efficient product launches and market penetration. It involves market research, positioning, marketing campaigns and identification of effective distribution channels. **Time-to-value** refers to the speed and effectiveness with which customers can derive value from their purchase.

Establishing clear and favorable **contract pricing terms** is important for ensuring transparency, managing customer expectations and avoiding disputes. It helps in defining the terms of the engagement, pricing structures and any applicable discounts or incentives.

Transitioning customers from the sales process to the implementation and delivery of services through efficient **service onboarding**, ensuring customers quickly and effectively start using the product or service, leading to higher satisfaction and faster time to value.

Periodically adjusting prices to account for inflation or other changes in market conditions through **CPI uplift**, ensuring prices remain competitive and aligned with the cost of delivering products and services over time.

Key Takeaways
Pricing and packaging strategies impact revenue, customer perception, segmentation, predictability, upselling, customer retention, market expansion, feedback loops, and investor confidence. By getting these strategies right, a company can establish a strong market presence and achieve sustainable growth.

SEVEN DIMENSIONS OF MONETIZATION

Rating, Mediation and Billing

Once the sale has been made, companies need to have a robust billing and revenue management cycle in order to deliver accurate and timely billing for the products and services consumed by customers. This dimension focuses on streamlining the billing process in order to ensure accurate billing, facilitate revenue management and maintain or increase customer satisfaction.

What is Your Company's Maturity Level?

Ad-hoc

Manually generated bills and invoices. Can only handle simple, flat monthly subscription charges. Manual tax application. Scale through headcount.

Coordinated

Standalone or home-grown system to manage usage-based models, mediation, proration, free trials, etc. Monthly invoices sent automatically to customers. ERP and tax engine integration.

Structured

Spreadsheets used to manage simple subscription models with minor changes and limited usage rating. Monthly invoice/bill runs. Tax calculations from linked spreadsheets.

Optimized

Dedicated system to handle up to the most complex usage-based models. Full entitlement management. Automated bills are prompt and accurate, with tax rules applied automatically.

Rating, mediation and billing includes the following steps:

Charging models define how pricing is structured based on different factors, such as usage tiers, volume discounts or metered usage. Having well-defined charging models enables accurate and consistent billing, aligning revenue with the value delivered to customers.

Usage rating is important for businesses using a model that charges for usage or consumption. Think of data usage, minutes, storage capacity, etc. Accurately capturing usage information and rating it correctly–applying the correct charges based on defined pricing structures–ensures accurate bills based on actual data.

Discount and rebate application allows companies to apply changes in pricing on top of pre-defined rules, ensuring customers receive the appropriate discounts or incentives. This increases customer attraction and builds loyalty, while improving the accuracy of billing.

Mediation involves collecting, aggregating, standardizing and processing usage or event data from various sources. Mediation is critical in consolidating data and transforming it into usable billing information.

Taxation rule application is an important part of billing calculation that ensures compliance with tax rules and regulations. It provides customers with the most accurate billing and helps the company avoid potential penalties.

Subscription management involves managing proration, renewals and uplifts to ensure smooth management of subscription-related billing and revenue continuity.

Entitlement management is the process of providing customers access to the products, services or features they are entitled to based on their subscription or purchase. It helps maintain customer satisfaction and avoid unauthorized access to the product.

Billing presentment is crucial for maintaining transparency and trust with customers and facilitating prompt payment. By presenting the bill or invoice through a variety of channels, companies can ensure that invoices are delivered accurately and in a timely manner.

Key Takeaways

These may not necessarily reflect the order these processes happen in your organization, but collectively, they ensure accurate and transparent billing, facilitate better revenue management and improve customer satisfaction.

SEVEN DIMENSIONS OF MONETIZATION

Accounts Receivable

Now, we turn to the processes around receiving and collecting payments and accurately accounting for them. It is important to optimize the Accounts Receivable processes to streamline cash flow and mitigate financial risks.

What is Your Company's Maturity Level?

Ad-hoc

Payments and collections done manually, in a silo. Minimal reporting available and revenue is leaking via slow collections process. PCI compliance on the radar.

Coordinated

Most credit card and check payments handled electronically. Online payment options for customers. Systems better integrated and automated. Fully PCI compliant.

Structured

Limited electronic payment options. Spreadsheets used to track payments and collections; some integration into larger company. Cash app and check payments handled manually. PCI compliance complete or nearly there.

Optimized

Complete A/R system integration provides real-time visibility. Online customer payments made via dedicated portal. Automated cash application. Full PCI compliance.

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Accounts Receivable includes the following steps:

Defining and enforcing A/R policies maintains consistency and standardization in managing customer payments. These policies outline procedures for invoicing, credit terms, payment terms and dispute resolution. Enforcement of these policies ensures clarity, reduces payment delays and minimizes the risk of bad debt.

A company's ability to **accept payments** through various methods is essential to revenue generation. Offering payment options improves customer satisfaction, accelerates cash flow and reduces the likelihood of payment delays.

Cash application is the process of matching received payments with outstanding customer invoices or accounts, ensuring payments are correctly allocated and preventing errors or discrepancies in customer account balances.

Updating customer account ledgers in order to track outstanding balances, record payment history and maintain a comprehensive view of each customer's financial status. This improves customer communication, increases the accuracy of reporting and makes collections management more efficient.

Managing collections procedures involves proactive follow-up on overdue payments, sending reminders and initiating collections activities to ensure timely receipt of outstanding balances. Effective collections management helps minimize delinquent accounts, reduce cash flow gaps and maintain a healthy financial position.

Regular reporting on A/R metrics provides insights into the financial health of a business, customer payment patterns and overall collections performance. Key metrics such as aging reports, days sales outstanding (DSO) and collection effectiveness index (CEI) enable monitoring, analysis and decision-making to optimize cash flow and identify areas for improvement.

PCI DSS compliance ensures the secure handling, processing and storage of sensitive payment data and helps the company build trust, reduce risk of data breaches and avoid potential legal and financial consequences.

Key Takeaways
When implemented correctly, these processes contribute to improved cash flow management, reduced delinquency rates, enhanced customer relationships and strengthened financial stability. Additionally, PCI compliance ensures the security of customer payment data and protects the business from potential liabilities.

SEVEN DIMENSIONS OF MONETIZATION

Customer Account Management

This dimension focuses on the processes that help a customer manage their account with a company, make changes to their contracts, inquire about billing and obtain customer service.

What is Your Company's Maturity Level?

Ad-hoc

Customer service is provided via email and managed on paper. Manual changes to contracts are difficult and time-consuming. 100% agent-driven.

Coordinated

Round-the-clock customer support via help desk, phone, email, chat, etc. Still need an agent to make contract changes. Rudimentary online portal gives limited status info.

Structured

Customer service tickets can be submitted via a help desk or email. Changes to bills or contracts largely manual. Phone support available during working hours. Still mostly agent-driven.

Optimized

Customers fully manage their accounts online to update billing and change contracts. Agents available as needed. Solutions like knowledge base and FAQs available before contact with an agent.

The customer account management includes the following steps:

Customer service agents play a crucial role in providing assistance and support to customers. They help address inquiries, resolve issues and ensure customer satisfaction. Effective customer service agents prioritize responsive and effective communication with customers and maintain positive customer relationships.

Giving customers access to manage their own account empowers them with options to review their accounts, make payments and amend existing subscriptions or add new products and services. This element enhances customer convenience and reduces reliance (and expense) on customer service agents.

Making changes to contracts and billing accommodates customer requirements and ensures billing accuracy. Allowing customers to modify their subscriptions by making changes to payment methods or contract terms helps maintain flexibility and adaptability in the customer relationship.

Providing support for **upselling and cross-selling opportunities** allows businesses to maximize revenue potential by focusing on customer needs, recommending relevant offerings and facilitating the sales process. This helps drive customer growth and revenue expansion.

Key Takeaways
Effective customer account management strategies contribute to a positive customer experience, increased satisfaction and business growth.

SEVEN DIMENSIONS OF MONETIZATION

Revenue Management

The revenue management dimension focuses on ensuring revenue is properly accounted for and compliant with the most recent FASB/IASB accounting guidelines.

What is Your Company's Maturity Level?

Ad-hoc

Minimal defined processes around criteria, timing and methods used for revenue recognition, with limited documentation of such. Reporting and compliance are spotty, at best.

Coordinated

Standalone revenue recognition systems or ERPs are utilized to manage simpler parts of the process, while complex aspects are performed manually in spreadsheets.

Structured

Revenue recognition processes are defined and documented, but aren't complete. Linked spreadsheets are a primary tool. Processes run monthly and need considerable review.

Optimized

Fully operational, integrated revenue recognition system allows the company to recognize revenue in real-time throughout the period. Period close, audit and financial reporting processes are thorough, swift and accurate.

Revenue management includes the following steps:

Revenue accounting policy definition and enforcement involves establishing clear and comprehensive revenue accounting policies in line with accounting standards (such as ASC 606) and industry regulations. It ensures consistency in revenue recognition practices across the organization and compliance with relevant guidelines.

Compliance with accounting guidance is crucial to ensure accurate revenue recognition. This step involves understanding and implementing the requirements outlined in the guidance, which helps maintain legal and regulatory compliance.

The Five Steps of ASC 606 establish a framework for revenue recognition. The steps include identifying the contract with the customer, identifying the performance obligations, determining the transaction price, allocating the transaction price to the performance obligations, and recognizing revenue as the performance obligations are satisfied. Following these steps ensures proper revenue recognition and adherence to accounting standards.

Support for contract modifications: As business circumstances change, contracts with customers may require modifications. This step focuses on managing and supporting contract modifications while ensuring compliance with accounting standards. It involves evaluating the impact of contract changes on revenue recognition and making necessary adjustments.

Enforcement of controls and systems ensures accurate and reliable revenue accounting. This step involves establishing internal controls, utilizing appropriate systems and software, and conducting regular audits to monitor and enforce compliance with revenue recognition policies and standards.

Revenue recognition involves recording revenue transactions in the sub-ledger and general ledger (GL) systems. Accurate recording of revenue ensures proper financial reporting and supports decision-making processes within the organization.

Reporting and visibility focuses on generating timely and accurate reports related to revenue, ensuring visibility into revenue performance. These reports provide insights into revenue trends, variances, and key performance indicators, enabling informed decision-making and financial analysis.

Key Takeaways

Effective revenue management processes ensure revenue is recognized in accordance with established policies and accounting standards, while also prioritizing compliance, control enforcement and accurate financial reporting.

SEVEN DIMENSIONS OF MONETIZATION

Reporting and Controls

Companies need to determine how they are going to track historical data to see how they are performing against their objectives. They do this by establishing accounting controls and implementing detailed data collection and reporting. The dimension of reporting and controls helps companies ensure accuracy in financial reporting, accountability and compliance.

What is Your Company's Maturity Level?

Ad-hoc

Manual reporting, based on exports of data from legacy systems, generated for month-end. Audit preparation is difficult due to disparate systems.

Coordinated

System collects past performance data and provides regular reports fairly easily. Audit prep is easier with a fairly reliable paper trail. 80% of the data coming out of various systems is reliable and accurate.

Structured

Data collected manually from a variety of systems, but defined processes are in place. Regular reporting is done, but is not complete or very useful. Audit prep is slightly easier, and at least has a defined schedule.

Optimized

Fully-integrated system generates accurate, complete reporting in real time. Audit prep is easy, as everything is well tracked and documented. Reports are accurate, timely and reliable.

The following elements are critical parts of the process:

Establishing and managing accounting controls and corporate governance builds the foundation for a robust financial management system. Implementing effective practices helps ensure the accuracy and reliability of financial data. This process involves implementing internal control procedures, segregation of duties and adherence to accounting standards and regulatory requirements.

Audit preparation includes organizing financial records, documentation, and supporting evidence for external or internal audits. Proper preparation ensures that the necessary information is readily available to auditors and helps streamline the audit process.

Generating data-driven reports on past performance shifts focus to analyzing financial data, key performance indicators and other relevant metrics to evaluate the organization's historical performance. Data-driven reports provide valuable insights for decision-making, strategic planning, and performance evaluation.

Key Takeaways

By following this logical order, businesses can establish a strong financial management framework, ensure compliance and accountability, and leverage data-driven insights to drive informed decision-making and continuous improvement.

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SEVEN DIMENSIONS OF MONETIZATION

Business Analytics

The dimension of business analytics takes reporting and controls one step further and uses accurate and–preferably–real-time data to make strategic decisions and plans and to monitor the company's performance in a variety of areas.

What is Your Company's Maturity Level?

Ad-hoc

Decisions are made on past performance, as reports are available, with no forward-looking data to rely on. Any analysis is done manually, as needed.

Coordinated

Better integration into key systems makes dashboards more accurate and useful for decision-making. Automated reporting capabilities. Data stored centrally and available to multiple systems.

Structured

System provides dashboards for executive insights but data is not always updated or accurate. It takes too much time to gather data, as not all systems are fully integrated.

Optimized

System provides real-time analysis and insights. Data is accurate and timely, stored centrally, easily accessed by anyone who needs it and a critical tool in the executive toolbox.

The business analytics dimension consists of the following processes:

Real-time data for analysis and decision-making provides up-to-date information on various aspects of the business, such as sales, operations, customer behavior and market trends. By utilizing real-time data, organizations can respond quickly to changing circumstances, identify opportunities, and address challenges promptly.

Once real-time data is available, the next step is to perform **data analytics and generate forecasts of future performance.** This element involves analyzing historical and current data to identify patterns, trends, and correlations. By applying statistical models and forecasting techniques, organizations can project future performance, anticipate market dynamics, and make better strategic decisions.

Executive dashboards are a valuable tool for presenting summarized, visual representations of key performance indicators (KPIs) and metrics (read more in Part 3). This element focuses on providing a concise and easily understandable view of the organization's performance to executives and decision-makers. Executive dashboards offer a holistic view of critical metrics, enabling leaders to monitor progress, identify areas of concern, and make data-driven decisions.

Key Takeaways

Building a robust business analytics function allows companies to leverage real-time data for immediate analysis and decision-making. Subsequently, they can utilize analytics and forecasts to gain insights into future performance, and finally, present the summarized information through executive dashboards for effective monitoring and strategic decision-making. This process facilitates agility, proactive planning, and the ability to seize opportunities in dynamic business environments.

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Monetization for the Modern Enterprise

BillingPlatform provides the power needed to automate enterprise-grade revenue lifecycle processes. From subscriptions to sophisticated usage-based pricing models and everything in between, we meet the challenge of modern monetization.

Highest Ranked By Leading Industry Analyst Firms

FORRESTER

The Forrester Wave™

Recurring Billing Solutions, Q1 2025

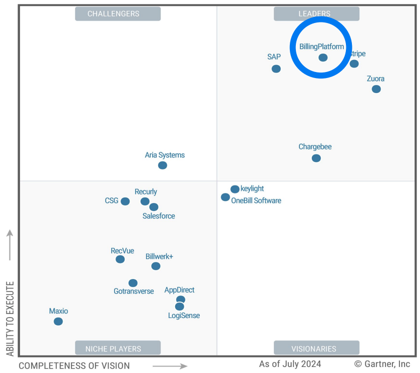
Industry Leader

Gartner

Magic Quadrant™

Recurring Billing Applications, 2024

Industry Leader



MGI Research

MGI 360™ Ratings Report

Agile Billing Vendors, May 2025

Ranked #1