

WHITEPAPER

# Solving the Build vs Buy Billing Dilemma

The Practical Approach to Weighing Your  
Options for a Billing Solution



**Billing Modernization Success Kit**

a 5 part series from BillingPlatform



## Executive Summary:

# Should I Build or Buy a Billing Solution?

(The answer may surprise you.)

When it comes to replacing your billing system, or choosing a new billing solution to support your revenue lifecycle management requirements, one of the difficult questions you will face is whether to build a custom software set or purchase a solution from a vendor. Both approaches have their advantages, however, they are oriented towards different end goals.

There are a variety of factors to consider when making the build vs. buy decision but at the end of the day, your customer must be at the center of your decision so you can quickly pivot as new customer needs emerge. This whitepaper explores the details to help you determine the right path for your organization and your customers.



# BUILD

Build It Your Way

## The benefits of building a billing solution in-house

One of the biggest advantages of building a billing solution in-house is that you can design your solution to do exactly what you want it to do. Your team has complete control over every element of your billing system’s functionality, from invoicing to integration. Going this route enables you to customize the billing experience to address the specific needs of your customer base, therefore enhancing their connection to your products or services.

With an in-house build, you maintain oversight of your solution’s testing, development and deployment. You can be confident it will integrate well with existing applications and systems. You can also ensure that billing operations meet the necessary regulatory requirements for your specific industry.

## Understand Your Billing Requirements

Billing systems interact with multiple critical business units and systems. Determining your initial design requirements is vital to creating the right solution for your business. Before beginning a custom billing software build, there are multiple stakeholders you should consult, such as product, sales and finance.



## The following questions can give you a starting point from which to plan:

- 1 How many customers will be served this year, and 5 years in the future?
- 2 Who will use the billing software?
- 3 Which pricing and rating models must be supported today, and in the future?
- 4 What billing frequencies will you offer - monthly, quarterly, semiannually, only?
- 5 Will you need to maintain customer contracts?
- 6 Which systems will the billing system need to integrate with?
- 7 Do you need a configure, price, quote (CPQ) engine?
- 8 Will revenue recognition be manual or automated?
- 9 What languages, currencies and taxable regions need to be supported?

### Answering those questions will help you build the internal requirements document for your billing solution.

You may find that multiple departments need buy-in before you begin development; finding the right developers and creating an efficient team is another challenge. Do you hire outside talent? Which skills are most important? How will the system be maintained over time? Additionally, whenever possible, the development team should be led by someone who has billing software experience.

Many decision makers get sidetracked when thinking about the appearance or cost of a software solution, but if it doesn't meet your key requirements you will soon find yourself back at the beginning of the build cycle.

## When You Should Build: **Expertise and Availability**

Businesses that choose to build their own billing software can benefit as any issues can be resolved in-house, and the system can be tailored to your unique business requirements. However, this option may not be feasible for all businesses.

The custom-build path only makes sense for companies that have dedicated development and IT operations teams with billing system expertise. Build-it-yourself options may also be a smart choice for smaller organizations with simple subscriptions or one-time charges for digital services which only require simple billing systems to solve these basic requirements.

# Factors to Consider for Building



## Type of products and services sold

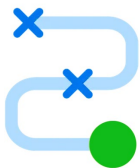
If you are selling products or services that end after the purchase is made, building a billing system might make sense.

However if you are selling subscriptions and usage-based\* products and services, the sophistication in how to bill, the ability to gather data from multiple systems and the ability to recognize revenue for those products increases exponentially. In addition, the system should allow business users to make changes, whether that's creating new pricing models or adjusting existing pricing.

\* By 2025, 75% of enterprise software providers will offer a consumption-based or transaction-based pricing model in their portfolio, up from 35% today.

**Gartner**

Software Pricing as a Competitive Advantage for Tech CEOs



## Lack of Functionality

If you have searched for billing solutions and existing vendors do not meet your functionality requirements, then you might benefit from building your own customized solution. Building a solution can offer complete control over your operation and the ability to meet 100% of your business requirements.



## Technical Skills

Building a system from scratch requires an expert team of software developers who are capable of developing a cost-effective revenue management solution tailored to your business needs. Companies in the software or technology industry have the expertise and resources needed for custom development. Other industries will have to consult with proven experts to create the right development team.



## Upfront and Ongoing Support

Who will be responsible for providing end-users with training and ongoing support? It is critical to consider the resources you have available and plan in advance in case you need to expand your organization.

## Drawbacks for Building It Yourself

On the downside, creating an in-house billing solution will take a significant amount of time to develop and support—a clear disadvantage in today’s fast-paced world. And if requirements are not clearly thought-out, or the business changes course during development you will likely encounter scope creep.

Additionally, systems built in-house require in-house expertise to maintain. IT teams may need to shift focus to the billing solution for lifecycle changes, upgrades, security controls, changes to pricing models, or any problems that arise. Any changes to billing operations become a tax on your IT team, and may slow the business’s ability to react to market needs. Additionally, as with any homegrown product, you run the real risk of overlooking important considerations and requirements that an experienced commercial vendor would have already vetted and validated.

## 4 Answers You Need Before You Decide to Build

Developing and maintaining a custom billing solution can be an asset to your company’s success. The financial aspects of your products can be fully integrated to give you a competitive edge. However, as a critical part of your business, billing processes are intricate and fraught with complications.

**The following questions will help your operations team set a solid path for billing success:**

1

**Do you have, or can you hire, skilled resources to develop, test, and maintain an in-house system?**

Building a successful and efficient billing solution takes time and expertise. Additionally, updates will be needed for new feature introductions and system modifications. Do you have a dedicated team to ensure development, change management, quality assurance, and testing?

2

**Does your existing infrastructure allow for hosting, backup, and security for an in-house billing system?**

Billing information is critical; it requires a solid infrastructure for hosting, backup, and security. You may have an appropriate ecosystem in place with your core SaaS offerings. Can you ensure that your storage and delivery infrastructure supports your application, and that it will scale with your company’s growth over time?

3

### How will you secure customer data and maintain compliance?

There are important compliance requirements to consider for your billing solution. GAAP, PCI, ASC 606/IFRS15, and SOC compliance are important to many businesses, and the security of customer data is vital to all business operations. Are your resources prepared for the vigilance needed to respond to these ongoing demands?

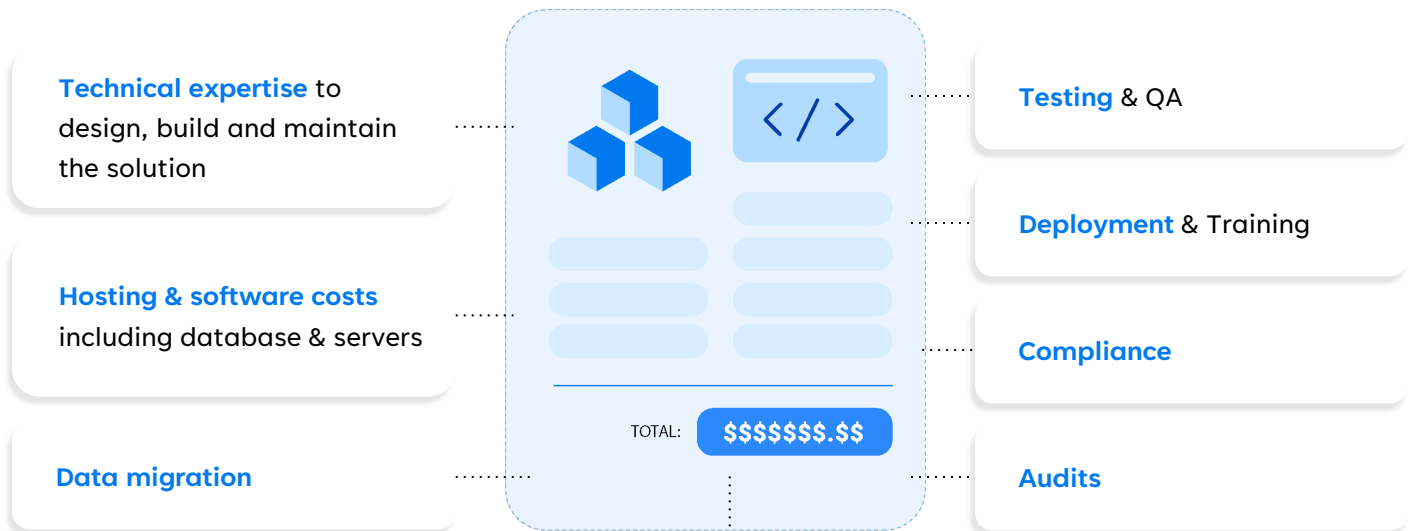
4

### Can your team develop with the future in mind?

As your business grows, new needs and requirements emerge as business conditions change. Each of these developments means more billing customization from your IT team. Can your billing solution offer the agility to grow with your business or will it require constant customization?

## Predicting Total Cost of Ownership

The cost of in-house billing solution development and maintenance is impossible to define without proper investigation of your specific business case and requirements. However, there are several factors to keep in mind when assessing the cost:



**Integration and software cost for third-party products:**  
 CPQ, CRM, ERP, Provisioning, Data Mediation, Taxation, Payment Management, Debt Management, Revenue Recognition, Analytics (Business Intelligence/Artificial Intelligence)

# Weighing Your Options for Building a Solution



## BENEFITS

- ✓ Customized to your business needs
- ✓ Meets customer expectations
- ✓ Control in implementation and testing
- ✓ Integrates with critical applications
- ✓ Meets regulatory requirements

## DRAWBACKS

- ✗ Demands significant investment
- ✗ Requires lengthy development time
- ✗ Demands critical financial experience
- ✗ Taxes in-house resources for support and ongoing operations
- ✗ Risk of overlooking important requirements



# BUY

## Buy Billing Expertise and Experience

### The benefits of buying a billing solution

Purchasing a commercial, off-the-shelf billing system can save your organization a lot of development time and money. Rather than allocating resources and expertise towards an in-house build, you can rely instead on the experience of a third-party vendor.

When you buy a billing solution, you are purchasing a pre-built, pre-tested, purpose-driven system. Some billing solutions on the market are plug-and-play systems which don't require major changes to existing IT infrastructure. They can integrate with internal applications without causing any issues in billing operations or the customer experience.

With a purchased solution, deploying a new pricing model when needed is simplified. In some cases the billing vendor will offer a pre-built structure to support a new pricing approach. For some billing systems, new product launches are easily supported.

### When Purchasing Makes Sense

Advances in technology have led to the development of a number of affordable and efficient cloud-based billing management solutions. Many businesses opt for Software-as-a-Service (SaaS) solutions, as the implementation of these billing systems are faster, and the ROI is easier to measure. It also means investing in highly developed technology that has been built by industry experts.

Additionally, industry knowledge gained by the billing vendor can work in your favor. A key differentiator when comparing software vendors is their level of specialized knowledge and experience. Some vendors may have supported companies similar to yours, so the billing system would be a good fit. Be wary of finding yourself locked into a single business model, though. See the “Conformity” section on the following pages for more information.

## Factors to Consider When **Buying a Solution**



### **Time and Budget**

Buying an existing solution can be more cost effective and offer faster roll-out compared to building your own solution from scratch. If you have a limited budget and need to implement the system in the short term, a pre-built solution can be great fit for your organization.



### **Professional Services and Support**

Getting expert advice from a vendor who has deep expertise in billing solutions and your industry is necessary when your company lacks the technical proficiency required. Professional services and support can be provided in a variety of ways, including a Helpdesk, online help guides, and a dedicated customer service manager who provides guidance and best practices to ensure maximum return on investment.



### **Innovative and Competitive Solutions**

It is important to ensure that you find an adaptive system that’s being updated and maintained continuously. These partner solutions are more likely to adapt as your needs change and take a flexible approach. As software vendors constantly have their finger on the pulse of industry trends and ongoing customer needs, commercial vendors continually acclimate and enhance features that are provided free of charge or as add-ons.



### **Open Connectivity**

Not only is it important that the billing system is compatible with any existing business processes you have in place, it’s also important that you are able to connect to critical third-party software solutions. By choosing a vendor that can easily connect and integrate with multiple external systems, you are able to support a fully integrated financial ecosystem.

## The following questions will help your operations team set a solid path for billing success:

1

### **Can business users create pricing, rating, and bundling scenarios without custom code or external programs?**

Software providers must allow businesses to change their billing approach as needed. If your business's pricing, rating, and bundling change over time, the billing system should allow for easy and intuitive changes. Can the system future-proof your monetized offerings?

2

### **Can invoice cycles be automated to make critical workflows more manageable?**

While most billing systems provide for ad-hoc invoicing, fewer systems offer automated recurring cycles through simple interface. Does your vendor offer event-based charging cycles and consumption-based charging cycles without a protracted professional services engagement?

3

### **Does your billing system include fully configurable usage collection and data mediation/transformation capabilities?**

Calculating billing charges based on customer usage requires mediation with other applications such as sales systems, operational systems, and often your products. This usage data must be structured so that a billing and rating engine can calculate dollars owed. Can the vendor provide this structured data for your pricing model without additional technology or service agreements?

4

### **In cases where a product requires multiple list prices for customer packaging, how many SKUs are required?**

When you launch product promotions, traditional billing systems require a unique Stock Keeping Unit (SKU) for each product combination and list price. This makes management and tracing product success difficult. Modern billing systems can separate product and pricing attributes, allowing for simplified customization and agile promotion capabilities. Does your billing vendor offer flexibility in pricing and product management?

5

### **Can the system's structure be easily configured to support varying business and data models?**

While most billing systems can conform to your business needs, many require custom code to accommodate changes. Does your vendor offer a solution that can be easily modified with point and click configurability?

# Weighing Your Options for Buying a Solution



## BENEFITS

- ✓ Saves on development time and money
- ✓ Provides expertise in billing processes
- ✓ Offers data backup and protection
- ✓ Delivers latest monetization and billing innovations
- ✓ Quickly scales to accommodate business changes and growth

## DRAWBACKS

- ✗ May require conformity of pricing models
- ✗ Cost to customize the solution
- ✗ Possibility of purchasing features that are not needed
- ✗ Reduced control of key business information
- ✗ Risk of disruptions to customer relationships

# The Best of Both Worlds: Buying a Configurable Billing Platform

## Build with Confidence | Buy Expertise

By choosing a cloud-based billing platform with a metadata application model, organizations get the best aspects of both the build and buy approaches. A metadata billing management platform offers the configurability of a solution built in-house with the plug-and-play convenience of an off-the-shelf system giving your business the agility to build out the platform as new customer needs arise.

With a flexible platform you can modify the solution to meet the unique needs of your organization. This allows support for complex pricing, such as usage-based models, without having to commit internal resources to a build, or compromise your business preferences with a vendor's rigid system. With a truly configurable billing platform offering a metadata architecture, organizations can have a robust billing solution that is highly extensible and flexible.

## Metadata Architecture: What It Means

Metadata architecture essentially means that the system's data model is describable - it answers the basic questions of who, what, where, when and why for your data. In very basic terms, metadata provides the ability to build the platform to meet changing business and customer needs.

A billing solution with a metadata architecture can be infinitely extended for easy and robust configuration of business rules, workflow, reports, dashboards, rating, invoicing, APIs, formulas, and even programming. This type of architecture allows you to configure every aspect of the platform to fit your needs.

An extensible platform can interoperate with any data system you need, so it will never become outdated. It can grow and be reconfigured within your organization without altering the platform's core functionality.




The benefit is that you get a system that is always new and continually conforms to your way of doing business on a state-of-the-art infrastructure that can leverage today's cloud ecosystem.



# BillingPlatform | The Best of Build and Buy







## Benefits from the BUILD Side

- 
**Configurable**  
 The platform provides tools that make it easy to configure your quote-to-cash processes to suit your business and customer needs.
- 
**Easy to Use**  
 The platform architecture allows business users to configure workflows and automation without coding knowledge or IT intervention.
- 
**Grow with Your Company**  
 The built-in development framework supports UI, integration and processing for functional scalability that meets your needs over time.



## Benefits from the BUY Side

- 
**Built on Experience**  
 The native cloud-based platform provides powerful features honed from several industries, enabling your business to support diverse products, services and business processes.
- 
**Proven Infrastructure**  
 Our cloud-based platform delivers your solution on state-of-the-art, secure and available infrastructure that scales to meet increasing demands.
- 
**Innovative Business Models**  
 BillingPlatform offers unlimited options for high-volume, B2B and B2C business models, including subscriptions, metered rating, complex invoicing and more on a single solution.
- 
**Billing Without Compromise**  
 With the ability to support out-of-the-box functionality, the convenience of the cloud, and the flexibility to evolve and meet any future demand, our cloud-based billing platform provides a comprehensive solution for companies of any size. Enterprises no longer have to sacrifice important functionality or strategic initiatives, while small and mid-sized businesses gain the expertise of proven billing experts.





With BillingPlatform's Flexible Platform

# You Get the Best of a Build-It-Yourself System with the Best of an Off-the-Shelf Solution

BillingPlatform is the only company that offers a truly comprehensive, agile and configurable 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.

Companies who seek BillingPlatform's guidance in the most complex billing scenarios find a solution that simplifies their operations and increases revenue quickly. We serve innovative customers in industries from communications, transportation, utilities, media, high-tech and more.

## Our billing system enables clients to:

-  Quickly and easily adapt the solution to meet their exact business needs
-  Design dynamic product offerings by supporting every pricing model
-  Integrate critical applications through our open architecture and APIs
-  Gain valuable business intelligence with our integrations and reporting capabilities
-  Develop automated workflows through our built-in engine and metadata architecture



There is no limit to the configurations and extensions organizations can create in BillingPlatform's highly flexible, no-code environment.

## Ready to Learn More?



### 10 Questions: Checklist for Billing System Vendors

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

<https://get.billingplatform.com/10-questions-checklist>



### Talk with a Billing System Expert

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

<https://get.billingplatform.com/contact-us>



### Schedule a One-On-One Demo

Let us show you what BillingPlatform has to offer in a 1:1 demo.

<https://get.billingplatform.com/request-a-demo>



### Ready to Get Started? Download a Sample Billing Platform RFP

Spend 2 minutes to save 20 hours of work. Download our sample Billing Platform RFP so you don't have to make a RFP from scratch.

<https://get.billingplatform.com/sample-rfp>

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BillingPlatform's agile billing software solution gives innovative enterprises the freedom to effectively monetize and deliver products and services resulting in growth and competitive differentiation. Our industry-leading, cloud-based platform adapts to every unique business model and pricing structure. With global customers across multiple industries including communications, transportation, manufacturing, banking, technology, energy, media, and software, BillingPlatform processes billions of transactions and dollars every year, enabling enterprises to grow revenue, reduce costs and improve overall customer experience.