

5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

[Get Started](#)

5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

TABLE OF CONTENTS

The Infrastructure for Modern Pricing and Billing	3
1. Homegrown Systems Cost More	4
2. Impacts Speed-to-Market	5
3. Increased Compliance Costs (And Risk!)	6
4. Limited Analysis Means Limited Upside	7
5. Scalability is Elusive	8
Conclusion	9

5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

THE INFRASTRUCTURE FOR MODERN PRICING AND BILLING

In responding to a sea change in customer demand and expectations, more businesses continue to rapidly move beyond traditional one-time sales business models to embrace business models based on rules-based pricing and recurring revenue streams. From SaaS businesses and leasing firms to new-media properties and transportation companies, organizations are striving to increase their agility to drive deeper engagement with customers.

But that also translates into significant financial and operational challenges for recurring billing and revenue management. How can you scale your operations to support greater complexity and greater transaction volumes?

As a first measure, many organizations logically rely on their existing ERP and custom-built systems- before they realize that those systems lack the functionality and flexibility required to support rapidly-evolving pricing and billing scenarios. Next, those organizations turn to internal IT teams to determine if a new in-house system can fill the gap. In the following pages, we explain how legacy ERP and custom systems cannot address the requirements of modern business practices and fall short of the capabilities delivered by an agile, next-generation monetization platform.



5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

1 Homegrown Systems Cost More

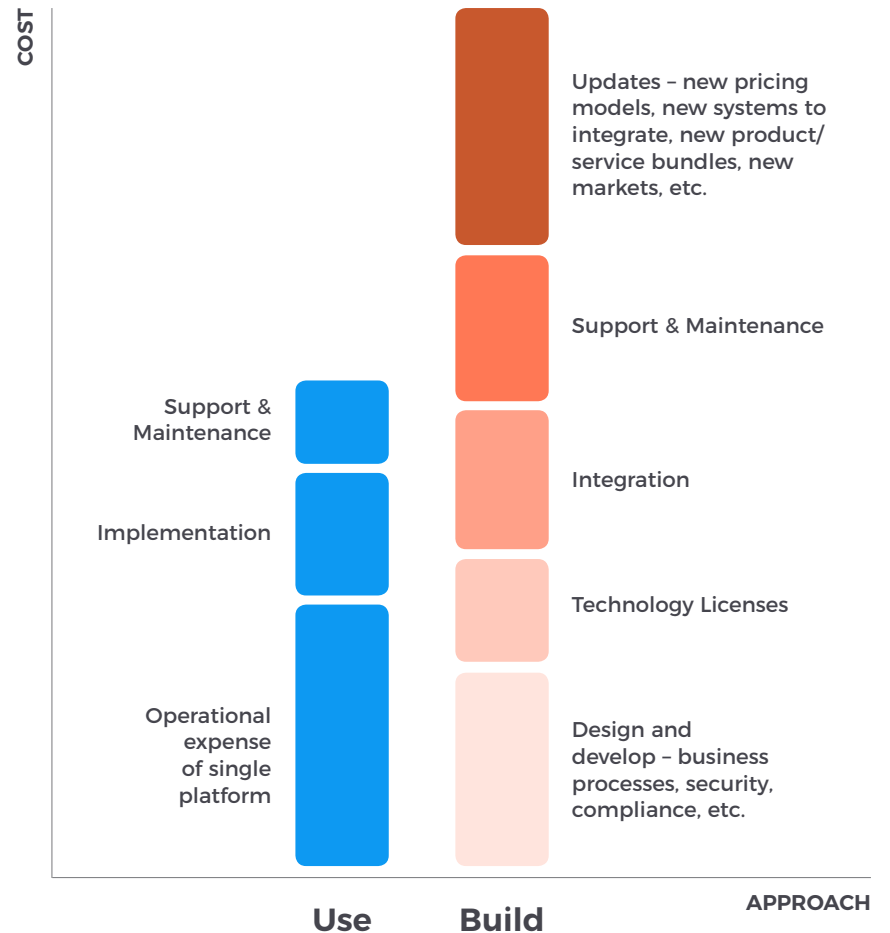
Most ERP and custom-built IT systems were developed and deployed more than 10 years ago. As a result, these systems no longer reflect current business practices, especially those related to new business models based on recurring revenue streams. The fact is that legacy and custom systems bring with them heavy costs to maintain and many risks to revenue growth.

Relying on a custom solution for recurring revenue and billing requires a significant, ongoing investment: business process owners and IT resources must identify and define requirements, IT develops and deploys the system, users learn the new system, and so on. But then business requirements change – and these changes happen more often than ever before – and the entire cycle must begin again.

A custom system also means custom integration. Building the connections between data warehouses, CRM systems, and ERP applications quickly becomes a costly maintenance challenge. Any upgrades to those other platforms will immediately require you to update, test, and re-certify your integrations with those systems.

Compared to modern, agile monetization platforms, these homegrown systems come up short. Prolonged design, development, testing, and redeployment cycles cannot keep up with today's pace of business, at least not in a budget-efficient way.

BUILD VS USE



5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

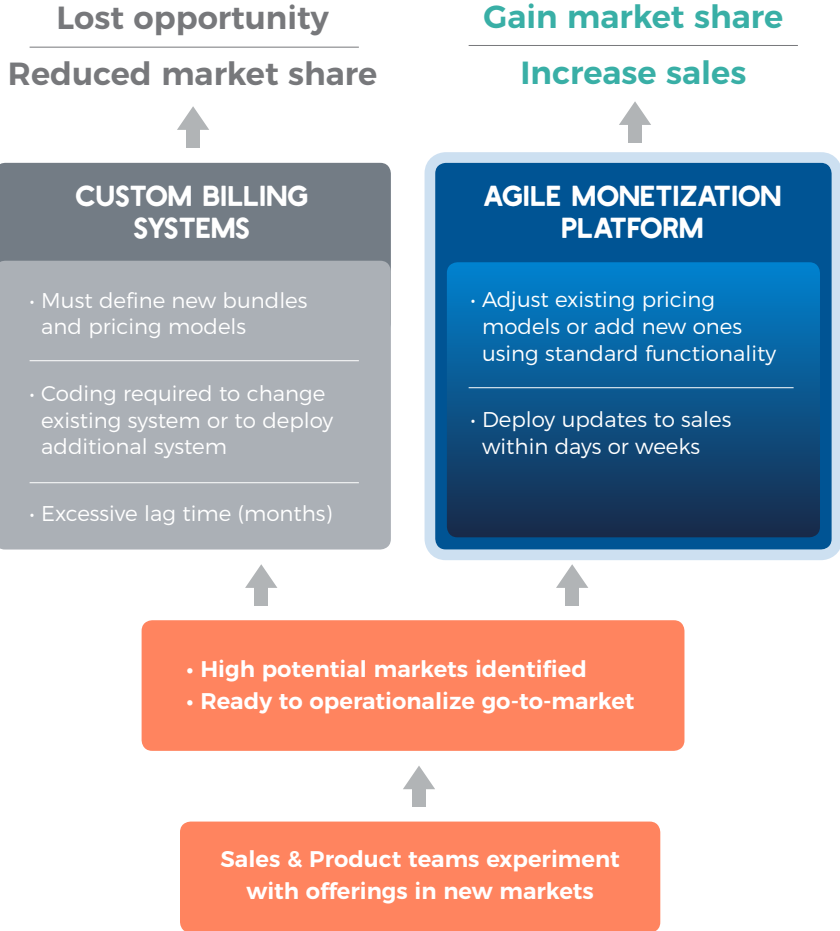
2 Impacts Speed-to-Market

The rapidly-evolving nature of the diverse business models emerging today underscores how businesses must emphasize agility in processes and systems to adapt to changing market and economic conditions. Unfortunately, the finance department's existing systems simply cannot support the speedy innovations in bundling and pricing that new business models demand.

Usually, custom solutions have been designed to support a specific set of products and an approach to pricing that assumes the pricing models will be used for years at a time. And almost as often, key functionality has been sacrificed in order to meet pressing deadlines. But over time, those products may be decommissioned while new products, services, and pricing options emerge. Most organizations find that a new IT project is required to re-code the in-house system or to create an en-

tirely new system. Long lead times and the inability to change these systems quickly impede the ability of the product and sales teams to rapidly adjust pricing and bundling to capitalize on new markets and respond to competitive pressures.

By contrast, an agile monetization platform serves up best-practices functionality and built-in flexibility to adjust pricing models, bundling, and contracts without coding, as needed by the business. This enables organizations to compete in the market without being slowed down by an outdated billing system.



5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

3 Increased Compliance Costs (And Risk!)

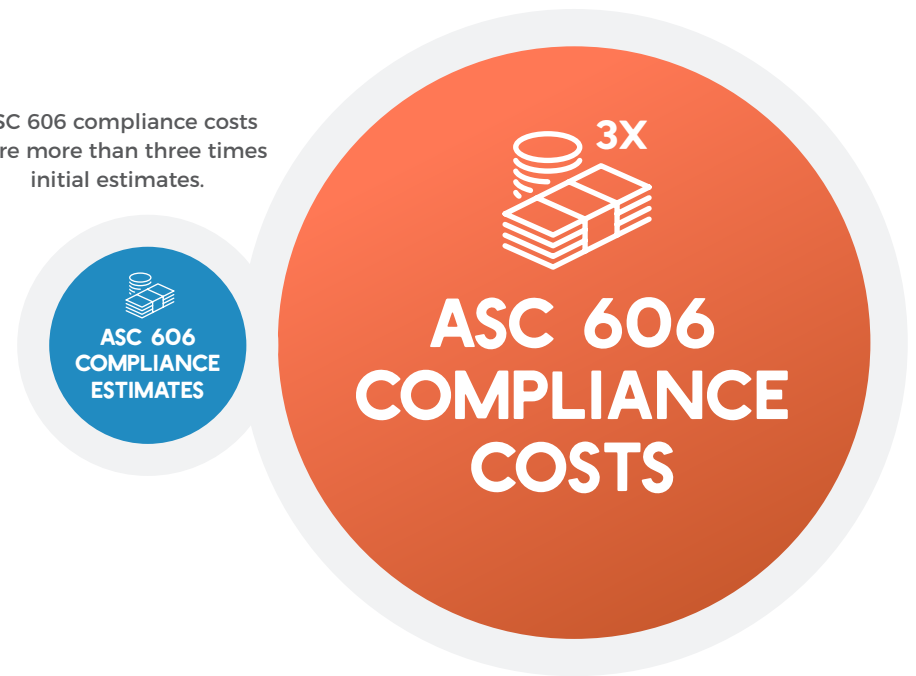
Revenue accounting brings a unique and complicated set of compliance challenges. If you're pulling data from multiple systems and putting it into spreadsheets, it's time to rethink your systems and processes.

Another hidden challenge with disparate systems that are cobbled together: You can't be certain you have all the right data. After all, spreadsheets are notoriously error-prone and fragile - and those errors can have you on the hot seat with auditors.

By contrast, a modern monetization platform that delivers both billing and revenue recognition capabilities on a single platform gives you transparency and complete auditability throughout the revenue cycle. You see what was changed, who changed it, when it was changed - a level of transparency that auditors require.

A RECENT SURVEY OF CFOS BY ERNST & YOUNG FOUND THAT:

ASC 606 compliance costs were more than three times initial estimates.



88 percent of all organizations face challenges in obtaining the required data for financial disclosures



5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

4 Limited Analysis Means Limited Upside

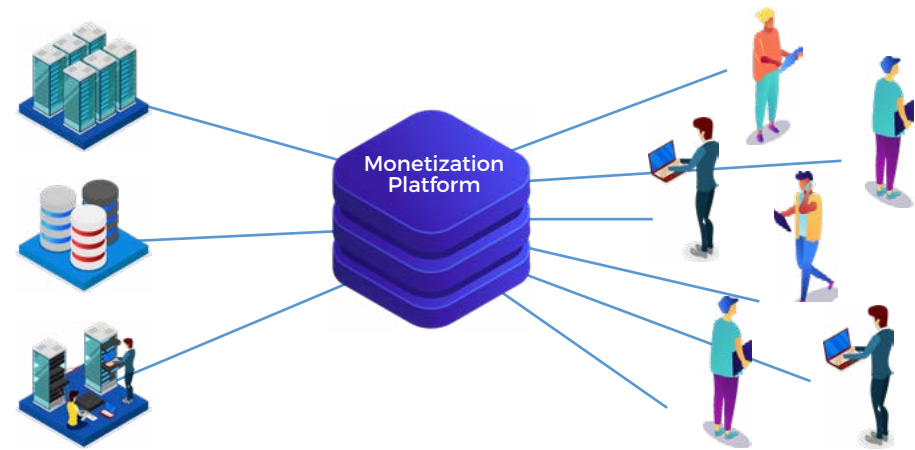
Companies must constantly innovate, collaborate, and learn to compete effectively and grow the business - and pricing and billing systems play a central role. After all, the data contained in a billing system can uncover customer preferences, product trends, usage, customer churn, contract profitability, and more.

However, ERP customizations and in-house systems have grown over the years, which leaves most finance departments with dozens of new data sources, manual extracts and workarounds, and an unwieldy process to create basic reports about historical performance. In fact, the need for insight into the business can lead to yet another, separate custom-built system just for

reporting and analysis. In today's business environment, by the time a custom analysis system is ready to use, it's often already obsolete.

Companies that use an integrated billing platform that houses all the relevant data enables you to use meaningful dashboards and analyses across the entire monetization process so you can spot upsell and expansion opportunities, optimize pricing models, determine the most profitable contracts, or mitigate lurking churn issues.

- Usage Collection Systems
- Different ERPs
- Order Management
- Contract Repositories
- Custom Pricing Engines
- Spreadsheets
- Decision Makers**
- CFO
- Sales
- Billing
- AR, AP
- Product Teams



5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

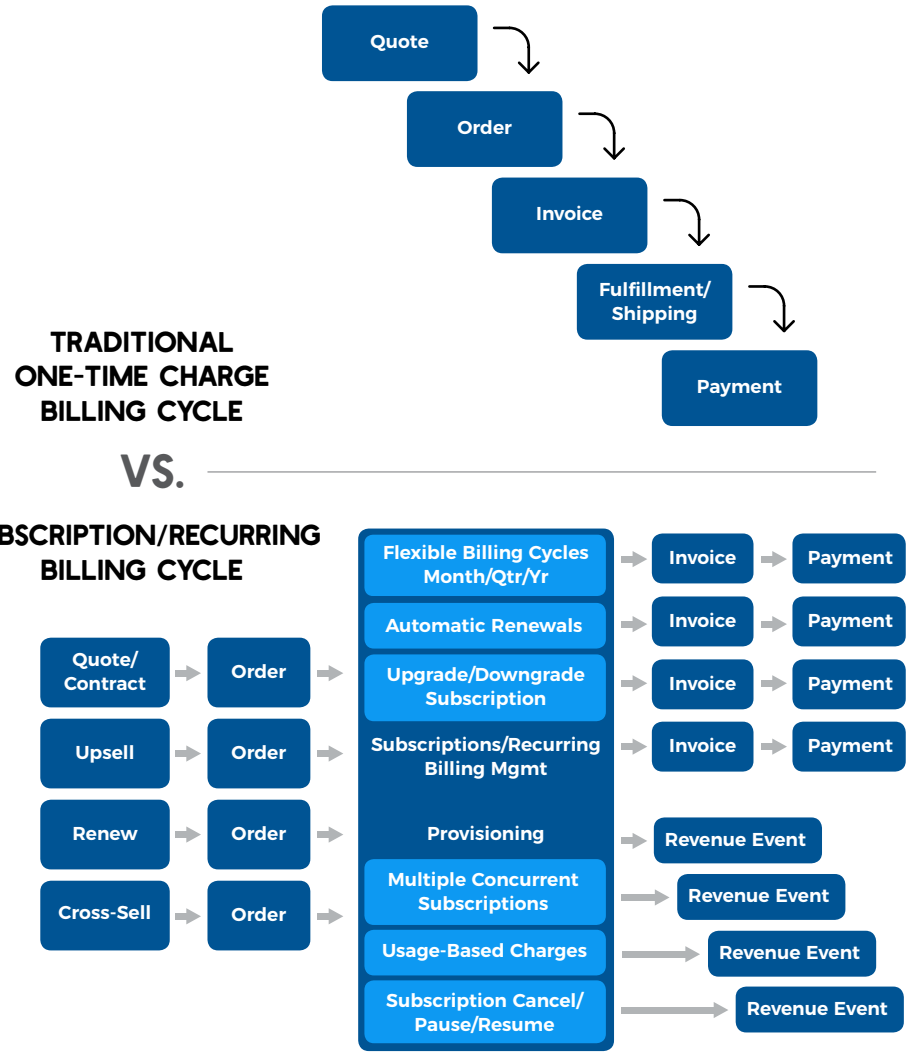
5 Scalability Is Elusive

Global enterprises are adopting business models premised upon recurring revenue giving them greater freedom to build more predictable and consistent revenue streams and to contend with competitive pressures and disruptions. These business models demand continuous adjustments to products and services – including frequent changes to pricing and contracts – as well as the ability to capture and manage a much higher volume of transactions than previously required: often, companies move from managing hundreds or thousands of transactions to millions of transactions each month.

Unfortunately, virtually all custom and legacy billing platforms were built to support one-time sales models and

to handle the relatively small transaction volumes foreseen at the time that the system was deployed. An expansion or shift to a recurring revenue model means that transaction volumes will significantly increase from previous levels, placing increasing demands on the billing team.

Companies need a scalable and flexible monetization platform – powered by big data – that can grow and change with the evolving needs of the business. By deploying a scalable monetization platform, organizations can focus on expanding offerings and entering new markets rather than struggling with slow processes, manual work-arounds, and inadequate systems for this critical function.



SOURCE: GARTNER, 2018

5 WAYS CUSTOM PRICING AND BILLING SYSTEMS HINDER BUSINESS GROWTH

Conclusion

RecVue delivers the market-leading B2B monetization platform that streamlines and simplifies subscription and usage-based billing while providing greater visibility into revenue and customer usage trends through analytics and reporting. This technologically advanced monetization platform lets you capitalize on new business models without the compromises presented by legacy ERP and in-house, custom solutions.

For more information, visit www.recvue.com





[RECVUE.COM](https://www.recvue.com)

[@RECVUE](https://twitter.com/recvue)