



ENABLE GROWTH AND INNOVATION WITH THE RIGHT **ORDER-TO-REVENUE PLATFORM**

Driving digital transformation to accommodate new business models



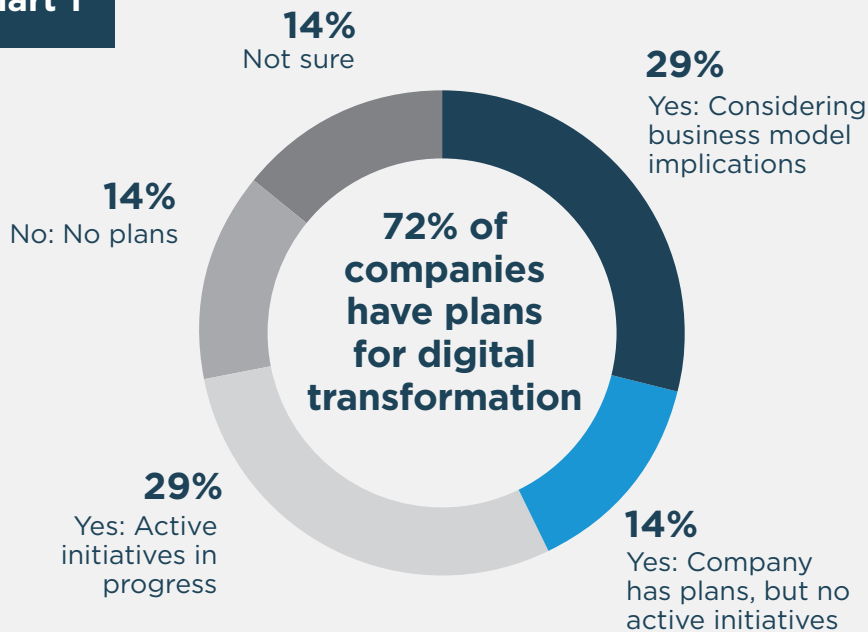
OVERVIEW

Managing digital transformation is a way of life for the modern CFO. It is an essential rite of passage for companies that aim to automate the routine tasks that finance teams have traditionally performed, while ensuring that finance professionals have the analytical acumen to understand the impact of changes to the business model such as adoption of new revenue streams, expansion of offerings, and new delivery options for products and services.

Most finance executives expect digital transformation to have an outsized impact on the future of the finance function in the next two to three years. An overwhelming majority (86%) anticipate improvements to process quality, costs, and customer experience, according to The Hackett Group's 2019 Key Issues Study.

Those findings were confirmed by a recent survey conducted by RecVue during a webinar with ACI Worldwide. Nearly three-quarters (72%) of participants reported that their companies are actively engaged in business transformation initiatives.

Chart 1



As businesses look to modernize, they often contemplate launching new business models or building on existing recurring revenue offerings, including subscriptions and usage-based plans. While this is often a smart business move, these initiatives require a new look at the order-to-revenue process and technology. “Many legacy systems are designed to accommodate a one-time sales model and they tend to be heavily customized,” said Nishant Nair, Founder and CEO, RecVue.

Existing processes and technology cannot adequately support the needs of businesses experiencing disruption and high growth. Current systems are too inflexible and changes take too long to implement, assuming they can even be updated to accommodate the new business model.

As the organization’s financial steward, the CFO plays an important role in determining the feasibility of rolling out a new business model, said Bryan DeGraw, Associate Principal, The Hackett Group. “There needs to be a disciplined approach to evaluating new business models and the technology to support them. If you want to offer a new bundle or service, and it will take some heavy lifting with legacy systems, that can hamper the organization’s ability to grow. But you also want to be sure that there will be a return on this new offering.”



Outdated processes and systems are a road block to growth and innovation, RecVue's Nair noted. He pointed out the example of a car rental company that needed to broaden its offerings to include a subscription-based model. "They have been facing a lot of disruption from both consumer preferences shifting away from car ownership and competitors offering flexibility in terms of how they interact with customers and the types of ongoing services they are providing."

This is where a monetization platform becomes an essential tool as companies revamp their order-to-cash processes. Modern order-to-cash systems provide a continuous connection to data on how consumers buy and their relationship with the company. A monetization platform provides the ability to configure and test various business models and pricing structures. "The process has gone from linear to being dynamic with many complex facets," according to Nair.

"The concept that the customer is always right still rings true for a lot of businesses, but you need to have a way to quickly and seamlessly handle the complexity behind customer demands for offerings such as discounts for bundling and flexible bundles of products and services," said DeGraw.

This guide will highlight strategic considerations and key capabilities to help you find the right monetization platform.

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— Bryan DeGraw,
Associate Principal,
The Hackett Group

Chart 2



BOOSTING BUSINESS OUTCOMES

CFOs must examine multiple levels of business outcomes when evaluating new monetization processes and technology. The drivers of the transformation: cut costs, mitigate risk, enable agility, and optimize revenue.

Level 1 – Cut Costs

Any initiative to design better business processes and adopt new technologies should result in cutting unnecessary expenditures. The right monetization platform will support your goals with strategic features that improve productivity, speed processes, and increase accuracy.

World Wide Technology was able to eliminate 17 hours of work per invoice by implementing RecVue's monetization platform to automate contracts, collect and mediate usage data, deploy agile billing, and calculate payments to their partners. Other productivity improvements include a 94% reduction in time-to-invoice and 95% less manual intervention.

LEVEL 1 CHECKLIST



Stores and manages all contracts, billing and revenue recognition information in a unified platform for a single source of truth that eliminates debate about “the right numbers” and speeds decisions.



Provides a 360-degree view of the entire contract lifecycle, including total value, billed amount, pricing, associated revenue (including MRR and ARR), supporting documents, and usage transactions.



Initiates billing schedules (monthly, annually, custom, non-linear, or with every invoice) to ensure cash flow.



Delivers built-in capability to integrate any source of customer usage information into the billing system to increase accuracy and eliminate manual processes.



Calculates multiple element arrangements automatically based on standalone selling prices.

Level 2 - Mitigate Risk

There are inherent risks in every business function, but it's critical to examine the vulnerabilities in the order to revenue process and put the proper controls in place. Effective monetization platforms deliver the capabilities to prevent errors, enable validation, and improve auditability with customers downstream.

Manual processes also don't provide the necessary insight to effectively manage cash, which puts the organization's financial stability in peril. "One significant risk of failing to employ a modern monetization platform is the inability for accounts receivable and the collections functions to accurately forecast cash flow," according to Jim Martindale, CEO, Navint Partners.

LEVEL 2 CHECKLIST



Synchronizes billing and revenue schedules automatically **at the line item level** to improve the precision of revenue recognition in financial reporting — and to avoid extra work to reconcile how a change in a contract should impact revenue recognition.



Updates revenue schedules automatically — prospectively, retrospectively, **and** in real-time — after relevant changes to contracts or billing.



Delivers detailed reports to ensure that all transactions are properly included throughout the process, such as all customer usage transactions, billing lines, orders, prepayments, and holds.



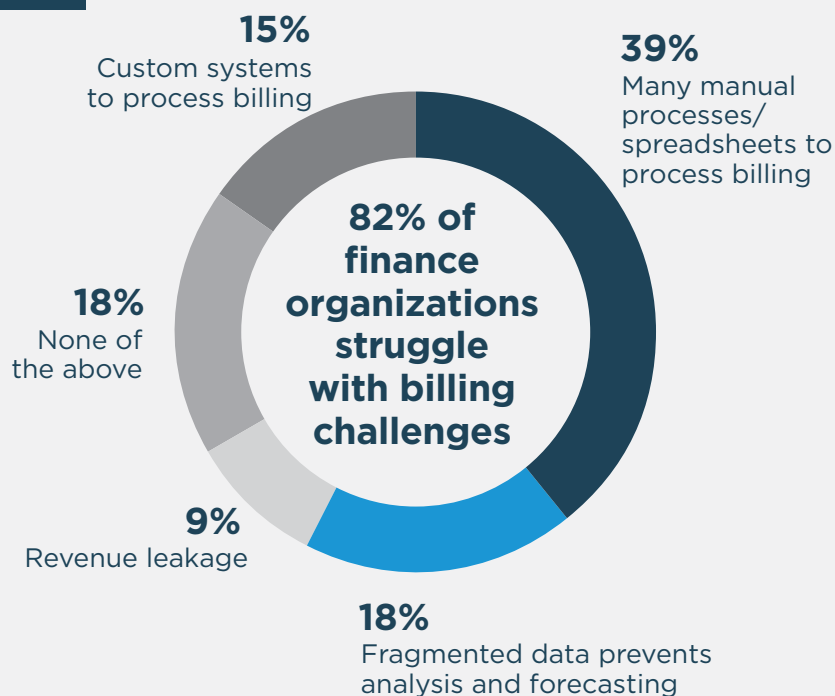
Tracks amendments centrally with complete audit trails for every contract to speed audits.

Level 3 - Enable Agility

According to participants in the RecVue/ACI webcast, 82% of finance organizations struggle with billing challenges. Billing organizations have had to deploy custom systems and manual processes to work around the limitations of legacy technology just to be able to support the modern business practices that their company requires. Modern monetization platforms must deliver the flexibility and rules-based functionality to enable the order-to-cash process to quickly and easily adapt to evolving business models and innovative pricing structures.

“Our old system had some reporting, but you had to get IT involved,” said Vince Knipp, director of financial systems, Airport Terminal Services. “With RecVue, it is much easier to extract data, review it, and do comparisons.”

Chart 3



LEVEL 3 CHECKLIST



Supports go-to-market experimentation by configuring any contract structure, pricing model and bundling option created by the sales or product management organizations — without requiring coding.



Pre-validates pricing and bundles by testing sample orders and providing predictive insight into the most profitable combinations.



Provides the flexibility and precision to assign business rules to various characteristics of a product or service (such as location of use, time of day, peak use period, discount rates, etc.) to dynamically determine the rate for each usage or consumption transaction.



Allows billing managers to consolidate all invoices into a single bill run — rather than on a contract-by-contract basis — to speed billing and avoid invoicing errors.

Level 4 – Optimize Revenue

The right monetization platform helps companies to eliminate revenue leakage, identify and operationalize best practices, and leverage a nimble billing organization to scale with business growth.

ACI Worldwide employs complex billing scenarios, modifies contracts frequently, includes periodic price escalations, and processes very high volumes of usage data. The company replaced three separate billing systems and 80-plus usage tracking platforms with a single platform for

contracts and billing, in order to provide the flexibility and scalability it needs to manage new pricing and billing models in a high-growth market. The company now has a single source of cohesive data for advanced analytics and forecasting.

LEVEL 4 CHECKLIST



Operationalizes successful business models, contract structures, and pricing with flexible business rules and a modern architecture.



Provides sales and billing teams with advance notice of renewals and an analysis of customer usage to reduce customer churn and ensure ongoing billing, revenue, and cash flow.



Prevents revenue leakage by automatically collecting usage information from any source system to ensure that all billable transactions are processed.



Enables analysis of billable and unbillable transactions, revenue schedules, and other customer activities to identify cross-sell and upsell opportunities.



Supports profitability analysis by contract and calculates partner compensation in the same platform as billing and revenue is processed. This insight improves negotiations during the renewal processes for customers and vendors.



THE RISKS OF SETTING THE BAR TOO LOW

If you are simply investing in an order-to-cash monetization platform to help your organization to reach the lowest bar — automating some manual processes to cut costs — you're not aiming high enough. "Any software should reduce costs, but only some have the upside of increasing revenue," said RecVue's Nair.

When an organization cannot easily support growth and innovation when it comes to product and service offerings, they limit their potential to compete.



A modern monetization platform provides the flexibility and agility to be responsive to market and customer demands.

By upgrading its order-to-cash system, a telehealth services company has gained flexibility to apply pricing changes, add new, innovative contracts, and manage contract amendments in a systematic way. This has improved revenue and bolstered contract compliance.

Beyond cost savings and productivity improvements, the company gained visibility into key metrics to monitor the health of their recurring revenue business and act to continue their growth trajectory. If they had simply aimed for a cost-saving solution, they would not have been able to raise the bar on revenue goals.

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CONCLUSION

Companies that do not modernize their order-to-cash processes will find it difficult to compete in an environment that is increasingly dependent on adapting to new business models. As the needs of customers change, making do with legacy systems to handle complex billing and contractual terms associated with recurring revenue models will no longer suffice.

Companies can no longer wait months for workarounds to their systems if they want to offer a new product bundle or subscription terms. They need agile and flexible systems that will not only reduce costs, but position them for the future.

Key takeaways:

- ▶ Organizations recognize that digital transformation will have a significant impact on the finance function as well as the organization's overall financial health.
- ▶ A manual order-to-cash process does not provide the agility and responsiveness required to provide the flexible product bundles and subscription terms customers expect of modern organizations.
- ▶ While automation should enhance productivity and reduce costs, that is simply table stakes. Systems need to enhance revenue and position companies for the next stage of growth.

ABOUT THE SPONSOR

RecVue delivers a single, unified order-to-revenue platform that allows enterprises to expand recurring revenue by enabling continuous innovation in business models and go-to-market practices. Enterprises need an industrial-grade monetization solution to manage high volumes of transactions and a very high degree of complexity. RecVue's solution includes a 360-degree view into the entire contract lifecycle, multi-attribute-based pricing, data mediation tuned to support high volumes of transactions, agile billing capabilities, partner compensation, and robust analytics and reporting.

For more information, visit www.recvue.com.

