# **Six Ways** CIOs Can Simplify Billing

## Your guide to solving complex billing problems

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# Introduction

Executives from IT to Finance and throughout corporate leadership teams know order-to-cash processing is critical to a company's success. Yet until foisted upon them by the economic fallout of the COVID-19 pandemic, those same leaders rarely paid close attention to that part of their business.

They're paying attention now.

The collection of activities which tracks receipt of an order through its processing and reciprocal payment has never been more complex and closely watched than it was in recent years, and with good reason. The ongoing global crisis has forced corporations to examine everything, including the essential order-to-cash process. This was not simply to maximize liquidity and curb expenses, but to survive.

Organizations, more than ever before, must leverage technology to raise the bar in how they engage with customers and manage business. **And now, the age of digital transformation has shifted the domain of the CIO - and IT in general - from 'cost center' to 'trust center.'**

*"CIOs are taking on a new role as a trusted business partner who drives strategic initiatives, not just someone who buys PCs and services,"* noted the 2019 CIO survey by Grant Thornton.

With more sales and marketing, HR and finance managers purchasing their own cloud-based solutions to their own business challenges, the days of the CIO as strictly an IT operator are over.

**Along the way, this re-imagined role of CIO is forging a new path to achieve competitive advantage and growth.**

What does this transformation look like?

For many, the result comes in the form of newly adopted business models or innovative service and delivery options. Often this is out of necessity to meet the rising customer expectations and flexibility demands generated by more complex, higher volume revenue models.

Transformation, however, remains a work in progress.

Our studies indicate more than 80% of companies still face a whole host of challenges, including:

- **Inefficient billing processes**
- **Revenue leakage**
- **Fragmented data**
- **Manual processes**
- **Workarounds**

Often, these issues are left untouched due to legacy system paralysis. A company's order-to-cash processing can span finance, sales and distribution. That's a lot to unravel. A firm might deploy CRM and ERP applications as a system of record for these processes with the not-uncommon scenario of one vendor's CRM offering for sales and finance applications through a different vendor.

The result? **Disjointed and disconnected order-to-cash processes still tied to spreadsheets, custom applications and manual processes.**

That just won't cut it.

Today's rapidly-changing business landscape isn't about to slow down for manual order booking and spreadsheet-based revenue recognition. Such arcane processes are incapable of scaling or responding to the complexity of a modern organization's new business models.

# Proposition

And let's not forget the increased regulatory pressure of reporting and compliance under the new revenue recognition rules of ASC 606 / IFRS 15.

Add it all up and today's progressive head of IT must rethink the entire order-to-cash process as a whole, with specific attention directed to the most complicated piece: billing.

## Why billing?

In modern finance and business infrastructure, billing has taken center stage as the most crucial element of it all, according to findings by the strategic advisory firm, MGI Research. The dangers lurking for those companies that don't properly address an inefficient billing process, per MGI, include:

- **Customer disputes**
- **Internal inefficiencies**
- **Inaccurate reporting and forecasting**
- **Revenue leakage**

One way to resolve these challenges is to move billing out from the back office and reposition this function as a strategic enabler and accelerator of monetization innovation for the ideal customer experience.

Let's consider a few others.

**Please find the following list of 6 best practices** an organization can adopt to navigate such billing challenges and position itself for a digital-ready future.

## Six Ways CIOs Can Simplify Billing

- **Implement an Agile Billing Solution**
- **Reduce Revenue Leakage, Increase Accuracy**
- **Automate Revenue Recognition**
- **Manage Partner Compensation**
- **Forsake Legacy Systems**
- **Maximize ERP Functionality**

By following these recommended actions, you'll discover how the right technology can help bridge the gap between front office CRM systems and back-office ERP applications. Learn how to manage the entire order-to-cash process by seamlessly integrating with other system of record applications. You can have fingertip access to gain financial intelligence and the power of predictive analytics to identify transactions that represent critical business decisions. These include credit risks, rate of customer churn, and optimal price points to set etc., all helping to simplify the entire billing process.

As alluded to earlier, the best strategy to deliver digital-led business transformation is one of collaboration, more than isolated decisions made by the CIO, the CFO or other senior executives.

# 1

# Implement an Agile Billing Solution

**Agile billing** is a digitally-native and flexible billing model meeting the dynamic business needs of today. This solution offers agility, speed and real-time visibility for any type of business model. Having an end-to-end profile of each contract through its entire lifecycle means never having to miss a renewal, price adjustment or amendment. Once you adopt an agile billing and monetization solution with built-in flexibility, you'll have the freedom to choose how to bill and invoice your customers. You can select what works best for you, your customers and the market.

The real world doesn't remain static. When something changes in your product offering or the market, an agile solution allows you to quickly and easily adjust your billing accordingly.

Gain the freedom to shift from one-time charges to subscriptions to unlimited usage-based models to whatever billing model you need.

Speed, as they say, is the new black, and agile billing can become the ultimate competitive advantage in today's fast-moving, ever-changing market.

Given today's rapid business model evolution, the billing solution of choice must not only adapt on the fly to current needs, but be mindful of those as-yet-unknown challenges of tomorrow.

# 2

# Reduce Revenue Leakage, Increase Accuracy
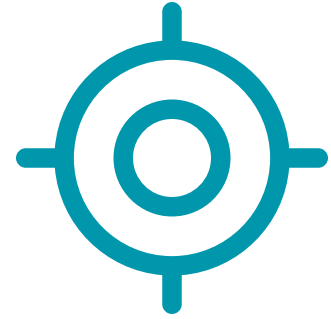
**Revenue leakage** is defined as the unnoticed or unintended loss of revenue from your company, devastating not only to profits, but reputation as well. While leaks can come from both the revenue and the expenditure side, the most common form of revenue leakage comes from missed billing or under-billing customers.

Statistics surrounding revenue leakage indicate most companies can lose anywhere from 1 to 5 percent of earnings before realized. For enterprise companies, this adds up to a significant impact to the bottom line.

**Here's how an intelligent billing solution prevents this problem:**

- Accurately accounting for commercial contract changes, including new licenses, add-ons, pause or upgrades. Thus, providing the ability to capture, track, and accurately bill these changes during a customer's life cycle.

- Offering advanced data mediation which automatically collects customer usage and eliminates revenue leakage.

- Creating pricing and rating models based on unlimited attributes which help you compare different models before going to market.

- Eliminating revenue errors and enforcing business rules which will lead to accurate, error-free billings

# 3

# Automate Revenue Recognition

**Revenue accounting** has always been complex, but ASC 606 ratcheted that challenge by a factor of 10. Today's evolved business landscape and variety of modeling options available created a whole new set of challenges only truly overcome by implementing a robust revenue accounting automation tool.

## An automated and integrated billing and revenue management system can offer a single, certified source of truth.

Such an integrated solution provides finance organizations with an easier, more secure process to translate complex contractual relationships into accepted accounting statements. With this firmly in place, any organization is equipped to meet today's rigorous compliance rules, including ASC 606, ASC 842, IFRS 15 and IFRS 16.

Emerging technologies which have helped usher in our current age of digital transformation and the recently released revenue guidance also highlight the 'haves' and the 'have-nots' among today's enterprises.

Organizations constrained by ERP-based revenue recognition and anything approaching manual processing risk audit issues and critical reporting errors, all potentially leading to a worst-case result, the restatement.

Bringing a company into compliance with ASC 606's new-world, five-step model for recognizing revenue in customer contracts requires full and complete access to critical data sets. Modern financial management solutions are the only means to this end.

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# 4

# Manage Partner Compensation

A lack of clarity and automation in the way businesses measure the effectiveness of a business partner can lead to frustration. This often stems from the low-level insight legacy tools offer in order to properly gauge the true value of a partnership.

Knowing whether a contract is in compliance and how best to compensate another party is often a maze of complexity and uncertainty, according to findings by PYMNTS.com, an industry research firm. Those hurdles can emerge at the start of the partnership journey because businesses often lack sufficient digital channels to discover and initiate collaboration. Potential end-before-you-start roadblocks make partner payments one of the biggest challenges in this space today.

By embracing automation, an organization not only gains a clearer view into partner effectiveness, but the necessary support toward loyalty and satisfaction to maintain the revenue bumps such collaborations can yield.

**Consider the following potential benefits of automating partner payments:**

1. **Faster cycle times** - as they say, time is money

2. **Fraud prevention** - far and away, checks remain the most frequent fraud target

3. **Error reduction** - prevent overpayment and duplication

4. **Increased visibility** - capture necessary financial data for analysis and potential improvements

A modern monetization solution offers a single platform to automate recurring and contract-based billing. This cohesive system, in turn, enables usage data to be imported from multiple sources across a partner network, making partner payments accurate and effortless.

# 5

# Forsake
# Legacy Systems

Remember what we said earlier about speed?

Too many of today's organizations walk when they should be running through today's business landscape of adaptable, digital technology.

The reason? **Outdated legacy IT systems.** A no-longer-adequate, yet deeply-ingrained solution can make even the smallest processing issue more difficult to identify and address. No billing task can be considered simple, given these surrounding tools.

Companies stuck with these systems - and the CIO tasked with addressing this mess - can expect to find data spread across multiple legacy systems instead of applying technology and APIs for a single, simplified view of data and easy decision-making. In these scenarios, software development is likely to be characterized by long, clunky release cycles, little

to no flexibility and, ultimately, failure. Worst of all, instead of innovation, any hoped-for collaboration between IT and business teams instead becomes siloed and stagnant..

In order to reverse course, start by automating those critical order-to-cash processes. This will help build financial intelligence such as predictive demand, usage-based pricing, product configuration, and supply chain logistics.
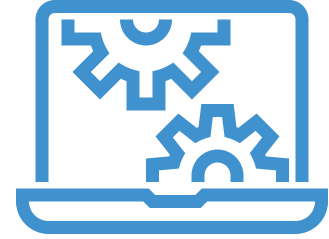
Implementing a new financial system offers the best possible opportunity to streamline and simplify even the most unstructured corporate structures.

# 6

# Maximize ERP Functionality

The evolution of the modern business back office, ushered in by the creation of the ERP solution, brought about a similar front office transformation a couple of decades back via the CRM system. What about the space between these two tentpole systems? It is here, in that middle office space where most of today's business operates, often amid a tangle of complex systems and manual processes.

**Neither the ERP nor the CRM was designed with the requisite flexibility in mind for today's complex functional needs. Nor were either created with the ability to work together.**
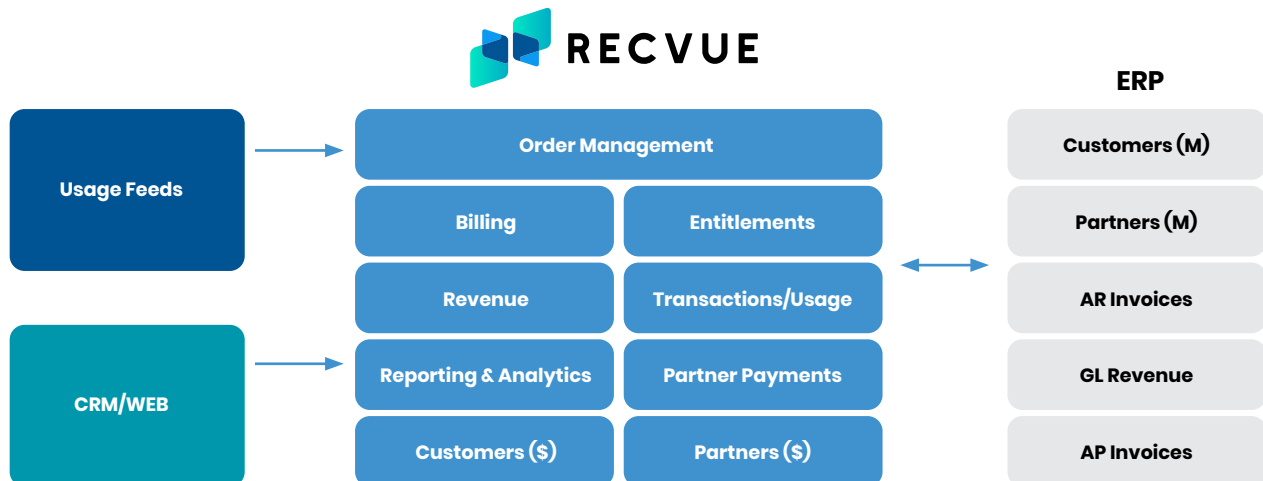
The route of customizing an existing ERP system is not only a time-consuming one, but also cost-inefficient due to the need of multiple modules - and associated maintenance fees - addressed.

And, in the end, there's no guarantee every requirement will be addressed.

Today's complex billing models, including subscriptions, must factor in everything from quoting to ordering and fulfillment. These modern scenarios require an agile system capable of rapid responsiveness to literally thousands of different customer events each day.

RecVue's next generation order-to-cash automation platform is designed specifically for companies looking to modernize their legacy order-to-cash systems and shift to subscription services and recurring revenue business models. RecVue's platform is built to enhance any cloud or on-premise ERP solution in the areas of order management, subscriptions, recurring billing, revenue recognition, partner compensation and commissions management.

## Architecture

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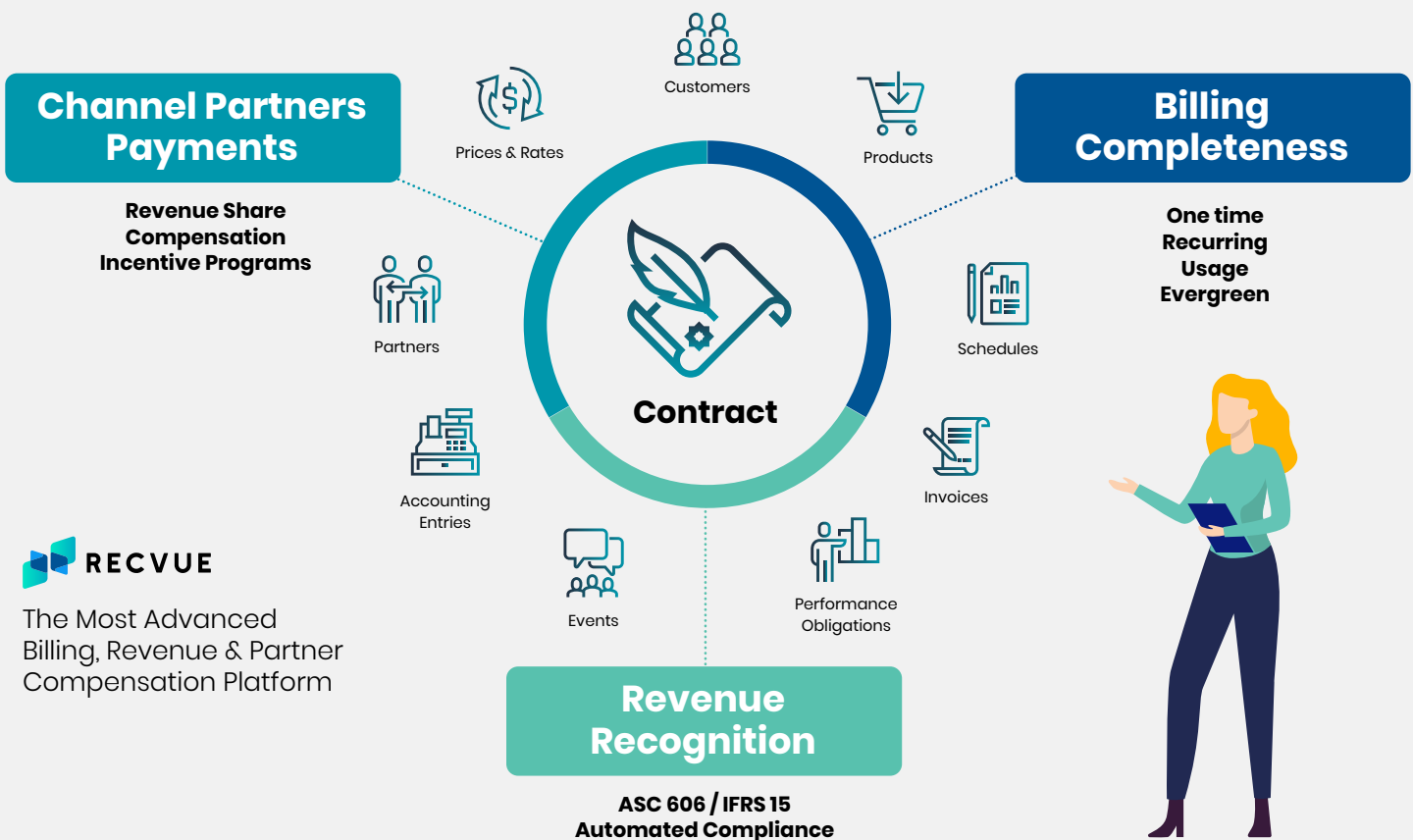| Usage Feeds | | | ERP |
|---|---|---|---|
| | Order Management | | Customers (M) |
| | Billing | Entitlements | Partners (M) |
| | Revenue | Transactions/Usage | AR Invoices |
| CRM/WEB | Reporting & Analytics | Partner Payments | GL Revenue |
| | Customers ($) | Partners ($) | AP Invoices |

# Summary

The pandemic and associated economic disruption created catastrophic uncertainty across the globe, regardless of industry. Today's vanguard CIOs working in tandem with their firm's finance leaders to build upon available technology have found themselves at the forefront of the necessary change accelerated by the events of 2020-21, with executives acting quickly to adopt not far behind. Corporations, and their building-block teams, willing to transform – particularly in finance – have the opportunity not only to endure this crisis, but position themselves for long-term, sustainable growth going forward.

As organizations seek to implement multiple types of recurring revenue models, IT, finance and sales teams must pull together to address today's billing challenges with an intelligent order-to-cash platform such as RecVue, spanning both emerging and legacy business models for:

1. **Billing Completeness**
2. **Revenue Recognition under ASC 606**
3. **Revenue share with channel partners**

*...all delivered in one solution.*



**Channel Partners Payments**

Revenue Share
Compensation
Incentive Programs

**Billing Completeness**

One time
Recurring
Usage
Evergreen

**Revenue Recognition**

ASC 606 / IFRS 15
Automated Compliance

Customers · Prices & Rates · Products · Partners · Schedules · Contract · Accounting Entries · Invoices · Events · Performance Obligations

**RECVUE**

The Most Advanced Billing, Revenue & Partner Compensation Platform

# Next Steps

**When embarking on this financial and digital transformation journey, it is essential for a business seeking to not only grow, but stay ahead of the competition, to partner with the right monetization platform.**

Game-changers don't come along very often. Adopting a platform like RecVue during a digital transformation initiative is that rare occasion, a true game-changer. Leverage modern technology and automation to deliver performance optimization as well as time- and cost-savings.

RecVue's unified platform integrates with any ERP, CRM and front-end order processing systems, enabling customers to improve efficiencies across order-to-cash, revenue and general accounting, while gaining real-time access to data.

With the right IT support, your finance team will be able to increase accuracy and timeliness of billing and invoicing and aggregate billing information in a single system to improve analysis and forecasting. RecVue's monetization platform includes a 360-degree view into the entire contract lifecycle, rules-based attribute pricing, complete order-to-invoice capabilities, pay-side management for third party obligations, and robust analytics and reporting. RecVue is built from the ground up to automate the complex order-to-cash processes.

## Get in Touch:

Contact us today to learn how RecVue's **order-to-cash solutions** can give your organization the smart monetization edge to make you future-ready.

Visit us at: **recvue.com**
Contact us: **info@recvue.com**

*Don't let billing complexities get in the way of your business success!*

# Real-Life Customer Stories

Handled more than 4M monthly rental agreements and invoices spanning 40K global partners.

Integrated billing and compensation into a single system-of-record.

**Hertz**

Integrated three separate billing systems and 80-plus usage tracking platforms, many processed manually.

**ACI Worldwide**
Real-Time Payments

Addressed manual billing processes characterized by inefficiency, redundancy and data integrity issues.

**ATS**
AIRPORT TERMINAL SERVICES

Merged multiple acquisition-fueled back-office processes while incorporating complex pricing and billing rules.

**CROWN CASTLE**

Resolved clunky, manual processes to reduce months-long time-to-invoice down to days.

**World Wide Technology**

Join the next generation of business and industry leaders who don't let billing complexities get in the way of their business success.

**RECVUE**

# About RecVue

**RecVue** is the fastest-growing order-to-cash platform that helps enterprises manage innovative business models. We are the only platform that gives companies complete control over all aspects of recurring revenue contracts at scale while maintaining the flexibility needed for monetization innovation and financial compliance. Experience increased revenue growth, faster time to market, and total visibility into all revenue streams - experience the future of monetization with RecVue.

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