

An Executive Guide to

Intelligent Billing Platforms

*Your guide to selecting the
right agile monetization and
dynamic billing platform
for your business.*



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Gotransverse

introduction



For organizations of all sizes, billing, revenue management, and monetization are central to driving revenue growth and profitability. The flexibility and configurability of these new solutions offer the promise of business agility – making the billing system a core enabler rather than a barrier to business change.

- Andrew Dailey, Managing Director, MGI Research

The onset of Anything-as-a-Service (Xaas), Internet of Things (IoT), Video on Demand (VOD) and other new digital businesses are rapidly changing the traditional business landscape. The tipping point that ushers these trends into mass market is upon us.

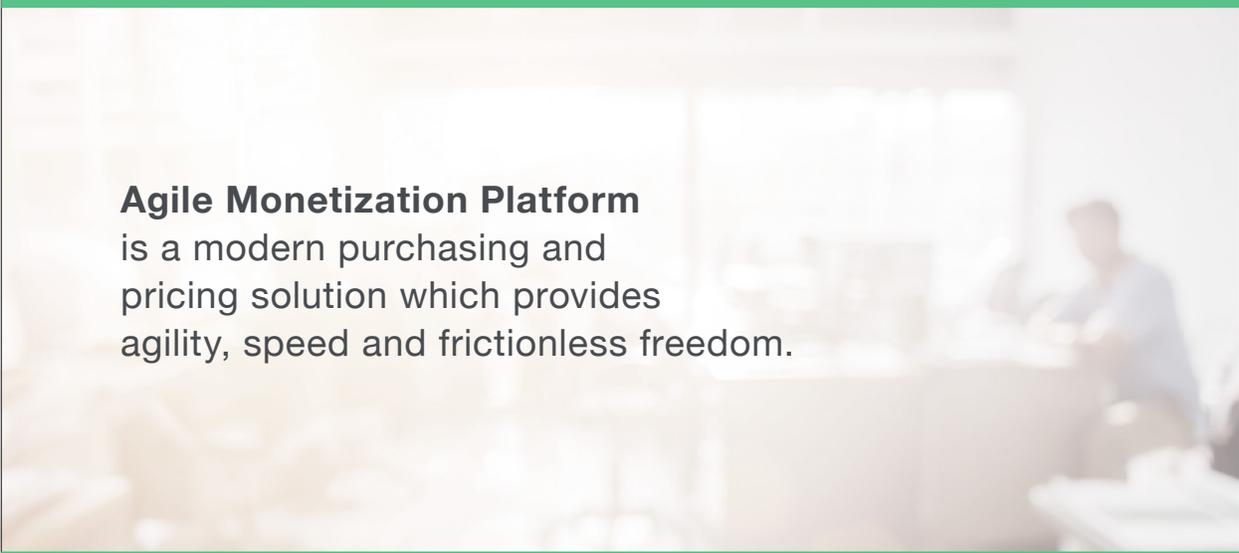
This transformation is putting new demands on traditional business-critical systems. To effectively monetize market opportunity, businesses must be agile, flexible and scalable while complying with regulatory demands. The ability to quickly and precisely construct, change and propagate new offers and pricing plans within the operational ecosystems is becoming a sustainable differentiator among the companies leading the charge. Rigid, slow and dated ERPs hinder the ideal customer experience, and business owners are demanding to take control back from these decades-old processes and technologies.



Hence, the emergence of what MGI Research has dubbed Agile Monetization Platform (AMP) technology. This technology was born as a result of the need for agility, speed and frictionless freedom to serve customers with modern purchasing, pricing and consumption preferences.

Although Agile Monetization Platforms are not a single product, MGI asserts that an agile and dynamic billing engine is at the core of the ecosystem. It requires a new organizational approach that delivers business differentiation and operational efficiencies while creating a frictionless experience for the customer.

This white paper explores the market dynamics driving the new business models and purchase considerations when choosing an agile monetization platform.



Agile Monetization Platform
is a modern purchasing and
pricing solution which provides
agility, speed and frictionless freedom.

Shifts In Recurring Revenue

why now?



Gotransverse is laser-focused on serving customers with complex business models that contain elements of usage- or consumption and multi-attribute rating rules.

- The Forrester Wave™: Recurring Customer And Billing Management, Q3 2017

Subscription-based business models have been around a long time. First pioneered by the publishing industry, the model has gained popularity in recent years in both Business-to-Consumer (B2C) and Business-to-Business (B2B) companies. Recurring revenue models are driven by a desire to have predictable, smooth revenue streams.

Subscriptions require businesses to handle the relationship with the customer differently. Rather than a transactional model, subscriptions require a new approach to loyalty, pricing and experience. Subscription billing is evolving from putting a charge on an invoice at a defined frequency to include any combination of one-time, recurring and consumption-based charges.

Subscription management moves beyond the ability to bill or charge a credit card at a given frequency for a certain amount. The key to success is attracting and retaining happy, loyal customers in order to maximize the customer lifetime value. This requires constant visibility into customer behavior—including usage—to create up-sell, cross-sell and net new revenue opportunities as well as to reduce customer churn. It also encompasses automatically turning services on and off, validating entitlements, checking usage and more.

Many companies start with a simple subscription, or recurring revenue model—a set price charged at a set frequency. These are easily handled in today’s ERPs or simplistic subscription management platforms or through manual processes. But as opportunities for value-added services arise, the offering can begin to include usage-based pricing scenarios. Suddenly, the traditional or simplistic systems can no longer support the sophistication and limitless bundling scenarios without manual efforts and spreadsheets. Rather than replacing systems to support business growth and scale, many future-proof their business models by adopting agile monetization and dynamic billing platforms to satisfy both the simple subscription scenarios and sophisticated usage-based packaging models while giving room to grow and scale.



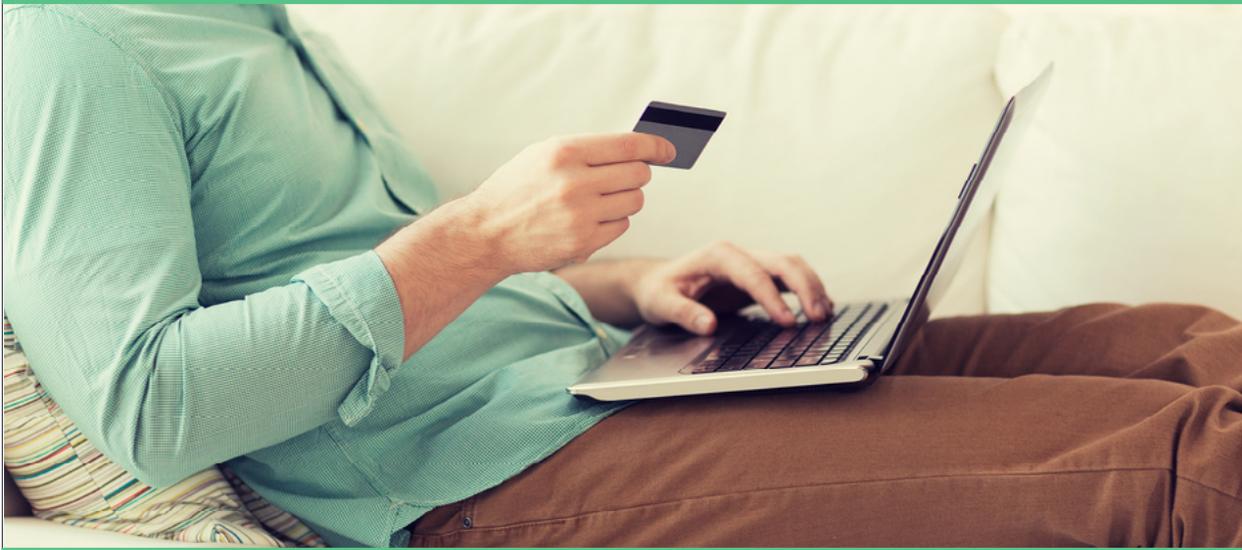
“ Suddenly, the traditional or simplistic systems can no longer support the sophistication and limitless bundling scenarios without manual efforts and spreadsheets. ”

12 Examples of Usage-Based Pricing

Agile monetization and dynamic billing platforms automate the processes of accepting incoming events, identifying the correct customers, current allowances and price plans, correctly calculating the charges, and applying the charges to the customer accounts. Usage-based billing functionality allows companies to price, package and sell in a variety of ways including:

- 1 Minimum: minimum price points based on usage**
- 2 Flat Rate: fixed fee regardless of usage**
- 3 Standard, Volume and Flat Rate Tiered: various price points for ranges of usage**
- 4 Pooling: share usage across multiple services from the same master account**
- 5 Threshold: pricing changes based on usage**
- 6 Rollover: usage allocated not used in one service period is shifted to the next**
- 7 Overage: fees for using more than the allotment**
- 8 Pay-as-you-go: usage-based pricing, paying as the customers consume**
- 9 Time-based: pricing set on a fixed time, typical of subscription offers**
- 10 Surcharge: additional costs incurred due to supply/demand, peak hours, etc.**
- 11 Rated/Mediated: pricing based on business logic and event combinations**
- 12 Combinations: any variation of the above**

agile monetization



Challenges Solved by Agile Monetization Platforms

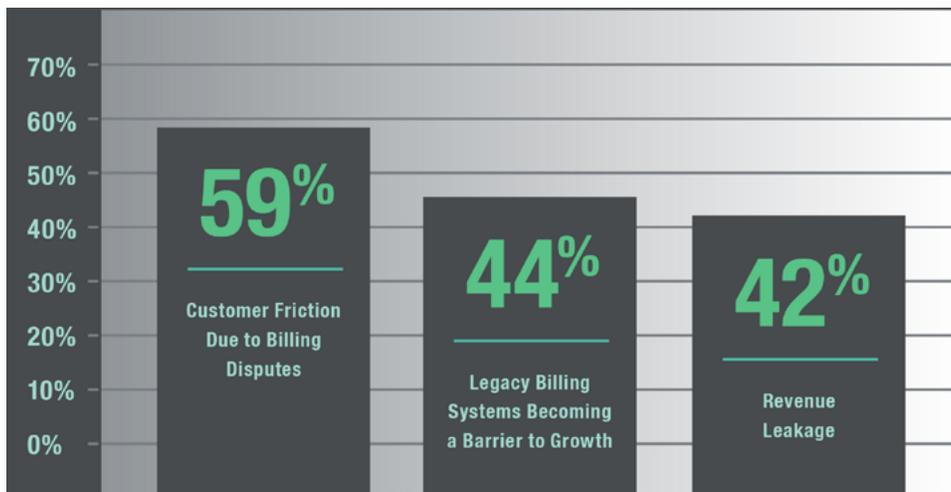
There are serious and durable business challenges that drive replacement of legacy billing systems with a new generation of agile monetization technology.

- Igor Stenmark, Managing Director, MGI Research

According to a State of Monetization Survey published by MGI Research, 40% of the survey respondents highlighted three areas as their biggest challenges.

These challenges have a direct impact on revenue. Inability to control customer churn, ensure all revenue is accounted for and launch new products and services quickly can be solved by adopting the right intelligent billing platform.

03 Biggest Challenges



MGI Research surveyed numerous decision makers, current and potential buyers of monetization technology solutions for the State of Monetization industry study. The focus of this research effort was on identifying key trends that are shaping the retooling and re-investment that is taking place across the emerging digital value chain.

15 Key Symptoms of Billing Challenges

Additionally, MGI Research has identified 15 key symptoms of companies unable to cope with the rapidly evolving market, many of which are caused by legacy system limitations in the new world order:

- 1 Pricing model changes require re-coding of the billing system
- 2 Companies not able to launch new offers in less than six months
- 3 Existing finance and billing systems being stretched beyond their capabilities
- 4 Revenue leakage
- 5 Wrong products and/or configurations being sold or shipped to customers
- 6 Perennial invoice disputes with customers and a high percentage of re-bills
- 7 Sales productivity consumed by customer billing issues
- 8 Heavy use of Excel® for billing, revenue recognition, CPQ, provisioning, etc.
- 9 No Single Source of Truth (SSOT)
- 10 SKU (price book, product catalog) sprawl e.g., same items sold in different currencies, with different payment schedules, etc.
- 11 Customer friction due to lack of invoice transparency and clarity
- 12 Many “one-off” deals
- 13 Lengthy financial closings
- 14 No tracking of contract terms and conditions
- 15 No single product catalog or a single master price list

Agile monetization and dynamic billing platforms are fundamentally designed to address these symptoms and challenges. However, not all platforms are created equal, nor are the requirements of the businesses looking to adopt them.

factors to consider



Factors to Consider When Choosing an Intelligent Billing Platform: Complexity, Volume & Agility

Usage-based billing models are proving their worth, and more firms are looking to adopt them to reap their benefits.

- Forrester Opportunity Snapshot: Capitalize on Your Digital Transformation with Usage-Based Models | November 2018

MGI Research asserts

that there are three vectors when considering agile billing platforms: complexity, volume and agility. These vectors can vary greatly for B2C, B2B or B2B2C companies.

complexity

Offerings

Complexity starts with the offerings. Services, such as monthly subscriptions, one-time add-ons or even tiers with standard contracts are relatively simple, especially with direct business to consumer models. Moving into a B2B or even a B2B2C, there may be a variety of bundles, pricing schemas and even 3rd party dealer networks all with unique one-time, subscription and usage-based purchasing options. With very large customers, it's easy to have one-off contracts with special pricing to secure the deal.

Tracking & Usage

The next thing to consider is the other systems involved with provisioning, entitlements, tracking and usage. Depending on the offering, there may be only one or in the case of an Internet of Things offering such as home security, there could be dozens. The interfacing technology stack will require the agile billing system to have a library of APIs and web hooks. Typically the more systems, the more data, all of which can benefit from more advanced billing platforms that includes real-time mediation, client-side pre-processors and smart workflow triggers.

Billing

These complexities then need to be translated, consolidated and presented as accurate, line-item-based bills. This is especially important with consumption-based services to avoid “bill shock,” a term used in telecommunications to describe a negative reaction a subscriber can have to unexpected charges on their bill. Frequency of invoicing, multi-currency, invoice customization and complex revenue recognition rules can play a role in adding to, or subtracting from, complexity.

These are just a few examples of the scale of complexity to consider for the business requirements.

volume

Transactions

In this instance, we are strictly talking about how many transactions are handled by the billing system. We will address scale as part of a larger considerations conversation later.

The requirements of companies that need to handle hundreds or even thousands of transactions will be different than one that is processing billions of transactions. For example, time frame is a critical factor in volume processing. Does the processing need to occur monthly or daily? Do transactions need to be rated or processed in real-time for charge accuracy?

A word of caution when discussing volume with platform providers: don't equate revenue size of existing customers with volume transacted through the platform. A customer who is a 'billion-dollar' business may only generate 1,000 invoices per month rather than one billion \$1 invoices a day.

Processing Speed

Additionally, don't equate volume transacted through the platform as a proxy for the speed of processing those transactions. For companies with many connected devices, processing information upstream from invoicing needs to be considered. Are these 'events' a part of a service plan, provisioning system or other workflow that is ultimately translated into a detailed invoice? What is the processing time of the complete workflow for the volumes of data needing to be factored into the final invoice, and ultimately to recognized revenue?

The complexity and volume requirements can be easily solved if we had infinite time to execute. This brings us to our third factor, agility.

agility

Two of the biggest competitive advantages for any business are speed and agility. Agility in the construct of billing platforms is the ease of set up and, more importantly, changes to the system. The ability to rapidly deploy new products with new business models without the need for IT or lengthy code customizations is paramount. This agility allows companies to enter markets quickly, often disrupting behemoth incumbents.

Time to Value

Historically, the time-to-value of platform or business applications took anywhere from nine to 18 months. Once architected, changes to the workflow, products or pricing could issue a change order to establish another implementation project, customizing the platform, and requiring time and resources from professional services. Depending on the market being served, this traditional model may work well for some companies.

Flexibility

For other companies, the ability to make business model changes, add or subtract products, offers, bundles, etc. without the need for custom code is critical for their go-to-market strategy. Additionally, the ability to avoid 'SKU-sprawl' or product catalog proliferation is essential as it can lead to sales and/or customer confusion, missed cross-sell or up-sell opportunities, product cannibalization and ultimately missed revenue.

It is the combination of complexity, volume and agility that drives the business requirements for agile monetization and billing platforms. These factors must be considered for today's business cases as well as those in the future.

The Ongoing Debate

build vs buy



Many companies ponder the feasibility of developing their own billing application, particularly if the decision makers believe they have properly skilled engineering and IT talent to build it. The initial scope may start as a small offshoot to augment the ERP or CRM to fit immediate requirements. As the system is used, new requirements emerge which leads to more customization. The company continues its success until at some tipping point the internally homegrown system, the very thing that helped spurred the growth, has become an unintended Frankenstein unable to meet the new demands of the business.

Long-Term Solution



Developing a proprietary billing application today would be akin to developing a ERP or CRM. Why would a company spend precious time and resources on functionality that already exists in commercially available platforms? Unless the company is looking to become another agile monetization and dynamic billing platform, they wouldn't. The maintenance, support, security considerations and the opportunity cost alone of developing the internal capabilities creates too much unnecessary risk to the business and overall customer experience.

If a company already has an augmented system, which many leading companies do, it can be difficult to 'rip and replace' what has helped fuel the company's success. Rather, look for systems that can serve as an adjunct billing engine and configure functionality in discrete compartments, or sprints. This minimizes disruption and ensures business continuity during the transition to a market-tested, longer-term solution.

purchase criteria



Considerations for Future-Proofing Your Investment

We expect the adoption of monetization tools and platforms to accelerate rapidly over the next 2-3 years with over 20% of F1000 companies adopting an Agile Monetization Platform (AMP) by 2020 with new business opportunities driving the deployments.

- MGI Research 306 Ratings, Agile Billing Solutions

Time to Value

The most feature-rich platform is worthless if it takes a long time to implement or requires continuous custom coding. Look for vendors that have a commitment to white-glove service after the initial sale. Iterative implementation methodologies, active communication models, executive sponsors and strong scope, schedule and resource management are key indicators of a strong post-sale experience.

Ease of Doing Business

Vendors who are interested in the success of the company will approach the relationship as a partnership. They will bring talented people to the table to deep-dive to use cases, listen to the needs of today as well as brainstorming those of tomorrow. They treat the business as their own and respect the people, process and efforts of employees who brought the company success. A partnership is a two way street and the best outcomes come from deliberate collaboration and a shared vision of success.

Domain Experience

Vendors who have monetization experts on staff can bring enormous value to companies looking to move beyond the transactional sale. Their experience in billing, packaging, pricing as well as technical expertise in cloud, security and interoperability greatly reduces the risk to revenue-impacting projects. Billing and monetization is something that you must get right. Expertise and having “been there and done it” is of tantamount importance.

Force-Fitting Process to Technology

It's worth mentioning that many vendors will attempt to dictate the business process strategy, or "to-be" state based on workflows, integrations or limitations in their platforms. This goes for legacy systems (e.g., ERP, CRM) as well as vendors in the subscription billing and agile monetization space. Find a partner that has the expertise to configure the technology around the future monetization strategies and a platform that can complement the existing and "to-be" technology stack without custom code.

Vendor Pricing Strategies

Vendors can take several approaches for their pricing structure from one-time, subscription and/or usage-based pricing scenarios. Be wary of vendors who want to charge based on a percent of revenue processed (or transactions processed) in any given period of time. Often, this pricing model does not align with the value that a customer receives from a billing solution. Pricing as a percentage of revenue invoiced essentially is taxing a company's revenue growth that may not have anything to do with platform usage. If in the sales process the vendor drops its price considerably to win your business, dig into longer-term costs and calculate a total cost of ownership for the expected life of the vendor relationship. Low up-front costs often means high long-term costs.

Limitless Business Model Support

Not all agile monetization and billing platforms have the ability to handle business models that can support any combination of one-time, subscription and usage-based offerings. The best-of-breed providers also offer real-time usage, if-then bundles (i.e., if customer has/does x, then customer is entitled to this package/pricing) and rating along with:

- **Flexible Pricing Paradigms:** A multi-dimensional data monetization platform has almost unlimited flexibility in packaging and pricing. Building rules logic in a monetization platform should be as easy as creating financial modeling using a formula in a spreadsheet.
- **Product Bundling:** Many systems are limited by the product bundles and packaging strategies they support. This inevitably leads to product catalog creep; sometimes exploding to hundreds of thousands of needless variations created because of system limitations. The right monetization solution should allow businesses to bundle products or services together and create sub-allocations for cost basis.

Be wary of vendors who support these models via custom coding; it lengthens the time to market and adds additional risk. Look for vendors who can support a variety of business models via configuration, not customization, when initiating a new offering.

Personalized Customer Experience

Agile monetization and dynamic billing platforms must be able to provide constant visibility into customer behavior, especially for usage-based service offerings. Visibility isn't enough; the platforms must have the flexibility to quickly adapt to changes in customer preferences to maximize up-sell, cross-sell and net new revenue opportunities as well as reduce customer churn.

Invoicing plays an enormous role in the customer experience; for some companies, this is the only touch point after the initial sale. Yet billing disputes continue to be a major challenge for companies and a source of dissatisfaction for customers. Agile monetization platforms should generate accurate, easy-to-read invoices and provide granular, line-item detail with clear descriptions. Customer service representatives should be able to log into the system, quickly address questions and provide a great experience, reducing churn.

Complete Order-to-Cash (O2C) Automation

Agile monetization and billing platforms provide operational efficiencies through automation, especially around the quote-to-cash workflow. While many solutions are great at automating core business processes, some lack the ability to automate the notifications, smart triggers and integrations key to eliminating manual processes in and around the core workflow. Be sure to evaluate exactly how each agile monetization and dynamic billing platform can automate the entirety of the O2C process through extensibility and web service notifications.

Interoperability and Extensibility

Most agile monetization and dynamic billing platforms allow companies to leverage best-of-breed solutions and an extensive ecosystem of expert services providers. Look for robust API libraries, web hooks, intelligent workflow triggering systems and pre-integrated connectors which will provide vital communications between existing operational infrastructure platforms and newer, more nimble cloud-based processes. Extensibility is paramount for supporting future technologies, business models and pricing paradigms.

Scale and Elasticity

Agile monetization and dynamic billing platforms must scale in the traditional sense of supporting repeatable processes, technology and volume whether it be in the thousands or billions of transactions, locally or internationally. They also must enable the company to scale for business; providing the necessary flexibility in packaging, dynamic pricing and subsequent revenue recognition to continuously drive new revenue.

The best agile monetization and dynamic billing platforms are natively architected to be elastic. An elastic architecture typically has a nominal amount of fixed capacity to handle the steady state load on the system, while incremental capacity can be added or removed on a pre-determined schedule or in response to load conditions on demand. This affords capacity at an industry leading cost structure by having minimal infrastructure costs during nominal loads and supporting bursting during high demand. Clients only pay for what they use, not for unused resources.

TIP: Cloud Does Not Equal Elastic

While a good cloud infrastructure can provide the tools needed for elasticity, it is critical to understand that not all cloud providers are elastic. Many of the leading cloud applications in the market today are not built with an elastic architecture that is designed to scale quickly and easily. Salesforce® is perhaps one of the most well-known cloud business platform in the world. However, it is a prime example of a cloud solution that is currently NOT elastic. Not only are users locked into tiers based on pricing models, but the underlying infrastructure of the platform does not allow for agile scaling to accommodate burst processing or unexpected growth.

Additionally, there are many on-premise solutions that are being virtualized and hosted in an internal cloud-like manner, but, this doesn't mean they have the ability to quickly scale up and scale down their capacity.

Even with an elastic capable provider such as AWS or similar service, the solution itself must be designed to horizontally scale, and automatically manage capacity as needed. Not only must businesses be using an inherently elastic hosting provider, but the software itself must also be architected to take advantage of elastic design.

vendor landscape



Industry Reports

There is a new breed of solution providers that bring a combination of business experience, domain expertise in billing, and agile technology. This combination of capabilities is what progressive companies are looking for today.

- Andrew Dailey, Managing Director of MGI Research

Throughout the past decade, a number of vendors have been tackling the apparent holes in ERP and CRM functionality with new, cloud-based platforms. Each vendor approaches the emerging market differently depending on the target market of B2C or B2B, small-medium size businesses or Fortune 1000 enterprises.

Three leading analysts firms currently cover the agile monetization and subscription billing vendor landscape. They produce reports, ratings and evaluations of the leading vendors.

Forrester

Forrester (Nasdaq: FORR) is one of the most influential research and advisory firms in the world. Forrester frequently does a fully-transparent, comprehensive evaluation of vendors in a software, hardware, or services market driven by analysis of data collected from the marketplace and the experience of their analysts. In Q4 2018, they published a study, Forrester Opportunity Snapshot: Capitalize on Your Digital Transformation with Usage-Based Models, in which you can hear from a wide-range of subject matter experts on the current state of usage and consumption-based billing.

[Forrester Wave™: Recurring Customer And Billing Management, Q3 2017](#)

MGI Research

MGI Research is an independent industry research and advisory firm focused on disruptive trends in the technology industry. MGI is the only firm with a dedicated practice around agile monetization, including billing, CPQ, financials, and revenue recognition. They have created the MGI 360 Market Ratings Report (MRR), comprehensive structured system for evaluating technology companies. The MRR helps users make more informed and timely strategy and purchasing decisions. It details key requirements for billing software solutions, presents the MGI 360 Ratings of the vendors that at present have the biggest visibility in the marketplace, and provides recommendations for users evaluating suppliers in this market.

[Most Recent MGI 360 Market Ratings Report](#)

Gartner

Gartner, Inc. (NYSE: IT), is the world's leading research and advisory company and a member of the S&P 500. They equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities today and build the successful organizations of tomorrow. Their unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. They are a trusted advisor and objective resource for more than 15,000 organizations in more than 100 countries — across all major functions, in every industry and enterprise size. Gartner released its first competitive landscape report on cloud subscription and recurring billing management.

[Gartner's Competitive Landscape: Cloud Subscription and Recurring Billing Management, North America, November 2018](#)

Gotransverse

conclusion



“ Companies seeking sophisticated monetization and financial functionality beyond simple subscription should shortlist Gotransverse. ”

- Andrew Dailey, Managing Director, MGI Research

The market dynamics are pressuring businesses to rethink how they launch new products and services with new and unique pricing and packaging options to maximize revenue. However, the traditional systems such as ERP are causing customer friction in billing, revenue leakage and barriers to growth. Agile monetization and dynamic billing solutions can provide the answers to these challenges, but not all platforms are created equal.

Gotransverse has an unmatched reputation for powering the most stable and reliable dynamic billing relationships between enterprise organizations and their consumers. We give you the flexibility and control to produce new revenue streams from cross-sells, up-sells, renewals, and net-new revenue by unlocking your billing intelligence. Our scalable, highly configurable platform reduces your costs over time, and is shareable across functional enterprise groups, allowing you to capture incremental revenue from your existing customer base in near real time. Now you can rapidly launch new products, configure bundled products and services, provide your customers with a seamless experience and produce dynamic promotions quickly and easily.

**CLICK
HERE**

for a FREE

30 minute

consultation with a Gotransverse billing expert.