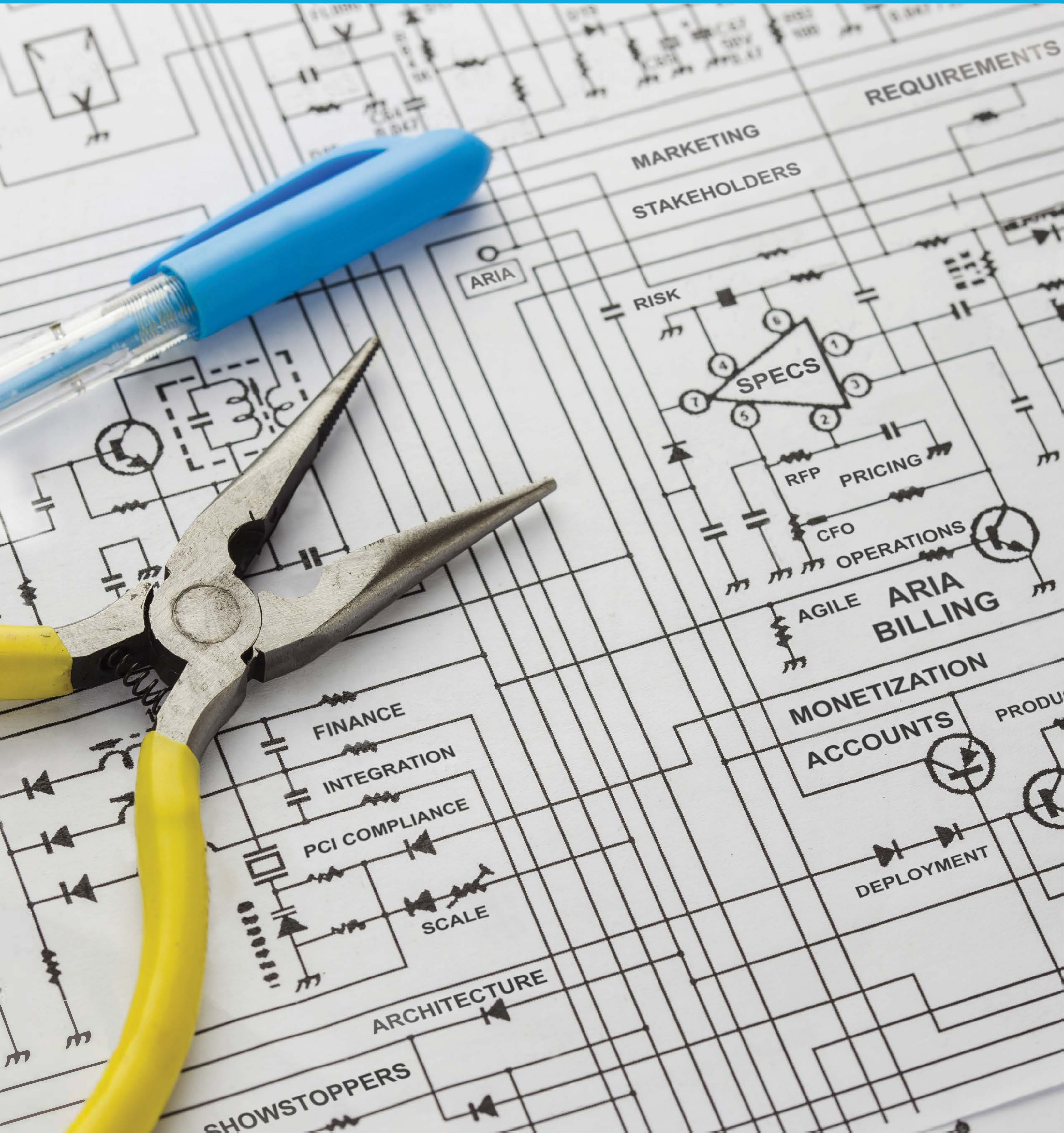
Five Tips to Create Effective Billing System Specifications



Five Tips to Create Effective Billing System Specifications

So, your business is looking at creating new services and new monetization models that aren't supported by your legacy billing platform. It's time to look at a new billing solution and there are choices to make. But it's your first time selecting a billing vendor and you don't know where to start.

You're not alone. The average IT person has done zero billing deployments. The same holds true for the average business analyst. Maybe your CFO lived through a billing implementation a few years ago at a previous company. But since your business updates billing systems maybe once a decade, chances are that the experience level in your organization with billing programs is somewhere between little and none. It shouldn't come as a surprise, then, that the average business has a difficult time understanding and articulating to vendors what they need from a billing solution.

The good news is, there are resources available that can help you navigate this process. As a starting point, these five tips can help you create a more effective set of system specifications and use cases to aid in your vendor selection.

Identify and include all the stakeholders

Monetizing your products and services is an end-to-end process that begins with your first customer contact, carries through a variety of customer-facing processes, and ends with recognizing revenue in your financial systems. There is a long list of stakeholders that can include finance, billing operations, IT, sales, product marketing, customer success, customer service, data security, compliance, and training. Nearly every department will be affected by a new billing solution. So, they all need to play a role in crafting requirements, and they all need to know their concerns are being heard from day one.

There are a few basic techniques for gathering and refining requirements, including process mapping of the desired future state, individual interviews that drill down into the needs of specific business areas, and prioritization based on the business necessity of requirements across the various stakeholder groups. Most projects will use a combination of these and perhaps other techniques to gather a full set of business requirements.

Cover the bases

In your process mapping and interviews, you're looking to identify business and technical requirements across five different dimensions:

- **Function** – What does it do? Things to think about include customer and product models and hierarchies, product catalog management, available pricing methods (subscription, usage, etc.), non-sale transactions(upgrade, downgrade, cancellation, etc.), invoice creation/distribution, payment processing, event management, dunning capabilities, revenue recognition, etc. What do you need today and will you need two to three years from now?

- **Architecture** – How is it built? Capture the technology capabilities, needs, or constraints in your environment that might affect your choice. What is IT's future vision, and how does that mesh with vendor architecture?

- **Scale and agility** – Will it grow with you? This is not just a question of raw scale, but also of how much agility and flexibility a solution gives your business to grow quickly, manage seasonal capacity, try new services and bundles, along with business models as needs change.

- **Integration** – How does it connect? Identify all the integration points, especially for customer, product,and transaction data. Who needs to see data and when? What sales channels do you need to support? What capabilities do you already have in place and what will you need the vendor to provide in terms ofout-of-the-box integrations or APIs?

- **Risk** – Is it safe? What are your needs related to access, data and payment security? What are your compliance requirements? What about availability, failover, incident response, recovery times, etc.?

Keep in mind that there is no 'silver bullet' solution that will provide a 100 percent match. A good rule of thumb in evaluating vendors is to short-list those who can provide 80-85 percent requirements match and adapt your business processes to fill any gaps. Other factors you'll consider in your evaluation include cost-of-ownership, accelerating your time-to-market, and vendor intangibles (i.e. what is the vendor culture and will it mesh with ours). Once you identify a set of requirements, you'll be crafting questions for potential vendors. But first, you'll need to...

Prioritize your requirements and identify showstoppers

Since there is no such thing as a perfect match, doesn't it follow that some of your 'requirements' must be negotiable? For example, if you're processing card payments, PCI compliance is a showstopper—you can't live without it. But what about processing returned payments? If a vendor is weak in that area but off the charts strong in other areas that are important to you, would you drop the vendor? If not, then returned payment processing is not a showstopper.

There is nothing that will kill a project faster than uncovering a missed showstopper requirement six months in. But almost as lethal is having too many showstoppers. Limiting the number of showstoppers requires some push-back and difficult conversations with stakeholders. For every requirement, you'll need to ask, "What will happen if we don't have this?" If the answer is, "We'll survive," then it's negotiable. Those negotiable requirements should be prioritized and weighted by level of importance for evaluating vendor responses.

Ask open-ended questions

Crafting questions for vendors is as much art as science. Vendors tend to rely on boiler plate verbiage to accelerate their RFP responses. Your job is to get them to go off script. You want detailed responses that deliver a clear view of vendor design principles and capabilities related to your environment. How do you get there?

- Ask how and why questions – Ask "How would you meet this business requirement and why do you choose this solution over others?" For example, "What alternatives would you propose to keep product data in syncbetween billing and our CRM, ecommerce and financial platforms. Which would be your preferred solution? Explain why."

- Provide as much detail as possible – The more you tell the vendor, the better the responses you will receive. For example, with the question above, "What alternatives would you propose to keep product datain sync between billing and our Salesforce CRM, Elastic Path ecommerce, and NetSuite financial platforms.Which would be your preferred solution? Explain why?"

- Don't ask leading questions – For example, "What middleware solution would you propose to keep productdata in sync between billing and our CRM, ecommerce, and financial platforms?" would be a leading questionbecause it assumes a technical solution. You're asking the vendor to propose a technical solution for yourbusiness problem. Don't make the choice for them. Give the vendor the space to present and defend their preferred solution.

Don’t stop with requirements

RFPs are a good first step in evaluating billing vendors, but by itself, the RFP process is not enough. RFP responses can call out available functionality and design features, but they don’t demonstrate whether the vendor can deliver a real-world solution for your business requirements.

In the age of SaaS solutions, where vendors can spin up test regions in days instead of weeks or months, the vendor selection process should include asking one or more preferred vendors to perform a proof-of-concept—your use cases, your data, running on their solution. The cost for a PoC should be relatively low, and your business can get a much clearer view of how the solution will operate in your environment, reducing your deployment risk and cost.

To best leverage the PoC, create a small set of compound use cases that test multiple requirements and conditions. For example:

Use case – Activate a service on an individual account, with a credit card that is two months from expiration. Mid-way through month 1, add a second user to the account and upgrade the service level. Mid-way through month 2, downgrade the service level. Monitor what happens with the expired credit card in month 3. Remove the extra user from the account.

This is a simple case, but you get the point. Create a dozen or so use cases that exercise your most important business requirements and include exception conditions.
Choosing a billing vendor is a high-risk/high reward opportunity. Selecting the right vendor begins with creating a set of specifications that meets the needs of stakeholders from across your business. The tips provided can help you set the course for creation of an effective RFP and proof-of-concept so you can find the right vendor that meets both your current and future needs.

About Aria Systems

Aria Systems cloud-based monetization platform is the consensus analyst choice, top ranked by leading research firms. Innovative enterprises like Verizon, Adobe, and Audi depend on Aria to accelerate time to market and increase flexibility, enabling them to maximize customer value and grow recurring revenue through subscription and usage-based offerings.

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