

CONQUERING **COMPLEXITY IN** SUBSCRIPTION BILLING

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FIRM HIGHLIGHTS

Independent Research and Advisory Firm Focused on Disruptive Trends in Technology



TRUSTED ADVISOR

to

- Technology Buyers
- Suppliers
- Investors



UNIQUE FOCUS

on

- Business Model Transformation
- Agile Monetization
- Customer Experience (CX)
- Quote to Cash
- eCommerce
- Digital Payments, and
- ERP



SENIOR TEAM

to

- Each analyst has 25+ years experience
- Morgan Stanley, Gartner, MasterCard, ING
- Entrepreneurs, investors, analysts, board members



PRODUCTS & SERVICES

- Subscription research and advisory services
- Company ratings, Billing Q2C best practices, vendor evaluations, valuation analysis
- Monetization Leadership Councils



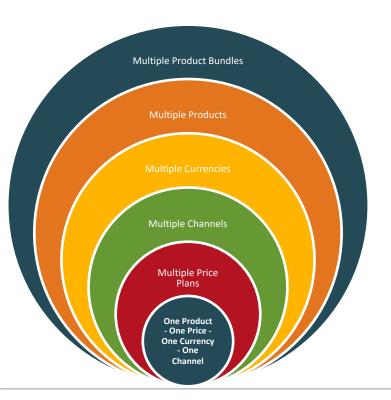
- What is billing complexity and why does it matter?
- What are the major sources and elements of billing complexity?
- Is billing complexity a threat or an opportunity?
- What are the practical strategies for dealing with billing complexity?



BILLING COMPLEXITY EVOLUTION

Complexity characterizes the behavior of a system whose components interact in multiple ways and follow independent rules, leading to nonlinearity, randomness, collective dynamics.

Complexity is generally used to characterize something with many parts that interact with each other in multiple ways, culminating in behavior that cannot be predicted through a simple sum of individual part behavior.



Billing Complexity Increases Geometrically



A "SIMPLE" TRANSACTION

Seller Division 1

Seller Division 2

Seller Division N



Goods and/or **Services**

Payments

Quote

Order

Invoice

Contract

Subscription

Services



Buyer

Buyer Division 1

Buyer Division 2

Buyer Division N



BILLING COMPLEXITY SOURCES

PRODUCT

- What you sell (product vs service vs hybrid)
- Physical vs Digital vs Hybrid offering
- How you package (standalone vs bundle, assembly, solution, etc)
- How complex is your product catalog hierarchy
- How do you integrate product and services billing?

PRICING

- · How many different pricing methods (flat OTC or monthly fee, usage, outcome, volume purchasing agreement, etc.)
- How many different rating methods (peak vs offpeak, discount plans)

PAYMENT

- · What payment and refund methods do you support in each geography
- Do you need to settle payments amongst multiple parties

SALES

- · How you sell
- · direct
- · marketplaces
- · assisted
- self-service
- · Where you sell
- ·local
- regionalalobal
- · How many currencies

REGULATORY

- Tax Compliance
- Entity Compliance (need a local company?)
- Degree of Regulation – e.g. food safety, public safety, export

controls, etc.

· Audit requirements, including billing

CUSTOMER

- B2B vs B2C: Is the customer a business, consumer, government, not-for-profit
- What is the customer organizational hierarchy?
- Are payments split among multiple divisions? Who gets which reports and data
- What are the invoicing requirements?
- · Is the customer undergoing major milestone changes

SELLER

- · How is your company organized: divisions, sales offices, affiliates, partners
- Is your firm going through milestone changes?

MARKET

 Change in the competitive landscape, pricing approaches, customer expectations

CHANGE....



CHANGE = COMPLEXITY

Financial Audit

Acquisitions

New Products

New Product Bundles

New Pricing

New Geographies + Currencies

New Channel Partners

Major Organizational Change



THREAT OR OPPORTUNITY?

RISK

- Barrier to Scalability
- Customer Friction
- Negative Impact on Sales Productivity
- Prolongs Time to Revenue

OPPORTUNITY

- Improve Differentiation
- Invoice a customer the way they want
- Rapidly react to market changes



BILLING COMPLEXITY SEPARATION

PRODUCT CATALOG

 What defines product and its attributes

PRICING MODELS

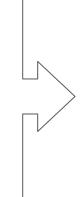
- Subscription
- Usage
- Tiered

RATE MODEL

 Rates, conditions, e.g. peak vs. off-peak

PAYMENT MODEL

- Pre-Pay
- Post-Pay
- On Use, et al

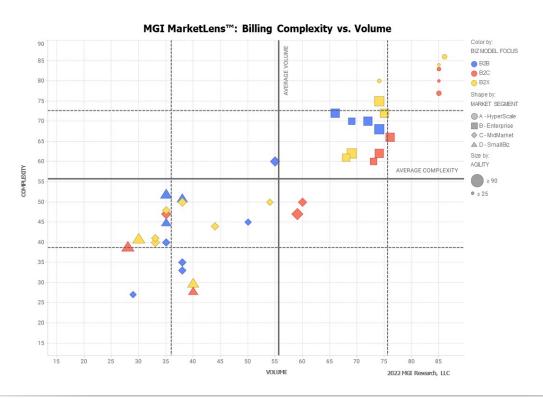


OFFER

 Products, Pricing, Payment, Rates, et al



AGILE BILLING MarketLENS™ Complexity vs Volume





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