

Public Private Partnerships for Optimizing Customer Service and Billing



Presented by:



Leveraging Partnerships

If your organization has reviewed the possibility of a CIS replacement you may want to consider and take advantage of the increased flexibility offered by a Web-based solution.

When you bring a system in-house, you will have to make an initial capital purchase of the software and often make hardware and infrastructure changes. You will also need to have technical staff ready to run and maintain the system, as well as handle the printing and mailing of bills and the processing of incoming payments. On top of all of this, you will need to budget for the ongoing software maintenance bill from your vendor.

By contrast, when you choose an ASP, you avoid an initial major capital outlay. Initial costs are usually confined to a conversion fee. Usually, existing hardware can be used to connect to the new system. Obsolescence is no longer an issue, as you receive new system functionality throughout the term of your contract, functionality often available only from the most expensive of in-house solutions. Access via the Web allows staff full, secure access to the customer data anywhere a Web connection exists.

An alternative to an in-house hosted solution could be to use an **Application Service Provider** to supply your customer information system.

Application Service Provider (ASP) / Software as a Service (SaaS)

- An **application service provider (ASP)** is a business that provides computer-based services to customers over a network. Software offered using an ASP model is also sometimes called **software as a service (SaaS)**. The most limited sense of this business is that of providing access to a particular application program using a standard protocol such as HTTP.
- The need for ASPs has evolved from the increasing costs of specialized software that have far exceeded the price range of small to medium sized businesses. As well, the growing complexities of software have led to huge costs in distributing the software to end-users. Through ASPs, the complexities and costs of such software can be cut down. In addition, the issues of upgrading have been eliminated from the end-firm by placing the onus on the ASP to maintain up-to-date services, 24 x 7 technical support, physical and electronic security and in-built support for business continuity and flexible working.
- Organizations pay for *using*, not *owning*, the software

Services Provided by an ASP / SaaS Based Solution

Billing	<ul style="list-style-type: none">• In Cycle Billing• Off Cycle Billing• Bill Printing• Bill Mailing• Remittance processing• Delinquency processing
Data Center	<ul style="list-style-type: none">• Application Hosting• Disaster Recovery
Operations	<ul style="list-style-type: none">• Receive and process inbound files from utility• Create and send daily files to utility• Make periodic interface changes.• Maintain at established metrics the CIS, Telephony System and Enrollment Systems.
Customer Service	<ul style="list-style-type: none">• Call Answering• Enrollment• Service Requests• Complaint Handling and Tracking

ASP / SaaS Components

Applications

- ◆ CIS/CRM
- ◆ Web Based Application
- ◆ Other Applications

Facilities

- ◆ Data Center
- ◆ Call Center

Services

- ◆ Bill Production
- ◆ Remittance Processing
- ◆ Receivables
- ◆ Collections

People

- ◆ Call Center
- ◆ Back Office

TECHNOLOGY

Application Support Services

- Product Upgrades
- Product Fixes
- Product Warranty
- Help Desk 2nd level

Data Center Operations

- Server Environment
- Data Center Operation
- Production Control
- Disaster Recovery

SERVICES

Business Services

- Bill Production
- Payment Processing

PEOPLE

Call Center Services

- Call Center Management
- Credit and Collections
- Billing

Using an ASP for your customer service and billing system allows you to:

➤ Streamline business processes through “best practice” advice

Application Service Providers provide you with personnel that are experts in their industry. ASPs recognize how the software integrates well into your business environment and helps to drive your business results utilizing the software.

Providers make extensive investments in technology, methodologies, and people. They gain expertise by working with many clients facing similar challenges. This combination of specialization and expertise helps organizations avoid the cost of chasing technology and training.

➤ **Concentrate more on your organization's core competencies**

Hosted applications also allow organizations to focus its resources on its core business. Some organizations already have a talented information technology team.

By using an ASP, you can free up your IT staff to be redeployed, and have it concentrate on critical IT functions, such as management accounting and network design and analysis.

➤ **Mitigate risks through the client-provider relationship**

Among the risks inherent in any new utility Customer Information System (CIS) are obsolescence, unpredictable costs, and security and disaster recoverability. If you decide to replace your CIS with an in-house system, you must assume all of these risks. By using an ASP, however, all of these risks are reduced through the client-provider relationship.

Tremendous risks are associated with the investments an organization makes. Markets, competition, government regulations, financial conditions and technologies all change extremely quickly. Keeping up with these changes, especially those in which the next generation requires a significant investment, is very risky.

Outsourcing providers make investments on behalf of many clients, not just one. Shared investment spreads risk, and significantly reduces the risk born by a single company.

➤ **Make capital funds available**

There is tremendous competition within most organizations for capital funds. Deciding where to invest these funds is one of the most important decisions management makes. It is often hard to justify non-core capital investments when areas more directly related to producing a product or providing a service compete for the same money.

Outsourcing can reduce the need to invest capital funds in non-core business functions. Instead of acquiring the resources through capital expenditures, they are contracted for on an "as used" operational expense basis.

Cost Control / Budget Planning

- Expenses related to billing systems and operations are more predictable
 - Per unit pricing is easier to forecast
 - Less infrastructure investment means reduction in capital expenditure
 - No need to plan years in advance for capital outlays for upgrades, maintenance, etc.

- Reduce the investment in self-managed and maintained software and hardware
 - Servers
 - Networks
 - Applications software
 - Software maintenance & support fees

Volumetric Purchasing

- Using this software delivery model also can allow cooperative groups to share the advantage of volume pricing – as the number of participating members increases, the cost per bill decreases.

- Pricing based on scalable volume
 - Multi-tiered pricing – higher volume means lower per unit cost

 - As participants contribute their volumes to the cooperative, all other members enjoy the lowered pricing tier

 - Individually, the participants pay for only their portion of the overall volume of billings produced

Case Study

East Orange Water Commission

East Orange Water Commission (EOWC) is a water and sewer utility located in East Orange, New Jersey. The commission serves over 80,000 residents in East Orange and South Orange.

Goal:

- EOWC needed to lower costs and increase reliability of customer billing in addition to improving overall cash flow
- EOWC also wanted to provide their customers with direct access to account information, in conjunction with the ability to pay their utility bills via the Internet

Challenges:

- Improve the accuracy of billing their customers
- Reduce overall costs of billing customers
- Identify inaccurate and incomplete billing from the legacy system

Solution:

- Implementation allowed EOWC to remove existing on-site servers and eliminate consultant costs associated with support and maintenance of the legacy system
- Development of interface with a new meter reading system provided EOWC with more accurate and timely meter readings
- Coordination of collection schedules through system resulted in improved cash flow to the utility

Result:



- System cost-effectively ensures that all customers are billed accurately and on a regular basis. This provides EOWC with increased cash flow and mitigates the risks associated with inaccurate customer billing
- EOWC has experienced efficiencies in the collections process and increased cash flow as a result of accurate and timely production of arrears notices
- The flexible rate structure offered allows EOWC to implement sophisticated rate structures, which translate to increased revenue
- EOWC customers have embraced the ability to review account history and pay bills via the Web

Summary of Services Supported by ASP/SaaS Provider

- Application Hosting / Data Center Services with 24x7x365 fully staffed operation
- Expertise on System Implementation/Data Conversion
- Bill processing and mailing
- Customer Self-Service via a branded customer web portal
- Collection processing and management
- Cash Processing
- Training
- Data Mining and Reporting
- Disaster Recovery

In Review

An ASP/SaaS Billing Services Solution can allow your organization to:

- Control costs and mitigate risk
- Leverage vendor experience and knowledge
- Concentrate more on your organization's core competencies

Cooperative Model Benefits can provide:

- Scaling with tiered cost savings
- Improved functional software capabilities
- Collaborative User Seminars

Questions/ Discussion

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