

Drive Better Customer Service with

Interactive Invoicing

Companies that improve their efficiency and effectiveness through e-business techniques can significantly increase cost savings, productivity, and customer satisfaction.

BY KEVIN DIVINE

The challenge for today's leading companies beyond growth and profitability is to improve productivity and customer service. Now, more than ever, successful companies are finding ways to achieve that objective and extend their foothold in the marketplace, building loyal customers by turning to new technology and evolving as an e-business.

The term "e-business" in the past five years has grown past its original roots as a term only for electronic commerce. E-business today refers to the use of the Internet (and more specifically the Web) for interacting with customers, partners, and suppliers with the goals of reducing time and effort and improving visibility and efficiency in all business transactions.

The challenges that businesses face today are daunting. With increased scrutiny on controllership, heightened concerns over security, and ever-demanding stockholder pressure on top-line, as well as bottom-line, growth—how can any business deal with so much complexity? And while it's dealing with these issues, how can it increase productivity and improve customer satisfaction and loyalty?

Unlike start-up businesses, existing businesses come with a lot of old technology "baggage" (meaning a legacy system and often multiple systems that don't talk to each other). A September 2005 survey by Forrester Research, "Financial Management Applications: Expanding Beyond the Accounting Hub," found that most large companies have more than a dozen financial systems in their operation. Cracking the "code" on this situation can be a make-or-break proposition. In fact, some companies teeter on the brink of going under if they fail to find solutions that help them get, and stay, on track.

Usually business plans focus on moving key business metrics like revenue, expenses, Days' Sales Outstanding (DSO), write-offs, and so on, but these measurements all have variable components that are driven by business activity: transactions with customers.

If companies can isolate the transactions that drive their business and improve the efficiency and effectiveness of those transactions with their customers, then significant improvements (cost savings, productivity, and, yes, even customer satisfaction) can be demonstrated month after month, year after year. The lowly invoice represents one common transaction for all businesses. We've all got invoices, but we often fail to look at them as a core business process and transaction that drives most other "after-the-sale" interaction (dissatisfaction and cost) with customers.

The types of after-the-sale transactions can come into companies across any number of functional areas, such as order processing, call center operations, billing, sales, or collections, just to name a few. Inquiries from customers ranging from general questions on invoices to disputed charges to how credits are applied to the customers' accounts are the real drivers of cost. These inquiries bring work and rework into business processes.

THE OPPORTUNITY

Recognize your invoice as the "root cause" for most of your after-the-sale interaction with customers, outside-of-service calls, and product support. You can take your business's tired old invoice and turn it into an interactive invoice that enables productivity and improves customer experience—and ultimately drives growth. This is the opportunity that your business can take advantage of by evolving into an e-business.

Stop, stop, stop, you're thinking. The Internet bubble burst several years ago, right? Wrong. Most dot-com start-ups failed, but many existing brick-and-mortar companies picked up on the advantages of digital interactions with their existing customer bases (which were already established and extensive). These existing companies listened to their customers and provided interactive business-to-business content (for example, electronic invoices and electronic payments, such as Electronic Invoice Presentment and Payment (EIPP)). Established companies have leveraged this opportunity without going the way of the dinosaur as everyone was predicting several years ago.

The good news here is that much of the new Web-based technology developed over the last few years, with heavy support by the old-timer brick-and-mortar crowd, has evolved to help bridge legacy technologies with new Web applications that can be delivered right to their customer's desktop. In fact, the analyst firm, Celent, predicts that adoption of EIPP applications will grow from an estimated 34% of the *Fortune* 1,000 companies in 2004 to 54% by 2008. So what were customers saying about this development? Well, many of the customers of these large, well-established companies have all voiced very similar suggestions:

- ◆ "Make your company easy to do business with."
- ◆ "Respond to my needs faster."
- ◆ "Help me navigate your processes."
- ◆ "Be a more e-savvy partner."

In today's business climate, these are common requests,

but often they are requests that go unanswered by businesses caught up with Sarbanes-Oxley requirements, double-digit growth targets, and escalating costs. Focusing on what customers are saying is the first step, but translating it to a digital solution can be difficult without a plan for driving change in your own processes. Again, go to the specific transactions that your business experiences. Break down those transactions into related types, and then focus a team on understanding the most frequent ones. Depending on the level of sophistication in your business, you can then quantify the value of digitizing those transactions based on the costs that they drive (e.g., response times, rework costs, production costs, and print and mail costs). All of these things drive the dissatisfaction being voiced by your customers regarding speed, efficiency, and accuracy. All of these major dissatisfiers can be addressed after you understand which ones are drivers for your business. When you've done your homework, then you can use the voice of your customer, which is now translated into business drivers, and gain commitment from your business leaders to digitize.

With the right level of commitment inside your company, which needs to come from the senior levels including the CFO, CIO, and CEO, significant change can be delivered that directly addresses customer needs.

WHERE'S THE VALUE?

Companies often believe that they have to weigh reducing operational costs vs. improving customer service. This is FALSE. In e-business, you can often get both at the same time by driving self-service. Innovative companies are realizing that you can achieve both and accelerate cash flow. Here's how it's done:

Reduce Operational Costs. This area is a first priority for companies trying to increase productivity and reduce costs. In order to improve your operations, you must reduce your customer's reliance on your customer support representatives (CSR) who handle inquiries. With e-business, customers are able to handle most questions in a self-service approach more efficiently. In fact, higher customer satisfaction comes as a result of the "instant gratification" customers get when they have their data at their fingertips. In the typical call center model, customers get put on hold or are transferred to various departments almost constantly. Even in the event of a successful phone resolution, customers often have to wait for a fax or mail response before the problem is ultimately resolved from their perspective. Operationally, your company benefits from reduced call center headcounts,

reduced telecom costs, and reduced printing and mailing expenses.

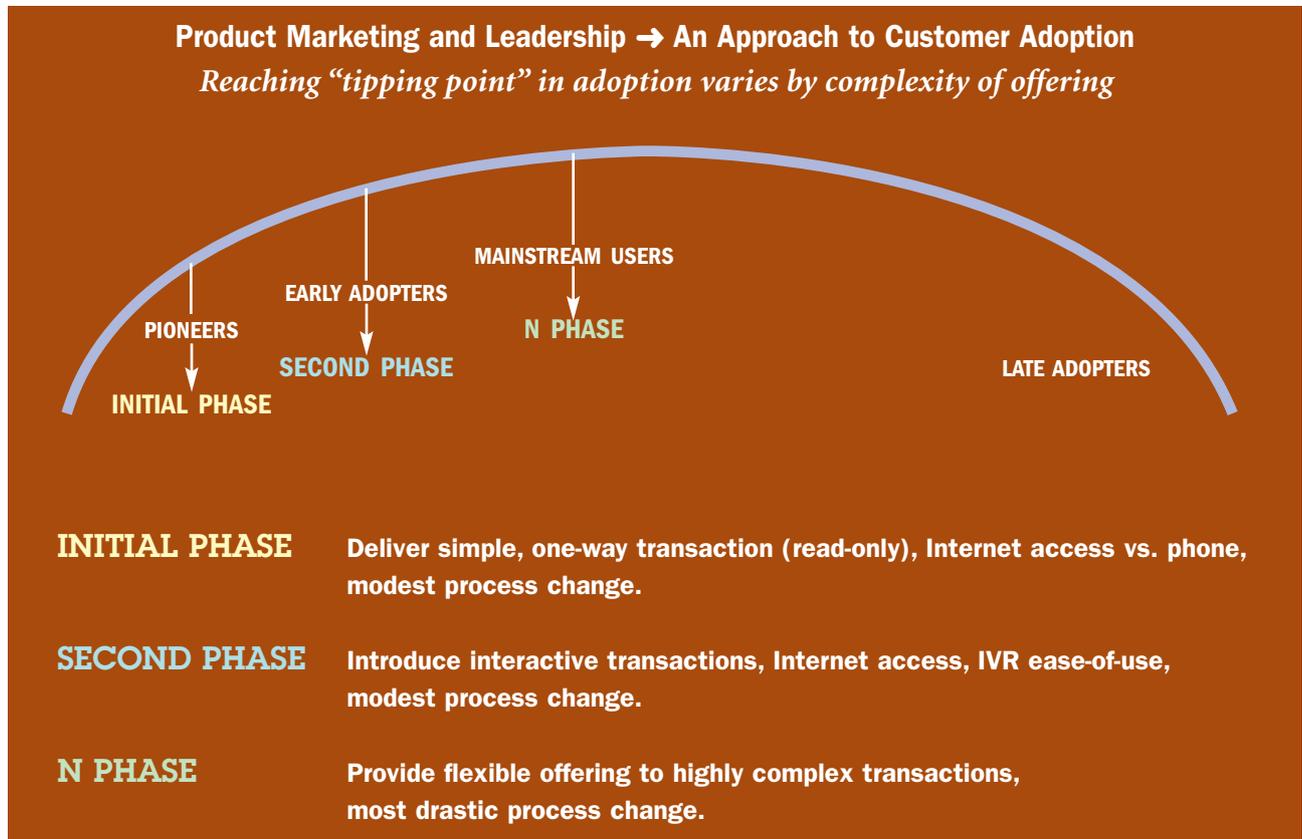
Improve Customer Service. EIPP can directly respond to a number of customers' needs. The most common need typically relates to their own control over the business that they transact with your company. The customers' contact information, their debt obligations, and their payment methods and terms can all be easily man-

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aged under the customer's control in an e-business environment. In addition, the Web permits the added flexibility that customers desire by providing the invoice in the format that the customer can best understand, review, and approve. And you can address more complex requirements such as consolidating billing data from multiple lines of business into one invoice even if your company has multiple legacy systems that "don't talk to each other" today. Digitizing and delivering these capabilities through e-business can directly and immediately improve the customer experience and increase your customer's loyalty to your products.

Accelerate Cash Flow. Although getting cash quicker can be another operational improvement for DSO and aging for your business, if you offer interactive invoicing, EIPP enables customer productivity (in a sense) by giving the customer the ability to dispute a portion of the bill (like a returned supply item) but pay the majority of the bill. Your company's business rules can be programmed into the application to allow for "acceptable" disputes, within allowable limits. Moreover, your company can get money within a single bill cycle that before may have taken two, three, or four bill cycles to resolve through phone and mail processes. In addition, companies that already have implemented interactive invoicing for their customers are seeing initial "catch-up" payments when

Figure 1: E-invoicing and E-payments (Product Maturity and Adoption)



they launch their EIPP applications simply because customers have better visibility to their complete aging data.

Increase Revenues. Ultimately, revenues will tell you when you’ve cracked the “code.” This metric speaks much louder than any survey on customer satisfaction ever could. Although usually reserved for typical e-commerce territory (businesses whose sole intention is to sell online), this metric is, in fact, a direct by-product and competitive advantage of e-business (businesses that have digitized their back-office transactions). Companies that are evolving to e-business are discovering that it’s not some slick shopping cart or flashy product catalog that welds customers to your company and its products, but it’s the ongoing service provided through transactional data that has a stronger exit-barrier for customers. By providing useful transactions and data through e-business, such as interactive invoices, companies then can leverage each customer interaction to drive more business—cross-sell, up-sell, add a service, and so on.

WHO PROVIDES SOLUTIONS?

There are several options in electronic invoicing—much of the decision depends on the level of interactivity in the invoice that your customers desire. Do your customers just want to print a PDF (like a utility bill), or do they often dispute items, have questions, or need a consolidated view of invoice data from different lines of business? In a report completed last year, Celent praised solutions from companies like BCE Emergis and ERP players, such as Oracle, as appropriate for industries that require simple presentment of the invoice. For industries with customers that have more complex needs, Celent gave top marks to Avolent.

HOW DO YOU GET CUSTOMERS?

So, now you’ve done your homework, built your business case, convinced your management to support your plan, and selected a strong partner to build your solution. Assuming you can launch your product, who’s going to use it?

If you believe the numbers from the analysts in the industry, the majority of customers (54% by 2008) will be in this space, so you had better get there or get left behind. Although the forecasts from the analysts are compelling, companies shouldn't panic or rush to solutions. Instead, survey your customers and find out what their timetable looks like. It's more likely that your customers will be taking an evolutionary approach to migrating to new technology. That migration will likely follow the same path that other companies have seen with their customers. Such migrations for early entrants to new technologies in e-business have come in phases, which didn't start with a lot of interactivity but did have interactivity ultimately built into their road map. The typical multi-phase program might look like Figure 1.

Phase 1: Initial Introduction. Often customers' demands for basic information act as a driver for initiating the development of e-business solutions for customers. The first step might include simple "non-interactive" availability to provide an account balance, invoices due, or copies of previously distributed invoices (either open or closed). Providing this "read-only" information online can facilitate quicker resolution of problems and reduce inquiries from customers.

Phase 2: Introduce Simple Transactions. The next step should involve real-time transactions that allow the customer to retrieve information (e.g., account balance) and to act on the information (e.g., dispute, inquire online). This phase provides more control for the customer and enables your business processes and controls.

Phase N: Completely Digitized Transactions. Ultimately, the interactive invoice should become a completely real-time, closed-loop transaction. This step likely will be an ongoing effort but should produce a solution that fits well within the customer's payments process and follows your company's invoicing and cash applications processes. A typical scenario might allow a customer to step completely through a multistep transaction as outlined below.

Example of MultiStep Transaction:

- Step 1:** Notification of Amount Due (e-mail).
- Step 2:** Verification of Open Balance (Web).
- Step 3:** Review of Open Invoices (Web).
- Step 4:** Selection of Invoices to Pay (Web).
- Step 5:** Selection of Line Item to Dispute, e.g., Tax (Web).

Step 6: Updated Balance w/Tax Disputed (Web).

Step 7: Payment of Nondisputed Balance (Web or paper check).

Step 8: Application of Cash (mechanical, without manual review).

The interactive invoice should fully accommodate complex transactions without manual intervention and customer frustration. Building such a solution will take time and a solid understanding of your company's internal processes as well as your customers' processes and needs.

HOW TO LAP YOUR COMPETITORS

Successful companies are lapping their competitors with customer service by providing a better experience. As a result, they are getting the most monetary returns from each customer. They are offering customers control and simplicity in their interactions, which, in return, provide:

- ◆ Reduced operational costs,
- ◆ Improved customer experience and loyalty,
- ◆ Accelerated cash flow, and, ultimately,
- ◆ More revenue.

A word of caution: Before you take your company down this path, make sure you've got your stakeholders prepared for the changes ahead. First, your customers must have related needs that interactive invoicing or e-business can serve. Second, your senior management team must "get it" and support evolution to e-business. Third, plan to deliver the win-win scenario, which is a balance between productivity for your business and better customer service for your customers. If you're going the e-business route and your customers know it, they need to be assured you are doing it with their best interests in mind and not just to lower your operating costs. Better service at a reduced cost can be achieved, but it needs to be carefully planned. ■

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