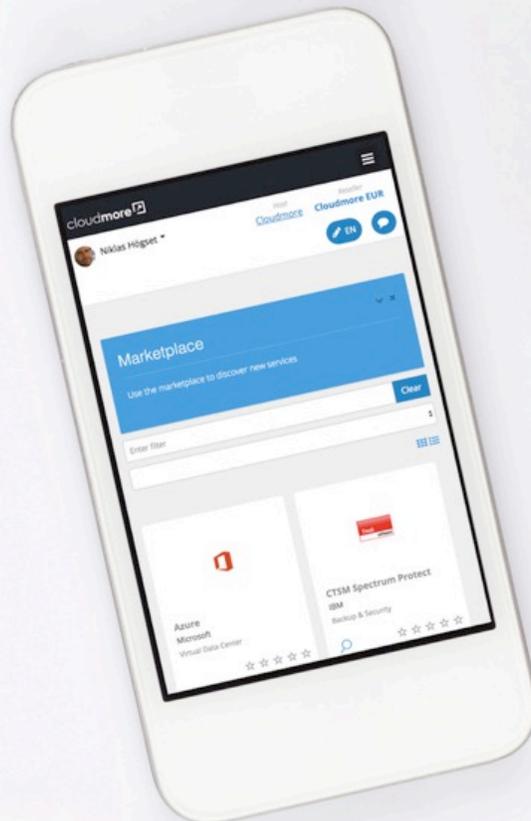


Cloud Billing

How to Streamline and Automate Your Cloud and Subscription Billing



cloudmore 

About the Author



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For the last 18 years Mark has concentrated his focus on the SaaS, cloud and hosting sectors, supporting the launch of successful businesses and taking them to maturity.



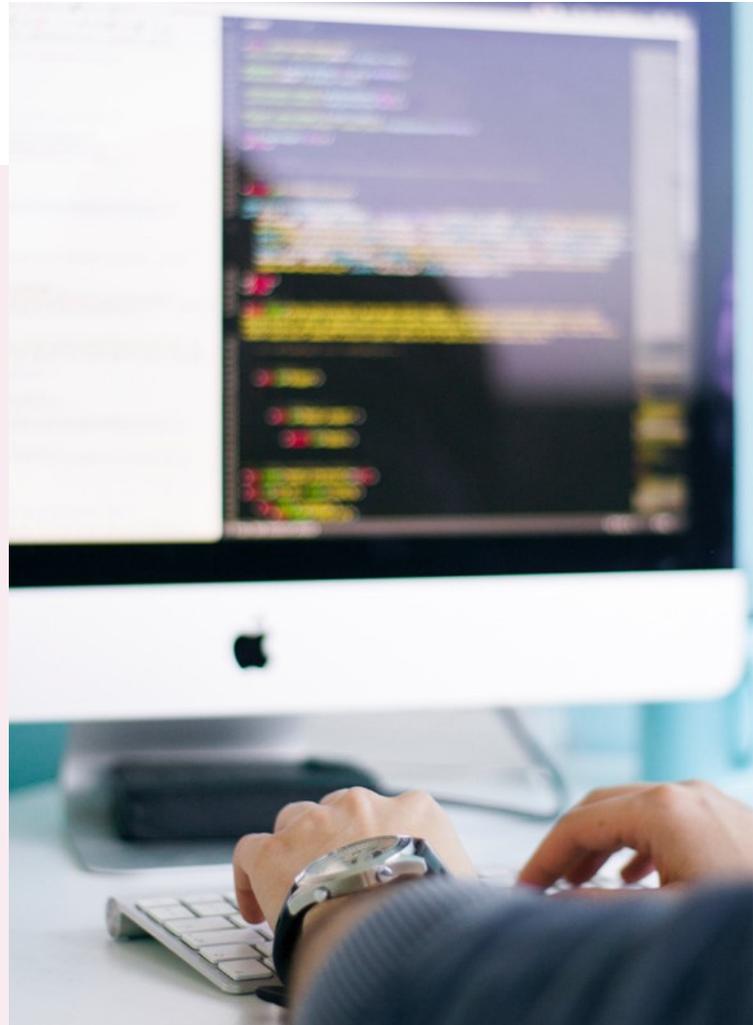
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CHAPTER 1

Introduction

Introduction

By 2020, 83% of enterprise workloads will have moved to the cloud, creating a sea of opportunity for SaaS providers.

With such high demand for cloud, it's important to establish an operational setup that minimizes resource wastage so that maximum time and effort can be spent on capturing more market share. Business process automation, and automated billing in particular, are ways to do this.

In this e-book we focus on cloud subscription billing to reveal the challenges, the benefits and the best ways to make the most of this business model.

- **Customer Requirements:** B2B customers are now seeking subscription based solutions to increase their business agility and reduce capital expenditure.
- **Supply Chain:** Supply chains are evolving as vendors and distributors gear up to accommodate a subscription driven model.
- **Pricing:** Business pricing is starting to follow the trend of consumer dynamic pricing.





CHAPTER 02

Continuous Customer Relationships

Continuous Customer Relationships

Why talk about continuous customer relationships in relation to cloud billing?

When you move to a recurring or subscription-based model, the nature of your customer relationship changes. On the plus side, you have many more insights into utilization, transactions, issues, and your customer profile. hopefully leading to the ability, through a customer success function increase satisfaction. The challenge is these increased multiple touchpoints open up the possibility of negative interactions.

For instance sending one incorrect invoice per year is not going to be as damaging as sending 12 incorrect invoices per year.

Therefore a solid cloud billing process is going to be a cornerstone of a successful CCR program

Continuous channel relationships in the channel can bring you closer to your channel partners and their customers and will help with can help increase product awareness, sales penetration, and improve the end-customer feedback cycle and satisfaction.

Customer Portal – A useful and dynamic customer portal that offers more than the ability to manage support requests is an essential tool to create a CCR strategy





CHAPTER 03

Digital Transformation

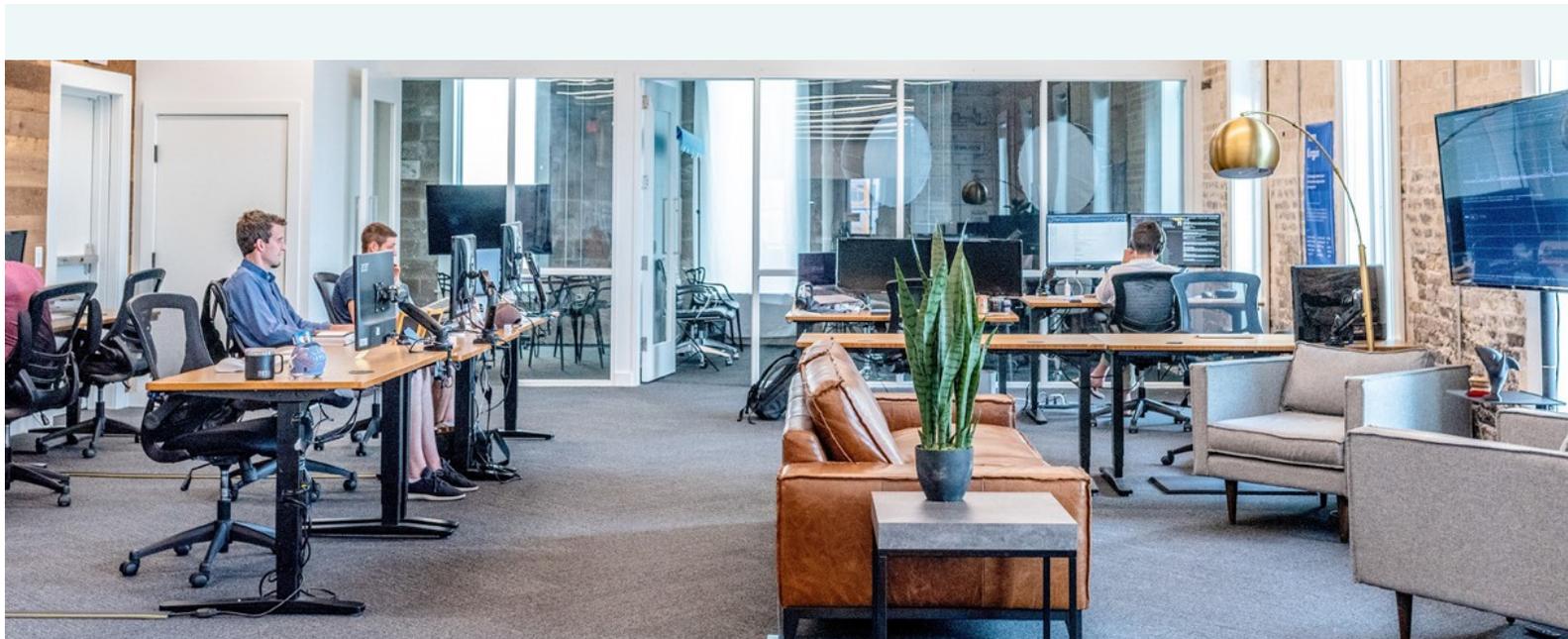
Digital Transformation

Digital transformation means something different to each person in your business. From E-commerce to machine to machine interactions and everything in between.

But there is no doubt that if your billing/invoicing process is has manual steps today then adding the complexity of cloud or subscription billing is going to uncover the cracks in the process.

The most common story for companies who come to Cloudmore is that they have reached breaking point for there otherwise perfectly good ERP accounting systems. Often the billing cycle is starting to take days and still doesn't give a great result.

Every business is seeking more automated solutions that are inherently more reliable that a human based process, and they don't go sick or take vacations!





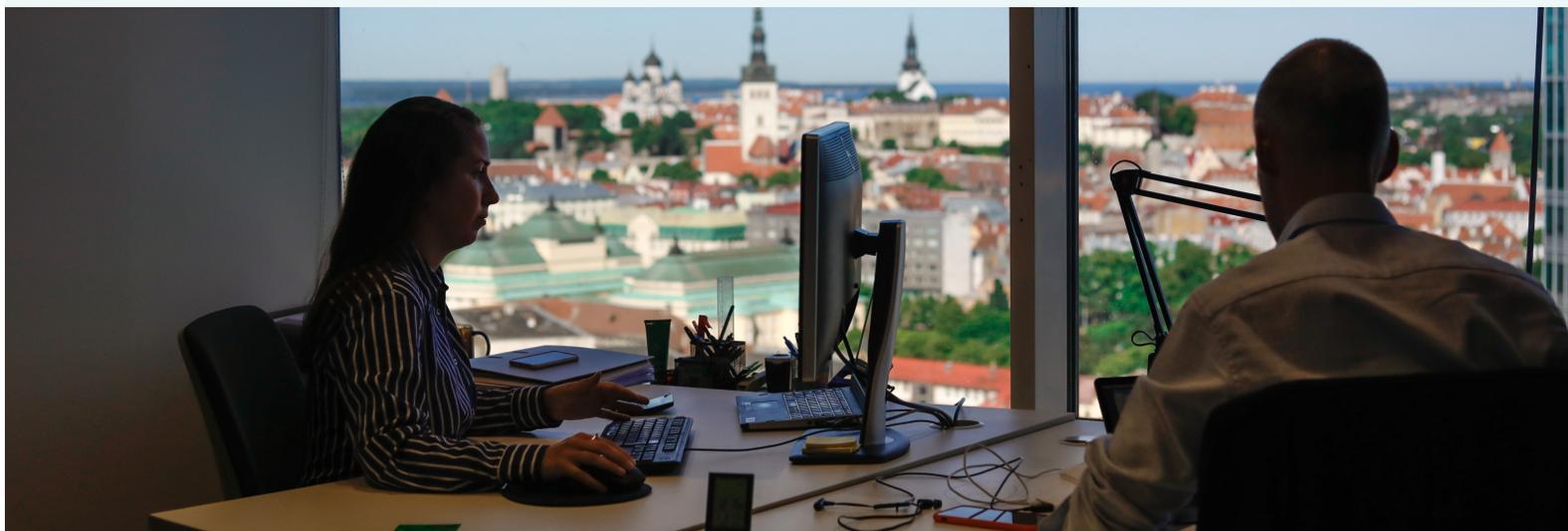
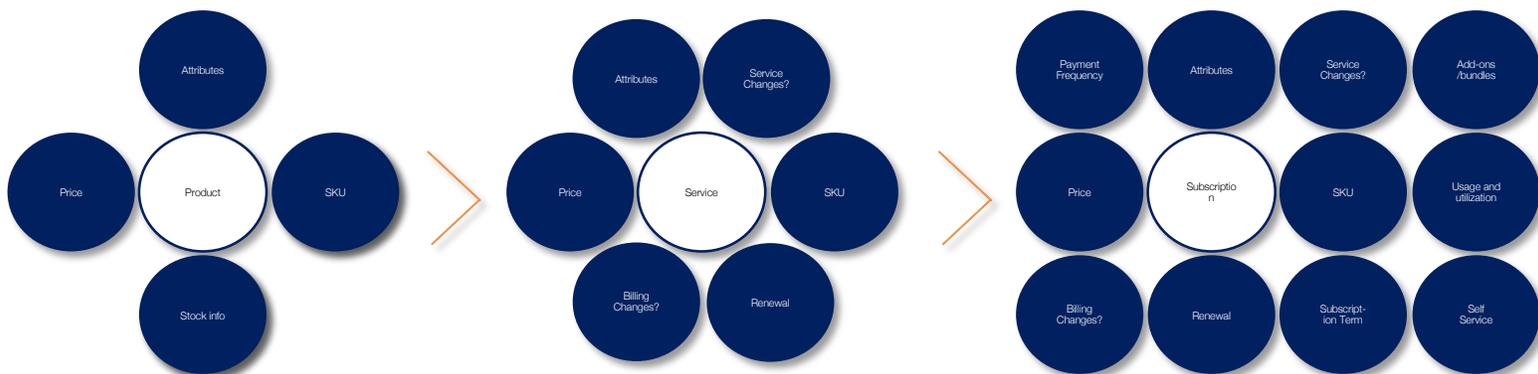
CHAPTER 04

Metadata²

Metadata²

Increasing complexity – The transition from a simple one-time product to a recurring subscription means an increase in meta data associated with the purchase, sales and ongoing management and billing. Managing this data, including the billing routines, soon becomes challenging without the right tools.

- **Product** – Simple One time sales
- **Service** – Ongoing provision of value
- **Subscription** – Can be a product or service that is flexible, renewed and generally customer orientated





CHAPTER 05

Cloud Billing Models

Cloud Billing Models

Cloud/Subscription Billing Models

Flat Rate Subscription

This is the simplest model – one set price for unlimited access to your product(s) or service(s) for a specific period of time, often a year. The advantage of a flat or fixed fee is that it's easy to set, straightforward for customers to understand, and simpler to sell because you've got one clearly-defined offer.

Usage Based Pricing

Customers using this model only pay for what they use. All that needs to be determined is the unit of measurement. Customers can be charged per transaction, for the data they use, or for the time they use a service.

Tiered Subscription Pricing

Tiered subscriptions are perhaps the most common pricing model because they allow businesses to cater to a broader audience by offering different features at different price points.

Bundle Pricing

In bundle pricing, companies sell a package of products or services for a lower price than they would charge if the customer were to buy each item separately. In the B2B world, bundles often deliver different features and functionality that answer a specific set of problems. Telecommunications companies often bundle phone and internet services together, for example.

Freemium

Freemium is the offer of services at no cost in exchange for a user's personal information. When managed well, the freemium subscription model can help drive massive traffic to a company website with the lure of 'try-before-you-buy'. Prime examples of businesses that have been hugely successful at using this model include Dropbox and LinkedIn.

Trials to Live

Free trials give customers the opportunity to try out a product or service for a defined period of time at no cost. Unlike freemium, the customer often gets access to the product or service's full range of features. Conversion rates can vary widely for free trials (and freemium) in main because there are so many ways to deploy each strategy.. The average conversion rate is around 10% but some of the best performing free trials hit 60% conversion rates, or even higher.



CHAPTER 06

Continuous changes

Continuous changes

Knowing what apps and services are being used, by who, and at what cost is an increasingly problematic challenge.

The backend of a fit-for-purpose cloud billing solution is the product catalog and effective subscription management. Both of these data sets and process underpin the accuracy, timeliness and ability to reconcile your billing process.

The reason why a good automated system is required to manage your recurring services is that nature of subscription is often change whether that is changes in quantity, changes in the plan, changes in usage or utilization or renewals and cancellations. All of this changes along with the complex set of underlying metadata must flow through to a single number for the customer – the invoice value.

Further reading:

Check out these Cloudmore blogs related to Cloud Billing:

- [Why Every SAAS Business Needs Automated Billing](#)
- [The Big Cost of SaaS and IaaS Billing Mistakes](#)
- [How Robust is the Subscription Model?](#)
- [What Should I Look for in a Subscription Management Solution?](#)





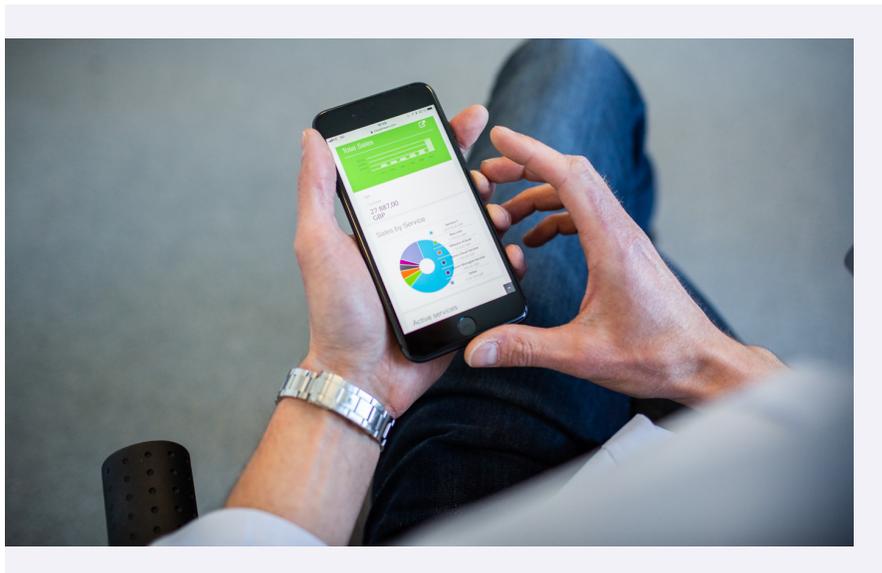
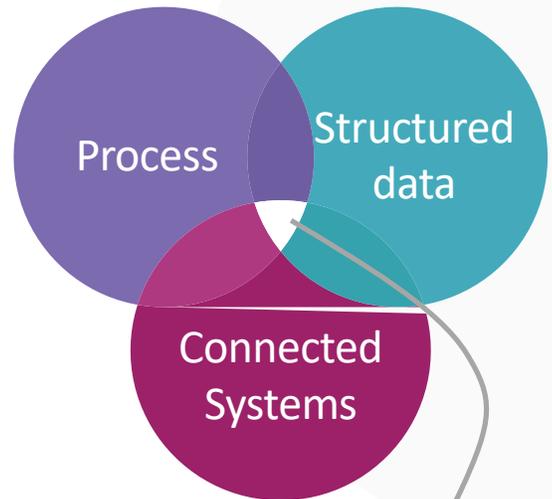
CHAPTER 07

100% Error Free

100% Error Free

Ensuring your Cloud billing relies on an robust end-to-end process that must contain the following steps:

1. Managed product catalogue with cost and sales prices.
2. Ability to create a subscription that includes billing rules.
3. A provisioning process that has a direct link to billing.
4. A system that can easily and automatically deal with adds moves and changes.
5. Reports that provide summary and detailed billing reports.
6. Reports that can show expected cost prices related to use and utilization.
7. Full audit trail to help deal with billing enquiries.



A screenshot of a web application showing a 'Details' view of a billing entry. A circular icon from the diagram above points to the top of the table. The table has columns for Date, Organization, Service, Vendor, and Net total. The data is as follows:

Date	Organization	Service	Vendor	Net total
25 Aug 2019	Ards Layers	0365 Back up Service	CloudAlly	7,154.00 GBP / 13,231.31 GBP (45.90%) 360.00 EUR / 750.00 EUR (52.00%)
		Azure Managed Service	Cloudmore Demo	500.00 GBP / 1,000.00 GBP (59.50%)
		Box.com	Box	183.00 GBP / 288.50 GBP (98.30%)
		Microsoft Exchange	Gridheart	1.67 GBP / 2.50 GBP (99.90%)
		Niklas Online Backup	Niklas test Seller	0.00 GBP / 0.00 GBP (100.00%)
		VMware vCloud	Gridheart	378.21 GBP / 518.89 GBP (98.40%)
		Xenatus Global	Contoso Services	270.00 GBP / 340.00 GBP (89.10%)



CHAPTER 08

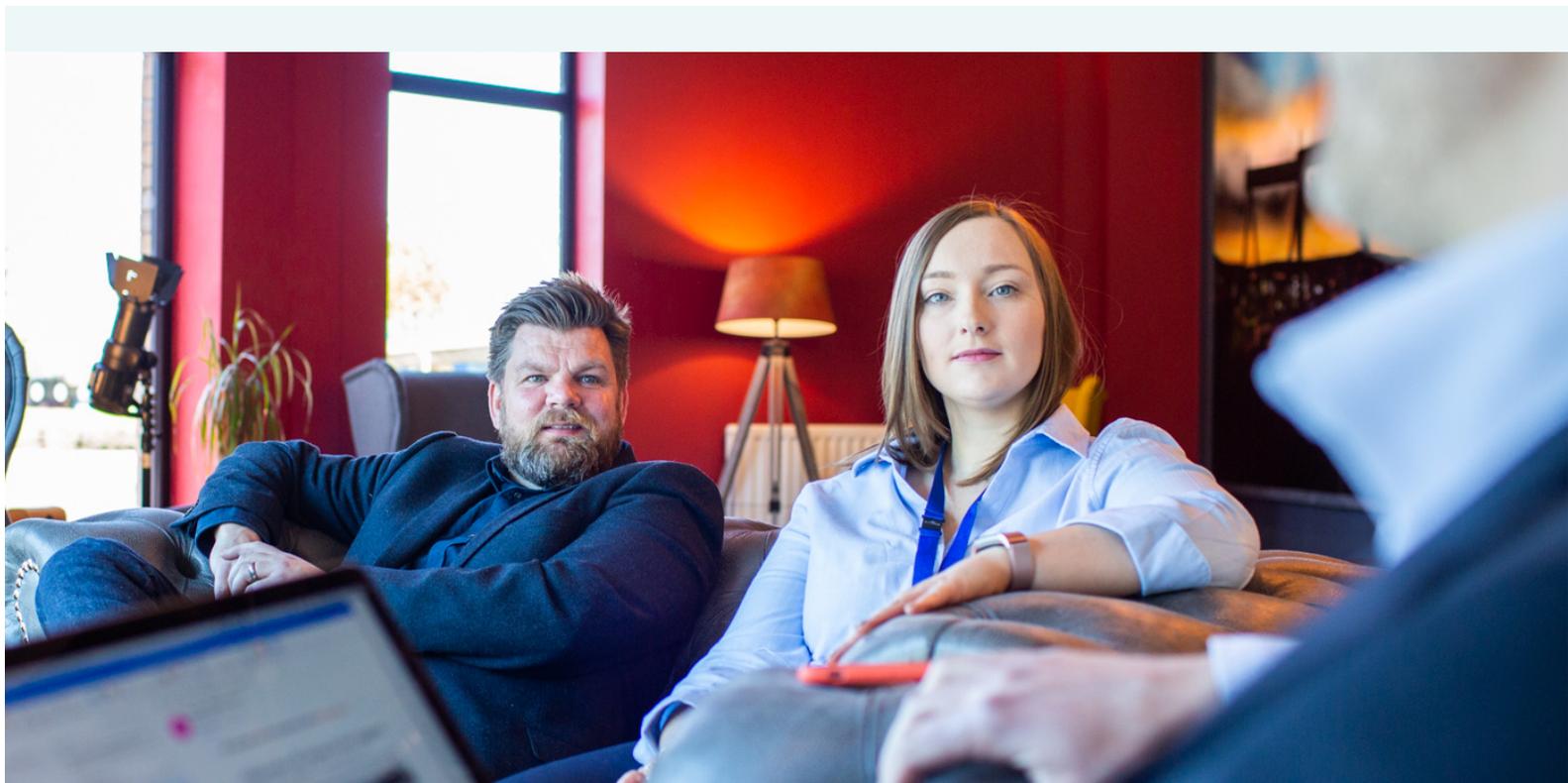
Top Five Benefits

of a fully functioning cloud/subscription billing system

Top Five Benefits

of a fully functioning cloud/subscription billing system

1	Avoid Revenue Leakage	A good cloud billing system will enable end-to-end reconciliation
2	Reduce billing processing time	Redeploy costly resource away from low value repetitive tasks
3	Reconcile your costs	Protect your margin, especially for low margin services
4	Improve the customer experience	Reduce errors and enable billing self service
5	Scale your sales without scaling your billing costs	Scale using automation gives faster growth whilst growing margin



Next step?

If you want to learn how Cloudmore can solve your SaaS/Subscription/recurring revenue billing challenge and remove data silos and manual processing please use the link below

Cloudmore is a fully featured cloud commerce platform for SaaS, IaaS and PaaS

[CONTACT US](#)

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<http://www.web.cloudmore.com/>

