

Benefits of Electronic Bill Presentment and Payment (EBPP)

By: Louis LaNeve, Vice President of Sales, OSG Billing Services
September/October 2012



Today's consumers are more informed and more connected than ever before. Data is instantly accessible and at their fingertips, especially with the recent boom of smartphone and tablet sales. Your customers expect your company to have the latest technologies and offer value-added services that match the mobility and flexibility of their online lifestyles, and that includes providing them with multiple options to receive and pay their bills.

Future Looks Bright for EBPP

Surprisingly, with all of this consumer technology, connectivity and availability, many companies still do not offer their customers an EBPP solution. The last 10 years have been slower than anticipated for EBPP, but the future looks bright as technologies advance and companies expand their billing options and create secure and convenient EBPP environments for their customers. Studies show the percentage of consumers who will only receive electronic bills is rising and will continue to steadily increase. EBPP isn't some far-off aspiration; the future of EBPP is here.

Operational Cost Savings

The operational cost savings of EBPP to your company are significant. The bottom line is that it saves your business money in both tangible and intangible ways. The tangible savings are pretty impressive. Without printing paper bills, you save paper, printing and postage, as well as administrative costs. Factor in the tough economy that may drive rising

USPS postal rates and a five-day mail delivery plan, and the savings will continue to grow. The average savings per bill is between \$0.40 and \$0.50.¹ But the savings do not end there. You also save money in not-so-obvious ways that can be tracked over time. Those cost savings come in the form of reduced customer turnover, faster cash flow, increased cross-selling and up-selling potential, stronger brand loyalty and reduced calls to customer service centers. Those benefits to you are not as easily measured, but are very important for long-lasting customer satisfaction and prosperity.

Retention Rates and Attrition

Offering your customers an EBPP solution improves your customer retention and lowers attrition rates. Basically, it becomes too inconvenient and time consuming for a customer to switch to another company because they have taken the time to enroll in your EBPP solution. And if your customers like what you have to offer and find your service convenient, they are less likely to switch to a competitor. Studies show that eBill users are 12.5 per-

cent¹ less likely to leave a business after they have started the eBilling process. A *New York Times* article further makes that point for online bill paying in the banking industry, claiming that using the Internet to pay bills reduces customer turnover for banks by up to 95 percent in some cases.²

Your customers expect your company to have the latest technologies and offer value-added services that match the mobility and flexibility of their online lifestyles, and that includes providing them with multiple options to receive and pay their bills.

Increased Cash Flow

What business couldn't use more cash-on-hand? Increased cash flow is another benefit to your company for offering an EPBB solution. Customers who pay their bills electronically make "instant" payments which get their money into your accounts faster. And studies show that 35 percent¹ of eBill users are more likely to pay their bills on time. When customers pay their bills on time, it lowers your days sales outstanding (DSO). A low DSO means improved cash flow and less overhead for your company which is better for your financial bottom line.

Additional Marketing Opportunities

Just like the printed bill has prime "real estate" as a TransPromo document for cross-selling and up-selling products to ▶

A Partnership That Delivers



customers, this space also exists on the electronic bill. Although an invoice may seem like a mass-produced document, it is actually a unique opportunity for your company to craft one-to-one, targeted marketing and communication messages to each customer. Use this valuable space to offer new products or services, provide pertinent company information or notify a customer that their contract is due to expire. The added value of marketing through an EBPP solution is that it can direct customers to your website which can be updated on a moment's notice. True return on investment (ROI) can be achieved through marketing with your EBPP solution. Recent studies show that 20 percent of EBPP users are more likely to purchase additional products and services.¹

Tracking your customer preferences and actions is one more benefit to EBPP. When a customer receives a printed paper bill, it is impossible to know what sections of the invoice they read and what areas interest them the most. Enrolling customers in your EBPP solution gives you tracking capabilities that can fit into your lifecycle marketing campaign. EBPP enables companies to track their customer's online click streams and analyze which information and features they use frequently and which promotions are of most interest to them. From this valuable information, your company gains insight on what matters most to your customer and can create cross-selling and up-selling opportunities for increased revenue.

Environmental Concerns

The "Go Green" aspect of EBPP is an enticing one for environmentally-friendly customers and some prefer to only do business with companies who share their enthusiasm. Forty-three percent of

consumers are more likely to do business with an environmentally-friendly company which makes your public profile and your environmental standards critical. And 51 percent of EBPP users say saving trees is their number one reason they switch.³ Being a responsible corporate citizen is increasingly imperative to gain and retain customers and "Go Green" initiatives are not only expected, but are becoming the norm.

Reduced Support Costs

Decreased call volume to your call center or customer service center is another way your company saves money using an EBPP solution. National statistics show that 60 percent of all calls made to call centers are billing related.⁴ Those statistics also show that a customer call to a call center or a customer service representative can cost your company as much as \$5.00 per call.⁴ EBPP allows customers to look up their invoice or statement online for instant clarification. Invoices or statements can no longer be "lost in the mail" or "misplaced." Make online support available through a "virtual" customer service rep with interactive chat capabilities and your customers will be 40 percent less likely to make calls to your call center.⁴ In addition, offering Frequently Asked Questions (FAQs) on your website also helps customers answer their own questions, thus reducing the number of calls.

EBPP allows your customers to see their payment history online along with confirmation numbers and payment dates. The same information is available

to your customer service representatives and customers alike so that everyone is aware of the transaction history before a customer calls in with a dispute. Payment history availability speeds up the customer service process and dispute resolution and, in some cases, eliminates the need for customers to make the call in the first place.

Make Use of Third-Party Providers

The biggest drawback to offering an EBPP solution may be the initial investment of additional hardware, software and personnel needed to successfully implement a solution. However, an attractive alternative is to outsource your EBPP to an already-established provider. Don't underestimate the value of a third-party provider as they can make a dramatic impact on your EBPP solutions

EBPP enables companies to track their customer's online click streams and analyze which information and features they use frequently and which promotions are of most interest to them.

in a very short period of time to get your company up and running faster. Look for an experienced third-party provider that is SSAE 16 compliant to

make sure they adhere to the standards developed by the American Institute of Certified Public Accountants.

If your company does not offer an EBPP solution, now is the time to get up to speed. EBPP is no longer a nice-to-have service to offer your customers. Your busy customers expect the latest services and newest technologies and are looking for more convenient ways to pay and keep track of their bills plus the benefits and advantages to your company are undeniable. From saving money to saving trees, the future of EBPP is here.

Sources:

1. "eBill's True ROI-The Impact of Online Bill Presentment and Payment on Retention and Profitability," Aspen Analytics and Forrester Research
2. "Online banking keeps customers on hook for fees," <http://www.nytimes.com>
3. Harris Interactive Survey of eBill Users, 2008
4. "Online Billing: Save a Call," <http://www.articles3k.com>

