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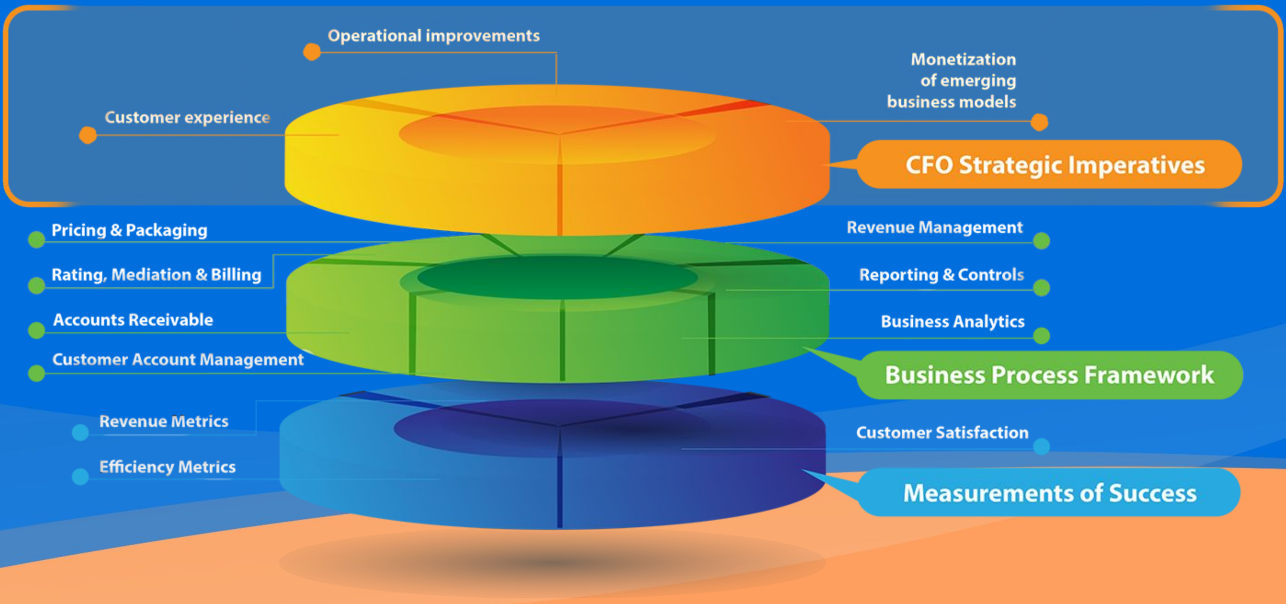
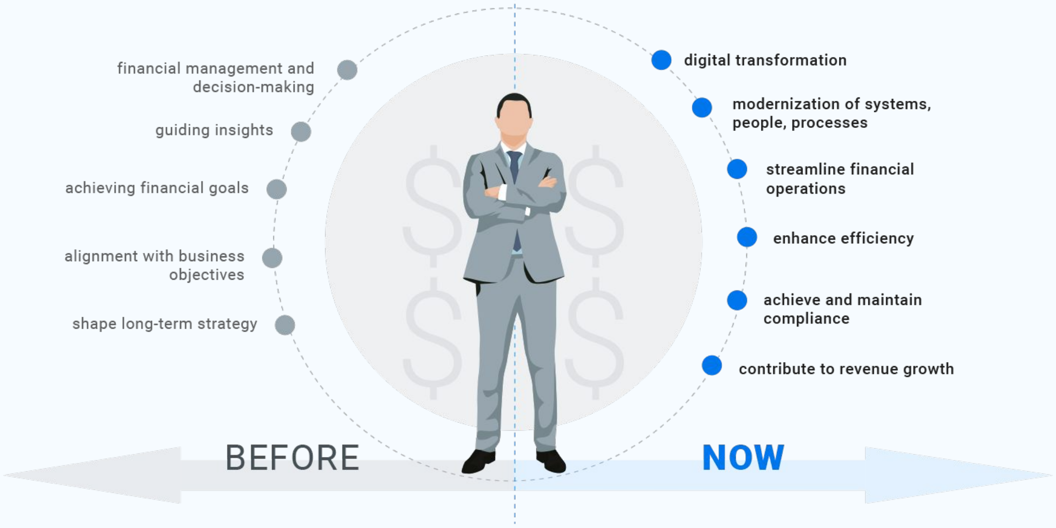
A CFO's Roadmap to Revenue Lifecycle Modernization

Part 1: 3 Strategic Imperatives For Digital Transformation



CFOs are increasingly involved in driving digital transformation initiatives



Traditionally, CFOs have been expected to be strategic contributors on the leadership team, driving financial decision-making and providing insights to guide the overall direction of the company. They have always played a crucial role in aligning financial goals with broader business objectives and have been instrumental in shaping the organization's long-term strategies.

Today, CFOs are increasingly involved in driving digital transformation initiatives within organizations to modernize systems, people and processes. They recognize the importance of leveraging technology to streamline financial operations, enhance efficiency, achieve compliance and gain actionable insights from data. Increasingly, they are asked to contribute to revenue growth by supporting implementation of new and innovative business models or customer onboarding and self-service initiatives.

Across the board, consumer habits and expectations are changing. In order to retain and delight customers, the way businesses sell and bill for their products and services needs to change as well. For example, a customer using a cloud storage solution will only want to pay for the amount of storage they need, not more. Businesses need to adapt to that, **and quickly.**

The traditional "ship and forget" business model is rapidly transforming. Modernizing your revenue lifecycle management process shifts the customer experience into one directly linked to back-office accounting and financial systems.

Among the many strategic imperatives that CFOs concern themselves with, **3 stand out as especially significant** for revenue lifecycle modernization:

Improving the customer experience

Keeping customers happy means higher retention, lower churn and improved company reputation in the marketplace

Optimizing internal processes

Modernizing legacy systems and improving processes increase efficiency and productivity

Rapidly monetizing new business models

Offering new and innovative business models and billing options leads to higher revenue and growth

STRATEGIC IMPERATIVE

Improving the customer experience

Smart CFOs know that money spent on customer retention has a much higher RoI than spending on customer acquisition.

A Bain & Company study demonstrated increasing customer retention rates by 5% could lead to a 25-95% increase in profitability, and a study by Harvard Business Review found that it costs 5-25x more to acquire a new customer than to retain an existing one.

These statistics are eye-opening and reflect a new economic truth, that in a subscription or pay-as-you-go world, increasing the engagement and lifetime value of a customer is what really makes the model sustainable long-term.

Research done by the analyst firm Forrester found that companies that excel at customer experience outperform their competitors in revenue growth, experiencing 5.6x the CAGR of companies with poor customer experience.

Without a healthy retention rate, there is no ongoing business.

Fortunately, **CFOs are in a critical position** to support and enhance customer experience initiatives and improve retention and realize many additional tangible financial benefits.

For example, a forward-thinking CFO may identify ways to make the billing experience better and easier for customers by including a barcode or other link directly to a payment page. Changes like this make the experience easier for customers and have additional tangible financial benefits for the company, like

- Lower friction in the payment process, resulting in prompt, accurate payments and faster cash flow
- Better predictability in revenue and cash flow for more accurate forecasting
- Increased productivity by freeing up employees to focus on higher-value-add tasks
- Improved scalability to handle higher transaction volumes and future-proof the business

STRATEGIC IMPERATIVE

Optimizing internal processes to increase efficiency

Ever the vigilant overseers, CFOs continually look for ways to improve operational efficiency through modernization of legacy systems, selecting and training the right people and streamlining processes.

While they may be primarily focused on the systems, people and processes of the financial organization, due to their holistic perspective they are concerned about seeing improvements across all areas of the enterprise and assessing the risk and reward of investment in supporting initiatives.

A survey conducted by Ernst & Young found that process improvement initiatives in finance and accounting functions can lead to cost reductions of up to 40%. (Source: EY Global Finance Process Excellence Survey)

- 40%

Improvement initiatives in finance and accounting functions can lead to cost reductions of up to 40%

The company also suffers from billing errors since they extend the time a customer will take to pay, lengthening the collections process and delaying cash flow.

Additionally, improving and modernizing systems alleviates another problem that can have a dramatic impact on efficiency and customer experience and that is the internal processes the customer only sees when things go wrong. For example, a seamless billing process that flows frictionlessly from quote to invoice to payment to cash is never an issue with a customer. The customer is only concerned when it doesn't work that smoothly; when they have billing errors they must call to have them corrected, or they make payments that aren't properly credited.

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As they improve in people, processes and technologies, **CFOs find a number of benefits from those improvements**, including:

- Improved accuracy in financial statements and reports
- Better security for critical data and applications
- Decreasing or eliminating revenue leakage
- Higher employee satisfaction and performance
- Greater predictability through increased visibility into current and future financial performance
- Increased ability to scale and adapt to changes, essentially future-proofing the business

STRATEGIC IMPERATIVE

Rapidly monetizing new business models

As the world rapidly changes, so do customer expectations in how they buy and consume the products and services that make their lives easier. Just in the past decade, we have seen a major shift from ownership to access, and from one-time purchases to subscriptions or consumption models. Take a look at these examples:

- Subscriptions: Netflix, Spotify, Amazon Prime
- Sharing platforms or marketplaces: AirBnB, Uber/Lyft, Turo
- Product-as-a-Service: Xerox, Volvo, Peloton
- Digital platforms: eBay, Amazon Marketplace, Etsy
- Pay-per-use and usage-based pricing: WeWork, Amazon Web Services

Forward-thinking companies have started to introduce new and innovative business models to take advantage of these market opportunities. Multiple studies show the “sharing economy” to be growing rapidly, with CAGRs of between 20 and 32%, resulting in a valuation of USD $794B by 2028.

CFOs need to stay on top of emerging technologies to help capitalize on new business models

Once again, innovative CFOs are in the forefront of identifying opportunities and capitalizing on them, capturing additional value for their companies, investors and shareholders.

A wide variety of monetization opportunities exist already and more are being developed as technology becomes available to support their creation. CFOs are in the best position to ensure those new technologies and systems are adopted that are vital in turning these opportunities into benefits such as:

- Increased revenue opportunities through diversification of revenue streams or new markets
- Access to new markets by identifying untapped opportunities and targeting niche segments
- Scalability and flexibility to adapt to changing business needs and grow the company
- Market disruption through innovative business models and first-mover advantage
- Competitive advantage through differentiation and improved positioning that attracts more customers

Summary

Companies that effectively execute these three strategic initiatives can achieve remarkable growth in customer acquisition and retention. Revenue lifecycle modernization enhances the customer experience, driving increased revenue through the adoption of innovative technologies and business models so you can realize substantial cost savings through enhanced efficiency and productivity.

Consequently, these companies will emerge as market leaders, setting the standard in their respective industries, strengthening brand equity, and gaining a competitive edge by capturing market share from rivals. Such achievements translate into enhanced value for employees, management, and shareholders alike.

The challenge in getting there is that most companies are stuck with systems and processes that worked great for several decades but are simply not capable of keeping up with either the rate of change or the types of change needed to succeed in the modern economy.

Legacy ERP and CRM systems were not designed to handle complexities arising from innovative business models, high processing volumes or billing complexity. These limitations hinder even the most inspired leaders from accomplishing their growth objectives.

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Monetization for the Modern Enterprise

BillingPlatform provides the power needed to automate enterprise-grade revenue lifecycle processes. From subscriptions to sophisticated usage-based pricing models and everything in between, we meet the challenge of modern monetization.

Highest Ranked By Leading Industry Analyst Firms

FORRESTER®

The Forrester Wave™

Recurring Billing Solutions, Q1 2025

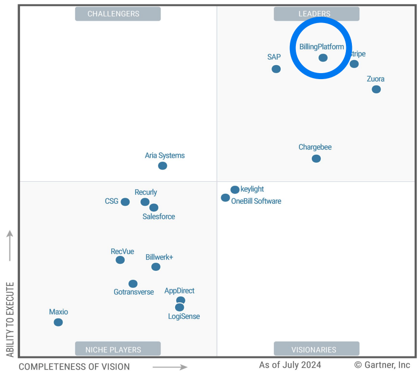
Industry Leader

Gartner.

Magic Quadrant™

Recurring Billing Applications, 2024

Industry Leader



MGI Research

MGI 360™ Ratings Report

Agile Billing Vendors, May 2025

Ranked #1