HOW TO CHOOSE A
SUBSCRIPTION
MANAGEMENT SOFTWARE
FOR YOUR RECURRING BILLING BUSINESS

Subscription businesses have been growing exponentially over the last several years. From 2011 to 2016, the subscription e-commerce market grew 100% annually, and by the spring of 2018, there were 40 million visitors to subscription sites.

It's no secret the subscription marketplace is on the rise, and trends indicate popularity will continue growing as these businesses promote their goods and services to all demographics, from children to adults.

One of the largest consumer demographics is Generation Z. Not only do these consumers make up more than a quarter of the US population, but they also contribute approximately $44 billion to the economy.

It's not enough to be able to sell your products on a subscription basis, though. In order to fully benefit from the subscription business market, businesses need to be able to manage their recurring billing customers seamlessly. And the way to satisfy that need successfully is with subscription management software.

What is subscription management software?

Subscription management software—or recurring billing software—is a platform which manages the subscriber experience through sign-ups, automated billing and invoicing, automated notifications, and payment facilitation processes.

When businesses start to grow, they realize the billing processes they might have initially been able to manage in house are unwieldy at scale. Recurring billing software enables companies to manage billing, invoicing, and payments on an automatic, recurring basis.

Without recurring billing software, subscription management can become a nightmare. The accounting department would be doing extra manual work and

managing cumbersome spreadsheets, which can create huge billing-related bottlenecks.

However, by employing robust subscription management software, those bottlenecks are eliminated and a business can focus on growth.

Additionally, subscription management software helps companies launch products and services faster because the software provides the flexibility to expand their catalogs in real time.

So what should a business look for when considering recurring billing software?

Top 7 features of efficient subscription management software

Fusebill has generated a comprehensive guide for recurring billing software, which includes a convenient checklist of qualities a subscription business should look for in its platform. Below are the seven top features subscription management software should offer.

1

Changes pricing plans easily and on demand.
Educator Jessie Potter once said, "If you always do what you've always done, you always get what you've always gotten."

Subscription businesses have been growing in popularity because they fill a need for their consumers. However, customer demands can change.

Subscription businesses continue to thrive when they recognize the changing needs of their customers and scale their offerings accordingly. Consequently, these businesses often need to adjust their pricing plans as well.

> *Recurring billing software can handle pricing changes easily and seamlessly, which would otherwise be difficult to manage manually.*

2

Handles discounts, promotions, and coupons.
Subscription businesses often want to offer special promotions on their products through discounts, price breaks, or coupons. These offers change the price of a product for a certain period (i.e., 25% off for six months).

It can be difficult to track and manage price reductions manually. If the discount isn't removed on time, businesses lose money by keeping that discount in place. Or, if the discount is removed too early and customers are charged full price when they expected a discount, it can result in customer churn or costly chargebacks.

In the same vein, businesses may want to experiment with bundling products or offering volume or tiered discounts—options which can generate more revenue, but is very difficult to track manually over the customer lifecycle.

> *Efficient subscription management software can easily incorporate and monitor any discounts, promotions, or coupons a company wants to offer its customers.*

3

Supports bulk operations (e.g., usage meter updates across entire customer lists).
A business is in a constant state of flux, between adding products, removing items, and making price adjustments to account for overhead changes or production costs. For example, several years ago, shipping costs skyrocketed because of higher fuel costs. Consequently, many companies were forced to incorporate a fuel surcharge to offset those expenses.

Without a comprehensive billing system, these changes would have to be made manually on each and every invoice, which takes time and opens a business up to potential costly mistakes.

With a robust recurring billing platform in place, bulk billing changes are made in a matter of seconds, impacting all customer invoices efficiently and accurately.

4

Automatically incorporates branding.

Corporate branding is essential to any successful business. Not only does it add a level of professionalism and credibility, but it also strengthens the business's relationship with its customers as the customers can relate to a specific brand. All of these qualities work together to help increase profits for a business.

In fact, 89% of B2B marketers consider brand awareness the most important goal of any company—even before lead generation and sales.

It's common sense for a business to use strategic branding across its own material, from sales literature to letterhead and business cards. But what about the other point of contact with the customer: the invoice?

Recurring billing software can automatically incorporate branding on invoices, giving an additional level of quality to the transaction. It reminds a customer of the value they realized when they started a relationship with that business.

5

Allows customers to choose their preferred payment method.
Customers are becoming increasingly selective about purchases and other business transactions. They come to a purchase armed with the confidence that if they're not satisfied with a product or if they receive poor customer service, they can go to the competition to make future purchases. This fastidious attitude includes their payment method.

If, for example, a customer prefers to use a mobile wallet such as Apple Pay or PayPal versus a credit card, they won't be happy if a transaction requires them to reach into their wallet for their credit card.

Offering a variety of payment methods is good business sense and it serves to enhance the overall customer experience, which ultimately reduces incidences of customers churning out.

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6

Ensures PCI compliance.
The Payment Card Industry (PCI) was formed in 2006 to ensure consumers' financial information is protected and cannot be stolen.

PCI compliance is critical to a business in the subscription e-commerce market because recurring billing systems hold that financial data in order to automatically bill a customer during the billing cycle. In fact, banks tied to businesses that aren't PCI compliant can face fines of $5,000 to $100,000 per month for violations. While the fines hit the bank, the cost will inevitably trickle down to the business.

Recurring billing software should absorb the burden of PCI compliance, so the business doesn't have to worry about these mandates.

By shifting the PCI responsibility to the subscription management platform, a business avoids time-consuming and potentially costly audits they'd have to deal with if operating independently of a PCI-compliant subscription management platform.

7

Manages deferred and earned revenue.
A powerful ledger-based platform enables a business to control its revenue recognition at the product level, earn one-time fees immediately or over a period of time, etc.

While generally accepted accounting principles (GAAP) insist businesses track revenue, it can become complicated when differentiating between deferred and earned revenue. What's the difference between the two revenue streams?

Most software as a service (SaaS) companies tend to charge customers at the beginning of a billing cycle for services the customer will use throughout that cycle. At the time of the sign up, all revenue for the recurring service is considered deferred revenue. At the end of that billing cycle, when the services have been fully used, the funds become fully earned revenue. In other words, a small amount of revenue drips daily from the unearned to the earned revenue bucket. Businesses need a system that fully automates this or else their accounting teams will be screaming come audit time.

Tracking deferred and earned revenue can be very difficult and cumbersome. However, the right recurring billing software can easily monitor this revenue recognition schedule in real-time. Fusebill's feature-rich platform has given us a powerful way to seamlessly manage our entire subscription business from billing to account management. Fusebill is the Swiss Army of billing.

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*CoFounder and CEO,
ClearPathGPS*

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