



Advisory



Business



Revenue

Are you getting all the revenue you paid for?

February 25, 2020

How you can boost revenue without increasing sales.



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Closing a sale doesn't always mean cash in the bank. For too many businesses, sales activity generates less realized revenue than it should. Traditional order-to-cash (O2C) internal control practices, designed to detect or prevent revenue reporting issues, often focus too late in the process, are reactive instead of proactive and are not focused around operational issues that can generate revenue leakage.

By combining traditional O2C best practices with a revenue assurance (RA) perspective you will create a new mindset around revenue realization discipline. Following an O2C-RA approach to business process design allows businesses to maximize revenues and margins by realizing more revenue from the sales for which they have already incurred variable sales costs

Benefits of establishing an O2C-RA focus

What will you gain by adopting a strategic focus on O2C-RA?

- net revenue growth without increases in variable acquisition or retention costs
- fewer systemic failures, which drives down billing errors, disputes and bill adjustments
- increased customer satisfaction, which reduces churn and drives down retention costs
- improved front-end sales process integrity by preventing unapproved terms, discounts, commission gaming and other abuses
- reduced fraud and bad debt
- reduced reputational and litigation risk



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Common O2C-RA Issues and Best Practice Solutions

An effective O2C-RA approach involves in-depth assessment of current processes, investigation and analysis of areas of concern and design and integration of solutions across the entire revenue cycle, from product/offer design to customer care and loyalty.

Following are some key O2C-RA issues and solutions:

O2C-RA Common Issues	O2C-RA Best Practices
Product and offer design and testing	
<ul style="list-style-type: none"> • Frequent or rising instances of unbilled or improperly billed sales. • High or rising levels of customer disputes or payment failures specifically related to launch of new offers. 	<ul style="list-style-type: none"> • O2C-RA reviews are integrated in the product design process. Potential gaps are proactively anticipated and prevented. • Thorough compatibility assessment and testing is performed within order management and billing systems before products and offers go live.
Channel or partner management and logistics	
<ul style="list-style-type: none"> • Commission gaming or other abuses of compensation programs linked to new service or product offerings. • Commission structure focus on top-line growth without a balance of incentives/ rewards for profitable, high-margin deals to discourage excessive discounts. • High or rising levels of customer complaints around service delivery and customer disputes or returns related to new products or programs. • High or rising rates of inventory shrinkage while in transit to or from distribution hubs. 	<ul style="list-style-type: none"> • Commission and other incentive structures are carefully designed to anticipate and prevent potential abuses. Programs and promotions are monitored for eligibility compliance. • Commissions are structured to ratably reward high-margin deals and discourage discounting. • Strong sales audit routines exist to ensure process integrity. • Shrinkage is closely monitored in both forward and reverse (product returns) logistics processes.
Sales order integrity	
<ul style="list-style-type: none"> • High or rising rates of unauthorized orders, order terms or excessive discounts or promotions attached to orders. 	<ul style="list-style-type: none"> • Order review controls ensure customer authorization for every order and for all account changes and updates. • Discounts and promotions activity is monitored for compliance with established eligibility rules and to detect patterns of abuse.
Credit and fraud risk scoring	
<ul style="list-style-type: none"> • High or increasing bad debts. • High rates of order rejections due to credit scoring. • Rising fraud rates. 	<ul style="list-style-type: none"> • Risk scoring models are continuously refreshed (at least quarterly) to reduce false positive and false negative results. • In e-commerce / virtual channels, device fingerprinting and reputation tools are used to detect multiple customer profiles attached to the same mobile device or computer. • "White lists" are used to differentiate or exclude known customers from fraud rule exceptions. • Robust data analytics and machine learning models are utilized to test efficacy of order risk (credit & fraud) scoring models.
Billing and rating	
<ul style="list-style-type: none"> • Frequent billing delays. • High rates of customer disputes associated with billing errors. 	<ul style="list-style-type: none"> • Controls and testing procedures ensure that billing systems can consume, rate and invoice each transaction and that all orders are fully posted into the billing system. • Change management and testing controls exist over pricing and rating table updates. • Systemic controls ensure only authorized/ eligible application of discounts, promotion and credits. • Robust exception monitoring routines flag unusual activity by product, associate and geography.

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