



**WHITE
PAPER**

*An Insider Report
On The
Electronic Invoicing and Payment Industry*

On-Line Invoicing: The 10 Most Common Pitfalls and How to Avoid Them

*What Every Business Owner Needs To Know
Before Offering
On-Line Invoicing & Payments*

Distributed By:

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Introduction

It's important to understand that it's actually not too difficult to move paper invoicing to on-line invoice presentation. There are a number of companies that can do on-line invoice presentation and that, by itself, is the easy part. Adding payment processing, and then integrating those components into your existing billing systems starts complicating the problem in a hurry.

So, when you begin to think about joining the growing list of companies moving their invoicing and payments on-line, there are some critically important pitfalls you need to be aware of and avoid. How you deal with these pitfalls will determine whether you will save significant dollars and create loyal, happy customers. Here are the most common pitfalls:

Pitfall #1: I don't need On-Line Invoicing & Payments at my company:

In 2002 over 500 million invoices were paid on-line. This number is expected to grow to 3.6 billion by the year 2007, an impressive increase of 620%, making electronic invoicing and payment the fastest growing web application, growing even faster than on-line music downloads (*Celent Communications, March 2003*).

Given this amazing growth, companies that delay or refuse to move their invoicing and payments on-line, risk competitors that will take market share away by offering their customers better service levels and benefits.

Pitfall #2: My current paper invoices cost me little or nothing to produce:

Postage and paper are not free. Neither are the resources used to create and mail invoices. A Gartner Group study conducted in October 2003 found that the average company spends \$14.37 to prepare, send and process the payment for each invoice.

They also estimated that companies could save an average of \$7.25 per invoice when viewed and paid on-line. In fact, for less than the price of a postage stamp, a company's customers can now view and pay their invoices on-line. These are savings that will not happen if your company doesn't take advantage of on-line invoicing and payments.

Pitfall #3: My customers won't want it or won't use it:

As e-commerce continues its explosive growth, customers are demanding faster and better service. In a recent survey, 68% of customers said they left a supplier because of poor service. At the same time, almost 44% of on-line users expressed the preference for on-line bill paying. (Gomez, 2003)

Remember, businesses are moving their billing systems on-line at a rapidly growing rate. Your customers will be looking for this kind of service and if they can't get it from you, they'll get it from someone else, even if your products and services are as good or better than the competition.

Pitfall #4: It's too expensive to move my invoicing & payments on-line.

Although the Gartner Group and other research firms estimate that it takes from \$130,000 to \$400,000 for a large corporation to move their invoices on-line, it doesn't have to cost that much. By leveraging AssureBuy's existing base of hosted products, a small to medium sized company can be up and running with an entry-level View'n Pay™ invoicing and payment system for \$5000, a tiny fraction of what others charge.

By installing quickly, the savings of 50%-70% that View'n Pay™ generates for each invoice leads to a return-on-investment measured in weeks, not months or years.

Pitfall #5: It's too difficult to integrate with my existing systems:

In fact, implementing View'n Pay™ is a straightforward and relatively easy process. As long as your existing billing system is capable of exporting invoice data or importing payment data, (in almost any format), View'n Pay™ can integrate with your system, regardless of the platform. For example, if you can do something as simple as exporting data to, or importing from, a spreadsheet, then it can interface with View'n Pay.

Because View'n Pay™ is designed as a fully integrated system, it requires only transmitting a copy of your invoices over the Internet. For many common systems, the interfaces are already available and there is no further integration required.

When you're considering the effort it might take to integrate with your systems, keep in mind that View'n Pay™ is capable of conforming to any existing data format, already in use by your company. If invoice data is already exported to a third party billing system or printing vendor, View'n Pay™ can use the existing format to receive invoice data. If paper payments are made to a third party, or to a bank lockbox service, then you probably

already have a data import function ready to receive payment data from View'n Pay™.

Pitfall #6: Improving customer service won't necessarily improve my ROI:

Your Return-on-Investment will be dramatically impacted through a decrease of calls to the customer support center. Through the innovation of customer self-service, your customers have the ability to reprint old bills and research payment history on-line 24x7, avoiding a call to one of your customer service representatives.

According to Destination CRM, a customer service call costs an average of at least \$30.00. Not only are these calls costly to your organization, they are a nuisance to your customer. Not having to send out a paper reminder also saves money; these reminders average \$6-\$10. View'n Pay™ allows your customers to dispute and/or answer most of their questions on-line, 24 hours a day.

It is also important to note that the cost of replacing a customer is very high. Studies have shown that the **cost** of finding a new customer is **491% higher** than retaining current customers. (*Gartner Group*) Not having to replace those customers results in an improved ROI.

Pitfall #7: Having my people implement on-line invoicing and payment in house is easier and cheaper to do than outsourcing it:

If you're thinking of implementing on-line invoicing and payments in-house, you should be aware that, over the last decade, AssureBuy spent over 25,000 man-hours developing a payment processing system capable of supporting on-line invoice payments. In January 2004, new Credit Card Security Requirements for companies doing business on-line stated, "All Merchants and providers are **responsible** for establishing **appropriate** internal and external **controls**".

If you implemented your own system, you would have to comply with over **42 Pages of 168 sub-requirements and testing procedures spread across 12 basic requirements**. VISA estimates that this will cost from \$10,000 to \$60,000 annually. And...the penalty to your company for non-compliance is: 1st violation - \$50,000, 2nd violation - \$100,000 and 3rd violation – TBD. And as if that's not bad enough, any **failure** to report security breaches and/or frauds is penalized at **\$100,000** per incident.

Protecting your company from these serious risks and costs is just part of the many safeguards and features included when we implement View'n Pay™ for your company.

Pitfall #8: If I implement this system it will take too many of my company's resources:

Typically, installing a new billing system would require resources from billing, IT, finance and customer service departments. With View'n Pay™, however, the only resources required from your company are to provide us with a copy of your invoice so we can replicate it on the Internet. Everything else remains as is until your customer asks you to stop sending paper bills.

AssureBuy handles data import, translating your data, customizing the look-and-feel to your specifications, making the on-line invoices match your paper invoice look and taking care of all exported data; minimizing the impact on your IT resources.

Pitfall #9: If I use a 3rd party payment service, it will work just fine.

Simply allowing your customers to pay invoices on-line using an existing 3rd party payment service eliminates over half of the savings that can be generated from using an on-line invoice and payment service.

First, a third-party payment service will not display a copy of the invoice for your customer to review, and/or dispute. Thus, the savings from eliminating the paper invoice and postage is not realized. Second, your customer is not able to review the payment history and see older invoices, leaving them without knowing whether or not a payment was actually credited to an existing invoice.

AssureBuy has been in the business of processing electronic payments since 1994, making it one of the most mature payment gateways in the industry. Using the AssureBuy Payment Gateway as a foundation, the View'n Pay™ service automatically includes all the features necessary to accept and process payments using your existing relationships for both credit card processing and banking.

As a result, no third-party integration is required and no additional payment gateway fees are involved, they are already included in the View n'Pay™ offering. Should you ever decide to change one of your credit card processing or banking vendors, the conversion can be done automatically, behind the scenes, within View'n Pay™.

Pitfall #10: When my customers see this new service that I'm offering them, they'll automatically want to sign up – If I build it they will come:

Even when a new service will provide significant advantages over the old way of doing things, overcoming momentum requires creative marketing approaches. The customer adoption rate will determine just how fast, or if, your company can achieve the savings this new billing approach generates but you have to make your customers want to “sign up”.

To assure the success of your on-line invoicing and payment project, it's critical to understand exactly how the invoicing and payment provider is going to help you market the system to your customers. Ask to see the programs that they will use to help you. AssureBuy helps you succeed by offering your company a number of marketing approaches that will incent your customers to try the system.

Our goal at AssureBuy is to provide the most business-friendly on-line invoicing and payment system in the industry. A system that is easy to install, easy to operate and a system that your customers will want to use. Contact us to learn more about what to look for in an electronic invoicing and payment system and how to choose a system that can make more profits for your business while building better customer loyalty.

About AssureBuy

Organized in 1994, AssureBuy is one of the industry's most mature providers of payment gateway and web-based order management services, including risk management and fraud prevention, tax and shipping calculations, e-mail messaging and real-time processing of credit cards, debit cards, purchasing cards and electronic checks (EFT transactions).

As an innovative pioneer in the field of electronic payments, AssureBuy has developed a robust payment gateway that provides up to **six times more fraud protection** and consistently processes transactions **2 to 3 times faster** than other providers. This proven, flexible and reliable technology has processed **tens of millions of transactions** representing **billions in sales** for its customers.

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