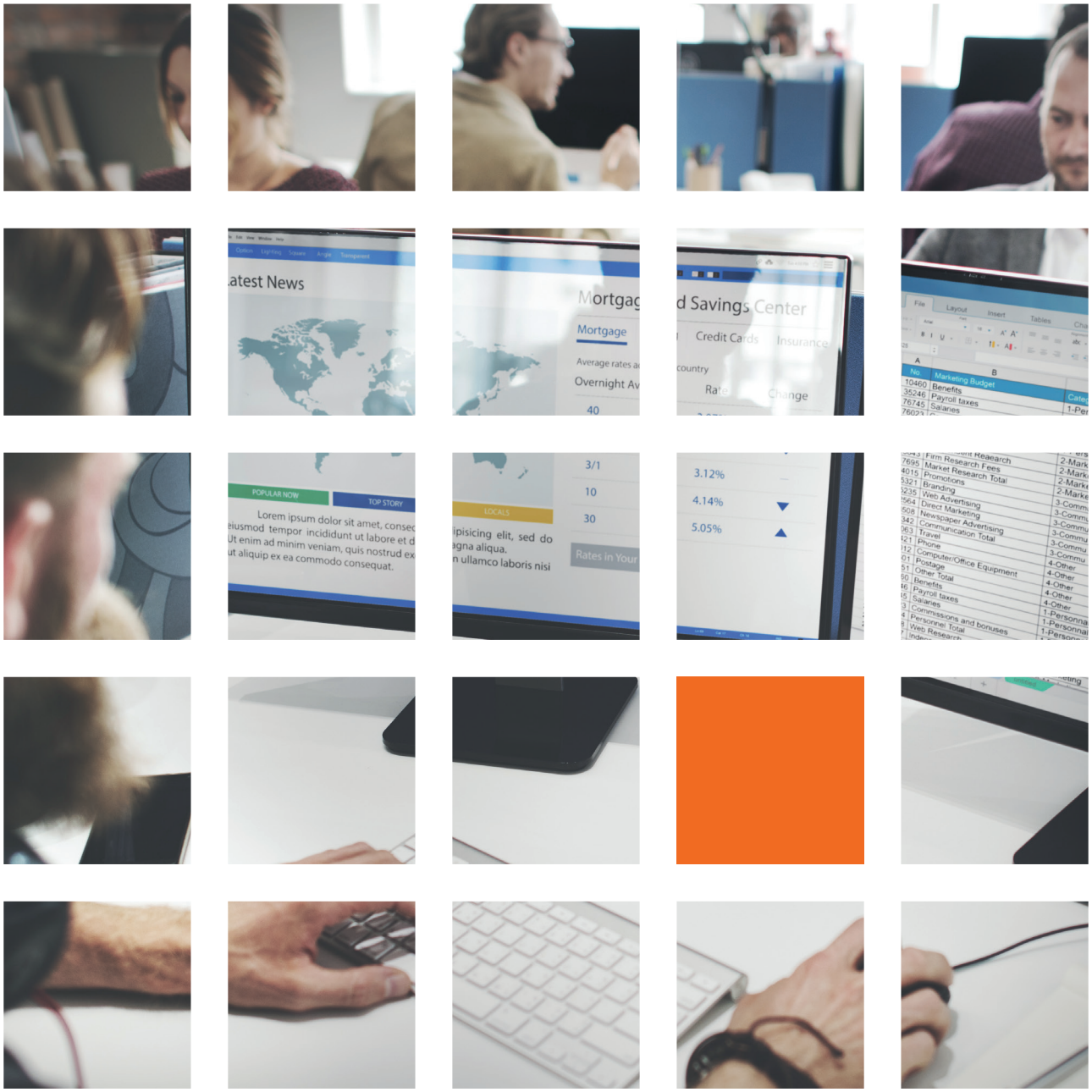
fiserv.

# Fixing the Leak:

## How Automation Is Set to Transform Billing Accuracy, Transparency and Control



WBR INSIGHTS

# Methodology

In Q4 of 2018, WBR Insights surveyed 100 heads of billing at major buy-side asset management firms and institutional investors across Europe on behalf of Fiserv.

Respondents to the survey included heads of billing, heads of revenue management, heads of IT and those of a similar standing – each part of the team that owns the billing process. The survey was conducted by appointment over the telephone. The results were compiled and anonymised by WBR Insights and are presented here with analysis and commentary by WBR Insights and Fiserv.

# Contents

# Introduction

Billing is the beating heart of every financial firm. Yet for many organisations, billing and revenue management is constrained by simple spreadsheets and manual processes performed by people.

Full and prompt payment for services relies on accurate and timely billing. This research demonstrates that for many financial firms, outdated and inefficient billing processes cause waste and thereby not only exert a direct, negative effect on the business's bottom line but put the firm's reputation at risk.

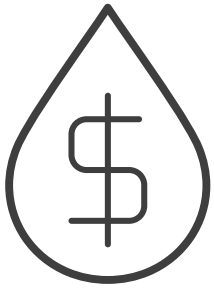
At the same time, globalisation and an increase in transaction volumes are further compounding the pressure on billing operations. These macro forces, along with the continual introduction of new products and fee structures, apply significant tension to already stretched billing processes.

Ultimately, revenue management issues manifest as underbilling, overbilling or not billing at all. The challenge is to implement a solution that minimises all three possibilities.

This report reveals some of the challenges that firms are facing as they attempt to meet these challenges and achieve operational efficiency and excellence.

These include a focus on automation, while balancing the need to maintain a high level of accuracy in billing, consolidating data across the organisation to enable transparency, grappling with increased demands for regulatory compliance, and how to achieve management information (MI) reporting in real time. The path forward is crystal clear for firms who aspire to 100% efficiency for their billing process. Finance and Operations teams must get a grip on their chaotic, spreadsheet dominated world.

# Key Findings



## Two-thirds

of firms suffer revenue leakage due to inefficient manual billing

Billing teams are dealing with more complex global operations than ever, as well as greater numbers of more demanding clients. This pressure is exerting itself on increasingly creaky legacy systems that expose firms to the serious risk of revenue leakage. (See Page 8.)

## 88%

of firms plan to automate more aspects of their billing process

Investments into automation and improving the operational control of the billing process are a big priority for billing teams. Technologies that provide more efficiency, reliability and scalability will become the new normal. The big question for firms today is how far should they go and how fast? (See Page 12.)

## 61%

of firms only have a partially consolidated view of their revenue streams

Dealing with the auditing process can be a very labour-intensive task. This task is only made more trying when the relevant data has to be pulled in from a wide variety of different sources. In fact, nearly two-thirds of billing teams only have a partially consolidated view of their cross-organisational revenue streams. (See Page 13.)

## More than half

admit that the reissue of invoices has a negative effect on the customer

Billing is no afterthought in the mind of a client—in fact, it is one of the most crucial touchpoints. It is your clients who will ultimately benefit from the accuracy, clarity and rapidity of your billing process. That's why billing is a key customer service issue. (See Page 9.)

# Interview

With David Mote
Director of Investment Services International
Fiserv

**Q. What separates the best-in-class firms from the pack in terms of billing performance?**

**A.** We know that poor billing performance reflects directly on a company's customer service, and ultimately, its corporate reputation.

There are not that many touchpoints in the relationship once the client is up and running; billing is arguably one of the most important. That is why it's vital that the information you present to your customer is on time, and accurate.

It's no secret that margins are falling for all services within the securities industry; customers are demanding more frequent invoices, monthly rather than quarterly, and even intraday.

We believe that in this highly competitive field, the firms who can supply timely, accurate invoices will flourish, and the ones who cannot will flounder.

To do this, the best-in-class billing teams have consolidated their diverse billing operations to establish one global organisation. This enables them to provide high-quality, streamlined, proactive and cost-efficient services for their customers – and these are the organisations that will stand apart from their competitors.

**Q. What should those responsible for billing be focused on today to make sure they are able to maximise their efficiency in the future?**

**A.** Financial firms must tackle the problem of poor process efficiency, and they must tackle it now.

That means analysing all existing processes, identifying problematic areas and bringing in a rolling program of continual improvements focused on achievable goals.

Only once firms have implemented a direct and efficient process will they be able to move to some of the more exciting and forward-looking technologies that we predict will play a pivotal role in the future.

Technology like AI and robotics will be central to financial firms' ability to analyse revenue data across their organizations and provide feedback to the relevant people.

**Q. What are the main trends to be aware of in the next 18 months?**

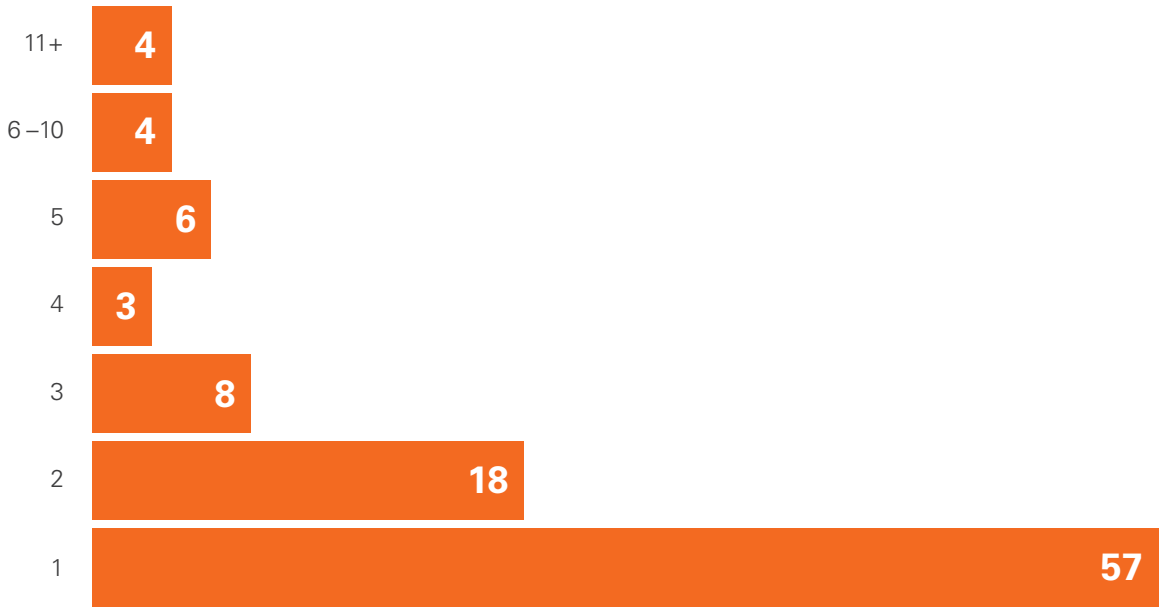
**A.** One of the main trends to watch for in the future is the ability to provide clients with convenience, self-service access to information on holdings, transactions and billing data.

Clients are now looking for the ability to not only access their invoices online but also to drill-down to the supporting information behind the invoice, which requires organisations to be able to mine data from across multiple legacy systems, geographies and sources to present the client with an aggregated view.

Asset Servicers and Investment Banks are looking to provide the ability to aggregate billing data to provide to their clients through client self-service portals. In order to do this, firms must implement a solid DevOps platform that can handle a robust development environment, change control and bank-grade security all at the same time.

# **Part One:**
# Billing Strategy

## How many billing teams do you have globally?



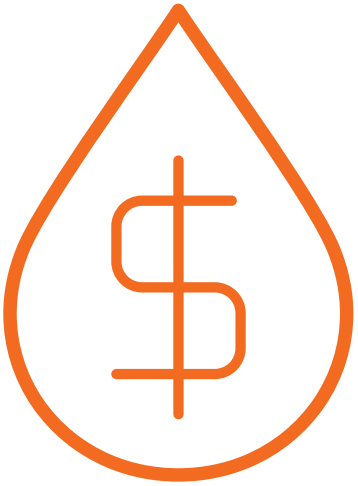

Margins are tight across the wealth management industry, and as a result there is increasing pressure on firms to be competitive and to fight waste and inefficiency at every level.

Firms who aspire to 100 percent efficiency in their billing process must begin by consolidating their global billing operations into a single cohesive unit. Our research reveals that nearly half of major financial firms have not yet done this. Furthermore, 23 percent have not standardised their billing process worldwide.

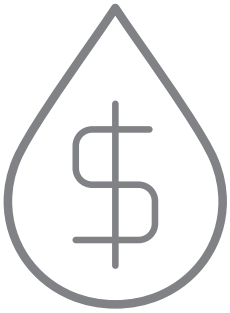
If firms are to achieve full operational excellence they need a robust, centralised billing function that can systematically deliver greater transparency through increased efficiency, ensure billing accuracy and reduce risk.

From this basic organisational platform, firms are well-placed to take the next step toward operational excellence.

## Do you believe that your organisation ever suffers from any revenue leakage as a result of an inefficient billing process?



**66**% - Yes



**34**% - No

The dirty little secret of any billing function is revenue leakage.

In the billing function, revenue leakage is the unnoticed or unintentional loss of money due to poor billing procedures. This might be underbilling or even not billing at all. In an ideal world the answer to this question would be 100 percent no.

This research reveals that we do not live in an ideal world: Indeed we have a long way to go to eliminate revenue leakage. Two-thirds of firms surveyed admitted suffering losses as a result of revenue leakage today.

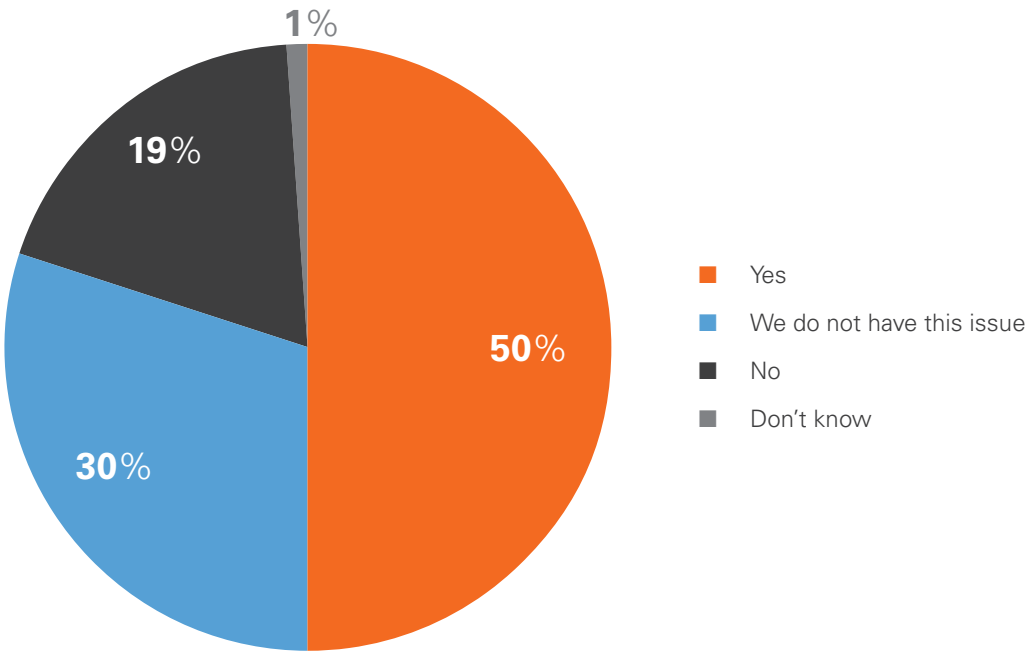
The risks of underbilling, overbilling or not billing at all increase in tandem with the increased pressure that legacy billing procedures are under. These pressures come from increased global operations, large numbers of high-volume accounts and ever-more demanding clients. Manual systems, such as the ones dominated by Excel spreadsheets, expose their companies to the most risk of all.

However, all is not lost for forward-thinking firms who aspire to a truly accurate and efficient billing function. For example, the implementation of a single flexible billing platform can grant access to state-of-the-art systems designed to streamline processes and mitigate the risk presented by revenue leakage.

Poor process efficiency in billing isn't a benign issue for financial firms - revenue, customer experience and reputation are at stake.

**David Mote**
**Director of Investment Services International**
**Fiserv**

## In your estimation, does the reissue of invoices have a negative impact on client service overall?

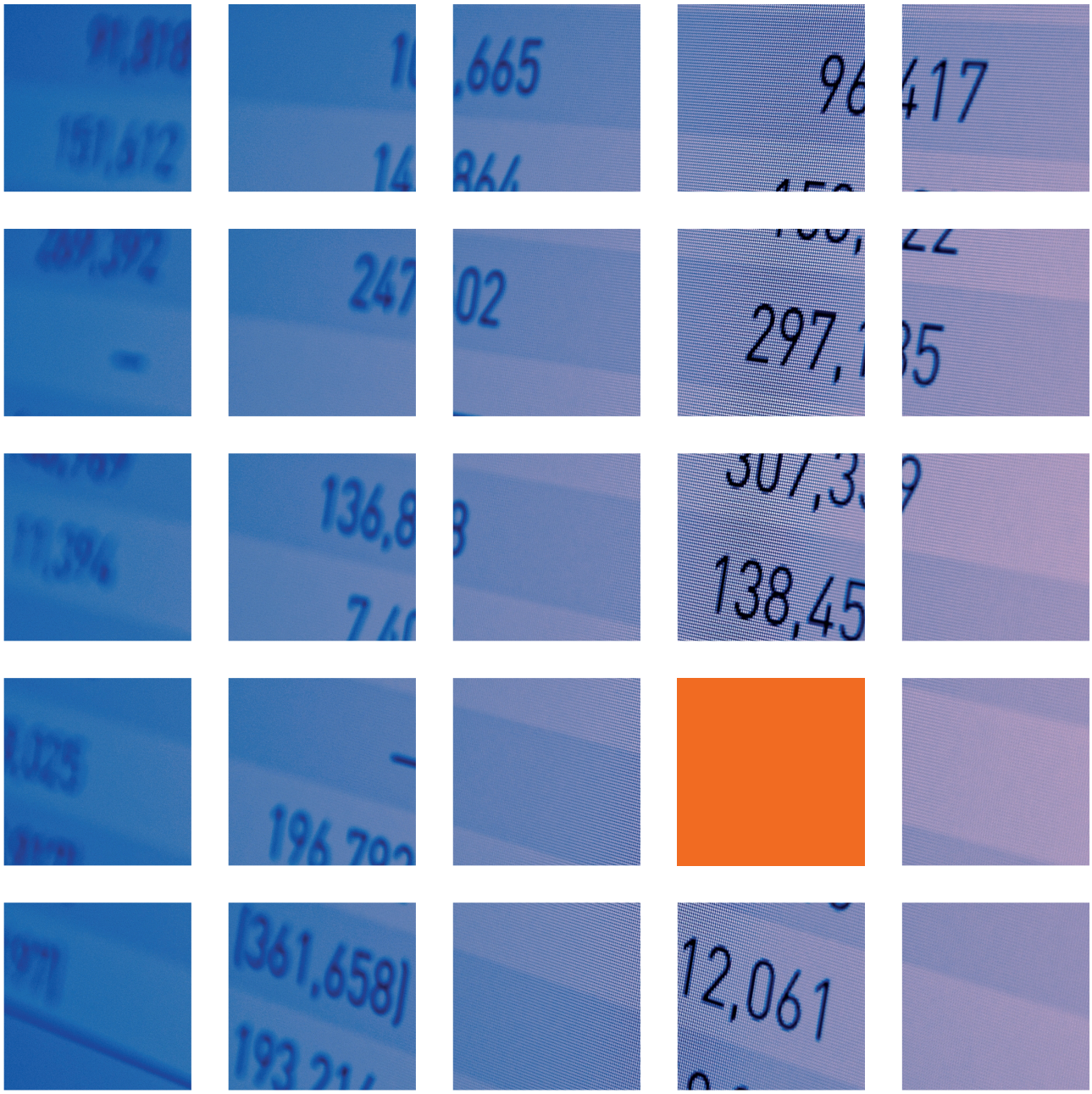



The ultimate beneficiaries – or victims – of your billing processes are your clients.

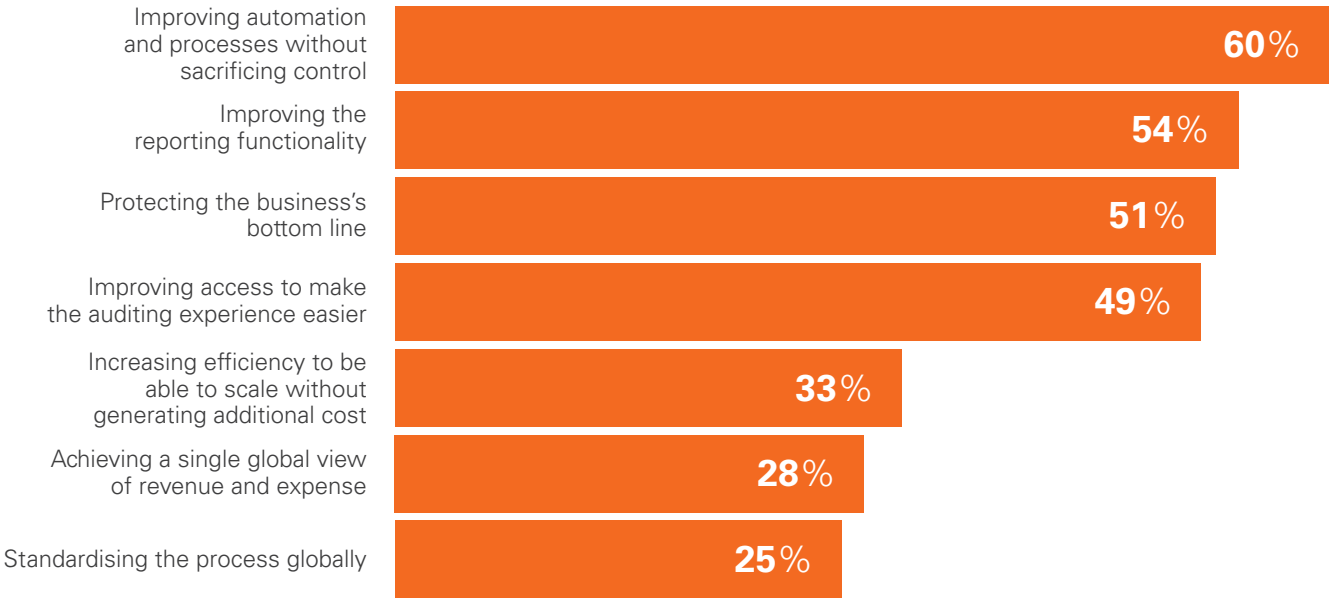
The billing function is one the most crucial post-sale touchpoints, so mistakes in this area will leave a lasting impression. As a result, your billing processes exert an outsized influence on your corporate reputation.

The reissue of invoices is one area that can certainly affect customer service. This research reveals that 80 percent of firms do sometimes have to reissue invoices, and a full half are aware that this is having a negative impact on their customer service overall.

# **Part Two:**
# Automating For Success



## What are your top three priorities when it comes to billing and revenue management?




Harnessing technology to automate billing processes is one of the top priorities for billing executives; 60 percent named it in their top three. However, they do not want to sacrifice control in the process.

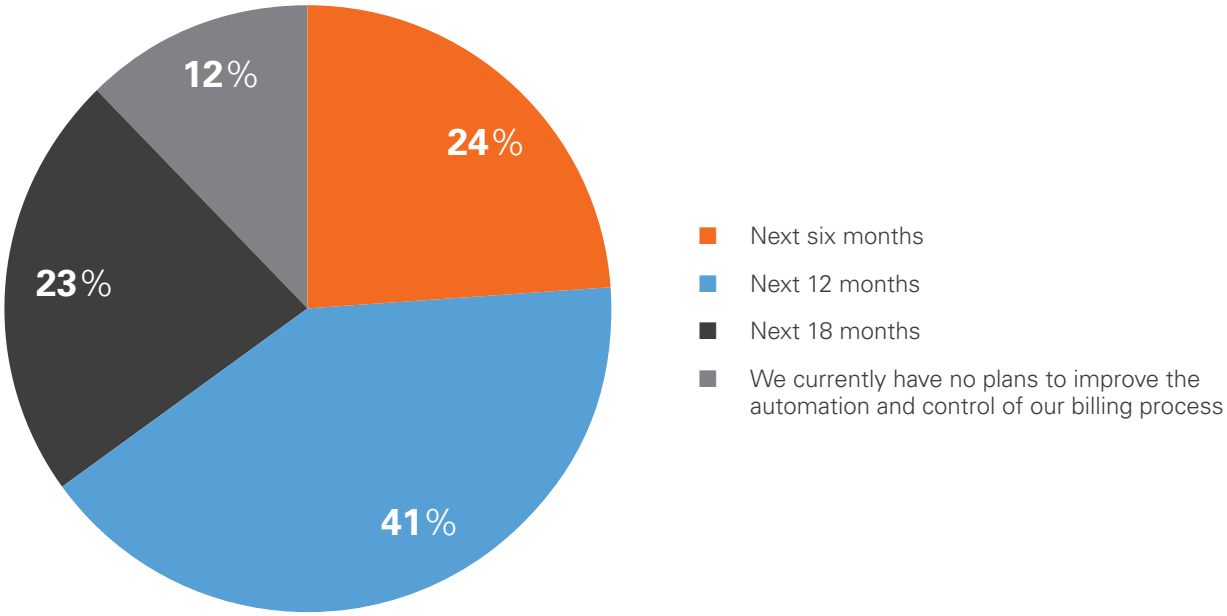
Using automation in this way has a number of clear advantages for financial services firms. Automated processes can help to free asset managers from an abundance of clerical tasks to focus instead on activities that generate revenue.

In addition, with the increases in efficiency offered by automation, the entire information management and fee processing cycle can be reduced. This has a direct impact on cash flow, and means that the amount of full-time employees dedicated to managing these processes can be reduced.

Other priorities for the interviewees were improving their reporting functionality, protecting the business's bottom line and improving access to make the auditing process easier. These priorities in particular are really brought into focus by the increased scrutiny on fee arrangements and investment performance in the market today.

By bringing all data into a central repository, financial services firms are given the access, visibility and control they need to ensure compliance and transparency, and reduce risk.

## Are you seeking to improve the automation and operational control of your billing process?




Almost 90 percent of the firms we spoke to are actively planning to make investments into the automation and operational control of their billing process at some point in the next 18 months. For many it is an even more pressing issue – 40 percent will take steps in the next 12 months, and a quarter of respondents plan to take action in the next six months.

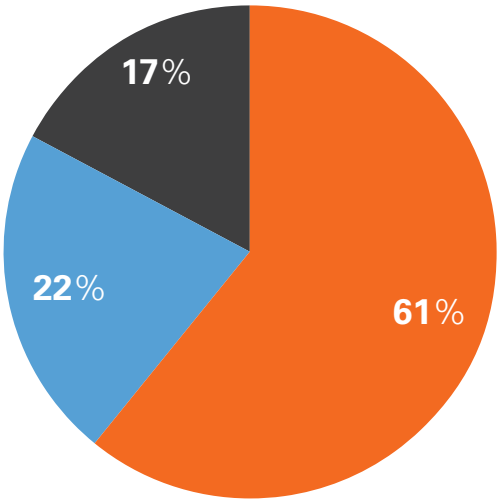
Shifts toward new technologies that provide more automation, and perhaps even more advanced systems like robotic process automation, will be the new norm for financial management firms. These advanced technologies will allow firms to step beyond simple automation and start to look instead at more complex, event-driven scenarios.

Firms who are most able to capitalise on these advanced technologies will be among the best-in-class when it comes to operational efficiency.

Only once firms have implemented a direct and efficient process will they be able to move to some of the more exciting and forward-looking technologies...

**David Mote**
**Director of Investment Services International**
**Fiserv**

## To what extent do you have a consolidated view of revenue streams across the organisation for internal reporting?



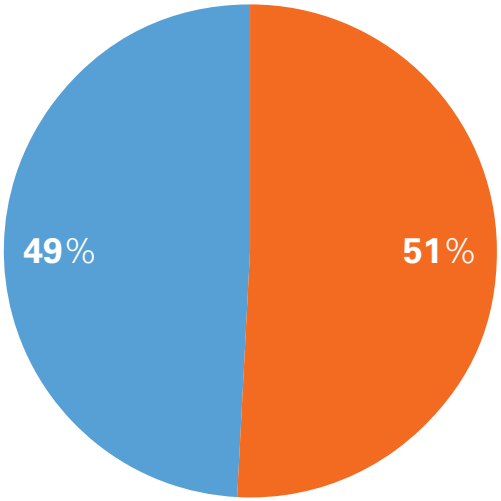

- Partially consolidated
- Fully consolidated
- Not consolidated

A partially consolidated view of cross-organisational is currently the reality for 61 percent of the firms we spoke to. Currently only 22 percent regard themselves as having fully consolidated view of revenue streams, and 17 percent do not have any kind of consolidated view.

This can be a real issue for the purposes of reporting internally, but also externally. Data may flow from a large variety of disparate streams, from different business units, to entirely different parts of the world.

Having one source of data is a powerful tool to assist your internal reporting. It also allows for significantly more advanced analytics capabilities, and increases transparency.

## Are you able to easily provide transparency to auditors, or does the audit process include a lot of manual effort?




- Providing transparency is simple
- Providing transparency requires a lot of manual effort

Tellingly, a little more than half of the billing executives we interviewed feel that providing the transparency required for the audit process is currently very labour intensive – a factor that could be dramatically improved by better access and control over the necessary data.

Another business benefit in providing transparent information is the effective management of key client relationships. Having accurate data will help the overall management and long-term client interaction to remain positive professionally.

## Do you struggle with the complexity of the deals that your salespeople negotiate with your clients?

**58**% - Yes

**40**% - No

**2**%
Don't know

The majority of the billing organisations we interviewed struggle to cope with the complexity of the deals their salespeople negotiate.

However, the fact that deals are getting more complex is not simply due to the whims of the sales team—the global market is more competitive than ever and this is forcing their hand. The natural result of this is an increase in the complexity of fee types and schedules.

# Conclusion

In an increasingly complex, diversified and high-volume global marketplace, the accuracy, reliability and scalability of your billing processes will set your organisation apart from the competition.

Our research shines a light on the need to modernise processes today, so firms can be ready for the challenges of tomorrow. And while as many as two-thirds of firms admit to suffering revenue leakage, the truth is the total may be even higher.

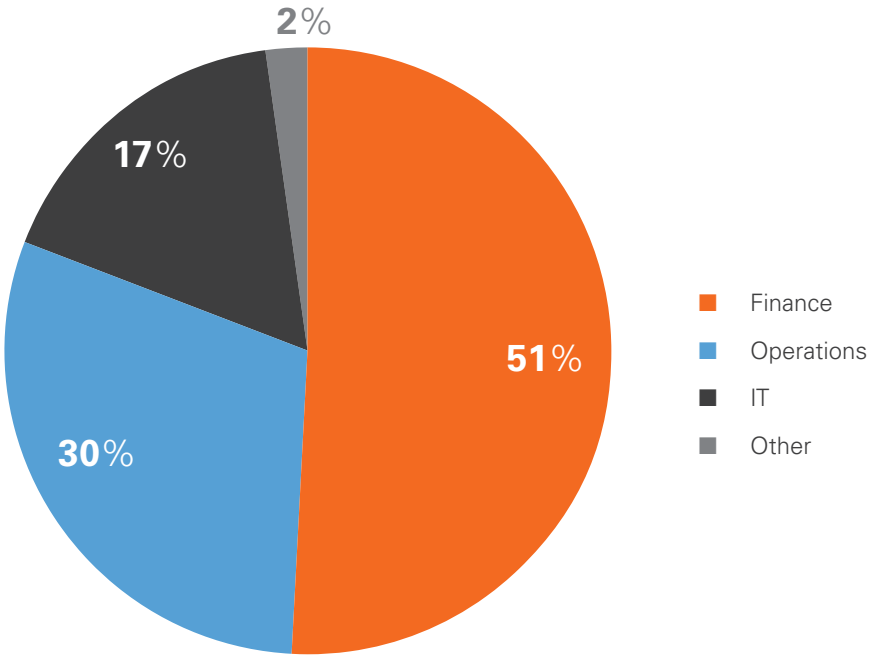
The future of billing is 100% efficiency. To get closer to this goal, firms are making efforts to improve the operational control of their billing processes and increase automation. For most this is not a distant goal, with 88 percent planning to make improvement in the next year and a half.

Firms which lead innovation in their billing function will set them apart from their competition as they strive to achieve their operational goals. Dealing with more complex high-volume deals, improving efficiency without sacrificing control and simplifying the auditing process are key among them.

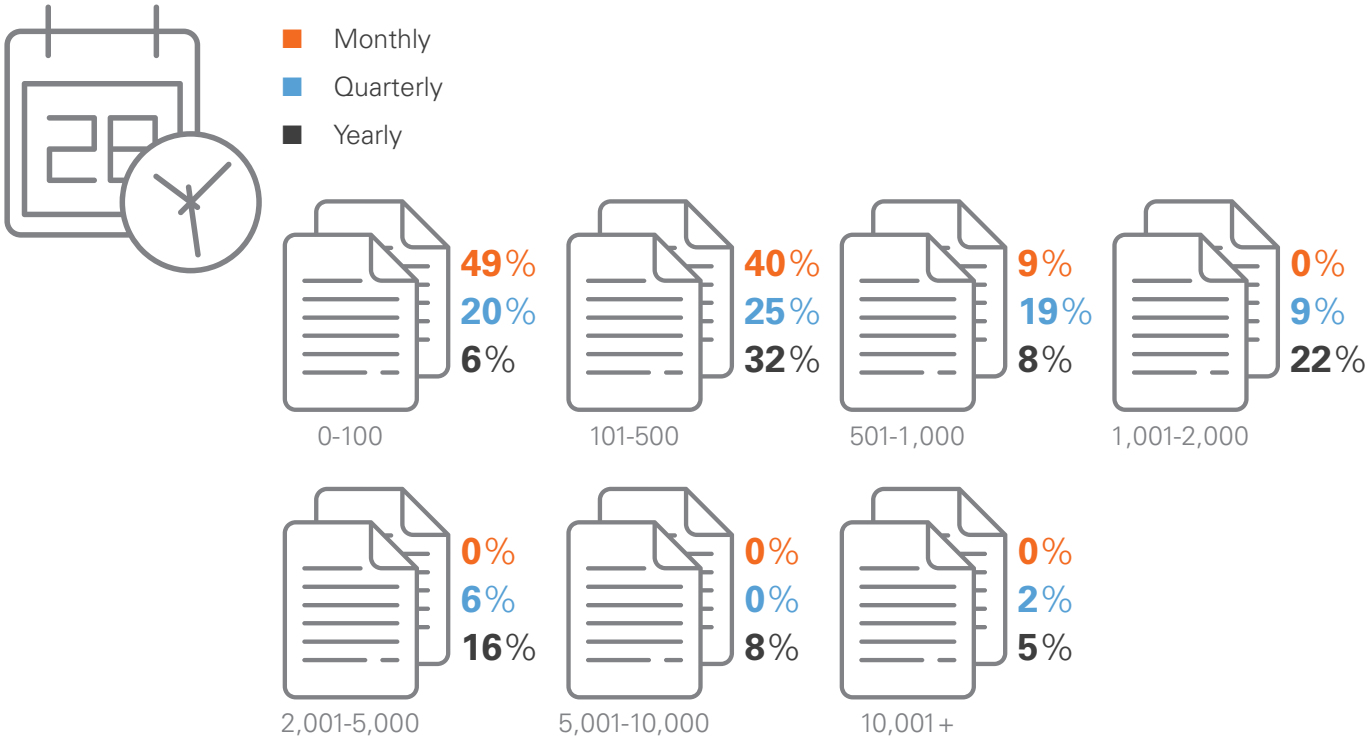
Billing is a crucial customer service touchpoint and perhaps the last chance for your firm to make a good first impression.

# **Appendix:** Respondent profile

## In which department do you sit?



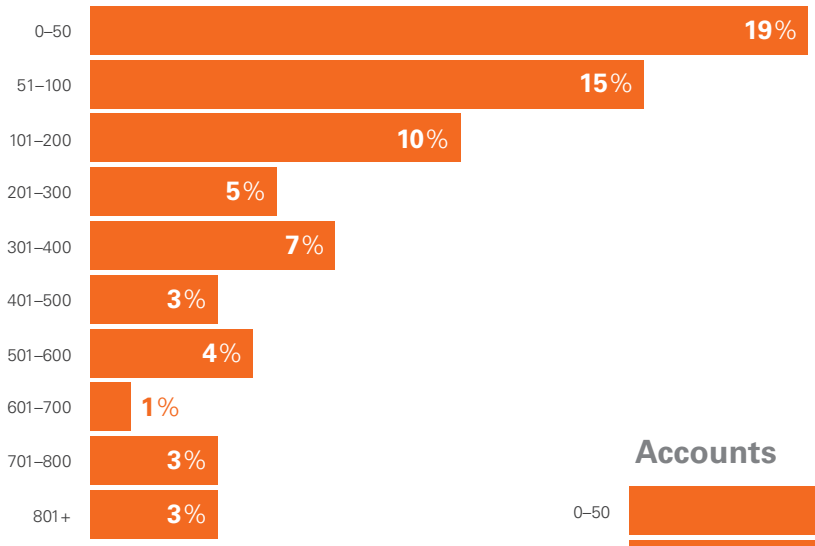

## Approximately, how many invoices do you issue?



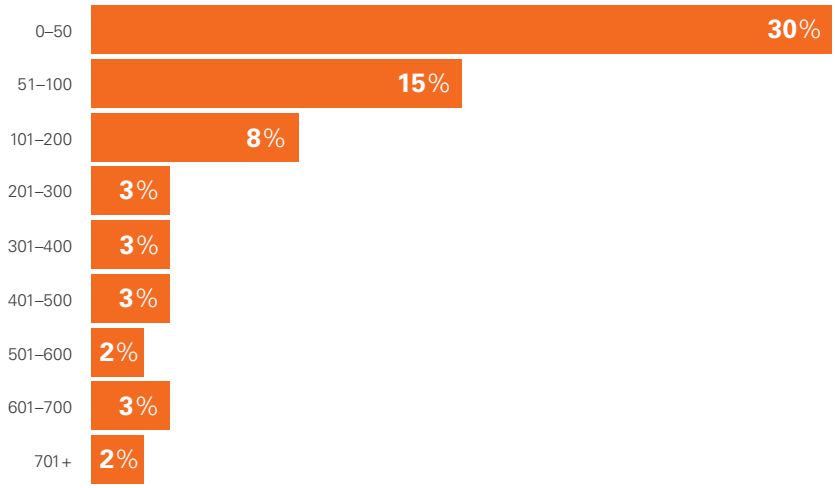
# **Appendix:** Respondent profile

## How many of the following do you bill?

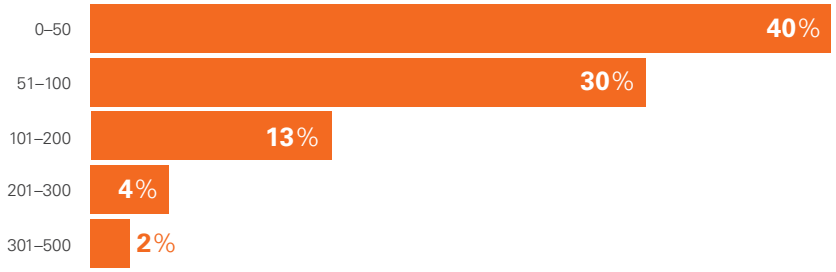
### Clients




### Accounts




### Portfolios




### Legal entities

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