

Best Practices in Revenue Cycle Services

Client Case Study

Presented by:



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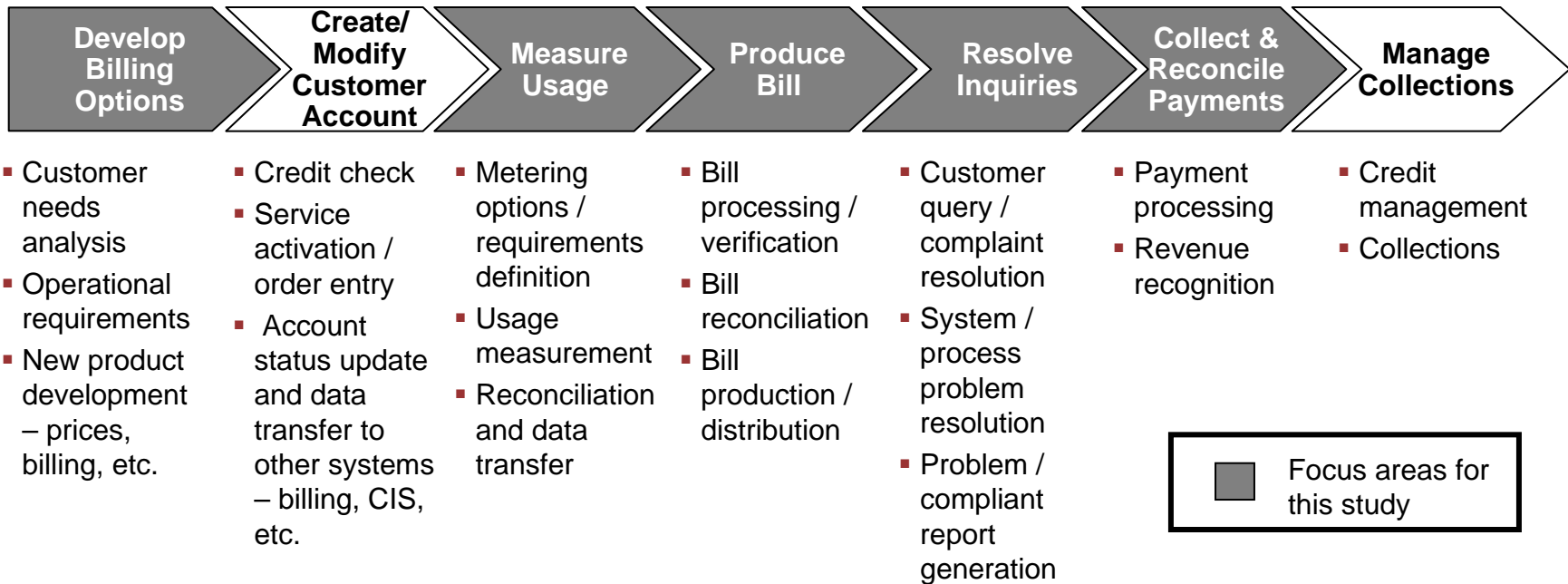
Overview

- In the drive to increase customer satisfaction and retention, while reducing operating costs, utility companies are increasingly looking towards improving their customer-facing processes. Enhancing the Revenue Cycle Services process can achieve the dual objectives of improved customer satisfaction and reduced operating costs.
- By researching best practices in Revenue Cycle Services across a range of industries, Rich Consulting supported a client initiative to:
 - Identify ways to improve the overall customer experience
 - Establish specific performance improvement targets
 - Capture potential cost savings opportunities

Challenge

Revenue Cycle Services (RCS) traditionally has been a fragmented, multi-step, people/paper intensive process wrought with inefficiencies. Recognizing RCS as an end-to-end business process which can be optimized, is the first step in translating best practice ideals into measurable operating improvements and enhanced financial performance.

Revenue Cycle Services (RCS)



Process

To access best practices Rich Consulting undertook a thorough survey of RCS business processes across a range of industries.

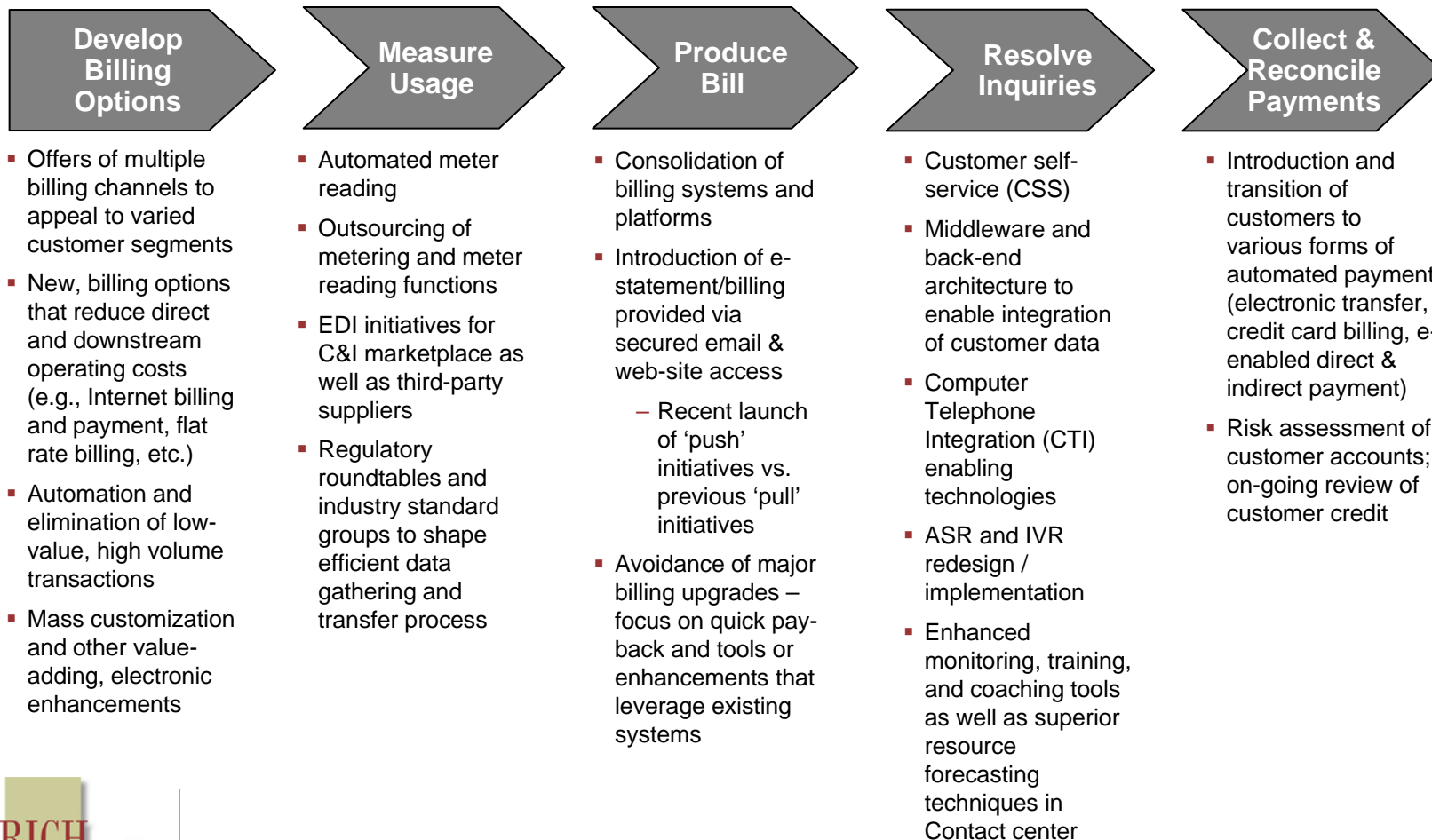
Key Process Steps

- Review client's revenue cycle process
- Develop model for Revenue Cycle Services (RCS)
- Identify companies with like revenue cycle processes
 - Utilities
 - Financial Services Companies
 - Telecom Providers
- Identify companies illustrating best practices in each RCS area
- Extract quantitative data measuring RCS processes from target companies
 - Search published information, private research, and conference proceedings
 - Develop a survey questionnaire with follow up interviews
 - Interview Senior Executives in other RCS intensive industries
- Identify best practice approaches, examples, benchmarks

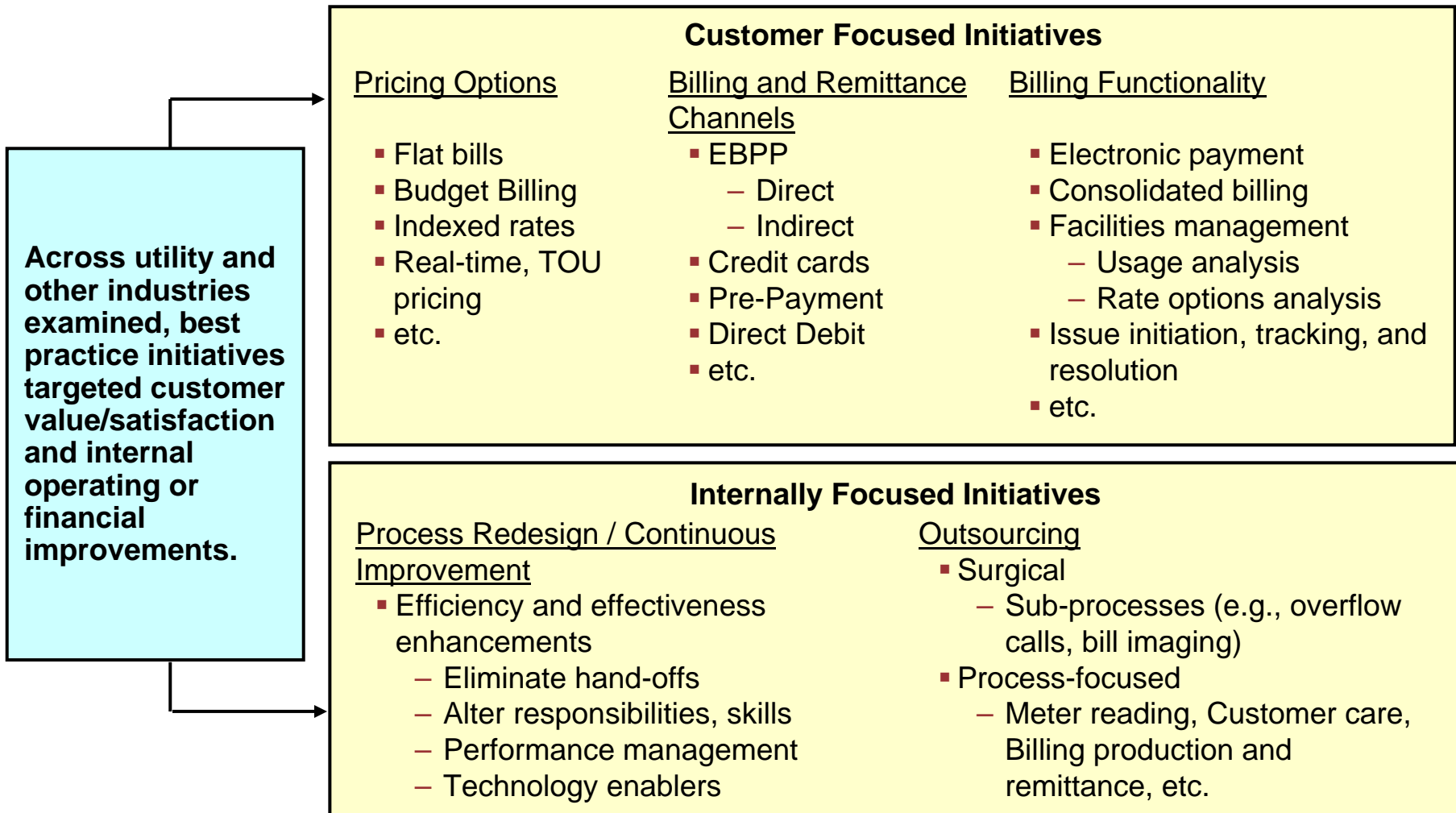
Key Findings

Managing the RCS process end-to-end entails embracing a portfolio of initiatives designed to reduce costs of operations while enhancing customer service.

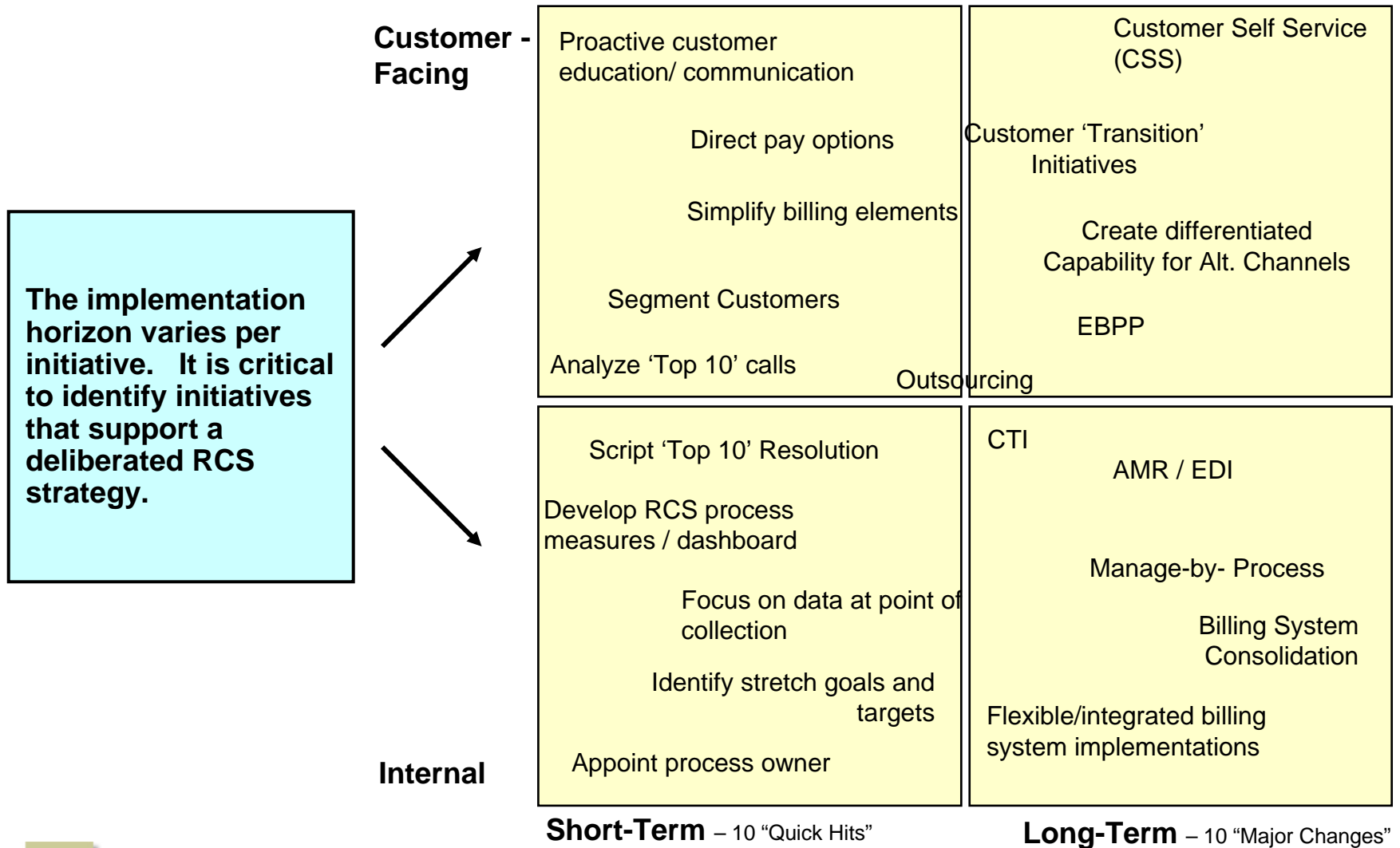
Revenue Cycle Services Trends and Initiatives



Key Findings



Key Findings



Key Findings

The pace of RCS changes will evolve as industry restructuring takes hold. Early adaptation will ensure a loyal customer base/revenue stream while seeing the benefits of a reduced cost structure.

Stage 1 – Monopoly

Strategy – Fixed geography, random product set

Marketing & Sales – Two kinds of customers, Mass Market and C&I

E-Bus, EIA – Technical network integration

Billing, Settlement – Few, simple products, cost plus

Stage 2 – Reactive and Operational Under Deregulation

Strategy – Product spectrum driven by deregulation events, low prices

Marketing & Sales – Energy vs. network services, acquire new customers

E-Bus, EIA – Exchange of meter data, schedules, customer data

Billing, Settlement – Energy vs. network billing; horizontal and vertical settlement

Stage 3 – Efficient

Strategy – Get back to profitability, leverage synergies, focus on core business

Marketing & Sales – Focus on well-defined products and customers

E-Bus, EIA – Fully automated data exchange; integrated billing and CRM, Internet enabled

Billing, Settlement – Accurate bills without manual intervention, reconciliation of incoming invoices

Stage 4 – Proactively Levering Competition

Strategy – Areas and product spectrum defined by business opportunity; global range of partners

Marketing & Sales – Maximize customer value, one-view to customer, strategic channel management

E-Bus, EIA – Electronic customer care, electronic procurement and trading

Billing, Settlement – Large number of customized products with market-based pricing; short time to market; flexible tariffs and discounts

Recommendations

- Perform gap analysis between best practices and current in-house practices
- Define a desirable, doable future state
- Develop stretch targets to close performance gaps and motivate organizational innovations
- Build an overall Case for Action (and supporting business case) to align leadership and enroll participants
- Create a balanced portfolio of initiatives to deliver results - both quick hits and long term

Results Delivered

- Revenue Cycle Service (RCS) Business Model
 - Created a roadmap for transforming operationally complicated and disconnected business functions into a streamlined end-to-end process

- Analysis of Industry Best Practices
 - Provided detailed descriptions of innovative RCS practices at utilities, financial services companies and telecom providers
 - Spotlighted areas of innovation among industry players

- “Quick HIts” verses long term “Major Change” Implementation
 - Evaluated the distinctions between short and long term innovation from the standpoint customer satisfaction as well as internal operations

- Set the Direction for Future Improvement
 - Highlighted RCS focus areas
 - Delivered comprehensive set of performance metrics to measure status and progress of RCS transformation effort



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