How To Monetize The Digital Economy?

Play to win in today's digital services marketplace, with software for high-volume, subscription billing and revenue management.
Agenda

From Product to Service & Outcome

Business Model Transformation - Use Cases

Impacts on the IT Landscape

SAP Hybris Billing – Overview

Why SAP Hybris Billing
From Digital Products To Digital Transformation

- **1990s**: Digital Connectivity & Digital Products
- **2000s**: Digital Customer Engagement
- **2010s**: Digital Transformation of Business Models
‘90 Traditional Value Chain & Business Model

Sell
Source
Make
Distribute
Use
'00 Digital Business is Driven by Engagement

ENGAGE

SELL

Source
Make

Distribute

Use
Value is created in each act of engagement.

‘10: This new data-driven value chain disrupts business models.
Use Cases

What CEOs Think is ‘the next big Thing’

- Changes to costs/pricing: 10%
- New product/service offerings: 11%
- Changes to consumer demand: 13%
- New market opportunities: 15%
- Business model change: 22%
Sockscription
COMMUNITY-SOURCED MAP AND TRAFFIC DATA FOUNDATION FOR AUTONOMOUS DRIVING

NEW BUSINESS MODEL
“If the phone is going to get integrated into the shirt, should that be a technology company making apparel or the apparel company starting to make technology? I choose the latter. “

“Brands that do not evolve and offer the consumer something more than a product will be hard-pressed to compete in 2015 and beyond”

—Kevin Plank, CEO, Under Armour
Digital City: Monetizing The Connected Services

- Smart Building
  - HVAC
- Smart Energy
  - Smart grids
  - E-vehicle
- Smart Transport
  - Multi-Modal Transport
  - Parking
- Smart Infrastructure
  - Waste management
- Smart Gouvernance
  - E-Education
- Smart Technology
  - Location Based Services
- Smart Healthcare
- Smart Citizen

Think Value, Billing & Customer First!

[Image of SAP logo]
Multimodal Environment - Creating Bundles

- Service Providers
- City Services
- Interoperability
- Multimodality

PT Region

PT Cities

ITCO Interoperability

PT Long distance

SAP
Congestion Charging – Usage Based Pricing

- Time of Day
  - Peak hours
  - Day of week
- Distance
- Number of people in the car
- Loyalty
- Vouchers
- Discounts
- Segments
- Prepaid, Cash, Credit, Check
- Local Resident
- High occupancy
- Eco-tax
- Roaming
- E-billing

Smart Road Usage Monetization

20% average road speed improvement, with proper pricing models helping to change road usage patterns.

Pay your road toll, your parking and your gasoline with the same badge.
Energy – Monetizing Beyond Commodity services

Home & Office Energy Services
- Smart meter charging and energy consulting services
- Renewable Energy

Prepaid Card
- Prepaid utility meter cards

Electro mobility
- Electric car charging and infrastructure revenue sharing

Waste Services
- Waste collection services billing for businesses and consumers

Warranty Services
- Warranty services for energy devices and other products

Other Services
- Surcharges, Leasing, Telecommunication services, Water meters and boiler services, home heating consulting and other services
Waste management - Multi-Sided Revenue Model

- City, District Administration
- In-house recycling facilities
- Partners, sub contractors, 3rd party recycling facilities
- Waste Generators
- Waste Trucks Owners
- Waste Trucks
- Smart Bins
- Waste and Recycling Company

Partners, sub contractors, 3rd party recycling facilities
Mapping Digital Transformation for Customer Engagement and Commerce

CREATE THE VALUE

Find New Revenue Streams

CAPTURE THE VALUE

Streamline Costs

DELIVER THE VALUE

Motivation

Protect

Grow

Focus

Core

Periphery
Six Strategies for Monetizing Business Model in the Digital Economy

### MONETIZING NEW BUSINESS MODELS

**Moving from Product to Services & Outcomes**
- Subscriptions, Usage-based

**Internet of Things & Connected Devices**
- Real-time, usage-based services

**Digital Commerce**
- High-volume, global payment flexibility

**Platform Business Model**
- Multi-sided monetization
  - Revenue share

### RENOVATING MONETIZATION BUSINESS PROCESSES

**Agility**
- Fast and flexible offers
  - Financial flexibility

**Revenue Management Renovation**
- High-volume, automated, decrease leakage
Impacts on the IT Landscape

The Right Monetization Platform
## FROM PRODUCT TO SERVICE

<table>
<thead>
<tr>
<th>SELL PRODUCTS</th>
<th>SELL SERVICES &amp; OUTCOMES</th>
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</thead>
<tbody>
<tr>
<td><strong>Vendor - Resellers</strong></td>
<td><strong>Service Provider – Direct Access</strong></td>
</tr>
<tr>
<td><strong>Orders</strong></td>
<td><strong>Subscriptions, Metering for Usage</strong></td>
</tr>
<tr>
<td><strong>Items</strong></td>
<td><strong>kWh, Meter, Liter, Megabyte, Time</strong></td>
</tr>
<tr>
<td><strong>Price Table/List</strong></td>
<td><strong>Price Formula</strong></td>
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<td><strong>One Time Fee</strong></td>
<td><strong>Continuous relationship</strong></td>
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Necessary Features & Value Propositions

**MAPPING FEATURES**

- Business Model Design & Pricing Simulation
- Subscription Order Management
- Usage Metering & Transaction Pricing
- Billing, Receivables, Collections
- Partner Revenue Share

**NECESSARY VALUE PROPS**

- **Agility** to embrace change with embedded intelligence in business processes.
- **Massive scalability** to grow from small trials to multi-billion businesses with reliable automation.
SAP Hybris Billing

Overview
1. Contract: from the promise to the actuals
2. Truck, container events
3. Aggregation and correlation
4. Feedback loop available
5. An event may be n billing outputs.
6. Billing outputs may be put on single or multiple invoice
SAP Hybris Billing Solution Flow

1. **Design the offer and put it on the market**
   - Pricing Tool

2. **Consumers buy the services and consume them**
   - Subscription Order Management
   - Mediation process

3. **Gather consumption transactions**
   - Usage Metering & Transaction Pricing

4. **Collect money, handle disputes, and receivables**
   - Billing, Receivables, Collections

5. **Price consumption and charge the customer**
   - Collect money, handle disputes, and receivables

6. **Commission partners**
   - Partner Revenue Share

7. **Analyze consumption to optimize offers**
   - Pricing Simulation

8. **Consumption**
   - Consumers buy the services and consume them
   - Price consumption and charge the customer

9. **Consumption optimization**
   - Collect money, handle disputes, and receivables
   - Design the offer and put it on the market
Modular Deployment Choices for Rapid Time-to-value

Efficient invoicing & receivables in existing CRM and rating landscape

Add-on pricing and charging flexibility

Complete end-to-end solution

- Efficient invoicing & receivables in existing CRM and rating landscape
- Add-on pricing and charging flexibility
- Complete end-to-end solution
Connect Efficiently the Front & Back Office

Consistent Customer Experience across Channels and Touch Points

CUSTOMER JOURNEY
- Search Online
- Subscribe
- Receive Services
- Use Services
- Pay Bill – Different Options
- Receive Bill
- Subscribe to New Offer
- Call Care

BILLING JOURNEY
- Capture Order & Create Contract
- Activate Services
- Rate & Charge Services
- Create & Send Bill for All Services
- Handle Payment & Receivable
- Post & Recognize Revenues
- Observe Customer Data
- Simulate New Pricing
- Build Personalized Offer
- Service Disruption
- Capture Order & Change Contract
- Resolve Inquiries

Single View of Customers’ Journey and Value across Services
SAP HYBRIS CUSTOMER ENGAGEMENT AND COMMERCE

INDUSTRIES

COMMERCE | BILLING | MARKETING | SERVICE | SALES

HYBRIS AS A SERVICE (YaaS) BPaaS

HANA CLOUD PLATFORM
Why SAP Hybris Billing?
$250 B
BILLED ANNUALLY
BY SAP HYBRIS BILLING
**OBJECTIVE**

- Flexible rules for invoicing
- Addressing prompt and accurate revenue recognition

**SOLUTION**

- SAP Hybris Billing, invoicing and customer financials

**BENEFITS**

- Handling High Volume of invoice
- Invoice the way the customer expects or demands
- Create rules to support complicated tax calculations, revenue-split
- Facilitate collection and dispute handling

“SAP Hybris Billing will help us transform and digitize our financial management processes and maintain strict financial discipline across business lines. The solution has a proven ability to reduce operating costs and revenue leakage, while providing high efficacy to our billing process.”

Michael Yip, General Manager of Information Technology, MTL.
Ascendi—A streamlined, automated toll-collection process

OBJECTIVE
- Automated, multi-lane free-flow system
- Decrease need for human intervention
- Introduce fully electronic devices with plate reading (OCR)
- Cluster all transactions in a given journey and cluster it into a single bill
- Support multiple payment options

SOLUTION
- SAP Hybris Billing, invoicing and customer financials

BENEFITS
- Streamlined invoicing for debtors
- Integrated view of customer and supports violation processing
- Handle approx. 1 million pieces of correspondence / year and 1000 calls/day

“If customers have questions, we have full transparencies into their transaction histories. We’ve benchmarked our solution and found we’re getting great performance, and we’ve beaten all predefined key performance indicators such as employee productivity and efficiency.”

Michael Yip, General Manager of Information Technology, MTL.

400 000 trips /day
<table>
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<tr>
<th>Benefit</th>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>Faster Business Model Innovation</td>
<td>Up to 40%</td>
<td>With greater flexibility for introducing new commercial offers</td>
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<tr>
<td>Reduction in customer support calls</td>
<td>Up to 25%</td>
<td>With simplified, transparent invoicing</td>
</tr>
<tr>
<td>Lower DSO</td>
<td>27%</td>
<td>When accounts receivable tracks short payments and alerts staff of recurring issues or those outside a given tolerance</td>
</tr>
<tr>
<td>Decrease in operational costs</td>
<td>74%</td>
<td>Of billing and collections as percentage of revenue with optimized collections and dispute handling</td>
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THANK YOU!

Feel free to connect with us at:

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