7 Secrets for Selecting a Subscription Billing Service

staxbill

Selecting a new recurring billing platform is a risky decision. Okay, it's not exactly life-or-death, but the wrong choice - or a poorly implemented one - can wreak havoc with customers, co-workers, and even your career. But by following these 7 tips, you'll be on your way to doing billing better in no time.

1 Plan ahead

We all start with a simple view of what we need: $10 per month per user. It's simple to communicate, you can do the math in your head — it's a great place to start. But recognize that the one simple plan will quickly multiply as soon as it's faced with real customers:My Perfect Package: Multiple Editions

a. The corporate client that will purchase a lot of users, but needs different pricing

b. The competitor that changes to usage-based pricing

c. International pricing

d. Bundled pricing

While you can't predict all the changes that you'll need, you can predict that you'll need changes.

2 Get the mechanics right

When you do your billing, be confident that you're charging the right people the right amount at the right time. Spreadsheet-based billing or even manual-heavy legacy software can introduce errors. An incorrect or confusing charge early in the customer life cycle is a significant cause of customer dissatisfaction and churn.

3 Be clear with customers

Even if you think the billing is correct, if it doesn't match the customer's expectations then it might as well be wrong. So, be certain your website and price quotes answer the core questions—what is being charged, when, and for what? With recurring pricing, clarify:

a. Initial charges (setup fees, activation fees) that are charged immediately

b. Subscription charges (recurring fees)—are they charged in advance, or at the end of the period? Are monthly fees aligned to the calendar month (billing on the 1st or 31st) or does the month start and end on an arbitrary day?

c. Usage charges (overages)—when are they incurred? When are they charged?

4 Don't rely on credit card statements as your only method of communication

Customers will chargeback even valid charges if they get surprised—remember, customers don't always remember your company name and might just know the product name. Make sure customers can get receipts and statements on demand and by email—which is especially important if you're selling to B2B customers.

5 Deal with credit cards gracefully

Don't terminate a long-time client because their credit card expired, or their card number changed—build in grace periods to keep clients longer. Warn clients of expiring cards and annual charges that are coming.

6 Be able to answer questions easily

Provide your customer support agents and sales team with one central place to look for all customer transactions. And let them make adjustments—refunds, credits, discounts—that are agreed with the customer.

7 Don't ignore the analytics

Your billing system provides critical information about your subscription customers—lifetime value, churn, usage, acquisition costs. Look for easy and understandable reports, integration to other commonly used systems and open interfaces to unlock your data.

Your billing system is a core business system—not only does all the money flow through it, but for subscription-based businesses, the billing platform is the dashboard of the business—managing the customer lifecycle, communicating to clients for renewals, upsells, and cross-sells.

We believe the automation of recurring billing and payments is a business superpower. Let's start your origin story.

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