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Billing System Migration

At many stages in its development, an organisation may become involved in moving to a new billing system. This can come about, for example, from a need for better services to customers, older systems no longer being supported, growth, mergers and acquisitions, rationalisation or a requirement for better management information.

Billing systems are not often perceived as being exciting. They may be the preserve of the finance department or an adjunct to a larger suite of systems supporting services to customers. No one could deny, however, that billing is vital to any organisation that provides credit to its customers. Recently, more than one company has suffered severe financial problems, leading to corporate demise, as a result of delayed cash flow caused by a system change. The negative publicity resulting from billing problems can also be painful.

Typically, in a large organisation, such a system migration will involve many disciplines - information technology, customer services, finance and so on. It may also make use of contractors and service providers. At the start of the project, the users should have defined their requirements and, along the way, some compromises will have developed as a result of various constraints, not least of which are functionality in off-the-shelf solutions, time and cost.

Other, less obvious compromises will also come into play. Data structures in the old and new systems will be different and it may not be possible or economic to take across all the customers' history. Some data items will have to be synthesised from other sources, a sub-set of customers may not fit the new standard and manual work-arounds or conversion will be needed. On top of all of this, the world does not stop for the change and some accounts will be mid way through an otherwise routine process such as being set up, changing certain details or being closed. This is much more likely to cause problems where there is an on-going relationship with the customer such as in the energy or utility sectors.

The organisation must make a formal assessment of the risks it faces and develop mitigating strategies and actions. In my view, the finance team has a duty to promote this assessment and provide a challenge to other areas of the organisation. However, this can be quite a time-consuming activity for it is vital that those carrying out the assessment gain an in-depth understanding of the business processes. The review must cover both the routine operations and the special case of the system migration including, but not exhaustively:-

- Mapping of data from old to new systems;
- Alterations to interfaces (internal & external, to banks, GL etc.);
- Actions being taken to cleanse and condition customer data;
- Actions being taken to prepare standing data;
- The automatic migration process, its control environment, monitoring and reporting;
- VAT implications (e.g. treatment of advance payments, bill accounting and cash accounting methods);
- Other tax implications (CCL, deduction of income tax on interest paid);
- Manual activities needed to support the migration including the controls, monitoring and reporting of progress;
- The way work in progress will be handled and controlled;
- Special arrangements to minimise data changing at the time of migration (e.g. timing of calling for direct debits);
- The criteria for deeming the automatic migration to be of acceptable quality;
- The methodology for granting management approval to proceed with migration at different stages;
- The reversion strategy.

As mentioned before, mistakes can be disastrous. Some may not become apparent immediately and can impose considerable cost down the line. Consider the implications if, say, just 1% of debt cannot be collected as a result of data problems or work-load pressures resulting from the migration.

In summary, the billing system contains a valuable asset – information about customers including debt on the balance sheet and the information needed to raise future revenues. Manage any change accordingly.