

WHITEPAPER

30 billing questions every subscription business should ask before adopting an ERP



30 billing questions every subscription business should ask before adopting an ERP

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Introduction

As a recurring revenue business, your financial management software needs to handle recurring revenue and complex billing scenarios. Whether you're a SaaS company, an energy and utilities business, a telecommunications company, or any other business with a recurring revenue model, choosing the right **Enterprise Resource Planning (ERP)** system is key, especially if your business relies on subscriptions or usage-based payments with unique and ever-changing billing needs.

And, considering you're reading this, we suppose you're either looking to buy an ERP system or are already in the process of purchasing it.

To support you during this process, we've gathered a comprehensive list of billing-related questions you should consider asking when exploring any ERP system. We hope these questions will help you spot any overlooked requirements and common gaps we've seen with our customers or heard from our partners who set up ERP systems.

Before we dive in, we'd love to share a snapshot of our journey and the expertise that backs every word we offer you today.

Who is Zone & Co?

With 10+ years of ERP-focused experience and our unique set of in-house finance and ERP experts, we've seen and experienced first hand what capabilities ERPs offer for complex billing, revenue recognition and reporting. We continuously help our customers navigate ERP challenges by providing enhancements for the ERP's out-of-the-box capabilities that perfectly match their unique needs. This gives us direct insight into what questions businesses ask about ERP before and after they invest in it, empowering us to help them get the best out of their platform.

We also have a wide network of ERP implementation partners we continuously work with to answer questions their customers have and help them get the best out of our their ERP platform. While our platform enhancements mainly focus on NetSuite, our team jointly brings decades of experience working with other ERPs too, like SAP, Intuit Quickbooks, and other platforms.

Why we like NetSuite

We understand how important it is to choose the right tool for the job. NetSuite stands out from the crowd when it comes to handling advanced billing and revenue recognition needs, which makes it a perfect fit for recurring revenue businesses. The platform supports over 38,000 fast-growing businesses worldwide, making it a trusted ERP solution for subscription-based companies of all sizes.



And we've been helping businesses like yours get the best out of ERPs like NetSuite for decades, and we've seen firsthand the power of asking the right questions during the evaluation process.

Below, you'll find a curated list of 30 key billing-related questions – and relevant subquestions – that every recurring revenue business should think about when considering an ERP investment. This list ensures you consider all the aspects of how well the ERP fits your business model and specific billing needs, both now and down the road.

Let's get started.

Subscription management and billing in ERP

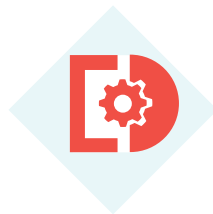
► Q: What types of subscription models does ERP support?

The beauty of subscriptions lies in their flexibility. Can the ERP you're considering handle yours? You might be offering a simple monthly subscription or complex, tiered services. Knowing if the platform can keep up with your specific needs is important to understand from the get-go - and it's not only about whether it can manage subscription billing (it surely can), it's how it can adapt to your unique and dynamic offerings, both today, and as you grow.

Here are some key things to consider based on your business situation:



Evergreen contracts: Do your subscriptions keep rolling on without a fixed end date? If so, assess the ERP's ability to handle these "evergreen" contracts and see if this is what you need.



Hybrid subscription models: Maybe you have a base fee with additional variable, usage-based billing (pay-as-you-go). Or think you might need a mix of fixed-term and evergreen subscriptions at some point in the future. Ask about this if you need the flexibility to scale and diversify your services.



Switching between models: Your business will grow and change, and your subscription offerings might too. Can the ERP allow seamless switching between different models? For example, if you start with a fixed-term subscription but later need to offer an evergreen option or introduce usage-based billing, you want an ERP that can support these transitions smoothly. Ask about this.



▶ Q: Can ERP manage complex billing models and different pricing structures?

The world of recurring revenue often throws complex billing scenarios your way – complexity in billing is often the norm rather than the exception. Having an ERP system that can handle this with ease is vital for your team to maintain accurate, timely, and transparent billing processes.

Some of the areas you might want to consider:

- ✔ **Complex pricing structures:** Can the ERP manage multi-tiered plans with different features and price points? Can it automate adjustments for upgrades, downgrades or cancellations? For example, if you offer basic, premium and enterprise plans with varying features and price points, ask how the platform supports these tiers and how it automates billing and plan adjustments.
- ✔ **Billing automation:** What level of automation can you expect to see? How much time will the ERP free up for your team? What processes can be automated and to what extent?
- ✔ **One-time vs. recurring fees:** If applicable in your case, ask how the ERP you're considering differentiates between setup fees and other one-time charges, and recurring fees? Many of our customers combine these billing elements, e.g., charging a one-time implementation fee or one-time training session and then billing monthly for ongoing access to the software. And it's necessary they have transparent and correct financial records for accurate billing and revenue recognition. Consider asking about this if you need the ERP to be able to clearly separate and manage different types of charges.

▶ Q: How does the ERP handle specific usage-based billing models?

Getting insight into how ERP manages usage-based billing is key for you if this is your core model. But even if your business doesn't currently offer usage-based billing, knowing how the platform supports these models is a good move for future flexibility.

Usage-based billing comes in many shapes and forms. Depending on your offerings, consider asking how the ERP handles each of the following:

Knowing how the ERP platform manages these aspects will assure you you're making the right investment for your business. You'll understand what flexibility you'll have in your billing processes to adjust them when and how needed. And as your business scales, having a solid financial system that automates complex billing and eliminates manual work will become a significant advantage.



**Automating
Complex Billing
Has It's Perks**



Billing Model	Question to ask	Why this matters
Pay-as-you-go	Does it track and bill based on real-time usage?	If you charge customers per gigabyte of data used or if you're in the renewable energy industry offering services based on actual power consumption like our customer Power Factors, it's important to understand the ERP's ability to capture and process this data accurately, so you can bill your customers based on real-time usage.
Tiered usage	Can the platform handle tiered usage?	Ask about this if you're in SaaS business and your business model includes predefined usage tiers. Lattice, a SaaS HR platform, achieved 90% increase in billing efficiency in NetSuite with such a model , using our advanced billing solution.
Prepaid usage	Does the platform support tracking of prepaid balances? If yes, how does it handle deductions for unused products or services?	Some businesses offer prepaid plans where customers pay in advance for a set amount of usage.
Minimum commitments and included units	How does the platform enforce these commitments and handle billing?	Ask about this if your model requires customers to commit to a minimum usage level regardless of actual usage, e.g., a minimum spend each month. This is especially important in the event their actual usage is lower on a certain month.
Commitments plus overage	Can the ERP track both the base commitment and any overages accurately?	For example, a software service might guarantee a certain number of API calls per month with additional charges for extra calls. If this is a known scenario for you business too, ask about this to understand how it works in the ERP you're considering.
Data mediation	How does the platform support data mediation, where data from multiple sources is collected and processed before billing?	This is important to know if your business relies on data from various systems or devices to calculate charges.

Even if your business isn't currently using these models, asking about the ERP's capabilities in these areas ensures you're prepared for future changes. And as market demands shift and your business grows, having a flexible billing system that handles usage-based billing with ease becomes a competitive advantage.



▶ Q: Can the ERP initiate billing based on specific events?

For many businesses, billing isn't just a monthly routine – it's often triggered by specific events or milestones. If your business needs a system that triggers billing after shipment, installation, activation, or project completion, automating billing inside your ERP significantly streamlines financial operations and improves your cash flow and customer experience.

Let's explore some common event-based billing scenarios:

...automating billing
inside your ERP
significantly streamlines
financial operations and
improves your cash flow and
customer experience.

- ◆ **Billing upon shipment:** Subscription boxes, meal kit services - any type of business that includes physical products as part of their service, wants to initiate billing upon shipment. This ensures customers are billed promptly when goods are dispatched. If this is a known scenario for you, ask how the ERP handles this situation - do you get real-time inventory visibility and accurate billing based on actual shipped quantities?
- ◆ **Billing upon installation:** For businesses where service begins with installation (e.g., SaaS, equipment rentals), ERPs can initiate billing once the product or service is up and running. This ensures revenue is recognized at the right time. If you need your ERP to be able to do this, ask how the platform you're currently considering supports this scenario for your specific needs.
- ◆ **Billing upon activation:** Subscription services often need to bill upon service activation (e.g., telecom, SaaS, digital media). If you need ERP to kick off billing when the system or account is activated, so your customers are billed accurately from day one, ensure you ask about this.
- ◆ **Milestone billing:** If you offer project-based services or phases of service delivery, milestone billing might be key for your business. Ask if the ERP can trigger invoices at predefined project stages, ensuring payments are tied to progress, and how it works in practice.
- ◆ **Billing upon project completion:** Similar to milestone billing, projects often involve billing upon completion. If you send a bill after the project is finished, you want the platform to be able to invoice the customer promptly. Asking about the ERP's capability to initiate billing at project completion will help you understand how powerful the platform is for your specific needs.

▶ Q: How does ERP manage mid-term changes during a contract term?

Subscription businesses often experience mid-term upgrades or downgrades as customer needs evolve. If this scenario is familiar to you, it's important to understand how an ERP solution handles these changes to ensure accurate billing for your business, as well as financial reporting, revenue recognition and compliance.



Ask how the ERP platform you're currently considering handles this. Ask how upgrades or downgrades are reflected in your financial reports. Can they be reflected real-time? How does the ERP ensure your invoicing adheres to accounting standards and regulatory requirements for mid-term contract changes?

Think about all the possibilities for how contract modifications might affect your invoicing, revenue recognition, financial reporting and compliance down the line and confirm that the platform can handle all of these aspects for you. Do you bill your customers annually, semi-annually, quarterly, or monthly?

▶ **Q: What billing frequency options does the ERP offer?**

You might need the ERP of your choice to offer a range of billing frequency options to choose from based on your customer preferences. On the right, you'll find some key aspects to explore and consider when choosing the ERP for these needs.

By understanding these capabilities and how much flexibility you get when invoicing your customers, you'll understand if the ERP platform lets you choose the billing frequencies your business model requires so you can create efficient, customer-friendly billing with minimal to no manual work.

▶ **Q: How does ERP handle prorated billing?**

You might also be dealing with proration when invoicing your customers and you need the ERP platform to be able to accurately calculate and apply prorated charges when:

- ◆ Customers upgrade or downgrade plans mid-term
- ◆ Licenses, seats, or add-ons are added/removed during a billing cycle

Can the ERP handle prorated billing for various situations, such as adding licenses, seats, or add-ons to existing subscriptions? Can it automatically adjust charges for the remaining billing period if a customer changes their plan mid-cycle?

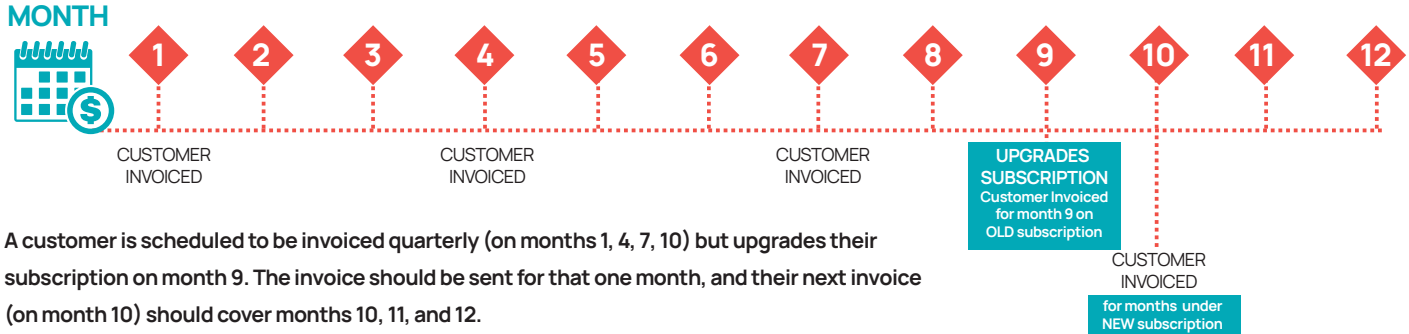


- ◆ Can ERP support your preferred billing frequency and align with your business strategy and customer agreements?
- ◆ If you offer tailored billing plans to your customers, will you be able to create customized billing schedules for different customer segments inside the platform?
- ◆ How does ERP automate the billing process for each frequency, especially if you follow combined billing frequency practices?



Sample Scenario: Subscription Upgrade

Subscription Plan: Customer Invoiced Quarterly



Food for thought...

Will you need your ERP to handle similar scenarios? Think of specific situations like this where you might need the platform to handle prorated billing, and ask about it.

Many businesses, like Lattice (an HR software company), have found NetSuite's prorated billing capabilities to be a significant benefit, especially after using our **advanced billing solution**. Lattice **achieved 90% increase in billing efficiency**, removing any roadblocks prorated billing was bringing their businesses. By evaluating how the ERP manages prorated billing, you can ensure your system supports accurate and fair billing practices.



▶ Q: How does ERP handle and process subscription renewals?

Subscription renewals are the lifeblood of any recurring revenue business, and they can get complex as your business grows. So, when discussing renewal management in the ERP, think about both your current challenges and future growth plans. You'll need a solid system that not only tracks renewal dates but also automates the process to minimize or completely eliminate manual work.

When having conversations about this area, you might also want to consider additional points like:



Automated renewals: How does the ERP support automated renewal processes? How customizable are these processes to fit your specific needs?





Price increases: Check how the platform manages price increases at renewal. Can it adjust pricing automatically to ensure customers are billed the correct new rates? How much manual intervention is needed?



Price uplifts: You might want to increase prices on renewal by a fixed percentage to keep pace with inflation. Or you might change subscription pricing to match your latest catalog offerings. Check how the ERP applies scheduled price uplifts to maintain consistency in your pricing strategy.



Renewal notifications: How does ERP handle renewal notifications for your customers?

By considering these aspects and asking about it during your evaluation process, you can ensure the ERP of your choice meets your needs for automated, accurate, and scalable subscription renewals.

A well-configured ERP system is very much capable to streamline renewals, but it's good to understand its capabilities fully because inadequate renewal management can lead to **revenue leakage**, customer dissatisfaction, and potential compliance issues.



Don't Get Burned by Inadequate Renewal Management.

► Q: Can ERP handle progress billing or milestone-based invoicing for large projects?

We briefly touched upon this in a question about event-triggered billing – but for businesses that engage in long-term, large projects, such as construction, consulting, or custom manufacturing, it's good to assess the ERP's flexibility in invoicing customers incrementally as project milestones are reached or work progresses.

If this is an area your business needs the ERP's power for, here are some other questions you might want to ask...

How does the platform handle adjustments to billing in case of project scope changes or unexpected delays?

Does the ERP you're considering integrate with your project management tools? If not, what are some solutions you can use to bridge the gap?

Can the ERP generate detailed reports on project progress and related billing activities?

Does it offer automated notifications and reminders for upcoming milestones or billing stages?

How does the platform integrate with time-tracking and expense management for accurate invoicing?



By asking these questions, you'll better understand to what extent the ERP platform can support your progress and milestone-based billing needs, ensuring that your financial processes align with project execution and client expectations.

▶ **Q: Can ERP support evergreen contracts?**



The world of evergreen contracts.

When you're running a subscription business, evergreen contracts (also known as perpetual contracts), might be a cornerstone of your business model.

If you have customer agreements that provide continuous service and automatically renew indefinitely unless terminated by either party, you'll need a solid ERP system that can simplify complexity in managing these contracts, particularly as your subscriber base expands.

Here are some additional questions to ask about the ERP's capabilities in handling evergreen contracts:

- ◆ What features does the platform offer for managing evergreen contract terms and conditions? How does it support changes to contract terms over time? Is there a version control system for tracking amendments?
- ◆ What reporting and analytics capabilities does ERP provide for evergreen contracts? Can it help in forecasting revenue from these contracts? What insights can it offer into customer retention and churn rates?
- ◆ What are the best practices for managing evergreen contracts inside an ERP? How can you standardize contract templates within the platform?

By understanding the ERP's capabilities in these aspects, you'll know if the platform can support your team in managing evergreen contracts and streamline your subscription billing processes for long-term success, no matter how quickly you grow in the future.

Revenue recognition in ERP

▶ **Q: How does ERP ensure compliance with revenue recognition standards?**

Revenue recognition standards like ASC 606 and IFRS 15 dictate how revenue is recognized based on the transfer of goods or services to customers, often leading to more complex accounting practices. If you're considering



NetSuite as your ERP, **its ARM module** is designed to meet the requirements of these standards, helping you maintain compliant revenue recognition processes.

Think about all the possible scenarios. What are you struggling with now in terms of revenue recognition? What do you foresee the future of your revenue processing to be? Can the ERP platform handle all of your needs out-of-the-box, or do you need to look into some platform enhancements?

And since many companies often overlook the concept of audit and how the ERP supports this aspect, ensure you ask how the platform makes your auditing easier.

Some additional questions you might want to ask if applicable for your business:

- ◆ How does ERP handle changes in revenue recognition regulations?
- ◆ Are there any success stories of other similar businesses the ERP you're considering helped streamline revenue recognition?
- ◆ Can all the contract changes be seen in subscription records?
- ◆ How audit processes are handled within the ERP?

By asking these questions, you'll get a clear idea of how the ERP platform can help your business stay on top of revenue recognition standards, adapt to regulatory changes, and automate important processes for better accuracy and efficiency.

▶ **Q: How does ERP adjust revenue for contract changes?**

Upsells. Downsell. Modifications. Cancellations

Why is this so important?

Mismanaged adjustments can lead to compliance issues and inaccurate financial reporting, ultimately impacting your business health. And, as your business grows, the frequency and complexity of contract changes will likely

Sourcegraph Just look at Sourcegraph.



Automated Billing



Cutting the time
previously needed
by 70%

Sourcegraph, a software company, faced big challenges with their recurring billing and **revenue recognition after ASC 606 implementation**. By leveraging our platform enhancements for **revenue recognition in NetSuite**, the company completely automated their billing and revenue recognition processes, cutting the time previously needed for these tasks by 70%.



increase too. Without automated adjustments in your financial system, you risk **revenue leakage** and misreporting.

Consider asking how ERP ensures accurate reallocation of revenue when customers upgrade or downgrade their subscriptions? What kind of revenue reporting and audit trails does the platform provide for upsells, downsells, and any other contract amendments?

By understanding these aspects, you can confirm ERP's ability to support your subscription business through every contract modification, keeping your revenue recognition accurate and compliant.

Contract changes, like those listed (upsells, downsells, modifications, and cancellations), are common in subscription businesses and affect revenue recognition. And knowing how the ERP platform manages this is vital for your business to keep accurate financial records and ensure compliance with standards like ASC 606 and IFRS 15.



Contracts change...Be ready. Be compliant.

▶ **Q: How does ERP handle free time for billing and revenue recognition?**

Free trials are a common tactic for subscription businesses to attract new customers. But, offering free months, either at the beginning or end of a term, often brings additional complexities to your financial processes. For example, improperly reflected free periods on invoices and revenue reports can lead to misstatements and compliance issues. Also, mismanaging free time can result in revenue being recognized incorrectly, which affects your financial health and compliance with standards like ASC 606 and IFRS 15.

Some additional questions to explore regarding how the ERP handles free periods:

- ◆ How does it display free periods on invoices?
- ◆ How does it spread revenue over the entire contract period, including the free months?

Here's one scenario you might be familiar with...

3 Months FREE with 1-year Subscription

A customer is granted 3 free months at the beginning of a paid 12-month term (or even on the end). You'll want to know:

- ◆ How that appears on the invoice? (i.e. it should show \$0, full 100% discount), and
- ◆ How is revenue recognized? (e.g. it should be spread over the full 15-month period, for example).

If you offer free trials to your customers, think about all the aspects and possible scenarios you're experiencing now or expect in the future. And ask about it. That way you'll get a clear picture of how the ERP platform you plan to invest in handles free periods in billing and revenue recognition for your specific needs, ensuring your financial reporting is consistently by the book.



Automation and integration in ERP

▶ Q: What level of automation does ERP provide for billing processes, including exception handling and invoice generation?

When it comes to scaling your subscription business, automating your billing processes becomes a top priority. The ERP platform should boast automation capabilities to significantly speed up and optimize your workflows. Let's explore some other questions you might want to consider asking to ensure the ERP fits your needs:

- ✓ What level of automation can the ERP offer for your billing processes, and your whole business in general? Can it automate the entire billing cycle, from invoice generation to payment reconciliation?
- ✓ What tasks can be automated (e.g., contract modifications, recurring charges, tax calculations, usage for product/service that's tracked, recorded and charged to a customer)?
- ✓ Are there any benchmarks from businesses similar to yours that demonstrate their success rates?



Think about your current situation...

Are you currently experiencing fast growth? Or do you expect to grow faster in the future?

- ◆ Do you plan to expand in new markets or territories?
- ◆ Do you experience frequent mid-term changes?

And ask yourself: **“How much automation will be possible in all of these scenarios?”**

For example, maybe you want to know...

- ◆ What type of automation is possible for exceptions like contract amendments, expansions, and cancellations?
- ◆ How much manual work will be needed?
- ◆ What is the risk of errors associated with performing this process manually?

Think of all the tasks you'd like your ERP to automate for your team, and ask about it. A properly set up ERP system will handle much of your billing tasks, allowing you to focus on strategic goals, reporting and nurturing customer relations.



▶ **Q: If there are unique billing requirements that the ERP doesn't support with out-of-the-box functionality, what third-party apps are recommended?**

ERPs usually provide a strong suite for recurring billing, subscription management, and revenue recognition, built to simplify recurring revenue tasks and eliminate manual work. Given the inherent complexity of recurring revenue models, changing customer needs and dynamic market conditions, it's possible your business will have some unique needs now or in the future that extend beyond ERP's out-of-the-box functionalities.

Investing in these apps gives you exactly what you need to achieve in your ERP. They eliminate the need for extensive custom development, and you can often use them without ever feeling like you've switched to a separate application – it all works within the ERP's interface.

One good example of these apps is our **SuiteApp ZoneBilling** for advanced billing and revenue recognition. We built it entirely within NetSuite (customers don't even realize they're using ZoneBilling), to help finance teams stop relying on separate financial systems or Excel spreadsheets for their complex billing needs.

If you worry that an ERP won't be able to fully handle your complex contracts and subscriptions, consider asking for a recommendation of any third-party app that can fill the gaps and provide an end-to-end system for you that works directly inside ERP. With **apps like ours**, you ensure you can extend ERP's capabilities to bill and recognize revenue however you want, now and in the future.



If you ever need to extend your ERP's out-of-the-box capabilities, third-party applications can bridge the gap. For example, NetSuite fosters a thriving ecosystem of partners like **Zone & Co** who develop valuable extensions for its ERP platform. You can visit NetSuite's **SuiteApp marketplace** to find numerous third-party applications designed to extend the platform's functionality.

Unlock Your ERP's Full Potential with Third-Party Apps.

Third-Party Apps Checklist:

If you expect to discuss involving a third-party app in the processes, consider also asking the following:

- What are the most commonly used third-party apps for subscription and usage-based billing for the ERP you're considering?
- Are there any additional costs associated with third-party app integrations?
- Are these third-party apps deeply integrated within the ERP platform, or do you need to leave the ERP environment to be able to access this third-party app?
- What does the integration process for these third-party solutions look like, and who could help with the implementation?
- What are some good implementation partners to work with on integrating these third-party apps?



▶ **Q: How are external CRMs like Salesforce or proprietary systems tracking usage data typically integrated with ERP?**

Subscription businesses often rely on external Customer Relationship Management (CRM) systems like Salesforce (SFDC) or proprietary systems to manage customer interactions and sales pipelines. Integrating these tools with ERP creates a powerful tag team, and allows your real time data flow and better control over your financials. If this integration is something you want to consider for your business too, here are some key questions to explore:

- ◆ Does the ERP offer pre-built connectors for your CRM, or will custom development be needed? Understanding the integration approach will impact both cost and implementation timelines.
- ◆ How does ERP ensure data synchronization across integrated systems? Will this be possible?
- ◆ What level of customization can be applied when mapping fields between Salesforce for example and the ERP?

By addressing these aspects, you'll get a clear understanding of what's possible to integrate with the ERP of your choice, what the integration process looks like, and more importantly, how it could all work in your case.

▶ **Q: Can ERP integrate billing details and change order management information from a CPQ tool?**

If your **CPQ tool** is your system of record for calculating all billing details (i.e., price calculations, dates, quantities, consumption schedules, etc.) and change order management (i.e., cancellations, product swaps/replacements, quantity increase/decrease, negative orders or quantities, etc.), ask if all of this information seamlessly get passed to ERP for comprehensive tracking and reporting. And how would that work?

You'll want to ensure you get seamless integration between the two to maintain accurate billing and order management



CRMs in action.



Salesforce CPQ
integration



90% increase in
billing efficiency

Lattice, an HR management software company, **increased billing efficiency by 90% after integrating Salesforce CPQ** with NetSuite with the help of our solutions for advanced billing and payment gateway integration.

Similarly, Sourcegraph, code intelligence platform, leveraged our billing solution to **fully integrate Deal Hub and Salesforce CRM with NetSuite**. Now, the bill creation happens automatically once a deal is closed-won in Salesforce, allowing their recurring revenue business to have synchronous data flow between SFDC and NetSuite.



Apart from asking this, consider also confirming the following (if applicable for your business):

How are price calculations, effective dates, and quantities transferred? How frequently is data synchronized between the CPQ tool and ERP?

How will price ramps, free periods, or multi-year contracts with annual uplifts be handled?

Check whether the third-party integrations are needed to facilitate this data transfer, and if so, what middleware solutions might be required?

Also, consider asking if the ERP can function as your primary system of record for billing and change orders. Or does it only rely on your CPQ tool for this critical data? How does this impact your billing workflows and data accuracy?

By addressing these questions, you'll confirm if the ERP you're considering provides the CPQ integration you require for your business, and how it would all work once integrated.

► Q: What type of dunning capabilities or overdue invoice reminders can be automated with ERP?

If your business struggles with late payments or managing overdue invoices, automation ERPs can be a lifesaver here. Analyze your current situation and consider where ERP's automation in dunning processes could be helpful to maintain a stable cash flow for your business and reduce bad debts.

The beauty of dunning automation.

Automating dunning processes within an ERP would mean that as soon as an invoice becomes overdue, the system sends a reminder email. If the invoice remains unpaid, additional reminders can escalate the issue and may apply late fees. This frees up your finance team's time for other tasks and ensures timely credit collections.



Food for thought...

If this is something you want to apply in your financial system too, consider also asking the following questions:

- ◆ What types of dunning processes can the ERP automate? How does this work? Can you track customer responses to dunning emails directly from the ERP?
- ◆ How customizable are the dunning workflows? Can you tailor reminder schedules and messaging to fit your specific business needs?
- ◆ Explore how **ERP integrates with payment gateways like Stripe, to streamline payment processing directly from reminders**. Can customers easily pay overdue invoices through links in the reminders?



If your goal is to completely eliminate manual tracking in spreadsheets and reduce following-up with each customer individually whenever an invoice is overdue, these questions will help you understand the ERP's automation capabilities in terms of dunning and invoice reminders.

▶ **Q: Does ERP offer a self-service portal for customers to review invoices and enroll in auto-pay?**

If your customers frequently request invoice details or want to manage payments themselves, a self-service portal is invaluable. Having the option to provide customers with this service enables them to simply log in and view invoices, download their invoices, set up auto-pay, or update their payment information.

Providing a self-service portal reduces the workload on your finance or customer support team and empowers your customers with easy access to their billing information. And this autonomy can lead to quicker payments and fewer disputes in some cases.



**Empower customers.
Ease your workload.**

If you want to offer a self-service portal to your customers, ensure you check if the ERP offers this feature.

- ✓ Is there a place where customers can log in to review current and outstanding invoices?
- ✓ Can they self-enroll in auto-pay?
- ✓ Is the user experience intuitive and easy for customers to navigate and use?
- ✓ Can customers manage their payment methods securely?

Some additional aspects you might want to consider:

- ◆ How secure is the self-service portal, and what measures are in place to protect customer data?
- ◆ Can customers access historical invoices and payment records?
- ◆ What customization options are available for the portal to match your branding?

By checking if the ERP you're considering ticks all your boxes in this area, you'll understand to what extent your business plans and customer needs will be met.



Reporting and compliance in ERP

► Q: What reporting capabilities and SaaS metrics does ERP offer for subscription revenue?

Effective, accurate and real-time reporting is vital for any business. If you need detailed, real-time insights into your subscription revenue and metrics to track performance, forecast growth, and make informed strategic decisions, ensure you ask about this during the evaluation process.

Below are some other questions companies usually ask our billing experts or ERP implementation partners we work with:

Reporting Capability	Question
Real-time reports	Can ERP generate real-time reports on key subscription metrics such as Monthly Recurring Revenue (MRR), Annual Recurring Revenue (ARR), Customer Lifetime Value (CLV or CLTV), and churn rates ? If you're in the SaaS business, it might be good asking what pre-built reports for SaaS are available for this ERP.
Advanced revenue reporting	What advanced reporting capabilities does the ERP have? How does the platform handle deferred revenue reporting? Can it generate deferred revenue waterfall reports or let you see deferred revenue by customer, product, or subscription start date?
Customization	Check what customization can you do when building reports. How user-friendly is the customization process? Can you adjust the parameters and data fields in your reports?
Data visualization	Consider the types of data visualizations you'd want to generate from your billing data that lives inside ERP. Do you need to create dashboards that show trends and patterns in your subscription revenue? Do you want a specific type of visualizations for your C-suite or board meetings? Or maybe you want visualizations for your CRM data (e.g., Salesforce or Hubspot)?
Integration with business intelligence tools	Do you want to integrate the ERP and Power BI for example? Is that possible to do? If so, will you need a third-party app to enable this integration? This is especially important if your team relies on advanced analytics for financial reporting. Our customizable Power BI reporting solution was built to help our customers with more advanced reporting and complex data visualization needs.



Having robust reporting capabilities helps you keep a pulse on your business. For example, tracking **ARR and churn rates** in real-time allows you to take proactive measures to retain customers. By exploring all these aspects, you can ensure that the ERP's reporting capabilities (alone or with the help of third-party apps) will meet your specific needs and help you make informed business decisions.

▶ **Q: Does an ERP provide metrics to identify drastic fluctuations in consumption for usage-based billing scenarios?**

Effective, accurate and real-time reporting is vital for any business. If you need detailed, real-time insights into your subscription revenue and metrics to track performance, forecast growth, and make informed strategic decisions, ensure you ask about this during the evaluation process.

For example, if a customer's usage suddenly spikes, it could indicate a potential issue or opportunity that needs addressing. By setting up alerts in your ERP for drastic consumption changes, your finance team can quickly investigate these situations and take appropriate action to address any billing discrepancies.

If you need the ERP to be able to handle these situations and monitor usage-based billing, consider asking the following questions too:

- ◆ Does ERP offer any metrics to proactively identify drastic fluctuations in consumption from previous months that finance or accounting teams may want to review?
- ◆ How detailed are the fluctuation reports provided by the ERP? How granular can you get to pinpoint the specific areas of increased or decreased usage?
- ◆ Can you integrate usage fluctuation data with other business analytics tools you use, e.g. **Power BI**?
- ◆ Can you analyze data from a longer historical period to establish baselines for comparison?

By exploring all these aspects, you'll confirm ERP's capability to provide the necessary tools for your team in proactively addressing any consumption changes. And with that, they'll feel more confident and empowered to effectively manage usage-based billing knowing there's no room for human errors.

Businesses with usage-based or variable-based billing need to have a system in place to monitor significant consumption changes and fluctuations. This ensures accurate billing and allows your team to proactively manage potential invoicing issues and avoid disappointing your customers.



Real-time insights help eliminate surprises.



▶ **Q: How does ERP integrate with tax engines to ensure accurate tax calculations on invoices?**



Accurate tax calculations on invoices are vital for any business, especially for recurring revenue companies where changes might happen at any time. When taxes are processed correctly, you ensure financial accuracy and build customer trust.

If you sell products or services across multiple states or countries, you need a reliable system to determine and apply the correct tax rates on your invoices. Understanding the tax engine a ERP provides and integration capabilities with other tax management platforms will help you determine the best approach for your business. Consider asking the following questions:

◆ **How does ERP handle tax rate changes and updates?**

If you do business in different continents or countries (e.g., Europe, Australia, USA, etc.), ensure you check how it works inside the ERP. Does the platform automatically update tax rates, and how frequently? How much manual work will be needed?

◆ **What tax engines does the ERP support out of the box?**

If you're familiar or are already using any specific tax engine like Avalara, check whether the ERP you're considering integrates with your preferred choice.

Asking any questions currently relevant for your business or any that might be applicable in the future when you expand to new markets, is super useful to assess whether an ERP's native tax solution, or third party integrations is what you need exactly.

Invoice customizations in an ERP

▶ **Q: How does an ERP support customer hierarchies like parent/child, reseller relationships, franchise/franchisee, etc.?**

For businesses that deal with customer hierarchies like parent/child, reseller relationships, or franchise models, ensuring their ERP system can manage this aspect efficiently is key for your success and accurate invoicing.

For example, NetSuite's customer hierarchy functionality helps you organize your customer base according to these relationships, leading to improved billing, reporting and overall relationship management.



So, if your business has similar needs, ensure you ask the following questions during the evaluation process:

- ✓ How easy is it to set up and modify customer hierarchies in ERP?
- ✓ What customization options are available for different types of hierarchies?
- ✓ How well does the ERP allow you to handle changes in billing information during an ongoing contract?
- ✓ Does the system allow for additions to a master agreement without creating a new contract?
- ✓ Can the ERP consolidate multiple charges into a single invoice?
- ✓ How well does the system manage billing when dealing with resellers or third-party sellers?

With this you ensure the ERP of your choice can fully support the complex customer hierarchies your business is offering, and with that – improving operational efficiency, reporting accuracy, and ultimately, your customer and partner relationships.

► **Q: How does ERP support specific invoice presentation requirements like splitting by department or grouping by location?**

For many businesses, a one-size-fits-all invoice presentation is not what they need. If you have to create customized invoice layouts, such as splitting invoices by department or grouping them by location, make sure you ask if the ERP can handle these customizations.

One-Size-Fits-All Invoice Layouts

VS

Customized Invoice Layouts

When evaluating ERPs for this specific use, explore the following questions too as they might help you get a better understanding of what's possible:



Tech Soft 3D streamlines AR using customer hierarchies.

ZoneBilling



NetSuite +
ZoneBilling

Free up one whole
month of AR work

Our customer Tech Soft 3D, a global provider of software development kits, sells software royalties through partners who, in turn, sell to end customers. They needed NetSuite to accurately track and distribute royalties, customize invoices, and monitor relationships to assess which partners were growing, in which quarters they had higher or lower royalty distribution, or what products needed more focus. With NetSuite and our advanced billing solution, they managed to **free up one whole month of accounts receivable work.**



- ◆ Ask what level of flexibility the ERP offers in customizing invoice layouts. Can you automate splitting invoices by department or grouping them by location? How much manual work will be required?
- ◆ Ask how these customizations are configured within ERP. Are there built-in templates, or will you need custom scripting and configurations?
- ◆ Also, explore how these customized invoices impact reporting and analytics. Can the ERP generate reports that reflect these customized invoice presentations?

The ability to customize invoices can significantly improve financial clarity, departmental visibility, and overall management efficiency within your business. And by asking the right questions, you'll get a clear picture of what the ERP platform can do to meet your specific invoice presentation requirements.



Crystal-clear invoices.

▶ **Q: Does ERP support attaching detailed usage or consumption information to invoices?**

If your business relies on usage-based billing models, you probably need the ERP platform to provide a detailed usage or consumption information with invoices. Maybe you need to attach a report to the invoice that includes breakdowns by time period, services used, and other relevant metrics to provide usage details and full transparency to the customer? Ask about this and consider confirming the following too:



How easy is it to automate the attachment of usage details to invoices? Will any manual intervention be required from your side?



Ask about the customization options available for these attachments. Can you include custom fields and formats to match your specific reporting needs?

By addressing these points during your evaluation process, you'll determine if the ERP can support your need to provide the desired level of transparency and usage consumption details to your customers, ultimately improving customer trust and satisfaction.



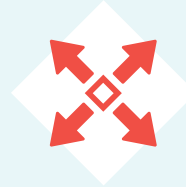
This is especially important if you plan to:



(A). Acquire another company

Mergers and acquisitions can significantly increase the number of subscriptions you manage and potentially introduce new billing models or customer segments.

OR



(B). Open new subsidiaries

Expanding into new territories often involves dealing with different currencies, tax regulations, and invoicing needs.

Some additional aspects you may want to consider discussing during your evaluation process are:

- ◆ How does the ERP handle explosive growth in transaction volumes (e.g. when entering new markets, during acquisitions, or when establishing new subsidiaries)? Are there any success stories from similar companies to help you understand how it works in practice?
- ◆ While there's no one-size-fits-all answer, ask about the typical subscription volume capacity the ERP can manage at once and its scalability to meet your specific growth projections. What's the ERP's approach to maintaining system speed and responsiveness as your data volume and transaction numbers increase?
- ◆ As your business evolves, you might introduce more intricate billing models, such as multi-tiered subscriptions with variable features, usage-based charges for different regions, or bundled services with combined pricing. Or maybe you need to include new currencies as you expand into new countries. The ERP should be able to scale and adjust together with you to accommodate these complexities, so it's good to understand how the platform supports this and if a third-party app that enhances your ERP will be of more help to you.
- ◆ If you plan to acquire a new company any time soon, assess how easy or difficult it would be to integrate its billing system with the ERP. Companies like Power Factors experienced this type of growth. Their finance team

Every ERP should be built to efficiently handle a growing number of subscriptions without compromising processing speed or accuracy. So it's always good to ask and confirm all the details specifically relevant to your business needs, so you can be sure that the ERP of your choice can handle whatever complexity you need to deal with



Pick a solution that grows with you.



had to handle different financial systems, formats, and workflows for each of the companies it acquired, adding to the complexity of its billing operations. By leveraging NetSuite and our advanced billing solution, they completely streamlined the whole order-to-cash process and managed to **reduce revenue booking time by 94%**.

- ◆ Ask about the ERP's ability to customize invoice templates to reflect the branding and legal requirements of new subsidiaries. Also if you need to localize invoices for different languages and formats, ask about this and how you can do it in the ERP platform.

▶ **Q: How does ERP ensure compliance with data protection regulations and financial reporting standards?**

Compliance with data protection regulations and financial reporting standards is something you cannot get away from. Especially when it comes to recurring revenue models - this is where the ERP platform you'll use to manage your financial operations from comes in super handy.

During the evaluation process, this area might be more understandable to your IT, Security or Legal department, so it's also good to consult them on what to ask if they won't be part of the process. Ensuring compliance and robust security measures protects your business from legal risks and builds customer trust. For instance, compliance with GDPR, especially if you operate in Europe, involves strict data handling and privacy practices, which the ERP platform must support effectively.

▶ **Q: How does ERP demonstrate business value and ROI for subscription businesses looking to optimize their order-to-cash process?**

Investing in ERP requires your careful consideration. It's an investment that you will use for decades to come. And you'll want to understand the return on investment (ROI) for implementing the system in your **order-to-cash** process.

To justify the cost and ensure long-term benefits, here's what to consider when having discussions about the ERP ROI:



You might want to ask...

- ◆ What security measures does the ERP have in place to protect sensitive billing and financial data?
- ◆ How does the platform safeguard your data from breaches and unauthorized access?
- ◆ What encryption methods does the ERP use to protect data?
- ◆ And how does it handle compliance with GDPR and other data protection regulations?
- ◆ What specific features and practices ensure adherence to these regulations?

Asking all these questions helps you gain confidence and understand what methods are used in the ERP platform of your choice to ensure your business and financial data, as well as customer data, are secure both in transit and at rest.



- ✓ Check if ERP offers an ROI calculator specifically designed for business like yours. What's the easiest way to calculate the potential ROI from this investment?
- ✓ Ask about available case studies and success stories of other companies who used the ERP you're considering to improve their OTC. Are there benchmarks to compare potential ROI for your business?
- ✓ Ask how the ERP measures improvements in the OTC cycle. What key performance indicators (KPIs) can be tracked? Are there pre-built reports you can use for monitoring and reporting?
- ✓ Think about all the metrics you want to track and report on for your OTC process. Do you need to monitor your Days Sales Outstanding (**DSO**) to assess how quickly your business collects revenue? Ask what's possible to track with the ERP's built-in capabilities.

► Q: How will the ERP system be implemented?

And this brings us to our final question in this guide – the implementation (arguably the most crucial part).

For example, SCS Cloud, an award-winning NetSuite solution provider, noticed that up to 40% of success in using the ERP lies heavily in how well the platform is implemented from the beginning. You'll want to ensure this part is executed flawlessly from start to finish.

Whether you rely on the ERP provider or an ERP partner for implementation, ask about how often and how close you'll collaborate with the implementation team. Also, ask about the use cases, success benchmarks and average implementation times for businesses of your size and industry. This ensures you're in the right hands.

Successful ERP implementation sets the foundation for your system's future performance and your overall business's efficiency. By thoroughly preparing for this phase and choosing the right partner, you can ensure a smooth transition without any large hiccups down the line.

To gain a deeper understanding of your order-to-cash process, you might want to check out our white paper **"Optimizing order-to-cash at every growth stage"**. This paper dives into key topics like who oversees the OTC process, how to optimize it as your business grows, and recommended best practices. It also provides a valuable maturity model to assess your OTC health, pinpoint areas for improvement, and identify cost-effective technology solutions to optimize your OTC process without breaking the bank.



Optimize order-to-cash at every growth stage



So, who will handle the implementation?

- Do you have expertise in-house for this large implementation project?
- Maybe the ERP provider offers the implementation services for your chosen package?
- Or will you instead need to outsource this process to an experienced ERP implementation partner specializing in your industry and the selected platform?

Conclusion

Final steps to ensure your ERP success

Remember, investing in the right ERP platform is a step toward...

◆ **Boosted operational efficiency** ◆ **Optimized billing and revenue recognition** ◆ **Achieving long-term success**

You'll need a system that grows and evolves as your business grows, so it's important to invest in the right tool now.

Why? Switching platforms down the road probably won't be cheap or easy. Keep these billing questions in mind as you navigate the complex decision-making process of adopting an ERP for your subscription business. Understanding the platform's capabilities will help you confirm it aligns with your unique business needs, both now and in years to come. And with a future-proof subscription management solution in place, you'll be well-positioned to take advantage of new opportunities and navigate any changes in the market.

Need help with billing-related requirements for NetSuite? You know where to find us. Don't hesitate to **reach out to our billing experts** or **NetSuite implementation partners**.

Reach out to our billing experts ▶



Zone is reinventing the way companies approach back-office excellence, empowering finance leaders and their teams to scale and thrive in today's dynamic business landscape. Our highly flexible platform enhances out-of-the-box ERP capabilities, offering maximum visibility and control over company operations. From complex billing & revenue recognition to AP automation and advanced FP&A reporting, Zone's unified platform integrates seamlessly with leading ERP software, adapting precisely to evolving needs. Trusted by over 3,000 customers worldwide, Zone & Co is committed to delivering real-world solutions that deliver tangible results for its customers. Headquartered in Boston, MA, with hubs across Europe, North America, Australia, and Asia, we're dedicated to shaping the future of enterprise back-office management.

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