Usage-Based Billing

Usage Billing is the fastest growing billing model we see companies adopting. With the amount of data available, why not bill your customers based on their actual consumption or engagement with your product? Usage Billing is a fantastic way to monetize companies of all sizes and penetrate new markets while keeping pricing fair and transparent. ZoneBilling allows our customers to structure their usage model in a way that makes sense for them and their customers.

APIs & Data Mediation

The first step in usage-based billing is receiving the data from the source system and transforming it into meaningful information for billing. ZoneBilling has an Advanced API Wrapper that allows NetSuite to connect to any proprietary platform or data warehouse to bring in the relevant data needed to calculate billing.

Data Mediation

Transforming this critical data into meaningful billing information—is often overlooked and becomes a manual excel process before hitting your billing tool.

What are examples of data mediation?

- ✅ Converting Gigabytes to Terabytes
- ✅ Converting Megawatt Hours to Kilowatt Hours
- ✅ Calculating Total Ad Spend vs. Total Media Delivery
- ✅ Determining Peak vs. Off-Peak usage
- ✅ Other custom billing attributes (where usage data impacts pricing)

Send your usage data to ZoneBilling, and we'll handle your data mediation. Easy peasy.
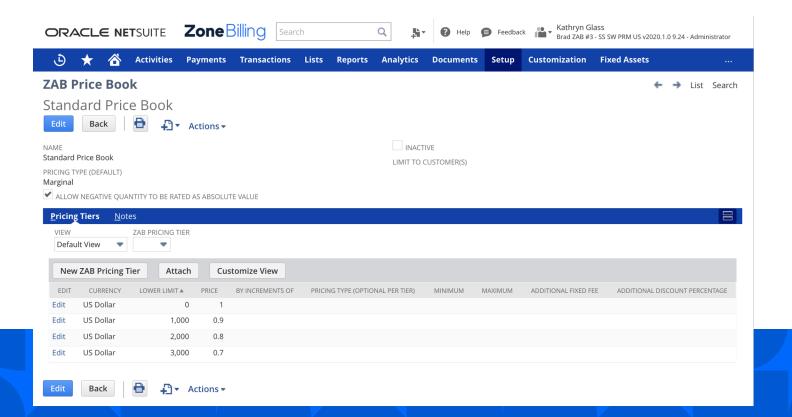
Rating

Okay, so we've now sorted and mediated the data in a meaningful way in a table inside NetSuite. Now, the fun begins by applying all of your customers' specific pricing against that usage data table. Customers either share a generic pricing table or have unique and exact pricing for each contract.

Fixed Rate x Quantity

The simplest way to calculate usage billing is to multiply the rate by the quantity and then bill the customer regularly on the fixed price per usage unit. Examples could include:

- ✔ $5 per transaction billed monthly in arrears
- ✔ $.05 CPC (Cost-Per-Click) billed quarterly in arrears
- ✔ $15 per user billed on the anniversary date (i.e., the date the user signs up)
- ✔ 5% of monthly spend
- ✔ $0.12345678 per API call (yes, we can go out eight decimal places!)
- ✔ Price Books (also known as tiered pricing or volume discounts)

ORACLE NETSUITE   Zone Billing   Search 🔍   ❓ Help   💬 Feedback   Kathryn Glass
Brad ZAB #3 - SS SW PRM US v2020.1.0 9.24 - Administrator

🕐 ⭐ 🏠 | Activities   Payments   Transactions   Lists   Reports   Analytics   Documents   **Setup**   Customization   Fixed Assets   ...

ZAB Price Book

← → List Search

Standard Price Book

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NAME
Standard Price Book

☐ INACTIVE

LIMIT TO CUSTOMER(S)

PRICING TYPE (DEFAULT)
Marginal

☑ ALLOW NEGATIVE QUANTITY TO BE RATED AS ABSOLUTE VALUE

Pricing Tiers   Notes

VIEW
Default View ▾

ZAB PRICING TIER
▾

[New ZAB Pricing Tier]   [Attach]   [Customize View]

EDIT	CURRENCY	LOWER LIMIT ▲	PRICE	BY INCREMENTS OF	PRICING TYPE (OPTIONAL PER TIER)	MINIMUM	MAXIMUM	ADDITIONAL FIXED FEE	ADDITIONAL DISCOUNT PERCENTAGE
Edit	US Dollar	0	1						
Edit	US Dollar	1,000	0.9						
Edit	US Dollar	2,000	0.8						
Edit	US Dollar	3,000	0.7						

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Tiered Pricing

Tiered pricing is an essential model to offer your customers whether your goal is to encourage higher usage with better discounts or charge more for higher processing. The reasons are endless but the model itself is a staple that you need to be able to offer your customers. ZoneBilling has several ways to calculate even the most complex tiered-based models.

Linear Tiers

In Linear Tiers (also known as "Volume Tiers"), you will charge for ALL usage units at the achieved tier.

In the table below, with a volume of 1,500 units, you will charge all units at $2.50/unit for $3,750.

0 - 1,000	$3.00 / unit
1,001 - 2,000	$2.50 / unit
2,001 - 3,000	$2.00 / unit

Marginal Tiers

Also known as "Stairstep Tiers," Marginal tiers charge every usage unit at its corresponding tier rate. In the table above, with 1,500 units, you would calculate 1,000 at $3/unit and 500 at $2.50/unit, for a total of $4,250.

0 - 1,000	$3.00 / unit
1,001 - 2,000	$2.50 / unit
2,001 - 3,000	$2.00 / unit

Fixed Rate per Tier

A Fixed Rate per Tier ignores a rate x quantity calculation and instead assesses the customer tier and charges a Fixed Flat Rate for that tier. In the table below, for a volume of 1,500 units, the pricing would calculate a flat charge for Tier 2 at $2,500.

0 - 1,000	$2,000
1,001 - 2,000	$2,500
2,001 - 3,000	$3,000

Tier Achievement

Great, now that we can calculate different tiered pricing, how does a customer achieve or progress through the tiers? With ZoneBilling, you can create Rate Plans to calculate this in many ways. You can assess and achieve weekly, monthly, quarterly, annually, or any defined period and reset it at the end of the period. For instance, you can assess and bill the tiers monthly and then reset the tiers at the month's end. Or, you can assess and bill monthly but accumulate year-to-date volume during tier assessment. With customizable billing, ZoneBilling can calculate different tier achievements depending on your unique needs.

Custom Tiers

- Tiered Pricing is not always as simple as the calculations above. Companies increasingly need creative ways to monetize their products. With ZoneBilling, you can create highly intricate and complex tiered pricing models. Let's look at an extreme, real-life tiered pricing scenario we solved for a customer.

- $300 Flat Rate minimum pricing for anything less than 7k pounds (lbs) and an additional $.25/lb over 7k. BUT over 40k, you charge $.15/lb (yes, this is real). It feels like a mind bender, but we can solve for something this intricate—you send us the volume of pounds (lbs), and we'll take care of the rest!

Minimums & Maximums

After calculating the rating and tiers, maybe you'd also like to apply a Minimum or Maximum. ZoneBilling can calculate Minimums/Maximums at either the Item, Contract, Master Contract, Customer, or Custom Object level. There's a lot more to cover here. For more information on this topic, please see our data sheet for Minimums, Maximums, and Included Units.

Included Units

Sometimes you want to give away the first few usage units for free. With ZoneBilling's Included Units feature, you can designate a quantity of usage at $0 (or free). For example, the first 1,000 minutes every month are free, and it's $.50/minute after that.

Pooled Usage

Usage often needs to be assessed at an individual customer account and across several customer accounts (think Parent/Child accounts), especially when your customers are large global brands with many locations/entities. ZoneBilling can pool and rate usage across many customer accounts to determine the collective tier they've achieved. You then can bill the child accounts individually for their usage or consolidate all of the child accounts to bill the parent company.

There are many more varieties of usage-based billing not mentioned above (we could write a book on these). ZoneBilling's intuitive software provides your organization with the foundational building blocks to craft any usage-based billing model. We want our customers to be creative, think outside the box when designing their pricing models, and not be limited by billing software. Define the best model for you, and let ZoneBilling do the tedious work to deliver your customer a timely and accurate invoice.