

Client: Your Accounts.com

Project: Pepco Case Study Article

MAKING THE MOVE TO ELECTRONIC BILLING - IT CAN BE EASY

Electronic bill paying, or e-billing, has been the talk of every billing department for the last few years.

While the benefits are real — cost savings and increased customer interaction — the challenges are just as real. Before embarking on a journey into strange territory, it helps to know where the mines are in the field you are about to cross. Following a series of steps that were utilized by one company can make deploying an electronic solution smooth and seamless.

1. Know where you're headed

Pepco is an investor-owned utility serving 1.9 million people in Washington D.C. and the Maryland suburbs. With the emergence of competition, Pepco's managers were acutely aware of the importance of the utility's public image. They wanted to be ahead of the pack and use technology to maximum advantage. The Web-savvy utility created a Web site ranked in the top 10 of all utility sites and it wanted to use technology to provide excellent customer service, a goal it felt the Internet could help them achieve. As one of the earliest adopters, Pepco made it a goal to have electronic billing in place by the end of 1998.

Pepco's criteria for its e-billing solution were unique. Among other things, the utility wanted to be able to provide Internet bills to customers regardless of whether they'd registered in advance. That way, whenever customers visited the site, they could have immediate access to their electronic bill. The intent was to short circuit the registration process and avoid the usual four- to six-week lag time in receiving an electronic version of the paper bill.

Of equal importance to the utility was having a site that would be easy to navigate. Pepco's primary purpose in creating a Web site with Internet billing was to increase communication with its customers. One of the clear market advantages the utility saw was to distinguish itself by creating a Web presence that truly served the needs of the customer, rather than those of the company. Pepco managers wanted to take full advantage of the interactive nature of the Web to expand their communications and get messages out to their customers about rebate programs, energy audits, energy saving tips, and other available services. They also planned to use the site to quickly address current public concerns regarding energy availability, reserves, and future resources in their region.

2. Choose your vendor carefully

Every company facing the move to e-billing must confront and answer a few critical questions before it can move forward.

- Do you want to handle everything in-house?

In-house deployment requires a large initial investment in software technology and staff resources. The investment is continuous and often expensive as technology continues to change rapidly. After reviewing the demands for staff resources and expertise in the new technology, Pepco quickly ruled out deploying their Internet billing solution in-house.

- Is the vendor able to provide the solution you require?

According to Michelle Holden, project coordinator at Pepco, "Most vendors were not prepared to register all customers. They seemed to think in terms of signing a customer up and then turning off the paper bill and moving to electronic — a process that took several weeks. Other vendors could only do the presentment of the e-bill; we would have had to go to another vendor to handle the payment. Some vendors would only provide bills through our Web site. And some only offered e-billing through a consolidator Web site. We ended up going with YourAccounts.Com because it offered the best of all worlds. YourAccounts was able to give us one complete package for both presentment and payment, and to offer us the flexibility for a biller-direct site as well as delivering bills to any consolidator Web site."

- Does the vendor have experience?

It is necessary to make sure the vendor has provided these types of services for other companies — successfully. YourAccounts.Com, one of the pioneers in the electronic bill presentment and payment (EBPP) arena, also brought 30 years billing industry experience. According to Holden, “YourAccounts.Com had done paper billing for a lot of telecom and cable companies. The company had expertise in billing, and with utility service providers that carried over to their Internet billing services. And it had stability, it had been around for a long time, so we didn’t have to worry it would disappear like so many dot coms are now doing.”

- Does the vendor offer flexible solutions?

A vendor should be able to tailor your e-billing solution to meet your existing business systems, rather than requiring you to change how you operate. And because the technology is new, it’s hard to determine exactly what you need at the beginning. The solution you choose needs to be capable of easily growing and changing as new technology becomes available.

3. Have an internal champion

“It is critical that an organization have someone who can pull everyone together and get all the participants on board,” says Ken Taylor of YourAccounts.Com.

At Pepco, the CEO had told them, without question, that this was a project they were going to do. According to Holden, “It made a big difference when working through the different departments to have that level of commitment from the top down.”

Technologically speaking, the Web site can be compared to the head of an octopus, with its tentacles reaching down and penetrating all the layers of the organization — through IT, accounting, marketing, customer service, and even sales. Because of that organizational complexity, everyone working

cooperatively is a key element to success. Having a champion to create consensus within the departments facilitated Pepco's ability to solve technical problems that came up.

4. Get people together from the start

Pepco's toughest challenge was with its customer service representatives, many of whom had more than 20 years of service. They didn't like change, preferring a stable and predictable environment. And most were not Internet savvy. The whole process scared them. In retrospect, Holden says "I would have tried to involve the CSRs earlier, and made certain we were all on the same wave length. Until e-billing, they had not had PCs at their desks. If I had it to do again, I would softened the change by making sure they had PCs six months earlier and providing access to the Internet so that they felt comfortable."

5. Anticipate change

Change is the nature of the Internet, so the concept of future change needs to be built into the design thinking process. No matter how good today's design is, it will be eclipsed by what comes tomorrow. That new way of thinking, only made possible because of the flexible nature of the Internet, is one that most people aren't used to. "YourAccounts.Com recommended right off the bat that we do a review of the site after a few months and make any changes or improvements that we could," said Holden. "But our deadline was tight and we hadn't set aside time or resources for making revisions or changes. Fortunately, we haven't had to make many revisions other than writing clearer instructions for logging on or changing a password."

6. Consider different customer needs

The early adopters are technologically confident and able to easily navigate most Web sites. But a growing number of customers with less understanding of technology will soon be looking into paying bills over the Internet. Part of the challenge in designing a site is addressing the range of levels of expertise. "You need to be flexible enough to provide the information both ways. You don't want to annoy the 'techies,' but you also want to give inexperienced folks all the information they need," Holden says.

7. Find the “hook” to drive adoption

“Adoption is the holy grail of e-billing,” according to Taylor. “ Until adoption occurs, e-billing is not going to pay for itself. It’s important to find the hook, the unique benefit that will get the customers to move to electronic payments.”

An unexpected hook encountered by the utility company is the fear of disconnection. Utility customers often wait until the last minute to pay their bills, sometimes resulting in their service being cut off — an expense to the utility and an inconvenience to the customer. With electronic billing, delinquent customers can pay at the last minute. The payment is received immediately, allowing them to elude dire consequences without having to deliver a check to the utility’s office.

While Pepco’s adoption rate is still low, it is growing. Initially, the company just put a one-line message on the bill offering electronic billing. But adoption grew quickly when it added the Internet address to both the bill and coupon every month. Advertising has also made a significant difference. Numbers jump when TV or radio ads talk about the company’s Web site. Holden feels that being able to accept credit cards would increase adoption rates, but currently the utility can only accept electronic fund transfer from a bank account.

As a regulated company, Pepco is required to keep expenses down and is limited in the kinds of customer incentives it can offer. Gift certificates for merchandise from other companies are one of the promotions the utility is considering for the future. As the utility, its customers, and the public at large become more comfortable with releasing financial information over the Internet, adoption will grow at a natural pace. For a forward-thinking utility like Pepco, it’s important to know it has a solid solution in place that can handle the growing demands.

9. Step confidently into the future

By following these key steps to successfully deploying an e-billing solution, you'll avoid many of the mines embedded in the deep layers of a complex technological process. And, by venturing out into the field, you are likely to discover that ease, convenience, and cost savings are only the beginning of the many benefits you'll realize for your company and your customers.