CONVERGENT CHARGING
ENABLING SERVICE MONETIZATION

With the SAP® Convergent Charging application, you can achieve increased profitability, customer loyalty, and an edge in the market. By consolidating your pricing creation, real-time pricing execution, and partner revenue-share functions, you gain flexibility and low total cost of ownership.

Companies in industries as diverse as high tech, media, utilities, telecommunications, and postal services are adapting to today's hyperconnected world where innovative services can be delivered anytime, anywhere. Companies are shifting their business models from a pure product play to offering new services. Here's an example: air conditioner manufacturers are now offering more comprehensive home heating and cooling services. Here's another: mobile telephone manufacturers have become retailers of applications and mobility services. Even the computing industry is migrating toward a more services-based model, as on-demand software solutions and cloud computing offerings rise in popularity.

To attract and retain customers, respond to new regulations, overcome shrinking margins, and differentiate themselves from the competition, companies like yours are closely evaluating their potential to add value to their core offerings. Then they're packaging these offerings and selling their value in creative, services-based ways. Although the payoff for successful ventures promises to be huge, the complexities and fast-changing nature of the services environment can create pitfalls along the way:

- Migrating a business to a services-based approach – moving it from producing physical products to offering virtual services – requires that you transform and expand the value chain and that you continuously evolve your offerings so that customers become co-innovators in service design.
- Pricing for services cannot be approached like pricing for products; services must be priced based not just on what they are but on how they are used over time.

- Whereas products may be sold through multitier distribution, service delivery implies an ongoing, direct relationship with customers. This requires managing mass volumes of subscriptions, usage-based pricing, and promotions that encourage consumers to try additional services and spend more money.
- Owning the entire customer relationship is often paramount. This means effectively capturing their spending history and leveraging knowledge about them for targeted advertising, creative and innovative branding, pricing, and packaging that is finely tuned to the specific requirements of individual customer segments.
- Once you have a direct customer relationship and a way of monetizing those interactions, other third parties will be anxious to leverage it. Third parties will see you as a potential distribution channel for their own service offerings. And if you can take care of the monetization of the bundle of services, then all the better.

To meet these demands, you need tools designed for cross-industry transaction management – and SAP® solutions can help. The SAP Convergent Charging application allows you to monetize services dynamically and in real time, manage revenue sharing among diverse business partners, and sustain massive transaction volumes for tens of millions of customers. And you can do all this while rapidly changing your business models and optimizing profitability.

SAP

Removing Barriers for Service Monetization

As a player in a highly dynamic, hyper-connected marketplace, you may have systems in place today that are not flexible enough to take your business where you want to go. Systems designed for managing pricing, billing, and revenue sharing for product-based sales are frequently ill-suited for managing services-based businesses. Pricing services requires a sophisticated balancing of recurring charges, one-time setup fees, and metered usage fees, all combined in customer-centric bundles. Even for businesses that are already predominantly selling services today, their underlying business support systems may rely on entrenched IT-centric systems organized in silos per product line. This is a barrier when companies look to change their business models more rapidly, become more customer centric, and leverage partners in the value chain in more dynamic ways.

The SAP Convergent Charging application is the answer. It can handle any service-based business and excels at adapting quickly, thus allowing companies to adapt their business models with agility.

Pricing and Cost Modeling
SAP Convergent Charging is designed to deliver complete pricing flexibility with high performance and no compromises. An intuitive GUI enables "visual programming," virtually eliminating functional or technical limitations to developing pricing offers and revenue-sharing plans for different types of services. Your marketing people can use the icon-based components to define service bundles and charges – such as usage-based charges, recurring subscriptions, or one-time setup fees. Then they can assemble them into a configurable decision tree that will calculate the price for a service, bundle, or promotion. Your marketing team can design offers, test for profitability, and launch new promotions or services in hours and days rather than months and weeks.

Advanced Rating and Online Charging Engine
With SAP Convergent Charging, you can combine different types of pricing within a single rate plan, regardless of service or payment type. Time, date, geographic, content size, content type, tiered pricing, bundled offers, cross-product promotions, and instant discounts: all of these different types of pricing logic can be combined within a single rate plan. Event-based, recurring, and one-shot charges are also managed as a coherent whole by the price execution system, often called the rating engine.

Online Balance Management
SAP Convergent Charging delivers modular online balance management, which provides real-time account management for any payment type: prepaid accounts, postpaid accounts, or hybrid models of the two – including credit-limit allowances and service-specific spending wallets. You can reduce the costs and inefficiencies associated with managing separate rating and charging systems for different payment types, and you can manage your credit-risk exposure by offering and encouraging instant payment, prepayment, or credit limits on postpaid accounts. This enables your customers to spend with confidence, staying within their limits and using alerts that they manage themselves.

Integrated Partner Settlement
The partner settlement features of SAP Convergent Charging enable you to introduce price plans involving any number of third parties in a value chain. You can manage third-party royalties, commissions, and sponsorship structures in one place, with a single pricing configuration tool set that allows modeling of the often complex interlinks between customer and partner pricing. Customer usage transactions flowing through the application will generate a cascade of related transactions so that all partners are properly compensated, with no limit to the number of partners involved in a single transaction.

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With the unique approach that SAP Convergent Charging brings to such multiparty rating, all price management is done coherently using the same tool set. This means that you have exactly the same rich flexibility to define partner contract terms that you have to define customer pricing models. Partner contract terms can incorporate recurring, one-time, and usage-based pricing.

Quick Integration Through Open APIs
SAP Convergent Charging can be integrated with the SAP Convergent Invoicing and SAP Customer Financial Management packages to form a comprehensive consume-to-cash solution. A rich, deep, and well-documented set of application programming interfaces (APIs) and an integration framework and toolkit are available to help customers and their IT partners to build their solutions on this foundation. The extensive, standards-based APIs and integration framework enable SAP Convergent Charging to also operate as a standalone or modular solution. The application can integrate with a range of charging architectures in a variety of

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environments, thus preserving your investment in your existing infrastructure.

The Benefits of Convergent Charging

With SAP Convergent Charging, you gain flexibility in pricing and promotions while your customers benefit from a single bill covering all their services. At the same time, you are eliminating the risks of fraud and credit exposure, with tighter real-time control of subscriber balances and allowances.

With integrated prepaid, postpaid, and hybrid charging models on one system with one GUI, you can offer all customers the same services regardless of their payment method. You can also attract and retain customers by offering dynamic account charging with spending controls per individual and per service for families and businesses. With the ability to craft win-win revenue-sharing deals with and among partners, you can unleash partner creativity to invent new services and stay ahead of customer demands. With SAP Convergent Charging, you can continue to grow customer loyalty by offering third-party services, creating personalized promotions and bundles that go beyond your own core offerings. It's a great way to enhance value for customers and build the strength of your brand.

By consolidating your pricing, rating, and settlement functions within a single application, you minimize the number of systems and platforms you need to operate and maintain, and you lower your total cost of ownership. SAP Conver-

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gent Charging supports horizontal scalability by distributing processing gracefully across multiple low-cost servers while delivering 99.999 % high availability. Additionally, intuitive pricing- and offer-design features promote elegant reuse and can lead to reductions in the complexity of the offer catalog, thereby shrinking ongoing system management costs.

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Find Out More

Do you want to learn more about how the SAP Convergent Charging application can help you adopt new business models and monetize your services? Contact your SAP representative today, or visit us at www.sap.com.

Summary

The SAP® Convergent Charging application is modular software that allows companies to gain pricing, rating, and packaging flexibility while supporting high performance, low total cost of ownership, and proven integration with operational and business systems.

Business Challenges

- Pricing, packaging, and introducing new integrated services to the market rapidly
- Offering services to all customers, irrespective of their payment choice, while eliminating credit risk
- Proposing innovative hybrid payment methods for service differentiation
- Handling high volumes of customers and transactions
- Monetizing and bundling services from multiple parties while ensuring that all partners are properly compensated

Key Features

- **Unconstrained pricing** – Enjoy complete pricing flexibility with high performance and no compromises
- **Pricing and profit simulation** – Define optimum price structures and bundles for customer segments
- **Advanced rating features** – Combine different rate types within a single plan
- **Real-time balance management** – Take full control of pricing of services and bundles
- **Subscriber controls** – Offer spending controls on a per-service basis

Business Benefits

- **Get ahead of the competition** by rapidly launching new services and cross-promotional bundles
- **Attract and retain customers** by rewarding them for loyalty and by creating targeted bundles and promotions
- **Attract third parties** by offering partners the choice between charging a set fixed price or recurring fees for services and by having accurate and timely settlement of revenues and commissions
- **Avoid credit-risk exposure** by monitoring customer spending in real time and contacting them before they have reached their credit limit
- **Minimize operational costs** when modifying price plans and offers, and reduce inefficiencies associated with managing separate billing systems
- **Be confident in performance and scalability** thanks to a solution proven to deliver low latency, high throughput, and reliable scalability

For More Information

Call your SAP representative, or visit us online at www.sap.com.

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