BILLING OPERATIONS

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Agenda

- Key Related Objects
- Overview
- Settings

Section 1: Key Related Objects

Key Related Objects – Invoice and InvoiceItem

- Invoice represents the invoice sent to the customer as well as the AR record stored for aging/accounting purposes
- InvoiceItem is the detail charge records that are broken down from the subscription's charges billed
- Invoice attributes such as the Amount, TaxAmount and Balance is a summary of invoice items + tax and associated payments, adjustment records

Section 2a: RBE (Rating & Billing Engine) Overview

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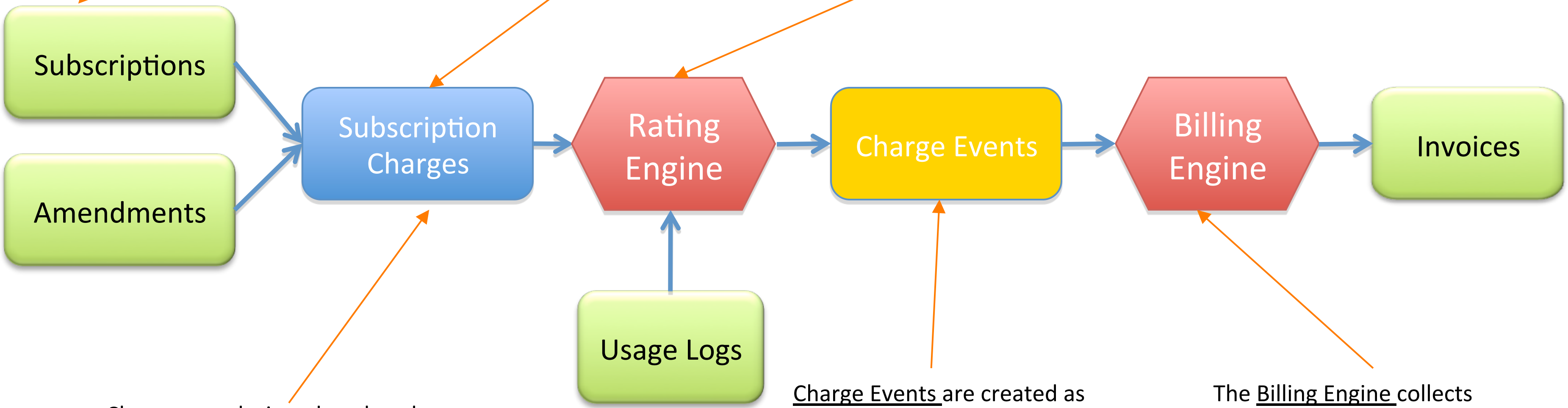
Overview of Rating and Billing Process

Subscriptions and Amendments create and maintain charges over their life cycle

Charges define the fees to be charged for use of a service

The Rating Engine reads charges and turns them into Charge Events that are included on an Invoice. The RBE only looks at Charges, it is agnostic to Subscriptions, Amendments, and Orders. This shifts the burden to Subscriptions/Amendments to maintain the right Charges



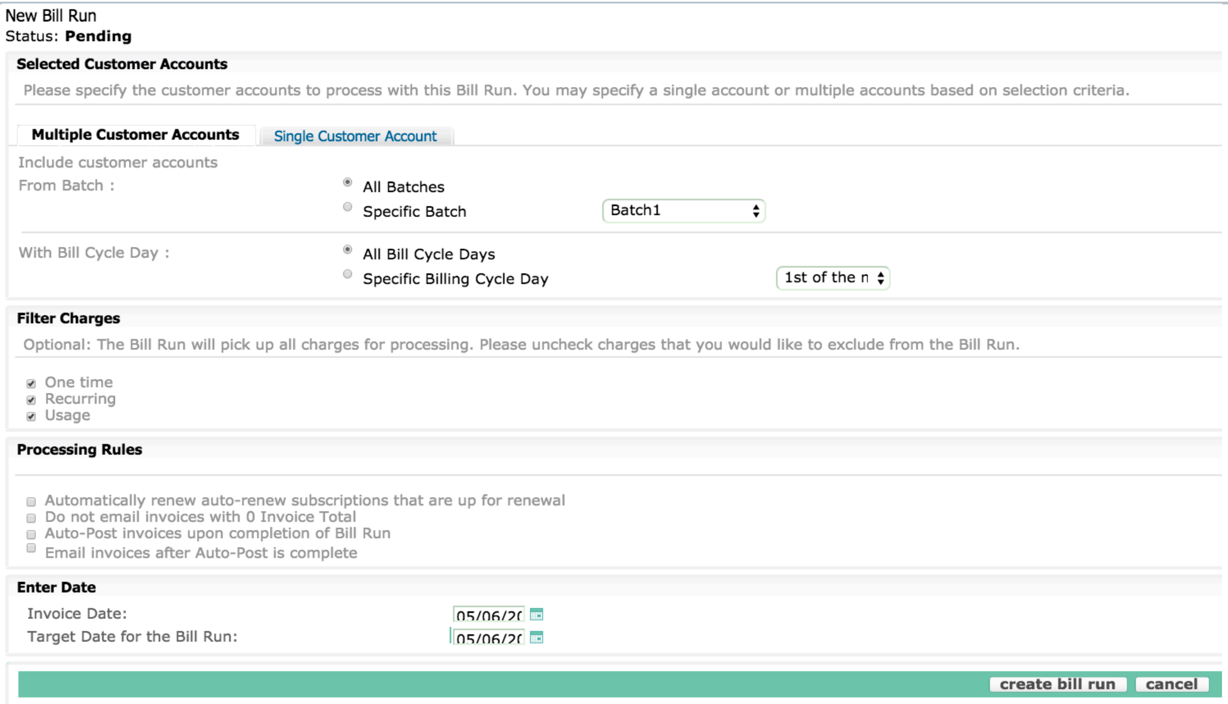
Charges are designed so that they can be processed by the Rating Engine independently. Charges support versions and segments.

Charge Events are created as the result of rating engine scanning through applicable charges across all subscriptions. Charge events can also be created as the result of event posting from external sources (future).

The Billing Engine collects Charge Events into Invoices. The posting of an Invoice freezes the Charge Events, after which they can no longer be deleted.

Section 2b: Billing Operations Overview

Billing Operations: Selecting Accounts



The accounts to be selected to be processed can be controlled by 2 options:

- Batch
- Bill Cycle Day

When scheduling, each different combination will require a separate bill run.

- For performance reasons you may want to segment multiple bill runs by Account batches and run concurrently to optimize bill run time.

Billing Operations

- The Invoice Date -> Drives AR aging, GL, and sales tax calculation
  - Date for which the Invoice (AR) is posted, and the due date is derived from. This date drives the financial AR transaction so must be set for an Open Accounting Period.
  - Also calculates sales tax based on the effective dates in the sales tax tables.
- The Target Date -> DRIVES PROCESSING
  - Will determine which charges will be picked up to be processed
  - Any charge segment whose Next Bill Day is less than or equal than the Target Date will be picked up
    - Example: If charge is set to trigger on Sept 1st and Bill Run Target Date is set to Aug 31st, the bill run will not bill it.
    - However; if the Target Date were set to Sept 15th, the bill run would bill the charge

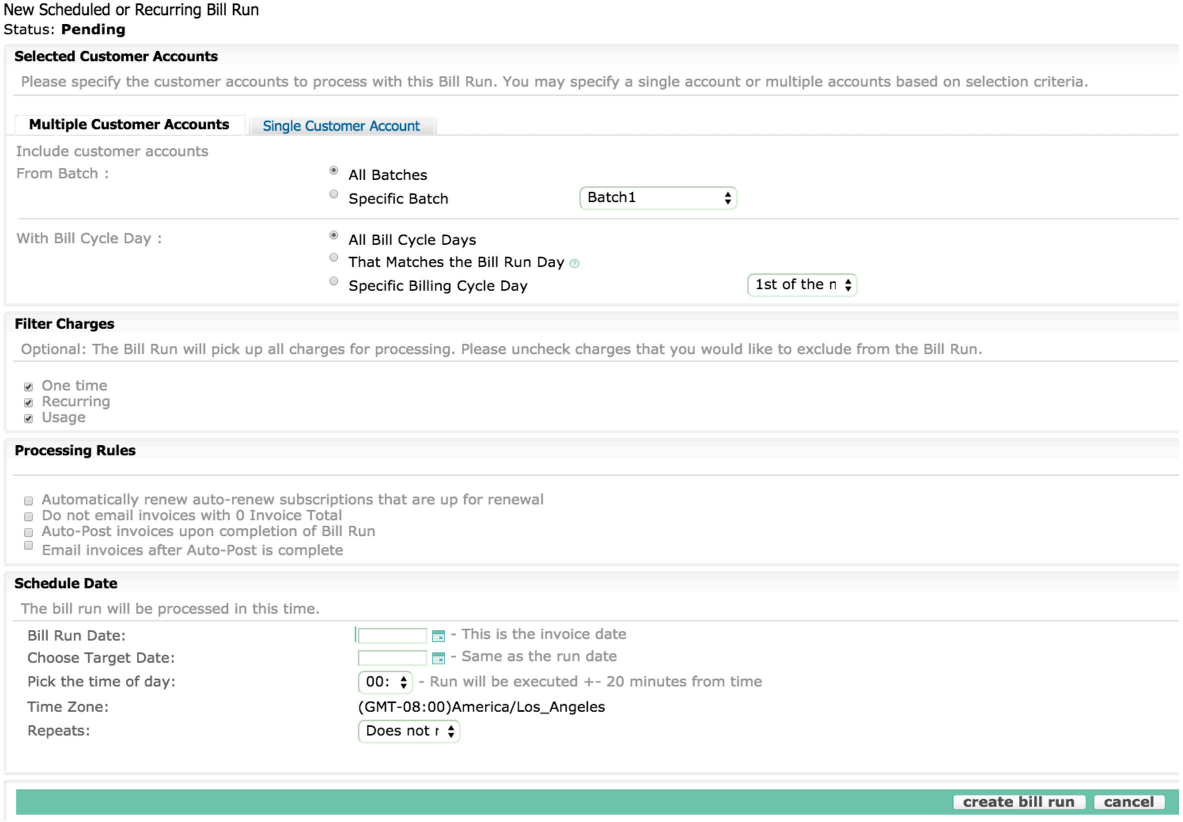
Billing Operations – Processing Options

- Filtering Charges
  - Allows for the splitting of Charge types by invoice
- Processing Rules
  - Automatically auto-renew subscriptions that are up for renewal
    - Allows for uninterrupted billing of termed subs
  - Do not email invoices with 0 invoice total
    - Only sends out relevant emails
    - Recommend leaving this unchecked for discount situations; good to show when customer gets something free!
  - Auto-Post invoices upon completion of bill run
    - Provides “lights out” billing
    - Removes opportunity to review invoices
  - Email invoices after Auto-Post is complete
    - Can only be used in conjunction with previous option

Auto Posting Consideration

- Should only be used once client is comfortable with bill run results
- Once a bill run is posted, it cannot be cancelled
  - It is a multi-step process to recover whether going through the UI or using the API's
  - Each individual invoice must be unposted (put back to draft status) and cancelled
  - NOTE: Once an invoice is posted, taxation items cannot be created and added to an invoice
- Permission by tenant

Scheduling a Billing Run



Run-specific requirements to understand are:

- Frequency of run for scheduled runs
- Time of day for scheduled runs

All schedules are PST based

Remember to leave time in the day for payment run

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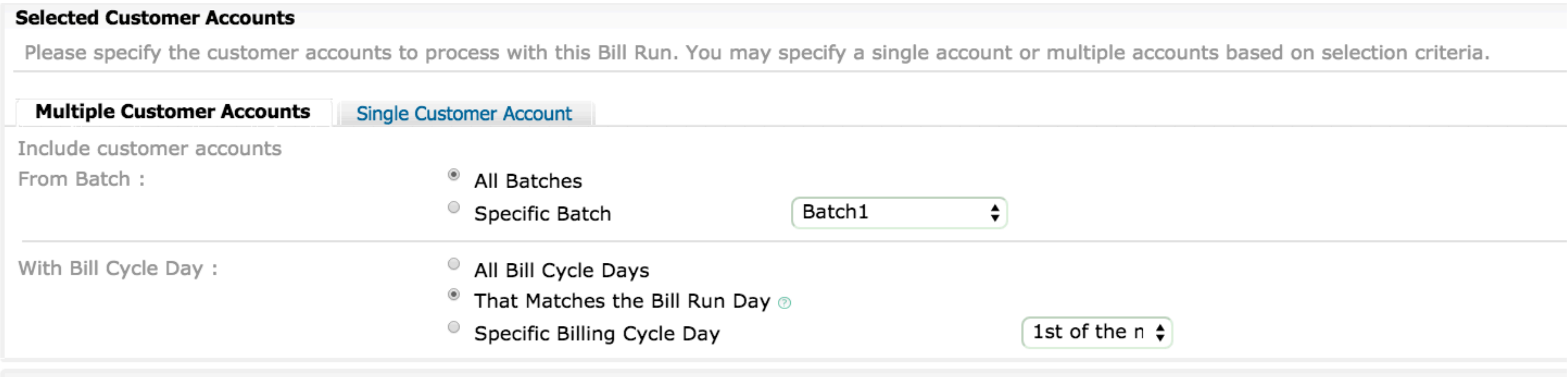
Scheduled Bill Runs



- Additional Option under Selected Customers: With Bill Cycle Day;

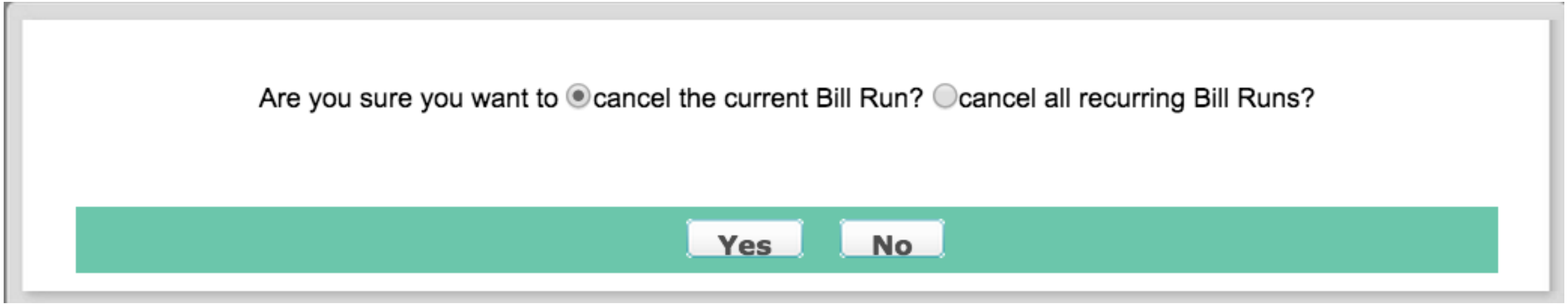
  That Matches the Bill Run Day
  - As the bill run day is progressed when the bill run is resubmitted, so will the matching to Bill Cycle Day
  - For example, if the bill run day is July 15th, then all accounts with their Bill Cycle Day set to '15th of the month' will be selected.

Scheduled Bill Runs

- The Bill Run Date enter will automatically default to be the start date of the schedule
- No end date is required when scheduling
- When scheduling the first bill run, depending upon the date and time entered, it may be processed immediately
- If using a weekly schedule, at least 1 day must be picked as the day to repeat on
- Scheduled Bill Runs CANNOT be updated
  - They must be cancelled and recreated is modifications are required

Scheduled Bill Runs

- When cancelling a scheduled bill run, 2 options will be presented
  - Cancel the current Bill Run only
    - Will resubmit itself to allow future runs to continue
  - Cancel all recurring Bill Runs
    - Will cancel future runs



Bill Run Statuses

- Pending
  - Awaiting to start
  - Can be cancelled in nonrecurring
  - Can be deleted in recurring
- Processing
  - Customer Processed and Invoice Created Counts will increase upon refresh
  - Can be cancelled while processing
- Completed
  - Ready for review; Invoices in draft status
  - PDF have been created
  - Can be cancelled or posted
  - Export .csv or .pdf's
- Posted/Posting
  - Ready to email invoices
  - Export .csv or .pdf's
  - Cannot cancel invoices in bulk once posted – must be done one at a time
- Cancelled
  - Can be deleted
  - Will delete .pdf's

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Bill Run Details

BR-00000010

Status: **Completed**

post | cancel this bill run | more

Created On: 04/03/2015   Created By: thomas.manze@zuora.com

The Bill Run has completed. You were notified at thomas.manze@zuora.com on 04/03/2015 15:48:00.

Basic Information

Executed On:	**04/03/2015 15:48:00**
Target Date:	**04/03/2015**
Invoice Date:	**04/03/2015**
Batch Included:	**N/A**
Bill Cycle Day Included:	**N/A**
Customer Account Selected:	**A00000003**
Total Customers Processed:	**1**
Number of Invoices Created:	**1**
Number of Invoices with 0 Total:	**0**
Do not email invoices with 0 Invoice Total:	**No** ✕
Invoices Emailed:	**No** ✕
Charges Filtered:	None
Auto-Post invoices upon completion of Bill Run:	**No** ✕
Email invoices after Auto-Post is complete:	**No** ✕
Renewal Triggering:	**No** ✕

Once a Bill Run is completed, clicking on the Bill Run name in the Bill Run List will show the details of the Bill Run

- Bill Run Criteria
- Generated Invoices
- Selected Customer Accounts
- Exports performed

Generated Invoices | Selected Customer Accounts

6:40:22 PDT refresh

Invoice Number	Customer Account	Balance	Total Amount	Invoice Date	Due Date	Generated On	Status	Last Email Sent
INV00000004	Billing Operations Customer	100.33 USD	100.33 USD	04/03/2015	04/03/2015	04/03/2015	Draft	N/A

Posting a Bill Run

- Status must be Completed
- Click on the Post link
  - This finalizes and locks charge segments
  - If there are a large number invoices, the status will be 'Posting' until the process is complete
- What happens if a bill run and the invoices within a bill run are not posted?
  - The next time an account is selected for billing, any additional invoice items generated by the RBE will be APPENDED to the existing Draft invoice (unless the subscription is set to generate its own invoice)

Usage

- Usage can be billed in one of two ways: In arrears or On-demand
  - In Arrears: billed at the end of the billing period; reads in all usage for that given period and bills for it at the end
    - For example, if an account has a bill cycle day of the 5th of month and is to be billed on the 5th of August on a monthly basis, usage records dated from July 5th – August 4th will be included in the billing
  - On Demand: allows for multiple usage rating schedules by allowing multiple rating opportunities in a billing period (i.e. “bill as you go”)
    - Only supported for per unit or tiered charge models
    - https://knowledgecenter.zuora.com/CB_Billing/J_Billing_Operations/I_Usage/A_On-Demand_Usage_Rating

- Proration
  - By setting the option “Prorate usage charges for partial months?” to Yes (Settings -> Z-Billing Settings -> Define Billing Rules), usage records that fall within a prorated period will be rated and invoiced, otherwise they’re ignored.
  - If using a charge model for usage that has Included Units, the units are not prorated.

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Loading Usage Records

- Usage can be uploaded via spreadsheet or API
  - Most clients will create an interface to load usage via API
- When usage is loaded, it will have a status of ‘Pending Process’
  - Single records can be updated or deleted
  - Complete file can be deleted and reloaded
- When usage has been billed, the status will be updated to be Processed from Pending Process and the record can no longer be updated or deleted
- Recommendation: Always turn on the “Import Processed | Completed Status” and “Import Processed | Failed Status” notifications when handling usage
  - The Failed Status notification includes information on the reason for the failure, enabling the user to fix and try the import again

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Loading Usage Records

- Customer Accounts
- Product Catalog
- Subscriptions
- Billing Operations

Usage Records 1-16 of 16 items

Add Usage Records

Account ID	Subscription ID	Charge ID	Start Date	End Date	UOM	QTY	Status	File Name	Submission Time
ad981cf4-96a8-44ae-8743-030f8b81b4b5	A-S00000185	C-00001369	05/01/2015 00:00:00	05/31/2015 00:00:00	Hours	10	Pending Process	Usage Data File_V2.csv	04/22/2015 11:39:21
ad981cf4-96a8-44ae-8743-030f8b81b4b5	A-S00000185	C-00001368	05/01/2015 00:00:00	05/31/2015 00:00:00	Transactions	5	Pending Process	Usage Data File_V2.csv	04/22/2015 11:39:21

Usage File Import

File Name: Choose File No file chosen Download a usage file template: Excel CSV

1. Please zip the CSV or XLS file if the size exceeds 4MB.
2. For usage import results, please setup the appropriate Import Notification or use the appropriate API call.

Submit Cancel

ACCOUNT_ID	UOM	QTY	STARTDATE	ENDDATE	SUBSCRIPTION_ID	CHARGE_ID	DESCRIPTION
(Required)	(Required)	(Required)	(Required)	(Optional	(Optional)	(Optional)	(Optional)

- File can be in .xls format or .csv
- Required fields
  - Account Id
  - UOM
  - QTY
  - Start date

- Always download the spreadsheet format from the UI
- Billing Operations -> Usages -> Add usages -> Export Usage File Template
- Updates automatically to include any Usage custom fields

Loading Usage Records

- ACCOUNT_ID (Required)
  - Account Number Shown in UI
- UOM (Required)
  - Should be Represented Exactly as Configured
- Start Date (Required) & End Date (Optional)
  - Must be 8 digit format – mm/dd/yyyy
  - If no End Date is entered, Start Date will drive picking up the charge
  - If an End Date is input, charges will only be picked up after the End Date
    - Ex: Usage charge has End Date of 08/31
      - If Bill Run Target Date is 08/31, the charge will not be billed; however, if the Bill Run Target Date is 09/01 or later, the charge will be billed
- Qty (Required)
- SUBSCRIPTION_ID and CHARGE_ID (Both Optional)
  - Subscription number or charge number as shown in the UI

Loading Usage Tips

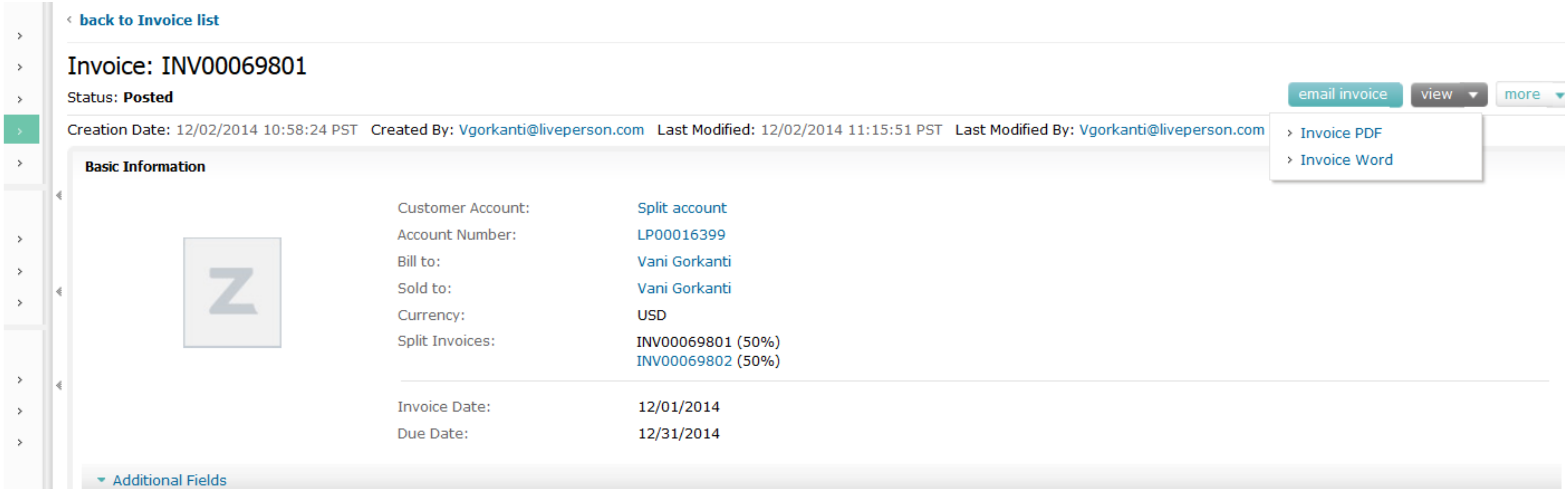
- The End Date is not required
- To delete or update a usage record, click on the status field of the record that was loaded
- To delete all the records uploaded from a file, click on the file name of one of the records
- If you have 2 charges with the same UOM, the subscription or charge number will be needed
  - If subscription or charge number is not specific, the quantity is billed for both charges, which could lead to double billing usage
  - Can also be used as a form of a usage based discount, if 2 UOMs are the same with a positive and negative price

Invoice Templates

- Once the invoice record is created, a PDF is automatically generated with the invoice.
- Zuora supports invoice templates utilizing mail merge to reference database fields such as the customer’s address and invoice amounts on the PDF:
- Multiple templates of different styles, formatting, and branding can be created and loaded as global templates in the system, and assigned to Account

Invoice Templates

- Can also be printed in Word and modified if needed (not commonly used, but required if invoice file needs to be manually updated)

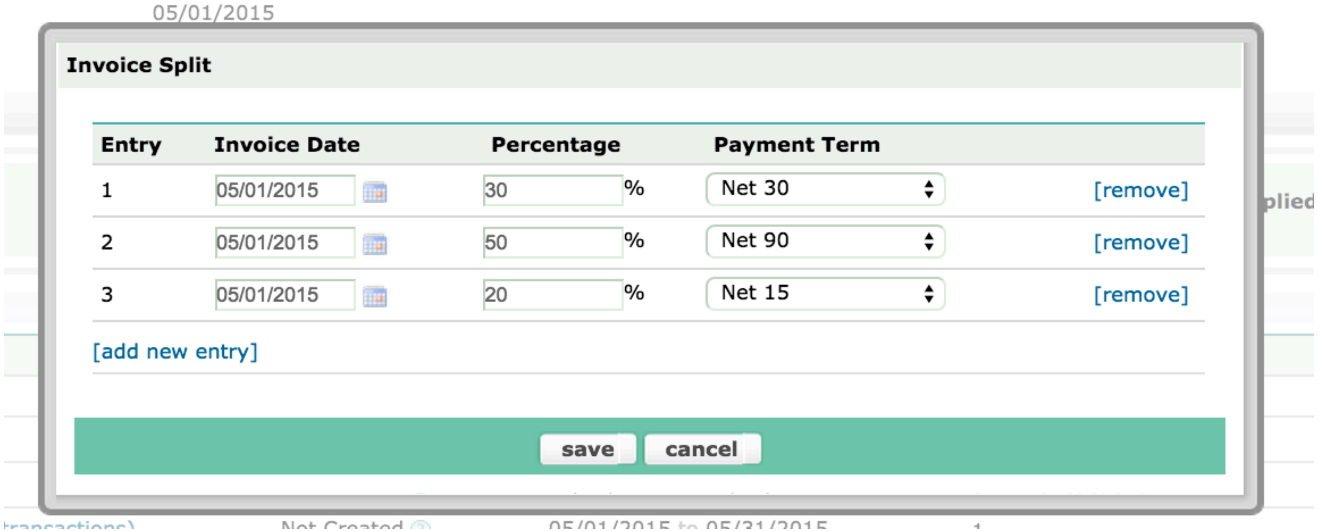


Invoice Split

- Invoice Split allows for splitting an invoice for specific %'s across multiple invoices, and their payment terms/due dates.
- Can only be done when the invoice is in Draft status
- Intended to handle cases where a company has a unique set of billing terms

Invoice Split

- Example: Customer wants to pay 30% the first month, 50% 3 months later, and 20% 15 days later



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Invoice Split

- The related split invoices are available on each Invoice record:

Invoice: INV00069801

Status: **Posted**

email invoice | view | more

Creation Date: 12/02/2014 10:58:24 PST Created By: Vgorkanti@liveperson.com Last Modified: 12/02/2014 11:15:51 PST Last Modified By: Vgorkanti@liveperson.com

Basic Information

Customer Account:	Split account
Account Number:	LP00016399
Bill to:	Vani Gorkanti
Sold to:	Vani Gorkanti
Currency:	USD
Split Invoices:	INV00069801 (50%) INV00069802 (50%)
Invoice Date:	12/01/2014
Due Date:	12/31/2014

Additional Fields

Invoice Amount	-	Payments	+	Adjustments	-	Applied From Credit Balance	=	Outstanding Balance
500.00		0.00		0.00		0.00		500.00

Invoice Details:

Charge Date	Charge Name	Revenue Schedule	Service Period	Quantity	Amount	Discount	Tax	Total
LP-S00038059								
12/02/2014	LiveEngage	RS-00037039	12/01/2014 to 12/31/2014	1	500.00			500.00

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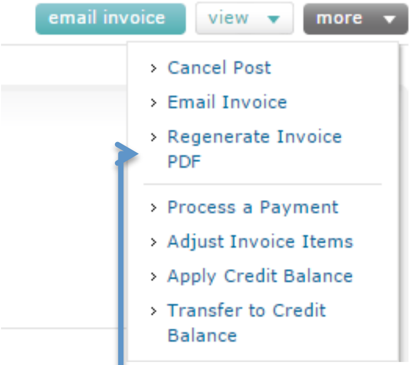
Invoice Generation

- When is an Invoice .pdf generated and regenerated?
  - First time by a bill run
  - Regenerated
    - Payment Applied
    - Refund
    - Invoice Adjustment
    - Invoice Line Adjustment
    - Credit Balance Application



- If you need to generate a new Invoice based on updates to Basic Information or Additional Fields, then you need to click More->Regenerate Invoice PDF
- Historical Invoice Pdfs accessible in the UI in the History section

Invoice Item Adjustments

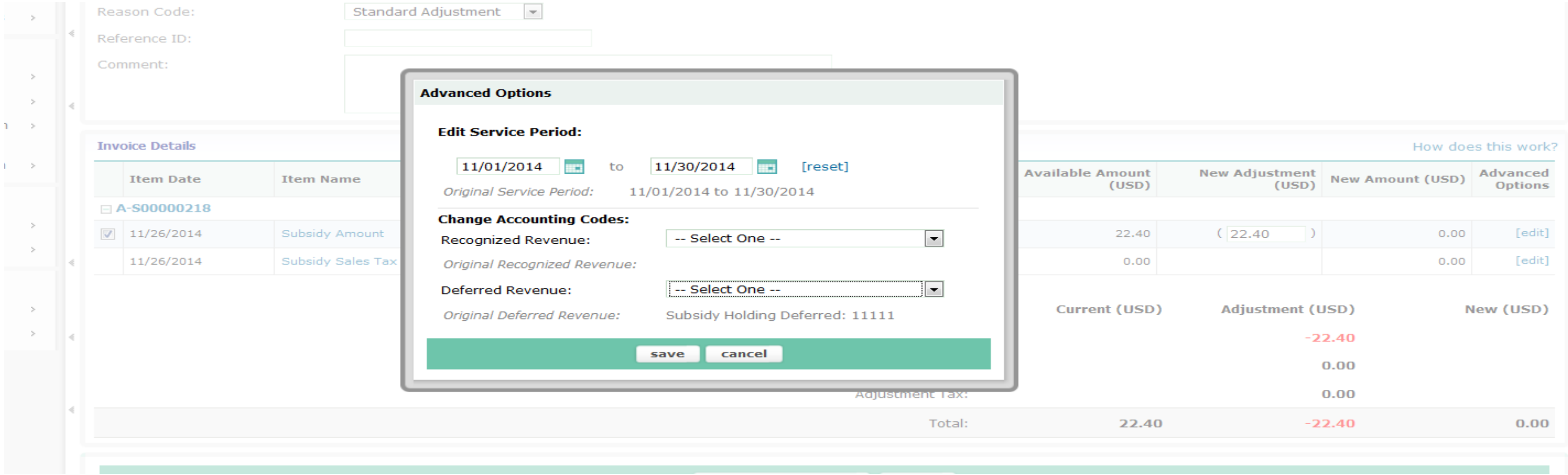
- Only for posted invoices, will have no impact on subscriptions
- Adjustments can only be made towards $0.00. You can not adjust a charge to make it more negative/postive
- Adjustments can be offset by 'layering' in another IIA
- Adjustments can be cancelled
  - If an integration to a financial system exists, make sure to include a process that accounts for cancellation of adjustments to keep the systems in sync
  - This also applies for tax system integrations as often tax will need to be proportionately adjusted

Invoice Item Adjustments

- Can only be done for 1 invoice at a time
- Can be done for multiple lines at one time
- Will reverse the corresponding revenue associated with the Invoice Item or Taxation Item, based on the revenue recognition rule (unless overridden)
- Taxation Adjustments are not automatically calculated proportionally to the IIA; they have to be calculated and entered

Invoice Item Adjustments

- Advanced Options allows editing the service period (for revenue recognition purposes) or overriding the revenue recognition/ deferred revenue codes.
- Can be created via UI or API



Section 3: Settings

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Z-Billing Settings

- Define Default Subscription Settings: set default values & settings for new subscriptions
- Units of Measure:
- Currencies: the currencies which are sold and transacted in within Zuora
- Custom Fields: configure custom field on billing related Zuora objects
- Invoice Periods: customize billing periods, billing day, and list price base
- Billing Rules: tenant policies for how Zuora prorates, handles credits, & other billing events
- Account & SKU Formats: configure prefix for accounts and skus (i.e. “A” or “SKU-”)
- Charge Types/Models:
- Invoice Rules & Templates: configurable template in Zuora to send to customers
- Manage RevRec Codes: enable revrec codes for use with an external revrec system integration (not used very often)

Z-Billing Settings cont.

- Invoice Rules & Templates: configurable template in Zuora to send to customers
- Manage RevRec Codes: enable revrec codes for use with an external revrec system integration (not used very often)
- Payment Terms: drive when payment for a customer is due relative to the invoice date
- Taxation Codes: configure tax codes and upload tax rates
- Profiles, Notifications, and Email Templates: any email or callout notification related to billing sent to customers or other users, includes past due invoices
- Batch Names: customize the name of each billing batch

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