



Payment Channel Assurance

Assuring Cash Management processes in all Payment Channels

- Improved operational and financial controls around cash management processes
- Automation of the end to end cash and payment control process
- Improved operational productivity and accuracy
- Easy analysis of data based on stores and channels



Challenges

In today's dynamic communications environment, assurance of cash management activities plays an important role within Service Providers, because of the increase in number of payment channels and the complexity involved in customer payment transactions and cash management processes.

Service Providers face problems in accurately reconciling and reporting customer payment transactions and adjustments because of the complexities involved in cash management activities. It becomes extremely difficult for them to handle data reported across all payment channels, banks, merchant service providers, and other service vendors. Given the sheer volume of transactions processed by a typical Service Provider, the total amount of money lost due to leakage as cash moves into the business can be substantial. With the increasing size of businesses, automating the cash management activities is critical for the Service Providers. There is a growing need to replace manual or semi-automatic solutions by an end to end Payment Channel Assurance solution. While there are always challenges when introducing automation that will integrate product-oriented legacy system data with new (often web-based) customer-oriented system data, the minimization of losses coupled with direct visibility and control of inbound cash flow will produce impressive and immediate returns.

Service Providers today also face increasing complexities within the retail bill paying process. This process is typically disorganized and spread out across multiple systems. A customer can make payments using different payment methods that are supported by the service provider; payment methods like cheque, credit card, direct debit, cash, web, or wire transfers etc., all offer convenience for the customer, while offering a daunting challenge for the Service Provider to monitor and control. These transactions travel across multiple systems (and in some cases, multiple parties) before reaching their final destination in a recordable and billable format. Also, these transactions are

complex in nature and very high in number. Ensuring processes, systems and people are all working together with the appropriate controls in place is a monumental task.

Payment Channel Assurance

Payment Channel Assurance is the use of control systems and processes to reduce the manual intervention to accurately reconcile, record and report customer payment transactions and adjustments in a service provider organization. In addition, Payment Channel Assurance helps in automating the validation of fees and charges associated from direct and indirect Partners.

By adopting a Payment Channel Assurance approach, Service Providers can automate their existing manual processes and implement new ones around the entire life cycle of cash management activities. Payment Channel Assurance enables Service Providers' system to handle data reported across all payment channels, banks, merchant service providers, and other service vendors.

ROCware Payment Channel Assurance by Subex

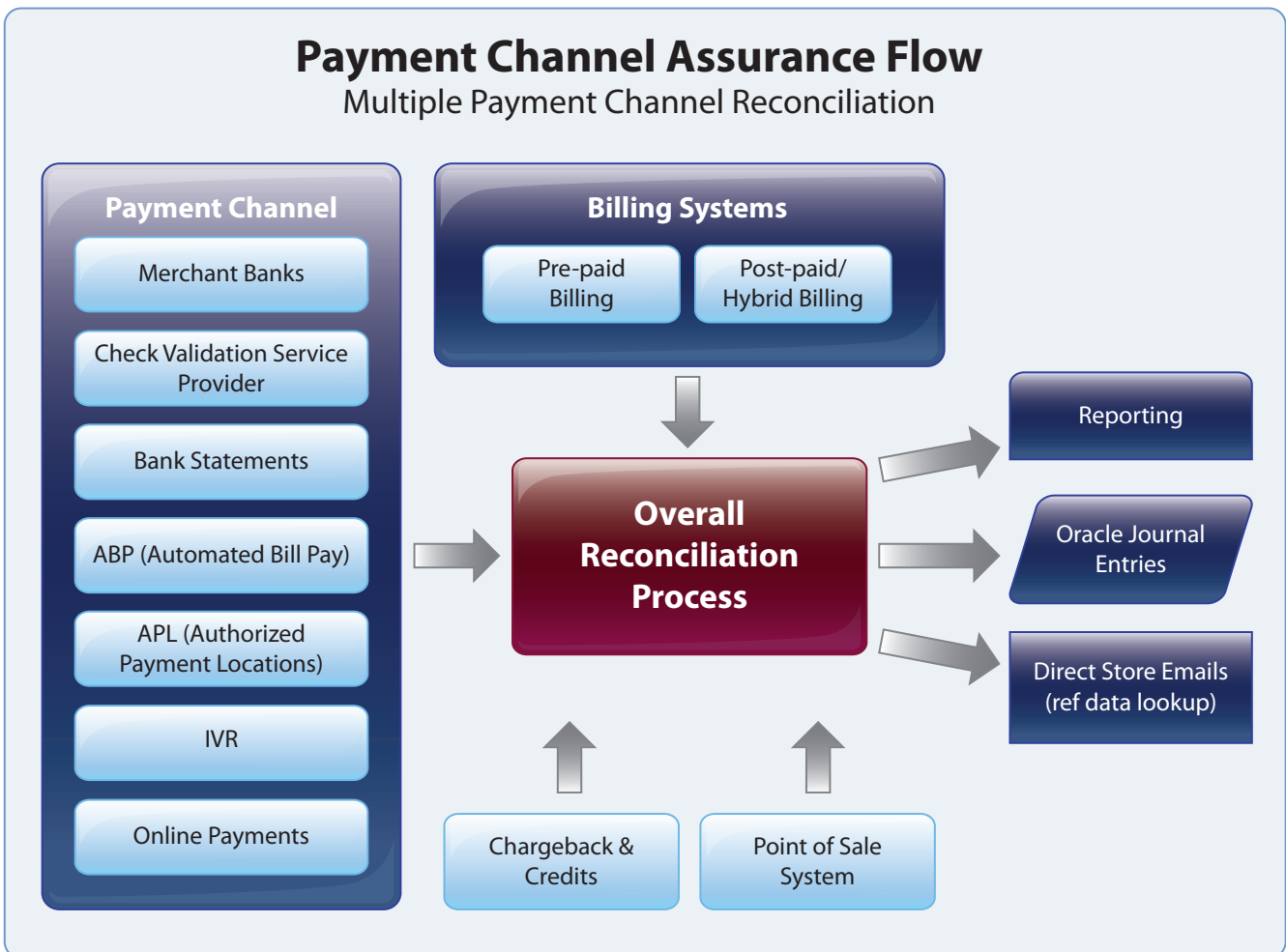
Subex's ROCware Payment Channel Assurance (PCA) is instrumental in providing robust Payment Channel Assurance capability to Service Providers. ROCware PCA helps them align payment channels with billing and General Ledger on a continual basis.

ROCware PCA automates payments reconciliation, reporting and validation processes that are currently limited by human, process and disparate technology resources. It ensures that all payments posted in Service Providers' billing systems and POS (Point of Sale) systems are valid and complete, all cash is received from various payment processors in a timely manner, and that related cash, expenses and revenue are validated and properly accounted for in Service Providers' accounting records in accordance with GAAP (Generally Accepted Accounting Principles).



ROCware Payment Channel Assurance is able to:

- Easily integrate with key internal applications of a Service Provider (e.g., POS, Billing, etc.)
- Easily integrate with key external data feeds (retail POS reporting, etc.)
- Easily manage the workflow from beginning to end for reconciliations, fee validations, variance investigation/resolution, approvals, and reporting
- Accurately capture variances and propose optional solutions
- Support user reporting and KPI dashboards
- Support primarily user maintenance of business rules with user friendly GUIs
- Support reporting templates required to prepare journal entries for upload into internal financial systems
- Generate reports that can be accessed easily by non-system users (e.g. via the web)





Subex's Implementation for Payment Channel Assurance

Subex has played a significant role in automating key functions within the cash and payment management processes of a wireless carrier based in the United States. This communications service provider (CSP) provides services to more than 4 million customers in the United States today. The CSP offers customers unlimited anytime minutes for a flat-rate within their calling area over a high-quality, all-digital CDMA network.

Challenges

As a rapidly growing wireless carrier, the CSP designed and implemented revenue and cost controls using mostly internal IT resources. They were producing spreadsheet-based reports to address the business requirement of Channel Assurance, using extensive manual efforts each time a report was produced.

The CSP's business was expanding at a rapid rate and was expected to serve approximately 9 million customers by end of 2010. They needed a solution to support an average monthly volume of 3 million payment transactions. Basically, they required a new state-of-the-art Payment Channel Assurance solution to automate their manual processes and accurately reconcile and report customer payment transactions and adjustments.

Solution

The ROCware Payment Channel Assurance solution provided by Subex replaced the CSP's existing manual systems and processes that had been previously utilized. Since deployed, ROCware PCA has provided daily automated, detailed, and standardized management, reconciliation and analysis for all payment channels and supporting processes. It further provides a series of workflow actions related to the management and tracking of customer payments from various channels. Some of the channels targeted today include:

- Merchant Banks
- Check Validation Service Provider
- Bank Statements
- ABP (Automated Bill Pay)
- APL (Authorized Payment Locations)
- IVR
- Online Payments

In addition to performing oversight and channel assurance, the Subex solution also helps in implementing stronger controls over the existing payment adjustment process to monitor and help prevent misuse which could result in improper revenue recognition. It also helps in providing standardized reporting to detect loss of revenue from multiple sources of cash, and helps operations manage the business.



Benefits

Subex established a Payment Channel Assurance Solution and set forth processes to uncover and remediate leakage in the cash management chain. The solution has helped the CSP accurately reconcile and validate all customer payment transactions and payment related adjustments from time of payment receipt/adjustment to the time of recording of the transactions in the accounting records. Payment Channel Assurance has ensured the integrity and synchronization of data and processes across all the disparate systems of CSP in order to sustain operational and financial efficiency.

The CSP saw the following benefits from the installation of ROCware Payment Channel Assurance:

- A significant improvement in the CSP's operational and financial controls around customer payment transactions and cash management processes
- Greatly enhanced operational productivity and accuracy by automating key functions within the cash and payment management processes
- Much improved data analysis based on stores and channels from a commissioning perspective, which was considered to be a complex operation.
- Substantial business benefits were obtained by automating the end to end cash and payment control process from data acquisition and reconciliation/validation through discrepancy identification. This included root cause analysis and workflow management.
- The project lead to a substantial saving in time as well as manpower
- CSP was now able to easily validate fees and charges associated with the customer payment transactions

Summary

Service Providers can automate many activities around cash management processes using the ROCware Payment Channel Assurance solution. It provides a holistic view of processes around cash related activities which accelerate activities converting transactions into cash flow. With the business today expecting near real-time financial controls and cash flow management, ROCware PCA offers operators unprecedented capability to quickly and continuously manage channel assurance.

Subex Limited is a leading global provider of Business Support Systems (BSS) that empowers communications service providers (CSPs) to achieve competitive advantage through Business Optimization - thereby enabling them to improve their operational efficiency to deliver enhanced service experiences to subscribers.

The company pioneered the concept of a Revenue Operations Center (ROC®) – a centralized approach that sustains profitable growth and financial health through coordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions such as revenue assurance, fraud management, credit risk management, cost management, route optimization, data integrity management and interconnect / inter-party settlement.

Subex also offers a scalable Managed Services program and has been the market leader in Business optimization for four consecutive years according to Analysys Mason (2007, 2008, 2009 & 2010). Business optimisation includes fraud, revenue assurance, analytics, cost management and credit risk management. Subex has been awarded the Global Telecoms Business Innovation Award 2011 along with Swisscom for the industry's first successful Risk Reward Sharing model for Fraud Management.

Subex's customers include 16 of top 20 wireless operators worldwide* and 26 of the world's 50 biggest# telecommunications service providers. The company has more than 300 installations across 70 countries.

*RCR Wireless list, 2010

#Forbes' Global 2000 list, 2010



www.subex.com

Subex Limited

Adarsh Tech Park,
Devarabisanahalli,
Outer Ring Road,
Bangalore - 560037
India

Phone: +91 80 6659 8700
Fax: +91 80 6696 3333

Subex Inc.

12101 Airport Way,
Suite 300 Broomfield,
Colorado 80021
USA

Phone: +1 303 301 6200
Fax: +1 303 301 6201

Subex (UK) Limited

3rd Floor, Finsbury Tower,
103-105 Bunhill Row,
London, EC1Y 8LZ
UK

Phone: +44 20 7826 5420
Fax: +44 20 7826 5437

Subex (Asia Pacific) Pte. Limited

175A, Bencoolen Street,
#08-03 Burlington Square,
Singapore 189650

Phone: +65 6338 1218
Fax: +65 6338 1216