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New *iGR* study shows 28 percent of SMBs use activity-based billing

Free white paper shows that many SMBs surveyed considering an activity-based model

AUSTIN, Texas, August 7th, 2012 – The economic slowdown and sluggish rebound in the U.S. is forcing many businesses to reevaluate their business plans. At the center of that review is a hard look at the health of the business model, and whether improvement is needed to take advantage of changing customer dynamics and business pressures. A growing number of small- to medium-sized businesses (SMBs) are choosing to evolve to an activity-based billing model to reduce customer churn and increase revenues.

Activity-based billing (sometimes referred to as activity-based pricing) is where the business charges a fee based on how customers use a product or service (activities), as opposed to a flat subscription price. Often these activities can be bundled or dynamically combined with other offers, which can increase revenue and even customer satisfaction.

iGR's new white paper, *Generating New Revenues: The Rise of Activity-Based Billing Models*, provides details on activity-based billing models currently in use, as well as the plans of SMBs to implement these new billing structures. This white paper is available free of charge on *iGR's* website, www.iGR-inc.com.

Based on a survey of more than 400 SMBs conducted by *iGR* in the spring of 2012, nearly 28 percent of the respondents currently use activity-based billing models to bill their customers. Broadly speaking, many of these companies are using activity-based billing to:

- Support high rates of growth in their customer bases and/or revenues.
- Respond to increasing competition from traditional providers. It is this competition that generally initiates the decision to move to activity-based billing and thereby provide some differentiation in the marketplace.
- Actively evolve and future-proof their business models. The foresight to change the business model and processes to gain differentiation before the majority of the competition moves,

or the company's business processes become too unwieldy and inflexible, thereby increasing the cost and risk associated with the change.

Many SMBs are interested in transitioning to an activity-based billing model. They are also becoming more comfortable buying services and products from vendors that use a similar model. *iGR's* data indicates that U.S.-based SMBs are increasingly purchasing more products and services from vendors with activity-based cost models. The list of products and services purchased appears to be growing in breadth and depth.

"Such findings indicate an opportunity for firms offering activity-based billing services, as many of the companies *iGR* surveyed are considering or planning to implement such a model in their firm," said Iain Gillott, president and founder of *iGR*, a market research consultancy focused on the wireless and mobile industry. "Companies assessing their own business models and supporting systems should certainly consider activity-based billing. With the right tools and an accessible solution – perhaps in a cloud-based environment – an SMB could experience greater flexibility, accuracy and reliability in how they track accounts."

The following key questions are addressed in the white paper:

- What is activity-based billing?
- Why do many SMBs use activity-based billing?
- How many SMBs are considering an activity-based model?
- Which different client billing methods do SMBs currently use?
- Which billing methods are used by small, mid-size and large SMBs?
- What different types of activity-based models exist and which are most frequently used?
- What are the potential benefits associated with activity-based billing?
- What percentage of SMBs are considering or planning to switch to activity-based pricing models?
- What is the relationship between size of SMB and likelihood of considering activity-based pricing?
- How do SMBs currently source their various business services - internally or externally?

This white paper, *Generating New Revenues: The Rise of Activity-Based Billing Models*, can be downloaded directly and free of charge from *iGR's* website at https://igr-inc.com/Media_Center/white_papers.asp or from Transverse's website at <http://www.gotransverse.com/resources/whitepapers>.

About *iGR*

iGR is a market strategy consultancy focused on the wireless and mobile communications industry. Founded by Iain Gillott, one of the wireless industry's leading analysts, in late 2000 as *iGillottResearch*, *iGR* is now entering its twelfth year of operation. *iGR* continuously researches emerging and existent technologies, technology industries, and consumer markets. We use our detailed research to offer a range of services to help companies improve their position in the marketplace, clearly define their future direction, and ultimately improve their bottom line.

A more complete profile of the company can be found at www.igr-inc.com.