9 Rating Models for Consumption-Based Services

Time Based

Stored Value

Allowances

Pass Through

Threshold Notification

Tiers

Tapers

Sharing

Multidimensional

Consumption-based, or usage-based models expand the possibilities of how you can package, price and bill for your products and services. Rating is a critical function of consumption as it's the process of converting an "event" into a monetary value by applying a charge. It can be as straightforward as minimum, flat or pay-as-you go usage, or more sophisticated with models such as allowances, tiers and tapers.

Here are nine rating models for consumption-based services that can maximize your revenue.

1. Time Based
Service rates can be assigned effective dates, meaning an event will be charged the table rate that corresponds with the rate that was in effect at the time the service was consumed.

2. Stored Value
The ability to assign a value (typically a dollar amount) to a customer's service and draw down from that value as events are consumed.

3. Allowances
Customer pays a subscription fee for a pre-determined consumption amount and is charged the same amount even if they do not meet the allowance. Variations include overage charges, roll overs and prorations.

4. Pass Through
The ability to take in a pre-rated event and apply that to the customer's allowance without changing the charge of the event.

5. Threshold Notification
An alert or action that is triggered when a customer's allowance exceeds a pre-defined percentage of consumption including. Examples include emails sent or API calls sent to another application.

6. Tiers
Standard tier rates charge all units based upon the rate assigned to the tier the most recent unit falls into. Flat rate tiers charge a single price for the tier and does not apply the price to all of the events in the tier.

7. Tapers
Standard taper rates charge all units based upon the rate assigned to each tier that the usage falls into. Flat rate tapers charge a single price for the tier and does not apply the price to all of the events in the tier.

8. Sharing
Usage allocation pools reallocate the charges to each user based on their overall usage to more accurately distribute the cost of services.

9. Multidimensional
The ability to look at multiple attributes of the event, consult rating tables based upon those attributes and compute an end charge.

goTransverse's intelligent billing platform automates the processes of accepting incoming events, identifying the correct customers, current allowances and price plans, correctly calculating the charges, and applying the charges to the customer accounts.

To learn how goTranvserse can help drive your business forward, visit www.gotransverse.com