

Table 1. In-House or Outsource Cost/Benefit

In-house Billing		Outsourced Provider System	
Description	Actual or estimated costs	Description	Actual or estimated costs
Merchant facility required and security held on the facility (generally equal to the monthly billing value).		No merchant facility or security required.	
Cost of licensing or purchasing a billing system.		Use of outsourced provider's proprietary billing system.	
Reconciliation and manual follow up of unsuccessful payments.		Quality providers will have an automated failed payment system and resubmission of rejected payments.	
Cost associated with establishing convenient payment facilities for collecting failed payments.		Quality outsourced providers will provide web and phone payment gateways free of charge so members can make payments anywhere, anytime.	
Staff costs associated with managing the billing process including manual following-up of dishonoured or failed payments.		Included in the outsourced provider price.	
Often limited to monthly or weekly billing on dedicated days due to the costs and overheads associated with greater frequencies or flexibility (greater risk of failed payments).		Quality outsourced providers bill every working day and payments can therefore be aligned with members salary payments, reducing the likelihood of failed or dishonoured payments.	
Development of security and disaster recovery requirements, both physical and technological, to guarantee cash-flow and security of member's details.		Quality outsourced providers have systems that deal with encrypted data and will have a dedicated disaster recovery site to ensure billing always occurs and members' details are secure.	
Cost associated with secure storage and filing of Direct Debit Request (DDR) forms and billing data.		Direct Debit Requests are scanned and securely attached to a customer history on the providers billing system.	
Stationary (DDR form) must be developed within legal guidelines and printed at clubs cost.		Stationary provided as part of the service.	
Club (merchant) is charged rejection fees generally up to \$2.50 for every failed, dishonoured or rejected payment.		Outsourced providers generally do not charge clubs for failed or dishonoured fees.	
Chargeback (credit card reversal) fees are charged to the clubs merchant facility, generally at the rate of \$27.50		Quality outsourced providers do not charge chargeback fees.	
Monthly facility fee to allow access to the merchant facility and associated software, approximately \$30 per month.		Quality outsourced providers do not charge any monthly fees or recurring fees.	