

E-billing vs. print

The rise of e-billing is a challenge. But here's the truth behind the hype

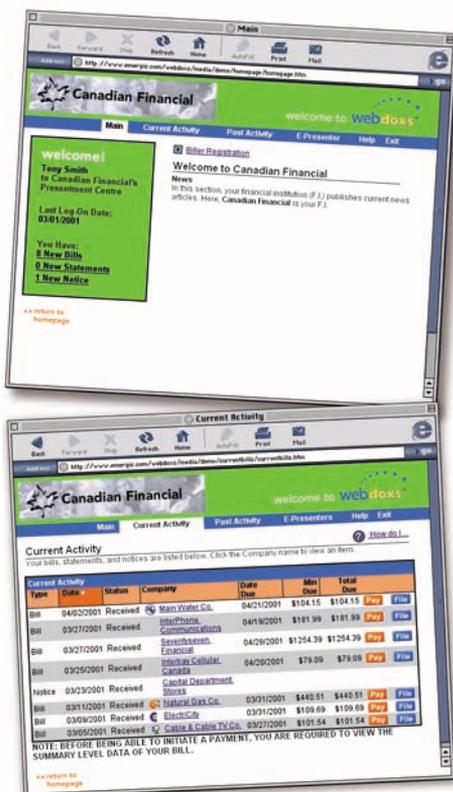
If you didn't know any better, you'd think it was the end of printing as we know it. Headlines that read, "More Canadians prefer to pay with Web mail inboxes, rather than take the paper route," (*Globe and Mail*, July 3, 2003). Surveys, polls and studies have been popping up, reporting that use of electronic billing and payments is way up and forecasting that its popularity will increase even more rapidly in the next few years.

It seems it can only be bad news for an industry that relies, to some degree, on printing bills, statements and cheques. Then there's the direct-marketing material routinely mailed out with monthly bills. All that paper, tragically disappearing as consumers purportedly embrace an electronic, paperless world.

But how dire is the situation, really? First, the numbers.

You can't ignore that using electronic means to deliver bills and pay them is on the rise. The two main services that allow customers to pay a number of bills on a single site are Webdocks, owned by BCE Emergis Inc., and Canada Post's epost. Together they boast more than 900,000 customers, although some of those may overlap. Some consumers go directly to a company's Web site to view their statements and pay online. Bell Canada, for example, has 450,000 subscribers to its own online billing service.

However, there are more than 11.5 million households in Canada and less than half of them report using the Internet. According to a recent study by Forrester Research Group of Cambridge, Mass., only nine percent of online Canadians are receiving bills through the Internet.



A sample page from Webdocks, a single-site bill payment service. The majority still prefers print

However, almost half of the study's respondents said they will likely switch to electronic statements in the future and a whopping 60 percent say they would do so if they were offered an incentive.

The key question is how long it will take for electronic bill presentment and payment to reach a critical mass? Available evidence suggests it's a ways off.

The principal reason companies want to ramp up e-billing services is to save money. One Canadian printer estimates that it costs about 60 cents to send a single monthly bill. But moving to e-billing requires an investment in technology and

savings can only be realized once adoption rates hit about 30 to 40 percent, according to U.S. research firm Cap Ventures.

And no one seems to have an adoption rate of 30 to 40 percent.

One of the reasons for the slow uptake is that millions of people, even the ones who are willing to pay online, still want to receive a paper bill. Those who have jumped onto the e-billing bandwagon are considered to be early adopters, largely technology-savvy 20 to 30 year olds. The rest have yet to follow.

Take the case of Formost MediaOne Group, a multi-faceted printing operation in Brampton, Ont. that prints bills and statements for a number of financial institutions and retailers. One of its clients—a mutual fund company—tried to lure its customers over to electronic billing. Every month, Formost sent out message after message to the mutual fund's clients and advisors, trying to get them to accept their statements online. After a year-and-a-half, a measly 0.1 percent of the clients had switched over. The mutual fund company cancelled the program.

"The biggest hurdle is getting the customers to accept bills on-line," says Dave Lambert, vice president of business communications and one of the owners of Formost. He points to the millions of homes not even online yet, the over-40 crowd that doesn't like to live and breathe by their PCs and those who want paper records of their transactions.

But that doesn't mean that Formost is dismissing e-billing. In fact, the company offers all its business forms in an electronic format. "We're not pushing it, for obvious reasons," says Lambert, "but we still want to be a part of it."

Jeffrey Zunenshine, chief executive and president of Montreal-based Datamark Systems, says electronic billing hasn't affected his company yet, but predicts that the growth in popularity of e-billing is "just a matter of time." He says he just got a notice from American Express that business customers will have to start paying \$4.50 for a

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