

# Making a Business Out Of Your Services



## Using Subscription-Based Reporting to Increase Revenue for Secretary of State Offices and their State Governments

A very interesting question was posed on an IACA list serve in January 2009. Essentially the questioner asked if other states provide bulk data to users, and if so, is a fee charged for providing this data. Nineteen state representatives responded affirmatively.

This begs a second question: Does providing bulk data represent a hidden gem for the Secretary of State's (SOS) office, both financially and politically? We think so.

The attached white paper shows how.

**Julian Bossong**  
**CCIS Vice President and Director of State**  
**and Federal Practice**

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## Introduction

As business grows within a state, more and more fees are collected for state treasuries. Unless the SOS office is a self-funded agency, those fees are transferred directly to the state's general fund, even though the staff members of the SOS are the ones required to tackle an ever-growing mountain of work. Increasing transaction or filing fees is challenging in this economic and political environment, as they usually require legislative approval, and many in the private sector strongly consider these fees as additional taxes.

But through a much more focused approach with Subscription-Based Reporting, as discussed below, revenue can be increased considerably from a different, less obvious, source of revenue – either for the SOS office or the State General Fund. And better yet, this user fee or Subscription-Based Reporting revenue collected can at times be allocated toward helping the SOS office Special Funds that stay within the SOS office, if such funds are allowed.

## What's Subscription-Based Reporting and How Does it Work?

Various customers desire access to volumes of information from the SOS office, and they are often more than willing to pay market value for it. Types of users include:

- **Banking Institutions** – By mining UCC data and mapping it against geospatial data, bank leaders can determine where to place new branches, how they are comparing with competitors, and how and where the general market is growing (or shrinking).
- **Farm Credit Vendors** – A large number of vendors loan against agriculture assets, and these crop and livestock assets change over on a continuous basis. As a result, secured assets and associated liens must be closely monitored.
- **Credit Bureaus** – Given the economic conditions, more companies are stretching payables and taking on more tax liens. Credit bureaus want to know immediately where new liens exist.
- **Taxing Authorities** – A number of businesses file taxes but may be late on annual filings. Comparing data can help identify delinquent filers.
- **Real Estate Developers** – Real estate developers always want to know where businesses are growing and having new filing and lien information can help determine key trends.
- **Data Collection Aggregators** – Don't forget about those businesses that buy data collected by the state because they sell the data from many jurisdictions to interested buyers for sales, marketing, and other purposes.

In addition to these volume users, a growing number of companies are interested in their own credit and lien profiles. Like individuals, they want to know as quickly as possible if a tax lien or supplier lien

has been placed on their business, as that information can have a damaging impact on their banking relationships and general reputation.

Access to information can be either on-demand or via a subscription-based system. With Subscription-Based Reporting, the user goes to the SOS site and checks the reports that they want to be available on an ongoing basis. They then pay for these reports via a credit card, ACH or direct bill transaction. Reports can be pulled by the user at any time, or the report can be pushed via FTP to the user. Formats can be flexible and include PDF, XML or other formats that are easily integrated.

## The Potential of Subscription-Based Reporting

One of our SOS clients believes it can quickly double its subscription-based revenue collection, taking it from about \$600,000 per year to almost \$1,200,000 per year. By changing just one key variable – number of subscribers – it believes the revenue generated and collected can increase considerably. In addition, by doing it all online, the “cost of doing business” is dramatically reduced, leading to significantly increased net income to their state. The table below shows the potential impact of just one variable change for this jurisdiction. Obviously, if they can change more than one variable, the financial impact goes up even more.

	Today's Scenario	Focused and Automated Approach
Number of Reports Downloaded	45 (one for each filing type provided)	45 (one for each filing type provided)
# Subscribers	30 subscribers	60 subscribers
Typical Price	\$35 / download per filing type	\$35 / download per filing type
Frequency	Monthly	Monthly
Method of Delivery	Manual / Print-outs / CDs	Self-Service /Online / Automated Downloads
<b>Annualized Financial Impact</b>	<b>\$567,000</b>	<b>\$1,134,000</b>

In addition to the financial returns, the SOS office can turn into a strategic hub for information inside and outside the state government. With an increased focus on Subscription-Based Reporting, the relevance of the organization and value to constituents goes up dramatically.

## The Five Keys to Unlocking the Potential

1. **Collect the right data online.** By collecting more information from filers online, you can make the information reported much more valuable to external users. For example, by requiring street addresses and business types in filings, you can provide banks with very powerful market intelligence information that can be sliced and diced to help these customers of yours better

target markets, serve constituents, position branches and place the right banking resources at the right place at the right time.

2. **Actively publicize availability.** If nobody knows about the services you provide, then they won't acquire them. Publicize subscription options through your newsletters, on your website, via press releases. A vast number of financial institutions still use old-fashion "windshield surveys" to conduct market intelligence, whereas the information they would love to have is sitting under their nose in your SOS system. Let them know the power of the information you have.
3. **Make it easy for subscribers.** Potential subscribers are smart but can get easily distracted. So make it easy for them to find and pick reports, easy to pay for them, and easy to export the information to their user systems. If the transaction is easy and the information is useful, the subscriber will often forget they are even paying the monthly bill. The screen shot in Figure 1 below shows how a subscriber can fully manage his or her own subscriptions and reports as part of a fully automated online filing system.

### Your Shopping Cart

Transaction	Name	Price	
UCC-1 Financing Statement	Parker Allen David	\$15.00	<a href="#">view</a> <a href="#">edit</a> <a href="#">delete</a>
UCC-3 Amendment	Whitaker Sarah Edith	\$10.00	<a href="#">view</a> <a href="#">edit</a> <a href="#">delete</a>
LLC - Articles of Organization	First Place Outdoor Adventures, LLC	\$150.00	<a href="#">view</a> <a href="#">edit</a> <a href="#">delete</a>
<b>Checkout</b>		<b>Total:</b>	<b>\$175.00</b>

[Pended & Rejected Services](#)
[Purchased Services](#)
[Online Services](#)
[Information Search](#)

Access to previous filings created through this login will return filings currently in the system. Filings are purged in accordance with North Dakota's retention statutes and rules. This is not a complete history of all transactions associated with an entity or individual. The complete history can be obtained from the Information Search tab.

#### Recent Services

(Last 5 services within last 7 days)

File Number/ Entity ID Number	Transaction	Name	Date Filed
<a href="#">XX-XXXXXXXX-X</a>	UCC-1 Financing Statement	Smith Barbara Rebecca	8/17/2009
<a href="#">XX-XXXXXXXX</a>	UCC-3 Amendment	Thornhill Robert Erik	8/16/2009
<a href="#">XXX,XXX,X00</a>	LLC - Articles of Organization	Thompson Automotive, LLC	8/15/2009
<a href="#">XX-XXXXXXXX</a>	UCC-3 Amendment	Ronaldson Peter Joshua	8/14/2009
<a href="#">XXX,XXX,X00</a>	LLC - Articles of Organization	Abrams & Yonkers, LLC	8/14/2009

#### Purchased Reports

Report Number	Report Type	Name	Download	Date
<a href="#">XXX,XX0</a>	Daily State Tax Lien Report	Giganto Insurance Co.	<a href="#">DSTL_report.pdf</a> <a href="#">DSTL_report.xml</a>	6/20/2009
<a href="#">XXX,XX0</a>	Daily State Tax Lien Report	Smith Inc.	<a href="#">DSTL_report.pdf</a> <a href="#">DSTL_report.xml</a>	8/20/2009

#### Search Previous Services Performed by This Login

Search By: ☐ Transaction ☐ Debtor Name Only ☐ File Number/Entity ID Number ☐ Date

[Search](#)

Figure 1: Fully Automated Self Service that includes Subscription-Based Reporting

4. **If possible, charge value-based pricing.** If possible, don't base your pricing on costs or what your traditional fees look like. Do some simple market research with local banking institutions, credit bureaus, agricultural equipment vendors, seed providers, etc. to see what they think is reasonable to pay. You'll be surprised how you can easily segment your information so you can charge for each component. If your pricing has to be based on cost to provide the data, make sure you're including *all* of your staffing, system, programming and delivery costs, as many jurisdictions fail to consider all of these costs when setting prices.
5. **Make the system effective to manage for your staff.** Have the system do as much of the work as possible. With today's technologies and new SOS systems, there shouldn't be a need to manually pull or research information for users, publish mailing addresses, burn CDs, or print off reports for users. Rather, the subscription of reports should be highly automated and online so that your new revenue source is almost all pure profit, not increased expense.

## Moving Forward

Providing subscription-based bulk data information has an excellent potential to increase state revenues. To reach the full potential, we strongly suggest taking a business or market-based approach to subscription based pricing. Focus on quality of output and ease of use, and fully charge your clients for the value-added services you are providing. Finally, make sure the systems you use fully support the approach so your ideas can be realized.

## For Additional Information, Contact:

Ted Paczek  
CC Intelligent Solutions, Inc.  
Tpaczek@ccis-inc.com  
(919) 844-2111, ext 221