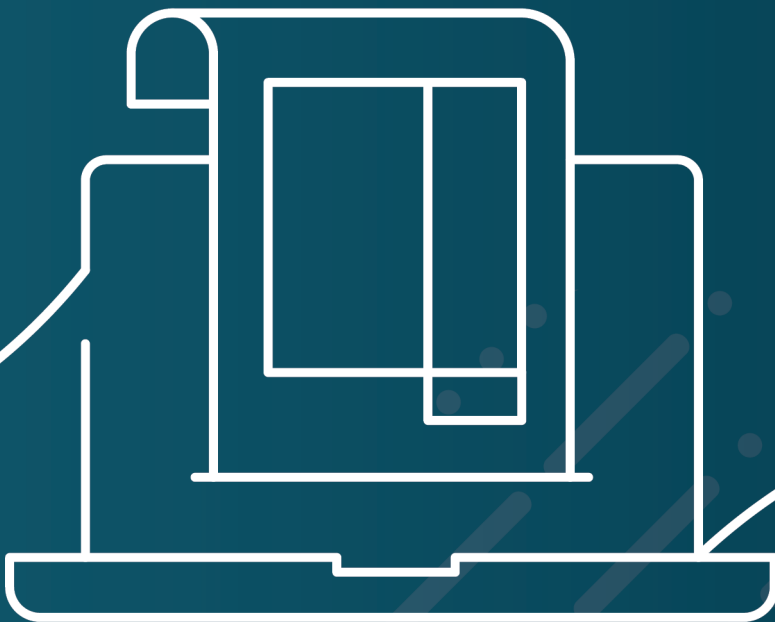


The Cost of Standing Still:

Why Payments Can't Wait for Your Next Big IT Project



Utilities are juggling more transformation work than ever. CIS migrations and upgrades, AMI rollouts, customer portals, AI initiatives. The list keeps growing, and the timelines keep stretching.

When that much work is in motion, digital billing and payments (also called EBPP) tends to wait. It feels safer to finish the foundational work first and address customer-facing systems later. The logic is reasonable. The ROI math, it turns out, is not.

The cost of that wait shows up in places that rarely get totaled: paper bill production every month, contact center calls that can run as high as \$20 to \$30 each, delinquency drag from after-hours payment failures, and customer expectations that keep moving while internal teams focus on back-end work. Section Four walks through the numbers in detail.

This paper looks at what utility customers actually want in 2026, what the cost of deferral looks like on the operations side, and what utilities that have already modernized their billing and payments are reporting. The goal is not to argue that EBPP should jump the line in every situation. It is to make sure the trade-off is being evaluated with the right numbers.



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Where Customers Actually Are

Before discussing what to do about digital billing and payments, it helps to start with how customers are paying bills right now. The behavior has shifted faster than most utility roadmaps account for.

InvoiceCloud's *2026 State of Online Payments* report, a nationally representative survey of 2,000 U.S. adults conducted in October 2025, found that 68% of consumers used a mobile device to pay a bill in the past year. That makes mobile the top payment channel for the fourth year running. More striking is the preference data: 45% of consumers now name mobile as their preferred channel for paying bills. A year ago that figure was 29%.

A 16 point jump in mobile preference inside of a single year is not a slow trend. It is a step change. And the gap between what customers use and what they prefer is widening for the alternatives. Twenty percent of respondents still mail in check payments. Only 4% actually prefer that method. The other 16% are tolerating it.

68%

used a mobile device to pay a bill in the past 12 months

45%

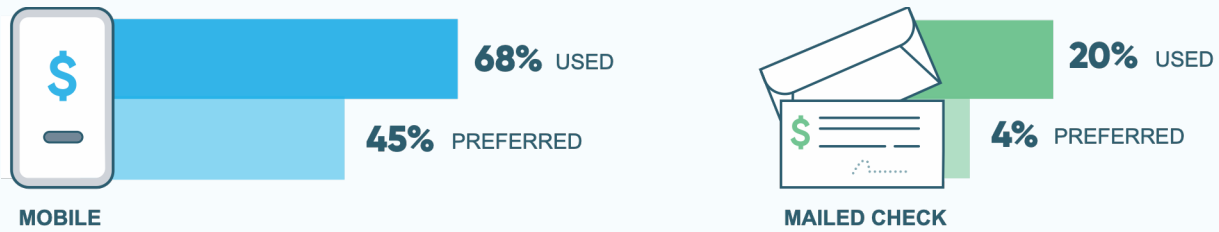
prefer mobile as their main payment channel, up from 29% last year

20%

cite paper reduction as a reason for going digital, double the prior year



Channel Usage vs. Channel Preference



Utility bills specifically sit in the middle of the digital adoption pack. Fifty-nine percent of respondents reported paying their utility bills online in the past year. That puts utilities behind phone service bills (70%) and internet service bills (68%), where digital billing has become nearly universal. The expectations customers form paying their cell phone provider or their broadband provider follow them straight into their next utility interaction.

That expectation is colliding with what utilities are actually delivering. According to J.D. Power's 2025 U.S. Utility Digital Experience Study, overall customer satisfaction with the utility digital experience is 611 on a 1,000-point scale. The 2026 update shows satisfaction climbing only modestly, to 616. For context, J.D. Power tracks digital experience scores across most major service industries. Utilities come in last:

Wealth management apps and websites	738
Retirement plan providers	703
Property & casualty insurance	698
Retail banking (overall)	655
Commercial health insurance apps	653
Utilities (digital experience)	616

The point is not the absolute size of the gap. It is that utilities consistently land at the bottom of every J.D. Power digital experience study, and the customers reading those gaps are the same people paying utility bills every month.

“As customers grow increasingly reliant on digital channels, particularly mobile apps, to manage everyday services like banking, insurance, digital payments and so much more, utilities that fail to offer highly usable and engaging digital experiences are really missing out on a critical opportunity to connect.”

Cory Maxwell, J.D. Power, 2026 Utility Digital Experience Study

The same J.D. Power research found that 32% of utility websites and apps fail to meet basic standards for navigation and design, and 28% of utilities do not offer a mobile app at all. That last figure is the one worth pausing on. Nearly three in ten utilities are missing the channel their customers most prefer.

32%

of utility websites and apps fail to meet basic standards for navigation and design



28%

of utilities do not offer a mobile app at all



What Outdated Payments Costs

Behind the adoption numbers are problems that quietly cost utilities money every month.

The State of Online Payments data identifies the most common ones, and they look familiar to anyone who has tried to pay a bill on an outdated portal.

Among customers who already pay digitally, the top complaints are lack of payment reminders (22%), forgotten usernames and passwords (21%), and payments that take too long to process (18%). About half of all respondents say they have to look up their login every time or most times they pay a bill. That is a self-service experience producing customer service tickets.

For customers who avoid digital payments altogether, the biggest deterrent is perceived online payment fees, cited by 39% of non-adopters. Limited or inconvenient payment options come next at 18%, followed by security concerns at 14% and a preference to talk to a person at 13%.

FOR NON-ADOPTERS

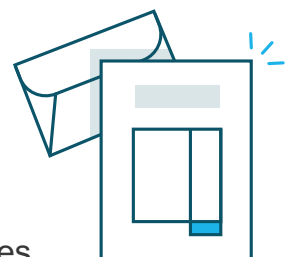
Perceived fees (39%), limited options (18%), and security concerns (14%) are the most common reasons customers have not switched to digital payments. Flexible payment solutions should address these.

FOR EXISTING DIGITAL PAYERS

Missing reminders (22%), forgotten credentials (21%), and slow processing (18%) are the top frustrations. Each one creates avoidable contact center volume or pushes customers back to paper.

What does all that cost in operational terms? A few numbers help frame it.

Mailing a paper bill runs about \$1.10 per envelope once printing, materials, postage, and labor are accounted for. A utility processing 30,000 bills a month spends close to \$400,000 a year on paper bill production. Moving 50% of customers to email cuts that in half. Scale that to a utility with hundreds of thousands of accounts and the annual line item climbs well into the seven figures.



Contact center calls add another layer. For municipal utilities that account for the fully loaded cost of labor, benefits, supervision, and overhead, a single call can run as high as \$20 to \$30. When a customer can't reset their password, can't find their bill, or can't get a reminder in time, the resolution path often runs through a live agent. Each interaction is a small charge against the bottom line, and the volume adds up fast.



Then there is the **delinquency drag**. *The State of Online Payments* survey found that when payment problems arise outside of business hours, 44% of customers simply wait to call the next business day. That delay is a measurable contributor to days sales outstanding, and it is almost entirely a function of platform design rather than customer intent.



The Quiet Cost of Legacy Payment Systems

- Paper bill production at roughly \$1.10 per envelope, multiplied by tens or hundreds of thousands of accounts
- Contact center calls that can run as high as \$20 to \$30 each on a fully loaded basis, driven by avoidable issues
- Delinquency delays from after-hours payment problems with no self-service path
- Staff hours absorbed by manual reconciliation and exception handling
- Customer dissatisfaction that shows up on J.D. Power surveys and regulatory filings

None of these costs show up on a single line in the budget. They are spread across operations, customer service, finance, and IT. That is exactly why they are easy to underestimate when digital billing and payments modernization is being prioritized against other initiatives.

Where Digital Billing and Payment Platforms Actually Differ

Digital billing and payment vendor pitches tend to look identical on paper. Online payments, AutoPay, paperless billing, mobile support, a customer portal. Every platform claims them. The real differences show up in how those features are implemented, what payment options sit behind them, and what the vendor does to help drive adoption after go-live. Four areas in particular separate platforms that actually move the numbers from platforms that simply check the boxes.

AutoPay Setup & Self-Management



Most platforms support AutoPay. Few make it easy to enroll in three minutes across any channel or change a draft date without calling customer service. When the setup process requires logging into a portal, finding the right menu, and entering bank information that has to be re-verified, enrollment rates stall. The bar is whether a first-time customer can enroll without help.

Payment Method Breadth



ACH and cards are baseline. *The 2026 State of Online Payments* report shows digital wallet usage climbing across all income tiers, reaching 44% among higher-income households. Platforms that support Apple Pay, Google Pay, PayPal, and Venmo capture customers who already pay everywhere else that way. Platforms that stop at ACH and cards are leaving easy adoption on the table.



Pre-Draft Reminders & Confirmation

One of the most common complaints from AutoPay users is finding out a draft happened only when the bank statement arrives. Platforms that send pre-draft reminders (with the amount and date) and post-payment confirmations cut down on the surprises that drive contact center calls and AutoPay cancellations. The 60% of non-AutoPay customers who say they would enroll with the right safeguards are often responding to exactly this gap.



Marketing & Adoption Support

Most utilities do not have the internal marketing capacity to drive digital adoption on their own. Vendors that include enrollment campaigns, paperless and AutoPay promotion templates, customer outreach data, and behavior-based segmentation as part of the platform do the work that legacy payments vendors leave to the utility. This is one of the most underappreciated differences between vendors and one of the biggest drivers of the gap between platforms that hit 30% paperless and platforms that hit 60%.

None of these capabilities are exotic. They are simply absent from most legacy payments platforms and from many of the newer ones too. When utilities benchmark digital billing and payment vendors, these are the four areas where the differences are sharpest and the operational impact is largest.

What “Waiting” Actually Costs

Now the harder question. If a utility is in the middle of a CIS migration or upgrade, an AMI deployment, or some combination of both, why not just wait until the dust settles?

The first answer is timing. Large IT programs typically run 12-to-18 months to implement and another 18-to-36 months before results materialize, and that assumes everything stays on schedule. A Harvard Business Review study of nearly 1,500 IT projects (Flyvbjerg and Budzier) found that the average project overran its budget by 27% and one in six became a “black swan” with cost overruns of 200% and schedule overruns of almost 70%. The realistic window before a utility could even start billing and payments modernization on a sequential plan is often three to five years.

3-to-5



years that customer experience can stand still under a sequential modernization plan

31%



of expected revenue lift is what large companies actually capture in digital transformations*

What happens in those years? Customer expectations keep moving. The 16 point jump in mobile preference happened in a single year. Compound that over a typical CIS modernization timeline and a utility that defers ends up further behind than where it started.

Operational costs keep accumulating. Paper production runs every month. Contact center volume keeps absorbing avoidable calls. Reconciliation hours keep coming out of staff who could be supporting the core program instead.

And the trust issue is real. Multi-year IT programs are expensive, and the longer they run without customer-visible improvement, the harder it gets to maintain stakeholder confidence. Boards and ratepayer advocates ask reasonable questions about what their investment has actually produced. “Wait three more years” is not a satisfying answer.

Why Parallel Modernization Actually Works

The objection to running billing and payments modernization in parallel with another major program is usually about risk. Adding a workstream when teams are stretched, the thinking goes, increases the chance that something breaks.

That concern made more sense ten years ago than it does today. A useful way to think about it: a CIS or AMI program is back-of-house work. Plumbing, wiring, foundation. Billing and payments are front-of-house. The dining room, the front entrance, the touchpoints customers actually see. A restaurant does not close the dining room while it renovates the kitchen. The work runs on parallel tracks, by different teams, on different timelines. The same is true for payments and the core systems behind it.

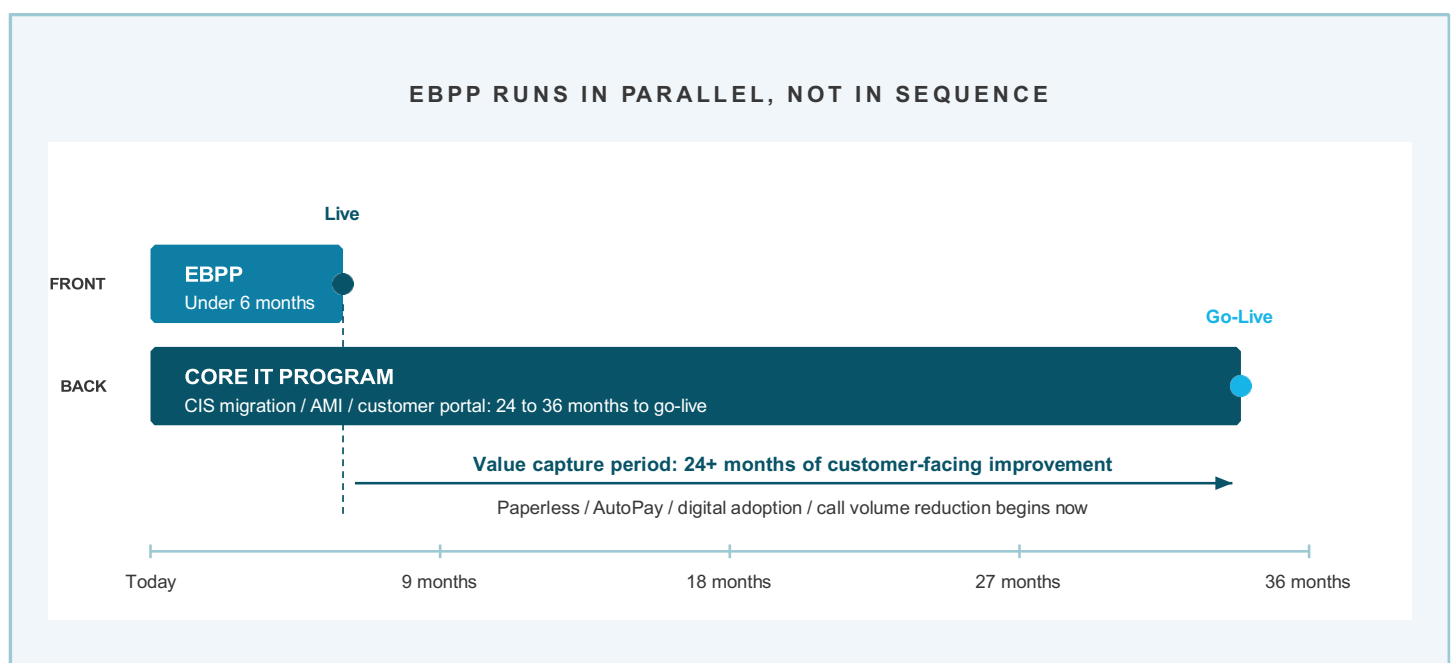
Three specific changes have made that parallel work practical, plus a fourth that most utilities underestimate.

The architecture is now modular. Modern digital billing and payment platforms sit alongside core systems rather than embedded inside them. They connect through standardized integrations and do not require deep changes to the CIS being modernized. The same model applies whether the core CIS comes from a major enterprise platform vendor or a utility-specific provider.

The integrations are pre-built. Established payments platforms have existing partnerships with the major CIS providers and joint deployment playbooks that have been used dozens of times. When the CIS team and the Payments team have done this together before, the implementation work is mostly about configuration rather than architecture. Utility IT teams are not absorbing the burden of figuring out the integration from scratch.

The timelines are short. Payment platform deployments now routinely complete in under six months. That is short enough to fit comfortably alongside a larger program without competing for the same critical-path resources.

The internal IT lift is measured in hours, not weeks or months. This is the part that catches utility leaders by surprise. A CIS migration typically requires a dedicated core project team of five to ten people engaged full-time for 12-to-24 months. AML deployments for large utilities can require cross-functional engagement across IT, billing, customer service, and meter operations for three to five years. Payment platform deployment absorbs hours per week from a small internal team, primarily for configuration decisions and user acceptance testing, over a matter of months. The vendor teams do the bulk of the integration work. That difference in staffing profile is what actually makes running payments modernization alongside another major program practical.



There is also a sequencing argument that gets overlooked. Most utilities end up making CIS decisions first, customer portal decisions second, and billing and payment decisions last. By the time digital billing and payments enters the conversation, the other two are already locked in and the payments layer has to adapt to whatever was already chosen. Evaluating it earlier, even if it gets implemented later, prevents the compounding integration complexity that comes from three platforms designed in isolation.

What the Numbers Look Like With InvoiceCloud

Utilities that have moved to InvoiceCloud during their broader transformation programs report consistent operational improvements. The following figures reflect what enterprise utilities on the platform are achieving today.



These outcomes do not arrive at the end of a multi-year program. They show up within the first year of an InvoiceCloud deployment, while the larger transformation continues. For a utility under pressure to demonstrate progress to executives, boards, or regulators, those are real numbers that real people in real departments can point to.

Two InvoiceCloud Customers, Two Stories



CASE STUDY

San Jose Water

Regulated water utility serving approximately one million people across roughly 140 square miles in the greater San Jose area. Modernized its billing and payment experience through a joint deployment with its Oracle Utilities CIS.

RESULTS IN 9 MONTHS

76%

Digital payment adoption rate

56%

Paperless adoption rate

44%

Increase in AutoPay enrollments

35%

Reduction in late payments

"We were anxious about the implementation — similar undertakings with payment platforms can take years to complete and cost thousands of dollars. But thanks to Oracle and InvoiceCloud's joint solution and dedicated implementation teams, all deadlines and goals were met with the exceptional collaboration of all parties involved."

John Tang

VP of Regulatory Affairs & Customer Service
San Jose Water



CASE STUDY

Sacramento Suburban Water District

Publicly owned water utility serving nearly 195,000 customers in California. Replaced a legacy payment system that was driving up call volume and absorbing staff hours through manual processing.

YEAR ONE RESULTS

149%

Increase in electronic payment adoption

41%

Increase in paperless enrollment

32 hrs

Saved monthly in staff payment workload

\$13.5K

Saved in print and mail expenses

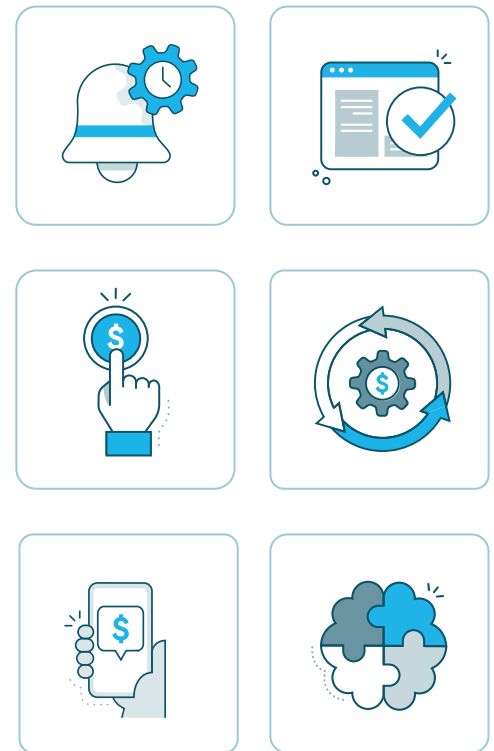
"We have seen steadily decreasing call volumes and paperless billing adoption has spiked, allowing us to decrease our mailing expenses. Plus, with the time saved, we were able to shift resources to meaningful improvements and projects that we've never had time for in the past."

Julie Nemitz

Customer Services Manager
Sacramento Suburban Water District

Two very different utilities. One a regulated investor-owned system serving a metropolitan area of about a million people, the other a publicly owned district serving a fifth that many. Both produced measurable improvements inside the first year, and both did it through joint implementations with their existing CIS rather than custom integration work.

The capability behind those numbers comes down to a handful of design choices that legacy billing and payment systems were not built for. **Intelligent reminders** sent through customers' preferred channels. **Guest checkout** and **one-click payment** that bypass the credential problem. Configurable **AutoPay** rules with the insufficient funds protections customers ask for. **Mobile-first interfaces** that meet the 68% of customers who pay on phones. **Behavior-aware segmentation** that distinguishes between customers who forgot to pay and customers who cannot pay. These are core to how InvoiceCloud is designed. They are absent from most legacy systems, which is why the gap shows up so clearly in the numbers.



How to Tell If Your Situation Fits

Not every utility is in the same position, and the right answer on timing depends on factors that vary across organizations. The following questions are designed to help leadership teams have a clear-eyed conversation rather than a default one.

READINESS QUESTIONS FOR EBPP MODERNIZATION IN PARALLEL

- ☐ **Where are you in your major IT transformation timeline?**
Early stages give the most flexibility. Mid-program utilities can still move on payments if the workstream is genuinely separate from the critical path. Late-stage programs need a sharper risk assessment.
- ☐ **What is your current digital payment adoption rate?**
Below 40% digital adoption usually signals strong upside. Above 70% suggests the gains will be more incremental, though paperless and AutoPay rates often tell a different story.
- ☐ **How much manual work is your billing team absorbing?**
If reconciliation, exception handling, and bill production are eating staff hours that could support the core program, parallel modernization relieves pressure rather than adding it.
- ☐ **Does your CIS provider have an existing partnership with billing and payments vendors?**
Joint deployment models compress timelines and reduce IT burden. If your CIS team has done this integration before, the risk profile drops significantly.
- ☐ **Are CIS and portal decisions already locked in?**
Once those are set, the viable options for digital billing and payments narrow. Evaluating it before those decisions finalize, even if implementation comes later, prevents downstream integration pain.
- ☐ **Is leadership looking for visible value during the IT program?**
Multi-year programs need interim wins. Self-service payment adoption produces measurable customer-facing results within months, which is one of the few places that kind of evidence is available.

The utilities with the clearest case for moving now are the ones with low digital adoption, heavy manual processing, an existing CIS partnership with billing and payments vendors, and stakeholder pressure to show results before the larger program completes. That profile fits a large share of utilities today.

The Default Answer Deserves a Second Look

Deferring payments modernization until after the next big IT project is the default in most utilities. It is not the wrong answer for every situation, but it is usually the unexamined one. The numbers suggest it deserves more scrutiny than it gets.

Customer payment behavior has shifted faster than most utility roadmaps. Mobile preference jumped 16 points in a year. J.D. Power has utilities at the bottom of the digital experience rankings, more than 120 points behind wealth management. The operational costs of legacy payment systems are spread across paper production, contact center volume, and delinquency drag, which is why they rarely get totaled up.

Parallel digital billing and payments modernization is no longer the heavy lift it once was. Modular platforms, pre-built CIS integrations, and six-month deployment cycles have changed what is realistic. The risk profile is not what it looked like a decade ago.

The question is not whether to modernize billing and payments. Every utility will get there eventually. The question is whether the cost of waiting is being measured against the cost of moving, with current numbers on both sides.

A Worthwhile Next Step

Run the readiness questions on page 18 with your operations, IT, and customer service leads. The conversation tends to surface costs that no one was tracking separately and timelines that no one had drawn on the same page.

SOURCES

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