Epay Manager v3.0
Powered by Level One Technologies

Are Carriers Ready for Electronic Payment?

By: Jason Kirkpatrick (Article appeared in the September 2007 issue of "The Logistics Journal")

The development of electronic payment software has made the entire process of collecting invoices and paying carriers so much easier; but the question remains whether carriers are ready to manage an electronic exchange.

We know that a successful electronic system requires interaction between the carrier and the third party. If one side isn't ready, there's little opportunity to have a successful relationship. Many third parties have the opinion that carriers are not ready to exchange invoices and delivery documents and receive payment electronically. They see carriers as unsophisticated and lacking the technology to participate in advanced programs.

The fact is, carriers and independent drivers are more sophisticated than many third parties believe. This is the result of a competitive market that requires carriers to use software to lower the cost of managing driver payroll, fuel taxes, driver logs, fleet maintenance and repair. They also use software to receive, store and retrieve proof of deliveries and other essential documents. Most importantly, these carriers use software and web based applications to find and book available loads. So, given these technical capabilities, where does the stereotype of the unsophisticated carrier come from?

In most instances it's caused by third parties failing to differentiate between carriers and drivers and overlooking the technical components of a carriers' daily life. We know, for example, that most qualified carriers equip their drivers with cell phones; many of which have direct-connect and GPS capabilities. These units generally include web browsers that connect drivers to the Internet and provide them with email capability. To provide the highest level of communication, many carriers provide drivers with Qualcomm satellite systems that connect to web based software systems, accessed by laptops. As an added benefit, many drivers use these systems to stay in touch with family and friends or keep up date with the latest news.

This use of advanced technology is inconsistent with the "low-tech" image that many third parties have of carriers and their drivers. In fact, the idea that carriers and drivers are unsophisticated, contradicts an industry trend, which encourages companies to invest in technology just to remain competitive.

Throughout this series of articles we have shown that the growing use of specialized software and communication systems has made it possible for drivers to communicate directly with dispatchers, shippers, receivers, customers and third parties. We've also shown that the growth of the Internet has made it possible for carriers and drivers to find and book loads and provide continuous tracking and delivery information to interested parties.

The next step in this technical evolution is for third parties and carriers to exchange invoices, proof of delivery documents and payments electronically. To make this work, it will be necessary for each party to prepare for the exchange. The carrier must have an email address, access to the Internet and a bank account. Third parties must make the decision to pay the carrier electronically and prepare to receive delivery documents by fax or email.

Experience has shown that with the right software and a desire to move the business relationship with the carrier to the highest level, third parties are now in a position to create private payment networks to exchange invoices, documents and settlements electronically. Even though these systems are relatively new, it has been demonstrated that they not only lower cost, but they can also lead to an increased number of transactions between the parties.

(Jason Kirkpatrick is the Director of Application Development at Level One Technologies)