

## Beyond Electronic Invoicing and Payment

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

Throughout the year, we've discussed reasons for third parties to consider electronic invoicing and payment systems. In this installment, we'll discuss the primary obstacle that must be overcome before an electronic system can be successfully implemented. We'll also discuss other benefits that can be realized by creating an expanded electronic network with your carriers and customers; an objective we've described as the integrated office.

Before a third party implements an electronic system, it must first build a consensus within its staff. In some instances, this will require changing the mindset of key individuals who are essential to the implementation. This will be especially true for clerical or mid-level employees who will be asked to make changes and disrupt their daily routines.

We know, through experience, that electronic invoicing systems are very beneficial; they can lower accounts payable processing costs and the direct cost paid to carriers. They've also been shown to improve carrier and customer relationships. Full implementation can take up to a year or more to complete and the network should not be implemented until all key personnel are committed to a successful outcome. To obtain their support, management should consider offering incentives to key personnel.

Once everyone is committed, it's probably best to limit your initial scope to accounts payable activities only. This is true because your company has complete control over its payable procedures; unlike accounts receivable where customers have unique billing requirements. It's also important to limit the pace of the implementation, so that a small number of carriers are introduced to the system at any point in time. It's been shown that a slower pace will reduce the fear and stress of change and allow for adjustments to the system, if necessary.

Once the benefits of electronic processing are realized, staff members will be more willing to implement electronic processes in other areas of the company. As time goes by, they will lose their fear of a paperless environment and their dependence on "original" paper documents. At that point they will then be ready to embrace new systems that exchange load and accounting information with customers and carriers.

These areas can include a complete data communication system that continuously receives available loads from customers and distributes them to carriers. This can be accomplished with the use of electronic load distribution software that allows third parties to receive bids and award loads to the most qualified carriers. And, when tied to modern transportation management software, these systems can be supplemented to send and receive automated tracking updates from carriers to third parties and their customers. They can also be designed to electronically bill and receive payments from customers and electronically self-invoice and pay carriers.

By creating a private data network between customers and carriers, third parties can receive and transmit loads, tracking updates and accounting information and receive and make payments electronically. This high level of interaction allows third parties to become more flexible, resourceful and profitable.

Although the benefits are great, the first step in creating the electronic network will be the most difficult; but once taken, it will also be the most rewarding. In the early stages, limiting activity to accounts payable processing is preferred. A more narrow scope will allow everyone to overcome their fear of change. As comfort levels increase, employees will be able to focus on other solutions that provide long term benefits for the company. When the network is fully operational and all aspects of the third party's relationships are included, the company will be positioned to achieve dynamic growth as it markets its services to new customers and carriers as a technically advanced alternative to its competitors.

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