

# Payment Options

Epay Manager allows shippers to offer carriers multiple payment terms.



## Discounts For Faster Pay

Reducing direct cost with carrier discounts adds profit to your bottom line.

### Summary

Epay Manager offers a unique payment terms option that allows shippers and other payers to offer multiple and faster payment terms to carriers in exchange for discounts.

The transportation industry is characterized by low profit margins and almost every carrier experiences an occasional "cash crunch" and wishes they could be paid faster. Cash flow is affected by the high cost of insurance, fuel and maintenance and carriers suffer when shippers fail to pay them on a timely basis. As a result, carriers are constantly looking for alternative methods of collecting invoices and increasing cash flow.

Epay Manager offers the ultimate solution to these problems, by allowing carriers to receive faster payment from shippers, in exchange for discounts. To accomplish this, Epay allows carriers to select from a list of pre-approved payment terms, offered by shippers, on each invoice. These grids allow carriers to select payment terms that meet their cash flow needs and they require shippers to meet the terms of the discount before an invoice is paid.

### Payment Terms

For many years, the only payment option a carrier was offered was standard terms, in some instances with a discount for early payment (Example: 2/10 Net 30). Epay was designed to offer shippers greater flexibility in creating and offering more payment terms.

#### Selecting New Payment Terms

Epay's unique electronic invoice offers carriers multiple payment options that include discounts for faster payment. With Epay, carriers can "Select New Payment Terms" on every invoice when cash flow requirements demand faster payment.

Once payment terms are selected, the invoice displays the exact dates the payment will be processed and paid.

Pieces	Weight	Proof of Delivery	Equipment	Miles	Rate/Mile
10	45000	ABC Supply	VAN	1500	\$0.00

  

Payment Terms		Process Date - Payment Date	
30 days - 1.25 %	<input type="button" value="Update Payment Terms"/>	Mar, 08 2004 --- Mar, 09 2004	
1 days - 4.75 %			
5 days - 4.25 %			
10 days - 3.75 %			
15 days - 3.00 %			
20 days - 2.00 %			
25 days - 1.50 %			
30 days - 1.25 %			
35 days - 0.75 %			
40 days - 0.50 %			
45 days - 0.00 %			

  

Commodity	Rate
FAK	\$1,475.00
Discount (1.25 %)	- \$18.44
<b>Amount Due</b>	<b>\$1,456.56</b>

Our unique payment grids allow shippers to offer multiple and faster payment terms to carriers, in exchange for discounts. These grids can include a number of payment options, limited only by the number of days in a payment period. Epay also allows shippers to create multiple grids, assignable to different carriers or a group of carriers. To protect carriers, the system requires all shippers to offer standard, non-discounted terms. Our experience shows that the more options a carrier is given, the more likely they will be to select an early payment date in exchange for discounts.

Figure 1

Sample Payment Terms Grid	
Days to Pay	Carrier Discounts
1	4.75%
5	4.25%
10	3.75%
15	3.00%
20	2.00%
25	1.50%
30	1.25%
35	0.75%
40	0.50%
45	0.00%

Assumptions: Average 23 Day pay at 2.18%. Opportunity or actual cost of funds at the annual rate of 4.75%.

The unique design of the payment grids allows shippers to pre-determine the discounts required to release funds at early intervals. By offering carriers alternative payment dates, in exchange for discounts, shippers will reduce their direct shipping costs and increase their bottom lines.

Epay Manager makes these grids even more attractive, with our automated payment scheduler. Once invoices are approved, the scheduler processes payments through the ACH Network on the date and at the terms specified on the invoice.

**Significant Savings and Results**

General Electric conducted an internal study to examine their current, paper based, accounts payable processing system and estimated the expected savings from converting to an electronic payment system. The study revealed that their current system caused the company to lose 77% of the trade discounts offered to them. As a result of this study, General Electric spent several years developing and implementing an electronic invoice presentment and payment system that is now operational and saving the company in excess of \$2 billion annually.

This example indicates that a shipper can expect significant savings, by converting from a paper-based payment processing system to an electronic invoice presentment and payment system. In fact, based on our experience, we can predict that a shipper, using the Epay Manager interface, offering carriers an expanded payment term schedule (See Figure 1), with an average payment to the carrier of \$1,000, can expect to save \$100,000 annually, for every 100 transactions they process on a weekly basis.

**Estimated Savings Using Epay Manager**

The savings shown in the chart below (See Figure 2) represent the annual savings a company can expect using Epay Manager. The graph compares the number of weekly transactions to the expected annual savings. These results are achieved by reducing processing costs by 50 to 75% and reducing direct transportation costs, through discounts, by an average of 2.18%. These results will vary by member.

Figure 2

