Epay Manager v3.0
Powered by Level One Technologies

Electronic Invoicing & Payment in the Transportation Industry

In this issue we'll describe the products of several vendors that offer electronic payment solutions. As you evaluate the options you will quickly discover that not all are transportation specific, but every option has the ability to be customized to meet your company's objectives.

One of the first electronic payment systems introduced to the transportation industry was PowerTrack (www.powertrack-global.com), a development of U.S. Bank. A key attribute of this system is its functionality that extends beyond payment. In addition to settlements, the software can be used to tender loads to carriers and provide rating, tracking and reporting capabilities to its customers. Although its original design was to serve the transportation industry, the system has been expanded, to serve a much broader range of industries. Because of its affiliation with U.S. Bank, the system provides payment to carriers within 48 hours of delivery. In exchange for its services, PowerTrack charges a fee to its customers, but also collects a fee from the carrier. These fees are typically 1 to 2 percent of the invoice, either charged to the customer and/or deducted from the carrier's settlement. Although many carriers find the early settlement feature to be attractive, others object to the mandatory discount provisions required to receive settlement. For these carriers, the discount is seen as an unplanned cost. PowerTrack is an excellent choice for companies seeking an enterprise level software solution. It's a proven system that reduces the time and cost of processing a large number of transactions and invoices and it offers its customers the convenience of aggregate monthly settlements.

Xign (www.xign.com) is a highly regarded electronic payment platform that has been licensed by other software vendors, including Ariba and JD Edwards. The system allows vendors to receive and process purchase orders online. Once a purchase order has been fulfilled, it is instantly converted to an invoice and paid through a variety of payment systems, including Mastercard and the ACH network. Although this system is not transportation specific, transportation companies can use this system by substituting a rate agreement for a purchase order. Generally speaking, Xign is a high end system that markets to companies with a minimum of 80,000 invoices per year. Its annual license fee is based on size and system design. Faster

payment options are available with the system, thru partnerships with MasterCard and JP Morgan, who earn fees by paying vendors directly.

Epay Manager (www.epaymanager.com) is a web-based payables system designed specifically for the transportation industry. Epay integrates with third party management software to create a self-invoicing solution. Once a shipment is delivered, data is exported to Epay where an electronic invoice is created and emailed to the carrier. The invoice matches the transaction data in the 3PL's management software. From this invoice, the carrier can electronically submit proof of delivery documents, select optional payment terms, request changes and submit the invoice online for payment. The 3PL benefits by receiving an audit proof invoice with delivery documents attached. Payment occurs via the ACH network, using existing bank accounts for each member. Following settlement, payment information is exported to the 3PL's accounting software to close out the transaction. The process eliminates 6-10 days of mail time and up to 75% of the work it normally takes to process an invoice. Epay's unique discount module allows 3PL's to reduce the direct cost paid to carriers by 1 to 2%. The system is designed for third parties of all sizes and can be integrated, without cost, with most TMS packages. Epay charges a $3.00 transaction fee to cover the cost and use of the system.

Other electronic solutions include hosted applications such as iPayables (www.ipayables.com), Fidesic (www.fidesic.com) and Invoice Harbor (www.harborpayments.com). iPayables and Invoice Harbor focus on large businesses and offer custom solutions, based on workflow rules. Fidesic focuses on mid-sized businesses that want flexibility to either pay electronically or by paper check. All three systems are transaction fee based, however licenses and additional costs are possible with each system, depending on the specific solution. Although, none of these systems are transportation-centric, each can be customized to fit the user's business rules.

Finally, a growing number of TMS packages are including options for self-invoicing. Although many of these options are

not complete solutions, they do allow the user to shorten the payment cycle and reduce paper. One of the main limitations of these systems is their inability to collect and pay ancillary charges. As a result, many 3PLs make secondary payments to carriers to resolve unknown ancillary charges. Another limiting factor is their inability to collect delivery documents electronically, requiring carriers to mail these documents separately. Finally, some of these systems allow their users to transfer data to their bank for electronic settlement; others eliminate the invoice, but not the check.

As you can see, there are a growing number of electronic payment options for 3PLs to choose from. Although, the vast majority of 3PLs do not question the need to change, many are uncertain as to how or when to make the change. In some instances, they will find solutions that offer the greatest reduction in the time and cost of processing an invoice. In other instances, they will be led by their desire to attract and retain carriers with direct deposit to gain a competitive edge in the marketplace. In any event, when its time to make a decision, it will be important for management to look more closely at each vendor to evaluate which product best suits your company.

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