TRADESHIFT®

Accounts Payable Automation for Transportation and Logistics

Transportation and logistics keeps the world of commerce spinning. Without it, trade as we know it wouldn't be possible. At the core of a transportation and logistics firm lies the influx and output of cash, often through the form of invoices. That isn't news, as most finance teams are painfully aware of the volume of invoices they're processing. But what you might not be aware of, is how efficient your invoice processing could be with the paradigm shift to a digital-first mindset. Enter: digital transformation.

Digital transformation to upend the status quo

Just because waiting 45-90 days to pay suppliers is standard operating procedure for most businesses, doesn't mean it has to be. When we look at previous iterations of software innovation for managing payments for transportation and logistics, we see a common thread: a slightly newer interface slapped onto archaic software that remains built on processes that don't align to your business, nor your suppliers.

The promise of digital transformation might seem great, but impractical. After all, you've been hearing about the future of supply chain technology since supply chain technology came into existence. You've already got some technology in place that might be working well enough - albeit, suboptimally. With time always being a precious asset, where does digital transformation fit?

In this report you'll get to the bottom of the top challenges finance teams in transportation and logistics are facing, and how the digital-first approach can work to solve them. For inspiration, you'll see how best-in-class organizations in your industry have also made strides in building digital automation into their supply chain payments.

The problem:
Suppliers who resist e-invoicing

Supplier onboarding is a pain point for most e-invoicing initiatives. Why? Is it because suppliers are so set in their way of conducting business that engaging them in a new process is seemingly impossible? That's unlikely. More likely, most e-invoicing solutions don't cater to the suppliers at all. Having an e-invoicing solution that senselessly charges suppliers with no added value for them is counterintuitive. Your suppliers should enjoy doing business with you, not dread the hidden cost of getting paid on time. After all, your suppliers are the lifeblood of your company and critical to innovation.

The solution:
## Provide value for your suppliers

One way you can provide value for your suppliers is by giving them access to an e-invoicing solution they'll love. What if when a supplier onboarded to a solution to invoice you, that same action gave them access to a whole network of buyers? Imagine the benefit for the supplier.

With a business' success hinged on the speed of turnaround of materials, no business wants to spend time learning a new user interface for a software. Giving them one solution to reach a myriad of other buyers makes onboarding an incentive rather than a barrier for the seller you're

working with. A solution that provides instant value for your suppliers is one that is easy to use and modern.

For suppliers, another huge concern is getting paid faster. This is especially important for smaller suppliers, as their access to working capital can be limited. A digital first approach that integrates seamlessly to your accounting system will give you the keys to lowering days payable outstanding, and will make your suppliers love doing business with you. Not to mention, you might save some money along the way, thanks to dynamic discounting: a win-win for you and your supplier. With dynamic discounting you get a better deal, and they get paid immediately.

Supplier adoption that is 5x faster the industry average
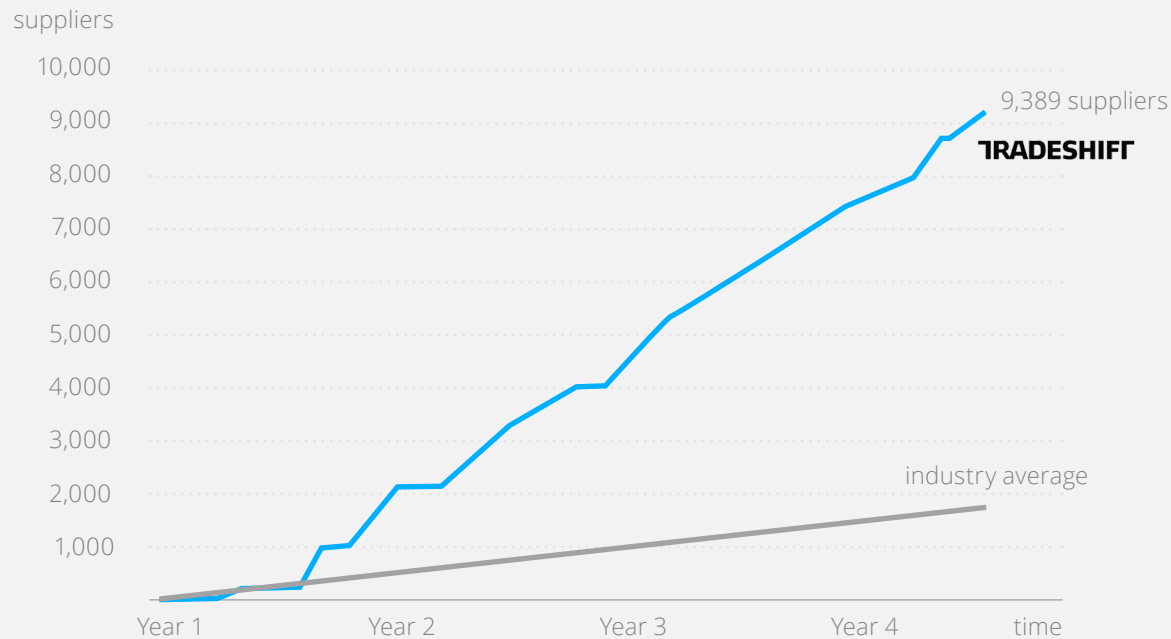
One transportation and logistics leader estimated that they processed eight million paper, fax, and PDF invoices from over 160,000 suppliers across 900 offices worldwide every year. In the US alone, 80 branches receive invoices through every possible way, including email, fax, EDI, and even hand-delivery.[1] This was, of course, before going digital.

[1] Source: Global transportation and logistics leader on path to 100% automatic invoice processing - Tradeshift

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The problem: Maintaining global compliance is a challenge

Just by the sheer nature of the industry, transportation and logistics interact on a global scale with suppliers. Having global coverage for e-invoicing is necessary for maintaining compliance. Every country, region, and business has different invoicing protocols (and many of those protocols are regularly changing) - there's a lot to keep track of - and one slip up could cause a costly mistake, or worse, a legal problem.

When you're processing 100% of your invoices manually, compliance becomes a nasty challenge. The lack of visibility into these documents and processes causes constant headaches for finance teams. And it's more common than you'd think.

Digitizing to achieve global compliance looks daunting, but when it comes to mitigating risk, this is the simplest option.

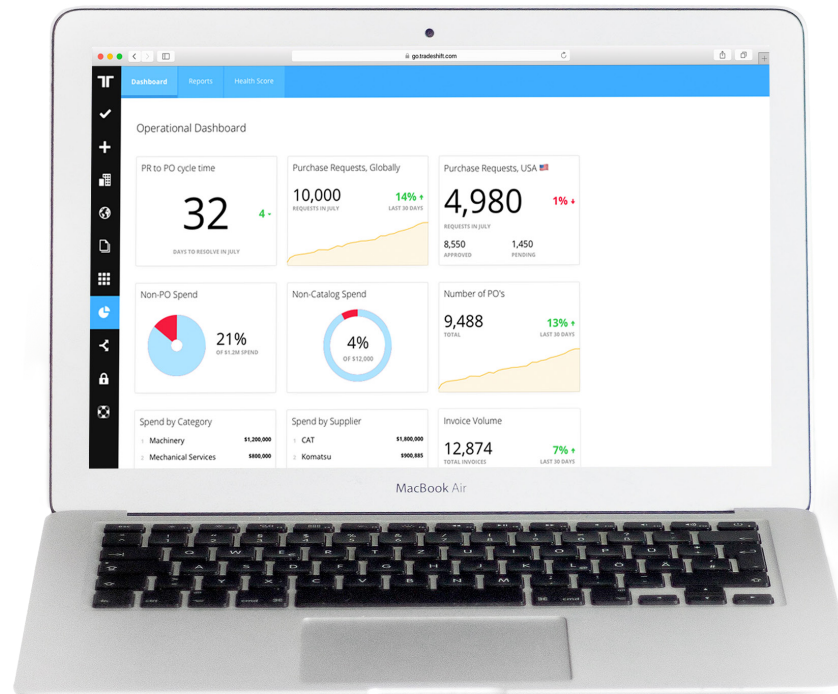## The solution: Digital visibility into global compliance

Most enterprises now recognize that digitally native processes make most tasks more efficient and cost-effective. Your supply chain is no different. Global compliance becomes exponentially more manageable when all invoices are connected on the same platform: even if this means converting paper invoices to digital documents. These steps allow documents to become accessible from any device, anywhere in the world.

Another added benefit to digitization for transportation and logistics is that by consolidating to one digital channel and centralizing all of the documents, the cost to retrieve and process these documents decreases.

Lastly, digitization also allows you to set custom rules for certain scenarios. This becomes especially helpful when doing business multinationally. You can use digitization and custom rules to automate the formerly manual process of ensuring that documents are compliant.

The problem: How do I make data-driven decisions?

If you're stuck manually processing paper, (and as it is with most transportation and logistics companies, its a lot of paper) you're left with very little time to collect and understand valuable payment data. This data can make or break your success as a company. As agility becomes increasingly important – and it's already a main objective for many top businesses – knowing your

"Our aim is to get as close to 100% electronic invoicing as possible, with minimal cost and impact to our suppliers. It was important to us that we did not force costs on our suppliers, and we are confident that they will recognize the benefits and sign up to Tradeshift."

— President, IT & Finance at Leading Transport and Logistics company

global cash position at any given moment can define your company's ability to innovate faster.

The solution:
Real-time supply chain data

Optimizing your payments is completely dependent upon having access to real-time accurate data. Even hours old payment data can be out of date, and relying on out of date data is a cash flow mistake you don't want to make.

When all of the data is accessible in the same place, real innovation can take place. This innovation comes from insights derived from machine learning. Machine learning can offer valuable insights on the best suppliers, help ensure contract compliance, and elevate accounts payable to a strategic level of business.

"Roughly 50% of the suppliers we've given Tradeshift have on-boarded within 8 months. There are hardly any questions from suppliers on how to onboard so it's a fairly simple exercise for them."

— Steven Verhasselt Program-Manager, DHL GBS Finance & HR

Change doesn't happen overnight, but disruption does. The last thing a transportation and logistics firm wants is to lose market share due to slow processes, lack of compliance, or unhappy customers. With this in mind, it's imperative to shift towards a digital first mindset. At first glance, a lot of these solutions seem out of reach or hyper idealistic, but the reality is the future is now. Already, a majority of enterprises view Accounts Payable as valuable to strategic decisions, and that's because of the value automation brings to the supply chain. As stated in the 2018 Ardent Partners State of ePayables report: "For most enterprises, the opportunity to transform and modernize the AP organization is both significant and achievable and should be undertaken sooner rather than later." A worthwhile investment now will pay dividends in the future.

ABOUT TRADESHIFT

Tradeshift drives supply chain innovation for the digitally connected economy. As the leader in supply chain payments and marketplaces, the company helps buyers and suppliers digitize all their trade transactions, collaborate on every process, and connect with any supply chain app. More than 1.5 million companies across 190 countries trust Tradeshift to process over half a trillion USD in transaction value, making it the largest global business network for buying and selling. Discover commerce for all at tradeshift.com

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