

TOP DISTRIBUTOR PROFITS FROM ENHANCED AUTOMATED BILLING



Challenge:

- Up to 10 day delay in getting invoices created and mailed
- Customers couldn't pay within terms due to delay
- Significant high DSO
- Limited flexibility in billing options

Solution:

- API's AR Bill Presentment Solution
- Online linking of invoice and bills
- Redesigned invoice with barcode and remittance stub
- Quick-turnaround print and mail capabilities
- Multiple bill presentment methods including paper, email and file transfer protocol
- Customers' portal to view linked invoices and waybills online

Results:

- Phone calls and disputes reduced by 25%
- Reduced staff time
- Reduced costs
- Over 50% of customers transitioned to electronic invoices saving paper and postage costs
- Automation allowed staff to focus on added-value work of billing analysis

Industry Leading Distributor Enhances Billing to Strengthen its Leadership Position

The Challenge

Everybody likes to get paid, but for the distributor's division it was a long and difficult process. Getting invoices out the door took between 7 and 10 days. "By the time the customer received our invoice, it was as much as 2 weeks old," states the manager. "This made it difficult for our customers to pay within our terms and resulted in significant cash flow delay."

The manager, charged with shrinking the Days Sales Outstanding knew the critical need was to transition customers away from using paper invoices to using electronic invoices. Such a shift would reduce costs and improve delivery time. That objective proved easier in concept than in reality. The first effort was to send electronic invoices on disks or magnetic tapes to the distributor's 20 largest customers but this approach struggled because these customers required invoices in 6 different formats.

The distributor then approached a leading bank about its electronic clearing house but the bank offered only electronic billing.

The company appreciated that some cargo customers would embrace electronic billing – but many others would still require paper billing. Billing flexibility was vitally important since cargo customers required their invoices in various formats:

- Paper, for customers with traditional accounting practices
- E-mail, for smaller customers with online capabilities
- File Transfer Protocol (FTP), for larger customers using Internet access.

The Solution

The company selected the services of API Outsourcing, Inc., a leading billing and accounts payable automation solutions provider to the transportation and distribution industry. "API's Billing solution supported both paper and electronic billing," related the manager. "This leading-edge solution was designed to be flexible yet sophisticated, and cost-effectively address our business needs."

"It was absolutely vital that the solution allow our company to shorten the time required to get invoices out," declared the manager. "API redesigned our invoice, added a barcode and a remittance stub. These steps make invoices easier for customers to understand and result in fewer disputes."

"API's commitment is to print and mail paper invoices within 48 hours," the manager beams, "but it usually happens overnight. Additionally, electronic invoices are distributed by e-mail and FTP."

Case Study - (cont'd)

These invoices include direct Web links to the bills allowing customers to readily and independently verify their charges through comprehensive access to all back-up supporting "Several major customers were shown the capability," the manager states, "and they raved about it! They said this makes our company the preferred carrier since no other company has this capability."

Benefits

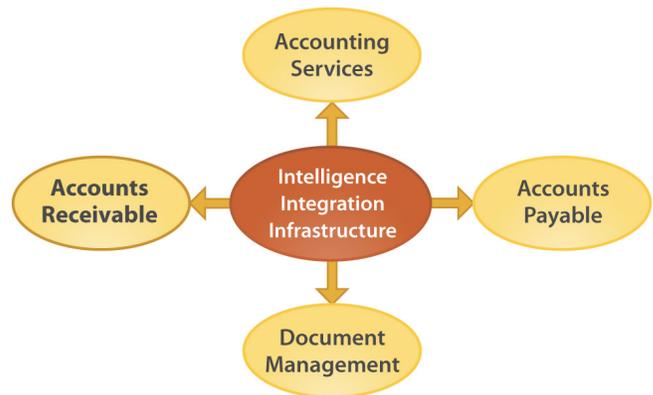
There are fewer customer service calls now because customers have access to supporting documentation, and when calls do come in, the staff resolves them quickly online. The companies' agents can see in real-time the online electronic invoice and back-up documentation that the customer is currently viewing.

"The pressure of getting invoices out quickly and accurately is gone," adds the manager. "Now staff can focus on the value-added work of billing analysis to ensure the timely receipt of money." Working with API, our company has plans for valuable future functionality. One such feature is for the distributor to permit customers to dispute billing charges online and resolve them effectively. An online flag to the company agents would alert them to review the charge and respond to the customer online. Another enhancement offers an online payment capability. Customers would easily authorize the company to debit their accounts for exact dollar amounts on specific dates. "Many customers are not comfortable with authorizing blanket automatic payments due to the lack of control. With this enhancement, customers could authorize specific electronic payments by amount and with total audit control," notes the manager. The distributor is also evaluating the expansion of API's services to cargo shipments with international origins.

About API Outsourcing

API Outsourcing, Inc. is a leading onshore Finance and Accounting Outsourcing (FAO) provider of innovative state-of-the-art document management, accounts payable, accounts receivable and accounting services headquartered in St. Paul, MN. By transforming manual paper-dependent payables and billing processes through our imaging, bill delivery and workflow systems, customers minimize the labor intensive work associated with back-office processing and can focus on their core business. Outsourcing benefits include improved cash flow through improved DSO and controlled DPO. This combined with reduced processing costs, increased business intelligence and improved customer/vendor relationships provides the ultimate value proposition. API currently processes over one hundred million transactions annually, delivers world-class quality, provides exceptional customer satisfaction, utilizes Six Sigma practices and performs a SAS 70 Type II Audit annually.

API Solution Framework



Net Results

High satisfaction with API's services begins with the customers and extends to the executives. "We started slow, but now are going faster because we are more confident. We aggressively want the competitive advantage from transforming this process," declares the Director of Accounting.

"We are the only carrier offering electronic invoicing with the linking of waybills. API services helped reduce our Days Sales Outstanding, staff time, and overall cost associated with invoicing. The use of electronic invoices over paper has doubled over the last year. Through these services, our company is able to strengthen its relationship with cargo customers and ensure we remain the leader in a highly competitive market."