Transportation Supply Chain Finance

Customer Acquisition Conversation

Why Change

talk track

Brokers like you always focus on scale because your core business is securing freight from shippers and booking carriers on the loads. Your revenue comes from preload work: booking loads and finding capacity while protecting your spread. But you're facing some strong headwinds right now.

- The freight market has softened, squeezed by rising interest rates and inflation, which impacts your revenues and margins. It's forced some of your shippers to extend their payment terms, further squeezing your cash flow.
- There are also macro trends making it difficult to secure capacity. High fuel costs and rising prices for trucks and insurance have caused a "carrier cash flow crisis." Carriers care most about how and when they get paid, and those who can't keep up ultimately leave the business, with fewer entrants replacing them.
- And the transportation payments industry is still rife with blind spots between each stakeholder, which provide enticing targets for fraudsters.

In your typical post-load workflow, you balance requirements from thousands of shippers, and the needs and expectations of hundreds of factors, to pay tens of thousands of carriers. With each new player in the flow, you add several more touchpoints.

- Shippers demand more documentation to pay invoices while extending their terms, so your staff spends time keeping track of requirements and communicating with carriers—performing many mundane, manual, and time-consuming invoice auditing activities.
- Carriers keep asking when they'll be paid, so you either pull from your credit to pay them directly, or slow pay them and hope they'll be content.
- And factors, who still get 60 percent of freight payments, keep calling and emailing to submit NOAs, verify loads, and settle their own accounts. You may also need to slow pay them if you're stuck in a cash flow crunch.

All of these together create a human-intensive back office team that ultimately erodes margin on your hard-won freight.

It’s common for brokers like you to hire additional staff or divert development resources away from revenue-generating solutions to manage this chaos. But throwing people and technology at the problem erodes your long-term economics.

- You’ll still be managing thousands of touchpoints each week. Your team will still field incomplete emailed PDFs, reams of digitized structured and unstructured data, and constant phone calls and emails from carriers and factors.
- And diverting your investments to post-load payment management means taking them away from preload revenue-generating work, putting further strain on your cash flow and working capital.
- All the while, you’ll still have blind spots between each group, leaving yourself open to fraudulent activity and reputational risk.

To differentiate from your competitors, you’ve been viewing **payments as part of the load experience,** and deploying your resources to cover every part from booking to settlement.

And while it’s important to keep stakeholders happy and loyal for further capacity, you need to do that by **focusing on what you do best**.

What if you could keep your focus on securing freight and booking loads?

When you **off-load your post-load payment experience**, you dramatically reduce the time and resources needed to manage payment to factors and carriers. Specifically, you’ll be able to:

- Facilitate the auditing and payment of invoices from a single integration point, rather than from thousands of different touchpoints.
- Expose early indicators of fraudulent activity.
- Shore up your working capital by diverting post-load resources to pre-load booking activity.

And when you do this, you’ll eliminate chaotic communications with each of your constituents.

- You’ll never have to take a call or email from a network factor—ever again.
- You’ll lower your fraud risk, reduce double-brokering, and avoid double-paying invoices.
- And you’ll improve your cash flow by growing QuickPay and deploying supply chain financing opportunities.

In the end, you'll keep your operation focused on booking loads and finding capacity to drive revenue—which is why you're in this business. Let's talk about how CLIENT can help you do just that.

Why You

challenge 1

talk track

Disconnected information from different stakeholders

Tell me if this scenario sounds familiar.

You see an invoice come in from a factor, seeking payment for several truckloads of TVs delivered ahead of the Black Friday rush for one of your key Shipper accounts. The document arrives in your team's shared inbox with various other documents attached to a stamped invoice.

Meanwhile, your TMS shows an entirely different rate than the carrier accepted when booking the load. Now you have to communicate the discrepancy to the carrier and factor. The factor either writes off the additional funds they paid, or exercises recourse from the carrier. The carrier then calls you to figure out the issue, forcing your staff to dig for the right information.

This is just one example of disconnected information between you, the carrier, and the factor. Now imagine that multiplied by hundreds, spread out over thousands of carriers and hundreds of factors. Lack of communication between these groups creates a poor carrier experience, and that's the last thing you want as a trusted broker partner.

Your team spends hours combing through load information, invoice statuses, and payment statuses to ensure everyone gets paid. But the data rarely line up on each part, so you need to parse through and make it all align. And you often need to hire more people to do this manual work, pulling time and money away from your load-booking teams.

Unfortunately, all this manual work creates room for error. Despite your best efforts, payments get misdirected, carriers get left out to dry with long payment terms, and you and the factor write off lost revenue.

With CLIENT, you can accurately **expedite billing and automate freight payments.**

Field compliant invoices from factors: When figures aren't adding up in invoice processing, it results in delayed (or denied) payment. With the CLIENT payments network, you can field first-time compliance on all submitted invoices received from factors.

By adding a digital connection between broker, factor, shipper, and carrier in the post-load payment process, you can track assignment and remittance data as it travels between each party, allowing factor pre-verification of invoices without them needing to call or email you. For factored carriers, you can cross-map new loads through CLIENT for both carrier and factor records, and standardize invoicing from factors once loads are delivered.

This all means that you're not spending time calling or emailing factors to validate missing or inaccurate payment information, and your team spends more time focusing on what they do best—booking loads.

Pay the right party 100 percent of the time: Without consistent, accurate payment information shared at each step, you could end up paying the wrong recipient to the wrong bank accounts—which sends the wrong message to any carrier looking for a brokering partner.

With a comprehensive collection of aggregated transportation payment information available in CLIENT, you can make sure you pay the right party, to the right bank accounts, at the right time—every time. You can cross-reference carrier records, payment terms, remittance information, factor records, and load details between you and the factor. And if a factor or carrier changes the bank accounts for payments, CLIENT will validate the bank change, and you'll see those changes within CLIENT before approving payment distribution.

This all means that you spend less time mitigating misdirected payments, you speed up the payment timeline for carriers, and you reallocate resources for more revenue-generating work.

Tell carriers and factors exactly when they'll be paid: Carriers are often the ones with the shortest timeline for payment, and if they're stuck waiting for their invoices (or the factor's) to process, they could hit a cash flow crisis. With carrier portals and profile information in CLIENT, you can ease their mind by telling them exactly when they will be paid while also offering an early payment term.

The CLIENT carrier portal shows all of a carrier's invoices for over 200 brokers, giving them one place to visit. Once a payable is approved from your side, carriers and factors will immediately see that approval and payment date. You can also quickly add exceptions if documents aren't matching up, notifying both parties to correct the record.

This all means that you build a stronger carrier experience by delivering on the payment terms that they want, which then increases your chance of keeping that carrier for further capacity, while ensuring that you can timely bill your customer and improve your internal DSO.

challenge 2

talk track

Fraudsters attack payment blind spots

A new invoice comes in from a factor, seeking payment for a supposedly completed load. But something doesn't look right. The invoicing carrier doesn't match the original carrier booked or assigned to the load. Immediately you suspect double-brokering, but unfortunately, you don't have much more information to go on. Your view of the transaction is just one of many, and it's possible there was an honest error that needs further research to determine.

You might not have any comparison data or touchpoints to verify, so to try and fill the gaps, you look at any public information about the carrier. Where are they located? How do they structure their invoices? Everything seems legit in the search, so you process the payment.

Except it wasn't legit. Fraudulent actors were also scouring those public feeds, gathering information to mimic the real carrier. They submitted a faulty invoice, and now you're liable for significant lost payments—not to mention angry carrier customers awaiting their funds. That might cause heartburn for large brokers, but it could be fatal for companies with little cash flow to cover any remediation.

You're left wondering how that bad actor was able to impersonate your carrier—and whether you could have done anything differently to stop it.

With CLIENT, you can **know exactly who you're paying**.

Verify payment recipients before disbursement: When you are relying on hunches or limited information to pay carriers or factors, you open yourself to misdirecting funds toward bad actors. When you partner with CLIENT, you can quickly verify each payment recipient before approving any fund disbursements.

With an aggregated database of accurate carrier remittance and factor assignment information, you can cross-check incoming invoice data and ensure that your recipients are legitimate. CLIENT maintains a live, consistently updated record of carrier and factor payment information, so you won't need to update records on your end if they change accounts or payment addresses.

This all means that you reduce payments to unauthorized parties, and you reduce cost and revenue losses from double payments.

Expose emerging fraud indicators: Bad actors constantly switch accounts and carriers to try and keep you guessing. If you don't know how to spot common fraud signs, you might send money to the wrong people.

With help from CLIENT and the CLIENT-supported fraud detection team, you can spot and expose early indicators of fraudulent activity, such as account switches or a lack of a long-standing online presence. CLIENT uses bank-grade verification to assess the initial data values, routing through multiple operators to detect inconsistencies.

This means you can catch fraudulent invoices before they advance to payment, and you mitigate the need to route potentially millions of dollars from revenue-generating work to pay for the costs associated with correcting these mistakes.

Refresh stale assignment and remittance data: NOA and LOR documents offer a single point of information, but when that information changes midstream, it's tough to go back and fix any inconsistencies. With NOA/LOR processing in CLIENT, you can instantly refresh old assignment and remittance data when carriers or factors update their records.

NOA/LORs are processed through a double processing queue in CLIENT, with each process completed by a different representative. If the team spots any inconsistencies in double processing, they research and communicate with the appropriate parties before making the final call and submitting payment.

This means that you always operate from the most recent set of factor assignments and bank account data, reducing the chance of issuing misdirected payments or falling victim to fraudulent actors.

challenge 3

talk track

Extended payment terms cut into cash flow

It's an unfortunate fact that you're likely getting paid much slower today than even a few years ago. At the same time, carriers are needing to be paid faster. Shippers are extending their payment terms to net 60 or 90, even 120+ days to manage their cash flow issues[1], while carriers are seeking shorter (or faster) terms to help pay their own expenses to operate. It creates a double-sided cash crunch for you, and that's not even including factors—which account for 60 percent of most freight payments.

[1] *3M suppliers told they will have to wait longer for payment*, Star Tribune, May 2020.

You’re feeling the heat from both sides, so you try to pacify all parties. While this is part of the service you provide, it is becoming increasingly more difficult to meet both your internal cash flow objectives while still servicing your carriers. You might draw on a revolver or other instrument based on a rising interest rate. You might decide to redirect your cash funds and take a (hopefully) temporary hit until the shipper pays you back. Or, if no other options exist, you might need to slow pay the carriers and factors until your own cash reserves are replenished.

The problem is that you’re constantly risking your reputation in the hope that funds will be available when you need them. Tapping into your credit too much could mean you have less available to seek further capacity. Drawing from your cash reserves means that you’re reducing available capital for revenue generation. And slow-paying carriers and factors risk damaging your standing with them—and dealing with countless phone calls from angry customers wondering why they haven’t been paid yet.

In the end, you’re wondering if there are better ways to optimize your working capital while still keeping all parties satisfied.

With CLIENT, you can **capitalize on your working capital.**

Balance AR and AP terms: If you’re struggling to pay carriers and factors because of delayed shipper terms, you’ll either be forced to decline great freight, with strong customers, due to their payment terms or tap into your credit reserves. With working capital resources from CLIENT, you can balance your accounts receivable and accounts payable terms to keep all parties satisfied.

For carriers, QuickPay and the Select Carrier program allow you to create a revenue stream. For shippers, you can offer extended DPO options through CLIENT liquidity programs, while still allowing carriers to get paid upon invoice approval, or within your standard terms. And for factors, you can pay them at term to remain in good standing and improve your credit.

All this means that you better protect your money center credit lines while building preferred carrier tiers and solidifying carrier relationships for future capacity.