

WHEN COMPANIES CONSIDER outsourcing freight payment services, they should have a thorough understanding of their own requirements and the vendor's capabilities. In addition, at a minimum, they should perform standard due diligence.

Harold Friedman, senior vice president of global corporate development at Fort Myers, Fla.-based Data2Logistics, recommends shippers evaluate the following 10 points before hiring a provider.

- **Financial Security:** Does the vendor have audited financial statements, an annual SAS 70 Type II review and at least a \$50 million Employee Dishonesty Bond?
- **Customer Service:** Does the provider take a proactive approach to customer service? Does it bring matters to your attention or simply react to issues raised by the shipper? Does it maintain key performance indicators?
- **Carrier Relations Management:** Is the vendor committed to maintaining

TEN STEPS TO PAYMENT



outstanding carrier relations? Does it visit with carriers to communicate, resolve issues and create efficiencies that benefit all parties? Do your carriers recommend the company?

- **Proactive Work:** Does the provider work directly with your carriers to proactively reduce billing errors, or does it simply tout saving without working to identify root causes of errors?
- **Web-Based Data Access:** Does the provider offer a reporting tool that provides actionable information with alerts, standard and ad hoc reports, drill-downs, graphics, and mathematical calculations that result

in new fields, client-driven report scheduling and on-screen and e-mail report delivery.

- **Global Capability:** Can the provider process bills for all modes of transportation on a global basis, a necessity for shippers seeking to better control and manage their transportation spend? Multilingual capabilities, familiarity with local customs, tax reporting and local currency conversion are also essential.

- **Freight Liability:** How does the vendor determine if the bill should be paid? Does it attach supporting documentation? Can

it perform electronic validations to your bill of lading or purchase order file? Are accruals reported accurately?

- **Web-Based Bill Repair:** Can freight bills that need customer approval be repaired from the vendor's Web site? Are all issues with an exception bill reported at once? Can you easily view images of the freight bill and supporting documentation to resolve bills that are being questioned?
- **Parcel Capabilities:** Can the vendor meet integrated carriers' requirements to obtain refunds for late delivery shipments that are manifested but not shipped? Does it provide the correct address when carriers charge for address corrections, and break down all miscellaneous charges? Is its process readily accepted by parcel carriers?
- **Ethics:** Does the vendor have a code of ethics? Does it tell you what's good about its service rather than demeaning a competitor? **joc**