



LOGISTICS COMPANY INCREASES STAFF PRODUCTIVITY 70% WITH DELUXE'S INTEGRATED RECEIVABLES SOLUTION



Goal

The freight transportation and logistics company wanted to eliminate delays in payments processing, reduce banking costs related to receivables, and increase labor efficiency.

Challenge

Less-than-truckload (LTL) transportation is a complex industry with unique remittance requirements, including dozens of invoicing formats. The company's existing set-up prevented same-day payment clearing and did not support the application of deductions or credits.

Solution

The company partnered with Deluxe to become the first LTL carrier to deploy an integrated receivables solution.

Impact

- Saves more than \$500,000 in annual banking fees
- Increased staff productivity by 70%
- Increased daily funds availability



THE SITUATION

The freight transportation and logistics company is a \$5+ billion organization headquartered in the Midwest. The organization is an industry leader and delivers superior services through its primary operating companies. These operating units provide high-performance, day-definite less-than-truckload (LTL), full truckload and intermodal freight transportation; logistics, warehousing and supply chain management services; and trailer manufacturing. The freight company and its subsidiaries operate in North America and in 20 countries that span five continents.

Each month, the freight company processes approximately 1.1 million invoices. One element of the freight company's exceptional service is allowing customers to submit remittances in any format. Sixty percent of the freight company's receivables are paper-based and the remainder is electronic. While this approach eliminates a potential inconvenience to customers, it complicates remittance processing and accounts receivables posting. Compounding this challenge is the fact that LTL transportation is a specialized industry with a variety of customers and unique invoicing needs. Meeting all of these needs creates extra work in remittance processing.

Like many organizations, the freight company used a combination of bank lockbox providers and in-house staff to process its receivables. The freight company's payments were processed by three bank lockbox providers in the U.S. and one in Canada. The lockbox providers deposited the freight company's payments and then sent the remittance documents via overnight delivery for posting, which meant that customer accounts couldn't be "cleared" any earlier than one day after the funds were deposited.

There were also "countless" days that the freight company's lockbox providers would miss the cutoff for next-day delivery, extending the delay in posting by yet another day and leaving their accounts receivables department with less work. Even worse, since the freight company's system for applying funds did not support deductions or credits, the posting delay could be as long as three days from the time a check was received. "Our customers were always at least a day behind, which doesn't allow for good customer service," said the freight company's Supervisor, Cash Application, Lockbox.



THE SOLUTION

After an extensive search, the freight company selected Deluxe's Integrated Receivables solution based on its product superiority, optimal workflow, high accuracy rates and market leadership. Deluxe Integrated Receivables solution automates, aggregates and accelerates nearly the entire receivables lifecycle by seamlessly processing multiple payment types from multiple channels. Consolidating paper-based and electronic receivables onto a single platform eliminates redundant systems, reduces capture time, improves the handling of exception items, and enables real-time workflow monitoring. The solution's platform includes capabilities for full imaging of any document type, data capture and online long-term archive.

Today, couriers transport the freight company's remittances directly from the U.S. Postal Service. The remittances are processed on two Opex integrated mail opener/scanners, which combine mail extraction with image capture. In just one step, Opex operators can open, extract, identify, capture, orient, sort and output mail contents, including envelopes, checks, stubs, invoices and full page lists of payment detail. Any transactions requiring additional processing are directed to an appropriate work queue. Throughout the day, payments are electronically deposited via Check 21.

"We wanted to avoid future increases in bank lockbox fees, while achieving greater freedom in choosing our banking partners," said the freight company's accounts receivables manager. "We also wanted to leverage additional functionality and improve productivity in remittance processing."

THE BENEFITS

With Deluxe's Integrated Receivables solution, customer records are updated faster and more accurately, resulting in an increase in funds availability. **The solution has also provided the freight company with additional measurable results, including:**

- \$500,00 savings in annual banking fees – Deluxe's Integrated Receivables solution saves the freight company nearly half a million dollars every year, which can now be invested back into the business.
- Seventy percent increase in staff productivity – The freight company's manual processes were not only time consuming and prone to errors, but also required a team of more than a dozen, plus overtime, to manage the work. In cases where a single check was accompanied by hundreds of invoices, an employee could spend an entire day manually keying in that one transaction. Deluxe's solution reduced time to process



RECEIVABLES MANAGEMENT

Work that used to take several employees an entire day to process now can be completed by one employee in less than four hours.

those types of transactions to just five minutes and eliminated the need for overtime. Additionally, the freight company integrated a remittance coupon with an optical character recognition (OCR) scanline into its invoices as part of the solution deployment. As a result, the freight company automatically balances and posts about 20% of its remittances without operator intervention.

Overall, work that used to take several employees an entire day to process now can be completed by one employee in less than four hours. This improvement has enabled the freight company to cross-train its accounts receivable staff to assist other departments when needed.

- No physical document storage - In the organization's previous paper based environment, document storage consumed an entire basement floor in one of its buildings. Now, the freight company can archive remittance details for up to seven years with digital storage, eliminating the physical space and associated overhead costs as well as the potential for misfiled documents. This digital documentation has also benefited employees located in other states, as they no longer have to rely on staff to physically retrieve, fax or scan documents to them.
- Improved disaster recovery - As part of its deployment of Deluxe's Integrated Receivables solution, the freight company set up a mirrored site that could be up and running quickly in the event of a disaster.
- Greater cash flow visibility - The solution provides the freight company with a range of receivables reports to help its senior executives manage working capital.

THE BOTTOM LINE

As the first LTL carrier to deploy an integrated receivables solution, the freight company is now able to offer exceptional customer service at every level, supported by Deluxe's industry professionals and state-of-the-art processes and technology.

Moving forward, the freight company is investigating more ways to leverage its Integrated Receivables solution throughout the organization. "Deluxe's Integrated Receivables solution keeps us ahead of the competition," said the company's accounts receivables manager. "It is faster, more accurate, more reliable and more affordable than bank lockbox services while still offering us the flexibility to address all of our remittance processing needs. This solution is ideal for organizations that want to transform their remittance and receivables processes to stay at the top of their game."



RECEIVABLES MANAGEMENT



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Industry-leading companies rely on Deluxe Treasury Management Solutions to accelerate working capital, improve straight through processing, better serve their customers, control costs and drive profitable growth with in-house or outsourced offerings for receivables management, remote capture, treasury management onboarding and payment processing services.