

Emerging Stronger: How Freight Audit Automation Can Help your Business Improve During Volatile Times

FreightTech
Transportation & Logistics



Metafora





THE MARKET & THE OPPORTUNITIES

If your third-party logistics (3PL) business is like most, you grew revenues and profits over the course of 2020 and 2021. Demand for capacity was high and the market was completely in your favor. Now, as the market slows, analysts are debating whether this is a temporary lull or if a freight recession is on its way.

Inflation is escalating, spot rates are on the decline, fuel prices are soaring, and capacity is loosening. During times like these, it's important to be continuously assessing your business and what you need to do to stay competitive.

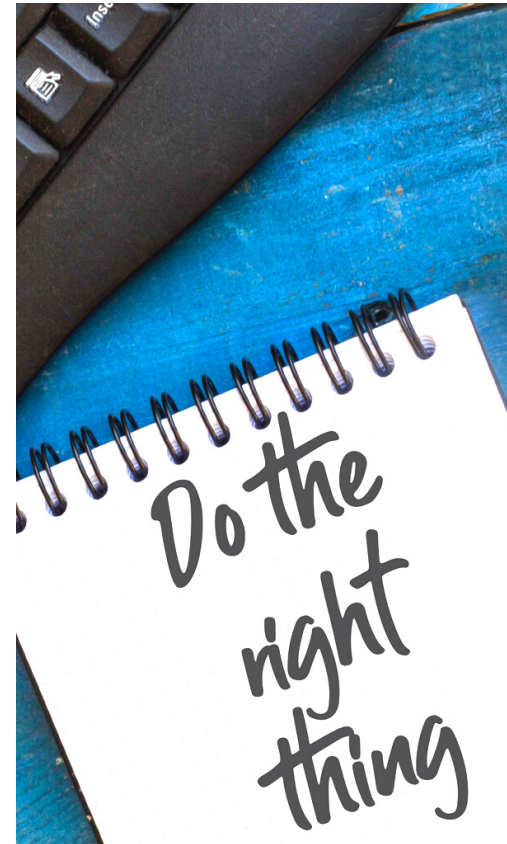
When freight markets are volatile, there are several things 3PL businesses can do to minimize impact and emerge stronger. One critical way 3PLs can do this is to renew your commitment to your go-to-market strategy with your shippers and your transportation partners. Which, quite frankly, you should be doing on a regular and intentional basis no matter what is happening with rates and the market. Businesses that quickly adapt to softening markets and optimize their business emerge even stronger as markets recover.

Metafora's POV

At Metafora, our mantra for this is: Do the right thing, no matter the market. What does that mean? Be a continuously improving business. Treat your employees well. Build meaningful relationships with your customers. Treat your carriers as customers. Implement an intentional tech strategy. Find areas of opportunity to automate.

As part of our recently announced partnership with Navix, we want to take this opportunity to zoom in on a particular area of automation that we see as uniquely lucrative to focus on during a potential market downturn. This area is your payment audit cycle.

Your invoice audit and payment cycle has ties to your larger business goals in many ways. It impacts your customer satisfaction rates, your team's workload, your cost to serve, and, of course, your bottom line.





AUDIT

CURRENT STATE OF THE PAYMENT AUDIT CYCLE

For most freight brokerages, there are a plethora of pain points involved in the current state of the payment audit cycle. With the influx in volume, it's hard to keep up. With the labor shortage, businesses can't hire fast enough to maintain this new increased pace. Combine that with error rates associated with incorrect invoices and improper invoice payment, slow payments, and the number of times you realize after invoices are paid that you're not meeting your profit objectives.

Simply put, the current payment and audit process presents some challenges to 3PLs looking to grow and improve their business. For example, for truckload-focused companies wanting to expand into different service types like less-than-truckload (LTL), there are unique issues that arise with new service types and it can be hard to find expertise. There are unique issues that arise from mode to mode. Furthermore, for businesses that are trying to gather data to assess, report, and improve their operations, most payment audit processes lack quality analytics and insights.

OPPORTUNITY

Can tech help? Of course! Technology is an ideal solution to automating freight audit and payment processes. However, most Transportation Management System (TMS) audit modules don't offer the breadth of features and functionality needed. A real solution would need to understand and cater to the granularity required to ensure a worthwhile improvement to a payment audit cycle.

SOLUTION

Navix offers a Software-as-a-Service (SaaS) platform to help 3PL businesses automate and streamline freight audit and payment processes.

“We regularly hear two major themes in our conversations with third-party logistics companies: 1) there isn't enough time to process invoices, let alone ensure they match to line-level detail, and 2) they have no idea how much margin they're losing due to incorrect billing and missed revenue opportunities because they don't have proper reporting in place. Without transparency, the problem compounds on itself since they are unable to correct errors upstream,” explains Eric Krueger, Chief Revenue Officer at Navix.



Common Painpoints

1

The challenge of hiring and retaining quality people.

2

Lack of awareness regarding lost revenue and margin opportunities

3

Few 3PLs track employee processing statistics, nor do they know how long it takes to get from quote to cash

4

Time it takes to invoice customers: order-to-cash cycle not fast enough

The first pain point is compounded by the current hiring climate and challenges in retaining good people.

“Leaders are processing invoices themselves, just to keep up with paperwork. Sales teams are pulled into performing operations functions such as requesting missing documentation from carriers and questioning discrepancies,” says Krueger.

The more you scale your business, the harder it becomes to hire people – and even harder to hire quality people – so it’s essential to have the right tools and technology in place to empower the people you do have. Legacy freight audit and payment processes are mostly manual, and therefore prone to human error. Having the right automation will increase employee productivity and overall customer satisfaction. Navix’s automation allows 3PLs to increase productivity without hiring additional staff.

The second issue facing 3PLs is their lack of awareness regarding lost revenue and margin opportunities. With barely enough time to process invoices, it’s virtually impossible to step back and analyze whether a carrier is performing to service expectations.

Every manual touch increases your cost of service. Consider the manual effort needed to address issues such as:

- missing documentation or required data
- duplicate invoices
- billing discrepancies
- incorrect freight terms
- reclassifications and unexpected charges

Reporting

Understanding performance patterns can lead to valuable insights. Navix's reporting capabilities allow the audit team to understand and rectify these patterns, leading to greater accuracy and processing speeds.

“Very few companies we speak with have any reporting in place, and if they do, it’s not timely. This lack of visibility makes it impossible to reduce costs,” states Wil Kratz, Vice President of Customer Success at Navix.

Navix ensures all data points from vendor bills are captured and correctly mapped to its database, which enables timely, accurate, and reliable reporting. Navix has the flexibility to integrate with a 3PL's existing reporting solution or provide access to its reporting engine, as well as offer both saved and ad hoc reporting generation.

Regardless of which reporting options you prefer, Navix offers performance metrics at your fingertips.



Tracking

Additionally, few 3PLs track employee processing statistics, nor do they know how long it takes to get from quote to cash.

Navix tracks these metrics for its audit team, which leads to constant process improvements and additional reductions in the cost of service. For example, if the same discrepancy is recurring, Navix can catch it, resolve it, and immediately flag the issue with no human interaction needed.

“With the market softening and capacity constraints easing, 3PLs are looking to expand their carrier options. But buyer beware,” urges Krueger. “The carrier with the cheapest rates may not be the best choice for your business.”

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FOR EXAMPLE

If a carrier is not performing to expectations, the relationship will require more time and cost to manage, which has an overall impact on your cost of service. Does the carrier have a strong track record? Does the rate quoted match the rate charged? Without the ability to analyze this data, 3PLs could unknowingly be losing revenue. Navix evaluates important historical data to assist 3PLs in making those decisions up front.

Take a variance threshold, for instance. To process invoices more quickly, most 3PLs set an acceptable variance – the amount at which it's not worth their time or effort to investigate the difference or dispute the charge. If a company uses a \$5 variance and processes 2,000 invoices a month, it could mean as much as \$120,000 in annual lost revenue.

As one 3PL leader explained to Navix:

“We thought we were doing a good job of auditing our LTL invoices, then found \$200k in payments that didn’t get billed to customers or disputed. That was on just the \$20M of invoices we audited.”

Last, but certainly not least: the faster a 3PL can invoice their customers, the better their cash flow and the healthier their business. Navix uses data-driven analytics to allow its customers to speed up their order-to-cash cycles, thereby improving cash flow.

FINAL THOUGHTS

Whether the market is up or down, you should be providing the best services possible to your customers. You want to deliver value to your customer and be rewarded for your results. It's up to you to find and address opportunities to improve your cost to serve. Your invoice payment and audit cycle is one piece of the larger puzzle, but it's critical to maintaining and improving profitability.

Implementing the right tools to automate your payment audit cycle has a ripple effect on your business. It gives much-needed time back to your operations and sales teams so they can better serve your customers. It reduces errors that cause frustration for both your customers and you. It improves customer satisfaction with its faster speed to payment. It allows you to identify instances of underperforming vendors so they can be addressed promptly.

These are all important because any time you are addressing pain points, you need to ensure that you are also contributing to the overarching business objectives.

Now is not the time for band-aid improvements.

Now is the time for genuine business improvements that get you to the next level fast.

About Metafora

OUR MISSION

At Metafora, we are experts in all things transportation, logistics and supply chain strategy and technology. Our mission is to help your business overcome roadblocks toward progress and growth, so we can contribute to a more efficient world together.

WHAT WE DO

CONSULTING FOR TRANSPORTATION & LOGISTICS COMPANIES

From building through growth plateaus, to expanding modal offerings, compensation restructures, training and sales strategy, we advise on the elements of business most vital to your success. Accelerating your business and linking broken supply chains with insider knowledge dispatched from a bird's eye view, we deliver your company to the next level, fast.

SUPPLY CHAIN MANAGEMENT CONSULTING

We deliver strategy, go-to-market plans, toolkits, and more to maximize efficiency and reduce costs. We are a tailwind of possibility, pushing your transportation business to places it's always wanted to go.

TECHNOLOGY STRATEGY

We understand legacy systems and cloud-based micro-services. At Metafora, we're your own personal tech guru who can get into your company's inner workings to elevate it.

SOFTWARE DEVELOPMENT

We develop proprietary software for our clients, from full service TMS to smaller applications that provide the efficiency, workflow, data, and visibility you need to compete in today's rapidly changing market. Metafora is your solution that delivers on experience and elevates your systems from the ground up.

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Twitter

@Metafora_group



Phone

1-866-240-0003



Email

info@metafora.net

About Navix

Navix is a Software-as-a-Service platform and services company, built by freight industry experts to solve freight audit and payment headaches. Navix enables 3PLs to automate their processes at scale and gain better insights into their freight spend. Navix creates greater profitability through its API-first approach for seamless integrations, AI-driven analytics, and white-glove auditing services. For more information about Navix, please visit <https://www.navix.io>.

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@Navix_io



Phone

850-296-1000



Email

hello@navix.io

Contact Us

<https://www.navix.io/>