DDC

FPO Solutions

Improving Back Office Efficiency in the Freight Industry

6 Key Strategies

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INTRODUCTION

Efficiency isn’t optional.

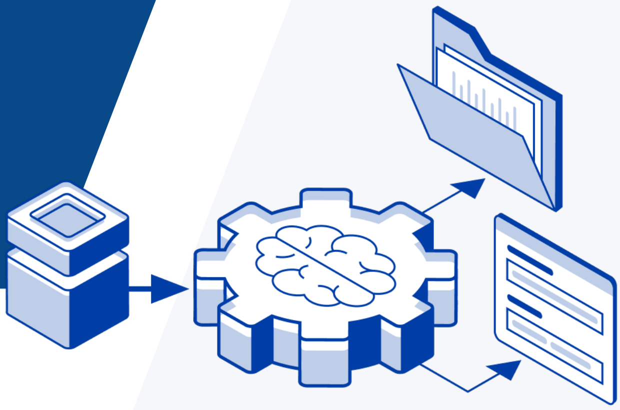
Technology is transforming the freight industry, accelerating the transition from manual processes to digital ones that leverage artificial intelligence (AI), machine learning (ML), and automation to improve operational efficiency.

These evolving technologies enable companies to optimize their processes in new ways, making the quest for smoother operations increasingly competitive in an industry where efficiency is critical for survival. If your organization is not continually striving for greater efficiency, you will fall behind the competition.

The back office is a crucial — and often overlooked — component of operational productivity and performance. In this white paper, we’ll examine six key ways to bolster efficiency within this critical function of your business:

- Automate routine tasks
- Integrate your systems
- Prioritize data visibility
- Unlock the power of unstructured data
- Conduct regular freight rate audits
- Plan ahead for technology rollouts

Implementing these strategies will unlock new efficiencies and give your organization a competitive edge in the fast-paced, constantly evolving freight industry.



1. Automate routine tasks

If you're still relying on manual processes, routine tasks like freight billing, data entry, and report generation can take up a lot of back office hours and lead to errors and delays that disrupt not only your own operations but also those of your clients.

Automating repetitive, mundane tasks comes with numerous benefits, including the following:

BUSINESS CONTINUITY

Fluctuations like supply chain disruptions, talent shortages, seasonal peaks, and rapid shifts in demand are par for the course in the freight industry. A team that's bogged down with manual, repetitive tasks can't easily scale and react to industry changes.

Automating time-consuming manual tasks will make adjusting to industry changes and organizational growth easier — without neglecting other revenue-building tasks or burning out your team.

ACCELERATED CASH FLOW

With automated systems in place, your back office team can process crucial documentation faster (and often with fewer errors).

Especially in the case of freight bill processing, this accelerated speed will help your accounts receivables (AR) department reduce days sales outstanding (DSO), ensuring your organization gets paid promptly.

IMPROVED CUSTOMER EXPERIENCE

What's good for your company is also good for your clients. The enhanced data accuracy and faster processing associated with automation can generate positive outcomes that benefit shippers and consignees, like faster delivery, smoother payment processes, and the ability to dedicate more resources to serving customers.

How to approach automation

Selecting the right tools and software to automate tasks at your organization begins with deciding which tasks to automate. Look for tasks that:

- Need to be completed frequently
- Are rule-based and predictable (i.e., always performed the same way)
- Are prone to human error
- Take up a significant amount of time

Once you've identified which tasks to automate, it's time to explore your technology options. In addition to the basic functionality of each solution you examine, you'll also need to consider the following:

SCALABILITY

Does this solution align with your long-term business objectives? Will it continue to be effective even if your organization experiences significant growth?

SECURITY

How secure is the solution? How does it prevent unauthorized access and protect sensitive data?

CUSTOMIZATION

How much can you customize this solution to work within your specific requirements and processes?

INTEGRATION

Does this solution integrate seamlessly with your tech stack? How easy or difficult is it to create custom integrations?

[Read more about this topic in Section 2.]

CHANGE MANAGEMENT

Is the solution intuitive to use? How much preparation and training will be required to implement it effectively?

[Read more about this topic in Section 5.]

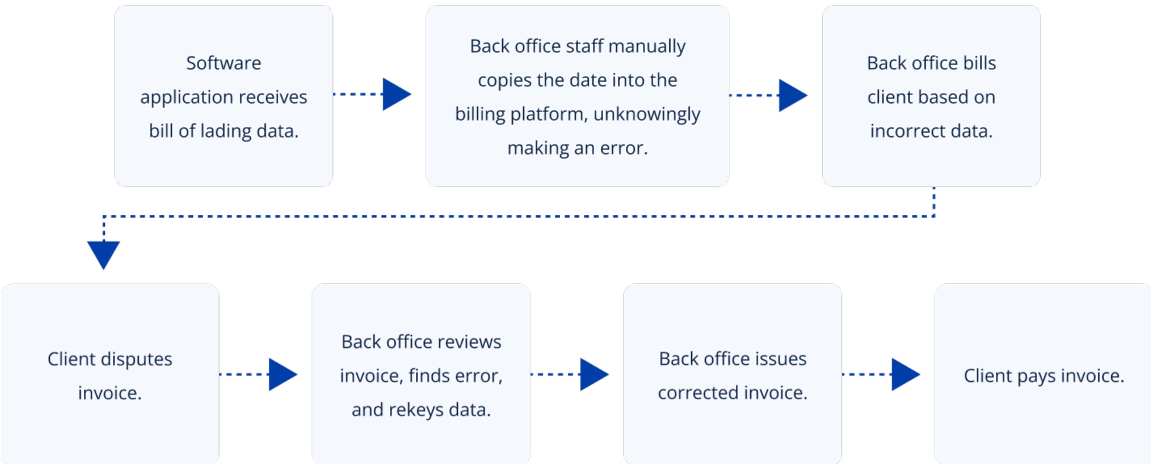
2. Integrate your systems

In such a digitally-enabled world, most companies use dozens — if not hundreds — of software applications.

Ideally, your back office tech stack will increase productivity and efficiency, but often, these systems operate in isolation without integration. The result? A fragmented workflow that necessitates manual data entry and can lead to errors, data silos, inefficiencies, and poor resource allocation.

When your back office team has to manually key data from one platform to another, that increases the likelihood of human error, which can, in turn, slow down your processes and impact your cash flow, as in the example below:

No integration



Integration

Jump ahead: **Prioritize data visibility**

The solution is system integration — connecting separate systems so they can communicate and coordinate. System integration can deliver powerful benefits for your back office, including the following:

IMPROVED AGILITY

Integrated systems give your back office and leadership teams faster access to accurate data, allowing your organization to make decisions based on the most up-to-date information. This allows for continuous improvement and a more agile business model.

BETTER RESOURCE ALLOCATION

When your systems can automatically communicate with one another, your back office staff won't need to manually rekey data between platforms.

Additionally, fewer errors related to data will allow them to spend less time making corrections and handling billing inquiries and invoice disputes. This frees up their time to work on other tasks.

CONTINUED COMPATIBILITY WITH LEGACY SYSTEMS

Legacy systems are still frequently used in the freight industry, but they often don't work with newer applications — at least not out of the box.

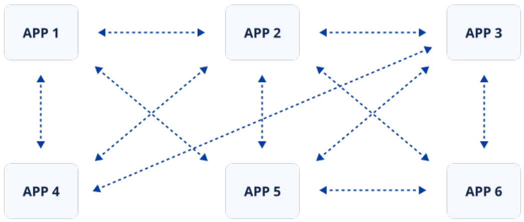
Integrations provide a lifeline for connecting older systems with modern ones so you can continue using the legacy platforms that work for your organization (rather than overhauling your entire tech stack).

Choosing an integration approach

There are two main types of integration:

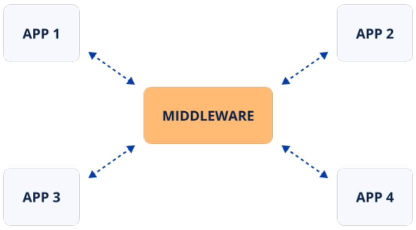
POINT-TO-POINT

A line of communication between just two apps.



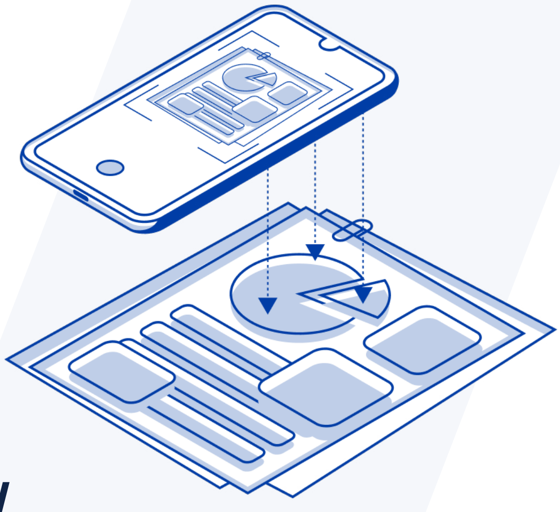
MIDDLEWARE

One piece of central software talks to each individual application.



Every organization is different, so you'll need to choose the approach that aligns with your technology infrastructure, budget, and long-term goals. The point-to-point approach works best when there are only a few applications to connect; too many apps communicating back and forth can slow down the exchange of information. With larger and/or more complex tech stacks, the middleware approach is more efficient and scalable.

Some software solutions come with built-in integrations out of the box, but depending on your tech stack, you may need to build custom integrations. This process can be complex and costly, so consider working with your technology providers and/or a trusted BPO partner to connect your systems efficiently.



3. Prioritize data visibility

Data is a vital decision-making resource and a valuable asset for your back office, but managing it comes with challenges, particularly regarding visibility and accuracy. This is perhaps most obvious when it comes to capturing and processing data from freight documents.

The risks of manual data capture

Many carriers instruct drivers to capture freight document data from the cab as a way to reduce turnaround time. However, without the right technology and processes in place, this approach can actually cause more harm than good.

Many applications on the market require drivers to both capture an image of the freight document for historical records and manually key the relevant data. Not only does this extra step take precious time from a driver's day, but it also results in data with low confidence that requires further verification. This process can take hours and delay vital decision-making. Meanwhile, inevitable keying errors cause slowdowns and bottlenecks down the line, which is bad news for your back office and customers.

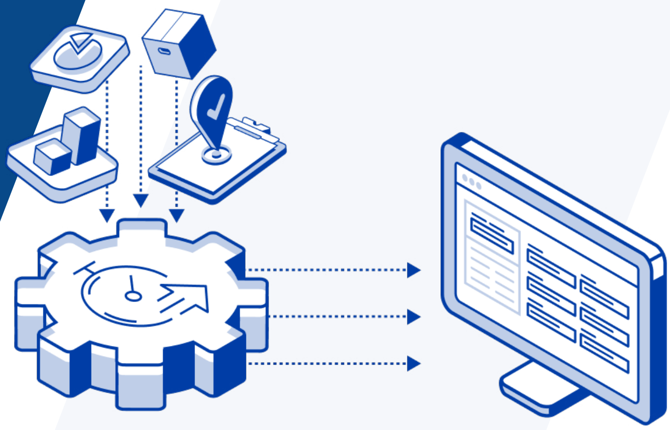
Joseph Klikas, Chief Experience Officer at The Custom Companies, Inc., has experienced these challenges firsthand. "All it takes is one driver to miskey a zip, and that could cost you thousands," he explains. "You tend to overlook that information just because you don't have the confidence level that you'd like."

A more efficient solution

Smart optical character recognition (OCR) technology can scan images and text from a document, gathering data while also understanding its context, layout, and structure. This way, the data can be easily imported into a database, with each piece of data correctly organized by field.

Freight data capture software that leverages OCR technology can reduce human error by automatically capturing, enhancing, and cropping different types of freight paperwork in the cab and transmitting it to your back office. This doesn't just save time for drivers — it also gives you access to accurate data hours earlier, which empowers your organization to make more informed decisions sooner.

Additionally, you can optimize your entire data workflow by combining OCR data capture technology with data extraction tools. (Read more about this topic in Section 4.)



4. Unlock the power of unstructured data

While **structured data** is organized and utilizes consistent formats, **unstructured data** is not organized in any predefined way and often comes in a hodgepodge of formats that make it difficult for computers to extract and use. In the freight industry, unstructured data is often found in shipping documents, spreadsheets, emails, and PDFs.

With too much unstructured data and no way to analyze it, many companies fall into a state of "data paralysis," crushed under a mountain of data that paints no clear picture and, therefore, can't inform their decisions.

However, just because it's more challenging to extract doesn't mean it's not valuable. Unstructured data can:

- Supplement structured data for richer insights.
- Offer insight into factors like weather, traffic, and supply chain disruptions, allowing for more efficient logistics management.
- Help shape new service offerings based on customer sentiment and behavior.
- Provide information about operational patterns and bottlenecks, which can be used to identify inefficiencies and areas for optimization.

According to the MIT Sloan School of Management, approximately 80-90% of data is unstructured — that's a lot of data that, if processed properly, could be utilized to improve efficiency.

Data extraction technology

As with mobile data capture, leveraging the right technology for data extraction can make all the difference. Machine learning tools, like DDC FPO's Auto-Extraction & Structuring solution, can be trained to capture, organize, and analyze unstructured data in real-time, understand its context, and push key findings into your chosen database or software application.

This significantly and immediately reduces manual keying and analysis, labor time and costs, and human error, improving efficiency, accuracy, and decision-making.

Additionally, keeping in line with strategy #2, the best tools and software will also integrate with the rest of your tech stack to enable a quick, efficient exchange of information between all your systems.

Tip: Combining the power of OCR data capture and data extraction powered by machine learning can augment their benefits. For example, DDC Sync and Auto-Extraction & Structuring are complementary DDC FPO solutions that work in tandem to automate your data capture and data extraction processes, creating a positive snowball effect for your efficiency.

5. Conduct routine freight rate audits

Freight rate auditing — the process of checking freight bills for errors, verifying charges, and ensuring that services are correctly billed — is crucial for back office success. Up to 10% of freight bills contain errors, which can produce several negative consequences, including:

- Delayed payments and high DSO
- Damaged credibility
- Incorrect payments
- Misguided deliveries
- Unhappy customers

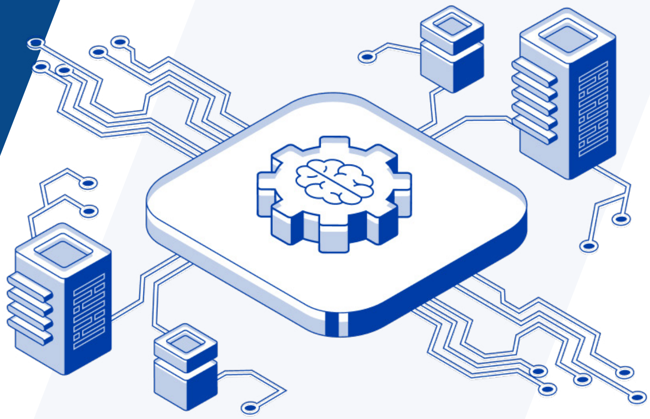
Consistently performing audits ensures faster payment processing, leading to a more predictable and timely cash flow. This not only reduces financial strain but also facilitates better financial planning, ultimately benefiting transportation and logistics providers by providing stability and flexibility in managing their operations. Accurate invoices play a pivotal role in this process, serving as the foundation for smooth transactions and improved cash flow management.

Through proactive identification and correction of mistakes, carriers not only avoid costly errors but also maintain positive client relationships. This approach fosters trust and reliability, which are essential for long-term partnerships and sustained business growth in the competitive logistics industry.

In addition to protecting your customer relationships– providers can also protect their bottom line. Auditing bills prior to invoicing to cover accessorial charges - such as reconsignment, detention, reclassification, or special handing - ensures that the transportation or logistics company is safeguarding the value for its services and being paid appropriately.

Furthermore, audits can uncover valuable opportunities- such as identifying profitable shipper relationships and areas where efficiency can be improved. This empowers providers to enhance their service delivery and remain competitive in the market. Consistently providing accurate and transparent billing not only enhances operational efficiency but also serves as a powerful competitive advantage, distinguishing providers in a crowded marketplace and attracting potential clients seeking reliable and trustworthy partners.

Unfortunately, freight rate auditing is often neglected by back office teams struggling to manage the seemingly increasing volume of day-to-day tasks. Many companies address this challenge by outsourcing the audit process to a reliable BPO and technology provider.

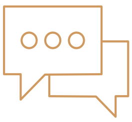


6. Be strategic about technology rollouts

Technology is a powerful tool for enhancing back office efficiency. Each year brings new advancements in artificial intelligence, fresh and exciting software, and handy integrations that promise to make your processes faster and easier. So why don't things always pan out that way?

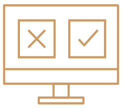
Too many companies rush to overhaul their technology independently without considering how it will impact back office efficiency. In many cases, new software systems and platforms that will improve efficiency in the long term can also harm it in the short term unless you have a great rollout plan and expert support.

Here are a few tips for executing a rollout that will help your back office reap the benefits of new technology as soon as possible:



COMMUNICATE EARLY AND OFTEN

Sudden change can be stressful, so be sure to communicate with your back office team ahead of time about upcoming changes to your tech stack. Include clear, consistent messaging about the rollout process, explain how the technology will benefit everyone, and provide channels for staff to voice questions or concerns.



TEST THOROUGHLY BEFORE LAUNCH

Establish a comprehensive testing plan to identify problems before launch. Utilize pilot testing, integration testing, user acceptance testing, and dry runs, and document your testing results. This will ensure that whoever is responsible for addressing issues — whether it's the software developer or your in-house IT team — has the information they need to make prompt updates.

PROVIDE ADEQUATE TRAINING

If team members are asked to use new technology without ample training, you'll see pushback, lack of engagement, and low adoption rates — not to mention reduced efficiency as staff struggles to adjust to new processes. Provide comprehensive training to ease the transition and make the training materials available continuously.

Incorporating gamification can also help staff quickly gain proficiency with new technology. For example, DDC Sync's gamification features helped one carrier achieve 100% driver adoption within two weeks of implementation.

COLLABORATE WITH YOUR TECHNOLOGY PROVIDERS

Collaborating with partner organizations is essential for a successful technology rollout, especially when it comes to ensuring that your platforms and tools integrate.

A solid partner can also help you achieve the other tips listed here — creating a tailored rollout plan, testing products before launch, and training your staff to use the new technology to its fullest potential.

Jump ahead: **Conclusion**

CONCLUSION

Keeping the pace in 2024 and beyond

Technology that leverages artificial intelligence and machine learning (e.g. OCR), predictive analytics, natural language processing [NLP], generative AI) and specialized software gives freight companies unprecedented opportunities to improve their back office efficiency. If you don't keep up with the constantly evolving industry standards, you risk falling behind the competition.

By automating routine tasks, integrating your systems, prioritizing data visibility, extracting unstructured data, conducting regular freight rate audits, and planning ahead for technology rollouts, you can boost your back office efficiency — and, ultimately, achieve better business results.

About DDC FPO

As a member company of The DDC Group, DDC FPO is committed to delivering solutions that enable clients to focus on core competencies and achieve their goals. Solutions include Freight Billing, Customer Service, Sales Support, Customs Brokerage Processing, DDC Sync (an intuitive mobile app for in-cab, data capture of freight documents, and a robust web portal), Auto-Extraction & Structuring (a real-time, automated data processing solution), and more. The company is currently responsible for processing over 300,000 daily shipments, moving between 33 countries.

Established in 1989, The DDC Group is a worldwide network of BPO experts powered by a global team of over 7,000 professionals to service clients in over 30 languages. Our hybrid approach leverages innovative technology, proprietary workflows, and subject matter expertise in a customizable framework to equip you with long-term cost containment and uncapped revenue potential.

Ready to take your back office efficiency to new heights? Get in touch with us to learn more.

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