

WHITEPAPER

A GAME CHANGER FOR THE LOGISTICS SECTOR

Contract and Billing management revolutionised



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STATUS QUO:

CONTRACT AND BILLING MANAGEMENT

The logistics sector finds itself in a state of constant change and is faced with new challenges: trade flows are shifting, technological progress and networking is accelerating, and companies are under pressure to innovate. For these reasons, logistics providers in particular are facing major challenges. They not only have to serve a large number of companies at the same time, but also provide very different services for their various clients – whether it be in warehouse logistics, transport management, air cargo or rail transport.

With the ongoing transformation of the sector, customers are becoming more and more demanding. They expect, for instance, increasingly systematic service structures for more transparency, complex billing solutions for more security, and additional services for more convenience. As a result, contracts are becoming increasingly complex, the range of services being offered is more comprehensive, billing is more complicated and the pressure companies are coming under is ever greater.

Transparency and clever organisation are therefore essential elements of a first-rate logistics operation. That is why logistics providers are focused and work intensively on optimising their processes at operational level. For instance, they automate areas of the warehouse, introduce state-of-the-art IT systems for warehouse and transport management, and perfect entire processes using automated guided vehicles (AGVs).

However, for a complete digital harmonisation of process chains, administrative tasks performed after services have been rendered are also highly relevant and offer significant potential for increasing efficiency. Despite this, numerous companies in the sector continue to rely on manual processes when it comes to recording services or contract and billing management. This means that services or contract details are being recorded by hand and manually prepared for further processing (e.g. using Excel spreadsheets), and then imported into electronic accounting systems or ERP accounting modules.

However, this approach makes contract and billing management more complicated and prone to errors.



Cooperation between parties, including all services to be rendered, are documented in contracts. These contracts can be extremely complex, for example due to discount schemes, billing conditions or rental fees – a confusing jungle of information and individual agreements.

As more and more clients are turning to outsourcing, giving logistics providers the opportunity to create more value, value added services are increasingly becoming a fixture of everyday operations. When services rendered and any additional services are recorded manually, it is not uncommon for errors to be made when data is transferred to the affiliated ERP system. The data quickly becomes blurred, with companies missing out on potential sales they are no longer able to realise.

What's more, documenting non-digitalised billing processes is an arduous task for accounting teams with hardly any transparency. Any services that go beyond contractual agreements are often not documented at all. The service provider, however, would obviously like all services rendered to be invoiced in full and all bills to be paid on time. For their part, customers want to have an overview of the accrued costs and of course to only pay for the services that they have received. A detailed inspection of bills must also be possible to ensure that no errors have been made.

The result is that errors often creep into many areas of contract and billing management. The customer rejects the bill and this results in unnecessary costs. The lack of transparency leads to costly corrections of bills, which often result in high monetary losses for logistics providers. There is also the question of whether all services rendered are actually recorded and documented, ensuring that everything has been billed for. And do suppliers sometimes charge too much?

The fact is that many companies are not receiving all their potential revenues due to their traditional approach to recording and billing services. The solution to this problem is a software system that forms a digital interface between the operational level and the electronic accounting system. It provides a fully comprehensive, continuous digital connection for the processing of service, contractual and billing data.



DIGITALISATION:

THE SOLUTION TO THE CHALLENGES OF CONTRACT AND BILLING MANAGEMENT

“Logistics 4.0” is no longer merely a buzzword for a new megatrend. It is a revolution that is connecting goods, processes and supply chain partners – from manufacturers, distributors and logistics providers to customers.

Company departments such as contract and billing management, which have been relying on manual processes for many decades now, can really benefit from the latest developments and tap into huge potential for innovation. The introduction of digital business processes leads to a closer connection to customers and provides companies with a crucial competitive edge.

There is currently a focus on digital solutions for contract and billing (CnB) management. These digital CnB systems are the solution to all kinds of challenges related to manual contract and billing management and are revolutionising the areas of billing and administration. The solution forms an interface between the operational level and the electronic accounting system and supports both through digital process steps.

Contracts can be managed and services can be recorded, documented and invoiced in full in a completely automated manner. It's a fully digital process offering optimum transparency.

The trend towards digitalisation will only continue to gain momentum. In order to keep up with international competitors, logistics companies not only need to have a strong footing in the real world – but in the digital world, too.





CONTRACT AND BILLING IN PRACTICE: CASE EXAMPLE

The requirements being placed on logistics providers are constantly growing, as customers expect intelligent and user-friendly solutions to meet their needs and have high expectations in terms of quality and versatility. At the same time, competition is also on the rise. For logistics experts and providers, this means that their processes need to become quicker, more flexible and transparent at the same time. An efficient infrastructure is therefore essential for companies.

Transparency and efficiency are particularly important when it comes to contract and billing management, as logistics providers often offer a wide range of services that are bound by contracts and subsequently need to be billed for.

The CnB system can be used as a kind of “customer file”, including for ad hoc customers who do not have a contract.



A CASE EXAMPLE:

A logistics provider is often responsible for various products from a particular brand. This might be foodstuffs, clothing, electronics or building material and replacement parts.

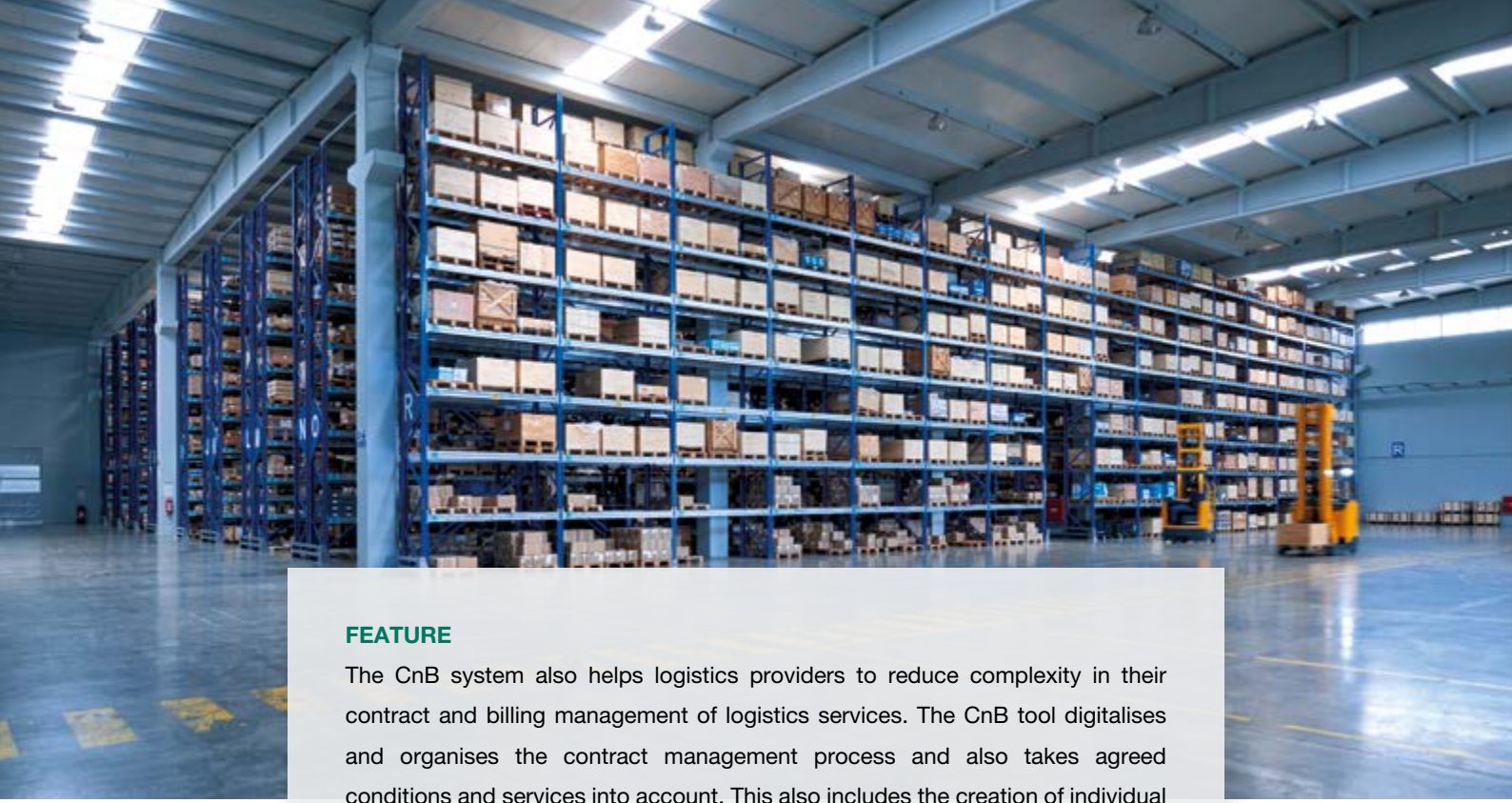
SITUATION

The logistics provider in this case example offers a full range of logistics processes, assuming all stages of the logistics operation for its clients – from warehouse storage and order picking to packaging and transport. To maintain an overview of all items, the logistics provider uses a warehouse management system (WMS). This ensures efficient management of logistics processes, for example the flow of materials and information. Warehouse movements from incoming goods to shipment can be monitored transparently via a logistics cockpit. To ensure that its contract and billing management is also transparent, the company has a rethink about the tool it developed in-house for recording and billing services. As things stand, the company has to import all data from the WMS into its outdated billing software at least once a day. By using an intelligent contract and billing (CnB) system, the logistics provider would be able to add more transparency to individual steps of the billing process and provide customers with a clearer picture of what they are being billed for.

SOLUTION

Transparency is important for both logistics providers and their customers. The CnB system records all services rendered across all areas within a supply chain. All warehouse movements are directly tracked by a WMS and imported into the CnB system. This includes warehouse activities such as incoming goods, the relocation of goods and order picking. Additional services can be recorded directly and on the spot via a mobile application.

After recording, the digital solution identifies the service and allocates it to the correct contract in a fully automated manner. The bill is then submitted in a digital and automated process. Logistics providers thus benefit from greater transparency throughout the entire process.



FEATURE

The CnB system also helps logistics providers to reduce complexity in their contract and billing management of logistics services. The CnB tool digitalises and organises the contract management process and also takes agreed conditions and services into account. This also includes the creation of individual customer and supplier contracts in various levels of detail. Additional services are documented and saved as an annex to the main contract (digital customer file).

For logistics providers, it is also important to have an overview of sales from an early stage. As billing management is digitally connected, financial figures can be tracked online at any time.

BENEFITS

By using the CnB system, the logistics provider in the example was soon able to:

- ✓ **bill all services for its more than 700 customers without forgetting a single discount scheme**
- ✓ **automate its billing processes and reduce its error rate by 99%**
- ✓ **increase its billing output (sales revenue) by up to 20%**

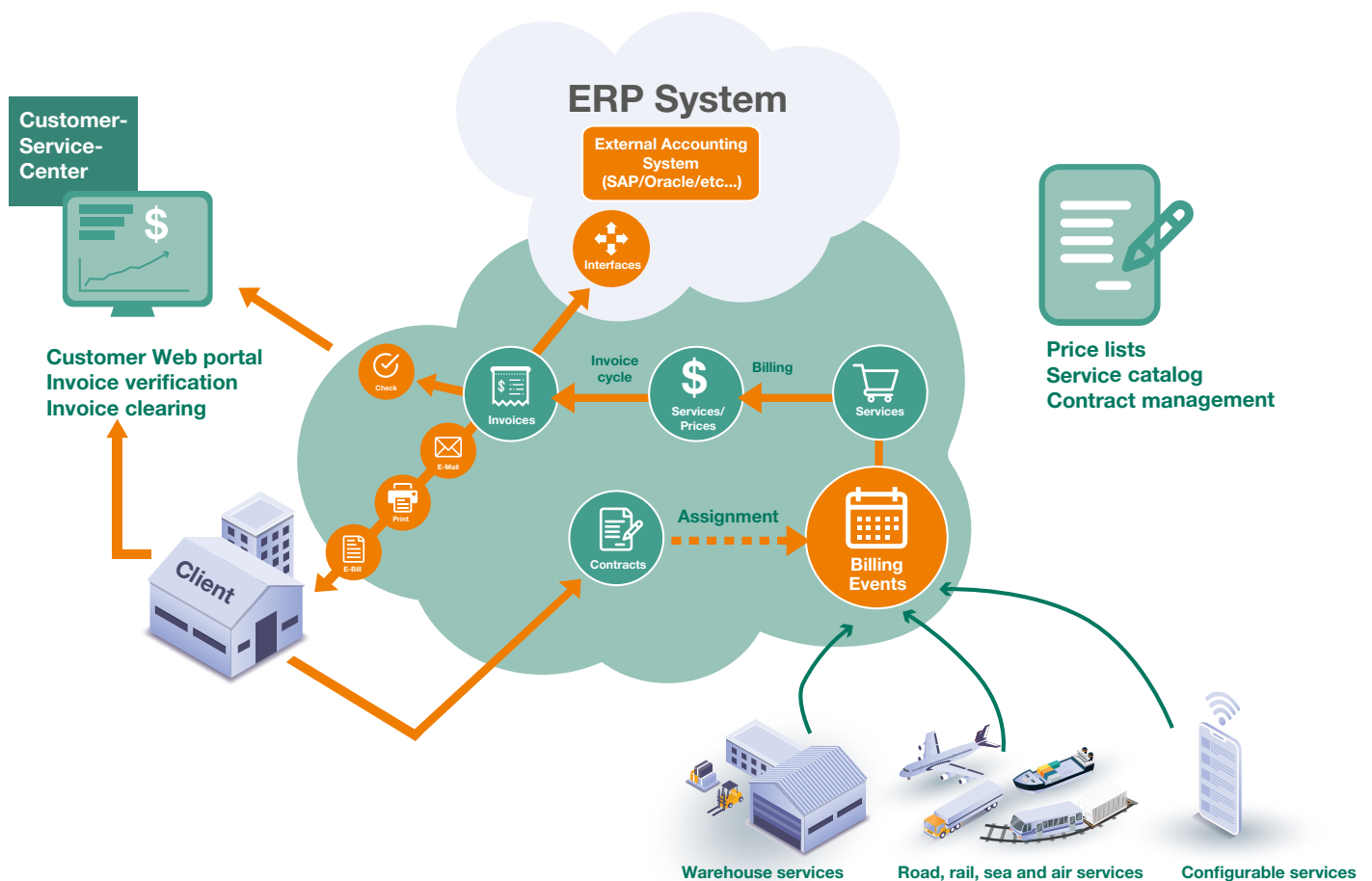


CONTRACT AND BILLING:

AUTOMATED, SMART AND COMPREHENSIVE

EPG recognised the advantages of digital contract and billing management, developing its own CnB software to respond to the challenges of numerous service providers. EPG One™ Contract and Billing (CnB) is the comprehensive solution for digital contract and billing management of all logistics services.

The tool provides efficient modules for all work and process steps – from the drafting of contracts and continuous recording of services to contract allocation and automated billing.





CnB AS A HIGHLY EFFICIENT SOLUTION

SMART CONTRACT MANAGEMENT

The CnB system features an integrated contract template manager, making it easier to generate contracts. Users are thus able to easily create their own individual templates (including boilerplate texts) to produce contracts.

The CnB system also supports version management (including revision tracking) and covers the in-house approval process. The system also assumes documentation management for SLAs. As part of the approval workflow, a predefined group of recipients („six-eyes principle“) are sent a link to the contract by email for review before it is subsequently forwarded to the customer. Any proposed changes can be easily integrated using a comment function.

RECORDING SERVICES ACROSS THE SUPPLY CHAIN

The digital solution for contract and billing management records all services rendered across the supply chain. In addition to 500 warehouse activities such as incoming goods, relocation of goods, order picking, packaging and value added services, the solution also records services from the areas of road, rail, sea and air transport such as the unloading of containers and toll fees.

Services rendered are relayed to the software from connected third-party systems or, alternatively, they can be recorded and documented directly on the spot in a fully transparent manner. A particular highlight of the solution is its open interface architecture, which allows data to be exchanged with various systems via different channels to ensure a comprehensive billing process.



AUTOMATED PROCESSING OF SERVICES

The CnB system's mobile applications help to replace manual recording processes. In addition to the system's desktop solution, mobile applications enable services to be recorded directly on site, including additional services such as administration, support and equipment rental as well as, for example, fuel surcharges. The system is managed centrally but can be used anywhere. The module features standardised interfaces and can thus be linked up with external accounting and ERP systems.

Third-party systems such as warehouse, transport and workforce management systems can also be connected with the CnB solution. Data from connected systems are thus immediately imported into the CnB system, with services being automatically allocated to the correct contracts. The system also independently calculates service prices on the basis of a commercial policy that includes price index clauses for automated price adjustments and foreign currency management.

AUTOMATED BILLING OF SERVICES

The billing process is digital and automated. Bills can be created in bill runs that can be adjusted as required and sent in various paper-based or electronic formats. The CnB system is audit-proof and certified according to IDW PS 880.

Customers can also review bills in the web portal. This helps companies to significantly reduce the number of bills rejected or queried by customers and establish more transparency throughout the entire process.

INTEGRATION IN THE SYSTEM LANDSCAPE

The CnB system forms an interface between services being rendered at an operational level and the commercial handling of services with respect to individual customer contracts. It thus represents a digital link between workforce management and the accounting system (e.g. ERP system), for example. It provides a digital pathway from service provision to billing. By using the digital solution, clients can reduce the complexity of their ERP system by avoiding elaborate and costly process adjustments.

WHICH FEATURES

DOES A CnB SYSTEM OFFER TO MEET PRACTICAL REQUIREMENTS?

1 WEBPORTAL

The integrated web portal ensures that users can check the status of all bills at any time. Customers benefit from a huge increase in transparency.

2 MSR

Thanks to the mobile service registration (MSR) functionality, services can be directly recorded on the spot – and this also includes additional services. Recorded data is fed directly into the CnB system.

3 PURCHASE-ORDER-NUMBER

The ERP purchase order (PO) number is carried over when recording services.

4 APPROVING SERVICES

Contracts and services are presented for review in a special view within the web portal. Following the “six-eyes principle”, the contract goes through an approval process at operational level.

5 SENDING BILLS BY EMAIL

Bills can also be sent automatically by email.

6 CSV EXPORT

The CSV export function enables users to generate an additional bill in digital form to send as an attachment, such as an Excel file, eliminating the need to print out the electronic version.

7 FREE FORMULA

Implementation of new billing regulations

8 FINANCIAL ACCOUNTING/ERP INTERFACE, SAP-CERTIFIED

The CnB system includes an interface to widely used accounting systems and ERP systems, and is now also SAP-certified. This ensures at all times that generated bills and all relevant billing data are transferred to the customer's accounting system and can be recorded internally.

9 ECB INTERFACE

Thanks to its interface to the ECB, CnB takes into account the latest exchange rates for all currencies during the billing process.



VISION:

WHAT THE FUTURE HOLDS FOR CnB MANAGEMENT

In modern logistics, the boundaries between the real world and the digital world are becoming increasingly blurred. Thanks to automated and connected processes within logistics, digitalisation is not only driving a change in company processes and business models, but also in organisational structures within the world of work. This is enabling companies to respond to developments:

Customer requirements that already present a challenge to many logistics providers today will only grow tougher in future as digitalisation continues to advance in step with the need for everything to become “faster, better and more complex”.

In addition, “intermodal” is a term that will grow in importance. Intermodal transport – also known as combined transport – describes the linking together of different modes of transport within a transport chain in the logistics sector. In order to remain competitive in the long term, logistics providers need to work particularly hard to ensure they are well-prepared for this development.

A service that was considered to be particularly special one day can become something that customers take for granted the very next day. To protect their client relationships, logistics providers need to substantially expand the range of additional services they offer.

With a CnB system, all operational processes that form part of the services rendered can be invoiced centrally via the system.

Thanks to the integration of modern dashboards [e. g. EPG ONE™ Analytics (TIMESQUARE)] and the use of AI components, contract and billing management is set to become even smarter in future. Alongside dynamic dashboards and the real-time tracking of sales and revenue accounts, optimisation and analysis tools will also become a feature. These tools will enable users to proactively optimise costs and uncover the potential to enhance efficiency.

DON'T

LEAVE ANYTHING TO CHANCE

Implementing innovative technologies can be pivotal to a company's success. But simply putting the solution into operation doesn't mean "job done". During the preparation, go-live and post-launch phases, it's not just the technology itself that needs to be taken into account, but the people and process as well. That's why it's a good idea to consider the following aspects before implementing a CnB system. After all, expert knowledge can't hurt when planning the implementation of new systems.

MIGRATION STRATEGY

Before implementing a CnB system, processes need to be analysed thoroughly. The aim here is to identify the system environment, all of the necessary data streams and the various interfaces.

Over the years, many medium-sized companies have built up complex IT infrastructures that feature diverse and interconnected systems. And it's structures like these that need to be identified. To simplify the introduction process, the CnB software can be systematically implemented in the cloud using the SaaS (software as a service) model.

GETTING EVERYONE ON BOARD

The technical implementation of a CnB system alone does not mean "job done". It's all well and good having a very high-performance solution, but if the team is not behind it then it will not be possible to unleash its full potential. Introducing the CnB solution breaks up outdated structures within the company. Employees often feel threatened by innovative technologies or are afraid of change. That's why it's important to prepare employees for the changes ahead, communicate openly with them and get them accustomed to the idea of having a new, comprehensive system.



THE RIGHT PROJECT TEAM

The successful launch of a CnB system largely hinges on project team selection. Having a competent and knowledgeable project manager for system implementation and a dedicated project team ensures the effective handling of the CnB project internally. But not all employees are suitable for the role of project manager or key user. Project managers need to have the entire company in view to ensure that all areas are taken into equal consideration where possible. The key users, in other words the project team, should be employees who already have a lot of experience and expertise and know their own area of work inside out. This group of employees then undergoes extensive training during what are known as in-deep system training sessions. This means that future configurations can also be performed in-house.

STATUS QUO VS. TARGET SITUATION

Before implementing the system, an honest analysis of the status quo should be conducted. Setting clear targets for the implementation project is also incredibly important. During the preparation phase, companies need to have a clear idea of which critical points they want to improve. The ideal approach would be to bring the project managers and key users on board at this early stage so they can be actively involved in the change process. Given their wealth of experience with respect to the processes, these employees have a key role to play when drawing up targets for the use of a CnB system. Which processes are in operation and need to be covered in the CnB system? Which processes need to be adapted in this context? Where are completely new processes needed? Which improvements should be targeted? Which third-party systems need to be connected? Which new work processes and business rules can be defined in order to achieve these targets?



ROADMAP

FOR COMPANIES LOOKING TO IMPLEMENT A CnB SYSTEM

STARTING THE PROJECT

Project expectations should be clearly defined in advance. As the project advances, these expectations form the basis for measuring success. In addition, the status quo should be analysed to ensure that all system requirements can be recorded in the spec sheet.

EVALUATING PROVIDERS

Presentations by providers enable companies to compare the functionalities, concepts and offers of potential solution partners. They can get a sense of the unique range of services that a CnB system has to offer by taking part in workshops or booking demos.

RESPONSIBILITIES

After opting for a particular solution, the company should assign a project manager and project team (key users). These employees should receive extensive training to familiarize themselves with the project and then design a concept for the new system. In accordance with the detailed specifications, it is important to openly discuss deadlines, business processes and special aspects with the system provider.

PROMOTING ACCEPTANCE

Getting users on board at the right time and gaining acceptance of the new software within the company are key to the success of the project. This is why the project team needs to highlight the need for the change in advance and proactively provide information.

IMPLEMENTATION

To help the solution provider meet the defined requirements, companies need to ensure that key users have sufficient capacities to lend their support. After the system has been set up, data can be transferred to the new environment, and processes and workflows can be switched over.

TRAINING

Future users require extensive training and familiarisation sessions. Project managers and key users should learn all there is to know about configurations and operation during in-deep training sessions. Employees can then learn how to use the software in day-to-day business during user training sessions.

TESTING

To ensure successful project implementation, it is extremely important to conduct extensive testing of the configured processes, functions and interfaces as well as the transferred data. This process is performed in close consultation with the system partner.

GO-LIVE

Depending on how testing goes, a final date can be set for the go-live. During the migration and go-live stage, companies need to ensure that the project team is on hand to support the provider at all times.

ADJUSTMENTS AND ENHANCEMENTS

The go-live does not mean that implementation has been completed. After gaining initial experience in actual operation, additional possibilities for optimisation are subsequently evaluated.

CONCLUSION:

GREATER EFFICIENCY THANKS TO CnB WORKFLOW AUTOMATION

Faced with the end-to-end digitalisation of process chains, it's highly common for companies to initially consider introducing an ERP system.

However, especially in the heterogeneous environment in which they operate, service providers realise very quickly that the standard functionalities of an ERP system are not suitable, or only partly suitable, for the requirements in the given area, and costly individual adjustments could potentially be necessary.

Many companies are seeking solutions to connect the digital process chain between the operational level and controlling without having to introduce a complex ERP system.

A CnB system is a great solution in both cases.

Used either in combination with ERP systems or in connection with conventional accounting software, a CnB solution can yield significant benefits for service providers in all segments.

Such a system enables companies to generate higher revenues by ensuring that all billable services are accounted for. But that's not the only benefit, as it also leads to greater process transparency, such as improved profitability insights for various customer clusters, and reduced accounting expenses.

The solution developed by EPG offers additional optional functionalities, such as a customer web portal and smart contract management, that help give companies a greater edge on the market.



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