Leveraging your U.S. Bank Freight Payment data to improve supply chain decisions

NDTA Transportation Academy

Jeff Lineberger and Jeff Derrick
Monday, October 7 and Wednesday, October 9, 2019
Agenda

- Welcome
- Transportation trends and hot topics
- U.S. Bank Freight Payment Overview
- Third-party Payment System (TPPS) refresher
- How to leverage use data to support goals and decisions
- DoD and Government updates
- Questions and discussion
Transportation trends and hot topics
Tonnage continues to grow

- Freight tonnage will grow to 20.6 billion tons in 2030
- Trucking’s share of total freight tonnage will dip to 68.8% in 2030
- Trucking and total rail transportation will lose relative marketshare
- Intermodal rail, air and domestic waterborne transportation will show modest growth
- Pipeline transportation will experience explosive growth over the next decade

Source: https://www.trucking.org/article/Latest-Freight-Forecast-Projects-25.6%25-Increase-in-Tonnage-by-2030
Shipper and carrier collaboration

“Shippers and providers now accept the value of working in close concert.”
Source: lmhl.com
August 12, 2019
Read the article

“Has the freight recession ended?”
Source: yahoo.finance.com
August 26, 2019
Read the article

“New ways to manage the shipper-carrier relationship”
Source: FleetOwner.com
June 14, 2019
Read the article
Ongoing driver shortage and infrastructure issues

“U.S. truck driver shortage is on course to double in a decade”
Source: Bloomberg.com  | July 23, 2019

“U.S. highway conditions worsening in important categories”
Source: TheTrucker.com | August 21, 2019

“Traffic getting worse amid good economy, report finds”
Source: TTnews.com  | August 26, 2019
Looking ahead: mixed outlook

“Fed Vice Chair Clarida says the global economic outlook has worsened since July meeting”
Source: CNBC.com | August 24, 2019

“Americans' outlook on the current economy is the brightest in 19 years”
Source: Markets.BusinessInsider.com | August 27, 2019

“As global economic picture dims, solutions seem out of reach”
Source: APnews.com | August 22, 2018
U.S. Bank Freight Payment Overview
We know freight

Pioneered
electronic freight payment in 1998

10+ years
average employees’ experience

$27.6+
billion in annual global freight payments

97%
of annual transactions are electronic
Bank on our ethics to do what’s right

One of 2019 World’s Most Ethical Companies®

In recognition of our demonstrated leadership in ethical business practices.

This is our fifth consecutive year on this list.


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We honor those who protect us

2018 Best for Vets: Employers

- Nationally recognized supporter of veterans and military families.
- Approximately 2,000 veterans currently employed.

Source – https://proudtoserve.usbank.com/home/Awards.html
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Who does the daily work:

<table>
<thead>
<tr>
<th>Account Managers</th>
<th>Implementation</th>
<th>Business Analysts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide the daily support and</td>
<td>Project Management, testing, account</td>
<td>Provide analytical support including</td>
</tr>
<tr>
<td>processing updates for subscribed</td>
<td>establishment</td>
<td>optimizing rules and problem solving</td>
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<tr>
<td>services as well as provides working</td>
<td></td>
<td></td>
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<tr>
<td>level consultation</td>
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</tbody>
</table>

Shippers
Focus on approving invoices

Carriers
Focus on accurate invoices

Help Desk/Customer Svc.
Provides a means for all clients to receive help

Rating Analyst Team
Provides the services required to load and maintain the shipper’s rates with their carriers

Rate Auditors
Responsible for working the transactions that fall into audit exception
Dedicated management team

U.S. Bank supports the thousands of government sites and TSPs with a dedicated team of experienced individuals:

Jeff Lineberger
- Vice President
- 12 years experience
- Ret. Lt. Col. (23 Years)

Jeff Derrick
- Relationship Manager
- 4 years experience
- Ret. Col. (26 Years)

Sean Joyce
- Relationship Manager
- 20 years experience
- With U.S. Bank 32 years

William Shih
- Implementation Manager
- 8 years experience
- B.A. in Finance

Scott Guzek
- Operations Manager
- 7 years experience
- M.B.A.

Teresa Gabrielle
- Account Manager
- 7 years experience
- Bilingual

Sabine Hand
- OCONUS Account Manager
- 5 years experience
- Bilingual

James Chenelle
- Business Analyst
- New team member
- C++ Developer

Cheryl Garcia
- Senior Vice President
- 30 years experience
- MBA and CPA

U.S Bank Operational Help Desk Support Line
- Multi-member team
- Average + 5 years experience
Ongoing training and industry memberships

• Support ongoing training opportunities:
  – In-person sessions at NDTA
  – Virtual
  – On-demand
  – New detailed user guides

• Hold memberships with leading industry associations including:
  – NDTA
  – International Association of Movers (IAM)
  – American Moving and Storage Association (AMSA)
  – American Trucking Associations (ATA)
System security and audit protocols

U.S. Bank is recognized as one of only eight Tier IV data centers and has established processes and procedures in place to ensure cyber security and maintain integrity of trusted transactions.

U.S. Bank complies with United States Transportation Command (USTRANSCOM) requirements to deliver trusted transactions as outlined in the Master Contract from day one.

<table>
<thead>
<tr>
<th>Annual</th>
<th>Quarterly</th>
<th>Ongoing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• System security plan submissions</td>
<td>• Financial Improvement and Audit Readiness (FIAR) meeting</td>
<td>• Monthly Defense Finance and Accounting Service (DFAS) management reviews</td>
</tr>
<tr>
<td>• Statement on Standards for Attestation Engagements (SSAE)-18, System and Organization Controls (SOC) 1 and Complementary User Entity Controls (CUECs)</td>
<td>• Vulnerability scan reporting</td>
<td>• System Change Manage Requests (SCMRs)</td>
</tr>
<tr>
<td>• Contingency plan results</td>
<td>• Associated plan of actions and milestones (POA&amp;M)</td>
<td>• Assessments, documentation and evidence</td>
</tr>
<tr>
<td>• Penetration testing</td>
<td></td>
<td>• Audit logs associated with the security management/system security plan.</td>
</tr>
<tr>
<td>• Third-party Payment System (TPPS) Council</td>
<td></td>
<td>• Reporting and monitoring</td>
</tr>
</tbody>
</table>

U.S. Bank has a proven methodology for user-acceptance testing (UAT) and certification for the Government to quickly and reliably test and deliver solutions.
How it works

Order for Goods or Services, Reference Documents (BOL, Orders, etc.)

1. Invoices and Proof of Delivery (Electronic or Paper)

2. 100% Pre-Payment Audit

3. Shippers: Electronic Invoicing Routing and Approval

4. G/L Posting and Accruals

5. U.S. Bank Freight Payment

6. Single Payment to U.S. Bank

Business Intelligence

Carriers: ACH, Check, Wire, Detailed Remittance, Financing
# U.S. Bank Third-Party Payment System (TPPS) Current Contract Highlights

- Six-year contract awarded March 1, 2019
  - Performance start March 1, 2020
  - Two-year base contract (Implementation and Performance Years)
  - Four option years (2021–2024)
  - USTRANSCOM is Contracting Office; DFAS is the Contract Office Representative
  - Contract covers all payment modes (e.g., household goods (HHGs), freight, third-party logistics providers)

<table>
<thead>
<tr>
<th>New</th>
<th>Value to DoD</th>
<th>Value to Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Department of Defense (DoD) USTRANSCOM receives 2.3% recovery fee (estimated $2MM annually)</td>
<td>• File turn incentive for early payment, 30-day vs. 15-day terms</td>
<td>• General Services Administration (GSA) post-payment audit and offsets</td>
</tr>
<tr>
<td>• U.S. Bank fee update</td>
<td>• U.S. Bank required to develop DoD System (enhancements at no cost)</td>
<td>• Federal Management Regulation (FMR) 102-118 – fully compliant</td>
</tr>
<tr>
<td></td>
<td>• Electronic proof of delivery</td>
<td>• Customized government accounting</td>
</tr>
<tr>
<td></td>
<td>• Specialized reporting</td>
<td>• Data Storage</td>
</tr>
<tr>
<td></td>
<td>• 137 system interfaces</td>
<td>• Dedicated Government Help Desk, 24/7 support</td>
</tr>
<tr>
<td></td>
<td>• 100% Pre Payment Audit of every Invoice</td>
<td>• Depending on by GSA Transportation and</td>
</tr>
<tr>
<td></td>
<td>• FIAR compliance</td>
<td>• VA, DHS, HHS and others</td>
</tr>
<tr>
<td></td>
<td>• Reporting and data storage</td>
<td></td>
</tr>
</tbody>
</table>

**2018: $63MM HHG pre-payment audit savings**
Payment statistics Jan – Aug 2019

Measures time from carrier invoice create date to payment settled for U.S. Government and DoD carriers

- 36% of all Freight and HHGs Invoices paid same day—typically less than six hours
- 72% of all Freight and HHGs Invoices paid within 24 hours
- 94% of all Freight and HHGs Invoices paid within three days
## TSP Benefits and Service

### Benefits
- Paid upon invoice approval vs 30+ days
- Cash acceleration not debt
- Reduces credit risk
- On-line exception handling vs calls/emails
- Real-time visibility
- Pre-payment audit for under billings
- Electronic remittance detail
- Reduced AR staffing
- Reporting tools for informed decision making and aging

### Service
- **Paid upon invoice approval** - Accelerated cash – not debt
- **Collaborative web environment**
  to see customer and invoice detail, resolve exceptions, correct invoices and send notes in real time
- **Dedicated customer support**
- **100% pre-payment audit**: Catches under bills and no bills
- **Electronic solution** reduces errors and allows for streamlined and scalable processes
How to use data to support your decisions and goals
U.S. Bank Freight Payment Index

Deeper, more relevant industry insight

- Quarterly publication
- Showcases current freight shipping volumes and expenditures
- National and regional data
- Commentary from ATA’s Chief Economist, Bob Costello
- Compiled by our dedicated Business Intelligence consultants
- Download/subscribe at freight.usbank.com
Shipper Dashboard
Carrier Dashboard

Days Sales Outstanding

Audit Gains

Top 5 Shipper Payments by Network Status for Last 4 Weeks

Accounts Receivable Aging

Audit Exception Aging

Top 5 Shipper Unpaid Documents by Financial Status
Advanced Reporting

<table>
<thead>
<tr>
<th>Carrier</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrier A</td>
<td>40,155</td>
<td>19,255</td>
<td>18,222</td>
<td>19,555</td>
</tr>
<tr>
<td>Carrier B</td>
<td>22,123</td>
<td>31,888</td>
<td>35,663</td>
<td>34,262</td>
</tr>
<tr>
<td>Carrier C</td>
<td>10,918</td>
<td>15,555</td>
<td>9,264</td>
<td>10,533</td>
</tr>
</tbody>
</table>

**CARRIER A INVOICE STATUS**

- Audit Exceptions: 9%
- Approval Final: 23%
- Held: 10%
- Unmatched: 58%
TPPS and DoD updates

- New Contract requires creation of all new accounts by March 1, 2020
  - Imperative to close out old accounts as soon as possible but no later than June 1, 2020
  - Certifying officers will have visibility of new and older accounts but will only certify new accounts
- Invoice Manager Enhancements
  - Summary Invoice functionality will move to Invoice Manager
- New Web-based profile manager interface
  - Eliminates client download and provides modernized interface
- Proof of delivery (POD) electronic attachment (in development)
  - PODs for Defense Freight Transportation Service (DFTS) less-than-truckload (LTL) shipments; truckload (TL) shipments
TPPS and DoD updates

• USTRANSCOM Global HHG Initiative Contract
  – TPPS/U.S. Bank will be third-party payment provider
• Defense Digital System (DDS)
  – Pilot testing continues; successful payment through TPPS
• Direct Procurement Method (DPM)
  – Transitioned from manual to fully automated process – 20+ operational accounts today
• Transportation Management System (TMS) Pilot
  – Tested payment process for pilot TMS; long-term decision pending
New Settlement: an overview

- New Settlement allows clients to
  - Trace the full payment lifecycle of each carrier invoice
  - Actively manage accounts online
  - Gain greater operating efficiency

- New Settlement provides two methods of cash application
  - Open Item Accounting (OIA)
  - First In, First Out (FIFO)
New Settlement **Summary Invoice**
for shippers/Transportation Officers/certifying officers

• Once your Shipping Location converts to New Settlement you will have two accounts as shown
  – For DOD locations this will occur in March 2020
  – The 16-digit account will close and balances will need to be paid in full
  – The six-digit account number will be the new account.

• DFAS providing guidance and oversight to DOD shippers

<table>
<thead>
<tr>
<th>Summary Invoice</th>
</tr>
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<tbody>
<tr>
<td>Account:</td>
</tr>
<tr>
<td>XX3456</td>
</tr>
<tr>
<td>XX4567</td>
</tr>
<tr>
<td>XX5678</td>
</tr>
<tr>
<td>XX6789</td>
</tr>
<tr>
<td>XXXXXXXXXXXXXXXX4567</td>
</tr>
<tr>
<td>XXXXXXXXXXXXXXXX5678</td>
</tr>
<tr>
<td>XXXXXXXXXXXXXXXX6789</td>
</tr>
<tr>
<td>XXXXXXXXXXXXXXXX7891</td>
</tr>
</tbody>
</table>
New Settlement Daily Statement Info for TSPs/carriers

• Carriers will see a new six-digit account
• No action required by carriers/TSPs
• Bank routing information will stay the same.
• DOD carriers should expect to see this beginning March 1, 2020
Other solutions to drive efficiencies
Choose your solution from a full array of products

<table>
<thead>
<tr>
<th>Payables</th>
<th>Virtual Pay</th>
<th>Payables &amp; Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Payables Card" /></td>
<td><img src="image" alt="Virtual Pay Card" /></td>
<td><img src="image" alt="Payables &amp; Travel Card" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Travel</th>
<th>Aviation</th>
<th>Transportation</th>
</tr>
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<tbody>
<tr>
<td><img src="image" alt="Travel Card" /></td>
<td><img src="image" alt="Aviation Card" /></td>
<td><img src="image" alt="Transportation Card" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fleet</th>
<th>Aviation</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Fleet Card" /></td>
<td><img src="image" alt="Aviation Card" /></td>
<td><img src="image" alt="Transportation Card" /></td>
</tr>
</tbody>
</table>

U.S. Bank is one of the world’s largest issuers of commercial cards and electronic payment systems.
Drive the road to efficiency and cost savings

U.S. Bank Voyager® Fleet Program

**Voyager Fleet Card**
- Pay for all fleet-related expenses.

**Voyager Network**
- Experience nationwide acceptance at more than 320,000 locations.

**Voyager Maintenance Solution**
- Integrate cardless payments and granular data.

**Fleet Commander Online**
- Manage your program and run standard and custom reports.

**Mobile Apps**
- Get added convenience and ease for drivers and fleet managers.
Discussion and questions from attendees
Next steps

Contact us with any questions

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