Scanned and Delivered
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Abstract

One of the most critical areas for many Credit Professionals is the management of Proofs of Delivery (PODs). This article considers the benefits and issues of scanning and storing PODs electronically and looks at alternatives to traditional multi-part stationery and clunky dot matrix printers for producing POD documents. The article also examines the pros and cons of handing over the responsibility of POD scanning to third party couriers and hauliers. Third parties managing your PODs frees up your time, but do they have the necessary technologies and procedures in place to meet your requirements?

The burden of proof

In order to protect themselves against erroneous or deceitful claims from customers, businesses that supply goods on credit need to retain some evidence that the goods have actually been delivered – or indeed collected. Traditionally, this has meant printing despatch notes in duplicate and retaining one copy that has been signed by a representative of the customer when the goods were delivered. Sometimes a third copy is used if the goods are to be delivered by a third party courier or haulier. Quite apart from the inefficiencies of producing multiple pieces of paper and the expense of using multi-
part stationery, the filing and retrieval of proofs of delivery (PODs) presents a number of challenges and can become a very time-consuming aspect of the cash collection process.

Signed PODs are usually returned to the accounts department some days after the despatch of the goods. The documents, which are often printed on very thin or carbonised paper, are often soiled and torn. They are never returned in order. Some will not be clearly signed. Others never make it back at all.

Since these documents can be essential in getting paid, they need to be filed in some meaningful way. This may mean sorting them by despatch date, by customer or by order number. Ideally they are filed with a copy of the customer’s order and the invoice for the goods. None of which is a trivial task. Some businesses do not raise an invoice until a POD has been received, so any delay in receiving and sorting PODs will hurt cash flow.

Clearly PODs, and other similar documents such as confirmations of despatch and certificates of shipment need to be retained at least until the related invoices have been paid. Arguably, they should be retained as part of accounting records for seven years. In the case of exported goods, the same documents may also be required to prove that VAT-able goods have left the country.

Filing is one thing, retrieving them is another. Many customers frequently request copies of PODs. This usually means retrieving the document, taking a photocopy and faxing it to the customer with a cover sheet – a process which can easily take ten minutes each time, even when PODs are present and well filed. If a POD cannot be produced on request, the customer knows there isn’t a strong case for proving that the goods have been delivered and the chances of the supplier getting paid are diminished.

Despite advances in Enterprise Resource Planning (ERP) systems, electronic ordering and stock control systems, the need to produce copies of PODs is not declining. Quite the reverse in fact. As the accounts payable functions become increasingly detached from business units, the need to match invoices with a POD as well as with the order is becoming routine. If an invoice cannot be easily matched to a POD, it won’t get paid. At least, not without considerable delay. Many large organisations with regional offices, branches or depots, place the onus on the supplier to provide copies of all PODs to head office before payments can be processed. All too often a missing POD will mean the write-off of an invoice.

**How can an electronic document management system help?**

Electronic document management can be used for proving the delivery of goods. By scanning in all paper PODs, including hauliers’ receipts and goods in dockets, they can be stored securely
and then retrieved from the desktop instantly. Integrated fax or email software means that copy PODs can be forwarded to customers within seconds, saving a considerable amount of manual effort. Indeed, if customers routinely request PODs or copy invoices, the documents can be made available on-line through a website or ‘extranet’. They can even be emailed completely automatically, with or without a monthly statement.

Ideally, customer orders should be scanned or captured electronically into the same system. If the document management system is integrated into an organisation’s accounting or ERP system, as is the case with V1’s Archive, despatch notes and sales invoices can be captured as they are generated – without the need for scanning. The result is that the credit controller has the complete set of documents instantly at hand: the customer’s order, the despatch documentation, the signed proof of delivery and the sales invoice.

An additional benefit of scanning PODs is that it is much quicker and easier to check that all PODs have been successfully retained. With manual filing this is very time-consuming and so often doesn’t get done. Often, the first time anyone realises a POD is missing is when the customer asks for a copy – or worse, when a case is being prepared to take a customer to court.

Once scanned and indexed, PODs can be sorted into any order. This means it’s easy to find a POD for a specific order, job, customer or date. If the system is linked directly to the accounting or sales order processing system, or if the outbound despatch notes are also archived and linked with the PODs, then it should be possible to automatically generate a report of PODs that haven’t been scanned. If this is run every few days, it increases the chances of the missing documents being found or at least the driver remembering the reasons why a POD may be absent.

**Why isn’t everyone doing it?**

If scanning PODs makes such sense, why isn’t everyone doing it? Traditionally, there have been some valid reasons why proof of delivery scanning has not been viable for some companies. For instance, years ago scanning could be a slow process and scanners with document feeders were expensive. The thin ‘onion-skin’ paper used for multi-part stationery used to prove difficult to scan and frequently misfed or jammed and the often faint grey print on the coloured paper could be difficult to read. As well as this, manual indexing of scanned images could take just as long as manual filing and errors would creep in. As a result, some documents could be electronically ‘misfiled’ and never found again. In the past, the cost of computer disks to store large volumes of scanned images may also have been prohibitive.
Thankfully, technology has improved in all of these areas. Fast scanners have fallen in price considerably. What's more, the technology built into modern scanners, such as those from Kodak, can adjust automatically for difficult coloured documents, producing sharp black and white images that can be easier to read than the coloured originals. Ultrasonic detectors are used to catch double-feeds and prevent pages going unscanned. Technologies such as Optical Character Recognition (OCR) and barcode recognition, especially when integrated with accounting systems, have taken the drudgery out of indexing. And with the cost of hard disks having fallen to as low as 40 pence per gigabyte, electronic document storage is extremely cost-effective (a gigabyte of storage typically stores over 20,000 scanned PODs).

**Indexing and the art of document management**

Indexing is an important concept to understand. It is one of the key differences between using an electronic document management system and simply storing files on a computer. When paper documents are filed, they can only be filed in one way (without making additional copies). The same is true if documents are scanned and simply held as files in computer directories or folders. Put simply, you need to know what folder a document is in, in order to find it. When documents are filed electronically in a document management system, the physical location is not important. Since the documents or images can be indexed in a number of ways, a document can be found using any one of a number of references.

In document management terms, the process of indexing means associating certain references or values to each document or image. These items may be known as index fields, ‘tags’ or metadata. In the case of scanned PODs, typical index fields might include despatch number, load number, haulier, order number, date or customer code. As well as allowing a user to find a document by searching on any of the index fields, a user can combine index fields to group documents in different ways. For example, a user could retrieve all PODs for a specific customer and for a specific date range. Indexing also means that the documents can be sorted or listed in different orders, making it easy to spot missing documents.

In addition, index fields provide an excellent way for more sophisticated document management systems to automatically link together related documents. For example, by using the order number as one of the index fields, PODs can be linked with the customer’s order, order acknowledgement and sales invoice.

**Automating the indexing**

Using a number of different references to index PODs is all very well, but if the operator has to spend hours keying in this information, the benefits will probably be outweighed by the data entry time. Thankfully a number of technologies have been
developed to automate the indexing of scanned POD images. Optical Character Recognition (OCR) technology, which has improved considerably over the past ten years, can be used to read key data from the scanned images automatically. The better systems combine the latest OCR technology with direct links to the accounting system to automatically check the OCR results. For example, the despatch number, the date and the customer code will be automatically read and this information will be confirmed by checking data in the accounting system. If data fails to match a valid despatch in the accounting system, the POD will be highlighted for manual validation.

**Barcoding documents**

Another way to index scanned PODs is using barcode recognition. By replacing the old dot-matrix printed despatch notes with laser-printed documents with barcodes, indexing accuracy can exceed 99% without any manual indexing. Typically, barcodes on the despatch note will contain just the despatch number and the number of pages that should be present. This is enough for the scanning software to correctly recognise the document and ensure all the pages are there.

Switching to barcoded despatch notes to ease indexing requires a laser printer as barcodes printed on dot matrix printers need to be very big and tend to be unreliable. Most inkjet printers are not suitable for PODs because the ink tends not to be permanent and so can wash out if the document gets wet.

Most people are only too keen to see the back of noisy dot matrix printers with their poor print quality and costly stationery. However it is the need for a POD that keeps many people using them. The only advantage of dot matrix printers is their ability to print in duplicate or triplicate. For laser printers to print two copies of a document, they have to print two separate pieces of paper. So is there an alternative to the traditional way of printing an extra copy for the customer to sign? Of course there is. In fact, there are several.

**Eliminating duplicate PODs**

*Tear-off receipt section*

The simplest way to incorporate a POD into a single laser printed document is to use a tear-off section. This means using stationery with a perforation, which can be cheaper than the traditional multi-part set. As laser printers can print forms and logos on the fly, stationery does not need to be pre-printed. In fact, the same blank stationery can be used to print despatch notes with a tear-off receipt together with invoices and statements with a tear-off remittance advice. The most common format for this stationery is A4 with a perforation about four inches from the bottom.
**Driver's signing sheet**

Unfortunately the tear-off receipt approach still suffers from the same problem as the traditional POD – each POD is a separate piece of paper. This means that individual PODs can go astray. A slightly different approach is to produce a checklist for the driver. The customer will still receive a conventional despatch note, but the driver will ask the customer to sign the entry on his checklist. The main advantage of this approach is that all the PODs are combined on a single document so there is a much reduced chance of individual PODs getting lost before the driver gets back to the office.

The difficulties with this approach are that it’s not a standard option in many accounting systems and the deliveries may need to be sorted into different loads. These issues can be addressed by using third-party printing software such as V1’s Form. V1 Form will extract the key details of each delivery as the despatch notes are printed and generate the driver’s signing sheet automatically – even re-sorting the despatches by load, if necessary.

**Integrated laser labels**

An increasingly common solution is to use integrated label stationery. These are A4 laser sheets with one or more laser labels integrated into the page – an approach which has been popularised by large mail-order retailers such as Amazon. The despatch note is produced on a single piece of laser stationery complete with barcodes containing the despatch number. One copy of the barcode is printed on a peel-off label section so that it can be detached and affixed to the driver’s signing sheet. Peel-off label stationery can also be used for other applications such as the delivery address, which can be stuck to the outside of the packaging. A further label could be incorporated should the customer need to return the goods.

**Why don’t we just let the courier/haulier do it all for us?**

Many couriers will already have their own systems in place for POD scanning. Some will offer a service where they scan the PODs from your customers and make them available to you over the Internet. This can have many advantages, but it is essential that you ensure the PODs meet your requirements as well as those of the logistics company. Remember that a delivery may be worth less than £100 to the haulier, but many thousands to you.

Some hauliers will only use their own delivery documentation, which can be fine if it contains enough information to meet your requirements. Does it clearly reference your order number and the number of items received? Sometimes a haulier or courier will collect a consignment, sign your POD and give you a tracking number that can be used to track the delivery through their website. This is useful, but is there enough information to make it clear what was signed for? You can show that you gave the goods to the
haulier, but can you prove the right goods were delivered to the right place? Obviously this system will carry greater weight if the paperwork is scanned and available on the website as well.

It is also important to consider how long a POD will be available on the courier’s website. Will it still be there in three months or more when you are still chasing payment? If a logistics provider is scanning your PODs, it’s worth investigating whether the images can somehow be transmitted back to you. There are various technologies available to allow this including FTP (direct transmission between servers over the Internet) or simple emails. If you can receive the actual scanned images, you can store them in your own document management system, just as if you have scanned them in house.

**Conclusion**

Even in our increasingly paperless world, there is still a need for proofs of delivery. More often than not, documents are produced on paper and are likely to be for some time. Efficient management of proof of delivery improves cash flow and reduces write-offs. Scanning PODs also saves filing time and improves both access to PODs and customer service. Integration with core business applications offers greater timesavings, improves the accuracy of indexing and highlights problems sooner. As well as this, automated delivery of PODs to customers saves time dealing with requests and gets the cash in more quickly. Let someone else do the proof of delivery scanning, if you like, but make sure you maintain control of your PODs and have the right processes in place to manage them. For a clearly signed and easily accessible proof of delivery can prove fundamental in a customer accepting or refusing to pay!