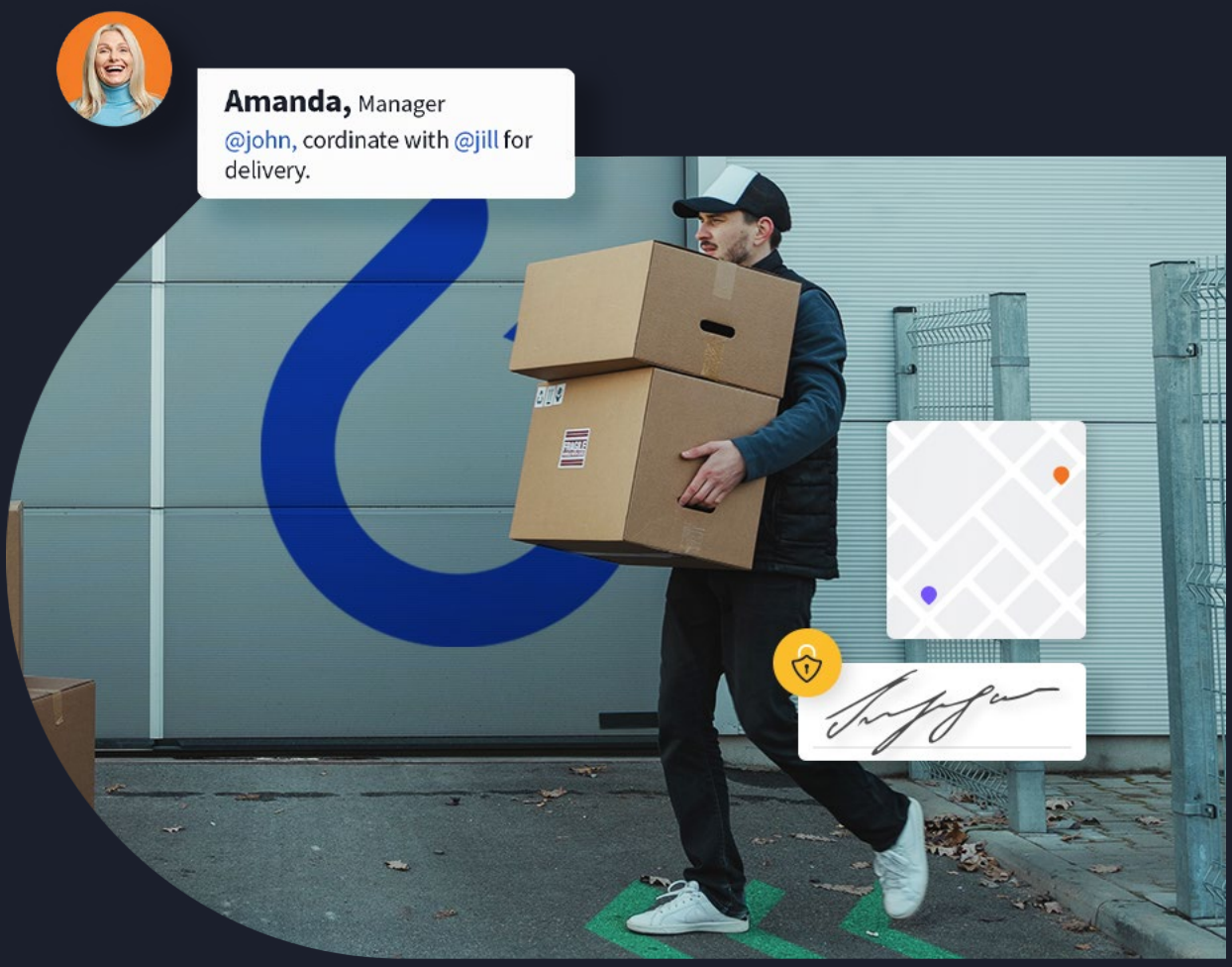
coolfire

FRAUD PREVENTION:

PROOF OF DELIVERY TECHNOLOGY



coolfire

TABLE OF CONTENTS

01

INTRO-DUCTION

DID YOU KNOW?

The freight delivery industry reports a nearly *800% increase* in shipping fraud from 2020 to 2021.

TransUnion

Dependency on traditional paper-based proof of delivery (POD) methods is waning. The high costs of printing, managing, and retaining paperwork are unattractive and wildly inefficient when reconciling paperwork to complete jobs. Matching successful drives is one challenge, but the sheer hassle of unraveling a mystery when something gets flagged for fraud is a nightmare scenario.

The hassle factor aside, human error and fraud are the top driving factors for moving away from paper-based POD.

The freight delivery industry reports a nearly 800% increase in shipping fraud from 2020 to 2021, according to TransUnion. Organizations are moving toward a digital proof of delivery system, also known as Electronic Proof Of Delivery (E-POD), to combat the rising costs of delivery fraud. Like traditional POD, these methods provide a sort of guarantee the buyer receives the goods from the sender.

In 2022, one of Coolfire's clients deployed a modern E-POD system that has helped them reduce their 'damaged product' claims by as much as 95%. Learn how digital proof of delivery systems work and how you can improve your operations.

02

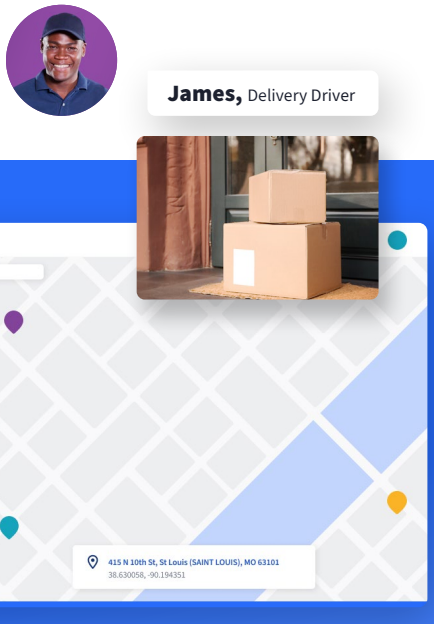
E-POD TECHNOLOGY

Electronic Proof Of Delivery technology supports traditional methods in addition to new ways to guarantee delivery while reducing human error, improving efficiencies, and mitigating fraud. Let's explore some ways E-POD can help your delivery operations:

DIGITAL SIGNATURES

Much like paperwork-based signatures, digital signatures–also known as e-signatures–offer a way to capture the recipient's acceptance of the goods. Once the products are delivered, digital signatures provide a simple way to create a digital handshake between the two parties. Capture a digital signature using a mobile or tablet device, where the recipient uses their finger or stylus to sign their name. When companies shift from pen and paper to digital, they found an 85% savings in processing costs, according to MSB Docs.

However, this basic method alone provides a superficial level of deterrence from fraud. While



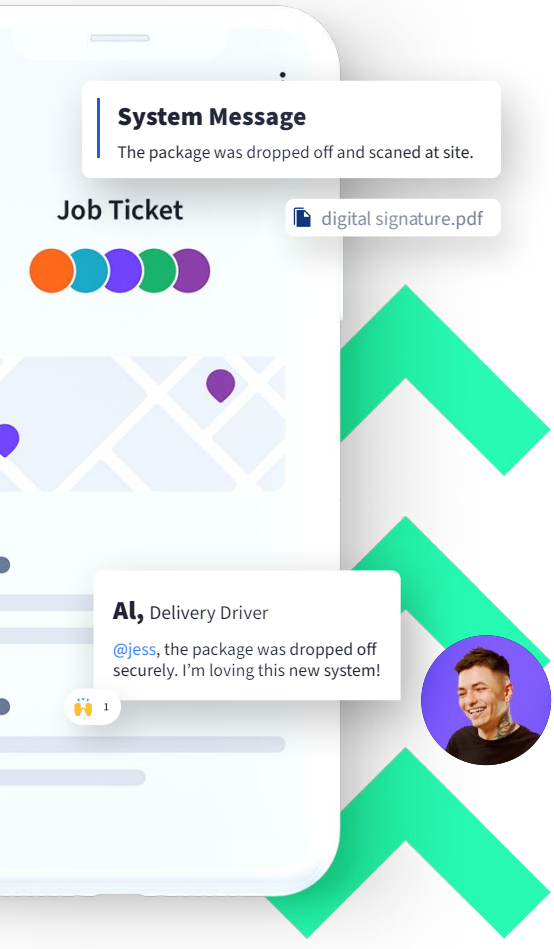
DEFINITION

ELECTRONIC PROOF OF DELIVERY (E-POD)

A digital method to establish that the recipient received contents from a sender–often via a third-party intermediary such as a delivery driver. Much like traditional POD methods, E-POD is a proverbial handshake that an exchange has occurred. Examples include acceptance signatures, barcode scans, and photographic evidence verifying that the product was delivered to the recipient.

AVERAGE PROCESSING COST SAVINGS AFTER SHIFTING FROM PEN AND PAPER TO DIGITAL

MSB Docs



effective in some cases, this method is easily spoofed by a delivery driver or an unintended recipient by simply scribbling on the screen. Another challenge with a digital signature-only approach is the lack of quality verification to combat erroneous customer disputes. Signature-only proof of delivery can't always combat shorted delivery claims, damage after the fact, or mishandling by the recipient.

BARCODES & QR CODES

Scanning QR or barcodes is an effective method for tracking package location and verifying the right package gets matched to the right recipient. When picking up or dropping off a package, requiring a code scan helps reduce human error. By adding a simple scan, the sender, driver, and recipient know the right delivery gets to the right location.

This proof of delivery method helps eliminate simple (and often honest) mistakes in a fast-paced environment. Barcode scanning is powerful in mission-critical environments when a package-recipient mismatch could cause catastrophic harm–like a vaccine trial patient receiving the wrong dosage. Barcode scans create a secondary check for your team's work in the field.

Code scanning doesn't do much to verify the intended recipient received the delivery. Too often, a simple barcode scan alone isn't enough to prevent partial delivery theft. The scam occurs when the recipient claims part of the multi-package delivery wasn't received. The barcode scan-only method doesn't prevent an unsavory recipient from simply

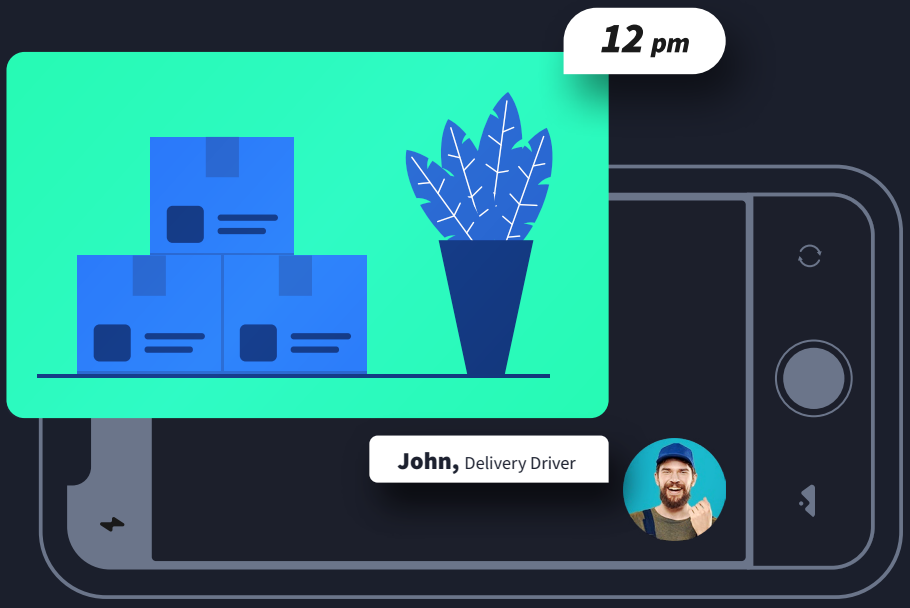
claiming something wasn't delivered when it was (or the driver intentionally shorting the delivery to take the package for themselves).

Another shortcoming of this method is when a barcode is damaged or missing. If the process requires a scan, the driver may spend valuable time searching for scans–sometimes in low-light environments–only to realize the package doesn't have a code to scan.

By scanning a code, along with a digital signature, you can create a multi-layered proof of delivery system.

PICTURES

Photographic evidence is another effective method for proof of delivery. Unlike barcode scans, pictures help the delivery person capture digital evidence with a timestamp, showing the items at the place of delivery. Pictures are a practical way to verify the number of items, the quality of the packaging, and the physical environment of the delivery point. The picture proves the products were delivered in a quality manner–aka no damage–and provides a viable alternative when barcodes are damaged.



A typical picture-only scam occurs when a driver places an item, snaps the picture, and then removes the item. You can quickly combat this scam by forcing an interaction with the recipient with something like digital signatures or photographic evidence of their presence (ex. a picture of their driver's license, a photo of the recipient with the package, or some other verifiable exchange).

Combining pictures with digital signatures and barcode scanning creates a more robust multi-layered approach to proof of delivery.

By connecting a biometric scanner to the mobile device, you can *verify the person's identity* at the proof of delivery point.

DIGITAL FINGERPRINT

Collecting digital fingerprints through the scanner can be an alternate method of collecting such proof. By connecting a biometric scanner to the mobile device, you can verify the person's identity at the proof of delivery point. Biometric scanners are tough to deceive and provide another layer to guarantee receipt.

This method comes with some clear privacy concerns, especially for non-sensitive deliveries. Requiring someone to offer up personally identifiable data about themselves for a cheeseburger may raise some concerns and create heavy (and unnecessary) friction for your drivers.

Additionally, the additional hardware costs alone are prohibitive in most scenarios. Reserve this method for ultra-sensitive or high-value items where you are deploying multi-factor proof of delivery system is required.

DIGITAL FORMS

Electronic forms–also known as e-forms or digital forms–are often the organizing technology for proof of delivery. They are helpful for data capture along the delivery timeline, including pictures, package temperatures, or other information needed to prove delivery quality.

Forms provide an easy way to manage multi-layered proof of delivery and capture additional information, such as delivery notes. Digital forms are versatile and are a great way to activate follow on processes or follow-up actions based on information entered.

DELIVERY NOTES

Documenting delivery placement–like left at the side door–provides additional data points for successful deliveries and helpful information for recordkeeping. This proof of delivery method can be shared with the customer in a contactless transaction to know where to locate their item, but it also serves a useful auditing purpose. For example, if the driver denoted the presence of a dog, the package may be left out of reach of the animal to protect package integrity. If the customer contacts the delivery service, they can provide additional details on the location.

CUSTOMER ALERTS

Notifying customers of their delivery, whether they interacted with the delivery process or not, provides additional proof of delivery measures. The customer alert is an efficient way to share delivery information–like delivery notes or instructions–and any proof of delivery details like signature or photo proof.

Providing automated alerts protects the driver and creates some accountability for the recipient. Simply knowing the information was captured and shared with multiple parties constructs a built-in accountability system where honesty can thrive.

PACKAGE SENSORS

Guaranteeing a delivery meets the required quality standards starts well before final drop-off. During transport, some items need extra care and monitoring by both the shipper and receiver. To guarantee a shipment meets these high standards, deploy various sensors to monitor transportation quality. Environment sensors can monitor temperature or humidity, tip and tilt indicators look for shifted loads, or impact sensors guarantee a sensitive package isn't dropped. Additional vibration sensors and UV light indicators provide even more advanced monitoring options.

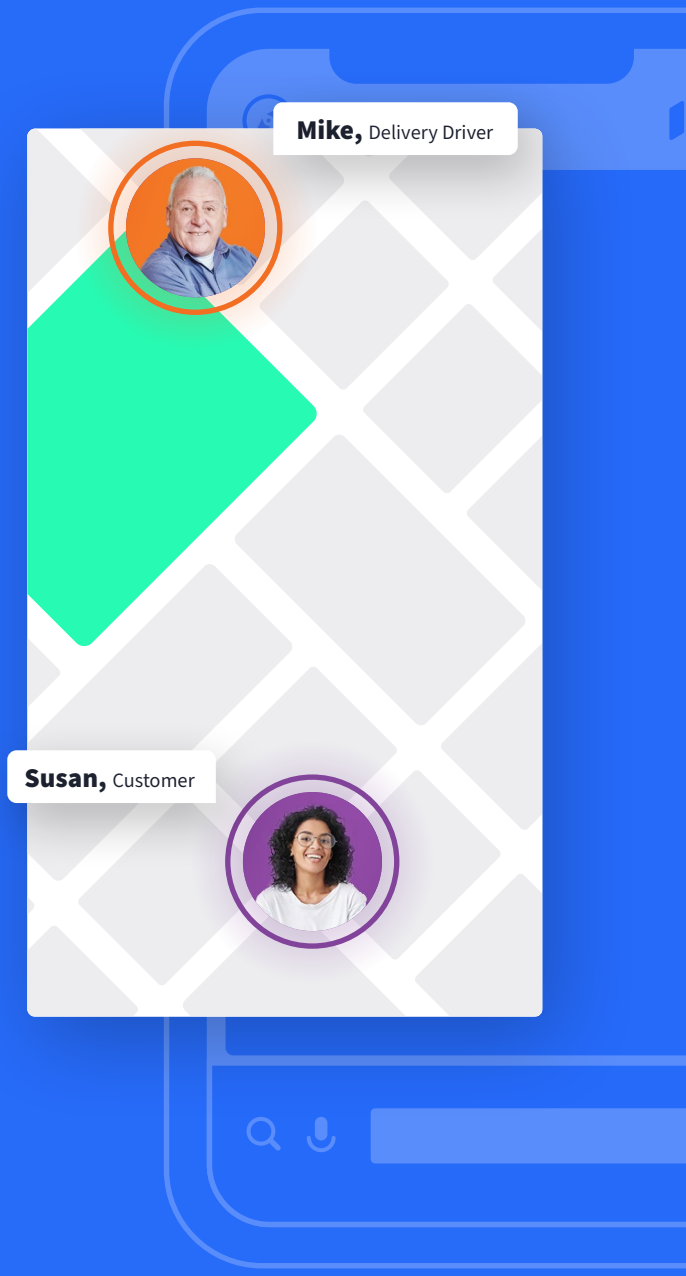
Many of these low-tech sensors are a relatively cheap way to ensure sensitive loads aren't damaged. As part of the proof of delivery process,

carriers need strategies to monitor, document, and record progress throughout the trip. Capture a picture of the sensor to record the sensor status, time, and location of the check. Recording the sensor readings as part of your E-POD process helps guarantee the package quality meets the sender's requirements.

While they are relatively cheap, adding a sensor to every package will eat into margins. This method is a viable option for high-value, high-risk loads requiring an extra deterrent from damage.

GEOLOCATION CAPTURE

Capture location details as the actions happen. Recording the GPS coordinates in the background provides another layer of security and proof. Geolocation data capture is difficult to manipulate when using GPS coordinates. Geotracking provides another way to guarantee an action gets performed at a specific place–like a digital signature captured within 150 feet of the delivery location.



TIMESTAMP VERIFICATION

Similar to geolocation, timestamp verification provides a frictionless way to capture when an action occurs. With most proof of delivery methods reviewed, the software captures the timestamp details behind the scenes. Enriching your digital POD methods with both geolocation capture and timestamp verification, you create a multi-layered proof of a delivery system that improves consistency, quality, and starts to stamp out basic fraud reports.

Most E-POD apps capture timestamps *out of the box*.

Most E-POD apps capture timestamps out of the box. Including this in your delivery timeline simplifies customer dispute handling by sorting chronologically.

As with any security measure, more isn't always better. Strike the right balance of a multi-layered E-POD system for your delivery operations. Too many checks and requiring multi-party participation may create an enhanced level of protection but will slow down transactions. Too many checks may frustrate drivers and customers if too much data is required. Making the system too cumbersome will encourage inaccurate data entry to speed up the process–ultimately creating the opposite of your desired outcome.

03

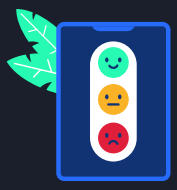
BENEFITS OF E-POD

Transitioning from traditional proof of delivery to electronic proof of delivery immediately impacts operations. From minimizing human error, improving efficiencies, and reducing fraud–let's dig into some of the other benefits of E-POD.

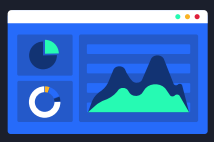
INSTANT ACCESS TO DATA

The most apparent benefit of E-POD is the real-time nature of the data. When data is collected and shared in a stream, everyone and anyone impacted by the events gets access as it happens.

DIGITAL POD CAPTURE HELPS ACCELERATE TASKS FOR BACK-OFFICE TEAMS, SUCH AS:

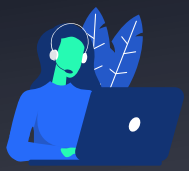


Customer satisfaction surveys



Auditing POD data

Generating invoices



Troubleshooting customer questions

Scheduling or rescheduling deliveries

FEWER CUSTOMER DISPUTES

When an item doesn't arrive as expected, you expect customer disputes. Replacement costs, in many cases, don't compare to the toll on your staff trying to retrace the actions taken up to this point. Teams get consumed with the time it takes to untangle paperwork, talk to the driver, and then respond to the client. Most of the time, it's cheaper to proactively replace or refund the item than to waste time and money to track and track–not to mention the customer satisfaction hit you take.

Providing an electronic proof of delivery app to drivers provides a quick way to streamline the resolution process. By organizing your drive data, chain of custody history, and closing out the drive with electronic proof of delivery information, you can quickly audit jobs with relative ease. With the app, the driver captures digital POD points along the way. Documenting the drive protects the driver, yourself, and the business from frivolous disputes.

The digital assets allow you to quickly manage customer disputes with evidence-based resolution handling–limiting your labor investment and replacement costs on the most critical complaints. Lastly, by sharing the E-POD details proactively, you create a level of accountability with the recipient, preventing most disputes before they happen and acting as a fraud deterrent.

STREAMLINE PROCESSES

Adding electronic proof of delivery methods to your delivery process will also streamline dependent internal processes. By eliminating paper-based POD, you save on the upfront printing and managing of the paperwork. Still, you also reduce the amount of manual data entry–whether transferring delivery details or any customer notes left by the driver.

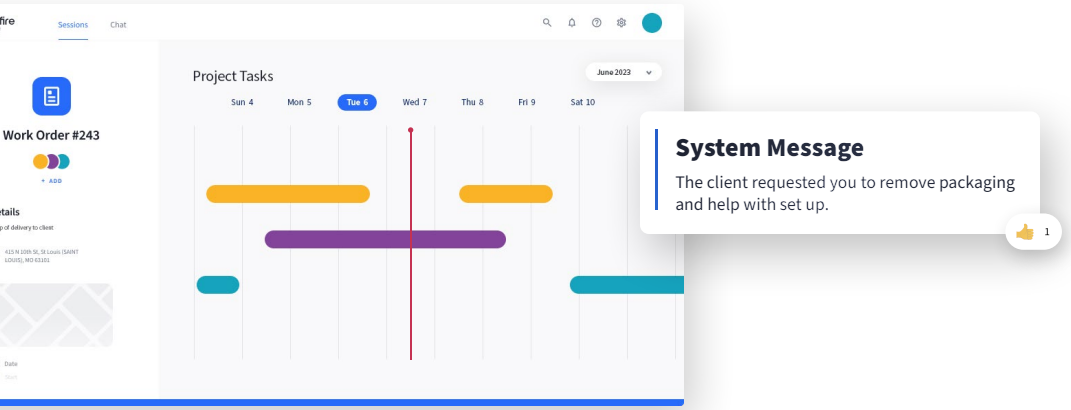
E-POD will transmit data from the field in real time. Real-time data allows any manual or automated follow-up processes to begin near real-time. Alert the customer their order arrived (and include the E-POD details) to avoid a customer support call. Start the invoicing process a day earlier.

Digitizing and automating manual processes helps with your drive operations but also enables you to accelerate your back-office support.

BETTER CUSTOMER INTERACTIONS

Having your drivers fumble with paper forms presents a bit poorly in front of the customer. It shows your operations are a bit antiquated but also draws questions around your ability to scale and support larger or more advanced deliveries. Replacing paperwork with electronic processes creates a more professional image and increases the efficiency of data collection. A robust electronic proof of delivery app guides drivers through consistent on-site processes so that your customer service offering is the same for every customer, every time. If you need to change the process, update the in-app workflow to guide the team through the new POD steps.

You can even consider adding on-site prompts to see if there are additional services at the delivery time–such as installation or packaging removal. This allows you to maximize your driver's time and revenue per mile while improving the overall customer experience.

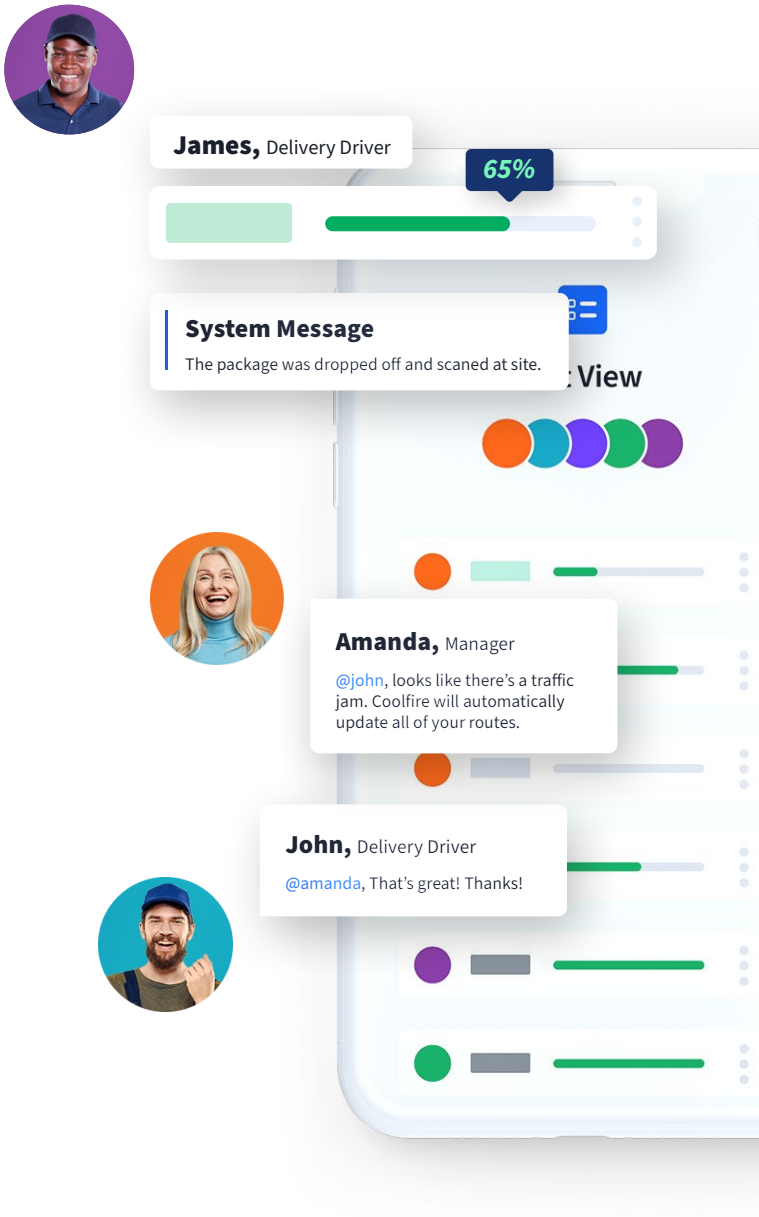


INCREASED PRODUCTIVITY

Utilizing the familiar UX of a smartphone gives drivers a quick way to capture electronic proof of delivery as part of their drive. Workers can quickly progress through the steps vs. managing a standalone handheld device.

The ease of use reduces error rates, lowers the need to contact HQ, and ultimately results in more completed jobs over the same period. As previously mentioned, the E-POD features benefit the mobile user, the customer, and the back-office support team.

Consolidating your drive app and digital POD tools into a single app allows you to manage the designed workflow and route optimization. As the day progresses, jobs become more urgent, traffic patterns change, and things happen. Digital apps help you orchestrate and maintain control of your operations remotely.



04

IMPACTS OF E-POD TECHNOLOGY

With shipping fraud spiking in recent years, providers must protect themselves and their customers. Without proper proof of delivery checks, fraud will continue to disrupt operations, drive up labor costs, and ultimately delivery costs.

A recent Coolfire customer deployed a new E-POD process where they required signature, barcode scanning, and attaching a picture to their multi-package deliveries. By deploying a three-point E-POD step to each drop, they significantly cut down on customer inquiries and reports of damaged deliveries. While they credit the entire E-POD system, they consider the picture capture as the crucial change in their operations. The photo verifies proper product handling and acts as a backup option when a barcode is unavailable for scanning.

In addition to reduced customer service costs, they were able to curb unplanned product loss– whether theft or reported damaged goods. Based on the customer's most recent calculation, they are on pace for a 95% reduction in fraud-related shrinkage! The customer attributes much of their product fraud to customer claims a product was damaged or not delivered. The picture evidence creates the best proof of the delivery method to protect all parties involved. By adding multiple electronic proof of delivery methods, both the sender, receiver, and driver have the documentation they can reference in the future.

Learn how Coolfire Core helps fast-moving delivery teams capture electronic proof of delivery at

WWW.COOLFIRESOLUTIONS.COM.

www.coolfiresolutions.com