Standards Advisory Board

EIPP PROCESSES

Master Process Document

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Content

1 Introduction

This document contains all general information about the EIPP (Electronic Invoice Presentation and Payment) Processes from invoicing by ocean carriers (VOCC or NVOCC) to shippers[1] to payment when ocean carriers have issued electronic invoices. It is intended to support different scenarios of the ocean freight industry in general and between ocean carriers and shippers as their customers in particular.

Pre-invoice processes will also be covered by this general information and so will Dispute and Credit Note Processes.

Other processes (e.g. Reporting) might be addressed at a later stage.

For each main process a separate process specification document will be created, e.g.:

- Pre-Invoice Process
- Invoice Process
- Review, Approve, Dispute Process
- Credit Note Process
- Payment Advice Process

The basis for the various processes will be on best practices and recommendations by the EIPP SAB Members.

The priority and sequence of the work to define and describe the above main processes will be decided by the EIPP SAB Members.

1.1 Terminology

The keywords MUST, MUST NOT, REQUIRED, SHALL, SHALL NOT, SHOULD, SHOULD NOT, RECOMMENDED, MAY and OPTIONAL, when they appear in this document, are to be interpreted as described in RFC2119[2].

1.2 EIPP Processes

1.2.1 General

The SAB Business Processes Work Team is standardizing collaborative ocean freight industry processes and procedures by specifying EIPP Processes.

An EIPP Process is a process involving two (or more) parties that exchange information using electronic data exchange (EDI) for invoicing, credit and payment.

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[1] From now on, shipper can also be a consignee, a 3rd party, a freight forwarder, BCO, exporter, NVOCC or another shipping line.
[2] See http://www.ietf.org/rfc/rfc2119.txt

An EIPP Process specification describes

- The different actors playing a specific role in the EDI process (e.g. for invoices and credit notes).

- The requirements and business models, processes and rules to be fulfilled by the actors involved in the process.

- The message (or a set of messages) to be exchanged. An EIPP Process specification refers to Message Models and Codes for each electronic document that have to be exchanged electronically. A Message Model describes the message structure and data constraints.

- The various steps in the EDI process in sequential order.

1.2.2 Conformance and Compliance Principles

Any trading partner can implement this specification.

A trading partner can claim conformance to this specification only if his system can:

- Create electronic documents as required by their role in this specification.

- Send, receive and process electronic documents as required by their role in this specification.

- Create electronic documents fulfilling the business rules, structure and data constraints described in this specification and any related Message Models.

- Understand and process data within the electronic documents they receive according to this specification and any related Message Models.

1.2.3 Customizing an EIPP Process Specification

This EIPP Process Specification can be customized to fit the needs of specific business collaborations or trading community which require more constraints in their processes.

To customize this specification, an organization or a trading community can create an addition to the EIPP Process containing the additional rules and requirements implementers must comply with in order to satisfy their collaboration.

Any additions to the EIPP Process should not break any rule or requirement of the original specification from which it was derived.

2 Business Context

2.1 Introduction

The EIPP Process is based on the EIPP SAB Reference Model which is a complete electronic invoice presentment and payment process for the ocean freight industry.

The EIPP Reference Model has five main processes:

- Pre-Invoice Process
- Invoice Process
- Review, Approve, Dispute Process
- Credit Note Process
- Payment Advice Process

These main processes of the EIPP Reference Model are shown in figure 1 below:
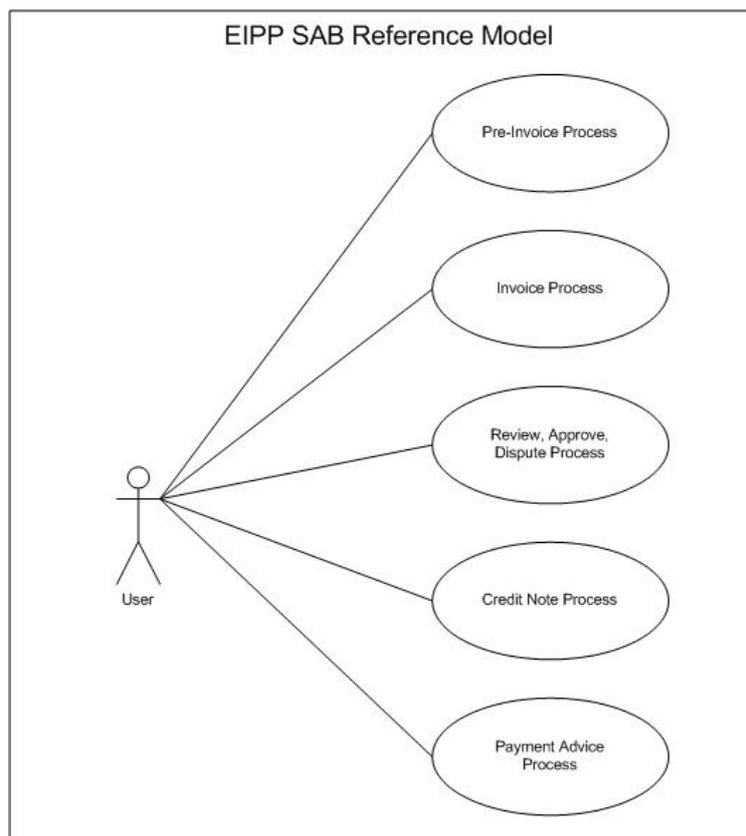

Figure 1 EIPP Reference Model

Companies can implement one or more EIPP Processes in their Information Systems.

There is not a unique strategy defined by EIPP SAB on when to implement EIPP Processes. Organizations can plan their preferred way to implement these processes in coordination with their trading partners.

2.2 Objectives

Organizations and EIPP trading partners implementing the EIPP Processes should establish a common understanding on how the exchanged data and messages have to be prepared, transmitted, received and used.

This also includes the creation of business practices and Standard Operation Procedures (SOP) between the trading partners to facilitate the operational processes and EDI.

The objective of the EIPP Process documents is to define the choreography of the processes and best practices and recommendations to be taken into account when moving to electronic processes.

3 General Requirements

This section provides the official Glossary that explains the business terms used in the different EIPP SAB process and other documents.

There is also a general note on how process requirements are gathered and how to capture best practices and recommendations.

3.1 Definitions

Glossary of terms used in the context of this EIPP Processes.

Term	Definition
Account Statement	An **Account Statement** is a summary of all unpaid invoices and credit notes registered on the biller's accounts receivable. As a rule the total is the amount owed by the payer to the biller for the period stated on the account statement. It is also called a statement of account.
BCO	A **BCO** (beneficial cargo owner) is a shipper or consignee that has contracted an ocean carrier directly for ocean and intermodal services. Direct rate agreements and / or service contracts have been negotiated between the BCO and the ocean carrier.
Bill of Lading	A **Bill of Lading** is a contract of carriage between the ocean carrier and the shipper. It evidences carriage by sea or intermodal transportation by truck/rail and sea and the acceptance of responsibility for the goods by the carrier from place of taking the shipment in its possession up to the delivery to the consignee, The Bill of Lading (B/L) may serve as a document of title. A Bill of Lading is issued by the party who provides the ocean transportation services (e.g. the ocean carrier and NVOCC) to the party who gives instructions for the ocean transportation services (shipper, consignor, etc.). The bill of lading is a receipt for the cargo and sometimes of instructions, stating the details of the transportation, charges, and terms and conditions including liabilities under which the carrier provides the transportation services.
Biller	A **Biller** is the party issuing the invoice.
Bulk Invoice	A **Bulk Invoice** includes various shipments or B/Ls for which individual invoices are issued. This content is consolidated into one Bulk Invoice. The Bulk Invoice can cover various B/Ls or an agreed period. Also called Consolidated Invoice or Summary Invoice.
Buyer	A **Buyer** is the party buying the goods from the seller.

Carrier	A **Carrier** is the party that provides liner services and in whose names B/L are issued. The carrier is responsible for the carriage of the goods from place of receipt to place of delivery.
Carrier's Agent	A **Carrier's Agent** is the party that is acting on behalf of the carrier, receives bookings, issues and signs B/L and also issues the invoices covering the carriage of the goods and all other auxiliary charges.
Charge currency	**Charge Currency** is the currency used to communicate the individual charge, typically in terms of the country where the service was provided (i.e., 'local charge").
Collect Charge	A **Collect Charge** is a charge to be paid at destination.
Collector	A **Collector** is the party receiving the payment.
Consignee	A **Consignee** is the party receiving a consignment as shown in the B/L.
Consolidated Invoice	A Consolidated Invoice includes various shipments or B/Ls for which individual invoices are issued. This content is consolidated into one Consolidated Invoice. The Consolidated Invoice can cover various B/Ls or an agreed period. Also called Bulk Invoice or Summary Invoice.
CY or Container Yard	**CY** or **Container Yard**: Location where the carrier stores empty containers, receives loaded containers for export and delivers loaded containers and receives empty containers back for import normally at the port of loading and the port of discharge respectively. For intermodal shipments arranged by the carrier the inland receipt and delivery locations.
Debtor	A **Debtor** is the party responsible for the payment of the invoice toward the biller.
Demurrage	Fee for storage of full containers at the terminal or CY, etc. beyond the agreed free time. **Demurrage** applies to cargo or container.
Detention	Fee for exceeding the agreed free time upon loading and unloading inside or outside the terminal, CY, etc. **Detention** applies to equipment.
EDI	**EDI** or **Electronic Date Interchange** is the transfer of structured data, by agreed message standards, from one computer system to another without human intervention. [1]
EIPP	Electronic Invoice Presentation and Payment.
Exporter	An **Exporter** is the party who makes regulatory export declarations.

Express Cargo Bill	A Sea Way Bill (SWB) or an **Express Cargo Bill** (ECB) are non-negotiable transport documents issued by the ocean carrier and NVOCC. They are the evidence of a contract of carriage. They are not documents of title. Within this document, when the term Bill of Lading or B/L is used, it covers the Bill of Lading, the Sea Way Bill and also the Express Cargo Bill.
FCL	See Full Container Load.
Free Time	**Free Time** is the period the shipper is allowed to use a carrier's equipment (container, chassis, etc.) at no cost during the pre-shipping and after delivery process. This includes detention and demurrage.
Freight Charges	**Freight Charges** (a.k.a. freight costs) are the costs incurred when moving the goods from the place of receipt or port of loading to the port of discharge or place of delivery as per issued bill of lading.
Freight Forwarder	A **Freight Forwarder** is the party arranging the carriage of goods on behalf of his customer, including connected and/or additional services and/or associated formalities, as agreed with his customer as the original shipper or consignee of the cargo.
Freight Invoice	A **Freight Invoice** is an invoice issued by an ocean carrier for freight charges applicable to one Bill of Lading unless otherwise agreed between ocean carrier and their customer.
Full Container Load	**Full Container Load** (FCL) means a container is loaded and unloaded entirely under the risk and for account of a single shipper or consignee. [2]
Fumigation	A **Fumigation Charge** covers the treatment of the contents of a container for environmental, pest or health reasons as requested by governments, environmental or health authorities at the country of origin or destination.
Importer	An **importer** is the party that makes, or on whose behalf an agent or other authorized person makes an import declaration and is responsible for the payment of import duties and taxes on the imported goods.
Invoice Currency	**Invoice Currency** is the indicated currency for which all charge currencies on an invoice are converted to in order to total the invoice charges into a single payable amount.
Invoice Issuer	See Biller.
Less than Container Load	**Less-than-Container-Load** (LCL) means that the quantity of freight is less than that required for the application of a full container load.

NVOCC	A **NVOCC** (Non-Vessel-Operating Common Carrier) is a container and cargo consolidator in ocean trades for FCL and LCL shipments. The NVOCC buys space from a carrier and re-sells it to shippers. The NVOCC issues their own B/L, publishes tariffs where requested and otherwise conducts itself like an ocean carrier, except that it will not operate or charter ocean vessels. [2]
Ocean carrier	An **Ocean Carrier** is the party responsible to execute the physical transport of a customer's cargo as stated in the bill-of-lading.
Over Payment Notice	An **Over Payment Notice** advises the payer that there is a mismatch (over payment) between the advised payment and expected or received payment by the collector.
Payee	A **Payee** (a.k.a. beneficiary) is the party to whom the invoice has to be paid.
Payer	A **Payer** is the party responsible for paying the invoice.
Prepaid Charge	**Prepaid Charge** is a charge to be paid at origin.
Remittance Advice	A **Remittance Advice** contains details of invoices that are being paid and credit notes that are being deducted. The Remittance Advice is sent by the payer to the collector on or immediately after the actual payment date. It advises the collector that payment was made on a named date.
SAB	Standards Advisory Board.
Sea Way Bill	A **Sea Way Bill** (SWB) or an Express Cargo Bill (ECB) are non-negotiable transport documents issued by the ocean carrier and NVOCC and is also the evidence of a contract of carriage. They are not documents of title. Within this document, when the term Bill of Lading is used, it covers the Bill of Lading, the Sea Way Bill and also the Express Cargo Bill.
Seller	A **Seller** is the party selling the goods to a buyer.
Shipment	A **Shipment** is an identifiable and defined quantity of goods to be transported by ship – including possible pre- and on-carriage on land - under the terms of the B/L covering a respective shipment or shipments.
Shipper	A Shipper is the party named in the B/L as the party responsible for initiating a shipment. A Freight Forwarder and NVOCC can also be a shipper in relationship to a VOCC. Exception USA for a Freight Forwarder.
Short Payment Notice	A **Short Payment Notice** advises the payer that there is a mismatch (under payment) between advised payments and expected or received payment by the collector.

SOP	**Standard Operating Procedures** are covering agreed procedures between two or more parties how various business and operational transactions are to be handled and managed. SOP is a formal document signed by the parties involved.
Standard Operating Procedures	See SOP.
Statement of Account	See Account Statement.
Summary Invoice	A **Summary Invoice** includes various shipments or B/Ls for which individual invoices are issued. This content is consolidated into one Summary Invoice. The Summary Invoice can cover various B/Ls or an agreed period. Also called Bulk Invoice or Consolidated Invoice.
VOCC	A **VOCC** (Vessel-Operating Common Carrier) is a carrier, which owns, charters and operates vessels for ocean liner services.

3.2 Process Requirements

An EIPP Process defines the process steps for sending information from one trading partner to another in order to fulfil a process in the ocean freight industry by means of identifying requirements from all parties involved in the process.

In order to describe the process, the EIPP Process identifies the business activities to be supported by the parties. When there are different ways to perform a certain activity, the EIPP Process specification identifies a best practice or recommendation.

3.2.1 Business Activities to be supported

The exchange of information described in the EIPP Process has to be used to support business activities at both ends of the electronic process relationship.

Each EIPP Process specification shall describe the business activities that have to be supported by both EIPP trading partners. Describing these business activities allows identifying the business requirements that shall be the driver for the information to be sent from one party to the other.

Such information is summarized in a list of requirements that have to be fulfilled by the Message guidelines on documents.

3.2.2 Best Practices and Recommendations

There are some activities within the business process being standardized that can be performed in many different ways. The objective of the EIPP Process specifications is to identify such activities, analyse the pros and cons of the different types of performing them, and recommend a best practice.

3.2.3 Operational Policies

Unless otherwise defined in each EIPP Process specification, the following rules apply to all.

3.2.2.1. Policy on Party Description

Parties directly involved in the invoicing, crediting and payment process should provide for the following information:

- Identifiers. It has to be possible for the receiver to distinguish the scheme[3] for each identifier

- Full legal name of the party

- Full postal address of the party

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[3] An identifier scheme defines the set of identifiers used to identify the party. For instance, UNLOCODE, DUNS, etc…

- Legal information such as business registration number, tax identifier and tax registration information when required (country specific)
- Contact information

3.2.2.2 Policy on Address Description

Both when describing a party's postal address or any other location, a document, invoice or credit note can carry the following information besides the full legal company name:

- Location identifier (identifier such as UNLOCODE[4])
- Address line(s), city name, postal code and country name and code

3.2.2.3 Policy on use of Codes

When using code lists the following rules apply:

- The source of the code list must be identified

When it refers to a standard code list, it is not necessary to define the set of possible values in the specification, but there has to be a pointer to the standard code list.

3.2.2.4 Basis for the Data Messages

The business processes are the basis for the data messages to be exchanged.

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[4] United Nations Code for Trade and Transport Locations" (http://www.unece.org/cefact/locode/welcome.html)

4 References

[1] From http://en.wikipedia.org/wiki/Electronic_data_interchange

[2] From http://www.fmc.gov/questions/glossary.aspx