

# E-Invoicing: Key stakeholders as game changers



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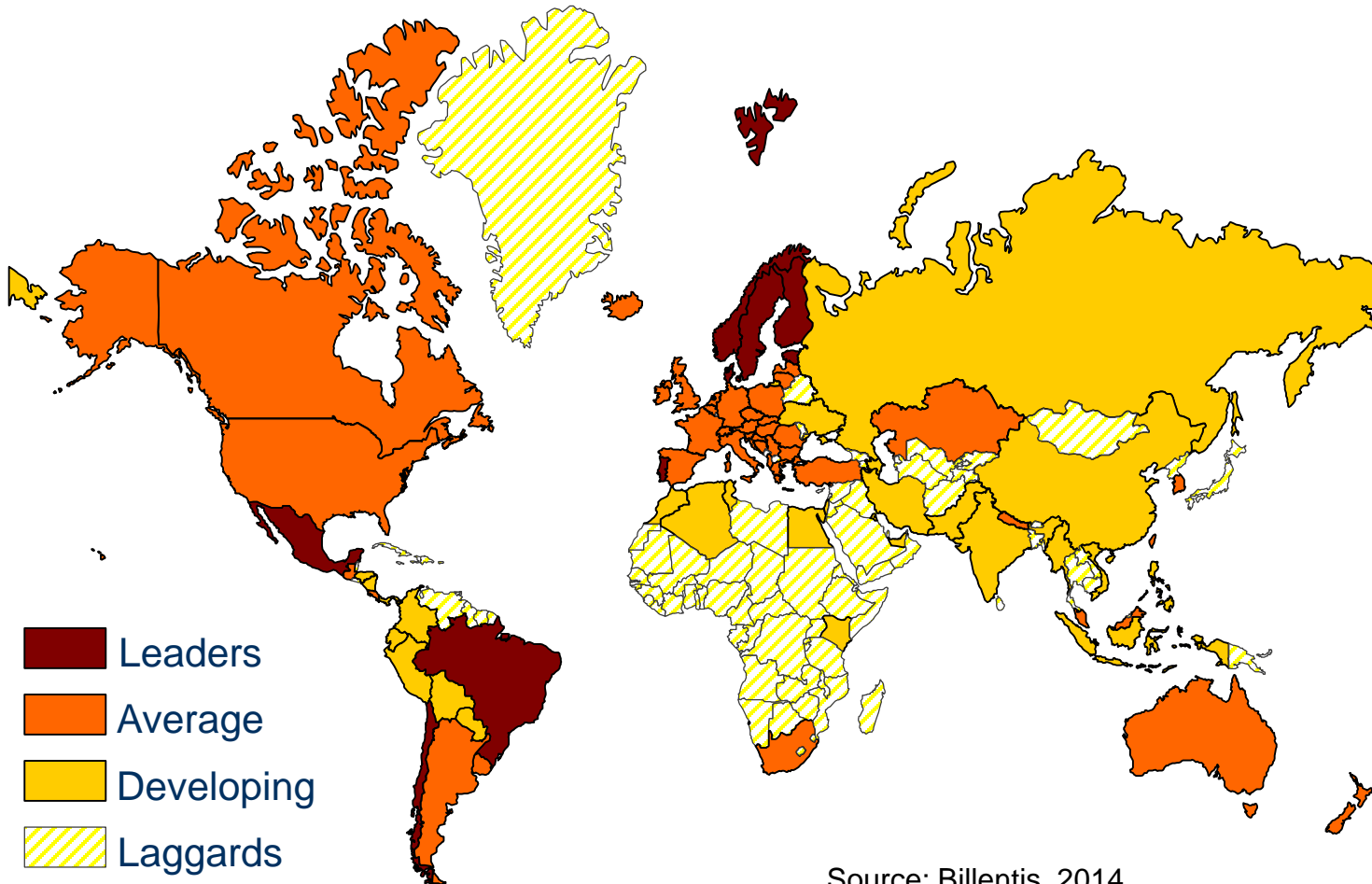
# Development of E-Invoicing Market Penetration



Recipient segment	Annual bill & invoice volume estimated to be at least		Estimated electronic proportion of total volume in 2014		Estimated annual volume increase in electronic bills/invoices	
	World	Europe	World	Europe	World	Europe
<b>Consumer</b>	330 billion	18 billion	>8%	14%	20%	15%
<b>Business &amp; Government</b>	170 billion	17 billion		24%		22%

# International E-Invoicing Adoption

B2B, B2G, G2B and B2C

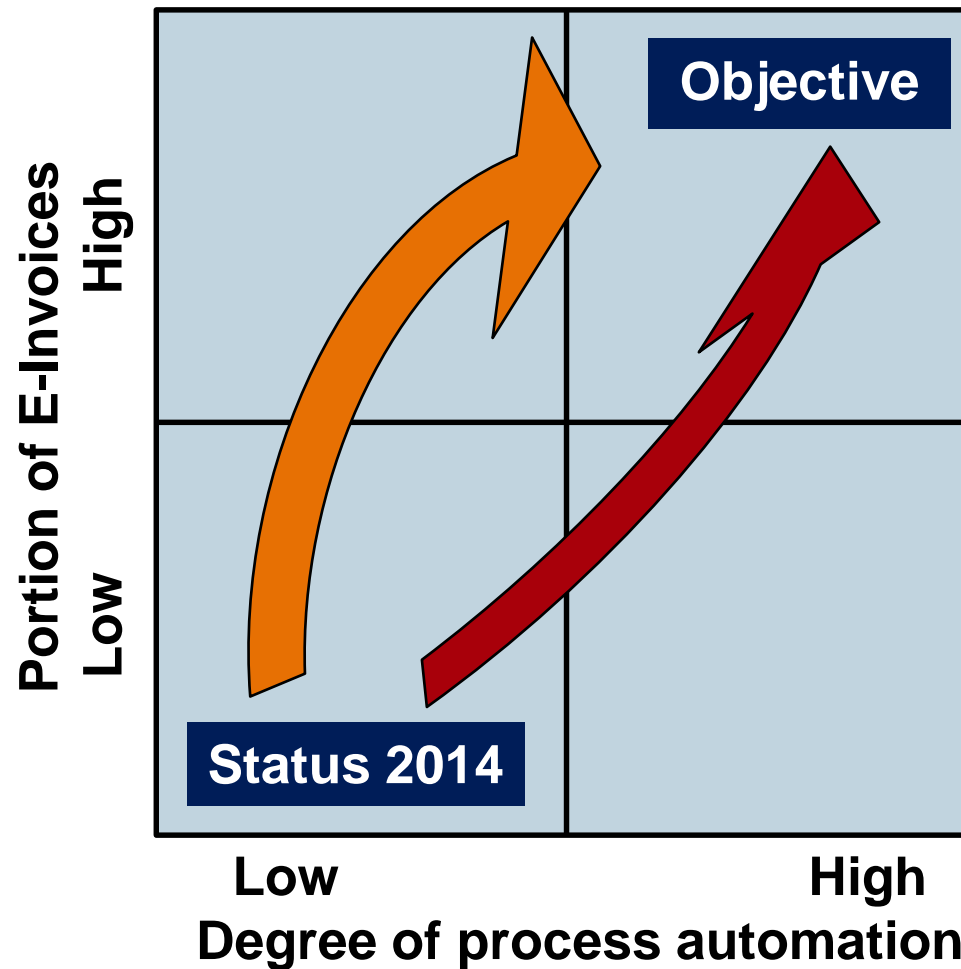


Source: Billentis, 2014

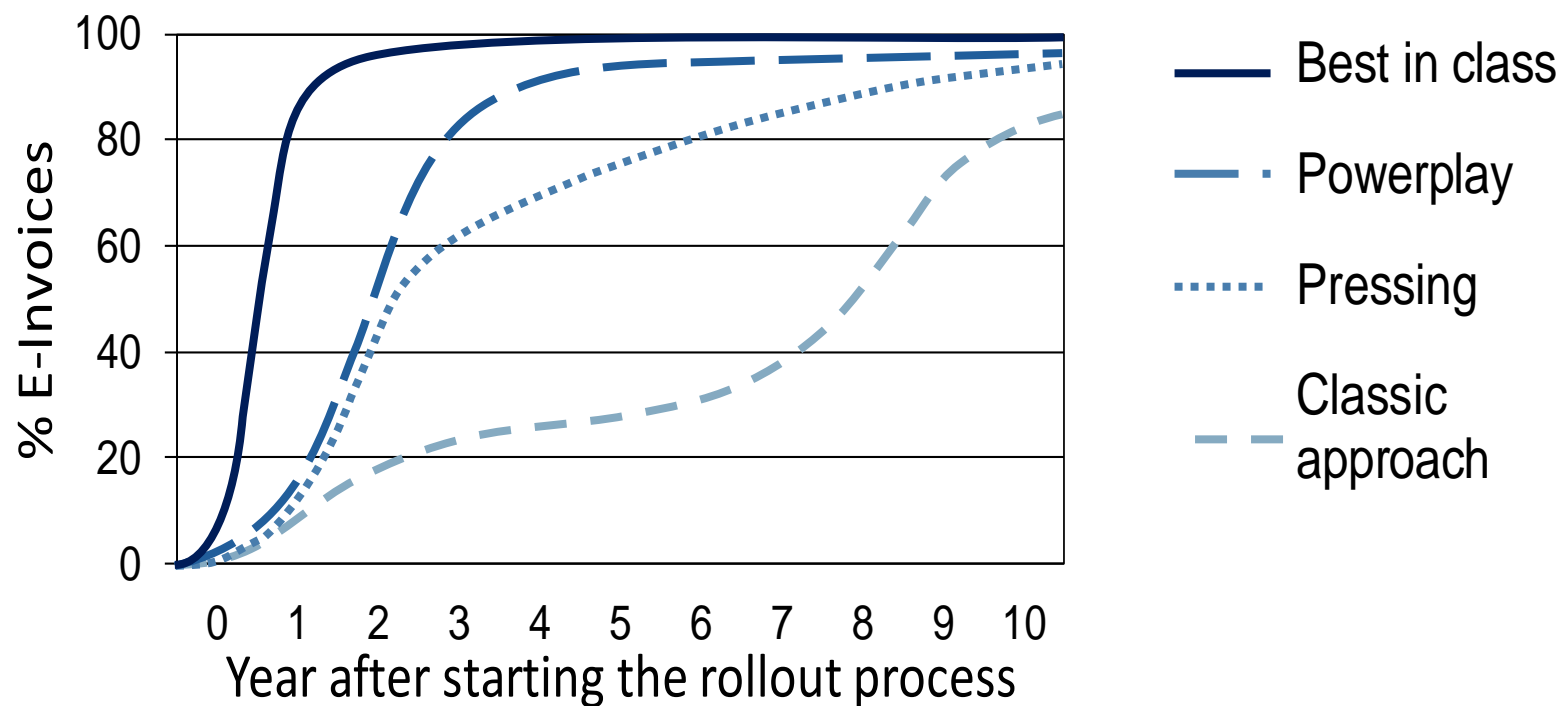
- Electronic invoice exchange among larger companies → mass market, easy-to-use services
- Domestic → International
- Standards and technology → process optimization
- Developing beyond pure E-Invoicing:
  - Multi-message & multi-format services required
  - Pure E-Invoicing → support the entire O2C and P2P process
  - Spend analysis
  - Trade Finance / Supply Chain Finance

# E-Invoicing best practices and some ways to overcome major challenges















# Two different implementation strategies



# Success rates dependent on used method













# Capability to cope with joint AR/AP challenges

Joint AR/AP challenges	Capability to overcome the challenges with	
	paper based AR/AP automation	E-Invoicing
Regulation and compliance requirements		
→ Improve quality and up-to-dateness of trading partners' master data		
Improve operational efficiencies and corporate finance		
Environmental improvement		
→ Invoice data validation		
Increase the portion of purchase order based invoices; exploit the full potential		
Reduce trading partner administration costs Increase electronic interaction		

Legend: High capability ● and low capability ○ to overcome the challenges



# Capability to cope with specific AP challenges

AP specific challenges	Capability to overcome the challenges with	
	paper based AP automation	E-Invoicing
Increase visibility; missing basis to exploit the full optimization potential		
High number of small suppliers sending a low number of invoices.		
Reduce the high number of discrepancies and exceptions		
Exploit the optimisation potential by capturing discounts		
Inefficient matching process		



# Success factors in E-Invoicing projects



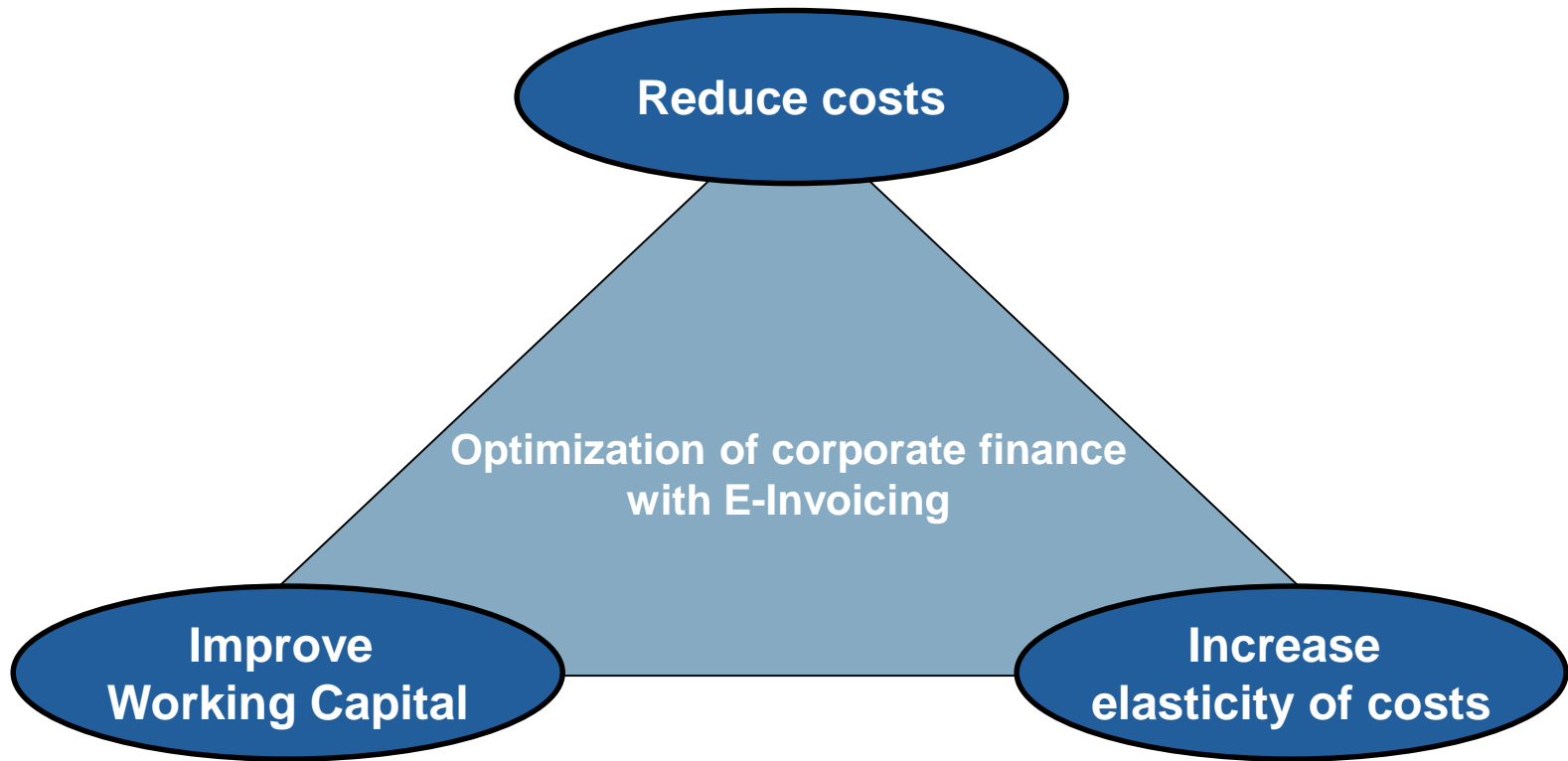
- Awareness by senior executives about the potential of E-invoicing in a broader sense
- Management Support
- One very active project owner
- Implementing it step-by-step including a quick-win result
- Internal and external communication to key persons affected
- Being realistic regarding mid- and long-term technical capabilities in your organisation including workflow and archiving → right decision for make/buy and direct or network model
- Don't re-invent and develop solutions which are already available
- Being realistic regarding technical capability of your counterparts to send, receive and archive E-Invoices
- Being a rollout champion

- **Legal requirements are unknown or confusing**  
→ *Involve experienced network operators supporting you with tax compliant cross-border E-Invoicing services*
- **Change/adoption of internal organisation processes**  
→ *Ensure sufficient management attention and involve key persons in the project in an early stage*
- **Divergent requirements of trading partners regarding formats, methods and processes**  
→ *Involve network operators with the capability to address all sizes of trading partners with various requirements*
- **Trading partners do not support the electronic invoice**  
→ *Contact them. Often the trading partners just need inspiration to do it now and some guidance on how to do it. Higher acceptance if value added services are offered.*

- **Lack of budget**  
→ *In-house developments cause high initial and follow-up costs. Field-tested applications and services from third parties are typically significantly cheaper. If services on demand or SaaS are preferred, the initial investments are moderate.*
- **Lack of resources to manage automation**  
→ *Shift E-Invoicing to the enterprise's number 1 priority.*
- **Lack of understanding of current available solutions**  
→ *Independent market reports are available; involve market analyst or experienced consultant*

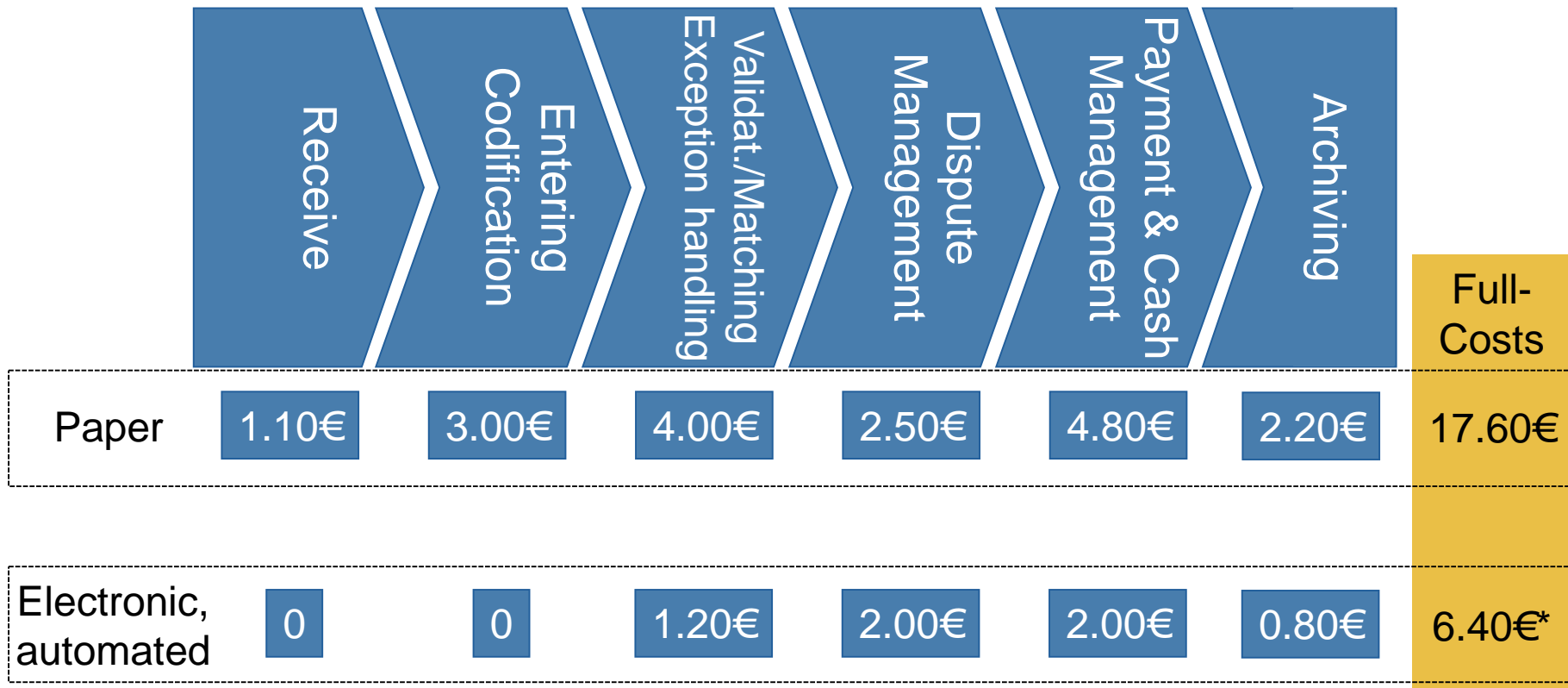
# Business benefits

# Holistic view: Parameters to optimize corporate finance



# Process costs for recipient

## Real business case of a Billentis customer



**Saving per Invoice 11.20€ = 64%**

\*) considered is 0.40 € processing cost by third party service provider

Often, 30 percent or more invoices need an expensive exception handling. Missed discounts with traditional and paper based processes are typically at least EUR 1.50

# Key stakeholders as game changers



- Public Procurement Directive 2014/24/EU
  - fully electronic communication, tenders, ...
  - Implement in national law of member states until April 2016 and practise from October 2018
  - Affecting hundreds of thousands of Public Administrations (PA) and millions of Suppliers
  
- Directive 2014/55/EU
  - Electronic invoicing in public procurement; PAs have to accept electronic invoices
  - Apply on all federal levels at the latest by November 2018
  - Affecting hundreds of thousands of Public Administrations and millions of Suppliers

- Millions of SMEs are pushed to communicate electronically
  - with their larger private sector customers
  - and in the future with the public administrations
- Due to limited IT skills are they demanding for extremely easy-to-use tools & services
- They intend to use solutions being efficient and generating benefits for them

- SPs do proactively everything to satisfy the demand of the market and to be more successful than competitors.
- Additional and improved Value Added Services
  - Any-to-any data formatting
  - Rule based data validation
  - SCF
  - Support for achieving international tax compliance
- Innovative onboarding models
- Change management during the market transition phase in a way that suppliers and buyers shall not be chased to steadily updates of their systems and processes

- E-Invoicing is a strong and global trend.
- The business case especially for larger recipients is excellent.
- Your trading parties are anticipating E-Invoicing.
- The market maturity meanwhile achieved an advanced level.
- Appropriate solutions for any size of businesses are available.
- Divergent requirements of trading partners regarding formats, methods, processes, added-value services and tax compliance however still build major barriers. Even for large multinational companies is this hard to overcome without third party assistance.
- For good luck is there already a rich offering of some experienced and international service providers.

*Why still thinking about it  
until you have to react?*

*Better do the next step now  
and in a proactive manner!*



- Highly specialized **consulting** company: E-Invoicing, optimisation of Purchase-to-Pay and Financial Supply Chain; More than 160 customers in 50 countries: Federal administrations, large invoice issuers and recipients, solution providers
- **Market analyst**; issuer of market reports and newsletters
- Company founded in June 1999
- Owner: B. Koch (8 years PwC, 4 years Credit Suisse, 2 years SIX Payment Services)