

# Europe's 15 years experience with E-Invoicing market development

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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 2013		Estimated annual volume increase in electronic bills/invoices	
	World	Europe*	World	Europe*	World	Europe*
<b>Consumer</b>	200 billion	17 billion	>5%	13%	20%	20%
<b>Business &amp; Government</b>	150 billion	16 billion		20%		29%

\* Here used in the narrow sense: Figures do not include the volume of Belarus, Ukraine, Turkey, Russia

- The early days: Own experience in the **nineties**
  - Promoters at that time: Retailers, GS1, Banks
  - Challenge: No or insufficient legislation for B2B E-Invoices
  - EDIFACT legally supported, but with paper based summary invoices in parallel
- **2000-2005**
  - Invoicing Directive (2001/115/EC)
  - Required implementation into national legislations of EU member states until 2004 at latest
  - EDIFACT with digitally signed single invoices or summary invoices
- **2006-2010**: Steady growth mainly driven by the private industry

Electronic share	2008	2009	2010	2011	2012 (E)	2013 (E)
<b>B2B/B2G/G2B</b>	6%	8%	10%	13%	16%	20%

- E-Invoicing volume is growing with an annual rate of almost 30%; roughly 50% exchanged directly among the trading partners, the rest via 550+ E-Invoicing network operators
- Sustainable growth rates expected until at least 2017
- Meanwhile relatively mature market, also for millions of SMEs; they can just start without asking for any permission of tax authorities; they have not to report anything additional, except in Southern and Eastern Europe

# Key stakeholders pushing the European E-Invoicing market



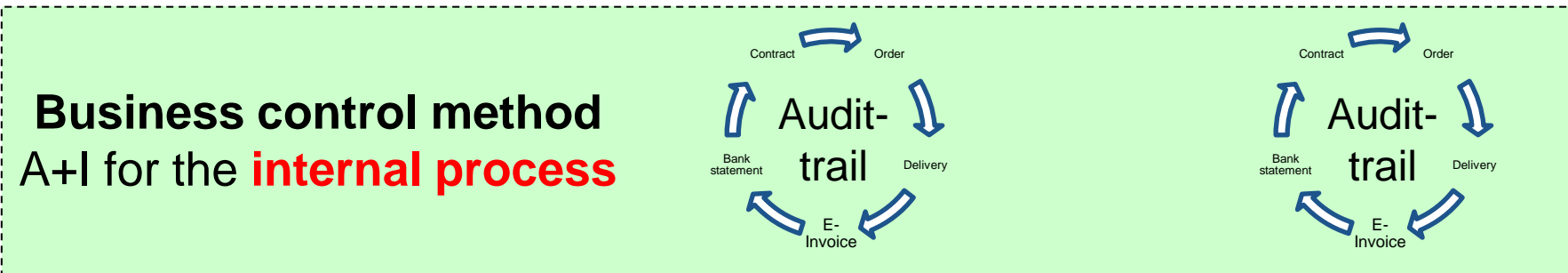
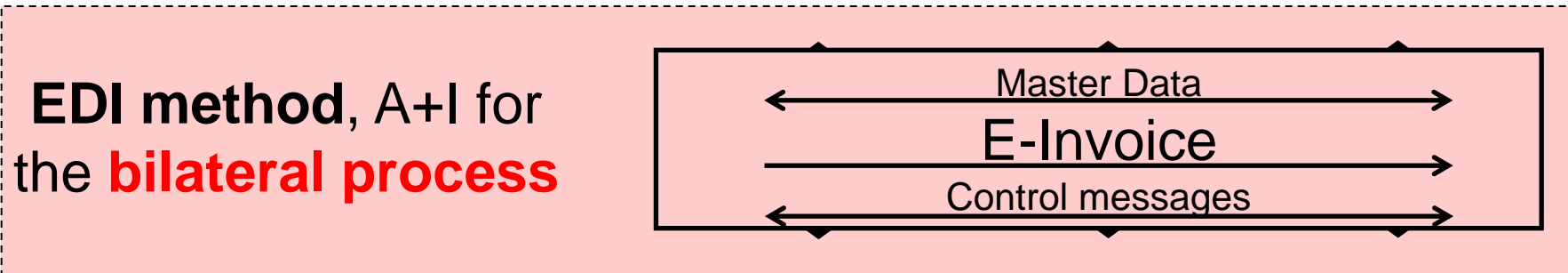
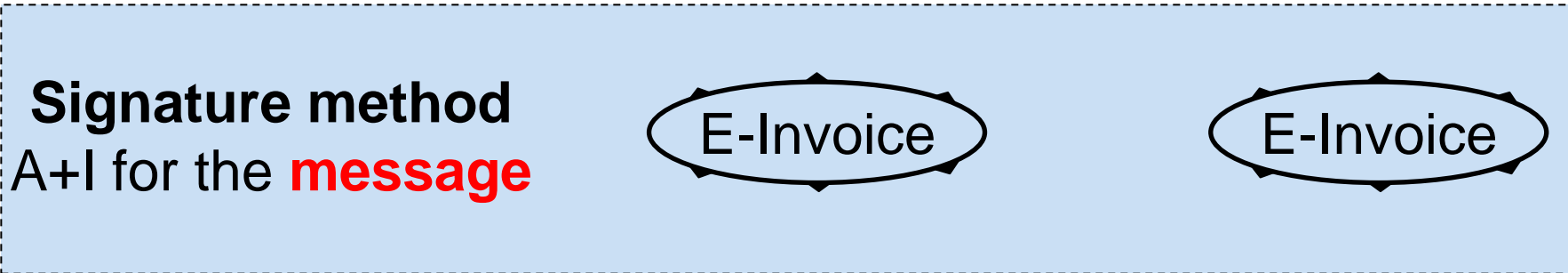
- Large invoice issuers and recipients
  - Issuers with advanced on-boarding methods, incentives and penalties
  - Recipients with the power play as large buyers
- Solution and Service Providers
- Market communicators
- Regulators and tax authorities
  - European Commission & national regulators push the digital collaboration between suppliers and buyers
- Industries with high invoice volume
  - Issuers: Telco, Utility, Card, Media, Logistics, Healthcare, Public Sector, Insurance
  - Recipients: Retail, Healthcare, Public Sector

# EU E-Invoicing requirements Authenticity and Integrity can be met by one of three methods



**Supplier**

**Buyer**



European Commission pushes/supports E-Invoicing, e.g.

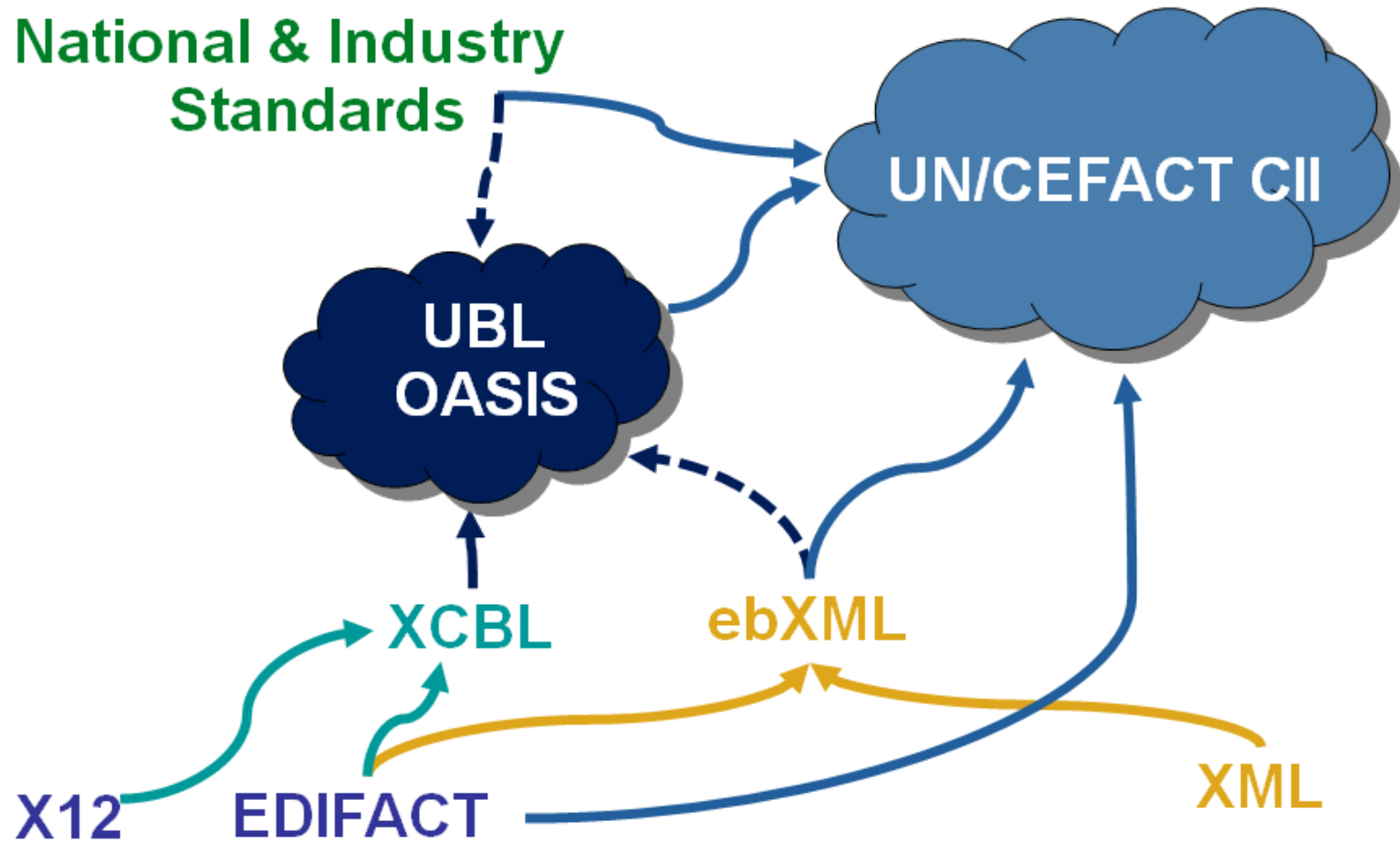
- Activities to achieve an efficient framework for E-Invoicing (with main focus on electronic invoices in structured format/EDI)
- Improve legal environment; remove as many barriers as possible
- Promote the digital participation of SMEs
- Promote an E-Invoice standard model
- European Multi-Stakeholder Forum <> national Fora
- Initiatives like CEN, PEPPOL, ePRIOR, STORK, ...

Other supportive initiatives

- Directive 2011/7/EU on combating late payment; implemented into national law by March 2013
- Revision of the E-Signature Directive

# Promote an E-Invoice standard?

National & Industry Standards

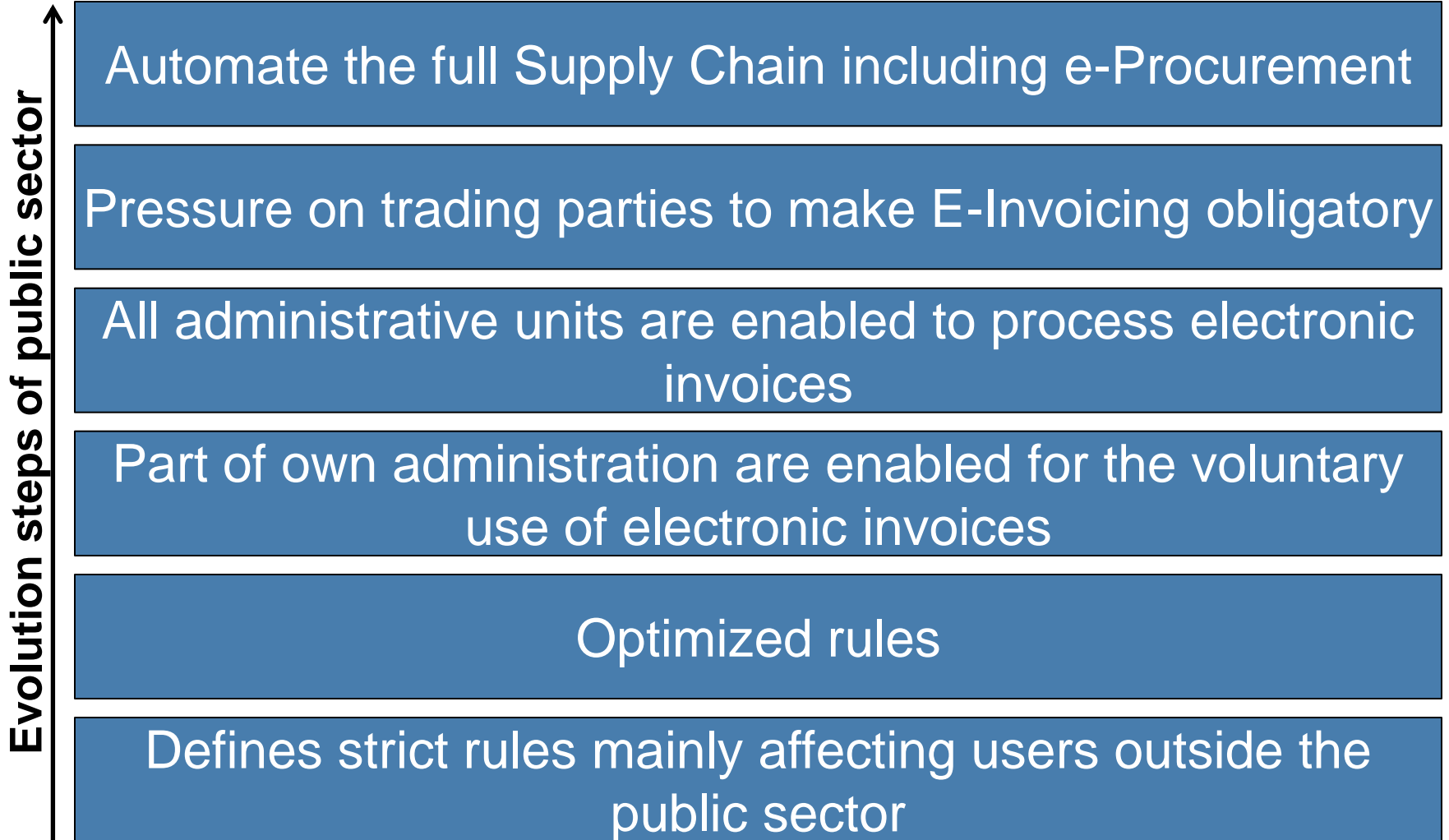


Source: Document Engineering Services



# Public sector evolution

From the role as pure regulator towards an E-Invoicing user



Public sector is responsible for 15-18% of all purchases made in a country.

45-65% of all companies are suppliers for the public sector and send invoices to its administration.

100% of all enterprises and households receive invoices from the public sector.

# Some public sector objectives in Europe

Some projects with high ambitions for the public sector as E-Invoicing user



- **Austria** (Invoices to the national administration have to be 100% electronically from 2014)
- **Belgium** (objective: 50% invoices electronically in 2015)
- **Denmark** (mandatory since 2005)
- **European Commission**: Adoption of E-Invoicing in all 48 Directorate-Generals and Executive Agencies by January 2013
- **Finland** is already close to 100% electronic invoices sent to the public sector
- **Italy**: Just declared E-Invoicing for suppliers to the public sector as mandatory from June 2014, followed by a step-by-step implementation
- **Norway** (mandatory since mid 2012)
- **Portugal**: Obligation from 2014
- **The Netherlands** (objective: 80% in 2014)
- **Switzerland** (100% of all federal levels shall be enabled for In- and Outbound E-Invoicing in 2016)

# Some private sector initiatives in Europe

## E-Invoicing stakeholder collaborations



- International collaboration regarding standards and frameworks
  - EESPA
  - GS1
  - openPEPPOL
- Domestic collaboration regarding standards and frameworks
  - swissDIGIN
  - E-Invoice Alliance Germany (VeR)
- Private alliances with collaboration regarding standards, framework and businesswise
  - GENA

## Good mix of ingredients

- Innovation culture
- Liberal E-Invoicing legislation
- Invoice standard (a national subset of the international standards OASIS UBL or UN/CEFACT CII)
- Strong competition of solution and service providers
- Obligation for suppliers to send the invoices to the public sector just in electronic form

**Denmark since 2005!**

**Other European countries are in progress to apply this recipe for success.**

- Businesses have to become more efficient and to shift fix towards variable costs; for competitive reasons do they push the electronic collaboration with their trading partners
- The public sector wants to improve its financial situation by increasing the tax revenues and reducing the internal costs
  - Implements instruments to reduce the tax evasion
  - Becomes an active E-Invoicing user. In contrast to the private sector has the public sector the power to declare E-invoicing as mandatory.

**The crisis is a main accelerator for  
E-Invoicing and E-Procurement in Europe .**

Prediction: The market penetration in Europe is expected to surpass the 50% in the B2B and B2G segment in 2017.

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- Highly specialized **consulting** company: E-Invoicing, optimisation of Purchase-to-Pay and Financial Supply Chain; More than 150 customers in 50 countries: Federal administrations, large invoice issuers and recipients, solution providers
- **Market analyst**; issuer of market reports and newsletters
- Founder & Chairman of the **international E-Invoicing congress** “EXPP Summit” with typically 300-400 participants from 35 countries
- Company founded in June 1999
- B. Koch (8 years PricewaterhouseCoopers, 4 years Credit Suisse, 2 years SIX PayNet, a Swiss E-Invoicing Service)