

E-Invoicing / E-Billing

International Market Overview & Forecast

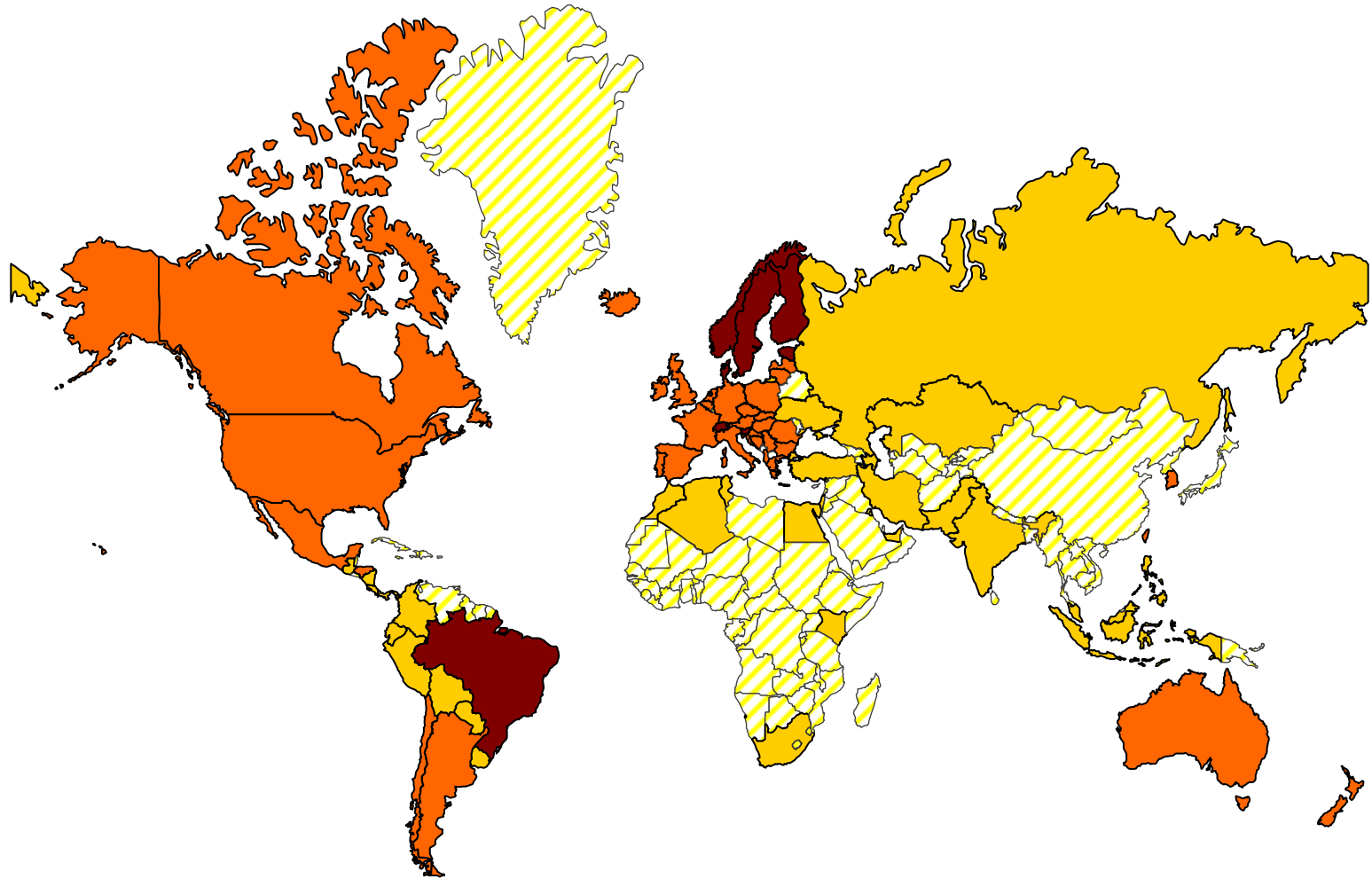


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Global overview

International E-Invoicing Market 2011

B2B, B2G, G2B and B2C



- **Northern America**, CAGR of 23 – 25%
 - Still very consumer and bill issuer focused
 - Payment and Procurement as the main drivers
 - Preference for direct exchange in B2B; 3rd party operators not very powerful compared to LATAM/Europe
- **Latin America**, CAGR of 50 – 500%
 - Very strict legislation
 - E-Invoicing pushed by public sector
 - Service providers with key role
 - Real-time audit in Brazil and in Mexico (depend. on amount)
- **Asia/Pacific and Africa**
 - Leaders are Singapore, Hong Kong, Taiwan, South Korea, Australia, New Zealand, South Africa
 - First steps with B2C E-Billing; B2B legislation missing in many countries for B2B

European Market

Market Penetration 2011

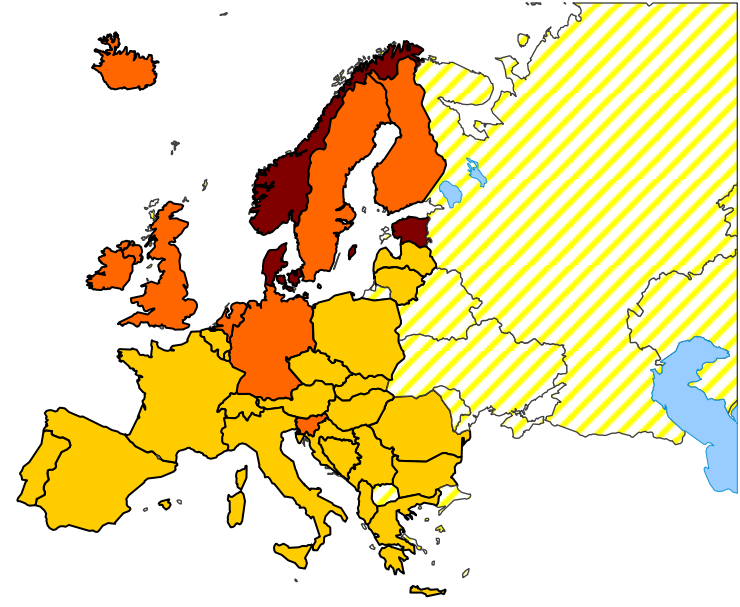
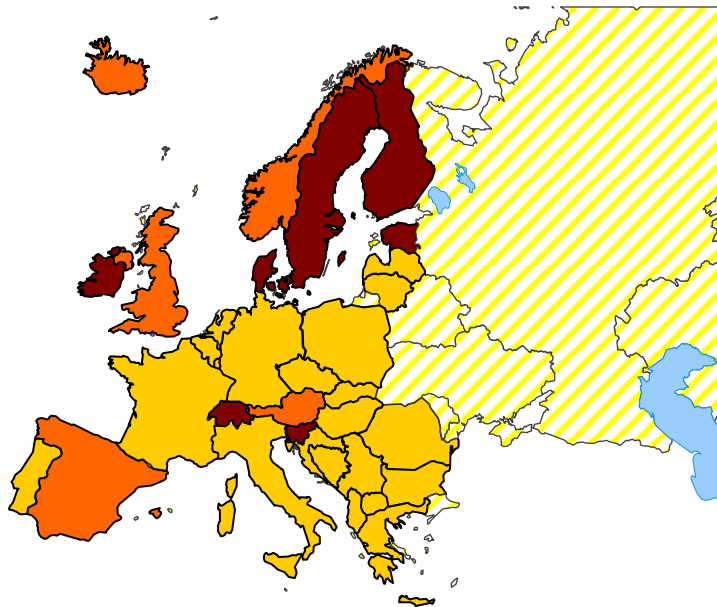
(Electronic share of total volume of 30 billion)



B2B/B2G

2011 (E)

B2C



E-Invoicing/E-Billing Market Figures



Europe	2010 (E)	2011 (E)
Participants		
Companies	3.6 million	5 million (+39%)
Consumers	57 million	75 million (+32%)
Electronic volume	2,325 million	3,135 million (+35%)
- B2C	- 1,045	- 1,400 (+34%)
- B2B	- 1,275	- 1,735 (+36%)
Electronic with paper summary invoice	200 million (partially replaced by fully electronic processes)	100 million (partially replaced by fully electronic processes)
Service providers	470	530 (+13%)

Rolling update of these figures during the year, as many service providers do not publish figures before May

Number of Users Increasing Sharply



Consumers

- Large suppliers (mainly from telcos, utilities, the credit/customer card industry) push clients to accept electronic invoices, or receive penalty, e.g. charged EUR 2.50 per paper invoice

Companies

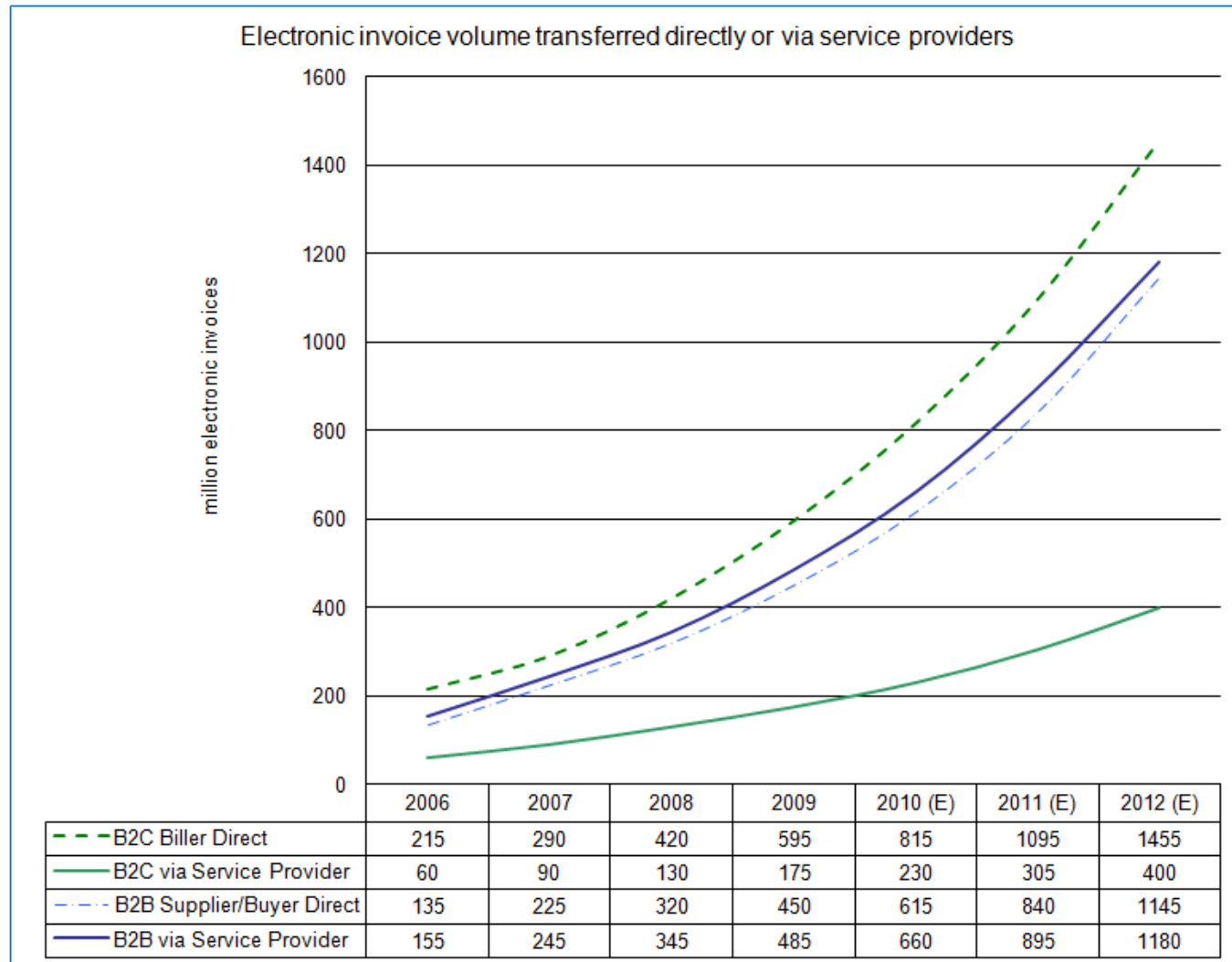
- Pushed by their trading parties to send/receive electronic invoices
- Legal changes, with possibly a 3rd option, resulting in market confusion as long as guidelines for “process control” are not clearly communicated by governments
- New user-friendly and efficient market offerings, especially for SMEs

In 2011, expect daily, as new E-Invoicing users:

- 50,000 consumers
- 3,700 enterprises

Channels Used for Electronic Invoices

Processed volume



Rolling update of these figures during the year, as many service providers do not publish figures before May

- 60 additional operators expected in 2011
 - SME focussed providers
 - Providers in certain geographical regions: countries with government initiatives, such as Estonia, France, Spain & Switzerland; others in Southern and Central/Eastern Europe
 - Providers from the financial services industry segment
- Rapid internationalisation of offering
- Increasing co-operation among providers, interoperability for cross-platform message exchange
- Merger & Acquisition deals are expected to rise from 14 (2010) to 25 (2011)
- Major consolidation expected if market penetration surpasses 15% → 2012/2013

Some actions supported and/or steered by public sector



- **European Commission**

- Communication: Aim to improve legislation in member states, push interoperability and standards
- Set up a Multi-Stakeholder Forum on Electronic Invoicing
- CEN WS/INV3: Efforts in the areas standards, compliance, implementation and business processes
- PEPPOL: e-Procurement project of various EU countries
- Revision of Directive on e-signatures

- **European countries**

- Implement the amendments of the VAT Directive into national legislation
- Remove or reduce barriers for electronic archiving

Definitions & Methodology

E-Invoices

Transported and archived fully electronically from end-to-end in a tax compliant manner; 2011: 10%+ in Europe

Electronic, nok

Fully electronic, but not tax compliant due to missing integrity, authenticity and legibility; \approx same volume as tax compliant invoices

Semi-electronic

If electronic invoices are supported by paper summary invoices, scanned or printed/archived by recipients; \approx same volume as tax compliant invoices

Transported
and archived as
paper only

Major bulk of paper invoices

Not considered in my statistics

- Screening and interpreting 650+ key sources, including
 - User surveys in countries (AT, ES, FR, PT etc.) and industries (e.g. banking associations, Add Value/Itella)
 - Figures of large invoice issuers & recipients (e.g. Deutsche Telecom with around 600 million issued invoices p.a., public sector in several countries representing 10%+ of invoice volume in each country)
 - Figures of leading service providers
- In total, results of surveys with 15,000+ enterprises and 10,000 consumers are considered in these statistics and forecasts