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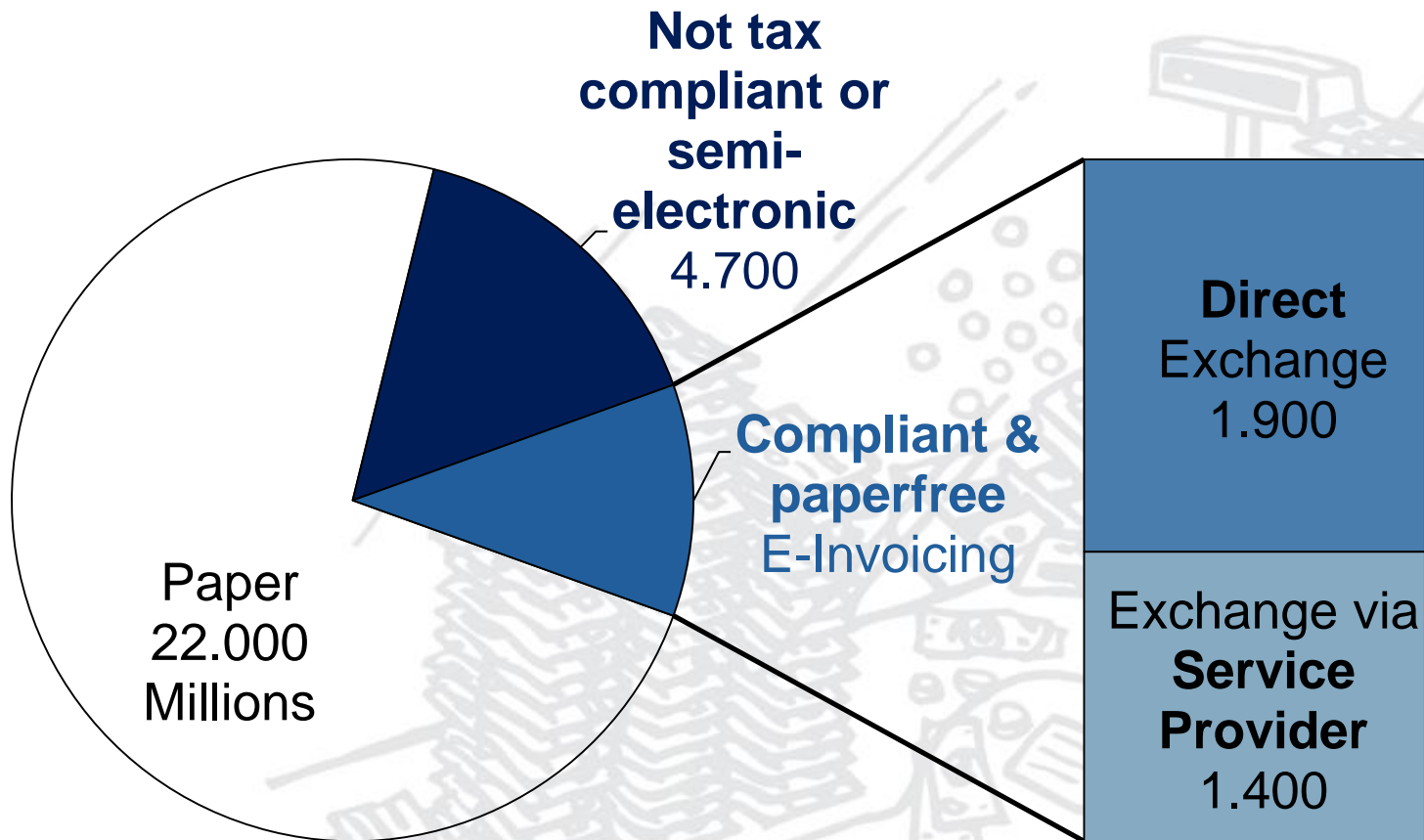
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Status, trends and outlook for
E-Invoicing in Europe

Bruno Koch

A faint, light-colored illustration in the background shows several stacks of paper or documents, some with lines representing text. A computer keyboard is also visible, partially obscured by the stacks of paper. The illustration is rendered in a simple, sketchy style.

European E-Invoicing: 30%+ pa., but...



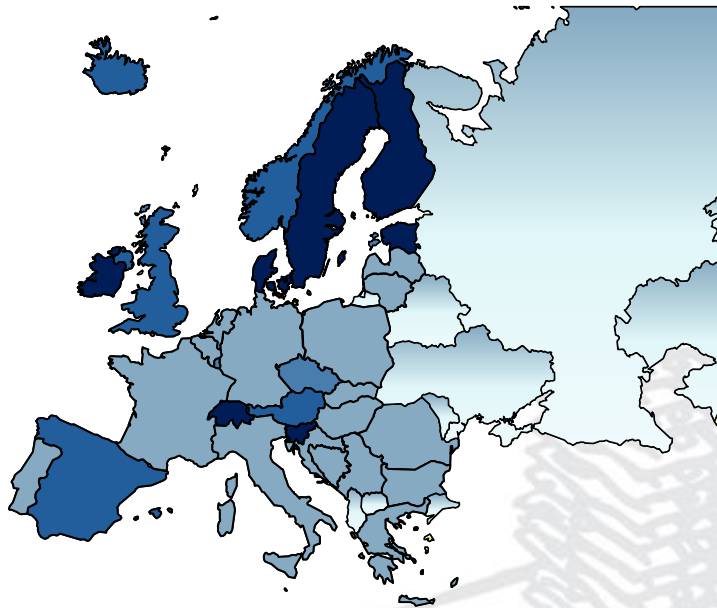
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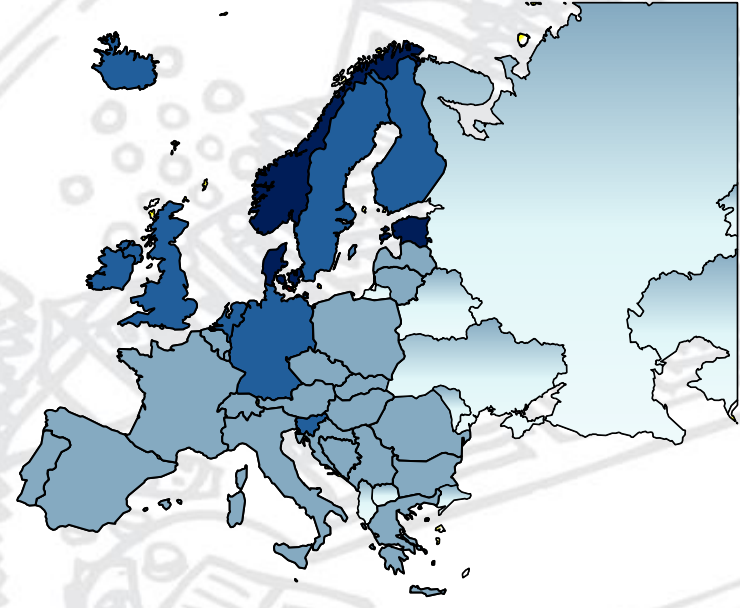
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Estimated market penetration 2011

B2B/B2G



B2C



20-50%

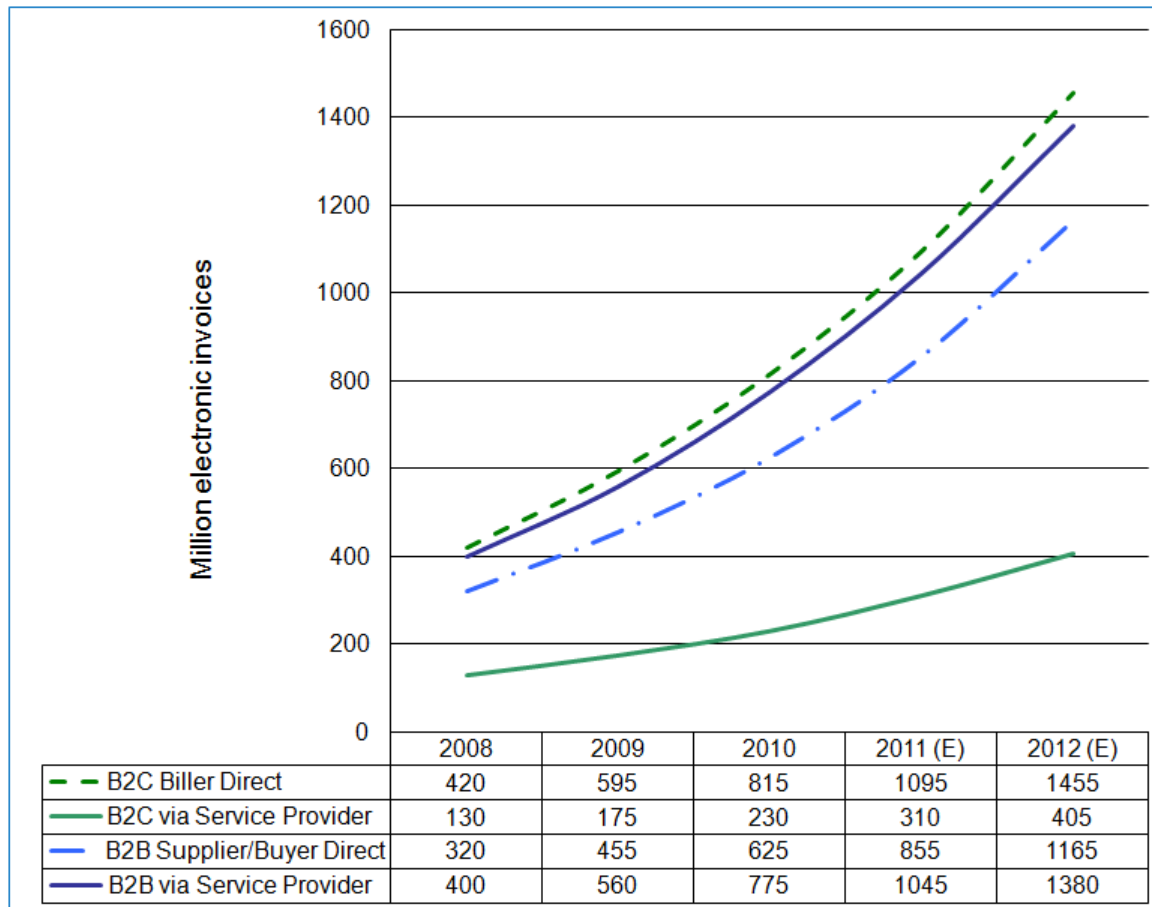


10-20%



<10%

Europe: Used channels



Source: Billentis

Very strict definition used for E-Invoicing:

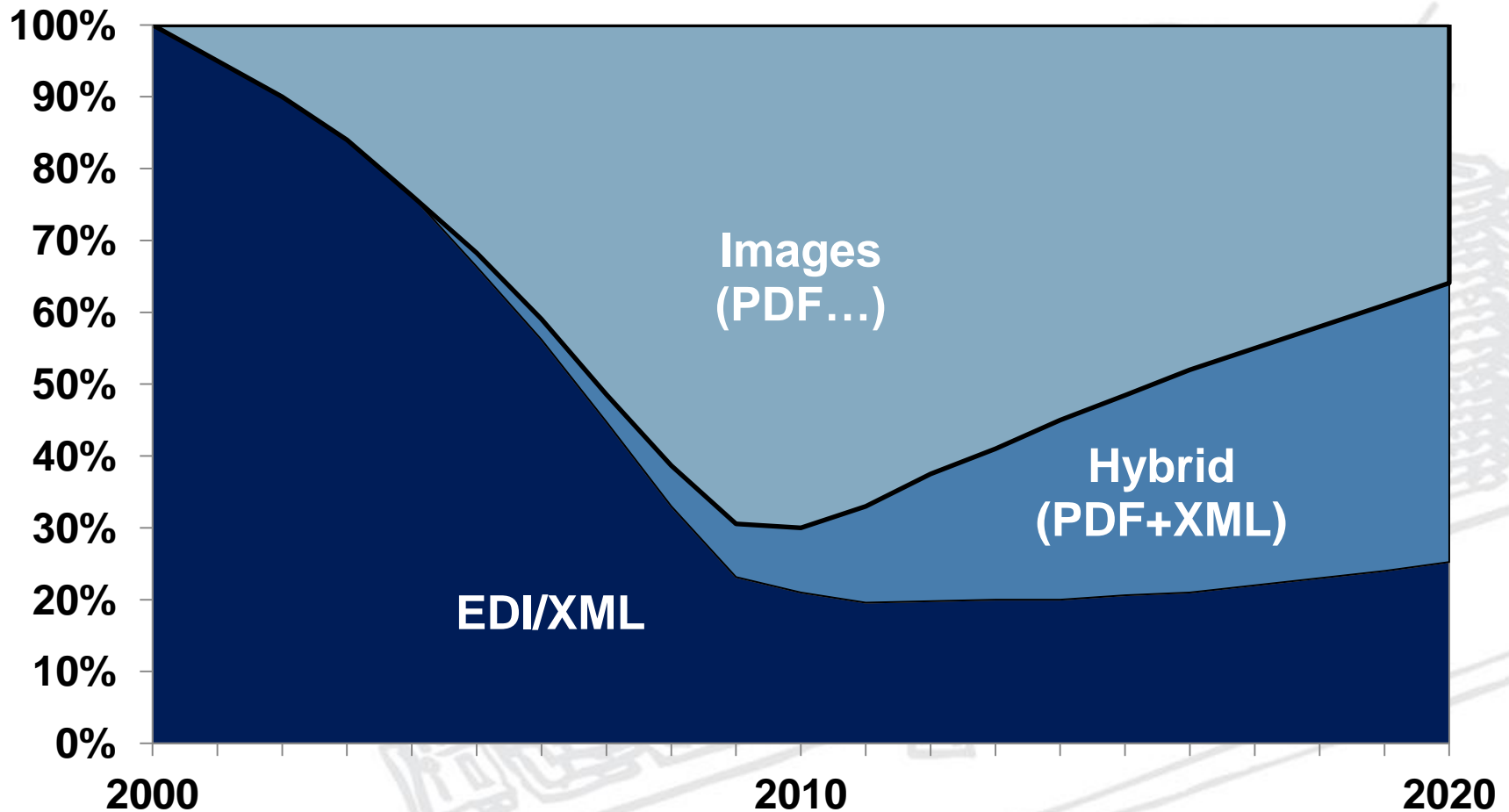
Not considered are electronic invoice files which are not tax compliant or are just semi-electronic (supported somehow by paper)

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Europe: Used formats today and outlook



Classical evolution of used formats

- **Phase 1**, EDI/XML: Retail & automotive industries, Multinationals
- **Phase 2**, PDF:
 - Large bill issuers (telcos, utility, card issuers)
 - Small and medium-sized companies
- **Phase 3**, Hybrid formats or move towards pure structured data:
 - Public sector receiving invoices of very many suppliers in a country; supported by national Multi-Stakeholder Forum
 - Large corporates insisting more on structured data to automatise their processes

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Accelerators for market development

- Providers with innovative and efficient offerings
- Cost pressure in private sector companies
- Public sector, especially in case of high financial debts
- Improved rollout-methods

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Provider offerings in Europe

- 200+ application providers for users preferring bilateral exchange
- 500+ Service Providers
 - „Single-point-of-contact“ for end-users
 - Translate various invoice formats into target formats of recipients
 - Generate a tax compliant e-invoice data set
 - Support also tax-compliance for trading parties abroad; interoperate with foreign e-invoicing operators for cross-platform message exchange
 - Validate invoice content
 - An increasing number support multi-message support along the supply chain

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Cost pressure

- Saving of 1-2% of companies turnover
- 50-80% saving for invoice issuers and recipients compared to manual paper processes
- Payback period of 0,5-1,5 years for investments in e-invoicing automation projects

Source: Billentis, „E-Invoicing/E-Billing in Europe and abroad – From evolution to revolution“, March 2011

Increasing support of public sector (1)

Main leverages to reduce public sector debts

- **Optimise communication** with tax payers and reduce communication costs (major part of most E-Government initiatives)
- **Increase tax revenues**
 - Increase competitive environment of the country and the Gross Domestic Product
 - Reduce fraud rate
- **Reduce administration costs**
 - Cut jobs
 - Optimize process costs

Increasing support of public sector (2)

European Commission

- Communication: Aim to improve legislation in member states, push interoperability and standards
- Set up a European 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
- National Fora

More aggressive on-boarding methods

1. Frank invitation by trading parties
2. More concrete reminder
3. Incentives for sending/receiving E-Invoices instead of paper
4. Pressure to only send/receive invoices electronically
5. Penalties for paper invoices
ibi research survey 2011*: 13% of companies already use or intend to apply penalties; 40% of small companies practice E-Invoicing due to penalties for paper invoices
6. Obligation
In private sector only possible to a certain extent
Public sector privileged to declare E-Invoicing as mandatory

*Source: ibi research 2011, „Elektronische Rechnungsabwicklung – einfach, effizient, sicher – Teil III: Fakten aus der Unternehmenspraxis (www.elektronische-rechnungsabwicklung.de)“

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Outlook

- Sustainable annual market growth rates of 30-35%
- Improvement of the „market quality“: structured invoice data for process automation; intensified international co-operation among service providers and based on a more standardized approach; efficient and easy-to-use solutions for the mass market
- 70%+ electronic invoices within a single organisation after 1-2 years
- European-wide penetration is expected to exceed 50% in 2017 for the B2B/B2G segment and in 2020 for the B2C segment
- Beyond e-invoicing: Automate the full supply chain considering the procurement and payment messages

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Chance for small countries

- Agility
- Higher chance for a prosperous collaboration model among all the stakeholders in the country
- Marketing Communication in a relative homogenous manner; easier guidance for the very many companies and households