

The state and future of international business process automation

BASWARE CONNECT

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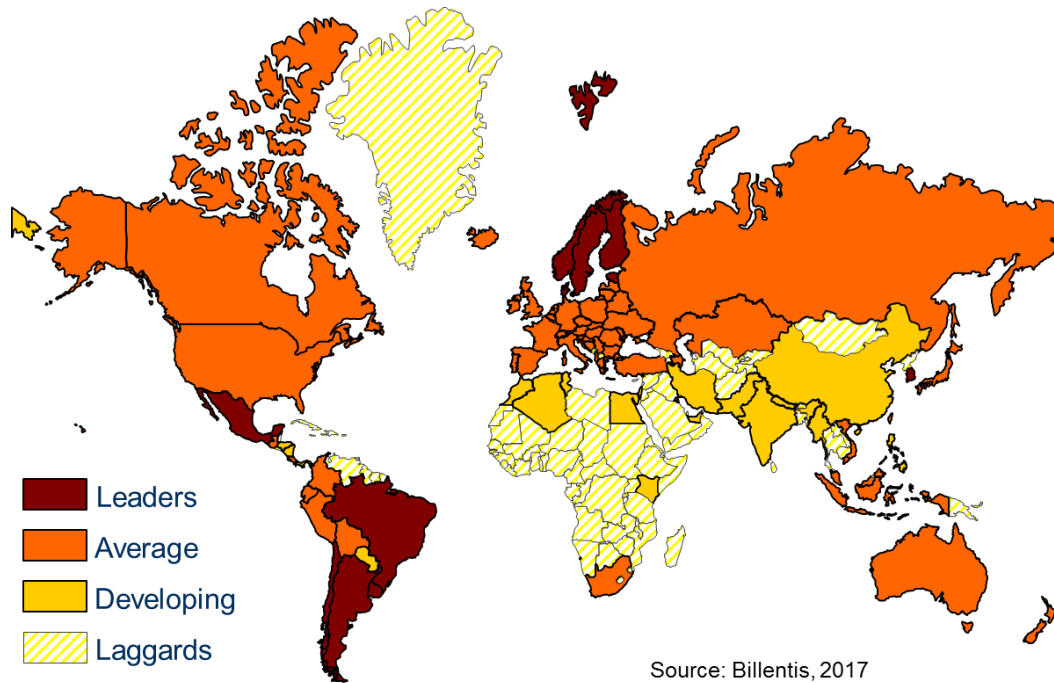
Why digitalization/automation is a hot topic right now



- Government mandates for real-time e-reporting, e-invoicing and to some extent e-procurement (EU, US)
- ...and in the more liberal world
 - DKK, \$, €
 - Time: DSO, exploit early payment discounts
 - Quality improvement
 - Transparency, Cash Management
 - Availability of emerging technologies
 - Increasing maturity of the market
 - Increase business agility
 - Improve tax compliance

International e-invoicing status

B2B, B2G, G2B and B2C



Source: Billentis, 2017

400 billion bills/invoices globally (paper & electronic)

About 36 billion paperless (2/3rd of it B2B, B2G & G2B)

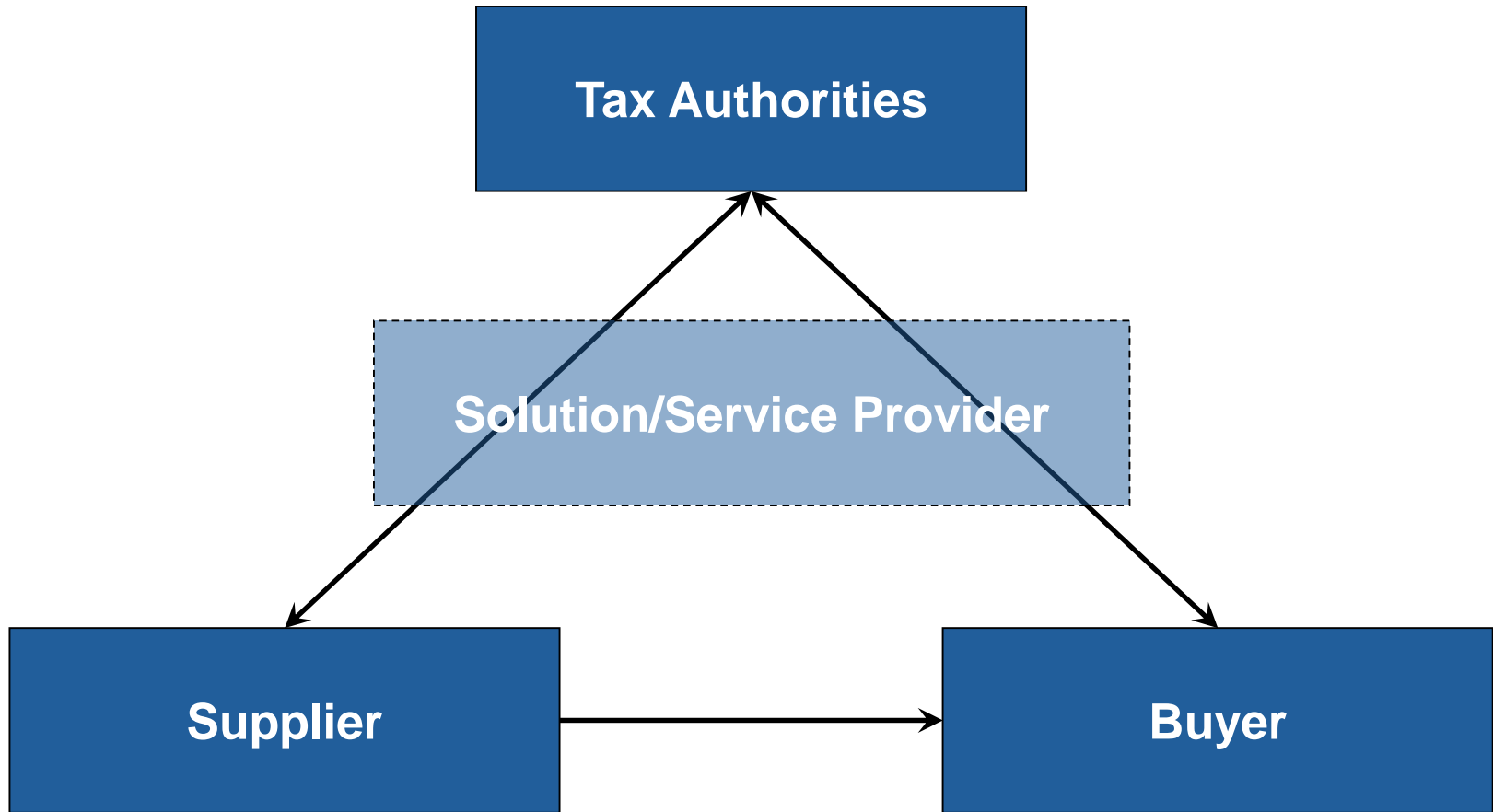
Minor proportion = true e-invoicing

Annual market growth 10-35% depending on country

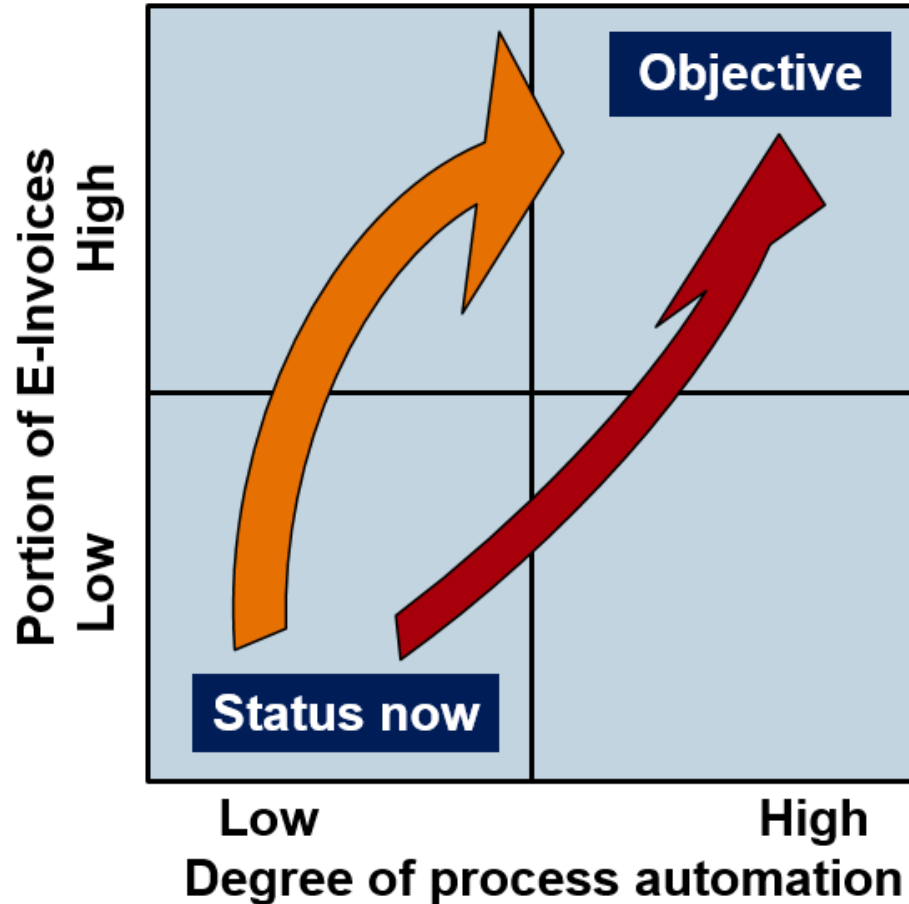
Low hanging fruits harvested


Main strategy was to increase the proportion of e-invoices


Mandates for clearance model



Two different implementation strategies



 Latin America, Asia, most parts of Europe

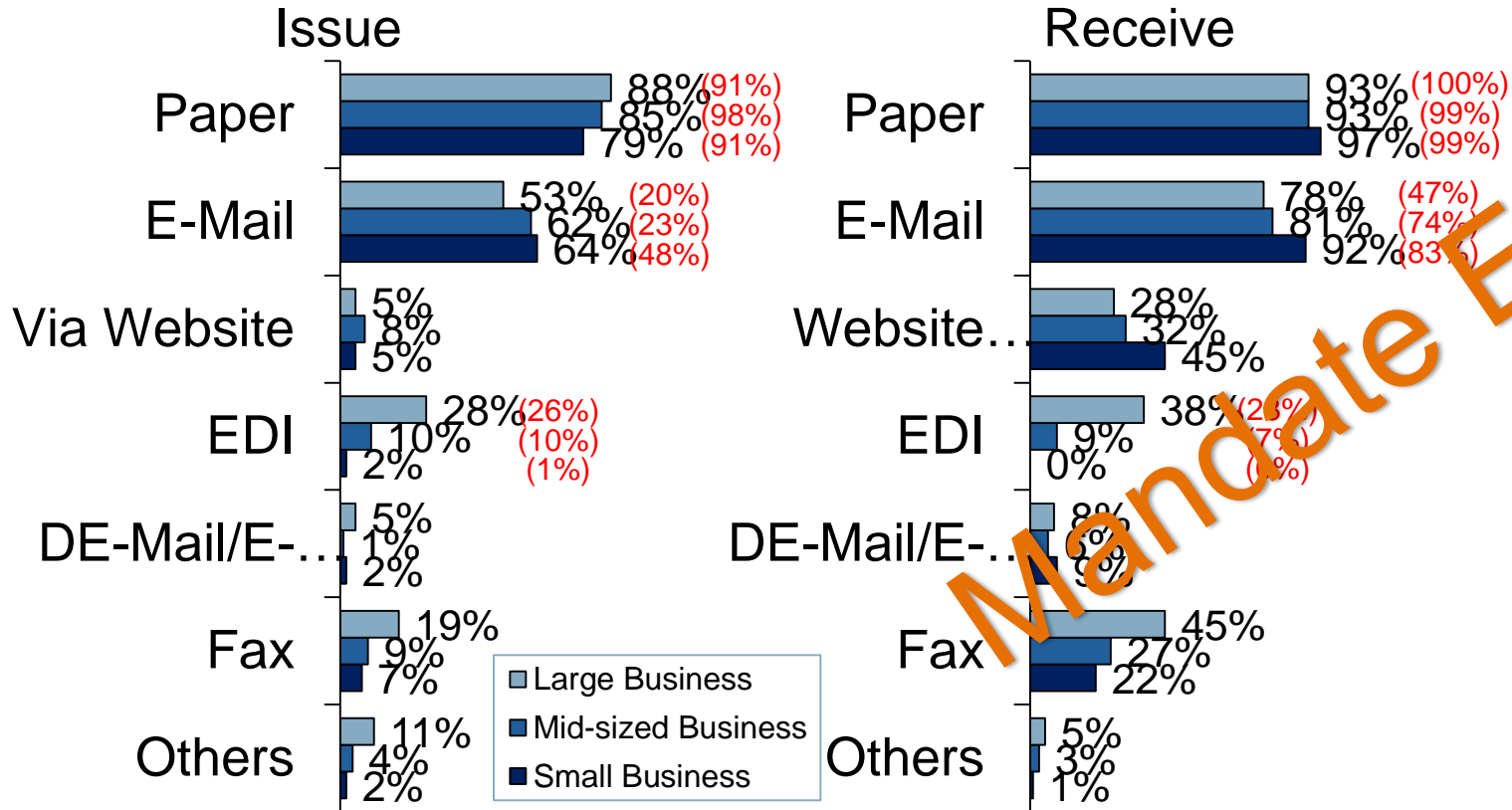
 Anglo-Saxon countries, some Nordics, public sector in Portugal, vertical industries, multinationals

What's the preference and strategy of your organisation?

Automation challenges for multinational businesses (1)



Invoice exchange methods 2015 (Focus Germany)



Source: ibi research, 2015, [Link](#)

(Values of comparable survey in 2011)

Automation challenges for multinational businesses (2)



“Main reasons for payment delays by domestic B2B customers”

	Incorrect information on invoice	Invoice sent to wrong receiver (internally)
Americas	26.3%	21.4%
Asia Pacific	25.7%	19.2%
Europe	15.1%	11.6%

Source: Atradius Payment Practices Barometer – November 2014

Exception handlings cost 3-8 times more than processing invoices with correct content.

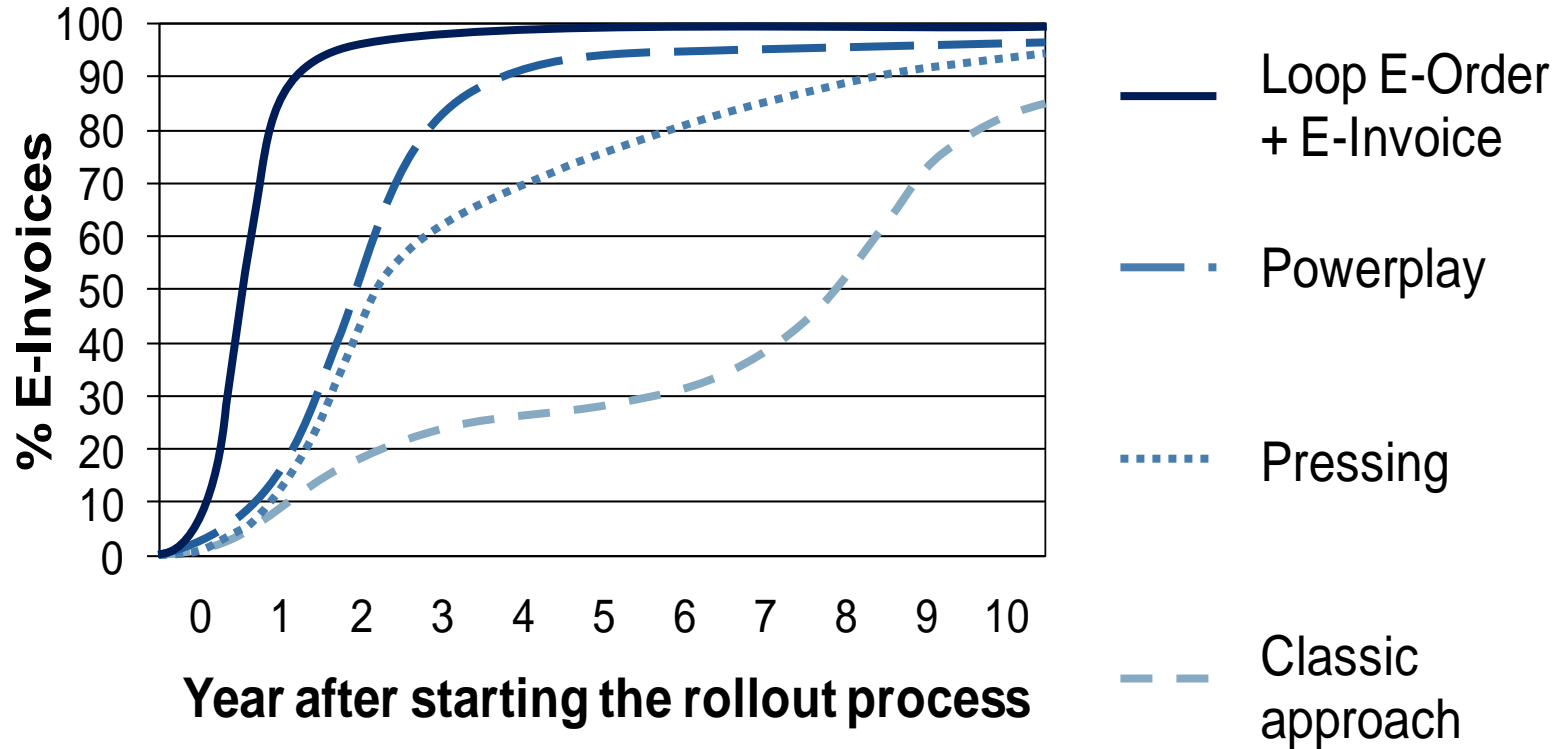
Automation challenges for multinational businesses (3)



- Fully harmonized processes
- Multiple ERPs
- Maximum requirements due to broad geographic coverage
- Provide and operate everything in-house; operation and archive on soil of country x; archive online access for auditors
- Each country with individual requirements; documentation just for Brazil includes 1300 pages
- Multi-channel & format support
- Divergent message and process requirements
- No tax compliant long-term archive
- Change management
- Act in a tax compliant manner (formal and regarding content)
- No vendor with overall & global offering for multinational businesses

Strategy

Achieve high proportion, tax compliant & straight-through invoice processing (1)



Achieve high proportion, tax compliant & straight-through invoice processing (2)



- Convincing/engagement costs per trading partner: EUR 80-120/supplier and EUR 20-60/customer
→ 10,000 trading partner = EUR 0.2 – 1.2m

...and/or the alternatives

- Issue orders just electronically and require e-invoices (electronic loop for both messages)
- Push trading partners: e-invoice = default; financial penalties for resistant businesses as recipient: EUR 5 – 25 per paper invoice; financial penalties for suppliers: EUR 10 – 20 per paper invoice

Achieve high proportion, tax compliant & straight-through invoice processing (3)



- Improve data accuracy and tax compliance
 - Cleansing & updating/synchronizing of master data
 - Synchronisation of product data
 - Validation
- Increase proportion of PO based invoices
- Deploy emerging technologies
- Define O2C and P2P strategy, considering internally disruptive innovation and externally legal requirements for e-invoicing & e-reporting

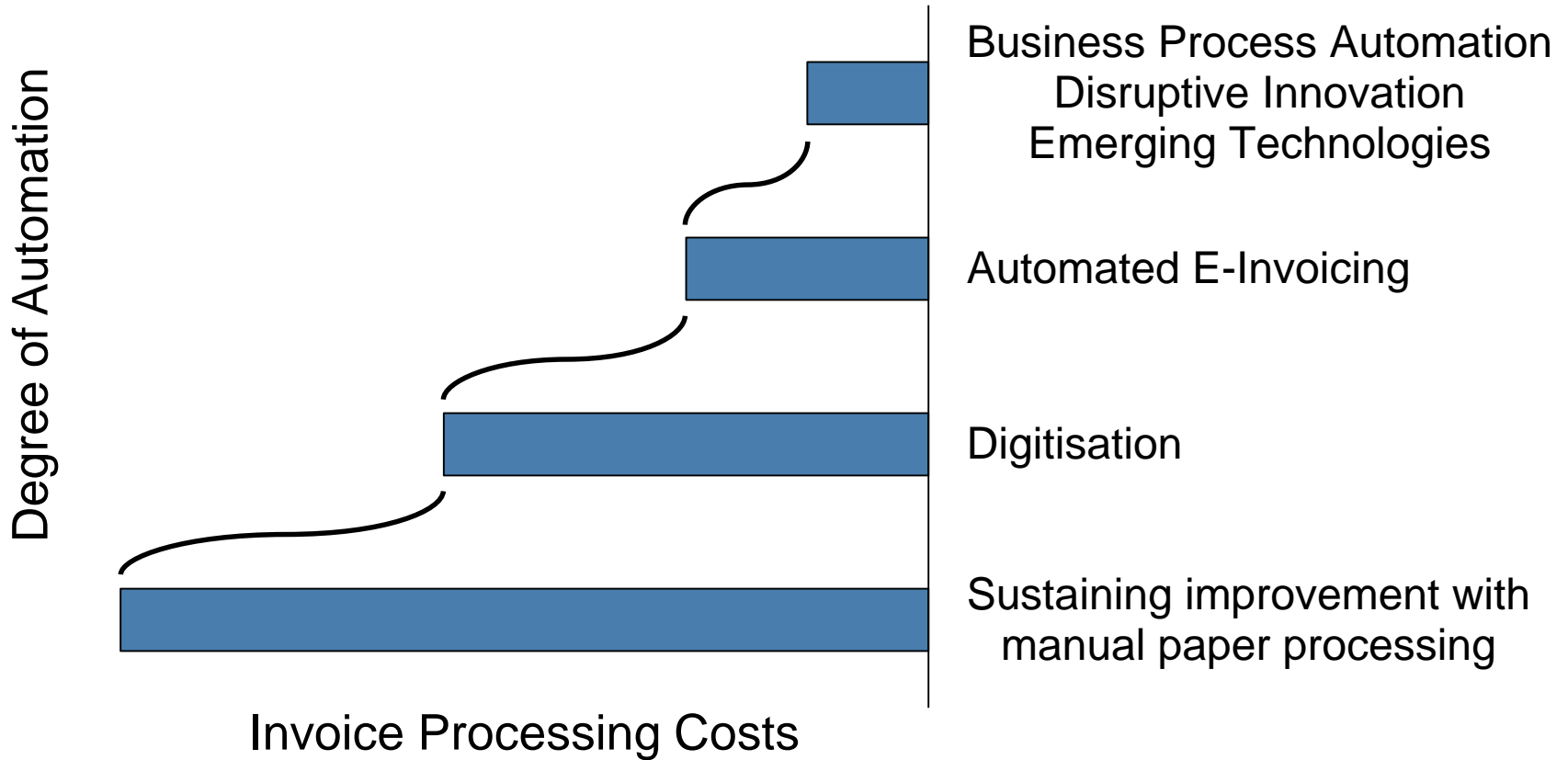
Procure2Pay

- Identification of Requirement
- Authorization of Purchase Request
- Approval of Purchase Request
- Procurement
- Identification of Suppliers
- Inquiries
- Receipt of the Quotation
- Negotiation
- Selection of the Vendor
- P2P topics in the broader sense
- ...and including Purchase2Pay

Purchase2Pay

- Purchase Order
- Purchase Order Acknowledgement
- Advance Shipment Notice
- Goods Receipt
- Invoice
- 3 Way Match
- Payment to Supplier

Exploit the full saving potential (1)



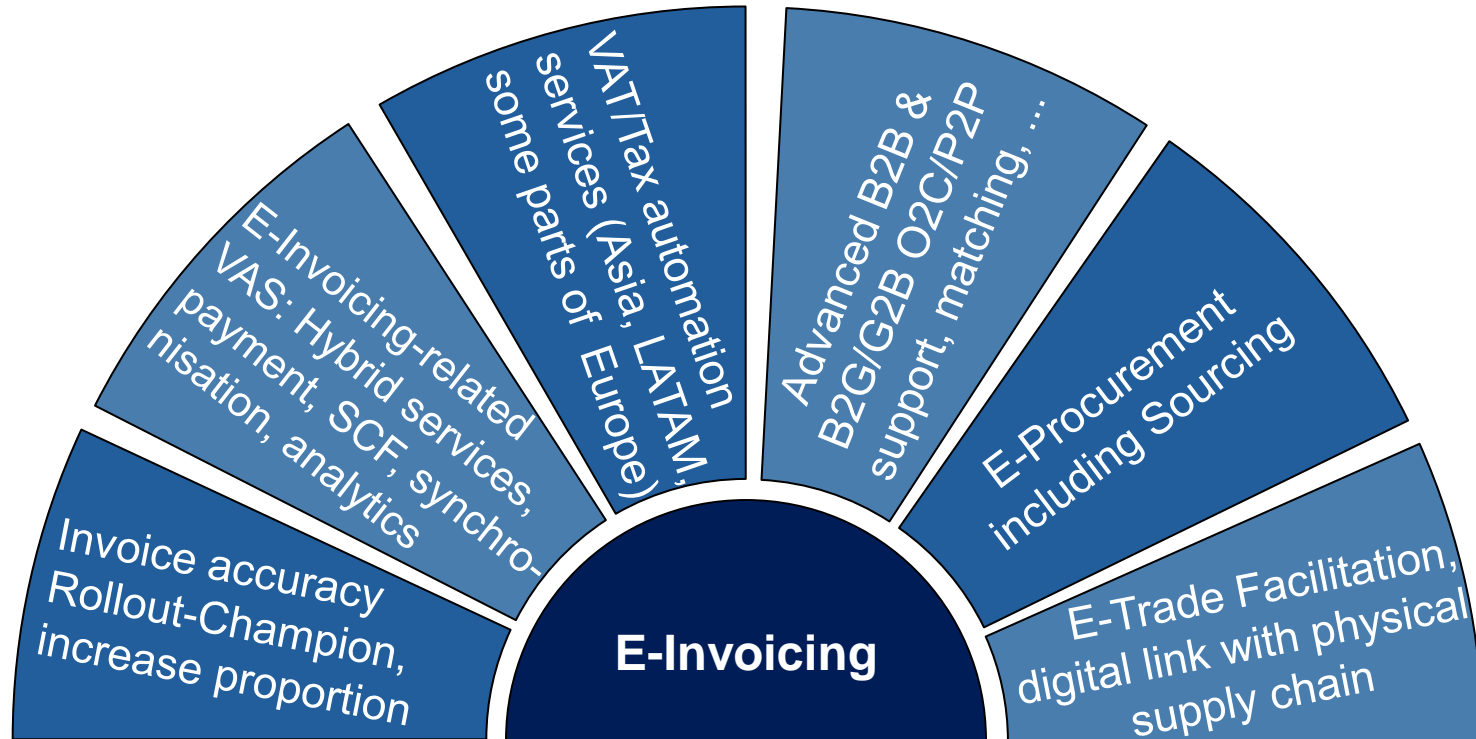
Exploit the full saving potential (2)



- Disruptive innovation
- Emerging next-generation technologies
 - Cloud Aggregation Platforms, Cloud Service Brokers
 - Robotic Process Automation, automate 50% of back-office processes
 - Machine learning
 - Advanced Analytics

Future Markets Radar

Market demand & challenges for business networks



Questions?

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