

The international E-Invoicing market development and the role of key stakeholders

Forum Elektronicznego Fakturowania

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Overview: Key stakeholders for E-Invoicing



- Large invoice issuers and recipients
 - Issuers with advanced on-boarding methods, incentives and penalties
 - Recipients with the power play as large buyers
- Regulators and tax authorities
 - European Commission & national regulators push the digital collaboration between suppliers and buyers
 - Countries in Latin America, Asia and South Europe defined models to combat the tax evasion with (near) real-time audits
- Solution and Service Providers
- Market communicators
- Industries with high invoice volume
 - Issuers: Telco, Utility, Card, Media, Logistics, Healthcare, Public Sector, Insurance
 - Recipients: Retail, Healthcare, Public Sector

Development of the European E-Invoicing Market



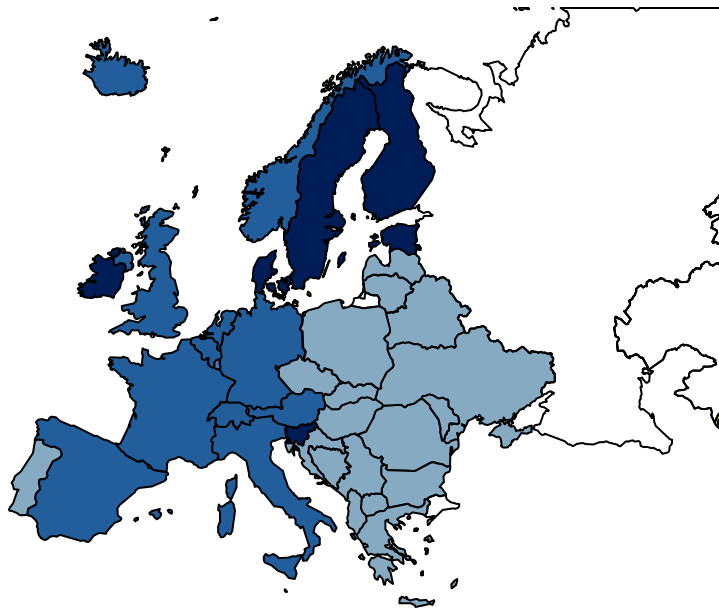
Recipient segment	Annual bill & invoice volume estimated to be at least	Estimated electronic proportion of total volume in 2012	Estimated annual volume increase of electronic bills/invoices
Consumer	17 billion	12 %	25 %
Business & Government	16 billion	18 %	30 %

Market Penetration 2012

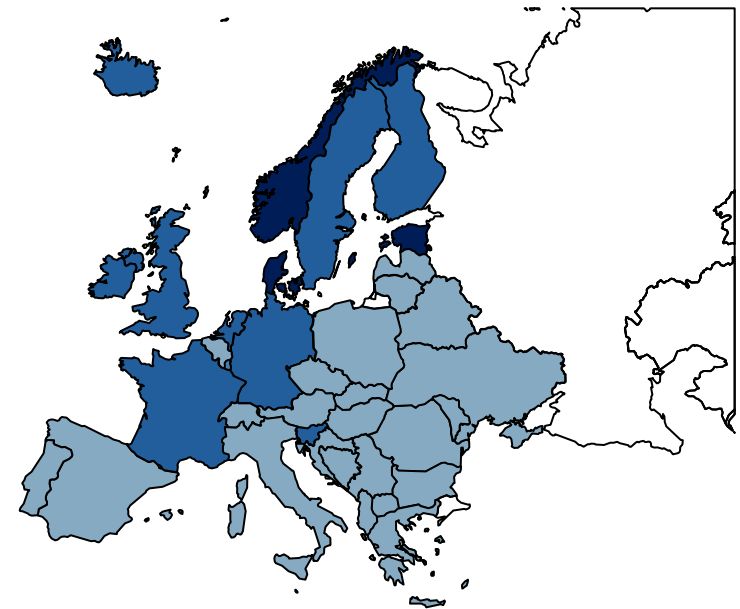
(Electronic share of total invoice/bill volume)



B2B/B2G/G2B



B2C



>30%

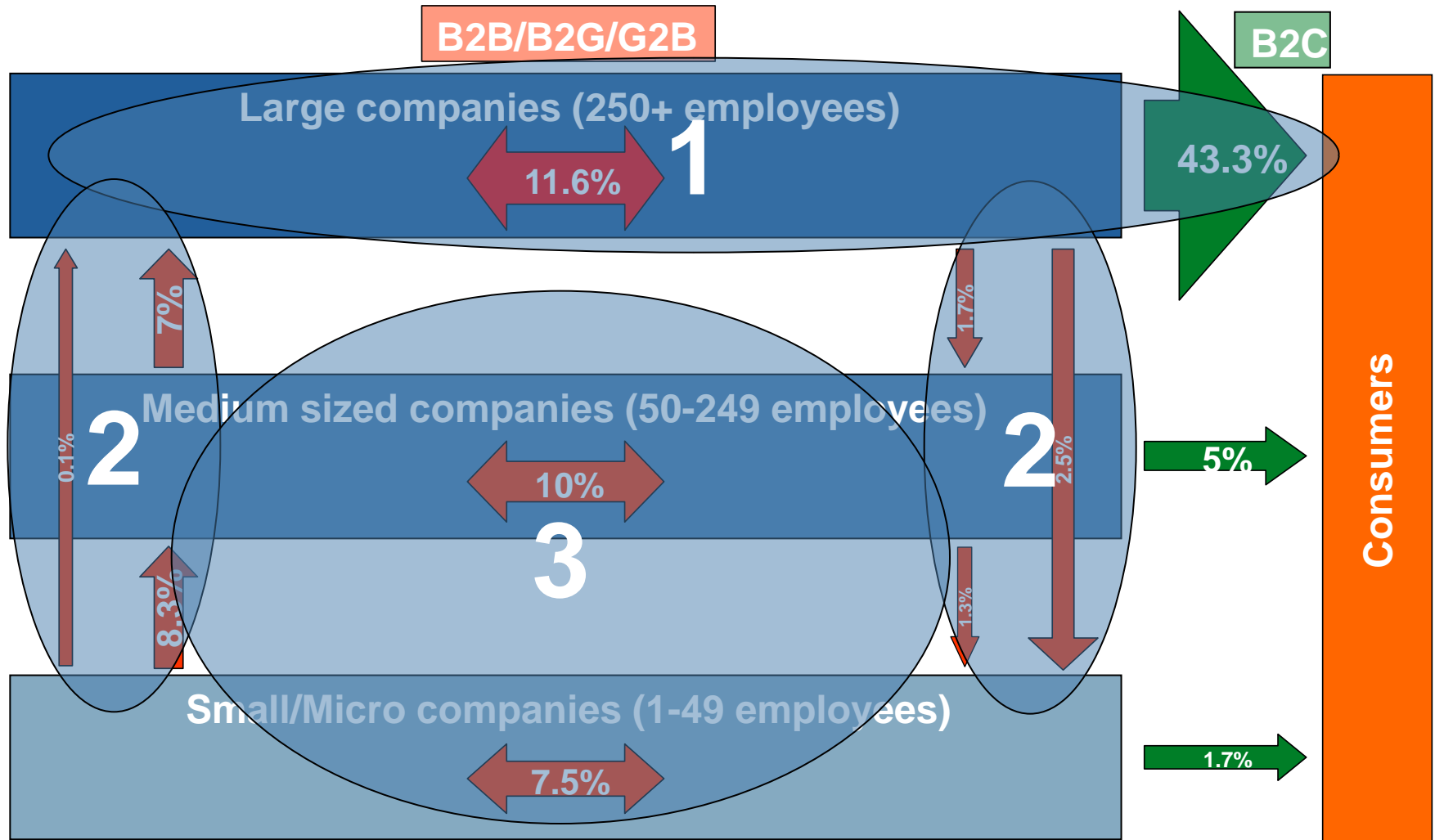


10-30%



<10%

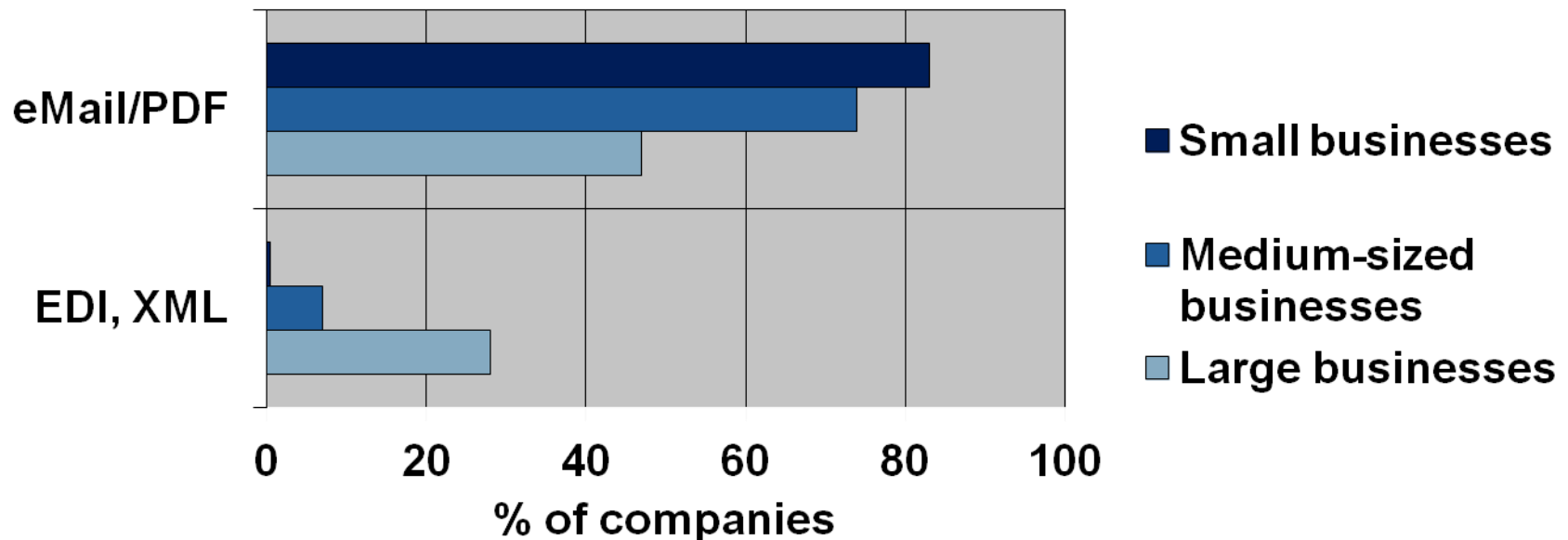
Large invoice issuers and recipients as innovator



Source: Billentis & PostFinance; structure is valid for Switzerland and likely many other countries

Different preferences of large and small companies in German speaking countries

How does your company currently receive its invoices? (Multiple-selection possible)

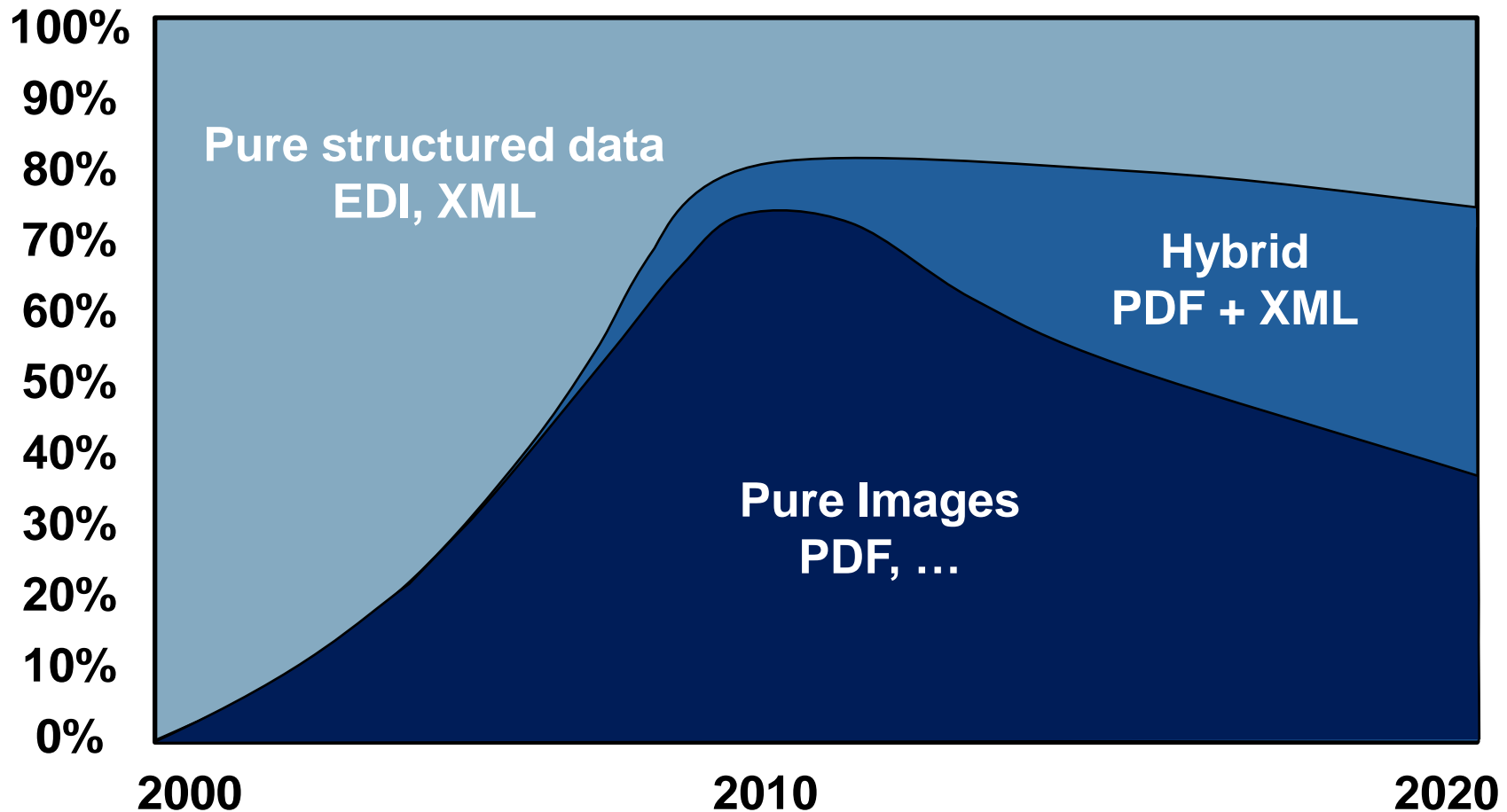


Source: ibi research 2011, Elektronische Rechnungsabwicklung – einfach, effizient, sicher – Teil III: Fakten aus der Unternehmenspraxis (www.elektronische-rechnungsabwicklung.de)

Why these (irrational) preferences?

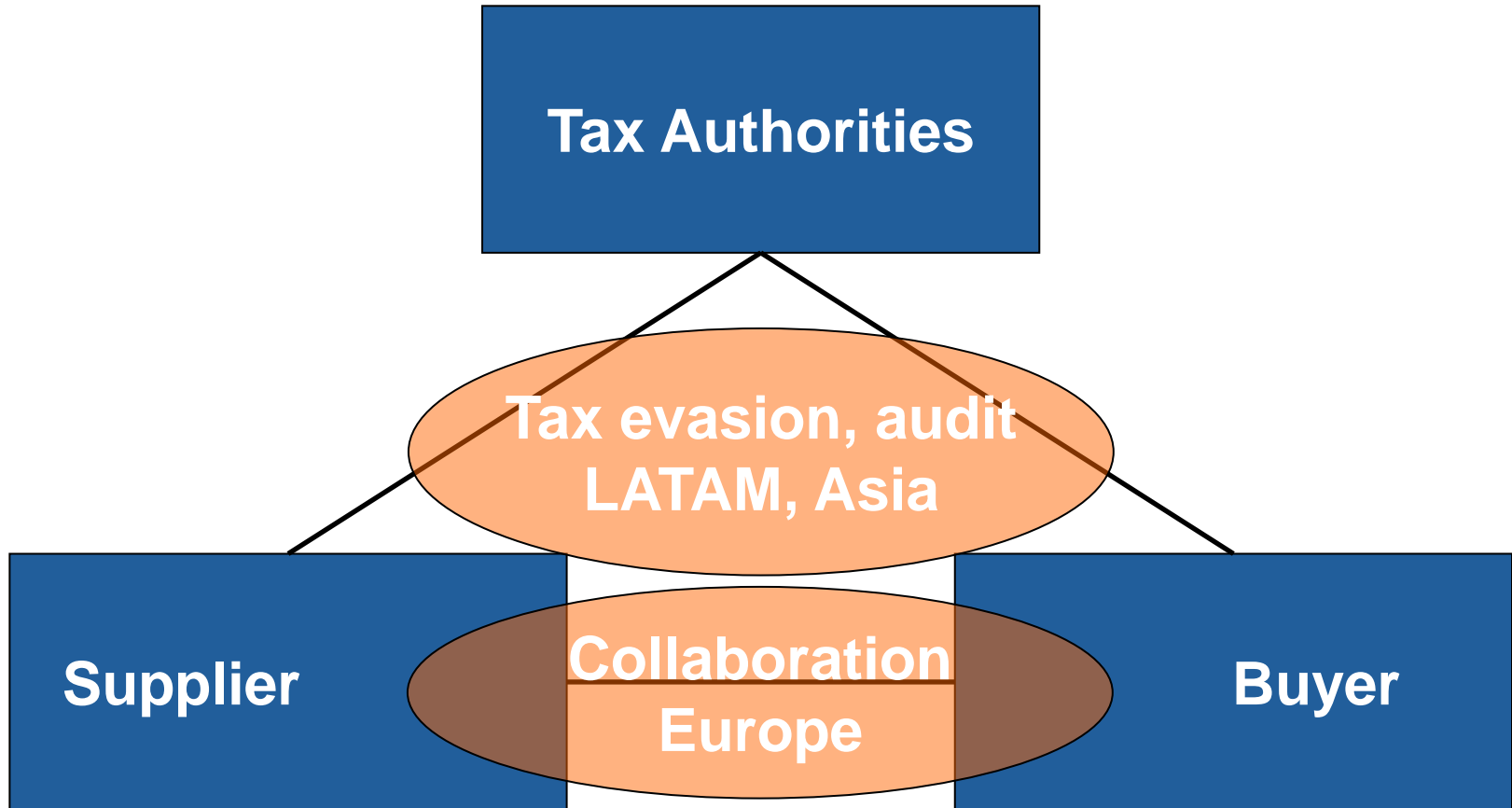
Most market participants and decision makers know PDF, but have no idea, what EDIFACT, EANCOM or XML mean.

Europe: used formats today and prediction

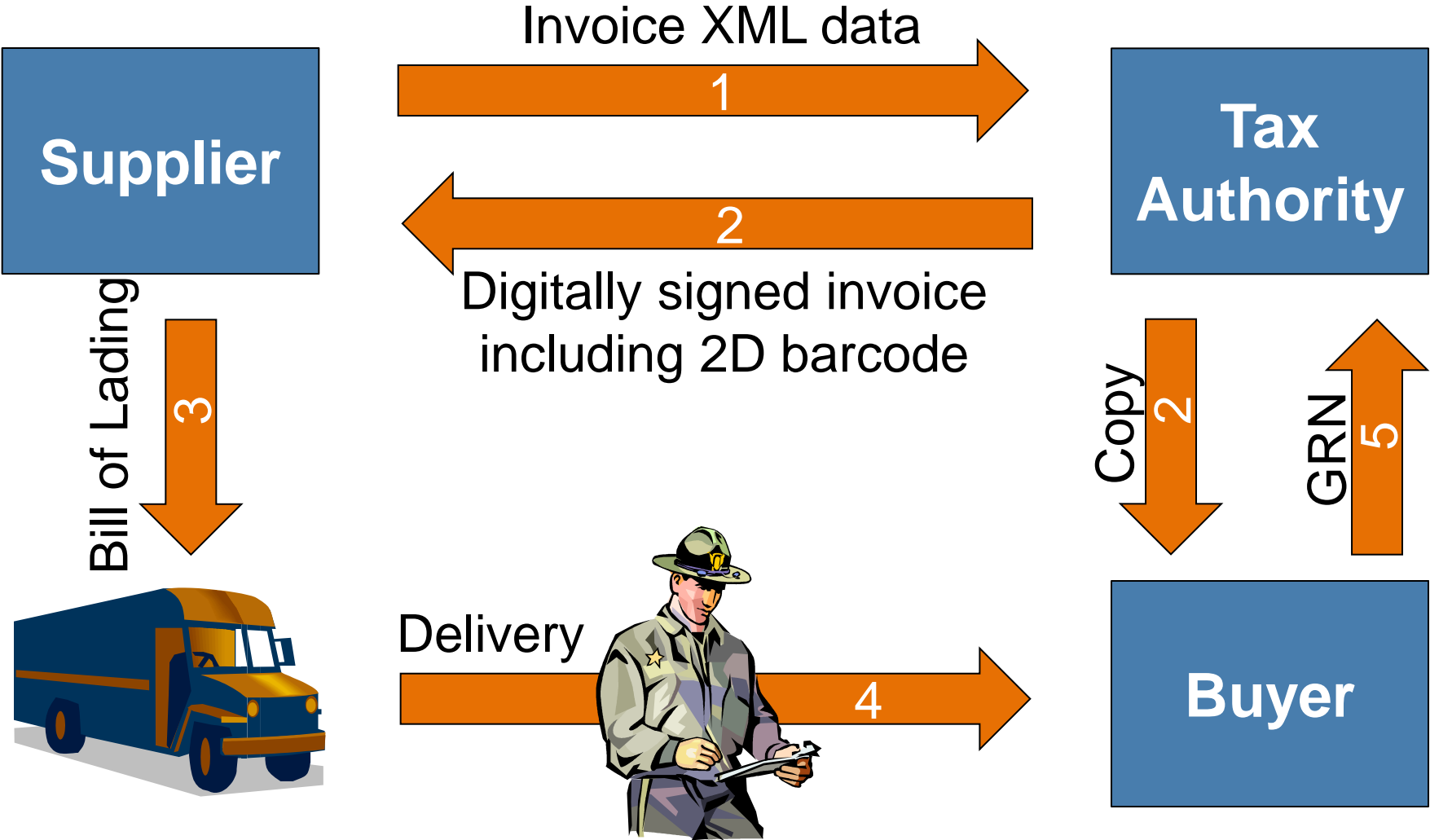


The German Multi-Stakeholder Forum thinks actively about an extensive usage of PDF/A-3 with embedded UN/CEFACT CII data.

Current focus of regulators and tax authorities



Real-time Audit – Example from Brazil



European Commission pushes/supports many activities within the Digital Agenda, e.g.

- Improve legal environment
- Promote the digital participation of SMEs
- Promote an E-Invoice standard model
- European Multi-Stakeholder Forum

Other supportive initiatives

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

European Solution and Service Providers educate and push the market



- **E-Invoicing solution providers**

- 200+ application providers for bilateral exchange among users
- 500+ E-Invoicing network operators (Service Providers)
- Some of them employ 50+ sales and account managers
- Assuming an average of 5-7 sales / provider, they are totalling up to 5,000 market influencers

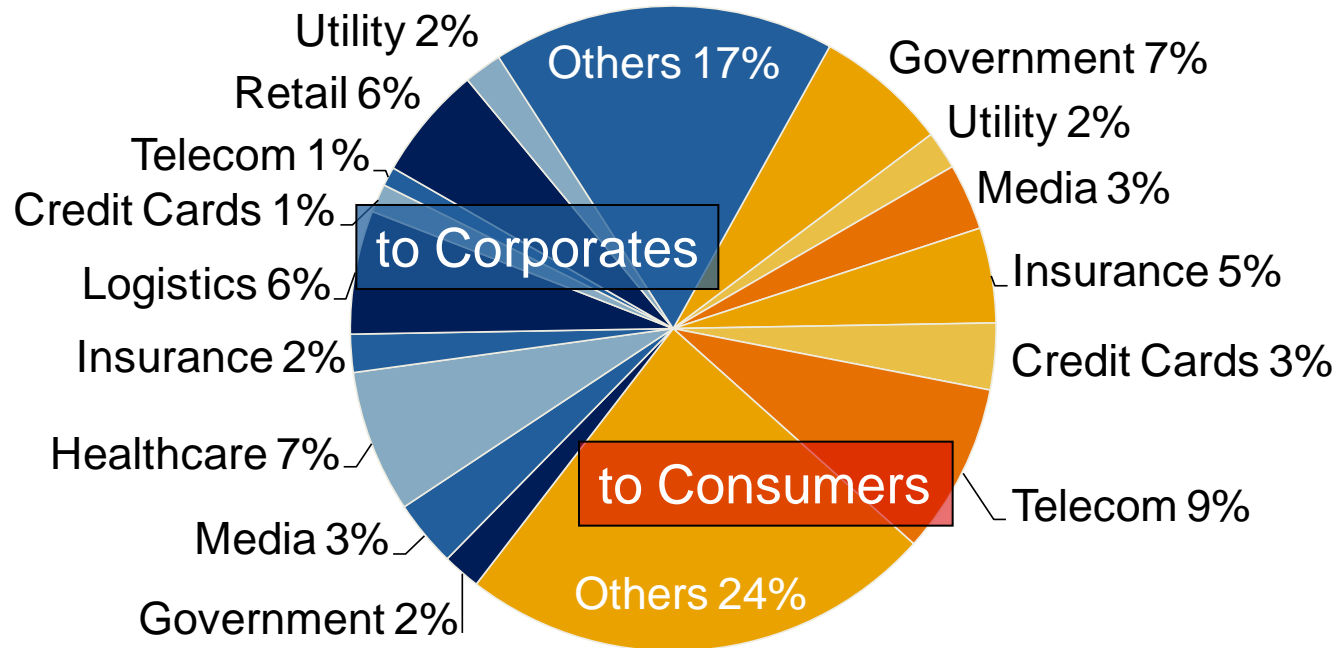
- The number of **ERP and accounting software vendors** is estimated to exceed 10,000; many of them do not communicate much/sufficiently

- Shortcomings
 - Quantity: No or very little communication for organisation internal stakeholders as well as for external trading parties
 - Quality: Often, the messages are inappropriate for the target audience and confuse the stakeholders; problem focussed discussions dominate and success stories are rare

- The better way
 - Communicate at least twice as often as you believe would be necessary; one can never “over communicate”
 - Use a clear vocabulary / glossary
 - Practice an encouraging communication style

The industries with the highest volume

Issuers:



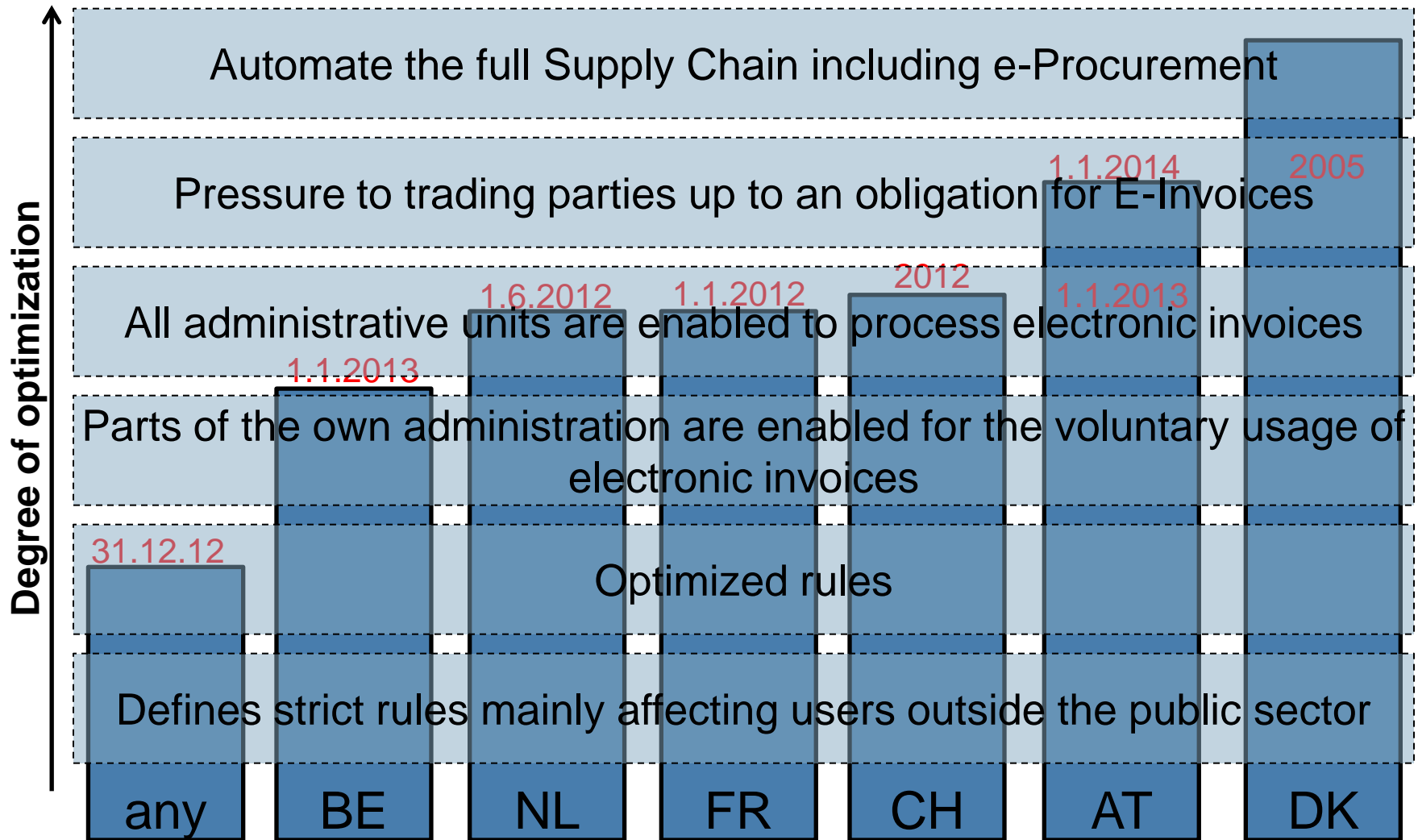
Recipients: Retail (10%), Healthcare (9-15%) and Public Sector with 9-12% of markets invoice volume

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.

Public Sector as Catalyst for Mass Market



Projects with high ambitions for the public sector as E-Invoicing user, e.g.

- Austria (Invoices to the national administration have to be 100% electronically from 2014)
- Belgium (objective: 50% in 2015)
- Denmark (mandatory since 2005)
- EC: Adoption of E-Invoicing in all 48 Directorate-Generals and Executive Agencies by January 2013
- Finland is already close to 100%
- Norway (mandatory since mid 2012)
- The Netherlands (objective: 80% in 2014)
- Switzerland (100% of all federal levels shall be enabled for In- and Outbound E-Invoicing in 2016)

Public Sector Saving Potential



Country	Minimum public sector saving potential (million Euro)	Country	Minimum public sector saving potential (million Euro)
Austria	600	Italy	3,000
Belgium	900	Spain	1,800
France	4,200	The Netherlands	1,200
Germany	6,500	United Kingdom	4,400

Source: Billentis Market Report 2012

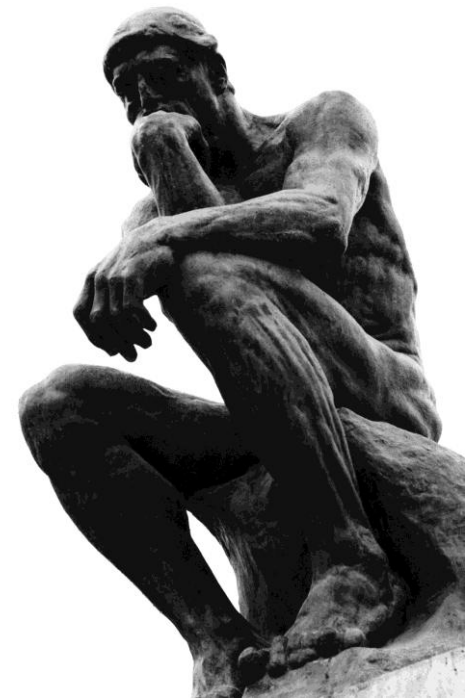
Proportions within Public Sector

Denmark		Switzerland
12%	Federal Administration	5%
14%	States, Regions	68%
74%	Municipalities	27%

Sources: Federal Administrations of Denmark and Switzerland

Very active stakeholders are key for the success of E-Invoicing!

*Still wondering how others rapidly
achieve very high E-Invoicing penetration rates
and savings?*



Soon, E-Invoicing stakeholders from around the world will meet in Poland



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- Founder & Chairman of an **international congress** with 300-400 participants
- **Merger & Acquisition**; consulting, enabler for expected market consolidation
- Company founded in June 1999
- B. Koch (8 years PricewaterhouseCoopers, 4 years Credit Suisse, 2 years SIX PayNet)