

E-Invoicing / E-Billing

# International Market Overview & Forecast

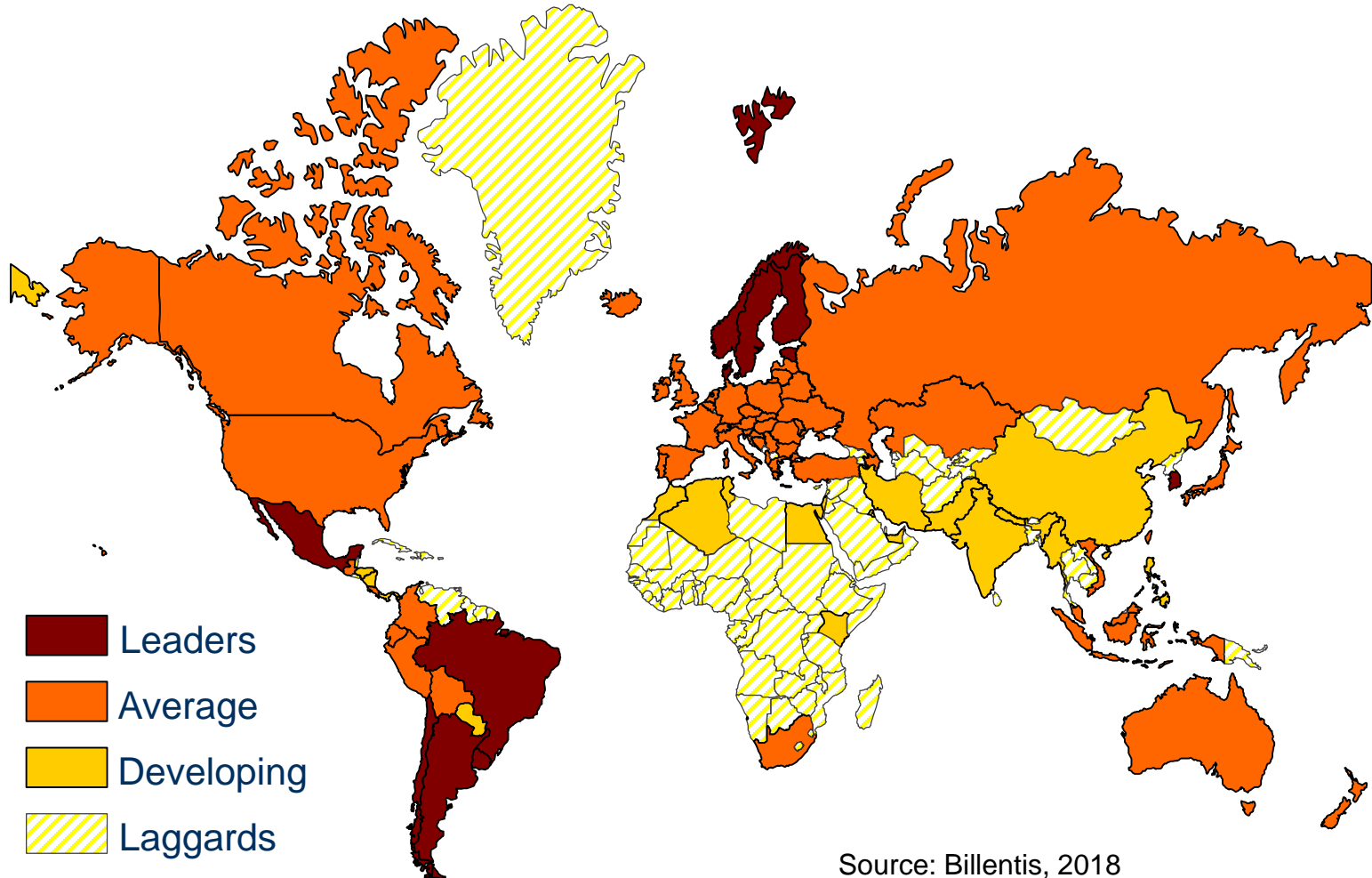


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# Global overview

# International E-Invoicing Market 2018

B2B, B2G, G2B and B2C



Source: Billentis, 2018

# Expected E-Bill/E-Invoice volume 2018 (billions) & trend radar



Recipient segment	Europe		LATAM		North America		APAC		Rest of World	
	Volume (billions)	Trend	Volume (billions)	Trend	Volume (billions)	Trend	Volume (billions)	Trend	Volume (billions)	Trend
<b>Consumer</b>	4	↗	7	↗	5	↗	3	↗	0+	↗
<b>Business &amp; Government</b>	6	↗	12	↗	4	↗	3*	↗	0+	↗

Estimated electronic invoices/bills 2017 (billions, strongly rounded)

Relative growth rates ↗

\*) This number could increase by several billions in case officially confirmed figures from Indonesia were contributed.

The applied definition for e-bills/e-invoices is described on last page of this document.

- Payment, Trade Finance, Dynamic Discounting and Procurement as main drivers in the B2B segment
- Still preference for optimization of internal operations (AR and AP management), but focus on collaboration and electronic interaction between trading partners increasing
- Direct exchange of e-invoices among trading partners still dominates; compared to Europe and LATAM, third party operators still not yet very numerous, but the number meanwhile surpassed 200
- Federal Reserve and e-invoicing work group pushing industry efforts to develop and promote the adoption of standards that enable end-to-end electronic processing of business invoices, payments and remittance information and to build an interoperability framework for vendors, [details](#)

- E-invoicing and electronic tax reporting pushed by public sector
- Real-time audit or invoice data mining by tax authorities with the aim of combating tax evasion
- Mandates for e-invoicing in a majority of Latin American countries
- Brazil, Mexico and Chile as market leaders
- Mexico enhanced the e-invoicing mandate from mid 2017 to the G2B and G2C segment, resulting in a volume increase of several billions in 2017 and 2018 in particular (first full year)
- Next step in invoice-related digitalization: exchange of all fiscal documents just in electronic format
- Colombia, Costa Rica, Ecuador, Peru etc. significantly extending e-invoicing mandate to next groups of users
- New project [www.alatipac.org](http://www.alatipac.org) with the aim to overcome LATAM cross-border issues and to improve the interoperability

- Dynamic growth of B2C E-Billing; B2B legislation still missing in many countries; sometimes, EDI invoices & paper originals
- Some countries mandate the market participants to exchange invoices or at least fiscal reports in electronic format, e.g. Belarus, Indonesia, Kazakhstan, Singapore, Turkey, Vietnam
- Many countries pushing rather the electronic tax reporting of some invoice data than the full content B2B/B2G e-invoicing
- Russia again with robust relative growth rates in 2018
- Some countries are in the process of closing the loop between cash registers at points of sale – tax authorities – and clients. This happens either with the help of fiscal printers or electronic receipts / e-tickets (similarities with e-billing)
- Several advanced initiatives of federal administrations in the Pacific Region, including e-Procurement

# Digitalisation of Tax Reporting, Financial and Physical Supply Chain (1)

**Past:**



Electronic Tax Reporting

Financial Supply Chain  
incl. E-Invoicing

Physical Supply Chain,  
incl. Logistics and Customs



**Future:**



Electronic Tax Reporting

Financial Supply Chain  
incl. E-Invoicing

Physical Supply Chain,  
incl. Logistics and Customs



# Digitalisation of Tax Reporting, Financial and Physical Supply Chain (2)



- In the past, Tax Reporting was often just an isolated side activity. In the future it might become THE trigger for the digitalisation and automation. LATAM and some countries in Asia, Southern and Eastern Europe are leading the way.
- The Financial Supply Chain is affected first of increasing requirements by tax authorities. In advanced countries in LATAM, businesses have to electronically transmit in real-time invoices and all other tax relevant messages to the tax authorities. Some Asian and European countries require in step one just invoice extracts, but extend this in step two to full content invoices (e.g. Italy). Likely, in the future, they will also require the electronic transmission of all other tax relevant documents. The messages are also appropriate to be exchanged between businesses.
- In the Physical Supply Chain, goods might be tracked and traced. Data shall be transmitted in real-time to the tax authorities.

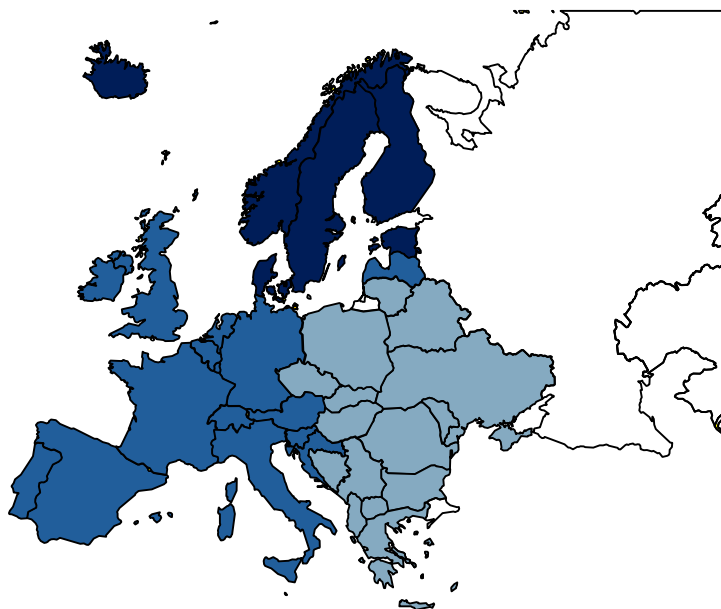
# European Market

# Predicted Market Adoption 2018

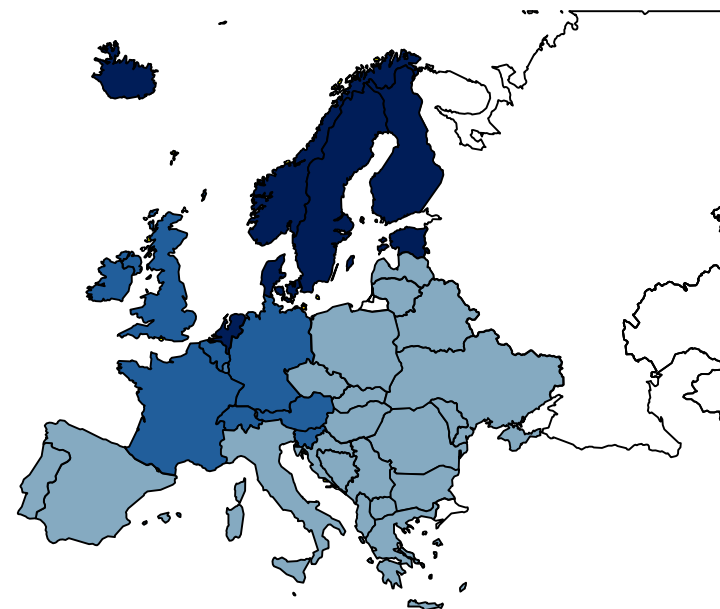
(Electronic share of total invoice/bill volume)



## B2B/B2G/G2B



## B2C



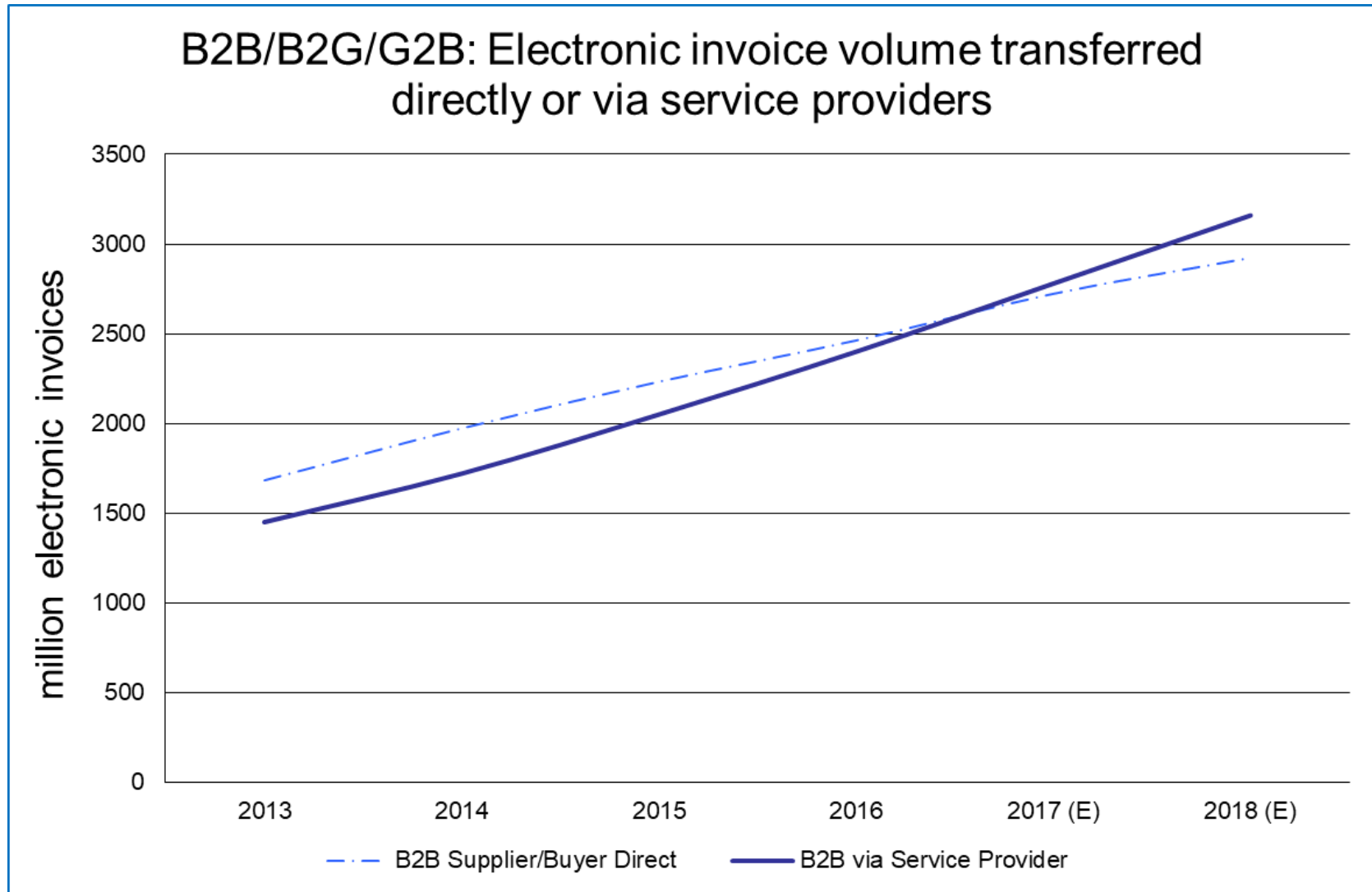
 >40%

 20-40%

 <20%

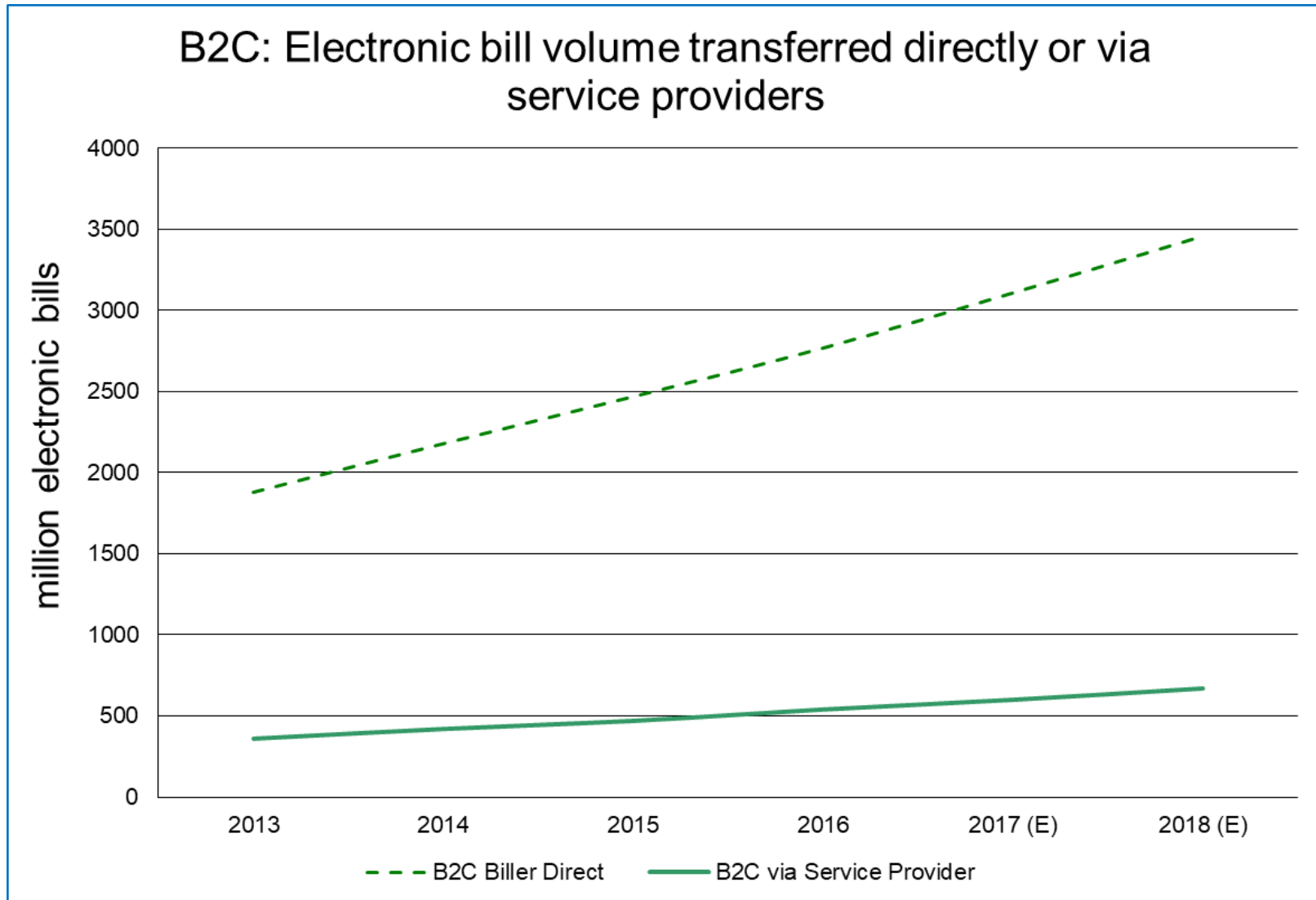
# Channels Used for Electronic Invoices

## B2B/B2G/G2B volume



# Channels Used for Electronic Bills

## B2C volume



- EU directives in progress to mandate 300,000+ Public Administrations to become “e-invoicing and e-procurement ready” at latest until spring of 2019 or 2020
- Next Business-to-Government e-invoicing mandates coming in place
  - In France, the current rollout step is affecting already businesses with more than 250 employees
  - Sweden
  - Germany and Poland in 2020
- B2B and B2C e-invoicing mandate announced for Italy
  - From July 2018: businesses in the oil industry
  - From January 2019: All businesses, except the ones with low annual turnover of less than 30.000 Euro

# Definitions & Methodology

- Screening and interpreting 750+ key sources, including:
  - User surveys in countries (AT, DE, ES, FR, PT etc.) and industries (e.g. banking associations, GS1, santésuisse, ...)
  - Figures from large invoice issuers & recipients (e.g. Deutsche Telecom with around 600 million invoices issued p.a., public sector in several countries representing 10%+ of invoice volume in each country)
  - Figures of leading service providers
  - Consolidated figures of domestic E-Invoicing associations
- Numerous interviews with local experts
- In total, results of surveys with 20,000+ enterprises and 15,000 consumers are considered in these statistics and forecasts



## Not considered as e-invoices:

Fiscal documents not representing a commercial transaction followed by “demand for payment”, e.g. bank statements, waybills

Fully electronic invoices that are not tax-compliant due to lack of integrity, authenticity and legibility

‘Electronic invoices’ that are supported by legally relevant paper summary invoices (parts of the EDI world), scanned or printed/archived by recipients (if just the paper version is stored as the ‘new’ de-facto original).

‘Asymmetric e-invoice’, buyers can demand a printed invoice and consider it as the legal original invoice.

Major bulk of paper invoices, even if in parallel some invoice data are transmitted to the tax authorities or trading partner.

## E-invoices in the broader legal sense:

‘Simplified low value’ e-invoices with reduced content requirements (often just 4-8 mandatory data fields) and without customer authentication

Legally can this category include invoices in a broader sense.

## E-invoices in the narrow legal sense:

Only this part is included in the statistics.

E-invoices with the full content (typically 8-16 fields) and authentication of the issuer & recipient.

Two organisations in the role as supplier and buyer exchange a digital and tax-compliant invoice as the valid original invoice. They exchange them directly via service providers and/or via the platform provided by tax authorities. These e-invoices are preserved. They are the only relevant original invoices for the tax authorities and auditors (any paper copies produced are only used as representations).

Paper representations can be found, but will never be considered as the legal original versions.