

E-Invoicing / E-Billing

# International Market Overview & Forecast

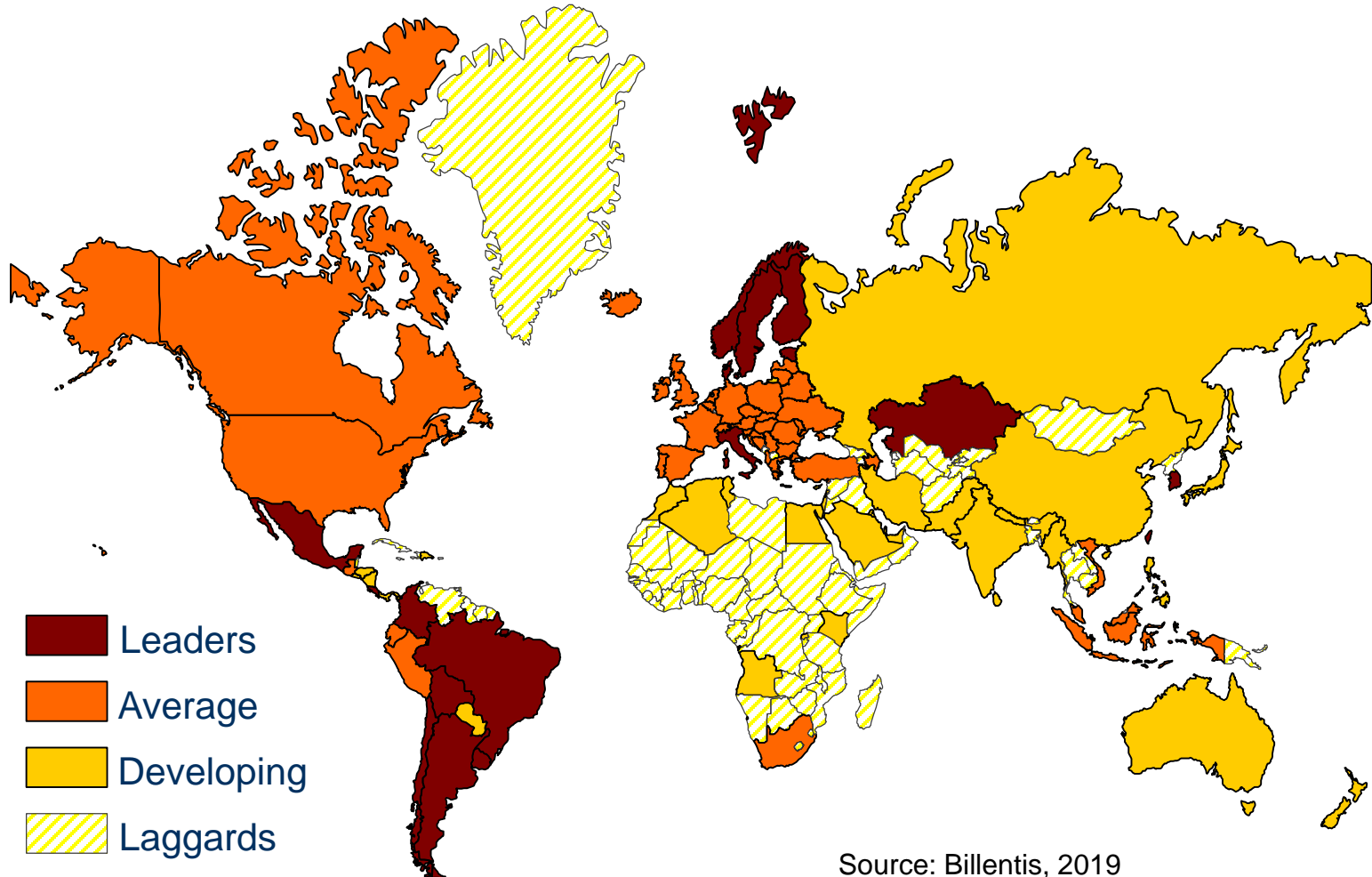


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January 2019

# Global overview

# International E-Invoicing Market 2019

B2B, B2G, G2B and B2C



Source: Billentis, 2019

# Expected E-Bill/E-Invoice volume 2019 (billions) & trend radar



Recipient segment	Europe		LATAM		North America		APAC		Rest of World	
	Volume	Trend	Volume	Trend	Volume	Trend	Volume	Trend	Volume	Trend
<b>Consumer</b>	5	➔	8	➔	5	➔	4	➔	0.5	➔
<b>Business &amp; Government</b>	8	➔	13	➔	5	➔	6	➔	0.5	➔

Estimated electronic invoices/bills 2019 (billions, strongly rounded)

Relative growth rates ➔

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
- Argentina, Bolivia, Columbia etc. significantly extending e-invoicing mandate to next groups of users
- Several Latin American countries preparing the field for e-invoicing mandate: Dominican Republic, El Salvador, Guatemala, Honduras, Panama, Paraguay
- Next step in invoice-related digitalization: exchange of all fiscal documents just in electronic format

- Meanwhile mature and strongly accelerating. Most promising market regarding invoice volume, absolute and relative e-invoice growth until 2025!
- China is ready for e-invoicing mass market roll-out. Doubling the number of e-invoices every year at least until 2022.
- Kazakhstan follows a very holistic approach to digitise the financial and physical supply chain. Complete B2B mandate is in place since January 2019.
- Vietnam prepares the field and makes e-invoices compulsory for all enterprises from November 2020.
- Some countries are in the process of closing the loop between seller's cash registers at points of sale – tax authorities – and buyers. Buyers can be identified with QR codes via mobile phones, get e-invoices and can use various e-payment methods.

# 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.

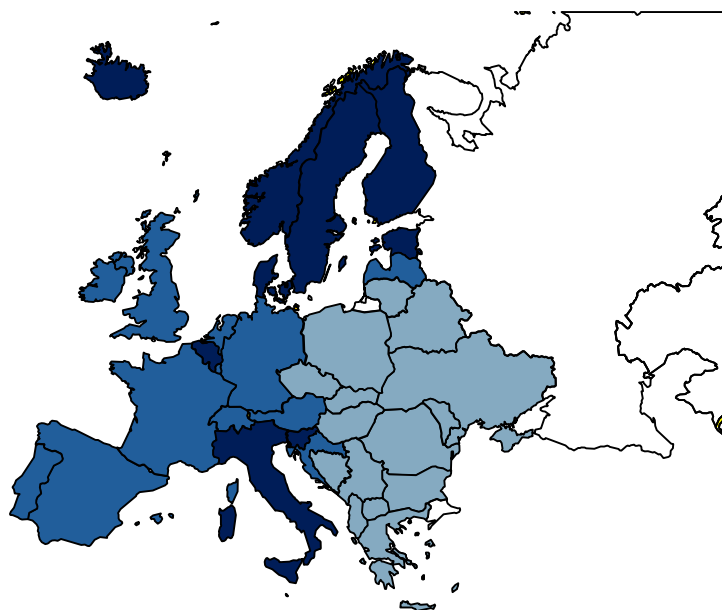
# European Market

# Predicted Market Adoption 2019

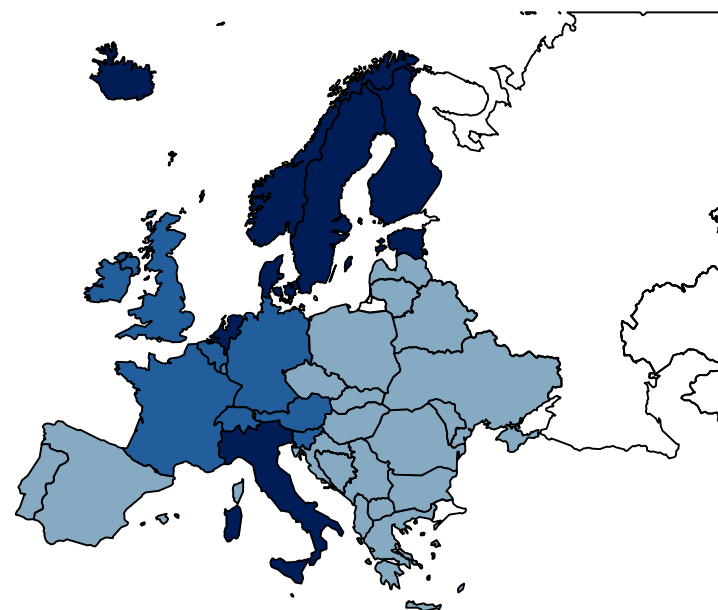
(Electronic share of total invoice/bill volume)



## B2B/B2G/G2B



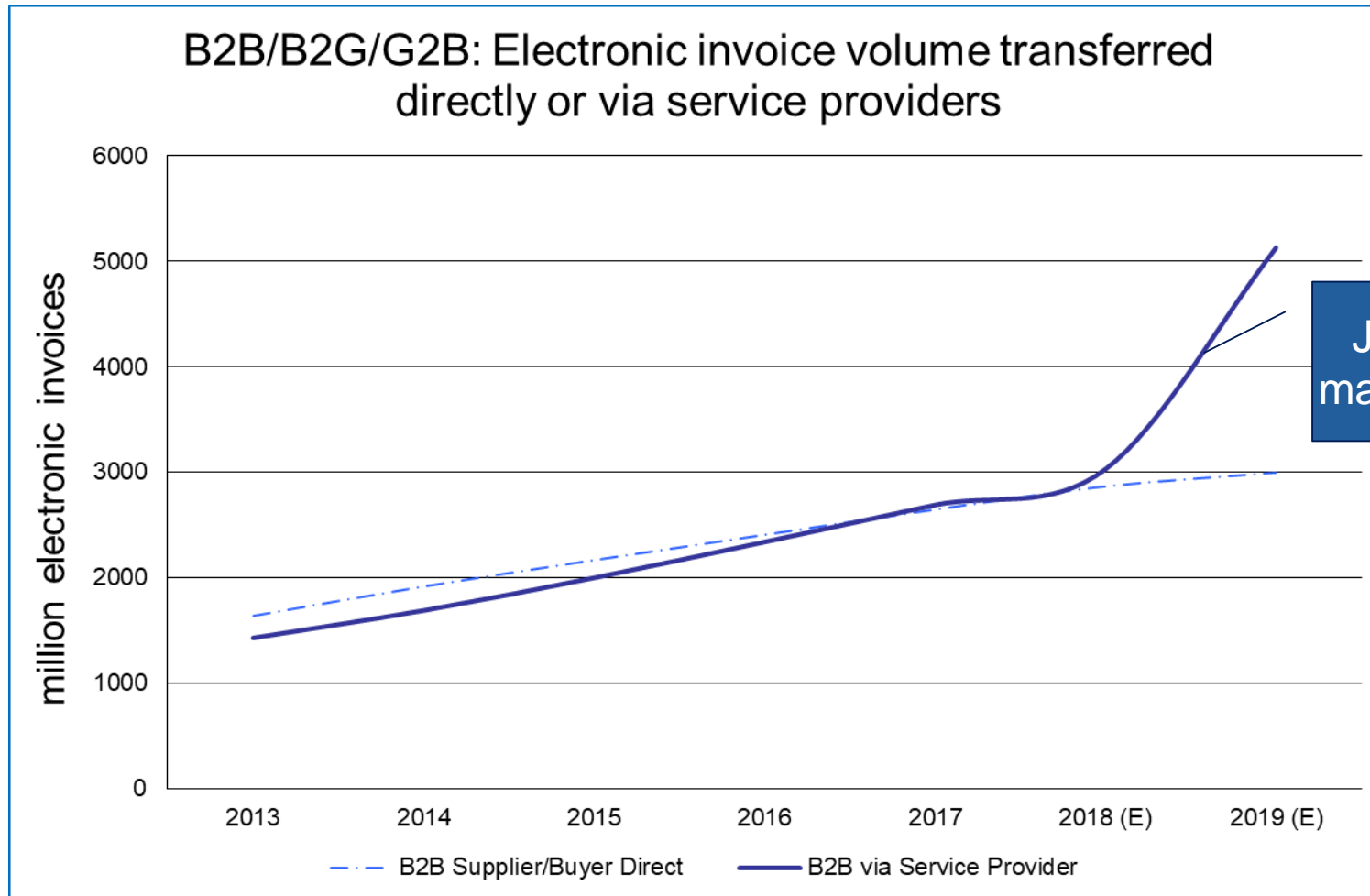
## B2C



Source: Billentis, 2019

# Channels Used for Electronic Invoices

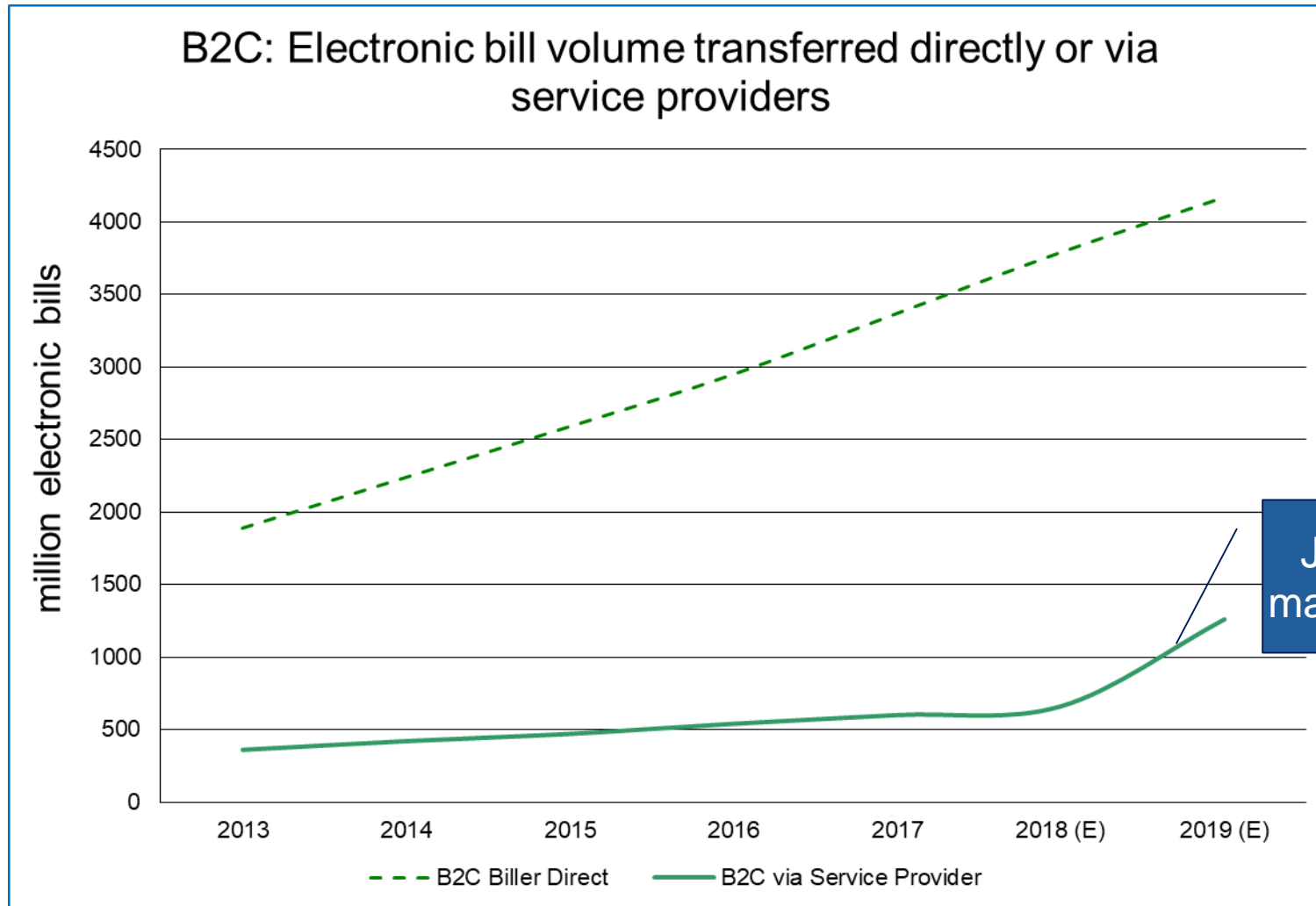
## B2B/B2G/G2B volume



Jump due to mandate in Italy

# Channels Used for Electronic Bills

## B2C volume



Jump due to mandate in Italy

- EU directives in progress to mandate 300,000+ Public Administrations to become “e-invoicing and e-procurement ready” at latest until spring of 2019 respectively 2020
- Next Business-to-Government e-invoicing mandates coming in place
  - In France, the last roll-out step from January 2019 is affecting already businesses with more than 10 employees
  - Sweden, April 2019
  - Portuguese B2G-Mandate from 2020
  - Germany in 2020

# Progress to align interoperability for the exchange of electronic business documents cross different B2B networks

(mini survey January 19)

# 2019 objectives and activities to improve and harmonise the interoperability landscape



## AMEXIPAC / ALATIPAC

### **For own association members (AMEXIPAC, Mexico)**

- Factoring: Lead efforts to promote a legal reform
- Simplify compliance of tax obligations
- Promote the incorporation of the credit notes as form of payment

### **Alignment with others (ALATIPAC, Latin America)**

- Promote a collaborative model between the public and private sector
- Support Colombian Association of Authorized Technological Providers
- Harmonize the electronic invoice models and digital documents
- Raise awareness of the benefits of the PAC model through publications in open standard, universal, non-proprietary, for the data structure, XML; Use of digital signature certificates issued by central entities, recognized and open; Double signed electronic documents



# 2019 objectives and activities to improve and harmonise the interoperability landscape



## Business Payments Coalition (U.S.)

### **For own association members**

- Completion of a U.S. e-invoice semantic model
- The creation of a set of recommendations requirements for a messaging and delivery framework
- Define the role and responsibilities of a governance organization for a U.S. interoperability framework
- Help the industry to establish a framework in the U.S.

### **Alignment with others in different regions or industries**

- The planned BPC model is similar to the Pan European Public Procurement Online (PEPPOL) and the Australia's Digital Business Council eInvoice Interoperability Framework
- Enable interoperability with similar e-invoice interoperability frameworks in other regions of the world

# 2019 objectives and activities to improve and harmonise the interoperability landscape



## Digital Business Council (Australia)

### **For own association members**

- Establishing the appropriate governance arrangements, considering feedbacks of the public consultation process at the end of 2018.
- Progressively adopt e-Invoicing across all levels of government.

### **Alignment with others in different regions or industries**

- The DBC model has big similarities with the Pan European Public Procurement Online (PEPPOL) framework
- The A-NZ governments have committed to a process called the Single Economic Market agenda, designed to create a seamless trans-Tasman business environment. This statement included a commitment to jointly pursue “common approaches to e-Invoicing” based on a standardised, trans-Tasman e-Invoicing framework.

# 2019 objectives and activities to improve and harmonise the interoperability landscape



## European E-invoicing Service Providers Association (EESPA)

### **For own association members**

- Continues to facilitate a fully interoperable network for its service provider members and their client communities
- Based on its model agreements for both bilateral and multilateral connections, EESPA is expecting to see a further growth in the volume of interoperability transactions in 2019.

### **Alignment with others in different regions or industries**

- Work has started on a Global Interoperability Framework (GIF) in the e-invoicing and supply chain space. Three organisations are taking the lead in its development; ConnectONCE, a long established global forum for C-level executives in digital commerce; EESPA, which has fostered a fully interoperable network based on its model agreements; and the openPEPPOL Association, which enables multilateral interoperability between trading partners in their procurement and invoicing processes.

# 2019 objectives and activities to improve and harmonise the interoperability landscape



## Pan European Public Procurement Online (PEPPOL)

### **For own association members**

- Continue to develop the PEPPOL Interoperability Framework as basis for increased use in Europe and Asia, enabling global growth.
- Business Interoperability Specifications (PEPPOL BIS); introducing version 3 of all Post-Award BIS in production, including PEPPOL BIS Billing 3.0 as an EN16931 CIUS.
- Further steps towards making the AS4 message exchange protocol mandatory in the Network.
- Commencing the first major upgrade of the agreement framework since 2012.

### **Alignment with others in different regions or industries**

- Continue and further develop the cooperation and good relationship with EESPA, Connect ONCE and other relevant associations.

# Definitions & Methodology

- Screening and interpreting 750+ key sources, including:
  - Official statistics in particular from countries with clearance models, knowing these figures accurately
  - Country and industry specific user surveys
  - Figures from large invoice issuers & recipients (e.g. telecom, utilities, card issuers, public sector, health services, retail industry), published online or in corporate responsibility reports
  - 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 digital 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 mandatory 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.

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