E-Invoicing / E-Billing

International Market Overview & Forecast

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Billentis

Global overview

International E-Invoicing Market 2011

B2B, B2G, G2B and B2C

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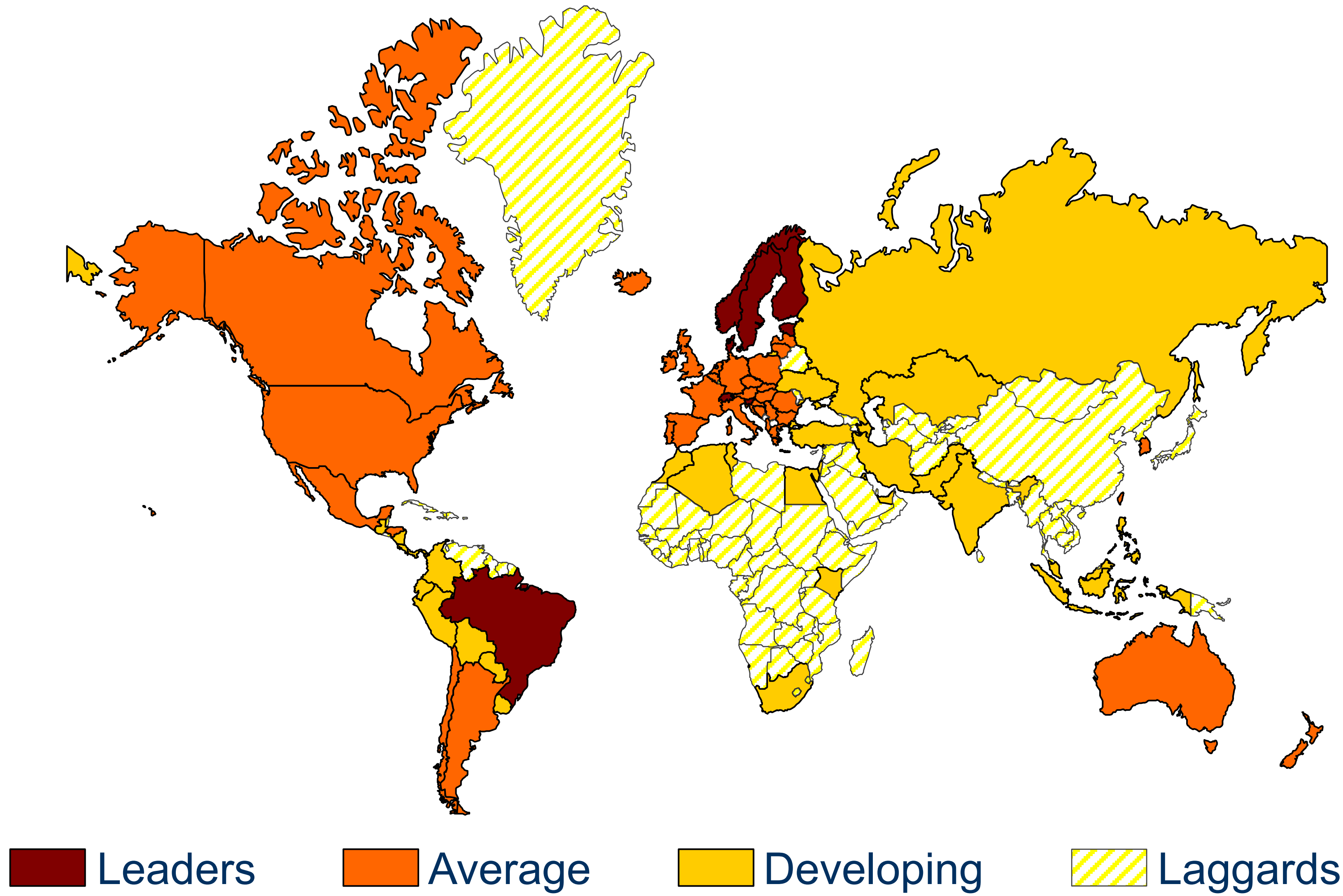


E-Invoicing outside Europe

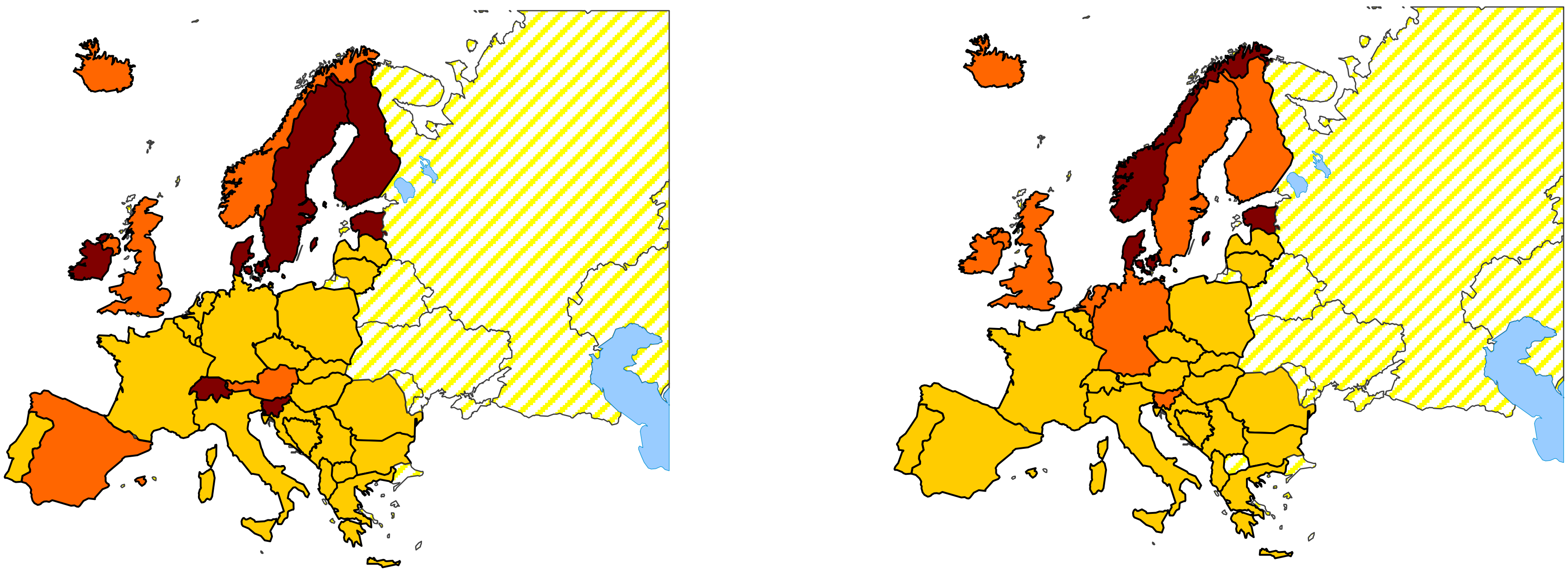
- **Northern America**, CAGR of 23 – 25%
  - Still very consumer and bill issuer focused
  - Payment and Procurement as the main drivers
  - Preference for direct exchange in B2B; 3rd party operators not very powerful compared to LATAM/Europe
- **Latin America**, CAGR of 50 – 500%
  - Very strict legislation
  - E-Invoicing pushed by public sector
  - Service providers with key role
  - Real-time audit in Brazil and in Mexico (depend. on amount)
- **Asia/Pacific and Africa**
  - Leaders are Singapore, Hong Kong, Taiwan, South Korea, Australia, New Zealand, South Africa
  - First steps with B2C E-Billing; B2B legislation missing in many countries for B2B

European Market

Market Penetration 2011

(Electronic share of total volume of 30 billion)

B2B/B2G | **2011 (E)** | **B2C**



20-50% | 10-20% | <10%

E-Invoicing/E-Billing Market Figures

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Europe	2010 (E)	2011 (E)
Participants Companies Consumers	 3.6 million 57 million	 5 million (+39%) 75 million (+32%)
Electronic volume – B2C – B2B	2,325 million - 1,045 - 1,275	3,135 million (+35%) - 1,400 (+34%) - 1,735 (+36%)
Electronic with paper summary invoice	200 million (partially replaced by fully electronic processes)	100 million (partially replaced by fully electronic processes)
Service providers	470	530 (+13%)

Rolling update of these figures during the year, as many service providers do not publish figures before May

Number of Users Increasing Sharply

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Consumers

- Large suppliers (mainly from telcos, utilities, the credit/customer card industry) push clients to accept electronic invoices, or receive penalty, e.g. charged EUR 2.50 per paper invoice

Companies

- Pushed by their trading parties to send/receive electronic invoices
- Legal changes, with possibly a 3rd option, resulting in market confusion as long as guidelines for "process control" are not clearly communicated by governments
- New user-friendly and efficient market offerings, especially for SMEs

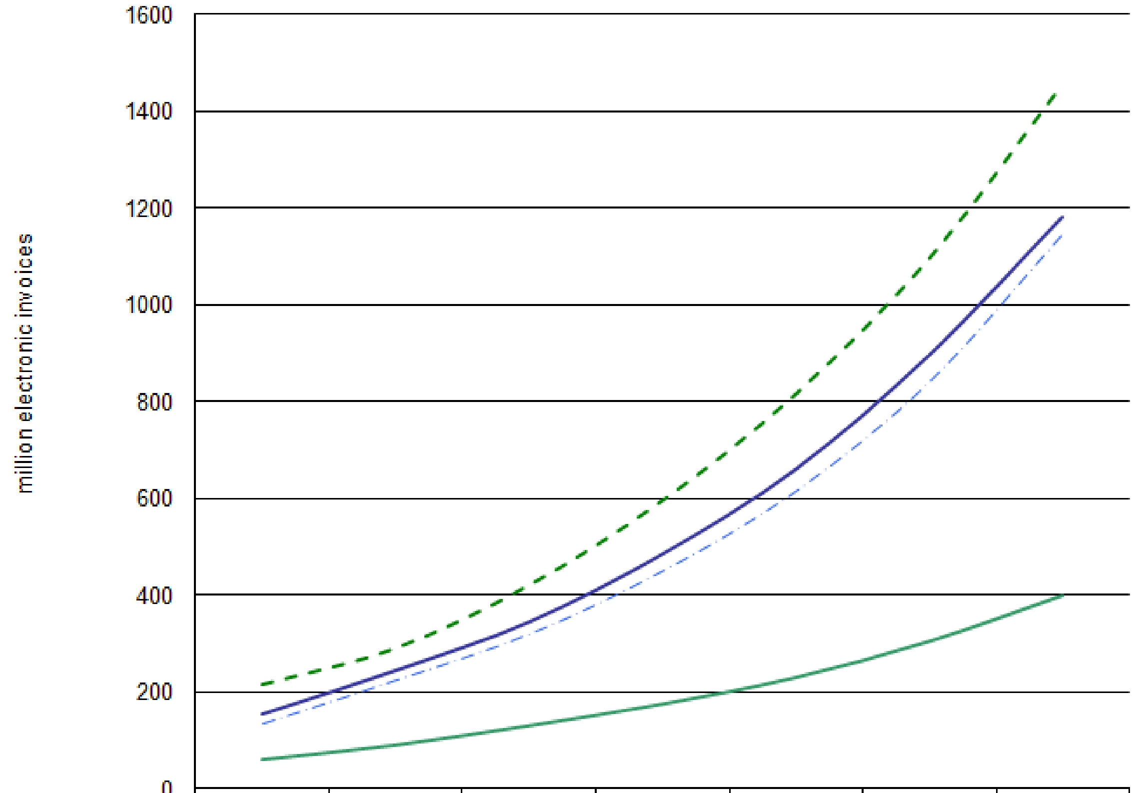
In 2011, expect daily, as new E-Invoicing users:

- 50,000 consumers
- 3,700 enterprises

Channels Used for Electronic Invoices

Processed volume

Electronic invoice volume transferred directly or via service providers



	2006	2007	2008	2009	2010 (E)	2011 (E)	2012 (E)
B2C Biller Direct	215	290	420	595	815	1095	1455
B2C via Service Provider	60	90	130	175	230	305	400
B2B Supplier/Buyer Direct	135	225	320	450	615	840	1145
B2B via Service Provider	155	245	345	485	660	895	1180

Rolling update of these figures during the year, as many service providers do not publish figures before May

Service Providers

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- 60 additional operators expected in 2011
  - SME focussed providers
  - Providers in certain geographical regions: countries with government initiatives, such as Estonia, France, Spain & Switzerland; others in Southern and Central/Eastern Europe
  - Providers from the financial services industry segment
- Rapid internationalisation of offering
- Increasing co-operation among providers, interoperability for cross-platform message exchange
- Merger & Acquisition deals are expected to rise from 14 (2010) to 25 (2011)
- Major consolidation expected if market penetration surpasses 15% → 2012/2013

Some actions supported and/or steered by public sector

- **European Commission**
  - Communication: Aim to improve legislation in member states, push interoperability and standards
  - Set up a 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
  - Remove or reduce barriers for electronic archiving

Definitions & Methodology

Definitions as used in my statistics

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	E-Invoices	Transported and archived fully electronically from end-to-end in a tax compliant manner; 2011: 10%+ in Europe
Not considered in my statistics	Electronic, nok	Fully electronic, but not tax compliant due to missing integrity, authenticity and legibility; ≈ same volume as tax compliant invoices
	Semi-electronic	If electronic invoices are supported by paper summary invoices, scanned or printed/archived by recipients; ≈ same volume as tax compliant invoices
	Transported and archived as paper only	Major bulk of paper invoices

Methodology

- Screening and interpreting 650+ key sources, including
  - User surveys in countries (AT, ES, FR, PT etc.) and industries (e.g. banking associations, Add Value/Itella)
  - Figures of large invoice issuers & recipients (e.g. Deutsche Telecom with around 600 million issued invoices p.a., public sector in several countries representing 10%+ of invoice volume in each country)
  - Figures of leading service providers

- In total, results of surveys with 15,000+ enterprises and 10,000 consumers are considered in these statistics and forecasts