The business perspective on electronic invoices and the market developments in Europe

Bruno Koch

The contrast

Some recent statements

- „Am I the first participant in an e-Invoicing consolidator network?“
- „Whilst the use of consolidates e-Billing is still in its infancy in Europe, ...“
- „We invented a new revolutionary technology for e-Billing.“

How mature is the market?

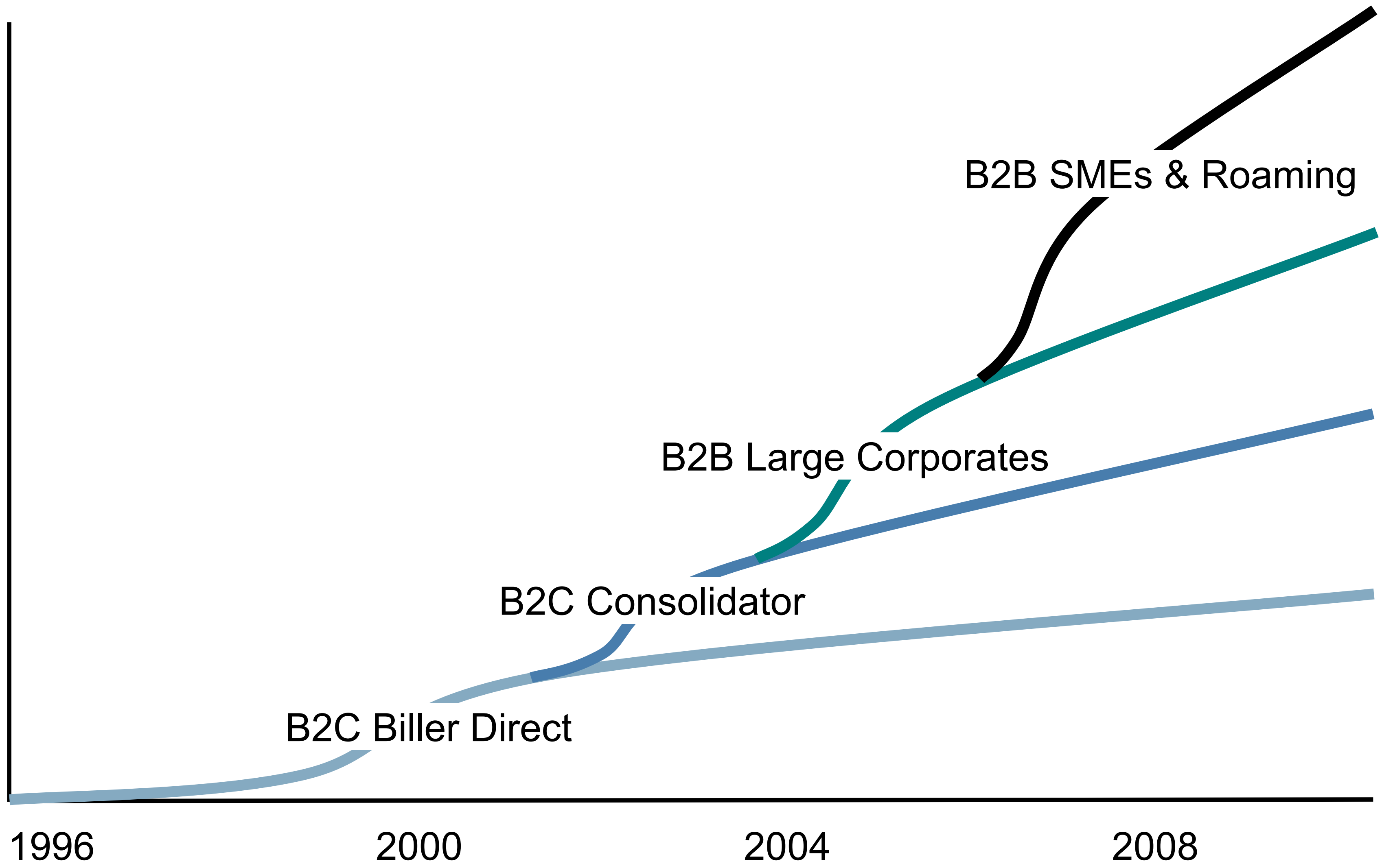
The market B2B/B2C

European market size (all incl. paper)

- Annual bill / invoice volume about 27 billion (The US = 34 billion)
- Market selection (own estimations)
  - Germany 6 billion
  - UK 4 billion
  - France 4 billion
  - Italy 3 billion
  - The Netherlands 1 billion
  - Belgium >900 millions
- Typical pattern (rough)
  - 50% B2C
  - 50% B2B

Paperless Market Evolution

EDIFACT invoices accompanied by paper summary invoices not considered



EBPP & E-Invoicing market figures

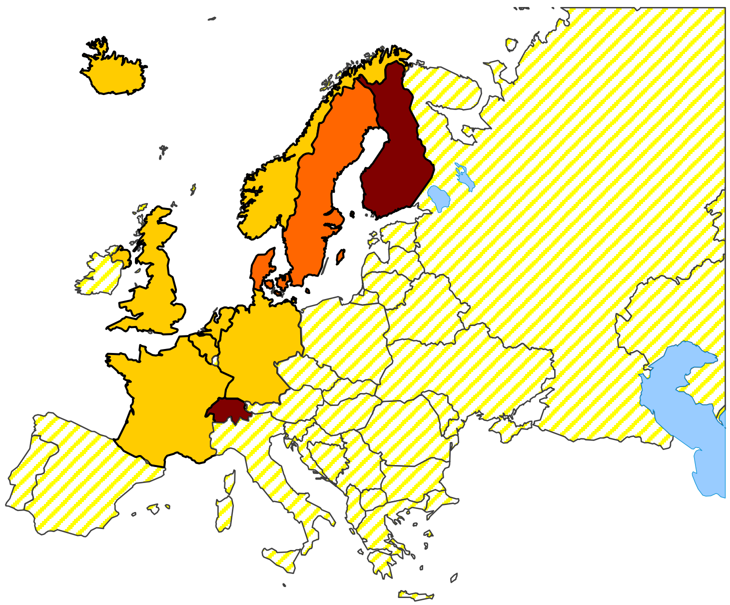
EDIFACT invoices accompanied by paper summary invoices not considered

	2005 (average)	2006 (average)
Participants	70,000 corporates 10 million consumers	150,000 corporates 11 million consumers
Electronic Volume – B2C – B2B	300 millions – 195 – 105	440 millions – 250 – 190

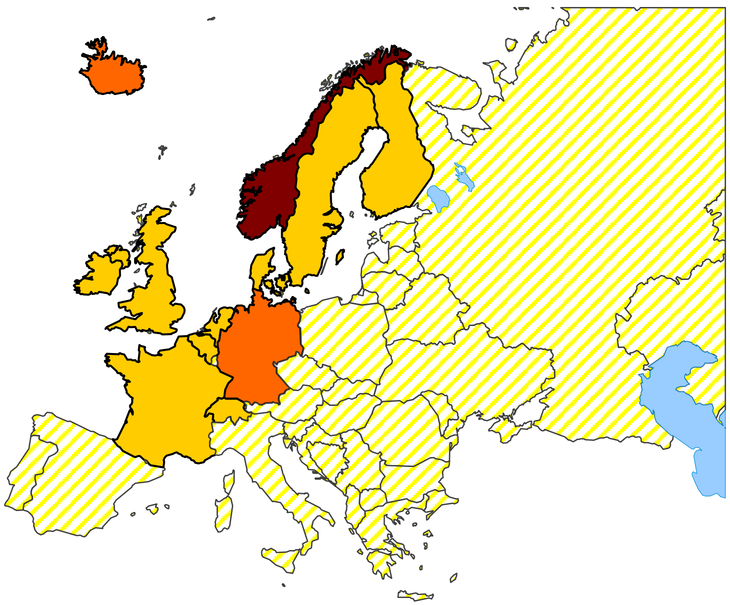
Market penetration in early 2006

EDIFACT invoices accompanied by paper summary invoices not considered

B2B



B2C



Highest

High

Average

Low

The electronic invoice was

- An excellent door opener for providers
- Good enabler for launching projects on sender & receiver side

but now

→ pure E-Invoicing is no longer sufficient

Market Demand (1)
Optimisation objective

Optimise mainly the message transport

- Many documents
- Transport from letterbox to letterbox
- Decision done by CIO, one of his specialists or message specialist
- Low prices
- Low automisation
- Low cost reductions

Market Demand (2)

Optimisation objective

- Optimization of the e-Procurement process & seamless information flow
  - Considering process on supplier and buyer side
  - High value
  - High prices
  - Decisions done by Purchsing Manager and CFO

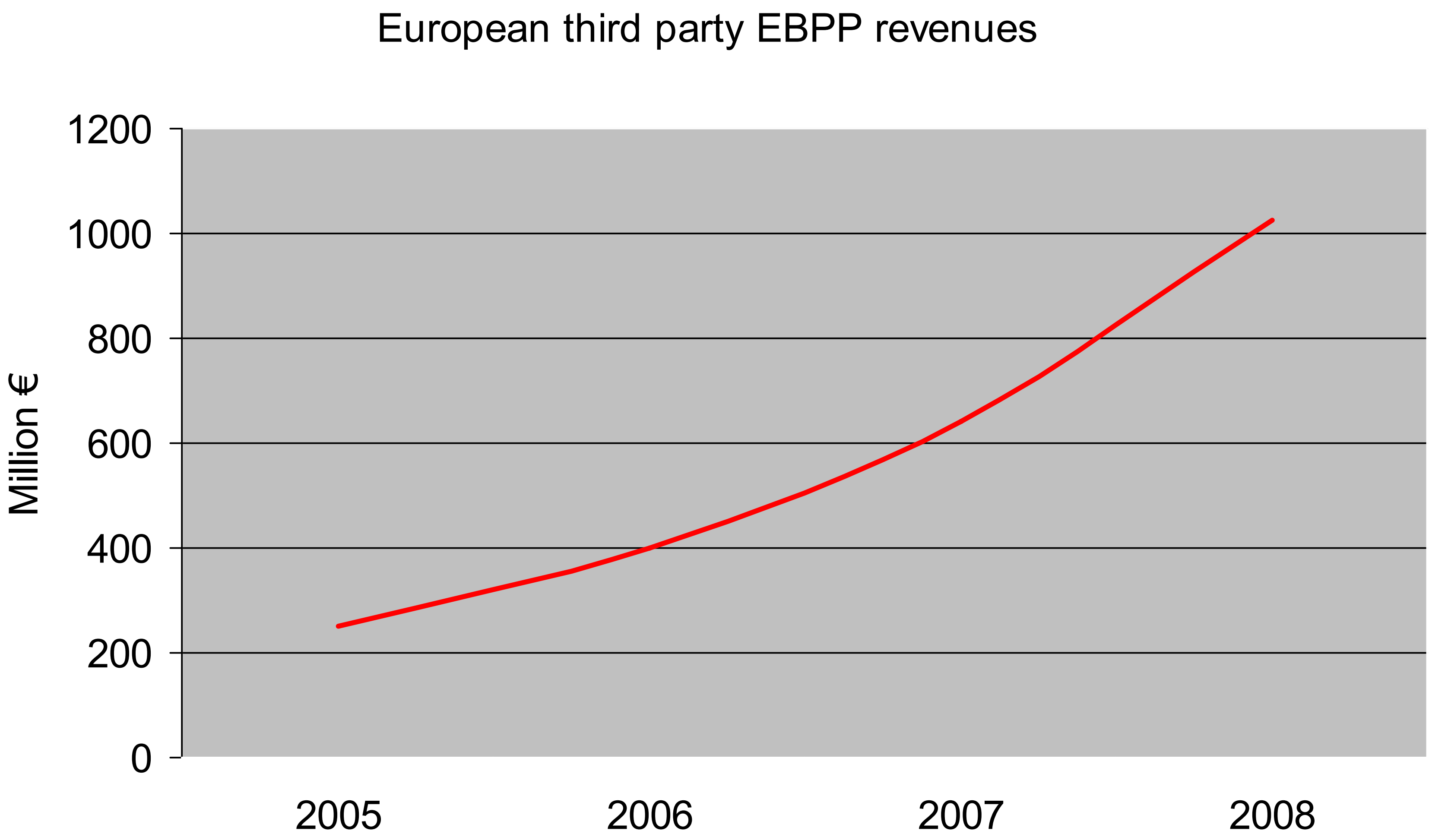
Market Demand (3)

Optimisation objective

- Optimization of the Financial Supply Chain & Cash management
  - Considering process on suppier and buyer side
  - High value
  - High prices
  - Decisions done by CFO and Purchsing Manager

Business Perspective

Outlook for solution/service providers



European operator/consolidator market

- Status end-2005
  - >130 consolidators
  - Increase 2005 of about 30 compared to 2004
  - About 5 of them with > 10 million transactions this year
  - About 8 between 1-10 million

- Some success factors
  - Domestic market focus in step 1
  - B2B offering
  - High competition
  - Provide conversion service
  - Industry independent offering

Some current trends

- Enhance the market segments B2B ↔ B2C, domestic ↔ international

- Enhance the functionality
  - Informations/messages for the optimisation of the Procurement and FSC
  - Total invoice management (hybrid services)

- Interconnection, national and international roaming

How to satisfy international requirements

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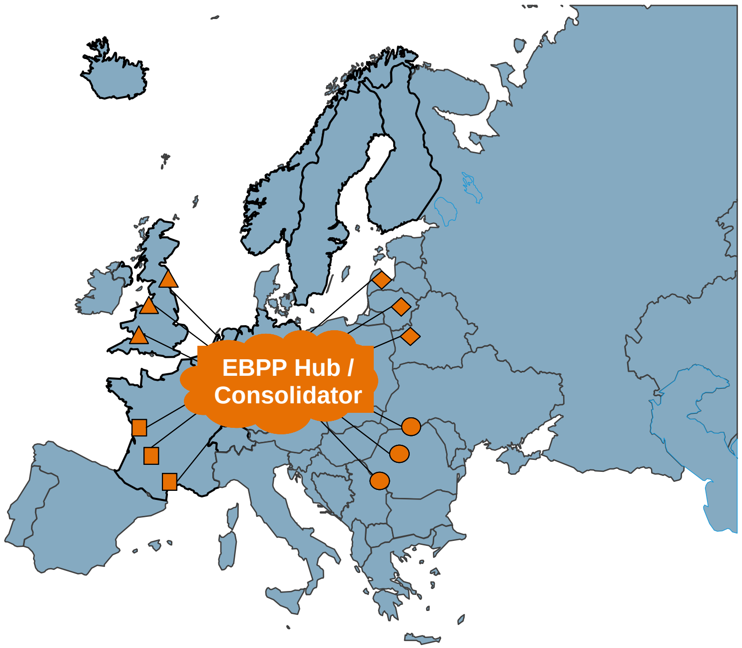
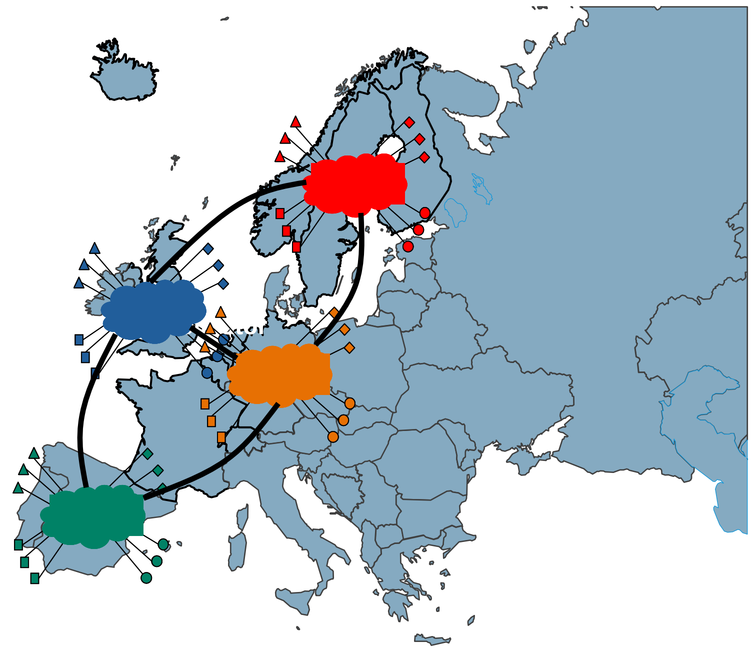


1 central consolidator

Several decentralized connected consolidators



Some challenges

- Penetrate new market segments
  - New industries
  - Medium and small sized companies
- Roaming
  - Standardisation
  - Interoperability
  - Digital Identity
  - Directory Services
  - Pricing models
  - Instruments to put it into practice
- Market transparency, marketing communication

→ EXPP® european summit

Electronic Bill Presentment & Payment

Electronic Invoice Presentment & Payment

Electronic Statement Presentment

Electronic eXchange

ExPP®
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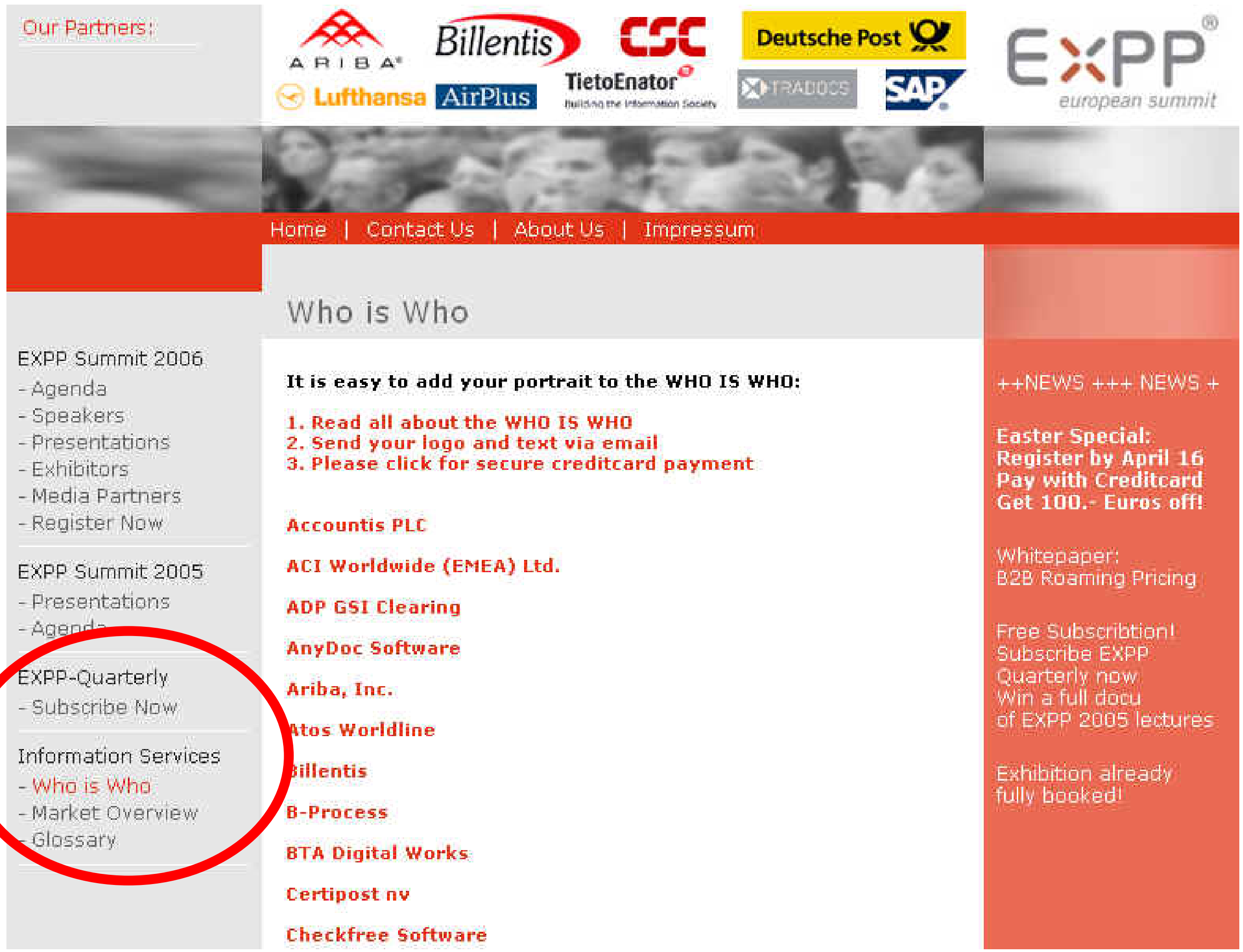
Billentis

Bruno Koch, Founder

The information and networking platform



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Summit 2006 and Operators Forum

- September 25/26, 2006 in Berlin
  - **Conference** with many success stories of Arcelor, Enercon, John Deere, Government of Denmark & Sweden, IATA, Novartis, Swedbank, Telekom Austria etc.
  - **Exhibition** with 27 leading providers
  - We expect 400 participants from more than 20 countries

- September 27 (access for E-Invoicing operators only)
  - **Operators Forum**, informing and discussing about status and ingredients for successful roaming (complementary to CEN activities)

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About Billentis

- Highly specialized consulting company (E-Invoicing, optimisation of Procure-to-Pay and Financial Supply Chain)
- Founded in June 1999
- Owner: B. Koch (8 years PwC, 4 years Credit Suisse, 2 years Europay/PayNet)
- Services along the Financial Supply Chain, especially
- More than 100 customers in 20 countries
- Issuer of a European market report and quarterly newsletter
- Founder of the European EXPP Summit