

E-Invoicing in Europe



October 13th, 2011



Bruno Koch

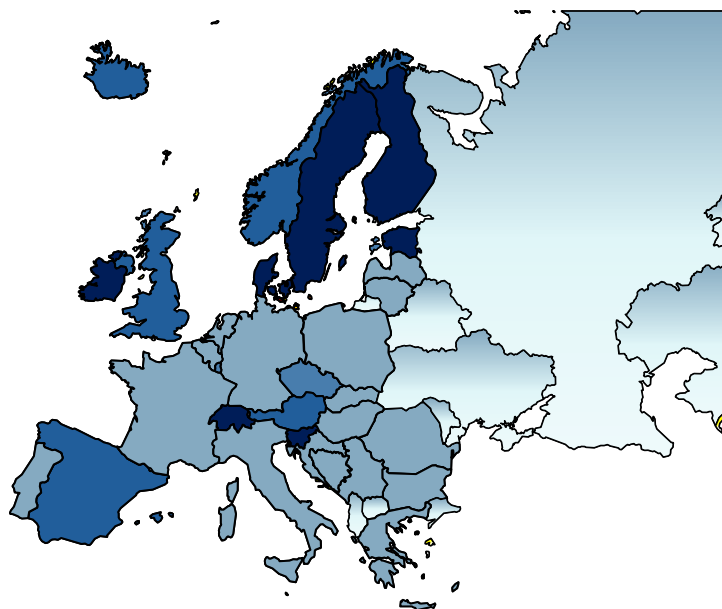
Every 2nd European company
send/receive some electronic
invoices, many of them with just
10% of their volume

Market Penetration 2011

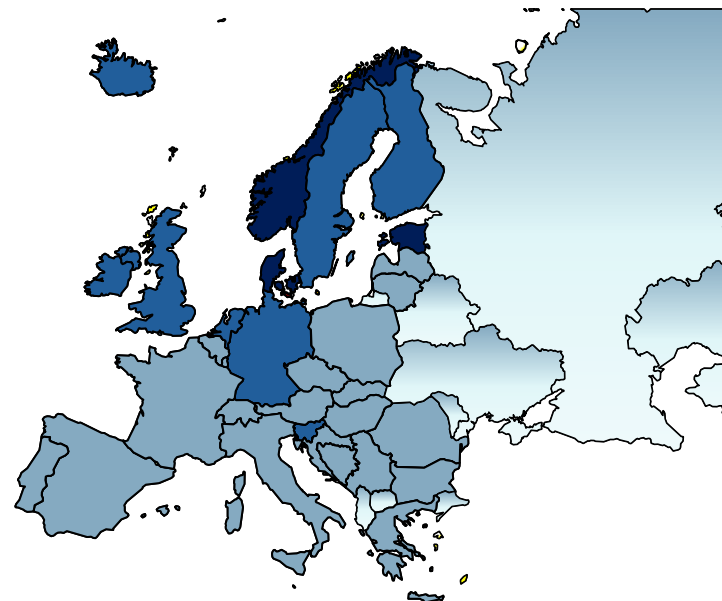
(Electronic share of total volume of 30 billion)



B2B/B2G



B2C



20-50%

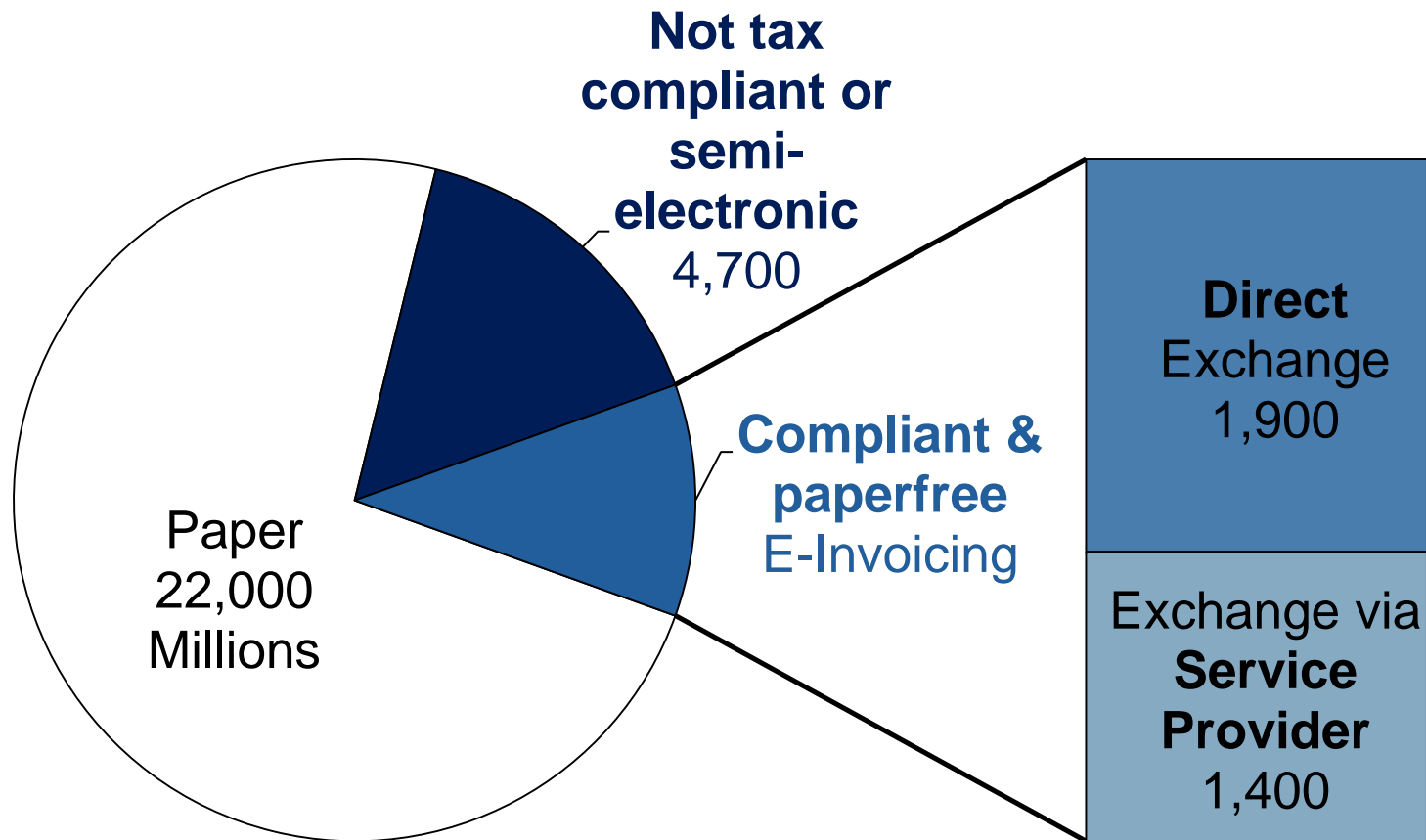


10-20%



<10%

European invoices

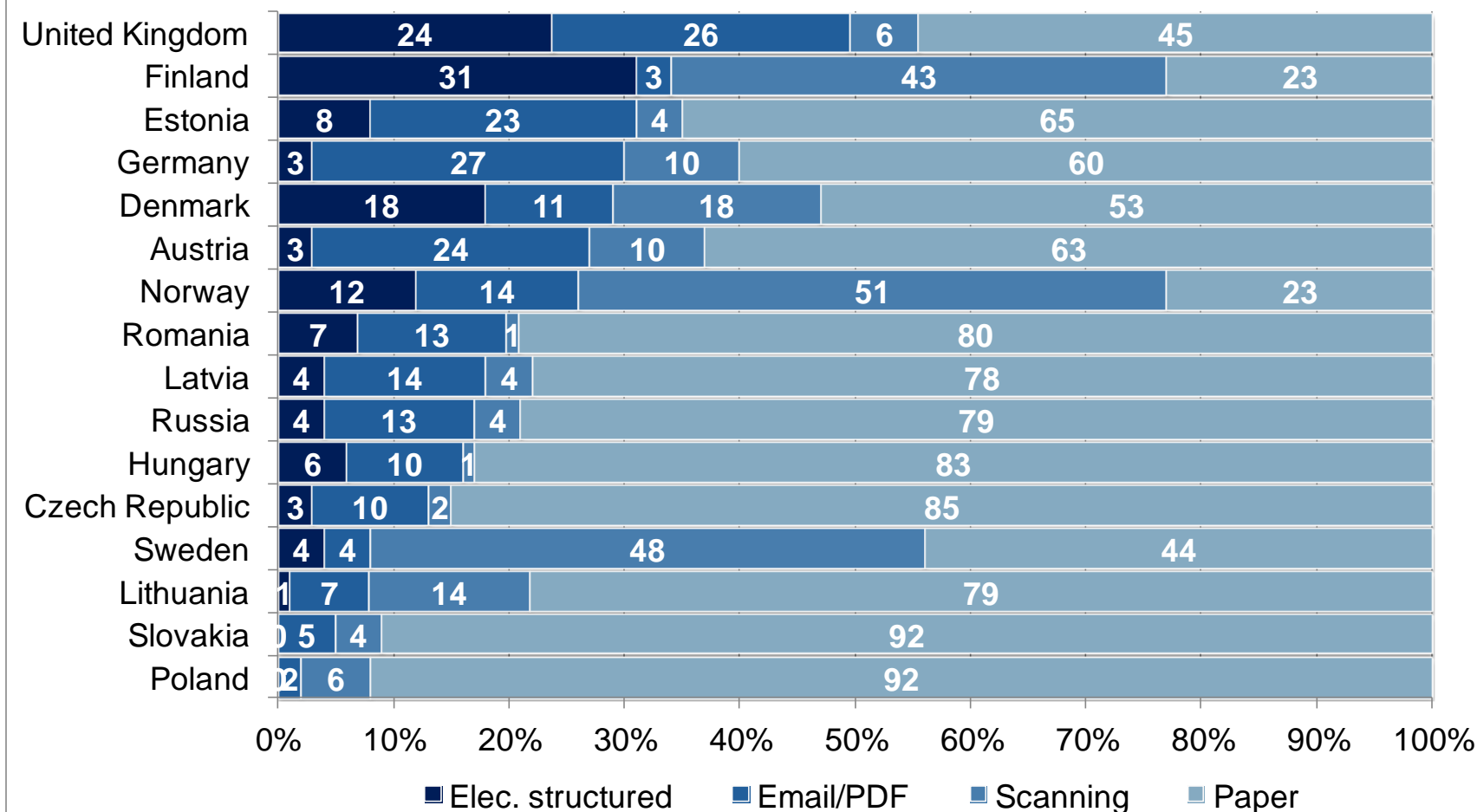


Europe

Invoices received by enterprises according to delivery and processing channels

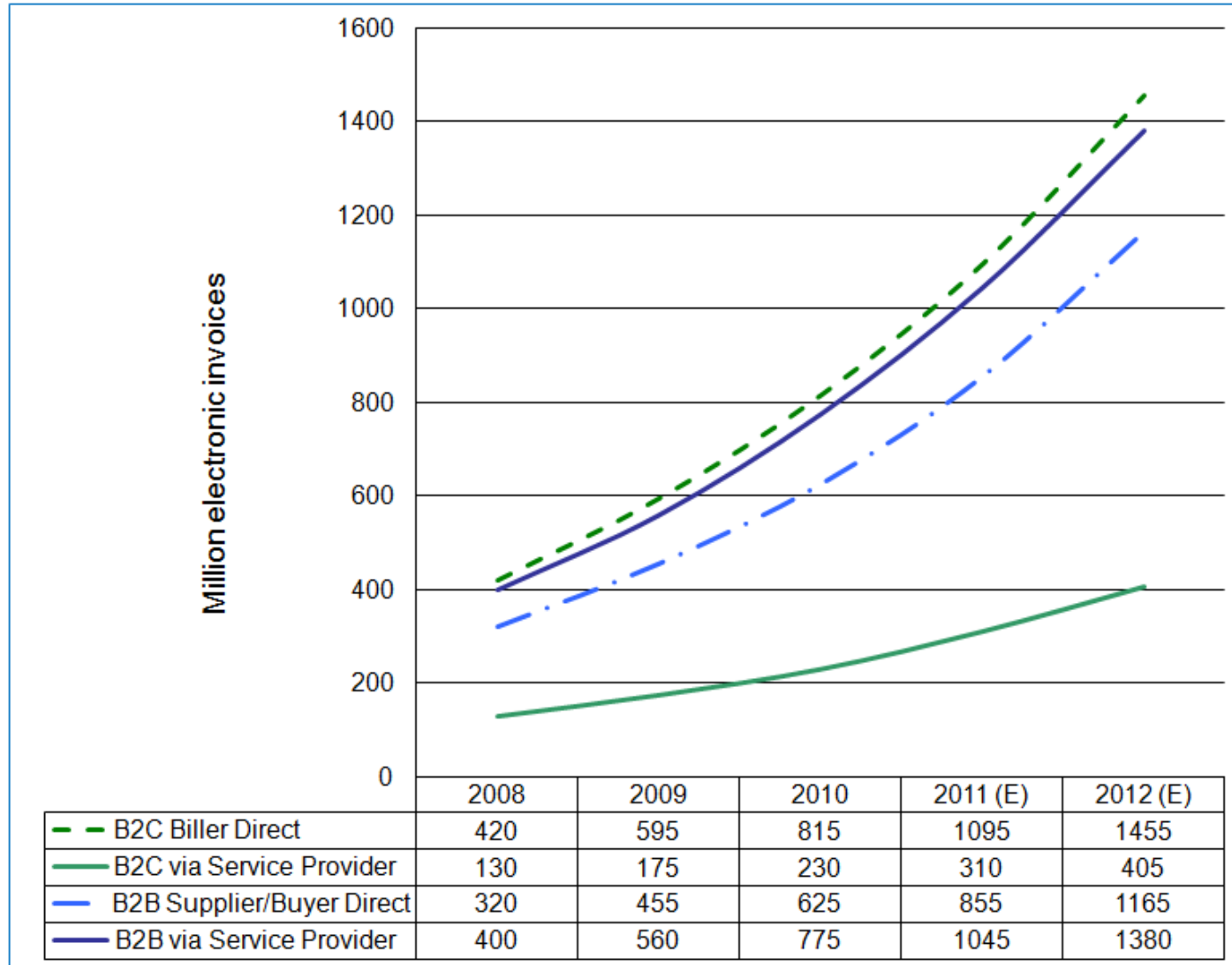


Format of inbound invoices (AddValue Survey 2010)



Remark: Unfortunately, this international survey didn't consider other countries than mentioned above

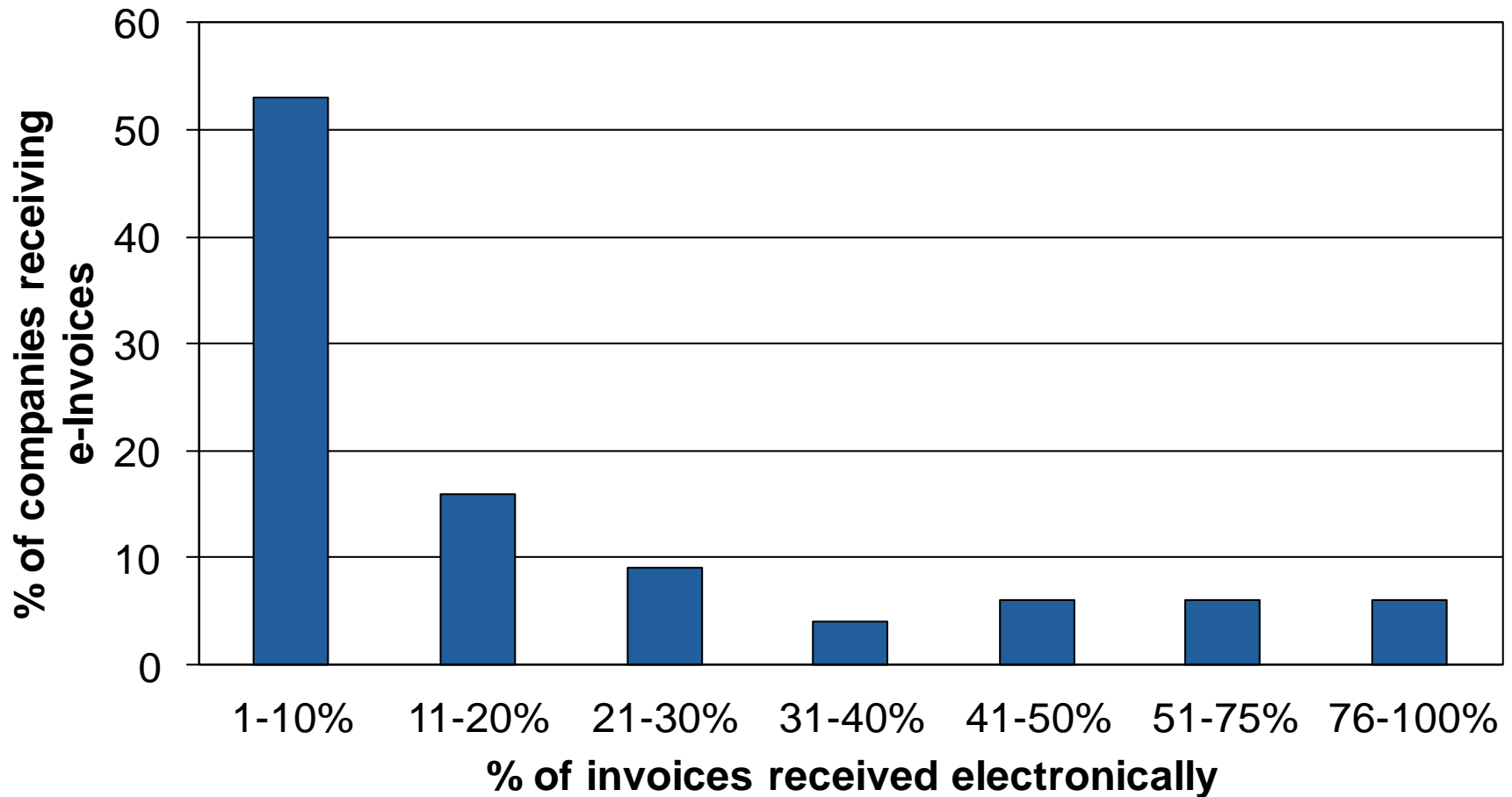
European Growth and Channels Used for Electronic Invoices, +32-35% p.a.



Source: Billentis
 Very strict definition used for E-Invoicing:
 Not considered are electronic invoice files which are not tax compliant or are just semi-electronic (supported somehow by paper)

Share of electronic invoices

Purchase Invoices in Austria, 2011



Source: Survey on behalf of The Austrian Federal Economic Chamber, August 2011

Remark: 2009/2010 figures of AMETIC (Spain) and AddValue (16 countries) confirm this pattern

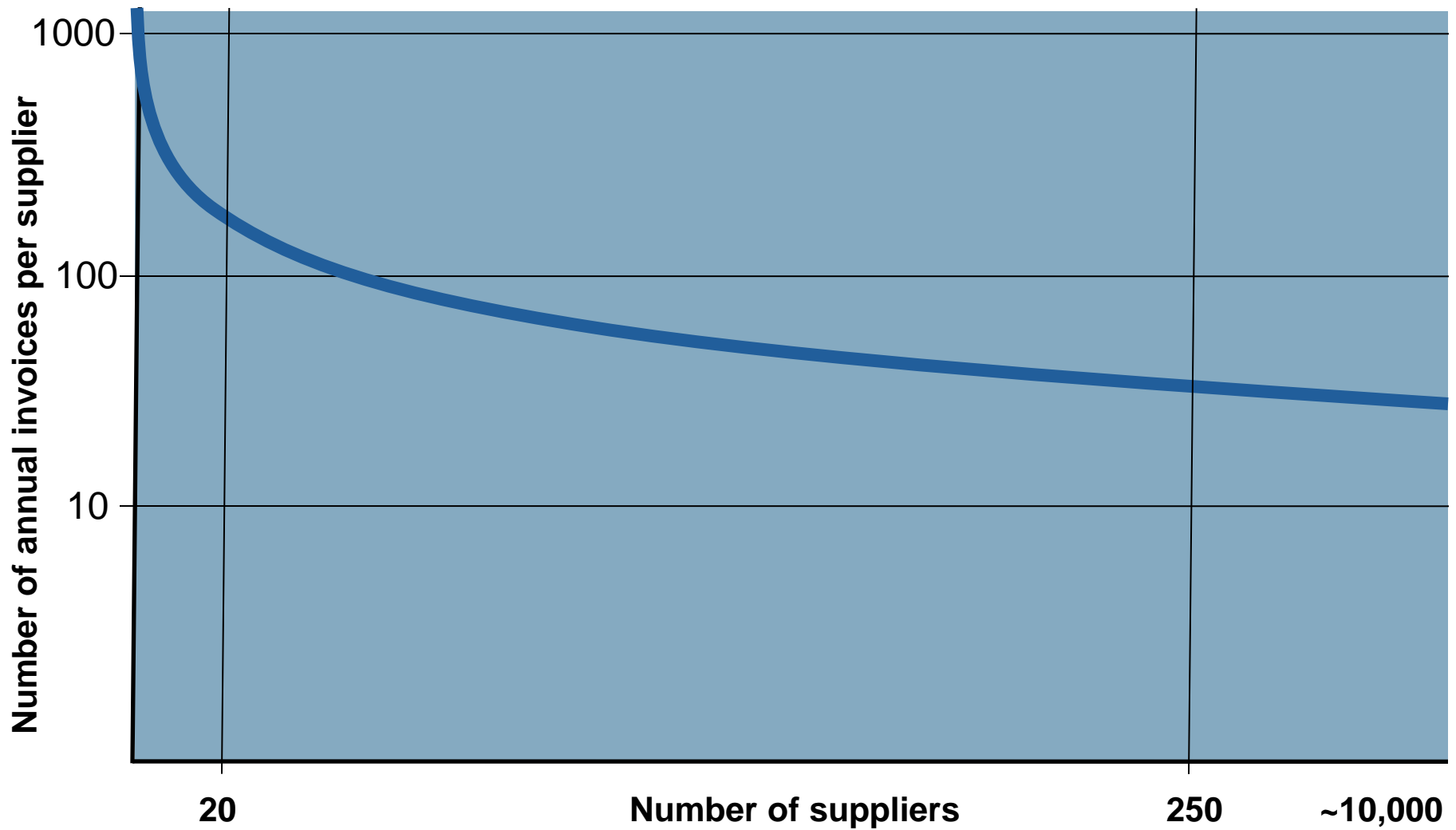
Mayor barriers for increasing E-Invoicing



- Legal requirements, mis-understandings
- Missing market transparency
- Company internal changes of processes
- Divergent requirements of trading parties
- Technical integration
- Saving potential not yet recognized
- Trading party does not yet support the electronic channel
- AR/AP management or other parts of controlling are outsourced to a third party

Sources: Surveys of ibi research (Germany), The Austrian Federal Economic Chamber (Austria), FHNW (Switzerland), Basware (international), AddValue(16 European countries)

Possible structure of suppliers/invoice volume



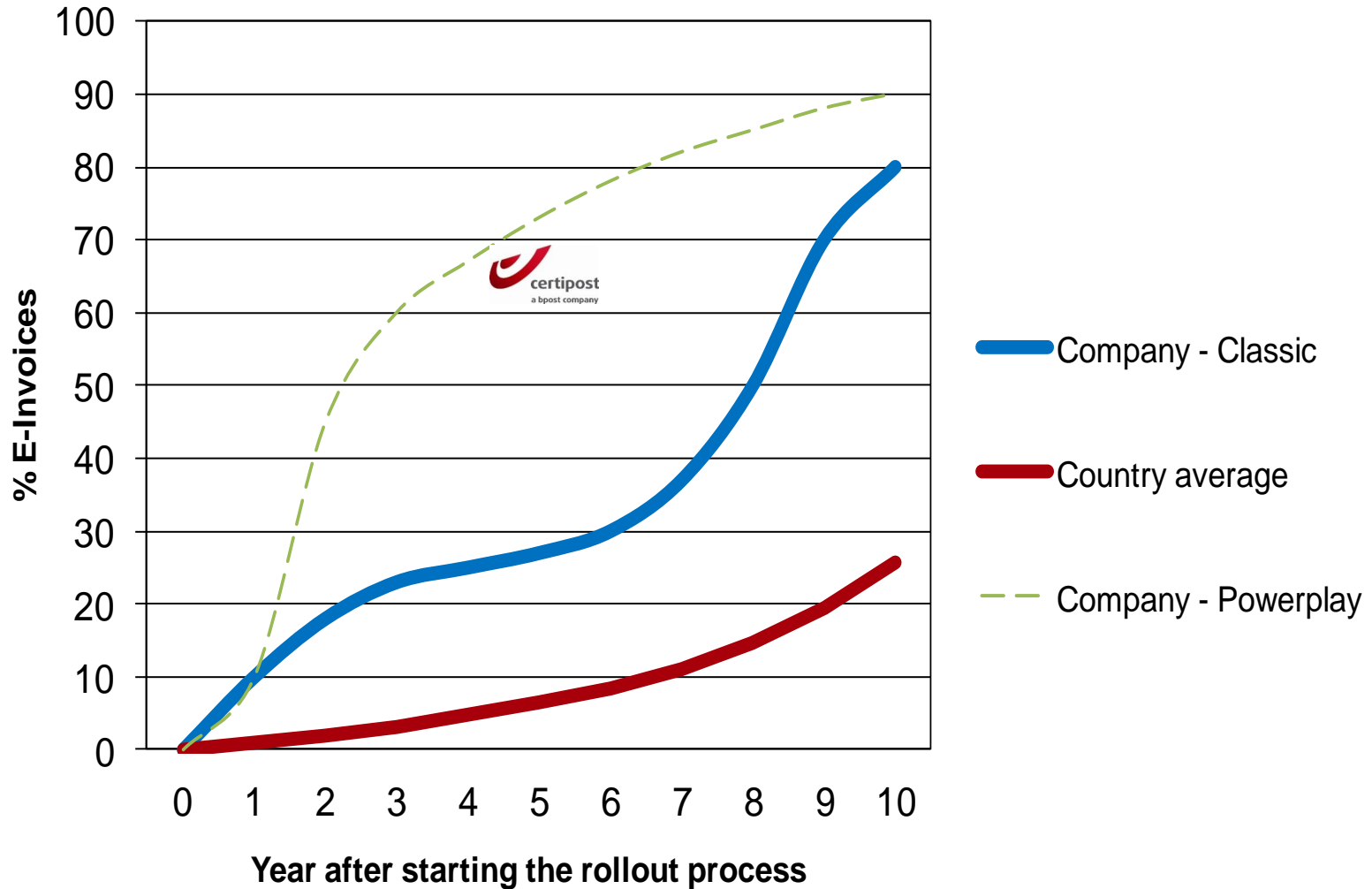
Classical evolutionary steps for shifting from paper to electronic invoices

1. Frank invitation by trading parties
2. More concrete reminder
3. Incentives for sending/receiving E-Invoices instead of paper
4. Pressure to only send/receive invoices electronically
5. Penalties for paper invoices
ibi research survey 2011*: 13% of companies already use or intend to apply penalties; 40% of small companies practice E-Invoicing due to penalties for paper invoices
6. Obligation
In private sector only possible to a certain extent
Public sector privileged to declare E-Invoicing as mandatory

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

Evolutionary E-Invoicing methods

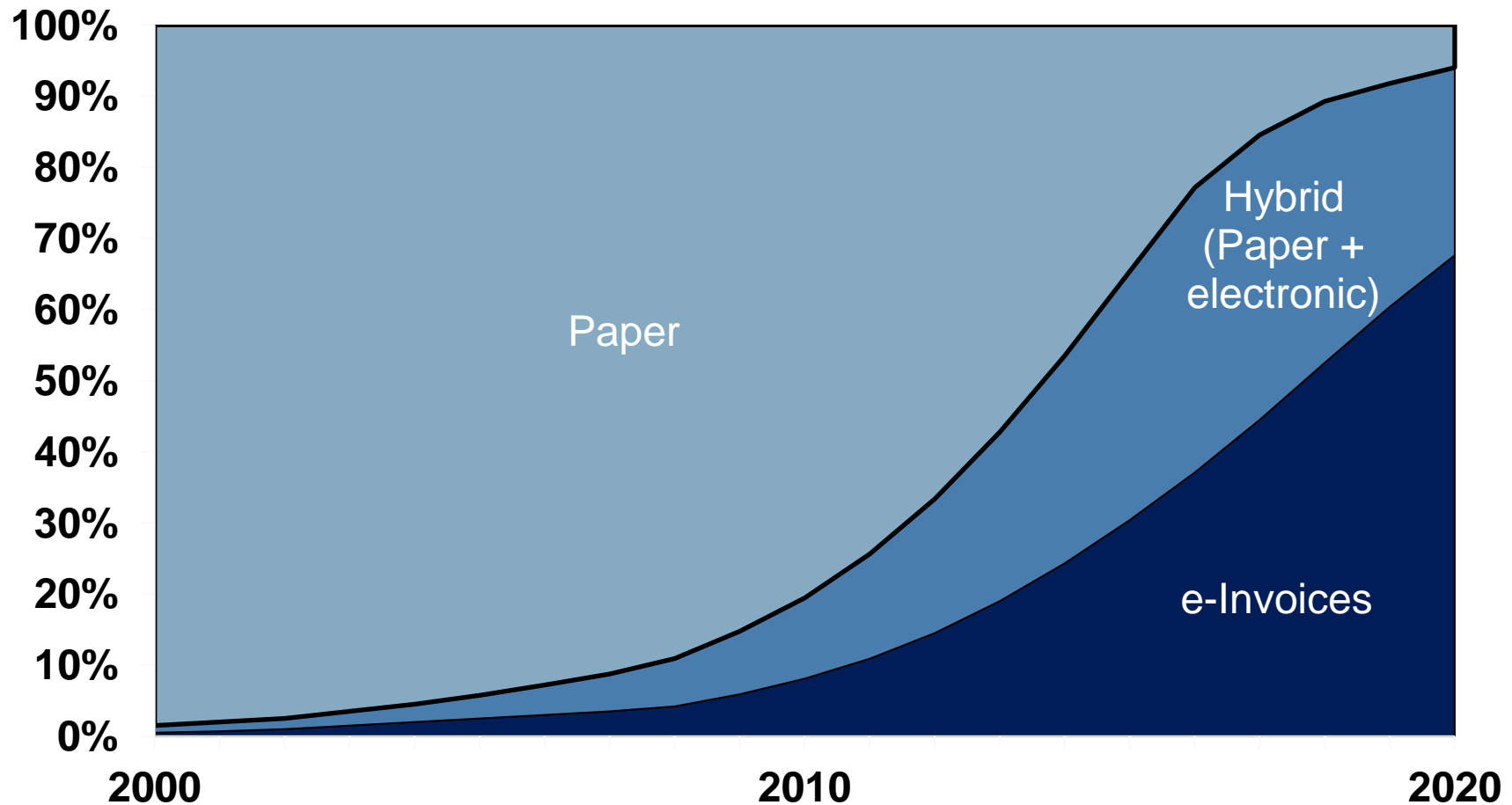
Companies & Countrywide



Europe: Expected shift of paper towards e-Invoices and hybrid processing



**Favoured formats up to today and outlook
(B2B/B2G/G2B/G2C/B2C)**



- Sustainable e-Invoicing market growth rates of 30-35% p.a.
- Improvement of the „market quality“: structured invoice data for process automation; intensified international co-operation among service providers and based on a more standardized approach; efficient and easy-to-use solutions for the mass market
- 60%+ electronic invoices within a single organisation after 2 years are achievable for a best-of-class organisation → challenge to squeeze out the remaining paper part
- European-wide penetration is expected to pass 50% in 2017 for the B2B/B2G segment and in 2020 for the B2C segment
- Beyond e-invoicing: Automate the full supply chain considering the procurement and payment messages

Conclusion for next decade:
Inside companies 100% electronic
and unified processing

Document exchange among
trading parties based on multi-
channel & multi-format