

# E-Invoicing as accelerator for cross-industry EDI

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## E-invoicing, E-scanning, EDI or E-procurement: What's the Answer?

 JULY 14, 2011 BY [JAMES R. CLAWSON](#)  [LEAVE A COMMENT](#)



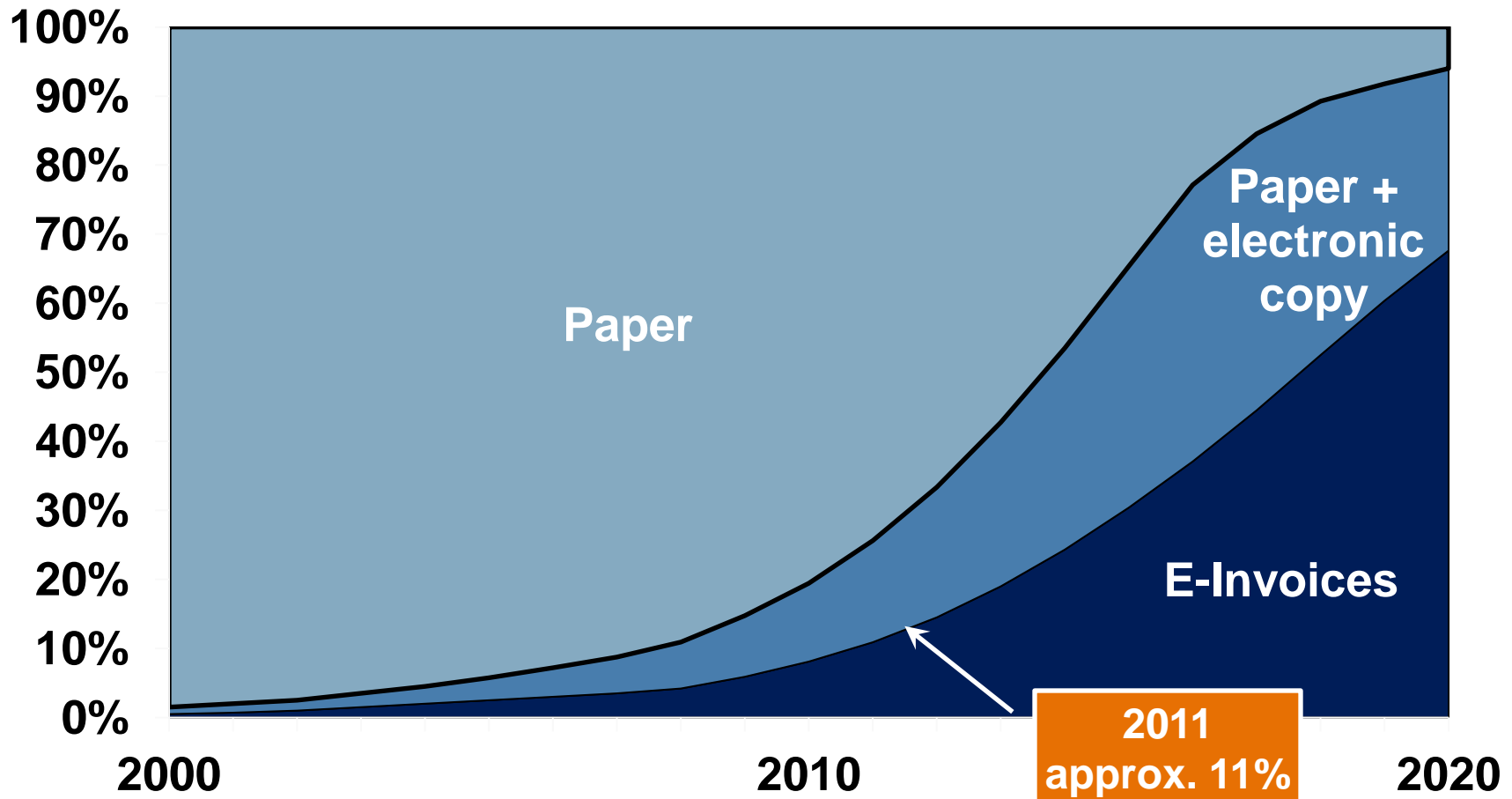
Source: Blog on [www.viadeo.com](http://www.viadeo.com)

# Puzzled?

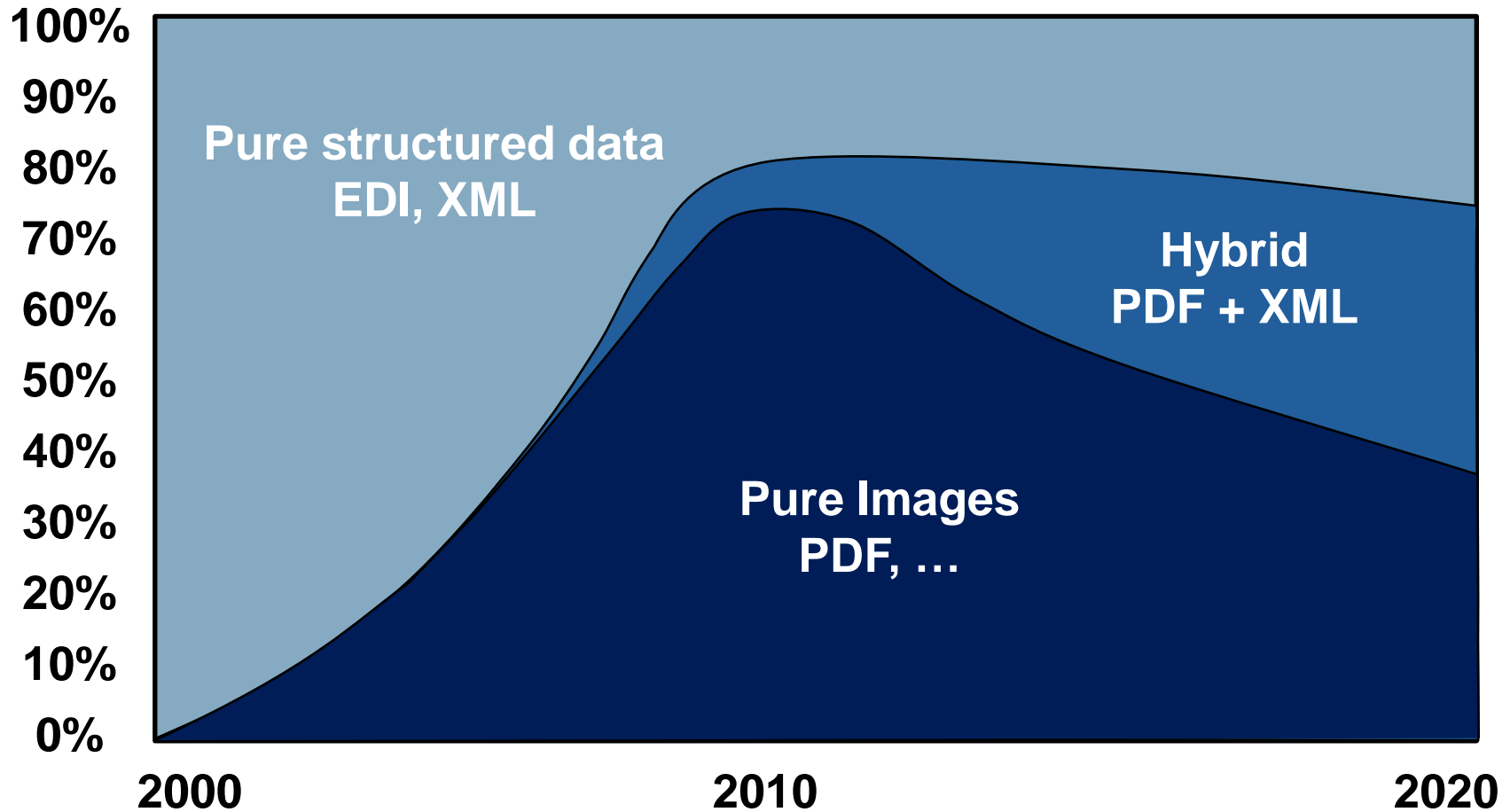
# Europe: Expected shift of paper towards E-Invoices and hybrid processing/archiving



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

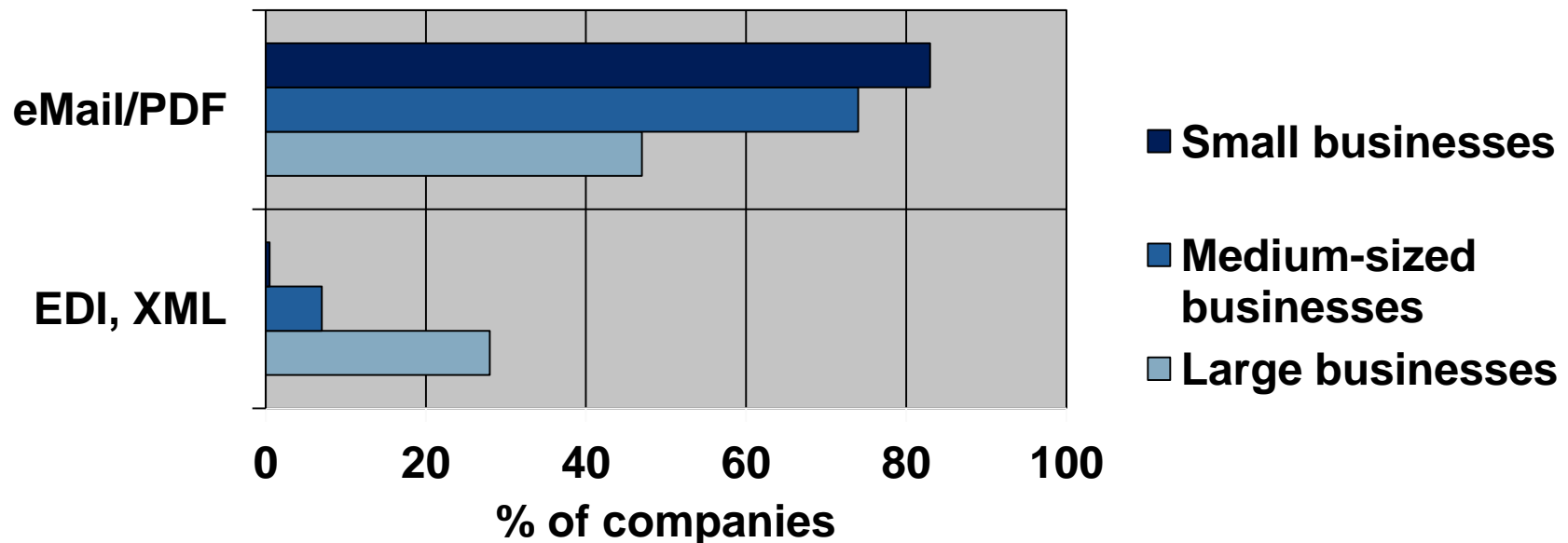


# Europe: used formats today and prediction



# Different preferences of large and small companies in German speaking countries

**How does your company currently receive its invoices? (Multiple-selection possible)**



Source: ibi research 2011, Elektronische Rechnungsabwicklung – einfach, effizient, sicher – Teil III: Fakten aus der Unternehmenspraxis ([www.elektronische-rechnungsabwicklung.de](http://www.elektronische-rechnungsabwicklung.de))

**Why these (irrational) preferences?**

**Most market participants and decision makers know PDF, but have no idea, what EDIFACT or GS1 EANCOM means.**

# The divergent capabilities and interests in different market segments (1)



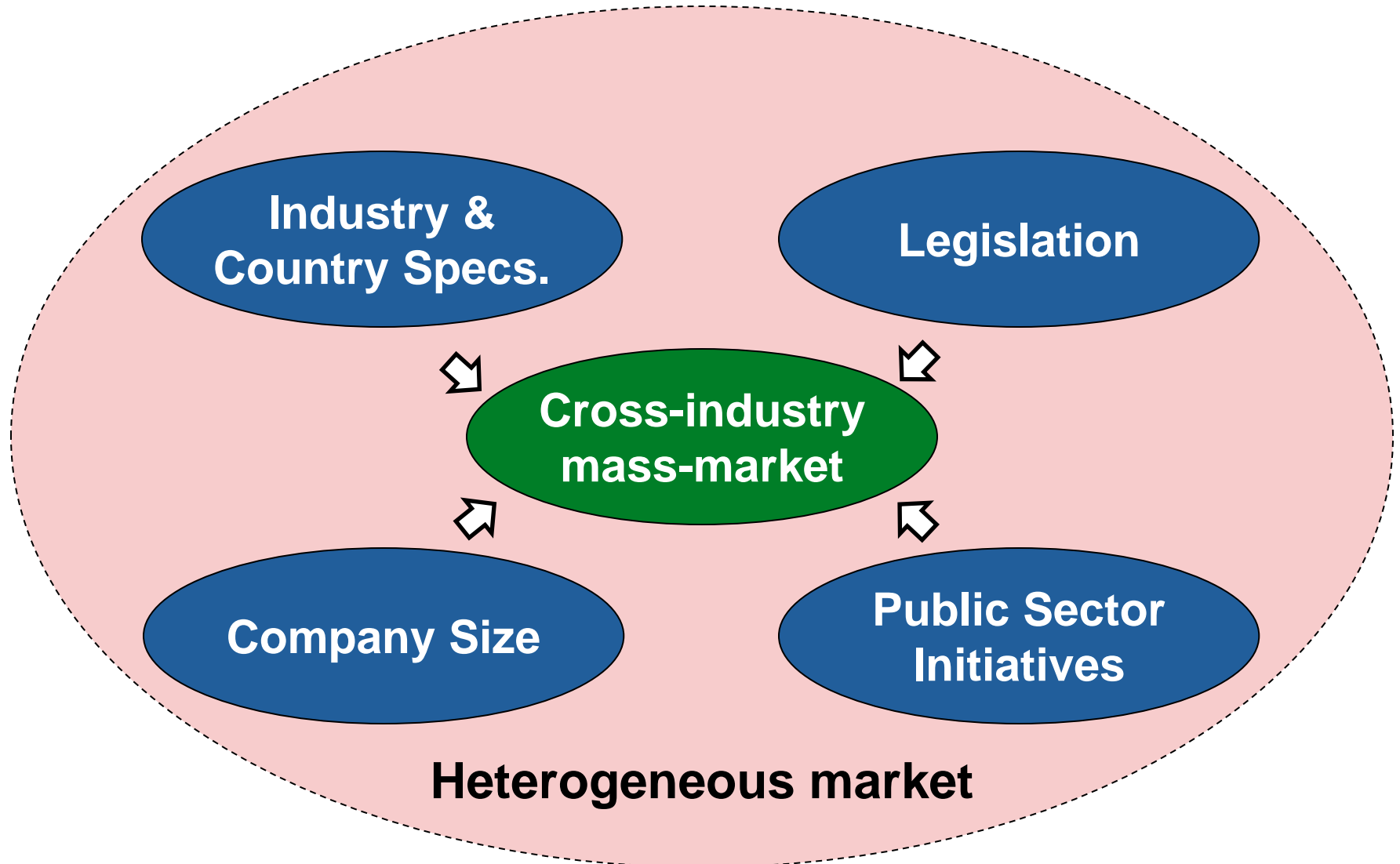
Large companies	SMEs
46.000 European companies with 250+ employees (0.2%)	23 Million Small and Medium Sized enterprises (99.8%)
Good skills regarding IT and law	<ul style="list-style-type: none"> <li>• IT Know-how limited, 2/3<sup>rds</sup> don't know legal requirements</li> </ul>
<ul style="list-style-type: none"> <li>• 100-1.000 high volume &amp; long-term suppliers</li> <li>• Ability to negotiate bilateral EDI parameters &amp; agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Small number of invoices per trading party</li> <li>• Bilateral alignments not appropriate</li> </ul>
<ul style="list-style-type: none"> <li>• Full ERP integration</li> <li>• Direct exchange of E-Invoice preferred</li> <li>• Fully automated EDI processes</li> </ul>	<ul style="list-style-type: none"> <li>• Just 50% have ERP or Accounting System; limited integration</li> <li>• Prefer PDF-invoices via email</li> </ul>

# The divergent capabilities and interests in different market segments (2)



<b>High volume industries</b>	<b>Lower volume industries</b>
<p>≈ 35% of market volume (Inbound)</p> <ul style="list-style-type: none"><li>• Healthcare</li><li>• Retail</li><li>• Public sector</li></ul>	<p>≈ 65% of market volume</p> <ul style="list-style-type: none"><li>• All other industries</li><li>• Just few with strong EDI penetration (Automotive, Oil, Transport, Pharmaceutical, ...)</li></ul>
<ul style="list-style-type: none"><li>• 100-1.000 high volume &amp; long-term suppliers</li><li>• Ability to negotiate bilateral EDI parameters &amp; agreements</li></ul>	<ul style="list-style-type: none"><li>• Small number of invoices per trading party</li><li>• Bilateral alignments not appropriate</li></ul>
<p>Project owners often the EDI Managers and CIOs</p>	<p>CFO, Head of AR/AP department or CEO in smaller companies</p>

# Align contradictory interests





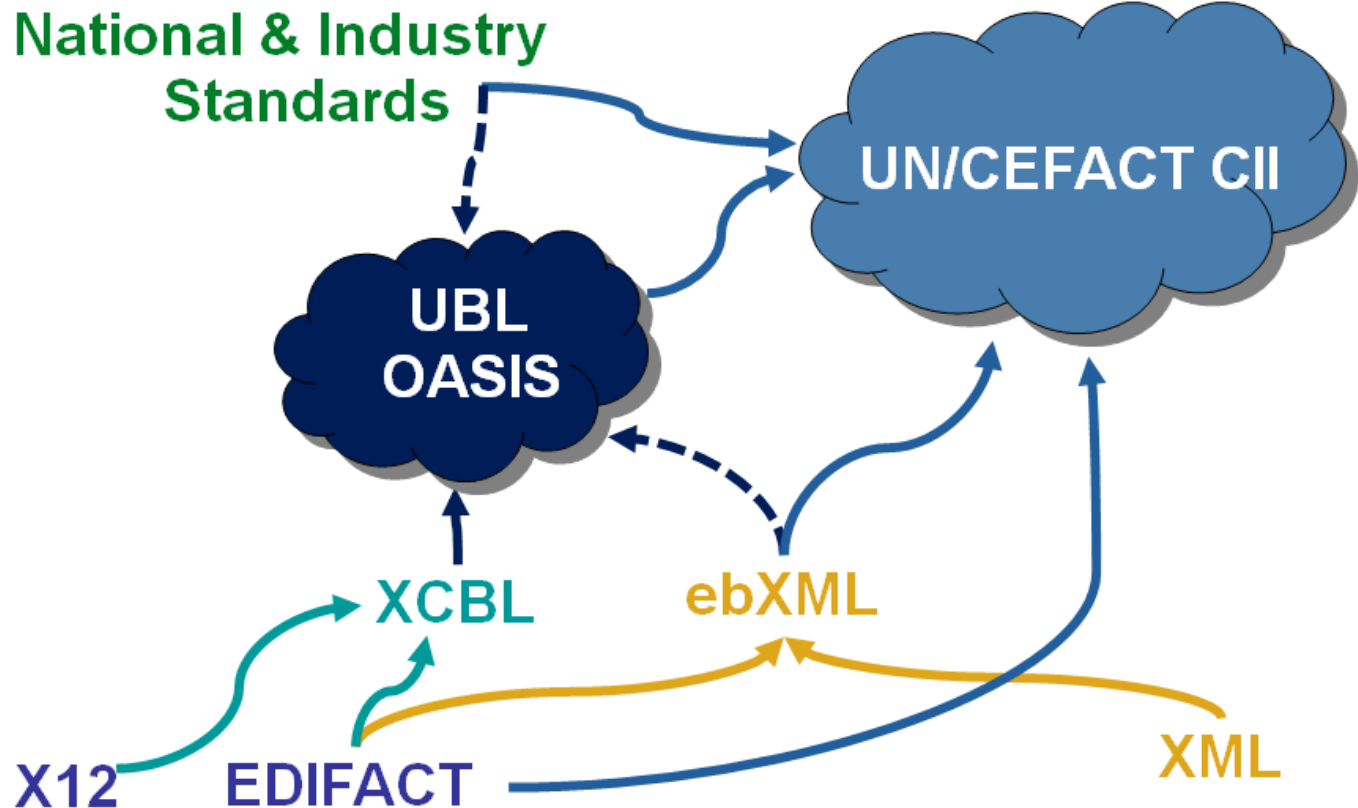
# Align interest of different company size



- Digital Agenda of European Commission and member states with strong focus to enable SMEs for eBusiness, e.g.
  - Reduce administrative burdens
  - Guidelines, road-shows (e.g. in Spain)
  - Reduce legal barriers (e.g. “asymmetric E-Invoicing” in Italy)
- Large businesses and solution providers offer increasingly appropriate technical connectivity for E-Invoicing
- Attractive conditions for low volume users to exchange and archive E-Invoices in a tax-compliant manner

# Align Country and Industry specifications

Still, most countries/industries believe to be so individual, that they prefer to work within closed user groups. However cross-industry exchange of information is improving and alignment is launched; attempt to protect past investments



Source: Document Engineering Services

- Legally allowed E-Invoicing methods in the past
  - EDI (single EDI messages without signatures, but complemented with collective invoices for tax reasons)
  - Signature method (integrity and authenticity guaranteed on message level)
  - Other electronic means
- To be supported in EU member states after January 1<sup>st</sup> 2013
  - EDI and Signature method stay valid, but are enhanced with
  - Equal treatment (ET) method of paper and electronic invoices (integrity and authenticity guaranteed on process level)
- Revision of European E-Signature Directive in progress

**Invoice audits in case of ET method based on two- or three-way audit trail. Other messages like orders, delivery notes and goods received notes will become more important and accelerate that part of electronic supply chain.**

- European Commission
  - EC Expert Group on E-Invoicing suggested in its final report activities to achieve an efficient framework for E-Invoicing (with main focus on electronic invoices in structured format/EDI)
  - It also suggested a Multi-Stakeholder Forum on EU as well as on country level (established in EC as well as 14+ member states)
- PEPPOL (Pan-European Public Procurement Online)
  - Market connectivity and interoperability between eProcurement communities. Standards-based IT transport infrastructure through access points for eProcurement with standardised electronic document formats (based on UBL and CEN/BII).

**The public sector represent 10-15% of all inbound/outbound invoices. Pushing E-Invoicing helps significantly to penetrate the markets, based on structured EDI messages.**

# E-Invoicing momentum and impact on related EDI messages



- Estimation: 5+ million European companies practice E-Invoicing
- Mass market adoption in progress: 4.000+ companies as new E-Invoicing users – every day!
- European E-Invoicing volume: 3,3+ billion; Growth of 30% p.a.
- European-wide penetration is expected to pass 50% in 2017 for the B2B/B2G segment and in 2020 for the B2C segment
- Invoice as common denominator in each business; key document for tax reasons → “Queen of all messages”

**The E-Invoice is often the door opener for launching projects towards automation of whole supply chain. It's THE accelerator for related messages.**

E-Invoices are the catalyst to address other business messages and cross-industry trading parties in any country.