

The impact of B2G E-Invoicing to the whole economy



13. Konferencija eBiz 2014
Zagreb, Croatia



Bruno Koch
March 24, 2014

“The European Commission has today proposed a draft directive on E-Invoicing in public procurement, accompanied by a communication setting out its vision for the full digitisation of the public procurement process, so-called 'end-to-end e-procurement’.

European Commission, 26 June 2013

In Italy, about 11,000 Public Administrations and 2 to 2.5 million companies will be affected by the E-Invoicing obligation coming in place step by step from June 2014.

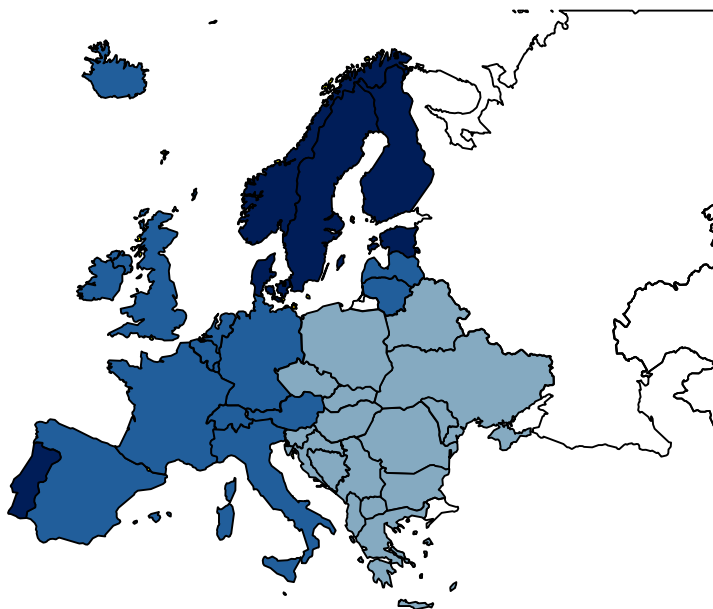
Quaderno del FARE - Fatturazione Elettronica verso la PA, Politecnico di Milano, 27 May 2013 & Umberto Zanini

Market Penetration

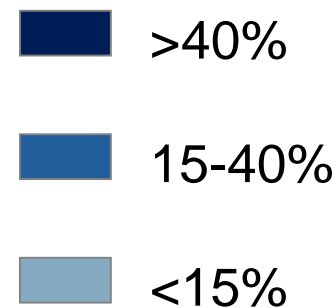
(Electronic share of total invoice volume in B2B/B2G/G2B segment)



B2B/B2G/G2B



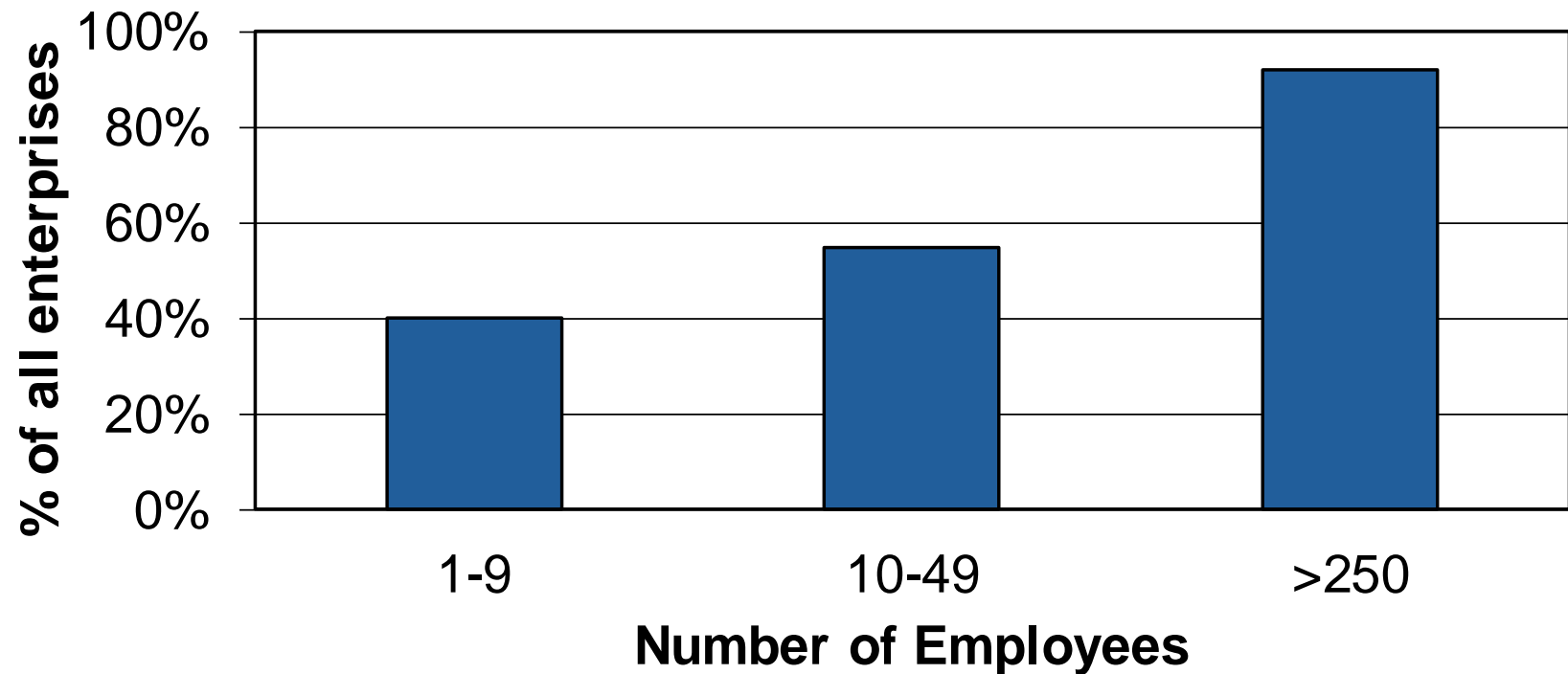
Expected market penetration in 2014



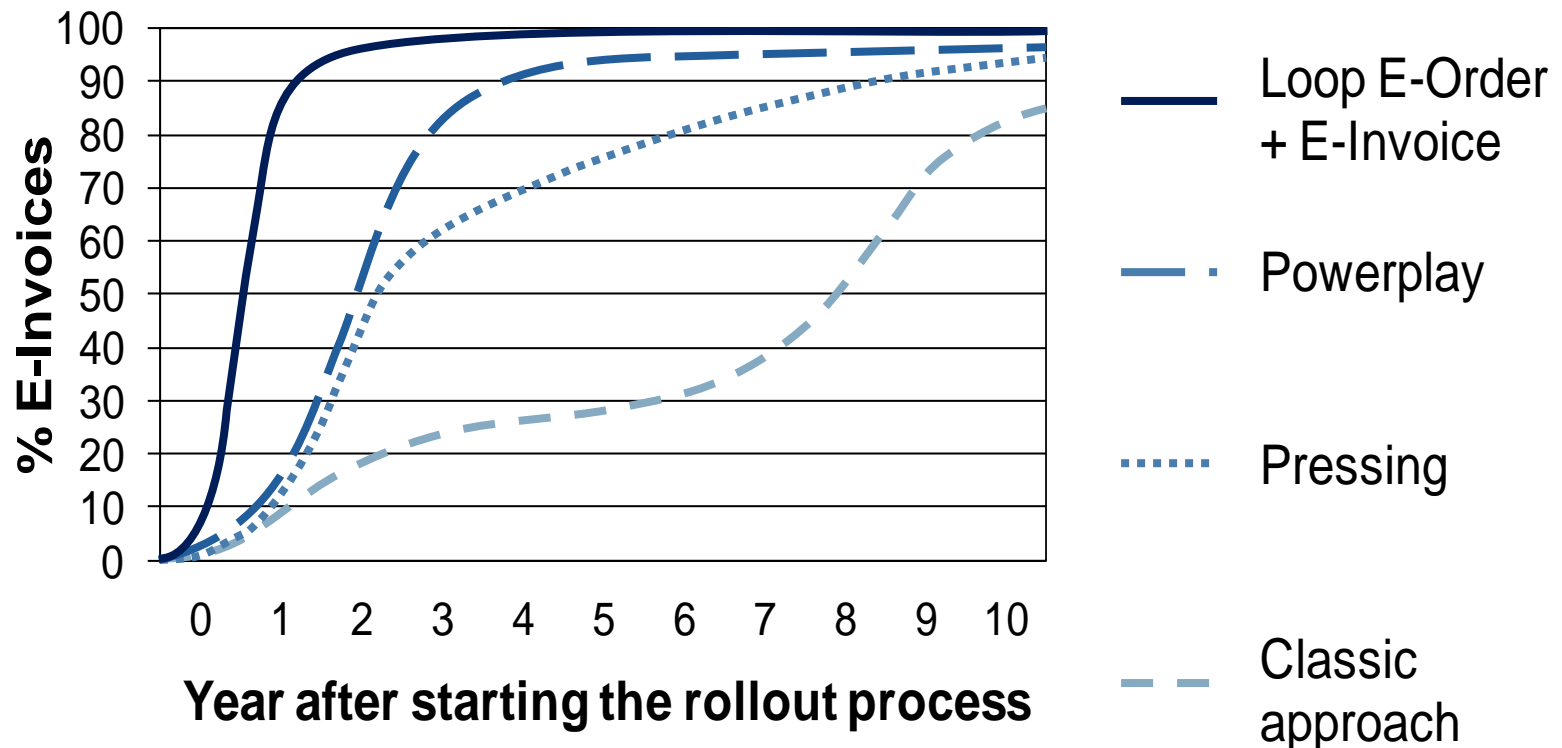
| Electronic share | 2009 | 2010 | 2011 | 2012 | 2013 (E) | 2014 (E) |
|--------------------|------|------|------|------|----------|----------|
| B2B/B2G/G2B | 8% | 10% | 13% | 15% | 20%* | 24% |

*) Jump due to new EU legislation considering also unsigned PDF invoices in the statistic

E-Invoicing users (issue and/or receive)



Success rates dependent on used method



Key stakeholders pushing the European E-Invoicing market



- Large invoice issuers and recipients
 - Issuers with advanced on-boarding methods, incentives and penalties
 - Recipients with the power play as large buyers
- Solution and Service Providers
- Market communicators
- Regulators and tax authorities
 - European Commission & national regulators push the digital collaboration between suppliers and buyers
- Industries with high invoice volume
 - Issuers: Telco, Utility, Card, Media, Logistics, Healthcare, **Public Sector**, Insurance
 - Recipients: Retail, Healthcare, **Public Sector**

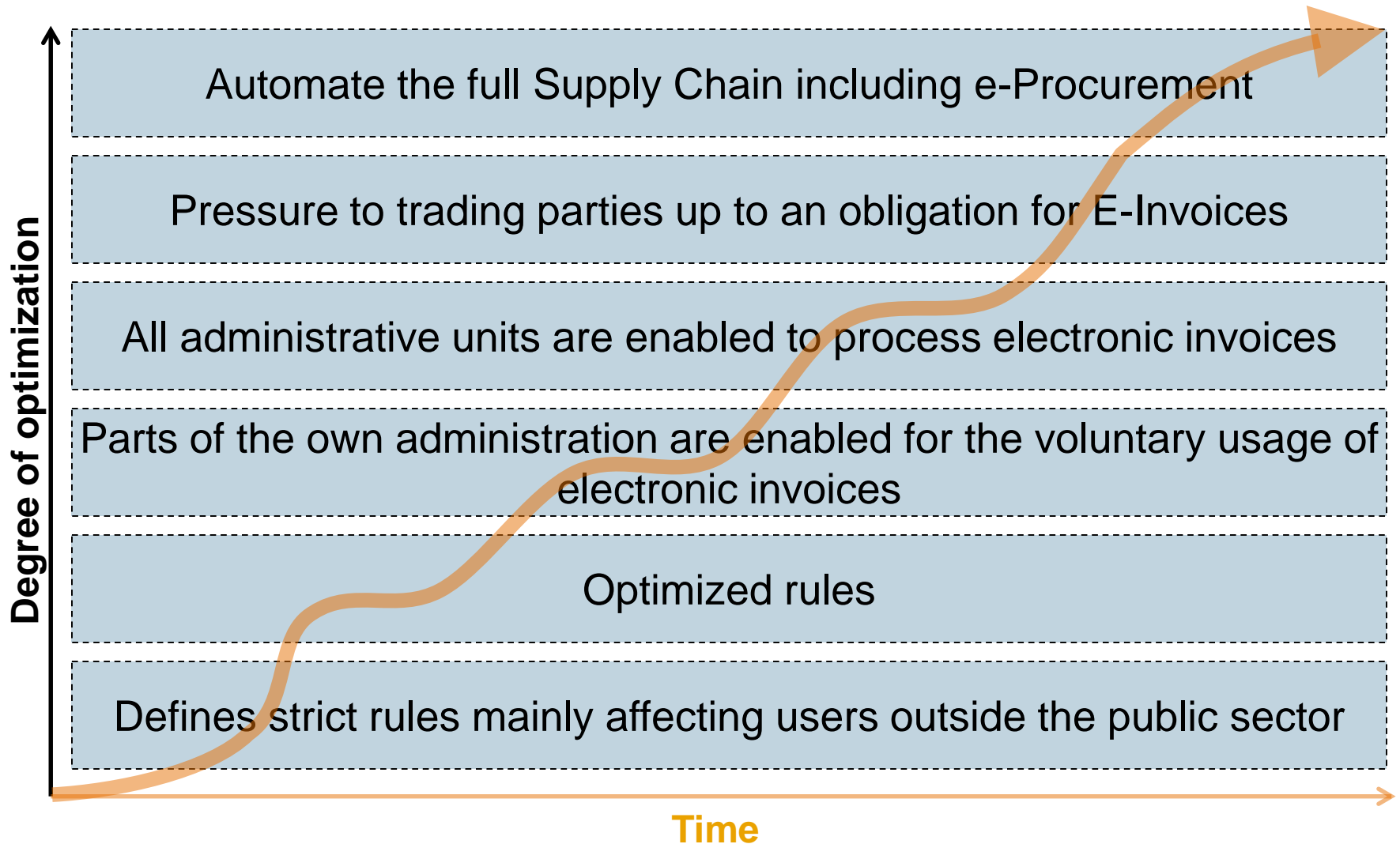
Public sector is responsible for 15-18% of all purchases made in a country.

45-65% of all companies are suppliers for the public sector and send invoices to its administration.

100% of all enterprises and households receive invoices from the public sector.

Public sector evolution

From the role as pure regulator towards an E-Invoicing user



European Commission pushes/supports E-Invoicing, e.g.

- Activities to achieve an efficient framework for E-Invoicing (with main focus on electronic invoices in structured format/EDI)
- Improve legal environment; remove as many barriers as possible
- Promote the digital participation of SMEs
- Promote an E-Invoice standard model
- European Multi-Stakeholder Forum <> national Fora
- Initiatives like CEN, ePRIOR, STORK, ...
- (Soon published) Directive “E-Invoicing in public procurement” with the aim
 - establishment standard, improve interoperability
 - Oblige B2G and push B2B E-Invoicing

Some significant public sector projects in Europe



- **Austria:** Invoices to the national administration have to be 100% electronically (XML) from 2014, approx. 80,000 affected suppliers
- **Denmark:** mandatory since 2005
- **European Commission:** All 48 DGs are “E-Invoicing ready”
- **France** is currently changing its legislation to build prerequisites for a potential obligation afterwards.
- **Finland** is already close to 100% electronic invoices sent to the public sector
- **Italy** declared B2G E-Invoicing as mandatory from June 2014; step-by-step implementation. Finally about 11,000 PAs and 2 to 2.5 million suppliers might be affected.
- **Norway** (mandatory since mid 2012 for invoices to federal administration and from 2015 to the municipalities)
- **Portugal:** Obligation from 2014
- **Spain:** Selective B2G obligation since 2010 is enhanced by a general obligation for invoices above €5,000 and certain organisations in 2015

The impact of B2G E-Invoicing to the whole economy - Conclusions



- Tap the potential within the public administration
- Pave the way for the private industry to exploit their potential
- Accelerates the market development for electronic business processes in general
- Improve the quality of E-Invoicing in a country
 - Increase the proportion of structured electronic invoices (vs. image based PDF invoices)
 - Support the interoperability among E-Invoicing network operators in an efficient way
 - Develops a heterogeneous landscape into a more homogeneous and efficient one
- Remove or reduce potential obstacles in the market
- Visibility in the press increases the market recognition, acceptance and usage

Questions?

- Highly specialized **consulting** company: E-Invoicing, optimisation of Purchase-to-Pay and Financial Supply Chain; More than 150 customers in 50 countries: Federal administrations, large invoice issuers and recipients, solution providers
- **Market analyst**; issuer of market reports and newsletters
- Company founded in June 1999
- Owner: B. Koch (8 years PwC, 4 years Credit Suisse, 2 years SIX Payment Services)