

E-Invoicing / E-Billing

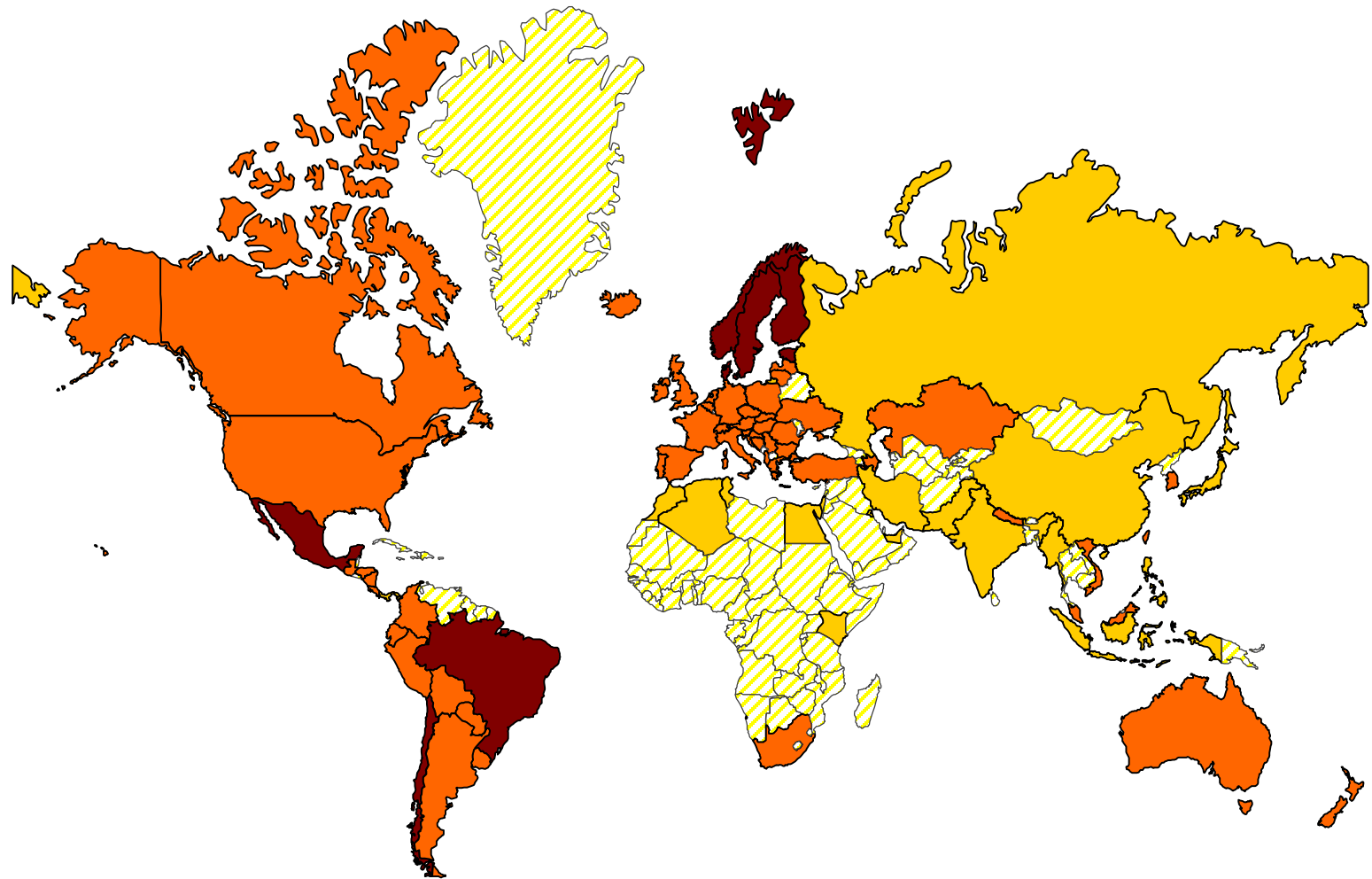
International Market Overview & Forecast



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Global overview

International E-Billing/E-Invoicing Market



 Leaders

 Average

 Developing

 Laggards

Expected E-Bill/E-Invoice volume 2016 (billions) & trend radar



Recipient segment	Europe		LATAM		North America		APAC Africa	
	Volume	Trend	Volume	Trend	Volume	Trend	Volume	Trend
Consumer	3	→	3	→	4	→	2	↗
Business & Government	5	↗	19	→	3	↗	1	→

The applied definition for e-bills/e-invoices is described on last page of this document.

Considering surveys and numerous interviews with market experts, employees are still strongly focused on paper processes, regardless of the fact that tax-compliant electronic, original invoices are available.

Paper copies are often produced for convenience reasons

- Germany*: 69% of receiving companies print e-invoices (35% of large, 77% of mid-sized and 73% of small businesses)
- LATAM**: 60-70% of the e-invoice volume is estimated to be printed by the invoice issuers and sent to receivers in parallel to existing and valid e-invoices (50% of large and 90% of other businesses)

*) Based on the source ibi research 2015: Elektronische Rechnungsabwicklung und Archivierung – Fakten aus der Unternehmenspraxis (www.elektronische-rechnungsabwicklung.de)

***) Average value, based on the result of numerous estimates by local experts

- 24% of all U.S. consumer bills are sent electronically only (Source: Annual survey of Fiserv)
- Payment, Trade Finance, Dynamic Discounting and Procurement as main drivers in the B2B segment
- Still preference for optimization of internal operations (AR and AP management), but focus on collaboration and electronic interaction between trading partners increasing
- Direct exchange of e-invoices among trading partners still dominates; compared to Europe and LATAM, 3rd party operators still not yet very numerous, but the number meanwhile surpassed 150
- E-invoicing gains more traction; B2B volume increase of 14 -18% predicted
- The federal government will officially be moving towards e-invoicing, after the Office of Management and Budget issued a deadline to do so by the end of 2018.

- E-invoicing pushed by public sector
- Real-time audit or invoice data mining by tax authorities with the aim of combating tax evasion
- Obligations for e-invoicing announced/planned/live in Argentina (obligation for additional industry), Bolivia, Brazil, Chile, Ecuador, Guatemala, Mexico, Peru (full mandatory e-invoicing planned by 2017) and Uruguay.
- Brazil, Mexico and Chile as market leaders
- Next step in invoice-related digitalization: currently used fiscal printers in the retail segment will be replaced by a fully electronic solution, based on an XML file with a digital signature. Each transaction is authorized online before the sales process.

- First steps with B2C E-Billing; B2B legislation missing in many countries; sometimes, EDI invoices & paper originals
- Many advanced countries are more likely to adopt the (tax) control focussed LATAM model than the liberal European model
- Russia with tremendous relative growth rates
- Some other countries mandate the market participants to exchange invoices in electronic format, e.g. Kazakhstan (likely 2016), Singapore, critical industries in Turkey, Vietnam, ...
- Some countries are in the process of closing the loop between tills at points of sale – tax authorities – and clients. This happens either with the help of fiscal printers or electronic receipts / e-tickets (similarities with E-Billing)
- Several advanced initiatives of federal administrations in the Pacific Region, including e-Procurement

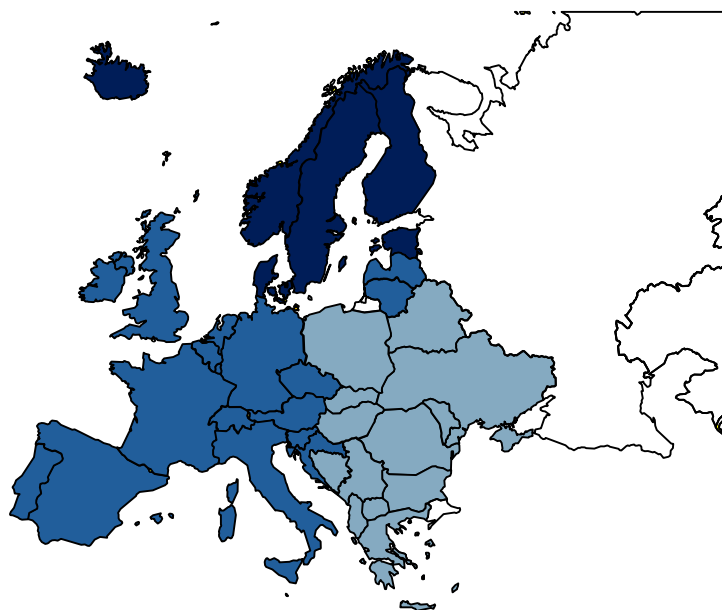
European Market

Predicted Market Penetration 2016

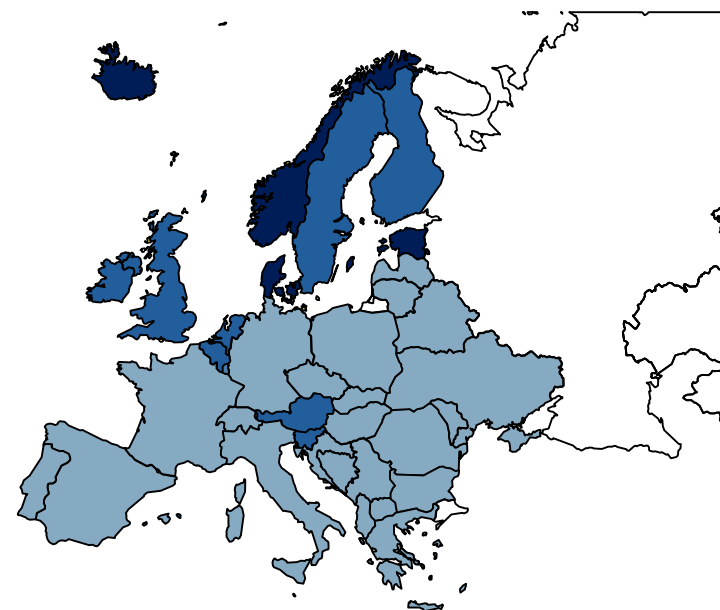
(Electronic share of total invoice/bill volume)



B2B/B2G/G2B



B2C



 >40%

 15-40%

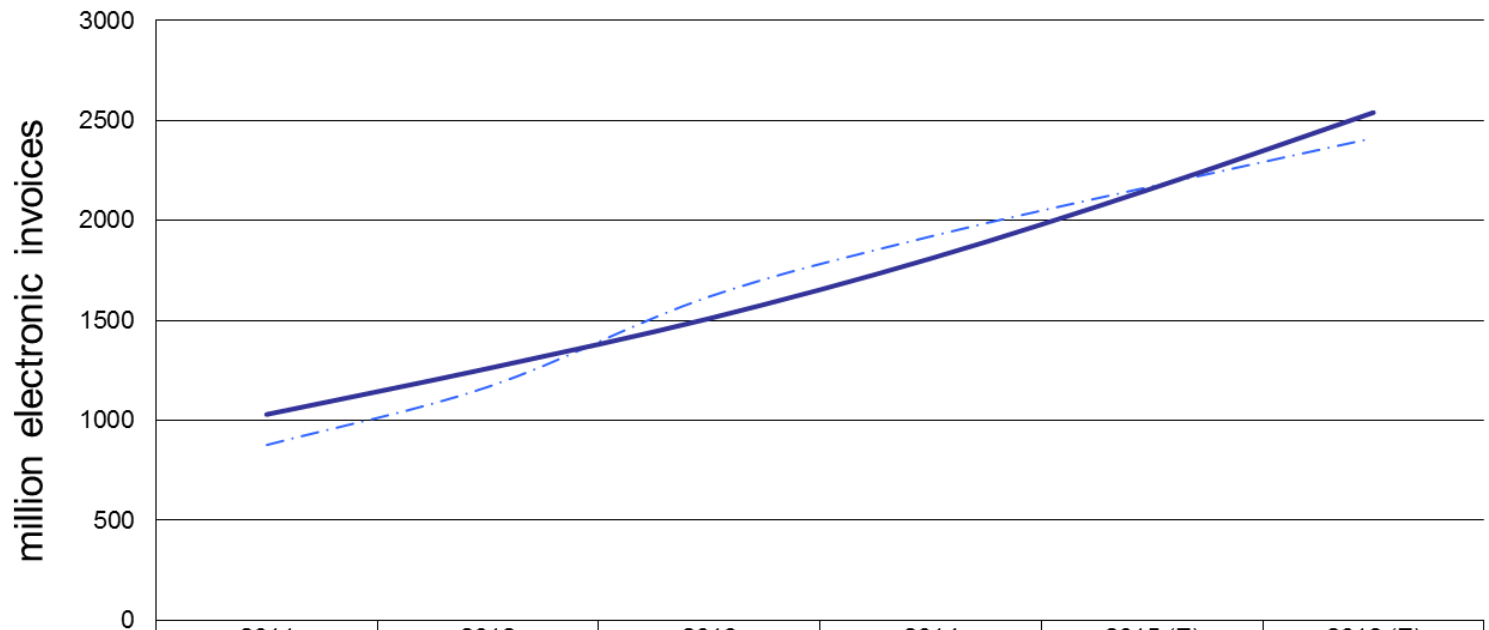
 <15%

Channels Used for Electronic Invoices

B2B/B2G/G2B volume



B2B/B2G/G2B: Electronic invoice volume transferred directly or via service providers



	2011	2012	2013	2014	2015 (E)	2016 (E)
B2B Supplier/Buyer Direct	880	1170	1620	1920	2170	2410
B2B via Service Provider	1030	1260	1510	1810	2160	2540

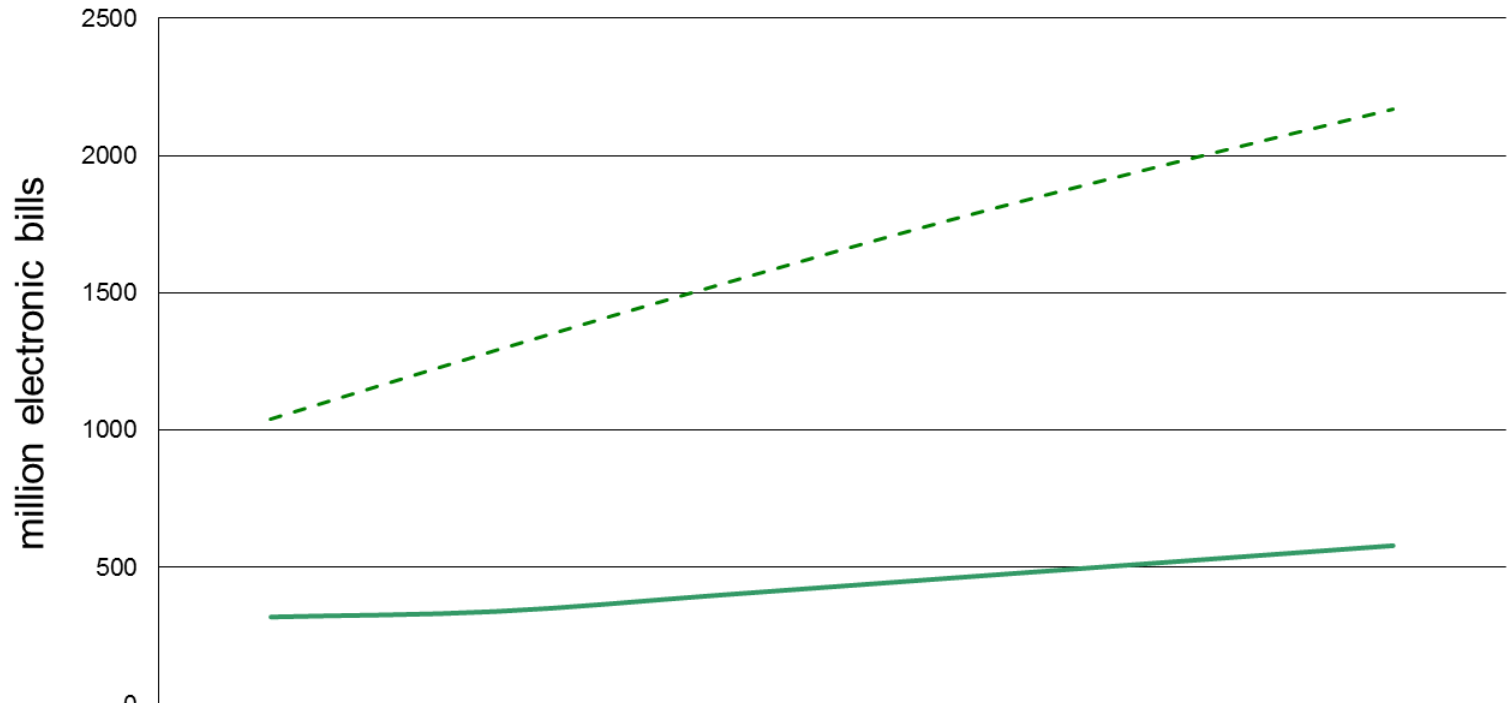
The strong and temporary increase in direct volume is mainly a statistical effect. Due to the new legislation in EU countries, a portion of the unsigned PDF invoices now belongs to the “tax compliant” invoices and are therefore considered in these statistics.

Channels Used for Electronic Bills

B2C volume



B2C: Electronic bill volume transferred directly or via service providers



	2011	2012	2013	2014	2015 (E)	2016 (E)
--- B2C Biller Direct	1040	1290	1530	1760	1970	2170
— B2C via Service Provider	320	340	400	460	520	580

A Dutch and a very large German Telco operator lose steam and the proportion of its E-Invoicing users increases just modestly. Due to its size (15+ million e-bill subscribers), it has an impact on the European figures.

- **Public Procurement Directive 2014/24/EU**

- Fully electronic communication, tenders, ...
- Implement in national law of member states until April 2016 and practise from October 2018
- Affects hundreds of thousands of Public Administrations (PA) and millions of Suppliers

- **Directive 2014/55/EU**

- Electronic invoicing in public procurement; PAs have to accept electronic invoices
- Apply on all federal levels at the latest by November 2018
- Affects hundreds of thousands of Public Administrations and millions of Suppliers

- **New B2G E-Invoicing obligations**

- Switzerland, January 2016
- Estonia from end of 2016
- France starting in 2017, step-by-step implementation
- Sweden, 2018

- **PDF → XML/structured electronic invoice data**

- Several surveys (e.g. Ernst and Young for Estonia, Las Sociedad en red edicion 2014 for Spain, ibi research for Germany and others) show that a significant proportion of all e-invoices is exchanged today as PDF and just a minority in structured format (20-25%)
- Industry and government initiatives strongly push the evolution from invoice images towards structured invoices or hybrid files (XML embedded in PDFs, e.g. ZUGFeRD)

Please find further details in the Market Report
“E-Invoicing / E-Billing 2016”

Report issued in May 2016.

For further information, please visit

www.billentis.com [Twitter](#) [XING](#) [LinkedIn](#)

Definitions & Methodology

- Screening and interpreting 700+ key sources, including:
 - User surveys in countries (AT, DE, ES, FR, PT etc.) and industries (e.g. banking associations, GS1, santésuisse, ...)
 - Figures from large invoice issuers & recipients (e.g. Deutsche Telecom with around 600 million invoices issued p.a., public sector in several countries representing 10%+ of invoice volume in each country)
 - Figures of leading service providers
 - Consolidated figures of domestic E-Invoicing associations
- Numerous interviews with local experts
- In total, results of surveys with 20,000+ enterprises and 15,000 consumers are considered in these statistics and forecasts

Not considered as e-invoices:

Fully electronic invoices that are not tax-compliant due to lack of integrity, authenticity and legibility

'Electronic invoices' are supported by legally relevant paper summary invoices (parts of the EDI world), scanned or printed/archived by recipients (if just the paper version is stored as the 'new' de-facto original).

'Asymmetric e-invoice', buyers can demand a printed invoice and consider it as the legal original invoice.

Major bulk of paper invoices, even if in parallel some invoice data are transmitted to the tax authorities or trading partner.

E-invoices in the broader legal sense:

'Simplified' or 'low value' e-invoices with reduced content requirements (often just 4-8 mandatory data fields), typically without customer authentication

E-invoices in the narrow legal sense:

Only this part is included in the statistics.

E-invoices with the full content (typically 10-16 fields) and authentication of the issuer & recipient.

Two organisations in the role as supplier and buyer exchange a digital and tax-compliant invoice as the valid original invoice. They exchange them directly via service providers and/or via the platform provided by tax authorities. These e-invoices are preserved. They are the only relevant original invoices for the tax authorities and auditors (any paper copies produced are only used as representations).

Paper representations can be found, but will never be considered as the legal original versions.