

## e-Invoicing – 10 Public Sector Benefits

e-Invoicing is the removal of paper from the invoicing process. There are different models for achieving this, from internet-based forms to fill out and send via the Web, through to technical process integration between buyers and suppliers. In recent years e-Invoicing has started to be adopted by the UK's 4.8m small and medium enterprises (SMEs) who represent 50% of private sector turnover; but there is a long way to go for wider adoption. Government use of e-invoicing will make the public sector easier for SMEs to do business with, and facilitate their being paid faster.

EU member states such as Spain, Denmark and most recently Greece have all mandated electronic invoicing for public sector suppliers. Further afield Brazil and Mexico have implemented mandatory electronic invoicing programs for all business-to-business and government transactions and significantly, the United States Treasury mandated e-Invoicing for all Treasury bureaus. In contrast adoption of e-Invoicing by the UK public sector is limited, with adoption by only a few early adopters. Many other EU member states, such as France, are now examining public sector adoption of e-Invoicing and the UK government has an opportunity to be a European leader in this compelling initiative.

UK government advocating the use of electronic invoicing by the public sector offers multiple benefits;

1. *Encourages small and medium enterprise (SME) growth by freeing working capital through punctual payments or early payment supply chain financing*
2. *Offers cost savings without affecting front-line services*
3. *Reduces back-office costs and offers an opportunity to re-allocate personnel toward front-line services*
4. *Stabilises central and local government supply chains*
5. *Facilitates reduced VAT fraud*
6. *As an enabler, encourages wider adoption of e-Procurement efficiencies*
7. *Promotes the wider adoption of e-Invoicing by UK 4.5 million small and medium enterprises (SMEs) and corporates, potentially saving the UK economy £12bn*
8. *Capitalises on an existing competitive marketplace with multiple service providers and does not require central government IT investment*
9. *Promotes the UK as more serious about the EU Digital Agenda than other member states*
10. *Reduces the United Kingdom's carbon footprint*

The UK e-Invoicing Advocacy Group was set up in 2010 as a self-funded initiative of industry associations, public sector bodies and solution providers to promote e-Invoicing in the UK public and private sectors. Our mission is to help UK public bodies and commercial enterprises of all sizes save money and understand the benefits of replacing paper invoices with wholly electronic transactions.

It is our intention to champion and advocate widespread adoption of electronic invoicing between buyers and sellers of goods and services. The UKeAG promotes the benefits of e-Invoicing to the UK Public Sector and the wider UK economy, meeting regularly at the Houses of Parliament and the Department for Business. As the official UK forum on e-Invoicing, sponsored by the Department for Business, we delegate the UK participants that provide expert input to the current EU Commission Multi-Stakeholder Forum. Our UK delegates lead the working group on best practice within EU Commission Forum and our participation ensures that emerging EU policy and regulation supports UK public and private interests.

We are committed to help commercial enterprises and public bodies of all shapes and sizes to understand the business case and benefits for electronic invoice adoption, in particular reducing the administrative burden on small and medium-sized enterprises and to promote a lively and innovative UK market for the provision of relevant solutions and services. The benefits of electronic invoicing are clear;

- *Substantial cost savings through reduction in manual work, material and transport costs.*
- *Additional cost savings from fraud and loss prevention, and lower auditing costs for trading parties and tax authorities.*
- *Enabling of accelerated payments, improved cash flow and reduced credit losses for both large and small enterprises. E-Invoicing could unlock the potential for new collateralised lending services at a time of subdued growth in traditional credit products, especially for SMEs.*
- *Raising productivity and customer satisfaction in both the public and the private sector, and improving UK competitiveness overall.*
- *Enabling workforce transition to more productive activities and a learning vehicle to increased use of electronic practices throughout the public and private sectors.*
- *A direct contribution to carbon savings and resultant environmental gains*

The UK e-Invoicing advocacy group meets on a regular basis and operates in an entirely non-competitive, cooperative space. Our meetings are inclusive of both public and private sector stakeholder interests. We operate in an open, transparent and informal manner.

Through this paper we aim to show that electronic invoice automation is not a new concept, and that best-in-class organisations are gaining competitive advantage.