

e-Invoicing – 12 Small & Medium Enterprise Benefits

e-Invoicing is the removal of paper from the invoicing process. There are different models for achieving this, from internet-based forms sent 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, by using e-Invoicing SMEs can capture cost savings, get paid on time or benefit from alternative funding sources such as supply chain finance.

The use of electronic invoicing by SMEs offers multiple benefits;

1. *Cost savings through a reduction in mail processing costs*
2. *Cost savings through material and transport costs.*
 - a. *Archiving of paper*
 - b. *Envelopes, paper, stamps*
 - c. *Printing costs*
3. *Avoids any misinterpretation of invoice date.*
4. *Reduced administration overhead if audited by tax authorities.*
5. *Improved external visibility streamlines customer communication and collaboration by reducing the number of phone calls between customer and supplier.*
6. *Enables on-time payments from customers (if customer is e-Enabled).*
7. *Provides access to liquidity early in the process through early payment supply chain finance initiatives allowing SMEs to reduce Days Sales Outstanding (DSO).*
8. *Enables improved reconciliation of payments to invoices.*
9. *Acts as a catalyst of workforce transition to more productive activities and acts as a learning vehicle for increased use of electronic practices.*
10. *A direct contribution to carbon savings and resultant environmental gains by reducing use of trees for paper.*
11. *Improved access to contracts with larger companies, e-Procurement communities or government tenders where eInvoicing may be a requirement.*
12. *Guaranteed authenticity, integrity and non-repudiation of the invoice.*

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.