original

Electronic Invoicing

9th December 2013

OB10

Intelligent invoicing. Passionately delivered.

An Invoice

- The invoice is a critical document in trade
  - Request for payment
  - Accounting document for buyers and suppliers
  - Legal document to support VAT and tax accounting

- The invoice is subject to laws and regulation
  - Predominantly VAT and tax law – regulated by HMRC in UK
    - Buyers and suppliers must ensure the authenticity and integrity of the invoice
  - Other commercial laws in other countries
    - The regulations for invoices vary from country to country

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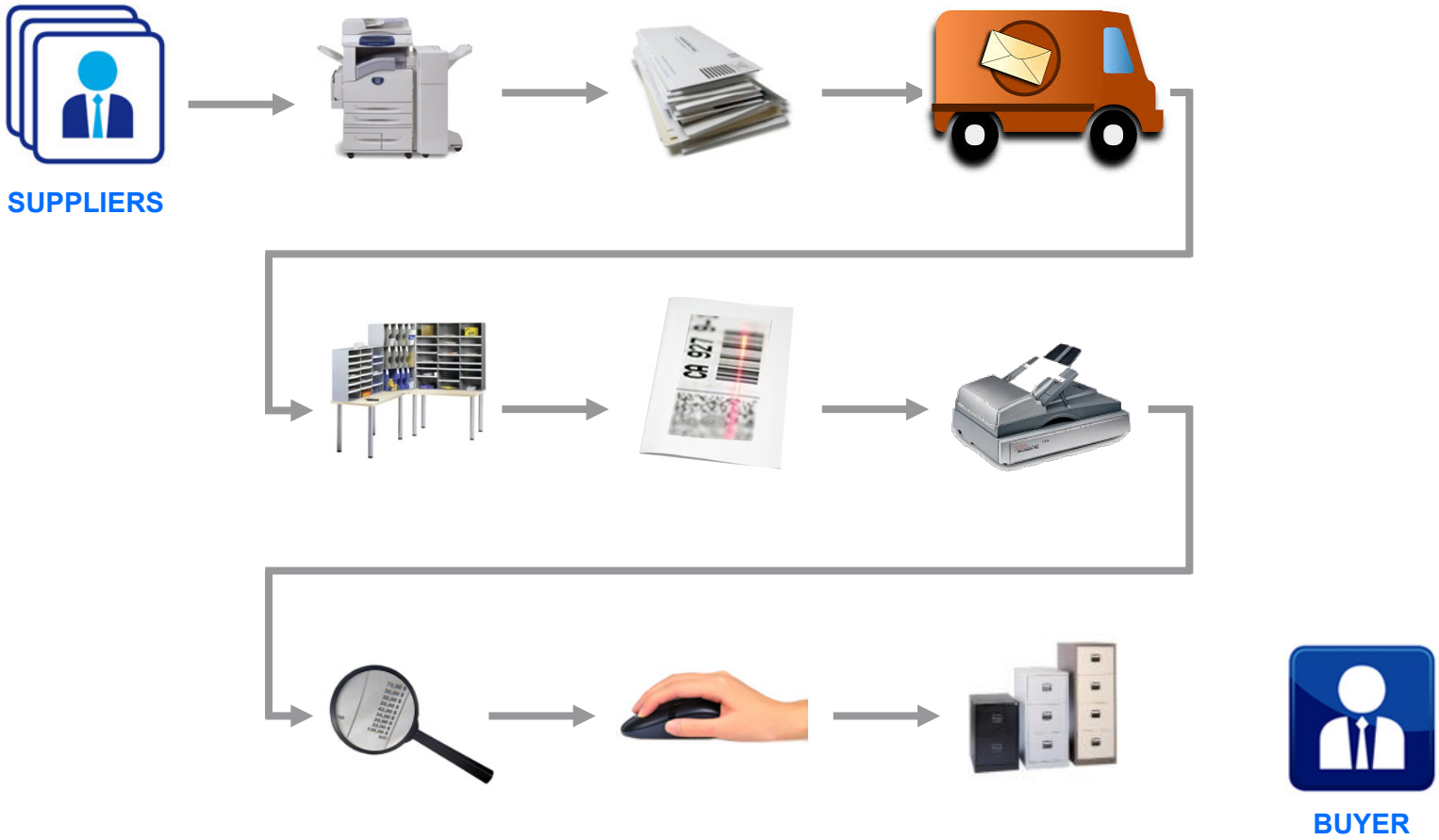
Paper invoices



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Invoicing

- There are over 30 billion invoices issued in Europe each year
- The overwhelming majority of invoices are still issued on paper

- Processing of paper invoices
  - Is costly
  - Is inefficient
  - Is error prone
  - Effects prompt payment and supplier relations
    - Processing time
    - ‘lost’ invoices

- At the buyer 1 FTE processes around 10K invoices per annum
- Invoices must be archived for a period of 6 years, required by law

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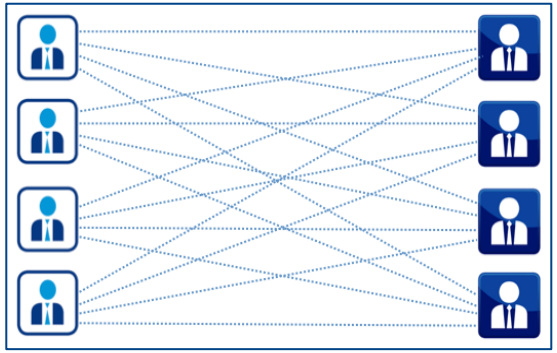
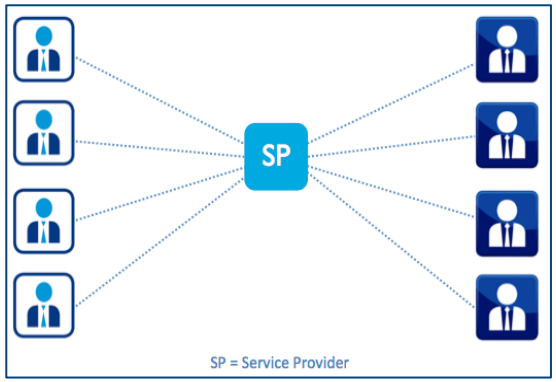
Electronic Invoicing

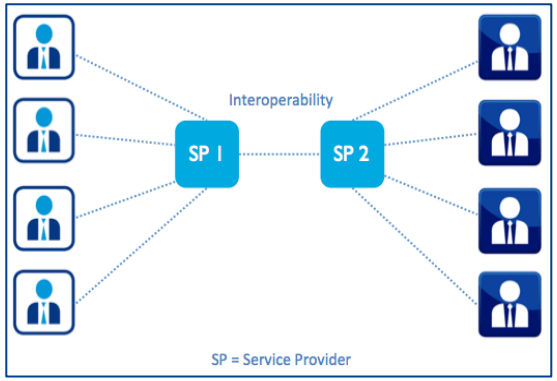
An electronic invoice (e-Invoice) is an invoice that is sent from a supplier to its customer in electronic format, from the suppliers computer to the buyers computer. The e-Invoice will meet the legal and fiscal requirements and will eliminate the need for a paper invoice or other supporting documentation.

The e-Invoice can take the form of structured data, a PDF image or another human readable format that is secured in such a fashion as to meet any legal requirements for authenticity and integrity.

The main benefits are achieved when the supplier sends invoice data directly in to the buyer system – no manual data entry.







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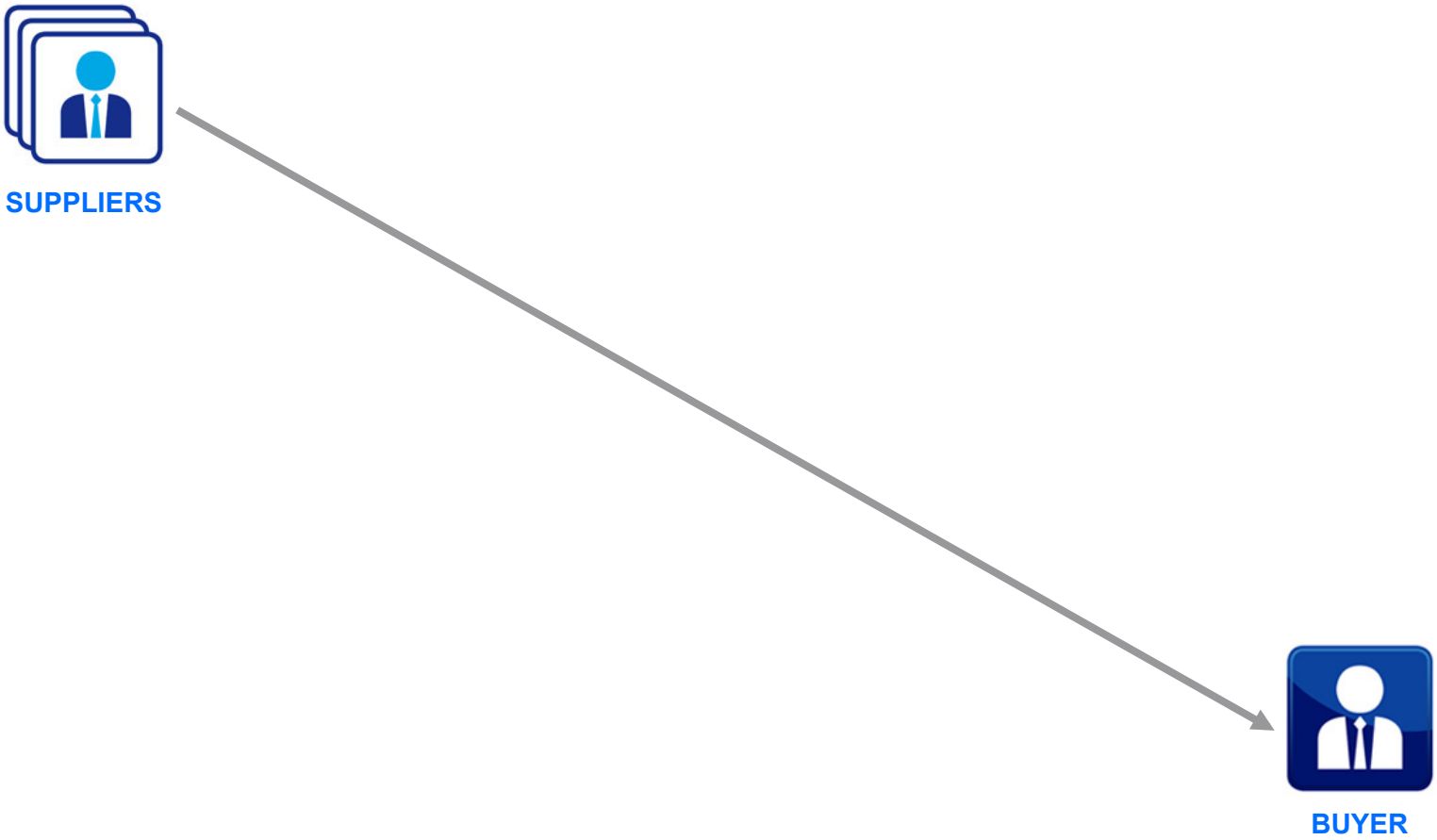
Paper invoices vs e-Invoices



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e-Invoicing

- **Efficient**
  - Removes manual paper processing, archiving
  - Improves data quality, spend visibility, accounting and management reporting
- **Reduces costs** for both supplier and customer
- Improves **Archiving** and **Auditability**
- **Shortens payment** cycles – improves **payment on time –** enables **early payment**
- Improves supplier **relations**
- **Environment**ally friendly
  - The elimination of just **1 million** paper invoices will save:
    - 3,000,000 sheets of paper, which saves **360 tree**s
    - Enough fuel to run the average car for 26,683 miles
    - Sufficient energy to run the average home for 127 months
    - 52 cubic metres of landfill space
    - 1,271 pounds of air pollutants

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Benefits of e-Invoicing

To Buyers

- Eliminate manual data processing
- Reduce or eliminate data errors
- Enable compliance with regulations
- Improve purchase order or contract compliance
- Eliminate the processing of duplicate invoices and the duplicate processing of invoices
- Remove the need to archive paper invoices (the current retention period in UK is six years)
- Refocus staff on more valuable work
- Reduce invoice fraud
- Achieve more accurate, quicker reporting and audits
- Improve payment-on-time metrics or enable early payments
- Collate and store line-level invoice data to enable detailed analysis of spend variance
- Support corporate social responsibility programmes

To Suppliers

- No delivery or print costs
- Guaranteed, secure delivery
- Automatic validation of invoices ensures errors are corrected early
- Eliminate the potential for lost invoices
- More predictable payment
- Increase visibility of the payment process
- Make fewer phone calls chasing payment updates
- Improve days sales outstanding
- Greater access to early payment and improved cash flow
- Support corporate social responsibility programmes

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The Analysts view

- It costs **30 EUR** to send a paper invoice – **13 EUR** for the sender and **17 EUR** for the recipient. *(European Association of Corporate Treasurers)*

- Paper invoices cost 74% to 89% more to process than electronic invoices.

- Nearly 50% of the staff in a typical Fortune 500 accounts Payable operation work exclusively on processing invoice exceptions, which mostly arise from paper-based invoices.

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Summary

- e-Invoicing benefits everyone
  - Buyers, suppliers, government, the economy
  - The environment
- Compliance with legislation must be maintained
  - Data content and authenticity and integrity
- Maximum gain is machine to machine integration
- EU Commission estimates savings of €240 billion across Europe in 6 years

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