European Union Multi-Stakeholder Forum on e-Invoicing

Consultation on Good Practices
Executive Summary of Findings September 2012
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Introduction

- Summary of interim findings from 81 responses of which 12 represent collective findings of National Forums

- 24 responses come from service providers, the others being public sector, business /private sector, advocacy groups and national forums

- First the consultation covered a 'quantitative' section based on rankings/multiple choice

- Second a 'qualitative' section giving the opportunity to respond to specific issues in free format

- Both of these sections have been collated but this presentation mainly captures the quantitative findings

Approach taken

- Intention to identify the conditions for success and to highlight case studies and examples of good practice
- Not statistical- the subject of another EMSF Activity
- Primarily focused on operating models: service provider solutions, market initiatives, collective schemes, and public sector initiatives
- Both actor-specific and method-specific
- Focused on both national and cross-border/multi-country
- Not concerned with practices for e-invoicing projects at enterprise level or with VAT compliance, which could be areas of further study

Definition of E-Invoice

- Definition provided by DG TAXUD
- Invoices that have been issued and received in electronic format. This includes structured e-invoices that are transmitted, processed and archived fully electronically from end to end throughout their life-cycle, and unstructured e-invoices e.g. in Pdf format. In any case invoices must be tax-compliant
- Consultation comments included that PDF's and unstructured e-invoices are not seen as full e-invoices
- It was also felt that e-invoicing should cover the entire invoice life cycle and must ensure compliance in the broadest sense

Definition of Good Practice

- The proposed definition is "simply doing things that are shown to work or be effective and that conform to applicable commercial and legal governance"
- Comments included a number of additional thoughts
- Good Practice is dynamic and context-specific
- Covers behaviour change not just process
- Must be good for business
- And cover the cross-business dimension
- These comments add valuable additional perspectives whilst not undermining the above definition

Note on rating values used

- In quantitative findings questions require answers 1-5 (5 is highest).
- Zero values are used for don't know/ not significant
- Ratings have been affected by the incidence of zero scores
- To mitigate this effect, medians as well as means have been set out in the report. The slides show median scores and remove the zero score distortion. Differences are not material.
- The responses have been checked for bias and no negatives discovered especially re: service provider responses.

Top ten rating of adoption models

1. B2B buyer driven supply chain model at national level supported by service providers- 4.00
2. EDI model supported by service providers- 3.00
3. Integration of e-invoicing and ERP- 3.00
4. Total invoice management services- 3.00
5. B2B supplier driven model supported by service providers- 3.00
6. B2B buyer driven supply chain model at cross-border level- 3.00
7. B2C e-billing using portals and Internet banking- 3.00
8. Marketplaces that include e-invoicing- 2.00
9. B2G public procurement model- 2.00
10. B2C e-billing- not service provider supported- 2.00

Conditions for success: key drivers encouraging adoption

1. Buyers mandating the use of e-invoicing or 'compulsory' as part of trading relationship- 4.00
2. Interoperability between service providers- 4.00
3. Availability of tools to support compliance- 4.00
4. Easy to use addressing/identification system- 4.00
5. The ability of a model to facilitate on-boarding - 4.00
6. Provision of PDF in parallel to structured data- 4.00
7. Access to Cloud-based facilities- 3.00
8. Integrated procure to pay processes- 3.00

Adoption models that support SME's

- It is clear that SME's have not yet enjoyed the rates of adoption experienced by larger enterprises
- SME adoption more behavioural, more challenging
- The same B2B Buyer-driven model supported by service providers heading the general section also scored highly for SME's
- E-billing also significant as are total invoice management, EDI, supplier-based services (with ERP integration) and marketplaces.
- For peer-to-peer PDF is prominent, despite the "negativity"
- Owing to a glitch in the questionnaire more granularity on the potential role of banks needs investigation

Conditions for success: Key adoption drivers for SME's

1. Integration with SME accounting software - 4.00
2. Affordability- 4.00
3. A common national standard for invoice content- 4.00
4. Peace of mind on compliance- 4.00
5. Little or no IT resource necessary- 4.00
6. EU standard for invoice content- 4.00
7. Service provider solutions for SME's including cloud- 4.00
8. Information and awareness- 4.00
9. Bank solutions for SME's- 3.00
10. Government platform- 3.00

Attitudes to public sector adoption- % of respondents agreeing

1. Good practices should be the same for public and private sector – 63%
2. Public sector should support one or few standards- 44.4%
3. EU seems to drive in many countries rather than national government -35.8%
4. Better to stimulate adoption rather than a perfect solution- 30.9%
5. Government is promoting awareness and information- 30.9%
6. The public sector leads rather than the private sector 29.6%
7. Policy makers rely heavily on service providers- 28.4%
8. Importance of public sector example for its own procurement- 25.9%
9. My country has been a leader in Europe in setting up a policy framework/ solution that encourages e-invoicing- 23.5%

Motives for adoption by all businesses

1. Process efficiency and cost-savings- 5.00
2. Financial control and audit-ability/integrity- 4.00
3. Prompter payment- 4.00
4. Compliance with VAT rules- 3.00
5. Access to corporate supply chains- 3.00
6. Environmental/CSR benefits- 3.00
7. Access to public procurement- 2.00
8. Access to international markets- 2.00
9. Access to finance- 2.00

Adoption drivers at a country or EU level

- The following slide represents the conclusions of a factor analysis using all survey responses (Part 3 in report)
- An adoption driver is defined as any combination of commercial products, delivery methods, commercial and government policies that support the business case
- Success often results from simultaneous positive drivers rather than one approach
- Drivers are neutral: they're about what businesses do
- Based on factor analysis, 10 key factors have been identified and are listed on the next slide:

Ranking of the key adoption drivers at country level

1. Intermediation by service providers
2. Supportive government policy
3. Certainty for small business
4. Cross-border public procurement
5. Strong commercial case
6. E-billing adoption for consumers
7. EDI adoption through point to point links/VAN's
8. VAT compliance
9. Interoperability
10. Government awareness campaigns