

European Commission Task Force on e-Invoicing

Standardization issues

Bo Harald

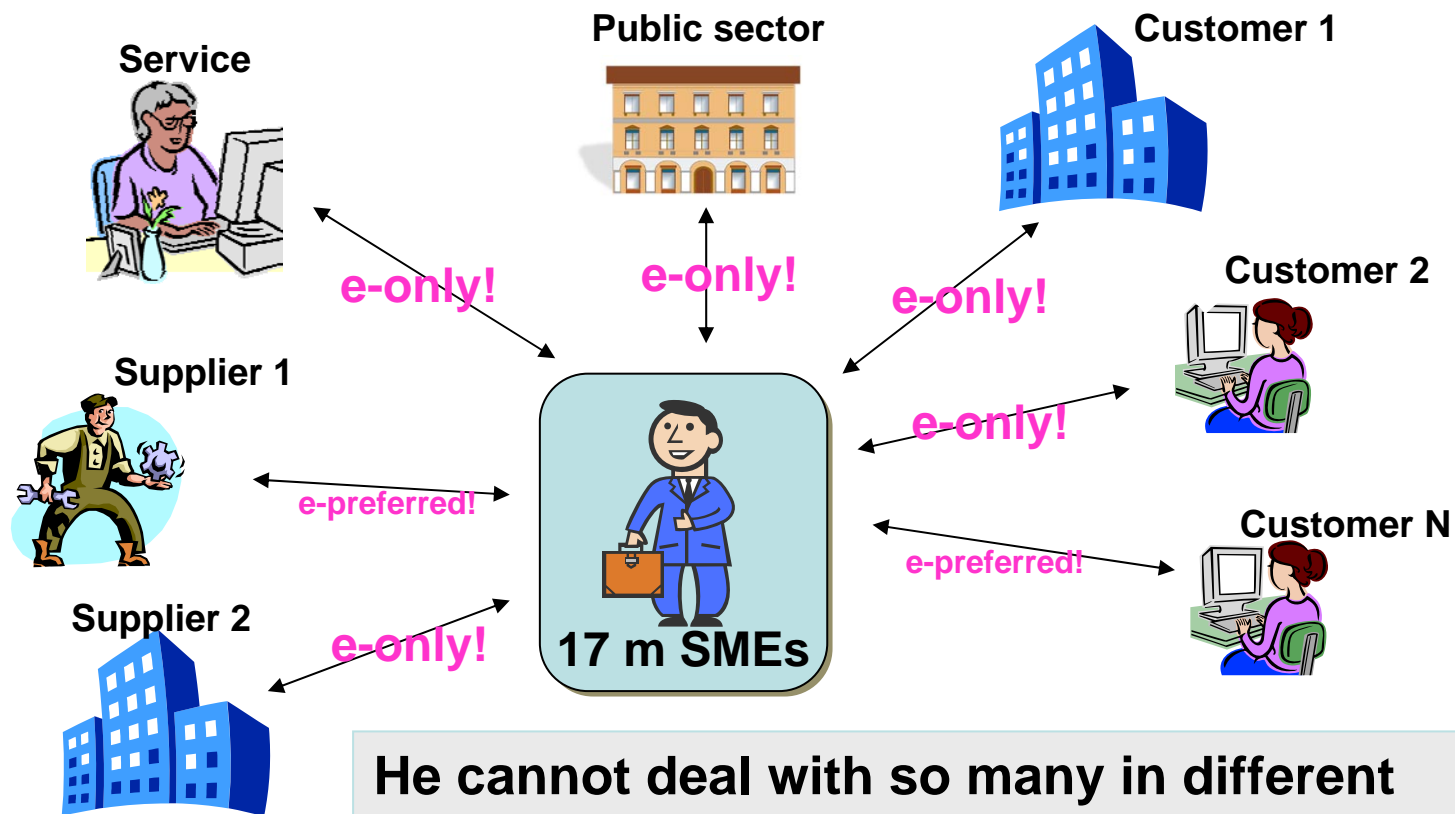
What is new?

- E-invoicing is nothing new... has been going on for decades with mostly proprietary standards supported with by e-invoice operators
- What is new, is the use of the payment network for transportation and the netbanks as in- and out-gateways for e-invoices and other e-documents – deploying also the banks' sales power
- SEPA is the opportunity – and “Full SEPA” can become a business case (for all..) and connect 17m small enterprises to digital value chains – and make it possible for large enterprises to automate interaction with SMEs
- There is a strong will to find a common standard - supporting the alignment of UNCEFACT and UBL

Standardisointi keskeinen

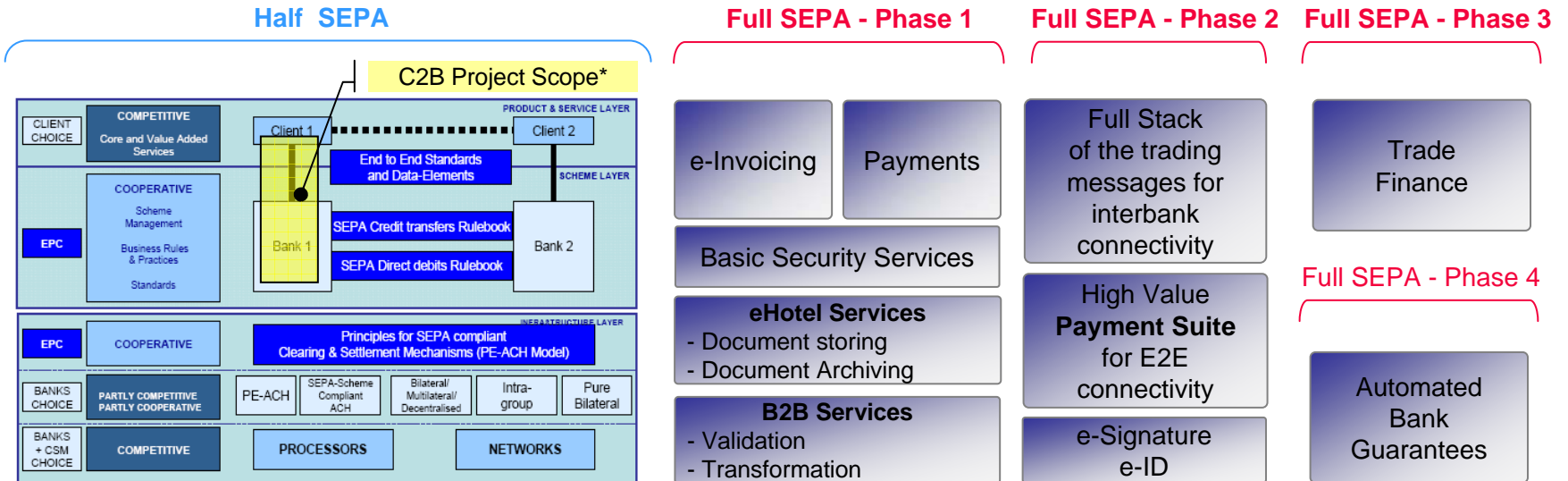
- Suomen etumatkan säilyttämisessä (riipeä käyttöönotto vielä keskeisempi – 3s erä alkamassa)
- E-lasku tärkeä leveä askelma kohti reaaliaikaista taloutta
- Verkottuminen tärkeä (VM edelläkävijä)
- Ilman standardeja ei kilpailua – ilman kilpailua ei edistystä
- Interoperabiliteetti ei riitä – jos haluaa alentaa yritysten kustannuksia maksimaalisesti
- EU katsoo meihin jatkossakin

Infrastructure supporting 17m EU-SMEs in the networked economy – "e-only-age"



He cannot deal with so many in different ways – has to be same with all – **just like payments!**

Full SEPA Vision and C2B project



Cost for banks: **8bn€**
 Cost for customers: **very large**
 Benefits for customers: **more competition**

Income for banks: **28bn€ LESS??**

small
 zero-small
 100bn€

billions

small
 zero-small
 billions

billions

moderate
 zero-small
 billions

billions

From a Standard SEPA Foundation to the Real Business Value of Full SEPA

* A joint project of TietoEnator, Microsoft Corp and Nordic banks Nordea, OP Bank Group and Sampo to implement a SEPA compliant, corporate-to-bank connectivity solution for transactions and payments.

Productivity for Europe with Full SEPA

EU cost saving estimate from e-invoicing: €100 billion/year

- 28 billion invoices + billions of other documents “

Finnish State Treasury:

- cost estimate for incoming manual invoice €30, 8€/outgoing

Electrolux:

- Electrolux stated a cost of €50 / paper invoice 1999...

Finnish Employers Federation:

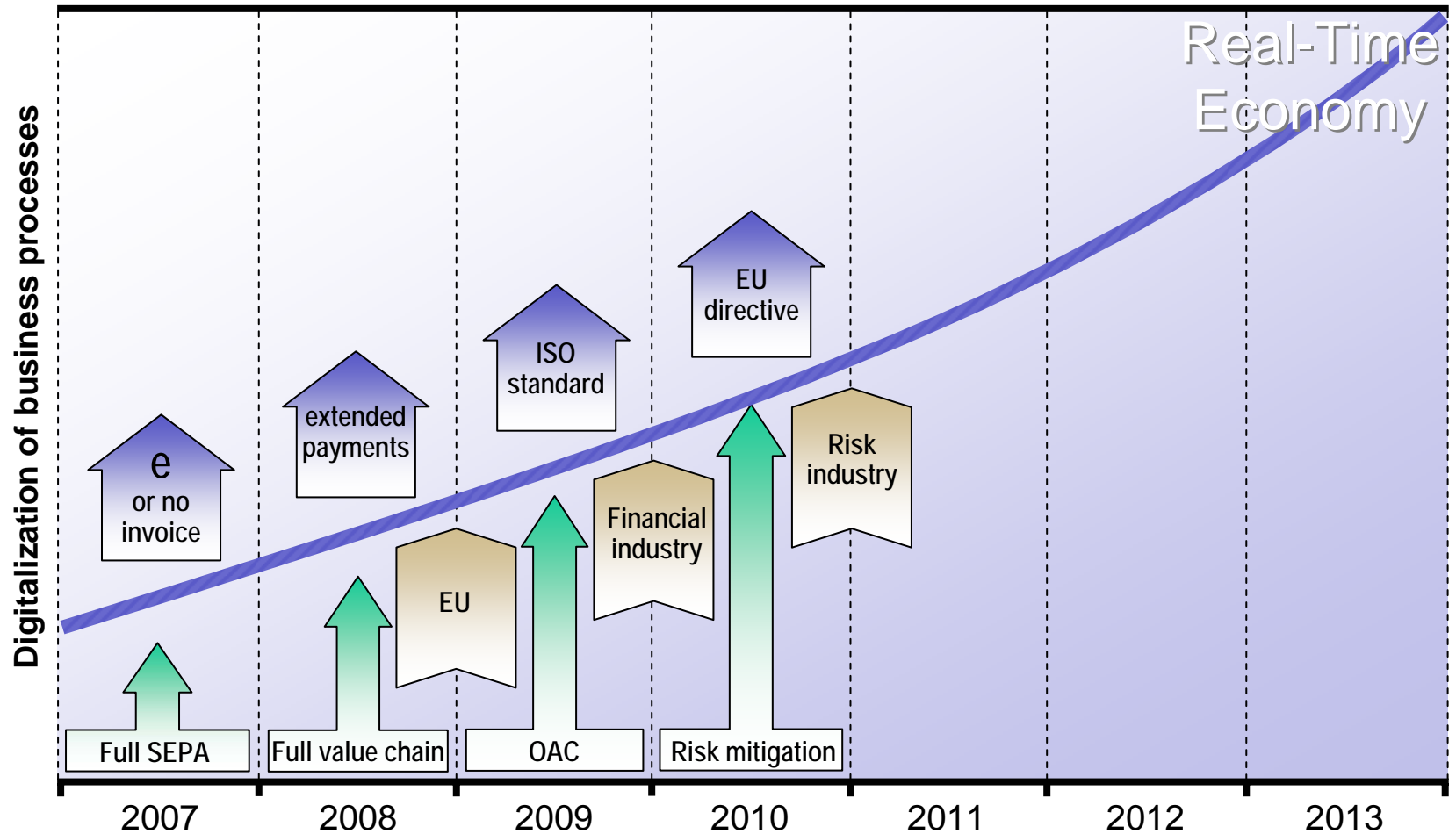
- annual saving from b2b e-invoicing at 2,8bn€ (Finland 1/66th of EU GDP..)

European Association for Corporate Treasurers (EACT):

- is demanding actions from banks and software providers - **243bn€ cost saving estimate**

**Something REAL for Lisbon -
that only banks can deliver...**

Development towards Real-time Economy (Real-time Economy competence centre – HSE/TEKES/TE..)



Focus elements

- Collect the practical experience and requirements of e-invoicing for a common base for the UNCEFACT > ISO20022/ISO15000 process
- Rule book finalization efforts (EBA/EACT) – important also for standardization
- Start standardization process
- EU to take care of VAT and legal harmonization

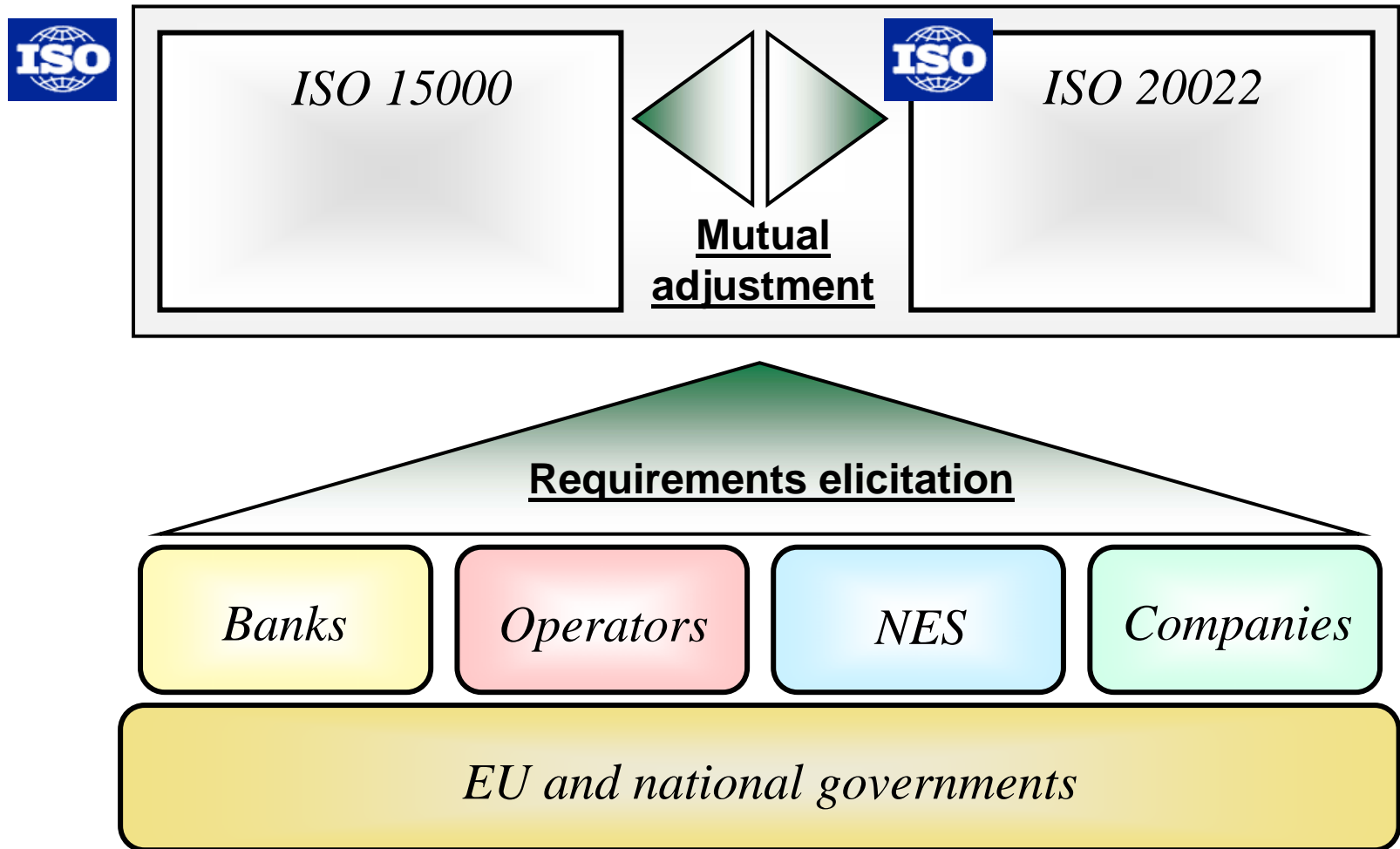
Optimal standardization

- Uses practical experience
- Makes compromises when needed to ensure faster results
- Smallest common denominator in complexity > lower costs, faster uptake and wider interoperability with existing solutions
- No IT-skills or investments should be needed in SME-segment
- Wide support by ERP-suppliers for larger enterprises
- Connecting networks – high level of interoperability

Mass markets

- Mass markets cannot be addressed without collaborative efforts and strong hand (as the benefits are divided in so small parts)
- “GSM revisited” may be the best solution
- Banks must take their responsibility – and use the opportunity to make SEPA a business case
- Other service providers encouraged to participate on equal terms

Standardization process



RECOMMENDATIONS TO ADDRESS STANDARDISATION BARRIERS (1/3)

- Immediately appoint a task force under UN/CEFACT/TBG5 to collate and document initial known e-Invoicing requirements[1]. The governance of TBG5 is suitably open to facilitate this work, and indeed SWIFT, EACT, TWIST and ACBI are already active members along with experts from North America and Asia. This is also complementary to the ISO20022 Business Justification on e-Invoicing that TBG5 has already submitted.
- These initial requirements, similar to the existing gap analysis, will be provided to CEN to ensure the development of the more comprehensive e-Procurement standards[2] align fully with the SEPA standards.

RECOMMENDATIONS TO ADDRESS STANDARDISATION BARRIERS (2/3)

- The TBG5 task force, supported by SWIFT Standards and in collaboration with CEN, will go on to document and agree the more precise business requirements that fulfil the EEI Framework (using business process modelling). These will be used as the basis for EEI standards to be developed in both UN/CEFACT (via CEN) and ISO20022 (via TBG5). It is envisaged that this can happen rapidly, producing an international standard within 18 months.
- Any alignment tasks necessary once the CEN e-Procurement has been harmonised, accepted and published by UN/CEFACT will be undertaken in ISO20022 via TBG5 with the support of SWIFT Standards. This will ensure complete semantic alignment around the core components that make up the EEI standard in both the ISO20022 and UN/CEFACT repositories.

RECOMMENDATIONS TO ADDRESS STANDARDISATION BARRIERS (3/3)

- [\[1\]](#) Initial business requirements will focus the financial elements related to e-Invoicing and will be tightly bound to the existing well-documented requirements emanating from the prevalent sources across Europe (e.g. Existing commercially orientated specifications and practical experience from already operative services from EACT, EBA Association, SWIFT Standards, ACBI, Finvoice, NES, TWIST, UN/CEFACT, CEN etc.).
- [\[2\]](#) Being developed through the workshop “Interoperability in the Implementation of electronic public procurement in Europe”.

Interim report: CONCLUDING RECOMMENDATIONS

- Potentially there is a positive commercial case for European e-Invoicing, and key stakeholders are willing to engage. Particularly appealing is the establishment of a EEI Framework
- Present 'barriers' to e-invoicing need to be addressed as far as possible within 18 months to reduce or eliminate their detrimental effect on market take-up and fully mesh with other significant market developments due to take place in 2008 across Europe
- Progressing the EEI Framework rapidly is critical. Key stakeholders wish to use this as a basis for service offerings within the 2008 timeframe, particularly to assist with the commercial leverage of the Single Euro Payments Area (SEPA)
- A harmonised approach will work best, to ensure any solution has as broad applicability as possible
- Determined promotion coupled with the correct incentives is needed to build critical mass.

Interim report: CONCLUDING RECOMMENDATIONS

- Establish a 'Steering Committee' with responsibility for strategic policy development, initially focusing on managing the method by which the 'barriers' to e-Invoicing are addressed; later developing appropriate policy recommendations to support the European e-Invoicing Framework, in particular a strategic 'road-map'
- Establish the 'Steering Committee' as the focal point for consolidating European business practice concerning e-Invoicing, and in future e-Procurement
- Invest in the 'Steering Group' the powers and remit to draft appropriate regulatory incentives

The target

Fast and economical adoption of e-invoicing especially for the SME-market in EU.

A goal in itself for productivity reasons and the widest base for further digitalization.

Standardization and sharing – global trends

"Standards is another area where openness is gaining momentum. In today's complex and fast-moving economy the **economic deficiencies and liabilities caused by lack of standardization surface faster and they are **more jarring and consequential than in the past.**"**

Don Tapscott

"We genuinely believe that radical sharing is a win-win for everyone. Expanding markets create new opportunities."

Tim Bray