From a European perspective

Peter Potgieser
Steps in this presentation:

- Background from European Commission
- Aim: UN/CEFACT and ISO standards
- UN/CEFACT response, Rome 2007
- UN/CEFACT - ISO Convergence
- Private sector support from The Netherlands
• Lisbon Agenda
• Completion of Single Market
• SEPA
• Promote e-business
e-Invoicing…

- links internal processes of companies to payment systems

- simplifies processes, reduces administrative and financial costs, facilitates transition to new business models

- BUT, several obstacles to development of a truly pan-European e-invoicing system

- time is ripe for a European e-Invoicing Initiative
Cost savings

• Case study: Denmark
  – Danish Government saves €100-134 million per annum

• Case study: France
  – in 2001, B2B savings of € 40 billion

• EACT - CAST project
  – average processing cost of paper invoice € 30
  – 80% cost saving possible with e-invoicing

• Potential maximum benefits
  – full and early SEPA migration, at €226 + €12 billion over 6 years
• Defined in Commission Decision of 31 Oct. 2007:

• Identify:
  • shortcomings in current regulatory framework
  • e-invoicing business requirements
  • relevant e-invoicing data elements

• Propose:
  • responsibilities for standardisation bodies and time schedule
  • European e-Invoicing Framework (EEI)
End Result: EEI Framework

- achieves interoperability of e-Invoicing solutions
- basis for common business rules and technical standards
- increase incentives for electronic trade
- remove barriers to e-invoicing
e-Invoicing

What is e-Invoicing?

e-Invoicing, short for electronic invoicing, is the electronic transfer of billing and payment information, via the Internet or other electronic means between the parties involved - businesses, the public sector, consumers - in commercial transactions. Compared to paper invoices, e-invoices offer huge advantages for companies - they are said to be easier to process, reach the customer faster, and can be stored centrally at very low cost. A recent report predicts potential annual benefits of up to €40 billion across Europe in the business-to-business field alone.

What are the main benefits to users of using electronic invoices?

- Quicker retrieval of money from customers by reducing the time an invoice or payment is in the post.
- Reduced printing and postage costs.
- Processing is quicker and cheaper, as the information in electronic invoices can be fed directly into a company’s payments and accounting system.
- Lower storage costs.

What are the main obstacles to the wider use of electronic invoicing?

- Invoices are produced in a wide range of formats and according to many different standards. This hinders the smooth transfer of an invoice from one party to another and prevents the full benefits and cost savings of e-invoicing from being realised.
- Variation in national rules which govern the validity and acceptability of invoices in legal, financial and administrative terms. This makes their use in cross-border transactions within the EU difficult.
- Many potential users have concerns about the security of e-invoicing systems and the potential for misrepresentation and fraud.

What is the European Commission doing about this?

Last year the Commission worked with a wide range of stakeholders - companies, banks, other financial service providers - to try to find solutions to the problems identified. The aim was to make the production and acceptance of invoices as simple as possible.

More about the Commission and its work on e-Invoicing can be found at:

## EC Roadmap for eInvoicing and payments 2006 - 2010

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<td>Planned (2007-2009) <strong>DG MARKT/H3 and DG ENTR/D4</strong></td>
<td>Steering Committee for the creation of a EUROPEAN ELECTRONIC INVOICING (EEI) Framework Responsible for: 1) Contributing to the removal of legal barriers (EC regulator) 2) Establishing and documenting business requirements and addressing commercial barriers 3) Establishing input for single, interoperable data standard for eInvoicing</td>
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<td>Planned 2007 – 2009 <strong>(ISO, SWIFT, CEN, UN/CEFACT, NES..)</strong></td>
<td>Work on the creation of a single, interoperable data standard for e-Invoicing under the umbrella of European and international standards bodies and the support from others</td>
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| July ’07- Dec ‘08 **TAXUD/D1** | Legal study on functioning of the Invoicing Directive (2001/115/EC)
[1](#) |
| 2007-2008 **DIGIT/DG MARKT** | IDABC study on e-invoicing requirements (for public sector, enterprises and service providers) |
| 2008-2010 | SEPA: Co-existence and gradual adoption |
[2](#) and potential proposals for amendments |
| 2008 - 2009 **DIGIT/DG MARKT** | IDABC pilot project in the European Commission based on e-invoicing requirements |
| 2008-2010 **DG INFSO** | Large-scale CIP pilots on e-procurement, including e-invoicing (Consortium: min. 6 Member States participation) |

[1](#) Now incorporated in the VAT Directive (2006/112/EC)

Critically, the derivation of an International e-Invoice standard must be as open and inclusive as possible, involving or consulting a wide range of stakeholders. This exercise must also take into consideration that the e-Invoice is part of a wider procurement process, extending from catalogue to payment and including payment reconciliation.

It is proposed to establish a collaborative activity between the pre-eminent International standardisation bodies, being UN/CEFACT (Trade and Business Process Group (TBG) 1 “Supply Chain” and TBG5 “Finance”) and ISO (Technical Committee 68 “Financial Services”), for the development and delivery of an International EEI standard. This will be an open and transparent process working in partnership with the future EEI Steering Committee (see section 5) to achieve an international, rather than purely European, EEI standard solution. While time to market of any standard is critical, it is also vital that the standard forming the basis of the EEI Framework is International. This will increase market certainty in the solution, and respect the fact that European supply chains extend beyond European geographical boundaries. Experience suggests that a European standard will not readily gain the commercial support and acceptance that an International ISO/UN/CEFACT ratified standard will. In order to facilitate immediate progress towards this goal the next steps will be to agree the existing (or core) e-Invoice data requirements coming from existing standards, solutions and market experience. In order to expedite progress towards an ISO/UN/CEFACT ratified standard it is suggested to establish a collaborative relationship between the EEI Steering Committee and both TBG5 (for ISO20022 co-ordination) and TBG1 (for UN/CEFACT co-ordination). Resources from industry bodies, like SWIFT, will also be key in making effective progress. The following recommendations detail how this will be achieved.

RECOMMENDATIONS TO ADDRESS STANDARDISATION BARRIERS

It is recommended that the future EEI Steering Committee should consider undertaking

Recognising the fact that UN/CEFACT has been mentioned in the EEI 3.2 final report on e-Invoices in Europe as a party to develop standards to allow the EEI Framework to be implemented;

Recognising the importance of a seamless evolution in the dematerialisation of more and more links in the value chain and the implementation and/or migration thereof;

UN/CEFACT
- Will adjust its priorities in the development of the required standards to meet the 18 month timeline which has been mentioned in the report on standards for e-Invoice;
- Will develop and disseminate information for parties concerned (in both public and private sectors), already involved in implementations or considering to do so, to enhance awareness and understanding on the steps to take and facilitate a flawless migration.
Long term convergence goal
A single ISO-UN/CEFACT approach

UN / CEFACT (All Industries)

UN/CEFACT Registry/Repository
- Core Components
- Common Business Processes

UNIFI Financial Repository
- Data Dictionary
- Business Process Catalogue
- www.iso20022.org

UNIFI Registration Authority

UNIFI Standards Evaluation Groups
- Trade Services
- Payments
- Cards
- Securities
- Forex
...

UNIFI Registration Management Group

UNIFI Users
- ISTH
- Omgeo
- CLS
- SWIFT
- Euroclear
- ISITC
- ACBI

Long term convergence goal
A single ISO-UN/CEFACT approach
Examples:

- The Confederation of Netherlands Industry and Employers (known as VNO-NCW): ‘… development of an international open standard in co-operation between UN/CEFACT and ISO is required …’

- The Dutch private sector made funding available to facilitate developments in TBG1

- Pilot based on Cross Industry Invoice – I
Thank you
Allow me to introduce myself:

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Chair of **Netherlands Board on eBusiness Standardisation**
Chair of **WebServices Association**
Head of **Delegation for ISO/ TC68 Financial Services**
Member of **Delegation for UN/ CEFACT**
Member of **UN/ CEFACT e-Business, Government and Trade group**
Member of **CEN Delegation to ICT Standards Board**
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