

It Pays to Purchase an e-Invoicing Solution

Taking the first step to remove paper, reduce costs, and move toward profitability

Many suppliers and buyers continue to send and receive thousands of paper invoices per year. Each paper invoice requires time-intensive, error-prone, manual processing. Consequently, many organizations are missing the opportunity to gain dramatic operational and strategic benefits through electronic invoice processing.

Electronic invoicing, or e-Invoicing, provides the opportunity for suppliers and buyers to automate their business-to-business (B2B), business-to-customer (B2C), and business-to-government (B2G) processes for more accurate and visible transactions.

The High Cost of Paper Invoicing

Think of a huge stack of paper. If a company uses paper to manually process invoices, then that the stack can represent the amount used by that company each year. That stack could be a surprising height if paper is used to manually enter data, handle exceptions, process approvals, or archive files. Multiply the processes with the hundreds or thousands of invoices processed each year and the stack of paper could reach massive proportions.

Similarly, take one piece of paper from the huge stack and evaluate its cost, including the amount of time and labor used to push it along the invoicing process. Both amounts can be significant when compared to electronic invoicing, but there can also be hidden costs. For example, manual processes increase the risk of errors and require an even greater amount of time and labor to solve the problem. In the worst cases such errors can result in costly fines and even prosecution.

Optimization for Growth and Profitability

What are the costs of an organization's invoicing processes, including both the real and hidden costs? Even if an organization has a firm grasp of the time and money required to process invoices on a daily, monthly, quarterly, and annual basis, what are the potential savings of an electronic invoicing solution? For some organizations, the savings can be significant but that is not the only reason to pursue a more efficient invoicing process.

BENEFITS OF E-INVOICING

- *Reduce errors and time spent in manual processes*
- *Reduce paper and align with corporate-wide green initiatives*
- *Integrate invoice information with ERP and SRM applications*
- *Maintain compliance of B2B, B2C, and B2G transactions as regulations change and take effect*
- *Improve cash flow management and supply chain finance*

Many organizations don't realize the opportunity for optimization and profitability with an electronic invoicing solution. With the right solution, a supplier can go beyond removing manual processes along with the associated costs. They can reduce processing times with automation and gain from integration into finance. Going even further, suppliers can benefit from visibility into their invoicing for more optimal and predictable financing. On the buyer side, organizations implementing electronic invoicing can move toward P2P automation and increased collaboration with trading partners.

Compliance

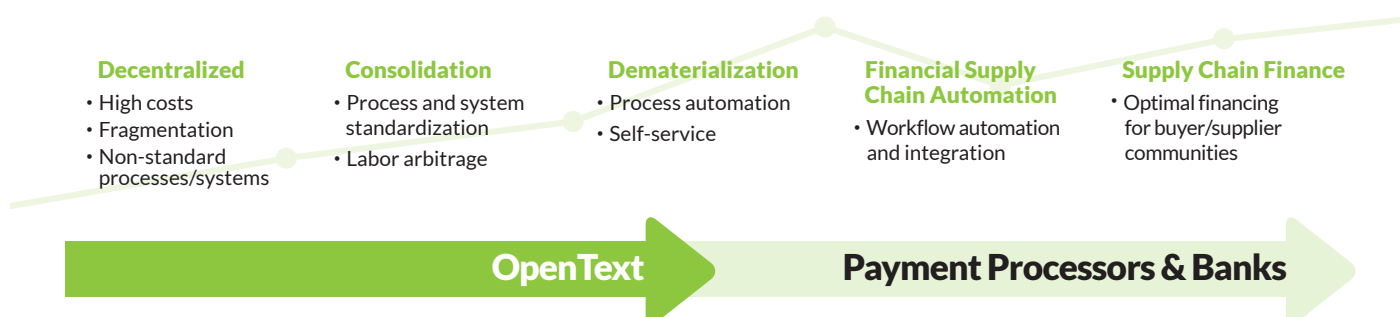
Just as enterprises seek visibility into their B2B and supply chain processes, governments are seeking transparency into B2B, B2C, and B2G transactions for tax purposes. Electronic invoicing mandates are gaining traction worldwide.

- **Europe:** Electronic invoicing in Europe has grown steadily over the last ten years or so due to increasing attempts by the European Union to harmonize and simplify legislation. A liberal approach provides multiple options for organizations wishing to switch. Although electronic invoicing remains optional in most cases many governments have moved towards mandating it for public procurement or B2G transactions. As a result of recent directives, it is expected that by 2020 all EU member states will mandate B2G electronic invoicing. Some European countries like Turkey have already taken this a step further and issued mandates for B2B electronic invoicing as well and it is likely that others will follow.
- **Latin America:** Real-time clearance-based models in Mexico and Brazil are rapidly becoming the de facto standard model for electronic invoicing globally. Driven by strong mandates backed with strict penalties, Mexico and Brazil have taken the lead in electronic invoicing mandates and demonstrated an enviable reduction in tax fraud. More Latin American countries are adopting this model and announcing similar mandates. The success of this model has also inspired countries outside of the region to adopt similar models.
- **North America:** With no Value Added Tax (VAT) regime, electronic invoicing is all about the benefits of invoice automation and cost reduction along with enablement of trade finance and payments automation. There is little in the way of regulation to mandate or restrict electronic invoicing.

	E-Invoice automated*	Paper/manual*	Potential savings*
Invoice Capture <ul style="list-style-type: none"> • Creation of invoice by vendor • Delivery of invoice to buyer • Sorting and routing of invoice to A/P • Entry of invoice into A/P system 	1.10	0.00	1.10
Quality Assurance <ul style="list-style-type: none"> • Verify and augment data • Validate calculations • Match invoice to order receipt and contract • Assign to cost centers • Ensure correct tax treatment 	3.00	0.00	3.00
Routing and Circulation <ul style="list-style-type: none"> • Determine approval authority • Circulate invoice for approval • Resolve disputes with vendor • Monitor status of approval 	6.50	3.20	3.30
Reporting and Filing <ul style="list-style-type: none"> • Record expense in general ledger • Store and archive for audit purposes • Respond to vendor status inquiries • Evaluate and negotiate trade discounts 	4.80	2.80	2.00
Payment <ul style="list-style-type: none"> • Aggregate payments due to vendor • Release payment • Send instructions to bank • Distribute remittance advice to vendor 	2.20	0.80	1.40
Total Costs/ Savings**	17.60	6.80	10.80

**All amounts in Euros (€)

- **Asia Pacific:** The region is relatively immature in terms of electronic invoicing, with some countries like Australia following the more liberal European approach with partial success. Recent public procurement initiatives appear to be raising the profile of electronic invoicing. However, many of the larger economies appear to prefer the Latin American clearance model and mandates are expected to follow.



The Right e-Invoicing Solution

Success in electronic invoicing and procure-to-pay processes depends on finding a solution that fits the needs of stakeholders in the organization, whether it's the Accounts Receivable department, Accounts Payable department, or both.

ACCOUNTS RECEIVABLE

- Data validation to prevent undetected errors in invoices, which could cause late payments from buyers

ACCOUNTS PAYABLE

- Data validation to avoid errors late in the process, causing cost increases for handling exceptions
- Fully-centralized and automated receipt of invoices to improve cash management and optimize corporate finances
- Full supplier enablement to provide even the smallest partners with easy and efficient tools for providing electronic invoices

ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

- Elimination of paper-based processes and redundancies caused by multiple copies of the same document
- Increased accuracy of supplier information with a database that serves as the single source of truth and enables partners to add information through a combination of self-service and alerts
- Faster processing through increased automation and 100% trading partner participation in electronic invoicing and B2B processes

Automation and Compliance for Core Invoice Processes

OpenText provides solutions to reduce paper, increase automation, and add compliance to B2B, B2C, and B2G invoice processes. Seamlessly process electronic data interchange (EDI) invoices as well as convert emails, faxes, and paper documents into electronic data with capture solutions to help centralize data and reduce the use of paper. For both buyers and sellers, OpenText can help accurately validate electronic data to reduce errors. For buyers specifically, we provide for efficient processing to help increase automation.

Whether an enterprise is conducting business across the globe or regionally with plans for expansion, it can rely on compliance through a solution that closely aligns to the latest mandates. Our service is backed by a team of analysts skilled in country-specific accounting, tax and data management and we offer services that can help satisfy government policies.

Validate for Accuracy and Compliance

The data components required by law and the buyer are validated to be available in the electronic invoice. The invoice is validated as compliant with particular requirements, including certain regulatory tax requirements. For example, some European regulations may require a supplier invoice to contain company tax summary, while US supplier invoices must contain a postal code in the "Ship From" and "Ship To" address fields.

Create Invoice Images

An invoice image is created for each invoice and is stored in an online archive. Receive the invoice as a structured electronic document for payment processing and as a readable document for dispute resolution and/or workflow authorization.

Digitally Sign Invoices

An approved digital signature is applied to the legal invoice where required by local regulations. This confirms the integrity of the invoice data, allowing the document to be used when completing tax returns.

Electronic Archiving

All invoice-related documents, including invoice images, are stored in the secure online archive. This provides an audit trail of transactions and management information, as well as a reliable repository for legal document retention.

Non-Signed EDI for EU Countries

Tax authority guidelines in the European Union (EU) permit any digitally-signed PDF, digitally-signed data file or non-signed EDI for compliant electronic invoicing. However, when using non-signed EDI, certain additional compliance documentation is mandated. OpenText provides additional reports to satisfy these requirements. More specifically, the service provides a comprehensive trading partner list and a daily, automatically generated invoice summary report.

Further Automate B2B and Invoicing Processes

Empower electronic invoicing with OpenText B2B Integration technology, processes, and personnel improves B2B processes, supplier participation, and supplier information.

Leverage the Largest B2B Network

Avoid costly infrastructure investments and free up IT resources by moving B2B process to the OpenText™ Trading Grid™, the world's most powerful integration cloud for B2B e-commerce. Leverage our Value Added Network (VAN) to reach trading partners in their preferred format and communication protocol. A secure, fast, and reliable solution, our service supports Internet and private network-connectivity with support for a broad range of B2B protocols to provide reach to a global network of partners.

Automate Process Management

Rules-based services enable businesses to automate steps in electronic processes, including invoicing. Separate incoming documents by document type so that invoices from suppliers can be easily directed to the accounting server, while purchase orders from customers can be directed to the order management system. Copy multiple people or applications for documents sent and received with automated document routing.

Gain Expertise in B2B Processes

Companies today face increasing complexities of B2B program management, such as connecting new trading partners, changing map requirements, or ongoing hardware and software maintenance. Gain efficiency in invoicing and other B2B processes with global processes and expertise that provide systems management, partner onboarding, program management, map development, and global support.



Collaborate More Effectively with Partners

Improve supplier information management and onboarding by eliminating information gaps that could result in delays in invoicing processes. Unify all partner information in a single comprehensive supplier directory. Gain efficiency in collaboration with the B2B community with more accurate, up-to-date contact information through partner self-service tools. Also, configure our cloud-based service to match current onboarding procedures, workflow processes, and community initiatives.

Improve Partner Participation

Improve invoice tracking and reduce procurement costs. Utilize best-in-class community management by OpenText through global trading partner ramping, technical support, and change management to move trading partner participation toward 100%. To help ensure all trading partners are onboarded, OpenText has dedicated teams across the globe committed to onboarding trading communities, regardless of location, partner size, and capability.

Add Visibility to Orders

Optimize procure-to-pay processes and quickly answer such questions as: "Was my order accepted?", "Which version of the order are you shipping again?", "Will the order ship on time?", and "What is the status of my invoice?" Gain a powerful, unified view into

data from various ERP instances and securely extend this view to supplier communities. The Invoicing and Payment module allows users to share an accurate, up-to-date view of all outstanding invoices with the supplier community.

Enable Smaller Suppliers

Extend the electronic B2B community and automated invoice processes to suppliers regardless of their expertise or size. With OpenText, automatically populate systems with accurate data shortly after receiving invoices and other documents in a non-EDI format, such as fax or email.

Comply with Customer e-Commerce Mandates

Participate effortlessly in EDI programs. Working from any desktop, access a web-based multi-lingual interface to trade electronically with business partners. Use pre-populated forms to quickly create and send documents and participate in the customers' purchase processes. Also, receive instant notifications, alerts, and customer notices to keep up-to-date on important changes to invoices, ship notices, and other documents.

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NORTH AMERICA +1 800 334 2255 | +1 301 340 4000 • BRAZIL +55 11 2123-2500
EUROPE, MIDDLE EAST & AFRICA +44 (0)1932 776047 • JAPAN +81 3 4560 6900 • HONG KONG +852 2884 6088