

## **EMSFEI meeting of 20 October 2014- notes from AGC break-out session**

### **Making it happen-electronic invoicing in public procurement**

The following notes were developed for further discussion and analysis.

Definition of e-invoicing to be structured 'truly electronic' invoice with possibility of image/PDF at the presentation layer.

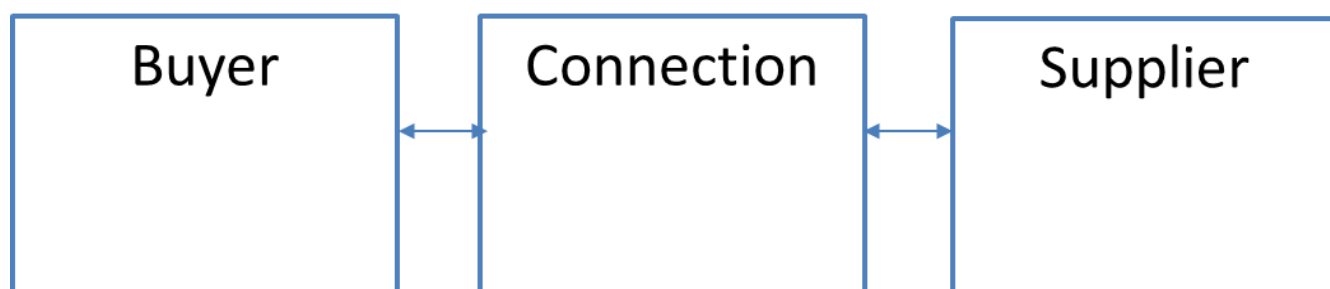
Try to avoid the scanning/OCR route as no longer necessary or desirable. Structured data is the preferable model.

Focus on inbound invoices driven by public procurement recognising that there are similar automation opportunities for outbound claims, tax demands, penalty notices, invoices, statements, etc.

Target market is all public bodies of all functions and sizes- a diverse environment.

Analyse issues and challenges from perspective of:

1. The buying contracting authority
2. The suppliers in the private sector
3. The connection layer



## **Buyer issues and challenges:**

### **1. Creating commitment**

- Buyer mobilization is the biggest challenge (and the greatest source of benefit)
- Developing a business case and business model
- Handling the political dimension
- Understanding public sector role models
- Learning from and comparing with private sector experience
- Working in forums and building contacts
- Estimated savings of 60% of accounts payable costs from a fully automated solution
- E-invoicing has its own business case and is 'low-hanging fruit'
- Consider the wider benefits of transparency of information
- Challenge of job displacement

### **2. Building the organisation**

- In your public sector environment, will it be a centrally managed or de-centralized model or a mixture- preserving flexibility
- Governance model
- Use of Shared Service Centres to create economies of scale and scope
- Project risk management and containment

### **3. Integration**

- What is the targeted/feasible level of automation?
- Plan for full integration from e-invoice reception through workflow to ERP
- But can be semi-automated or even manual processing after invoice receipt at the beginning- maybe a 2-4 year journey to full automation
- Assessing the state of ERP is a key precondition

- Will it be a fully integrated end-to-end system/project for e-procurement through to e-invoicing?
- Or a modular approach recognising the different characteristics of e-procurement versus e-invoicing?

### **Supplier issues and challenges:**

#### 1. Supplier engagement

- To mandate or not to mandate
- Incentives e.g. earlier payment
- Important to include the 'tail' of smaller suppliers
- Business case for suppliers
- Education and training

#### 2. On boarding

- A major activity and the key ingredient for success
- Direct versus indirect (intermediary) models
- Assess the potential role of service providers and networks with large on-boarded supplier bases
- What should be role of portals and gateways?
- Centralised government gateway? What are the success factors?
- Potential future role of banks for 'tail' of SME suppliers through e-banking portal?

#### 3. Ease of use

- Freedom of choice of channels
- Building a uniform process for suppliers
- Defining essential data requirements
- Limited or no IT development for suppliers
- Cloud-based services developing
- Care with creating a public sector silo- should be reusable for B2B
- Support for archiving

## **The connection layer:**

- Interoperability
- Role of networks and transport infrastructure
- Role of standards
- Data conversion and mapping
- Standards can be invisible to the end-user at the technical level
- Role of intermediaries and service providers
- Choice of channels- no 'one size fits all'
- Compliance
- Role of Purchase Orders
- Additional services

## Next steps

It was agreed to progress these ideas into the deliverable identified for the group with support from volunteers. Telephone conference to be arranged one month from now.

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