

**RICOH**  
imagine. change.

Powered by  
**PAGERO**

# The world is moving towards e-invoicing

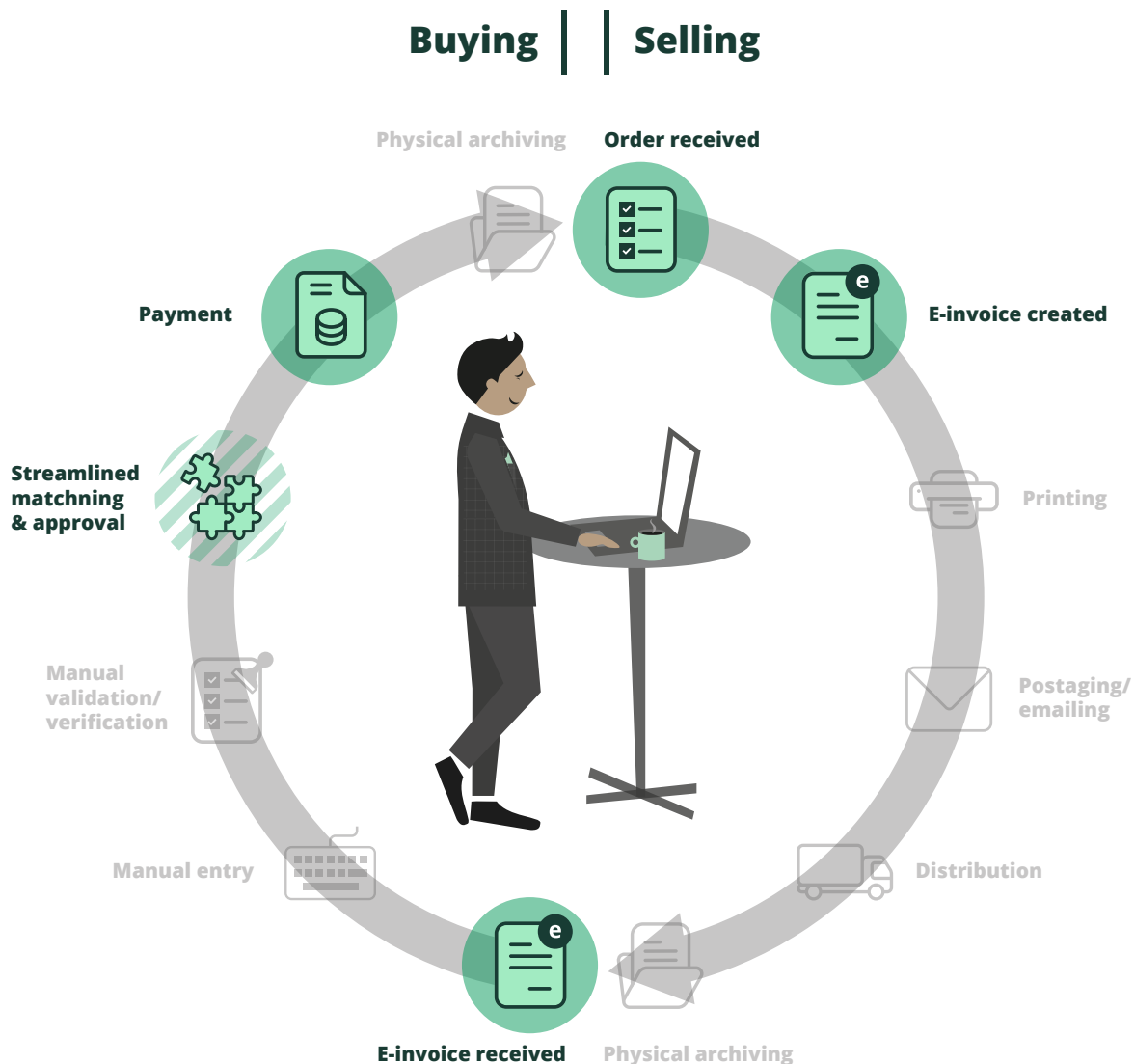
An e-book from our partner Pagero on how  
and why you should switch to e-invoicing

# It's time to switch to genuine e-invoicing

Have you considered the benefits of genuine e-invoicing or maybe wondered what exactly it is? In this e-book, we explain what e-invoicing is, go through today's trends, the maturity of the market, and why your organization should switch to genuine e-invoicing.

Genuine e-invoicing is more than just sending digital documents. It means that an invoice is transmitted digitally and automatically between the financial systems of a buyer and a seller – without human interaction. In other words, the systems send and receive information without relaying it through physical or digital documents. This means zero paper or PDFs, which require manual export and import of data. E-invoicing is simpler, more effective and secure, and reduces the risk of errors.

[Learn more about e-invoicing here](#)





## The benefits of e-invoicing

So, what are the reasons for switching to genuine e-invoicing? Let's go through some major factors playing into why businesses and governments are pushing for a change, and what you should look at when calculating the benefits for your business.

### Digitalization is moving us towards the future

As the world becomes more digital, we're able to remove clerical errors and increase efficiency with automated processes.

By moving ahead to genuine system-to-system e-invoicing, businesses can reduce costs, increase visibility and provide a better services by ensuring that data is transmitted automatically, accurately and securely.

The introduction of new technologies has in itself been a driving force behind digitalization. The business benefits of efficiency and automation have spearheaded the use of technology.

But as markets and businesses mature, we also see a wider spectrum of factors playing into the push for digitalization, like sustainability, security, compliance, control, resilience and automation.

### Process automation

Process automation helps companies ensure a competitive edge. Having completely removed manual document handling and distribution, you will also reap the benefits of fewer errors, rejections and credits.

You end up removing mundane and time-consuming tasks where there's also high risk of human error. By allowing trade to take place seamlessly between buyer and seller systems, companies can cut costs, increase control and strengthen supplier-customer relations.

### Shorten invoice cycle time

Shorter cycle times means reducing the number of days from when an invoice is issued to when it's paid.

For the seller, faster payments increase cashflow; the buyer benefits from reduced late payment fees and the ability to seize early payment discounts. And if there is a problem with an invoice, errors can be handled quickly and easily.

## **Compliance**

Compliance issues are often complex, and if you are doing business across different markets, e-invoicing can be a necessity for ensuring tax compliance.

E-invoicing is currently mandatory in many countries, with many more to come. Although compliance is often seen as a necessary evil, regulated e-invoicing in fact brings direct benefits to your business.

Sending electronic invoices in line with regulatory requirements will help you get paid quicker in many countries. As a buyer, it can also help streamline your error handling and rejection of inaccurate invoices.

With the right service provider, e-invoicing gives you a competitive edge and makes fulfilling taxation requirements more straightforward.

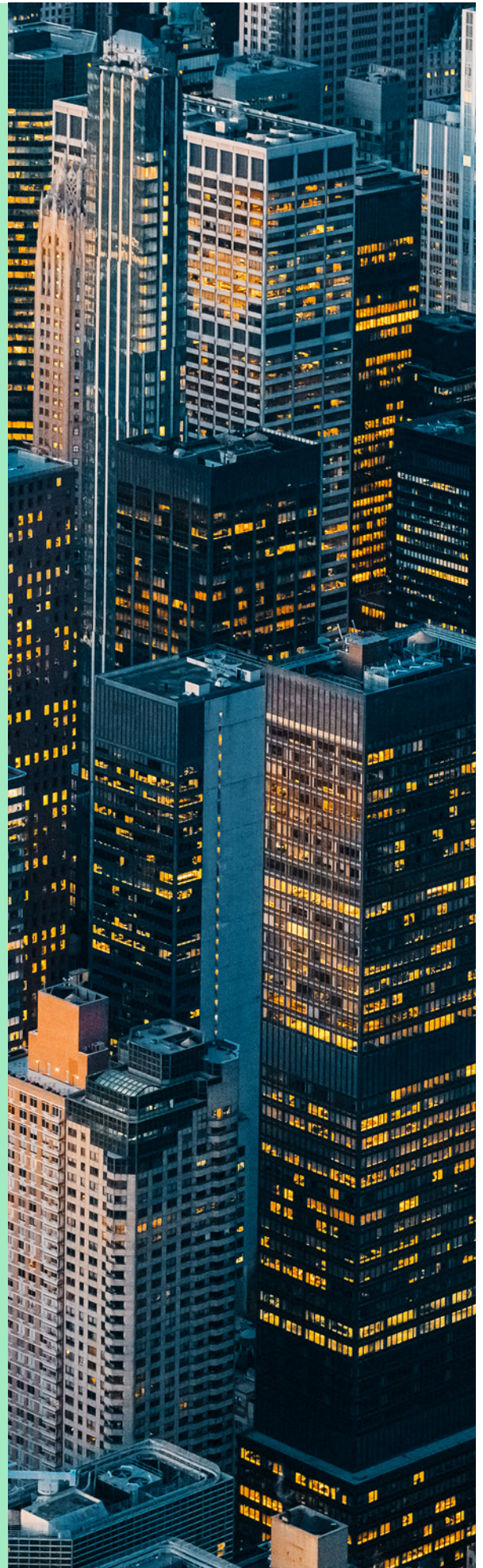
## **Cost savings**

Apart from reducing costs related to paper and shipping, some of the significant cost savings from e-invoicing come from increasing efficiency and reducing the risk of clerical errors. On top of that, accounts receivable and payable teams can focus on more value-generating tasks by removing the need for manual data entry and filing.

This improved efficiency also means that you can increase invoice volumes without necessarily having to increase staff.

## **Data availability and quality**

By ensuring that invoice data is transferred without loss of information or risk of clerical errors, you can increase the availability and accuracy of data in your systems. As a buyer, you reduce the risk of paying faulty invoices or entering the wrong details. As a supplier, you increase the invoice acceptance rate from the customer and reduce the time it takes to get paid.



## Business relationships

Reducing friction and problems in communication is essential to maintaining good relationships. Irrespective of being a buyer or a supplier, a digital and automated invoice process improves business relations and trust.

By enabling system-to-system communication, you remove factors that commonly cause delays, errors and unnecessary manual work on both sides.



## Security

Tightening up digital security is increasingly essential for all business, especially for those who handle personal or sensitive data. Remember: all non-encrypted digital information is susceptible to hacking!

With the right service provider, e-invoices are encrypted throughout the entire distribution process. So, moving towards e-invoicing is safer for your company as well as for your customers and suppliers.

## ESG

Many companies are trying to reduce their environmental footprint as part of their ESG (environmental, social and governance) goals.

Implementing an e-invoicing policy can help companies reach certain ESG goals by reducing paper as well as unnecessary transport and shipping.





## How to measure savings and benefits

The synergy effects of digitalising invoice handling are hard to anticipate from the start. But when it comes down to it, true system-to-system digitalization will bring countless savings and benefits to a business compared to sending emails, PDFs and using OCR.

For any business, digitalization is normally rooted in the savings and benefits that come from removing manual tasks, as well as reducing expenses generated from physical and manual processes (e.g. paper and postage costs). But the calculation for how much you will benefit should also include the impact of increased data quality and accuracy.



## KPIs and success metrics

It is important to select good metrics to measure success early in the project. This will help you evaluate the project but also visualize quick wins and gain momentum in deployment. Here are some examples to get you started:

- Cost per invoice
- Time spent per invoice
- Invoices processed per full time employee
- Staff satisfaction level
- DSO (days sales outstanding) for accounts receivable
- Straight-through processing rate for accounts payable
- Reduced error handling (time spent and frequency of occurrence)
- Reduced CO2 emissions
- Value of data (e.g. identified savings potential through reliable purchasing data)

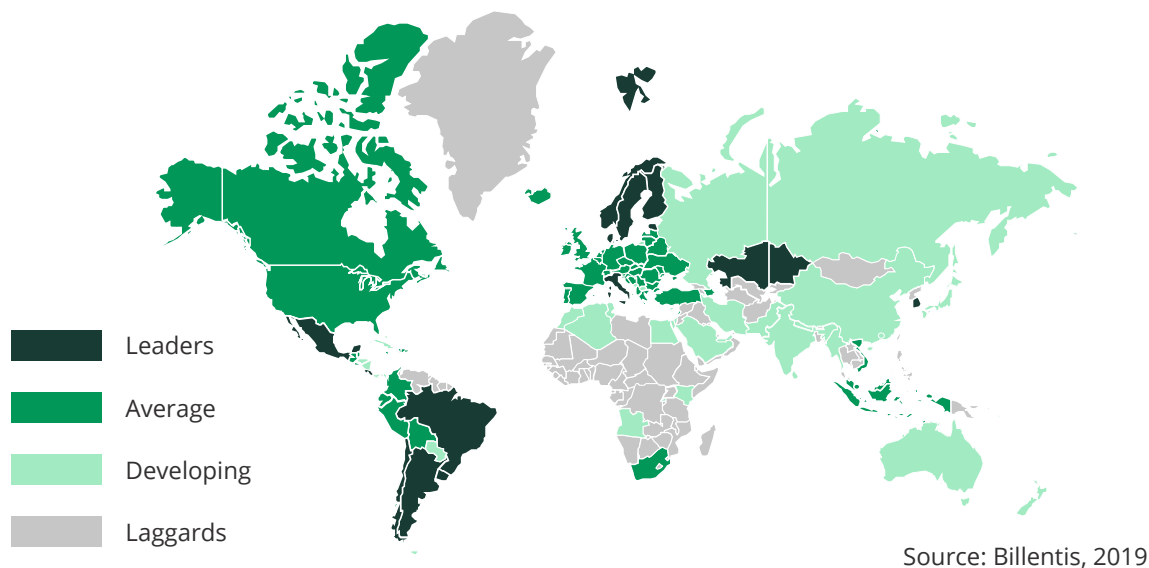


## The e-invoicing landscape

Where are we today in the e-invoicing landscape? There is no single answer to that question because market maturity varies significantly around the world, and most countries are in some form of a transitional period. But the arrows all point in the same direction: towards faster digitalization.

In 2019, around 55 billion invoices were exchanged in a true digital form. However, the global market is forecast to encompass 550 billion invoices annually, and we're expecting digital adoption to quadruple by 2035.

# Market maturity - A brief look at the world



*Market maturity for electronic invoices/bills.*

*'Laggards' in this chart means countries that are typically in a very early stage, although there may be some e-invoicing. 'Developing' refers to countries that have some e-invoicing activities, typically in the B2C segment and/or EDI between larger businesses.*

## **Asia Southeast and Pacific**

The region has a strong uptake of Peppol and other efficiency-centric e-invoicing models. Due to significant cross-border trade, many governments in the region are promoting the idea of having a standardized regional approach to technical and exchange specifications for e-invoicing.

## **Asia Central**

Asia Central has a large variety of invoicing systems operating independently with limited or no harmonization. Tax administrations and the implemented models focus primarily on controls and oversight with little consideration for increasing business efficiency.

## **Latin America**

Mainly aiming to reduce tax evasion, authorities are introducing require-

ments for taxpayers to send invoices to tax administrations for real-time validation and auditing.

The term "e-invoicing" is not used in the same context as in Southeast Asia, Europe or North America; it is more comparable to digital reporting to the government. Tax administrations have introduced proprietary, non-interoperable systems, which has led to a disharmonized landscape from a regional perspective.

## **North America**

Due to a large array of disharmonized invoicing standards, email invoicing has remained prevalent in the market and thus e-invoice adoption has been low. There are, however, ongoing initiatives for a more unified,



interoperable infrastructure. Some regional differences in adoption rates can also be seen. The north is primarily focusing on efficiency through simplification, whereas the south is more focused on reducing tax evasion; e-invoicing efforts in the east are more concerned with government spend management.

### Europe

For Europeans, it has been important to build a framework suitable for companies across different countries. Taxpayers in most countries are e-invoicing voluntarily, but EU directives are also a driver for change. The market is still quite fragmented, although there is collaboration among all stakeholders. There is also a difference in adoption between EU member states and

their neighbours, as well as between the north and south of the union. Due to regional differences, a single e-invoicing model for all of Europe is unlikely.

### Africa

Some countries are increasing electronic control mechanisms for business transactions in order to combat tax evasion and corruption. One example of this is the mandatory use of electronic fiscal devices (EFDs), which is an umbrella term for technological devices that revenue administrations can use to help monitor business transactions. Adoption of genuine e-invoicing is extremely low. Businesses in high-volume industries are increasingly digitalizing certain transaction flows to increase efficiency.



## What are the driving forces?

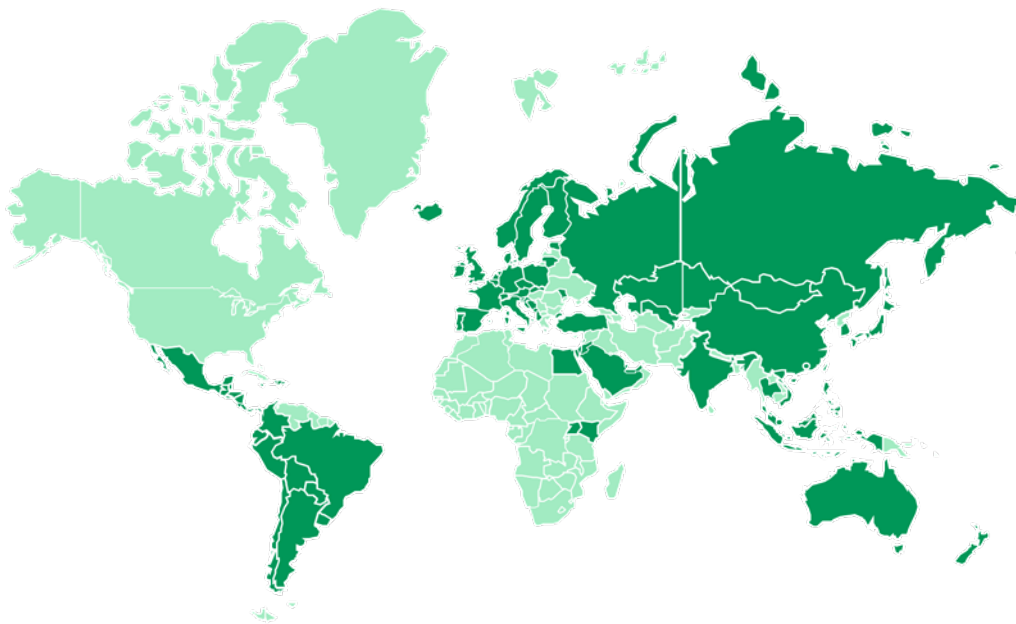
Digital transformation is no longer an option; it's imperative. And that's going to impact how fast the world moves forward. As you saw in the overview of the e-invoicing landscape, market maturity may vary but driving forces are similar throughout. And what do they have in common? Digitalization – a necessary and fundamental first step in achieving success in any market.

### Driving force: Automation

A rapidly growing number of disruptive next-generation technologies have been shifting the world towards new digital solutions. They pave the way to substitute old methods and processes with new services and new government control tools.

One of these powerful market transitions is taking place with e-invoicing. Many businesses digitalize invoice handling as a necessary step to allow for process automation. Ensuring data availability and accuracy, in combination with the ability to automatically validate, enrich and correct that data, is one of the cornerstones of invoice automation. Technological

development will likely continue to drive the movement away from traditional invoice handling. Emerging technologies like blockchain, cloud aggregation platforms, robotic process automation, machine learning and advanced analytics may pave the way to a higher degree of business process automation and the full potential for savings.



 Countries with implemented or planned e-document regulations

### Driving force: Government legislation

The private sector was the main driver for market development during initial phases of e-invoice adoption around the world; now however, it is governments that are increasingly driving this change. Amongst others, confronting tax evasion and the VAT gap are the prominent accelerators for digitalizing domestic invoice distribution and tax reporting.

At the same time, tax authorities are also seeing value from more efficient processes, clear communication and a lower carbon footprint. Private businesses also benefit from having more direct channels on which to report invoices and tax information.

### Main drivers for legislation

- Reducing the tax gap
- Increasing governmental and business efficiency
- Reducing environmental impact



## Driving force: Sustainability

Monitoring and reducing an organization's environmental impact is an increasingly important matter for businesses and government bodies around the world.

Digitalizing the handling of business documents such as invoices reduces not only paper consumption but also emissions from transportation and shipping.



## Driving force: The next normal

For many businesses, new ways of operating have become standard, such as home office and flexible hours. But defining a new normal looks different for each organization that no longer relies on prior certainties like a fully staffed office, legacy operating systems and manual bookkeeping.

Companies of all sizes are looking for easier ways to make and receive on-time payments. Most importantly, these methods and tools have to be reliable no matter what the future holds.

Digitalising your invoicing process—whether inbound, outbound or both—is a step towards reinventing your internal processes without sacrificing efficiency, productivity or security. E-invoicing creates remote and flexible work environments and opens the door to opportunities for decentralization. With e-invoicing, you can welcome whatever the next normal may bring.



## Factors at play

Now that you've acquainted yourself with current global trends, let's look at some additional factors to keep in mind as you choose a service provider and continue your e-invoicing journey.



### Local legislation and standards

As a result of the many legislative initiatives by governments around the world, the global e-invoicing landscape is becoming increasingly disharmonized.

Many countries are implementing their own infrastructures, standards and requirements; this means that multinational businesses face more challenges when attempting to standardize transnational invoice exchange.

Complying with requirements across markets plays a big role in e-invoicing, so choose a service provider that can help you keep up with legislation **everywhere you do business.**

### Supplier portals

Many larger companies provide portals where suppliers are required to upload invoices when doing business with them. This can pose a problem for suppliers, especially if several clients use their own variant.

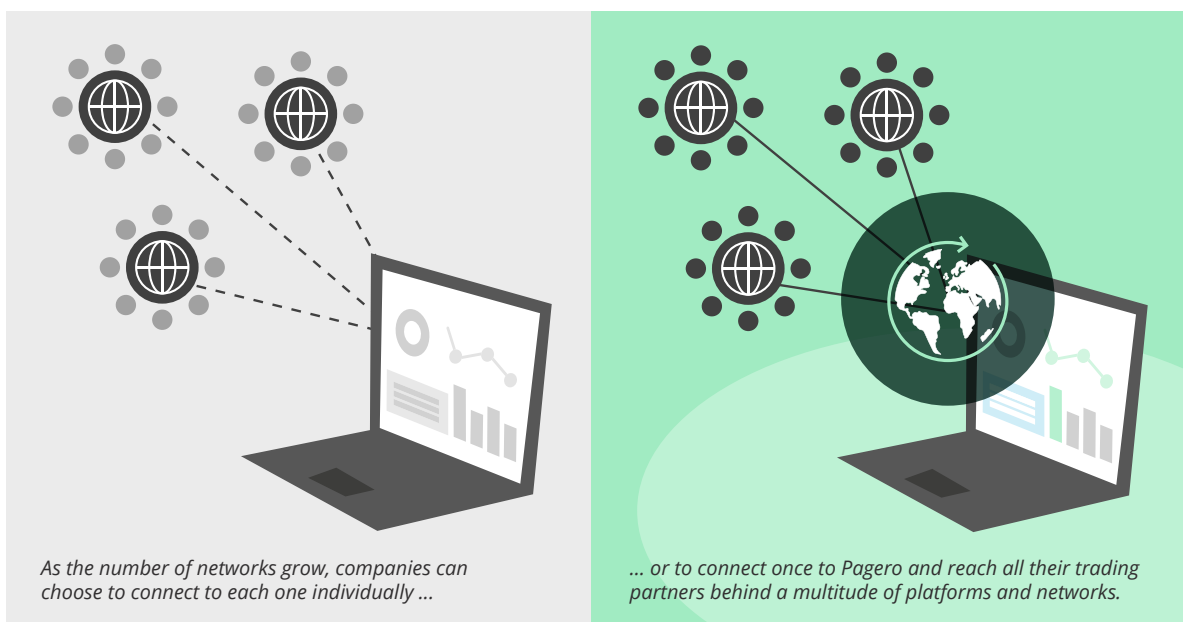
To bridge the gap between these technologies, you need a solution that speaks to as many portals as possible. You should be able to use your e-invoicing system without spending time on adapting invoices to specific customers. To those means, it is key that integration be a possibility between portals.

## Closed and open networks

Another factor of market maturity relates to the level of interoperability between e-invoicing networks. Whether an e-invoicing network allows businesses from different networks to connect can be compared to how telecommunications has matured.

When making a call today, you do not need to consider which phone operator the receiver is using on the other end. You know you will be able to speak to each other despite paying different service providers or even being on different continents.

The situation looks a bit different when it comes to e-invoicing. Currently, most e-invoicing networks are closed and cannot effectively handle information outside their own network. As a result, **Business 1** using **Network A**, is likely unable to connect to **Business 2** using **Network B**. This is an indicator of an immature market.



An e-invoicing service provider with an open network means they can strategically connect businesses on separate networks, enabling traffic between businesses on multiple platforms. As a result, users can reach more businesses than those on a closed network. In addition to more business reach, an open network will typically be able to connect your business to government platforms and other standardized frameworks such as Peppol.

### What is Peppol?

Peppol is a common framework for secure cross-border exchange of electronic business documents.

The overall objective is to enable simple, safe e-document exchange between public and private entities worldwide [Learn all about Peppol here.](#)



## Ready to start your digital transformation?

– Here are a few things to consider when planning the switch

Are you ready to join the digitalized future? Great! We've provided a list of things to think about when making this switch.

By creating a plan that suits your business needs and teaming up with a service provider, you will have a smooth transition, at a speed that suits your organization, clients and suppliers. This plan will also help you select the right service provider.

## Define your scope

The first thing to do is to define your scope. What are your short-term needs? And what could come up in the future?

Based on your business model and strategy, you can set goals for your project and plan your next steps carefully. Here are a few pointers on what to consider in your scope:

### Which systems should be included?

Are you using different financial systems for suppliers, customers or amongst various markets? If so, you should make sure that all systems are covered.

### What countries and regulatory requirements do I need to handle?

Where are you doing business today? Where are you planning to expand? Make sure that you pick a provider that is compliant in the regions where you operate and is up to date with **changing legislation.**

## Just invoicing?

Are you just looking at invoicing, or are there other requirements that you need to consider regarding compliance or customer demands? This is important when selecting a service provider since you will want the same network for handling purchase orders, invoice responses and other documents alike.

## What are your archiving needs?

Different countries and markets have different requirements for archiving information, data, and invoices. Make sure that you have a clear understanding of your needs so that when you select a provider, they can cover the archiving requirements of your business now and in the future.

## Do I still need to handle non-digital invoices?

As most markets are in a transitional phase, some of your customers and suppliers may still be using paper invoices. Make sure that you include continued handling of non-digital information in your scope and plan.

## Prepare for scale

Make sure that you take future requirements into account. Even if your current need for e-invoicing is limited to a few customers, this will likely change. You can expect more customers to request that you use e-invoicing in the future and that this will also include more document types.

### Review your plan

- 1** Compare the scope to your current business strategy
- 2** Examine your own requirements for outbound and inbound invoicing, including master data and capacity
- 3** Determine the number of invoices sent and received on an annual basis
- 4** Determine the number of suppliers or customers involved
- 5** Investigate the ability of their existing ERP/accounting systems to handle e-invoices





## Think about this when selecting a service provider

Once you've set up your scope, you will also have a list of requirements that your service provider must be able to handle. Remember, even if you only have a few customers requiring e-invoicing today, e-invoicing is expected to quadruple in usage over the next few years.

This means that you should select a provider that can cover your needs in the future. The right service provider will ensure that e-invoicing gives you a competitive edge and that you have access to all markets.

The key to cultivating a healthy digital ecosystem is partnering with a service provider that works with you to execute a seamless transition without interrupting your daily operations.

Look for a supplier that can take all aspects into account:

### 1 Join an open network

Make sure that the network you choose can connect you to as many other networks as possible to future-proof your business plan and leave room for growth.

### 2 Connect to your financial system(s)

To minimize system and format changes, make sure you find a service provider with knowledge about your financial system and experience with integration.

### 3 Prioritize data accuracy

Once all your transactions are digital, you can start collecting data. For each order and invoice, there is so much more information stored than any one person or department might realize; trends, patterns and pricing insights are just the beginning.

### 4 Invest in onboarding support

Make sure that your provider offers onboarding support so that you can onboard suppliers or customers swiftly and realize a quick return on investment. It is possible to



start an onboarding project of your own, but that will require dedicated resources, training and knowledge about the different networks and operators out there.

Choose a service provider that provides onboarding solutions that take this work out of your hands. They will contact your trading partners to lay out and execute a plan for each of them, simplifying the process for everyone involved.

#### 5 **Do not neglect regulatory compliance support**

If you operate in more than one country, have plans to expand your business, or have business partners located in other countries, you need to consider a service provider that can help you navigate the regulatory landscape and comply with local regulations.

The right service provider makes invoice and tax compliance second nature by ensuring your company is always up to date with local regulations in each country where you operate. Compliance with local rules and requirements should come as part of the package without altering connectivity and integration within your business group.

#### 6 **Receipt handling**

One of the added benefits of going digital is streamlining the handling of invoice receipts and status messages. Using digital receipts that are transmitted when the invoice is approved, paid, rejected, etc. will lead to significantly better communication between you and your trading partners.

#### 7 **Don't forget customer demands**

Fulfilling legal requirements is just one aspect of e-invoicing; ensuring that you can meet the business requirements of your customers is equally important for on-time payments. Select a platform that offers flexibility and functionality to help you meet customer demands.



## Let the experts help you

To support you in adopting digital invoicing, Ricoh and Pagaró have joined forces.

We work hard to make your transition seamless, so you can send e-invoices via Pagaró – or send print and email versions to buyers and suppliers who need time to adapt – from one cloud portal. **Contact us to get started.**

# RICOH

imagine. change.



Powered by **PAGERO**

Ricoh's Invoicing is a flexible solution that addresses your current requirements and supports your transition from paper-based invoicing to a fully digital solution, at a speed that suits your organization, clients and suppliers. The service is offered via the Pagero Network, the world's fastest-growing cloud-based network for business transactions.

Combining Ricoh's extensive expertise in document delivery, with Pagero's leading position in e-invoicing and digitalization, we ensure compliance with rapidly changing e-invoice regulations, all through a single, fully integrated solution.

This e-book was created by Ricoh's e-invoicing partner, [Pagero](#).