

# Ensuring Worldwide E-invoicing Compliance with One Global Solution

By Emmanuel Olivier | Esker Worldwide Chief Operating Officer



## Rules are rules

Moving to e-invoicing is no longer an option for businesses – it's an obligation. Propelled by the goal of preventing tax evasion, mandatory e-invoicing legislation is on the rise globally, driving the transition from paper to electronic invoicing and archiving.

Latin America was the first to enforce the use of e-invoicing in the late 2000s, using the clearance tax audit system (real-time invoice verification by the local tax authority). In Europe, the EU Directive on e-invoicing and public procurement was put in place to make e-invoicing the predominant method of invoicing in Europe by 2020. To support this directive, many governments introduced legislations requiring vendors to send e-invoices to all public administrations (PA). Italy became the first European member state to mandate business-to-business (B2B)

and business-to-government (B2G) e-invoicing. Other countries, which include France, Poland, Romania, Spain and Germany, have followed Italy's lead. These countries are planning to mandate e-invoicing within the next three years, at the latest.

The growing number of governments and corporations adopting e-invoicing means that companies need to send e-invoices to do business and get paid. However, the increasing number of rules, formats, platforms and certificates brings a lot of complexity to compliance. And the time from when the requirement is published, to the deadline for businesses to comply is very short, while the number of regulations continues to grow. Efforts have been made to standardise public procurement and simplify document exchanges between companies and public entities, notably with PEPPOL; however, in reality, compliance remains highly complex in the B2B world, where each country creates its own system and standards.

While it might be tempting to sit back and wait for deadlines to draw near, businesses must embrace the shift to e-invoicing or risk being left behind.

## E-invoicing on the rise

According to Bruno Koch at Billentis, the global market is forecast to encompass 550 billion invoices annually and to quadruple in size by 2035. It's estimated that the size of the global e-invoicing and enablement market will reach approximately 18 billion euros in 2025. The private sector was the main driver for market development in the first phase; however, it is now being increasingly pushed by governments. The VAT gap is increasingly becoming the main accelerator for the digitisation of business, fiscal, reporting, inventory, trade and logistical documents.

As more and more companies replace their costly paper-based invoice processes with less expensive and more efficient e-invoicing delivery and archiving solutions, they are discovering new ways to help increase their competitive advantage and business efficiency (reduced invoice-related errors, time and cost savings, faster payment, etc.). While e-invoicing is beginning to realise its potential, one of the reasons it has not been widely adopted so far is the confusion around aforementioned tax compliance.

## One solution to send e-invoices

Selecting a solution that's capable of meeting specific billing needs is vital for businesses. Companies that rely on multiple local services providers to ensure e-invoice compliance in different countries find it difficult to uphold rigid local specifications and manage numerous providers. Working with one provider and one solution is the preferred way to go.

Five reasons to select a global e-invoicing solution include:

- **Increased visibility:** An international organisation located in multiple countries requires a solution that provides visibility over all invoices worldwide as well as on a subsidiary or entity level. Multi-user solution access improves collaboration amongst accounts receivable (AR) teams.
- **Improved compliance with local regulations:** Businesses must comply with different e-invoicing regulations in the countries they do business to avoid penalties, either by formatting their invoices into an XML file or finding a way to be connected with tax authorities' platforms to submit their invoices (e.g., PEPPOL).
- **Ability to anticipate future mandates:** As e-invoicing regulations continue to evolve, businesses need to ensure that they are up to date on new requirements and able to quickly respond to changes.
- **Optimised internal processes:** Companies are always looking to speed up internal processes and improve team productivity, particularly in AR and accounts payable (AP). By automating these processes, businesses can manage 100% of invoices regardless of format, reduce errors and costs associated with manual handling, and lower DSO.
- **Enhanced user experience:** Solution user adoption rates are greater when only one solution is used.

## All roads lead to Esker

Esker delivers and receives compliant customer and supplier e-invoices on a global scale. Esker is capable of processing different formats (PDF, XML, UBL, Facturae, Fattura-PA, etc.), as well as communicating with different public administration platforms (Chorus, FAcE, Billexo, SDI, PEPPOL, etc.) to send and receive e-invoices and provide visibility on invoice status.

Through its partnership with Sovos TrustWeaver, a leading e-invoicing compliance expert, Esker's cloud platform helps businesses achieve global compliance in whatever technology they choose (e-signatures, time stamps and verifications in over 60 countries, BCAT with Esker's audit trail or EDI), as well as provide e-invoice archiving that's compliant with local and international regulatory frameworks.

Esker has proficient technological and local market knowledge to adapt its solution to evolving legislative requirements and help businesses navigate the complex universe of e-invoicing. However, it's not just e-invoicing that is becoming mandatory. The evolving market trend toward full business automation with the government is on the rise. Some, like Italy, have started requiring businesses to receive electronic orders as well. Esker's unique platform delivers the full scope of automation across the source-to-pay and order-to-cash processes and can support the global movement to standardise exchanges between the private and public sectors.