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Deutsche Bank

Spring 2010

Electronic Invoicing — eBills

By Christian-d Schaefer
Head of Product Management Trade & Financial Supply Chain EMEA

As well as providing significant cost savings through dematerializing paper processes, electronic invoicing can act as a driver and facilitator of financial supply chain management. Despite this, the percentage of invoices that are processed electronically in Europe remains low.

Released in early-2009, the European Commission Expert Group on e-Invoicing's Mid-Term Report suggested that the electronic processing of business-to-business (B2B) invoices in Europe could potentially offer annual cost savings of around EUR 200 billion. And a Deutsche Bank Research report* published last August estimated that e-invoices comprise only 5% of the total volume of invoices across Europe. There are therefore many opportunities here for corporates to improve on existing processes and overhaul certain aspects of their relationships with buyers and suppliers.

Tackling Inefficiencies
Most trade transactions are still processed using paper documents and procedures, and processes relating to the traditional financial supply chain are therefore often error-prone and inefficient. Paper document chains also make monitoring and integrating information flows difficult, providing limited information to assist in cash forecasting and related decision making. It is in this respect — information management — that switching to paperless processes is often one of the first changes to be instituted when a corporate is seeking to take a more integrated approach to its financial supply chain.

Indeed, e-invoicing projects are most often found in large corporates that receive high volumes of such documents and where the efficiency gains in, for example, accounts payable departments can be substantial. For such corporates, integrating data received from electronic invoice presentment and payment (EIPP) providers into their enterprise resource planning (ERP) system can facilitate the matching of invoices, purchase orders and good receipt information. These arrangements allow a corporate to benefit from clearly structured and uniform data quality, reducing errors and aiding timely and efficient liquidity management.

eBills
Of course, given the financial conditions experienced over the past 18 months, many corporates have been focused on basic survival and have been unable to devote resources to projects that may not deliver a return on investment for 12 to 24 months. However, the economic climate is now changing and, for those with the capacity and wherewithal to think in the longer term, e-invoicing represents a huge opportunity.

However, several key factors should be taken into consideration to ensure success in implementing such programmes. First, a multi-channel strategy should be employed, giving suppliers a range of options for submitting invoices. Second, strong onboarding capabilities are key — certainly, having the buy-in of trading parents is crucial to the success of any e-invoicing scheme.

Both of these factors can be addressed by a specialist financial institution such as Deutsche Bank. Indeed, Deutsche Bank's eBills module forms the basis of much of the bank's financial supply chain management provision and is fully integrated with all other related platforms. Clients are therefore offered a holistic approach to their supply chains, backed by the scale and expertise of a global provider of transaction banking solutions.

*http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000245196.pdf