



How to Successfully Implement an E-invoicing Solution



Contents

Overview	2
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The Economic Impact of E-invoicing on Businesses	3
---	---

Increased Business Efficiency	3
-------------------------------------	---

Optimised Cash Flow	3
---------------------------	---

Continuous Compliance	4
-----------------------------	---

Reduced Ecological Footprint.....	4
-----------------------------------	---

Improved Customer and Employee Experience.....	4
--	---

Governments Are Accelerating E-invoicing Adoption.....	5
--	---

Strategic and Global vs Tactical and Local	5
--	---

How to Implement an E-invoicing Solution	6
---	---

(i) Planning and Analysis: Define the Scope.....	6
--	---

(ii) Developing the Business Case	7
---	---

(iii) Validating Offerings and Finding the Right Solution	10
---	----

(iv) Monitoring KPIs and Tracking Progress.....	10
---	----

Additional E-invoicing Resources	11
---	----

Why Choose Avalara as an E-invoicing Partner?	12
--	----

Overview

A powerful e-invoicing solution can lead to collaborative customer relations, support timely invoice processing, reduce Accounts Payable (AP) and Account Receivable (AR) costs and enhance employee engagement by relieving them from tedious tasks through automation.

However, the switch to a digital-first invoicing process can be a source of trepidation for business stakeholders, which can ultimately hold back the transformation of the department. Change — even beneficial change — is not always easy, but it may be necessary in this case.

E-invoicing mandates are rapidly becoming the norm worldwide. But what do you do when you can't get stakeholder buy-in? When time is ticking down to mandatory e-invoicing, how do you convince those around you that e-invoicing is a must? Alex Baulf, Senior Director of Global Indirect Tax at Avalara, put it best when he said: "Businesses now need to think strategic and global rather than tactical and local."

In part one of our e-invoicing series, ["The Rise of E-invoicing - The Direction of Travel"](#), we provided insights into the fundamentals of what e-invoicing is and what it can do for businesses. In this guide, we will delve into the economic advantages of e-invoicing and explore how future-thinking finance departments can win stakeholder buy-in. Lastly, we will provide a step-by-step guide on how to find and implement a solution successfully.



The Economic Impact of E-invoicing on Businesses

E-invoicing allows the exchange of structured invoice data between the supplier and the customer, automating a significant part of the payment process and reducing the need for human intervention in the cycle. Invoices will no longer be lost in the postal system.

In a nutshell, e-invoicing can cut company costs by eliminating hours wasted on repetitive administrative tasks while limiting the risk of human error. The process is consistent and efficient, driving down the time spent chasing payments or dealing with disputes around missed deadlines. It's, therefore, an efficient way of automating finance departments.

The economic benefits of e-invoicing could transform the profitability of a company if implemented correctly with the right partner:



Increased Business Efficiency

Possibly the most obvious benefit of e-invoicing is the enhanced business efficiency it affords. Businesses can free up their Accounts Payable/Accounts Receivable staff for more business-critical tasks by automating tedious manual admin such as data entry.

A recent study of more than 10,000 finance workers spanning nearly a dozen countries reveals that finance employees average more than **three hours a day** on manual, repetitive computer tasks. This figure alone demonstrates the cost-saving potential of an automated invoicing system.

In addition, e-invoicing allows the transfer of data directly into the recipient's system, leading to fewer human errors and a more streamlined back-office workflow. Meanwhile, businesses that continue to cling to manual invoicing drive employees to waste a significant amount of time fixing mistakes, searching through paperwork and performing mundane tasks.

Optimised Cash Flow

One of the core attractions to immediate e-invoicing is the automated processing of invoices, which leads to a shorter order-to-pay cycle. By reducing the invoice processing times, buyers can capture early payments discounts while suppliers receive payments quicker, enabling them to re-invest cash into their business. Businesses can also decrease the risk of late payment fees, which can quickly add up.

Improved cash flow is critical to growing a business — and optimising the payment procedures through e-invoicing is one of the simplest ways to ensure a steady stream of cash into a business.

Continuous Compliance

With the increasing number of government [e-invoicing mandates](#) rolling out across the globe, it's critical to choose an e-invoicing platform that can handle any developing regulations. Businesses can thus avoid the risk of non-compliance fees when legislation changes. In [Italy](#), for instance, companies risk up to €400 per day penalty if they do not submit invoices according to the tax authority requirements.

E-invoicing compliance is a growing concern for global businesses that do not have the in-house capacity or expertise to keep abreast of the fragmented landscape. Regulations vary between countries, which requires an in-depth understanding of e-invoicing mandates. A robust platform can adapt to changes rapidly, leaving little room for any non-compliance mishaps.

Reduced Ecological Footprint

Paper invoices are an environmental nightmare for businesses. Switching to e-invoicing enables companies to strive towards their Environmental, Social and Governance targets while reducing costs by reducing paper use, printing, transport and physical storage.

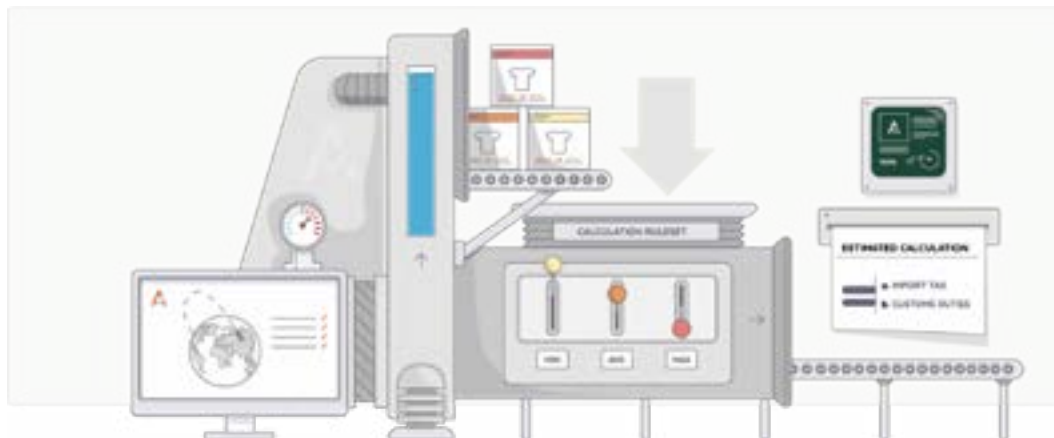
The environmental impact of their operations will prove to be a pressing concern for larger businesses in the coming years. A recent survey of more than 2,000 executives in 21 countries found that **79%** see climate change as a significant issue for their businesses, up from **59%** at the beginning of 2021. With more eco-conscious consumers and investors, switching to e-invoicing can enhance a company's green agenda, empowering business leaders to get ahead of any environmental scrutiny further down the line.

Improved Customer and Employee Experience

Automating any task means one thing: speed. Immediate service has become an expectation. Therefore, a swift invoicing process can be hugely beneficial for customer relations as it is generally more convenient. By making it easier to receive and process invoices, businesses can reduce the risk of late payments while enhancing the customer's overall experience and boosting brand loyalty.

Within their own organisations, AP/AR employees will appreciate when monotonous invoice data entry tasks are removed from their to-do lists, leading them to become more engaged at work.

Employee engagement relates directly to profitability due to lower staff churn and higher productivity. Engaged employees also more likely to strive towards the organisation's goals, making company success more attainable. Although e-invoicing is not a silver bullet for disengaged AP staff, it can go a long way to making their roles more valuable — helping to build a more satisfied workforce.



Governments Are Accelerating E-invoicing Adoption

Businesses aren't the only ones who stand to gain from e-invoicing. Governments and tax authorities worldwide are using e-invoicing as a mechanism for augmenting their tax collection efforts.

With fastening cadence, governments around the world impose mandatory usage of e-invoicing and digital reporting on enterprises. The challenge of coping with several new mandates for e-invoicing and digital reporting each year might be overwhelming to some. Only businesses that think globally and strategically will be able to find solutions and processes that meet current and future mandated requirements. Managing the upcoming — in some cases completely unknown — government legislation, is only possible for companies that prioritise strategic global connected solutions over tactical, local e-invoicing systems.

Learn more about the acceleration of e-invoicing

Strategic and Global vs Tactical and Local

— A Note from Alex Baulf, Senior Director, Global Indirect Tax



We've moved to a position now where businesses are almost playing “whack-a-mole”. It seems like every week there is a new mandate in a new country or a change to existing e-invoicing and digital reporting requirements. Businesses suddenly need to get to grips with these new and emerging requirements. They need to ask themselves, “What is this mandate? How does this affect me? Does it affect resident businesses or non-resident businesses? Is it B2G, B2B, B2C?”, while classifying customers and revenue streams and waiting on local details.

I think we've reached critical mass, and the direction of travel is clear. Businesses need to think more in terms of **global and scalable**, finding a solution and process that not only meets the requirements we're currently witnessing but also meets the roadmap requirements that are going to be introduced. It's not so much about where you are today, but rather which markets you're going to be operating in tomorrow. **It's about moving away from tactical, local solutions to a strategic global solution** — a single scalable e-invoicing and digital reporting platform that is compliant across multiple jurisdictions. A solution that will flex and scale as the business grows, and indeed as the mandates grow.”

How to Implement an E-invoicing Solution

Setting up any new system for the first time can be a challenge. It's not just the initial installation of software or training staff, but the continued smooth running of processes after that.

E-invoicing will be new territory for many AP/AR departments. A clear implementation plan is therefore required to make the switch to electronic invoice processing as smooth as possible for everyone involved. We have outlined four core steps required to integrate e-invoicing with your AP/AR departments: (i) Planning and analysis, (ii) Developing the business case, (iii) Validating offerings and finding the right solution, and (iv) Monitoring KPIs and tracking progress.



(i) Planning and Analysis: Define the Scope

To effectively implement an e-invoicing solution, it's first critical to align the need for e-invoicing with the company's wider digital transformation strategy. Taking a siloed approach to e-invoicing will prevent businesses from reaping the full business-wide benefits of digital transformation.

Secondly, consider what you hope to achieve with the project, i.e., set attainable and measurable goals. The goals can be financial or compliance-related — in any case, they should align with your business needs. Set a combination of short and long-term goals, and examine how the e-invoicing solution will scale to meet new requirements.

For example:

- Reduce invoice processing costs and times
- Reduce exception rates and other invoice processing issues
- Develop a more effective supplier payment strategy to help better manage and control cash, and optimise working capital
- Minimise late payments and late payment penalties
- Use data to become a more intelligent operation
- Improve customer service and supplier relations

Once you have identified the goals, the next step is to determine how you want the e-invoicing solution to work for you. For instance, do you need to handle both inbound and outbound invoices? Do you require e-archiving or e-signature capabilities, too? Another key consideration is your existing IT infrastructure. It is important to keep any interruptions to your business operations to a minimum. Therefore, a significant overhaul of your existing systems should be avoided.

At this stage, consider how much budget will need to be allocated in order to make the e-invoicing implementation a success, as well as the timeline for implementation. At Avalara, we recommend planning in advance and, where indicated, aligning the timeline for implementation with the deadlines that tax authorities impose for e-invoicing compliance to avoid any penalties.

Keep up to date with
e-invoicing via our blog

(ii) Developing the Business Case

A persuasive business case is essential to winning stakeholder buy-in. While it should highlight the reasons for investments, it must not be embellished with inflated benefits or presented with blithe ignorance of any risks.

The value of a successful business case lies in its credibility. Below we have outlined the main steps involved in creating a credible yet compelling case for e-invoicing.

Step One: Detail Current State, Desired Future State and Barriers

After defining the scope of the project and determining how it aligns with business needs, it's important to articulate the current state and desired future state to monitor progress effectively.

To analyse the current state, describe the processes currently in place, highlighting the major pain points and key issues that affect the organisation and AP/AR stakeholders. By doing so, you can establish a baseline for operations that will help determine the organisational readiness for digital AP/AR transformation.

The analysis should cover the following areas:

- **Organisation:** Capture the structure, skills and capabilities of the AP/AR team, as well as the overall alignment with partners in procurement and wider finance departments.
- **Process:** Define the key tasks, activities and approaches taken to execute daily operations, including the receipt, processing and payment of invoices.
- **Technology:** Describe the level of automation in place and how well technology is leveraged to enhance processes within the department.
- **Data management:** Describe the accessibility and visibility of data, including the ability to utilise it within AP/AR and across the organisation.
- **Performance:** Establish key performance indicators (KPIs) for implementing e-invoicing to measure its effectiveness over time.

Determining the desired future state is the process of determining gaps in existing capabilities based on your current state analysis and creating a set of proposed changes necessary to attain the desired future state. When determining the formal requirements for the project, you must include the desired functional specifications, technical considerations and relevant needs such as training and budget.

Some companies may view e-invoicing with trepidation for several reasons. But often, these concerns can be overcome when looking at the benefits of adopting e-invoicing. Below, we've outlined four of the main challenges preventing businesses from making the switch to [e-invoicing](#) — along with solutions to overcome them:

- **Complex legal requirements.** E-invoicing regulations aren't straightforward. The country-to-country variations can cause a compliance nightmare for global businesses if they don't have the support to guide them through the changing regulations. However, robust futureproof e-invoicing software can cut out the bureaucracy and ensure compliance in just a few clicks.
- **Large-scale change.** E-invoicing affects more than just the finance department — however, very often digital transformation starts exactly here. It will likely require an update on how transactions are handled throughout the supply chain. Effective change management is essential, in this case. Otherwise, the switch to e-invoicing could overwhelm businesses with departments in various stages of technological advancement.

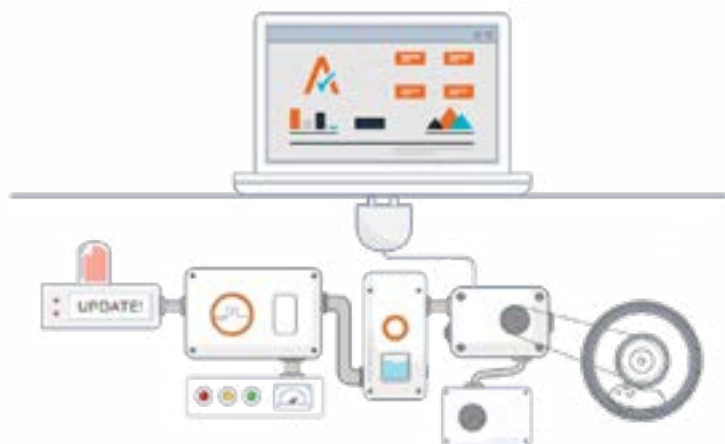
- **Lack of budget.** In today's economic climate, a lack of budget will be a common barrier to e-invoicing adoption — particularly for those choosing to tackle it internally. Outsourcing e-invoicing to an expert will require an initial investment, but a company can quickly achieve significant savings compared to paper invoice usage. Plus, they will earn back time and free up staff for higher-value tasks, thanks to process automation.
- **Divergent requirements of trading partners.** If no mandatory e-invoicing rules exist, trading partners may have different requirements regarding e-invoicing formats, methods and processes, which can turn stakeholders off the idea. But, outsourcing e-invoicing to a proven expert can provide the assurance they need to get on board. Third-party specialists will have the capability to address all sizes of trading partners and independent requirements.

Step Two: Set Realistic KPIs

No initiative can be successful if success itself is not defined. KPIs enable businesses to track progress, but they only work when they're realistic, measurable and precise. For instance, a key KPI for e-invoicing adoption could be the time saved on manual processes by AP/AR staff. Try to relate your KPIs to the company's overall vision to further bolster your business case.

Below are four examples of KPIs related to the implementation of an e-invoicing solution — although, the KPIs should be tailored to each business' independent vision:

- Reduction in cost per invoice/per AP/AR employee
- Reduction in time spent processing invoices
- Increased employee satisfaction
- Reduction in carbon footprint



Step Three: Build a Logical Argument for E-invoicing

Once you have determined the KPIs, communicate them along with the expected ROI to the relevant stakeholders for their approval.

The potential ROI of an effective e-invoicing solution will likely dissipate any doubt lingering in the minds of stakeholders at this stage. For instance, process optimisation through e-invoicing can tackle time inefficiencies and competitive shortfalls head-on by removing tedious tasks from the workforce's scope of work and fortifying relationships with both clients and suppliers.

A lesser talked about ROI of e-invoicing is the improved quality of the data. A robust platform will ensure accurate and complete invoice information, resulting in a more streamlined payment process. In fact, a recent study examined the main reasons for payment delays by domestic B2B customers. Incorrect information on invoices was the main reason for 21% of these delays in Asia Pacific, 16% in the Americas and 15% in Western Europe.

Considering the current value of structured, accurate data, e-invoicing could help transform business processes and drive smarter business decisions — both of which will result in an astounding return for the company.

Step Four: Communicate the Scope and Timeline for Approval

Although digital transformation has no end date, it's essential that stakeholders have a timeline to follow progress and ensure that the investment was a worthwhile one.

For example, you can determine the various stages of the company-wide e-invoicing rollout, when you expect to see results and when the business should reassess the situation if the ROI isn't what was expected.

In the last instance, you must present a clear plan to pivot to provide stakeholders with reassurance should the project not deliver the expected results.



(iii) Validating Offerings and Finding the Right Solution

The next stage in the process is to explore the various e-invoicing solutions on the market to ensure that the service meets the operational needs of the business. To do so, circle back to your current and future state analysis to verify the requirements for your solution. For instance, choosing a solution that integrates seamlessly with your current systems will save time and make the transition smooth.

Not every e-invoicing solution will be “right” for your business. A global company operating across multiple borders will have substantially different requirements to a smaller business with domestic operations. To gauge which is the right option for you, ask the e-invoicing provider the following questions:

- Does the solution cover local requirements and support your needs, for example offering capabilities such as data validation and archiving?
- Can it accommodate broad regulatory compliance across multiple continents and countries?
- What type of monitoring or notification capabilities does the solution offer to help you cut down on the amount of time spent processing invoices?

- What is required to integrate the solution with your existing Enterprise Resource Planning (ERP) systems?
- Does the solution support an array of e-invoice formats? Can it connect to customers in your country as well as other countries while keeping the door open for your potential future business partners — for example, via the [Peppol](#) network or other communication system?

Does the provider update its systems regularly to avoid lagging behind new government mandates?

Armed with the answers to these questions, businesses will be in a better position to choose a solution that not only suits their needs now but that can flex and scale in the future.



(iv) Monitoring KPIs and Tracking Progress

Stakeholders will require frequent feedback on the success of the implementation in order to rest assured that the investment was a wise decision. The best way to provide reassurance is to continually monitor the project against the KPIs set in step two of developing the business case.

By monitoring the positive impact of the project, businesses can easily document the progress and, once their operations expand, scale the e-invoicing solution to their evolving needs.

For example, if you're striving towards a reduction in costs per AP/AR employee, you can monitor the productivity of the workforce through their timesheets and work completed. If the KPI is focused on employee satisfaction, you can measure this regularly by taking employee surveys.

One of the most significant KPIs might be the improvement in customer experience. By implementing e-invoicing, your business partners get an opportunity to leverage the many benefits resulting from smoother and faster payment processes. By conducting regular customer surveys, you can observe how the smooth running of digital invoice processes strengthen your business relationship.

Additional Resources

At Avalara we're on a mission to educate and prepare our customers for the future of e-invoicing. We understand that achieving compliance in a complex, fragmented, and constantly changing landscape is not easy, especially when non-compliance is not an option. The following resources can help you on your journey:

E-invoicing & VAT in the Digital Age

In this eBook we provide an update on global e-invoicing mandates in the here and now, as well as highlight what's to come in the next few years.

There is a particular focus on France, Germany and Spain, especially in light of the European Commission's 'VAT in the Digital Age' initiative and the recent public consultation looking at increasing the use of e-invoicing across the EU, as well as a potential step towards a more harmonised set of requirements for e-invoicing and cross-border digital reporting.

Our authors also provide expert commentary on the new French-German standard (Factur-X / ZUGFeRD), and conclude by offering up some key e-invoicing trends and commercial takeaways.



Our experts explore the increasing digitalisation of the tax landscape and how governments are handling e-invoicing mandates, and discuss what businesses can do now to protect their finance operations against a backdrop of ever-changing regulatory requirements.

The Rise of E-invoicing - The Direction of Travel

In this eBook, we explain what e-invoicing is, what it isn't, and how automation, compliance, control, and sustainability combine to deliver compelling business benefits, beyond expected cost savings.



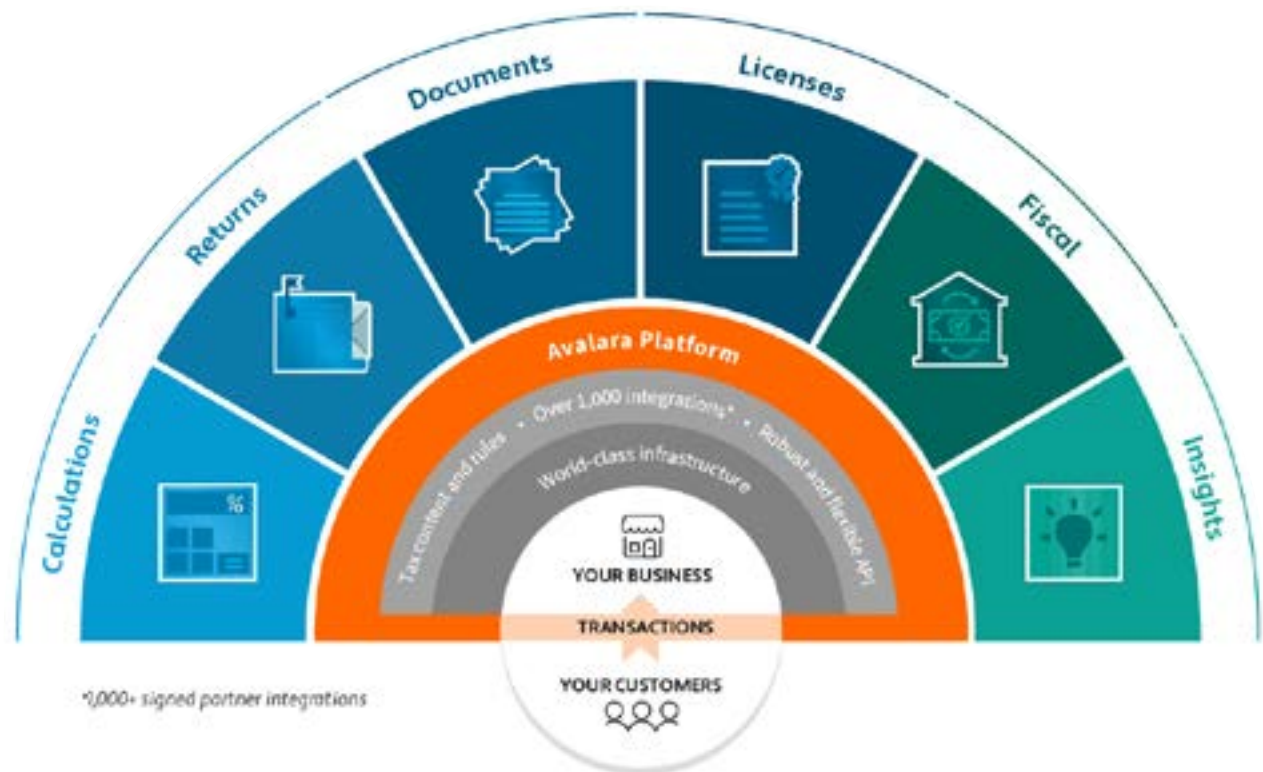
Why Choose Avalara as an E-invoicing Partner?

If your organisation operates across multiple geographies, ensuring regulatory compliance with worldwide tax and e-invoicing mandates might become a challenge. Compliance in finance is complex, inconsistent across different territories and constantly changing — and non-compliance isn't an option when the stakes are so high.

At [Avalara](#), we make e-invoicing compliance simple. The Avalara e-Invoicing solution is designed to comply with regulations in over 60 countries and we've got the future covered, too. This cloud-based solution is flexible and allows you to quickly respond to new requirements.

Avalara is *the* go-to expert for business compliance software. We offer a broad portfolio of software products related to e-invoicing, such as tax compliance software, to keep business-critical functions running smoothly without being interrupted by future legal compliance requirements.

Don't leave compliance up to chance. Futureproof your finance function now with an automated e-invoicing solution. [Contact](#) our team for more information.





Avalara helps businesses of all sizes achieve compliance with transactional taxes, including VAT, sales and use, excise, communications, and other tax types.

Our comprehensive, automated, cloud-based solutions that are fast, accurate, and easy to use. Our Compliance Cloud™ platform helps customers manage complicated and burdensome tax compliance tasks imposed by state, local, and other taxing authorities throughout the world. Avalara offers more than 500 hundred pre-built connectors into leading accounting, ERP, ecommerce and other business applications. Each year, we process billions of indirect tax transactions, file hundreds of thousands of tax compliance documents and tax returns, and manage millions of exemption certificates and other compliance-related documents.

More information at: avalara.com/e-invoicing