INSIGHTS INTO THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET

Via the present Market Guide, The Paypers continues to produce an in-depth overview for a very dynamic market. The combination of valuable market insights from service providers and industry experts proves itself once again a successful one. A must read for professionals in the B2B payments, e-invoicing and supply chain finance space.

Jaap Jan Nienhuis
Senior Consultant
Innopay

The Paypers has crafted this comprehensive Market Guide for organisations and experts with an active interest in the fields of B2B payments, supply chain finance & e-invoicing who would benefit from in-depth analysis of a very dynamic market. The Guide aims to reinforce that it is vital to stay ahead of the latest initiatives.

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B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET GUIDE 2015

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Introduction

There has never been a better time to clearly define, analyse and set the path for the future B2B payments, supply chain finance & e-invoicing industry as today.

The business-to-business payments, supply chain finance & e-invoicing industries have extraordinary potential. Even if most of the corporate spend is fairly covered with corporate cards, and billions of paper-based payment processes have been replaced with electronic payments processes, there is a tremendous opportunity for additional growth. In 2015, accounts payable will likely be largely automated, and within companies traditionally different departments will come together to form a strong partnership for a common goal – optimising the working capital and other changes will be made to make payment friction a thing of the past. Moreover, some of these challenges will be addressed by increasing transparency for financiers, straight through processing for the whole chain and enabling more financing options for the SME.

The Paypers is providing via the B2B Payments, Supply Chain Finance & E-invoicing Market Guide 2015 unlimited access to the most comprehensive overview of the global industry of e-finance. This edition encompasses the B2B payments, e-invoicing, supply chain finance and alternative finance industry, by combining insight from key stakeholders and top level industry thought leaders with an overview of market players. Industry voices from all areas of the online finance space – technology companies, e-invoicing service providers, industry associations and experts – shared their experiences in dedicated solutions implementation and vision on the main trends and developments.

The common view on all industry levels is that payment friction locks value in the supply chain, therefore benefits have to be acknowledged by all supply chain partners. For suppliers, often the benefits are not as visible for them as they are for the buyer side. How to create a win-win situation and how to expand the business in an international context?

One answer might be developing business networks which allow simplifying and streamlining trade and financial processes with a result of more efficient procurement, accounts payable and accounts receivable functions and also improved working capital.

Furthermore, when putting trade in an international context, new challenges and opportunities arise. Due to the increasing need to connect trade finance and SCF to existing practices and disciplines around trade facilitation, several initiatives have started to emerge. To give you an example, The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has launched an initiative to help reinforce the high-value opportunity in integrating financing into disciplines related to trade facilitation practices.

Still, what if big implementation schemes are not feasible for smaller businesses? Finally, SMEs can explore a number of financing options, either supported by governmental initiatives such as the SupplierPay initiative in the US and Europe-focused initiatives meant to introduce supply chain finance to SMEs or explore the increasingly widespread alternative finance options brought to the market by innovators.

Focusing on the one solution that for years seemed to prove its point time and again, e-invoicing service providers (along with regulators) stepped up their game and now explore value added services as a means to proactively monitor and resolve errors without involving clients (thus, relieving clients from additional stress and reducing time span until resolution and huge amounts of costs). However, mass adoption of e-invoicing is in many instances only possible with government implication. Two good examples are Europe and Latin America. In Europe, the European Commission developed a directive to mandate the use of e-invoicing by government starting with 2018. Many countries including Spain, Austria and Italy are currently transposing this directive in national laws.
In Mexico, the beginning of the era of digital invoices was marked by the publication of Annex 20 of the 2004 Tax Resolution, in which the tax authority determined the technological standards for the operation of e-invoicing. This enabled Mexico to position itself as a worldwide leader in this area.

The much needed transparency and openness lie in the exchange of invoice status information. The steps required for achieving trust and a uniform implementation of the Status Based Receivable Financing model start with building a neutral multi-stakeholder governance of the operational, technical and legal standards. Establishing such a Status Based Receivables Finance network can greatly improve financeability of invoices for SMEs and as a result tackle some of the credit issues that many SMEs face today.

This year’s edition features a 2-part structure. Part 1 is dedicated to thought leadership contributions and initiatives in the field of B2B payments, supply chain finance & e-invoicing describing various models for digital finance, as presented by key industry players, either in the form of an exclusive interview or an elaborate article.

Some of the main topics addressed by these industry players include: corporate cards and the overlooked “middle market” in the B2B segment, the finance in an international trade context and strategies to improve supply chain finance from a treasury’s perspective. Additionally, you will find what are the actions needed by SMEs to access finance and what governmental initiative could contribute to a business’s health. Furthermore, you will go through the alternative finance section where industry associations agree that the pace of competition is inevitable and find out if we’re ready for large scale adoption of e-invoicing.

Part 2 presents in-depth company profiles mapping out key players in the global e-invoicing and supply chain finance space. Furthermore, companies will also be featured in our online company profiles database with advanced search functionality which complements the PDF version of the Guide, allowing readers detailed access to the global e-invoicing, supply chain finance and e-invoicing market.

The B2B Payments, Supply Chain Finance & E-invoicing Market Guide 2015 is your handy means to stay informed and keep up to date with the latest industry views, trends and developments, a highly useful document that it available at any time of day or night for you and your network of peers. Finally, this document has been put together with the utmost care. If you discover that, despite our efforts, it features information that is unclear or erroneous, we very much appreciate your feedback.

Mirela Amariei
Senior Editor, The Paypers
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UNLOCKING VALUE IN B2B PAYMENTS
Today we are witnessing a new generation of collaborative networks embraced by businesses. Commerce networks such as Amazon and eBay have changed the way consumers buy and sell, paving the way for enterprises looking to streamline invoice processing, enforce compliance to preferred suppliers and negotiated prices, and better manage cash and working capital. All these advantages cannot be achieved in a disconnected business environment.

Not all business networks are created equal, however. Some networks have a regional or industry focus, while others have a narrow specialty such as invoice processing only. For organisations looking to achieve world-class results from a business network, here are some things to consider.

A network or a portal?
While most business networks feature a supplier portal for real-time access to documents and data relating to transactions, the portal is not the network. A true business network is not restricted to one-to-one or one-to-many connections. It connects many buyers and many suppliers.

If your ‘network’ requires a separate log-in for each customer, it will limit your capabilities for collaborative commerce. A true business network enables buyers to connect electronically with many existing suppliers already on the network. Without the need to build the network from scratch, buyers can quickly achieve results. For suppliers, the ability to connect with tens or hundreds of customers from one network account is a major advantage, in addition to using the network as an ecommerce channel to land new business.

Move beyond basic electronic invoicing
Capturing invoices electronically, not on paper, is a step forward, but the greater value comes from validating invoice data before posting for payment. A business network offering a broad set of rules that any user can configure is key, enabling, for instance, to virtually eliminate the processing of invoice errors and exceptions.

With the right business network, you can apply rules to set line item unit price tolerances for order confirmations, set or ignore country-specific invoice rules, allow suppliers to send invoice attachments, and so forth. The result is a smart invoice process where 98% or greater straight-through invoice processing is achieved.

In addition to invoice processing, new potential for transformation comes from the management of related transaction documents such as catalogs, contracts, purchase orders (PO), order confirmations, change orders, service entry sheets, freight line items, advanced ship notices, payment status and payment remittance. With this broader reach, your operations run more efficiently, at a lower cost, and you also simplify the matching process. Advanced business networks can also support the processing of non-PO invoices, which are often the most difficult and costly invoices to process. That can include matching these invoices against, or creating invoices from, a contract for improved compliance.

Additionally, there’s the issue of spend coverage. If a business network handles transaction processing primarily for products ordered off catalogues, that will cover only a small portion of the total spend. A genuine business network must address other spend categories, such as complex items and services and recurring third-party services. The devil is in the details, so make sure you examine how the network handles the complicated matching and validation that these categories require.

New potential to manage cash and business risks
• The ability to process a clean, valid invoice in a few days over a business network allows the capture of all available early payment discounts as well as new, dynamic discounts, on a sliding-scale up to the invoice due date. Many opportunities for early payment discounts from cash-strapped suppliers, transitioning from paper to electronic invoicing, will emerge.
• The ability to deliver proven controls to protect against risks, such as ensuring tax compliance and supporting country-specific, e-invoicing regulations.
Enabling the configuration of business rules at the country level and support for digital signatures is especially valuable for global business commerce. This assurance of compliance cannot be underestimated. If you were to learn that an e-invoice process you relied on lacked adequate controls, a year after the fact, you could potentially be liable for a year’s worth of taxes on transactions and the substantial penalties that go with them.

- **Providing value to both suppliers and buyers** is a critical component of a business network. In addition to e-invoicing, suppliers can leverage a business network to deliver e-catalogues to their customers, generate e-invoices from contracts and service entry sheets, view invoice and payment status, take advantage of early payment opportunities from a web portal, and use the network as an ecommerce channel for new business opportunities. To help drive suppliers off paper to an electronic process, business network providers such as Ariba have a team of supplier enablement experts and self-service tools to automate the enablement process for suppliers around the world.

**Close the loop for additional value**

Last but not least, a business network should provide a closed feedback loop, where detailed information on invoices and payments can be captured and shared with the sourcing group for future analysis and negotiations with suppliers. The substantial additional cost saving from this process is often not considered when developing a business case for automating procure-to-pay operations over a business network.

In today’s emerging digital economy, driving transactions off paper and onto a business network is the wave of the future. Organisations that embrace this trend will empower their accounts payable teams with new capabilities to improve business performance.

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**About Chris Rauen:** As senior manager, solutions marketing at Ariba, Chris Rauen helps educate procurement and finance professionals on the business value of accounts payable automation, procure-to-pay transformation and collaboration over business networks. Chris is a regular contributor to the SAP Community Network and has also written for many technology and business publications.

**About Ariba:** Ariba, an SAP company, provides a global business network and cloud-based software solutions across the source-to-settle spectrum, including contract and catalogue management, PO and invoice automation, dynamic discounting, and electronic payment with AribaPay. More than 1.7 million organisations in 190 countries have joined the Ariba Network to improve the way they buy, sell and manage cash in a digital economy.

www.ariba.com
Those of us who sell financial solutions in the business-to-business segment have enjoyed decades of healthy growth. We’ve penetrated most of the T&E spend with corporate cards and eliminated billions of Purchase Orders with Purchasing Cards (P-Cards). Still, a tremendous opportunity for additional business is presenting itself right now – the overlooked “middle market.”

The overlooked middle market
Most major treasury banks focus their card program efforts on the very largest corporations (over USD 500 mln in sales). Retail banks focus on Small Businesses (<USD 5 mln). However, there is a segment of companies in the middle that has great economic impact and represents a vast untapped business opportunity. In fact, in Europe, this sector outnumbers large corporates 2.3 to 1 and spends nearly twice the amount. And surprisingly, very little of this spend is done on commercial cards today.

How to capture the opportunity
Therefore, a straight-forward segmentation strategy can lead issuers to success by following these recommendations:

1. Perform a segmentation study of your current corporate clients and prospects to specifically target those in the “middle market.” Go into the market and listen to the specific needs and challenges of the middle market such as managing growth, improving margins, enhancing working capital, globalisation and staying competitive.

2. Define your solutions around mid-size companies’ needs and challenges and expand your product suite to align with the opportunity.

B2B spend (direct and indirect supply) is where the prize is. This is 99% of their spend and we’ve captured only 4% on cards. Penetrating the middle market’s Accounts Payable is the only way to get beyond retention or churn to truly new opportunity.

• P-Cards can provide the middle market with great efficiencies in lower value transactions with indirect suppliers. Cards can eliminate purchase requisitions, purchase orders and invoicing by empowering employees to make certain categories of purchases with plastic cards.

• Virtual account use is growing rapidly where more control, compliance and security is needed – such as for higher value transactions and more strategic purchases. The middle market is ripe for this solution and issuers should lead with offerings in this sector.

Virtual accounts enable much more control and automated reconciliation than cheques or electronic funds transfer. Virtual accounts are a working capital tool for both companies and their suppliers. The “sweet spot” for virtual accounts is depicted on the next page.

3. Develop acquisition materials and sales messages targeted for this sector, speaking to mid-market clients specific needs. Typically, you’ll find that the treasurer is the key decision maker, so working capital messages should be the prominent.

*Sources: B2B, 2011; RPMG, 2012; MasterCard Analysis, 2014
4. Be prepared to provide a level of implementation support, training and customer servicing specific to this sector. These mid-market clients won’t have the same resources that your larger corporate clients have, and will expect more turnkey solutions and support from you. They may be more willing to pay for these services.

5. Be sure to follow the implementation with a clear path for program optimisation. It is important that their card programs – plastic or virtual – get off to a quick start and deliver value immediately. Build an optimisation strategy that converts categories of spend over a specified period. Benchmarking, analytics and supplier engagement of critical aspects of a best in class optimisation strategy.

Navigate with a strong partner

Clearly, due to limited focus on the middle market in the past, a large untapped opportunity for new spend flows and additional volume is now at hand. Virtual accounts are emerging as a powerful tool fit for this purpose. Commercial card issuers should be expanding their product suites and defining their go-to-market strategies. This might be complex and an experienced partner to navigate and succeed in this sector may be required. MasterCard has the strongest combination of assets and capabilities to enable significant growth B2B businesses.
Commercial Cards: Then and Now

The first commercial card payment system was implemented by a group of major airlines in 1937 and was primarily used as a central billing approach for air travel. Since then, the industry has gone through plenty of change to evolve to what it is today.

In the 1970s, two large firms launched corporate card offerings to address business travel and entertainment (T&E) expenses. Those first corporate cards were met with some resistance from end-user organisations as financial executives and others in senior management were leery of putting credit cards in the hands of travelling employees. The first real traction occurred when cardless accounts, known commonly as ghost cards, were introduced as a method of charging airline tickets to a central account without the apparent risk of employees spending freely on a card.

In the late 1980s, the first Purchasing Card (P-Card) was introduced after being developed for the US federal government’s General Services Administration. The P-Card was directed to the purchase of general, non-T&E items such as maintenance, repair and operating goods and business supplies. P-Cards were introduced as, and continue to be, corporate (organisation) liability/central payment vehicles for which payment in full must be made by the end-user organisation to the card issuer at least monthly.

In the mid-1990s, the concept of combining P-Cards and corporate cards into a “One Card” solution emerged. Today, One Cards continue to be a viable commercial card option; some organisations embrace this program type, though others are reluctant to combine T&E and the purchase of goods and services on a single card.

The Internet age has also seen the emergence of ePayables. This solution offered a complement to P-Cards, targeting additional types of purchases (those which organisations often exclude from a P-Card program, such as inventory). The credit crunch and economic recession in the late 2000s intensified the need for working capital management, sparking an increase in the number of organisations using or pursuing ePayables. According to the June 2014 report “End-User Perspective on Suppliers’ Acceptance of Commercial Card Payments,” issued by the NAPCP and First Annapolis Consulting, 40% of end-user organisations have an ePayables program. Roughly half of these programs have been in place for less than three years.

Over the years, these products have focused on simplifying the payment process and reducing costs for end-user organisations. Currently, P-Cards are estimated to save organisations around USD 60 per transaction in processing costs, according to a recent NAPCP evaluation. Suppliers that accept P-Cards also see similar benefits, such as cost reductions from eliminating invoice creation, faster receipt of payments and improved cash flow.

As the offerings in the commercial card industry have proliferated, supplier acceptance has also increased from 2009 to 2013 across almost all spend categories as depicted in the chart below.

![Chart showing supplier acceptance rates for various spend categories from 2009 to 2013](image)


P-Cards and One Cards have also grown globally, as suppliers in all parts of the world have started to accept cards, at least on some occasions. However, the average acceptance rate remains much higher in the US than in other global regions, highlighting untapped potential for end-users (see chart below).
Though card acceptance has increased across a number of categories and regions, resistance to (or non-acceptance of) P-Card/One Card payments is, at a minimum, somewhat of an impediment to card program growth for 78% of end-users, according to the NAPCP and First Annapolis report. That figure is down 11% from 2009, however.

On the supplier side, fees being “too high,” at 67%, was by far the most common reason cited for suppliers to resist or not take cards. That is down only slightly from 71% in 2009.

Although many suppliers accept cards, the continued prevalence of non-accepting suppliers serves as a challenging barrier to commercial card program growth globally. Nevertheless, end-users have had success in co-opting previously non-accepting suppliers. In some cases, external factors that may be completely unrelated to the buyer have tipped the scales for a supplier (e.g., implementing card acceptance in response to another buyer’s request). However, more often a concerted effort by the end-user—often with provider assistance—has led a non-accepting supplier to begin accepting cards.
Discuss with global thought leaders
• Why dramatic growth of non-bank finance providers puts E-Invoicing at center stage
• Growing relevance of E-Invoice tracking
• The 5 key enablers to improve E-Invoicing as well as the overall P2P process
• How automatic flow for orders, order confirmations, invoices and payments generate large benefits for the economy
• The latest global developments in tax and legal compliance practices

Senders and receivers will learn how to
• Onboard new suppliers and improve the communication with them
• Use E-Invoicing as a platform to introduce early payment discount programmes
• Increase automation rates in the reception and processing of invoices
• Move the E-Invoicing focus from cost saving to customer service excellence
• Process E-Invoices in a legally and tax compliant way
THE ROAD AHEAD FOR SUPPLY CHAIN FINANCE
Payment Friction Is Locking Value in the Supply Chain

How much value is locked within the global supply chain? By some estimates, as much as USD 2 trillion is locked by inefficiency and poor working capital management. What would happen if your organisation could take control of the financial supply chain?

How much value could you unlock? We believe the key to unlocking these new value streams is by reducing payment friction and creating opportunity for just-in-time financing.

The impact of B2B commerce networks on the financial supply chain

One of the major challenges with financing services in the supply chain is the accessibility and usability. For many of the traditional financial services, the buyer and/or the supplier needs to upload data to a separate platform, possibly in different file formats, but most importantly, they must step away from their daily workspace to make this work. Additionally, signing up to these services can be cumbersome and may not be offered to all client segments.

B2B networks such as the Basware Commerce Network, the largest open commerce network in the world, make accessibility to these services much easier. When these services are offered on top of the information that is already flowing through the network it makes them more accessible to buyers and suppliers and increases ease of use. The network already knows who the buyer is, who the supplier is, the transaction history between these two trading partners, what has been ordered, what has been invoiced, and it knows when the purchase order or invoice has been approved. All this data is relevant for offering the right payment or funding service at the right place and at the right time.

The reasons why an organisation would decide to use one or multiple models of this kind are varied. What is most important is that the options are there so that the organisation has a choice and the flexibility to take action.

Financing services and the Basware Commerce Network

There are many different kinds of financial services that begin with an approved invoice or purchase order. From an Accounts Payable perspective, a buyer can choose between many different payment methods to execute the actual payment - card payments, ACH or wire payments – and in some places around the world, even cheques! What is more, with new B2B methods like PayPal, why not just use this?

To add to the complexity, buyers are able to fund payments in a number of ways. They can be cash rich and fund it from their own available liquidity as is often used with dynamic discounting. Or they can use third-party funding; either via a credit card payment, a supply chain finance scheme or forfaiting.

From an Accounts Receivable perspective, a supplier can also choose between many different payments (receivable methods). Not just the ones mentioned above – but also direct debit collections or bill payments. For funding, a supplier can agree to join a supply chain finance program offered by the buyer but they can also take the initiative by doing invoice financing or even factoring.

Many of these options are based on the fact that companies do open account trading with each other. Should one or both parties want to have more assurance, then they can use additional services such as letters of credit or the new Bank Payment Obligation (developed by SWIFT) or even take out a credit insurance.

What it comes down to is this: effective control over the financial supply chain will require a combination of efficient processes, a networked supply chain and just-in-time financial services. This complex requirement is specifically what the Basware Commerce Network and Financing Services provides globally to buyers and suppliers in order to directly support better working capital management and bottom line performance.
Making the available options work for you

The most suitable option depends on the context and the risks involved. For example, reverse factoring usually relies on the buyer – typically a large multinational – having a better credit rating than its suppliers. But with the economy still struggling to gain momentum, it is vital for buyers to evaluate any measures that can help them get a risk-free return on their own cash reserves, help keep their supply chain ticking along steadily and mitigate the commercial risk of squeezing suppliers out of the market through a shortage of cash. In any given market, SMEs represent a majority of the private sector workforce, hence buyers that adopt such financing programmes can provide a boost to the economy as a whole while providing significant competitive advantage through more effective working capital management.

About Ad Van der Poel: Ad van der Poel has worked with financial services for over 20 years. Most recently, with Bank of America as Head of Product Management EMEA, Global Treasury Services. Prior to this heading the product management for e-Business, Payments and Cash Management at ING Commercial Banking.

About Basware: Basware is the global leader in providing purchase-to-pay and e-invoicing solutions in the world of commerce. We empower companies to unlock value across their financial operations by simplifying and streamlining key financial processes. Our Basware Commerce Network enables easy, just-in-time, payment and financing for buyers and suppliers of all sizes.

www.basware.com
Creating a Win-Win Between Customers and Suppliers

The financial crisis brought into sharp focus the need for corporates to pay particular attention to their cash and their working capital management.

In the attempt to diversify their sources of liquidity, companies naturally looked to their own resources - their outstanding debtors and the payment terms they offered to their suppliers.

But as suppliers, too, found themselves needing to squeeze cash out of their sales, a conflict developed between the working capital needs of buyers and suppliers. Supply chain finance (SCF) started to mature as a product offering from banks that would enable cash to be advanced to suppliers while using the balance sheet of the buyer as security.

However, SCF has proven to be an incomplete offering – but it could be part of a broader solution designed to address a strategic issue: the customer-supplier relationship.

Companies need to look at the bigger picture. The core proposition that companies need to consider is how to enable payments to all suppliers in need of liquidity while doing so in a way that also makes commercial sense for the buyer. They need to be looking at a blend of flexible solutions and not individual and narrowly-focused financial products.

A range of options
As well as using third-party funders (banks), businesses are also able to deploy self-funded programmes. Sometimes called dynamic discounting, these make use of the buyer’s in-house cash resources to pay suppliers early in return for a price reduction based on an agreed sliding scale. In addition, companies can centre the accounts payable function on its rightful focus, which is ensuring the fair payment of suppliers. This is often achieved by deploying tools such as e-invoicing and supplier portals which, in turn, provide transparency and enable early payment options for all suppliers. By making a range of options available, this creates a win-win situation between the company and its entire supplier base.

Viewed in isolation as a bank product offering, bank-led SCF suffers from a number of significant shortcomings.

• While banks advance cash to a company’s suppliers with the security of the buyer’s balance sheet, the ‘Know Your Client’ (KYC) and Anti-Money Laundering (AML) regulations typically require that individual suppliers be vetted and on-boarded by the bank, at a significant cost. Hence, SCF is normally only viable for the largest suppliers.

• Such suppliers may not even be in need of SCF as a source of liquidity; they may even have balance sheets that are stronger than that of the buyer.

• Suppliers face the complex challenge that each customer would more than likely be dealing with a different bank, each of which has its own technology platform that the supplier has to use and be familiar with.

Public scrutiny
Moreover, there is increasing public concern about supplier payments. When large companies compel small and medium-sized enterprise (SME) suppliers to accept lengthened payment terms on a ‘take it or leave it’ basis, they risk reputational damage arising from media scrutiny and consumer backlash.

Furthermore, governments in many jurisdictions are taking steps to urge large companies to be fair in their treatment of suppliers. The SupplierPay pledge in the US, the Dutch government ‘Betaal me nu’ or ‘Pay me now’ initiative and the UK government-backed Prompt Payment Code recognise the role that SMEs play in the growth engine of the economy while acknowledging the role that larger companies can play in helping SMEs get access to the cash they need.

Matching solutions to suppliers
For buyers, not all suppliers are equal. Some are of strategic importance and key to the company’s operations; others are not (though it may be expensive to go through the process of finding and on-boarding replacement suppliers). Some suppliers may need ready access to liquidity; others may already have robust balance sheets.
Smaller suppliers can be offered the right to take early payment in return for offering a small reduction in price, determined by a combination of the timing and the equivalent finance charge that the buyer is prepared to offer to any particular supplier.

Technology convergence makes it possible today for such a range of options to be made available. Cloud-based platforms make it simple and straightforward to offer such solutions and, for the supplier, easy to accept and use. Multi-funder structures make it possible for companies to self-fund or to use one or more third-party finance providers without having to use a different technology platform for each.

As a standalone product, SCF is a solution in search of a problem. Instead, corporates should be focused on developing smarter relationships with their suppliers where both benefit - through access to timely, affordable liquidity for suppliers and preservation of working capital and cost reduction for buyers. It needs to be seen as part of a range of win-win strategic initiatives, enabling corporates to be as smart about their financial supply chains as they are about every other value-creating aspect of the buyer-supplier relationship.
Aite Group & eBCG

International Trade Needs Finance

The global economy is witnessing a profound and unprecedented return toward the expansion of trade, also including all social and political aspects. To maintain and increase competitiveness in this fast, globalised, world the basic formula is to facilitate ‘trade’, i.e. the exchange of goods and services, by simplifying and harmonising processes and information flows related to that (international) trade. However, to ensure further growth in the world economy, this basic formula needs to be complemented by easing the access to financial support.

At a global level, work is carried out to enable business transactions to be done easier and quicker, making a strategic priority to ensure that goods, documents, data and information travel fast between companies, countries and institutions. A particular focus is on ensuring that even small and midsize companies can also become active in international trade. The set of recommendations and measures that allows this to happen is called ‘trade facilitation’.

In cross-border (i.e. international) trade things tend to be more complex than in domestic trade. International trade implies that buyer and seller fall under different legislation and jurisdiction and may not use the same currency in payments. This introduces specific risks in the trade, for instance ‘foreign exchange risk’. Political and country risk are additional examples of the risks a company may incur when running international trade.

The need for sellers to formalise a commercial contract with a foreign buyer introduces the role of trusted other parties, like banks, to allow maximum mitigation of the multiple forms of risk present in a cross-border trade transaction. Financing, in some form, supports the vast majority of merchandise trade flows and is increasingly important to the flow of service sector trade activity. Lack of financial support has been identified almost globally as a serious obstacle to growth and sustainability of enterprises, in particular small and medium-sized. Suppliers linked in to cross-border and international supply chains are often based in developing and emerging markets, where the challenges of accessing affordable financing are further complicated.

A payment is a financial means supporting trade, but the ‘financing’ mentioned is more than that. The overall operation of the supplier amongst its buyers and its unsynchronised trade processes with them causes the need for management of cash and working capital. As companies increasingly operate their business processes on a global basis to remain competitive, there is a need to look at new ways of managing the flow of funds through ‘the supply chain’ which is composed of the Physical Supply Chain representing the management of materials and information to deliver goods and the financial supply chain representing the correspondent management of cash and capital. Instruments and practices in the latter are part of trade finance.

Introducing trade finance

The expression ‘trade finance’ has very specific connotations for practitioners: it typically refers to the financing of trade flows on a short-term basis (i.e. up to one year). Traditional mechanisms and techniques for financing trade, such as documentary collections and ‘letters of credit,’ are indeed usually referred to as ‘trade finance’ where new propositions emerge under the increasingly common term of supply chain finance (SCF), which aims to look at trade more holistically in terms of the ecosystem of all the commercial relationships that make up a(n) (international) supply chain.

In essence, trade finance and SCF are fundamentally about four things:
1. To facilitate timely and secure payment across borders;
2. To provide financing options and solutions for one or more of the parties engaged in trade;
3. To provide appropriate risk mitigation strategies and solutions in support of (international) trade;
4. To support the information flow about all the different stages within a trade transaction, e.g. from the status of the physical shipment to the status of related financial flows.

The concepts of trade finance, and to a larger extent SCF, are suffering from the reality that they are not properly understood. This implies that they are not used, or perhaps even shaped, to support the contemporary (international) trade in goods and services. Lack of financial support has been identified almost globally as a serious obstacle to growth and sustainability of enterprises, in particular small and medium-sized. Suppliers linked in to cross-border and international supply chains are often based in developing and emerging markets, where the challenges of accessing affordable financing are further complicated.

Work must be done to enable corporate executives to acknowledge that financial instruments offered by trade finance and SCF services, that e.g. banks and financial operators can offer, have a
role in facilitating international trade by providing functionalities and services that support the financial supply chain of international trade:

• Cash management services (e.g. receipts and payments, clearing, liquidity management);
• Trade services (e.g. documentary credit, electronic invoicing, collections, factoring, services supporting logistics, guarantees, insurance);
• Structured trade finance services (e.g. risk mitigation, pre-export finance, inventory finance);
• Other services, such as funds, cards and cash management.

There is a competitive advantage for those companies that know how to identify and adopt these financial instruments that provide added value and facilitate their cross-border trade operations. While the proposal to link trade finance and SCF to existing practices and disciplines around trade facilitation is relatively new, it must be acknowledged that there is precedence for such linkage, for example, in the existing (and expanding) work of multilateral development banks such as the World Bank’s IFC, the Asian Development Bank and others that have trade finance programs running in parallel with very active trade facilitation initiatives.

Box - a new initiative from UN/CEFACT

The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has launched an initiative to help reinforce the high-value opportunity in integrating financing into disciplines related to trade facilitation practices. Given the importance of trade to international development, it has now become critically important to establish the linkage between trade itself and trade-related financing.

This UN/CEFACT-sponsored project provides an opportunity to undertake qualitative and quantitative analysis, while raising awareness around the opportunities and the value-creation that will flow from integrating financing into trade facilitation activity, and to do so concurrently from the perspective of trade facilitation practitioners and trade and SCF experts. It will develop informational material and effective messaging to attract the focus of policymakers, aimed at creating an enabling policy environment in markets in turn allowing to reap the benefits of integrated finance and facilitation.

About Enrico Camerinelli: Enrico Camerinelli is a senior analyst at Aite Group specialising in wholesale banking, cash and trade finance, and payments. Presently, he lives in Milan and brings a strong European focus to Aite Group’s Wholesale Banking practice.

About Peter Potgieser: Mr. Peter Potgieser’s major areas of attention involve developments in e-business in general (‘dematerialisation of business processes’), including trade, and how standardisation contributes to help reap the benefits. The eBCG provides a focal point concerning eBusiness standardisation issues. It addresses (standardisation) activities in topic areas such as uptake and adoption of standards and translation of (business) requirements into (standardisation) activities proposals.

About Aite Group: Aite Group (eye-tay) is a leading independent research and advisory company focused on business, technology and regulatory issues and their impact on the financial services industry. The team covers the banking, payment, wealth management, retail securities, institutional securities, health insurance, life insurance and P&C verticals.

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A New Era in Commerce and Finance

Electronic commerce (ecommerce), initially a consumer market phenomenon, is becoming firmly entrenched in the corporate space. The emergence of business networks and the digitisation of financial services represent significant changes for corporates and their banking partners. The opportunity for transaction banks is big and it should not be ignored.

Digitising commerce and shipping information

Business networks are proliferating and are easily connecting buyers and suppliers around the world, enabling manufacturers, wholesalers and exporters to digitally transact with each other. Currently, the market is diverse, ranging from a handful of dominant purchase-to-payments platforms (e.g., Ariba and Basware) that each connect more than 1 million businesses around the world and handle more than USD 500 million worth of transactions, through to hundreds of industry- or country-specific e-invoicing hubs.

The development of business networks demonstrates how digitisation of purchase-to-payment processes can simplify and streamline trade and financial processes. The result is more efficient procurement, accounts payable and accounts receivable functions and also improved working capital.

Furthermore, digitisation of trade flows can be illustrated by the transformation of one of the most manual processes in world trade – the bill of lading. This document, issued by a carrier, contains shipment of merchandise details and gives the title of that shipment to a specified party. These documents are used in international trade and help guarantee that exporters receive payment and importers receive merchandise.

Service providers such as essDOCS, Bolero and Dubai Trade have been involved in the digitisation of bills of lading, working with the freight forwarders that issue them. Because electronic bills of lading are legally and functionally equivalent to paper bills of lading, they are ideally suited for faster and automated handling by bank systems.

Digitising trade finance processes

Securing ecommerce requires banks to move beyond paper-based practices and is now made possible via the new digital trade instrument, the Bank Payment Obligation (BPO). An alternative means of settlement in international trade, the BPO provides the benefits of a letter of credit in a digital yet legally binding multi-bank environment. Importantly for banks, it offers the possibility of intermediation earlier in the supply chain by offering risk mitigation and financing services as from the start of supply chains, i.e. where the sale contract is agreed through a purchase order.

A BPO is an irrevocable undertaking given by one bank to another that payment will be made on a specified date after a specified event (such as delivery of goods) has taken place. The specified event is evidenced by a match report generated by a common matching application trusted by all trade banks, i.e., SWIFT’s Trade Services Utility (TSU). BPOs can be incorporated into the TSU through a buyer’s bank or a third-party bank. The BPO is due when data is accurately matched or when all financial institutions involved in the transaction have accepted any mismatches.

This process results in a fully electronic alternative to the letter of credit, which delivers immediate efficiency gains, working capital reduction and cost savings.

Benefits of digital commerce and finance

The cost savings and efficiency gains that result from combining ecommerce with electronic trade finance are attractive to buyers and sellers as well as to banks.

Accelerating the lifecycle of trade transactions enhances the mutual appeal of both buyers and sellers as it mitigates risks in international trade for both trading partners while also enabling improvements in shipments and payment terms. Corporates also stand to benefit from easier – sometimes on-demand - access to financing and reduced operational risks associated with the manual processing of paper documents.
As more businesses flock to business networks, banks will have the opportunity to extend their risk mitigation and financing services to thousands of clients via those platforms. As highlighted in SWIFT’s white paper of April 2013, the BPO will offer trade financiers the opportunity to intermediate trade flows from the very early start of transactions, i.e., when the purchase order is raised, not just at the end of transaction when invoices are approved by buyers.

More collaboration is key for a full digital experience to corporates

The digitisation of commerce and finance flows has come a very long way and now there is transformation in even the most difficult processes (e.g. shipping) to digitise.

Moreover, the digitisation of commerce and finance is not solely about technology; it is an area where collaboration between all of the parties involved in trade transactions - corporates, banks, business networks and technology vendors - is a pre-requisite. SWIFT’s vision is to act as a global secure platform for business networks to collaborate with any bank in the world as shown in below figure.

The combination of business networks with the growing digitisation of payments and trade services has set the scene for a new digital era of commerce and finance. Corporate clients will not be the only winners of this new digital world. Trade bankers will also significantly benefit from this new era, as they get ready to offer electronic trade finance services, which is what the BPO enables them to do.

About André Casterman: André Casterman leads SWIFT’s market strategy and product innovations in the corporate and trade markets. André is a Member of the Banking Executive Committee of the International Chamber of Commerce (ICC) where he chairs the Bank Payment Obligation project. The BPO is ICC’s technology-based trade settlement instrument.

About SWIFT: SWIFT is a member-owned cooperative through which the financial world conducts its business operations with speed, certainty and confidence. More than 10,800 financial institutions and corporations in over 200 countries trust us every day to exchange millions of standardised financial messages. This activity involves the secure exchange of proprietary data while ensuring its confidentiality and integrity.

www.swift.com
Anita Gerrits

Supply Chain Finance: A Window of Opportunities Unfolding

Depending on whom you talk to, the definition for supply chain finance (SCF) varies. From a bank perspective, the most likely answer will be: financing provided to suppliers by a financial institution based on confirmed invoices by a creditworthy buyer. From a corporate buyer’s perspective, it is a means to extend payment terms with their suppliers to reduce their company’s working capital. What they both refer to is reversed factoring (RF)/supplier finance.

If you zoom out a little, SCF is about instruments to finance the supply chain. From an even broader perspective, it can be interpreted as optimising cash flows and capital allocation in the supply chain via supply chain integration (processes) and collaboration (relationship) to create value for the entire chain, as well as for all the individual partners. In the current business environment, significant costs are incurred and more capital is held on an individual level due to lack of cooperation or distrust. Working together in a more transparent way, by using platform technology, will eliminate the information asymmetry that exists today and the associated costs and risks.

The prerequisites for achieving cross chain collaboration
Successful cross chain collaboration and integration is highly dependent on efficiency and effectiveness in internal cross functional processes and communication, like procurement, accounts payables (AP) and supply chain management. In this context, it makes sense to make sure aligned KPIs and “one version of the truth” reports are in place internally before taking the next step. The following observation of a CPO at a large corporate is a typical example of such non-alignment: AP, being measured in % On-Time Payment, paid invoices immediately after approval, even if this meant long before the payments terms that procurement agreed with the supplier were due.

Another imperative for success is clarifying what is the company’s objective, and so why SCF is on the leadership radar. Is the focus solely on improving own cash flow or on a holistic approach of cross chain cash flow optimisation to build sustainable relationships and, thus, reducing overall supply chain risk.

When taking business decisions, companies focus mostly on maximising their own cash flow often at the expense of their business partner, creating a suboptimal win-lose situation. Although, by working together in an open manner, a win-win situation could be created for both players - with a benefit that is bigger than what the individual partners can achieve on their own - it is not a common scenario. With the pressure to deliver short term results (in order to manage shareholders’ expectations), the focus is often to generate as much cash as possible. Reduction of the cash conversion cycle is one of the obvious ways to achieve this. From a buyer’s perspective looking for options to extend payment terms with suppliers is the first thing that comes to mind. Along with RF, the buyer provides its suppliers flexible access to low cost funding and visibility on the status of their invoices, hence issues can be identified early and proactive action can be taken.

SCF, much more than just a means to extend terms
Although many corporate buyers offer their suppliers a RF-solution in combination with payment terms extension, alternative practices exist. Some buyers offer their suppliers the option to join the RF-program, whilst maintaining existing terms. In return for the cost saving it generates for the supplier, the buyer is charged a better purchase price.

Apart from RF, procurement has various other opportunities to create value. An example is the (Virtual) Purchasing Card as developed by companies like Lighthouse BCS. The supplier gets paid immediately while the buyer takes full benefit of the deferred settlement service and is able to manage and control spend more efficiently.

For cash rich companies, dynamic discounting is an interesting option for the buyer to reduce cost of sales and simultaneously increase return on surplus cash flow, whilst improving working capital and financing cost for suppliers. SCF solution providers like PrimeRevenue have platforms in place that support both dynamic discounting and RF, enabling buyers to customise the solution.
To avoid any risk when buying goods overseas, buyers can decide to pay the supplier’s invoice only after the goods have physically arrived at their premises. An alternative means for payment and financing overseas trade is the L/C, a rather expensive solution, requiring a lot of paperwork and not 100% risk-free. Where banks make small steps towards facilitating import and export, introducing the BPO, new players enter the market offering cloud-based platform solutions that enable companies to collaborate in an open and transparent manner, hence reducing risks and associated cost. A good example is TransDocLink, a startup developing a platform solution that enables real-time online track and trace of money as well as goods. Their payment solution is 70% cheaper compared to L/C, whilst mitigating risks.

SCF: what will the future look like
With a steep rise in the number of the innovative cloud-based platform solution providers entering the market, cross chain integration of physical, as well as financial flows, will become the operating standard in many businesses. Using internet-based technology as a means to grow the business will enable the inclusion of chain partners, thus allowing you to act in a different arena. Early adopters already enjoy the benefits of this way of working. What are you waiting for?

About Anita Gerrits: For the past 6 years, Anita has been a strong believer in and advocate of the concept of SCF. She provides consultancy support in this exciting relative new area of finance. She also organises workshops, acts as guest speaker and trainer to business management as well to students to create awareness and understanding of this topic. It all began in 2009, when she played a leading role in achieving a cash flow turnaround of the European Consumer Business of Kimberly-Clark through a massive reduction in working capital. She has a corporate background, studied business economics, credit rating advisory and business value.
Managing liquidity and ensuring the balance sheet’s ability to support the company’s current and future plans have long been a core treasury responsibility. Protecting the organisational assets is a companion responsibility which begins with direct financial risks owned by treasury and extends into the customer and vendor domains. With the volatility seen during the throes of financial crisis to the new wary optimism, treasury has yet to address a range of issues in an environment that remains challenging. Simultaneously, the expectations have increased for treasury while supply chain finance (SCF) plays an important role in many organisations as they strive to address complex needs in a modern manner.

**Treasury’s core focus**

**Visibility.** In 2010, the majority of global organisations achieved visibility to their cash held in banks. Additional efforts to achieve visibility into cash flows via better forecasts and the use of electronics has resulted in progress. This has resulted in progress but is not complete.

**Risk mitigation.** Bringing exposure in line with the organisation’s risk appetite is a constant battle. Volatility of cash flows caused by the typical supply chain variations create inefficiencies and extra costs.

**Business support.** Treasury is not merely a vendor that secures financing for the company. Rather, they are a business partner that supports the business goals through various channels. This includes paying attention to suppliers and customers.

**Process.** Treasury looks to make financial and business changes that improve the entire process rather than focusing on one element to the detriment of the other parts.

**Differences in treasury preferences**

**Provider or receiver of liquidity?** One challenge many companies have is that, at different times of the year, they can either be a provider or a receiver of liquidity throughout their supply chain. While 53% of large companies indicated they were always a provider of liquidity, 31% indicated they were both at different times. This can challenge the efficacy of certain SCF programs for organisations (approximately 1/3) whose varying needs may not align with their counterparty’s needs.

**Small vs. Large Companies**

![Bar Chart: Small vs. Large Companies](image)

Source: Strategic Treasurer & Bottomline Technologies Cash Forecasting & Visibility Survey, 2014

**Receivables: faster funding or better rates?** When dissecting the priority related to managing receivables, 72% of respondents indicated that faster funding was more important than receiving better rates. This is nearly a 3 to 1 ratio. This overall 3 to 1 ratio shifts to 4 to 1 when looking at smaller firms. Access to liquidity quickly trumps rates.

**Small vs. Large Companies**

![Bar Chart: Small vs. Large Companies](image)

Source: Strategic Treasurer & Bottomline Technologies Cash Forecasting & Visibility Survey, 2014
Broader opportunity for discounts or better rates? Larger firms selected the broader opportunity for discounts over better rates by nearly a 3 to 2 ratio. Smaller firms held the same priority but by a nearly 4 to 1 ratio.

Strategies to improve the value of SCF

Don’t focus on a single aspect. As organisations seek to achieve better liquidity and a higher return or a cleaner process with their supply chain, it is clear that some of their client’s needs can vary throughout the year. Also, different clients and client types prioritise liquidity access and rates differently depending on whether they are a provider or user of liquidity.

Optimise the various financial benefits and drivers of both sides. It is important to recognise that any program needs to support your organisational needs and the varying requirements of your partners. A program that can address more of your counterparty’s needs in a broader, flexible manner will achieve better adoption.

Understand the options and combinations. Too many SCF programs are narrowly focused and reflect an either/or model. Binary is usually limiting. As organisations look to put their SCF program together, they will want to evaluate the range of options and may land on a simple combination that offers more to them and their partners. This could include the following considerations:

- Do we secure additional credit from banks to supplement credit between our existing trading partners?
- Can we expand the availability of discounts by looking beyond direct relationships?
- What value could we find if we identify newer SCF models that offer a greater diversity and breadth of availability of liquidity with suppliers and their suppliers as well as with our customer’s customers?

Treasury finds itself in a dynamic environment of change and volatility. By understanding the various drivers and differences between counterparties, treasury can reconstruct their SCF model to address a broader array of needs far more effectively.

About Craig Jeffery: Craig has over twenty-five years of financial and treasury experience as a practitioner, banker and consultant. Previously, Craig was Senior Vice President and Practice Leader for Wachovia Treasury & Financial Consulting. He is a permanently certified Cash Manager, a Fellow of the Life Management Institute with distinction, and holds a BS in Accounting.

About Strategic Treasurer: Strategic Treasurer is a boutique treasury consulting firm headquartered in Atlanta, GA. Founded in 2004, the firm offers advisory services for Global Treasury Management, Financial Risk Management, Treasury/Risk Technology as well as Working Capital Optimization. Specialty services include: Treasury Technology selection and implementation, bank connectivity onboarding, staffing and compliance support.

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EXPLORING FINANCING OPTIONS FOR SMEs: GOVERNMENTAL INITIATIVES
Over the last year, I have introduced supply chain finance (SCF) to small and medium-sized enterprises (SMEs) at some of the UK Government’s Department of Business, Innovation and Skills (BIS) Manufacturing Advisory Service (MAS) Financial Expert events. These sessions are intended to help SMEs understand what sources of finance they can and should access - from government grants, through R&D tax incentives, to invoice factoring and now SCF. What have we learned from the specific events we attended and from the discussions we had with the business and finance leadership of many SMEs? The first lesson is a simple storyline, such as:

Define the supply chain

The term supply chain (SC) was first used over 30 years ago to extend the traditional point-to-point logistics thinking to encompass the end-to-end linkages that form the chain of supply – from your supplier’s supplier, to your supplier, to you, to your customer and to your customer’s customer.

Supply chain management (SCM) is possible where the participants exchange forecasts, orders, event data etc. information to allow the one or more parties to manage the chain. Typically, the goal used to be stock or inventory reduction, but more recently the goal is now customised products and rapid response to demand.

In practice, this is rather simplistic and supply relationships are really networks with overlapping, shared and often multiple channels.

Next, define what SCF is

Supply chain finance adds the flow of cash and methods of funding to this end-to-end thinking. It includes both working capital and fixed investments. Lowering the total cost of funding the SC, or reducing the risk of financial failure in the SC, or even increasing access to financing for new products or increased demand, can all lead to a more competitive product or service in the end market than other SCs can deliver.

This leads to some interesting questions. Where in the SC can finance be accessed at the lowest cost? Should you be the borrower, or your customer, or your supplier?

When customers pay you and when you pay your suppliers, it changes how much you and they need to borrow. This, in turn, affects where the cost of borrowing sits in the SC.

How does this affect the SME?

There is an increasing number of examples of major organisations taking steps to help finance their suppliers, initially just their first tier suppliers and focused on their invoices and immediate working capital needs. This is usually achieved via “reverse factoring” which has become synonymous with SCF, even if this approach is only one of many tools. Companies are also looking at mechanisms to reach second and third tier suppliers and extend the thinking to inventory and tooling finance.

Heineken, Philips and Unilever are all advocates of these approaches and support research, sharing of best practice and development of standards.

Explore the options for an SME

It is worth stepping back for a moment and considering if you can get a better deal than simply borrowing from your bank or depositing cash with them. Maybe you could take early payment from a customer by offering them a discount, or by factoring your invoice via a third-party finance provider. Similarly, you could offer to pay your own suppliers much faster in return for a discount – it depends on how much your suppliers need the cash and how much it is costing them at the moment. This is SCF – funding up/down the chain rather than individually from external sources.

The financial instruments that facilitate a change to the normal payment terms, whether that is 30 or 130 days, are many and various. Examples include: factoring, invoice discounting, reverse factoring, inventory finance, tooling finance and pre-launch finance. And there are many practices which move the financing responsibility to others in the SC – vendor managed inventory, consignment stock, payment on use – to name but a few.
In addition to how best to tell the story, what else did we learn?

- Very, very few have ever heard of SCF: less than 10 out of the 300 attendees. Anyone undertaking SCF research or an implementation project should bear this in mind.
- Only one of the 300 attendees was part of a customer based reverse factoring program, the most common form of SCF. Thus, the practical impact is all new to them.
- Some SMEs are actually well financed and SCF is not attractive. In the current economic world, with low or zero personal interest rates and recent experience of credit ‘crunches’, companies which are personally financed often do not borrow.
- Much more important is longer term financing, usually tied to capital items where customers are looking for suppliers to invest in new technology or increased capacity.
- A few companies, maybe 10%, factor their invoices – mostly to manage short term cash flow. Traditional bank solutions are the norm, with only one or two using alternative finance providers.
- Another group ‘outsource’ invoicing, both for early payment and for chasing up customer payment. This last factor is an important selling point for SCF.

Therefore, SCF is virtually unknown to most SMEs and there are huge gaps in understanding and requirements. We are consolidating our findings and planning further research into the opportunities and challenges of SME funding.
Access to Supply Chain Finance: Action Needed by SMEs

If SMEs want access to supply chain finance (SCF) programmes they cannot just wait for big buyers to offer it to them. With increased standardisation of SCF programmes, buyers could make SCF available to more SME suppliers (by SME suppliers we mean suppliers that are SMEs, not companies that supply to SMEs). However, there is also action needed from SME suppliers themselves: the order-to-cash process and the collaboration with the buyer can be improved. Additionally, knowledge about SCF needs to increase.

The relevance of SCF to SMEs

Like in many other European countries, SMEs in the Netherlands have faced problems with financing working capital in recent years. An important part of the problem is late payment from big buyers, mainly to their SME suppliers. SCF solutions can reduce or take away these financing problems. These solutions give a supplier more certainty about effecting payments and the moment this is done. This makes suppliers less dependent on bank loans. Certainty about the moment of payment makes tasks like cash planning, invoicing and the administration related to invoicing easier and less costly.

An increasing number of buyers in the supply chain are using SCF solutions towards their suppliers. However, these companies mainly use SCF towards their biggest suppliers where spend is high. A buyer faces implementation costs when adopting SCF solutions. For every supplier that is onboard a SCF programme, buyers can face new costs. As a result, buyers will offer SCF first to the suppliers where spend volumes are the highest. That is an underlying reason why SMEs are not yet reached on a large scale. However, M3 Consultancy estimates that the (maximum) potential of making SCF available to SMEs in the Netherlands is EUR 9-16 billion in extra liquidity for SMEs (M3 Consultancy, 2014).

Why SCF is not yet reaching SMEs

Apart from high onboarding costs, there are other obstacles to making SCF available to SMEs. Inefficiency in the order-to-cash (O2C) process of a supplier, especially in invoicing, is one obstacle. SCF solutions like reverse factoring rely on quick approval of invoices by buyers. Still, many errors are made in invoicing by suppliers, especially the suppliers that are SMEs. These errors lead to disputes between buyer and supplier and delay in payment.

Other important reasons for SCF not reaching SMEs are a lack of knowledge and obstacles related to the collaboration between buyer and supplier. Because of the novelty of SCF, there is a lack of knowledge. For example, many companies are not aware of the legal and accounting requirements. The less knowledge the supplier has, the higher the onboarding costs are for the buyer. For buyers, collaboration with certain suppliers is more important than with others. These are not only suppliers where purchasing spend is high, but also where strategic value of the products is high. Suppliers where both purchasing spend and strategic value of the products are low are mostly not included in SCF programmes. SMEs are overrepresented in this category.

What can be done to reach SMEs

Onboarding costs of buyers should go down to reach a wider range of suppliers with SCF programmes. This requires big buyers and solution providers to work on standardisation of implementation processes for SCF programmes. Furthermore, awareness about SCF can be increased among SME suppliers. Betaalme.nu (in English: “Pay me now”) is a project led by Windesheim and supported by the Dutch Ministry of Economic Affairs in which we aim, together with taskforces of corporate buyers, SME associations, banking and non-banking solution providers and accountants, to increase awareness among SMEs, create pilot programmes for SMEs and increase standardisation of implementation methods. In a separate project, we research together with groups of buyers, how purchase-to-pay (P2P) processes of buyers can be improved in such a way that quick approval of invoices is possible.
What SMEs can do themselves

SME suppliers need to make major improvements in their O2C process if they want to enjoy the benefits of SCF programmes. SMEs can improve the speed and quality of the invoicing and dispute resolving process to make possible quick approval of invoices by buyers. Furthermore, SMEs should increase knowledge and awareness about the preconditions, benefits and risks of SCF programmes to reduce onboarding costs and should investigate how the necessary collaboration with the buyer can improve. Unlike most research on SCF, an important part of the research at Windesheim University is about what SME suppliers can do themselves to get access to SCF programmes. By taking into account the point of view of both buyers and suppliers we contribute to fill in existing knowledge gaps with the aim of freeing up billions of euros in liquidity.
Encouraging large enterprises to aid their small suppliers’ financial health is the cornerstone of the White House’s 2014 SupplierPay initiative. If properly structured, supplier finance programmes can achieve the goal of helping smaller suppliers while also generating significant financial benefits for buying organisations as well. That said, not all arrangements are mutually beneficial, as well as not being in line with the spirit of what SupplierPay aims to accomplish. This article is your brief on what the initiative calls for, what the programmes can offer and what difficulties you may face if you take the wrong approach.

The SupplierPay initiative: in brief
By March 2015, 46 companies signed onto the SupplierPay Pledge, which calls for them to: (1) pay small suppliers faster or provide them with access to third-party capital; (2) share best practices to help these suppliers streamline their operations; (3) deliver on these goals without increasing the suppliers’ overhead or making access to funds contingent on accepting extended payment terms. It has already garnered support from the likes of 3M, Apple, AT&T, Coca Cola, Ericsson, Walgreens and Zappos.com. More importantly, it has opened up a truly productive dialogue about the SMB experience and what can be done to bolster this vital segment of the economy.

How SupplierPay helps suppliers: fair and affordable funding
For small businesses facing a cash crunch, the current options are not exactly ideal. Many will look to credit cards to bridge the gap, incurring interest rates upwards of 15-25% APR. Bank lines of credit impose similar financing costs and may be difficult to obtain. Selling receivables to a factor, assuming that SMBs are even aware of their options in this area, can entail an even steeper price, will not provide the full value of the amount due up-front and will be made with recourse, keeping the supplier on the hook for repayment even if the buyer fails to make payment. New options have come to the market, offering them high-interest, short-term loans that can run anywhere from 20 – 200% APR. Taken together, these options are not all too inspiring for SMBs in need.

By collaborating with their customers, SMB suppliers open up new opportunities for discounting and supply chain finance programs, which can come up with much more attractive financing rates. Traditional 2/10 Net 30 terms work out to an effective 36% APR, which is admittedly high. But, by trimming the discount rate and looking at net terms in the 45 to 60 day range, the financing rates work out to much more manageable levels below 20%. The same applies to dynamic terms, where the discount taken is reduced each day, but always working out to a fixed APR. In situations where suppliers are given some control, we see an even greater ability to drive rates down and to ensure that accelerated payments are made on fair terms.

How SupplierPay helps buyers: healthy returns on idle cash
The reality of today’s economy is that money sitting in the bank is generating close to zero (if not negative) returns. While there are valid reasons for maintaining some balance, such as keeping compliant with debt covenants, the truth is that excess cash can produce much more by being deployed elsewhere. Discounting programmes offer a great opportunity to use that cash in a more productive way by generating returns at upwards of 30% APR. It is the mirror-image of what has been discussed above: even with lower discount rates and longer periods of acceleration, the returns can still hit targets that are much more attractive than current bank rates.

The rules of the road: honoring the letter and spirit of SupplierPay
An alternative approach to these working capital decisions is to find a third-party funding source to advance payment for you. That is where the third element of SupplierPay comes into play and where some companies may run afoul of these commitments. Providing an alternative funding source is one of the main features of SupplierPay, but making SMBs’ access to that funding contingent upon accepting extended payment terms is not allowed.
Some final words of advice
With a good understanding of what SupplierPay is and what it entails, we can turn to some practical recommendations for embarking on your own programme:

• If you are looking to extend net terms, do that as a first step. Generally, having longer net terms will increase the number of transactions for which accelerated payments are available. Within the SupplierPay context, extending terms after you have signed the Pledge (or equivalent such as the UK Prompt Payment Code) can go against those commitments and lead to negative coverage in the press.

• Segment your supplier base and offer tailored discount terms. Different suppliers will have different appetites for discount rates. The key is to identify discrete groups, such as large suppliers who can borrow at competitive rates, and structure offers that work for them. That is essential to on-boarding larger percentages of your supply base.

• Explore supplier choice and third-party funding options. Allowing suppliers to say what rates they are willing to accept can increase adoption levels and help reach companies that may not have been enticed by previous offers. Third-party funding allows you to explore all of these options without the short term balance sheet impact that self-funded discounting entails. Again, the goal is to find the right mix of offers that work for you and for your in-need suppliers.

About Scott Pezza: As principal analyst with Blue Hill, Scott’s research addresses the main challenges facing the Office of Finance and the functions it manages. Key topics concern Payables and Receivables Management, Subscription Billing, Supply Chain Finance and Enterprise Performance Management.

About Blue Hill Research: Blue Hill Research is a research and advisory firm focused on educating businesses to make more informed technology purchasing decisions. We profile end-user organisations, discussing the challenges they have addressed, sharing what has worked for them and helping peers better understand what options may work for them when tackling similar issues.

www.bluehillresearch.com
This Voice of the Industry section www.thepayers.com/voice-of-the-industry is designed to provide industry leaders with the great opportunity to share their views on specific developments in the global payments market and to promote their innovative products or services.

The Voice of the Industry section includes:

**Expert opinion**
Aims to provide the world’s leading experts and industry thought leaders with the opportunity to expose and share their vision and expertise on specific developments in the global payments market with our readership.

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Is a retrospective on a successful market implementation of a product/service or a strategic acquisition carried out by a company. This product is conceived as an overview of a specific product or service deployment, a successful partnership or else finalized product launch, outlining the business case, results to date and best practices derived as a result of this implementation.

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**The Product/Service Briefing**
Allows organizations to provide existing and potential new customers as well as the industry at large with an in-depth look at new and innovative products/services / business models they are about to launch (the definition of innovation is: a change in a product offering, service, business model or operations which meaningfully improves the experience of a large number of stakeholders)

**Visibility:**
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EXPLORING FINANCING OPTIONS: ALTERNATIVE FINANCE
The fast developing business of the alternative finance sector currently contains an increasing number of businesses, offering an ever growing variety of alternative finance products and services.

As the sector grows, the need has arisen for organisations to connect people and ideas and support the responsible growth of the industry in line with finance rules and regulations.

The advent of peer-to-peer alternative finance for business

Economic cycles commence and finish in finding ways to accommodate new economic realities through new business models. That was the starting point for peer-to-peer finance, a sector which has consolidated its place in supply chain finance by enabling lending to flow into the post-meltdown market where credit availability was depressed.

Following the crisis, regulators of the world’s big economies, put in place heavy regulation, which increased bank costs. This, combined with the Basel III capital adequacy rules, has created a perfect storm resulting in banks reducing the levels of finance they made available to business.

The resulting gap in the market has effected the development of peer-to-peer finance which, with a low cost base and limited regulation, responded to lending demand with agility and proficiency, introducing credit accessibility through technology and information.

The new reality is that peer-to-peer lending platforms and banks now coexist in the financing market, in a hybrid system between traditional and alternative. However, the pace of competition is inevitable, a positive point for business seeking finance.

Helping business flourish and promoting growth

Authorities are increasingly acknowledging the valuable economic role played by alternative finance as a means for efficiently distributing capital, promoting good supplier relationships and improving the availability of working capital.

Finance professionals, who have traditionally relied on banks for all their financing needs, see alternative finance as another arrow in their quiver enriching their working capital strategies. A key advantage is that tapping into these new sources of finance does not affect their bank facilities or existing arrangements. For many that have used other traditional finance option, leveraging alternative finance is the easiest way to significantly improve their working capital position. What is more, it is not something they want to keep to themselves. In order to strengthen their supply chain, they can use emerging alternative finance technologies to give their suppliers access to the same new sources of finance. As the buyer boosts working capital, alternative finance can simultaneously help their suppliers get paid sooner, reduce days sales outstanding (DSO), avoid bank debt, remove accounts receivables from their balance sheet and increase their own working capital.

In contrast to the delay in setting up bank Supply Chain Finance (SCF) programmes, alternative finance is rapidly deployed. It responds to the specific needs of the moment by being just a few ‘clicks’ away. Alternative finance has brought us ‘just-in-time finance’ that is injected into the supply chain exactly where and when it is needed.

How to minimise exposure to risk

As the business of the alternative finance sector grows, it benefits from light regulation which adds to its competitive advantage. Still, as the industry innovates and touches more organisations, it is prudent to be wary of an inevitable exposure to more risks. The IAAF and its members are instrumental in anticipating and managing risks to minimise regulatory demands which could hold back the industry at a time when it is so fundamental to fuel UK economic growth.

The IAAF focuses on business to business finance and proactively engages with regulators, platform providers, funding providers and other stakeholders in the industry to ensure that the low cost competitiveness of peer-to-peer finance is maintained within a framework of security and compliance.
The IAAF gives the industry a voice and connects corporations and platforms, funding providers and regulators, experts and those new to the sector.

Opportunities and the next generation of alternative finance platforms
The music and travel industries are examples of how “alternative” can so rapidly become mainstream. In both cases the respective industries and their markets were transformed by low cost digitised services. The heavyweight incumbents of those industries could not stop the disintermediation and nor can the banks when it comes to finance.

To date, traditional lenders have been slow to adapt their business models in response to the increasing numbers of fast-moving, innovative, web savvy competitors and at most have simply modified existing offerings. The Basel III regulatory framework limits banks’ capacity to lend. However, that reduction of lending is less relevant as alternative finance provides new sources of capital such as hedge funds, pension funds and even ISA based funds.

The traditional lenders are not going to rollover. Instead, the IAAF believes that the battleground will be the resilience of the alternative finance sector and regulation. Being proactive on regulation, is key to ensuring the sustainable growth of the sector which is why the IAAF is focussing on building diligence levels in business to business alternative financing.

About Renata Godinho: Ms. Renata Godinho has worked in financial services for over 10 years and joined the IAAF as Director and Secretary on the formation of the Association in 2014.

About IAAF: Founded in London in 2014, the International Association for Alternative Finance (IAAF) is an industry body committed to the promotion and development of the Alternative Business Finance sector. IAAF sets out its drive for the Business Alternative Finance to be applied with excellence globally, thereby creating opportunities for members, and supporting the economy development as a whole. The Association’s four key focus areas are: regulation, reputation, operational environment and future growth.

www.iaafin.org
With the economic recovery prompting some revival in business optimism, now is the right time for businesses to consider what options are available to them to fund investment and growth. On this basis, an increasing number of businesses are turning to asset based finance as their go-to choice. At any one time, ABFA Members are now advancing almost GBP 20 billion in funding to businesses across the UK and Ireland, supporting clients with a combined turnover of almost GBP 300 billion in 2014.

Invoice finance and wider asset based lending have long been seen as a key alternative to ‘conventional’ sources of finance, such as overdrafts and term loans. However, the changes in the business finance landscape in recent years meant that asset based finance is no longer just an alternative. It is now firmly in the mainstream, as a core part of the funding suite for businesses of all sizes.

What has driven this move is the speed and flexibility with which an ABFA Member can provide funding. This means that businesses can get their growth plans off the drawing board and into reality more quickly than they could with a traditional lending product.

Asset based finance providers are able to ‘look through’ the business and pinpoint the strength of the client’s underlying assets, in particular to its debtor book, as represented by its invoices. By looking at a client’s strengths, rather than being solely reliant on often out-of-date financial indicators contained in the accounts, an asset based financier will often be able to provide funding quicker.

The industry has evolved to provide funding against a wider range of assets beyond the invoices (factoring and invoice discounting – referred to collectively as invoice finance) that marked the industry’s origins. Wider asset based lending packages now make up around 20% of the total funding provided by ABFA Members. Through asset based lending, funding can be provided against a range of other assets, including stock, plant and machinery, property and also intangibles, such as IP and forward income streams, as well as against the debtor book.

Another advantage of asset based finance that has come forward in recent years is its scalability. The funding available through asset based finance grows as the client grows. Hence, this can free up senior management to focus on building the business rather than spending time worrying about securing additional funding.

Asset based finance can also help businesses deal with ever-increasing payment terms from large customers. Long waits for payment, which have become increasingly common in recent years, can quickly impact a company’s cash flow and its ability to function effectively. Invoice financing offers a cost-effective solution as it enables companies to free up their finances in order to cover fluctuations in cash flow and deploy funds at short notice.

In addition, invoice financiers are often able to provide a range of additional services to their clients, including collections, credit control and sales ledger management (in factoring). This can be particularly helpful for smaller businesses, effectively allowing them to outsource their credit control to specialists and focus on growing their business. In addition, both factoring and invoice discounting can be provided with bad debt protection on a ‘non-recourse’ basis, whereby the finance provider takes on the risk of non-payment.

Look for the trust mark in asset based finance
As demand for asset based finance has grown, so has the importance of the industry providing a clear statement of the standards that it meets. This is why the Asset Based Finance Association (ABFA) established a Standards Framework in 2013 that sets out the principles that can be expected of Members of the ABFA. In addition to an industry Code, it incorporates an independent complaints process provided by an Ombudsman which is available to clients of ABFA Members, and an independent Professional Standards Council which oversees the Framework and safeguards the reputation of the industry.
The Framework was designed to demonstrate and enforce the high standards of professionalism seen across the industry and allow more businesses to use asset based finance with confidence. ABFA Membership remains the most important trust mark for any business looking to secure funding through asset based finance.

**Government-backed initiatives designed for SMEs**

One governmental initiative is to have banks that turn down SMEs for loans pass their details on to ‘alternative’ providers of finance who may be able to provide funding that is more suitable for their business. In the context of commercial finance innovation, technology is facilitating the development of a wide range of new funding products beyond the ‘traditional’ sources of funding. Providing SMEs with better information about the finance options that may be appropriate for their businesses is crucial for this.

Another key recent governmental initiative that has pushed this agenda forward is the Business Finance Guide, produced by the British Business Bank and the ICAEW Corporate Finance Faculty. It is an excellent example of how to raise awareness of the financing options available to businesses.

We hope to see the new government continue with the commitment to moving the ‘alternative’ into the mainstream, getting even more funding to the UK’s vital SME community.
THE PAYPERS - INSIGHTS IN PAYMENTS

The Paypers (www.thepaypers.com) is the leading independent source of news and analyses for professionals in the global payment industry. Our products are created by payment professionals and cover all significant developments in financial transactions, with a special focus on online payments, online banking, mobile payments, e-invoicing, e-identity and SEPA. Our portfolio includes headlines, newsletters, company profiles, publications, events, jobs, buyer’s guides and advertising via multiple media channels and social networks.

“Insights in payments – this is what the Paypers is all about. On the one hand readers get deep insight into the payment industry and on the other hand for companies The Paypers offers a great advertising portfolio. For example, with our DIMOCO hub we handle mobile payment transactions in the Central- and Eastern European countries. That means that we are a niche player and the Paypers is an ideal partner for us.”

Margit Anglmaier - Vice President Corporate Communications - DIMOCO

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The Paypers offers a wide range of news and analysis products:

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The Paypers readership
OPPORTUNITIES IN E-INVOICING: VALUE ADDED SERVICES
Providing e-invoicing services has never been so demanding. Simply exchanging documents between customers and suppliers is no longer enough – the time is right for value added services.

What is Wesupply’s business model?
Unlike many companies in our industry, which have transitioned from an on-premise business model, our sole focus, since we were founded over fifteen years ago, has been the delivery of an outsourced, fully managed service.

We strongly believe that e-invoicing and EDI should run efficiently and effectively in the background and shouldn’t be a drain on a company’s resources. We simplify B2B for our clients, looking after the day-to-day issues on their behalf, allowing them to focus on more value-added tasks. With implementation, the on-boarding of trading partners, continuous transaction monitoring, electronic document validation and 24/7 support, all included as part of our service, our clients are able to focus on their core business.

What sets Wesupply apart from other e-invoicing service providers?
Although our applications and network infrastructure, housed in dual IBM datacentres, provide a world class operating platform for our clients, we are not just a technology vendor. It is the added value that our UK-based managed service team provide that sets us apart from other providers.

In addition to the extensive alerting functionality within our application, we have a dedicated, UK-based team that proactively monitor the Wesupply platform for document validation errors. They do not just identify errors, they manage them through to resolution, in many cases without even having to involve clients.

Simply put, we do not just deliver documents between customers and suppliers – we add value.

What advice would you give an organisation which is looking to embark on an e-invoicing initiative?
Organisations should not view invoicing as an isolated process, which is the sole responsibility of the accounts department. To get the best results from an e-invoicing project, an organisation should be prepared to review their wider business processes.

Late or rushed payments are nearly always blamed on the accounts department for taking too long to process invoices. However, the lack of discipline when raising purchase orders and communicating amendments, which leads to supplier confusion and poorly presented invoices, is often the problem.

Many organisations understand that there are benefits to be gained from implementing a form of electronic invoicing. They appreciate that it is time consuming to scan or re-key supplier invoices and that if invoices can be integrated into their finance applications then costs can be reduced. However, they are sometimes less aware that greater benefits could be gained by reviewing and often changing their business processes (and possibly IT systems) to ensure, for example, that purchase order amendments are communicated diligently and correctly and price files are kept up to date and communicated to all parties.

Our advice is to closely review processes and learn to instil greater disciplines. This is how we, for example, are helping companies significantly improve control of the purchase-to-pay activities.
“E-invoicing and EDI should run efficiently and effectively in the background and shouldn’t be a drain on a company’s resources.”

What mistakes should be avoided by organisations when moving to e-invoicing?

High adoption rates are key to maximising the success of any e-invoicing project, however, due to the complex nature of supplier communities, we find that many organisations only focus on their core suppliers, overlooking the wider benefits that are available.

Wesupply recommends organisations to include all suppliers in their initiative, regardless of their size or level of IT sophistication. Via our platform, suppliers can send invoices to the Wesupply service in one of three ways: electronically from their accounts payable application, as a PDF attachment to an e-mail, or by using the Wesupply OneTime portal to either key in an invoice or convert an order, shipment or receipt into an invoice. Regardless of the method used to create or send invoices, the Wesupply service validates and converts all invoices to a format that our clients can easily import into their accounts payable application.

About Steve Rees: Steve Rees is product manager at Wesupply, a B2B service provider. Steve has spent many years assisting high profile supply chains in improving communication, accuracy and visibility.

About Wesupply: Wesupply is a B2B service provider that enables global organisations to exchange data efficiently and effectively. Wesupply’s e-invoicing managed service is built on a sophisticated B2B integration platform that has comprehensive support for the validation, transformation and assured delivery of messages.

www.wesupply.com
Increasing SME Financeability with Track and Trace

Small and medium-sized enterprises (SMEs) are becoming increasingly dependent on alternative ways to finance their working capital, as their trading counterparts are extending payment terms. At the same time, increased capital requirements resulting from Basel III are forced upon banks by limiting access to traditional sources of funding for SMEs. As a result, financing SMEs is not trivial:

1. Supply chain finance (SCF), i.e. buyer-driven financing programs such as reverse factoring are not scalable to achieve mass adoption among SMEs, and;
2. Asset-based (receivables) finance and factoring involve time consuming, manual risk assessment based on historical data, leading to a certain minimum financing value.

The challenge of financing SMEs can be addressed through standardisation and exchange of invoice status information.

Improve receivables finance by leveraging invoice approval and payment status information

Driven by e-invoicing networks such as SimplerInvoicing and other OpenPEPPOL networks and the ERP / e-invoicing providers connected through these networks, digitisation and exchange of invoices by ERP solutions and electronic invoicing (e-invoicing) providers is becoming increasingly popular. E-invoicing enables efficient use of metadata, e.g. invoice status, in the financing process.

A model for ‘Status Based Receivables Financing’

Figure 1 depicts the concept of ‘Status Based Receivables Financing’ (SBRF) and explains the complete flow from the invoice status of the buyer to the financier of the SME supplier.

The invoice status is part of a four step process, in which the (SME) supplier, buyer and financier are engaged in, and serves as a basis for the financing.

The financing is initiated by the supplier via ‘one-click’ in its ERP software or invoicing solution. The SME supplier has the option to use a finance exchange or to send its finance request directly to a selected financier (e.g. own bank). The SBRF model is ‘inclusive’, meaning that both existing and new service providers are able to fulfill one or more roles as defined in the model.

The model consists of the following key components:

1. Status brokers: e-invoicing providers and ERP / accounting software (already active in a interoperable network) that are willing to share the invoice status;
2. Status aggregators: e-invoicing providers and ERP / accounting software that aggregate invoice status and share this data with financiers on behalf of businesses seeking finance.
3. Finance exchanges: parties that curate finance requests from businesses and make them available to financiers with a matching risk appetite. This role, for example, can be fulfilled by SCF platforms, dynamic discounting platforms or other SCF platforms.
4. A standard for communicating invoice status between status brokers and status aggregators, and a standard for finance requests. This also includes a governance model for this standard;
5. Financiers who are willing to finance invoices that match their risk appetite.

Steps for realising ‘Status Based Receivables Financing’

Define the business model: benefits are recognised, but need to be quantified

The improvement is found in better risk management and transparency for financiers (less defaults), straight through processing (STP) for the whole chain (lower cost to serve) and more financing options for the SME (lower financing cost). The quantification of these benefits needs to be assessed.
Streamline buyer invoice approval process is key

The invoice approval by the buyer is an essential step to start the flow of information in the SBRF model. The buyer will provide this approval via its regular administrative process (i.e., three way matching). The incentive for large(r) buyers to cooperate and share the invoice approval status is more of a ‘soft nature’ (e.g., corporate social responsibility, CSR). Small(er) buyers will be more inclined to participate as they are SME suppliers themselves in other trading relationships.

Start with ‘self-declared’ invoice approval status as a first step

The ‘assurance’ of invoice approval can be as simple as a ‘self-declaration’ by the buyer, because this already provides substantial improvement to today’s situation where an invoice of an SME supplier is completely disconnected from the buyer’s approval process. The support of invoice approvals by buyers with higher levels of assurance should also be considered. This will require the set-up of an adequate legal framework governing relations (i.e., obligations and liabilities) between actors involved.

Governance for minimal trust in the SBRF model

A neutral multi-stakeholder governance of the operational, technical and legal standards will ensure trust and uniform implementation of the SBRF network model. Stakeholders need to be selected upon the decision to pursue its realisation. The SBRF network should be ‘cross-border by nature’.

Establishing such a Status Based Receivables Finance network can greatly improve financeability of invoices for SMEs and, as a result, fill the credit gap that many SMEs face today. The next step is to start developing a standard with a ‘coalition of the willing’ ERP / accounting software providers, e-invoicing providers and financiers that are already active in sharing invoices in a network such as OpenPEPPOL and Simplerinvoicing and extend this network with invoice status information. By doing this, parties can create true value on top of the exchange of electronic invoices.
VISIT OUR ENHANCED ONLINE COMPANY PROFILES DATABASE

ALL COMPANY PROFILES IN THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET GUIDE ARE AVAILABLE ONLINE IN AN ENHANCED COMPANY PROFILES DATABASE, COMPLETE WITH KEYWORDS, COMPANY LOGO AND ADVANCED SEARCH FUNCTIONALITY

www.e-invoicing.thepaypers.com
OPPORTUNITIES IN E-INVOICING: SPOTLIGHT ON EUROPE & LATIN AMERICA
PwC was the first supplier to accept sending e-invoices through the e-PRIOR Supplier Portal. Could you elaborate more on the thought process behind this decision?

As a business consultant, PwC was strongly involved in the vision development of the e-PRIOR project, as well as in further analysis and implementation. Therefore, we were eager to be the first supplier to send electronic invoices to the European Commission. As the number of invoices sent to the European Commission is rather limited, we have decided to start using the e-PRIOR Supplier Portal. For example, since implementation, PwC has sent to the Commission 52 e-invoices (plus three credit notes), with strong increase in 2014, since the award of a large framework contract.

Would you argue that regulation is the best strategy to link public procurement with e-payments and e-invoicing? Can you give us your opinion about why do you think so?

In order to have a successful digital transformation project you need stakeholders to participate in. One of the issues we are still facing today with e-invoicing is a lack of critical mass. As an economic operator, I would be happy to send all my invoices electronically and preferably through one single standard interface, but this is currently not the case. The same goes for some customers who cannot receive invoices electronically and, if they can, they have different interfaces. And this is exactly the area where the government can play an important role. By providing interfaces based on open standards and by making e-invoicing mandatory, the number of economic operators that are “e-invoicing enabled” suddenly increases and also their private sector clients could start receiving electronic invoices.

How can you evaluate the importance of proactively responding to regulations?

It is always better to anticipate imposed deadlines in order to be able to prepare well and comply in due time. “Leading by example” always has a positive impact on a public administration.

Proactive actions are driven by the potential of cost savings. For example, the cost savings potential for Belgium is estimated at EUR 3.5 billion, while the business case on pan-European level is, of course, much higher. However, we are still seeing low adoption volumes (15-20%), and that is where B2G e-invoicing projects are expected to boost up the adoption rates. Additionally, in the European space, Scandinavian countries are already pretty mature and, therefore, the biggest potential lies in countries such as Germany, France, Italy and Spain.

What can EU learn from Latin America, the region where e-invoicing was mandated by the government?

The e-invoicing models being implemented in Latin America are what we call “closed systems”. Adoption can reach 100% in a short term, as it is very prescriptive: only one method is allowed. However, knowing that, on average, half of the economic operators in Europe are suppliers to governments, in one way or another, public administrations can be a great catalyst. Therefore, by implementing interoperable e-invoicing solutions and by making these solutions mandatory, public administrations play a crucial role in making economic operators “e-invoicing enabled”. And, once that happens, the economic operator can also start sending electronic invoices to its other customers and so forth.
“E-invoicing faces a catch 22: despite the huge cost savings potential, the overall adoption rates remain low.”

What are the most common challenges for those who are just embarking on the e-invoicing journey in Europe today?

Firstly, the most common challenge would be getting the critical mass required to realise the benefits. From a supplier perspective, having the option to only send electronic invoices to a handful of clients, may impose the decision to wait a little more. And, if everyone thinks this way, e-invoicing adoption will never get to the required critical mass. Secondly, compliance with the VAT rules for e-invoicing and e-archiving (which have been simplified recently though) and thirdly, interoperability with other e-invoicing systems, which allow the use of one platform for reaching out to all the stakeholders, who may or may not use another platform.

How do you estimate the EU B2G e-invoicing market’s evolution in two years from now?

Given that many B2G e-invoicing projects are already being initiated and deployed, and have the necessary political support with imposed deadlines, I estimate that the momentum will continue on the same note. Therefore, in two years’ time, when the B2G e-Invoicing Directive is scheduled, many projects will have started and even have realised certain targets.

About Pieter Breyne: In his role, Pieter advises private corporates as well as public administrations on how to implement e-procurement in general and e-invoicing in particular; not only from a technology perspective, but also from a business, legal (VAT) and change perspective. Pieter is currently member of the Belgian eInvoicing Forum where he is leading the B2G workgroup and represents the Belgium forum in the European Multi-stakeholder Forum for eInvoicing.

About PwC: PwC firms help organisations and individuals create the value they are looking for. We are a network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us on our website.

www.pwc.be
Simplerinvoicing

E-invoicing: Are We Ready for Mass Adoption?

For years, businesses have tried to move away from a traditional paper invoice process to a full electronic invoicing process. Adoption of e-invoicing has steadily increased in the past years. However, there is no indication that mass-adoption of e-invoicing will be achieved in the coming years. Why is it taking so long?

In the attempt to answer the question, the European Commission developed a directive to mandate the use of e-invoicing by (semi-)government starting with 2018. Many countries including Spain, Austria and Italy are currently transposing this directive in national laws. In most countries e-invoicing is mandated for business-to-government invoices while, in some instances, the mandate also includes business-to-business invoices.

Breaking down barriers
In previous years, much work was done to remove the key barriers for adoption of e-invoices:

Interoperability
For years, the lack of interoperability has been the key barrier to mass adoption. Companies were forced to implement different services from different e-invoicing providers as they were in business with different buyers and sellers. With the implementation of interoperability frameworks, such as Simplerinvoicing (which is based on OpenPEPPOL), interoperability is not a showstopper any more. Such interoperability frameworks enable companies to send and receive e-invoices from their own ERP, accounting or e-invoicing software, under one single standard and contractual framework. This significantly reduces the cost of interoperability associated with e-invoicing for the end-user.

Communication to businesses
Additionally, many companies embracing e-invoicing focus only on their strategic suppliers. The rationale is: “my top 20% of suppliers are responsible for 80% of my invoices”.

As a consequence, companies neglect the longtail of smaller suppliers (mostly SMEs) with lower volumes, believing that for these suppliers it is less lucrative to be embarked with an e-invoicing solution. In reality, many corporates struggle with migrating more than 40% of their paper invoices into electronic invoices. This shows that corporates should not focus only on their strategic suppliers but also on their longtail suppliers.

Regulatory
The EU directive to mandate the use of e-invoicing for governments and semi-governments creates an important driver for adoption. Since this directive affects every company that has an invoicing relationship with a government agency, there is no doubt that electronic invoicing will happen in the near future. Moreover, many countries have simplified the tax regulations for e-invoicing leading to a level playing field for e-invoicing.

Simplerinvoicing: making e-invoicing easily accessible
Since its inception in 2013, Simplerinvoicing gathered around its network 18 e-invoicing and administrative software providers that share a common goal. The mission is simple: make e-invoicing available and easily accessible for everyone, especially small and medium-sized enterprises (SMEs), thus stimulating mass adoption of e-invoicing. Simplerinvoicing uses the OpenPeppol standard and has a European focus. It makes it possible for a sender (supplier) to create an electronic invoice in their own system, whilst the receiver (buyer) can receive the invoice in their own system. This interoperability created between service providers could best be compared with the telecom sector. No matter what device or which provider someone has, the network is the common denominator. Importantly, that network has a certain quality that a provider must meet, so misuse does not occur. Electronic invoicing, therefore, should not be different. With Simplerinvoicing in place, e-invoicing is available to anyone: freelancer, SME, corporate and government, everyone can invoice everyone.
In a recent case study, the benefits of e-invoicing are outlined by a corporate that embraced Simplerinvoicing as a key way to receive e-invoices:

- Quicker adoption by the suppliers: suppliers are allowed to just use their own e-invoicing provider rather than adopting the corporate’s platform.
- Guaranteed improved quality of invoices: the use of the UBL standard by Simplerinvoicing ensures the high quality of the invoice data.
- Move from ‘bulk invoices’ to ‘one invoice per order’: this increased the number of invoices received, but greatly improved the efficiency of handling these invoices.

Capturing full potential: track and trace of invoices

Although it is clear that electronic invoicing already provides a significant benefit over paper invoicing in terms of reduced paper handling, reduced errors and disputes, plus improved transparency, there is a major potential benefit of e-invoicing: optimising working capital. Capturing the full benefits of e-invoicing requires taking into account the possibility to offer dynamic discounting, supplier financing or other forms of supply chain finance on e-invoices. With Simplerinvoicing these benefits can be captured by anybody through his own software, whether he is an SME or a large corporate.

The next step that ERP, accounting and e-invoicing software providers need to take in order to capture these benefits is to facilitate track and trace of invoices. This entails the ability for buyers to share their invoice approval status and communicate that information to the supplier. Making this data available in a trusted and reliable way, significantly improves the financeability of invoices for the supplier. Furthermore, it enables parties to develop compelling new services on top of the invoice that truly enhance the way companies collaborate in their supply chains on working capital management.
Evolution of Digital Taxation in Mexico

The beginning of the era of digital invoices in Mexico was marked by the publication of Annex 20 of the 2004 Tax Resolution, in which the tax authority determined the technological standards for the operation of electronic invoicing. Its arrival has brought countless economic and operating benefits for companies and the government, thus allowing Mexico to position itself as a worldwide leader in this subject and building the basis for the Mexican government’s vision of digital fiscal taxation.

Among the most important impacts of digital invoicing, we can mention operation improvements, such as the increased transparency and simplification in the taxation process for the involved parties and multiple savings in time and administrative processes for companies (up to 50%) which, in turn, result in increased productivity. On the side of human resources, the savings in time from issuing electronic versus paper invoices, as well as their transportation and delivery, are used by employees for activities that generate greater value. Another important effect is ecological, as millions of trees have stopped being felled by saving paper brought with electronic invoicing.

Authorized Provider Certification (PAC) is the evolved service provider figure that was born in 2007 and, since then, they have played an essential role in the Mexican model of electronic invoicing. PACs are the link that has allowed for more than four million taxpayers and the government to agree on the use of solutions and technology platforms which, facing the public sector, ensure tax compliance of users, while facing the user, propels a remarkable process optimisation in business and, in conjunction with the Mexican IRS (SAT) and tax laws, have enabled digital taxation in Mexico, which is, now, a reality.

To accomplish PAC certification, it is necessary to comply with certain requirements and audits that reveal the moral, legal and technological strength of the applicant company, since they are highly regulated entities (and they act like intermediaries in the relationship between the taxpayer and the SAT), which should ensure both to the government and the user, service and operation levels according to international standards.

Technological development executed by PACs in Mexico for this change was feasible and represents a millionaire financial investment: extensive technical expertise and a technological infrastructure that the Mexican government alone could not have combined. In short, without the service providers, the National Digital Strategy, orchestrated by the federal government in order to take advantage of technology to bridge the gap between citizens and public services, would not have been feasible.

Another aspect that has helped the adoption of the model of service provider of electronic invoice in Mexico is the large number of players who, today, make up the industry, given the large number of competitors, quality standards, service and attention to customer have risen substantially. Service providers are increasingly required to offer innovative products and services, in addition to ensuring tax compliance to its customers, provide added value to them and solve their operational problems. I shall not fail to mention that this model was also deployed more easily and agilely because tax rates in Mexico are set by the federal government and are equal in all states.
Convergence between technology and taxation system is evolving and also presenting new challenges for all the players in the industry and the government itself, since the digital scheme has provided the foundation for further efficiencies in tax collection and the taxpayer’s business cycle. This trend is forcing Mexican taxpayers to set in order the management of their tax information and this eases the quickly migration to deliver a greater amount of information in standardised electronic formats like XML, in which a large amount of Mexican taxpayers must also submit their accounts electronically from April 2015, as an example.

And, in order to make this evolution succeed, SAT is creating a new authorised figure, the PR (Reception Provider), thereby guaranteeing taxpayers the delivery of electronic accounting to the fiscal authorities under international standards of information security. This new figure will be certified to receive tax documents from taxpayers to undertake validation, seal and delivery to SAT. This release includes the VAT, electronic accounting, annual statement of employees and payment scheme.

The challenge for service providers is not over as the National Digital Strategy is still running and, every year, new regulations form the Tax Reforms and Resolutions require the taxpayer to provide more information about its financial activities in specific technological standard formats, as it is the case of electronic accounting or electronic deductions, which were identified as mandatory in the year 2015. Therefore, the impacts of digital tax services continue to accrue new benefits, savings and efficiencies for all parties involved.

About Jorge López Chapa: Jorge López Chapa is Chairman of AMEXIPAC, and currently responsible for the Executive Office of Interfactura, with over 10 years of experience in creating and implementing business process solutions focused on the Revenues and Expenditures cycles.

About AMEXIPAC: AMEXIPAC is a nonprofit organisation founded in 2012, which aims the representation of providers authorised by the SAT, for the provision of services in digital taxation.

www.amexipac.org
Ariba, an SAP company, provides a global business network and complete suite of on-demand, source-to-settle applications for buyers, and market-to-cash applications for suppliers. With Ariba as an ecommerce channel, global organizations can extend any back-end system to buy, sell, and manage cash to thrive in a digital economy.

<table>
<thead>
<tr>
<th>Company</th>
<th>Ariba, an SAP Company</th>
</tr>
</thead>
</table>

**Website**
www.ariba.com

**Service provider type**
Procure-to-pay, e-invoicing service provider and software vendor

**Head office location**
US

**In which market do you provide your services?**
Global

**Contact details**
Alex Saric, Global Vice-President Marketing, Ariba, alexander.saric@sap.com, +49 (0) 151 678 34 344

**Active since**
1996

**Keywords**
e-invoicing, Ariba network, collaboration, cloud solutions, digital economy, supplier enablement, procure-to-pay, dynamic discounting

**MARKETS**

<table>
<thead>
<tr>
<th>Which side in the supply chain is your primary target group?</th>
<th>Buyers and Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target customer</td>
<td>Micro SME’s and SME’s as Suppliers, Corporates as Buyers and Suppliers</td>
</tr>
<tr>
<td>Are you specialized in a certain industry?</td>
<td>Generic (no specific industry)</td>
</tr>
</tbody>
</table>

**PROPOSITION**

<table>
<thead>
<tr>
<th>Which processes in the supply chain do you facilitate?</th>
<th>Sourcing, contracting, ordering, supply chain, invoicing (PO, non-PO, contract invoicing, services invoicing), payments, dynamic discounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support interoperability with other service providers?</td>
<td>With select EDI, e-invoice networks and multiple banking networks for e-payments; can integrate with others as needed.</td>
</tr>
<tr>
<td>Which pricing model do you mainly use?</td>
<td>License, subscription, transaction-based</td>
</tr>
<tr>
<td>Solution description</td>
<td>Enable collaboration across the procure-to-pay process, eliminating manual, paper-laden processes involving invoices, purchase orders, contracts, and payments. Our SaaS solutions drive 98% touchless processing, enforce compliance to contracts and preferred suppliers, expand early payment discounts, and improve management of working capital.</td>
</tr>
</tbody>
</table>

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

<table>
<thead>
<tr>
<th>Purchase Order Flip</th>
<th>Yes – create invoices from PO’s for touchless invoice processing (and from contracts or service entry sheets).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matching of related transactions</td>
<td>Yes – match invoices to PO’s, contracts, service entry sheets, or goods receipt.</td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>Yes – more importantly, detailed, line-level invoice validation -- key to touchless processing.</td>
</tr>
<tr>
<td>Invoice presentment portal</td>
<td>Yes – to create and submit invoices, view order-invoice-payment status, collaborate over discounts.</td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>Yes – country-specific business rules / country guides as compliance tools, digital signature support.</td>
</tr>
<tr>
<td>TAX/VAT compliancy</td>
<td>Yes – support via business rules, country guides.</td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Yes, strong capability to ensure compliance, delivered through partners such as TrustWeaver.</td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>No</td>
</tr>
</tbody>
</table>

**Active since**
1996

**Keywords**
e-invoicing, Ariba network, collaboration, cloud solutions, digital economy, supplier enablement, procure-to-pay, dynamic discounting
<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Dynamic) discounting</td>
<td>Yes – on demand solution plus working capital management services team to help with DPO improvement/dynamic discount program development.</td>
</tr>
<tr>
<td>e-Archiving</td>
<td>Yes – EU-focused, digital invoice archiving and retrieval service integrated with the Ariba Network.</td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>Yes – provide service through partners to convert paper invoices to electronic format for processing through Ariba Network.</td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Yes – invoice Conversion Service augments invoice automation to drive 100% paper to electronic.</td>
</tr>
<tr>
<td>Printing</td>
<td>No</td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>Yes – enables business users to build, test, deploy and expand an invoice workflow with no technical training.</td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>Yes – enables electronic payment with delivery of detailed remittance to help suppliers reconcile payments.</td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>Yes – complete AP automation solution that drives tight alignment with procurement and treasury.</td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>Yes – integration with supplier AR systems to streamline payment reconciliation.</td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes – support any back end system, for buyers and suppliers.</td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td>UN/CEFACT CII, ISO20022 Financial Invoice, UBL 2.0</td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>Yes</td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>Yes – strength of Ariba, with three levels of validation and more than 80 validation rules and country-specific rules.</td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>Yes – global team of more than 400 dedicated professionals to supplier onboarding and enablement.</td>
</tr>
<tr>
<td>Other services</td>
<td>Value engineering team for source-to-settle/P2P solution consulting and business case development.</td>
</tr>
</tbody>
</table>

“COMPREHENSIVE LISTING ON THE GROWING FIELD OF B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING”
Make AP a Strategic Partner with Network-Centric Payables

- Replace manual processing of paper invoices with a collaborative e-invoice process
- Link invoices to POs and contracts to enforce compliance
- Eliminate invoice exceptions and supplier inquiries
- Expand opportunities for early payment discounts and working capital improvement
- Close the loop with secure electronic payment

Learn more at www.ariba.com/lp/network-payables

Remove risk and increase payment certainty, simplicity, and security with AribaPay.  
www.aribapay.com
TAKE CONTROL OF YOUR FINANCIAL SUPPLY CHAIN

DIGITALLY CONNECTED COMPANIES LEVERAGE BASWARE FINANCING SERVICES TO OPTIMIZE WORKING CAPITAL AND IMPROVE B2B RELATIONSHIPS.

Basware Financing Services deliver control over the financial supply chain. Buyers extend Days Payable Outstanding while enjoying the savings of attractive early pay discounts. Suppliers have new options to get paid faster with greater assurance, while decreasing their Days Sales Outstanding. Basware Financing Services are available on the Basware Commerce Network.

Unlocking New Value Streams

Find out more at www.basware.com
<table>
<thead>
<tr>
<th>Company</th>
<th>Basware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basware is the global leader in providing purchase-to-pay and e-invoicing solutions in the world of commerce. We empower companies to unlock value across their financial operations by simplifying and streamlining key financial processes. Our Basware Commerce Network enables easy just-in-time payment and financing for buyers and suppliers of all sizes.</td>
<td></td>
</tr>
</tbody>
</table>

| Website | www.basware.com |
| Service provider type | E-invoicing service provider, purchase-to-pay software vendor |
| Head office location | Finland |
| In which market do you provide your services? | Global |
| Contact details | www.basware.com/contact |
| Active since | 1985 |
| Keywords | e-invoicing, purchase-to-pay, Basware Commerce Network, financing services, early payment |

**MARKETS**

| Which side in the supply chain is your primary target group? | Both buyers and suppliers |
| Target customer | Corporates, Public Sector, SME, Micro |
| Are you specialized in a certain industry? | With thousands of customers, Basware covers all industries. Vertical standouts include automotive, healthcare, public sector, food & beverage, transport & logistics. |

**PROPOSITION**

| Support interoperability with other service providers? | Yes, the Basware Commerce Network is the largest open commerce network globally with interoperability (roaming) between over 180 e-invoicing service providers. |
| Which pricing model do you mainly use? | License, subscription, transaction based |
| Solution description | Basware provides purchase-to-pay and e-invoicing solutions to the public and private sector, empowering companies to unlock value across their financial operations. With Basware, small businesses to corporate giants across all industries can simplify and streamline key financial processes to strengthen control, reduce costs and gain proactive insight into cash flows. |

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

<table>
<thead>
<tr>
<th>Service</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Flip</td>
<td>Yes</td>
</tr>
<tr>
<td>Matching of related transactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>Yes</td>
</tr>
<tr>
<td>Invoice presentment portal</td>
<td>Yes</td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>Yes</td>
</tr>
<tr>
<td>TAX/VAT compliancy</td>
<td>Yes</td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Yes (via partner)</td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>Yes</td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>Yes</td>
</tr>
<tr>
<td>e-Archiving</td>
<td>Yes</td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>Yes</td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Yes</td>
</tr>
<tr>
<td>Printing</td>
<td>Yes</td>
</tr>
</tbody>
</table>
### B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET GUIDE 2015

<table>
<thead>
<tr>
<th>Feature</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workflow functionality</td>
<td>Yes</td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>Yes</td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>Yes</td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>No</td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes</td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td>UN/CEFACT CII, ISO20022 Financial Invoice, UBL 2.0, other (specify)</td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>Yes, the Basware Commerce Network offers automatic format conversion for over 60 different e-invoice formats.</td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>Yes</td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>Yes</td>
</tr>
<tr>
<td>Other services</td>
<td>Integration Services / Value Consulting</td>
</tr>
</tbody>
</table>

“EASY ACCESS INTO THE COMPLEX WORLD OF B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING”
CloudTrade is one of the fastest growing e-invoice networks and built firmly on the premise that e-invoicing should be free for suppliers, easy-to-use and non-disruptive – only then will suppliers move away from paper. These principles underpin the CloudTrade service which ensures high supplier adoption is guaranteed.

<table>
<thead>
<tr>
<th>Company</th>
<th>CloudTrade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td><a href="http://www.cloudtradenetwork.com">www.cloudtradenetwork.com</a></td>
</tr>
<tr>
<td>Service provider type</td>
<td>E-invoicing service provider</td>
</tr>
<tr>
<td>Head office location</td>
<td>UK</td>
</tr>
<tr>
<td>In which market do you provide your services?</td>
<td>North America, Europe, Middle East/Africa, Asia/Pacific</td>
</tr>
<tr>
<td>Contact details</td>
<td>Richard Manson</td>
</tr>
<tr>
<td>Active since</td>
<td>2010</td>
</tr>
<tr>
<td>Keywords</td>
<td>electronic invoicing, e-invoicing, PDF invoicing, P2P, Purchase-to-Pay, e-order, O2C, Order-to-Cash</td>
</tr>
</tbody>
</table>

**MARKETS**

| Which side in the supply chain is your primary target group? | Both buyers and suppliers |
| Target customer | Corporates |
| Are you specialized in a certain industry? | Generic (no specific industry) |

**PROPOSITION**

| Which processes in the supply chain do you facilitate? | Ordering, supply chain, invoicing |
| Support interoperability with other service providers? | Yes – we currently interoperate with a number of service providers. Furthermore, CloudTrade is a registered Access Point on the PEPPOL network. |
| Which pricing model do you mainly use? | Subscription and transaction-based |
| Solution description | CloudTrade removes the barriers to supplier adoption. Our patented solution provides a non-disruptive way for a supplier to send electronic invoices – without having to change systems or infrastructure. The net result is that we will remove more paper from an organisation, in a shorter time frame, than any other e-invoicing approach. |

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

<table>
<thead>
<tr>
<th>Service description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Flip</td>
<td>No</td>
<td></td>
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<tr>
<td>Matching of related transactions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Invoice presentation portal</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TAX/VAT compliance</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>e-Archiving</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Feature</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------</td>
<td>------</td>
</tr>
<tr>
<td>Printing</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td>All current major e-invoicing, e-billing and payment standards.</td>
<td></td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>Yes – each document is validated against a set of document and customer specific validations.</td>
<td></td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>Yes – Due to the ease by which suppliers are able to adopt CloudTrade’s e-invoicing service, typically more than 90% of suppliers that we are asked to on-board, will come on board.</td>
<td></td>
</tr>
<tr>
<td>Other services</td>
<td>The core technology underpinning CloudTrade’s service is document agnostic. We can (and do) provide e-document services across numerous sectors and document flows.</td>
<td></td>
</tr>
<tr>
<td><strong>Company</strong></td>
<td><strong>Comarch</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>Website</strong></td>
<td><a href="http://www.comarch.com">www.comarch.com</a>; <a href="http://www.comarchedi.com">www.comarchedi.com</a></td>
<td></td>
</tr>
<tr>
<td><strong>Service provider type</strong></td>
<td>Software vendor, e-invoicing provider</td>
<td></td>
</tr>
<tr>
<td><strong>Head office location</strong></td>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td><strong>In which market do you provide your services?</strong></td>
<td>Global</td>
<td></td>
</tr>
<tr>
<td><strong>Contact details</strong></td>
<td>Mr. Bartlomiej Wojtowicz, Product Manager, <a href="mailto:bartlomiej.wojtowicz@comarch.com">bartlomiej.wojtowicz@comarch.com</a>, +48 12 684 8735</td>
<td></td>
</tr>
<tr>
<td><strong>Active since</strong></td>
<td>1993</td>
<td></td>
</tr>
<tr>
<td><strong>Keywords</strong></td>
<td>supplier on-boarding, supplier portal, e-invoicing, purchase-to-pay, archiving, electronic invoices, master data management, supply chain financing</td>
<td></td>
</tr>
</tbody>
</table>

**MARKETS**

| **Which side in the supply chain is your primary target group?** | Both buyers and suppliers |
| **B2B, B2C and/or B2G (Government)?** | B2B |
| **Target customer** | micro SMEs, SMEs, corporates |
| **Are you specialized in a certain industry?** | Broad scope of industries including FMCG, retail, DIY, automotive, logistics, oil and gas, pharma, electronics |

**PROPOSITION**

| **Which processes in the supply chain do you facilitate?** | Supplier on-boarding, master data management, ordering, supply chain, logistics, e-invoicing, supply chain financing |
| **Support interoperability with other service providers?** | Yes |
| **Which pricing model do you mainly use?** | Licensed SAAS, transaction-based |
| **Solution description** | Comarch EDI provides the companies with smart solution enabling exchange of validated and tax compliant invoices in the format adjusted to back office systems. It provides electronic archive and electronic signature as well as service desk in 12 languages (including English, German, French, Turkish, Russian) to guarantee onboarding of each partner. |

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

| **Purchase Order Flip** | Yes |
| **Matching of related transactions** | Yes |
| **Distribution of e-invoices** | Yes |
| **Invoice presentment portal** | Yes |
| **Legal compliance tools** | Yes |
| **TAX/VAT compliancy** | Yes |
| **e-Signature service** | Yes |
| **Finance & (reversed) factoring services** | Yes |
| **(Dynamic) discounting** | No |
| **e-Archiving** | Yes |
| **Scanning of paper invoices** | Yes, via partners |
| **Total invoice management, 100% paper to electronic** | Yes |
| **Printing** | Yes, via partners |
OUT OF THE BOX INFORMATION ON THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING ECOSYSTEM
Comarch EDI e-Invoicing features:
- Compliance with international standards and legislation
- Multilingual and multicurrency
- Full AR & AP invoicing support
- Various distribution channels (e.g. e-mail, portal, integration)
- Worldwide partner onboarding
- Electronic archiving
- Integration of ERP- and ECM-class systems

Why Comarch EDI?
- Existing network of 35,000 users from 35 countries
- 300 million transactions exchanged annually
- Service Desk in 12 languages
- Cloud-based platform based on leading cutting-edge technology components
- Any-to-any format mapping
- Support for all supply chain processes
- Supply chain financing

For more information about our services visit www.comarchedi.com or write to: services@comarch.com
<table>
<thead>
<tr>
<th><strong>Company</strong></th>
<th><strong>ebpSource Limited</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Website</strong></td>
<td><a href="http://www.ebpsource.com">www.ebpsource.com</a></td>
</tr>
<tr>
<td><strong>Service provider type</strong></td>
<td>Software vendor and reseller – e-billing, e-invoicing, e-signing, mobile, payment, supply chain finance and authentication specialists. Large-scale projects at a national and international level. Ongoing support and specialist consultancy.</td>
</tr>
<tr>
<td><strong>Head office location</strong></td>
<td>United Kingdom</td>
</tr>
<tr>
<td><strong>In which market do you provide your services?</strong></td>
<td>Globally</td>
</tr>
<tr>
<td><strong>Contact details</strong></td>
<td>Steve Wright, Commercial Director, <a href="mailto:swright@ebpsource.com">swright@ebpsource.com</a>, +44 1753 567896</td>
</tr>
<tr>
<td><strong>Active since</strong></td>
<td>2006</td>
</tr>
<tr>
<td><strong>Keywords</strong></td>
<td>ebpsource, e-billing, payment, software, solution, e-invoicing, e-signing, authentication</td>
</tr>
</tbody>
</table>

**MARKETS**

| **Which side in the supply chain is your primary target group?** | Both suppliers and buyers |
| **Target customer** | Corporates |
| **Are you specialized in a certain industry?** | Cross-industry with specific specialisations in national e-bill consolidation, bank-based e-invoicing and payment, telecoms and utility e-billing, e-signing and smart authentication |

**PROPOSITION**

| **Which processes in the supply chain do you facilitate?** | Authentication, e-invoicing, payments, online banking integration, supply chain finance, ordering, e-signing |
| **Support interoperability with other service providers?** | ebpSource has a wealth of experience in connecting e-billing and payment infrastructures, at a national and regional level |
| **Which pricing model do you mainly use?** | License, subscription, transaction-based |
| **Solution description** | ebpSource provides a range of software, consultancy and support services to help clients achieve new levels of operational efficiency, customer service and cost reduction. The team works closely with clients to design, develop, deploy, integrate and support end customer applications. Our key focus is long-term strategic partnerships with customers. |

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

<table>
<thead>
<tr>
<th>Service</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Flip</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Matching of related transactions</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Invoice presentment portal</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>TAX/VAT compliancy</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>e-Archiving</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Feature</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Printing</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td></td>
<td>All current major e-invoicing, e-billing and payment standards</td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Other services</td>
<td></td>
<td>Technology development, consultancy and application support</td>
</tr>
</tbody>
</table>

"KEY INFORMATION ABOUT THE GLOBAL B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET"
### Company: EDICOM

EDICOM is one of the biggest provider of EDI and e-invoicing solutions. With offices throughout the US, Europe and Latin America, EDICOM has been providing services for international companies, some of them the best-known worldwide.

**Website**: www.edicomgroup.com  
**Service provider type**: E-invoicing service provider  
**Head office location**: Spain  
**In which market do you provide your services?**: Latin America, Europe  
**Contact details**: Mr. André Menezes. International Sales Manager. amenezes@edicomgroup.com  
**Active since**: 1995  
**Keywords**: EDI, e-invoicing, digital signature, edicom, global e-invoicing, compliant e-invoicing

### MARKETS

| What side in the supply chain is your primary target group? | Both  
| Target customer | Corporates and SME's  
| Are you specialized in a certain industry? | Retail, automotive, pharmaceutical, logistics and transport, government, travel, manufacturers

### PROPOSITION

| Which processes in the supply chain do you facilitate? | Ordering, supply chain, invoicing, data integration  
| Support interoperability with other service providers? | EDICOM has established interoperability agreements with the most important international EDI and e-invoicing providers worldwide.  
| Which pricing model do you mainly use? | Use of solutions in SaaS mode. Payment based on usage of the service.  
| Solution description | EDICOM International e-invoicing platform unify on a single solution legal, fiscal and technical features in order to simplify billing processes of companies worldwide.

### SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Flip</td>
<td>Automate order generating processes and invoices from purchase orders.</td>
</tr>
<tr>
<td>Matching of related transactions</td>
<td>Validation processes in order to verify invoices have minimum data required. Sintactic and semantic validation.</td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>EDICOMNet is EDICOM’s private network that guarantees invoice delivering on B2B environments. Business@Mail is the B2C communications platform ready to deliver legal compliance e-invoices from senders to final recipients.</td>
</tr>
<tr>
<td>Invoice presentment portal</td>
<td>Vendor portal for orders reception, and automate invoices delivering. Implement digital signature and fiscal declarative processes.</td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>EDICOM International e-invoicing observatory adapts its e-invoicing platform continuously to legal and fiscal requirements.</td>
</tr>
<tr>
<td>TAX/VAT compliancy</td>
<td>Yes – Legal compliance module of EDICOM’s e-invoicing platform automates TAX/VAT compliancy of digital invoices in countries like Brazil, Mexico, Chile, Peru, Russia, Turkey, France, Italy, Spain, etc.</td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Self services of e-signature. Certification Authority for Europe and Mexico.</td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>No</td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>No</td>
</tr>
<tr>
<td>e-Archiving</td>
<td>High availability Data Center for electronic storage of invoices. Implement legal requirements adapted for each country: digital signature, time stamping, etc.</td>
</tr>
<tr>
<td>Feature</td>
<td>No</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>No</td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>No</td>
</tr>
<tr>
<td>Printing</td>
<td>No</td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>No</td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>No</td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>No</td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>No</td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes. Platform in mode SaaS integrated with most common ERPS’s (SAP, JD Edards, Microsoft Dynamics, SAGE, etc.)</td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td>No</td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>No</td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>No</td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>No</td>
</tr>
<tr>
<td>Other services</td>
<td>No</td>
</tr>
</tbody>
</table>

**IN-DEPTH MARKET OVERVIEW VIA LEADING SOLUTIONS PROVIDERS**
The paper invoice is now history

B2G and B2B e-billing models are making headway worldwide as it becomes mandatory. Today’s businesses need to implement global e-Invoicing solutions with the capacity to operate anywhere in the world.

Is your company ready for the electronic switchover?... WE ARE.
Find out the benefits of a Global e-Invoicing solution.

Tel: +44 871 227 0028
Email: info@edicomgroup.com
OpusCapita sets the new standard for financial processes. With 2,300 passionate professionals, we focus on Purchase-to-Pay and Order-to-Cash processes where we combine software, outsourcing and services with a delivery model that offers the best value for our customers. We have operations in nine countries and vast experience accumulated with over 11,000 customers, with end-users in more than 50 countries. In 2014, OpusCapita’s net sales totaled EUR 260 million. OpusCapita is part of Posti Group Corporation.

**Website**
- www.opuscapita.com

**Service provider type**
- E-invoicing service provider

**Head office location**
- Finland

**In which market do you provide your services?**
- Europe

**Contact details**
- Ahti Allikas, Solution Director, O2C – ahti.allikas@opuscapita.com

**Active since**
- 1993

**MARKETS**

| Which side in the supply chain is your primary target group? | Both buyers and suppliers |

**PROPOSITION**

| Which processes in the supply chain do you facilitate? | Contracting, ordering, financing, invoicing, payments |
| Support interoperability with other service providers? | Yes |
| Which pricing model do you mainly use? | Subscription/transaction-based |

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

<table>
<thead>
<tr>
<th>Service</th>
<th>Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Flip</td>
<td>Yes</td>
</tr>
<tr>
<td>Matching of related transactions</td>
<td>Yes</td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>Yes</td>
</tr>
<tr>
<td>Invoice presentment portal</td>
<td>Yes</td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>Yes</td>
</tr>
<tr>
<td>TAX/VAT compliancy</td>
<td>Yes</td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Yes</td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>Yes</td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>No</td>
</tr>
<tr>
<td>e-Archiving</td>
<td>Yes</td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>Yes</td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Yes</td>
</tr>
<tr>
<td>Printing</td>
<td>Yes</td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>Yes</td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>Yes</td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>Yes</td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>Yes</td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Which standards do you support?
UN/CEFACT CII, ISO20022 Financial Invoice, UBL 2.0, Finvoice, OIO Xml, Swefaktura, EHF and many others.
Conversion from or into various XML formats (mapping)
Yes
Content validation of incoming invoice data
Yes
Facilitate customer onboarding
Yes

“ESSENTIAL INFORMATION FROM TOP PLAYERS IN THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET”
Time to change your game?

The tools that worked well yesterday aren’t always the best for today’s challenges. Take the old-fashioned practice of static payment terms: introducing modern, flexible terms on the right platform can free up vital cash for suppliers and deliver lower costs and working capital benefits for buyers.

Find out how to bring your game up to scratch

www.taulia.com

The global supplier finance company
Taulia accelerates early payments from large companies to small business suppliers in exchange for a discount, creating a win-win for both parties: Corporations strengthen their supply chain and earn higher returns on capital than in bank investments, while suppliers have immediate access to cash to invest in their business.

<table>
<thead>
<tr>
<th>Company</th>
<th>Taulia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Website</strong></td>
<td><a href="http://www.taulia.com">www.taulia.com</a></td>
</tr>
<tr>
<td><strong>Service provider type</strong></td>
<td>Software vendor</td>
</tr>
<tr>
<td><strong>Head office location</strong></td>
<td>London, UK and San Francisco, US</td>
</tr>
<tr>
<td><strong>In which market do you provide your services?</strong></td>
<td>Global</td>
</tr>
<tr>
<td><strong>Contact details</strong></td>
<td>Mr Matthew Stammers, European Marketing Director, <a href="mailto:matthew.stammers@taulia.com">matthew.stammers@taulia.com</a>, +44(0)7712 198077</td>
</tr>
<tr>
<td><strong>Active since</strong></td>
<td>2009</td>
</tr>
<tr>
<td><strong>Keywords</strong></td>
<td>e-invoicing, supplier portal, early payment, supply chain finance</td>
</tr>
</tbody>
</table>

**MARKETS**


Target customer Corporates (large purchasing organizations) are our direct customers. Benefits also provided to our customers’ supplier community through early payment (reverse factoring).

Are you specialized in a certain industry? Please contact Taulia for more information

**PROPOSITION**

Which processes in the supply chain do you facilitate? Supply chain finance, invoicing, early payments

Support interoperability with other service providers? On a case by case basis

Which pricing model do you mainly use? Annual subscription, gainshare

Solution description The Taulia solution includes: e-invoicing and early payment platform, including a branded supplier portal, hosted by Taulia (SaaS); integration to the customer ERP systems using either Taulia SAP Certified Add-on or file integration; supplier onboarding and enablement services and service support for both customer and suppliers users.

**SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?**

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order Flip</td>
<td>Creation of an invoice from purchase order data is supported. Types supported are: Goods Purchase Order, Service Purchase Order, Blanket Purchase Order.</td>
</tr>
<tr>
<td>Matching of related transactions</td>
<td>Taulia performs automated 2-way matching for Purchase Order-based invoices as well as the 3-way match if the Goods Receipt is required.</td>
</tr>
<tr>
<td>Distribution of e-invoices</td>
<td>Purchase Order Flip, Non-Purchase Order invoice entry, e-mail PDF with data recognition and structured file integration.</td>
</tr>
<tr>
<td>Invoice presentment portal</td>
<td>Supplier self-service to view invoice information and their status.</td>
</tr>
<tr>
<td>Legal compliance tools</td>
<td>Taulia provides Legal VAT compliant e-invoicing in over 46 countries.</td>
</tr>
<tr>
<td>TAX/VAT compliancy</td>
<td>In order to comply with electronic signature and archiving laws and regulations in over 46 countries, Taulia supports a variety of signing certificates. The validation mechanism is done in the platform regardless of the capture method.</td>
</tr>
<tr>
<td>e-Signature service</td>
<td>Taulia provides digital signatures to ensure compliance based on local regulations in over 46 countries.</td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>Taulia’s solution fully supports early payment discounts and working capital optimisation through third party funding otherwise known as supply chain finance.</td>
</tr>
<tr>
<td>Feature</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>Taulia’s solution fully supports early payment discounts through Dynamic Discounting.</td>
</tr>
<tr>
<td>e-Archiving</td>
<td>Taulia provides legally complaint e-invoice archiving based on local regulations for over 46 countries.</td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>Provided via a third party partnership</td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Through e-invoicing capture methods as follow:</td>
</tr>
<tr>
<td>Printing</td>
<td>Provided via a third party partnership</td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>Provided via a third party partnership</td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>The solution provides visibility of all payments to the supplier</td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>Provided via a third party partnership</td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>Provided via a third party partnership</td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>The solution integrates will all ERPs through file, webservice and native integration depending the ERP.</td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td>XML, CSV, X12, cXML, EDIFACT, TRADACOMS, ODETTE, UBL, Rosettanet, PIDX, IDOC, (INVOICE02), PDF, UBL, OIOUBL, OIOXML, eBIS-XML, X12 (210), TEAPPSXML, Finvoice, CENB1104 (PEPPOL), GS1XML, xCBL, Svefaktura, Facturae (Spain), EHF (Norway), e2b (Norway), HR-XML, Nota Fiscal, OpenDocument, SIE, Microsoft Office, and more.</td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>As above</td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>VAT compliance and business data validation is supported by the solution.</td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>The service facilitates onboarding of suppliers on behalf of the customer (the buyer).</td>
</tr>
<tr>
<td>Other services</td>
<td>Analytics, vendor information management</td>
</tr>
</tbody>
</table>

"THE MOST COMPLETE AND UP-TO-DATE REFERENCE SOURCE AVAILABLE ON THE MARKET FOR INDUSTRY PLAYERS"
<table>
<thead>
<tr>
<th><strong>COMPANY PROFILES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tungsten Corporation Ltd</strong></td>
</tr>
</tbody>
</table>

Tungsten Corporation accelerates global trade by enabling customers to streamline invoice processing, improve cash flow management and make better buying decisions. Tungsten Network helps buying organisations reduce their invoice processing costs by 60% and profit by applying real-time spend analytics to their line level invoice data. Suppliers gain efficiencies, greater payment-status visibility and optional early payment.

**Website**

www.tungsten-network.com/

**Service provider type**

Global e-invoicing network, supply chain finance and spend analytics

**Head office location**

London, UK

**In which market do you provide your services?**

Globally

**Contact details**

Mr Ruud van Hilten, SVP Global Buyer Sales, ruud.vanhilten@tungsten-network.com, +44 87 0165 7420

**Active since**

2000

**Keywords**

e-invoicing, electronic invoicing, accounts payable, accounts receivable, procurement, supplier network, purchase to pay, supply chain finance, spend analytics

<table>
<thead>
<tr>
<th><strong>MARKETS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Which side in the supply chain is your primary target group?</strong></td>
</tr>
<tr>
<td>Both buyers and suppliers</td>
</tr>
</tbody>
</table>

**B2B, B2C and/or B2G (Government)?**

B2B and B2G

**Target customer**

Micro SMEs, SMEs, corporates, multi-nationals

**Are you specialized in a certain industry?**

Generic (no specific industry). E-invoicing is a horizontal process

<table>
<thead>
<tr>
<th><strong>PROPOSITION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Which processes in the supply chain do you facilitate?</strong></td>
</tr>
<tr>
<td>Invoicing, purchase to pay, supply chain financing, purchasing orders, supplier self-service, real-time spend analytics</td>
</tr>
</tbody>
</table>

**Support interoperability with other service providers?**

Yes. We interoperate with compliant service providers where there is customer demand, qualifying invoice volume and compliance is maintained

**Which pricing model do you mainly use?**

Balanced – costs are shared by buyers and suppliers. Low volume suppliers receive 52 free invoices annually and high volume suppliers receive 520 free invoices annually. After these free invoice transactions have been used a flat fee structure is applied per invoice transation.

**Solution description**

The world’s largest organisations connect with thousands of suppliers around the globe through Tungsten Network. We enable companies to send and receive error free, tax compliant invoices around the globe without the need to install any hardware or software. We provide a unique supplier engagement and onboarding programme to ensure that suppliers participate and transact with their buyers.

<table>
<thead>
<tr>
<th><strong>SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purchase Order Flip</strong></td>
</tr>
<tr>
<td>Yes. We can take POs from all sources in a buyer’s structure and present these to the supply chain. Suppliers can convert POs directly into invoices on our portal.</td>
</tr>
</tbody>
</table>

**Matching of related transactions**

Yes. We match invoices with POs, on line level if required.

**Distribution of e-invoices**

Yes. We enable companies to send and receive compliant B2B invoices.

**Invoice presentment portal**

Yes. Suppliers can use our portal to manually enter their invoice data, convert a PO, check the status of their invoices and select early payment.

**Legal compliance tools**

Yes. Our rules engine enables companies to receive compliant invoices in all the jurisdictions we are compliant in.

**TAX/VAT compliance**

Yes. We work with local tax authorities to enable companies to send and receive compliant invoices. We are currently compliant in 47 countries with a pipeline of new countries in progress.
<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>e-Signature service</td>
<td>Yes. All compliant invoices are digitally signed where required by local regulations. We provide at-source signature verification.</td>
</tr>
<tr>
<td>Finance &amp; (reversed) factoring services</td>
<td>Yes. Receivables financing is a service we offer through Tungsten Network Finance and Tungsten Bank.</td>
</tr>
<tr>
<td>(Dynamic) discounting</td>
<td>Yes. We offer this service on a case-by-case basis via Tungsten Network and and Tungsten Bank.</td>
</tr>
<tr>
<td>e-Arching</td>
<td>Yes. We provide legally compliant archiving.</td>
</tr>
<tr>
<td>Scanning of paper invoices</td>
<td>Yes. As a component of a structured e-invoicing programme.</td>
</tr>
<tr>
<td>Total invoice management, 100% paper to electronic</td>
<td>Yes. As a component of a structured e-invoicing programme.</td>
</tr>
<tr>
<td>Printing</td>
<td>Yes. We can arrange this service through a partner.</td>
</tr>
<tr>
<td>Workflow functionality</td>
<td>Yes. We can arrange this service through a partner.</td>
</tr>
<tr>
<td>Direct integration with payments</td>
<td>Yes. Tungsten Bank has access to all relevant payment systems.</td>
</tr>
<tr>
<td>Accounts Payable management</td>
<td>No. We partner with the world’s largest BPO providers.</td>
</tr>
<tr>
<td>Accounts Receivable management</td>
<td>No. We partner with the world’s largest BPO providers.</td>
</tr>
<tr>
<td>Integration with ERP /accounting software</td>
<td>Yes. We fully integrate with any ERP financial software.</td>
</tr>
<tr>
<td>Which standards do you support?</td>
<td>Yes. We support all structured file formats and most data standards.</td>
</tr>
<tr>
<td>Conversion from or into various XML formats (mapping)</td>
<td>Yes. We support all structured file formats and most data standards.</td>
</tr>
<tr>
<td>Content validation of incoming invoice data</td>
<td>Yes. We use extensive and flexible rules sets to ensure compliance with our buyers’ business processes.</td>
</tr>
<tr>
<td>Facilitate customer onboarding</td>
<td>Yes. We provide a unique supplier engagement and onboarding programme and can contractually guarantee paper conversion rates in best practice projects.</td>
</tr>
<tr>
<td>Other services</td>
<td>Purchase order services, invoice status service, spend analytics, supply chain finance.</td>
</tr>
</tbody>
</table>

“A MUST-HAVE FOR ALL PROFESSIONALS IN THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING INDUSTRY"
### Wesupply Limited

Wesupply is a B2B service provider that enables businesses to exchange data efficiently and effectively. Wesupply provides a fully managed, outsourced B2B service that maximises collaboration between organisations. Our EDI and e-invoicing solutions provide a common platform for trading partners of all sizes to link-up in a secure, reliable and robust environment.

**Website**
- www.wesupply.com

**Service provider type**
- E-invoicing service provider

**Head office location**
- UK

**In which market do you provide your services?**
- Global

**Contact details**
- Mrs Claire Gibbons, Marketing Communications Manager, cgibbons@wesupply.com, 0845 643 6600

**Active since**
- 1999

**Keywords**
- e-invoicing, P2P, B2B, AP, automation, invoice, validation, integration, manage service, outsourced

### MARKETS

| Which side in the supply chain is your primary target group? | Both |
| Target customer | Micro SME’s, SME’s, Corporates |
| Are you specialized in a certain industry? | Generic (no specific industry) |

### PROPOSITION

| Which processes in the supply chain do you facilitate? | Ordering, supply chain, invoicing |
| Support interoperability with other service providers? | Full interoperability with other service providers is available through file exchange and web services. All file formats and communication protocols are supported. |
| Which pricing model do you mainly use? | Subscription |
| Solution description | Wesupply’s e-invoicing managed service is built on a sophisticated B2B integration platform that has comprehensive support for the validation, transformation and assured delivery of messages. You can use this hosted platform to simplify the integration of your business systems and processes with those of your customers, suppliers and other partners. |

### SERVICES: WHICH OF THE FOLLOWING SERVICES DO YOU OFFER?

| Purchase Order Flip | Creates invoices ‘from scratch’, from an order, shipment, or receipt. |
| Matching of related transactions | Validates invoices against purchase orders, shipments and receipts. |
| Distribution of e-invoices | E-invoices can be distributed to any party or service provider by any communication channel, including e-mail, file transfer, and HTTP. |
| Invoice presentment portal | A web portal provides invoice creation facilities, in addition to the ability to view the status of invoices. |
| Legal compliance tools | Yes. A comprehensive and highly configurable rules engine to ensure compliance. |
| TAX/VAT compliancy | Legislative and tax requirements are supported for over 40 countries with invoice storage and archiving to meet the requirements of the relevant tax authorities. |
| e-Signature service | Yes, via external partners. |
| Finance & (reversed) factoring services | For more details, please contact our sales team. |
| (Dynamic) discounting | For more details, please contact our sales team. |
| e-Archiving | Invoice storage and archiving meets the requirements of the relevant tax authorities in the countries we support. |
| Scanning of paper invoices | For more details, please contact our sales team. |
Total invoice management, 100% paper to electronic

Invoices can be sent to the service in any electronic file format using any communication protocol. Suppliers can also create invoices in the web portal, or e-mail invoices as PDF attachments. For more details, please contact our sales team.

Printing

Workflow functionality

For more details, please contact our sales team.

Direct integration with payments

Interfaces to BACS payment services via an external partner.

Accounts Payable management

Syntax and business validation is applied to all invoices. Invoices that fail can be held for review, or sent back to the supplier.

Accounts Receivable management

For more details, please contact our sales team.

Integration with ERP /accounting software

Support for all back-office applications.

Which standards do you support?

We support all structured file formats.

Conversion from or into various XML formats (mapping)

A wide range of invoice formats are supported, including XML, CSV, EDI, PDF and application-specific formats used by Sage, JD Edwards, SAP, Navision and many others.

Content validation of incoming invoice data

A sophisticated rules engine validates invoices based on an organisation’s preferences (e.g. duplicate invoice number, invalid item code, etc.).

Facilitate customer onboarding

Dedicated and highly skilled team of B2B implementation specialists manage the entire implementation and on-boarding process.

Other services

Wesupply’s managed service enables you to easily expand upon e-invoicing and transfer any message electronically, including ASNs, receipts and forecasts.

STATE-OF-THE-ART EXPOSÉS ON THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING SPACE AT YOUR FINGERTIPS
Electronic trading doesn’t have to be complicated.

Replace paper invoices from all your suppliers, regardless of their size or technical capability, with electronic equivalents, removing the need for you to scan or key invoices. Improve accuracy and invoice matching rates, whilst reducing processing time and costs.

Wesupply’s global e-invoicing managed service is built on a sophisticated B2B platform that has comprehensive support for the validation and assured delivery of electronic invoices and other business documents.
Glossary

3-Corner Model
3-Corner Model is an exchange model where senders and receivers of invoices are connected to a single service provider for the dispatch and receipt of messages.

Another definition: 3-Corner Model is an invoicing process set-up whereby trading partners have separate contractual relationships with the same service provider. When both senders and receivers of invoices are connected to a single hub for the dispatch and receipt of invoices, it is referred to as a 3-Corner model. This central hub consolidates the invoices of several receivers and many senders in the case of accounts payable, and several senders and many receivers in the case of accounts receivable processing. Consolidators and trade platforms are usually 3-Corner Models in which both senders and receivers are connected to the service. The 3-Corner Model in principle can only offer reach to the parties that are connected to the central hub. This means that either invoice senders or invoice receivers often have to connect to multiple hubs in order to increase their reach. To solve limited reach in 3-Corner Models, roaming has been introduced.

4-Corner Model
4-Corner Model is an exchange model where senders and receivers of invoice messages are supported by their own service provider.

Another definition: 4-Corner Model is an invoicing process set-up whereby each trading partner has contracted with one or several separate service providers, whereby the service providers ensure the correct interchange of invoices between the trading partners. The concept of the 4-Corner model originated in the banking sector. When senders and receivers of invoices are supported by their own consolidator service provider (for the sender) and aggregator service provider (for the receiver), it is referred to as a 4-Corner Model. A network usually based on open standards provides connectivity and the facilities for the secure trusted exchange of invoices and or other business documents. In the 4-Corner Models, the consolidator and aggregator roles are often two different service providers.

A
Access to finance
Access to finance is the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance and other risk management services.

Accounts payable
Accounts payable refers to the money a business owes to others; current liabilities incurred in the normal course of business as an organisation purchases goods or services with the understanding that payment is due at a later date. Accounts payable is also the department within an organisation responsible for paying invoices on behalf of the organisation.

Accounts payable automation
Accounts payable automation represents the (semi-) automated management of accounts payable administration by automated processing of invoices. Accounts payable automation requires integration of the invoicing process with accounting software.

Accounts receivable
Accounts receivable refers to money which is owed to a company by customer for products and services provided on credit. This is often treated as a current asset on a balance sheet. A specific sale is generally only treated as an account receivable after the customer is sent an invoice.

Advanced electronic signature (AES)
Advanced electronic signature (AES) means an electronic signature which meets the following requirements: a) it is uniquely linked to the signatory; b) it is capable of identifying the signatory; c) it is created using means that the signatory van maintain under its sole control; and d) it is linked to the data to which it relates in such a manner that any subsequent change of the date is detectable.
Alternative finance

Alternative financial services (AFS) is a term often used to describe the array of financial services offered by providers that operate outside of federally insured banks and thrifts (hereafter referred to as ‘banks’). Check-cashing outlets, money transmitters, car title lenders, payday loan stores, pawnshops and rent-to-own stores are all considered AFS providers. However, many of the products and services they provide are not ‘alternative’; rather, they are the same as or similar to those offered by banks. AFS also sometimes refers to financial products delivered outside brick-and-mortar bank branches or storefronts through alternative channels, such as the internet, financial services kiosks and mobile phones.

Online platform-based alternative financing activities include donation-, reward- and equity-based crowdfunding, peer-to-peer consumer and business lending, invoice trading, debt-based securities and others.

Asset based lending (ABL)

Asset based lending (ABL) is a specialised form of secured lending whereby a company uses its current assets (accounts receivable and inventory) as collateral for a loan. The loan is structured so that the amount of credit is limited in relation to the value of the collateral. The product is differentiated from other types of lending secured by accounts receivable and inventory by the lender’s use of controls over the borrower’s cash receipts and disbursements and the quality of collateral rather than ownership of the receivables as in factoring.

Asset based loan

Asset based loan is a business loan in which the borrower pledges as loan collateral any assets used in the conduct of his or her business. Funds are used for business-related expenses. All asset-based loans are secured.

Automated clearing house (ACH)

Automated clearing house (ACH) is an electronic payments system (outside the card networks) for clearing and settling transactions. Funds are electronically exchanged directly to/from participants’ accounts. Frequently used by end-user organisations as the payment method by which to pay their issuer.

Basel III

Basel III is a comprehensive set of reform measures designed to improve the regulation, supervision and risk management within the banking sector. The Basel Committee on Banking Supervision published the first version of Basel III in late 2009, giving banks approximately three years to satisfy all requirements. Largely in response to the credit crisis, banks are required to maintain proper leverage ratios and meet certain capital requirements.

Bank payment obligation (BPO)

Bank payment obligation (BPO) is a class of settlement solution in international supply chain finance. Bank payment obligation is an irrevocable undertaking given by an obligator bank (typically buyer’s bank) to a recipient bank (usually seller’s bank) to pay a specified amount on an agreed date under the condition of successful electronic matching of data according to an industry-wide set of rules adopted by International Chamber of Commerce (ICC) Banking Commission.

Bill of lading

A bill of lading (sometimes abbreviated as B/L or BoL) is a legal document between the shipper of a particular good and the carrier detailing the type, quantity and destination of the good being carried. The bill of lading also serves as a receipt of shipment when the good is delivered to the predetermined destination. This document must accompany the shipped goods, no matter the form of transportation, and must be signed by an authorised representative from the carrier, shipper and receiver.

Business interoperability interfaces (BII)

Business interoperability interfaces on public procurement in Europe (BII) is CEN Workshop providing a basic framework for technical interoperability in pan-European electronic transactions, expressed as a set of technical specifications that in particular are compatible with UN/CEFACT.
Business Process Outsourcing (BPO)
Business process outsourcing (BPO) is the contracting of a specific business task, such as payroll, to a third-party service provider. Usually, BPO is implemented as a cost-saving measure for tasks that a company requires but does not depend upon to maintain their position in the marketplace.

Business-to-business (B2B)
Business-to-business is a type of commerce transaction that exists between businesses, such as those involving a manufacturer and wholesaler, or a wholesaler and a retailer. Business to business refers to business that is conducted between companies, rather than between a company and individual consumers. This is in contrast to business to consumer (B2C) and business to government (B2G). A typical supply chain involves multiple business to business transactions, as companies purchase components and other raw materials for use in its manufacturing processes. The finished product can then be sold to individuals via business to consumer transactions.

Business-to-business payments
Business-to-business payments represent the payments that are made between businesses for various goods, services and expenses.

Business-to-consumer (B2C)
Businesses or transactions conducted directly between a company and consumers who are the end-users of its products or services. Business-to-consumer as a business model differs significantly from the business-to-business model, which refers to commerce between two or more businesses.

Business networks
Many businesses use networking as a key factor in their marketing plan. It helps to develop a strong feeling of trust between those involved and play a big part in raising the profile and takings of a company. Suppliers and businesses can be seen as networked businesses, and will tend to source the business and their suppliers through their existing relationships and those of the companies they work closely with. Networked businesses tend to be open, random and supportive, whereas those relying on hierarchical, traditional managed approaches are closed, selective and controlling.

C
Card scheme
Card schemes such as Visa or MasterCard promote the use of various card types which carry their logos. Banks and financial institutions have to apply for membership of the appropriate card scheme before they can issue cards or acquire transactions.

Cash flow
Cash flow represents the pattern of company income and expenditures and resulting availability of cash.

CENBII
CENBII is an UBL-based XML format used for the OpenPEPPOL network, it currently exists in a version 1 and version 2. CENBII is meant to be used for international transfers on OpenPEPPOL, whereas domestic transfers will generally use a localised version of CENBII (e.g. EHF, SimpleInvoice).

CFDI
Comprobante Fiscal Digital a través de Internet (CFDI), or Digital Tax Receipt through Internet, refers to the current mandated form of e-invoicing in Mexico. All e-invoices in Mexico are issued as CFDI as of January 1, 2014.

Clearing
Clearing is the process of exchanging financial transaction details between an acquirer and an issuer to facilitate posting of a card-holder's account and reconciliation of a customer's settlement position.

Clearing house automated payment system (CHAPS)
The company has responsibility for the operation of an electronic transfer system for sending real-time gross settlement same-day payments for CHAPS Sterling and CHAPS Euro.

Commercial card
A commercial card is the generic, umbrella term for a variety of card types used for business-to-business (B2B) payments. Some of the cards listed as commercial are: purchase cards, entertainment cards, corporate cards, travel cards and business cards.
Commercial finance

Commercial finance is a generic term for a range of asset based finance services which include factoring, invoice discounting, international factoring, reverse factoring and asset based lending facilities. There are many variations on each of these product sets (and the precise nomenclature varies from market to market) but all exist to provide working capital funding solutions to businesses.

Conversion

Conversion represents the act of automatically converting the format of an electronic invoice from the format of the sender to the format of the recipient (format conversion), or converting the encoding of content (e.g. different code list or units of measure), using agreed mapping processes that do not alter the information represented by the document (content conversion).

Corporate card

Corporate card is a type of commercial card used by organisations to pay for business travel and entertainment (T&E) expenses. It is also referred to as a travel card. The liability for abuse of the card typically rests with the company and not with the employee.

Corporate liability

The end-user organisation is liable for the commercial card charges; this is the case for purchasing card programs and, sometimes, corporate card programs.

Covenant

The covenant represents a promise in an indenture or any other formal debt agreement, that certain activities will or will not be carried out. Covenants in finance most often relate to terms in a financial contracting, such as loan documentation stating the limits at which the borrower can further lend or other such stipulations. Covenants are put in place by lenders to protect themselves from borrowers defaulting on their obligations due to financial actions detrimental to themselves or the business.

Days payable outstanding (DPO)

Days payable outstanding (DPO) is an efficiency ratio that measures the average number of days a company takes to pay its suppliers.

Days sales outstanding (DSO)

Days sales outstanding (DSO/ days receivables) is a calculation used by a company to estimate their average collection period. It is a financial ratio that illustrates how well a company’s accounts receivables are being managed.

Debtor (buyer)

A debtor or buyer constitutes a business that has been supplied with goods or services by the client and is obliged to make payment for them. It is also referred to as the purchaser of goods or services supplied by a client whose debts have been assigned/sold to a factor.

Debtor finance

Debtor finance, also called cash flow finance, is an umbrella term used to describe a process to fund a business using its accounts receivable ledger as collateral. Generally, companies that have low working capital reserves can get into cash flow problems because invoices are paid on net 30 terms. Debtor finance solutions fund slow paying invoices, which improves the cash flow of the company. This puts it in a better position to pay operating expenses. Types of debtor financing solutions include invoice discounting, factoring, cash flow finance, asset finance, invoice finance and working capital finance.

Debt financing

Debt financing refers to when a firm raises money for working capital or capital expenditures by selling bonds, bills or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise that the principal and interest on the debt will be repaid.
Directive of the European Commission
The Directive of the European Commission is a legal act of the European Union regarding defining a new legal framework for payments.

Dynamic discounting
Dynamic discounting represents the collection of methods in which payment terms can be established between a buyer and supplier to accelerate payment for goods or services in return for a reduced price or discount.

Electronic invoice (e-invoice)
An e-invoice is an electronic invoice that contains the information required by Council Directive 2010/45/EU and which has been issued and received in any electronic format. It contains more than just an image of an invoice. An e-invoice also contains data in a format that computers can understand. This means that an e-mail with a PDF file attached is not an e-invoice.

E-invoice address
E-invoice address is the ID used to send or receive an e-invoice. The type of ID used differs depending on the country and the format in use. Typical IDs include GLN, DUNS, VAT-ID, IBAN and OVT. A sender must know a recipient’s e-invoice address in order to send an e-invoice. The message is routed to the recipient by any operator along the way using the e-invoice address.

E-invoicing service provider
It is a provider that, on the basis of an agreement, performs certain e-invoicing processes on behalf of a trading partner, or that is active in the provision of support services necessary to realise such processes. To determine whether an IT vendor is a service provider, the following circumstances should be taken into account: a) That the contract with the trading partner(s) leads the latter to expect a VAT-compliant service. b) The nature of the service is such that VAT compliance is appropriate. c) The provider is insured against service related risks to his clients’ tax compliance. Trading partners can use multiple e-invoicing service providers; see 3-Corner Model and 4-Corner Model definitions. An e-invoicing service provider can subcontract all of parts of its services to other providers; such subcontractors can also be e-invoicing service providers if they meet the criteria set out in this definition.

Early payment discount
An early payment discount is offered by some companies to motivate credit customers to pay sooner. The early payment discount is also referred to as a prompt payment discount or cash discount. The seller often refers to the early payment discount as a sales discount, while the buyer may refer to the early payment discount as a purchases discount.

Electronic bill presentment and payment (EBPP)
Electronic bill presentment and payment (EBPP), usually consumer-oriented ‘bill paying’ presented and paid through the internet. Other terms such as internet bill presentment and payment (IBPP), electronic bill presentment (EBP) and online bill presentment and payment (OBPP) are also in use.

Electronic data interchange (EDI)
Electronic data interchange (EDI) constitutes the electronic communication of business transactions, such as orders, confirmations and invoices, between organisations. Third-parties provide EDI services that enable organisations with different equipment to connect. Although interactive access may be a part of it, EDI implies direct computer-to-computer transactions into vendors’ databases and ordering systems.

Electronic funds transfer (EFT)
Electronic funds transfer (EFT) represents the moving of funds between different accounts in the same or different banks, through the use of wire transfer, automatic teller machines (ATMs) or computers, but without the use of paper documents.

Electronic invoice life cycle
A process comprising: a) the issue of the electronic invoice by, or in name and on behalf of the supplier; b) receipt of the invoice by or on behalf of the buyer; and c) storage of the electronic invoice during the storage period by or on behalf of the supplier and the buyer.

Electronic invoice presentment and payment (EIPP)
Electronic invoice presentment and payment has originated in the B2B world and describes the process through which companies present invoices and organise payments through the internet.
Electronic invoicing
Electronic invoicing represents the management of an electronic invoice life cycle without the use of paper-based invoices as tax originals.

Electronic payables
A form of electronic payment, using the card infrastructure, managed centrally within an organisation, typically by accounts payable (AP). Also known as electronic accounts payable (EAP), automated payables, e-payables, push payments, straight through payments (STP), buyer initiated payments (BIP), single-use accounts and electronic invoice presentment and payment (EIPP). Each provider has a proprietary name for its particular solution; functionality and processes vary for each.

Electronic procurement
Electronic procurement represents the use of the internet or a company’s intranet to procure goods and services used in the conduct of business. An e-procurement system can streamline all aspects of the purchasing process while applying tighter controls over spending and product preferences.

Electronic signature
An electronic signature, or e-signature, is any electronic means that indicates either that a person adopts the contents of an electronic message, or more broadly that the person who claims to have written a message is the one who wrote it (and that the message received is the one that was sent). By comparison, a signature is a stylised script associated with a person. In commerce and the law, a signature on a document is an indication that the person adopts the intentions recorded in the document. Both are comparable to a seal.

Electronic statement presentation (ESP)
It refers to the electronic presentment of a variety of other commercial documents, apart from invoices, such as account statements, purchase orders, delivery notifications and others. Not included are many unstructured documents that are exchanged.

Enterprise resource planning (ERP)
Enterprise resource planning (ERP) is an integrated information system that serves all departments within an enterprise. Evolving out of the manufacturing industry, ERP implies the use of packaged software rather than proprietary software written by or for one customer. ERP modules may be able to interface with an organisation’s own software with varying degrees of effort, and, depending on the software, ERP modules may be alterable via the vendor's proprietary tools as well as proprietary or standard programming languages.

Escrow
Escrow is a financial instrument held by a third-party on behalf of the other two parties in a transaction. The funds are held by the escrow service until it receives the appropriate written or oral instructions or until obligations have been fulfilled. Securities, funds and other assets can be held in escrow.

Factor
The factor is a financial entity providing factoring facilities.

Factoring
Factoring is an agreement between a business (assignor) and a financial entity (factor) in which the assignor assigns/sells its receivables to the factor and the factor provides the assignor with a combination of one or more of the following services with regard to the receivables assigned: advance of a percentage of the amount of receivables assigned, receivables management, collection and credit protection. Usually, the factor administers the assignor’s sales ledger and collects the receivables in its own name. The assignment can be disclosed to the debtor.

Faster Payments
Faster Payments enable interbank funds transfers in near real time, typically initiated via the internet or phone. The Faster Payments Service represents the biggest advancement in UK payments for several decades and is designed to run in parallel with the existing Bacs and CHAPS services. Other financial institutions are able to join, either as members, or to access the system through agency arrangements with a member, in the same way they do with other payment systems.
**Fleet Card**
A fleet card is a specialised commercial card used to capture fleet-related expenses (e.g., fuel, vehicle maintenance, repair and service).

**Four-party payment system**
The four-party payment system is a card payment system involving the end-user and issuer on one side, and the merchant and acquirer on the other—all of whom are linked by the network; includes the Visa and MasterCard models.

**Global process owner (GPO)**
A global process owner is a professional who has (or should have) complete ownership of an end-to-end process globally. This means that once the correct process has been established there should be no process deviation, unless approved by the global process owner. A global process owner has final approval of the adoption of any technology affecting the given process.

**Interchange fees**
The interchange fee, also called the discount rate or swipe fee, is the sum paid by merchants to the credit card processor as a fee for accepting credit cards. The amount of the rate will vary depending on the type of transaction, but averages about 2% of the purchase amount. The interchange fee is typically higher for online purchases than for in-person purchases, because in the latter, the card is physically present and available for inspection.

**Interoperability**
Interoperability is the ability of making systems and organisations work together (inter-operate). While the term was initially defined for information technology or systems engineering services to allow for information exchange, a more broad definition takes into account social, political and organisational factors that impact system to system performance. Another definition refers to interoperability as being a task of building coherent services for users when the individual components are technically different and managed by different organisations.

**Invoice**
An invoice is an itemised bill for goods sold or services provided, containing details such as individual prices, the total charge and payment terms.

**Invoice discounting**
Invoice discounting is a form of short-term borrowing often used to improve a company’s working capital and cash flow position. Invoice discounting allows a business to draw money against its sales invoices before the customer has actually paid.

**Invoice finance**
See Debtor finance.

**Invoice tracking**
Invoice tracking represents the process of collecting and managing data and information about an Invoice Item and its various traits and/or states as it is followed or tracked throughout different phases of its life cycle (lifecycle).

**Level I data**
It refers to standard transaction data including date, supplier and total purchase amount. Also written as ‘level 1’ data.

**Level II data**
It represents the enhanced transaction data including Level I data plus a customer-defined reference number, such as a purchase order number, and separate sales tax amount. Also written as ‘level 2’ data.

**Level III data**
It constitutes the detailed transaction data including Level II data plus line-item detail, such as the item purchased. Sometimes referred to as simply ‘line-item detail.’ Also written as ‘level 3’ data.

**Line-item detail**
It is a transaction data reflecting what was purchased. See also Level III data.
Network provider
A network provider is a service provider that connects directly to both the supplier and the buyer. The supplier or buyer is required to make only one connection to the network provider, enabling them to connect to multiple buyers and/or suppliers. With an e-invoicing network, there is no requirement to interoperate as connection is independent of data format and a global network enables the flow of data cross-border.

One card
One card is a type of hybrid card in which a single card is issued to an employee for more than one category of expenses (e.g., goods/services and travel expenses), eliminating the need to carry two separate cards.

One card plus fleet
A single card used for purchasing, travel and fleet-related expenses (fuel, vehicle maintenance, others). It combines the functionality of a P Card, corporate card and fleet card.

OpenPEPPOL
OpenPEPPOL is an open point-to-point network of sending/receiving web services to cover all of Europe, it is currently primarily in use in Finland, the Netherlands, Norway and Sweden. CENBII v1 is the base format, but domestic transfers might use a localised version.

Order-to-cash
Order-to-cash, also known as OTC or O2C, is the end-to-end process by which companies receive an order from a customer, deliver the goods or services, raise the invoice for the transaction to send to the customer and receive the payment from the customer’s bank account. Increasingly, the OTC process (which is part sales and part accounts receivable) is being managed as an end-to-end process. See also Accounts Receivable.

PAC
PAC stands for Authorised Provider of Certified Tax Receipts via Internet. Authorisation as a PAC is issued by SAT after an entity proofs the technical and legal requirements to ensure the safety, capacity and infrastructure of the provider in delivering services to the taxpayer.

Peer-to-peer (P2P) lending
A method of debt financing that enables individuals to borrow and lend money – without the use of an official financial institution as an intermediary. Peer-to-peer lending removes the middleman from the process, but it also involves more time, effort and risk than the general brick-and-mortar lending scenarios.

PO flipping
Purchase order (PO) flipping happens when a supplier receives a purchase order from its customer through a supplier portal, and, at the time of raising an invoice, converts the data provided in the purchase order into the data on the invoice. The benefit of this process is that, by the time the invoice has been received by the customer, the matching of the invoice with the purchase order information will be perfect. PO flipping is however only appropriate for the type of supplier that uses a supplier portal to create invoices, typically a lower volume supplier. See also Supplier portals.

Procurement
Procurement is the process of obtaining or acquiring goods and services. It also represents the department within an organisation that is usually responsible for the development of requests for proposals (RFPs), proposal analysis, supplier market research, negotiations, buying activities, contract administration, inventory control, etc. Also referred to as purchasing, sourcing or similar term.
Procure-to-pay (P2P) process
The steps the employees of an end-user organisation follow to make a purchase and the associated payment. An organisation typically has different P2P processes for different types of purchases/payments; a P-Card P2P process is usually the most streamlined. Also referred to as purchase-to-pay or source-to-settle process.

Purchase order (PO)
Purchase order is a written authorisation for a supplier to deliver products and/or services at a specified price according to specified terms and conditions, becoming a legally binding agreement upon supplier acceptance.

Purchase-to-pay process
See Procure-to-pay (P2P) process.

Purchasing card (P-Card)
A purchasing card is a type of commercial card used by organisations to pay for business-related goods and services; end-user organisation must pay its issuer in full each month for the total of all P-Card transactions. Also called a procurement card (ProCard) and purchase card.

Rebate
It refers to money paid by an issuer to its customer (an end-user organisation) in conjunction with the end-user’s commercial card usage; the rebate amount is based on various criteria, as defined within the contract terms between issuer and end-user. Also sometimes called revenue share.

Receivables
Receivables represent an asset designation applicable to all debts, unsettled transactions or other monetary obligations owed to a company by its debtors or customers. Receivables are recorded by a company’s accountants and reported on the balance sheet, and they include all debts owed to the company, even if the debts are not currently due.

Receivable finance
Receivable finance allows suppliers to finance their receivables relating to one or many buyers and to receive early payment, usually at a discount on the value.

Reconciliation
This is the matching of orders done by (internet) shoppers with incoming payments. Only after a successful reconciliation the merchant will start the delivery process. The extent to which payment service providers carry out reconciliation and the way in which they do so (sending an e-mail, providing files) may vary.

Reverse factoring
Reverse factoring is an arrangement made between large buying organisations and banks with the intention to finance suppliers, and provide a lower buying price to the buyer. Like ‘factoring’, there are three parties involved – the buyer, supplier and the factoring company (in this case, typically a bank). The bank takes on the responsibility to pay the supplier’s invoice early for a discounted price. The buyer then settles with the bank, according to the terms of the original invoice. The supplier has offered or agreed to a discount based on early payment, and this discount is shared between the bank and the buyer.

Sales tax (VAT)
Referred to as value added tax in the UK or sales tax in the US, this form of indirect tax is applied to almost all business transactions. It is the company’s responsibility to add the tax amount to its sales transactions and pay the tax on purchase transactions. At the end of each period (each quarter) it is the company’s responsibility to net off the charged tax on the sales invoices and the paid tax on the purchase invoices, and, if there is a positive balance, to pay this to the government. Increasingly, the management of VAT is moving into the shared services organisation, as this is where purchase and sales invoices are processed.
Settlement
Settlement is the process by which merchant and cardholder banks exchange financial data and value resulting from sales transactions, cash disbursements and merchandise credits.

Shared services
Shared services refer to a business model which is largely applied by mid-tier or enterprise-sized companies. It is larger companies who typically adopt shared services because scale is one key element of the model. The intention of shared services is to run operations more efficiently and more cost-effectively. Using the finance function as an example, shared services works in the following ways. Firstly, it is the centralisation of a finance activity, the consolidation of systems that activity runs off, the standardisation of the processes that support that activity, and the automation (and continuous improvement) of that activity’s processes. Secondly, it is the running of this centralised, consolidated activity as a “business within a business,” which means the shared services organisation will often have its own profit and loss account (P&L), will treat the rest of the business as its customer, will hire and develop service oriented staff, will possibly have service level agreements (SLAs) with its customers, and will charge for its services. When a company centralises a function, it is not quite accurate to call it shared services. Centralisation is just one aspect of shared services.

SOAP (Finvoice)
Transmission frame (SOAP) specifies the sender, recipient and service provider data. The service provider routes the message to its recipient on the basis of frame data. File may include several Finvoice messages. Each message must include a transmission frame (SOAP).

SOAP (generic)
Simple object access protocol (SOAP) is a web service protocol or message framework for transferring XML-based messages between web services. BT does not support UBL directly, but it is able to identify and handle an UBL message wrapped in a SOAP-envelope.

Software-as-a-Service (SaaS)
SaaS is a cost-effective way for companies to ‘rent’ software without the burden of installation and maintenance, because it is supplied, hosted (via the internet) and maintained by an external vendor.

Source-to-settle process
See Procure-to-pay (P2P) process.

Split liability
Liability for commercial card charges is split between the cardholder and end-user organisation, based on merchant category codes; for example, the cardholder might be liable for travel and entertainment (T&E) expenses, while the organisation is liable for the other transactions.

Straight-through payment (STP)
Straight-through payment (STP) is a specific version of electronic payables; an end-user organisation receives and approves a supplier invoice, then initiates payment to the supplier through its issuer. The supplier does not need to process a card transaction, as payment is made directly through its merchant account.

Supplier
The supplier represents a merchant/vendor with whom the organisation does business.

Supplier finance
Supplier finance is a set of solutions that optimises cash flow by allowing businesses to lengthen their payment terms to their suppliers while providing the option for their large and SME suppliers to get paid early. See also Supply chain finance, Reverse factoring.
Supplier onboarding
This refers to getting a supplier set up on a particular program, such as purchase-cards, dynamic discounting or electronic invoicing. Supplier onboarding involves both the communications concerning the process change and the supplier’s role within it and the technical set-up of the program.

Supplier portal
A supplier portal is the front end of the e-invoicing or e-procurement platform which enrolled suppliers connect to via the internet. Here, suppliers can accept purchase orders, change profile information such as bank details and addresses, flip purchase orders (see PO flipping) and raise invoices. Supplier portals are generally used by low volume suppliers, as the supplier will have to re-key the data into its own billing system. One significant benefit for a supplier using a supplier portal is that it gets full visibility of the invoice process, namely when the invoice will be paid.

Supply chain finance (SCF)
The use of financial instruments, practices and technologies to optimise the management of the working capital and liquidity tied up in supply chain processes for collaborating business partners. SCF is largely ‘event-driven’. Each intervention (finance, risk mitigation or payment) in the financial supply chain is driven by an event in the physical supply chain. The development of advanced technologies to track and control events in the physical supply chain creates opportunities to automate the initiation of SCF interventions.

Supply chain payments
Supply chain payments optimises cash flow by allowing businesses to lengthen their payment terms to their suppliers, while also providing an alternative option to their suppliers to get paid early.

T
Trade finance
Trade finance signifies financing for trade, and it concerns both domestic and international trade transactions. Trade finance includes such activities as lending, issuing letters of credit, factoring, export credit and insurance. Companies involved with trade finance include importers and exporters, banks and financiers, insurers and export credit agencies, as well as other service providers.

Treasury
Treasury is defined as the funds of a group, institution or government, or to the department responsible for budgeting and spending. Another definition refers to treasury as being the department of a government in charge of the collection, management and expenditure of the public revenue.

Three-party payment system
The three-party payment system is a card payment system involving the end-user on one side and the merchant on the other—linked by the network, which also fulfills the role of issuer and acquirer; includes the American Express and Discover models.

U
UBL
Universal Business Language (UBL), is an XML-based format with corresponding business processes created by OASIS, it amongst others contains scenarios for sourcing, ordering and billing. Many newer formats (EHF, CENBII and OIOUBL) are localisations of UBL 2.0.

Underwriting
In B2B payments, underwriting represents the department within an acquirer/processor organisation that evaluates the financial stability and risk of a potential merchant customer.
V
Validation
E-invoice XML-data is validated usually against schema which means that the structure and content of the data is checked. Failed validation means that the invoice is going to be rejected by the receiving operator which then sends negative acknowledgement to sending operator which forwards the acknowledgement to sender.

Value added
The enhancement a company gives its product or service before offering the product to customers. Value added is used to describe instances where a firm takes a product that may be considered a homogeneous product, with few differences (if any) from that of a competitor and provides potential customers with a feature or add-on that gives it a greater sense of value.

W
Working capital
Working capital represents the cash and other liquid assets needed to finance the everyday running of a business such as the payment of salaries and then purchase of raw materials.

X
XML
The Extensible Markup Language (XML) is a flexible markup language for structured electronic documents. XML is based on SGML (standard generalised markup language), an international standard for electronic documents. XML is commonly used by data-exchange services to send information between otherwise incompatible systems.