

Electronic Invoicing:

European Union directives bring new efficiencies and cost savings to shipping

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This white paper addresses the current state of e-invoicing in Europe, the challenges and benefits of working with e-invoices and how you can get started with this efficient, cost-saving solution.

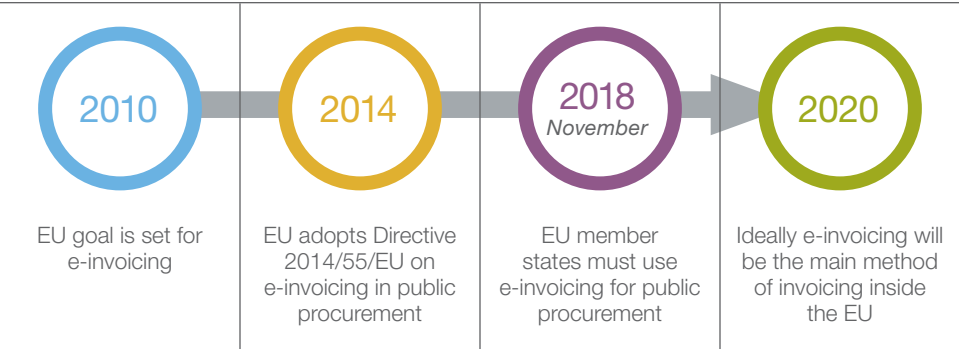
Moving from paper to electronic invoicing in Europe

Despite the benefits of e-invoicing and looming regulation deadlines, today many companies still print and mail invoices, following the old operating standards.

In 2010, the European Commission set a goal for e-invoicing to be the main method of invoicing inside the European Union (EU) by 2020. According to Directive 2014/55/EU¹ on e-invoicing, paper and electronic invoices are equivalent and both guarantee the authenticity of origin and date of issue until retention by the recipient.

On April 16, 2014, the EU adopted the Directive on e-invoicing in public procurement. The goal is that once the Directive has been transposed into the national laws of EU countries, e-invoices will be able to flow easily across the EU. By May, the Official Journal of the European Union published the Directive on e-invoicing in public procurement, noting that member states have until November 2018 to adopt electronic invoicing.

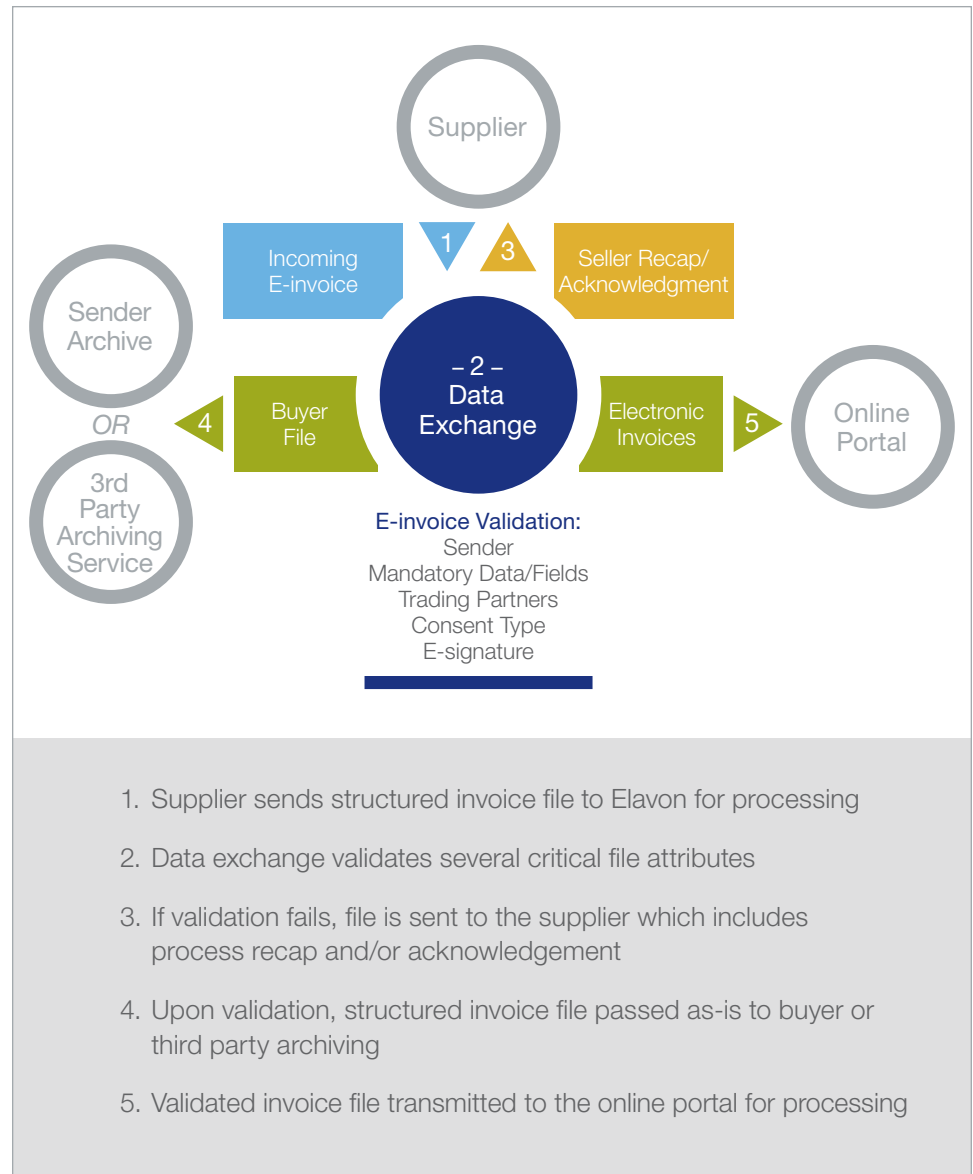
Major EU E-invoicing milestones



E-invoicing as an emerging best practice

When a new technology comes along, people naturally take their time before adopting it. But e-invoicing in various forms—EDI, XML, online data entry, etc.—has been around for decades. Most importantly, vendors have been creating and supporting robust, reliable e-invoicing systems all those years. Shippers can trust vendors to supply and support reliable solutions. Sending out electronic invoices is becoming an accounts payable best practice.

Elavon e-invoice flow





Weighing the risks and benefits

Although there are many benefits to e-invoicing, there are also challenges to the situation in Europe that must be addressed:

- **Regulations:** Different member states have different legal, financial and administrative rules that control the validity and acceptance of e-invoices.
- **Format compatibility:** E-invoices can be produced following many different standards and formats, which may slow their transfer and limit the full cost-saving benefits.
- **Security:** Potential users are concerned about system security and potential for fraud in e-invoice systems.

By working with a knowledgeable, experienced solution provider, you can mitigate these risks. Experts in the field have already found ways to address these challenges and deliver extensive benefits to the customer.

- **Cost savings:** Lower storage/archiving costs, fewer printing and postage costs, faster and more cost-effective processing
- **Operational efficiencies and automation:** Less staff time spent on time-consuming manual processes with physical files, reduced system development and training costs
- **Accuracy and complete data:** E-invoicing paired with systemic automated audit, mitigates data-entry errors
- **Security controls:** Allow systems to be set up and managed tightly
- **Better traceability/auditability:** The system controls inbound files
- **Tax compliance:** E-invoices strictly adhere to all EU directives
- **Faster payment:** Invoices are not moving through postal mail

All of these benefits add up to a better experience between trading partners.

E-invoicing risks vs. benefits

Risks	Benefits
Regulations	Cost savings
Format compatibility	Operational efficiencies and automation
Security	Security controls
	Tax compliance
	Improved cash flow

While it may seem overwhelming to move all invoices to e-invoicing, you may want to consider looking at particular spend segments to tackle first. In recent years, economic instability has increased pressure on shippers and carriers to manage costs. Freight payment may be one area where you can quickly reap the benefits of moving to e-invoicing.



Get started with Elavon Freight Payment e-invoicing

Elavon Freight Payment offers an e-invoicing system that is specifically designed to satisfy e-invoicing business requirements in Europe. The process of handling a European e-invoice differs from that of a standard invoice because there are additional regulatory and validation requirements and steps that must be followed for European e-invoicing. Because of that, the solution is designed to satisfy the business requirements associated with European e-invoicing.

Paper vs. E-invoicing

Paper	E-invoicing
Manual data entry of order and invoice	Electronic creation of order and invoice
Printing of invoice	Electronic sending to APS/TMS
Data entry into APS/TMS	Minimal data entry
Only then data flows through the financial process	Faster invoice processing
Costly storage of archived invoices	Improved accuracy
Labor intensive processes for archiving invoices/retrieving invoices for audit purposes	Reduced operational expenses
	Streamlined processes and lower costs for digitally archived invoices

Elavon Freight Payment supports e-invoicing in countries where e-invoicing activity is legal, specifically those included in the EU. Three primary business objectives of the system are:

- **Traceability/Auditability:** To keep a tight control and full traceability of the inbound files, you have full visibility to all files submitted to the system by an external party. This includes an acknowledgment mechanism that ensures reception of the submitted e-invoices and the validation of the e-signatures.
- **Automation:** The process is fully automated to significantly accelerate the processing window and still comply with our strict policy on fraud prevention and separation of duty processes for setup.
- **Tax compliance:** E-invoicing is designed to be a component of a tax compliant solution. All e-invoices will be received and forwarded in adherence to the EU e-invoicing directive, including special treatment for the original e-invoice.

Working within the regulatory environment

Shippers and carriers need processes that comply with EU and local regulations, and our e-invoicing solution provides processing services to meet that requirement. Key components of the services include a digitally signed or EDI-documented, fully traceable and auditable e-invoicing validation. As regulations and standards continue to evolve, partnering with Elavon will allow easy transition through our highly adaptable invoice processing platform.



Beyond the regulations

In addition to regulatory compliance, e-invoicing can improve data accuracy and the staff time it takes to process invoices and manage exceptions. Elavon Freight Payment pairs e-invoicing with a systemic automated audit that eliminates the errors that occur with manual data-entry. Our automated system flags missing information and errors before the payment is processed allowing for quick resolution.

	Print, Envelope Send	Payment Reminders	Remittance & Cash Management	Archiving	Full Costs
Paper	3.90€	0.50€	4.50€	2.20€	11.10€
Electronic, Automated	0	0.40€	3.00€	0.80€	4.50€*

Saving per invoice 6.60€ = 59%

*Includes 0.30€ processing cost by third party service provider.
Source: Billentis

Jump ahead of the curve

With the EU directive requiring that all public entities use e-invoicing by 2018 and the goal of e-invoicing being the main method by 2020, widespread adoption of e-invoicing is right around the corner. The time to adopt e-invoicing for your freight payment is now. Designed to adapt to your business needs and changing regulations, Elavon Freight Payment will adapt as e-invoicing evolves with no impact to shippers. Elavon supports e-invoicing today, allowing you to enjoy the benefits ahead of the trend.

Enjoy the benefits of e-invoicing

If you value the advantages of moving to a digital process, now may be the right time to move your freight payments to e-invoicing.

- Cost savings
- Operational efficiencies/ automation
- Security
- Traceability/ auditability
- Tax compliance
- Improved cash flow



References

Electronic Invoicing in Europe: Where Do We Stand?

<http://www.derwid.com/electronic-invoicing-europe-where-do-we-stand/> Accessed July 2016

1. Directive 2014/55/EU of the European Parliament and of the Council of 16 April 2014 on electronic invoicing in public procurement <http://eur-lex.europa.eu/legal-content/EN/TXT/?Uri=CELEX:32014L0055> Accessed July 2016

To learn more about how Elavon Freight Payment can help your company move to e-invoicing, visit elavonpayment.com/eu today.

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