

Business Payments Coalition

Summary Report from the e-Invoice Interoperability Framework Preliminary Assessment Work Group

June 2018

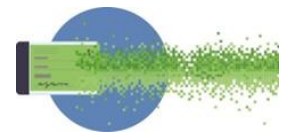
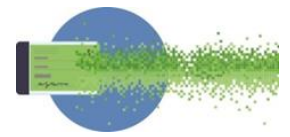


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Purpose

This is a summary report of the findings of a preliminary e-Invoicing Interoperability Framework assessment led by the Business Payments Coalition (BPC)¹. Critical outcomes of the preliminary assessment were to provide recommendations and considerations for future BPC workgroup efforts to create a set of standard e-Invoice requirements that the industry could act on and implement. This report provides an overview of the goals and approach used for the preliminary assessment along with key themes that emerged from the workgroup.

An e-Invoicing interoperability framework is a set of policies, standards and guidelines that enable businesses to exchange documents and messages irrespective of the system or standards they use. Much like email, which is globally interoperable due to standards-based format and delivery, the e-Invoice framework enables document delivery amongst an open network of providers. It is structured, standards-based and flexible to meet a variety of business needs.

Overview - Business Payments Coalition – 3 Year Plan

The e-Invoice Interoperability Framework initiative is currently in the Assessment phase (Figure 1). The preliminary assessment focused on understanding the feasibility and suitability of an interoperability framework to increase the exchange of electronic invoices in the U.S.

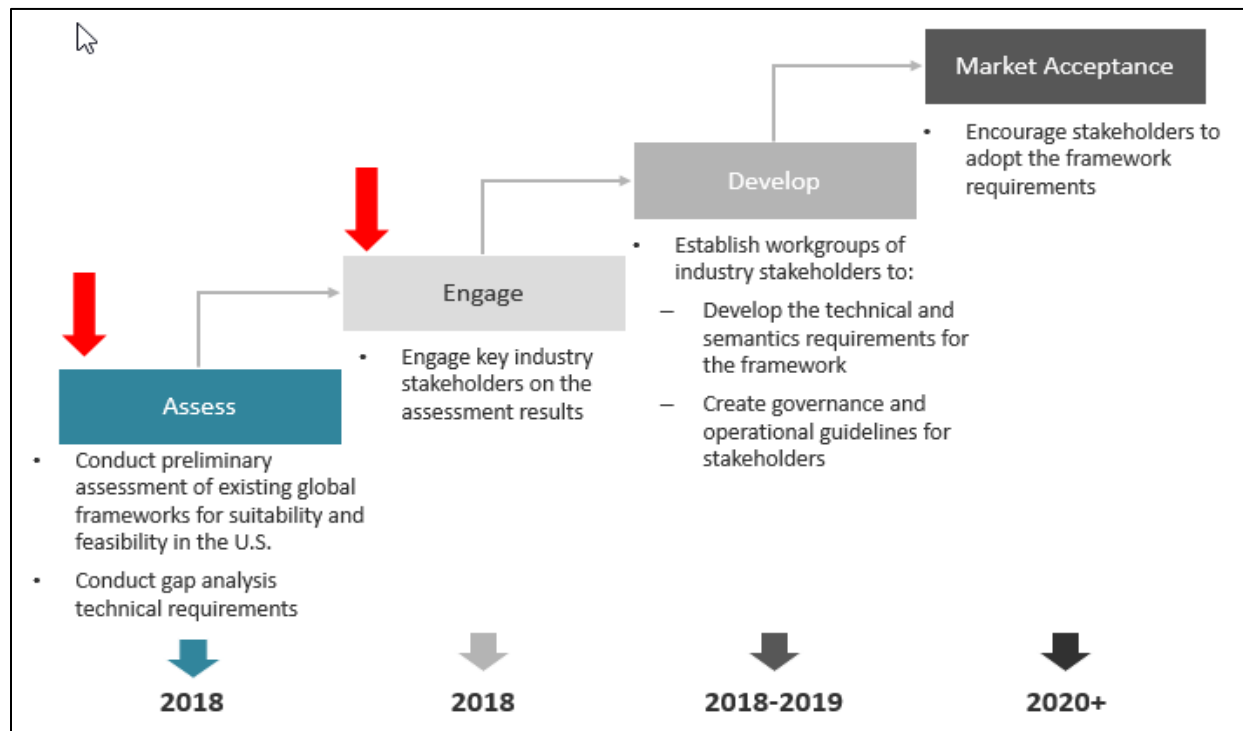
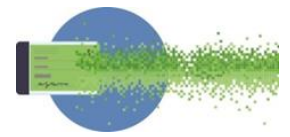


Figure 1: The Interoperability Framework Initiative 3 Year Roadmap

¹ The Business Payments Coalition (BPC) is a volunteer group of organizations and individuals working together to promote greater adoption of electronic business-to-business (B2B) payments, remittance data and invoicing. The Coalition's overarching goal is to make B2B electronic payments more efficient across the end-to-end process; that is, to achieve straight-through-processing. The Coalition accomplishes this objective by addressing problems and barriers that make it difficult for businesses to use electronic alternatives to paper checks and remittance advices.



e-Invoice Interoperability Framework Activity Plan

Further breakdown of the BPC 3 year plan activities is presented in Figure 2. The next steps for the BPC e-Invoice work group are to conduct detailed assessments of the technical requirements to develop an e-Invoice delivery messaging infrastructure, the e-Invoice semantic model, and the time and cost to implement and test access point requirements. The results of these assessments will be carried forward to future requirements development.

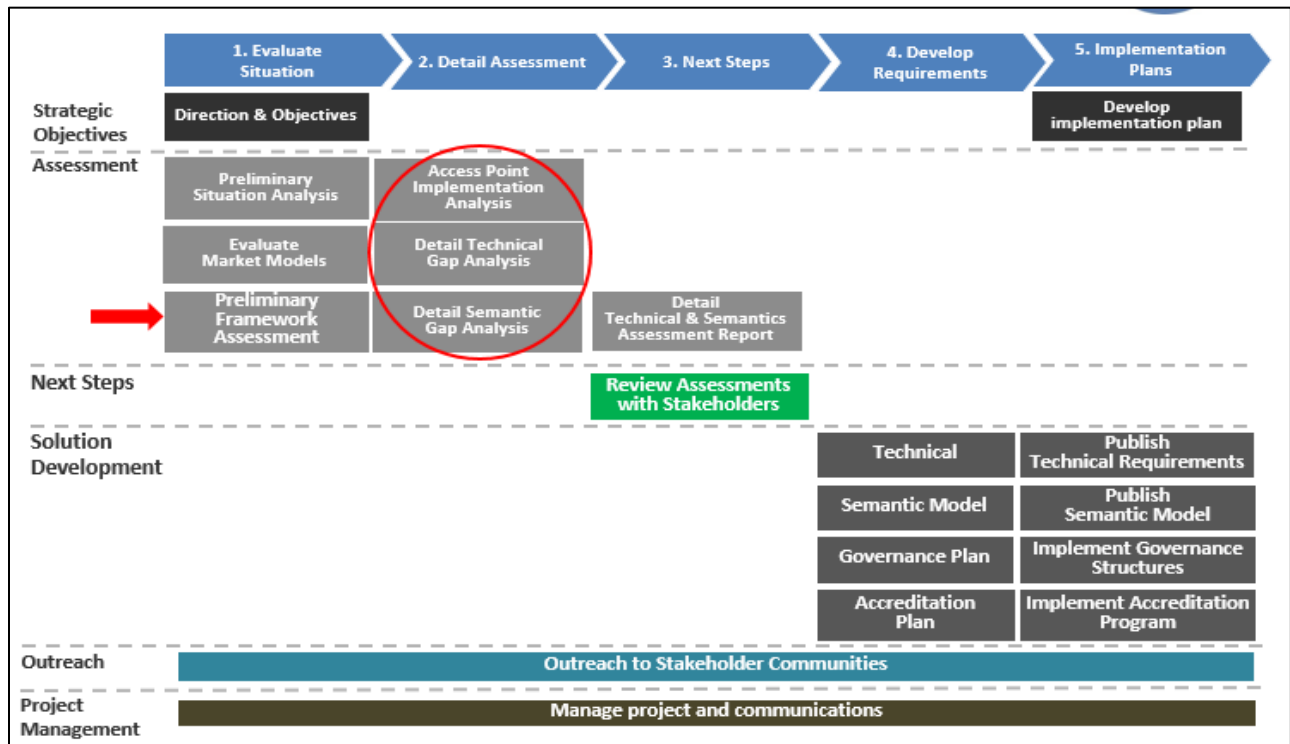


Figure 2: The Interoperability Framework Activity Plan

Preliminary Framework Assessment Overview and Results

Below is an overview of the framework assessment.

Mission

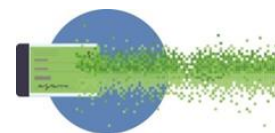
- Evaluate operational feasibility of standards and guidelines of existing interoperability frameworks
- Evaluate the suitability of an Interoperability Framework within the U.S.

Scope

- Evaluate the Pan-European Procurement Portal On-Line (PEPPOL) and the Australia Digital Business Council (DBC) eInvoice Interoperability Frameworks
- Review market adoption opportunities and challenges for a framework
- Provide recommendations on participants needed for potential workgroups

Deliverables

- Develop assessment methodology and conduct the assessment



- Document the results of the assessment
- Provide recommendations and considerations for next steps

Target Stakeholders

- Subject matter experts in global e-Invoicing, including representatives from vendors and service providers
- Payment service providers
- Financial institutions
- Corporate/Practitioners

Approach

The preliminary assessment workgroup was comprised of 12 individuals² representing the target stakeholder groups, which met from March to May 2018. At the kickoff, members were provided an overview of the interoperability concept and its benefits. Digitization of a business process usually begins with automation, but can also enable process transformation. A BPC e-Invoicing initiative could pave the way for broad scale adoption of e-Invoicing in the U.S. market while addressing the objectives of all stakeholders. Going into the assessment, assumptions regarding potential benefits included:

- Improved quality of invoice data and process enhancements, resulting in increased efficiencies;
- Improved interoperability, reducing the number of connection points;
- Increased proportion of businesses using digital capabilities, enhancing or transforming their business; and
- Catalyzing the launch of many SME-friendly and innovative solutions, lowering the barrier to digital exchange of information.

To achieve these outcomes and assess the practicality of implementing an e-Invoice Interoperability Framework, the workgroup discussed the following four core framework concepts:

- Technical Interoperability
- Semantics Interoperability
- Governance
- Adoption

Each session focused on providing the assessment workgroup with a strong foundational understanding of the European Union and Australian e-Invoice interoperability frameworks. Pre-reading was provided in advance of the meetings along with questions for the participants to consider relative to the material.

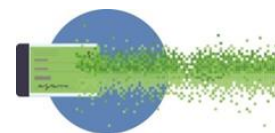
The results from the preliminary assessment workgroups were shared during the BPC meetings at the 2018 NACHA Payments, and Exchange Summit America conferences for broader audience awareness.

Results and Key Themes

The following key themes emerged as fundamental elements for an e-Invoice Interoperability Framework in the U.S.

- An interoperability framework is technically feasible for the U.S.

² List of participants can be found in the Appendix.

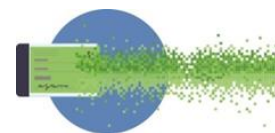


- No technical obstacles were identified that would prevent implementation of an e-Invoice Interoperability Framework. The framework models reviewed during the discussions are based on open international standards.
- The market needs an e-Invoice semantic model independent of the Interoperability Framework.
 - A cross industry core invoice semantic model is needed with the ability to extend the data and data elements into specific vertical market segments. As a starting point, it's important to look at models that have been developed and adopted in other markets; there is no need to create a new standard.
- Data privacy - security, trust and confidentiality are important
 - The messaging infrastructure needs to contain a high level of security to ensure that senders and receivers can trust the system and confidently exchange invoices.
 - The framework must consider confidentiality concerns of participants.
- An impartial third party should lead any industry effort
 - This approach provides a “safe” environment for competitors to come together to discuss the requirements in an open forum. It will be very important that intellectual property and anti-trust concerns are addressed up front so that members can speak freely.
- An independent governance organization is needed to maintain standards and credential participants
 - The organizations should be community driven, with dues-paying members that contribute to the work to sustain the framework standards. Developing the governance framework from existing organizations would be a good starting point.
- It will be important to enumerate the costs and benefits for service providers
 - The business case needs to be understood for all parties. The ease of implementation of the requirements will help drive market adoption. If the Interoperability Framework requirements are a significant hurdle to overcome, adoption will suffer.
- Adoption is key; with no mandate, it will be important to get several established service providers on board initially, and government participation could help create critical mass
 - Emphasis was placed on engaging several large billers, the Federal Shared Service Providers (FSSP) for invoice automation, and the 15 U.S. based accounting technology providers who have implemented a PEPPOL access point to help build momentum. Also, any future adoption work should consider vertical markets who have a propensity to adopt technology to demonstrate success.

Conclusion

The results and key themes identified by the workgroup support the BPC moving forward by convening workgroups to conduct detailed assessments of the technical requirements to develop an e-Invoice delivery messaging infrastructure, the e-Invoice semantic model, and the time and cost to implement and test access point requirements. The results of these assessments will be documented and used as the basis for developing requirements for an interoperability framework for the U.S.

The BPC relies on thought leadership and work efforts of volunteers and thanks those who helped with this assessment. Achieving results on worthwhile projects takes time, and volunteers are making a difference.



Appendix – Assessment Participants

The Business Payments Coalition relies on thought leaders and work efforts of volunteers. The BPC would like to thank all of those who helped with this assessment.

Below is a list of the Assessment participants.

- Cassandra Gordon, TD Bank
- Charles Ellert, Verizon Wireless
- Chris Welsh, OFS Portal
- Ernest Fiore, JPMorgan Chase
- Herman Man, Xero Inc
- Ken Virgin, iPayables
- Lynne Herrman, Bottomline Technologies
- Matthew Shanahan, Globys, Inc
- Michael Jasper, Basware
- Nicholas Schmidt, JPMorgan Chase
- Pam Rhoads, Accenture
- Phillip Schmandt, McGinnis, Lochridge & Kilgore