Business Payments Coalition
Q1 Conference Call

January 23, 2018
2 – 3:30 pm CT
### Business Payments Coalition
#### Mission & Initiatives

The Business Payments Coalition is a volunteer group of organizations and individuals working together to promote greater adoption of electronic business-to-business (B2B) payments and remittance data. The Coalition’s overarching goal is to make B2B payments more efficient across the end-to-end process, that is, to achieve straight-through-processing across both the procure-to-pay and order-to-cash cycles.

There is no cost to join or to participate in Coalition efforts.

<table>
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<tr>
<th>Initiatives</th>
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<tr>
<td>✓ e-Invoicing framework</td>
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<tr>
<td>✓ Electronic remittance framework</td>
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<tr>
<td>✓ APIs Supported by SMB Accounting Systems</td>
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<tr>
<td>✓ Simple Remittance Data for SMBs</td>
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<tr>
<td>✓ Virtual card remittance handling</td>
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<tr>
<td>✓ ISO 20022 provider capabilities</td>
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<tr>
<td>✓ ISO 20022 education and curriculum</td>
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Contact us: Business.payments.smb@mpls.frb.org

Agenda

Welcome and agenda review

Global e-Invoicing Interoperability: Can it help the US market?

Updates on BPC Initiatives & Objectives
  - 2017 accomplishments & 2018 objectives
  - Initiative updates
Global e-Invoicing Interoperability: Can it help the US market?

Michael Jasper, Basware
GLOBAL E-INVOICING INTEROPERABILITY

Can it help the US market?

January 23, 2018

Michael Jasper
Director of Network and Financing Services
Americas and APAC
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603-553-4004
WHAT’S INSIDE?

Overview Of Interoperability
Where It Has Worked
Ways To Drive Interoperability
WHAT IS INTEROPERABILITY
E-INVOICING ADOPTION

Source: Billents, 2017
INTEROPERABILITY EXPANDS YOUR REACH

Your Company

Your Network

Closed Network

A

Closed Network

B

C

Closed Network

D

E

Closed Network

basware
INTEROPERABILITY EXPANDS YOUR REACH
ALL PARTIES BENEFIT

Supplier

Sends all invoices through a single connection:
Supplier does not have to maintain multiple accounts, formats, or connections. Gain visibility into DSO

Supplier's E-inv Network

Increased volume sent through network. Ability for the sending network to expand verticals and geography

Buyer's E-inv Network

Increased volume received through network. Ability to increase adoption, lower paper volume, add additional value added services

Buyer

Better Adoption rates. Ability to lower paper volume, add additional value added services, optimize P2P.
USE CASES
INDUSTRY SUCCESS STORY

Upstream Oil & Gas

- Connect Buyer Networks and Suppliers
- Vendor and Technology Neutral Environment
GLOBAL SUCCESS STORIES

**PEPPOL**

PEPPOL is in use in 16 countries in Europe. Currently, there are **OpenPEPPOL members** in 25 countries in total.

**NemHandel**

NemHandel is the National e-invoice directory for Denmark. All public authorities must support the standards in NemHandel. They also mean that all public authorities must be listed in the registry.
GLOBAL COMPLIANCE - AUDIT

- Post-audit view to compliance
- Freedom to choose e-invoicing method
- Business Controls/ Audit Trail, EDI, Digital Signatures as examples

- Mandatory e-invoicing
- Technical integration requirements
- Regulated sending methods and invoice formats > no room for interpretation

VARYING COMBINATION OF LEGAL, TECHNICAL AND PROCESS REQUIREMENTS

- NORTH AMERICA
  - AUSTRALIA & NEW ZEALAND
- EU B2B
- EU B2G
- LATIN AMERICA
  - ASIA, RUSSIA, TURKEY

- Legal requirements
- Technical requirements
- Change management
<table>
<thead>
<tr>
<th>LatAm</th>
<th>France</th>
<th>Italy</th>
<th>Germany</th>
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<tr>
<td><img src="image1.png" alt="LatAm Flag" /></td>
<td><img src="image2.png" alt="France Flag" /></td>
<td><img src="image3.png" alt="Italy Flag" /></td>
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<td><img src="image5.png" alt="Turkey Flag" /></td>
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<td><img src="image7.png" alt="Russia Flag" /></td>
<td><img src="image8.png" alt="Finland Flag" /></td>
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REASONS VARY BY REGION

Cost Savings
EU B2G Mandates impact 100,000 public sector entities and over 14 million companies - Expects 40 billion euro savings

Fraud Prevention
Latin America – very advanced and focused on reducing tax evasion
METHODS TO DRIVE ADOPTION
• There was no definition of what an e-invoice is.
  • EDI, VAN, E-invoicing, FTP, and e-mail are all forms of electronic transmission.
• There was no invoice format mandated.
• Over 30 different “standard” e-invoicing formats in used in the US today.
• Markets such as LatAm succeeded because everyone was sending the same format. The Mandate does not have any repercussions.
• No motivation, or compelling reason
The Council’s purpose is to support the entire business community in accessing a range of competitive solutions to enable the exchange of digital information.

E invoicing is the first step toward digitizing the procurement lifecycle and providing efficiency benefits to businesses and the economy. Further standards will follow as the Digital Business Council develops them.

The Digital Business Council was established in November 2015 to support and facilitate the open exchange of digital transactions in Australia. It was an initiative of the Department Industry and Finance, later taken on by the Australian Tax Office. While the ATO facilitates the DBC, the Council is comprised of both public and private industry representatives.
BRIEF HISTORY OF THE DBC

2015
- Group Founded (Nov)

2016
- Created Working Groups (Feb)
- Framework Created (Oct)

2017
- Various Proof of Concepts
- Trial of Digital Capability Locators

2018
- Continuing Proof of Concept
- Planned launch of model
## LESSONS LEARNED

<table>
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<tr>
<th><strong>Don’t Reinvent the Wheel</strong></th>
<th><strong>Strong Steering Committee</strong></th>
<th><strong>Long Term Vision</strong></th>
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<tbody>
<tr>
<td>• DBC based framework on other models</td>
<td>• Avoid a single point of failure</td>
<td>• Plan for change</td>
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<tr>
<td>• Modified to fit the market</td>
<td>• Good representation of public, private, and providers</td>
<td>• Execute short term goals</td>
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<tr>
<td></td>
<td></td>
<td>• Limit the scope, not the overall benefit</td>
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*basware*
DBC PLANS

Today
• Proof of Concept

Short Term
• Roll-out Invoicing

Long Term
• Purchase Messages
• Remittance
• Full Transaction
QUESTIONS

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Twitter: @Mjasper92
BPC Updates

Guy Berg, FRB Minneapolis
BPC Updates

2017 Accomplishments

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<th>2017 Objectives</th>
<th>2017 Accomplishments</th>
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| 1. Continue B2B Directory Project | At the request of the BPDA, BPC members participated in workgroups  
  a) B2B Directory requirements – completed in Q2  
  b) Governance – completed Q3  
  c) RFI evaluation – completed Q4  

  There has been positive progress and solid interest in the directory. The RFI was completed with strong responses. The BPDA is positioned for a RFP in 2018. |
| 2. Small Business Payments Toolkit | a) Version 3 of the Toolkit published in April 2017  
  b) Toolkit download volume was healthy in 2017, with almost 17,000 downloads, for a total of more than 34,000 since it was published in 2015  
  c) Two webinars presented in conjunction with the SBA in 2017  
  • Avoiding Losses Due to Payments Fraud  
  • Focus on Payments: What Every Business Should Know |
| 3. Vendor Forum                   | a) A Focus Group was held in June to identify impactful, realistically attainable and tangible efforts that are within the influence of vendors. This effort led to 7 small, targeted initiatives.  
  b) Began work on Virtual Card Remittance initiative  
  c) Began work on Simple Remittance Requirements initiative  
  d) Based on member interviews and surveys, delivered in-depth education topics at meetings  
  • Corporate Adoption of ISO 20022  
  • Faster Payments  
  • E-invoicing  
  • Robotic Process Automation and Artificial Intelligence |
# BPC Updates  
## 2017 Accomplishments

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| 4. Vendor Forum’s ISO 20022 Education & Promotion Work Group                     | a) Published “U.S. Adoption of ISO 20022” whitepaper in May, documenting US corporate adoption of ISO 20022  
                                  b) Updated resource guide “Understanding ISO 20022” in May  
                                  c) Delivered webinar to BPC in February  
                                  d) Delivered webinar to Vendor Forum in July |
| 5. E-Invoicing Work Group                                                       | Published “Catalog of Electronic Invoice Technical Standards” in October                                                                                                                                                  |
| 6. Surveys of BPC Members                                                        | Informal surveys were conducted during meetings and using meeting surveys                                                                                                                                               |
| 7. Enhanced Communications/Engagement by BPC Members                             | a) Meetings of the BPC and Vendor Forum included in-depth educational topics of interest to members  
                                  b) Updated content and navigation on BPC web site  
                                  c) Published BPC Resource Guide to publicize BPC efforts  
                                  d) See below for webinars                                                                                                                                       |
| 8. Webinars for BPC Members                                                      | Delivered four webinars  
                                  a) ISO 20022 in Plain Language, February  
                                  b) The Clearing House Real Time Payments, May  
                                  c) The Receivable Savvy Perceptions payments study, July  
                                  d) U.S. Stakeholder Group’s efforts re: low and high value ISO 20022 transactions, November                                                                 |
## BPC Updates

### 2018 Objectives

<table>
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<th>Topic</th>
<th>Description</th>
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<tr>
<td>1. Electronic Invoicing project</td>
<td>The e-Invoicing work group will kick off a new project to identify, design and adopt an electronic invoice interoperability framework for the U.S. market, building on the prior effort of the Catalog of Electronic Invoicing Technical Standards, which was published in October 2017.</td>
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<td>2. B2B Remittance project</td>
<td>The remittance project will develop industry standards for payment-method-agnostic remittance advices to achieve straight-through-processing of payments, from initiation to application. The scope includes data, message format and delivery.</td>
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<td>3. Card-based Remittance Requirements work group</td>
<td>The Card-based Remittance work group will identify the business requirements for exchanging structured remittance messages between buyers and suppliers for card payments and determine the capabilities of the current card system to deliver remittance information.</td>
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<tr>
<td>4. Simple Remittance Requirements work group</td>
<td>The Simple Remittance work group will define data needs for simple remittances that can be easily adopted by SMBs. It will identify three or four levels of remittance information based on needs of SMBs, starting with the minimal, viable set of data needed for payment application and reconciliation.</td>
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<tr>
<td>5. SMB Accounting Software APIs work group</td>
<td>The SMB Accounting Software APIs work group will gather, compile and publish a list of Application Programming Interfaces (APIs) that can be used with SMB accounting software to automate electronic payment initiation. The work group will also compile a list of banks and payment providers that integrate payment initiation APIs.</td>
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<td>6. ISO 20022 Capabilities work group</td>
<td>The ISO 20022 Capabilities work group will develop an online registry of US banks and service providers that have ISO 20022 capabilities. The registry will be a resource to end users and will publicize the availability of ISO 20022 for payment and cash management operations.</td>
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<td>7. ISO 20022 Education work group</td>
<td>The ISO 20022 Education work group will develop ISO 20022 educational webinars and companion materials. It will establish a speakers bureau and curriculum for a variety of ISO 20022 topics. The group will enlist industry groups such as X9, IFX, NACHA® and SWIFT® for content and speakers.</td>
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## BPC Updates

### 2018 Objectives

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<td>BPC Web Site</td>
<td>• Create a stand-alone web site for the BPC</td>
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<td>• Enhance content as requested by the membership</td>
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<td>Webinars</td>
<td>Plan and offer webinars to build member engagement, provide education, and</td>
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<td>inform on hot topics</td>
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Please complete the call survey with your feedback to help us improve future meetings.

We especially want to know what topics interest you for meetings and webinars.