2014 Global eInvoicing Report

Observing trends in B2B strategies across borders

Q4 2014 | Featuring insights on...
» Global eInvoicing usage and trends
» US, EU, and Latin American positioning
» Drivers of eInvoicing adoption among continents
» Guidelines for choosing a globally-focused eInvoicing solution

Underwritten in part by

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## Contents

- Executive Summary ................................................................. 3
- Global eInvoicing ........................................................................ 4
- North American eInvoicing ....................................................... 6
- Global eInvoicing Challenges .................................................. 8
- The Global Move to Automate ................................................... 9
- Leaders in the Global eInvoicing Revolution ............................ 14
- Conclusion ................................................................................ 16
- Basware ................................................................................. 17
- Coupa .................................................................................... 22
- Tradeshift ............................................................................... 27
- About PayStream Advisors ...................................................... 32
Executive Summary

In the 2013 Global eInvoicing Report, PayStream Advisors’ research showed that the use of electronic invoicing was steadily growing among organizations throughout the world. An electronic invoice is defined as an invoice that is delivered electronically in a standardized format through the assistance of a network. This year, PayStream’s research results have reaffirmed these findings, showing that more governments and businesses are taking advantage of the benefits of eInvoicing networks in nearly all developed nations around the globe.

In some regions of the world, such as in Europe, both private and public sectors are pushing widespread eInvoicing use, and there are a variety of eInvoicing solutions available. In Latin America (LatAm), adoption initiatives are already firmly in place because of the benefits of tax control and compliance the systems bring. North America shows a slower adoption rate of eInvoicing due to a number of factors including the lack of a symbiotic relationship between tax compliance and eInvoicing like that present with the VAT systems in Europe and Latin America.

Despite the differing degrees of eInvoicing use, adoption initiatives are growing as businesses seek to open up more channels for electronic interaction with their trading partners. In addition, governments are recognizing the added tax revenues and greater compliance that eInvoicing networks can bring. In response to these trends, solution providers are developing their products with more security, greater adaptability, and larger focus on global adaptability.

PayStream Advisors has assembled this report to serve as a guide to the current condition of business-to-business (B2B) eInvoicing among global organizations. It offers insight into the trends among global businesses and details strategies organizations can employ to optimize interaction with international trading partners. The purpose of this report is to aid AP, Purchasing, and IT professionals around the world in their search for solutions that best fit their eInvoicing needs.
Global eInvoicing

Increased globalization has brought many companies the benefits of more trading partners, diverse business opportunities, and larger revenues, but it has also raised new hurdles for organizational efficiency. In large part, eInvoicing has sought to ease some of these pains. An eInvoice contains data from the supplier in a format that can be integrated directly into the buyer’s AP system without requiring manual data entry. eInvoices can be sent in several formats, including Electronic Data Interchange (EDI), XML, or standard web-based forms.

Widespread eInvoicing adoption in a given country depends on both corporate and government adoption initiatives. These initiatives commonly begin with large supplier companies with high transaction volumes. In an effort to reduce the cost of paper bills, these companies implement eInvoicing and payment methods. This trend leads other large corporations and the public sector to notice the widespread benefits of eInvoicing, and drives the mass market to adopt. While the public sector’s involvement in an eInvoicing initiative is very important for nationwide cooperation, PayStream has seen that large enterprises in the B2B sector have become the true catalysts in promoting change.

Countries throughout the world are at different stages of this market maturity, and there are often other external factors determining eInvoicing adoption. National projects in Asia are usually launched to improve governmental Value-Added Tax capture. While some countries in the region have healthy eInvoicing initiatives in place, there are still many geographic areas far behind in adoption. Due to a lack of government cooperation in Africa, eInvoicing is illegal in most countries, and South Africa is among the few where it is legal.

Many countries implement eInvoicing networks to control compliance with their VAT systems. VAT (Value-Added Tax) is an indirect tax used throughout most of the world to collect tax revenues from businesses based on the added value they create. Though widely used, VAT systems are easy to abuse, and VAT fraud is a common problem. eInvoicing networks greatly reduce system abuse, allowing greater control by tax authorities and increasing tax revenue for governments.


In most Latin American countries—where VAT systems are in place—
eInvoicing was adopted by the government to reduce black market 

sales and tax evasion. Because of the urgency of these problems and 
western businesses’ interest in curbing the black market economy, 
many countries, such as Brazil and Mexico, implemented an eInvoicing 
system very quickly. Today, LatAm eInvoicing is one of the most 
advanced and coordinated operations in the world.

Europe also employs a VAT system, but while many governments have 
installed more tax regulations and controls for B2B activity in the past 
several years, most EU businesses still use eInvoicing on a voluntary 
basis. However, public sectors throughout the region are shifting their 
focus towards adoption initiatives in an effort to control growing tax 

fraud.

Additionally, Europe has a heavy focus on enhancing local and cross-
border electronic B2B interoperability. Many of the EU’s governments 
and organizations, such as the European Commission, are working 
towards a more universal, standardized approach. As a whole, 
European eInvoicing initiatives are the world’s most progressive in 

systematic adoption.

North American eInvoicing

North American objectives in the B2B/B2G segment are mainly focused on optimizing internal processes such as Order-to-Cash and Purchase-to-Pay, and eInvoicing initiatives are much more individualized than in the EU or Latin America. There are also fewer eInvoicing networks in North America, and fewer external incentives to use them. With a sales and use tax system in place instead of the VAT, most of the private sector does not treat invoices differently from other business documents.

In 2013, 16.5 billion invoices were distributed among approximately 10 million businesses in the United States. PayStream survey respondents report that close to a quarter of North America organizations receive less than 10 percent of their invoices electronically and a large portion receive no invoices electronically at all. In the EY, however, 15 to 40 percent of invoices received are electronic. When considering current adoption rates alone, it appears that North America is significantly behind its European counterparts.

However, PayStream’s research shows that interest in eInvoicing is rising in North America. Figure 1 depicts why organizations are making the move towards sending invoices electronically. Reduced overall processing costs and removing the burden of paper rank as the highest motivators for change among respondents.

Figure 1
Benefits of Electronic Invoicing

"Please list the top three benefits you've received after implementing an eInvoicing solution." (2014 survey)
Global eInvoicing Challenges

In order for worldwide eInvoicing initiatives to truly take off, it is important that finance professionals are aware of the common pains that arise with the invoicing process and the barriers to automation adoption.

On an individual-business level, a paper-based invoice process often results in high costs and lost savings. While these problems are prevalent in finance departments throughout the globe, they are more visible in high-cost labor markets such as North America and Western Europe. In many countries, processing pains are more complicated due to tax structures, government regulations, or even differences in technological advancements.

In many Latin American countries, for example, companies must report every B2B transaction to the tax authorities using an online portal, and suppliers’ shipping activity is entirely dependent upon gaining a stamp of approval for their sales—a stamp that must be physically attached to the goods until it arrives at its destination. What’s more, buyers must keep records of every transaction for years, and they must file their taxes monthly, weekly, or even daily. Companies that do not comply with these regulations within short periods of time incur fines, and managers face possible prison sentences.

In Europe, a VAT system is also in place, and many governments have mandated—or are preparing to mandate—eInvoicing networks for the same benefits of tax control. European countries also face challenges in communication across trading borders, as well as formatting incompatibility among different ERPs and accounting systems. Because of the great number of countries in the region, organizations that do not keep up with differing business and government requirements face inefficiency and lost revenue.

In addition, the differences in tax and government regulations become even more problematic when companies trade internationally. Fortunately, electronic invoicing has the power not only to reduce cross-border formatting and communication issues, but also to bring scalability and adaptability that is appropriate for global business activity.

The Global Move to Automate

Full global participation in eInvoicing is dependent upon the efforts of several key stakeholders. These are the main drivers behind electronic invoice adoption initiatives.

The Public Sector

The public sector is one of the largest proponents of eInvoicing adoption programs. When governments begin to support and mandate eInvoicing projects, the success of the initiative is much more likely. In the current global arena, the public sector is consistently moving towards regulating eInvoicing, with government participation largely motivated by the opportunity for increased tax revenue and greater tax compliance.

SMEs

Another important stakeholder in eInvoicing adoption is the SME segment of the business market. Despite growing adoption initiatives, there is still a large divide in eInvoicing participation between large and small business segments. The European Commission Multi-Stakeholder Forum (EMSF) equates the imbalance to Pareto's law, or more specifically, the principle of the “short head” and “long tail”. This principle posits that 80 percent of value can be driven by 20 percent of the trading community. Although SMEs constitute a huge portion of worldwide businesses—SMEs make up 99 percent of Europe's industries—they show very low levels of eInvoicing network participation. Instead, a smaller segment in the global market drives most of eInvoicing: large corporate players.

According to the EMSF, the prevailing opinion is that B2B eInvoicing networks can be too expensive and difficult to implement for SMEs, and that widespread adoption initiatives involve larger organizations forcing cooperation from their smaller trading partners. While this may have been true in the past, PayStream has seen a dramatic market shift in recent years.

6 “European Commission Multi-stakeholder Forum on e-Invoicing,” 2013
7 “European Commission Multi-stakeholder Forum on e-Invoicing,” 2013
8 “European Commission Multi-stakeholder Forum on e-Invoicing,” 2013
as solution providers seek to accommodate SMEs with free solutions. In addition, more providers are offering e-invoicing solutions with value-added services for suppliers such as increased visibility through portals, which allow suppliers to instantly view the status of an invoice.

**Savings and Improved Profitability**

Finally, simple business benefits are some of the most fundamental motivators in global eInvoicing adoption. An electronic invoicing system allows suppliers and buyers to strategically enhance their operations regardless of their size or geographic location. In addition, the savings possible with an eInvoicing system are remarkable: Billentis estimates that the savings of electronic invoicing over manual, paper-based systems can potentially reach 60 to 80 percent⁹. This improved profitability is a great motivation for all trading partners, and a strong driver for global adoption.

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Suppliers, Buyers, and the C-Suite

The benefits of eInvoicing go far beyond reduced costs for suppliers, buyers, and management alike. The following table illustrates the extensive value that electronic networks can provide to both the buying and selling side of B2B transactions.

<table>
<thead>
<tr>
<th>Benefits for Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced costs</td>
</tr>
<tr>
<td>Increased accuracy</td>
</tr>
<tr>
<td>Increased AP productivity</td>
</tr>
<tr>
<td>Faster processing and cycle times</td>
</tr>
<tr>
<td>Focus on higher-value activities</td>
</tr>
<tr>
<td>Enhanced accounts reconciliation</td>
</tr>
<tr>
<td>Improved cash management</td>
</tr>
<tr>
<td>Reduced fraud and late payment fees</td>
</tr>
<tr>
<td>Improved dispute handling and supplier relationships</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits for Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faster payments</td>
</tr>
<tr>
<td>Fewer rejected invoices</td>
</tr>
<tr>
<td>Increased productivity</td>
</tr>
<tr>
<td>Enhanced accounts reconciliation</td>
</tr>
<tr>
<td>Improved customer relationships</td>
</tr>
<tr>
<td>Improved cash management and working capital</td>
</tr>
<tr>
<td>Alternative finance options</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits for Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved visibility</td>
</tr>
<tr>
<td>Optimized working capital</td>
</tr>
<tr>
<td>Better budgeting and forecasting capabilities</td>
</tr>
<tr>
<td>Improved compliance and audit risks</td>
</tr>
<tr>
<td>Improved supplier/customer relationships</td>
</tr>
<tr>
<td>Enhanced IT system optimization</td>
</tr>
</tbody>
</table>

Global electronic invoicing has grown substantially since 2004, but the reasons for that growth vary across the world. North American organizations were early adopters of eInvoicing, mostly because of the EDI push of the 80s and 90s and a more uniform ERP environment in the US. However, while the North American market started out strong, it has not fully maintained its adoption momentum.

Based on growth rates between 2004 and 2014 in North America, Europe, and Latin America, PayStream is able to predict the B2B eInvoicing usages for 2024, see Table 2. In North America, results indicate that there will be slow growth from 24 to 38 percent among organizations. The majority of this increase will be in the middle market, due to solution providers expanding their offerings for that segment.

Latin America and Europe lead the world in electronic invoicing adoption and growth rates, see Figure 2. Both regions viewed electronic invoicing as a solution to their VAT inefficiencies and tax evasion problems. For Europe, the promotion of widespread eInvoicing adoption meant incentives; in Latin America, it meant mandates, as well as possible fines and jail time. Due to these different strategies, Europe saw electronic invoice adoption increase at a modest rate (14% AGR), while Latin American eInvoicing growth practically exploded (40% AGR).

### Table 2

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>North America</th>
<th>Latin America (incl. Mexico)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>6%</td>
<td>15%</td>
<td>1%</td>
</tr>
<tr>
<td>2014</td>
<td>24%</td>
<td>24%</td>
<td>58%</td>
</tr>
<tr>
<td>2024, projected</td>
<td>95%</td>
<td>38%</td>
<td>98%</td>
</tr>
<tr>
<td>Annual Growth Rate, 2004 - 2014</td>
<td>14%</td>
<td>5%</td>
<td>40%</td>
</tr>
</tbody>
</table>
The Latin America region currently sends 58 percent of their B2B invoices electronically, but they are predicted to send an astounding 98 percent by 2024. Uruguay, Peru, Colombia, and Ecuador all have mandates scheduled for 2015, and smaller countries will likely follow suit as technology and infrastructure develop.

Following the success of Latin America’s model, Europe will continue to grow at a steady rate with increased subsidization by governments. Between 2014 and 2024, the number of B2B invoices sent electronically in Europe will likely increase from 24 to 96 percent.

Compared to the three big players, the rest of the world is much further behind in terms of eInvoicing adoption. In Asia and Africa, there is not enough data to properly report current usage or future adoption, but adoption rates are very low.
Leaders in the Global eInvoicing Revolution

A select few pioneers have led the global move to eInvoicing. In large part, they have taken the busy work out of network integration and made it far easier for businesses to realize a ROI and interact globally with their suppliers at a cheaper cost than with paper-based systems.

As organizations grow and wish to implement global eInvoicing, an important first step is to identify these leaders and their best-in-class offerings.

Leading providers are those that:

» **Offer a Specialized Knowledge of Global Business:** It is essential that companies seek the assistance of consultants and solution providers that specialize in the field of global business activity. Extensive experience is a great benefit—organizations should check the provider’s company history to see which regions they have worked in.

» **Meet Differing Compliance Regulations:** Companies that fail to fully meet cross-border trade requirements can face major fines from local governments. A global business provider should offer solutions with extensive tax compliance functionalities. Many providers offer tax-consulting resources in their network, as well as tools to ensure better communication with local tax authorities.

» **Grow as Customers’ Operations Expand:** Scalability and adaptability are definite requirements for a global eInvoicing solution. Companies should make sure the technology they choose has the potential and the vision to meet their own goals as they enter the world trading community. It is also important that providers can adjust quickly, as mandates in places like LatAm and the EU can change rapidly.

» **Offer Multi-Language and Multi-Currency Support:** It is imperative for an eInvoicing network to accommodate a wide range of languages and currencies in their technological structure to ensure quick interaction and conversion. A weak link in this area of the system can result in trade failures.

» **Offer Supplier Onboarding Services and Segmentation Strategy:** Global eInvoicing network leaders have extensive
procedures for onboarding new suppliers. Often, this involves a segmentation strategy in order to reach the full spectrum of spend—from low invoice count, large-ticket transactions to large invoice count, small-ticket transactions. These methods range from incorporating portals that ease the user experience and bypass ERP integration to identifying networks partnering with other solution providers where suppliers already transact.

» **Adapt to Various Formatting Requirements and Other Networks:** Global eInvoicing networks should be as adaptable as they are expansive. Similarly to how cell phone networks now allow phones to connect over any network regardless of the network provider, global eInvoicing networks should allow any ERP system to communicate via any global eInvoicing network so as to seamlessly allow communication between all buyers and suppliers.

» **Provide Valuable SCF Options:** Especially important for SMEs and large corporations with SME trading partners, many eInvoicing networks come with Supply Chain Finance options built into their systems. This gives users easy access to functionalities like Dynamic Discounting, which creates benefits for all trading partners, including improved business relationships.

» **Process Invoices without Environmental Impact:** The effort to go green is growing in adoption around the world, especially as concerns regarding climate change and diminishing resources increase. The elimination of paper in an invoicing process can greatly reduce a company's environmental footprint and prepare them for the possibility of future ecological compliance mandates.
Conclusion

In North America, many companies have devoted resources to improving their own AP and AR processes, but with less focus on expanding their eInvoicing network goals and collaborating with other businesses. While the virtues of eInvoicing for AP procedures are important to capture, businesses should not stop their focus there. Instead, North American enterprises of all sizes should support worldwide eInvoicing initiatives by preparing their organizations for global expansion. As the rest of the world increases their use of eInvoicing technology, electronic incompatibility will only cause barriers to trade and lost revenue.

As such, it is important that North American companies choose an electronic invoicing provider with a global focus. The following profiles feature solution providers that have developed their software with a strong focus on the global eInvoicing arena.
Basware

Basware is a leading provider of global purchase-to-pay and eInvoicing solutions. They empower both large and small companies to unlock value across financial operations by simplifying and streamlining key financial processes. The Basware Commerce Network, one of the largest open business networks in the world, connects 1 million companies across 100 countries and enables easy collaboration between buyers and suppliers of all sizes. Through this network, organizations can achieve higher levels of spend control and efficiency while improving supplier relationships. With Basware, businesses can introduce new ways of buying and selling to achieve significant cost savings, strengthen control, and boost cash flow.

<table>
<thead>
<tr>
<th>Website</th>
<th><a href="http://www.basware.com">www.basware.com</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Founded</td>
<td>1985</td>
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<tr>
<td>Headquarters</td>
<td>North America HQ in Stamford, CT</td>
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<tr>
<td>Other Locations</td>
<td>World HQ in Espoo, Finland; 10 offices in Europe and Asia Pacific</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>1400+</td>
</tr>
<tr>
<td>Number of Customers</td>
<td>2,000</td>
</tr>
<tr>
<td>Solution Name</td>
<td>Basware e-Invoicing, Basware Invoice Automation, Basware Procurement, Basware Pay, and Basware Spend Analytics</td>
</tr>
</tbody>
</table>

Solution Overview

Basware is dedicated to simplifying and streamlining financial processes by providing open, secure, cloud-based P2P and eInvoicing solutions. The result is more efficient Procurement, Accounts Payable, and Accounts Receivable organizations, as well as sustainable
improvements in bottom-line performance.

Basware’s solutions are available globally through an extensive network of offices and business partners. Basware’s Alusta platform combines three important technologies—cloud, mobile, and social media—to create more agile and responsive businesses, and to help those companies cut the costs of B2B processes while taking advantage of emerging opportunities.

Electronic Invoicing

Basware’s solutions allow for front-end receipt of both electronic and paper invoices, and support distributed and centralized invoice capture. Basware Connectivity Services enables customers to shift 100 percent of their invoices to eInvoicing from day one. Basware e-Invoicing supports all input forms, including supplier portal, emails, fax, html, PDF, and paper. For paper invoices, Basware offers both onsite customer-run scanning and outsourced scanning capabilities. In all, Basware supports over 50 different data formats.

With the Basware eInvoicing solution, customers can receive all eInvoices directly into their invoice automation system or ERP in a single file format of their choice. The solution offers any-to-any connectivity, invoice validation, format conversion services, invoice routing to recipients, tools for monitoring and reporting, and numerous additional services like support for digital signature verification and archiving.

Basware’s any-to-any connectivity is compliant with all accounting and governmental rules. Additionally, the solution can be configured in 20 different languages, making it useful for companies engaged in global commerce.

Approval Workflow

Basware’s workflow environment allows customers to configure the solution based on their rules and specific business needs. Workflows can be set to different levels of automation, from fully automatic (all rules are known and used to route invoices) to semi-automatic (some information is still required from users for routing) to manual (features an easy-to-use interface for sending invoices for review and approval). The solution features email alerts with a link to a web page for review and approval. With Alusta Advantage, designated users—including vendors—are able to communicate about invoices and exceptions via
Supplier Network

The Basware Commerce Network is an open B2B ecosystem that allows all companies and trading partners to benefit from connected global commerce. As the largest open network in the world, it allows users to identify, connect, and collaborate with customers and suppliers across the globe with ease, transforming the way organizations buy, sell, and manage their cash. Designed to connect as many international eInvoicing and electronic ordering networks as possible, it currently connects with over 170 B2B networks worldwide, allowing Basware customers to transact with more than 1 million companies.

Basware customers across 100 countries are exchanging more than 80 million transactions annually within the network. Users can send invoices through the network in any desired format, and the documents are automatically converted into the format their trading partner demands. Similarly, invoices and orders received from suppliers and customers will arrive in the format the user needs.

The benefits of transacting across the Basware Commerce Network include:

» **Global Reach through a Single Connection:** Connect to the Basware Commerce Network and start transacting with trading partners across the world immediately.

» **Visibility and Control:** Manage all sales invoices, purchase invoices, and purchase orders from one place for complete visibility and control across key financial processes.

» **Instant Collaboration:** Conduct quick, efficient and compliant electronic transactions with all trading partners with Basware’s portal views, dashboards, and easy connector applications.

» **Easy Setup:** Configure numerous easy to use and easy to set up eInvoicing options that also help simplify potentially complex tax and regulatory requirements.

» **Freedom to Trade:** The Basware Commerce Network is truly open—there are no expensive memberships, unfair fees, or participant lock-ins. Companies can join once and trade anywhere.
Working Capital Management

Basware solutions and services enable firms to optimize working capital and maximize the agility of finance operations throughout the purchase-to-pay cycle. The Alusta Advantage platform’s ease of use and holistic, P2P design provides the flexibility necessary to support any number of working capital management options for customers and suppliers.

Some of these options include Basware Pay, Discount, and Factoring. Basware Pay is a global ePayment solution offered in collaboration with MasterCard which allows buyers to pay during or after payment terms while making sure that suppliers are paid early with rich remittance data. Basware Factoring is a financing solution that provides suppliers with early payments using low cost, third-party capital.

Basware Discount is buyer-funded supplier financing that gives suppliers better control over their receivables, boosts their cash flows, and lowers their Days Sales Outstanding (DSO). Suppliers are able to choose which invoices get paid and when. This service is useful for suppliers with fluctuating cash requirements that need occasional access to cash in exchange for discounts.

Electronic Payments

Basware Invoice Automation offers seamless electronic payment processing, accepting a wide range of payments including wire transfer, card, ACH, and paper checks. It handles global currencies without difficulty. The solution’s configurable modules give both clients and suppliers the opportunity to make and track electronic payments according to rules that work best for their businesses.

Reporting and Analytics

Basware Analytics helps unlock value across the purchase-to-pay cycle with actionable insights that help organizations manage spend, remove waste, cut costs, and optimize use of working capital. It comes standard with pre-built reports that feature a range of analytics reporting areas including standard AP KPIs, exceptions, financial metrics, eInvoicing, procurement KPIs, vendor analysis (supplier management analytics), and spend analysis. In addition to these standard reports, an unlimited number of ad hoc or custom reports can be created to track discounts...
taken, discounts missed, cash management, cash flow analysis, and more.

Pricing and Implementation

A typical implementation of Basware Purchase-to-Pay solutions ranges from 2-6 months. Implementation length varies primarily depending on the project complexity and whether the solution is cloud-based (SaaS) or licensed. During implementation, Basware’s professional services provide comprehensive training and support for all of its solutions to ensure that users are up, running, and productive as soon as possible. Post-implementation support is available onsite, online, and via phone.

SaaS customers pay a one-time implementation fee at the beginning of their service contract, as well as a monthly service fee. Licensed fee pricing structures are also available. Electronic invoicing for buying organizations is charged on a flat-rate, per transaction fee. Suppliers have both free and flat-rate options available to them for sending electronic invoices.
Coupa

Coupa’s mission is to deliver software innovations that breed responsible company spending while impacting the bottom line. Coupa allows their users to manage a full suite of financial applications from AP to procurement to expenses and sourcing—all from a single platform. Coupa is known for having high user and supplier adoption rates, 100 percent mobility, and a subscription renewal rate of over 97 percent. They owe their high adoption rates to their strategy of building spend management solutions that mirror how users act in their consumer lives, and that streamline the communication channel between buyers and suppliers.

Coupa works to improve the procedures of their cloud-based technology based on their clients’ specific needs. Their solutions, modeled after internet consumer services, require little to no training and offer numerous supplier options with no supplier fees. Coupa provides full eInvoicing global compliance and integrates with any invoice format, and their full configuration model offers a business agility that is often lacking with legacy software and other systems. Their solutions require little to no IT involvement post-implementation, significantly reducing Coupa’s total cost of ownership.

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<tr>
<th>Website</th>
<th><a href="http://www.coupa.com">www.coupa.com</a></th>
</tr>
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<tbody>
<tr>
<td>Founded</td>
<td>2006</td>
</tr>
<tr>
<td>Headquarters</td>
<td>San Mateo, CA</td>
</tr>
<tr>
<td>Other Locations</td>
<td>New York, NY; Chicago, IL; San Diego, CA; Reno, NV; London, United Kingdom; Frankfurt, Germany; Dublin, Ireland; Paris, France; Sydney, Australia</td>
</tr>
<tr>
<td>Number of Customers</td>
<td>450+ in over 40 countries</td>
</tr>
<tr>
<td>Key Clients</td>
<td>Sanofi, Molina Healthcare, Royal Bank of Canada, NEC, Toyota, Rent-a-Center, UBS</td>
</tr>
<tr>
<td>Target Verticals</td>
<td>Healthcare/Pharmaceutical, Retail, Financial Services, Food &amp; Beverage, Technology, Manufacturing</td>
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</tbody>
</table>
Solution Functionality

Coupa is a fully SaaS, cloud-based application, which frees clients from the expensive and time-consuming burden of operating and maintaining their own applications and infrastructure. Coupa has partnered with Amazon Web Services to provide their platform's hardware and infrastructure. Customer instances are configured independently through a user interface, and externalized configuration files and upgrades are all included in the subscription model. Coupa's security features include high-grade password encryption, state-of-the-art kernel firewalls and intrusion detection software, multi-layered architecture to secure sessions and prevent unauthorized access, and best-in-class disaster recovery protocols that eliminate data loss in the event of system failure.

For global business customers, Coupa's solution can instantly verify compliance with country-specific regulations spanning their Content, Authenticity, Integrity, and Archiving functionalities. Additionally, Coupa allows international users to satisfy tax auditors with original PDF invoices that are clear and easy to read, offering a complete audit trail. Their system also features any-device mobile capability that includes speech commands, automatic expense report creation, and push notifications for invoice approvals.

Electronic Invoicing

Coupa Invoicing provides organizations with a complete and intelligent solution for managing their accounts payable processes. It supports capture through a supplier self-service portal or multiple electronic formats, including cXML, EDI, Coupa's API, email, and more.
Customers can elect to use Coupa’s partners for scanning and document conversion into Coupa’s system, or they can integrate with other providers for scanning and OCR. Key Coupa Invoice capabilities include automatic PO-to-invoice conversion, application of quantity and dollar-based approval tolerances, support of PO and non-PO invoices, invoice amount adjustment (to reflect shipping, tax, etc.), invoice fast entry, and more.

Approval Workflow
With Coupa’s workflow management, different approval chains can be configured for different purposes (e.g., requisitions, invoices). Tasks are routed via email and/or application display, and auto-notifications are emailed to users to inform them of action items required, status changes, or updates. These notifications also feature automatic escalation.

Coupa supports 2-way and 3-way matching of invoices against purchase orders and receipts, and can combine matching with checks to make sure invoices meet specific tolerance thresholds. Discrepancies are placed on hold for additional review and approval. From configurable operational dashboards, AP teams can easily set up Coupa’s invoice approval workflows based on pre-defined validation criteria. This allows users to manage their workloads, drive on-time payment, and ensure that companies benefit from pre-negotiated early payment discounts. These workflows can handle multiple approvers and disputes, and users can create customized invoice management views to see different groupings of invoices for workload management and other role-based views.

Supplier Network
The Coupa Supplier Network, comprised of over 1.3 million suppliers, provides B2B communication and commerce at no cost to users. The Network allows vendors to create and send invoices in any electronic or manual method (e.g., cXML, EDI, fax, email, paper). Suppliers can track electronic invoices on the network, and “flip” purchase orders into invoices or create invoices without a PO. Disputed or rejected invoices are queued up for manual resolution between buyer and supplier. Suppliers also have access to catalog management and other procurement features through the Network.

Coupa’s newest product release includes their Supplier Actionable Notification feature, which allows suppliers to create invoices,
acknowledge purchase orders, and add comments to documents directly from email—all without registering with the network. The conversation thread is automatically updated in Coupa, and the supplier can switch between this feature and the Coupa Supplier Network to perform these functions as needed. For any suppliers that will not use Supplier Actionable Notifications, cXML, or EDI to invoice, an enhanced shared AP inbox within Coupa helps manage AP’s PDF invoice queue.

**Working Capital Management**

Coupa supports payment terms per PO line and per invoice, which allows AP to change payment terms and capture supplier discounts more easily. The Coupa solution provides complete visibility into invoices that qualify for supplier discounts. Coupa Invoicing also automatically creates invoice-processing queues with invoices prioritized based on savings opportunities.

**Electronic Payments**

Coupa Invoicing transmits an “OK to Pay” invoice file to a customer’s payment system. The system schedules the payment, pays the suppliers, and returns payment and remittance details to Coupa. This payment information is visible to suppliers on the Coupa Supplier Network.

**Reporting and Analytics**

Coupa provides over 100 pre-built reports to ensure complete spend visibility for any organization. All reports in Coupa can be easily generated through an intuitive web interface. Reporting dashboards can be set up for different business levels, featuring real-time graphical views that provide critical insights into spending management performance, supplier performance, liquidity, and more. Users can also build their own custom views and self-schedule reports.

Coupa’s unique benchmarking capabilities can calculate company performance across 35 purchasing and expense management KPIs and compare those metrics against a market benchmark that is updated nightly, entirely from transactional data pulled from across the Coupa platform. Coupa also provides a spend analytics module that includes customized dashboards, and all transactions, approvals, and important master data contain an audit trail with date/time stamps throughout
the application.

The Coupa Customer Success portal is a help and training tool through which suppliers can find out more information about the Coupa Supplier Network, and where Coupa continually notifies buyers and suppliers of any updates or new trainings. Coupa routinely monitors the regulatory environment to ensure ongoing compliance in the development and delivery of their product and services.

**Implementation and Pricing**

Coupa’s robust implementation methodology is based on best practices and templates that have been refined over the course of 450 Coupa implementations. They tailor the entire process to customers’ specific business needs and requirements. The typical timeline for a Coupa implementation varies, but deployments range from 3-6 months. Although little training is required for their intuitive system, Coupa offers both online and in-person training, as well as training specifically for administrators. Coupa’s service includes a one-time implementation fee and annual subscription fees that cover all hosting, hardware, software, support, maintenance, and upgrade costs.

Available for companies after implementation and training is complete, the Coupa Best Practice webinar series occurs weekly, giving customers the opportunity to interact with each other and discuss topics relevant to their business. Coupa provides customers with three options for pursuing support: phone, email, and the Coupa support portal. Depending on the support package, support technicians are available 24x7 for priority cases. Coupa also provides a Customer Success program, which helps customers define and maintain long-term success goals.
Tradeshift

Tradeshift is a global B2B network that brings companies of all sizes together to transact, connect, and collaborate. Their cloud-based platform harnesses the power of their network to help businesses run more efficiently and create new value from old processes like invoicing, payments, and more. Tradeshift connects worldwide business partners electronically and securely, delivering better, smarter, and safer business transactions.

Tradeshift’s system offers a robust supplier onboarding program and provides free online invoicing for suppliers, resulting in above-average adoption rates. Focused on improving the health of customers’ supply chain anywhere in the world, the Tradeshift network provides suppliers with access to faster payments and predictable cash flow. The system’s tools also bring value-added functions such as reviews and recommendations, as well as a wide range of collaboration and communication features that can be used to share information with other network participants.

<table>
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<tr>
<th>Website</th>
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**Solution Functionality**

Tradeshift is a modern, easy-to-use system that works across mobile devices and requires virtually no training for daily users. The
solution offers advanced flexibility that addresses customers’ current complex systems with scalable solutions suitable for global business movement. With Tradeshift, enterprises will be able to evolve and adapt their business processes to changes in government regulations, company acquisitions, expansions to other countries, adjustments to ERP strategies, and more. In addition, Tradeshift’s app platform and Tradeshift Studio allow companies to fine-tune the system to their needs by activating existing apps, collaborating with the platform to create new ones, or leveraging third-party apps.

The Tradeshift system is designed to be format- and ERP-agnostic, and it offers several currency and language capabilities (currently translated into 12 languages). There are multiple integration options for suppliers and enterprises, including a web application for invoice entry, document uploads, file formatting via FTP, FTPS, or SFTP, connectors to popular accounting systems like Sage 50 and QuickBooks, and the use of the Tradeshift API.

Tradeshift considers the needs of each company, their suppliers, and local tax authorities to define customization based on specific compliance requirements. Their services in compliance initiatives include local legislation research and interpretation, advising from US audit, tax, and advisory services firm KPMG, and consultation with users’ tax advisors to determine regulation enforcement. Tradeshift is built on a secure cloud platform with data centers that conform to several security and infrastructure standards: PCI DSS level 1 compliant, SAS70 type II certified ISO 27001 certified, and DoD 5220.22-M / NIST 800-88 for decommissioning of hardware.

Electronic Invoicing

Tradeshift’s eInvoicing solution enables suppliers to send invoices via the web, EDI, file transfer, or directly from their accounting software. The Tradeshift platform supports 50 different electronic invoicing formats, including cXML, EDI, x12, UBL, Nota Fiscal, CBDI (Mexico), and CSV files. Invoices are validated against business rules to ensure compliance, and non-compliant invoices are automatically sent back to the supplier for resolution. Tradeshift supports the application of location- specific rules to ensure compliance with local regulations and tax laws.

For suppliers that continue to send paper or PDF invoices, Tradeshift’s CloudScan solution easily converts these into a digital format. CloudScan uses advanced artificial intelligence, machine learning,
cloud-based data capture, and OCR technology to convert and improve every invoice with accuracy and precision. Additionally, business rules can be applied to these formats for more detailed sorting.

Onboarding company systems and suppliers into the eInvoicing program is handled by Tradeshift’s delivery teams. Operating throughout North America, Europe, South America, and Asia Pacific, these teams have assisted many multinational enterprises in their eInvoicing and related initiatives.

Approval Workflow

Tradeshift’s Collaborative Workflow is a cloud-based, mobile-capable solution that includes invoice routing, coding, approval, and exception handling. It also includes 3-way matching, reminders and to-do list functionalities, and more. The solution allows coders, approvers, and suppliers to work together within the documents themselves, bringing visibility into errors and missing data with conversations, comments, and status updates throughout the workflow process.

Collaborative Workflow integrates with almost any business process and works on every device—smartphone, tablet, laptop, or PC—ensuring timely and productive process management.

Supplier Network

Tradeshift’s supplier-buyer portal is a many-to-many network with deeply integrated capabilities like eInvoicing, Collaborative Workflow, and Financial Solutions. It gives suppliers one solution for all their invoicing and business processes. Suppliers can login to Tradeshift and receive relevant information, from status updates and invoice tracking to managing cash flow with early payments programs across multiple customers. Another feature included in the network is business profiles for suppliers that allow them to showcase their offerings, customer reviews, and contact information. The profiles also give suppliers a web presence, verifying their credibility as legitimate businesses. For enterprises, Tradeshift’s supplier network brings clean supplier data, recommendations and reviews on supplier profiles, up-to-date visibility into suppliers’ activities, and a global network for world-wide business communication and transactions.

Tradeshift’s supplier onboarding techniques nudge suppliers into electronic invoicing with multiple “trigger-based” interactions that leverage human emotions, like curiosity and loss aversion, to motivate
suppliers to join. Conversion tools like TradeShift’s CloudScan turn PDFs and paper into electronic invoices, making the conversion effortless for suppliers. The onboarding tools also allow users to track the entire onboarding process with detailed information on conversion rates.

**Working Capital Management**

Tradeshift helps customers optimize their working capital through a variety of capabilities. They offer consultation to help companies design and optimize their payment terms and early payments programs, dynamic discounting functionality, and supply chain financing through third-party funding institutions. These features are integrated into Supplier Onboarding and Management and Collaborative Workflow. and can be used for approval and other decision-making. In addition, each working capital program gives the user a visual explanation and example scenarios of their options in order to ensure understanding.

During implementation, Tradeshift conducts a Working Capital Optimization Workshop. This allows for collaboration between experts and the client’s finance or treasury group to develop a tailored program, taking into account suppliers, payment terms, and more. Treasury and finance groups also have access to dashboards that display various details on early payments, including rates of return.

**Electronic Payments**

Tradeshift captures and validates payment information from suppliers for use with existing enterprise payment systems. Additionally, the Tradeshift platform provides integrated electronic payments in several markets, including PayPal. Tradeshift is currently working on an expanded electronic payment strategy to meet the needs of their global customers.

**Reporting and Analytics**

Tradeshift has several options for reports, including displaying information in CSV scheduled emails, dashboard presentation or to-do lists for users, and interactive reports. Tradeshift also provides data that can form part of a customer’s data warehouse. In each case, Tradeshift utilizes the ecosystem of apps on Tradeshift to produce reports using existing framework or alternative providers of reporting features. Reporting data can be exported to PDF, Excel files, and CSV
for import into third-party reporting tools.

**Pricing and Implementation**

The duration of a Tradeshift implementation depends on the scope of the project and on the customer. For every project, Tradeshift assigns an experienced Delivery Manager to oversee project implementation and training phases to ensure the rollout has met expected function and performance. Once an enterprise’s use of Tradeshift becomes part of their daily operations, Tradeshift maintains a long-term relationship with their customers to ensure any issues are communicated and resolved.

The system is always free for suppliers, while buying organizations pay a subscription fee dependent upon the chosen solutions.
About PayStream Advisors

PayStream Advisors is a technology research and consulting firm that improves the way companies plan for, evaluate, and select emerging technologies to achieve their business objectives. PayStream Advisors assists clients in sorting through the growing complexities of IT applications related to business process automation with the goal of making objective, analytical, and actionable recommendations. Wherever business process automation technology is an issue, PayStream Advisors is there to help. For more information, call (704) 523-7357 or visit us on the web at www.paystreamadvisors.com