UKeLab

UK eInvoicing Advocacy Lab

POSITION PAPER

Key challenges for the successful implementation of a UK national eInvoicing initiative

March 2025

Summary

This paper was created subsequent to a meeting of the UK eInvoicing Advocacy Group held in September 2024. During that meeting it was proposed that a number of key challenges in the implementation of eInvoicing should be investigated as a follow-up to the publication of the White Paper: 'Why electronic Invoicing adoption should be a public policy priority in the UK' [1] .

Our position remains that accelerating the adoption of electronic invoicing across business and government will support economic growth and the efficiency of government, business, and tax revenue raising. Further, that the UK through; a well-established service and solutions industry, lessons already learned from early adopters, and a proven value-in-use, is well placed to make significant progress within a short timeframe. eInvoicing replaces paper and other unstructured data formats with a structured invoice file capable of being delivered and processed automatically. The growth, on-time payment, business efficiency, global competitiveness and sustainability agendas will all benefit from this one change.

Please note that in view of the existence of the Making Tax Digital initiative and the need to reflect deeply on the desired evolution of the place of electronic invoicing in tax reporting, this Position Paper does not delve into that area, pending the planned consultation.

Material in the White Paper is not repeated in this position paper, which focuses solely on the identified implementation challenges grouped under four headings on next pages.

1 https://www.p2pnetwork.org/white-papers/3969-why-electronic-invoicing-adoption-should-be-a-publ

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1 Demonstrating the cost savings and benefits from eInvoicing to encourage adoption by businesses and public sector organisations

Responses:

i. Explaining a convincing business case is crucial to persuading commercial enterprises and contracting entities to adopt eInvoicing on a mass scale. This must include evidence of material cost savings, convenience, and efficiency gains.

ii. Global experience provides evidence that buyers and sellers (both private and public) actively managing their accounts payable and receivable can realise sustainable cost savings in the range of 60 to 80 % through invoice automation compared with paper processes according to a broad consensus of experts in the field. Case studies demonstrate that if it is feasible to achieve up to 85% automation of invoice volume, when cost savings will be maximised.

iii. SME adoption is challenging and requires focus and effort to ensure a meaningful return on investment for businesses where focus is on delivery day to day and survival. A recent Sage report[2] on eInvoicing indicates savings compared with paper invoicing of over 5 1/2 hours a week for a typical small company valued at £ 11,300 p.a. rising to 14 hours a week for a medium-sized company with savings of £28900 p.a. The report also estimates that 77% of senior staff have to become personally involved in resolving issues connected with paper invoices on a regular basis with significant unplanned costs, and furthermore poor information flow in paper processes seriously slows the receipt of customer payments. On the other hand, 9 out of 10 SMEs which have adopted eInvoicing are satisfied according to the Sage Report.

iv. A European Commission Report[3] on the effects of Directive 2014/55/EU on the internal market and on the uptake of electronic invoicing in public procurement, inter alia, contains estimates of cost savings from eInvoicing over paper, based on three separate studies by the University of Hasselt which developed a standard cost model, by Visma the software house which analysed the active Nordic market and by Billentis, the research consultant. These studies were carried out during the ramp-up (2014-9). The savings per invoice issued and received based on average labour costs came in consistently at EUR 5-6 for invoice issuance and EUR 8-11 for invoice reception and processing across these 3 studies.

2 https://www.sage.com/en-gb/company/digital-newsroom/2024/06/06/sage-finds-small-european-companies-can-unlock-in-annual-savings/

3 https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A52024SC0039

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The estimates also translate into savings compatible with the 60-80 % postulated in section ii above. The analysis captured data on service provider charges for functions performed by them; in general, these costs came in under EUR 1 per invoice although this varied by country and some outliers were noted. The Report also estimated the savings from automating the entire order-to-pay cycle with figures of EUR 25-65 per each whole transaction end-to-end.

v. The same Report also records surveys among the Member States and among samples of businesses of all sizes. It was encouraging to note that most businesses welcomed the introduction of a single eInvoice standard and only saw major technical challenges when they are forced to support multiple formats and when they face too many complex delivery methods as opposed to a widely accepted network for interoperability. In general, clarity of requirements and ease-of-use can deliver the expected efficiencies and benefits. For SMEs in particular the survey pointed to the need for simplifying trading and reducing technical complexity, legal certainty, the importance of a single format for the eInvoice, the embedding of eInvoicing functionality in ERP and accounting software systems through integrated solutions, and a common transmission method

vi. Cost and efficiency savings for all economic actors go beyond pure cost savings, in particular for small companies with low volumes of invoices, e.g., accelerated cash flow and more predictable payments, improved transparency and quality of data leading to important productivity gains, less fraud and error, better relationships within the supply chain, further opportunities to digitalise the whole range of supply chain documents, plus generally improved security, robustness, and ease-of-use. These benefits have already been set out in the White Paper.

vii. As eInvoicing is applied to a diverse and heterogeneous environment across multiple markets with obvious differences in industry structure, scale of enterprise and management characteristics, impacts will inevitably be variable within an overall positive business case. This requires assessment at specific organisation level and in addition for segments of market participant. In such segmentation analysis, which can act as a spur to adoption, a focus on self-defined ‘communities of interest’ (for example: functional, regional, industry) would be helpful to illustrate and benchmark the available savings and quantifiable benefits at a further level of granularity.

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viii. A further European Commission Publication[4] on the evolution of eInvoicing in the Digital Age examined some case studies where capabilities had been tested and results obtained from the use of techniques beyond the basic functions used in creating and delivering eInvoices. Such techniques include Artificial Intelligence in various forms, Robotic Process Automation, Blockchain and Big Data and it was concluded that over time digital processes will deliver further levels of savings and benefits through improvements in data integrity, traceability, analytics, anomaly detection, and reduce the administrative burden by leveraging eInvoice data. This could also encompass linkages and use cases across other domains to support VAT reporting, emissions reporting, invoice finance, monitor late payments, greater integration across the whole supply chain, and the needs of the real time economy.

4 https://op.europa.eu/en/publication-detail/-/publication/0648478c-c192-11ee-b164-01aa75ed71a1/language-en

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2 How do the huge number and variety of UK enterprises get help to implement eInvoicing?

Responses:

i. There is a deep and evolving UK service and solution provider industry capable of supporting the implementation of a 'whole economy' roll-out of eInvoicing. Many providers have been operational for more than 20 years delivering compliant e-invoicing; and reflecting the UK's strengths in digital skills, fintech and business development. Such providers range in terms of history and provenance from specialist eInvoicing service providers both international and local, ERP vendors, Electronic Data Interchange (EDI) networks, business process consultancies, and a huge variety of business software producers and system integrators. These services are delivered through a diverse array of large enterprises, entrepreneurial businesses, and not-for-profit organisations as in the case of network utilities and standards development organisations.

ii. Many such providers already have already created substantial installed customer networks and a full range of capabilities for invoice creation, validation, transmission, ingestion, exception handling, and legal compliance. For interoperability between provider platforms and networks, the Peppol network is already installed and active in the UK in the context of the NHS, which acts as the current management centre. This capability can be expanded to meet national volumes.

iii. To complement these capabilities, the eco-system around Making Tax Digital (MTD) can be leveraged to advantage by encouraging MTD software providers to add eInvoicing capabilities and/or partner to provide or 'white label' services with eInvoicing specialists. If MTD has been sometimes viewed as a burdensome imposition the delivery of related savings in the invoicing process could transform these perceptions in a positive direction.

iv. On a broader scale, the enterprise software industry (ERP) also has an opportunity to leverage its installed accounting software base, and most such providers already have or can add eInvoicing either homegrown or through partnerships. The aggregated capacities of set out in bullets I to iv, provides evidence of a healthy competitive environment and a motivation to deliver digitalisation to harvest the productivity gains that the UK is urgently seeking.

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v. There are many successful implementations by individual companies and their supply chains that can form the basis of useful case studies. The UK can also benefit from the experience of many UK industry actors being gained in many overseas markets where eInvoicing is being implemented. This is one way that UK's latecomer status can be leveraged by tapping into an already burgeoning knowledge base among UK enterprises.

vi. SMEs will require a special focus and attention with effort expended to deploy 'out of the box' solutions and ease of use in all deployed systems. For micro-enterprises thought should be given to encouraging or mandating free entry level services and easy-to-use portals. A micro-enterprise will simply punch in the minimum data elements into a computer or mobile device to create an invoice, and the conversion/submission of the data into a machine-readable version will happen out of view by the solution they choose to use, which will also make available a legible version. Training could be offered through state-of-the-art on-line training and development facilities.

vii. Certification and Quality Labels could be created to stimulate interest and engagement. Best Practice clusters and learning materials can be deployed and expanded in organisations like the Crown Commercial Service, the Local Government Association, the Business Application Software Developers Association (BASDA), trade associations, chambers of commerce, universities/colleges, and professional bodies.

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3 A major national IT project for eInvoicing may generate a 'fear factor', so how will project risk be mitigated?

Responses:

i. The UK can take advantage of its current situation. It is not generally involved here in a complex European 'Single Market' implementation with many tax jurisdictions and domains, multiple mandates, and variations of standards. The UK can concentrate on delivery inside a unified internal market, although attention should be paid to any variations required for Northern Ireland. It can choose its own implementation path and deliver at pace, taking advantage of lessons learned in many national environments where delays and postponements are all too common. It can also take advantage of provisions of recent digital trade agreements and implementations in English-speaking Commonwealth environments such as Australia, New Zealand, Singapore, Malaysia, and India.

ii. eInvoicing will not require a monolithic national IT project. A central team focused on leadership, awareness, coordination, monitoring, standards, and best practices is a precursor, but no centralised 'command and control' national IT project management is necessary or desirable. In broad terms a central team of 15-20 full-time equivalents could be envisaged rather than 100's, although this needs to be assessed in the light of policy choices.

iii. Project risk can be managed through a well-accepted project phasing and sequencing, which by itself is a way of de-risking the project; for example, some countries have chosen to start with B2G eInvoicing to demonstrate a direct contribution to public sector savings and because it brings on board a large population of suppliers perhaps accounting for up to 15% of national invoice volumes. Project Risk is also mitigated by deploying professional project and risk management methodologies and developing good documentation and information sources.

iv. The project as a whole would take comfort from having 1/ a very wide spread of specific implementation projects leveraging proven capabilities supported by 2/ an approved and curated set of well-designed common building blocks for example for semantic and syntactic invoice content (formats, code lists and validation artefacts) and for secure transmission protocols based on proven standards and a range of open-source software as required.

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This balance of diversity and commonality is itself a source of project risk mitigation. The common elements will not be too numerous to create excessive complexity or distract from the need for a competitive landscape, but one that accepts some defined guard rails.

v. Adoption will be mainly implemented by the private sector on a decentralised basis in the normal course of business. There will be no need to instal or amend software in a mass campaign. The existence of cloud solutions (Software as a Service-SaaS) minimises the scale of change and economic actors will choose their own solutions or adopt a 'community' solution where benefits are available.

vi. A core Interoperable Exchange Framework[5] to provide connectivity between trading parties and their service providers is an essential building block and can be organised through existing, fully proven and fully capable transmission channels employing standards and globally recognised technical building blocks. Peppol is an example of a network that has implemented the Global Interoperability Framework, which identifies these building blocks. Such a framework is not necessarily used for all eInvoice traffic if actors choose to use a different solution, which meets their requirements but the existence of a 'default' solution for interoperability will underpin a successful roll-out and provide a powerful source of project risk mitigation.

vii. If the government links MTD to eInvoicing at a transaction rather than aggregate reporting level, HMRC will require a digital reporting capability for eInvoice data, often abbreviated as DRR- Digital Reporting Requirements. There are various options for designing and creating this functionality. This element can, however, be separated from the workhorse of eInvoicing adoption. This is encapsulated in the 'Decentralised Continuous Transaction Control and Exchange (DCTCE) Model[6], which is finding favour in France, where the government has recently descoped the project to place the responsibility for the eInvoicing component on the service provider community on a decentralised basis. This can be contrasted with the very centralised Italian Model. It is technically feasible to deploy a protocol to support messaging for digital tax reporting inter-operating in parallel with the underlying exchange framework that connects buyers, suppliers, and their service providers. This separation of functionality can also mitigate any justified or unjustified perceptions of MTD from impacting on opinions about the value of eInvoicing between trading parties.

5 https://gifworks.io
6 https://www.gena.net/news-events/news-item/2022/08/03/A-NEXT-GENERATION-MODEL-FOR-ELECTRONIC-TAX-REPORTING-AND-INVOICING-DCTCE-v20

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viii. To allow the public sector to realise the available cost savings it will need to adopt eInvoicing functionality in its procurement and financial supply chain, building for example on experience developed directly or evidenced by the NHS, a number of local and devolved administrations and through the Crown Commercial Service, as well as by the private sector. For invoicing public and private procurement are essentially the same from a project risk and implementation point of view.

ix. Cyber-Security is a critical area of policy to mitigate project risk. The growing trend of businesses migrating to cloud solutions combined with increasing cybersecurity risk has placed the subject of cloud security at the centre of public debate and should be very carefully examined. To address these concerns, the "SecNumCloud" initiative, drawn up by the French National Cybersecurity Agency (ANSSI), stands out as a reference. Identifying cloud providers that adhere to the strictest security standards, the SecNumCloud qualification currently represents the highest French standard in this regard. Other approaches and solutions exist.

x. The intelligent use of mandates is a powerful tool for accelerating adoption. By Mandate is meant a requirement issued by a procurement organisation or a governmental authority to require the use of eInvoicing by suppliers in all or defined circumstances. There are various levels of Mandate ranging from a full mandate involving the use of eInvoices in the VAT/GSM tax reporting of all qualifying transactions; a partial mandate involving categories such as public procurement or type of enterprise; and a soft mandate which amounts to policy encouragement. This process certainly provides motivation, reassurance and a focus for the many actors who must deliver successful eInvoicing at enterprise level and is therefore also a powerful project risk mitigant. The table below summarises the range of countries that have to date issued Mandates. For the UK, reference should be made to the enabling powers in relation to public procurement available in primary legislation (Section 39 of the Small Business, Enterprise and Employment Act, 2015) to mandate eInvoicing in defined circumstances.

xi. Timescales for converting to e-Invoicing can be as short as 2-3 years for a critical mass of adopters on the basis of a Large-Scale Pilot incorporating a practical design that uses well proven standards and components and that is fully supported by HM Government. The wider adoption by the broad mass of users could be achieved in 3-5 years although there will likely be a 'tail' of smaller adopters that will take more time.

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4 How to build and sustain motivation by all actors in delivering success

Responses:

i. All engaged actors will need to be motivated in terms of committing resources, technical engagement and psychologically. Larger enterprises and organisations are typically attuned to the digital economy, but SMEs and perhaps smaller public sector contracting authorities will need support to deliver their required participation.

ii. The use of mandating is mentioned in the preceding section and will if structured appropriately be a strong motivator by providing clear guidelines and timelines. It is telling that the above-mentioned EU Report clarified that only when countries exercised their choice under the legislation to make it compulsory for suppliers to submit eInvoices did volumes take-off. The prescription of the single standard and the receive capability by all EU public authorities was an essential building block but not a sufficient condition for success. This has been replicated in many countries around the world.

iii. But to realise the full benefits of eInvoicing there needs to be a carrot as well as a stick. Actors need to see a clear path to the realisation of all the benefits discussed in this Position Paper and the accompanying White Paper. An attitude of minimum compliance with a Mandate will not unleash the full benefits. Major changes of behaviour can happen effectively. Think of Seat Belts and End of Drink-Driving. In the tech area there are more examples, the need to communicate during Covid led to an avalanche of teleconferencing such as over Zoom, and online banking and tax reporting have become ubiquitous except for among an important minority. Ticketing has moved online. These things rapidly move from being in the future to becoming a present reality.

iv. The community of actors in such a programme will need to work together to understand the motivational aspects and develop strategies to meet the challenge, which will deliver growth and productivity benefits by relieving people from a heavily time-consuming activity, help to remove the scourge of late payments, improve job satisfaction, and embrace the inevitable future.

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5 Conclusion

To support implementation plans we have set out the issues relevant to the accelerated adoption of e-invoicing. However, it must be remembered that the UK is well placed to embrace this change, and that business and government agrees with the need to embrace digitisation There are ready solutions to all issues and there is an opportunity to phase implementation such that low-hanging opportunities are grasped quickly while others may be phased in over a 2-to-5-year period. Noting the multiple economic and tax benefits this will unlock; it should be made clear that this change will be made at the earliest time and for the benefit of the whole UK.

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Appendix 1 - Case Studies

OPENPEPPOL

UK - Peppol Demonstration of Technology
A commitment to PEPPOL standards was made in the NHS eProcurement strategy published in May 2014. To comply with the strategy, NHS acute foundation and non-foundation trusts were required to develop and submit a GS1 & PEPPOL strategic outline plan to the Department of Health.

The detailed report on this "PEPPOL Demonstration of Technology" can be found.

PEPPOL DoT case study.pdf

Singapore – A far more recent rollout of Peppol was conducted in Singapore under the auspices of Infocomm Media Development Authority (IMDA). IMDA adopted the Peppol Interoperability Framework as it allows direct transmission of e-invoices from one finance system to another finance system without human intervention. Peppol operates on an open network and thus is not limited by the accounting or invoicing package you choose, or the country you live in.

Link below provides information on why Peppol was chosen, Project Initiation and Project Building blocks.

Peppol Case Study - IMDA Singapore - OpenPeppol

There is also a second useful link to a PDF with greater detail on building the ecosystem and driving adoption.

IMDA-case-study-2025.pdf

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PAGERO

Johnson & Johnson

Partnership
In 2015, Johnson & Johnson formed a strategic partnership with Pagero to increase the number of digital business documents exchanged with the Nordic healthcare sector

Challenges and Vision
Five years ago, Johnson & Johnson began to look into how they could work with e-commerce in a more structured way. Existing service provider was all about point-to-point connections. A proper team within the organisation did not exist that was responsible for managing the e-commerce business, which meant that people at the various international subsidiaries handled it separately from each other, so the knowledge was very scattered.

Johnson & Johnson realised their digital vision with Pagero

Hewlett Packard Enterprise

Partnership
Hewlett Packard Enterprise provides a diverse range of well-known products and services to markets across the world. With a list of offerings and clientele as long as theirs, invoicing turned into a complex web of mixed formats and country-specific compliance regulations. Working with Pagero, HPE has standardised their e-invoicing procedure, reduced invoice turnaround, and found the simple way to comply with local business regulations worldwide.

Results
HPE achieved local invoicing-related tax and legal requirements in 29 countries

HPE achieves local e-invoicing compliance with Pagero

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SAP

Britvic

Partnership
For Britvic plc, the largest supplier of branded soft drinks in Great Britain, procurement and supply chain are critical components of its operations. To strengthen its overall approach and make buying and invoicing simpler and more accurate, Britvic turned to SAP Ariba solutions

Results
Over the past 18 months, Brit has achieved a step change in the capability of the procurement team, delivering a range of tangible results. The decision to invest in people, core processes, and technology means SAP is now perceived as an indispensable business partner.

- >£15 million in pipeline value generated, plus £26 million in working capital.
- £115 million in indirect spend (38%) now under catalogue.
- 86% of PO requisitioning now self-serve.
- 88% of its suppliers now onboarded,

Britvic: Making supply chain, procurement, and supplier management simpler and more transparent

TRADESHIFT

NHS-SBS

NHS Shared Business Services (SBS) is the UK's only full service provider of corporate services to the NHS and provides back-office finance, HR and procurement to NHS trusts across the United Kingdom.

It is a limited company owned by the Department of Health and Sopra Steria.
Since 2013 Tradeshift has provided NHS-SBS with the ability to accept and deliver electronic invoicing as a service, to trusts across the UK.

Results
With this solution, NHS-SBS has been able to digitise almost 50% of the 7 million invoices processed annually. The service ensures suppliers are seamlessly onboarded and have a great experience, along with providing transparency, reduced costs and faster payments!

Partnership between NHS-SBS and Tradeshift

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Appendix 2

Selected Country Mandate Listing

The following countries have implemented or are implementing or have announced Mandates for the compulsory adoption of eInvoicing in various forms such as for public procurement, or for eInvoicing linked to digital tax reporting to a tax authority:

Argentina
Austria
Belgium
Bolivia
Brazil
Chile
Columbia
Costa Rica
Croatia
Denmark
Ecuador
Egypt
Estonia
Finland
France
Germany
Greece
Guatemala
Hungary
Iceland
India
Indonesia
Ireland
Israel
Italy
Japan
Kenya
Latvia
Liechtenstein
Lithuania
Luxembourg
Malaysia
Mauritius
Mexico
Netherlands
New Zealand
Norway
Paraguay
Peru
Poland
Portugal
Romania
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