



TELSTRA CORPORATION LIMITED

Submission in response to the Options for mandatory e-Invoicing adoption by businesses Consultation Paper

18 January 2021



Introduction

Telstra agrees that e-invoicing can provide a host of benefits to the business community, including faster and more secure invoice submission. We have been implementing and integrating such capability over the past 12 months, and have seen benefits in cost and process efficiencies, reduced invoice processing times, greater clarity around invoice payment dates, reduced potential of blocked invoices, and enhanced visibility and management of Telstra purchase orders and invoices.

However, Telstra does not believe that mandating the adoption of Peppol e-invoicing would result in any significant further reduction in payment times for large to small businesses. Most large corporations will have implemented an e-invoicing system of some sort, and such a mandate will cause large businesses to incur additional costs if their current system does not already include Peppol e-invoicing.

Telstra's view is that mandating the adoption of Peppol e-invoicing is not necessary and may impact the ability for businesses (small and large) to explore and adopt other innovations that may result in more significant reductions in payment times. One example is "Purchase order flip" capability where a PO is electronically submitted into a supplier accounting platform or portal and when goods or services are provided the supplier can 'flip' (convert) the PO to an electronic invoice instantaneously. Rather than mandating the use of the Peppol e-invoicing framework, the Government could encourage industry software vendors to continue to enhance their products to include, for example, this type of functionality.

Telstra's comments on the Options for mandatory e-Invoicing adoption by businesses Consultation Paper are set out below.

Peppol e-Invoicing adoption

What are the barriers to businesses adopting Peppol e-Invoicing?

- Many businesses, including Telstra, already make use of e-invoicing as part of their financial systems. These systems would typically incorporate other processes such as goods receipting and purchase order creation. These other financial processes need to be considered (as well as Invoicing) for a business to be able to recognise the benefits of Peppol e-invoicing;
- Software vendors may not have included the Peppol framework in the e-invoicing module as there are many available standards. The costs to some businesses to either include in existing systems or replace with a compliant solution may be substantial;
- Additional systems may still be required for businesses which deal with international suppliers, especially in countries where Peppol has not been adopted;
- Smaller businesses may not have the technical expertise needed to implement a suitable solution.

What would be the costs and benefits of mandating Peppol e-invoicing?

Telstra considers that there would be significant costs to businesses associated with the mandating of Peppol e-invoicing:

- Onboarding time (Telstra's experience is 9-12 months minimum for any software implementation) and implementation costs;
- The cost of driving adoption by the supplier base;
- Ongoing licencing and transactional costs;

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- Ongoing support resources; and
 - Unnecessary compliance costs (and, potentially, penalties) introduced by mandating the implementation within a particular timeframe, given that most large businesses have adopted e-invoicing capability of some kind already.

As Telstra has recently implemented an e-invoicing system and worked to encourage adoption by our suppliers, our view is that there is likely little additional benefit to us and our suppliers.

What other factors should be considered when mandating Peppol e-Invoicing for businesses?

- Mandating Peppol e-invoicing could have potential high impacts on other financial processes such as accounts receivables.
- There would need to be a critical mass of suppliers and systems using Peppol e-invoicing to enable broad benefit realisation.
- Timing the introduction of this policy in parallel with the implementation of the Payment Times Reporting legislation may result in a negative impact on large businesses whilst in a transition period i.e.: penalties, and/or negative customer experience due to competing priorities.

Which of the options outlined in this consultation paper would you support and why?

- Option 3: The Government should take a non-regulatory approach to Peppol e-Invoicing adoption by businesses.

Telstra supports a light touch by the Government regarding Peppol e-invoicing. As a critical mass of adoption would be required to realise the benefits, Telstra suggests the Government consider encouraging industry software vendors to enable Peppol e-invoicing capability as part of their standard product solutions.

As noted in the consultation paper, a mandate that forces businesses towards a smaller group of service providers might have an anti-competitive effect, ultimately harming Australian businesses. A light-touch approach would also allow other innovations in relation to invoicing and payment processing to continue to develop.

e-Invoicing and payment times

In your view, if the Government mandates the adoption of Peppol e-Invoicing for businesses, would this result in a reduction in payment times from large to small businesses?

As most large businesses will already have an e-invoicing system in place, Telstra does not believe that mandating the adoption of Peppol e-invoicing would result in any significant reduction in payment times from large to small businesses.

As mentioned above, invoicing is just one process in a business's financial ecosystem, and other processes should be considered if the objective is to reduce payment times from large to small business.