



## **Introduction:**

Electronic invoicing (eInvoicing) allows the direct, digital exchange of invoices between a supplier's and a buyer's software which brings efficiency gains, greater security and improved cashflow. This service will have a major positive impact on the Australian economy. However, adoption of eInvoicing in Australia is currently low.

In response to the Government seeking views on whether to introduce a 'Business eInvoicing Right' (BER) to accelerate business adoption of Peppol eInvoicing, Link4 Australia would like to submit the following responses to the questions raised.

### **1. Should a Business eInvoicing Right (BER) be introduced to accelerate business adoption of Peppol eInvoicing?**

Link4 Australia believes the Business eInvoicing Right (BER) should be introduced to accelerate business adoption of Peppol eInvoicing. The benefits of eInvoicing are well known amongst those who are informed about eInvoicing, but many business owners are so busy within their business operations that they haven't had time to learn what eInvoicing is. Introducing the BER will motivate businesses to understand the benefits and to see how they can utilise this service in a positive way within their business.

We firmly believe that SMEs will benefit most from eInvoicing as the majority do not have EDI (Electronic Data Interchange) solutions in place, so eInvoicing will provide significant efficiency gains for them.

Additionally, and more importantly, small businesses are often targeted with Payment Redirection Scams (where emails are intercepted, PDFs changed, and the wrong person gets paid). eInvoicing will provide greater protections for all business owners. It is like mandating seat belts in cars – it is for the long term benefit of the end user.

### **2. Are there other regulatory methods that might increase eInvoicing adoption?**

Singapore took the path of paying all businesses \$200 to sign up to eInvoicing. This did not work. Many signed up without an understanding of what eInvoicing is, which led to low usage on the network. We do not see that incentivising business owners in this way will help.

Link4 Australia feels that if a business is sophisticated enough to have an ABN and charge GST, then they have enough processes in place to be able to adapt to the eInvoicing network. If there was a mechanism to attach eInvoicing as being necessary for any business that charges GST, then that could be considered as a positive option for the BER.

Enterprise organisations have the Payment Times Reporting Scheme as an incentive for them to improve process and apply eInvoicing within their business will support them in meeting better payment times.

### **3. What key implementation challenges or issues would businesses face if the Government introduces a BER?**

If a business is using a cloud based accounting system, they can be active with eInvoicing in less than 2 minutes. Solutions exist for these users to meet the needs and styles of the way they do business.

Enterprise organisations which utilise ERP systems already have solution partners in place who can assist with the upgrade to eInvoicing.

For those organisations which are not cloud based, there are low cost solutions that can help them engage with eInvoices without the need to upgrade their systems. They may not be fully automated, but options exist. For SMEs, this could be one of the many portal solutions which are simple for them to use and do not require any implementations.

### **4. Who would be captured by the BER? Would Option 1 or Option 2 be more appropriate to set the scope for participation in the BER and why? Are there other approaches that maybe appropriate?**

We support Option 1 in principle. Until the technical solutions are widely available, exemptions for on-the-spot B2B transactions are logical. Ultimately having receipts from all point-of-sale transactions sent direct to a cloud location would be the best solution for both businesses and consumers. We will get there, but it is a few years away.

### **5. What, if any, exemptions would a BER need to include (e.g. for on-the-spot or point-of-sale business-to-business transactions, not-for-profit organisations, newly created businesses, entities supplying taxi travel, recipient created tax invoices (RCTIs))**

It doesn't seem logical to exempt man businesses from the BER. The benefits of eInvoicing include no more lost receipts, reduced paper consumption would reduce, less chance of being caught in scams and it would be better for the environment. The more business involved with eInvoicing, the better it will be for all.

With respects to not-for-profits (NFP), these are businesses. They deal with invoices. They are also at risk from Payment Redirection Scams. They would benefit from greater efficiencies and more protections provided by eInvoicing. Because free/low cost solutions exist, we do not see a reason to exclude not-for-profits from experiencing these same benefits.

## Identifying businesses covered by the BER

### 6a. Should the Government create a public register of businesses covered by the BER?

There is no need to create a public register of businesses covered by the BER. The SML of the Peppol Directory lists all those on the Peppol network. This could be used as a basis for showing who is on the network. It will become a competitive advantage for those who are available with eInvoicing versus the laggards who are not. Customer relationships are likely to be strained for those who are slow to make this option available to the trading partners. We don't feel that too much effort needs to go into defining the size of a business and making this accessible.

### 6b. Are there any other approaches that would be appropriate to identify businesses covered by the BER?

As mentioned in 6a., we feel the Peppol Directory is a good starting point. Another option could be the Payment Times Reporting Register.

## Thresholds for business size under the BER

### 7a. Would businesses be comfortable with being publicly identified as small, medium-sized, or large?

We can see how negative implications could arise from identifying a business based on their size. We do not support publicly identifying a business's size.

### 7b. What key sensitivities or risks would such an approach present?

We have experienced prejudices in some relationships when they perceived us as not being big enough for them to transact with. It is our experience that noting a business size can be a reason as to why amazing (but smaller) businesses miss out on business opportunities.

### 8. Which of the potential approaches to create a register of small, medium-sized, and large businesses covered by the BER would be appropriate?

We don't feel you need to create a new register for this. That just adds another layer of complexity to process.

### 9. What regulatory costs maybe involved for businesses for these options?

eInvoicing is a simple and stress-free process. It is something businesses of any size can be involved with. However, we note a hesitancy for them to adopt eInvoicing due to not knowing what is or how it affects them. If there was a regulatory cost to be involved with eInvoicing it would stifle the adoption.

There may be technology costs involved, but these would be minor. We note that there are many low cost or no cost solutions that can be accessed by any sized organisation. We advise against adding any regulatory costs to this process.

## Accommodating changes in business sizes

### 10. Should the BER apply to differently sized businesses at the different times?

Link4 does not feel segregation of businesses should exist. All businesses can be given 2 years to sign up to an eInvoicing service. Everyone benefits if it is done at the same time.

### 11a. Should turnover-based thresholds be used to differentiate business size under the BER? What alternative thresholds are available and would be appropriate and administratively feasible?

Having turnover-thresholds tied to business adoption appears to complicate matters beyond what is needed. We advise against it. If a business has an ABN and is registered for GST, then they are a good candidate for Invoicing.

### 11b. What levels of annual turnover would be most appropriate to differentiate small, medium-sized, and large businesses under the BER?

As mentioned, if a business is mature enough to have an ABN and be registered for GST, then they will be able to adopt eInvoicing.

### 12a. Would a framework for turnover aggregation and related grouping rules be required for the BER?

We do not feel this is required.

### 12b. If required, would a framework for turnover aggregation and related grouping rules like those in current tax laws be appropriate for the BER?

As mentioned, let's not complicate this and add more layers than is required. If a company has an ABN and is registered for GST, then they are mature enough to handle eInvoicing.

### 13a. What would be the appropriate implementation timeframes for the BER?

Thousands of SMEs have switched to eInvoicing already. One of the key reasons given in the past 12 months as to why they are interested in eInvoicing is that of Security. Payment Redirection Scams often involve intercepting an email, changing bank details on the PDF and forward it on. Many Australian businesses have been affected by this or know of ones that are. Therefore, to delay the roll out of eInvoicing only serves the desires of malicious players who want to take advantage of security weaknesses for as long as possible. We recommend implementing the BER as soon as possible.

### 13b. How much advance notice would covered businesses need to be ready by their corresponding deadlines under the BER?

We support a 2 year implementation time-frame for the BER for all sized businesses.

Many SMEs with cloud accounting systems can be active with eInvoicing within 2 mins. Those without a cloud accounting system have access to Portals that can help them meet the needs of eInvoicing. If they want to update their business to use a cloud accounting system, this can easily be done within 12 months, but often shorter.

**13c. What alternative timing approaches might also be feasible and appropriate?**

An Enterprise organisation may need to coordinate upgrades to their systems to be eInvoicing enabled. This can take from 1 month to 12 months depending on their complexities.

With that in mind, we feel a 2 year adoption time frame for the BER could be met by the majority of businesses. Those that can't meet will likely have the same issues if it was a 3 year, 5 year or 10 year time-frame. Therefore, 2 years seems best for both the businesses and the economy.

**14a. What should a valid request to receive Peppol invoices involve or include?**

A valid request for eInvoicing should be kept simple. A basic written request for eInvoices to be used in their transactions moving forward, stating the desired date for this to start and including their ABN number to allow address books to be accurate for eInvoicing.

**14b. What communication and record-keeping requirements would the BER require for covered businesses, particularly in relation to communicating requests to receive eInvoices?**

We do not see a need to add any record keeping burdens here.

**Monitoring, compliance and enforcement, and protections for participants**

**15. What mechanisms should be put in place to protect businesses that choose to exercise their BER (e.g. whistle blower protections)?**

Link4 has many eInvoicing users today because the trading partner asked for it. In the business world you do what you can to make your trading partners happy – especially if they are underpinning how you make money in the business.

It is expected that most businesses will comply as best they can to an eInvoicing request. They will want to make their trading partner happy. If there is disappointment with this process, then the business has the option to do what all businesses have in front of them – the choice to work with other trading partners who are easier to deal with.

We expect compliance mechanisms to be put in place, but we don't feel these need to be aggressive or burdensome (especially for SMEs) as the business relationship will be the driver in most cases.

## Enabling Peppol-compatible EDI networks

### 16. What key factors does the Government need to consider in relation to enabling Peppol compatible EDI networks?

The BER means a business should be able to receive an eInvoice if their trading partners desire to send one. This can easily be achieved by any EDI capable business within a few days. Having that functionality doesn't negate the use of the EDI system for other things or specific trading partners. This would be like someone needing to accept physical mail and choosing to use a PO Box instead of putting a letter box in place. It's not the most efficient way to do it, but it works. And if they have been using a PO Box for years, they can keep using it.

The same concept can apply to sending eInvoices. An EDI system can output information that can be adjusted to meet eInvoicing standards, but they may choose to use their EDI set up with select customers as it suits their business better.

Most EDI suppliers are capable of making the needed requirements to accept Peppol invoices. Some of this is due to their EDI systems being used in other countries where eInvoicing is already in general use.

### 17a. How could the Government target a potential intervention on the procurement functions of EDIs, without affecting or targeting the non-procurement functions?

The BER is around allowing anyone who wants to send/receive an eInvoice, to be able to send/receive an eInvoice. It doesn't mandate which software should be used or how an implementation should be done. As long as a business can transact eInvoices with their trading partners, that is all that matters.

### 17b. What definitions or criteria would be required to limit any requirement to only those EDIs operated by businesses that the Commonwealth can regulate and EDIs that are only used in procurement?

We do not have any additional insightful comments to add for this point.

## Expanding eInvoicing into Procure-to-Pay

### 18. What are the key business considerations and impacts relevant to expanding from eInvoicing to a broader integrated P2P process (such as Peppol P2P)?

It is good to remember that >95% of businesses in Australia are SMEs. Many of these use cloud accounting systems which have limitations with respects to an expanded P2P network. Consideration would need to be given to ensure the network doesn't add more complexities or issues for the small business owner beyond what their cloud accounting system can handle.

**19. What are the barriers, if any, to businesses adopting more efficient and standardised P2P processes, including Peppol P2P?**

Small businesses may not require Purchase Orders or Catalogues in their normal business activities, so they may use systems that don't include these features. If a P2P network was being put in place, then we do not see the need for it to be mandatory.

To counter that, some feel that once eInvoicing becomes the normal course for businesses, they will see the benefits of a P2P network and will adopt it willingly.

**20a. Would broader adoption of Peppol P2P as a standard in Australia help businesses adopt more efficient and interoperable procurement processes?**

The first challenge is to have eInvoicing adopted. Every business interacts with invoices, while not every business will see the need for a Peppol P2P standard. We do see value in the network, but we also feel that we need to learn to walk before trying to get people up the high diving board for some tricks. Let's get eInvoicing going first and learn from that roll out.

**20b. What different approaches are available that may also be appropriate for Australia?**

NA

**Integrating eInvoicing with payments**

**21. What is the level of impact on business adoption that the integration of eInvoicing and payments would have?**

Link4 firmly believes that payment times are too high and reflect old and outdated process from previous ages. We believe payment times will go down to between 0 and 5 days in the future. Marrying payments and eInvoicing will be a key step to making this happen. As noted, some solutions exist right now that would work very well together. Once these solutions become more seamless then any size business will feel very positive impacts from this technology, as will the Australian economy.

**22. Given the market is currently working to deliver solutions that enable integrated eInvoicing and payments, what (if any) further action or intervention is required to address any current barriers to greater integration and help drive this process?**

Given the market is working on solutions in this area, we do not see a need for the government to step in or to address any needs in this area. Once eInvoicing is in common use by end users, they will be putting pressure on their providers for better payment services attached to it (we are seeing this already).

**Conclusion:**

The Peppol electronic invoicing system is an inspiration for the Australian Government to consider for improving the economy and relevant processes for businesses. In the BER, it is noted that the Government can consider eInvoicing as reliable and will bring significant benefits to all. Since most businesses in Australia are SMEs, encouraging eInvoicing is to be commended. If a business is mature enough to have an ABN and charge GST, they are a good candidate for benefitting from eInvoicing. Link4 recommends a 2 year roll out of the BER for all businesses. The sooner all businesses join an eInvoicing network together, the sooner the Australian economy will see the benefits.

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