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Integrating e-invoicing via EDI and XML into existing infrastructure

How to overcome the challenges and maximise the success of integrating e-invoicing via EDI into existing business infrastructure.

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Introduction

In the face of commercial pressures, it's common business practice to seek innovation as a competitive edge. Innovation comes more frequently in the form of technology innovation. More businesses are using digital innovations such as electronic invoicing via EDI and XML to reap the benefits of moving beyond paper.

Recent changes across the EU, resulting from EU Directive 2014/55/EU, have brought electronic invoicing to the fore as a mandatory requirement for public sector transactions. Many businesses outside of the public sector are choosing to get ahead before e-invoicing becomes mandatory for all B2B transactions. These businesses inevitably look to the EDI and XML-based requirements for public sector invoicing to guide their choice for e-invoicing solutions that will stand the test of time.

In this paper, we look at the process and considerations for deploying e-invoicing via EDI and XML within a business. For those of you seeking a deeper understanding of either e-invoicing or EDI, take a look at the [business case for e-invoicing](#) or the [eBook, EDI, XML and E-invoicing](#).

The business case for electronic invoicing via EDI and XML is compelling. In many cases, however, it can fall to an overburdened IT department to deliver on the technology's promise. We use examples and insight from over a decade of deploying e-invoicing and EDI solutions for global businesses to help make your project a success.

The business considerations

Innovation comes at the price of change. However streamlined and intuitive the technology is, it is often the changes to process, staff responsibilities, and activities that present the greatest challenge to successful deployment.

Overcoming the momentum of existing processes, particularly as their evolution forces behavioural change, is one of the first project challenges to meet. The following areas are worth considering before embarking on an e-invoicing project involving EDI or XML delivery.

Process change

The automation possible via e-invoicing greatly reduces workload, improving efficiency and accuracy as a result. While workload is reduced, it's not removed entirely. Exceptions to standard document formats, content, or authorised trading partners all need procedures that address their processes and then insert them back into the workflow.

Integrating accounts receivable processes with a Value-Added Network (VAN) can require significant changes to the invoicing process. However, the end result should be a simplification of accounts receivable processes –

removing the need to manually create and upload invoices to partner portals, as well as the printing and posting of paper invoices.

Consider how low-value and repetitive processes can be automated through e-invoicing and how this will free up accounts receivable teams, allowing them to focus on getting the money in and addressing exceptions to an otherwise automated, and far more efficient, process.

Beyond this, consider the impact on reporting and auditing. Storing invoicing details and other documents in an electronic format means that information

is searchable at the touch of a button. Broad swaths of data can be analysed quickly to identify trends and areas for performance improvement. These are, without doubt, process changes for the better.

Working with an outsourced partner to deliver electronic invoicing can help streamline the introduction of process changes and plan for redeployment of staff to more valuable activities within accounts receivable.

Strategic considerations

The multitude of standards, portals, networks, or VANs to consider may seem overwhelming and is only set to grow. Businesses should be looking inward, to their financial leaders, to offer an informed opinion and drive this change. The decision for partner selection needs to take into account the immediate benefits as well as future interoperability with trading partners. Understanding the needs of existing and prospective trading partners is a key consideration in this process.

Beyond the scope of network connections and formatting, an e-invoicing solution can be seen as a key element in a larger strategic solution. The technology underpinning the document transmission in any such solution can be tuned to serve broader document distribution needs – from other financial documents, such as payslips for wages, to legal and other sensitive documents. Integrated document approval, as well

as read receipts and other tracking capabilities can make dramatic improvements to business efficiency.

Future-proofing

Protecting your investment should be considered right from the planning stage of your project. Senior management buy-in and support for the project will be easier to come by if the planning outlines how future changes in requirements will be supported.

Trading partners' requirements may change over time. If you are working with a specific VAN for the majority of your clients but find they diversify in the future, then you will need a solution that can adapt and integrate with multiple VANs. Flexibility ensures existing relationships are more easily retained, but also makes you easier to do business with and consequently more attractive to future prospects.

It's not just trading partners' requirements that may change over time. Consider the impact of government or industry legislation and the evolution of standards over time. In some cases, security or performance requirements may lead to the adoption of different communication protocols in the future.

How easily will your proposed solution adapt to these requirements?

Open-network e-invoicing solutions that already work fluidly across a range of standards, interfacing

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with VANs and spanning a range of communication media, are more likely to offer long-term flexibility than plugging into a rigidly defined network.

Technical considerations

Integration with existing systems

Electronic invoicing requires at least some technical integration. Even the most streamlined solutions need integration with ERP systems. Making integrations in the data layer provides the most streamlined approach, but this ideal solution is sometimes impractical.

The most adaptable e-invoicing solutions are able to parse data from XML feeds, documents, and legacy file formats to ensure invoicing data is available to work with in a standardised format. Once this data

is available, the e-invoicing solution can reformat and send each invoice (or a stream of invoices) in the best format for each recipient – from EDI, to PDFs, or even printed invoices for the few exceptions not yet able to receive electronic format invoices. Integration with partners' systems, such as delivering invoices to portals like Tungsten OB10, can take internal teams weeks for each partner.

Outsourced solution partners with experience of, and connectors for, each partner system on your requirements list can vastly accelerate deployment in these areas.

When approaching any EDI or structured data delivery, consider the following factors:

- + **Format** - what is the schema, or mapping and taxonomy, that links your internal data to data in your delivery?
- + **Content** - what data need to be included in your output, appending invoices with additional data (e.g., PO numbers)?
- + **Transit** - how and where should the transformed data be sent, and what are the rules to deliver exactly what is needed, at the right time, to the right location?

Working with VANs

Value Added Networks, or VANs, are either closed – only sending or receiving invoices in a specific format and layout – or open – handling

a range of formats and layouts. The lack of standardisation means that very often electronic invoices need to be prepared and delivered in a range of formats and layouts to meet customer requirements.

Taking invoicing data directly from feeds or documents or parsing it is the first step. Before a customer can accept and process the invoice via their portal, the next step is to convert it into exactly the right format or EDI/XML standard.

Ensuring that parsing, reformatting, and delivery is automated correctly benefits from prior experience of working with the VAN in question. Even better, an existing relationship between teams at the technology partner and the VAN can fast-track the setup process and ensure exceptions are resolved quickly, should they occur.

Beyond the delivery of invoices to a payment portal, or EDI network, there may be additional formatting requirements for each customer. Some technology partners will be able to assist with this second-stage formatting, further streamlining your invoicing and document transmission processes.

Storage and access

Requirements to store invoices vary by country and by industry. Often, invoices need to be stored for five years or more. Electronic invoices have a distinct advantage over printed invoices here, in that they are stored as

electronic files, enabling more secure storage and a massively reduced storage space requirement. Twenty years ago, storage that would have taken a floor of filing cabinets can now fit, quite literally, in the palm of a hand. According to the IDC, an enterprise employing 1,000 workers wastes \$48,000 per week, or nearly \$2.5M each year, on finding and retrieving information. Electronic documents vastly improve this efficiency. Moving invoicing to an electronic format can enable swift access to invoice data, reducing audit costs and timeframes and opening up the possibility of analytical insights into payment performance.

Quick and easy access to electronic invoices can also aid your customers. Consider how much time your customer services and accounts teams spend reprinting invoices or answering queries about past payments.

Providing your customers with access to their invoicing history and associated documents enables them to self-serve and reduces the burden on customer services.

Solution choice – in-house or external?

Considering whether to develop and deploy an e-invoicing solution in-house, or to bring in an expert partner, is an [often debated topic](#). Suffice to say, it's generally best to reserve your IT bandwidth for making decisions, applying an extra layer of customisation and

Selecting an experienced partner with expertise in your regions of interest vastly simplifies the process of invoicing.

integration, and in areas where they can deliver most value.

Working with an expert partner takes the strain off your IT department and puts the responsibility for on-budget and on-time delivery on an outsourced partner; ideally, one who has delivered on similar requirements many, many times before. This also removes the need to hire and maintain a pool of e-invoicing or EDI experts to work in-house.

Tasking internal IT teams with unassisted responsibility for delivering a full solution will almost certainly prove costly, time-consuming, and ultimately work against many of the benefits you are seeking to achieve. As markets become increasingly complex, technology advances ever faster, and agility becomes a more significant competitive edge, businesses increasingly look

to experienced solution partners to assist with each stage of their e-invoicing implementations, including the ongoing success.

Selecting an experienced partner with expertise in your regions of interest vastly simplifies the process of invoicing across international borders and ensuring tax compliance. Also, as standards evolve, an expert partner will take ownership of compliance requirements, ensuring your invoices always reach customers in the correct format for swift, hassle-free payment.

Selecting the right e-invoicing provider demands a careful evaluation of their market experience and ability to support the e-invoicing standards your business may require. Our Checklist for Providing an E-invoicing Provider is [a handy guide to help you do exactly that](#).

EDI Standards

The broad range of EDI standards represent a challenge for integrating EDI systems. The goal of EDI is to enable standardisation of machine-to-machine messages between businesses, but the number of standards has risen even further since the advent of web-based EDI.

Many industries develop a preference for a particular standard, such as TRADACOMS in the UK retail industry, but the trend is towards greater variety of standards, and subsets

within standards. For businesses to successfully future-proof their investment in EDI systems, they must consider solutions that are able to integrate with and support a range of different EDI standards – improving their agility and making them easier to do business with. For a more detailed overview of the variety of EDI standards, as well as architectural considerations for your EDI project, take a look at our eBook, EDI, XML and E-invoicing.

Next steps

Depending on the stage of your e-invoicing project, you may be looking at trading partner requirements in order to define the range of standards, formats, and even media you support now and in the future. Or you may be well down the line and looking for the best solution partner to support your needs.

At the earlier stages of projects, a more detailed overview of different standards and architectural considerations can be found in our [EDI eBook](#) and our [e-invoicing eBook](#). Shaping the direction of your project, particularly to ensure maximum future compatibility can have a profound impact on longer-term gains and overall project costs.

The modern approach to both EDI and e-invoicing is to maximise flexibility whilst minimising risk and capital expenditure. This requires

Careful selection of a flexible and experienced technology partner. Working with an outsourced solution provider, such as Corcentric, will ensure faster project delivery with less disruption. In turn, internal IT resources will be able to direct and apply their expertise where it is most valued, rather than having to train for (or buy into) a broad range of e-invoicing or EDI skills that can slow down the project schedule and inflate the overall cost.

The following checklists can prove invaluable when navigating the [selection of an e-invoicing provider](#) and [planning an EDI project](#). Working with the right partner from an early stage will significantly boost productivity, avoiding common pitfalls and helping build a long-term strategy that protects such a valuable investment.

Conclusion

Traditionally, large businesses have elected to dedicate large volumes of internal IT resources to handle the complexity of developing, implementing, and managing their e-invoicing and EDI solutions. But the increasing pace of business and the volume of standards and specifications required for integrations make in-house management of EDI systems untenable.

Selecting a solution partner and associated technology choices – such as EDI standards, e-invoicing standards and formatting – is the single most valuable stage in any EDI or e-invoicing project. The right partner can make a huge difference to the project's success; from speed and streamlining of deployment, to onboarding and training, right through to overall solution cost and return on investment.

Choosing the right partner should be a rigorous process, with close evaluation of partner experience as well as solution benefits. Above all else, the solution partner should provide you with the confidence that they can meet your immediate technical requirements as well as future needs. As the range of EDI standards, e-invoicing formats, VAN and invoice submittal requirements diversifies, make sure your solution grows to meet these challenges.

About Corcentric EIPP

Corcentric EIPP is a managed service dedicated to streamlining, automating, and enhancing business invoicing, from delivery through to payment. Corcentric EIPP ensures accurate and efficient delivery of invoices to your customers in the medium which suits them.

Beyond saving time and cost through invoice automation, Corcentric EIPP enables a risk-free and seamless shift towards electronic invoicing, reducing errors and driving down DSO.

Corcentric EIPP also removes the classic challenges of document storage and retrieval for auditing and compliance. Businesses depend on Corcentric EIPP to provide secure online access to their document distribution history, facilitating ease of reporting, performance analysis and proof of delivery along with a range of other document management functions.

Headquartered in the United States, Corcentric helps more than 2,000 of the largest companies leverage smarter technology and services to reduce operating costs, improve cash flow, and unlock the hidden value within their enterprise.

Spend smarter,
optimize cash flow,
and drive profitability.

Corcentric is a leading provider of procurement and finance solutions. We help companies reduce costs and improve working capital by optimizing the way they purchase, pay, and get paid.



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