



Denmark

## eInvoicing in the Danish public sector

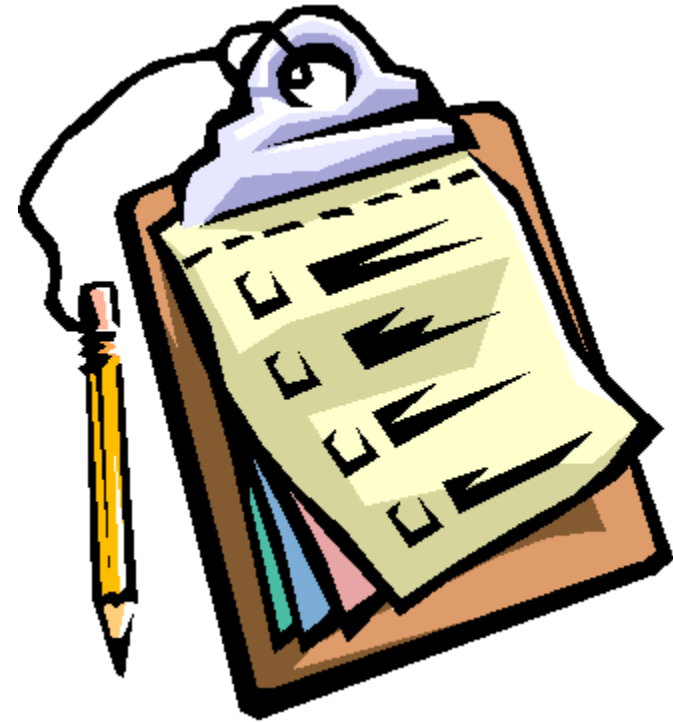
Riga 15<sup>th</sup> April 2010

Doug Hill ,GS1 Denmark

The global language of business

[www.gs1.dk](http://www.gs1.dk)

- Background to eInvoicing
- Challenges and solutions
- The GLN usage
- Lessons learned



***“The information revolution is sweeping through our economy.***

***No company can escape its effects.***

***Dramatic reductions in obtaining, processing and transmitting information are changing the way we do business”***

Prof. M. E. Porter .  
Harvard University 2001.

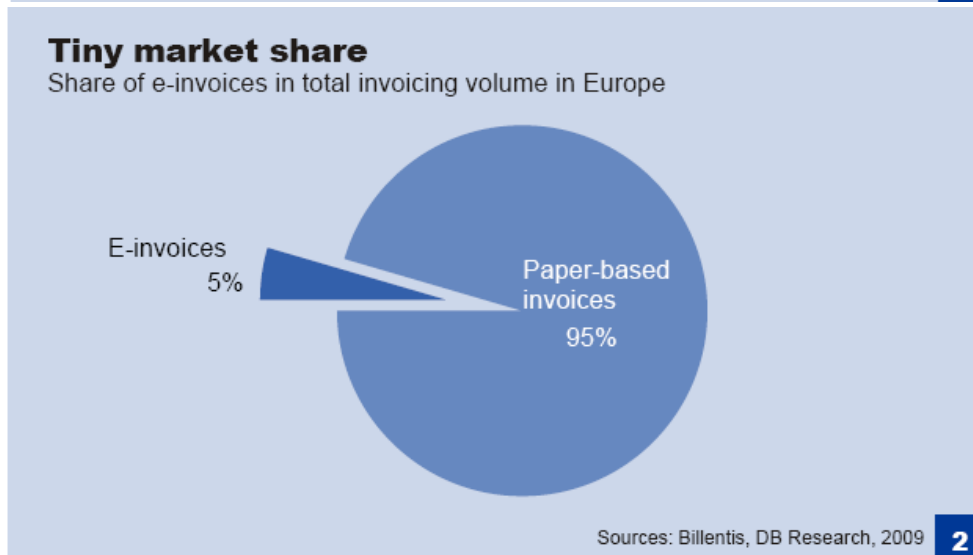
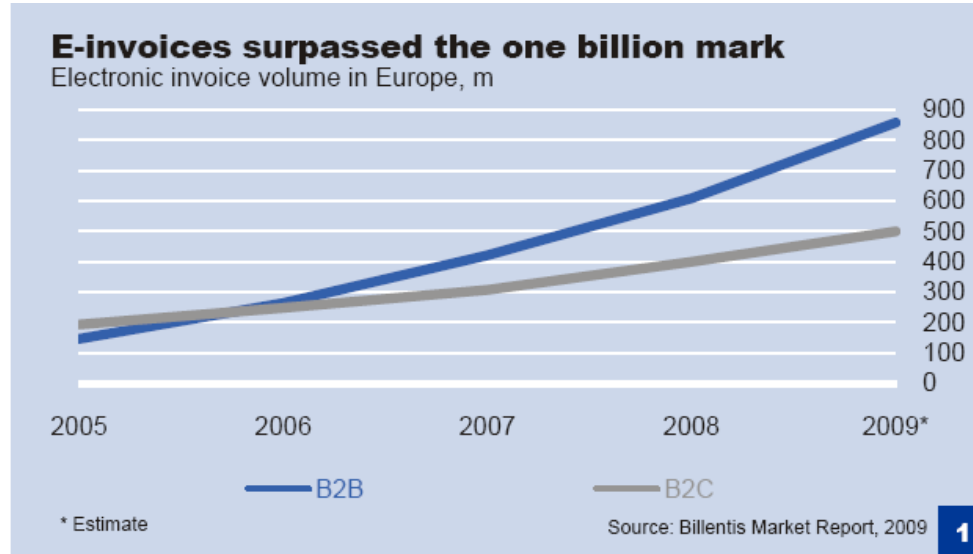
# eInvoicing market penetration

**1,000,000,000**

B2B Invoices in 2009.

The tip of the iceberg.

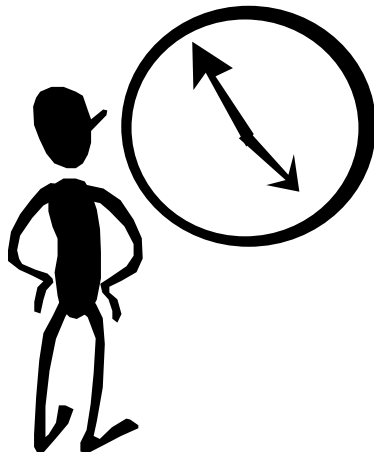
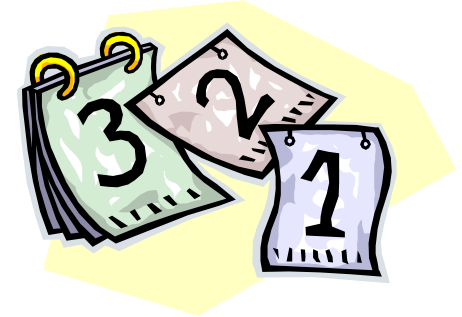
Only **5%** eInvoice!



1. KPMG analyse the fund transfer process in Denmark
2. KPMG analysis finds that € 135 Million per year could be saved
3. Based on the recommendation - the work commenced.
4. The 'Danish' model, a successful blueprint



# A very aggressive timeline...



1. All public institutions are able to receive electronic invoices.
2. All suppliers send invoices either fully digitalized or through Read In-bureaus (70/30 ratio).
3. All public sector institutions have GS1 GLNs assigned.
4. Significant savings are being made.

## How were the savings calculated?

Total efficiency potential savings of approx. € 100 mill./year\*:

- Elimination of float-days      Approx. € 25 mill./year
- Closing of cash tills              Approx. € 15 mill./year
- Easy Account                      Approx. € 30 mill./year
- **E-Invoicing**                      **Approx. € 30 mill./year**
  - ~ 15 million invoices/year
  - Estimated €2 reduction in handling cost/invoice

\*Source:  
Danish Ministry of Finance presentation



# Key figures 2010

## 5 yrs post implementation of eInvoice

Savings to date thru eProcurement # .....	~ € 0.5 Billion*
Invoices digitised to date .....	~ 60,000,000*
Total SME savings potential.....	~ € 0.63 Billion**

Private sector companies.....440,000

Danish Municipal regions.....98

Danish State regions.....5

Danish State agencies and ministries.....19

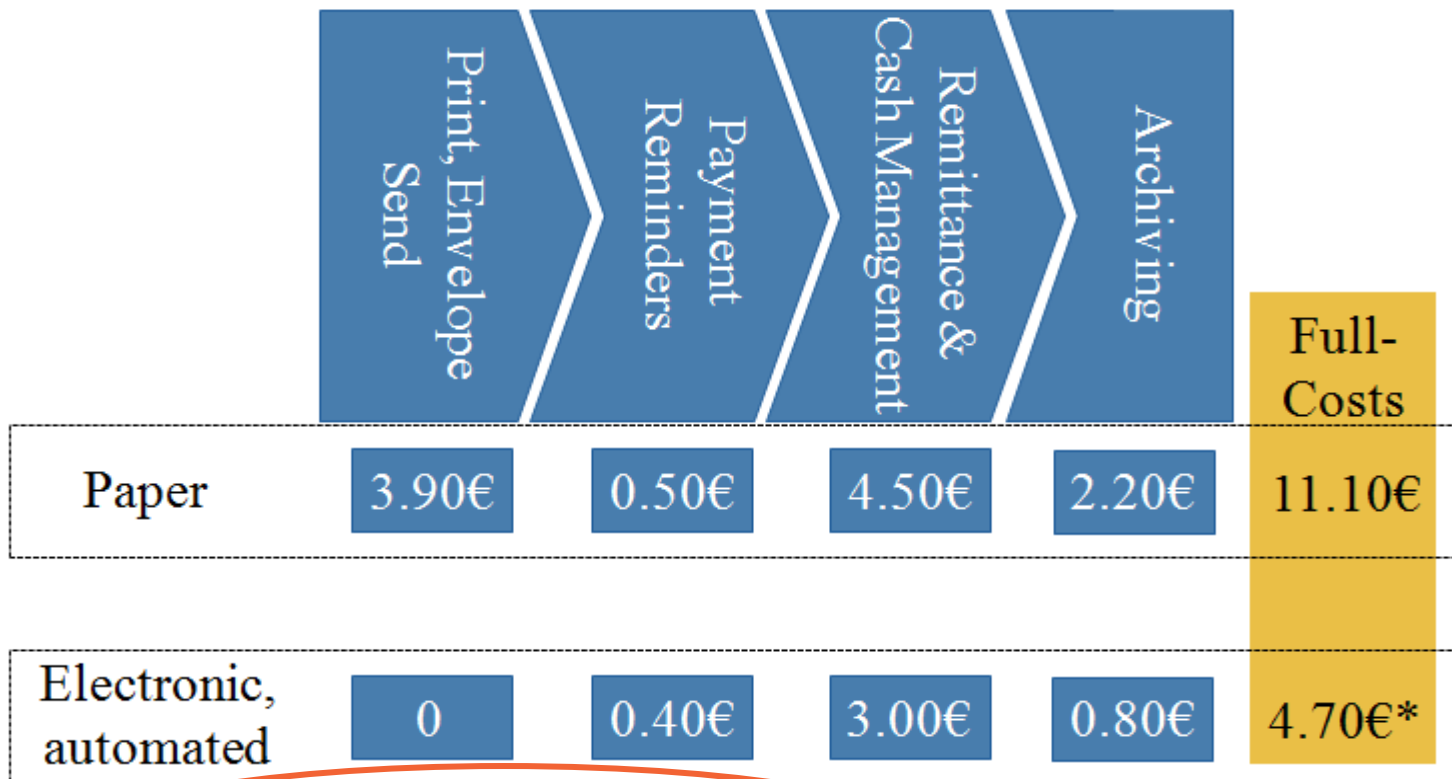
\* Rough estimate to date

\*\* Based on a KPMG report

# Only savings on the receiver side, i.e. government. Private sector benefits not in calculation

# Saving potential for issuers (2009 report)

: Saving potential for invoice issuers (actual customer case)



**Saving per Invoice 6.40€ = 57%**

\*) considered is 0.50€ processing cost by third party service provider

Source: Billentis

# Savings potential for recipients (2009 report)

: Saving potential for invoice recipients (actual customer case)

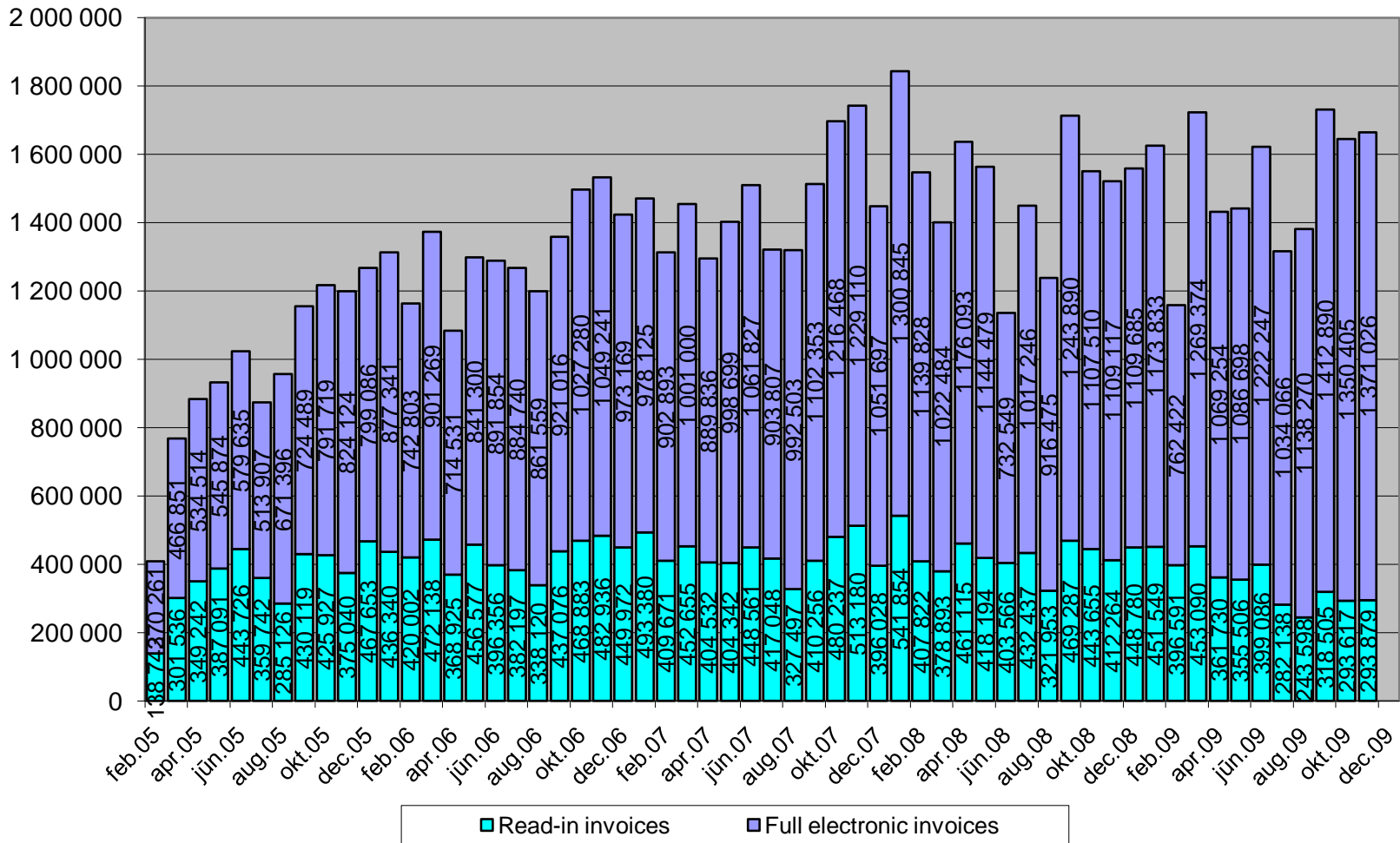


**Saving per Invoice 10.90€ = 62%**

\*) considered is 0.70 € processing cost by third party service provider

Source: Billentis

## Read-in and full electronic invoices per month



## 1. Legislation (Mandatory compliance)

- *Sign interchange agreement*
- *Compulsory eInvoice*
- *Float days reduced*

## 2. GS1 Global Location Number, GLN

## 3. eInvoice, an XML message

## 4. Scan-in centres

## 5. Web EDI tool/Internet client tool

## 6. Online instance testing facility

## 7. Help desk operation

Other  
Tools



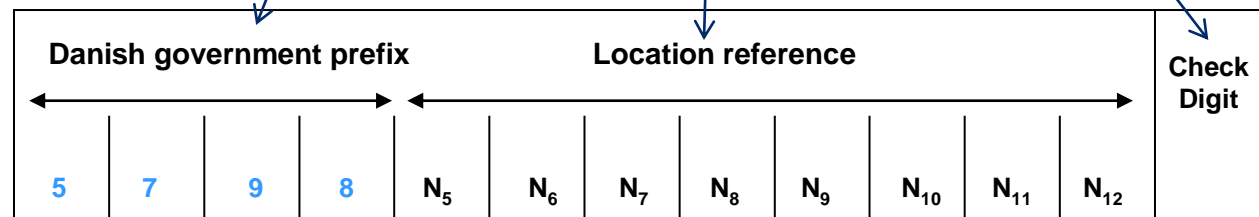
# The global location number. Routing solution

A globally unique key:

- EDI routing key
- EDI Location/role ID
  - Legal entities
  - Departments
  - Companies
  - Various Roles

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The GLN in Denmark for the public sector construction



*“ a small but integral part of the whole eInvoicing solution ”*

## Why the GLN?

Characteristic	Benefit
<b>The GLN is a major global routing key</b>	Maximum adoption
<b>Guaranteed Capacity</b>	Scalable solution
<b>Unambiguous identification scheme</b>	Recognised coding scheme
<b>Numbering integrity</b>	Strong GS1 governance
<b>Cost effective</b>	Minimal investment

## Lessons learned

1. Need for legal regulation & strong political support.
2. Need for standardisation. Need to apply market solutions.
3. Stay in control of public sector location allocation.
4. Think big, but start small.
5. Leave no one behind, however, avoid read in bureaus
6. Use your local GS1 org...they can help!



## The spread of the “Danish model”

The GLN is becoming increasing the de facto key for public sector eProcurement, below is a sample of countries and supranational orgs that have applied /use the GLN :

- ✓ EC – adopts GS1 GLN in their own supply chain



(NB. See EC e-PRIOR)

- ✓ Sweden uses the GLN in Public invoicing



- ✓ Norway has applied the GLN in two Municipalities



- ✓ PEPPOL: Pan European Public Procurement Online



- ✓ An example ‘best practice’ key in the CEN workshop agreement documentation on public sector data model profiles



## Next steps:

- More message types
  - Full pre – post contract
- RASP – A full architecture

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## Final word:

- Apply standards that have *‘traction’*.
- Apply standards on *‘patterns of application’* that are proven.



*Any questions?*



Denmark

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Next: Coca-Cola Business Case



Enjoy the day!