

Telema

Right e-document, right time, right place.

E-invoices: Trends in the Baltics

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www.telema.com

Agenda

1. Brief introduction of Telema
2. Trends
 - in the World
 - in Europe
 - in Baltics
3. Outlook for the future





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1. Telema brief overview

What does Telema do?

- We are an EDI operator
 - All products are based on main service:
 - transferring, converting and processing e-documents
 - Telema offers IT solutions to trading companies, supporting their purchasing and selling processes
- = Telema offers IT solutions for the SUPPLY CHAIN PROCESSES



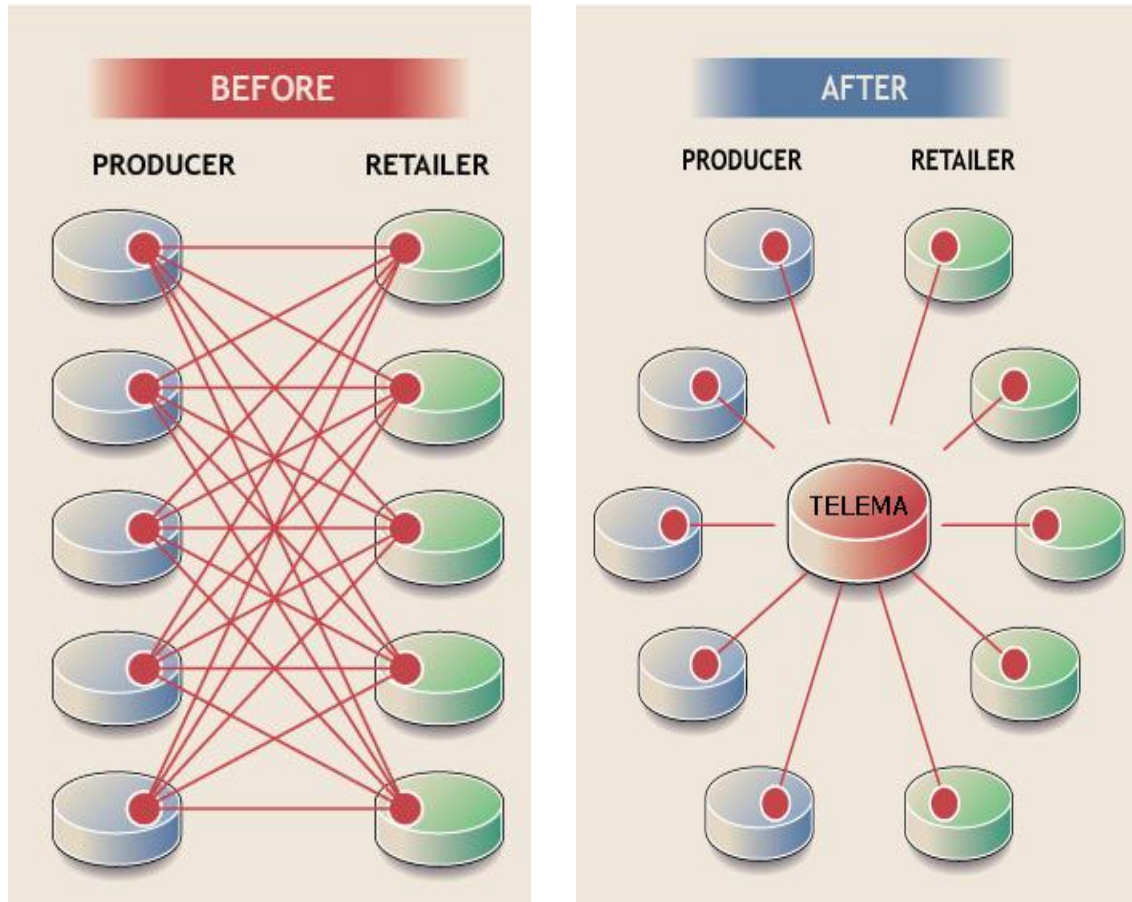
Why is an EDI partner necessary?

- Document transportation — anyone can do it!
- Document conversion — once, no problem. But what if you have hundreds of trading partners with different document formats?
- Building a channel to partner — once is OK, but for 450 partners?
- Document addressing — who keeps the registry?
- User administration — who has rights to send documents?
Which documents? To whom?

Safety! Monitoring! Error handling! Settling of arguments!

You can do it yourself, but it is SLOWER AND MORE EXPENSIVE

Why is an EDI operator useful?



Telema Partners

- Oracle
- Microsoft
- Tieto
- Itella
- Comarch
- Directo
- Columbus
- Basware
- SIS
- ePasaule
- Editel
- Progrator
- Rivile
- Ankravs
- Tilde
- + others



Telema in numbers

Connecting 3000 shops and 1000 suppliers

Home market – Estonia, Latvia, Lithuania

1100+ EDI clients

20 000 e-documents per day

30 000 e-supply links

30 employees

10 years of experience



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SELVER



Fazer



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2. Trends in e-invoicing

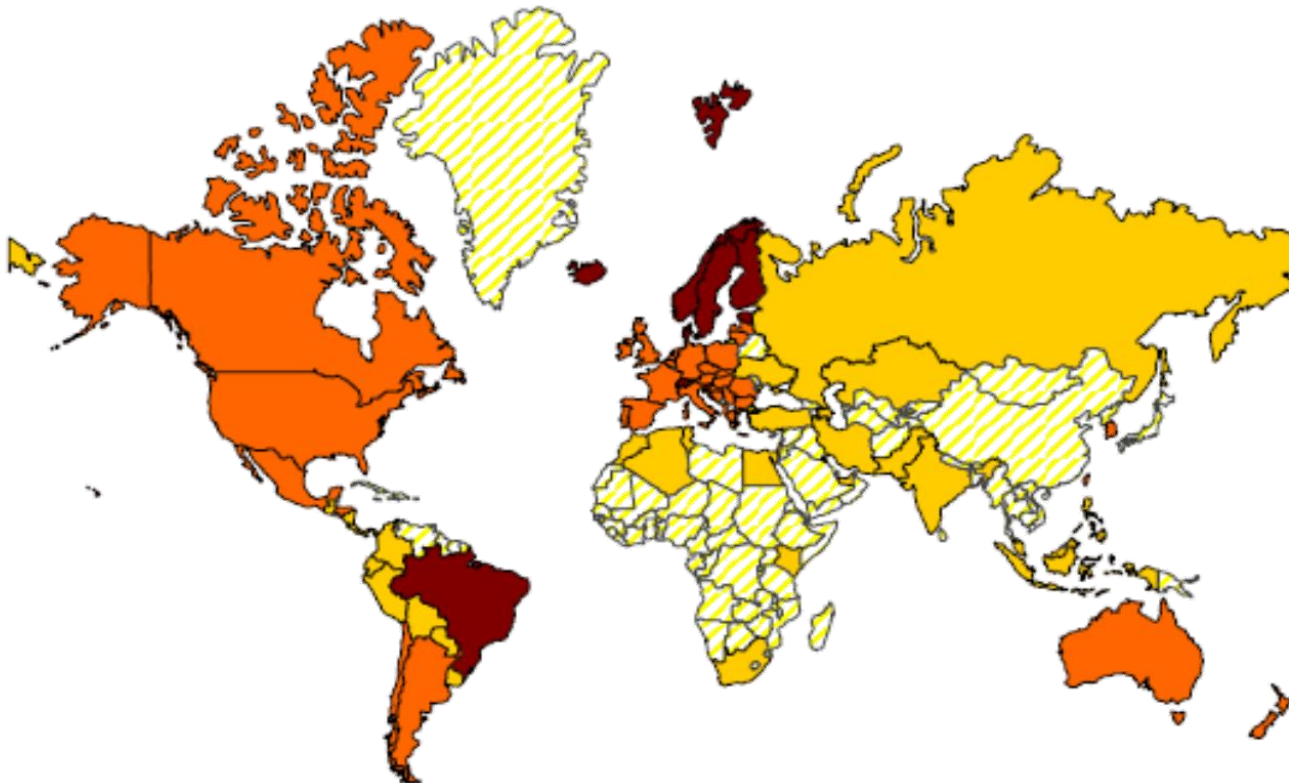
E-invoices – volume and potential

- 150 billion invoices are exchanged annually worldwide, from which 30 billion in Europe
- Only couple percent of the invoices are electronical
- In Europe the same number is 10% - 3 billion e-invoices (2011)
- Potential to save 12 million trees when replacing paper invoices with e-invoices in Europe
- Over 500 million EUR of working capital is locked up in financial supply chain because of non-transparency of paper invoice handling workflow
- Over 18 billion EUR can be saved if paperbased processes will be substituted with electronic processes in invoice handling

3 mrd



E-invoices worldwide



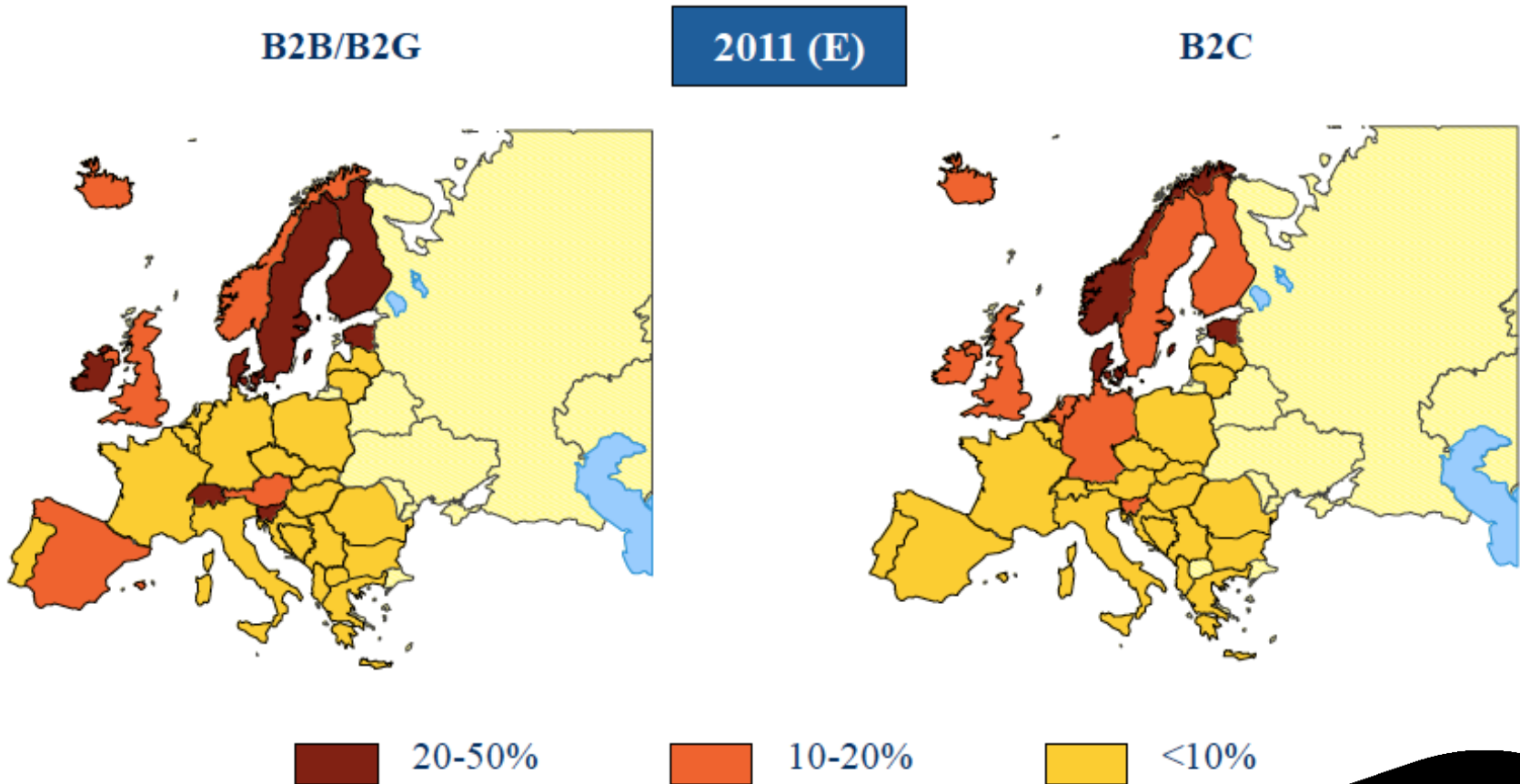
Leaders Average Developing Laggards

*Bruno Koch, Billentis, 2010

Global trends

- Companies adopting e-invoices have learned that adopting eInvoices is not a technological project, it is business project.
 - You have to **change your business processes**
 - Top management has to support
 - You need a project manager with responsibilities, rights and resources
 - You have to get your **trade partners** to receive your sales e-invoices and to send you purchase e-invoices.
 - Takes time and money
 - Should be planned

E-invoices in Europe



Bruno Koch, Billentis, 2011

Trends in Europe

- Recession has made companies to look for new ways to
 - Reduce costs
 - Increase transparency
 - Optimize working capital
- Companies have realized EDI is good project for that

Trends in Europe – Public Sector

- Projects on national level, declaring e-invoicing as mandatory
- Pan-European projects, on EU level (www.peppol.eu)
 - Harmonization
 - Standardization (CEN – www.cen.eu)
 - » European Multi-Stakeholder Forum on e-invoicing
 - » NES UBL 2.0 vs. UN/CEFACT
 - Interconnectivity (roaming) among service providers



E-invoices in the Baltics 2011



< 10%

10% - 20%

Total invoices in Baltics (B2B + B2C), in th

EST	55 000
LAT	70 000
LIT	110 000
TOTAL	235 000

Total **e-invoices** in Baltics (B2B + B2C)

		penetration
EST	7 000	12.7%
LAT	3 500	5.0%
LIT	2 500	2.3%
TOTAL	13 000	5.5%

*H.Hammer (2011)

Latvia and Lithuania



- E-invoice workgroups – industry / state initiated
- Were moving towards digital signature, now at EU level this requirement is dropped (simplified treatment of VAT invoices directive 2013)
- Latvia
- Lithuania

Estonia

- E-invoice accepted since 2004
- Estonian e-invoice standard 1.1 for EDI invoices (xml) – Estonian Banking Association agreement
 - Not official, not compulsory
 - Not used in retail sector (Telema eDoc standard includes Estonian e-invoice standard, but is wider)
 - TUTSE 2013



Retail sector in the Baltics

- Key retailers are actively promoting (in reality requiring) EDI:
 - **Rimi** (orders, invoices)
 - **Prisma** (orders, invoices)
 - **Selver** (4DOC supply: orders, des. advices, rec. advices, invoices)
 - **Palink** (orders, invoices)
 - **Bauhof** (orders, planning invoices)
- Retailers who also use EDI: **ETK, Drogas, Mego, Top!, ...**
- Planning to use: **Maxima, Stockmann**
- Other EDI users: **OG Elektra, RR Lektus, Comarket, ..., +2000 shops/HoReCa**

Situation in the Baltics

- Annual growth during the last 5 years 20-30%
- Estimation for 2011-2012 +40% annually



Retailers' requirements, extract

C	Conditional info					
-	Not used					
Field description	RIMI	SELVER DC	PRISM	PALINI	Condition	
Document Subtype	C	C	C	C	Has to be filled if its credit invoice	
Factoring clause	C	C	C	C	Defined for SwedLiising only	
Unique branch code	-	M	M	M		
Buyer branch GLN	M	-	-	-		
Seller branch GLN	M	-	-	-		
Warehouse branch code	-	C	-	-	Has to be filled if 3PL is used	
VAT currency code	M	-	M	M		
Supplier product code	-	M	M	M		
Buyer product code	-	-	-	M		
GTIN	M	M	M	C		
Item VAT type	-	-	M	M	=TAX, TAXEX, NO TAX	
Base sum for calculating VAT	-	M	M	M		
Item VAT rate	M	M	M	M		
Item VAT amount	-	M	M	M		

Telema e-invoice full specification consists of 1500+ rows



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3. Outlook for the future

Outlook for 2012

- Growth in e-invoices at least 20%
- Driving force is mainly retailers
- Retailers are moving towards 4Doc model,
 - as a first step, invoice and despatch advice will be separated
 - Next step, receive advice will be used and invoices have to match receive advices
- More emphasis on value-added services: validation, matching of documents

Outlook for 2012

- Government initiative growing in Estonia – lot of publicity
- The economical and juridical environment in Latvia will be supportive to simplify the implementation of e-invoices
- EU will work towards standardization
- By the end of 2012 all key retailers will be using EDI

SUMMARY

- There is lot of inefficiency in business processes that can be solved by starting to use EDI
- Building direct channels to trade partners is expensive, using EDI operator saves time and money
- Penetration of e-invoices in countries depends on general economic environment and on government initiative
- In the Baltics, retail sector is leading the growth
- Projected growth for next year is at least 20-30%

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Thank you!



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BY THE WAY...



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