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To Whom It May Concern

Supporting business adoption of electronic invoicing submission

As a Stockholm headquartered Peppol access point, Tickstar is an eInvoicing specialist organisation with international expertise. Tickstar is pleased to make a submission stepping out general observations about the Australian Government's pragmatic "Business eInvoicing Right" proposal. Our submission is also an offer to establish an ongoing relationship with the Treasury in order to leverage our international experience to increase invoicing efficiency economy-wide.

Tickstar provides best-of-breed Peppol infrastructure services globally, serving customers in over 20 countries including banks, ERP vendors, Peppol service providers and government agencies. Founded in 2007, Tickstar developed the first production-ready Peppol Access Point, and demonstrated the first cross-border transaction through the OpenPeppol network. Today, many of the world's leading companies such as SAP, DBS Bank, Pagero, Singapore Government and OpenText all rely on Tickstar's infrastructure to deliver their Peppol services to market. In 2021 Tickstar was acquired by Xero, forming a global footprint to work closely with government, enterprise and regulatory bodies to support a standard approach to eInvoicing and drive adoption.

There's no doubt increased adoption by government and enterprise is critical to the success of eInvoicing in Australia. Once large corporations adopt eInvoicing, there will be a knock on effect, driving small business customers and suppliers to embrace the technology and bring about its far-reaching benefits. Over 1.2 million subscribers can already send e-invoices through Xero in Australia as a standard inclusion in the platform without needing to register on the network (so long as the business's ABN is set within its Xero subscription). Receiving eInvoices on the other hand requires registering on the Peppol network. As such, the mandated big business eInvoicing capability under BER provides the incentive for small businesses to register on the Peppol network – at scale. This BER catalyst for high volumes of small business registrations will unlock the full scope of eInvoicing benefits for both small businesses and the wider economy made possible by Peppol.

To be unquestionably clear, the key objective of Government eInvoicing intervention should be achieving a critical mass of eInvoicing registrations on the Peppol network. In Denmark, Norway and Sweden a key success factor was to connect all public sector buyers to a national eInvoicing infrastructure. Peppol for Norway and Sweden and an earlier version of Peppol in Denmark. With the whole public sector connected benefits can be marketed for all public sector suppliers with the key message: connect to Peppol and reach all your trading partners with one network. Another part of the Scandinavian strategy has been a mandate forcing suppliers to send eInvoices to the public sector. Many different approaches have been tried in Scandinavia but the adoption rate has only been high when a strong mandate affecting both buyers and suppliers was introduced.

While Tickstar is confident the market would decide to embrace the efficiency of eInvoicing organically; organic adoption does create risk. First, legacy invoicing systems and processes will greatly slow the organic transition, depriving the economy of better invoicing efficiency. Second, organic adoption may lead to competing eInvoicing networks, for example the open Peppol Network vs. closed networks that do not scale efficiently. A key strength of Peppol is its simplicity and international standardisation, streamlining registration and future proofing the network.

Tickstar supports the implementation of well designed Government eInvoicing intervention. Our Scandinavian experience is that a strong mandate drastically accelerated adoption of eInvoicing, particularly for small businesses, which otherwise may form a “long tail” of eInvoicing laggards. This mandate stipulates a supplier to the Government must request payment via eInvoice, simplifying the process while removing the need for the Government to include payment instruction in its tenders. While this mandate has been successful, eInvoicing adoption is driven by a small proportion of business suppliers to the Government.

The BER is an ambitious intervention with the potential of driving significant Peppol registrations and use. The obvious primary benefit will be simpler biller management for small businesses. However, the secondary benefit will be faster payments resulting from SMB to SMB eInvoicing, made possible due to higher registrations. Tickstar is of the view that most of the BER benefit will come from a small number of high-impact large businesses.

Tickstar recommends the Government focus on large businesses with the most eInvoicing impact. These businesses should be required and supported to comply with the BER within 12 months. The Government should be open to offering extensions to low-priority large businesses, taking into account the low network benefit compliance of these businesses may bring.

Tickstar’s experience is that a sending entity is reluctant to connect to the Peppol network unless there is a direct business opportunity in doing so, or it is forced to by authorities or customers. Businesses receiving invoices benefit disproportionately in the first instance, due to the removal of the requirement to manually enter bills into accounting software. A receiving business benefits from more time, less late payment fees and better data (resulting in other tools – such as cash flow forecasting apps – having more utility). We expect the Treasury will receive feedback from large businesses unhappy about the prospect of being forced to implement eInvoicing capability.

A large, trusted and stable eInvoice-receiving network is what incentivises large businesses to invest in eInvoice sending capability. Until this network is achieved, the Government will be asked by large businesses to delay applying the BER mandate to them, or apply the mandate economy-wide, increasing complexity and delaying the economic benefits of efficient invoicing. These requests from large businesses seek to achieve the same thing: either delay investment until a critical mass of registrations is reached, or force critical mass through a mandate. Generating large business participation relies solely on the critical mass of registrations.

Tickstar suggests a pragmatic compromise. The BER should apply quickly to the required number of high volume b2b invoicing entities to achieve critical mass. The total number of BER entities in the first phase could be low – possibly less than 100 – but will most likely be sufficient to increase registrations from around 10,000 today, to hundreds of thousands. Even if phase one lasts for years, building critical mass would justify the

business case for all businesses to invest in eInvoicing send and receive capability, expanding the utility economy-wide.

The potential of Peppol is only partly realised through eInvoicing. When utilised, the network capability – including product catalogue, purchase order and order response, for example – will expand efficiency gains shared between the seller and buyer. However, it is right that invoicing is the main consideration of the BER in the first phase ensuring simplicity which supports rapid implementation and efficiency realisation. Later phases of the BER should consider the components of Peppol which expand functionality and further efficiency for both sellers and buyers.

Tickstar supports the Treasury's proposal to introduce a BER built upon the Peppol network. International experience shows intervention is required to accelerate the adoption of eInvoicing. This intervention will accelerate the benefits of eInvoicing, namely efficiency of invoicing, while also creating a foundation for expansion to further capitalise on an economy with a critical mass of Peppol registrations. If the Treasury would like to engage further with Tickstar, please feel free to contact hans.berg@tickstar.com.

Yours sincerely,

Hans Berg

Tickstar

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