ASSOCIATION OF EUROPEAN BUSINESSES
IN THE RUSSIAN FEDERATION

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# Basware Connectivity – global experience of E-invoicing exchange service

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Basware EPP Automation Services

Basware in Brief

- Headquarters in Espoo, Finland and altogether 10 subsidiaries in Europe, in the US and Asia-Pacific

- Approximately 1 000 000 users globally in 1500+ large organizations

- Net sales 92 654 thousand (EUR) at the end of December 2009 (86 098 thousand, EUR)

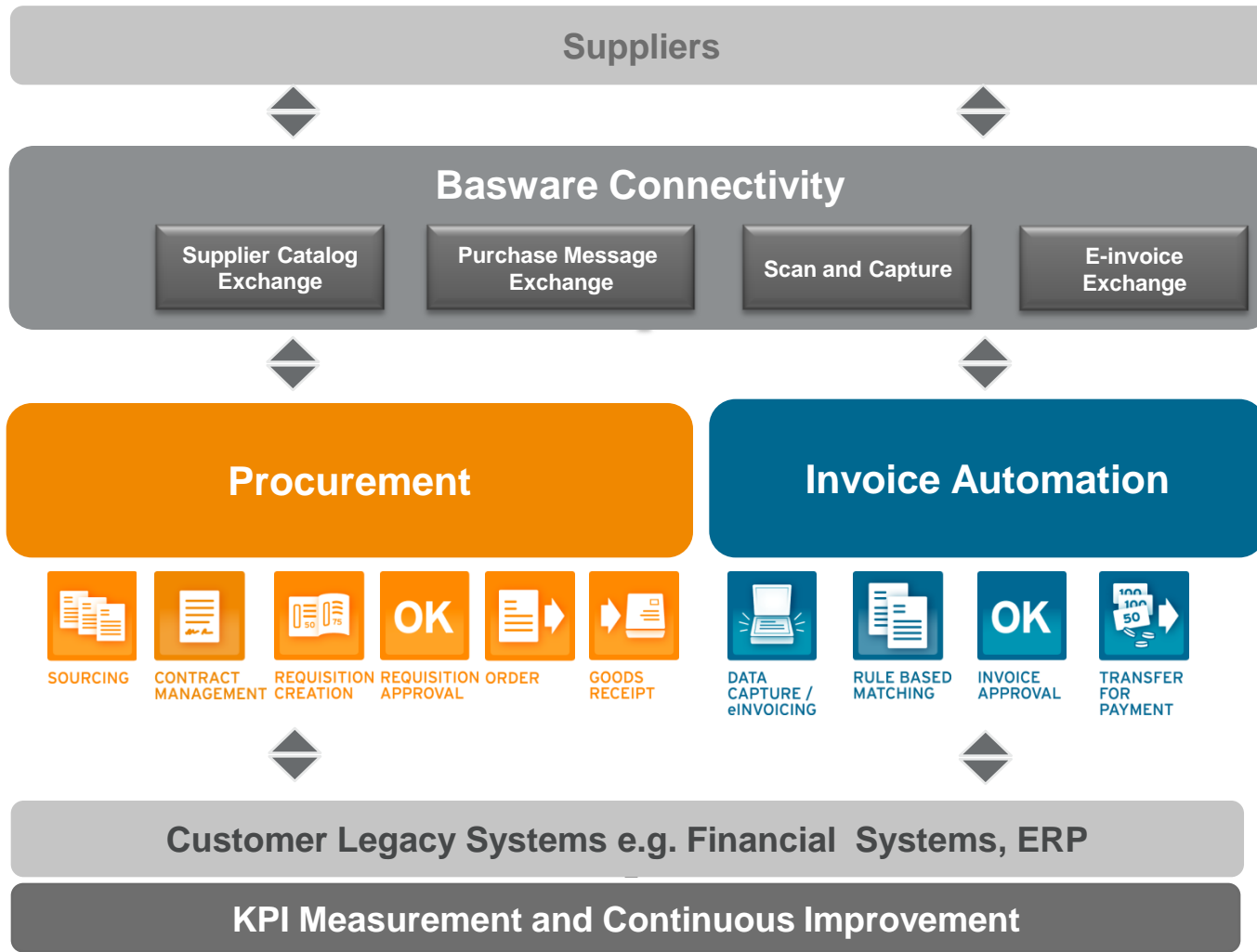- 761 employees at the end of December 2009 (731)
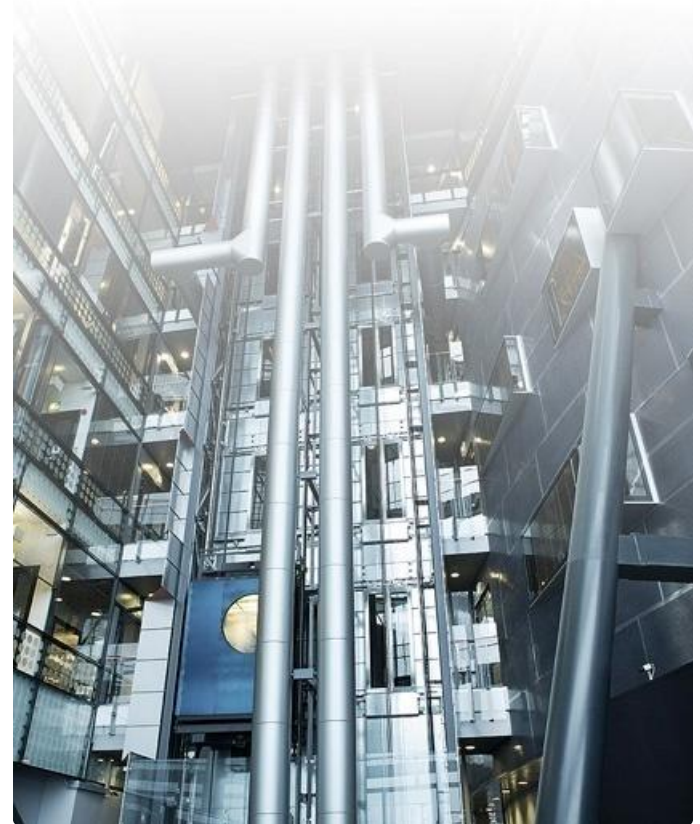
1-12/2009 in Brief

EUR Million	1-12/09	1-12/08
Net sales	92.7	86.1
Growth of net sales, %	7.6%	17.5%
Operating profit (EBIT)	11.8	8.7
Change of operating profit %	36.2%	15.5%
% of net sales	12.8%	10.1%
Net profit/loss	9.1	6.6
Cash flow from operating activities	14.7	8.3
Earnings per share, euro	0.80	0.56
Growh of EPS %	41.3%	
Fixed costs	70.3	69.9
International operations' share of net sales	54.2%	51.8%
Resellers' share of product sales	9.9%	15.7%
Personnel 31.12.	761	731

- **Excellent performance in recession**
- **Record-high profitability EUR 11.8 M and at 12.8%, growth 36.2%**
- **Growth of EPS 41.3%**
- **Growth of net sales 7.6%**
- **Strong operating cash flow at EUR 14.7 M**
- **Automation Services grew by 72.0%**
- **Maintenance grew by 18.7%**
- **International operations' share of net sales continued to grow, growth 12.6%**
- **Order backlog EUR 14.6 Million, several new large Automation Services deals**

# Basware has more than 1,500 large customers

Basware EPP Solutions

Suppliers

Basware Connectivity

| Supplier Catalog Exchange | Purchase Message Exchange | Scan and Capture | E-invoice Exchange |

Procurement

SOURCING | CONTRACT MANAGEMENT | REQUISITION CREATION | REQUISITION APPROVAL | ORDER | GOODS RECEIPT

Invoice Automation

DATA CAPTURE / eINVOICING | RULE BASED MATCHING | INVOICE APPROVAL | TRANSFER FOR PAYMENT

Customer Legacy Systems e.g. Financial Systems, ERP

KPI Measurement and Continuous Improvement

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Basware – global service provider in B2B business documents

- Globally recognized market player with a stable platform in operation since year 2000

- Today delivering about 1 000 000 einvoices / month

- Total of ~5000 individual companies connected

- Basware Open Network with 60+ operator-to-operator interoperator agreements

  - the biggest interoperator network

  - Over 150 000 organizations reachable via other operators

  - Global delivery of einvoices and purchase messages

- One of the global tier 1 einvoicing operators

Countries in which e-invoices are transmitted through Basware
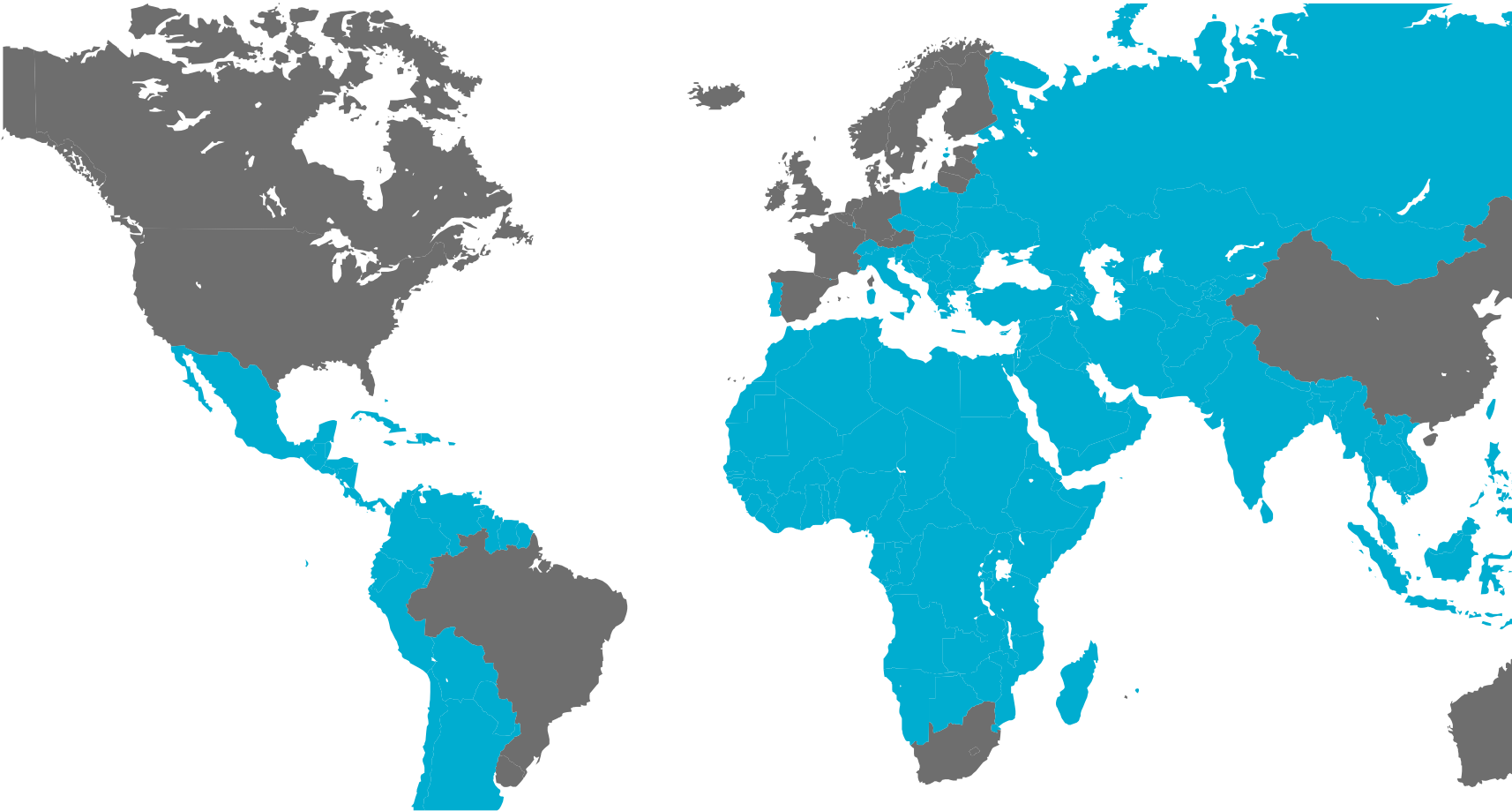
Global status of e-invoicing

- Electronic invoicing is one of the key drivers for savings

- Europe, US and Russia volumes of even B2B invoices are substantial

  - EUR ~16 Billion

  - US ~16 Billion

  - Russia ~7 Billion

- Today the estimation is that about 3 % from the European invoices are electronic. US having lower volumes and Russia is getting started

- However from the B2B perspective the level of e-invoicing that can be reached from the total invoice volume is about 70 % globally within the markets in which e-invoicing is allowed

  - Requires enforcing of all of the suppliers

    - Chosen service provided must be solutions for all type of suppliers

  - Requires internal invoices to be send electronically
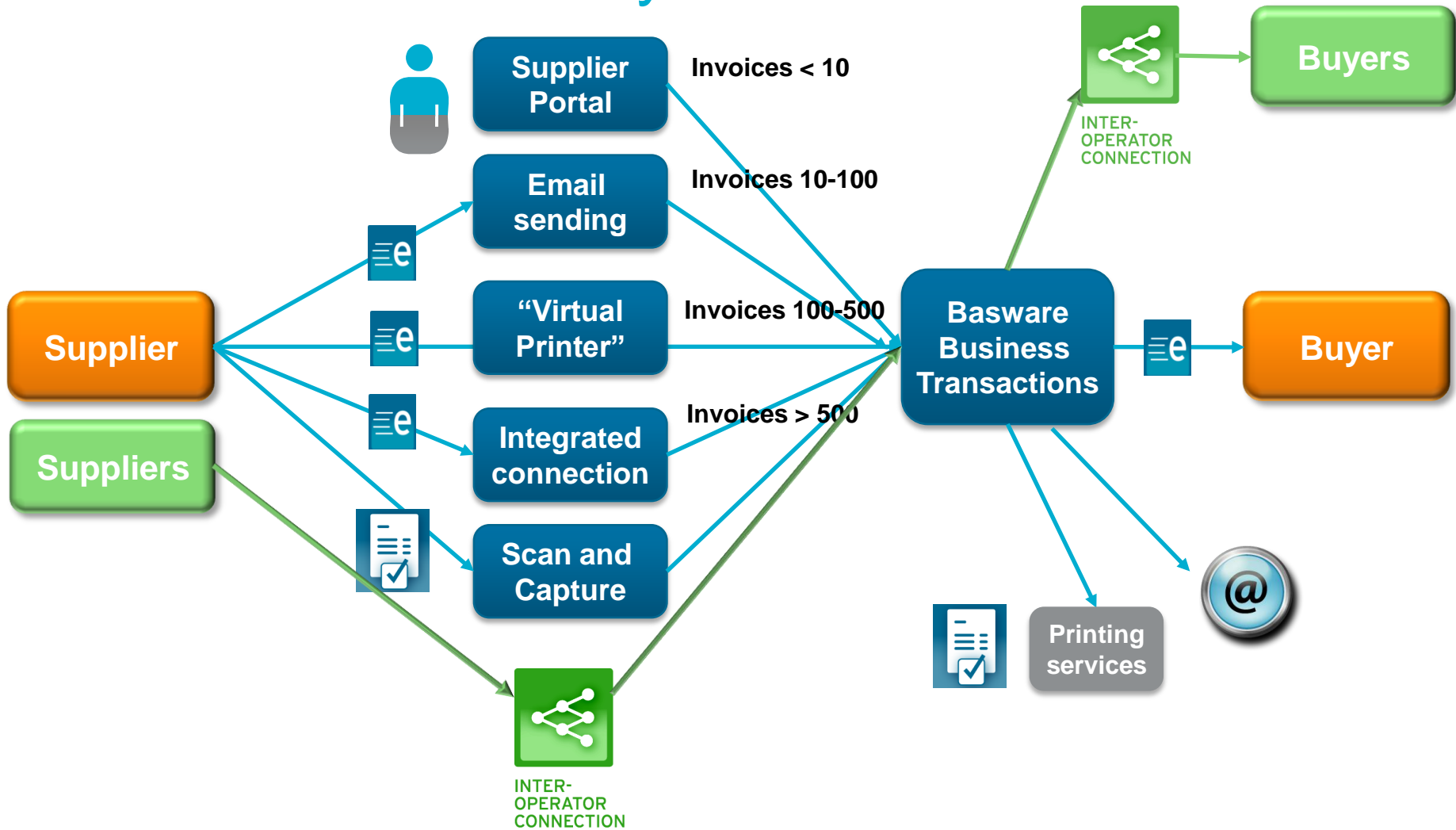
Set timetable for the "last paid" paper invoices

Companies

- Basware 2009
- Tieto 2009
- UPM 2009
- Nordea 2006
- DHL 2008
- Apple 2008
- Lufthansa 2009
- Pfizer 2009
- Hertz 2009

Governments

- Denmark 2005
- Singapore 2008
- Sweden 2008
- Italia 2008
- Spain 2009
- Finland 2010
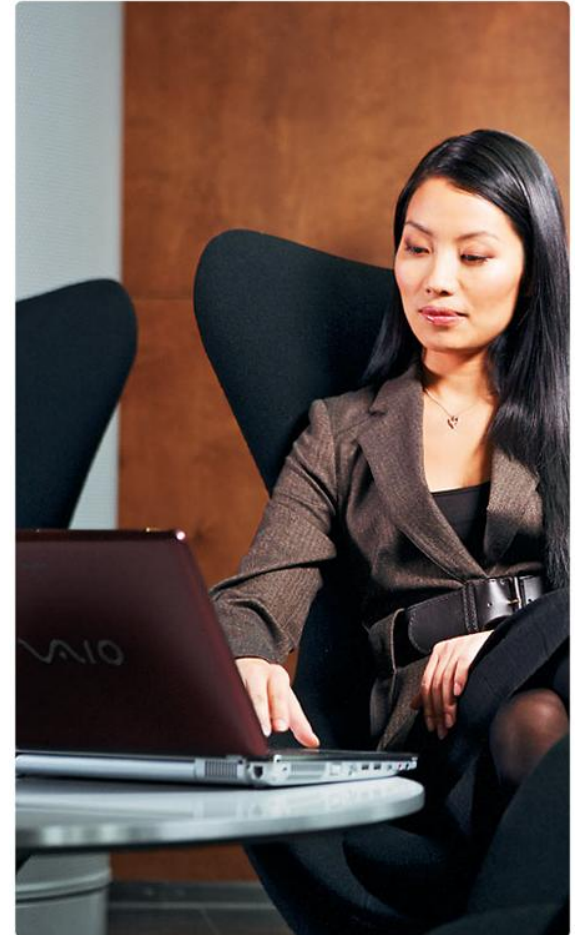- Brazil – in several public sector areas already

Basware Connectivity Services

Supplier → Supplier Portal — Invoices < 10
Supplier → Email sending — Invoices 10-100
Supplier → "Virtual Printer" — Invoices 100-500
Supplier → Integrated connection — Invoices > 500
Supplier → Scan and Capture
Suppliers → INTER-OPERATOR CONNECTION

Basware Business Transactions → Buyer
Basware Business Transactions → INTER-OPERATOR CONNECTION → Buyers
Basware Business Transactions → Printing services
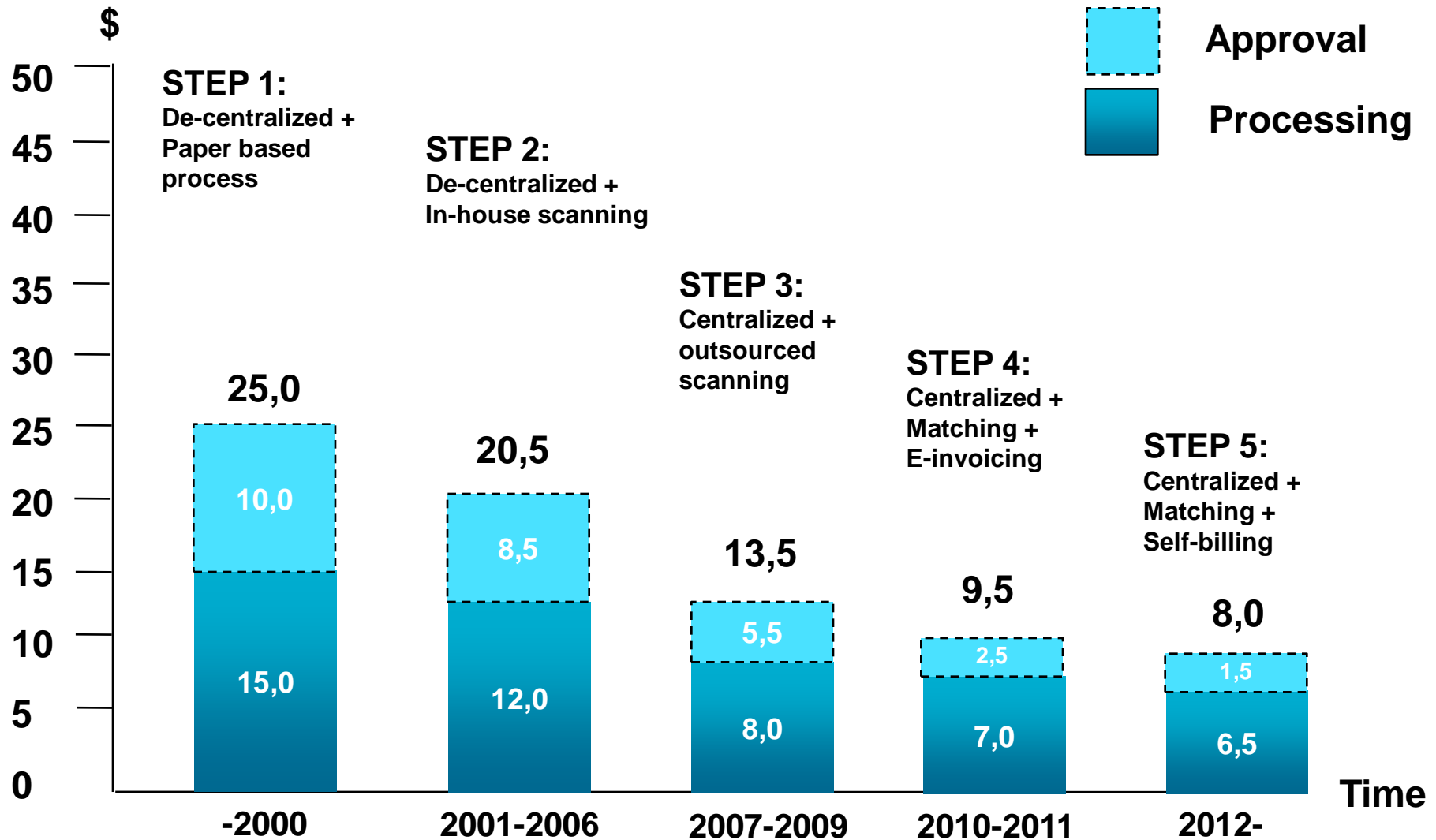
Supplier Activation Service

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Why manage purchase to pay as a single process?

- Automation
  - Straight –thru processing
  - Automatic matching of invoices to orders, contracts and payment schedules

- Benefits
  - Process management, analysis and development
  - Control
  - Transparency
    - Reporting, spend analysis, feedback loop
  - Compliance
    - End-to-end transaction audit trail
 - Minimize supplier risk
  - Savings

How to improve purchase invoice handling?
Example from a Basware customer

$ (y-axis)

Legend:
- **Approval** (light blue, dashed)
- **Processing** (dark blue)

STEP 1:
De-centralized +
Paper based
process

STEP 2:
De-centralized +
In-house scanning

STEP 3:
Centralized +
outsourced
scanning

STEP 4:
Centralized +
Matching +
E-invoicing

STEP 5:
Centralized +
Matching +
Self-billing

Time	-2000	2001-2006	2007-2009	2010-2011	2012-
Total	25,0	20,5	13,5	9,5	8,0
Approval	10,0	8,5	5,5	2,5	1,5
Processing	15,0	12,0	8,0	7,0	6,5

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12

Future Is Created Now - Electronic Invoicing Through Interoperator Connections

Operator Interoperability – What is it about
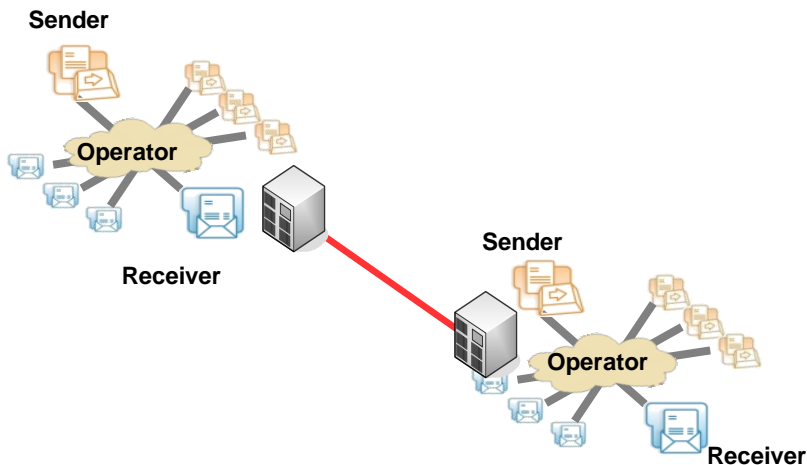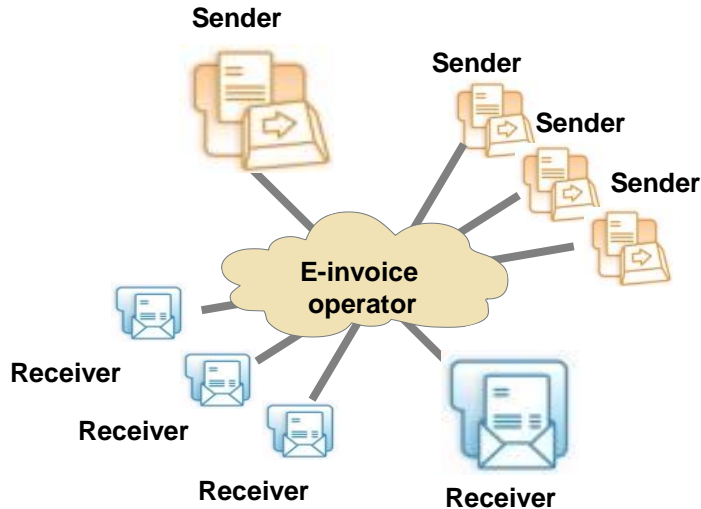
- Buyers have usually a large supplier base even up to 30 000 suppliers. Still the buyers are looking for a single service provider in the area of e-invoicing

- Connecting all of the suppliers by one e-invoice service provider is a major challenge

- Some suppliers are already connected to another e-invoice service provider -> existing investment and processes in place

-> These issues will drive the interoperability to become on market standard

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Basware Open Network Today

UK
- Crossgate, Burns, Liaison Tech, Asite, Causeway, Certipost, TietoEnator

Iceland
- Span

Germany
- LogAgency, Itella, TietoEnator, Crossgate, Teccom

USA
- Liaison Tech, Elemica, Softshare Network

Sweden
- EDB, Nordea, Swe, Infodata /Itella, Posten/Strålfors, WM Data, Expertsystems, Pri handel, TietoEnator

BASWARE OPEN NETWORK

Netherland / Belgium
- Certiport, Crossgate, Softshare Network, SupplierDNA

Norway
- EDB, Itella, BBS, Euronova, Emetro

Baltic countries
- EDISoft Baltic

Denmark
- Posten Den, Prograter, WM Data, PBS

Finland
- TietoEnator, Itella, Enfo, Nordea, Sampo, Samlink, OKO, Anilinker, TeliaSonera, WMD, Ålandsbanken, Handelsbanken, Tapiola-bank

APAC
- LeadTec

Over 60 operational inter-operability contracts + in addition alliances like HUB Alliance, Verkkolaskuforum, NEA, B2B Forum and partners like OB10

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