

# Embracing e-Invoicing in the Public Sector

SURVEY REPORT 2019

Survey Partner

**TRADESHIFT**<sup>®</sup>

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# INTRODUCTION

As the public sector continues to undergo an extensive digitalisation, e-invoicing is playing a vital role. Early last year, the government published their Government Transformation Strategy, which set out a vision of a modernised, digital government service delivery leading up to 2020. The document highlighted the critical need to save public money by reducing the cost and resource required to transform and deliver services, and “build secure systems by default” to ensure that all digital transformation made protects against cybercrime, including fraud<sup>1</sup>.

However, to truly achieve digital transformation that reduces cost and resources required whilst simultaneously protecting against cybercrime, public sector organisations must embrace modernised ways of working, including e-invoicing.

In 2015, iGov Survey<sup>2</sup> examined the ways in which organisations across local government, housing and the emergency services were approaching e-invoicing. Our research found that the majority of participants felt that adopting e-invoicing was a good way of improving the number of payments made on time, and a further 61% saw it as a way of increasing visibility of the workflow process. Yet many also stated that a lack of resources (40%) and difficulties gaining supplier adoption (30%) were significant barriers to increased adoption. Fast forward two years, and a lack of resources was seen as the biggest barriers to adopting e-invoicing. Moreover, over half (51%) believed that time spent by on the administration of invoicing would be a significant challenge in the coming year, closely followed by the implementation of new technology (43%).

1.<https://www.gov.uk/government/publications/government-transformation-strategy-2017-to-2020>

2.<http://www.igovnews.com/#!/surveys/view/UK-Local-Government-e-Invoicing-2015>

Now, iGov Survey have teamed up with leading e-invoicing and supply chain payments provider, Tradeshift, to examine the current e-invoicing landscape across the whole of the public sector. Examining responses from Central Government, Local Government, Housing Associations, the NHS and Non-Departmental Public Bodies, we considered:

- the priority placed on e-invoicing as part of digital transformation strategies across the public sector;
- the external factors that can influence strategies, including government agendas; and
- the opportunities and benefits that embracing e-invoicing can provide.

## ABOUT TRADESHIFT

Tradeshift drives supply chain innovation for the digitally connected economy. As the leader in supply chain payments and marketplaces, the company helps buyers and suppliers digitize all their trade transactions, collaborate on every process, and connect with any supply chain app. More than 1.5 million companies across 190 countries trust Tradeshift to process over half a trillion USD in transaction value, making it the largest global business network for buying and selling.

Discover commerce for all at [tradeshift.com](https://tradeshift.com).

# TRADESHIFT®

# SURVEY METHODOLOGIES AND RESPONDENTS' PROFILE

This survey was conducted by iGov Survey in collaboration with Tradeshift. The project ran from Friday 28 September 2018 to Friday 26 October 2018.

Survey respondents represented a broad cross-section of job functions across the public sector. This included: Administration, Asset Management, Audit, Business Development, Business Management, Cabinet Member for Local Government, Chief Executive/Deputy, Children's Services, Commissioning, Contract Services, Corporate Services, Customer Services, Democratic Services, Digital, Diversity/Equality, E-Government, Energy, Engineer, Environment, Facilities & Estates, Finance Management, General Manager, General Practitioner, Housing Services, Human Resources, IT Management, IT Technical Lead, Marketing Communications, Nursing Director, Operations, Performance,

Police, Policy, Political, Procurement/Purchasing, Project, Property, Public Transport, Revenue Benefit, Sales, Scientific, Senior Manager, Service Delivery, Social Services, Strategy, Technical Services, Training, and Transformation/Change Management.

A total of 105 individuals from 96 unique organisations participated in the survey, each of whom will receive a complimentary copy of the findings report. There was no inducement to take part in the survey, and Tradeshift was not introduced as the survey partner.

The results displayed throughout this report are based on those who fully completed the questionnaire and are displayed as a percentage of this group, unless explicitly stated otherwise.

# KEY FINDINGS

## 1. Over a third of participants (39%) say e-invoicing plays a critical role in the digital transformation of the public sector

It is very encouraging to see that many organisations understand the role that electronic invoicing can play in the modernisation of the public sector. Furthermore, 47% believe that it facilitates transformation, but there are other competing priorities that are currently taking precedence. Encouragingly, almost a quarter say it is a top priority for them, with 43% say it is a high priority.

This shows that e-invoicing is high on many organisations' agendas, and suggests an awareness across the sector of its importance and the opportunities that it can present. However, many are finding that competing priorities are hampering their progress, meaning many won't be experiencing the full benefits expected.

Figure 1:

In your opinion, what role does e-invoicing play in the digital transformation of the public sector?

- E-invoicing plays a critical role in the digital transformation of the public sector
- E-invoicing is important to facilitate to our organisation's digital transformation journey, but there are other areas of higher importance
- E-invoicing is not an area we are currently focusing on within our digital transformation strategy
- Other – please specify
- Don't know

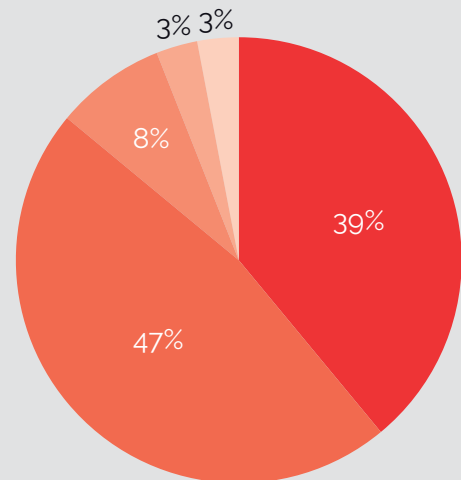
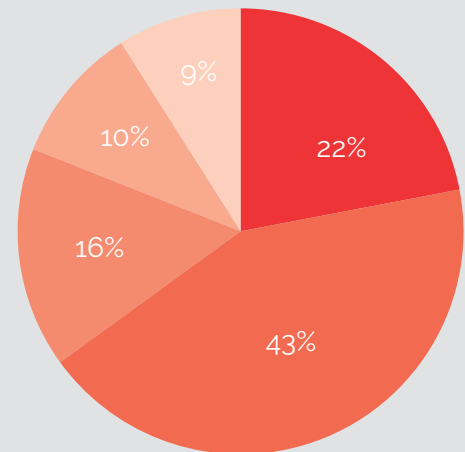


Figure 2:

Do you believe that e-invoicing represents a significant priority for your organisation?

- E-invoicing is going to be a top priority for our organisation in the coming 12 months
- E-invoicing is a high priority, though there are other functions that take precedence
- Our organisation has placed a mid-level priority on e-invoicing
- This is not a priority area for our organisation at this time
- Don't know (9%)



## 2. Paper invoicing methods still dominate - roughly two-thirds are using paper invoices (67%) and PDF email invoicing (60%)

Moreover, almost half are using document imaging or OCR (46%) and imaging & approval workflow technology (49%). In fact, 19% admit to still relying heavily on paper copies of invoices, this being their primary method of invoicing,

whilst 45% are still heavily reliant on the ability to print and re-scan paper invoices. This shows that the majority are still using inefficient methods of invoicing, therefore missing out on the benefits.

Figure 3:

In which of the following ways does your organisation currently carry out its invoicing? Please tick all that apply.

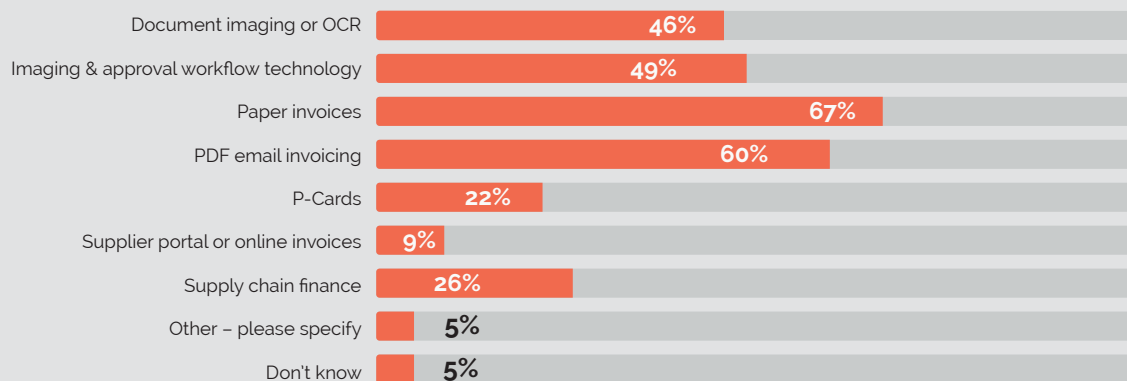
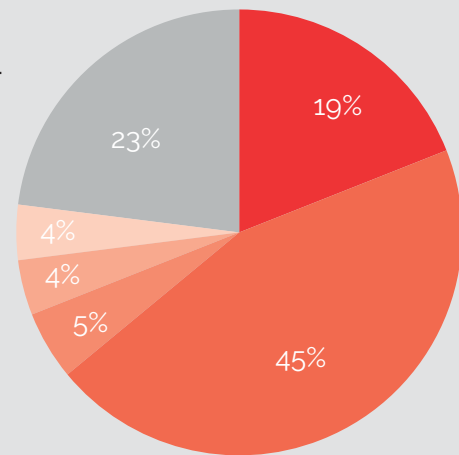


Figure 4:

To what extent does your organisation still rely on the use of physical or hard copies when it comes to processing invoices?

- We still rely very heavily on paper copies of invoices and this is our primary method of invoicing
- We rely on the ability to print and re-scan paper invoices, though we are steadily reducing our reliance on this
- We do make the occasional use of paper invoices, though this is infrequent
- We no longer use paper invoices in our organisation
- Other – please specify
- Don't know

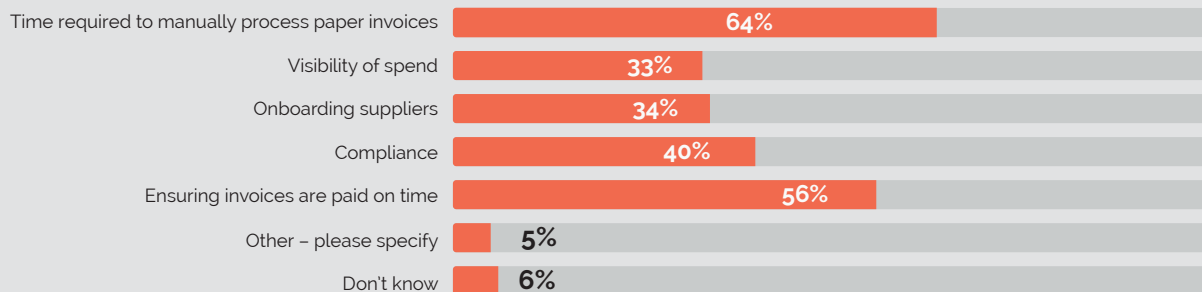


Given that physical copies are still prevalent within the majority of organisation, it is perhaps not surprising to note that two-thirds (64%) struggle with the amount of time that is required

to manually process paper invoices and an additional 56% say that ensuring invoices are paid on time is a significant challenge.

Figure 5:

Thinking about the way in which your organisation currently processes invoices, which of the following areas present a significant issue? Please tick all that apply.





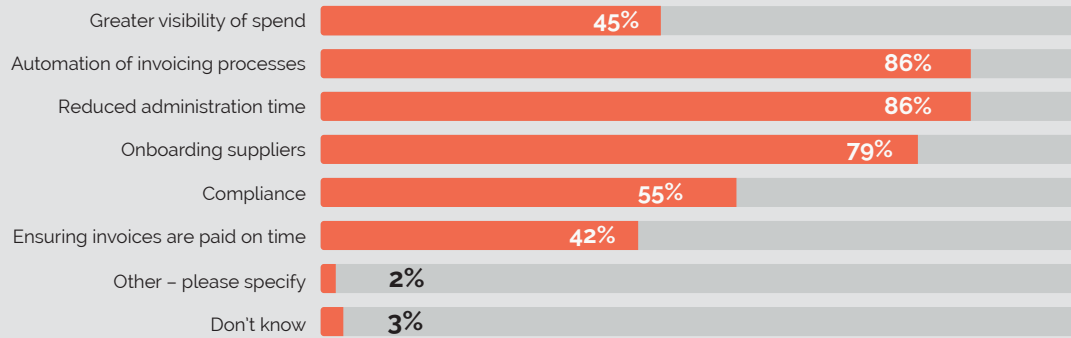
### 3. Encouragingly, participants see a variety of benefits of e-invoicing processes in their organisation, including automation of invoicing processes (86%)

It is noteworthy that reduced administration time is also recorded as one of the biggest perceived benefits of e-invoicing, suggesting that many see it as a means of meeting the challenge of

processing manual invoices. Additional benefits include the reduced costs of processing (79%) and ensuring invoices are paid quickly (55%).

Figure 6:

In your opinion, which of the following currently presents, or could present, the biggest benefit of e-invoicing processes for your organisation? Please tick all that apply.



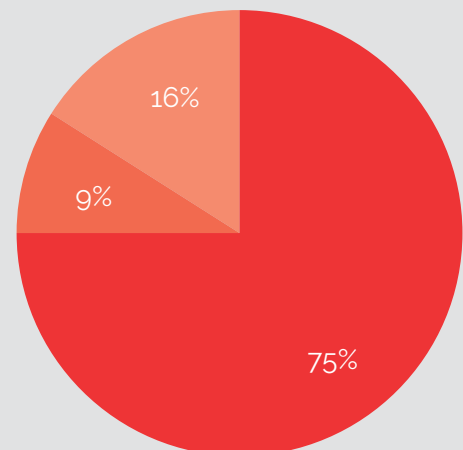
Importantly, three-quarters of participants (75%) have plans to increase the adoption of e-invoicing processes in their organisation over the coming years, with just 9% confirming that they have no formal plans. Despite this, less than a third (31%)

currently have an official strategy concerning the implementation of e-invoicing, and just 28% are planning to introduce a strategy in the near future.

Figure 7:

Does your organisation have plans to increase the adoption of e-invoicing in the coming years?

- Yes
- No
- Don't Know



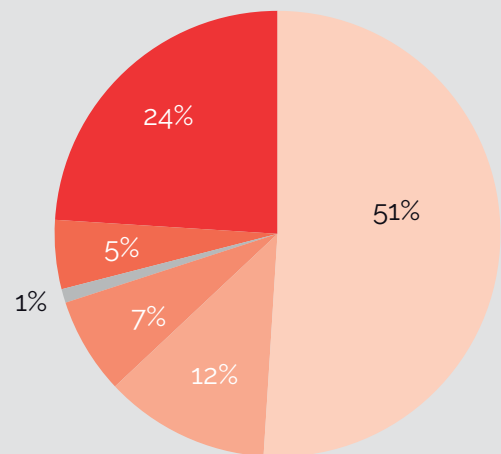
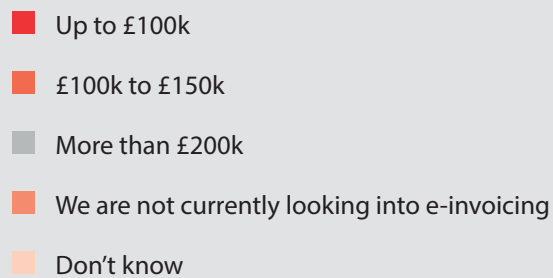
## 4. Over half of our survey participants (51%) are unaware of how much their organisation could expect to save per year by embracing e-invoicing strategy

This suggests that, while many organisations are aware of the benefits and opportunities that

e-invoicing strategies, few are aware of the financial impact of these benefits.

Figure 8:

How much does your organisation expect to save per year by embracing an e-invoicing strategy?

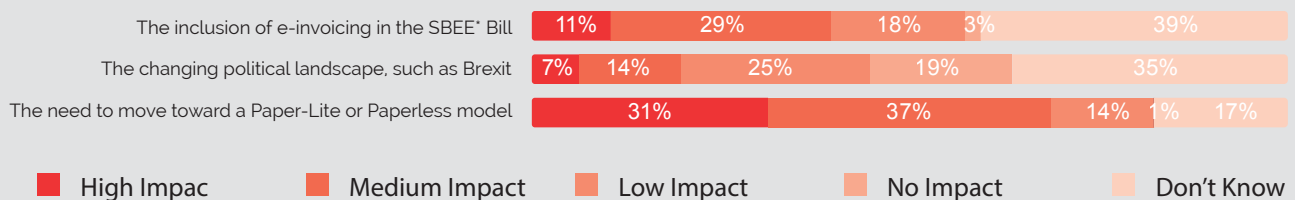


Looking at the biggest perceived barriers to implementing e-invoicing across the public sector, a third of all organisations believe the biggest barrier is competing priorities, internally or externally (33%). This is followed, at some distance, by resilience from suppliers (18%). When

we asked about other external factors that impact invoicing strategies, many believed the area that would have the largest impact was the need to move toward a paper-lite or paperless model (68%).

Figure 9:

With regard to your current invoicing strategy, how much impact do you believe the following will have?



(\*SBEE = Small Business, Enterprise and Employment)

# CONCLUSION

*By Simon Butterfield, Senior Account Director at Tradeshift*

The UK public sector has always shown great interest in e-invoicing. And for good reason. It's the perfect way to streamline onerous manual AP processes, driving efficiencies and cost savings. Cost savings which mean taxpayer cash is spent on improving public services, not invoice processing.

That's not all. Cost savings are the minimum companies can expect when implementing e-invoicing. Take the NHS Shared Business Service (SBS), for example. They went live on Tradeshift in 2014. Since then they've realised not just efficiency gains and cost savings. They've also reduced the time spent on invoice related queries, optimised procurement processes, and improved supplier relationships. Other benefits include greater visibility into spend and full compliance with regulations.

Thanks to leaders like the NHS SBS, there's now a benchmark for what an e-invoicing project can achieve. And it's no surprise interest in e-invoicing remains high in the public sector. It's also encouraging to see the companies surveyed recognising the value of e-invoicing beyond efficiency gains and cost savings.

What's less encouraging is the fact paper invoicing still reigns supreme in the public sector. As the survey shows, two-third of companies still use paper invoices and/or PDF email invoicing. Worryingly, 19% say paper is their primary method of invoicing. While 45% admit they're heavily reliant on the ability to print and re-scan paper invoices.

AP teams still spend a disproportionate amount of time processing invoices

manually. Time they'd rather spend on more value adding items. It's also led to the public sector to earn the reputation as a poor payer. Recent statistics from the [Federation of Small Businesses](#) found that nine out of ten suppliers to the public sector have received late payments from the public sector. Late payments to suppliers cause them cash flow issues, which often lead to the increased costs of goods — something the public sector is keen to avoid.

So despite a clear recognition of the benefits e-invoicing brings — and a real need for it — the reality is there's more talk than action. The public sector is still drowning in a sea of paper. And there's a long way to go before e-invoicing is the norm.

The reason is competition for resources is high. E-invoicing is just one of many transformational projects taking place in public sector companies. It's also one of the most complex; requiring time energy, and resources. As a result, it's often difficult to keep e-invoicing projects at the top of the agenda. The survey highlights this, saying 43% believe other functions take precedence, even when electronic invoicing is a high priority.

What can proponents of e-invoicing do to ensure it stays on the agenda? Given the findings of the survey, a good place to start is quantifying the dollar and cent value e-invoicing will bring to the organisation. It shows over half of public sector companies are unaware of the savings an electronic invoicing program will deliver. This is a glaring hole in the business case. But it's one solved by a

quick chat with an electronic invoicing provider.

There's also the need to look beyond the short-term benefits that e-invoicing brings. Yes, efficiency gains and cost savings are great. But the real value of e-invoicing comes from how it allows companies to redefine how they work with suppliers. Gone is the slow, static, transactional interaction defined by the paper world. Replacing it is a dynamic digital ecosystem where buyers and suppliers cooperate to generate shared value.

Supplier finance is a perfect example. When buyers approve invoices quickly, it's possible to offer financing to suppliers in the form of dynamic discounting. This is where buyers accelerate payment of approved supplier invoices in return of a discount on goods and services.

The solution gives suppliers access to readily available, low-cost funding, meaning they don't have to turn to expensive short-term loans to finance their working capital. While buyers earn a healthy return on their excess cash. Typical returns are in excess of 12% APR, while some companies enjoy returns of over 20% APR. This may be more than enough to pay for the original e-invoicing implementation.

Ultimately, business leaders in the public sector need to decide whether they digitise, or remain stalwart in existing processes. In reality, there's only one choice. If the UK public sector is to achieve its digital transformation objective, it's imperative to shift towards a digital first mindset. E-invoicing is a core tenet of this

and must be made a priority across the public sector. The benefits are simply too good to miss.

Get in touch if you want to know more:

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**APPENDIX 1: SURVEY QUESTIONS**

**Question:**

Question: In your opinion, what role does e-invoicing play in the digital transformation of the public sector?

Answer	Percentage
E-invoicing plays a critical role in the digital transformation of the public sector	39%
E-invoicing is important to facilitate our organisation's digital transformation journey, but there are other areas of higher importance	47%
E-invoicing is not an area we are currently focusing on within our digital transformation strategy	8%
Other - please specify	3%
Don't know	3%

**Question:**

Do you believe that e-invoicing represents a significant priority for your organisation?

Answer	Percentage
E-invoicing is going to be a top priority for our organisation in the coming 12 months	22%
E-invoicing is a high priority, though there are other functions that take	43%
Our organisation has placed a mid-level priority on e-invoicing	16%
This is not a priority area for our organisation at this time	10%
Don't know	9%

**Question:**

Question: To what extent are you involved in your organisation's invoicing strategy?

Answer	Percentage
I am a decision maker	27%
I have significant influence over our strategy though I am not a decision maker	29%
I have some influence over our strategy	26%
I don't have an influence in our invoicing strategy	16%
Other - please specify	2%

**Question:**

In which of the following ways does your organisation currently carry out its invoicing?  
Please tick all that apply.

Answer	Percentage
Document imaging or OCR	46%
Imaging & approval workflow technology	49%
Paper invoices	67%
PDF email invoicing	60%
P-Cards	22%
Supplier portal or online invoices	26%
Supply chain finance	9%
Other - please specify	5%
Don't know	5%

**Question:**

To what extent does your organisation still rely on the use of physical or hard copies when it comes to processing invoices?

Answer	Percentage
We still rely very heavily on paper copies of invoices and this is our primary method of invoicing	19%
We rely on the ability to print and re-scan paper invoices, though we are steadily reducing our reliance on this	45%
We do make the occasional use of paper invoices, though this is infrequent	23%
We no longer use paper invoices in our organisation	5%
Other - please specify	4%
Don't know	4%

**Question:**

Thinking about the way in which your organisation currently processes invoices, which of the following areas present a significant issue? Please tick all that apply.

Answer	Percentage
Time required to manually process paper invoices	64%
Visibility of spend	33%
Onboarding suppliers	34%
Compliance	40%
Ensuring invoices are paid on time	56%
Other - please specify	5%
Don't know	6%

**Question:**

Has your organisation seen an increase in the number of suppliers expecting to be able to transact via e-invoicing?

Answer	Percentage
Significant increase	19%
Marginal increase	43%
No change	20%
Marginal decrease	1%
Significant decrease	0%
Don't know	21%



**Question:**

In your opinion, which of the following currently presents, or could present, the biggest benefit of e-invoicing processes for your organisation? Please tick all that apply.

Answer	Percentage
Greater visibility of spend	45%
Automation of invoicing processes	86%
Reduced administration time	86%
Reduced costs of processing	79%
Ensure invoices are paid quickly	55%
Ability to easily measure compliance	42%
Other - please specify	2%
Don't know	3%

**Question:**

Does your organisation have plans to increase the adoption of e-invoicing in the coming years?

Answer	Percentage
Yes	75%
No	9%
Don't know	16%

**Question:**

Currently, how many members of staff make up your Accounts Payable (AP) team?

Answer	Percentage
0 to 5	51%
6 to 10	18%
11 to 15	10%
16 to 20	2%
More than 20	6%
Other - please specify	3%
Don't know	11%

**Question:**

Does your organisation currently have a formal e-invoicing strategy in place?

Answer	Percentage
Yes	31%
We are looking at implementing a solution in the near future	28%
No	30%
Don't know	11%

**Grid:**

With regard to your current invoicing strategy, how much impact do you believe the following will have?

**Question:**

The inclusion of e-invoicing in the Small Business Enterprise and Employment Bill

Answer	Percentage
High impact	11%
Mid-level impact	29%
Low impact	18%
No impact	3%
Don't know	39%

**Question:**

The changing political landscape, such as Brexit

Answer	Percentage
High impact	7%
Mid-level impact	14%
Low impact	25%
No impact	19%
Don't know	35%

**Question:**

Question: The need to move toward a Paper-Lite or Paperless model

Answer	Percentage
High impact	31%
Mid-level impact	37%
Low impact	14%
No impact	1%
Don't know	17%

**Question:**

Does your organisation have plans to increase the adoption of e-invoicing in the coming years?

Answer	Percentage
Perceived cost of introducing electronic invoicing	7%
Lack of management buy-in	4%
Resilience from suppliers	18%
Lack of in-house skills	7%
Competing priorities, internally or externally	33%
Current processes work well enough	4%
Unsure of how to approach e-invoicing	3%
Other - please specify	14%
Don't know	11%

**Question:**

How much does your organisation expect to save per year by embracing an e-invoicing strategy?

Answer	Percentage
Up to £100k	24%
£100k to £150k	5%
£150k to £200k	1%
More than £200k	7%
We are not currently looking into e-invoicing	12%
Don't know	51%

**Question:**

Thinking about the coming 12 months, in which of the following areas are you planning to invest?

Answer	Percentage
Automation of Accounts Payable	27%
AP/Finance Analytics	17%
Purchase-to-Pay solution	26%
Sending e-invoices	17%
Receiving e-invoices	31%
No planned investments	28%
Other - please specify	8%
Don't know	19%



# **APPENDIX 1: PARTICIPATING ORGANISATIONS**

**Central Government**

Scottish Prison Service  
 Driver and Vehicle Standards Agency  
 Scottish Parliament  
 National Savings and Investments  
 Defence Electronics and Components Agency  
 Vehicle Certification Agency  
 Her Majestys Inspectorate for Education and  
 Training in Wales  
 Homes England  
 The Scottish Government  
 National Portrait Gallery  
 Met Office  
 Home Office  
 Planning Inspectorate  
 National Portrait Gallery

**Emergency Services & Justice**

Humberside Fire and Rescue Service  
 North Yorkshire Fire and Rescue Service  
 Essex County Fire and Rescue Service  
 Cambridgeshire Constabulary  
 West Yorkshire Police  
 HMP Dumfries

**Housing Associations**

South Lakes Housing  
 Newport City Homes  
 Shire Housing Association  
 Gateway Housing Association  
 Sussex Housing and Care  
 Spire View Housing Association  
 Newport City Homes  
 PRIMA Group  
 Partick Housing Association  
 Bield Housing Association  
 Hanover Housing Association  
 Caledonia Housing Association  
 Salix Homes  
 DCH Group  
 Optivo  
 Cartrefi Cymunedol Gwynedd  
 Calico Homes  
 West of Scotland Housing Association  
 Westway Housing Association  
 Cathcart and District Housing Association  
 Homes for Haringey  
 Angus Housing Association  
 Northampton Partnership Homes  
 Islington and Shoreditch Housing Association  
 Scottish Borders Housing Association  
 WHG  
 Clydesdale Housing Association  
 Leeds and Yorkshire Housing Association  
 Milnbank Housing Association  
 Together Housing Group

**Local Government**

Oxfordshire County Council  
 Dorset County Council  
 Sheffield City Council  
 City of London Corporation  
 Camden Council  
 Ceredigion County Council  
 Scottish Borders Council  
 The Education Authority  
 South Tyneside Council  
 Kirklees Council  
 East Ayrshire Council  
 Durham County Council  
 Conwy County Borough Council  
 Derbyshire County Council  
 Mansfield District Council  
 Nottingham City Council  
 Nottinghamshire County Council  
 Derbyshire County Council  
 Aberdeenshire Council  
 Eastbourne Borough Council  
 South Somerset District Council  
 Derbyshire Dales District Council  
 Bromley Council  
 Antrim and Newtownabbey Borough Council  
 South Norfolk Council  
 Bedford Borough Council  
 Halton Borough Council  
 London Borough of Barking and Dagenham  
 Purbeck District Council  
 Epsom and Ewell Borough Council  
 Doncaster Metropolitan Borough Council  
 Hyndburn Borough Council  
 Neath Port Talbot County Borough Council  
 Blaenau Gwent County Borough Council  
 London Borough of Lewisham  
 Torridge District Council  
 Tameside Metropolitan Borough Council  
 Dumfries and Galloway Council  
 Gravesham Borough Council  
 Taunton Deane Borough Council  
 Braintree District Council  
 Uttlesford District Council  
 Crawley Borough Council  
 Wakefield Council  
 Fylde Borough Council  
 Tower Hamlets Council  
 Cardiff Council  
 West Mercia Energy  
 Folkestone & Hythe District Council

**NHS & Healthcare**

NHS Wirral CCG  
 NHS Birmingham and Solihull CCG  
 NHS Hillingdon CCG  
 Vision Mental Healthcare

Maidstone and Tunbridge Wells NHS Trust  
NHS National Services Scotland  
NHS Wales Shared Services Partnership  
Buckinghamshire Healthcare NHS Trust  
The Royal Bournemouth and Christchurch Hospitals  
NHS Foundation Trust  
Kettering General Hospital NHS Foundation Trust  
South Tees Hospitals NHS Foundation Trust  
Coventry and Warwickshire Partnership NHS Trust  
North Cumbria University Hospitals NHS Trust  
Walsall Healthcare NHS Trust  
University Hospitals of Leicester NHS Trust  
Frimley Health NHS Foundation Trust  
London North West University Healthcare NHS Trust  
Bolton NHS Foundation Trust  
South Eastern Health and Social Care Trust  
University Hospitals of Leicester NHS Trust  
The Princess Alexandra Hospital NHS Trust  
Northern Health and Social Care Trust  
University Hospitals Birmingham NHS Foundation  
Trust  
South Tees Hospitals NHS Foundation Trust  
Vocare  
Midlands and Lancashire Commissioning Support  
Unit  
The Royal Wolverhampton NHS Trust  
London Ambulance Service NHS Trust  
Health Education Yorkshire and the Humber  
East Suffolk and North Essex NHS Foundation Trust

#### **Non Departmental Public Bodies**

Scottish Water  
The National Gallery  
The Consumer Council  
Engineering Construction Industry Training Board  
Forestry Commission Scotland  
The British Library  
Northern Ireland Fishery Harbour Authority  
Student Loans Company Ltd  
Transport Scotland

# ACKNOWLEDGEMENTS

The survey team at iGov Survey would like to take this opportunity to thank all of those who were kind enough to take part – and especially to those who found the time to offer additional insights through their extra comments. We would also like to thank our partner, Tradeshift, for their assistance in compiling the survey questions, scrutinising the responses, and analysing the results.

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