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Europe is ready for e-invoicing

Ask any European bank and its customers what types of services they believe will best meet their needs in the future, and seventy-five per cent of them will give you the same answer: e-invoicing. This was revealed in a recent survey conducted by the Banks & Future Innovation Forum and initiated by the Fraunhofer IAO in Stuttgart, Germany. As a European payment processor and co-participant in the survey, Equens sees this as proof that it is time to further expand activities in this area. Equens General Manager for New Business, Dave Rietveld:

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"E-invoicing offers great opportunities, for banks, companies and their customers. More than 90 percent of all invoicing worldwide is still performed on paper. This is a cumbersome and extremely inefficient process which involves photocopying, distributing, archiving and re-entering data. With the risk of making mistakes in all steps. This can sometimes drive up the cost of an invoice to several tens of euros. E-invoicing makes this whole process much cheaper and easier to control through digital data communication and data processing. An added advantage is that debtors actually pay electronic invoices sooner than they do paper invoices".

The system seems to offer quite a few benefits. How come, then, that e-invoicing didn't get off the ground much sooner?

"There are currently only e-invoicing initiatives at the national level, because, until the introduction of SEPA, all payment systems were essentially established by the countries individually. For cross-border e-invoicing, the national payment processors have to make substantial investments, as the payment and invoicing processes vary greatly from country to country. Besides, there are also differences in tax treatment, for example with respect to signing authorisation. The European Commission is aware of these limitations and committed to finding a solution. At the end of 2007, it requested to assemble a small group of international experts, with the goal of identifying a European e-invoicing Framework that addresses the legal, operational and standardisation issues. Furthermore, we are an active participant in the EC Expert Group on e-invoicing. So in addition to being involved in developing rules, standards and protocols related to e-invoicing, we are very active in gaining experience in how to put into practice the theory of the European e-invoicing Framework. And that is fully in line with our European growth strategy."

Can you report any results yet?

"I certainly can. Together with several leading European billing service providers in three European countries, we recently announced the launch of a pilot for cross-border e-invoicing services between the three countries

involved. In this pilot, the internationally active customers of the three billing service providers will gain international reach in e-invoicing – and all they have to do to achieve that is sign an e-invoicing contract with a single provider. Equens' role in this pilot is to act as a switch between the parties, just as we do for international (SEPA) payment transactions. For this purpose, we established what we call the Equens Billing Grid, which also welcomes members from other parties. Our motto is 'Billing should be as easy as paying.'

So Equens is active in other areas than payment processing alone?

Yes – since we operate on a European scale now, we have the resources available. We are one of the largest payment processors in Europe. With 7.3 billion payments and 2.1 billion POS and ATM transactions per year, our market share within the euro zone is well over 15%. This enables us to offer a complete service portfolio with future-proof and SEPA compliant processing solutions for both payments and cards at competitive prices. At the same time – thanks to efficient business operations – these competing price levels will allow us to invest in innovation in order to achieve continued growth. That will be necessary to survive the wave of consolidation the European payment market – particularly payment processors – is currently experiencing. Of the several dozens that are still around, only about 3 to 5 will remain – and Equens will be one of them”.

So the innovation policy is in fact a two-track policy?

“That's right. First of all, it's about the innovation of our core business, payments and cards. We have been working very hard in recent months to ensure that all our systems and infrastructure are SEPA-compliant and SEPA ready. We have achieved that objective and we're currently one of the largest processors of SEPA transactions in Europe. And thanks to our cooperation with our clients, the banks, we have broad knowledge of payment markets. That allows us to cooperate in innovations that are somehow related to pure payment processing. These may be initiatives that are in line with our European strategy, such as the e-invoicing pilot, but also innovations that start out at the national level but have the potential to be applied internationally”.

Can you name some specific examples?

“Well, a good example is Mobile Top-up. We provide all telecom providers in the Netherlands with a service with which consumers can easily and safely recharge their prepaid balance on their mobile phone. We developed this system several years ago with Orange as the launching customer, and it's been a huge success, which has attracted a lot of international attention as well”. Another example is prepaid gift cards. Paper gift vouchers are increasingly being replaced by electronic prepaid solutions. We have already issued over 2,5 million of these cards, and we're currently developing them further. A third example is the pilot Tip2Pay – pay with your fingertip – of Albert Heijn (Dutch Ahold's largest supermarket chain). For a period of six months, customers of Albert Heijn will be able to pay for their shopping using their fingertips. The objective of the pilot is to investigate the potential of this technology as a new payment method and establish whether it is received positively by consumers.”

It is clear that you work very closely with third parties.

"We do. We think the true source of innovations is a willingness to co-operate with partners, international organisations and governing bodies and – last but not least – clients."