

versapay[®]

The Executive's Guide to Electronic Invoicing

Understand how transitioning from traditional paper-based invoicing to e-invoicing can help your business.



Table of Contents

INTRODUCTION	
Invoicing: the black hole of collections	3
SECTION 1	
The late payments landscape	4
SECTION 2	
The problems with manual invoicing	6
SECTION 3	
The fundamentals of e-invoicing	8
SECTION 4	
The benefits of e-invoicing	10
SECTION 5	
Real-world e-invoicing success stories	13
SECTION 6	
An electronic invoicing platform checklist	15

Invoicing: the black hole of collections

The world of business and commerce has been transformed over the past decades by digitalization, automation, and the Internet. Yet there's one area where it seems many organizations haven't kept pace—to their detriment.

After contracts have been signed, P.O.s have been cut, Zoom calls and emails exchanged, the work done and products or services delivered, there's still a black hole of uncertainty that remains: The ambiguities involved in getting paid stemming from traditional invoicing processes.

In manually driven billing and remittance processes, invoices may be sent in a timely way, may be accurate, and may fit the customer's payment protocols. But when snail mail or email are used in billing, a black hole arises to gobble your revenues. Questions such as the following abound:

- Has the invoice actually been received?
- What's its approval and payment status?
- Is the invoice in dispute, or has it simply vanished into a corporate lost-and-found of archived—or deleted—emails or paperwork?

Companies are turning to electronic invoicing to add certainty to the payment process and overcome these problems. But when investing in an e-invoicing solution, whether for the first time or to replace existing software, it's vital to have a good understanding of not just e-invoicing in general, but of the particular features and functionality that differentiate e-invoicing offerings.

In this guide, you'll learn about:

- The state of receivables and late payments for businesses, and how the faults of traditional invoicing processes contribute to them.
- The multiple benefits that can arise from embracing state-of-the-art electronic invoicing.
- The successes other businesses like yours have seen from transitioning to e-invoicing.
- How you can choose the right e-invoicing provider to suit your unique needs.

The electronic invoicing market is projected to have a CAGR of 25.40% for 2022-2029, reaching a market value of **USD 6,014.71 million by 2029**.¹

The late payments landscape

Whatever the causes, it's a fact that the overall overdue payments problem has gotten worse, not better, as any accounts receivable manager can undoubtedly attest:

- In 2020, the punctual payments of invoices in the U.S. and Canada stood at just 29.1% and 54.2%.²
- You might have expected this situation to ease as the world economy recovered, yet over half (55%) of businesses in 2023 still had outstanding invoices from the last tax year.³
- In 2022, U.S. mid-sized businesses claimed they were each owed an average \$304,066 by late-paying customers, with 81% of them saying their overdue payments problems had become more severe since 2021.⁴

As you might expect, the dire economic circumstances during COVID-19 only worsened the issues facing businesses whose cash flow was under threat. The lesson to companies everywhere was that resilience is key to survival, and maintaining cash flow is essential to resilience.



Paper invoicing and manual review are still plaguing SMBs

While there have been big strides in electronic invoicing over the past 20 years, the billing and payments process hasn't been digitized—or sufficiently digitized—for too many businesses. Its impact on timely payments is tangible.

For mid- to small-sized customers—the buyers to mid-market enterprise sellers—manual invoice review is tremendously burdensome, with 45% of them citing it as a problem in making payments. Conversely, 47% of sellers cite issues in predicting when payments will show up, and 44% have concerns around the invoice approval process.⁵ In fact, 49% of the invoices produced by U.S. businesses become overdue.⁶

One of the culprits? Surprisingly—and considering these frustrations—paper invoices are still in play for B2B companies, whom you might expect would have been the first to banish them.

Luckily, finance leaders are moving toward e-invoicing

Ninety-one percent of finance leaders say their organizations are still receiving check payments from customers.⁷ However, these companies are planning to embrace electronic invoicing as a remedy for these issues—and catalyst for digital payments—and believe their buyers are ready, too.

The percentage of finance leaders who believe their buyers are ready to transition to making payments digitally

In your opinion, are your buyers ready to move away from making payments by check, to making payments digitally?



Source: Digital Payments Are Ready For The Spotlight, Versapay and Pulse, 2021

A further 92% of C-level executives agree that to reach peak performance, every department—including finance—must digitize.⁸ This leaves manual invoicing on life support.

The problems with manual invoicing

Businesses that still use traditional invoicing processes are confronted with a wide assortment of problems and issues. Those issues are only becoming more profound as their competitors implement electronic invoicing, putting laggards at a glaring disadvantage.

Here's a comprehensive—yet not exhaustive—list of issues that come from manual invoicing approaches, and the impacts they have on the organization:

Manual invoicing issue	Business Impact
Time needed to create invoices	Too much time is needed to create invoices, often involving multiple accounts receivable staff members.
Human error	Manual processes, especially at scale, result in billing, delivery, remittance, and cash application errors, impeding cash flow.
Tedious processes	Repetition and drudgery lead to mistakes and employee disengagement, causing retention problems.
Resource and logistics costs	Business resources are constrained when paper invoices must be printed, processed, and archived, driving up costs.
Snail mail costs and delays	Postage costs are significant and rising, while delivery is at the mercy of postal networks, delaying payment
Email errors and delays	Emailed invoices can be misrouted, blocked by spam filters, or their receipt may be unverifiable.
Poor customer—AP—experiences	Customer's accounts payable teams are inconvenienced when they must manually open, process, and pay mailed or emailed invoices.

Invoice fraud results in an average **annual cost of \$280,000** per middle-market business.⁹

Difficulty satisfying customers' preferences	<p>Manual invoicing may not meet customer's billing and payment channel preferences—via AP portal, EDI, email, etc.—and manual customization is costly—particularly at scale—often resulting in errors and increases in DSO.</p>
Greater number of disputes	<p>Invoicing errors can provoke disputes that delay payment or endanger customer relationships.</p>
Lack of supporting documentation	<p>Manual invoices and supporting documentation rarely get sent together, so customers and AR teams must search email threads or paper trails to surface records.</p>
Duplicate invoices and corresponding payments	<p>When invoices get created manually instead of being generated directly from transactions, there's more potential for duplicated or inflated invoices.</p>
Delays in processing incoming payments	<p>AR staff must process and match payments manually with corresponding invoices, delaying cash flow, and causing higher DSO.</p>
Overdue payment excuses	<p>Late payers can claim they haven't received an invoice, or it's misaddressed, fabricate disputes, or use other excuses to stall payment.</p>
Collections challenges	<p>Pursuit of payment on overdue invoices can get costly and is limited by staff bandwidth, driving up DSO and write-offs.</p>
Little or no visibility and predictability	<p>AR teams lack real-time visibility into invoice and payment statuses, making it difficult to project cash flow.</p>
Opportunities for fraud	<p>AR teams lack real-time visibility into invoice and payment statuses, making it difficult to project cash flow.</p>

The fundamentals of e-invoicing

Let's examine a few commonly asked electronic invoicing questions:

e-Invoicing FAQ	Answer
What is an electronic invoice?	<p>An electronic invoice, or e-invoice, is a digital document that's exchanged between a seller and buyer and is a fiscal and legal substitute for a traditional paper invoice.</p> <p>They're produced by software with little or no human data input or involvement and delivered electronically. They're then received and routed by software before being reviewed for payment by a human being.</p>
Are electronic invoices processed differently than paper-based invoices?	<p>Yes. A paper invoice is composed and mailed by a human being and must be seen by a human customer, who will then input its data into an AP system for payment.</p> <p>In contrast, an e-invoice can be received and processed by a customer's AP software, or the customer may log into an online payment portal to review the e-invoice.</p> <p>In either case, the electronic invoicing process is much faster—and less error-prone—than a paper-based invoicing process.</p>
Are paper-based invoices more subject to mistakes?	<p>Absolutely, since they're being created by human beings who are using manual processes that are more prone to error. The information in a paper invoice then must be manually scanned or entered by the recipient, causing further errors.</p>
What is ERP integration?	<p>Businesses get the biggest benefit from e-invoicing when it's integrated into their enterprise resource planning (ERP) or accounting platform, allowing a company to automate all or many of the processing steps involved.</p> <p>For example, a seller's ERP can generate an e-invoice using data in the customer's order and post that e-invoice to an AR automation platform that their customers can access in real-time (i.e., via a shared, cloud-based payment portal). Those customers can opt to exclusively view their invoices in that manner or could choose to receive electronically mailed versions.</p> <p>Another option could be for the seller to push that e-invoice into their customers' accounts payable portal, where they can make the payment.</p>

Also called procure-to-pay portals, these payment or invoicing portals are implemented by the AP departments of many large businesses and institutions to automate and standardize acceptance and processing of invoices.

What's an AP portal?

For B2B vendors and suppliers, they've added additional complexity and work to the payments and invoicing processes.

What's omnichannel delivery?

Omnichannel delivery means an e-invoice can be delivered using any channel—email, customer portal, AP portal [yes, even paper]—depending on the customer's preference as part of a unified, consistent customer experience.

What's interoperability?

Interoperability is when a system works effectively with other existing or future products from other providers. This "reciprocal compatibility" means an e-invoicing platform can be part of a company's financial tech stack and exchange data with other applications, even from third parties.

Without so-called "seamless" interoperability, documents like electronic invoices may not be readable on different systems.

What's EIPP?

Electronic Invoice Presentment and Payment is a B2B term for the process by which companies present invoices and organize payments over the internet.

What's EBPP?

Electronic Bill Presentment and Payment is usually used to describe B2C, consumer-oriented bill payment over the internet. Other acronyms for this are IBPP (Internet Bill Presentment and Payment), EBP (Electronic Bill Presentment) and OBPP (Online Bill Presentment and Payment).

What's EDI?

Electronic Data Interchange refers to the structured transmission of data between organizations using a standardized electronic format; it's how electronic documents like e-invoices are transferred from one computer system—that of a seller—to another—the buyer.

The benefits of e-invoicing

We've seen the costs and hurdles created by manual invoicing methods. What benefits can an organization reap by moving to electronic invoicing?

The short answer: By delivering invoices to customers based on their preference with an advanced omni-channel invoicing platform, you'll cut costs, drive digital invoice acceptance, and capture more payments.

The challenge—or goal (for accounts receivable teams)	How e-invoicing supports / benefits
Allow omnichannel invoice delivery	An advanced e-invoicing platform satisfies customers by delivering invoices on their preferred terms, whether via email, customer portal, AP portal, EDI, or even paper-based.
Improve customer experiences	By injecting accuracy, responsiveness, and personalization into the invoice lifecycle, e-invoicing can improve customer perceptions—and AR-AP collaboration.
Better handle AP portal management	Rather than having to configure invoices for different portals “by hand,” an e-invoicing platform automatically configures them for rapid submission and acceptance across multiple portals.
Enable cost-effective personalization and customization	An e-invoicing platform automates cost-effective tailoring of the collections experience for each customer, from invoice design and layout personalization to accommodating different business units, locations and more, and can customize summary invoices and statements.
Reduce disputes	By eliminating human data entry errors, e-invoicing makes AP-AR interactions more positive by fostering constructive conversations, not finger-pointing and lengthy searches through email threads and archives.

93% of executives surveyed by Versapay said the right technology can strengthen relationships with customers during the invoice-to-cash process.¹⁰

95% of executives told us increased transparency and collaboration between AR teams and customers would decrease invoice disputes.¹⁰

<p>Enable account status review for customers</p>	<p>Electronic invoices delivered through cloud-based payment portals give customers visibility into shared account information so they can see current invoice statuses and payment histories.</p>
<p>Enable invoice status monitoring and analytics</p>	<p>Gain total real-time visibility into payment details and trends, past-due and delinquent accounts, and individual invoice and customer data so you can make more informed decisions.</p>
<p>Deliver invoices alongside supporting documentation</p>	<p>A capable e-invoicing platform will electronically link invoices with relevant documentation, so they're always delivered together.</p>
<p>Provide customers with invoice and document accessibility</p>	<p>By linking invoices with relevant documentation, an e-invoicing platform can—when used with the provider's payment portal—grant customers access to these in real time from anywhere, anytime.</p>
<p>Speed up processing of incoming payments and cash application</p>	<p>Electronic invoicing allows for automated cash application—as digital payments can be made against digital invoices. Electronic invoicing and payment acceptance, when integrated with a company's ERP, permit an AR team to apply payments automatically and instantly post those payments back to the ERP.</p>
<p>More easily make invoice revisions</p>	<p>With e-invoicing, it's much easier to adjust an invoice and re-share with a customer, and even simpler when using a cloud-based payment portal.</p>

Streamline payment acceptance with ERP-integrated payments

A best-in-class e-invoicing platform like Versapay will allow payment processing inside a company's ERP, saving it the trouble of moving information from one system to the other, driving efficiency and cash flow. Versapay's customers enjoy:

30%
reduction in manual
AR processing

20%
average savings on
payment fees

25%
acceleration in
payment collections

Make auto-payments easier for customers

Customers can easily set up auto-payments and apply stored payment methods and credits.

Cut operational costs

Automating invoicing processes reduces labor costs while allowing re-deployment of headcount to more productive tasks.

Find added efficiencies

Postage, printing, document storage and other costs can go out the window with e-invoicing.

Cut operational costs

If there's still a need to print and mail invoices, an e-invoicing platform may be able to automate the creation and delivery of paper invoices.





Real-world e-invoicing success stories



Electronic invoicing helps TireHub enhance customer payment experiences—while driving savings

TireHub is a joint venture of tire manufacturing giants Goodyear and Bridgestone, serving as a last-mile service provider for both.

Taking on last-mile operations meant inheriting those companies' existing client bases—and the varying billing and discounting practices those customers were used to.

With e-invoicing, TireHub was able to successfully slash reliance on manual processes, giving customers a better experience while still uncovering considerable operational savings.

[Get the whole story, here →](#)

200

The number of hours TireHub saved weekly by going from nine AR contractors to four.

54%

The percentage of TireHub's payments now being automated.

50%

The reduction in value of their severely overdue accounts.



RPC strengthens cash flow by reducing overdue accounts by 70%

The Research and Productivity Council (RPC) supplies an array of vital services ensuring food safety, air quality, and marine health in Eastern Canada and beyond.

Unfortunately, RPC's accounts receivable department discovered a growing problem with overdue accounts. The culprits: Manual AR processes and limited payment options for customers.

After RPC implemented e-invoicing, its customers can now conveniently click-to-pay an invoice, and their payments are accurately and immediately applied in RPC's ERP system, accelerating AR workflows, and reducing the time spent collecting payments.

In five months, RPC cut the dollar amount of +90-day invoices from \$800,000 to less than \$200,000.

[Get the whole story, here →](#)

This company achieves +90% customer adoption of online payments

A construction company's credit management team was spending 75% of its time on paper mailings, customer calls, and manual collections.

It took five steps to send a single paper invoice, and two separate systems were needed to find P.O.s and statements.

Implementing a sophisticated electronic billing and payments solution "helped us recognize an immediate 30% reduction in our DSO," says their Controller.

Beyond that, they've seen +90% adoption of a convenient online payment portal allowing customers to use credit cards, encouraging them away from using paper checks and cash.

[Get the whole story, here →](#)

+30

The average days clients took to pay before e-invoicing.

2

The days it now takes for most click-to-pay payments to hit RPC's bank.

70%

The reduction in the number of accounts with invoices over 90 days past due.

75%

The reduction in work time spent on tedious manual billing tasks.

30%

The immediate drop in DSO they saw after implementation.

60%

The reduction in debt the company has enjoyed.



An electronic invoicing platform checklist

Below is a checklist covering many of the points you should consider when assessing a new e-invoicing software platform. But before setting up a single demo, it's vital to clearly define how that platform will fit into your business by following a focused evaluation plan.

One key step is to connect with team members whose work would be directly affected by implementing a new e-invoicing platform. By understanding how they do their jobs and the challenges they deal with, you'll know how e-invoicing fits into your operations, and what features and benefits you should look for.

Assemble a task force of stakeholders and internal experts to participate throughout the process. Begin researching a solution by working with your task force. Have them help define current challenges and future goals, including the KPIs you'll use to judge success. Also discuss change management matters; for example: How will implementation affect operations and staff?

Use the evaluation checklist and other criteria to short-list which products might meet the need. Define post-implementation success and use that to assess the contending providers, not just the software. Who will give you help with driving adoption? What kind of long-term support can you expect? What's the product roadmap?

Get demos. Once you're down to a shortlist, see the software in action. Don't shy away from asking tough questions about how the product can satisfy your specific demands. If a provider can't give you good answers, or insists on a generic demo, there's a good chance they're not the right one for you.

Get stakeholder buy-in and make a final decision. Collate your vendor analyses and checklist results and discuss them with stakeholders. Once you've all aligned on finalist(s), ask for proposals, review them, and arrive at a final decision.

These are the core features most AR teams will look for from an e-invoicing system. Consider prioritizing these in your evaluation:

What to consider	Yes	No
Does the platform support sending the volume of invoices your business needs?	<input type="checkbox"/>	<input type="checkbox"/>
Does the platform support the invoice delivery channels your customers prefer?	<input type="checkbox"/>	<input type="checkbox"/>
Does the platform automatically configure invoices to meet customer parameters and channel/portal protocols?	<input type="checkbox"/>	<input type="checkbox"/>
If emailed, does the platform allow you to attach a PDF version of the invoice?	<input type="checkbox"/>	<input type="checkbox"/>
Does the platform provide automated delivery status tracking for emailed invoices (email sent, email viewed, email opened, queued for mailing, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>
Does the platform allow you to automatically send statements showing all open invoices?	<input type="checkbox"/>	<input type="checkbox"/>
Does it give you real-time visibility into the status of all invoices and payments?	<input type="checkbox"/>	<input type="checkbox"/>
Does the provider have a Customer Success team that's available 24/7?	<input type="checkbox"/>	<input type="checkbox"/>
Do they offer support and training to help with internal adoption and change management?	<input type="checkbox"/>	<input type="checkbox"/>
Does the provider have a successful track record and an established, positive reputation?	<input type="checkbox"/>	<input type="checkbox"/>
Are they willing to answer all your questions and show how their software matches up against your specific requirements?	<input type="checkbox"/>	<input type="checkbox"/>

Most electronic invoicing solutions are in fact proportions of larger accounts receivable automation software.

And, to fully unlock your accounts receivable potential for accelerating cash flow, you'll want more than just e-invoicing; you'll want to: modernize your infrastructure, optimize a greater number of existing business processes, focus on delivering exceptional customer experiences, and free your AR staff to prioritize more impactful and strategic work.

[Our free guide](#) to choosing accounts receivable automation software includes an additional 11 interactive checklists—including this e-invoicing one—to help you confidently select the best AR automation software.



About Versapay

Versapay is the leader in Collaborative Accounts Receivable. The Versapay Collaborative AR Network is the first solution that empowers the genius of teams by bridging the gap between suppliers and buyers through a shared, digital experience. Owned by Great Hill Partners, Versapay is based in Toronto with offices in Atlanta and Miami. With 9,000+ clients and 1,000,000+ buyers engaged, Versapay handles 40+ million new invoices and drives \$60+ billion in global payment volume annually.

Footnotes

1 Devale, S. (2023, March 22). Electronic-invoicing (e-invoicing) market size worth USD 6,014.71 million by 2029: Data Bridge Market Research. LinkedIn. <https://www.linkedin.com/pulse/electronic-invoicing-e-invoicing-market-size-worth-usd-somesh-devale/>

2 Minarik, T. (2022, February 6). Amazing invoice statistics - now CAGR to reach 20.4% by 2027. Brodmin. https://brodmin.com/invoicing/late-invoice-statistics/?utm_content=cmp-true

3 Credit Connect. (2023, May 9). Over half of small businesses have unpaid invoices from 2022 outstanding. Credit Connect. <https://www.credit-connect.co.uk/news/over-half-of-small-businesses-have-unpaid-invoices-from-2022-outstanding/>

4 Chaser Technologies Limited. (2022). (rep.). The 2022 late payments report.

5 PYMNTS.com. (2022b, July 12). Small businesses drowning under invoice complexity. Pymnts.com. <https://www.pymnts.com/news/b2b-payments/2022/small-businesses-drowning-under-invoice-complexity/>

6 PYMNTS.com. (2022, May 19). New study: Half of US businesses' invoices become overdue. Pymnts.com. <https://www.pymnts.com/news/b2b-payments/2022/half-of-us-businesses-invoices-become-overdue/>

7 Versapay. (2021). (rep.). Digital Payments are Ready for the Spotlight. Retrieved from <https://www.versapay.com/resources/digital-payments-are-ready-for-the-spotlight>

8 <https://info.versapay.com/hubfs/Whitepapers-Reports%20%5BMJ%5D/%5Bwakefield-report%5D-state-of-digitization-b2b-finance.pdf>

9 Internationalbanker. (2022, November 17). Every organisation should be aware of invoice scams. International Banker. <https://internationalbanker.com/technology/every-organisation-should-be-aware-of-invoice-scams/>

10 <https://info.versapay.com/hubfs/Whitepapers-Reports%20%5BMJ%5D/%5Bwakefield-report%5D-state-of-digitization-b2b-finance.pdf>