

IDC MarketScape

IDC MarketScape: European Compliant e-Invoicing 2024 Vendor Assessment

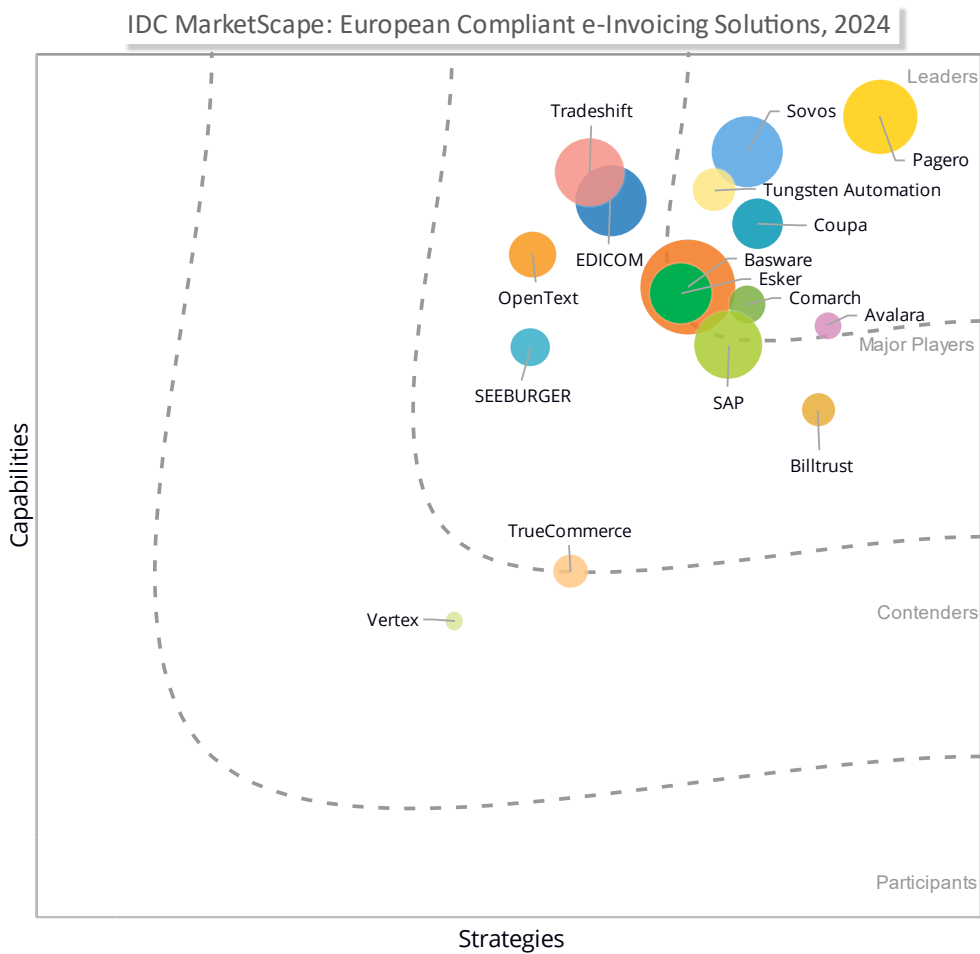
Charles Aladesuru Edyta Kosowska Ashok Patel

THIS IDC MARKETSCAPE EXCERPT FEATURES PAGERO

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: European Compliant e-Invoicing Solutions Vendor Assessment



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: European Compliant e-Invoicing 2024 Vendor Assessment (Doc # EUR151806424). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

The e-invoicing market in Europe is on the verge of a significant transformation as EU countries move toward mandatory e-invoicing and e-reporting. This shift is driven by government initiatives to close the gap in value-added tax (VAT) revenues; VAT is a key revenue stream for governments, making tax compliance a top priority across the region. The EU's VAT in the Digital Age (ViDA) initiative is a key part of this effort, driving the adoption of e-invoicing.

With Latin America having already established itself as a leader in e-invoicing and countries in the EU setting mandates in motion (albeit with Italy having already had some form of e-invoicing for around a decade), other countries and regions are likely to follow suit. Asia is already rapidly advancing, while the U.S. is exploring options and opportunities in this space.

The attractiveness of the e-invoicing market has drawn a diverse array of vendors, each bringing their own capabilities and perspectives to the table. Often, these vendors not just offer software solutions but also provide a range of services, often under the banner of "compliance as a service." This combination of software and services reflects the diversity and complexity of the market in which tax compliance, accounts payable/accounts receivable (AP/AR) automation, enterprise resource planning (ERP) systems, and electronic data interchange (EDI) intersect. Vendors often compete fiercely yet they also collaborate (e.g., through partnerships) to offer more comprehensive solutions to their customers.

For businesses navigating this landscape, the challenge lies in identifying which aspects of the various e-invoicing solutions and related services are most critical to their needs. Companies must assess their priorities carefully. Whether the focus is on achieving tax compliance, streamlining invoicing processes, or integrating e-invoicing with broader ERP systems, selecting the right vendors and solutions is crucial.

As the e-invoicing market evolves, businesses must stay agile, adapting to regulatory changes while also leveraging the opportunities for process automation and

efficiency gains. Competition and collaboration among vendors provide a rich ecosystem of solutions, but the responsibility is on customers to ensure they choose the right partners to meet their unique requirements in this rapidly changing digital landscape.

Market Trends

- **Diverse business-to-business (B2B) e-invoicing mandates across countries.** The e-invoicing landscape is becoming increasingly complex as different countries adopt their own standards and regulations. While PEPPOL was anticipated to emerge as a unified standard in Europe, this has not materialized. Italy leads the way in Europe, having already implemented mandatory B2B e-invoicing. Countries such as Germany, France, Poland, and Romania are also advanced in their e-invoicing journeys, and other countries are also developing their own regulations. For organizations operating across multiple countries and jurisdictions, this fragmentation creates significant challenges in managing compliance and increases the risk of non-compliance. Organizations must navigate this evolving regulatory environment and adapt to country-specific requirements, often needing specialized systems to handle these complexities.
- **Expansion beyond e-invoicing.** e-Invoicing is evolving beyond the traditional scope of invoice management. Governments are increasingly leveraging e-invoicing infrastructure for broader purposes, including real-time industry operations and intelligence, and potentially, even GDP calculations. Additionally, there is growing anticipation that environmental, social, and governance (ESG) reporting may soon be integrated into, or facilitated by, the expanding e-invoicing infrastructure amid the growing trend toward greater transparency and corporate accountability. This expansion is encouraging organizations to rethink their broader compliance strategies, with a growing preference for systems and solutions that can handle a wider range of reporting obligations.
- **e-Invoicing as a driver for process automation.** While compliance is a primary driver for e-invoicing adoption, companies are increasingly recognizing the potential for additional benefits including process automation and efficiency gains. Data from IDC's recent survey in EMEA indicated that businesses are not just focusing on meeting regulatory requirements, but they are also exploring how e-invoicing can streamline their financial processes, reduce manual workloads, cut costs, and improve accuracy. e-Invoicing systems can integrate with broader ERP and supply chain management (SCM) systems, enabling greater end-to-end automation from procurement to payment, thereby delivering significant operational benefits beyond compliance.

- **Consolidation of e-invoicing systems for consistency.** With many organizations operating in multiple jurisdictions, the need for consistent and efficient e-invoicing systems is becoming increasingly paramount. Organizations are moving toward consolidating their invoicing systems into a single, global platform capable of handling compliance across different countries and regulatory landscapes. This shift is driven by their desire for consistent user experience, streamlined operations, and reduced administrative overheads. The goal is for teams across different regions to be able to work within the same framework when expanding implementation to incorporate a new country, reducing complexity and the need to manage multiple localized systems.
- **AI and generative AI enhancements.** Artificial intelligence, particularly generative AI (GenAI), is set to play an increasingly prominent role in e-invoicing solutions. These technologies offer significant potential for improving data extraction and mapping, error handling, and data validation processes. Furthermore, AI can enhance fraud management, improve reporting capabilities, automate entire invoicing processes, and even provide virtual assistant capabilities, making e-invoicing systems more intelligent, autonomous, and accessible.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this study was selected to accurately depict the vendors that are most representative of the European e-invoicing market based on the following:

- The vendor must demonstrate its software can support compliant electronic invoicing in 10 or more European countries where B2B and/or business-to-government (B2G) e-invoices are mandated.
- The software solution must be developed in-house or acquired through M&A; we are excluding solutions provided via partnerships.
- The software solution must be available as a standalone product.
- The vendor has revenue of at least \$10 million in 2023.
- The vendor has at least 100 employees.

ADVICE FOR TECHNOLOGY BUYERS

- **Start early and stay informed.** Organizations must proactively monitor upcoming regulatory changes and ensure they're well-informed about changes that could impact e-invoicing processes. Early preparation is key — begin by examining current systems to identify adjustments needed to comply with new mandates. A crucial first step is to clean and organize data, as accurate and well-structured data is the foundation for successful e-invoicing and compliance.
- **Align e-invoicing with business goals.** Clearly defining e-invoicing requirements in line with broader business objectives and regulatory mandates is essential. Alongside gaining internal stakeholder buy-in, it is imperative to assess whether there is suitable in-house expertise to manage the implementation or if external service providers are needed. Additionally, the solution must be compatible with internal security protocols and comprehensive, cross-function business blueprints should be created, detailing end users' needs and expectations. When selecting vendors, organizations should also provision sufficient time and resources to conduct a robust evaluation of all potential vendors, including a thorough analysis of a solution's ability to address the complexity of an organization's individual requirements.
- **Adopt a global strategy for e-invoicing.** For organizations operating internationally, consider consolidating e-invoicing efforts with a single partner capable of delivering a global solution. This approach can simplify compliance management across different countries by using a unified template, single dataset, and consistent user experience. If a solution for a particular country is currently unavailable, evaluate whether it is on an existing partner's road map, or a different partner will have to be considered. Ensure project teams implementing these solutions are consistent and well-coordinated across different regions to streamline the process.
- **Broaden the scope to include finance process improvement.** e-Invoicing should be viewed as part of a larger strategy for boosting process automation and efficiency. Look beyond compliance to explore opportunities for automating tax processes, invoice handling, audit readiness, and other finance workflows. Aim for touchless processes that minimize manual intervention, reduce errors, and enhance operational efficiency. Additionally, ensure the solution provides visibility into broader operations through robust reporting and analytics capabilities.

- **Ensure companywide integration and user adoption.** An e-invoicing solution should not only serve the finance function but also integrate seamlessly with the rest of the organization. To facilitate digitalization, create a unified channel for communication between business users and finance, enabling easier interaction and response management. Implement change management programs to drive user adoption, ensuring all stakeholders are comfortable and all users are proficient with the new systems.
- **Thoroughly evaluate vendors.** When selecting a vendor, challenge them with real-world scenarios to assess their capabilities. Request a demo that is not pre-prepared by the vendor to see how they perform under pressure. Additionally, consider asking for a trial period to evaluate their solutions in real-world environments. This approach helps to reveal the vendor's true capabilities and its ability to meet an organization's specific needs.
- **Ensure ongoing support and communication.** Establish a clear plan for ongoing support, both regulatory and technical, from the vendor. Regular interactions with vendors can help maintain alignment, address issues promptly, and ensure the solution continues to meet evolving needs. A consistent communication cadence is essential to ensure the long-term success and adaptability of the e-invoicing system.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and opportunities.

Pagero

After a thorough evaluation of Pagero's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2024 IDC MarketScape for European Compliant e-Invoicing solutions.

While Pagero was recently acquired (January 2024) by Thomson Reuters, this profile looks at Pagero's offerings in isolation from its new parent company. Pagero is a global business network specialist with offerings that span the finance function, procurement, and supply chain management. The vendor also offers the Pagero Network, a business network with a reach of more than 14 million businesses that enables organizations to connect and exchange business documents such as invoices, orders, transportation documents, and payment instructions.

Headquartered in Gothenburg, Sweden, Pagero has a strong global presence, with large European hubs in Spain, the U.K., the Nordics, and DACH regions as well as several markets in the Americas (e.g., Mexico, Colombia, and Chile) and Asia. The vendor also has two centers of excellence in Chile and Sweden dedicated to e-invoicing and continuous transaction controls (CTC) compliance, in addition to being

an active member of a variety of regulatory and industry bodies including the OECD, PEPPOL, GENA, and the EU's Taxation and Customs Union (TAXUD). Pagero is also a key strategic partner for other e-invoicing solution vendors that provide essential elements of these services.

The Pagero Network is at the heart of the vendor's e-invoicing offering, facilitating the exchange of B2B, B2G, and business-to-consumer (B2C) documents. While Pagero also offers cloud-based solutions with a microservice architecture, including accounts payable and accounts receivable, among others, the Pagero Network is designed to be application agnostic, enabling integration with a variety of billing and tax applications. The vendor's aim is for it not to be seen as a replacement for customers' financial applications, but rather to help organizations connect their applications to those of their customers, suppliers, banks, and tax authorities. Additionally, the vendor leverages its participation in various industry bodies, relationships with regulators, and expertise in the e-invoicing space to provide compliance advice and guidance for its customers.

Quick Facts About Pagero

- European countries covered by compliant e-invoicing for B2B (own solution/via partnership): 28/0
- European countries covered by compliant e-invoicing for B2G (own solution/via partnership): 28/0
- Hosting: Cloud
- Own e-invoicing network: Yes
- AI/generative AI: Pagero includes AI and generative AI
- Employees: 600 in Europe
- Partnerships: 110 in Europe
- Partner ecosystem: Connects to over 100 government platforms and hubs as well as other networks
- Industry focus: Industry agnostic, but with certain elements of the offering being tailored to the specific needs of industries such as healthcare, manufacturing, and public sector

Strengths

- **The network.** The Pagero Network is a huge boon for the vendor. With access to more than 14 million businesses and connectivity to over 100 other networks, hubs, and government platforms, the wide reach of the Pagero network offers considerable potential for customers regarding compliance connectivity. This connectivity is enhanced by Pagero's application-agnostic approach to its network, ensuring its broad reach is accessible to those that have not invested in Pagero's other offerings.

- **Trusted advisor.** Pagero's strong connections to industry bodies and regulators, along with its team of in-house regulatory experts, bolster its knowledge and understanding of e-invoicing regulations and mandates as they arise, putting the vendor in a very strong position in the customer's mind. By harnessing its connections and distill very complex e-invoicing and CTC mandates, the vendor can play a key role as a trusted advisor for customers and partners. Rather than relying on third parties, Pagero can disseminate accurate and accessible information to its customers, helping them stay up-to-date with existing regulations and adequately prepare for upcoming changes at a time when many customers are seeking support in this space.

Challenges

- **Implementation and integration friction.** While interoperability is a challenge for the industry as a whole, Pagero customer feedback suggests that while the vendor boasts of interconnectivity with a variety of other networks; when a user's customer is not on a supported network, integrating them into the Pagero setup can be a challenge. This is particularly the case where customers need invoices tailored to their needs rather than falling within the existing catalogue of formats and layouts that already exist within Pagero's portfolio.
- **Competitiveness.** The competitiveness of the vendor's offering in some markets, especially where local players operate, has been flagged. Pagero is well-positioned for multicountry scope and more complex needs within e-invoicing and CTC compliance. But for organizations that require a single market or low-complexity solution, Pagero may come at a higher price point to other players, including local vendors.

Consider Pagero When

Consider Pagero if you are looking for an e-invoicing compliance and automation solution that incorporates a large network reach, broad global compliance, digitalization and process automation capabilities, and through which you can tap into a robust advisor that can provide clear insights into changes in the market and is playing a role in shaping those changes.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represent the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores — and ultimately, vendor positions on the IDC MarketScape — on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

e-Invoicing compliance tools are software solutions that perform e-invoicing processes from generating and transmitting e-invoices, through invoice validation, to essential reporting while adhering to regulations set by governments (including invoice formats, protocols, authentication, and archiving). These tools often serve invoice issuers and recipients as well as offer functionalities that address a wide range of challenges related to country-level e-invoicing mandates and business efficiency.

e-Invoicing compliance tools are typically up-to-date with the latest regulations in relevant jurisdictions and offer features including automatic validation and verification of invoice data to reduce errors and inconsistencies. These tools usually integrate with an organization's accounting and/or ERP systems with the aim of streamlining and automating financial processes. Additionally, they often provide functionalities such as alerting, reporting, and analysis, enabling organizations to gain insights into their e-invoicing activities and trends.

Related Research

- *Thomson Reuters: Solid 2023 Growth, With Another Piece of the Compliance Puzzle Added With Pagero Acquisition* (IDC #EUR152148424, May 2024)
- *Pagero: Fast 2023 Growth and a Bidding War that Sees It Acquired by Thomson Reuters in Early 2024* (IDC #EUR151976924, March 2024)
- *IDC Market Glance: E-Invoicing, 4Q23* (IDC #EUR254428323, December 2023)
- *The Future of the Transaction* (IDC #EUR151427523, December 2023)
- *Mandatory e-Invoicing: Accelerating Automation in the Transaction Space* (IDC #EUR151343323, November 2023)

Synopsis

The IDC MarketScape highlights the transformative shift in the European e-invoicing market, driven by mandatory e-invoicing and e-reporting requirements. It emphasizes the critical role of choosing the right vendors for businesses to navigate this evolving landscape effectively. The report evaluates various vendors based on their capabilities and strategies to meet complex compliance demands, offering insights into the competitive landscape and advising technology buyers on early preparation and strategic alignment with business goals.

"e-Invoicing is more than a matter of compliance — it's about driving greater efficiency and innovation for future growth. As the market continues to evolve, organizations will have to be proactive in understanding regulatory changes, their impact on operations, and the merits of different vendors in this space to ensure they have the right solutions in the right markets at the right time," said Charles Aladesuru, research manager, IDC European Enterprise Applications.

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

IDC U.K.

IDC UK
5th Floor, Ealing Cross,
85 Uxbridge Road
London
W5 5TH, United Kingdom
44.208.987.7100
Twitter: @IDC
blogs.idc.com
www.idc.com

Copyright and Trademark Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, and web conference and conference event proceedings. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/about/worldwideoffices. Please contact IDC report sales at +1.508.988.7988 or www.idc.com/?modal=contact_repsales for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights.

Copyright 2024 IDC. Reproduction is forbidden unless authorized. All rights reserved.