PAGERO
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Guide

The e-invoicing transformation playbook

An exploration of winning (and losing) plays where automation and compliance collide

Dear reader,

Navigating the complexities of modern business is a formidable challenge. If you find yourself reading this report, you are likely in a role that places you at the forefront of this constant evolution in a decision-making capacity. We wanted to create this playbook to serve as a touchstone as the winds of change kick up around e-invoicing, continuous transaction controls (CTC) and finance automation. What do you need to know to take the right next steps?

The **2024 billentis report** identified the vast gap that stretches between where we are now and where we're going. Out of the 560 billion invoices circulated annually, only 125 billion of these invoices are transmitted electronically. PDF invoices continue to be common, as are paper invoices. This signals that millions of organizations are unprepared for what will soon be expected of them: the capacity to submit and receive electronic invoice data between ERP systems and government platforms, often in real-time.

The shift to automated systems and interactions is well underway across the globe. E-invoicing is now a legal requirement in over 80 countries, and more are following suit with each passing year. Europe's VAT in the Digital Age (ViDA) initiative alone will have a dramatic impact on e-invoicing adoption, with 32 million businesses currently active in the European Union (Source: European Commission, 2024).

Given the interconnectedness of the global economy, even businesses currently in unregulated markets won't have to wait long until business partners in regulated ones start inquiring about, or even demanding, e-invoicing capacity. What we're seeing now is a rapidly escalating number of businesses gathering at the starting line of a long and complex journey, and many of them unsure of how to approach the coming challenges.

At Pagero, we've partnered with over 100,000 customers across 145 countries, providing the technology to implement global e-invoicing, automate AP and AR processes and achieve e-invoicing and CTC compliance across diverse markets.

Through these collaborations, we've observed the approaches that drive success — and the missteps that lead to avoidable setbacks. In this playbook, we'll share both the winning plays and the common pitfalls, outlining the strategies and tactics that deliver the best outcomes and highlighting where businesses often go astray.

To bring these lessons to life, the chapters ahead present three fictional scenarios, each illustrating how companies respond to the dual pressures of complying with local laws and achieving organizational goals. These stories reveal the risks of treating automation and compliance as separate initiatives, contrasted with the benefits of uniting them under one cohesive strategy.

In each scenario, you'll see two diverging paths unfold: one where the company in question opts for the path of least resistance, settling for short-term fixes, and the other where they embrace a long-term vision that yields lasting rewards.

In the end, transformation is not just about change — it's about how that change unfolds at your organization. How do you break free from reactive decision-making and steer your company onto the path of long-term value?

Let's explore the winning plays that will get you there.

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The e-invoicing landscape today

E-invoicing between businesses is rapidly transforming how organizations handle transactions, compliance and digital records. But before diving into complexities, let's start with the basics: What is an e-invoice?

An e-invoice is an invoice that is generated, transmitted, received and archived in a structured digital format, such as JSON or XML, which allows it to be processed automatically. This highly efficient system-to-system transfer of data is rapidly reshaping supply chain interactions and tax collection infrastructure all over the world.

Why e-invoicing matters

On the business side, organizations that have adopted e-invoicing are realizing significant benefits in efficiency, cost savings and ease of payment processes. As stated in Ardent Partners' State of ePayables 2024, by **adopting automated invoicing processes, businesses can achieve cost reductions of 50–80% compared to traditional paper-based systems**. A return on investment from these systems is typically realized within 0.5 to 1.5 years (billentis, 2024). The speed and accuracy brought about by e-invoicing and associated automations are proving instrumental in better cash flow forecasting and greater operational efficiency across the board, making it a priority for businesses aiming to modernize and future-proof.

On the government side, e-invoicing has become essential in the drive for greater fiscal transparency and efficiency in tax collection. By using continuous transaction controls enabled by mandatory e-invoicing, governments can monitor transactions in real-time, providing the necessary evidence to enforce accurate tax reporting. Among many other benefits, this approach reduces fraud, boosts tax revenue and simplifies audit processes.

The rise of CTC models

CTCs are transforming global tax compliance by embedding regulatory checks directly into trade flows, creating a complex challenge for businesses operating across borders.

CTC models vary significantly. In some countries, e-invoices must be cleared by the government before reaching trading partners, while others simply require real-time reporting or periodic submissions. This diversity in CTC approaches means that businesses must adapt to different regulatory requirements and ensure their invoicing systems are compliant with each jurisdiction's specific rules.

Furthermore, it's not just invoices under scrutiny. Of the over 150 transaction messages businesses use, approximately 30 carry fiscal significance and may soon require digital submission to tax authorities (billentis, 2024). Depending on the market in question, there are different requirements for the timing, format and content of these submissions.

Integrating these varied reporting models into trade flows has added an enormous compliance burden particularly for multinationals, as each step in a transaction chain — from invoice issuance to final delivery — may be subject to different types of government controls. Compliance penalties loom constantly.

Harmony and disharmony

While countries draw inspiration from one another when implementing mandatory e-invoicing and CTCs, each need to implement these technologies in a way that best fits their country's digital maturity, constellation of government authorities and investment capabilities. This leads to vastly different interpretations, even among neighboring countries. Harmonization efforts, like those of the Peppol network, enable smoother cross-border transactions by setting consistent standards for e-invoicing. However, disharmonization continues to rule the day.

Sweeping regional directives like the EU's ViDA encourage harmonization yet still allow for local interpretation. As a result, companies with international operations need to navigate a complex patchwork of regulations. This fragmentation will likely evolve, but whether we see a consolidation of models or continued divergence is an open question.

Fractured digital transformation

Digital transformation offers companies new tools for automating processes and improving workflows. Yet, as organizations adopt more technologies, they often encounter gaps and overlaps between systems.

Managing multiple vendors for various functions complicates digital transformation, consuming resources that were meant to drive efficiency gains. Additionally, governments are increasingly creating their own digital portals and platforms, further expanding the technical ecosystem companies need to interface with. To illustrate, the 2024 billentis report found that:

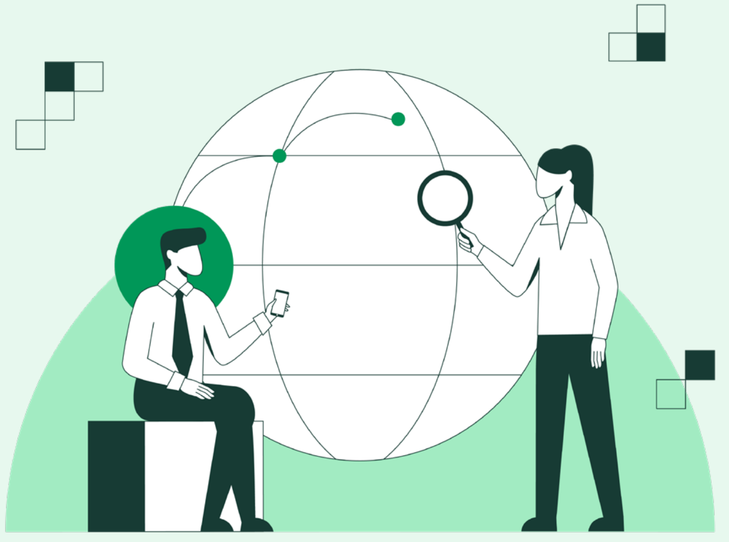
"Many multinational corporations engage with 3 to 20 distinct electronic invoicing service providers for incoming invoices. On the outgoing invoice and tax reporting front, organizations navigate between 20 to 160 different platforms, services, and portals."

The interdependencies between these systems mean that a change in one often leads to disruption others, making it difficult for companies to adapt and innovate.

Trapped behind closed networks

In today's e-invoicing landscape, the absence of interoperability between systems is a significant barrier. Much like the early days of cell phone networks where you could only call within your own network, many e-invoicing platforms operate as closed networks, requiring businesses to join specific systems to exchange invoices with their partners. Without this free flow of communication, the full potential of finance automation remains unrealized.

The tide may be turning, however, as private and public-sector advocates for openness and interoperability continue to introduce initiatives and open network solutions that break down these barriers to give trading partners direct access to one another, regardless of their systems.



What does all this mean for your business?

Our in-house automation and compliance experts can help you assess the technological configuration that can take you into the future.

Reach out to us



Three fictional transformation scenarios

SCENARIO 1

The Binational Business

How will this U.S.-based company react to the German e-invoicing mandate?

SCENARIO 2

The Multinational Scale-up

The desire to automate leads the day, but will this scale-up remember to involve compliance?

SCENARIO 3

The Global Enterprise

With international compliance demands spiralling, how will this enterprise handle all its vendors?

Each scenario diverges into **two pathways.** One where automation and compliance are understood as separate and one where they're viewed as fundamentally intertwined.

PATHWAY 1

Where **short-sighted, siloed** strategies fall short

PATHWAY 2

Where **long-term, integrated** thinking yields better outcomes

SCENARIO 1

The Binational Business

The Binational Business is a U.S.-founded corporation that supplies laboratory equipment and consumables to research labs and diagnostic clinics. Early in the their development, they acquired a German lab tech company. As a result, this U.S. company maintains extensive German operations, including a dedicated R&D department, production facilities and supplier network.

The corporation has blended some aspects of the two companies' operations, while others remain independent. For example, the accounts payable function, which is responsible for paying both German and American suppliers, is centralized at their Chicago headquarters. Meanwhile, accounts receivable is localized. German customers receive invoices from the company's German AR team.

An e-invoicing mandate in Germany looms large

Up until this point, The Binational Business had been using a mix of traditional and digital invoicing methods. The German AR department relies mostly on paper invoices for most customers, while a few have EDI — a direct ERP connection that was set up years ago.

Germany's upcoming e-invoicing mandate starts to stir discussion. While the country had long had this requirement for B2G transactions, there will soon be a mandate that applies to all businesses. The mandate stipulates that all invoices must be issued and received electronically, following specific formats and compliance standards set by the German tax authorities. The most applicable is ZUGFeRD, an e-invoice format that combines structured XML data and PDF.

With the new mandate, The Binational Business' paper-based process will no longer be compliant.

In discussions between the Head of Tax and the Head of Accounts Receivable, they realize that this change will also impact the American Accounts Payable team, who may not be prepared for it. German suppliers will soon start sending e-invoices that the AP team won't be able to process yet.

The German tax and AR teams bring this issue to the attention of the U.S. headquarters, flagging the urgency of the upcoming mandate.

Assessment & alignment

PATHWAY 1 SHORT-TERM, BARE-MINIMUM COMPLIANCE

A quick alignment meeting with leadership in the U.S. results in a decision to adopt a conservative strategy. They will opt for minimal compliance measures now and delay broader e-invoicing system changes until absolutely necessary.

In Germany, the AR team is given license to find a cost-effective solution that keeps most of their existing processes intact. They explore the idea of expanding their EDI connections to all customers but find that setting up so many individual connections would be too costly and complicated.

The outcome:
The Binational Business' leaders determine that the simplest and safest approach will simply be to send ZUGFeRD invoices over email. From what they've heard so far about the new mandate, this will be sufficient. The AP team, meanwhile, is instructed to set up an email inbox capable of receiving XML-based invoices.

PATHWAY 2 LONG-TERM, HOLISTIC AUTOMATION AND COMPLIANCE

Recognizing the challenge ahead, leadership pulls together a cross-functional team with members from the German AR department, the American AP team, IT, Tax and Finance. They start by assessing how urgent the situation is. Are they at imminent risk of non-compliance? After a thorough review, they conclude they have enough time to plan carefully — no need for quick fixes just yet.

The alignment meetings begin with big questions: Where do we want the business to be in five years? What will the e-invoicing landscape look like in Germany and beyond? They see business growth ahead in both the U.S. and Germany, with more customer contracts in the pipeline. But they realize that their current invoicing processes are inconsistent across the business and won't scale easily.

The team notes that while e-invoicing may not be required in the U.S. anytime soon — at least not for B2B transactions — it will soon be the norm in Germany and across Europe, and it's catching on in Asia too. Plus, if they want to consider B2G contracts, e-invoicing is already a must in many jurisdictions.

The outcome:
The team agrees there's no point in resisting genuine e-invoicing — it's the way forward. By adopting it now, the company can get ahead of the game and outpace American competitors. They decide to roll out e-invoicing across the entire company to simplify processes, boost security and remain compliant in all markets for the long haul.

Needs mapping

PATHWAY 1 SHORT-TERM, BARE-MINIMUM COMPLIANCE

The team starts investigating the best process for sending XML-based invoices via email. Should they download and attach them manually, or send them directly from the ERP system, if that's even possible? They bring in IT to advise.

They also need to make sure they have the correct email addresses for all their customers, so they start updating their contact list.

The outcome:
The teams' best guess is that they will be able to achieve compliance with nothing more than some small tweaks to their ERP so they decide to move forward with this strategy.

PATHWAY 2 LONG-TERM, HOLISTIC AUTOMATION AND COMPLIANCE

The cross-functional team dives into mapping exercises to assess their ERP setup and current e-invoicing processes. They find that the American and German operations use two different ERPs. Both systems are well-tuned to their specific needs and can produce e-invoices — but the only way to send invoices is by email, which the team realizes would lead to errors, security risks and other inefficiencies.

It's clear they need a different approach: an e-invoicing network. The next decision is whether to choose two local providers or one global provider. With their sights set on expanding into new markets, they opt for a global provider. On top of that, they identify three key priorities:

- Compatibility so both ERPs can receive and send e-invoices through the network.

- Format flexibility during a transition period, so they can handle paper, PDFs, XML-based documents over email and true e-invoices all at once.

- Support for onboarding American suppliers who won't have a mandate pushing them to switch to e-invoicing.

The outcome:
With these needs in mind, the team is ready to move forward to select an e-invoicing network provider.

Solution due diligence

PATHWAY 1 SHORT-TERM, BARE-MINIMUM COMPLIANCE

The IT and AR teams review their ERP system and confirm that it can generate ZUGFeRD templates and send these documents directly via email as attachments.

Meanwhile, the American AP team sets up their inbox to receive the ZUGFeRD invoices. They assume that processing XML-based invoices is as simple as handling PDFs or other common formats.

The outcome:
Both AR and AP teams are pleased with their email-based idea. They managed to find an inexpensive solution that should be relatively straightforward to handle.

PATHWAY 2 LONG-TERM, HOLISTIC AUTOMATION AND COMPLIANCE

The team assesses potential e-invoicing network vendors. As they proceed deeper into due diligence, they find they should add three more criteria:

- The network should be open as opposed to closed, so that they will be able to connect with any customer or supplier even if they use a different network or system.

- The network should have Peppol capabilities. Even though the company is focused on private sector clients for now, Peppol capabilities ensure that their invoicing processes meet European standards, which are increasingly adopted by both private and public entities.

- The network should also connect them to government platforms. The next step after mandatory e-invoicing in Germany is direct reporting, and they want to be prepared.

The outcome:
The team selects a provider that meets all the criteria and begins the integration work.

Implementation

PATHWAY 1 SHORT-TERM, BARE-MINIMUM COMPLIANCE

An email is sent to their customer list in Germany, informing them that ZUGFeRD invoices will now be delivered via email in compliance with the upcoming mandate. The first batch of invoices is sent out. The team later finds that 12 out of 20 were paid correctly and on time. Of the eight remaining invoices, four were returned by customers: two due to errors in data entry and the others because the XML-based files were corrupted. Additionally, there were complications with ZUGFeRD formatting — some customers expected a different version of ZUGFeRD than the one sent, leading to confusion and further delays. The other four invoices were caught in the recipients' spam filters, likely due to the large file size and the ERP's unfamiliar auto-generated reply address.

The rollout of the new approach continues its rocky start. AR teammembers find themselves doing significant manual work, following up on invoices and troubleshooting the causes of errors. Subsequent invoicing attempts see around 30-40% of invoices experiencing similar issues, leading to last-minute or late payments.

A more significant problem arises when customers start flagging discrepancies between the PDF version of the invoice and the embedded XML. Mismatches between the two formats create confusion about which one to follow. This is especially problematic as the XML file is the one that holds legal validity. Customers refuse to process the invoices until the team can correct the issue and more carefully validate the invoice data.

Moreover, the ERP doesn't provide a way to track whether attachments have been opened. Without visibility into whether invoices have reached the right hands, the team faces growing uncertainty about cash flow, adding to the stress of an already challenging transition.

PATHWAY 2 LONG-TERM, HOLISTIC AUTOMATION AND COMPLIANCE

Integration of both ERPs with the open e-invoicing network solution goes smoothly. Because the service has built-in data mapping protocols, little manual configuration is needed.

Pilot testing with select customers in Germany begins. Because e-invoices are so easily tracked and controlled, the team is able to collect data about accuracy, delivery and speed. The invoices are also checked against compliance requirements. So far so good.

The rest of the German customers are informed about the new preferred e-invoicing process. Because they are so far ahead of schedule relative to the coming mandate, there are a number of customers that voice they are not ready to receive e-invoices yet. For these customers, the new solution executes the delivery according to the recipients requirements, which is mailed invoices for the most part.

On the AP side, the ERP system is successfully integrated with the e-invoicing network. The team begins by informing suppliers in both the U.S. and Germany about the company's shift to e-invoicing, emphasizing the benefits of faster processing, improved accuracy and better security.

To support this transition, a dedicated onboarding project for American suppliers is launched. The project involves a step-by-step approach: suppliers are provided with clear instructions, training resources and personalized support to help them start sending e-invoices. The onboarding initiative sees positive results, with a growing number of suppliers adapting to the new system.

Result

PATHWAY 1 SHORT-TERM, BARE-MINIMUM COMPLIANCE

The U.S.-based Finance team notices inconsistent payment receipts from the German AR operations, making it challenging to manage the company's cash flow effectively. When questioned about monthly forecasts, the responses are unclear and lack detail.

During audit preparations, the tax team is taken aback by the poor documentation of invoicing errors. The AR team is required to log how issues were resolved, providing data about corrections, re-sent invoices and follow-up actions, to provide a clear audit trail. However, these processes are not standardized, leading to inconsistent record-keeping. It's also clear that Germany's GoBD rules for safely archiving e-mails are not being followed adequately.

Efforts begin to correct this, including implementing a training program to establish a uniform approach across the team. Concern looms about the day Germany will implement Direct Reporting Requirements (DRR). How will they be able to comply effectively when this process is so slow and error-prone?

At the same time, the U.S.-based AP team starts receiving ZUGFeRD invoices from German suppliers but quickly encounters data mapping issues. Although their ERP system handles PDF invoices with a degree automation, it is not fully set up to parse XML data. This forces the AP team to manually open each XML file, extract the necessary information, and enter it into the ERP, causing delays and frustration as the number of German invoices continues to stack up.

PATHWAY 2 LONG-TERM, HOLISTIC AUTOMATION AND COMPLIANCE

With automated workflows in place, invoicing processes have completely transformed. The administrative effort that used to be focused on getting invoices in and out the door has declined dramatically — now the teams just work with line items in their respective ERP systems.

Instead of getting buried in paperwork, the AP teams can now dig into spend analysis and focus on building stronger relationships with suppliers. They've reclaimed 65% of their working hours — time that's now being put toward projects that make a real impact on the efficacy of their supply chains.

On the AR side, fewer disputes and on-time payments is translating to far better cash flow and lower DSO. The AR team can spend more time on proactive credit management and engaging with customers, rather than constantly chasing down overdue payments. It's a shift that's made a real difference, both for the team and the company as a whole.

The outcome:
With the e-invoicing gears turning, The Binational Business decides to pursue further optimizations. They start working on deploying AI-driven chatbots to handle routine queries from suppliers and customers, as well as automating cross-border payments.

Aftermath

PATHWAY 1 SHORT-TERM, BARE-MINIMUM COMPLIANCE

While AR and AP are trying to get a handle on the new processes, the demand for product is growing. Four new clinics become customers and efforts are underway to onboard more suppliers. To manage the increased invoicing volumes and customer contact, more AR staff are hired.

An event transpires that requires significant crisis-handling across a number of departments. Spoofed emails were sent to three customers, one of whom unfortunately paid the fraudulent invoice. This situation requires immediate attention to prevent further damage, including notifying all affected customers, coordinating with the bank to recover the funds and implementing stricter email security measures to prevent future incidents. Some customers communicate that they are going to start refusing invoices sent over e-mail due to security concerns.

The outcome:
Given these challenges and the risk of future non-compliance with Direct Reporting Requirements, leadership realizes it's time for a better solution — one that can handle the growing number of invoices securely and smoothly. They decide to move away from using email and begin searching for an e-invoicing network provider that can offer direct ERP-to-ERP data transfer.

PATHWAY 2 LONG-TERM, HOLISTIC AUTOMATION AND COMPLIANCE

Business is booming. Four new clinics have joined the customer roster, and more suppliers are being onboarded to keep up with the rising demand. Despite the increase in invoice volumes, both the AR and AP teams are thriving, managing the growing workload with ease.

As discussions ramp up about the Direct Reporting Requirements that might take effect in Germany, The Binational Business remains confident. Their systems are fully prepared to handle the new regulations and steward seamless compliance with real-time reporting requirements.

With this solid foundation in place, the company sets its sights on new opportunities, including pursuing government contracts. The prequalification process is smooth, thanks to their ability to provide detailed proof of compliance with e-invoicing mandates and tax regulations. With every new tender, they can demonstrate their readiness to meet government standards, making them a competitive choice for these lucrative contracts.

The outcome:
A whole new horizon is opening up for The Binational Business — one where they're not just keeping up with regulatory changes but leveraging them to unlock new markets and secure their position as a trusted partner in both the private and public sectors.

What did we learn?

These pathways tell us about the need to think not just about the letter of the law, but its spirit and direction of travel too. E-invoicing mandates aim to speed up economies and they pave the way for real-time reporting. **These mandates are not just about compelling businesses to adopt a specific format — they're about embracing automation and harnessing the power of data.** A minimal compliance approach that only meets today's requirements but ignores process automation will quickly become outdated and set businesses constantly scrambling with each new regulation.

While digitalization and automation require upfront effort, they are designed to make processes smoother and more efficient in the long run. Pathway 1 sees compliance as an obstacle to be overcome quickly, while Pathway 2 views it as a catalyst for meaningful change. Pathway 1 focuses on short-term fixes, while Pathway 2 recognizes the direction global compliance is moving and gets ahead of the curve.

Winning plays

Run towards change, not away from it

Even if mandates don't apply to your business now, given the rapid rate at which new e-invoicing mandates are being published, large swaths of buyers and suppliers will no doubt be impacted. This means changes for you, too. Sending and receiving e-invoices entails a change to your systems. Best **start now so you are well ahead when a mandate lands on your doorstep** or customers and suppliers are asking you to do something specific.

If you want to go far, go together

In Pathway 2, a diverse cross-functional team comes together to understand different perspectives and align on the changes ahead. This group takes the time to assess the business's future and identify the responsibilities that will support their shared vision. Compliance mandates impact many departments — AP, AR, Tax, IT, Customer Services and more — making it essential for everyone to understand the challenges and collaborate effectively. This level of alignment might be new, so it's important to be patient. While it may feel slow initially, it will save significant time in the long run.

Make a deliberate push to onboard suppliers

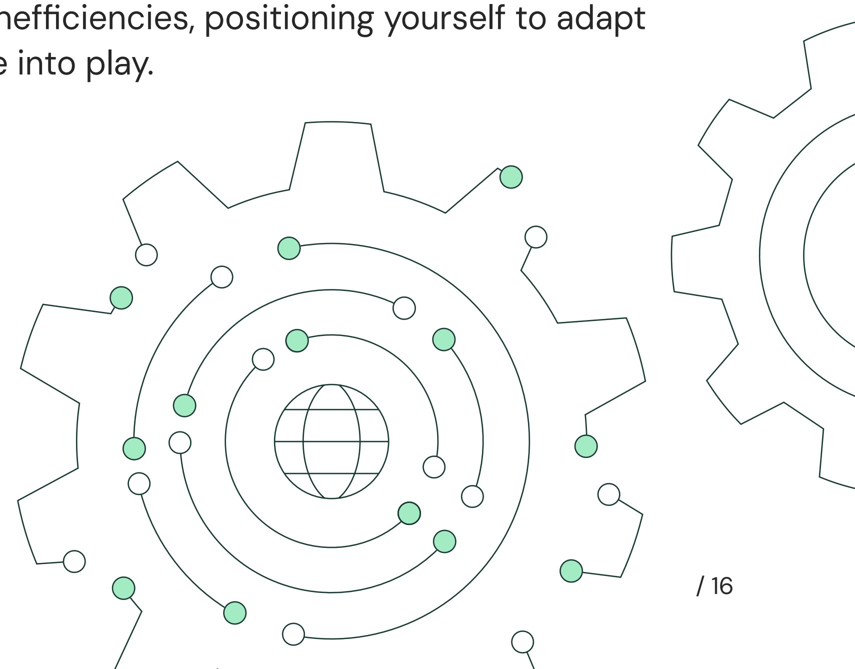
Each e-invoice lowers costs significantly compared to paper and even machine-read PDFs, which makes it beneficial to onboard as many suppliers as possible. **In markets like the U.S. where a mandate is not providing a push, a proactive outreach campaign can be an effective way to encourage suppliers to switch to e-invoicing.** In our experience at Pagero, the positive results of such campaigns often exceed expectations. Emphasizing that e-invoices are processed faster, leading to quicker payments and fewer errors, provides a strong financial incentive for suppliers to adopt the practice.

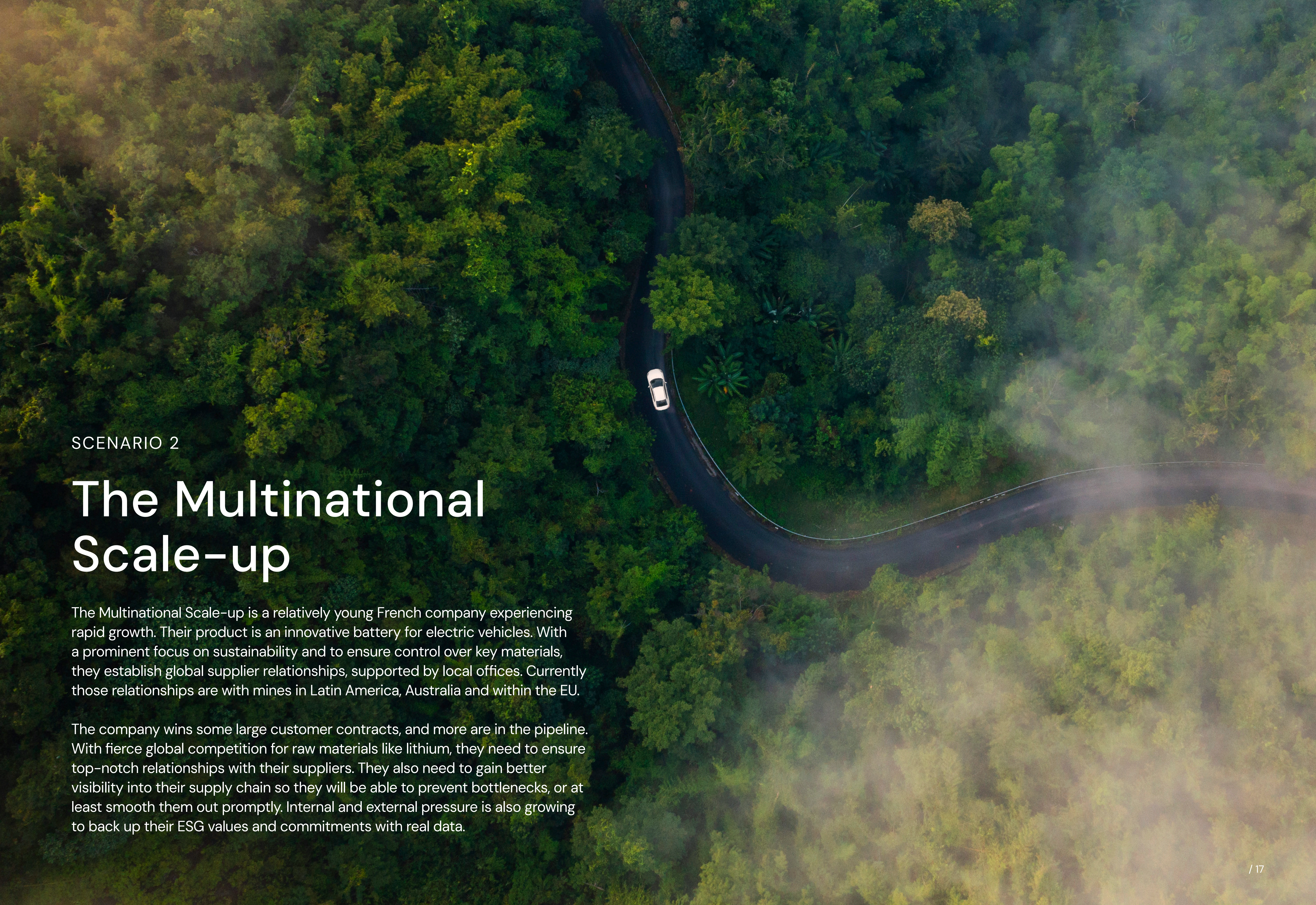
Have a plan for the messy middle of change

In pathway 2, the company took a leap ahead by switching to e-invoicing, knowing that many of their American suppliers and buyers wouldn't be ready to adopt the practice just yet. And that's okay! There are a diversity of ways to handle differing levels of digital capacity. At Pagero, for instance, incorporated a Print Distribution service for customers that want to go fully digital, but that have customers that require paper invoices. The format conversion, printing and postage happens automatically. With vendor services like this, your business can effectively navigate a drawn-out transition period without draining the gains of automation.

Prepare for future requirements by automating now

Even if compliance requirements haven't yet taken shape, it's wise to start preparing now. But how do you prepare when the details are still unclear? Loopholes and shortcuts aren't your best option. **What might seem like a quick fix today can quickly spiral into a high-effort, high-cost endeavor down the line.** Instead, focus on automating and streamlining your processes, cleaning up your data and managing it more effectively. By investing in solid, sustainable solutions now (that cover both automation and compliance needs), you'll avoid future headaches and inefficiencies, positioning yourself to adapt quickly when new regulations come into play.





SCENARIO 2

The Multinational Scale-up

The Multinational Scale-up is a relatively young French company experiencing rapid growth. Their product is an innovative battery for electric vehicles. With a prominent focus on sustainability and to ensure control over key materials, they establish global supplier relationships, supported by local offices. Currently those relationships are with mines in Latin America, Australia and within the EU.

The company wins some large customer contracts, and more are in the pipeline. With fierce global competition for raw materials like lithium, they need to ensure top-notch relationships with their suppliers. They also need to gain better visibility into their supply chain so they will be able to prevent bottlenecks, or at least smooth them out promptly. Internal and external pressure is also growing to back up their ESG values and commitments with real data.

A need for scale is a need for automation

The Multinational Scale-up needs to reach the next level of growth quickly and they hope to do it smoothly, and without adding excessive headcount. Leadership determines they need to fully digitalize, automate and optimize their accounts payable processes.

Leadership designates the leader for this project, the Head of Accounts Payable. This person is given leadership's parameters for the project, which is to improve cash flow visibility, streamline vendor management and collect data from invoices for ESG reporting. Leadership is willing to invest in a robust AP automation solution, and want to see a sizeable reduction in manual entry and cost per invoice.

SCENARIO 2

Assessment & alignment

PATHWAY 1 AUTOMATION IS PURSUED IN ISOLATION

The Head of AP starts by outlining clear goals for the automation project. A key objective is to develop dashboards that offer real-time insights into invoice processing times, pending approvals and cash flow, supporting leadership's emphasis on improved visibility and control.

PATHWAY 2 AUTOMATION AND COMPLIANCE ARE A JOINT INITIATIVE

The Head of AP begins with a fact-finding mission to assess the current state of their AP processes. This involves discussions with team members who interact directly with suppliers, as well as consultations with a sample of suppliers' AR departments, to explore opportunities for process improvements that benefit all parties.

Conversations with suppliers in Latin America reveal the importance of e-invoicing mandates and government reporting in their operations, highlighting how compliance is integral to AR processes in that region.

Further research indicates that this will soon become a pressing concern for The Multinational Scale-up as well, with the upcoming B2B e-invoicing mandate in France. Under the new requirements, they will need to ensure that both domestic and cross-border invoices are submitted through a certified PDP, which will handle the transmission to the French government's Portail Public de Facturation (PPF).

Needs mapping

PATHWAY 1 AUTOMATION IS PURSUED IN ISOLATION

A team is gathered for the project, consisting of AP and IT representatives, to map needs for the vendor selection, which are the following:

- A solution with a global profile that can streamline and automate global payments
- Dashboard that enables future cash planning
- Enablement of a higher rate of e-invoicing

PATHWAY 2 AUTOMATION AND COMPLIANCE ARE A JOINT INITIATIVE

A cross-functional team consisting of AP, AR, IT and Tax representatives is brought together. Through conversation it becomes clear that the company needs not only an automation roadmap, but a compliance one too. The two are not just parallel, they are fundamentally intertwined. A consultancy firm is brought in to provide more information about how to fully meet compliance requirements without sacrifcing automation.

Informed by the consultants' input, following needs and goals are established:

- A solution with a global profile that can streamline and automate global payments
- Dashboard that enables future cash planning
- Enablement of a higher rate of e-invoicing
- Built-in compliance support, such as format conversion and connection to government platforms, that can scale globally

Solution due diligence

PATHWAY 1 AUTOMATION IS PURSUED IN ISOLATION

After assessing a number of different automation solution providers, the team narrows it down to one with an innovative profile that checks every box they have for AP automation. They determine it will work well for their suppliers, with an easily accessible vendor portal.

Implementation goes smoothly.

PATHWAY 2 AUTOMATION AND COMPLIANCE ARE A JOINT INITIATIVECOMPONENT

Automation solutions are evaluated based on their capabilities for both automation and compliance, with a focus on identifying providers that are certified PDPs (Plateforme de Dématérialisation Partenaire) — third-party service providers authorized by the French government to handle the electronic processing and transmission of invoices. A critical requirement is that the solution can convert invoices from the format received into the format their new AP process requires. In the case of international invoices, these need to be converted into the format required by the French authorities.

Further research leads them to rule out a strategy where each invoice is directly converted from its original format to the required format due to the potential challenges: 1) the diversity of their supply chain means they will continue to receive invoices in a wide variety of formats, and 2) French formatting standards are expected to evolve over time. Managing these changes to invoice templates would be resource-intensive and pose significant risks. As a result, they focus on providers that offer a 2-step format conversion, ensuring a more streamlined and reliable process.

Discussions about the future reveal that e-invoicing mandates are likely to arise in various other countries. A country-by-country approach to compliance would create a never-ending burden for the team. Therefore, they seek a solution that can connect them to government platforms worldwide, both now and as new mandates emerge. Ultimately, they find a solution that meets all their key needs for AP automation and global compliance, ensuring they are prepared for current and future regulatory landscapes.

Implementation goes smoothly.

Result

PATHWAY 1 AUTOMATION IS PURSUED IN ISOLATION

They begin to see the benefits of automation and are happy with the reduction in manual labor and better cash forecasting.

However, the tax department soon raises concerns about the upcoming French B2B e-invoicing mandate. The team learns that their current solution provider is not a certified PDP. With the France's shift to the 5-Corner model, they can no longer rely on direct connections to the PPF. Instead, they must work with a certified PDP to manage the distribution of both cross-border and domestic invoices.

The team faces two options: they could either engage in a manual process, where the AP team downloads invoices and uploads them manually to a certified PDP, or they could integrate their existing solution with a PDP through an automated bolt-on connection. The manual route, though initially cheaper, would introduce significant labor demands, potential for errors, and ongoing compliance risks.

The outcome:
Switching to a new AP automation solution with built-in PDP capabilities is off the table due to the substantial investments already made in their current setup. The sunk costs are just too great. After analyzing the manual upload option, they conclude that the long-term costs from labor, error correction, potential penalties and inefficiencies would far outweigh the benefits. As a result, they decide to pursue a bolt-on solution to comply in France, preserving their gains in automation while ensuring compliance with the new mandate.

PATHWAY 2 AUTOMATION AND COMPLIANCE ARE A JOINT INITIATIVE

They begin to see the benefits of automation and are happy with the reduction in manual labor and better cash forecasting.

Testing yields that their PDP automation solution is correctly remitting invoice data to the French authorities.

The outcome:
With the fundamentals in place, the team can start using the data they are collecting as a result of across-the-board digitalization. This includes the wealth of new ESG data, as they are now able to automatically collect invoice data that details products and services purchased, method of transport and supplier environmental certifications. They are now more reliably able to calculate their carbon footprint.

PATHWAY 1 AUTOMATION IS PURSUED IN ISOLATION

They enlist the services of a certified PDP. Early in the process, questions arise about the PDP's ability to manage data flows. While the PDP is responsible for ensuring compliance with French invoice formats, they must also facilitate the splitting of data into different systems. This means converting invoices into the mandated format for the French authorities while maintaining a version in the company's preferred format for internal use. The conversion process, however, comes at a higher price, nearly doubling the anticipated costs.

The company's trading partners become frustrated with the new process, as they now need to send invoices twice — once through the PDP for compliance purposes and another directly for commercial transactions. As integration progresses, further complications arise. The PDP's role includes patching the invoices for submission to the Portail Public de Facturation (PPF) and sending back updates on their status. But in doing so, the company realizes it's losing much of the automation it had built for AP processing. The value of their automation solution diminishes, particularly in the French market, where the PDP is taking over critical parts of the process.

Testing reveals issues with aligning the ERP, automation system and the PDP, requiring extensive troubleshooting. The different service level agreements between the automation solution and the PDP make coordination difficult and time-consuming.

The outcome:
The delays in achieving a stable setup push back their ESG reporting rollout. As similar mandates arise in other countries, the company struggles to adapt quickly enough, leaving them vulnerable to costly compliance penalties.

PATHWAY 2 AUTOMATION AND COMPLIANCE ARE A JOINT INITIATIVE

Accurate data flowing into their systems allows them to do more sophisticated cost-benefit analyses of their choice of vendors and their purchasing strategy. They are able to optimize contracts with suppliers with good sustainability practices, cutting costs while raising their ESG profile.

This helps them demonstrate that they are at the forefront of their industry when it comes to social environmental responsibility, and forms the basis of a successful PR campaign that results in a favorable investment round.

A while later, The Multinational Scale-up acquires a Japanese company specializing in next-generation battery technology. Given Japan's new Qualified Invoice System for consumption tax (JCT), compliance became a significant part of the acquisition discussions. The system requires businesses to issue and retain qualified invoices to claim input tax credits.

Thanks to the flexibility of their compliant automation solution, the Japanese company was able to keep its existing ERP while ensuring that all qualified invoices met the requirements for JCT credits.

The outcome:
The solution automatically formatted invoices in compliance with Japan's standards, facilitating smooth integration with no disruptions to the supply chain, even as AP responsibilities transitioned to the French team. The Multinational Scale-up is pleased to find that it can shift into new markets without exorbitant start-up costs related to local compliance — their journey of rapid scale can continue unhindered.

What did we learn?

This story is a powerful reminder that automation and compliance must go hand in hand. Rushing into automation might bring speed and efficiency, but it can create a serious bottleneck when compliance demands come into play. Adding bolt-on solutions as a quick fix often introduces more complexity than expected, creating layers of processes and systems that can quickly become overwhelming. This is why automation solutions should be evaluated not just for their efficiency but for their ability to scale compliance seamlessly as regulations change.

It's also a story of sunk costs — something many businesses face today as they enter new markets. After investing significant time and resources into an automation solution, it's understandable that the Multinational Scale-up was reluctant to abandon it. Instead, they try to patch things up with workarounds. This approach adds further complexity and cost. Each new patch adds complexity, gradually eroding the efficiency gains that automation initially promised. **The reality is that compliance and automation are not separate endeavors; they're intertwined. Embracing this reality might mean making tough changes upfront, but it prevents even greater costs down the road.**

If the investment in your current automation solution is significant, recognize that clinging to it without addressing compliance properly can end up sinking even more resources. Sometimes, taking the time to adapt to a more comprehensive solution isn't just about staying compliant — it's about future-proofing your business for long-term success.

Winning plays

Discover needs by casting a wide net

Whenever you start a process that involves vendor selection and a significant change to processes, it's wise to start with fact-finding mission. Cast a wide net and talk to a very range of people. In Pathway 2, it was conversations with Latin American suppliers that sparked investigation into European invoicing mandates. Fact-finding is a good way of uncovering lesser-known connections between different parts of your business so you can better estimate the nature of the impact change will have.

Make sure your compliance strategy can scale

The Multinational Scale-up was correct in using automation as a tool to support scale. It's just that compliance scalability needs to be figured in simultaneously. The more countries you expand into, the more complexities you'll encounter. A single solution that can support any number of transactions across any number of countries, and furthermore, that supports any level of compliance complexity, is the very definition of scale.

Leverage data as a competitive advantage

An invoice isn't merely a payment document; it's a rich data source for a business. When fully digitalized and exchanged automatically, this data can reveal valuable insights into a company's operations — what materials are bought and sold, how goods are transported, and more. Such information forms a foundation for ESG reporting, whether mandated or pursued voluntarily for its positive impact. Clean, structured data flowing consistently enables not only efficient reporting but also strategic analysis, such as consolidating sales or purchasing patterns to negotiate better deals and optimize operations.

Avoid lock-in with dynamic format handling

Document format handling is crucial for both automation and compliance. Accurate format conversion ensures smooth processing and minimizes errors, while proper format handling meets regulatory requirements, reducing non-compliance risks. At Pagero, we developed a dynamic 2-step internal format for scalable document processing. Think of it like a universal power adapter that works in any country, ensuring your device gets the right power. In contrast, direct 1:1 format conversions are like carrying multiple adapters for different plugs. We recommend including dynamic, 2-step internal format as a criterion in vendor assessments due to its significant impact.

Free your staff for high-impact work

Compliant invoice automation that integrates well with your existing systems is a good way to add brainpower to your organization without adding headcount. In pathway 1, the team is preoccupied with troubleshooting. This takes their attention away from everything they could have already moved on to in pathway 2 — data analysis, advanced calculations, cost-benefit analyses, relationships with suppliers, optimization of purchasing strategies, absorbtion of new business entities and so on. When cashflow operations are fully automated and compliant with the regulations of each country, your staff is liberated to start moving up the value chain and focus on more strategic initiatives.

SCENARIO 3

The Global Enterprise

The Global Enterprise, a large multinational based in the Nordics, leads in Internet-of-Things (IoT) solutions, creating software and hardware systems for essential services in both public and private sectors, including hospitals and airports. They operate in the Nordics, United Kingdom, France, Germany and Italy, with recent expansion into Asia, particularly in Singapore and Malaysia.

Engaged in public procurement and operating in highly regulated sectors like healthcare, aviation and manufacturing, The Global Enterprise needs to take compliance seriously. To navigate the complex regulatory requirements in each market, they work closely with in-country consultants and technology vendors to remain compliant with e-invoicing and tax mandates, as well as regulations around KYC, ethical supply chains and data protection. No level of complexity justifies overlooking compliance — The Global Enterprise is firmly committed to meeting stringent standards across all operations worldwide.

A deluge of compliance requirements

As new regulations roll out across their many markets — such as new continuous transaction controls, ESG reporting mandates and other sector-specific legislation — their compliance strategy is feeling the strain.

Relying on an expanding network of local providers is increasingly costly and cumbersome. In Italy, for example, new hospital contracts require connecting to the national Italian e-invoicing platform, Sistema di Intercambio, meaning another local compliance technology provider must be onboarded. Similar B2B e-invoicing requirements are emerging in Malaysia, France and Germany, putting additional pressure on an already stretched central compliance team.

Assessment & alignment

PATHWAY 1 INCREASE MANPOWER TO MANAGE COMPLIANCE

The central compliance team meets to discuss the mounting challenges. They anticipate a heavy manual workload to keep up with evolving standards globally, on all fronts.

To manage this, they decide that additional manpower is essential and conclude to hire more staff to handle the growing demands and complexities that comes with onboarding more local vendors.

PATHWAY 2 INCREASE AUTOMATION TO MANAGE COMPLIANCE

Recognizing the unsustainability of their unweildy vendor setup, the central compliance team meets to assess their current shortcomings. They realize that while adding more staff is tempting, new hires would struggle to quickly navigate the fragmented systems, delaying any real impact.

Conversations with AP and AR teams reveal further challenges, highlighting systemic data silos caused by reliance on numerous local vendors and uncoordinated internal systems. The Chief Compliance Officer (CCO) drafts a comprehensive report detailing these issues and the need for a strategic shift, which is brought to the CTO.

Needs mapping

PATHWAY 1 INCREASE MANPOWER TO MANAGE COMPLIANCE

To support this manual approach, the CCO identifies specific job roles and their responsibilities needed to better manage compliance:

Compliance officers (multiple regions): Monitor and ensure compliance with local regulations across different markets. Conduct manual audits of electronic dispatch advices, e-invoices and e-orders to verify they meet local requirements.

Logistics coordinators: Input data manually into various systems and reconcile logistics records with finance and compliance requirements.

AP (Accounts Payable) specialists: Resolve discrepancies between received goods and invoicing data by coordinating with suppliers and logistics teams.

AR (Accounts Receivable) specialists: Generate and manage invoices based on manually reconciled shipping and dispatch data.

Procurement managers: Ensure that local vendor systems are functioning correctly and to manage the complexities of multiple vendor interactions, including the onboarding of new vendors.

IT integrations specialists: Develop and maintain workarounds, middleware and APIs to enable data flow between disparate systems used across different markets.

The outcome:
Securing approval and onboarding for all these roles quickly would provide substantial relief to their workload. But given the number of hires and the experience levels required, the team harbors doubts.

PATHWAY 2 INCREASE AUTOMATION TO MANAGE COMPLIANCE

The CTO of the Global Enterprise initiates a deep evaluation of the company's tech stack and the many local vendors supporting operations worldwide. Consultations with the CCO reveal the challenges of fragmented systems and manual workarounds that are slowing them down. The verdict is clear: a unified, technology-driven solution is essential.

In response, the Global Enterprise forms a cross-functional team to explore providers that could streamline compliance across their B2B and B2G operations. After a detailed assessment, they decide to replace their local e-invoicing compliance vendors with a single global provider. This provider will handle compliance across all markets, integrating with both AR and AP functions and adapting flexibly to shifting regulations.

The outcome:
Importantly, this technology provider will need to cover a range of needs. This spans markets like the UK, which lack an e-invoicing mandate but that still require invoices to meet local tax and commercial rules, to countries with advanced continuous transaction control requirements.

PATHWAY 1 INCREASE MANPOWER TO MANAGE COMPLIANCE

The team conducts a thorough due diligence process, estimating direct costs for additional hires, including salaries, benefits, training and management. They analyze workflows, assess how much manual intervention will be needed, and establish KPIs to gauge efficiency.

They also sketch out the estimated costs for new local compliance vendors or expanded vendor contracts in countries where they're not covered. The numbers here are hazy. They won't have exact numbers until contracts are actually signed, and for that, they desperately need more staff to handle relationships and project management.

The outcome:
Recruiting skilled staff in time is challenging. Finding specialized roles, like compliance officers and IT integration specialists, proves difficult and costly. But with no other option, they proceed. Management, however, approves only half the requested hires.

PATHWAY 2 INCREASE AUTOMATION TO MANAGE COMPLIANCE

Following a rigorous RFP process, the Global Enterprise selects a partner offering a unified, cloud-based compliance solution that seamlessly integrates with their existing AR and AP systems.

The solution enables real-time data synchronization across logistics, finance and tax compliance functions, eliminating the silos that previously caused inefficiencies and errors. It also provides built-in regional compliance updates, allowing for centralized standards with local adaptability.

However, there's some pushback. The CFO raises concerns about the upfront financial impact of implementing the new solution. In response, the cross-functional team prepares an ROI assessment, comparing the costs of the new solution to the ongoing expense of managing multiple local vendors, onboarding new ones and expanding staff to keep pace.

The outcome:
The assessment is clear: investing in a centralized, automation-capable solution is far more financially sustainable. Moreover, the platform's scalability will allow the company to enter new markets and adapt to regulatory changes without significant increases in operational costs or staffing.

Implementation

PATHWAY 1 INCREASE MANPOWER TO MANAGE COMPLIANCE

The hiring process drags on as they struggle to find qualified candidates, resulting in prolonged cycles and compromises on skill. Gradually, new staff are onboarded, but the burden of training falls on already overwhelmed compliance and logistics teams, leading to inefficiencies and frustration. Incomplete training leaves recruits struggling to keep up.

Meanwhile, compliance managers coordinate with vendors for upcoming B2B e-invoicing updates in France, Germany, Singapore and Malaysia.

The outcome:
Each local vendor has unique requirements for integrations and data transfer, making system integration a slow, complex process involving extensive back-and-forth.

PATHWAY 2 INCREASE AUTOMATION TO MANAGE COMPLIANCE

For the Global Enterprise, migrating from a patchwork of local vendors to a single global compliance vendor begins with a detailed assessment of existing processes across regions. First, they map and cleanse data from various sources to eliminate inconsistencies from years of manual handling. System configuration follows, ensuring that each market's unique compliance requirements, such as tax reporting and those created by e-invoicing mandates, are met.

Key integrations with their AR and AP functions streamline the flow of data and documents, while establishing direct connections to government platforms ensures real-time regulatory alignment. The chosen vendor plays a critical role here, taking on the responsibility of remitting information to local authorities as required and maintaining compliance with each jurisdiction's protocols.

The outcome:
After successful pilot testing in select markets, the platform is rolled out in stages, supported by a robust training program that helps staff transition to automated workflows.

Result

PATHWAY 1 INCREASE MANPOWER TO MANAGE COMPLIANCE

Compliance managers find themselves continually troubleshooting issues, dedicating more time to fixing errors than proactively managing compliance. The ad-hoc nature of the process makes it difficult to maintain consistent standards, and the reliance on manual checks increases the risk of regulatory penalties.

Adding new local vendors to meet each country's tax mandates has created data silos, which pose risks not only to operational efficiency but also to data security and privacy compliance. In regulated sectors, secure data storage and clear access controls are crucial — and The Global Enterprise's fragmented compliance management approach complicates these protections.

The outcome:
The cost of the new hires plus the monthly fees of local vendors around the world has turned compliance into a huge cost center. With compliance requirements continuing to grow in scope and complexity, there seems to be no end to the expense.

PATHWAY 2 INCREASE AUTOMATION TO MANAGE COMPLIANCE

With the new system fully operational, the Global Enterprise achieves a unified compliance framework that adapts across all markets and the diverse requirements of highly regulated sectors. The automated workflows not only reduce the risk of human error but also help reinforce compliance with requirements concerning Know Your Customer (KYC), ethical sourcing and data privacy.

Connections to government platforms via the new global vendor enable real-time submission of required documentation, keeping The Global Enterprise aligned with e-invoicing mandates and CTCs as they evolve globally — without extra effort on their end.

The outcome:
The platform's automation capabilities streamline reporting processes and eliminate the need for local workarounds, providing the control and accuracy necessary to meet stringent standards. Additionally, vendor support ensures that the system remains updated in response to regulatory changes, allowing the Global Enterprise to focus on growth without compromising compliance.

PATHWAY 1 INCREASE MANPOWER TO MANAGE COMPLIANCE

Markets that they thought they had covered are showing cracks, and now are subject to re-evaluation. For instance in France, their local provider, which has long managed the compliance for their French operations, struggles to keep up with the new B2B e-invoicing requirements. The mandate requires integration with the French government's e-invoicing platform, but the provider lacks a two-step format conversion system that would simplify data flow and ensure compatibility with the Global Enterprise's own platforms. This integration work is piled on top of the compliance team's other projects.

Even with all the resources dedicated, the compliance team — as well as upper management — continues to have concerns that they don't have all their bases covered right now, and certainly not in the future. They can't seem to emerge from their reactive, fire-fighting mode, which they know can easily result in gaps in oversight, as well as failure to plan adequately. At the end of the day, the penalties for non-compliance will come down to their company, not their vendors.

The outcome:
With no sign of relief and further staff increases unlikely to solve the issue, there are growing internal discussions about whether this strategy is truly sustainable.

PATHWAY 2 INCREASE AUTOMATION TO MANAGE COMPLIANCE

The platform's ability to manage compliance across multiple regions allows the company to confidently enter new markets, including further expansion into Asia and other European countries, without the fear of operational disruption. The system's scalability supports increased transaction volumes, while real-time analytics providing insights that inform supply chain decisions.

Their enhanced operational capabilities not only strengthen their relationships with existing clients, including major government agencies, but also opened doors to new contracts in industries with rigorous compliance standards.

The outcome:
The company's ability to seamlessly integrate into a wide range regulatory environments positions them as a reliable partner across diverse sectors, paving the way for continued growth and a stronger competitive presence on the global stage.

What did we learn?

Nothing erodes automation quite like silos. When compliance is managed in isolated systems, companies need to contend with varying data formats, inconsistent workflows and manual interventions for each jurisdiction. This fragmented approach disrupts end-to-end automation, requiring constant oversight to identify and resolve discrepancies and diluting the benefits of streamlined processes.

Additionally, siloed compliance introduces heightened risks, from data security vulnerabilities to privacy issues, as different teams manage sensitive information independently, without unified controls. These silos not only add complexity and cost but also increase exposure to regulatory risks tied to data protection, ESG and access management — factors that go beyond traditional tax or IT oversight and require a holistic compliance approach.

A country-by-country compliance strategy can limit the future of automation, too. A fragmented system has limited adaptability, making it difficult to implement changes across the organization and scale effectively. As a result, companies can miss opportunities to automate new areas of their business, which slows down digital transformation and innovation.

Reflecting on both pathways, it's clear that the choice between local and centralized compliance has a profound impact on operational efficiency, cost and scalability. Pathway 1, while initially seeming to address local needs, ultimately led to a high-cost, high-complexity model with limited adaptability. Pathway 2, however, showed that centralization not only streamlines compliance management but also creates a stable foundation for sustainable automation and digital transformation. For large organizations operating across multiple jurisdictions, a centralized approach stands out as the more resilient, cost-effective strategy for long-term compliance success.

Winning plays

Consolidate your vendor strategy

By replacing numerous local vendors with a singular global provider, you can dramatically streamline operations and focus internal resources on strategic tasks instead. This approach leads to improved efficiency, cost savings through economies of scale and more consistent compliance across regions. Additionally, **consolidation provides enhanced visibility** thanks to centralized reporting and analytics, while reducing training and integration efforts.

Centralize data to improve resilience

The decentralized setup that comes with numerous international vendors is not just inefficient, but can be risky too. **Maintaining a wide range of custom integrations can lead to brittle connections prone to failure.** This is particularly problematic in compliance processes, where timely, accurate data submission is critical. A centralized approach with fewer integrations reduces points of failure, enhances data consistency and improves overall reliability. This not only minimizes compliance risks but also simplifies troubleshooting and updates.

Do an ROI analysis to aid decision-making

Particularly in an enterprise context where many stakeholders are involved and changes have a far-reaching impact, drawing up an ROI assessment is crucial. Not only does it provide a clear financial picture, but it also helps build organizational support by aligning everyone around a data-driven strategy. An ROI assessment ensures you have a well-defined approach and reveals the elements your strategy must include. Here are the basic steps for conducting an ROI assessment for a new vendor:

1. **Identify costs:** Gather all upfront and ongoing costs (e.g., implementation, subscription fees, training and support).
2. **Estimate benefits:** Quantify potential savings or revenue increases (e.g., improved efficiency, reduced labor costs, compliance savings).
3. **Calculate net gain:** Subtract total costs from expected benefits over a set time frame (e.g., annually).
4. **Determine payback period:** Calculate how long it will take to recoup the initial investment.
5. **Analyze risks:** Assess potential risks that could affect the ROI, such as vendor reliability or market changes.
6. **Compare alternatives:** Evaluate ROI versus other solutions or continuing with current vendors.

Foster an environment where feedback flows freely

Open conversations and clear communication are key. Pathway 2 succeeded because departments communicated openly with upper management, voicing concerns and opportunities. In turn, leadership listened, took the input seriously, and shifted to proactive, forward-thinking strategies. This collaboration highlights the importance of upward communication, allowing the entire organization to stay aligned and responsive to emerging challenges and opportunities.

Embrace strategic innovation over legacy systems

Avoid reflexively doubling down on an existing strategy just because it took time and effort to build. The Global Enterprise's network of local providers took years to assemble, and while their compliance setup technically worked, it caused significant stress for the team. In Pathway 1, they stick with the status quo, failing to question whether their setup is still the best option. In Pathway 2, they aren't afraid to propose a bold new direction, even if it means scrapping a system that took years to create. This openness to change allows them to embrace more efficient, forward-thinking solutions.

Summary

Purchase-to-pay (P2P) and order-to-cash (O2C) processes were historically largely separate from compliance processes. These were seen as operational workflows dealing with procurement, payment, sales and receivables, while compliance was typically handled by tax and legal teams. Manual compilation and oversight were standard to ensure adherence to tax regulations, invoice requirements and other legal obligations. Now, the lines between the two are blurring.

Compliance is steadily being integrated into all aspects of P2P and O2C workflows. As governments introduce mandatory real-time reporting obligations and continuous transaction controls, compliance must be embedded into every stage of these processes. Countries such as Italy, Mexico and Brazil now require businesses to submit e-invoices for tax approval in real time before goods are shipped or services are delivered. **Delays in compliance translate to delays in business transactions themselves.**

Automation is a vital tool for navigating today's complex regulatory environment, but it must be compliant automation to truly be effective. With the ever-evolving landscape of tax laws, e-invoicing mandates and data reporting requirements, businesses face constant pressure to ensure their processes align with the latest standards in every country. Relying on manual processes can lead to human errors like incorrect data entry, missed deadlines or misinterpretation of regulations — mistakes that can result in costly fines, audits and reputational damage.

While it might be tempting to automate without ensuring compliance, or to comply without leveraging automation, such shortcuts can lead to significant delays. Why? Non-automated systems can't keep up with real-time demands. As a result, the search for compliant automation technology providers that can connect to government infrastructures is well and truly on around the world.

The future of business operations lies at the intersection of compliance and automation — two forces that can no longer be treated as separate. Forward-thinking organizations are already embracing solutions that integrate both elements, ensuring their processes are not just faster and more efficient, but also inherently compliant with evolving global regulations. By implementing the right technology, businesses can transform what was once a complex challenge into a competitive advantage, positioning themselves to thrive in an increasingly connected and regulated global marketplace. The question is no longer whether to pursue compliant automation, but rather how quickly you can adapt your organization to this opportunity-rich new reality.

Recommendations

Our **top 5 tips** for your e-invoicing transformation

Start smart — automate before you're forced to

Don't wait for government mandates to provide the push to automate. By digitalizing and automating your processes now, you ensure that your business is ready whenever new regulations come into play. Even if these mandates are years away, the efficiencies you gain through automation will start delivering value immediately. Faster processing times, reduced human error and streamlined workflows will put your company in a stronger position, giving you a competitive edge. Additionally, when mandates do arrive, your business will already be ahead of the curve, prepared to comply seamlessly while others scramble to catch up. Taking action early positions your business for growth and sustainability, regardless of when compliance deadlines roll out.

Go together — assemble and upskill a cross-sectional team

Start your change projects with the buy-in and participation of a wide range of stakeholders, as automation and compliance touch nearly every facet of your business. Whether it's your finance, legal, IT or operations teams, getting everyone aligned is critical for long-term success. Collective effort not only ensures smoother implementation but also helps the solution grow alongside your business, making it easier to adapt as new regulations or business needs arise.

Unify — choose a single vendor that can take you into the future

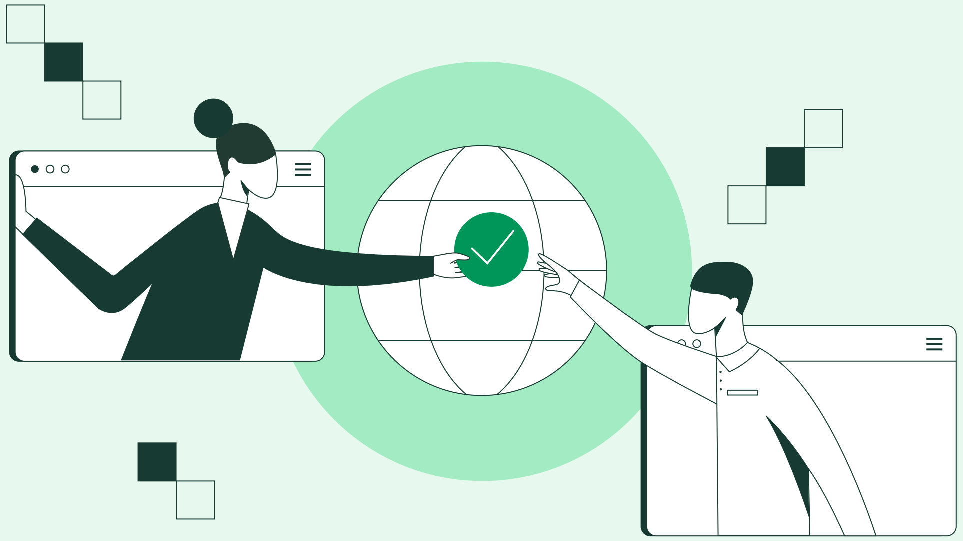
Consolidating processes with a single vendor is a powerful way to streamline your operations and reduce complexity. By managing everything through one trusted partner, you create a unified workflow that not only cuts down on manual effort but also minimizes risks associated with juggling multiple platforms and providers. A single vendor can offer consistent support, up-to-date compliance and integrated solutions that scale as you grow. Consolidation means clearer visibility, more reliable data and a simpler path to meeting regulatory requirements — ultimately freeing your team to focus on strategic priorities rather than managing scattered systems.

Hold firm to your new standards — automate exception handling

The international e-invoicing landscape is still fragmented, meaning you'll deal with a wide range of digital maturity levels across different regions. Don't let this complexity hold you back or eat into the gains of your newly automated processes. Instead, focus on automating exception handling as much as possible. If your trading partners still send or require PDFs or paper invoices, integrate these exceptions into your new system as automated services that your team doesn't need to handle.

Plan for growth — prioritize scalability

When you adopt scalable systems, you're laying the groundwork for long-term sustainability. This includes technologies that can handle increased transaction volumes, new product lines and growing customer bases without requiring major overhauls. Automating manual processes and preparing for international growth with scalable compliance solutions ensures that as your business grows, your operational complexity doesn't spiral out of control.



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Trusted compliance and automation technology

Book a demo

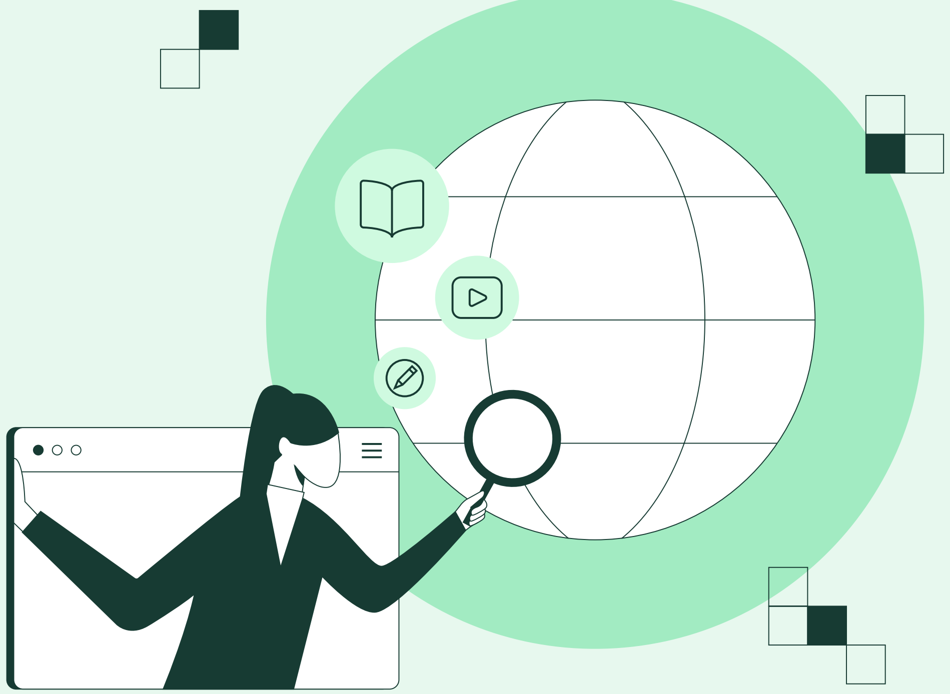
With comprehensive, compliant automation solutions for e-invoicing, accounts receivable and accounts payable, Pagero (Part of Thomson Reuters) simplifies compliance across borders, no matter where you do business today or tomorrow.

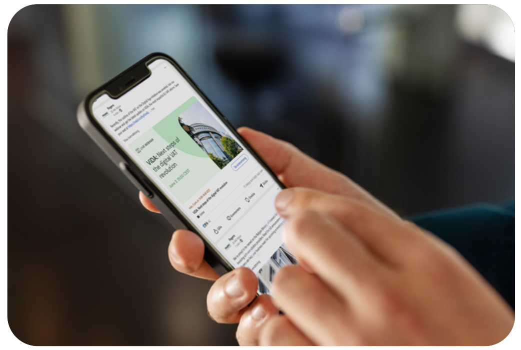
Our uniquely open network connects you directly with trading partners and government platforms worldwide, ensuring every transaction meets regulatory standards. From pre-validation and data verification to secure e-archiving, Pagero's technology transforms compliance into a streamlined, built-in component of your daily business processes.

THAT'S JUST THE BEGINNING!

Keep learning

Pagero's in-depth webinars, newsletters and guides will help you stay current with an international regulatory landscape that never sleeps.





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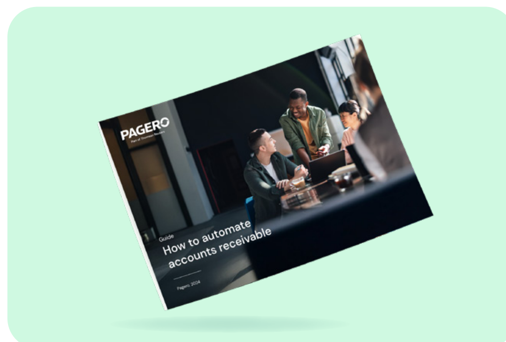

Accounts receivable

AR has evolved from a silent business function into a strategic powerhouse. Learn how automation is re-shaping receivables entirely.

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E-invoicing compliance

Need help facing the tidal wave of e-invoicing and CTC mandates? Our comprehensive guide provides the keys to thriving in this new era.

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WHY CHOOSE PAGERO?

Six factors that make all the difference

Scalability through openness

Pagero offers seamless integration with any ERP, tax technology or financial system, allowing your business to adapt quickly without disrupting normal operations. Flexible infrastructure supports both local and cross-border transactions and allows you the freedom to expand and change.

Flexible technology

Pagero's unique two-step internal format for e-invoicing and compliance converts your e-documents to a standard internal format, adjusting them to meet each destination country's regulations. This approach enables end-to-end automation and facilitates always-on regulatory compliance.

Blended automation and compliance

Through the Pagero Network, you can automate the exchange of electronic invoices and documents, minimizing manual tasks and boosting efficiency. Compliance requirements are embedded in these workflows, keeping your organization in alignment with local e-invoicing and continuous transaction control regulations around the world.

Regulatory coverage

Pagero provides built-in compliance for over 80 countries, connecting directly to government platforms worldwide. Our in-house Regulatory Affairs team collaborates proactively with organizations like OECD, Peppol, GENA and the EU's Taxation and Customs Union, ensuring that our solutions and regulatory content remain ahead of the curve.

Integrated tax compliance

As part of Thomson Reuters, we are the only company to offer combined tax, trade and e-invoicing solutions to streamline VAT reporting across multiple jurisdictions, enabling seamless, compliant tax operations.

Transparent pricing model

With Pagero, you can accurately forecast future costs based on transaction volume, as you pay only for the number of documents transacted — not their size. This simplified pricing model offers fewer variables and greater predictability over time.

100K+
Customers across all continents

14M+
Businesses in the network

80+
Countries covered

Transformation testimonials

"We have been able to fulfill our invoicing-related tax and legal requirements in all 29 countries where we use Pagero as our e-invoicing service provider"

Mihai Chiriac, Program Manager, HPE

"Without Pagero, managing e-invoice compliance regulations per country would have become a real burden and required high levels of internal resourcing"

Simon Maddan, Head of Application Support, Ricoh

"The interaction with Pagero has been very pleasant [...]. The team was efficient, approachable, competent and very knowledgeable, which made the experience so good."

Trond Aune, Global ERP Manager, Jotun AS

"In a digital and rapidly transforming world, we need to stay agile to meet customer needs. That is what Pagero has helped us do for over ten years"

Kevin Dickinson, VP of Technology Alliances, IFS

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