



BUREAU OF THE
Fiscal Service

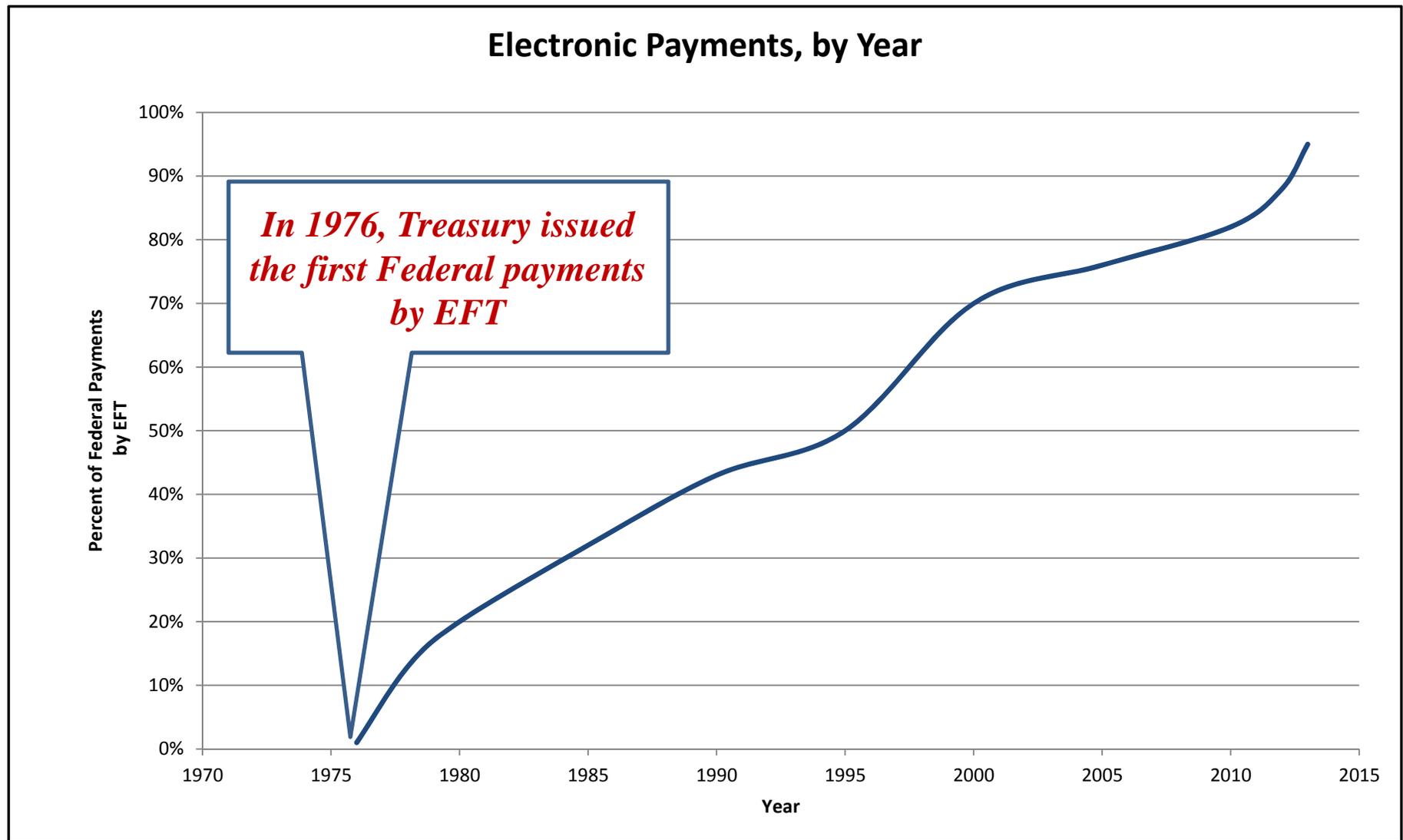
U.S. DEPARTMENT OF THE TREASURY

Electronic Invoicing: Why It Matters

*John Hill, Assistant Commissioner
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26th Annual Governmentwide Financial Management Conference
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The Digitalization of Federal Payments

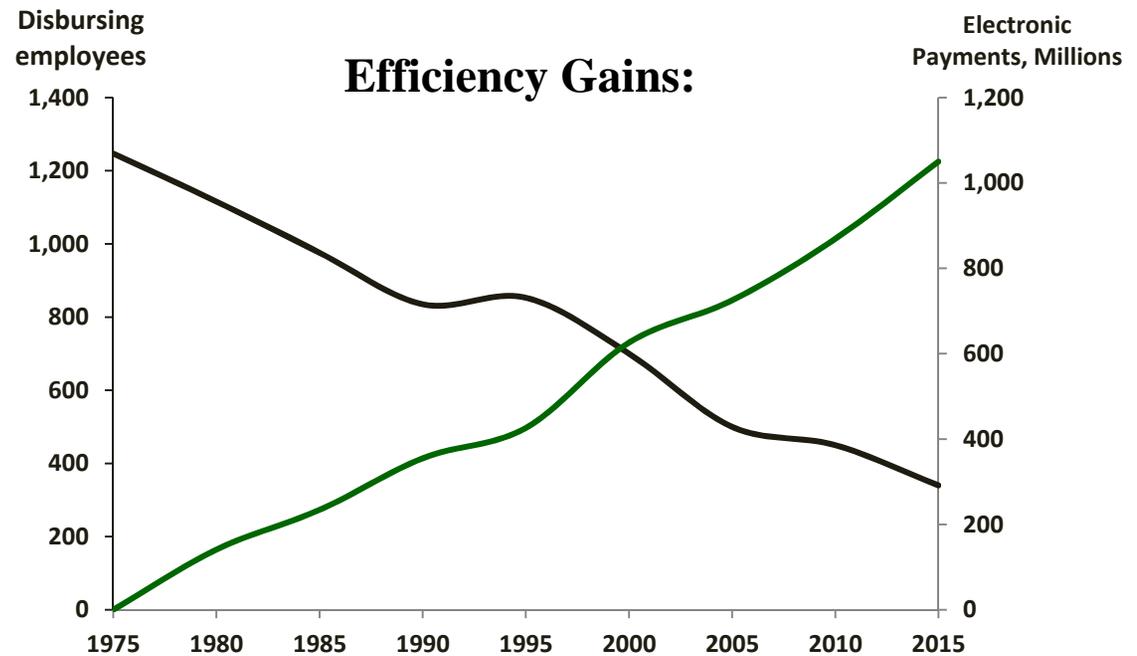


The Impact of Digital Technology

Digitalization transformed the payment landscape

Innovations:

- Direct Deposit
- Automatic Bill Pay
- On-Line Banking
- Mobile Banking
- Alternative Payment Exchanges (e.g. PayPal)



Source: "Budget of the United States, Appendix" and BFS budget reports.

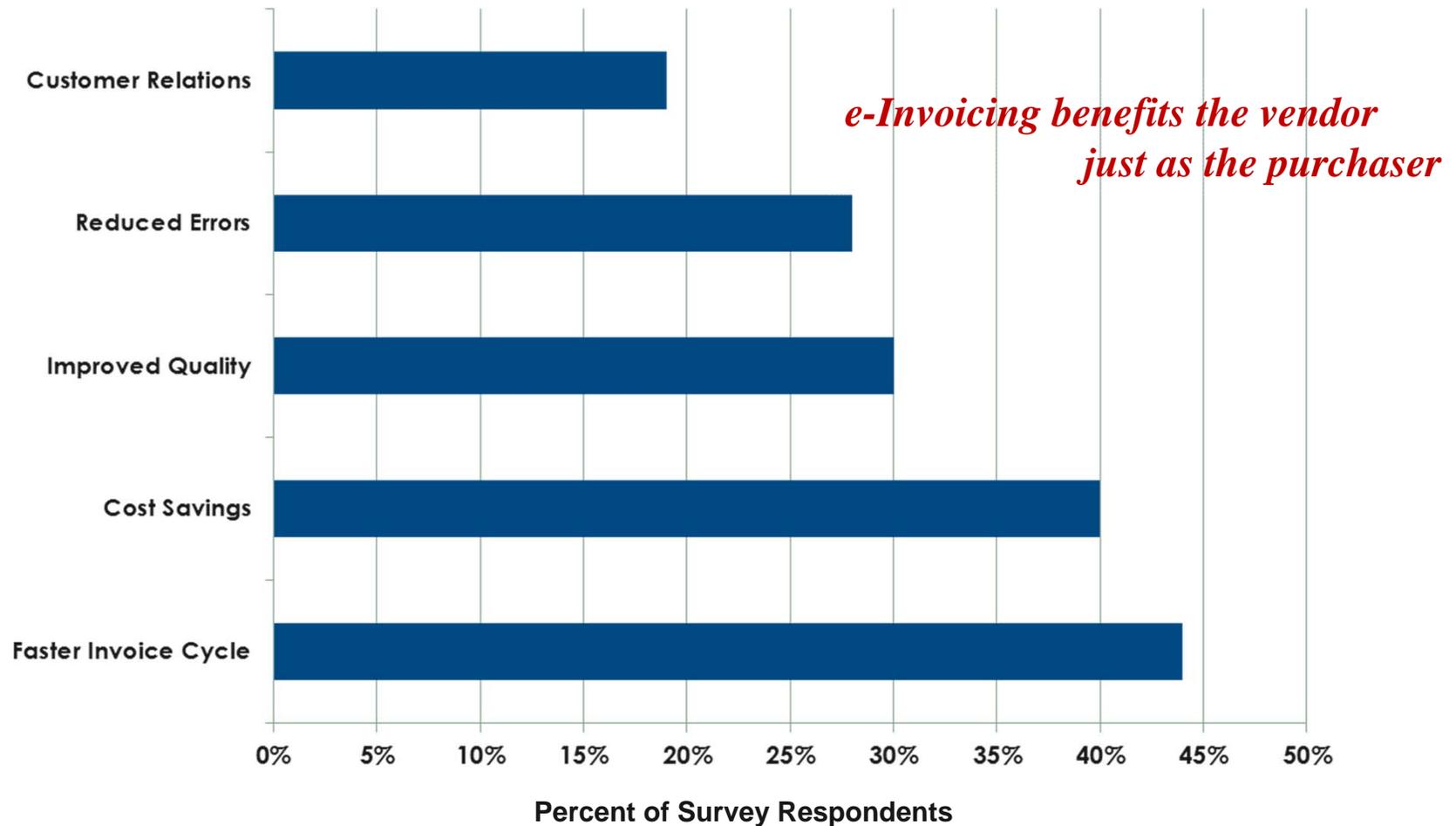
Invoicing as part of the Payments Lifecycle

- **Treasury made 20.1M vendor payments valued at \$691B in FY 2014.**
Consider: The interaction between private business and their government.
- **Vendor payments are among most expensive payment transactions.**
Consider: The full end-to-end process from initiation to settlement.
- **Vendor payment process often discards valuable data.**
Consider: The accompanying information is vital for financial control and transparency reporting.
- **Opportunities to improve efficiency of overall payment process.**
Consider: Potential government savings from standardization and common solutions estimated at over \$100 annually.

Vendor payments are among the most expensive

... And with the least visibility into the status of payment

The Vendor's Perspective



Source: "2012 Global E-Invoicing Study", The Institute of Financial Operations, 2012

E-invoicing as Global e-Commerce Initiative

Most developed nations have launched e-Invoicing initiatives



“Between 45% and 65% of all companies in a country are supplier to the public sector... that is why e-Invoicing initiatives by the public sector are key for the development of the whole country.”

- “e-Invoicing/e-Billing: The catalyst for AR/AP automation”
Bruno, Koch & Billentis, 2013

Potential Savings from e-Invoicing

Study	Estimated Savings
	e-Invoice v. Paper
Institute Of Financial Operations, 2013	49%
Bruno, Koch & Billentis, 2013	62%
City of Tempere Finland, 2010	52%
U.S. FMS (for BEP), 2009	48%
U.S. FMS (for Denali Commission), 2009	61%
Aberdeen Group, 2007	47%
Killen & Associates, 2004	67%

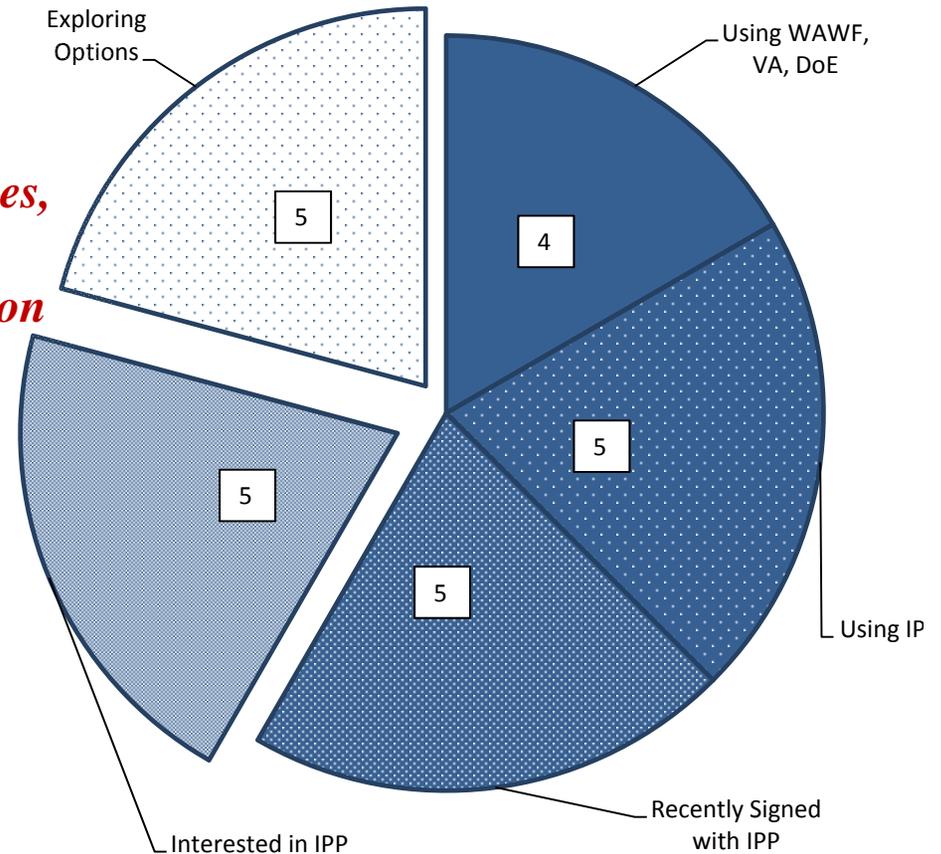
The 24 CFO Act agencies spent over 297 million dollars processing 19.1 million invoices in 2013. Only 38 percent of these were in electronic form.*

The Federal government still processes over 12 million paper invoices per year at an estimated cost of about 230 million dollars for those paper invoices alone.

*Source: "Presidential Management Agenda Benchmarking Initiative for 2013", General Services Administration, 2014

Agency Adoption of E-Invoicing

*14 out of 24 CFO agencies,
accounting for over 75% of total Federal invoices,
have already committed to an e-invoicing solution*



Status	Agencies	Maximum Total Invoices
Using DoD, VA or DoE Solution	4	9,300,000
Using Treasury's IPP	5	4,600,000
Recently Signed to use Treasury's IPP	5	1,200,000
In Discussion with Treasury's IPP	5	2,000,000
Exploring Various e-Invoicing Solutions	5	2,100,000
Total	24	19,100,000

Considerations for the Future

- **OMB released memo M-15-19 on July 17, 2015**

“Improving Government Efficiency and Saving Taxpayer Dollars Through Electronic Invoicing”

- Directs all agencies and Federal Shared Service Providers (FSSP) to implement full electronic invoicing for federal procurements by end of FY2018
- <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2015/m-15-19.pdf>

- **OMB considering e-invoicing and procurement data standards**

The challenge of the next several months is for all agencies to commit to an e-Invoicing solution



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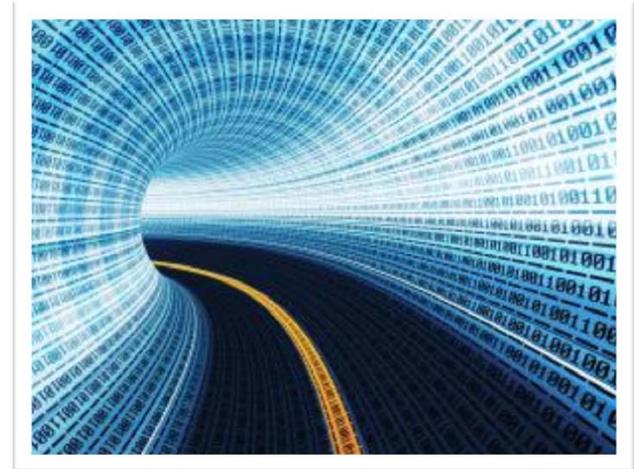
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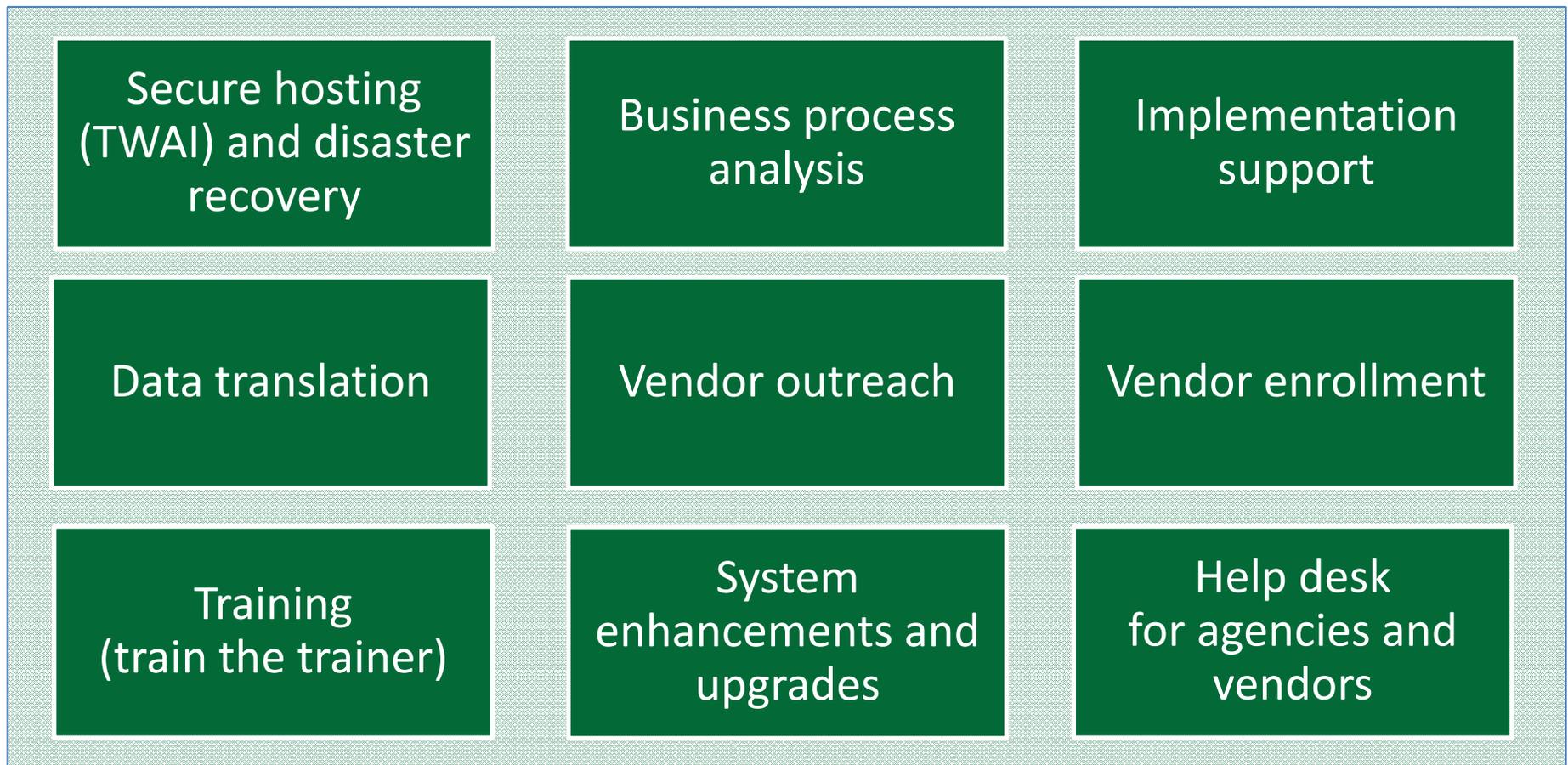
IPP Overview

- The Invoice Processing Platform (IPP) is a U.S. Treasury service that more efficiently manages government invoicing from PO to payment notification



Services Provided with IPP

IPP and related services provided by Treasury



IPP Benefits



Saves taxpayer dollars



Improves financial management



Makes it easier to conduct business

Saves Taxpayer Dollars

Saves money

- Available at no charge to you and your vendors
- Helps you avoid Prompt Payment penalties and capture early payment discounts

Saves time

- You don't have to manually handle paper invoices
- Frees your staff from data entry, error correction and reconciliation
- Reduces phone calls and e-mails from vendors



Improves Your Financial Management



- Increased controls help you avoid improper payments and prevent overbilling
- Let's you use fewer resources to comply with the Prompt Payment Act
- Promotes standard process to manage government invoices
- Supports Treasury and OMB initiatives, such as the Shared First
- Complies with relevant Federal standards (e.g. FAR) requirements

Makes it Easier to Conduct Business



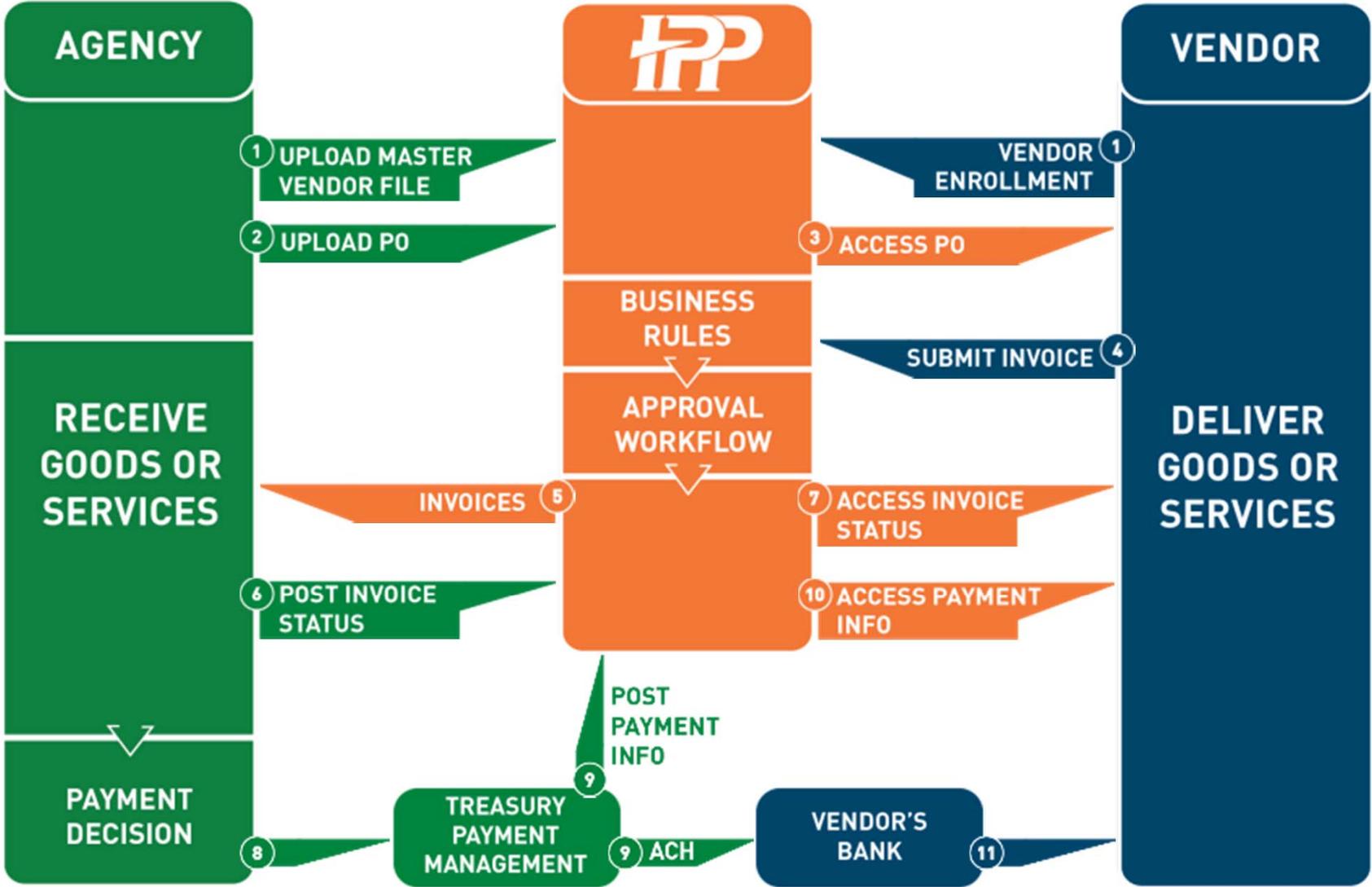
- Provides a consolidated view of all transactions in one place
- Supports your agency's business rules
- Compatible with your existing business systems
- Controls vendor access to transactions with a secure platform outside your core financial system

IPP Features

Processes transactions between agencies and vendors from Purchase Order through Payment Notifications

- Accepts uploads of purchase orders and allows vendors to create invoices
- Uses agency defined business rules to screen invoices
- Workflow for invoice approval available
- Enables email notifications between agency and vendors
- Retains associations between POs, invoices and payment information
- Interfaces with agency systems via batch data imports/exports
- Presents remittance data (Payment Notifications) to vendors, including Treasury offset information

IPP Information Flow



Agency Requirements

- Complete agency implementation survey
- Sign agency participation agreement

- Establish and test network connectivity with the Treasury Web Application Infrastructure (TWAII)
- Set up batch import/export functions
- Conduct vendor outreach
- Set up IPP
- Copy vendor files to IPP and approve matches

IPP is Proven to Work

- Live since November 2007
- **75** agencies use IPP and **5** are currently implementing IPP
- Over **91,000** enrolled vendors
- IPP processed nearly **109,000** POs and **357,000** invoices, and provided notification of almost **3.3 million** payments in 2014

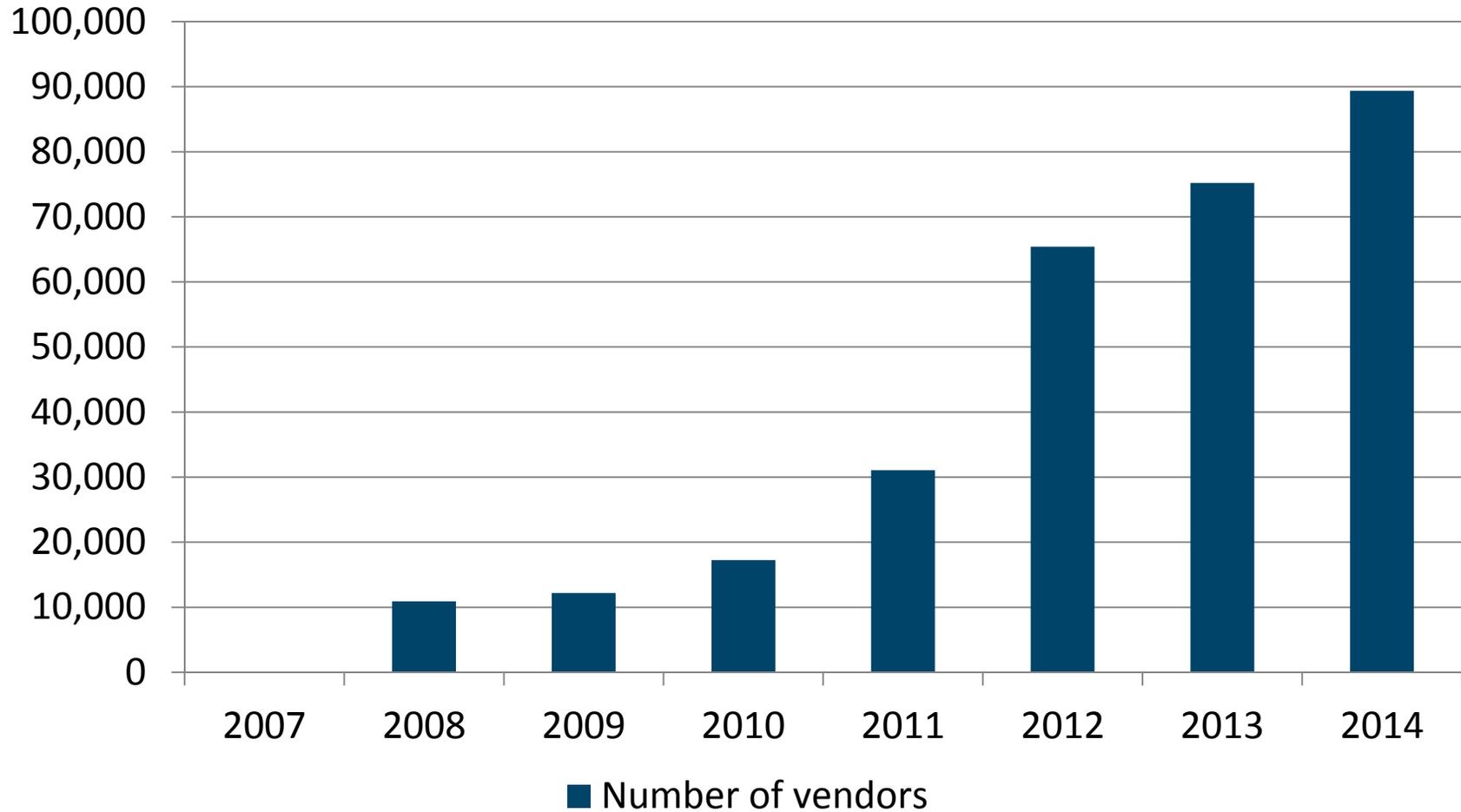
Agencies Using IPP

- Federal Shared Service Providers
 - Department of Agriculture
 - National Finance Center (NFC)
 - Department of the Interior
 - Interior Business Center (IBC) - Acquisitions Division
 - Department of the Treasury
 - Bureau of the Fiscal Service - Administrative Resource Center (ARC)
- Departments & Agencies
 - Architect of the Capitol
 - Broadcasting Board of Governors
 - Corporation for National and Community Service
 - Department of Agriculture
 - Department of Education
 - Department of the Interior
 - Department of the Treasury
 - Social Security Administration

Agencies Implementing IPP

- Federal Shared Service Providers
 - Department of the Interior
 - Interior Business Center (IBC) - Financial Management Division
- Departments and Agencies
 - Department of Justice
 - EPA
 - Library of Congress
 - Library of Congress – FedLink
 - Railroad Retirement Board
 - United States Coast Guard

IPP Vendor Enrollment



Success Criteria

- Identify process improvement opportunities
- Numbers or percentage of vendors enrolled in IPP
- Improvements in cycle times
- Reductions in costs (interest, supplies, handling)
- Reductions in invoice disputes
- Discount availability and discounts captured
- Resources for vendor inquiries

Project Roles

- Executive sponsor
- Project leader
- Functional team leaders
 - Procurement
 - Accounting
 - Information Technology
 - Connectivity/Networking
 - Operations
 - Administration
 - Trainer

Vendor Enrollment

- IPP will deliver a high-level overview outlining the information IPP requires from the agency for the vendor master list upload
- Agencies be prepared to discuss the following:
 - What identifiers agencies use for vendors without TINS, foreign vendors etc.
 - What vendor information the agency has in their ERP - DUNS, DUNS +4, TIN
 - Agency ERP integration with System for Award Management (SAM)
 - How agency handles vendors not registered in SAM
 - Synchronization of vendor information between procurement and ERP system

Vendor Enrollment

- Contract planning
- Existing vendor analysis
- Campaign planning
- Vendor implementation

Implementation Project

- Agency kick-off meeting
- Project discovery, requirements, designs
- Execute build and test
- Monitor and control – production setup/go-live
- Close the project
- Ongoing operations

Contact Information

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