

Strategic IT management - 37E00200

Case Tieto

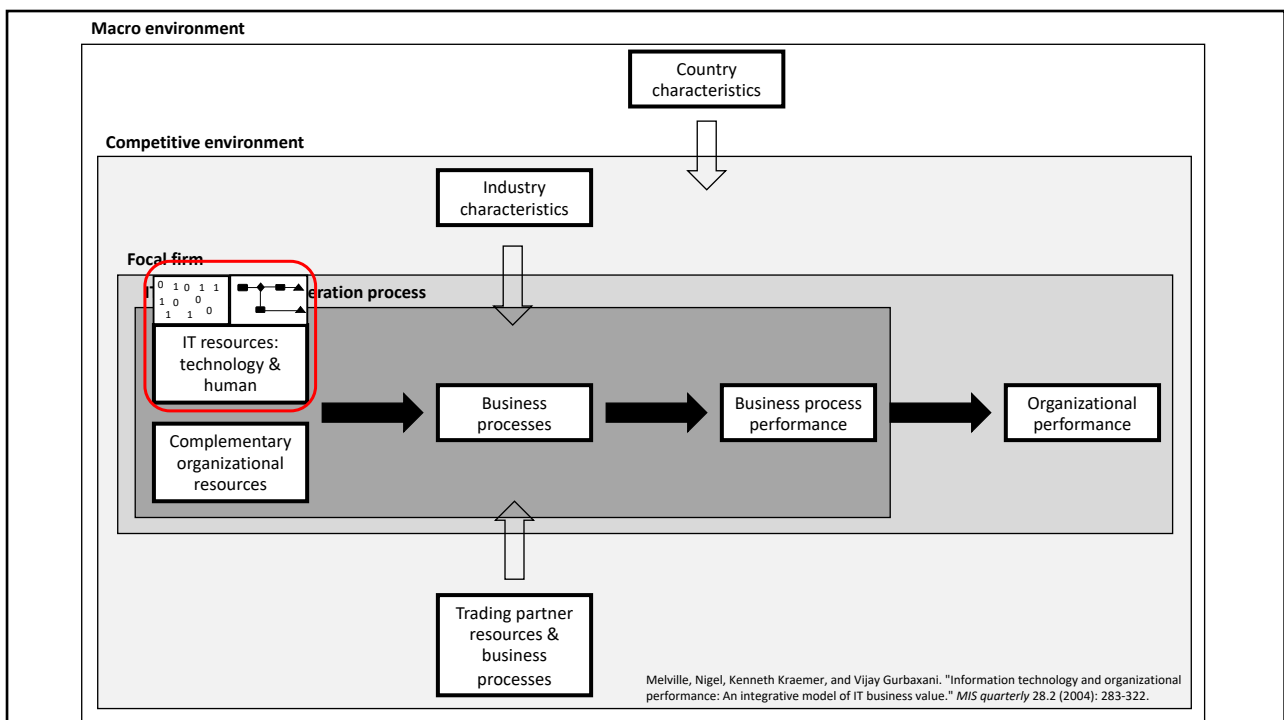
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Director, Real-Time Economy Competence Center

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Teaching Case

Onboarding customer companies to electronic invoicing platform – developing a marketing and a partnering strategy for Tieto, an e-invoicing service provider

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Profiles

CEBP (2001). Business-to-business EIPP: Presentment models, Part 1. The Council for Electronic Billing and Payment. NACHA. <http://www.crbonline.org/src/pdf/re07a.pdf>.
 DB Research (2010). E-invoicing. Final Step of an Efficient Invoicing Process. Heike Mai and Thomas Meyer, Deutsche Bank Research.
 EEI-3.2 (2007). European Electronic Invoicing Final Report. European Commission Informal Task Force on E-invoicing, Version 3.2 final.

Profile Tieto: large international service provider

Tieto is a large, international IT company, listed on the Helsinki Stock Exchange with a strong competence and well-established infrastructure for domestic and international e-invoicing. Its global personnel count is around 13,000, and due to its size the company possesses extensive resources.



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E-invoicing onboarding strategy

E Penttinen and T Rinta-Kahila

Tieto has established a network of over 200,000 active trading partners as it has operated in the market already for two decades. Large size, sufficient resources, and substantial experience give the service provider credibility and some leeway in the competitive environment. However, the same factors also limit the service provider's ability to provide personalized service, as the large size accounts for stiffness and the wide client base has required standardization and streamlining of practices to some extent.

Profile SPIOs A: small regional service provider

SPIOs A is a small traditional service provider well familiar with the home market but with little experience in e-invoicing. It has built strong and lasting partnerships with its most important clients as the company entered the market already in 1999. However, it has remained a small player having a total number of clients of only 120. Being a small service provider, its resources are rather limited and this somewhat restrains its capability to implement alternative service models. On the other hand, the service provider has a steady

turnover, trustworthy reputation in the market, and an experienced management committed to find ways of attracting new clients. The service provider's main strength has been the ability to offer highly business-specific service that is adapted to the needs of the regional clients.

Profile SPIOs B: small start-up service provider

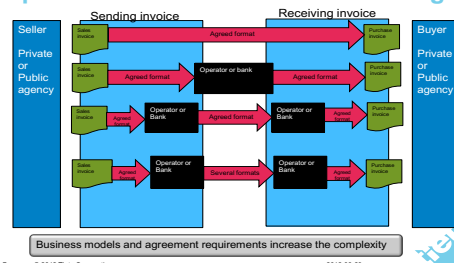
SPIOs B is a small start-up e-invoicing platform. The company was founded at the start of this year and is just on the verge of entering the market. It does not have any clients or resources yet, but is currently starting promising negotiations with several companies. The service provider is searching for funding to make its platform operational in the near future. The start-up employs five people, and the staff consists of young and capable IT professionals with a strong vision and fresh know-how on e-invoicing. Being a micro-sized service provider enables a flexibility that the larger actors do not necessarily have due to infrastructural stiffness that comes along the size.

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Electronic invoicing definition

- Concept roots for electronic integration originate from 1970's and EDIFACT
- However integration traditional EDI and e-invoicing paradigm differs; from one-to-one relation into many-to-many relation
- Structured data in publicly available me
 - In this context emailing pdf invoicing
 - Scanning and OCR are technologies to convert structured e-invoices

Operation modes for B2B e-invoicing

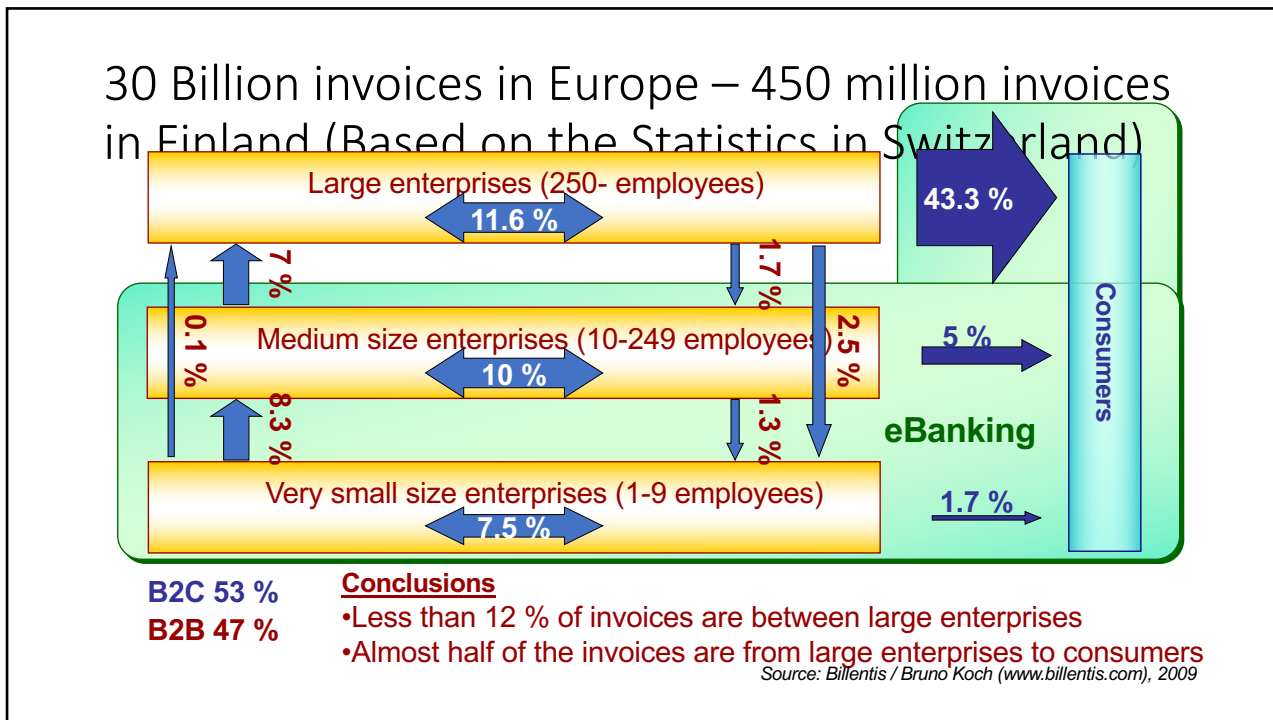


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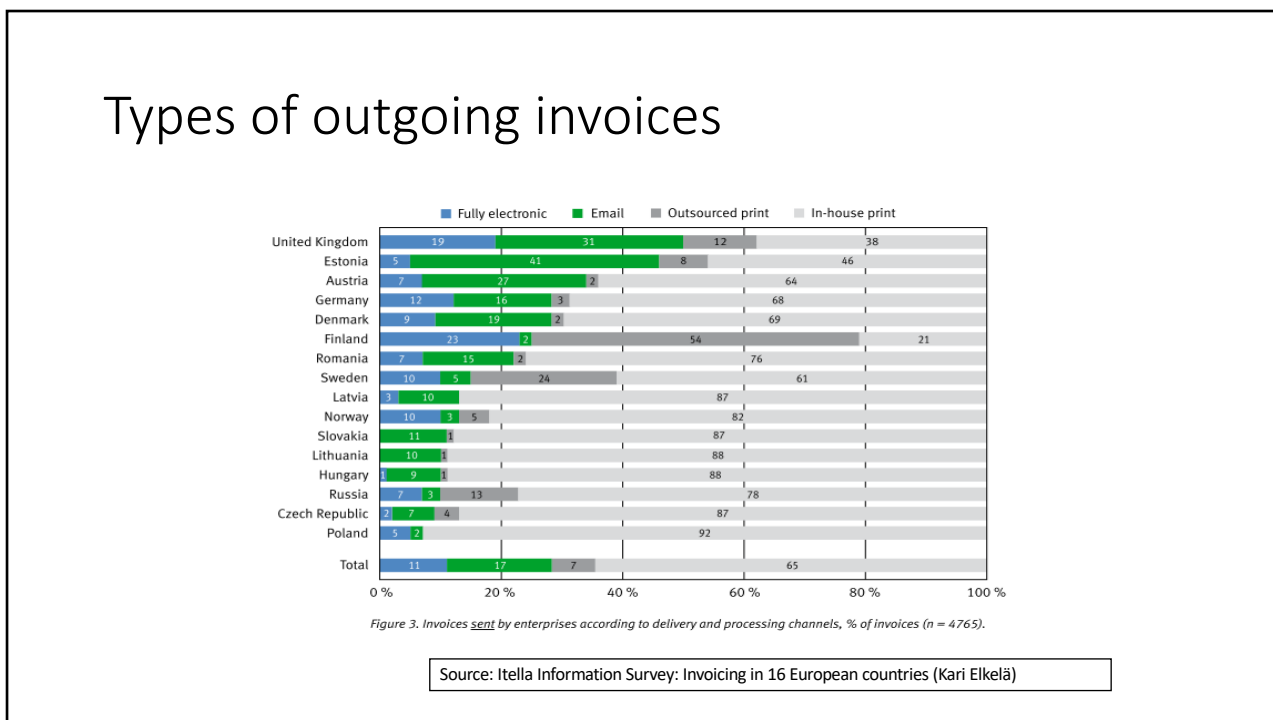
Why electronic invoicing?

- One of the most important sources of profitability increases in Europe (European Commission, 2007; Finland's EU Presidency, 2006)
- Benefits
 - Processing cost savings
 - 238 billion Euros in the EU (EACT)
 - 2.8 billion euros in Finland (Confederation of Finnish Industries)
 - Improved customer service and more meaningful work
 - Possibility for pre-accounted invoices
 - Less errors and "double payments" (e.g. in health care bills)
 - Environmental effects
 - Getting rid of 30 billion letters: 400,000 tons of paper, 12 million trees, 2,700 tons of ink, 165 million liters of diesel and 1,350 GWh energy

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Types of incoming invoices

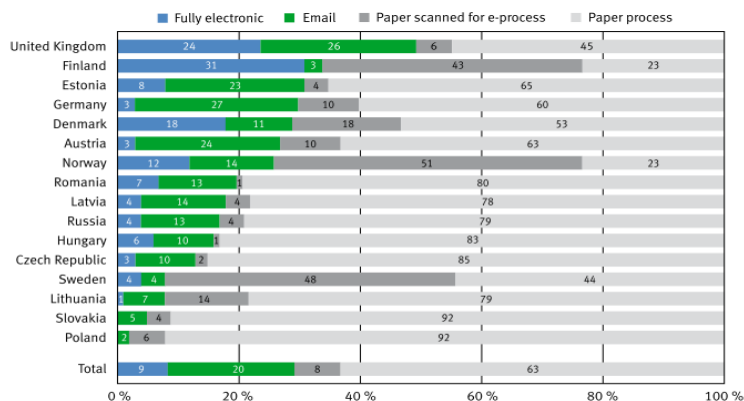
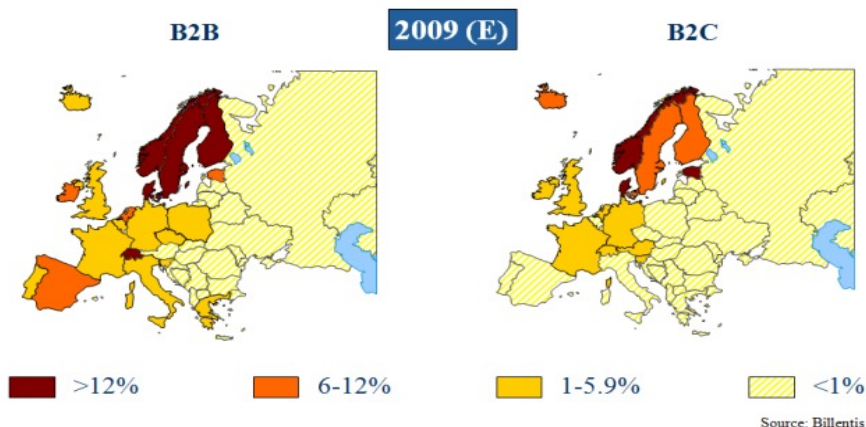


Figure 4. Invoices received by enterprises according to delivery and processing channels, % of invoices (n = 4765).

Source: Itella Information Survey: Invoicing in 16 European countries (Kari Elkelä)

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eInvoicing Penetration Is Still Low in Europe – but banks and 4-corner model have made it happen in the Nordics



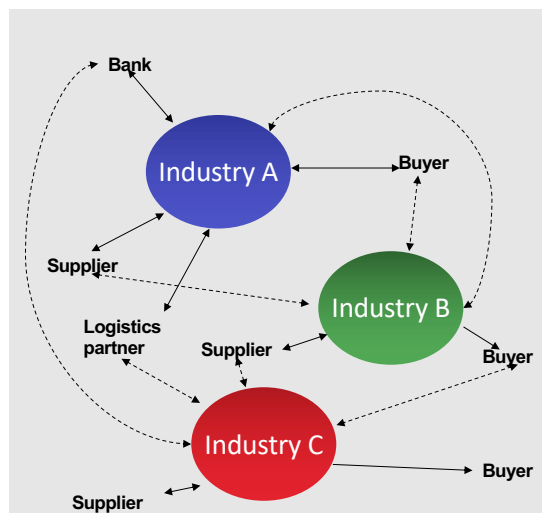
Source: Billentis

Source: Billentis / Bruno Koch (www.billentis.com), 2009

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Industry standards

- Several industries have developed their own standards to meet the Industry specific needs
 - Rosettanet - Electronics
 - PapiNet - Paper & Pulp
 - ChemXML - Chemicals
 - ODETTE - Automotive
 - etc.
- Process-orientation, JIT, product categorisation

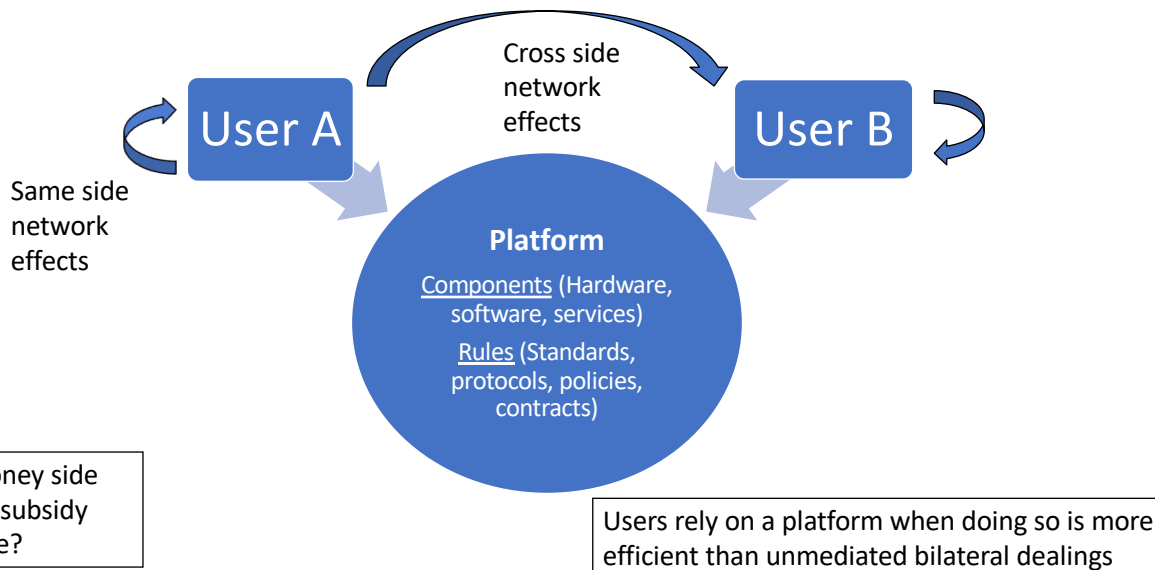


However, enterprises tend to have partners in different industries Page 11

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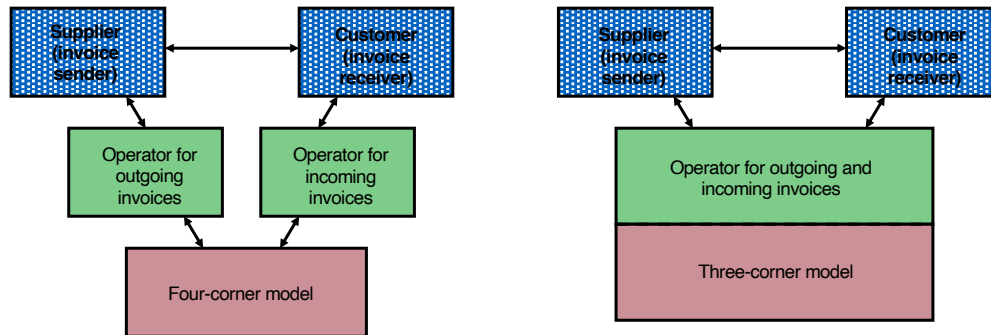
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Platform Mediated Two-Sided Network



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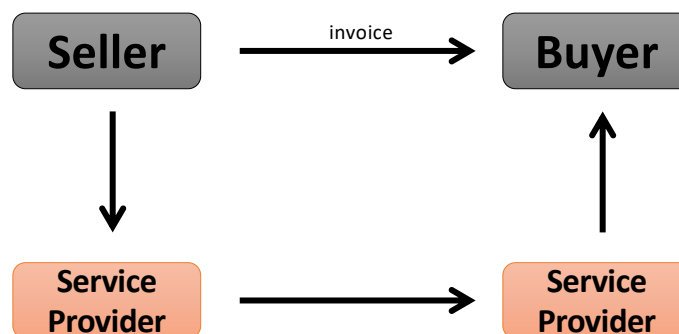
Alternative e-invoicing operator strategies



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Four-corner model



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How do companies choose their e-invoicing operator?

Table 5. Relative Importance Scores of the Platform Features Using the Aggregate Solution.

Platform feature	Aggregate solution, proportion (percent)
Usability	30
Reach	20
Long-term sustainability	13
Platform support for service improvement	12
Total cost	8
Platform reputation	6
Ease of system integration	6
Service customization	4
Implementation capability	1

Table 6. Relative Importance Scores of the Nine Features in the Aggregate Solution and the Two-Cluster Solution.

Platform Feature	Aggregate solution, Proportion (percent)	Cluster: larger companies Proportion (percent)	Cluster: smaller companies Proportion (percent)
Usability	30	23	32
Reach	20	38	9
Long-term sustainability	13	11	14
Platform support for service improvement	12	7	16
Total cost	8	9	7
Platform reputation	6	5	7
Ease of system integration	6	3	8
Service customization	4	2	5
Implementation capability	1	2	2
Size of the cluster		31 percent	69 percent

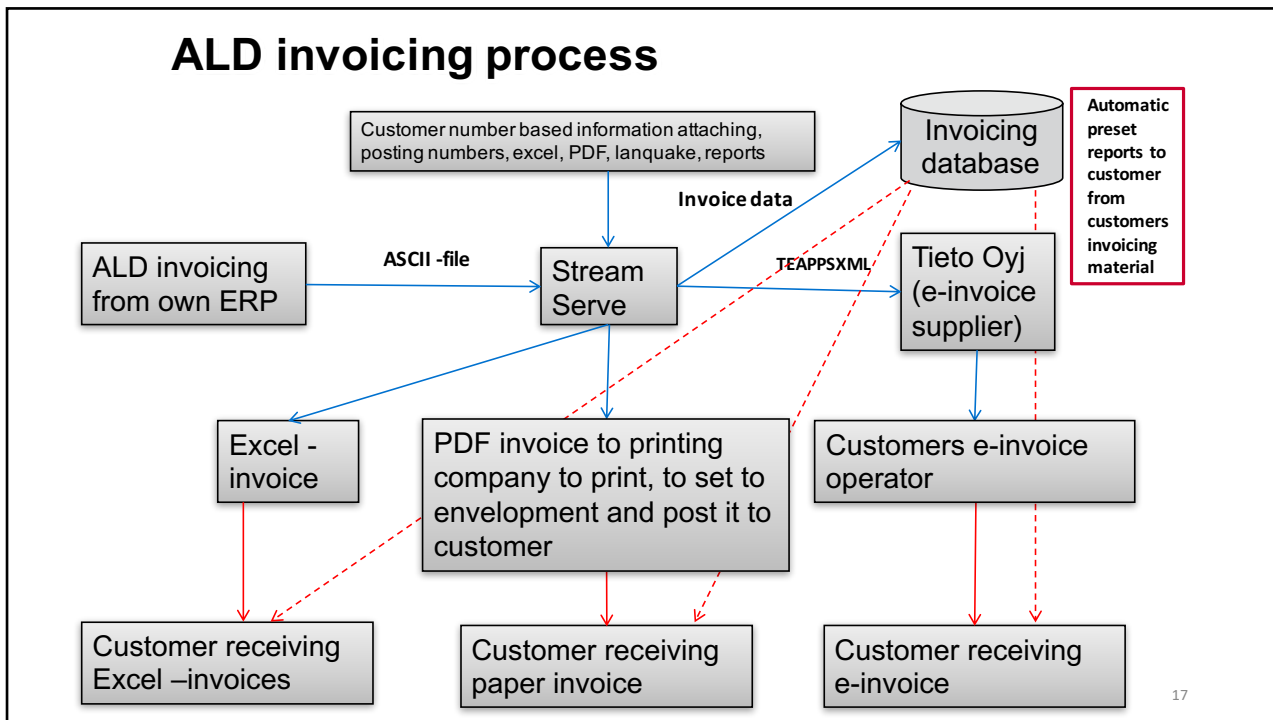
Penttinen, E., Halme, M., Lyytinen, K., & Myllynen, N. (2018). What influences choice of business-to-business connectivity platforms?. *International Journal of Electronic Commerce*, 22(4), 479-509.

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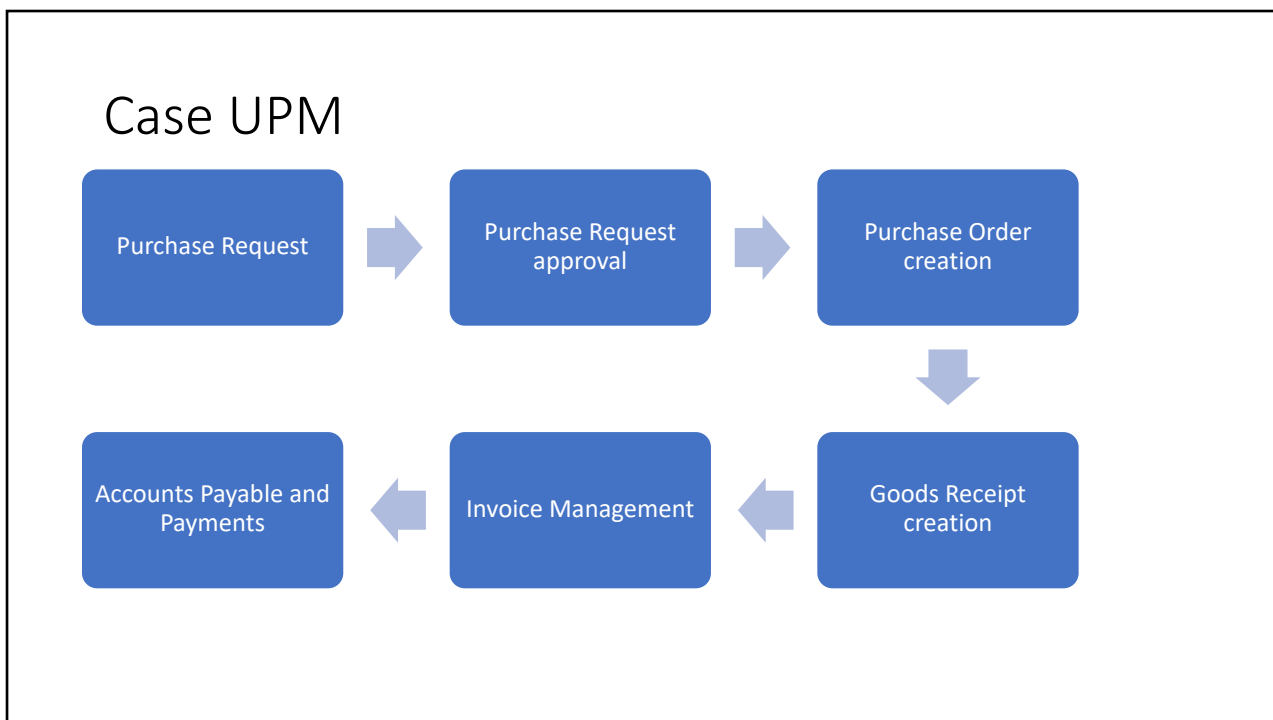
Case ALD Automotive

		ALD Automotive Aiais Finland Oy Chrapakula 4, PO Box 104 FIN-01510 VANTAA		Tel. +358 9 851 861 - Fax +358 9 851 86496 - www.aldautomotive.fi Business ID: 0943505 - Company: Vantaa - Vantaa Bank: Sampo 50001070116704 IBAN: FI550001970116704 - BIC: CABA3333	
TESTCLIENT CONTACT PERSON / CP 2255 PO BOX 1 00100 HELSINKI		LASKU INVOICE Pst/Inn Date: 29.09.2008 Laskun no: 200125 Eräpäivä: 03.07.2008 Viihtäytöksen Delay interest: 16 % Yhteinen Business ID: 1001235-1 Asiakas no: 100125 Customer number: 100125 Laskutus: laskutus.fi@aldautomotive.com Invoicing: +358 9 851 86215 Tekninen palvelu: +358 9 851 86400 Technical service: +358 9 851 86400			
DOPMUS No. CONTRACT No.	RBK No. / RBK No. Vuokraus / Leasing period	Tilin Account no.	Vuokra / Leasing ALV VAT 22%	ALV VAT 22%	Yhteensä Total
332201 CBA-234 / TESTER DAVID / ADMINISTRATION BMW 520D SEDAN E60 Leasing 01.07.2008 - 31.07.2008 Insurance Charge for petrol Total	52030 52020 52040	1 135,31 46,00 271,71 1 453,02	249,77 - 59,78 309,55	1 385,08 46,00 331,49 1 762,57	
332202 CAB-987 / CLIENT GEORGE / IT/07 FORD FOCUS 1.8 TDCI TREND WAGON "U" Leasing 01.07.2008 - 31.07.2008 Insurance Total	52030 52020	791,92 70,00 861,92	174,22 - 174,22	966,14 70,00 1 036,14	
332203 DEF-654 / CLIENT CLIFF / IT/005 MB B 190 CDI SD BUSINESS Leasing 16.06.2008 - 30.06.2008 Leasing 01.07.2008 - 31.07.2008 Change to contract CONTRACT CHANGE FEE TRANSFER DATE 16.6.2008 CLIENT CLIFF Total	52030 52030 52030	363,65 727,30 69,67	80,00 160,01 15,33	443,65 887,31 85,00	
332204 BAC-246 / COMMON USAGE / FINANCE SKODA OCTAVIA 2.0TDI AMBIENTE Leasing 01.07.2008 - 31.07.2008 Insurance Total	52030 52020	385,32 39,00 424,32	84,77 - 84,77	470,09 39,00 509,09	

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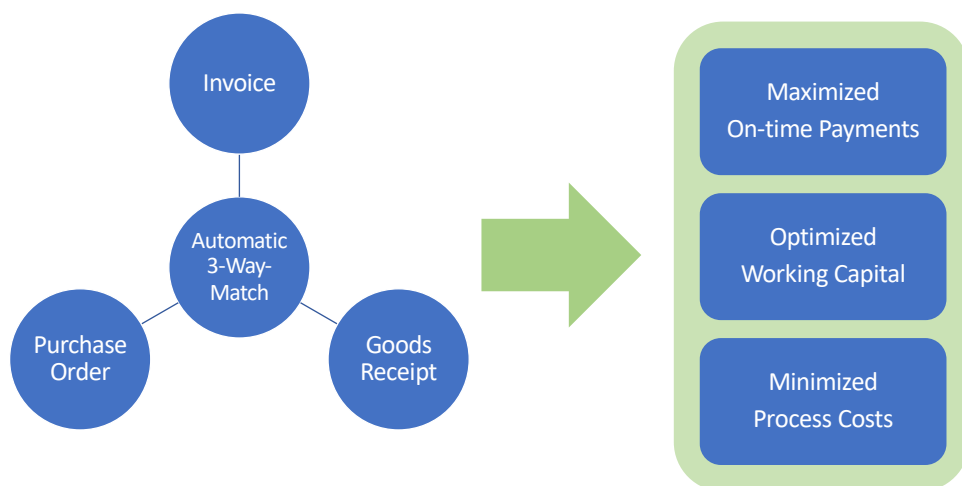


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Case UPM: Purchase to Pay process targets



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EESPA (European E-Invoicing Service Provider Association) objectives

- Representing the industry, engaging in the public policy debate and recommending best practice within appropriate European forums
- Promoting interoperability and the creation of an interoperable ecosystem
- Advocating and supporting the wide adoption of e-invoicing and its benefits
- Providing additional services to its members as are agreed

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Further reading

- Billentis Market Report
 - http://www.billentis.com/e-invoicing_ebilling_market_report_EN.htm
- Real-Time Economy reports
 - <http://www.rte.fi>
- Other material