INFOGRAPHIC REPORT

8 Guiding Principles for Compliance Confidence

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Each year, finance leaders face more e-invoicing mandates and real-time reporting requirements than the year before. This "new normal" is actually not so new, but many companies have delayed their development of a strategic approach to this challenge. These same companies have had to implement expensive and complex workarounds to remain compliant.

Together with Tungsten Network, a Kofax company, sharedserviceslink surveyed more than 100 global companies to assess compliance perceptions and practices. Below, we share what we learned about the biggest concerns and obstacles to compliance readiness across the enterprise.

Based on the answers, we share 8 guiding principles business leaders can follow to increase compliance readiness while using the explosion of mandates as a way to drive best practice across the organization.

Watch our webinar for in-depth analysis.

About our Respondents

North America
30%

Europe
46%

Asia
16%

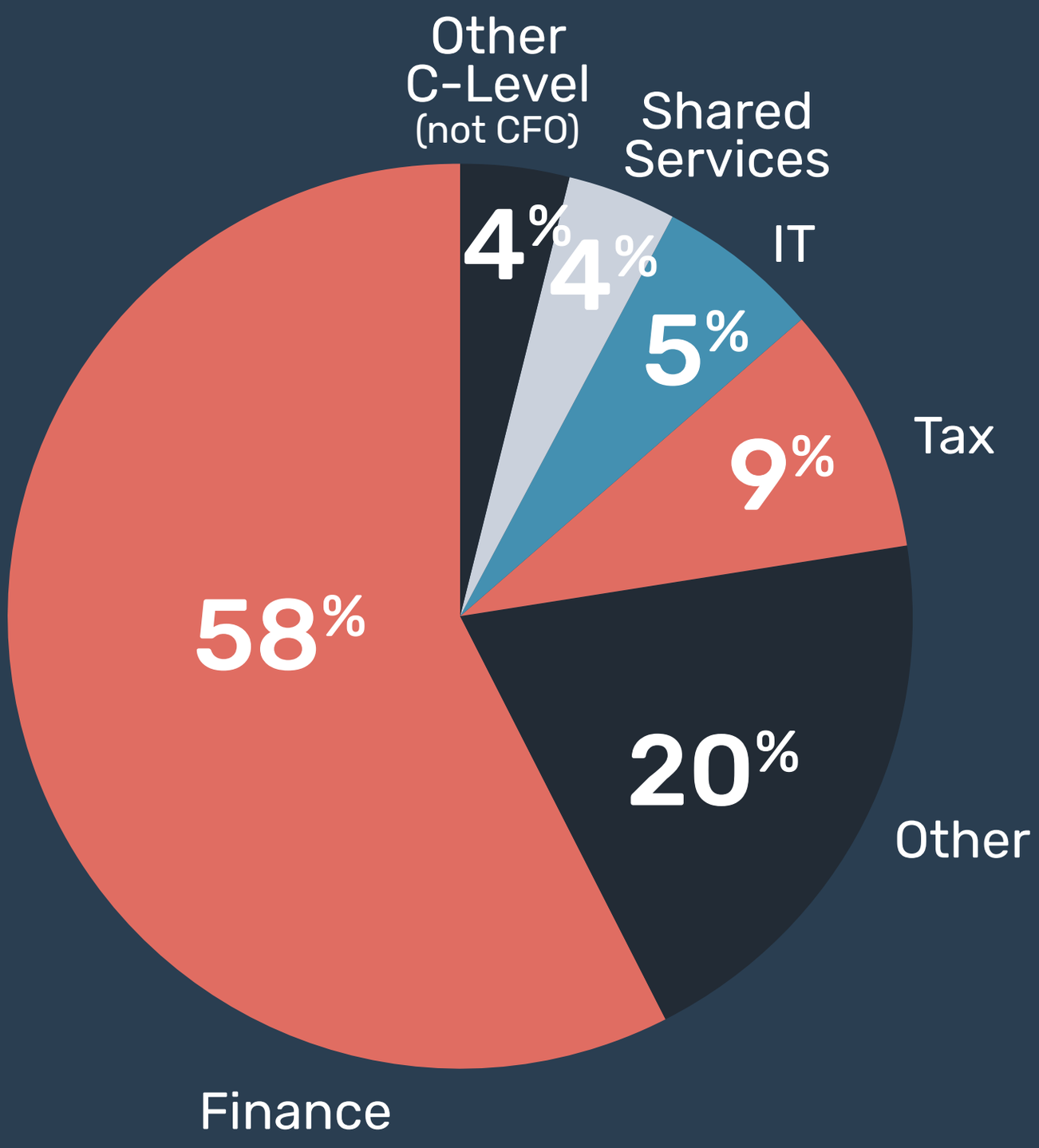
Middle East and Africa

Latin America

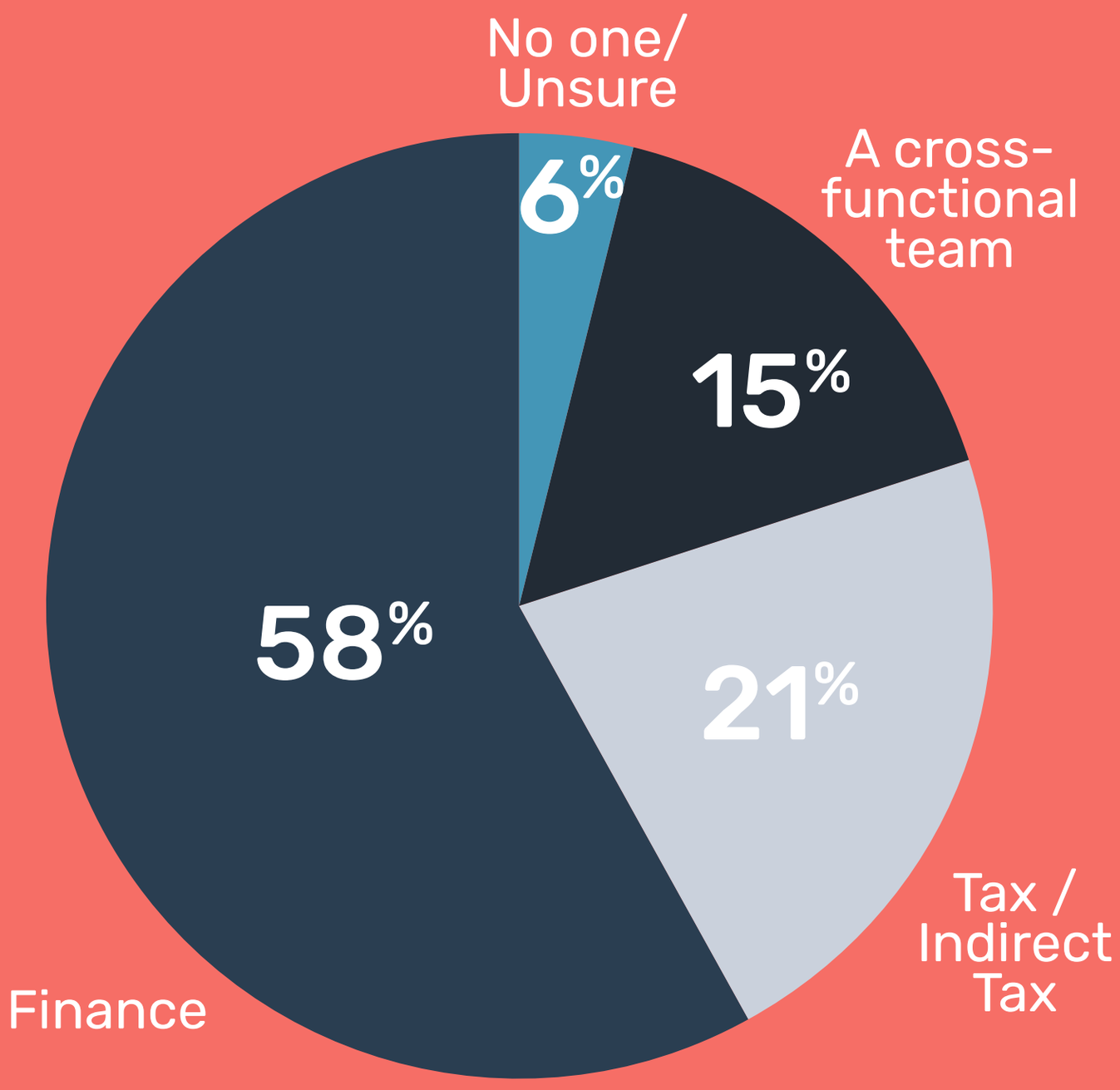
1%

7%

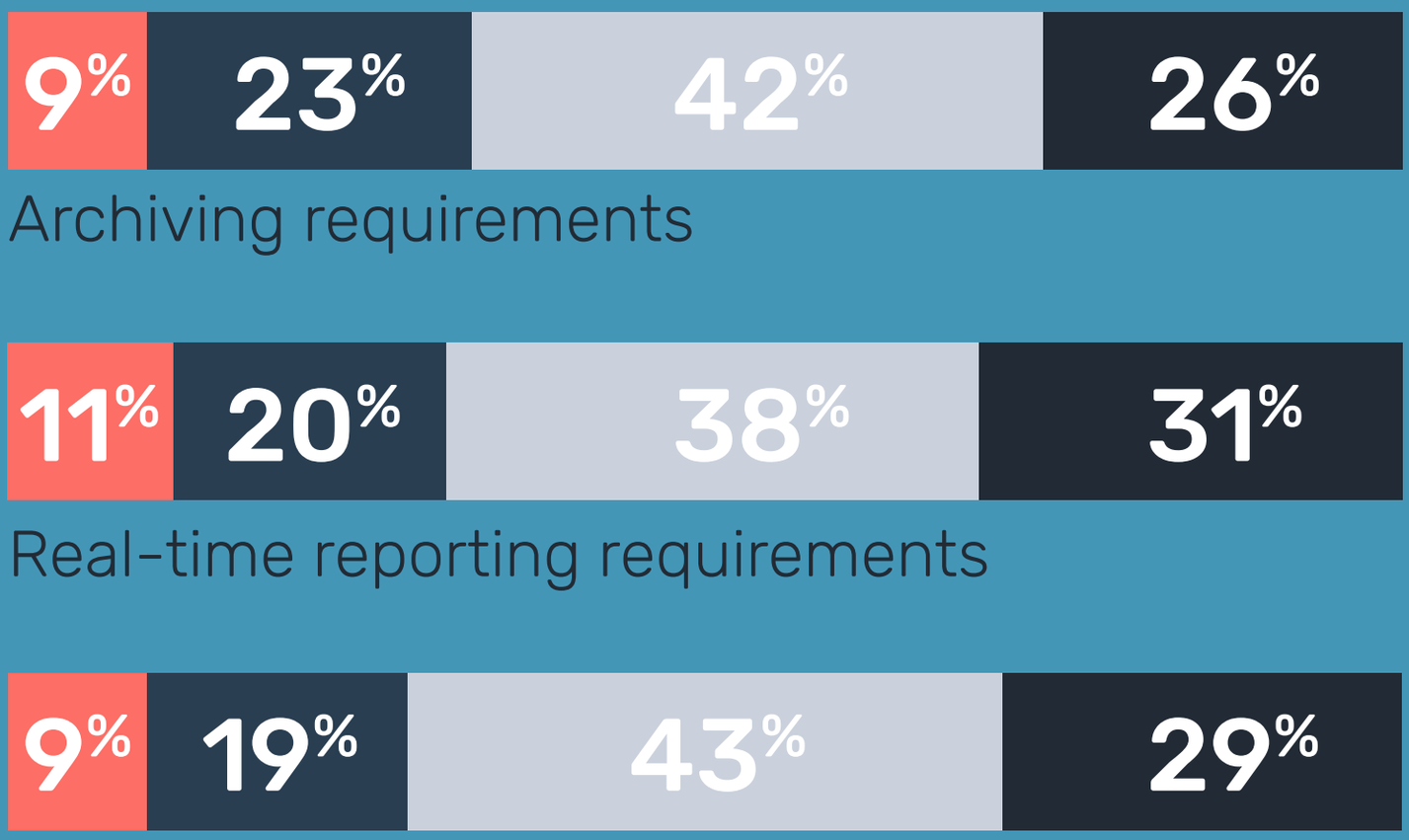
More than 100 respondents from Europe and North America



Compliance responsibility generally sits in finance, but can also be owned by tax and cross-functional teams



Most respondents are at least somewhat aware of the updated compliance requirements, but 1/3 remain in the dark

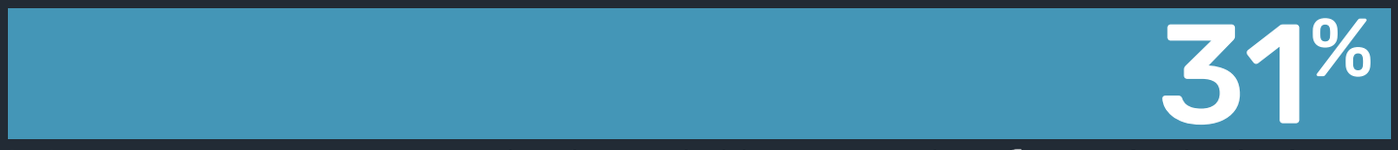


Unaware Not very aware

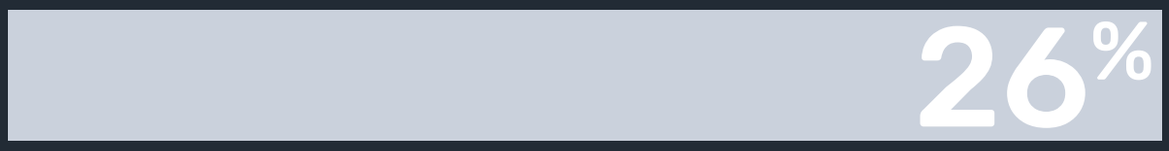
Somewhat aware Very aware

Lack of a global strategy and the sheer cost of compliance are two chief concerns about meeting compliance mandate demands

Our strategies are often country-based or regional, not global



We are concerned about the cost of maintaining compliance if we do this ourselves (ie internal resource and external consultants)



We have no concerns

We are overwhelmed with current and impending changes

23%

We have challenges about ownership of compliance issues (or unsure who owns compliance)

18%

We have ERP limitations brought on by code freezes and release-timing issues

18%

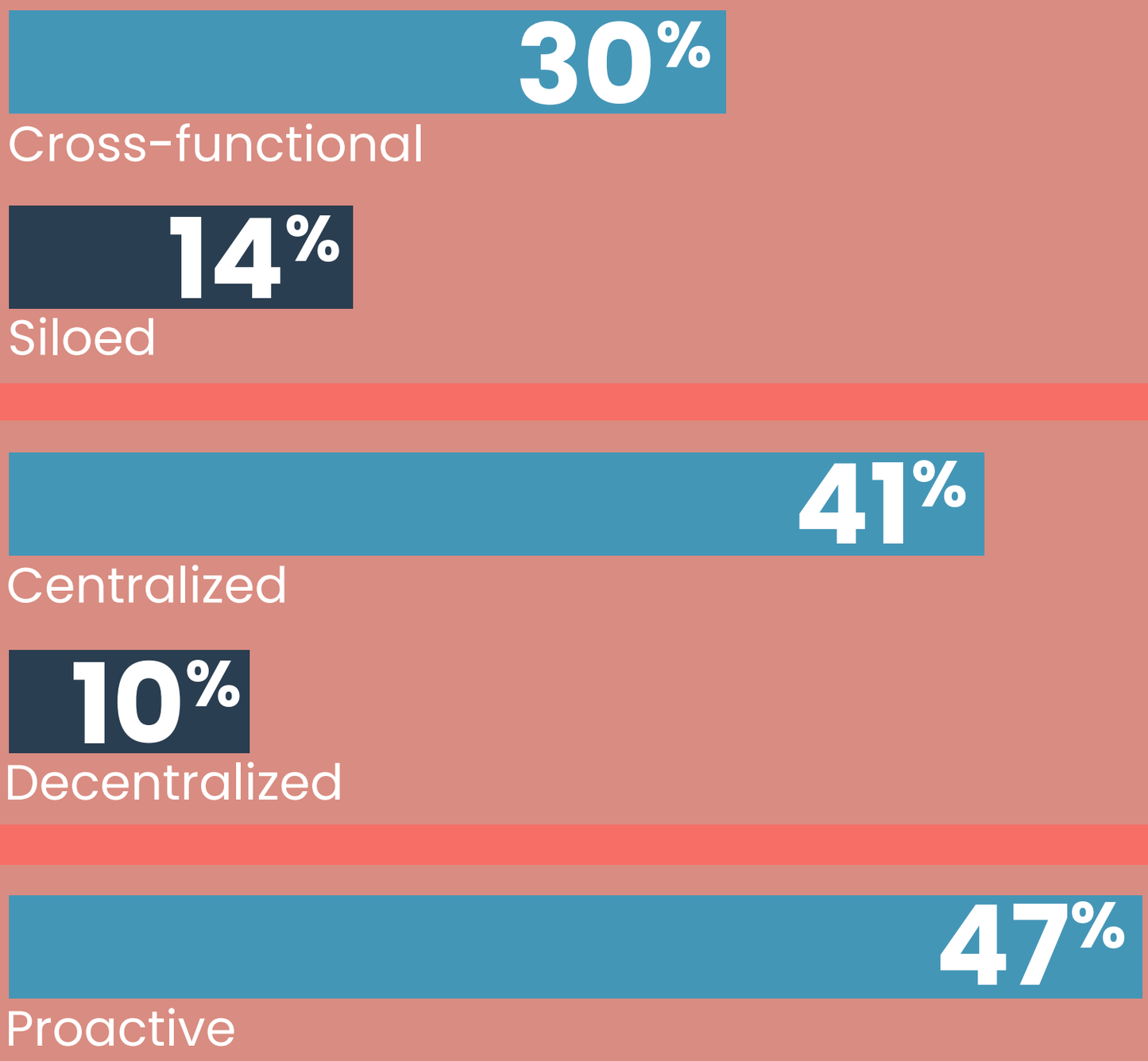
We don’t have an adequate compliance strategy

14%

We have data quality and availability issues

Interestingly, 26% report no concerns about meeting the changing compliance requirements.

When asked to describe compliance readiness efforts, more respondents reported cross-functional, centralized and proactive approaches



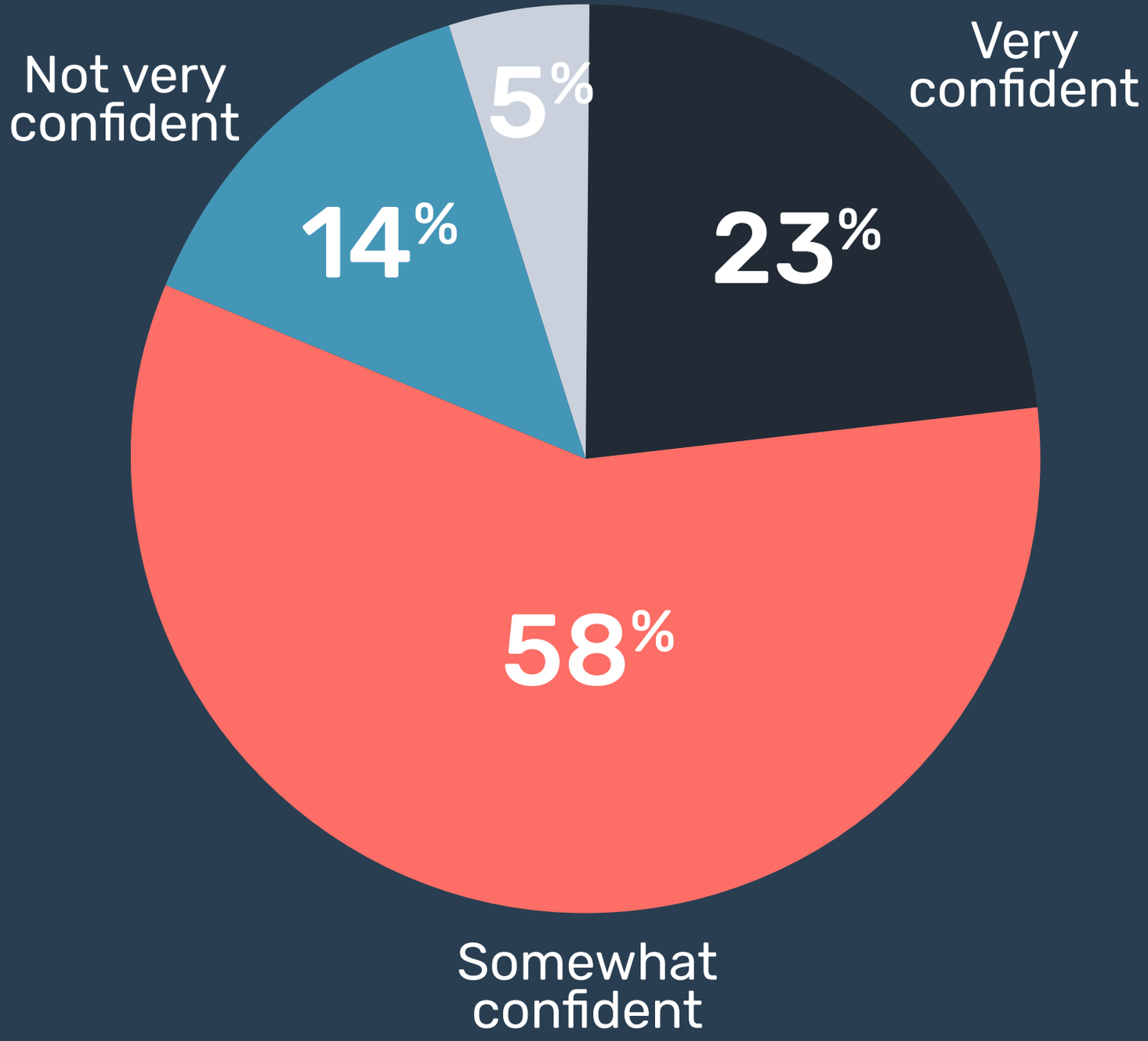
34%

Reactive

However, only 1 out of 5 who report a cross-functional approach actually have a cross functional team in place responsible for compliance.

Only 23% are 'very confident' they can meet changing compliance requirements on time. The majority has some degree of uncertainty

We are worried about keeping up with compliance requirements



The most common correlation for those with compliance confidence is a proactive approach

70%

70% of those who are **'not very confident'** also called described their compliance efforts as **'reactive'**

71%

71% of those who said they are **'very confident'** described themselves as **'proactive'**

98%

Almost everybody (98%) who described themselves as **'proactive'** were either **'somewhat' or 'very confident'**

What constitutes a proactive approach?

Peace of mind

Proactive E-invoicing Compliance

- Business Transformation
- Increased supply chain resilience
- Global, scalable effort
- Rich data insights
- Multi-layered invoice validation
- Coordinated with IT plans
- Cross-functional and centralized
- Strategic

- Ad Hoc
- Siloed and fragmented
- Disruptive to IT plans
- Country-based invoice validation
- Government-required data only
- Regional, non-scalable
- Increased supply chain risk
- Business Status Quo

Reactive E-invoicing Compliance

Panic

Key findings from the data

1

Most are at least somewhat aware of the main regulations coming into force. A third are not very aware of archiving, e-invoicing or real-time reporting mandates.

2

The lack of a global strategy and the cost of compliance are the main concerns.

3

Only 23% are very confident they can meet the changing compliance requirements on time.

4

Those with proactive compliance efforts are much more likely to feel ready for the forthcoming changes.

8 Guiding Principles for Compliance Confidence

4 DOs

4 DON'Ts

1 Think globally and cross-functionally

The e-invoicing and real-time reporting mandates coming into force require data be up-to-date throughout your organization. Your preparations to ensure compliance must be global, encompassing everywhere you operate. Finance, procurement, tax, IT, sales and senior leadership must all work together with a strategic vision to ensure you are prepared.

2 Use mandates as a business catalyst to drive your transformation and automation agenda

The compliance rules will force your hand to make changes to your process. Consider how making the required changes will also benefit the wider business by improving data quality, efficiency and visibility. The improvements you make to meet compliance standards will also help optimize cash-flow, improve data insight and create better cross-functional collaboration.

3 Factor in cost and risk avoidance

E-Invoicing mandates are always dynamic. If your processes meet only minimum requirements, you can count on more cost in the same region over time. And cost isn't the only risk factor; getting it wrong can mean project derailment, business-critical system disruption, reputational damage, audit fines, and VAT reclamation gaps. You can build a strong business case for an agile, strategic solution to reduce cost and mitigate risk.

4 Consider outsourcing to an e-invoicing vendor

E-invoicing providers focused on compliance maintain significant investments for both in-house expertise and key consultancy partnerships. Quality vendors stay prepared, so you don't have to. Evaluate reputable third parties for counsel on how to ease the compliance burden, drive efficiencies, and future-proof your operations.

1 Don’t think locally and within siloes

Building reactive compliance fixes country-by-country will be a more expensive and riskier approach in the long run. Now is the time to look at compliance from a strategic and global perspective. Think about how changes in finance, procurement, IT, and sales will help ensure compliance and efficiency in the long term.

2 Don’t miss an opportunity to improve supplier relationships

Your supply chain keeps your business going. Investing in tools like e-invoicing not only improves your indirect tax compliance, it gives suppliers status-visibility, provides the ability to pay early and improves overall supply chain health.

3 Don’t forget hidden mandate costs

The cost of compliance is significant and ongoing. Companies can and have spent hundreds of thousands to manage updates and changes. Quality vendors help customers reduce unexpected costs related to compliance.

4 Don’t count on in-house capabilities

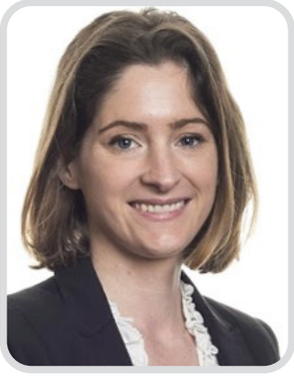
Managing dynamic compliance requirements is challenging and resource intensive. Ongoing compliance requires a global perspective and a cross-functional commitment from the business. No one team can succeed in isolation, and invariably each has other priorities which can become easily derailed with government deadlines.

Get proactive. In advance of the 'tsunami' of upcoming mandates, take time now to learn more about your best options to stay compliant while driving business transformation.

About sharedserviceslink

sharedserviceslink is the world's largest community for finance shared services professionals. Forty thousand Friends have full access to our current and archived webinars, e-books, guides, white papers, reports and roundtables. Each year, twenty technology providers keen to win the finance shared services market partner with sharedserviceslink to foster connections to expand their adoption.

About the Author



Sarah Fane is the Head of Content at sharedserviceslink. She has been conducting original research and producing reports and articles for finance, tax, and shared services professionals for over 10 years.

About Tungsten Network, a Kofax company

Kofax enables organizations to Work Like Tomorrow™ —today. Our Intelligent Automation software platform and solutions digitally transform content-intensive workflows. Customers realize faster time-to-value and increased competitiveness, growth and profitability by combining Kofax's cognitive capture, RPA, process orchestration, analytics and mobile capabilities while increasing business resiliency and mitigating compliance risk.

In June 2022 Kofax acquired Tungsten, the world's largest, compliant business transaction network. Tungsten processes invoices for 60 percent of the FTSE 100 and 68 percent of the Fortune 500. It enables suppliers to submit tax compliant e-invoices in 54 countries, and last year processed transactions worth over £220 billion for organizations such as Caesars Entertainment, Computacenter, GlaxoSmithKline, Kraft Foods, Mohawk Industries, Mondelēz International, Procter & Gamble, Shaw Industries, Unilever, and the U.S. Federal Government.

For more information, visit www.kofax.com.

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