

Electronic Invoicing for Latin America Multinationals



Scott Lewin - CEO

Invoiceware International operates the largest network for Latin America electronic invoicing and provides solutions and services that reduce the risk and cost of maintaining compliance across the region for the world's largest companies including Siemens, DuPont, Philips, Sun Chemical, and Kellogg. Over 200+ multinationals rely on Invoiceware International to manage over \$70 Billion USD of invoice volume annually across Latin America on our Compliance Network.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Lewin, what is the concept at Invoiceware International?

Mr. Lewin: Invoiceware focuses on helping multinationals comply with complex financial and tax regulations across Latin America. Latin America has very unique requirements when it comes to electronic invoicing and we help large companies that operate across the region manage these issues.

CEOCFO: What is an example of what might be required in a country that might seem odd to us here in the US?

Mr. Lewin: In Brazil, every invoice that is issued must first pass through government registration before your goods can be shipped; in addition, before you can pay an invoice, you must send it to the government for validation. Only then, can you pay the invoice and legally deduct the VAT taxes on your remittances. Imagine every

transaction, sale and payment has a real time intermediate stop at the government. The tax authority wants to know the value of every good sold and every payment made to ensure those match the correct tax liabilities. It is a very different system than in the US or Europe and the regulations change quite frequently, so it is a big challenge for large organizations to comply with this regulation and the consequences of non-compliance are severe. Penalties include shutting down your operations for days at a time to significant penalties that can range into the millions.

CEOCFO: How do you step? What are you actually doing in your service?

Mr. Lewin: We have a compliance platform that uses a hybrid cloud architecture, which means we provide technology that sits at our customer's site as well as a network in the cloud that is integrated to all of the government tax agencies across Brazil, Mexico, Argentina and Chile. When a company issues an invoice, it passes through our technology within our customer's infrastructure and then is transferred to our cloud, which then manages the interaction with the government agency and brings back that document into our customer's ERP system. We are the only solution that manages the entire process from within the customer's ERP, to the government and then back again.

CEOCFO: Have companies tried to do it themselves and then turn to you or are they proactive in reaching out?

Mr. Lewin: Depending upon the country, the requirement has either been around for several years or is a new requirement. For example, in Brazil, this requirement has been around for several years and in Chile it is being implemented this year. Government validated electronic invoices are a mandatory requirement, so companies that are doing business in Brazil have had to comply with this regulation and they have had very large difficulties because of the complexity and the constant change. Often they are coming to us when they have significant issues with their current solution or when the regulations change, which typically impacts their ERP quite a bit. They take the required changes as an opportunity to look at a more cost effective alternative. Invoiceware shields their ERP from these constant changes and can reduce their annual support costs by up to 80%. Companies are also realizing that if they don't manage these processes properly, they open themselves up to very large risks. The news is filled with companies that have paid massive fines under the Foreign Corrupt Practices Act (FCPA) for not having complete oversight on the LATAM operations. For all of these reasons, we have 200+ multinationals using our Invoiceware platform across Latin America.

CEOCFO: Are there competitors?

Mr. Lewin: It is quite interesting. There are competitors but typically, they are local competitors only working in one country. In addition, these local solutions are very difficult to integrate into the ERP and require large amounts of

consulting. A multinational will often have one partner in Brazil, a different one in Mexico, a different one in Argentina and internal IT staff to implement, monitor and support and so on. That is a very large management issue for them and they get no economies a scale across the region. We are the only solution provider that that combines on-premise ERP extensions to manage the customizations and integration requirements with a cloud based network that offers compliance across the region. This hybrid cloud architecture is the only way to simplify and reduce the cost of compliance in Latin America.

CEOCFO: Do you find that many of the multinationals work in a number of countries if not all in Latin America? Would that be typical?

Mr. Lewin: It is very common. That is one of the value statements they tell us when they look at Invoiceware. The opportunity to find one partner that can help them across the region offers great value. It is quite common for these companies to have operations in multiple countries.

CEOCFO: How long has Invoiceware been providing service?

Mr. Lewin: Invoiceware was established about three years ago and has grown to the level of processing now of over \$70 billion US dollars of invoice value a year. We are the largest compliance network across Latin America.

CEOCFO: How do you keep up with the changing requirements of each country or do they tend to change less in Latin America than they might in other places?

Mr. Lewin: They absolutely change more often. They can change several times in a year and in certain countries, they can even change overnight with very little notice. This is one of the challenges for these multinationals. We have teams in Latin America that are focused on keeping track of these changes. In combination with our own staff and accounting firms across the region, we keep track of all of the requirements and typically are the ones who notify our customers about these changes before their own internal teams even know about it.

“If you are doing business in Latin America, you need to work with companies who really understand the processes and regulations and can help keep you compliant with local regulations. If you are not compliant, your business stops! Your strategy should have the proper controls over the processes to minimize your risks of FCPA violations. With one connection into Invoiceware’s Latin America Business Network, you can comply with these constantly changing regulations across multiple countries and reduce your exposure to audits and operational shut downs, all while lowering annual support costs by 80%.”

- Scott Lewin

CEOCFO: What has changed at Invoiceware since you started? What have you learned from customer feedback that provides a better offering today?

Mr. Lewin: We knew we had a good model when we started but we did not know how good it really was. The feedback we have gotten from many of our multinationals has been that Invoiceware adds huge value to their operations. For example, we documented saving at Phillips of over 80% a year in support costs. We have increased the efficiency of their billing and shipping departments by 25%. Our hybrid-cloud model of providing technology at the customer’s site to buffer the constant legislative changes from their internal systems combined with our network in the cloud which is integrated to the tax authorities across the region has been an ideal architecture for maintaining compliance in this region. We truly solve the end to end problem and take the compliance issues off the shoulders of our customers.

CEOCFO: Is it one standard offering or are there bells and whistles or a variety of plans?

Mr. Lewin: We have the ability to offer a full compliance solution in one country or across the region but it also depends on what type of business our customers run. For example, in Brazil, there are different requirements for invoices if you sell goods or services, or if you own your own trucks, or even where you are located within the country. We support all of the requirements. We work with our customers to understand their business and their requirements and then match the appropriate solution to their requirements.

CEOCFO: What about ease of use? Is Invoiceware basically working behind the scenes so when a customer creates an invoice, it automatically has your step there or is there some training involved in implementing your system?

Mr. Lewin: That is the beauty of the platform and another area that makes us unique. We allow the customer to work entirely in their ERP system, and so the connection and integration to our cloud, the integration to the government, the validation and tracking is all under the covers. The customer is able to perform and monitor the entire process inside their ERP system, and our model makes the ERP system the complete system of record if ever audited. You don’t have

different data in different systems. We also support the entire process which dramatically reduces our customers' internal costs.

CEOCFO: *How do you reach potential customers or do people know about you, at this point?*

Mr. Lewin: We actually have a very active marketing program. We started with educating the market because if you are not inside these countries, you probably do not understand the requirements. We have spent a great deal of time educating the multinational headquarters about what is really going on within these countries. Now we do webinars every two weeks and we typically have 50-80 companies on every webinar. The interest is there and the interest continues because every few months there are changes. These companies want to understand the changes and impact on their organization. We have certainly grown to be recognized as the leader in Latin American electronic invoice compliance.

CEOCFO: *Were you surprised when you started the concept that so many multinationals did not have a handle on the issue?*

Mr. Lewin: The idea of Invoiceware started when I was approached by one multinational who told me about the challenges that they were having in the LATAM region with e-Invoice compliance and asked for help. When I started researching the issue and realized that it is a very complex process, it is mandatory, and that it changes all the time, I realized that there is a real need for a much easier way to meet these requirements. After our team finished our research and really understood the end to end process, we expected this to generate high interest within multinationals because these processes are difficult to maintain and manage on their own when they are doing business in so many different countries. If we can take that off their plates, we bring big value to them.

CEOCFO: *Do you know how or why this developed in Latin America?*

Mr. Lewin: It really started as a way for the government to combat tax avoidance. They now have visibility to the line item level of every invoice issued and every invoice paid. Think about that for a minute; the government sees every transaction between companies. In Brazil, they are implementing this same process for consumers. When you go and buy a pair of shoes, that transaction is also going to pass through the government and they are going to know that you bought a pair of shoes, how much you paid and they are going to track the taxes on that the transaction. The president of Chile announced major tax changes that she wants to implement over the next several years and combating tax avoidances is a big piece of this. Chile is implementing e-Invoicing and you can expect much, much more of this type of legislation requirement across the region.

CEOCFO: *Does it seem to matter the political philosophy of the country?*

Mr. Lewin: It does not. You are seeing these regulations in a variety of countries in Latin America. It started in Brazil, Mexico, Chile, Argentina and others are following; now you see Ecuador and Peru starting and Colombia pretty soon. The government is trying to figure out how to capture as much taxes as possible and how to squeeze out tax avoidance. You are going to see more and more of this in the region. We have been approached by some government officials outside the region who are interested in learning more because they see the value in this information.

CEOCFO: *How is business today?*

Mr. Lewin: Business is really, really good. The ability to bring this many multinationals on board in just a few years demonstrates the success. Now it is moving into individuals. We are also working in Mexico with a new requirement where paychecks have to be validated by the government and when we went live with that system, the first month had 20,000 employees on our network having their paychecks validated. LATAM e-Invoice compliance started at the enterprise, but it is moving to the individual and Invoiceware is in the middle of all of that.

CEOCFO: *What do you see ahead for the next year or two?*

Mr. Lewin: We see continued expansion to more countries for Invoiceware as the regulations are rolled out and mandated. We see more and more impact on the individual or consumer. Building out the network today, we have about 60,000 companies on our network connecting to our 200+ multinationals and we see that continuing to grow annually as they expand their business. We see expanding the network to consumers as those regulations roll out in Brazil, Mexico and possibly other countries.

CEOCFO: *Put it together for our readers. Why pay attention to Invoiceware International?*

Mr. Lewin: If you doing business in Latin America, you need to work with companies who really understand the processes and regulations and can help keep you compliant with local regulations. If you are not compliant, your business stops! Your strategy should have the proper controls over the processes to minimize your risks of FCPA violations. With one connection into Invoiceware's Latin America Business Network, you can comply with these constantly changing regulations across multiple countries and reduce your exposure to audits and operational shut downs, all while lowering annual support costs by 80%.

BIO: As President and Chief Executive officer, Scott Lewin brings more than 20 years of broad and diverse leadership experience to Invoiceware International. Since founding the company, Mr. Lewin has been active in positioning the business to accelerate growth and drive operational improvements that have enabled Invoiceware International to extend its leadership position in the electronic invoicing services and solutions market. He is responsible for corporate strategy, defining the Latin American e-Invoicing solution platform, and is an expert on B2B and e-Invoicing trends and issues globally.



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