

DBNAlliance: Unlocking E-Invoicing in the US

All about the new open exchange framework that
will reshape e-invoicing in North America



Thanks to digitization, the global e-invoicing market is expanding at an unprecedented rate and is projected to reach \$46.88 billion by 2030. The shift towards e-invoicing and focus on uniformity and transparency is making digital transactions fundamental to business operations, creating a connected, efficient, and secure financial ecosystem.

In Latin America, countries like Chile, Mexico, and Brazil have experienced significant growth in e-invoicing, often resulting in double-digit increases in tax revenues. Meanwhile, in Europe, frameworks like Peppol have revolutionized cross-border transactions, enabling almost 1.000.000 companies to interact seamlessly..



In the United States, however, the e-invoicing market's growth has been much slower. The sluggish growth of e-invoicing in the US is attributed to the country's decentralized tax structure and the lack of a uniform tax system. As a result, the US has over 10,000 taxing jurisdictions, resulting in a complex and fragmented e-invoicing landscape that obstructs the widespread adoption of e-invoicing

But things are changing. With the launch of the DBNAlliance, the US takes a critical step towards standardizing e-invoicing, an area that has historically lacked central oversight. This initiative is a critical step in aligning the US with global e-invoicing developments.

In this paper, we aim to provide clear, contextual guidance on how the DBNAlliance operates and the myriad benefits it offers to all market participants. As the open exchange framework gains traction, the need for comprehensive resources to bridge the knowledge gap for stakeholders becomes increasingly important. Our goal is for this paper to serve as such a resource, enhancing understanding of this promising exchange network, aiding decision-making, and supporting businesses in transitioning to the evolving US e-invoicing ecosystem.

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E-invoicing in the US

The United States' journey with e-invoicing began in the late 1990s and early 2000s primarily driven by large corporations. These early adopters recognized the efficiency gains from digital invoicing, such as expedited processing and cost reductions.

Even as technological advancements such as the Electronic Data Interchange (EDI) and the world wide web laid the groundwork for e-invoicing, the US market did not see substantial uptake. While some government mandates spurred adoption, a substantial portion of the business sector remained hesitant.

This slow progression can be attributed to several barriers to adoption. Let's examine a few of them.



Barriers to adoption

Complicated tax system	<p>The absence of a federal VAT or GST system has resulted in over 10,000 taxing jurisdictions, complicating the tax landscape and hindering uniform e-invoicing adoption.</p> <p>This complexity is further exacerbated by the associated costs for businesses, especially smaller ones, to comply with diverse tax requirements.</p>
Lack of standardization and interoperability	<p>The diverse business sector in the US, without a common e-invoicing format across industries, has led to a fragmented and inconsistent landscape.</p> <p>The fragmentation of e-invoicing systems and their lack of interoperability pose significant technical barriers, hindering seamless adoption across different platforms and industries.</p>
Policy and regulatory gaps	<p>The US lags behind regions like the European Union in establishing standardized e-invoicing regulations and policies, leading to a disjointed approach.</p>
Decentralized regulatory approach	<p>The absence of a central authority to enforce e-invoicing nationwide results in varied adoption rates and practices across states.</p>
Resistance to change	<p>A combination of perceived uncertainty, lack of awareness, and stakeholder reluctance, often stemming from trust or skill gaps, has slowed the adoption process.</p>

Recent developments in the US e-invoicing landscape

Recent developments in the US e-invoicing landscape

In the 2010s, various U.S. industry bodies identified the need for improved e-invoicing efficiencies. Alongside, the Business Payments Coalition (BPC) played a pivotal role in developing standards for e-invoice exchanges, culminating in a proof-of-concept for a federal network model.

Launch of the DBNAlliance

2024 marked a significant milestone with the launch of the DBNAlliance its open exchange network. This initiative aimed to establish a standardized e-invoicing

model in the US, inspired by successful models like Europe's Peppol network.

The DBNAlliance network represents a major advancement in the US e-invoicing landscape, offering a centralized solution to the previously fragmented system.

The E-Invoice Exchange Market Pilot

The BPC's momentum continued into the early 2020s with the E-invoice Exchange Market Pilot. This initiative demonstrated the feasibility of a federal network model, providing insights for more centralized e-invoicing practices

At the Digital Business Networks Alliance, our mission is clear: to operate an electronic delivery exchange network available for use by all businesses in the United States. One that allows customers of all service providers to communicate seamlessly with customers of all other service providers.

Bringing together experts from all over the world, with 4 active committees and many dedicated members, the DBNAlliance works hard to set up a robust open exchange framework and accelerate e-invoicing adoption in the United States.

Understanding the DBNAlliance

The DBNAlliance's new open exchange network is pivotal in reshaping the US e-invoicing landscape, striving to consolidate the fragmented system into a unified, national framework. Its core mission is to foster secure and standardized electronic invoice exchanges, enhancing connections between service providers within a market-ready exchange framework.

At the heart of its operations is the Exchange Framework, a network designed to enable effortless sharing of business documents across various platforms. This initiative directly tackles the industry's longstanding interoperability issues, streamlining the process of e-invoicing across different systems and stakeholders.

The DBNAlliance initially focuses on fostering growth in three key industries: Energy, Supply Chain, and Life Science. This strategic approach aims to enhance connectivity within these sectors, promoting network expansion. However, due to the benefits experienced from a 'connect once, connect to all' principle, the DBNAlliance encourages companies from any industry to join the platform.

One key feature that sets apart the DBNAlliance's open exchange network is

its ability to support all global country identifiers. This means that companies from any country can easily connect to the network. As a result, there's enormous potential for growth and adoption, offering exciting opportunities for the network and its users on a global scale.

Governance structure

The governance structure of the DBNAlliance is foundational in its mission to transform e-invoicing and electronic document exchange in the United States. Established as an independent, not-for-profit entity, the DBNAlliance operates under a framework that ensures participatory and mission-driven decision-making.

Emerging from the works of the Business Payments Coalition (BPC) and various other industry bodies, it is directed by a board elected by its members, ensuring representation of the diverse stakeholders within the e-invoicing ecosystem. The board, comprised of an equal number of electronic invoicing service providers and customers, reflects a balanced representation of entities within the e-invoicing market.

Building an industry ecosystem

The DBNAlliance represents a unique collaboration between the U.S. government, private sector entities, and the BOC. It unites a spectrum of experts — from e-invoicing service providers to financial institutions and B2B networks, each contributing their expertise to improve the US e-invoicing landscape.

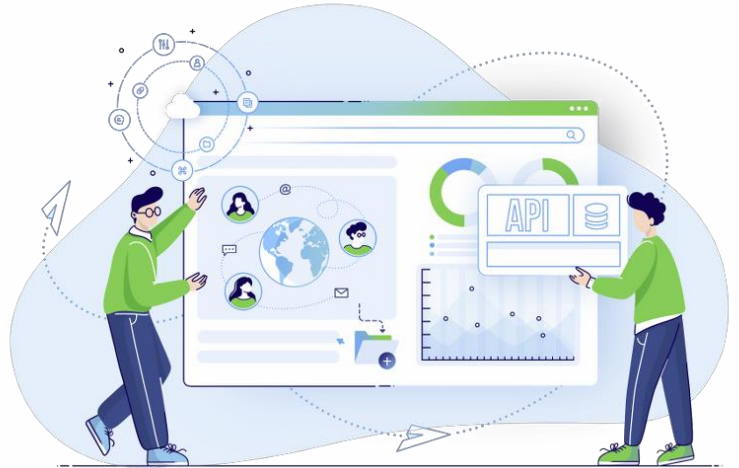
How the DBNAlliance is addressing e-invoicing challenges in the US

The DBNAlliance has a number of crucial roles and responsibilities aimed at overcoming the barriers to e-invoicing adoption and stimulating its growth in the US.

Below, we outline how the Alliance, through its diverse functions, is addressing the challenges and resolves specific issues we identified above.

Central to the alliance's approach is its ongoing dialogue with members, including Industry Stakeholder Groups. This continuous engagement

helps ensure that the DBNAlliance's policies and guidelines are both relevant and flexible. This participatory and responsive approach is helping build an effective e-invoicing landscape that meets the diverse needs of all involved parties and can adapt to a changing business climate.



<p>Standardizing invoice formats</p>	<p>One of the primary barriers to e-invoicing adoption has been the lack of standardization and interoperability. The DBNAlliance addresses this by establishing a standardized e-invoice model and creating an electronic document exchange network.</p> <p>The framework ensures that businesses, regardless of their size or sector, can exchange invoices seamlessly. A unified standard significantly eases the complexities arising from the diverse e-invoicing formats previously in use.</p>
<p>Reducing operational uncertainties</p>	<p>The exchange framework aims to reduce operational uncertainties, raising awareness and building confidence among businesses.</p> <p>It offers cost-effective ways to facilitate easier adoption of e-invoicing, ensuring businesses can integrate e-invoicing into their existing operations without incurring significant expenses.</p>
<p>Defining policies and standards</p>	<p>As an oversight entity, the DBNAlliance plays a crucial role in defining comprehensive policies, standards, and security mechanisms for e-invoicing.</p> <p>These guidelines ensure adherence to a consistent set of rules, promoting an integrated e-invoicing ecosystem.</p>
<p>Providing oversight</p>	<p>The DBNAlliance's role in governing the exchange framework and providing oversight ensures a smooth and seamless exchange of invoices across various platforms, maintaining the integrity of the e-invoicing system.</p> <p>This oversight is essential in managing the operations of the e-invoicing system, ensuring that it functions effectively and efficiently.</p>

<p>Streamlining tax compliance</p>	<p>While not directly simplifying the US tax code, the DBNAlliance indirectly contributes to easing the complexities of the tax system. It aids businesses in achieving better tax compliance through efficient invoice processing and straight-through processing.</p>
<p>Ensuring regulatory compliance</p>	<p>The DBNAlliance offers a flexible framework that adapts to different legal and regulatory environments, which is crucial for businesses to maintain compliance while benefiting from electronic exchanges.</p> <p>This adaptability is particularly important in facilitating international trade, allowing businesses to comply with various global regulations seamlessly.</p>
<p>Implementing security mechanisms</p>	<p>A key focus of the DBNAlliance is the implementation of robust security mechanisms, ensuring the protection and integrity of data within the e-invoicing system.</p>
<p>Training and membership</p>	<p>The DBNAlliance assists businesses in integrating into the exchange framework, providing necessary training and support to service providers.</p>
<p>Promoting network adoption and growth</p>	<p>Although a relatively new entity, the DBNAlliance is actively working to expand its network of participants and service providers, which is vital for the system's maturity and long-term sustainability.</p>

Benefits of adopting the DBNAlliance Exchange Framework

Whether you are a buyer, supplier, or a service provider, there are compelling reasons to consider adopting the Exchange Framework.

Standardization and interoperability

By embracing universal, non-proprietary standards, the exchange framework fosters inclusivity and broad adoption across various industries. This unified approach to e-invoicing simplifies workflows and ensures uniformity amidst diverse invoice formats and regulations.

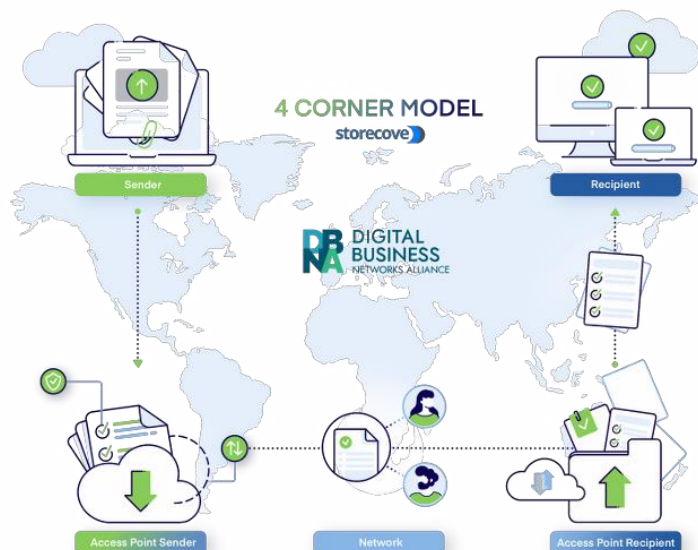
Interoperability lies at the heart of the framework, enabling seamless connections among buyers, suppliers, and service providers through a single gateway. This integration aligns with established invoicing methods, such as EDI, enhancing value without redundancy.

Additionally, the framework's compatibility with the 4-corner exchange model, familiar to many, eases the transition for businesses already using similar systems.

For buyers, the standardization significantly reduces the complexity of managing different e-invoicing formats and regulations across jurisdictions. This unified format streamlines invoice processing, leading to more efficient and error-free transactions.

For suppliers, the framework's interoperability offers the flexibility to choose service providers or access points, connecting once to access various customers. This eliminates the need for multiple individual connections, simplifying processes and reducing costs.

For service providers, the framework's mandate for a single, industry-agnostic e-invoice format reduces integration complexities. This standardization facilitates easier supplier activation and potentially increases customer acquisition.



Security and reliability

The Exchange Framework actively ensures robust cybersecurity and reliable data transfer. It builds a trusted environment for business transactions, aimed at combating cyber threats like invoice frauds. With its protective mechanisms, the framework actively safeguards the integrity of invoice data and business records during transmission.

Security is further strengthened by using an encrypted AS4 protocol for data transfer and a rigorous verification process for all network participants. These steps actively reduce risks linked to fraudulent activities and guarantee business continuity, making the framework a dependable choice for everyone involved.

For buyers, it provides a secure environment that drastically cuts down the risk of fraud and verifies the authenticity of received invoices. It ensures reliable invoice receipt, lowering the risk of lost or misplaced invoices.

For suppliers, it guarantees secure invoice submission. Suppliers can send their invoices with confidence, knowing they are safe from interception or alteration. They can count on reliable invoice delivery, which lessens the risk of delayed payments due to lost or misplaced invoices.

For service providers, being part of the Exchange Framework boosts their market trust and credibility. They offer a secure and reliable platform for electronic invoice exchange, ensuring reliable service delivery and improving customer satisfaction.

Cost savings and efficiency

The framework stands out for its cost-effectiveness and efficiency. Its interoperability and standardized e-invoicing format significantly reduce time and costs associated with traditional invoicing processes. By centralizing invoice management, it streamlines

operations, reducing overheads and enhancing overall efficiency.

For buyers, it brings substantial administrative cost savings.

By streamlining the invoice-to-cash process, it reduces the need for manual invoice handling, thereby lowering administrative expenses.

The standardized format for receiving invoices simplifies management and processing, leading to improved cash flow management. This standardization also increases operational efficiency, as buyers can handle invoices from various suppliers in a unified manner, further enhancing their operational workflows.

For suppliers, it offers the advantage of faster payment cycles. This improvement in the invoice-to-cash process enhances cash flow and reduces the need for extensive working capital.

The standardized e-invoicing format minimizes errors in invoice processing, leading to fewer disputes and faster payment resolutions. This efficiency streamlines their operations and strengthens their financial stability.

For service providers, the framework helps lower IT costs. By adopting the standardized and interoperable framework, they can avoid the complexities and expenses associated with multiple system integrations.

It also enables them to deliver their services more efficiently and cost-effectively, enhancing customer satisfaction and reinforcing their market position

Seamless integration into existing systems

The Framework is designed for seamless integration, offering a 'plug and play' experience that accelerates adoption without the need for complex setup processes.

This ease of integration ensures organizations can quickly benefit from its capabilities. The framework's design complements existing operating models and accounting systems, allowing organizations to leverage its features without substantial system overhauls.

It supports a unified payment approach, accommodating various payment methods and ensuring continuous workflow without disrupting existing Accounts Payable (AP) or Accounts Receivable (AR) processes.

For buyers, this means they can use the framework with minimal or no system change requirements, and can integrate the framework within their current operating models effortlessly without having to invest in new systems or processes.

For suppliers, scalability ensures that they can connect with an expanding buyer base without encountering integration issues, facilitating business growth.

For service providers, it enables them to scale up operations and onboard more clients efficiently. The framework's infrastructure is inherently scalable, allowing service providers to leverage economies of scale by onboarding more clients. This scalability supports growth in client numbers, and facilitates expansion into new business areas.



Greater market access

The framework significantly enhances market access for all its stakeholders. By streamlining the exchange of business documents, it enables seamless connections within the supply chain, allowing participants to transcend traditional barriers.

For buyers, this means they now have access to a broader range of suppliers, fostering competitive pricing and improved quality in goods and services. Buyers can discover and evaluate new suppliers regardless of their e-invoicing systems, making the procurement process more efficient and diverse.

For suppliers, the framework acts as a gateway to expand market reach. Suppliers can connect with a larger customer base, enhancing their potential for revenue growth. The framework's ability to streamline the invoice-to-cash process and reduce exceptions means suppliers can focus more on business expansion and less on administrative hurdles.

For service providers, the framework makes it easier to enroll more suppliers and buyers onto their network, increasing their value to clients. This expansion applies both to the number of network participants and to the range of services offered, as the framework supports various electronic payment methods and business document exchanges.

Business intelligence

The exchange framework offers a practical approach to business intelligence, providing essential data and analytics to support decision-making processes. This framework facilitates access to real-time information, enabling businesses to understand market trends, customer behaviors, and operational performance more clearly.

For buyers, the framework is a valuable tool for enhancing procurement strategies. It offers insights into supplier performance and market trends, aiding buyers in making more informed purchasing decisions.

For suppliers, the framework provides an opportunity to better understand their customer base. Access to data on buying patterns and customer feedback informs suppliers about market preferences, aiding in product development and pricing strategies.

For service providers, the framework offers insights that can enhance service delivery. They can better understand customer needs and market trends, and use those insights to tailor their offerings more effectively.



Sustainability

The DBNAlliance exchange framework plays a pivotal role in fostering environmental sustainability.

Energy efficiency and carbon footprint reduction:

The digital-first approach of the DBNAlliance framework inherently demands less energy compared to conventional invoicing methods, substantially lowering carbon emissions.

Promoting sustainable business practices:

The framework's ability to provide transparency into supply chains and allow businesses to assess and align with suppliers who adhere to sustainable practices.

Catalyst for sustainable innovations:

The interoperability and seamless data sharing enabled by the DBNAlliance framework pave the way for innovations in areas like IoT and blockchain.

Inclusivity in sustainability efforts: By reducing the cost barriers, it enables even small businesses to participate in and contribute to environmental sustainability.

Current status and future prospects

The DBNAlliance, as it stands today, represents a crucial step forward in the integration of digital processes within business-to-business (B2B) communications. The alliance has successfully launched an exchange framework, currently concentrating on e-

invoicing, which allows businesses to engage with minimal disruption to their existing systems.

At present, the framework is in an adoption phase, with a growing number of service providers and businesses joining the network. This phase is critical, as it sets the groundwork for the framework to become commercially available across the US by 2024. The goal is to establish a nationwide standardized e-invoicing system, akin to Europe's PEPPOL, which will act as a foundation for a wider range of electronic documents.

The DBNAlliance is also extending its membership which will increase the number of businesses that can leverage its services. Members, both full and associate, are connected to the exchange framework through authorized access points, ensuring a secure and standardized mode of communication.

In terms of long-term vision, the DBNAlliance plans to support a broad spectrum of document types related to Purchase-2-Pay and Order-2-Cash processes. The larger aim is to create a comprehensive and efficient digital transaction system that will enable rapid, reliable document exchange, promoting operational agility and collaboration.

The anticipated expansion in the adoption of the framework between 2024 and 2025 is expected to bring innovation in B2B payments and supply chain processes. Interoperability, data sharing, and integration are the cornerstones of this innovation, which could lead to enhanced efficiency, transparency, and cost savings for US businesses.

Membership and participation

Offering two tiers of membership, Full and Associate, the DBNAlliance provides flexibility and inclusivity for various stakeholders in the B2B payments ecosystem.

Full membership

Full membership in the DBNAlliance is tailored for those keen on shaping the digital business environment. These members have voting rights for the Board of Directors, and participate in various operating committees, such as technical, policy and rules, and market adoption. This role allows them to contribute to the Alliance's strategic direction and stay updated with advancements in e-invoicing and digital transactions.

Associate membership

Associate membership suits individuals and organizations aiming to contribute to the DBNAlliance's growth within specific areas. These members play a significant role in operating committees, impacting technical and policy decisions. While Associate members do not have broader voting rights or leadership positions, their input is vital in shaping the operational facets of the DBNAlliance.

Membership Benefits

Framework access: Members gain access to the DBNAlliance's exchange framework, facilitating secure e-invoice sharing and document exchange.

Expanded networking: Membership provides a broader network of trading partners, helping to overcome technical barriers and enhance market presence.

Enhanced efficiency: The framework streamlines business processes, leading to fewer errors and improved operational efficiency.

Guidance and standardization: The DBNAlliance assists in connecting to the framework and setting industry standards, maximizing the benefits of digital business networking.

Policy influence: Full members have the opportunity to shape policies and standards, significantly impacting the digital business networking landscape. Committee participation: Both types of membership offer chances to contribute to the Alliance's development through committee involvement.

With more companies exchanging business document over the network, and more service providers connecting as access points. The Digital Business Networks Alliance is gaining traction with new members each month.. Interested In becoming a member? Explore our pricing options [here](#).

Become a certified member

Together we can make the exchange of business documents a whole lot easier. Want to be part of this innovation and contribute to the growth of e-invoicing in the United states? Fill in the [membership form](#) on our website to join the Digital Business Networks Alliance

Note: If you're not interested in becoming a member but would like to connect to the exchange framework, please explore our list of service providers.



Become a member: <https://dbnalliance.org/membership/>



Contact us: <https://dbnalliance.org/contact/>

