

Exchange

E-Invoicing / E-Billing:
Accelerator for Digitization



Nokia - A Global Digital Transformation Journey

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Nokia
We create the
technology to
connect the
world

2

Fiscal & Legal
Paperless
Electronic
Invoicing from
LAT to Europe

3

Nokia Strategy
Global
Paperless
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E-invoicing
Archiving
compliance

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Why
E-invoicing ?

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Program Challenges ...
Paperless as part of digital transformation

We create the technology to connect the world

NOKIA

April 2019



Megatrends are changing the world, and the ways we connect with it



Network, compute & storage

Broadband
everywhere,
distributed
cloud, near
infinite storage



Internet of Things

Connectivity for
a trillion things



Augmented intelligence

Human assistance
and task
automation at
machine scale



Human & machine interaction

Virtual and
augmented
reality,
reshaping how
we interact with
machines



Social & trust economics

Sharing economy
and digital
currencies making
trust and security
essential



Digitalization & ecosystems

Digitalization
of services,
operations, network
and
supply chain

Our strategy:

Rebalancing for growth

1
Lead

in high-performance,
end-to-end networks
with communication
service providers

2
Expand

network sales
to select vertical
markets with
carrier-grade needs

3
Build

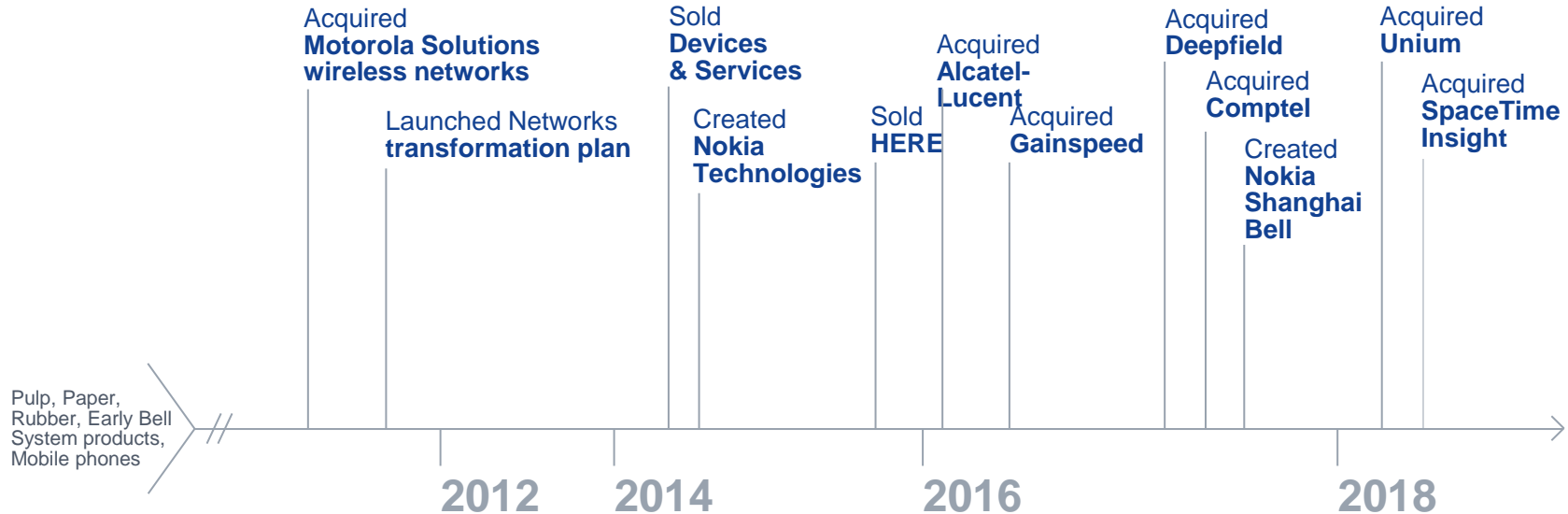
a strong standalone
software business

4
Create

new licensing
opportunities in
the consumer
ecosystem

operational excellence

Disciplined execution for successful integration and transformation





Today, we operate at the convergence of technologies, disciplines and markets

- Networks, including cloud
- Cognitive technologies
- Infrastructure and devices, including the IoT
- Technologies and services
- Diversified customers and industries

Shaping the future of technology with our customers

Communications service service providers

- Profitable adoption of future network technologies
- Agility and efficiency
- IoT and 5G readiness
- Personalized services
- New business models and services

Enterprises and public sector

- Dynamic and automated IT
- Consumable compute and storage
- Agility and efficiency
- Digital transformation
- Efficient public safety and emergency services

Webscale

- Massively scalable network with lightning speed
- Insight-driven automation for network performance management and security
- Dynamically responsive to needs and demands of applications and content within Clouds and Edge Clouds

Consumers

- Licensing Nokia patents to consumer product creators
- Licensing the Nokia brand to enable award-winning consumer products
- Developing and licensing immersive audio/visual technologies

Comprehensive portfolio and expertise

**Mobile
Networks**

**Fixed
Networks**

**IP / Optical
Networks**

**Nokia
Enterprise**

**Global
Services**

**Nokia
Software**

**Nokia
Technologies**

**Nokia
Bell Labs**

Nokia Group

Summary of Q4 2018 numbers: improved profitability in both Networks and Nokia Technologies

Non-IFRS
net sales

€6.9bn

Change in net
sales year-on-
year
(constant
currency)

3%

Non-IFRS
operating margin

16.3%

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Program Challenges ...
Paperless as part of digital transformation

Four Main Regions, Four Main Orientations

North America - Control

Enforcing through its mandatory processes the equivalent requirements as the Paperless European regulations

Latin America -Tax & Corruption

Electronic clearance in real time with TAX Agencies, Strong local specificities – protocols & formats of messaging
High complex depending on tax related legislations

Europe Economic Efficiency Tax & Corruption

Council directive
2010/45/EU into force
on Jan. 1st 2013,
2014/55/EU

EU Members states
alignment on going

Asia & Africa –

Tax & Corruption

No particular possibility or going toward equivalent systems as South America (i.e Indonesia)

2018 - 2019



Mexico CFDI 3.3 (incl. Proof of Payment) successfully implemented in P4 2018 – Global Paperless Wave 1 Project (1st Electronic Invoicing Project delivered after Alu acquisition, WE built a common generic interface fALU/fNokia with EDICOM to capitalize on this interface for future B2B/eInvoicing connections)



Colombia Tax Authorities defined the Electronic Invoicing and this adoption is mandatory from P7 2017 onwards, implemented through Global Paperless Wave 1 project, solution is Productive since P12 2017. Nokia invoice data extracted via SAP Standard IDOC and sent to the Tax authority WebService via EDICOM using the generic Interface.



Hungary : Tax Package voted by the Parliament on 7th June 2016 Rules of Taxation, the data of issued invoices must be reported to the tax authority electronically. Solution is Productive since P19 2018, implemented through Global Paperless Wave 4 project, and it's new architecture, data extracted via SAP Standard eDocument solution and sent to the Tax authority WebService via EDICOM.



Italy regulation "Disegno di Legge di Bilancio 2018" foresees e-invoicing between business partners mandatory from 2018. 1 July 2018 B2B e-invoicing became mandatory for companies engaged in petrol sales and for sub-contractors to suppliers in public procurement then from 1st January 2019 onward B2B e-invoicing became mandatory for all companies (B2B).

Solution is being tested, implemented through Global Paperless Wave 4 project, and reaches it's final architecture, data extracted via SAP Standard eDocument solution and sent to the Tax authority WebService via EDICOM.

Basics MUST be Followed

You must be able at any time to manage the followings



Flow

To prove you have sent or received the document (partner Id, time stamp etc..)

Content

To be compliant with the Countries Legal & Fiscal requirements

To be compliant with the Company Record Management Rules

Document

To provide the original content of the document

To provide it in a human readable format

Safe Archiving Storage

To store safely the document during a legal period

To provide access to this document during the legal period

You must **PROVE** you have achieved each of these conditions, over the period of time.

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Nokia Strategy – Global Paperless program



Nokia & Acquired former companies till New Nokia – NextGen Paperless

Step by Step Journey



STEP 1 (2016)

- Identify the synergies on existing Electronic Invoicing flows legacy Nokia & legacy ALU
- Provide IT Solution to cover both companies on upcoming new compliance requests for Colombia & México
- Define how to leverage the investment considering Transformation period as well as New Nokia ERP

STEP 2 (2017)

- Build Global Paperless Platform to connect both ERPs through one single vendor which can be reused
- Pilot Solution at Colombia as per Tax Authority (DIAN) Legal requirement, to both ERPs (Legacy ALU + Legacy Nokia) + Legal Archiving
- Connect Mexico to new as per Tax Authority (SAT) E-invoice requirement (CFDI 3.3), to both ERPs (Legacy ALU + Legacy Nokia) + Mexican Proof of Payment and Legal Archiving

STEP 3 (2018 - 2019)

- Review Strategy – Paperless as Services
- Review Architecture (IPaaS)
- Review Architecture (Legal Archiving)
- Connect new countries i.e Hungary, Italy as per compliance /legal requirements
- Connect new Customers i.e Orange France, Vilpekom Russia, Claro Argentina

STEP 4 (2020 - 2022)

- Connect new countries UK, Portugal, Greece, Poland, Russia as per compliance /legal requirements
- Define strategy to guarantee customer compliance through E-invoicing

STEP 5 (2023 - onwards)

- Global Paperless NextGen solution defined & implemented at Supply Chain Transformation Program

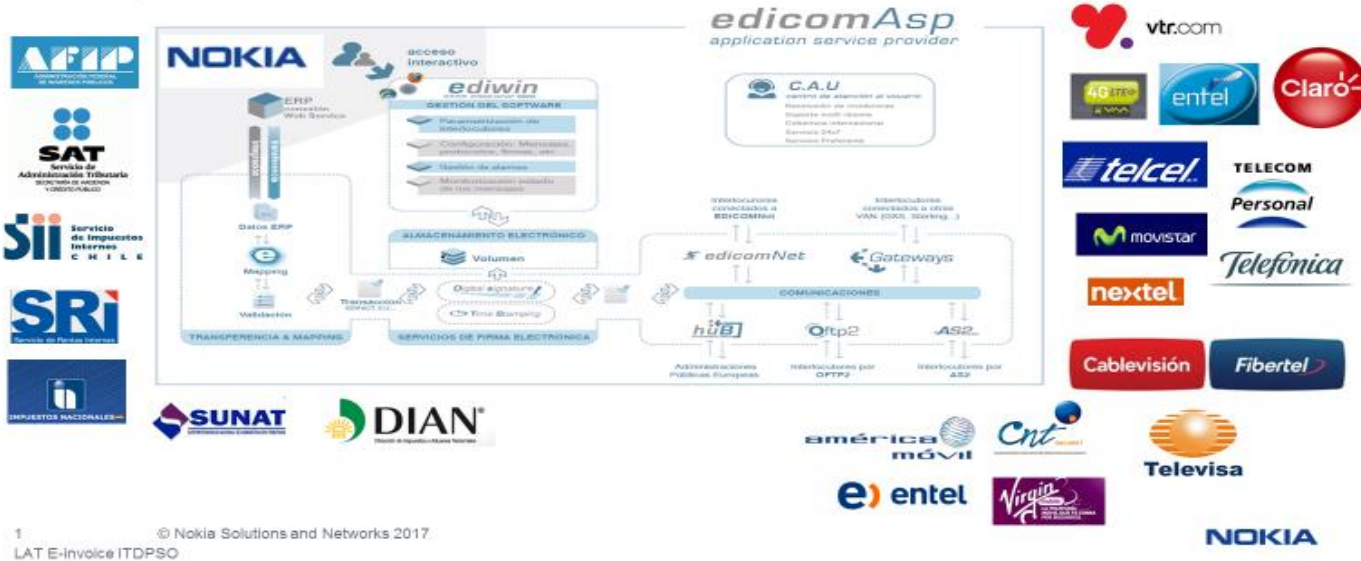


E-invoice LAT where this journey has began ... Nokia

Nokia



Nokia P20 E-invoice Latin America Existing Interfaces





- E-invoicing in Latin American countries differs significantly from other parts of the world. Invoicing and tax compliance regulations are also completely different from country to country in this region.
- In order to provide common solution, reduce need of country specific configuration at Nokia Global Integrated ERP (SAP), Nokia strategy includes an E-invoice Partner to bridge Nokia Billing documents to the Tax Authorities.
- Flexible Solution which can be easily changed according to any possible change in the law.

Alcatel-Lucent approach



Electronic Archiving

	Italy 2009	Substitutive Conservation
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 Alcatel-Lucent	WW 2011	Supplier Invoices. eSigned PDFs
--	------------	------------------------------------


 Alcatel-Lucent	WW 2013	InterUnit Billing eSigned PDFs
--	------------	-----------------------------------

 Alcatel-Lucent	WW 2013-14	Order 2 Cash documents
--	---------------	---------------------------

Customer / Suppliers Full electronic B2B

	Poland 2010	Customer Full Paperless. XML
---	----------------	---------------------------------

	France 2010	Customer Full Paperless. EDI
---	----------------	---------------------------------

 Alcatel-Lucent	EU 2013	InterUnit Billing eSigned PDFs
--	------------	-----------------------------------

	France 2013	Customer Full Paperless. EDI
---	----------------	---------------------------------

 Alcatel-Lucent	EU 2014	Supplier Invoices. eSigned PDFs
--	------------	---------------------------------------

Country Compliance

	Brasil 2009-16	eFiscal & eContabilidade & eNota Fiscal. evolutions
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	Mexico 2009-16	CFDI 1.0 till 3.2 Several evolutions
---	-------------------	---

	Argentina 2011-12	eInvoice Several evolutions
---	----------------------	--------------------------------

	Uruguay 2014	eInvoice & reports
---	-----------------	--------------------

	Turkey 2014	eInvoice & reports
---	----------------	--------------------

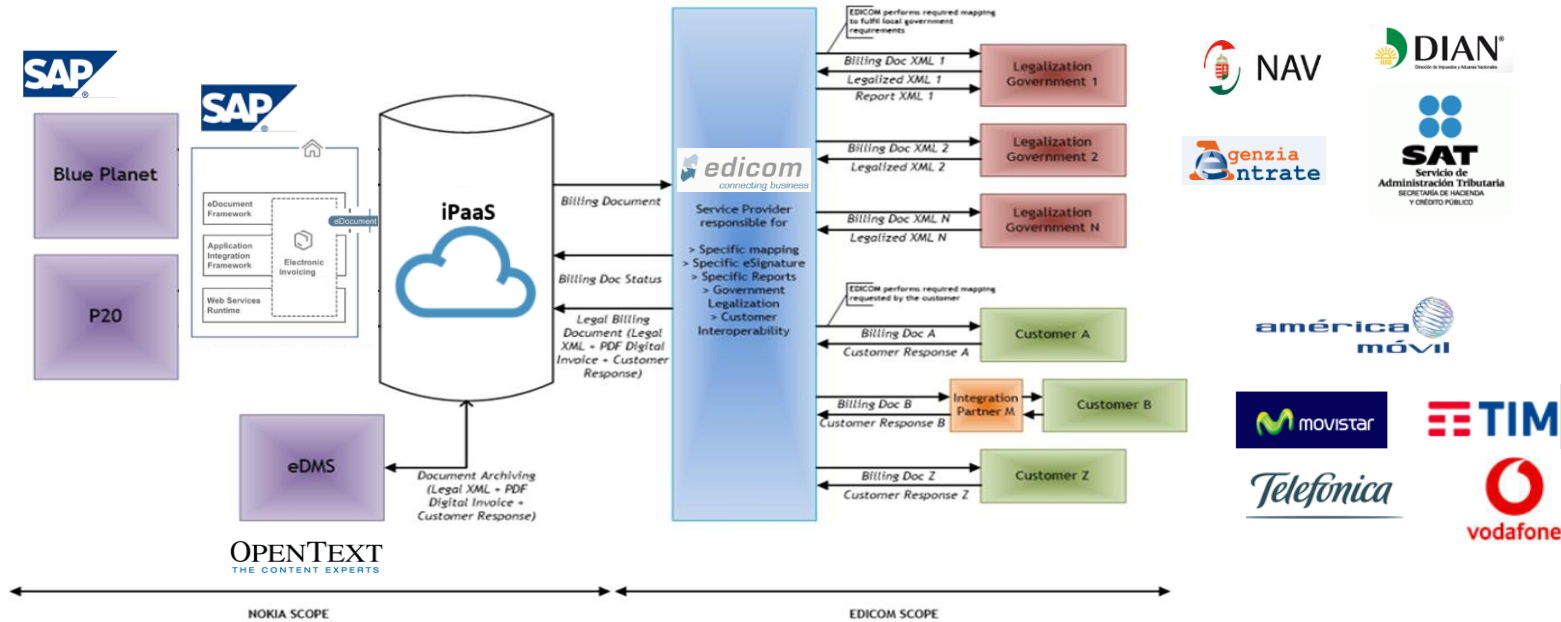
	Chile 2014	eInvoice & reports
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	Ecuador 2014	eInvoice & reports
---	-----------------	--------------------

	Peru 2014	eInvoice & reports
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Local Solution

Global Paperless Architecture – Current Strategy



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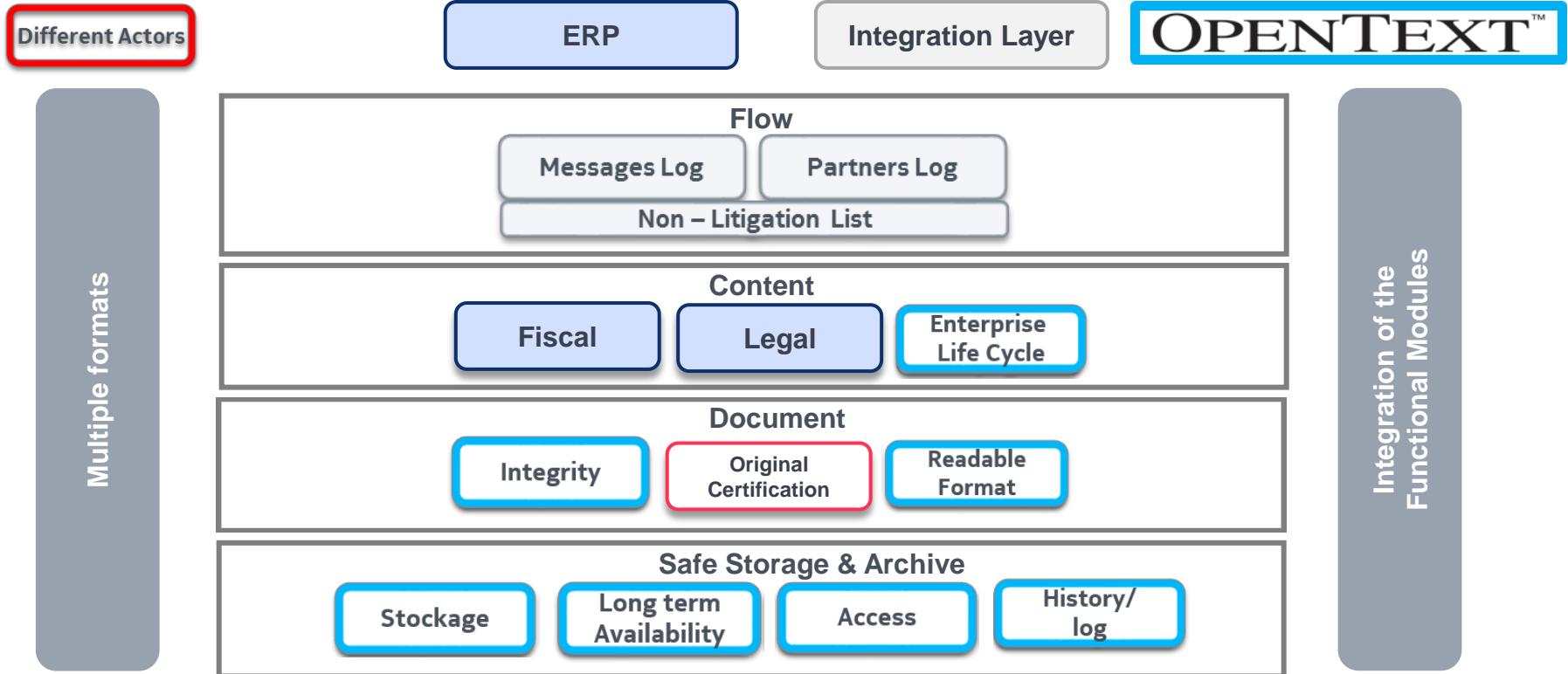
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Program Challenges ...
Paperless as part of digital transformation

Fiscal paperless documents platform

(light blue rel. archiving)



Archiving Compliance

- To easily comply with requirements of local tax authorities. In the European Union, for example, all companies are required to archive invoices for regulatory and tax evidencing purposes, according to the Directive 2010/45 EU.
- This helps governments nip tax fraud in the bud and ensures they collect all the tax revenue they are entitled to. Invoices are key legal documents in this process, and therefore strictly regulated. Archiving Compliances.
- The entire process involves archiving e-documents with a system that guarantees two conditions **permanently in time**. The integrity that certifies the alteration of the documents during their safekeeping, and the **authenticity** that identifies the physical or legal person as the author of a document.
- Systems such as advanced e-signature set out encryption procedures for the invoice to guarantee the document source and ensure that it has not been altered since the moment it was created.
- Same in Latin America where there are variances on the Archiving requirements from different tax authorities, i.e Argentina Since CAE invoices need not be printed, they can be archived electronically for the required retention period of 10 years. Mexico the laws state that you need to archive this XML for five years.
In some countries Legal Archiving rules are even more complex where it is mandatory to use “on country based” servers and cloud solutions for archiving are not allowed.



Paperless Services

- As part of Digital Transformation, soon the Electronic Invoicing Solutions will be as natural as a Final User decision to print out one invoice or digitally send to both customer or Tax Agency within some clicks ..
- Objective is to classify the requirement by different Services that Global Paperless Platform is enabled to deliver and leverage the connections accordingly



1. ERP Order Execution and Invoicing

- Legal & Fiscal compulsory data
- Business data
- Mapping to Standard document format
- ERP Integration of Legal Data
- Paperless Reporting

2. Electronic Legalization (Comm)

- Communication with Govt or representative
- Specific messages choreography
- Specific Protocol / messages format

3. Contingency Management

4. Authenticity

- Electronic Seal
- Electronic Signature
- Electronic Time Stamp

5. Electronic Compliance Archiving

- Retention Rules
- Record Management
- Users Access Rights and Segregation
- Search

6. Dashboard and Tracking

7. Audit Trail

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Reasoning for Paperless (E-invoicing)

1. Compliance of Country's tax legislation

- Priority 1 : legal requirement
- Digital Certification
- Digital Signatures
- Intercompany Invoicing
- Data Mapping to fulfil the legislations
- Folio Numbering Electronic Control
- Proof of Payment – Payment Bank Receipts Transferring
- Legal Reports

2. Compliance at Legal Archiving

- Mostly Tax authorities define the requirements of Legal documentation Archiving
- Billing Documents stored in eDMS with direct link to the ERPs
- Automatic Folder Structure created by Legal Entity / Sold To / Delivery To / Year, month and date

3. Compliance of Customer Requirements

- Different customer worldwide are contractually enforcing Nokia to provide legal electronic Billing documents (with various legal enforcement)
- Optimization purposes / less Manual efforts & Data Quality
- Providing shared services within the most common Platforms used by Nokia Customers
- Inter-operability capacities and reality

Going paperless

Internal & External Opportunities

Internal opportunities - An increasing demand

- From Nokia Procurement to implement Fiscal Paperless Invoices on top of electronic exchanges with our Suppliers
- IS Urbanization and Green IT
 - Data archiving
 - comply with local Fiscal & legal regulation
 - Convergence toward Green IT
- New needs
 - Fiscal documents (Tax declarations, Customs declarations, Transport, ...)
 - eDocuments management along the internal Business Process
- Willingness to consolidate and rationalize the different solutions implemented throughout Europe and worldwide.

An internal versatile Platform

Business - Litigation with partners, (customers or suppliers) even based on current contracts

Legal & Fiscal - Non respect of local Commercial & Fiscal laws. Penalties in case of altered content

IT - Multiplicity of Paperless platform driven by Partners requirements, local legislation, local initiatives, ...

External opportunities - An increasing pressure

- From our Customers
 - Several Legal & Fiscal archives of our Paperless Fiscal Billing Documents
 - Pressure from Procure to Pay Business processes of Our Customers
- From Governments
 - Implement electronic communication flows through several Fiscal and Financial regulations.
 - Brazil SPED
 - Mexico
 - Argentina
 - Uruguay
 - Turkey
 - Directive 2010/45/EU which makes the electronic invoice equal to the paper invoice



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Program Challenges ...
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Challenges of having one generic flow world wide

Generic Interface

IT
Enterprise
Architecture
Integration

Different
Business
Models in #
Corporate
ERPs



Complexity
on Local
Mode of
Operations

Complexity
of Tax
Authorities
(Different
Requirements)

Specific
Customer
requirements

Legal Requirements vs. Customer Requirements

The screenshot displays two SAP interfaces. The left window, titled 'NET Order Related 334113834 (ZF1) Display: Overview of', shows order details including 'Net Value 12,946,92 EUR' and a list of items. The right window, titled 'Print Preview of LOCL Page 00001 of 00002', shows a 'Marks and Numbers' table with customer and reference information.

Overlaid on the screenshot is a cartoon illustration of a man in a blue shirt and tie. He is holding a laptop displaying an 'INVOICE'. A green arrow labeled 'send' points from the laptop towards a magnifying glass labeled 'track'. A dotted line connects the magnifying glass to a building icon labeled 'get paid'. The word 'create' is positioned near the laptop. A yellow sticky note is placed over the item list on the left screen.

Currently there are the same n...
eDocument XML file and i...
document

ABIA AirScale Capacity
LTE Flexi FDD BTS RF HW
FRMF Flexi RFM 6-pipe 800 360
FRMF Flexi RFM 6-pipe 800 360
Energy Products - Global, Volu...
PPPH Flexi Power Distribution M...
PPPH Flexi Power Distribution M...

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SAP

One of Nokia's biggest challenge when designing Electronic Invoicing IT solutions is to comply not only with Local Tax requirements but also to CUSTOMERS' requirements ...

Currently existing solutions are not flexible enough and still requires huge effort of customization at customers level ...

What Nokia looks for by implementing Paperless

- ✓ Simple & reusable platforms for E-invoicing and VAT reporting systems
- ✓ Plug & Play solution based on Standards, easy to adapt, easy to deploy
- ✓ Flexible & Fully customizable solution to Support Legal & Customer requirements

I WILL BE HAPPY TO MEET AND LEARN FROM YOUR SOLUTIONS & EXPERIENCES



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