



Dear Supplier,

BT to phase out paper invoices.

BT is making improvements to its payment processes and is investing in new system platforms so it can maintain world class standards as a purchasing organisation and continuously improve efficiency and service to its customers and suppliers.

As part of these improvements, BT will introduce “zero touch” electronic invoicing through its Accounts Payable provider, Steria, and OB10 Limited. This will benefit both you and BT by:

- reducing delays in payment associated with lost, misplaced and incomplete invoices
- generally speeding up payment
- eliminating stationery, printing and postage costs
- allowing you to submit invoices electronically in any format; and
- enabling prompt resolution of invoicing issues

More than 200 BT suppliers have committed to electronic invoicing and are already realising the benefits.

BT intends that Steria will only accept “zero touch” electronic invoices so it is important that you sign up to the OB10 Service Agreement and send them a test file. Future contracts with BT will also require that only electronic invoicing is used.

BT understands, that your company is either a user of OB10 or have already been in discussions with OB10 for the supply of their e-invoicing services to support you other customers. Therefore, we would expect your company to be in a position to fast-track the implementation of the OB10 solution as an easy quick win to meet the BT requirement.

Enclosed is further information regarding enrolment to OB10, including details of the two invoicing options for you to choose from. Please select the option which is most suited to you. OB10 will contact you in the following few days to discuss this further with you, and they will handle the necessary technical and commercial steps needed to establish your account. Importantly, there is no hardware or software for you to install.

Alternatively, to enroll now, please contact OB10 Client Services on 0870 165 7420, and they will discuss and facilitate your network subscription. Also all information can be viewed at www.ob10.com/bt

I do expect that you will enroll with OB10, but if, despite the obvious and significant advantages of these proposals, you have any concerns or issues regarding this then please contact John Craig or Amit Kalra of BT’s Procurement and Supply Chain, Central Operations Procurement Team to discuss (john.f.craig@bt.com or amit.kalra@bt.com)

I have asked Steria and OB10 to keep me personally informed of the progress of your enrolment.

Yours sincerely,

Neil Rogers
Chief Procurement Officer, BT Group



BT / OB10 e-Invoicing – FAQ's

What is OB10?

The OB10 network is a system that enables suppliers to electronically deliver invoices from accounting systems in the format of their choice invoices to any of their customers who use OB10, and without the need to install any proprietary hardware or software.

OB10's 'any-to-any' solution handles all the data mapping requirements and ensures that all supplier invoices are delivered in the format that a customer's accounts payables system requires.

Why should I use OB10 to send my invoices to BT?

BT is constantly looking for ways to improve its working relationship with its suppliers and the OB10 network has been selected as BT's preferred electronic invoicing route.

We believe that switching paper invoices to electronic via OB10 will deliver efficiency gains for both BT and our suppliers:

- It removes the costs of printing and posting paper invoices
- Identifies any queries on your invoice immediately, which means they can be resolved before the invoice is due for payment
- Reduces the need to raise queries concerning mislaid invoices
- Enables more reliable and timely receipt of invoices by BT
- Provides quality assurance of the invoice data supplied
- No restriction on invoice volumes

Is this a requirement for doing business with BT?

It will become so. BT is actively phasing out the processing of paper invoices to take advantage of the benefits that electronic invoicing provides to both us and our suppliers.

How do I submit my invoices electronically?

There are two options to submit electronic invoices via OB10:

- For suppliers who send high volumes of invoices to BT, the 'Integrated Solution' option is recommended. This integrates your current billing system into the OB10 network so data is transferred with no manual intervention.
- For suppliers who send lower volume of invoices to BT, the 'Web Form' option allows you to manually enter data into the OB10 secure website.

OB10 will discuss these options with you in more detail and will answer all questions you may have when they contact you.

Are there fees associated with this service?

Yes. For suppliers who use the Integrated Solution option there is an annual membership fee and a per-transaction fee for each invoice or credit note processed by the OB10 network. The more transactions a supplier sends per month, the lower the per transaction fee.

For suppliers who use the Web Form option there is a 'Pay as you Go' approach, for which there is no annual subscription only a pre-paid transaction charge.



What does the annual membership fee cover?

It covers the cost of OB10 setting up your unique profile on the OB10 network and the general costs of maintaining the network. The membership fee is an annual cost regardless of the number of customers that you send electronic invoices to via the network.

What about OB10 costs-why should the supplier pay these?

The OB10 network was selected as it is a proven, international solution offering good value and flexibility to suppliers. Pricing for the network is set by OB10 and fees are billed by and paid directly to them by the supplier. For OB10 pricing please see additional documentation included in this communication.

Just as BT does not pay for fees incurred by our suppliers when sending paper invoices today, BT does not pay for fees incurred when sending electronic invoices.

BT believes that these costs equate closely to the cost of mailing and can be further absorbed by reducing your effort in resolving difficulties with invoices and bringing to you the potential for faster invoice authorisation and payment on time.

Will I need to sign an agreement with OB10?

Yes, if you choose to use the Integrated Solution you will sign a specific agreement with OB10. If you choose the Web Form option you will accept the standard terms and conditions presented on the web site.

Do I need to install any hardware or software?

No, the OB10 service is non intrusive. You have the option to use a standard internet browser to upload electronic files created by your existing accounting system, though OB10 can accept invoice data in any format and via any method of delivery.

What if I don't have a system capable of creating electronic invoices?

If you print invoices generated by any invoicing system, you can send invoice data files to OB10 using the Integrated Solution.

If you raise invoices manually (Word, Excel etc) you can access the OB10 secure web site and create invoices online using the Web Form. No software installation is required - all you need is an Internet connection and standard browser.

What happens if I still send paper invoices?

While you are working with OB10 to complete your registration we will be happy to continue to receive your invoices using the current agreed process. Once you start sending invoices via the OB10 network paper invoices will no longer be accepted.

How is the switch from paper to electronic invoicing managed?

Once you are set-up and ready to transact on OB10, Steria, BT's Accounts Payable supplier, will contact you to discuss the final date for submission of paper invoices and the first date that invoices submitted via OB10 can be expected.

Can I send electronic invoices using OB10 to all of my customers?

Yes, once you are subscribed to the network, OB10 can enable you to send electronic invoices to any other customers that are on the OB10 network.



Can I send transactions for more than one customer in one file?

Yes, OB10 can accept data files in any format covering as many customers as you require. OB10 will agree with you how each customer is identified in your data file and will then deliver each transaction to the correct customer.

I am planning to change my invoicing software soon, should I wait before subscribing?

The OB10 network accepts any incoming data format. You can join the network and send your invoices now and simply advise OB10 of the changes when you are ready to use your new software. They will make the necessary changes without interruption of invoice delivery.

Do I need to wait for approval by HM Revenue and Customs to remove paper invoicing?

OB10 satisfies all VAT requirements and the OB10 network is accepted by HM Revenue and Customs as compliant with all relevant national tax legislation. You will be given a standard letter to be sent to your VAT office, which will give them all the information they need.

Next Steps

OB10 will contact you in the next few days to discuss your enrolment in more detail.

Alternatively, visit www.ob10.com/bt or email clientservices@ob10.com or call +44 (0) 870 165 7420.

Who are Steria?

Steria, formerly Xansa, are BTs chosen supplier for the provision of Accounts Payable service in support of requirements sourced from the UK.

Does this electronic invoicing requirement apply across all BT Group?

Currently the focus is on the suppliers who are sourced by buyers in the UK, and whose invoices are processed by Steria. Therefore, the requirement does not apply to overseas countries and their separate Accounts Payable teams, but this will be reviewed for 2009.

BT Enquiries

The solution engagement and implementation will be managed on behalf of BT by Steria and OB10. In the event there is a need to discuss with BT directly, then suppliers should contact their normal BT Procurement contact, and if this is not possible, then John Craig or Amit Kalra (john.f.craig@bt.com or amit.kalra@bt.com)

END.

How it works and Options overview

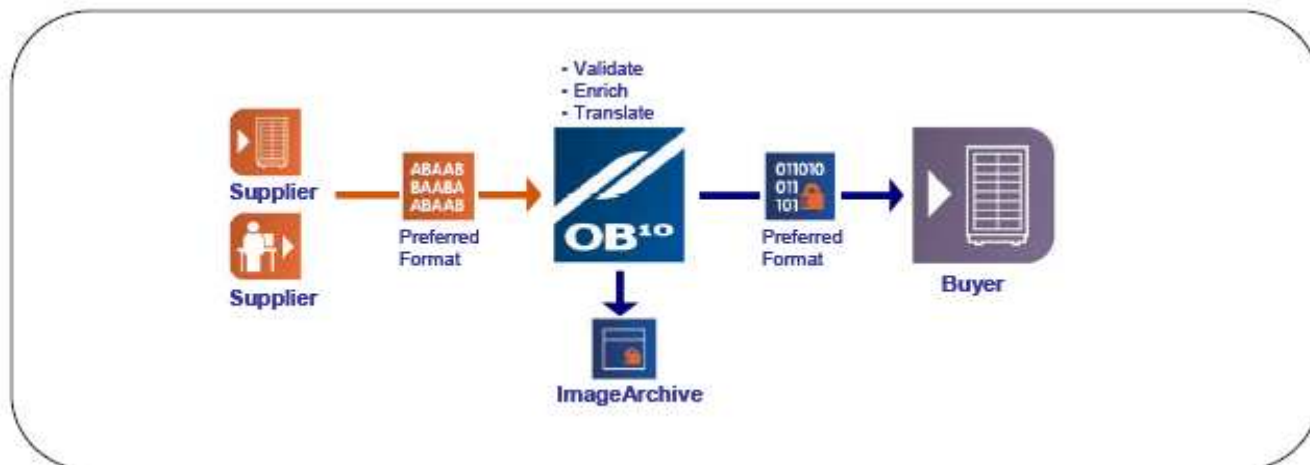
In order to streamline invoice processes and to foster closer trading links with key suppliers, we're moving to electronic invoicing with OB10, the global e-Invoicing network.

Join us and benefit from:

- **Secure and guaranteed invoice delivery**, no more invoices getting lost in the post
- It will take us less time to process your invoices and therefore we will be able to **pay you on time**
- **No more delays** due to missing information, landing on the wrong desk or manual intervention
- **ANY-TO-ANY DATA FORMATTING** Technology - there is no need for additional software or hardware
- Higher processing transparency and better Cash Flow Management due to **24/7 access and reporting**
- **Tax compliant**, regardless of where invoices are sent from or received
- **Easy and cost efficient** to send invoices - at any time

There are 2 primary methods for sending Invoice and Credit transactions via OB10. You can either send a data file directly to OB10 using the Integrated Solution or create invoices on-line using the Web Form. Charges are made directly from OB10 and will vary dependent on the service you use. Please read the document fully before deciding which option is best for your company.

How it works:



Invoices are checked for duplicates and validated in order that each invoice contains the information required by us to ensure automated, straight through processing and enable in time payment.

Through the OB10 Portal you have access to the ImageArchive and various reporting functions.

OB10 provides two options which enable you to send electronic invoices: **Integrated Solution** and **Web Form**. Please see over for more details.



1. Sending an extracted data file, using the Integrated Solution

You benefit from a fully automated process as invoice data is extracted directly from your billing system using the format, content and structure of your choice. OB10 will create your account on the network, ensuring integration with your existing system. OB10 will accept your invoice and data and translate it directly to the format required by us or any of your customers on the network. Data files can be sent to the network via the OB10 secure web site, EDI or FTP. If you follow OB10's guidance when creating your data files, profile changes shouldn't be required as additional customers request your invoices via OB10. Once you have joined the OB10 network, connecting to additional customers costs a nominal, one-off €100 connection charge for each additional customer that you do business with.

Costs for the Integrated Solution

Annual Membership	£750 or 1,100 €	
Per Invoice Transaction costs (for all OB10 invoices, irrespective of customer)		
1 – 20 invoices per month	£0.67	1.00 €
21 – 100 invoices per month	£0.55	0.80 €
101 – 500 invoices per month	£0.40	0.60 €
501 – 2,000 invoices per month	£0.30	0.44 €
2001 + invoices per month	£0.22	0.32 €

* The annual fee covers a single tax entity. If you have multiple tax entities there is likely to be an additional charge. The additional charges will fluctuate based on number of different formats, number of separate connections to OB10 etc. Please discuss directly with your OB10 representative.

Note: Transactions are charged on a monthly basis according to volume.

2. Sending electronic invoices using the Web Form

The OB10 Web Form is designed for companies that send a low volume of invoices per year per buyer. OB10 provides a state of the art web-based service that allows you to submit your invoices online, using a secure connection. OB10 guarantees delivery of your invoice to us within hours, allowing us to process your invoice and make prompt payment to you.

Costs for the Web Form

You are not required to pay a set-up fee to start using this service. You just pay a transaction fee per invoice. Transactions can be purchased as a batch. During registration you'll be asked to buy the first batch of 25 invoices. The transaction cost is paid for each invoice or credit processed regardless of the number of lines or the value of the invoice.

Pre-purchase rates			
Level	Invoices	£	€
1	25	25	35
2	50	45	65

How to use the Web Form

To start using OB10, all you need to do is register at www.OB10.com/join_now, using the OB10 number provided in our letter. During the registration process you'll be asked to buy the first batch of 25 invoices. After you have submitted your details you will receive your login details via e-mail confirming that you can start sending electronic invoices via OB10.