

WHITEPAPER —

# Beyond e-Invoice Compliance in Malaysia

A CFO's Guide on Future-Proofing Businesses  
and Building a Global Competitive Edge.



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## CFOs face a critical choice:

Opt for best-of-breed compliance solutions from multiple vendors, or invest in a comprehensive, automated compliance ecosystem with analytical advantages from a single vendor - thereby unlocking hidden business potential.

# The CFO's Dilemma

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As Malaysia gears up for the mandatory implementation of eInvoice systems by 1<sup>st</sup> August 2024, CFOs face a critical choice - opt for best-of-breed compliance solutions from multiple vendors, or invest in a comprehensive, automated compliance ecosystem with analytical advantages - from a single vendor, thereby unlocking hidden business potential.

This whitepaper explores why adopting an integrated approach not only addresses immediate needs but also strategically positions enterprises to handle future compliance demands seamlessly.

# eInvoice is only the beginning for Malaysia

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The trend of introducing e-Invoicing in various countries indicates a movement towards an extensive Governance, Risk, and Compliance (GRC) framework, often leading to the adoption of additional regulations such as SST, Dispatch Notifications, Tax Credit Reconciliations, and associated Litigation Risk Management.

For CFOs in Malaysia, this trajectory indicates a pressing need to future-proof their organizations against evolving compliance requirements through process standardization, combined with analytical tools to gain actionable business insights from raw data.

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# The Global Compliance Evolution

70% of businesses have no clear view on the obligations imposed on their future (compliance) roadmap.

Source: PriceWaterhouseCoopers

A nation's compliance framework evolves over time with multiple mandates being introduced periodically. However, according to a study by PriceWaterhouseCoopers, 70% of businesses have no clear view of the obligations imposed on their future compliance roadmap.

Malaysia is at the infancy of the compliance trend, and CFOs must learn from these trends and approach e-invoicing as just the tip of the compliance iceberg.



# Most businesses are reactive and meet their compliance obligations without keeping the future in mind.

As nations mature in their compliance endeavors, new compliance requirements become mandatory, and businesses immediately implement new solutions. Over time, these businesses end up with an array of solutions that are disconnected from each other, operating in silos, and delivering neither intelligence nor control.

## Challenges of Multiple Disconnected Compliance Solutions

- ✘ Exposure to Compliance Risks
- ✘ Lack of Auditability
- ✘ Loss of Knowledge due to Human Resource Dependency
- ✘ Zero Traceability
- ✘ No Access to Intelligence
- ✘ Reputation Loss

Multiple solutions only meet short term compliance needs, not future compliance mandates.



## Impact of Multiple (Disconnected) Compliance Solutions on a CFO's Core Responsibilities

- ✘ Poor Visibility & Data Traceability
- ✘ Inability to Identify the Right Costs to cut and Manage Profitability
- ✘ Not enough data to plan Cash and Liquidity
- ✘ Infrequent, and Inaccurate Forecasting
- ✘ Inefficient Technology Investments
- ✘ Incomplete and Inaccurate Reporting, and Compliance
- ✘ Multiple Vendor Management Challenges

CFOs find the **lack of accurate and actionable data** to be one of their biggest challenges.

Key reasons why CFOs struggle with data

64%

**Inadequate Technologies / Systems**

58%

**Lack of Experienced Talent** to Analyze Data and Generate Insights

45%

**Lack of time** needed to gather data, analyze it, generate insights and distribute

21%

**Inadequate Data Identification** for Insights

Source: Deloitte

## Operational (on-ground) realities that get overlooked.

### Increasing Compliance & Reconciliations Demands

Upcoming business requirements will necessitate streamlined data preparation and compliance processes to manage multiple tasks, reconciliations, and manual submissions effectively, ensuring timely adherence to monthly deadlines for various returns.

### Incomplete Solutions & Lack of Adaptability

With disconnected compliance solutions, managing multiple registrations and prioritizing compliance deadlines become increasingly difficult. Also, audits and departmental reviews get compromised.

### Risk Exposures / Litigations

Finance teams will always have to stay on top of compliance gaps and notices, ensuring the company is not exposed to penalties and interests.

Nations go from 'compliance adoption' to 'stringent adherence' rapidly, leading to notices with heavy penalties & working capital loss for businesses not meeting the standards.

### Case Study: India

Following statistics are direct or indirect result of disconnected solutions implemented by businesses

33,000+

No. of notices Issued to businesses in 2023 (for FY 2017-18 & FY 2018-19)

\$ 97.7 Million

Penalty issued to a National Insurance Company (LIC)

Source: Business Standard, India

29,273

No. of bogus firms detected issuing fake e-invoices, in 2023

\$ 54.2 Million

Penalty issued to a Global FMCG Conglomerate (HUL)

Source: Business Standard, India

\$ 1.87 Billion

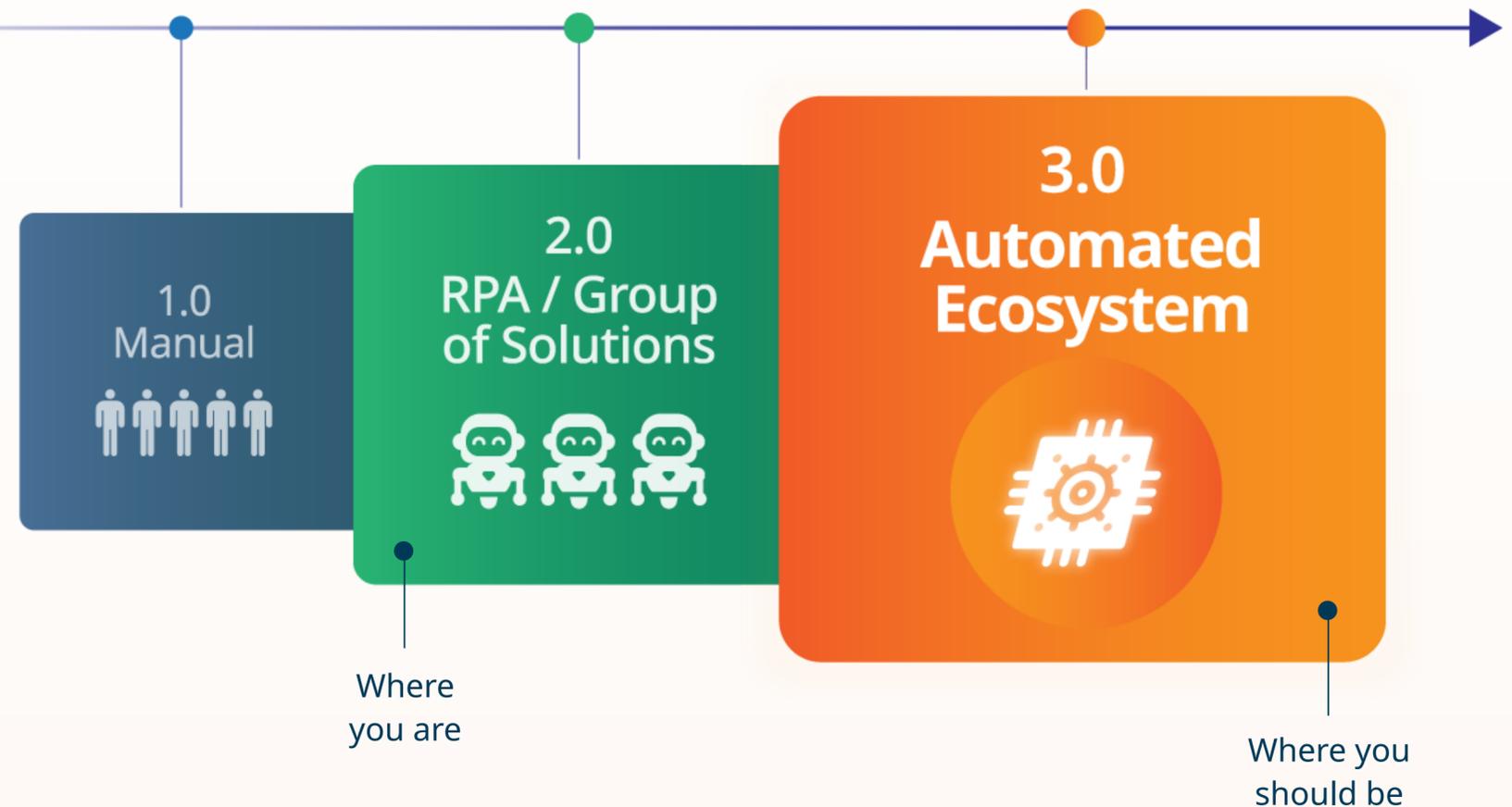
Unclaimed EXIM Incentives (FY2021-22)

# Automated Ecosystem: Future-Ready Solution for Enterprises.

Automated Ecosystem is a single solution, that meets all compliance obligations with each solution interconnected with each other. Ecosystem delivers seamless flow with real-time compliance, single source of truth, auditability and traceability.

Globally CFOs are embracing the 3.0 Automated Ecosystem to **achieve unparalleled Compliance & Efficiency.**

Evolution of Finance & Compliance Automation >>



RPA: Robototic Process Automation

An Automated Ecosystem ensures Compliance, Auditability & Traceability by seamlessly integrating with ERPs, and delivering interconnected solutions (including e-Invoice) with intelligence and enhanced internal control.

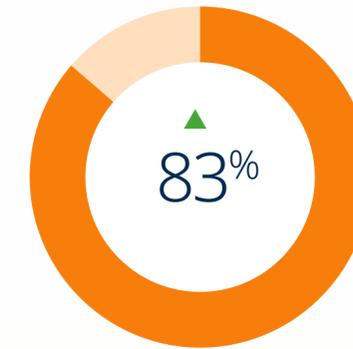


# Business Advantages of an Automated Ecosystem

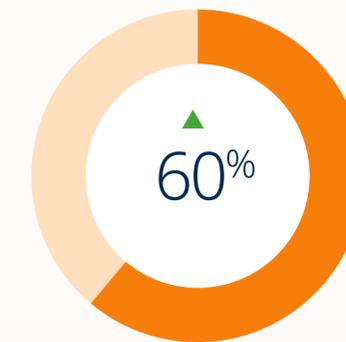
**15x** Improvement in Compliance Management



**52%** Reduction in Compliance Cost



Improvement in Business Efficiency



Enhancement in Supply Chain Efficiency

100% Real-time Compliance

Intelligent Analytics and Dashboard

Single Source of Truth for Compliance

Auditability

Data Purity

Faster & Accurate Decision Making

Better Company Reputation

# 5 Critical Factors to Consider while Selecting the Right Compliance Solution for your Business.

1. Must be a Collaborative Compliance Ecosystem with:
  - Seamless Data Flow & Analytics
  - Process Standardization Best Practices
  - Complete Transition & Transformation Capability
  - Cutting Edge Technology Incorporated
  - Fast Incorporation of Regulatory Changes
  - Data Security & Business Continuity Norms Incorporated
2. Integration Ready with various ERPs or Technical Infrastructure
3. Customizable Workflow for Higher Adoption
4. Brings Business & Regulatory Thought Leadership Expertise
5. Provide Direct & Dedicated Support System



10,000+ Businesses are Powered by GST Hero!



# About Us

GST Hero™ was launched in 2017 by Perennial Systems (part of the \$100million Bafna Group), GST Hero™ offers a complete eco-system of compliance solutions for the global market. With over 200 employees, it supports more than 10,000 businesses, processes around 135 million E-Invoices annually.

Certified by ISO 27001 and affiliated with GSTN, GSTHero™ provides efficient services in BFSI and Indirect Tax Automation, focusing on simplifying tax compliance for its users.



GST Hero™ integrates with over 100+ ERPs



Our Mission

# Transforming Nations through Compliance Automation

## Our Commitment

- 1 Create awareness of compliance adoption amongst enterprises.
- 2 Share use cases and best practices of compliance adoption.
- 3 Provide insights and expertise to regulatory authorities, and develop technology solutions to address them.
- 4 Develop Best Practices Board, Thought Leadership and Community in collaboration with various CFOs, Consultants, CPAs, Tax Practitioners and Regulatory Authorities and share the learnings towards this initiative maturity.
- 5 Play a key-role in facilitating collaboration between various Regulatory Authorities, Real-time Data exchange with Analytics and Dashboards to create an Integrated Compliance Ecosystem and its potential financial benefits like SME Financing, Risk Management etc.

# Global Presence



 Current Presence

 Upcoming Launches



## Learn how to make your business future-ready, with an Automated Ecosystem.

Email us at [info@gsthero.com](mailto:info@gsthero.com)

Visit [GSTHero.com](https://gsthero.com) for more information

