

# PEPPOL

## THE BUSINESS CASE FOR E-INVOICING

Many businesses, many industries in fact, have stubbornly resisted digital transformation. Despite the no-brainer that electronic invoicing represents, there are few exceptions to the rule less than a third of invoices can be sent truly digitally. We're not talking about PDF invoices here - full automation is where the business benefits are.

It isn't all upside. There have been commercial constraints and technical hurdles that have frustrated full adoption but the biggest challenge of all has been the lack of a single standard. That challenge is shrinking. As more and more countries encourage or even impose the use of electronic invoicing the mature, stable standards that do exist are gaining traction and PEPPOL is gaining more ground than most

### THE THREE CORNERED MODEL



The 3-cornered model relies on buyers and sellers using the same third party to managed standardised transactions. The third party defines the structure of electronic messages. They may or may not charge a transaction fee.

### THE FOUR CORNERED MODEL



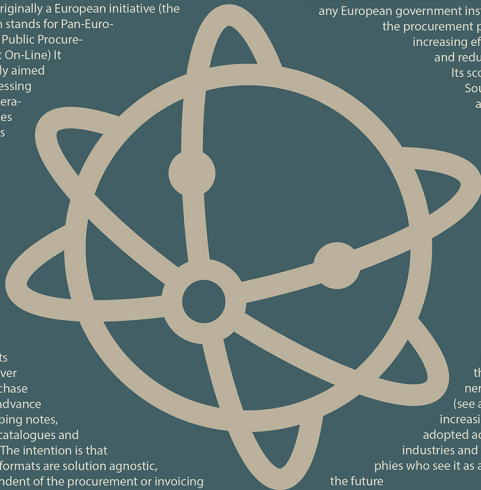
The 4-cornered model allows buyers and sellers to use their partner of choice for electronic messaging as long as they interoperate using a standard message format. This model is closely similar to the way in which mobile phone, banking and credit card networks operate

The 3-cornered model for e-invoicing works well for a single buyer and a single seller. However, most sellers have multiple customers and to accommodate all of them they may need to establish multiple connections with different third parties. The 4-cornered model has the distinct advantage that sellers need only connect to a single service provider.

## WHAT IS PEPPOL?

PEPPOL (shorthand for the OpenPeppol Association) was established in 2012. It was originally a European initiative (the acronym stands for Pan-European Public Procurement On-Line) It originally aimed at addressing interoperability issues across Europe

The overall objective of PEPPOL was to enable businesses to communicate electronically with any European government institution in the procurement process, increasing efficiencies and reducing costs. Its scope is Source to Pay although they wouldn't use that parlance



It is a set of standards or electronic message formats that cover purchase orders, advance shipping notes, invoicing, catalogues and others. The intention is that these formats are solution agnostic, independent of the procurement or invoicing platform the buyers and suppliers use.

The impartiality - what PEPPOL refers to as the 4-cornered model (see above) - is increasingly being adopted across other industries and geographies who see it as a model for the future

## A GLOBAL SUCCESS STORY

Adoption of PEPPOL has grown significantly and its success is now reaching beyond Europe

### SINGAPORE

Since 2018 the Info-communications Media Development Authority (IMDA) in Singapore has been working with industries to build a strong foundation for digitalisation.

The IMDA is responsible for approving and certifying Access Point providers in Singapore and for setting national rules and specifications.

### AUSTRALIA & NEW ZEALAND

Australia and New Zealand announced the adoption of the Peppol framework for e-invoicing in February 2019.

Both countries established separate Peppol authorities and are working together to create a seamless business environment.

### UNITED STATES OF AMERICA

A pilot has begun in the United States project inspired by PEPPOL.

The objective of the Business Payment Coalition (BPC) is to promote the use of electronic means in government and business relationships, by standardizing the process used to exchange electronic documents, at a national and international level.

### JAPAN

The Digital Agency, Government of Japan, became the Peppol Authority for Japan in September 2021.

The Digital Agency is responsible for the digitalisation of public administrative procedures, and promoting the standardisation and coordination of data systems.

