

# PEPPOL

PAN-EUROPEAN PUBLIC PROCUREMENT ONLINE



## *What is PEPPOL?*

PEPPOL is short for: Pan-European Public Procurement OnLine. It is a network that was established in 2008 as a test project of the European Commission.

The PEPPOL network allows member organizations to exchange several formats of electronic business documents. An example of such a format is UBL invoices. In other words: PEPPOL allows e-invoices to be sent to companies and governments throughout Europe.

## *Why use PEPPOL?*

As of 1 January 2017, it is mandatory for new suppliers of the National Government to send their invoice in electronic form, using PEPPOL. Companies are also increasingly demanding PEPPOL invoices. The main reason is that using PEPPOL is much safer than all other forms of invoices.

The European PEPPOL network can be regarded as a telephone network for invoices. If someone sends you a text, you will always be able to recognize this person after adding the person once. You only need a telephone number. The same principle applies to the PEPPOL network. It allows companies to securely exchange UBL invoices with unique ID numbers. This unique ID number is known as a Peppol ID.

There are several reasons for an organization or company to join the PEPPOL network. The advantages are mainly in the areas of security and safety.

## *100% certainty that invoices will be received*

When products or services are provided, a sales invoice is sent to the customer. This used to be a paper invoice. Nowadays, companies are increasingly sending their invoices electronically, in the form of a PDF file attached to an email. However, in both cases, how do you know that the invoice will actually arrive at the correct address? With PEPPOL, the invoice is not sent to a physical mailbox or a general email inbox, but directly to the receiving party's digital mailbox. That way, you as an entrepreneur or organization are assured that your sales invoices will arrive at the exact right spot, i.e. the digital mailbox. Moreover, from there it will be automatically processed in the workflow / financial / ERP system. Using PEPPOL will therefore most likely increase the speed with which invoices are processed, thanks to the convenience of the UBL functionality. As a result, invoices will usually be paid faster.

## *Defence against ghost invoices*

Ghost invoices are an increasingly annoying phenomenon. Invoices are sent by companies that do not even exist. If such an invoice -often with an inconspicuous amount- is paid, the money is gone. The PEPPOL network uses a validation system that checks companies and organizations that want to register. Only after a candidate has passed all checks, it is accepted into the PEPPOL network. This system makes the use of ghost invoices much more difficult.

### *Legal requirement*

PEPPOL is an international initiative set up partly with European investments. As of 1 January 2017, it is mandatory for companies that send sales invoices to the central / national government, to use a secure connection. As of April 2019, this also applies to organizations with procurement contracts. Going forward, PEPPOL is expected to be embraced by more and more companies and governments, both national and international. As a result, PEPPOL will most likely become the new standard for secure billing.

### *Faster processing, in most cases*

It is already possible in several FIN/ERP systems to send invoices in XML and PDF form attached to an email, directly to the system of the receiving party. XML (UBL) invoices are often recognized and read, which allows for faster processing of the invoice.

An issue can be the uncertainty whether the receiving party will be able to read UBL invoices, because not all FIN/ERP systems can handle this yet. As a result, often an additional manual action (forwarding e-mail) is required to get the UBL invoice in the financial system. Another obstacle is that, for some companies, the most commonly used standard XML invoice format (UBL 2.1) is not sufficient, in the sense that it contains too little billing information to process. Additionally, there are multiple XML standards in use. For example, "sales in construction" is not yet active on the PEPPOL platform.

However, for standard UBL invoices, the PEPPOL platform is a great way to process invoices more efficiently and more securely.

### *Do you have international customers?*

PEPPOL will allow you to invoice and purchase nationally and internationally. Even though sending electronic invoices abroad was already possible before the introduction of PEPPOL, it often lead to hassle rather than convenience. Major international companies and governments in different countries used various internal networks to send and receive invoices. However, these networks were not interconnected, which resulted in international entrepreneurs quickly reverting to the traditional paper invoice, or to the PDF format with an email. With PEPPOL, that hassle will be a thing of the past.

### *What is a PEPPOL ID?*

With a PEPPOL ID, companies and organizations can automatically identify each other, with a system much like the name on your telephone display of a friend that calls you or sends you a text.

A Peppol ID consists of a unique ID number, such as:

- a Chamber of Commerce number;
- A VAT number;
- The IBAN address;
- The OIN number (government identification number) of the relevant government agency.

An example of a Peppol ID: NL: Chamber of Commerce: 12345678

Thanks to these ID numbers, there are no more misunderstandings about who the senders and the recipients are. Ghost invoices and typos in the recipients address are therefore no longer possible.

#### *How can I connect to the PEPPOL network?*

In order to send e-invoices via the international PEPPOL network, you must first be affiliated with a PEPPOL Access Point. A PEPPOL Access Point connects companies to the European PEPPOL network. They do this by so-called Provide PEPPOL IDs for users to access the international billing network. These Access Points therefore fulfils a similar role as for example Vodafone or T-Mobile do for mobile users. Where these providers ensure that you have access to mobile internet, access points connect you to the PEPPOL platform.

After the PEPPOL ID is validated (usually within one day), the company can send e-invoices to all others affiliated PEPPOL users, including the national government and other European governments.

Following the principle "connect one, connect to all" you can then reach all PEPPOL users, regardless of which access points they are connected to.