



# Peppol Academy

## Lesson 1

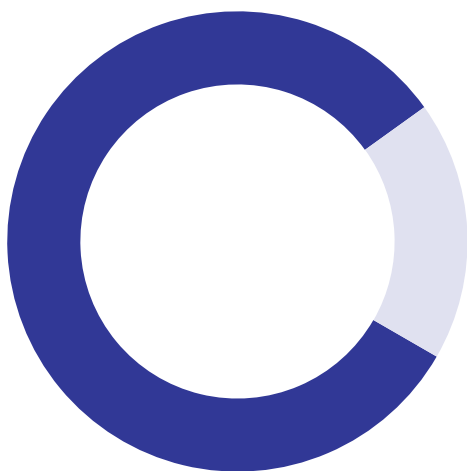
Learn about the basics of electronic business messaging.

# Evolving business transactions

Invoicing has transformed remarkably from its traditional paper-based processes to the sophisticated digital networks we see today.

Historically, invoices were manually created, sent, and processed, which was not only time-consuming but also prone to errors. To this day, the vast majority are still paper-based. As businesses sought efficiency and accuracy, the shift towards electronic invoicing — e-invoicing — began.

Furthermore, this development has paved the way for increased digitization of the transactional landscape. A growing number of business messages exchanged between companies are now electronic. Orders, responses, and delivery messages are just a few examples. The impact is vast.

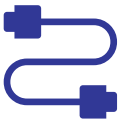


**560 billion invoices globally**

\*Billentis, 2024

125 billion e-invoices

## The evolution of electronic business transactions



**1st generation tech:**  
**Distributing documents electronically with EDI**

In the late 20th century, the advent of electronic data interchange (EDI) marked a significant leap in how businesses communicated financial transactions. The first EDI message was a shipping manifest sent in 1965 by the Holland-America Line using telex. FTP, The File Transfer Protocol, was introduced in 1975 and enabled easy file transfer via the Internet. In the 80s, large retail and car manufacturing companies started to induce their suppliers to use EDI. The adoption of electronic business messages has increased continuously ever since.



**2nd generation tech:**  
**VAN operators act as intermediaries**

A Value-Added Network (VAN) is a hosted service that provides companies with a capabilities to exchange business messages electronically, data interchange (EDI) documents. VANs act as intermediaries that handle the transmission of data in various formats across different communication protocols. They could offer additional services such as message encryption, transaction auditing, and management reporting, which enhance the data exchange process. Historically, VANs was pivotal in enabling EDI between businesses that may not have direct connections, thus facilitating smoother, more efficient B2B exchange. However, the costs associated with VAN services, and due for example to the lack of international standardization, and need for testing and data transformation between formats, was restrictive. It led to the emergence of more flexible, internet-based solution: the Peppol network.

## About Peppol

The network is governed by OpenPeppol, a non-profit organization that maintains standards and ensures that they meet user needs and tech advancements.



### 3rd generation tech: Peppol network

Both direct EDI and VANs face challenges with flexibility and cost, particularly for small to medium-sized enterprises (SMEs). This has led to the rise of the more modern and open network Peppol, short for "Pan-European Public Procurement On-Line," which offers a standardized, open network that any organization can join. Peppol simplifies the exchange of electronic documents across different systems and geographies without the need for custom setups for each new partner, making it more accessible and reducing overall transaction costs.

Unlike traditional EDI and value-added networks (VANs) that typically require specific, often expensive setup for each trading connection, Peppol is an open network that allows entities across different countries to exchange electronic documents over its standardized network. It simplifies the process by providing standardized using a uniform set of rules and a common legal framework, making it easier, faster, and more cost-effective for organizations to manage their invoicing and other business communications.

Originating in the EU to simplify procurement, Peppol is expanding globally, now including countries like Australia, New Zealand, and Singapore.

For businesses engaged in public procurement, particularly in Europe, Peppol compliance is becoming essential. Upcoming legislation on real-time tax reporting will likely strengthen Peppol's role further.

The emergence of the Peppol network marks a significant evolution in the way businesses handle their invoicing and procurement processes, setting a new standard for digital transactions that is likely to shape the future of commerce. As we move forward, adopting networks like Peppol will be crucial for companies looking to stay competitive in an increasingly digital global market.

## Transaction method cheat-sheet

The three main methods to exchange electronic business messages.



### Direct connection with EDI

- Direct EDI, or point-to-point EDI, enables business document exchanges directly between two trading partners' IT systems without third-party involvement.
- Each partner must establish and maintain individual connections, which can be complex and costly for companies with multiple partners.
- Direct EDI offers quicker data exchanges as information travels directly from sender to receiver, bypassing third-party services.
- It requires mutual agreement on data formats and protocols, and each connection may require unique setup and maintenance, reducing flexibility.



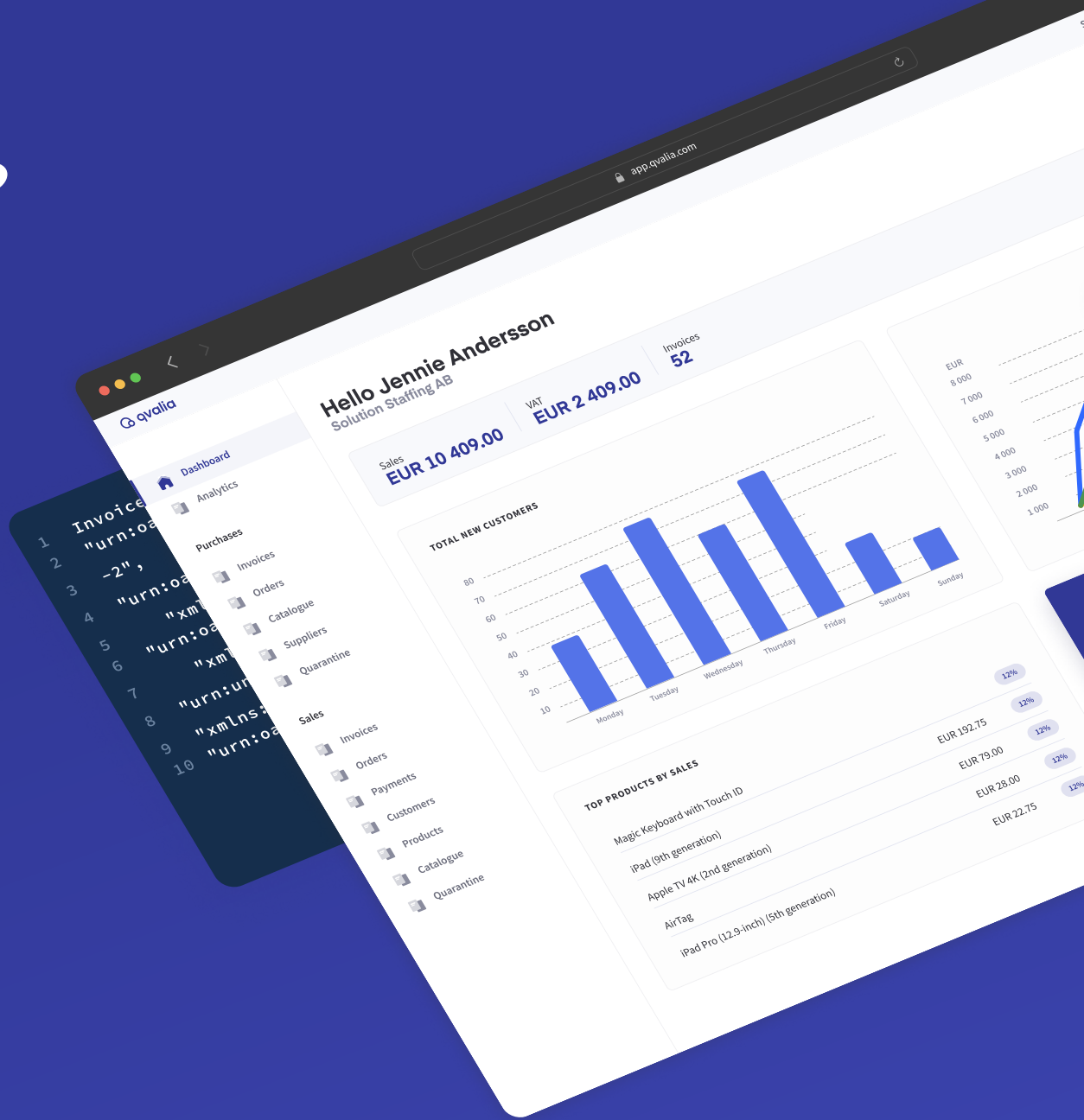
### Simplified EDI connection with VAN

- VANs serve as intermediaries for multiple businesses to exchange data, including EDI documents.
- Using a VAN, companies avoid maintaining multiple direct connections, simplifying communication and reducing costs.
- VANs enhance value by providing secure data transmission, translation, transaction tracking, archiving, and other services.
- The primary drawbacks of VANs are ongoing costs from fees and potential delays in data transmission due to intermediary processing.



### The open business network Peppol

- Peppol standardizes formats for documents like invoices and purchase orders, improving interoperability and reducing complexity.
- Peppol provides the exchange infrastructure with one common participant catalog
- Peppol allows any organization to join, lowering entry barriers for smaller businesses and boosting competition.
- Peppol uses certified service providers known as access points to ensure secure, reliable document transmission. Just connect and get started.



# Efficient Peppol service provider

Get dynamic omnichannel transaction management.  
Gain full control.  
Automate processes.  
Integrate via API.

[qvalia.com](https://qvalia.com)

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