

COMARCH

PEPPOL

The Background, The Basics and The Benefits



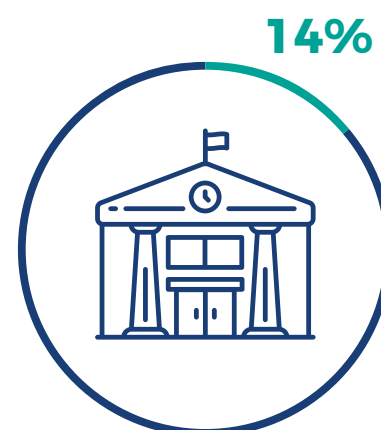
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THE BACKGROUND

The Public sector in Europe

According to an estimate by the **European Commission**, each year, more than 250 000 EU public authorities spend 14% of their GDP (gross domestic product) on the purchase of services, works and supplies. Therefore, public administration entities in many sectors (such as energy, healthcare and education) should be considered as principal buyers. Against this background, creating a new legal framework for public procurement processes has been defined as a priority for European Union authorities.



One of the main goals of the European Union is to ensure an open, competitive and well-regulated European market. As a result, EU legislation is focused on providing transparency, equal rights, and sound procedural management to all parties involved.

E-invoicing in public procurement should be considered as one of the most important initiatives in EU regulations. Not only will modern, digital solutions help optimize and clarify public spending, European entrepreneurs will also get simplified access to public procurement processes.

**THE MOST IMPORTANT LEGAL INITIATIVE TAKEN
BY THE EUROPEAN UNION IS DIRECTIVE 2014/55/EU.**



On April 16th, 2014, both the European Parliament and the Council of the European Union officially adopted E-Invoicing Directive 2014/55/EU, which states that all European Public Administration entities are **obliged to receive and process STRUCTURED electronic invoices sent by their suppliers**. Considering the fact that **nearly 400 billion invoices are issued each year**, integrating electronic invoicing solutions with business strategies will allow European companies to significantly reduce operational costs and overcome market blockers in public procurement processes.

Compliance deadlines:

18th April 2019 - European **CENTRAL AND FEDERAL** administration authorities

18th April 2020 - European **REGIONAL AND LOCAL** administration authorities

✗ A structured electronic invoice **is not**:



✓ It is a file created in the format specified by the new regulations, and which can be processed automatically by relevant accounting systems:



Structured e-invoices contain core system elements that are compliant with legal regulations of different countries. Those elements are essential for enabling full interoperability during cross-border business operations.

THE BASICS

What is OpenPEPPOL?



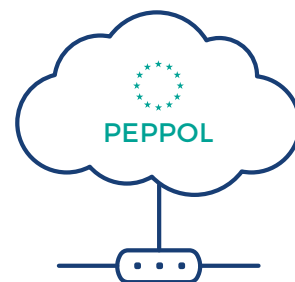
OpenPEPPOL is a non-profit international association that **manages the development and maintenance of the PEPPOL Network**. A PEPPOL-based solution can be used by a company to send and receive e-invoices using one of the certified **PEPPOL Access Points**.

Based on a four-corner model, PEPPOL enables business partners to exchange electronic documents using developed **Business Interoperability Specifications (BIS)** and **UBL - Universal Business Language**.

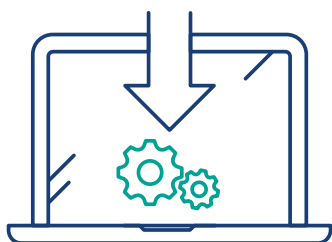
What are PEPPOL Access Points?

PEPPOL Access Points are **e-invoicing solution providers** who offer services **fully compliant with the PEPPOL Network requirements**. If a company is a certified PEPPOL Access Point, all clients can exchange their electronic documents with other participants of the network.

In practice, a supplier using an Access Point sends documents to the recipient. The Access Point, responsible for correct document transmission, is obliged to ensure **compliance with the PEPPOL specifications**. The document is sent to the recipient's Access Point in charge of document translation for its client. Both buyers and suppliers are free to choose their Access Point provider.



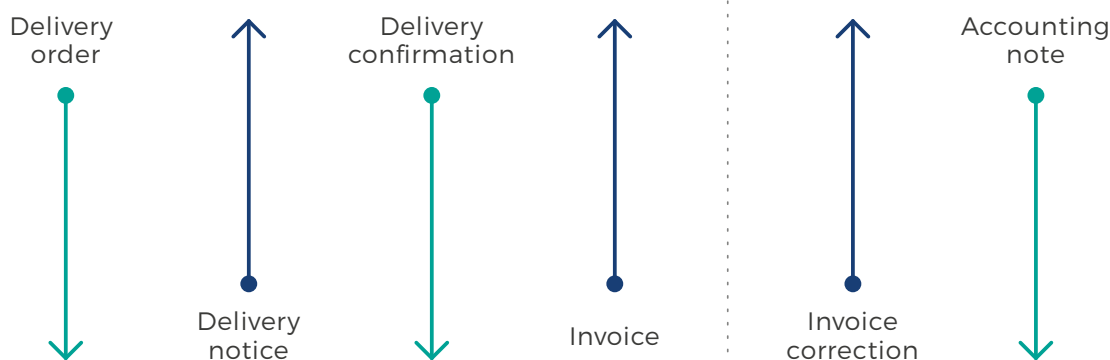
EDI – Robust Electronic Communication



EDI (electronic data interchange) is a **technology that enables the exchange of dozens of message types converted in accordance with the specifications of systems used by third parties**. Companies who use EDI solutions can easily communicate with all domestic and foreign business partners, exchanging not only invoices but also other types of electronic documents that cover the whole procurement process. These documents include e-orders, e-advance shipping notes, e-invoices, e-catalogs, etc.

EDI solutions that are fully compliant with the PEPPOL specifications are primary tools for **fast, reliable, interoperable invoice exchange** with all parties belonging to the PEPPOL network.

A CONTRACTING ENTITY (the recipient)

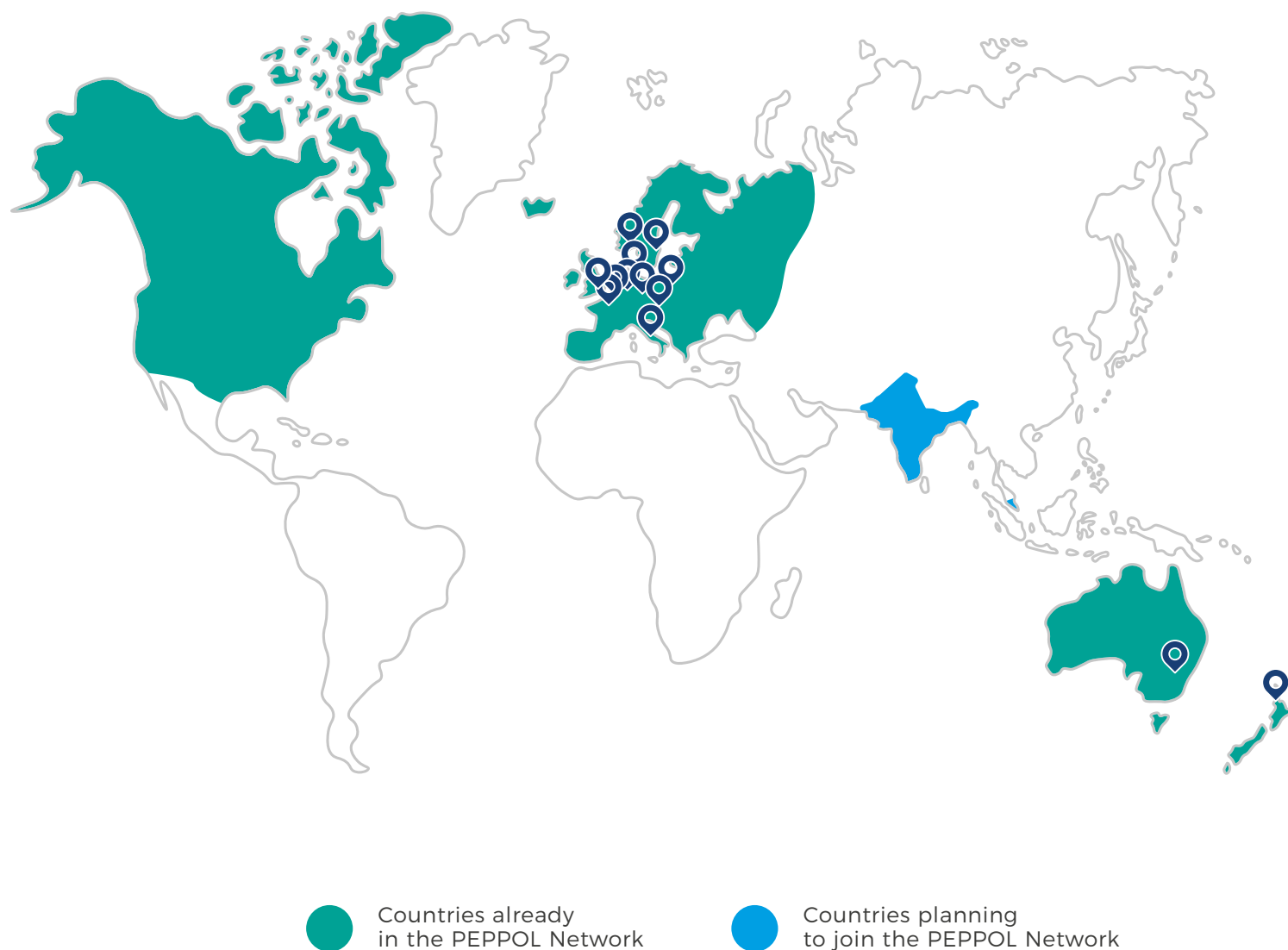


A CONTRACTOR (the issuer)

PEPPOL BIS version 3.0



The new PEPPOL BIS Billing 3.0 standard has been developed, and has been mandatory since August 15, 2019. As a result, the PEPPOL BIS 2.0, 4a and 5a formats will be discontinued after December 31, 2019, and will no longer be supported in the PEPPOL eDelivery Network.



The PEPPOL Network creates an opportunity to build **a single global market.**

PEPPOL standards are currently used in **34 countries including Australia, New Zealand, Canada, Singapore, and the USA.** PEPPOL Authorities are located in 14 different parts of the world.

Additionally, both **India** and **Malaysia** have already announced they will be making the transition to PEPPOL in the coming months.

Three Major Pillars



Legal framework

TIA - transport infrastructure agreements

Legal framework for many-to-many interoperability



Network

Based on the four-corner model, this enables trading partners to exchange standards-based electronic documents over the PEPPOL

Network.



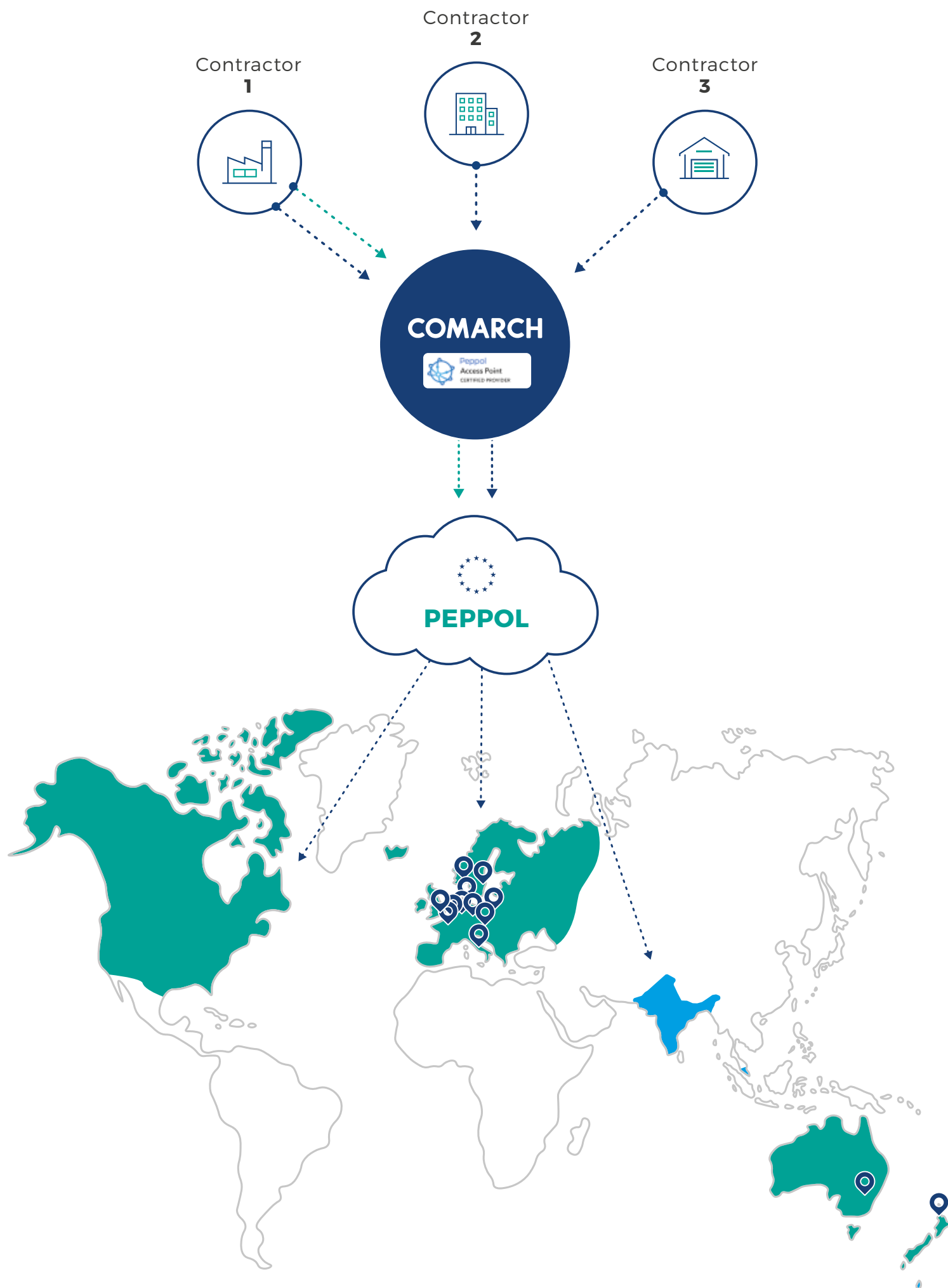
Document specifications

PEPPOL Business Interoperability Specifications (BIS) utilizing Universal Business Language (UBL – ISO/IEC 19845).

PEPPOL BIS Billing 3.0 is based on EN16931, and the specification is a compliant Core Invoice Usage Specification (CIUS) of EN16931.

Specifications for:

product catalogs, orders, order confirmations, dispatch notes, invoices and credit notes.



THE BENEFITS



Significant reduction of costs -> one solution for all countries within the network



Short implementation time



Higher process automation



Reduced number of human errors

What are the biggest e-invoicing advantages?



50-60% SAVINGS



UP TO EUR 65 NET
BENEFITS
PER CYCLE



RESULTS IN
0.5-1.5 YEARS



EUR 4-12 NET
BENEFITS
PER INVOICE

About Comarch

Comarch is both **a member of the OpenPEPPOL association and a certified PEPPOL Access Point**. As a global provider of advanced IT systems and services for business automation, Comarch enables the rapid and reliable exchange of electronic documents with all public administration entities registered in the PEPPOL Network.

Comarch also guarantees that its services are **fully compliant with legal requirements** and ensures the correct processing of electronic documents in different countries, including via the PEPPOL-based solution as through dedicated national systems such as those in Italy, France, Hungary and Ukraine and Turkey.

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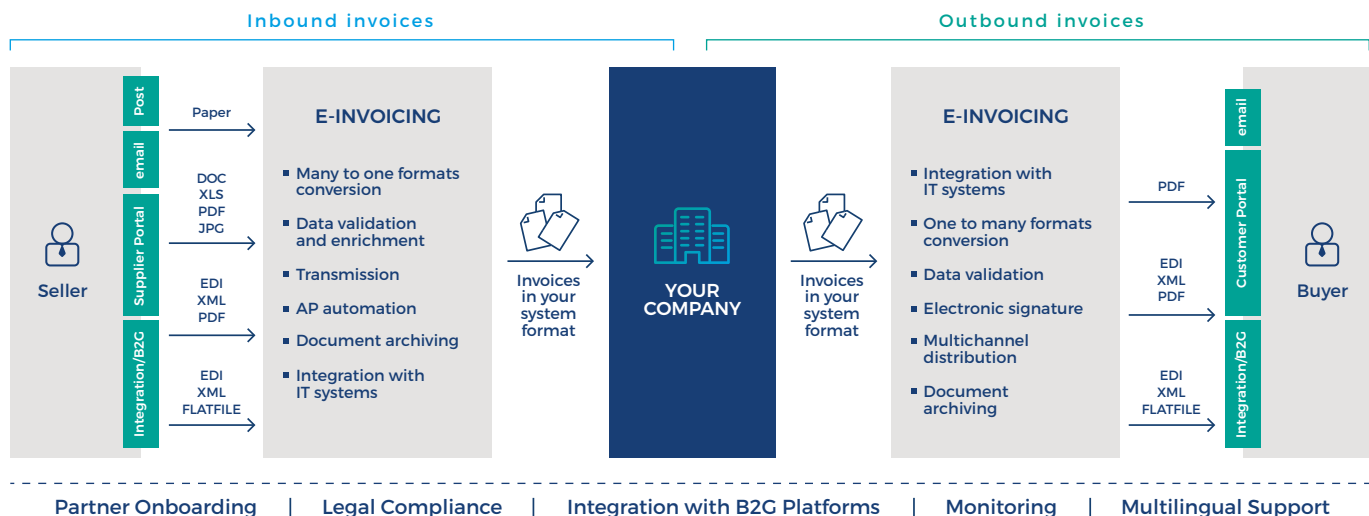


1 E-INVOICING

Comarch e-Invoicing is a comprehensive product that both **streamlines and automates all corporate AP/AR invoicing processes** to enable secure and highly efficient document exchange with all business partners and clients. This is combined with a complete set of practical and technologically advanced functionalities such as **Self-Billing, e-Archive, and Electronic Signature**, alongside Comarch's experience in carrying out the most complex **B2B & B2G operations**.

Comarch e-Invoicing guarantees both higher quality of data and **compliance with the latest legal regulations**. The document exchange processes are secure and highly efficient, as the platform provides a comprehensive preview of the current status of processed documents.

COMARCH E-INVOICING



2 LEGAL COMPLIANCE

Ensuring the integrity of content, the authenticity of origin and legibility, Comarch e-Invoicing **provides the right support for the legal e-invoicing regulations in 60+ countries**. The solution allows users to **manage and archive all invoices** - both sent and received - **for the legally required retention period**.

Designed to **make it easy to navigate all everyday invoicing operations** in many different countries, this automatically updated solution is always ready to use, even in the event of changes to the law.

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