


Hi, Celtrino, as an interested party and a Peppol e-invoicing AU panel member, is pleased to share its response below to the consultation paper "Options for mandatory adoption of e-invoicing by business". Celtrino would be delighted to field any follow-on questions.


### 1. PEPPOL adoption in Australia needs to be mandatory

For PEPPOL to be a success in Australia, adoption needs to be mandated for all active participants on a phased basis (Government agencies and their suppliers as well as in the B2B private sector between buyers and suppliers regardless of size and sector). A real life example of this can be attributed to why EDI became so successful in the Retail world, buyers placed mandatory EDI compliance on all suppliers regardless of size or capabilities. Suppliers who did not become EDI compliant would not win that Retailer's supply contract, no ifs, buts or excuses allowed.


#### From the Consultation Paper:

 This paper seeks to consult on further actions that the Government can take to accelerate the adoption of Peppol e-Invoicing in the private sector, including options for mandatory adoption by businesses. Such a mandate could be effective at increasing adoption by businesses but it could also impose a significant regulatory burden on some businesses. Moreover, as e-Invoicing can deliver enhanced invoice processing efficiency and accuracy, this paper also seeks to consult on how a Peppol e-Invoicing mandate for businesses can reduce payment times from large to small businesses.


**Celtrino Response:** The reduction in operating costs due to cash-flow improvements due to faster payments in combination with improved operating efficiencies would outweigh the operational costs of e-invoicing for suppliers. However, as a market primer pending a build up of use case evidence, Australian Government Agencies could enlist PEPPOL service providers to provide free PEPPOL based e-Invoice portals to small suppliers. Portal will be paid for by Government agencies ensuring no cost to small supplier. Small supplier can then take advantage of 5 day payment with no added burden on their business. Advantage to PSBs – all invoices now come from one unique source, no paper, pdf's or emails to worry about, increasing efficiency and ensuring nothing gets lost or ignored.

 The ATO (the Peppol Authority) and other Australian government agencies do not have access to the e-Invoices exchanged between businesses, meaning they cannot view the e-Invoices' contents and details.

**Celtrino Response:** The 4-corner Peppol model is by its nature open and operationally decentralised. This should be highlighted in all advertising and promotion materials to alleviate the concerns of businesses and remove potential roadblocks which may be a hindrance to PEPPOL adoption.

 Business activities: Purchasing businesses are more likely to adopt e-Invoicing than suppliers because they tend to process higher volumes of invoices.

**Celtrino Response:** The above statement is very true and is a very strong reason why PEPPOL adoption should be mandatory for all suppliers regardless of size. PEPPOL is a 2 sided equation, if one trading party (e.g. the supplier) does not comply, the whole equation fails, leaving Government agencies with inefficiencies, high costs and delayed payments.

 The Government is considering the following options for accelerating the adoption of Peppol e-Invoicing in the private sector: • Option 1: a phased approach to introducing a requirement that all businesses adopt Peppol e-Invoicing (without prohibiting paper invoices); • Option 2: a mandate for large businesses only; and • Option 3: non-regulatory options to such as a voluntary code of e-Invoicing and/or promotion of Peppol e-Invoicing by

enabled organisations. Note that any mandate would not prohibit businesses from continuing to send and receive non-Peppol invoices such as paper and PDF invoices.

**Celtrino Response:** Yes Option 1 with phased approach for everyone, but ultimately paper invoices will have to be prohibited for full success. For example, in the B2B sector Retailers give new suppliers 3-6 months to remove manual paper invoices and become EDI compliant, or else they will give contract to an alternative supplier who is EDI compliant.



A mandate that forces businesses towards a smaller group of service providers might have an anti-competitive effect, ultimately harming Australian businesses.

**Celtrino Response:** Celtrino believes that this is not necessarily true. Open market forces will come into effect if PEPPOL is successful with many new solution providers entering the marketplace. The 4-corner Peppol model is by its nature very open and does not lend itself to customer lock-in. There is ample evidence that the service provider numbers exceed market demand. A sustainable equilibrium will be established as the market matures with low barriers to entry and low switching costs.



Question 1: In your view, if the Government mandates the adoption of Peppol e-Invoicing for businesses: • Would this result in a reduction in payment times from large to small businesses? • How would this reduction occur? Question 2: If the Government mandates the adoption of Peppol e-Invoicing, what other action could the Government take to reduce payment times further?

**Celtrino Response:** Question 1 – As PEPPOL adoption becomes more commonplace amongst all suppliers, regardless of size, it is Celtrino's view that PEPPOL will become mainstay in the private B2B sector as well, thus introducing further efficiencies and reducing payment cycle times. Question 2 – By mandating PEPPOL for all suppliers regardless of size, government departments could provide free PEPPOL invoice portals to small suppliers, thus creating a level playing field and ensuring that large suppliers who can integrate PEPPOL invoicing to their back end ERP systems are not the only organisations to benefit from faster payments.

## 2. International Benefits to Australian Businesses who adopt PEPPOL

Australian businesses who trade internationally with companies in Europe, North America, South America, Far East will benefit greatly by adopting PEPPOL. Unlike EDI, these Australian companies will only be required to master 1 standard (PEPPOL), whereas with traditional EDI they may be required to handle invoicing through EDIFACT, Eancom, ANSI X12, Odette and subsets of these to be able to trade internationally and according to industry requirements.

PEPPOL may be suitable for new wave businesses such as e-Commerce Retailers and Distributors who have not yet installed EDI systems but would like to increase their supply chain efficiencies by connecting all relevant parties in the supply chain (e.g. Manufacturer-Distributor-Online Retailer-Shipping Company-Customer)

Ken Halpin

Managing Director



Address: 67-70 Meath Street, Dublin, D08 XY53, Ireland



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