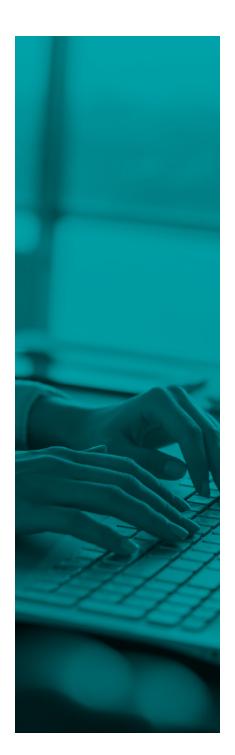# PREPARING YOUR BUSINESS FOR PDF AND EDI INVOICING — BEFORE IT'S TOO LATE

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MANAGING EDI IS NOW MANDATORY, BUT PDF REMAINS A NECESSITY

Until now, it has been possible for businesses to send and receive image-based PDF invoices by email (with or without e-signatures); however, with growing government legislations mandating structured electronic invoice exchange, PDFs are no longer sufficient. Businesses must generate and manage structured invoice data for all outbound and inbound invoices to remain compliant and to get paid.

Electronic Data Interchange (EDI), as its name infers, is the process by which data is exchanged between businesses in a commonly agreed electronic format. The main benefit of EDI technology is that it allows full automation with a smooth and secure exchange of messages between companies, making documents computer readable. This boosts efficiency, simplifies transactions and increases cost savings.

However, exchanging EDI-only files may not be suitable for all businesses. Small and medium businesses often struggle to manage EDI, whereas PDFs can easily be created from most ERP systems. Additionally, for companies of all sizes, invoice content must be available in a human readable format for AR and AP departments to validate it. It's not a one or the other situation — for businesses to be successful, they must do both EDI and PDF.

Finding the right partner from a legal, process and technical point of view is essential. Esker's strength lies in its ability to both generate an EDI file from a PDF and format an EDI file into a PDF for outbound/inbound transport modes. It can also process any EDI format to comply with international regulations.

EDI FOR B2B & B2G E-INVOICING

The private sector was the main driver for initial market development of EDI due to its incredible efficiency. Big businesses were the first to encourage their partners to send or receive EDI invoices while today, governments are increasingly requiring it.

Some governments push EDI to digitise B2B exchanges and increase productivity. In Singapore and Australia, for example, the governments have adopted PEPPOL, a set of specifications enabling businesses to communicate electronically one common standard EDI format with public buyers and private businesses in various stages of the e-procurement process.

EDI-invoicing has even become a legislative obligation for tax control in some countries. Reducing the VAT gap is the main accelerator for the digitisation of business, fiscal, reporting, inventory, trade and logistical documents. Tax authorities mandate that businesses in a country exchange invoices in EDI format and encourage or even require the use of a real-time clearance model (invoices must be reported and authorised electronically by the tax administration before or during the exchange process). This ensures that tax administrations have full access to companies' invoice data, allowing them to monitor end-to-end business transactions.

These government-imposed invoicing obligations have driven many businesses to take the technological jump to EDI to comply with legislation or be left out of business exchanges.

A LESSON FROM ITALY

Italy was the first country in the European Union to legislate mandatory e-invoicing between private businesses using a clearance model regime. The regulation was put in place to not only prevent VAT fraud, but also to simplify administrative processes.

As of 1 January, 2019, businesses of any size must generate EDI invoices in a Fattura-PA format and submit them to the tax authority platform for delivery to their customers. They are also required to manage Fattura-PA invoices from their suppliers received via the tax authority platform. Businesses had to either find a partner to automate EDI-invoicing, manually key in invoices into a web portal, or build their own direct connection at their own expense. The sanctions for non-compliance result in heavy fines.

Taking Italy as an example, similar directives will soon become a reality in other countries like Spain and Singapore. Businesses need to prepare for EDI now.

ESKER, YOUR E–INVOICING PARTNER

Esker strongly supports the global movement to standardise exchanges between the private and public sectors. Its unique platform supports e-invoicing compliance for supplier and customer invoices around the world.

Esker provides solutions to easily manage any input format (e.g., PDF, XML, any EDI format, etc.) and to generate any output expected format (e.g., PDF, XML or ERP specific format). Esker's solutions can extract data from a PDF file or an EDI file of any format (e.g., EDIFACT, ANSI, UBL, iDoc, XML, etc.), manage multi-formats, multi-channels, and deliver data formatting in the appropriate EDI format, as well as in a human readable PDF format. Esker provides secured exchanges via any communication transport (e.g., AS2, PEPPOL, SFTP, etc.), and interoperability with any platform from service providers and public administrations (e.g., Chorus, FACe, SDI, PEPPOL, etc.).

To further reinforce its commitment to worldwide interoperability, Esker is also a certified PEPPOL Access Point. Esker processes, sends and receives invoices to any recipient within the PEPPOL network and Esker's customers are thus deemed "PEPPOL ready".

In today's international context where each country has its own legislation, e-invoicing rules are becoming increasingly complex with various EDI formats. Esker has proficient technological and local market knowledge to adapt its solution to evolving legislative requirements.