

## **Slide 1 – E-government in Denmark**

### **Slide 2 – The presentation in brief**

Let me start by giving you a brief introduction to what I plan to say today. First, I will give a short introduction to the Danish government's vision for E-government.

Then, I will say a few words about how we try to create the framework for fulfilling this vision. I will focus particularly on the role of a new portal on the Internet, which we plan to introduce in early 2003.

Finally, I will tell you about three specific services that we plan to make available through the portal. One is already in operation. One is in the making. And the last one is in operation, but still far from a final version.

### **Slide 3 – The Danish E-government Vision**

The E-government vision of the Danish administration is “to systematically use digital technologies to introduce new ways of thinking and transform organisations and work processes to improve the quality of service and efficiency.”

This vision states that E-government is about two things: the improvement of service and efficiency.

In order to pursue this overall goal, we are creating a new and comprehensive government-to-business and business-to-business portal on the web.

## **Slide 4 – Three purposes**

We have established three specific goals for the portal.

The first and primary goal is to relieve administrative burdens for Danish enterprises.

One way to do this is to increase transparency and reduce complexity. Moreover, the portal will – maybe not from day one, but quite soon – make it possible to actually perform most administrative tasks on-line. For example reporting information for statistics, handing in company accounts or applying for permissions of all kinds.

These new possibilities will do a big part of the job. But new services on the Internet will not be enough. The need for change runs much deeper. And that brings us to the second major purpose of the portal.

People need to start working in a different way. Organisations need to be changed. And even a new culture in public administration may be needed. The Internet is an important tool to achieve what can be summed up as a need for change in work flows within and between government agencies. That is government to government (G2G) and between government and businesses (G2B).

The Internet does not, however, bring about any change in workflows on its own – that is basically a leadership challenge. But what it can do is facilitate some of the changes in work flows that are absolutely necessary.

Finally, the third purpose of the portal is to create favourable conditions for those government agencies that seriously want to digitize more of their work processes.

The portal provides a cheap and easily accessible IT –infrastructure for agencies to use. Digital signature, a micro payment system, tools to create on-line forms, a shared Content Management System are part of the solution. Most of these tools are not new. But what we do is to use economies of scale to cut prices and increase speed by offering standard solutions.

## **Slide 5 – New ways of working**

From the very beginning, when we started working on the portal, we realized that the project would be far too wide-ranging to be carried out by just one agency.

Therefore, the public sector should start collaborating more intensively. The structure and division of labour in government authorities must not be an obstacle to efficiency.

So what we did was to create a new network organisation consisting of people from six ministries – Trade and Industry, Labour, Finance, Tax, Environment and Agriculture.

The new organisation is called “E-erhverv”, which means something like E-Government-enterprise. The organisation co-ordinates all efforts to introduce new E-government solutions for businesses.

E-Erhverv is not a formal organisation with its own buildings and offices. It is more like a cross-ministerial network working on different levels.

However, even in spite of participation from so many parts of the public sector, we soon realized that a certain amount of private sector involvement would be an advantage. Therefore, the portal is being developed as a public-private partnership. Expenses are shared between a few companies and the national government, and the rights and obligations of both parts are defined in a contract running for the next four years. The portal will contain content from government agencies and private companies.

## **Slide 6 – An attractive offer to businesses**

Establishing the portal is a huge step, but it is only the first. A lot of new services, like the best we already have, must be created in order to make the portal a truly attractive offer to businesses.

In some areas, the scenario outlined in this slide only needs the new portal to become a reality. The user logs on to the system where he or she is presented with individualised content from all agencies involved in the regulation of businesses.

Then the user makes his choice. If he needs assistance robots, audio-visual guides or on-line consultants will help him. If he has a specific purpose he can go about his business right away. All forms can be filed and signed electronically, and all information will be available from one single entry point. Subsequently, information can be transferred directly to the proper authorities. Next time the user logs on, the system will have a little bit more relevant information to help improve the services that are delivered to his company through the portal.

## **Slide 7 – Some of the new services**

Our ambition is that all the tools, information and service needed to perform administrative tasks should be directly accessible from the portal. No matter whether it is public or private. For businesses it is not that important – paperwork is paperwork, and it should be handled as efficiently as possible. The list of services we want to provide includes what you see on the slide. Just to mention a few, there will be:

- Audio-visual guides to guide the users through the work flows
- Reporting environments. That is, systems that make it possible to do all the reporting on a specific area – taxes, statistics, accounts, etc.
- A huge amount of private services. On-line banking can take care of all payments to public authorities, recruitment companies can offer to find new employees together with the public employment agencies, and so on.

The number of possible services is virtually unlimited.

## **Slide 8 – What must public authorities do?**

As I mentioned earlier, we have been very careful not to demand too much from all public agencies. Basically, active participation is voluntary.

Representation on the portal is free, but if an agency uses the IT-infrastructure available on the portal, it will be charged a small transaction fee. The fee is, however, always less than the price of the cheapest Danish postage stamp. As a consequence, it will always be good business for agencies to carry out transactions through the portal instead of using standard paper based procedures.

In order to ensure a controlled relationship between the portal and the agencies, the relationships will be regulated by contracts.

And if an agency wants to connect the portal system and databases to their back office systems, that can be done gradually.

Moreover, technically we try to make it possible for agencies and private businesses to reuse and transfer data as smoothly as possible.

Those are the basic conditions for the Business Portal and for creating the framework for E-government.

### **Slide 9 – Webreg**

Now, let me present a business service, which is in operation today – a service which will be available on the portal. The name is Webreg. It is a system that makes it possible to register companies on-line. It is based on automatic validations of data through integration with back-end systems. No documents need be sent by regular e-mail or fax. The whole process of founding the new company takes place on the web completely without involvement or approval by officials at the DCCA.

The vital key is a digital signature that makes Webreg II a safe option in every respect.

We have chosen a digital signature which supports both web sites and e-mail. It consists of two pieces of software. Together they secure the identity of the sender and encrypt the information, so that none but the recipient can read the information package.

Let me describe how Webreg II works. I see it as the most advanced E-Government service the DCCA has to offer. The system simplifies administration for clients, and, at the same time, it makes it possible for us to cut spending on routine work processes. These qualities have been recognized elsewhere. Webreg was announced best practice case in a benchmarking exercise on administrative procedures conducted by the EU Commission in connection with the registration of new business enterprises.

### **Slide 10 – How to gain access**

When a client wishes to enter Webreg, the first thing he has to do is identify himself by way of the digital signature. This operation prevents persons without a digital signature from entering the system. Only users with a signature accepted by the DCCA can found a company using Webreg.

At the moment, clients can access Webreg with a digital signature from TDC, Denmark's biggest telecommunication provider. In the near future, it will be possible to access Webreg with digital signature from different providers, for instance VeriSign.

### **Slide 11 – How to enter name(s)**

After having identified himself, the client can begin the process of founding the company. He is directed to a page where he needs to enter which kind of company he wants to found – a public company or a private limited company. On this page he also gives the name of the company. If he wants to give the company secondary names he enters them as well.

The names are checked by the system. Webreg is connected to a back-end database containing information on existing companies, and the names entered by the user are compared to names of existing companies. The client will receive an alert after a few seconds if a name is already in use. In other words, the client can be sure that he will not found a company which already exists!

### **Slide 12 - List of documents**

Having entered the company names, the client is directed to a page with a list of documents. To found a company in Denmark one needs to forward memorandum, articles of association, information on company capital, and minutes of the general meeting to the DCCA.

Let me demonstrate to you how the client fills out a document. Hopefully, it will give you an idea of how smoothly the system operates, and how we manage to keep the whole procedure of founding a company on the web and avoid using the postman.

### **Slide 13 – How to get security for start-up capital**

In Denmark, a client will have to provide a security of 500,000 Danish kroner, which is about 65,000 Euro, to found a public company. If we are talking about a private limited company, the security is of 125,000 Danish kroner, or roughly 16,000 Euro.

How do we obtain this security when clients use Webreg? The answer is “digital signature”. The lawyer, the accountant, or the bank logs on to Webreg’s capital information page. First he enters the amount. Then, by way of a drop down menu, he enters the type of capital, and finally, he confirms the information by activating his digital signature.

I think this particular feature of the system is a fine example of how private business and public authorities can meet the need for interchange of information through an electronic network. It shows how companies, banks, lawyers, and public authorities become interconnected when E-government grows. The page functions through a mixture of relations – business-to-business, business-to-consumer, business-to-government, and government-to-public – and the mixture creates a flexible, virtual space which benefits all players.

### **Slide 14 – How to sign documents**

Now, let us say that the client has filled out all documents, memorandum, articles of associations, information on start-up capital, and the minutes of the general meeting. What is then left? Signing the documents, of course!

All documents are shown and the client can read them by scrolling down the page. At the bottom of the page he finds the button for the digital signature. By a single click all documents, including the signature for the capital, are forwarded to the DCCA.

The registration is completed. The client has now founded a company on the web.

### **Slide 15 – Receipt for registration**

To make everything clear, the client gets a receipt for the registration. It states that he has founded a company by the name of Business X with the business identification number 12345678. It also states that he can see the registration at Publi-com.dk, where the National Gazette is published electronically.

### **Slide 16 – One-stop-registration**

I would like to talk to you about a new registration service, which we are about to develop together with the Tax Authorities. We have adopted a one-stop-shop approach on the web to the founding of the most common types of enterprises. Like Webreg this coming solution creates a virtual network between business, public authorities and the public. Keeping the introduction in mind, the system seems to be a major step for the Danish E-government vision and the portal.

### **Slide 17 – Objective, solution, take-off**

One-stop-registration has as its objective to provide enterprises with a single virtual place to register. Today, the DCCA and the Tax Authorities have several web sites directed towards businesses. One-stop-registration will simplify this service system and provide a single place to register all the necessary information to found an enterprise, no matter whether it is a private company, a public company, or a single-person enterprise.

At the moment, we are planning the project in close collaboration with the Tax Authorities. If things turn out well the system could be launched by summer next year.

## **Slide 18 – List of documents**

We have made a demonstration website for internal use. As you can see, the idea is to reuse applications and principles from Webreg.

Now, imagine you are in the process of founding a company. You have entered one-stop-registration by way of your digital signature. You have entered names for the company. Now you are on a page giving you the general overview you saw before – memorandum, articles of association, capital information, and minutes of the general meeting.

But there is a difference. On this page, you will find more than before – the document for the Tax Authorities. In Denmark most companies need to register with the Tax Authorities and obtain your VAT-registration before you commence your business activity. Therefore, upon the foundation of any type of enterprise you will have to register specific information, such as the date of the actual beginning of your business activity, your line of business, the number of employees (if any) etc.

## **Slide 19– How to sign documents**

When you have reported everything – information for the DCCA, and information for the Tax Authorities – you can enter the registration page. According to this demonstration web site you need to sign the documents twice. Once for the DCCA, and once for the Tax Authorities. But procedures may change. We are continually working to optimize the system.

As before in the case of Webreg, you will get a receipt, so you cannot help but notice that you have founded an enterprise. Among other things, the receipt states that both the DCCA and the Tax Authorities have accepted the registration of the enterprise.

## **Slide 20– Digiregn**

The DCCA not only regulates information on companies. We also handle annual accounts from all Danish public companies, private companies and trusts.

I want to introduce to you Digiregn, a solution for structured electronic filing of annual accounts.

## **Slide 21 - Business reporting today**

At present, the bulk of all filing in Denmark is processed on paper. The DCCA receives the annual accounts by ordinary mail and we then scan the accounts to make them accessible on the web.

Filing annual accounts as scanned document makes it a difficult task for analysts and others to compare and analyze the information contained in these documents. In addition to this, the paper procedure is an administrative burden for businesses. They have to report several times to several recipients in different forms and formats, even though the information needed by the different recipients is basically the same.

In other words, something has to be done to facilitate reporting of annual accounts.

## **Slide 22 - Objectives for digital reporting**

At the DCCA, we are making use of structured digital reporting. The objectives are to:

- Increase the level of service provided to businesses
- Enable faster and more cost-efficient regulatory control through automation of routines of validation, selection and analyses
- Enable reuse of data across organizational boundaries  
... And at the same time ...
- Reduce reporting burdens and costs for businesses

In late 2001 we launched version one of “Digiregn”. This system allows clients to forward annual accounts by e-mail in a structured format. It makes use of a native XML-format and a digital signature. The client either creates the XML-file manually by entering information in a special application or by transferring the data from the source directly.

Unfortunately, it has turned out that incentives for using the solution are not strong enough. Accounting firms keep following the old procedures.

### **Slide 23 – The new Digiregn**

As a consequence, we now pursue a new strategy. First of all, we have changed the Digiregn standard. This means that we are going to base Digiregn on an international XML-standard called XBRL instead of a proprietary standard.

Secondly, we will base the XBRL on a Danish extension of the IAS taxonomy.

Thirdly, we are going to develop Digiregn along with a series of partners and stakeholders, including the Tax Authorities, Statistics Denmark, and the Institute of State Authorized Public Accountants in Denmark. This step should strengthen organizational support for Digiregn.

Finally, we are going to improve our marketing efforts. Incentives will be implemented. Systems providers – chiefly the main developers of ERP solutions and accountancy solutions – must take Digiregn into consideration when designing new systems, and accounting firms have to train employees and customers. At the receiving end, governmental and financial agencies have to accept the new medium for business reporting.

### **Slide 24 - Summing up the project status**

We implemented the first generation of Digiregn in late 2001. The system is, however, based on a proprietary taxonomy, and the businesses have had little incentive to use the new system.

The next generation of Digiregn is on its way now. The Danish reporting taxonomy based on IAS is ready. Systems development is scheduled to begin in

late summer. Incentive programs will be launched at the end of 2002. And hopefully, the DCCA will be ready for electronic annual business reporting for the year of 2002 in 2003.

### **Slide 25 - results**

Let me conclude by presenting some data that clearly indicate the potential benefits of E-government – for businesses as well as public agencies.

Each year we ask about 1,000 companies about how their administrative burdens have developed during the past year. The results are very clear: IT, and especially the Internet, affects the level of administrative burdens substantially – in a positive direction.

To give an example, this year's data show that companies that use the Internet extensively when dealing with government institutions have seen a fall in their administrative burdens of 23 per cent! And those who use other kinds of IT have seen a similar 11 per cent fall. Finally, the statistics show that money spent on IT-solutions to handle administrative tasks is a very good investment indeed. New investments give a 10 per cent reduction the following year. These results are indeed remarkable, since companies that do not use IT or the Internet have experienced increased administrative burdens.

In my own agency we have also seen the results. During the last couple of years, we have seen the time available to consider a registration application go down by 80 per cent, productivity has been raised by 230 per cent, and the amount of time spent on development has been increased by 800 per cent.

Surely, all of this is not caused only by a better use of IT. A new organization and new ways of working have undoubtedly played a major role. But it is all supported and partly made possible by more and better use of IT.

Thus, in short, the results clearly indicate that there is a huge potential lying just in front of us. It takes hard work and the courage to risk a little bit. The benefits, however, definitely justify a few failures.