

# Roadmap for realisation of the Nordic Smart Government ecosystem

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# Agenda: NSG Roadmap

Vision

SMEs challenges

NSGs capabilities

Six solution areas

Milestones

Plan

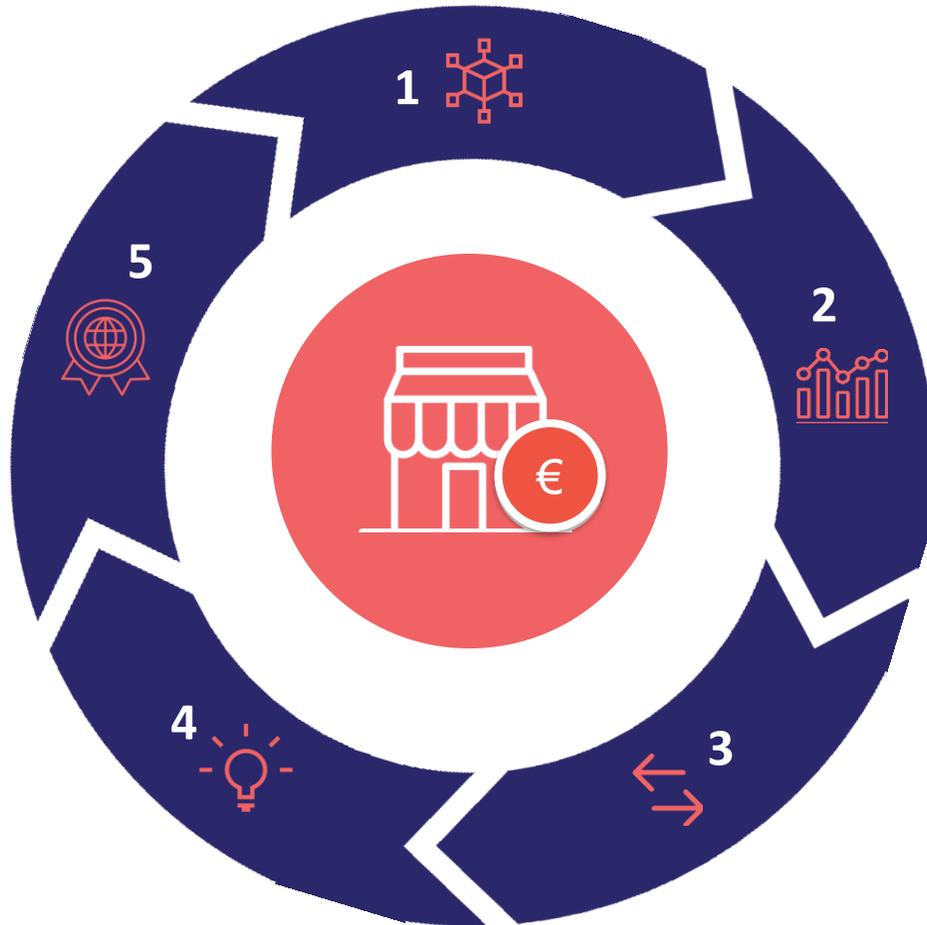
Partners

The two million small and medium-sized enterprises (SMEs) in the Nordic region comprise more than 90 percent of our businesses. The SMEs thus form cornerstones in our societies and for our future welfare.

The vision of Nordic Smart Government to create value for these SMEs by making real-time business data accessible and usable for innovation and growth.

The NSG Roadmap is a strategic plan for realising the vision, approved by the Nordic Minister of Trade and Industry on 1 September 2020

## The Vision of Nordic Smart Government – and what the roadmap is all about..



**1** Increasing the use of structured business data in transactions

**2** ... will provide a higher quality of real-time business data that businesses can utilise while reducing the manual handling of bookkeeping.

**3** This enables easier and better exchange of data, products and services, which will serve both service providers (bank, accountant, insurance) and trading partners...

**4** ... it will enable new data-driven services and business opportunities ...

**5** ... and serve authorities.

## Challenges experienced by the Nordic SMEs

In 2019, the NSG programme conducted workshops and in-depth interviews with 50 SMEs across the Nordic countries. The aim was to identify barriers and obstacles experienced by SMEs in their day-to-day processes. The findings and possible solutions have been explored in dialogues with actors that have SMEs as their customers, e.g. business systems vendors and other third-party services.

### Key findings (detailed on the next page):

- SMEs work with paper based processes – even if they use digital tools
- SMEs cannot transfer their accounting data and choose new services
- SMEs lack information on potential business partners' trustworthiness
- SMEs experience time-consuming credit assessments
- SMEs lack an overview and easy control of cash flow and liquidity
- SMEs are uncertain about formal requirements when going Nordic

These findings are all connected to the same basic problems: Transactions that are handled via paper documents, systems that cannot exchange data, and a tendency in public sector of developing stand-alone solutions that do not fully accommodate the basic business administration processes.

Based on workshops and interviews, NSG has identified user needs and formulated user principles to guide the future work. The purpose is to ensure that the SMEs' needs are prioritised, increasing the likelihood of support for the NSG vision. The NSG User Principles are found [here](#).

### The Pains of Nordic SMEs

SMEs often do administrative work in evenings and weekends. This also involves hours spent on manually typing data into digital self-service systems when reporting to the government. Much typing is necessitated by poor interoperability between systems. The manual typing also results in errors that would be avoided if administrative tasks, such as bookkeeping and reporting, were automated to a higher degree. The manual work of typing hinders the SMEs in getting real-time insights into their current financial situation. They often worry about whether they have money to pay their employees, about their liquidity, and how they are doing compared to competitors.

### Testimonials from in-depth interviews:

*"I've heard since 1983 that everything is going to be simpler, but so far it has only become more complicated" (SME, NO)*

*"I wish I had an instant overview of my business financial statement" (SME, DK)*

*"Systems that could help are too expensive and it takes too much time to switch from the old systems to new ones" (SME, FI)*

*"I need a strategic overview of liquidity, VAT and the accounts when I have a need for major investments" (SME, DK)*

## The NSG Roadmap: A Strategic Plan and Recommendations

A roadmap is a strategic plan that defines a goal or desired outcome and includes the major steps or milestones needed to reach it. The NSG roadmap shows the way for realising the NSG vision, and it defines the requirements necessary for this.

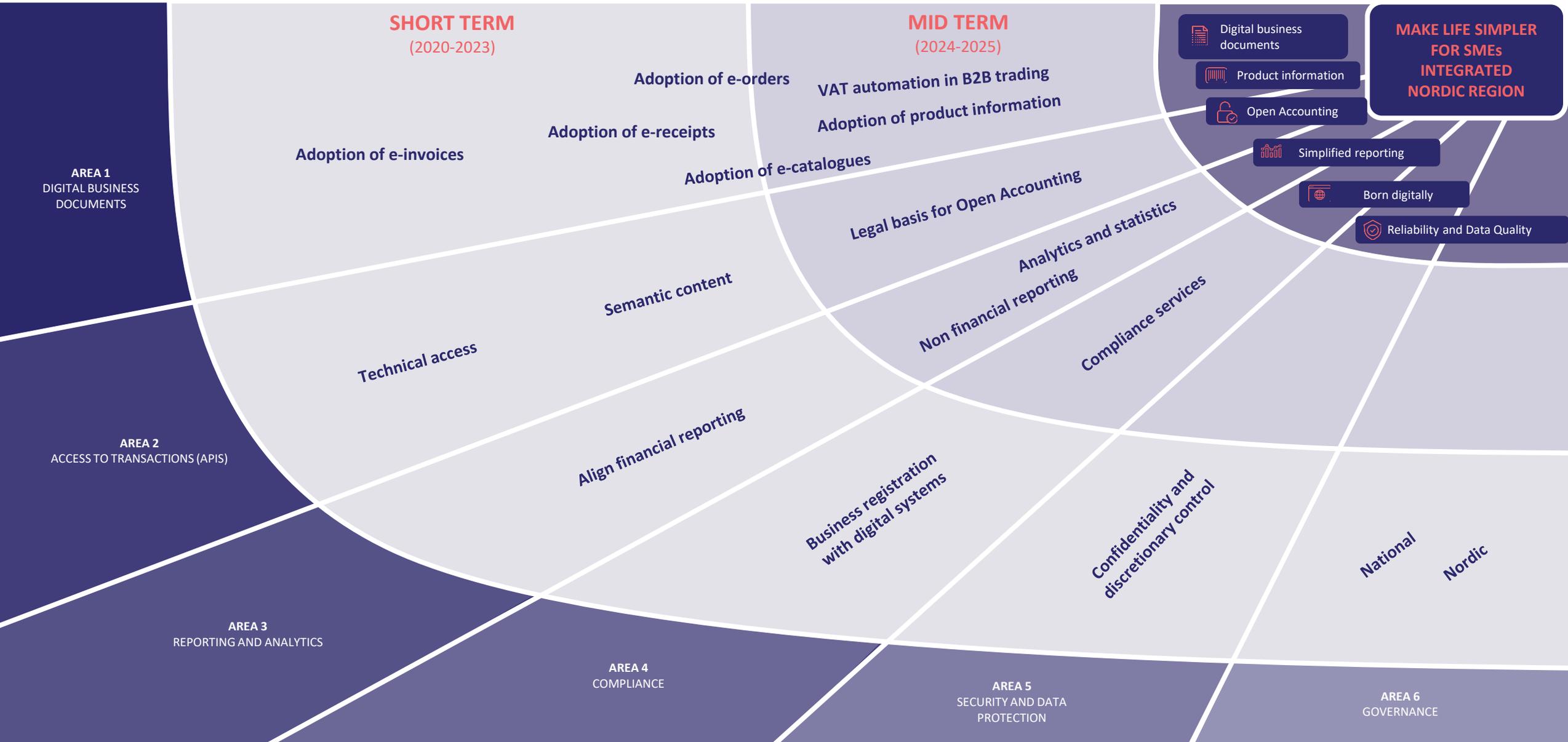
The roadmap of NSG sets a direction over the coming years for Nordic digitalisation and collaboration, for development in co-creation with the private sector, and for dialogue between relevant standardisation and governance bodies.

In order to increase integration in the region, the national developments should to some extent be synchronised and the road should be traversed in a continued Nordic collaboration. To save development costs, digital solutions and experience can be shared and systems extended to support the alignment, where possible.

This is an agile strategy showing the potential value of NSG and identifying possible actions to realise that value, step by step. The developments and changes will take several years. Milestones and joint initiatives will be subject to annual evaluations, revisiting the prioritisation and funding.

# Main areas of alignment and focus areas for realising the ecosystem

Timing and activities are approximate, and subject to yearly evaluation and prioritisation



## Implementation: Major changes for Stakeholders - require close collaboration and co-creation

Realising the Nordic Smart Government recommendations will require action and major changes for several stakeholders.

### Business systems should...

- Adopt EU-wide common standards (PEPPOL), connect to the European eDelivery network, and thereby push for the use of e-documents \* (such as e-orders, e-invoice, e-receipts, and e-catalogues)
- Implement common tools (APIs), so service providers can access SME's data with given consent
- Integrate with Nordic-wide systems for eidentity, powers and mandates
- Offer standard contract terms, empowering SMEs to use whatever business systems and combine services according to their needs
- Promote national standard chart of accounts where one exists, and connect the core elements of the national chart of accounts to each other in a common minimal Nordic chart of accounts

### To become Nordic Smart Businesses, SMEs should...

- Use digital business systems and services
- Use e-documents\*
- Share data with trusted parties to get better services

### Government authorities should...

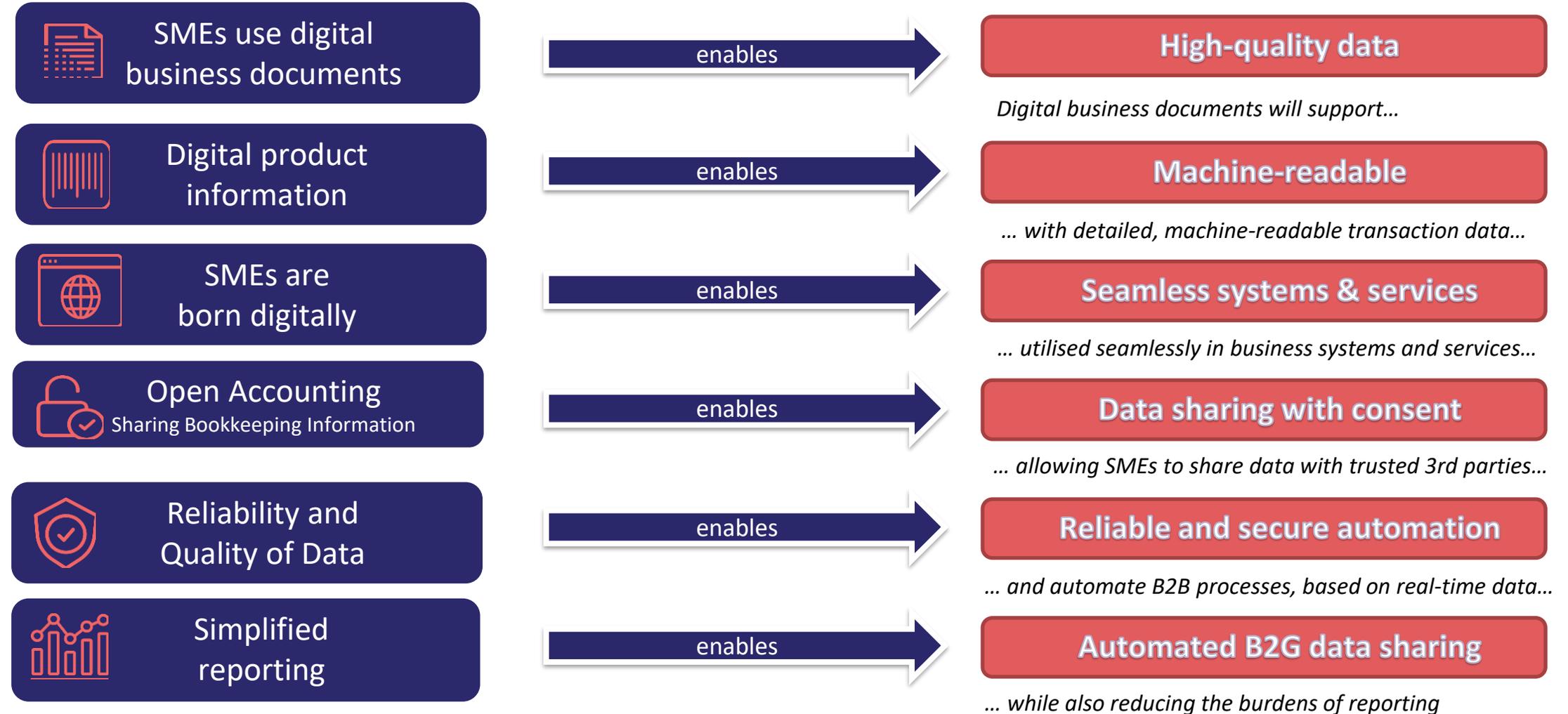
- Support innovation and the creation of new services by providing data related to businesses via open APIs
- Make business registry data freely available in a secure manner
- Support and implement common identity and e-address mechanisms
- Make public procurement digital by using e-documents\*
- Work towards enabling standardised digital reporting to authorities directly via business systems and ensure compatibility in reporting demands
- Standardise national chart of accounts with Nordic harmonisation and push for increased adoption of chart of accounts
- Clarify different parties' rights and obligations with regards to business data through terms and conditions in standard contracts (based on dialogue with different actors on the market)
- Define a guideline for data ethics in this field, and define the terms for making data available for analytics and artificial intelligence. These terms and the ethic guidelines provide the frame for developing smarter public and private services with respect for the SMEs

### Service providers should...

- Create new systems/services once data are standardised and made available
- Accountants and auditors will have to digitise and automate key areas of their core business
- Banks and credit institutions must provide new services based on available real-time data from both business systems and from public registries

## Enabling the future ecosystem

The activities of this roadmap support six goals which enable different parts and processes of the ecosystem:



## Milestones

- **By 2021**, a public-private advisory board has been established to support the implementation of the NSG roadmap
  - **By 2022**, 70% of the Nordic SMEs use a digital business system
    - **By 2023**, SMEs can freely choose to move their business data between business systems
      - **By 2023**, sales and purchases can be handled digitally by default in compatible formats across the Nordic region
        - **By 2023**, 80% of the Nordic business systems have implemented common tools (APIs), so service providers can access an SME's data with appropriate consent
          - **By 2024**, 80% of the invoices sent in the Nordics are digital
            - **By 2025**, the Nordic SMEs have saved 500 million EUR by using smart services and real-time data
              - **By 2027**, the Nordic countries are the most integrated region in the world

## Plan 2021- 23... 2024-26...

- Work on implementation of the six solution areas at national level – activities are dependent on funding
- Set up a new Nordic organisation
- Assure synchronised and aligned development across the region: Nordic Steering group
- Public –Private collaboration: Advsiory Board, Co-creation
- Community?

## Future perspectives: Green Business data can be Shared in Real Time

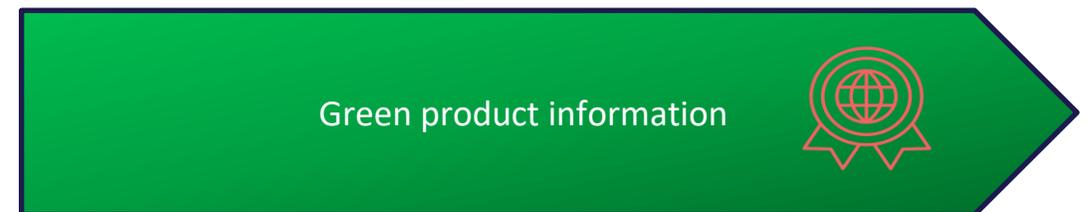
Information about products and production - beyond financial data - is increasingly in demand by different stakeholders, such as service providers, creditors, government authorities, investors, and consumers. Green data is in demand due to increasing public awareness and attention, and in the years to come, this attention will be decisive for businesses as well. Green data will be a parameter for competition, and social, environmental, and climate responsibility can be expected to have an increasing economic importance.

The EU commission's draft Action Plan on Circular Economy states that "as of 2030, only safe, circular and sustainable products should be placed on the EU market". Demonstrating sustainability, for example, will require substantial non-financial information to be efficiently shared, audited and reported through supply chains and to the market.

By supporting processing of structured product information in the digital business documents (in particular in digital orders), NSG delivers a basis for efficiently sharing not only financial data, but also non-financial data.

With further development of structured and standardised data, we can achieve better transparency of environmental, climate and social conditions in the economy. The infrastructure envisioned in NSG offers a basis for efficient sharing of these data as product information – integrated with core economic data in e-documents. Unless the non-financial data are structured and standardised, it is likely to become an extreme burden for the Nordic SMEs to transform to the new climate agenda. With new reporting demands, auditing and control will become difficult, and it will become costly to avoid fraud.

These perspectives are further elaborated in this ["Memorandum on Non-Financial Business Data For SMEs in the framework of Nordic Smart Government"](#) from Center for Circular Economy.



By 2027, with new products and optimised services based on real-time business data, the potential value across the Nordics is estimated to be around 14 billion EUR annually (EY 2017)

## Nordic Collaboration in NSG – from business registries in 2016 to encompass Tax, statistics and other authorities

The governments' task is to create a **framework for aligning the digital infrastructure** in the Nordic region, and with the roadmap we have defined the requirements for enabling an ecosystem. The five Nordic Business Registries are contract partners of Nordic Smart Government 3.0 and are responsible for this roadmap.



### DENMARK

- The Danish Business Authority
- Statistics Denmark



### SWEDEN

- The Swedish Companies Registration Office
- The Swedish Tax Authority
- Statistics Sweden



### NORWAY

- The Brønnøysund Register Centre, Norway
- The Norwegian Tax Authority
- Statistics Norway
- The Norwegian Digitalisation Agency



### FINLAND

- Finnish Patent and Registration Office
- Finnish Tax Administration
- State Treasury
- Statistics Finland



### ICELAND

- Iceland Revenue and Customs
- Ministry of Finance and Economic Affairs
- Ministry of Industry and Innovation
- Statistics Iceland

# NORDIC SMART GOVERNMENT



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