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SBR Programmes
Reducing administrative burden through countrywide standardisation

In the modern world, governments play a vital role in establishing legal boundaries for the business environment, stimulating economic and societal changes as well as stopping undesirable processes occurring. Regulation of businesses and the associated reporting processes are essential for government's economic oversight, direction setting and collection of taxes. The public administration needs to be very cautious in this matter and seek solutions that are cost-efficient and have minimum impact on businesses at the same time.

To develop good and effective economic policies, government needs to have access to high quality data in a timely manner. The scope of this data may change over time to reflect business reality in a better way. The government does not work, however, in a void. Formulation of new data requirements generates obligation on the other side – the business (filer). The information needed by governments with regards to business activities can become more complex and diverse, resulting in increasing demands from a variety of agencies. This constant demand-supply information imbalance is deeply ingrained into the filer-regulator relationship. In general, government should avoid too much interference and minimize its influential powers on business and the economy as a whole. Some of these reporting requirements may create opportunities for filers as well. For example, they may encourage them to fine-tune their internal operational processes to be more responsive to the market and more agile in the business environment.

Historically, reporting requirements have been driven by diverse legislation and disparate government agencies' initiatives in an uncoordinated manner. The government is organized around ministries or other organizations that are focused on addressing specific domains of policies. These agencies may intend to keep the best interest of business at heart and can even develop supporting IT solutions in the process. However, in general, building the islands of various IT solutions spread across different agencies will ultimately result in increasing maintenance costs for the administration and may be considered as a waste of taxpayer's money and mismanagement. Additionally, such a maverick attitude can become a hotbed for reporting requirements inconsistencies as well as technical incompatibility between different administration's systems – often the same information is reported multiple times in different formats to separate government agencies via their own gateways using various interfaces. This undesirable state of affairs translates directly into higher compliance costs for filers.

The natural step in the evolution of ICT government strategy is making each financial and information resource easily accessible and available to other public institutions. To make this happen, governments need to overrule individual initiatives and start a country-wide standardization initiative.

This can be a disruptive force for administration-to-administration (A2A) and business-to-administration (B2A) processes, yet at the same time it can also have a positive and stimulating impact on business.

>> Standard Business Reporting (SBR) programme is an umbrella term that encompasses a high level political agenda focused on improving government-business communication via digitalization. Contrary to popular belief, it's not only about implementing new technologies. It's also about rethinking how administration should work with business and how to instil a cooperative attitude among agencies. The government becomes a promoter of open standards and must play an active role in architecting meaningful technological change for filers.

SBR Programme – Principles of operation

The development of SBR is very much driven by a policy-based ambition to use Information and Communication Technologies to tackle administrative burdens. There is no magic formula how to execute an SBR project effectively because every country has its own unique institutional setup and some technology stacks are already in place. The transformation will vary somewhat depending on the country's current location on the digital journey.

SBR can be a part of a series of initiatives, that are already in progress, which aim to create smaller and effective administrative authorities by means of the systematic reengineering of current B2A and A2A processes. Because the effectiveness of SBR programme lies in a complete understanding of the web of interrelationships between institutions, identification of choke points and their elimination, SBR should normally be undertaken with a centralized and top-down approach. This is considered more efficient than simply allowing individual agencies to decide their own approaches and make their own choices on the way, with the assumption that these choices, in aggregate, will lead to a desirable outcome.

The SBR idea is very comprehensive in nature and affects mainly four major groups of topics:

• **(meta) Data** – representation of reporting requirements coming from various legal acts, illustrative examples, agencies' templates etc.

• **Processes** – tasks, activities, actors, responsibilities combined together to perform and orchestrate business processes and process chains.

• **Technologies** – network and interface services related to the orchestration of business processes and handling the exchange of structured information in a digital environment.

• **Governance** – policies, procedures of ruling, norms and actions are structured, sustained, regulated and held accountable.

Data and Processes need special attention at first. Before going digital in full, it makes sense to have a fresh perspective on how the current systems work. These are usually the places where most inefficiency can be found. Some of these inefficiencies will surface later when the SBR programme gains traction but it is better to identify them beforehand. Good governance is often considered as a coffee-table term but in a large scale project like SBR, its importance rises significantly. Ensuring the good interplay between governance and technology is one of the most challenging tasks. Luckily, IT management best practices in this area are already formulated e.g. ITIL for IT Service Management, ASL for Application Management, BiSL for Functional Management, and COBIT for overall IT governance.
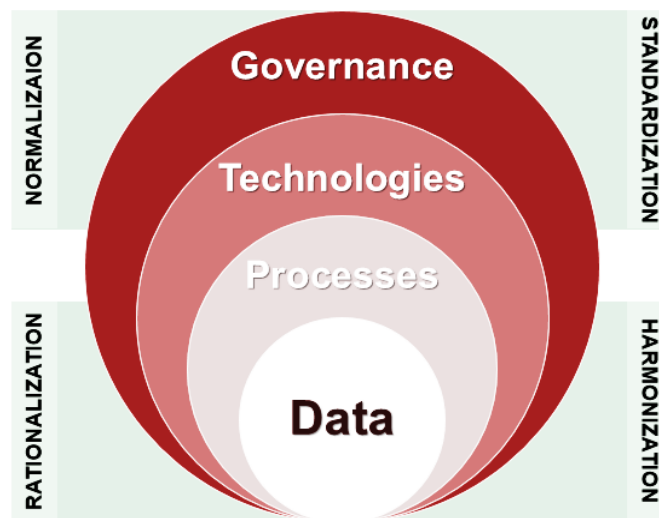
To garner all potential gains from an SBR project, the government should bind the abovementioned topics with four key transformative activities:

• **Rationalization of requirements** – evaluation of the impact of current reporting requirements on business. The objective should be to minimize the amount of data required by the administration as well as eliminate those reporting obligations that are redundant, outdated or having inconsistent definitions across agencies. It can be quite easily achieved in a recommended first phase of the project i.e. encoding forms, statements etc. into an XBRL taxonomy.

• **Harmonization of data and terms** – establishing agreements between government agencies on common definitions of data items. This usually requires formalization of terminology, naming conventions and the agreement of soft principles on the best way to model data items in XBRL. It also requires that individual agencies work together to identify common data items and agree a common definition for those data items.

• **Standardization of technologies** – establishing a set of standards that will be used to ensure that structured information (expressed in XBRL) is exchanged in Business to Administration (B2A) and Administration to Administration (A2A) processes in an automated manner e.g. BPMN/BPEL (used for visualization and execution of pre-processing services), WSDL and UDDI (web service interfaces), ebMS3/AS4 (network transport protocol), SOAP and other standards related to identification, authentication and authorization e.g. X.509 digital certificates, XML Signatures, XML Advanced Electronic Signatures (XAdES).

• **Normalization of communication channels and protocols** – establishing common rules and norms for electronic communication and promoting the use of accepted technical standards among all parties. Exceptions are only allowed under specific circumstances but automated API-based system-to-system exchange is the preferred option.

Why does it all start with XBRL?

XBRL (eXtensible Business Reporting Language) is one of the most important building blocks of the SBR solution. The fundamental requirement for the effective exchange of information between computer systems is the ability to express this information unambiguously using technical syntax and semantics relevant to the domain. XBRL is the perfect candidate for this because it is a global, open standard, free from license fees. Furthermore it is legislation-independent with a syntax built on XML technologies.

Semantics is related to the meaning of data. The semantic support in XBRL provides the capacity for the leaders of the SBR programme to define the required data items (and their attributes) and the

relationships between those data items. This is important for an understanding of the information which is actually exchanged among parties.

The development of an XBRL taxonomy – a dictionary of data items with relationships encoded in XBRL language is usually the first phase of standardization initiatives for an SBR programme. Firstly, it encourages government agencies to take a closer look at current reporting requirements from the point of view of the impact they make upon business, and it encourages them to examine the possibilities for creating reusable data assets and their redistribution among agencies and other parties (rationalization and harmonization). Secondly, it could have also potential positive reinforcement to digitize internal reporting processes by filers.

Why is SBR more relevant now?

There has been a great ongoing political pressure on government agencies to do 'more with less'. Many government activities are either knowledge-intensive, such as policy making and legislation, or they require a lot of administrative work e.g. processing requests. At the same time citizens and businesses expect higher quality of service levels in their interactions with the administrative authorities. It is, therefore, obvious to assume that the agencies should be able to reap huge benefits from the efficient use of information and communication technologies. ICT-based innovations can be seen as a panacea that could take us towards a leaner government.

Whilst the considerable cutbacks being imposed on administrative authorities may be driven by internal local political agenda for the sake of public interest, there could also be additional political drivers for European Union countries.

For example, the European Commission set out three primary policy priorities (one of which is modernizing public administration using Key Digital Enablers) and 20 actions to be launched immediately. In the *Digital Agenda of Strategy for Europe 2020* document, all EU members are encouraged to enhance interoperability and standard-setting initiatives (Pillar II) to ensure new IT devices, applications, data repositories and services interact seamlessly across the European region. This idea has been further strengthened by the European *eGovernment Action Plan 2016-2020* which sets out a path to modernise public administration, master the digital internal market, and engage more with citizens and businesses to deliver high quality services.

The digital transformation of government is a key element to the success of the EU Single Market. It will help to remove existing digital barriers and help to prevent further fragmentation arising in the context of the modernisation of public administrations. EU countries should build their own e government plans based on the principle that public administration services should be open, transparent and easily accessible by citizens and business. Their services should be enabled by digital channels (allowing automated processing of information), interoperable and adopt a send-once rule (allowing redistribution and easy reuse of information across agencies).

In February 2016, European authorities officially gave the green light for XBRL adoption. After consulting with sectorial experts over an extensive period, the European Commission decided to identify XBRL as a specification that can be formally referenced in European public

procurement, in the same way as other specifications such as XML, OPv6, and others. By identifying XBRL as an official EU ICT Standard, the European Union has indicated to regulators that they will be able to specify XBRL and adhere to mandatory EU guidelines for best practices in procurement at the same time.

As part of the amended *EU Transparency Directive*, the European Securities and Markets Authority (ESMA) evaluated XBRL and Inline XBRL positively and proposed them as the European Single Electronic Format (ESEF), the commonly accepted format for capital markets in Europe. In the consultation paper, ESMA concluded that:

> *"XBRL and iXBRL are the most beneficial options and are better aligned with the objectives of the TDA in terms of information improvement and technological facility. Therefore, the adoption of XBRL or iXBRL is supposed to foster the achievement of the objectives of the TDA and result in an enhancement of the attractiveness of EU capital markets and an increase in investment flows"*

As of 1 January 2020 all companies listed on stock exchanges in Europe will be required to prepare their annual consolidated financial reports in XBRL format.

SBR success stories worldwide

SBR Netherlands

In 2004 the Netherlands was the first country to start on its SBR journey. At the beginning of 2007 companies were able to send their financial data in XBRL on a voluntary basis to public administration institutions. In the first phase the data was sent to the Tax Department of the Ministry of Finance, the Central Agency of Statistics and the Chamber of Commerce. In later stages, the project expanded to more business reporting domains when new Dutch public institutions joined the programme. The programme even attracted commercial banks which set up their own machine-to-machine gateway to receive SBR credit risk reports in XBRL format. The private taxonomy used by the commercial banks is built on top of Dutch SBR taxonomy and follows best practices defined by the SBR NL Steering Committee.

SBR Netherlands is still the unquestioned record holder in terms of rationalization of reporting requirements and harmonization of dictionaries across agencies. In the first stage of taxonomy development 200,000 reporting data items were identified. After thorough analysis the number was reduced to 8,000 unique data items. A few years later, following extensive legislation changes (reforms to eliminate overlapping and inconsistent regulations across ministries that were identified by the SBR programme itself), the number was further reduced to approximately 4,500. It is estimated that, if the reduction of administrative burden could save 25% compliance costs incurred by business, this would translate into 515 million euro of savings yearly.

In July 2015, the EPSA (European Public Sector Award) jury recognized the Dutch SBR programme as the European best practice for outstanding achievements in tackling different problems by devising new methods for dealing with important societal challenges, partnerships and cooperation models among others.

SBR Australia

When taking into account the number of involved stakeholders, potential beneficiaries and public administration agencies engaged in the project, SBR Australia is the most extensive programme known to date. The Australian Treasury was chosen as the initial leader of the programme and involved the participation of the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC), the Australian Taxation Office (ATO) and all 8 states and territory Revenue Offices. The number and size of these agencies ensured that the programme achieved an important role and economy of scale.

The programme officially started in 2007/8 as a result of the report of the *Taskforce on Reducing the Regulatory Burden on Business, Rethinking Regulation* which was published the year before. This report recommended that the federal and state governments review regulation to remove those that were unnecessarily burdensome, complex, duplicated or for any other reasons redundant. By doing this it was envisaged that there would be significant savings for businesses reporting to government. A key objective was making financial reporting by businesses to government a by-product of natural business processes.

The first phase started by identifying unnecessary and duplicated information from 80 forms – reducing the number of reporting data items by over 70% (from 9,648 to 2838). This allowed the programme to create SBR report taxonomy in XBRL where the elements for individual agency reports used a common set of XBRL elements.

Initially, the programme was voluntary and had a quite slow uptake. However, in 2015 the number of businesses lodging XBRL-based submissions rose from 50,000 in 2014 to 98,000. As a result, the overall number of submissions over that period rose from 3.8 million to 6.9 million, an increase of 81%. The estimated saving from the use of SBR is estimated to be $250 million AUD for that period.

Following on from the SBR programme the federal government introduced the mandatory use of XBRL for all superannuation/pension fund transactions in Australia as part of a new programme called SuperStream. In Australia all employees must contribute 9.5% of their salary into superannuation and all of these member contributions use XBRL for lodgement with the superannuation providers. XBRL is also now used for all transfers between superannuation providers as well as member registrations. In the last half of 2015 this accounted for 8.1 million transactions and was estimated to have provided a saving of $150 million AUD.

SBR Finland

Netherlands and Australia started their SBR projects during times when it was still uncharted territory. When the best practices had been created and all blockers listed out, other countries followed the pioneers' footsteps. Finland is just one example of how the SBR idea can be successfully implemented on a broad scale in a relatively short timeframe. It took only about 2.5 years to develop an XBRL-enabled production environment.

There are a couple of innovations the SBR Finland programme has introduced compared to other SBR projects.

The Finnish taxonomies use a very advanced formula implementation which, not only performs complex validation rules, but also automated computations during the submission process.

These rules enrich the original instance document with new data, thus effectively reducing the input that otherwise would have been required from filers.

The other striking difference, and possibly the most interesting one of all, is the subsequent SBR project expansion. It is a well-known fact that XBRL opens the door to more streamlined reporting processes. However, more extensive standardization in breadth and depth is required to realize the concept of a full automation on the filer's side. In 2016 SBR Finland launched the so-called Taltio project with the primary objective of enabling the audit trail from transactional level data to SBR-based reports. This large scale venture intends to achieve wide spread adoption of XBRL GL (XBRL used as an intermediary format between ERP systems and the SBR taxonomy) as well as standardization of transactional formats associated with eInvoice, ePayroll, eReceipt, bank account statements and accounting transactions.

The detailed findings on the SBR Finland project will be presented at the upcoming Data Amplified conference in Singapore in November 2016.

About FUJITSU

Fujitsu is the leading Japanese Information and Communication Technology (ICT) company offering a full range of technology products, solutions and services. Over 156,000 Fujitsu employees support customers in more than 100 countries. Fujitsu applies its experience and the power of ICT to shape the future of society with its customers.

Fujitsu is an industry leader in the XBRL area helping organizations in all aspects of XBRL implementations with 15 years of proven track record and excellence. We are proud that our flagship XBRL solutions are implemented by 300+ customers in over 50 countries among them are EBA, ECB, EIOPA, SBR Netherlands, SBR Finland, and SBR Australia. Our global presence, high level of customer service, combined with our technical skills, innovative products/solution and network of experts on hand for consultation have helped countless others succeed.

More Information

Please visit our website: http://www.fujitsu.com/xwand
or contact Center of Excellence for EMEA region:
Email: xbrl@fqs.pl   Tel.: (+48 12) 429 43 45

Further Readings:
(1) *Standard Business Reporting – an idea whose time starts now* by Paul Madden (SBR AU)
(2) *Business reporting in zero clicks* by Rob Kuipers (SBR NL)
(3) *Taskforce on Reducing the Regulatory Burden on Business, Rethinking Regulation* (SBR AU)
(4) *Digital Agenda of Strategy for Europe 2020*
(5) *eGovernment Action Plan 2016-2020*