

CIVITTA



EUSBSR
EU STRATEGY
FOR THE BALTIC
SEA REGION



DIGINNO
Digital Innovation Network

Interreg
Baltic Sea Region



RTE Related Findings from the DIGINNO Study of G2B
Cross-Border Services and Business Needs

Agenda

1 Introduction

2 Current situation

3 Identified issues and proposed solutions

4 Conclusions

The study on cross-border G2B services was conducted as a part of larger DIGINNO project



Objective - to advance the digital economy and to speed up the process of moving towards the single digital market in the Baltic Sea Region. The project is in-line with EU Single Digital Market initiative.



Scope – work packages include Industry 4.0, Digitalization of cross-border government to business (G2B) public services and Digital policy network for the Baltic Sea Region.



Work package 3 – The study on cross-border G2B services was conducted as part of WP3, led by Lithuanian ICT association INFOBALT.

DIGINNO in numbers:

21

project partners in total (14 full partners, 7 associated) from 9 countries in BSR region.

3,4

million euros for project implementation, ERDF 2,75 MEUR and co-financing 0,64 MEUR.

36

months of project duration.

Digitalizing G2B services can help eliminate lags in related business processes, hence allow moving towards real-time economy



G2B services

- G2B services range from legal entity registration, to paying and getting tax refunds;
- Wide range of the concept makes it relevant to businesses regardless of their size, geography or field of operations.



Impact on RTE

- Digitalizing G2B services can help eliminate lags in related business processes, hence allow moving towards real-time economy;
- Digitalizing services also opens new opportunities for big data collection, aggregation and usage.

The goal of the analysis was to understand the current state of play of G2B service digitalization as well as assess business needs



Goal of the analysis

To understand the current situation of G2B service digitalization as well as needs, problems and obstacles for businesses when using G2B cross-border services in business operations.



Methodology used

- Based on expert opinion and previous studies, 77 services were chosen for analysis as a sample of selected services;
- Desk research and interviewing authorities responsible with provision of the services we used to evaluate current situation;
- In order to assess business needs 60 semi-structured interviews were conducted with companies and associations operating in all BSR countries;
- Collected data was aggregated to draw quantitative data. Based on expert judgement services were grouped as follows:
 - **High frequency services** – services used periodically (for example reporting VAT);
 - **Low frequency services** – services mostly used once, or due to occurrence of certain event (for example acquiring EMI license);
- Issues, solutions and other qualitative data was aggregated by going through all responses and interpreting the content provided.

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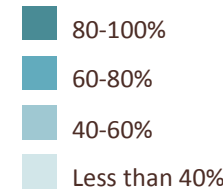
Approximately 29% of G2B services analyzed are not available cross-border

Cross border availability – if business established in one country can be provided a service in another country (regardless of service being online or not and regardless of barriers), the service is considered cross border available.

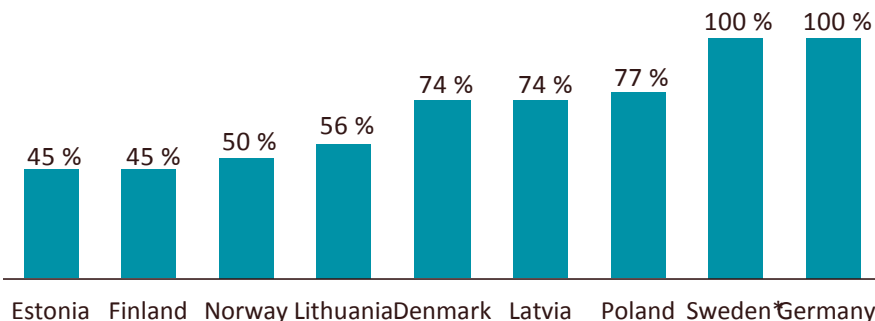
Insights

- Major part (approximately 71%) of services in BSR region are cross-border available;
- Low frequency services tends to be slightly more cross-border available than high frequency services (on average 72% vs 69%);
- Estonia has the least amount of cross-border G2B services with low frequency — only 30%, in other countries more than half of low frequency services are cross-border available;
- Lowest percentages of cross-border available high frequency services are in Estonia and Finland (45%). In Germany and Sweden all such services are cross-border available.

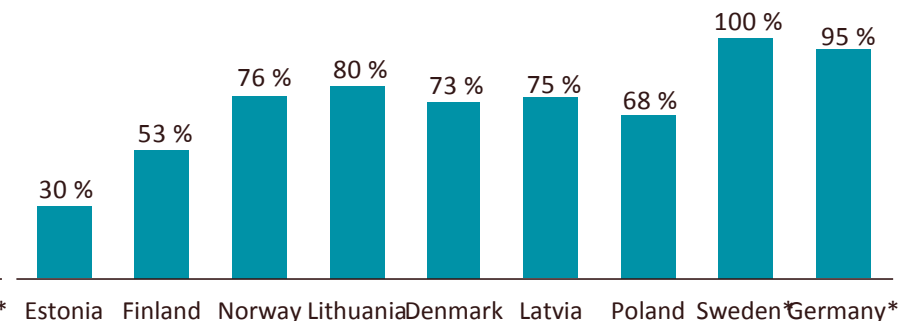
Percentage of cross border available G2B services



Cross-border availability G2B services with high frequency, %



Cross-border availability G2B services with low frequency, %



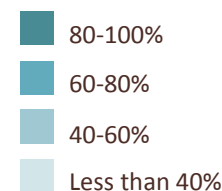
Fully online G2B services highly prevail in Scandinavian countries, less in Poland and Lithuania

Fully online services – services where all necessary procedures can be completed online.

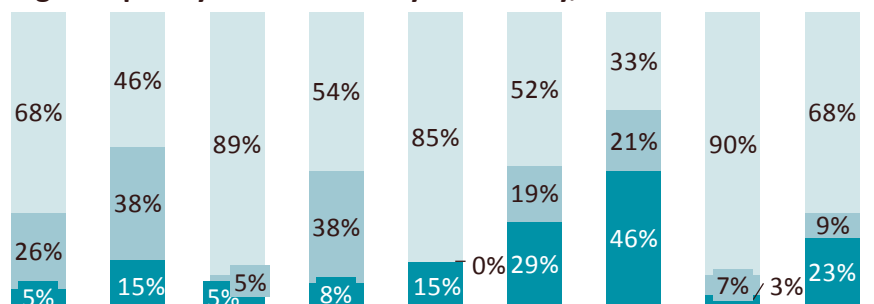
Insights

- Across the region, out of services analyzed, around 59% are fully online, 23% partly online and 18% offline.
- All analyzed Scandinavian countries have more than 80% G2B services fully online, except Finland (50%);
- Poland and Lithuania have less than 40% of analyzed G2B services available fully online;
- Around 40% of G2B services analyzed are partly online in Lithuania and Latvia;
- Germany and Poland has the highest percentage of offline services – 43% and 38% accordingly.

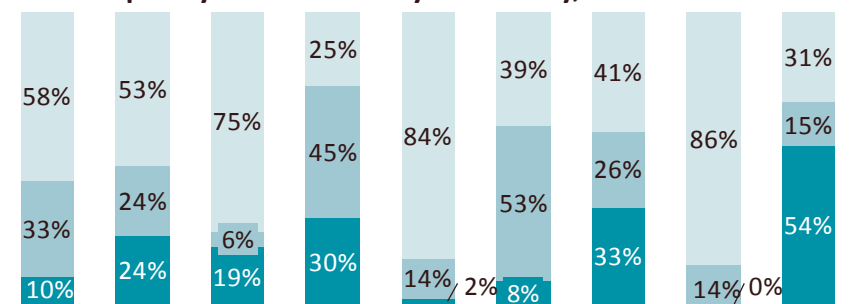
Percentage of fully online G2B services



High frequency G2B services by e-maturity, %



Low frequency G2B services by e-maturity, %



Estonia Finland Norway Lithuania Denmark Latvia Poland Sweden* Germany*

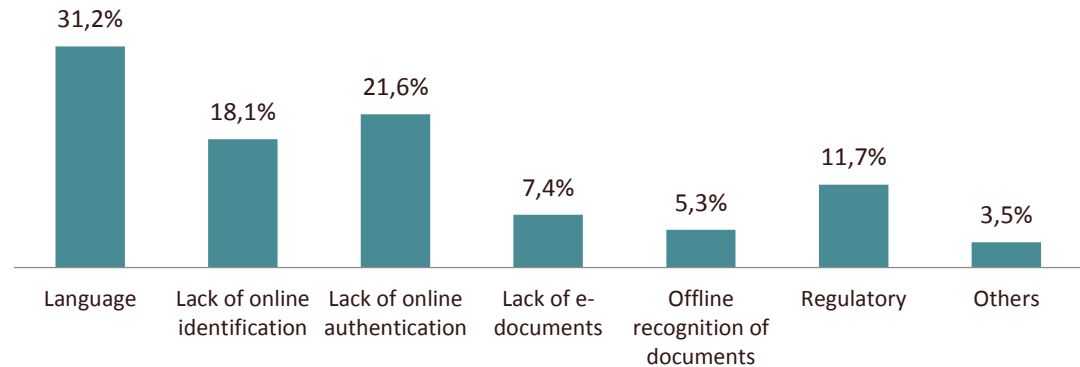
Estonia Finland Norway Lithuania Denmark Latvia Poland Sweden* Germany*

Language barrier is the most widely spread, followed by lack of online identification and authentication

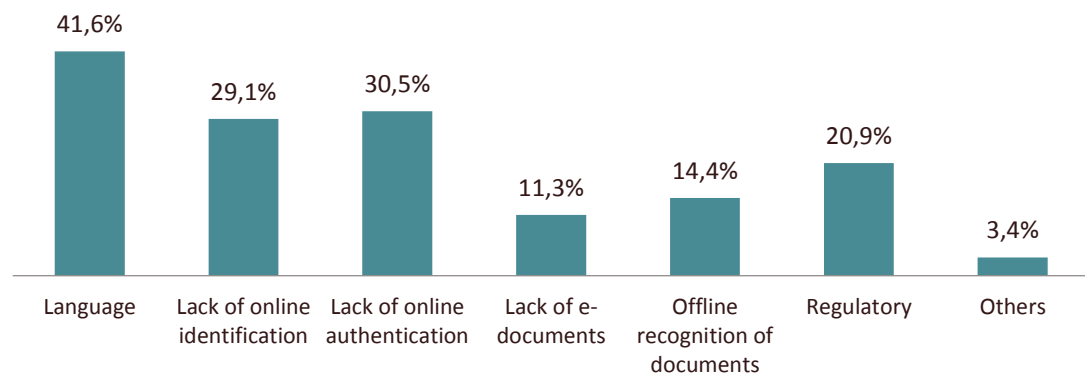
Insights

- Language barrier is the most spread barrier in BSR (35% of services analyzed face this barrier);
- Lack of online identification as well as authentication are also common (23% and 25% accordingly);
- Higher percentage of low frequency services encounter each of the barriers;
- Only 28% of services encounter none of the barriers analyzed;
- Most of the barriers are related CEF building blocks (eDelivery, eInvoicing, eID, eSignature and eTranslation).

Barriers encountered by services with high frequency, %



Barriers encountered by services with low frequency, %



During the interviews language and eDocuments not being present were identified as main barriers

Insights

- Only 3 barriers were identified by respondents as main barriers in BSR;
- Language is the main barrier in Denmark, Germany, Sweden, Norway and Poland;
- In Latvia and Finland language barrier is 1 out of 2 prevailing ones;
- Lack of e-documents is the main challenge in Estonia for companies interviewed;
- There is a split in Latvia and in Lithuania between language barrier and absence of e-documents - both have 7 responses in Lithuania, 4 - in Latvia;
- In Finland language barriers prevail together with other barriers, requests for references in public procurement or limited availability of application interfaces for data access.

Country	Main barrier(-s)	Number of indications
Lithuania	Language; E-documents (not present)	7
Latvia	Language; E-documents (not present)	4
Estonia	E-documents (not present)	5
Denmark	Language	9
Finland	Language; Other	3
Germany	Language	9
Sweden	Language	6
Norway	Language	6
Poland	Language	7

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Single EU or BSR wide e-government system would allow to simplify using the services; Cross-border e-signature could be implemented

Issues

Lack of governmental information exchange system

IT systems of governmental sector are not integrated, which leads to additional efforts from companies. Over the process of registering the company or applying for licenses some documents still need to be submitted in paper form and often notarized.



Proposed solutions

Governmental information exchange system (EU or regional) which would allow to easily access services in other countries and would allow to use e-documents from existing registries.

E-signature not available cross-border

Cross-border usability is not present - being able to use the signature cross-border, would positively impact about 5-10% of users (the ones which are using the e-signature now, and are conducting international business in the region).



Regional or EU wide electronic signature system, that would allow the cross-border usability (implementation of EU eSignature and eID building blocks).

Road tax measurement and customs clearance systems could be harmonised at EU-level, e-CMR initiative could be ratified at EU scale

Issues

Paper CMRs

e-CMRs exist only on national scale in some countries, truck crossing the border has to fill different CMR for every country.

Different road taxation systems

For some countries vignettes need to be bought on spot, off-line. For other countries, devices for measuring distance are different, so trucks have to have range of these devices inside each truck, based on the countries on route.

Complicated process of clearance decisions obtaining

Now logistics service providers collect information about the goods, make suggestions about their tariffs and send a clearance request to Customs, which then makes the clearance decision.

Solutions

Ratification and implementation e-CMR initiative (from UN). Currently only about ~11 EU members have ratified it.

This is also in line with wider initiative of creating digital transport corridors, where all documents needed are in electronic form.

Harmonizing road tax measurement systems would allow higher flexibility for route planning for logistic companies, as well as decrease administrative burden for buying and maintaining different devices and systems for road tax measurement.

If there were full transparency of documentation across the whole logistics chain, Customs could make their clearance decisions automatically (perhaps with Artificial Intelligence?) based on the original documentation.

Public support for using big data could be improved by allowing access to environmental data through programmable application interfaces

Issues

Manufacture of wood products: Public support needed

- In order to get more out from public big data, there is a need for more and better public support:
 - rules how to combine public big data with private big data (for example, resource and environmental data from harvesters, road and weather information from cameras in trucks, etc.);
 - role of crowdsourcing in collecting environmental big data;
 - rules for data usage (privacy, security);
 - determination of persons who have right to own and/or control the use of data;
 - common data formats and data interfaces.

Solutions

It should be considered, if there should be public service platforms, that allow to use relevant public big data through application interfaces. This would make it easier (faster, lighter) for application developers to develop their services.

In financial services sector 3 general improvements, not related to specific issue, were identified during the interviews



International system for debtors funds restrictions

International IT system that allows transmission of data during cash sweeps or restriction orders. The data is transferred to financial institutions in order to proportionally allocate debtor's funds to providers of cash sweeps and control restrictions on debtor's monetary funds and cash sweep processes. The system is implemented on national scale in Lithuania (PLAIS).



Single KYC database

A great solution to improve Fintech sector would be a creation of KYC (Know your customer) database for financial institutions. The database would gather the information needed for compliance. Meaning, a client working with different institutions will have to register and enter the KYC information once. This would also allow to build infrastructure for financial institutions to exchange information in order to improve AML efforts. On national scale, it could be operated either by joint consortium of such financial institutions or by national bank. On international scale only viable option is to build such infrastructure operated by governments - otherwise the system would not be all-inclusive and SMEs probably would have trouble joining.



E-license for EMI and payment institutions

A possibility for companies to receive electronic money issuer or payment institution license fully online. It should be noted, that this would still require establishing company in other member states and raises identification issue.

During the interviews 2 general improvements, not related to specific issue, were identified



Unified e-doc. interchange

Unified system of e-document interchange would be needed to ensure faster exchange of information. Integration of different governmental systems (regional or national level) which would allow the overseeing or licencing institutions to access and use data that are in other registries or databases, thus avoiding the process of gathering all this information by the company.



IoT shipment monitoring

Internet of Things (IoT). This would allow to monitor the goods while at sea with sensors, so as to guide against goods being spoil due to change in temperature climate etc. It will also allow to keep track of companies' ship. This raises an issue on Big data being amassed from data retrieved from ships. The shipping companies would prefer a centralized online G2B platform in the EU or Baltic area where they can store, access and retrieve such data. This will save them the cost of developing these infrastructure themselves. Naturally this will raise issues on connectivity and Data ownership. However, such a system will save cost. Currently, such a G2B hub does not exist.

Agenda

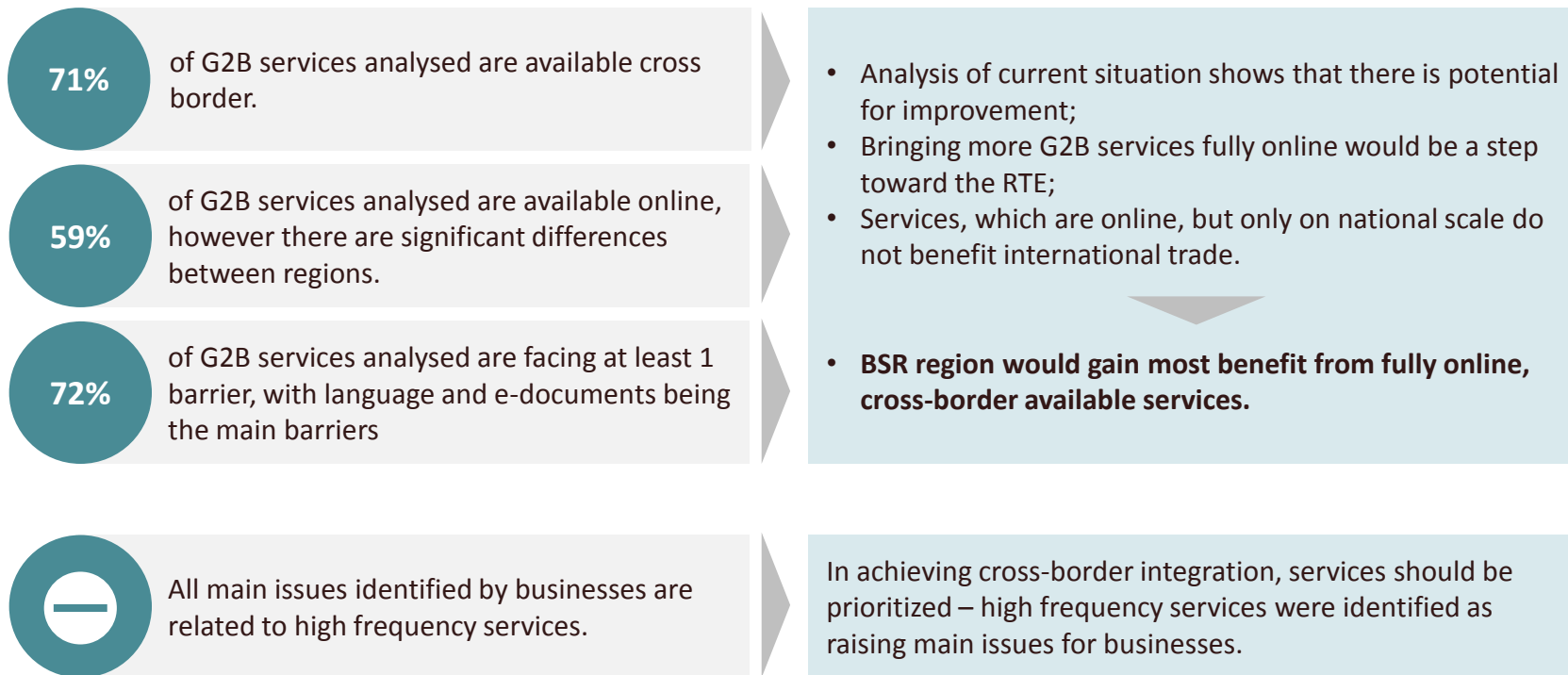
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2 Current situation

3 Identified issues and proposed solutions

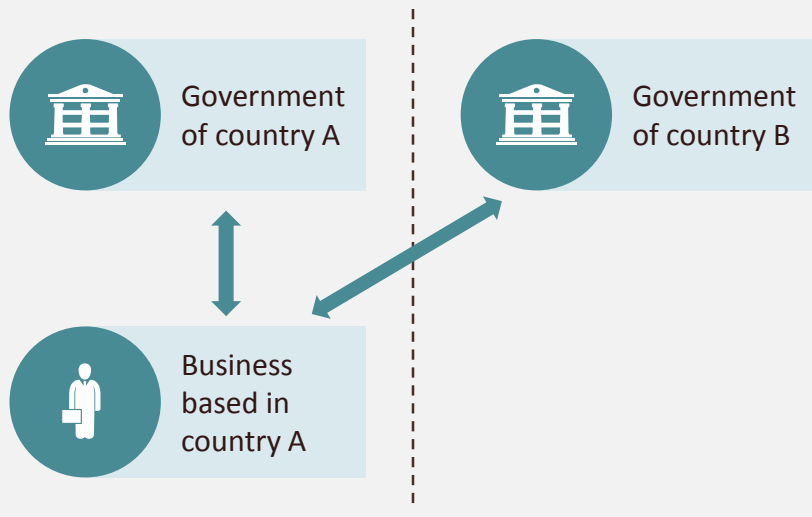
4 Conclusions

In order to move towards RTE fully online, cross-border available services should be developed



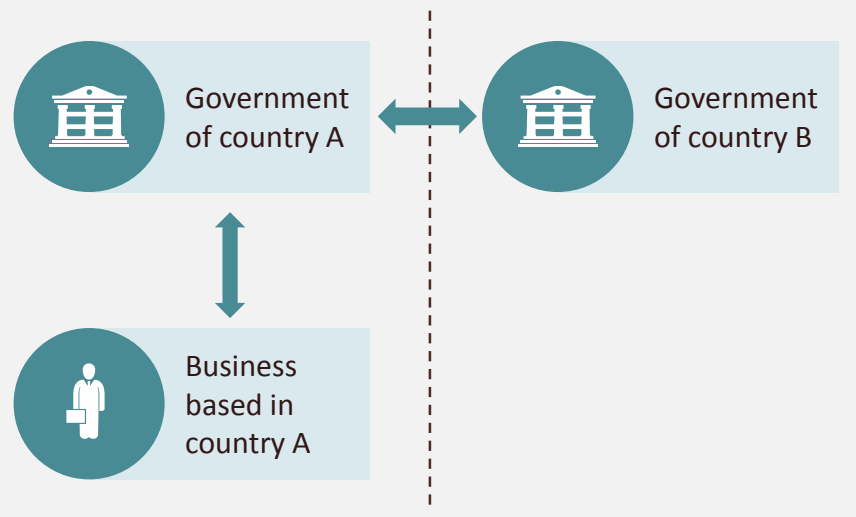
Online, cross-border available services on regional scale could be implemented in two ways

Governments serving business from whole region:



- Businesses may need to adjust to different governmental IT systems already in place;
- Documents from national registries would still be acquired by business;
- Does not solve the language barrier.

Integrated information exchange between governments:



- Integration of different governmental systems is not possible with standardization of information requests;
- If implemented together with integration of different governmental registries, eases administrative burden significantly;
- May help to solve language barrier.



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