

e-Business Register + Company Registration Portal

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Organisation: Government Office of Estonia

Country: Estonia

Level of government: Central government

Sector: Economic affairs

Type: Data, Digital, Public Service

Launched in: 2007

Overall development time: 9 year(s)

Link to the innovation's website

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Description

e-Business Register and Company Registration Portal have been instrumental in making Estonia attractive as a business and startup hub by reducing red tape and making starting of companies quick, fast and easy. The establishing of companies now takes on average a few hours, not 5 or more days like before. The e-Business Register is a service based on the database of the registry departments of county courts that displays real-time data concerning all legal entities (both business entities and NGOs, incl branches of foreign companies) registered in Estonia. The Company Registration Portal was launched on top of Register in 2007 to allow all transactions and submission of documents to Register be made fully electronically. Today, 90% of the new private companies are self-registered through the Company Registration Portal. About 99% of all annual corporate financial reports are submitted through the portal, reducing the amount of paperwork both for the companies and the state.

A simple, convenient and attractive environment for entrepreneurs is something that every government and state desires to accomplish. The e-Business Register and Company Registration Portal offers a secure single point of contact for entrepreneurs to communicate with the government. Thus, problem is very replicable.

All the communication with the government could now be 100% electronic through the Portal making it easy, fast, secure and through a single point of contact.

New data is entered only once into set forms following easy procedures and directly checked by the system for possible mistakes, making the use of e-services easy, fast and convenient.

The e-Business Register and Company Registration Portal were one of the first in the world to use cross-border authentication and electronic signatures. The technical solution provides services to portals that enable foreigners to authenticate and sign documents digitally and to use Estonian e-services.

Why the innovation was developed

- To simplify the business environment.
 - To make the establishment of a company faster and more convenient – so that there would be more.
 - To reduce administrative burden and costs for companies, e.g. by offering a secure single point of contact for entrepreneurs to communicate with the government.
 - To reduce the time spent on filing and submitting annual reports.
 - To improve general data quality and reduce mistakes in Business Register as a core public registry - all data is inserted online into set forms, enabling the system to automatically check for any mistakes.
 - To visualize Business Register was created to fight fraud and detect money-laundering schemes.
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Objectives

Enhance transparency, Improve access, Improve effectiveness, Improve efficiency, Improve service quality, Improve user satisfaction, Support economic growth

Main beneficiaries

Businesses, Civil Society, Government bodies

Results

Efficiency

- The proceeding times became more efficient and were shortened. Instead of 5 days, company registration now takes on average a few hours for full completion (when company goes legal) and even the record of 18 minutes.
 - Less human resources were needed, since there was no longer a need to enter data manually
 - Paper files were eliminated saving archive space and on transportation
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Effectiveness

- The overall administrative burden was substantially reduced. The founder(s) of a company and the reporting entity submit the data and figures required by the state only once in the agreed format and in one place.
 - A simple business environment, where starting and maintaining a company is very convenient – which is often brought up by entrepreneurs and investors as a major strengths of Estonia.
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Service quality

Accessibility:

- All the communication with the government through the Portal is 100% electronic and accessible from one place.
- Today, 90% of the new private limited companies are self-registered through the Company Registration Portal and remaining 10% are established by notaries digitally with the Register upon visiting them.
- About 99% of all annual reports are submitted through the portal, reducing the amount of paperwork both for the companies and the state.

Reliability:

- The data quality improved drastically, because data is inserted online into set forms, enabling the system to automatically check for mistakes and asking to correct the mistake directly.
 - Data quality was even further improved thanks to the data exchange between different state registers, e.g. it became no longer possible to make mistakes when entering the names of the persons. The system automatically checks the data in real time.
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User satisfaction

- Since the service is 100% electronic, it is much more convenient, as there is no need for a visit to the notary. Notarized memorandums and articles of association have been replaced by standard articles of association in the portal.
 - User satisfaction of the Company Registration Portal is over 90%.
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Other improvements

Development

Design

The development of the Company Registration Portal finds its origins in the Cabinet Coalition Agreement of 2003-2007. One of the goals of the aforementioned agreement was to simplify the business environment, including the process of establishing a company. The Minister of Justice proposed to reach the goal by using technical means and a working group was formed under his aegis in 2006. The working group was responsible for the project from the beginning to the end provision of a vision, finding solutions, coordination of the implementation, development – making the coordination of the project relatively easy. The Company Registration Portal went live in 2007. The development and later maintenance of Registry and Portal have been led on technical level by Centre of Registers and Information Systems (www.rik.ee/en)

Testing

- Estonia continues further developments and constant maintenance of the E-Business Register and Company Registration Portal to avoid legacy systems. By mapping needs and possibilities for new developments based on user feedback and stakeholder engagement, new features have been added year after year to the e-Business Register. For example, after the launch of the XBRL Annual Reporting System, it was seen that the lives of SMEs could further be simplified by proposing an accounting software in the Company Registration Portal. Since April 2014, an entrepreneur has the possibility to do everyday accounting in the e-Financials Portal where it is also possible to import data to annual report and send it to the register.
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Implementation

Tools used:

- The whole process of registering a company was redesigned. Before the eBusiness Register and Company Registration Portal, in order to establish a company in Estonia, it was necessary to pay a visit to the notary's office. The notaries were now eliminated from the process of setting up a company by redesigning and streamlining the process flow.
- Agile development was used to ensure adaptive development and fast delivery given the time constraint. The working group formed, led by representatives from both the Centre of Registers and Information Systems (RIK) and the Ministry of Justice, who were responsible for ensuring implementation and monitored the progress of the project on a regular basis.
- The XBRL Annual Reporting project included more stakeholders, thus it was carried out at different levels. The first level monitoring and evaluation were led by the two working groups, taxonomy and technical working groups.

Resources used:

- A five person development team and two legal experts from the Centre of Registers and Information Systems and the Ministry of Justice worked on the Company Registration Portal project for half a year to ensure both that the necessary legislation as well as the technical solution would be completed on time.
 - The overall cost of developing the Company Registration Portal equalled the direct labour costs of the project and the estimated overall cost of the project reached 120 000 euros plus hardware costs. The exact full labour costs can unfortunately not be isolated from the agencies overall labour costs.
 - A trainee was included for the Visualized Business Register, because it initially had no budget.
 - The XBRL Annual Reporting project is to a great extent a European Union Structural Funds' funded project. The cost of the XBRL Annual Reporting project reaches 682 400 euros, excluding human resources' and system's maintenance costs.
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Diffusion

- Trainings offered to end users. Over 30 000 entrepreneurs, accountants, auditors were trained by Centre of Registers and Information Systems in collaboration with the Estonian Chamber of Commerce and Industry.
 - The e-Business Register and Company Registration Portal exchange data with different registries in Estonia through the data exchange platform X-road.
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Challenges and solutions

- Development of the Company Registration Portal induced the elimination of notaries from the procedure of establishing a company. To overcome the resistance encountered, negotiations with notaries were carried out and new additional notary functions in other areas were proposed to cover their lost revenue.
 - Need to attract foreign investors and the acceptance of foreign electronic signatures brought about the need to add an English language option. Free text entry in the Portal was brought to a minimum standard forms and templates in two languages were introduced. As a result, the registrars can continue working in Estonian, despite the fact data has been entered by users in English.
 - The fundamental change of only submitting data electronically through the XBRL Annual Reporting System required a change of mindset. Over 30 000 entrepreneurs, accountants, auditors were trained in collaboration with the Estonian Chamber of Commerce and Industry.
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Partnerships

(see below)

Civil Society, Other Public Sector, Private sector

In addition to the Centre of Registers and Information Systems, the different stakeholders involved in the design and implementation of the eBusiness Register's and Company Registration Portal's various solutions were the:

- Ministry of Justice of Estonia,
- Ministry of Finance of Estonia,
- Statistics Estonia,
- the Estonian Accounting Standards Board,
- Estonian Tax and Customs Board,
- The Estonian Board of Auditors,
- Bank of Estonia,
- Ministry Of Social Affairs,
- Network of Estonian NonProfit Organisations,
- Ministry of Agriculture,
- Ministry of Economic Affairs and Communications
- Estonian Chamber of Commerce and Industry.

Collaboration between working groups guaranteed the successful implementation in the required timeframe. The vision and legislation were introduced to and approved by other ministries.

Lessons Learned

Lessons Learned

- Keep the bigger picture in mind from the beginning of a project: it is not about delivering a concrete tech solution, but creating the best possible service that meets the expectations of entrepreneurs and improves business environment in Estonia.
 - Development of the Company Registration Portal induced the elimination of notaries from the procedure of establishing a company. This had to be done in order to make the process of starting a company 100% electronic. To overcome the resistance encountered, negotiations with notaries were carried out and new functions, to cover the lost revenue, were proposed. So, you have to be ready to make wider compromises to ensure buyin.
 - The overall goal can only be gained step by step by reaching the intermediate objectives – you'll reach end goals only if you keep delivering small goals along the way.
 - It is also possible to develop a very efficient tool with practically no budget at all, by including for example trainees.
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Conditions for success

- The inclusion of various stakeholders is of vital importance in the successful implementation of a strategy.
- Political support makes it possible to implement changes, including legal ones, in a very short time span. Likewise, it is very difficult to implement cross-border solutions without political support.
- Good data quality is of vital importance. It is not possible to create secure and innovative solutions with poor quality data.