



Making it easier to start a business

– government efforts to promote a digital process

Background and rationale

From a business policy perspective, it is important that it is easy to start a business and a political priority is to make the process easier by digitalisation. The Swedish National Audit Office (Swedish NAO) has therefore audited government agencies' efforts to make it easier to start a business using digitalisation. The audit is part of a Nordic collaboration, where Supreme Audit Institutions in Finland, the Faroe Islands, Iceland and Norway audited the same question in parallel. This report presents the results of the Swedish audit.

In the process of starting a business, entrepreneurs need to contact and submit data to several agencies at central government level, and for certain business sectors, also at regional and municipal levels, in order to carry out the necessary registrations and obtain permits. Government agencies have been working for several years to simplify the process for businesses by means of digitalisation. A multi-agency portal – [verksamt.se](https://www.verksamt.se) – was launched in 2009 with the purpose of simplifying the process for starting and running a business. Since 2015, there's a digital service, linked to [verksamt.se](https://www.verksamt.se), with the purpose of simplifying and reducing the amount of data that must be submitted by recycling the data from several agencies' databases. In 2016, the government initiated [Serverat](https://www.serverat.se), which was intended to reduce and simplify data submission by entrepreneurs in the restaurant sector and to facilitate the contact with government agencies. [Serverat](https://www.serverat.se) is also intended to make municipalities' case processing more efficient.

Purpose and audit questions

The purpose of the audit was to examine whether government agencies' efforts have been fit-for-purpose in terms of making it easier to start a business using digitalisation. The following questions have been examined:

- Do the agencies' digital services contribute to make it easier to start a business?
- Are the agencies' processes for registering new companies digitalised appropriately?
- Is the agencies' digital interoperability organised appropriately?

The audit focus on the process required to start a restaurant in the form of a limited company. Many businesses are started in the restaurant sector, which tends to be more heavily regulated than other sectors. This means that several different registrations and permits are required at state and municipal level in order to run the business. The process for starting a restaurant is used in the audit to investigate whether the efforts to simplify the process by means of digitalisation make it easier for businesses to do what is necessary at both state and municipal level.

The audit encompasses the following government agencies: Swedish Companies Registration Office, Swedish Agency for Economic and Regional Growth, Swedish Tax Agency, Statistics Sweden and Swedish Public Employment Service.

Audit findings

Do the agencies' digital services help to make it easier to start a business?

The actions taken by the Swedish Companies Registration Office, Swedish Tax Agency and Swedish Agency for Economic and Regional Growth to simplify the process for entrepreneurs by means of digital services mean that it has become easier to start a business. Nevertheless, the digital services have a number of deficiencies resulting in it not being easier to start a business to the desired extent.

Verksamst.se has facilitated the process, but it has deficiencies

Verksamst.se contains information from around 50 agencies, the Swedish Companies Registration Office's and the Swedish Tax Agency's eServices for starting a business, as well as various eServices to help provide an overview of what is required to start a business. It also contains guides and checklists for certain sectors, such as restaurants and for various corporate forms. These provide an overview of the permits and agency contacts required to start a business. The majority of registrations for starting a business are submitted to the Swedish

Companies Registration Office and the Swedish Tax Agency via these agencies' eServices at verksam.se: 83 per cent and 61 per cent respectively. Follow-ups show that entrepreneurs using verksam.se are satisfied and a majority state that the portal makes it easier to start and run a business. The agencies that are part of the collaboration also have a process for entrepreneurs' feedback on the digital support.

However, verksam.se has a number of deficiencies which mean that it is not as easy to start a business as it could be. The current portal solution means that few eServices are located at verksam.se. Only the Swedish Companies Registration Office and Swedish Tax Agency have integrated their respective eServices for starting a business at verksam.se. The majority of those starting a business opt to use the eServices, but far from everyone chooses a digital application. In particular, a large proportion of entrepreneurs prefer to submit an application on a paper form to the Tax Agency rather than using the Agency's eService. This indicates that the eServices are inadequate in terms of helping to simplify the application procedure. Many business operators also use a representative to start a business and at present, there are no solutions that allow representatives to use the eServices in a flexible manner. Furthermore, there is a lack of transparency in the administrative procedures, since there is no function allowing those entrepreneurs to track the status of their case.

The agencies participating in the collaboration have started an overhaul of the development process for verksam.se and a new vision has been established. According to this vision, verksam.se will be one of many participants in an 'ecosystem'. The planned solution is intended to involve more government agencies and other stakeholders, more eServices and be easier to use for businesses and their representatives. The participating agencies are currently working to develop verksam.se in line with the vision by using available resources, but in order for the proposed changes to be fully implemented, the agencies involved in the collaboration estimate that an extensive process is required to gain support and also additional financing.

Service for simplified data submission comprises a limited amount of data

The Swedish Companies Registration Office provides an integrated core service for basic information. This contains data from the Companies Registration Office, the Tax Agency and Statistics Sweden. This service has made it easier for entrepreneurs to submit data and led to more correct applications for the participating organisations since some of the information for businesses is already populated in the participating organisations' eServices. By April 2019, 110 municipalities, two government agencies and two organisations had connected to the core service.

The core service only processes certain data from three public agencies and cannot be used in municipalities' processing of other cases; it can only be used to populate data in the eServices. While the core service certainly helps to facilitate data submission, it does not fulfil the

criterion that entrepreneurs, where it's possible and relevant, should only need to provide data to government agencies on one occasion.

Entrepreneurs have limited benefit from Serverat

The Serverat initiative has produced guides and checklists for starting a business in the restaurant and tourist sector. These are available at verksamt.se and provide an overview of relevant registrations and applications. As a part of Serverat, information texts and data requirements for various municipal permits have been reviewed and eService specifications (four to date) have been produced that municipalities can use when developing eServices.

So far, the initiatives undertaken by the Swedish Association of Local Authorities and Regions, the Swedish Agency for Economic and Regional Growth and the Swedish Companies Registration Office to simplify the permit-granting process at municipal level for restaurants have been of limited benefit for entrepreneurs, due to the fact that few municipalities have joined the scheme. Only around twenty municipalities have joined Serverat so far and therefore use Serverat's templates and specifications when developing their eServices.

Are the agencies' processes for registering new companies digitalised appropriately?

The Swedish Companies Registration Office's and Swedish Tax Agency's processes for registering a new business are mainly, but not completely, digital. There are manual components, partly due to dependency on old business systems.

The Swedish Companies Registration Office and Swedish Tax Agency have had eServices and digital business systems for their processes for registering a new business for several years. This has resulted in more correct data in the applications, that it is easier to share the required processing information between agencies and that there are fewer manual components at some stages. Manual tasks are still common however, since the case officer has to enter the data manually and check data in several systems. This is mainly because the Companies Registration Office and Tax Agency have old case management systems – Unireg and Basreg. This makes an entirely digital flow difficult, due to poor integration with other business systems. Furthermore, there is no secure digital communication solution for two-way communication between the case officer and entrepreneurs. This means that communication by post, email and phone still play an important role in the processing.

Is the agencies' digital interoperability organised appropriately?

The agencies' digital interoperability is not fully appropriate, which has resulted in poor efficiency in the implementation.

A joint vision for verksamt.se but the agencies' benefit and priorities vary

Verksamt.se helps to fulfil the participating agencies' overall objectives, where business promotion and supporting entrepreneurs are included to varying degrees. Verksamt.se contributes to make it clear for entrepreneurs what is needed in their contact with the agencies. The website increases the opportunity to reach out to and provide information to entrepreneurs. The government agency collaboration within verksamt.se has not focused on achieving internal gains in efficiency, for example, more efficient processes for handling cases. The benefits of the collaboration are thus mainly outside the agencies, while the costs are split among the agencies.

A recurring challenge in the collaboration has been to manage the agencies' varying conditions for participation in the collaboration. The agencies have different remits and financial conditions. They are also tasked with government assignments that need to be prioritised ahead of development tasks within the agency collaboration, thus resulting in priority conflicts. Overall, the collaboration within verksamt.se has been affected by the agencies' changing priorities, and also by challenges related to financing and development of verksamt.se. This has resulted in slow development work.

Verksamt.se is based on a technical platform which restricts development and has a high threshold for integrating new eServices. Integrating additional eServices on verksamt.se is considered to be inefficient and expensive. The current development process is a vital driving force for the participating agencies, since they consider that the present digital solution for verksamt.se does not adequately meet the requirements of businesses.

Current regulation and internal priorities are perceived as obstacles to developing the core service

The Swedish Companies Registration Office, other government agencies and municipalities have expressed an interest in developing the integrated core service by including more data and allowing agencies to access the data in the processing. The Companies Registration Office and Statistics Sweden consider that the regulatory matters that affect the ability to share information between agencies, for example, the legislation relating to databases, is challenging in terms of developing the integrated core service for basic data. For the Swedish Tax Agency it is instead the internal cost and prioritisation which are crucial to the collaboration.

Difficult to involve municipalities in Serverat

Within Serverat uniform texts and eServices have been developed in order to facilitate the application procedures for entrepreneurs. For the simplified application procedures to be available to entrepreneur, they have to be implemented by the municipalities. The programme has, however, found it difficult to achieve the goals for municipal affiliation, which means that

only a limited number of municipalities so far are able to use the eServices developed within Serverat.

There are several reasons for the low level of affiliation. For example, municipalities have different preconditions for joining Serverat. Many municipalities lack the digital conditions necessary for affiliation which means that there is a limited target group for the programme. There has been limited interest among the municipalities that are assessed as being able to join Serverat. In addition, some municipalities already have eServices for businesses in the restaurant sector. The cases included in Serverat also represent a small proportion of the municipalities' total number of cases. Municipalities often give priority to digitalisation of cases within healthcare, education and social services, where the majority of cases exist.

There have also been challenges in Serverat's organisation. For example, it has been unclear how the products developed within Serverat are to be maintained. In addition, the role of programme management and ownership has not been continuous, which has resulted in a period of low activity in the programme. Since the Swedish Agency for Economic and Regional Growth took over programme ownership from the Swedish Association of Local Authorities and Regions in 2019, the question of ownership of the programme appears to have been resolved. However, unresolved issues remain, for example regarding long-term maintenance of the programme's products.

Poor institutional conditions make digitalisation of public administration difficult

In previous audits, the Swedish NAO found there to be institutional conditions that prevented or impeded the work of agencies in digitalising their operations. This audit also shows that institutional conditions affect the work of simplifying the process for entrepreneurs by means of digitalisation. This mainly refers to:

- Development and maintenance of multi-agency digital services entail financial challenges for the participating agencies.
- Digital interoperability projects have in-built goal and priority conflicts.
- Agencies and municipalities are locked in business systems and technical solutions based on different standards.
- The legal situation is unclear regarding responsibility for personal data in digital services.
- The current regulations prevent or impede exchange of information among agencies.

Some of the institutional conditions are possible for government agencies to address, such as dependency on business systems and technical solutions, although the lack of common standards makes integration difficult across organisational borders. However, the agencies

cannot address other conditions such as the legal conditions for developing digital services, financing challenges and goal and priority conflicts for multi-agency digital services.

Digitalisation that requires co-operation has lagged behind in Sweden. Verksamst.se is one of the few multi-agency services that has existed for a long period of time. However, the Swedish NAO's audit of verksamst.se points to the challenges arising in cases of voluntary collaboration relating to multi-agency services. This is partly a question of the benefits for multi-agency services mainly being distributed externally, in this case to entrepreneurs, while the costs are allocated internally among the agencies. According to the Government Agencies Ordinance, agencies must in collaboration with others make use of the benefits that can be achieved for individuals and also for the State as a whole. But agencies are also continually forced to change priorities based on existing resources and assignments, which means that interoperability projects such as verksamst.se are often down-prioritised in favour of other activities. This results in challenges for the agencies in developing efficient and multi-agency digital solutions with focus on businesses' requirements.

The Swedish NAO's audit indicates that it has been difficult to achieve efficient interoperability between government agencies and municipalities. In spite of clear guidelines from the Government, including financing, Serverat has achieved limited results. Serverat is based on voluntary affiliation by municipalities, thus in order to achieve the goals, considerable work is required to gain support for it from 290 municipalities. The Swedish administrative model consists of independent government agencies and autonomous municipalities. At present there are no policy instruments to force change and make all public participants move in the same direction. The owner of the Serverat programme – the Swedish Agency for Economic and Regional Growth (and previously the Swedish Association of Local Authorities and Regions) – is unable to implement joint solutions. It can only support municipalities and argue for solutions. So in order for municipalities to join Serverat, they need a clear benefit and so far the programme has not succeeded in creating this.

The Government has far-reaching aims for digitalisation of public administration and its goal is for Sweden to be best in the world at using the opportunities offered by digitalisation. The Swedish NAO finds that the impeding or inhibiting institutional conditions make it difficult for the government agencies to achieve the Government's goals. If Swedish public administration is to become best in the world at using the opportunities of digitalisation, these impeding or inhibiting factors need to be addressed.

Recommendations

The Swedish NAO's recommendations to the Government:

- In order to achieve the Riksdag's and the Government's goals for digitalisation of public administration, the Swedish NAO recommends that the Government continues to take action to facilitate multi-agency digital interoperability. The problems described above should be in focus, for example legal conditions for digital services, goal and priority conflicts in digital interoperability and financing challenges when developing and running multi-agency digital services.

The Swedish NAO's recommendations to the government agencies:

- The Swedish NAO recommends that the Swedish Agency for Economic and Regional Growth and the Swedish Companies Registration Office guarantee the benefit for both entrepreneurs and the participating agencies in their work of developing [verksam.se](https://www.verksam.se).
- Due to Serverat's poor results, the Swedish NAO recommends that the Swedish Agency for Economic and Regional Growth reviews the design of Serverat.

The Swedish NAO recommends that the Swedish Companies Registration Office and the Swedish Tax Agency actively work for cases to be submitted digitally to a greater extent with the purpose of guaranteeing the user benefit for entrepreneurs, more correct applications and shorter processing times.