Cross domain standardisation with SBR

The Why, How and What of SBR

Standard Business Reporting: General background

For decades, the Dutch government is working to reduce the administrative burden on business, and is regarded by the World Bank as a world leader in doing so.
Starting in 2003, a new ambitious reform project was started with one of the major goals to reduce the administrative burden.
An important aspect behind this reform project was to give actual meaning to the widely held intention to make the public sector a better partner for the Dutch (business) society.
Standard Business Reporting, SBR, is this ambitious reform project.

When starting, different principles were formulated that SBR would have to address on a higher level:
- The contribution to reduce administrative burden;
- The close cooperation between government and business;
- The realisation of reliable, comparable (financial) data;
- The adoption of technology to facilitate regulatory compliance;
- The possibility to re-use information to stimulate economic growth.

Best practice example: Education

One of the examples of successful use of SBR is the accountability of the educational institutions in the Netherlands to the Education Executive Agency (DUO) and the Education Inspectorate. Every year, 28 billion euro from the State budget is spent on education. Schools finance their educational programs with it. So far, the accountability of this large amount of money came with paper reports. That was a huge manual process for the Education Executive Agency, because schools differed in the way they built up their annual report. The Education Executive Agency must therefore spend much time looking into and comparing the paper reports, and sometimes the very things they would like to have, were not in the reports. Schools and the Education Executive Agency shared the opinion that the whole process could be done in a smarter way.
It started with agreeing on what actually should be in an annual report. Hence the move to SBR was easy, as a taxonomy had already been developed. The Education Executive Agency together with the school elaborated on this taxonomy to make it ready for the educational sector. The result was that an originally cumbersome process was standardized using SBR, digitized and enhanced. A smooth digital accountability process emerged that meets the requirements that the government has agreed upon with private parties. Manual processes within The Education Executive Agency will be automated, resulting in reduced administrative burden of ultimately € 7,7 million each year from the year 2017 and up, reduced implementation costs and by that, more money that could be spent on educational goals.

6 key elements that acknowledge SBR as a widely supported solution

Standard Business Reporting provides governments and businesses with an unequivocal, cost-effective, secure and adaptable method for the exchange of business information between organisations in a reporting chain based on open standards. In this section we describe SBR in six key elements, which emphasize its prominent impact on government, businesses and society.

1. To improve decision-making, you need more reliable data

In government as well as in business decisions are made on a daily basis, which lead to important changes in society. It is more than evident that in the current information-based society, the availability and indisputability of data is essential for the quality of the decisions being made and the impact on its implementation. With Standard Business Reporting, the Dutch Government and the businesses in the Netherlands have come to an agreement on the way accountability information is being reported. This leads to an undisputed set of financial information.

2. Reducing administrative burden, freeing up resources for economic growth for companies

To come to sound policy decisions, –among other things– the Dutch government requires companies regularly throughout the year to deliver information about their businesses. Before the introduction of Standard Business Reporting, companies were asked by various government agencies to deliver the same information in multiple ways. For the same data definitions, different data sets were used. Thanks to the introduction of SBR, similar data sets are being used for similar data definitions, so companies can deliver the requested information with the proverbial click of the mouse. This leaves them with more time to focus on their business.

3. Financial transparency increases integrity in society

The European economy is a money-based system. Trust and confidence in government finance and of companies are now more important than ever in order to sustain the essential base of the economy, and so it is in the Dutch economy. By definition, Standard Business Reporting contributes to this trust and confidence. With a system that is based on the standardization of data definitions, processes and technologies it delivers a huge contribution to the unambiguous interpretation of financial facts and figures. Tax figures, annual reports or major statistics are all based on the same definitions. This enlarges the financial transparency considerably and enables speedier data processing & analytics.

4. Standardization is the most important element for e-society

An example: the set of traffic rules and regulations makes it possible to easily drive from one country to another in mainland Europe without causing major accidents due to an indistinctness of local rules. Standardization within SBR has proven its long-term added value to the participating organizations for the same reasons the traffic rules and regulations do. Due to the underlying agreements SBR can count on broad support and acceptance among participating organisations and all these parties comply with them strictly. Standardization (of data, processes and technologies) offers all participating organizations advantages in effectiveness and efficiency. Intermediaries & software companies will be able to standardize their processes and software and offer competitive and innovative services.

5. Public and private partners are stepping up together to strengthen e-society

The Dutch government has set the ambition that in 2017 citizens and companies are able to handle all their affairs with the government digitally. In the elaboration of this intention, soon became clear that businesses are an essential link in the joint realization of this ambition. Within SBR, public and private parties are working closely together, based on an efficient governance structure, to make the e-society possible in the Dutch business world. By focusing on the entire chain instead of looking just at their own responsibilities, SBR is a success.

6. Benchmarking creates stronger companies

The legal requirements for companies to provide information to the government were often seen as a burden. After all, the companies received little or no information in return. Thanks to Standard Business Reporting it is not only possible for the Dutch government to return aggregated information; trade associations, for example, can supply their members with relevant information. Thanks to the exchange of information using SBR, benchmarking is possible. This makes it even more attractive for companies to use SBR, knowing that they can compare their own results to their competitors'. Thanks to the digitalization of the information exchange, companies get information faster and more reliable information than before. As a result, they can respond quicker to observed changes.

Technologies & Architecture

The key principle of SBR is to standardize on data definitions, processes and technology. SBR is not tied to a specific technology, but rather adopts proven, widely used, open technologies which support the exchange of structured data, data definitions and enable the unequivocal design and definition of processes. Currently, SBR uses technologies such as SOAP, BPMN and XBRL. Clearly, within SBR, technology is an enabler, not a goal by itself.

SBR was designed to facilitate the exchange of reports; from business-to-regulators, or government-to-government. SBR allows for the construction of smart data dictionaries (XBRL taxonomies), including data validation rules, and the exchange of structured information in reports (XBRL). A gateway specification exists for machine-2-machine data exchange, which allows public regulators, and private organisations to set up their own reporting hub. Every software vendor can adapt their software to interact with these gateways and report in a standardised way.

The use of technologies like XBRL makes SBR extendable from the heart: every participating regulator is allowed to re-use existing, and propose new data definitions for the shared (or private) data dictionary and reporting model. SBR is a set of standardised technologies that are applied for reporting according to standardised machine-to-machine processes. SBR specifically did not choose for a once-only data delivery model, which requires extensive data exchange between government agencies, which limits scalability. Instead, SBR is a methodology that can be applied decentralised by both public and private regulators and organisations, or even within businesses. An often-overlooked aspect of scalability is governance: SBR is built around a participatory governance model, where all stakeholders have a seat on the table; both public and private parties.

SBR is part of the Dutch generic digital infrastructure (GDI). The GDI provides government bodies with the basic digital platform to help them organise their primary processes. By jointly developing and using these generic services and facilities, government organisations do not need to reinvent the wheel, and the platform can be managed more efficiently. As a result, the government as a whole will generate savings in time and money, freeing up resources that can instead be used for customised projects or new initiatives. Thanks to the common use of the GDI, people experience coherence in the government's services, and a uniform way of communication.

The GDI consist of four elements:
• Identification and authentication
• Interconnectivity
• Data
• Services
In its implementation, SBR uses building blocks from the GDI that are also being used for other services.

SBR is a methodology in which all stakeholders determine a common set of standards, preferably open standards. To avoid vendor lock-in and monopolies, and to stimulate the private sector to offer innovative and competitive products and services, the SBR project does not create or prescribe any software, but merely agrees on standards (Standards level the playing field). With well-defined "touch point" standards, anyone can join, compete and innovate. SBR only uses standards that are admitted by international standardization organisations, or by the national Standardisation Bureau. SBR is an open and free-to-use methodology. All underlying standards are open, royalty free standards.

The program in more detail

In close cooperation with private stakeholders, the Dutch government has implemented the digital reporting framework Standard Business Reporting. SBR is based on commonly accepted data and process standards. SBR now accommodates the exchange and processing of tax filings and financial reports on a large scale in the Netherlands.

Over the past 6 years, several government agencies like the Tax Administration, the Chamber of Commerce or the Central Bureau of Statistics (Statistics Netherlands) have standardised and harmonized their data definitions, processes and systems to get ready for receiving and sending SBR messages.
Currently, more than 11 million reports are exchanged yearly, and the number is growing.

Netherlands Taxonomy Project and XBRL
In 2004 the Dutch government launched the Netherlands Taxonomy Project (NTP), using the relatively new standard eXtensible Business Reporting Language (XBRL) to codify data definitions for tax, statutory and statistics reporting, and facilitate the exchange of reports.

The goal was to develop a universal data model for both the public and the private sector to exchange information digitally. While XBRL was adopted by a number of countries (e.g. United States, Germany, Belgium, France, United Kingdom, Spain) most countries see benefits for their regulators, but do not seem to manage to lower the actual burden of reporting on businesses. In the Netherlands, the use of XBRL was not mandated, so actual use was low initially. However, years of improving the shared data definitions and common process definitions, and the more mature XBRL standard made a new approach possible.
In 2009 Standard Business Reporting was effectively launched, covering innovative public-private governance councils, working groups.

In cooperation with representative bodies of businesses, intermediaries and several ministries, the XBRL standard could now be phased in as the standard for government reporting. Instead of bringing benefits to individual regulators, by setting up point-to-point digital exchanges, SBR is a platform for digital reporting across society. With increasing regulations and oversight, and shorter reporting time lines, digitization of the reporting supply chain is a necessity. Regulators can manage their data definitions better, and can react quicker to incoming reports.

Stakeholder involvement
SBR was initiated by four ministries (Interior Affairs, Economic Affairs, Finance and Justice), with several agencies (Tax Administration, Central Bureau of Statistics, Chamber of Commerce) in a direct role. Right from the start, private sector associations and companies were also involved in the decision-making bodies and the working groups.

Uniqueness and proven savings
SBR is unique because of three key principles:
- Standardize on data definitions, processes and technologies throughout the information chain;
- Cooperate between the public and private sector, and set up an appropriate governance structure;
- Adapt processes, laws and reporting frameworks if necessary in order to maximize efficiency.

While the cost of regulatory reporting is difficult to gauge, it is significant by any estimate. When using the SBR method, savings are being realized in more efficient processes, efficiency in time, less administrative burdens and financial savings. The savings are of course different for the participating organisations and will grow over time. Next to the savings, other advantages are equally important as high quality of data, better accountability, better steering and participating in a future proof development.

With SBR being adopted by other regulators, by the private sector and being used for more and more message types, the benefits of standardization are showing, leading to even bigger savings. Participating in a widely-used standard is attractive:
- The network effect: the more parties are able to send or receive SBR messages, the more valuable the standard is.
- Economies of scale: software vendors and intermediaries can simplify their processes and offer their standardized products to a bigger and more innovative market.

SBR Governance

SBR Roadmap 2020

In 2014 the SBR Roadmap 2020 has been developed in which the next steps for SBR are formulated, given direction to the participating parties how to proceed. The vision and goals of the SBR Roadmap are also the key drivers for organising the activities and they fit seamless in the SBR Governance, which is explained below. This organizational model ensures that all parties have a say, that the necessary investments are shared 'fairly', just as the social benefits. This creates buy-in and trust.

Structure and management of the SBR program

Both governmental departments and businesses run the SBR program. At the start of the SBR program, around 100 companies and organisations have signed a covenant to adopt SBR as the communication standard of choice and contribute to further development of SBR. The public- private partnership is structured into three types of consultation:

SBR Board

The Board is the decision making body of the Dutch SBR Program. The SBR Board usually meets once every 4-6 months.

SBR Platform

Private parties and the government are represented in the Platform. The Platform is the link between the Board and the Expert groups. The primary task of the SBR platform is to coordinate the SBR activities and to ensure that these take place in proper context. The SBR Platform meets every month.

SBR Expert groups

Experts from the private and public domain take place in different Expert Groups and advise on the aspects that affect the SBR Program, such as data harmonization, legal developments, regulator rollout and international developments.

Organisations involved in the SBR Governance:
- department of Interior Affairs;
- department of Economic Affairs;
- department of Finance;
- department of Justice;
- department of Education;
- Nederland ICT (representing software vendors);
- VNO/NCW (representing all businesses);
- Trade organisations (representing tax advisors and accountants);
- Big-5 (representing the major accountant organisations);
- FRC (representing the banking sector).

Communication

The SBR program has its own Marketing & Communication team, which coordinates all activities in close cooperation with the participating parties in the governance structure. A shared and regularly updated Communication calendar is the foundation for the communication activities. This ensures broad, successful communication towards the targets groups, which they confirm in the yearly questionnaire. Besides the calendar the SBR Marketing & Communication team uses communication means as (not exhaustive):
- The SBR website *(English version);*
- Social media;
- Flyers, brochures, banners;
- Organizing of and participating in (international) events;
- Web casts;
- Newsletters;
- Infographics for promoting SBR news and activities.

Communication activities and means are evaluated with the users on a regular basis.
One of the success factors of Standard Business Reporting is the governance structure with participation of employees from public and private organisations. Around 60 people participate in this governance. Many of them represent associations with huge amount of members. For example: all (small and large) trade organisations representing tax advisors and accountants are involved in SBR (around 17.000 organisations).
The organizations involved contribute their time and money voluntarily, since SBR is actually beneficial to them.

A significant part of the project is coordinated by the cross-governmental organization Logius:
- Day-to-day management of the governance program;
- Strategic programs to include more regulators and reporting streams in the program;
- Coordinate new developments for further standardization and harmonization;
- Identify legal issues and propose changes;
- Marketing and communication of the entire SBR Program.
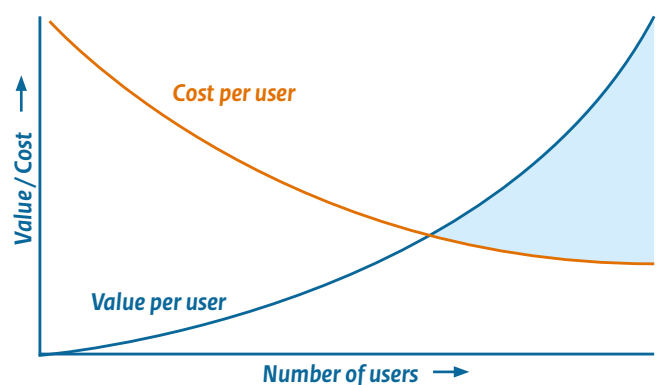
Use and reuse of SBR

IFor The Netherlands, SBR is a cross-domain method. It is used by:

- The Tax Administration for about 40 information chains (with 17.000 intermediaries, working for all businesses (1,5 million) in The Netherlands.
- The Chamber of Commerce for the annual report that organisations (mandatory for 900.000 organisations) had to deliver to them (often via one of the 17.000 intermediaries).
- The Central Bureau for Statistics for statistical information from entrepreneurs.
- Education Executive Agency (Ministry of Education) for the annual report from educational organisations from all levels (elementary school to university (1667 in total).
- Intra governmental: all 11 ministries will use SBR for all financial systems concerning their yearly budget and the overall State budget.
- Banks: three major banks use SBR for credit reports.
- Housing corporations will use SBR for sending their annual reports (and more) to their regulator.
- SBR is used in a pilot to provide entrepreneurs and financial corporations like banks and FinTech companies a platform for reducing barriers in SME financing by standardizing the exchange of information.

Standard Business Reporting is based on well-known open standards that are in use by many other countries today. The specific approach of the Netherlands – setting up public-private governance, defining process definitions, among others – is well documented and easily transferred. Currently, Australia is also implementing Standard Business Reporting, and a number of governments are very interested in the approach (e.g. Denmark, Sweden, Finland, Canada, Taiwan, Poland, Slovenia, USA).

Written by researchers, the book "Challenging the Chain" describes the scientific and practical basis for SBR. The book was translated to English and is *available* for free.
Private parties, government agencies and SBR regularly present the case on international conferences.

The Dutch SBR program has made an active contribution to the Action Plan for the new US administration in the field of Open Data. It concerned the formulation of the 24th *recommendation* "Launch a Standard Business Reporting Program that will ultimately help businesses lower costs and reporting burdens."

Sustainability

The SBR Roadmap 2020 not only describes the SBR vision with its goals and objectives, it is a key driver how SBR shapes its ambition, monitors progress and how to keep the participants focused on shared purposes. The governance structure as described in an earlier section is the main guarantee for the sustainability of SBR.

There are several other ways that add the sustainability of SBR:

1. The growth of types of messages with the existing regulators

As described, the Tax Administration, Chamber of Commerce and the Central Bureau of Statistics (Statistics Netherlands) use SBR to receive and send messages. Within the next few years they will include new types of messages (e.g. taxes, statistics).

2. The growth of the number of regulators

Started with the Tax Administration, Chamber of Commerce and Industry and the Central Bureau of Statistics (Statistics Netherlands), other regulators are joining SBR. The ministry of Education has started to use SBR so educational organisations (from elementary schools till universities) can exchange annual reports. In other areas (e.g. housing association, health care, local government, agriculture, employee benefits) promising first steps can lead to next participants within the SBR governance.

3. Re-use of data

In its core, SBR is about the reuse of information. Although different regulators want different sets of data, thanks to SBR, they all come from the same (financial) administration. Thanks to the use of the Dutch taxonomy, the basis for the re-use of definitions is strongly rooted. Benchmarking is very important for organisations. With benchmark information they know how they stand in comparison to competitors or peers. To have relevant benchmark information it is important that facts and figures are based on the same definitions. Thanks to Standard Business Reporting it is not only possible for the Dutch government to return aggregated information; trade associations, for example, can supply their members with relevant information.

4. SBR Innovation

The SBR Program is developing the SBR Innovation Award. In this project especially software developers with no history with SBR will be challenged to develop innovative applications to broaden the possibilities of SBR. Just like with apps on a smart phone, we expect new levels of energy and unforeseen possibilities that can stimulate different parties to join Standard Business Reporting in its ambition to actually make a difference for the Dutch (business) society.

5. The core concept of SBR

SBR is a method based on standardisation of data definition, processes and technologies. Because of this, development of standards and innovation is very well possible. SBR is not 'attached' to a specific standard which would rule out further development. This makes SBR more sustainable.

6. Knowledge development SBR

Much has been learned and achieved since the start in 2007. From the beginning, all stakeholders recognised the need for knowledge retention and sharing. As a result, the SBR program has explicitly included mechanisms for knowledge exchange and transfer. These mechanisms result in the following track record (not exhaustive):

1. **SBR working groups (national and international):** The working groups are designed to facilitate the exchange of knowledge with other parties (governments, businesses, intermediaries, etc.). Dutch SBR officials were often invited by other countries to discuss SBR. These countries include Australia, the United States, Denmark, Sweden, Ireland, China, Singapore, United Kingdom, Brazil, Canada and India, Indonesia. A close working relationship exists with Australia on SBR-related developments.
2. **A comprehensive guidebook on SBR:** This book is called "Challenging the Chain" and can be purchased in print or *downloaded for free*.
3. **Public lectures at Delft University of Technology:** Based on the book, a series of lectures were given (in Dutch) to a live audience over a period of seven months. These lectures are available for all interested parties and can also be viewed online at *www.deketenuitgedaagd.nl*.
4. **A two-year university Masters program:** In order to facilitate in-depth knowledge sharing, the SBR program supported the initiation of a Masters program at the Delft University of Technology. This Masters program – called Compliance Design & Management – is in its third year and the first students have graduated. Students are practitioners from various government agencies, intermediaries, consultancy firms and businesses that operate in reporting chains.
5. **Scientific research and presentation at international conferences:** The SBR program fostered the need to promote collaboration between practitioners and the academic community. Collaboration was expected to result not only in knowledge retention (publications), but also in knowledge transfer between scholars who were hypothesising about concepts and methods, and practitioners who were applying these concepts and methods. This interaction between theory and practice helped to enrich, evaluate and extend knowledge on numerous concepts such as governance, institutions, architecture, multi-sided platforms and information assurance. The results include peer-reviewed journal papers, conference papers and workshop presentations

Recent developments

1000 reporting chains project

With the start of the SBR program in 2004, experts estimated that in the Netherlands alone, there would be more than 1000 reporting chains that could benefit from SBR (business-to-government or government-to-government). In 2016 an analysis was being conducted which found, in two months time, 1572 relevant chains. Of course, some information chains were better suited to work with the SBR method on short term than others. All information chains were classified along a list of reporting chain characteristics, so selections were easy to make.
A project team prepared a selection of 10-20 relevant chains per ministry and preparing fact sheets. The director of the SBR program visited the secretary-general of each of the 11 ministries to discuss possibilities to extend to use of SBR. This will have an accelerating effect on the use and endorsement of SBR.

Dutch government embracing SBR for internal use

The directors of the finance department of the 11 Dutch ministries have formulated a vision for their financial administration. An important role in this vision was given to the use of SBR for each departmental financial administration, which together contribute to the State Budget. Because the ministries embraced SBR as well for their own administration, within a few years time, all governmental financial accountability will be reported with the use of SBR.

Private sector and SBR

As mentioned before, the private sector is also involved in SBR. Especially the banking sector, which is under pressure to reduce their operating costs and increase transparency, are embracing the possibilities offered by SBR.
The banks have built their data dictionaries for credit reporting on top of the public sector definitions. This not only reduces the administrative handling for the banks, but also reduces the administrative burden for businesses. The banks are both taking advantage of the network effects of shared standards, as well as contributing to it. We already see that reporting entities are investigating how to collect the data they need, using the same standards.

In-depth marketing and communication strategy

SBR is sometimes seen as purely an ICT project, a technology project and with that image it is hard to get management from different organisations involved or even interested in SBR.

That is why we've used the insights of well-known business authors from different areas to develop a new marketing and communication strategy. This approach could not only benefit the use of SBR but many other (government) ICT solutions as well.

- We've learned from Simon Sinek (Start with Why) that most organisations start communicating with what they are doing, they start with explaining the product or service. They start what they are offering and sometimes explain how they are doing that (telling e.g. their unique selling points). Sinek strongly recommends to start with Why: people don't buy what you do, they buy why you do it. Because of this insight we communicate more about smart steering and better accountability instead of SBR and its technologies. We combined this with subjects as lowering the administrative burden for entrepreneurs and bring transparency to the reporting process. This new communications approach made it possible to discuss SBR on board room level. E.g. the minister of Housing and a chairman of the board of directors of a large housing corporation where willing to talk about the importance of transparency and accountability of public money being spend in their sector. They stated the importance of how corporations can learn from each other, now that reporting was being done based on the same definitions.
- We've learned from Everett Rogers about the different groups for accepting new technologies (Diffusion of innovation: innovators, early adopters etc.) and each group has specific (communication) characteristics. Geoffrey Moore (Crossing the Chasm) added to this that the transition from one group to another is not a smooth process. When going from early adopters to early majority you even have to cross a chasm. Early adopters want to know why a solution, a new technology is interesting for them. They hope they can implement it step by step (no revolution), they need the confirmation that trustworthy organisations are already using it, they want to be addressed via media they already use and they want to hear it from someone from their own sector. So for each new sector we are entering, we've adjusted our strategy.
- From Philip Kotler, we took the concept of ingredient branding. Just like Intel inside or bicycle gear from Shimano, we positioned SBR as a part of something bigger. After all, SBR was not a goal in itself, but was a tool (a method) to contribute to something bigger. Here, the communication strategy of smart steering and better accountability perfectly blended with the ingredient branding part.

Please visit our *English website*, including a short video about Standard Business Reporting.