



ØKONOMISTYRELSEN

The Danish Story of Public Payment Act

Lessons Learned

Nanna Skovgaard(nas@oes.dk)

Head of Department

Agency for Governmental Management

Ministry of Finance



Agenda

- Agency for Governmental Management
- Public Payment Act
- Goals and policy objectives
- The solutions and strategic choices
- Success and challenges
- Next Step
- Lessons learned (advise for The Netherlands)



Agency for Governmental Management (AGM)

The Agency for Governmental Management is a part of the Danish Ministry of Finance

Our mission

- Efficiency and good financial management within the area of public administration.

Our vision

- Denmark must have one of the most effective public sector administrations in Europe



Public Payments Act 2003

E-Invoicing

- All bills must be digital when arriving to a public authority - If not the authority can refuse payment

Easy Account

- All citizens and businesses who receive payments from public institutions must have an Easy Account to which payments can be transferred electronically

Closing of cash tills

- Public cash tills must be closed in order to eliminate manual handling of cash payments



The business case – and the cash up front

- A general budgetary analysis of public payments identified a total efficiency potential of appx. € 100 mill./year:
- Pay your projects and avoid new slack - cash in up front!
 - Elimination of float-days Appx. € 25 mill./year
 - Closing of cash tills Appx. € 15 mill./year
 - Easy Account Appx. € 30 mill./year
 - E-Invoicing Appx. € 30 mill./year
 - 15 million invoices/year
 - Estimated €2 reduction in handling cost/invoice



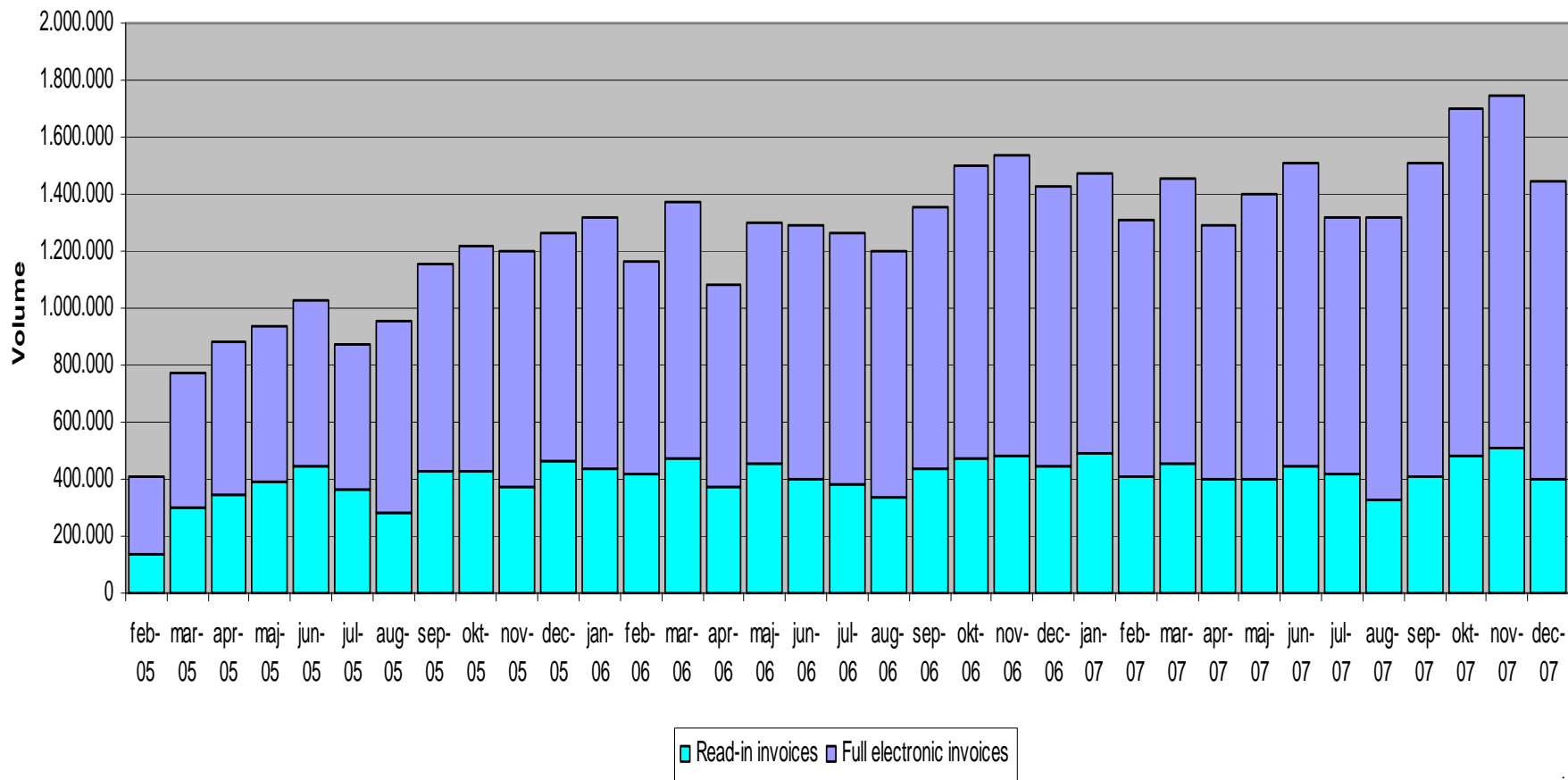
E-Invoicing – Strategic Choices

- Mandatory, quick and general for the public sector – economy, critical mass, momentum
- The technical solutions proven, market driven and standardized (OIOXML, VANS-network, EAN-location identifiers)
- Businesses should be able to send e-Invoices regardless of technical ability:
 - Full integration
 - Invoice portals
 - Read In bureaus
- Close old channels - get from why to how!



E-invoices February 2005 – December 2007

Read-in og full electronic invoices per month





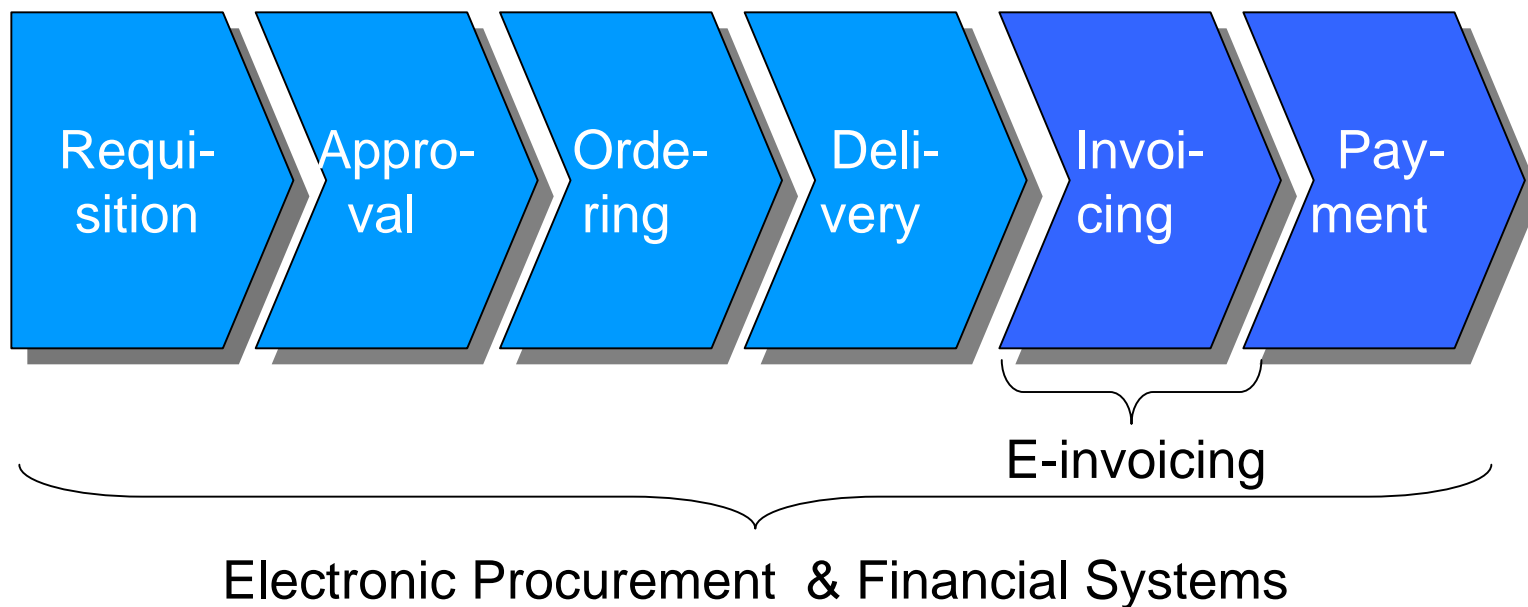
Status after two years – success and challenges

- All public institutions receive electronic invoices
- All suppliers send invoices either fully digitized or through Read In-bureaus (70/30 ratio)
- The technical concept is working, BUT full implementation of the new processes take a long time...
- Local change management is key to realize the full potential
- Showcase? – a true story



Next step: Connect processes for purchasing, invoicing and payment

Public procurement – digital from start to finish





Next Step - E-Invoicing

- Central government workflow system
 - Full procure-to-pay process (Order, Invoice, Credit Note etc.)
 - Supports OIOUBL and OIOSI
 - Implement Best Practices on invoice handling and e-Procurement
- OIOSI Service Oriented Infrastructure
 - Based on open internet standards
 - Integrate with VANS-network
- The “Easy Trade” Initiative
 - SME Implementation of OIOSI and OIOUBL (“Easy Trade”)
 - Total SME-potential of appx. € 700 mill./year



Easy Account - what is it?

- A normal bank account which you already have, and designate as your Easy Account
- Easy Account (the database) contains one bank account for each citizen and private company
- All public institutions are required to use the system when transferring money to citizens and private companies

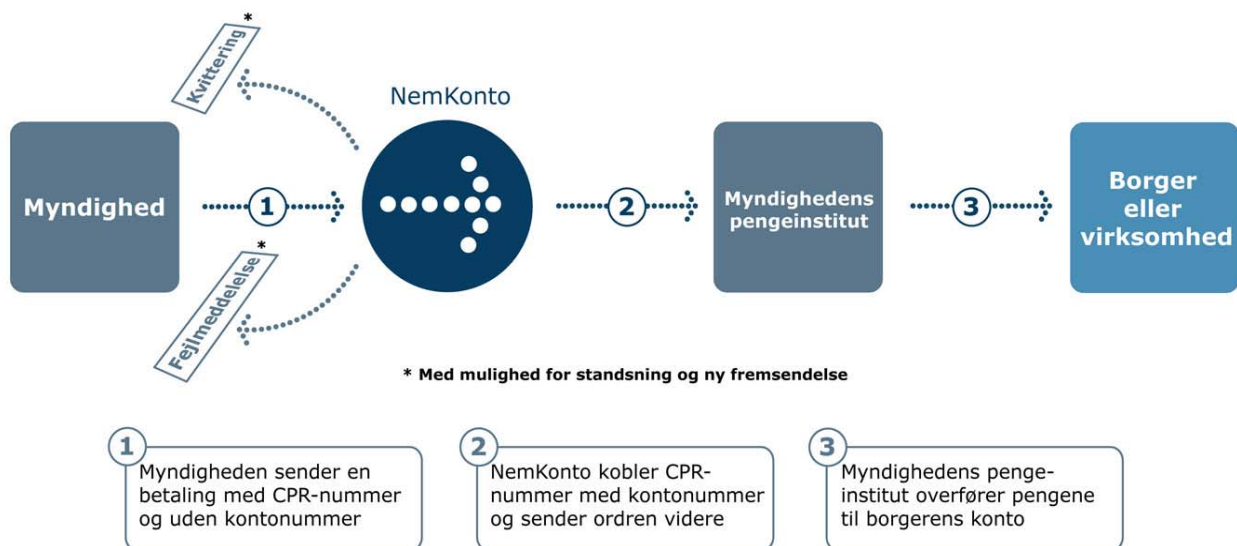


The Foundations of Easy Account

- Citizen and Business Register
- OCES (Public Certificate Infrastructure)
- A prepared banking sector
- Legislation (mandatory use)



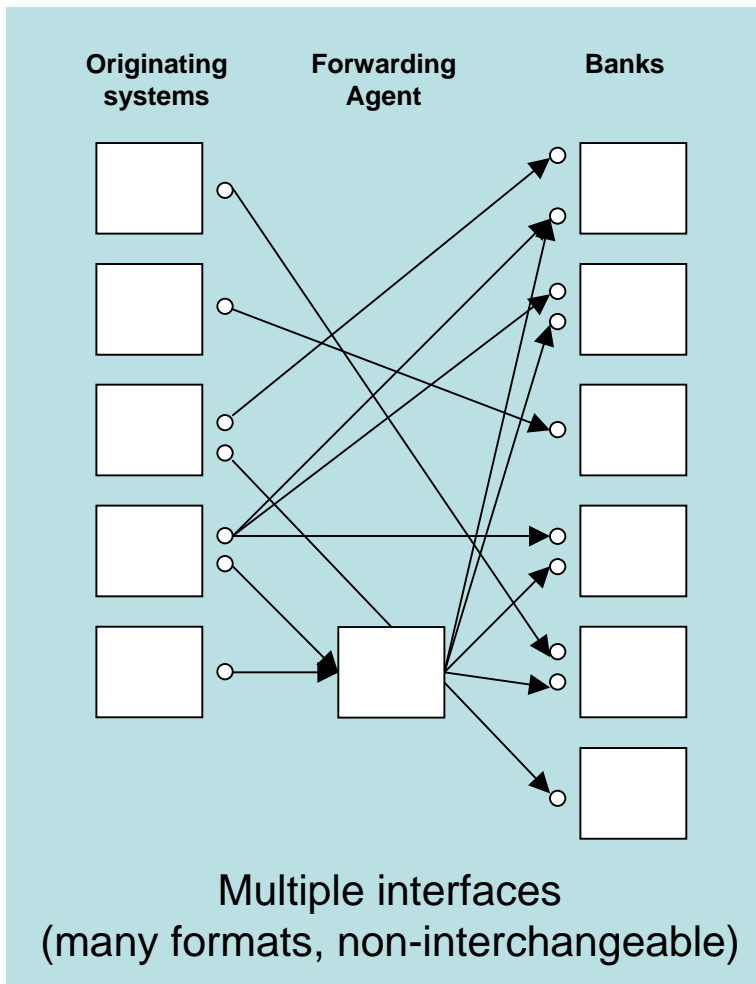
How does the system work?



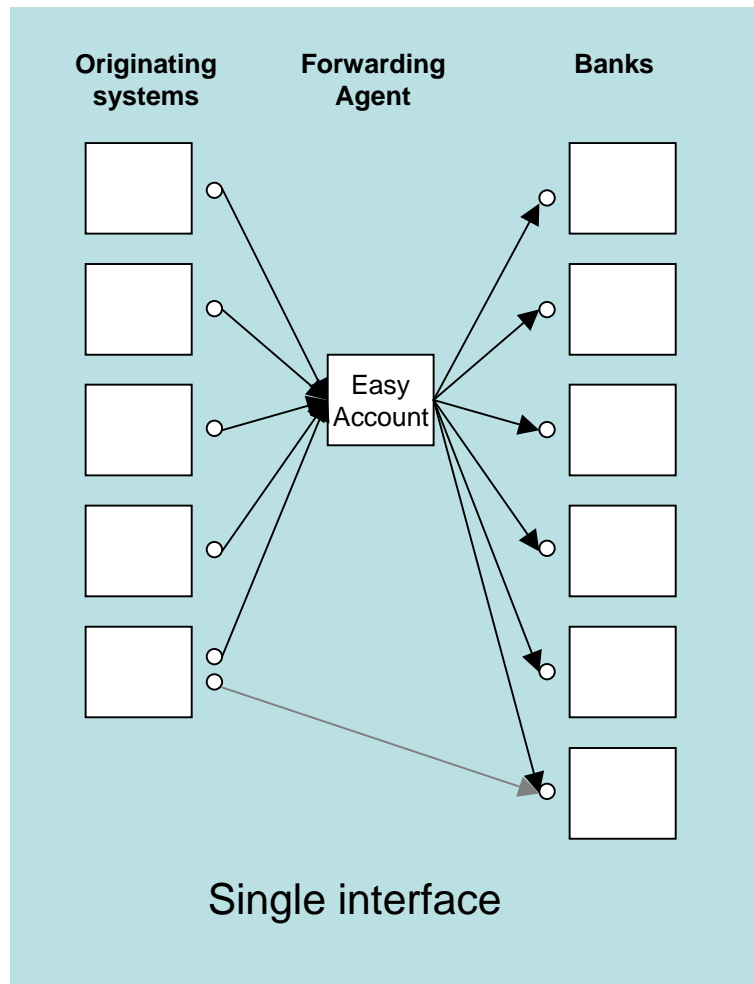


A Single Interface

- Before



- After





Lessons learned?

- A short implementation period both a strength and a weakness
- Create incentives that support the implementation locally – e.g. payment can be refused if the invoice is not digital upon arrival
- Map out all parties for a differentiated communication
– and involve major players
- Its not just a different technology but a whole new way of working!
Support change management in local institutions (guidelines, templates, Best Practices, workflow systems etc.)



Next step – Easy Account

- Private companies can now use the system
 - Fx. insurance companies to pay compensations
 - Pension funds payouts
- Mechanism to subtract money from the Easy Account if citizens owe the public sector money
 - In cooperation with the Danish tax authority, AGM has started a new project



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Thank You for Your attention!

