White Paper EU Services Directive

Five scenarios for the implementation of the EU SD

The White Paper was created in cooperation with the Fraunhofer Institute FOKUS

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Five scenarios for the implementation of the EU Services Directive

From Messenger to Manager

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1 Five scenarios: From messenger to manager

With the EU Services Directive (EU SD) to be transposed into national law by December 2009, there will be significant changes to public administration in all EU Member States. A Point of Single Contact which should considerably simplify access to administration will hence take on a special importance. This forms the starting point for the five following scenarios, for which the organizational and technical details of each option and resulting consequences for the design of Points of Single Contact will be shown.

By setting up Points of Single Contact, Member States should ensure by the end of 2009 that service providers can complete all procedures and formalities relating to access to and exercise of service activities through a Point of Single Contact. They should offer service providers support with providing services in another Member State by producing clear background information, taking charge of coordination by receiving and forwarding correspondence on procedures and receiving notifications of changes and compulsory notifications relating to authorizations (BLAD 2007, p. 5-8).

With the messenger, the consultant, the navigator, the negotiator, the procedure manager and the super authority, there are six types of Points of Single Contact (PSC type: Table 1). The ideas of those responsible for implementation, however, vary widely, with the result that a close look at approaches to analysis and implementation seems necessary.

PSC type	Activity spectrum
Messenger	Messenger activities only, no insight into contents
Consultant	Messenger plus general information and consulting
Navigator	Messenger plus consultant plus navigator with insight, but without powers
Negotiator	Negotiator with power to make simple decisions
Manager	Appointed manager with full powers
Super authority	Bundling together of all responsibilities into a new authority

Table 1: Typification of Point of Single Contact by its activity spectrum

When preparing the following contribution, a conscious decision was made to dispense with a sixth scenario based on a super authority (model with full bundling of responsibilities and tasks; *Schliesky* 2008, p. 155 et seq.), since the assignment of tasks relating to the provision of services and the disbanding of existing authorities in favor of a new authority encompassing all levels of administration appears unrealistic. In view of tradition and the structure of tasks typical within industrial, business development, building, tax and health authorities, bundling would prove extremely difficult. Moreover, such an authority type would be classed as a mixed administration. In Germany, it could, for instance, only be set up after an amendment to the Constitution.

The following scenarios have been prepared on the basis of the considerations of the Fraunhofer Institute FOKUS regarding the IT implementation of the EU Services Directive (*von Lucke/Eckert/Breitenstrom* 2008, p. 28 et seq.). It considers, in particular, the consequences for the front office and the back office of the competent authorities (CA), Points of Single Contact (PSC) and private-sector administrative consultants (light Points of Single Contact - LPSC). The latter are an appropriate addition to the service portfolio of the PSC without wishing or being allowed to be the Point of Single Contact itself within the meaning of the Services Directive.

In view of political and economic considerations, some parties will be willing to ensure extensive support from at least one light Point of Single Contact on site.

SP	**Service providers**
	Freelancers as well as predominantly small and medium-sized enterprises which wish to provide services in a European Union Member State.
LPSC	**Light Points of Single Contact**
	Private-sector administrative consultants which, on request, support service providers with access to and exercise of service activities and support them with contacting and communicating with Points of Single Contact and the competent authorities. If there is a demand that suppliers wish to meet, they could act as administrative consultants. This approach is not only of interest to private-sector administrative consultants, but can also be an option for local government authorities and chambers of commerce, if it is not allowed to or does not wish to act officially as a Point of Single Contact.
PSC	**Point of Single Contact**
	A Point of Single Contact through which service providers can complete all procedures and formalities relating to access to and exercise of services. They must be set up by the end of 2009 in the Member States.
CA	**Competent authorities**
	Technically and geographically competent authorities or bodies that service providers can continue to consult directly with their concerns. These authorities advise and receive applications. They process them, sometimes using administrative procedures, and provide administrative services.

Table 2: Spectrum of parties

2 Messengers

Bearers of a message or consignment are referred to as “messengers“. Messengers make or receive declarations on behalf of another party without being its representative.

As messenger, one Point of Single Contact (Figure 1) alone is responsible for communication between service providers and competent authorities. With this messenger model, it receives no insight whatsoever into the contents of written statements and would not really be in a position to advise service providers. Applicants would have to decide independently from a short list which authorities they would want to contact on which concerns. Inquiries into status would be forwarded unread to the competent authorities.

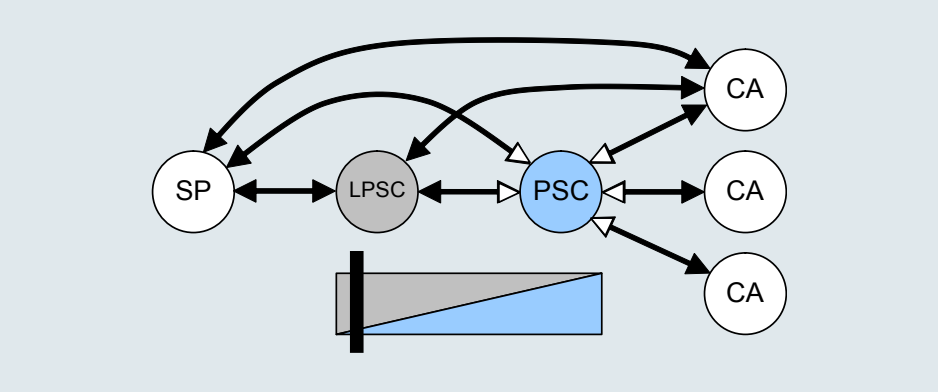

Figure 1: Model of the messenger PSC type [1]

The messenger model can be realized using stand-alone software so that the application and processing can be carried out separately by the service provider itself. To that end, the applicant will be taken through a dialog which is tailored to their concern and which will point out and explain all appropriate options. Such a package can be offered by independent service providers (publishers, software suppliers), light Point of Single Contact, Point of Single Contact or the competent authorities. The dialog

[1] In the figures, dark arrowheads represent direct communication by the parties. Light arrowheads represent forwarding of messages only (messenger service).

should make it possible to establish direct contact with the competent authorities and leave all information in the applicant's domain of responsibility.

Should the Point of Single Contact's messenger service dispense with an upstream software solution and depend only on a portal with information regarding responsibilities and contact details, this requires service providers to rely more heavily on research and their own initiative. Since, in this case, the service portfolio of a Point of Single Contact is minimal, but there is nevertheless a demand among service providers for extensive support, this model offers the light PSC the greatest potential. Admittedly, this data protection-compliant approach would be easy to implement in technical terms, but it fails to appreciate the potential of Points of Single Contact and is of only limited benefit to business.

With the messenger model, the competent authorities have independent front offices to support the company. These also take messages from messengers, process some of them themselves or forward them internally within the authorities. Moreover, the competent authorities also operate their own back office and administrative procedures in order to be able to ensure that messages and applications are processed.

The respective front office of the Point of Single Contact will only take messages and forward them encrypted but unread to the competent authorities. Points of Single Contact can therefore dispense fully with their own back offices.

Optionally, light Points of Single Contact could be set up. Their front office will primarily take care of the concerns of its customers (service providers). The associated back office ensures optimal support and takes charge of communication with the competent authorities. To that end, case management and, where necessary, their own knowledge management is required; the latter should be based on the administration's published information.

In view of these considerations, consulting will focus on the following

- Design and implementation of a light Point of Single Contact on behalf of chambers of commerce, local government authorities, banks, insurance companies, law firms, tax advisory services and business development companies.
- Design and implementation of a software package for Points of Single Contact as messengers and a common PSC association
- Design and implementation of a Point of Single Contact as messengers on behalf of the politically designated supporting organization
- Advising the competent authorities when dealing with messages from their own Federal State, Germany or abroad forwarded by Points of Single Contact
- Introduction of deadline management in the competent authorities
- Design and standardization of the necessary communication between directory-based responsibility finders, Points of Single Contact and competent authorities from Germany and abroad
- Design and standardization of communication between light Points of Single Contact as well as service providers, Points of Single Contact and competent authorities

3 Consultants

Consultants analyze the available information based on their own research and offer a recommendation on the basis of their own assessment.

As consultants, the Point of Single Contact would also provide the messenger services with general information and take charge of preliminary consulting services, but without offering legal advice in individual cases or communicating with the competent authorities.

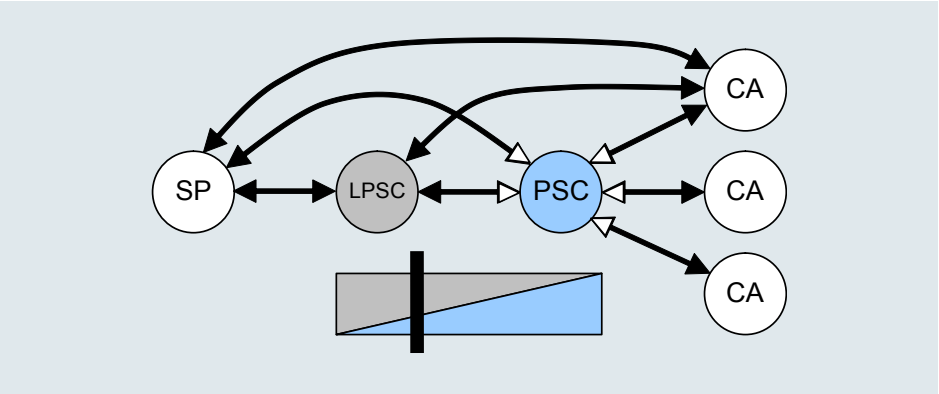

Figure 2: Model for the consultant PSC type

With the consultant model too, the competent authorities have independent front offices to support service providers. They take messages from Points of Single Contact and forward them to a specialist team for processing. With their own back offices and administrative procedures, messages and applications are guaranteed to be processed by the competent authorities.

The front offices of Points of Single Contact take messages and forward them unread to the competent authorities. In addition, they provide information and advise service providers, provided no expert knowledge is required. In order to safeguard consulting, they operate their own back offices; these, however, attend only to research and producing clear information.

Since the service portfolio of Points of Single Contact is limited but there is still a demand for extensive support, the consultant model also offers light Points of Single Contact huge potential for development. Their front offices take care of the service providers. Their back offices safeguard a high-value service and take charge of com-

munication with the competent authorities. For these, they rely on case management and, where necessary, their own knowledge management. The latter should utilize information to be published by the public administration.

In view of this situation, consulting will focus on the following:

- Design and implementation of a light Point of Single Contact on behalf of chambers of commerce, local government authorities, banks, insurance companies, law firms, tax advisory services and business development companies.
- Design and implementation of a software package for Points of Single Contact as consultants and a common PSC association
- Design and implementation of an editorial association for Points of Single Contact and the competent authorities with a view to content syndication
- Design and implementation of a Point of Single Contact as consultant on behalf of the politically designated supporting organization
- Advising the competent authorities when dealing with messages from their own Federal State, Germany or abroad forwarded by Points of Single Contact
- Introduction of deadline management in the competent authorities
- Design and standardization of the necessary communication between directory-based responsibility finders, Points of Single Contact and competent authorities from Germany and abroad
- Design and standardization of communication between light Points of Single Contact as well as service providers, Points of Single Contact and competent authorities

4 Navigators

Specially trained and state-approved helmsmen, who advise captains in rough waters with in-depth local knowledge, are referred to as “navigators”. However, it is the captain who is in charge of the ship.

As navigator, the Point of Single Contact is given insight into the concern and the documents to be submitted in connection with it while observing data protection requirements. In its role as assistant without authority, it can, however, offer the s ervice provider only consulting and messenger services. In addition, it will point the service provider in the direction of the competent authorities without, however, communicating with the latter itself.

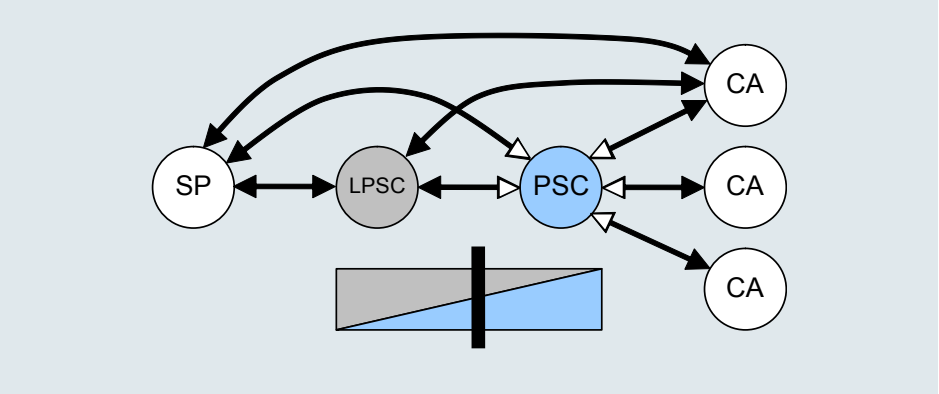

Figure 3: Model of the navigator PSC type

With the navigator model, the competent authorities also have independent front offices to support service providers. Furthermore, they take messages from Points of Single Contact and forward them internally. With their own back offices and administrative procedures, applications are guaranteed to be processed by the authorities in good time.

The front offices of Points of Single Contact take messages and forward them unread to the competent authorities. Moreover, they provide information, advise companies, provided no expert knowledge is required, and inform them as to the competent agencies and deadlines. In order to ensure consulting is of a high quality, they operate their own back offices which attend only to research and a clear presentation of information and responsibilities.

With the navigator model, service providers still have to be heavily involved in taking care of their administrative business themselves, since the assistant supplied by the state does not take over either the processes or decisions from them. In this respect, in terms of extensive support, there is also huge development potential for light Points of Single Contact with this approach. Their front offices take care of the service providers, their concerns and their requirements. Their back offices ensure that all requirements can be met. In addition, they take over communication with the competent authorities. Here too, they rely on case management and, where necessary, their own internal knowledge management.

Under these framework conditions, it is recommended that consulting should focus on the following:

- Design and implementation of a light Point of Single Contact on behalf of chambers of commerce, local government authorities, banks, insurance companies, law firms, tax advisory services and business development companies.
- Design and implementation of a software package for Points of Single Contact as navigators and a common PSC association
- Design and implementation of an editorial association for Points of Single Contact and the competent authorities with a view to content syndication
- Design and implementation of a Point of Single Contact as navigators on behalf of the politically designated supporting organization
- Advising the competent authorities when dealing with messages from their own Federal State, Germany or abroad forwarded by Points of Single Contact
- Introduction of deadline management in the competent authorities
- Design and standardization of the necessary communication between directory-based responsibility finders, Points of Single Contact and competent authorities from Germany and abroad
- Design and standardization of communication between light Points of Single Contact as well as service providers, Points of Single Contact and competent authorities

5 Negotiators

Negotiators negotiate between parties and their different interests until a decision can be reached or a contract entered into. In many cases, they seek direct discussion in order to get the negotiation method and any existing scope for negotiation clear in their minds quickly.

As negotiator, a Point of Single Contact can speak to and negotiate directly with the competent authorities. In order to do so, it also has powers that it can use in routine cases allowing it to act independently on behalf of the service provider in the case of simple decisions. In particular, though, it should act as coordinator, monitor deadlines, work towards orderly and quick processing, provide information on status and allow e-records to be viewed.

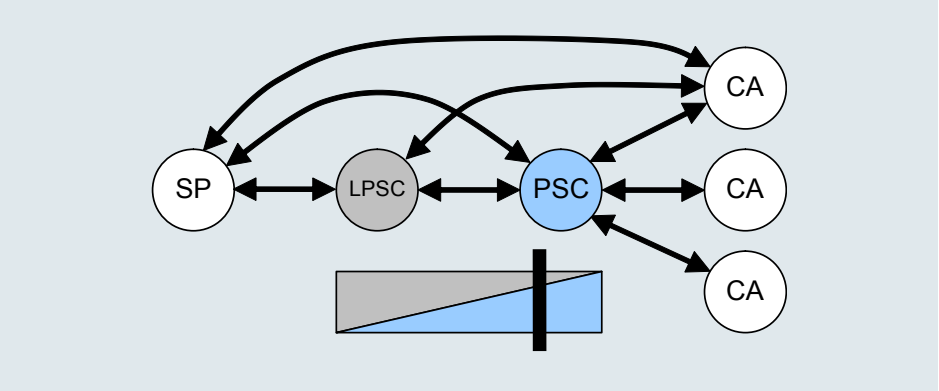

Figure 4: Model for the negotiator PSC type

With the negotiator model, independent front offices ensure support for service providers and Points of Single Contact from the competent authorities. These receive messages and forward them internally to the competent area within the authorities. Punctual processing of applications is achieved by their own back offices, deadline management and the associated administrative procedures.

With this model, Points of Single Contact take on far more tasks than with the messenger, consultant or navigator model. Offering coordination, monitoring, information, consulting and communication services they have a broad service portfolio. Their front offices provide service providers with information, advise them, contact

the competent bodies and allow e-records to be viewed. In order to safeguard this type of portfolio, they run their own back offices to take care of research, preparation of contents, case management and communication services with the competent authorities.

Since Points of Single Contact may not, however, be given full powers by the service providers and are actually supposed to act in the interests of the public administration, there is still a real need for administrative consultants who take care solely of service providers' interests. The front offices of light Points of Single Contact are oriented towards service providers, their concerns and their requirements. Through their back offices, they ensure that concerns can be addressed promptly and satisfactorily. They communicate with the competent authorities and Points of Single Contact. Case management and knowledge management are operated for that purpose.

In view of these considerations, consulting will focus on the following:

- Design and implementation of a light Point of Single Contact on behalf of chambers of commerce, local government authorities, banks, insurance companies, law firms, tax advisory services and business development companies.
- Design and implementation of a software package for Points of Single Contact as negotiators and a common PSC association
- Design and implementation of an editorial association for Points of Single Contact and the competent authorities with a view to content syndication
- Design and implementation of a Point of Single Contact as negotiator on behalf of the politically designated supporting organization
- Advising the competent authorities when dealing with messages from service providers and Points of Single Contact in their own Federal State, Germany and abroad
- Introduction of deadline management in the competent authorities

- Design and standardization of the necessary communication between directory-based responsibility finders, Points of Single Contact and competent authorities from Germany and abroad
- Design and standardization of communication between light Points of Single Contact as well as service providers, Points of Single Contact and competent authorities

6 Managers

"Manager" is the term used for business people who support sports professionals or artists and have extensive control and decision-making powers. Procedure managers take charge of supporting companies and citizens with administrative procedures.

As a procedure manager (*Schliesky* 2008, p. 125 et seq.), a Point of Single Contact would act on behalf of the service provider with extensive powers. It then not only takes charge of messaging and consulting services, but also manages all planning, takes care of communication with the competent authorities, conducts application meetings and takes decisions on behalf of its client where necessary. It has virtually been granted control over procedures (*Schliesky* 2008, p. 156).

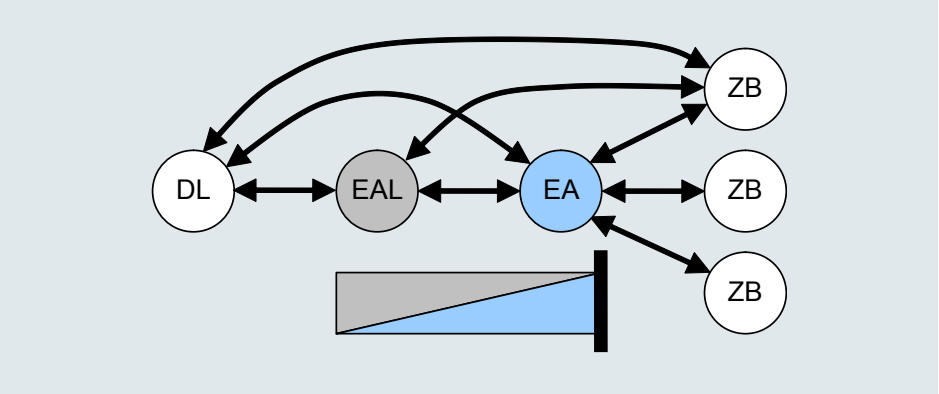

Figure 5: Model of the manager PSC type

According to the current legal position, as procedure managers Points of Single Contact may not take any decisions/issue notices themselves. Once the Directive has been implemented, however, the EU Member States will be free to transfer additional tasks to Points of Single Contact or appoint existing competent authorities as the Point of Single Contact.

With the manager model too, the competent authorities will rely on independent front offices which are responsible for all public consultation to support their clientele and Points of Single Contact. These will forward inquiries and applications to the specialist team. The specialist team, with the support of deadline management and the associated administrative procedures, plays the role of back office behind the scenes.

With the manager model, Points of Single Contact take over all conceivable tasks. This includes coordination, monitoring, information and consulting services along with independent communication for the client with the administration. When it comes to contacting customers, they operate their own front offices which service providers consult directly. In addition, they run their own back offices in order to be able to produce research, prepare contents and engage in case management and communication with the competent authorities efficiently and economically.

When applying this approach to a very extensive single point of contact, there is, however, now only a minimal need for administrative consultants to act in the capacity of light Points of Single Contact. Their role makes sense if it involves providing support in a foreign language which would not otherwise be possible, legal advice in individual cases or a targeted search for loopholes in the system. In the last case, it would be worth considering, for instance, founding umbrella companies and submitting application forms to those Points of Single Contact for which it can be said with certainty that processing will not be completed in time in order to obtain authorizations by means of an assumption of authorization after the deadline has expired. Such light Points of Single Contact will set up front offices for public consultation, while in the back office, expert knowledge will be prepared and further processing will take place.

For the manager model, the following focuses should be considered for consulting:

- Design and implementation of a light Point of Single Contact on behalf of chambers of commerce, local government authorities, banks, insurance companies, law firms, tax advisory services and business development companies.
- Design and implementation of a software package for Points of Single Contact as managers and a common PSC association
- Design and implementation of an editorial association for Points of Single Contact and the competent authorities with a view to content syndication
- Design and implementation of a Point of Single Contact as manager on behalf of the politically designated supporting organization

- Advising the competent authorities when dealing with messages from service providers and Points of Single Contact in their own Federal State, Germany and abroad
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- Design and standardization of communication between light Points of Single Contact as well as service providers, Points of Single Contact and competent authorities

7 New potential for the public sector

Finally, democratically elected decision-makers for local authorities entrusted with implementation will decide on the basis of which of the outlined models the Points of Single Contact will be set up. In Germany, contrary to initial intentions, there will be no common approach across the German Federal States. With a view to simplification, many of those responsible in government and administration favor the consultant and navigator model for the time being. This nevertheless offers only an extremely limited scope of services. Service providers, conversely, are expecting a negotiator or procedure manager approach. Otherwise, they would still have to take charge of too many authority procedures themselves. This requirements profile is already being pursued in some Federal States. Schleswig-Holstein, for instance, is orienting itself towards the manager model when implementing Points of Single Contact.

Except for a research project at the Fraunhofer Institute for Open Communication Systems FOKUS (**http://www.fokus.fraunhofer.de/go/vbr**), light Points of Single Contact have up to now been given little consideration in Germany. In the meantime, however, there is a growing interest in this approach amongst those parties which are not allowed to be Points of Single Contact after the localization decision has been taken (chambers of commerce and local government authorities) or which want to offer service providers a comparable service without running any liability risks themselves.

The EU Services Directive, however, by setting up Points of Single Contact, not only paves the way for a sustainable modernization of administration which will fundamentally change administration. Points of Single Contact will complement authorities' organizational structure and at the same time give citizens, business and the administration the freedom to attend to their own productive activities: baking pizza, laying tiles, hairdressing, acting as real estate agents....

After the EU Services Directive has been implemented in the Member States, freelancers, together with small and medium-sized enterprises, will find it easier to offer and provide services in their own country and in the Member States. The public debate about discrimination against nationals and the resulting consequence for the Federal Republic of Germany of including domestic service providers fully when

implementing the Directive, highlight the wealth of opportunities and competitive advantages which should follow in the wake of implementation. Regulations on the provision of services and setting up in business will therefore be gradually aligned within a pan-European framework. As a consequence of the systematic screening of standards across all states, procedures and formalities will have to be reviewed for discriminatory and bureaucratic elements and be developed further with a view to cutting down on bureaucracy.

This mission defined in the Directive offers a rare chance for a systematic reduction of bureaucracy which could provide companies and citizens with tangible relief from unnecessary administrative duties and rid them of the associated costs. At the same time, the efficiency and effectiveness of the administrative machine are being improved. Modern information and communication technologies have their own contribution to make to this. In that respect, the Directive is the perfect complement to the numerous efforts of national standards control boards in the Member States and bureaucracy cost measurement on the basis of the standard cost model.

At the same time, the EU Service Directive acts as a catalyst for e-Government in terms of government and administration in the information age. Particularly thanks to the principle of completing procedures by electronic means (Art. 8 (1) EU SD), every entrepreneur will be granted the enforceable right to complete procedures with the administration by electronic means and remotely (cf. Schliesky 2008, p. 21 et seq.). This makes it necessary for the competent authorities in all Member States to give prompt and due consideration to the efficient use of information and communication technologies in the whole public administration and to work towards introducing appropriate solutions.

The EU Services Directive moreover requires the implementation of target-group-oriented e-Government. In this way, all business conditions relating to access to and exercise of a service activity should be recorded throughout the whole lifecycle of a service provider and bundled in a single location. In addition to supplying basic and brief information, this comprises, in particular, declarations, notifications or applications necessary for authorization from the competent authorities, including applications for inclusion in a register, a roll or a database, or for registration with a professional body or association and procedures for recognizing qualifications and health

regulations. This includes notifications of changes, control measures and the end of the service activity (cf. *von Lucke/Eckert/Breitenstrom* 2008, p. 26).

The big challenge facing administration practice lies in the approach of the Point of Single Contact, which cuts across all levels of administration, in which all levels of administration, that is national, subnational and local, are supposed to be made accessible by one agency.

Points of Single Contact and completing procedures by electronic means will make a very substantial contribution to the simplification of structures, procedures and formalities. They take up the **"one-stop-paradigm"** familiar in the services industry, the principle of providing services with the aim of minimizing the contact necessary to handle a matter where it makes sense, ideally to once (*Aichholzer/Schmutzer* 1999, p. 22). In addition, it ought to be insignificant whether an entrepreneur calls in person, telephones, sends a fax, makes contact via the Internet or uses other media. The user-friendly service is oriented towards the customer's convenience. Although how this approach is implemented will vary according to the administration, it will always be oriented towards the concept of contact being made once. In principle, citizens and companies should be able to have their concern handled seamlessly in a single procedure. Consistent implementation of relevant one-stop-government concepts will have significant repercussions for the whole public administration in all Member States (cf. *von Lucke/Eckert/Breitenstrom* 2008, p. 18 and *von Lucke* 2008, p. 43 et seq.).

In that respect, from an economic point of view, transposing the Directive into national law by the end of 2009 is a welcome move. It is precisely during a global financial crisis, which has triggered the deepest recession in over 50 years and may develop into a global economic crisis in the coming months, that the Directive offers reason to hope. The Directive offers governments and administrations the opportunity to make themselves significantly more business-friendly through structural changes. A speedy implementation of the Directive may make a significant contribution towards overcoming the crisis. It should in fact make it simpler for service providers to do business and generate profits, instead of having to spend months dealing with administrative matters. As is wholly in the spirit of the Lisbon Strategy, the EU Commission suggested in November 2008 that Member States should ensure in good

time that companies can be founded within three days without additional administrative costs anywhere in the European Union, and that the formalities for recruiting the first employees can be completed via a Point of Single Contact (Commission of the European Communities, p. 12). Such ambitious objectives can be achieved in no time with existing technology, provided there is the political will for it.

8 Related publications

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Schliesky 2008: *Schliesky, Utz* (publisher): Implementing the EU Services Directive in the German administration (Part I: Principles), Lorenz-von-Stein-Institute for Administrative Sciences, Kiel 2008.

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