



STATEMENT OF DIRECTION

Executive order number 97 26/01/2023
Executive order on requirements for digital
standard bookkeeping systems (Denmark)

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2. INTRODUCTION

For nearly five decades, since 1978, Iptor have been providing Enterprise Resource Planning (ERP) and Supply Chain Management solutions to the marketplace within an IT landscape that has significantly evolved over that time along with Financial and Regulatory requirements both Globally and locally to individual countries.

On 26th January 2023 the Danish Government issued an Executive Order number 97 26/01/2023 in relation to requirements for digital standard book keeping systems. As a supplier of such systems to existing and potentially new Danish registered Customers Iptor are obliged to review the Executive Order and confirm (or otherwise) compliance.

There are specific timelines that are identified in the Executive Order as follows:-

1. **By 31 December 2023** - The Danish Business Authority checks and registers accounting systems that meet the requirements of the Executive Order and publishes these on the Danish Business Authority's website.
2. **On 1 January 2024** - All systems that comply with the requirements are listed in a publicly available list of registered digital bookkeeping systems on the Danish Business Authority's website.
3. **By 1 January 2026**: Danish companies running not running approved solution can be fined 1,5 MDKK.

The scope of the Executive Order covers both on-premise and off-premise (Hosted or SaaS) solutions. As Iptor supply solutions and systems which are in-scope of the Executive Order Iptor are therefore required to review and respond.

3. THE CURRENT LANDCAPE

THE EXECUTIVE ORDER

Iptor have numerous customers who have Operational Systems based on our ERP technology that fall into scope of the Executive Order. The Executive Order clearly stipulates that any system being that of a book-keeping system, either in the cloud (wholly remotely) or hybrid (a combination of remote and on-premises) is within the domain of the Executive Order.

Receipts are defined as transactions which relate to either a purchase or sale (or both). The recorded transaction is defined as a minimum data set including: Issue Date, Type of Delivery, Amount, Sender and recipient (including name, address, CVR number or SE number), Information on VAT amounts and Payment Information. There are other stipulations relating to that of Audit, storage of scanned image receipts and a retention period of five years within the system. These are documented in Annex 1 of the Executive Order.

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There are requirements and stipulations that refer to electronic transmission and receipt of e-invoices, electronic bank entries (PSD2) and possible automated reconciliation. The full list of requirements are documented in Annex 2 of the Executive Order.

For all solutions there are back-up stipulations which must be completed namely weekly full backups and daily incremental backups. These backups must be retained within an EU or EEA country. At the same time, there are security stipulations and business continuity requirements that are defined.

IPTOR SOLUTION VERSIONS

Iptor software solutions are defined by naming conventions and version numbers (both major and minor). Release versions are defined as xx.yy.zz where xx is a major version release, yy a sub version, and zz a patch or minor release. For newer solution offerings the product is versioned via "build" releases such as Buildxxxx.yyyy.zzzz.aaaa.

The two Iptor software solution groups currently in use within the Danish jurisdiction and that are relevant to the Executive Order are Iptor.com and DC1

Any new customer is provided with the latest Generally Available release i.e. the most current. Iptor also has a number of customers from prior years, the "Installed Base". At the time of writing the current Global installed base consists of customers using the following versions:

- DC1 version 5.x below - Prior to 2005 EOS / EOL Release
- DC1 version 6.x - Released: Dec 2005 Vintage Release
- DC1 version 7.x - Released: Jun 2010 Vintage Release
- DC1 version 8.x - Released: Sep 2013 Vintage Release
- DC1 version 9.x - Released: Oct 2015 Legacy Release
- DC1 version 10.x - Released: May 2017 Legacy Release
- DC1 version 11.x - Released: May 2019 Legacy Release
- DC1 version 12.x - Released: Jun 2021 (G.A. Release)
- Iptor.com - Released: Jun 2021 (G.A. Release)

For those customers who are part of the "Installed Base" there will be an appropriate Output Solution in use in order to print materials relating to book-keeping such as Invoices, Purchase Orders, Dispatch Notes and Goods Received Notes.

For those customers who are on-premise and not currently either utilizing Iptor.com or have their solution hosted using Iptor's Cloud Managed Services (CMS) then there will be a locally managed back-up system being utilized which is out of scope of Iptor's management and responsibility (along with the operation of the system including servers, networking and security).

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IPTOR'S GENERALLY AVAILABLE RELEASES

At the time of writing, Iptor's Generally Available (G.A.) release versions are as follows:

- Iptor.com - On-Premise [also known as DC1 version 12.x] (G.A. Release)
- Iptor.com - MSaaS (G.A. Release)

Currently contracted customers may have their systems identified as "Iptor.com GO" or "Iptor.com FLEX" Customers. These are subsets of Iptor.com - MSaaS (Managed Software As a Service)

4. IPTOR'S PLANNED RESPONSE TO THE EXECUTIVE ORDER

Iptor has undertaken a review of the requirements of the Executive Order. In order to comply with the requirements of the Executive Order Iptor will be required to make changes to both the function and integration of the solution including (but not limited to):

- The Core RPG code and underlying database structures, processes and functions
- The Integration to an Output Solution in order to provide printed or electronic outputs which include the requirements of Annex 2 (e.g. QR Codes, 3D Bar Codes etc)
- The adoption of an Integration Solution ability to integrate into banking format files (e.g. camt.054) for automatic or semi-automatic reconciliation
- The Integration of an Archiving solution for the storage of electronic images of receipts (this may be achieved either standalone or via the Output Solution)
- A validation of Iptor's current hosting operations (Iptor.com - MSaaS) to ensure compliance with the regularity of backup and recovery operations along with validation of location of such operations and the security of such operations.

Iptor has summarized that many of the above requirements are already accommodated or available within the latest Generally Available releases. At the same time some code changes will be required along with integration standardization for both Output Solutions, Integration Solutions and Archiving solutions.

Compliance with the Executive Order will be available via a standard combination of:-

- The latest Generally available release of our ERP software (Standard Book Keeping Software) also known as Iptor.com or DC1
- The adoption of our chosen partner Interform as the integrated Output Solution and as a route to output to the Archiving solution (See below).
- The adoption of our chosen integration product NetLang as the Integration Solution
- The adoption of our chosen archiving product NextWay as the Archiving Solution.

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IPTOR PLATFORMING OPTIONS

Customers have a choice of two target platform configurations for their upgraded Iptor solution:

- Iptor.com - On-Premises solution
- Iptor.com - MSaaS solution

The obligations and responsibilities of the Executive Order for the different deployment platforms will be a combination of those of Iptor and the Customer depending upon the *target platform* approach that the Customer chooses. The examples below are not exhaustive but are highlighted:

Iptor.com - On Premises Solution

Should a Customer choose to deploy Iptor.com - On Premise as their target solution then the statutory obligations surround matters of backup, archiving, security and other infrastructure and general maintenance of the system become the responsibility of the customer (this is not an exhaustive list).

At the same time, any future updates that are required to accommodate any further regulatory changes must be applied by the Customer (with Iptor Professional Services assistance if contracted for) within a period equivalent to a maximum of two build releases of Iptor.com or a period of three months of the last build release that is made Generally Available. At all times, updating the on-premise environment with the most recent application builds of Iptor.com builds remains the Customer's responsibility. For Iptor.com - On Premise customers, timeliness and planning by Customers will be paramount to maintaining the system.

At the same time, Customers will have dependent elements that are on-premise to provide Output Solutions and Archiving solutions. The Customer will be required to maintain, update and ensure both business continuity and security of these system elements as they formulate a consolidated package to meet the requirements of the Executive Order.

Iptor.com - MsaaS Solution

Customers who adopt Iptor.com - MSaaS have further service delivery capability built into the contractual delivery requirements. As part of the MSaaS solution Iptor will provide backup solutions and also deliver security infrastructure to Customer end-points as defined at the time. The "Managed Upgrade" process allows Iptor to the apply most recent Iptor.com builds thereby maintaining the system in the most up-to-date manner. Archiving and storage of data is defined as a value added service and therefore may be subject to extended fees in relation to storage/archiving costs depending upon volumes.

In the MSaaS solution the Customer must not unreasonably delay Iptor's ability to apply Iptor.com builds. At the same time, the customer remains responsible for security after the defined endpoint(s) along with on-premises elements of the MSaaS system relating to Output Solutions (this is not an exhaustive list).

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5. RECOMMENDATIONS

Due to the limited time given by the Executive Order (in conjunction with already committed Development priorities), Iptor will solely place development efforts into our Generally Available releases of book-keeping related systems (i.e. Iptor.com - On Premise and Iptor.com - MSaaS) to ensure adherence to the order.

It is anticipated that Iptor's solution will be ready ahead of the deadline of 31st December 2023 in order that Iptor can be "published" as a compliant system. As part of the implementation, existing customers will be required to adopt our chosen solution enhancements of InterForm, NetLang and NextWay.

Therefore, the singular recommendation is to upgrade your current Iptor DC1 implementation as soon as possible, bearing in mind that companies using book-keeping systems must be compliant no later than 1st January 2026. Iptor will not be updating any other versions of software and/or necessary integrations in respect of this requirement.

Upgrading to the latest versions of Iptor.com - On Premise or Iptor.com - MSaaS will require Professional Services, new products (as outlined above) and potentially additional modules according to individual circumstances and requirements. Therefore, there is both a resource and budgetary (commercial) aspect that needs to be addressed along with appropriate contracts and agreements, all of which require time to complete.

Customers who chose an on-premises upgrade must be mindful of the obligations of the Executive Order that would be out of scope for Iptor, for example local back-up, security and retention policies. This was outlined in the previous section "Iptor Platforming Options"

6. ROADMAP

Once validated, the core components of the requirements of the Executive Order will formulate part of an updated "Danish Compliance Pack" a localization option that is unique to organizations that must adhere to Danish accounting rules. Dependencies for the Danish Compliance Pack will be InterForm, NextWay and NetLang - they will be mandatory requirements. Customers must be licenced for the Danish Compliance Pack.

These implementations will be rolled forward to Generally Available releases in the future. Any future changes required by Legislation will only be provided in the latest Generally Available release at the time and will not be retrofitted / downgraded to earlier versions at the point in time of legislative implementation.

IMPORTANT NOTE: Compliance to the Executive Order will neither be implemented, or available in any prior Iptor.com or DC1 version that is not Generally Available at the time of writing (May 2023)

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7. NEXT STEPS

Our strong recommendation is to upgrade your Iptor ERP solution to the latest version - either Iptor.com - On Premise or Iptor.com - MSaaS.

Please talk to your local Account Manager to formulate a Discovery Plan of your existing implementation, the steps through creating a Business Value Assessment to document this discovery and thereafter the contractual and commercial framework to execute on the upgrade. This process takes time, therefore starting as soon as possible gives Customers the best opportunity to remain compliant.