



Knowing your intellectual assets  
is a key element to any innovation

# Nordic harmonized knowledge indicators

## Final report

- A preproject funded by the Nordic Industrial Fund

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## **Introduction**

Following the rise and fall of IT companies in market value during the years 2000-2002 the issue of reporting intangible valuables has been seen as a mean of explaining the real values residing within IT companies. IC accounting is a valuable benchmarking signal of how a company is succeeding in its knowledge management and a baseline for most organisational steering models and a promoter for innovation. The IC report is an annual affair, intended to supplement the traditional financial accounts and provide a fuller understanding of the potentials of the company and/or industry in question.

IC accounting and reporting demands extensive innovative and often costly work for a company. The need to develop an open source framework to enhance the transformation process of Nordic organizations into knowledge based companies, with special attention to SME's is seen of major importance for lowering the threshold to working effectively with IC assets. By enabling the companies to use IC accounting methods they do not only get a tool for knowledge management but also it also creates valueable input to any organisational business steering model.

By better understanding its intellectual competence, a company should be able to enhance its image, both internally and externally. When using IC reporting the company reveals hidden assets that can have a major impact on the profitability and even core existence of the company. Companies need to report and manage their IC but need a less complicated entry level for using IC tools. Harmonizing IC indicators and reporting is an important step in this direction as it allows for comparison between companies and/or industries but also it creates a common context for understanding the various aspects of intangible values.

## Section 1 Summary

A) The aim of this project was to create a network of stakeholders of Intellectual Capital accounting and reporting in the Information Technology sector of the Nordic countries. Once established, the network evaluated the possibility and feasibility of launching a Nordic project to produce harmonized indicators for reporting IC in the IT sector of the Nordic countries, with a special focus on small and medium enterprises.

The project participants met on two occasions.

- First in Copenhagen on the 23<sup>rd</sup> of June, to establish a network of the Federations of the Information technology sectors in the five Nordic countries and to discuss the project aims. Following the meeting the Federations introduced the project to their industrial members and invited participants from the industrial sector to join.
- The second occasion was a two-day workshop on the 5<sup>th</sup> and 6<sup>th</sup> of September in Iceland with all participants presenting their aspect and interest in the importance of Intellectual Capital accounting and reporting. The organisations discussed the issue in depth and shared experience.

The pre-project was divided into a few main tasks, all of which it accomplished:

- Identify and establish a Nordic network with partners from IT companies associations in IS, SE, DK, FI and NO.
- Each association identified 2 – 3 SME's to participate in the workgroup.
- A detailed plan of work and responsibility was made.
  - Including an overview of present methods and tools for reporting IC valuables
  - and a small investigation into popular organisational steering models and their relation with IC valuables.
- The group reached its ultimate goal, to deliver proposal for developing a model for harmonized IC reporting for the Nordic IT industry
- Recommendations for further activities, reporting, promotion and exploitation were made

In short the findings of the group report the need to enhance and ensure the functionality, credibility and comparison of IC accounting and reporting of organisational entities. To enable this it is necessary to ensure that indicators have been measured by the same methodology and present the same aspect. The concept is to ensure comparison of apples with apples and to provide all stakeholders, including auditors, consultants and financial institutions, with a valuable tool for management and evaluation. The need to establish a common language for reading and analysing IC reports is seen as a major objective.

B) The benefits of the project to business life in the Nordic countries are significant . Creating an IC accounting and reporting tool on a Nordic scale is of great importance, the wider regional audience gives the initiative greater depth, credibility and prestige. The Nordic countries have already invested greatly in conceptualising IC and thus this project is seen as a natural follow up on the good work already done in the NORDIKA and FRAME projects. Due to cultural similarities the Nordic countries can reach a high level of knowledge transformation in this field.

Extended Nordic cooperation in the field of IC reporting between IT companies will create a strong Nordic knowledgebase on the subject and create conditions for increased productivity. The effect of enhancing Nordic skills and competitiveness is due to the important link of IC accounting and reporting to managerial steering models and knowledge management.

Increasing knowledge visibility will support innovative actions and so affect the Nordic economy. Through cross-border coordinated initiatives in development, support and use, the business climate for Nordic companies can be improved by a strong relational capital input through common access to the Nordic interest groups, tools and data collection on IC issues.

The Nordic countries can strongly influence international development, existing networks in the field of IC and make them more accessible and useful for Nordic companies as well as it could strengthen the competitiveness of the IT industry.

If accepted, the harmonized indicators would benefit a wider audience than the Nordic IT industry. It could become a base for IC measurements and be a valuable input to European projects such as standards, and so keep the Nordic countries in the lead of IC knowledge management and IC accounting and reporting

## Section 2 Evaluation of results

Nordic Harmonized Knowledge Indicators is a project aimed at establishing a good foundation upon which to build future advances in the field of Intellectual Capital assessments. Therefore not all the below goals are appropriate at this stage. The five goals that the Nordic Industrial Fund has established for the projects it funds or supports are:

- Pioneering the exploitation of synergistic networks through innovative systems
- Cutting-edge innovation in efficient infrastructure for small and medium-sized enterprises
- Models for management issues and business culture
- Strength in international prenormative work
- Pioneering in areas which have been identified as being of importance for the Nordic skills market

### A) Pioneering in the exploitation of synergistic networks through innovative systems

	Evaluation scale 1–5
The project has generated an efficient and beneficial cooperative structure between the players in the Nordic cooperation	5

*The pre-project has established a network that includes all the IT organizations in the Nordic countries and at least one Member Company from each country. The network established has already been put into relational action by the Federation members as a base of knowledge or know how – so its importance has been proven.*

### B) Cutting-edge innovation in efficient infrastructure for small and medium-sized enterprises

	Evaluation scale 1–5
The project has contributed to an improvement of the business climate and the opportunities for internationalisation for small to medium-sized enterprises.	5

*The pre-project has resulted in a proposal for a project to develop an open source framework to enhance the transformation process of Nordic organizations into knowledge based companies, with special attention to SME's as most Nordic IT companies are small. This does not mean that the results are not of importance to larger organizations.*

### C) Models for management issues and business culture

	Evaluation scale 1–5
The project has contributed to developing the management style within the Nordic countries, to the dissemination of a democratic business culture, and to the competitive advantages and goodwill for the Nordic countries from a global perspective.	2

*The pre-project has confirmed interest in developing new management styles and therefore contributed to such development. This is mainly achieved by lowering the entrance treshold*

*for SME's and other organisations by integration of existing business management models. The proposed model is not yet another reporting tool but a practical step by step instrument.*

**D) Strength in international prenormative work**

	Evaluation scale 1-5
The Nordic development work within the project has created the basis for forthcoming international norms	2

*If successful the project proposed by the pre-project will be scalable beyond the Nordic cluster, as other European countries have already expressed an interest.*

**E) Pioneering in areas which have been identified as being of importance for the Nordic skills market**

	Evaluation scale 1-5
The project has contributed to developing a world-class skills market within the area considered important for Nordic business life and the public sector.	2

*By establishing the network and agreeing on a proposal the pre-project has already made a contribution that is very important for Nordic business life and its development. Intellectual Capital key performance indicators are very important to the public sector as well and the pre-project had a participant partly working in the health sector of public administration where there is a growing need for credible indicators based on commonly established experience.*

## **Proposal for a project resulting from pre-project**

The main goal of the pre-project was to establish whether there was an interest amongst IT organisations in the Nordic countries to push forwards the objective of harmonizing IC indicators as to enable the industry to account and report its intangible assets. The participants agreed upon the need for such a framework and put forward the idea of applying for a further grant to enable that work to be accomplished. A project life of 3 years was suggested. The project is to be based and structured as four phases with active roles of companies and added value for participants.

The first phase will start by identifying and harmonizing indicators where a work-group with input from participating companies will further decide on meaning of indicators. During this phase there will be efforts to create liaison networks with accountants, consultants etc. When this work is done the work group will prepare the results for dissemination.

The second phase will start with implementation of indicators in participating companies. This will be done by means of seminars and follow up. When this is complete there will be external reporting of results from implementation to stakeholders and the work group will start revision based on the results to ensure the quality of the suggestions made by the project.

The third phase will concentrate on identifying proper management tools for participating companies. This is done by a work group with participating companies. It is of major importance that there is a measurement of input into models provided by harmonized indicators. This is why an evaluation of contribution, both to transformation process and economic result is necessary.

The fourth and final phase will include a report that contains an open source framework for transforming the knowledge base of SME's. The results will be disseminated in each of the participating countries in co-operation with the relative IT organization. Finally the steering committee will decide on how post project continuum will be conducted.

The full proposal has already been sent, see appendix g.

### Section 3 Dissemination of information and results

The project has disseminated its findings to all project participants and other stakeholders as proposed in the project proposal, including an informative website, meetings, and a 2 day workshop to establish the base for the ideology presented in the proposal and the results of the participating group.

In the project target groups were the Industrial IT Federations in the Nordic countries and 8 Nordic IT Organisations. These all donated valuable information and ideas to the project and its continuation. So far there has been no formal publication outside the consortium due to the fact that it is only a prenormative project, although all findings are available on the preprojects website.

<b>Target groups:</b>	<b>Opinion</b> (For example: media, interest groups)	<b>R&amp;D</b> (For example: strategic and grant awarding bodies, R&D institutes, universities)	<b>Politics</b> (For example: Nordic or national politicians, political or administrative leaders)	<b>Business</b> (For example: Customers, allies, competitors, R&D managers, line managers and consultants)
<b>Activities:</b> (Web sites, newsletters, press releases, letters, conferences, workshops, publications, presentations, TV, radio, newspapers, etc.)	Findings are available and already published on the project web. Also all the IT Federations have informed their members about the project and future intentions	R&D institutes and other research bodies have shown interest in the initiative. During the project some preliminary research has been done into the field of IC accounting and reporting	Many political leaders have quoted IC activities as a cornerstone of future innovation	Some consultancies have been informed of the project and its objective and have shown great interest
<b>Results of activities:</b> (published articles, inquiries, political reactions, commissioned reports, expressions of interest from other R&D bodies, etc.)	The participants agreed to go ahead with a full-scale project showing real interest	The research environment both Nordic and other European are interested in participating		
<b>Actual costs against information budget</b> (actual versus budgeted costs)	On budget /	/	/	/
<b>Self-evaluation of activities</b> (5 represents the best possible initiatives and results)	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> Not really applicable	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Not really applicable	1 2 3 4 5 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> Not really applicable

## Section 4 Administrative and statistical data

Number of participants from:	Public authorities, research funding organisations		Business Companies and organisations		Universities and research institutes	
	Number of participating organisations	Number of participants (individuals)	Number of participants companies and organisations	Number of participants (individuals)	Number of participating universities and institutes	Number of participants (individuals)
Denmark	3	3	1	1		
Finland	1	1	2	2		
Iceland	1	2	2	2		
Norway	1	1	1	1		
Sweden	1	1	2	2		
Baltic countries, Russia						
Non-Nordic EU countries						
Other countries						
Total participation	7	8	8	8		
Number of participating companies with fewer than 50 employees						6
Number of participating companies with more than 50 employees						2
Did the project run to schedule? (please mark the correct answer)						No
If no, how big were the deviations (in months)?						Yes

Cooperation activities and meetings	1
Steering org. meetings	18
Number of seminars, workshops, courses during the year	1
Number of participants at seminars, workshops, courses run during the year	13

If relevant to the project, please answer the following:

Number of patents and patent applications submitted during the year	
Number of product and process enhancements introduced to the industry	
During the year	
Since the start	
Number of prototypes developed during the year	

## Section 5 Report of deviations

No deviations from the original proposal did occur.

## Section 6 Financial statement

See attached financial statement.

## Section 7 List of contacts and addresses

<b>Participants:</b>	<b>Countr</b> <b>y</b>	<b>Email</b>	<b>Organisation</b>
Asta Thorleifsdottir,	IS	<a href="mailto:astathor@gopro.net">astathor@gopro.net</a>	GoPro
Eggert Claessen,	IS	ec@tm.is	Tölvumiðlun
Gudmundur Asmundsson	IS	gudmundur@si.is	Icelandic Ass.of Software Industry
Björn Axelsson	SE	Bjorn.Axelsson@itforetagen.se	Svenska IT-företagens Organisation
Claes Malmquist	SE	claes.malmquist@infoservice.se	InfoService Sweden AB.
Anders Heimerson	SE	anders@ciceronen.com	Ciceronen Telecom AB
Lars Ørum Andersen	DK	LQA@DI.DK	ITEK
Henrik Madsen	DK	henrik@studio1-2.dk	Studio1-2 A/S
Fredrik Syversen	NO	fredrik.syversen@ikt-norge.no	IKT-Norge
Eilert Hanoa	NO	eilerth@mamut.no	Mamut ASA
Liisa Nakari	FI	liisa.nakari@tietoalojenliitto.fi	Fed. of the Finnish Information Industries
Annikka Kostiainen	FI	Annikka.Kostiainen@novogroup.com	Novo Group plc
Tomi Rauste	FI	tomi.rauste@creanor.com	Creanor Oy
Henrik Egede	Dk	heg@tb.dk	Danish IT industry ass.
	DK	Km@dmr.nu	Dansk management råd

Date	Signature of project manager:
	Clarification of signature:
Telephone number:	Fax number:

## SLUTRÄKENSKAP med vägledning

Separat schema skall inlämnas för varje deltagare i projektet samt för hela projektet

Projektnummer: 03007

Projektname: Nordic Harmonized Knowledge Indicators

Avser (sätt kryss i tillämpligt ruta):

Hela projektet

Deltagare

Projektkostnader (avser endast kostnader för eget arbete)

Kostnader i kNOK Kostnadsslag	Aktuella projektkostnader	Godkänd kostnadsplan	Avvikelse(+/-)
Tidsförbruk	532	495	+37
Löneutgifter inkl. overhead	289.968	270.000	+19.968
Externa tjänster			
Utrustning och material	28.289	40.000	-11.711
Resor och möter	127.976	144.000	-16.024
Information	65.106	100.000	-34.894
<b>Summa</b>	<b>511.339</b>	<b>554.000</b>	<b>-42.661</b>

Projektfinsiering (finsiering av ovannämnda kostnader)

Finansiering i kNOK Finansiärer	Aktuell projekt- finsiering	Godkänd fianansieringsplan	Avvikelse (+/-)
Ej offentlig finansiering (ange namn)	255.669,5	277.000	-21.330,5
Offentliga (ej NI) (ange namn)			
NI	255.669,5	277.000	-21.330,5
<b>Summa</b>	<b>511.339</b>	<b>554.000</b>	<b>-42.661</b>

Godkänd av:

Projektdeltagare  
(datum, underskrift och  
namnförtydligande)

Projektledare  
(datum, underskrift och  
namnförtydligande)

Revisor  
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namnförtydligande)

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**Projektnummer:** 03007

**Projektname:** Nordic Harmonized Knowledge Indicators

**Avser (sätt kryss i tillämpligt ruta):**

- Hela projektet  
 Deltagare - Association of Icelandic Software Companies

**Projektkostnader** (avser endast kostnader för eget arbete)

<b>Kostnader i kNOK</b> <b>Kostnadsslag</b>	Aktuella projektkostnader	Godkänd kostnadsplan	Avvikelse(+/-)
Tidsförbruk	<b>352</b>	<b>315</b>	+37
Löneutgifter inkl. overhead	189.968	170.000	+19.968
Externa tjänster			
Utrustning och material	16.300	20.000	-3.700
Resor och möter	55.799	48.000	+7.799
Information	43.800	60.000	-16.200
<b>Summa</b>	<b>305.867</b>	<b>298.000</b>	<b>+7.867</b>

**Projektfinansiering** (finansiering av ovannämnda kostnader)

<b>Finansiering i kNOK</b> <b>Finansiärer</b>	Aktuell projekt- finansiering	Godkänd finansieringsplan	Avvikelse (+/-)
Ej offentlig finansiering (ange namn)	152.933,5	149.000	+3.933,5
Offentliga (ej NI) (ange namn)			
NI	152.933,5	149.000	+3.933,5
<b>Summa</b>	<b>305.867</b>	<b>298.000</b>	<b>+7.867</b>

Godkänd av:

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Separat schema skall inlämnas för varje deltagare i projektet samt för hela projektet

Projektnummer:

Projektname:

Avser (sätt kryss i tillämpligt ruta):

Hela projektet

Deltagare – ITEK , Denmark

Projektkostnader (avser endast kostnader för eget arbete)

Kostnader i kNOK Kostnadsslag	Aktuella projektkostnader	Godkänd kostnadsplan	Avvikelse(+/-)
Tidsförbruk	45	45	0
Löneutgifter inkl. overhead	25.000	25.000	0
Externa tjänster			
Utrustning och material	2.489	5.000	-2.511
Resor och möter	6.884	24.000	-17.116
Information	0	10.000	-10.000
<b>Summa</b>	<b>34.373</b>	<b>64.000</b>	<b>-29.627</b>

Projektfinansiering (finansiering av ovannämnda kostnader)

Finansiering i kNOK Finansiärer	Aktuell projekt- finansiering	Godkänd finansieringsplan	Avvikelse (+/-)
Ej offentlig finansiering (ange namn)	17.186,5	32.000	-14.813,5
Offentliga (ej NI) (ange namn)			
NI	17.186,5	32.000	-14.813,5
<b>Summa</b>	<b>34.373</b>	<b>64.000</b>	<b>-29.627</b>

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Separat schema skall inlämnas för varje deltagare i projektet samt för hela projektet

Projektnummer:

Projektname:

Avser (sätt kryss i tillämpligt ruta):

- Hela projektet  
 Deltagare – IT företagen, Sweden

Projektkostnader (avser endast kostnader för eget arbete)

Kostnader i kNOK Kostnadslag	Aktuella projektkostnader	Godkänd kostnadsplan	Avvikelse(+/-)
Tidsförbruk		45	0
Löneutgifter inkl. overhead	25.000	25.000	0
Externa tjänster			
Utrustning och material	0	5.000	-5.000
Resor och möter	37.788	24.000	+13.788
Information	2.306	10.000	-7.694
<b>Summa</b>	<b>65.094</b>	<b>64.000</b>	<b>+1.094</b>

Projektfinansiering (finansiering av ovannämnda kostnader)

Finansiering i kNOK Finansiärer	Aktuell projekt- finansiering	Godkänd finansieringsplan	Avvikelse (+/-)
Ej offentlig finansiering (ange namn)	32.547	32.000	+547
Offentliga (ej NI) (ange namn)			
NI	32.547	32.000	+547
<b>Summa</b>	<b>65.094</b>	<b>64.000</b>	<b>+1.094</b>

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Projektnummer:

Projektname:

Avser (sätt kryss i tillämpligt ruta):

- Hela projektet  
 Deltagare – IKT-Norge

Projektkostnader (avser endast kostnader för eget arbete)

Kostnader i kNOK Kostnadsslag	Aktuella projektkostnader	Godkänd kostnadsplan	Avvikelse(+/-)
Tidsförbruk	45	45	0
Löneutgifter inkl. overhead	25.000	25.000	0
Externa tjänster			
Utrustning och material	5.000	5.000	0
Resor och möter	14.040	24.000	-9.960
Information	10.000	10.000	0
<b>Summa</b>	<b>54.040</b>	<b>64.000</b>	<b>-9.960</b>

Projektfinansiering (finansiering av ovannämnda kostnader)

Finansiering i kNOK Finansiärer	Aktuell projekt- finansiering	Godkänd finansieringsplan	Avvikelse (+/-)
Ej offentlig finansiering (ange namn)	27.020	32.000	-4.980
Offentliga (ej NI) (ange namn)			
NI	27.020	32.000	-4.980
<b>Summa</b>	<b>56.446</b>	<b>64.000</b>	<b>-9.960</b>

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Projektnummer:

Projektname:

Avser (sätt kryss i tillämpligt ruta):

- Hela projektet  
 Deltagare – Federation of the Finnish Information Industries

Projektkostnader (avser endast kostnader för eget arbete)

Kostnader i kNOK Kostnadsslag	Aktuella projektkostnader	Godkänd kostnadsplan	Avvikelse(+/-)
Tidsförbruk	45	45	0
Löneutgifter inkl. overhead	25.000	25.000	0
Externa tjänster			
Utrustning och material	4.500	5.000	-500
Resor och möter	13.465	24.000	-10.535
Information	9.000	10.000	-1.000
<b>Summa</b>	51.965	<b>64.000</b>	-12.035

Projektfinansiering (finansiering av ovannämnda kostnader)

Finansiering i kNOK Finansiärer	Aktuell projekt- finansiering	Godkänd finansieringsplan	Avvikelse (+/-)
Ej offentlig finansiering (ange namn)	25.985,5	32.000	-6.17,5
Offentliga (ej NI) (ange namn)			
NI	25.985,5	32.000	-6.17,5
<b>Summa</b>	51.965	<b>64.000</b>	-12.035

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