A NEW DATA COLLECTION SOLUTION

Response to Industry

30 JULY 2018

Executive Summary

APRA is undertaking a substantial data transformation program

APRA's data transformation program will fundamentally change all aspects of APRA's data management, modernising how it collects, stores, analyses and innovates with data. A core element of the program is the replacement of the current data collection system, 'Direct to APRA' (D2A), with a more modern, efficient system, the new Data Collection Solution.

APRA has undertaken comprehensive industry engagement to seek input into the new solution

APRA's vision for the new Data Collection Solution is: an easy-to-use system to collect high-quality data that is adaptable to future business needs. To achieve this vision APRA requires input from reporting entities (entities), their third-party service providers and regulatory technology (RegTech) providers.

APRA has undertaken a series of engagement activities to invite feedback from industry on D2A and input into the requirements for the new solution. Stakeholders were invited to attend webinars, roundtables and technical working sessions, and respond to the 'Key items for stakeholder consideration'[1] (Key Items) document or an online survey.

APRA also conducted research with partner agencies in Australia and international agencies.

1. https://www.apra.gov.au/sites/default/files/DCS_Key-Items-for-Stakeholder-Consideration_26022018.pdf

APRA is seeking a solution that delivers the benefits industry seeks, while minimising cost

APRA will include the majority of the solution features suggested by stakeholders in the Request for Tender (RFT). APRA will seek a new solution which imposes minimal upfront change to how entities submit data, while encouraging the adoption of more advanced data submission methods over time.

APRA's intention remains to implement a minimally customised commercial off-the-shelf (COTS) solution. Our initial market research suggests that the features desired by entities are consistent with available core product offerings.

For these reasons, APRA believes that the new solution will provide important benefits for APRA and entities, minimise implementation costs and provide a platform for ongoing improvement. The anticipated benefits of the new solution include improved usability, productivity and efficiency gains, lower cost of change and reduced maintenance costs.

This document provides information and guidance while APRA selects a solution

The purpose of this 'Response to Industry' is to inform stakeholders about the results of APRA's engagement and research, and provide direction while APRA tenders for, and selects, a solution. This document focuses on the eight key themes that emerged as most important to entities, rather than addressing all feedback from engagement activities. These eight key themes, which fall into two categories, are:

| Desired solution features | Multiple submission channels and formats | A secure, web-based portal | An improved data validation and query experience | Test environments for transition and ongoing support |
| Implementation and engagement approach | An early and comprehensive implementation plan | A clear implementation timeline | Appropriate engagement and support through transition | Support for the RegTech community |

APRA recognises three key challenges to deliver the value industry seeks

APRA notes the possibility that the:

- Features entities desire, and APRA will specify in the RFT, are not part of any COTS solutions, without significant customisation

- Cost of providing the features and implementation approach desired by entities are greater than expected (with implications for the levies paid by regulated financial institutions)

- Time to implement the new solution and transition all entities is longer than presented in this document.

APRA is committed to ongoing engagement

APRA will continue to engage with industry through the selection, implementation and transition of the new solution. This will include seeking input, where appropriate, from the Strategic Industry Reference Group, Technical Working Group and Software Vendors Working Group (reference and working groups).
More information on the reference and working groups is provided below and on the new Data Collection Solution website: https://www.apra.gov.au/apra-replacing-d2a.

APRA invites entities, RegTech providers and any other stakeholders to contact the Data Collection Solution team for further information at **newdatacollectionsolution@apra.gov.au**.

1. APRA's data transformation program

APRA collects, stores and analyses data to inform its core supervisory work, assist policy development, and support other government agencies (partner agencies). Partner agencies include the Australian Bureau of Statistics (ABS), Australian Securities and Investments Commission (ASIC), and Reserve Bank of Australia (RBA).

To effectively fulfil our role, APRA requires accurate data, received in a timely manner, through a secure channel.

Advances in data, analytics and technology are increasing the capabilities of individuals, organisations and governments to use data, enabling them to deliver value in new ways.

To capitalise on these advances, APRA is undertaking a substantial data transformation program. This program will fundamentally change all aspects of APRA's data management, modernising how it collects, stores, analyses and innovates with data.

COLLECT	STORE	ANALYSE	INNOVATE

Replacing D2A with a more modern and efficient Data Collection Solution is an integral part of APRA's data transformation program.

Our vision for the new Data Collection Solution is:
An easy-to-use system to collect high-quality data that is adaptable to future business needs.

Changing the way that data is collected will affect entities, RegTech providers and partner agencies. To realise our vision for the new Data Collection Solution, and best meet the needs of stakeholders, APRA has engaged with each of these stakeholder groups and conducted research into potential solutions, as outlined in the next section.
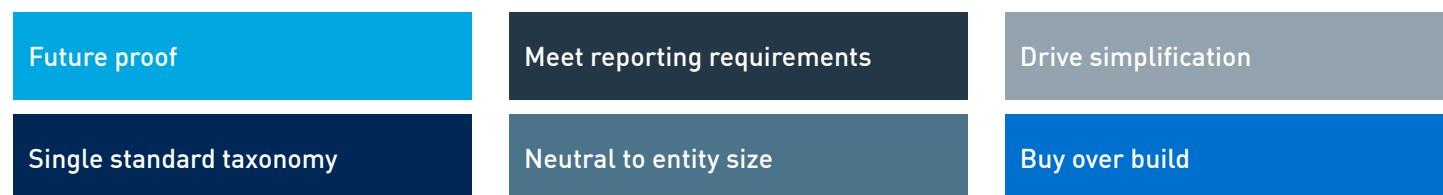
2. APRA's research and engagement

This section contains a summary of APRA's engagement with industry and research into potential solutions. APRA facilitated a range of engagement activities, inviting feedback from industry on the design and implementation of the new Data Collection Solution. Insights from the engagement activities informed research into potential solutions and discussions with international regulators about their chosen systems.

Entity engagement

The industry-wide engagement approach commenced with the release of the Key Items document in February 2018. The Key Items document included 16 questions seeking to understand how data is currently submitted and the amount of change that would be required to transition to a new Data Collection Solution. It also set the foundations for our engagement activities, including establishing the following principles for solution design.

Principles for solution design

Future proof	Meet reporting requirements	Drive simplification
Single standard taxonomy	Neutral to entity size	Buy over build

For further information about the 16 questions and the design principles, the Key Items document is available on the new Data Collection Solution website[1]. Reponses to the Key Items document and responses submitted through the available surveys that were not marked as 'confidential' can also be viewed on the website.

Over 400 individuals participated in engagement activities on behalf of entities and RegTech providers. As some entities report on behalf of multiple entities (such as administrators or trustees), this means more than 1,800 entities were represented throughout engagement activities. Engagement activities included:

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1. https://www.apra.gov.au/apra-replacing-d2a

1. attending webinars, roundtables and technical working sessions; and

2. responding to the Key Items document or an online survey.

The engagement activities were designed to reinforce the themes from the Key Items document, seek initial and then more detailed feedback, and finally co-design potential solutions.

Further information about activities completed, the key themes gathered and the demographics of participants are included in the five updates, released throughout the engagement process.

Participants responded positively to engagement activities: over 85 per cent of respondents to the online survey 'strongly agreed' or 'agreed' with the statements 'I believe stakeholders have a real opportunity to shape the design of the new solution' and 'I believe the new solution will provide benefits to my organisation'.

Feedback was consistent across industries

Engagement activities were predominantly designed along industry lines, enabling participants to focus on issues most important to their industry, and helping APRA to identify any industry-specific themes.

As engagement activities progressed, it became clear that the key themes from engagement were consistent across industries, with a small number of variations between entities of different sizes, different levels of submission automation and Australian or international head office location.

Larger entities were more likely to raise challenges with coordinating change across multiple locations and divisions, while smaller entities noted the challenges of operating with limited resources. Entities that currently use some form of automation to support their data submission supported a solution which facilitated even greater automation, while other entities favoured the maintenance of a wide variety of existing submission processes. Entities with an international head office noted that resources for Australian-driven projects must compete with the demands of broader international projects.

Insights presented in this document reflect the views of the majority of participating stakeholders, unless otherwise noted.

Balancing the design principles of 'neutral to entity size' and 'future proof'

Views differed on the level of change that should be required of entities in order to submit data through the new system. In summary, perspectives differed on the balance between:

- Significant change now, such as mandating that all data be submitted using more automated channels; and

- More gradual change over time, such as allowing entities to continue to submit data through existing channels and formats and encouraging more automated submission methods over time.

Entities with limited resources emphasised that significant change now would be especially challenging for them.

To deliver a solution which is both 'neutral to entity size' and also 'future proof', APRA intends to seek a platform with a wide range of features, including more advanced data submission capabilities. This approach aims to minimise the amount of change required through transition and to allow entities to adopt more automated submission methods over time.

APRA will work with the reference and working groups to explore how best to advance the capabilities of entities over time, thereby improving the efficiency in submitting data.

Discussions with other agencies

Insights from the engagement activities helped inform APRA's discussions with regulators and comparable government agencies, both internationally and domestically. Discussions focused on the potential design and implementation approaches for the new solution and were held with international regulators including the Bank of England, Financial Conduct Authority (UK), Office of the Superintendent of Financial Institutions (Canada) and Reserve Bank of New Zealand, some of which have implemented new data collection solutions in recent years. These discussions provided valuable insights to inform data collection practices, taxonomies, product selection, implementation timelines, training and transition.

APRA also liaised closely with partner agencies in Australia to coordinate and discuss future data-sharing and the replacement of AUSkey. APRA worked particularly closely with ASIC, to coordinate with its engagement on the collection of recurrent data from providers of financial services.

Solution research

APRA has conducted market reviews to understand the capabilities of available solutions. The findings suggest that the features desired by entities are consistent with available core product offerings and will underpin the new solution.
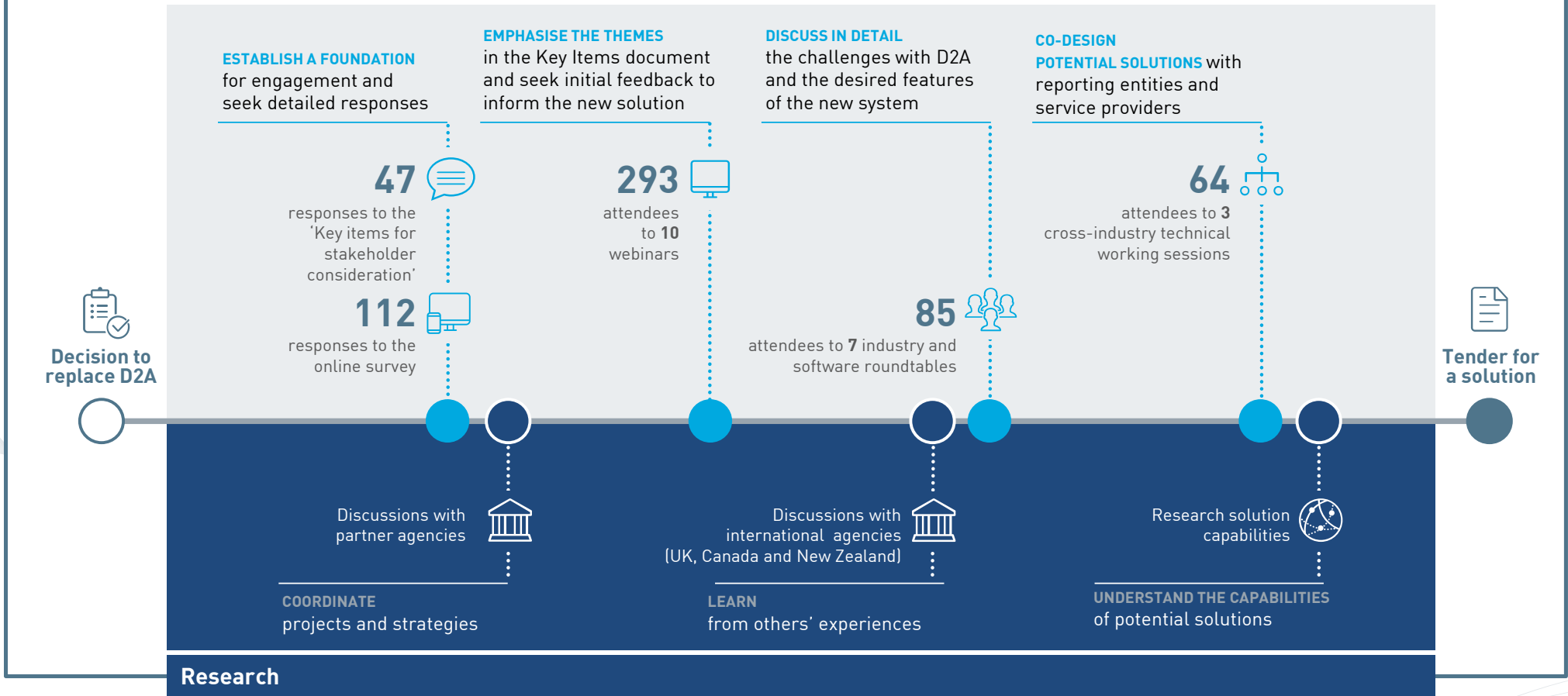
Engagement: more than 1,800 reporting entities were represented through the engagement activities

ESTABLISH A FOUNDATION for engagement and seek detailed responses

EMPHASISE THE THEMES in the Key Items document and seek initial feedback to inform the new solution

DISCUSS IN DETAIL the challenges with D2A and the desired features of the new system

CO-DESIGN POTENTIAL SOLUTIONS with reporting entities and service providers

Decision to replace D2A

47 responses to the 'Key items for stakeholder consideration'

112 responses to the online survey

293 attendees to **10** webinars

64 attendees to **3** cross-industry technical working sessions

85 attendees to **7** industry and software roundtables

Tender for a solution

Discussions with partner agencies

Discussions with international agencies (UK, Canada and New Zealand)

Research solution capabilities

COORDINATE projects and strategies

LEARN from others' experiences

UNDERSTAND THE CAPABILITIES of potential solutions

Research

The remainder of this document explores the eight key themes that emerged as most important to entities throughout the engagement process.

Desired solution features

| Multiple submission channels and formats | A secure, web-based portal | An improved data validation and query experience | Test environments for transition and ongoing support |

Implementation and engagement approach

| An early and comprehensive implementation plan | A clear implementation timeline | Appropriate engagement and support through transition | Support for the RegTech community |

3. Desired solution features

This section outlines the desired solution features that APRA will specify in the upcoming RFT. In reviewing which features to include in the RFT, a key consideration was minimising the costs that would be imposed on entities, both upfront and ongoing.

APRA is aware that the new Data Collection Solution will impose costs on entities. Throughout the engagement activities, entities suggested a number of desired features for the new Data Collection Solution, many of which would help to minimise ongoing and transition costs. The most common suggestions to reduce ongoing costs were to: reduce the manual keying of data by accepting Excel files and templates, reduce the time it takes to respond to queries from APRA, and improve the ease of access to the system. To minimise transition costs, entities suggested that the new solution should: allow entities to continue to submit data through existing channels and formats; and allow access to a test environment prior to transition. These desired features will drive the approach to market in the upcoming RFT. In doing so, APRA expects that many of the key concerns about costs will be mitigated. APRA will continue to engage with the reference and working groups about costs throughout the implementation process.

Across all insights from engagement activities, four themes emerged as most important to entities and central to providing a more modern and easy-to-use solution:

3.1 Multiple submission channels and formats	**3.2** A secure, web-based portal	**3.3** An improved data validation and query experience	**3.4** Test environments for transition and ongoing support

These themes are presented below, with a description of the current state and the key features requested throughout the engagement process. APRA will specify the vast majority of the key solution features suggested by entities in the RFT.

3.1 Multiple submission channels and formats

Current state

Entities can submit data using D2A through two primary channels – data entry (either manual data entry or structured copy and paste) and file upload. Files can be uploaded in two formats, either Extensible Business Reporting Language (XBRL) or Extensible Mark-up Language (XML). XBRL is a global standard for exchanging business information. It is based on XML, which defines a set of rules for formatting digital documents.

The current system uses D2A attribute codes and form labels to define the data required in each field of a collection form.

Some entities can also lodge returns, such as the GI Intermediaries Form 701, via email or post, if this is the only return they submit to APRA and they have not obtained an AUSkey.

Insights from engagement activities

APRA learned that the three primary channels for data submission are all widely used, with just over one-third of engagement activity participants using manual data entry and just under one-third using structured copy and paste or file upload. APRA also heard that maintaining a visual representation of each form, particularly to display data that has been entered, is important to some entities.

Entities raised multiple technical and organisational factors determining why they use a given submission method or methods. Factors included: the number of returns they submit, the complexity of returns, the format of source data, and minimising cost. Entities shared that they are more likely to use:

- Manual data entry for simple forms. In some circumstances, entities use manual data entry for simple returns and more advanced submission channels for more complex returns. Some entities appreciated that a more efficient submission channel existed, though were waiting for the retirement of D2A to ensure any investment in a new approach was compatible with the new Data Collection Solution.

- XBRL import for more complex forms where an investment to streamline data submission has been made by the organisation. These entities are also more likely to have adopted a third-party solution to assist in reporting. Some entities expressed a desire to use more sophisticated submission methods, such as XBRL import, though noted they did not have the necessary internal capabilities or budget.

- A submission method that aligns with the format of source data; for example if source data is presented in Excel, an entity would submit using structured copy and paste.

There was a strong preference from entities that the new solution should provide both basic and advanced submission channels and formats, given the variety of submission mechanisms used.

Entities viewed the new solution as a good opportunity to increase automation and reduce errors in data submission (see Sections 3.2 and 3.3 below). Over 60 per cent of respondents to the Key Items document indicated that they would be willing to adopt a machine-to-machine upload facility, depending on details such as cost, benefits and security considerations. Of the remainder, just under 30 per cent said they needed more information to make a decision and about 10 per cent indicated that they would not consider machine-to-machine upload.

Desired submission channel and format features APRA will specify in the RFT

The Key Items document noted that entities use a range of data submission methods and have invested in systems and processes to support their chosen method. In considering the future submission channels and formats, APRA is particularly aware of the need to ensure data submission remains consistent with the principles for solution design – 'neutral to entity size' and also 'future proof'.

The following table presents the key solution features (and associated benefits), proposed by entities through engagement activities, which APRA will specify in the RFT.

Desired features	Benefit
Maintain the primary submission channels used by entities in D2A: manual data entry, structured copy and paste and file upload	Reduce the cost and complexity of transition by maintaining the primary submission channels
Maintain the primary file upload formats in D2A: XML and XBRL	Reduce the cost and complexity of transition by maintaining the existing file upload formats
Expand the file upload formats to include CSV, XLS and JSON	Provide greater flexibility to entities on the formats that data can be submitted with and reduce the need to reformat data

Desired features	Benefit
Advance data submission by introducing machine-to-machine communication via an Application Programming Interface (API)	Improve the efficiency of data submission for entities with more advanced technological capabilities through less manual input. Improve retrieval of information, e.g. taxonomy and validation updates

Introducing this capability will provide the means for a future move away from forms and manual entry towards automated submissions |
| Retain the visual representation of data as forms | Reduce the complexity of transition by maintaining the way that data is displayed within the system |
| Improve file upload capabilities with templates that can be downloaded, completed (online or offline) and uploaded, within the solution | Increase the ease of submitting data via file upload |

Standard Business Reporting

Standard Business Reporting (SBR) is an Australian Government program that defines the Australian standard terms and formats for the exchange of financial information. SBR provides a definitional taxonomy (dictionary) of standard terms. These standard terms are used across government for multiple reporting requirements as well as for the development of software. The definitions drive consistency between organisations that submit data and identify commonality between items reported to multiple government agencies. APRA has been progressively adopting SBR since 2007. The Key Items document noted that APRA intended to make full use of SBR, with feedback sought on how entities could best transition.

Over half of the respondents to the Key Items document noted that a transition to SBR would be challenging. The primary challenges raised by entities were the amount of time, technical resources and budget needed to plan and implement changes to reporting systems. A number of entities noted that they would require a better understanding of SBR and its application within the new system before commenting on implementation challenges.

Based on the feedback received, APRA recognises there should be a gradual transition to use of SBR codes for reporting. This means D2A attribute codes will be maintained in the new system, alongside SBR terms, for all existing reporting requirements. APRA believes this will significantly reduce the change required for many entities.

APRA remains committed to SBR. Any new data collection requirements introduced for collection through the new solution will be defined exclusively with SBR terms.

APRA will not allow returns to be lodged outside of the new Data Collection Solution

APRA recognises that some returns, such as GI Intermediaries' Form 701, are posted or emailed to APRA. It is understood that this is seen as more efficient than requesting an AUSkey and submitting data via D2A, particularly when there is limited or no data to report.

Returns lodged outside of the system require manual effort to be processed. To maximise efficiencies in data collection and encourage entities to move to more 'future proof' submission methods (a principle for solution design), APRA will no longer accept emailed and posted returns.

APRA is committed to supporting those entities that currently submit data outside of D2A (see Section 4.2). The transition process for entities impacted by this change will depend on the new solution. Once a solution has been selected, APRA will provide further detail on the transition process.

While the new solution will continue to accept data that is manually entered, APRA encourages entities to consider RegTech solutions or develop more advanced submission methods in-house, to improve the efficiency of submitting data.

3.2 A secure, web-based portal

Current state

To lodge data through D2A, entities must download the D2A Client software to a dedicated computer. To access the D2A Client software, each user needs to request an individual AUSkey from the Australian Business Register. The AUSkey is linked to the designated computer or to a USB and must be matched with a corresponding password to enable access to D2A. Entities may delegate access to their service provider (such as an administrator) to lodge data on their behalf.

There are no inbuilt communication channels within D2A. Communication between APRA and entities occurs outside the software, via telephone and email, with no central store of communication. D2A displays when data is submitted to APRA but does not provide visibility of workflow prior to, or after, submission.

Entities can export the data that they previously submitted to D2A in PDF format.

Insights from engagement activities

Entities highlighted the difficulties that downloading software onto a designated computer creates, such as the inability to share reporting responsibilities across the organisation, and support and maintenance constraints. Entities also highlighted the amount of time and effort required to request and receive a separate AUSkey for each individual user.

Entities also noted the challenges of out-of-system correspondence. Ad hoc requests for information and queries raised via email are more difficult to track. They also noted that the ability to track the progress of returns would enhance workflow management.

Entities requested the ability to export data from the system in Excel or some other format which will facilitate analysis. A number of entities noted the benefits that entity and industry insights, trends and reports could provide.

> Solutions implemented by international regulators, and investigated by APRA, offer varying degrees of workflow management features. All solutions enable messages to be channelled to the appropriate business area and responsible individuals within an entity. The capability to upload, view and export files varied between solutions.

Desired security and portal features APRA will specify in the RFT

As stated in the Key Items document, APRA recognises the limitations imposed by D2A and is seeking to implement a secure web-based solution that is easy to use and will improve the visibility and management of communication and workflow.

The following table presents the key solution features (and associated benefits), proposed by entities through the engagement activities, which APRA will specify in the RFT.

Desired features	Benefit
A web-based solution that is secure and accessible via a standard web browser	Improve the flexibility of access and reduce system maintenance costs
Access for multiple staff to work simultaneously within the system	Reduce bottlenecks and key person dependencies
Capture all data submissions, including ad hoc requests and unstructured data, within a single portal	Improve the efficiency of data submission and ongoing management
Display the status of returns and queries post submission on an easy-to-read dashboard	Improve workflow management
Capture all communication, including notifications, submission receipts, queries and responses, within a single portal	Improve the quality and ongoing management of correspondence
Export previously submitted data in a format (such as Excel) that enables entities to conduct analysis on the data	Increase the ability for entities to perform internal analysis

Desired improvements APRA will explore separate to the selection of a new solution

The following table presents the key solution features, proposed by entities through the engagement activities, which APRA will not specify in the RFT. A rationale for each decision is also provided.

Desired features	APRA's response
Inbuilt data analytics, such as entity and industry trends and cross entity comparisons	APRA recognises the potential benefits of analysis tools for entities, however analysis tool capabilities are outside the scope of implementing a new Data Collection Solution, which is focused on collecting data for reporting requirements. APRA's broader data transformation program plans to deliver analysis capabilities for non-confidential data. APRA expects that some entities or RegTech providers will create solutions to combine APRA's public industry-wide data with an entity's own data for tailored analytics.
Replace AUSkey	AUSkey is a government authentication tool which APRA adopted as a government agency. The existing login process, requiring an individual AUSkey and password for each user, digitally encrypts and signs data for transmission to APRA, ensuring it cannot be repudiated by the reporting entity. The Australian Government has announced that AUSkey will be replaced by April 2020, though has not yet determined the replacement. Implementation is likely to include the AUSkey replacement. APRA will not consider an alternative authentication mechanism outside of Australian Government standards.
A single government portal to collect all government data, including data submitted to APRA	APRA collects data under the *Financial Sector (Collection of Data) Act 2001* (FSCoDA), including on behalf of partner agencies. APRA acknowledges that further centralising the collection of government data has the potential to save time and reduce the complexity of submitting data to government. APRA will continue to work with partner agencies as future data needs evolve to determine how to coordinate data collection in the future.

3.3 An improved data validation and query experience

Current state

APRA and its partner agencies require accurate data to fulfil their roles. This makes data validation a critical element of the data submission process.

APRA's data validation rules are available on the APRA website and incorporated into D2A. Pre-submission, D2A performs confirmation and mandatory validations. Confirmation validations identify potential errors in the data and ask the user to amend the data or provide a comment explaining the data reported. Mandatory validations identify errors that must be resolved prior to submission. Comments are not possible for mandatory validations.

Users of the data, including partner agencies, analyse the submissions and send any queries that arise from analysis to the relevant entity, via APRA. This can sometimes occur several months after the data was first submitted.

The response provided by an entity can lead to follow up queries and in some cases an extended email exchange. This may result in a request for resubmission, further extending timeframes.

Insights from engagement activities

Addressing inefficiencies in the data validation and query processes emerged as a key priority for the new solution. Entities presented a number of common limitations with the current approach:

- Validation rules cannot be viewed in D2A.

- Comments cannot be provided against mandatory validations or data that is not flagged as an error, leading to additional follow-up queries.

- Responding to queries is time consuming, particularly as queries are often received some time after data is submitted.

- Queries are often difficult to interpret.

- Entire forms or batches must be resubmitted to address a single query or remediate an error.

Larger organisations also noted the need to coordinate remediation across multiple business units and locations. This reinforced the importance of clear and detailed error messages and queries, received promptly after data is submitted.

Furthermore, entities noted that scaling requirements mandated in data collection forms are inconsistent, leading to rounding errors when figures are summed. Entities suggested that errors caused by mandated scaling would be reduced if APRA adjusted the materiality threshold for triggering an error to match the relevant scaling requirement.

Desired validation and query features APRA will specify in the RFT

Improving validations will do much to 'drive simplification', one of APRA's solution design principles, thereby also reducing cost over time. APRA will seek a solution that best supports the validation experience. The following table presents the key solution features (and associated benefits), proposed by stakeholders through the engagement activities, which APRA will specify in the RFT.

Desired features	Benefit
Allow users to amend single data fields that contain an error, without the need to reconfirm previously confirmed validations	Increase the efficiency of data resubmission
Increase the opportunity for comments to be provided against data fields and forms, to provide an explanation of any discrepancies that exist in the data	Improve communication with APRA and reduce post-submission queries
Allow query responses to be uploaded or transferred from previous submissions	Increase the efficiency of responding to queries
Make validation rules available within the solution	Improve the ease of access to all validation rules and support machine-to-machine submissions

APRA understands the challenge that entities face in remediating errors post-submission and responding to follow-up queries. APRA is committed to improving the data validation and query experience and will continue to review ways to perform more validations pre-submission and reduce the number of follow-up queries. This includes incorporating more partner agency validations into APRA's process where possible and reviewing the scaling requirements mandated in reporting standards.

APRA understands the challenge that entities face in remediating errors post-submission and responding to follow-up queries. APRA is committed to improving the data validation and query experience and will continue to review ways to perform more validations pre-submission and reduce the number of follow-up queries. This includes incorporating more partner agency validations into APRA's process where possible and reviewing the scaling requirements mandated in reporting standards.

3.4 Test environments for transition and ongoing support

Current state

Changes to D2A are tested internally, released and implemented by entities through software upgrades to the D2A client. D2A has a test mode which allows stakeholders to test data submissions, however there is currently no mechanism for testing software changes without upgrading the client. There is no standalone test environment that allows entities or RegTech providers to use D2A in a non-production environment.

Insights from engagement activities

Stakeholders requested a test environment, made available prior to transition, to provide IT and regulatory reporting teams with an opportunity to familiarise themselves with the solution and prepare for transition. The strong view was that this should persist as an ongoing test environment. This would enable stakeholders to prepare for system updates and test third-party solutions, developed by RegTech providers. RegTech providers also noted the benefits of an ongoing test environment to test solutions as they are being developed.

An ongoing test environment, accessible to entities and RegTech providers, is a common feature among similar solutions implemented by international regulators.

Desired test environment features APRA will specify in the RFT

APRA is committed to providing a test environment to assist transition, and an ongoing environment to test system updates and RegTech solutions. The following table presents the key solution features (and associated benefits), proposed by stakeholders through the engagement activities, which APRA will specify in the RFT.

Desired features	Benefit
A transition test environment mirroring the production environment and provided in advance of transition to the new solution	A transition test environment will provide stakeholders with the opportunity to familiarise themselves with the new solution and test their readiness to transition. RegTech providers will be able to work with entities and test solutions in a production-like environment.
An ongoing test environment mirroring the production environment with the latest system updates	An ongoing test environment will provide stakeholders with the opportunity to preview and test system updates. This will improve the quality and implementation of updates. The environment will also support the RegTech community, enabling providers to test new solutions as they are developed. It will be maintained and secured to the same standards as the production environment.

Some entities and RegTech providers have requested access to a test environment before it is able to mirror the production environment. APRA understands the benefits that this might provide, enabling the early testing of RegTech or entity solutions. APRA will explore the feasibility of providing this type of test environment with the chosen solution provider.

4. Implementation and engagement approach

This section provides an overview of the support APRA will provide to industry through implementation and transition. As outlined in Section 3, APRA is aware that the new Data Collection Solution will impose costs on entities. In determining the appropriate implementation and engagement approach, a key consideration is minimising the transition cost for entities.

The appropriate transition, implementation and engagement approach was the subject of much discussion through the engagement activities. Stakeholders raised a number of suggestions to best support the move away from D2A. As an overall principle, stakeholders voiced strong support for the engagement approach APRA has used thus far and were keen for this approach to continue. Over 85 per cent of respondents to the online survey 'strongly agreed' or 'agreed' with the statement 'I believe APRA wants to minimise the burden to industry associated with implementing the new solution'.

Feedback from stakeholders suggests the directions outlined in Section 3, especially the continuation of current submission channels and formats (expect emailed and posted returns), will help to minimise the cost and complexity of transition for entities. Entities suggested that transition costs could also be reduced with: early, clear and comprehensive communication; sufficient preparation time before transition, coordination with competing timelines, appropriate training for staff, and additional APRA support personnel.

A key principle which underpins this support is that entities must take responsibility for ensuring their readiness to submit data through the new Data Collection Solution. As outlined below, APRA will take a number of reasonable steps to support entities through this transition. However, given the substantial number of entities that report data (over 4,500), the differences across entities and APRA's status as a public agency subject to a fixed budget, there are limits to the extent of support APRA can provide.

From the significant number of suggestions raised through the engagement activities, four themes emerged as most important to the successful implementation of the new solution:

4.1 An early and comprehensive implementation plan	**4.2** A clear implementation timeline	**4.3** Appropriate engagement and support through transition	**4.4** Support for the RegTech community

These themes are discussed below, with a description of the features that are grouped into each theme, and APRA's response. Nearly all of the requested features will be incorporated in the approach.

4.1 An early and comprehensive implementation plan

To provide guidance, the Key Items document contained information about the planned implementation of the new Data Collection Solution, including a draft timeline with key milestones. APRA will periodically provide entities with updates to the implementation pan.

Insights from engagement activities

Stakeholders emphasised the importance of receiving early and comprehensive information to enable the successful transition to the new solution. They cited the importance of detailed specifications of the 'final' or 'locked down' solution and information about the transition test environment, engagement activities, training and support. Stakeholders appreciated that more information will become available over time as the solution is selected and then implemented, though noted the value of receiving guidance on when key information will be provided.

Desired features APRA intends to incorporate into the implementation approach

APRA is committed to early and transparent communication through the implementation, rollout and transition of the new solution. To facilitate this, and provide appropriate guidance to industry, APRA will provide a comprehensive implementation plan. The plan will include all of the key features requested by stakeholders through the engagement activities. APRA intends to release an initial implementation plan in early 2019 with further detail provided in the following months (further detail in Section 4.2).

Features of the Implementation Plan

Detailed technical specifications of the solution

The standard implementation process for all entities

Clear roles and responsibilities for APRA and entities through transition

A clear implementation timeline, including key dates (further detail in Section 4.2)

Requirements for entities to demonstrate 'readiness' to transition (further detail in Section 4.2)

Information about engagement and support for entities through transition (further detail in Section 4.3)

Bespoke support for entities transitioning from emailed or posted return submissions (further detail in Section 4.3)

Information about the reference and working groups, including terms of reference, a list of members, contact details and meeting minutes (further detail in Section 4.3)

Information about support for the RegTech community (further detail is in Section 4.4)

4.2 A clear implementation timeline

The Key Items document indicated that the new solution would be implemented from late 2018 to August 2019, with rollout and transition beginning in September 2019.

Insights from engagement activities

Stakeholders identified adequate preparation time as essential to a successful transition. Larger, more complex organisations noted the challenge of coordinating change across divisions and locations. Some international organisations advised that they need to lodge a request for internal change support at least 12 months in advance. Smaller organisations highlighted the challenge of managing change with limited resources.

All stakeholders agreed on the importance of receiving information as early as possible, although the minimum preparation time requirement varied.

Stakeholders also asked for access to a transition test environment at least three months prior to transition and indicated a preference for a phased transition approach, with phasing by industry.

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1 APRA's data transformation program

2 APRA's research and engagement
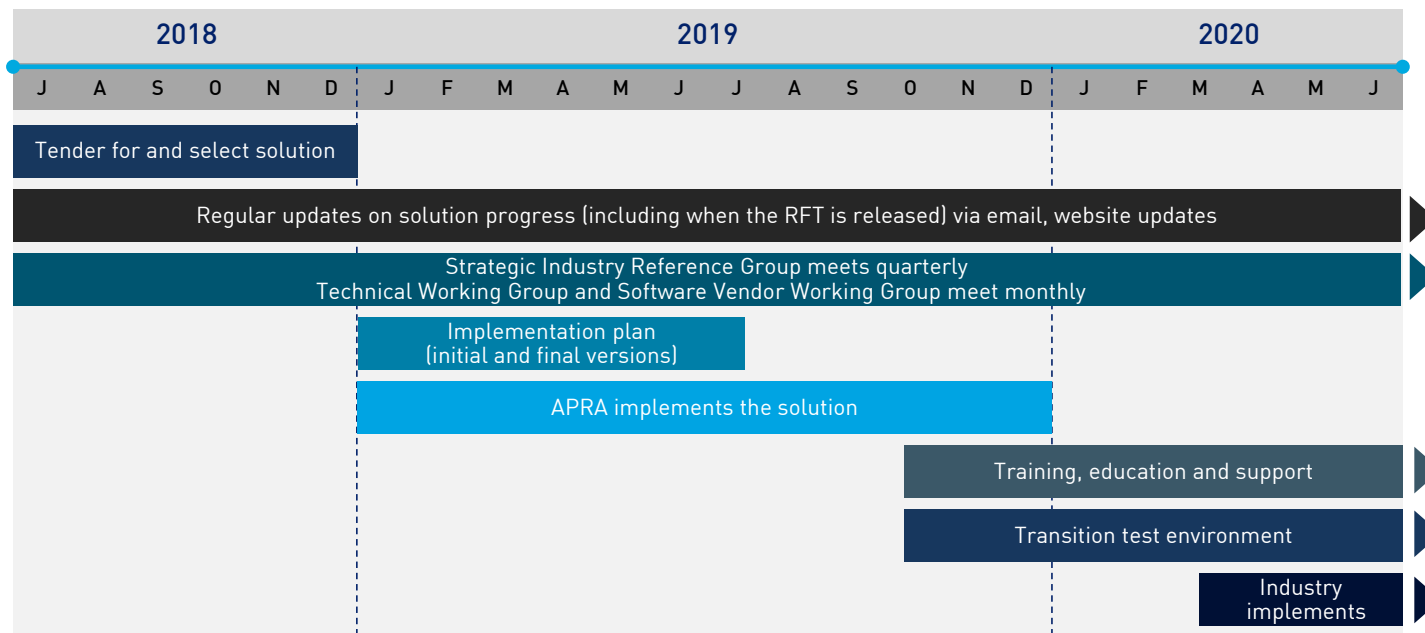
3 Desired solution features

4 Implementation and engagement approach

5 Next steps

Desired features APRA intends to incorporate into the implementation timeline

Based on feedback across the engagement activities, APRA has extended the draft timeline to reflect stakeholders' need for adequate time to transition. However, the plan does not allow for the 12 month period requested by some entities. The key change from the draft timeline is that 'Industry implement' has moved from September 2019 to early 2020. The following chart provides our current best indication of the implementation timeline. It is subject to change.

2018						2019												2020					
J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J

Tender for and select solution

Regular updates on solution progress (including when the RFT is released) via email, website updates ▶

**Strategic Industry Reference Group meets quarterly
Technical Working Group and Software Vendor Working Group meet monthly** ▶

**Implementation plan
(initial and final versions)**

APRA implements the solution

Training, education and support ▶

Transition test environment ▶

Industry implements ▶

APRA has commenced implementation planning and given consideration to factors including the number of entities within an industry, reporting frequency and entity balance dates. APRA expects to commence transition to the new Data Collection Solution in the first quarter of 2020 with the majority of entities transitioning by mid-2020. APRA's plan will take into consideration December / January holidays and IT freezes which may impact entities.

At finalisation of the implementation plan, APRA envisages a process to communicate to each entity when they will commence reporting on the new solution. Entities will not be asked to change their reporting schedules.

The following table presents the timing of key events requested by stakeholders through engagement activities. As the implementation approach is dependent on the selected solution, the information provided is our current, best indication and is subject to change. APRA will engage with entities to finalise the transition and implementation plan.

Timeline event (current indicative date)	Rationale
Mid-2018 to solution completion Regular updates on solution progress, including when the RFT is released	To keep stakeholders informed of progress
Early-2019 Initial implementation plan with high level information	APRA understands that stakeholders need the right information and sufficient time to prepare for change. An initial implementation plan will provide preliminary guidance on the contents of the implementation plan noted in Section 4.1 above. APRA is also committed to releasing further information as soon as it has been confirmed.
Mid-2019 Final implementation plan	APRA's intention is to provide a final implementation plan at least six months before the first entities transition to the new solution. APRA understands that this is less notice than the 12 months requested by some entities, but believes that this is manageable given the level of change.
Sep-Oct 2019 Access to the transition test environment	APRA's intention is to provide stakeholders at least three months' access to the transition test environment prior to the entities transitioning to the new solution. Within this period, APRA plans to provide entities with the opportunity to lodge complete submissions, receive success/fail feedback and update their internal processes (as necessary).
Late 2019 Testing entities' readiness to transition	The test environment will be used to measure each entity's readiness for transition. The precise approach to the readiness assessment will be determined once the new solution is selected.

Note: all dates are current, best indications and are subject to change.

At finalisation of the implementation plan, APRA envisages a process to communicate to each entity when they will commence reporting on the new solution. Entities will not be asked to change their reporting schedules.

The following table presents the timing of key events requested by stakeholders through engagement activities. As the implementation approach is dependent on the selected solution, the information provided is our current, best indication and is subject to change. APRA will engage with entities to finalise the transition and implementation plan.

Desired feature APRA will not incorporate into the implementation approach

APRA is not able to extend reporting timeframes post implementation, as requested by some entities. Timeliness of data submission is essential for APRA to fulfil its role.

4.3 Appropriate engagement and support through transition

Current state

APRA provides support to entities through the D2A Help Desk (Help Desk) and IT teams, both of which are available Monday to Friday from 09:00 to 17:00 EST. The Help Desk provides support in the first instance and refers users to the IT team for more technical queries, primarily bug fixes and system workarounds. The Help Desk received an average of 70 phone calls per month over the year to June 2018.

Insights from engagement activities

Stakeholders noted that the level of support required through transition will depend on the selected solution and the extent of change required. As general principles, stakeholders cited the importance of: a structured change management process to guide the implementation, ongoing engagement activities throughout the implementation process, and the provision of training sessions and materials.

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Desired features APRA will incorporate into the engagement approach

The Key Items document noted that two forums will be established to provide ongoing advice: the Strategic Industry Reference Group and the Technical Working Group. In response to feedback from entities and third-party software providers, APRA will also establish a Software Vendors Working Group. This reflects the existing role that the RegTech community plays in supporting entities, and the potential for this role to expand alongside the new solution. APRA will use the reference and working groups to test and refine key aspects of the implementation, roll-out and transition of the new solution.

APRA is committed to supporting stakeholders through transition. The following table presents the key features, requested by stakeholders through engagement activities, which will be included in APRA's engagement approach. The specific nature and level of support which will be provided through these mechanisms will be confirmed once the solution is selected. This will be communicated in APRA's implementation plan, scheduled for release in early 2019.

Engagement features
A focus on change management with resources from APRA experienced in implementing large projects
Additional resources allocated to the Help Desk for technical support through transition
Training and education sessions, including for the adoption of SBR
Training and support materials, such as a transition guide and system user manuals, available on the APRA website
Bespoke support for entities transitioning from emailing or posting data
Regular, ongoing engagement and communication (likely to be at least monthly), using a variety of engagement activities and communication channels (including webinars, website updates and emails)
Publication of information about the reference and working groups, including terms of reference, a list of members, contact details and meeting minutes
Support for the data ecosystem and the RegTech community (see Section 4.4)
An opportunity for entities and third-party software providers (through the established reference and working groups) to be involved through an iterative solution design

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Desired feature APRA will not include in the engagement approach

The following table presents the key feature, requested by stakeholders through engagement activities, which will not be incorporated into APRA's engagement approach, along with the rationale.

Engagement feature	Rationale
Provide entities and third-party software providers with an opportunity to participate in the solution selection process	In accordance with procurement guidelines it is not possible for APRA to involve industry in solution selection

4.4 Support for the RegTech community

Current state

APRA's engagement with the RegTech community has to date been limited, partly due to the lack of an external test environment. More recently APRA has increased its engagement with the sector in response to the increased uptake of third party solutions by entities. APRA has met with a number or RegTech providers and has established relationships with the RegTech Association and Australian Business Software Industry Association.

During the DCS engagement, APRA held a webinar and a roundtable dedicated to members of the software industry.

Insights from engagement activities

Many entities indicated that they already work with RegTech providers to support processes. RegTech providers emphasised their capability to provide bespoke reporting tools and to support entities through the transition to the new platform. Some entities noted the challenge of identifying an appropriate RegTech provider that meets data quality and security standards.

Desired features APRA will incorporate into support for the RegTech community

APRA is aware of the potential that the RegTech community offers to support entities in their reporting obligations. To support this, APRA will change how it engages with the RegTech community to support a data ecosystem, encourage entities to work with RegTech providers and maintain the highest levels of data quality. The following table presents the support, requested through engagement activities, that APRA will provide the RegTech community.

RegTech support features
Provide clarity on roles for RegTech providers in the data ecosystem, including in the medium to long term
Encourage RegTech providers to prepare for and respond to opportunities in the data ecosystem
Select a Data Collection Solution that supports a modern data ecosystem
Establish a Software Vendors Working Group to enable the RegTech community to contribute to the implementation and roll-out of the new solution
Provide the RegTech community with access to an ongoing test environment

Desired features APRA will not incorporate into RegTech support

Some entities, and also RegTech providers, requested that APRA provide a list of certified RegTech providers or standards for self-certification. APRA understands that choosing an appropriate RegTech partner will be an important consideration for many entities. As entities will remain responsible for verifying the accuracy of the data they submit to APRA, it is appropriate that entities retain responsibility for conducting appropriate due diligence when choosing to partner with a RegTech provider. APRA reminds entities of their obligations to comply with Prudential Standard CPS 231 Outsourcing when engaging any third-party service providers to assist with submitting data.

5. Next steps

This document concludes the first stage of APRA's engagement with industry to inform the selection and implementation of the new Data Collection Solution.

APRA understands that early, clear and comprehensive communication is important to allow your organisation the time and information to effectively transition to the new solution. APRA will continue to share key details about the solution specifications and implementation plan as they are confirmed. The key next steps are:

APRA intends to approach the market later in 2018, review potential solutions and select a provider by the end of 2018. The RFT process will follow standard government procedures for a tender of this nature.

Information about the reference and working groups will be made available on the APRA website including the terms of reference, contact details, and meeting minutes

As more detailed technical specifications are confirmed, APRA will share these with industry. APRA will then engage with industry to explore how best to implement the new solution.

If you have any questions, or for more information, please email the Data Collection Solution team at **newdatacollectionsolution@apra.gov.au.**