

Windfall from web services

With 100,000 new companies a year, the potential for online registration and legal services is huge. **By Stan Beer**

The Australian Securities & Investments Commission (ASIC) says 99,878 new companies were registered in Australia in 2002 and there could be more than 100,000 in 2003. That is an annual income of about \$80 million for the Federal Government, based on the standard registration fee of \$800. It also represents a market of between \$20 million and \$30 million in fees for about 200 businesses that specialise in providing company formation services for the general public and the accounting and legal professions.

The potential for a large, new source of income has not been ignored, and in the past three years several businesses have put company formation and other legal documentation services online. However, few have used the internet with much sophistication to sell their products and services. Shelfcom, Patricia Holdings, MMD Legal Agency, BeSmart, FEEST Company Services and others have web sites that enable clients to order a new company formation online. Beyond that, the process reverts to manual methods, often involving re-entering the information at the provider's end and then sending documents back to the client by either mail, courier or e-mail for signing by directors.

The cost of a new company formation can be as low as \$932 for a certificate of registration from MMD (including the \$800 ASIC fee) or more than \$1100 from some providers, whose base offering may include a bound folder with a company register, constitution, minutes, secretarial records and common seal.

Two low-cost providers of company formation services are doing things differently and with more automation. One, Incorporator, has been around since December 2000 and recently started an identical web site in Britain. The other, Cleardocs, started in May 2002 as a test site providing online registration services for the now-defunct Stockford accounting group and has been open to the public since June this year. Both sites, established and owned by lawyers, are pure online businesses but operate in different ways.

Incorporator accepts online input from clients and, for a fee of

\$149.95, creates all the necessary documents involved with a company formation and sends them by e-mail to clients, who then have to lodge the application with ASIC by mail or in person, with the \$800 fee — a total cost of \$949.95.

Cleardocs automates the process. It creates the initial documents for signing, automatically lodges the application with ASIC, and e-mails the certificate of registration and other documents of incorporation to the client — for a total fee of \$937.50. Since opening to the public, Cleardocs says it has about 100 new company registrations a month. However, this is only half its business. It provides other online legal documents for accounting clients and lawyers, such as for superannuation trusts, unit trusts and discretionary trusts, each of which costs \$137. Cleardocs says it is creating about 100 of these documents a month. Incorporator will not disclose its turnover.

Neal Macrossan, a former Freehills solicitor, who founded and co-owns Incorporator, says the company registration process has not yet been fully automated on the web site because of the fallibility of clients, who are mainly non-professionals. He says the site will be able to do complete online registrations within six months.

Clients' mistakes are not a problem for Christopher Balmford, a former solicitor who founded Cleardocs, because the site's target is mainly professionals. He says: "We do have retail customers but unless you know what you are doing, it is better to go through an accountant. One of the things about fully automating the process and doing it all online is that registering a company can take minutes instead of days and you can do it from anywhere in Australia."

Some accountants do their own online registration. Les Taylor, a partner in Taylor Singer Partners of Melbourne, says it is registered with ASIC to electronically lodge new company registrations, using the corporate affairs system software, CAS, to create documents. ●



CHRISTOPHER BALMFORD: Registration in minutes, not days

ON OFFER

FIRM	ONLINE APPLICATION	ONLINE DOCUMENT GENERATION	ONLINE PAYMENT	ONLINE COMPANY REGISTRATION	COMPANY REG. FEE (\$)
Cleardocs	Yes	Yes	Yes	Yes	937.50
Incorporator	Yes	Yes	Yes	No	949.95
MMD	Yes	No	No	No	932.00
BeSmart	Yes	No	No	No	1015.00
Patricia Holdings	No	No	No	No	1080.50

SOURCE: BRW