eGovernment and ROI

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eGovernment

- What is eGovernment?
- Where is eGovernment going?
- Why consider eGovernment?
- Total Cost of Ownership, what is it?
- How do I implement eGovernment?
- How do I justify the investment, what is the ROI?
- Final thoughts and questions.
What is eGovernment?

- Online services (Outward):
  - Information portals
  - Transactional portals
  - Electronic citizens
- Government Operations (Inward):
  - Procurement
  - Human resource portals

What is not eGovernment?

- Digital Democracy
  - ePolitics, leveraging the Internet to simplify the election process.
- Data re-sale
  - The sale of information to external agencies.
Alphabet Soup

- Supply CM – Supply Chain Management
- ERP – Enterprise Resource Management
- EAI – Enterprise Application Integration
- HR – Human Resources
- BI – Business Intelligence
- CRM – Customer Relationship Management
- Sell CM – Selling Chain Management

Supply CM

- Supply chain management, integration of systems and information to optimize efficiency.
  - eBusiness:
    - Procurement, production supplies.
    - Production oriented.
  - eGovernment:
    - Procurement, services and supply oriented.
    - Information and service oriented.
**ERP**

- Enterprise Resource Planning, having the right resources available at the right time and right price.
- Primarily, based on demand:
  - eGovernment strategic plan.
  - Capacity/adoption planning.
  - Innovation rate.
- Determine the idiom of delivery...

**EAI**

- Enterprise Application Integration, taking the disparate systems of an organization and coordinating:
  - Data sharing
  - Functionality
- Goal is:
  - End duplication of information
  - End manual interfaces
  - Coordinate information to add value
  - Coordinate functionality to improve experience
  - Appear to be seamless
- If it is not one application then it should appear to be...
HR

- The electronic delivery of Human Resource functions as part of the overall eGovernment strategy.
- A portal for use by employees to access their information.
- Shift - Employees are another customer.

Advantages:
- Self service
- Cheaper delivery
- Satisfaction

- Allows CRM benefits for employees.

BI

- Business Intelligence, taking the flood of information and allowing the adopter to take advantage of it.

Information tracked:
- Supply side
- Employees
- Citizens, sell side
- System information

Value:
- Accurate information
- Better decisions
- Better service
CRM

- Citizen Relationship Management, is functionality which identifies and supports the optimization of the functionality and information desired by the citizen.
- CRM is a set of strategy not a product or services.
- Represents strategies to acquire, enhance and retain eCitizens:
  - Acquisition: adoption.
  - Enhance: bundle services.
  - Retain: Adaptability.
- Adoption and use are often bigger issues than content.

Sell\Service CM

- Sell\Service side Chain Management, is the range of service that represent what the citizen is receiving, represents what they are ‘buying’.
- Identifying what is needed, and optimizing its delivery.
- eGovernment differs from eBusiness insofar as it is servicing its citizenry, not selling a product or service.
- Services:
  - Communication and education
  - Presentment and fulfillment
  - Citizen owned information review
  - Other services to citizenry
  - Information Marketing
Altogether now…

- Components act in concert to provide the whole picture...

Where is eGovernment going?

- Where are we now…
  - Static, non-interactive websites
  - Silo by agency
  - Small representation of e-transaction application
  - Separation of the back end systems from the front end pages
  - Proto eGovernment...G2C.
Where is eGovernment going?

- Where are we going...
  - Single point of contact, G2Me.
  - Total government online, all information... all functionality.
  - Coordinated services between silos.
  - Proactive presentment.
  - Real interfaces doing real work, integration.
  - Pushing tasks out to the citizens.
  - HR functions online.

Why consider eGovernment?

- Is it really inevitable?
  - Usage predictions
  - Broadband usage
  - Industry revenue predictions
- What are the citizens asking for?
Usage

- Usage and penetration indicate customer expectations for electronic services.

| Active Internet Users in the US, 2000-2004 (in millions) |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2000 | 2001 | 2002 | 2003 | 2004 |
| 87.9 | 123.8 | 117.1 | 131.9 | 143.1 |
| Total online pop.  |
| Population 14+  |
| US Household internet Penetration, 2000-2004 |
| Source: eMarketer, 2001 |

- Usage predicts demand...

Broadband

- The speed of data exchange will influence the content and the expectations of citizens.

| Broadband Households in the US, 2000-2004 (in millions) |
|---------------|-------------------|-------------------|-------------------|
| 2000 | 2001 | 2002 | 2003 | 2004 |
| 4.9 | 9.9 | 16.9 | 23.0 | 35.0 |
| Source: eMarketer, 2001 |

- Broadband predicts the complexity and fullness...
B2B Revenue

- Online dollars spent represent the priority the channel is afforded and a real indication of adoption of the channel for commerce.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dollars (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$449.90</td>
</tr>
<tr>
<td>2001</td>
<td>$799.90</td>
</tr>
<tr>
<td>2002</td>
<td>$1,310.20</td>
</tr>
<tr>
<td>2003</td>
<td>$2,043.40</td>
</tr>
<tr>
<td>2004</td>
<td>$3,304.50</td>
</tr>
</tbody>
</table>

Source: Forrester Research, 2000

- Dollars predict the adoption of Internet channels for transactions...

What do citizens want?

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for work</td>
<td>90%</td>
</tr>
<tr>
<td>Government program</td>
<td>29%</td>
</tr>
<tr>
<td>Renew drivers license</td>
<td>44%</td>
</tr>
<tr>
<td>Complain to government</td>
<td>47%</td>
</tr>
<tr>
<td>Apply for various licenses</td>
<td>24%</td>
</tr>
<tr>
<td>Birth certificate and health card</td>
<td>24%</td>
</tr>
<tr>
<td>Income tax submissions</td>
<td>22%</td>
</tr>
<tr>
<td>Passport applications</td>
<td>43%</td>
</tr>
<tr>
<td>Weather information</td>
<td>43%</td>
</tr>
<tr>
<td>Pay parking tickets</td>
<td>16%</td>
</tr>
<tr>
<td>Subject info on cars or hot lines</td>
<td>14%</td>
</tr>
<tr>
<td>Enroll in card or checks are claims</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Monopolist for Social Oregon, January 2000
TCO, what is it?

- The application and the box, right?
- Project + Hidden = TCO
- Direct costs:
  - Hardware and software costs
  - Management personnel
  - Implementation support personnel
  - Development |Customization
  - Initial Marketing
  - Security administration
  - Support and maintenance
- COTS solutions represent real savings.

Total Cost of Ownership (cont.)

- Hidden costs:
  - Training and employee learning curves.
  - System and Business downtime.
  - Inconvenience to citizens.
  - Marketing and rate of adoption.
  - Process improvements and BPR.
  - Scalability, volumes, and legacy system interfaces.
How do I do it?

- Ensure success...focus on your citizens...
  - Find out and understand who they are.
  - Continuously communicate with your citizens.
  - Understand what is needed and what is wanted.
  - Maintain and strengthen relationships with the citizens and users.

How do I do it?

- Optimize the investment decision...justify the cost
  - Find out what actually drives the project – Goals.
  - Set priorities and solutions and align with goals.
  - Identify benefits, quantify them.
  - Understand risks.
  - Gather together and report value.
How do I do it?

- Plan, Plan, Plan…
- Blueprints for direction…

- Getting to go…
  - Legacy systems and infrastructure
  - Projects in progress
  - New technology investments
  - Citizen issues and needs
  - Expectations, the eGovernment form of competition

- Combine as inputs to the strategic plan.
ROI, why?

- There should be a return or there is no reason to create eGovernment or services.
- A historical prejudice has been to focus on pecuniary returns as the only justification.
- In the eBusiness world these pecuniary justifications are the only ones that matter.
- In eGovernment these are important but secondary.
- Non-pecuniary returns are valuable & real

Financial ROI

- There still exist financial returns.
- Cost savings:
  - Procurement case
  - Transaction savings
  - Paper savings
  - Fee for service
  - FTE elimination or reallocation

- Some of these savings are complicated by hidden costs or ‘problems’.
**Non Pecuniary ROI**

- How do you rate?
  - Perception
  - Expectation
  - Competition
  - Responsibility
  - Accountability

- Service, better service for the same investment
  - Availability, 24X7, no waits, always local.
  - Quality, better, cheaper, faster.

- Satisfaction
  - What I want when I want.
  - How I want it.

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**Non Pecuniary ROI**

- Freedom
  - Citizen
  - Information

- Intelligence
  - Understanding who the citizens are.
  - Understanding what the citizens want.

- Value proposition to the rate payer.
Toward an ROI plan

- Shift from a graph to a plan.
- Identify the returns.
- Identify the timeline.
- Measure and refine.

Summary

- eGovernment is eCitizens.
- eGovernment is not eBusiness for government.
- eGovernment is inevitable, citizens want it.
- eGovernment is coordinated, completely online, single point of interface, and does real work.
- Acknowledge the TCO, and avoid the iceberg.
- eGovernment projects must:
  - Be planned, from strategic to tactical.
  - Consider the citizen.
  - Be justified, both technologically and financially.
Summary (cont.)

- We must return to a discipline of quantifying a ROI.
- ROI can be quantified by non-pecuniary metrics
  - Service
  - Satisfaction
  - Freedom
  - Intelligence
- Create an ROI plan with clear metrics and milestones.

Action Items

- Prepare:
  - Examine and upgrade your application infrastructure.
  - Create your eGovernment Strategic Blueprint.
  - Identify COTS solutions that can springboard your initiative.
- Participate:
  - Identify and execute quick wins within the context of the Blueprint.
  - Focus on the visible, but make it real.
- Exceed:
  - Offer all services online.
  - Fully coordinate services - appearance & reality.
  - Single interface to government – eCitizen.
Experience with new technologies, new business models, the industrial-strength methods, and the “heavy lifting” associated with the back-office processing systems that keep your business running smoothly.

We’ve been doing this for over 35 years, and we have the track record of successful on time, on budget projects and delighted clients to prove it.

Questions

I will be available after this presentation for any further clarification or information:
  - in person for the duration of the conference,
  - by email DanielDarche@SierraSystems.com,
  - Also, if you give me contact information, I will forward a transcript of my speaking notes.

THANK YOU