



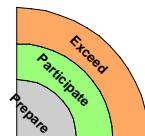
eGovernment and ROI

Daniel Darche
Sierra Systems
August 13, 2001
FTA Technology Conference
Spokane, Washington



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



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What is not eGovernment?

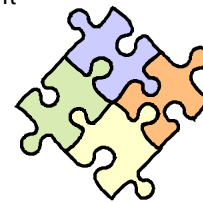
- Digital Democracy
 - ePolitics, leveraging the Internet to simplify the election process.
- Data re-sale
 - The sale of information to external agencies.



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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



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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.



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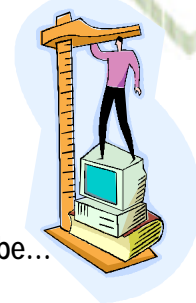
ERP

- 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.**



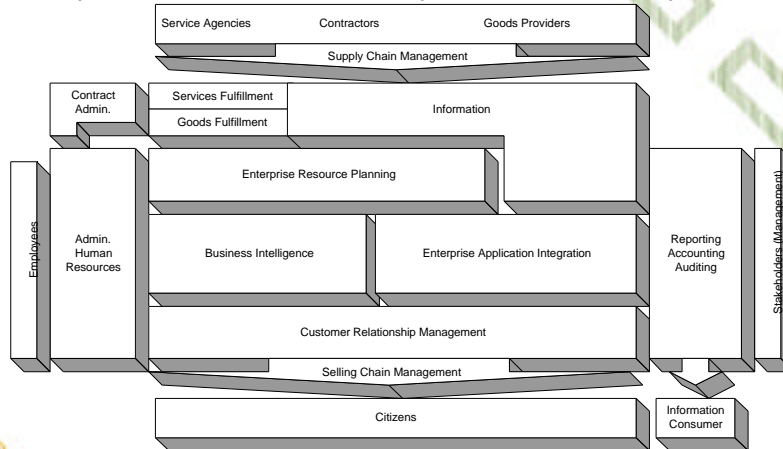
Sell\Service CM

- 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*



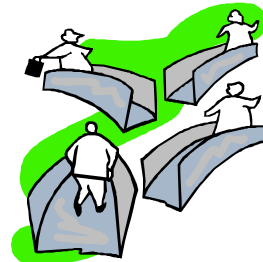
Altogether now...

- 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?

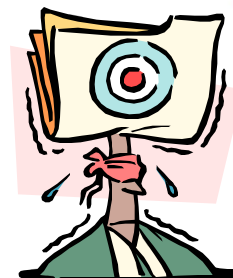
- Where are we going...
 - Single point of contact, G2Me.
 - Total government online, all information...all functionality.
 - Coordinated services between silos.
 - Proactive presentment.
 - Real interfaces doing real work, integration.
 - Pushing tasks out to the citizens.
 - HR functions online.



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Why consider eGovernment?

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



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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
Total active online pop.	87.9	132.8	177.1	221.5	263.1
Population 14+	221.0	223.4	225.8	228.2	230.4
Percent of 14+ population	39.8%	46.0%	51.9%	57.8%	62.1%

Source: eMarketer, 2001

US Household Internet Penetration, 2000-2004



Source: eMarketer, 2001

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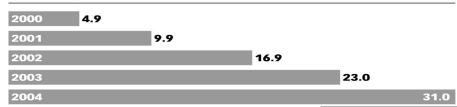
- Usage predicts demand...



Broadband

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

Broadband Households in the US, 2000-2004 (in millions)



Source: eMarketer, 2001
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Broadband Technology Adoption in the US and Europe, 2005 (as a share of all broadband subscribers)



Note: as a percentage of all broadband users

Source: Strategy Analytics, June 2001

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- 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.

US B2B eCommerce, 2000-2004 (in billions)



Source: Forrester Research, 2000

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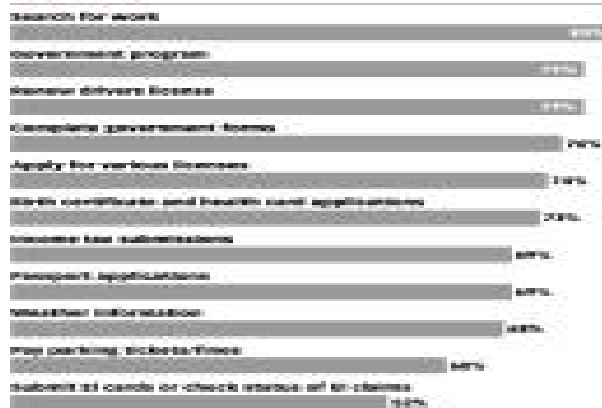
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- Dollars predict the adoption of Internet channels for transactions...



What do citizens want?

Canadian Attitude Towards Government Services Online, 2000



Source: ForresterResearch.com, January 2000

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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.



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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.



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How do I do it?

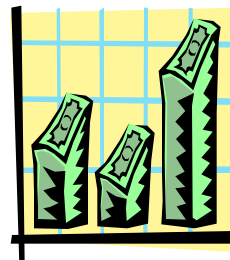
- Ensure success...focus on your citizens...
 - Find out and understand who they are.
 - Continuously communicate with your citizens.
 - Understand what is needed and what is wanted.
 - Maintain and strengthen relationships with the citizens and users.



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How do I do it?

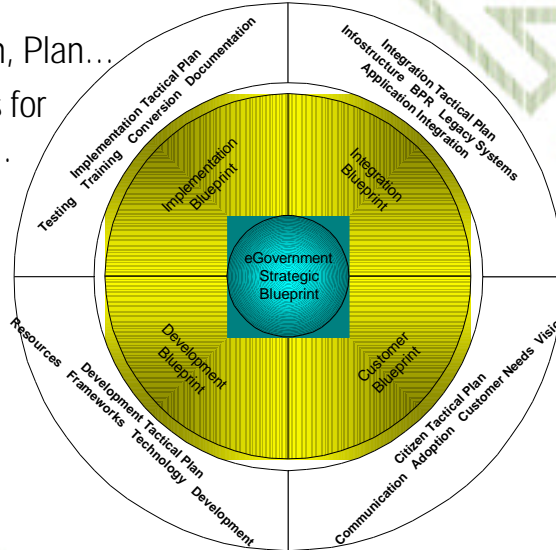
- Optimize the investment decision...justify the cost
 - Find out what actually drives the project – Goals.
 - Set priorities and solutions and align with goals.
 - Identify benefits, quantify them.
 - Understand risks.
 - Gather together and report value.



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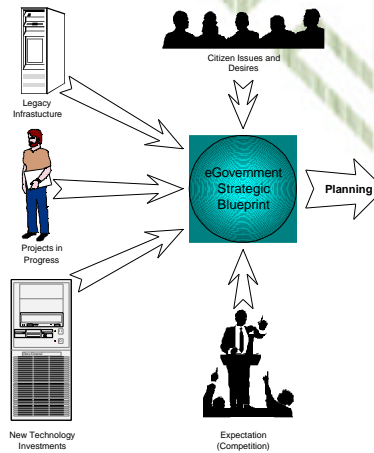
How do I do it?

- Plan, Plan, Plan...
- Blueprints for direction...



How do I do it?

- 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.



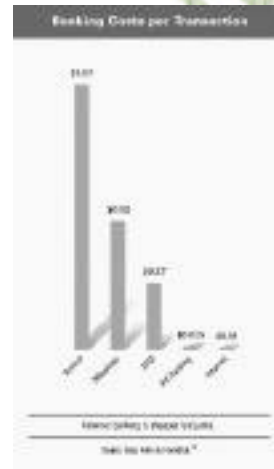
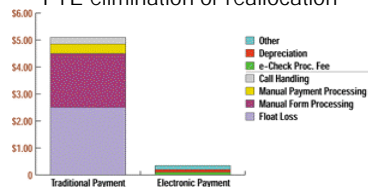
ROI, why?

- 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
 - Availably, 24X7, no waits, always local.
 - Quality, better, cheaper, faster.
- Satisfaction
 - What I want when I want.
 - How I want it.



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

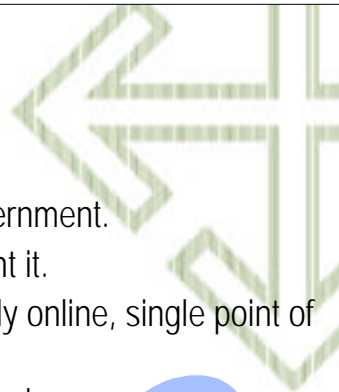
- Shift from a graph to a plan.
- Identify the returns.
- Identify the timeline.
- Measure and refine.



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Summary

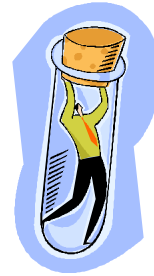
- eGovernment is eCitizens.
- eGovernment is not eBusiness for government.
- eGovernment is inevitable, citizens want it.
- eGovernment is coordinated, completely online, single point of interface, and does real work.
- Acknowledge the TCO, and avoid the iceberg.
- eGovernment projects must:
 - Be planned,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



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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.



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- 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

