



American Chamber of Commerce
in Romania

AMERICAN CHAMBER OF COMMERCE IN ROMANIA

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e-Government

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EXECUTIVE SUMMARY

e-Government principles

Any e-Government system is based on some principles which cannot be infringed:

- **Freedom of choice for users** of which means of communication to use when submitting public administration requests;
- **Security and improved legal protection** provided by appropriate technical means such as the **citizen card**;
- **Unhindered access for people with special needs** to public administration information and services, by way of compliance with international standards governing Web accessibility.

e-Government strategy

An effective e-Government strategy will result in significant improvements in the central government, including:

- Simplifying delivery of services to citizens and businesses;
- Eliminating layers of government management;
- Making it possible for citizens, businesses, other levels of local & central government employees to easily find information and get service from the central government;
- Simplifying agencies' business processes and reducing costs through integrating and eliminating redundant systems;
- Streamlining government operations to guarantee rapid response to citizen needs;
- Collaborative platform among ministries, agencies, and EU institutions;
- Reducing government expenditure by cutting bureaucracy;
- Improving transparency related to public services and reducing corruption.

Remark: Possibility to "sell" government information on the internet must be evaluated. This could be the money for running the system after implementation through EU- or World Bank funds.

e-Government users

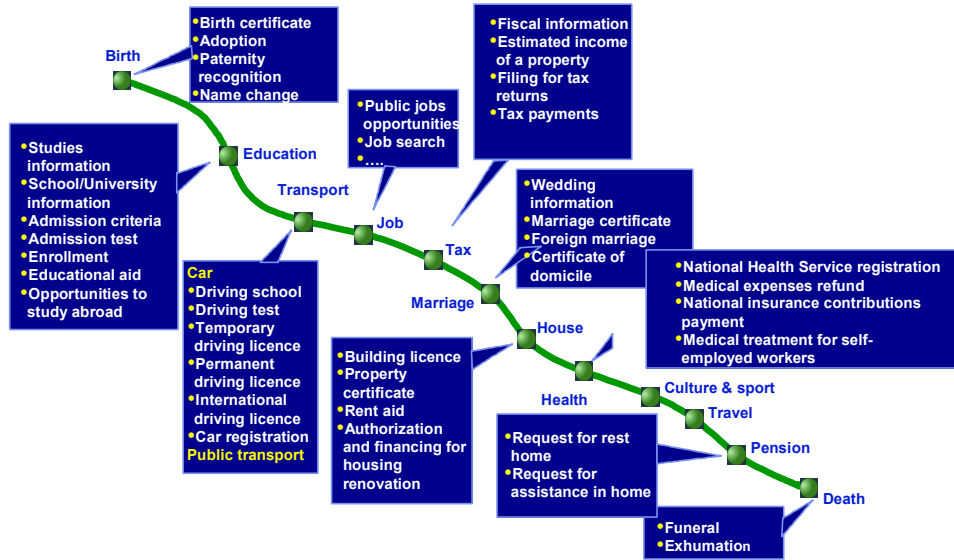
This strategy focuses on four citizen-centered groups, each providing opportunities to transform delivery of services:

- **Individuals/Citizens:** Government-to-Citizens (G2C); Build easy to find, easy to use, one-stop points-of-service that make it easy for citizens to access high-quality government services
- **Businesses:** Government-to-Business (G2B); Reduce government's burden on businesses by eliminating redundant collection of data and better leveraging E-business technologies for communication
- **Intergovernmental:** Government-to-Government (G2G); Make it easier for counties and localities to meet reporting requirements and participate as full partners with the government in citizen services, while enabling better performance measurement, especially for grants

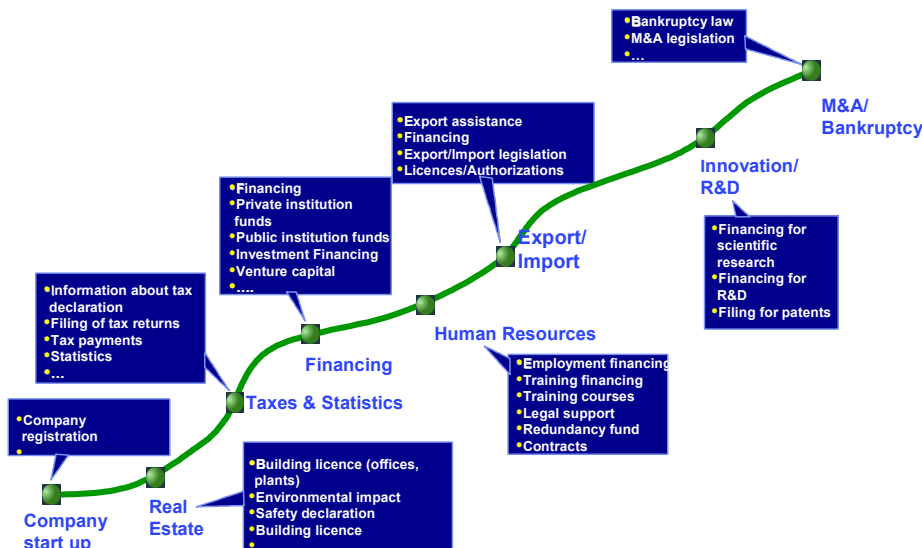
- **Intra-governmental:** Internal Efficiency and Effectiveness (IEE); Make better use of modern technology to reduce costs and improve quality of government agency administration, by using industry best practices in areas such as supply-chain management, financial management and knowledge management.

e-Government Possible functionalities

Relevant “Life events” – e-Government to citizens:



Relevant “Life events” Government to Businesses



e-Government building blocks

A successful e-Government system is based on three fundamental building blocks:

- A clear **legal framework** which can be easily understood and can therefore rapidly become part of public awareness. This will result in a **well defined structure** to build strategies & policies, to monitor implementation, etc.

- **Secure and therefore sustainable systems and services** as a precondition for nationwide implementation, and to ensure an increased citizen confidence in electronic administrative services
- The use of **sustainable technology on the basis of open standards and defined interfaces** in order to ensure continuous adaptation to new technology.

e-Government Possible Practical Approach - Summary

Next chapter will describe a **Possible Practical Approach** to build an e-Government system. You can find below a chapter summary:

Structure

In order to successfully implement an e-Government system, an appropriate and effective **organization structure is required**, enabling issuance of vision, mandated implementation leadership, efficient collaboration across all public administration levels and execution discipline – we exemplify below a good example, based on Austria's case:



The mission of each of the constituents is presented below:

- **e-Government Strategic Board:** led by the Prime Minister and acting through the Secretary General of the Romanian Government as coordinator, provides the overall objectives of e-government activities, adopts the e-government Roadmap, co-ordinates and monitors overall execution.
- **e-Government Executive Board:** led by the Executive Secretary for e-Government (possible Chief of Prime Minister Chancery), supports the e-Government Strategic Board in achieving its objectives, proposes the **e-Government Roadmap** and **e-Government Law**, assigns responsibilities and coordinates the participating units (ICT Board, central agencies, local administration), co-ordinates current work.
- **e-Government ICT Board:** promotes the necessary law to set up the other components of e-Government structure, creates **ICT policies**, enables co-ordination, provides information and carries out agreed activities. This board is headed by a well known and recognized personality, in the IT&C area, not politically involved, with academic background.

e-Government Priorities

As a prerequisite in e-Government system implementation, essential components need to be implemented:

- **Central flat and property register:** it includes also geographical codes
- **Central Register of Residence:** base of governmental identity management, linked with the Register of Buildings and Dwellings as well as the Register of Addresses
- **Electronic signature card:** logical unit, combining an electronic signature with an identity link and the associated security data
- **Electronic social security card:** replacement of the paper health insurance certificate with e-signature. It can contain signature applications and be ready to be used as a citizen card
- **Central Communication Platform:** ensures that the government is able to speak one language with Ministries, government agencies, local administrations, etc.

e-Government - Current Situation in Romania

Many Romanian government agencies are offering different online services to the users, such as:

- Declarations submitted to ANOFM, CNAS, Customs
- Declarations regarding the payment obligations towards social insurance budget, regarding the profit tax, payment obligations towards the general consolidated budget, VAT deduction
- Electronic system for issuing licenses for international carriers, Public Procurement Electronic System (e-licitatie), Visa online, Virtual Payment Office, Company registration, etc.

POSSIBLE PRACTICAL APPROACH

Current Situation in Romania

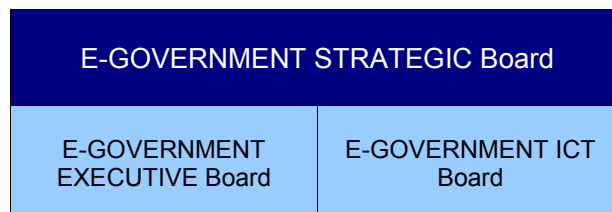
We think we can position Romania, from the E-Government maturity point of view, in the early stages of Wave 2 (Interactive Government) – see description in Addendum.

In Wave 1 (Online Government), many Romanian government agencies are offering different online services to the users, such as:

- Declaration submitted to ANOFM (National Agency for Employment)
- Declaration submitted to CNAS (National House for Health Insurance)
- Declaration regarding the payment obligations towards social insurance budget (National Pensions and other Insurance Rights)
- Declaration regarding the profit tax (Ministry of Finance)
- Declaration regarding the payment obligations towards the general consolidated budget (Ministry of Finance)
- Deduction regarding VAT (Ministry of Finance)
- Electronic system for issuing licenses for international carriers
- Public Procurement Electronic System (e-licitatie)
- Visa online
- Online customs' declarations
- Virtual Payment Office
- Company registration, Getting legal information related to a company – via **RECOM online** service (ONRC - Commerce Registry), etc.

All those services are supported by individual IT systems in every agency.

The process must continue, in a more structured way, producing benefits for citizens and businesses. Not all services that could be dealt with are already available via the Internet. In order to implement these objectives, a **well arranged structure is required**, which enables an efficient collaboration process across all administrative levels – you can see below a good example, based on Austria's case:



Our vision related to this structure, and the necessary steps to build it, are described below:

Government Decision - setting up the e-Government structure

- A Government Decision will set up the e-Government structure, the composition and responsibilities of every board;
- It will also create the IT General Directorate within the Chancery of the Prime Minister, with a dedicated Directorate on e-Government;

- This decision will also define and implement the Chief Information Officer Role in the Public institutions;
- Responsible persons will be assigned to the boards detailed below no later than a specified term after the Government Decision is approved.

e-Government Strategic Board

- **e-Government Strategic Board will be composed of:**
 - The Prime Minister of Romania, which will head the E-Government Strategic Board;
 - Secretary General of the Romanian Government, to carry out the task of coordination;
 - Ministers with responsibilities in the area;
 - The Chairmen of the e-Government Executive and ICT Boards;
 - Presidents / Directors of government institutions, agencies, parliamentary committees, all with responsibilities related to the e-Government initiative;
 - Executives from Chamber(s) of Commerce, business and professional associations;
 - Representatives of other interested institutions (Public Safety).
- **E-Government Strategic Board responsibilities:**
 - e-Government Strategic Board will lay down the objectives of e-government activities;
 - e-Government Strategic Board will draw up the **e-Government Law** and **e-Government Roadmap**;
 - e-Government Strategic Board will ensure the overall coordination of implementation and will continuously monitor the progress.

e-Government Executive Board

- **E-Government Executive Board will be composed of:**
 - The Executive Secretary for e-Government (possible the Chief of Prime Minister Chancery), who will head the e-Government Executive Board;
 - All ministries;
 - The Association of Local Authorities;
 - Representatives of other interested institutions (Public Safety).
- **E-Government Executive Board responsibilities:**
 - The e-Government Executive Board will be founded to support the e-Government Strategic Board in achieving its objectives;
 - Will allocate responsibilities for the preparation of projects' implementation in the various fields of e-government;
 - Will coordinate current work;
 - Will coordinate the implementation of projects of the participating organizations (ICT Board, e-government working groups and the public administration bodies responsible for ICT);
 - Will draw up an agreed proposal for the e-Government Law and e-Government Roadmap, to be adopted by the e-Government Strategic Board.

e-Government ICT Board

- **E-Government ICT Board will be composed of:**
 - A well known and recognized personality, in the IT&C area, not politically involved, with academic background, to head this board;
 - Chief e-Government Architect, working in the e-Government Directorate;
 - Chief Information Officers and their deputies, of all Ministries;
 - Representatives of other interested institutions (Public Safety).



- **E-Government ICT Board responsibilities:**
 - E-Government ICT Board will create **ICT policies, guidelines, directions**, all related to e-Government area;
 - E-Government ICT Board will lay the foundations for comprehensive coordination of Government's **ICT planning activities** and for structured cooperation with government agencies, municipalities and local authorities;
 - The members of the E-Government ICT Board will be responsible for providing information and carrying out agreed ICT activities within each ministry, agency, national body.

Definition and implementation of the CIO Role in the Public institutions

In today's business environment, it's vitally important for the CIO to become a true business partner of the entity's CEO (Minister, President, etc) and CFO. Together, these three executives can drive significant strategies that benefit their institutions.

Main contributions of an effective CIO:

Good CIOs can be effective in virtually any company and in any industry because they are able to:

- Assess business issues and needs;
- Identify technology issues;
- Define IT initiatives that address these needs and issues;
- Facilitate the prioritization of IT initiatives to provide company value;
- Develop strategic IT plans for the institution and anticipate need;
- Lead in building an IT organization that:
 - provides systems stability and security;
 - positions the technology resources for scalability as needed;
 - provides responsive support to technology user needs;
 - implements IT initiatives that provide value.
- Budget and manage the IT operation to be cost-effective;

- Implement change through technology to improve profitability, productivity, and other results deemed to be important to the company.

e-Government boards' operations

1. The e-Government Strategic Board defines the Government priorities, related to online services, in front of the e-Government Executive Board, asking it to develop strategies, roadmaps, proposals;
2. The e-Government Executive Board drafts the respective documents, based on researches & analyses ordered to different entities, in line with:
 - a. Stakeholders views (ministries, business representatives, other institutions & organizations, local authorities, etc), members of the e-Government Executive Board;
 - b. The e-Government ICT Board technology points of view;
3. The e-Government Strategic Board approves the respective strategies;
4. The e-Government Executive Board assigns responsibilities and coordinates projects implementation;
5. The e-Government ICT Board will implement the e-Government projects inside their ministries.

The first documents to be created and approved are:

1. The **e-Government Law**, serving as legal basis for prerequisite technologies & policies to be implemented
2. The **e-Government Roadmap**, serving as a timetable for the implementation of administrative procedures which are to be offered to citizens in electronic form.

e-Government Law

The e-Government Law sets the definitions, principles and instruments used to provide a system of e-government and for closer cooperation between all authorities providing e-government services. The new mechanisms, such as the citizen card, sector-specific personal identifiers or electronic service of documents, may also be used by the private sector.

The most important principles are:

- Freedom of choice for users of which means of communication to use when submitting public administration requests;
- Security and improved legal protection provided by appropriate technical means such as the citizen card;
- Unhindered access for people with special needs to public administration information and services, by way of compliance with international standards governing Web accessibility.

e-Government Roadmap

E-Government Roadmap is a timetable for the implementation of administrative procedures which are to be offered to citizens in electronic form. The roadmap covers not only the procedures which will be possible to carry out on the Internet in the future, but also implementation concepts necessary for basic services such as electronic payment or service of documents.

For each project there will be a short project information document which contains details about targets, priorities, project management, project collaboration and implementation

date. The implementation of each project will be carried out in various working groups where representatives of the government, agencies, municipalities, local authorities, collaborate according to various interests and focus.

e-Government boards secretarial activities

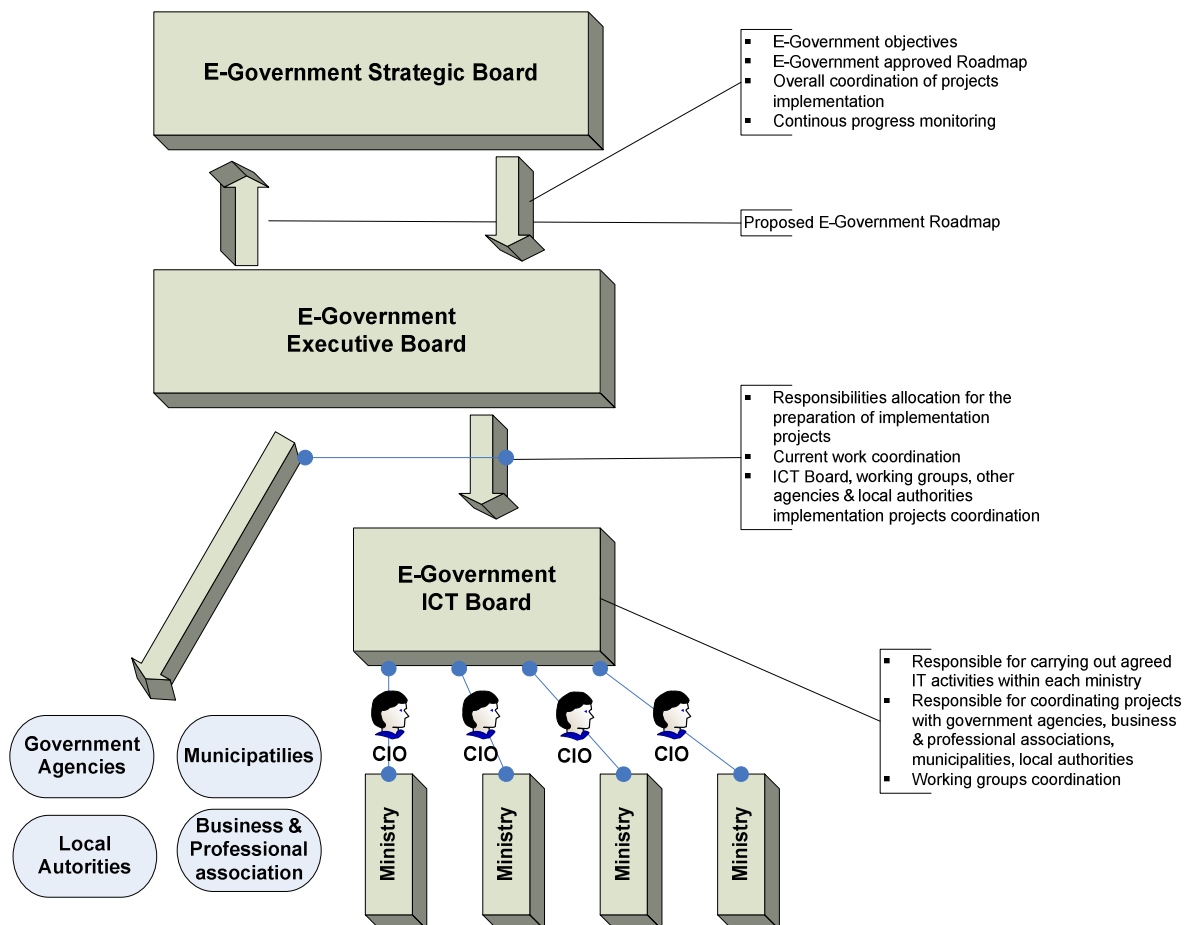
Open Coordination and e-Government activities coherence will be realized through:

- The e-Government boards secretarial activities will be ensured by the Directorate on e-Government, part of the IT General Directorate within the Chancery of the Prime Minister;
- Heads of the e-Government Executive Board and e-Government ICT Board are members of the e-Government Strategic Board;
- CIO and Minister, from each Ministry, are members in the e-Government ICT Board, respective e-Government Executive Board. This way, they are all aware of projects approved by the e-Government Strategic Board.

e-Government structure activities & projects financing

- Research & exploratory activities ordered by the e-Government Executive Board are financed by the Chancery of the Prime Minister budget;
- Projects implementations are financed by the respective ministries budgets.

Main activities and functions of the above structure:



e-Government Priorities

The main elements, serving as basis for e-Government, are the following:

Central flat and property register:

- It includes Geo codes.

Central Register of Residence, base of governmental identity management

- All communities to record the residence data of persons living in the country online, via the internet;
- Possible to obtain a complete list of all residence of a person in the country by one mouse click;
- Must include contact address in the case of prisoners and homeless people;
- Linked with the Register of Buildings and Dwellings as well as the Register of Addresses;
- Ensures that the CRR processes only existing data on addresses, buildings and dwellings (including GEO coding) and that all changes (e.g. re-naming of a street) are done automatically;
- Basis for many tasks of the public administration: electronic register, intergovernmental equalization, population census, the electronic citizen card;
- Planning tool for local / central government (means that with this register + geo-code it is possible to have on one click what is needed in the next years for the population – e.g. kindergarten, schools, etc....).

Electronic signature card:

- The Citizen Card is "the logical unit, independent of whether implemented on different technical components or not, combining an electronic signature with an identity link and the associated security data and plus any existing data on representation".

Electronic social security card:

- Replacement of the paper health insurance certificate with e-signature;
- Millions of e-cards to be issued;
- Doctors to be equipped with the e-card infrastructure;
- E-card system to provide a secure broadband connection within the health sector and the infrastructure for a number of future projects;
- In addition, the e-card can contain signature applications and be ready to be used as a citizen card.

Central communication platform:

- It is a portal interconnection protocol;
- Ensures that the government is able to speak one language with other ministries, government agencies, local administrations.

ADDENDUM: CONCEPT DOCUMENT

INTRODUCTION

Modern Information and Communication Technologies (ICT) allow public administration to provide new electronic services via the Internet. These new e-Government services can respond more effectively to the needs of users. The services can be provided efficiently and can be accessed easily via the Internet. It is no longer necessary to make one's way to an office. The services offered are available electronically, regardless of time or place.

It is important to keep in mind that, while administrative matters can now be dealt with via the Internet, they do not have to be: E-government is offered as an alternative, not as a replacement. The traditional office setting continues to be available to people who prefer personal contact with the authorities or are not yet familiar with the new technologies. However, e-government can offer advantages to these people too: Even in the case of a conventional visit to an office, administrative matters can be dealt with more effectively as a result of e-government.

As the 2003 United Nations Global E-Government Index states:

The potential of e-government, as a tool for development, hinges upon three pre-requisites - a minimum threshold level of technological infrastructure, human capital, and e-connectivity for all. E-government readiness strategies and programs will be able to be effective and 'include all' people only if, at the very minimum, all have functional literacy and education, which includes knowledge of computer and Internet use; all are connected to a computer; and all have access to the Internet. The primary challenge of e government for development therefore, is: how to accomplish this.

E-government can contribute significantly to the process of transformation of the government towards a leaner, more cost effective government. It can facilitate communication and improve the coordination of authorities at different tiers of government, within organizations and even at the departmental level. Further, e-government can enhance the speed and efficiency of operations, by streamlining processes, lowering costs, improving research capabilities, and improving documentation and record-keeping.

What Is E-Government?

The provision of electronic administrative services via the Internet offers users convenient access to public administration. For authorities that use ICT to provide electronic services, this will mean new chances and large-scale internal adjustments in their organization. Some processes will have to be revised and operations will have to be adapted to meet

the new requirements. Internal work will be increasingly automated. Administrative staff will therefore require the knowledge and skills needed to operate the technology used. E-government encompasses all these aspects of change, as summarized in the following definition:

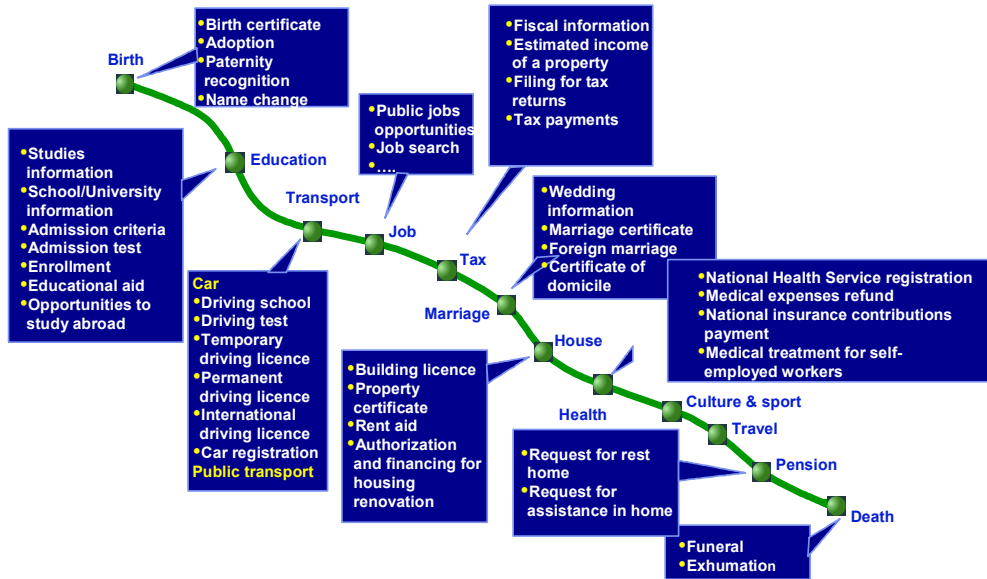
At EU level, e-government is defined as:

“The use of information and communication technologies in public administration combined with organizational change and new skills in order to improve public services and democratic processes and strengthen support to public policies.”

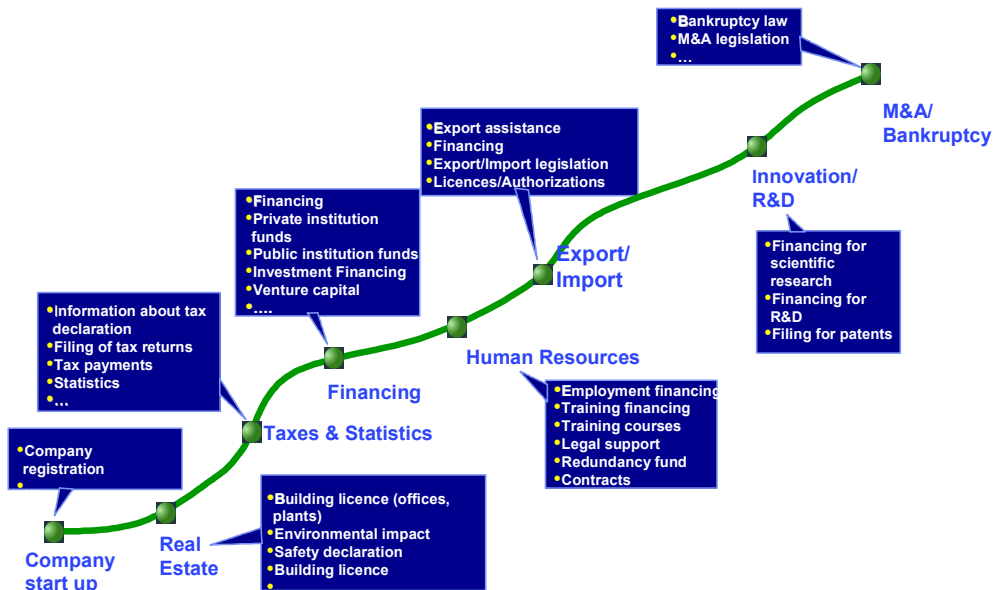
Easy to understand E-Government Concept

Citizens, Businesses, will use electronic services in order to access information, to request different services, to submit applications, in different moments - "life events" (see below):

Relevant "Life events" Government to citizens:



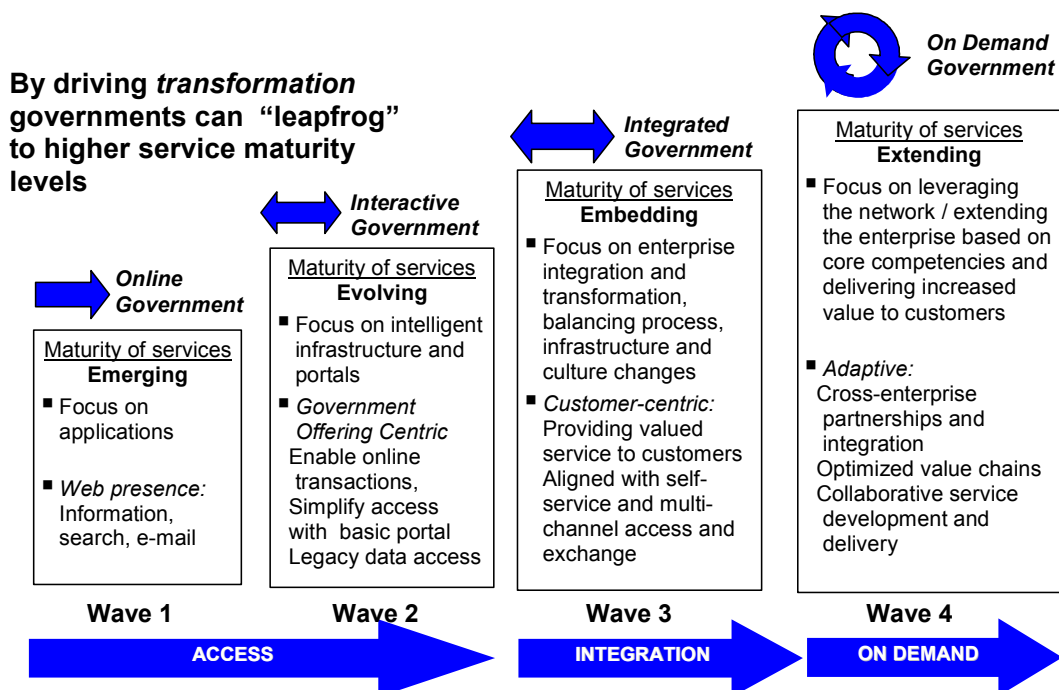
Relevant "Life events" Government to Businesses



THE JOURNEY TO ON-DEMAND GOVERNMENT

The term *e-government* is now widely used to describe the way governments of the future should operate. In its simplest terms, e-government is the application of Internet technologies to change the way government operates and provides services. Following best practices of private companies, governments can take advantage of new technologies to improve efficiency and effectiveness and, more importantly, to transform the way they operate and deliver services. By the late 1990s, government leaders embraced this idea and encouraged the use of the Internet to improve access to government services. Internet access was just one of many channels used to deliver services. While the goal may be to make the Internet the primary service channel, governments still need to support mail, telephone, and face-to-face transactions for the foreseeable future. Virtually every major nation published a vision of how it would operate in the new e-world. Many set ambitious goals to rapidly become e-governments. The goal of these visions was not just to create a new Internet channel but to integrate processes and significantly transform operations.

To claim success in becoming an e-government, many jurisdictions defined e-government as simply putting services online. Surveys that measure progress by the number of services available online reinforce this less-than-functional definition of e-government. Unfortunately, this perception of progress actually slows momentum to implement difficult changes and reduces the return from e-government implementations. To understand what is genuinely needed to realize the promise of e-government, it is helpful to view the e-government journey in four distinct waves, as shown in the figure below:



GOVERNMENT LANDSCAPE. CHALLENGES FACING MODERN GOVERNMENTS

Governments today are at a major crossroad. The world is changing rapidly and the information age has made it increasingly difficult for governments to control and regulate the activity within their borders. Mounting challenges force governments to significantly change the manner in which they operate. In today's environment, in which the traditional approach of lengthy study preceding incremental changes is too slow to address many of these challenges, nimble governments can significantly improve their standings in the world order. While different governments around the world experience a variety of unique problems, the challenges form a consistent pattern.

Budget Pressures

Most governments face cyclical budgetary shortfalls caused by some combination of insufficient tax revenues and increased demand for services. Governments typically spend any surpluses on new programs rather than fixing existing ones. Funding for new programs is usually based on an optimistic economic outlook that puts pressure on future budgets when economic growth falls short of forecasts. When budget shortfalls occur, politicians are reluctant to cut programs and often use across-the-board spending reductions to reduce costs. After several iterations of this "spend, promise, and cut" cycle, programs become inefficient and ineffective. There is little linkage between what is spent on programs and desired outcomes. Because program changes are made in a piece-meal fashion, support systems and application programs are not well integrated or adaptable to the changing needs of customers.

Growing deficits are nearing crisis proportions in some countries. Many governments face a potent combination of increasing service costs and rising demand for those services. Aging population add a huge burden to pensions, health care, and other support systems. These issues, coupled with economic downturns that reduce revenue streams, because government budgets to be stretched too thin. Whereas economic fortunes rise and fall over time, the long-term projection is modest in the global economy; thus governments are not likely to have tax windfalls to fix problems. Since fiscal problems can quickly spiral out of control, governments need to urgently address these issues within current funding constraints.

Collaboration

Most governments find it very apparent that they can no longer operate with islands of information. Even leaders with little familiarity with information systems recognize that agencies or departments too often act as individual silos of authority in an era in which it is increasingly necessary to integrate information and streamline services across government.

Separate silos of information mean management and policy decisions are often based on incomplete or even erroneous data. Citizens navigate a bewildering maze of agencies and departments to find information or submit applications. Even government Websites meant to simplify access are often confusing and difficult to use because they force the user to understand the roles of the various government departments.

When government agencies fail to collaborate properly, the problems often become very public. For example, there are well-documented cases in which child care agencies had identified problems within individual families – problems that required custodial intervention for the safety of the children – but where no coordinated response took place. Poor communication makes it difficult for emergency response teams to manage an incident. Much of the criticism directed at U.S. intelligence agencies after the attacks of

September 11 dealt with the inability to correlate information known by several different agencies.

To effectively deliver mandated services, agencies *must* collaborate and coordinate efforts much more effectively.

Safety and Security

No problem illustrates the need to collaborate more than today's safety and security concerns. Terrorism increases the need for governments to share information across departments and among separate government entities. The Internet, which dramatically improves access to information, also creates exposures that enable hackers to affect the operation of systems and gain unauthorized access to information.

Securing information systems and preventing unwanted access are high priorities for governments. Providing adequate security at this level is more difficult because many islands of automation exist in most governments. Vulnerability increases if security is not paramount to the architecture and design of the overall system. Although most organizations focus on outside threats, 70 percent of the companies responding to a recent security survey reported instances in which internal employees tried to access unauthorized information. Plenty of security tools are available in the marketplace, but they must be applied systematically for maximum protection. Unfortunately, many government agencies have neither the ability nor the capacity to adequately catalogue and categorize information resources at their disposal, much less share that information with other agencies. Moreover, some governments instinctively respond to security threats by hardening the silos of information, thereby creating obstructions to legitimate sharing and collaboration.

Providing safety and security for citizens is a much broader and more complex issue. It requires increased cooperation and collaboration among many different organizations. Not only does existing data need to be shared, but new data may need to be collected for use by other agencies. While emergency-response and intelligence-gathering organizations do work together more today, better safety and security requires significantly more integration and process reengineering.

Privacy

Protecting privacy means governments must manage both who access data and how the data is used. Adequate security is a prerequisite to implementing a privacy policy; that is, privacy of information cannot be guaranteed unless there is sufficient security to protect data from unwanted access – externally and internally.

Managing privacy and security creates a dilemma for government. Sharing information to provide a safer homeland could violate the data-privacy rules demanded by citizens. Fortunately, considerable effort in recent years has developed techniques to mine important information from data without compromising the identity of the individuals involved. Adding privacy controls after an application has been deployed is extremely difficult. Both privacy and security are most effective when concurrently designed into the basic architecture of systems.

Human Resources and Changing Demographics

Due to the post – World War II baby boom, many countries see a significant portion of their populations moving into what would normally be considered a retirement stage. This creates a double challenge for government. Not only does an aging population increase demand for support services, but it also affects the potential retirement of a large portion of the government workforce. For example, some western nations estimate that 50 to 70 percent of the government's information technology (IT) workforce will be eligible for retirement in the next three years. The skills that these potential retirees possess are, in many cases, complex and highly evolved. They represent both the cumulative knowledge of the governmental policies and procedures that run IT organizations within governments

and the understanding of how embedded information systems within these governments function. Governments often have difficulty attracting young skills into their workforce, so this loss of skill and institutional knowledge could be very serious indeed.

Changing demographics place added stress on support programs designed to improve quality of life. Increased life expectancy and declining birth rate have increased the average age of citizens in most developed nations. This puts pressure on health care systems and programs that support the aging. Many nations are also dealing with an influx of immigrants who often require more educational and other support programs. Pension plans are becoming insolvent because the increase in new workers is not enough to support the increase in those receiving pensions. Without major changes, governments will see costs for these programs spiral out of control and become unaffordable.

Taken together, these issues actually represent a unique opportunity. Government leaders recognize that changing the way government operates necessitates changing the skills and knowledge base of the workforce. To implement changes, workers need to be retrained and equipped with the tools to operate new processes and support customers more effectively and efficiently. Retirement is a natural way to reduce the workforce. If plans to change the skill and knowledge base of the remaining workforce are implemented now, governments can deliver on the promise to provide better services at lower cost.

Expectations

Citizens, businesses, and employees all understand how commercial enterprises constantly improve services and offerings, and they demand similar services and support from government. Although governments have made progress the past few years, they lag the private sector in delivering innovations and service improvements. This makes government customers even more impatient in dealing with multiple agencies and slow bureaucratic processes when they want to get something done quickly.

For citizens, government bureaucracy means inconvenience and wasted time. For businesses that interact frequently with government to report wages, pay taxes, and comply with a wide range of regulations and other reporting requirements, bureaucracy means real added cost. Studies in Denmark and the United States confirm that government overhead is a significant burden for small businesses. A reduction in this cost could go directly to profit that can be used to create jobs, pursue new markets, or make pricing more competitive. No wonder business is often the strongest and most effective advocate for government to streamline operations.

Economic Development

The state of the economy is frequently the central issue debated in elections. Traditional approaches of tariffs to protect local businesses and tax incentives to attract new businesses become less effective in a global economy in which information flows freely across the borders and value-added services form an increasing part of economic activity. Governments will have less power to regulate or control economic activity. Economic growth may well be determined by how well the government facilitates business participation in the world economy and promotes the development of the skills and capabilities that businesses will need to compete globally. This dramatically increases the stakes associated with the pace of government transformation. Early adopters will likely see economic growth at the expense of those who move more slowly.

Environment

Environmental issues constitute a major global challenge. Economic growth cannot be maintained long term if the environment that provides much of the world's basic resources is not preserved and maintained. Governments have a key role to play in setting policy and ensuring that there is a global cooperation in addressing environmental issues.

Inclusion

Finally, there is the burgeoning problem of inclusion. As new technologies are implemented to make governments more cost efficient and responsive, governments face an escalating challenge to make those services to all citizens. This issue is often referred to as the “digital divide”. It’s a challenge that governments must address: making certain that the population is not divided into two unequal groups – those who have easy access to government services and those who do not. And, in most cases, this issue requires governments to deliver a full range of services to impoverished inner cities and to the most remote areas of their country or jurisdiction.

Inclusion has many ramifications. Often it’s framed purely as an economic or consumer problem – keeping computer equipment and software down to a reasonable cost. But it’s also a deeply rooted educational problem in most countries: exposure to electronic government services is sometimes limited more by undeveloped skills than by underdeveloped access to the equipment itself.

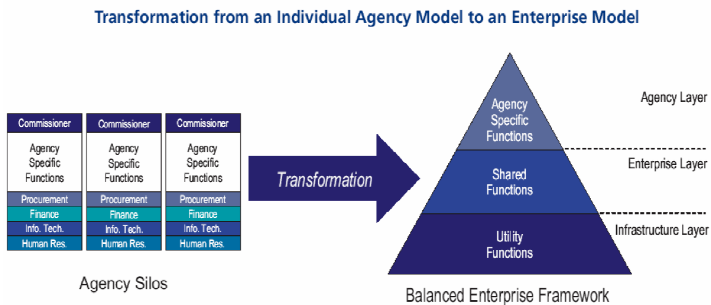
Key Imperatives

Global economic growth is expected to be moderate at best, so no windfall of new tax revenues is likely to fund increasing costs. These issues cannot be addressed with new programs. The longer governments delay action, the worse the problems become. Any objective assessment of the issue will conclude that governments must act, and act quickly, if they want to maintain economic growth and the quality of life that citizens expect. Three clear imperatives for governments emerge from the analysis of these challenges:

1. ***Transform processes and integrate operations across the whole government.*** Putting services online is a step in the right direction, but it is not the solution to major problems. As long as governments continue to operate as a collection of independent silos, they are limited in what they can do to address major challenges. Solutions must be constructed by taking a customer or stakeholder view of what is needed and then transforming relevant government processes and integrating the information required supporting the desired solution.
2. ***Implement changes within very tight financial constraints.*** With budgets already under severe pressure, governments have limited resources to invest in transforming operations, even if successful implementation ultimately produces good returns. Governments need to find ways to save money and reinvest part of the savings into new programs to transform operations. Corporate transformations that produce significant savings *and* more effective ways to do business provide a useful model for governments.
3. ***Enable government employees as a critical part of implementing successful changes.*** No organization can successfully implement change without equipping its workforce with the skills and tools to operate in the new environment. Because governments generally have less flexibility to change their workforces, this imperative is even more crucial for government transformations than for those in the private sector.

Most people recognize the need for government to transform, but it is not always easy for government leaders to understand how to effect change. Implementing a transformation is difficult. No one likes to put an organization through major change unless it is really necessary. Some prefer to maintain the status quo or defer action as long as possible, but that is not an option – governments are at the crossroads *today*. The world of commerce is changing to become more responsive and adaptable. Public expectations, management science, applications software, and technology evolve primarily in response to the operational needs of the private sector. For government to regulate and facilitate trade, travel, defense, health, and education, then it too must understand and embrace operational changes in the private sector or run the risk of becoming an economic burden or, at worst, just plain irrelevant. Governments that act with a sense of urgency and accept

the challenge to implement major changes will be able to attract, retain, and grow the skilled workforces that will truly compete in the global economy. Governments that postpone these changes will find that their economic strength and attractiveness will erode.



i2010 E-GOVERNMENT ACTION PLAN: ACCELERATING E-GOVERNMENT IN EUROPE FOR THE BENEFITS OF ALL

This Action Plan is an integral part of its i2010 initiative for jobs and growth in the information society, to make a major contribution to the Lisbon Agenda. With this Action Plan the European Commission seeks to:

- Accelerate the delivery of tangible benefits for all citizens and businesses;
- Ensure that e-Government at national level do not lead to new barriers on the single market due to fragmentation and lack of interoperability;
- Extend the benefits of e-Government at EU level by allowing economies of scale in Member States' initiatives and cooperating on common European challenges;
- Ensure cooperation of all stakeholders in the EU in designing and delivering e-Government.

This Action Plan draws, in particular, on the Ministerial Declaration adopted at the 3rd Ministerial eGovernment Conference, which set clear expectations for widespread, measurable benefits from eGovernment in 2010. The Action Plan focus on the European Commission's contribution to supporting Member States' objectives and Community policies, in particular the Lisbon Strategy, internal market, better regulation and European citizenship.

The Action Plan focuses on five major objectives for eGovernment with specific objectives for 2010:

- **No citizen left behind:** advancing inclusion through eGovernment so that by 2010 all citizens benefit from trusted, innovative services and easy access for all;
- **Making efficiency and effectiveness a reality** – significantly contributing, by 2010, to high user satisfaction, transparency and accountability, a lighter administrative burden and efficiency gains;
- **Implementing high-impact key services** for citizens and businesses - by 2010, 100% of public procurement will be available electronically, with 50% actual usage, with agreement on cooperation on further high-impact online citizen services;
- **Putting key enablers in place** - enabling citizens and businesses to benefit, by 2010, from convenient, secure and interoperable authenticated access across Europe to public services;

- **Strengthening participation and democratic decision-making** - demonstrating, by 2010, tools for effective public debate and participation in democratic decision-making.

E-GOVERNMENT VIEWS

Technological View

The phrase on demand describes an extended enterprise that can respond to change quickly and effectively – an enterprise whose business processes, integrated end-to-end across its internal organization and with key partners, suppliers, and customers, can respond with flexibility and speed to any demand, opportunity, or threat.

But to do this, the enterprise must have a highly flexible technology infrastructure in which components all work together: an on demand operating environment. This is an end-to-end enabling technology infrastructure that can allow an enterprise to execute technology operations directly aligned with its business needs, thus enabling an enterprise to be more responsive, focus on core mission and competencies, benefit from variable cost structures, and be resilient to external threats. In this way, the operating environment allows the enterprise to use more of its resources on efforts that pertain to its mission rather than on the management of technology.

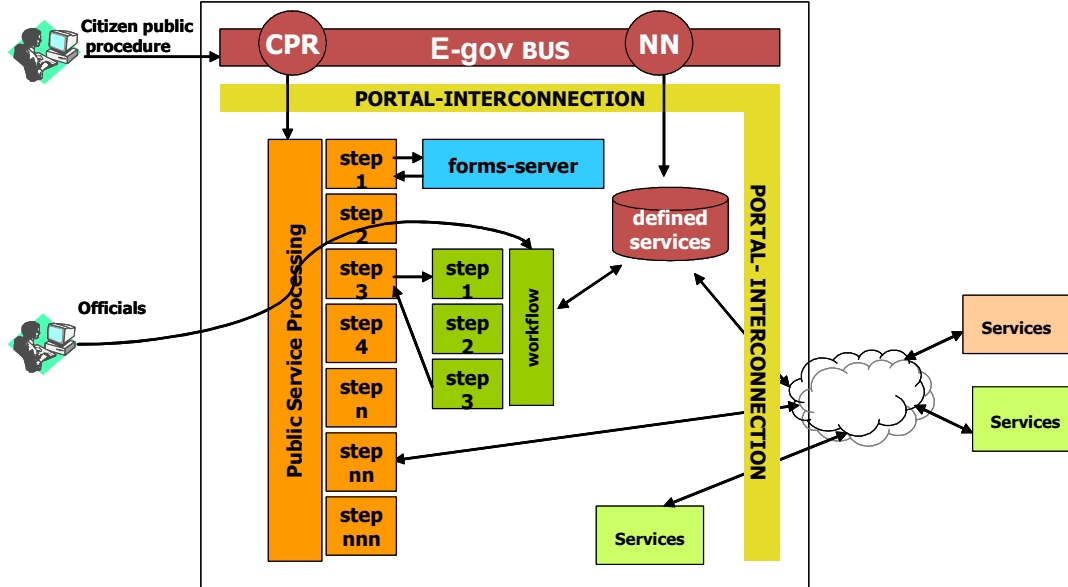
To that end, the most important thing that your future infrastructure will deliver is a technology environment

1. that supports the business needs of your enterprise,
2. through which change can be embraced faster and at less expense, and
3. in which ongoing operating costs can be lowered.

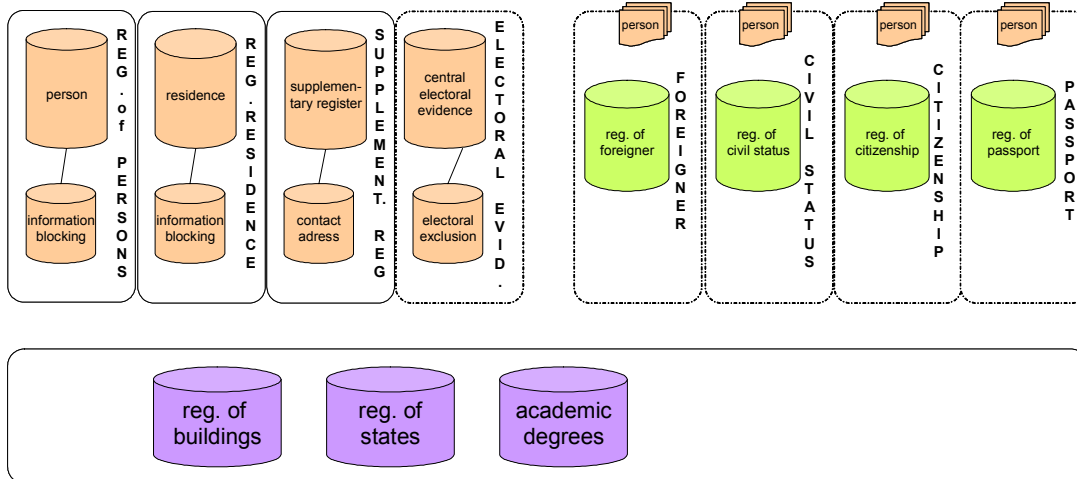
This environment is realized by reducing your incremental cost of change through a component-based, service-oriented architecture that implements open standards and provide a consistent global view of resources of all kinds.

In the figure below you can see such a concept:

Federal- & international procedures



The users (citizens, businesses) access public service processes, workflows, which are kept at a middle level. They can easily be adapted to changing business needs. The processes access, using an Enterprise Service Bus (E-gov BUS), portals, different services – which return content from different sources (databases):



Organizational View.

Today, many public administration services are available online. Not all services that could be dealt with are already available via the Internet. In order to implement these objectives, **a well arranged organization structure is required, which enables an efficient collaboration process across all administrative levels.**

Adaptable Organization

E-government implies continuous challenges regarding changes in administration, new procedures, and a dynamic organization model which is based on the important element

of change management. This culture of continuous adjustment ensures that the correct targets are concentrated on in times of major changes.

ARE THE BENEFITS WORTH THE EFFORT?

Moving through the four waves of transformation and becoming an on demand government sounds like a long, complicated journey. In addition to normal resistance to change, governments encounter additional obstacles that often delay decisions to move forward aggressively.

Government leaders who look at successful transformations in private companies point out that the public environment is more complex. Governments do not have a profit or a stock price that creates a sense of urgency and that measures progress. Government decisions are generally open to public review and opposition political parties are quick to criticize. Legislatures may resist change and be at political odds with the executive branch of government, making it difficult to get laws enacted. Political terms limit the time in which to implement changes. Governments are also more limited in their ability to hire and fire workers. These real differences must be acknowledged and understood.

Despite strong initial enthusiasm, many governments are disappointed in the return on their early efforts in the e-government journey. The public-relations value of putting services online was short-lived because the public viewed the governments as just catching up with private industry. Real cost savings seemed elusive. The added costs of creating and supporting a new Internet channel for customers are not offset by savings that can be readily identified. Use of the online channel jumps initially but often levels off at 10-20 percent of the transactions, making it difficult to reduce staffing on other more expensive channels.

If transformation is difficult and the benefits are disappointing, why proceed? The short answer is survival. Waiting means continued security exposures, increased health care costs, and growing costs to comply with government regulations – all of which affect the competitiveness of local businesses in the global economy. Waiting means that the cost to support aging populations will grow exponentially, robbing funds from infrastructure projects and initiatives to improve quality of life. Government is the gearbox of a society. Transformation has impact on not only the workings of government but also the extended community that interacts with government. Companies struggled with transformations also, but those that succeeded are thriving today. Those that did not are no longer viable. Governments that successfully transform create an environment that promotes economic growth and prosperity. Those that do not will become an increasing drag on the progress of their society.

Let's look at some practical ways to demonstrate results and capture benefits from e-government transformation efforts.

Lessons Learned from Early e-Government

Most wave 1 applications struggle to show cost savings. Yet a detailed study of vehicle license renewals in Arizona found that an online transaction cost the state almost 70 percent less than a face-to-face transaction. Why does the potential to reduce costs not translate into big savings for government? The answer lies in the limitations of the early implementations and the willingness of government to take actions to realize the savings.

Because wave 1 applications usually automate existing processes, they merely create a new channel for the customer to use. Rarely do these applications simplify the steps a citizen or a business must take to complete a transaction. Many wave 1 applications only provide information or a form that must be faxed or mailed back into the government agency. Although more convenient for the citizen, this procedure does not reduce the government labor required to process the form. It is not surprising that online wave 1 applications are often used only 10 percent of the time, mostly by people who are trying to

beat a deadline at the last minute. Citizens still need help to understand all the steps required to complete a transaction.

Wave 2 creates a portal that, on the surface, makes it easier for citizens and businesses to find and use online services. Unfortunately, many portals are not optimized for ease of use. Studies have shown that as many as 50 percent of active users at a Web site will quit before continuing to the next click of the mouse. Therefore, it is important to design a site so customers complete some desired action within two to three clicks. (Through heavy use of customer focus groups, the Canadian central government succeeded in creating a user-friendly site that requires minimal successive clicks and uses terminology that makes sense to customers.)

Many governments focus on the number of services that are available online as a measure of success. A better measure is the percentage of transactions that are done online. Driving up online utilization for a few high-cost services produces a better return than low utilization on a broad array of services. High online utilization of a specific service concentrates workload transfer in a function and creates the opportunity to move resources to other more productive areas.

Online applications must be designed well to attract large numbers of users and generate significant cost savings. Online use increases in response to creative marketing and incentives to use Web sites. Citizens are very sensitive to fees. In the state of Arizona, online registration renewals doubled when Internet fees were dropped. In contrast, businesses *will* pay fees for online transactions if they clearly see the return or savings to their operations.

Even if marketing and portal design are done well, governments may have difficulty taking actions to capture the savings. Reducing the workload on the direct face-to-face channel means that offices can be consolidated or closed to reduce costs. This may not be a politically popular action, particularly to the politician who represents the area where an office is closed. If demand is rising, there is an opportunity to avoid adding new direct resources to handle the increased service requests. Governments need accurate productivity data to demonstrate these cost-avoidance savings.

Capturing the Full Benefits of On Demand Government

Moving beyond wave 1 and wave 2 generally requires more robust business cases. Wave 3 and wave 4 implementations take more time and resources but offer significant benefits that go well beyond internal government savings. These benefits grow almost exponentially as governments become more integrated internally and extend the transformation to partners and suppliers. Benefits can be grouped into three broad categories.

Internal Government Benefits

Delivering services online can be 70-90 percent less expensive than traditional face-to-face operations. Integrated services can drastically reduce support costs to help customers determine where to go to complete the transaction. A Web site that determines the information that a citizen or a business must provide to complete a registration or report a change in status eliminates multiple calls to government agencies to find what to do. These support savings are often much larger than the savings resulting from moving the transaction itself online. Internal training costs drop because customers and government employees can use the Web site to determine how to complete the transaction. For example, New York State training costs dropped 90 percent when the state no longer had to run classes to teach government employees where to refer calls that involved other agencies.

Even if resources are not reduced to reflect lower support requirements, people can move into more productive roles such as finding delinquent payers or eliminating fraud and abuse. Customer data in electronic form reduces errors and rework associated with data

entry from handwritten forms. Electronic access can increase sales of government products, information, and services. For example, specialty stamp sales increase when they can be purchased online rather than at post offices, and businesses will pay fees to get online access to information needed for their business.

External Returns

The greater impact is often outside government. If government integration and transformation efforts reduce the burden of businesses by 25 percent or even 50 percent, the savings fall directly to the bottom line of the business, providing the opportunity to create more jobs, invest in new markets, or price goods and services more competitively.

Faster payments and approvals can speed time-to-market for products and services. Businesses are often very willing to become advocates and report results to demonstrate the return of government investments. In the pharmaceutical business, faster approval of new drugs is worth billions of dollars to the company, and the use of the new drug may have even more significant impact on health care costs, workforce productivity, and quality of life.

Improved Outcomes

Benefits don't stop with improved productivity and efficiency. Integrated processes improve security, education, and health care, all of which in turn improve the quality of life for almost everyone. Creating impact on outcomes that politicians deem important is the most effective way to get political support for a wave 3 or wave 4 projects. The integrated case management and more intelligent use of available programs reduce the time to move a citizen from a dependent role to a productive role in society. Better access to job openings reduces the level of unemployment. Integrated criminal justice systems can reduce crime by leading to earlier arrests of offenders and by enabling the gathering of intelligence that can be used to identify and respond more quickly to new criminal patterns. Systems that improve collaboration among emergency response organizations can save lives and minimize damage and disruptions from unexpected events.