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# **An excerpt from "eGov: e-strategies for government"**

**by Douglas Holmes**

**published by Nicholas Brealey Publishing**

## **BREAKING WITH TRADITION, PALATABLY**

The states of Pennsylvania and Washington are two of America's e-gov pioneers. Both provide all the online and transactional services one would expect to find on a leading-edge government portal – citizens and businesses can pay taxes online, order birth certificates, renew vehicle licenses, enroll their children in school, locate unclaimed property, reserve campsites, buy fishing licenses, read legislative decisions and state government news, access lottery pages and so on. Yet in terms of how the two states got to where they are now, each has a different story to tell.

The Pennsylvania government homepage, the URL for which nobody can ever forget because it's stamped on all state license plates, has recorded more than one billion hits since its inception in October 1995. Over the years, it has continuously added new features and expanded offerings. Pages are continually updated to improve their appearance and user-friendliness, and technologies such as video webcasts and chat rooms have been used to make government events more accessible. In June 2000, to make online services even easier to find and use, with the fewest possible mouse clicks, the state launched a beta version of a new portal called PAMPowerPort. It includes a power-search function for users to find information by typing keywords, an online blue pages listing of all state-government officials and state-government calendar of events, and a facility that lets users customize the site to their specific interest areas. The PAMPowerPort was a new flavor government portal to replace its previous "plain vanilla" home page. To ensure that new flavor wasn't rocky road, the state entered into a partnership deal with Microsoft, which provided, at no cost to the government, a minimum \$100,000 worth of consulting services as well as value-added services so citizens could check the weather, stock quotes and news, open email accounts, design simple web pages and even manage their finances online. Microsoft hopes to recoup its investment through development work tied to the portal. For example, businesses participating in the portal's PA Small BizNet now a subscription fee, as do local governments that ask for assistance in developing their

websites. (At the time of PAPowerPort's launch, only 148 of Pennsylvania's 2,565 municipalities had a web presence.)

Pennsylvania's philosophy is to spur e-commerce in the state by making basic services freely and widely available. If a business wants to get on the web, the government will help. Yet many Pennsylvania businesses have complained that the state is duplicating services already offered by the private sector and competing against the very people it purports to want to help. Further objections have been raised over what some see as giving away to Microsoft the best consumer marketing platform in the state. The government website receives 95 million hits per month from more than half a million Pennsylvanians; links from such a high-traffic website usually cost a small fortune. "Content is not provided to create marketing opportunities for select big businesses, any more than the state capitol was built to place billboards in downtown Harrisburg, or legislation is printed to include advertising aimed at lobbyists and legislators," says Wayne Kessler, a local Internet entrepreneur and adjunct fellow of the Commonwealth Foundation of Pennsylvania, a non-partisan public policy think tank.

Meanwhile, Microsoft's home state of Washington was the first American state to offer citizens single-site access to every one of its agencies when it launched Access Washington in November 1998. This portal focuses entirely on the provision of traditional public services and does not offer added-value features like email or web page design. There are no links to private sector websites other than to some educational sites for children, lodging associations on the tourism page and the state's chambers of commerce and trade alliances on the business page. The portal uses the same underlying technologies as PAPowerPort but was implemented by the government itself, with the private sector's contribution limited to web design and maintenance. Washington's philosophy is that the people have entrusted the government to deliver certain services and that responsibility doesn't go away just because the services are being delivered online. If the government doesn't know how to do something, then it had better figure it out.

The problem that most governments face is a lack of in-house expertise to undertake major dot.gov initiatives. Not many jurisdictions have Washington state's luxury of being able to draw upon a large technically-skilled workforce. Government e-business requires systems integration skills and people who can develop middleware to link together different legacy systems to the open standards of the Internet. Those who are recruited and trained to do this kind of work are quickly snapped up by the higher-paying, higher-flying private sector.

Project management skills are also beyond the level of smaller agencies and local authorities

So as governments come under pressure to meet the digital expectations of their citizens, private high-tech companies will increasingly be called in to implement solutions quickly, regardless of whether they're seen as a necessary evil or a great opportunity.

Not so long ago large corporations, like government today, did all their jobs in-house, with a hierarchy of workers assigned whatever tasks were needed to make the company's product. Now companies enter into joint ventures or subcontract so much of their work to the point where Dell, the computer hardware manufacturer, claims that if it did everything in-house it would have to hire 80,000 people to achieve the same productivity it currently gets out of 15,000. "Just as businesses are being forced to rethink traditional practices and assumptions because of e-commerce, governments must do the same," said Pennsylvania Governor Tom Ridge, at his state budget address in February 2000, when he announced PAPowerPort.

Doing e-business puts new and different kinds of strains on government. Public sector websites are a favorite target for hackers and the infamous love bug hit government particularly hard. More innocently, there are power outages that can take down a web server and perhaps a department's website with it. Or a transaction might be lost because of a tenuous connection to the back office platform. Often it's just simply easier if all these things were somebody else's problem so that public employees could get on with their jobs and the government as a whole wouldn't have to be distracted from its political agenda. The main attraction of partnering with one of the big IT heavyweights – a software giant, a systems integrator, an IT services company or a big five accountancy-cum-consultancy – is that all have battalions of technicians and consultants. If something breaks, they'll always have somebody who can fix it. It's difficult to challenge IBM's claim that they're the best company for connecting legacy systems for the reason that it was IBM that made the legacy systems in the first place. Nobody understands information technology better than those who make and sell it.

Major industry players offer complete packages of consulting, web development, systems integration, systems architecture, code development, business process re-engineering, enterprise resource planning – whatever the customer needs and wants. Yet the sheer size of these companies often means they cannot help but pawn off to government the same e-business "solution" that they originally developed for a large retailer or a bank. That's like selling baseball gloves to a soccer club – government is a whole different ballgame. And when IT companies dispatch their government industry manager (an oxymoron of a job title if ever there was one) to address a public sector audience, they too often dig into their bank of

PowerPoint slides and simply change the word "company" to "organization" and hope everyone will swallow the glib about profit margins and competition.

When doing business overseas, large American IT companies (and most large IT companies are American) often do not appreciate the need to comply with local cultures and many tend to underestimate the market fragmentation on other continents. They are like former Secretary of State Henry Kissinger, who once infamously asked, "If I want to call Europe, who do I call?". Many US companies decide to enter the "European market" without realizing that each European government is completely different. Besides the question of language, it is not obvious to many that the French government, for example, prefers dealing with companies that have already established themselves in the country and have been endorsed by a leading (usually nationalized) French business. So it is not at all surprising that major software firms report only modest growth in Europe while their sales thrive in North America. Companies which have been able to balance and grow their revenue abroad recognize the need to reshape how they do business and how they build products, for both public sector and specific national markets. EDS has done well in the UK, for example, because rather than cutting and pasting solutions it had developed stateside, it was able to grasp and embrace the thinking behind the British government's private finance initiative. In this way, EDS is much like McDonalds when it studies local tastes for tomato sauce and then tailors the flavor of its ketchup according to national palates.

## **A TWO-WAY STREET**

Even when an IT company does make its products and services more palatable, there is still a perception in government that, while the public sector enters into a partnership deal to learn from the partnering company, the private sector sees it as just another form of outsourcing and is out to get the most money possible for the least amount of effort. The private sector doesn't actually believe it could possibly learn anything from the public sector. However, the public sector can be impressively decisive and effective when there's a fire or a plane crash or a natural disaster of some sort. The police, emergency services, health service, military, and even parliament, all rally around, take quick action and coordinate efforts to minimize damage and relieve human suffering. Private companies, on the other hand, usually have difficulty handling an emergency, and often they can't cope and go bust. But few firms would think of approaching the public sector to learn something about crisis management.

A lack of understanding between what a public sector organization needs and what a private sector partner can offer is not uncommon. Many agencies have had experiences similar to the

Office of the Inspector General in the Department of Housing and Urban Development (HUD), which, in October 1999, suspended an implementation of an automated workflow application three months into its contract with DynCorp. The technology was relatively simple – an off-the-shelf workflow application and a virtual private network that would permit the department's 700 auditors to file documents and reports from anywhere in the country. But there were communication problems from the outset and the agency wasn't able to develop a sufficient level of trust with its private sector partner. HUD staff felt they had little input into the system that DynCorp was planning to introduce and the solution was accepted by management with little discussion. It wasn't until after the implementation was suspended that the department and DynCorp started talking about requirements and how the system related to the department's core business. After both sides brought in their most senior management, including the inspector general of HUD and the president of DynCorp, the two partners were better able to cut through each other's fear and end the bickering. To keep the project alive, the department formed a dedicated team of senior personnel from its IT, operations, security and telecommunications staffs to meet weekly with DynCorp to check on issues involving the contract. Both sides also worked together on a daily basis to straighten out technical and cultural issues before problems arose. Part of the increased communication included having the DynCorp team listen to suggestions from HUD employees, who, because of their experience, often thought of things the contractor might have missed. In one case, HUD staff members pointed out to DynCorp that some of its housing projects did not have the digital bandwidth connection required to dial into the virtual private network.

DynCorp learned quickly that a successful partnership needs to be a two-way street, otherwise the public sector partner becomes put off by the company's arrogance. The HUD managers learned the need to put forward promises to their employees to convince them that their jobs were safe and that, in fact, they would be performing duties more in line with the department's mission. Many government workers take a cynical view of the real motives behind public-private partnerships, and politicians driven by ideology, who partner for partnership's sake or privatize for privatization's sake, tend to damage the morale and ethos of a civil service. They can even shake public confidence in a particular service.

It has to be accepted that some government projects will fail. It's a private sector adage that if every initiative succeeds, you haven't taken enough risks. So governments cannot be expected to take risks if they're pounced on every time something goes wrong. It would be useful if more best practice case studies of successful public-private partnerships were published, as only the screw-ups seem to attract attention. But to minimize failures, both government and business must be prepared to admit that it's not always best to work in partnership.

sometimes it's better to keep services in-house and sometimes it's better to contract them out entirely. One local council IT manager once expressed a wish for some kind of cheap-to-administer pregnancy testing kit to determine if he had a suitable partnership case, but the best advice is to be pragmatic, not dogmatic, about how public services should be provided. Some call it the third way; most people call it keeping an open mind.

## **DOT-COM MEETS DOT-GOV**

One thing that governments might want to keep an open mind about, when putting services online, is the benefits of partnering with a start-up of the kind that has fueled the dot.com mania. While the big IT companies were preoccupied with making sure their public sector customers were Y2K compliant (which was a huge issue in government), many of the small Internet start-ups were able to use their absence of pre-millennium baggage to steal a march and enter the public sector market which might have otherwise been closed to them. These companies tend to be less contemptuous of government, and are often lead by people who believe strongly in open access to government information or in citizen-centric public services. They might even be patriotic and want to give something back to their country. Eric Brewer, a University of California computer scientist and founder of the search engine company Inktomi, offered to build the federal FirstGov portal free of charge, as "a gift to the American people", without even a link to the Inktomi website.

Start-ups are good at understanding government because it is often where they've cut their teeth, or because they are former public officials themselves. One such person is Stephen Goldsmith, who as mayor of Indianapolis in 1996 set out a vision to allow citizens to do all their business with the city without setting foot in city hall and launched IndyGov, one of the earliest public sector websites. In December 1999, Goldsmith resigned from public office and, with a few other former city officials, set up eGov Solutions, a technology and consulting company to help other local, county and state governments create online services. He says: "A number of folks nationwide began calling and asking for our advice, so we decided to roll the dice."

Goldsmith and company face increasing competition from other dice rollers who are finding a niche market in government. New York's govWorks has developed a technology platform that lets people pay taxes, fines, and water bills, and apply for permits and licenses. It sells these applications directly to local and state governments, collecting either a standard licensing fee, transaction fees or a percentage of the savings that the organization realizes from the system

Other firms such as [ezgov.com](http://ezgov.com) and the National Information Consortium (NIC) are also developing portals, transaction processing tools and web interfaces that sit on top of legacy databases and networks. There are even more specialized web companies such as NetClerk, which lets contractors and building professionals apply for government permits online.

These fast growing companies are usually able to work more quickly than the large computer blue chips because they don't have to pull together so many disparate pieces, and being plugged into Silicon Valley venture capital means they can approach government with a specific idea and turn it into a fully fledged business. The British e-government strategy proposes there be no exclusive contracts and that instead any number of private companies and voluntary organizations be given a license to provide an online public service. This flexible approach provides dot-coms and others with a great opportunity. One can almost picture a computer geek and a garage mechanic getting together, backed by venture capital, setting up [my-vehicle.com](http://my-vehicle.com) as a one-stop online shop for motorists, offering vehicle registration, license renewal, car insurance, roadside assistance, safety tests, tune-ups and numerous other car-related services which currently involve separate transactions with different private and public sector organizations.

Most IT partnerships contain a mixture of equipment and services, and it is often difficult to determine which procurement regulations need to be applied. While the purchase or rental of equipment is generally considered to be a supplies contract, special considerations often apply to IT contracts if services are also included. Contracts for off-the-shelf software may be considered supplies while a bespoke development is considered services. Governments need to review their procurement rules to allow greater flexibility for partnerships and create a climate where innovation can flourish. Some governments are starting to allow "competitive negotiated" procedures to enter into partnerships while the European Commission is intending to introduce a "competitive dialogue" provision into its procurement rules. Whatever that means exactly, it is a recognition that making companies compete directly for contracts with definitive specifications doesn't always bring out technological innovation.

Thorny issues such as public accountability and transparency need to be addressed, but given the pace of technological change, it's perhaps best for [dot.gov](http://dot.gov) partnerships to just make the rules up as they go along, and even the rules themselves can be established in partnership. The services provider [govWorks](http://govWorks) has started an alliance to establish a code of conduct for the e-government industry to ensure public trust and to encourage fair business practices. The code has five main points:

- adopt strict consumer-privacy policies that prohibit the improper use and resale of consumer data to third parties.
- disclose all fees and other costs associated with e-government services.
- accurately represent the number and scope of e-government products and services offered.
- accurately represent corporate structures and affiliate relationships that may affect vendor selection.
- help bridge the digital divide and ensure universal access.

This seems like a more sensible approach than piling on too many complicated, bureaucratic directives which discourage innovation and which, in any event, do not necessarily prevent abuse and stop people from messing things up. The majority of people – public and private sector – are responsible and ethical. So rather than laying down rules for a tiny minority of potential trouble-makers, a less visible control can be exercised through strong leadership, teamwork and subtle culture changes such as rewarding innovation. Rather than instilling a fear of punishment in people, it's better to be clear about the expectations of both partners and have mutually derived, understandable and realistic goals.

Partnerships can also help a government get online sooner and cheaper, even at "no cost" if the administration is willing to give the contractor revenue opportunities such as advertising or service subscriptions. Whether such trade-offs are a better deal for the government or the company is a moot point (they are usually touted as win-win situations) but it's important to note that the success of partnerships must be measured on best value rather than price, with an emphasis on outcomes rather than ownership. Ultimately both public and private sectors will be judged on the same standards by citizens/consumers who don't care who's providing a service so long as it's good. So the two sectors need each other, to ensure people consistently receive the better quality and more dependable services that they demand.