Information Technology - Governance

Government and Internet
- The next revolution

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The internet revolution is set to bring a fundamental change in the relationship between government and citizen.

In Downtown Phoenix, Arizona, people are queuing in a grubby municipal office to renew their car and truck registrations. They are visibly bored and frustrated, but what can they do? All over the world, people dealing with government departments and agencies are having to engage in dreary and time-consuming activities they would much rather avoid.

What is unusual about Arizona is that the locals have a choice. Since 1996, a pioneering project called ServiceArizona has allowed them to carry out a growing range of transactions on the web, from ordering personalised number plates to replacing lost ID cards. Instead of having to stand in a queue at the motor vehicle department, they can go online and renew their registrations 24 hours a day, seven days a week, in a transaction that takes an average of two minutes.

What is more, ServiceArizona has not cost taxpayers a cent to set up, and is free to users. The website was built and is maintained and hosted by IBM, which is being paid 2% of the value of each transaction—about $4 for each vehicle registration. But because processing an online request costs only $1.60, compared with $6.60 for a counter transaction, the state also saves money. With 15% of renewals now being processed by ServiceArizona, the motor vehicle department saves around $1.7m a year.

That allows Penny Martucci, the decidedly ungeeky grandmother behind the project, to devote extra resources to improving her department’s offline service. But perhaps even more gratifying for her are the e-mails she gets from satisfied customers. In a recent survey, the Arizona motor vehicle department scored an 80% approval rating for its service, head and shoulders above other departments. John Kelly, the state’s ambitious chief information officer, is pushing other departments in the same direction, and has put out to tender a contract for building a portal that will link them all together.

There is nothing spectacular about ServiceArizona, but it is a straw in the Internet wind that is beginning to blow through government departments and agencies all over the world. Within the next five years it will transform not only the way in which most public services are delivered, but also the fundamental relationship between government and citizen. After e-commerce and e-business, the next Internet revolution will be e-government.

Little and late

With few exceptions, governments have come late to the Internet. Although the net was born out of a project sponsored by America’s Department of Defence, most governments have seen their job as creating a benign environment in which the hoped-for economic and social benefits of the Internet could unfold, rather than actively harnessing the fancy new technology to their own ends.

There have been some good reasons for reticence, as well as bad ones. Governments, even more than commercial enterprises, were deeply worried about the potential impact of the millennium bug (known as Y2K) on their computer systems, and the social disruption that might follow. Much of the available IT funding and expertise was channelled into forestalling millennium disaster.
But even without the distraction of the Y2K threat, governments and their agencies would have lacked many of the private sector’s incentives to adopt the Internet. As monopoly suppliers, they are not worried about being “Amazoned”—waking up one morning to find a new web-based competitor with the potential to destroy their business. Transactions with government are rarely a matter of choice, and agencies collecting tax or managing entitlement programmes do not see the Internet as a challenge to their existence. Nor are the people running government services likely to be rewarded—with share options for, say, devising an innovative Internet strategy.

There is also the question of access. Even in America, the proportion of people with an Internet connection at home is still under 50%, and in most of Europe it is less than half that. Governments cannot choose their customers; the services they provide must be for everyone, and much of what they do involve dealing with the poor, the less well educated and the elderly—precisely the people least likely to be wired. Lastly, security and trust are even bigger concerns for government than for the private sector. Banks and insurance companies may know quite a lot about their customers, but nothing matches the range and detail of information that governments require from their citizens. Unless the integrity of that information can be guaranteed, the scope for governments to make constructive use of the Internet will remain limited.

But despite the late start, the pressure is now on to catch up fast. The spur may not be competition in the conventional sense, but talk to public servants and politicians almost anywhere, and the sense of urgency and excitement is tangible. Helped by the big IT vendors, governments are realising that by applying much the same technologies and principles that are fuelling the e-business revolution, they can achieve a similar transformation. Reinventing government, a fashionable but premature idea a decade ago, is at last being made possible by the Internet.

More prosaically, the starting point for most e-government projects is the desire to reduce costs and make tax revenues go further. The potential for savings comes from the sheer scale of public-sector spending and from the opportunities to make internal processes more efficient. American federal, state and local procurement spending on materials and services this year will be around $550 billion. Some big private-sector companies are now achieving annual savings in the region of 20% by putting their supply chains on the web. If government services in the United States could replicate that, they could save $110 billion a year. In the European Union, where the member states’ combined procurement spending is about euro720 billion ($778 billion), savings could be of a similar order. As with commercial businesses, the benefits come from the way the web can slash purchasing and fulfilment cycles, lower administrative costs by up to 75% and halve stocks.

**Reasons to be “e”**

Governments are also under pressure to meet rising expectations of service. Not many people enjoy dealing with their government; they do it because they have to. But that does not mean the experience has to be as dismal as it usually turns out to be. As increasing numbers of consumers become used to the quality of service offered by the best web retailers and service providers, their willingness to accept slum standards in the public sector is coming under strain. If the same 24-hour, seven-days-a-week availability and convenience, fast delivery, customer focus and personalisation became the norm in the public sector, it could not just make life easier, it would fundamentally change the way that people view government itself.

One of the greatest problems for anyone who has dealings with government, whether as a citizen or a business, is its sheer complexity. The average government has between 50 and 70 different departments and agencies. Just finding out which is the right one for the task in hand can be hard enough. Worse, even for fairly straightforward matters such as licensing a business, selling a house or registering the birth of a child, a number of different agencies requiring a plethora of different forms may be involved. Moreover, they expect users to communicate with each of them in turn rather than being prepared to communicate with each other.

One of the basic reasons for public-sector inefficiency—"bureaucracy"—is that, whereas departments are vertically organised, many of the services that they have to deliver require complex collaboration between employees across departments. The British government has for several years been preaching the need for "joined-up government", but has found that the underlying structures of government conspire against it.

The Internet offers a solution to both problems. Increasingly, governments are coming round to the
view that they will need to construct Internet portals, similar to consumer portals such as Yahoo!, that can provide a one-stop shop for all of a citizen’s needs. A central government portal of this kind has just been launched in Singapore; another is being developed in Austria. In Britain, BT has recently won the contract to build UK Online, a portal to offer government services that should, in a basic form, start up in the autumn.

These government portals are being designed to allow users to find what they are looking for by using questions such as “How do I...?” or asking about so-called “life events”, such as a change in marital or employment status. The citizen does not need to know about the organisational complexity behind the scenes because the portal will take him smoothly to where he wants to go. And the same technology infrastructure that is built to link and integrate services for the citizen can provide the platform for a secure government intranet that allows common access for government employees and enables them to work better together across all departments.

Governments have also realised that although a sluggish and half-hearted approach to e-government will not put them out of business, they may not be as immune from competition as they thought. True, the first thing they have to do is to create the right regulatory and public-policy environment for the digital economy—a competitive communications market, universal access, digital signatures, light taxation, online privacy, consumer protection for web shoppers and so on. But they are also becoming aware that their own e-government strategies can have a powerful catalytic effect on business in general.

Just as Ford and General Motors can push their suppliers into doing business with them through online exchanges, so can governments, thus galvanising thousands of small firms into becoming e-businesses. By harnessing the efficiency, transparency and accountability that is inherent in the web to improve all aspects of government-to-business and business-to-government transactions, they can deliver a big economic boost. And by ensuring access for all to the Internet as the main channel of dealing with government, they can be a powerful force in bridging the “digital divide” between the haves and the have-nots and stimulating online education.

Last but not least, by improving the quality of their relationship with citizens, they can make a big difference to the attractiveness of their country, region or city as a place to live and work. This goes beyond the delivery of services through the Internet, and to the beginnings of digital democracy.

The first signs are already there: a Democratic primary in Arizona (again) in which online voting boosted voter turnout to six times its usual level; more accountability for elected officials, thanks to e-mail and web-casting; and online campaigning and fundraising, as in this year’s American presidential election.

Yet making e-government a reality will be extraordinarily difficult. Britain’s e-minister, Patricia Hewitt, points to one of the more obvious reasons: “If Jack Welch says that GE is going to become an e-business, it does, and pretty quickly. Government is different.” Politicians can be as visionary as they like, but unless they can get the machinery of government to take notice, nothing much will happen. And persuading public servants to abandon their paper-shuffling ways and embrace change on a hitherto unimagined scale will require relentless pressure— as we saw some of the carrots and sticks that keep people going in the private sector.

Jay Nussbaum, who heads Oracle’s service industries business in Reston, Virginia, has a mantra for e-government: “Start small, scale fast, deliver value.” In other words, it is important to bank some quick wins from smaller projects that achieve what they set out to do, like ServiceArizona, before moving on to bigger things like the all-embracing portals that cover every aspect of government activity.

The potential is enormous, but governments will need committed leadership, a full understanding of e-business principles and a clear strategy for overcoming the barriers to change: the departmental rivalries, the hostility of unions, the fears of individuals and the sheer size of the thing. For once, the technology— although crucial to making it all possible—is the least of the worries.

About the Author:

Mr. Rahim Nizar Panjwani completed his Articleship from KPMG-Taseer Hadi Khalid & Co. and qualified in June 2000, since then he has worked with Hong Kong Bank and Serena Hotels. Presently he is working as an Assistant Manager – Funds Management & Corporate Affairs with the Aga Khan University.