# SMS, Business, and Government in the Philippines
Emmanuel C. Lallana, PhD

In the Philippines, one can send a text message to God and get a response. The President sends instructions to members of her Cabinet and other subordinates via SMS. Legislators send text messages instead of listening to their colleagues during legislative sessions. In the acknowledged SMS capital of the world, there is a poetry writing contest via SMS "to popularize and continue the tradition of one of the country's oldest forms of poetry by using modern technology". TV talent search contest allow viewers to vote for the winner using SMS. Science teachers can request for supplementary teaching materials using SMS. Farmers use SMS to find higher prices for their produce. The young use it to start and/or develop relationships: greeting a boyfriend "Gud AM"; courting a girl; expressing love/affection to parents.

The cellular phone is now the Filipinos' digital device of choice. Consider the following:

- Over 22 million (of the total 80 million) Filipinos have cell phones;
- There are 6.7 million available landlines or wired telephones in the country  but only half of these phones are subscribed;
- Only 5 million Filipinos have access to the Internet (six out of every 100); and
- There are only 1.53 million PCs (or about 2 PCs for every 100 Filipinos) in the country.

Cell phones are popular because they are convenient, relatively inexpensive and easy to acquire. Their ubiquity also has something to do with their capability to send and receive short messages (popularly called text messages).

Of course, Filipinos are hardly alone in using the cell phone and sending text messages. Globally, the number of cell phones surpassed the number of landlines/wired phones in 2002. It has been estimated that there are about 1.5 billion mobile phone handsets with around 113 billion SMS messages sent worldwide in 2003.


## A BRIEF HISTORY

The cell phone was introduced in the Philippines when the Philippine government started allowing limited competition in the telecommunications sector.

Until the early 1990s, telecommunications services were provided by a private monopoly—Philippine Long Distance Telephone Co. (PLDT). In 1992, then Singapore Prime Minister Lee Kwan Yee quipped before an audience of

Filipino businessmen that 99% of Filipinos are waiting for a telephone line and the remaining 1% for a dial tone.  The average Filipino had worst things to say about telecommunications service in the country.

Efforts to reform the telecommunications sector, through the introduction of more competition, began in the late 1980s.  But it was not until the election of Fidel Ramos as President in 1992 that reform gained full steam.

The first Executive Order (E.O.) issued by Ramos on this concern is E.O. 59, mandating interconnection among telecoms providers.  Mandating interconnection was necessary to ensure other telcos access to PLDTs network. The second order was E.O. 109, entitled "Policy to Improve the Provision of Local Exchange Carrier Service", with the objective of improving telephone service in rural/underserved areas.  Ramos' EOs set the stage for the end of PLDT monopoly and allowed competitors in the telecommunications market. In 1995, the Telecommunications Act of the Philippines formally set into place the policy for competition and deregulation of the telecommunications sector.

Given PLDT's dominant status, it is not surprising that a PLDT subsidiary, Pilipino Telephone Company (Piltel), was the first company that was granted authority to deliver cellular mobile telephone service.  Piltel began operations in 1991. The second company to provide cellular services was Express Telecommunications Co. (Extelcom) launched its cellular service in 1991.  Smart Communications (Smart) started operating in February 1994. While all three providers offered analog services they used different proprietary technologies.  Isla Communications Inc. (Islacom) launched its GSM cellular service in 1993, while Globe Telecoms (Globe) introduced its GSM-based service in 1994.

Consumers quickly snapped up analog phones with Piltel and Smart emerging as the dominant cellular service providers.  But analog's dominance did not last.  Problems related to cloning and poor billing by service providers boosted the shift to second generation or digital cellular phone technologies. Piltel introduced CDMA while Smart joined Isla and Globe in the GSM camp. GSM emerged as the winner as it was the only system with SMS capability.[1] By the second quarter of 2004, mobile teledensity is estimated at 27.77%, a far cry from the 2.37 mobile teledensity in 1999.[2]  By one estimate, mobile teledensity would reach 35-40% in 2005.[3]

The shift to digital technology and the brutal competition for market share also led to consolidation in the cellular marketplace (as well as in the telecoms sector in general).  Smart acquired Piltel when First Pacific (the owners of Smart) acquired PLDT.  Globe and Isla merged.  From five players there are now only two dominant cellular services providers in the country:

---

[1]  Napoleon Nazareno, *The Philippine Experience: The Messaging Revolution*, speech during the Mobile Messaging Latin America conference, 25 September 2002, Miami, Florida, MS,

[2] D'Laarni A. Ortiz "Wireless service far from saturation despite new player" *Business World: Special Report on the Telecommunications Industry* May 31, 2004, p. 31

[3] Ibid.

Smart/Piltel (with 54% of the market) and Globe/Isla.  In the middle of 2003 a new cellular phone provider—Sun Cellular entered the fray offering lower priced SMS and voice service.

SMS was introduced in 1994 as a free service.  Nobody expected that SMS would change the way Filipinos communicate. In 2000, cellular service providers caused a huge uproar among subscribers when they began charging for SMS use.  In the end, cellular service providers were able to levy a charge on SMS but consumer activism ensured that the prices were reasonable.

Person to Person (P2P) messaging accounts for 80% of Smart's mobile data revenues.[4]  Given P2P's popularity (and profitability), both Globe and Smart have introduced new services to help boost this business.  Globe has launched its Globe XTM (Extra Long Message) service where its subscribers can send and receive messages via short messaging service (SMS) and e-mail using their GPRS (General Packet Radio Service) capable phones. For its part, Smart inked a deal with America Online Inc. that would allow Smart's subscribers to send instant messages to any ICQ subscriber around the world using their mobile phones.

SMS has become an important source of revenue for Philippine telecommunications companies.  In 2003, Smart's non-voice service accounted from about 40% of its revenues.  On the other hand, 35% of Globe's revenues for the same year came from non-voice service.[5]  In 2002, Smart's revenue from wireless data services (which include all SMS and text-related services as well as value-added services) was P12.2 billion (representing 37% of revenue).[6] Basic SMS accounted for 79% of data revenue in the same year.  Data accounts for a smaller percentage of Globe's revenue.  It accounts for only 33% of total wireless net revenue in 2002 (up from 21% in 2001).[7]  As was noted in a recent report:

> The two Philippine giants surpassed Japanese players NTT DoCoMo, KDD and Vodafone in terms of maximizing revenues from non-voice services.  The three Japanese telecom players booked between 20 and 25% of revenues from data services. … (O)ther mobile players suing GSM technology derived close to 15 percent to 20% of turnover from non-voice operations…[8]

Cellular phone companies are also the profit leaders of the telcos that they are affiliated with (Smart and Piltel is owned by PLDT and Globe also has a landline business—Globelines). Globe's "wireless service revenues accounted for 90% of its net operating service revenues of P11.737 million" in the first

---

[4] Nazareno, *The Philippine Experience:The Messaging Revolution*

[5] Clarissa S. Batino "Smart, Globe lead international mobile phone players" *Philippines Daily Inquirer* May 21, 2004, B7

[6] PLDT 'Full Year 2002 Financial and Operating Results', March 25, 2003 Power Point presentation in http://www.pldt.com.ph/downloads/fy2002/fy2002-results_final_files/frame.htm viewed April 14 2003

[7] *Globe Telecom's 3rd Qtr 2002 SEC Report* in Investor Relations Section of Globe website http://www.globe.com.ph/ accessed 20 December 2002

[8] Batino "Smart, Globe lead international mobile phone players", B7

quarter of 2003.[9]  Meanwhile, Smart accounted for P16.12b of PLDT's P16.88b consolidated net revenue for 2003.[10]

SMS is so popular that telephone companies have been trying to generate more revenues for their wired business by giving landlines the capability to send and receive text messages.  In 2001, the two leading telcos (PLDT and Globe) introduced texting from landlines.  In PLDT's case, the initial foray into texting from landlines resulted in 300,000 subscribers who used the service once a month.[11]  In 2003, PLDT relaunched its landline texting service using handsets with SMS capabilities.  This new service, called Hype, is targeted at the youth market and is expected to draw 600,000 subscribers and earn P1b in 5 years.[12]

Multimedia Message Service (MMS)--which adds still images, voice-, audio- or video clips, and presentation information to the text messages was introduced in 2003.  Globe has a service that allows MMS photos taken from cell phones to be printed and delivered to the customer.  Smart has introduced its "Addict Mobile" service.  It targets the youth with high purchasing power (no prepaid service is available) and offers 'exclusive' multimedia content and the ability to access a wide range of data services (value-added services) like MMS and general packet radio service (GPRS).

But MMS uptake will depend on affordable tariff for MMS-related services.  A mid-2003 study suggests that the current European price of $0.40 per message caters only to the business market, and only when the price hits $0.17 per message in 2007 will adoption of the technology rise.[13]  Given the higher standards of living in Europe, the price point for mass adoption of MMS in the Philippines would be much lower.  Furthermore, issues related to their GPRS network, reasonably priced handsets, and interconnection have to be resolved.

---

[9]Globe Telecoms "QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER"  p.4 Investor Relations section, Globe Telecoms website http://www.globe.com.ph/ viewed May 14, 2003

[10] Clarissa Batino "PLDT sees P18-B net profit in '04" *Philippiine Daily Inquirer* 20 Feb 2004, B1

[11] 'Telco Giant 'Hypes' Landline Texting' *Metropolitan Computer Times* April 14, 2003 p. 9

[12] Ibid.

[13] Pricing MMS in Europe 4 June 2003 in http://www.emarketer.com/news/article.php?1002271&c=newsltr&n=lead&t=ad viewed 6 June 2003

It would be very difficult for Filipinos to imagine going back to a life without cell phones and text messaging. For most Filipinos, the mobile phone is not just a fashion statement or a communication device; it is constitutive of their identity.[14] The cell phone has made new relationships possible: TV and Cable shows devoted to SMS chat are frequented by people looking for 'txtmates'. Texting has also reproduced traditional ties in expanded circumstances. Keeping in touch with wives working as domestics in HK or husbands who are deployed in the Middle East had never been easier or cheaper. The cell phone has also made exploring sexuality easier and less dangerous.

But the cellular phone service is a business and as such, cellular phone service providers are zealous to increase revenue and profitability. And ensuring that the cell phone is at the center of a new Filipino lifestyle seems like a good road to continued profitability.

**TARGETTING THE YOUNG**

"R U 1 of us?" asks the Globe advertisement that glorifies young Filipinos who are part of GenTXT (text generation). The younger sector of the population is a logical marketing target of the cellular service providers as it is the spear point of the digital revolution in the country.

Cellular service providers are aiming to increase profitability by promoting a hip lifestyle centered on the cell phone. Cellular operators regularly tie up with movie distributors to promote movies and boost ring tones and logo downloads. Smart tied up with Sony's Columbia Pictures to promote the movie Spiderman. Globe has a tie-up with Disney that allowed its subscribers to download Disney logos, text cards and ring tones. At P15.00 (US$0.25) per download, Smart admits to having built "a healthy business selling ring tones and logos over the air".[15] They also tie up with popular musical entertainers (Smart co-sponsors musical events like Jason Mranz in concert) or with cosmetics companies (Globe and Avon)

Entertainment and lifestyle services, such as music downloads, have also been introduced. "Smart Cinema Club" is an SMS service allowing subscribers to receive information about the latest movies, download logos and ring tones, win tickets to premiere showings and movie passes. The Cinema Club incorporates several types of value-added services, accessible via one access number 239: Movie Information on Demand, Movie Logos, Movie E-

---

[14] Raul Pertiera, et. Al., *Txt-ing Selves: Cellphones and Philippine Modernity* (Manila: De La Salle Univeristy Press, 2002).

[15] Nazareno, *The Philippine Experience*

Cards/Picture Messages, Movie Ringtones, Movie Calendar, and Movie SMS Games

Touch Mobile, the low-end brand of Globe, offers "Home Info Text Service" which provides useful 'expert tips for the whole family'. The service offers information on Family Care (child care tips, health tips, etc), Family Entertainment (movie & TV schedules, vacation tips), Recipes, Daily Guide (Spiritual, Horoscopes, and Dream Interpretation), First Aid, News and Info, Job Openings (local job openings, POEA Info), Directory (Fire, Policy, Hospital, etc), Fun and Games (Tones, Icons, Handypet), and Messaging (Instant Messaging, Mobile Mail).

Cellular service providers have also married the Filipino obsession with celebrities and a chance to win money. For instance, Touch Mobile has "Star Pal." Fans that enroll in the service receive regular updates from their favorite stars and can send questions to their favorite star or ask about them from publicists and entertainment gossip columnists. While subscription is free (in fact a free Ring tone is thrown in as a sweetener), the texter is charged P2.50 per message. Subscribers to this service also get a chance to win prizes, including cash through a raffle.

In mid 2004, the caller ring tunes – featuring hit songs, celebrities -- has become the latest hit offering of cellular service providers.

## TEXT GAMES OR SMS GAMBLING?

In 2001, cellular companies hit the jackpot -- text games. Their popularity has made government move towards regulating these games and have sparked outrageous claims about their profitability. A 2002 year-ender report in an IT weekly claimed that Smart and Globe, combined, have earned more than P10 billion since the start of its text games in 2001.[16]

The first text game was introduced by Smart and is called *Text to Millions.*[17] Subscribers are asked to register, afterwhich they are sent four trivia questions per day via SMS. Sending answers through text messaging gives the participant a chance to win a million pesos. On the average, participants pay P10 to play (at P2.50 per transaction). Globe countered with *Txtciting* where contestants need to unscramble only one word per day. If they played between 6 a.m. and 4 p.m., there were prizes—phones and cash—to be won every hour. Every text entry (except those that have already won an hourly prize) qualified for the grand draw where 3 million pesos were at stake. The success of these games brought on other text games.

---

[16] Alex Villafania "Text Games: Gaming or Entertainment?" *Metropolitan Computer Times* December 2, 2002, p.7

[17] Michael Anthony Mapa **"**Text-based fun and games" INQ7.net Feb. 22, 2002 www.inq7.net/lif/2002/feb/23/lif_2-1.htm. subsequent discussion is also based on this article viewed on 8 January 2003

But it is not only cellular companies that sponsor promotions and text games. *imGAME,* a mobile value-added content provider (M-VAS), has a text game with the same name which runs on both Smart and Globe networks. *imGAME* participants get three questions per day from a category they choose. Participants who answer correctly are eligible for the weekly draw where there are three one-million jackpots. Like in other text games, participants pay about P10 to play *imGAME.*

Buy and Text (BNT) is an SMS version of the raffle.[18]  Three million pesos were at stake every week to lucky patrons of selected products.  Consumers of selected brands of seasonings, canned meat, sanitary napkins, tissue paper, soap and shampoo join the raffle by sending the BNT code via text to a specific number.  The number of entries is dependent on the price of the purchased product. If an entry is worth P5.00, then a P15 products entitles a consumer to three raffle entries. The group behind BNT reports that their data center receives 200,000 to 500,000 messages a day, with volume increasing during weekends. For producers of consumer goods, an SMS-raffle eliminates the need to install and pick up drop boxes.  Despite its cost of P2.50 per text message, SMS raffles offers consumers the convenience of not looking for drop boxes for their raffle entries.

SMS game developers enter into a revenue sharing scheme, where the network provider gets anywhere from 65-70% of the P2.50 paid for every transaction.   In some instances, the 'content provider' negotiates a straight fee to be paid to cellular companies for the use of their networks.  In Smart's *Text to Millions*, of the P2.50 charged per transaction P1.00 went to Smart for the use of its network and the P1.50 went to the content provider.   Some text games are also developed with television companies (more on this later).

The attraction of these text games is the prize money.  This has led the state gaming agency—Philippine Amusement and Gaming Corporation or PAGCOR—to allege that these text games are forms of gambling and not simply sales promotion.  And because these are games of chance, they fall under PAGCOR's regulatory supervision

Whether gambling or sales promotions, text gaming has caught the fancy of a people living in uncertain times.  It has also been profitable for cellular phone companies, game developers and television stations.

## SMS TV

While many have predicted the emergence of interactive TV through the marriage of the Internet and the broadcasting industry, in the Philippines (as well as Europe) interactive TV was made possible by SMS.  Central to the concept SMS TV is "the idea of enabling the viewer to express opinion and

---

[18]www.mctimes.net/2003/Lifestyle/20030428/Texting_is_Changing_the_Way_People_Join_Raffles.html
viewed on 28 April 2003

communicate emotion—activities that engage and encourage the evolution of an on-screen 'community'".[19]

A new feature of TV programming in the Philippines is the SMS chat channel. Chat channels function as electronic billboards where texters broadcast greetings and other messages. ABC Channel 5, a free-to-air channel, has a chat feature in a prime time program. Net 25 runs a chat show during the day. GMA Channel 7—the strong second in the broadcast industry—has a chat show after midnight called *Txtube*. In Metro Manila, there are three cable TV channels—Cable Café, LinkTV, and PinoyCentral—devoted to chat.

In 2003 Channel 13, Channel 13 airs *The Game Channel*—billed as 'mobile TV gaming arcade' and is reputedly the first in Asia.[20] This twice a week one hour show allows cell phone users to play with each other in the games offered by the show. These games include Wacky Golf, Text Trivia, The Katapult, Cross Text, Search Text and Bumper Cars. For instance, in Bumper Cars up to 24 participants, who pay P6.00 per text, play in this version of demolition derby.[21] In 2004, the show (renamed *Game Channel Extreme*) moved to a different channel and now airs everyday for 30 minutes.

ABS CBN, the country's dominant broadcasting group, has incorporated texting in most of its shows. Texting is part of variety shows, sitcoms, soaps and talk shows. In all of them, there are prices to be won for texting. GMA first used SMS in its public affairs show called *Debate.* The show has *Debatext* that allows viewers to express their views/sides to an issue by texting in their votes to the given poll question of the night. Its success has spurred the station to include SMS in other shows. In early 2003, these include: *SIS, Startalk, Digital LG Quiz, Laro-Laro Sinta Teledrama Promo.*[22] By Feb 2004, GMA has 13 shows with SMS promos.[23]

*Laro Laro Sinta* was an interactive proof-of-purchase promo with Jollibee—a Philippine fast food chain *a la* McDonald's. *Laro Laro Sinta* was an SMS-based game which viewers can play by watching the four GMA primetime soaps (*Ikaw Lang Ang Mamahalin, Ang Iibigin Ay Ikaw, Sana Ay Ikaw Na Nga* and *Kung Mawawala Ka*) and answering the question flashed after every show. Viewers have to text in their answers together with the Jollibee Code found in each Jollibee receipt. A winner was drawn daily for each show. At stake in the grand draw is P100,000.00. Texters without a Jollibee Code can still win, albeit the price money is smaller. During its run, this promotion generated 100,000-150,000 text messages a day at P2.50 per text.[24]

---

[19] http://www.europemedia.net/showfeature.asp?ArticleID=12767
[20] Jason Doplito "More than a lifestyle gadget" *Philippine Daily Inquirer* 29 January 2003, p. D2
[21] http://www.gamechannel.tv/terms.htm viewed 16 February 2004
[22] http://www.igma.tv/int.html viewed 5 January 2003
[23] http://igma.tv/int.html viewed 17 February 2004
[24] Interview with Dingdon Caharian, Assistant Vice President, GMA New Media, Quezon City, 27 Feb 2003

But the mother of all text game shows is ABS CBN's *Game K N B?*", hosted by the controversial daughter of former President Cory Aquino. It was the industry's first interactive game show using SMS and in its original format was a top-rating TV show.[25]  Television viewers who wished to become a home partner in this game show download an ABS-CBN icon.  They then send via SMS a six-letter combination of the letters from the show's complete title. Those who send the correct six-letter combination for the day become the home partner of the studio contestant.[26]  In its prime *Game K N B?* was said to have received more than a million text entries SMS per show.[27]

*Game K N B* was created by ABS-CBN Interactive—a unit of the ABS CBN group of member.  It was incorporated in 1999 and its initial efforts were focused on the Internet. [28]   ABS-CBN Interactive only broke even in December 2001 and became profitable in 2002 because of SMS.[29]  Its SMS revenues grew from less than P10m in Nov 2001 to about P40m in March 2002 (or a growth of 347%).[30]  Of this, 20% come from chat applications, 25% from download of logos and ring tones, and 55% from text games.[31]  In one year, ABS-CBN interactive has seen 8 million unique subscribers sending text messages to various TV shows.

While most of SMS games are produced by ABS-CBN Interactive in-house, the unit is now beginning to outsource some game development.  This is attributed to the short shelf life of games.  ABS-CBN has a revenue sharing arrangement with both Globe and Smart, where as application and content provider it gets about 30% of the P2.50 charged the user per transaction.  Like other text games, there is an average of four transactions per ABS-CBN text game.

The ABS-CBN Group of Companies was reportedly kept afloat during a period of advertising slump by SMS games and related promotions. In the first nine months of 2002, ABS-CBN experienced a 12% decline in gross airtime revenues. The 25% growth in sales reported by ABS-CBN Interactive in the first 9 months of 2002 helped stem the decline in ABS CBN group's consolidated revenues.[32]

---

[25] Interview with Carlo Katigbak, Managing Director, ABS-CBN Interactive, Quezon City, 10 Jan 2003. The show has changed in format in late 2003.  What is discussed is the show's original format.

[26] The show claims to give the biggest prizes among all TV game shows.  If no texter gets the correct combination for the day, consolation prizes are given.

[27] Weegink, CMG presentation in *SMS Meets TV*

[28] Interview with Ria Ferro, former Managing Director, ABS-CBN Interactive,  Alabang, Muntinglupa City, 19 December 2002

[29] Interview with Carlo Katigbak

[30] ABS-CBN presentation before *CLSA Investor Forum*, May 2002 in //www.abscbn-ir.com/docs/1 viewed 10 Jan 2003

[31] Interview with Carlo Katigbak

[32] Geoffrey P. Ramos, "TV companies find rich revenue stream in SMS" *Computerworld Philippines* December 2, 2002   http://www.itnetcentral.com/article.asp?id=10553 viewed 20 Dec 2002.  Revenues from ABS-CBN Publishing and Star Records also helped.

The importance of SMS revenue is also to be seen in GMA—the 'strong second' in the industry. *Computerworld Philippines* estimated that GMA earns at least P3 million every week from SMS related activities.[33]   This estimate was reached after conservatively assuming that GMA earns P1.00 for every SMS hit or message it receives every week.  (SMS messages to GMA are charged anywhere from P2.50 to P15, depending on which SMS application is used.)  Of its total revenue from SMS, about 15% comes from Public Affairs shows and the rest (85%) from entertainment.[34] Half of the entertainment SMS revenue comes from games.

SMS is no silver bullet.  GMA tried to keep viewers tuned to its shows by introducing an SMS promo called "Beauty Rest".[35]  The promo used text games to keep housewives tuned to Channel 7 shows.  Beauty tips are solicited via SMS from TV viewers during *SIS*—a top-rating morning talk show.  Four beauty tips are chosen and the winners get P500 worth of prepaid cards for their cell phones.  The beauty tips are then shown in four other shows—*Monica Brava, Pirapirasong Pangarap, Salome* and *Adriana.*  In each show, a different word in the beauty tip is highlighted.  Viewers who watch the four shows and are able to catch the highlighted word in each featured beauty tip can text in at least three of these words for a chance to win P10,000 each week.   However, Channel 7 discovered that the chance of winning a prize through its SMS promo cannot keep viewers glued to shows they do not find interesting.  Currently, ABS CBN's *Magandang Tanghali Bayan—Ang Saya-Saya* is trying to lure viewers by offering free cell phone credits.  It remains to be seen if ABS-CBN's experience would be different from GMA's.

## CORPORATE SMS

SMS for the corporate world was launched in 2003.  Globe is offering five SMS-based services for the corporate market.[36] TxtConnect allows companies to send high-volume text broadcasts to pre-registered recipients.  ServDirect provides order handling through an SMS solution connected to a client's inventory system. TxtHotline is a service that extends a company's call center services to allow two-way, real-time text messaging between the company's call center agents and its customers. CorpChat is an instant messaging system that allows corporate workers to exchange messages either through their mobile phone or through a computer terminal using the CorpChat software. WorkMobile allows employees to access their corporate e-mail using their mobile phones. Smart has its "corporate text messaging service" which is a web-based text messaging system that allows recipients to reply to the text message originating from the cell phone. Messages will immediately be displayed on the device, whether PC or cell phone.

---

[33] Ibid

[34]Interview with Dingdon Caharian, GMA New Media

[35] Ibid

[36] Geoffrey P. Ramos "Globe offers new SMS solutions corporate mart" *IT Netcentral* http://www.itnetcentral.com/article.asp?id=10639&info=home&leveli=0, viewed 29 January 2003.

The jury is still out on the ability of SMS-based services to penetrate the business market.  And SMS has competitors in this space.  Smart is introducing Blackberry handsets in the Philippines. While Blackberry will run on GSM/GPRS network and would support SMS, its appeal to the corporate sector would be Blackberry's own applications.  Even Globe has its MobileMail service, which allows users to access corporate applications and e-mail. Another competitor to SMS in the Philippine business space is iDEN (Integrated Digital Enhanced Network) technology which integrates previously disparate features such as digital two-way radio, wireless telephone and messaging.  In the Philippines, NextMobile which uses iDEN seeks to become the "preferred provider of communications solutions to business, particularly industries and vertical segments… (including) the wholesale and retail trade, construction, transportation, manufacturing, and government services."[37]

But there is already evidence that Small and Medium Enterprises (SME) and entrepreneurs have benefited greatly from the introduction of cell phones and SMS.  A study of ICT use by SMEs in three Philippine cities reveals that 72% of SMEs who have cell phones use SMS for business purposes.[38]

SMS has allowed beach resorts like Villa Arcadia (located in Talisayan town in Mindanao about 880 kilometers south of Manila), which has no reservation office, no web site, no fixed-line phone or internet access, to accept reservations from customers beyond the town.  Weekend getaways near the Metro Manila area—like Antonio's, a garden restaurant in the mountain city of Tagaytay, 45k south of Manila—receive inquiries and reservations from customers via SMS.  Fish traders in Mindoro (an island off the main island of Luzon) use their cell phones and SMS to check prices in various municipalities to determine where to sell their products. A fish trader relates:

> When cell phones were unheard of, we had to travel long distances and negotiate through bad roads.  And if these weren't enough, at the end of the journey, we often see ourselves at the mercy of middlemen and vendors in the market.  They could easily sense that we were desperate to sell our goods even at a lower price.  We were never prepared in case the price of fish goes down…[39]

Cut flower producers in La Trinidad, Benguet (250 km North of Manila) use SMS to communicate with flower vendors in Manila to determine demand and regulate their supply accordingly.


## SMARTER MONEY?

---

[37] http://www.imx.ph/AboutUs/AboutUs_CorporateInformation.jsp?id=4

[38] Emmanuel Lallana, Patricia Pascual and Zorayda Andam *SMEs and eCommerce in Three Philippine Cities* p. 28 in http://www.digitalphilippines.org/files/investorinfo_8.pdf viewed 24 January 2003

[39] Mio F. Cusi "'Wireless' Farmers: Some Advantages and Some Reality-checks" *MARID Agribusiness Digest* April 2003, p. 9

In 2002, 44% of mobile phone users worldwide would like to use their mobile phones for small cash transactions but only two percent have done so.[40]

A number of efforts are underway in the Philippines to roll out m-payment (mobile payment) systems. The country admittedly presents a unique challenge to any m-payment solution. It has three negatives features: (1) low credit card penetration; (2) even lower debit card penetration; and (3) preponderance of pre-paid cellular phone accounts. SMART Money and PaySetter take different routes to promote the use of mobile phone-linked debit cards.

The SMART Money is a pre-paid re-loadable payment card linked to the SMART cell phone and the Master Card electronic payment system. Cardholders simply load their SMART Money card with cash value by debiting their personal bank accounts through SMART's Mobile Banking Service (MBS) or over-the-counter loading at selected merchants. Once loaded, the SMART Money Card is then processed and accepted for payment transactions in any MasterCard affiliated merchant with Electronic Terminals, like any other debit card.

SMART Money solves the payments problem in m-commerce by leveraging on the pre-existing telecoms network (SMART Communications) and e-payment system (MasterCard). Smart Money was cited by the GSM Association as "Most Innovative GSM Wireless Service for Customers" in 2001. It was also honored with the "Best Product Innovation" award at the MasterCard Marketing Awards during the MasterCard Asia/Pacific 2001 Annual Meeting.

PaySetter is an open, secure and adaptable "mobile Person-to-Person payment solution".[41] It enables person-to-person transfer of funds, reloading of pre-paid cards for mobile phones, bills payments (not only for one's bills but also for another person) and cross-border remittance service.

PaySetters claims that its advantage over SMART Money is that its system does not require SIM card replacement nor software upgrades for mobile phones. PaySetter's strategic partners are Globe, Banco de Oro—a leading commercial bank, and SM—the largest retailer in the country. Each Paysetter transaction costs P2.50, and the company has a revenue sharing deal with Globe.

Smart Money and PaySetter represents different ways of achieving a critical mass of users and merchants willing to use mobile phone reloadable debit card. Smart Money is leveraging the MasterCard brand and payment infrastructure to ensure merchant acceptability. On the other hand, PaySetter will be leveraging its retail giant partner—SM for mass acceptability.

---

[40] "44 percent of mobile phone users want to use phones for cash transactions" March 27 2002 in eCommerce News http://sellitontheweb.com/ezine/news0567.shtm viewed 12 May 2003
[41] Interview with Gia Villondo, Marketing Manager, Paysetter, Makati City, 20 Dec 2002

Unfortunately, both efforts have not gained widespread usage despite being in the market for at least a year.

RemitCard is a new company offering what claims to be the world's first SMS-based remittance card. Among those who are expected to benefit from such service are "overseas workers sending money to their beneficiaries in their home countries, charitable organizations printing their own series of RemitCards with promotions for donations via the card, and sellers of products and services in a local country but where the buyer is in a foreign country or a different location."[42]

Under their model, one could purchase a RemitCard--which are sold in retail outlets in different denominations--and text the PIN found in the card to RemitCard's server. The RemitCard's servers then routes the necessary information to the its partners' server for payment to the intended beneficiary. The company's initial offering is the SMS-based donation system.[43] Individuals can now send contributions to the Haribon Foundation, World Vision, Tahanang Walang Hagdan and Jesuit Volunteers by purchasing any of these four NGO's RemitCards and texting the required information to a specified number.

RemitCard, which was launched in December 2003, intends to work with airlines, gift certificate facilitators and insurance firms to boost SMS m-Commerce in the country.[44]

But there may be an unlikely winner in mobile payment systems. Since its introduction, the prepaid cell phone credit—popularly known as 'load'—is becoming a new form of currency. Already some parents give prepaid cell phone cards as part of their children's allowance. Services are already being performed in exchange for 'load'. In late 2003, both Smart and Globe introduced services that allow their respective subscribers to transfer mobile phone credits directly to another subscriber in the same network. [45] Parents are now able to top up the credits of their children from their own phones. Friends are able to give or lend each other phone credits to send SMS messages or make phone calls. With 'over-the-air' credit exchange between users, 'load' is well on its way to becoming popular currency in 2004.

---

[42] http://www.remitcard.com/index.php
[43] Local firm introduces SMS-based remittance service http://itmatters.com.ph/news/news_12102003d.html
[44] Asia's mCommerce Market Lures Solutions Firms AsiaBizTech,
http://www.epaynews.com/index.cgi?survey=&ref=browse&f=view&id=10709782406222215212&block=
[45] Globe calls is service 'Share-a-Load", while Smart calls it "Pasa-load" ( Pass-a-Load)

## III
## FROM e- TO m-GOVERNMENT

e-Government has been defined as "the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government" (underscoring supplied).[46]  It is seen not only as enhancing the effectiveness of governments but also empowering citizens.

e-Government is said to have three main domains: (1) eAdministration which deals particularly with improving the internal workings of the public sector; (2) eCitizens and eServices which deal particularly with the relationship between government and citizens, either as voters/stakeholders from whom the public sector should derive its legitimacy, or as customers who consume public services; and (3) eSociety or initiatives on the relationship between public agencies and other institutions, including improving the interaction between government and business, building the social and economic capacities and capital of local communities, and creating organisational groupings to achieve economic and social objectives.[47]

e-Government is being embraced by governments world wide.  According to the 2003 UN Global E-government Survey, "In 2001, the UN E-government Survey listed 143 member states as using the Internet in some capacity; by 2003, 91% or 173 out of 191 member states had web presence."[48]  But it is not only the Internet that is being used widely.  The use of mobile devices in governance has also become popular.

### m-Government

m-Government is the use of mobile and/or wireless technologies like cellular phones, and laptops and PDAs with wireless Internet connection to improve the operations of government and to empower the citizens.  The advantage of m-Government is that it makes public information and government services available "anytime, anywhere" to citizens and officials. Already, mobile devices are being used to improve communication between government and citizens, enable citizen transactions with government, and as a form of electronic voting. Mobile devices are also being used to enhance the internal operations of the bureaucracy.

---

[46] http://www1.worldbank.org/publicsector/egov/definition.htm

[47] Richard Heeks in http://www.e-devexchange.org/eGov/egovdefn.htm

[48] "UN Global E-government Survey, 2003" in *World Public Sector Report 2003: E-Government at the Crossroads* (New York: United Nations, 2003)  p. 142 downloaded from http://unpan1.un.org/intradoc/groups/public/documents/un/unpan012733.pdf

*Improving communication between government and citizens*

In an environment where landline penetration is low and internet access is uncommon, cellular phones and SMS provide an important access channel for governments to reach the citizens (G2C) and vice versa (C2G).

In Singapore, citizens can sign up to receive SMS alerts for a variety of e-services such as renewal of road tax, passport renewal notifications, and season parking reminders. In the UK, the London police have included text messaging to their terrorist-alert pager system. SMS have also been used in emergency broadcasting.  At the height of the SARS incident, the Hong Kong government sent a blanket text message to 6m mobile phones in a bid to scotch fears emanating from rumors about intended government action to stem the disease.

SMS is also a channel for citizens to communicate with government (C2G).  In China, the 150 million mobile phone owners can now send SMS to the 2,987 deputies of the National People's Congress.

*m-Transactions and m-Payments*

SMS and other mobile devices also enable transactions between citizens and government. Norway's tax collectors have introduced SMS tax returns. Taxpayers who have no changes to make to the form mailed to them can simply send a text message instead of returning the form by mail.  This new service would benefit an estimated 1.5 million Norwegian taxpayers who normally return the income tax form by mail.  In Finland, SMS tickets can be used for Helsinki's public transport system.  SMS Tickets can be ordered by sending a text message and the user is billed through his or her regular mobile phone bill. The public transport ticket is also delivered to the commuter by SMS.

*m-Voting*

m-Voting or the use of SMS and mobile devices for decision making is an m-Government application with tremendous potential to enhance democratic participation.  In UK, voting via SMS had been used for local elections.  And these experiments with electronic voting, including voting via cell phones, are meant to discover more convenient ways to re-involve citizens in public life.

But several concerns would have to be attended to before voting over cell phones gains widespread acceptance.  Questions of security and secrecy are on top of these concerns.  The other issue is to make the system as user-friendly as possible. If Personal Identification Numbers (PINs) are used, chances are, many would forget their PINs if they are too long. Then there is the problem of using a phone keypad to key in names of political parties or candidates. Finally, the voting procedure itself must allow at any stage to repeat the instructions and choices.  A number of local elections in the UK have used SMS voting in addition to other forms of electronic voting.

*Improving Government Operation*

m-Government also provides many efficiency opportunities for the internal operation of government bodies. It can provide a seamless environment for government employees to stay connected from any device. Up-to-date government-to-employee (G2E) information and services can be provided at any time, whether the data they need is on the Internet, on their network, or on any other device under their control.

It is important to point out that m-Government is not a replacement for eGovernment. While mobile devices are excellent access devices, most of them, particularly mobile phones, are not suitable for the transmission of complex and voluminous information. Despite the emergence of more sophisticated handsets, mobile phones do not have the same amount of features and services as PC-based Internet applications. For example, SMS limits messages to 160 characters, whereas e-mail allows almost a nearly infinite quantity of characters and multimedia content. Even PDAs or Pocket PCs that support e-mail have display and other limitations. Internet-connected PCs are still the preferred device to take part in chats, to place their own opinion in discussion forums, or to exchange political statements by using the e-mail—activities that are important in empowering the citizenry.

## e-Government and m-Government in the Philippines

In the Philippines, the use of information and communication technology (ICT) to enhance the internal operations of government can be dated to 1971 with the establishment of the National Computer Center (NCC). NCC's fundamental functions were to "provide information bases for integrated planning and implementation of development programs and operational activities in the government."[49] But e-Government as the *transformation* of relationship between government and its citizens as a result of the widespread use of ICT was not possible until ICTs became inexpensive and used widely. In its latter form, e-Government emerged in the late 1990s with the commercialization of the Internet, the telecommunications liberalization, and the cell phone and SMS explosion.

The recent mandate for e-Government in the Philippines was provided by Republic Act 8792 or the Electronic Commerce Law. Passed on June 14, 2000, the e-Commerce Law addresses the many significant legal and policy challenges of fully engaging in e-commerce in the country. The law gives validity and legal recognition to electronic documents, electronic signatures and electronic transactions. It also facilitates the admission of electronic documents and electronic signatures as evidence in case of disputes. The eCommerce law also specifically directed government agencies to accept electronic documents and to issue permits, licenses or certificates of registration or approval, or provide for the method and manner of payment of fees in electronic forms by 2002.

---

[49] www.ncc.gov.ph

Another document that guides e-Government implementation in the country is the Government Information Systems Plan (GISP). GISP was adopted as framework and guide for all computerization efforts in government in July 2000 via Executive Order 265. Its goal is to make government more accessible to the citizenry. It prescribes policies to improve the capacities of government institutions to implement e-Government projects, as well as the strategies for the integrated and coordinated development, rational procurement and deployment of ICT resources in government.

This being the Philippines, there is a big difference between the plan and its implementation. For one, there was not a dedicated fund for e-Government until recently. And the funds available (before the creation of the e-Government plan in 2003) were not spent strategically.

In the 2003 UN study of e-Government among member-states, the Philippines ranked no. 4 (behind Singapore, Korea, and Japan) in the South and Eastern Asia region in the Global e-Readiness Ranking. Its index rating of 0.574 puts it ahead of Malaysia, Brunei, Thailand, Indonesia and China.[50] The UN study also observed that content-wise, the Philippines (together with Chile, Mexico, Singapore, Estonia, Argentina, Brazil, Korea, Malta and Turkey) "has made much *faster and more effective progress in their e-government programs* than some of the industrialized countries" (underscoring in the original).[51] The Philippines also rated very high in the Web Measure Index (no. 7) and in the e-Participation Index (no. 6).

The one area of e-Government where the Philippines is arguably a world leader is in m-Government. Half (50%) of the 26 Departments and Commissions of the national government that were surveyed by the Congressional Oversight Committee on e-Commerce have SMS-based services.[52] These SMS-based services give citizens an easy and inexpensive way to bring their concerns to government. They are also a new channel for citizens to secure information from government—a non-trivial issue for those who have to transact with the bureaucracy.

SMS-based services have become a new channel for Filipinos to reach government. Citizens who used to send (snail) mail and telegrams to the President, now have a new channel to bring their concerns to the highest official of the land—TXTGMA. Oversees Filipino workers and their relatives in the Philippines can seek assistance from the Department of Foreign Affairs through TXTDFA.

SMS is also being used to encourage Filipinos to help in the battle against crime. The government, through the Department of Interior and Local

---

[50] "UN Global E-government Survey, 2003" in *World Public Sector Report 2003: E-Government at the Crossroads* (New York: United Nations, 2003) downloaded from
http://unpan1.un.org/intradoc/groups/public/documents/un/unpan012733.pdf
[51] Ibid., p. 18.
[52] Emmanuel Lallana and Suharni Samanodi *State of eGovernment in the Philippines, 2003/4* MS

Government (DILG), has a centralized emergency and crime reporting service called Text 117. Metro Manila residents could report crimes and emergencies, as well as send complaints about abusive law enforcement officials, by sending text messages to 117.

It is also in the service of protecting the environment. Citizens can bring their concerns to the Department of Environment and Natural Resources (DENR) through the *DENR@Your Service* project. An NGO in partnership with the Land Transportation Office encourages citizens to report smoke-belching vehicles via SMS.

SMS is also deployed in public health service. During the SARS epidemic, the Department of Health (DOH) established the DOH SARS Hotline for people who want to know more about the disease or send a report about it.

Aside from serving as a complaint mechanism, the Department of Education's DETxt and the Civil Service Commission's TXTCSC are also efforts to use SMS to improve internal operation of government.

However, SMS is not being deployed in a number of critical areas. There are no SMS-based applications for m-Transactions and m-Payments. Furthermore, using SMS for voting has not been explored in the Philippines.

In sum, while the Philippines receives high marks for encouraging citizen activism, there are a still a number of important SMS applications, which could make it more convenient for citizens to do business with government and enhance citizen participation, that are not even considered.

It is also worrying that there seems to be no government-wide m-Government strategy. At present, each agency develops its own application as it sees fit. There is also no portal for all these services. Already, citizens who are interested in wirelessly connecting with their government are being asked to remember many numbers. This may lead to confusion and frustration.

m-Government in the Philippines has proven wrong the belief that citizens are unwilling to pay for government services. Filipinos are not only paying to get basic information needed to deal with the bureaucracy, the are also willing to spend to bring their concerns before the appropriate officials.

The Philippine experience with m-Government also puts to rest the idea that all e-Government projects are necessarily expensive. m-Government projects have turned out to be inexpensive to deploy and to run.

There are at least three different m-Government 'business models' being used in the Philippines.

The first is 'agency managed' model. The SMS-based service, while developed with the help of the cellular service provider, is managed by the national government agency. The advantage of this approach is that senders

are charged the lowest price for a text message sent to government (P1.00 within the same network).

Another model is 'public-private cooperation'. The Office of the President's SMS-based service was developed in cooperation with dominant cellular service provides Smart and Globe. These two service providers bought the computers and set up the local area network for TXTGMA. They also provide free cellular services (three lines each) to the project. However, the day-to-day operations of TXTGMA is the responsibility of the Office of the President. Another variant of this model is TXTUSOK, where a non-government organization or NGO (*Bantay Kalikasan*) developed and runs the service and simply provides the results to a government agency (Land Transportation Office). Like the 'agency managed' model, the cost to the sender is P1.00.

The third is the 'outsourcing' model. As practiced by the Bureau of Internal Revenue, the SMS-based service was developed, deployed and run by a Wireless Application Service Provider (WASP). While it completely frees the agency of the responsibility to manage the technical aspect of this service, the cost to the citizen is higher (P2.50 per message).

# IV
## m-GOVERNMENT IN THE PHILIPPINES:
## A CLOSER LOOK

Of all the modes available for citizens to reach the President—letters, telegrams, fax or e-mail, none is as easy, accessible and inexpensive as SMS. With the introduction of the TXTGMA service in 2001, Filipinos all over the world are able to bring theirs concerns directly to President Gloria Macapagal Arroyo. [53] And this is exactly what two Filipinos working in Saudi Arabia did in late 2003.

On Sept 8, 2003, the Office of the President received a text message from two Overseas Filipino Workers (OFWs) in Riyadh, Saudi Arabia complaining about maltreatment. After securing their particulars, Malacanang referred the matter to the Department of Foreign Affairs (DFA) for appropriate action. On Sept 12, the DFA wrote the Office of the President informing the latter that the matter was referred to the Philippine Embassy in Saudi Arabia. On November 18, 2003, DFA sent another letter to the Office of the President informing the latter of the action taken by the Labor Attaché in Saudi Arabia regarding the two OFWs and gave reassurance that the Philippine Embassy would continue to monitor the fate of the said Filipinos.

TXTGMA also confirmed that Filipinos bring all sorts of concerns to their President. The Chief Executive is expected to intervene in issues like the proliferation of illegal drugs in a small town in a rural province. On April 23, 2003, TXTGMA received a complaint about rampant drug abuse in Lumban, Laguna. A referral letter was sent by TXTGMA to the Philippine National Police on April 26. Three months later, on July 18, 2003, PNP reported to the Office of the President on action taken as a result of the text message, including the arrest of 'pushers' on 30-31 May and other police activities against illegal drug activities in June in the concerned municipality.

TXTGMA, a 'pioneer' in the use of SMS in government, receives messages on 'everything related to government'. Most of the text messages are related to new initiatives/programs launched by the President. For instance, when President Arroyo announced that she would reinstate the death penalty, TXTGMA received numerous messages that either support or condemn her stand. Or when the President launched a new scholarship program called Student's Assistance Fund for a Strong Republic) SAFE for SR, many text messages requesting for more information about the program were received. TXTGMA has become a channel for people to inform the President on how they view her latest policy pronouncements or projects.

Complaints about government services, projects, and officials are also a staple of TXTGMA message. In 2003, the Government Service Insurance

---

[53] Discussion is based on interview with Ms. Auroroa C. Sabares and Mr. Rey M. Munsod, officials responsible for TXTGMA on Feb 6, 2004 at the Presidential Action Center, Tahanan ng Masa Bldg., San Miguel Manila.

System (GSIS) and the Metro Manila Development Authority (MMDA) were among the most complained agencies. The complaints about GSIS were largely on the delay in processing loans and retirement pay (ironically, due to the computerization project of the agency). MMDA complaints were due to the perennial traffic problems in Metro Manila. Requests for government action on cases like the unfinished bridge in a town in Mindanao are also prevalent.

Organizationally, TXTGMA is part of Presidential Action Center (PACE) which reports to the President via the Executive Secretary. It is a six-person operation that initially operated on a 12-hours-per-day, seven-days-a-week (12x7) schedule. But by 2003, the operating schedule was reduced to government office hours (8:00 am-5:00 pm, Mondays to Fridays). Budgetary cut was given as the reason for the reduction in operating hours. The staff was no longer allowed to charge overtime pay and electrical power is shut off from the building after 7 pm on weekdays and whole day during weekends. This means that computers are down and that only 30 messages per phone number (of the six TXTGMA numbers) are received after office hours and during weekends.

In its first year of operation, the highest number of messages received by TXTGMA was 18,000 per month. However, by the last quarter of 2003, the average was down to 5,000 text messages per month. Three reasons were offered by the TXTGMA staff for the progressive decline in the number of text messages sent: (1) The decrease in the free SMS allotment to subscribers; (2) Emergence of SMS service by other government agencies; and (3) Reduction of TXTGMA hours of operation.

The reduction of its hours of operations clearly has something to do with the overall decline of the number of messages received by TXTGMA. As previously noted, after 5 pm and on weekends, the number of txt messages received is limited to 30 per phone number (the maximum that the memory of the cell phone can store). TXTGMA staff estimates that about 4,000 text messages are lost because of the reduction in their operating hours. The introduction of other SMS-based services by other government offices is also a reasonable explanation for the decline in the number of TXTGMA message. Citizens are now able to bring to the relevant offices their concerns. But it is more difficult to accept that the reduction of the free SMS allotment of subscribers is another reason for the decrease in TXTGMA messages. This assumes that citizens are unwilling to pay to communicate with government.

TXTGMA was pet project of former Secretary Vicky Garchitorena--a civil society leader who joined the Arroyo administration as head of the Presidential Management Staff. TXTGMA also received the full support of Smart and Globe.

The two leading cellular service providers donated the hardware necessary to launch the TXTGMA service (i.e., computers, handsets, LAN, printer and other equipment) as well as six cellular phone lines (three each). The cellular services providers have made it easier for citizens to remember the number to send their txt messages by assigning numbers that spell out TXTGMA, TXT2GMA, TXTKGMA, TXTGMA1, TXTGMA2 and TXTGMA3. While

it cost a sender P1.00 to send a message, the cellular companies are not charging TXTGMA for any text message it sends.

## Civil Service Commission

TXTCSC was introduced by 'central personnel agency of the Philippine government' in 2001 upon the assumption into office of Karina Constantino-David as Chair of the Civil Service Commission.[54]  Like the TXTGMA champion at the Office of the President (Vicky Garchitorena), Constantino-David is a civil society leader who wanted to exploit SMS for governance purposes .

Constantino-David sought to make it easier for citizens to complain and to give CSC leads regarding corruption in government and where government services are bad.  She believes that Government has lost the moral authority to ask people to follow rules partly because of people's experience with inefficient public service.  The latter is not necessarily because government service is bad but is also partly brought about by the fact that government cannot be found in the same place.

Constantino-David incorporated SMS into *Mamamayan Muna* (Citizens First), a program launched by her predecessor to receive complaints, to respond to queries and provide assistance to citizens.  *Mamamayan Muna* is a 'one-stop shop' for citizens who are dealing with the bureaucracy.  While a number of electronic means were available to the citizens under *Mamamayan Muna* (ie, e-mail, website, hotline – which operated till 5 pm only), it was felt that these had limitations and, hence, not effective. On the other hand the cell phone is pervasive and almost all cell phone users use SMS.  Furthermore, those who do not have cell phones can (and some do) borrow/rent other people's cell phones to send a text message.

The original vision for TXTCSC is as follows: (1) to provide a channel to complain, suggest, commend, or inquire about CSC matters; (2) to provide a channel to complain, suggest, commend or inquire on anything about government matters; and (3) as a weapon of the citizen against a corrupt and inefficient bureaucracy.   TXTCSC not only sought to become a text-based information service for the whole government but also to become an immediate response system at the service of the citizens.  Preferably, if in the course of transacting with a government agency, a citizen was asked for a bribe or was not given proper attention, she can immediately report the matter to TXTCSC who will then send a representative to her location to provide the appropriate assistance.

TXTCSC has been successful in providing information as well as responding to citizen complaints.

---

[54] Discussion is based on interview with Karina Constantino-David, Chairman, Civil Service Commission, Oct 29, 2003,  CSC Office, Quezon City

TXTCSC strives to respond to queries and complaints within a day. When TXTCSC is unable to respond to queries, they refer the text messages to the agencies concerned. A case in point is a text message complaining about cleanliness in a Municipal Hall in Metro Manila. Upon receiving said complaint, the CSC called the appropriate municipal official to inform him about it. In this case, the CSC was able to inspect the municipal hall to verify the complaint and to discuss the findings with the appropriate municipal official, because a CSC staffer lives near the said municipality. The Mayor of the Municipality also got a letter from the CSC Chair informing him of the complaint; included in the letter is a copy of the txt message the CSC received. The CSC also reported to the texter on developments regarding her complaint. The texter was informed of the Municipal government's promise to act on the complaint. A month after receiving the text complaint, the CSC received a text message from the complainant confirming that the municipal hall is much cleaner, thanking TXTCSC for the action taken.

The CSC is able to secure the cooperation of agencies because it has power over all personnel of the civil service. Furthermore, the CSC has identified individuals within government offices to work with on issues regarding their respective agencies. These individuals are called *Bilis* (Quick) Action partners and works with CSC not only on TEXTCSC matters.

To ensure that TXTCSC is working as intended, Constantino-David tried out the service herself. This was when the CSC launched a campaign to get citizens to report on government vehicles being used for non-official business. This particular campaign was to report on government vehicles (easily identifiable through their red plate numbers/vehicle tags) that are frequenting restaurants and other entertainment establishments with dubious reputations. Having seen a government vehicle park in front of such an establishment, Constantino-David reported the matter to TXTCSC (using another person's cell phone). A day later, CSC has traced the vehicle to a specific government agency, but since more information is needed, TXTCSC informed her that more information is needed in order to take further action on the matter.

CSC's ability to quickly respond to the queries and complaints is limited by the lack of online access to other agencies. For instance, in the aforementioned campaign against illegitimate use of government vehicle, the CSC could have responded faster to complaints if it has access to the database of the Land Transportation Office (LTO—the agency in charge of all vehicle registration). As it stands, the CSC transmits once a week a list of plate numbers/vehicle tags to the LTO so the latter could check the list and report back to the CSC.

Citizens pay P1.00 per message sent to TXTCSC. They are able to keep the cost of text down because TXTCSC is run by the Public Assistance and Information Office (PAIO) of the CSC. PAIO is headed by a Director and an Assistant Director in charge of *Mamamayan Muna.* While there are six personnel attached to *Mamamayan Muna,* not all six are dedicated to TXTCSC-- they take turns manning the SMS-based service. TXTCSC is run by an equivalent of one full time personnel using one computer with a database.

Volunteers from other CSC divisions also manf TXTCSC.   When personnel manning TXTCSC need to refer queries to other CSC officials, they send a text message to those officials.  Normally, these officials respond via SMS, which is simply forwarded to the citizen, when it is deemed appropriate.

While TXTCSC was developed by Globe, the cellular service provider's original proposal for TXTCSC was rejected because it was seen as 'too complicated'.   Globe was proposing a menu-driven interface for TXTCSC. Constantino-David feared that a complicated system might frustrate texters and insisted on the existing interface that people are familiar with.   She believes that those who wanted to send a text 'want to send a message, period' and would not tolerate going through menus.  Constantino-David also insisted that the text sender not receive a boiler plate response to their message. CSC's response should be personalized/customized to the complaint/query.

TXTCSC averages 1000 to 1500 messages per month, despite minimal resources and publicity.

TXTCSC was not launched with great fanfare nor does the CSC advertise the service in the mass media.  There are a number of reasons for this.  One is the perception by CSC that the Office of the President wanted to centralize everything to TXTGMA.   Constantino-David's problem with this is that the service is too identified with the President (as it bears her initials) and may not outlast her presidency.    Constantino David feels that an SMS-based information portal should be institutionalized and go beyond administrations. She was also reacting against heads of agencies who were more interested in an SMS-based service in order to promote their personal political agenda.

Constantino-David is aware that the mass media could help increase the number of citizens using TXTCSC.   Every time she speaks on the radio and talk about TXTCSC, the number of messages they receive increases significantly.   After speaking on a Saturday morning radio show on the campaign to report on the unofficial use of government vehicles, TXTCSC received more than 100 text messages from Saturday noon to Sunday evening. (Woe to the poor official who was in charge of TXTCSC that weekend).  But what Constantino David wants is to institutionalize TXTCSC through its 'track record' of service.  She wanted people to know about and use TXTCSC because of the positive endorsements of those who have used the service.

Constantino-David is not done with TXTCSC yet.  Not when the goal of serving as a weapon of the weak remains unachieved.  Presently, TXTCSC will be integrated with a new CSC program called PSDA (pronounced in Filipino as PASADA--which means to go through).

PSDA is an acronym for Public Service Delivery Audit—an effort to systematically assess the frontline services of government. In partnership with the Association of Schools of Public Administration, government agencies will be rated on how quickly and efficiently they deliver public services. Agencies that will be determined to be good would be commended.  On the other hand, a two-pronged approach will be used to deal with those agencies whose

services are found wanting.  First, CSC will proactively help these agencies improve their service.  Second, TXTCSC will be actively promoted to the citizens transacting with these agencies.  This would include putting up signs in the agency encouraging citizens to report inefficiency and foot-draggers. Constantino-David sees this as a more purposive use of TXTCSC.

Given enough time at the helm of CSC, Constantino-David would definitely buttress the use of the cell phone as a weapon that the weak can wield against an unresponsive and corrupt bureaucracy.


## Department of Education

DETxt was created by Education Sec. Edilberto de Jesus in February 2003 as 'a new channel of direct communication' with him/his office.[55]  The service accepts messages from all stakeholders of the Department of Education (DepEd), although those with identifying information will be given priority. Sec. de Jesus issued DepEd Memo No. 66, s 2003, which assures everybody that all messages send via DETxt will be treated with confidentiality.

Originally attached to the Office of Secretary, DETxt was established as a separate office with a staff of five people and three computers in June 2003.  It operates six times a week and receives an average of 1,500 messages a month. Of these text messages about 45% are teacher-specific concerns, 30% complaints, 20% queries and 5% crank messages.

Aside from a channel to communicate with the head of the agency, DETxt is also being used to fight corruption in DepEd.  It is being used in the National Furniture Delivery Program (NFDP) and the Textbooks Count Project (TCP).

The National Furniture Delivery Program (NFDP), as its name suggests, is a countrywide program to ensure the delivery of tables and chairs for elementary schools and armchairs for secondary public schools (and some DepEd field offices).  Aside from preventing "ghost deliveries", it also checks on the quality of the furniture—to make sure that contract specifications are met.

The DETxt is one of three means by which school officials confirm receipt of the furniture. Although said officials can send confirmation via mail (regular and courier service) and fax, most confirmation comes via SMS to the DETxt.

The NFDP was implemented in June 2003 at the same time that the Textbook Count  Project was launched.

---

[55] Discussion based on interview with Ms. Erna G. Aganon, HEA, In-Charge of DETxt Action Center, 12 November 2003, DEPED Office, Pasig City

The Textbook Count Project was developed to ensure the on-time delivery of 37 million textbooks and teachers' manuals worth P1.3 billion. The textbooks and manuals are to be delivered in 5,623 sites nationwide. The delivery sites are the school district offices (for elementary textbooks, and High Schools (for HS textbooks). The project was jointly developed and implemented as a partnership among the DepEd, Civil Society Organizations (CSO) and the Private Sector (i.e. Book Publishers and Freight Forwarders).

As in the Furniture Delivery Program, DETxt has become the major communication line of the parties involved in the project. DETxt is also being used by ordinary citizens who have volunteered to join the program and those who are simply inquiring about it. DETxt emerged as the preferred communication channel because it allowed the fast exchange of communication and thus results in immediate action to queries, issues and especially, problems raised during the conduct of the program.

DETxt uses a regular seven-digit number and a prepaid account from only one of the cellular service provider—Smart. Thus it costs the Globe and Sun subscribers fifty centavos more than the one peso that Smart subscribers pay when they send a message to DETxt.

What makes DETxt work is the staff. The officer in charge is by no means a techie but she is an expert at navigating the DepED bureaucracy. She answers the queries, refers to relevant offices, and follows up relevant offices for reply to queries. She does not need a specialized database—her knowledge of DepED is more than adequate. Fortunately, she has trained her staff as there are days when she is absent! Every Monday, DETxt sends a report to the Secretary on the action taken by the office to the numerous text messages received.

## Bureau of Internal Revenue

The Philippines' tax collector has the two SMS-based services.[56] This is not surprising given that the Bureau of Internal Revenue (BIR) has turned to technology to help it do its job. Tax collection has always been a problem in the Philippines. Leakage is high, by one estimate close to a third of tax due is not collected by government

While it is generally assumed that people regularly under-declare their income for tax purposes, sending Tax Examiners to go over the income tax returns might simply create opportunities for corruption. And given the reputation of the BIR, this is not a scenario to dismiss.

---

[56] Discussion is based primarily on interview with BIR Deputy Commissioner Lilia Guillermo, 28 October 2003, 1030 hrs, BIR head office, Quezon City.

*eBroadcasting*

In fact, the service where SMS is first deployed by the BIR was developed after it was discovered that even tax payments being coursed through the banking system are being diverted into the pockets of corrupts officials. This service is called eBroadcasting system. It provides taxpayers, who sign up for the service, with confirmation of their tax payments.[57]  The eBroadcasting system is a multi-channel—text, e-mail, call center—effort to prevent tax payment diversion. Taxpayers who enroll in the SMS-based eBroadcasting initiative will receive confirmation (within 48 hours) of the exact amount of the tax payment received by the BIR. Through eBroadcasting. the BIR also hopes to encourage Taxpayers' proactive participation in confirming their tax payments thru BIR web.

BIR has discovered that the taxpayers' preferred mode of being informed is through e-mail. Part of the explanation may be that taxpayers are not keen on giving their cell number to the BIR. Furthermore, it is easier to keep an e-mail record of the confirmation of tax payment than an SMS confirmation. The BIR Commissioner believes that the CEO is the primary audience for SMS confirmation, while the CFO is the primary audience for e-mail.

The SMS component of eBroadcasting was developed in partnership with a cellular service provider and an application service provider.  Hence, taxpayers are charged the usual cost of a value added service-- P2.50 per text message.  Of this amount, the network provider (Smart) gets 70% and the application providers (Oracle, Sun and eScience Corp) get 30%.[58]  While BIR, the content provider, does not get a share in the revenue, it also did not spend anything to develop, set up and deliver the service.

However, because of low usage, the infrastructure cannot be paid from the 30% share of the application service provider.  BIR is finding ways to drive the use of eBroadcasting.

*Bayan I-Txt ang Resibo*

Self-employed professionals who do not have fixed incomes are a particular problem for the BIR.  The agency has a difficult time determining if the declared incomes of these professionals are correct.  The BIR believes that if more citizens demand receipts for goods and services purchased, they would have more solid bases for determining taxes due from professionals.

To encourage citizens to demand receipts from service providers, the BIR launched a raffle where one can win a million pesos (approx US $20,000) in prize money.  To join the raffle, all a citizen needs to do is send in the receipts that he/she has collected.  To a certain extent, the raffle was a success. People were sending in receipts by the thousands but the BIR did not have enough

---

[57] www.bir.gov.ph

[58] Interview with Lilia Guillermo, Deputy Commissioner for IT, Bureau of Internal Revenue, Quezon City, 20 Dec 2002.

people to go through the receipts for data mining purposes. They were not even able count the total number of receipts they received!

When an Application Service Provider (ASP) approached BIR with a proposal for a service, the BIR inspired by the SMS-based TV game show *Game K N B?* thought of the e-Raffle to replace their traditional raffle. Unfortunately for the ASP, when BIR approached cellular service providers, the latter insisted on their own ASPs. The game show inspired SMS raffle was named *Bayan I-Txt ang Resibo.*

In its first five-month run (June-Oct 2003), *Bayan I-Txt ang Resibo* paid out P5 million to five winners of five national draws. In November 2003, the BIR decided to change the format of the raffle. Henceforth there will be weekly draws in the country's 16 administrative regions where the winner will get P25,000 (US$500), then a grand (national) draw where the winner gets P1 million. The change of format has to do with lack of faith in the raffle—DBM did not want to release money for the raffle.

The BIR reports that 168,694 individuals registered for the SMS-based raffle from June to October 2003 (an average of 33,738 per month). But as a single registrant can send multiple entries, there were a total of 2,775,902 entries for the said five- month period (or an average of 555,189 entries per month). The total amount of goods and services accounted for by receipts sent is P15.577 B.

But what if the service provider did not issue a receipt? The BIR also provides taxpayers an opportunity to report stores/service providers who do not issue official receipts (OR). In a span of five months, the public reported to the BIR a total of 16,533 establishments/businesses/professionals who were not issuing official receipts.

In joining the raffle, citizens are not only helping the BIR in its tax compliance drive but are also providing the BIR with useful information. For instance, the BIR has caught establishments issuing non-BIR registered (hence fake) receipts because of the SMS raffle. It has also caught businesses not registered with the BIR or whose Tax Information Numbers (TINs) are fake. Because the TIN is supplied by the texter and they get multiple receipts from specific service providers, the BIR can also make reasonable estimates of the yearly income of these service providers.

The BIR also did not spend money to develop the SMS-based raffle. *Bayan I-Txt ang Resibo* was developed in partnership with cellular service providers and Application Service Providers (ASP) on a fee sharing arrangement. Like in eBroadcasting, of the P2.50 paid by the citizen every time he sends a text entry, 70% goes to the cellular service provider and 30% goes to the ASP that provides the servers and other equipment that run the raffle. While BIR is currently providing the prize money for the raffle, it is expected that the prize money would eventually come from the 30% share of the ASP.

To join the BIR's SMS-based raffle, citizens send their name and address, the Tax Information Number (TIN) of professional/business/commercial establishment, the receipt number, and amount of purchase (one raffle entry for every 100 pesos) to their cellular service provider. The partners of BIR believe that they could generate more volume if the BIR did not ask as much information as they did for citizens to join the raffle. But for BIR, the need for volume is tempered by the need to get information about a specific tax paying cohort.

But the BIR is not yet happy with its SMS-based raffle. Its target is to get 10% of cell phone owners (or 2.1 million participants) to join the raffle. The agency believes that it can increase the number of users if they are able to advertise, particularly in television. They observed that registration for the SMS raffle peaked in the months when the advertisements were printed in newspapers. Advertising costs are currently borne by the cellular service providers as part of the fee-sharing agreement. The BIR plans to talk with the Philippine Charity Sweepstakes Office to include the *Bayan I-Txt ang Resibo* draw in the televised Lotto draw.

The BIR is not done with looking at how mobile technology can help it collect the correct taxes that are due to government. It is currently studying the idea of 'arming' Revenue Officers who will be involved in its Tax Compliance Verification Drive with PDA-phones. The idea is to provide convenient front line service to taxpayers and the ability to report, verify and track taxpayer compliance or non-compliance from the field. The proposed Tax Compliance Verification Drive has several objectives: (1) Provide a speedy facility to monitor taxpayer compliance; (2) Provide web-based application and a robust integrated infrastructure; (3) Automate reporting of P-O-S or Cash Register Machine Meter Reading; (4) Equipped its revenue officers with tools to increase efficiency and productivity.

Mobile technology is only one component of the Tax Compliance Verification Drive. It also involves a different way of deploying revenue officers—in teams as opposed to individually. The BIR is also using a different business model for this drive—monthly fee as opposed to fee sharing.

### Bantay Usok

TXTUSOK is a partnership between government (in this instance represented by the Land Transportation Office or LTO) and a non-government organization (ABS-CBN Foundation's *Bantay Kalikasan*). In TXTUSOK we see citizen activism at its finest and government inaction at its worst.

*Bantay Kalikasan's* involvement in the fight against air pollution goes back to 1995 when it launched a signature campaign to support of the passage

of the Philippine Clean Air.[59]   The success of the signature campaign (five million signatures were collected) and the passage of the law showed that a partnership between NGOs and the government works.

When the question of what to do next came up, the idea of working with the LTO presented itself.   *Bantay Usok'*s objectives are threefold: 1) to help lessen pollution; 2) to demonstrate an effective mechanism that implements the law; and, 3) to encourage public participation.  The focus chosen was to combat smoke-belching, given that 70% of Metro Manila pollution is attributable to vehicle emission.

*Bantay Usok* is composed of different activities and components: (1) an anti-smoke belching apprehension team, which is fully deputized by the LTO to conduct roadside testing and apprehension; (2) *Bantay Usok* is also a member of the Oversight Committee on private emission testing centers for vehicles (PETC); and (3) TXTUSOK which is a campaign to include the public in enforcing the Clean Air law.

There are five ways for citizens to report smoke-belching vehicles.  They can e-mail or report it to the *Bantay Usok* website (www.bantayusok.com), through regular (snail) mail (*Bantay Kalikasan*, 4/f ABS-CBN Foundation Bldg., Mother Ignacia St., Q.C.), fax (4109670) or they can report the incident through phone (925-3333 or 925-5555).  But the most popular channel by far is SMS.

From the time the program was launched in June 2002 to February 2004, *Bantay Kalikasan* received a total 315, 435 reports regarding smoke-belching vehicles.   This translates to an average of 15,020 complaints per month over a 21-month period.   Ninety-nine (99%) of the complaints were directly received by *Bantay Kalikasan* from the public.[60]   SMS was the most popular mode of sending complaints—87% of all the complaints were sent as text messages.  Only 11% of the complaints were sent via the Internet (e-mail and ABS-CBN website)--a poor second.

But only 78% of the complaints received were deemed valid—the rest were messages sent twice (79% of the invalid reports were messages previously sent) or messages with incomplete information.  Of the total valid messages, 84% were sent via SMS.

*Bantay Usok* has a very restrictive policy that only vehicles reported by at least five by different individuals/phone numbers within a two-week period will be reported to LTO for action.  As a result, only 7,886 vehicles were summoned by LTO.  This represents a mere 16% of total valid messages

---

[59]Discussion based on Interview Mr. Jules Penares, *Bantay Usok*, ABS-CBN Foundation, Quezon City, Feb 9, 2004 and on documents provided by Mr. Penares.  LTO did not grant the author's request for an interview.

[60] The Metro Manila Development Authority (MMDA) also receives reports that it forwards to *Bantay Kalikasan*.

received by *Bantay Usok*. About 121,890 vehicles that were subject of text complaints were not reported to the LTO because they did not receive the requisite five reports. These vehicles generated a total 206,776 reports. *Put in another way, 84% of total valid reports received by Bantay Usok did not generate the desired output.*

Even worse, LTO has been less than diligent in going after the smoke belchers. *Only 2% of the 4,967 vehicles that were reported to LTO by Bantay Usok and were summoned by LTO for vehicular emission testing were actually tested.* About 86% of the summonses served were returned to LTO. The top two reasons why the summonses were not served were: incomplete address (21%) and company/owner moved out of the address (18%).[61] Of the summonses that were received, 12% have not brought their vehicles for testing at the time this report was being prepared. Of the 272 that brought their vehicle for testing, only 13 (or 5%) vehicle failed the tests. It is important to note that these vehicles were given up to three times to pass the test.

---

[61] It should be noted that the LTO summonses were based on the address that were provided by the vehicle owners when they register their vehicles annually with the LTO.

# IV
## SMS AND THE FUTURE OF e-GOVERMENT

How to explain the popularity of cell phones in general and txt messaging in particular? Any comprehensive explanation must include three factors: the communications market/environment, technology and culture.

It cannot be stressed that the cell phone quickly filled the pent up demand for telephones in the country. The Department of Transportation and Communications reports that:

> In 1991, only a mere 6% of telephone applications can be served within 4 weeks. PLDT was faced with 800,000 telephone demand backlog, seventy-five percent of which were in Metro Manila. Subscriber complaint rate was as high as 17 per 100 telephones per month in 1988, and dropping slightly to 13 per 100 telephones per month in 1992.[62]

The introduction of the cell phone under a competitive environment helped in ensuring the quick spread of affordable, relatively reliable and up-to-date cellular services.

The regulatory environment also had a benefic role in the spread of SMS-based m-commerce. The proliferation of mobile value-added service providers that develop games, entertainment and other applications has to do with the fact that these services are not regulated by government. The absence of regulation created a beehive of creativity in the wireless communications sector in the Philippines.

The shift to a competitive environment is not without problems. Interconnection problems emerged, most if it were eventually solved. Government was pushed to seek a quick resolution of the problem due to huge public outcry.

The introduction of prepaid services introduced the cell phone to the mass market. Today, 90% of cell phone subscribers in the country avail of prepaid services. There are a number of reasons why prepaid services is popular. One is convenience—anybody can simply walk to a cell phone dealer and buy a handset and SIM card for prepaid service. No questions asked, no IDs, no credit card, no proof of ability to pay needed. And this transaction can be done within 15 minutes. Second, prepaid services allow lower income groups to avail of cellular phone services. The fact that per minute prices for voice calls are higher (compared to post paid service) does not seem to bother users. What seems to matter most is that the cost of SMS is the same for prepaid and postpaid subscribers.

---

[62] Department of Transportation and Communications, *National Telecommunications Development Plan, 1991-2010*, July 1993 Update, pp. 14-16, p. A-14

The popularity of SMS is largely due to its cost. Today it costs P1.00 (less than US$0.02) to send a text message to any cell phone in the same network in the country. There are neither long distance charges nor charges to the receiver. This is a lot lower than the P6.50 (US$0.11) per minute charge for local voice calls in the same network. It is also important to note that SMS pricing is simple and easy for consumers to understand—providers have three-tiered pricing: P1 (US$0.02) for basic person-to-person text; P2.50 (US$0.05) for most value added services; and P15.00 (US$0.25) for ring tones and logos. [63]

The technology has also a lot to do with SMS' popularity. SMS allows for real time communications in an environment where most people keep their mobile phones on. While typing messages on a phone's keypad is not the easiest thing to do for some, it is no longer unusual to see young Filipinos send messages without looking at the keypad.

Filipino social scientists argue that SMS is popular because it enhances connectivity in a society that values sociability over privacy. Furthermore, in this instance the message is not more important than the medium:

> By allowing us to maintain contact with our significant others, cell phones help us cope with our isolation, insecurities and confusion. This accounts for the recurring banality of texting exchanges, in which the information conveyed is often less important than the fact that contact has been achieved.[64]
> .

For the government, SMS provides an opportunity to communicate with the public in ways not possible before. But to realize its full potential, government needs to take seriously a number of lessons that government can learn from existing m-Government projects.

*The more successful m-Government projects in the country are those that are firmly supported by the highest officials in the agency.* This is clearly the case in the Civil Service Commission, where the head of the agency herself is keen on harnessing SMS in public service. In the BIR, the Commissioner is in full support of the initiative which is being implemented by the office of a Deputy Commissioner. DETxt was launched by the Secretary of Education. One suspects that if Vicky Garchitorena is still with the Presidential Management Staff, the hours of operation of TXTGMA would not have been reduced.

It is also important to note that successful m-Government projects are not necessarily high tech nor are they lavished with funds. TXTCSC is a one-computer setup; DEText has three computers. *The key is not technology but people.* Without the staff that conscientiously refer concerns to the appropriate offices/agencies and diligently and quickly respond to the queries of the public, m-Government would fail. Of course, more funds and equipment might further

---

[63] Nazareno, *The Philippine Experience:The Messaging Revolution*
[64] Eduardo F. Ugarte "Texting provides privacy and intimacy" *Philippine Daily Inquirer* May 4, 2003, p. A10.

improve an already successful initiative.  For instance, more funds would have kept TXTGMA as a 24x7 operation!

There also seems to be low level of public awareness regarding m-Government.  Almost all agencies recognize this and point to the lack of advertising for this condition.  *A unified information campaign launched by government* to advertise all its SMS-based services can go a long way in raising people's awareness and use of existing m-Government services.

It would also help if government would organize *a portal for all its SMS-based services*.  There could be one number that all citizens can use if they want to information or bring their concerns to government.  This would not only be convenient to citizens but would also lead to increased use of these services.

There is also the need to *enhance the electronic linkages among offices within an agency and among government agencies*.  The response times to queries and complaints would be significantly improved if these linkages are created.  m-Government needs a good back office.

The mantra of e-Government implementation is "Think Big, Start Small and Scale Fast".  The first two maxims have largely been observed but *scalability may be a problem*.  What happens if the volume text messages that TXTCSC and DETEXT increase tenfold, or reach the levels of BIR of over 500,000 messages a month? Would their respective systems be able to cope? It is only now that TXTGMA is also upgrading their system to go beyond the 30-message limit when a cell phone is unattended, yet the problem has been noted sometime back and the technology has long been available. Where would government get the hardware and the software to scale up its current operations?

*The low of cost of SMS-based government service is partly due to the subsidy provided by the private sector*.  In the 'agency managed' and 'public-private cooperation' models, the private sector donated critical equipment and technology to government.   The motivation for the private sector is corporate social responsibility.  The challenge is to move m-Government to the more stable and sustainable business model.  The outsourcing represents the most attractive model for m-Government.  Government will no longer worry about the technical aspects of m-Government nor carry the cost of deployment, maintenance or system upgrades.  But moving to an outsourcing model would mean an increased cost to the citizens (P2.50 instead of P1.00).  Government would have to study if this price increase would significantly drive usage down.  Furthermore, increased usage is also vital as it is estimated that an average of 3m transactions a month is needed to make m-Government a profitable undertaking for the private sector.

It is clear that the cell phone and SMS will continue to be important to Filipinos.   They have become an important feature of the work and play environment of the Filipinos.  Some believe that life without the cell phone was

the nation's pre-history.  The cell phone is a device that we all didn't know we were waiting for.  And when it arrived, wondrous things happened.

The cell phone and SMS is also transforming government and governance, despite government's haphazard approach to m-Government.  But much more can be achieved if it develops an m-Government strategy that is an integral part of a comprehensive e-Government strategy.