Partnering with the Private Sector to Introduce New Physical, Human and Social Capital – Isolating Criteria for Success

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Abstract

Governments are being pressured to provide better service, which is consistent, faster, and more accurate while effecting cost reductions, increasing employee morale and enhancing the business environment. This has been achieved in two ways – through Electronic Service Delivery (ESD) and through partnering with the private sector, rather than by outsourcing or privatisation. This paper reviews case studies where outcomes of ESD and partnering have been successful in order to highlight preconditions for success and characteristics of beneficial transformations.

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6.0 Criteria for successful transformations
1.0  Introduction – How governments are overcoming common problems.

Governments are facing common problems from those that bond them in agency relationships, whether from voters or from domestic or international businesses. These problems are the pressure for service and the need to maintain a competitive economy, as well as technology convergence.¹

Voters, today, are demanding increasing levels of service at a lower cost. They have had the private sector under scrutiny for some time, and the private sector has responded. This focus has been extended now to include government. They want interaction with government to be as efficient and effective as possible, or at least comparable to what they are getting from the private sector.

Government, as a service provider, has not raised the level of its service delivery capability in line with other service providers in the market place. While business has pursued a re-engineering and in some cases a transformational change agenda in the nineties, governments have been slow to respond and apply these lessons. Fundamental to the transformation initiatives in private enterprise has been a “burning platform” to motivate CEOs to undertake quantum change. This could be privatisation, changed competition, recessionary pressure or a new CEO with a burning desire to improve shareholder value. In the Australasian area, this “burning platform” has only been widely seen in the state of Victoria and New Zealand to date.

Without many exceptions on a global basis, governments are being forced to re-evaluate how to provide better service to its customers at a lower cost, and to recognise that “tinkering around the edges” does not work. The case studies detailed in this paper will illustrate transformational change being embraced by government clients focused on improving efficiency and providing the next generation of program delivery to their customers. As with leaders of publicly listed companies, all stakeholders are making governments more accountable.

Voters are increasingly concerned about the welfare of their communities. They want to see government supporting the health and wellbeing of the business environment. Welfare interests are also beginning to recognise that efficiency and effectiveness improvements can release the limited resources of governments to achieve a Pareto efficient optimality and maximisation of social welfare. Both government and business leaders are of one mind on the need to reduce the time and effort needed to comply with government regulations and procedures. Government increasingly seeks benefits from fostering a ‘hand in hand’ approach with the business community.

Running in parallel with these changes is technology convergence. The convergence in computing, communications and media solutions is changing the game for communities, business and government alike, as illustrated in Diagram I. Not just by improving process efficiencies in the business of government, but by also connecting

¹ This Section and subsequent ones where views are expressed as to what voters demand, are based on surveys undertaken by the Canadian Council for Public-Private Partnerships, namely, National Opinion Survey: "Building Effective Partnerships" (1998) and National Opinion Survey (1995).
government ubiquitously with its customers - through call centres, one-stop shops, kiosks and through the ever-expanding Internet.

**Convergence of Distinct Technologies Empowering the Consumer**

*Communications*

*Computing*

*Knowledge*

**Diagram 1**

Governments are overcoming these problems by separating policy from delivery, by transforming government using technology, by enabling Electronic Service Delivery Partnering with the Private Sector to introduce new investment, and taking a wholistic approach to transformation to bring home the benefits.

One key to achieving these goals is to separate the setting, management and direction of policy from the physical mechanism used to deliver the services created under government policy. Supporting the separation, government needs to develop a management environment where people focus on outputs and where people are encouraged to establish efficient process and apply creativity. Following a framework of change will lead to the realisation of major operational savings whilst increasing the quality of the delivery of services to customers.

Next, government must rethink the delivery of its services and use best practice in technology enablers and processes. This will create a truly One-stop, Non-stop government as illustrated in Diagram II. One way of doing this is Electronic Service Delivery (ESD). ESD can transform a government into a world-class example of government service delivery.

This idea recognises the financial constraints and the need for urgency. A government can look to a partnership with the private sector for funding, ideas, transferable solutions and commitment to make such a transformation program work. To undertake successfully an Electronic Service Delivery project, governments should take advantage of opportunities to partner with the private sector to reduce the level of public sector investment required and ensure that best practices are implemented.

The transformation must be undertaken to a well-defined and carefully considered overall plan. An integrated and co-ordinated approach to the issues can then be maintained throughout the project. Isolated pockets of attempts to use technology to deliver services around the state may end up providing little or no actual benefits, whilst significantly adding to the final cost of providing Electronic Service Delivery to customers.

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2 Adapted from KPMG Analysis (1999).
There is a wide range of benefits to transforming government as illustrated in Diagram III, but only focusing on technology is not going to produce the changes that are expected. Transformation means changing the activities and attitudes of those within government, retraining to utilise technology in new and creative ways.

It is important for the purposes of this paper to understand how transforming government as outlined herein can aid economic and social development, and how the input of physical capital or technology through Electronic Service Delivery can assist in the development of human and social capital.

In this paper economic development ($Y_t$) is defined as sustainable growth. This can be measured at the level of the individual by the increase in a maintainable and stable level of income per capita, and at the corporate or institutional level by the increase in maintainable and stable accumulated earnings per capita. At the country level, improvements in the ratio of external debt and current account balance to Gross Domestic Product (GDP), as well as increases in the level of maintainable and stable GDP per capita, are appropriate measures of success. These definitions avoid the criticism of using inappropriate yardsticks of growth of GDP, as in transition economies, growth may initially be negative as pre-reform crisis conditions impact immediately after reform. This was one of the areas of disagreement between Dabrowski et al. (2001) and Stiglitz (1998a, b). Also a policy may appear to successful in the short term using growth in GDP as a yardstick, but it is the maintenance of income per capita, corporate profitability and an increasing debt servicing ability at the national level over a long term that is the best criteria of success.

Adapted from KPMG Analysis (1999).
Diagram III

Social development \( Y_2 \) is defined as growth in the equitable distribution of wealth, which can be measured by the dispersion and distribution of per capita income, and participation in institutions. A scale ranking the capacity to participate in the institutional framework of government may be a useful adjunct to wealth distribution measures. However, active participation is in turn a function of improving the quality of human capital, in terms of education, knowledge and skills, which are vital to social and economic development.

Development of human capital permits the embodiment of ethics and values to reduce corruption, and the promotion of the understanding essential to the acceptance of the goals of government in introducing a legal infrastructure necessary to economic development. For instance to privatize State Owned Enterprises (SOEs), standards of corporate reporting and securities issuance and trading must be introduced and enforced. This requires that holders of equity or debt have the educational levels to understand their rights and obligations. They can therefore help enforce agency relationships, through the supervision of monitoring and bonding contracts. In addition, the quality of human capital is a prerequisite in allocating credit. Otherwise, banks and other financial institutions cannot perform, within acceptable risk and return parameters, as delegated monitors, in a situation of asymmetric information (Stiglitz and Weiss, 1981). The same proviso applies to introduction of ESD into government departments by partnership arrangements with the private sector.

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4 Adapted from KPMG Analysis (1999).
The degree of development of human capital involves not just increasing the capacity to learn, but enables the individual to participate in a financial system. Hence social and organizational capital, or the interrelationships and systems for mediation and dispute resolution, can be adapted to increasing stages of development (Stiglitz, 1998a, b).

Measuring the level of human capital is an essential input into assessing if the stage of social development is sufficiently advanced in order to permit the benefits of new ownership structures or methods to be utilized, and to assess which structures or methods are appropriate. The quality of human capital could be assessed using a combination of data inputs, such as,

- the percentage of population with basic literacy and numeracy skills, secondary, tertiary education,
- the number of books sold per capita,
- the education level of women,
- internet use,
- standard of health services,
- longevity, and,
- the number of cooperative and community groups including charities, and their relative size or contribution to GDP.

Obviously for governments in transition economies the solutions of ESD in partnership with the private sector is not an option until a level of development of human and social capital is reached. However some governments may feel that such a solution may force the issue or the pace of economic and social development.

This paper is divided into five sections. The first discusses the benefits of Electronic Service Delivery in achieving government goals by creating a one-stop, non-stop government. The second details case studies evidencing the successful achievement of such an objective. The third details the importance of government gaining private partners by illustration - case studies of Public Private Sector Partnerships such as the LUL, New Zealand Inland Revenue, Nebraska Family User System, Ontario MCSS are described. The fourth section highlights the critical role of technologies - multimedia, kiosks, call centres, interactive voice response systems, and smart cards in achieving government goals by illustration of how such technologies have assisted in certain cases, both private and public. The final section discusses the criteria for successful transformations of governments, and units therein.

2.0 Creating One-Stop, Non-Stop Government

One solution to solving the dilemma of increased services at a lower cost is to find a single integrated approach that meets both objectives. The solution combines significant changes in process enabled with technology. The very integration of both

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5 Please note that case studies are largely drawn from publications by the Canadian Council for Public-Private Partnerships (see list in references).
process change and technology makes it possible. The application of One-stop, Non-stop concepts to government describes this approach and is detailed in Table 16.

To initiate such a plan, the government needs to switch its focus from meeting the demands of the internal organisation toward fulfilling the real-world requirements of the customer. Citizens today want to minimise the time it takes to interact with government to receive the required services and increase the level of convenience in receiving services. They want “one stop shop government” which must be interwoven as much as possible into their daily routines. They do not want to have to know how to navigate government organisational structures and processes or understand complex policy and regulations to receive their entitlements.

Citizens also want alternative ways of access to government, unconstrained by time and location. Rather than having to go into an office between fixed times, they want to know they can conduct business at any time. They want to deal with the government by phone, through the mail, kiosks or via personal computers, from places of convenience, even the home - they want “non stop government”.

Non-stop is enabled through technology that is available now to create Electronic Service Delivery as described in Diagram IV. Governments around the world are successfully employing these technologies and the private sector is using the principles for competitive advantage7. The solution provides the necessary reduction in costs by combining the services and reengineering the way they are delivered. Electronic Service Delivery also offers government the opportunity to combine services from various levels of government, and from the private sector, to allow citizens “seamless” access. However to be successful both agencies and governments will need to undergo transformational change.

Table I: Characteristics of One Stop, Non-Stop Government8

<table>
<thead>
<tr>
<th>One Stop Government</th>
<th>Non Stop Government</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>people receive a single solution, independent from government’s delivery process</em></td>
<td><em>service delivery is independent of time and location</em></td>
</tr>
<tr>
<td><em>people do not have to waste time at more than one department; they are task-oriented not department-oriented</em></td>
<td><em>technology guides people to the correct government source, helping those that are unclear about government services</em></td>
</tr>
<tr>
<td><em>people deal with all government departments through one interface</em></td>
<td><em>information is more accurate</em></td>
</tr>
<tr>
<td><em>people can access transactional not just informational services</em></td>
<td><em>access to government services is made more equitable</em></td>
</tr>
</tbody>
</table>

7 See Section 5.0 for a global review.
8 Adapted from KPMG Analysis (1999).
Diagram IV: How ESD facilitates ‘One stop, Non-stop’ Shops

**Example: Combining Services**

Consider a simple example from the life of a customer of government services who is faced with a host of tasks, which must be completed. All of the transactions detailed in Diagram V are simple, repetitive and routine procedures. To complete them all under the present structure of government could take several hours. Each requires a different government department or office, which is normally open only during business hours. The customer may be faced with the possibility of spending several lunch hours standing in a variety of lengthy lines waiting for a public servant to help complete the transactions.

Under a One-stop, Non-stop Electronic Service Delivery government, the customer is able to dispose of all of the above transactions in one single episode of service. Armed with a credit card or bank account details, the customer could choose to go to the local kiosk, make a telephone call to the government call centre or log in to the Internet from the comfort of home.

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9 Adapted from KPMG Analysis (1999).
All information can be exchanged between the customer and the government via one of the above channels of communication. It is no longer necessary to go to the government - the government goes to the customer.

3.0 Case studies of the benefits of ISD – New Brunswick, Cambridge Childcare, Social Security UK, Merced.

Table 2 lists a couple of examples where government bodies have taken the initiative and are making ESD work for them.

<table>
<thead>
<tr>
<th>Project Date of Commencement</th>
<th>Goals</th>
<th>Criteria of Success</th>
</tr>
</thead>
</table>
| New Brunswick, Canada 1993  | (1) "Quality" province competing in speed of service delivery  
| Cambridge, UK               | (1) To solve skills | (1) Increase in level of... |

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10 Adapted from KPMG Analysis (1999).
11 Electronic Service Delivery.
12 Source: New Brunswick Internet Home Page.
13 Microsoft chose to locate in the province as the K to 12 content development and certification site for new worldwide online institute.
### Childcare Project 2002/3

- Shortage by providing knowledge regarding adequate childcare facilities, effect on benefit entitlements of taking up work and where particular skills are required plus training availability.
- To provide an ESD that links such data bases in a “one stop shop”
- To provide feedback to childcare providers re needs, benefits and problems.


- With annual budget of $140 billion, goal is better customer service at “best value for money”.
- Combination of 24 different social security benefits to produce “one place, one person, one time”.
- Focus on customers not functions.

**Merced County Human Service, 2000**

- Automating and streamlining all manual procedures.
- Strategic planning, reengineering and implementing and eligibility system to contain all rules necessary to determine eligibility and benefits.
- Focus on households.
- Systems to determine all benefits.
- Decrease staff size by 50% without sacrificing service.

**From the case studies detailed in Table 2, we can observe that the following preconditions are common to a successful transformation:-**

- Employment of those in skills shortage areas.
- Increase in the utilisation of childcare by those possessing skills in short supply.
- Provision of relevant training.
- Increase in data capture regarding childcare needs of those possessing skills shortages.
Focus on core business
Separation of policy from service delivery
Combination of multiple services into one interface using technology

Benefits include

- Increased service levels
- Significantly reduced running costs
- Spin off industries

4.0 Case Studies of Public Private Sector Partnerships – LUL, New Zealand Inland Revenue, Nebraska Family User System, Ontario MCSS.

Although the benefits for starting these initiatives are compelling, there will be a significant financial investment required. In today's environment, it is difficult to justify these investments through the traditional process. In addition to investment, a wide range of skills are necessary to implement them; skills that government does not possess, and may not want to possess. Faced with these issues, a government needs to consider new ways to introduce outside investment and skills.

Currently, the most visible methods of introducing private enterprise are Outsourcing and Privatisation. Many governments around the world are now using variations of both these structures. Privatisation and Outsourcing describe different levels of involvement from the private sector defining opposite ends of a private sector involvement continuum. Within this continuum, Partnering takes the middle ground, expressing an alternative way to involve the private sector. Partnering differs from Privatisation in that the public sector retains a substantial role in the venture. It differs from Outsourcing in that the private sector is involved as a provider of the capital asset as well as a provider of services.

As stated by Currie (2003) many factors such as the regulatory model governing industry and the financial system, level of human and social capital, government goals as they affect resource allocation influence whether a full privatization, partnering or outsourcing is appropriate to the stage of economic and social development.

![Private Sector Involvement Continuum Diagram VI](Diagram VI)

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14 Refer to excellent review of methods by Montanheiro, (2002) and when these initiatives and methods are appropriate by Currie, (2003).
15 See OECD (2000).
16 This alternative is now being rejected as leading to many costly mistakes and duplication in Australia (see Currie, 2001 and 2003).
17 Adapted from KPMG Analysis (1999).
Partnering provides an opportunity to meet the needs of both the public and private sectors. Correctly designed, partnerships will bring out the best in both private and public organisations to focus on what they do best. In summary, government needs to develop the right partnerships with the private sector to get the right investment skills and investment needed to achieve results (Gauche, 1998; Haggis, 1997; Helik, 1997).

The principal reason for private sector involvement hinge on risk sharing. Stiglitz (1998a, 1998b, 1999, 2001) has extensively documented the poor public sector’s record in the design and construction of capital schemes. Time and cost overruns are common. Part of the reason lies in the attitudes and culture of the public sector. Public servants whose interest is to maintain a high technical standard, not to strike a balance between cost, return and risk, usually conduct the design of public sector projects. The development of the human and social capital necessary for achievement of goals is often lacking (Dabrowski et al, 2001).

The manner in which a government department lead manages a public sector project often results in over engineering and lengthy tender processes, which tie up government resources and delay implementation and benefits acquisition. This increases the probability of costs rising, forcing a constraint on investment. It also does not minimise the likelihood of corruption (Radygin, 1997 and Dabrowski et al, 2001).

Overall, it is important to recognise that there are many risks associated with completing large complex construction projects. In designing such a project, the art is to find a balance between the quality of construction and future expenditure on maintenance and usage. Clearly, through the competitive environment, the private sector has learnt to find the right balance for construction and other types of projects.

Through partnerships, government can benefit by identifying the appropriate risks to transfer to the private sector on specific projects. The private sector can then apply its ability to balance risk and return. This also paves the way for the private sector to raise the necessary risk capital in the markets to fund the activity.

The solution for government is to determine correctly how to share risk with the private sector. For example, responsibility for the risk associated with the planning and Parliamentary processes will need to remain with the public sector. The following case studies detailed in Table 3 demonstrate these points:

<table>
<thead>
<tr>
<th>Table 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case Studies of PPP to introduce new Investments</strong></td>
</tr>
<tr>
<td><strong>Project Name, Type, Advantages</strong></td>
</tr>
</tbody>
</table>
| London Underground (LUL), leasing trains Design and Construction  
- The private sector supplier carries the risk for the design, manufacture and delivery of the trains and equipment  
- LUL continues to bear the risk of maintaining a specified environment such as truck standard and tunnel profile | Modernisation of a huge network  
- 108 million passengers p.a.  
- Generating revenue of approximately $440 million p.a.  
- Running at an |
<table>
<thead>
<tr>
<th>Service Availability</th>
<th>approximate cost of $360 million p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The private sector supplier is responsible for specifying the number of trains against a maximum specified service requirement</td>
<td>• Trace consists of 50 stations and 2 rolling stock maintenance depots</td>
</tr>
<tr>
<td>Performance Risk</td>
<td>Run by a staff of 2000</td>
</tr>
<tr>
<td>• The private sector supplier carried risk for the performance and reliability of trains throughout the 20 year primary usage period</td>
<td></td>
</tr>
<tr>
<td>• LUL has as option to extend into a secondary significant residual value risk to the supplier</td>
<td></td>
</tr>
<tr>
<td>Residual Value Risk</td>
<td></td>
</tr>
<tr>
<td>• LUL is committed only to procure a service for 20 years representing a significant residual risk to the private sector supplier</td>
<td></td>
</tr>
<tr>
<td>Early Termination</td>
<td></td>
</tr>
<tr>
<td>• The private sector supplier must achieve a pre-agreed performance and reliability target, substantially better than the present best on the underground or LUL can exit the contract.</td>
<td></td>
</tr>
<tr>
<td><strong>New Zealand Inland Revenue Department</strong></td>
<td><strong>Operational savings - $50 million p.a.</strong></td>
</tr>
<tr>
<td>• Cost reduction</td>
<td><strong>Interest income - $25 million p.a.</strong></td>
</tr>
<tr>
<td>Application of wide range of skills in integrated fashion with following goals</td>
<td><strong>Revenue benefits - $100 million from improved debt management</strong></td>
</tr>
<tr>
<td>• 5 year strategic and corporate plan</td>
<td><strong>Systems development savings - $25 million</strong></td>
</tr>
<tr>
<td>• total organisation restructure</td>
<td></td>
</tr>
<tr>
<td>• complete redevelopment of all tax and administration arrangements</td>
<td></td>
</tr>
<tr>
<td>• creation of one stop business process concept</td>
<td></td>
</tr>
<tr>
<td><strong>Nebraska Family Online Client User System (N-FOCUS)</strong></td>
<td><strong>Self sufficiency of government personnel after application of a business solution</strong></td>
</tr>
<tr>
<td>Leveraging existing Private Sector Knowledge</td>
<td><strong>Stimulation of spin off industries – world class multimedia centre for developing new methods and technologies</strong></td>
</tr>
<tr>
<td>• Goal is for private sector to work with government and effectively transfer skills</td>
<td></td>
</tr>
<tr>
<td>• reengineer to provide seamless service</td>
<td></td>
</tr>
<tr>
<td>• consolidation of numerous public assistance programmes through advanced technology – programmes include families with dependent children, food stamps, medicated assistance to the aged, blind and disabled jobs, child and foster care, energy assistance emergency assistance, state disability, subsidised adoption and guardianship</td>
<td></td>
</tr>
<tr>
<td><strong>Ontario, Canada, the Ministry of Community and Health Services (MCSS)</strong></td>
<td><strong>Increase in efficiency</strong></td>
</tr>
<tr>
<td>• Private sector organisation to transform the delivery of income assistance programmes costing $6B in a larger Canadian province serving 1.2 million</td>
<td><strong>Caseworker has more time to retrain unemployed and get them back to work.</strong></td>
</tr>
<tr>
<td>• Reduce the two to one tier system.</td>
<td><strong>Generate additional revenue through ESD of private goods at government kiosks, such as movies, theatre tickets, and services.</strong></td>
</tr>
<tr>
<td>• case management approach</td>
<td></td>
</tr>
</tbody>
</table>

---

Ontario, Canada, the Ministry of Community and Health Services (MCSS)

- Private sector organisation to transform the delivery of income assistance programmes costing $6B in a larger Canadian province serving 1.2 million
- Reduce the two to one tier system.
- Case management approach

---

New Zealand Inland Revenue Department

- Cost reduction
  - Application of wide range of skills in integrated fashion with following goals
    - 5 year strategic and corporate plan
    - Total organisation restructure
    - Complete redevelopment of all tax and administration arrangements
    - Creation of one stop business process concept

---

Nebraska Family Online Client User System (N-FOCUS)

- Leveraging existing Private Sector Knowledge
- Goal is for private sector to work with government and effectively transfer skills
- Reengineer to provide seamless service
- Consolidation of numerous public assistance programmes through advanced technology – programmes include families with dependent children, food stamps, medicated assistance to the aged, blind and disabled jobs, child and foster care, energy assistance emergency assistance, state disability, subsidised adoption and guardianship

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Ontario, Canada, the Ministry of Community and Health Services (MCSS)

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- Reduce the two to one tier system.
- Case management approach
5.0 The critical role of technologies – multimedia, kiosks, call centres, interactive voice response systems, smart cards.

A quick look at government activity on a global basis shows us there are many governments currently developing new methods of communicating with their citizens. These governments are developing technologies to suit their cultures with the overall aim of improved service at a lower cost.

Table 4: Overview of use of technologies by governments globally\(^{18}\)

Each country must balance a wide range of issues (including the need for access and equity, political considerations and customer expectations) during the process of selecting the technology that is likely to achieve the desired result. To determine how governments can best deliver value added services to customers, decision makers can look to technology already being used by other governments.

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\(^{18}\) Adapted from KPMG Analysis (1999).
Governments should create an Electronic Service Delivery interface with its customers to transform itself from the current, traditional structure towards a citizen centred, customer focused organisation. In summary, over the next 5-10 years a wide range of new and alternative technology-based formats, which are described in Table 5 below, will supplement traditional interfaces.

<table>
<thead>
<tr>
<th>Home Visit</th>
<th>Office Visit</th>
<th>Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>One to one, face to face interaction in the customer's residence</td>
<td>One to one, face to face interaction taking place in an agency's office</td>
<td>Interaction between Government and customers via the Postal Service</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community Office</th>
<th>Call Centre</th>
<th>Advanced Telephony</th>
<th>ATM</th>
<th>Mobile Digital Assistant</th>
<th>Kiosk</th>
<th>Multimedia</th>
<th>Smart Cards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology-enhanced Government office providing cross-departmental services to a local customer base</td>
<td>Government or departmental telephone operating centre providing assistance to those customers who call</td>
<td>Technology-enhanced telephone services that can guide customers through departmental rules and requirements, provide automated advice and interactive response</td>
<td>Cash or other dispenser machines that can be placed in convenient locations and used by those customers who are given the necessary cards for short, repetitive, high-volume transactions</td>
<td>Personal data computers that can be carried by Government officials providing them with instant, remote information</td>
<td>Fixed location multimedia computers that can provide structured information on diverse subjects and some interaction with Government departments</td>
<td>Informational and transactional services that can be provided across telephony and cable networks to customers in their homes and offices</td>
<td>Portable cards that can provide vast quantities of information, interact with other electronic devices and enhance a variety of interfaces</td>
</tr>
</tbody>
</table>

Table 5: Alternative Technologies

Below in Table 6 we take a brief look at some of the most important examples of the application these technologies in certain industries and government sectors.

<table>
<thead>
<tr>
<th>Example of alternative interface options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>European Union Bank</strong></td>
</tr>
<tr>
<td><strong>Multimedia/Internet</strong></td>
</tr>
<tr>
<td>Using internet rather than international branch network</td>
</tr>
<tr>
<td><strong>Nationwide Building Society</strong></td>
</tr>
<tr>
<td><strong>Kiosks</strong></td>
</tr>
<tr>
<td>Multimedia kiosks like a branch – ATM provides automated service, sales and marketing</td>
</tr>
<tr>
<td><strong>Qantas</strong></td>
</tr>
<tr>
<td><strong>Call Centres/IVR</strong></td>
</tr>
<tr>
<td>Interactive Voice Response Systems – Flight arrival and departure using touch telephone</td>
</tr>
<tr>
<td><strong>Spanish Ministry of Labour and Social Security</strong></td>
</tr>
<tr>
<td><strong>Smart Cards</strong></td>
</tr>
<tr>
<td>Personal details/ID for 40 million to be used in health case centres, doctor’s offices and kiosks</td>
</tr>
</tbody>
</table>

19 Adapted from KPMG Analysis (1999).
6.0 Criteria for successful transformations

To be successful in the future, large organisations will need to undergo continual organisational change in shortening cycles. Enterprise transformation involves not only changes in the business strategies, people, processes and technology, but also explicit attention to orchestrating how these elements integrate and evolve over time. Enterprise transformation can be viewed as an “extreme” form of reengineering which involves strategic repositioning and enterprise-wide culture change, as well as core process redesign. Enterprise transformation aims to achieve dramatic and sustainable improvements in performance within an aggressive timeframe.

The challenging task of moving from a government centred model to a citizen centred model requires a transformation, and the scope of the transformation to be pervasive. It involves changes in government policy and strategy, changes in service delivery and administrative processes, changes in the roles, skills, and organisation of public servants, and improvements in technology to support the reengineered processes. Most importantly though, it requires a challenge conventional thinking and to adopt new concepts that shape the role of government and the methods for delivering services, as illustrated in Diagram VII.

Defining Change

To achieve this position as a recognised leader in the delivery of information and services to its constituency by utilising new technology, and deploying it in a strategic manner that will leap-from other government experiments and initiatives, a government will need to reform and reengineer the public sector by creating a service delivery mechanism as outlined in this paper. This mechanism must be seamless and transparent to its customers and provide new and improved services, which will be affordable, accessible and responsive to community needs. Such benefits are illustrated in Diagram VIII.

Diagram VII²⁰

²⁰ Adapted from KPMG Analysis (1999).
The focus of governments around the world is shifting from an internal perspective to an external, customer-oriented mindset. The traditional structure of government organisations is now moving toward a mission driven structure. Departments should be set up and run based on the realisation of a defined set of objectives or a mission. Instead of viewing activities as being function focused, today’s government must focus on what the customer wants or is trying to achieve.

Rather than concentrating on what inputs are required, government should concern itself with achieving results. This means that a key concern shifts from costs incurred towards value delivered to customers. This is best achieved by instilling an entrepreneurial attitude rather than outdated bureaucratic methods and becoming anticipatory rather than reactive.

**Diagram VIII**

![Diagram VIII](image_url)

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**Diagram IX**

There are a number of elements necessary if citizen centred government is to become a reality. Most important of these is strong, visionary leadership, both politically and within the upper ranks of the public service as well as motivated and empowered change champions to work alongside strong experienced partners involved in the transformation.

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21 Adapted from KPMG Analysis (1999).
22 Diagram VIII
Table 7: Characteristics of successful transformations

Whereas detailed work planning supported by robust methodologies is essential, the transformational change journey is not solely a sequence of set steps. It is also a creative process of multidimensional change with shifting purposes and priorities over time. A change programme needs to be tailored to its unique situation. The process of organisational rebuilding needs to be holistic so that processes and teams throughout the extended enterprise evolve to embody the strategic vision.

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23 Diagram VIII
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