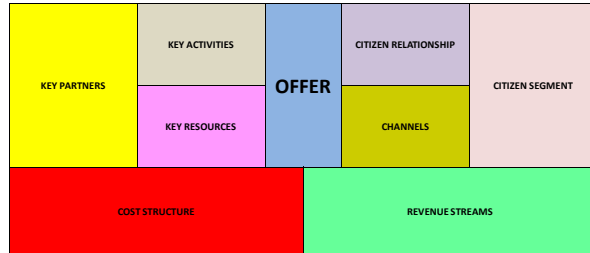


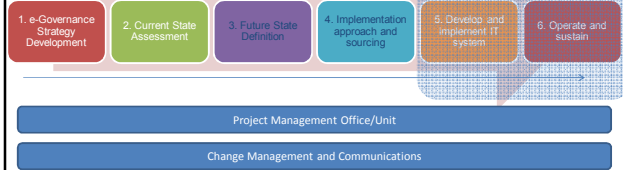
## Business Models for e-Governance Projects



A PRESENTATION BY  
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 bggupta1@gmail.com

## E-GOVERNANCE PROJECT LIFECYCLE

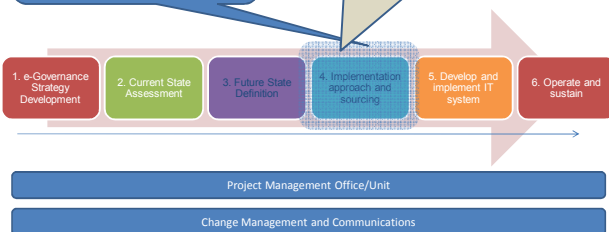
IT systems are created/developed, implemented and managed here... Majority of investments happen in these phases of lifecycle



## E-GOVERNANCE PROJECT LIFECYCLE

Planning for investment and procurement is performed here....CRITICAL PHASE WHICH DETERMINES SUCCESS AND IMPACT

Needs significant focus and attention at this point to safeguard the project success.....thus, **PROJECT BUSINESS MODEL** plays a crucial role in any project....



## WHAT IS A BUSINESS MODEL?

- A BUSINESS MODEL DESCRIBES THE **RATIONALE** OF HOW AN ORGANIZATION

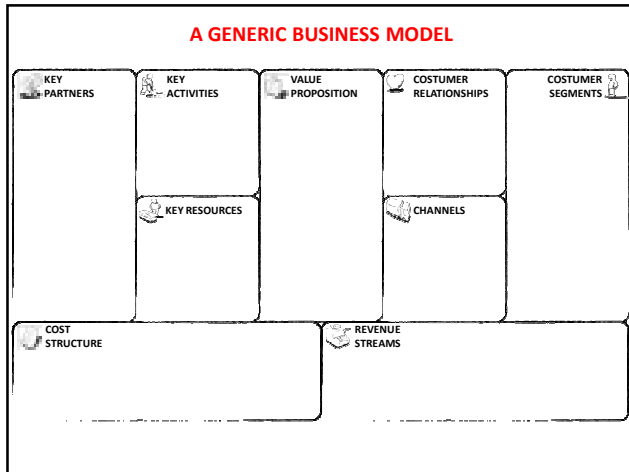
- **CREATES,**

- **DELIVERS,**

- **AND CAPTURES VALUE**

- **(ECONOMIC, SOCIAL, OR OTHER FORMS OF VALUE).**

Slide 4



### KEY ACTIVITIES

- What Projects, Initiatives or Tasks are required to build and deliver a durable value proposition?
- Is it cost effective or strategic to perform these tasks internally or source from a partner?
- How is value leveraged from these activities? For example is there overlap with multiple customer types or is intellectual property being built?
- Are these activities being performed in a way that can be efficiently channelled to the market?



### KEY RESOURCES

What key resources are required to deliver the durable value proposition?

- Physical – What equipment is required?
- People – What will the company structure look like? What skills should be recruited internally and what ones are most effective to have as partners?
- Financial – What sources of funds are available? What assets need to be procured and when? What working capital is required?
- Intellectual – What brands, copyrights, patents and trademarks should be used to protect the investment?
- How are resources combined for best effect?



### COST STRUCTURE

These are the main costs to the governance necessary to deliver the value proposition

- Which are the most expensive resources and activities?
- Which costs are core to delivering the value proposition?
- Is the governance more cost or value driven?
- How are economies of scale and economies of scope relevant?
- Which costs are fixed and which variable?
- Is enough money being spent to safeguard durability?
- Has the governance looked at ways to reduce costs to ensure maximum reach?



**KEY PARTNERS**

- Is it a Win-Win situation
- Are our partners reducing risk and cost?
- Do our partners increase our speed to citizens thus reducing the negative effects of overheads
- Do our partners enhance the value proposition and raise credibility for governance from which we can leverage?
- Can the Channels to citizens be developed more cost effectively with partners
- Which partners will we need for future plans?

**CITIZEN VALUE PROPOSITION**

- How does our value proposition compare with that delivered in other states?
- What criteria do citizens may use to measure the value proposition? This is important so you don't spend money on things citizens don't appreciate
- What are citizens willing to pay?
- Can more value be added by rearranging your key activities, resources and partners?
- Are you sure the value proposition is durable and can be sustained?

**CITIZENS (CUSTOMERS)**

- Do you know your customers?
- Do you need different business models for your different customer groups?
- Do you understand how your customers calculate the value in your offer?
- Are your customer groups discrete or do you have interlinked groups?

**CUSTOMER RELATIONSHIP MANAGEMENT**

- What physical and digital links would you like to lay for your customers to your organization?
- What kinds of relationships are cost effective to establish?
- What are the most effective relationships that reinforce your image and enhance the overall value proposition
- Which technologies make this job easier?
- What do customer expect now, and what will customers soon expect?
- Is the benefit worth the cost?
- Types: Personal assistance / Dedicated personal assistance / Self-services / Automated services / Communities / Co-creation

## CHANNELS



- Do we have control over our channels ?
- How are the citizen/customer segments aligned with proposed channels?
- Can we leverage off complementary channels?
- Are we integrating channels with customer routines?
- What channels are the easiest to service and are working now?
- What channels offer the greatest potential for future development plans?
- How the performance of each of the proposed channel will be measured?

## REVENUE STREAMS



- What do our customers pay for the service already?
- What payment method(s)?
- What future value would they pay for?
- What payment methods would they prefer?
- What and how are customers paying for other services?
- What type of charging model is most appropriate to satisfy customer needs and at the same time enhance the value proposition
- Can multiple revenue streams be generated?
- Is the department using technology to maximise its ability to create new revenue streams?
- Are the revenue streams future proofed?

## COST & REVENUES IN E-GOVERNANCE PROJECTS

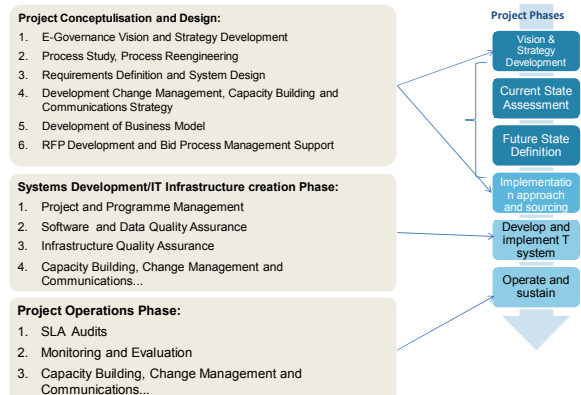
### COSTS:

Consultancy Services  
Software Design, Development and Maintenance  
IT Infrastructure creation and maintenance

### REVENUES:

Various projects undertaken by the government have significant revenue generation potential  
Revenue referred here is different from the taxes and duties expected to be paid by the citizen under the constitution  
These revenue sources are new money to the government

## COSTS OF CONSULTANCY SERVICES...



**COSTS OF SOFTWARE DESIGN, DEVELOPMENT AND MAINTENANCE...****One time costs..****COTS Software:**

1. System Software for Application Server, Database Server, Integration Server
2. Application Software for ERPs solutions
3. Workflow automation, Documentation Management Systems..

**Services Cost:**

1. Requirements study and finalization
2. Software Design and Development
3. ERP Customisation and configuration
4. Project Documentation
5. Data digitization and migration

**Recurring Costs:****COTS Software cost:**

1. AMC for software licenses

**Services Cost (recurring):**

1. Training and Capacity Building
2. Software maintenance and support, Software change management, Project documentation..

**Project Phases****COSTS OF IT INFRASTRUCTURE CREATION AND MAINTENANCE****One time costs..****Data Center and Network Infrastructure (IT and Non-IT):**

1. Data centre site cost, preparation cost, supporting facilities (power, cooling, physical security, fire and environmental controls)
2. Computing infrastructure (servers)
3. Storage Infrastructure (SAN Switches, SAN storage, tape library, backup solutions..)
4. LAN and WAN (Switches, Routers, Modems, VPN)
5. Security (Firewall, IPS/IDS, Antivirus, IDM..)
6. Cabling
7. Insurance..

**End User Computing Infrastructure IT Infrastructure:**

1. PCs, Printers, Scanners, LAN, UPS, generators, LAN and power cabling...

**System Software:**

1. Network/Enterprise Management Software, Storage management solution, Server Operating Systems, Antivirus gateway and end client software, email suite...

**Services cost:**

1. Requirements assessment, solution design, documentation
2. Installation and configuration
3. Testing and go-live

**Project Phases****COSTS OF IT INFRASTRUCTURE CREATION AND MAINTENANCE – CONTD..****Recurring costs..****Data Center and Network Infrastructure (IT and Non-IT):**

1. AMC/ Warranty for system software and hardware
2. Facilities Management Services
3. IT Infrastructure monitoring and management services
4. Insurance
5. Consumables
6. Leased lines/SDN – connectivity charges
7. Power, fuel

**ILLUSTRATIVE REVENUE SOURCES****e-Governance Projects:**

- Portal registration/subscription charges
- Transaction fees for the online services
- Advertising revenue from the portal
- Advertising revenues from service center
- Fees for delivery of B2C and B2G services through common service centers
- Convenience fees – enhancement in the current fees/charges

**Non-e-Gov Projects:**

- Toll charges – Roads
- Development charges – Airports...

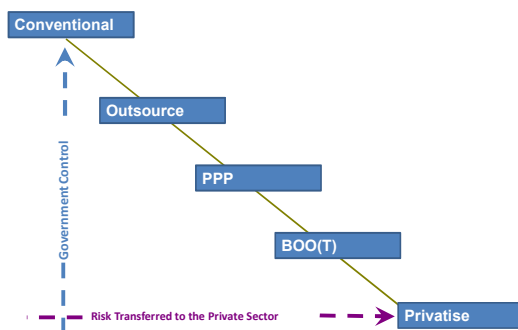
### UNDERSTANDING PROJECT FINANCING OPTIONS

- Public Finance
- Private Finance
- Project Finance (SPV – Special Purpose Vehicle)

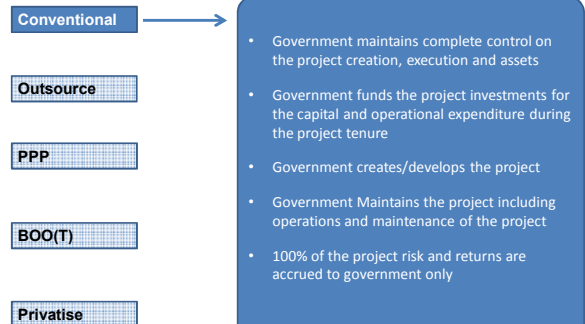
### Public-Private Partnership

- The concept of **PPP** has become the **cornerstone** of every government's modernization program.
- **PPP** helps to bridge **gaps** in quality, speed and efficiency of services delivered by the public sector.
- **PPP** is an agreement between government and businesses or non-government organizations (NGOs) for the provision of services by sharing of risks and rewards of the venture.

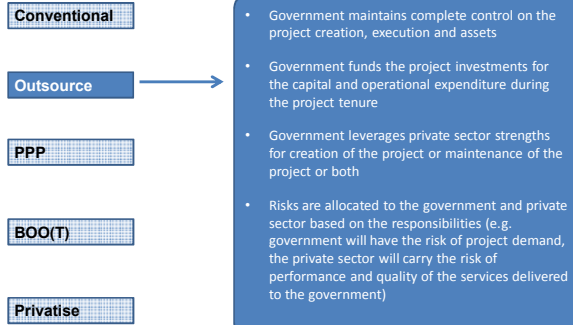
### Various Models for Private Sector Participation



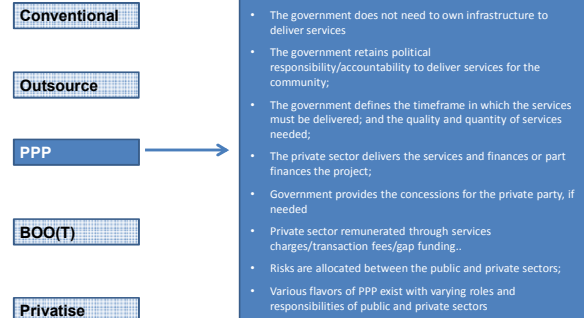
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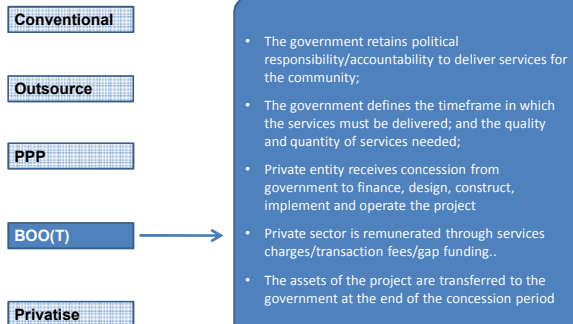
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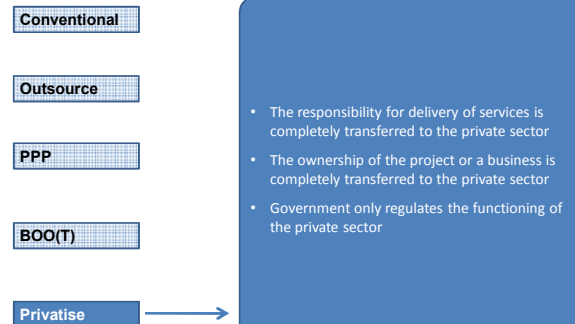
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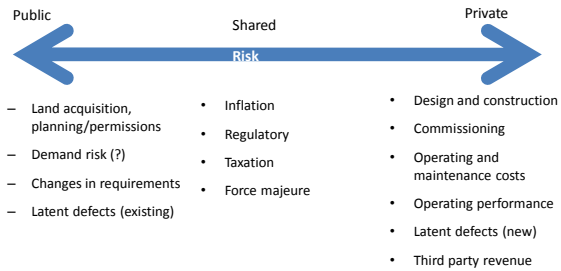


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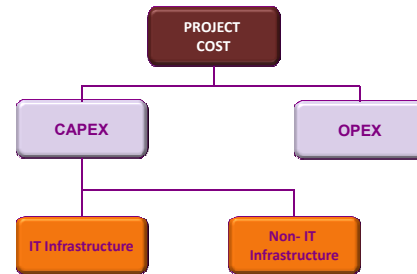


## Risk Allocation

Risks should be allocated to the party best able to understand and manage them..

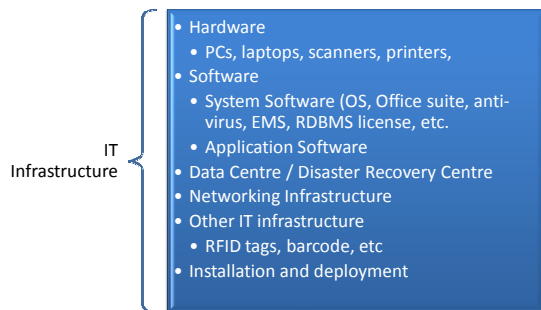


## CLASSIFICATION OF COSTS



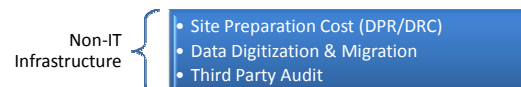
## CAPEX – Capital Expenditure

- Also known as investment cost OR one-time cost



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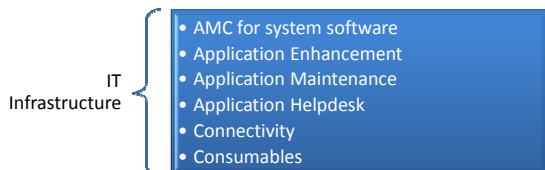
- Also known as investment cost OR one-time cost





## OPEX – Operating Expenditure

- Also known as recurring cost



## OPEX – Operating Expenditure

- Also known as recurring cost



## PLAN & NON PLAN EXPENDITURE

### WHO SAID WHAT & WHEN?

• **The Rangarajan committee**, in a report on *Efficient Management of Public Expenditure* that it submitted to the Planning Commission in September 2011, called for removing the distinction to make linking budgetary outlays to outcomes easier and a more comprehensive multi-year budgeting framework possible.

• **The Planning Commission**, too, had proposed abolishing this distinction, saying in its 11th Plan (2007-12) document that it was "illogical and dysfunctional". The document was prepared in 2007.

• **Montek Singh Ahluwalia**, deputy chairman of the Planning Commission, India's apex plan body, said the proposal can now be taken up by the next government after the general election in 2014 as states at present are not keen on the proposal. "I don't think states want to come to the Planning Commission and defend what they do on the non-Plan side," he said.

• "The issue of taking a view on how to classify every head of expenditure has been going on for a long time as the existing dispensation does not feel it is something that should be on the front-burner," said **B.K. Chaturvedi**, transport and energy member at the Planning Commission.

• Public finance scholar **N.R. Bhanumurthy** of the National Institute of Public Finance and Policy said the distinction could be removed for new projects. "Implementing this important recommendation for ongoing projects may be difficult for the government at this juncture, but it may be easier to do it for new projects," he said.

## **STEPS towards e-Governance FAILURE**

- Planning To Fail or Fail To Plan
- Mission Impossible
- Bottleneck is at the top of Bottle, Always
- Vendor Driven e-Governance
- More Focus on 'e' than Governance
- Lets Build Rome in a Day
- Individualized (not institutionalized) Projects
- Front-office vs Back Office e-Governance
- Unsustainable Business Model
- e-Governance – vernance = EGO
- Award driven projects
- PPP Misinterpreted
- Budget Utilization Syndrome

# **THANK YOU**

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