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# The Concoars Group

Con • cours (kon'kors') n. the act of moving  
or flowing together. . .from the Middle English  
and Old French. . .to assemble

## **The eGovernment Imperative**

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### **Introduction**

Three forces are driving change in the use of technology in government. First, information technology (IT) itself is becoming increasingly flexible, easy to use, and cheaper to acquire and deploy. Second, the explosion of the “Internet economy” is generating rapid and widespread learning about how to apply technology effectively – to improve organizational operations and value creation, reduce operating costs, and foster closer, more meaningful relationships between producers and consumers.<sup>1</sup> Third, as a result of this “infiltration” of technology into virtually every aspect of our lives, expectations are rising rapidly. Consumers – and citizens – expect virtually every organization they deal with to be capable of providing them with near-instant service, on a customized basis. Consumers in virtually every arena have far more choices than ever before, and they have come to expect – and to demand - individualized service in all aspects of their personal and work lives.

eGovernment, then, is under performance pressures that are nearly identical to the competitive pressures facing every business organization today. Government leaders must examine every aspect of their current operations to determine customer requirements, re-engineer work processes, and introduce new means of creating and delivering services.

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<sup>1</sup> Throughout this document the term “producer” will be used to refer to both product manufacturers and service providers, while “consumer,” “customer,” and “constituent” will be used somewhat interchangeable to include both traditional customers and, in the government realm, citizens and customers of government agencies. Furthermore, I include in this category individuals, businesses, and other non-government organizations or NGO’s. Similarly, I will use the term “eBusiness” to refer broadly to digitally-based organizations of all kinds – not just commercial, for-profit enterprises.

The government role in fostering technology deployment is complicated by the fact that government influence operates on several levels. First, government has the role and the responsibility of establishing the business and economic environment for all other enterprises – both profit and not-for-profit. Second, government is itself a provider of services, to both businesses and individual citizens. Third, government is also a major user of technology itself – to cut costs, improve the quality of existing services, and to deliver new services and new value to society.

Accomplishing these goals will in most cases require significant change in operating procedures and decision-making. But the important message here is that reform must be focused on the processes and procedures by which government carries out its work, not the technology *per se*. IT is a means to an end, not an end in itself. As I will suggest below, successful organizations deploy technology to enhance the way they create and deliver value, but their primary focus has always been on producing value for customers, not on technology alone.

### **The Context for eGovernment**

The experiences of commercial enterprises – both new startups and large, established corporations – provide important lessons for government enterprises. The commercial sector, much of which has rushed full speed into the Internet economy, has learned quickly what works and what doesn't, as well the fact that committing to a digital way of operating is far more expensive and difficult than anyone realized. The bulk of this paper will describe these lessons and explore their implications for the State of California

As we move into a new century, we are accelerating into the “third wave” of eBusiness. The “giants” are awakening; large, established corporations are now joining web-centric startups as major players in the so-called “Internet economy.” Business-to-business commerce is taking hold as corporations employ eBusiness technologies and techniques to grow sales, revamp services, develop new cross-organizational linkages, and reduce costs dramatically. Meanwhile, for large companies, small start-ups, and everyone in between, the criticality of rapid time-to-market and business agility grows every day.

The recent acquisition of Time-Warner by AOL marks not only the power of Internet-based companies, but also the trend toward combining – through merger, acquisition, or partnership – established businesses and cyber businesses to leverage the assets of both. *Business Week* (1/21/00) draws the lesson that “profits matter after all” and sees the capital markets beginning a rationalization that rewards companies that can operate at scale and at profit with combinations of online and offline assets. The third wave is indeed upon us.

- The **first wave** of eBusiness was characterized by the development of Web sites that were mainly limited to “brochureware,” simple product extensions, and nascent transaction capabilities for undifferentiated, easily shipped, small-ticket consumer goods. The “e” in eBusiness was simply an attempt to create, on the Web, a public image of the company and its products.
- The **second wave** of eBusiness saw “category killers” change the rules of the game in specific markets. Companies such as Amazon.com, Priceline.com, VerticalNet, PaperExchange and Metalsite – each with a completely new business model – started

taking market share from well-established companies that were slow to adapt to the opportunities, threats, and market imperatives of eBusiness. For major corporations, the primal motivators of fear and greed began to kick in. Those whose initial attitude toward eBusiness was “this too shall pass” have since awakened to “hey, there’s big opportunity here, and these competitors are passing us by.”

- In the *third wave* of eBusiness, the giants – from Ford and GM to Wal-Mart and Merrill Lynch – are getting serious about eBusiness and making their presence felt. Now that the pioneers have blazed some semblance of a trail, established organizations are starting to exploit their physical world advantages in the digital marketplace. Alone or through strategic alliances, they are developing new business models (and sometimes whole new businesses) whose strategic intent is to augment and amplify their capabilities and assets as well-established corporations. They are using eBusiness technology to become much more available to customers and suppliers, and much easier to do business with. They are recognizing that size is both an advantage and a hindrance – and that *adaptive business models* are the main source of competitive advantage today.

In spite of their relatively late awakening, large, established organizations actually enjoy several distinct advantages in conducting eBusiness:

- **Assets.** These include physical assets, information systems and technology infrastructure, business processes, knowledge and know-how, and customer relationships. Frequently these assets are captive to the company and undervalued by the marketplace. Turned into market-facing “digital assets,” they can form the foundation for effective eBusiness execution. For example consider the assets employed by FedEx, UPS, Schwab, Best Buy and Grainger in their forays into eBusiness.
- **Organizational Traction.** To operate at scale, any organization needs formal structure and infrastructure, including roles, responsibilities, accountabilities, support systems and procedures, and communications channels. The absence of these capabilities often slows and complicates the ramp-up to scale of smaller eBusiness start-ups. CNN, The Wall Street Journal, Dupont, Cendant, Times Mirror, and other large firms have established separate organizations and new roles to drive their eBusiness initiatives – yet still have their mature infrastructures as foundations for efficiency.
- **Scale Economy.** Large, established companies already enjoy economies of scale in business process execution and transaction processing; employing eBusiness approaches enables them to reduce costs further and create even greater efficiencies. General Motors, Chevron, Ingersoll-Rand, Cisco, Sun, Compaq and Dell are actively pursuing or have implemented new supply chain models with the help of new companies like Ariba, Commerce One, I2 Technologies, and Aspect Development.
- **Brand.** With all the choices – and reliability risks – that come from doing business in cyberspace, to whom do consumers turn? Often to an established and trusted brand. Branding remains a key means of differentiation in eBusiness, especially as products and services commoditize. Although strong Web brands include newcomers like

Amazon, E\*Trade, and Dell, consider the brand power of Fidelity, Charles Schwab, UPS, Apple Computer, Johnson and Johnson, Best Buy, and Citibank.

- **Proven Fulfillment.** Established companies have proven track records delivering the goods and meeting their commitments. That's one of the foundations behind trusted brands. The actual fulfillment capabilities of "dot-com" competitors may be tenuous at best – especially if they are simply brokering products to customers and have no meaningful control over actual distribution.
- **Integrated Capability.** Most Internet startups scale up quickly by forming alliances, partnerships, and subcontracting arrangements with specialty companies that provide warehousing, distribution, transactions, and even call centers and customer service capabilities, the reality is that these hastily-assembled virtual businesses can fall apart even faster than they were assembled. In the face of an economic downturn, many of the newer companies will discover that they have no lasting value – their "assets" are just as virtual as their organization structures. The established companies (and government organizations as well) have more enduring processes, identities, human resources, and working relationships.

Of course, all of these traditional advantages become eBusiness advantages only in combination with *agility*. Assets must be reapplied in new ways, organizations must decide and act with unaccustomed speed, inertia must be overcome in order to leverage scale, and branding strategies must be adjusted to take advantage of the global and local presence that cyberspace offers. Resource management processes must become especially agile: sluggish budgeting and capital allocation must be replaced by real-time portfolio management; and linear, single-destination strategic planning must give way to scenario-based tactical planning and fast-cycle execution. Perhaps most importantly, companies must be agile in looking beyond their boundaries, forging strategic partnerships, and leveraging the capabilities of others.

Going forward, the real advantages belong to the nimble giants. There are many spheres of potential for large companies to apply eBusiness technologies and techniques. Two that will be highly in play over the next year are:

- **eIntegrating.** Companies can integrate with their customers' workflows as never before, and in the process become truly *essential* to do business with. They can also participate in – or act as catalysts in forming – industry-wide initiatives to streamline inter-company interfaces and extended value chains. We're at the very beginning of a massive business-to-business "land grab" as major corporations try to establish themselves at the nexus of *industry-wide trading networks* for procurement and other functions.

Note that this cross-company process integration isn't a matter of simple Web front-ends or superficial systems integration – it entails some "high-tech heavy lifting" and excellence in systems development and deployment. And eIntegration is not just about new trading networks either – there are a growing number of specialized service providers who are designing new, cross-organizational ways of creating, moving, and interpreting information as a revenue-generating business.

*This phenomenon has major implications for state governments. These radically new and creative initiatives originating in the private sector will require new roles and generate new challenges for state and federal governments. Industry-wide marketplaces, exchanges, and integrated processes that link businesses in completely new ways will inevitably require new forms of regulation, produce new antitrust challenges, and create new demands for oversight, taxation, and even support.*

- **eStreamlining.** The next generation of business reengineering is being triggered by eBusiness tools and techniques. Applying them to internal business processes has enabled companies like Cisco, Texas Instruments, Dell, Intel, FedEx, UPS, GE and Wal-Mart to transform work methods, improve productivity, reduce costs, and increase competitiveness. In the process, they make the “inside” of their organizations more attuned to and compatible with the “outside” marketplace characteristics of speed, agility, and connectedness.

Realizing this potential entails significant challenges, not only strategic and operational, but also behavioral and cultural. eBusiness must become integral to every organization’s strategic planning and everyday management processes. Market sensing and strategic planning must be agile and ongoing. Conventional capital investment decision-making and capital allocation processes must be supplemented by venture-oriented evaluation models and internal business incubation capabilities.

Management must also learn to balance the portfolio of physical and digital assets in complementary ways across the enterprise. Senior managers must not only lead through vision, but also “walk the talk” to encourage everyone to embrace the organizational transformation into eBusiness. The CEO may be proclaiming that the company has become an eBusiness, but is the CEO’s behavior itself agile and networked? Does the CEO’s office include a computer? There’s the visible commitment.

But the commitment can’t be limited to the executive floor. The recent announcements by Ford Motor Company, Delta Airlines, and now AMR that they will offer subsidized, low-cost PCs and Internet access to *all* their employees represents a new level of investment in these technologies. These programs demonstrate a fundamental realization that the only way an organization can live, breathe, and *effectively* deploy technology in its products and processes, every one of its employees must be web-literate, and connected, and must be able to access the information he or she needs to get their work done quickly, flexibly, and without hierarchical direction. These corporate commitments represent a very important turning point in the history of the digital age.

In a networked marketplace *influence* matters more than control. Managers brought up in the command-and-control style typically think in terms of controlling or owning things – customers, physical assets, businesses, workforces, distribution channels, and so on. However, in the fluid world of the Internet characterized by networked partnerships in combination with worker and skills mobility, an addiction to control can be grossly inefficient by making critical assets essentially immobile.

This is not to say that competitive drive is declining; quite the opposite is true. Rather, sufficient influence – and greater impact – can be achieved through alliances,

partnerships, outsourcing, revenue-sharing, licensing, and other arrangements – and the capital markets are rewarding companies for doing so rather than for carrying all the assets on their own books.

*At a minimum, these new means of building shareholder value introduce significant complication into the regulatory and oversight roles of government. The opportunities for fraud, for investment risk, and for complex lawsuits have gone up several orders of magnitude. And the process of valuing businesses whose only assets are intangible is a whole new science with few generally agreed-on principles. Certainly there are new roles, new skills, and new policies to be developed for coping with this far more complex commercial marketplace.*

However, the greatest challenge for eBusinesses and eGovernments large and small is *speed*. Time to market is growing more critical all the time. If you're not a first mover or a very fast follower, you must instead offer a vastly superior value proposition – convenience, price, comparison, and/or additional information and services. In eBusiness, entry costs are low, but that doesn't mean that successful development of a service – or sustainability over the long haul – is easy.

It can be useful to think about and manage organizational speed and responsiveness in several dimensions:

- **Time to market.** When attracting new customers and creating new marketplace value, how fast you get there determines the size of the prize.
- **From learning to innovation.** The faster and more effectively an organization can learn, the faster it gets good new ideas into play. Willingness to experiment, prototype, and evaluate imperfect approximations of new designs are keys to success.
- **From concept to execution.** The cycle times from idea generation to value realization in Web-based businesses have shrunk to three months or less. Speed in making decisions and marshalling resources are keys to success.
- **From failure to recovery.** How fast can your organization recover from failure or early obsolescence of business initiatives? How fast can it recover from operational failures visible to customers? How well does it learn from failures? Note that fast recovery from a public failure can actually strengthen market position.
- **From partnership to operation.** The name of the eBusiness game is often partnering and leveraging one another's assets and capabilities. Fast forging of partnerships, followed by fast implementation of partnered processes, leads to fast realization of marketplace value.

*While an eGovernment like the State of California may not face the same kinds of competitive pressures confronting commercial eBusinesses, the fact remains that California is in competition with other states for citizens, businesses, and tax revenues, and with private businesses who can often compile and sell public information so much more efficiently than the State, that citizens are willing to pay for services that are available for free from the State.*

*Remember also that processes that are faster are by definition more productive – speed means producing more products or services in the same amount of time, and that equates to higher efficiency. The bar has been raised by the incredible efficiencies being realized in the private sector, and it is only a matter of time before citizens and government constituents alike will demand that their public agencies demonstrate the same ability to operate efficiently.*

### **Key Questions for eGovernment Leaders**

Following are the key questions that senior government officials should be asking about their eGovernment opportunities and initiatives today.

#### ***How can we use eBusiness approaches to create new value for citizens?***

Where in our value chain or channels are there opportunities to reduce costs or create new kinds of value? Where can costs, time, inefficiencies, or duplicate effort be taken out? How can we use information to produce value – by bundling and selling it, or by using it to increase our influence and value? In short, given the new economics of the eBusiness marketplace, where and how can we be effective? And by the way, how are we measuring the impact of the eBusiness phenomenon on our operations?

An initial step in finding ways to produce new value is to recognize and consider the three fundamentally new capabilities that eBusiness approaches offer:

- **Product/service extension** – delivering new offerings, often information-enabled offerings, through electronic channels.
- **Business process eEngineering** – finding ways to streamline work for yourself and your constituents, lowering costs and improving service along the way.
- **Innovation** – working across the extended government value chain to deliver new offerings, streamline cross-organizational processes, or enable market growth.

#### ***What is our eGovernment value proposition?***

What's in it for our suppliers, customers, partners, and citizens? How do our e-initiatives add value for them and support economic growth generally? How does the Internet change the possible ways we can provide value? Given new technological capabilities, how would citizens, businesses, and other NGOs really like to work with us? How can we leverage the relationship-building capabilities of technology? How can we avoid the relationship-killing pitfalls of poor technical performance or poor underlying process performance? How can we better integrate our processes with our customers' and suppliers' processes? How can we tap the powers of connection, automation, and personalization to serve "markets of one" and become not only easy, but truly *essential* to do business with?

To answer these questions, an organization needs to know what its customers want – not merely in aggregate – but individually, through the different phases of the buying decision and product consumption life cycle. Fully assessing your customers' needs involves decomposing *their* value chain and understanding in detail the total cost and effort of creating value in *their terms*. Thus, their cost of acquiring your product or service includes their purchasing process, their cost of acquiring or receiving the product,

and their ongoing costs of using and maintaining it. Once you have a solid understanding of your customers' needs, you can determine what value your enterprise can deliver, and what third-party capabilities are needed in the total satisfaction of those needs.

Today's customer knowledge management tools – in data warehousing and data mining – are potent. But when deploying them, pay special attention to the process and “social contract” of information exchange with customers and citizens. What information do you need to know from them? What value and reassurances – specifically about information use and privacy – should you offer them in return? And remember to look outside your current business model. Can you use Internet technology and eBusiness techniques to introduce the disciplines and efficiencies of business-to-business commerce to consumer services? Can you use them to introduce the customer focus and responsiveness of business-to-consumer markets to government constituents of all kinds?

*Note also the important role that government plays in formulating and enforcing regulations and practices that protect the privacy and security of individual citizens and business organizations. Privacy and security are the essential foundation on which the entire “new economy” rests, and the State of California, in combination with other States and the federal government, will face a whole host of new and unprecedented challenges in defining the rules of the game for both eBusiness and eGovernment going forward.*

### ***Can our supply chain perform at the pace of eBusiness?***

Commercial eBusiness hype centers on Web sites and consumer sales. eBusiness *execution* centers on accelerating supply chain processes to perform at the pace of electronic markets, both in business-to-business and in business-to-consumer applications. Rapid business volume growth and heightened customer expectations on delivery and service cycle times are the hallmarks of eBusiness success. As your eGovernment initiatives ramp up, are your supply chain processes and systems keeping pace?

The recent holiday buying season amply demonstrated that many eBusinesses have a long way to go to *execute* against the promises of their electronic marketing initiatives. Many consumers experienced the fallout from poor supply chain management – encountering stockouts, suffering long delays in order delivery, receiving the wrong items, finding their orders shipped to the wrong addresses, and in experiencing great trouble exchanging or returning their items.

Most consumers first test the waters of online buying with simple items – books, music, flowers – from well-known and high-quality Web sites. Once they become familiar and confident with the basic purchasing process, they often move on to the acquisition of more sophisticated items such as computers, office equipment, and kitchen accessories. As they become more adept and knowledgeable from these buying experiences, their expectations about buying these and other goods (such as furniture or automobiles) over the Web rise dramatically.

These expectations – about information gathering, user-friendly and intuitive ordering, product personalization, real-time available-to-promise information, and minimum “clicks-to-purchase” – are continually refined and heightened with every interaction. Without fail, this rising level of sophistication and expectation among individual

consumers not only stresses the supply chain from the upstream supplier, but it also transfers over to their on-the-job assumptions and demands when they work in business-to-business environments.

eBusiness techniques also offer enormous opportunity to drive down operational costs and reshape cost structures, both internally and at the intersections of business-to-business and business-to-government relationships.

Are you capitalizing on these opportunities to employ technology to take the next step in streamlining government supply chain processes? Are you accomplishing forward and backward integration, and in the process becoming a strategic business partner with your key customers and suppliers? In an eBusiness world, excelling at supply chain management is far more than an isolated functional challenge – it is a marketplace relationship challenge, a business process reengineering challenge, an information systems and technology challenge, and an organizational change challenge. Meeting these challenges builds the foundation for high-performance.

***Are we adjusting our channel mix – or fouling it?***

eBusiness raises channel questions galore. How can we harvest the benefits of lower costs, wider reach, and a richer communication with citizens and other constituents without putting our established channels at risk? How can we introduce new digital channels without unnecessarily disrupting existing ones? (Note that online channels are inherently flexible: the “informational” Web site that steers business to agents and distributors today can become a direct transactions channel tomorrow.) How can we manage the transition to a new channel mix?

Channel competition in the commercial e-world has a whole new dimension. Now it isn't just a matter of who else offers what you offer – Levi's versus Wranglers, Tide versus Surf, Wheaties versus Special K, Ford Explorer versus Chevy Blazer. Competition is now vertical as well as horizontal. Airlines bypass travel agents. Book publishers, automobile companies, PC makers, consumer electronics companies, and hundreds of other manufacturers are “going retail” by enabling consumers to buy direct over the Internet. Value chains have become value webs, with competition for customers and intermediary roles occurring at every step or node along the way.

*Again, these new paradigms introduce new opportunities and new challenges for state governments. eGovernment can of course build its own marketplace exchanges, participate in commercially-developed value webs, and interact more richly and directly with citizens and business entities. In addition, however, these new marketplace arrangements require new kinds of nurturing, protection, regulation, and monitoring, and they demand new technical and legal capabilities within a wide variety of government agencies.*

Remember that, from a customer's perspective, there is no such thing as channel conflict. The same customer (or citizen) may use different channels for different reasons at different times. And an “e-channel” may only be special while it is new – remember when ATM's used to be called “electronic banking”? Now banks must maintain tellers, bank by mail, ATMs, telephone banking, Internet banking – and soon will be offering access through cell phones, PDAs, you name it – because everyone else will be, too. The

challenge of integrating the growing array of channels, and managing information about customer interactions to the customers' satisfaction, is at the heart of channel mix management.

Designing your communication and distribution strategies thus involves a careful analysis of your constituents' wants and needs, in combination with the characteristics of your products and services. The essence of success is meeting those needs in a cost-effective, timely manner, reliably and repeatedly, and doing it better, faster, and cheaper over time.

***Are we really leveraging our “bricks and mortar” as well as our Web presence?***

Brick-and-mortar presence and assets can be the foundation for eGovernment initiatives, but only if eGovernment strategy and general strategy are not merely coordinated, but essentially one and the same.

Conventional wisdom today has it that nimble “dot-coms” have the enormous advantage of unencumbrance over their “bricks and mortar” competitors. Over time, however, the reverse is likely to be true. It's not that traditional retailers will prevail over online ones. Rather, it's that tomorrow's winners will be those that successfully tie together the digital and the physical worlds. The resolution to the “dot-com” versus bricks and mortar debate will emerge as a synthesis – seamless, dynamic, appropriate integration of physical and digital assets and capabilities. “Clicks and mortar,” “clicks and bricks” – the catchphrases are already here, and the new business models are emerging at the speed of light.

One pioneer of the “real-world integration” strategy for eBusiness is Seattle-based retailer Recreational Equipment Inc. REI combines its Web site with real-time customer service by making customer service representatives available to respond instantly to online queries. The rep can even take remote control of the customer's browser and push the relevant Web page to the screen. Customers can interact directly with the company, online, on the phone, or in the store. The Web, catalog and store channels recommend business to one another, customers move back and forth among these channels at their convenience, and the company stays up-to-date on customer interactions regardless of the channel used.

***Are we allied with the best eBusiness partners?***

Even for the largest players, there's no “going it alone” in the eBusiness world. What partners do we need? What unique sources of value do other agencies, suppliers, and complementors provide that we do not or cannot offer? How might we combine our offerings via an electronic marketplace to satisfy more of our common customers' needs?

The only way to answer these questions is to look at every step of the business processes involved in meeting your customers' needs – the entire supply chain or value web, which may involve several or even dozens of independent companies. Once again, focus on your constituents. What are their needs? What combinations of products and services do they want? And be sure to answer in terms of their *total* needs, not just what your organization currently provides. Then look for opportunities to add additional value, create new value, or enhance existing value propositions by shortening delivery cycles, cutting costs, or improving quality – and then identify the best business partners at each step in the chain. A true Digiprise is adept at assembling whatever combination of goods

and services its customers want, and then ensuring that those goods and services are delivered when, where, and how the customer wants them.

Some of the potent eBusiness possibilities must be addressed from an industry-wide perspective, not at the individual company level. These include extended supply chains, industry networks, new distribution models, and auction/barter/dynamic pricing schemes. Where will disintermediation, reintermediation, and novel business combinations create new “playing fields” that foster new games that require new rules? What is the State’s role in nurturing, fostering, subsidizing – or constraining – these new models for conducting business? When and where should the State of California act as the catalyst for industry change? What opportunities are there for us to team up with other organizations to create and offer an entire new source of value through a neutral, independent portal?

### *Where are the “competitive” threats coming from?*

The eBusiness marketplace changes so fast that anticipating change must be a non-stop activity, and you need creative new processes for gathering and evaluating marketplace intelligence. What non-traditional competitors, greenfield start-ups, or alliances could completely change our role? What are other organizations doing or planning to do in eBusiness that could affect the services we are expected to provide? How might customers or current collaborators organize to displace us?

Competition can come from existing businesses expanding their eBusiness presence, from non-traditional businesses (including those in the information and technology industries) who form alliances that bring creative new asset mixes into play, from agile start-ups with low cost structures targeting specific service areas, and from today’s customers, suppliers, and distributors looking for ways to avoid commoditization and raise their margins.

### *Are we developing the technological and organizational capabilities to be a Digiprise?*

eBusiness demands new organizational forms and capabilities. A Digiprise is an enterprise that is able to change (over time) its fundamental operating principles and ways of doing business in order to thrive in the digital economy.

Beyond this fundamental flexibility, a Digiprise is first and foremost “fully wired.” The following are standard operating procedures for these new entities:

- **Ubiquitous access.** Computing happens anywhere and everywhere. Full connectivity enables people to stay connected both to coworkers and to the resources of the enterprise and the Web.
- **Information agility.** People can retrieve and process a wide array of information and content to support their decision-making. New forms of business intelligence trigger new ideas and new ways of thinking.
- **Communications dexterity.** If an army moves on its stomach, then a Digiprise moves on its ability to keep people and processes not just linked together, but actively communicating and collaborating.

- **Management flexibility.** None of these characteristics can develop without flexibility in management processes – the ability to allow new things to happen, and to find the appropriate rewards, guidelines and standards for change.

Becoming “fully wired” raises extremely important questions about your IT capabilities. Can your information technology infrastructure, applications, and organization perform as fast as eBusiness demands – not only over the Internet, but in all your supply chain systems? Is your IT organization partnering with those who can amplify the power of our eBusiness infrastructure and applications? Do ASPs (Application Service Providers) make sense as a shortcut to a robust technology platform? Can your infrastructure scale up fast – to handle both Web site “hits” and growing transaction volumes? Can you maintain the levels of security and privacy that your constituents rightly demand?

Organizations today cannot leap into becoming Digiprises. The necessary changes extend from individual skills and attitudes to organizational structure, from work methods to management processes, and from technology infrastructure to information management. Nonetheless, these necessary changes can be planned and layered and often implemented quickly, significantly shortening the time it takes to go from “enterprise” to “Digiprise.”

As the following table demonstrates, commercial businesses are fast becoming Digiprises – usually out of necessity.

#### Characteristics of a Digiprise

Digiprise Characteristic	Definition	Commercial Example
<b>Active partnering</b>	The process of dissolving company boundaries by extending processes and capabilities into a customer's or partner's organization.	<b>Cisco</b> – Procurement process
<b>Passive partnering</b>	The process of aligning with other companies, possibly through partnership or equity investment, with the intention of actively partnering in the future. Passive partnering is a play in potentiality.	<b>Bertelsmann</b> – Equity investments in 110 eBusiness start-ups
<b>Process renting</b>	The act of renting out a process, which is probably a core competency of the company, to other firms seeking to leverage off an expertise that will assist in fulfilling their own ambitions.	<b>Fingerhut</b> – Enabling e-retailers to sell and deliver product over the Internet
<b>Process simplification</b>	The process of reengineering an internal or external business process so that it yields high quality results, in less time, and at lower cost. A prerequisite to Process Renting.	<b>Boeing</b> – Simplification of customer maintenance process

<b>Customer-centricity</b>	A solution created with the customer and customer value as the centerpiece of ambition, design and implementation.	<b>Dell</b> – Online customer ordering process
<b>Customer solutions</b>	A solution created with the customer in mind. A more passive form of Customer-centricity.	<b>Southwest Airlines</b> – Website design
<b>Brand/identity focus</b>	The process of becoming known through one's identity or brand, rather than through one's specific products or services.	<b>Reuters</b> – Creation of diverse array of branded products and services
<b>Product extensions</b>	The creation of additional products and services by leveraging existing ones, possible by "digitizing" them.	<b>Bertelsmann</b> – Digitization of books and music
<b>Spinning out</b>	The process of spinning-out a separate company, for the purpose of achieving a business objective which may be difficult to achieve in or by the parent company.	<b>Proctor &amp; Gamble</b> – Spinning out Reflect.com
<b>Spinning in</b>	The process by which a spun-out company is integrated into the parent company, possibly for the purpose of assimilating lessons learned, the start-up's business model, and its mind-set into the parent company.	<b>Charles Schwab</b> – Assimilation of spun out unit
<b>Operational speed</b>	The speed at which both internal and external business processes can be executed or altered when faced with a changing marketplace.	<b>Cisco</b> – Internal travel and expense process
<b>Management speed</b>	The act of making rapid and important high-impact executive decisions, and decidedly not being bogged down by the status quo.	<b>Charles Schwab</b> – Spinning in of spun out unit
<b>Collaborative solutions</b>	A solution or implementation characterized by a high degree of internal collaboration across departments, employees, ideas, and strategies.	<b>Recreational Equipment</b> – streamlining of in-store processes

Source: *Concours Group Results@ Project DP: Succeeding as a Digiprise*

## Developing and Executing eGovernment Strategies

There are four basic steps in getting your eGovernment bearings and developing and implementing eGovernment strategies:

- **Know where you stand** – in terms of both external position and readiness for eBusiness. The external view must incorporate suppliers, customers, citizens, business partners, potential partners, and the practices of other governments – as well as how the technologies of the Internet and techniques of eBusiness are reshaping these players and their interplay. The readiness assessment determines how capable you are – in terms of operational processes, technology, management methods, and organizational agility – to work in the ways eGovernment demands. These twin assessments (internal and external) should not be one-time snapshots, but rather ongoing tools for management.
- **Recognize what it takes to succeed.** Internet technology creates fundamental new capabilities – compressing time, eliminating distance, facilitating collaboration. It also triggers extraordinary innovation as people convert these capabilities into business models. But amid the enormous varieties of innovation, there are common and fundamental goals, as well as commonly implemented “enablers” for reaching these goals (see the adjoining table). You should consider this entire “menu” of initiatives (following page) not only to understand the range of potential moves, but also to trigger innovative ideas as you consider the applications and implications of each category to your operations.

Goals	Enablers	Description
<b>Become Essential to do Business With</b>	<ul style="list-style-type: none"> <li>q Be easy to work with</li> <li>q Package personalized products and services</li> <li>q Integrate into constituents' workflows</li> <li>q Create customer loyalty</li> <li>q Allow for diversified value exchange</li> </ul>	In a time of increased choices brought about by new technologies and business methods, eGovernment must <i>become essential to do business with</i> – a preferred source of value
<b>Diversify Your Offerings</b>	<ul style="list-style-type: none"> <li>q Create new products and services</li> <li>q Link or partner with high-value businesses</li> <li>q Create skunkworks and spin-offs</li> <li>q Segment constituencies by digital demographics</li> <li>q Enable fast roll-out of new ideas, products and services</li> </ul>	The emergence of novel information and service delivery channels allows you to remodel your processes, so knowing your changing marketplace and space is critical.
<b>Improve Productivity and Revenue Generation</b>	<ul style="list-style-type: none"> <li>q Realize savings from automated Web-based processes</li> <li>q Increase fee for service revenues from new online products and services</li> </ul>	Applying Web-based technologies to achieve radical transformation of organizational processes and market influence will produce significant cost reductions and/or new revenues.
<b>Operate as a Digiprise</b>	<ul style="list-style-type: none"> <li>q Perform ongoing digital due diligence</li> <li>q Integrate physical and digital strategies</li> <li>q Protect and secure customer privacy and interactions</li> </ul>	Organizations must move from an being an individual enterprise conducting discrete business transactions to a <i>Digiprise</i> with semi-permeable boundaries, integrated with strategic allies.

- **Develop and use an eGovernment “playbook.”** Conventional strategic and tactical business planning techniques simply don’t work for eGovernment. Planning cycles take far too long, and they put too many eggs in one strategy basket. Operating in Web time is like speed chess. You have to be thinking several moves ahead and know in advance what your capabilities and potential moves are. The right strategy development and execution tool for eGovernment is akin to a sports team’s playbook. You can’t wait until the two-minute warning to invent new “plays.” The ongoing process includes considering plausible eGovernment scenarios and options, focusing on desired outcomes, identifying specific moves and countermoves, and committing both to capability building and to a current (but always flexible) game plan.
- **Educate your leadership.** This is often an initial step but, more importantly, an ongoing program. eGovernment cannot be a sideline, just another channel, or something “bolted on” to the “real business.” eGovernment is a *form* of government, taking full advantage of technological advances and deploying highly innovative and efficient business models. The Governor, executive team, agency directors, and advisory boards must be knowledgeable and familiar and comfortable enough with the eGovernment landscape to invest in and monitor your initiatives, to build management teams and structures for eGovernment, to begin deciding and acting in Web time, and ultimately to lead in new directions.

Eventually, and perhaps sooner than most of us envision, *eGovernment* will be *the* government. Leaders and agencies who make the transition quickly and smoothly will be rewarded. But “transition” is a tame term for the challenge senior government officials are facing. “Turmoil,” “transformation,” and “revolution” are perhaps more accurate terms for describing the “tsunami” of change that is descending on state governments today.

Today’s new challenge is to incubate eGovernment ideas, launch eGovernment initiatives, and manage a major enterprise undergoing rapid transformation – all at the same time.

Whatever your eGovernment ambitions, success involves getting into action with unprecedented – and often uncomfortable – speed. Lengthy planning and implementation cycles guarantee that you’ll miss your goals. If, having read this paper, you’re inclined to form a committee to study the situation, then I failed to make my point, and your chances for capitalizing on eGovernment are slim.

The right way to proceed is through *action*, not planning. Develop a provisional strategy in short order – it should only take a few weeks. Then start executing on it, gaining momentum and benefits through “quick hits” in reducing costs and expanding services. Expand your eGovernment initiatives through a series of *ambitious, focused, three-month projects*, each with testable business outcomes.

Learn by doing. As your direction, benefits, and potential become clearer, marshal your resources and lead the revolution. It’s going to happen no matter what you do; the only question is whether you will make history – or be history.

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