

PRISM - Workpackage 8 Progress Report – March 2002

e-Government Forum

Henley Management College

1 Introduction

Workpackage 8 is progressing in accordance with the terms of reference contained in the PRISM project (formally known as RESCUE – Contract no. 2000-29665).

An initial review of research and other reports in the e-Government field was carried out. Following a screening of the broad range of issues covered, the measurement and exploitation of intangibles within government was identified as an important area that is only just gaining the interest of senior officials, particularly those who are responsible for delivery of government services and the efficiency of the machinery of government. Officials from several European governments expressed interest in participating in a workshop to explore current practices and trends in the area of measurement of intangibles.

The focusing of workpackage 8 on the measurement and exploitation of intangibles in the machinery of government was subsequently discussed and agreed at a meeting on 11 December 2001 with Bror Salmelin (European Commission), Clark Eustace (PRISM) and Edward Truch (Henley Management College).

The main deliverables will be a workshop for ten officials from government departments and agencies and a report on the proceedings including a summary of the main findings. Three departments will be invited to present actual examples of novel ways in which governments have used intangibles, e.g. ordnance survey system and company information. The issues to be examined will include (i) how intangibles are leveraged within government (identified and commercialised); (ii) performance and valuation measures; and (iii) examples of exploitation.

2 Current Practices in e-Government

A preliminary review of literature and government reports confirmed the view that most governments in developed countries are placing a great deal of emphasis on developing online services to citizens and business. Considerable resources are being committed to related initiatives under the general heading of “e-Government”. In terms of WP 8, this means that it is particularly important to focus the project on a specific area that will not duplicate other initiatives but will make a valuable contribution to the understanding of e-government in Europe and to support its development.

2.1 Scope

e-Government services are growing in parallel with similar developments in the private sector. These are analogous in some respects and unique in others. Such private-sector services as business-to-business (B2B), business-to-consumer (B2C), business-to-employee (B2E) are evolving into government-to-business (G2B), government-to-citizen (G2C) and government-to-employee (G2E). Additionally government-to-government (G2G) and citizen-to-citizen (C2C) are bringing new levels of connectivity and interaction between different stakeholder groups.

One of the issues that have been highlighted in recent reports is that the provision of seamless online services to citizens and business requires integration between the front and back office functions within each government department, but that such integration is still in its infancy.

A recent IDC report on inter-country comparisons finds relatively low positioning for the UK, Netherlands & Germany, which are countries usually considered to be sophisticated users of technology. The report points out that these countries have decentralised government structures with a majority of everyday services provided to citizens through regional or local authorities.

Growth of European public sector spending on e-government is currently growing at 26% p.a. which points to total expenditure in Europe increasing from €1.3bn (2000) to €4bn (2005).

2.2 Focus of e-government solutions

In addition to provision of information services to citizens a great deal of effort is going into areas that bring rapid benefits in terms of reduced costs, greater efficiency in provisions of services and collection of taxes and corporate information. Table 1 below indicates the areas that are currently receiving most attention.

e-Government Services	% of Governments Implementing
e-procurement	85%
Tax filing and other payment services	75%
Drivers' licenses	60%
Permits	55%
Licenses	55%

Table 1. Focus of e-government solutions

2.3 Development of e-government

A recent report by Gartner Dataquest maps the main phases of development of e-government systems and indicates that there are many aspects still in need of further development. Table 2 below provides an outline of the main phases.

1996-1999	Presence Features	<ul style="list-style-type: none"> ▪ .gov and .edu websites ▪ Information only
1997-2000	Interaction Additional Features	<ul style="list-style-type: none"> ▪ Intranets ▪ Limited interactivity ▪ Basic search, Linked sites
1998-2003	Transaction Additional Feature	<ul style="list-style-type: none"> ▪ Enterprise portals ▪ e-Procurement ▪ Self-service applications
2000-2005	Transformation Addition Features	<ul style="list-style-type: none"> ▪ CRM applications ▪ Personalisation ▪ Polling and voting

(Source: Gartner Dataquest)

Table 2. Developmental phases of e-government

2.4 Best Practices

In a speech in June 2001 European Commissioner Erkki Liikanen identified a number of providers of e-government services who are considered to represent best practice. These included:

- Citizens' portal in the UK (www.ukonline.gov.uk)
- Taxes online in Spain (www.aeat.es)
- Company reporting in Finland (www.tyvi.elma.net)

Many of these services are themselves creating new intangible assets. For example, information from registration of annual returns with Companies House (an executive agency of the DTI) has been developed into a fee-earning online service that provides company searches and reports – thus creating new intangible assets owned by government and capable of generating new revenue streams. These developments are leading to the appreciation in many parts of government of the growing importance of intangible assets. At the same time, there is a growing realisation that existing accounting practices and performance measurement systems are inadequate to provide the necessary information to leverage, manage and report on such intangibles.

2.5 Case Studies

Numerous case studies of different aspects of e-government have been carried. These include:

- Portals (Aus, Can, F, HK, NL, UK)
- Interoperability and data standards (Aus, HK, S, UK)
- Partnerships (Aus, HK, NL)
- Accessibility to IT and Information (Aus, HK, NL, UK)
- e-Democracy (Aus, F, HK, NL, UK)
- Authentication gateways / Public Key Infrastructures (Aus, HK, NL, UK)
- e-skilling (Aus, Can, HK, UK, USA)
- Legislative change (HK, NL)

According to a 2001 report by UK e-Envoy (Cabinet Office), the governments of China, Germany, Hong Kong, Italy and Japan have now established electronic service delivery (ESD) targets.

2.6 Conclusions

The general review of activity in the e-government sphere has confirmed that a great deal is going on in this area generally.

The implications for this workpackage are that a valuable contribution can be made by concentrating on the little researched area of measurement of intangible assets in the machinery of government. Whilst interest is beginning to grow in this area, little progress has been made in terms of development of a conceptual framework and specific methods and tools.

3 Measurement of Intangibles in Government

As mentioned above in section 2.6, preliminary desk research and interviews with senior officials in several European countries confirm growing interest in measurement

and reporting on intangible assets in government. Most government departments have not yet developed a clear approach; rather, they are at an early exploratory stage and keen to learn about development elsewhere. Many have expressed an interest in participating in an e-government forum workshop at Henley.

3.1 Current Status

Interest in intangibles comes primarily from efficiency units within government departments. These are generally found within the finance divisions. There is little interest in the topic amongst HR managers, whilst there are signs of growing interest amongst IT managers and those with responsibilities for knowledge management and information services. Financial managers are primarily focusing on intellectual property such as patents, brands and copyright, but some are beginning to turn their attention towards seeking valuation systems that will enable better management of intangible assets more generally.

3.2 Developments in the US

The US Governmental Accounting Standard's Board (GASB) brought about sweeping changes in governmental financial reporting in June 1999 through its statement no. 34. Reporting on infrastructure assets has now become mandatory. Asset management through a modified approach for reporting infrastructure assets includes:

- capitalisation of infrastructure assets; not just depreciation;
- condition of infrastructure (assessed every 3 years); and
- what is being spent to maintain it (assessed annually).

Amongst the benefits derived from this approach are improved management practices that lead to better preservation of publicly-owned infrastructure assets and the decreased likelihood of their neglect and deterioration. In general terms, the measures are intended to lead to better stewardship of national assets. Whilst the focus to date has been on physical assets, there are early indications of interest in extending this approach to intangibles.

3.3 Current performance measurement trends in Government

Many European governments are putting in place initiatives to drive more value from publicly-owned assets. There is a growing appreciation of the importance of intangibles in this context.

Numerous benchmarking studies are under way in the UK. A 1998 report of the Efficiency and Effectiveness Group (Next Steps Team) produced a report "Evaluation of Public Sector Benchmarking Project". The report finds that, despite broad variances in size, function and organisation, a common means is emerging for comparison and analysis in identifying best practices and areas for improvement. Largely outside the scope of this project. ??

In the UK, use of the EFQM model (formerly the Business Excellence Model) is becoming widespread in central and local government departments and agencies. In the search for means to measure intangibles some departments are considering adaptations of the balanced scorecard and the Skandia intellectual capital Navigator. The recent

government white paper “New Measures for the New Economy” advocates the valuation of intangibles for the private sector.

A number of the government departments interviewed stated that they are still some way off from establishing measurement or reporting systems, but confirmed their interest in the area and their willingness to participate in a forum for developing such systems.

3.4 Immediate issues

The preliminary study has identified a number of issues that have been reported by recent studies of e-government and related performance improvement initiatives. These include:

- lack of joined-up government particularly in the back-office;
- danger of disintegrating into a myriad of uncoordinated projects (EURIM report – Feb 2002);
- Government policies stress importance of the knowledge-based economy for the private sector, but do not carry this through to government departments and agencies; and
- benchmarking of public sector generally omits intangible assets.

In many respects the issues concerning measurement of intangibles are similar in both the public and private sectors. Notable differences are that the public sector organisations do not have traditional shareholders and that they produce many non-financial outputs such as services to the citizen.

4 Conclusions

The overall conclusion from the first stage of this workpackage is that useful outcomes and contributions to the overall PRISM project will be generated through focusing on the measurement of intangibles in the machinery of government. Within the background of many disparate initiatives aimed at researching and developing e-government, this approach will produce new insights into an area that is at an early stage of development and yet is of importance to the efficiency of government services and the management of national assets. This focus will also create greater synergy with the remaining workpackages of the PRISM project.

5 Next Steps

In line with the terms of reference for this workpackage (WP 8) and subsequent refinement agreed at the meeting in Brussels on 11 December 2001 (see section 1), the remainder of the project will be carried out in the following steps:

	Action	Indicative Dates
1	Desk Research & telephone interviews	Apr – Sep 2002
2	Workshop - forum of government officials and academics with interests in measurement and exploitation of intangible assets in government (held	Oct 2002

	at Henley)	
3	Proceedings and report	Dec 2002
4	IST proposal for next stage	Feb 2003

Edward Truch
Henley Management College
March 2002

PRISM - Workpackage 8 Progress Report – Sept 2002

EC Contract no. IST 2000-29665 (formerly known as RESCUE)

e-Government Forum

Henley Management College

1 Introduction

The last progress report (March 2002) set out findings of the first stage of research and recommendations for the rest of the workpackage. Preparations for the October workshop are proceeding accordingly.

2 Background

An initial review of research and other reports in the e-Government field was carried out. Following a screening of the broad range of issues covered, the measurement and exploitation of intangibles within government was identified as an important area that is only just gaining the interest of senior officials, particularly those who are responsible for delivery of government services and the efficiency of the machinery of government. Officials from several government departments expressed interest in participating in a workshop to explore current practices and trends in the area of measurement of intangibles.

The focusing of workpackage 8 on the measurement and exploitation of intangibles in the machinery of government was subsequently discussed and agreed at a meeting on 11 December 2001 with Bror Salmelin (European Commission), Clark Eustace (PRISM) and Edward Truch (Henley Management College).

The main deliverables will be a workshop for ten officials from government departments and agencies and a report on the proceedings including a summary of the main findings. Three departments will be invited to present actual examples of novel ways in which governments have used intangibles, e.g. ordnance survey system and company information. The issues to be examined will include (i) how intangibles are leveraged within government (identified and commercialised); (ii) performance and valuation measures; and (iii) examples of exploitation.

3 Planned Workshop

The abovementioned workshop will be held in London on 30 October. Potential participants were identified through desk research and telephone interviews. Out of these the following government departments and agencies have agreed to participate in the workshop:

1. UK Cabinet Office (e-Envoys' office)
2. QinetiQ (formerly part of DERA)
3. National Physical Laboratories (executive agency of the DTI)

Each department or agency will make a presentation of specific areas of intangible assets that have been commercialised and will be invited to describe how the assets were identified, valued and taken to market. Discussions will focus on drawing out general principles, formal processes that may have been established and any lessons learned that could be of value to future projects of this nature.

4 Post-Workshop Activities

Proceedings of the workshop will be prepared. Further telephone interviews with the presenters will aim to collect supplementary data and to confirm general findings.

After preparation of the draft report, the presenting organisations will be invited to comment. The final report will be presented to the PRISM project management team in January 2003.

5 Conclusions

Workpackage 8 is progressing in accordance with the agreed revised terms of reference and timetable. The proceedings and report will be completed by the end of December 2002.

Dr. Edward Truch
Henley Management College
March 2002