Navigating the Economic Downturn:
Strategic Positioning of Public Sector ICT Initiatives

By Okan Geray—Research Fellow (Nonresident)

SUMMARY

Turbulent and economically challenging times are forcing both public and private sector organizations to reconsider their business models and strategies. The current global economic downturn is leading to greater fiscal pressures on public sector organizations, thereby increasing the importance of efficiency and productivity for government information and communication technology (ICT)-based initiatives. As a result, strategic trajectories of public sector organizations will likely be reshaped to reflect the enhanced prominence of targeted efficiencies. Based on analysis of ICT initiative strategic positioning and the framework adopted by the Dubai eGovernment eServices Division until the end of 2008, this brief proposes a flexible strategic positioning tool in the form of a grid that facilitates creating trade-offs between effectiveness (customer focus) vis-à-vis efficiency (productivity) as the two main strategic dimensions. Components of these two dimensions relevant to ICT-based public services are identified for public sector organizations to utilize as a conceptual framework for formulating their strategic goals and objectives in service delivery.

Introduction

ICT has enabled public sector organizations with an unprecedented opportunity for innovation. The complex interactions between public sector organizations and their stakeholders (or "customers") have been targeted by numerous ICT-based initiatives, with mixed results. Although at the outset such initiatives frequently display similar characteristics across different countries, they can have remarkably different strategic objectives as well as outcomes.

The current global economic downturn poses multifaceted challenges for public sector organizations, as the days of profligate spending on ICT seem to be over. In an era of declining economic growth and constrained resources, governmental organizations are nonetheless compelled to provide increasingly more developed ICT-based public services. In short, public sector organizations are expected to achieve desirable outcomes for their customers (effectiveness) while utilizing relatively fewer resources (efficiency). To this end, achieving both effectiveness and efficiency within an ICT initiative requires the carefully-planned placement of positioning dimensions within an overall strategic approach, while taking into consideration a changing external environment which explicitly trades off effectiveness for efficiency. Based on a case study of public electronic services positioning in Dubai, this brief introduces a framework for strategic positioning of public sector ICT initiatives to assist policy makers in advancing their ICT-based initiatives during the current period of public sector fiscal challenges.

Strategic Positioning Dimensions in ICT-Based Public Services

Within the public sector, ICT-based initiatives are designed to enable organizations to provide effective (customer-focused) and efficient (productive) electronic services (hereafter referred to as "e-services"). However, regional and international research suggests that achievement of neither goal is guaranteed in government ICT-based initiatives:[1] both goals require explicit and prudent emphasis during the design and implementation stages. Public sector organizations usually have opted either to pursue one goal at the expense of the other, or to follow both simultaneously, with varying degrees of emphasis. This inevitably imposes trade-offs and prioritization at the strategic level for positioning ICT-based initiatives. Furthermore, this positioning usually varies dynamically

Figure 1: Sample Trajectories in the ICT Initiatives Strategic Positioning Grid

Source: Dubai eGovernment eServices Division
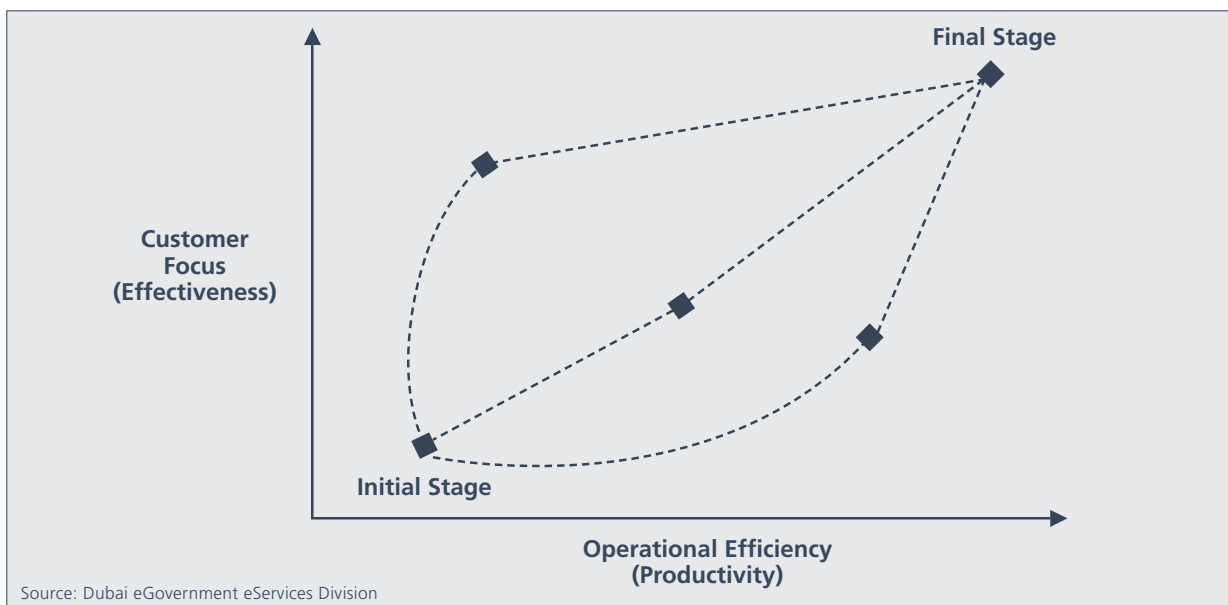
over time in the face of changing external and internal government environments (with the current economic downturn exemplifying a change in the external environment).

The grid in Figure 1 illustrates how a public sector organization can position its ICT initiatives while explicitly determining and trading-off the customer focus dimension vis-a-vis the operational efficiency dimension. These two dimensions achieve different objectives and pose intrinsic trade-offs in determining the initial as well as the time varying trajectories of public sector ICT initiatives. The extent of emphasis for each dimension over time establishes a well-defined trajectory for a given ICT initiative.

In the long run, maintaining sustainable public sector performance requires competitive ICT attainment, a higher customer focus (effectiveness) and higher operational efficiency (productivity). Resource constraints, macroeconomic conditions and public priorities play a critical role in determining the different trajectories that government entities adopt on their various paths toward sustainable competitiveness. In turn, sustainably competitive public sector ICT initiatives should contribute to the economic wealth of the nation while serving the public need.[2]

Strategic Positioning Dimensions of Dubai eGovernment

The framework adopted by the Dubai eGovernment eServices Division includes the main strategic positioning dimensions of customer focus (effectiveness) and operational efficiency (productivity). These dimensions are comprised of the following components defined by the Dubai eGovernment eServices Division:

Customer Focus (Effectiveness)
Different public sector organizations can select their own set of components reflecting their own objectives and priorities. This flexibility allows an adaptive usage of the proposed strategic grid based on the internal and external environment conditions confronting a public sector organization. This dimension refers to all government activities focused on ensuring the effectiveness of public services, from electronically availing public services (e-enablement) to ensuring usage (take-up) by the public. The Dubai eGovernment eServices Division's framework for customer focus (effectiveness) is composed of six main components: namely, "eEnablement," "Quality," "Awareness," "Trust and Confidence," "Usage" and "Satisfaction."

1. eEnablement: This component refers to electronically availing public services through the identified electronic channels (Web, mobile, etc.) and involves several stages of maturity for an electronic service (e.g., provisioning of information, electronic form downloading for offline processing, end-to-end complete electronic transactions with electronic payment, etc).

2. Quality: The framework used by the Dubai eGovernment eServices Division defines several guidelines for an e-service based on the type of customer involvement with the public service (informative, interactive or transactional) during the phases of accessing, processing, delivering and supporting an e-service. The quality of an e-service is gauged as the score achieved with respect to all the applicable guidelines related to its type (ranging from 50 to more than 100 guidelines).

3. Awareness: A high level of public awareness of an e-service, its benefits and its value proposition is a prerequisite to usage of the service by customers, with resultant increased uptake and return on government investment.

4. Trust and Confidence: The Dubai eGovernment eServices Division sets measures to increase public trust and confidence in e-services. The public usually requires a similar or higher level of government assurance for e-services than it does for traditional offline services, since e-services require public services delivery without physical presence and interaction. Protecting privacy, personal data and financial information, adopting appropriate security measures such as authentication and authorization, and enacting electronic transaction-related legislation may be imperative to instill trust and confidence in the public.

5. Usage: This component measures the proportion of transactions which are completed online through an e-service as opposed to using the traditional offline alternative. Measuring online versus offline transactions for e-services is an essential indicator for assessing their uptake. A certain usage level ensures a productive return on investment for the government.

6. Satisfaction: Ultimately, public sector organizations provide e-services for the benefit of the public as well as the government. Satisfaction levels are a key indicator of and a driver for usage.

Operational Efficiency Productivity)

This dimension refers to activities undertaken by a public sector organization to deliver e-services using fewer resources. Operational efficiency can be achieved either through collaboration among several entities in a synergistic manner (e.g., shared services) or by a single entity which reengineers or improves its e-services. ICT is an enabler for both types of operational efficiency.

The Dubai eGovernment eServices Division adopted a framework of operational efficiency consisting of two main components, synergistic services and administrative simplification.

1. Synergistic Services refers to captured synergies that exist within e-services implementation and delivery projects across more than one public entity. Common components of e-services implemented and provided in a centralized manner across public entities in Dubai include electronic payments, mobile messaging platforms and hosting infrastructures, as well as common back office functions such as procurement, finance, human resources, and supply chain and asset management. Provision of synergistic services avoids duplication of resources across multiple public entities, and requires continued collaboration from participating public entities.

2. Administrative Simplification refers to the redesign or reengineering of public e-services in order to reduce red tape in the public sector. In some cases within the Dubai government, administrative simplification involves imple-

menting joined-up e-services which aim to generate significant benefits for the public (e.g., "one-stop shop" access to e-services) and for public sector organizations (e.g., automation of inter-governmental workflows), leading to operational efficiencies while simultaneously enhancing the customer focus.

These components represent the strategic choices and objectives identified by the Dubai eGovernment eServices Division as those fitting within the overall Dubai public sector development strategy. As Dubai advances in its e-government initiative, it can incorporate other components to reflect the varying nature of its strategic objectives and priorities; e.g., e-participation, implementation of government-wide consolidated information repositories, multi-channel adoption, etc. Other e-government programs and public sector organizations can use the strategic grid in an adaptive manner by identifying and weighing the components based on internal and external environment conditions. For example, in its early stages as an e-government initiative in 2001, Dubai eGovernment eServices Division relied solely on the e-enablement component within the

customer focus dimension (effectiveness). It later incorporated other components, gradually adapting over time to the dynamic nature of Dubai's strategic objectives.

Measurement of Strategic Positioning Dimensions and Their Components

Strategic positioning dimensions and their components can be quantified and measured in order to assess the current position of ICT-based public sector initiatives and their progress over time. The Dubai eGovernment eServices Division adopted a framework measuring the percentage of customer focus (effectiveness) as well as operational efficiency (productivity) in monetary terms as illustrated in Table 1.

Each component in Table 1 can be measured as a key performance indicator by government departments. Public sector organizations following this strategic positioning system can measure customer focus as a weighted average of various identified components. Likewise, operational efficiency can be measured as the total projected cost savings by government entities after deducting the cost of implementation. When an organization opts to do so, it can assign weights to each component

Table 1: Strategic Positioning Dimensions and Indicators for Measurement

Strategic Positioning Dimension	Components of Strategic Positioning Dimensions	Sample Indicator for Measurement
Customer focus (effectiveness)	**eEnablement**	Percentage of e-enablement of public services
	Quality	Percentage of compliance with the identified quality guidelines for e-services
	Awareness	Percentage of public awareness of the e-service
	Trust and Confidence	Percentage of public trust and confidence in the e-service
	Usage	Percentage of online transactions (or the percentage of public usage of the e-service)
	Satisfaction	Percentage of public satisfaction with an e-service
Operational efficiency (productivity)	**Captured Synergies**	Projected cost savings achieved through cross-governmental synergistic services
	Administrative Simplification	Projected cost savings achieved from reengineering and/or automation of an e-service

Source: Dubai eGovernment eServices Division

based on their relative importance for that specific organization. These weights are also changed over time, reflecting the change in relative priority accorded to each dimension and component. During a period of budgetary stress such as the current economic crisis, it is likely that most public sector organizations would want to emphasize improved operational efficiency over greater customer focus.

Figure 2 highlights the Dubai eGovernment eServices Division's public G2C (government-to-citizen) and G2B (government-to-business) e-services strategic trajectory from 2008 to 2011 with respect to the strategic positioning dimensions and their related components defined in Table 1.

Strategic Options for ICT-Based Public Services

From a practical perspective, strategy involves making trade-offs in the face of limited resources. The positioning dimensions identified in this policy brief can be customized to form a viable set of

options for public sector organizations in line with their strategic objectives. Public sector organizations will vary the emphasis placed on the two dimensions (customer focus and efficiency) and their component factors based on changing internal and external factors and strategic objectives. In the end, the actual strategic trajectory followed over time by a public sector organization should reflect the government's overall objectives.

Obviously, choices of emphasis impact resource allocation. For example, an organization may prioritize customer focus through a combination of e-enablement and usage boosting community outreach campaigns, rather than operational efficiency through a combination of synergistic services implementation and services administrative simplification. The former might require electronic services implementation efforts and targeted integrated marketing campaigns, potentially resulting in more government expenditures than the latter. The latter would require emphasis on collaboration and synergistic services implementation, coupled with

Figure 2: Dubai eGovernment eServices Division Strategic Trajectory 2008-2011

Source: Dubai eGovernment eServices Division
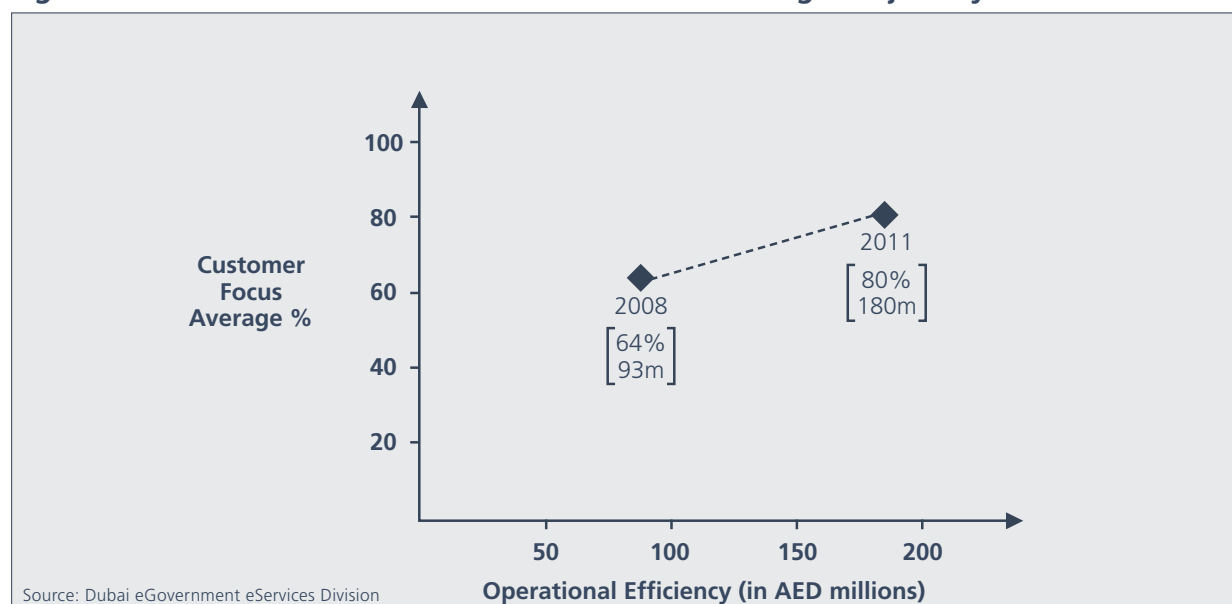
By the end of 2008, the Dubai eGovernment eServices Division achieved a 64% customer focus rating, measured by the average of the six indicators listed in Table 1. The individual components for 2008 are as follows: eEnablement (86%), Quality (72%), Awareness (86%), Trust and Confidence (65%), Usage (12%), Satisfaction (62%).[3] Customer focus reached 64% in 2008, while the 2011 target is 80%. An 80% rating measuring the same six components is targeted for 2011.

The projected cost savings achieved by the end of 2008 reached AED 93 million (US$ 25.4 million). Around AED 180 million (US$ 49 million) of savings are targeted by the end of year 2011 (as per the internal targets set at the end of 2008). This reflects the Government of Dubai's dual emphasis on customer focus and operational efficiency between 2008 and 2011.

reengineering and redesign of e-services, potentially resulting in less financial expenditure than the former, if implemented properly.

Policy makers in public sector ICT-based initiatives are usually confronted with policy objectives and resource constraints. Accordingly, they are forced to make trade-offs. Based on the experiences accumulated over nearly a decade of e-government implementation in Dubai, the strategic positioning grid proposed in this policy brief may facilitate and assist policy makers in these necessary decisions.

ICT-Based Public Services in an Uncertain Economic Landscape

Turbulent and economically challenging times are forcing organizations to reconsider and potentially revise their business models and strategies. Public sector organizations in Arab states are no exception. The economic downturn that started in 2008 is already posing serious fiscal challenges, with projected GDP contractions and budget deficits seriously impacting fiscal conditions within the public sector. This is likely to lead to funding reprioritizations negatively impacting ICT-based initiatives in several Arab states. Faced with such challenges, public sector organizations may opt to attain increased operational efficiencies as an interim solution, or even as a medium- to long-term solution.

Increased operational efficiency will allow administrators to redeploy redundant resources. For example, capturing ICT synergies through consolidation and enhancement of synergistic services (or implementation of new ones) may yield extra fiscal resources that can potentially be reallocated to various customer-oriented ICT-based initiatives. In other words, government operational efficiencies can subsidize customer focus. In extreme circumstances, public sector organizations may be able to self-finance their ICT-based initiatives, or at least fund them partially via the attained operational efficiencies.

Capturing synergies and implementing joined-up services requires further cross-agency public sector collaboration, coupled with operational

and organizational changes.[4] It also requires fiscal discipline, whereby financial resources for ICT-based initiatives may be allocated in return for attaining targeted operational efficiencies. In such cases, monitoring mechanisms have to be implemented for the conditional and gradual release of fiscal resources, establishing linkages with funding in order to incentivize operational efficiency. Public sector organizations can also customize existing private sector monitoring and evaluation tools that can facilitate this form of incentivization, such as business case tools, scorecards, etc.[5]

Public sector organizations may have to revisit and readjust their ICT-based initiatives portfolio in economically challenging times. In such cases, the strategic grid introduced in this policy brief may aid in making explicit trade-offs and help in charting a new trajectory.

Conclusion

This brief proposes a strategic grid for positioning ICT-based public sector initiatives. The proposed grid allows public sector organizations to decide on the best combination of trade-offs between the strategic positioning dimensions discussed: namely, customer focus (effectiveness) and operational efficiency (productivity). The components identified by the Dubai eGovernment eServices Division are likely to be relevant to a variety of public sector organizations, particularly those in Arab states sharing similar economic and social structures. However, all public sector organizations should consider the identified components in light of their own circumstances and objectives to reach the most appropriate strategic positioning.

The components defined for each strategic dimension should be revisited periodically over time. Such revisions reflect the evolution of ICT-based initiatives through various stages of maturity. For example, an "e-participation" dimension could be considered; it is currently not included in the list of components identified by the Dubai eGovernment eServices Division. Public participation in decision making can enhance government agencies'

customer focus (effectiveness) by incorporating real public requirements during the e-enablement phase.[6] Customer focus (effectiveness) can also be enhanced through the use of increasingly ubiquitous Web 2.0 technologies for mass public engagement.

This flexibility of defining the components of the proposed strategic grid makes it a robust tool in the face of changing internal and external conditions coupled with a high level of financial uncertainty. The grid can be adjusted to meet organizational needs by designing an appropriate strategic positioning trajectory, by amending the components of the strategic positioning dimensions, or by altering the target values of the component indicators with respect to time.

The current economic downturn will likely spur public sector organizations to emphasize efficiency and productivity in their ICT-based initiatives. Public managers may have to rethink their previously adopted strategic positioning trajectories to accommodate the increased focus on efficiency emanating from fiscal pressures. Notwithstanding the political challenges it creates within the public sector, the current economic landscape presents ample opportunities for enhancing the efficiency of public sector organizations. Those organizations that manage to capitalize on such opportunities now will attain a more sustainable position, better able to meet the needs of the public they serve, in the medium to long term.

About Dubai e-Government

The Dubai eGovernment Initiative was launched in 2000 by HH Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, to provide innovative government services across the spectrum of corporate and community life in Dubai. The vision of Dubai eGovernment is "[to] ease the lives of people and businesses interacting with the government and contribute to establishing Dubai as a leading economic hub," and its stated objectives include reinventing government in terms of legislation, regulation and services provision over multiple channels.[7] The other main goals of the Dubai eGovernment Initiative are

• to simplify and streamline government services by utilizing technology as a key enabler;
• to achieve a customer-centric approach for government services provision by increasing effectiveness and efficiency;
• to innovate new government services and join up existing services by exploiting potentials arising from electronic government approaches; and,
• to modernize and standardize internal government processes.[8]

The Dubai eGovernment Initiative was implemented under the guidance of the Dubai eGovernment eServices and Government Information Resources Planning Departments within the Dubai Ruler's Court, with cooperation from all other Dubai government departments, until 2009. In that year, HH Sheikh Mohammed Bin Rashid Al Maktoum issued, in his capacity as Ruler of Dubai, Law No. 7 of 2009 establishing Dubai eGovernment as a new Dubai government department.

ENDNOTES

1 Fadi Salem, "Exploring E-Government Barriers in the Arab States," Dubai School of Government Policy Brief 2 (Dubai: Dubai School of Government, 2006).

2 Organization for Economic Cooperation and Development (OECD), *e-Government for Better Government* (Paris: OECD Publishing, 2005).

3 The percentages of the "Awareness," "Trust and Confidence," "Usage" and "Satisfaction" components are based on a public survey conducted in 2007 by the Dubai eGovernment eServices Division.

4   Fadi Salem and Yasar Jarrar, *Cross-Agency Collaboration in the UAE Government: The Role of Trust and Impact of Technology.* Report by the Dubai School of Government and Cisco Executive Thought Leadership (Dubai: Dubai School of Government, 2009).

5   Organization for Economic Cooperation and Development (OECD) and Dubai School of Government, *Measuring and Evaluating e-Government in Arab Countries.* Governance for Development in Arab Countries Initiative, 3rd Working Group 2 Forum on e-Government and Administrative Simplification, 2007.

6   United Nations Department of Economic and Social Affairs (UNDESA), Division for Public Administration and Development Management, *E-Government Survey 2008: From E-Government to Connected Governance* (New York: UNDESA, 2008).

7   See http://www.dubai.ae/en.portal.

8   Okan Geray and Salem Al Shair, "Dubai eGovernment Initiative: Concept, Achievements and the Future Pillars of Success" in *E-Governance in Developing Nations,* ed. S. Mishra and A. Mukherjee (India: ICFAI University Press, 2007).

....

Okan Geray is a Nonresident Research Fellow at the Dubai School of Government, where his research focuses on the strategic use of ICT in the public and private sectors, strategic planning and measurement for ICT-based initiatives, and the impacts and benefits of ICT on society in general and on the public sector in particular.

....

Editors: Fadi Salem, Stephen Brannon

....

....

About the Dubai School of Government

The Dubai School of Government (DSG) is a research and teaching institution focusing on public policy in the Arab world. Established in 2005 under the patronage of HH Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the United Arab Emirates and Ruler of Dubai, in cooperation with the Harvard Kennedy School, DSG aims to promote good governance through enhancing the region's capacity for effective public policy.

Toward this goal, the Dubai School of Government also collaborates with regional and global institutions in delivering its research and training programs. In addition, the School organizes policy forums and international conferences to facilitate the exchange of ideas and promote critical debate on public policy in the Arab world.

The School is committed to the creation of knowledge, the dissemination of best practice and the training of policy makers in the Arab world. To achieve this mission, the School is developing strong capabilities to support research and teaching programs, including

*   applied research in public policy and management;

*   master's degrees in public policy and public administration;

*   executive education for senior officials and executives; and,

*   knowledge forums for scholars and policy makers.