

The Self-Funding Business Model

The private partner, Indiana Interactive, earns revenue to operate Access Indiana through a self-funding financial model(6). Across the United States, state governments employ two funding strategies to support such e-government projects as Access Indiana: 1) government financed; and 2) private-vendor financed, which is commonly referred to as the "self-funding" model. In the self-funding model, the private vendor invests capital to support the up-front development of the portal and web site with expectations of earning future revenues from cash flows derived from transaction and access fees for the available information and services. The private firm generates revenue from two sources: 1) charging users for the "convenience" of transacting business over the web rather than through traditional channels such as over-the-counter and mail-in; and 2) charging business for "enhancing" the value of basic government information.

Indiana Interactive generates a significant portion of its revenue through access fees for enhanced or premium online services. 95 percent information and services on the network are available to the public at no cost. User fees are collected for online services that provide access to such services that have a commercial value attached to them as driver's records, vehicle titles, or health professional licenses. Access Indiana has recently expanded these services to include enhanced access to Universal Commercial Code data, and limited criminal history online searches. These fees from the "premium services" subsidize the cost of the entire Access Indiana web site. Access Indiana does not replace conventional modes for getting government services and information that were already free. The premium services are geared mostly toward business users who would rather pay for the convenience to obtain instant access to services and information. Indiana Interactive, the private partner, deploys applications without the use of tax dollars and requires no appropriations from the State of Indiana legislature.

Two entities directly represent the State of Indiana's interests in the collaboration - The Intelenet Commission and an oversight committee called the Enhanced Data Access Review Committee. Access Indiana operates under the authority of the Intelenet Commission. The Intelenet Commission plans and coordinates the design, implementation, and operation of all voice and data communication networks and information technology services for the state of Indiana, which includes direct control over Access Indiana. The Intelenet Commission used its contracting authority to award, through a competitive bidding process, the initial five-year long service agreement to Indiana Interactive in 1995. The Intelenet Commission awarded a second five-year long service agreement in 2000 to Indiana Interactive.

The State of Indiana establishes policies for Access Indiana through a governing body referred to as the Enhanced Data Access Review Committee (EDARC). The Enhanced Data Access Review Committee, which was created in 1995, is comprised of nine members including such state officials or their designees as: the Director of the State Budget Office, the Commissioner of the Department of Administration, the Director of the State Library, and a liaison from the Governor's office. The Governor has also added non-voting members to EDARC to represent the interests of professional associations, businesses and citizens. Indiana Interactive managerial team also attends to provide operational updates to the committee. EDARC uses its authority to establish policies governing the layout, design, and function of the interactive services. EDARC reviews the operation of Access Indiana during monthly meetings that have met regularly since September 21, 1995. It reviews and approves agency agreements with the service provider, oversees the implementation and operation of the web services, encourages participation in the use of the web services, and establish fees for enhanced access to public records and transactional services.

The State of Indiana is able to quickly develop new applications or update existing ones as new work practices designed to facilitate communication and coordination among the management and development teams from Indiana Interactive and the state agency clients emerge. State agencies, for the most part, contract with Indiana Interactive to develop and place services and information on Access Indiana. Shortly following, cross-organizational project teams comprised of technical and executive agency leaders begin to work together closely with the Indiana Interactive staff. Indiana Interactive provides the project management services, while the agency teams facilitate the design, development and implementation process by monitoring the work, providing domain expertise, and developing suitable technical solutions for application integration.

One of the early problems that the development teams experienced was ineffective communication among employees participating in these teams. Early on, employees were confused about roles, responsibilities, and decision-making authority. These factors impeded the coordination between the agencies and Indiana Interactive since employees from both sides were reluctant to share information and knowledge with each other. To address this issue, the State of Indiana and Indiana Interactive developed and implemented work practices that now facilitate greater cooperation among employees on cross-organizational project teams. This include such formal mechanisms as sharing responsibility for application design, using knowledge management tools to store and retrieve domain knowledge, adopting metadata standards, assigning project liaisons, and updating reporting standards. Underlying the formal mechanisms are informal practices that further strengthen the working relations

between the agencies. The executive management team from Indiana Interactive meets monthly with a cross-section of executive and technical managers from various state agencies and the CIO office in a less formal setting. This gives everyone a chance to discuss face-to-face many of the difficult issues, identify new opportunities for further application development, and establish strategies. Members of each team also form informal relationships through their frequent meetings and system analysis and design activities.

One of the sources for the communication and coordination gaps stemmed from significant confusion over the scope of responsibility for developing applications. As discussed earlier, most transaction-based e-government applications require extensive integration between the web interface and databases, server-side applications, network architecture, among other backend software and hardware. Application solutions often require functional dependencies where programs need to communicate with each other. The cross-agency development teams on early Access Indiana e-government projects were often unsure about which part of the application they were responsible for and how to coordinate application development with tightly coupled requirements. For example, the Indiana Interactive team, experts in building web interfaces, often faced making decisions about the extent to which work agreement required them to resolve problems with databases residing on legacy mainframe systems. Expertise about the legacy databases clearly lies with the state agency MIS department.

Learning from these earlier experiences, the State of Indiana and Indiana Interactive now divide the application development work around the different information technology architecture layers. This IT architecture is divided into three major layers - the presentation layer; middle-tier layer; and backend layer. Indiana Interactive is responsible for all work associated with building the presentation layer. The respective MIS departments, and as appropriate, the State of Indiana central Information Services division are responsible for all backend work. The Bureau of Motor Vehicles plans to retire its legacy mainframe system and replace with a client-server based enterprise database systems. The BMV in this case is responsible for this work. The middleware layer requires coordination between both sides. This structure has reduced the conflicts significantly. And through a number of communication efforts by the State of Indiana Information Services Division and the Governors Task Force on Information Technology, employees across the agencies and Indiana Interactive are beginning to share common mental model of the architecture and the respective roles and responsibilities of each organization.

(6) See Diana Burley Gant, Jon P. Gant, and Craig L. Johnson, "State Web Portals: Delivering and Financing E-Service", January , 2002, PriceWaterHouseCoopers Endowment for the Business of Government. Available at (<http://endowment.pwcglobal.com/pdfs/JohnsonReport.pdf>)