

Some government IT initiatives focus narrowly on a specific technical problem, like enabling mobile data communication or Web-based transactions. Others are driven by a broader, more ambitious goal, to use IT as a tool to transform government. The Merkava Project in the Government of Israel (GOI) is most certainly one of these transformative efforts. It is transformative in its own right, as restructuring of the financial, logistics⁽¹⁾, and human resource components of government-wide administration into an integrated Enterprise Resource Planning System (ERP) system. But it is more than just a technology solution. The ERP framework is used as way to implement a much more standardized and modernized government operation; an enhanced management infrastructure on which to build improved services.

In that sense, Merkava is part of a comprehensive e-government initiative that includes the ERP system as one of five layers of new technologies and operational systems for enhanced internal operations and improved benefits and services to citizens. The layers build up from a government intranet (first layer) that supports the ERP (the second layer), plus a citizen connectivity (third) layer, with Web access, security, identification, etc., linked to the government portal (fourth layer), plus a fifth layer of support and distributed citizen access centers. These layers are part of a multi-year strategic plan, described in 2002 by Prime Minister Sharon: "The e-government project is an expression of the government goal to provide state-of-the-art strategic systems, while affecting social, and economic national targets. We believe that this infrastructure constitutes a better tomorrow and that tomorrow is already here." A detailed discussion of the entire initiative is beyond the scope of this case study. But it is important to examine how the design and implementation of the Merkava effort is linked to the larger initiative, since those links are part of the public value story. Those links and layers are described in a later section.

The essential part of the public value story that we focus on in this case is that of the Merkava ERP project as an integrative infrastructure. That is, achieving the larger public value goals of the GOI's e-government initiatives requires a new integrated infrastructure of information and management systems. The public value of the Merkava, therefore, derives primarily from its place as a strategic, integral part of that infrastructure. It is clear from the history of these initiatives that links between the public returns and the technology investment were well understood from the beginning. Nir Gilad, the Accountant General who initiated the ERP project in 1999, described the links in terms of the customers of the system:

"Who is our customer? The first one that we defined is ourselves. We are serving ourselves to maintain our capability to run the systems that we are in charge of. But very quickly we came to the decision that it's ridiculous to be building systems that are serving ourselves. So we came with the layers, and we say, 'OK, let's create the layers We create the layer I call infrastructure, so we can connect and protect ourselves. Then we come with the layer that we do the e-gov [i.e., the services to citizens]."

It is also clear, however, that the full impact of the ERP initiative and ripple effects on services and other agencies was not fully anticipated. The spread of these effects through the government and into other areas of the society is part of the value story explored in the case.

From its beginnings in 1999 to the present, the Merkava ERP project has been a very large undertaking. It is described by the Ministry of Finance as the largest single IT project in Israeli history. Therefore this case study examines a project that's well underway, but still short of full implementation. It has been implemented or is in the roll-out process in over 30 government units (out of 100), and currently supports approximately 2,300 users. The project cost estimate to date is NIS 800 Million.⁽²⁾ The 2005-2007 IT master plan calls for the Merkava system to be implemented in more than 90% of the government's offices during the planning period. Work on the other four layers in the overall eGov initiative has been progressing in parallel with the Merkava implementation. The integration provided by the Merkava ERP provides an important part of the infrastructure for operations in the three upper layers of the initiative and contributes to the returns that they deliver, as well. The success of implementation efforts to date and the growing record of returns, both internal to the government and the public, suggest that the remaining roll-out will continue as planned and the accumulation of returns will continue to grow.

(1) In the Merkava and Government of Israel vocabulary **logistics** is equivalent to **procurement** and includes sales and maintenance, so the terms are used interchangeably in this report.

(2) The current exchange rates for the New Israeli Shekel (NIS) is approximately 4.5 to US\$1.00.