

A public

While commercial ventures tighten the reins on their web spending, the Government is steaming ahead with plans to put its services on the internet. **Lexie Goddard** looks at the opportunities this gives to digital service providers

The Government – two words that have made a new business hit list of every recession – is a digital agency, content or application provider in 2002.

Banish any images you might have of dusty offices drowning in paperwork. At a time when commercial clients are slashing digital budgets, the Labour Party is conducting a love affair with the internet. Armed with a budget of £1 billion working flat out to put 520 of its services online by 2005. This covers everything from applying for a passport and renewing a TV licence to putting in the spring local elections. Add to this the Government's keenness to dabble in digital media such as interactive TV and it is clearly a client well worth courting.

Peter Foster, author of a report for the House of Commons 'The UK Public Sector: Opportunities for the Private Sector', published by research group Ovum Holway, paints a positive picture of the opportunities the Government presents to private internet outfits.

"Tony Blair has put a heavy emphasis on getting government services online by 2005," he explains. "Whether these commitments will be met is not the focal issue here. The point is that both local and central government will be placing IT expenditure high on their agenda."

"Companies servicing this market can rest assured that the funding will continue or even increase as a counter against more general economic downturn. Spending is firmly agreed in advance. All this makes the public sector one of the safest business havens."

According to Ovum Holway, the public sector IT services market – which incorporates IT giants such as IBM and internet consultancy minnows – is growing at 2.5 times the rate of the rest of the UK market. If this market is worth £3,395 million, the lion's share (£1,545 million) is being spent on central government, followed by local government (£565 million), with the remainder carved up between defence, criminal justice, education and health. Given these figures, Ovum Holway is adamant that businesses ignore the public sector at their peril.

Ken D'Rosario, a public sector IT expert at consultancy AeBS, disputes the idea that the Government has suddenly stumbled across the



Progress of the Government's e-project

Labour has identified 520 services which it plans to take online by 2005. The initiative was announced on 30 March 2000.

According to figures released in autumn 2001 by the division of e-envoy Andrew Pinder, 256 of these services are now e-enabled (51 per cent), 386 will be e-enabled by 2002 (74 per cent) and 513 (99 per cent) will be online by 2005.

Some of the services already online include applying for a passport, booking a driving theory test, buying a TV licence and self-tax assessment.

Some services will never go online due to their sensitive nature, such as those dealing with asylum seekers or EU legislation.

The next progress figures will be revealed in the e-envoy's next quarterly report, which will be published next month.

is a communication tool. is a misconception," he says. "The Government has always been leading-edge when it comes to the internet, but it has become more conservative now because it is clinging to the medium, while the private sector has taken its foot off the gas."

D'Rosario, who has worked for two Chancellors of the Exchequer and Lord Lamont – says there are opportunities for service providers that can harness its ongoing plan to turn its end-office experience into an on-line format. But is it really as gargantuan, isn't it?

When looking where to look for value under European Union law, value must be advertised, as in the Official Journal of the European Community (OJEC). The same

information is available on a web site called Tenders (www.tenders.co.uk), which is owned by electronic publisher Context. For £600 a year or £75 a month, users can search the online database. But the chances are that if you hear about a tender through OJEC or Tenders, you will be too late to influence the contents of the brief or the outcome.

Other ways of getting involved pre-OJEC include getting on a government department's list of potential suppliers before the tender is drawn, cosying up to big IT suppliers such as IBM which have regular contact with ministers or simply by pitching ideas to the relevant department heads in advance.

Joe Nemelka, a founder of US company e-Government Solutions, has opened an office in the UK to take advantage of this public sector bonanza. He has 27 staff designing, developing, financing and delivering internet systems for the Government, and expects to double his staff in the next few years. Recent projects undertaken by e-Government Solutions include a portal for the further education sector called FEOnline.

Nemelka acknowledges that there can be frustrations for private companies that deal with

affair

the public sector. Tender applications can take a long time to complete, and it could be up to two years before the applicant hears whether they have been successful.

"Tenders are much more stringent and regulated when taxpayers' money is involved," he explains. "But once you've proved yourself with one department, other Government units will ask them for references, and if they are good, you're in."

"The public sector is a great place to generate business—especially in a downturn—as the Government will continue to spend. Also, size doesn't matter. Small firms can easily outbid bigger, better-known ones. Price is the most important factor. The client isn't wondering who can take them to the best football games or give them the biggest bottle of wine, which makes it a more level playing field than the commercial sector."

Profero has seen its workload from the Central Office of Information (COI) increase over the past 12 months. Starting

with a campaign for the police, it now covers four divisions—the Department for Education and Skills, the Army, the police and the Home Office's Child Protection on the Internet task force. But the agency had to fight hard to gain a place on the COI's media agency roster. Even now it shares the privilege with dozens of other players and has no guarantee of regular work.

Eamonn Store, client services director and media director at Profero, says getting a place on the roster was a long and drawn-out process. But he appreciates the COI's no-nonsense approach.

"One of the main differences between the COI and a commercial client is that when you are in a meeting with them, the biggest egos in the room belong to the agencies," says Store. "You are judged purely on the last piece of work you have done. If it was good, you'll get more business, and a few agencies have already dropped off the roster. The good thing is that any agency can have a shot at Government work, although you do need two month's

The Department for Work and Pensions pilots digital iTV



The Government is not impressed by gimmicks in a pitch. Its tender documents are very specific and the structure must be followed closely

Paula Barker
DNA

The image of interactive TV may have taken a battering lately, but if pilots such as the one planned by the Department for Work and Pensions (DWP) prove successful, the medium could find an unlikely saviour in the Government.

This spring, a pilot iTV project called The Pension Service will air on ntl, Telewest and Energis Interactive's recently launched Brightblue channel. The three channels combined have a potential audience of 7.5 million.

Viewers will be able to request brochures and leaflets through their TV and locate their local pensions office.

"About 25 per cent of homes in Britain have access to a PC and the internet, but 95 per cent of UK homes have TVs," says a DWP spokesman. "With analogue scheduled to be switched off between 2006 and 2010, we decided it is time to test the medium as an additional service to more traditional ways of accessing information on pensions."

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The DWP advertised the tender in the national and specialist press, including the job section of *The Guardian's* media supplement. Of the 50 agencies that pitched for the work, digital communications agency DNA won the contract.

"The Government is not impressed by gimmicks in

a pitch," says DNA marketing manager Paula Barker. "Its tender documents are very specific and the structure must be followed closely. It also checks the viability of potential commercial partners very thoroughly by looking at company accounts, so you need to be above board in every way."

The 1901 Census web site got more users than expected



These results show the importance of load-testing in site management. If this was an e-commerce site, the company would be in trouble

Oliver Carron
Keynote Systems

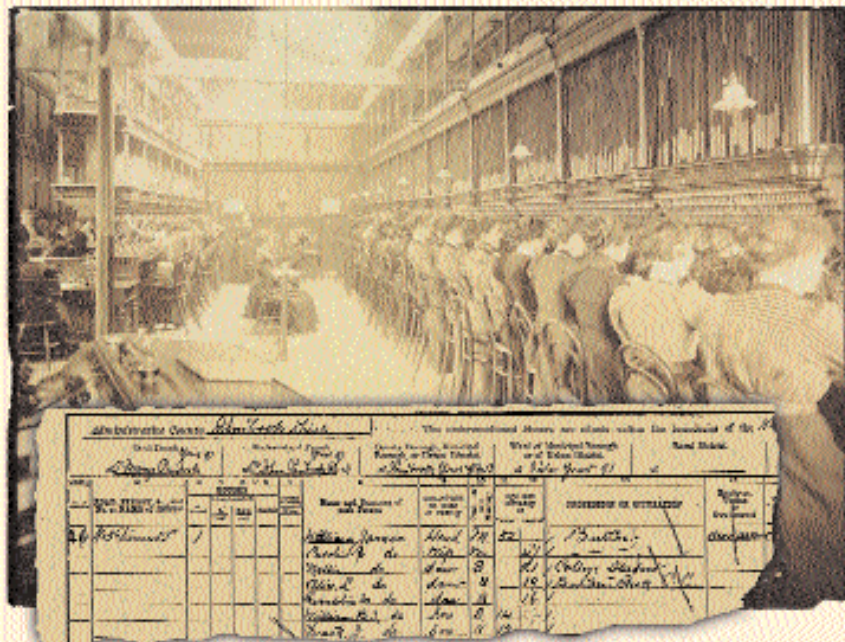
Amazon may have celebrated netting more than one million unique users a week in the run-up to Christmas, but this was practically an hourly figure for the Public Records Office's site.

The number of visitors accessing the 1901 Census web site (www.census.pro.gov.uk), may have been measured in meaningless terms such as hits, but it still puts those of even the most successful commercial site in the shade.

QinetiQ, the science and technology unit born out of the Government's defence research and development organisation DERA, built the system to cope with one million visitors a day, with a peak of 1.2 million in 24 hours.

This figure was reached, according to the message which now greets those trying to access the site, after careful benchmarked market research of similar genealogical sites.

But after it went live on 2 January this year, at least 20 times this number bombarded the site, keen to trace their ancestry. The system simply couldn't cope.



Census site: received 20 times as many hits as it was designed to cope with and temporarily had to be taken offline

According to internet performance tracking firm Keynote Systems, at about 8am on 3 January, the average download time was 18.78 seconds. The site was not available from 5pm to 10pm.

Between 10pm and 11pm, users had to wait an average of 35.2 seconds. By 9am on 4 January, the site took 101.06 seconds to load, and came offline later that day.

Now the site's search facilities are only available for visitors to public records offices. QinetiQ is increasing the ISP bandwidth and aiming to improve the handling of

traffic. But it admits that the site still can't cope with the original levels of demand.

Olivier Carron, vice-president EMEA at Keynote Systems, says: "These results show the importance of load-testing and performance measurement in site management. If this was an e-commerce site, the company would be in great trouble."

audited accounts. They don't have any favourites. The COI is one of the most active and demanding clients I have ever had," he adds. "Anyone who thinks that the Civil Service still moves at a snail's pace is mistaken. We treat it just like a commercial client and it behaves like the most professional one."

Mark Cullen, client services director of D'Arcy Interactive Services, agrees that there are similarities between dealing with government marketing staff and those at a commercial giant.

"Three years ago, when I was consulting, the public sector had a long way to go on the basics such as service-level agreements," recalls Cullen, who recently handled the launch of a web site to aid social work recruitment for the Department of Health.

"They used to just say that they needed a web site, without thinking out the details. Cost was no big issue. It was just assumed that the Government had a pot of money to spend. But the Department of Health has changed radically. It now asks detailed questions about response rates and how we intend to target certain audiences. And it is very cost-conscious. It wants to see a payback and is very focused on delivery." He adds that the pitch for the social work business was pretty aggressive, but that at least the agency knew where it stood.

It is not just digital agencies, content or application providers who stand to benefit from the Government's commitment to the

internet. Dotcoms that have compatible business propositions, such as ihavemoved.com, are also being welcomed with open arms by a public sector short of time and money.

Ihavemoved.com is a free online and offline service that allows customers to inform companies from British Gas to Laura Ashley about a change of address. More than two years ago, founder Francesco Benincasa approached the public sector after the site's customers started asking for bodies such as local councils and the TV Licensing office to be added to the system.

The response from local authorities, which are continually trying to keep tracks on their constituents, was very positive. "Eighty-



The Government has always been leading-edge when it comes to the internet, but it is more noticeable now because it is still spending

Ken D'Rosario
AeBS

North Wales Police Force needs different levels of access



The Government needs to address the fact that if it wants to encourage SMEs, it needs to break up the cartel of big players that are bidding for public sector work

Kevin Dowd
Convergent

The North Wales Police force wanted to connect its networks to the nationwide police intranet PNN2 last year, keeping the confidential information on the system secure.

It appointed internet security specialist Convergent, which had conducted some security audit work for the force, to gauge the security needs that would allow access to the network, physically install the infrastructure and create security policies for a variety of internal departments.

Access to sensitive materials needed to be restricted for most users, while ensuring that illegal activity could still be tracked by the relevant officers.

Convergent had to consider the IT requirements of a range of staff, from policemen to administrators. As part of the project, which cost between £50,000 and £150,000, the consultancy had to ensure that hackers could not access confidential data on the system.

Convergent is now advising the North Wales Police force how it can deliver information



Police forces need web services with different levels of access

that is available on PNN2 to the mobile phones of bobbies on the beat.

"The whole point is to take officers out of the station and away from paperwork and onto the streets using technology," explains Convergent chief executive officer Kevin Dowd.

Keith Williams, IT development manager at North Wales Police, adds: "The implementation of new technology is critical to policing in the 21st century."

Dowd, whose company also works for the NHS, points out that there are differences in dealing with the public and private sectors. The approach, he believes, is no-nonsense, and briefs are very well defined. But he is disheartened by the difficulty that small- to medium-sized companies in his sector have in squeezing on pitch lists.

"The Government needs to address the fact that if it wants to encourage small- to medium-sized businesses, it needs to break up the cartel of big players that are bidding for public sector work."

five per cent of local authority data contains a change of address component," explains Benincasa. "So they were very open to us."

Ihavemoved.com has now worked with both central and local Government, including Companies House, HM Customs and Excise, the Driver & Vehicle Licensing Agency, the Department for the Environment, Food and Rural Affairs and the Inland Revenue.

"If you have a service that is needed by the Government, there are opportunities for providers," says Benincasa. "There is a revolution going on in local government concerning how to interact with citizens. It is talking about online voting and being able to pay council tax or register for car parking online. This will drastically improve the quality of the relationship between the Government and citizens."

"But commercial operations have to commit to it because it's a different way of doing business. We set up a Government affairs team, who now talk to everyone from local government departments to the e-envoy Andrew Pinder."

Inktomi, which provides search engines for AOL and MSN, latched on to a major IT service provider to gain access to government departments. It teamed up with Compaq, Dell and Hewlett-Packard and approached the public sector from a

pan-European viewpoint, using its offices in France, Germany, Italy, Spain and the Benelux countries to capture EU projects.

Inktomi's 40 government clients now include UK Government Online, the Metropolitan Police Service, NHS Information Authority and Warwickshire County Council. These amount to one-quarter of Inktomi's workload.

"Compaq and Hewlett-Packard have been talking to the Government for decades and can help introduce us," explains Inktomi marketing manager Christy Moorhead. "We used to sell to clients direct, and still use the same marketing techniques of educating clients about the benefits of search engines."

"But now Hewlett-Packard learns about the deal first and then brings us in. We don't want to waste the Government's time by calling and setting up meetings because they really just want one central supplier."

So will the commercial internet industry's love affair with the Government end in 2005? AeBS' D'Rosario talks about a Britain not only with UK Online centres in every major city – as is being planned – but with interactive kiosks in every village in the land.

Inktomi's Moorhead, meanwhile, believes that once the last external service has gone online, the Government will need to tackle internal systems, such as taking staff training online. This looks like being a serious romance. □