There are more than 100,000 local governments and local legal entities, as well as 36,000 municipalities in France. The size of municipalities ranges from 100 to several hundred thousand inhabitants. It is crucial to find the right business model of governance to deliver eGovernment services in an optimal way at local level. This paper describes a new business model, operational for more than three years in the Burgundy Region, which has produced proven benefits. These benefits can be further improved by increasing the number of shared platform members and of the delivered eGovernment services.

It is a prerequisite to evaluate costs and benefits on a continuous basis to demonstrate to elected people, those who make decisions, that sharing a Regional eGovernment platform and digitising administrative processes, including public procurement, are sound strategic directions. Such methods and models have been developed and applied successfully.

eGovernment regional services are part of the digital economy and have a strong impact on economic growth. The pace of digitisation in local governments needs a further boost. The same applies to other European countries, as described during the 4th eProcurement conference in Vienna (Moutet, 2012).

“Burgundy developed a new model of governance to share a regional eGovernment platform, combining a legal structure (GIP) with a Public Private Partnership (PPP), which yielded significant measurable benefits.”

Gilles Moutet
eGov Solutions

Keywords
local governments, eGovernment platform, e-bourgogne, governance, eGovernment services, cost-benefit analysis
1. Introduction

Simplifying and improving the administrative processes through digitisation is a key objective for local governments, even if there are still some obstacles that need to be overcome. The purpose of this paper is not to demonstrate the good reasons to implement eGovernment services in local authorities; this has already been done in many other papers and the many obstacles are well known in different countries, though they might vary from one country to another.

The author assumes that deploying eGovernment services is well established in the mindset of local authorities, even if the deployment rate in many of them is far from reaching 100%.

The objective of this paper is to describe a new model of governance for sharing Regional eGovernment platforms.

The various modes of organisation to implement eGovernment services in local governments will be first considered. Then, a new model of governance to share the development, implementation, delivery and maintenance of eGovernment services based on an operational case, e-bourgogne, will be described. Finally, in a third part, the results of a cost-benefit analysis for local governments will be presented with the aim to prove the benefits derived from the digitisation process and from sharing a regional eGovernment platform.

2. Various Modes of Organisation to Implement eGovernment Services

eGovernment services address different categories of players:

- enterprises;
- citizens;
- associations;
- civil servants of local authorities;
- local authorities;
- central government.

To deliver those eGovernment services, local governments and legal local entities (hospitals, schools, etc.) can choose various options:

1. Every entity buys and operates the service by themselves.

2. A group of entities consolidates their purchase and makes quantity purchasing, but still each entity operates the eGovernment services by themselves.

3. Every entity buys the eGovernment service from an external ITC service provider. This one can be a:
   a. private company;
   b. public entity.
4. New business model: sharing of a regional eGovernment platform. Local governments and legal local entities create a legal structure (stable and time resistant) with the mission to develop, install, deploy, operate and maintain eGovernment services for the different categories of economic players.

It is reasonably obvious that the first three options cannot provide an optimised solution, keeping in mind the large number of local entities in European countries, and more specifically in France. In France alone, there are 22 regions, 100 departments, 36,000 communes and many other local entities. Some municipalities may have less than 500 inhabitants. In Burgundy, there are 2,129 local governments without taking into account other legal local entities.

Then, sharing access to eGovernment services is a correct implementation option for two main reasons: the size effect will reduce costs in a significant way for all; small entities which cannot manage by themselves access to those services will benefit from them at an affordable cost with the right level of service and quality.

A new business model has been created: e-bourgogne from the Burgundy Region is a good practice in France and has proven measurable benefits.

3. A New Business Model of Sharing eGovernment Services for Local Governments

This new model is defined by the delivered eGovernment services, the economic agents to whom those services are provided, the architecture of the Regional eGovernment platform, the legal structure which manages the platform, the contractual relationships of ICT services providers with the legal structure.

3.1 Delivered eGovernment services

Delivered eGovernment services are related to all administrative procedures, including public procurement. Their implementation depends on local government political priorities and estimated benefits; they are delivered on a scheduled basis.

For e-bourgogne, 20 eGovernment services were planned for a 10-year period in the scope of a PPP contract. The operation started in 2006. Currently, the following 10 eGovernment services are fully operational, and were delivered on time:

- eProcurement portal;
- one-stop-shop for businesses (public grants);
- websites generator for small and medium-sized municipalities giving access to online administrative procedures;
- control of legality between local authorities and Central Government level;
- third-party digitisation exchange hub for municipalities;
- digital signatures for civil servants and elected deputies;
• eLearning capacities;
• geo-tagged public services for mobile devices;
• collaborative work facilities among local authorities;
• regional eArchiving for native digital legal documents.

An entire infrastructure has been built with full industrial processes to support those eGovernment services, as well as new and enhanced services. Technical solutions are developed under Open Source licenses.

3.2 Economic agents to whom eGovernment services are delivered

All economic agents are concerned; eGovernment services are delivered through local governments and local public entities such as social security local entities, hospitals, etc. It is important that the relationships with citizens and enterprises be managed directly by the local entities; they are in charge of the customer relationship.

As previously mentioned, there are numerous local entities in France. These local entities manage the relationships through a front office with:

• enterprises;
• citizens;
• associations;
• civil servants;
• central government.

3.3 Architecture of the Regional eGovernment platform

The general functional architecture consists of five levels (see Figure 1):

• a front-office which is specific to the local government and matches the local brand and insures the customer relationship;
• a back-office directly managed by the shared platform;
• interfaces with services of central government, trust third parties, partners services, archiving third parties;
• a call centre;
• an eLearning platform.
3.4 Legal structure of governance

The general governance business model consists of a legal structure of governance and a contractual relationship with ICT services providers (see Figure 2).

The following chart has been presented to the Burgundy Region management in November 2005 as a road map. Its content has been fully implemented in the Region.

The legal structure of governance as a Group of Public Interest (GIP), called e-bourgogne, is illustrated. It is a consortium regrouping 1 250 members, Local Authorities (LA’s) and Legal Local Entities (population of Bourgogne is 1.5 million). Today, after more than three years of operation, it provides 10 eGovernment services with full support and manages a budget of €4.5 million a year that is covered by members’ annual fees plus country and EU funding. The fee covers full access to the shared platform (ePractice.eu, 2012).

e-bourgogne GIP members are:

- French central government;
- Burgundy Region;
- 4 departments (Conseils généraux);
- Municipalities and groups of municipalities;
- Other Legal Local Entities (LLE’s) such as hospitals, schools, local social security agencies, etc.).
The GIP signed a PPP contract with an ICT services provider for a period of 10 years, after a one-year RFP and competitive dialogue process.

![Legal structure of governance](image)

- **Objectives**: Governance of LA’s eGOV platform; Sharing.
- **Contractual relationships with ITC services**
  - **Objectives**: Performance, quality.
  - Risk management

![Public consortium (GIP or other)](image)

- **Options**: Standard public procurement contracts or PPP public-private partnership.

![Figure 2: eGov regional platform governance vision](image)

Source: eGov-Solutions website

As previously stated in this paper, the key issue in delivering eGovernment services in an optimised manner is the large number and different sizes of local entities. For municipalities, the size may vary from 100 inhabitants to few hundred thousand. The GIP e-bourgogne addresses this issue at the regional level by matching three objectives:

- economy of scale;
- geographical proximity;
- access of small size local authorities to eGovernment services with the right level of performance and quality.

At this stage of development, the Region is the appropriate level of sharing. National level will not match the proximity requirement; department level will not match the economy of scale objective.

A GIP is a stable legal entity which can resist changes, especially political ones. It defines the legal framework and rules of operations:

- Members can be local governments, local public legal entities, not private companies.
- Geographical coverage is defined.
- Scope of eGovernment services might be defined.
- Categories of members are defined with associated yearly fees.
Yearly fees can be of two types, covering the usage of the shared platform and the access to a specific eGovernment service.

Other rules address specific points of governance: general assembly, strategic committee, executive management, financial and budget management and control.

To date, the region of Brittany has established a similar legal structure through e-mégalis. (e-mégalis Bretagne, 1999). Ile de France is considering doing the same. In the next two years, a stronger momentum towards this end is expected.

At lower levels, several departments also headed towards this direction: Alpes-Maritimes, Dordogne, Aube, Ardennes, Marne, Moselle, Landes and Manche. It is still strongly considered that this is no more than the optimal level to get the most efficient and effective results from a shared eGovernment platform. Departments were traditionally created in such a way so as to allow anyone to reach the prefecture in less than one day on horseback; this is no more a binding criterion.

Now the established legal structure of governance has to decide if they will manage the whole cycle of eGovernment services by themselves or outsource all or part to an external ICT services provider.

3.5 Contractual relationships with ICT services providers

The contractual relationship can be twofold: standard public purchase contracts with ICT services providers and a PPP. In both cases, economies of scale do apply and local governments will benefit from wholesale purchasing.

PPP is better suited if the Public Consortium set as key priorities the following:

- take the lead in defining strategic directions and outputs;
- outsource the operational tasks of developing, installing and maintaining eGovernment services and the underlying shared platform;
- leverage the financial investment costs for an extended period of time (10 years);
- benefit from better value for money and sharing risks with private partner;
- set service level agreement and performance indicators directly linked with yearly private partner and yearly professional fees.

The pre-analysis of e-bourgogne PPP developed for Mission d’appui aux PPP (MaPPP) approval provides a more detailed study of PPP advantages and rationale (Ministry of Finance, 2008). MaPPP is a finance ministry department in charge of supporting all PPP projects in France and confirming that these projects meet the required criteria. One criterion is that PPP should bring more benefits than a standard public purchase contract. Such an analysis has been made by eGov-Solutions before deciding to go through the PPP process.

As shown in Figure 1, the best model of governance for a Shared Regional Platform in the long term with sharing of risk management is the combination of a public consortium GIP and a contractual relationship (PPP) with a private partner in order to design, develop, operate and maintain the shared platform. It was evaluated beforehand by the pre-analysis, and has been confirmed after implementation of the shared platform. Results were presented to the elected officials of the Region.
4. New Model Produces Considerable Gains

The new model of Governance for e-bourgogne (GIP plus PPP) yields significant measurable benefits. Those benefits have been measured after implementation of the shared platform on a limited number of eGovernment services. These measurements assured the elected officials that the decision taken to implement such a shared platform responded to citizens’ expectations.

The two types of benefits evaluated were those derived from platform sharing and from digitisation. The benefits from digitisation validate and support the decision to go digital, which constitutes the first step. The second step is to prove that developing a shared platform generates benefits.

A method and a model have been developed by eGov-Solutions to evaluate these two types of benefits and have been applied to e-bourgogne. The main results are presented below.

4.1 Benefits derived from platform sharing

In evaluating the benefits derived from sharing a common Regional eGovernment platform, all LA's members for eBourgogne with the following two options were covered:

1. LA's manage by themselves the purchase and implementation of eGovernment services.
2. LA's are members of the platform entity and agree on sharing based on a yearly participation fee.

Benefits result in the reduction of five categories of costs:

- purchase and implementation of services (which includes eProcurement);
- agent education (how to use and job specific);
- user support and help desk;
- maintenance;
- project management (tenders, ITC suppliers, third parties, etc).

Results

Based on 10 eGovernment services over the course of a 10-year period, benefits from cost reduction due to platform sharing was €4 million per year for e-bourgogne at the time of evaluation (2010). All municipalities exceeding 20 000 inhabitants are members of the platform; the rate of membership below that size is less than 50 % on average.

These cost reduction figures will increase as local authorities join the platform. The increase in the number of eGovernment services provided will also improve those figures.

4.2 Benefits derived from digitisation process

It is not taken for granted that digitisation of administrative processes brings straightforward benefits, as they have to be evaluated. A model has been designed to evaluate those benefits (see Figure 3).

The evolution of a number of GIP members and of digitisation’s percentage were evaluated. Then, the reduction of costs related to four categories was estimated:

- document handling and management;
- paper saving;
- storage and archiving saving;
- distribution saving.

These saving items are calculated for each eGovernment service and each task of the eGovernment service process. Those benefits are evaluated for all local authorities members of the Shared platform.

![Diagram showing the calculation of digitisation benefits](source)

**Figure 3: Digitisation - Benefits evaluation method**

*Source: eGov-Solutions website*

**Results**

Based on three eGovernment services (eProcurement, legality control and accounting documents transfer to central treasury) over the course of a 10-year period, benefits from cost reduction due to the digitisation process was €2 million per year for e-bourgogne.

Saving will be increased with the addition of new eGovernment services. Benefits in better buying still have to be evaluated for e-bourgogne.

Other benefits not directly measured in euros are:

- reduction of processing delays, errors and loss of documents, advertisement costs;
- improvement of security, project education, buyer professionalism;
- impacts of end to end process digitisation.

eGov-Solutions recommended to the Ministry of Economy to accelerate the process of digitisation of public procurement and relationships between local governments and central government by making this process mandatory and to build the road map accordingly.
5. Conclusions

A new business model exists to deliver eGovernment services in an optimised way to citizens, enterprises, associations: a good practice is e-bourgogne, comprised of a GIP and PPP, which shares a regional eGovernment platform with many local entities, while delivering most of eGov services at best cost, quality and performance, with minimum long-term risks. Other models exist, i.e. e-mégalis, while others might be present in different countries with their specific legal environment.

The e-bourgogne model (GIP + PPP) has so far resulted in significant measurable benefits.

If the benefits measured for Burgundy to the whole country pro-rata population, together with the full spectrum of eGovernment services are extrapolated, the result amounts to € 1 billion per year.

Another key point is that contractual relationships between eGovernment platform and ICT services providers should be made on performances and risk sharing, not only on time and material, as is usually the case. This will be in line with the smooth running of the holistic circle (see Figure 4).

![Figure 4: Holistic circle](source: eGov-Solutions website)

An interest group (Interest Group on Shared Services - IGSS) has been created at European level to carry out an exchange on shared services (ePractice.eu, 2012). It is run jointly by the European Institute for Public Administration (EIPA) and GIP e-bourgogne.
6. References


Authors

Gilles Moutet
eGov Solutions
gilles.moutet@egov-solutions.com