



STATE GOVERNMENT UNIFIES WEB PRESENCE WITH CONTENT MANAGEMENT SOLUTION

STATE GOVERNMENT

/// BUSINESS VALUE CASE STUDY



This state government had a scattered Web presence with more than 100 agencies, boards and commissions managing their own distinct Web sites. So the state asked EDS, an HP company, to build a unified Web portal and content management solution with e-commerce capabilities.

CLIENT PROFILE

Industry: Government

Budget: \$12 billion

Employees: 39,000

Business Need Addressed:
Productivity

Highlights

Goal

A unified Web presence, including e-commerce, to serve its residents better, and to save money.

Solution

A complete, outsourced content management and e-commerce solution designed, developed, built, and hosted by EDS.

Results

A projected, cumulative, five-year net benefit of \$6,050,000, driven by a substantial reduction in operational costs, server consolidation, and a variety of other benefits, including avoiding the purchase of new CPU licenses. The project has an ROI of 54 percent and a payback period of one month. The reliability and security of the state's commerce and Web presence have dramatically improved, and its residents have a more responsive government, and can more easily get government services and information.



EXECUTIVE SUMMARY

Until several years ago, this state government, like many others, had a scattered Web presence. More than 100 agencies, boards and commissions designed and managed their own Web sites and infrastructure. Each had its own unique designs and standards, and there was no way to navigate among them or for residents to easily access information about state services. In addition, residents could not pay for services online. The state's legislature stepped in and mandated that the state consolidate its Web presence and offer better benefits and information to residents.

To solve the problem, the state asked EDS to build a Web portal and content management solution and to add online commerce to the state's IT capabilities. Eventually, the state outsourced the entire solution to EDS to improve security and reliability and to reduce costs. The result is a projected, cumulative, five-year net benefit of \$6,050,000, driven by a substantial reduction in operational costs, server consolidation, and a variety of other benefits - including avoiding the purchase of new CPU licenses. The project has an ROI of 54 percent and a payback period of one month. The reliability and security of the state's commerce and Web presence has dramatically improved. Today, state's residents have a more responsive government, and can more easily access government services and information.

"EDS has done an outstanding job managing our infrastructure, and has allowed us to focus on providing better services to residents. We're working with them closely on a variety of new initiatives to provide even better services, and help the State reduce costs even further."

Manager
E-government Program

The Challenge: Create a Unified Web Presence, Launch e-Commerce, and Improve Services

As the corporate world grows more reliant on e-commerce and automation, governments too are realizing that they can better serve citizens by being more technologically savvy. In 2002, state officials pursued a next-generation e-government presence to transform the way citizens, elected officials and state employees interact with their government.

Until then, this state government, like many others, had a scattered Web presence. Well over 100 agencies, boards, and commissions each designed and managed their own Web sites and infrastructure. State residents could not easily find information or pay for services online. The state needed a robust, scalable solution that could integrate information from all agencies into one comprehensive Web presence with portals to improve navigation.

The state's legislature stepped in and mandated that the state consolidate its Web presence and offer its citizens more comprehensive, and easier-to-use, services and information. As a result, the state and EDS established an e-government program to find a solution that encompassed the following goals:

- *Develop a standardized, integrated Web presence.* The state wanted a Web presence that citizens and civil servants alike could easily navigate and use. Toward that end, the state sought a solution that would allow it to easily design, develop, and implement a large, integrated Web site. It was also looking for a Web content management solution that would simplify the creation, management and posting of new content.
- *Reduce costs.* Having more than 100 different agencies, boards and commissions design, host and maintain separate Web sites was costly. The state felt that consolidation would reduce its Web-related expenses.
- *Offer better services to state residents.* Other states have found that an effective Web presence helps them serve residents more effectively by putting detailed information at their fingertips. This state wanted to provide such services to its residents in the most innovative way possible.
- *Create effective intranet portals.* The state wanted internal portals for state employees that would help them be more efficient and productive.
- *Build an e-commerce solution.* The state lacked the capability for residents to perform online transactions, such as license renewals. It wanted to build a cost-effective e-commerce solution to provide citizens with 24/7 access to routine services.

“Collaborating with leading software and hardware providers enabled us to design and deploy a best-in-class, end-to-end e-government infrastructure that ensures this state government is accountable and accessible to its constituency, while also ensuring operational efficiencies and savings for the state.”

Shannon Glasscock
EDS Client Delivery Executive
E-government Program

State Government Chooses EDS

In 2002, the state issued a Request for Proposal (RFP) for a contractor to build a Web hosting, content creation and e-commerce solution that the state would manage after it was built. EDS won the award because it offered the most innovative, effective solution at a competitive price, and was the only independent integrator to bring best-in-class technologies together in an end-to-end e-government infrastructure with a single point of contact. EDS built the solution based on the top e-commerce and content management solutions, and designed and developed the underlying infrastructure.

The state's new e-government environment facilitates seamless, statewide exchange of information and services in the present, and will help harness new enterprise applications in the future. EDS used Interwoven's TeamSite software to build a robust content management solution with automated workflows that guide content through the entire lifecycle - from content creation, testing, and staging, to approval, deployment, and archiving. Improved content management also ensures that citizens find up-to-date, accurate information in the public portal without having to call a hotline or stand in line. The TeamSite product consolidates government agency sites into one comprehensive source, enabling a redesigned look and feel that is modern and consistent, as well as more user-friendly and easily navigable. Beyond enhancing the user experience, EDS ensured that the site also generates operational efficiencies for the state by supporting high-traffic volumes and leveraging existing back-end functions, maximizing all of the state's resources within the current environment.

Next, EDS implemented the WebSphere Portal Server to create a single, agency-facing source for information, applications, processes and users. This allows for a more information-rich intranet portal that facilitates information sharing between and within state agency staff.

In addition, EDS configured the WebSphere Application Server and WebSphere Commerce Server to integrate the state's agency commerce transactions into a single payment management process. The new process provides leveraged support for banking, reconciliation, order fulfillment, and agency and statewide accounting information systems.

“Making sure the infrastructure was secure and reliable was a key issue for us, and was a primary reason that we outsourced to EDS. EDS has made sure that the infrastructure is safe from attacks and intruders, and is available whenever residents or state employees need it”

Manager
E-government Program

Finally, EDS armed the new Web environment with Sun's ONE Network Identity and Lightweight Directory Access Protocol solutions to ensure ironclad security for content, applications, and assets. This solution centralizes management of identity profiles, access privileges, and application and network resource information. Now, information is not only easy to access, but easy to update and protect, too.

After building the solution, EDS supported the site as a contractor, and the state ran the system. In 2004, while in the midst of a data center consolidation, the state became concerned about security vulnerabilities and decided that it needed a more secure solution. The state's CIO believed the most cost-effective way to provide that security would be to outsource the entire solution to EDS.

The EDS team in the state's capital provides security administration for the new Web environment and also implements upgrades and software patches as needed. In 2005, EDS moved the portal and the entire content management platform from the state's data center to an EDS facility in Plano, Texas, where EDS provides a safe, secure computing platform for the e-government applications. In January 2006, EDS also moved the e-commerce and remaining applications to the secure environment in Plano. In September 2006, the entire e-government computing environment in Plano was designated a PCI-compliant site by meeting the credit card industry's highest security standards.

The State Government's Bottom Line for the Project:

A projected, cumulative, five-year net benefit of \$6,050,000, driven by a substantial reduction in operational costs, server consolidation, and a variety of other benefits, including avoiding the purchase of new CPU licenses. The project has an ROI of 54 percent and a payback period of one month. The reliability and security of the state's commerce and Web presence have dramatically improved, and residents have a more responsive government, and can more easily access government services and information.

The Bottom Line for the State Government

A detailed analysis of the outsourced solution shows that the state will gain a projected, cumulative, five-year net benefit of \$6,050,000. The savings come from the state avoiding a substantial investment in infrastructure. These avoided costs include the cost of operations, the purchase of new per-CPU application licenses, and additional infrastructure required to support a three-tiered environment. The project has an ROI of 54 percent and a payback period of just one month.

In addition to significant financial benefits, the state now enjoys a safe, secure computing environment for the highly innovative e-government program. Also, state transactions are now simplified, automated and effortless. In fact, citizens and business can register their vehicles, pay for health licenses, and even get the latest statewide news, all from the comfort of their desktops. And all of this can now be done through a single source, without citizens having to search several disparate sites.

The state will also save a significant amount of money in operational costs. If the state were to have run the solution - including the e-forms project - by itself, it would have had to spend approximately \$17 million over five years. Instead, it will pay EDS \$11 million in outsourcing costs, which will save the state a projected, cumulative \$6.05 million over five years.

EDS has also built a unique e-forms solution for the state, in cooperation with Adobe. The state will pay a per unit cost for each form, and for hosting and data extraction. Various state agencies can now place electronic forms on their Web sites, and automatically pull data from those forms and route the data into the state's databases. This will speed up forms processing by a factor of six; in addition, the state pays no ongoing infrastructure costs. As a result, the state will save a projected cumulative \$3,114,000 over five years.

The state will benefit financially in a variety of other ways. If the state were to run the infrastructure itself, it would have had to buy additional CPU licenses for new servers. By not having to purchase those licenses, it will save a projected, cumulative \$810,000 over five years. Because the infrastructure is outsourced to EDS, the state does not need a full, three-tier environment with redundancy. As a result, it will not have to purchase additional servers, for a projected, cumulative \$656,000 in savings over five years.

The implementation has been so successful, that the state's Web site was ranked No. 3 in 2006 in an annual study for quantity and quality of online services conducted by Brown University's Taubman Center for Public Policy.

The state is also tapping into EDS' expertise in other areas. It is considering having EDS build and manage other solutions, such as a secure instant messaging system and a portfolio management solution. The latter would automate the process of qualifying and tracking IT projects and their associate program benefits over time.

Figure 1: An Inside Look at the EDS Solution

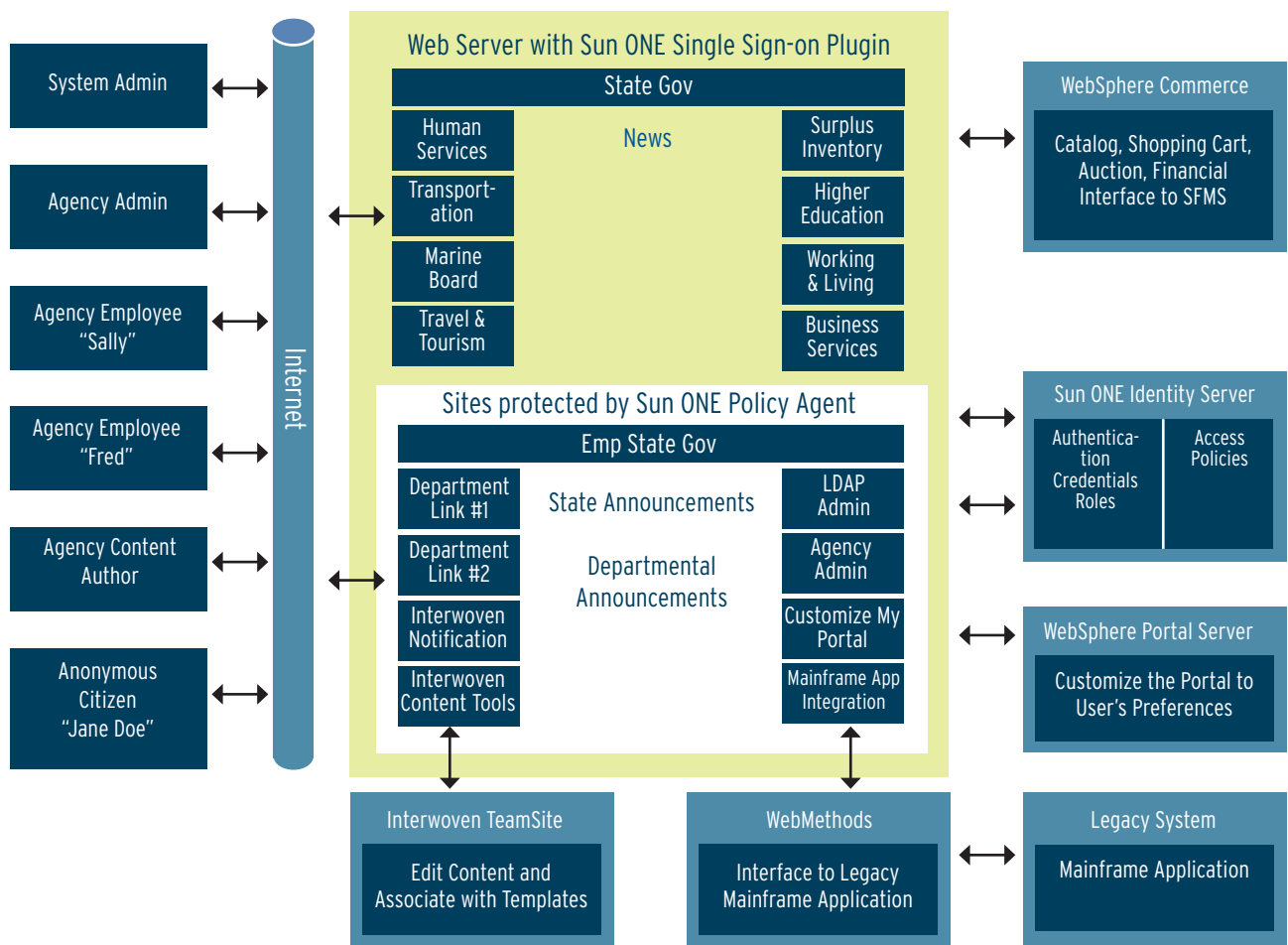


Figure 2: Detailed Seven-Year Financial Analysis

Project Summary

Project Costs	Start Up	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Current Outsourcing Payments		\$2,233,000	\$2,233,000	\$2,233,000	\$2,233,000	\$2,233,000	\$11,165,000
Contract Transition Costs	\$30,000						\$30,000
Total Project Costs	\$30,000	\$2,233,000	\$2,233,000	\$2,233,000	\$2,233,000	\$2,233,000	\$11,195,000

Project Benefits	Start Up	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Cost of Operations Avoidance		\$2,533,000	\$2,533,000	\$2,533,000	\$2,533,000	\$2,533,000	\$12,665,000
IT Server Build Out		\$287,500	\$106,500	\$46,500	\$104,000	\$111,500	\$656,000
Application License Savings		\$450,000	\$90,000	\$90,000	\$90,000	\$90,000	\$810,000
E-Forms		\$0	\$0	\$450,000	\$864,000	\$1,800,000	\$3,114,000
Total Benefits		\$3,270,500	\$2,729,500	\$3,119,500	\$3,591,000	\$4,534,500	\$17,245,000

Financial Analysis		Year 1	Year 2	Year 3	Year 4	Year 5
Net Value	(\$30,000)	\$1,037,500	\$496,500	\$886,500	\$1,358,000	\$2,301,500
Cumulative Net Value	(\$30,000)	\$1,007,500	\$1,504,000	\$2,390,500	\$3,748,500	\$6,050,000
Net Present Value	\$4,482,128					
Payback Period (in months)	1					
ROI	54%					

Explanation of Calculations

Return on Investment (ROI) is the percentage return expected over a specified period of time. ROI is the total benefit minus the total costs in years 1-5 divided by the total costs. The ROI metric is good for assessing the net value benefit of the project relative to the initial investment.

Net Present Value (NPV) represents the cumulative present value of the expected return of a project over a specified period of time minus the initial costs of the project. This dollar figure provides visibility on the actual value of a project, taking into consideration the time value of money - the ongoing benefit of a project in today's dollars. NPV reflects the magnitude of the project and demonstrates whether the project generates a profit. (For the purpose of these calculations, the net value and "discounted" it at 15 percent - the cost of capital used in the analysis is 15 percent.)

Payback Period (or breakeven) is the time it takes for the project to yield a positive cumulative cash flow. It is a key measure of risk but does not take into account cash flows after the payback period.

ROI, NPV and Payback should be used in conjunction with each other to understand the rate, size and timing of the return.

Net Value is the benefit delivered to the organization for the investment made in the project. It is calculated by taking the total benefit minus the project costs.

Figure 3: Benefits - Cumulative Net Value

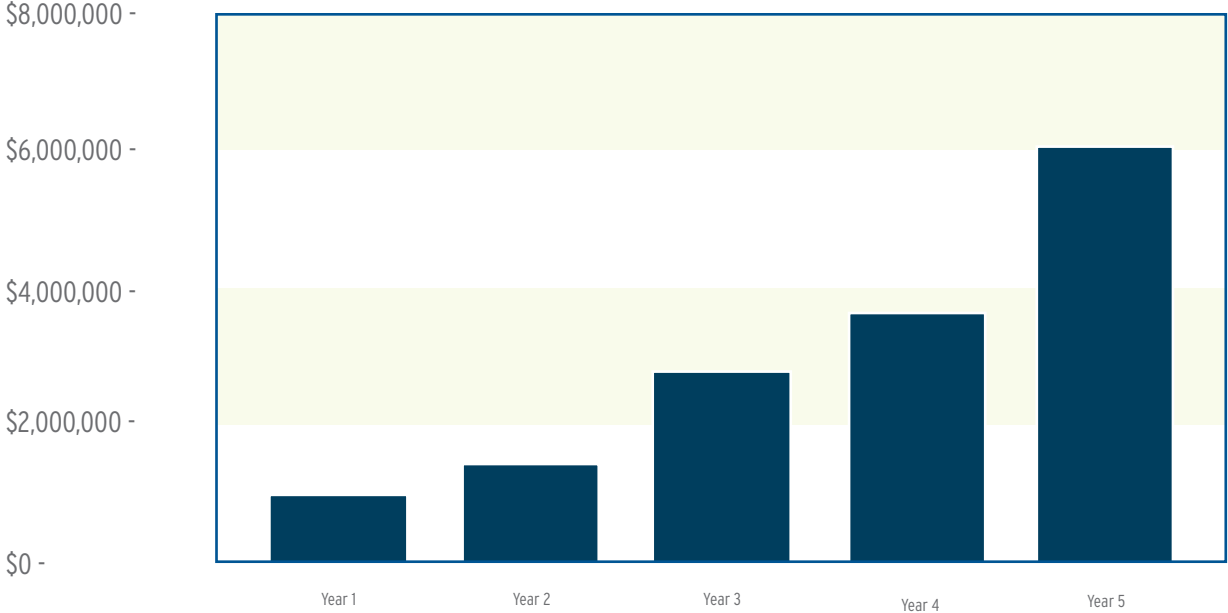


Figure 4: Breakout of Solutions Costs

Five-Year Cumulative Net Value = \$6,050,000

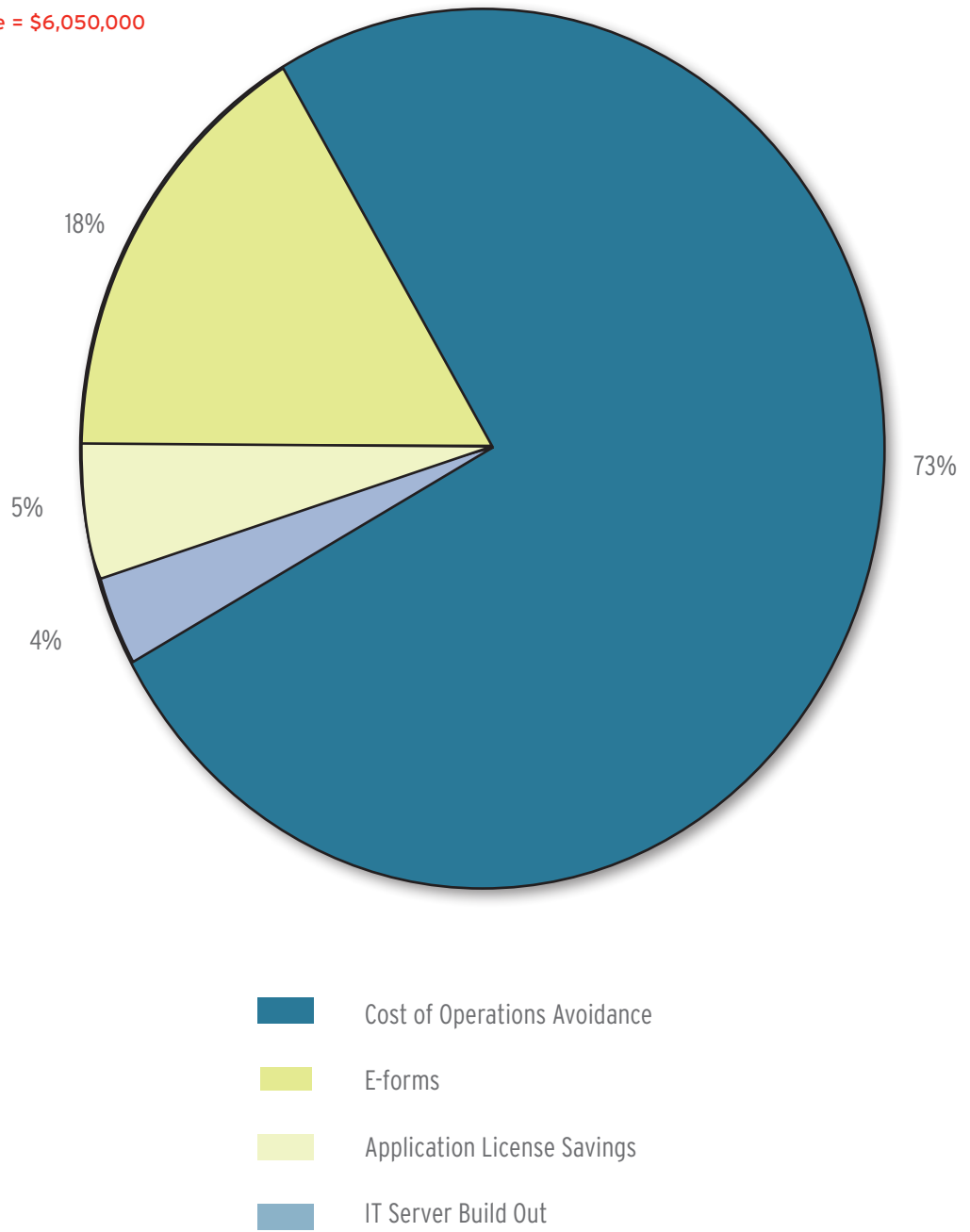


Figure 5: Benefits

Objective	Benefits Achieved
Build a unified Web presence	EDS has developed a content management solution that allows the state to build a coherent, easily searchable and navigable, integrated Web site for residents, who can now more easily access government information and resources.
Build an e-commerce solution	The e-commerce solution built by EDS will handle approximately 250,000 transactions in 2006, rising to nearly 550,000 in three years. Online transactions are less expensive for the state than paper-based ones.
Reduce costs	By outsourcing the solution to EDS, the state will realize a projected, cumulative, five-year net benefit of \$6,050,000.

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About EDS

EDS, an HP company, is a leading global technology services provider, delivering business solutions to its customers. EDS founded the information technology outsourcing industry more than 46 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to customers in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries, and to governments around the world.

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