Chapter 1.8
E-Government and ERP:
Challenges and Strategies

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ABSTRACT

The chapter introduces the essence of ERP in government as a tool for integration of government functions which provides the basis for citizen services. It discusses the challenges faced in modernization of government "businesses" and discusses strategies for implementation. The basis of Enterprise Resource Planning (ERP) solutions is integration of functions which capture basic data through transactions to support critical administrative functions such as budgeting and financial management, revenue management, supply chain management and human resources management. Today, Enterprise solutions (ES) go beyond ERP to automate citizen-facing processes. The integration of data sources with each contact point is essential to ensure a consistent level of service. The author expects that researchers, governments and solution providers will be able to appreciate the underlying constraints and issues in implementation of ERP and hopes that the learning from industry would be useful to plan implementation of ES in government using emerging technologies.

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INTRODUCTION

ERP provides an enterprise-wide view of an organization and integrates various silos of activity. Such an integrated approach has a tremendous payback if implemented properly. Most ERP systems were designed to be used by manufacturing companies to track men, machines and material so as to improve productivity and reduce inventory. Viewing it from a business perspective, ERP systems are now known as Enterprise Solutions (ES) which takes a customer order and provides a software road map

for automating the different steps along the path to fulfilling the order. The major reasons why companies look at ES can be summarized as:

- Integrate financial information
- Integrate customer order information
- Standardize and speed up operational processes
- Reduce inventory
- Standardize HR information

Governments worldwide have been making efforts to use *information and communications technologies* (ICT) as an instrument of change to provide better services to citizens, facilitate work flow, and provide better governance and transparency. Popularly known as *E-Government*, the focus has initially been on information dissemination which has now moved on to transactions. What is required is a transformation of the public administration which takes a citizen service request and provides a software road map for automating the different steps along the path to fulfilling the request. This cuts across various departments and it is therefore critical to lay down suitable policies, guidelines and specifications and also redefine processes to facilitate faster proliferation of ICT applications.

E-government does not happen with more computers or a website. While online service delivery can be more efficient and less costly than other channels, cost savings and service improvements are not automatic. *E-government* has therefore to focus on planning, sustained allocation of budgets, dedication of manpower resources and above all, the political will. The *e-government* field, like most young fields, lacks a strong body of well-developed theory. One strategy for coping with theoretical immaturity is to import and adapt theories from other, more mature fields. (Flak, Rose, 2005)

Literature survey on implementations of *e-governance* has brought out the following observations which would help us in redefining the use of *Information & Communication Technology* (ICT) in the right perspective.

- Most governments have not changed their processes in any way, and instead have automated flawed processes.
- Government budgets and administration tends to be in departmental silos, but e-governance cuts across departments.
- Too much attention to "citizen portals" has taken attention away from *internal government functioning*. There is a big gap between a web site and *integrated service delivery.*
- Governments often underestimate the security, infrastructure, and scalability requirements of their applications which impact the quality of service. (Khalil, Lanvin, Chaudhry, 2002)

Learning from the experiences of the corporates, governments today understand the need for a consistent and flexible information infrastructure that can support organizational change, cost-effective service delivery and regulatory compliance. ERP is therefore needed to meet organizational objectives and outcomes by better allocating resources - its people, finances, capital, materials, and facilities. Modernization programs however involve a broad range of activities and require a wide array of skills and experiences, as these programs affect everything from computers to culture. The objective is to reduce administrative overhead and improve core product/service delivery.

ESSENCE OF ERP IN GOVERNMENT

Before moving on to the ERP discussion it is necessary to dwell a little on various aspects of E-government which is about transforming the way government interacts with the governed.

The *E-Government handbook* for developing countries identifies three major phases –Publish,