Reorganization of Software Application Hosting and its Relation to E-Government:
A Swedish Municipality Case

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EXECUTIVE SUMMARY

This article reports a case of a decision-making process in a Swedish local government reorganizing hosting of software applications. One question raised is, how the attempt of improving governance and being more of an e-government, influences hosting decisions. The case findings suggest, that organizations planning to decentralize decision-making in order to make better decisions and to increase ability of being an e-Government need to centralize parts of the IS-work. The article suggests different reasons for why an organization starts the process of reorganizing and how these reasons are connected to e-Government. The reorganization improved the governance so the executive committee could make correct decisions, in line with the government's ambition to become more of an e-Government and providing better services for its citizens. However, the question remains if decided option, to centralize and coordinate software applications hosting and ICT, was the best option or if another outcome would be preferable. [Article copies are available for purchase from InfoSci-on-Demand.com]

Keywords: E-Government, IS Governance, Reorganization of Hosting, Sourcing Decisions

SETTING THE STAGE

This article reports a case describing a sourcing decision-making process in a Swedish local government, in this article labeled "the municipality." The research context is to a high extent dependent on the definitions of the concepts "e-government" and "hosting." The idea of e-government is often described (Bekker & Holmberg, 2007; Löfgren, 2007; Moon & Norris, 2005; Yildiz, 2007) as an object or the "principal tool" by which public administrations improve their government activities both internally, for improved efficiency and effectiveness, and externally for improved relations with stakeholders. This opinion is in line with our understanding of the concept. Thus it can be stated that e-government is about how an organization uses its informa-

tion and communication technology (ICT) resources to reduce its internal workload and at the same time facilitate for the customer—that is, the citizen—in gaining access to services delivered by municipalities.

The evolution of e-government is described in different ways. Several stage models have been presented, for instance by Layne and Lee (2001). According to Riley (2003, p. 6):

Government is an institutional superstructure that society uses to translate politics into policies and legislation, while Governance is the outcome of the interaction of government, the public service, and citizens throughout the political process, policy development, program design, and service delivery.

We will come back to the concept e-governance later in this article.

The question whether organizations start a sourcing decision process is mostly related to the hosting of their software applications. Some studies have well reported the reasoning behind the decisions on how organizations should host their software applications (Dewire, 2001; Gorla, Chan, & Oswald, 2002; Aalders, 2001). Two factors that may have great impact on these kinds of decisions are control and capability. These two factors are often reported as reasons for organizations to start a sourcing decision process aimed at reorganizing hosting in organizations. Sourcing, from our point of view, involves outsourcing, insourcing, external service provision, and so on. Outsourcing can be positioned as one part within the field of e-government. Heeks (2006, p. 98), scanning the field of e-government, states that "outsourcing can cover a wide variety of e-government systems activities, including:

- analysis and design, for example, feasible study or process redesign;
- construction, for example, procurement advice or programming;
- implementation, for example, training or data conversion;
- operation, for example, running the computer systems or providing maintenance."

But Heeks also concludes that "it would be rare for the entire central IT unit to be outsourced" (p. 98).

In this article, we define hosting as "localization," and since citizens use software applications and receive services from software hosted by the service providing organization, e-government strongly relates to external hosting. In the e-government case the user of the software is not employed by the organization that delivers the possibility of using the software. This can, for instance, be related to outsourcing and/or external service provision of software applications. Control is a commonly referred factor when organizations decide on adopting or not adopting external service provision (Johansson, 2004). Control in this case can then be compared to questions about security and protection. And security and protection of ICT resources may to a great extent be viewed as related to hosting of the resources. This discussion directs us to the following questions:

1. Why do organizations deliberately start a sourcing decision process to reorganize their hosting of software applications?
2. How do decision makers' thoughts of e-government influence the start of such a decision-making process?

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