



Can Governments Outsource?

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Process and Cost Optimization is on every boardroom agenda now. There is a significant focus on citizen satisfaction through improvement in customer service and also focus on growth and enablers to support growth.

As a result several organization and governments are looking at leaner business model - reduction to sustainable costs. Organizations are looking at outsourcing of activities like customer service to specialists and create ability to scale up for growth and manage manpower issues. There is increased focus on productivity and to optimize processes to global best practices.

There are various benefits of outsourcing:

- *Increased focus on your processes: Increased efficiency and effectiveness*
- *Documented Standard Operating Procedures: To improve processes and service levels*
- *Definition and measurement of Service Levels: Business and performance linked metrics*
- *Flexibility: Change metrics to align to changing business needs and trends*
- *Takes your processes to the 'best in class' category*

Various governments across the world have adopted outsourcing by setting up shared service centers and letting several activities be managed by specialized. As a case study, the Government of India has imbibed outsourcing. They have set up a National eGovernance Plan (NeGP) the focus of which is to upgrade the quality of Governance by transforming delivery of government services in G2C and G2B. This has been approved by Union Cabinet. Their key initiatives are in form of Mission Mode Projects (MMP).

The guiding principles are :

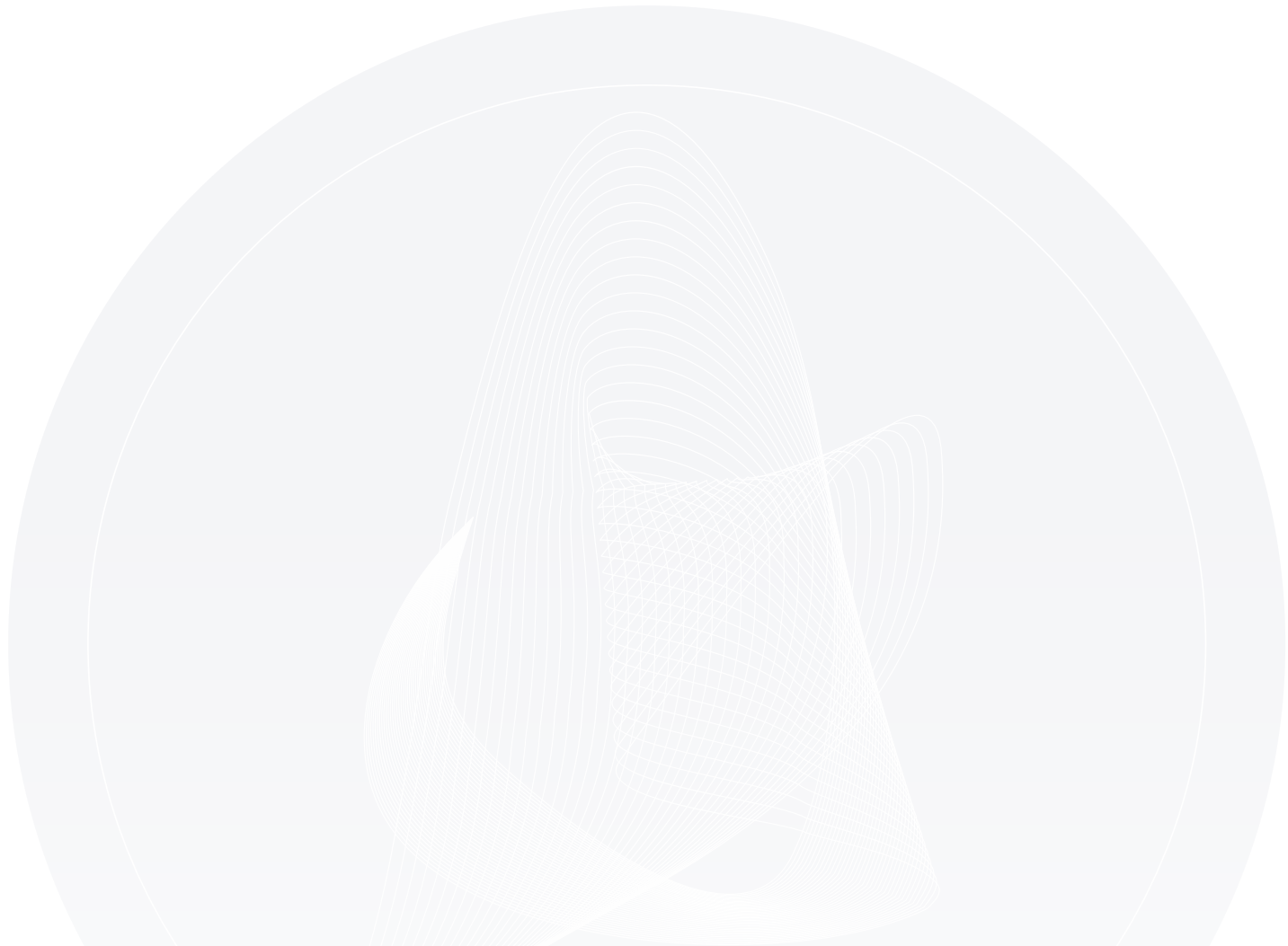
- *Reinventing Service delivery and reducing transaction costs for end customer*
- *Process reengineering*
- *Computerization*
- *Streamlining large back office processing*
- *Capacity Building (Private sector participation)*

There have been several NeGP Mission Mode Projects such as eFiling of Income Tax returns, Citizen Service Centers, National ID, eProcurement, Civil Supplies - Smart card based Ration Systems, Land records Registry to name a few.

There are various prevalent Outsourcing Models that government adopt - Public Private Partnership, BOOT, BOO and Franchisee. The commercial model can be based on End User Charges or Fixed Costs. Service provision is either through single vendor or a consortium especially for large bundled deals involving people, infrastructure and technology.

The Government of Kenya has already embarked on this journey through various projects. There is tremendous potential and benefits if government outsources locally to BPO providers. This clearly demonstrates government's willingness to outsource and also build up local capacity and talent.

White Paper



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