

***Standards, Policies
and Guidelines -
Channels Framework***

MAMPU

Version 1.0

August 2003

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1. INTRODUCTION

Electronic channels can radically alter the way government delivers its services and change its relationship with its customers (i.e. citizens and businesses). E-Government has the potential to significantly improve the delivery of public services, making them easier to access, more convenient to use, more responsive as well as more transparent. Electronic service delivery also has the potential to free up resources in the Public Sector by delivering services more efficiently.

The Public Sector must ensure that the transition from traditional to electronic service delivery does not disadvantage those who do not have ready access to the appropriate technology. Electronic service delivery should be thought of as complementary rather than accepting the more popular view that it will ultimately replace many traditional channels for service delivery.

Some of the key strengths of electronic channels are:

- Offers significant opportunities to meet the needs of citizens and businesses by improving access to and interaction between them and the Government, in an inclusive and integrated manner;
- Offers the ability to combine the functions of audio, video and text to create a rich blend of content;
- Creates new opportunities for Public Sector Ministries, agencies and departments to market their services and messages to citizens and businesses;
- Allows citizens and businesses to have a choice of access to Government information and services;
- Opportunity to create more seamless delivery of Government services through the use of intermediaries and private sector partnership

The challenges that must be faced by the Government's Ministries, agencies and departments are:

- Deciding on appropriate mix of channel deployment for delivering best value for both the agencies and customers;
- Providing guidance and mechanism for Public Sector agencies to join-up and coordinate their channel strategies; and
- Possibilities of agencies deploy delivery channels in isolation resulting fragmented services and may waste money through duplication and overlap.

1.1 Definition

Definition of channels and channel strategy:

A *channel* is defined in this document as a means for agencies to deliver services to customers. Services can range from pure information provision to transaction-type services, which may be delivered either directly by Public Sector agencies, or indirectly by intermediaries.

Channels could be electronic, voice, face-to-face or post. The term *customer* in the context of this framework includes citizens and businesses.

A *channel strategy* represents a set of business-driven choices about how and through what means services will be delivered to customers.

1.2 Objectives

The objectives of this document are to:

- Promote a co-ordinated approach in the development of channel strategies across the Public Sector; and
- Provide insights into the decision-making process involved in the formulating a channel strategy.

1.3 Scope

This channels framework focuses on the electronic delivery of Public Services and is intended to cover the development of channel strategies, in the context of both electronic and traditional channels.

2. CHANNELS GUIDELINES

2.1 Overview

This Section discusses the ten (10) guidelines and insights into the decisions required to develop effective channel strategies.

Guideline 1-3 covers the need to develop strategies within a wider business and Government context.

Guideline 4-10 provides more tactical guidance on implementing channel strategies within the Public Sector.

2.1.1 Guideline 1

Agencies should have a channel strategy for service delivery to customers. This strategy forms an integral part of their business strategies and support wider Government policies and modernising Government.

Developing channel strategies is a key part of wider existing business planning processes – not a separate exercise resulting in a stand-alone, one-off document. Agencies need to consider the implications of channel decisions in the context of their wider business objectives and recognise that channel strategies are not an end in them.

An important consideration for agencies in the development of their channel strategies is the degree of organisational change required to deliver them. This involves consideration of adequate resource levels, employees' skill, culture, organisational readiness and adaptability to change, which will all affect the feasibility of particular strategies.

2.1.2 Guideline 2

Agencies should co-ordinate their channel strategies with other Public Sector agencies around a thorough understanding of customer needs to provide best value and join-up services.

This means collaboration among agencies on how information and services are presented, how business systems are developed and deployed, and how elements of e-Government are planned and managed. Public services should be built around customer needs to reap the benefits of a join-up channel strategy.

If each Public Sector agency develops its channel strategy in isolation, this could lead to fragmented services and may waste money on duplicated and overlapping channels.

2.1.3 Guideline 3

Channel strategies should reflect the balance between customer and business needs and demonstrate clear value to both the agencies and its customers, underpinned by an understanding of end-to-end delivery costs.

Public services should be provided for the convenience of the customer, this means convenience in time, convenience in place and convenience in use. Public Sector is committed to bringing services closer to where customers live and work, and in the public places they use. However, Public Sector agencies will inevitably need to balance customer needs with resource constraints. Agencies should deploy resources and use channels in a manner, which they can provide value to organisations and their customers.

For electronic channels, value creation is more likely to be achieved by transactional online services and richer information services. Customer behaviours

will need to change so that they are confident to use electronic self-service channels instead of traditional channels.

In developing a channel strategy for delivering public services, it is essential that the value to the agencies is clearly understood, along with the value to its customer.

2.1.4 Guideline 4

To encourage take-up of electronic channels, agencies should first build customers' confidence and trust in those channels.

This will require the promotion and marketing of the benefits of using those channels, reassurance about privacy and security, and access to online and offline personal assistance. Trust in the electronic channel is the major determinant of the adoption behaviour. Public trust in the way that Public Sector bodies handle their personal data and protect their privacy is vital to the relationship between the Citizen and the Government.

Citizens and businesses share with the Government, information that is private and sensitive. The protection of personal data processed by channels is an important consideration when developing a channel strategy. Sharing information between Public Sector agencies to improve service delivery would need clear permission from the citizens and businesses.

There are three elements to building confidence in Government services:

- Customer is confident that data transmitted to the Government is secure; that eavesdropper cannot read it and that no one else is capable of impersonating another to gain access to the data;
- Customer is assured of their privacy; that personal data will not be misused; and
- Government needs to make sure that its site generates trust.

Different electronic services will require different levels of security. Some applications, which are low-sensitivity and low-risk, may require only PIN-based authentication, whereas others may require encryptions.

Agencies also would need to set take-up targets and develop incentives to encourage people to use electronic services. These might include transferring some of the cost savings to users, providing free services and faster service delivery.

If take-up is much lower than expected, savings are likely to be difficult to realise. If customers do not use the service, then they will not receive the benefits associated with it. Both these factors can undermine the business case for an electronic service. With low take-up there will be overcapacity, representing a drain on resources, and a failure to pass on the benefits of improved service delivery.

2.1.5 Guideline 5

Consider how to use and combine different media content which allows for the delivery of more powerful marketing messages and encourages greater customer access and usage.

The success of e-Government initiatives will be largely determined by the extent of their usage by the customers. The agencies and departments will need to invest in public awareness programs and a range of high-profile campaigns to publicise their e-Government initiatives.

Electronic channels should be used to create a rich blend of content by combining the functions of audio, video and text in marketing public services and messages to customers. Moving these marketing messages onto the electronic channel will not only save money, but will also open up possibility of various functionalities that the other delivery methods cannot deliver.

2.1.6 Guideline 6

Decide on a mix of electronic and traditional channels to ensure customer accessibility, which needs to be managed together for effective and efficient service delivery. This channel mix should change over time with greater acceptance of electronic channels and advances in technology.

Customers expect a choice of channels. Customers use a mix of channels according to the appropriateness of the channel and their familiarity in using them. The same user may also prefer to use different channels for various stages of interaction with government.

Public services should be delivered over a choice of electronic channels in addition to traditional counter services. Choice of channel must reflect:

- Abilities and preferences of customers;
- Capability of the channel to support services; and
- The economics of anticipated customer take-up.

2.1.7 Guideline 7

Decision on choice of electronic devices – PCs, telephones, mobile devices and kiosks – should be considered to create and support an infrastructure to facilitate pervasive online access, subject to device suitability to support transactions.

Customers should have a choice of electronic channels for accessing Government services. Pervasive online access is a key aspiration for Public Sector, where customers can access online services irrespective of location – whether at home, at work, on the move, or in the community.

The electronic delivery of Government services should be based around open internet standards, so that customers can access the services through a variety of platforms. Agencies should identify specific barriers that affect certain groups in their access to electronic channels, e.g. do not have a telephone connection, basic literacy problems, costs and perceived costs of access and lack of ICT skills for those living in low-income neighborhood.

In determining which devices will be prominent for the transformation of the way public services will be delivered, PCs, telephones, mobile devices and kiosks are particularly important, each of which is considered below.

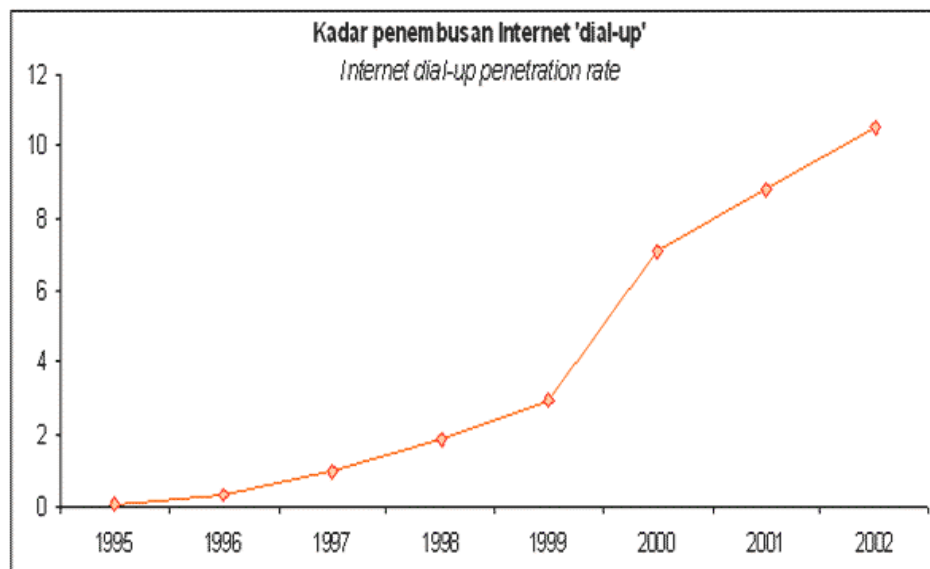
Personal computers

PCs have significant presence in Malaysia, providing access to online services at work, at home and in the community (libraries, schools, etc). The penetration of those PCs connected to the internet is growing in both the workplace and at homes. As of March 2003, the internet penetration was at 10.8 per 100 persons¹. IDC expects Internet users in Malaysia to reach 6.7 million by 2005 following a compound annual growth rate of 14.6% between 2000 and 2005. Diagram 1 shows the growth of internet subscribers in Malaysia over the last 8 years.

In addition, PCs offer capabilities not provided by other channels currently, such as software download and usage as well as home-office functionality.

¹ Source: Malaysian Communications and Multimedia Commission

Diagram 1: Internet Dial-Up Penetration Rate



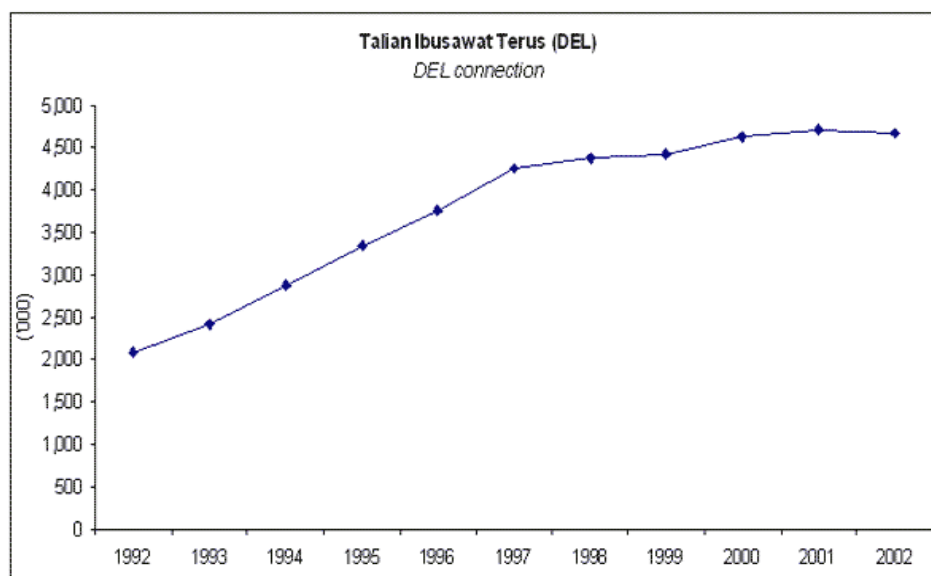
Source: Malaysian Communications and Multimedia Commission

Telephones

The telephone penetration rate in Malaysia was at 18.7 per 100 population or 60.9 per 100 households as of March 2003². Diagram 2 shows the growth of fixed telephone connection in Malaysia from 1992 to 2002. Call centres (a facility specifically set up to handle calls from citizens or businesses) are required to support telephone access. This facility will be the primary telephone interface with citizens or businesses for specific services or for a department, agency or local authority. The facility will be a structured environment where calls are handled by a group of agents whose main job is to handle incoming and/or outgoing telephone calls. To serve customers better, a web-enabled call center provides customers with ready access to multimedia-based information and access to customer service representatives – via real-time text chat, email, fax or phone call.

² Source: Malaysian Communications and Multimedia Commission

Diagram 2: Fixed Telephone/DEL (Direct Exchange Line) Connection



Source: Malaysian Communications and Multimedia Commission

Mobile devices

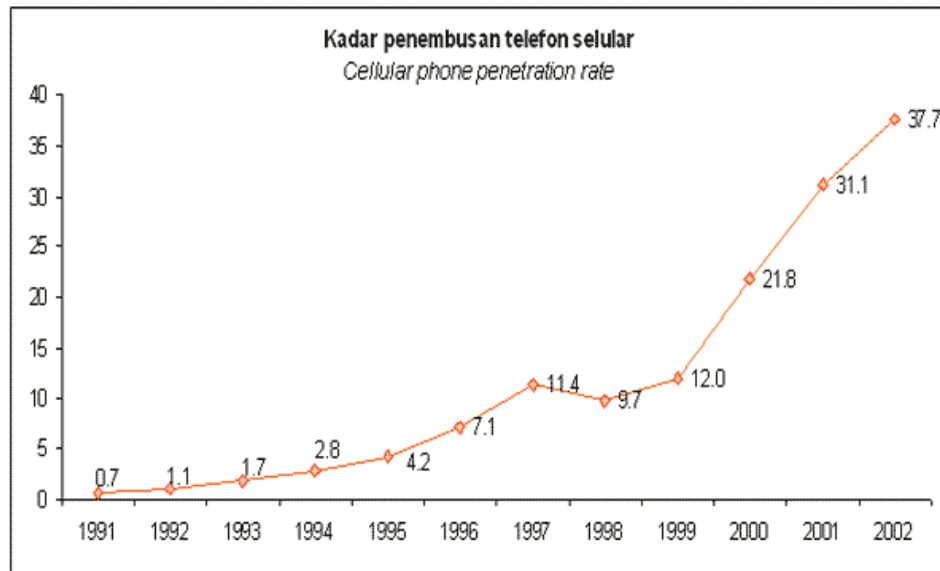
Mobile devices, including mobile phones and personal digital assistants (PDA) provide the opportunity for service providers to be more responsive to customers' needs. These devices are now a growing capability for access to e-Government information and services from anywhere and at anytime without requiring a traditional personal computer. As of March 2003, mobile cellular penetration was at 39 per 100 persons³.

According to a recent study, Malaysia's mobile market is still at a growth juncture. It is currently the fastest growing service in the local telecom arena. The mobile subscriber rate is expected to reach approximately 9 million by the end of 2003, thus, achieving a penetration rate of about 38% of its 24 million population using cell phones. The subscriber base is expected to grow further at a compound annual growth rate of 12%, securing 12.8 million subscribers by 2006. In 2003, Malaysia is expected to be the 7th country with the highest penetration of mobile subscribers

³ Source: Malaysian Communications and Multimedia Commission

across Asia Pacific excluding Japan. Diagram 3 shows the growth of cellular subscribers from 1991-2002 in Malaysia.

Diagram 3: Cellular Phone Penetration Rate



Source: Malaysian Communications and Multimedia Commission

Kiosks

Public access kiosks with customer-focused applications have the potential to breakdown barriers to technology and provide a starting point for increased use and acceptance of electronic channels. They have the potential to bring online services to all and play important role in positively changing customers' attitudes to, and behaviour towards technology. Applications can range from simple information provision via text to interactive video conferencing with a call centre agent.

2.1.8 Guideline 7

Agencies should reflect customer preferences in their channel strategies to promote social inclusion, so that cost, skill and lack of confidence does not impede channel usage.

In this document, social inclusion means all members of society from all backgrounds irrespective of ability, age, gender, geographical location, income and race have access to, and confidence in, electronic delivery channels. The attributes of social inclusion are commonly considered to be:

- Skills – literacy, numeracy, social confidence, technical confidence;
- Resources- money, transport and health services;
- A habit of participating in local affairs; and
- A cultural identity.

The Public Sector has a vital role to play in promoting social inclusion. Online public services must be well designed and accessible to all. Public Sectors need to identify those channels where lack of skills, confidence and cost are not impediment to channel usage to ensure successful take-up of electronic services to include all in society. Telephones and public kiosks should be considered in addressing social inclusion requirements because of their availability across all groups in society.

2.1.9 Guideline 9

Consider partnering with intermediaries to create opportunities to open up government, where applicable.

Involving intermediaries in the delivery of public services will allow Government to expand the overall number of delivery channels over time and enable to offer public services in an attractive, innovative and customer centric ways.

In developing a channel strategy, agencies and departments should determine whether they are the most appropriate organisation for the delivery of particular services, or whether an intermediary is more suitable.

Intermediaries may be defined as third parties that act on behalf of organisations or individuals in the delivery of services. Intermediaries may be public, private sector or voluntary organisations. In this framework, the term *intermediary* is restricted to the position of service delivery provider.

Two approaches exist for involving intermediaries in service delivery:

- The intermediary interacts with the customer directly on behalf of an agency or department (i.e. a public sector-commissioned intermediary); and
- The intermediary interacts with an agency or department acting on behalf of the customer (i.e. a customer-commissioned intermediary).

2.1.10 Guideline 10

Partnership decisions should seek to open up Government and include competition, which is necessary to drive innovation, improved customer service and value for money.

A competitive intermediary market is a key requirement for opening up Government and promoting value for money and encouraging innovation in the delivery of improved customer service.

Involving private and public sector intermediaries in public sector service delivery, offers Governments the opportunity to both improve customer service and efficiency/effectiveness of service delivery. Involving intermediaries may enable government to offer public services in attractive and customer-centric ways that will contribute a drive towards improved and efficient services.

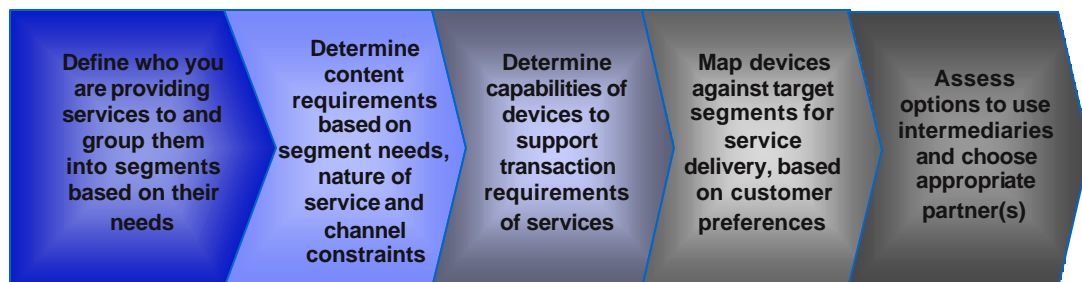
3. CHANNELS DECISION FRAMEWORK

3.1 Overview

This Section outlines a five-step process, which Ministries, agencies and departments can use as a starting point for formulating their channel strategies.

The five-step process for creating a channel strategy framework is:

- 3.1.1 Define who you are providing services to and group them into segments based on their needs;
- 3.1.2 Determine content requirements based on segment needs, nature of service and channel constraints;
- 3.1.3 Determine capabilities of devices to support transaction requirements of services;
- 3.1.4 Map devices against target segments for service delivery, based on customer preferences; and
- 3.1.5 Assess options to use intermediaries and choose appropriate partner(s).



Channel Decision Framework

3.1.1 Step 1: Define who you are providing services to and group them into segments based on their needs

Public Sector agencies must take pro-active measures to identify their customers. Understanding the customer base is required for both identifying customers' service requirements and their preferences for particular channels.

Each agency will use different criteria to segment their customers based on both needs and preferences. Customer segmentation allows for customers to be divided into manageable segments that have distinct characteristics. Through the identification of these characteristics, the needs of a particular customer set can be determined and services then tailored to meet those needs. Each segment will have unique needs and preferences and so may require a different value proposition.

A number of different criteria are available to segment customer markets, include: need or benefit sought; geographic (e.g. region, city size); demographic (e.g. age, gender, income, occupation); psychographic (e.g. lifestyle, personality); behavioural (e.g. usage, loyalty); and access (e.g. internet channel, face-to-face, mail, telephone).

Effectiveness of service delivery from a customer's perspective may therefore require that Public Sector agencies have an understanding not only of the segments they serve, but also segments served by other public sector agencies, the services provided and the channel used.

3.1.2 Step 2: Determine content requirements based on segment needs, nature of service and channel constraints

The main challenges agencies face in the delivery of content to different devices are:

- formatting content to cope with the capabilities of different devices;

- designing content to meet the needs of customers;
- sourcing content;
- managing content; and
- branding.

Formatting content - in deciding which content to format, it is important to note that not all content should necessarily be made available on all devices. The decision on which content to repurpose will be dependent on the device constraints and the device importance for the delivery of services. Explicit decisions are required on whether devices have specific content generation or whether generic content can be used. The cost implications for repurposing content for each channel can be significant.

Designing content – requires agencies to account for both customer needs and the technological capabilities of the various devices. For example, a web page with a rich combination of video, audio and text will only be appealing to consumers if they have the necessary bandwidth or devices which support the content to provide fast, easy access and navigation.

Sourcing content – refers to the collection and delivery of content, either directly or indirectly, from content providers. Content could be sourced from the private or public sector. Agencies need to make business decisions on whether to source content for channels directly from content providers or from Government content sources. Decisions on where to source content should be based on customer requirements and the cost of the different content-sourcing options available.

Managing content – decisions surrounding content management need to balance the objectives of providing accessible, timely and relevant information to customers against the cost of different content management options. Efficient content management is vital to provide the high standards of service delivery expected by increasingly demanding customers. Data must be available, up-to-

date, accurate, complete and 'clean' to avoid customer frustration and a potential loss of trust and confidence in the channel. Data archives should also be accessible and effective content retrieval systems need to be in place.

According to some studies, on average, users will leave a site if they don't find what they want within 4 clicks.

Branding – brands provide customers with recognition of agencies and services they are using. Each brand has its own values and customer associations attached to it.

3.1.3 Step 3: Determine capabilities of devices to support transaction requirements of services

Each device has its own set of drivers and inhibitors that determine its suitability to support particular transactions. Once decisions around content have been taken, it is necessary to understand the devices' capability to support particular transactions.

The capability of devices to deliver content varies significantly, from PCs displaying elaborate web pages, to the four line of text on WAP phone, to public access kiosks with distinctive navigation and layout tailored to their users. It should be noted, however, that device capabilities are improving rapidly.

3.1.4 Step 4: Map devices against target segments for service delivery, based on customer preferences

Agencies need to understand how each customer segment (defined in Step 1) can best receive the services provided. This requires mapping the channel devices to the segment preferences.

3.1.5 Step 5: Assess options to use intermediaries and choose appropriate partner(s)

Agencies should determine whether they are the most appropriate organisations for the delivery of particular services, or whether an intermediary (private or public sector) is appropriate. The test for this is whether agency or intermediary is able to provide improved customer service and/or value for money for the services being delivered based on an understanding of the customers' needs.

In choosing intermediaries, agencies should consider:

- a cost benefit analysis of intermediaries;
- there is no preferential selection of segmented customers;
- issues surrounding bundling and cross-selling of services;
- the delivery of value for money and improved customer service by encouraging a competitive and innovative intermediary market;
- taking decisions which do not impede the market;
- providing a clear win-win-win for government, intermediaries and customers;
- and
- branding, sponsorship, advertising and customer data ownership issues.

4. RECOMMENDATIONS FOR CHANNELS FRAMEWORK

4.1 Overview

This Section summarises the ten guidelines, supporting actions and the responsibilities for each action.

4.2 Recommended Actions

Guideline	Supporting action
Guideline 1 Agencies should have a channel strategy for service delivery to customers. This strategy should form an integral part of their business strategies and support wider government policies and modernising government.	Develop and review channel strategy as an integral part of the agency business strategy.

Guideline	Supporting action
<p>Guideline 2</p> <p>Agencies should co-ordinate their channel strategies with other Public Sector agencies around a thorough understanding of customer needs to provide best value and join-up services.</p>	<p>Co-ordinate Public Sector channel strategies to facilitate the identification of synergies.</p> <p>Constitute a working group to monitor and oversee co-ordination between Public Sector channel strategies.</p> <p>Identify opportunities for channel cooperation with other Government agencies using the working group as a channel for communication.</p>
<p>Guideline 3</p> <p>Channel strategies should reflect the balance between customer and business needs and demonstrate clear value to both the agencies and its customers, underpinned by an understanding of end-to-end delivery costs.</p>	<p>Apply a structured approach to demonstrating the value of chosen channel strategies by using the proposed decision framework.</p>

Guideline	Supporting action
<p>Guideline 4</p> <p>To encourage take-up of electronic channels, agencies should first build customers' confidence and trust in those channels.</p>	<p>Ensure the marketing/communications plan includes promotional messages around:</p> <ul style="list-style-type: none"> - benefits of using electronic channels; - privacy/security reassurance; and - commitment to supporting electronic services with personal assistance. <p>Reinforce guidelines for the confidential information gathering and sharing among agencies.</p>
<p>Guideline 5</p> <p>Consider how to use and combine different media content which allows for the delivery of more powerful marketing messages and encourages greater customer access and usage.</p>	<p>Aim to present content to customers in the most attractive and enticing way by considering the use and combination of different media in designing content format. This goal should form part of the marketing/communications plan and needs to be included in briefings to all parties, e.g. web design agencies.</p> <p>Develop a content framework to assist agencies with issues of formatting content on devices.</p>

Guideline	Supporting action
<p>Guideline 6</p> <p>Decide on a mix of electronic and traditional channels to ensure customer accessibility, which needs to be managed together for effective and efficient service delivery. This channel mix should change over time with greater acceptance of electronic channels and advances in technology.</p>	<p>Review and amend channel mix at regular intervals (where applicable) to ensure service delivery objectives are met.</p>
<p>Guideline 7</p> <p>Decision on choice of electronic devices – PCs, telephones, mobile devices and kiosks – should be considered to create and support an infrastructure to facilitate pervasive online access, subject to device suitability to support transactions.</p>	<p>Consider a choice of electronic devices when devising channel strategy to facilitate pervasive online access.</p>
<p>Guideline 8</p> <p>Reflect customer preferences in their channel strategies to promote social inclusion, so that cost, skill and lack of confidence does not impede channel usage.</p>	<p>Develop high-level customer segments based on customer needs.</p>

Guideline	Supporting action
Guideline 9 Consider partnering with intermediaries to create opportunities to open up government, where applicable.	Ensure intermediaries are considered as an alternative service delivery route in channel strategy.
Guideline 10 Partnership decisions should seek to open up government and include competition, which is necessary to drive innovation, improved customer service and value for money.	Define standards for interfacing with Public Sector to encourage competition and maximise customer choice.

5. ACKNOWLEDGEMENT OF REFERENCES

Acknowledgement to the owners of the various references, standards and specifications referred and listed below.

5.1 Channels Framework

- Office of the e-Envoy, United Kingdom

5.2 Policy Framework for a mixed of economy in the supply for e-government services

- Office of the e-Envoy, United Kingdom

5.3 IDC Market Research (M) Sdn Bhd

- <http://www.idc.com.my>

5.4 Malaysian Communications and Multimedia Commission

- <http://www.mcmc.gov.my>