



PORTAL BUSINESS PLAN

VOLUME 1: MARKETING PLAN; CUSTOMER
SERVICE PLAN; PROJECT PLAN FOR ONLINE
SERVICES; FINANCIAL PLAN

OCTOBER 2004

This business plan is subject to revision based on further discussion with state agency stakeholders and the continuing analysis of the portal manager, subject to the concurrence of the State of South Carolina Office of the Chief Information Officer.

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EXECUTIVE SUMMARY

Background

The MySCGov portal was developed in 2000 with the goal of providing a single entry point to all South Carolina government, as well as providing interactive online transaction services including credit card processing and storefronts. In response to a Request for Proposal (RFP) issued by the state in 2003, NICUSA was awarded a no-cost contract in July 2004 to upgrade the portal and implement long-term improvements. The relationship is a public/private partnership under which NIC makes the initial capital investment and expense outlay in return for the opportunity to earn a reasonable return through selective transaction fees assessed to users of some portal online services. This “self-funded” model, which NIC has successfully deployed in 16 other states, ensures that South Carolina’s portal will provide state-of-the-art services to citizens and businesses, and deliver efficiencies to state government without any expenditure of appropriated funds.

Under the terms of the contract, South Carolina Interactive, LLC (SCI) provides this business plan to inform the state of how SCI proposes to operate the portal, improve its usability, support it with technical infrastructure, provide sufficient staffing, support state agencies with application development services, and deliver a reasonable return to NIC for its investment.

Funding Model

The success of the self-funded model requires that the portal serve as the sole point of electronic access to Driver License Records (DLRs). The constant volume of transactions provided by the approved access to DLRs provides the continuous funding base needed to initiate and sustain the portal, which over time will develop a wide range of business and citizen-facing applications that will contribute significantly to overall portal revenue. The financial plan, described in detail in Section 11, supports a proposed \$1.50 transaction fee per record, which would be added to the statutory \$6.00 amount. The \$1.50 will be re-invested into the state to finance infrastructure, citizen, business and agency applications, customer service for end users and other portal services.

However, the \$1.50 transaction fee will not necessarily represent a cost increase to insurance agents in South Carolina, which are currently paying \$9.50 or higher for DLRs obtained through the 3rd party data providers. Therefore, through the portal, the state will be able to offer the records at \$7.50, a \$2.00 reduction in cost to the companies.

Technical Infrastructure Plan

The Technical Infrastructure Plan provides detailed information on how SCI will work with the state to migrate from their current HAHT application server to a more stable environment. SCI will utilize proven technologies such as NIC’s Transaction Payment Engine and Online Store and Microsoft’s Content Management System to provide a robust and extensible long-term solution for managing the state of South Carolina’s portal. SCI will purchase and install in the state’s data center all required hardware and software for portal operations. This represents a capital expense for SCI of approximately \$627,000 at the outset of the relationship and does not require the appropriation of any state money.

The Technical Infrastructure Plan is included in Volume 2: Portal Technical Plan of this business plan.

Portal Improvement Plan

The Portal Improvement Plan describes how SCI will improve and extend South Carolina's current state portal at MySCGov.com, by following proven methodologies implemented in 16 other states. Working closely with state partners, SCI will implement a portal that:

- Focuses on the needs of the citizens and businesses in working with government
- Strengthens the brand of the state
- Loads quickly, is easily navigable, and follows industry standards for usability and accessibility
- Ties together state agencies, both to the state as a whole and to each other

Samples of potential website designs are included at the end of this Executive Summary. The Portal Improvement Plan is included in Volume 2: Portal Technical Plan of this business plan.

Marketing Plan

Successful online applications and services for government don't just happen; they require the same kind of user focus and marketing that traditional products and services receive in the commercial world. SCI will provide marketing and promotion expertise to:

- Strengthen the brand awareness of the portal and its offerings
- Increase the adoption of online services
- Analyze customer feedback and usage data to improve services

To accomplish these goals, SCI will use a variety of methods, including traditional marketing (advertising, press releases, news conferences) and direct marketing (opt-in email, newsletters, trade group visits), with the support and coordination of state agencies.

Customer Service Plan

A strong customer service plan is demanded by constituents and essential for the long-term success of the portal. We will implement a customer service plan that answers users' questions, resolves users' issues, and responds to users' complaints in a timely manner. Major aspects of this plan include:

- Providing Live Help directly in the web browser to resolve users' questions quickly and guide them to the best web resources
- Implementing an online survey form for each application to continuously gather feedback for improving the customer experience
- Providing email, phone, and FAQ support to address the customer's concerns

Migration of HAHT Applications

There are approximately 49 current eGovernment applications running on the portal that will be migrated from the HAHT platform to the NIC Transaction Payment Engine. The state has determined that that all HAHT ecommerce applications be migrated as a high priority in order to stabilize their operating environment. SCI will provide tools and development resources in order to help the state accomplish a planned migration. This will ensure some early successes for the portal. As shown in the Portal Milestone Schedule in Section 8, the migration will be complete within 75 working days of portal initiation.

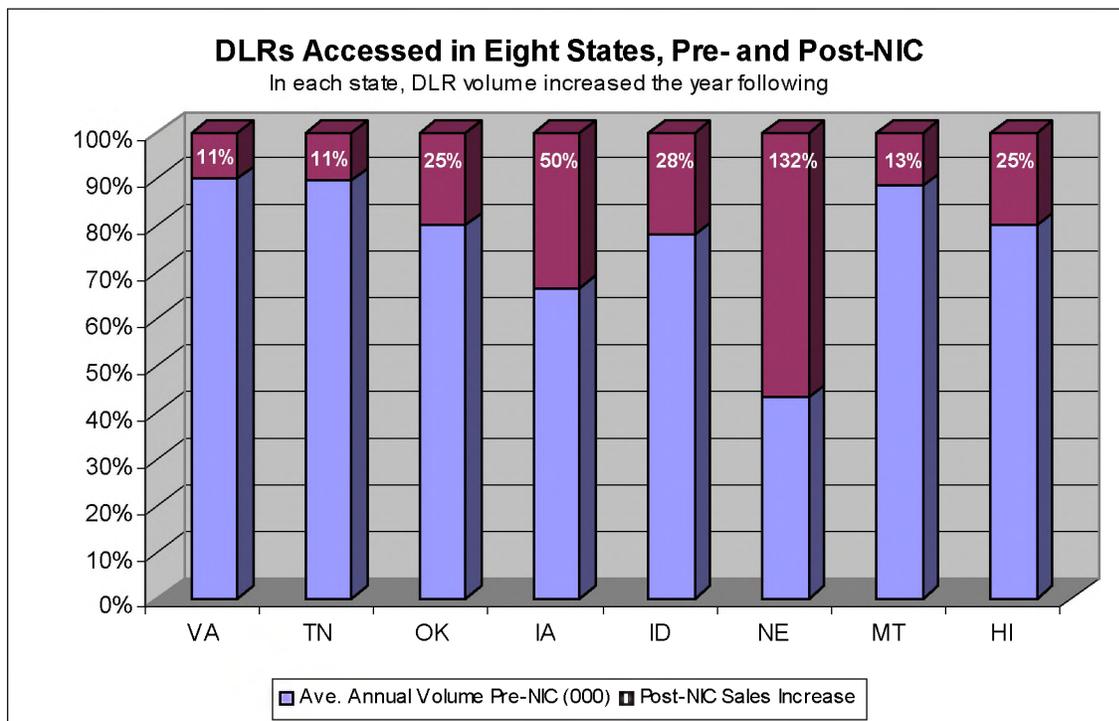
Delivery of Services to DMV

We recognize that the DMV, as one of the state's highest-profile agencies providing a broad scope of services to constituents, places the utmost importance on accelerating its outstanding track record of improving its ability to deliver services to the public and to its industry customers. SCI has had several meetings with DMV to discuss their priorities and will begin working immediately with DMV to quickly increase usage of their existing applications and develop additional online services to serve their constituents.

Demand for DLRs Has Always Increased

Demand for DLRs has always increased during the first year of portal operations in other NIC states despite the addition of the portal transaction fee. The chart below shows the amount of the first-year increase in transactions for eight NIC states where data is available. The other NIC states were not able to provide baseline data so the percentage increase cannot be shown on the chart. The average amount of the increase during the first year was 20%, and was never less than 10%. This can be attributed to NIC's efforts to improve access to existing applications, systematically market the DMV services, and develop new online services to meet the needs of DMV's constituents. Assuming the South Carolina's DMV programs are marketed in a similar manner, the DMV could see a similar increase in total statutory revenue.

DLRs Sold in Eight States, Pre- and Post-NIC



In one state with a well-established portal demand declined temporarily by 1000 records per month for 3 months after a price increase. However, it was determined that this was because one of the 3rd party data resellers was archiving and reselling previously acquired DLRs in violation of their agreement with the state. Demand returned to normal when the violation was brought to the reseller's attention.

Increasing DMV Portal Usability

SCI will work closely with DMV to create a DMV portal whose web-based user interface, content, and architecture support ease of access and use that in turn fosters increased usage and repeat business from businesses and citizens. SCI plans to improve upon the current success of the DMV website by applying techniques, technologies, standards, and processes that will increase the site's usability. Information in a portal serves no purpose if users cannot find it. If a website is difficult to use, people leave. We specialize in improving the websites of our state government partners, who often see dramatic increases usage and recognition by top eGovernment IT publications after their redesigns were completed. SCI sincerely expects similar success with the redesign of the DMV portal.

DMV Portal Brand Awareness and Marketing

SCI will continually promote brand awareness of the DMV site with application news releases, scheduled in advance to coincide with the launch of new online services. The releases will be coordinated with the agency's Public Information Officer and focus on both local and national media to promote the site. Examples include:

- Provide news stories about application adoption rates, cost savings for the agency, and statistical facts about the DMV site to local and national media
- Coordinate DMV press around new services or annual happenings
- Work to craft meaningful stories that include quotes from recognizable state leaders in the private sector and members of the Legislature
- Partner with national government technology individuals to write DMV-specific stories/provide quotes for news releases (example: the Center for Digital Government)

We will also work with DMV to develop targeted direct mail campaigns new and existing online services. Mailings will be time sensitive in relation to issues such as license renewal deadlines and rollouts of new services.

New Online DMV Applications

DMV has provided SCI with a priority list of new online applications that the agency feels are desirable and appropriate for the portal to develop and/or support. SCI has also identified many additional DMV-related online services that have been developed in other NIC portals and represent new service opportunities in South Carolina. This is a total portfolio of 54 new applications that can be newly developed and supported by the MySCGov portal. SCI is committed to focusing an appropriate level of portal resources on the DMV project portfolio. Therefore, we will dedicate a full-time application developer, project management resources, and additional staff as needed to maintain an acceptable development schedule for these projects. This will ensure quick wins for DMV during the portal ramp-up period and continuous development support throughout the term of SCI's contract.

Project Plan for New Online Services

During the discovery phase leading to submission of this business plan, SCI, with assistance from the Office of the CIO, has had a series of high-level meetings with agencies to discuss the portal concept, the self-funded model, and identify existing and new service ideas. Through these meetings and by analyzing the existing partner websites accessible via MySCGov, SCI has already identified approximately 120 potential applications that could be developed by the portal. A large number of these are already online as portal applications in the NIC family of portals and can be tailored for South Carolina. A master project matrix of all the potential applications identified to date is included in Appendix 3.

Priority List of New Online Services

The partner meetings have been instrumental in shaping SCI's recommendations for quick-win services and high-priority applications that the portal should develop and launch during the first 12 –24 months of operation. We have identified a combination of 24 applications, listed in Table 9.5.1, that represent either quick-wins for the portal or high priority applications that will take longer to develop but will provide high value to businesses and citizens. The project plan includes a Gantt chart showing a graphical representation of the integrated project plan, with an indication of which resources will be dedicated, over time, to each major task. The chart includes all 24 priority applications listed in Table 9.5.1, and they are scheduled for development so as to maximize the utilization of the portal's existing project management and development resources at every point in time.

Staffing Plan

Based on the requirements set forth in the RFP, we initially proposed to staff the portal with at least 10 full-time, dedicated resources by the end of the first 12 months. However, our analysis of South Carolina's existing eGovernment enterprise and our interviews with agencies to date have revealed that there are dozens of potential new online applications and portal services that should be developed as soon as possible. Several of these are within the Department of Motor Vehicles. Our objective is to provide the very best service model and organization structure to capitalize on the clear opportunities for eGovernment in South Carolina. Accordingly, in order to accelerate development, we will expand the team by adding additional customer service, project management, and development staff as needed during the first 12 months to a total potential staff of 14 before the end of the first year of portal operations. Even though this will increase the portal's expenses, we are not proposing to increase the DMV transaction fee of \$1.50. The increase in expenses will be financed by SCI through a lower initial operating margin, which we will recoup over time as more fee-based applications are launched.

We are confident in forecasting the need for this staffing level based on our experience in start-up portals in other states similar in size to South Carolina. For example, the Kentucky portal, which, like South Carolina, has a population of slightly more than 4,000,000, required a staff of 14 to maintain the delivery schedule for new applications by the end of the first year of operation. Now in their second year of operations, they are again actively recruiting more staff to meet the state's evolving eGovernment demands.

SCI staff will be committed exclusively to developing and promoting eGovernment portal services in South Carolina. The portal staff will become a resource for the state and will work under the designated leadership of the Office of the State CIO and the eGovernment Oversight Committee.

Financial Summary

Based on our experience in states of similar population size to South Carolina, NIC proposes charging a supplemental transaction fee of \$1.50 to the existing statutory fee of \$6.00 for DLRs, with the statutory fee being remitted to the state and the transaction fee being applied to fund the South Carolina portal initiative. With this base of continuous funding in place, we will begin to develop new online applications to generate the additional revenue that will be needed to cover the fully loaded costs of all personnel, equipment and services, including hosting, system administration, customer service, application development, training, and maintenance proposed over the life of the contract.

Insurance agents in South Carolina are currently paying \$9.50 or more for South Carolina DLRs obtained through 3rd party data providers, often with a 24 – 48 hour delivery time. This is a \$3.50 markup over the statutory fee of

\$6.00. However, through the portal, the state will be able to offer real-time online access to the records at \$7.50, a \$2.00 reduction in cost to the companies.

Initial 12-Month Budget

The business plan provides a financial plan breakdown in Section 11.5 wherein the estimated monthly expenditures for the portal operation are shown. The expense budget is based on the recommended staffing level of 14 full-time equivalent staff during the first 12 months. The budget for the initial 12 months of portal operations shows total expenses of \$1,900,149.

The first-year revenue forecast assumes 11 months of DMV revenue, based on DMV's stated volume of 1.6 million DLRs accessed per year at a transaction fee of \$1.50 each. Under these assumptions, portal operating income for the year would be \$299,851 on gross revenues of \$2,200,000. That is an operating margin of only 13.6%, much lower than the typical margins that mature portals usually generate. However, if it takes 60 days to begin generating revenue, then the first-year income drops to \$2,000,000 and the portal's operating margin declines to \$99,851 or 5.0% for the year. These low margins put a strong incentive on SCI to achieve our financial targets through the development of the online services identified in this business plan, not through a sole reliance on providing access to DMV records.

Portal revenues are estimated only for the DMV-related revenue that the portal would realize by providing electronic access to DLRs. This is because it is not possible to produce a reliable forecast of revenues for portal applications that have not yet been adequately discussed with the government partners. However, more than a decade of NIC experience in other self-funded states shows that non-DMV revenue grows quickly over time. Herein, we cite specific examples of non-DMV growth from several other NIC states, and have set a goal that by the fifth year of portal operations we will be generating at least 50% of the portal's revenue from non-DMV applications. The eGovernment Oversight Committee will ensure that revenues from portal operations are appropriately re-invested into the state to finance infrastructure, a growing number of citizen, business and agency applications, adequate customer service for end users and other portal services.

Steps to Initiate Portal Funding

SCI will work with DMV staff to develop a short-term plan for initiating the relationship and starting the flow of portal funding. One of the initial steps will be for DMV to give notice to their current customers of the \$1.50 transaction fee and the date upon which they will begin accessing DLRs through the portal. We anticipate that the portal can begin providing customer support immediately while taking the necessary technical steps, in conjunction with DMV, to enable the portal to act as an effective intermediary. Our goal throughout the course of our relationship with DMV will be to maximize the use of their existing investment in hardware and software infrastructure as we accomplish the objectives set forth in this business plan for MySCGov.

Sample Design #1



Official Web site
for the state of
South Carolina



Text Version | Site Map | Help Desk | Advanced Search

Search my.SC.gov

<ul style="list-style-type: none">* Living* Learning* Doing Business* Working* Visiting* Government* Facts & History* Live Help <p>Live Help is currently offline. Feel free to leave a message.</p>	<p>Online Services [view all services]</p> <p>Featured Citizen Services</p> <ul style="list-style-type: none">- Renew Your Vehicle Registration- Renew Your Driver's License- Hunting & Fishing Licenses <p>Featured Business Services</p> <ul style="list-style-type: none">- E-file your Income Tax Return- Find a New Job- Professional Licensing <p>Find online services in your area:</p> <p><input type="text" value="Enter Zip Code"/> <input data-bbox="961 889 1003 917" type="button" value="go!"/></p>	<p>S.C. News [view all news]</p> <p>8/29/2004 Gov. Sanford Declares State of Emergency</p> <p>8/28/2004 Gov. Sanford Urges Caution on Coast As Gaston Approaches</p> <p>8/27/2004 Gov. Sanford Issues Statement on SAT Results</p> <p> Weather: COLUMBIA 83° Partly Cloudy</p>
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Sample Design #2

 <p>South Carolina at your service...</p>		SC News Event Calendar Help Center About SC.gov	
Government Living Visiting Working Business Education Facts & History Online Services			
<p>Search SC.gov</p> <input type="text" value="Enter Search Text"/> <input type="button" value="go!"/> <p>Advanced Search Site Map</p>		<p>Special Announcements</p> <p>Hurricane Frances SC Emergency Management Division 2004 SC Hurricane Guide Are You in an Evacuation Zone? Coastal Evacuation Directions, Route Maps, Lane Reversal Plans and Maps</p> 	
<p>Help & Alerts</p> <p> Security Alerts ELEVATED</p> <p> Live Help Live Help is currently offline. Feel free to leave a message.</p> <p> State Capitol Weather Columbia, SC 83° Partly Cloudy</p>		<p>Governor Mark Sanford Tour of the State House 2003 State of the State</p>	
<p>Featured Sites</p> <p>SCnetFile File Your Taxes Online</p> <p>SC Ozone Forecast Spare the Air!</p> <p>SC Education Lottery</p> <p>DISCUS SC's Virtual Library</p> <p>SC Surplus Property</p> <p>SC Online Stores</p> <p>Contact Us Disclaimer Privacy Policy Accessibility Statement</p> <p>Copyright © 2004, South Carolina Access Network. All rights reserved.</p>		<p>News from the Governor's Office</p> <p>8/29/2004 Gov. Sanford Declares State of Emergency</p> <p>8/28/2004 Gov. Sanford Urges Caution on Coast As Gaston Approaches</p> <p>8/27/2004 Gov. Sanford Issues Statement on SAT Results</p> <p>8/26/2004 Gov. Sanford Welcomes Verizon Wireless Call Center to Lowcountry</p>	
<p>Online Services [view all services]</p> <p>Featured Citizen Services Renew Your Vehicle Registration Renew Your Driver's License Hunting & Fishing Licenses</p> <p>Featured Business Services E-file your Income Tax Return Find a New Job Professional Licensing</p> <p>Find online services in your area:</p> <input type="text" value="Enter Zip Code"/> <input type="button" value="go!"/>		<p>Quick Government Links</p> <p>State General Assembly Elected Officials Who's Your Legislator? State Courts State Event Calendar Agency Listing Email Directory Phone Directory</p> <p>Local City and County Web sites</p> <p>Federal FirstGOV House Senate Courts</p>	
<p>How do I...?</p> <p>...change my address with DMV? ...contact my legislator? ...plan my vacation in SC? ...plan my move to SC? ...start a business in SC? ...find information for a school report?</p> <p>[More Q & A]</p>		<p>SC.gov for...</p> <p>Visitors, Kids & Students, Senior Citizens, Businesses, Residents, State Employees, Subscribers</p> <p>Personalize my.SC.gov</p>	

Sample Design #3

		SC News Event Calendar Help Center About SC.gov	
		Search SC.gov <input type="text" value="Enter Search Text"/> <input type="button" value="go!"/>	
<ul style="list-style-type: none"> Business Tourism - Recreation Labor - Employment Education - Training Licensing - Permits Family - Health - Safety Taxes - Finance Agriculture - Environment Travel - Transportation Law - Justice Public Assistance 		<h3>Special Announcements</h3> <p>Hurricane Frances SC Emergency Management Division 2004 SC Hurricane Guide Are You in an Evacuation Zone? Coastal Evacuation Directions, Route Maps,</p> 	
<p>I want to...</p> <ul style="list-style-type: none"> • View All Online Services • Search for a Business Name • Renew My Professional License • File My Taxes • Register a Business with the Secretary of State • Order Certified Vital Record Copies • Search for Sex Offenders 		<h3>Featured Sites</h3> <p> Starting a Business? Let South Carolina's Business One-Stop guide you in the right direction.</p> <p> Spare the Air - Daily Ozone Forecast Also available via a toll-free hotline: 1-866-238-4973 Charlotte report toll-free hotline: 1-866-RU4NCAIR</p>	
<p>State Capitol Weather</p> <p> Columbia, SC 83° Partly Cloudy</p> <p>Your local weather: <input type="text" value="Enter Zip Code"/> <input type="button" value="go!"/></p>		<p>How do I...?</p> <ul style="list-style-type: none"> ...change my address with DMV? ...contact my legislator? ...plan my vacation in SC? ...plan my move to SC? ...start a business in SC? ...find information for a school report? <p style="text-align: center;">[More Q & A]</p>	
		<p>SC.gov for...</p> <ul style="list-style-type: none"> Visitors, Kids & Students, Senior Citizens, Businesses, Residents, State Employees, Subscribers <p>Personalize my.SC.gov</p>	
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