Framework for Channel Strategies:
delivering government services in the new economy
draft consultation document
9 October 2001
Electronic channels can radically alter the way government delivers its services and alter its relationship with those it serves. They play an important part in the Government’s objective to make the UK a leading knowledge economy. The Government is committed to getting the UK ‘online’ and is focused on creating a society where all can benefit from the value and convenience of electronic channels, where cost, skills and confidence are not impediments to their use. The removal of these barriers is essential to take advantage of the knowledge economy by driving up usage of the Internet in the UK, either by encouraging people to start using the Internet, or by encouraging them to use it more. Pervasive online access will therefore be a key characteristic of the UK economy in the future, where citizens can access online services irrespective of location – whether at home, at work, on the move, or in the community. The policies within this framework provide the foundation for achieving these objectives.

Electronic channels also provide us with the opportunity to truly organise public sector services around the needs of citizens, and not current government structures – services that are more accessible, convenient and responsive. This citizen-centric focus is key to achieving the Government’s improvement agenda – for health, education, transport and law and order. These improvements are dependent on building confidence in the new channels, not only by demonstrating their benefit to citizens but by ensuring that all channels – including intermediary and traditional face-to-face, voice and postal channels – support and compliment each other.

Intermediaries represent an important route for delivery of government services. A competitive intermediary market is a key requirement in promoting value for money and encouraging innovation in the delivery of superior customer service. When public sector bodies use intermediaries, decisions must not be taken that may constrain this competitive market.

A mix of channels will be required so that customers receive a coherent and efficient service no matter which channel they choose – a mix that over time may reduce the need for traditional channels as customer confidence in different electronic channels grows. For this reason we must not consider these new channels in isolation from intermediary and existing traditional channels, nor must new channels be justified solely on cost saving grounds.

Our challenge is to maximise the opportunities of electronic channels for all in creating the UK knowledge economy and transforming the way government services are delivered. We invite you to actively participate in the realisation of these objectives on: http://www.govtalk.gov.uk.
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Framework for Channel Strategies: 5
delivering government services in the new economy

Electronic channels can radically alter the way government delivers its services and can alter its relationship with those it serves. This Policy Framework covers the development of channel strategies for delivering services both electronically and by traditional means. It is aimed at public sector organisations, businesses and citizens. A channel is a means for organisations to deliver services. It could be electronic, voice, face-to-face or post. Services can be delivered either directly by public sector organisations, or indirectly using other providers. A channel strategy is a set of business driven choices about how and through what means these services will be delivered to the customer.

**AN ERA OF NEW OPPORTUNITIES AND CHALLENGES**

The knowledge economy has changed the way in which individuals, organisations and indeed countries compete. The successful countries will be those that enable citizens, businesses and the public sector to interact anytime, any place - that transcend limitations of time and location. The Government is committed to getting the UK ‘online’ and is focused on creating a society where all can benefit from the value and convenience of electronic channels, where cost, skills and confidence are not impediments to their use. The removal of these barriers is essential to take advantage of the knowledge economy by driving up usage of the Internet in the UK, either by encouraging people to start using the Internet, or by encouraging them to use it more.

In many cases traditional ways of doing business will be replaced or supplemented with more efficient and effective electronic channels. This document outlines Government current thinking in responding to this opportunity.

It is increasingly clear that the Internet (accessed through a number of devices) with 24 hour, 365 days a year access to particular services and information will be the essential, minimum requirement if we are to have a world leading knowledge based economy. The challenge for the public sector, as well as existing and future intermediaries, is how best to achieve this pervasive electronic accessibility – whether at home, at work, or on the move - that is consistent with wider business and service standard objectives.

When deciding what channels to use to deliver services, a public sector organisation will be driven by its wider business objectives - for example – what is the service, to whom is it targeted and what is required in return? This will differ by customer group and each organisation.
will need to fully understand the varying needs and preferences of these groups.

**DELIVERING VALUE FOR MONEY**

Public services must be more customer focused in future. This means convenient in time, convenient in place and convenient to use. The Modernising Government commitment is to bring services closer to where customers live and work and in the public places they use. However whilst government is looking to provide convenience, this cannot be at any cost. In developing a channel strategy, it is essential to understand what value to the taxpayer is delivered as well as how it benefits customers. Essentially, it is about a ‘deal’ between the organisation concerned and its customers. To encourage customers to engage through electronic channels requires that the channels must inspire customers to want to use the services offered electronically. Channel strategies must be structured around an understanding of what investments an organisation must make to influence customer behaviour that ultimately provides value to the customer and itself.

Partnering with intermediaries in a competitive intermediary market presents opportunities to achieve both value for money and innovation in the delivery of superior customer service. When public sector bodies use intermediaries though, decisions must not be taken that may constrain this competitive market.

**THE POLICY MESSAGES**

The scope and flow of policies within this framework is shown in Figure 1. The starting point is to ensure that channel strategies are developed within a wider business and government context – not as an end in themselves and not in isolation from other organisations providing services to the same customers. However, new channels cannot be provided at any cost – the value to the organisation and the customers must be clear. Accessibility to electronic channels is dependent upon customers’ needs, preferences and attitudes. To avoid social exclusion to new channels, organisations must maintain a mix of channels – traditional and electronic – a mix that will inevitably change over time.

Customers will make use of multiple channels for the same service depending upon the nature of their transaction. Hence the need to manage channels as a whole rather than individually. The choice of channels can transform the way in which government services are delivered and

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**Figure 1. Scope of policies**
therefore they play an important part in helping to support and create the infrastructure that will make the UK become a leading knowledge economy. Intermediaries can play a vital role in reaching customers by enhancing their existing relationships and the opportunity this presents to government organisations should be seriously considered.

The policies set out in this framework are:

1. All public sector bodies - central and local - must have a channel strategy for service delivery to customers; this must form an integral part of their business strategies and support wider Government policies on universal access, modernising government and social inclusion.

2. Public sector organisations should co-ordinate their channel strategies with each other around a thorough understanding of customer needs to provide best value and joined-up services.

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

4. A mix of electronic and traditional channels, which must be managed together for effective and efficient service delivery, will typically be used to ensure customer accessibility– this channel mix may change over time with greater acceptance of electronic channels.

5. The choice of devices - PCs, telephones, interactive TV, mobile devices and kiosks – should be considered to create and support an infrastructure to facilitate pervasive online access for people, whether at home, at work, in the community, or on the move.

6. Organisations need to reflect customer preferences in their channel strategies to promote social inclusion, so that cost, skill and confidence are not impediments to channel use; telephones, interactive TV and public kiosks should be considered because of their availability across all groups in society.

7. To encourage take-up of electronic channels, organisations must first build customers’ confidence in those channels. This will require: the promotion of the benefits of using those channels; reassurance regarding privacy and security; and access to traditional, one-to-one personal assistance.

8. Partnering with intermediaries should be considered, where opportunities exist to leverage their relationships with customers. Partnership decisions must not exclude competition in the intermediaries market which is necessary to drive innovation of superior customer service and value for money.

9. Customers must be allowed to select the intermediaries of their choice. Public sector bodies should define the standards for interfacing with government to encourage competition and maximise customer choice.
DEVELOPING A CHANNEL STRATEGY

The challenge in developing a channel strategy is in defining which customers to target with which services through which channels in order to add value to customers and to the organisation concerned. To assist in making these decisions we have developed a decision framework in Appendix A. This is based on current knowledge about trends in the capability and take-up of channel technology. It is intended to convey and assist with some of the principal decisions required in developing a channel strategy to encourage the take-up of electronic services.

WAY FORWARD

It is intended that this framework is a living document, reflecting the rapidly changing environment in which it is set. The Office for the e-Envoy in the Cabinet Office will work collaboratively with stakeholders including central and local government bodies, organisations and citizens to enable the framework to evolve and to capture latest thinking and experience of deploying channels.
This policy framework covers the development of channel strategies for delivering public services both electronically and via traditional routes. Channel strategies have a significant role to play in getting the UK ‘online’. This policy framework is aimed at public sector organisations, businesses and individual citizens.

The objectives of this framework are to:

- convey Government’s thinking on the role of channels in getting the UK ‘online’ for the delivery of services in the knowledge economy;
- assist central and local public sector organisations in formulating channel strategies;
- whilst identifying specific drivers, inhibitors and implications of channels.

The previous channel framework\(^1\) focused on the electronic delivery of services and the use of intermediaries. The principles of channel management set out in that document still apply. However this framework goes further. It provides insight into the decisions required in developing a channel strategy.

A channel strategy is a business driven choice about how and through what means services are delivered to the customer - for example, deciding what proportion of business, if any at all, will be based on the use of mobile telephones, PCs, or call centres. Within the context of this document, a ‘channel’ is therefore considered in its broadest sense as ‘a

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\(^{1}\) Introduction
vehicle for organisations to deliver services. “Channels” could be electronic, voice, face-to-face or post. Services can be delivered either directly by public sector organisations, or indirectly by intermediaries’. This is illustrated in Figure 2. The scope of what constitutes a channel is broad. It encompasses the initial content on which services are based, the decision whether or not to use an intermediary or a direct channel and the mapping of the capability of channels, such as interactive TV or mobile phones, to support services with customers’ preferences for using them. Throughout the framework the term ‘customer’ will be used to represent either businesses, organisations or individuals.

The scope and flow of policies within this framework is shown in Figure 3. The starting point is to ensure that channel strategies are developed within a wider business and government context – not as an end in themselves and not in isolation from other organisations providing services to the same customers. However, new channels cannot be provided at any cost – the value to the organisation and the customers must be clear.

Accessibility to electronic channels is dependent upon customers’ needs, preferences and attitudes. To avoid social exclusion to new channels, organisations must maintain a mix of channels – traditional and electronic – a mix that will inevitably change over time. Customers will make use of multiple channels for the same service depending upon the nature of their transaction. Hence the necessity of managing channels as a whole rather than individually. The choice of channels can transform the way in which government services are delivered and therefore they play an important part in helping to support and create the infrastructure to put the UK online and assist in making the UK a leading knowledge economy. Intermediaries must be given careful consideration in formulating channel strategies.

![Figure 3. Scope of policies](image)

Framework for Channel Strategies: delivering government services in the new economy
COMPLEX & EXCITING OPPORTUNITIES

The knowledge economy is changing the way individuals, organisations and indeed countries operate. Economic relationships have changed as a result of new technology, deregulation and globalisation. The fast dynamics of the environment offer exciting opportunities to individuals, businesses and public sector organisations to transform the way customers are served. Connectivity is changing both business and social models.

In the knowledge economy, understanding the needs, preferences and value of customers is vital as ever. In the private sector the contest for customers combined with abundant choice has pushed expectations to new heights. Government is not immune either to these expectations, or from the opportunities the knowledge economy has to offer.

Customers are demanding that private sector companies are accessible and easy to do business with. These demands rightly extend to the public sector as well.

In a social context, the complexity of people’s lives in the knowledge economy has risen as people increasingly juggle multiple roles and tasks. Within these multiple roles and tasks, customers can be considered to operate in environments or zones, as illustrated in Figure 4. It is within these zones that customers are discovering new technologies ranging from biometrics to satellite positioning and yet at the same time finding comfort...
in the familiar. Maximising the opportunities offered by the knowledge economy will require creating pervasive online access within all these zones.

It is within this customer context that the channel strategy must address contradictions in customer behaviour such as:

- customers want convenience and yet want personal interaction; and
- customers want to delegate and yet want to retain control.

It is increasingly clear that the Internet (accessed through a variety of devices) and 24 hour, 365 days per year access to many services and information will be the essential, minimum requirement for large proportions of the UK population if the Government is to achieve its targets of creating a world leading knowledge based economy. The challenge for all public sector organisations, as well as any intermediaries, is how best to achieve 100% electronic service accessibility that is consistent with their wider business and service standard objectives.

**Government’s Role in the New Era**

The Modernising Government White Paper sets out the Government’s programme of renewal and reform. Channel strategies - providing access to customers in an inclusive and integrated manner - are essential for delivering the commitments of Modernising Government. Good channel strategies will help to:

- deliver public services that are high quality and efficient;
- make sure that public service users, not providers, are the focus, by matching services more closely to people’s lives; and
- support the infrastructure to get the UK online.

The Office of the e-Envoy is leading the drive to get the UK online, to ensure that the country, its citizens and its businesses derive maximum benefit from the knowledge economy. It is leading by giving direction and guidance and can provide the focus for the development of the e-economy and e-government initiatives, including the development of the [www.ukonline.gov.uk](http://www.ukonline.gov.uk) portal. All organisations responsible for delivering public sector services need to develop a channel strategy. Organisations should demonstrate how services are to be provided in the electronic age. They should show how electronic and more traditional channels can be integrated to achieve organisations’ business objectives and take account of customer preferences and changing demands.

**Holistic Approach to Channel Strategies**

A channel strategy is a set of business driven choices about how and through what means services will be delivered to the customer. There are a number of

![Figure 5. Channel strategies—reconciling customer needs and government priorities](image-url)
considerations and priorities that will influence the decision making process. These are illustrated in Figure 5. The business strategy of an organisation must reconcile various targets such as customer access, customer satisfaction, social inclusion and cost. Consequently, organisations must assess the effects of pursuing one particular target over another. This strategic view of organisational activity is essential if channel strategy is not to be developed in isolation.

The starting point in developing a channel strategy should be an understanding of what the organisation delivers, for whom and why. Analysis is then required to understand the varying needs and preferences of customers served through the strategy. Only then is it possible to derive a channel strategy.

1. All public sector bodies - central and local - must have a channel strategy for service delivery to customers; this must form an integral part of their business strategies and support wider Government policies on universal access, modernising government and social inclusion.

This means that organisations 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 themselves. It also means that developing channel strategies is a key part of wider existing business planning processes – not a separate exercise resulting in a standalone, or one-off document divorced from the overall business strategy.

An important consideration for organisations in the development of their channel strategies is the degree of organisational change required to deliver them. Culture, employees’ skills and their capability to change will all affect the feasibility of particular strategies, as well as pay, training and job descriptions. A capability audit is therefore useful to determine the foundations on which a channel strategy will be built.

www.ukonline.gov.uk provides an initial perspective of customer-centric life episodes. This supports the UK government’s move towards grouping customers into segments based on their needs. Customers can then have the potential to receive services centred around their needs, as opposed to being structured around an individual organisation’s responsibilities.

To deliver services structured around customer needs, processes to ensure greater co-ordination of individual channel strategies need to be put in place. Without co-ordination, customers will get fragmented services, and organisations will waste money on duplicated and overlapping channels. Figure 6 illustrates the context in which public sector channels need to operate. Focused on particular customer segments, unified propositions will be delivered either directly or via intermediaries and supported by an integrated back office.

Public sector organisations should co-ordinate their channel strategies with each other around a thorough understanding of customer needs to provide best value and joined-up services.

2. Public sector organisations should co-ordinate their channel strategies with each other around a thorough understanding of customer needs to provide best value and joined-up services.
Figure 6. Services delivered based on customer needs, not organisational structures
VALUE EXCHANGE

Public services should be provided for the convenience of the customer, not the convenience of the service provider. This means convenient in time, convenient in place and convenient in use. Whilst Government is committed to bringing services closer to where customers live and work, and in the public places they use, this is not at any cost.

Developing channel strategies is more than an exercise in making existing services available electronically to provide convenience. Whilst technology provides opportunities to create new ways of interacting with customers and providers, it is just a means to an end. New electronic channels can only be exploited if organisations can ultimately demonstrate the value of those channels to organisations and their customers.

The private sector has found that, although the specific costs per transaction of electronic channels may be lower than that of traditional channels, the overall cost to serve customers actually increases. This is largely because increased convenience increases the number of customer interactions and customers use the new electronic channels to complement, rather than replace, existing, traditional channels.

In developing a Channel Strategy for delivering public services, it is essential that the value to the organisation is clearly understood, along with the value to its customers. Essentially it is about a ‘deal’ between the provider and the customer. Consequently channel strategies must be structured around an understanding of what investments an organisation must make to influence customer behaviour that ultimately provide value to both customers and to the organisation. This is illustrated in Figure 7, which shows the three steps required to construct a deal between an organisation and its customers:

- **Step 1** analyses which customer behaviours generate both value to the customers and to the organisation;
- **Step 2** determines which channels are required to create the desired customer

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**National Semiconductor produces microchips for application manufacturers, making devices such as mobile phones. Their website provides an example of ‘value exchange’.

Customers gain value through access to high quality up-to-date information that was previously unavailable, design automation capability through online simulation models and efficient ordering of samples.

In return, National semiconductor obtains registration details of the customer and knowledge of what applications are being planned in which their products could be used – in effect, highly qualified sales leads.
experience to influence the behaviours identified in step 1; and, finally,

- **Step 3** analyses the required investment to support the introduction and integration of channels.

This value exchange concept and the clear articulation of the value to both the organisation and customer is essential for the success of a channel strategy, especially for electronic channels, both in terms of cost and customer take-up.

As far as electronic channels are concerned, value creation is more likely to be achieved by transactional on-line services, than by passive information provision. However to achieve this, customer behaviours will need to change so that they are confident to use electronic self-service channels instead of traditional face-to-face, post, or telephone interactions.

Achieving this change in customer behaviours will require proactive promotion and marketing of the benefits to customers at the same time as providing reassurance that the electronic channels are secure and private.

![Figure 7. Organisations’ channel strategies must link investments to customer behaviour](image)

**The Inland Revenue’s online tax return is another example of a value exchange.**

*Customer value: Calculation of tax due/owed and fast acknowledgement of receipt from the Inland Revenue.*

*Inland Revenue value: Automatic entry of data, along with data validation.*
UNDERLYING PRINCIPLES

The challenge in developing a channel strategy is in defining which customers to target with which services by which channels in order that it adds value to users of public services and to the taxpayer. The process of formulating a channel strategy cannot be developed in isolation from an organisation’s wider business objectives. To assist in this process a decision framework has been developed and this is set out in Appendix A. The decision framework starts with

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Note: This is provided for illustration only and does not reflect the segmentation approach of either DWP or DfES

Figure 8. Illustrative channel decision framework
understanding which customers the organisation is serving to achieve its objectives. It goes on then to consider what products and or services it is providing, the nature of the transactions between the organisation and the customer and therefore the channel capability to support that transaction. Once an organisation is at the level of considering what devices customers will use to access services, customer preferences need to be taken into account. An example of the outcome of applying the framework is shown in Figure 8.

Good channel strategies will show an organisation’s current service delivery model - for example where 60% of the business is delivered through a traditional face-to-face channel - and the future service delivery model where face-to-face business is reduced to 15% and electronic channels (for example interactive TV, PC, mobile devices) increased to 50%.

**CUSTOMER ACCESSIBILITY**

A customer-centric approach to the delivery of public services suggests that customers should have a choice of channels, both electronic and traditional, for accessing services. Choice of channel must reflect:

- abilities and preferences of customers;
- capability of the channel to support services; and
- the economics of anticipated take-up.

Preferences vary considerably by age, by socio-demographic group and by location. Universal preferences cannot be assumed and, therefore, each organisation should find out their customers’ unique preferences in relation to their services and the types of transactions required. Customers will continue to place importance on accessing government via a mix of channels and in particular via one stop shops, post offices, call centres and libraries in addition to the Internet and other electronic media.

The introduction of electronic channels will not replace traditional channels altogether. For example, 73% of respondents to a recent survey attached

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The Employment Service has deployed a job bank, which currently holds approximately 400,000 job vacancies. To enable job seekers to quickly search the job bank, they can set up their own profile 'My Choices' which stores the job attributes of interest to them via a user name and password.

Job seekers can access the job bank either through a call centre, the Internet, or from 9,000 'Job Point' kiosks located in job centres with touch screens and print outs.
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![Diagram of channel strategies](image)

*Figure 9. PIU’s structure for channels*
great importance to the ability to access public sector services through a variety of channels. The majority of respondents also indicated that they would be likely to use different channels for the same transaction e.g. initial information via mobile short message service (SMS), further details from a contact centre and completion of the transaction via Internet enabled PC. An underlying customer relationship management infrastructure may be needed by public sector organisations to make sense of this pattern of access.

The Cabinet Office’s Performance & Innovation Unit’s (PIU) structure for channels in Figure 9 is based on three tiers, starting with self-service channels, and moving to increased human interaction. The premise supporting this model is that customers will use fully automated channels for simple queries, but will want more human interaction for complex transactions. The private sector has found that the success of such an approach is dependent on customers being able to bridge out from self-service channels in the first tier to access human assistance in the second tier. Take-up of the first tier channels on a regular basis will be significantly impeded if such a bridging capability does not exist.

4. A mix of electronic and traditional channels, which must be managed together for effective and efficient service delivery, will typically be used to ensure customer accessibility – this channel mix may change over time with greater acceptance of electronic channels.

PERVERSIVE ACCESS IN THE KNOWLEDGE ECONOMY

The Government is committed to the UK being a leading knowledge economy. The Government’s role in providing leadership to create this economy focuses on a number of different areas. While ensuring that the right infrastructure is built to support universal online access, it recognises its role in creating positive customer attitudes and behaviours towards UKOnline related activities. An important element in developing these attitudes and behaviours is the empowering and equipping of citizens with the skills to use electronic channels. In leading and providing direction, government has four main roles to play:

- ensuring the right infrastructure – in technologies, in skills and in behaviours – is built;
- ensuring the benefits are gained by those people who may otherwise have been excluded;
- transforming government; and
- fostering attitudes and behaviours, and therefore empowering citizens with the confidence and skills to use electronic channels.

Pervasive online access is a key aspiration for government, where customers can access online services irrespective of location – whether at home, work, on the move, or in the community. In the future the UK will consist of a richer multi-media environment, providing accessibility in ways previously unavailable i.e. packaging video, voice and text services to create new customer experiences. Drivers and inhibitors for different electronic channel media and devices in this environment are presented in Appendix B

PROPOSED DEVICES

In deciding which channels to deploy, organisations must understand what level of take-up they are seeking to achieve, by when, and by how much. Due to technology and cost constraints, organisations may not be able to put services on all possible channels. In determining which devices will be prominent for the promotion of the knowledge economy and the transformation of the way government services will be delivered, PCs, mobile devices, interactive TV, call centres and kiosks are considered particularly important, and each is considered below.
**Personal Computers** - PCs are well established in the UK providing access to online services both at work and at home. They will be an important device for the access of UKOnline services. The penetration of those PCs connected to the Internet is increasing in both the workplace and at homes. Highest levels of home penetration lie with higher educated households and those households with families and grown up children. This leads to high PC literacy in those groups. Improvements in broadband bandwidth technology will alleviate many of the issues of PC Internet access from home. Additionally PCs offer capabilities not provided by other channels such as software download and usage, home-office functionality etc.

**Telephone** - with 90-95% penetration the telephone will remain an important means for the Government’s universal access objectives. Call centres, or increasingly multi channel contact centres can be used as a stepping stone for customers who do not want or cannot use electronic channels. Web-enabled contact centres can be used as a support for other channels, including e-mail, video agents providing visual contact, and ‘call me’ button with push page technology and co-browsing providing web support to users. Guidance on best practice has been published by the Office of the e-Envoy.

**Mobile devices** - including phones, PDAs, gaming consoles etc. provide the opportunity for service providers to be more responsive to customers’ needs, particularly with time or location sensitive information.

There is now a 65% penetration of the UK population with mobile phones and they are increasingly being used to replace the conventional fixed-line. They have the potential to further the Government’s goals of universal access and transforming the way in which government interacts with customers – around their lifestyle needs, not restricted by physical location.

**Maidstone Borough Council** has developed a location-specific WAP service that provides drivers with a list of all the car parks in the town and the number of available spaces.

In the future the wireless data market is expected to grow substantially as high-speed digital packet data networks are rolled out. Applications such as e-mail messaging, corporate information, consumer-specific information, games and m-commerce are expected to motivate users to access wireless data in the mobile environment. Broadband wireless systems will increase the scope of applications that can be delivered over mobile devices.

**Kiosks** - public access kiosks with meaningful 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 potential to bring online services to all and so play an important role in positively changing customers’ attitudes and behaviours to technology. Applications can range from simple information provision via text up to interactive video conferencing with a call centre agent. For example, Bury Council uses video booths to promote confidentiality, where touch-screen kiosks are equipped with cameras, scanners and printers.
Interactive television - the ubiquity of the television as an entertainment device presents interactive TV as a more likely route to home online access especially to those sections of the population who do not have home access to a PC. It therefore is an important device in the drive to break down the ‘digital divide’ and prevent social exclusion. Interactive TV offers a convergence of technology and media and brings a richer interactive experience. Delivery of government services from interactive TV channels is considered in a separate policy framework.

ACCESS FOR ALL

The key groups at risk from social exclusion are those that use public sector services most heavily and are often those that currently have the lowest levels of access to electronic delivery channels. Equity and fairness which drive the Government’s social inclusion aims dictate that disadvantaged groups should not experience inferior access to public services compared to advantaged groups.

Your Guide services, which are being trialled in Leicestershire and Rutland, allow customers to choose from a number of access channels in their local Post Office. Kiosk-based applications include facilities to: carry out job searches; provide information on subjects including training, financial matters, benefits and entitlements; send comments to local authorities; and a variety of related services such as information and printing maps for local services.

It provides joined-up delivery across central and local government, the private sector and the voluntary sector.

Specific barriers affect certain groups disproportionately in their accessibility to channels, for example:

- between 5-10% of households do not have a telephone connection;
- between 2.5-3.5 million adults do not have a bank account;
- basic literacy problems affect 20% of the adult population.

The London Borough of Lewisham overcomes language barriers through the provision of a one stop call centre that provides services in four different languages.

5. The choice of devices - PCs, telephones, interactive TV, mobile devices and kiosks – should be considered to create and support an infrastructure to facilitate pervasive online access for people, whether at home, at work, in the community, or on the move.
The 65+ age group and socio-economic groups D & E, have a tendency to avoid technology. This is supported by findings from the Social Exclusion Unit’s Policy Action Team who identified barriers to online access to include:

- costs and perceived costs of access; and
- lack of opportunities to gain ICT skills for those living in low-income neighbourhoods.

The Office of the e-Envoy is currently conducting further studies, which may provide greater detail on those social groups that will need support. This work recognises the role of proxies who access public services on behalf of someone else e.g. younger relatives on behalf of elderly relatives.

Until the ‘digital divide’, excluding disadvantaged groups from accessing online services is removed, it will be necessary to preserve the choice of traditional and electronic channels to ensure inclusivity.

Successful take-up of electronic services to include all those in society requires the identification of those channels where cost, skills and confidence are not impediments to their use. Interactive TV, telephones and public access kiosks are the electronic channels that are likely to have the highest take-up of electronic services.

In the future, it’s feasible that a customer could own and control a single personal data profile. This could be used for all electronic interactions, public and private sector, as opposed to the customer maintaining multiple versions for the many organisational relationships they may have. This future projection is in line with trends indicating customers’ desire to reduce complexity in their increasingly busy lives.

The Office of the e-Envoy has developed a security framework, which recommends how security levels reflect the risks associated with a service. Some applications, which are low-sensitivity and low-risk, may require only PIN-based authentication. There may be transactions that are very high-risk and only represent minimal return on investment that may not be appropriate for conversion to electronic services.
transactions. The cost of the technology solution may outweigh the value.

Policy recommendations to provide customers with confidence in the services they use can be found in the Trust Services Framework. To encourage take-up of electronic channels, organisations must first build customers’ confidence in those channels. This will require: the promotion of the benefits of using those channels; reassurance regarding privacy and security; and access to traditional, one-to-one personal assistance.
WHAT IS AN INTERMEDIARY?

The term ‘intermediary’ can cover a wide spectrum of roles in the delivery of public services. For the purpose of this framework, it is restricted to the position of service delivery provider. Intermediaries such as banks, post offices, employers and voluntary organisations etc. have traditionally played an important role in managing customer relationships on behalf of either the government, or the customer. Two models can exist:

- intermediary service delivery provider **commissioned by a public sector body** i.e. a third party that interacts with the customer directly on behalf of a public sector body; or
- intermediary service delivery provider **commissioned by an end customer** i.e. a third party that interacts with a public sector body on behalf of the customer.

These models are illustrated in Figure 10. The implications for customers and government are different for both models. In the former, the intermediary is often viewed by the end customer as an extension of government. The public sector body commissioning the intermediary must ensure that value exists between it and the intermediary and between the intermediary and the end customer if the intermediary relationship is to be both stable and used by customers.

With the latter model, the intermediary represents the end customers’ interests and...
so effectively becomes the government’s customer. Clearly a value exchange must exist between the end customer and intermediary for the relationship to be established. This value exchange need not necessarily be commercial e.g. Citizens’ Advice Bureaux assisting individuals with tax returns or benefit advice.

Government services have traditionally been structured around the service provider and not the service recipient. Intermediaries have typically invested in building relationships with particular market segments, as opposed to the entire population served by much of the public sector. This focus has enabled them to understand the needs of customers more accurately. Intermediaries can therefore have an important role to play in providing superior customer service through innovation by structuring services around customer needs e.g. complimentary services that span both the public and private sectors.

The use of intermediaries in either model is an important element for the take-up of e-government services. Government-to-citizen transactions through electronic delivery channels are forecast to increase at least fivefold between 2002 and 2006\(^2\). The role of intermediaries as service delivery partners will play an important role in ensuring public sector services are accessible. Indeed, 72% of individuals expect intermediaries to take a greater role in the delivery of electronic government services\(^2\).

**ENCOURAGING A COMPETITIVE & INNOVATIVE INTERMEDIARY MARKET**

A competitive intermediary market is a key requirement in promoting value for money and encouraging innovation in the delivery of superior customer service. Clearly these benefits may result from innovation from both intermediaries and public sector bodies.

To encourage competition between intermediaries and government in this mixed economy, it is essential that government does not use its influence to take short-term decisions that may impede the long-term competitiveness of this market. This influence can be powerful due to the size, customer base and brand of public sector bodies. Decisions must consider implications not only at the transaction-level, but also at the overall market level.

Public sector bodies must therefore not use their position to lock out competition, either through forming exclusive intermediary relationships, or by prohibiting fair access to government systems. Value for money decisions should ensure that intermediary transaction costs are compared equitably with direct public sector transaction costs. The government-intermediary interface must be fair and transparent to encourage this competition and must comprise of clearly defined process and technical standards.

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### There are over 40,000 customer commissioned intermediaries who act as professional agents for customers’ tax issues when interacting with the Inland Revenue. Additionally many of these customers use other bundled services from these intermediaries including business advice and accountancy to address their overall needs.

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8. Partnering with intermediaries should be considered, where opportunities exist to leverage their relationships with customers. Partnership decisions must not exclude competition in the intermediaries market which is necessary to drive innovation of superior customer service and value for money.
9. Customers must be allowed to select the intermediaries of their choice. Public sector bodies should define the standards for interfacing with government to encourage competition and maximise customer choice.

WIN-WIN-WIN RELATIONSHIPS

A clear value exchange must exist between the public sector body and the intermediary for government commissioned intermediaries. If innovative intermediaries are not allowed to take some of the reward, the market will be destroyed. In determining the commercial model, public sector organisations should consider a number of issues.

The UK Passport Agency learnt that charging customers for passport application validation at post offices drove the majority of applications directly to the Agency. However, error rates on direct applications were of the order 20 times greater than those via the post office. This in turn resulted in higher back-end processing costs at UKPA.

Cost benefit analysis of individual channels, which ignores the total cost of operation and value added, may result in false economies;

Preferential selection of segmented customers that are either high value, or easy to reach by private sector organisations may also introduce false economies for the public sector. ‘Universality’ – namely government focusing on all its potential customers could result in higher unit costs for the provision of a multi-channel service designed for all customers or services.

Bundling and cross-selling of higher margin private sector services will be a prevalent part of intermediary business models if intermediaries receive no, or low transaction fees. Results from the People’s Panel showed that almost 90% of customers would resent cross selling on the back of government services. This is supported by a survey which found that only 36% of people believed a ‘bundled’ service delivered using new technology would be a real benefit to them. Decisions regarding transaction fees in the commercial model should consider impact on perceived customer experience.

Whichever commercial model is used – government pays, intermediary pays, or customer pays - there must be a clear value exchange - a ‘win-win-win’ along the entire delivery chain to ensure that the relationships are sustainable. This also applies to customer commissioned intermediaries, as they should be viewed as customers of government.

The incentives for intermediaries will be determined by the return generated, which will be based on both expected volumes and the fit of e-government services to their core business services. Uncertain volumes will mean high risks for intermediaries and will deter investment. Public sector organisations should examine how best to partner with those intermediaries of strategic importance to the delivery of government services to ensure sustainable relationships.

The challenge for all public sector bodies is therefore to:

- deliver value for money and superior customer service by encouraging a competitive and innovative market for intermediaries;
- by taking decisions that will not impede the market; and
- providing a clear win-win-win for government, intermediaries and customers.

BRANDING & CUSTOMER OWNERSHIP

The brand provides customers with recognition of the organisations and services they are using. In partnering with intermediaries it is important that public
sector bodies do not take any decisions that could damage their brand. For the provision of intermediary based services there are two aspects to the brand:

- the user must feel confident the service provided is reliable, safe and trustworthy; and
- the user must have confidence in the organisations providing the services.

Branding will be particularly important to government if customers are to be able to differentiate between public and private sector components of bundled services. Typically commercial intermediaries will want to brand the interaction in order that they maintain overall control of the customer experience. It is therefore important for government to recognise that one of the implications of using intermediaries is that it loses some control of the customer relationship and the way its services are delivered.

Customer commissioned intermediaries clearly own the customer relationship, as these intermediaries effectively become the government’s customers. Issues such as where legal responsibilities reside between customer and intermediary are not the focus of this framework, although must be considered. With government commissioned intermediaries, ownership of customer data is a critical issue that could potentially damage the government brand, especially in the area of private sector data selling but more widely in relation to the public concern over data security and handling.

Successful adoption of intermediary-led services will be dependent on reassurances based on the code of practice being communicated to customers to allay customer security and privacy concerns. Protection of the public service brands will require a new licensing protocol encompassing brand incompatibility, aggressive cross-selling and ethical selling practices.
The adoption of electronic channels for the delivery of public services is a key element in getting the UK online. All Government departments are responsible for producing an e-business strategy setting out how they intend to meet the Government's target of delivering all services electronically by 2005. To ensure that progress towards the target is maintained strategies will need to be evolved to respond to changes in the business environment and the Government’s wider aspirations. This policy framework has been written to assist that process.

As part of their e-business strategy each organisation is developing a thorough understanding of the customers they are serving. It is important that this understanding interfaces with the channel analysis to determine customer preference, cost and capability. The policies in conjunction with the decision framework in the Appendix A provide guidance to assist in this process.

Effectiveness of strategies will be dependent on co-operation between organisations, particularly for a ‘needs analysis’ of the customer base served and joined-up procurement. The Office of the e-Envoy's current segmentation work to identify customer needs can be used to initiate this process.

Co-ordination between public sector organisations to provide joined-up service delivery will be inefficient unless there is overall guidance and leadership. The Office of the e-Envoy will lead in establishing organisational links through which strategies can be built. The e-Champions will take a pivotal role in this process. Additionally, involvement of strategic intermediaries will be essential, as they will become increasingly important to achieve both effectiveness and efficiency.

To share and develop best practice, the Office will maintain a discussion database on http://www.govtalk.gov.uk to capture the latest thinking and experience of both the public and private sector in deploying channels strategies. You are invited to participate in this process.

In recognition of the dynamic environment in which channel policy is cast, this framework will be reviewed periodically to maintain the currency of its content.

The key specific actions arising from the framework document are set out in the table on the following page.
<table>
<thead>
<tr>
<th><strong>Action</strong></th>
<th><strong>Who</strong></th>
<th><strong>By when</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and review channel strategy as an integral part of the business strategy in light of the framework’s policies</td>
<td>All public sector bodies</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Develop high-level customer segments based on customer needs</td>
<td>Office of the e-Envoy &amp; all public sector bodies</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Run workshop to co-ordinate intermediary requirements of public sector bodied</td>
<td>Office of the e-Envoy</td>
<td>December 2001</td>
</tr>
<tr>
<td>Share leading practice on channel deployment on GovTalk</td>
<td>Office of the e-Envoy</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Review the need for and contents of this framework</td>
<td>Office of the e-Envoy</td>
<td>Annually or sooner if appropriate</td>
</tr>
</tbody>
</table>
In developing a channel strategy it is necessary to make decisions on how public sector organisations will interact with their customers. To assist in this decision process, a decision framework has been developed based on current and future trends in the take-up of channel technology. The decision framework shown in Figure 11 is based on a development of Figure 2, which set out the context for channels.

Note: each of the decisions should be taken in the wider context of the choice between delivering services via direct channels, or through intermediaries. Whichever route is used, potential inter-
channel conflict/synergies should be assessed.

The decision framework in Figure 12 presents five stages in the choice of channels to support both government objectives and customer needs.

**Stage 1**  
**Identify segment requirements for services and channel preferences**

Understanding the customer base is required for both identifying the customers’ service requirements and their preferences for particular channels. Each organisation will use different criteria to segment their customers, based on both needs and preferences. Each segment will have unique needs and preferences and so may require a different value proposition, or deals. Organisations should restrict themselves to identifying a few main segments initially, otherwise the cost to manage each segment will exceed the value created by offering differentiated propositions.

**Stage 2**  
**Define the required content**

The main challenges organisations face in the delivery of content to different platforms are:

**Stage 3**  
**Refer to the Device Compatibility Matrix for guidance around suitability of device to support transaction requirements**

**Stage 4**  
**Map the desired transactions against the most suitable device or combination of devices**

**Stage 5**  
**Finally, map the devices against the target segments based on citizen preferences**

*Figure 12. Decision framework overview*
• formatting content to cope with the capabilities of different devices;
• designing content to meet the needs of customers; and
• commercial delivery arrangements

The capability of devices to deliver content varies significantly, from PCs displaying elaborate web pages, to interactive TV screens that are only capable of lower resolution and hence the longer viewing distances required, to the four lines of text on a WAP phone, to public access kiosks with distinctive navigation and layout tailored to their users.

The conversion, or ‘re-purposing’ of content for different devices is not only required to accommodate device constraints, but also to accommodate the needs of the majority of customers who use the device. E.g. Kiosk users would find a PC style web interface complex - it is important to create an interface with easy navigation that’s simple to use.

The cost implications for repurposing content for each channel can be significant. Explicit decisions are required on whether devices have specific content generation, or whether generic content can used. The decision will be dependent on the device constraints and the device importance for the delivery of services.

Key to understanding which content to repurpose is to understand and map customer segments to their preferences for both device and service. This will enable organisations to prioritise content on the most appropriate devices.

Formulation and delivery of content therefore needs to consider three primary aspects, shown in Figure 13, to deliver coherent and relevant information to enrich customer interactions:
• customer preferences around the required content to meet their needs;
• device/channel capability including capacity, performance, support of customer preferences, cost of implementation and operation; and
• nature of service.

Stage 3
Device capability matrix

Devices have various drivers and inhibitors as outlined in Appendix B, which determine their suitability to support particular transactions. The Device Capability Matrix in Figure 14 presents the major devices that will be prominent for the support of public services over the next five years. Each device is rated against its capability to support a transaction, along the dimensions of:
• channel of communication – web, voice, face-to-face, or print;
• supported media – visual, audio, or paper;
• dialogue – whether it’s mono-directional or interactive; and
• temporal—does the communication occur in real-time, or serially (like the post)

Note: each of the decisions should be taken in the wider context of the choice between delivering services via direct channels, or through intermediaries. Whichever route is used, potential inter-channel conflict/synergies should be assessed

The decision framework in Figure 12 presents five stages in the choice of channels to support both government objectives and customer needs.
Stage 4  
Map the desired transactions to the most suitable devices

Figure 15 extends the device capability matrix by mapping the three categories of communication (publish, interact and transact) to the devices to indicate capability. It can be seen that the online PC and kiosks, along with the traditional phone, post and face-to-face channels have the largest capability to support services.

Stage 5  
Map customer preferences to the most suitable devices.

Figure 15 also illustrates the customer preferences for the take-up of each device. Propensity based on age group in 2001 is shown for illustrative purposes only. The segments defined in Stage 1 should be used when developing the channel strategy.

Figure 16 illustrates an alternative way of mapping customer preferences by viewing the customer in their environment, or zones of operation as discussed in Section 2. It highlights the predominant devices that are forecast to be used.
Figure 16. Device acceptability 2001 and 2005 (projected) providing pervasive access to government services
Appendix - Drivers & inhibitors of electronic media and devices

INTERNET

**Government & Customer Drivers**
- Available 24x7
- Ability to present large volumes of information
- Ability to converge with other different mediums such as Voice Over Internet and video streaming
- Integrates with other channels such as call centres
- Accessible via a number of devices such as PC, interactive TV, mobile devices, gaming consoles etc.
- Wide range of services provided e.g. online shopping, online banking, software downloads, information provision etc.

**Government & Customer Inhibitors**
- Currently predominantly targets high income households via PC
- Connectivity via phone line provides poor performance and can be costly
- Concerns around security of personal information

DEVICES

**Interactive TV**
- High penetration rate (est. 60-75% of UK households will have digital TV by 2005)
- Broad appeal across many social groups
- Increased bandwidth providing capacity to serve minority interest groups and provide data intensive services
- Wide variety of services to accommodate specific needs of citizen

**Mobile devices**
- Divergence of devices such as mobile phone and PDA widens scope for functionality
- Rapid increase in market penetration (global CAGR - 37%)
- PDAs increasingly used to down load information to read on the move
- Wide appeal driven primarily by convenience
- Increased bandwidth and ‘always online’ capability with introduction of GPRS and 3G technologies

**PC**
- High penetration at home and the workplace leads to high online literacy in particular segments
- Improvements in broadband technology will alleviate connectivity issues
- PCs offer capabilities not provided by other channels such as software download
- Screen supports visually complex applications

"Appendix - Drivers & inhibitors of electronic media and devices"
Kiosks

- Important channel for accessing citizens who for reasons of cost or skill would otherwise not access electronic services
- Broad functionality available, including video interaction
- Access to locations where need is most critical and yet where there may be no government office
- Ease of navigation and use
- Video support capability to assist with queries
- Free of charge to customers

- Government and commercial branding
- Lack of confidentiality - partially mitigated through deployment of video booths

Gaming console

- Interactive gaming over the Internet attracts large audiences in the 16-24 age group
- Reach citizens who are non-computer literate, or who cannot afford to invest in PCs/interactive TV
- Cheaper than PC/interactive TV
- High-speed Internet access is required for full functionality
- Mass appeal may be limited to the 16-35 age group
- Cultural barrier of conducting government business on an essentially entertainment device
- Inconsistent platforms may limit applications and thus attraction of console

MEDIA

E-mail

- E-mail will account for 30% of global contact by 2004. High growth due to low cost to user and wide availability
- Easy to implement
- E-mail nine times more popular than post (Which? Online)
- Wide availability of free web based e-mails
- Usage driven by: convenience, inform - no need to discuss, need to send attachments, documented audit trail

- Difficult to effectively engage customers via e-mail
- Manual response is expensive - time to respond (average 12 mins), agent written skills & typing proficiency, message management
- Time consuming compared to voice for complex issues

TV channel

- High user familiarisation and penetration of TV in the UK.
- May provide effective interactive capability for some services with socially excluded groups
- Opportunities to personalise content

- Broadcasting costs for government organisations may be high
- Proprietary standards
- Cultural barriers - seen as an entertainment channel
- Return path via telephone line must be provided for some platforms e.g. satellite
- Cost of system and subscription to interactive TV

Messaging

- Can be linked to text over voice - for delivery of specialised audio information while on the move
- Multi-session chats are possible with one agent controlling three to four sessions at one time

- Technology is still under commercial development
- Bandwidth limitations effect performance

Telephone

- High penetration of fixed and mobile telephones in the UK providing familiarity for call centre support
- Interaction opportunities with citizen to gather user information and personal data
- Call centres are a well established support channel with available and well tested technologies and skills
- Provides a higher level of personal interaction than some other channels e.g. internet
- Voice assistance for advice and help in filling out application forms etc.

- Cost of outbound fixed line call charges to organisations can be high
- In some low income areas, fixed line penetration is less than 50%
- A customer often requires two phone lines for support when using the internet, or web based applications
- Call charges, unless free-phone, can be an expensive hidden cost for customers

Voice over Internet

- Offers a greater level of support to users - call me button, voice support for web application form completion
- Reduced organisational operational costs vis-a-vis fixed voice lines

- Cost of PC technology to support technology
- Poor voice quality, especially at peak times.
- Current bandwidth limitations - capacity and reliable technology predicted available from 2003 onwards
- Poor quality, especially at peak times. Quality is improving however month on month
Video streaming

• Can be streamed to multiple users in parallel
• Compatible with a number of devices including kiosks, internet, interactive TV etc.
• Provides a visual aid for support functions
• Allows visual interaction with users

Radio channel

• High penetration of analogue radio in the UK especially within particular segments such as over 65s
• Digital radio will allow more targeted programming on special interest topics and two way interaction with listener
• Analogue and digital radio accessed via a range of devices
• Familiarity with analogue radio
• Ease of accessibility via a range of devices e.g. car radio, home, via PC, via interactive TV etc.

• At present technology is still under commercial development
• The user requires a “player” application to decompress the images and sound

• Transaction process is currently restricted to publishing
• Digital radio take-up has been slow in the UK due to the cost associated with receivers
• Currently digital radio is not interactive
FURTHER INFORMATION

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