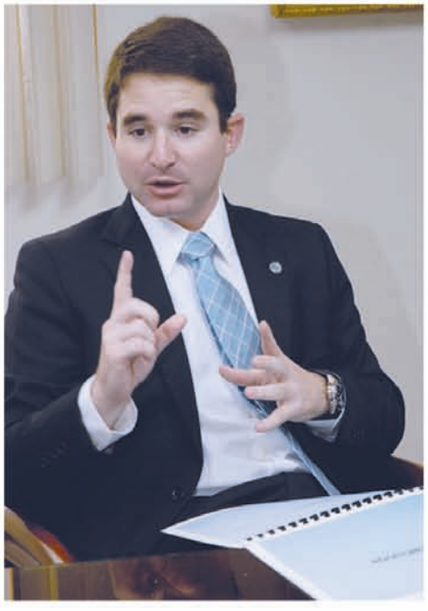
CARIBBEAN BUSINESS

caribbeanbusiness.pr THURSDAY, OCTOBER 20, 2011 WEEKLY $2.00

©2011 CASIANO COMMUNICATIONS INC.

Government Pushes Innovation



Juan Carlos Pavía,
Executive Director,
Office of Management & Budget

Juan Eugenio Rodríguez,
Government Chief
Information Officer

Use of the Internet will now save days and stress in seeking needed documents, say the two government officials responsible for the transformation

By John Marino & Carlos Máquez pages 16-20

Top Story

EPA changes would slam Prepa with $4B in added costs. Solution: get off oil
pages 2, 4

Energy Crisis

Municipalities up in arms over legislative attempt to subsidize power at their expense page 6

From talk to action: Rivera Schatz files series of bills to cut electricity costs page 10

Business group protests exclusion of small businesses from governor's 10-point plan page 23

Special Feature

For up-to-the-minute local, national, international and economic news in English, go to
caribbeanbusiness.pr
now on

4 1>
0 25674 90926 8

pr.gov: Changing how government delivers service

Online platform saves time and money for citizens, businesses and government agencies

BY JOHN MARINO & CARLOS MÁRQUEZ
marino@caribbeanbusinesspr.com;
cmarquez@caribbeanbusinesspr.com

Puerto Rico government officials believe their newfound ability to deliver documents and services instantly to citizens via the government's website, www.pr.gov, is the most revolutionary development in Puerto Rico in public administration in the last decade.

Not only has the move made the lives of millions of island residents easier by enabling them to receive documents and services in minutes over the Internet that once took a daylong visit or more to a government office, but the pr.gov initiative has also required officials to reengineer government processes and structures to bring about the greater efficiency and transparency public service demands today.

"It's the best project we have out there by miles. This is one of the most important projects of the last 10 years," said Office of Management & Budget Director Juan Carlos Pavía. "We are revolutionizing how the people interact with government."

"We want to make the government more accessible," added Juan Eugenio Rodríguez, the government chief information officer (CIO). "The government Internet site aims to unify the provision of government services in an effective and integrated way."

Pavía and Rodríguez recently met with CARIBBEAN BUSINESS to provide an update on government efforts to streamline services and transactions it provides citizens through its website.

The initiative is expected to save citizens some $50 million and four million hours this year by empowering them to do things over the Internet that once required physically visiting a government office.

Since its launch in 2009, pr.gov has processed more than four million transactions, including about one million criminal background checks, more than 760,000 child support certificates from the Child Support Administration (Asume by its Spanish acronym), more than 170,000 filing certificates for income tax returns from the Treasury Department, 170,000 debt certificates from Treasury and more than 1.5 million water and electricity payments.

This calendar year, the government site is expected to process more than 3.5 million transactions online compared to 2.588 million in 2010. In 2009, there were 54,491 transactions.

Monthly visits to the site reached an all-time high of 973,000 in March, and the site is on its way to grabbing one million unique visitors a month, according to officials, who also say it is the No. 1 Google-searched site in Puerto Rico.

Continued on next page

Continued from previous page

"Everyone dreads going to a government office," Pavía said, in summing up the central appeal of the initiative. "It is changing the experience of citizens with their government."

The savings in terms of time are substantial. Walk-in time is calculated by estimating the time it takes to complete a process, including destination time, searching for a parking space and waiting in line. Government officials estimated a conservative 60 minutes, except in the case of birth certificates, which took 120 minutes.

For online transactions, the average estimated time per transaction is 10 minutes, with the exception of the birth certificate, which involves the scanning and submission of documents for an estimated time of 30 minutes per transaction.

For the good conduct certificate, child support payment confirmation, tax debt certificate and tax return filing certificate, the average time saved was 50 minutes in each transaction, while the average savings for the birth certificate was 90 minutes.

In all, the estimated walk-in time to complete these transactions was six hours, versus a bit more than one hour to receive them online.

Juan Carlos Pavía, executive director, Office of Management & Budget

Juan Eugenio Rodríguez, government chief information officer

SERVICES CONTINUE TO GROW

The government website began in early 2010 with the launch of four services that were most in demand by the public: the issuance of good conduct certificates from the Police Department and child support payments from Asume, as well as debts paid to Treasury and filing tax returns, and paying taxes online.

"We picked those services and transactions that have the biggest volumes in order to have the biggest impact," Rodríguez said.

A week after Gov. Luis Fortuño announced the launch of the service in January 2010, some 20,000 transactions had been undertaken online—an immediate sign of the popularity of the service.

Since then, more than 100 services and transactions have been placed online over the past 18 months, cutting costs and saving time for both the government and citizenry, with pr.gov processing more than four million transactions since its launch.

Transactions include getting copies of marriage and birth certificates, paying traffic fines and electricity bills, renewing driver's licenses and automobile registrations, and filing annual corporate reports.

About half the services offered through the site are related to the Fortuño administration's permitting system overhaul and the establishment of the Integrated Permits System (SIP by its Spanish acronym), as the entire permitting process is now done online.

During the next few months, the government website will be launching another wave of Internet-accessible services that will be of particular use to businesses, government CIO Rodríguez told CARIBBEAN BUSINESS.

This month, business owners have been able to apply for and receive licenses from Treasury to sell alcohol and tobacco, as well as to operate adult-entertainment games, Rodríguez said.

The new services were placed online in a "soft launch," and if all goes well, before the end of the year, the processes for obtaining an additional 70 licenses and certificates aimed at businesses—not only from Treasury, but also from the Health Department and other government agencies—will be placed online, he added.

"Once you do the first three, the rest will be easy, a piece of cake," Rodríguez said.

The government CIO said the annual cost to businesses of obtaining such licenses amounts to about $25 million annually.

Also expected to be placed online by the end of this year is a new land bank, which will compile all land owned by the government into a single database, which can be accessed by anyone via the Internet. This would be of particular use to developers considering projects in Puerto Rico, he added.

Also coming online before the end of the year are Certified Public Accountant professional certifications, Nutritional Assistance Program participant certifications, printing of vehicle license notices, physician and

Continued on page 18

pr.gov

Up to 81% of estimated savings for citizens when comparing the cost of transactions of walk-ins with online transactions...

Agency	Transaction	Estimated time to transaction WALK IN	Estimated time to transaction ONLINE	Time saved
Police Department	Criminal Record Certificate	$13.75	$1.22	$12.53
ASUME	Certificate of Fulfillment	$12.25	$1.22	$11.03
Health Department	Birth Certificate	$24.50	$10.13	$14.38
Treasury Department	Tax Debt Certificate	$12.25	$1.22	$11.03
Treasury Department	Filing Tax Return Certificate	$17.25	$1.22	$16.03
TOTAL		$80.00	$15.00	$65.00

Walk-in was calculated by adding the additional costs incurred ($ 5.00 for gas and parking) + (hourly average time of filing *) + cost per transaction: ex: $ 7.25 + $ 5.00 + $ 0.00 = $ 12.25 for a transaction that takes 1 hour and it's free

Online estimated cost was calculated by multiplying the hourly wage x average time of establishment (fraction of time was estimated between 10 to 30 minutes per transaction: 10/60 = 0.17 30/60 = 0.50) ($ 7.25 x 17 = $ 1.23) + cost paper ($ .01 per copy) + cost of the transaction. In the case of a birth certificate $ 1.50 is added for postage

Source: Office of Management & Budget

Continued from page 17

health professional licenses, applications for transfer of service from the Puerto Rico Electric Power Authority (Prepa), and a calendar of public events, actions and hearings.

Next year, you will also be able to register births and deaths online, reserve tickets for ferries to Vieques and Culebra, report service problems with Prepa and the Puerto Rico Aqueduct & Sewer Authority, and report potholes and other damages on island roadways.

"The process of obtaining licenses and certificates through the government before pr.gov was complex and time consuming," Pavía said. "With pr.gov, we can all access government services directly from the comfort of our home or office. It is easy, fast and dependable, and in this way the government can be more accessible, effective and transparent."

Businesses have also benefited

While many of the services are aimed at citizens, the initiative is also a boon to business in many ways. For one, it allows owners and administrators to file key documents over the Internet rather than visiting a government office, which saves valuable time and money.

Meanwhile, businesses should see a large decrease in the number of employees who need to miss work because they require documents from government agencies. Once a day-long affair, employees will now be able to undertake such transactions from their home or office.

The hiring process should also be streamlined, because the good conduct certificate, which most job applicants must obtain, can now be acquired instantly over the Internet.

"All human resources directors should know about pr.gov and all it has to offer, and direct their applicants to it," Pavía said, adding that professional organizations are already orienting members about the benefits of pr.gov.

Rodríguez said many of the new services being placed online are "those that are used remotely by offshore companies. We want to promote business to create more jobs and investment."

About half of the 100 services currently offered online are related to the new online permitting system introduced this year—an all-digital system that only accepts plans and documents in digital formats.

Requests for more than 39,000 permits have been filed; 82% of them have been awarded and 42% of those have already been issued online.

In addition, approximately 60,000 corporate annual reports have been filed through pr.gov.

Many entrepreneurs have now turned to registering their new corporations online. Through August, 3,519 corporate registration filings have been conducted through pr.gov.

Meanwhile, some five million corporate reports and other documents at the State Department are being scanned and placed online as part of the effort.

"We want to promote business to create more jobs and investment," Rodríguez said. "We have to be competitive. We have to make life easy for businesses."

Eventually, pr.gov will be developed into a one-stop shop for businesses where they will be able to conduct all their transactions online.

The idea is for the system to eventually signal the business owner when tax payments are due or when licenses expire, and then to provide an instant means for undertaking the required transaction.

Savings in dollars and cents

While pr.gov is transforming a bureaucratic nightmare into a pleasant experience, the government online site is also delivering real savings for citizens and businesses alike.

The government officials estimate savings of up to 81% for citizens when comparing the cost of walk-in transactions with online transactions. The walk-in calculations include costs such as gas and parking (an average $5 per transaction), lost wages and materials used in the transaction. In that way, officials estimate that a "free" transaction that takes an hour carries a $12.25 cost.

To determine the cost of online services, officials calculated average lost wages during transactions and paper costs incurred, as most online services center on receiving government certificates at home.

In that way, officials estimated that a good conduct certificate from the Police Department costs $1.22 online versus $13.75 for a walk-in visit, for a savings of $12.53. Other estimated transaction savings include child support payment confirmation, $11.03; birth certificate, $14.38; tax debt certificate, $11.03; and tax return filing certificate, $16.03.

In total, these five transactions cost some $80 as a walk-in versus $15 online for a total of $65 in savings, officials said.

But pr.gov is twice as good as it looks, officials say, because it not only saves citizens time and money, but the government too.

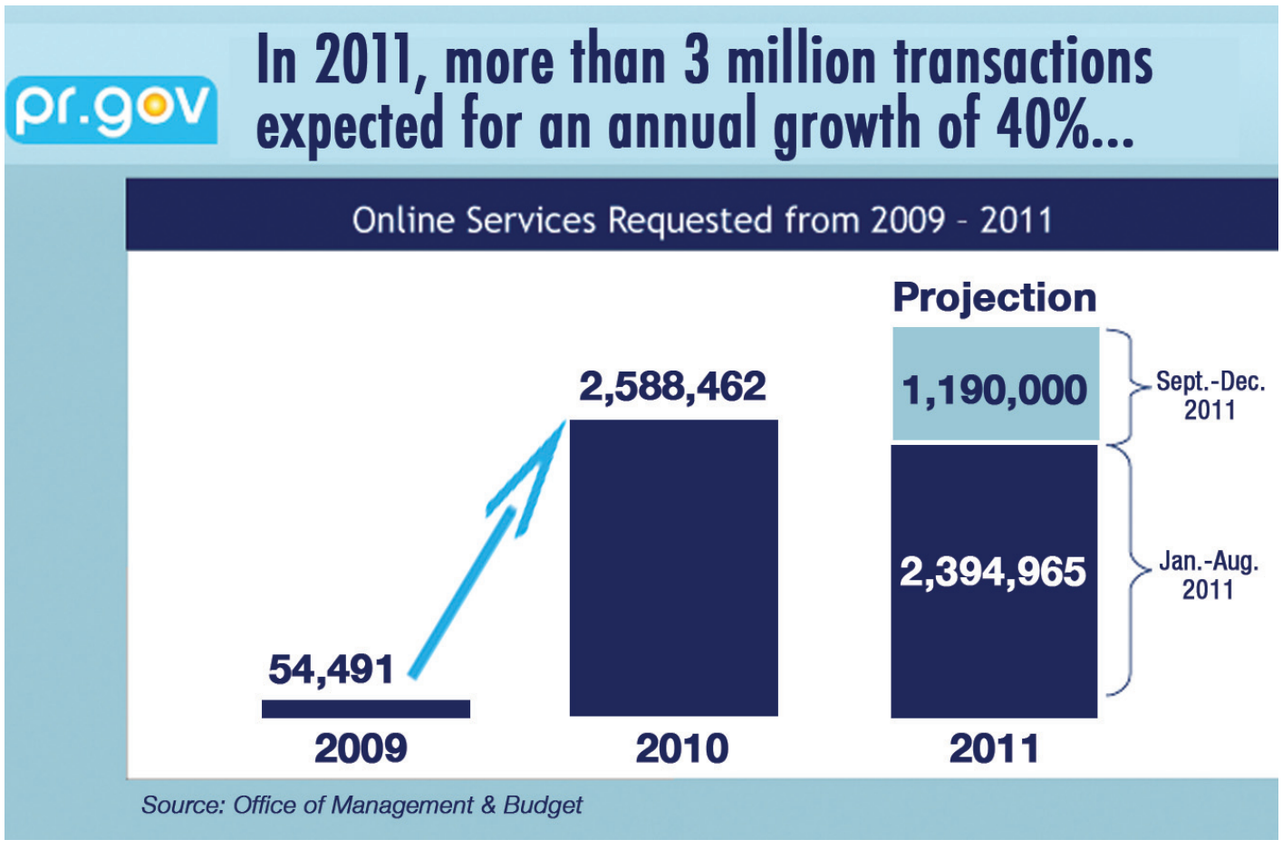
For example, there were some 200 employees working full time to issue good conduct certificates on behalf of the Police Department, Rodríguez said. Now, most of those employees have been freed up to do police work.

"The other side of pr.gov is it makes government more efficient with its resources. These are the long-term opportunities through automation, which will bring even greater government savings," Rodríguez added.

The long-term economic benefits, including the need to hire fewer people in the future, are substantial, but it is still too early to quantify them, officials said.

Government at its best

Government officials are very satisfied with the reception of pr.gov, but they say they are rolling out a grassroots media campaign to champion its benefits because the more people using the system, the greater the savings in time and money for government,



Continued on next page

Continued from previous page

businesses and citizens.

"It is government at its best," Pavía said.

While the pr.gov website has been around for a decade, it never really delivered true online services. The most the government website did in the past was allow a citizen to download a document that would then have to be brought, faxed or mailed to a government office.

On the other side of the transaction, a government employee would still process the application like a paper transaction, and perhaps mail out the certificate.

Now, the requests for certificates are done in real time, and certificates are emailed back to citizens in a matter of minutes. Special embedded codes in the certificate "validate" its authenticity, and can be cross-checked online at the pr.gov website by prospective employers or other officials who requested the certificate from the citizen.

The big change that allowed this to happen was allowing the computer systems of separate government agencies to begin communicating with each other.

"We have 144 different agencies, and we have 144 different networks. They were in their own worlds, instead of the whole government sharing one network. We had to get those agency networks talking to each other," government CIO Rodríguez explained.

The government largely used software solutions to get divergent government computer systems talking to each other. While some expert computer consultants advised the government on the project, most of the work was conducted by OMB's government technology office.

"This is not outsourced. The heavy lifting and day-to-day operations of pr.gov is done in-house," Pavía said. "That speaks volumes about the quality of the technical employees we have here."

"We didn't spend millions and millions of dollars on this," Rodríguez added. "We were able to do it with our own resources."

While Rodríguez, his team of computer experts and Pavía are the officials most closely connected to the pr.gov network, they said the project couldn't have gotten off the ground without the significant efforts of officials in many agencies, including the Health, Family, Treasury and Police departments.

Breaking the "agency-centric" focus of the government wasn't always easy, especially with limited resources. The project required a $1.9 million infrastructure investment, and agencies pitched in with personnel and resources.

"Unfortunately at first, each agency wanted to be its own republic," Pavía said. "We have been good salesmen within government. Little by little, there was a buy-in by employees, and every agency dedicated resources and efforts."

The officials also highlighted how important the pr.gov program is to Gov. Fortuño and his governing philosophy. They said he has been personally involved in the initiative since the beginning.

"Gov. Fortuño's vision has always been to provide agile government services to individuals, businesses and government through the Internet," Pavía explained. "Pr.gov simplifies doing business in Puerto Rico by reducing time and transaction costs, facilitates the establishment and operation of companies, and increases productivity."

Another factor that has been key in pr.gov's success so far is that government planners have been very patient in rolling out services, ensuring that all the kinks and problems are worked out before putting a service online.

Ensuring that the user's experience with pr.gov is satisfactory has taken top priority and will continue to do so as new services are rolled out, Rodríguez said.

"We are very satisfied with the service we have," Pavía said. "We know that once people try it, they will keep coming back because it is so easy to use."

3-1-1 AND THE NEED FOR GREATER CONNECTION

In order for more people to use the service, however, more people need to be online.

Currently, 55% of island households have a computer, but only 45% have an Internet connection and only 31% are connected to broadband, or high-speed, Internet, which is necessary for conducting business over pr.gov. On the positive side, 80% of island homes have access to broadband Internet service. In the U.S., about 78% of households are connected to the Internet.

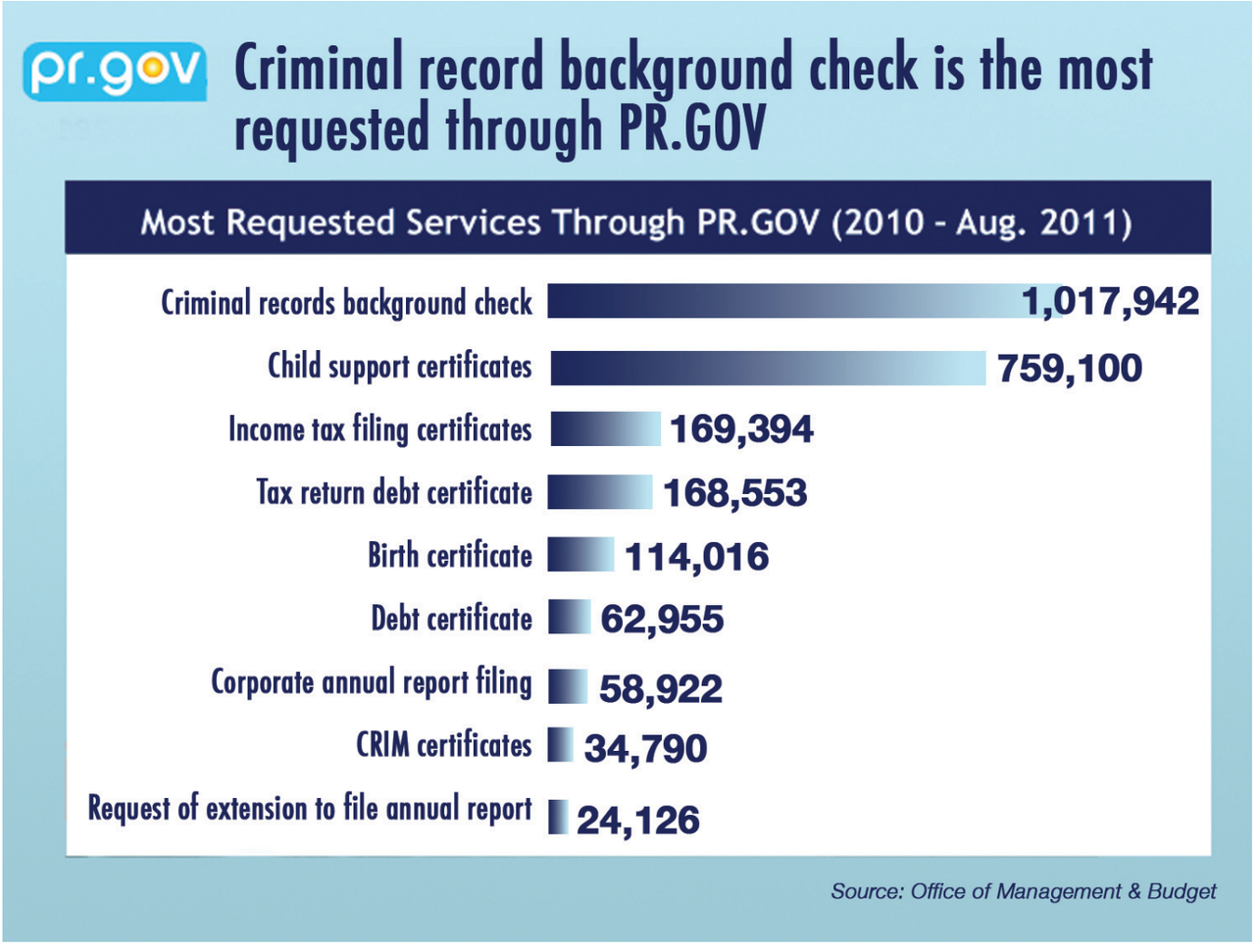
However, 74% of island businesses are connected to the Internet, versus 72% in the U.S.

While several initiatives are underway to boost broadband Internet usage among the public to 60% by the end of 2012 (CB, Sept. 16, 2010), the pr.gov initiative should help increase interest as well.

Government agencies are also getting computers and Wi-Fi Internet connections so citizens can be oriented at government offices about how to use pr.gov, and government officials can use the service to process requests for certificates.

Such a system is already in place at the new SIP office established on the ground floor of the Minillas Government Center. While Rodríguez said there was some resistance at first to the new system, most professionals are now reporting satisfactory experiences.

However, the drive to push government services online doesn't mean the government will abandon providing those services in person. In fact, for those citizens who just can't



Continued on page 20

Continued from previous page

make the jump to the online world, the government will roll out a new 3-1-1 phone service that will function like pr.gov, but over the telephone.

"We want to provide services any way the citizen wants to receive them: in person, online or over the Internet," Rodríguez said.

The CIO said the new phone service would probably be up and running by next March, but the government will start with a few key agencies and expand from there.

"The rollout process will be very regimented, because we want to make sure the quality is there," Rodríguez said.

He added the system was being developed using the infrastructure and personnel of the 9-1-1 emergency-telephone service, and the government planned to start with agencies that deal significantly with the public.

Officials visited New York City, Miami and Panama to study existing systems and "learn from the mistakes of others."

While New York City spent some $50 million to launch its service in 2003, smart planning and tumbling technology prices will enable Puerto Rico to launch its first phase for no more than $1.5 million, Rodríguez said.

The government information czar said the idea is to have the 3-1-1 operators handle as many of the citizen requests as they can directly, and they will be provided tools to resolve issues on the spot, such as accepting payments for traffic fines or reporting a downed power line.

Citizens will also be able to request documents such as good conduct certificates or verifications that child support payments are up-to-date. In these cases, the documents would be faxed or emailed, Rodríguez said.

The service will probably be operational about 12 hours a day, Monday through Friday, with a staff of fewer than 100, he added.

The 3-1-1 system is also aimed at cutting the number of nonemergency calls made to the 9-1-1 emergency telephone system, which account for 87% of all calls, many asking for the kinds of information that the 3-1-1 system is being developed to provide.

"We are making government services more accessible," Rodríguez said. "It doesn't matter where you are—we will provide that service to you."

"We are trying to make life easier for people," Pavía said. "This isn't technology. This is a fundamental change in how government delivers services." ■

Dawn of a new era in dealing with the government

The pr.gov service, which began a little more than a year ago with much promise and fanfare, is fast fulfilling its promise and living up to the fanfare.

It is the promise of a fast, efficient government, a game-changing transformation that has already begun to pay high dividends.

A growing number of citizens are avoiding the long waits for which government offices are famous, for such transactions as child support, income taxes, birth and marriage certificates, traffic fines, driver's-license and auto-registration renewals, criminal background checks, debt certificates, water and electricity payments, and more.

The numbers are impressive, as detailed in this week's front-page story: more than four million transactions thus far, rising from 54,500 in 2009 to 2.6 million in 2010 and 3.5 million this year. And that with just 45% of households having an Internet connection.

With the introduction of the 3-1-1 phone service next March, the speed and service will multiply even more.

The 3-1-1 line is designed to complement pr.gov and extend the same proven efficiency and convenience to the phone lines, a medium with which far more people are familiar.

On the business side, with a healthy 74% of local companies using the Internet, pr.gov is allowing them to conduct previously time-consuming transactions online, such as permits, licenses and annual reports.

The savings to citizens thus far are estimated at $50 million, while businesses have saved roughly $25 million. The money saved is great, of course, and no doubt will grow as more people and businesses use the system.

But it is in the intangible benefits where we see the greatest potential from pr.gov and 3-1-1. For business, it boils down to five.

First is pure competitiveness. Puerto Rico's high transaction and regulatory costs are in for a significant drop, and that will help sway site-selection decisions by potential investors.

Related to that is productivity. The hours now spent on government red tape are being slashed dramatically, with employee teams able to do much more in the same amount of time.

Third is quality of life, including a company's employees and customers. Also coming down thanks to pr.gov is the time employees consume taking care of personal, government-related transactions. The less they have to deal with government offices, the better their mood at work (employees) and at the store (customers).

Fourth, connectivity. The importance of this benefit can't be overstated. Just as electronic-payment cards moved masses of people to open bank accounts and improve their lives, so will pr.gov move hundreds of thousands of people to join the digital age and conduct transactions with confidence. (See related poll on page 44.)

They will get on the Internet for pr.gov and emerge having discovered the boundless benefits of digital technology in other areas of their lives. This, in turn, will create a far bigger market for digital-powered businesses in Puerto Rico, so they can sell their products and services.

Finally, and related to connectivity, is sustainability. Online and phone transactions via pr.gov and 3-1-1 cut back the use of paper and therefore help preserve trees. They also reduce the frequency of driving trips to and from government agencies, greatly curtailing carbon emissions in the process.

The government, in effect, is becoming a huge green enterprise, which will spur the growth of similar green services on the island.

Congratulations are in order to everyone involved in this far-reaching transformation, but especially to government Chief Information Officer Juan Eugenio Rodríguez and Office of Management & Budget Director Juan Carlos Pavía for their vision and tireless leadership spearheading this project during the last two years. Bravo! ■

CARIBBEAN BUSINESS welcomes letters from its readers on stories, editorials, and columns we have published. They should be limited in length to 500 words and addressed to The Editor, CARIBBEAN BUSINESS, 1700 Ave. Fernández Juncos, San Juan, PR 00909-2938 or at cbeditor@caribbeanbusinesspr.com. We reserve the right to edit. Additional comments are welcome on caribbeanbusiness.pr.Go to Sign in link on the homepage. Emails also may be sent to readersopinion@caribbeanbusinesspr.com.