

Revenue & Business Model

Nepal EA

Contents

1.	<i>VISOR Business & Revenue Model</i>	4
1.1.	Value Proposition.....	4
1.2.	Interface	5
1.3.	Service Platform	5
1.4.	Organizing Model.....	5
1.5.	Revenue & Cost Optimization model -	5
2.	<i>Revenue Impact Assessment</i>	7
2.1.	E-services	7
2.2.	Shared infrastructure model	7
2.3.	Cost savings with shared human resources	8
2.4.	Cost Savings with cloud infrastructure	8
2.5.	Key Drivers and Potential Benefits of EA.....	10
2.6.	Ease of Doing Business	12

1. VISOR Business & Revenue Model

Value proposition	<ul style="list-style-type: none"> All categories of G2G, G2C, G2B services to be available .Currently only few services available online working in silos. Citizen can visit any SDG to avail service
Interface	Multiple citizen & government interfaces – mobile app , web , kiosk
Service platform	Shared Services across state , central and local SDG
	SOA based enterprise service integration platform
	Interconnected government with real time data exchange
Organizing model	Co-operation between departments to reuse resources
	Data exchange between departments
Revenue Model	<ul style="list-style-type: none"> User fees for citizen services Increase number of e-services offered Substantial cost savings will come from setting up consumption based common infrastructure on government cloud and network Cost savings by using existing assets Cost savings with Shared human resources Private sector engagement

1.1. Value Proposition

Adding number of e-services – G2B Services to added

- Currently services offered are largely citizen centric. This EA approach targets to include several G2B services in line with Nepal Government vision of reforms in business registration process in FY 2019 budget.
- Further increase in number of G2C & G2G services are envisaged which will further wider customer base.

1.1.2. **Shared service delivery gateway** – Proposed integrated Service Delivery Gateway, offers citizens with service availability with any of the SDG, thus adding convenience and ease of service delivery.

1.2. Interface

Proposed approach offers simplest interface from which citizens / business can avail services. These include mobile app, web , kiosk , IVRS. Focus is keeping key services and functionalities easy to use for end users. It aims to be less complex and interactive interface. This model integrates with multiple third party applications like payment gateway. SMS, email etc. Thus adding value to citizen services.

1.3. Service Platform

The proposed collaborative e-service platform involves citizens in the decision making with the use of several digital channels .Following will be the salient features of this platform –

- Citizen feedback on policies & Rules
- Crown sourcing of ideas
- Polls , surveys
- Public dashboard of events etc.
- Service delivery platform for all citizen & business services
- Grievance redressal platform

1.4. Organizing Model

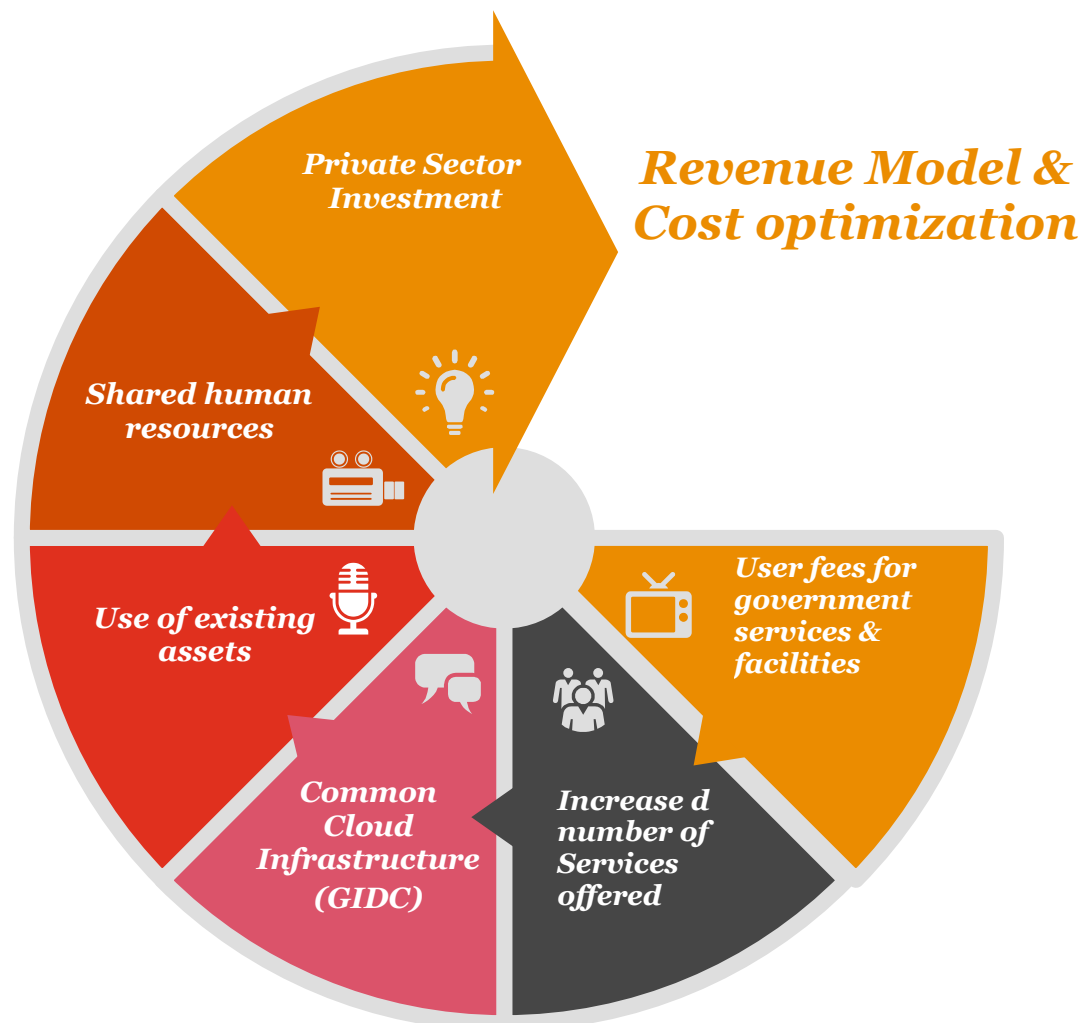
- Co-operation between departments to reuse resources- Assets including hosting infrastructure for peak load events need to be shared within government department in order to save cost of capital expenses.
- Data exchange between department services need to give priority in order to avoid data redundancy

1.5. Revenue & Cost Optimization model

Proposed revenue streams and cost savings mechanism are as follows –

- **User fees for citizen services** – Pay per service model will be applicable and user charges will be recovered from citizen & business that are availing government services and facilities. Rate revision can be considered every year basis number of transactions last year.
- **Increased number of e-services offered** – Currently number of services offered are restricted to G2C. Proposed model offers government services to be extended to businesses as well. Thus, adding to the government revenue with the help of increased user fee.

- **Common cloud infrastructure to be used** - Substantial cost savings will come from setting up consumption based infrastructure on government cloud and network. Each department instead of hosting their application on segregated data centres, will host on GIDC which will decrease procurement cost of government departments substantially. Further hosting on cloud environment reduces capex substantially as compared to on premise model.
- **Cost savings by using existing assets**- Existing infrastructure can be reused to considerably reduce capital expenditure costs. This includes End user computing Components, existing Servers , network components and bandwidth available
- **Cost savings with shared human resources**- Government can share high demand IT resources working in same technology ecosystem. Thus, negating cost of hiring new resources for each IT initiative undertaken.
- **Private sector engagement**- Government can rope in private players to invest in key Projects across department and implement on pay per transaction model. Thus , saving government cost.



2. Revenue Impact Assessment

2.1. E-services

Augmentation in number of e services will substantially increase government revenue.

Table below shows sector wise estimate of number of e-services and projected yearly revenue collection.

Sector	Expected number of services	Per month Transaction (for all states)	Indicative user charge per service per transaction (NPR)	Tentative User charges collection per month	Tentative User charges collection per year
Agriculture & Allied					
Government Procurement	5	12000	100	60 Lakh	7.2 Cr.
Health	15	300000	10	4.5 Cr.	54 Cr.
Industry & Commerce	10	10000	100	1 Cr.	12 Cr.
Transport	10	700000	10	7 Cr.	84 Cr.
Licenses & Permits	5	10000	100	50 Lakh	6 Cr.
Utility Services	5	200000	10	1 Cr.	12 Cr.
Passport	7	25000	15	~ 26 Lakh	3.1 Cr.
Civil Services	15	500000	15	11.25 Cr.	135 Cr.
Education	15	300000	10	4.5 Cr.	54 Cr.
Public Service Commission	10	100000	20	2 Cr.	24 Cr.
				Total	NPR 430 Cr.

2.2. Shared infrastructure model

Component wise list of CAPEX & OPEX for an IT engagement is given below. Considering 5 IT engagement, given below are cost savings that can be achieved on shared infrastructure model. Incremental cost for infra, network and operations is considered as 5 percent for each IT engagement.

Category	Tentative Cost for one IT project (in Crore NPR)	Separate cost of each IT project (considering 5 IT projects)	Shared common Infrastructure model (5% increment)	Shared common Infrastructure model (Considering 5 % contingency on reduced cost) (in Crore NPR)

Application Development	200	1000	1000	1000
Infrastructure	70	350	17.5	~ 183
Network	20	100	5	~ 52.5
Operations	25	125	6.25	~ 65.63
Total	315	1575	1028.75	~ 1300
			Savings	~ NPR 275 Cr.

2.3. Cost savings with shared human resources

Position wise list of resources required in an IT project are given below. With shared resources model, considering 50 percent reusability of development and operations team, hiring requirement is considerably less.

Position	Number of Resources (for one IT engagement)	Number of Resources (for five IT engagements)	Shared resources model	Remarks
Program Director	1	5	5	
Project Manager	1	5	5	
Business Analyst	2	10	10	
Development & testing Team	15	75	37	(50% resources shared)
Operation & Helpdesk Team	20	100	50	
Total	39	195	107	
		Difference	88	

2.4. Cost Savings with cloud infrastructure

S. No.	Items	Estimated On Premise cost (5 Years)	Estimated Cloud Cost (5 years)	Remarks
1	Compute cost	662532385.94	3477616.04	Compute Cost include hosting Web portal to rollout G2G ,G2C application including AMC for 5 yrs
2	Data Centre cost	12119924.00	0.00	Rental Cost it may vary as per location
3	Networking cost	1521707.50	32757.30	Supporting infra e.g. DNS, DHCP & proxy servers
4	Storage cost	20602201.13	10689701.57	Storage Cost include Usable 100 TB considering RAID 5 with HA controller including AMC for 5 yrs
5	IT labour cost	19058542.08	70,28,061.50	It Labour Cost include L1 & L2 Engineer for Computing , Storage,Network & Security. Support Include 8*5
		715834760.65	14200074.91	

A total **savings** of ₹ 68,27,89,537.16

Assumptions:

- Data centre setup include structure cabling & OFC cabling for Server farm connectivity
- Data centre security solution include NextGen security solution (e.g. Gateway firewall, Web application firewall, VPN gateway, Data protection etc.)
- Considered 100 TB storage capacity after configuring RAID 5
- Servers for web, Application & Database and other miscellaneous services (e.g. DNS, DHCP, NMS etc.)
- IT labour cost include full time administrator cost
- All core components have been considered in High availability mode

2.5. Key Drivers and Potential Benefits of EA

Value Drivers		Typical Benefits
<p><i>Governance</i></p> <ul style="list-style-type: none"> • Benefit realisation through traceability • Governance and delivery assurance • Improved compliance, disaster recovery, and security 	<ul style="list-style-type: none"> • 60-70% improvement in delivering business value of projects • 30-40% of IT budget reallocated to strategic investments 	
<p><i>Innovation</i></p> <ul style="list-style-type: none"> • Richer customer experience, satisfaction, and retention • Shared business data and platforms • Accelerated adoption of pioneering technologies 	<ul style="list-style-type: none"> • 10-15% improvement in customer conversion rates • 7-10% increase in sales revenue • 45-60% improvement in product design to launch cycle time 	
<p><i>Reusability</i></p> <ul style="list-style-type: none"> • Re-use through repeatable, scalable solutions <p>Accelerated acquisition integration</p> <p>Reduced complexity and operating cost</p> <ul style="list-style-type: none"> • Disciplined execution with reduced delivery time and cost 	<ul style="list-style-type: none"> • 15-25% reduction in operating costs • 20-25% reduction in system support and maintenance costs • 20-30% improvement in service levels 	

2.6.Ease of Doing Business

In line with Nepal Government vision for promotion of private sector and foreign investment as a component of domestic capital formation, this EA approach proposes to augment G2G services across focus sectors. Indicative list of services is as below-

Sector	Indicative list of services
Procurement	<ul style="list-style-type: none">•Electronic procurement marketplace•Electronic auctions
Corporate registration and other services	<ul style="list-style-type: none">•Business Registration•e- forms (e.g. tax forms, social insurance forms etc.)•e-payment•e-grievance redressal•Sale & purchase of construction material & services•Labour inspection & enforcement•NOC for Power Connection•Short term procurement of the power•Commercial building approval service including FSI, lifts and safety approvals•Occupancy Certificate•MSME loans approval
Land Reform & Management Department Services	<ul style="list-style-type: none">•Time limit Extension for Obtaining OC•Mortgage Consent•Plot Transfer•Change in Company Name•Change in Activity•Change in Land Use•Surrender of Plot
Fire Department Services	<ul style="list-style-type: none">• Final Fire NOC• Renewal of Fire NOC
Water Department Services	<ul style="list-style-type: none">• Water Connection• No-Dues Certificate• Change in Water Supply Connection Size

