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# iGovernment

Empowering citizens through  
distributed technology

Perspectives 2007



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# Moving forward

Governments are responsible for meeting the basic needs of their people, and creating an environment that encourages productivity, personal advancement and the realization of outcomes that benefit the broader society.

The needs of today's citizens are increasingly diverse, shaped and dictated by powerful forces such as geography, demographics, and economic and political development. For example, the needs of the people of India or China are significantly different from the needs of people in the United States or the United Kingdom – because these countries are at very different stages of development.

There are also growing gaps between the wealthy and poor in both developed and developing countries. This said, governments around the globe face an increasing need to adopt tools that may help to bridge this gap – particularly in areas such as education and health care.

The good news is that while governments face new and more complex challenges in serving their citizens, rapid technological advances have unleashed a treasure chest of tools to help governments meet the changing needs of their people. Distributed technologies empower citizens to solve problems that have traditionally fallen within the domain of government. For example, when the City Council of Kalix (Sweden) invited residents to review planning options for its new city center and vote on these options online, more than 1,200 residents participated. This was a high participation level for a municipal planning issue, and it helped the city build community support for the initiative.

This report illustrates how some governments around the world have successfully embraced new technologies and some form of private-public-partnership to better deliver a government service or empower citizen engagement. With increasing strains on finite levels of government resources, citizens, businesses and governments are looking more often to public-private partnerships to sustain government services and engage stakeholders. Governments can draw a number of key lessons from these experiences.



A handwritten signature in black ink that reads "Greg Pellegrino". The signature is fluid and cursive, with a prominent initial "G".

**Greg Pellegrino**  
Managing Director, Public Sector  
Deloitte Touche Tohmatsu

↑ Way out

↑ West Plaza



# The tough challenges of governments

## Meeting the needs of citizens

Governments, by design, reflect the diversity of our world's nations. Whether structured as parliamentary or congressional systems or by proportional representation, governments exist to serve the unique needs of their people.

Those needs start at the most basic level – clean water, food and shelter – and escalate to successively higher levels – such as the opportunity to learn, and for artistic expression and intellectual maturation. If a person's basic needs go unmet, he or she loses the opportunity to move up the hierarchy to further personal growth. This "hierarchy of needs" – first proposed by Abraham Maslow<sup>1</sup> – also serves as a useful lens to view a government's ability to meet the needs of its constituents.

Just as a person must first address his or her basic needs before seeking personal and intellectual growth, a government focuses on physical needs before turning to the needs of the mind and spirit. Every level of this hierarchy presents difficult and unique challenges to governments, and no government is immune. In many developing nations, governments often struggle to create even the most rudimentary system to deliver clean water to constituents. Governments of the developed world struggle, too, though with problems of greater scope, such as sustaining economic growth or molding a workforce capable of competing in an era of globalization.

At the most elemental level, a government's business is providing the basic infrastructure required to guarantee food, clean water and shelter to meet its citizens' minimum physiological needs. The lack of that infrastructure jeopardizes the health of a nation's people and creates far-reaching problems. A nation of people forced into subsistence living by the lack of food and clean water will be hard pressed to advance.

A government also creates a second, advanced level of infrastructure – a transportation system, utilities to deliver electricity and water, hospitals, law enforcement, and public safety – to help ensure its citizens' safety and security. The ability to meet these needs sets the stage for cultural development by creating personal freedom.

As a nation grows, its government turns to fostering strong and sustainable political and economic programs to meet its people's social needs. By doing so, a government creates a sense of community by forging political stability, orchestrating steady economic growth, and making safety nets for those members of the population unable to provide for themselves or their families.

To build on a nation's growing sense of being as a unified whole, a government crafts policies and regulations that define

the nation and its relation to other nations across the globe. At this stage, government articulates a nation's approach to stimulating innovation in academia and the private sector, conducting international trade, and participating in international organizations.

Once a government meets those successive levels of need, it can prepare to develop a vision for its people's future—the most important task in the process of advancing a nation. The vision accounts for vagaries such as the pressures of globalization and how technological innovation alters every aspect of society, including government itself.

To move up this hierarchy, governments must solve significant challenges at each stage. Often, governments run into trouble while attempting to execute strategies targeted at a particular issue, and it's at this juncture that governments can turn to the private sector for important clues, lessons learned and other solutions to intractable problems. Over the last several years, the private sector has focused its energy on redesigning delivery methods for services or products to take advantage of the Internet and related technologies. Now, government is replicating this strategy, adapting public sector services to meet the changing needs of their constituents at all levels.



# Foundation of a nation

## Constructing essential systems

Food. Water. Shelter. Electricity: The simple things that developed nations take for granted. But for untold millions in developing countries, obtaining these simple necessities remains a daily struggle.

Governments of developing nations will only be able to realize a better future for their people by first delivering the infrastructure that will deliver clean, potable water, untainted food and permanent shelter. These governments understand that they must build this infrastructure, but are often unable to realize this vision.

Often these governments struggle with the sheer complexity of infrastructure projects. But, when they tap the unseen and unrealized power of their people, sometimes the impossible becomes possible. Assisted by the right distributed technology, the citizens are empowered to participate in the building of their own future.

One initiative, established by some of the world's leading philanthropists, led to the creation of not-for-profit group the Safe Water Network (SWN). The SWN will

develop and deploy new, economically viable water purification technologies to provide safe water to some of the 1 billion people suffering from unsafe water supplies. The SWN will mobilize alternatives to large-scale centralized water purification systems typical of government-funded approaches, and accomplish this goal by creating a venture philanthropy fund that advances the development of water purification solutions for developing world communities.

The objective is to develop an approach that will impact the most people in the shortest period of time. As such, the SWN will leverage its technical, supply chain, community programming and funding capabilities to provide cost-effective, broad-scale deployment of distributed technology solutions. The initiative will target several developing country communities – potentially Bangladesh, China, India, Sub-Saharan Africa and Latin America.



# Protection and prosperity

## Building the trust

A nation that has established basic infrastructure can turn more of its attention to addressing the need for security. At the most elemental level, people trust their government to establish the basic protection of law enforcement agencies to establish order in communities. But security is no longer so narrowly defined.

But today, security is a multi-faceted challenge, forcing emerging nations to make plans to react to a wide range of scenarios. These may include electronic attacks that cripple critical information systems, such as systems that control physical infrastructure; natural disasters that wreak large-scale devastation; or physical attacks against cities or transportation systems orchestrated by terrorist groups using biological, chemical, radiological, or other weapons or explosive devices.

The danger that weapons could be smuggled into a nation is greater than ever before, especially because of the global nature of commerce. According to a Deloitte Research study, *Prospering in the Secure Economy*, more than 15 million containers move across the seas every day, and untold millions more cross borders on trucks, railroad cars, or airplanes.

To guard against this security threat, some governments have devised successful strate-

gies built on public-private partnerships, such as Secure Trade in the APEC Region (STAR). Now five years old, STAR is a public-private partnership of Asia-Pacific Economic Cooperation (APEC) countries, major private-sector companies and international organizations. STAR identifies and examines high-risk shipping containers, secures them during transport, and gives officials advance information on those containers before they arrive at a border.

Advance knowledge is key to security. To provide government leaders with a full picture of the security landscape, public safety agencies need to share information. But many agencies struggle to do so. The cause of the struggle often lies with public safety information systems that capture and store data but don't easily exchange it with other agencies' information systems.

To help tear down information silos, some governments have created special public safety bodies comprising different disciplines. In the United States, the State of Colorado created the Colorado Information Analysis Center (CIAC), a multi-agency "fusion center" operated by law enforcement agents and analysts from the local, state and federal levels. The CIAC's website allows concerned citizens to report any type of suspicious activity and submit evidence such as digital photos.



# Connecting with citizens

## Advancing accessibility

With fundamental security mechanisms in place, an emerging nation may focus more fully on the social needs of its citizens. Nowadays, when people turn to the government for their social needs, they expect accessibility. But governments find it difficult to adjust to that dynamic. Historically, government bureaucracy has defined the relationship between citizens and government services, and people have had little choice but to accept the terms.

Over the last decade, though, distributed technology has transformed the interaction between people and their government. Technological advancements such as creation of the World Wide Web give people more say in defining the terms of the relationship. Now, people expect their government to offer services through multiple channels, such as the telephone and the Internet. They don't necessarily want to travel to the capital city or the county seat to interact with government leadership.

To meet this need, governments have moved to the Internet many transactions that formerly required in-person visits. At the most basic level, this self-service option gives people the convenient services they want. Yet there's more to it. By putting the power back into the hands of the people, a government creates a greater sense of social equality.

Over the last few years, governments have radically altered the way some constituents access social services by tapping distributed technologies.

In the United States, some state governments have built integrated, Internet-based systems that citizens use to apply to multiple public programs. Rather than visit four, five or six agency offices, the user completes a standardized form, and the system quickly determines whether he or she is eligible for each service.

In 2004, Massachusetts launched its Virtual Gateway, which allows state residents to apply for more than a dozen social service programs by filling out a single online application, rather than plowing through duplicative sets of paperwork.

The private sector, too, can play a role. Microsoft India and Canada's International Development Research Centre are working together on Project Saksham, an initiative to set up Internet-connected PC kiosks in rural Indian villages. The project pilot-tested 300 kiosks with approximately 4,000 users in villages across six Indian states to determine the ideal business model for engaging rural residents<sup>2</sup>. The pilot revealed that combining an array of electronic government services, such as instant access to land records and certificates, with commercial needs, such as banking, insurance and other services, is the best strategy to sustain use of the kiosks.



# Policy

## Responding to changing citizen needs

With mechanisms in place tending to social needs, governments of emerging nations give greater attention to crafting policy that defines the nation to its citizenry and to the outside world. The decisions made at this juncture set the tone for a nation's inner workings, affecting everything from educational systems to the business world to government's own regulatory reach.

Effective policy creates a stable environment in which an emerging nation's citizens have the opportunity to flourish. Policy defines how personal property and liberties are protected; guides the evolution of the national economy; stimulates growth in the public, private and nonprofit sectors; and nurtures the development of institutions of higher learning.

Policy doesn't get made in a vacuum. The representative nature of democracies creates built-in accountability: policy makers who fail to heed their constituents' voices risk being voted out of office. As a result, governments craft policy that balances the often-conflicting needs of a wide range of interest groups. That isn't easy. It's even harder to react appropriately when constituents' needs change.

Many governments across the world face aging populations, with millions of people

retiring from the public and private sector workforces. Governments will have to scramble to replace retiring public employees, while simultaneously responding to increased demands for government services from the huge wave of retiring workers.

The influx of people into a nation creates additional difficulties. New ideas, perspectives and skill sets that arrive with legal immigrants can invigorate a nation's development. Yet a shadow population of illegal immigrants strains a nation's resources by accessing government services, but not necessarily contributing taxes to help fund public services.

Distributed technology can play a crucial role in helping government solve these challenges. Some governments are tapping the efficiency of distributed technology to improve service delivery across all aspects of the public sector.

The Servicio de Administración Tributaria (SAT), Mexico's federal taxation and revenue agency, is helping Mexico's citizens manage their tax-related transactions by creating personalized Web portals. These portals will allow constituents to understand their tax obligations and track their individual accounts with the SAT.



# From good to great

## Building a global community

Once it has advanced through these levels of need, a government prepares for its most pressing challenge – making its communities better places.

By nurturing healthy, productive and enlightened communities, government does its part to improve the world. Just as Fortune 100 firms gladly accept their opportunity to advance the world by making enlightened corporate responsibility a high priority, governments seize their chance to make equally significant contributions.

The corporate world and the public sector have long worked side by side to solve intractable dilemmas, but the power of modern technology can profoundly alter the nature and reach of public-private partnerships.

The public and private sectors clearly realize that a burgeoning global population is taxing the world's resources, demanding more food and clean water, using more raw materials to build cities and generating more, and more harmful, waste. Climate change is creating puzzling environmental happenings – record heat in winter in some places and record cold in others.

Though the modern world is a marvel, every advance in technology creates an unintended consequence. As countless millions of people keep replacing older products with the latest technologies, ever-growing mountains of electronic waste pose a serious threat to the environment.

Because of the enlightened global awareness punctuating the Information Age, the private and public sector acknowledge their responsibility and take action. Manufacturers voluntarily create and fund electronic waste recycling programs. Different levels of government work together to craft a seamless regulatory environment, making it easier for electronics manufacturers to carry out their recycling campaigns.

In the UK, Transport for London (TfL), which manages public transportation services across the city, announced in early 2006 that London Buses would add six new, environmentally friendly hybrid vehicles to its fleet. The hybrid buses consume less fuel than a standard diesel bus; substantially reducing carbon dioxide emissions in the City.



# Executing change

## Lessons learned from solving tough issues

As technology and changing attitudes combine to fundamentally change the way countries interact, both economically and socially, citizens are expecting more from their governments. Governing bodies are striving to address these changing needs, but are often hindered by outdated organizational hierarchies with a lack of formal information sharing; public policy designed for a previous generation's needs; budgeting systems without effective measurement tools; and service delivery models that don't incorporate the latest technological advancements.

Applying technological and ideological innovation at the many levels of government is necessary to meet the changing

needs of a global economy with a more advanced and demanding population. However, change is often met with opposition, and more and more often, government structures, practices, and systems require complete transformations that are filled with myriad issues and challenges.

Many governments have already executed innovative approaches to deliver basic needs to citizens, overcome decades-old public-policy challenges, and harnessed technology in new and exciting ways. The following case studies bring some of these transformations to light, demonstrating lessons that can now be applied around the world to further the evolution of government.

# Bringing safe water to the developing world

Worldwide, one person in six lacks access to uncontaminated water. The Safe Water Network approaches the problem not with unwieldy public works programs, but with easy-to-deliver community-based solutions.

Water is a basic human need. Most of us take for granted that when we turn on the tap, it will always be there. But around the world, about 1.1 billion people lack access to safe drinking water. That's one person out of every six.

Behind that statistic lies tremendous suffering and lost opportunity. Each day, about 2,900 children die for lack of clean water. More than 90 percent of deaths from diseases related to diarrhea in the developing world occur in children under five years of age<sup>3</sup>.

Millions of adults can't work because they're too weak from diseases carried in polluted water, or they're too busy caring for sick relatives. Lack of safe drinking water and sanitation prevents many children, especially girls in Africa and Asia, from attending school. All this keeps families trapped in poverty from one generation to the next.

Efforts to provide safe drinking water usually focus on constructing large-scale delivery and treatment facilities to serve an entire city, region or country. In the long term, these facilities are exactly what the population needs. Unfortunately, plans to build them don't always work out. Even

when a government can raise enough money to create this infrastructure, political and ideological debates may drag the project out for years, or kill it altogether.

While governments labor to effect major change, millions of people continue to languish. But sometimes starting small and tackling the easiest parts of a problem first can bring remarkable results.

As a partner of the not-for-profit Safe Water Network, Deloitte member firms are helping develop innovative, community-based solutions that deliver clean water to neglected populations. By bridging private-sector, philanthropic and public resources, the Safe Water Network is pursuing market-based solutions that will accelerate the availability of distributed water solutions for underserved populations. Deloitte member firms are preparing an analysis within select target regions, providing a more granular definition of the market needs and related opportunities. This will provide the basis for aligning market needs and opportunities with alternative solutions. Pilot regions are still being selected, but may serve communities in India, Sub-Saharan Africa and Latin America.

Part of the program's goal is to demonstrate alternative models for implementing water purification solutions at the community level. Two examples might be setting up micro-enterprises to distribute clean water and programs to supply water purification technologies to local health clinics.

"With the help of Deloitte member firms, we will assess how water purification solutions perform under various local conditions, and gather critical data to develop sustainable and scalable implementation plans," said Kurt Soderlund, Chief Operating Officer of the Safe Water Network.

Deployed in one community after another, an innovative and scalable solution could eventually change millions of lives for the better.



Kurt Soderlund, COO, Safe Water Network, and Bill Parrett, Deloitte Global CEO discuss Deloitte's commitment to the Safe Water Initiative at the World Economic Forum in Davos

# Pooling stakeholders to ease economic flow

Experts agree that congestion pricing offers a sure solution to hideously costly urban gridlock. But most congestion pricing programs have failed. To help beat the odds, Transport for London worked hard to gain buy-in from all expected stakeholder groups.

Around the world, economic development is fueling an explosion of activity. New businesses arise, new construction fills the skyline, workers swarm into industrial centers and consumers crowd the stores. For all the good it brings, this new prosperity also bears the seeds of its own undoing: a crisis of traffic congestion. In cities from Paris to Jakarta, residents and commuters face almost unbearable crowding on their roads. Conditions will only get worse as growing economic strength puts new drivers behind the wheel at a much faster rate than their governments can build new capacity.

Gridlock hurts the economy, bringing unpredictable travel times, environmental damage, increased property damage, longer delays and lost productivity. Today, in OECD countries, the cost of gridlock equals nearly three percent of GDP, or about US\$810 billion.

Transportation economists have agreed for decades that one sure cure for crippling traffic is congestion pricing. The concept is simple: charge motorists to use the most crowded roadways, reasonably matching up supply and demand.

Governments have talked endlessly about congestion pricing. Some courageous leaders have tried to put programs in place. But until recently, such initiatives have failed to get beyond the design phase. The reasons varied. There was no bold political champion to rally support. The needs of all stakeholders weren't taken into account. No one paid enough attention to selling the idea to groups who saw it as another tax.

In 2003, London broke the mold: it launched a charging initiative that has cut congestion in the central city by 30 percent. It's the largest such program in the world.

How did London succeed where so many have failed? One key was that Transport for London (TfL), the body responsible for the city's transportation systems, waged an all-out campaign to bring every possible stakeholder on board. That meant identifying every group that congestion charging could conceivably affect—the 33 London Boroughs, emergency services organizations, disabled commuters, the business communities, the arts community, the general public and many more. It meant TfL talking with those stakeholders, mapping out their concerns and reaching the best possible understanding with each.

"This is important because those people have the ability to disrupt or prevent your progress," said Brian Green, Deloitte UK's project manager for the Central London Congestion Charging program. "In some cases, TfL was able to accommodate their concerns. In other cases, they were not. If you're not, you have to manage the consequences."

TfL tailored a separate strategy for each group, using written communications, private or public meetings, media campaigns and other means to get at the heart of stakeholders' concerns. It also advertised widely to make sure motorists understood when charging would start, exactly how it would affect them and how to participate in the program.

In February 2003, the program took off with minimal problems. It now handles about 125,000 vehicles a day, after the western extension to the charging zone went live in February 2007 with no disruption to the original service. This extension saw the near doubling of the size of the original scheme with improved technology and a new set of stakeholders

Make no mistake—stakeholder management is a meticulous, time consuming process. But done correctly, it helps ensure that a congestion charging program will meet its goal: restoring the free flow of traffic.

# Preserving the security of health

To better manage spiraling costs, Ontario's Ministry of Health and Long Term Care is adopting private sector techniques that will help it invest health care dollars where they'll provide the greatest value.

In much of the developed world, the cost of health care is growing at an unsustainable rate. In Ontario, Canada, the Ministry of Health and Long-Term Care (MOHLTC) has seen costs rise by 8 percent on average over the past five years<sup>4</sup>. If this continues, within the next two decades health care will swallow the province's entire budget.

When government costs rise faster than revenues, the standard response is to cut expenses. In health care, that can mean making painful decisions—to ration care, reduce staff, forego innovative therapies. Cut too much, though, and you betray your mission to keep citizens healthy and deliver good care when they're ill.

Corporate leaders know that simply spending less across the board isn't a long term answer to rising costs. You have to understand what you gain for every dollar you spend and how that payoff promotes your strategic objectives. When you measure the results of your investment decisions, you stop wasting money on activities that don't produce value, have more money to put into programs that deliver and you spend less overall.

The MOHLTC is in the early stages of major transformation that is designed to improve the quality of the Ontario system while helping ensure its sustainability for future generations. At the heart of this new approach, is the notion that MOHLTC is the steward of the system whereby MOHLTC's primary role is to set strategy, policy and funding direction for the system as a whole. MOHLTC is now breaking new ground in the public sector by applying private sector value-based management and portfolio management techniques to inform resource allocation decisions.

As a starting point, the Ministry has defined its long term strategic objectives and reorganized to better reflect those goals, creating divisions in charge of information, strategy, finance, and accountability and performance. "This gets us away from the old world of thinking about hospitals, about doctors, about community labs, to a new world where our structure encourages us to think about how value is created by different parts of the system," said Adalsteinn 'Steini' Brown, Assistant Deputy Minister, Health Systems Strategy Division, MOHLTC.

Ministry officials have also defined the health care outcomes they consider valuable. And they're creating tools to challenge every dollar the Ontario health care system spends, determining which investments deliver worthwhile results and which ones don't.

Portfolio Management techniques force MOHLTC to define what it considers to be most important from a "Value" and "Risk" perspective which allows it to quantify and assess trade-offs between competing investment decisions. For example, when completed, MOHLTC will be able to assess the trade-off between investing in prevention and health promotion activities relative to investing in productivity improvement initiatives such as the development of electronic patient records.

"This program is innovative because it's starting to apply tried and tested private sector techniques, but in a public sector setting," said Andy Potter, Deloitte Canada's project manager for MOHLTC's portfolio management implementation project.

Potter makes a vital distinction. In government, success doesn't mean higher profits. It means better services delivered cost-effectively. "Traditional metrics such as economic value-add don't apply here," said Tai Huynh, the Ministry's portfolio management implementation project leader.

After a year of startup activity, "we've got chunks of indicators and scorecards for different areas of our work," said Brown. "We even have a way to wrap all these indicators into an aggregate measure of public sector value." MOHLTC will pilot these tools with early adopters and then implement them throughout the Ministry.

Said Brown, "We've made a huge amount of progress in starting to capture what's meant by value and educate people on what it means within the system."

# Removing barriers for a collective formal economy

For years, a complex, fragmented revenue system has made it difficult for Mexico to collect taxes, robbing the government of hundreds of billions of pesos a year and stifling economic growth. Through an integrated campaign to improve organization, processes and technology, Mexico's Servicio de Administración Tributaria expects to see collections soar.

Of the 45 million people working in Mexico, the government collects income taxes from only about 12 million. Tax revenues amount to less than 10 percent of the country's gross domestic product, making Mexico one of the least-successful at collecting taxes in all of Latin America. More than half the country's workers earn their living outside the formal economy, a practice that deprives the government of more than 300 billion pesos (\$30 billion) in tax revenues every year<sup>5</sup>.

Tax evasion hurts citizens in the short term, because without adequate revenues, the government can't provide important public services. It also hurts the country's long term prospects for economic development. Entrepreneurs who don't pay taxes don't have tax identification numbers, so they can't hire many people, apply for permits, acquire new property or expand their businesses in any way that might draw the attention of public officials.

Mexico's failure to bring more businesses and workers into the formal economy lies largely with the country's tax infrastructure, which has made it hard to enforce the tax laws or to help taxpayers meet their obligations.

For one thing, there is no single database to identify taxpayers. When a person registers to vote, or conducts business with a bank, for example, there is no way to cross-reference that person's identity with a central database so the Servicio de Administración

Tributaria (SAT), the federal tax and revenue agency, knows of his or her existence. Even within SAT, the department that helps Mexicans with questions about how to file taxes and the department in charge of collecting unpaid revenues traditionally have operated separate taxpayer databases, with no way to exchange information.

In the past, SAT itself was badly fragmented. Each department within the organization operated as a separate business, backed by its own information systems. As of three years ago, SAT had three IT departments, each working independently, and many legacy computer systems.

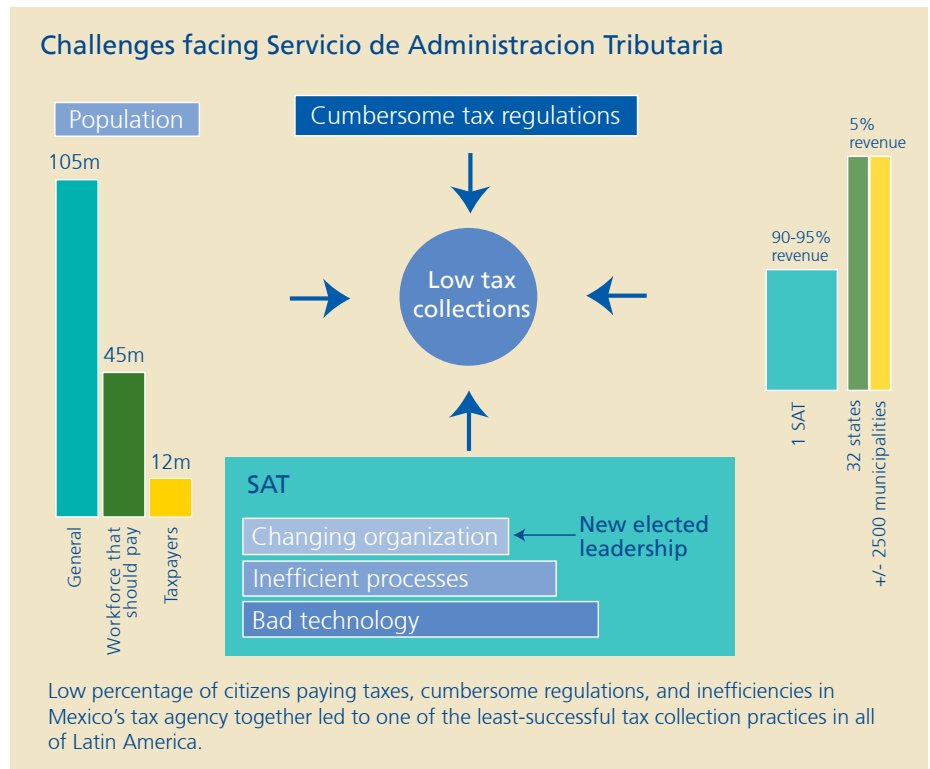
SAT tried to address these issues by integrating data across the enterprise. Its main strategy was to implement PeopleSoft's Enterprise Resource Planning software. After several false starts, though, agency executives realized that an approach based purely on technology would never solve their problems. They needed to consider the human factor—in particular, how to remove the barriers that keep people from paying taxes.

"The biggest problem is not a technology problem," said Alonso Yanez, Deloitte Mexico's lead partner in its work with the SAT. Mexico's complex tax laws, in themselves, pose a formidable obstacle. "The big problem is that you need to be or have an accountant to pay your taxes. It's a process problem for the SAT that keeps people out of the formal economy."

SAT's leadership needed to restructure the organization to deliver better service and develop better, simpler ways for constituents to do business with the government. So SAT started an initiative to completely re-engineer itself, streamlining its processes and services and making it easier for citizens to meet their obligations. The program to develop the Integrated Business Solution for Revenue Management is the largest technology-based, enterprise-wide transformation of a government organization ever to be conducted in Latin America<sup>10</sup>.

SAT has consolidated redundant departments and moved hundreds of employees to positions where they provide greater value. It has implemented technology to ensure that different departments can easily share the information they need to get their jobs done. And it has started a multi-year effort to create a single identification number for each taxpayer, with all records housed in a single database.

SAT is also preparing to launch a Web-based portal to give each taxpayer a simple, personalized method for transacting business. Instead of making taxpayers wrestle with confusing instructions, hire experts or spend hours calling from office to office for assistance, SAT will deliver the information they need to meet their obligations without fuss. By integrating improvements in organization, process and technology, SAT is poised to deliver better service to constituents and vastly improve tax collection. That means more money to fund government activities and greater opportunity for the Mexican economy to grow.



# Granting access to inform decisions

Governments have spent years, and billions of dollars, trying to make stovepiped institutions share knowledge that's crucial to citizens' health and safety. For one U.S. security agency, the key to breaking down the walls lies in new policies and structures that make universal information access the everyday norm.

It's no secret that many U.S. government organizations suffer from a crucial flaw: they fail to share information.

So when a guard ejects an intruder from a rail yard in Omaha, and a port inspector questions a truck driver with inadequate ID at a cargo terminal in Savannah, no one discovers that the two incidents are linked. No one assembles disparate facts to reveal the big picture.

Governments have spent years, and billions of dollars, trying to correct this. They've tried deploying the latest technology. They've tried refining the organizational structure. But their employees continue holding on to what they know. As they forge ahead in their missions, it doesn't occur to them that another team working on a parallel track might desperately need a piece of knowledge they possess.

Today, we talk about the need for information sharing. But in the long run, that might not even be the right term, because it implies that an individual has a

choice whether to grant access to certain facts—or not.

"Some people think, 'I own this information, and I will share with you if I have good reason to share. Or I will share what I feel you need to know. That can be very dangerous,'" said former Lieutenant General Harry Raduege, Chairman of Deloitte Center for Network Innovation and a Deloitte & Touche LLP United States Director. The real goal is a culture of universal information access, based on the principle that any authorized person can reach out and grab any information he or she needs, at any time.

The key to universal access doesn't lie in the technology or the organizational chart. It lies in the behaviors that government leaders encourage and reward, and in the policies and structures that make information sharing the everyday norm. In short, it lies in governance.

Today, government organizations fail to share information because they're constructed in stovepipes. They lack policies

to require universal access. Their IT groups don't fully understand how to support the organization's information needs, and the mission-oriented groups don't fully understand what IT can offer. Most importantly, their leaders haven't put information sharing at the top of their personal agendas.

At one U.S. security agency, top executives are holding regular meetings to figure out how to make universal information access a way of life throughout the enterprise. As part of this effort, they have instituted a series of "scans" to parse out information, services and systems that the agency's mission-focused organizations already have at their disposal and define what they need in addition.

These scans reveal that the missions of certain units of the agency would benefit greatly from information that other units have collected and retained. Once that's known, you put mechanisms in place to turn these isolated data repositories into resources for the entire organization. Of course, since an organization is a living entity, the evolution toward universal in-

formation access is never really complete. An information sharing enterprise is a way of doing business—the way the government "bakes" the information sharing ethos into its processes, people, culture and technology.



# Clearing the path for government service

Many government agencies are working on integrated, Web-based customer service platforms. But these ambitious projects often drag on for years with nothing to show. Building its Virtual Gateway in increments, in just 18 months Massachusetts' Executive Office of Health and Human Services started making it easier for citizens to access services.

When citizens come to government for services, too often the interaction creates confusion and frustration.

A low-income family with children might be eligible for food stamps, Medicaid, subsidized housing and other assistance. But to get enrolled, family members must travel all over town visiting different agencies. They sit in waiting rooms, fill out forms and answer the same questions over and over so employees can enter the data in each agency's information system. If someone misplaces a form, the client might need to start from scratch. If someone makes a data entry error, the family might be deemed ineligible, incorrectly. If the client doesn't know a service exists, he or she might miss out on much-needed help.

While this is exasperating for citizens, it's also expensive for government. A stovepiped service organization breeds inefficiency and extra expense. And by failing to solve problems while they're small—perhaps by enrolling clients in public health plans that pay for primary care—government gets saddled with much bigger costs—such as emergency care.

In 2003, Massachusetts' Executive Office of Health and Human Services (EOHHS) launched a plan to eliminate the stovepipes. Unlike many other similar initiatives, this one has so far seen great success. A key feature of EOHHS's transformation into a streamlined, integrated operation is the HHS Virtual Gateway, a Web-based service delivery tool organized around citizen needs.

Clients who use the Virtual Gateway don't need to know which agencies offer which services. Staff at HHS agencies, medical centers and other business and not-for-profit partners help connect clients with the assistance they need. Non-government partners such as homeless shelters and independent living centers gain password-protected access to the system; partners that EOHHS pays for services also use the Gateway for electronic invoicing and reporting.

Once the Gateway captures information about a client, it routes that data to information systems operated by one or more HHS organizations, which quickly determine eligibility. That eliminates redundant labor, reduces errors and makes it much easier to enroll clients for multiple services.

Although many governments have tried for this kind of integrated service delivery, many have failed, simply because they bit off too much. “Often, states try to write RFPs that document their six-year vision, and it takes them two years to write it,” said Michael Marino, Deloitte Consulting LLP, United States, lead consulting partner for the Commonwealth of Massachusetts. While plans inch toward completion, without any successes to show in the meantime, political support wanes, and technology outpaces the original specifications.

EOHHS, by contrast, deployed a first release of the Virtual Gateway in just 18 months, at a cost of only \$7 million. It has expanded the system piece by piece, adding new processes and services every few months, as resources allow.

Today, Massachusetts receives 4,000 program applications per week through the Virtual Gateway<sup>6</sup>. A report by the state’s inspector general points to one example of its accomplishments: the Gateway has fueled greater enrollment in MassHealth,

the state health care program for eligible low-income residents, and slowed admissions to the Uncompensated Care Pool, the costlier program that subsidizes health care for the uninsured.

By taking an incremental approach—but one based on a broader vision-- EOHHS managed quickly to improve service to citizens and, at the same time, better control costs. Since then, it has built steadily on that early success.

# Table of services

Audit and Enterprise Risk Services	External audits
	Internal audit
	Business process and IT risk and control
	Governance services
	Enterprise risk services
	Financial program accountability
Consulting	Strategy and operations
	Human capital
	Technology integration
	Enterprise applications
Financial Advisory Services (FAS)	Forensic consulting
	Dispute consulting
	Valuation
	Reorganization services
Tax	Sales and use tax analysis
	Tax process IT services
	Transaction tax analysis
	Employee benefits
	Property tax analysis
	Tax-aligned supply chain services
	Litigation support

External audit audits Internal control attestation Assurance services	Auditability assessment Financial audit Agreed-upon procedures
Outsourcing Co-sourcing, including IT Assessment reviews Enterprise risk assessment	IT internal audit co-sourcing Loaned staff Royalty inspections Data quality and analysis
Data quality and integrity Identity management security Infrastructure security Security strategy and management Enterprise application security Business process controls assessments	Information technology control Systems project control assurance Business continuity management Citizen and constituent privacy SAS 70
Governance structures and procedures Ethics and compliance Risk management and controls	
Integrated risk and performance measurement ERP security and controls Improper payments Internal control compliance	A-123 readiness IT security, accreditation and remediation Asset quality solutions
Accounting services Risk-based compliance program Program analysis and review	
Program management office Government transformation CFO services Business process redesign Shared services	Constituent and channel strategy Enterprise cost reduction Merger integration Supply chain strategy Government strategy
Change management Actuarial and insurance services Change leadership and learning	HR operations and technology Organization and people performance Total rewards
Architecture and network services CIO services Custom application development services Web-enabled constituent integration Financial systems integration	Enterprise connection services Enterprise systems management Information dynamics, including business Intelligence and data warehousing
SAP Oracle Peoplesoft	Customer relationship management packages Supply chain management package
Insurance claims consulting Technology transfer consulting, including licensing Construction advisory services Economic consulting Historical and forensic accounting analysis	Environmental intellectual property Litigation/arbitration services Purchase price disputes Asset tracing and monitoring
Analytic and forensic technology Business intelligence services D&Tect (Fraud detection and prevention)	Forensic audit assistance Health care fraud analysis
Intangible asset valuation Strategic decision support and transaction advisory Leasing services Dispute resolution support Loan portfolio analysis Tangible asset services	Cost segregation Construction advisory Asset (real and personal property) management Due diligence services
Business and operations review Asset disposition Assistance capital markets Assistance accounting and tax strategies	Debt restructuring/refinancing Liquidity management bankruptcy services
P-card analysis Tax internal controls	
IT process analysis and remediation Tax process optimization	
Procurement tax recover and remediation analyze and recover: state fuel excise tax and aviation transport Tax and value-added tax	
Benefits employment tax pension funding analysis worker classification analysis Regulatory services	
Leased real property Accurate asset revaluation	
Procurement and supply chain analysis Optimize purchasing	
Factual analysis and calculation Expert testimony	



# Serving the Public Sector

Deloitte member firms have led many complex government transformation efforts throughout the world. They provide a broad portfolio of services and integrated solutions to support virtually all areas of government including health and human services, tax and revenue management, financial management, defense, law and justice, transportation, security, education and not-for-profit. They provide the expertise and tools to help clients address a full spectrum of challenges—from accrual accounting and security to developing systems for specialized areas such as inventory management, asset and fleet management, and water resource management.

Deloitte member firm services work together seamlessly, allowing them to provide public sector clients with complete solutions.

## **Audit and Enterprise Risk Services**

Government agencies are under more intense scrutiny than ever before. To accomplish the mission, leaders need information that is accurate, reliable and

timely. They also need rigorous controls and accountability that can stand up to the toughest audit. Deloitte member firms understand the unique requirements of government accounting and financial reporting—and the complexity of the government audit process. The global network of Deloitte member firm audit professionals helps governments around the world achieve their objectives, improve performance and manage risk.

## **Consulting**

Deloitte member firms offer a range of consulting services—strategy and operations, human capital, technology, enterprise applications and outsourcing—to help government clients tackle today's most pressing challenges. Deloitte member firm consultants combine deep knowledge of the public sector with world-class experience in business and technology. Working with a worldwide network of alliance partners, member firms have helped clients develop award-winning solutions that make government more accessible, efficient and effective.

## **Financial Advisory Services**

Finance specialists in Deloitte member firms provide financial, economic and strategic advice for clients in one or more of the following key areas: dispute consulting and forensic investigations, reorganization services, valuation and finance. In some member firms, legal practitioners provide a full range of legal services, spanning everything from environmental regulations and employment law to intellectual property rights and international trade. Each of these areas work seamlessly together to provide Deloitte member firms' clients with a complete service offering.

## **Tax**

Most operating decisions have tax implications—even in the public sector. Deloitte member firms provide trusted, valued advice on the most pressing tax issues, while delivering practical, well-crafted tax solutions specifically tuned to the unique requirements of government.

# Our commitment to excellence

## Thought Leadership

Through thought-provoking publications, surveys and reports as well as insightful commentary, Deloitte member firms deliver innovative, practical knowledge government entities can use to improve their overall business performance. Deloitte member firm research professionals and senior consultants, headed by Director of Public Sector Research, Bill Eggers, can identify, analyze and help explain the issues critical to businesses across a variety of industries. Learn more by reading here about some various member firms' most recent public sector research.

- *Serving the Aging Citizen*
- *Closing the Infrastructure Gap: The role of public private partnerships*
- *States of Transition: Tackling States' Toughest Policy and Management Challenges*
- *Practical Strategies for the Public Pension Crisis*
- *Governing Forward: New directions for public leadership*
- *eCitizenship for All European Benchmark Report 2006*
- *Governing by Network: The New Shape of the Public Sector*
- *Medicaid Makeover: Six Tough (and Unavoidable) Choices on the Road to Reform*
- *A Roadmap for Integrating Health and Human Service Delivery*

- *Pushing the boundaries: Making a success of local government reorganization*
- *A Category of One: Serving the federal government*

## Awards

Deloitte member firms believe government leaders are best measured by the true advantages they create for the citizens, communities, and industries they serve. Deloitte member firms have been recognized for excellence, and helped their public sector clients garner a wide variety of awards and accolades. Here are some recent examples:

- Commonwealth Citation for Outstanding Performance – Massachusetts' Division of Career Services' TAARRNEG
- Honorary NCSEA Life Membership award - Patti Spear
- 2005 Digital Government Integrator Innovation Award
- (Innovative State Implementation) - California Department of Health Services
- (State Implementation that Has Produced Results) – WV/PA INROADS
- Louis Brownlow Book Award (National Academy of Public Administration) - Governing by Network. Bill Eggers, Deloitte Research United States
- 2005 Best of California (Best application serving department/agency business needs) – California Department of Health Services

- 2006 Washington Technology Channel Leaders Award – Greg Pellegrino, Deloitte Touche Tohmatsu
- 2006 American Council for Technology Intergovernmental Solution Award – California Department of Health Services
- 2006 Computerworld Honors Program, 21st Century Achievement Award
  - » Centers for Disease Control and Prevention (U.S. Department of Health and Human Services) AIDS Control and Prevention project – Laureate
  - » Florida Department of Revenue SUNTAX Laureate
  - » State of Minnesota Drive to Excellence Laureate
  - » District of Columbia Child & Family Services Agency (FACES.NET) – Laureate
  - » California Dept. of Health Services' Screening Information System – Laureate
  - » Commonwealth of Pennsylvania Business Solutions Center of Excellence – Laureate

#### In the press

Deloitte member firms' research, client service partners, and thought leadership are frequently cited in dozens of leading publications around the world, including

*The New York Times, The Financial Times, The Washington Post, The Australian Financial Review, Global and Mail, Der Standard, The Chicago Sun, Singapore Business Nightly, Chief Executive, National Journal, Canberra Times, CNN, CNBC and Bloomberg News.*

#### Podcasts

Deloitte Insights is an audio business news podcast that delves into the business strategies that address the issues affecting your industry. The Deloitte member firm Public Sector practices regularly produce podcasts on key market issues featuring discussions with some of the industry's most experienced minds at the Deloitte Touche Tohmatsu member firms.

- *The Transformation of State Governments: Putting Performance Above Partisanship*
- *Taking the Health Care System Off Life Support: A New Alternative for Insuring More Americans*
- *Reinventing Government: Delivering Infrastructure Through Innovative Partnerships*
- *Governing Forward: New Directions for Public Leadership*
- *The Blizzard Ahead: Preparing Your Business For the Coming Pandemic*
- *The Great Grey Wave: Strategies to Rejuvenate an Aging Nation*

#### DBriefs web casts

Staying on top of the latest issues and strategies can be challenging. Deloitte offers DBriefs, a series of web casts that offer valuable insights on important developments affecting governments today. Executives hear from speakers who share real experiences and proven methodologies for managing change. Some examples of Deloitte member firm DBriefs are:

- *Building an Internal Control Framework That's Right for Governmental Entities*
- *Integrated Service Delivery for Government Agencies: Are We There Yet?*
- *Public Sector CIO: How-To's for Leveraging Change*
- *Public Sector Strategies for Serving the Aging Citizen*
- *Identity Authentication: Trends in Legislation and Technology*
- *Identity theft: How Vulnerable is Your Organization?*
- *Netcentric Leadership: The Path to a Networked World*
- *Paying for Tomorrow: Tackling the Public Pension Crisis*
- *Closing the Infrastructure Gap: The Role of Public-Private Partnerships*
- *Driving More Money into the Classroom: The Promise of Shared Services*



# Centers of excellence

## The Center for Health Solutions

The Deloitte Center for Health Solutions (the “Center”), located in Washington, D.C., is part of Deloitte & Touche USA LLP and was formed to further research on and develop solutions to some of the most pressing health care and public health-related challenges. Tommy G. Thompson, former Secretary of Health and Human Services and former Governor of Wisconsin, is the Independent Chairman of the Center.

The Deloitte Center for Health Solutions is committed to developing answers to the most difficult challenges facing U.S. health care by bringing all sides together to find common-ground solutions to shared problems: patients and families, health care providers, health plans and other payors, life sciences companies, employers and employees, and the government.

The Center is examining what works in health care and why. It is developing innovative ideas and programs to make health care more efficient, more affordable and more accessible, with an emphasis on prevention, Medicare and Medicaid, health information technology, consumerism, quality outcomes, and the uninsured. The Center is focused on developing solutions with the following characteristics:

- The solutions must be practical – whether they are technical, operational or policy-oriented.
- The solutions must be developed by bringing together various stakeholders to address health care and public health issues.
- The solutions make extensive use of leading practices from organizations, businesses, and governments that have taken innovative steps to face health care challenges.
- The solutions must have a real impact on the issues facing patients, employers, the health care industry, and government.

The Deloitte Center for Health Solutions plans to develop workable solutions by undertaking independent and shared research, bringing together relevant stakeholders through roundtables and other forms of engagement, and applying a deep knowledge of health care – both in practice and policy – to the analysis. To that end, the Center sponsors and publishes research projects, innovative solutions to health care technology challenges, and public policy position development related to public health and the health care industry.

# Deloitte Center for Network Innovation

The Deloitte Center for Network Innovation works with government and industry to improve mission performance by helping organizations become more net-centric. A net-centric approach improves the effectiveness and efficiency of an organization's integrated business operations. This approach also gives people the information and authority to make better decisions and take action faster.

Lieutenant General Harry D. Raduege Jr., former Director of the Defense Information Systems Agency, serves as Chairman. The Center provides a focal point for the U.S. Firm's activities around net-centric operations and collaborates with subject-matter experts from Deloitte Touche Tohmatsu's 70 member firms around the world. The Center staff conducts research and combines our findings with experience to generate tangible advice; develops industry and client-specific technology solutions; and hosts workshops and executive seminars.

The Center's approach to network-centric operations is grounded in five core "pillars" that an organization must optimize in order to improve business and mission performance. The pillars are:

## Communications Infrastructure

- Bandwidth (fast and effective speed of exchange)
- Coverage (global and seamless)

- Interoperability (enabling technologies based on standards)
- No artificial limits on access to information
- Information distribution through 'pull' not 'push'

## Information Risk

- Identity management
- Data marking, control and protection
- Document retention and security
- Risk and vulnerability management

## Information Management

- Information sharing
- Collaboration
- Data integrity
- Enterprise Resource Planning

## Organization & Governance

- Flatter, less hierarchical organizational structures
- Policies and procedures that foster information sharing
- Network governance
- Configuration management and control
- Communities-of-interest
- Cultural Intelligence

### People & Leadership

- Strong, committed leadership
- Collaborative, open culture that emphasizes sharing
- The 'human terrain'- the right people in the right jobs
- Responsibility, authority and accountability

When the five core areas are operating effectively, employees in a network-centric environment are empowered to make better decisions faster. They experience improved coordination within and across the organization, improved performance measurement, and better situational awareness.



# Deloitte Public Leadership Institute

The Deloitte Public Leadership Institute, a part of Deloitte Touche Tomatsu's global public sector industry program, identifies, analyzes and explains the major issues facing governments today. The Institute, with offices in Washington, DC, London, the Hague and Sydney, delivers practical insights governments can use to improve their operations and deliver better value to taxpayers. The Institute realizes these objectives via three major programs:

- **Thought leadership.** In conjunction with Deloitte Research, a part of Deloitte Services LLP, Institute scholars produce provocative books, studies and commentaries on public sector issues of the day.
- **Public leaders' forums.** The Institute brings together on a regular basis in capitals around the world selected present and former senior public officials, policy and management experts and academics to discuss pressing issues and share best practices.
- **Academic partnerships.** The Institute works closely with some of the world's leading graduate schools of public policy and administration to co-sponsor forums and co-produce books and studies.

The primary focus of the research and forums is to help public leaders tackle their most complex policy and management challenges.



# Contacts

## Public Sector contacts at Deloitte Touche Tohmatsu and its member firms:

### Global

**Greg Pellegrino**

Global Managing Director  
Deloitte Touche Tohmatsu  
+1 617 437 2776  
gpellegrino@deloitte.com

**Bill Eggers**

Deloitte Research Director  
Deloitte United States  
+1 202 378 5292  
weggers@deloitte.com

**Peter Brown**

Chief of Staff  
Deloitte United States  
+1 202 220 2722  
pdbrown@deloitte.com

**Karen Lang**

Marketing Director  
Deloitte Touche Tohmatsu  
+1 617 437 2126  
kalang@deloitte.com

**Josh LeFebvre**

Knowledge Manager  
Deloitte Touche Tohmatsu  
+1 512 226 4277  
jlefebvre@deloitte.com

### United States

**Bob Campbell**

+1 512 226 4210  
bcampbell@deloitte.com

### United Kingdom

**Mike Turley**

+44 207 303 3162  
mturley@deloitte.co.uk

### Canada

**Paul MacMillan**

+1 416 874 4203  
pmacmillan@deloitte.ca

### Netherlands

**Peter van der Linden**

+31 65 5853105  
pvanderLinden@deloitte.com

### Australia

**Rory O'Connor**

+61 2 9322 7627  
roroconnor@deloitte.com

### Austria

**Gerhard Feuchtmüller**

+43 1 537 00 4800  
gfeuchtmueller@deloitte.com

### Egypt

**Kamel Saleh**

+2024172756  
ksaleh@deloitte.com

### Ireland

**Shane Mohan**

+353 1 417 2543  
smohan@deloitte.ie

### Lithuania

**Kate Tempny**

+370 5 2553000  
ktempny@deloitteCE.com

### Saudi Arabia

**Maher Khalil**

+9661 4650275  
mkhalil@deloitte.com

### Belgium

**Hans Debruyne**

+32 2 800 29 31  
hdebruyne@deloitte.com

### Estonia

**Gavin Hill**

+372 6406 500  
gahill@deloittece.com

### Israel

**Chaim Ben-David**

+972 2 5018860  
cbendavid@deloitte.co.il

### Luxembourg

**Dan Arendt**

+352 451 452 621  
darendt@deloitte.lu

### Serbia

**Vladimir Poznanic**

+381 11 3613468  
vpoznanic@deloittece.com

### Brazil

**Edgar Jabbour**

+55 11 5186 6652  
ejabbour@deloitte.com

### Finland

**Lauri Byckling**

+358 20 7555447  
lauri.byckling@deloitte.fi

### Italy

**Roberto Lolato**

+39 0636749216  
rlolato@deloitte.it

### Mexico

**Enrique Clemente**

+52 55 9123535  
eclemente@dtmx.com

### Slovakia

**John Nicholson**

+421 905 265 345  
jnicholson@deloitteCE.com

### Croatia

**John Winkler**

+385 91 282 7091  
jowinkler@deloittece.com

### France

**Pascal Pincemin**

+33 1 40 88 28 57  
ppincemin@deloitte.fr

### Japan

**Koji Yabuki**

+81 3 6213 1155  
kyabuki@tohatsu.co.jp

### New Zealand

**Aloysius Teh**

+64 4 495 3934  
ateh@deloitte.com

### South Africa

**Trushar Kalan**

+27 0 12 482 0001  
takalan@deloitte.co.za

### Cyprus

**Christis M. Chrisoforou**

+357 22 360300  
cchristoforou@deloitte.com

### Germany

**Thomas Northoff**

+49 (89) 29036 8566  
tnorthoff@deloitte.de

### Jordan

**Anis Jabsheh**

+9626 4634605  
ajabsheh@deloitte.com

### Nigeria

**Godwin Oporum**

+234 1 493 0720  
goporum@deloitte.com

### Spain

**Gustavo Garcia Capo**

+34 91 514 50 00  
ggarcia capo@deloitte.es

### Czech Republic

**Martin Buransky**

+420 246 042 349  
mburansky@deloittece.com

### Greece

**Vasilis Pallios**

+30 210 678 1100  
vpallios@deloitte.com

### Kazakhstan

**Dmitry Revin**

+7 3272 58 1340  
drevin@deloitte.kz

### Norway

**Arve Hogseth**

+47 95268730  
ahogseth@deloitte.no

### Sweden

**Johan Rasmusson**

+46 40 669 6162  
jrasmusson@deloitte.se

### Denmark

**Morten Ry**

+45 40 68 46 18  
mry@deloitte.dk

### Hungary

**Vazul Toth**

+36 1 428 6912  
vtoth@deloittece.com

### Kenya

**Sammy Onyango**

+254 20 4441344  
sonyango@deloitte.com

### Poland

**Dionizy Smolen**

+48 22 511 08 11  
dsmolen@deloitteCE.com

### Turkey

**Bülent Beydüz**

+90 312 455 47 04  
bbeyduz@deloitte.com

### Dubai

**Firas Eid**

+971 4 332 2484  
feid@deloitte.com

### Iceland

**Gudmundur Kjartansson**

+354 580 3000  
gkjartansson@deloitte.com

### Kuwait

**Nader Haffar**

+965 2438060  
nhaffar@deloitte.com

### Portugal

**Filipe Simoes de Almeida**

+35 12 1381 6072  
fialmeida@deloitte.com

### Ukraine

**Vladimir Vakht**

+380 44 490 9000  
vvakht@deloitte.com.ua

### East Africa

**Kimani Njoroge**

+254 0 20 4441344  
knjoroge@deloitte.co.ke

### India

**Kamlesh K. Mittal**

+91 11 6662 2000  
kamleshmittal@deloitte.com

### LACRO

**Armando Guibert**

+54 11 432 0422  
aguibert@deloitte.com

### Russia

**Hans Bossert**

+7 495 787 0600  
jbossert@deloitte.com

# End notes

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Designed and produced by the DTT Global Office Creative Studio, New York

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