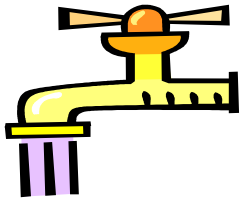


# e- Local Governments in the Commoditized e-Business Era

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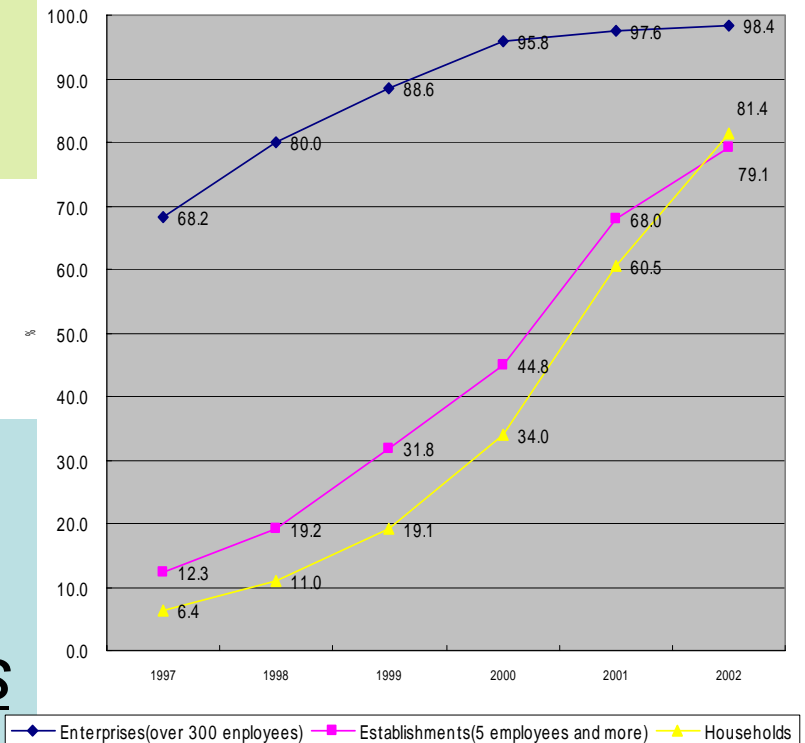
# The Commoditization of IT in a Business Activity

IT in a Business Activity:  
=> Necessary Condition,  
Not Sufficient Condition



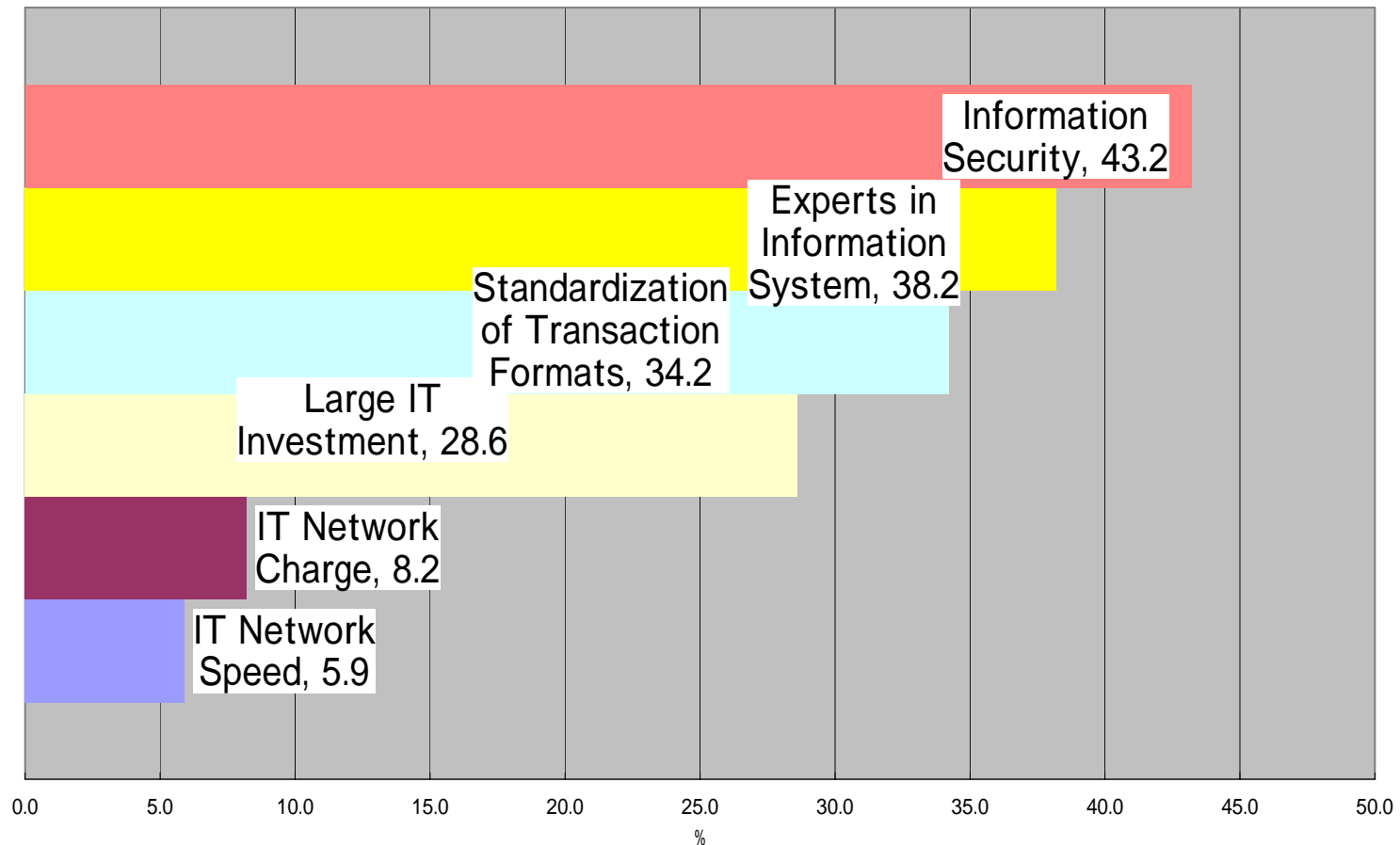
- Diminishing Strategic Importance
- Focusing on Vulnerabilities  
“IT Doesn’t Matter” (Carr[2003], Harvard Business Review)

Internet Penetration Rate in Japan



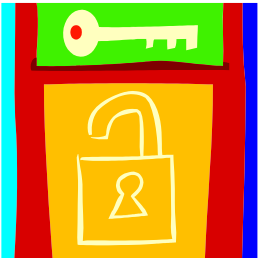
Source: MPHPT White Paper 2003

# Obstacles to e-Commerce



Source: e-Commerce Survey, MPHPT White Paper 2003

# Three Major IT Vulnerabilities



## 1. Information Security: Cost Center

Initial Investment Cost of IT Sec: \$120,000/company  
Annual Running Cost of IT Sec: \$ 60,000/company

(Source: National Police Agency[2003])



## 2. Human Resource: Scarce IT Experts

Concentration IT Experts in Three Major Metropolitan Areas  
(Tokyo, Osaka, Nagoya)

Payrolls in Information Service Industry: 77%  
Data Processing Specialist: 73%



## 3. Straw Effect of IT: Loosen Geographical Constraint

Transfer of Human Resource and Business Opportunity: from  
Local Area to Urban Area and Global Market

=> *Critical Impacts on a Local Business*

# A Solution by an e-Local Gov

- Joint Outsourcing/e-Local Gov. Strategy  
(launched in May 2002 by MPHPT)



## *Three Targets*

1. Upgrading public services for residents
2. Reforming the operations of local govts
3. Revitalizing local economies through promotion of local IT-related industries



# The Model of a Joint Outsourcing/ e-Local Gov

