On your side Hitachi Joho Information Systems

Case Study on the Implementation of the e-CYDEEN/Electronic Bidding ASP Service

Hitachi Information Systems, Ltd.

Public Solution Services Division

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HITACHI

株式会社日立情報システムズ

Contents

1. Company Outline

1.1. Company Outline

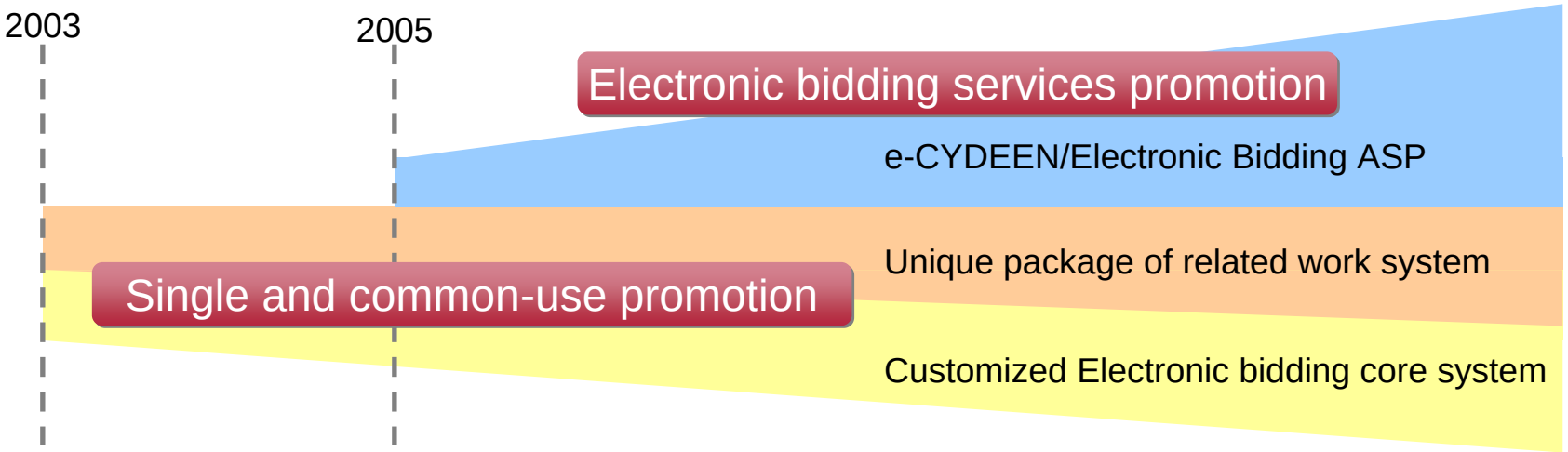
- Established June 15, 1959
- Main business Information systems design, development, operation, network business, etc.
- Employees 5,492

Electronic Bidding Core System Development Consortium, supporting member

Provision of the e-CYDEEN series to local governments as a construction computerization solution

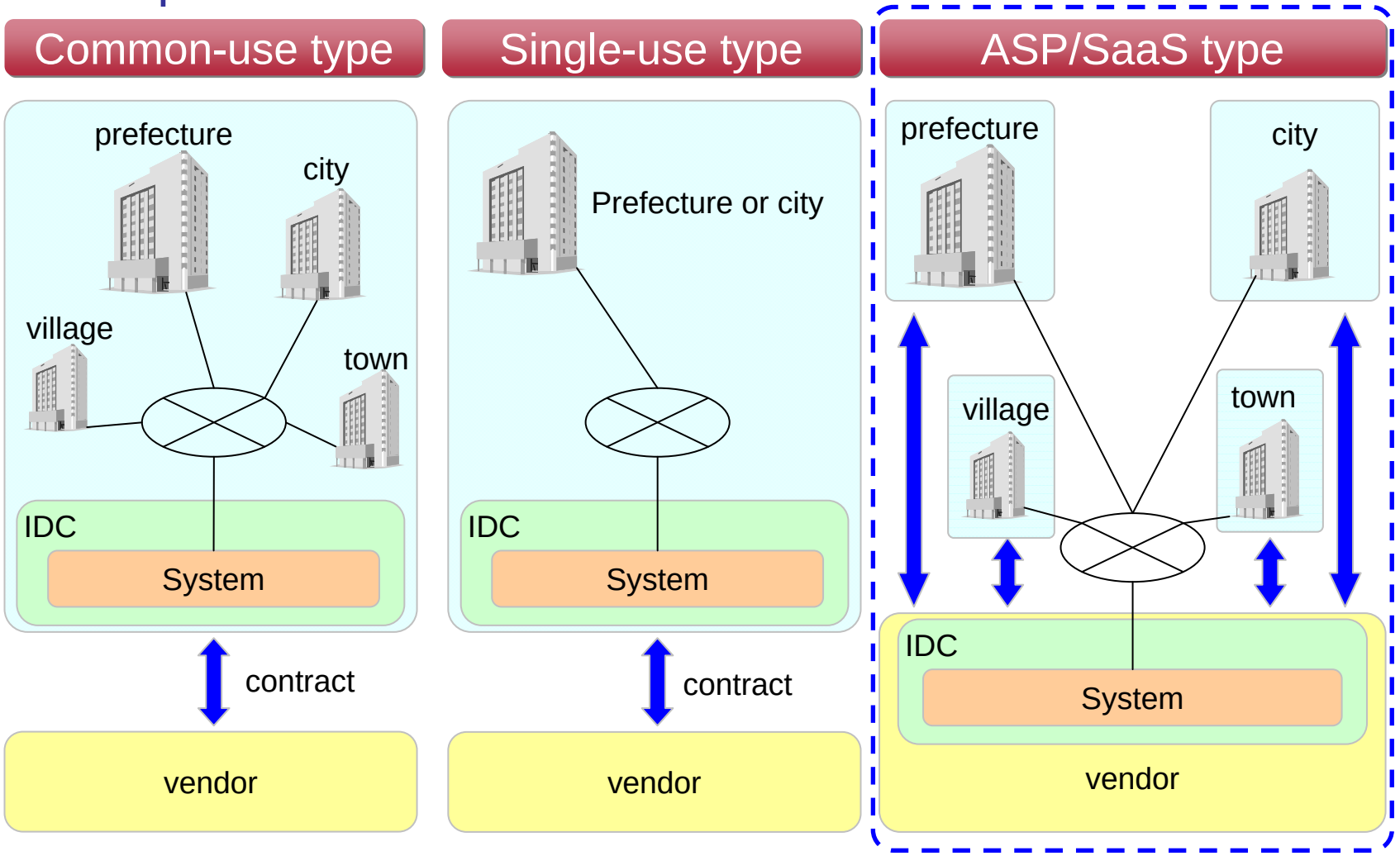
官公庁・自治体向け建設情報化ソリューション e-CYDEEN

1.2. Past initiatives in the electronic procurement field



1. Company Outline

1.3. Implementation methods



2. e-CYDEEN/Electronic Bidding ASP

2.1. History of Service Commencement

Market Trends

- Amidst promotion of electronic administration by the Ministry of Internal Affairs
- The market is now shifting from prefecture level to smaller local governments

Issues related to Implementation

- Implementation and maintenance costs tend to be expensive
- A large burden is placed on personnel
- Security maintenance and strengthening becomes a major burden

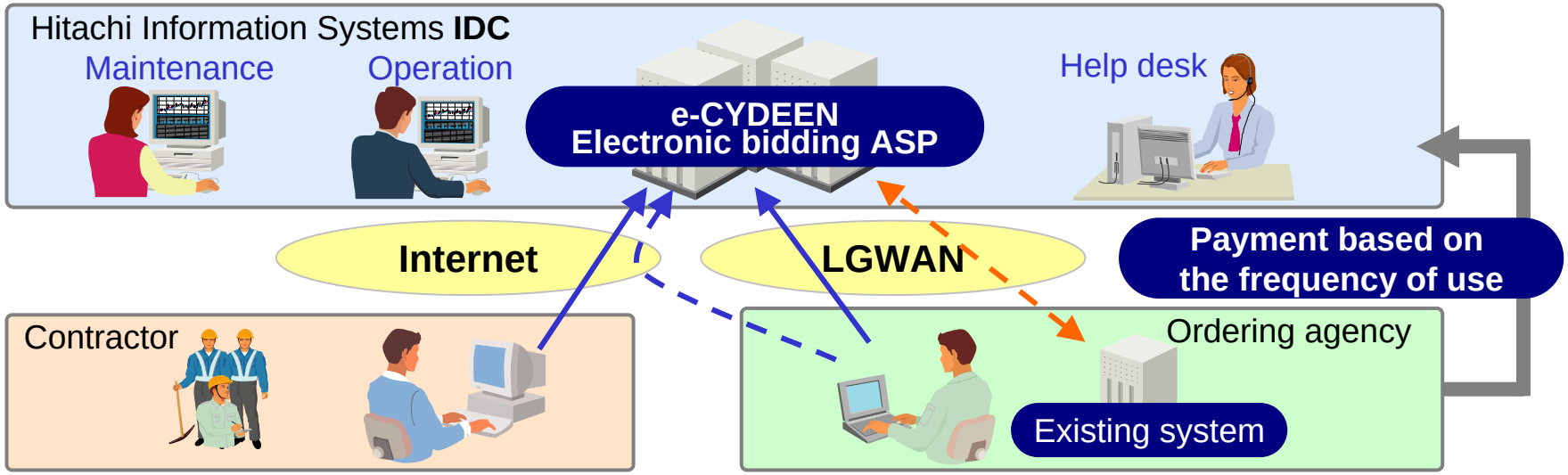
Resolution of issues through servicing of electronic bidding

- Functional augmentation by infusing the know-how gained during implementation
- Enhancement of operation and security management

2. e-CYDEEN/Electronic Bidding ASP

2.2. Service Contents

Service Configuration



Service Contents

- Electronic bidding system (works, outsourcing, commodities)
- Data linkage (existing systems)
- Public works procurement information service
- Help desk

2. e-CYDEEN/Electronic Bidding ASP

2.3. Service Merits

Reduction of costs

All the hardware and software components including IDC that comprise the service are provided

Service fees are paid according to frequency of use

Inexpensive

Alleviating the burden

Offering a dedicated help desk for offering advice on operation and use methods

We takes responsibility for continuing the service

Easy

Major shortening of time up to implementation

The service can be utilized upon simply configuring the ordering agency's unique information

Speedy

2. e-CYDEEN/Electronic Bidding ASP

2.4. Current Conditions of the Service

- Operating rate : 99.9%
- Receipt of the Best Vendor Award in “the ASP-SaaS-ICT Outsourcing Awards 2010” hosted by ASPIC

The service is utilized by 42 organizations

Central government agencies and affiliated organizations	12 organizations
Prefectures	4 organizations
Municipalities (including ordinance-designated cities)	21 organizations
Private sector (including former public authorities)	5 organizations

What is popular? (Voices of customers)

- In addition to core system standard functions, convenient extra functions can be used for no charge and new functions are added every year.
- Electronic bidding can be conducted smoothly with a very high degree of stability. The help desk is also reassuring.
- The system engineers are very knowledgeable about not only electronic bidding but also peripheral work (including systems), and extremely generous consultation is provided during implementation and in subsequent follow-up.
- Data can be smoothly linked with internal existing systems developed by other makers, thereby contributing to improved efficiency of procurement work.

3. Case Study on Implementation

3.1. Project Outline

Conditions of the ordering agency

- Customer: Prefecture A (Tohoku region)
- Conditions: Preparations for implementation were conducted on the assumption that operation would begin promptly.
- Features: Specifications concerning tie-up with existing systems were decided in detail.

The first user of the e-CYDEEN/Electronic Bidding ASP Service

Important points in service selection

- ◆ High cost / performance ratio
- ◆ A service that requires no server installation space

3. Case Study on Implementation

3.2. Implementation Schedule

No	Work Item		Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
1	Start of work	–							
2	Preparation of configuration information	A							
3	Environment building and confirmation	HIS							
4	Operation verification	A							
5	Portal site preparation, etc.	A							
6	Provisional operation	–							
7	Operation workshop, etc.	Both							
8	Full-scale operation	–							
9	Implementation of system interface functions	HIS							

Main Points

- ◆ Short lead-time for such a large organization, four months until full-scale operation
- ◆ According to the specifications required by existing systems
- ◆ Any delays would have been unacceptable.

3. Case Study on Implementation

3.3. Pending Issues and Countermeasures

3.3.1. Full-Scale Operation in a Short Time

Specific pending issues

◆ Electronic bidding functions must be useable by the time of provisional operation (in two months)

Constructing the electronic bidding system was not a problem, however, there was concern over whether it could be equipped with the interface functions corresponding to the specifications required by prefecture A.

Countermeasures

◆ The mounting of system interface function that didn't impact the provisional operation was rescheduled.

We requested that the implementation of interface functions not affecting the training be rescheduled, and the prefecture agreed to implementing said functions by the time of full-scale operation.

No	Work Item		Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
9	Mounting of system interface functions	HIS							

3. Case Study on Implementation

3.3. Pending Issues and Countermeasures

3.3.2. Earning the Customer's Trust

Specific pending issues

◆ How to win the customer's trust and have it expand service use with peace of mind.

Prefecture A was a new customer for Hitachi Information Systems. The prefecture had also examined introducing an electronic bidding system with other vendors, and it needed the system to be constructed in a short time. Accordingly, it had doubts over whether the system could be commissioned on time.

Countermeasures

◆ Earning trust through the efforts of experienced SEs and the provision of high quality services

The work was advanced over a short time mainly through the efforts of SEs equipped with both the knowledge and experience regarding the customer's procurement operations.
As a result, the customer was impressed with the quality of the service and the quality of automatic interface functions with existing systems, and this paved the way for building a relationship of trust.

3. Case Study on Implementation

3.3. Pending Issues and Countermeasures

3.3.3. Education Geared to Expanding Use

Specific pending issues

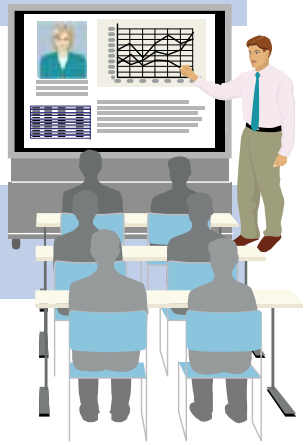
◆ Education of users (employees and contractors) is essential.

For Prefecture A, since this was the first electronic bidding system to be introduced, it was essential to conduct education for both the responsible employees and contractors participating in electronic bidding in order to realize expansion of use.

Countermeasures

◆ Realization of generous training for responsible employees.

A training curriculum that included operations of existing systems linked to electronic bidding was prepared and training that utilized actual equipment was conducted.



◆ Implementation of explanation meetings for contractors in various locations.

Since the prefecture covers a broad area, meetings were held in outlying regions in order to educate about the system while stressing the merits of system use.

3. Case Study on Implementation

3.4. Conditions After Implementation

Frequency of Use

◆ High frequency use was rapidly achieved.

	FY 2006 (5 months)	FY 2007	FY 2008	FY 2009
Target number of uses	100	1,000	Not specified*	Not specified*
Cases of electronic bidding use	210	2,612	3,364	Not disclosed
Utilization rate (cases of electronic bidding use/total number of bidding cases)	—	61.7%	86.9%	94.9%

*Since the target for 2007 was greatly exceeded, basically all cases were handled through electronic bidding.

System Operating Conditions

◆ Realization of a stable service

The available system utilization time and functions are being extended and expanded every year, yet the operating rate including automatic interface functions with existing systems is being maintained at 99.9% or more.

4. Response to Frequent Problems

4.1. Desire to actualize unique requests

Fundamental principle of the service

◆ Each ordering agency basically utilizes the same content services.

Response to unique requests

(1) Respond in planned fashion to requests deemed to be beneficial to other organizations.

Customer requests are organized and those deemed to be beneficial are converted into additional service functions. When priority is deemed to be high, plans are revised and the new functions are mounted.

(2) Provide the tools for actualizing requests and provision of a data exchange service.

When requests are unique to a certain organization, only parts relevant to the provision and incorporation of data managed in the service are responded to, and it is recommended and supported that logic specific to the organization is processed as a tool by computer.

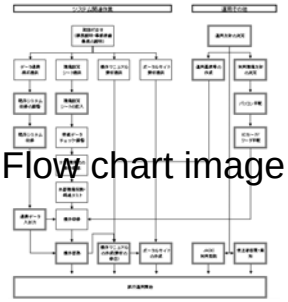
4. Response to Frequent Problems

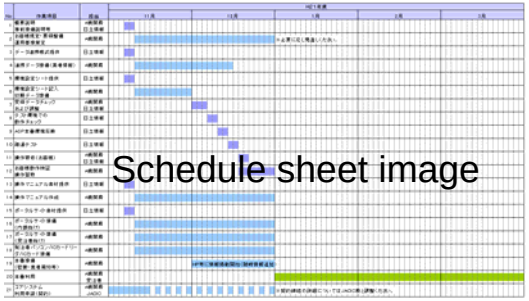
4.2. Work is not clear until operation

Provision of various support materials

◆ Work items are expressed in easy way to understand.

People tend to worry about the amount of preparation needed in order to introduce electronic bidding. We provide various materials with the objective of sharing knowledge on ‘who’ will do ‘what’ and ‘by when’.


Flow chart image


Schedule sheet image

◆ Provision of reference materials and support materials concerning the customer’s work

We provide materials prepared based on know-how obtained from previous system implementations and thereby support the customer in order to help them manage without confusion in preparing for their tasks.

5. Summary

5.1. Case Study on Implementation to Prefecture A

Case of successful service implementation

- We were able to provide a stable service in a short time through obtaining the cooperation of responsible personnel in Prefecture A.
- Frequency of use far greater than the target was realized.
- The customer is so pleased with the support provided by us that they are continuing to use the service.

5.2. Future Services

Initiatives geared to expanding the service

- Reflect users' opinions in the service in order to realize an easier to use service.
- Continue to expand functions in order to realize a service that can be used by more users.
- Continue to provide a stable service in order to realize a service that can be used with peace of mind.

END

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