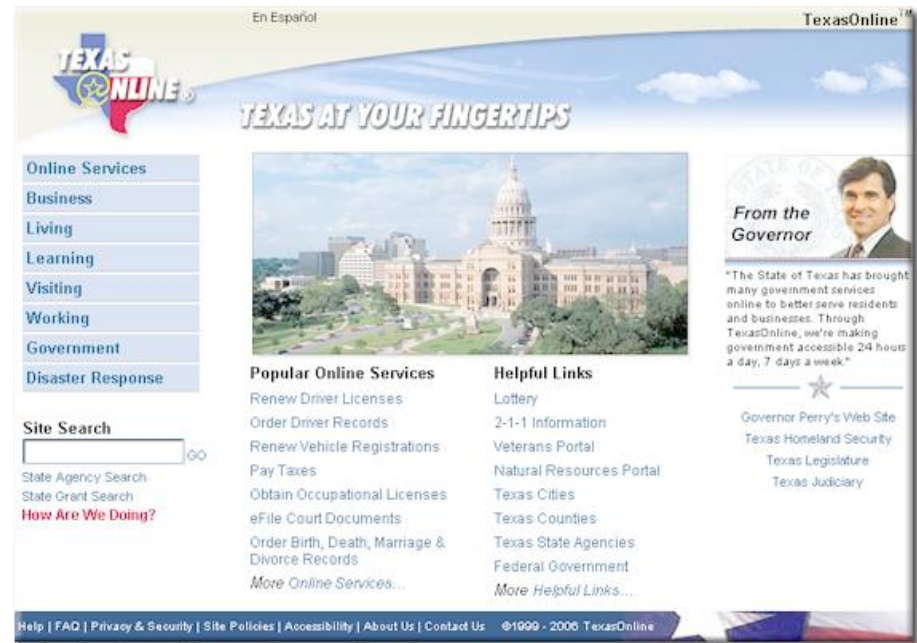


# Thinking Like An Entrepreneur:

## The Story of **TexasOnline.com**, a “Government Startup”

**Host:**  
**John Miri**  
Senior Fellow  
*Center for Digital Government*



## Presented By:

A national research and advisory institute providing government and industry leaders with the resources they need to help them transform public service.



Award-winning publication of record covering Information Technology's role in running the business of modern state and local governments.



# TexasOnline Today

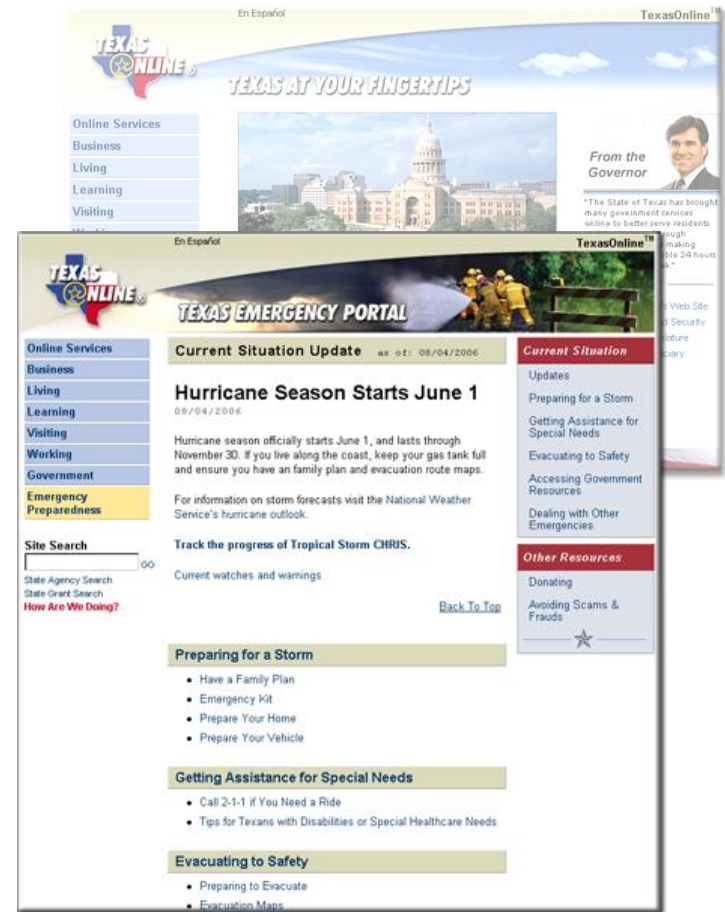
**“The State of Texas has brought many government services online to better serve residents and businesses. Through TexasOnline, we're making government accessible 24 hours a day, 7 days a week.”**



- Rick Perry  
Governor of Texas

# TexasOnline.com

- Official Web Site of The Great State of Texas
  - 800+ online services
  - \$5 Billion revenue processed
  - 83 million financial transactions
  - **Ranked #4 in the nation (2008)**
  - Best revenue sharing model in the country...Texas will receive more than \$48 million
  - Self-funded public-private partnership
  - Texas owns portal and infrastructure
  - Leader in multi-lingual content





# OFFICIAL PORTAL OF TEXAS

Page Style ▾ Share ▾ Support ▾ Feedback ▾ Languages ▾ Text Size: **A** **A** **A** Search Site

HOME ONLINE RESOURCES BUSINESS LIVING LEARNING VISITING WORKING GOVERNMENT EMERGENCY PREPAREDNESS



**Hurricane Season: June 1st – Nov 30th**

[Click Here to Find out How You can Prepare](#)



## Online Services

- [Renew Driver Licenses](#)
- [Order Driver Records](#)
- [Renew Vehicle Registrations](#)
- [Order Specialty License Plates](#)
- [Pay Taxes](#)
- [Obtain Occupational Licenses](#)
- [Order Birth, Death, Marriage & Divorce Records](#)
- [Purchase TXTag Tollway Sticker](#)
- [More Online Services...](#)

## From the Governor



More than ever, your state government is leveraging technology to serve you better. TexasOnline represents our efforts to create a one-stop-shop for your government interactions, saving you time and effort by directing you in the right direction the first time. We look forward to serving you.

## City Guides

<a href="#">Austin</a>	73 F	
<a href="#">Dallas</a>	69 F	
<a href="#">Houston</a>	73 F	
<a href="#">San Antonio</a>	79 F	
<a href="#">El Paso</a>	68 F	

- [Governor Perry's Website](#)
- [Emergency Preparedness](#)
- [Texas Homeland Security](#)
- [Texas Legislature](#)
- [Texas Judiciary](#)

## Quick Answers

Citizens Business Veterans Parents Seniors Tourists Government

### How Do I...

- [File taxes in Texas?](#)
- [Obtain public records?](#)
- [Renew my driver license?](#)

### Helpful Links

- [Living in Texas Portal](#)
- [Consumer Protection](#)
- [Work in Texas](#)



## Helpful Links

# TexasOnline in 1999

## The Situation in 1999...

- Strong, bipartisan support for e-government
- Similar to New York – large, diverse state with urban centers, suburbs, and rural communities
- Clear consensus that the web could improve government efficiency and improve citizen convenience
- Great “business case” for decision makers

***But that's not why TexasOnline.com became the first example of a “government startup” in Texas...***

**Funds allocated at  
project inception:**

**\$0**

# So How'd We Do It?

# Self-Supported Funding Model

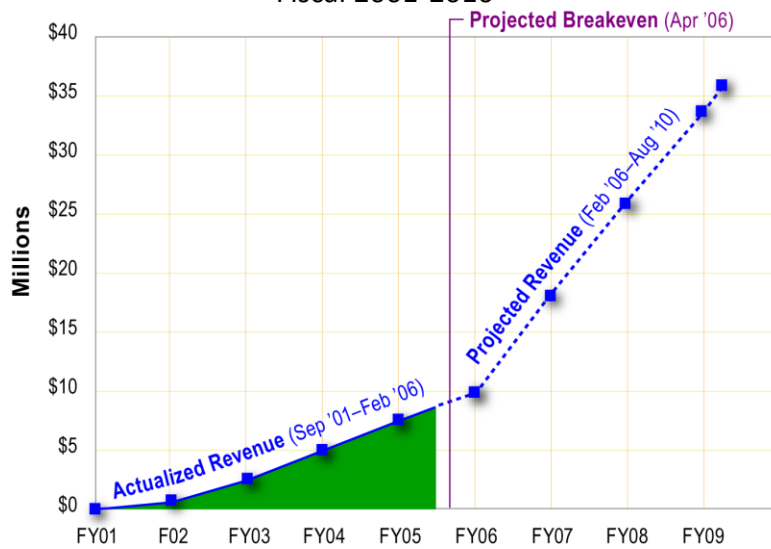
- ▶ Private sector development partner covers the costs of development, hardware, and operations
- ▶ Revenue is generated from the users of TexasOnline services
  - Convenience fees
  - Agency subscription fees
  - Payment processing fees
- ▶ Revenue is shared between State of Texas and private sector development partner
- ▶ *Rather than being a drain on the State budget, TexasOnline returns funds to the State while making existing State agencies more efficient*

# Financial and Operational Results

- ▶ Texans are increasingly using TexasOnline
  - 800+ online services
  - \$5 billion cumulative citizen transactions
  - 2 million visits/month
  - 1 million financial transactions/month

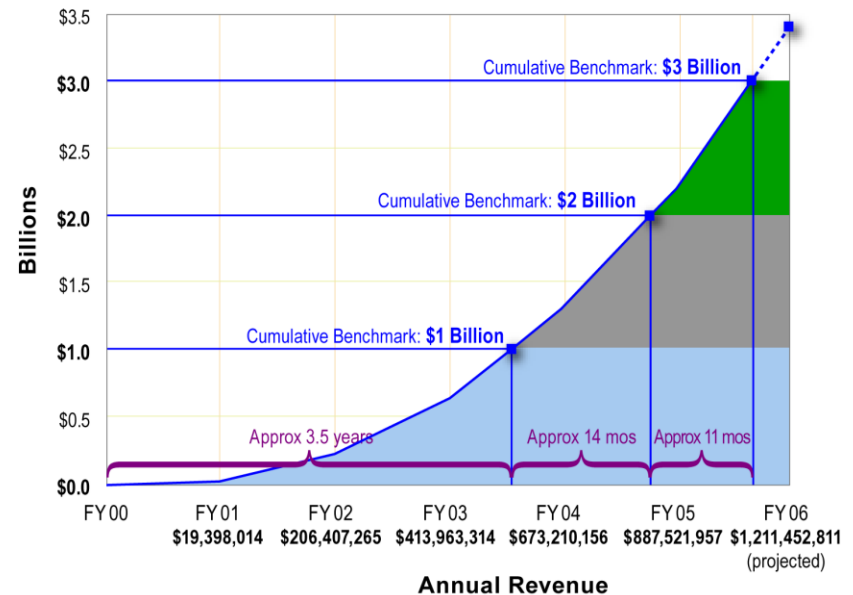
**Cumulative State Revenue Share**

Fiscal 2001-2010



**Cumulative State Dollars Collected**

Fiscal 2000-2006



# Statutory Background

- Senator Eliot Shapleigh introduced Senate Bill 974 to the 76th Texas Legislature:
  - Establish e-Government Task Force
  - Demonstrate secure transmission of government documents using electronic signatures
  - Receive payments electronically
  - Report results to Legislature by November 2000
- Continued by Senator Shapleigh via Senate Bill 187, 77th Texas Legislature:
  - ▶ Establish TexasOnline Authority
  - ▶ Coordinate information resource projects among state agencies
  - ▶ Develop occupational licensing system for Texans



# Start-ups Need a Great Management Team

- Texas Online Authority Created – Public / Private Membership
- 15 Members, 13 of which were appointed by the Governor
- Authority responsibilities include:
  - Developing a statewide approach to eGovernment
  - Enabling all levels of government, both state and local, to participate in a common electronic framework
  - Overseeing the general operations of TexasOnline
  - Developing policies relating to TexasOnline
  - Evaluating services to be provided on TexasOnline
  - Overseeing money generated for the operation and expansion of TexasOnline
- 79<sup>th</sup> Texas Legislature merged Texas Online Authority with DIR Board



# Financial Accountability

- ▶ FY 2008
  - Financial audit
  - Security audit
- ▶ FY 2007
  - Financial audit
  - Security audit
- ▶ FY 2006
  - Financial Audit
  - Security Audit – system scan and penetration testing
- ▶ FY 2005
  - State Auditor’s Office Audit – contract management
  - Deloitte & Touche Audit – financial statement opinion
- ▶ FY 2004
  - Statement of Audit Standards (SAS) 70 Review – audit of internal system controls
  - Security Audit – system scan and penetration testing
  - Deloitte & Touche Audit – financial statement opinion
- ▶ FY 2003
  - Security Audit – system scan and penetration testing
  - Deloitte & Touche Audit – financial statement opinion
- ▶ FY 2002
  - State Auditor’s Office Audit – contract management
  - Deloitte & Touche Audit – financial statement opinion
  - Internal Audit – contract management
  - PriceWaterhouseCoopers – management audit
- ▶ FY 2001 (Project started May 2000)
  - Security Audit – system scan and penetration testing

## Caveats About Public Private Partnerships...

- Relationship must be a win-win
- ***Partnership*** is the key word
- Cannot simply expect a vendor to hand over their capital and build a project for free
- Reasonable sustainability is a key goal for both partners – government and private
- Free services must be supported by fee-generating “premium” services
- Statutory and oversight changes are often required
- ***There is no free lunch***

# Lessons of a Government Entrepreneur

- 1) Build a great **business plan**
- 2) Serve as a resource for **bipartisan sponsorship**
- 3) Recruit a great **management team**
- 4) Consider a **public-private partnership**
- 5) Manage your project like an **investor**
- 6) **Iterate** – don't expect perfection on day one.  
As noted entrepreneur Guy Kawasaki once said  
... “Churn, baby, churn”

# The Entrepreneur's Bookshelf

- *Rules for Revolutionaries*, by Guy Kawasaki
- *Inside the Tornado*, by Geoffrey A. Moore
- *Crossing the Chasm*, by Geoffrey A. Moore
- *The Monk and the Riddle*, by Randy Komisar
- *The 22 Immutable Laws of Marketing*, by Al Ries and Jack Trout

