



# Business case for identity management for e-government – Norwegian experience

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## How to understand IDM?

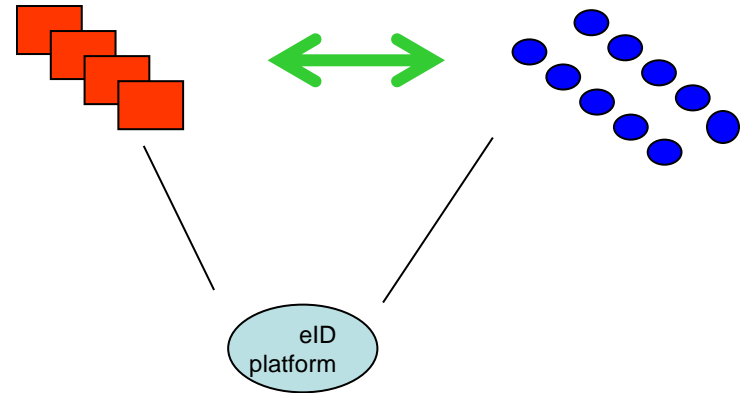
- Several layers – several models:
  - User centric
  - Service centric
  - Federated
- Basic challenge in understanding the nature of electronic identification – two-sided markets
- Market supply vs. government supply
- Various on-boarding strategies

# Two-sided markets

2 types of customers:

eID holder      relying party

Both types of customers must participate in sufficient numbers in order to **create value for each other**



## Some challenges must be solved:

- On-boarding      - how to get customer buy-in on both sides  
(i.e. solve the chicken and egg problem)
- Balance the incentives across the two sides  
- cross-subsidy, direction, level and how ?
- Multihoming  
- using several competing solutions ?  
- what is achieved, is it practical, on which side and at what cost ?

## ”Competition is good”

Not always, many competing small systems cost more and give less benefit than one common system

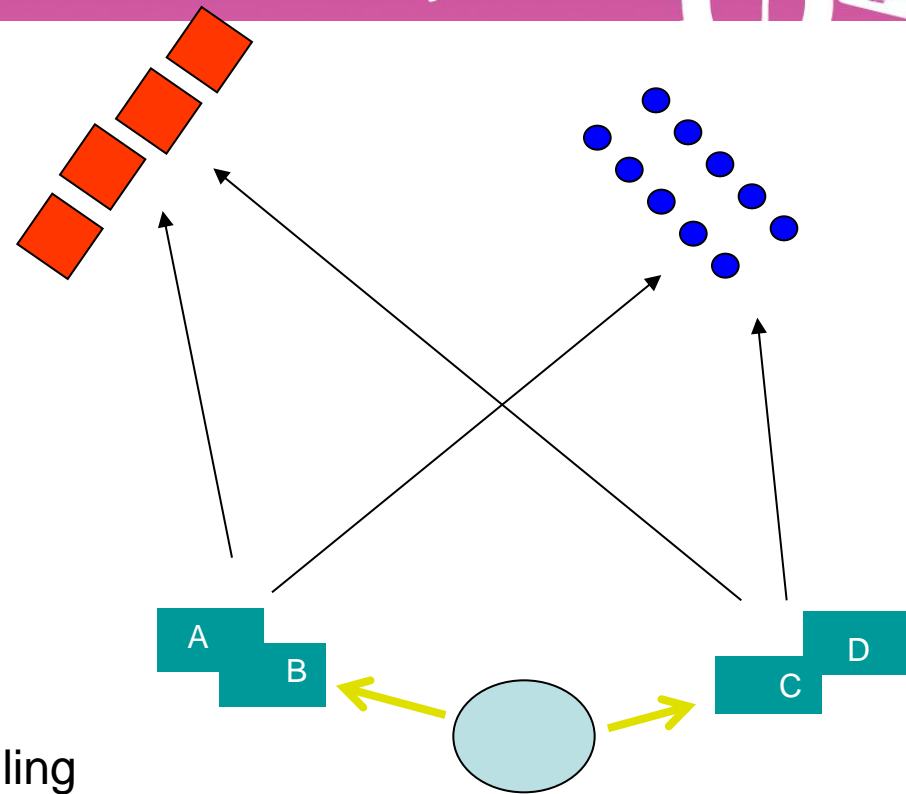
Governance structure:  
How to prevent monopoly surplus in a dominating system



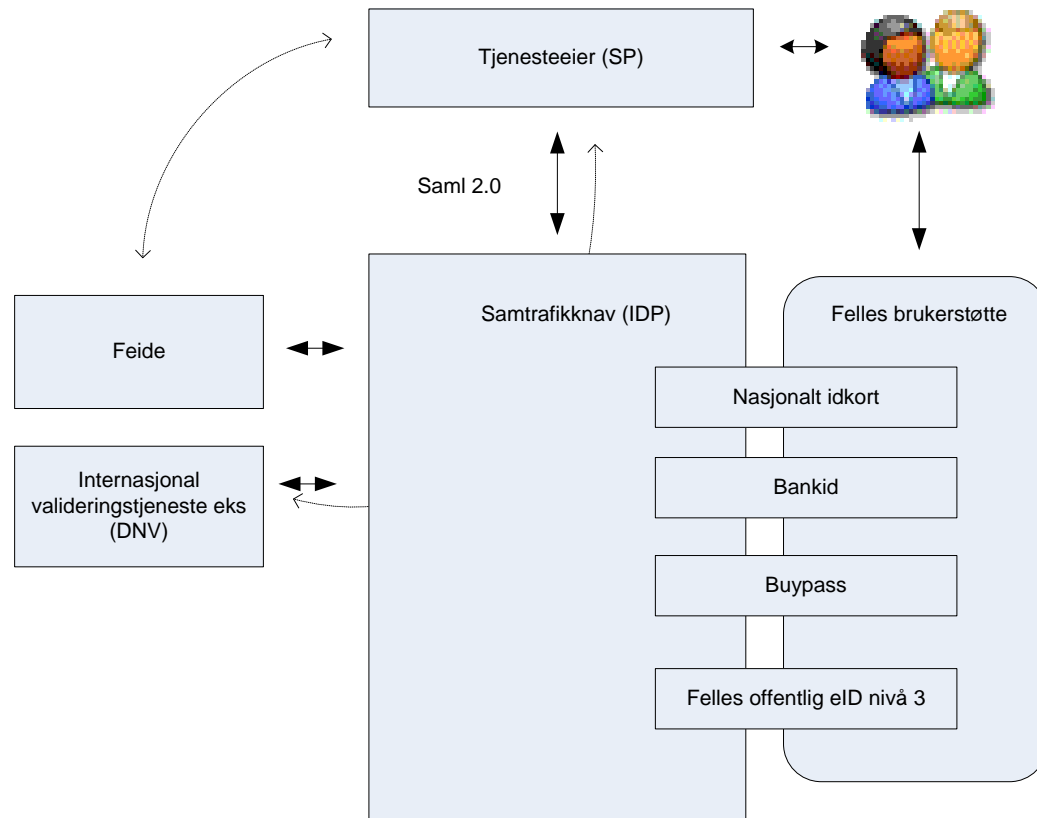
Common platform for many "resellers" selling the same concept – competing with each other

The resellers organized in a not-for-profit membership org. owning the platform – or: the government owns the platform

optimal solution for society ?



# Norwegian public sector eID hub





## Costs and benefits – do they align?

- The user pays for acquisition of eID in the market – needs a lot of services or a “killer app” to obtain benefits
- The government pays for eID-use – does not control user behaviour, risks uncontrolled increases in administrative costs
- The government invests in an eID-platform, distributes eID to users for a fee
- Use does not incur costs – other than managing the platform (centrally)
- Federation possible in both models, but cost will differ



## Questions that need answering

- Does the user pay? Does the government pay?
- How to sustain trust in the various IDM-models
- How does government supply of eID affect the business of market players?
- Centralised or decentralised financing models for common IDM-infrastructures?
- Governance – what kind of models are scalable and manageable for increasing number of services and increased usage?