

On the Radar: ScytI

An end-to-end election modernization platform

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SUMMARY

Catalyst

A democracy is only as strong as its ability to usher into power those candidates that its citizens have elected. Faulty election logistics are dangerous on a number of levels: they cause delays, legal challenges, disenfranchisement, and steep expenses; they increase the likelihood of fraud; and in some cases they even set the stage for bloodshed. There is therefore an inexorable march towards a reliance on technology to make elections more transparent, efficient, secure, accessible, and reliable. ScytI fits squarely into this trend, providing an end-to-end election modernization platform targeting all election management phases: pre-election, election day, post-election, and overall governance.

Key messages

- Technology already plays a major part in modern elections, and improvements in security are allowing it to play an increasingly larger role, despite general nervousness from the public and governments.
- ScytI provides an end-to-end election modernization platform to agencies or institutions organizing elections, which can be delivered on-premise or as SaaS.
- ScytI is positioning itself as a premium provider in the space, priced higher but with major R&D spend and a focus on robust security.

Ovum view

As vendors' abilities to deal with complex security issues improve and as early government adopters stimulate others to embrace technology as an integral aspect of modern elections, the market for modernization in this space will continue to increase. With a strong base in online voting, sophisticated security offerings, and as one of the first entrants into more comprehensive, end-to-end service provision, ScytI is well positioned to continue rapid growth into varied geographies.

RECOMMENDATIONS FOR ENTERPRISES

Why put ScytI on your radar?

For vendors with global ambitions, the election modernization market is a tough one to crack. Governments are inherently context-specific, differing on standards, logistics, portion of the election cycle they want to target, risk aversion, and delivery preferences, among a host of other issues. Certifications differ widely by country and can take anywhere from a few months to more than a year to obtain. Many governments carry significant political risk to enter, and more developed countries have large legacy infrastructures already in place. Finally, there is substantial – and valid – concern over security, particularly on the e-voting component of election modernization; stumbling here once can ruin a company's reputation everywhere.

ScytI has already addressed many of these barriers, beginning with a strong base in the online voting segment, where it has gathered over 70% of the market share in 16 out of the 18 countries using its platform. It has the largest patent portfolio in the industry, and has consistently experienced double- and triple-digit revenue growth year-on-year since 2004. Combined with its build up towards a true end-to-end offering, ScytI is an important company to watch in the election modernization space – a market it estimates is worth \$18bn per year.

HIGHLIGHTS

Background

ScytI is a privately owned company headquartered in Barcelona, Spain, with offices and clients across North and South America, Europe, and Asia-Pacific. Its heritage is in academia, having been founded in 2001 as an offshoot of election cryptography research at the Autonomus University of Barcelona. Security and R&D-focused from the outset, its research has concentrated on the tension that exists between the need to authenticate the voter while also protecting their privacy and ensuring that the vote was counted post-election. Due to the strength of its security offerings, ScytI is positioning itself as a premium provider at the higher end of the price spectrum.

To date, the company has managed approximately 100,000 election events globally, earning approximately €24mn in revenues in 2012. It also garnered a number of awards along the way, including the European Commission's ICT Prize. In January 2012, ScytI acquired the US-based e-government company SOE Software, which has allowed it to build an end-to-end solution from its initial strength in e-voting, and to establish a strong foothold in the US – its largest market. More than 90% of ScytI's clients are in the public sector, and the company will likely stick to this ratio; the private sector is highly fragmented in terms of demand and does not require the same security emphasis that sets ScytI apart for governments.

Current position

ScytI is now in growth mode, looking to enter new markets and gain wins by selling its entire end-to-end platform where possible and offering specific modules, if preferred, as a point of entry. Developed countries and older democracies tend to have more legacy election infrastructure, and therefore prefer specific solution modules, whereas newer democracies and emerging markets such as Costa Rica and Ecuador have been more open to the idea of the full platform.

For pre-election activities, ScytI's platform offers specific modules on voter registration, voter education, poll worker training, logistical planning, and configuration. On election day, offerings include voter list management, kiosk voting, phone voting, paper voting, a help desk, and a control dashboard. In addition to these, ScytI has modules specifically tailored for overseas and remote voters, via the Web, phone, or electronic ballot delivery. After the election, modules concentrate on results tallying, consolidation, election night reporting, and auditing. Finally, supplementary governance-related offerings are also available, including modules that enable citizen participation in decision processes and consulting as government election advisors.

Given the palpable wariness around election modernization technology, Ovum believes ScytI must be flexible in its delivery options, work to spread confidence in the solutions and the general legitimacy of online voting, and better tell its story to a public that can be suspicious of non-domestic solutions. Fortunately, it is moving in the right direction.

On the delivery front, ScytI's platform is offered in both SaaS and on-premise configurations. In the US, for example, most uptake has been via the SaaS model, with hosting facilities based in the US. This is because elections are a common occurrence in the US and counties have minimal budget for capital expenditure, but do possess budget for election-focused operating expenses. For other countries where ScytI does not have hosting facilities, there is also the greater question of data sovereignty in the cloud and if voting records and activity could be subject to theoretical inspection by foreign governments.

Overall, ScytI's wide variety of offerings, investment into certifications, and emphasis on security, auditing, and testing make it well poised to become one of the dominant providers in election modernization. In the short run, Ovum recommends it improve its storytelling to assuage a nervous public on its intentions and safeguards, as well as play a thought leadership role in the increased use of technology and the Internet in elections globally.

DATA SHEET

Key facts

Table 1: Data sheet

Product name	ScytI Platform	Product classification	Electoral solutions
Industries covered	Government, education	Geographies covered	Global
Relevant company sizes	Local, regional, federal	Licensing options	SaaS, on-premise
URL	www.scytI.com	Routes to market	Direct and partner
Company headquarters	Barcelona, Spain	Number of employees	187

Source: Ovum

APPENDIX

"On the Radar"

"On the Radar" is part of Ovum's series of research notes that highlights up-and-coming vendors that bring innovative ideas, products, or business models to their markets. Although "On the Radar" vendors are not always ready for prime time, they bear watching for their impact on markets and could be suitable for certain enterprise and public sector IT organizations.

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