DIGITAL GOVERNMENT TRANSFORMATION

UK Survey Data Analysis
Public Sector Research Group

October 2015
OverView – United Kingdom

Top Driver
Cost + Budget Pressures

Top 3 Barriers
1. Insufficient funding
2. Too many competing priorities
3. Security concerns

Insights

- Most agencies feel that employees and leaders lack the necessary skills for digital transformation
- Less than 1/5th of agencies are satisfied with their digital vendor community

Maturity

<table>
<thead>
<tr>
<th>Digital Maturity Rating</th>
<th>UK (n=243)</th>
<th>Global (n=1202)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>Developing</td>
<td>64%</td>
<td>60%</td>
</tr>
<tr>
<td>Maturing</td>
<td>7%</td>
<td>13%</td>
</tr>
</tbody>
</table>

"Government is not immune to the seismic changes that digital technology has brought to bear."

— Mike Bracken, GDS on the impact of digital
READINESS AND RESPONSE

Have a clear and coherent digital strategy?

<table>
<thead>
<tr>
<th></th>
<th>% agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>46%</td>
</tr>
<tr>
<td>UK</td>
<td>47%</td>
</tr>
</tbody>
</table>

Objectives of digital strategy

<table>
<thead>
<tr>
<th>Objective</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase efficiency</td>
<td>89%</td>
</tr>
<tr>
<td>2. Improve customer/citizen experience and engagement, and transparency</td>
<td>88%</td>
</tr>
<tr>
<td>3. Fundamentally transform our organization processes and/or organization model</td>
<td>69%</td>
</tr>
<tr>
<td>4. Create or access valuable information or insights to improve decision making</td>
<td>65%</td>
</tr>
<tr>
<td>5. Create or access valuable information or insights for innovation</td>
<td>60%</td>
</tr>
</tbody>
</table>

51 percent say that digital trends are improving their organization’s ability to respond to threats and opportunities.

75 percent say their digital capabilities are behind the private sector.

Digital opportunity vs investment

- Global: View digital technologies as an opportunity (82%) - Increased investment in digital initiatives in the last fiscal year (44%)
- UK: View digital technologies as an opportunity (87%) - Increased investment in digital initiatives in the last fiscal year (47%)

Confident about organization’s readiness to respond to digital trends

- 2% Don’t know - 31% Disagree - 34% Neither agree nor disagree - 33% Agree

Satisfied with organization’s current reaction to digital trends

- 42% Don’t know - 28% Neither agree nor disagree - 30% Agree

36% confident globally.

37% satisfied globally.
93% find workforce and skills to be a challenging area to manage in their organization’s transition to digital.

45% say that leadership understands digital trends and technologies.

31% say that their leaders have sufficient skills to lead the organization’s digital strategy.

93% of respondents find workforce and skills to be a challenging area to manage in their organization’s transition to digital. 45% believe that leadership understands digital trends and technologies, and 31% think their leaders have sufficient skills to lead the organization’s digital strategy.

Does a single person or group have the responsibility to oversee/manage your organization’s digital strategy?

- UK: 54%
- Global: 51%

**Digital skills vs investment in workforce**

- Global: 34% Employees have sufficient skills to execute organization’s digital strategy, 33% Organizaion provides opportunities and resources to obtain the right skills
- UK: 25% Employees have sufficient skills to execute organization’s digital strategy, 27% Organizaion provides opportunities and resources to obtain the right skills

**Workforce-skills lacking**

- Agility: 57% UK, 59% Global
- Entrepreneurial spirit: 55% UK, 53% Global
- Technological savviness: 46% UK, 52% Global
- User experience design: 39% UK, 49% Global
- Collaborative processes: 41% UK, 40% Global
- Business acumen: 40% UK, 42% Global
84% say that digital technologies and capabilities enable employees at their organization to work better with customers/citizens.

88% say improving customer/citizen experience and transparency is an objective of their organization’s digital strategy.

How are digital trends impacting your organization’s customer/citizen service quality?

- UK: Improving, 77%
- Global: Improving, 78%

What is the biggest driver of digital transformation?

- Global: Customer/citizen demands, 37%; Cost and budget pressures, 38%; Federal/central government directives, 14%; Others, 9%
- UK: Customer/citizen demands, 26%; Cost and budget pressures, 56%; Federal/central government directives, 9%

What is the level of customer/citizen involvement in co-creating digital services for your organization?

- UK:
  - Don’t know, 12%
  - Low, 52%
  - Neither high nor low, 27%
  - High, 9%

- Global:
  - Don’t know, 13%
  - Low, 53%
  - Neither high nor low, 23%
  - High, 11%

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CULTURE - INNOVATION, COLLABORATION, OPEN SOURCE, AGILE

96% find culture to be a challenging area to manage in their organization’s transition to digital

To what extent does your organization use open source technology to deliver digitally transformed services?

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great extent</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>Small extent</td>
<td>36%</td>
<td>35%</td>
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</tbody>
</table>

Is the transition to digital altering your organization’s attitude towards risk?

<table>
<thead>
<tr>
<th></th>
<th>Global</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither improving nor degrading</td>
<td>28%</td>
<td>29%</td>
</tr>
<tr>
<td>Improving</td>
<td>65%</td>
<td>67%</td>
</tr>
<tr>
<td>Degrading</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>26%</td>
<td>24%</td>
</tr>
</tbody>
</table>

82% say that digital technologies and capabilities enable employees at their organization to work better with other employees

Digital trends are changing these dynamics within my organization:

<table>
<thead>
<tr>
<th>Culture</th>
<th>Don’t know</th>
<th>Degrading</th>
<th>Neither improving nor degrading</th>
<th>Improving</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collaborative culture</td>
<td>8%</td>
<td>2%</td>
<td>62%</td>
<td>28%</td>
</tr>
<tr>
<td>Innovative culture</td>
<td>5%</td>
<td>2%</td>
<td>64%</td>
<td>29%</td>
</tr>
</tbody>
</table>

67% globally say digital trends improve collaborative culture

65% globally say digital trends improve innovative culture
**PROCUREMENT**

79% find procurement to be a challenging area to manage in their organization’s transition to digital

83% say that government procurement needs to change significantly or very significantly to accommodate digital transformation

17% say that they are satisfied with the community of vendors that currently serves the digital government marketplace

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### Top 3 obstacles to better procurement practices in the digital age

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rules/regulations</td>
<td>1. Rules/regulations</td>
<td></td>
</tr>
<tr>
<td>2. Lack of flexibility</td>
<td>2. Lack of flexibility</td>
<td></td>
</tr>
<tr>
<td>3. Legacy contracts</td>
<td>3. Procurement skill sets</td>
<td></td>
</tr>
</tbody>
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### In what ways does procurement need to change to enable digital transformation?

- **Agile development process**
  - UK: 48%
  - Global: 45%

- **Less restrictive terms and conditions**
  - UK: 33%
  - Global: 31%

- **More open to small and medium-sized companies**
  - UK: 19%
  - Global: 33%

- **Less control from the center**
  - UK: 21%
  - Global: 33%

- **Modular development**
  - UK: 21%
  - Global: 20%

- **Shorter contract periods**
  - UK: 10%
  - Global: 19%

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**Development of digital services**

- In-house: 10%
- Outsource: 8%
- Mixed (in-house and contracted model): 74%
- Don't know: 8%