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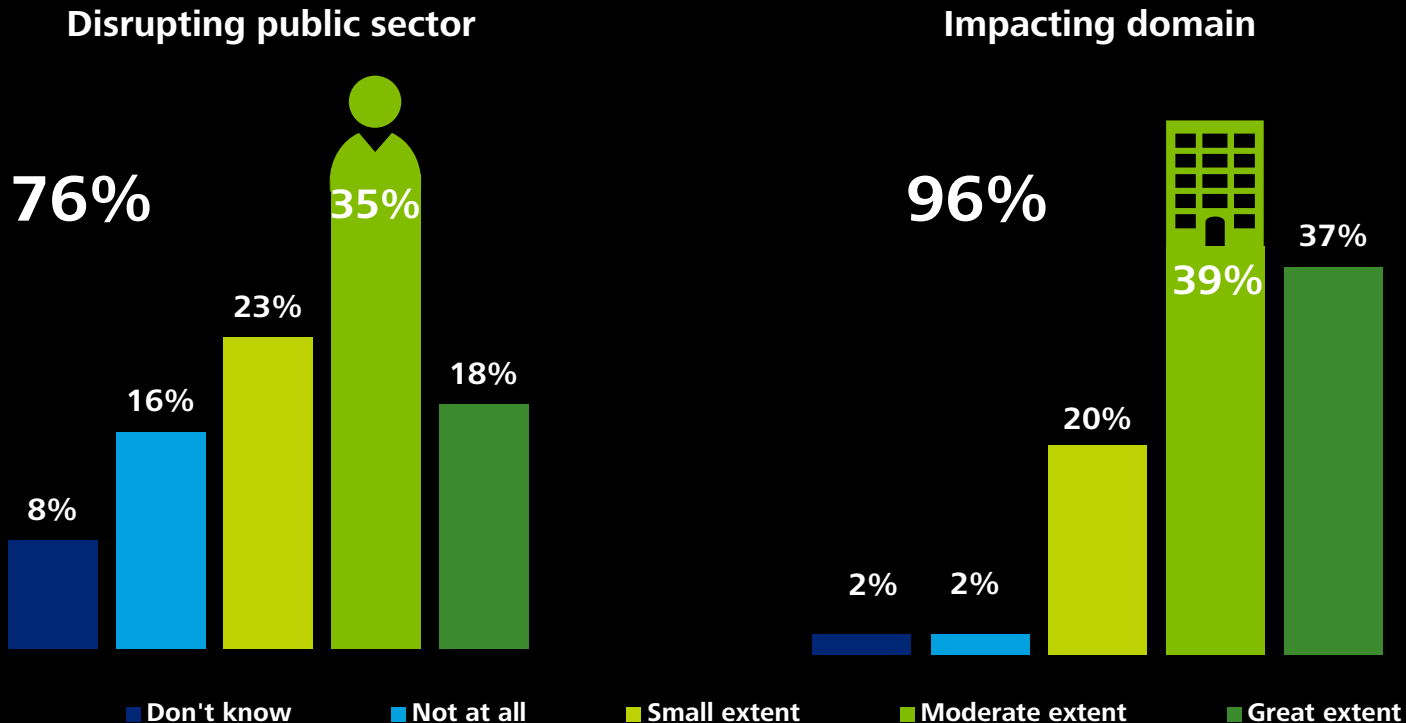
DIGITAL GOVERNMENT TRANSFORMATION

The Journey to Government's
Digital Future

Excerpted from *Deloitte Digital Government Transformation Study*

THE IMPACT OF DIGITAL TRENDS AND TECHNOLOGIES ON GOVERNMENT IS PERVASIVE

Digital trends and technologies are disrupting the public sector and impacting domains* significantly



Fully **82 percent** see digital technologies as an opportunity

**Domains include public sector areas such as defense, education, health care, and transportation, etc.*

HOWEVER, THE PUBLIC SECTOR IS NOT EQUIPPED TO TAKE ADVANTAGE OF THAT OPPORTUNITY

How do you think your organization's digital capabilities compare to:

Public sector organizations



Private sector organizations

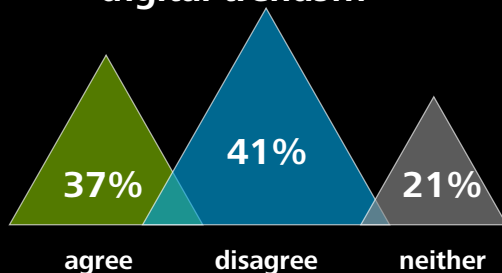


■ Don't know
 ■ Behind
 ■ About the same
 ■ Ahead

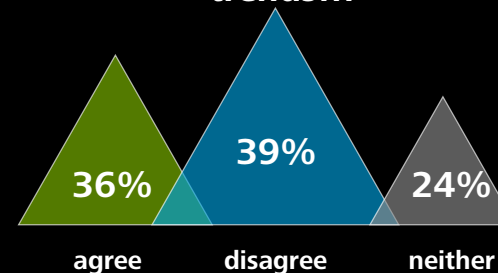


Nearly **70 percent** think they are behind the private sector in terms of digital capabilities and less than **40 percent** are satisfied with how their organization has reacted to digital trends

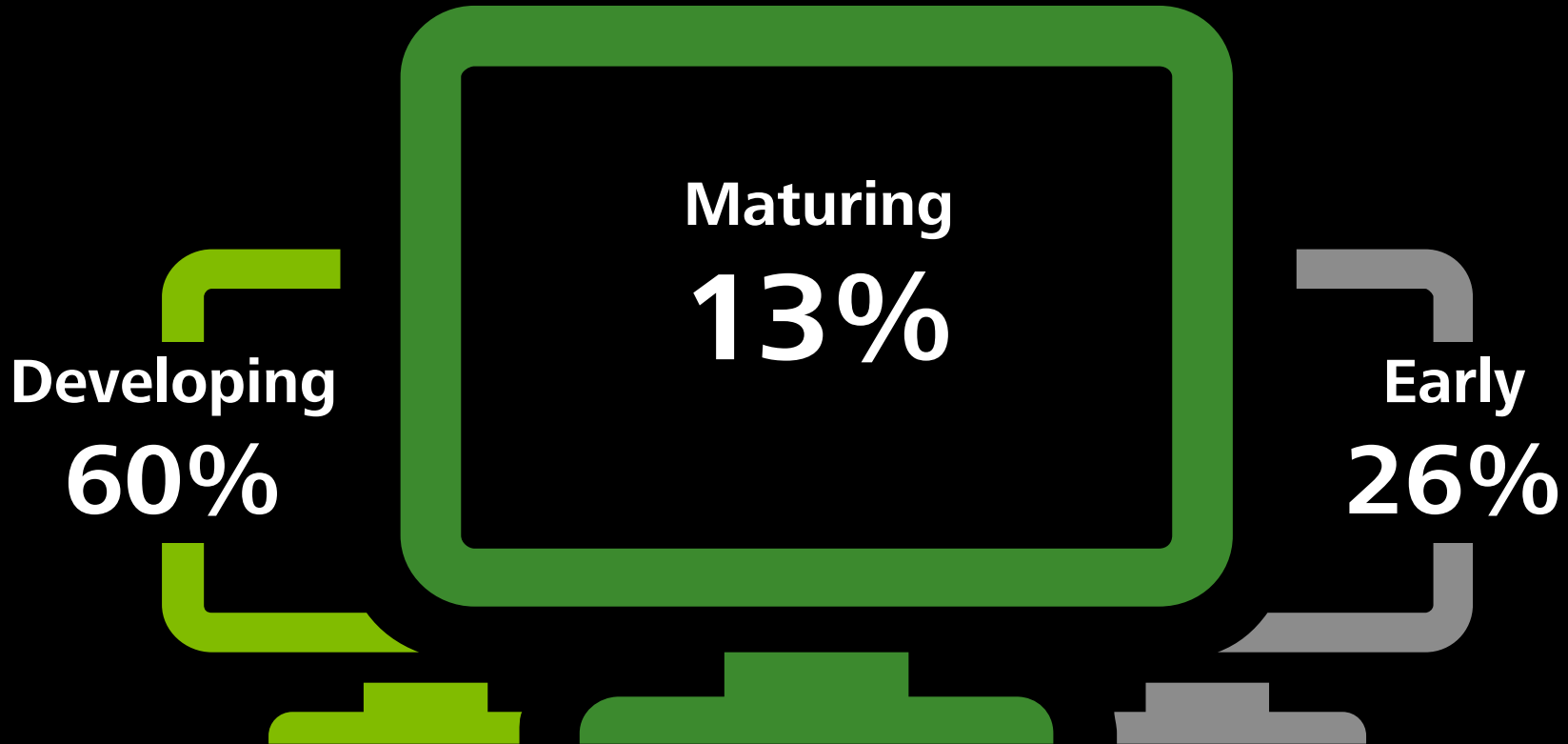
I am satisfied with my organization's current reaction to digital trends...



I am confident in my organization's readiness to respond to digital trends...



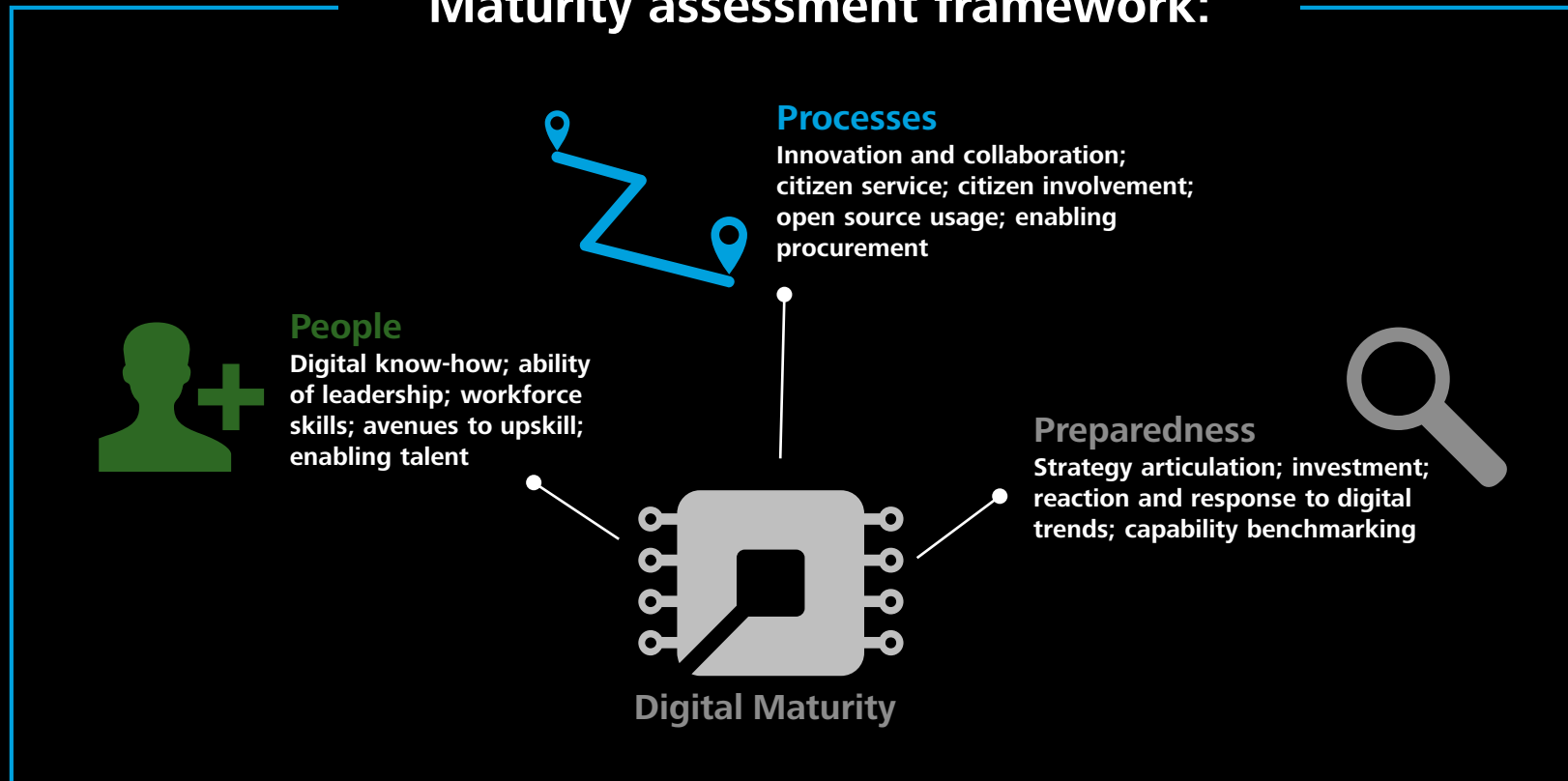
IN FACT, ONLY 13 PERCENT OF GOVERNMENT ORGANIZATIONS SURVEYED ARE AT A DIGITALLY MATURING STAGE



BUT WHAT DOES DIGITAL MATURITY MEAN?

Re-imagining an organization through digital so as to improve processes, engage talent and drive new and value generating service models for citizens.

Maturity assessment framework:



Based on this framework we classified organizations as *early stage*, *developing* or *maturing*

FURTHER, DIGITAL MATURITY IS INFLUENCED BY FIVE FACTORS

We conducted 130+ interviews that revealed five factors that are shaping digital transformation—strategy, leadership, workforce skills, digital culture, and user-focus.

Strategy



Leadership



Workforce development



User focus








Culture



AND THESE FACTORS VARY ACROSS MATURITY LEVELS

What separates digital leaders from the rest is a clear digital strategy combined with a culture and people that drive transformation.

	EARLY	DEVELOPING	MATURING
 Strategy	Aimed at cost reduction	Aimed at improving customer experience and decision making	Aimed at fundamental transformation
 Leadership	Lacks awareness and skills	Digitally aware	Digitally sophisticated
 Workforce development	Insufficient investment	Moderate investment	Adequate investment
 User focus	Absent	Gaining traction	"Central" to digital transformation
 Culture	Risk averse; disintegrated	Risk tolerant; accommodates innovation and collaboration	Risk receptive; fosters innovation and collaboration

STRATEGY THAT FUNDAMENTALLY TRANSFORMS

“Transformation means more than fixing websites. It goes deeper than that, right into the organizations behind the websites. There's a logic to it: digital service design means designing the whole service, not just the digital bits. If you're redesigning a service, you need to think about the organization that runs it.”

**— Mike Bracken, Former Chief Digital and Chief Data Officer
UK Government**

DIGITALLY MATURING ORGANIZATIONS HAVE A CLEAR STRATEGY AIMED AT FUNDAMENTAL TRANSFORMATION

Only 14 percent of early-stage digitally mature respondents have a clear and coherent digital strategy. That climbs to 86 percent among the digitally mature.

Objectives of a Digital Strategy (% Agree/Strongly Agree):

	Early	Developing	Maturing
Increase efficiency	64%	88%	95%
Improve customer/citizen experience and engagement, and transparency	55%	89%	94%
Create or access valuable information or insights for innovation	33%	68%	85%
Create or access valuable information or insights to improve decision making	42%	76%	83%
Fundamentally transform our organization processes and/or organization model	34%	66%	81%

LEADERSHIP THAT UNDERSTANDS DIGITAL TRENDS

"I think leadership is absolutely key. You need a leader who has the confidence to embrace change, to listen to different models, and then empower his people to get on and do it."

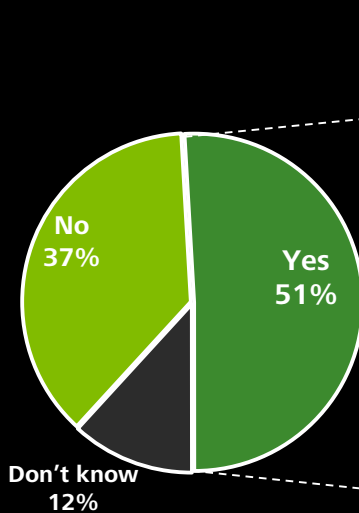
– Mike Beaven
Transformation Programme Director
Government Digital Service, UK

DIGITALLY SAVVY LEADERSHIP IS A GAME-CHANGER

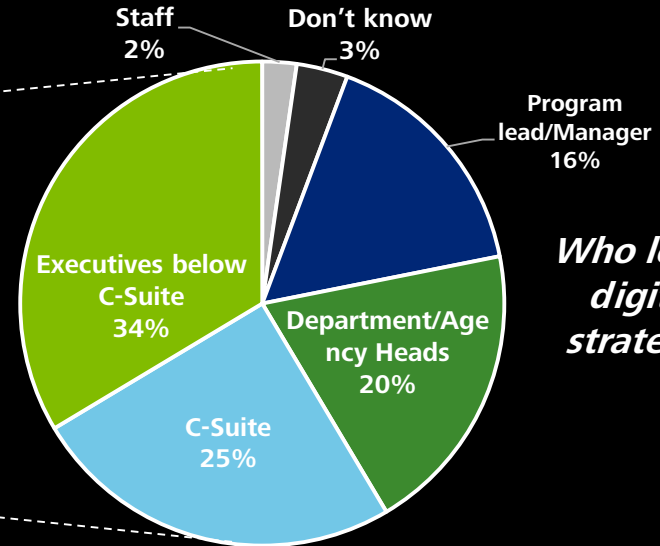


The digital agenda is led from the top

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



Who leads digital strategy?



Percent Strongly Agree/Agree

	Early	Developing	Mature
Confident about leadership's understanding of digital trends and emerging technologies.	7%	60%	96%
Leadership has sufficient skills to lead organization's digital strategy.	4%	42%	86%

TALENT THAT HAS SKILLS TO EXECUTE DIGITAL STRATEGY

“Recruiting digital specialists and plugging them into the right slots is going to be one of our challenges. At the end of the day, give me great talent over great technology.”

– Tony Scott,
Chief Information Officer, US

DIGITALLY MATURING ORGANIZATIONS BUILD SKILLS TO REALIZE THEIR DIGITAL STRATEGY



Digitally maturing organizations are 13X more likely to provide employees with needed skills than less digitally mature.

	Percent Strongly Agree/Agree		
	Early	Developing	Mature
Organization provides resources or opportunities to obtain the right skills to take advantage of digital trends	6%	35%	77%
Employees have sufficient skills to execute organization's digital strategy	15%	34%	70%

Many companies at the early stages **lack the ability** to **conceptualize** how digital technologies can impact the business.

USER-FOCUS LIKE A LASER

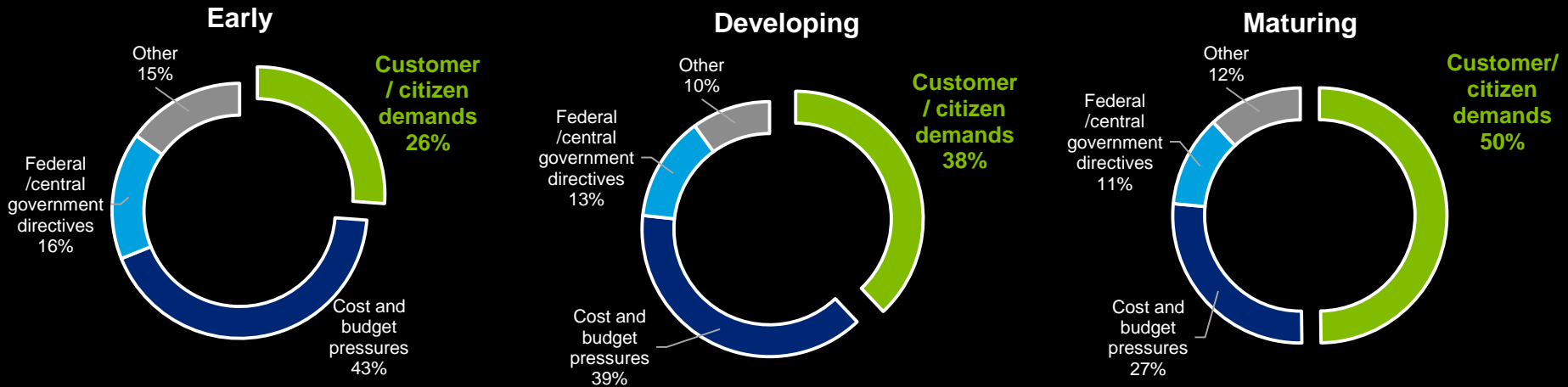
“You need to be very clear, to draw a line in the sand. Yes, there are 7,000 government needs that we need to meet in order to do what we do, but all of those should be secondary to the user need. That’s the only way this will work.”

-Jen Pahlka,
Founder, Code for America

DIGITALLY MATURING ORGANIZATIONS EXHIBIT GREATER USER-FOCUS



Primary drivers of digital transformation



	Early	Developing	Mature
Digital technologies and capabilities enable employees at my organization to work better with customers/citizens	51%	90%	100%
Improving customer/citizen engagement and experience and transparency is an objective of organization's digital strategy	55%	89%	94%
Digital trends are improving customer/citizen service quality	54%	84%	99%
Level of involvement of customers / citizens in co-creating digital services for organization	5%	11%	33%

CULTURE THAT FOSTERS COLLABORATION AND INNOVATION

“Our collaboration is really more through adopting agile scrum methodology which requires a lot more interactions and collaboration as you go along and develop services. We haven't utilized any technology to help collaboration, it comes from the virtue of agile scrum methodology.”

— Gavin Till, Chief Information Officer,
Christchurch City Council
New Zealand

DIGITALLY MATURING ORGANIZATIONS CHALLENGE CULTURAL NORMS



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BARRIERS TO DIGITAL TRANSFORMATION

WHAT ARE THE BIGGEST BARRIERS AND CHALLENGES TO DIGITAL TRANSFORMATION?



Early	Developing	Maturing
Lack of an overall strategy	Too many competing priorities	Too many competing priorities
Lack of understanding	Insufficient funding	Insufficient funding
Lack of entrepreneurial spirit, willingness to take risks	Security concerns	Security concerns
Too many competing priorities	Lack of organizational agility	Insufficient technical skills
Lack of organizational agility	Lack of an overall strategy	Lack of organizational agility

MOST GOVERNMENT ORGANIZATIONS LACK THE STRATEGY TO ACHIEVE DIGITAL TRANSFORMATION

Organizations with a clear and coherent digital strategy are:

- Better equipped to respond to opportunities and threats
- Have a culture that fosters innovation and collaboration

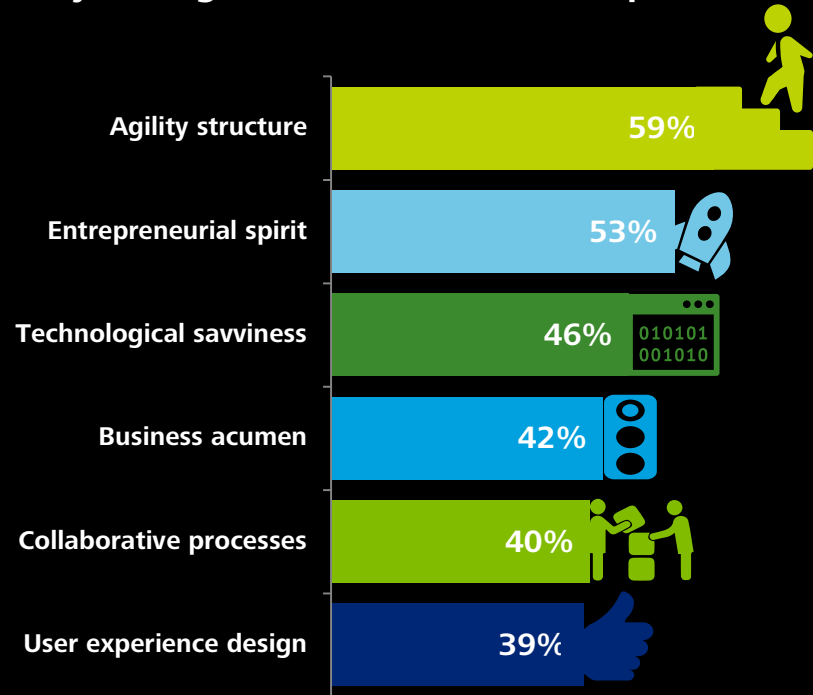


71 percent of organizations with a clear and coherent digital strategy report digital trends are improving their organization's ability to respond to opportunities and threats, compared with **45 percent** of organizations without a digital strategy

AND THE NECESSARY DIGITAL-AGE WORKFORCE SKILLS

- **90 percent** of organizations say that workforce issues are a challenging area to manage in their organization's digital transformation
- Only **34 percent** say their organization has sufficient skills to execute its digital strategy
- Only **33 percent** say their organization provides the right resources or opportunities to obtain the digital skills they need.

Which of these categories is most lacking in your organization? (select the top three)

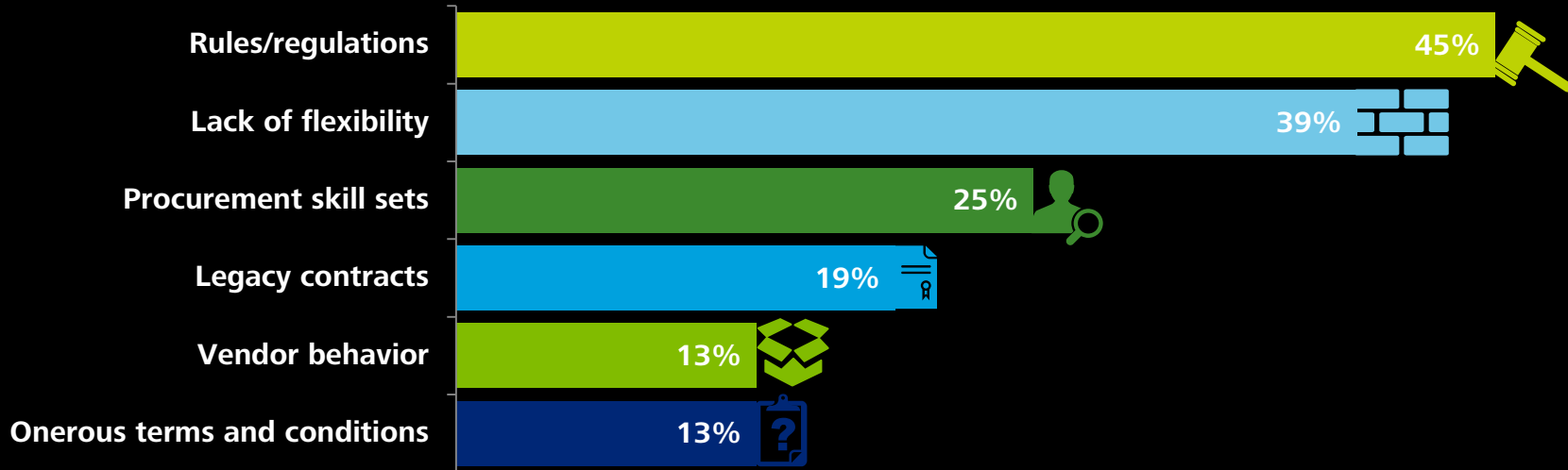


THEY ALSO LACK KEY ELEMENTS OF A “DIGITAL MINDSET” — CUSTOMER FOCUS, OPEN FUNCTIONALITY, AND AGILE DEVELOPMENT

- More than **85 percent** of the organizations cited culture as a challenging aspect of managing the digital transition.
- Only **13 percent** of agencies report high citizen involvement in the co-creation of digital services.
- Even for agencies that say citizen demand is the primary driver of digital transformation, the share of organizations significantly engaging with customers and users to co-create digital services still remains quite low at **16 percent**.
- Only **23 percent** report using open source technology to a moderate or great extent.
- Only **28 percent** of government agencies report that digital is altering their attitude toward risk, making them more willing to experiment with agile, iterative approaches.

PROCUREMENT PROCESSES, TOO, NEED TO GET IN STEP WITH DIGITAL TRANSFORMATION

Most significant obstacles to better procurement practices



- **76 percent** say that procurement needs to change to accommodate digital transformation, especially to allow for agile development and de-restrict terms and conditions
- **73 percent** of organizations use both in-house and contracted resources to deliver services, but only **27 percent** said they were satisfied with their vendor community.

ACCELERATING DIGITAL TRANSFORMATION

FIVE QUESTIONS PUBLIC LEADERS NEED TO CONSIDER

Have we looked at our talent pool and planned where our skills will come from?

What have we done to strengthen the innovative and collaborative culture of our organization?

How can citizens and service users be part of our digital transformation?

Do we have a clear and coherent digital strategy which addresses the key elements of digital transformation?

Are the existing procurement processes in our organization suitable to procure digital solutions?

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