



Digitalization for governments and ecosystems

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Introduction

A movement of destruction/creation is underway, at the heart of which there is globalization and digitalization of our economies. The internet has long been a source of growth and performance for the digital wave caused by a new kind of actors. In the private sector, Booking.com, Airbnb, Uber, and other global platforms have done well to break down the issue of proximity and have destabilized historical actors. These

new competitors—mostly Americans—are clearing territories, are free of regulation and are abruptly changing the rules of the game.

In the public sector some governments, such as those in the UK, US, and Australia are surfing on new waves and achieving a competitive advantage over those that are yet to move beyond the “old economy”.

Today, instead of talking about “new technology of information and communication”, the word on everybody’s lips is “Digital”. It has become a standard that can be adapted to suit various purposes.

Companies and recruiters are on the look-out for profiles with “digital” experience. Based on business or subject knowledge, this can mean experience in social networks, creating multimedia content, CRM, web “branding”, IT, or a very technology-oriented background, or even something else. This semantic difference from the outset skews the result of exchanges.

In reality, if we were to merge everything and pool all that falls under the digital umbrella, we would see that “Digital” encompasses the whole business of providing technology to individuals. We would also see that what everyone actually does is sometimes limited, in view of what Digital really has to offer both in terms of its business and societal challenges.

An ecosystem is a community of living organisms in conjunction with the non-living components of their environment (such as air, water, and mineral soil), interacting as a system. As ecosystems are defined by the network of interactions among organisms, and between organisms and their environment, they can be of any size but usually encompass specific or limited spaces. This view can in fact be transferred to the economy of the country or to the entire planet.

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Having a digital government is more than simply making a government service digital, such as putting a claim process online or having a website for departments or ministries. Investment decisions for a digital government service should be based on the potential returns on investment in terms of public value.

Digital government, like all things related to IT, is an evolving concept due to the changes occurring in the IT industry. The digitalization of the public sector is facing particular challenges. For example, the additional

management problems that create longer deadlines. In particular, strategic continuity is very difficult to ensure because of changes in political majorities.

The organization of the sector sometimes causes data to be dispersed among departments, themselves responding to a certain taxonomy and to heterogeneous requirements. It will therefore be more complicated to make large-scale investments and generate sufficient economies of scale. Similarly, the lack of centralized IT infrastructures nationwide poses an obstacle to the establishment of a transparent and fluid system for the user.

Finally, the complexity of tasks required by the large-scale digital projects requires such a high level of specialization and expertise that the public service cannot compete with the deals offered by the private sector. Consequently, many efforts towards the “e-government” are still far from fruition.

Indeed, governments around the world are doing their level best to meet citizen demand and capture benefits. More than 130 countries have online services. For example, Estonia’s 1.3 million residents can use electronic identification cards to vote, pay taxes, and access more than 160 services online, from unemployment benefits to property registration. Turkey’s Social Aid Information System has consolidated multiple government data sources into one system to provide citizens with better access and faster decisions on its various aid programs. The United Kingdom’s gov.uk site serves as a one-stop information hub for all government departments. Such online services also provide greater access for rural populations, improve quality of life for those with disabilities, and offer options for those whose work and lifestyle demands do not conform to typical daytime office hours.

Another example is the younger population’s appetite for—and the attraction to—new technology. This must be taken into consideration to increase voter participation rates, ease access to public information, facilitate appointment booking, or make contacting local authorities to pay council tax easier. It could also help young people not only in education or employment, but also prepare them for work in the local area. The application could help them to access advice and support on employment, volunteering and mentoring training, as well as enabling the administration to measure the results of such initiatives and policies through KPIs and objectives.

Another example that could also be transposed to the public sector, not because of the sector but because of the mentality, is that of the Fidor bank and its CEO, M. Kröner, who was a speaker at the London FSI conference at the end of last year. This bank has completely rethought the traditional concept of banking and produced an outstanding

digital-only bank that is currently one of the world's most innovative in its field. Fidor has the ambition to create a bank with a frictionless digital experience. Their European banking license allows them to own their entire infrastructure and create a completely new paradigm.

According to the CFO of Fidor, they believe it comes down to three things:



Web 2.0

“This stands for the full integration of the customer into the experience. This means even if it is sometimes painful and requires a lot of patience, they integrate our users and customers as much as somehow possible into the experience technically, communicatively and conceptually.

Banks today are disintegrated, not integrated. Why do banks need to integrate the customers into the experience? Because banks want to gain what they lost during the crisis: TRUST. Banks need trust because they want to be seamlessly integrated into the digital lifestyle of the people they serve”.



Technical openness by API

“If you want to be as useful as possible and deliver a valuable service, you cannot rely only on a handful of your proprietary services. What are the options?

- If you rely on your proprietary products and services or that of a service provider, then you acknowledge that you believe there is no better service than the service you are offering your customer. Okay—you are a world champion. Great.
- But, if you are not convinced this is the case, then you are fooling your customers. Meaning that there would be some better service out there, but you exclude that experience for your customers.
- If you believe you want to offer more value to your customer, but you cannot actually achieve it for whatever reason (tech, staff, resources), then you need to open up. If you want to deliver the richest and most value added service, you need to be open and as easily accessible as possible. That is why API banking is critical”.



Data

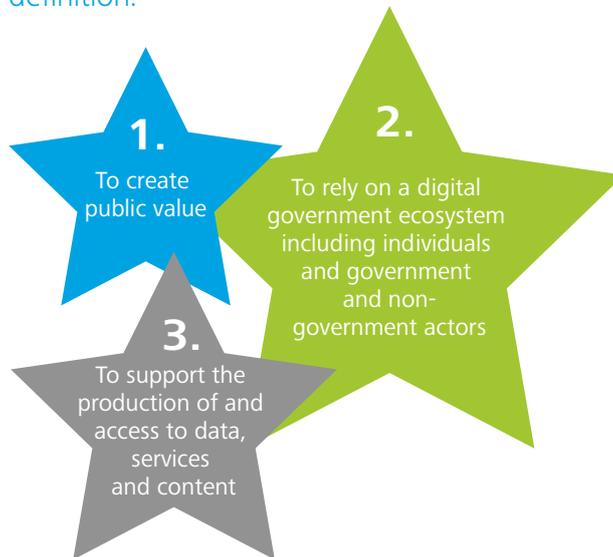
“You should collect as much data as you can get, but you must use it responsibly and in the favor of your users and customers. It is not the case that a bank is the owner of that data—simply because the data is created by and belongs to each single customer and user. So, you cannot fool people with it. This is why we are not only creating a management system, but a Customer Information System (CIS). The data belongs to the customer. You need to give it to them in a digested, aggregated and useful way, supporting the users and customers in improving their personal financial situation”. A number of successful government initiatives nevertheless show that by integrating the best practices of the private sector in a public context, in-depth scanning is possible. 6 key actions have been identified for successful digitization:

- Engage all public stakeholders around specific objectives
- Coordinate IT investments across government
- Rethink processes, considering the end user as “the client” to satisfy
- Identify and develop talent
- Seek to have Big Data and data analysis to improve decision-making
- Protect critical and confidential data infrastructure

However, despite all the progress made, most governments are far from capturing the full benefits of digitalization. To do so, they need to take their digital transformation deeper, beyond the provision of online services through e-government portals, into the broader business of government itself. That means looking for opportunities to improve productivity, collaboration, scale, process efficiency, and innovation.

The OECD recommendation for Digital Government Strategies of 15 July 2014 is based on the following definition of what digital government is; digital government refers to the use of digital technologies, as an integrated part of governments’ modernization strategies, to create public value. It relies on a digital government ecosystem comprising government actors, non-governmental organizations, businesses, citizens’ associations and individuals, which supports the production of and access to data, services and content through interactions with the government.

There are three key phrases within this definition:



Therefore, a simpler and clearer definition of digital government would be: digital government refers to the production of and access to data, services and content, sourced and distributed across the digital ecosystem, to create public value.

Foremost it highlights an important goal for digital government—to create public value—not simply in terms of value for individuals through easy access to government transactions and information or value for government in terms of doing more for less. Rather, public value refers to the various benefits for society that may vary according to the actors' perspective. Public value is collective rather than something that accrues to each party. The principle is the following: “the whole is greater than the sum of its parts”.

By creating public value, digital government contributes to the achievement of the state's economic and social development goals. This public value imperative places investment decisions for digital government initiatives at the door of business owners rather than IT departments.

Secondly, this definition highlights that digital government relies on government, individuals and non-government actors collaborating through digital

means. The digital ecosystem includes government, non-government, business and individuals. Digital government is not the sole domain of government agencies nor is it a government-led business transformation. It is a society-wide phenomenon enabling governments to interact with citizens and business in new and innovative ways, such as naturally connected, to achieve better government. Better government leads to increased levels of trust in public institutions, which in turn underpins a well-functioning modern society.

Finally, digital government represents the creation of and access to services, data and content. Services and content represent the highly visible, yet often transactional, side of government in a digital world. For example, being able to conduct business online with a single identity token with personal information that is seamless and shared securely across government agencies on a need-to-know basis (naturally connected) has been the goal of the e-government movement since the Internet emerged as an agent for service delivery reform.

Policy makers also have much to gain from digital content and services, as data lies at the heart of evidence-based policymaking. Access to more and better data at source, in real time and in a digital format provides policy makers with the evidence base for faster decision-making associated with targeted social and economic policy. Importantly, the massive increase in digital data, both structured and unstructured, can be used to measure the social and economic impact of policy execution with lead indicators rather than the lag indicators generated through traditional evaluation methods. For example, a targeted policy initiative based on lead indicators created and analyzed digitally, could result in a public-value-creating, yet non-digital service response; e.g., a home visitation program for elderly people to proactively assist them with safe living in their own homes. Digital government is as much a catalyst for policy reform, as it is an enabler for service delivery transformation.

Sources:

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Conclusion

What does the digital economy mean to government?

Governments that embrace hyper-connectivity to its fullest potential will succeed in this new economy. With the power of real-time computing, decision makers can gain real-time insights that help create a sustainable competitive advantage. Citizens and administrations can sift through every piece of data within their reach, no matter the volume, complexity, or degree of access required. However, to make these insights truly transformational, governments need a digital core that binds every piece of information to people, devices and business networks in real time. This form of reinvention simplifies business collaboration, allowing companies and citizens to accelerate and intensify business impacts as soon as decisions are reached. Savings generated by the digitalization of the public sector would rise to billions in currency in a year; lower costs and improved operational performance, better fraud management, and increased productivity contribute to the efficiency of the entire system.

More importantly, citizens can access insights anywhere in real time and with a personalized and simplified user experience, which does not require a specific qualification in data science. Some of the world's leading governments have already taken the leap, while others are just getting started. However, there are a significant number of public sector administrations sitting on the sidelines. Whatever the case may be, it is time for governments to reinvent their "public services delivery model" and processes to stay ahead of the game and attract their citizens' attentions.