

USER FRIENDLY

One stop government shop? Digitizing the state

Steve Hurst, Consulting Managing Director

Heidi: Consumer surveys indicate that satisfaction with government services has fallen to an eight-year low. In fact, recent Gallup polls show that Americans continue to name dissatisfaction with government as the nation's second most important problem, after the economy. Many government officials moreover are entirely aware of this dissatisfaction. Clearly there's a huge gap between what the state and provincial governments offer, and what companies like Amazon, eBay, Uber and Airbnb offer. To provide the same seamless experience as these companies do, a state government would need a robust digital platform offering the equivalent of a one-stop-shop; making a range of functions available in a few clicks. Today I'm speaking with Steve Hurst, Deloitte's digital government market offering leader, about the digital state and what steps the public sector needs to take to digitize the core. Steve welcome to the show.

Steve: Hello Heidi, thanks for having me on.

Heidi: Have you ever tried to renew car registration or pay your property taxes? How long will it take you to get a permit? I can see myself being in line, more than online. So, this is going to be a very interesting conversation because I think you're going to prove us wrong in a lot of these areas. Let's start by defining the terms, when we say digital state, what exactly do we mean?

Steve: When we talk about the digital state, as in, digital state government, we're really describing a state government that has fully embraced the digital options at its disposal for interacting with its constituents. And that can be through its dot-gov web portal, through apps, or it can just be through text or social media. That's really the digital state, that's where you go to get your government stuff done online, not in line.

Heidi: I want to read from your recently co-authored publication for Deloitte, *Delivering the Digital State*.

"Customers would gain an "account-like" experience with their government; information and electronic artifacts would be provided once and shared across agencies as required and as allowed by the customer, while adhering to privacy statutes. This is a de facto standard for most commercial organizations, and again, customers have come to expect it."

Let's talk about this tension between the level of service we get from the private sector and the level of service we get from government agencies. Do you think it's realistic that government should behave like an Amazon and Uber?

Steve: The short answer is, yes, it is a realistic expectation and it's not actually as hard as it sounds. Let me see if I can convince you.

Heidi: [Laugh] I'm already, hmmm, "I don't think so." [Laugh]

Steve: Right, so let's start here. It is a fact that Amazon and Uber, Airbnb, all those companies you mentioned, and state governments are all in the same peer group today when it comes to consumers' expectations for digital services. Government's not getting a "mulligan" on this, people expect the same standard of digital services across all these sectors. We're in that peer group, and that sounds daunting. How can we be as good as Amazon, right? I think the good news is that keeping up with our peer group doesn't mean you have to be Amazon, but what it does mean is you do need to think like Amazon and that really means taking a human-centered design approach to your services. This is what commercial organizations do. It really means you need to get out into the field and understand your constituents' needs and expectations. Don't guess what they want, go and observe it firsthand. Then, you design your services to address those needs, and then you get back out in the field and see how well it's going and then you keep repeating around that loop. That's the iteration part that's so important.

Heidi: There are a lot of benefits for the government to treat its customers like Amazon and Uber do. It's very hard for me to imagine that they could be brought through a customer journey based on a lot of intel. There's also this kind of elephant in the room, which is risk. Let's talk about the potential risks.

Steve: There's two flavors of risk, there's failure, and I think that's very solvable. The other inherent risk in delivering these more sophisticated services is security; it's about security, it's about privacy, it's about control of your data and how that data is getting used. When we're talking about a more personalized, more streamlined service, that may require you to share some of your personal information. For example, in the retail world, we all set up accounts with online retail stores, and we share our mailing address and share credit card information, and that's a calculated risk that we're willing to take because we just really love that one-click purchase experience right at the end. So,

people are pretty familiar with the idea that risks are a value trade-off in the commercial world. For government the stakes are a lot higher,

because you may be dealing with information that's very closely associated with your identity; your social security number, your driver's license. If you want to improve the DMV experience, for example, you're going to be exchanging that data. There's certainly more at risk for the customer. I think that risk-value trade-off is pretty well understood within the discrete functions of government like DMV or human services or tax filing. We see those services online today and, in many states, people are sharing personal information and in return they're getting the convenience of that service. But I think what is changing now, and you alluded to this, is if we're taking that up a level and we're starting to explore this idea of having a single consolidated account with the state. That's a level of sharing of data that goes much farther beyond what's been done today. And that certainly requires that higher degree of trust in the state in return for the improved and streamlined services that you're going to get. So, there's definitely more risk involved; it's clearly incumbent on the states to have very robust security in place. I think it's also pretty widely understood that you need to offer that kind of service improvement on an opt-in basis. Let people who choose it know what they're getting in for: don't mandate it. Then, just really work on building that trust and demonstrating the value. I think you have to see how this plays out over the next few years.

Heidi: Let's talk a little bit about Healthcare.gov from a human design perspective. There was a first pass, and I think you have intel on a second pass to iterate how difficult this really is.

Steve: I think it's a very well understood case study now in technology and government. I think a lot of the advances and certainly the acceleration in adoption of agile delivery

techniques combined with human-centered design in governments can be traced back to the challenges that the federal government had rolling out [Healthcare.gov](#). The recovery from the initial troubled implementation involved taking an agile development approach. That means taking small chunks of functionality and getting those built, delivered and out in the field and tested quickly. I think the human-centered design approach was part of the whole experience there. It had this wonderful effect of becoming a bit of a lightning rod to attract that kind of thinking into government and then the message started to sort of filter down to the states and cities as well. Where we are today is that we're very much benefiting from that collective experience. Now, I think we're in a much stronger position to be more successful in embracing technology in government and creating a more human-centered experience for people interacting with government.

Heidi: Let's jump on that a little bit further Steve. With this idea or analogy for government of bouncing around different websites to accomplish a task; from the user standpoint, we're confused! Why do I have to go to my senator for this and why do I have to go over here for my property taxes. How difficult is this to accomplish when most of us are so used to a single-sign-on experience.

Steve: I think it's silos and siloed organization, historically that's what government has looked like. I think a way to think about how you sort of move beyond that and start to solve that issue is to step back and look at this fundamentally as a design issue. Systems do what they're designed to do and this government system was not designed for seamless customer service. It was really designed for agency efficiency and agency effectiveness and that's why we have these somewhat autonomous and siloed agencies and so what we need to do is redesign that system. And redesign it so that it's configured to deliver a more seamless customer experience. I think that's effectively what leading governments are doing now, they're redesigning their own government. I think there's a couple of aspects of that. There's the sort of front stage, what the public sees and experiences

and redesigning that, and then there's the backstage, which is everything else that's going on in the organization that actually enables you to deliver the service. We're certainly seeing a lot of front stage redesign notwithstanding your experience.

[Heidi] ... based on your paper, I'm moving to Michigan, but go ahead... [Laugh]

I think if you look around it's quite encouraging. Just click around some of the state portals. States generally do a pretty good job of redesigning that dot-gov portal and bringing a digital face to the public. They're redesigning it to organize the services really around the needs of the constituent, and to get away from that internal agency structure so that you don't really have to understand the internal structure anymore. They are starting to offer that more seamless and consistent experience that we were talking about and it helps you get to the answers that you're looking for. But you can only really achieve so much before you've got to get behind the curtain, get backstage and start making the changes in the organization, which actually help you deliver that more seamless service. Historically that has always been harder in government. Your technology certainly plays a big role here, so with better connected technologies you can share information across the agencies, you can coordinate service delivery, and that's going to help you improve your customer experience. We're certainly seeing that with a lot of states like Michigan and Ohio, Texas, Tennessee and others. They're implementing these enterprise technologies across the organization and they're sort of forging these connections and building connections across those agency silos. Also, that internal backstage redesign, it's not just about technology, you also really need to look at the role that leadership and governance plays. For me it starts with this question: Who in the organization is actually accountable for delivering that end-to-end customer experience that we know our constituent wants? Who's on point to make that happen? We were comparing this to commercial organizations a few moments ago. In a commercial organization you have a chief marketing officer. This is a pretty

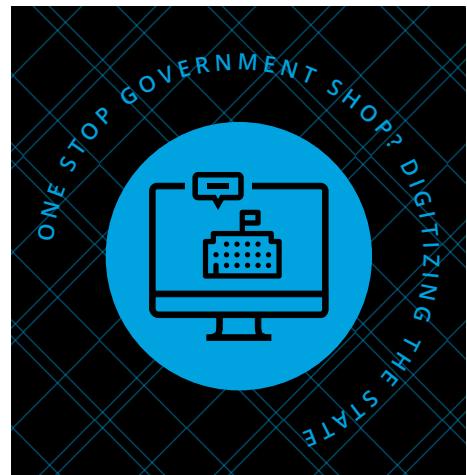
senior role in the organization, and they are on point to make that happen. That's just not a position that has existed in government, so we have to figure out how to fill that void. You know you see state CIOs playing a key role there, and maybe they have a chief digital officer in the CIOs office, perhaps there is a customer-focused leadership team somewhere in the governor's office. That group together is creating this nucleus of a leadership team that has started to take points for customer experience in government and I think that's a good start. But in most states, there is still a real opportunity to strengthen that governance and leadership, and in many ways, I think that's going to be a key determinant of success.

The states that get some leadership in place, they're the ones that will emerge as the real digital leaders,

the Amazons of state government, if you like.

Heidi: We're speaking with Steve Hurst, managing director in Deloitte's Consulting US Public Sector, talking about his co-authored paper *Delivering the Digital State*. You referenced the sizable challenges and where we're seeing states doing a really great job. We've got to look at cost, so your paper raises this issue of return on investment (ROI). How hard is it for government to make the case for investing in this?

Steve: I think in government what you find is that at the specifics of use case level, you can often make a really strong case for investment in digital services. For example, the State of Texas Office of Social Services sits in their Health and Human Services commission. They made a relatively modest investment in creating a mobile app for their clients, and it's called Your Texas Benefits, and it enables people to submit their Human Services verification documentation online by taking a picture of this documentation on a smartphone and sending it into the office through this mobile app. It had an amazing impact on reducing all the administrative burden and churn on the agency. Not only



that, they're interacting back and forth with their constituents through these digital channels and sometimes it's just through text. That alone has resulted in tens of millions of dollars in savings, just in the postage cost. So, if you look at that, it's a very strong business case. Where it gets a bit more challenging is to justify the expenditure when we're making those investments more at the enterprise level. I think the second area where it's still challenging to make the case for investment is around that human-centered design; spending a little bit more up front to make that investment, the customer research that's required to really understand what your constituents want and that field level testing. That's a modest investment, but that's something that's relatively new territory for government.

Heidi: Steve at this point in our interview we'd like to change things up a bit. Normally we do a rapid-fire debate with our two guests. We have one today, and I'm thoroughly enjoying the conversation. Our producers thought it might be fun to have you debate both sides of the burning question of costs. Having read your paper it seems clear that there are a lot of reasons state leaders have for not investing in new technologies, namely because it's expensive. For 30 seconds on the clock, first tell us why cost could be high for taxpayers, and why that's such a bad idea, starting now.

Steve: Firstly, you're back to that Uber and Amazon comparison. We totally understand why they're spending that money; it's because they have to. They have to compete for their customers. We're a government, we're a monopoly, we simply can't justify spending that kind of money. I think that's point one. Point two would be, yeah, you know some incremental investment is surely justified but we just don't have a good track record of spending money, so better just to keep the funds flowing to the agencies and let them make their decision.

Heidi: And now the other side Steve: Why cost is not as high as we think and why taxpayers shouldn't be adversely affected, starting now.

Steve: This is not just about meeting your constituent expectations. This is about improving the operations of government. When people use digital services, they're reducing the administrative burden on the state and this allows the agencies to focus their resources more effectively. There is a strong business justification across the board for shifting to digital, and I think we agreed that the investments should be incremental, guided by a clear insight into what people want. We can live by those principles and we can deliver the substantial benefits of digital government services.

Heidi: Wow, that was really great, you are a good debater. Come back to the show anytime!

Steve: Okay, I have to ask you which side of the argument was most convincing for you?

Heidi: It's the latter. The cost is not as high as you think and I think people are going to be really surprised about the really great examples that are already in play. So, thank you for participating in our rapid-fire portion...

Heidi: I want to encourage our listeners to read this paper, *Delivering the Digital State*, I think it's fascinating, Steve, particularly the references to Estonia: the nation rebuilding its entire IT system from scratch in 1991.

Steve: I think there are quite a few state governments that would like that opportunity as well!

Heidi: And then you look at these really beautiful executions, like Michigan's MILogin, which you reference in the article. You talk about how many state employees and contractors and state applications are involved, and they really do build upon each other. The customer feedback is something that's so critical. What kinds of questions might I want to be thinking about in regard to something like that?

Steve: The discrete services that those government entities provide are all different and therefore the needs and expectations of the constituents are going to be a little bit different. It all starts with really understanding the inventory of services that you're providing and really getting into the minds of your constituents to find what it is that would most help them and then meet their expectations in delivering those services. Cities have been making a lot of progress in that respect and this started with the rollout of the 3-1-1 services, which was a phone-based service started in the 90s that gave residents a single phone number for all non-emergency city services. In a way, this predicated digital, but it was an early move to improve the customer experience and help people navigate the complexity of their city government. The perennial challenge for cities is that they just have less money at the municipal level. So, in some respects the federal government and the state governments just have a little bit more latitude for investment and cities have to be a bit more creative in perhaps reaching out to the private sector in trying to get of a public-private partnership type of arrangement in place.

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Steve Hurst

Heidi: What does the future look like for a digitized state?

Steve: The future is good, it's good for constituents and good for the state. I think we'll see three sorts of parallel threads evolving here, and one absolutely speaks to this design point that we've been discussing. We will see government services being redesigned from that constituent perspective, and they'll be better. The services will be better, more intuitive, and more proactive, reaching out to you reminding you that you need to do things. They'll be more streamlined. It will be that seamless end-to-end experience that we talked about. But there's more than that going on. Following [the lead of] commercial industries, we're going to see some interesting developments around how we interact with government. You're increasingly going to be able to have a natural language interaction, whether that's written or spoken, and it's going to feel like you're working with the ultimate digital concierge that's going to answer your questions and thinks for you, organizes for you and gets you to the government services that you need. So, I think that's a second area where we're going to see a lot of interesting development. Thirdly, we're just going to see more and more of the mechanics of government that just move into the digital space. Those physical artifacts we associate with government functions today like a driver's license or your professional license or your passport or even a speeding ticket will all become digital artifacts and we will be interacting with those through digital channels. We won't have to stand in line in the DMV. That's my prediction for the future.

Heidi: I feel a lot more confidence having had this conversation with you, and for all of those that are working in public sector, we are fortunate to have you working in this environment. Success in the digital age ultimately depends on how state governments execute human-centered design, digital identity, and data sharing across the enterprise. From a customer standpoint, for those of us used to using Amazon or Uber every day, this kind of innovation is commonplace, but for the public sector the challenges are unique. It sounds like the most digitally adept state governments will imagine the future by meshing their business goals with user-centered experience design and a good understanding of current technologies. The key is to exploit good design, integrate current systems, and as is always the case, adapt quickly. I want to thank my guest today Steve Hurst co-author of *Delivering the Digital State* for joining me on User-Friendly.

Steve: Thanks Heidi, it was certainly fun talking with you.

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