The nine trends reshaping government in 2023

Governments are tearing down walls to deliver solutions

William D. Eggers, Beth McGrath, and Jason Salzetti

The change is happening at all levels of government. In both thought and practice, visible both inside and outside public buildings: **Walls are coming down**. The silos inside governments and between government agencies and between government and the private sector—all of these boundaries are increasingly being dissolved in the service of results.

This year's *Government Trends* report highlights a vital shift with broad impact. In an age of discontinuity,[1] governments are moving from hierarchies to networks to enable intragovernment collaboration to achieve intended outcomes. Silos are being eliminated in areas such as data, funding, and workforce to pool resources and capabilities. In an age of vexing challenges, public officials, business leaders, and nonprofits are nurturing collaborative public-private ecosystems to take advantage of shared knowledge and unique strengths to drive solutions.

We see six ongoing paradigm shifts—discontinuities—that are driving this change:

1. **Accelerated technology.** Governments are using technologies such as cloud computing, data analytics, and AI to *build connections* between people, systems, and different government agencies.

2. **Convergence of physical and digital realms.** Technologies such as Internet of Things (IoT) and digital twins enable the *convergence* of physical and digital realities at a rapid pace, allowing government at all levels to make informed decisions, anticipate problems, and gain reliable insights into the future.

3. **Decline of "the theory of the firm" and rise of "the theory of the ecosystem."** Most individual organizations increasingly see themselves as part of the larger community. Why labor in isolation when you can achieve win-win *results through collaboration?* Datafication, digitization, and connectivity are dissolving traditional boundaries.

4. **Blurring of the lines between public and private.** While still focused on profits, businesses are also embracing social and environmental responsibilities, with many adopting *purpose-driven business models* that can help deliver public solutions.

5. **Rise of networked power.** Hierarchical and centralized power structures are giving way to more *networked, decentralized, and shared models* of authority.

6. **From public to "network" trust.** Public trust in government is nearing historic lows.[2] Complex problems often involve numerous players, and citizens are increasingly looking to businesses and nonprofits to take action on cross-cutting societal challenges. This shift is reframing the paradigm away from "government should solve X" to public leaders guiding ecosystem-driven solutions that tap into *a broad network of solution providers*.

These six discontinuities are reframing how governments approach their role in delivering public value. The result: Walls are coming down, which will enable governments to be more effective and connected to those across and outside of government.

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A convergence of public and private action

The traditional mechanisms of government—siloed and hierarchical—are ill-equipped to handle our current age of discontinuity. Increasingly, the real work of public policy happens within networks among levels of government, between sectors, and across global boundaries.

Consider COVID-19. It would be nearly impossible to diagram all the players involved in the global battle against the pandemic—not because the players are unknown, but because they are so numerous and woven together in webs of enormous complexity. An expansive array of national government agencies, state and local governments, private companies, and nonprofits contributed, working on key tasks such as vaccine development and distribution.[3] Making the response effective required—still requires—keeping all the players moving in the same direction.

The pandemic response won't be the last time the world needs government to convene such a whole-of-society response. From climate change to cybersecurity, challenges are becoming more complex, affecting the private and public sectors alike, not respecting the boundaries of institutions that have been created to address them.[4]

While many people might claim to put little faith in government, they implicitly look to government to tackle our biggest problems. This year's *Government Trends* report illustrates that the solutions are rarely the public sector's sole province: Getting the job done requires multiple actors collaborating across sectors. Achieving public policy goals increasingly depends on coordinated effort by government and the private sector—working in concert with academia, social enterprises, and nonprofits.

Businesses' rising sense of purpose and desire to contribute meaningfully to society offers governments an important new partner in tackling society's most pressing issues.[5] Purpose-driven enterprises, both for-profit and nonprofit, can amplify public sector resources. They also help government keep pace with technological innovation. Links with universities and nonprofits

can provide both theoretical and frontline understanding of challenging problems. Collaboration with the private sector can even enhance public trust in government, since global surveys suggest that business is now society's most trusted institution.[6]

Whole-of-government/whole-of-society approaches are key to tackling tough challenges

Government leaders increasingly recognize that navigating a world of discontinuity necessitates coming together. The massive scale and complexity of big challenges, such as climate change, cybercrime,[7] and, pandemics, are beyond any single agency's ability to address. One major trend this year is the emphasis on collaboration between different agencies of government—a whole-of-government approach—in dealing with vexing problems.

Governments around the world are experimenting with cross-agency approaches to deliver services. Singapore, for example, has used shared-funding mechanisms to encourage interagency collaboration, with the prime minister's office, coordinating whole-of-government projects supported by a team of senior officials from multiple agencies.[8]
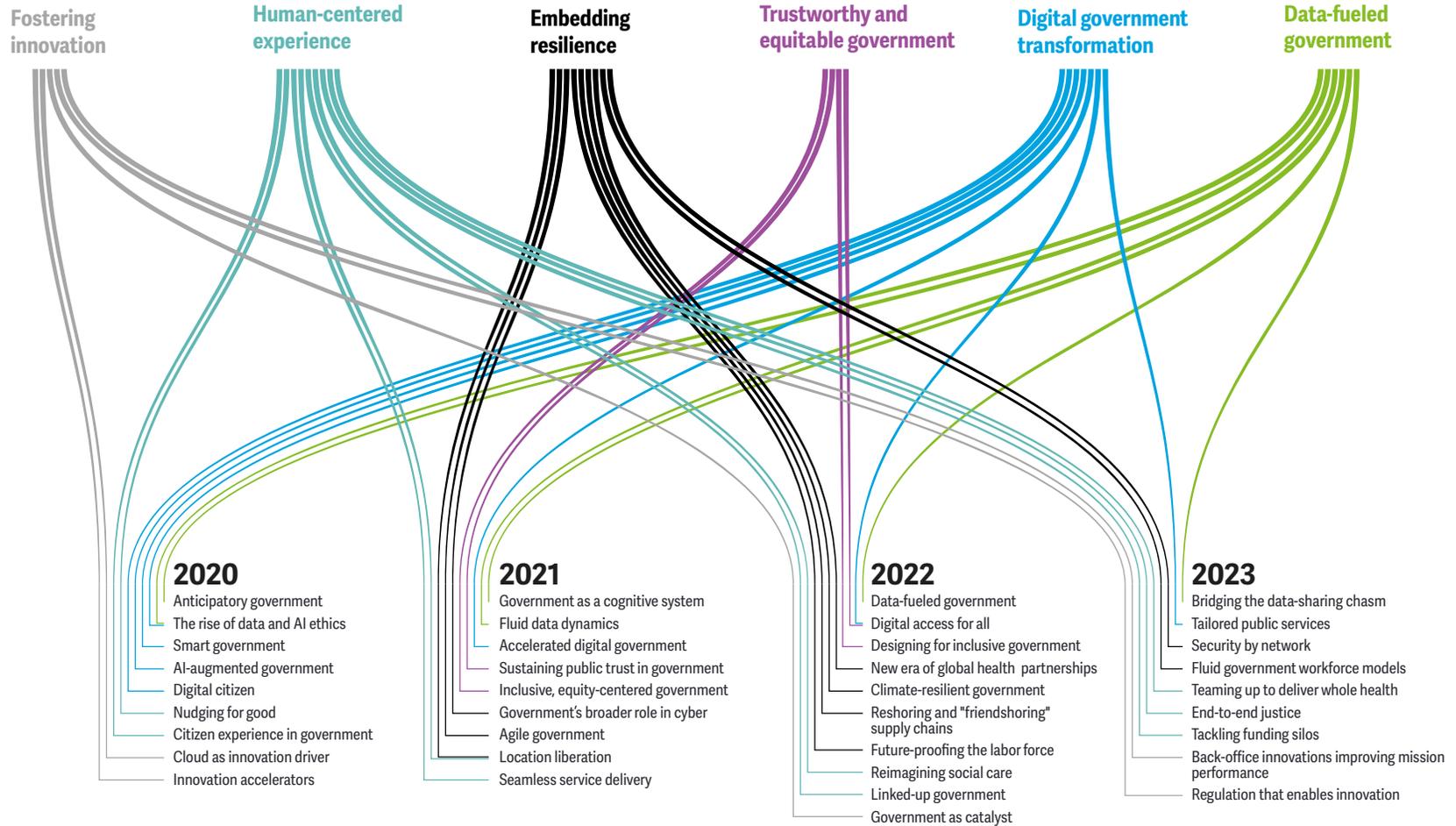
While pooling capabilities can help agencies enhance service delivery, working at the cutting edge also requires proactive collaboration with commercial entities. To establish a reliable supply of semiconductors, both the European Union and the United States have passed legislation, most notably the €43 billion EU Chips Act and US$52 billion CHIPS Act.[9] Instead of creating a new agency to build chip-making facilities, these laws direct multiple agencies to achieve this goal by working with commercial chip manufacturers, encouraging business entities to increase semiconductor manufacturing capacity within certain regions.

Dissolving boundaries—the unifying theme of the 2023 *Government Trends* report

Our 2023 trends report identified nine distinct trends related to the overall trend of cross-boundary collaboration. The report distills extensive research on government and explores what's happening in the trenches. This year's report also includes several "My Take" sections from public officials who are helping to pioneer these innovative trends.

The first *Government Trends* report was published in 2019. Four years is a relatively short period, and the themes covered in the first four reports remain relevant today. Figure 1 looks at all of the trends covered in the first four reports, how they are related, and how they have evolved. Some issues, such as digital government, have been a constant theme over the years. Other issues, such as embedding resilience, have rapidly emerged as governments increasingly grapple with disruptive shocks.

Government trends evolution 2020–2023

Fostering innovation

Human-centered experience

Embedding resilience

Trustworthy and equitable government

Digital government transformation

Data-fueled government

2020
- Anticipatory government
- The rise of data and AI ethics
- Smart government
- AI-augmented government
- Digital citizen
- Nudging for good
- Citizen experience in government
- Cloud as innovation driver
- Innovation accelerators

2021
- Government as a cognitive system
- Fluid data dynamics
- Accelerated digital government
- Sustaining public trust in government
- Inclusive, equity-centered government
- Government's broader role in cyber
- Agile government
- Location liberation
- Seamless service delivery

2022
- Data-fueled government
- Digital access for all
- Designing for inclusive government
- New era of global health partnerships
- Climate-resilient government
- Reshoring and "friendshoring" supply chains
- Future-proofing the labor force
- Reimagining social care
- Linked-up government
- Government as catalyst

2023
- Bridging the data-sharing chasm
- Tailored public services
- Security by network
- Fluid government workforce models
- Teaming up to deliver whole health
- End-to-end justice
- Tackling funding silos
- Back-office innovations improving mission performance
- Regulation that enables innovation

Source: Deloitte analysis.

The top trends transforming government in 2023

What makes a trend a trend? To begin with, each trend must be evident in many different governments around the world—it doesn't count if it isn't happening in multiple places, having moved beyond small pilots of experimentation to be authentically *emerging*. Moreover, a trend must have relevance in governments and economies of various sizes. The trends in this report are divided into two major categories: cross-cutting trends, which are happening across government verticals, and domain-focused trends within government sectors such as justice, health and regulation.

Cross-cutting trends

Trend 1: Fluid government workforce models. When it comes to government talent, increased agility is the name of the game. To achieve a future-ready workforce, many agencies are embracing flexible models such as internal talent marketplaces, gig work, and on-demand talent. Leaders are replacing traditional public talent models, including detailed job descriptions and positional requirements, and are taking early steps toward a skills-based approach to workforce management. To further enhance flexibility, agencies are embracing talent management practices that were rapidly rolled out in 2020 to better support hybrid work in the wake of the pandemic.

State of play: Governments are redesigning the public-sector workforce to become more flexible, skills-based, and collaborative.

Trend 2: Bridging the data-sharing chasm. Smart technologies are commonplace, generating data as never before. The public sector has access to vast amounts of data which, if used to its potential, can provide agencies with greater insights to make more informed decisions. Through a focus on data governance and usage, leaders are breaking down barriers to data-sharing across government, and tapping into other data sources to drive innovation, deliver better services, and improve lives.

State of play: Government has long held vast amounts of data. Today, government is increasingly putting this data to use to solve problems and improve lives.

Trend 3: Tackling funding silos. Government leaders increasingly recognize that solving boundary-spanning issues, such as climate change and homelessness, require shared-funding approaches—indeed, isolated funding silos can stymie innovation. Historically, dismantling those silos has been a frustratingly slow process. Today, however, more and more governments are moving toward shared funding to incentivize collaboration between agencies.

State of play: Extensive interagency cooperation is a perennial challenge for governments. While there is still much work to be done, shared-funding mechanisms are showing promise in addressing boundary-spanning issues.

Trend 4: Tailored public services. Individuals are unique, as are their needs and requirements, and traditional one-size-fits-all government services have systemically disadvantaged various sections of the population. Thanks to advances in digital technologies, insights from behavioral science, and new data management tools, governments are making strides in providing more tailored and personalized services by sharing data and collaborating between government agencies.

State of play: Governments are increasingly tailoring services as a way to improve the user experience and promote equity.

Trend 5: Back-office innovations improving mission performance. Agencies increasingly recognize that back-office operations (e.g., finance, human resources, etc.) are critical to mission delivery. Through tech innovation and process reconfiguration, back offices are making better use of information to enhance service delivery and achieve mission objectives.

State of play: Enhanced back-office systems with new tools and technology are proving to be launchpads for improving mission performance.

Domain-focused trends

Trend 6: Regulation that enables innovation. As sweeping technological changes alter the regulatory environment, many regulators aren't just reacting—they are proactively anticipating and facilitating wider societal innovation. At a time of disruptive change and rapidly evolving business models, industry is increasingly looking to regulators to help catalyze the innovation landscape.

State of play: Regulators are playing an instrumental role in shaping innovation ecosystems, including regulatory sandboxes, digital twinning, and a host of other approaches.

Trend 7: Teaming up to deliver whole health. Health care historically has focused on treating illness in silos using medical specialists and targeted health centers. But to tackle rising health care costs, government providers are shifting toward "whole health" models that integrate various types of care. To provide integrated health and social care services, public health agencies are forging alliances with other agencies and the private and nonprofit sectors.

State of play: Governments are actively working toward restructuring complex, multilayered health care systems to deliver integrated patient-centered whole health.

Trend 8: End-to-end justice. A fair, functioning justice system needs broad involvement. Achieving desired justice results—whether a reduction in crime or swifter court operations—requires collaboration to positively influence communities. Justice organizations worldwide are prioritizing collaboration by establishing structures for intragovernment cooperation and fostering a public-private ecosystem of problem-solvers that includes tech firms, nonprofits, and universities.

State of play: Efforts to reform justice operations by collaborating more closely across other areas of government, such as social services and mental health, have increasingly taken root around the globe.

Trend 9: Security by network. Globalization and cross-border collaboration continue to boost the influence of companies, nonprofits, and individuals, independent from sovereign government action. These nongovernmental entities are making decisions that have implications for everything from national security and diplomacy to technology innovation and climate change. As the balance of influence shifts, governments are finding ways to build greater cooperation with these entities, actively developing mechanisms to align incentives with national interests.

State of play: Government leaders are driving greater collaboration and coordination on global matters with commercial entities to achieve shared goals.

Endnotes

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