

Digital Transformation Benchmark - 2012

Insights for the Public Sector



Digital Transformation in the Public Sector

In response to rapid evolutions in society and technology, public sector organizations are undergoing important changes. They are leveraging new channels to develop their relationship with citizens and are improving efficiency in the context of strong economic pressures. These changes are redefining both front-office and back-office tasks and, in turn, have big implications for the activities employees perform and the skills they need to be successful.

Digital technologies are playing a key role in this evolution. Tools like social media and mobile channels are helping to improve relationships with citizens, simplifying operational processes and enhancing the overall quality of services provided. Our survey data helps better understand where public sector organizations stand today in this transformation and what challenges await them on the road ahead.

Figure 1: perception of potential opportunities



Legend:

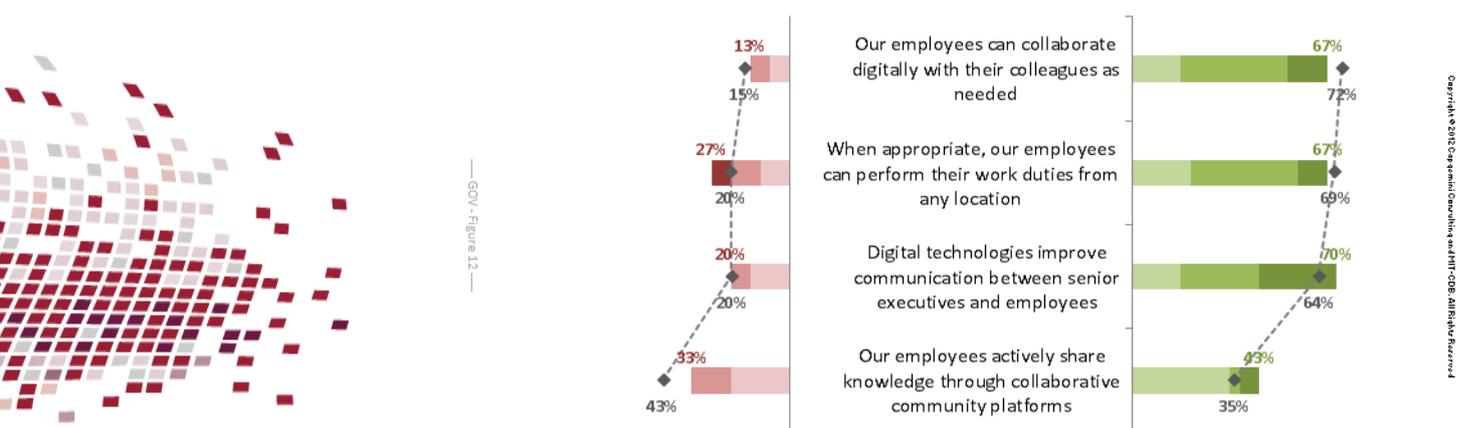
- Red bars represent the percentage of organizations disagreeing with each statement (answers 1, 2 and 3 on a scale from 1 = strongly disagree to 7 = strongly agree) in the industry; green bars represent the percentage of organizations agreeing with each statement (answers 5, 6, or 7).
- Grey marks represent disagreement (answers 1, 2 or 3) or agreement (answers 5, 6 or 7) across all organizations in our study.

Learning 1: The importance of Digital Transformation for the public sector is largely acknowledged

A large majority of organizations (89%) consider Digital Transformation an opportunity (see Figure 1). Specifically, they see it as a means to improve citizen relationships (83%), internal efficiency (83%) and the quality of services provided (76%), each showing a

considerable margin over the benchmark average. Interestingly, roughly half of the public sector organizations we surveyed feel constrained by the actions of others (52%), far more than in other sectors (31% on average). This may reflect budgetary constraints in light of recent economic pressures on the sector.

Figure 2: worker enablement



Legend:

- Red bars represent the percentage of organizations disagreeing with each statement (answers 1, 2 and 3 on a scale from 1 = strongly disagree to 7 = strongly agree) in the industry; green bars represent the percentage of organizations agreeing with each statement (answers 5, 6, or 7).
- Grey marks represent disagreement (answers 1, 2 or 3) or agreement (answers 5, 6 or 7) across all organizations in our study.

Learning 2: Many public sector organizations are using digital technologies to enable workers and digitize processes

In most measures of worker enablement, public sector organizations are enhancing the work environment through digital. In two-thirds of the organizations we surveyed, employees can collaborate digitally with colleagues or work from any location (see Figure 2). A majority (70%) are also using digital technologies to improve communication between senior executives and employees. Finally, a large number of organizations (43%) indicated that their employees actively share knowledge through collaborative community platforms, 8 percentage points higher than the benchmark average.

Public sector organizations are on par with other sectors in terms of process digitization. A majority

reported that their core processes are automated (57%), and slightly less than half stated that they monitor their operations in real time (47%). However, only 23% indicated that their operational processes are able to adapt quickly to external changes.

Learning 3: The potential for Digital Transformation to improve citizen relationships is not fully leveraged

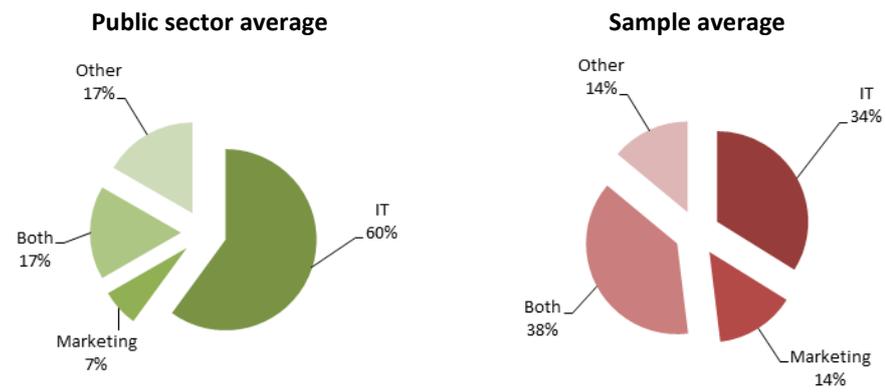
Public sector organizations score below averages in nearly all elements of transforming the citizen experience through digital. They trail other sectors by considerable margins in using digital technologies to improve citizen understanding. Less than half improve their knowledge of citizens through the web and two-thirds of the organizations we surveyed reported that they did not use social media or mobile services in this capacity.

Public sector organizations report below-average use of mobile or social in other applications as well. With respect to mobile, more than half of the firms we surveyed do not use mobile to provide customer service or to promote services. Scores for social media were below the average by double-digit margins in every measure; although a third are using it to monitor their reputation, a majority are not using social media to build communities, provide customer service or promote services.

Learning 4: IT plays a major role in digital governance within public sector organizations

Digital governance is a key factor of Digital Transformation, allowing organizations to identify goals, define priorities and monitor results. A majority of public sector organizations (60%) have entrusted IT with the task of driving their digital governance (see Figure 3). Marketing is playing a primary role in only 7% of the organizations we surveyed, and 17% report a partnership between the two departments.

Figure 3: primary driver of digital governance



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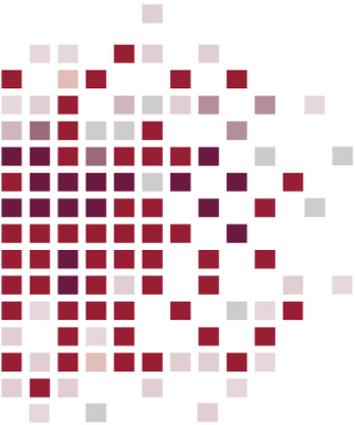
Legend:

- Green sectors represent the percentage of organizations choosing each possibility in the industry
- Red sectors represent the percentage of organizations in all industries choosing each possibility in our study

Although public sector organizations are already using digital technologies to enable workers and digitize operational processes, there remain myriad opportunities to strengthen citizen understanding, enhance relationships with citizens, and transition to a multi-channel model. For example, mobile channels may present opportunities to conduct transactions with citizens, and organizations could potentially leverage social media to inform policymaking. Public sector organizations may also want to explore deeper capabilities in analytics and data integration to enable applications such as predictive policing. Much remains to be done around reinforcing transformation management

practices as well. A strong digital vision and investment in digital skills will likely prove key drivers of success. Moving forward, public sector organizations may want to focus on the following:

- **Articulating a digital vision** – 40% of the organizations we surveyed have a radical vision of how they can use Digital Transformation to change their business. This figure is higher than the benchmark average, but may still not reflect the radical transformations expected in citizen relationships (see Learning 3).
- **Honing digital skills** – Public sector organizations are behind the benchmark average in having the available skills to conduct digital initiatives. For mobile applications, only 22% of the organizations report having the necessary skills. For social media, this figure is only 21%. Public sector organizations should invest in these new skills to continue advancing their digital maturity.
- **Investing in digital technologies** – Public sector organizations report below-average use of technologies such as mobile, analytics, video conferencing and instant messaging to improve operational processes. Each may present an opportunity to complement investments in digital skills and enhance operational efficiency.
- **Modernizing information systems** – Data and platform integration are enabling components for analytics and process digitization. Public sector organizations should renew efforts to modernize their information systems in order to provide a strong foundation for these applications of digital.
- **Developing the digital citizen experience** – Citizens are increasingly using mobile channels and social media in their everyday lives. In fact, social and mobile are now the preferred channels for a growing segment of citizens who expect public sector organizations to use them as well. Public sector organizations may be able to learn from these savvy citizens and incorporate their needs and ideas into the digital vision for the organization.



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This analysis is based on data collected during the second year of our joint research program with the MIT Center for Digital Business.

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