KPMG

Towards a "Connected, Powered and Trusted" government

Introduction

The past five years raced by at rapid pace. As a society, we were confronted with numerous challenges, crises and new developments that have had - and still have - a profound impact on how we live and work in Belgium today. Our public services were also put to the test at every possible policy level and forced to find quick answers in often difficult circumstances to support citizens and businesses in the best possible way, and all this on top of their 'normal' work. KPMG recognizes the complex challenges and enormous efforts that were made, and we are glad that we were able to actively contribute with our multidisciplinary 'public sector'- team to the management of several crises and the realization of several small and large digitalization and optimization projects at our government clients.

In 2019, following the elections, we identified three major areas of focus for the government of tomorrow, which were consolidated in our vision paper "Towards a smart and forward-looking government", namely:

01. A smart and data-driven policy
02. A customer-centric, digital approach
03. Increased agility and integration

These focus areas remain relevant to this day, but the context in which they must be addressed has only grown more complex in recent years due to several major, often disruptive events (such as COVID-19 and its aftermath, the war in Ukraine and the subsequent energy crisis, the increasingly tangible effects of climate change, ...) as well as new developments, such as generative artificial intelligence (GenAI), which has the potential to disrupt a wide range of sectors.

Recent technologies offer additional opportunities but also create new challenges for implementing a smart and data-driven policy. Moreover, technological progress and innovation present governments with new strategic, technical, and ethical questions.

A customer-oriented, digital approach is still what citizens expect, but to maintain trust, governments will more than ever need to pair such an approach with proper attention to digital inclusion, cybersecurity, and data privacy. Finally, the aforementioned challenges have prompted the public sector to reassess what agility and integration truly mean for them.

Although still relevant, the themes of our previous vision paper need to be somewhat adjusted to the significantly changed context and the developments of the past government term. And that is what we aim to do with this new paper: to once again provide key guidelines that we consider important challenges for the public sector in the coming legislative term, summarized in three major focus areas (Connected, Powered & Trusted Government). Within these, KPMG is ready to be a partner to our government clients.

Three major focus areas for the public sector

01 Connected
The government of tomorrow works in an integrated way and connects its stakeholders

02 Powered
The government of tomorrow is efficient and decisive

03 Trusted
The government of tomorrow places citizens' trust at the center

Focus area 1:

The government of tomorrow works in an integrated way and connects its stakeholders – Connected Government

The government of tomorrow must be connected to continue to meet the expectations of its "customers" in the future. Being connected means, first and foremost, being linked to these customers—citizens, associations, and businesses—who must therefore logically be placed at the center of daily operations. Additionally, it means that the government of tomorrow seeks to avoid internal and external silo formation and leverages the strengths of the various partners within its broader ecosystem, making full use of them. Finally, being connected also means that all critical processes, functions, and partnerships of government organizations are optimally aligned to meet citizens' expectations and create value for society in an increasingly digital world.

Recent technological advances and the massive rise and adoption of data-driven new technologies offer unprecedented opportunities to better connect the government with the end users of its services. A connected government must therefore take data-driven policy making and governance a step further by fully embracing data-driven applications and new technologies such as GenAI or the Internet of Things (IoT). This will enable the government to anticipate societal trends through data (whether predictive or not) and to proactively identify and address challenges and potential crises.

The shift towards a more integrated approach and a more connected network government was already initiated during the previous legislative period, both within administrations and across the broader ecosystem of (semi-)public, private, and civil society organizations. Achieving engaged and goal-oriented collaboration across a diverse network of partners and stakeholders has proven in practice to be not always straightforward, and it represents what we see as the major challenge for the coming years with regards to addressing complex and often multidisciplinary societal changes and problems. There are still significant opportunities across policy levels to further integrate government organizations both vertically and horizontally to enhance collaboration. An interesting approach might be to revise the structure or chain of government organizations based on data flow visualizations, thereby clustering government services more logically to achieve optimized data sharing and improve collaboration across departmental (data) silos.

In the implementation of data-driven policy, the government will need to continuously (re)evaluate its role and operations for the future. It must rely extensively on the knowledge, expertise, and collective engagement of its broader ecosystem, the Quadruple Helix, where governments, businesses, academia, and citizens collaborate to roll out innovative solutions. Each government organization must therefore consider an optimal division of tasks and

roles relative to its customers, partners, and other government services. The government can take on the role of a 'platform,' uniting the strengths of public and private partners and the civil sector within a shared governance structure that leverages each component of the ecosystem's strengths.

This need to transform its role is not only driven by budgetary constraints and the depletion of recovery funds but is also necessary to strengthen and complement its own internal innovation capacity. Thorough engagement with citizens to gain a deep understanding of their needs and requirements, as well as close collaboration with academia, which can help develop tomorrow's innovations through research and development, are crucial. Finally, the most promising and innovative technologies can be further developed and commercialized by the business world.

The role of tomorrow's network government is primarily to provide the conditions for technological innovation and further technological development, both to improve its own operations and services and to secure the competitive position of our country within the data economy of tomorrow. To achieve this, various existing initiatives can be strengthened, and new challenges addressed.

- **Interoperability** is the fundamental prerequisite for digital transformation and integrated collaboration. Along with an adequate underlying data infrastructure and architecture, interoperability facilitates smoother data reuse, improved (inter-governmental) collaboration, and knowledge sharing. Ultimately, it can lead to regional or national scaling of technological success stories.
- **Innovation in Regulation and Technology**: In addition to interoperability, the government should actively seek regulatory and technological innovations that promote the creation of a "level

playing field" within the technology sector, revising data ownership, and giving citizens more control over their own data.
- **Regulatory Sandboxes**: The government of tomorrow also has a role in setting up regulatory sandboxes to provide ample space for innovation, testing, and experimentation, aligned with key emerging technological trends. Beyond initiating such testbeds, the government can also create regulatory frameworks to simplify the deployment of these zones.
- **Trend Watching**: The government should continue focusing on "trend watching" to proactively respond to the emergence of new technologies, themes, and trends (such as artificial intelligence, the metaverse, blockchain, the shift from cloud to edge computing, quantum computing, etc.). In the future, the government, its citizens, and its ecosystem partners will reap the benefits of improved inter- and intra-governmental data sharing.
- **Generative Artificial Intelligence**: Besides fostering innovation, the government of tomorrow should focus on the further application of generative artificial intelligence across all its operations. Governments should explore use cases aimed at enhancing their services, achieving time savings in digital application development, improving customer experience through chatbots, and strengthening internal operations. The rapid evolution of technology makes it challenging to predict where AI will add the most value and which use cases should be prioritized. It will be crucial to tap into available talent to further exploit AI's potential, build, train, and maintain AI models, or to establish structural collaborations with private entities with deep AI expertise. Additionally, through e-inclusion initiatives, it should be ensured that the use of AI is not restricted to the "happy few", but that all citizens can share in the benefits offered by this new technological revolution.

A government that wants to be connected always places its customers at the center, everywhere and at all times, and ensures intensive and structural collaboration with its network and broader ecosystem. We believe this is essential to ensure that new technologies and data applications are deployed effectively to address the major societal challenges of tomorrow and to add value across all policy areas, all levels of society, and for every citizen.

Focus area 2:

The government of tomorrow is efficient and decisive - Powered Government

We see the government of tomorrow not only as connected, but also as efficient and decisive in carrying out its core missions enabling it to serve citizens, associations, and businesses in an appropriate, fast, and user-friendly manner. We call this Powered Government.

To begin with, the government has been moving towards greater centralization and overarching organization in recent years, utilizing modern tools to streamline various support services, thereby freeing up more capacity for core services. However, equal attention has not always been given to the organization of these core tasks or services themselves, and consequently, to the way resources are utilized in their entirety.

Effective technological solutions, both for standardizing and automating processes and for ensuring secure and smooth data flow and sharing, can play a key role in accelerating the achievement of targeted results in terms of efficiency and effectiveness, both in back-office and front-office processes. Concrete application areas might look as follows:

- **Technology and connected data**: Today, many service delivery processes remain labor-intensive, manual, and thus time-consuming and prone to errors. Technology to create workflows within "case management systems", built on top of connected data sources, can be used to support employees

and free up time for higher-value work, ultimately leading to better service delivery. Moreover, the use of AI applications will further enhance this service, making service-delivery more efficient, tailored, and proactive.

- **Cloud computing**: An examination of the current landscape of applications and systems within the government reveals significant potential for improvement and rationalization. Years of building upon and extending systems have led to performance and integration issues, difficulties in scaling up, and an inadequate response to the changing and increasing needs of users. Government agencies are increasingly relying on cloud technologies to replace their old "legacy" systems. Cloud computing offers a range of benefits for the government, including cost savings, scalability, faster access to information, and improved collaboration between departments. It is expected that these benefits will only grow in the future, with the addition of increasingly advanced capabilities. The security and privacy of government data must remain a key focus and essential consideration.

- **ERP technology**: Specifically concerning support services such as HR or personnel management, procurement, finance, and budgeting, significant organizational and system support improvements have been made in the past to professionalize these areas. However, ERP technology has since advanced to a level where further investments to scale up and streamline processes will generate direct and

substantial benefits across policy areas, departments and agencies. The work is not yet complete, especially since old "legacy" systems will also need to be replaced in the coming years.

- **Digital, shared user platforms**: In our complex government structure, it is not unusual to find similar tasks or services duplicated across multiple locations over the years. For example, various inspection and enforcement services are often carried out at different government levels. By developing digital, shared user platforms and connecting all users (performers) to these platforms, these services could be organized and delivered in a much more efficient manner. The widespread distribution of premiums and/or subsidies across different administrations is also not always "user-friendly" or efficient. Clustering and digitization could ensure that citizens and organizations are proactively and automatically served with the premiums or subsidies to which they are entitled.

Additionally, the quality of service delivery is largely determined by people, even more so in an increasingly standardized and digital context. However, the labor market is clearly changing, and having sufficiently fast and flexible access to personnel with the right skills and attitude is more challenging than ever, both for private organizations and government entities. Employees also need to continually upskill and have higher and different expectations regarding "work", such as work-life balance, job content variation, and lifelong learning. Furthermore, there is a shift towards a gig economy with an increasing number of freelancers offering specific expertise to organizations temporarily, including government, instead of opting for a "permanent" job. To address these staffing challenges, insight into future personnel needs is essential, followed by direct and efficient access to the internal and external labor market, as we elaborate further:

- **Strategic workforce planning** is a crucial skill that governments will need to develop or enhance. This is the only way they will be able to maintain an accurate view of their current skills and capacity and gain insight into future (quantitative and qualitative) needs, allowing them to respond quickly and appropriately to attract the right profiles and/or develop skills in time.
- **Accurate information**: Successfully addressing these needs requires accurate information about requirements, as well as transparency and trust from all actors within the ecosystem to share that information. Only then can efforts be scaled sufficiently so that the internal labor market is opened up and all entities have access to available expertise. This results in greater employee mobility, smoother profile exchanges, and increased organizational agility in acquiring the right skills.
- **Collaboration**: In addition to the engagement and mobility of internal staff, governments are increasingly relying on external labor to temporarily hire capacity or obtain specialized advice for specific projects or services. These two traditional methods of collaborating with external parties are increasingly being supplemented with "new" or hybrid forms of collaboration to attract and utilize specific expertise more structurally:
  - **Multi-year framework contracts**, government-wide or otherwise, for one or more well-defined profiles, allow government organizations to flexibly utilize the expertise and services of external personnel over the long term with guaranteed quality.
  - **Managed Services**: Another example is "managed services", which involve agreements where services with result-oriented commitments are provided over the long term, a form of "outsourcing" that places operational tasks in the hands of specialized external organizations. This is also a cost-efficient way to free up capacity for the core missions of governments.

A government that aims to organize itself optimally should examine the different building blocks of the organization—people, processes, and systems—and make intelligent use of available internal and external technological and human resources to fulfill its core missions efficiently and effectively.

Focus area 3:

The government of tomorrow places citizens' trust at the center - Trusted Government

In an increasingly connected world where innovative technologies and solutions are being used more frequently across various contexts, trust in government has become more crucial than ever for good governance, and it will need to be a major focus in the coming years. While many of the new technologies (e.g., AI, data vaults, data platforms that collect and disclose health data, etc.) offer numerous benefits, they also bring new challenges related to job security, data privacy, and cybersecurity. To maintain the trust of citizens, organizations, and businesses, the government must provide a thoughtful and adequate response to these challenges. We refer to this response as Trusted Government.

- **New technologies** are advancing at an increasingly rapid pace, a trend that will certainly continue in the coming years. For instance, generative artificial intelligence has revealed its potential over the past year and can be considered a game changer. However, citizens also expect their government to ensure the responsible application of these new technologies. The government must therefore provide a flexible yet sufficiently comprehensive regulatory framework that balances the encouragement of innovation with the assurance of safe, transparent, and ethically responsible application. The recently approved AI Act by the European Parliament provides an initial framework and guidance for this.

- **Innovation and technology:** Moreover, innovation and technology rely on an unprecedented amount of data that must be stored and secured, considering that significant quantities of data are held by a select number of technology companies. The government must ensure an optimal role within the ecosystem that maintains a balance between stimulating innovation and regulating the technological landscape, with the central goal of safeguarding the privacy of its citizens and the competitive principle that is central to our free-market economy.

- **Data ownership, accessibility, and citizen control:** Data ownership, data access, and giving citizens more control over their own data will be key priorities in the coming years, even though steps have already been taken at various levels. For example, Digital Flanders is committed to the development of a data vault system (Solid), and the federal government, through the Health Data Agency, is committed to making health data widely accessible for secondary use.

- **A trusted government** must create a secure context for data exchange, addressing the risks of cybercrime, while complying with the GDPR and the upcoming NIS2 directive that will be implemented into national law. Security audits will therefore be more essential than ever.

- **Cybersecurity:** Efforts should continue to build the necessary knowledge and competencies within local, regional, and federal government bodies to effectively deploy and utilize cybersecurity tools. A risk-aware mindset and "cybersecurity by design" need to be embedded in public organizations as well.

It is essential to continue investing in organizational management, crisis preparedness, and enhancing readiness in the coming period.

There is more need than ever for a forward-looking government that is resilient and anticipates challenges we do not yet know today but will need to be addressed tomorrow. The concept of readiness is crucial in this regard.

Readiness is a mindset that goes beyond preparation and contributes to a more effective approach to future crises. Key to this is scenario thinking, which involves analyzing relevant factors such as economic, political, social, technological, and environmental aspects through a structured framework to take early measures and be better prepared for possible future crises. Readiness also includes installing structural mechanisms within government operations to respond quickly and effectively to a range of crises (whether a new virus, an environmental disaster, or an asylum crisis).

Increasing readiness involves a combination of three factors:

- **First, it is important to install the right procedures, systems, and organizational elements to be agile in responding to a changing environment**. Scenario planning, environmental analyses, and strategic risk assessments are just a few tools to achieve this. Insights and lessons learned should be translated into the operations of government institutions. Moreover, it is important to structurally incorporate lessons learned into the strategic planning cycle and apply them to future operations and projects.

- **Second, quickly establishing connections with other relevant stakeholders is crucial**. A future-oriented government recognizes its own strengths and those of other stakeholders and can leverage and respond to them effectively.
- **Third, continued investment in organizational management is necessary**. There is a need for strong profiles with the right skills, mindset, and reflexes to address future challenges and work together with citizens, organizations, and businesses to develop solutions for the future. Internal control, risk management, business continuity, and crisis management are also essential components to make the government and all its entities more resilient.

The above factors can also be valuable in the context of sustainability challenges. A future-oriented government understands the importance of climate issues and commits to proactively developing nuanced solutions, regulations, and measures within national, regional, and local energy and climate plans. Strategic plans with clear objectives and actions, scenario planning, engaging a broad network of stakeholders, and being prepared for crises are inherent parts of an anticipatory and proactive sustainability policy.

A government committed to climate challenges and transparently reporting on them will set the standard in the coming years. The Corporate Sustainability Reporting Directive (CSRD) can offer an opportunity for governments to report transparently on sustainability and align with the expectations of citizens and businesses. A forward-looking government goes beyond mandatory reporting. It engages in a collective effort to develop a shared problem analysis, vision, and approach to climate challenges and climate transition, and continues to build on both the Green Deal and the Blue Deal, along with other climate programs.

A government that aims to be future-oriented and responsive to various types of future crises must simultaneously focus on different fundamentals related to digital security, organizational management, and crisis preparedness. A focus on sustainability seems more than ever a necessary prerequisite to maintaining public and societal trust during the coming legislative period.

Contact

Geert Criel
Partner & Head of Public Sector
KPMG in Belgium

M: +32 (0)477 59 73 26
E: gcriel@kpmg.com

Wannes Verschueren
Partner Public Sector
KPMG in Belgium

M: +32 (0)477 65 68 72
E: wverschueren@kpmg.com

kpmg.com/be