



Foundational agility

Transforming public service
delivery for a digital future



KPMG in Canada

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Introduction: A changing world demands an evolution in agility

It is indisputable that the COVID-19 pandemic shifted the paradigm in digital transformation across the public sector. All levels of government took measures to support the health and welfare of citizens and economies. Governments rapidly designed and deployed a range of digitally enabled programs to support citizens and businesses through the extended crisis and accomplished this at a pace not previously imagined possible.

It was quickly evident that organizations that were farther along in embracing digital technologies were able to adapt sooner and more effectively. The World Economic Forum found that governments characterized by greater agility and adaptability were more responsive, including in times of crisis.¹

Citizens witnessed how quickly public sector organizations could mobilize when working together in lockstep toward a common goal. This observation, coupled with the high customer service standards set by the private sector, has heightened citizens' expectations for service provided by all levels of government.

Customer service concerns, however, are only the tip of the iceberg. The problems governments must respond to today and tomorrow are highly complex and demand effective horizontal collaboration and solutions. Artificial Intelligence (AI), digital identity, blockchain, and cybersecurity are all highly technical matters with policy, service delivery and citizen impacts at many levels. As technology advancements speed ahead, the digital gulf is widening. Inaction and missteps can have significant costs in terms of missed opportunities, such as delayed social programs, and risk exposure to cyber vulnerabilities.

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To close these gaps and reduce risks, it is critical for public sector organizations to embrace an agile mindset and agile operating models to face new challenges, deliver value at speed, and adopt a sustainable approach to modernization and innovation. ”

What is foundational agility?

Since the inception of the Agile methodology over 20 years ago, technology projects of all sizes increasingly favour components of Agile for its flexibility and laser focus on delivering value to customers. Research shows that these qualities of the Agile methodology often translate to increased project success. A recent quantitative analysis of over 1,000 projects spanning multiple industries and countries found a significantly positive correlation between the extent of Agile methods used and the efficacy and stakeholder satisfaction with the project results.² A separate study of 100+ software projects found that both large and medium-size projects using Agile methodologies performed much better in terms of client satisfaction, time and cost compared to ones using non-Agile methods.³

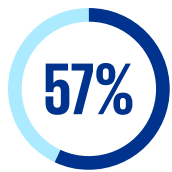
1. "Global Risks Report 2022." World Economic Forum, 11 Jan. 2022, <https://www.weforum.org/reports/global-risks-report-2022/in-full/chapter-6-refreshing-resilience-from-covid-19-lessons-to-a-whole-of-society-response>.

2. Serrador, Pedro, and Jeffrey K. Pinto. "Does Agile Work? — a Quantitative Analysis of Agile Project Success." *International Journal of Project Management*, vol. 33, no. 5, 2015, pp. 1040–1051., <https://doi.org/10.1016/j.ijproman.2015.01.006>.

3. Jørgensen, Magne. "Do Agile Methods Work for Large Software Projects?" *Lecture Notes in Business Information Processing*, 2018, pp. 179–190., https://doi.org/10.1007/978-3-319-91602-6_12.

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Agile is clearly valuable, but how can its success in project management and software development extend beyond the technology sphere? To meet evolving citizen needs and prepare for extraordinary circumstances, *an organization-wide* commitment to agility is crucial.



of Canadian technology industry leaders say improving enterprise agility and modernization are top drivers of digital transformation.⁴

The culture shift for public service organizations to embrace a new, agile way of operating will need to be foundational to keep pace with the public’s growing appetite for digitized government services. All divisions of an organization that impact service delivery – including governance, funding, procurement, policy development and digital service teams – must work together in lockstep. In other words, agile is no longer the exclusive concern of IT teams; it must become a priority for all areas of government. Agile delivery models

will enable governments to collaborate and interact more responsively and cost-effectively with the public, other public institutions, and private industry to solve the large, complex problems already at their doorstep.

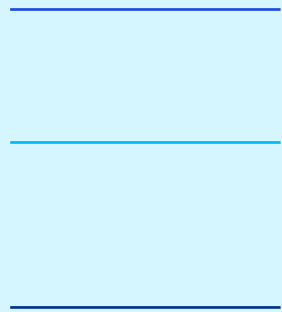
A critical cultural shift

In Canada, helping governments mobilize more quickly is becoming critical as we survey current market conditions. With low economic growth, inflationary pressure, and ongoing geopolitical uncertainty alongside rapid technological change, citizens and organizations across Canada are bracing for the ride ahead. To deliver stability and serve constituencies effectively, the public sector needs creative solutions that harness emerging opportunities amid rapid change.

Given these circumstances, an operating model that embeds agile principles within the mechanisms and processes of government is more critical than ever. An agile operating model that provides a sustainable framework for service delivery transformation, continued growth and improved outcomes in evolving conditions – with value for citizens firmly at the centre – should be a critical priority for governments.

For all government organizations, at whatever transformation stage, the time to adapt is now, to help ensure they, and the citizens they serve, will not be left behind.

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Agile vs. agile

WHAT’S THE DIFFERENCE?



Capital-A **“Agile”** refers to the formal software development methodology born out of the 2001 Agile Manifesto.⁵ The Agile software development methodology is defined by iterative releases after short development ‘sprints’, and prioritizing delivering value to customers as the ultimate objective.



For the purpose of this white paper, lowercase-a **“agile”** refers to the general concept and mindset of being flexible, adaptive, and responsive to changing circumstances. This paper will explore how principles from the Agile methodology can be embraced across non-IT domains to enable a more agile foundation and operating model for governments.

4. “KPMG Global Tech Report 2022.” KPMG, Sept. 2022, <https://home.kpmg/xx/en/home/insights/2022/09/kpmg-global-tech-report-2022.html>.

5. Beck, K, et al. “Manifesto for Agile Software Development.” 2001. <https://agilemanifesto.org/>.

What agility means for government

Balancing agility with duty

While an agile mindset helps enable governments to respond more quickly to constituent needs, it does not forego due process and due diligence as it gains speed. Instead, agile seeks a more productive balance between legislative requirements and swift service delivery, one that alleviates reliance on legacy processes and manual efforts.

Though the potential benefits of adopting an agile mindset at the enterprise level are clear, there are inherent challenges for public administrations to undertake the necessary cultural shift. First, government structures have evolved over time and their layers of bureaucratic organization are not especially flexible. Decision-making hierarchies and traditional incentive structures, furthermore, are not well aligned with the swifter response times associated with agile delivery. Line managers, for example, are not empowered to make decisions, and approval chains can be lengthy.

Second, public service organizations are classically and understandably risk averse. As such, procurement and funding frameworks can be rigid and may introduce bottlenecks in program and solution delivery. Programs and services tend to be designed and delivered using a linear “Waterfall” approach, with finance and procurement divisions requiring decisions to be made early in the process, though that is the time of highest uncertainty.

Despite some challenges and drawbacks of the bureaucratic process, those structures and methodologies evolved to

protect citizens, be accountable for public funds, and ensure good governance. Foundational agility does not supplant these core commitments but enhances these values through more timely and better responsiveness to changing environments and conditions.

The pandemic brought other challenges as well. To meet them, organizations initiated new procurements, developed creative solutions to supply chain challenges, and set up new funding arrangements. For many, the situation functioned as an unintended primer in agility, and identified the need to adopt an organization-wide stance that embraces change. In practice, foundational agility enables every part of an organization to work together and effectively respond to a fast-paced, evolving digital world.

Governments just embarking on digital transformation, however, may struggle to catch up as the pace of innovation accelerates further. Simply put: the technology is moving faster than efforts to keep pace. A tight talent market exacerbates the challenges, as public service organizations now find themselves competing with every other sector to hire digital specialists from an in-demand and shrinking talent pool. By expanding the flow of immigrant newcomers and addressing application backlogs and processing times, governments have an opportunity to fill labour shortages in high-demand sectors, such as healthcare and technology.

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Agile collaboration in practice

KPMG is already working with governments to become more agile in the policy space by establishing frameworks that enable better business decisions in a more accelerated, consistent, and agile manner. For example, KPMG recently collaborated with the Government of Canada, and industry and diversity organizations, to develop and launch the online *What Works Toolkit* to help Canadian organizations meet their diversity and inclusion goals.⁶ The program aims to encourage Canadian organizations to increase the representation of diverse groups within their workplaces through standard frameworks that build and reflect progress toward these aspirations.

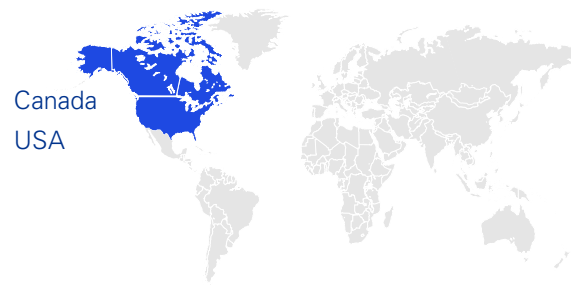
The toolkit was launched publicly in September 2022. A group of industry and community partners are included in

the program to provide feedback and report on progress so the program can be iteratively improved over time. The lack of representation in parts of the workforce, particularly in senior management positions, is a multifaceted problem that can be complex to solve. Enabling a standard framework on agile talent principles that can be applied across the public and private sector helps to benchmark the baseline and set common goals.

To help envision what agility might look like and what it can achieve, we describe the characteristics of an agile operating model in four critical domains: procurement, funding, governance and policy development. We explain how an applied agile model would differ from traditional delivery and provide examples of agile in practice for each domain.

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⁶ ISED. "Government of Canada." Government of Canada, Innovation, Science and Economic Development Canada, Office of the Deputy Minister, Communications and Marketing Branch, / Gouvernement Du Canada, 29 Sept. 2022, <https://ised-isde.canada.ca/site/ised/en/programs-and-initiatives/what-works-toolkit>.



A Procurement

Traditional procurement

Traditional public procurement processes are highly complex and are governed by various procurement acts, organizational policies, and trade agreements. Decisions at each stage of procurement – from drafting and issuing RFX, to supplier assessment, selection, and negotiation of terms and prices – are lengthy and time-intensive, particularly when senior executive approval is required. As a process, it tends to unfold prescriptively and linearly, following detailed specifications that are defined upfront.

Key disadvantages of this approach stem from the limitations of traditional “Waterfall” processes. Budgets, user requirements, business cases, and approvals are all established and achieved as a foundational step. That order of events and the long timeframes that ensue prevent stakeholders from pivoting to meet evolving needs of the organization. The approach also locks in vendors and technologies, making it challenging to switch course or develop new collaborations if selected vendors or technologies become irrelevant by the time of contract execution.

Agile procurement

Although public sector procurement must always follow set processes to avoid potential reputational or legal consequences, there are opportunities for procurement functions to become strategic enablers of innovation. Examples include Challenge-Based Procurement, Competitive Dialogues, Joint Solution Design and R&D Procurement.

Canadian Federal departments have already begun pilots of *Challenge-Based Procurement*.⁷ With this mechanism, the department issues a tangible problem statement to potential vendors and asks them to articulate how they would solve the current problem, without focusing on past qualifications for similar work. This mechanism does not rely on detailed, complex specifications. Rather, it is open-ended and asks vendors to solve the problem at hand given their concrete expertise and qualifications.

In another agile innovation, *Competitive Dialogues*, the procuring organization thoroughly discusses each aspect

of the procurement with vendors prior to specifying requirements to gain more insight into potential solutions. This approach is especially helpful when the problem and desired outcome are well understood, but the solution or procurement is complex. In such cases, flexibility over the process can be better maintained and related challenges can be better articulated in discussion with vendors.

Joint Solution Design (JSD) is a procurement approach that is best utilized when there is no existing “off the shelf” solution for a problem with higher complexity (as defined by level of effort, number or type of stakeholders involved, and level of solution ambiguity). In this collaborative and multi-stage process, the procuring organization releases a Request for Proposal (RFP) and conducts workshops with a small shortlist of vendors to work toward desired outcomes in multiple functional areas. The joint process allows vendors to provide a range of options, and in some cases, a proof of concept informed by extensive communication between experts on the business side and solution designers or architects on the vendor side.

R&D Procurement (R&D) is particularly relevant for desired solutions that are relatively complex, novel or unique. This form of procurement involves purchasing R&D of new or different solutions to solve a particular problem. R&D procurement enables a high degree of collaboration between the buyer and vendors and does not oblige the procuring organization to purchase a final product until there is proof of value and the desired outcome. It can be implemented flexibly with a phased contract that can be terminated and clear terms defined for initiation of the next phase.

Agile procurement in practice

Shared Services Canada: Centre of Expertise in Agile and Innovative Procurement

As governments acknowledge the need for agile procurement, many are launching incubation spaces to test new methods and develop expertise. Shared Services Canada, which provides information technology services to the Government of Canada, recently established a Centre of Expertise in Agile and Innovative Procurement (CoEAIP) to

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7. Shared Services Canada. “Government of Canada.” Canada.ca, / Gouvernement du Canada, 19 Dec. 2019, <https://www.canada.ca/en/shared-services/campaigns/stories/agile-innovative-procurement.html>.

serve as an agile procurement incubator. CoEAIP explores and tests agile procurement processes that focus on reducing paperwork, simplifying contract documents, accelerating contract execution, and developing a cadre of agile procurement experts.⁸

In 2022, Shared Services Canada launched the Agile Procurement Process 3.0 to engage vendors earlier in the process during the problem definition and solicitation design phases.⁹ This process was designed to achieve two primary benefits: increasing productive innovation and widening competition for businesses of all sizes, including smaller, non-traditional vendors. Successful vendors may be awarded contracts to build prototypes which the government can assess more practically and choose solutions that will deliver the most value to Canadians.

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This simplified approach involved a transparent and fair procurement process that mitigated the complexities of meeting lengthy and complicated specifications defined upfront.”

Often a prescribed set of lengthy requirements at the outset leads to the pigeon-holing of industry providers to force-fit their approach or solution to the government’s pre-defined specifications. This commonly leads to extra costs, customizations, and added complexity, and reduces the ability for practical innovation. Challenge-based procurement, in contrast, allows companies to provide alternative solutions that could serve government better by leveraging innovations or accelerators. Used this way, agile procurement shortens and eases the problem definition stage for the cross-functional procurement team, and lets the team iterate to

address new challenges and opportunities as proposals are submitted.

The City of Guelph: Civic Accelerator

At the municipal level, the City of Guelph has utilized *Joint Solution Design* to co-develop solutions through its *Civic Accelerator* and provide innovative solutions to challenges.¹⁰ The Civic Accelerator pilot was developed in part to redesign the traditional procurement process and minimize risk on complex technology purchases. Examples of challenges that have been addressed to date include enabling citizens to reduce water consumption in their residence and detect leaks with the help of simple sensor kits. The pilot also helped reduce barriers for the public to provide feedback to the city on municipal planning decisions. Guelph’s approach included a 16-week co-design phase, during which successful bidders were invited to embed within the government to co-develop and build a solution that addressed the challenge identified at the RFP stage.

Vendor Performance Management

Instead of purchasing vendor services during the pilot, the government provided participatory incentives, including access to government and delivery partners as a mentorship and networking opportunity for new-to-market organizations. Some provincial and municipal governments have enacted “piggyback clauses” that allow other public sector entities (PSEs) to purchase goods and services that were either completed within the Civic Accelerator program or purchased by another PSE under the same terms.¹¹

Agile procurement is also a focus in the United States (US), where the Internal Revenue Service (IRS) launched Pilot IRS, an agile procurement project that applies an iterative process to ensure that procurement solutions support its service mission.¹² If a vendor or vendor solution fails to meet expectations at any of the identification, testing, or deployment stages, it does not proceed to the next sprint. This approach saves time, incorporates new knowledge, and achieves better outcomes.

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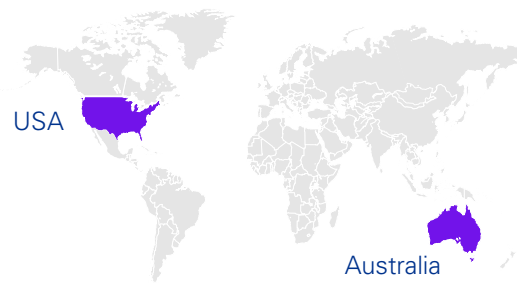
8. Shared Services Canada. “Government of Canada.” Canada.ca, / Gouvernement du Canada, 19 Dec. 2019, <https://www.canada.ca/en/shared-services/campaigns/stories/agile-innovative-procurement.html>.

9. Shared Services Canada. “Shared Services Canada Launches Agile Procurement Process 3.0.” Canada.ca, Government of Canada, 23 Mar. 2022, <https://www.canada.ca/en/shared-services/news/2022/03/shared-services-canada-launches-agile-procurement-process-30.html>.

10. Cassie, Caitlin. The Guelph Civic Accelerator: A Public Procurement Experiment. May 2017, https://brookfieldinstitute.ca/wp-content/uploads/GuelphCivicAccelerator_CasesStudyReport_BrookfieldInstitute.pdf.

11. Public Sector Entity Piggyback Guideline - Nova Scotia. June 2021, https://procurement.novascotia.ca/media/62826/piggyback%20guidelines_final%20june%2029%202021.pdf.

12. “About Pilot IRS.” Internal Revenue Service, July 2022, <https://www.irs.gov/about-irs/procurement/about-pilot-irs>.



B Funding

Traditional funding

Funding cycles in public service organizations traditionally require a significant amount of lead time with project budgets typically defined in full at the start of the financial year. Government funding processes are therefore project-based and cost-centre driven, which can create friction, increase overhead and reduce program velocity.

In government, as in any organization, it is enormously difficult to determine the exact cost outlay required to undertake and complete a project.

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With complex, long-term projects,
some degree of uncertainty is
unavoidable, meaning government
projects are almost always overfunded
or underfunded to some degree.”

With public funding, there's the added expectation that all amounts be disbursed. Without the flexibility to pivot or innovate, projects often struggle to account for remaining funds or unplanned but beneficial cost savings. When there are funding gaps, on the other hand, traditional project management leaves no room to change the project as originally envisioned. To complete it, the funding cycle continues. To abandon it, is a missed opportunity.

Agile funding

Agile funding, in contrast, inspired by Agile software development, seeks to provide a funding format that is more in-sync with the development progress of a given team. Agile funding also draws insight from venture capital approaches, which augment the annual cycle with more frequent funding decisions for identified initiatives and programs.

Instead of initiating large, untested, and heavily capitalized initiatives, a series of smaller investments are made to support progressive agile development sprints. When funding is disbursed in these smaller pieces, it can move the project forward within the defined scope, while allowing for continuous iterative testing to ensure that development is tracking with desired outcomes.

An initial round of funding, for instance, might support a first sprint – to build a prototype or minimum viable product (MVP). However, there is no guarantee of a second round of funding. Instead, the iterative, experimental approach builds in the opportunity to determine whether funding should continue. If the first sprint delivers a viable prototype and is deemed successful, a second funding round can be initiated to support another sprint and refine the prototype based on feedback. Driving the process at every stage is a commitment to providing the highest value to the end customer.

This approach gives cross-functional teams more nuanced decision-making control at intermediate stages, without tying those decisions to funding prerequisites. They may decide to continue development, and request more funding to design additional features. They may decide that the MVP is viable in its current state and require no more funding. Conversely, the prototype stage may reveal that the product is not viable. Instead of seeking new funding or completing the spend, the product can be shut down and revised as necessary.

Agile funding in practice

Government of New South Wales: Digital restart fund

The Government of New South Wales (NSW) in Australia applied an agile delivery model to funding through its Digital Restart Fund.¹⁴ This initiative supports customer-driven projects and business transformation for citizen health, education, and safe communities. A cross-functional steering committee was assembled to administer the fund, with members from different departments (Treasury, Department of Premier and Cabinet, Infrastructure, and Customer Service).

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¹⁴. "Digital Restart Fund." Digital.NSW, 2022, <https://www.digital.nsw.gov.au/funding/digital-restart-fund>.

The steering committee is responsible for developing the overall strategy for the fund, prioritizing projects, recommending and endorsing seed and scale funded projects, monitoring portfolio health, and providing quarterly updates. Decisions are made based on information brought in from working group representatives.



According to the Digital Restart Fund’s 2020-21 Annual Report, projects funded by the program saved customers 3,220 working days of time and identified \$2.3 billion (AU) in economic returns for NSW.¹⁵

Blue Cross Blue Shield of Nebraska: Agile budgeting

The 2010 Affordable Care Act legislation introduced significant changes to the health insurance industry, including a requirement to make patient records available easily and digitally. Understanding large-scale changes were needed, a health coverage provider serving 700,000 people in the US, the Blue Cross Blue Shield of Nebraska (BCBSNE) extended agile principles and practices beyond the IT group into other core parts of the organization, including funding, budgeting, staffing and organizational planning.¹⁶

BCBSNE had observed success after introducing Agile project management for technology projects when they needed to meet compliance requirements that could not have been done in time using the “Waterfall” method. Although there was a learning curve for teams involved, the project objectives were ultimately delivered successfully and on time. Over the next few years, Agile became the primary approach for IT-enabled projects at BCBSNE. Though technology projects

were delivered successfully, true business benefits were not realized until the organization opted to extend agile principles to other non-technology domains.

There were several key challenges that drove BCBSNE to reimagine their funding and budgeting operating model with agile principles. The first step was realizing that the funding processes in place no longer met the needs of the organization. Like most organizations, BCBSNE followed traditional governance structures, standard processes and annual planning cycles with respect to funding projects and investments. Leadership and planning committees would meet periodically to review project and spending proposals, and business visibility into IT projects was mainly through periodic status reports.

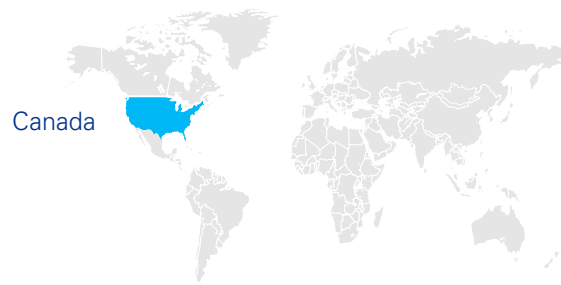
The introduction of Agile principles drastically changed how projects were funded, prioritized and staffed. Desired business outcomes and overarching direction were decided annually. Ideas to achieve these objectives were suggested by tactical, cross-functional teams led by vice presidents. Ideas were prioritized and sequenced by leadership, and assigned into 3 to 4-week ‘sprints’. Business divisions would seek funding approval based on incremental delivery with a fixed capacity. As a result, priorities are now reconsidered continuously to ensure relevancy to the evolving needs of the organization. Of course, in some cases more comprehensive cost benefit analyses are still incorporated, but the responsibility is most concentrated on business and technology leads as opposed to long, formal planning cycles.

Some insights BCBSNE learned along the way were to keep teams stable and either move work around between teams or add more teams rather than shuffling people to complete the work. This enabled teams to develop strong, collaborative and trusted working relationships. Further, they experienced success by working effectively with the existing corporate structure rather than ‘around it’ by making drastic changes to the existing hierarchy. Daily standups within teams increased transparency by communicating progress and potential roadblocks.

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¹⁵. “2021–2022 In Review.” Digital.NSW, 29 Nov. 2022, <https://www.digital.nsw.gov.au/funding/digital-restart-fund/2021-2022-review>.

¹⁶. Forrester Research, Inc, and Chip Gliedman. Case Study: Agile Budgeting And Methodology Expand Beyond BT And Deliver. Forrester Research, Inc, 28 Apr. 2015.



C Governance

Traditional governance

In its most essential form, governance refers to the rules that guide decision-making by individuals and organizations. Traditional project governance models are often structured in a hierarchical manner. Project members have defined roles and responsibilities based on their position and level of authority. They also have set expectations as to how they communicate and share information with stakeholders. For example, a board or executive committee is often responsible for strategic oversight, decision-making, and issues resolution. The delegated management layer has oversight around risk management and financial reporting. The project team's day-to-day working group provides visibility into the program's operational health and performance.

Agile governance

In a report about the fourth industrial revolution, the World Economic Forum describes *agile governance* as a shift in the way policies are generated, deliberated, enacted and enforced, and one that keeps better pace with the rapid changes in society.¹⁷ Agile implications for policymaking on a macro level are described in the following section. In this section, we will focus on the structures within organizations that control decision-making.

The nature and depth of participation and the frequency and style of communication can vary significantly between different governance models. At the same time, project governance models cannot exist without accountability, strategic decision-making authority, execution and enforcement.

Therefore, as project teams are organized around agile delivery and start to address priorities in short sprint cycles, increased flexibility is necessary to empower teams to meet the changing demands of stakeholders. This shift could inadvertently create pressure and put stress on traditional governance structures that use "Waterfall" decision-making and plan according to structured meeting cadences. Agility applied to government service delivery emphasizes cross-functional teams, iterations, continuous improvement, frequent testing, and retrospective review. Its highest objective is achieving customer value, while recognizing and managing uncertainty.

Agile governance in practice

Canadian Municipalities: Agile, multidisciplinary teams

Large municipalities in Canada have started to employ agile delivery teams in city planning and development. Instead of breaking up large projects into small components and assigning them piecemeal to siloed departments, they are assembling multidisciplinary teams and making them jointly accountable for outcomes.

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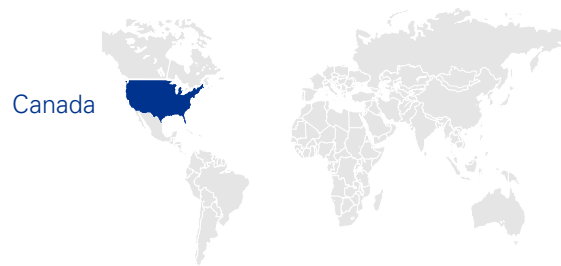
This new accountability model is more flexible and delegates decision-making to teams instead of centralizing decision-making authority or maintaining a strict hierarchy. ”

When teams are empowered to make decisions, they can better identify issues and resolve them faster. Subject matter experts on multidisciplinary teams also maintain a flexible membership structure to ensure technical knowledge is suitably matched with desired outcomes.

KPMG has advised many Canadian Chief Information Officers (CIOs) who are challenged by a mismatch in cadence between project governance structures and agile development. In many such cases, executive steering committees met quarterly, whereas agile development teams required intermittent support for multiple pivots. By the time governance meetings were held, decisions were made on topics that were no longer relevant, resulting in several missed opportunities for the organization. CIOs recognized that key decisions needed to be made more frequently and raised more *ad hoc* requests to problem solve on a more immediate and relevant basis. When organizations lack this kind of flexible governance, progress can be hampered due to missed or mistimed decision-making.

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¹⁷ World Economic Forum. (2018, January). Agile governance: reimagining policy-making in the fourth industrial revolution. Retrieved February 3, 2023, from https://www3.weforum.org/docs/WEF_Agile_Governance_Reimagining_Policy-making_4IR_report.pdf



D Policy development and regulation

Traditional policy development and regulation

While public service institutions are defined by their policies, their policies must evolve and be created anew to anticipate and account for changing circumstances. Today, governments face a significant challenge posed by the pace and scale of technological change.

New private sector technology is being developed and released to the public in rapid, near-constant cycles. Governments around the world are struggling to understand, regulate, and leverage these advancements to benefit themselves and their citizens. Regulatory protections are always outpaced by technology, but that gap is widening as technology advances at an exponential rate.

Agile policy development and regulations

'Agile' is often not the first word to come to mind when considering topics of policymaking and regulations. Because of this, it is important to examine how these processes, that are so key to society, can be enhanced through modern, flexible processes and technology. Agile principles can and should be incorporated into policy development to keep up with technology developments in the private sector. Because it embraces change, the agile delivery model is a natural fit for public sector organizations. At its core, agile policymaking is oriented around early and continuous delivery of viable policy solutions that benefit citizens. It helps governments navigate, incorporate, and learn from change, to always be delivering value to the communities and constituencies they serve. In contrast to traditional policymaking, agile welcomes new information in later development stages and capitalizes on lessons learned during policy implementation. Solutions are tested by agile policy teams at regular intervals to measure progress and effectiveness, and adjustments are made accordingly.

Increasingly, governments in Canada and around the world are working to reduce bureaucratic "red tape," in other words, to change or eliminate regulations that do not provide value to citizens in the form of meaningful protections. The goal of these efforts is to optimize policy regulations in a way that protects citizens and helps businesses by reducing administrative challenges and costs. The Government of Canada passed a Red Tape Reduction Act in 2015, which includes a one-for-one rule that requires regulators to offset an equal amount of "administrative burden cost" from industry or business whenever a new or amended regulation increases that burden.¹⁸ The governments of Alberta and Ontario have also published annual reports on their Red Tape reduction initiatives since 2019.^{19, 20} Red tape reductions present opportunities to increase agility, by leveraging automation technologies to reduce administrative burden in policy development and for industry.

Agile policy development and regulation in practice

KPMG and Transport Canada: Regulatory Evaluation Platform

KPMG's Intelligent Automation team has collaborated with Transport Canada to develop a cloud-based Regulatory Evaluation Program (REP) that uses automation to help federal regulators quantify the impacts of regulations on industries. The REP is the result of years of productive collaboration between the public and private sector, and continues to evolve through visioning, and iterative development.

This tool delivers value in several key ways. All federal ministries are required to report their Administrative Burden Baseline (ABB) to the Treasury Board on an annual basis, which is an estimate of the federal regulations and forms that pose an administrative burden on businesses.

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¹⁸. Legislative Services Branch. "Consolidated Federal Laws of Canada, Red Tape Reduction Act." Red Tape Reduction Act, 23 Apr. 2015, <https://laws-lois.justice.gc.ca/eng/acts/r-4.5/page-1.html>.

¹⁹. "Red Tape Reduction Annual Report." Red Tape Reduction Annual Report - Open Government, 20 Oct. 2020, <https://open.alberta.ca/publications/red-tape-reduction-annual-report>.

²⁰. "2022 Burden Reduction Report: Saving People and Businesses Time and Money." Ontario.ca, Sept. 2022, <https://www.ontario.ca/page/2022-burden-reduction-report-saving-people-and-businesses-time-and-money>.

This task normally requires dozens of highly trained legal professionals to comb through all pertinent regulations and manually provide estimations to produce this metric.

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The REP automates the calculation of this metric, providing an instant and consistent way for ministries to monitor their ABB in real time, as opposed to annually through manual efforts.”

It saves hundreds of hours of manual work and provides metrics and modelling that previous systems could not make available.

Using advanced processing techniques to analyze large amounts of structured and unstructured data, the tool identifies and presents key trends, patterns, and inconsistencies in regulations and regulatory requirements. This digital platform also enables economic impact analyses; Transport Canada worked with an academic group to develop economic models using REP data to model economic impacts

caused by changes in regulations. The results of this were published on the REP and can assist economists when studying case studies for specific sectors.

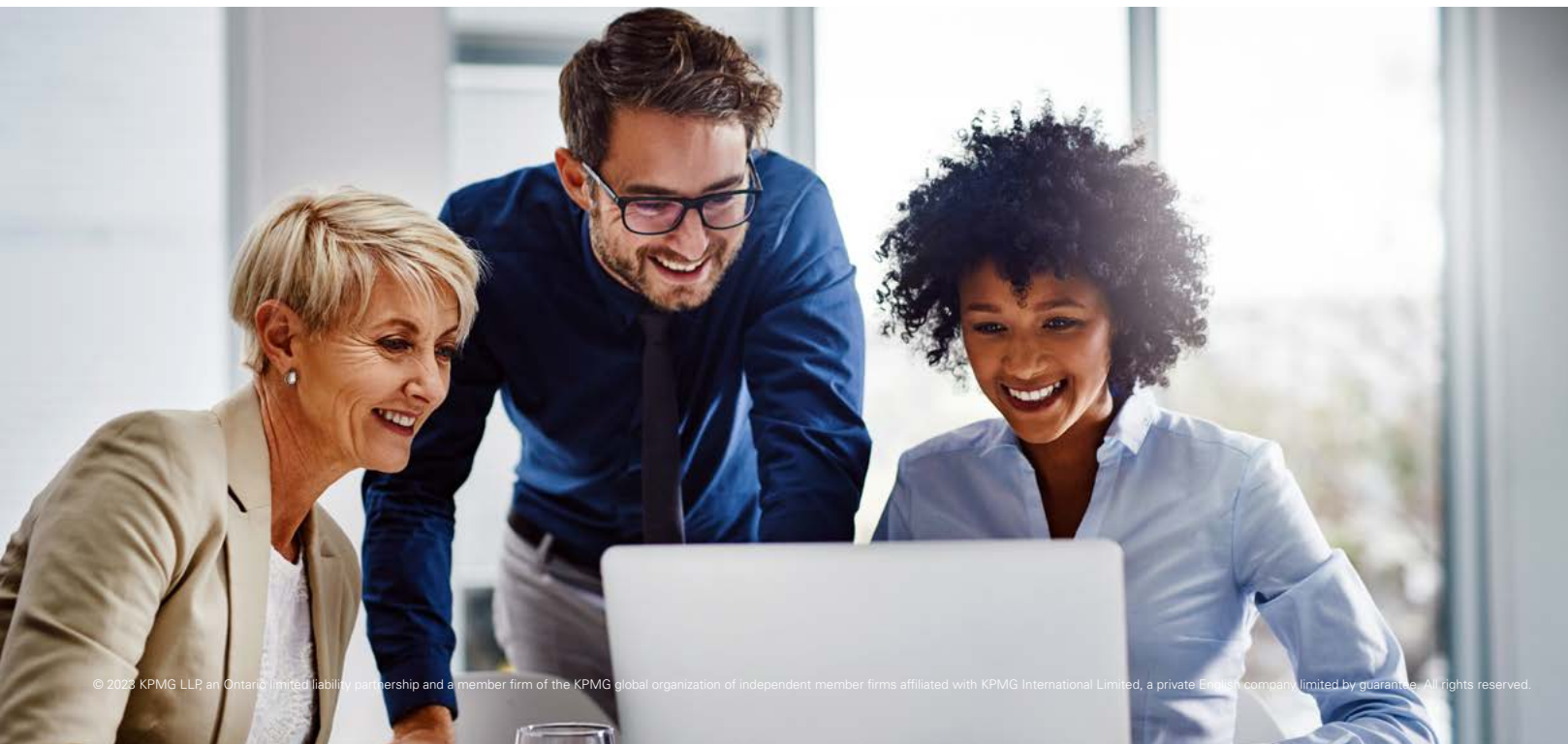
Further, The REP’s search function saves hours of manual effort by returning reports with all provisions containing a particular keyword. The future vision for this kind of tool relates to the concept of *Rules as Code*, in which governments develop rules in machine-readable formats in addition to natural, narrative text.²¹ There are several benefits to this approach, including quicker and easier implementation of rule changes and higher quality, more consistent application of regulations. ‘Rules of code’ also can increase accessibility by automating components of legal services that can help individuals and businesses understand their legal obligations. The future potential unlocked by ‘rules as code’ and a tool like REP includes the ability to better predict the impacts of rules and provide insight into how fine-tuning can drive outcomes closer to the desired impacts.²²

The REP is step one towards regulatory agility and its adoption is growing. A platform of this kind can drastically reduce the red tape involved in regulating and creating new policy, and in doing so make it faster and easier for governments, industry and regulators to develop and understand the impacts of policy and regulations.

²¹ Canada School of Public Service. “Government of Canada.” CSPS, / Gouvernement Du Canada, 27 Nov. 2020, <https://www.cspc-efpc.gc.ca/video/rules-ascod-1-eng.aspx>.

²² Morris, Jason. “Blawx: Rules as Code Demonstration.” MIT Computational Law Report, 14 Aug. 2020, <https://law.mit.edu/pub/blawxrulesascodedemonstration/release/1>.

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What's next? Steps toward foundational agility

The road to foundational agility is not a “one-size-fits-all” undertaking. The path to embracing agile will be unique for each organization based on its existing culture, capabilities and strengths, gaps, and strategic objectives. That said, there are common principles that can help all organizations get started on this journey.

The first step is realizing when operational processes are not meeting the needs of those served by the organization. Regardless of an organization’s level of experience with agile delivery, an agile model needs endorsement from all levels – senior leadership, middle management, and front-line employees – to ensure successful adoption. Bringing an agile mindset into every aspect of the organization will be key to enabling digital transformation initiatives to achieve maximum benefits.

Incentives are important. To gain support and ensure buy-in, it can help to demonstrate how savings from one area can be reinvested back into different programs to deliver even more value. For organizations with less (or no) experience with agile delivery, this could mean launching pilot programs in 1-2 areas as a proof of concept to build trust and gain stakeholder support. A team might start by executing a particular customer journey use case, then leverage lessons learned and successes from that experience to other high priority use cases.

Prerequisites for agility

Connected Enterprise is KPMG’s sector specific, enterprise-wide and citizen-centric approach to digital transformation. Rooted in the Scaled Agile Framework (SAFe), our Connected approach is guided by iterative thinking at every step. This flexible approach allows us to frame the transformation in ways that bring the greatest benefit to clients.

According to research conducted by KPMG International and Forrester, eight specific capabilities are necessary to execute successfully against transformation objectives and drive citizen outcomes.

“

Organizations that make moderate or significant investments in all eight capabilities are more than twice as likely to deliver an experience that exceeds stakeholder expectations.²³”

For each capability, the following elements must be in place to adopt an agile mindset and drive successful citizen outcomes.

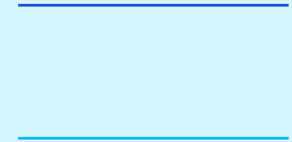
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²³. A study conducted by Forrester on behalf of KPMG, 2018-2019

Eight capabilities for successful transformation

<p>Know and recognize me citizens want to be recognized as individuals</p>	<p>Insight-driven strategies and actions</p>	<p>Foundation leadership support and vision, and an established governance model with leadership oversight</p>
<p>I want services that suit me citizens expect services that apply to their personal circumstances</p>	<p>Innovative services</p>	<p>Foundation flexible and agile tools, processes, and methodologies that work within team dynamics</p>
<p>Make our interactions enjoyable and easy citizens expect personalized, easy experiences</p>	<p>Experience-centricity by design</p>	<p>Foundation strong understanding of the different experiences stakeholders are seeking</p>
<p>Let me choose how I want to interact citizens expect multiple interaction channels that suit their needs</p>	<p>Seamless interactions</p>	<p>Foundation consistent, streamlined, and transparent communication across all levels and functions</p>
<p>Don't keep me waiting citizens expect immediate fulfillment as they would with services they receive from private companies</p>	<p>Responsive operations and supply chain</p>	<p>Foundation clearly defined strategy and appropriate and dedicated funding</p>
<p>Let me speak to motivated staff, empowered to help me citizens want to be able to speak to humans in specific cases</p>	<p>Aligned and empowered work force</p>	<p>Foundation highly engaged, cross-functional team with diverse skillsets to support innovation while others focus on "keeping the lights on"</p>
<p>Keep my information safe and update your service without disruption citizens want to know their data is secure and they expect minimal service disruption</p>	<p>Digitally enabled technology architecture</p>	<p>Foundation agile architecture principles that are not overly prescriptive, and balanced with Security-by-Design</p>
<p>I want the right company for the job citizens expect governments to work with the best available third parties and to hold them to account</p>	<p>Integrated partner and alliance ecosystem</p>	<p>Foundation high-level internal champion(s) with sufficient responsibility and accountability to lead the charge</p>

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These elements are part of KPMG's Connected Enterprise framework which positions organizations to successfully:

- Create intelligent and agile services, technologies, and platforms, enabling the citizen agenda with solutions that are secure, scalable, and cost-effective
- Harness data, advanced analytics, and actionable insights with a real-time understanding of the citizen and the business, to shape integrated business decisions
- Interact and transact with citizens, partners, and stakeholders across policy, services, and communication channels and achieve measurable results
- Build a citizen-centric organization and culture that inspires people to deliver on citizen outcomes
- Engage, integrate, and manage partners to increase speed, reduce costs, mitigate risk, and close capability gaps to deliver citizen outcomes
- Operate the enterprise with efficiency and agility to fulfill the citizen promise in an efficient and effective way
- Design seamless experiences for citizens, employees, and partners, supporting the citizen value propositions and delivering business objectives

Now is the time for foundational agility

With the expanding digital gulf, organizations that delay committing to foundational agility will have a more difficult time transforming their processes. As time goes on, they will accumulate more digital debt, lag further behind, and fail to meet their public service goals and obligations.

When an organization adopts an agile outlook, it mounts a quicker, easier, and more effective response to global, industry and economic change. It gains interoperability and a connected service delivery model that learns and iterates to close gaps, to optimize spending, and to continuously improve. Most importantly, it strives to deliver value to the citizens at the centre of its operations.

Adopting a connected enterprise framework will allow governments to draw separate parts of the organization together, building connections between them, reducing silos and embracing agility. These connections give forward-looking governments a path to follow as they gain insight into the changes required across the organization. When government leaders are supported by connected organizations, they have access to enterprise-level data and insights that power the innovation needed to tackle complex challenges ahead.

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