



Building a successful transformation program

Improving tech-enabled business transformation outcomes for public sector organizations



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Introduction



Introduction

Canadians increasingly expect their digital interactions with government and public sector organizations to be efficient, seamless, and convenient. They want their online applications to be processed rapidly and accurately. They want to locate information easily and find answers quickly. And they want to provide their information just once during those digital journeys.

In line with customer expectations, government and public sector organizations recognize the need to modernize their business transformation programs. They are aligned with private sector leaders who continue to prioritize digitization and customer experience improvements to achieve growth.¹ If government and public sector organizations are not already executing a tech-enabled business transformation plan, they are actively developing one. Needs vary depending on the type and size of institution, but tech-enabled business transformation promises a range of positive outcomes for government and public sector entities and their customers.

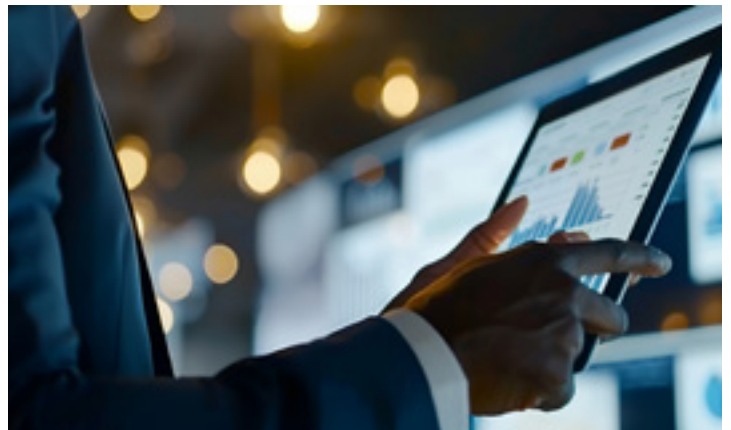
Alongside service delivery innovation, tech-enabled business transformation helps to enable policies and governance frameworks that regulate and protect industries and their customers. It opens new avenues to gather, understand, and leverage data to continuously improve the customer (and user) experience.

While transformation leaders have the vision and sponsorship to launch initiatives, their program execution teams often face a range of challenges. Thankfully, these challenges can be successfully navigated by applying key lessons learned from successful tech-enabled business transformation experiences of governments and private sector organizations across Canada and around

the world. Knowing the issues that typically derail modernization programs helps leaders and teams avoid common mistakes and apply approaches and solutions that achieve desired outcomes in suitable timelines and on budget.

The purpose of this guide

Government and public sector leaders want and need to take more ownership of their tech-enabled business transformation programs to deliver the outcomes for customers, employees, and stakeholders. Achieving these outcomes demands a new level of transformation leadership and an ownership of essential transformation capabilities. In what follows, we'll share our observations and insights to help executives plan and execute transformations that meet their future state operating needs.



¹ KPMG CEO Outlook – Canadian insights. https://kpmg.pathfactory.com/c/kpmg_CEO-Outlook_exec-summary_en?x=YrQePG



Planning prerequisites for leaders and teams



Planning prerequisites for leaders and teams

Tech-enabled business transformation programs have positive outcomes when specific leadership capacities and commitments are established at the outset. The following preconditions help foster success.

Establish sponsorship and leadership alignment, but don't assume that alignment will persist.

For any tech-enabled business transformation to succeed, program sponsors and executive leadership must be present, authentic, and visible from the outset. Most importantly, they must be aligned for the duration of the transformation program.

The extent to which program success ultimately rests on executive leadership alignment, active leadership involvement, and low leadership turnover can't be overemphasized. Furthermore, after establishing the initial foundation, that alignment needs to be carefully maintained.

Sponsorship capacity also takes precedence over other program elements such as transformation program strategy and funding allocation. The first step is always to establish a credible program sponsorship team that has the right skillsets and experience and the bandwidth to lead.

Be aware that the sponsorship and leadership alignment initially established may be challenged as the tech-enabled business transformation program proceeds. These programs often bring forth an onslaught of business and technology questions that require executive input and judgement. Final decisions on matters like these may necessitate changes to an organization's operating model or suggest additional process changes. These issues will test the alignment of your sponsors and executives. As each change will impact leaders differently, sponsors must be prepared to navigate scenarios in which executive leadership support will not be unanimous. Reinforcing the vision for change and grounding these discussions in agreed upon guiding principles will help sponsorship teams and their stakeholders navigate decisions and maintain alignment to move ahead.



Create a “positive risk identification culture” across the transformation program.

Risk management is one of the most challenging aspects of transformation for sponsors, executives, and program leaders. Often, when risks are identified, they can become filtered and diluted as they are communicated through the transformation program management hierarchy. Left unaddressed, this dynamic can have dire consequences as program leaders may find themselves facing a situation where they have no acceptable options available to them. Another challenge can arise when program team members become aware of risks but attempt to address them on their own versus alerting their program leadership.

To understand this dynamic, it is important to recognize that employees might be accustomed to operating in environments where any deviation from an established plan is perceived as a performance failure.

To address this potential dynamic, transformation risk identification should be treated as a positive act – not an act to be met with punishment. To enable this, transformation program sponsors and their leadership should be deliberate in their risk management communication.

Transformation leadership should foster a “positive risk identification culture” across the transformation program. Team members should feel confident bringing risks forward to be considered by all relevant levels of the program and addressed appropriately. Most importantly, a positive risk identification culture should empower team members to speak truth to power. Employees must know they have permission to raise concern to leadership and that their leadership values this input.

With more timely visibility on risks, programs will be better able to pivot and address any potential risk impacts.

‘Own’ the transformation. Keep transformation leadership in-house and recognize that it’s not a part-time job for your team.

It’s crucial to maintain high quality, in-house transformation program leadership. Always appoint a government or public sector employee who is a highly accomplished program director to be the client-side transformation leader. This individual’s leadership can be augmented by third-party vendor personnel; however, placing an employee in charge will help drive the proper accountabilities and help to fully align the program to the organization’s transformation vision.

This person should be adept at transformation execution and possess the ability to manage a large stakeholder network. Transformation leadership is far more than program management, a point that is not always apparent to transformation sponsors. Another benefit of in-house leadership is the continual development of an experienced transformation talent pool to drive future transformations.

Successful transformation programs need a strategy to attract and retain key talent and this approach takes a step toward achieving that.



Backfilling and succession

Most team members will have difficulty accommodating a transformation program in addition to their regular operations. Even so, there are many instances in which management asks or expects team members to perform both roles.

When team members do take on both roles, there's a risk that ongoing operational responsibilities will distract from or take precedence over the transformation program. For this reason, transformation leaders should consider backfilling key program resources instead of allocating that extra workload to existing staff. Despite the additional cost to the transformation program, backfilling helps maintain focus on the transformation at hand and fosters transformation success.

It's also worthwhile determining whether any backfilled roles would lack a suitable replacement in the event the selected individual(s) leave(s) the organization. Planning for key resource departures helps create an operational succession plan and mitigates risk. Leadership should also consider augmenting its transformation teams with in-house organizational change leadership and training capability. Leaders should take sufficient time to carefully select key personnel, including experienced business architects and functional subject matter professionals.

For program leaders, the top priority remains delivering transformation outcomes to stakeholders in a timely manner. Having an effective backfill and succession strategy will help achieve this goal.

Technology upskilling

An important component of owning the transformation involves upskilling the transformation team to implement new technology solutions.

Canadian executives clearly recognize the technology function as central to ensuring a successful tech-enabled business transformation. Still, in a 2023 KPMG survey, 48% of Canadian CEOs identified a lack of governance and coordination of the technology function as their biggest challenge.² The second biggest challenge was the lack of necessary skills within the organization.

To address the skills gap, government and public sector organizations are seeking tech-related talent. However, they're competing with private sector organizations to attract and retain skilled people. Compounding the challenge is the current talent shortage in tech-related areas.

Another recent KPMG survey shows that 43% of private sector CEOs have made investment priorities in developing workforce skills to realize technology objectives. In order for government and public sector organizations to build in-house capacity, leaders should rethink their workforce strategies to support continual growth and learning. These strategies can also be augmented with workplace technology (Artificial Intelligence (AI) and Generative AI (GenAI)) and automation to help increase transformation capacity.



² Ibid, p. 5.

³ KPMG CEO Outlook – Canadian insights. https://kpmg.pathfactory.com/c/kpmg_CEO-Outlook_exec-summary_en?x=YrQePG

Data: Start early and prioritize governance and security

Transformations hinge on clean data. To leverage data effectively, data cleansing and analysis can be commenced before the main components of a transformational program begin, or during its early stages.

Unfortunately, transformation sponsors do not always take full advantage of this opportunity. Program teams also often underestimate the time, effort, and cost of completing a successful data preparation and migration workstream. As a result, organizations rarely fully understand the true quality of their data in a timely manner when establishing program budgets, timelines, and executing their transformational programs.

Legacy systems often exacerbate the issue. To achieve the operational outcomes desired by executive sponsors, many tech-enabled business transformation programs require the decommissioning of legacy applications and the migration of significant amounts of data from legacy environments. Many legacy systems have created vast amounts of data over years or decades, in environments often lacking robust data governance and processes. This combination of factors can produce inaccurate, inconsistent, and potentially corrupt datasets that typically take longer to address than transformation program timelines allow.

Before finalizing transformation program budgets and timelines, leadership should develop a plan to fully assess and incorporate the following areas:

- Data profiling
- Data migration
- Data privacy and security



Data profiling:

As a first step, data profiling examines the available data, assesses its quality, and defines how it's structured. This process helps prepare and test data to uncover any hidden data issues, ensuring that data is reliable and can be migrated to new platforms successfully. Challenges at the profiling stage – such as unsupported systems or obscure data structures – may require expert assistance from technology or domain specialists before proceeding to the next step, which is data migration.



Data migration:

Successful data migration requires a strategy and the time to execute it properly. This includes assessing current data, defining mapping, extraction, and cleansing goals, and establishing mapping and transformation rules to govern the migration. To manage time effectively during the migration, it's worthwhile incorporating iterative mock conversions and other data milestones – including format conversion and security – into the data profiling step. During the migration itself, rigorous testing and validation in controlled environments are crucial, as are robust backups and clear communication plans. Post-migration efforts include monitoring, user support, and process documentation for ongoing improvement.

The key to successfully completing these data-related tasks is to begin as early as possible. Involve a team that is trained in data migration methods and includes business representatives who deeply understand the data.

Business user validation of data should be incorporated throughout the data migration process. As this can take considerable time and involve significant input, it is important not to underestimate program needs at this stage.



Data privacy and security:

Lastly, as data privacy and security are critical in today's evolving digital landscape, it is essential for any transformation program to develop and implement a strong data governance framework that emphasizes the principle of "privacy by design." This approach helps safeguard data and digital interactions to build trust among customers, employees, and stakeholders. One method is to align your data governance practices with an established framework such as KPMG's Privacy by Design Assessment Framework. As part of KPMG's Connected/Powered/Trusted framework, this approach to tech-enabled business transformation helps build agility and customer-centredness into organizations.

Shifting Gears: Challenges of "hybrid Agile"

Over the past several years, tech-enabled business transformations have been transitioning away from the legacy "waterfall" model to a more iterative "hybrid Agile" approach. The waterfall model involves program phases being completed fully in series before commencing a subsequent phase. The "hybrid Agile" method, in contrast, iterates certain design, configuration, development, and testing activities. This approach allows transformation teams to showcase solution functionality to users much earlier in the program lifecycle.

While this capability for iteration makes hybrid Agile a preferred approach for many organizations,

it can present certain hurdles to program teams that are new to the method. Team members accustomed to sequential and inflexible "waterfall" program delivery methods might have difficulty comprehending or valuing Agile's emphasis on iteration, flexibility, and collaboration.

To address this gap, programs should prioritize cultural change initiatives that emphasize the benefits of Agile and help enable its adoption. Investing in Agile training and workshops can equip teams with Agile practices and mindsets and increase the likelihood of success with Agile delivery methods. Daily stand-ups and retrospectives help teams adapt by keeping everyone informed on a regular basis and helping these teams become more responsive and effective.

It is important to align stakeholder expectations on Agile early in the transformation program. Communicating the iterative nature of Agile development, setting clear expectations around deliverables and timelines, and regularly showcasing progress through product demonstrations will help teams understand the value of this methodology.

Rethinking software procurement in the context of Software-as-a-Service

As noted earlier in this article, transformation leaders face increasing complexity from the advancement and proliferation of new technology applications and solutions. Government and public sector organizations now have a significantly higher number of technology platforms to choose from as they plan and execute their tech-enabled business transformations. Many of these solutions are Software-as-a-Service (SaaS) platforms, delivered as cloud solutions rather than on-premise technology.

SaaS applications are frequently updated with feature and security upgrades delivered through ongoing mandatory product releases that provide increased functionality and capability to end users. At the same time, SaaS applications can be difficult for public and private sector organizations to implement and maintain for these very reasons.

All of these ongoing version updates must be assessed and deployed to users. Furthermore, the SaaS release model prevents clients from extensively customizing these solutions during the transformation program. As a result, clients must develop a deep understanding of the SaaS solution's functionality and grasp all its inherent limitations before selecting it as an appropriate platform.

To gain this understanding, we are observing government and public sector clients devote additional time during the transformation program planning stages to studying, researching, and viewing detailed demonstrations of the available technology options. This increased due diligence trend extends beyond SaaS to other emerging technologies. In a recent KPMG survey,⁴ executives identified AI, GenAI, and machine learning as the top technologies to help businesses achieve their goals over the next three years. To better understand the nature of the available solutions, governments are adjusting their software procurement approaches and are interacting with the technology market via RFIs and other pre-RFP market sensing activities. Public sector organizations are also incorporating more time-intensive procurement solution evaluation processes that involve comprehensive, use-case based software demonstrations lasting weeks instead of days.

The goal of these SaaS solution procurement assessments is to identify and avoid functionality gaps and costly customizations (where customizations are even possible). Transformation sponsors need assurances that no “fatal gap” will emerge that cannot be mitigated after they purchase a solution. Similarly, organizations are seeking product development roadmap assurances from software vendors to help avoid such situations.

Delivering quick wins to build early momentum and confidence

Quick wins build momentum and confidence. As such, they are important considerations during transformation program planning. Organizations should build and incorporate a “Rapid Value Engine” into the transformation timeline and drive value as early as possible. It is important to actively engage business and operational stakeholders early on, to better understand and address their barriers to change before the configuration and build phase. It is equally important to strategically select quick wins to showcase the transformative power of the initiative to stakeholders and citizens.

To achieve these wins over the long term, organizations should segment the transformation into manageable components and adopt an agile and customer-centric mindset. Finally, they should build in a process to assess organizational transformation readiness.



⁴ Innovating with intention: The path to tech transformation. A Canadian perspective on the KPMG Global Tech Report 2023, p. 11. <https://assets.kpmg.com/content/dam/kpmg/ca/pdf/09/2023/ca-kpmg-2023-global-tech-survey-canadian-perspective.pdf>



Transformation checklist



Transformation checklist

The following transformation checklist can assist government and public sector organizations as they prepare their tech-enabled business transformation programs. Taking the following steps helps achieve successful transformation outcomes.

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- Prioritize leadership alignment**
Transformation success rests on committed sponsorship and unwavering leadership alignment. Secure it early on and remain watchful throughout decision-making and execution.

 - Foster a “positive risk identification culture”**
Distribute risk management across the team and mitigate risks early and effectively with clear and deliberate communication around risk and by empowering employees to identify, report, and elevate risks.

 - Own the transformation by maintaining transformation leadership in-house**
Appoint a full-time and highly experienced employee as program director to oversee any third-party vendors. An in-house director who has the organization’s best interests at heart is crucial for successful implementation and managing risk.

 - View transformation as a full-time job**
Don’t assign transformation to existing employees engaged with other duties. Backfilling positions helps transformation programs succeed. Invest in upskilling and cross-skilling to meet new technology needs.

 - Lead with data**
Data profiling will determine what data is available, where, and what’s needed for migration. Start early. Integrate data security and governance from the beginning following “privacy by design” principles.

 - Demonstrate the value of “hybrid Agile” to teams and stakeholders**
As you implement iterative methods, be conscious that teams and sponsors may face a learning curve with the new approach. Invest in cultural change training and workshops that instill its value.

 - Give sufficient time to SaaS solution assessment**
To fully understand the SaaS solutions on offer and to avoid fatal gaps and costly customizations down the road, undertake an intensive procurement solution evaluation process.

 - Deliver quick wins**
Build a “Rapid Value Engine” into the transformation program and drive value in an early phase to demonstrate the value of the approach to stakeholders.
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Putting these conditions in place in the initial stages of any tech-enabled business transformation program will help bring about successful outcomes and establishes transformation leadership continuity between transformation initiatives.



How KPMG can help with your tech-enabled business transformation



How KPMG can help with your tech-enabled business transformation

KPMG in Canada's Government and Public Sector Transformation Delivery practice has the transformation delivery, organizational, and executive change management capabilities to help government and public sector transformation executives plan and execute successful transformation programs. Our professional consultants have broad expertise working with public and private sector organizations and an

extensive range of technology collaborators to help our client transformation executives plan, structure, and implement transformation programs that achieve desired outcomes for stakeholders and customers and realize business growth objectives efficiently and effectively.

To learn more about our specialized approach and to discuss how to modernize your service offerings, contact our Government and Public Sector team.



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