



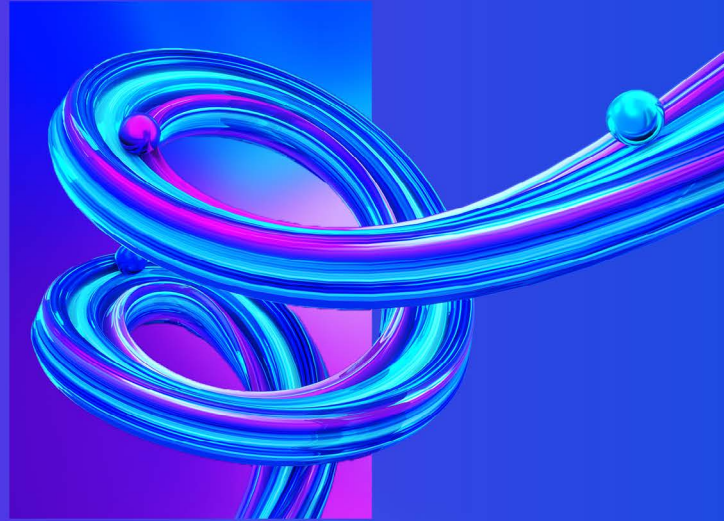
Re-fresh your digital strategy

Harness the human element
to maximise results

KPMG Smart Government

Catalyse digital progress

Insight Briefing



Digital transformation is more about humans than technology

Nearly 80 percent of government organisations said their customer-centric strategy was a high or top priority even before the pandemic.¹ These government leaders understand digital transformation does not mean swapping out old systems for new ones. Modernising continues to push to the top of CIO agendas because more government leaders realise, especially after 2020 events, the importance of a resilient, agile organisation to evolve with department needs and deliver virtual public services. They witness industry and technology trends taking shape and stakeholder needs changing. Many understand how aligning processes and technology with business objectives will feed an innovation culture and drive the overall human experience. The challenge is transforming properly so the department, its employees, as well as those who use its products or services benefit for the long term.

Organisations achieve a more successful transformation journey when they **rethink internal- and external-facing processes and how people interact with them first, then data and technology. Transforming all four areas so they all work together to create connected, powered, trusted organisations** is the only way departments can operate as a modern government in a digital world. But government organisations have to manage the risk of a transformation, especially at the central and local levels. Changes must be easy for human stakeholders to adopt. This article will provide an understanding of what digital transformation means, the main components to include in transformation efforts, and how

transformation can affect humans—the citizens as well as the people who hold critical government roles.



Digital transformation is the profound and accelerating revolution of business activities, processes, competencies, and models to leverage the changes and opportunities digital technologies allow and guide their impact across society in a strategic and prioritised way.

Why smart government is important

Government organisations and departments around the world should modernise in order to keep up with changing user needs, regulations, and health and public safety requirements. Leaders involved in government modernisation are reviewing their user's experiences to plan what upgrades are needed in their business processes and service delivery models.

This article is one of a series that features how modernising can affect the government workforce and the user experience, improve security and public trust, and accelerate the digital journey. KPMG offers insights intended to help guide governments and public sector organisations in their modernisation efforts to encompass all processes, technologies, policies, and the workforce so each works together to create connected, powered, and trusted organisations.

¹ "Impacts of COVID-19 on digital transformation strategies and the future of work," Forrester and KPMG, July 2020.

What it takes to make humans the focus of your transformation

Each organisation's transformation will vary, but some things will be common. For example, technology will never stop changing, and neither will human needs. This means digital transformation is a continuous process that enables government organisations to evolve to meet changing conditions and mission goals. Following are five components of successful digital transformation journeys that center on humans from the beginning throughout the journey.



Understand users' needs

In the past, for example, organisations often purchased an enterprise resource system and built organisational functions around the system. Many of these implementations failed because employees never learned how to use the new system. **Engaging employees and citizens early in the transformation process to understand their needs and preferences** gives them a sense of ownership of the products or services and improves user adoption. Seek input from a range of employees. Similarly with citizens, gather input from a variety of citizens, not just those who are outspoken. Seeking out the right people will give a truer account of user needs and preferences. Then focus on the most common issues people have with current processes to help drive what needs to change.



Use agile and human-centered methods

Organisations that **use agile and human-centered methods** to rethink and transform processes **incorporate trust into the entire transformation lifecycle** by design, since these methods consider people from start to finish. Leaders within one department were surprised when they brought agile and human-centered design into their process. Their team now designs in sprints and seeks user feedback on how the solution should work after each. By bringing in multiple users' points of view, the scope expanded from 20 to 140 functions to prioritise and address. Now the team cannot operate without these new methods that help them understand user needs and design to meet them.

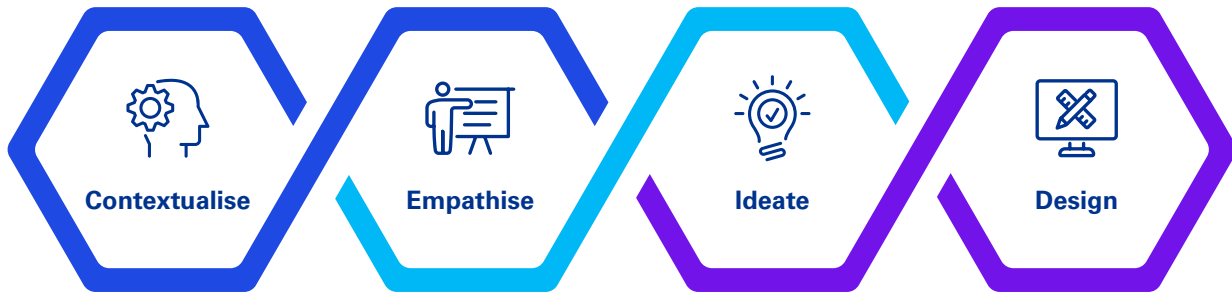


Agile and human-centered design approaches and technology work together to **achieve digital transformation rather than just automating a process**. Think about a department digitising a paper filing and mainframe process it has used for decades. Agile is the delivery method to build the solution (versus waterfall). Human-centered design provides the approach that examines how people interact with the process so the organisation transforms in ways that center on users.

An **agile development method** can speed up outcomes and help ensure they meet users' expectations since the approach focuses on continuous improvement and how technology affects people. An agile method uses short development cycles and delivers smaller functions every few months. For example, a KPMG team used an agile approach to analyse and identify opportunities to streamline all channels caseworkers for one department and residents used to apply for and manage benefits. The agile approach allows the department to monitor progress, discover additional enhancement opportunities, and reduce function and design gaps. It also sets them up to more easily scale and add functions so they are prepared for the next crisis or opportunity.

Human-centered design guides the experience-creation process by helping **contextualise** to understand the high-level problem to be solved and **empathise** by talking directly to the individuals the program most affects. It also helps to **ideate** with program beneficiaries to bring new perspectives and unheard voices to help solve the problem and **design** to represent the vision of the experience.

Four phases of human-centered design



Build data expertise as the foundation

Building data expertise as the foundation **prepares data for intelligent applications that could better capture and meet users' needs.** When digital modernisation is done correctly, starting with the user experience, processes constantly reuse data to reinforce and improve. For example, many popular online retailers use something similar to suggest products that might complement what a customer just purchased.

Building a foundation of data expertise requires three **capabilities. Develop the ability to handle big, small, and wide data.** Without expertise to collect, store, ingest, and mine data, government organisations could miss critical demand and insights deep in the data ocean. Data could contain critical internal and external stakeholder information such as what they need, when they need it, and why.

During and after a digital transformation, government team members will be able to connect and process data in various shapes including:



Big data is detailed transactional-level data that stores every footprint of all parts flowing in the supply chain network.



Small data examples are spreadsheets that many organisations create and maintain for routine or ad hoc reporting and analysis.



Wide data includes unstructured data in various formats including tabular, text (such as benefit application forms, social media, open online forums, and voice-to-text transcripts), image (such as roadside cameras), video, audio, voice (including customer service), temperature (from sensors), or even smell a vibration.

Digital modernisation includes evaluating to modernise data architecture that could **connect data silos to draw a complete picture of a citizen or stakeholder's journey.** Complex IT environments, legacy architecture, and disparate systems mean information resides in multiple sources across the organisation. With disconnected data locked in these systems, most departments cannot access their data, which disables their ability to see the clear journey picture.

Over the years, some departments used various technologies and vendors to build case management systems to allow case workers to monitor the benefits each applicant or household received. This allowed case workers to spot double-dipping or if citizens did not receive their benefits. Policy makers need to understand which citizen groups require benefits and what types of assistance they need. Data siloes would prevent departments from efficiently achieving either goal.

To modernise data architecture, government organisations should consider adopting a new organisational structure, architectural design, and technologies such as data mesh, data fabric, or data virtualisation to connect and manage data at scale. Team members in organisations that use data virtualisation can easily and securely query data across multiple cloud or on-premise sources. This eliminates data siloes without physically moving data to a central location. They can also see hidden data relationships and learn more about and compare citizens' and stakeholders' complex behaviours and how they interact.










Embrace data and analytics techniques to enhance all human-centered design phases. Applying data expertise and advanced analytics techniques in the contextualise phase enables teams to understand users' needs in a dynamic and continuous process. Data and analytics techniques such as process mining help identify process improvement and optimisation opportunities in the ideation phase. Team members could quickly prototype and test possible solutions in a simulated environment with no risk. This allows users to understand the pros and cons of each option and select the one that best fits their needs. Many solutions in the design phase are intelligent applications that could better meet internal and external users' needs. For example, middle- and back-office employees use these applications to more efficiently identify fraud, waste, and abuse and find the most vulnerable parts that require maintenance. Citizens can get benefit application decisions and reasons faster. The new data these applications generate can be continuously monitored for performance and future improvement opportunities.

Use emerging technologies ethically and efficiently

Another critical digital transformation component is using emerging technologies in ways that ethically and efficiently meet users' needs and support the mission. The foundation is a modern hardware infrastructure, whether on premise, cloud based or multicloud and hybrid strategy and design. Imagine the potential if government departments automate basic, repetitive tasks such as ingesting and storing documents. Combine automation with advanced, predictive tools and technologies and government departments can fundamentally reinvent how they operate. With cloud as the enabler, emerging technologies such as those listed below can **add scalability and enable organisations to think and work differently.** More important, they can **enhance the way citizens live and government employees work.**

-  **Artificial intelligence (AI)** can enhance, accelerate, automate, and augment decisions as well as workforce capacity and quality that will help organisations thrive in the future.
-  **Robotic process automation (RPA)** enables government organisations to streamline citizen inquiries, and processes transactions while improving the user experience.
-  **Low-code** platforms are a path to automation that can enable a broader set of emerging technologies.
-  **Internet of Things** helps governments use data from connected devices to transform the way they operate and reduce costs while improving decision-making, productivity, and human experiences.
-  **Blockchain** injects trust wherever government organisations use it, from networks and applications to data and vendors.

Government organisations can use new technologies in ways that support organisational and ethical goals as well as comply with regulations. Delivering the promise of emerging technologies such as AI is not possible without including humans in the loop. For example, AI has no perspective, point of view, or purpose and requires humans to train, test, and tune. Organisations must train the workforce to cultivate AI until it becomes a trusted core capability.

Many UK government departments have dedicated offices focused on emerging technology use. These organisations, most often with external assistance, have the opportunity to help government departments realise greater value faster from a continuum of technologies used ethically and engage employees and citizens while addressing risk and governance.



Build and reskill an adaptable workforce

An adaptable, flexible workforce is vital to helping transform an organisation to manoeuvre in a digital environment. This engaged, empowered team will not only shift with new demands but also anticipate and meet transformation change. In order to build this workforce, the need to engage and upskill employees should be a top priority.

Modernising requires employees at all levels to adapt skills and work in different ways. From the start, all employees need **change management** to reskill and refocus so they understand and are prepared for how the transformation will affect their work. Effective change management also improves user adoption and transformation success.

Organisation leaders should collaborate with Human Resources departments to define and map the roles and skills needed in the digitally transformed operation as well as learning paths to obtain these skills. Future **roles** depend on the organisation and the complexity of its transformation. Most governments will need digital technologists with **skills and experience** working with all of the emerging technologies as well as digital design, data visualisation, digital ethics, and cybersecurity. Outside of technology departments, departments need individual performers and leaders who are holistic thinkers with abilities to use data, interpret real-time analytics, and navigate the fast-changing ways business and technology interact.

Learning pathways outside of traditional classroom training include coaching and mentoring, on-the-job experience, scenario-based active learning, and rotational learning. These methods allow employees to build skills over time as they work. Central and local governments are in unique positions to influence curriculum with in-demand knowledge at universities, community colleges, and the technical schools in which they operate, and also recruit from them.

What digital transformation means for government leaders

The UK Government's **2022-25 Roadmap for Digital and Data** outlines a single, cross-government vision for 2025 as well as several steps their team will take to get there. The Central Digital and Data Office (CDDO) and central government ministries worked together to write it.

Local government and the devolved administrations are not immediately affected by this roadmap, since it is intended for central government departments. To help local government fit with its aims, CDDO and the Department of Levelling Up, Housing, and Communities are working together to support local service reform and, when appropriate, promote service integration with central government services.

The Government Cyber Security Strategy outlined the government's strategy for creating a cyber-resilient public sector; this roadmap supports it by outlining how it will recruit the necessary cyberskills and create services and systems that are safe by design.

"The barriers that the government faces in achieving digital transformation are significant, however the opportunity it presents is immense, and will ensure UK society reaps the benefits for decades to come."

— **Paul Willmott, Executive Chair, Central Digital and Data Office**

"The UK has immense potential. We have some of the best digital talent anywhere in the world. Through this work we will capitalise on our great strengths, bolster our economy, bring society closer together and improve services for people across the country."

— **Heather Wheeler MP, Parliamentary Secretary for the Cabinet Office²**

What do the humans in your world think?

Welcome to agile, digital, human-centric public service. It is the future of government and includes remote work, rapid service design, and agile policies. Blending modern methods, processes, and technologies together for a transformation done right takes skill, experience, and time. KPMG has guided many government organisations through successful digital transformations. Our experienced teams help government leaders understand users, rethink processes, and use the right blend of development methods, processes, technology, and change management for successful transformation. Let us help your organisation and its stakeholders get long-term benefits from your digital transformation.

About KPMG

KPMG firms have many years of experience of working with national, regional and local governments, so we know how departments work. KPMG professionals understand the issues, pressures, and challenges you encounter in the journey to modernise. Drawing on KPMG firms' government operations knowledge to offer methodologies tailored to help you overcome these challenges and work with you to deliver the results that matter.

KPMG teams start with the business issue before we help clients determine their preferred approach because we understand the ultimate mission. When the way people work changes, KPMG firms can offer client insight on leading training practices to help ensure your employees have the right knowledge and skills. KPMG in the UK is one of the largest learning providers in Europe, specialising in helping our clients build the skills and talent they need for future plans. With our Powered Government offering we provide a blueprint for a customer centric, digitally enabled public sector organisation.

KPMG firms are committed to helping clients create value, inspire trust, and help governments deliver better experiences to workers, citizens, and communities.



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