



Re-invigorate operational agility

Upgrade your technology delivery models

KPMG Smart Government

Catalyse digital progress

Insight Briefing



Growing need to increase speed to mission delivery

Mission delivery is the top priority for most central, and local government organisations in the UK, whether the department is serving one of the more than 67 million people,¹ employees, or other constituents. To increase speed to mission delivery, national, and local governments are combining separate business and technology strategies into a single delivery strategy. Technology underpins this strategy.

The need to deliver faster will likely continue to push ahead in order for governments to operate efficiently and safely, comply with regulations, and maintain citizen trust. Commercial experiences and ways of working drive citizens, employees, and other constituents to expect faster delivery with a better experience. Technology and data environments are more complex. Cyber threats intensify daily. New regulations require significant operational changes. Government leaders realise the importance of a resilient, agile organisation to evolve with organisation needs, especially after events during 2020. Each factor calls for government technology functions to link spending with value as they modernise how they deliver products and services.

Technology departments have an opportunity to enable connected governments that can power faster mission delivery. These forward-leading organisations will have aligned front, middle, and back offices able to deliver citizen-centric, digitally enabled services. **Governments should reimagine**

¹ Population estimates for the UK, England, Wales, Scotland and Northern Ireland: mid-2021, ONS, 21 December 2022

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.

their technology delivery models to seize this opportunity. The challenge is many government organisations' digital transformation efforts are further behind than leaders thought. They need help to **fill the gap between where they are in their digital transformation journey and where they need to be.** After reading this article, government leaders may better understand the importance of increasing speed to delivery and the urgency of reimagining information technology (IT) delivery models to reach citizens and constituents faster. The model we describe in the article can help increase speed to delivery.

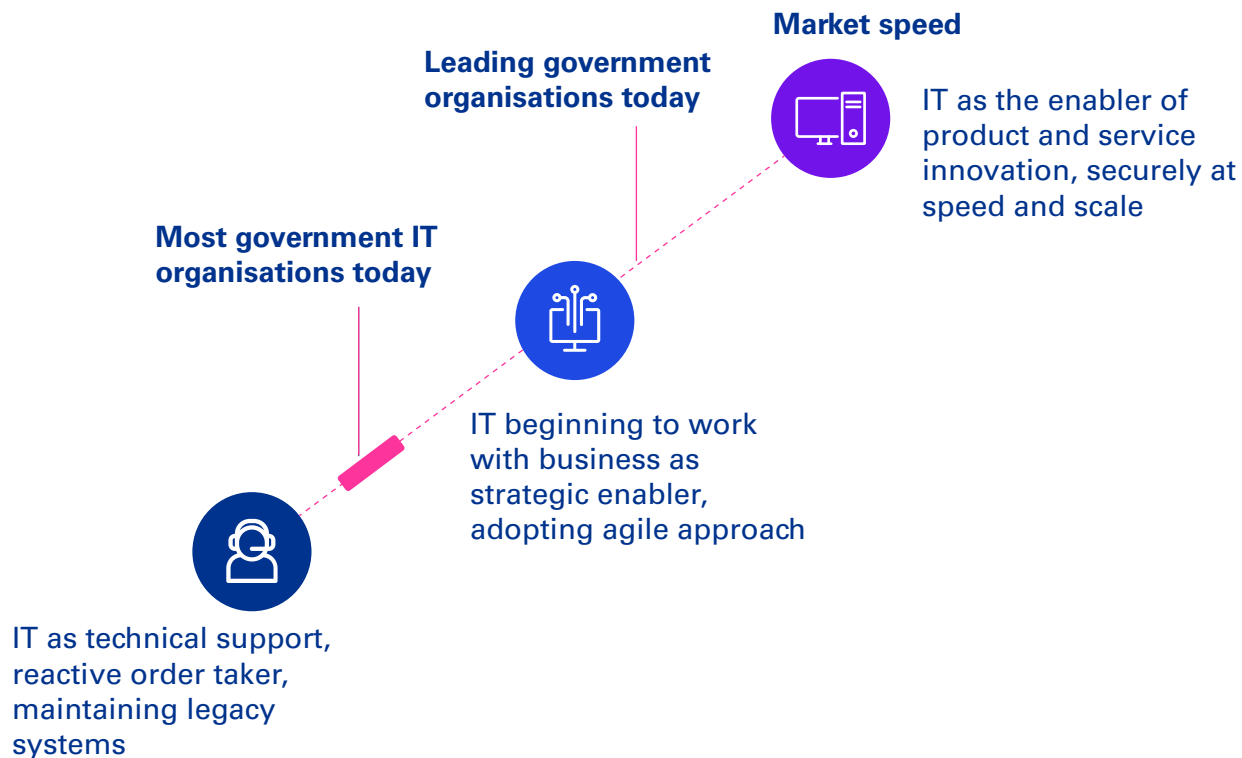
Faster delivery involves speed and value

Successful commercial organisations adopt a model that enables them to work faster and pivot. They call this market speed and consider it critical to success and bottom-line growth. Most constituents expect the same market speed service delivery when they interact with governments. That leaves organisations to choose between adapting to keep up with the commercial sector or falling behind in meeting constituents' expectations. While some organisations are making progress, the widening digital divide between public and private sectors could limit the capabilities of others to reimagine delivery models. Slow reactions can also diminish trust in organisations responsible for overseeing and regulating tech-savvy stakeholders.

Market speed definition: Mission delivery at market speed means government technology organisations can deliver at any pace or scale the market, citizens, and constituents require. To achieve market speed, government technology organisations should transform how they deliver products and services and how they deliver technology within the organisation.

To run at market speed, governments should **reimagine the role of technology and how they apply it**. The illustration shows how the technology operating model is evolving. Executive priorities, budget and technology limitations, regulations, and citizens' expectations each have a tremendous impact on the ability for government technology departments to change. In a recent survey, national, and local CIOs listed their three most important technology investments: infrastructure/cloud, customer experience and engagement, and security and privacy.² Organisations able to keep these investments as top priorities will be better equipped to narrow the digital divide.

Information technology operating model evolution



² "Harvey Nash/KPMG CIO Survey 2020: Everything changed. Or did it?" KPMG International, 2020

Path to narrow the digital divide

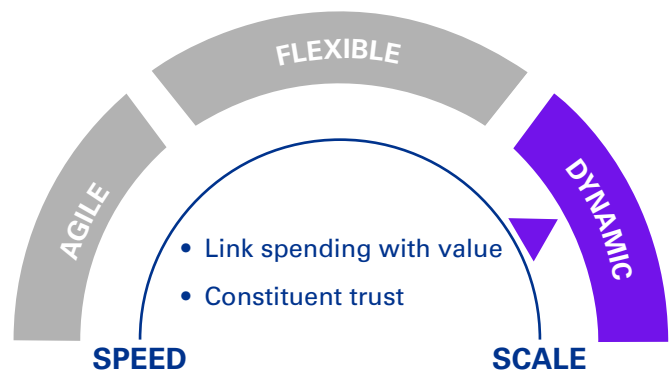
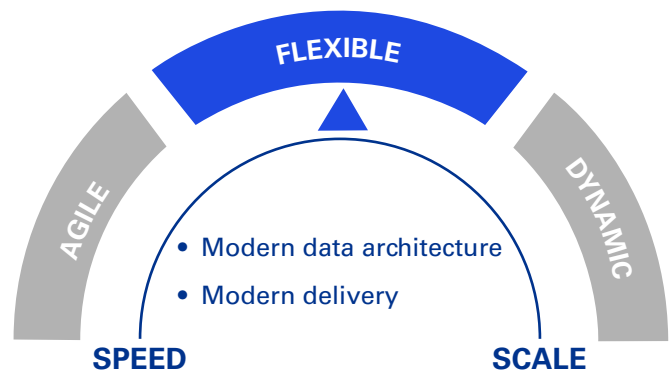
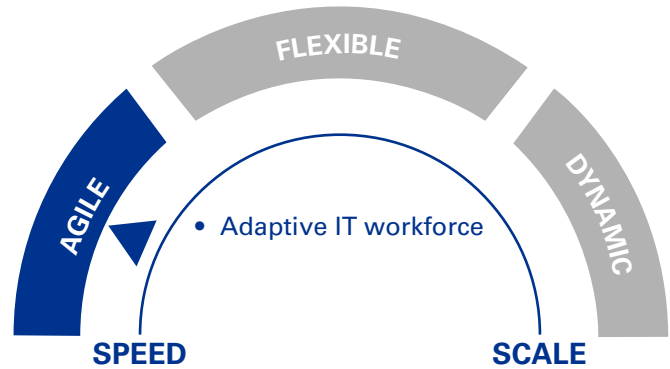
Technology organisations that **follow a market speed operating model can also lessen the divide** by creating more agile, flexible, and dynamic technology functions capable of delivering technology at the speed required to keep pace with user expectations. This dynamic approach enables each unique citizen- and non-citizen-facing government organisation to adapt and respond to citizen and constituent needs today and in the future at market speed.

Each organisation’s **mission should drive their market speed operating model**. This means the organisation should design the entire operating model — from how people are organised and governed to the connected technology architecture that supports it — around the organisation’s value streams and their unique speeds, attributes, and characteristics. Examples of micro-operating models that can coexist within the larger market speed operating model in government might include:

- Social services delivered with speed, agility, and security
- Long-term vendor contracts that are stable, low cost, and change infrequently while allowing new vendors to enter the marketplace
- Employee productivity measures that enable collaboration, personalised insights, and secure access from anywhere

When a government **tech function transforms, reaching market speed, they will likely achieve a critical part of the organisation’s overall digital transformation**. We recommend tech organisations evolve these areas to achieve market speed and be ready for the future.

Market speed operating model enablers





1. Adaptive IT workforce

Adaptive IT workforce is a method to develop a technology workforce that matches evolving technology skills with organisation and mission needs — today and in the future. An adaptive IT workforce organisation accommodates current and future employees' expectations related to wellness, culture, and sense of belonging to a purpose-driven organisation. An adaptive IT workforce enables remote and hybrid work models and flexibility to automate and augment select tasks. This workforce is better able to meet market speed demands.

For example, using automation to consolidate financial data and integrate disparate systems at the user interface layer can allow leaders to pull data from multiple mission systems to see a better view of operations. Automating is more accurate, provides insights for informed decisions, and encourages tech team members to engage in transformation efforts.

2. Modern delivery

Modern delivery is a new way to develop and deploy technology at market speed using product management, scaled and agile human-centric design, scrum, as well as development, security, and operations — or **DevSecOps**. Modern technology and **agile** processes power these organisations to accelerate service design and delivery while remaining aligned with the mission. Agile and **human-centric design** approaches and technology work together to achieve digital transformation rather than just automating a process. When multiple emerging technology capabilities converge, a **low-code** application can serve as the platform from which to manage these integrations and increase speed to value.

Organisations that use modern delivery methods to closely connect business and tech teams across the development and delivery lifecycle and are more likely to reach their goals.

To reach this modern state, leaders need more than new technology and processes. They also need **teams to orient around products rather than projects** and focus on achieving specific objectives and key results. Used together, teams can be more creative, experimental, and innovative, all in support of achieving the mission at market speed. To illustrate this concept in action, an organisation's digital transformation team might develop a comprehensive labour model to help understand the skills, capacity, and ways of working needed to shift toward scaled agile. The labour model would also include renegotiating contracts with the organisation's most strategic vendors to support the shift to reach market speed.

3. Modern data architecture

Government organisations with cloud-based, modern data architectures **can keep data at the heart of operations and their transformation**. People within these data-centric tech organisations have access to quality data from multiple sources to govern, adapt to changing conditions, and make insightful decisions fast. With infrastructure/cloud already among government CIOs' most important tech investments, this is achievable. Data-centric organisations can have insight-creating capabilities such as:

- Data analysis that uses big and thick sources
- Integrated internal and external signals data
- Emerging technology such as machine learning and AI-assisted modeling
- Intentional learning to create data literacy

The value of data centricity is the ability it provides to tech team members to create a cohesive picture of the operating environment by translating disparate structured and unstructured data sets with signals and other information to quicken speed to mission delivery. With new concepts like data mesh, organisations can connect cross-functional data sources without moving the data sources.

For example, an organisation's tech organisation challenged with responding to citizen needs fast enough would have the connected architecture to be able to use data across the organisation to enable quick, effective decision-making. They would develop data use cases to better understand what data is needed and in what format. The team would define clear principles to inform its approach then establish data governance to manage the data.

4. Constituent trust

Technology organisations that **put trust at the center of the IT operating model** have greater influence over product and service quality throughout the lifecycle. These organisations are better able to develop and deliver secure experiences that manage technology risk and meet constituents' needs, which helps **build trust with all stakeholders**, from employees and citizens to suppliers and other constituents. Since security and privacy are also among government CIOs' most important tech investments, improving trust is also achievable.

For example, the UK Government banned Chinese Hikvision CCTV cameras. The company's CCTV cameras, used by up to 60 percent of UK public bodies including schools and government departments, were banned due to "current and future possible security risks".³

To achieve a high level of trust, all stakeholders should have confidence that technology organisations:

- **Build secure, resilient, scalable products that protect stakeholders' data.** Modern technology, architecture, and delivery methods enable security-by-design to protect the user. Add cyber protection such as zero-trust to lower risk of cyber breaches.
- **Use automation to enable trust.** The volume of data and transactions far surpasses human limits. Artificial intelligence (AI) and machine learning can continuously monitor and seek out patterns and threats. For example, some organisations use AI and machine learning to ingest a two-factor authentication system log that indicates user authentication from a new device. The technology enriches log information with network or IP tracking to determine the event's risk level.

- **Practice ethical and transparent data and technology use.** Resilient, available, and integrated systems deliver a seamless and safe user experience. Trustworthy policies will likely help organisations govern technology as it evolves so it remains compliant.

5. Link spending with value

Success is more than delivering on scope, schedule, and budget. Success happens when spending links with the organisation's mission. Tech organisations fund the most critical things when they link spending with the value each pound invested provides. They also reimagine planning, budgeting, and forecasting and apply the right accounting practices to new technologies and ways of working. In other words, **investments that cannot show outcomes will not get funded.**

KPMG in the UK has worked with a large UK government department to achieve more efficient, effective, and accountable product and service purchasing in support of mission execution. The results already exceed these original expectations:

1. **Maximise procurement cost savings**
2. **Leverage buying power to negotiate better contract terms and conditions**
3. **Select appropriate pricing arrangements to incentivise stronger vendor performance**
4. **Align vendor supply to organisation demand**
5. **Create an environment that drives innovative vendor solutions and expands the base to optimise competition**
6. **Reduce cycle times and transactional value to drive procurement efficiency and effectiveness**

Linking spending with value requires a different way of thinking about IT investments. To effectively link spending with value, there needs to be transparency in the costs, quality, and performance it takes for IT services to deliver capabilities. CFOs and finance organisations need to lead or offer strong support with every organisation, including procurement, in order for this approach to work. Finance organisations will more likely support the approach if organisations continually evaluate product value streams as well as track product actual spending, budgets, forecasts, and variances based on a total cost of ownership model.

³ Ryan Morrison, "UK government ban for Chinese Hikvision CCTV cameras," Tech Monitor, November 25, 2022



Keep pace with innovation

Forward-thinking government organisations should focus on continued improvement toward a future state that flexes as conditions and priorities change. Tech leaders who want their organisations to keep pace with innovation by delivering at market speed should start by examining the IT operating model. Answering these questions can help start the process:

- ➔ How can our operating model be more flexible and scalable?
- ➔ How scalable and flexible do we need to be?
- ➔ Where will our skills shortages, ways of working, and cultural issues likely impact us most?
- ➔ How do we accelerate delivery and innovation?
- ➔ Where are the silos and barriers that limit our ability to collaborate and move quickly?
How do we reduce them?
- ➔ How can we quickly make our most valuable data available and reusable?
- ➔ How can we link spending to value so we fund good ideas fast?
- ➔ How can we instill technical trust into all of our delivery models?

KPMG member firms have guided many government organisations through successful digital transformations. Helping government leaders understand users, rethink processes, and use a blend of development methods, processes, technology, and change management for successful transformation. Let KPMG professionals help your organisation lead the way in keeping pace with innovation.

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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