DIGITAL GOVERNMENT TRANSFORMATION

US Federal Survey Data Analysis
Public Sector Research Group

October 2015

Deloitte. Digital

OVERVIEW – UNITED STATES FEDERAL

Top driver
Cost + Budget pressures

Top 3 barriers
1. Security concerns
2. Too many competing priorities
3. Insufficient funding

Insights

- Security concerns in US are a serious impediment for all organizations, irrespective of their level of maturity

- After cost and budget pressures, federal government directives are the next most important driver of digital transformation in US Federal agencies- even higher than customer/citizen demands

Maturity

Digital Maturity Rating

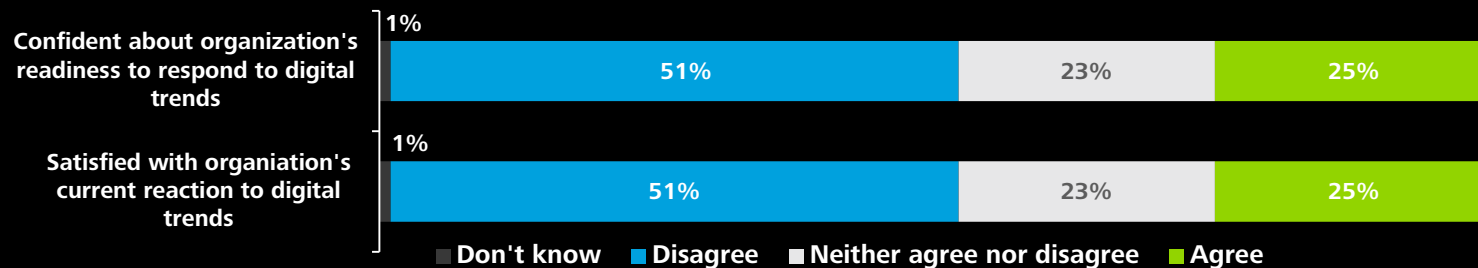|	Early Stage	Developing	Maturing
Global (n=1202)	26%	60%	13%
US Federal (n=212)	36%	55%	9%

"And everyone came in, oh my god, procurement's broken, procurement's broken. How are we going to fix procurement, and I was like, first you have to fix hiring."

— *Greg Godbout, 18F on procurement barriers*

READINESS AND RESPONSE

Have a clear and coherent digital strategy?

Global	46%
US Federal	40%

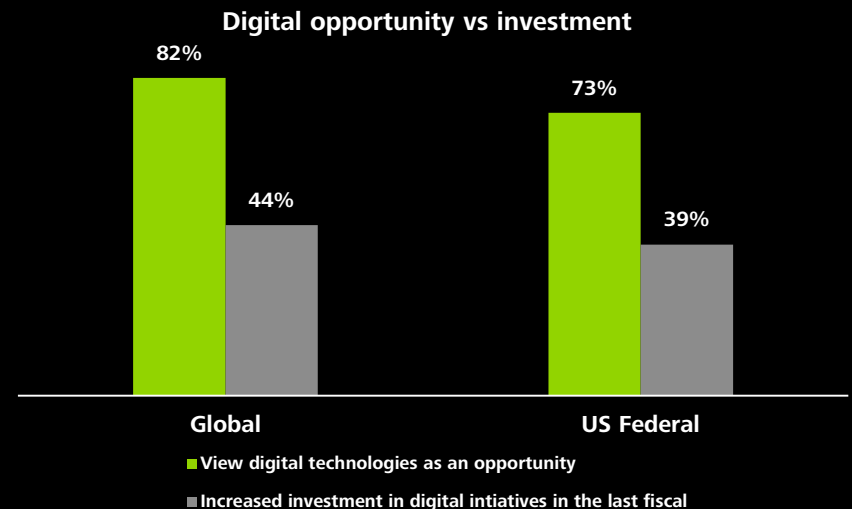| Objectives of digital strategy	% agree
1. Increase efficiency	76%
2. Create or access valuable information or insights to improve decision making	69%
3. Improve customer/citizen experience and engagement, and transparency	69%
4. Create or access valuable information or insights for innovation	63%
5. Fundamentally transform our organization processes and/or organization model	45%

60 percent say that digital trends are improving their organization's ability to respond to threats and opportunities

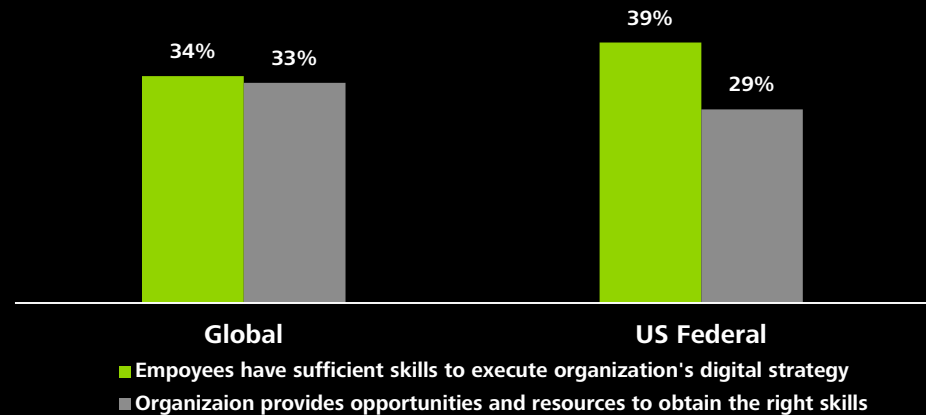**82** percent say their digital capabilities are behind the private sector

Digital opportunity vs investment

Global: 82% View digital technologies as an opportunity, 44% Increased investment in digital initiatives in the last fiscal

US Federal: 73% View digital technologies as an opportunity, 39% Increased investment in digital initiatives in the last fiscal

■ View digital technologies as an opportunity
■ Increased investment in digital intiatives in the last fiscal

	Don't know	Disagree	Neither agree nor disagree	Agree
Confident about organization's readiness to respond to digital trends	1%	51%	23%	25%
Satisfied with organiation's current reaction to digital trends	1%	51%	23%	25%

■ **Don't know** ■ **Disagree** ■ **Neither agree nor disagree** ■ **Agree**

36% confident globally
37% satisfied globally

LEADERSHIP, WORKFORCE AND SKILLS

89% find workforce and skills to be a challenging area to manage in their organization's transition to digital

39% say that leadership understands digital trends and technologies

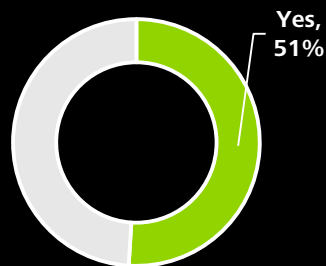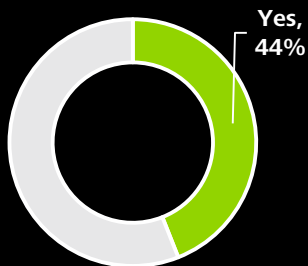**36%** say that their leaders have sufficient skills to lead the organization's digital strategy
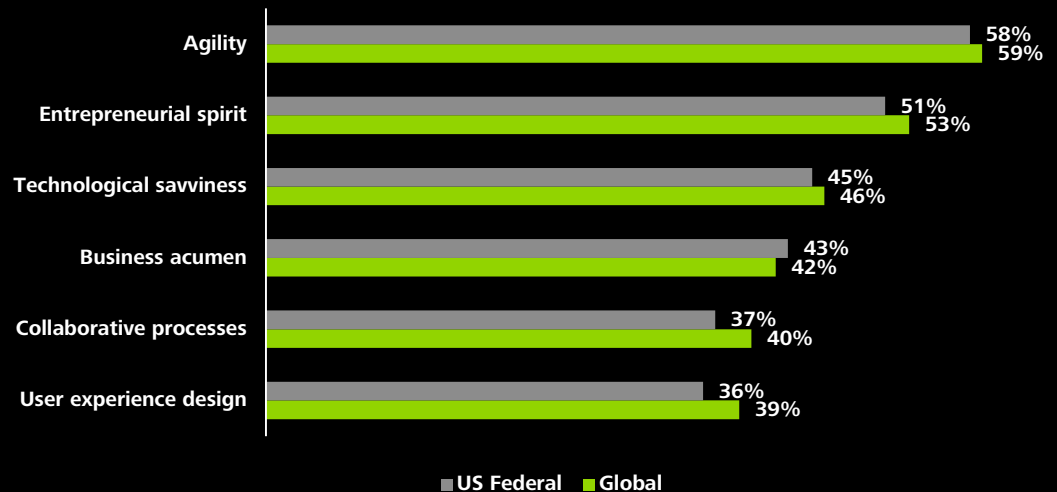
Digital skills vs investment in workforce

Global
- 34%
- 33%

US Federal
- 39%
- 29%

■ Empoyees have sufficient skills to execute organization's digital strategy
■ Organizaion provides opportunities and resources to obtain the right skills

Does a single person or group have the responsibility to oversee/manage your organization's digital strategy?

US Federal
Yes, 44%

Global
Yes, 51%

Workforce-skills lacking

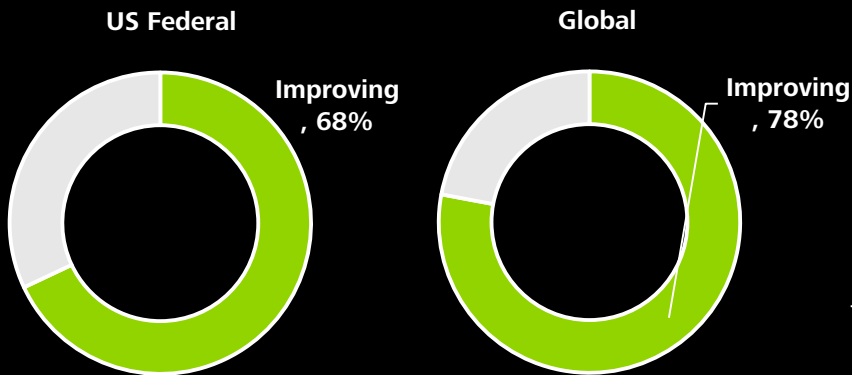| Skill	US Federal	Global
Agility	58%	59%
Entrepreneurial spirit	51%	53%
Technological savviness	45%	46%
Business acumen	43%	42%
Collaborative processes	37%	40%
User experience design	36%	39%

■ US Federal ■ Global
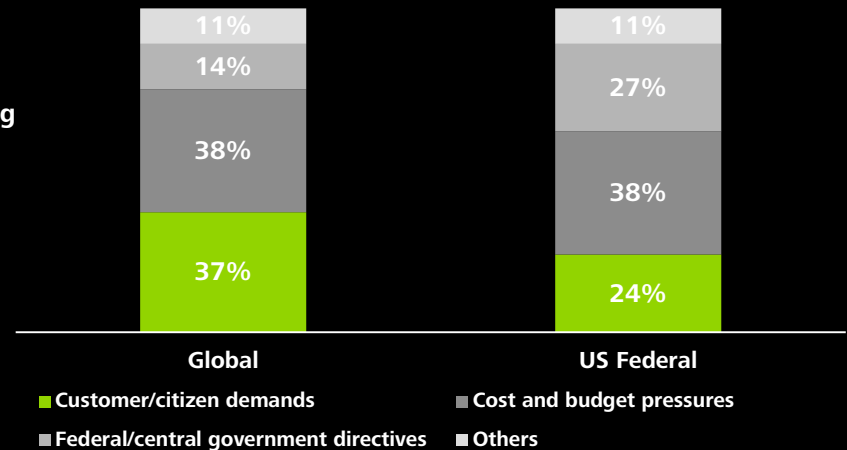
CUSTOMER/CITIZEN-FOCUS

71% say that digital technologies and capabilities enable employees at their organization to work better with customers/citizens

69% say improving customer/citizen experience and transparency is an objective of their organization's digital strategy
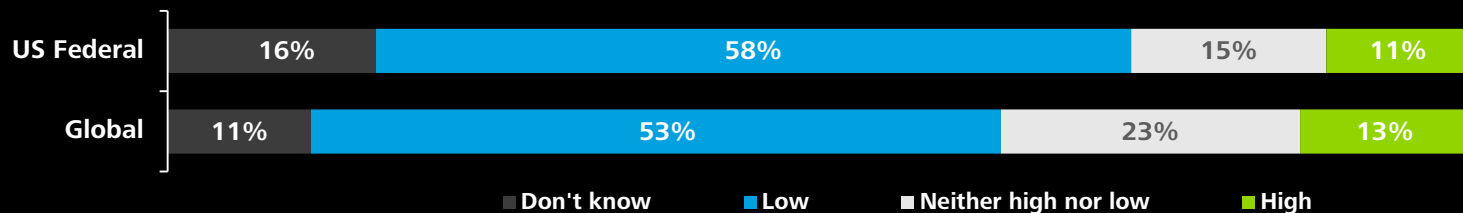
How are digital trends impacting your organization's customer/citizen service quality?

US Federal

Improving, 68%

Global

Improving, 78%

What is the biggest driver of digital transformation?

	Global	US Federal
Others	11%	11%
Cost and budget pressures	14%	27%
Federal/central government directives	38%	38%
Customer/citizen demands	37%	24%

- ■ Customer/citizen demands
- ■ Cost and budget pressures
- ■ Federal/central government directives
- ■ Others

What is the level of customer/citizen involvement in co-creating digital services for your organization?

	Don't know	Low	Neither high nor low	High
US Federal	16%	58%	15%	11%
Global	11%	53%	23%	13%

- ■ Don't know
- ■ Low
- ■ Neither high nor low
- ■ High

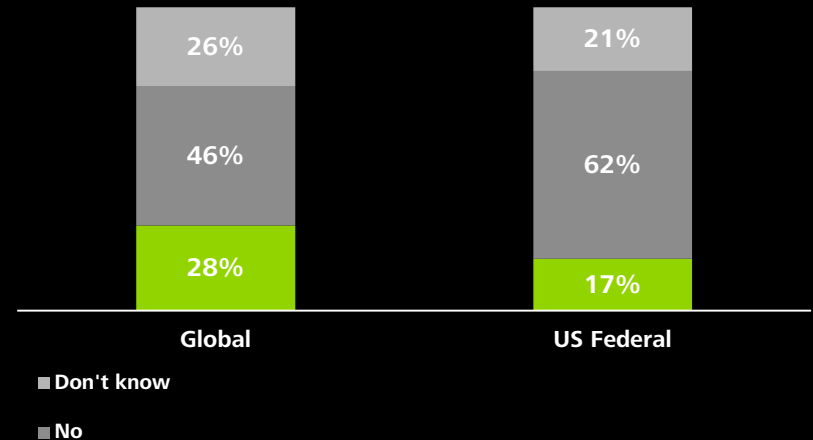# CULTURE - INNOVATION, COLLABORATION, OPEN SOURCE, AGILE

86% find culture to be a challenging area to manage in their organization's transition to digital

To what extent does your organization use open source technology to deliver digitally transformed services?
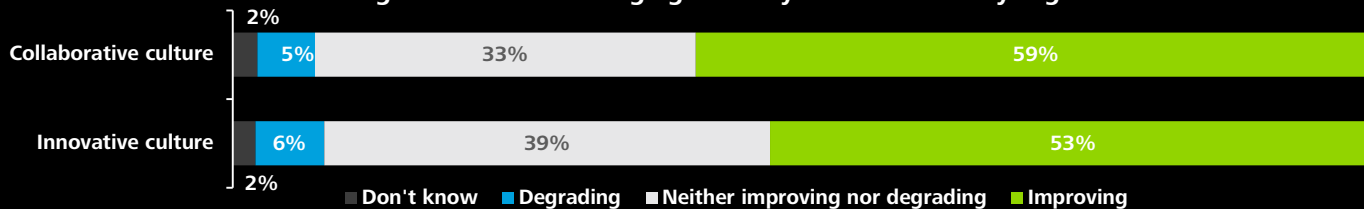
US Federal

- Great extent 4%
- Moderate extent 23%
- Small extent 28%

Global

- Great extent 5%
- Moderate extent 18%
- Small extent 35%
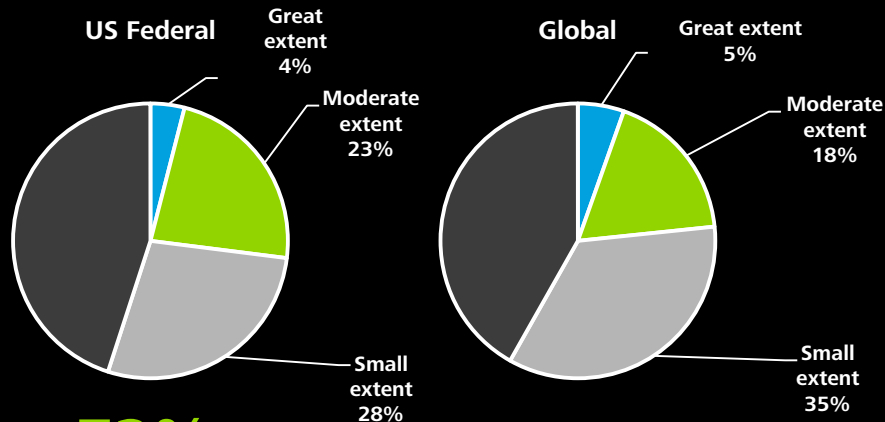
72% say that digital technologies and capabilities enable employees at their organization to work better with other employees

Is the transition to digital altering your organization's attitude towards risk?

	Global	US Federal
Don't know	26%	21%
No	46%	62%
(green)	28%	17%

■ Don't know
■ No

Digital trends are changing these dynamics within my organization:

	Don't know	Degrading	Neither improving nor degrading	Improving
Collaborative culture	2%	5%	33%	59%
Innovative culture	2%	6%	39%	53%

■ Don't know ■ Degrading ■ Neither improving nor degrading ■ Improving

**67%** globally say digital trends improve collaborative culture

65% globally say digital trends improve innovative culture

PROCUREMENT

77% find procurement to be a challenging area to manage in their organization's transition to digital

80% say that government procurement needs to change significantly or very significantly to accommodate digital transformation

25% say that they are satisfied with the community of vendors that currently serves the digital government marketplace
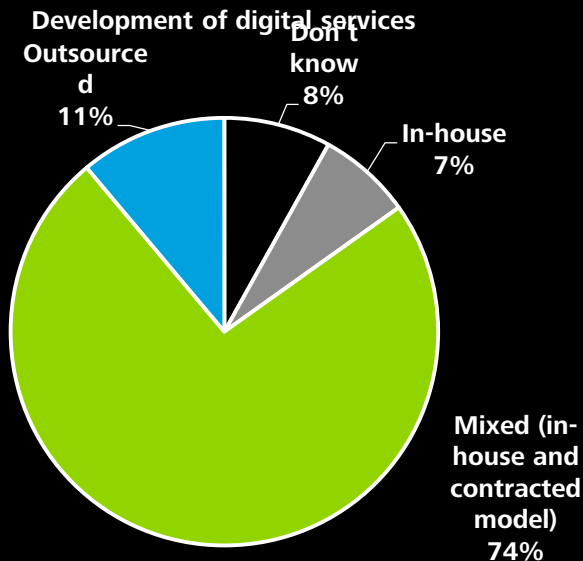
Top 3 obstacles to better procurement practices in the digital age	
US Federal	**Global**
1. Rules/regulations	1. Rules/regulations
2. Lack of flexibility	2. Lack of flexibility
3. Procurement skill sets	3. Procurement skill sets

Development of digital services

- Outsourced 11%
- Don't know 8%
- In-house 7%
- Mixed (in-house and contracted model) 74%

In what ways does procurement need to change to enable digital transformation?

- Agile development process — 47% / 45%
- Less restrictive terms and conditions — 27% / 31%
- Modular development — 20% / 20%
- Less control from the center — 17% / 21%
- Shorter contract periods — 9% / 10%
- More open to small and medium-sized companies — 5% / 19%

■ US Federal ■ Global