DIGITAL GOVERNMENT TRANSFORMATION

US Public Survey Data Analysis
Public Sector Research Group

October 2015

*US Pubic Sector refers to State/local/city agencies or organizations

Deloitte. Digital

OVERVIEW – US PUBLIC SECTOR

| Top Digital driver |
|---|
| Cost + Budget pressures |

Top 3 barriers
1. Too many competing priorities
2. Insufficient funding
3. Lack of an overall strategy

Insights

- **Almost half of the US Pubic Sector organizations have increased their investments in digital initiatives over the last one year**
- **Nearly 60 percent say transition to digital has failed to alter their organization's attitude towards risk- they are not willing to experiment and adopt an agile, fail fast, fail quickly approach**

Maturity

Digital Maturity Rating

	Early Stage	Developing	Maturing
Global (n=1202)	26%	60%	13%
US Public Sector (n=67)	22%	52%	25%
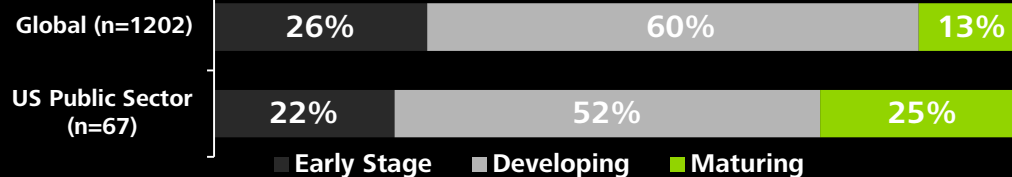
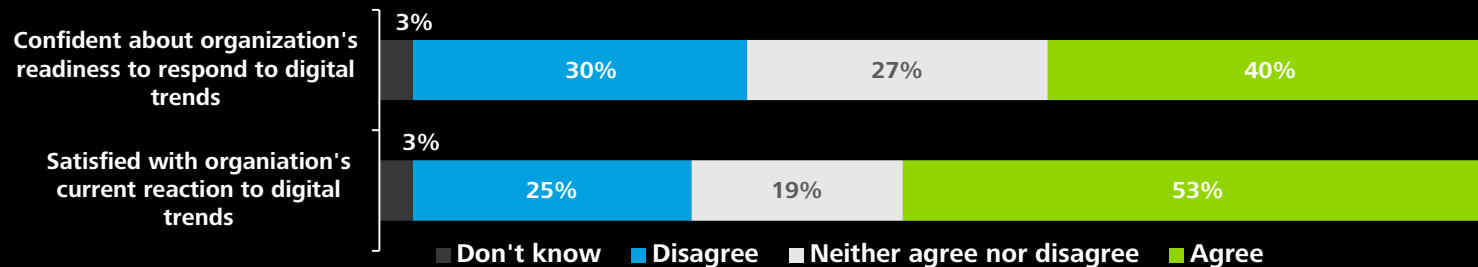"0These early stage companies are disrupting and transforming so many other industries, and yet the public sector has yet to be transformed. And we know that it's a huge commercial opportunity. The impact for change in society is tremendous. All the things that entrepreneurs are looking for."

— *Jay Nath, Chief Innovation Officer, City or San Francisco*
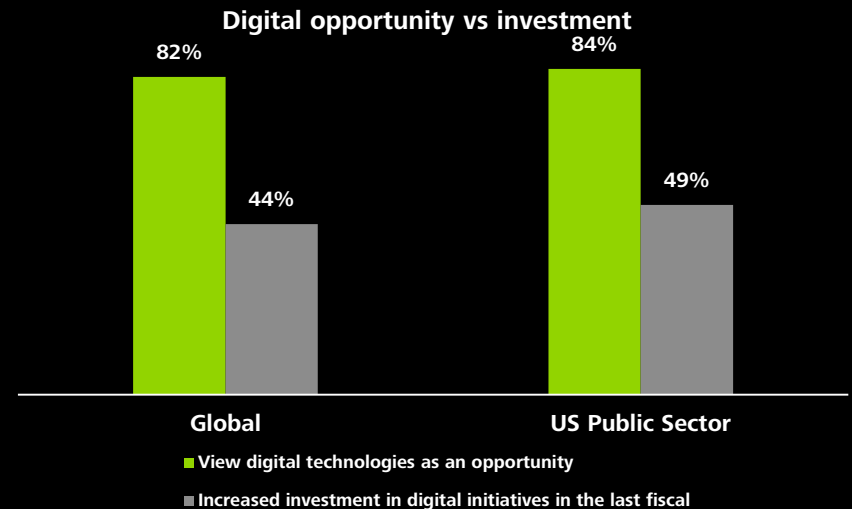
READINESS AND RESPONSE

Have a clear and coherent digital strategy?	
Global	46%
US Pubic Sector	40%

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

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

Objectives of digital strategy	% agree
1. Increase efficiency	87%
2. Create or access valuable information or insights to improve decision making	84%
3. Improve customer/citizen experience and engagement, and transparency	82%
4. Fundamentally transform our organization processes and/or organization model	64%
5. Create or access valuable information or insights for innovation	62%

Digital opportunity vs investment

Global: 82% / 44%
US Public Sector: 84% / 49%

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

Confident about organization's readiness to respond to digital trends
3% | 30% Disagree | 27% Neither | 40% Agree

Satisfied with organisation's current reaction to digital trends
3% | 25% Disagree | 19% Neither | 53% Agree

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

36% confident globally
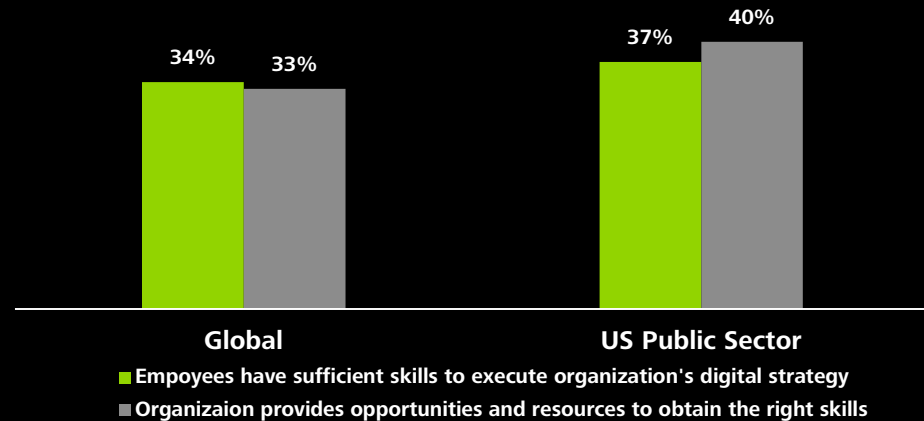
37% satisfied globally

LEADERSHIP, WORKFORCE AND SKILLS

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

58% say that leadership understands digital trends and technologies

51% say that their leaders have sufficient skills to lead the organization's digital strategy
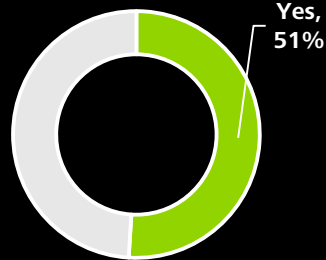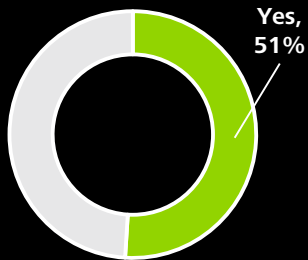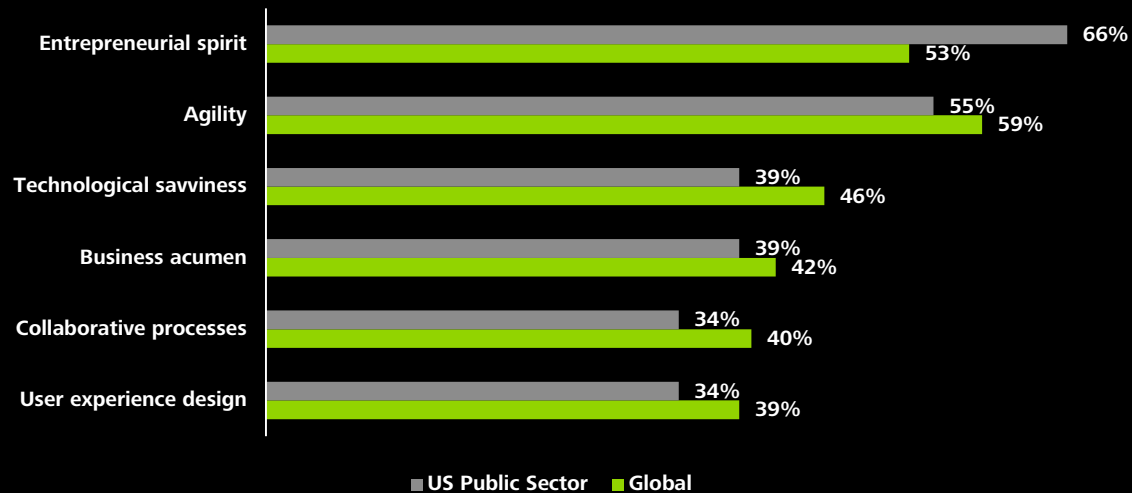
Digital skills vs investment in workforce

	Global	US Public Sector
Employees have sufficient skills to execute organization's digital strategy	34%	37%
Organization provides opportunities and resources to obtain the right skills	33%	40%

■ 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 Public Sector
Yes, 51%

Global
Yes, 51%

Workforce-skills lacking

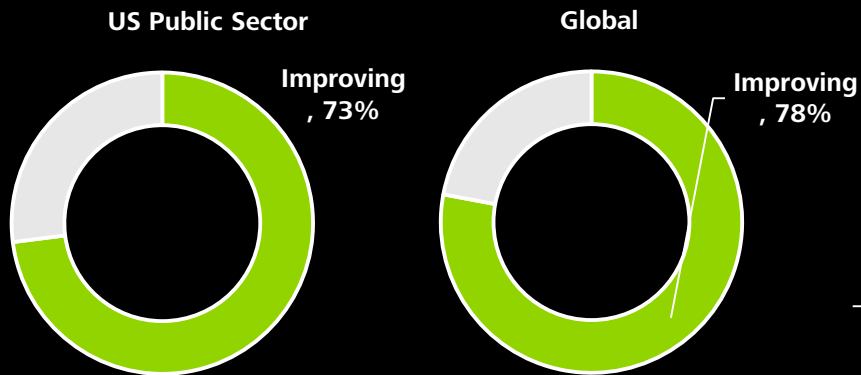|	US Public Sector	Global
Entrepreneurial spirit	66%	53%
Agility	55%	59%
Technological savviness	39%	46%
Business acumen	39%	42%
Collaborative processes	34%	40%
User experience design	34%	39%

■ US Public Sector ■ Global
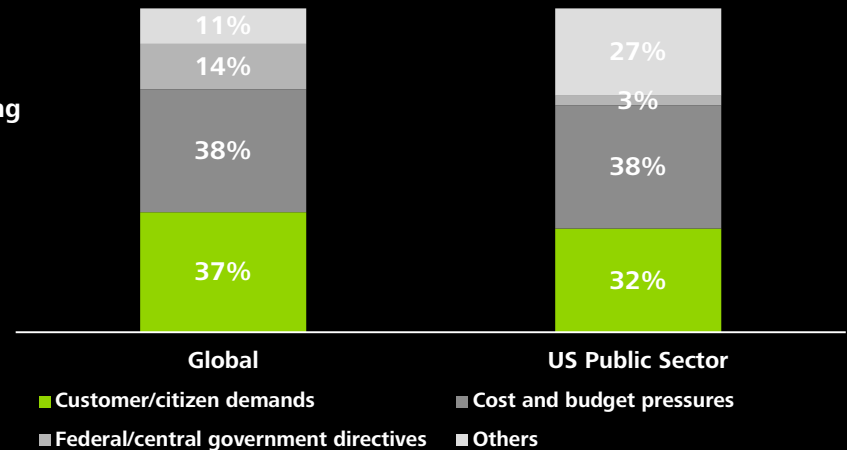
CUSTOMER/CITIZEN-FOCUS

78% say that digital technologies and capabilities enable employees at their organization to work better with customers/citizens

82% say improving customer/citizen experience and transparency is an objective of their organization's digital strategy
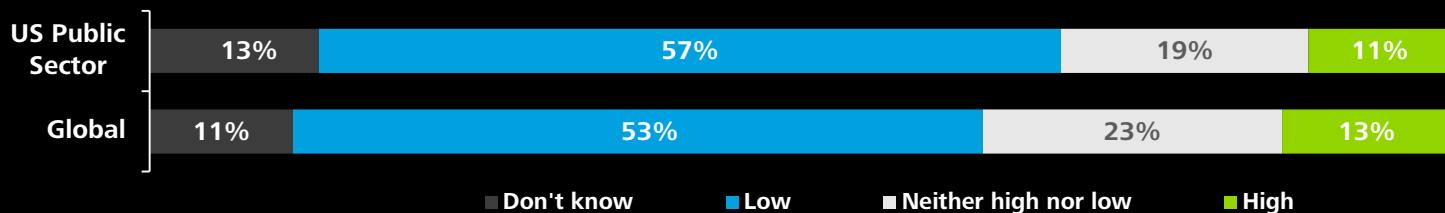
How are digital trends impacting your organization's customer/citizen service quality?

US Public Sector

Improving, 73%

Global

Improving, 78%

What is the biggest driver of digital transformation?

	Global	US Public Sector
Others	11%	27%
Federal/central government directives	14%	3%
Cost and budget pressures	38%	38%
Customer/citizen demands	37%	32%

- ■ 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 Public Sector	13%	57%	19%	11%
Global	11%	53%	23%	13%

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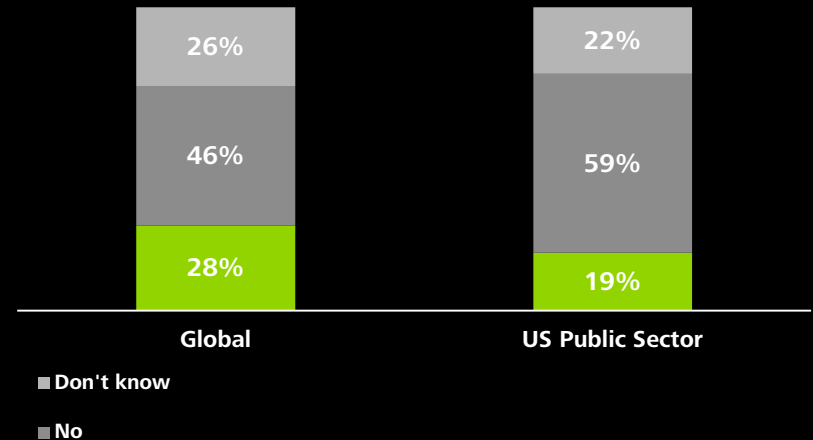- ■ Neither high nor low
- ■ High

CULTURE - INNOVATION, COLLABORATION, OPEN SOURCE, AGILE

89% 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?
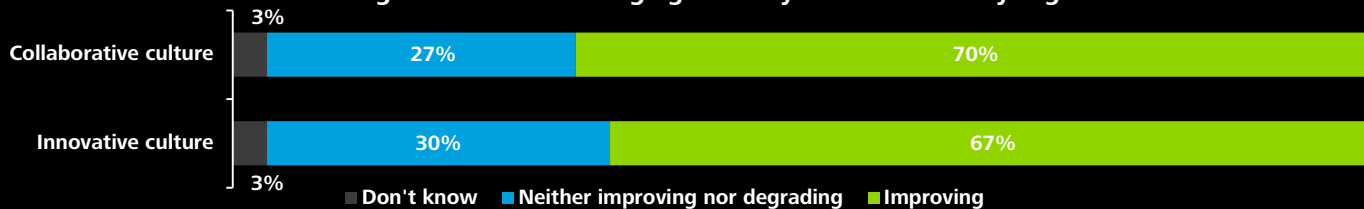
US Public Sector

- Great extent 3%
- Moderate extent 14%
- Small extent 27%

Global

- Great extent 5%
- Moderate extent 18%
- Small extent 35%

69% 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 Public Sector
Don't know	26%	22%
No	46%	59%
(Improving)	28%	19%

- Don't know
- No

67% globally say digital trends improve collaborative culture

65% globally say digital trends improve innovative culture

Digital trends are changing these dynamics within my organization:

	Don't know	Neither improving nor degrading	Improving
Collaborative culture	3%	27%	70%
Innovative culture	3%	30%	67%

- Don't know
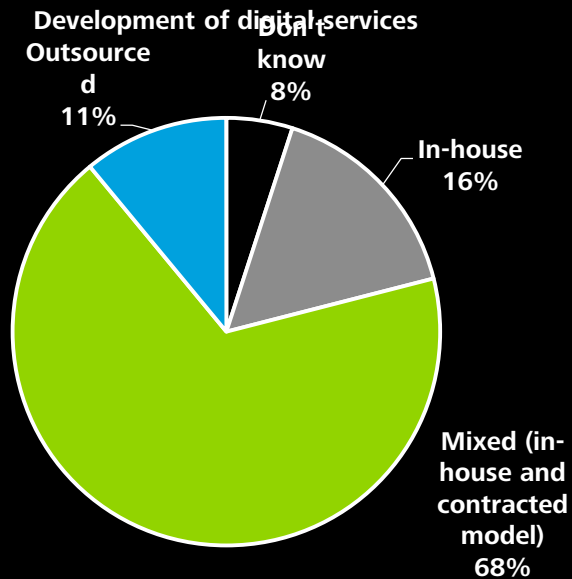- Neither improving nor degrading
- Improving

PROCUREMENT

76% find procurement to be a challenging area to manage in their organization's transition to digital

62% say that government procurement needs to change significantly or very significantly to accommodate digital transformation

43% 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 Public Sector	**Global**
1. Rules/regulations	1. Rules/regulations
2. Lack of flexibility	2. Lack of flexibility
3. Onerous terms and conditions	3. Procurement skill sets

Development of digital services

- Don't know 8%
- In-house 16%
- Outsourced 11%
- Mixed (in-house and contracted model) 68%

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

	US Public Sector	Global
Agile development process	39%	45%
Less restrictive terms and conditions	22%	31%
Less control from the center	16%	21%
Modular development	12%	20%
More open to small and medium-sized companies	10%	19%
Shorter contract periods	7%	10%

■ US Public Sector ■ Global