

Modernizing Government – Global Trends: KPMG Report

- Overview of the Report
- A Customer Centric Public Sector
- A Trusted and Agile Public Sector
- A Public Sector Centered on Technology and Data
- Eight Critical Capabilities of a “Connected Enterprise”



Image Source: KPMG International

JOINT COUNCILS' EXECUTIVE MONTHLY REPORT

Developed by the Research Committee

July 2021

1. Introduction

KPMG International recently published a report titled, [*Modernizing Government – Global Trends*](#). The report examines global trends in public administration by examining the evolving strategies of eight major economies, including Canada.¹

According to the report, the COVID-19 pandemic (“the pandemic”) revealed inefficiencies in government operations (i.e. IT, supply chain, and back office limitations). However, the pandemic’s disruptive impact also provided government organizations around the world with a golden opportunity to re-imagine service delivery by accelerating remote work, agile policy making and rapid service design.

The findings of the report highlight that **“the future of government is customer-centric, agile, digitally responsive and inspired by future changes”**.² KPMG’s report has been selected to be featured in this Executive Report because the trends highlighted in the report align with many of the discussions had within the Joint Councils in past months (i.e. strategies across jurisdictions to improve client experience and digital transformation efforts).

1, 2. [KPMG Modernizing Government: Global Trends](#)
3. [IMF Annual Report 2020 | A Year Like No Other](#)

Why is this Report Important?

KPMG’s report [*Modernizing Government: Global Trends*](#) warrants a highlight for the following reasons:

- The report is extremely topical (published in May 2021)
- According to the International Monetary Fund’s 2020 Annual Report³, “COVID-19 triggered an unprecedented global fiscal response of about US\$12 trillion”. In order to successfully manage the large debt caused by the pandemic, governments must abandon traditional ways of thinking and doing.
- The report presents an opportunity for countries to examine their efforts towards a modern government by reviewing the trends and recommendations that emerged from the study.

What is Covered in this Executive Report?

This report includes the following:

- Introduction
- Overview of the Report
- A Customer Centric Public Sector
- A Trusted and Agile Public Sector
- A Public Sector Centered on Technology and Data
- The Eight Critical Capabilities of a “Connected Enterprise”

2. Report Overview

KPMG's report, [Modernizing Government: Global Trends](#), highlights that digitization will play a critical role for governments to adequately respond to the massive economic disruption and debt caused by the pandemic. Digitization will also be imperative for governments to catch-up to the changing needs and expectation of their clients.

Forward-looking governments are responding to the current and future context shaped by the pandemic by increasing “investment in revolutionary technologies, platforms, systems and processes”. These investments are enabling governments to be more responsive, cost-efficient, and customer-centric.

According to the report, the success of government in the 21st-century public interest is dependent on⁴:

- Collaborative public-private partnerships between various levels of government and businesses;
- Digital technology and cloud platforms;
- Customer centricity; and
- Support from new and upskilled civil servants.

Global Trends: The Future of Government

The findings of the report highlight three global trends to illustrate what the future of government will look like. These trends are summarized below⁵:

The future is
customer centric

The future is
trusted and agile

The future is
centred on
technology and
data

KPMG Insights on the Future of Government

The report also offers insights on what factors will support governments in the future. These insights are summarized below⁶:

Look beyond
yesterday's
borders

Leverage best
practices and
lessons learned
from other
jurisdictions to
address today's
public sector
problems

Attract and retain
the next
generation of civil
servants

Recruit with
purpose and
upskill current
employees to
introduce critical
new skills needed
for the digital era

Modernize risk
management in
government

Implement a
dynamic risk
framework to
accelerate
program
development,
delivery and
performance

3. The Future Will Be Customer Centric

Today's clients are more informed, connected, and demanding than ever before. The pandemic has shifted client expectations around Customer Experience (CX). Clients now expect the "highest standards of personalization, choice, speed, satisfaction and security in every digital interaction". Clients also want to be treated like valued customers when interacting with government organizations.

According to the report, the drastic shift in client needs and expectations provides a unique opportunity for government organizations to increase their CX capabilities to thrive in the new digital era.



Global Trends on CX (According to KPMG)

Government organizations around the world are focusing on improving CX efforts. The three trends to enhance CX governance include⁷:

1. Tasking public servants (i.e. Chief Customer or Experience Officer) to oversee the improvement of CX efforts.
2. Following the lead of organization leading CX (i.e. Treasury Board of Canada) to learn from best practices and facilitate stronger CX-related requirements for government departments.
3. Governments are expected to pass more CX-related bills containing mandates related to enhanced service standards, technology, monitoring and reporting.

KPMG Recommendations

- Place clients "at the heart" of government policies to ensure the needs and evolving public values are adequately met.
- Government leaders should "evolve the culture within and across their government entities by establishing a new outward-looking mindset, providing citizens with the opportunity to co-design government services via their input and feedback".
- Ensure horizontal system-wide platforms are in place to break down organizational silos and enable multi-channel access to clients.
- Ensure public sector employees are provided with the appropriate training and toolsets to provide successful CX to clients.

4. The Future Will Be Trusted and Agile

The pandemic proved the ability for government organizations to significantly strengthen their agility. Levels of government increased their collaborative efforts and implemented innovative initiatives (i.e. the launch of new services, benefits and emergency processes) to respond to the emergency needs of the public and reduce service delivery response times.

These rapid changes represent a shift from traditional government operations. Prior to the pandemic, governments were typically slower moving and required significant time and resources to plan, balance conflicting requirements and demands in order to develop strategies that meet the needs of clients. According to the report, this shift towards a more responsive and agile government will increase public trust in government organizations over time⁸.



Global Trends on Trust and Agility (According to KPMG)

- The [2020 Government at a Glance](#) report by the Organization for Economic Co-operation and Development (OECD) found a 51% boost in public trust in government during the pandemic. This could be caused by public reliance on government response efforts early during the crisis.⁹
- Despite this increase, the 2021 Edelman Trust Barometer reported a global trend that the private sector has replaced government as the most trusted institution (in 18 of the 27 surveyed countries).¹⁰
- Government organizations globally aim to continue to strengthen and sustain public trust by rebuilding the trust ecosystem through a people-centric approach to policy making and service delivery.
- However, the global shut down revealed vulnerabilities in government's production strategies and supply chains to distribute services to clients. The rapid distribution of COVID-19 vaccines to populations heightened the need to restructure and modernize supply chains and procurement functions.

KPMG Recommendations

- Stakeholder engagement and co-design is imperative to ensure government remains responsive, agile, and that clients are supportive of changes (especially in the post-pandemic environment). Collaboration with stakeholders should be conducted early and on an ongoing basis. The feedback gathered from clients should be leveraged to consistently refine service design.
- It is vital for governments to establish visibility over all key supply chains to maintain agile and trusted operations. To do this, governments should leverage technology and data (i.e. predictive toolsets) to provide "comprehensive visibility across supply chains while also delivering new capabilities to quickly identify and remediate emerging shortfalls".
- Agile government is flexible government. The "new normal" has shifted the demands and preferences of employees (i.e. remote work arrangements). Government should embrace and adapt to this change and provide the tools needed for employees to operate successfully.

8. [KPMG Modernizing Government: Global Trends](#)

9. [OECD: Government at a Glance 2021](#)

10. [The 2021 Edelman Trust Barometer](#)

5. The Future Will Be Centered on Technology and Data

Digital technology has improved the ability for government organizations to offer effective and accessible services to clients. Globally, governments are emphasizing an omni-channel approach to service delivery to enable citizens and businesses to find and access services through their channel of choice.



This modern digital ecosystem requires government to break out of traditional silos and focus on four key components¹¹:

- A centralized data-exchange platform
- Secure online identification authentication
- Modern legislation governing data use and sharing
- New and upskilled talent that can facilitate emerging technologies that deliver a seamless customer experience to clients

Global Trends on Technology and Data (According to KPMG)

- The 2020 Harvey Nash/KPMG CIO Survey reported that government investment in technology increased by 5% globally at the start of the pandemic. This was caused by the urgency for government organizations to transform their CX strategies, invest in security, and move a significant portion of their workforce to remote working environments.¹²
- As the pandemic continues, the top three investment areas for national, state and local levels of government include: cloud, CX and security.
- Data protection and privacy concerns remains a key challenge for levels of government to share and centralize client data.

KPMG Recommendations

- Address concerns regarding privacy and data sharing by implementing data protection safeguards. This will be imperative to assure clients that their data is being appropriately managed and shared within and beyond departments and agencies for the purposes of improving public sector services.
- Governments should leverage data and technology to unlock evidence-based insights to support decision making. This will increase the ability for government (at all levels) to effectively identify, respond to and anticipate public needs and expectations.
- Implement cyber security protocols to strengthen internal operations and encourage trusted data sharing.

11. [KPMG Modernizing Government: Global Trends](#)

12. [Harvey Nash / KPMG CIO Survey 2020: Everything changed. Or did it?](#)

6. The Future of Government Demands a Connected Enterprise

KPMG's report, [Modernizing Government: Global Trends](#) highlights eight critical capabilities of a “connected enterprise”. According to the report, organizations that are able to achieve moderate or significant progress on all eight of these critical capabilities have a greater likelihood of:

- Delivering CX that exceed expectations
- Successfully executing on one or more customer-centric objectives
- Generating a return on investment (ROI)
- Accelerating digital transformation efforts

The eight critical capabilities of a “connected enterprise” include¹³:

#	Capability	Definition
1	Insight-driven strategies and actions	The ability to harness data, advanced analytics, and actionable insights with a real-time understanding of the customer and the business, to shape integrated business decisions.
2	Innovative products and services	The ability to develop compelling and innovative policies and services to deliver outcomes and drive a positive customer experience.
3	Experience-centricity by design	The ability to design seamless experiences for customers, employees, and partners, supporting the customer value propositions and delivering business objectives.
4	Seamless interactions and transactions	The ability to interact and transact with customers, partners, and stakeholders across policy, services, and communication channels and achieve measurable results.

#	Capability	Definition
5	Responsive operations and supply chain	The ability to operate the enterprise with efficiency and agility to fulfill the customer promise in an efficient and effective way.
6	Aligned and empowered workforce	The ability to build a customer centric organization and culture that inspires people to deliver on customer outcomes.
7	Digitally enabled technology architecture	The ability to create intelligent and agile services, technologies, and platforms, enabling the customer agenda with solutions that are secure, scalable, and cost-effective.
8	Integrated partner and alliance ecosystem	The ability to engage, integrate, and manage partners to increase speed, reduce costs, mitigate risk, and close capability gaps to deliver customer outcomes.



For Further Reading

- [How government organizations can meet and beat technology expectations to scale](#)
- [Gov't-private partnership needed in digitalization](#)
- [Turning civic design promises into realities](#)
- ["When Government Is Easy, Government Is More Popular"](#)
- [Pilot to help upskill Australians for the digital sector](#)
- [Why trust is critical for exceptional service experience](#)

Other noteworthy articles:

[Augmented, Virtual Realities Hold Promise for Government](#)

[Want to be data driven? Start by understanding your data](#)

[Do we care about digital privacy?](#)

[Robust Citizen Services Demand Government IT Modernization](#)

[Key Takeaways: Forrester Wave for Digital Experience Platforms, Q3 2021](#)

Research Repository

Access the Citizen First [Research Repository](#).

Recent entries on the research repository:

[Usability Testing in Government](#)

This report is titled: Usability Testing in Government. The report explores: The Importance of Usability Testing, Types of Usability Testing, Steps for Successful Testing, and Key Considerations.



Trends in the Daily Newsletter



According to a recent article in [The Mandarin](#), the COVID-19 pandemic caused a sudden shift in the workplace to a remote working environment. These new working conditions changed the office forever and requires organizations to develop strategies that build culture, enable innovation and encourage the best talent. To do this, organizations must assess the benefits and downsides of remote working environments, as well as hybrid models.



A recent [study](#) on cybersecurity statistics revealed that data breaches exposed 36 billion records in the first half of 2020 alone. Going forward, a move to decentralized identity solutions is essential to ensure data privacy and security. By facilitating end-to-end technology run on blockchain, decentralized solutions enable private information to be shared securely, while users remain in full control of their data.



A recent article in [Brookings](#) reported that the more public services focus on digitization as the next step in their evolution without proactively addressing the digital service design divide, the more digitization disconnects the least connected. Internet access on its own is not enough if services remain inaccessible. Public governance and service design should build services that acknowledge disparities and create a balance that prevents them from becoming a driver of inequality and conflict.



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