



# Seven pivots for government's digital transformation

How COVID-19 proved the importance of "being" digital

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# COVID-19: A tipping point in governments' digital transformation

**O**VER THE PAST two decades, many governments have undergone significant digital advancement, from the early e-government efforts during the dotcom era to the user-experience-fueled launch of government digital service units and the adoption of commercial IT practices. While they made progress, governments became wired but not transformed. Too many still focused mostly on digitizing front-end services while postponing the tougher issues of fundamentally reengineering underlying government operations, processes, and systems.

Then came the pandemic, a historic pivot point for government's digital transformation. COVID-19 vaulted government headfirst into the next stage of digitization. From telehealth to telework, virtual courts to virtual education, rarely in modern history have we seen so many large-scale experiments in government rolled out so quickly and at such a massive scale.

But the pandemic also demonstrated just how far many government agencies still must go to become truly digital-first organizations. Surges in demand for benefits often couldn't be accommodated. Websites crashed. Call centers were overburdened. Telehealth and virtual learning were often slow to scale.

We surveyed 800 government officials globally across eight countries to assess COVID-19's impact on government's digital transformation globally (see sidebar, "Study methodology"). Nearly three-fourths of respondents indicated that COVID-19 has accelerated their government's digital transformation, yet 80% of respondents believe that their organizations' digital efforts haven't gone far enough.

Governments should take advantage of the current momentum and lessons learned over the past year and a half to push forward on the path to becoming a truly digital enterprise, one better able to thrive in a fast-changing and uncertain world. This study offers a road map for how to get from here to there.

## STUDY METHODOLOGY

This study is based on a survey of more than 800 government executives across eight countries with varied sectors and levels of governments (see Appendix). The survey also included 2,000 executives from the private sector sampled across industries.

Qualifying responses came from organizations with at least US\$100 million in annual revenue and headcount greater than 500. Respondents also had to indicate they were "very" or "highly" knowledgeable of their organizations' digital transformations.

We analyzed these responses to understand the digital maturity of organizations sampled. Respondents were asked to rate the degree to which their organization experienced a positive business impact from each of the seven digital pivots. Responses for each pivot were summed together to score their aggregate impact, with higher scores indicating greater maturity. Organizations were then partitioned into high, medium, or low maturity according to a normal distribution.

See the appendix for detailed respondent demographics.

# What “being digital” looks like for government

**B**EFORE THE PANDEMIC, agencies were primarily “doing digital”—that is, leveraging digital technologies to enhance their capabilities but still largely relying on legacy operating models. COVID-19 propelled many governments into the next stage of digital transformation. Seventy-seven percent of government agencies say that digital transformation initiatives pushed during the

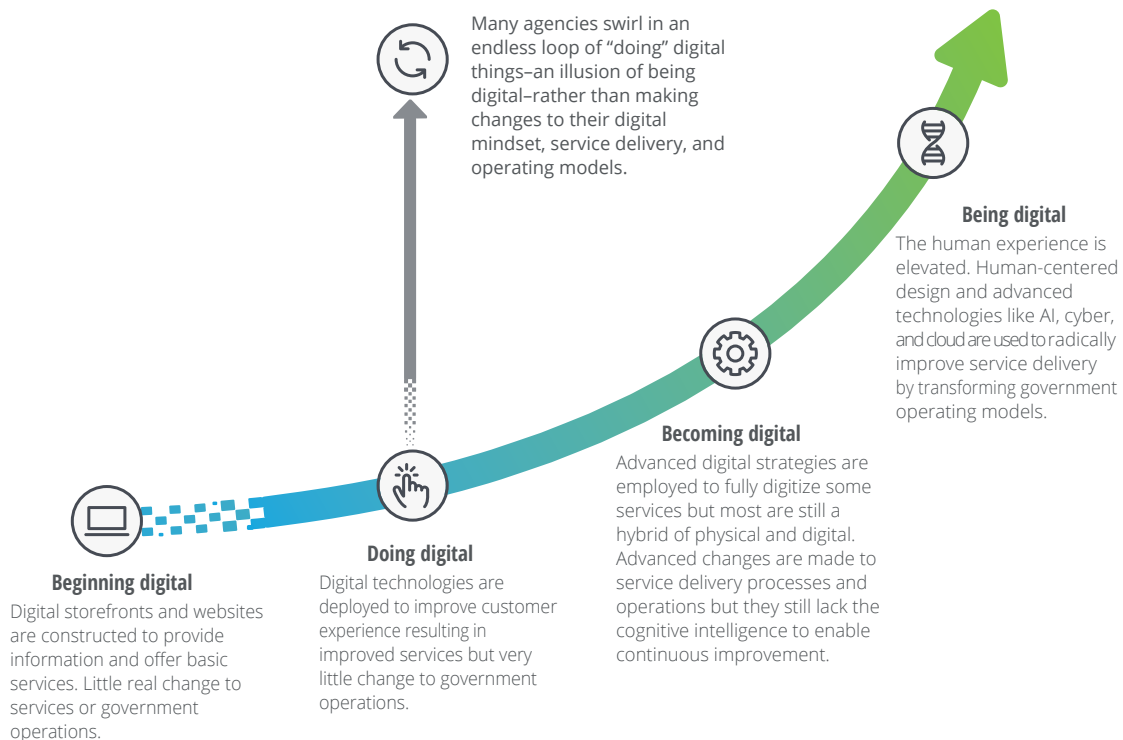
pandemic are already having a positive impact on their organization.

They’re “becoming digital,” doing the work to embed digital technologies and processes deeper into their organizations. Even with all the progress, more work is required to truly “be digital.” (figure 1.) When government organizations reach this stage, they’ll use technologies such as AI, cyber, and cloud to

FIGURE 1

## Governments must move from “doing” digital to “being” digital

Too many government agencies feel that developing digital services is adequate for becoming a digital organization; however, digital transformation focuses on fundamentally shifting an organization’s operations and mindsets from “doing” digital to “being” digital.



Source: Deloitte analysis.

elevate the human experience and radically transform service delivery and back-office operations. At the heart of digital transformation is moving from ad hoc application of digital to designing and implementing digital technologies so that they are embedded across the organization and in its DNA.

Governments that have reached the “being digital” stage consistently use digital to achieve better mission outcomes. To help understand what constitutes “being digital” further, we have broken down the characteristics into two parts: service delivery and government operations.

## Service delivery

Service delivery characteristics directly impact the services offered by a government to its constituents. Some key components are:

**Personalization:** The service is tailored to the individual's needs, interests, and circumstance. The service provider tries to understand its customers and create a customized experience as opposed to taking a “one size fits all” approach.

**Frictionless experience:** Accessing the service often requires little to no effort on the part of the consumer—there are no hoops to jump through, no demands for information, no frustrating barriers. Think of “one-click” shopping or other apps that make it easy to get what you want fast.

**Pro-active (based on life events):** By this, we mean the move away from traditional department-based service delivery and toward a life-event approach. A life-event trigger does two critical things: First, it starts service delivery without the constituent necessarily needing to be involved. Second, it starts multiple types of services arising from a single life event (see sidebar, “Pro-active digital delivery in Estonia”).

**Omnichannel strategies:** These strategies help deliver a consistent experience across multiple channels. A true omnichannel strategy meets constituents where they are and within the context of their life (for example, by phone, in-person, web, mobile, etc.) while also accounting for realities such as environments with low or no internet bandwidth as well as digital literacy and accessibility gaps.

**Universal digital identity:** Unique digital identifiers open the door to integrated data and a seamless citizen experience, enabling dramatic leaps in service quality, massive efficiency gains, and the move to a digital delivery model.

**Anticipatory:** Government anticipates needs and potential problems based on data analysis. Just as Netflix anticipates its viewers' wants, queueing a new video as the credits roll, governments will need to deliver more seamless, personalized digital platforms that proactively serve citizen and business needs.<sup>1</sup>

## Government operations

Government operations characteristics are more back end in nature. They enable agencies to create robust technological platforms coupled with talent resources to achieve their mission. In many cases, of course, robust back-end government operations go hand in hand with improving front-end service delivery. Components that can help governments achieve digital maturity with operations include:

**Once only:** Enabled by a digital ID, citizens and businesses need only provide their information to government once, thus improving the user experience and reducing administrative burdens. Implementing once only requires interoperable data systems.

**Resilience:** Digital technologies enable capabilities that can provide strength and agility in

recovering and responding effectively to disruptions. This entails the ability to quickly pivot during disruptions in response to new threats and opportunities (nimbleness); the ability to meet sudden increases (or decreases) in demand amid disruptions (scalability); and the ability to maintain operational excellence while rapidly pivoting and scaling (stability).

**Digital DNA:** Research indicates that organizations with Digital DNA embedded into their organizations (a set of 23 traits ranging from agility and fluidity to constant disruption and morphing team structures) can achieve their goal of becoming digitally mature better than others.<sup>2</sup>

**Real-time data intelligence:** Data is an elemental value driver. Harnessed as a digital catalyst, it can help agencies make key decisions by analyzing divergent data sources to achieve mission outcomes, whether reducing improper payments or detecting cyberthreats.

**Platforms:** Procure or develop modern digital technology platforms that are agile and flexible, and allow organizations to iterate and evolve based on user feedback. Such cloud-based flexible platforms are being used in countless ways from

building security clearance systems to developing integrated AI solutions.<sup>3</sup>

Digital-first government organizations go well beyond implementing discrete technologies in silos. “Being digital” is about technology convergence that can create transformative synergistic power.

Achieving a digital government with these characteristics will require working through hard problems involving privacy, governance, and data-sharing, to name a few considerations. “Being digital” is not only about deploying sophisticated technology. Ultimately, the goal is to uncover opportunities to better address constituents’ needs by applying innovation, design, and digital technologies to existing services and creating new ways of delivering services.

In addition to building sophisticated technological capabilities, “being digital” requires a mindset shift—and the talent and cultural capabilities that go along with it. We’ve captured these points in the seven key digital pivots we outline later in the study.

The end goal is not a static point. Being a truly digital government requires continued change.

## PROACTIVE DIGITAL DELIVERY IN ESTONIA

Estonia’s revamp of its family benefits systems includes almost all of the key characteristics of “being digital.” For example, before fall 2019 in Estonia, 97% of parents had to apply for one or more of 10 types of family benefits that are linked to the life event of a child being born. To get the allowance, parents would provide the required details along with supporting documents to officials. Officials would go through the forms, calculate the benefits manually, and then grant the benefits. It took about two hours for officials to process each application.<sup>4</sup>

In October 2019, Estonia’s Social Insurance Board (SIB) launched a proactive family benefit service where parents don’t even have to apply to receive any of the family benefits, making it a frictionless experience. The agency developed an automated IT system that sends a query to the Estonian National Population Register every night to get data on new births and the names of newborn children and their parents. The system fetches data for eligible parents from other data systems

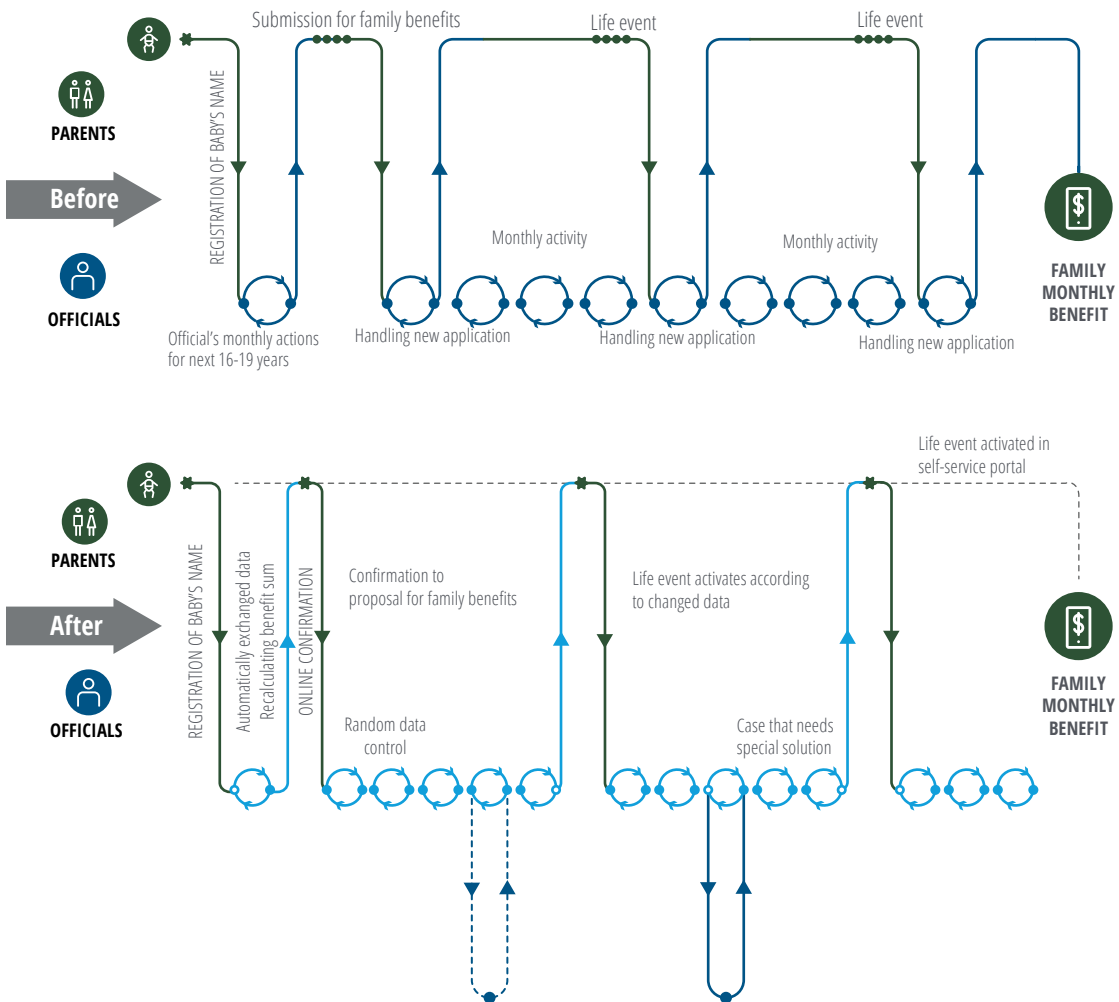
to understand who is eligible for benefits and the total amount of benefits they're eligible for. (For instance, it validates data on income and employment status from the Tax and Customs Board.<sup>5</sup>) The system exchanges data using digital ID and follows the principle of once-only by not reaching out to parents again for information it already has.

After collecting all of this information, SIB proactively populates the benefits data on the self-service portal. Once parents hit the confirm button, the money is automatically transferred to their accounts. The process used to take two hours and now takes just 30 seconds.<sup>6</sup>

SIB's proactive family benefits service shows how it isn't enough to digitize front-end service delivery to provide anticipatory and personalized service delivery. Being truly digital requires a fundamental change in how governments think about service delivery and the underlying back-end systems that support such services.

FIGURE 2

### Estonia's revamped family benefits services are now frictionless



Sources: Adapted from Nortal; Deloitte analysis.



# Where governments’ digitization priorities currently lie

“BEING DIGITAL” IS the end goal, but different agencies are driven by different rationales. Some are driven by modernization while others are driven by the need to be innovative.

“Being digital” also represents a wholesale reinvention of *how governments can meet citizens’ demands* and expectations, delivering customer experiences on par with b-to-c companies. This ranks among our survey respondents’ top three priorities (figure 3), which isn’t surprising. In 2019, 80% of US federal agencies scored “poor” or “very poor” on Forrester’s US Federal Customer Experience Index, compared with only 14% of brands in the private sector.<sup>7</sup>

As evidenced by the pressure faced by legacy IT systems during the early part of the pandemic, *modernization* also figures at the top of the digitization agenda for most government respondents. The Nebraska Department of Motor Vehicles modernized its 30-year-old vehicle titling and registration system. In the legacy system, the data was distributed into 95 databases. The distributed databases were not user-friendly and were difficult to manage.<sup>8</sup> In 2019, the agency migrated to an integrated system that can register 2.5 million vehicles annually and collect nearly \$720 million in revenue. The modernized systems enabled the agency to simplify forms, automate manual processes, and offer more online services. For instance, organizations using fleet services can complete their registration process online and users can check the status of specialty plates online.<sup>9</sup>

And, of course, the ability to *innovate faster* is a hallmark of “being digital”: 79% of higher-maturity government agencies cite innovation as a strength versus 7% of lower maturity agencies.<sup>10</sup>

Galvanizing faster innovation is one of the key benefits of modern, cloud-based infrastructure,<sup>11</sup> as well as agile development. For instance, the US Department of Homeland Security launched the Procurement Innovation Lab (PIL) to promote innovation and risk-taking by offering continuous feedback and sharing best practices across departments.<sup>12</sup> PIL has been able to cut the procurement cycle by 20% to 50% in each of the procurements in which it has been involved.<sup>13</sup> Given PIL’s effectiveness, the US federal government is looking to replicate the PIL model in at least four agencies in 2021.<sup>14</sup> Similarly, regional and state governments should also make sure that agile procurement approaches adopted during the pandemic sustain post-COVID-19.

The pursuit of greater resilience—the ability to quickly recover from unexpected shocks—also ranked among governments’ top digital transformation priorities. The power of digital capabilities to bolster resiliency has been displayed throughout the pandemic. For instance, the United Kingdom’s Government as a Platform approach provides reusable, shareable, and interoperable architecture so government services can be developed quickly and easily with less cost. With the help of tools such as GOV.UK Notify, and GOV.UK Pay, both central and local governments have been able to ensure speedy service delivery during the pandemic. For instance, by adding GOV.UK Pay’s payment

link functionality within one day, the UK Home Office was able to create an online payment portal within weeks to support payments that previously required the staff to be present onsite.<sup>15</sup>

While different government agencies have different rationales for their digital transformation, the fact is they just can't focus on only one area. They need to be modern, innovative, resilient, and citizen-centered to truly *be digital*.

FIGURE 3

### Ranking of most common rationales for digital transformation cited by government and commercial respondents

| Top rationale for digital transformation    | Government (global) | US government | Corporate |
|---|---------------------|---------------|-----------|
| We need to modernize/keep up with the times | #1                  | #1            | #2        |
| To enable us to innovate faster             | #2                  | #2            | #1        |
| Meeting citizen demands/expectations        | #3                  | #4            | N/A       |
| To become more resilient                    | #4                  | #3            | #4        |
| Delivering on agency's mission              | #5                  | #4            | N/A       |
| To comply with regulations                  | #6                  | #6            | #6        |
| Changes in our industry require it          | N/A                 | N/A           | #3        |
| Competitor moves require it                 | N/A                 | N/A           | #5        |

Source: Deloitte analysis.

# How to get there: Seven digital pivots

**B**ECOMING A TRULY digital government requires the development of a broad array of assets and capabilities, which we term digital pivots, enumerated in figure 4. As mentioned earlier, applying these pivots would result in government services that have core characteristics of “being digital” (figure 5). The majority of government officials who participated in our survey reported that these digital pivots are having a positive impact on their organization. Mature organizations consistently derive value out of all the seven pivots whereas less mature organizations derive value from a few of the pivots.

## Data mastery

Data mastery is more than building master data management (MDM) systems or data lakes to empower senior executives to make decisions. It’s about a seamless flow of structured and unstructured data and making data and systems interoperable within and between agencies to enable front-line workers to understand customers and customize service delivery. Sixty-seven percent of high-maturity agencies in our survey reported that they were seeing a significant positive impact from their use of data, compared to just 10% of lower-maturity agencies. Data mastery also focuses on getting a suitable regulatory and legal framework in place to access and share data between agencies. Governments can

FIGURE 4








## The seven digital pivots to propel an organization’s progress toward digital maturity

|   |  |   |
|---|--|---|
|  | <b>Data mastery</b>                          | Aggregating, activating, and connecting siloed, underutilized data by embedding it into services and operations to increase efficiency and enhance service delivery   |
|  | <b>Flexible, secure infrastructure</b>       | Implementing technology infrastructure that balances security and privacy needs with the ability to flex capacity according to demand   |
|  | <b>Digitally savvy, open talent networks</b> | Retooling training programs to focus on digital competencies, and staffing teams through flexible, contingent talent models to rapidly access in-demand skill sets and flex the organization’s workforce based on the organization’s need                                 |
|  | <b>Ecosystem engagement</b>                  | Working with external business partners including R&D organizations, technology incubators, and startups to gain access to resources such as technology or people to increase the organization’s ability to improve and innovate  |
|  | <b>Intelligent workflows</b>                 | Implementing and continuously recalibrating processes that make the most of both human and technological capabilities to consistently produce positive outcomes and free up resources for higher-value actions  |
|  | <b>Unified customer experience</b>           | Delivering a seamless customer experience built around a 360-degree view of the customer that is shared companywide so that customers experience coordinated digital and human interactions that are useful, enjoyable, and efficient in immersive, engaging environments |
|  | <b>Innovation and new business models</b>    | Innovating the organization’s array of business models by adopting new business models to adapt to changing constituent needs and improving service delivery  |


Source: Deloitte analysis.

FIGURE 5

## Application of digital pivots to “being digital” characteristics

| Being digital characteristics | Digital pivots   |   |   |  |   |   |  |
|-------------------------------|--|---|---|--|---|---|--|
|                               |  Data mastery |  Flexible, secure infrastructure |  Digitally savvy, open talent networks |  Ecosystem engagement |  Intelligent workflows |  Unified customer experience |  Innovation and new business models |
| <b>Service delivery</b>       |  |   |   |  |   |   |  |
| Personalized                  | ✓  |   | ✓   |  | ✓   | ✓   | ✓  |
| Frictionless                  |  |   |   |  | ✓   | ✓   |  |
| Proactive                     |  |   |   |  | ✓   | ✓   | ✓  |
| Omnichannel                   | ✓  |   | ✓   | ✓  |   | ✓   | ✓  |
| Universal digital identity    | ✓  | ✓   |   | ✓  |   |   |  |
| Anticipatory                  | ✓  |   |   |  | ✓   | ✓   | ✓  |
| <b>Operations</b>             |  |   |   |  |   |   |  |
| Once-only                     | ✓  | ✓   |   |  | ✓   |   |  |
| Resilience                    |  | ✓   | ✓   | ✓  |   |   |  |
| Digital DNA                   |  |   | ✓   | ✓  |   | ✓   | ✓  |
| Real-time data                | ✓  | ✓   |   |  |   | ✓   |  |
| Platforms                     | ✓  | ✓   |   |  | ✓   |   | ✓  |

Source: Deloitte analysis.



**Being digital characteristics enabled by data mastery**

**Personalized**

**Omnichannel**

**Universal digital ID**

**Once-only**

**Anticipatory**

**Real-time data**

**Platforms**

Data mastery is fundamental to create the profile of a constituent that enables personalized and anticipatory services

also consider allowing citizens to opt-in for data sharing in exchange for a more unified experience.

### PIVOT IN PRACTICE: NORTH LANARKSHIRE'S MDM

North Lanarkshire Council developed an MDM system for its citizen portal that provides online services ranging from having a pet microchipped to applying for permits for home repairs or accessing council data. The system forms the backbone of the citizen portal and connects disparate systems to provide a single data repository about every citizen. Citizens can access and edit information such as their name, address, postal code, and other details. This allows citizens to provide information only once and enables the council to have a 360-degree view of citizen data.<sup>16</sup>

### Flexible, secure infrastructure

This pivot calls for deploying a technology infrastructure that balances security and privacy needs with flexible, scalable capabilities. This entails embracing cloud infrastructure and a cloud-native environment; using agile and DevSecOps methodologies; and implementing a robust cybersecurity strategy, among other elements. As the pandemic forced governments to dramatically scale government services, agencies saw the importance of flexible, scalable, and secure infrastructure. Sixty-seven percent of government

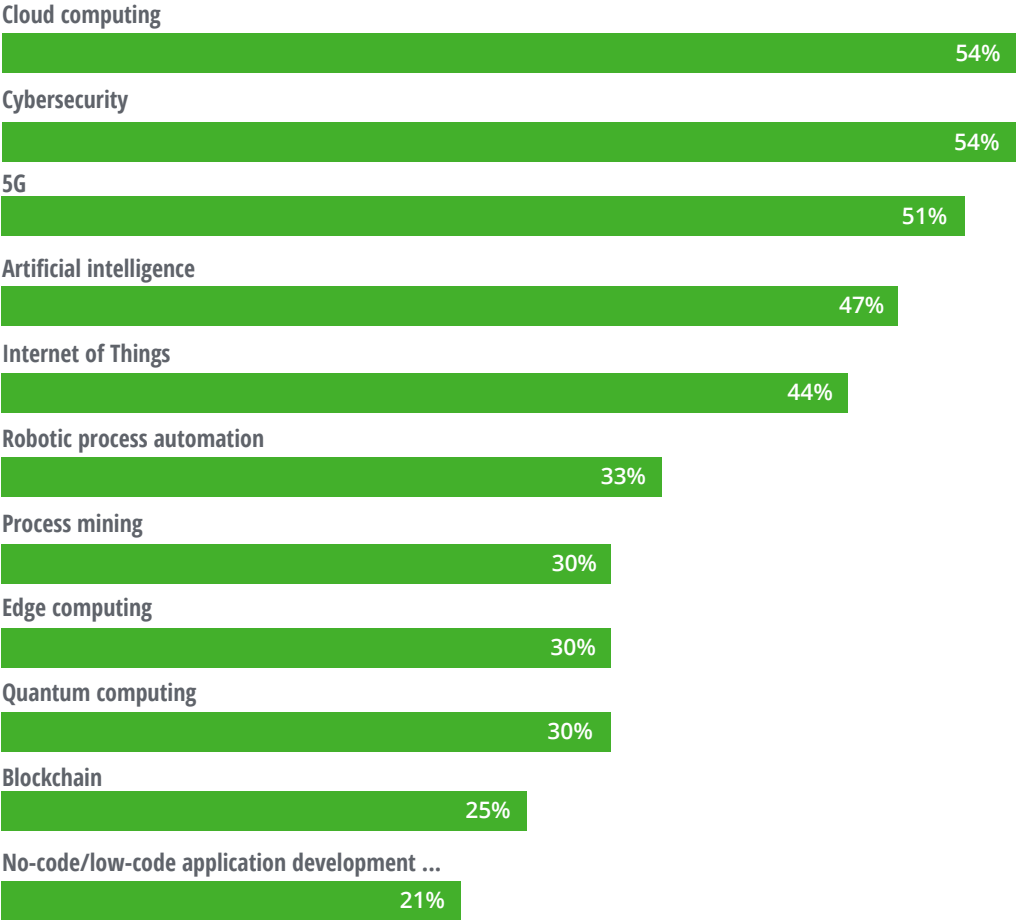
executives reported an increase in financial commitment to digital transformation despite budget pressures brought about by the pandemic.<sup>17</sup>

Government executives understand the significance of agile and DevOps methods, with 83% reporting that they are positively impacting their organization. Further, cybersecurity (54%) and cloud computing (54%) top the list of technologies that are expected to play an important role over the next two years in digital transformation (figure 6).

FIGURE 6

### Cybersecurity and cloud computing are expected to play an important role over the next two years

Which of these technology families will play an important role in your digital transformation over the next 12 to 24 months?



Source: Deloitte analysis.

**Being digital characteristics enabled by flexible, secure infrastructure**

- Universal digital ID
- Once-only
- Resilience
- Real-time data
- Platforms

Flexible, secure infrastructure can enable governments to securely exchange data, scale services when needed, and create trust among the constituents on privacy and data concerns

### PIVOT IN PRACTICE: RHODE ISLAND UNEMPLOYMENT INSURANCE SYSTEM MODERNIZATION

During the pandemic, many governments needed flexible infrastructure and hence aggressively moved to the cloud to scale their services. For instance, Rhode Island modernized its unemployment insurance contact center during the pandemic using cloud technology. Within 10 days of migrating to the cloud, the state went from a capacity of 75 concurrent calls to 2,000. “This project proved we can be more agile and get fast, high-value results for our state and our constituents. It’s time to innovate and see how we can make the user experience better when people really need us,” says Scott Jensen, director of the Department of Labor and Training.<sup>18</sup>

### Digitally savvy, open talent networks

Talent is undoubtedly crucial to digital transformation. The *digitally savvy, open talent network* pivot includes approaches that allow

agencies to tap into the right talent at the right time. These include hiring digitally savvy employees, upskilling existing talent, using contingent labor, and even leveraging the power of the crowd through challenges and competitions. Digitally mature agencies are four times more likely to indicate that digitally savvy talent is positively impacting their organization compared to less mature organizations.

Government agencies will need a step change in increased sophistication of technical skills such as data science. The demand for technical capability is likely to outpace the supply for some time, making it necessary for governments to find innovative ways to meet their talent needs, such as partnering with universities, recruiting temporarily from industry, and reskilling their workforce.

Digital transformation is also shaking up leadership ranks in many government agencies, indicating that digital transformation is a leadership imperative and not limited to just the IT function. Seventy-five percent of government executives say their digital transformation has led to major changes in their senior leadership team.

**Being digital characteristics enabled by digitally savvy, open talent networks**

- Personalized
- Omnichannel
- Resilience
- Digital DNA

Digitally savvy, open talent networks can plug the digital talent gaps for governments and enable personalized experiences across multiple channels by inculcating digital DNA. Contingent labor also enables organizations to stay and not say resilient during disruptions such as the COVID-19 pandemic

### PIVOT IN PRACTICE: US FEDERAL AGENCIES RESKILLING AND UPSKILLING THEIR EMPLOYEES

Many governments are reskilling and upskilling their employees for the digital era. In July 2021, the General Services Administration launched the IT Acquisition University, an on-demand learning portal for federal IT professionals to learn about innovation, emerging technologies, and other developments that impact federal modernization and procurement projects. Meanwhile, the US Army, through its Quantum Leap program, aims to reskill 1,000 of its 15,000-civilian IT workforce by 2023. The program would focus on retraining employees in cloud engineering, data engineering, data architecture, and software development.<sup>19</sup>

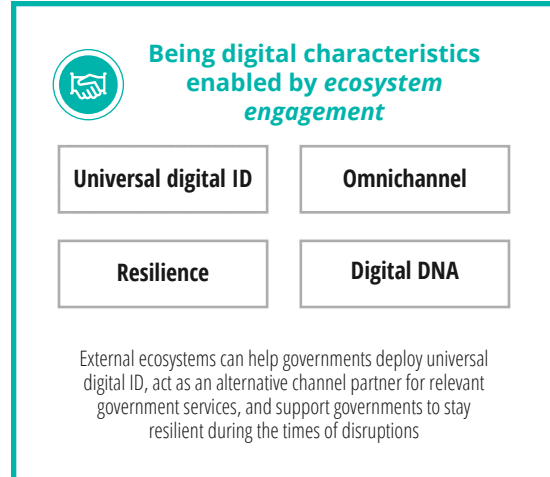
## Ecosystem engagement

Governments can effectively tap into external ecosystems to achieve their digital transformation goals. During the pandemic, many governments turned to the private sector and universities for a range of issues from developing therapeutics to building IT infrastructure that can withstand the surge in demand for government services. Eighty-five percent of respondents say that engaging with external partners is positively impacting their agencies. More than 80% also indicated the same for the use of contractors.

Ecosystem engagement also means avoiding “not built here” biases, where organizations will default to custom-building things that industry has already solved. Why build when commercial off-the-shelf technology or platforms could better or more quickly address the given problem?

### PIVOT IN PRACTICE: UK TECHFORCE CHALLENGE

The UK government’s Techforce19 challenge funds innovative projects from organizations that can find ways to support vulnerable populations



including new parents, the homeless, unpaid caregivers, young people, and cancer patients. The challenge received more than 1,600 applications and the government selected 18 companies to award them up to £25,000 to develop solutions. One of the selected solutions included an app that can capture vital signs through connected medical sensors such as a stethoscope and pulse oximeter to help caregivers triage the elderly’s health needs.<sup>20</sup>

## Intelligent workflows

This pivot calls for streamlining core processes and workflows, using automation (such as robotic process automation [RPA] and cognitive automation) to perform repetitive tasks, and supporting staff with artificial intelligence-powered tools. Eighty-three percent of government executives report that process automation is making a significant positive impact on their organization. It helps agencies gain efficiency and speed by eliminating redundant data entry, improving data quality, and reducing errors. This enables agencies to reduce paperwork, cut backlogs, and overcome resource constraints. Further, technologies such as RPA can also help reduce costs.

**Being digital characteristics enabled by intelligent workflows**

- Once-only
- Frictionless
- Platforms
- Proactive
- Anticipatory
- Personalized

Intelligent workflows can enable government organizations to provide no-touch and frictionless services and allow agencies to implement once-only principle by exchanging data based on rule-based engines

### PIVOT IN PRACTICE: AUSTRIA'S FAMILY ALLOWANCE

Intelligent workflows can enable no-touch government, where services are provided digitally and automatically, often without the need for citizens to even initiate the transaction. Austria, for example, has a system in place since 2014 wherein the birth of a child triggers enrollment in the country's family allowance program without citizens having to apply for a claim.<sup>21</sup> The review and payment process is automated via data transfers between hospitals, local tax offices, and other institutions, freeing up government staff to perform other tasks.<sup>22</sup>

## Unified customer experience

Fully 73% of government executives say that enhancing the citizen experience has become a higher priority post-COVID-19 but few have achieved a unified, **end-to-end digital experience** developed from the customer's point of view, accessible anywhere, anytime, and from any device. Constituents don't care about organizational charts, and they certainly don't want

to spend time hopping from one agency's website to another, trying to find out who can help them. They want to get their questions answered or their transactions completed in a few simple steps. They're like shoppers who've grown tired of visiting a different store for each item they need.

A fundamental reason why governments tend to be challenged here is that, often, no one owns the end-to-end customer experience. Different organizations tend to own parts of it, resulting in an uneven experience. How can this be fixed? Organizations can appoint a chief experience officer, institutionalize a culture of customer

**Being digital characteristics enabled by unified customer experience**

- Personalized
- Frictionless
- Omnichannel
- Proactive
- Anticipatory
- Digital DNA
- Real-time data

Focusing on unified customer experience can allow agencies to offer personalized, anticipatory, and frictionless services

experience, and invest in digital experience platforms to support personalized citizen and business experiences.

### PIVOT IN PRACTICE: FINLAND'S AURORA AI

Finland is using AI to personalize services to individual citizens. Its Aurora AI program proactively organizes services based on life events



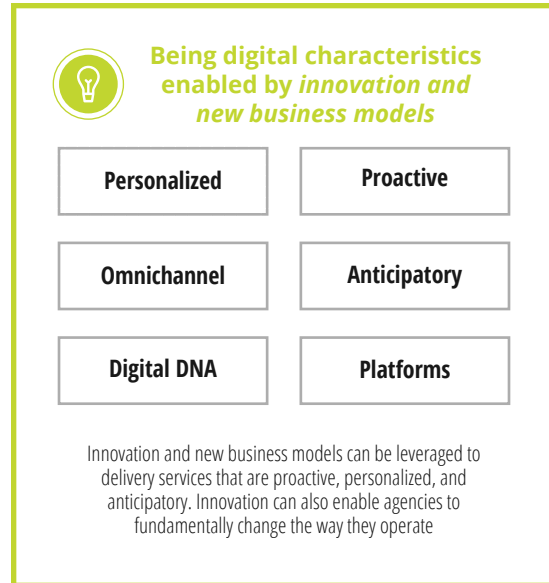
to provide seamless service delivery to citizens and businesses.<sup>23</sup> Aurora might, for example, recommend the most popular classes to a worker in need of retraining due to the pandemic.

Such digital experiences should be accessible for a range of people with a range of conditions and capabilities. Governments should work to close the digital divide and develop inclusive services that can be accessed by nondigitally native citizens as well.<sup>24</sup>

## Innovation and new business models

The clash of new technologies and old business models is a big challenge for many government leaders today. Prior to COVID-19, only 34% of respondents indicated that creating new business models was a primary objective of digital transformation. Only reducing costs (31%) had a lower response rate, indicating a lack of enthusiasm in governments to use digital technologies to revamp operating models. However, our survey results show that this is changing in the wake of the pandemic. In response to COVID-19, 72% of respondents now say that creating new business models through digital transformation is a high priority for them.

The confluence of digital technologies such as AI, cloud, blockchain, and more enable new possibilities for government to deliver services to citizens in entirely new and more effective ways. But these transformative results may only be possible if government agencies can break free from traditional ways of doing business and explore new models of service delivery.



### PIVOT IN PRACTICE: ESTONIA USING AI TO FIND SUITABLE JOBS FOR UNEMPLOYED

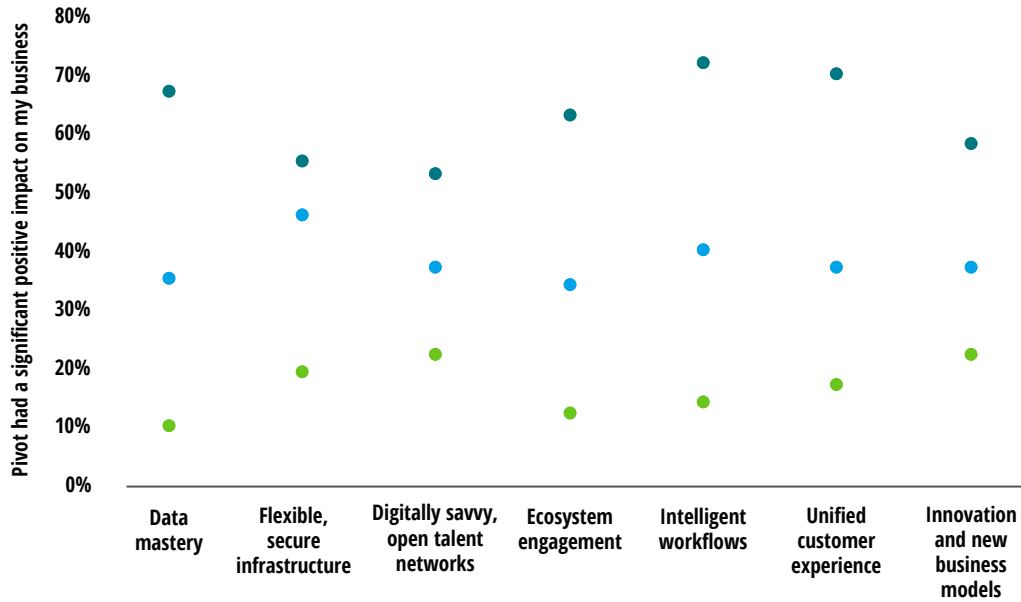
Estonia uses an AI-powered matching engine to find suitable jobs for the unemployed. Around 72% of candidates who joined new jobs through the AI system were still employed six months later, compared to 58% of those advised by human officials.<sup>25</sup>

The value that government agencies derive from the pivots is highly dependent on their approach to digital transformation. Highly mature organizations derive value out of all the seven pivots, whereas less mature organizations derive value from flexible and secure infrastructure and the digital talent. A huge gap exists between digitally mature and less mature organizations when it comes to deriving value out of data mastery, a unified customer experience, and intelligent workflows. To move up the maturity curve, less mature agencies should focus on bridging the gaps on these three pivots. (figure 7).

FIGURE 7

### Less mature agencies are behind in extracting value out of key pivots

● High digital maturity ● Mid digital maturity ● Low digital maturity



Source: Deloitte analysis.

# Governments can't afford to lose the digital momentum

Many government organizations intensified their digital transformation efforts in response to the needs and external drivers that surfaced or intensified during COVID-19. Indeed, they've found that they have been able to drive more change, faster, than they had thought possible. Governments should build on this experience to commit to a faster pace of digital transformation.

Ninety percent of highly mature agencies we surveyed agree that they are already seeing the

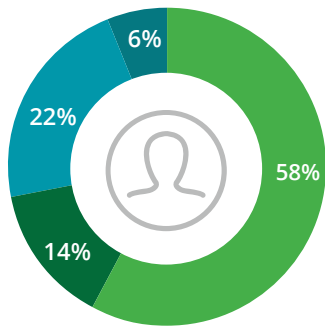
benefits of digital initiatives launched during the pandemic, compared to 55% of low-maturity organizations. And 79% of government executives say that in five years, all successful agencies will have extensive digital capabilities.

As organizations invest in their digital future, lessons learned over the past 18 months can ensure that they do so strategically—pushing well beyond “doing digital” initiatives to “being digital” through and through.

# Appendix

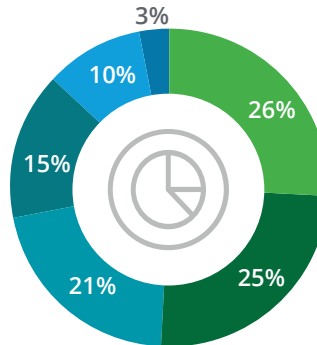
## Respondent profile

Respondents by title



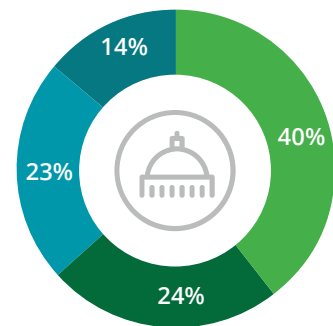
- C-suite
- VP or equivalent
- Director
- Senior manager or equivalent

Respondents by sector



- Health and social care
- Civil government
- State, local, and higher education
- Federal health
- Defense, security, and justice
- Internal donor organizations

Respondents by level of government



- Federal/central government department or agency
- State/province department or agency
- City/local department or agency
- Quasi-government organization (hospitals, universities, etc.)

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