

IBM's response to "Digital Britain"

Online Public Services are a proxy for Digital Britain



12th March 2009

IBM welcomes the debate on Digital Britain. The current economic environment offers an almost unique opportunity to transform the way UK business works – to become more efficient and subsequently more competitive. We should take advantage of this clear mandate for change to transform and prepare our economy for recovery. Given that the public sector is a substantial part of the economy, the current climate also offers the opportunity for the further transformation of public services, as new models of providing these services can be introduced.

IBM believes one of the key indicators of the achievement of Digital Britain will be the ability of citizens to do business with government online.

In the 2009 annual survey of e-readiness by the Economist Intelligence Unit, the UK was ranked eighth out of 70 countries. Not too bad until you consider that, comparatively, the UK was in fifth position in 2006 and seventh in 2008. However, there are a number of reasons for this apparent regression, which could be turned around through attention to key policies and levers for change.

The digital government maturity model:

By “do business” we mean complete transactions, not just gather or provide information. Our analysis indicates that there are four “ages” in the journey to “digital government”:

Online Government	Interactive Government	Integrated Government	Smarter Government
<ul style="list-style-type: none"> ▪ Putting information and some services online. ▪ Tends to be limited to form filling or are simple single agency services. ▪ Little integration with other departments and citizens may be asked to repeat transactions with multiple departments (such as for change of address). ▪ Significant efficiency savings can be achieved: fewer resources are required to provide services through lower cost channels. ▪ Most governments around the world have made some progress 	<ul style="list-style-type: none"> ▪ Characterised by citizen portal access to services such as DirectGov and Business Link. ▪ Illusion of integration as services from multiple departments offered through the same portal ▪ More complex, multi-step transactions may also be provided ▪ Common authentication mechanisms across services may ease the proof of identity burden on the citizen. ▪ Little transformation of organisations and business processes – just a lower cost and more convenient way of accessing 	<ul style="list-style-type: none"> ▪ Real transformation of government services begins, with an associated step-change in potential benefits. ▪ Processes within and across departments are integrated where they have common functions or serve common groups of citizens. ▪ Business process management tools can be instrumental in achieving this integration ▪ At its core, the challenge is about leading and driving through successful change rather than building enabling technology. 	<ul style="list-style-type: none"> ▪ Integration of business processes across government, partners, suppliers and citizens. ▪ Convergence of physical and digital infrastructures and the proliferation of intelligent devices ▪ Strong central direction on identity management ▪ Intelligence is infused into business processes ▪ Citizens complete more complex transactions online, independently. ▪ For government, that intelligence provides the key to delivering smarter services

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Why Smarter Government make sense:

Our evidence suggests that there are many benefits to enabling citizens to transact with government online. These include:

1. Reduced costs for government of citizen self service

- DVLA has reduced the cost of taxing a car by a third through providing the service online. More than 45% of motorists now use this service.
- At IBM we took out over \$1billion of costs from our global business as a result of introducing on-line self-service capabilities for our customers. At the same time we increased our customer satisfaction rating by 5%.
- Somerset County Council (SCC) and Taunton Deane Borough Council (TDBC) expect to shift key transactions to the web and achieve demonstrable cost savings.
- The Land Register Online has improved public access to the Land Register with over 3,000 transactions per day and delivery times reduced from days to seconds, dramatically reducing the cost of delivering information to the public.

2. Reduced costs for businesses of interacting with government and complying with legislation

- DVLA now provides businesses such as car hire companies with the ability to check driver details online through their Drivers Validation Service. This reduces the cost of contacting DVLA at the same time as reducing business risk and providing an improved service to their customers.
- At Government the Whole Farm Approach enables farmers to provide a common set of information once to all of the interested agencies, reducing form filling by 15% and saving the industry £16.5m per annum.

3. Better customer service as processes take less citizen time and are better tailored to their needs

- DVLA's online car tax service avoids customers having to locate insurance and MOT paperwork and allows customers to transact 24 hours a day through more convenient channels from the comfort of their homes. Customer satisfaction and repurchase rates exceed 90%.
- As well as a 15% reduction in form filling, the Government Whole Farm Approach allows inspectors from all parts of the Government family to have a common and consistent set of information when they visit farms.
- By improving the speed with which agents can deal with customer queries, Somerset County Council and Taunton Deane Borough Council anticipate a reduction in average call handling times through the introduction of an SAP CRM suite.

4. Improved quality of service as transactions are 'right first time' with associated qualitative benefits for government (such as improved accuracy and greater compliance with legislation)

- UK drivers are now able to change the address on their driving licence online. As this service moves from pilot into public launch, DVLA expect the accuracy of their driver records to increase significantly as the new service makes it easier for customers to comply with the requirement to notify DVLA.

5. Reduction in paper and improved data quality as more information is validated on line directly

- DVLA's new online driving licence application service validates customer information as it is entered, including authentication through third parties and integration with IPS to make use of the customer's passport photograph.
- The Department for Communities and Local Government implemented a Planning Portal that has eliminated paper-based procedures, delivered a 30% reduction in rejected applications and increased the speed of processing planning applications.

6. Reduced costs of avoidable calls, error correction and rework

- With the introduction of SAP CRM / Portal, SCC and TDBC have identified a measurable reduction in avoidable calls by providing the right information to the customer setting out what will happen next with a service request and when.

7. Ability to focus skilled resources on the harder to help and those for whom the e-channel is not accessible

- As part of our Locality Based Service Delivery project for SWOne we have focused on the location of Wellington to understand its customer segments, service needs and preferences. By identifying specific priorities and associated customer types for the location, they have been able to focus resources on those harder to help. These priorities also provide a clear focus for community partners to come together bringing resources and knowledge to better address root causes and improve joined up customer service.

8. Evidence that Digital Britain is becoming a reality in government benchmarking surveys

- Improving the UK's position on the e-readiness ratings would create both a positive demonstration of progress and encourage people to believe that the UK was a good place to live and work.

So what is inhibiting progress?

Given that “e government” has been on the agenda for some time and there has only been patchy progress towards its achievement, it is evident that there are significant barriers to making it happen. These include:

- The **complexity** of the government landscape, both from an organisational and a systems point of view. Ironically, the UK is hindered by its maturity as a service provider and a user of technology. The evolution of government policy and service delivery is the subject of much academic research but few citizens understand who delivers their services: central, local or third sector. The technologies used to deliver the major services (e.g. welfare benefits) are rooted in the designs of the seventies and eighties, making them difficult to integrate and change and burdening government with substantial investment programmes simply to maintain the systems and keep up with legislative and other mandatory change requirements. Developing countries have less organisational and technological baggage to leave behind.
- **Security and privacy** have leapt up the agenda as possible barriers to change. Joining up government operations and use of citizens' data across many different applications, not just the purpose for which it was first collected, is highly emotive and challenging in the UK. Progress made in other countries has, to some degree, relied on less angst about these subjects together with strong central direction and widespread recognition of the potential benefits for citizens and government alike.
- **Limitations on management and leadership capacity**: the journey to Digital Britain from a public services point of view requires considerable leadership, focus and, potentially, investment. History suggests that even relatively modest initiatives suffer from the challenges of maintaining existing service delivery while trying to invent and implement new models.
- **Aligned incentives and rewards**: private sector lessons from the implementation of e-channels suggest that “making it happen” really mattered to the successful organisations. It became fundamental to the future of their business, rather than an activity tacked onto the side with a loosely framed objective to improve customer service and/ or reduce costs. Moving public services to e-channel delivery rarely feels like that, despite the benefits listed above. More often, the e-channel is seen as a separate entity to the core operational business or, worse, initiatives stall as the sheer impact of a move to e-channels becomes apparent in the absence of the vision and incentives necessary to make it happen.
- **Political and real concerns about creating a “digital divide”**: making public services available to those that need them is a fundamental tenet that cannot be ignored. As a

consequence, public services will always need to be “multi-channel”. This should not be seen as an obstacle to e-channels; rather it emphasises the importance for public services of moving away from the established ‘one size fits all’ philosophy to one where services are targeted at individuals through the most appropriate channels. There is also clear evidence that the more useful you make an e-channel, the more people will use it, freeing up resources to service other channels. The commitment to Universal Service is a critical signal that government recognises this issue and is prepared to act to mitigate its impact.

- **Aligning public procurement:** public procurement could be encouraged to take account of the factors that are most relevant to successfully delivering e-services, in particular: insight, innovation, experience and ability to deliver. Often these critical factors are evaluated in the long shadow of other factors focusing on ‘inputs’ (in particular cost).

Critical Success Factors:

IBM's experience of trying to overcome these barriers, at DVLA and our other clients, indicates that there are a number of key things that we must get right. These include:

- **Understand your customers:** use primary market research to understand customer needs/ expectations and segments. Appoint champions within Departments/ Agencies for key customer groups.
- **Know where to start:** Set channel strategy – use customer insight to define which services to which customer segments through which channels. Be prepared to differentiate services instead of the default ‘one size fits all’ (e.g. to target non-compliant citizens but make transacting easier for compliant citizens). Pick the service (or group of services, or customer group, etc) that will create a critical mass for the proposed e-channel(s) and make their delivery important at the most senior level.
- **Don't build for every eventuality:** Apply the 80/20 rule: build for 80% of the customer circumstances and ignore the minority of exceptions that create disproportionate complexity and cost. Target services and educate customers to minimise the likelihood of exceptions occurring. Handle exceptions through appropriate existing off-line channels.
- **Fix the basics:** e-enabling inefficient processes will only realise a fraction of the potential benefits. Push Departments/ Agencies to deliver real efficiency savings from operational processes (measured by transaction time/ cost/ etc). Set targets linked to customer expectations from the private sector rather than public sector historical performance. Use ‘lean’ to drive short term performance improvement, embed a continuous improvement mindset, and help Departments/ Agencies re-skill/ redeploy/ release surplus staff.
- **The right leadership:** The challenges are as much cultural, political and organisational as they are to do with technology. They require a different kind of leadership – entrepreneurial skills are as important as operational/ political skills.
- **Make it matter:** Establish ownership of end to end services (rather than functional silos) and incentivise performance improvement. Reward cross-Department/ Agency collaboration. Target policy and security functions with enabling (rather than policing) e-services.
- **Behave like the private sector:** Think ‘product development’ and use marketing and incentives to drive take up of e-services. Focus on core services and outsource non-core activities, e.g. those expected to decline as take-up increases. Recognise that running services in real time over extended hours (possibly 24x7) requires a different approach to operational management.

- **Partner with industry:** Take advantage of practical industry experience by engaging business owners with ICT delivery partners as early as possible (after feasibility or requirements is too late) to maximise innovation and ensure joint ownership of outcomes. Look for partnering models that reflect shared objectives (e.g. drawn from the business case, such as take up and implementation costs).
- **Prepare the ICT:** Complex brown field IT landscape and fragmented data prevalent in the Public Sector require a long term, stable ICT strategy and the governance and investment to make it happen. Fix the immediate local barriers to e-enabling priority services (e.g. batch system availability, security, data access and data quality).
- **Drive provision of enabling services centrally:** Drive data standards, focus on building confidence in security, fix authentication. Bite the bullet on enabling data sharing across departments. Initiatives like Tell Us Once and consolidation of websites into DirectGov and Business Link are the right way to go – encourage/ mandate their use by Departments and Agencies.

A call to action:

IBM believes that UK Government has the opportunity to drive the Digital Britain agenda by delivering the innovative, compelling online public services that will create the demand for this infrastructure. However, as the interim Digital Britain report recognises, this is not just about infrastructure, but it is also about the way it is harnessed to deliver smarter government services. We have identified a number of actions that will enable progress:

The Government should:

- **Identify the high potential services:** use criteria including transaction volumes, complexity, target customer groups, legislative impacts, requirement for physical tokens and authentication to build a cross-government 'heat map' identifying those services that have the most potential to be moved online.
- **Make it matter:** appoint owners for each of these high potential services, support them with necessary funding and set clear delivery targets focused on outcomes (for example, a target take up percentage by a specific date). Establish incentives (and penalties) to drive delivery.
- **Begin by fixing the basics:** for each service, use lean principles to drive short term performance improvements and ensure that services are fit for purpose before new channels are implemented. Bring business and technical insight to bear alongside operational resources to challenge established ways of working and create a vision for the future online service. In addition to reducing the cost of delivering today's services, a key benefit of this approach is the potential to reduce the cost of implementing new channels as services are simplified.
- **Apply the 80/20 rule:** build for '80%' of the anticipated circumstances and ignore the minority of exceptions that create disproportionate complexity and cost. Target services and educate customers to minimise the likelihood of exceptions occurring and, when they do, to direct customers towards appropriate existing off-line channels.

The IT Industry should collaborate to:

- **Propose standards on security and privacy:** data sharing and data loss concerns could be alleviated if there was a demonstration that the Industry had come together to fix the problem. As an industry, our intent should be promote best in class rather than lowest common denominator;
- **Engage with small and medium size businesses:** smarter government should encompass and exploit the capacity of SMEs to innovate. We could also learn from developments in other citizen centred industries such as communications and media. This would promote both better outcomes for citizens and stimulate the economy;
- **Provide education and practical experience for critical Government people:** many of the inhibitors to smarter government are related to people having the necessary knowledge and experience to drive change and take critical decisions. Getting this experience can be difficult in the current public service career structure – people often learn hard lessons on the job. If the Industry provided more secondments, shadowing and education for people in key roles, they could develop greater insight and improved capability.

Citizens and their representatives should:

- **Connect with Smarter government programmes:** smarter government needs greater involvement of citizens to enable design to be more citizen-centric and aligned with their real needs. Citizens need to be both more demanding and more willing to get involved in the design process.
- **Engage in the data sharing debate:** examples exist of citizens granting permission for their data to be used (e.g. Crossroads Bank in Belgium), to remove some of the burden when doing business with government. In the UK this burden exists (think of all the documents you used to need to take to the Post Office before electronic vehicle licensing), but is paper form and is seen to be less threatening. If agreement could be reached on how authorisation processes for data use can be given, e.g. the citizen giving blanket access, the citizen giving access on request, or the citizen giving no access, then Digital Britain could be a step closer.