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Government of South Australia

The South Australian Digital Landscape Report

A co-production between Deloitte and the Office for Digital Government

Introduction

Deloitte and the Government of South Australia have co-produced this *South Australian Digital Landscape Report* to:

- Reflect the willingness and ability of the general public to access digital government services
- Highlight the capacity and capability of the government and the local Information and Communications Technology (ICT) industry to deliver digital government services
- Briefly analyse the findings gathered from consultation with the general public, government stakeholders and the local ICT industry in order to better understand the barriers and opportunities around modernising and transforming government services using digital technology.

For decades, governments around the world have sought to improve productivity and service delivery through ICT. This has ultimately enabled governments to better connect citizens with the services they want and need, when and where they need them. This progressing trend has become critical to the future delivery of government services.

In recent years, the Government of South Australia has successfully used traditional ICT and newer digital technologies to automate many of its analogue processes – bringing services online to improve citizen and business service delivery. In response, the South Australian public has demonstrated a strong willingness to engage in this way. For example:

- Up to 60% of all government payment transactions are now completed online
- There has been a 19% growth in all online payments in the seven months to January 2015.[1]

South Australians, government included, are now in the midst of a digital disruption period that presents new opportunities beyond those offered by traditional ICT. Two thirds of businesses and government alike face major disruption from the advent of digital technologies and changing citizen expectations.[2]

The opportunity runs deeper than simply putting more forms online, or in doing the same things more cheaply and faster. At the core is the concept of business model innovation that challenges the status quo to do things differently in order to meet customers' evolving expectations and needs.

We only need to look to new services like Uber and AirBnB as clear examples of how this can occur. In both examples, neither has necessarily created a new service or replaced an existing one. Rather they've reimagined existing services and designed a new experience, which makes accessing the underlying product or service a better experience for the user and in return, users are demonstrating a willingness to use these digitally-enabled services.

Governments too are adapting their business models. The Government of Finland is working to provide a better urban transport system in Helsinki with their Kutsuplus[3] ride sharing operation. Using a smartphone, the public can request to be picked up in the metropolitan area, away from the marked bus routes, by a local mini-van network and then be dropped off at their destination. Technology enables this through automatic route calculations and payments – connecting the user with the closest mini-van. So while it may be in direct competition with the government's own public transport, it demonstrates how technology can help government services transform to better aid their citizens.

1. Service SA Statistical Bulletin FYTD Jan 2015

2. South Australia Digital disruption Digital opportunities report, 2014

3. https://kutsuplus.fi/tour

These few examples show that digital is different. Government cannot transform just by putting more forms online or by enabling more online payments. Digital transformation is about how government can use digital technologies better in order to design better services for their citizens. In this context, we define digital transformation as reimagining current government functions and agency models by transitioning them to digitally-enabled models.

The opportunities for transformation are enabled through, and underpinned by a confluence of technologies and approaches:

- User Centricity – redesigning products and services around the end recipient of the service. The 'experience' of the recipient is more important than internal processes, policies, or challenges
- Cloud Computing – access to computer power, delivered on a consumption-based model, much like existing utility services
- Mobile Technologies – accessing services on the go via smartphones, tablets, and other connected devices
- Social Media/Collaborative Technologies – using services like Facebook, Yammer, or Twitter for discovering, sharing, and collaborating, or influencing decisions and actions
- Data and Analytics – harnessing the power of data to generate insights that can be used to create new services or deliver service efficiencies.

These trends are reflected in the Government of South Australia's ICT strategy, *SA Connected*, which positions ICT as an enabler for better services to citizens. In support of this, the South Australian Premier released a *Digital by Default Declaration*, committing the State Government to transforming its services to reflect South Australia's rapid uptake of digital technology. This November 2014 declaration presents a vision to modernise and transform public services using digital technology.

The Digital by Default Declaration commits the State Government to proactively transforming its services, using digital technology. New or reformed government services will be digital by default.[4]

The *Digital by Default Declaration* commits South Australian Government digital services to:

- be available online, mobile ready, easy to use and accessible
- be designed with our customers
- offer value for money
- be implemented so that where appropriate, data can be made openly available.

In considering how the government should move forward, it's important to understand the landscape in which it will operate:

- What is the public's willingness to interact with government via new channels?
- How prepared is the government for reimagining and delivering services via new channels?
- What is the capability and capacity of the local ICT industry to support this transformation?

In this inaugural report, we set out to provide a view of the South Australian digital landscape through three lenses; the public, government, and ICT industry.

4. http://dpc.sa.gov.au/digital-default

Contents

Part I

Developing the Digital Landscape Report

To prepare this report, Deloitte was engaged by the Office for Digital Government to consider the South Australian digital landscape through three lenses (the public, government, and the local ICT industry). The purpose of this assessment was not to challenge the status quo or provide recommendations, but rather to seek the facts and make that data available on the data.sa.gov.au website (in a machine-readable format).

A series of interviews, surveys and focus groups were completed.

The Public

The consultation with the public was undertaken through a series of focus groups managed in collaboration with market research company, Square Holes. These sessions gathered unprompted perceptions from real people about their willingness and ability to interact with the government via digital channels. Different demographics were targeted, including people living in rural areas and people with accessibility requirements. This qualitative data was then correlated with the quantitative information from a number of other data sources, collected via desktop research.

The Government

The public sector was engaged via a series of senior executive interviews and staff surveys. These were conducted in parallel with a global Deloitte study on digital government transformation. An executive-level one-on-one interview was designed, supported by a survey for collecting quantitative data. Leveraging this model allows government to benchmark its readiness against government bodies from around the world. In total, 14 senior executives across government were interviewed and 350+ staff from across government were invited to respond to the survey. A total of 86 people took part in the online survey.

Figure 1: Respondents primary domain within government

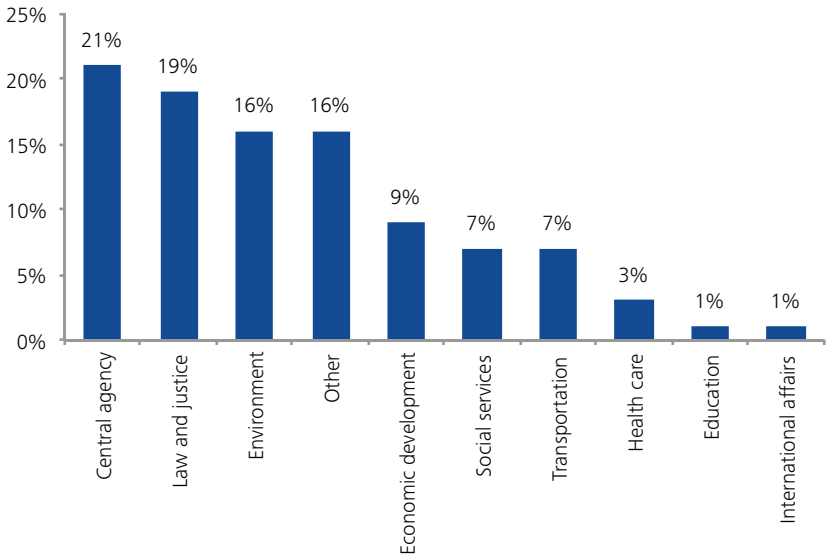
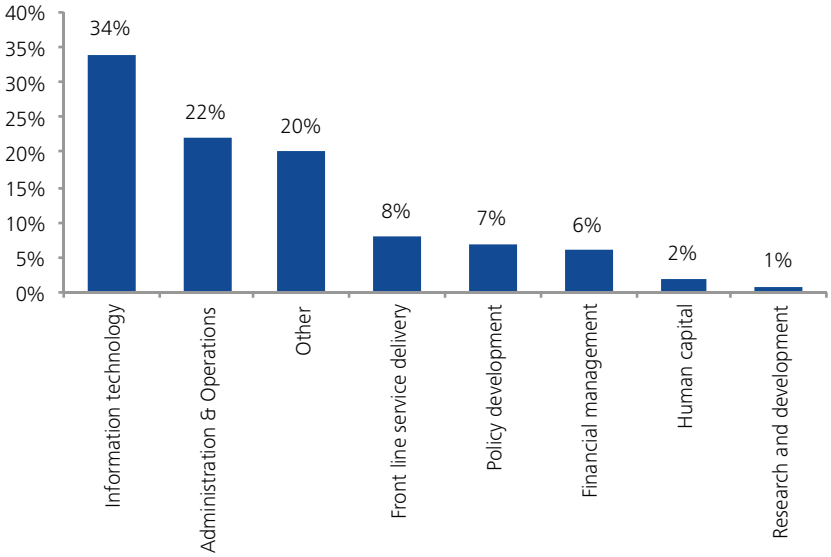


Figure 2: Respondents primary function within government



The ICT Industry

Local ICT industry organisations were surveyed online with the assistance of the Australian Information Industry Association, digital industry association AIMIA, Majoran, and the Australian Computer Society – who all sent the survey to their members. A total of 88 people participated.

Figure 3: Which best describes your organisation type?

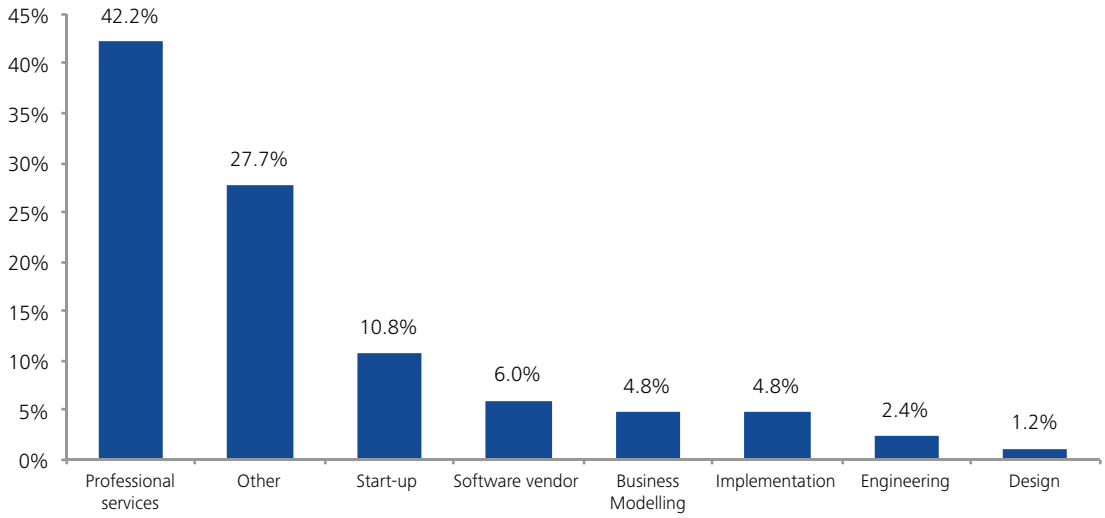
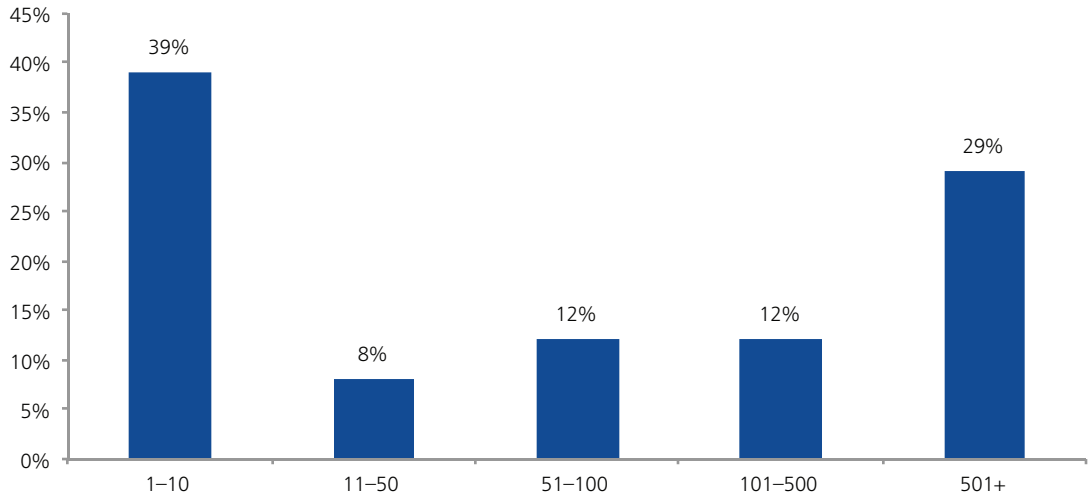


Figure 4: How may staff does your organisation employ?



Part II

Key findings

People expect digital

Research and behavioural observations indicate that the general population is willing to engage via digital channels. Further, engaging with government via digital channels is no different. As one of the largest users of smartphones in the developed world, Australians' use of mobile technology to consume the Internet, conduct research, and purchase products is all on the rise.[5] This acceptance of mobile technology and ubiquitous connectivity came through in the comments received. Government is now being challenged to meet the expectations of a public that is increasingly connected by delivering targeted, quality services.

> "I use my mobile for both personal and business, anything I can use it for I will use it for."[6]

While the public doesn't expect everything to be delivered digitally, they expect it to work when it is. Digital technology provides an opportunity to improve service access. When done correctly, it should not be an impediment. The public still need other options, as digital services don't work for everyone – whether that's through preference or due to locality, and so the choice of traditional channels should be maintained.

Government is responding, but recognises there are some challenges

Government recognises that digital disruption creates more opportunity than threat. It is an opportunity to leverage new digital capabilities to deliver better services to the South Australian community. There is a need to respond to the increasing demand and expectations of the public. Additionally, engagement with the public, industry, and businesses must sit at the heart of the design process.

For the best outcome, the government's transformation agenda must be delivered with a strategic approach. Chief Executives indicated they are all, in one form or another, on a journey of transformation. However, they talk about this in varying terms of an Information Management or ICT strategy rather than a digital transformation. This approach is reflected in the survey respondents' lack of awareness of a clear and coherent digital strategy.

> "What we've had is … what we call an ICT master plan"[7]

Government is also challenged in how it engages with the ICT industry. The current mix of in-house and contracted resources has traditionally been technology-led, but digital transformation needs a new approach and future partnerships and delivery models will need to look broader than the current definition of the ICT industry.

There are new opportunities for the ICT industry

There was universal agreement from both industry and the public sector that the ICT industry is ahead in digital capabilities. There is national and international experience within the local ICT market that the government should be leveraging better.

Beyond this sharing of experience though, there are other opportunities presented by government that the ICT industry must consider. In the context of digital transformation, agile delivery and optimal user experience were seen to be most lacking by government over technological savviness. Recognising that this is different to traditional ICT development creates new opportunities for the ICT industry to further develop and market in this changing environment.

5. ACMA snapshot research, m-Commerce: Mobile transactions in Australia June 2014, http://www.acma.gov.au/theACMA/engage-blogs/engage-blogs/Research-snapshots/m-Commerce-Mobile-transactions-in-Australia

6. Workshop participant, Group 1, 18-40 y/o, Metro Adelaide

7. Interview with Department Chief Executive, March 2015

Part III

The Public's Digital Landscape

The public have a willingness to use digital

All the evidence tells us there is a seismic shift in the public's adoption of digital technology. There is a generation approaching for whom mobile (or digital) access will be their first choice and their expectation.

- Australia has 81% smartphone penetration, the fifth largest in the developed world[8]
- More than 80% of 14-34 year olds use their smartphone while watching TV
- There is an average of 3.6 Internet-connected devices in each household[9]
- 76% of people purchased goods or services online in 2012-2013.[10]

The message from both the focus group participants and statistics on current levels of digital government engagement supported these findings. Many South Australians are ready for greater government digital capabilities. It is expected that these services would improve their interaction and engagement with government more broadly.

Based on the discussions, the important considerations include:

- Confidence, trust, and willingness to use government digital services are impacted by negative perceptions or prior experiences with inefficient and ineffective government processes, rather than by perceptions of the viability of digital technology itself.
- Digital alternatives offer key benefits including speed, accessibility, and ease of use. However, the ability to choose phone, face-to-face, and paper-based options is crucial for those who prefer these traditional channels.
- New government apps and websites must work seamlessly and be supported by education and awareness programs. Any minor blips in the user experience will erode the trust, confidence, and willingness to use that digital service. First impressions are critical and enduring.

8. Deloitte Media Consumer Survey 2014
9. Nielsen report, Australian Multi Screen Report Q3 2014
10. ABS Household Use of Information Technology, Australia, 2012-13
11. Workshop participant, Group 1, 18-40 y/o, Metro Adelaide

> "It has to be done properly; the government stuff is uninteresting as it is, so if it's clunky then it will just be too hard."[11]

- New mobile applications need to be simple and centred on one clear benefit or function, rather than trying to provide too much content/information or too many functions. Bank apps are good examples, as they do not offer all the content and access that the corresponding website would, but they do provide the functionality that is required by most users for most occasions.

> "I trust my financial institution more now because I utilise their apps more regularly and I feel like I have greater access, so there's the potential that the same may occur with the government."[12]

- Not everything needs to be digital; don't convert services just for sake of converting. This is a shared view across both the public and senior government.

> "We're not trying to change just for the sake of changing."[13]

With this increase in digital engagement, citizen expectations also grow. It's no longer about point-to-point transactions and payments. Digital technology enables citizens and businesses to have a more personal relationship with government. The question for government is how can they leverage this willingness to interact over new channels and move to a 'service oriented' rather than a 'department oriented' model?

12. Workshop participant, Group 1, 18-40 y/o, Metro Adelaide
13. Interview with SA Government Chief Executive, March 2015

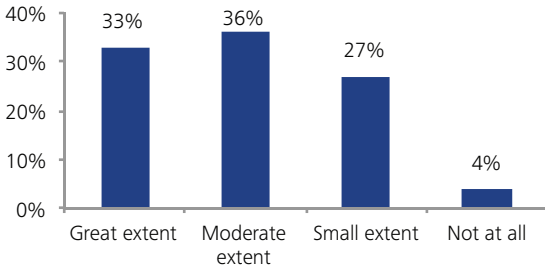
Part IV

The Government's Digital Landscape

Government is being disrupted

Conversations with senior executives across government highlighted the different stages of the same journey that many departments are on. We spoke with departments across a range of portfolios, including those involved in the delivery of both public and internal-facing services. They all recognised the increasing digital sophistication of the individual and the departmental operating environments as key consideration points in how services are provided in the future.

Figure 5: How much has your domain area been impacted by digital trends?



When surveyed, public sector staff identified that digital disruption is more of an opportunity than a threat. They recognise that a digitally-enabled government is better on all fronts and there are opportunities to work better and improve the dynamics relating to citizen service quality and the culture of innovation and collaboration.

Figure 6: My organisation views digital technologies as an opportunity and a threat

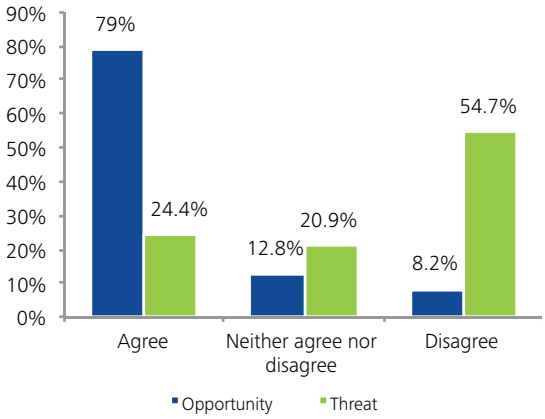
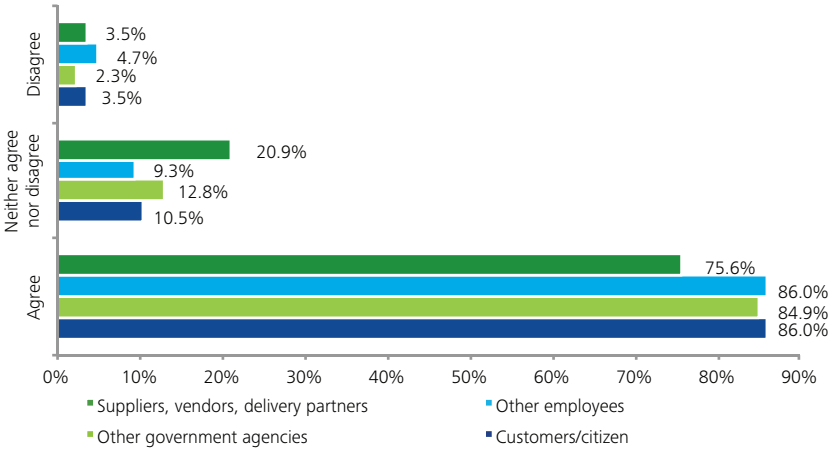


Figure 7: Digital technologies and capabilities enable employees at my organisation to work better with the following



Clear and coherent strategy

When working within this disrupted environment, it is extremely important to have the right leadership and a clear strategy in place. There was clearly mixed satisfaction regarding how government is responding. Respondents felt that the leadership is there, however, a clear and coherent strategy is still missing. When speaking with leaders, they all expressed varying levels of maturity in the delivery of their strategy. Some were working through ten year master plans; others were still developing and documenting their strategy.

When asked about the challenges departments were facing, the top two challenges identified for digital transformation were funding and the prioritisation of projects. Having a clear and coherent strategy documented, shared, and championed could address both these concerns.

Figure 8: Our organisation has a clear and coherent digital strategy

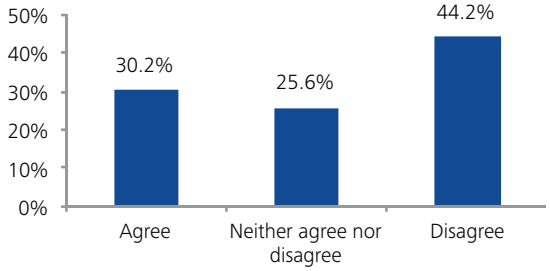
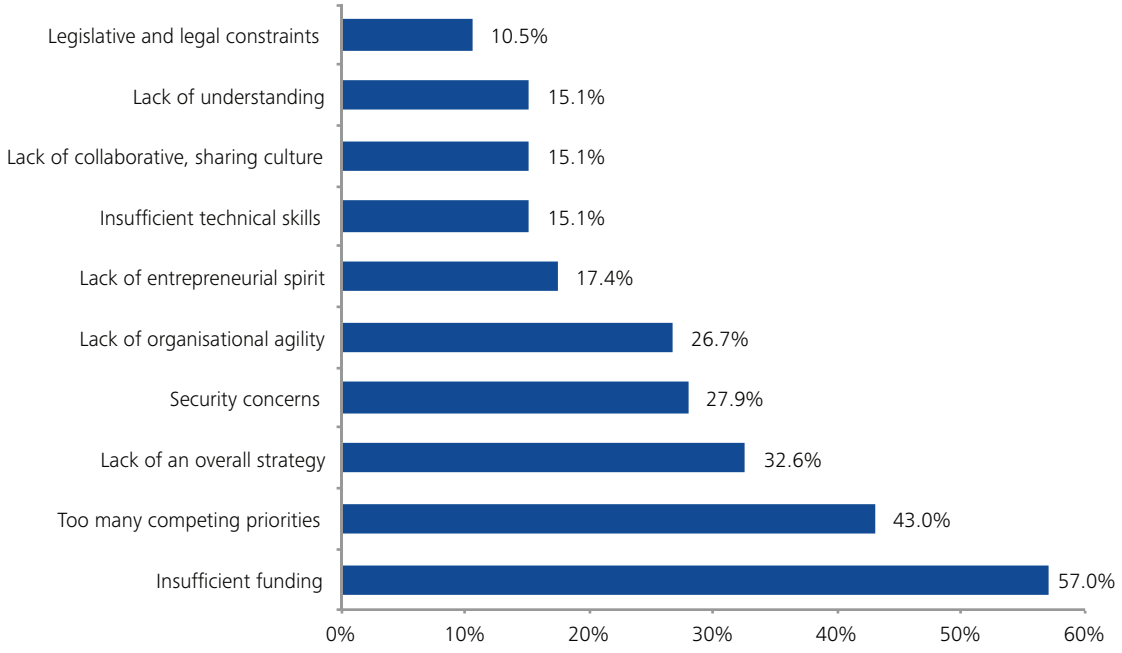
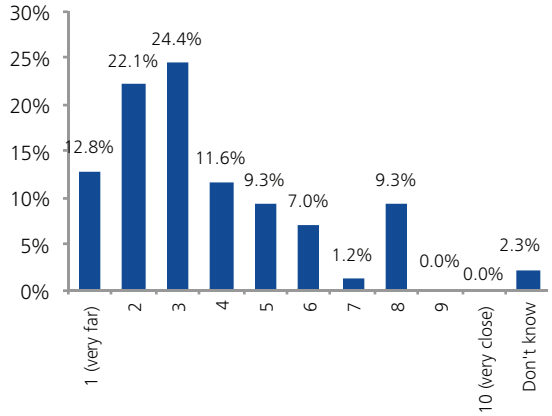


Figure 9: What barriers are impeding your organisation from taking advantage of digital trends? (Top 10 – respondents were asked to select their top 2)



While a common set of key challenges were identified, there was a mixed response in the approach and levels of maturity across government. It was clear from all respondents that government was still a long way from the ideal of what a digital government could look like.

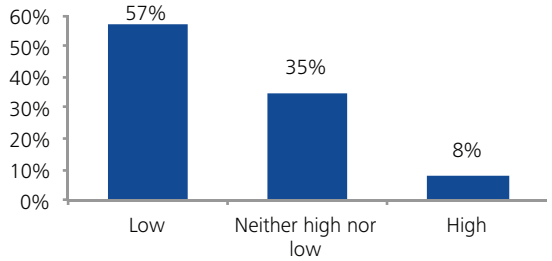
Figure 10: Imagine an ideal organisation transformed by digital tools and capabilities that improve processes, engage talent across the organisation, and drive new and value-generating business models. How close is your organisation to that ideal?



Placing the citizen at the centre

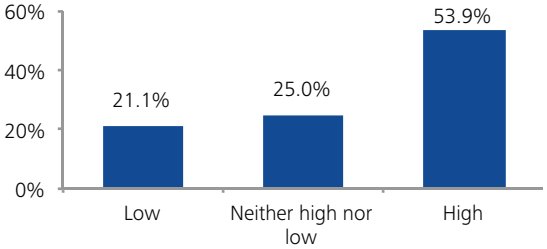
Citizen co-creation is at the centre of the Premier's *Digital by Default Declaration*. From the senior executive interviews, it was clear that there is a mixed and inconsistent approach to engaging with citizens and businesses in designing new service models. Survey responses were consistent with the finding that this could be done better.

Figure 11: What is the level of involvement of customers / citizens in co-creating digital services for your organisation?



In contrast, more than half of industry respondents indicated they had experience in the co-design of government digital services.

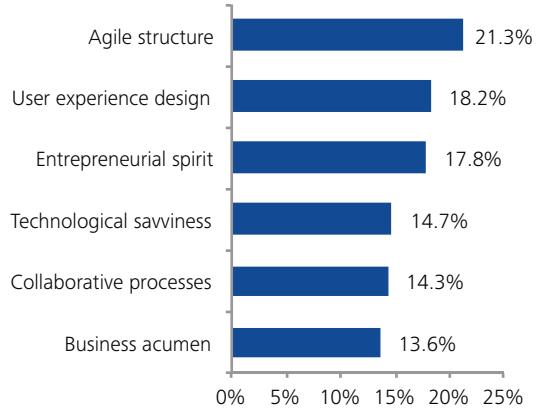
Figure 12: To what extent does your organisation have experience in working directly with customers and citizens in co-designing Government digital services?



Working with Industry

There is broad recognition that digital is different; this is not about 'tuning the engine' with technology, this is about reimagining existing service delivery models that make the best use of the digital technology available. Business model innovation, user experience, and design are all necessary components when reimagining the future of government service delivery. Investing in these capabilities will best deliver value on the government's investment.

Figure 13: Which of these categories is most lacking in your organisation?



Among the survey participants, there was strong consensus that the private sector understands digital service delivery better and that moving forward, procurement of these new services and capabilities must look different to today's landscape of traditional technology procurement.

Figure 14: How do you think your organisation's digital capabilities compare to the private sector?

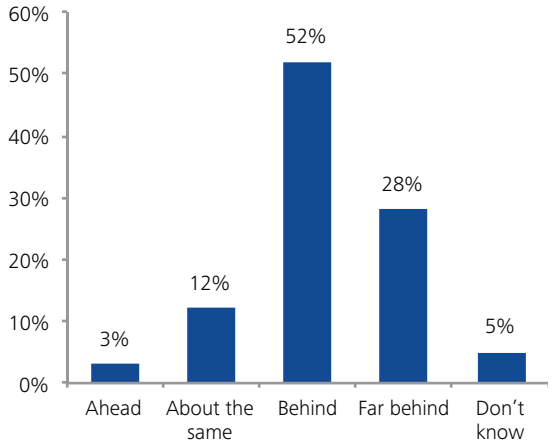


Figure 15: How significantly does government procurement need to change to accommodate digital transformation?

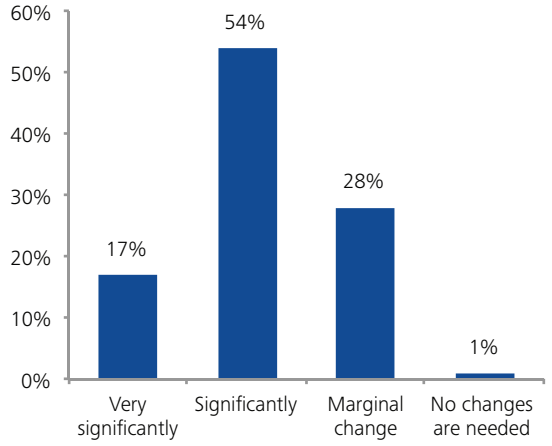


Figure 16: Government view - In what ways does procurement need to change to enable digital transformation? (select the top two)

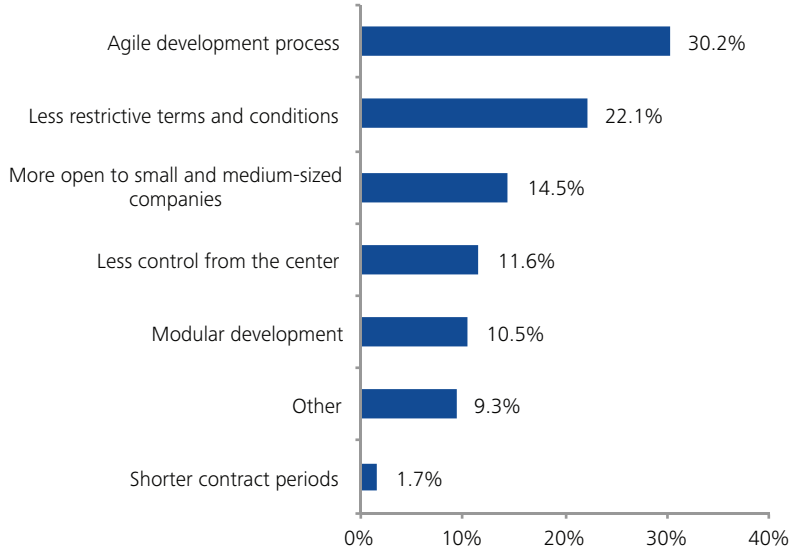
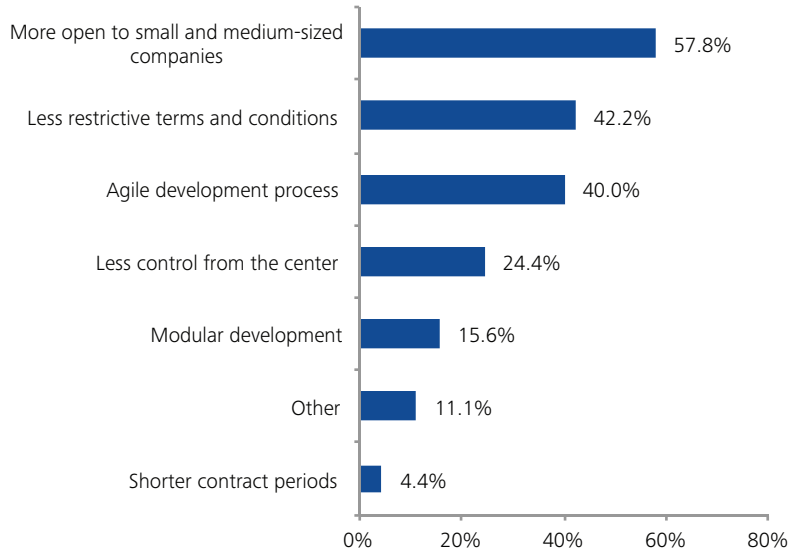


Figure 17: Industry view - In what ways does procurement need to change to enable digital transformation? (select the top two)



Part V

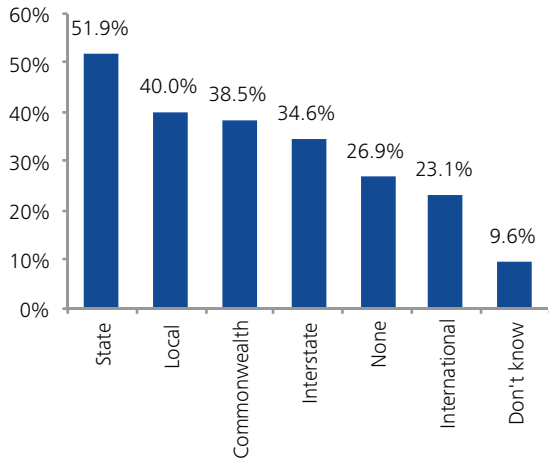
The ICT Industry's Digital Landscape

A competing capability with world-class experience

The ICT industry in South Australia employs 33,000 people across 1,100 businesses[14] and is dominated by a strong technical and operational capability. It is a world-class capability that is experienced in delivering leading edge programs. The industry has close ties to defence, manufacturing, research and education, minerals and energy, and health sectors.[15]

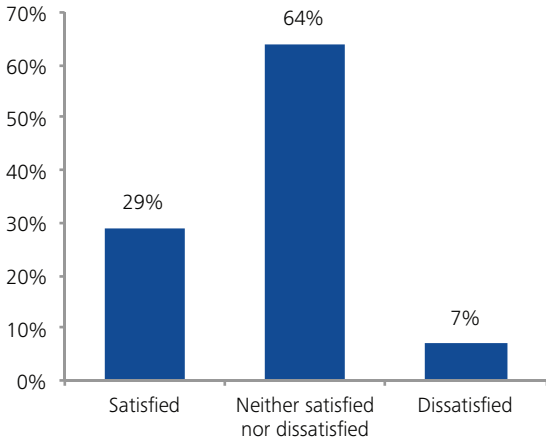
Among the local ICT workforce, there is clear demonstration of government experience beyond South Australian borders. Interestingly though, government outsources very little of its digital work, which could indicate that there is vast experience and new ways of thinking that government is missing out on.

Figure 18: Across government, where does your organisation currently provide digital transformation services?



A large number of government respondents were unaware of how well the local vendor community was serving the digital government marketplace. This would indicate that many in government are missing an opportunity to deliver on their transformation agenda. In a thriving marketplace, we may expect to see a different set of responses to those seen on the satisfaction of delivery results.

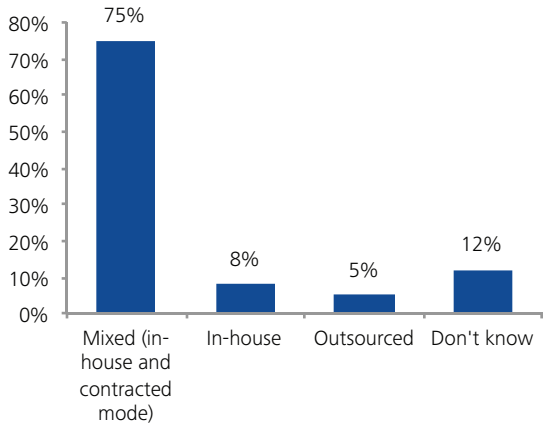
Figure 19: What is your overall satisfaction level with the community of vendors that currently serve the digital government marketplace?



14. Australian ICT Statistical Compendium 2013

15. ICT in South Australia, November 2014

Figure 20: How does your organisation develop digital services?



There is a parallel between the mix of capabilities in the ICT industry and that of government, with both skewed towards technical delivery. There are pockets of business model innovation and user experience capabilities identified within the responses that would be of great value to government; however, the skew is towards the technology end, which directly competes with the current capabilities identified in government. While this competing capability mix exists, both industry and the public sector believe that digital capabilities within industry are ahead of the public sector.

Figure 21: Government view - To what extent do you agree with the following statement: The following categories of skills are necessary for your organisation to take advantage of digital trends

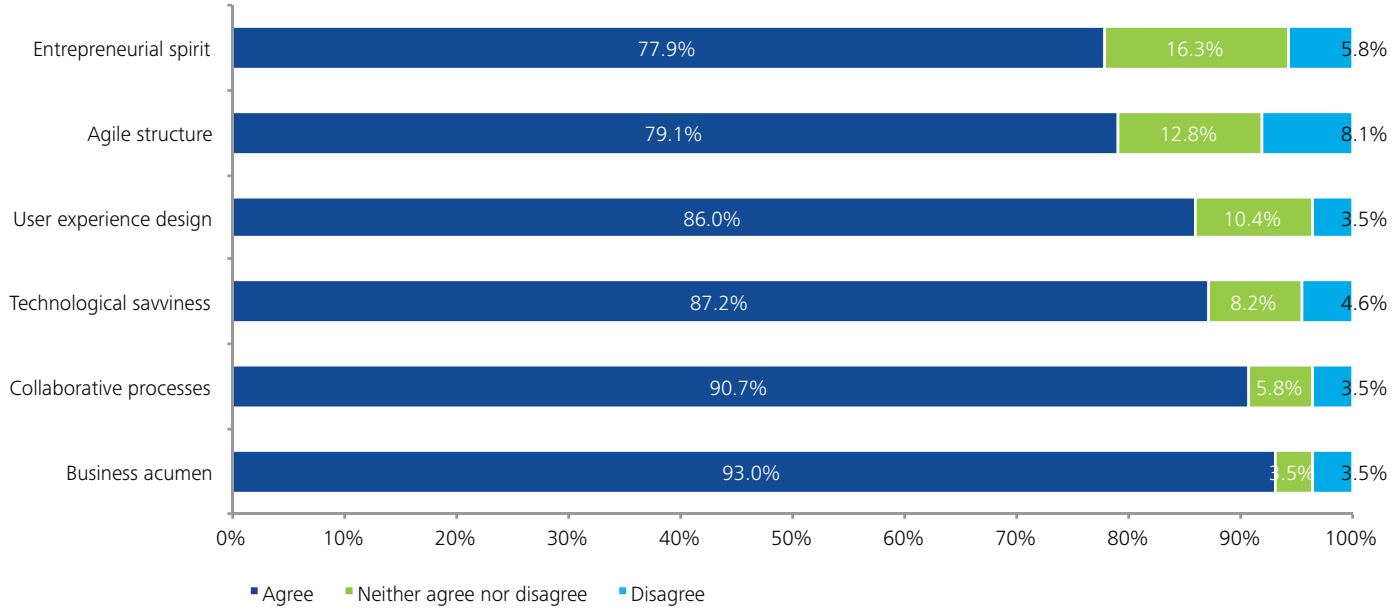


Figure 22: To what extent do you agree with the following statement: the following categories of skills are areas where my organisation can assist government to take advantage of digital trends

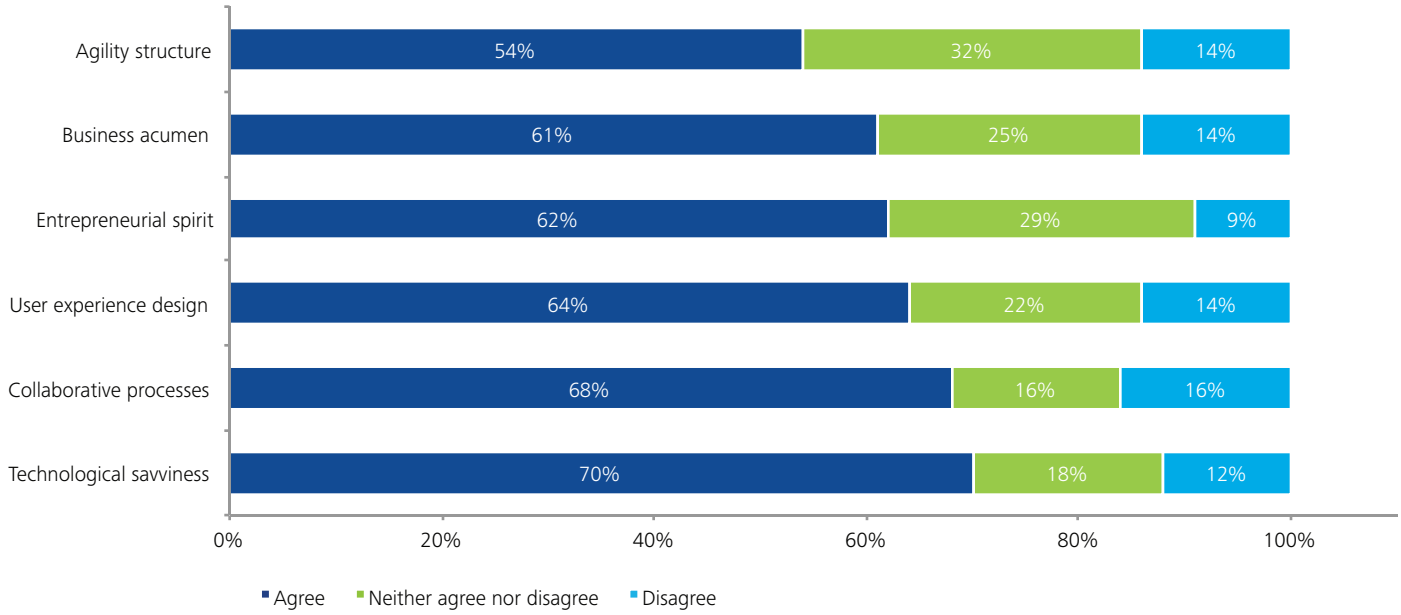
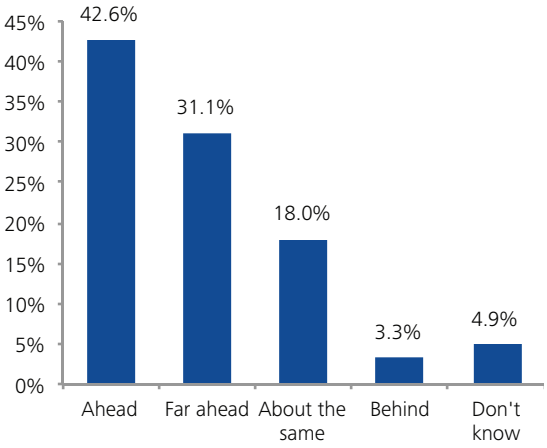


Figure 23: How do you think your organisation's digital capabilities compare to the public sector?



Industry and the public sector both identify the need for government ICT procurement to embrace agile delivery and accessibility for the smaller players. Encouraging vendors of all sizes to be involved in the creation and delivery of new services opens the government to new opportunities and a wider range of approaches. Through our executive interviews, we found that where departments had adopted agile approaches to procurement, focusing on outcomes over risk, successful projects were delivered sooner, avoiding long-winded procurement processes that impact requirements and outcomes.

In summary

Looking through the lenses of the public, government and ICT industry, we can conclude:

- People expect digital
- Government is responding, but recognises there are some challenges
- There are new opportunities for the ICT industry.

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