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The BCG Center for Digital Government is a multidisciplinary team of more than 100 experts in digital transformation, who are passionate about working with public sector organisations to unlock the potential of data and technology to deliver public impact and value. We bring together capabilities in people and organisation, operations, data, and technology, with deep expertise across sectors such as education, health, disability, defence, employment and welfare, tax and finance, and infrastructure.

DigitalBCG brings together our expertise in three areas: data science and artificial intelligence (BCG GAMMA); agile, human-centred design, engineering, architecture, and cyber (BCG Platinion); and digital product and service innovation (BCG Digital Ventures). DigitalBCG creates world-class customer journeys, new ways of working, data-driven policy and service delivery, and strategies for the bionic governments of the future.

February 2020
BCG and Salesforce collaborated to understand more about customer expectations of government. Our research explored what shapes customer experience when dealing with governments, the role of trust, and the opportunity for governments in Australia and New Zealand to transform service delivery. We surveyed more than 1,600 customers and interviewed 20 government leaders from across A/NZ, and the findings show the important relationship between customer experience and trust.

This paper explores those findings and sets out an approach for governments to take to improve customer experience by becoming more human-centred and data-driven, which will in turn help to strengthen the community’s trust in them.

Section A explores the opportunity for governments in A/NZ. It outlines the findings from this research and the challenges that governments are likely to face as they make decisions about how to close the gap between expectation and experience.

- **Part 1** looks at a growing evidence base for taking a customer experience view of government service delivery.

- **Part 2** acknowledges that while the evidence base is strong, bringing it into policy and service delivery means understanding and responding to the set of constraints and trade-offs that exist at the heart of government decisions.

Section B outlines actions that governments can take to close the expectation/experience gap and build customer trust.

- **Part 3** explores how governments can deliver the equivalent customer experience that we see in the private sector by unleashing the power of data.

- **Part 4** identifies three steps for governments to take to become leaders in customer experience: (i) unlocking talent; (ii) working with industry in new ways; and (iii) building technology and digital infrastructure to support ongoing innovation.

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1 Customers refers to all individuals and businesses that use government services.

2 Governments refers to national, state and local governments in Australia and New Zealand. Australia and New Zealand is abbreviated as A/NZ throughout.
The bar for customer experience is being continuously raised by companies that are competing aggressively on the global stage for wallet share and clicks. When governments provide digital services, they are not competing for wallet share or clicks, they are vying for the trust and confidence of their customers. In the minds of customers, there is a clear link from customer experience to trust and confidence in the government of the day and the services provided; poor customer experience translates to low trust and improving customer experience translates to increasing trust.

This paper explores practical ways that Australian and New Zealand governments can increase the trust and confidence of their customers in a sustainable way that increases engagement and reduces cost.

Our research shows that 65 per cent of customers expect government digital services to meet or exceed the digital services provided by leading private sector companies. For approximately 85 per cent of people, the quality of customer experience affects trust in government.

Customers often use the quality of customer experience as a proxy for measuring government performance and its ability to provide essential services, often at critical life stages. Given that customers are setting a high bar for government services, and that bar is rising, governments have an imperative to act fast on customer experience to influence trust.

While governments have trade-offs to consider and constraints that shape their ability to innovate in digital services, meeting this imperative requires a fresh approach to innovation.

It requires a new digital architecture, based on flexible and scalable digital services hosted in the cloud, along with new organisation structures. Governments in A/NZ and around the world that have embraced the cloud are building outstanding digital services, using small, cross-functional teams organised around individual life events or customer journeys.

It requires a service-oriented culture and strong leadership to push past the constraints and to manage trade-offs. Delivering great services by itself is not sufficient to gain trust. Trust is also borne of deeper engagement in how services are provided, how data is used and how systems are secured. Greater awareness among customers will increase levels of trust in government. Together, heightened awareness and trust will enable governments to design integrated, end-to-end services around the needs of the customer and not government.

The last digital divide is between customer experience in government and the expectations that customers hold. A/NZ governments can close this digital divide through progressive, but ultimately profound, changes to digital service delivery. These changes require governments to develop in-house digital capabilities, engage with vendors in more constructive ways and build ecosystems of small and medium business to meet customers’ increased expectations of government services.

To meet the trust imperative, governments can reinvigorate their digital journeys. Starting small will build capability and confidence. Starting in a scalable way, including the choice of technology, sets up the conditions for success. Starting now will close the digital divide before it gets too deep and wide to bridge.

Start small. Start scalable. Start now.
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Designing the innovative, data-driven government of the future
The customer experience/trust cycle facing governments

Australians and New Zealanders increasingly expect the standard of service they experience from their governments to match, if not exceed, what they experience when dealing with leading banks, airlines, telcos and retailers. This expectation extends to digital native companies such as Apple or Google. Customers want services to be fast, personalised, and easy to complete, with seamless transitions between digital and physical channels.

Governments in A/NZ have started on their digital journeys by setting up whole-of-government digital, service, and transformation agencies, and taking steps to consolidate government services. Yet the evidence suggests a growing divide between what customers expect of government services and what they experience.

There is a critical relationship between customer experience and trust, with 85 per cent of people believing that the quality of their customer experience can increase or decrease their trust in government. When governments deliver poor customer experiences, they face the potentially vicious cycle of increased distrust and a reduced willingness of customers to share personal data. In turn this restricts governments’ ability to raise customer experience and design effective policies to meet customer expectations (Exhibit 1).

Governments can close the gap between customer expectations and experience, and bridge the trust gap. Given the rapid pace of change, governments in A/NZ may need to quickly take steps to maintain the trust that supports their licence to operate.

Exhibit 1 - The customer experience/trust cycle
The gap between delivery and expectation of government services

When it comes to customer experience, governments are being held to increasingly high standards as private sector innovations re-shape people’s expectations of acceptable service as simple, quick, and easy-to-complete transactions. As the quality of government services influences public trust (or distrust) in government, closing the gap between customer expectations and delivery quality is critical.
The growing digital divide

Customer expectations for government services are rising as prospects for improved services grow. Most customers expect government services to meet or exceed the quality offered by leading private sector companies. In A/NZ, approximately 50 per cent of customers expect government services to be as good as the best private companies, and 15 per cent expect government services to match the high standards set by global digital leaders such as Apple and Google (Exhibit 2). Nearly 25 per cent expect government services to rival best practice set by the world’s leading digital governments.3

Exhibit 2 - Nearly two-thirds of customers expect digital government services to perform at the standard of leading private companies, if not better

<table>
<thead>
<tr>
<th>% of customers expecting services to be as good as...</th>
<th>Australia</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global digital leaders (e.g., Apple, Google)</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Best private companies (e.g., banks, airlines)</td>
<td>48%</td>
<td>50%</td>
</tr>
<tr>
<td>Best online government services in the world</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>Lower than any of the mentioned</td>
<td>13%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Question: In your opinion, to what quality standard do you think online government services should be delivered?
Source: A/NZ Digital Government Services Survey, 2019

High expectations are understandable given the number of transactions with government that relate to significant life events, such as employment, education, and health, and involve sensitive information. For this reason, approximately 50 per cent of customers agree that the standard of government services needs to be higher than the private sector.4

The rapid pace of innovation in the private sector shows every sign of accelerating, which means expectations of government services will keep rising, even when people believe services are improving. However, the 2018 BCG Digital Government Citizen Survey found satisfaction with Australia’s digital government services fell from 71 per cent to 59 per cent in the two years to 2018, and in New Zealand it fell from 69 per cent to 56 per cent.5 Without targeted investments and programmes to address the public’s growing dissatisfaction in online government services, this service delivery gap will only widen.

...a government agency should be able to provide a service comparable with my bank. I don’t expect Apple quality, but I don’t want to feel like I’m stuck in 2003

Survey respondent, New Zealand

They should be better than the private sector because in many areas there is no where else you can go to: tax, licences...

Survey respondent, Australia

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3 A/NZ Digital Government Services Survey, 2019
4 A/NZ Digital Government Services Survey, 2019
5 BCG Digital Government Citizen Survey, 2018
An emerging trust gap

The quality of customer experience influences the level of trust in governments. Significantly, 85 per cent of customers said the quality of government service delivery and customer experience directly influences their level of trust and confidence in the government of the day (Exhibit 3). 6

Exhibit 3 - The quality of customer experience can increase and/or decrease customers’ trust and confidence in government

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Poor customer experience decreases trust</th>
<th>Great customer experience increases trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>No impact</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Little impact</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>Moderate impact</td>
<td>32%</td>
<td>39%</td>
</tr>
<tr>
<td>High impact</td>
<td>37%</td>
<td>27%</td>
</tr>
</tbody>
</table>

1. Question: How does great customer experience when using government services improve my broader trust and confidence in government in general?
2. Question: How does poor customer experience when using government services decrease my broader trust and confidence in government in general?
Source: ANZ Digital Government Services Survey, 2019

If governments don’t keep up with rising customer expectations, trust in government is likely to decline along with overall satisfaction in government services. 7 Conversely, positive experiences “can reduce the trust deficit”. 8 For 66 per cent of customers, their most recent online transaction affected their trust and confidence in government, regardless of how often they used online government services. The most significant reasons given for a decline in trust were related to the perceived difficulties of completing a transaction (how easy was it to determine what to do and how to do it, how easy was it to gather information quickly, and how seamless was the experience).

Trust also declined as a result of how clearly customers felt governments communicated their use of data (Exhibit 4). By making it easier to complete a transaction within the most common online customer experiences, and by clearly communicating how they will use data, governments will be able to increase customer trust and confidence in services.

6 A/NZ Digital Government Services Survey, 2019
8 Brian Lee-Archer, “Realising the potential of digital government: Positive experiences to reduce the trust deficit”, presented at Greater China Australia Dialogue on Public Administration, 2019
Governments that deliver poor customer experience face a vicious cycle as the trust cycle spins backwards. Customers are already hesitant to provide data, with 34 per cent unwilling to provide non-anonymised data to benefit their communities. This could be due to the level of trust that customers have in how organisations use their data.\(^9\) It results in the cycle of poor customer experience reducing trust, which reduces a customer’s willingness to share data, which limits the ability of government to use data to deliver more personalised experiences, which influences trust once again.

The willingness of customers to provide data is affected by how the organisation uses data, the organisation’s reputation, and the benefits of sharing data.\(^10\) Reluctance to share data could lead to significant losses in social and economic benefits from data collection and use. According to BCG’s *The Trust Advantage* report, “Without consumer trust, most of the trillions of dollars of social and economic value promised from big data will not be realised…” In fact, two-thirds of the total potential value stands to be lost if stakeholders fail to establish a trusted flow of personal data.\(^11\) For governments, data-driven insights can lead to policies and initiatives that best reflect the needs of their customers. Without improving customer experience, trust and perceptions of sharing data will get worse and hinder data-driven policy development.

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**Exhibit 4 – Customer trust in government is influenced by the experience of conducting an online transaction**

<table>
<thead>
<tr>
<th>Main reasons for a change in trust after conducting an online transaction include:</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ease of use:</strong> whether government made it easy to understand what to do and how to do it</td>
<td>Negative experience, which decreased trust: -32%</td>
</tr>
<tr>
<td><strong>Access to information:</strong> whether it was quick for the customer to quickly gather accurate and complete information circumstances</td>
<td>-33%</td>
</tr>
<tr>
<td><strong>Seamlessness:</strong> whether government delivered a streamlined service that reflect the customer’s needs and circumstances</td>
<td>-34%</td>
</tr>
<tr>
<td><strong>Transparent data use:</strong> whether government use of data was clearly communicated</td>
<td>-36%</td>
</tr>
</tbody>
</table>

**Question:** What are the main reasons for this change in trust level (after your most recent online transaction with the government)?

**Source:** A/NZ Digital Government Services Survey, 2019

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Victoria’s GEMS delivers data-driven policy outcomes

The Victorian Department of Economic Development, Jobs, Transport and Resources (DEDJTR) used the Global Engagement Management System (GEMS) to inform the state government on how it could shape the economy. Obtaining insights from approximately 5,000 businesses each year, the department gained valuable insights into the needs of the economy, including emerging skills gaps, infrastructure needs, and regulatory barriers.

“The better the service, the more you feel like the government cares”
Survey respondent, Australia

“If the [government’s] online service is unreliable and slow, it implies that the systems behind the scenes are bad [and] I lose trust and confidence that my data is safe and secure”
Survey respondent, Australia

“It’s a measure of competence. If a department cannot manage an easy-to-use online service... it raises the question, ‘Can it do anything right?’”
Survey respondent, New Zealand
1.3

Easy-to-use, seamless, and personalised government services

Most people expect government services to be easy to use and basic digital functionality is essential. Eighty-four per cent of customers want greater ease of use from government services delivered through websites and apps (Exhibit 5). A/NZ governments have opportunities to make navigation more user-friendly, with 55 per cent of customers finding it difficult to navigate online government resources and services. People with all levels of digital literacy, from low to high, are experiencing similar problems, which indicates that the elemental digital functionality of government services is not meeting customer expectations.

Exhibit 5 - Customers desire improvements to ease of use, indicating that basic digital functionality has not met expectations

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy-to-use websites and apps</td>
<td>1%</td>
<td>2%</td>
<td>15%</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Greater levels of security for my data</td>
<td>1%</td>
<td>3%</td>
<td>19%</td>
<td>34%</td>
<td>54%</td>
</tr>
<tr>
<td>Greater transparency in how government keeps my data secure</td>
<td>1%</td>
<td>3%</td>
<td>19%</td>
<td>28%</td>
<td>49%</td>
</tr>
<tr>
<td>Greater transparency in how my data is used</td>
<td>1%</td>
<td>3%</td>
<td>20%</td>
<td>29%</td>
<td>47%</td>
</tr>
<tr>
<td>Greater ease in moving between different channels</td>
<td>2%</td>
<td>3%</td>
<td>25%</td>
<td>34%</td>
<td>36%</td>
</tr>
<tr>
<td>Government to better tailor services and interactions to my needs</td>
<td>2%</td>
<td>3%</td>
<td>31%</td>
<td>36%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Question: Which of the following improvements in government service delivery and/or interactions with government would you like to see in the near future? Please rank from 1 to 5. Select from a scale of 1 (Strongly disagree) to 5 (Strongly agree).

Source: A/NZ Digital Government Services Survey, 2019

Customers expect governments to improve user experience across different service channels. When interacting with government, 72 per cent of customers prefer to use digital as their primary channel, while 62 per cent prefer face-to-face, mail or telephone channels. People prefer digital but “the most trusted channels are telephone and face-to-face.” This suggests that experience may vary between these channels, as a result of customers being less confident that they can complete a transaction on digital platforms. When trust in government processes is low, or penalties for non-

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12 A/NZ Digital Government Services Survey, 2019
13 Interviews with A/NZ government leaders, 2019
compliance are high, customers will often complete a transaction online and then confirm that transaction in a people-facing channel. This channel shift is expensive for both customers and governments. For A/NZ governments, providing services that are consistent in quality across different channels is critical to give customers a seamless experience.

Customers also expect it to be easy to switch between different channels when interacting with government services, with 75 per cent wanting switching to be simple (Exhibit 6). While A/NZ governments have indicated that they are improving customer experience across various channels, only 34 per cent of customers agree that it is easy to switch. To improve customer experience across all channels, customers expect to be able to complete all their transactions (or most of them) on their preferred channel and to switch between channels seamlessly.

**Exhibit 6 – Three quarters of customers want seamless switching between channels, but only one third believes switching is simple**

<table>
<thead>
<tr>
<th>% respondents who agreed</th>
<th>75%</th>
<th>-41 pts</th>
<th>34%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switching between different ways of interacting with government SHOULD BE simple</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switching between different ways of interacting with government IS simple</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Question:** Please select Agree/Neutral/Disagree: Switching between different ways of interacting with government should be simple; Switching between different ways of interacting with government is simple

**Source:** A/NZ Digital Government Services Survey, 2019

Digital government services do not meet all the needs of customers and need to be more personalised. At around 25 per cent, the proportion of customers who said all their government service needs (for national, state and local) were met online is low. The data shows that there could be two reasons for this. Firstly, 35 per cent of customers believe that the services they need are not available online. Not all government services have been fully digitised, which means customers need to use other channels at times. Secondly, only 65 per cent of customers agree that national, state and local interactions are tailored to their unique circumstances and needs, showing there is opportunity for more services to be personalised to support customers throughout their individual life events.

The demand for personalisation is clear, with 64 per cent of customers expecting governments to use data to tailor services and interactions more closely to their needs. Human-centred design and case management systems are useful approaches that governments can use to determine which customer experiences to prioritise and personalise.

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16 A/NZ Digital Government Services Survey, 2019
1.4 Customers are ready for digital government

Customers have the skills and resources to engage with the government using online services. A significant 97 per cent of customers say they are capable of using technology to perform basic day-to-day tasks. This reflects broad society-wide improvements in access, ease of use and education, which has helped people to develop the skills and find the resources they need to engage online. Service redesign for mobile channels, particularly with the growth of tablets and smartphones, is also making it much easier for people with lower levels of digital literacy to engage online.

More customers are accessing government services online. The general rise in digital literacy has seen the number of people accessing government services online increase by 56 per cent in Australia and 41 per cent in New Zealand between 2016 and 2018. The skill gap between customers who use technology and those who don’t is no longer a barrier to governments moving services to digital channels.

1.5 The future is (mostly) digital

Governments face a looming funding challenge. Fiscal pressures in A/NZ have increased since 2018. The growth and sustainability of government revenue are likely to decline as global economies slow and the ageing population reduces tax revenue and increases government spending. At the same time, 85 per cent of government leaders believe that public sector workloads will increase, but only 20 per cent think that the resources to provide services will keep pace or increase to meet the growing workload. Even as customer expectations rise, governments will still be expected to spend carefully and do more with less.

End-to-end digital customer journeys deliver benefits without increasing operating costs. Digital government initiatives are achieving significant savings around the world. In Australia, digital services are providing significant cost savings. A face-to-face over-the-counter transaction can cost AUD 17 to process, while an online transaction can cost less than 40 cents. In New Zealand, SmartStart is a life-event program that new parents use to access government services online; within the first two months, 20 per cent of new parents registered the birth of their child online, reducing demand on service centres and saving parents NZD 33 (AUD 30) per birth certificate. In the UK, government departments are using a system called Notify to send customers messages, such as tax reminders and doctor appointment details. The system is on track to save taxpayers AUD 65 million (NZD 38 million). When done well, investments in digital government service delivery generate substantial cost savings and improve customer experience.

17 A/NZ Digital Government Services Survey, 2019
18 BCG Digital Government Satisfaction Survey, 2018
20 Jenny Wilkinson, “Australia’s fiscal position - opening remarks to the 2018 ACOSS National Conference Plenary Session: “Funding our future - where will it come from?”, Australia’s Parliamentary Budget Office, 2018
The difficult path to innovation: challenges and opportunities

The clear and consistent finding from our research is that it’s time for governments to accelerate the customer experience/trust cycle. By thinking creatively about how to provide high-quality customer experiences, governments can increase trust in the services they deliver. While some real and perceived risks and cost tradeoffs sit at the heart of improving customer experience, none are insurmountable.
Governments in A/NZ are investing in digital technologies to support operations and interactions with customers, but efforts often focus on single processes or transactions, with regular implementation challenges. More holistic investments have paid clear dividends in customer experience across national, state and local governments, and Service NSW and SmartStart are two of many examples.

Other examples of how A/NZ governments are improving customer experience exist in several new programmes and organisations. The New Zealand national government set up the Better Public Services programme in March 2012 to adopt new technologies, apply a more innovative and agile approach to service provision, and remove fragmented, siloed, and inefficient operations from government departments. In Australia, the national government launched the Digital Transformation Agency (DTA) in 2016 to work with government agencies to improve digital service delivery and customer interactions with government. In 2018, the Australian Data and Digital Council was established to drive more consistent policies and services across Australian governments, deliver a seamless digital experience for customers, and enhance government digital capabilities.

Customer experience is essential in all stages of service design and development, and beyond silos and departments. The rise in customer interactions with government services online has been supported by more services being offered online. Investments in technology improvements to date have focused on the mid- and back-office, and on improving outdated on-premise software within individual government departments. These investments are valuable, but have largely focused on business lines and rarely span departments. Consequently, the increase in customer interactions with online government services has not necessarily increased customer satisfaction.

### Innovative approaches to customer experience by A/NZ governments

- **Service NSW** is a benchmark for customer service in government. It is an integrated state service model and one-stop-shop for government transactional services that uses agile ways of working, customer journeys and cloud technology to deliver more than 1,000 transactions and services for over 35 government agencies. Service NSW has 135 points of presence and one phone number, one website and one mobile app. Before the NSW government launched it in 2013, customer satisfaction rates were 69 per cent from individuals and 66 per cent from businesses. A few years after launch, customer satisfaction rates exceeded 95 per cent. Service NSW is now migrating nearly all of its remaining on-premise workload to cloud providers to keep improving resilience and scalability. In an attempt to replicate the success of Service NSW nationally, the Australian Prime Minister announced the creation of Services Australia in May 2019.

- **SmartStart** is the New Zealand Government’s first government service programme structured around people’s life stages, rather than the operational structure of government agencies. By taking a ‘life event’ approach, SmartStart gives soon-to-be and new parents access to government services such as birth certificates and tax credits, and non-government support such as antenatal classes. The New Zealand Government created SmartStart using a customer journey approach and collaboration between four agencies.

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21 Service NSW Annual Report, 2018  
22 BCG’s Voice of the Customer research, 2012  
Customer journeys in government are commonly complex and often unique to government. “Roadblocks are everywhere,” one government CIO noted on their path to improving customer experiences, and “We are finally doing customer journeys. However, it is really early days.” Customers expect to interact with government based on their own customer journeys and life events, just as they are used to doing elsewhere. To reflect this expectation, customer-facing investments by governments will need to shift.

Many important life events (from birth certificates to tax returns) require customers to engage with government services. For example, customers who are unemployed may seek financial support, along with resources for upskilling and access to other support such as interview training. This life event involves several government agencies (e.g., in Australia, the Department of Human Services, and the Department of Employment, Skills, Small and Family Business), and potentially non-government and private sector players. Customer trust in these services being provided accurately is essential, and governments need to acknowledge this need for confidence, and a seamless, consistent experience, and incorporate it into their customer journeys.

2.2

There is pressure to improve speed-to-value, while avoiding the pitfalls of traditional investment approaches

Governments are under pressure to deliver value to customers faster and without increased funding. Given the rapid technological change in the private sector, governments need to keep and even exceed pace or risk being viewed as technologically backwards. The best service-oriented companies create and deliver products and services faster using cross-functional and co-located teams, cloud technologies and customer engagement platforms. Most also use agile ways of working, which typically produce a 2x to 3x increase in speed-to-market, and 10-20 per cent increases in customer satisfaction and return on digital investments. To achieve similar digital build and speed-to-value, governments are starting to experiment with new ways of working that avoid the pitfalls of legacy platforms and investment approaches.

Legacy platforms also keep data locked up, wasting value for governments and customers. With legacy platforms, data is physically scattered across organisational silos and often poorly integrated due to proprietary software. This prevents the seamless end-to-end experiences that customers expect and reduces the quality of data that governments can collect from customers to serve them better.

Cloud technologies may present some challenges, but far fewer than on-premise platforms will. In most cases, on-premise platforms are less capable, less scalable, and more expensive to upgrade than cloud-based solutions. On-premise and cloud systems can be challenging to procure, but for different reasons. On-premise solutions are often associated with very large projects and rigorous governance controls in deployment. In contrast, cloud services can be difficult to procure because of an inherent bias towards Capex rather than Opex in funding models. There is also uncertainty or doubt surrounding the ability to store government data in the cloud.

One government leader said data has historically been viewed as “an artefact to be shoved somewhere.”

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29 Interviews with A/NZ government leaders, 2019
30 BCG case experience
31 Interviews with A/NZ government leaders, 2019
A cloud-centric approach will deliver superior customer experience

The risks of cloud technology, such as data sovereignty and security, are often overstated and misunderstood. Many government leaders said these issues come down to education, and recognise that sovereignty and security concerns can be mitigated.32

Governments are gradually adopting cloud technologies to store personal data in line with A/NZ policies and laws. Many agencies have implemented some form of cloud computing strategy, with chief information officers and chief data officers estimating anywhere between 10 and 75 per cent of their workload is already in the cloud. All government leaders plan to increase their cloud usage shortly. As many agencies have restricted data that needs to stay onshore, onshore cloud servers are a good solution.

Governments increasingly understand the benefits of a cloud-centric approach for employees and for customers. In Australia in 2017, the DTA released a Secure Cloud Strategy to encourage government agencies to use cloud systems to deliver faster platform development, continuous improvement, and easier access to services. The New Zealand Government is accelerating public cloud service adoption.33 The New Zealand Cabinet’s Cloud First policy “requires agencies to adopt cloud services in preference to traditional IT systems”.34

Despite the progress made by many A/NZ governments to date in developing digital and analytical talent, many government leaders believe more needs to be done to embed the right skill and capabilities in the workforce to improve customer experiences. The primary skill gaps are in-house technical capabilities, and change leadership and management.

In-house technical capabilities need to become the norm. Government leaders acknowledge they lack the right skills to deliver their existing digital agendas, and they struggle to recruit digital specialists with the right experience. Skills gaps include dev ops, user experience (UX) and customer experience (CX) design, product engineering and agile. One government CIO said, “Governments are competing against each other [for this talent], but also with the private sector that can offer many benefits, including more attractive salaries.”35

Government leaders recognise that department-wide digital skills need to improve,36 and technical skills gaps are not restricted to core engineering departments. They also believe internal skill development is not getting the focus it deserves and training programmes are needed to develop internal talent. One national agency is creating a digital academy to upskill staff.

32 Interviews with A/NZ government leaders, 2019
35 Interviews with A/NZ government leaders, 2019
36 Interviews with A/NZ government leaders, 2019
Better customer experience calls for a shift towards innovation

Institutional hurdles are preventing the innovation needed to improve speed-to-value delivery across governments. The pace of technological change in governments is impeded by governance, funding, and procurement models that tend to incentivise large one-off change programs and improvements to legacy platforms, over customer experience or operational improvements. The long-term costs associated with continuing to build on legacy platforms are significant. Shifting the focus to customer experience requires a culture of innovation. While some government leaders are aware that they need a new culture, and different skills and disciplines, to unlock innovation, there is a long way to go. The biggest hurdle may well be that governments hold a monopoly on many of the services they deliver, which means there is little incentive to innovate.

• High risk-averse procurement models and practices have long impeded innovation, and instead created a culture with limited room for experimentation, innovation, or entrepreneurship. Incumbent suppliers are often on multi-year contracts and engage with governments in a transactional relationship rather than upskilling government employees and building an innovative culture.

• Misaligned incentive structures and secretary and director general incentives focus on policy and program KPIs rather than customer service outcomes. One government leader went as far as to say there are “serious disincentives to innovate”, and A/NZ governments don’t have the same customer service focus or incentives that make leading companies the benchmarks for customer experience.

• The benefits of innovation aren’t yet clear. One government leader said a culture shift toward greater innovation could take place if Opex/Capex savings could be demonstrated, without the need for prioritising customer satisfaction and long-term value. Until governments define a shared understanding of innovation in the public sector, there won’t be a way to measure, track or demonstrate the benefits of innovation and the progress it brings.

We don’t innovate. Government does not compete with anyone, so no need

A/NZ government leader

Governments face three hurdles on the journey to better customer experience. The hurdles are familiar, and largely related to procurement, incentives, and understanding the benefits of innovation.

37 Interviews with A/NZ government leaders, 2019
38 Interviews with A/NZ government leaders, 2019
39 Interviews with A/NZ government leaders, 2019
41 Interviews with A/NZ government leaders, 2019
Section B

The innovative, digital government of the (near) future

To keep the customer experience/trust cycle turning, the design and delivery of government services needs to occur around the needs of customers, not around the structures and needs of government. Digital governments are different from traditional governments on many dimensions, and especially this one. The government of the (near) future will deliver excellent customer experiences that are intuitive, easy to use, informed by data, scalable, and provided seamlessly across all channels. The human-centred design approach is being increasingly used to develop products and services to meet customer needs, based on a constant cycle of user engagement, data, and feedback. Delivering innovative, data-driven government is in reach by taking a new approach that embraces some bold themes.

**Human-centred design is the key to post-internet customer experience.** Starting with users (customers and employees), products are designed to follow the journeys of customers as they interact with government. These journeys and life events are primarily designed from start to finish digitally and without government intervention. Some journeys will require breaks (e.g., for an interview, exam, or to prove entitlement), which take place offline.

**The customer experience is consistent across devices and services.** Regardless of channel, journeys are seamless and government employees who support the process have access to the same information. Customers want to start a digital transaction on one device and pick it up on any other internet-connected device, with full control over most transactions and clear agreements for the use of their data. They don’t want to see any complexity or internal government processes.

**Multi-disciplinary, agile teams build services, products and processes with customer experiences at front-of-mind.** Experiences are based on extensive research into how customers expect a service to work. Early builds may have basic functionality, but constant and rapid iteration sees products develop quickly. This approach quickly reveals any flaws in the process and drives rapid re-work. Teams can reset after only a few weeks, compared to traditional methods where flaws are not revealed until months or years after a product is released and fails to meet customer or departmental needs.

**This new way of working requires (hard core) innovation.** Digital governments foster innovation and careful product development, supported by the ability to learn on the job as products iterate quickly to meet customer needs. Innovation focuses on small incremental increases in performance, not larger incremental changes over long periods. Fear of failure and risk can be managed but not avoided.

**Successful innovation is not accomplished in isolation.** It requires governments to get the best out of their partners, including technology vendors, SMEs, other governments, and industry. Innovation eco-systems will foster and share best practice innovative approaches to customer experience in government.

**Digital services are designed to scale to meet user demand.** Products are designed around scalable, cloud-centric technologies, not on government hardware. Services in the cloud are more likely to remain up-to-date regardless of changing technologies, as they need fewer ongoing updates and upgrades.

**Removing redundant business processes and retiring legacy software and infrastructure is a crucial measure of success for digital governments.** Legacy platforms are one of the most potent inhibitors of innovation and great customer experience when they restrict the use of newer, more efficient technology. Openness to retiring legacy software and infrastructure to build hybrid approaches is increasingly important.

These themes are explored in Parts 3 and 4.
Governments capture a broad spectrum of data about the economy, the environment, and the community. There is an opportunity and an obligation for governments to use this data to “achieve better outcomes for people and improve lives”. Data will enable governments to propel the customer experience/trust cycle to deliver step-change increases in service design and policy development.

The opportunity for governments to extract value from data also creates challenges in storage, skills, and governance. The rate of data capture is growing exponentially, which requires a different approach to data storage and management as legacy platforms do not scale easily to meet the needs of big data holdings. Putting data to use in service design and policy making requires new techniques and skills to unlock customer value, stronger data governance, and clearer communication with customers and employees about data.
Customers trust governments to use data for public services

There is a trust relationship between customers and the organisations they use for digital services. Unethical and unlawful actions of some organisations and individuals over the past five years have significantly undermined the community’s trust in the use of data and advanced analytics. In this context, customers expressed concerns about the ways governments use data (Exhibit 7). More explicit and transparent information about government data use and security, and customer control of data, is needed to build the right level of trust on behalf of customers and within government. This will begin the cycle of trust, increase customers’ willingness to share data, and improve customer experience and policy.

Exhibit 7 - Customer concerns about sharing personal data relate to how well government guards and controls that data

<table>
<thead>
<tr>
<th>Concern</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>My personal data is used for other purposes without my consent</td>
<td>59%</td>
</tr>
<tr>
<td>My personal data is not stored securely or is safe from theft by hackers</td>
<td>54%</td>
</tr>
<tr>
<td>I don’t have control over what personal data is collected or forgotten</td>
<td>46%</td>
</tr>
<tr>
<td>I worry that the government will use the data in a way that is not in my best interests</td>
<td>40%</td>
</tr>
<tr>
<td>I don’t think the personal or communal benefits outweigh the risks</td>
<td>26%</td>
</tr>
</tbody>
</table>

Question: What concern(s) do you have when providing personal data to government departments?
Source: A/NZ Digital Government Services Survey, 2019

Greater transparency in the use of customer data is required for governments to build a stronger trust relationship with customers. Customer hesitation towards sharing data is a result of concerns about how well governments guard, control, and use customer data. Data misuse by organisations is viewed more harshly by customers than a data breach. Approximately 60 per cent of customers were concerned about the unauthorised use of government data and more than 50 per cent were worried about security across A/NZ (Exhibit 7). Data security and transparency standards for governments are subject to unsurprisingly high expectations, and are likely to be higher than in the private sector given the sensitive nature of information they hold.

Governments have high standards for customer data, but public awareness of them is low. A/NZ governments are considered world leaders in cybersecurity, and data management is strictly reviewed and communicated. In Australia, policies on data use and management are led by the Department of the Prime Minister and Cabinet, which formed a National Data Advisory Council to monitor and address data use and its risks. In New Zealand, Stats NZ has published several principles, policies, and reports governing government data use, including Principles for the Safe and Effective Use of Data and Analytics. However, given that 54 per cent of customers have concerns about unauthorised use and hacking, public awareness of government rigor in data security is low (Exhibit 7). One government leader said they had “a lot of rules related to data but we don’t communicate them” to customers, due to perceived lack of public interest and difficulties in communicating these regulations effectively. However, educating customers about data collection, security, and use is important for governments to be able to provide services informed and powered by customer data.

Improving the trust relationship with customers requires clear and transparent messages about how data is collected, used, and secured. During customer transactions, transparency of data that is being collected and how it will be used is critical, whether the data is directly related or unrelated to the transaction. Most current communication about government data use, security, and control is via government websites. To increase customer awareness and education about government data stewardship, more transparent and easy-to-read information about data use needs to be published beyond government websites and at customer touch points. Possible actions include clear and short messages in web chats, giving scripts to customer service staff, and communicating regular updates on accountability and progress in the media.

Exhibit 8 – After sharing personal data, customers expect...

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplified user experience</td>
<td>39%</td>
</tr>
<tr>
<td>Faster completion times</td>
<td>42%</td>
</tr>
<tr>
<td>Reduced service fees</td>
<td>32%</td>
</tr>
<tr>
<td>Personalisation</td>
<td>38%</td>
</tr>
</tbody>
</table>

### Case 1

**Question:** What personal benefits do you expect to see from sharing your personal data when accessing government services? Rate the importance of each benefit from 1 (Not important) to 5 (Very important)

1. Simplified user experience
2. Faster completion times
3. Reduced service fees
4. Personalisation

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous improvement of existing products and services</td>
<td>40%</td>
</tr>
<tr>
<td>Reduced service fees</td>
<td>37%</td>
</tr>
<tr>
<td>New government products and services</td>
<td>36%</td>
</tr>
<tr>
<td>Barriers to access removed for marginalised members of the community</td>
<td>32%</td>
</tr>
<tr>
<td>Datasets to inform research, policy, and innovation</td>
<td>34%</td>
</tr>
</tbody>
</table>

### Case 2

**Question:** What benefits to the community do you expect to see from sharing your personal data when accessing government services? Rate the importance of each benefit from 1 (Not important) to 5 (Very important)

1. Simplified user experience
2. Faster completion times
3. Reduced service fees
4. Personalisation

Source: A/NZ Digital Government Services Survey 2019

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43. APS Review 2030 Scenario Report, 2018
46. Interviews with A/NZ government leaders, 2019
Customers need to see the value to themselves and to the community of sharing their data. Just 51 per cent of customers believe that their personal data should be used to inform research, policy and innovation (Exhibit 8). Most customers expect the personal benefits from sharing data to include simplified user experiences, faster completion times, and lower service fees. Benefits to the community are important, but to a slightly lesser extent. So far in A/NZ, no clear value proposition has been communicated to customers about government use of personal and sensitive data. Governments and customers will both benefit from seeing more explicit links between sharing data and improved customer experience.

A new privacy and consent model will support data collection and use that sparks innovation and creates new insights. The current consent model for collecting data from customers is based on requirements for specific government purposes. However, because real innovation requires data to be used for purposes that may be potentially unknown the time of the transaction, the current consent model restricts the ability of government to innovate. In Australia, governments recently recognised the need to remove consent for sharing personal information to achieve “societal outcomes of fair and unbiased government policy, research, and programs” that “outweigh the benefits of consent, provided privacy is protected.” As 73 per cent of customers are willing or indifferent to providing anonymised data to benefit communities, it suggests that they are willing to provide data for improved government services, regardless of whether the service will benefit them individually. A new model of consent would help governments obtain data beyond the purposes of a single customer transaction to improve public services and customer experiences. Allowing customers to opt out easily, and for data to be forgotten, will help to address any concerns and keep people informed. A new consent model is critical for innovation, and for confidence that data security and consent are transparent, accessible, and communicated widely.

Maintaining appropriate data security standards is essential for trust, but inflated data security can impose unnecessary restrictions on service delivery. All government digital products and services undergo rigorous data security assessments, resulting in a minimum data protection standard. Government leaders shared that several government bodies often inflate the data security standard and set higher data protection standards than are strictly required. Data security inflation increases costs, inhibits innovation in service delivery, and prevents the use of leading digital products and services that are mainly on cloud platforms. To move away from inflated data security, security standards for each level of data need to be consistent at a whole-of-government level.

Placing data at the forefront of decision-making requires governments to rethink the way they communicate the benefits to employees. Government leaders indicated that between 25 per cent and 60 per cent of workloads could be automated, which will give government employees more time to focus on more advanced tasks such as improving policies, programmes, and customer experiences, rather than reducing headcount. Government departments and agencies can build a data culture by communicating the benefits of data more widely, and raising baseline knowledge about data quality, management, and analytics across government. Using data well and incentivising behaviours, such as maintaining good data records or identifying potential use cases, can shape the DNA of government organisations to automatically capture high-quality data, understand its value, and apply it in policy design and service delivery.

49 Interviews with A/NZ government leaders, 2019
50 A/NZ Digital Government Services Survey, 2019
52 A/NZ Digital Government Services Survey, 2019
53 Interviews with A/NZ government leaders, 2019
54 Interviews with A/NZ government leaders, 2019
Data and human-centred design methodologies deliver seamless, personalised customer experiences

Customers expect highly personalised, seamless interactions with governments. According to one government leader, “most people want to eyeball you at the desk because their experience with online service delivery is impersonal and unreliable”.55 Governments have traditionally designed services around the structures and needs of government. Today, the best digital services are human-centred, and designed around the end-to-end experiences and needs of the users (customers and employees).

A seamless experience across channels requires data to be shared and accessible. Well-designed digital services start and end online, regardless of the device used. However, some services can’t be completed online, such as an eye test for a drivers licence, and need to transition seamlessly between digital and traditional channels. To do this, and prevent the need for customers to repeat information, digital information can be made accessible across all digital platforms, to all front-end employees, and to employees from other agencies and departments, particularly when life events involve different departments and agencies.

Streamlining the end-to-end customer experience requires changes to the employee experience in the back office. Australia’s DTA highlighted that “data and digital issues are considered and progressed together.”56 and government leaders agreed there had been a focus on front-end services, but internal, mid-office operations have been underinvested in. “Services got stuck quickly in manual process” due to “not transforming the middle office”.57 This underinvestment is evident in government customer satisfaction surveys. In Immigration New Zealand’s customer satisfaction survey for 2018, website satisfaction rates were consistently high at approximately 80 per cent, but only 62 per cent of respondents were satisfied with the post-submission experience.58 This implies that the approvals process may be less efficient and automated than the application process. Delivering an end-to-end customer experience using data will improve the seamlessness and efficiency of the experience from the perspectives of employees and customers.

Personalised data and advanced analytics can deliver a more tailored customer experience. Governments can use information about customers, such as channel preference, stage in life, and personal circumstances, to understand what each customer needs from their interactions with government. Artificial intelligence can generate insight from repeated actions and requests to tailor services and recommendations even further based on the right time and in the right context.59 Consolidating this data into large, rich datasets delivers deep insights to design services that meet the unique needs, of different communities.

Human-centred design plays a pivotal role in the trust cycle and building high-quality digital services. Designing digital services around the needs and motivations of customers increases the adoption of digital services and leads to significantly fewer touch points in face-to-face channels. This better service leads to higher customer satisfaction. Involving customers in the design and testing phases is critical to understand their motivations, needs, and wants in service delivery.60

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55 Interviews with A/NZ government leaders, 2019
57 Interviews with A/NZ government leaders, 2019
Data-driven policies are informed, rigorous and high-impact

New analytical techniques allow governments to generate actionable insights from large data sets. Machine learning lets governments detect trends, patterns, customer behaviours, and emerging community needs quickly and at scale to inform service design and policy development. Simulation techniques create ‘digital twins’ for complex services, ecosystems, and physical networks, giving governments the ability to simulate policies in the digital world and make adjustments before launching services in the physical world. Governments around the world are using simulation as a policy design tool. The Singapore Government is using Virtual Singapore, a digital twin of Singapore, to build scenarios to inform policy.61

Sharing government data will improve place-based policies. Sharing government data creates opportunities for genuinely place-based policies that depend on in-depth knowledge of local or regional needs. Governments are already aware that “genuine citizen-centric” approaches to policy require much more than consultation with stakeholders to obtain information.62 By making data platforms more accessible, with even more data on social and economic trends in local communities, place-based approaches will be much more targeted and effective.

Leading digital organisations move the customer experience/trust cycle forward by focusing on customers, value, and speed, and using new ecosystems, collaboration, and ways of working. To deliver exceptional customer experiences and policies, governments need to bridge the digital divide by transforming in a way that fuses digital technologies with the intelligence and experience of the public service, and gets people and technology working together seamlessly within and across departments. This transformation starts with three steps:

1. Unlock the talent
2. Work with industry in new ways
3. Build the technology and digital infrastructure to support ongoing innovation
Unlock the talent

The organisational structure that helped governments to succeed in the past is not the structure that will take governments into the future. The innovative, data-driven government of the future will be one that transitions from a traditional hierarchical agency approach to teaming and service delivery, and to a digital agency, human-centred approach with a strong emphasis on collaboration. A digital agency adopts an ‘always-on’ transformation mindset that drives continuous improvement of government services and builds the talent of their people. The ‘always on’ mindset puts people first across six key dimensions:

- **Inspire through purpose**: Purpose drives performance and engages the workforce. In the private sector, there is a strong correlation between clear organisational purpose and long-term performance. Many people join the public sector because of intrinsic rewards, such as helping communities. When governments communicate this purpose clearly, employees are more likely to be inspired to think about performance in terms of customer experience.

- **Build pivotal capabilities**: Innovative, data-driven governments plan for when capabilities need to be built internally and when they need to use external expertise. Building internal skills across government is an investment in up-skilling (e.g., data and digital) and cross-skilling (e.g., customer service experience) to embed the right expertise. Leveraging external expertise is about strategically engaging with partners to build the resources needed to drive a whole-of-government transformation.

- **Move toward new ways of working**: A balance of multidisciplinary teaming with the autonomy and empowerment that employees are looking for will speed up service builds and improvements. New ways of working encourage and reward experimentation and innovation, which are the key to attract and retain top talent.

- **Instil a learning mindset**: Human-centred organisations have a growth mindset, where employees are encouraged to challenge existing or conventional practices and follow their curiosity about answers to problems. Employees are inspired to upskill continuously, while also embedding innovation into their existing work. A learning mindset is built on a culture that welcomes challenges and accepts that new ideas can and will fail.

- **Embed change management**: Change management is a core competency for governments, with change management skills for leaders embedded within and across organisations. This deeper view requires a shift from change management as a short-term effort reserved for large-scale changes.

- **Make it real through measurement**: To be meaningful, customer experience outcomes need to be defined, measured and reported. One way to do this is to reflect them in the charters of Secretaries and Director Generals and cascade them down through departments and agencies.

These six dimensions depend on directive and inclusive leaders with a clear vision, strategy, roadmap and milestones for the innovative, digital government of the future, and clear accountability for driving whole-of-government transformation.

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**Transforming customer experience by reinventing culture**

Service NSW improved customer experience by making deliberate efforts to break down cultural and institutional barriers in fragmented service agencies. As a completely new entity, Service NSW could re-imagine the customer experience entirely, and support it with a new service-oriented culture that was built by recruiting leaders with strong service experience from outside the public sector and service-oriented staff from the consumer, retail, and hospitality sectors. The focus on service delivery and service culture is tracked and maintained using a set of transparent, data-driven performance dashboards.

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66 Interviews with A/NZ government leaders, 2019
Any disconnect between government and industry will hinder innovation and change. While government departments currently work in partnership with industry, some more strategic partnerships with innovation eco-systems would cross-pollinate best practice customer experience and service delivery into government, and move closer to customer and employee expectations.

The second step is to adopt more flexible, ongoing and agile delivery models with industry partners. Delivery models need to move from traditional governance, funding, and procurement models that incentivise large, one-off change programs, to long-term, trusted relationships between governments and external providers centred around innovative, customer-focused outcomes.

Any disconnect between government and industry will hinder innovation and change. While government departments currently work in partnership with industry, some more strategic partnerships with innovation eco-systems would cross-pollinate best practice customer experience and service delivery into government, and move closer to customer and employee expectations.

**Our political class is not experienced in business and innovation…they don’t know what’s possible**

Australian government leader

The second step is to adopt more flexible, ongoing and agile delivery models with industry partners. Delivery models need to move from traditional governance, funding, and procurement models that incentivise large, one-off change programs, to long-term, trusted relationships between governments and external providers centred around innovative, customer-focused outcomes.

Working with industry in new ways can happen in two steps. The first step is to frame and develop a new way to work with industry and leverage external expertise. A way to do this is to build ecosystems of collaborative partnerships that focus on capability building and continuous improvement to customer services. Changing the nature of industry partnerships will depend on:

- Shared vision for specific, well-defined customer experience outcomes
Build a technology and digital infrastructure that supports ongoing innovation

The human elements of unlocking talent and partnering with industry in new ways need to be paired with innovation-ready, cloud-centric technology. The hallmark of the innovative, data-driven governments of the future will be constant innovation, which can only take place if flexible, scalable, and adaptable infrastructure, and proven tools, are in place. Governments will need this ability to innovate constantly to keep pace with customers’ ever-growing expectations of service excellence. Leading digital native companies such as Google, Amazon, and Airbnb constantly combine new ways of working with innovation-ready platforms to drive constant, significant customer value.

This infrastructure is not unique or restricted to digital native companies. Any organisation can build a library of core digital service components and reduce the need to invent new solutions. In the UK, all levels of government have access to a library of off-the-shelf service digital services. The library includes proven tools such as Notify (government-to-customer notifications used by over 1,300 services across more than 430 government organisations67), plus other tools such as Verify (identity verification), and Pay (unified customer-to-government payment platform). Shared component libraries are starting to emerge in A/NZ governments, in alpha/beta phases of development.68

When governments can readily create and adopt these technologies, the results are clear:

- **Improved customer experience:** A library of digital services (e.g., a payment platform) is always designed using customer-centred principles, and is well tried-and-tested. The more often that customers interact with standard interfaces, the more comfortable and confident they become to use them to access different departments.

- **Higher speed-to-value:** When teams can select the tried-and-tested services (or service components) that they and their customers need, they no longer need to invent new solutions from scratch. The result is much faster development times and service delivery.

- **Increased productivity:** When service components are created and updated centrally, work is no longer duplicated and the productivity of teams increases. Central support can also be offered 24/7 to government departments to increase response time and productivity even further.

Building innovation-ready infrastructure requires transitioning from legacy platforms to a horizontally layered, modular technology stack powered by cloud services. Designing a technology stack can be likened to building a toy house using wood or lego. Using wood (legacy) will arguably lead to a bespoke, tailored house. Using lego (modular technology stack) will lead to an equally good house, but with far less effort, time, and resources (e.g., no cutting, glueing, painting). Innovation-ready infrastructure is built on a technology stack that is decoupled, uses cloud software, and has a lean technology core. Some A/NZ governments, such as the City of Melbourne, are moving to cloud-centric infrastructure to provide more user-centric and interconnected services to their customers.

This approach is radically different from traditional, on-premise technology stacks that apply an ‘all-in-one’ mentality of complex and disparate systems and data organised in silos. Moving from legacy platforms to a horizontally layered, modular technology stack will lead to faster innovation, greater speed to value, and faster access to data for personalised service design. By modernising their legacy platforms, organisations typically save 15-20 per cent in costs,70 which can be used for new digital initiatives or to fund ongoing services.

To meet the trust imperative, governments can take these three steps to reinvigorate their digital journeys. Starting small will build capability and confidence. Starting in a scalable way, including the choice of technology, sets up the conditions for success. Starting now will close the digital divide before it gets too deep and wide to bridge.

**Start small. Start scalable. Start now.**

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70 BCG case experience
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