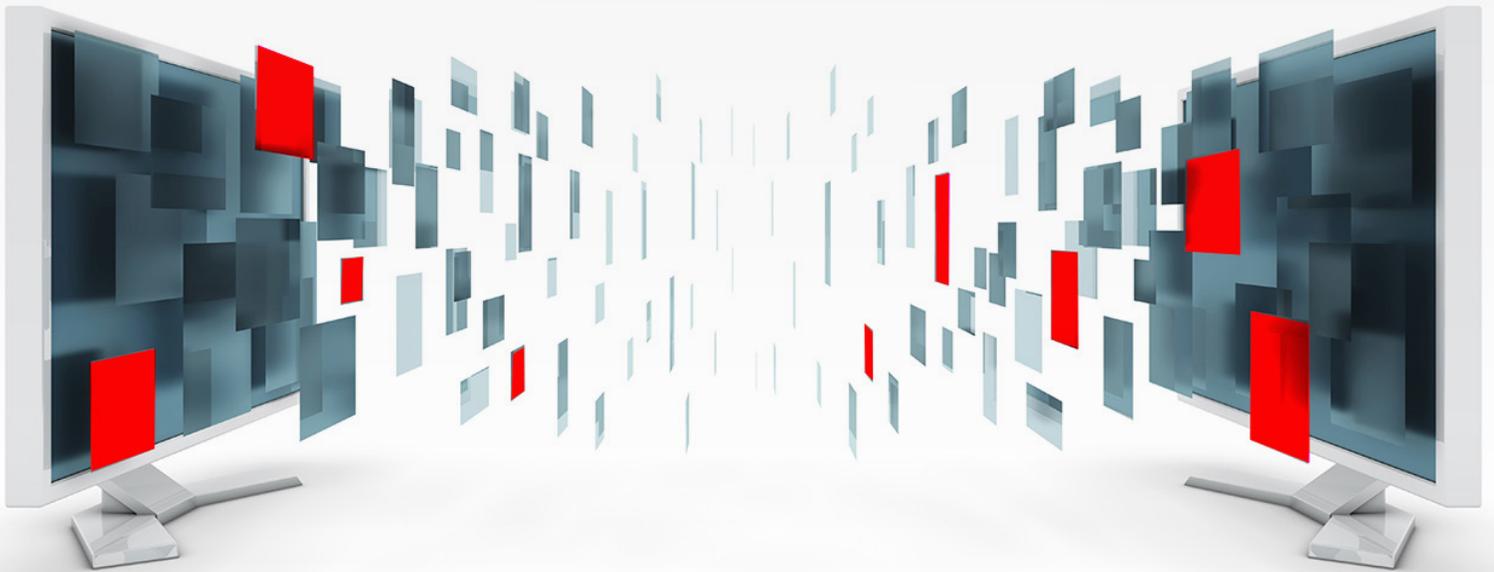


TRANSFORMATION

The Opportunity for Government IT





FOREWORD: THE IMPERATIVE FOR DIGITAL

On 16th January 2013, Jeremy Hunt, the Secretary of State for Health, expressed his view that the NHS should be paperless by 2018. Such a move, Mr Hunt argued, could save the NHS £billions.

This ambition by Government to save money by reducing paper - and making services more efficient as a result - is a theme that has been embraced by several administrations.

The previous Government tried to transform the NHS through IT. "Connecting for Health" was surrounded by controversy. Many critics claimed that it failed to deliver real clinical benefits. It also became a poster-child for Government IT projects that have been unsuccessful and wasteful of public money.

But the intention was never to fail, of course. The undoing of such large projects is often that they try to create new processes without paying sufficient attention to the current ones. And often the existing processes are immensely complex and rely on conventions that have become embedded over many years.

But while big initiatives and failed projects receive the lion's share of media attention, there have been many IT initiatives that have been eagerly embraced by public sector bodies - and have resulted in tangible improvements in service. The challenge, however, is to replicate these successes and to scale them to such an extent that services, or even entire organisations, can become reinvented through technology.

Equiniti Group - as a provider of customer lifecycle operations - clearly believes that technology has the opportunity to improve citizen experience. We build assured lifecycle partnerships where compliance and service cannot be compromised. But we also build digital solutions underpinned by an understanding of the core business processes - and processing systems - used by Government departments and agencies. Only through understanding can we improve and introduce significant efficiencies.

But we also recognise that radical improvement of Government services through technology is not just about technology. Where projects focus on technology for technology's sake they tend not to succeed. Technology has the potential to improve service and result in greater efficiencies. But often the greatest improvements in service and the greatest efficiencies will require new business processes and assured services. And these may challenge the current structure of Government: departmental structures, the relationships between departments, and the relationship between central Government and local Government.



FOREWORD: THE IMPERATIVE FOR DIGITAL

We asked Quadriga Consulting to write this short paper for us in order to highlight some of the opportunities that exist to achieve the Government's desire for "digital by default."

Quadriga Consulting has a considerable reputation in eGovernment and digital Government IT market analysis and organises an annual conference focused on next generation citizen to Government engagement.

The paper argues that unless technology focuses on what it wants to achieve, and how it needs to achieve it, the opportunities for improvement will always be limited. However, the great news is that Government has a real desire to achieve efficiency and reform – and sees digital technology as a means of achieving both.

In short, technology can and does succeed...but not by replacing paper-based processes that work with digital processes that don't work. Rather, the processes themselves can be redefined, streamlined and rationalised through the digital by default mantra. That's the opportunity.

In this paper the author argues that technology, ultimately, is about common sense. Digital by default agendas need to stop and start with the citizen and citizen experience. Project managers and systems planners need to ask themselves whether the demands that they make of users – typically members of the public – require that they engage in repetitive tasks, or put an onus on the user to do things that they simply shouldn't have to do.

One section of the paper attempts to deconstruct a shining example of commercial best practice in IT – and to turn it into how it might look if it were to adopt the departmentalised approach often adopted by Government.



In short, this paper represents one company's attempt to stir the debate. As a UK-based IT services provider we want Government services to improve too – we employ people who deliver Government services but also consume them. It's in our collective interests as suppliers, Government departments and citizens that we work at this together.

If you have any comments about the paper or would like to find out more about Equiniti Group and the services we provide please do not hesitate to contact me.

Yours sincerely,

Andrew Cleminson

Group Director
Public Sector Markets

Andrew.Cleminson@Equiniti.com



THE DIGITAL BY DEFAULT MANTRA - WHY IT MATTERS

- The Coalition Government has put digital by default and information technology at the centre of its reform agenda. The challenge has been given to departments and local authorities to improve service and to create efficiency through IT.
- The opportunity for Government IT is in replicating the business processes and user experience associated with the best commercial sector service organisations.
- The barrier to success, often, is a lack of commonality and shared processes across Government departments - and between central Government and local authorities.
- Effective all-digital and paperless processes are often hampered by manual processes that put burdens on the citizen rather than the Government service provider. While attempts to understand customer/citizen "journeys" through Government web-based services are improving, Government departments still don't stress-test enough.
- Many digital initiatives are "fragile" – they fall over when stressed by real-world use and scenarios
- Digital by default is a real and pragmatic route to increased efficiency in the public sector – which has fallen far behind productivity in the commercial service sector.





FROM WEB TO PROCESS – THE END-TO-END
END-GAME OF DIGITAL BY DEFAULT

“These days the best service organisations deliver online everything that can be delivered online. This cuts their costs dramatically and allows access to information and services at times and in ways convenient to the users rather than the providers. Government has lagged far behind; and the pace of change needed to catch up will place major demands on the Civil Service. We need better skills, better technology and a mindset that revolves around the user, not the producer.”

Rt Hon Francis Maude MP, Minister for the Cabinet Office,
Foreword to Civil Service Reform White Paper, June 2012

Francis Maude took a position in the Civil Service Reform White Paper – that was also repeated in other cabinet office policy papers – that, on the one hand, stated the self-evident and, on the other, was revolutionary for Government IT.

Technology and Government have been uncomfortable bed-fellows. The media – in particular the Daily Mail – has been quick to pounce on evidence of wastage of public money on doomed IT projects. Flagship projects initiated by the biggest spending departments have come and gone – with the only beneficiaries, often, being IT suppliers with little or nothing to lose if things go wrong. Citizens (and Government) pay the price.

This simplistic approach overlooks and ignores the vast strides made by the public sector in embracing IT – and the fact that technology has resulted in clear productivity improvements in every corner of Government.

Despite this, when Maude suggests that information technology might result in reduced cost and more convenience there may be some degree of suspension of disbelief required – especially by professional Government critics.

The reason for this is contained in the quote from Francis Maude. The difficulty (and opportunity) for Government IT is in replicating the processes and experience associated with the best commercial sector service organisations.



A THOUGHT EXPERIENCE: TURNING A GOOD SERVICE BUSINESS INTO GOVERNMENT

Let's take the example of a commercial business that "delivers online everything that can be delivered online – and does a good job of it." Let's take the example of Easyjet.

Easyjet is a services business that engages with customers, almost exclusively, online. The booking process is handled online. Payments are administered online. Customer support is largely online. A mobile application replicates – indeed, some would argue, improves upon – the desktop customer experience. Moreover, information about routes and destinations and traveller advice is all available online. Easyjet's sales in 2012 were close to £4 billion – making it as large – if we compare revenue with budget – as the CLG Communities Department, or nearly twice as large as the Cabinet Office, Francis Maude's own department.

But let's imagine that Easyjet, as a services business, was to be organised in the same way that the whole of Government is organised in terms of service provision. Easyjet would immediately be split into parts – let's call them departments – and each would have its own set of services and budget. The various departments would not be incentivised to share data. Rather each would be allocated an annual budget and would organise themselves in whatever ways they saw fit.

There would be a revenue-collecting side of the business – that would issue tickets and take money (Easyjet Revenue and Customers). But the information side of the business (Easyjetdirect.gov) would only provide information on routes and would give details on what other Easyjet departments actually do. Easyjet customer service and benefits would be another part of the business. Easyjet route maps would be administered by Easyjet Ordnance Survey, etc.

Each business would have separate branding, separate identities and separate design values to reflect their own individual charters. Different database and menu structures would be adopted for different websites and customers, therefore, would be required to log on and provide proof of identity to each department. After the departmentalisation process Easyjet would have 23 websites and quite a few official and unofficial blogs. It would also have very few happy customers.

This somewhat exaggerated example of how a commercial organisation might look if required to behave more like Government shows how complicated it is for Government to put everything back together to create a unified citizen/customer experience. Where it is clear that no commercial company would want to create multiple departments and web assets that don't talk to each other this is the world in which Government finds itself. The objective for Government is to create many more seamless and interconnected processes between Government departments (and between Government departments and local authorities) to create a much better citizen experience as a result. The very structure of Government, often, will be what makes things just so very difficult.



MISSING PROCESSES AND WHY THEY MATTER

The somewhat silly example of what might happen to Easyjet if it were forced to 'departmentalise' is not quite so silly. Consumers do get real exposure to very finely tuned and experience-driven services from many commercial businesses that have embraced web processes. And then they experience Government services that feel cumbersome or downright annoying or frustrating by comparison because critical parts of the service process are missing. Processes can also be stressed to the extent that they break if exceptional events happen.

Let's continue with our Easyjet example to illustrate this point.

Let's assume, when buying a flight on Easyjet, that a consumer wanted to use a credit card to make the purchase. That's not too hard to imagine. However, let's assume that the first time a credit card is used by the consumer that Easyjet stated that the purchase could not be completed until the customer contacted the credit card company and arranged for an authorisation code to be provided.

Assuming the customer was willing to do that, and acquire the code, the customer would then have to phone through the code to a call centre. But when the customer made contact with the call centre it had no record of the customer transaction on the system and no means of entering the authorisation code.

Obviously, if Easyjet were to adopt such a set of business processes it would quickly go out of business. But the experience of doing business with Government is often like this – especially if citizens are required to cross functional demarcation lines e.g. between departments or between department and local authority.

Many departments that share customers require separate logons to disparate systems. Examples abound where Government systems require people to download and post forms for no

obvious reason. And these forms, often, are the most critical part of the process of engagement. It seems to fly in the face of logic to interrupt an ostensibly digital process with a manual one or a cumbersome one or one that heaps all the hard work onto the person who is supposed to derive benefit from the "service".

The secret to ensuring that customer experiences in the commercial world are fit for purpose is to stress-test the experience process. Commercial organisations put themselves into their customers' shoes. Hence the one-click purchase concept pioneered by Amazon and other online retailers.

"The reason we're all focusing on 'smart' is because Government has most, if not all, the information technology infrastructure, solutions, and services in place to deliver intelligently, but not without some pain... the only way get to the elusive goal of every modern Government—peak operational efficiency that delivers maximum service value—is to be smart in employing the available resources you have to achieve it."

Thomas Rubel, Vice President, Research, IDC Government Insights



TRANSACTIONS AND COSTS: A COMMERCIAL 'V' GOVERNMENT COMPARISON

In the previous section we alluded to the fact that end-to-end processes can be dragged down when an annoying manual or paper-based process interrupts what should be a seamless and paperless process. In effect manual 'exceptions' kill the productivity.

Often the cause relates to citizen identity. Government services that are transactional in nature falter when it comes to proving that the customer is who he or she claims to be. This is somewhat ironic as Government holds manifestly more information about citizens than commercial organisations.

Surely if any organisation should be able to quickly check via a simple and shared web process that a citizen is who he or she claims to be, it's the Government?

But there are various other reasons why productivity can be affected by poor processes.

Government typically spends money (inputs) to focus on service delivery for citizens. Increasingly the services are delivered via electronic portals – but if there are ghosts in the process machine this can result in a negative double whammy of time-consuming inputs and poor quality outputs (that may require more inputs or replicated processes).

It's difficult to compare transactions or outputs from Government with similar commercial processes. Often we're not comparing like with like. Also Government is mandated to do more than simply deliver services – there are less tangible and less measurable objectives too that may drag down productivity measures.

However, we can look at comparisons of Government productivity with private sector productivity. This is quite tricky to do – because it's difficult to measure output of a public sector worker with that of a private sector worker.

However, input costs are easier to gauge. According to the Office of National Statistics (March 2012) public sector workers are paid on average between 7.7% and 8.7% more than private sector workers. Therefore assuming equal output levels public sector workers would be less productive by a similar percentage to the wage differential. However, some studies indicate shortfalls between public and private sector output as well.

According to data published by the Office of National Statistics in 2010, public sector productivity declined by 3.4% between 1997 and 2007. In contrast, productivity in the private sector rose by 27.9% over the same period.

That's not to suggest that public sector workers work less hard or are less committed. Rather it may imply that they could be much more effective in delivering services if they had better support and there was less duplication of effort – and worked to better business processes with less manual interventions.

Of course IT alone is unlikely to deliver all of the productivity gains required in the public sector. But the Cabinet Office is right to identify the close link between better IT and civil service reform and productivity gains.



EFFICIENCY, REFORM AND DIGITAL

Government, and the civil service, recognise that IT is a route to improved productivity. However, digital services that fail to pay attention to user experience and effective business processes will fail.

The Government's reform agenda – spearheaded by the Efficiency and Reform Group (ERG) – embraces the idea of transformation:

ERG, with the support of HM Treasury, aims to deliver a set of shared programmes designed to support departmental transformation. These programmes aim to radically change the way public services are delivered—improving customer experience and value for money. A key exemplar of this approach is the Digital Strategy—aiming to make Government services digital by default and easier for the user. This cluster is led by Mike Bracken, Executive Director of Digital, and Ed Welsh, Executive Director of Commercial Models.

The Digital Strategy, at date of publication of this paper, contains 14 key actions. Several, as would be expected, relate to the provision of effective digital services – and the sourcing of appropriate skills – by the individual departments.

Action four requires the support of digital capability across departments. But action five requires services with more than 100,000 transactions per year to be redesigned. One could argue that services processing such large volumes may not need to be redesigned – they may, or may not, be fit for purpose. Perhaps the requirement for redesign should be at a more qualitative level. Some critical services may have a low volume of transactions because they are unusable – because of poor design.

But, on a more positive note, Action 12 requires the removal of legislative barriers which unnecessarily prevent the development of straightforward and convenient digital services. That action is to be especially applauded.

At a fundamental level, however, the inclusion of digital by default in the reform agenda is to be welcomed. Government IT will be reinvigorated by the move and technology delivery agents will now be required to focus on tangible and practical outcomes.

“Here's my take on why delivery is such an attractive digital strategy in Whitehall. Ministers are inundated with policy directives and advice, most of it of the risk-averse variety. . .when it comes to digital, the voices of security and the voices of procurement dominate policy recommendations. The voice of the user barely gets a look-in.”

Mike Bracken, Executive Director, Government Digital Service



THE CONCLUSION: MAKING LIFE BETTER

Information technology can make life better for us all but it's pointless and irrelevant if it doesn't work at the level of service.

Digital by default is an opportunity. At one level – if some nettles can be grasped – it's a route to better productivity within Government.

At another it allows services to be delivered better – but only, as Mike Bracken puts it, if the voice of the user can get a look-in.





EQUINITI GROUP'S RESPONSE

This short report makes clear that if technology and service are developed in ways that fail to take account of the needs of the citizen, they won't work.

At the heart of all citizen-focused Government services there are transactions and business processes. All Government departments tasked to deliver efficiency through "digital by default" need to consider the nature of the task facing them – and then create solutions that meet the need.

The Cabinet Office published the Government Digital Strategy in November 2012. At the heart of the strategy is the idea that public services should undergo transformation in order to become "digital by default". The result will be better and easier citizen experience and reduced transactional costs within Government departments.

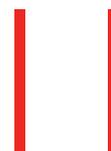
The Cabinet Office, in its strategy document, has estimated that moving services from offline to digital channels will save between £1.7 and £1.8 billion per year.

Previous implementations of Government IT projects have sometimes fallen short because of cumbersome manual processes, such as downloading and posting forms, creating a burden for citizens who are supposed to benefit from the service.

The key to the success of such projects is recognising that transforming services involves more than just technology: processes must change and the user experience must be prioritised. The channels offered must seamlessly integrate with the core systems and processes to add real value to the organisation and the citizen.

Equiniti Group offers an all-encompassing solution, managing all of the channels involved in helping Government departments and local authorities to provide a high quality service to citizens. We have experience of providing not only the core processing systems for Government bodies, but also a multi-channel approach through which services can be delivered, as well as call centre facilities, scanning and high volume printing to deliver customer services that are:

- Easy to use
- Integrated
- Efficient
- Traceable
- Not dependent on traditional telephone and paper channels
- Cost-effective
- Aligned to the public's expectations of a service experience equivalent to that of a normal commercial organisation





CASE STUDIES

The following two short cases studies may help readers understand our approach.

Insolvency Service

Equiniti Group provided the Insolvency Service with a secure portal and a public-facing portal which integrate with its case management system. The secure Insolvency Practitioner (IP) portal enables IPs to access their cases and update case data, be assigned new cases, lodge monies and raise payments from case accounts, and generate and submit documents. This is then replicated in the main case management system.

The Insolvency Service's public portal makes use of the Government gateway payments engine, ensuring that customers can securely pay deposits and complete forms online using individual log-in details.

A large retail bank

Equiniti Group implemented a web portal for a large retail bank which integrates directly with a case management platform for customer accounts. The solution is used by third party stakeholders to raise, track and process requests relating to customer cases. The secure portal provides full tracking of third party requests, allows stakeholders to update their details and send communication to the bank and Equiniti Group operations teams for request processing on customer accounts.

About Equiniti



For further information about Equiniti Group please visit www.equiniti-assured.com

E: enquiries@equiniti.com

T: 0845 601 8884

W: www.equiniti-assured.com

© Equiniti Group/Quadriga Consulting 2013 – All Rights Reserved

ABOUT EQUINITI GROUP

With 3,000 staff operating across 23 regional locations, Equiniti Group is a business process services provider* delivering administration and payment solutions to over 2,000 clients in the UK public and private sectors. Leading in each of our chosen markets we serve 46% of the FTSE 100 and 36% of FTSE 250 companies, administer 25% of the UK's large pension schemes and are the nation's largest and most successful share registrar.

* Equiniti Group is the sixth largest business process services provider in the UK (Source: TechMarket view, SITS Report 2012)

ABOUT QUADRIGA CONSULTING

Quadriga Consulting has been providing evidence based consulting and analysis for a roster of technology clients for over ten years. The company has a strong focus on Government ICT and has organised many events around the role of digital technology in the provision of Government services – at local, regional and national levels.

For further information about Quadriga Consulting please visit www.quadco.co.uk