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Accenture Submission

National Commission of Audit

26 November 2013



1. Executive Summary

Over the past six years, Australia had experienced the most serious deterioration in the budget and the fastest increase in commonwealth debt in peacetime history. Current treasury analysis indicates that the budget deficit has blown-out to over \$37bn¹ in FY 2013-2014.

The long term trend has been for public sector spending to increase, regardless of volatile fluctuations in revenue collections. The recent over spending problem, with the expenditure to GDP ratio climbing whilst the revenue to GDP ratio has fallen, has created a legacy of multi-year budget deficits and increasing debts.

Modelling by Accenture and Oxford Economics, projects a gap between public service cost and revenue of approximately \$170bn by 2025 or 5.4% of GDP.² Revenue shortfalls of billions of dollars over the next decade will impact our ability to deliver public services to future populations at current levels. Moreover, covering these funding shortfalls would only maintain the level of services that citizens receive today, and may be inadequate for the public services for the future.

Australia is not alone in facing this challenge – every mature economy is facing similar challenges with growing demands and reducing revenues. In the short term, government will need to address the unsustainable rate of expenditure growth while taking other actions to improve service effectiveness and better manage the cost/revenue equation.

However, trimming services and increasing revenue in the immediate future will be insufficient to address this long-term problem. The current approach to public service delivery via state employed bureaucracies is unsustainable, and new approaches are needed to make the public service more effective and affordable in the future. This will require the government to re-evaluate their choices and re-ask the question about what really matters to citizens and businesses.

As indicated through the establishment of the National Commission of Audit, the new Australian government has prioritised examining the scope for efficiency and productivity improvements across all areas of commonwealth expenditure, reinvigorating economic growth to improve living standards and ensuring sufficient taxation revenue is generated to meet this fiscal challenge.

It is commonly accepted that an excessive state burden on a private economy will likely impede its growth, although there is disagreement about the proportion at which this occurs. Checking the growth of government expenditure and taxation will provide an additional benefit of stimulating growth in output and GDP, thus enabling the remaining taxation requirement to be more easily met.

An opportunity exists to deploy a new generation of approaches to better deliver public services of the future.

¹ Source: Treasury estimates as of Nov. 2013. Joe Hockey noted this could be 'substantially worse' by Dec mid-year update.

² Source: Oxford Economics, 2012. The gap in expenditure (expressed in US\$ billions) of delivering public services at existing levels in 2025

1.1 Accenture Submission

This submission outlines three key areas for the Commonwealth to evaluate:

1. **Public Service for the Future.** The provision of public services through permanently state employed, public servants in large bureaucracies may need to be replaced or supplemented by more flexible privately owned organisations oriented towards the unique demands of individual clients, as is common in market driven environments.
2. **Digital Government.** The productive efficiency of the delivery of public services has not kept pace with the productivity growth of the private sector of the economy at least partly because it has not taken full advantage of the technological innovations in IT and the Internet which should enable a similar improvement in service provision.
3. **Public Entrepreneurship.** A more entrepreneurial approach to public service, and the timely meeting of individual requirements which these enable, would provide more appropriate service delivery at a time when most private industries are dealing with similar issues of market segmentation and are refashioning their behaviour to meet it.

1.2 Conclusion

In order to maintain a vibrant level of economic growth to provide rising living standards for its citizens, Australia must restrain the growth of public sector expenditure within the limits of its capacity to fund it.

Citizens want growing public services, but will not tolerate a growth in taxation above the rate of economic growth. The gap between aspirations and willingness to pay has been recently filled by large and unsustainable levels of borrowing which has left a record level of Commonwealth debt

In order to deal with this problem in the short term, adjustments to expenditure and revenue will be essential. In the medium term, however, the government will need to adjust its forms of service delivery in order to maintain and enhance them without cost over runs

This can be achieved by changing the style of management, the uses of technology and the structure of the public sector to mirror the efficiencies that are widespread in the private sector.

2. Public Service for the Future

The *Accenture Public Service for the Future* identifies four key shifts that will enable government to address its economic and social challenges:

1. The Shift to Personalised Services
2. From Reactive to Insight Driven
3. Public Managers to Public Entrepreneurs
4. Budget Cuts to Mission Productivity

2.1 The Shift to Personalised Services

Citizens are changing – they are more mobile, have greater access to technology, they are living longer and have increasing expectations from government. Effective governments are adapting to this change in citizen behaviour and reshaping the nature and delivery of public services.

From Accenture’s extensive citizen research, we have consistently heard citizens call for public services that promote a flourishing society, safety and security, and economic vitality. But there is little enthusiasm or increased levels of taxation.

Citizens want their governments to operate efficiently but have little confidence that they presently do so. And they put little stock in preserving the legacy of bureaucratic structures that no longer work to meet those ends. The shift to personalised services implies designing services in partnership with citizens—and delivering them in integrated ways to provide exactly what is needed, when it is needed, in the most appropriate manner.

Providing citizens with self-service and encouraging self-sufficiency improves service, reduces costs and improves outcomes.

For example, in Italy the Istituto Nazionale della Previdenza Sociale (INPS), the main Italian welfare administration, has logically organised its services around the citizen, and users of the service now have to submit only one request, regardless of the agencies that must be involved to fulfil it: INPS and local authorities collaborate to satisfy the citizen’s needs.

Enabling such a capability without dramatically increasing costs will come from shifts in technology, process, culture, leadership and accountability. A public service that provides a more integrated, holistic service for citizens, while increasing the ability for caseworkers, teachers, healthcare providers and others to work in collaboration. The result will be more productive public services that get closer to citizens, deliver better results through more targeted (and less wasted) efforts, and enable citizens to move to self-sufficiency.

2.1.1 Citizen Centric Service Design

Deep citizen insight has its roots in personalisation. As governments take a more systematic approach to how they aggregate, analyse and share data, the design of their citizen services can be better informed by the insights they gain. The insights enabled by data analytics give clarity into the differentiated needs of citizens and communities, and a starting point for developing much more finely segmented service platforms to meet a much broader range of personal needs at a much more sustainable cost.

In the Netherlands, the award-winning service “burgerlink” (Citizenlink) is harvesting citizen insight, using e-participation technologies to encourage citizens to provide feedback on their involvement in and satisfaction with public services, and analysing this data to continuously improve services.³

Insight develops the deep evidence base that will shift the starting point for public service design. The design of personalised public services puts the citizen in the centre and radiates out from there, rather than starting from the historic structures or functions of public services.

Designing service delivery around citizens also implies a much greater level of integration. In the future, fragmented structures should be networked and aligned so public services can work in a consolidated way around the holistic needs of citizens.

For example, New Zealand’s long running “Strengthening Families” program provides a structured approach across multiple central government agencies to deliver the right menu of support services to families with multiple needs. The program emphasizes early intervention, with government agencies and community organisations working together to improve health, education and social outcomes for families through a process of collaborative case management.

Finally, it puts more power into the hands of the people being served. The public services of the future will increasingly involve citizens in the design of their own public services—engaging them through digital services to educate and gain citizen input on how to design services that will benefit those most. Service options will be expanded—through choice of provider, and providing more options for the citizen in their path to self-sufficiency.

For example, in an effort to address the growing demand for health and social care, Fredericia Kommune, a local authority in Denmark, set about developing solutions that enable older citizens to do more for themselves. The initiative emphasizes health education and enablement through a range of smart, home-based technologies, and is already generating significant savings as the demand for formal care reduces. Approximately 43 per cent of users of rehabilitation services today end their treatment being completely self-sufficient, compared to only 5 per cent three years ago. This has generated significant savings of approximately US\$2.7 million (15 million kroner), or 14 per cent of the total budget.

2.2 Reactive to Insight Driven

Becoming insight driven will enable government to both predict where needs, demands, or threats will likely arise and then target resources to meet the needs more effectively and at a lower cost. The shift to insight driven government uses new technologies and new models of collaboration to problem-solve proactively, reducing wasted effort and improving the results achieved.

For high-performance defence and public safety organisations, the rapid increase in information means the ability to effectively identify, assess and understand threats as they happen. The insight-driven organisation will use the insight it develops to proactively respond to evolving, more complex and less predictable threats.

For example, Europol, the European law enforcement agency, has established centralised capabilities for data matching. These capabilities enable Europol to identify the nature of criminal activity affecting multiple

³ <http://www.iccs-isac.org/en/pubs/FinalReport-June7-2010-FrontSection.pdf>

countries. Its secure information exchange network, Sienna, created in 2010, is one of a small handful of secure international police systems, and connects all major police forces in Europe on the same platform.

The proactive approaches that insight enables will be enhanced by the use of mobility—getting the right information to the decision maker (whether police officer, soldier, caseworker, border agent or citizen) when and where needed.

For example, New York City’s 311 service not only resolves non-emergency issues, but also analyses data from its 60,000 non-emergency calls a day to make proactive decisions. In one instance, the system helped police target illegal social clubs after 311 showed a connection between certain locations and public drinking complaints.

Complex service needs and rising costs should continue to drive more cooperation and collaboration across public service boundaries. Increased collaboration and cooperation will rely on strategic information-sharing programs, both across three tiers of government agencies and internationally, with a single customer view at the centre.

These programs should support a shift in information sharing: from entities reaching out to one another on an ad hoc basis and waiting for a response to mutually shared, continually refreshed and readily available pools of information.

For Healthcare, using insights to support improved patient care can reduce duplication and waste. eHealth solutions, including Electronic Health Records and Clinical Information Exchange, provide consumers and care providers with the ability to access relevant information at the right time and place to support patient care and initiate clinical workflows.

These solutions enable care providers to access patient health records and collaborate with other care providers in a more efficient manner while also providing new solutions to help patients become more involved in managing their own health (e.g. chronic care). Recent best practice for particular health conditions can be made readily available to citizen patients for them to contribute themselves to their own well-being.

Many Australians receive a mix of health and human service entitlements that might include aged care services, disability services, welfare, or other entitlements. The ability to integrate information across health and human services will be increasingly important to enhance the personalisation of services provided and address inefficiency created through fragmented programs, entitlement funding, case management, and inter-service coordination.

2.3 Public Managers to Public Entrepreneurs

In the 1990s employment services were reformed to offer contracts to private bidders to deal with a specified number of unemployed citizens over a contracted period of time. They had criteria for performance and bonuses based among other things on the degree of difficulty involved in placing different citizens in employment. Contracting agencies then got more for placing someone who had been out of work for two years over someone out for two weeks. The contracts then came up for new tenders after say five years. In this system, no one was directly managed by a public servant. The health system, say, could be further privatised in this way with the processes spreading from GPs, already contracted under similar

circumstances, to clinics and hospitals. A similar model might well be applied in rehabilitation, childcare, age care and education services.

2.4 Budget Cuts to Mission Productivity

The shift to mission productivity implies broad and integrated thinking to better prioritise and manage initiatives, to restructure programs to eliminate duplication, and to leverage the considerable scale and assets of government as a whole. The commonwealth government must find ways to solve the “public productivity puzzle”: to deliver better outcomes for the same or lower cost.

The traditional means of squeezing out incremental cost improvements is no longer fiscally enough nor palatable or credible for citizens, and governments need completely new ways to drive changes in public service productivity. Governments can take strong steps to improve efficiency by making a structural shift from focusing on piecemeal efficiency initiatives to a focus on driving productivity through to its core⁴.

Accenture has identified three key processes underpinning the shift to broad productivity gains:

1. Outcome oriented governance,
2. Core restructuring, and
3. Operationally excellent administration.

While many public services have addressed the processes in isolation, what has been missing is an integrated approach that achieves long-term sustainability.

2.4.1 Outcome-oriented governance through prioritisation and performance management

Investment and Services Prioritisation. Prioritisation means regularly reviewing what public services aim to achieve and what services should be delivered to support this aim. Leading organisations embed evaluation and prioritisation deep into their regular business planning processes, but these exercises may also be undertaken in response to a specific circumstance or need.

Performance Management. Public leaders should establish organisational performance mechanisms to measure public service productivity and provide incentives for greater efficiency. Performance budgeting techniques, which bring performance and finance data closer together, enable governments to better understand where money is spent, the impact of these activities and how to maximise the ratio of outcomes to expenditure.

2.4.2 Core Function Restructuring

The second main area for optimising efficiency is in the core functions of the agency. Public leaders will need to address the way core services are delivered if they are to make a significant shift in public service productivity and reduce duplication and waste between state and federal functions. The two key processes here will be the elimination of duplication – particularly between tiers of government – and the contracting out of service provision under clear guidelines within a competitive and contestable market.

For example, Service Canada has merged more than 70 services from across multiple agencies into a unified customer service organisation that groups its offerings around the needs of citizens, and has saved more than

US\$278 million (CN\$290 million) in its first year of operations alone. Similarly, New Zealand consolidated its number of local councils from 830 to just 86—resulting in significant administrative savings and streamlining of customer interactions.

This requires agencies to rethink their business models, and establish a function that continues to challenge red tape and find ways to reduce it. This should also drive simplification of legislation – moving away from prescriptive legislation that dictates treatment to principle based legislation that allows government to develop efficient business models. A key element in this change should be subcontracting service delivery to private agencies.

The potential for restructuring should also focus on areas where standardisation across states can reduce red tape, and where a consistent approach across states would offer service effectiveness. Insight driven compliance can deliver simplified business processes to reduce red tape while retaining a strong compliance model. Some of the larger industries like Health and Education would be better managed in a regional manner (as per the national health reform agenda).

The states and territories under the constitution have responsibility for service delivery in Health, Education and other areas. The Commonwealth has encroached greatly on these areas, often duplicating already excessively bureaucratised service delivery. The Commonwealth should leave service delivery in such areas to the states and territories under appropriate guidelines and with financial support where necessary.

2.4.3 Operationally excellent administration

Public service administration needs to adopt principles of operational excellence and continuous improvement – leveraging its scale and assets to become more efficient while retaining strict fiscal controls.

Leveraging the scale of government. Leading public service organisations are aggressively using their scale to drive efficiencies.

For example, New Zealand’s government agencies have begun jointly purchasing supplies such as vehicles, office supplies, air travel and legal services, and expect to save almost US\$300 million over the next few years. The potential efficiencies in this area are huge: public procurement makes up more than 30 per cent of many countries’ total public sector spending, and in Accenture’s experience with clients, strategic and collaborative sourcing approaches can drive 10-20 per cent cost savings in as little as six months.

Leveraging existing assets. In any country, the government is the largest holder of assets, and in Accenture’s experience, the opportunities to unleash asset efficiency are enormous.

In a cross-governmental example, Western Australia has made moves to save more than US\$20 million per year—10 per cent of current spend on office leasing and management—by consolidating and transferring some government offices out of the pricey Perth Central Business District and introducing sharing for certain facilities, such as reception and meeting rooms⁵. WA (and SA) could have saved a lot more by cutting the states expenditure on prestige projects.

⁵ <http://www.mediastatements.wa.gov.au/Pages/default.aspx?ItemId=136475>

3. Digital Government

Accenture research indicates that there is a positive link between the uptake of digital technologies and growth. There is a massive opportunity for governments to drive economic growth by maximising the utilisation of these technologies. Digitisation enables improvements in service delivery cost and effectiveness, enhances public transparency, enables business growth and encourages social self-sufficiency. Typically, however, the government sector is not leading the new technology uptake.

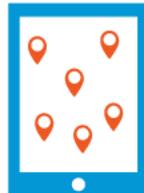
Digital trends are revolutionizing how governments, citizens and businesses interact with the world. “Always on” communications, rapid adoption, insight from massive data sets and the essentially productive nature of digitization are factors that drive deep and pervasive change in how we lead our daily lives.

Government has a unique opportunity to use its data to refine policy and personalise services to those in the most need. This includes supporting the digital infrastructure, governance and processes across government to deliver the new service paradigm.

New technologies are changing the service paradigm



Personalized citizen and business identifiers help present an authenticated, single view of the customer to all parts of government.



Mobility and portal devices help serve citizens seeking “anytime, anywhere” service delivery in the future.



Analytics can help cope with big data and enable governments to make better use of data insights to be more proactive in public services.



Cloud-based IT architectures can help governments gain flexibility and integrate services at reduced cost.



New technologies and social media help collaborate and serve citizens more effectively, engaging the public as coproducers of public value, and improving accountability and transparency.



Interactive governance can enable governments to build deeper, richer and more collaborative relationships with the people they serve.



A new generation of processes and tools help build more productive public services that improve relationships and lives.



Connected health uses knowledge and technology in new ways for more effective, efficient healthcare, such as mobilizing healthcare information electronically across organizations within a region, community or hospital system for improved outcomes at lower cost.

The annual *Accenture Technology Vision 2013* announced, “every business is a digital business”—pinpointing digitization as a key enabler of strategic change. Of the trends identified in the latest Technology Vision, we believe many are highly relevant to the Australian public sector, including:

- The trend to develop **relationships at scale** is pertinent to governments today; they need the ability to treat citizens as individuals, and provide services tailored to the individual’s circumstances.

- The trend toward **using analytics to gather the right, most insightful information** and translate it into a means for governments to create and collect information to enable better decision making—for instance, using analytics to determine tax fraud or evasion, or maintaining an appropriate electoral roll, or using social media to help fight crime.
- The trend around **building social, collaborative channels** is in line with the desire for “joined up” government, where the integration of social technologies into business processes has the potential to realize productivity gains across layers of government.

Digitization programs and technology adoption lie at the heart of re-inventing public services. Governments need to play an *orchestration role* in delivering public service for the future—and the mass adoption of digital technologies is essential to productivity gains and progress.

Despite having a well-developed infrastructure, the availability of online services and citizen participation channels differ across Australian government departments and services. The Digital First Initiative of the National Digital Economy Strategy commits that individuals and businesses will be able to complete all priority services online by December 2017. However, there continues to be a challenge to put more government services in the digital world, and to integrate services across agencies and state/federal boundaries. The biggest challenge is re-thinking the role and delivery of public services in a digital world.

3.1 Delivering Digital Government

Major shifts in cross-agency information sharing and collaborative working could enable the Commonwealth to provide streamlined services to citizens. The government should consider pervasive use of technologies, such as cloud, analytics, mobility and social media, which could create a lean operating model and help gain the agility to respond swiftly to citizens’ needs.

There is an immediate opportunity for the commonwealth government to reshape the way the government works and embrace the digital agenda. Accenture has developed a framework for assessing a country’s digitisation effort based on six key impact areas, including:

- **Digital priority:** Gauge the importance governments place on digital based delivery on the level of information and communications technology prioritization and the presence of a well-executed digital government strategy.
- **Constituent satisfaction:** Assess the availability and sophistication of online services provided by the public sector to the population and the extent of social inclusion by enabling access to basic services.
- **Citizen engagement:** Measure the extent of citizen participation or consultation offered by the public sector.
- **Economic competitiveness:** Assess the efforts of the public sector in improving the ease of obtaining policy information, fostering technology innovation and using information and communications technology to improve country competitiveness.
- **Public sector productivity:** Gauge the perception of public sector efficiency in terms of providing quality public services, managing public spending and using information and communications technology to improve productivity.

- **ICT development:** Measure the degree to which departments and agencies are prepared to use Information and Communications Technology based on infrastructure maturity, usage and skill level.

These impact areas can form the basis for KPIs to indicate future performance efficiency.

3.2 Becoming Digital by Default

In the short to medium term the Commonwealth should continue to promote and enable digital as the preferred access mode for citizens across all major services as outlined in *Advancing Australia as a Digital Economy: Update to the National Digital Economy Strategy*⁶.

Some departments and agencies have already reached a tipping point where major transactions and high volume services are primarily delivered through digital channels. Even for more mature digital government service providers, there are productivity and cost improvements to be achieved through increasing e-participation levels for online services.

Digital Government provides the opportunity to optimise IT costs and simplify interactions across government without necessarily changing existing state-federal governance structures or arrangements. Each state currently implements its own systems for each of its functions. In some cases the state has enough critical volume to justify this investment, but in others there would be benefit in Government considering solutions provided by third parties to all states. This would not only allow the states to optimise IT and business costs, but also provides a better experience for users, and the opportunity to provide more advanced services and features to government and the community.

For example, each state currently owns and operates its own systems for state taxes, vehicle and driver licences, business licences, fines and infringements. It would be possible to enable one of these systems as a standard solution across states while still maintaining state autonomy and interpretation of state laws. This would then enable a gradual move to harmonisation of state legislation and systems under-pinned by a common national system and database. Such solutions are enabled by cloud-based approaches to IT systems, and a more pragmatic approach to the procurement of IT solutions and services.

For example the State of Florida introduced a single licencing service across all its jurisdictions. The Florida Office of Financial Regulation streamlined processes, implemented new technological capabilities and improved customer service through a number of new online services, including processing applications and renewals. This solution replaced more than 20 legacy systems with single comprehensive financial regulatory management system and has dramatically improved renewal processing times (e.g. from 12 days to 1 hour). Staff have been able to focus on improving efficiency in the licensing processes as cumbersome, paper-based processes have been streamlined by leveraging the new online self-service functions, automated workflow capabilities and integrated customer interface.

3.3 Using Digital to Redefine Boundaries

Digital offers the opportunity to redefine boundaries both within government and with the private sector. The traditional model of vertical integration from policy to delivery is no longer required when digital can

⁶ For more information refer to <http://www.finance.gov.au/blog/2013/06/13/digital-first-and-aps-ict-strategy/>

help extend and govern end-to-end service delivery into third parties and across agencies. Digital is not just about mobile apps; it can enable a more fundamental rethink in the way services are delivered.

In Australia, the Job Network represents a Digital model that changes the role of government and private sector industry – Accenture would recommend taking similar approaches to other service delivery functions for government, and enriching the model to include better analytics. For example we have implemented a job matching service in Germany that helps job seekers to find jobs across the country, and also allows job seekers to see trends in skills that are in demand in their area and thus plan for retraining into a new skill that will get them back into employment.

Digital will enable more personalised services to the citizen – personalised services will be cheaper and more appropriate than current service delivery models. The opportunity to use citizen circumstances and needs more specifically can help to shape policy that will focus attention on those most in need, and create pathways for those in need of support to move back to self-sufficiency rather than ongoing dependence. Digital creates the insight and the ability to personalise that can dramatically improve the effectiveness of government welfare spending.

This technology has been commonly used in the media and finance sectors for a decade and has been driving considerable efficiencies that should be taken up by the public sector.

3.4 Digital Identities

Enabling Digital Government requires an approach to managing digital identities for citizens and business. Accenture recognise the public sensitivity to concepts such as the Australia Card, yet it is important to be able to safely and securely identify citizens both to protect their privacy when working in the digital world and to better enable the identification of fraudulent transactions.

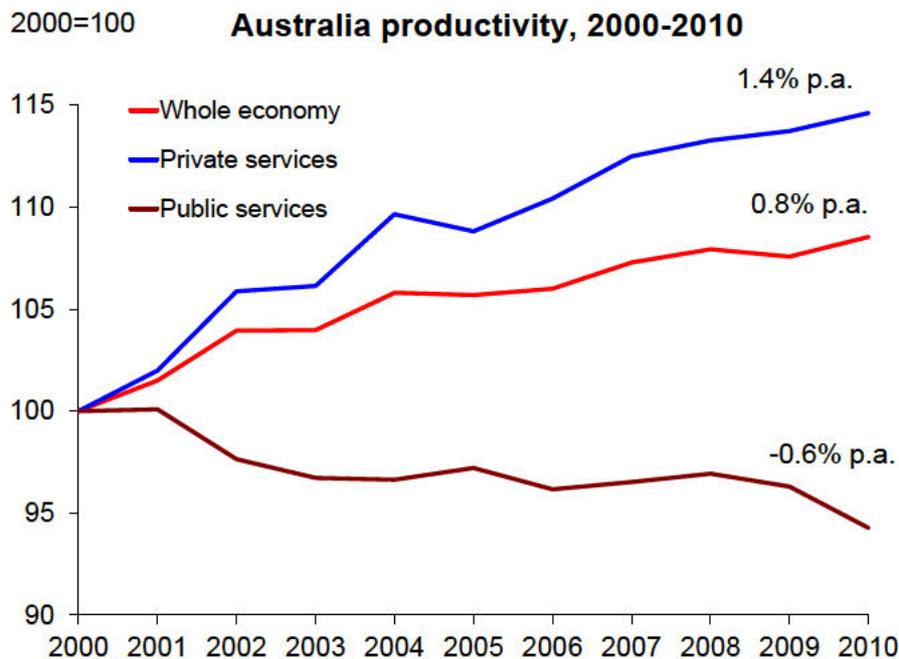
Accenture has developed solutions to support ‘emergent identity’ that work within the boundaries of existing legislation yet enable citizens to safely and securely identify themselves. Emergent identity links the multiple ways that citizens identify themselves to support a single view of the citizen (with permission).

In Australia, myGov provides a single website for citizens to access online government services with one logon and password. This is an important foundation for enabling digital government. The myGov solution could be further extended beyond the current health and human services focus to provide a one stop shop for all government online services. The underlying digital identities services could be extended to provide a whole of government solution.

4. Public Entrepreneurship

Government is a significant contributor to economic growth and vitality through creating a safe and flexible environment for business to operate. Government itself is also a significant contributor to the overall economy – accounting for 39%⁷ of GDP – although it generates little actual output of wealth. In addition, our research indicates that while the private sector has adapted to the new digital world through increases in productivity, government productivity has in practice declined over the last decade.

Public Entrepreneurship provides the opportunity to bring private sector productivity to the delivery of public services. The public service of the future needs to focus on productivity and performance improvements, and working with private sector organisations to take on service delivery roles. Government needs to think big to make these changes – public service efficiency dividends have squeezed the effectiveness of agencies to the point where they are struggling with budgets. Government needs to rethink its role in service delivery and change the dogma of the public service.



Source : Oxford Economics/Haver Analytics

4.1 Ease business interactions with government

As technologies evolve, they enable greater linkages across public services without the need to formally merge structures or processes. Indeed, we see public services increasingly using more flexible, cloud based IT architectures to integrate services without the cost and expense of formally merging organisations. For businesses, the more government harnesses these technologies, the wider the door opens to more simplified interactions with government.

⁷ Source: <http://ipa.org.au/publications/2175/australia's-big-government-reaches-record-highs>

One leading example is the Norwegian government's Altinn, which simplifies the interaction between government and businesses through a single connecting platform enabling portals and a case management system to cover the whole range of government agencies. Between 2008 and 2026, the Norwegian government expects Altinn to generate a net present value of approximately US\$1.6 billion, thanks in part to the savings that come from improved data quality and rationalising data handling by the public authorities; the time savings for companies; and the tax savings for citizens that come from a reduction in the government's administrative costs.

IT has been particularly effective at improving productivity in private services such as media, entertainment, retailing, and communications. Government service provision should be able to increase its productivity correspondingly, although Accenture research strongly suggests that this has not occurred.

4.2 Cloud Managed Services

The world has moved beyond the delivery of large and complex bespoke IT solutions except for the most critical of public service functions. The nature of IT solutions is changing from creating reams of business requirements and procuring bespoke solutions, to one where cloud based managed services are used to meet the service needs and embed global leading practices.

This requires a change in thinking by government to its procurement of solutions. It needs to move away from lengthy and expensive requirements analysis to one where government picks a managed service provider and progressively adopts standardised solutions. It needs to create opportunities for the same solutions to be used across government agencies.

Government needs to actively create the opportunity for private organisations to build these services. This will require new approaches to procurement and performance management of vendors – one that encourages and promotes innovation and year on year efficiency improvements.

Some services can be provided competitively with multiple vendors offering the same service, as in the reforms to the labour market. Other services will require Government to allow a single provider, as for example with the provision of standardised national licencing systems. But put in place the service controls to maintain and improve value for money.

Cloud based solutions for HR and Finance functions are now available that can support multiple agencies from a single solution. These solutions are proven to support multiple but different types of agencies, and embed global leading practices in procurement, talent and performance management (for example) that can enable significant opportunities to improve productivity and cost effectiveness of the agencies. This is a quick win that Government could implement in months rather than years.

For example, Singapore has two cloud based Finance and HR functions that support a broad range of departments using standardised solutions. The two solutions compete to provide services to departments providing ongoing market competitive pricing for services.

4.3 Opening up government data

Government data or public sector information is the single largest source of information and represents a relatively untapped reservoir for new business innovations. By unlocking public data, under appropriate safeguards, public services can spark new digital value chains that lead to innovative applications and

information products.⁸ Of course, making this information source more readily available has become increasingly important for governments wanting to be perceived as transparent. Yet governments are increasingly driving economic benefits as well by enabling businesses to harness this data to develop innovative new services.

For example, through “data mashing,” published information can be re-used and merged with different types of data to produce new products and services. In Denmark, Geomatic uses government data to develop market insights that it sells to clients for marketing and strategy development purposes. We believe that the Australian government has an opportunity to increasingly drive economic benefits by enabling public services and private businesses to harness this data to develop innovative new services.

4.4 Service Delivery Contestability

The Government must achieve better value for money in service delivery. ‘Business as usual’ is not a sustainable option. The primary responsibility of the Government is to ensure services are delivered, not necessarily to be the organisation that actually does the delivery.

It needs to be the ‘enabler’ and ‘governor’, not necessarily the ‘doer’. The development of a contestable market for the provision of government services will encourage more innovative solutions at more competitive prices – whether by government providers or non-government providers.

Across the globe governments are increasingly partnering with other sectors to create the ecosystem for growth. Government initiatives are increasingly public, private and third-sector collaborations to harness technologies and services in ways that drive both economic and social outcome improvements.

For example, in Japan, the Saga prefectural government devised “Collaboration Testing” to improve public service delivery through collaboration with civil-society organisations (CSOs) and private businesses. In Collaboration Testing, the government discloses how it delivers public services and calls for proposals on how CSOs and private businesses could outperform the government. Unless it is clear that the government can do the best job, services are outsourced or agreements made for public-private partnerships.

For example, Amsterdam’s ground-breaking Intelligent City program created a new public-private consortium to finance the roll-out of smart technologies across the city, such as low-emission and electric vehicles, smart meters and other energy-saving technologies.

⁸ The Climate Group, Arup, Accenture and Horizon researched the opportunities created by smart city thinking, including those of the information marketplace. Please see the 2011 report, *Information Marketplaces: The New Economics of Cities*, at <http://www.accenture.com/us-en/pages/insight-cities-missing-smart-opportunity.aspx>