



SERVICE DELIVERY THOUGHT LEADERS MASTERCLASS

SYDNEY CONVENTION CENTRE
JUNE 9

Purpose

As a number of national and international thought leaders were in Sydney to speak at the Digital Technology Summit on the 10th -11th June, the opportunity was taken to bring these experts together for an afternoon to jointly discuss trends and areas of common interest.

The purpose of this discussion was to identify possible areas for collaboration and capacity building and to consider the benefit of forming some form of national service delivery thought leadership group.

Thought Leadership

Participants contributed service delivery expertise from a broad range of government (commonwealth and state) and business perspectives gained in Australia and overseas.

Areas of thought leadership included:

- health
- social services
- education
- innovation development
- identity and document verification
- privacy
- online security
- on line technology and systems integration
- financial services
- risk assessment and mitigation strategy development
- public-private collaboration
- homeland security
- copyright and intellectual property
- project implementation
- citizen services
- adoption strategies
- benefit realisation
- ICAO, EMV and PIV standards

Executive Summary

Thought leaders with extensive backgrounds in government service delivery in Australia and overseas discussed a wide range of topics including online identity, mandatory vs choice, citizen centricity, ownership of information, horizontal vs vertical integration, application of the '80/20 rule', technology vs business change, citizen engagement and adoption, innovation, culture and behaviour, privacy and security, leadership and change, and impact of the NBN.

These notes summarise aspects of those discussions and identify themes for further consideration. There is no attribution of comments to any participant.

There was interest among the participants in further promoting the development of national thought leadership in the area of service delivery – an area of fundamental importance to many aspects of Australia's future, particularly in the digital economy.

The next steps following this initial discussion among our national thought leaders are to:

- share this high level summary of topics and issues discussed with Masterclass participants and a selected broader audience with interests in service delivery reform
- establish a loose, open network between participants for further idea sharing and problem solving opportunities
- provide a conduit for ideas or possible solutions to challenging problems among fellow thought leaders here in Australia and through our networks overseas, as appropriate
- stay in touch regarding opportunities to maintain contact and share ideas, including the plan to convene again at the 2010 Digital Technology Summit, or earlier, if another opportunity presents itself.

Attendees

- Kevin Bermeister (Founder, Brilliant Digital Entertainment)
- Eddy Cheah (Director, Asia-Pacific, Smartnet)
- Tony Gargan (A/g General Manager, Strategy and Capability Division, Centrelink)
- Paul Hogie (Managing Director, Tetra Integration Services)
- James Kelaher (Director, Smartnet)
- Tess McDonald (Manager, ICT Section Competitive Industries Branch, Department of Industry and Innovation)
- Alastair MacGibbon (Director, Surete Group)
- Peter Nikolettatos (CIO, Curtin University of Technology)
- Judy Oswin (Executive Director of Land Transport and Safety, Queensland Transport)
- Suzanne Roche (Director, Smartnet)
- Karpurika Raychaudhuri (Academic, Technology and Privacy)
- Pia Waugh (ICT Advisor to Kate Lundy)
- Stephen Woodhouse (Manager Technical Services, Department of Lands NSW)

Apologies from people who had planned to come but were unable to do so at the last minute:

- Brendan Sargeant (Divisional Manager, Defence and Government, Department of Finance and Deregulation)
- Celia Chesney (Director, Public Sector Commission, WA)
- James Moody (Executive Director, Development, CSIRO)

Emerging Themes

During the afternoon's discussion the following themes emerged and were explored by the group:

Online Identity

The inability of citizens to readily demonstrate 'identity' online was identified by several participants as a barrier to effective e-service delivery solutions in Australian government and private sector applications. It was noted that delays in delivering practical solutions are limiting the ability of Australian governments to extend their services and interact with customers in ways that optimise service opportunities using the internet.

The anomaly of government agencies wanting to do more online, whilst still requiring the physical presentation of customers for certain types of transactions, was identified as a major disincentive for customers changing their business interaction behaviours.

The lack of agreed, standardised registration requirements and processes for establishing online identity was raised. While participants did not advocate a single online identity, the absence of a consistent registration framework which could be leveraged by parties, is resulting in piecemeal approaches to online identity/authentication practice and management. For citizens this potentially means inconsistent, inconvenient and duplicate registration and authentication processes. For government and business it means establishing and supporting inefficient, duplicate infrastructures. For citizens, governments and business this all adds up to limitations in their capacity to undertake meaningful interactions with each other online.

It was suggested that Australia needs an electronic equivalent of the '100 points system' so that governments and businesses could use a standard framework for identity verification, while still allowing citizen choice and flexibility. (For example, what 'points value' will be attached to on-line identities as new higher security tokens such as smart drivers' licences and even EMV banking cards become more prevalent.)

Horizontal and vertical integration

The service delivery environment is fragmented. There is, as yet, little integration between federal and state-based government service delivery systems and only limited integration of services that cross agency borders at the same (commonwealth/state) level. Sometimes this is due to legislative and privacy barriers, but technologies that merge data at the transaction level, without ever aggregating client records are available. In NSW the Department of Lands has deployed this kind of solution, which has enabled the state to leverage the value of data, without duplicating records or infrastructures. There is potential to selectively incorporate and leverage private sector data under this model.

In this area there is significant 'untapped' potential for collaboration with a view to delivering more effective and more efficient service outcomes was identified.

It was identified that retailers and banks are already collaborating on infrastructure that can be shared with government to enhance service delivery. Overseas examples of either business paying a small fee to government or of governments paying a small fee for the use of digital infrastructure solutions already deployed by banks and retailers were raised as an emerging trend in both Europe and Asia. Such examples often enable stronger on-line identity to be leveraged as part of a national digital economy agenda.

Eddy Cheah from Malaysia noted that he has architected and been involved in the deployment of such models. A major benefit of this model to government, banks and retailers is that it avoids parallel infrastructure investments and accompanying deployment and take-up risks. As Eddy noted, such infrastructure needs to be developed and deployed by the financial services sector and governments anyway, it is simply a matter of a marginal additional effort for the infrastructure to be developed in such a way that national economic benefits are maximised and total national costs are minimised. In some overseas deployments, such models have become the basis for effective Private/Public/Partnership (PPP) approaches that are proving to be mutually beneficial to all parties.

Information and who owns it?

This theme identified three key issues:

- ownership and custodianship of information;
- the role of information and information management to deliver better, more informed services; and
- the limitations of current information sharing laws and practices.

Ownership and custodianship of information are not new issues. They are, and have been for some time, the subject of debate, particularly with regard to the level of control consumers can exercise in relation to their own information once it has been captured by a third party (eg medical providers, government agencies). This debate, coupled with the resulting lack of access and control citizens often have to the data/information they have provided to a third party, was provided as an example of the relative powerlessness of citizens in the service environment.

Poor use and management of citizen data once captured, was identified as a lost opportunity in the context of service delivery improvement. New, modern technologies offer opportunities for customising and targeting services to meet specific customer needs.

However, the role of information as an asset that must be both used and protected is not adequately realised or leveraged. For example, there was a discussion about the valuation of physical assets and intellectual property in balance sheets and the subsequent importance attached to protecting these, whereas there is no convention for valuing information (which is arguably more valuable) and therefore there is perhaps less acceptance of accountability for managing it well.

While this is not an issue peculiar to electronic service delivery, new technologies enable information to be captured, manipulated, analysed, stored and retrieved more flexibly and immediately. Notwithstanding this, information use and management is generally based on an out-dated information management paradigm.

The development of best practice standards for the management of data used in providing services online, was raised as a possible means of gaining greater community confidence in the quality of protection that will be provided for customer/citizen data used in 'virtual' services. Participants suggested that this could help provide greater transparency and accountability for agency information custodianship and possibly alleviate the need for heavily constrained and less flexible regulatory and privacy responses.

Typically, citizens prefer to deal with government in a consistent and holistic manner without the need to constantly re-submit and repeat information. Current privacy legislation does not generally permit information captured for one purpose to be used for another and sometimes, even when citizens have expressly requested that their information be reused or combined, legacy system designs and data base structures preclude this from being possible.

Participants noted that shifting the current paradigm to one of genuine citizen centricity may entail a degree of government service delivery reform but that new technologies, such as data exchanges and encryption, also make it possible to merge information at the

point of service and better protect information at rest and in transit. This means that there are opportunities to improve services and offer customisation and choice, without necessarily changing or creating any new data bases or legislation.

Participants also discussed the benefits of consistency at both the federal and state levels of government, wherever possible – such as with the Document Verification Service.

Citizen Centricity

While the language and principles of citizen centric services are widely supported, the reality is that genuine citizen centric business models are not that common in government or business. More typically, government agencies, in particular, can appear to be saying to a citizen: "... by combining all your data in our agency we can streamline our services to you ...". This message is ambiguous and many regard such messages as camouflage for government data gathering. In reality, what a citizen wants to hear is 'we will give you a seamless service because we have joined up our agencies and layers of government, so you only need to tell us what you want once.'

Mandatory vs Choice

The tendency to impose new or changed requirements on citizens rather than adopting more gradual, choice based approaches was considered to present higher risks, particularly if a change is potentially contentious or disruptive. Participants shared the view that change dictated by organisational and political drivers generally fails to address the full range of impacts on citizens. As a result, citizens feel disengaged, threatened and powerless to influence the outcome and, not surprisingly, are more sceptical and hence more likely to resist change.

Choice based approaches, particularly where change is substantial and directly impacts citizens, were considered to be overall more effective, especially in the long term. In this respect it was felt preferable to play a 'long game', where the pursuit of possible (though often unachievable) short term benefits is not allowed to jeopardise the pursuit of sustainable long term benefits.

Application of the 80/20 rule

Participants discussed their respective experiences with managing adoption and resistance to change. Too frequently, disproportionate effort is focussed on managing minority interests rather than the majority of supporters, who are often ready for change to commence. This often results in delays and poor use of resources, through the tendency

to build and deliver costly, complex service systems. This is particularly the case if adoption is compulsory.

Inevitably, systems can become biased to satisfying the needs of the minority or 'exceptional' type circumstances, rather than focusing on the less complex and more achievable broader need. In effect, imposing overheads on the majority that are only of relevance to a minority.

This is not to say that minority needs should be overlooked; on the contrary minority needs should be understood and addressed, but the needs of minorities and those of majorities are, by definition, not the same and therefore the responses should not be the same either: someone will be short-changed. In fact, the 80/20 rule will apply on several levels and searching for the best way of addressing these 80/20 situations as one works through each layer or group of stakeholders, is most likely to achieve the highest level of adoption and compliance within an overall change program. It is also likely to involve less risk and be less expensive.

Technology and Business Integration

Any service system requires effective integration of business and technology components. However, the lack of integration of these, coupled with the tendency to apply new technology to old process, was identified as a key inhibitor to achieving optimal business and customer benefits where new technologies are implemented.

Many new technologies offer a range of potentially significant efficiency and effectiveness benefits. In most cases however, these will not be realised unless there is recognition that analysing, streamlining and reengineering existing business processes, is part of the overall change process. Like any significant change program, the end to end technology and business impacts need to be reassessed to ensure alignment between technology capability and business objectives. This includes teasing out opportunities for process improvement which benefit both the organisation and the customer.

Related to this is the tendency to run business transformations as technology programs rather than as business change processes. The consequence of this is that the technology is mismatched with business objectives and the required business outcomes. The disproportionate focus on technology per se rather than on technology as an enabler of business, results in a technology driven change rather than an effective business transformation process. The opportunity for benefits realisation becomes an early casualty.

Citizen Engagement

Genuine and effective engagement of customers in the service development process was identified as fundamental to the design and deployment of customer centric services and service delivery approaches. Customer centricity necessarily requires engaging with citizens to define services they actually want, rather than what it is perceived they need or it is convenient to give them, based on bureaucratic or political expediency.

With recent developments in technology and in social networking, citizens are changing their service expectations; they want convenience, choice, flexibility, customisation and accountability from their service provider and they expect the service provider to adopt contemporary technologies and business models.

Web 2.0, social networking and participative technology tools are both heightening citizen expectations that they should be engaged in consultative process and that this is 'normal'. However, many organisations are yet to come to terms with how this can be incorporated into mainstream processes. For example, issues that organisations, in particular public sector organisations, are yet to come to terms with include:

- how to ensure the views provided through these mechanisms are broadly representative of the community mood (to minimise distortions from limited sample size)?
- effective and efficient data analysis of free text commentary
- managing citizen expectations in terms of response
- the implications for public policy development.

The work the federal government is progressing in the Web 2.0 space was raised. The recent initiative of Senator Kate Lundy, who is facilitating an online Government 2.0 public sphere event, was tabled as an example. It was explained that this event will facilitate an open discussion on how more participatory forms of government will improve the effectiveness of public administration, enable communities to better help themselves, promote renewed engagement in the democratic process and enhance the capacity to respond to emerging complex social, geopolitical and environmental challenges. (See link: <http://www.katelundy.com.au/2009/05/29/public-sphere-2-open-government-policy-and-practice/>)

Culture and Behaviour

There are a number of synergies between this theme and *citizen centricity* above.

The profile of citizens needs is very different today and the medium for delivering and accessing services has shifted substantially (eg availability of mobile devices, social networking, etc). Participants identified that citizens are dissatisfied with the concept of 'one size fits all' service delivery. Modern technologies facilitate increasingly sophisticated identification of customer needs and the ability to customise and personalise service responses accordingly.

Participants highlighted the need to redefine government and business service cultures and behaviours to respond more effectively and rapidly to changing and more demanding customer requirements and expectations. This requires more agile technology and business approaches - both of which should be achievable. New technical architectures and products are specifically designed to enable rapid scalability and agility of response. To some extent, it is the business response that is lagging. This is exacerbated by poor technology and business alignment.

The need to better appreciate the impact of citizen/customer behaviour was raised. This is an issue that appears not to be well understood or addressed by new or aspiring service and change programs. The view was expressed that behaviour and culture, regarded by some as 'soft', intangible issues, are in fact the most crucial in any service and change agenda. In practice they are usually also the most difficult to shift. Irrespective, this is an area where more can be done both at an organisational and customer level to support new service approaches. The sorts of cultural and behavioural issues that need to be considered include:

- more fine-grained analysis of citizen segments (eg many seniors prefer using the web; many phone users would prefer to use a voice biometric rather than respond to personal questions to identify themselves)
- most people are not 'black and white' about all choice issues (eg many people would prefer to have government agencies offer an account manager – like a personal banker – to manage their access to all government benefits, provided that they can accept selectively. For example, a family might accept the case management of all services relating to the imminent birth of a child, but may wish to decline other categories of pro-active assistance)
- the privacy considerations around providing services to children and to seniors and the chronically ill are often different to those that apply to people aged in their 20's to 50's (eg parents generally want an eHealth record for their children, and seniors and the chronically ill generally want a full eHealth record for themselves).

Innovation

While there is no shortage of good ideas, some felt that the concept of innovation in government service delivery is not being adequately fostered in Australia. This is partly due to the generally risk averse nature of governments, but also to the absence of any

culture of promoting innovation. The tendency is to back 'safe bets' rather than pushing the boundaries and trying new ways of doing things.

The procurement process was raised as an example. It was felt that the processes for managing procurement across government generally stifle innovation because of the overemphasis on government ownership of any IP created. One of the participants referred to an approach in another country where government identifies areas where innovative new services are sought and pays winning firms to pilot their ideas and for non-exclusive access to any IP that results.

Privacy and Security

Privacy and security issues were discussed. On the one hand there was a view that current arrangements (coupled with inadequate registration and authentication models) create barriers to the development of new service models and the achievement of more effective service outcomes. A view was expressed that citizens should have more freedom to 'select' the level of exposure they are prepared to accept. Given full knowledge of the risks, impacts and consequences of a potential security breach, citizens should be empowered and enabled to take more control over how they manage security relative to their circumstances.

On the other hand, the issue of the 'consequences' for citizens and organisations when things go wrong was raised. While citizens are generally compliant and satisfied with services when things go well, this quickly changes in the event of a privacy or security breach – irrespective of them acknowledging the risks from the outset. It was suggested that it is incumbent on the service provider (for the sake of both the citizen and the organisation) to support appropriately rigorous security and privacy solutions regardless of the willingness of citizens to accept or 'own' the risk of less robust approaches. Putting the 'risk' back on to citizens was not regarded as an appropriate response.

The use of 'dynamic' security solutions was discussed as one of the most practical and effective options for the future. In other words, as there is no such thing as a permanent security solution, it is important to offer good contemporary security and to keep improving and adding to this security in line with emerging threats and technology developments.

The emergence of social networking spaces such as Facebook, MySpace, etc raises issues about the nature and extent of personal information citizens are prepared to place in the public domain. While some interpret this trend as a sort of 'generational' paradigm shift others believe the level of openness is reflective of something much less sophisticated. For

example, some believe there is still a level of naivety related to the open use of these public networks and that teenagers will later regret the information about themselves that they have put into the public domain. Others say that while this is true, solutions to this issue will emerge in response to market demands.

The issue of trust was also raised and regarded as one of the most critical concepts in developing effective, workable security and privacy solutions moving forward. This refers not simply to trust in any particular security solution but the relationship of trust between citizens and organisations. At a very basic level, for example, citizens want to be able to tell the difference between a hoax government or banking internet site and the real one – this desire is just as strong as that of a government or bank to ensure that they are dealing with the correct client.

Implications of the National Broadband Network

Views were varied about the proposed National Broadband Network (NBN). The importance of the NBN as a piece of national infrastructure to support new and innovative business and service models was generally agreed. However, the fact that the NBN will not be fully operational for at least 8 years raised concern and some level of scepticism. The question of what happens in the meantime was raised.

While it was noted that there will be developments that weave online authentication into web and mobile technologies that allow Australia to leverage the investment in the NBN, to create new richer forms of online service, the lengthy timeframes may diminish opportunities in the short term, especially if there are no incentives for innovators.

Leadership and Language

Several participants expressed strong views about the need for leadership to drive service delivery reform and innovation into the 21st century. Strong, persistent leadership is necessary to shift long-standing behaviours and cultures.

At a political level, a number of Government Ministers have already demonstrated considerable insight into the need to drive change in the services sector and in particular, to develop new approaches leveraging digital technologies. However, this is not universal and, in any respect, seems not to be embraced within the bureaucracy, possibly because of the potential risks and the lack of current incentives for shaking up the public sector. It was suggested that this is symptomatic of the impact of long-standing (comfortable) cultures and behaviours and is perhaps also a symptom of an ageing public service.

The need for governments, agencies and organisations generally, to take a longer term view (such as in a number of Asian countries, eg Japan, South Korea, India) was discussed. Australia's existing political (election) cycle does not align well with the concept of longer term strategic planning and capability development. Nor does it support development of longer term initiatives that take several years to return benefits. In general, project lifecycles are focussed on achieving short term visions or ambitious long term agendas implemented too rapidly – usually with very limited opportunity for citizen engagement. As a result, the risk of failure is inevitably heightened.

The need to position service development and delivery as an integral component of the broader nation building agenda was raised. This is consistent with the need to adopt a longer term, strategic view of developing service infrastructure that is durable and sustainable and relevant for the 21st century.

The role of language was raised, particularly in the context of how government executes service delivery. For example, in Europe and Asia governments and communities frequently take a 20 year or more view of planned improvements to national infrastructure and services and governments talk in aspirational terms about service improvement initiatives. While there are some signs that Australia might be moving to adopt some of this language and these planning horizons, we are still very short-term and tactical in our initiatives.

What Needs to be Done?

History and experience shows that change cannot be achieved over night. Similarly, effective, sustainable change needs to be systematic and integrated – at least on the scale required to significantly shift current service delivery models and behaviours.

Paradoxically, the current global economic crisis provides both the opportunity and creates an environment for, innovation and change. As organisations world-wide face pressures to reduce costs, sustain effectiveness and efficiency of services delivery and respond to customer expectations they need to consider alternative business models for the future. Ideally these models need to be underpinned by collaboration, use of information as an asset, business (rather than technical) transformation and cross jurisdictional approaches.

These need to translate to:

- a focus on more service oriented architectures and business systems
- a shift from traditional business/customer business models
- an emphasis on business and cultural transformation programs

- enhancements to front end service delivery – which are visible and demonstrate/deliver benefits to customers;
- integrated views of customers (horizontally and vertically);
- development of new paradigms in relation to the use, sharing and protection of information as an asset;
- cross jurisdictional collaboration models (from both information and infrastructure perspectives);
- utilisation of new smart technologies as business tools (rather than technical components)
- development of new public/private partnership models that focus on service oriented models and approaches rather than simply capital investment;
- targeted service and channel strategies;
- more innovative and cost and risk sharing models that deliver customer benefit.

Next Steps

The opportunity to bring together a range of thought leaders in their respective fields has provided the basis for the sharing of new perspectives and possibly also new solutions and service models more relevant to a dynamic 21st century service environment. In light of this it is proposed to:

- share this high level summary of topics and issues discussed with Masterclass participants and a selected broader audience with interests in service delivery reform;
- establish a loose, open network between participants for further idea sharing and problem solving opportunities
- provide a conduit for ideas or possible solutions to challenging problems among fellow thought leaders here in Australia and through our networks overseas, as appropriate
- stay in touch regarding opportunities to maintain contact and share ideas, including the plan to convene again at the 2010 Digital Technology Summit, or earlier, if another opportunity presents itself.