
Towards the new normal: future-proof digital government



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Overview

In universities all over the world, education has shifted from professors teaching their students in classrooms over hundreds of years to completely remote digital learning in just one week. And it seems to be working, not only for the rest of this academic year but most likely well into 2021 and beyond.

The covid-19 pandemic has changed day-to-day life fundamentally and permanently. As society begins to emerge from the crisis, our world is moving to a new normal. The need for social distancing will remain and the massively accelerated digital transformation that has taken place will be assimilated and operationalized, particularly in health and education, but also through all parts of government and the private sector. Online exchanges and experiences will be blended with fewer physical touchpoints than before; and as the public and private sector moves into recovery and renewal, government priorities and ambitions that have already been refocused will continue to be so.

This very rapid change, combined with other major global sustainability challenges, will drive opportunities for public services to free themselves of traditional functions. And it will release governments' potential to think and do things differently, and not just provide their citizens with more of the same. Now is the time for nation states to take more coherent measures, show leadership, and set out a clear digital strategy for this new decade, showing how new technologies and data are vital for governments and their citizens in today's increasingly complex society.

This opinion paper examines the key priorities and outcomes of digital transformation for governments over the next decade, especially in the post-covid19 'new normal'.

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Obsolete versus absolute e-states

Even before the covid-19 pandemic, governments all over the world were under pressure to accelerate their transformation into modern 'e-states'. Whether to save taxpayers' money, safeguard national security, implement new policies, or deliver cheaper, better, faster public services, governments need to harness the power, speed and agility of digital technologies and ever-growing volumes of data.

At the same time, the socio-political climate is evolving fast: after the era of liberal capitalism, populations want governments to shoulder more responsibility for addressing urgent global challenges such as climate change, tax evasion, political interference, and the widening wealth gap. All this means that governments need to do things differently, not just better - just look at the New Green Deals being proposed by the European Union and in the United States.

What is an obsolete e-state?

Despite the need for change, many public administrations lack of a clear digital strategy. Haunted, perhaps, by a history of costly and inflexible legacy IT, or stymied by regulation, these administrations also lack a vision of what digital means for citizens and the state. This hinders them in taking decisive next steps on their digital journey. And with this prevarication comes a real risk of governments, ultimately, becoming what we can call 'obsolete' e-states.

In this context, becoming obsolete means falling behind other sectors, relinquishing data and services, missing opportunities to implement policies, and perpetuating creaky old IT infrastructures and costly bureaucracies. So, while Facebook, Google and Tencent and their like are using countless algorithms to know exactly who individuals are and what they need, most governments are struggling to keep pace.

Obsolescence also means trailing other countries on the world stage. Becoming an e-state helps to grow a country's economy while enhancing its reputation and attracting investors, students and travelers. Comparing the digital maturity of the world's 193 nations reveals a number of e-state frontrunners. Estonia, Denmark and New Zealand - among others - all score highly as countries with a clear digital strategy plus efficient digital and international services that make them 'easy to do business with' at home and abroad.

Between obsolete and absolute

Clearly, obsolete and absolute e-states are two extremes and most countries lie somewhere in between. It's interesting to note that absolute e-states have more quickly and comprehensively used technology to trace and track the spread of covid-19; some EU countries and others are also using tracing apps as part of their response strategies. Who would have thought, before covid-19, that there would be parliamentary debates about the use of an app?

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Evolving into an e-state

Since the agricultural revolution, people have organized themselves into communities to grow crops, create wealth, make laws and settle disputes. Over time, public administrations evolved to maintain the rule of law; these created huge bureaucracies and tightly controlled procedures to keep updated registers and archives about their citizens.

Not only that, they continually checked each citizen's status to ensure that their records were accurate. Do you really earn that salary? Own that car? Is that land yours? It goes without saying that all this became ever more time-consuming and required more and more civil servants and resources. And, in the last few decades, all those highly governed procedures and records were transferred to electronic processing and storage.

New paradigm shift

Now, however, with the power of digital enablers, comes a new paradigm shift: technologies such as AI and blockchain can automate the traditional role of government (keeping records of who's married to whom, what belongs to whom and so on). As a result, those old administrative functions will, increasingly, become redundant.

If, for example, a citizen or business needs fast financial support from the state as a result of covid-19, should they have to wait until a government agency has ticked all the boxes to check whether they are eligible? Using technologies such as AI, machine learning, chatbots and blockchain, eligibility could already be clear both to the citizen and the government.

Different, not just better

Sometimes life is as easy as ordering pizza. At the first tap of your finger, the delivery company knows you, and when and what you like to order down to your favorite pizza topping. It suggests what your chosen drink might be and preconfigures your request before you've logged it.

These food-ordering platforms, the digital giants, together with media, telecoms, banking and retail organizations, have 'uberized' their services. In other words, based on extensive analytics and machine learning, they already know who you are and what you're likely to need - and they deliver convenient, cost-effective services that make life easier and better.

Crucially, all these providers have reinvented business models rather than merely digitizing traditional processes. This is exactly where governments need to head - not putting their bureaucracies online but using digital enablers to do things differently (not just better) and provide faster, easier and cheaper services to their citizens.

Plotting digital maturity

Of course, the business of government is a much more complex and sensitive proposition than ordering pizza or a taxi - but exactly the same technologies and principles apply. As a result, governments will be freed from the burden of traditional bureaucracies and significant time and resources will be released to re-think how public services are delivered.

Measuring the digital maturity of a country can help governments to decide where they want to be in the years ahead, in other words, to define their digital strategy. Digital frontrunners - such as Estonia, New Zealand, United Arab Emirates, China and Singapore, among others - are already demonstrating that personalized, integrated and innovative public services can be faster and cheaper to provide. Using the speed of hyper-connectivity and the power of real-time data, governments will be better positioned to address the global issues of this new decade, not least the widening health gap and emergence from covid-19.

Reinventing government services through data

By leveraging data to better understand the needs of populations and individual citizens, e-states can enhance their impact on citizens' lives. They can provide better, faster and more joined-up services during key life events (such as birth, marriage and employment); they can better understand and neutralize threats to security; and they can reach the most vulnerable citizens more quickly with better targeted resources and support.

If governments can automate the validation and updating of information in a shared digital environment, it eliminates the need constantly to monitor and check the status of citizens. And if that digital environment is fully trusted and secured, then there is one single source of truth that can be easily updated, in a way that cannot be defrauded - achieving in seconds what used to take weeks.

Secured digital identity

Tax and inland revenue services (and the taxation forms we citizens must fill in) could become redundant if our governments, using real-time data, analytics and machine learning, correctly collected taxes automatically.

Passports are another example - the official document that states legally that you exist and where you belong. Today, to apply for a new passport, a citizen must wait in a queue (even if they apply online) and follow a (time-consuming) process in which a public agency checks its databases to validate who the citizen is, if they're eligible, and if the data is correct. Then, after around ten working days, a civil servant processes the next stage of the application and a paper passport is eventually posted to the citizen (or to a local government office for collection).

Imagine all this disappearing - all of it; because in future, we will no longer need physical passports or even IDs. Instead, a fully secured digital identity will always be available as a single version of the truth for each citizen, immutable (other than when a citizen needs to change a detail) and accessible only by the relevant agencies, when required, using a technology such as blockchain.

Citizen vaults

A blockchain is essentially a secure record of digital transactions; any change in the status of a citizen can be added as the next 'block' in the chain that is impossible to reverse or erase. Critical to blockchain is the authorization of who is allowed to add, validate and see information along the chain without a designated centralized authority. In this way, it's possible to create what we call a 'citizen vault', which gives each citizen ownership of their own personal data and who has access to it

Many governments are experimenting with 'self-sovereign identity', whereby life events (such as births and marriages) can be approved by the relevant people (such as doctors, midwives and registrars), with instant automated changes to a citizen's data, which is then accessible by the relevant agencies according to the needs of the citizen and the administration.

Yet there is clearly a long way to go. One of the current barriers to governments making better use of citizen data is that it resides in departmental siloes that make it difficult to match, process and share. What's more, there are legal restrictions around use of data (so that data collected about a car when its driver is caught speeding, for example, cannot be used to make tax registration for that car any quicker or easier). Interestingly, the digital frontrunner countries are taking a first step in changing their legislation to make it compulsory by law for departments to share their data seamlessly across government.

Another key limiting factor is that, in the case of new technologies such as blockchain, there aren't yet the kind of agreed standards that enabled the spread of the internet as we now know it. Yet those standards will evolve - and the inefficiency of old systems and processes, together with the sheer power of these fast-evolving technologies, surely means that this critical paradigm shift is just around the corner.

Privacy and sovereignty

One thing is clear: huge lakes of citizen data will be growing exponentially in the coming years. Any e-state can create its own national data lake (in its national private sovereign cloud), in which all data from each department and agency, about each citizen, is stored without any organizational siloes. Public understanding, legislation and ethical frameworks for data and AI are all critical on governments' digital journey and within governments' power to drive and create.

In the private sector, experience shows that citizens are more than happy to give up their data in exchange for cheap, fast and convenient information and services, particularly from the world's digital tech giants. The same should apply to government: citizens should be asking themselves: "what's in it for me? if I give consent to my government to use my data within agreed parameters, what should I expect in terms of secure, resilient, paperless services in relation to my protection, security, everyday needs and for the rule of law?". Estonia is already leveraging that level of trust between government and citizens with impressive results.

While privacy laws (such as GDPR in the EU) require that citizens must give consent for their data to be shared, nation states must also retain sovereignty over their own data. In other words, data should be controlled, owned, stored, secured, accessed and used in accordance with governments' own regulations and ethical frameworks. For this reason, in the EU, the Gaia-X project is being established to bring data governance under greater European government control and away from commercial cloud providers.



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Could governments become obsolete?

While governments certainly will not vanish overnight, the services they deliver could become less relevant to citizens - and therefore obsolete - as better digital alternatives become more and more available.

As well as the unicorns who have introduced us to new kinds of taxi, delivery and retail services, there's been a revolution in the financial services sector that means we can now make payments without needing traditional banks. With FinTech's, we're seeing new market entrants who can offer such speed and razor-sharp services that their traditional rivals are rapidly re-inventing themselves in response. As the Chief Executive Officer of one established bank said, "We are a new tech company that delivers financial services, and no longer a bank".

These kinds of highly disruptive, 'uberized' services have three distinctive characteristics. Firstly, they are better, faster and cheaper than what came previously; secondly, they use loads of technology to deliver a homogenized service with the same look and feel across the globe; and thirdly, the incumbents are replaced and/or pushed out of the market. And it's not just in financial services that this is happening. There is equal disruption in health and the law as a result of HealthTech and LegalTech, where healthcare organizations and law firms must re-invent their business models (and their structure and culture) to maintain their relevance.

GovTech: a threat to government?

So, does this 'uberization' formula apply in the public sector, and does GovTech present a risk to governments? With estimates from Accenture that the GovTech market is worth around USD 400 billion, and rising, innovative digitally native companies - from small start-ups all the way to the tech giants - are proving that faster, better, easier can apply equally to public services.

Established players and small start-ups, through the fast and easy apps and tools they provide, will start to replace old administrative paper trails, not necessarily to replace government, but to free it from some time-consuming bureaucracy.

The first signs of this are that banks, in some countries, are moving into the citizen ID space, and therefore controlling citizens' access to government services. And there are other smaller steps, such as new 'disaster response apps' replacing public warning systems, or apps that collect data to apply for required government permits.

Rebuilding trust

In 2019, the World Bank Group launched its GovTech Global Initiative to leverage and share GovTech sector expertise between developed and underdeveloped countries. In this context, the purpose of GovTech is to promote the use of technology to transform public services, increase efficiency, transparency and accountability, foster economic growth, reduce poverty, and boost shared prosperity. In other words: GovTech offers society a powerful way forward to help rebuild trust in democracy.

There are other national programs. The Danish Government, for example, has recently invited smaller companies to come up with clever digital solutions to administrative hiccoughs. Its 'GovTech Program Denmark' is a challenge-based initiative seeking to support, strengthen and further develop collaboration between the public sector and technology companies with innovative solutions for government.

Many governments have started to reach out to start-ups via tenders or the media to come forward with innovative digital solutions for citizens, communities, public agencies, charities and businesses in the post-covid19 'new normal', for example smart apps and services to keep physical contacts to a minimum.

Digital forerunners

In our globalized world, this means also reaching out to citizens internationally. When a European touches down at Perth airport, wouldn't it be amazing if, because the Western Australian Government has issued this visitor's visa, it knows who this person is, their status, when they are arriving, and it sends a welcome to their WhatsApp, with suggestions of services during their stay, options for tickets for the next cricket match, and tips about student arrangements, maybe, for one of their four children to study there?

Turning to Estonia: the evolution of its modern e-state began by its Government launching the challenge to "build a fully functioning country from scratch, while knowing we cannot afford the bureaucracy of a developed democracy".

What followed is a brilliant example of how a nation can make itself more relevant, not just to its citizens but to the citizens of other countries. Estonia's concept of 'Country-as-a-Service' is based on the assumption that globalization creates more world citizens who want to choose a mix of services from different countries, assuming they have the status of an e-resident. Elsewhere similar initiatives are underway in Switzerland and Azerbaijan while Australia and New Zealand are also investing heavily in their digital profile to keep attracting youngsters, travelers, businessmen and tourists to make the long journey to their part of their globe.

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A new age of government

At the start this new decade, what kind of future governments will evolve given the power of new digital technologies and data now flooding our society? Governments everywhere face similar challenges. In a post-covid19 globalized economy, they must keep citizens safe and protect national security and the rule of law while stretching precious resources to meet the needs of growing populations amidst a widening wealth gap and social and political unrest.

Digitally enabled transformation opens up a whole range of new possibilities for using connected technologies and data to keep people safe and connected while still remaining socially distanced. And they help find new ways solve problems, and even prevent them happening in the first place. For the first time since the creation of modern nation states, public administrations (and their bureaucracies), have the opportunity to build on the digital transformation accelerated by the pandemic and re-invent government.

Digital devolution

As well as the march of globalization, there is another trend that's gaining traction thanks to the power of technology: it's called digital devolution. Take blockchain for example; if we consider that blockchain makes it possible to securely and immutably orchestrate financial transactions (and other transactions based on trust) without the authority of a third party, then, for instance, communities themselves can control their own budgets (according to a set of agreed rules) instead of local government councils controlling these funds as they do today.

In this way, democratic power can be devolved to communities (where it belonged in the first place, before the growth of huge centralized government bureaucracies). As an example, in the Netherlands, councils are experimenting with social benefits such as government-funded swimming lessons for children from low-income families; tokens are distributed using localized blockchain technology, empowering the community itself to approve the release of tokens to the right families instead of a civil servant working in the council's administration.

New leadership

More widely, over the next decade, the digital transformation of public administrations must be an enabler for fundamental cultural and political change. Post-liberalism – and now clearly post-covid19, there is an increasing expectation and demand from citizens that their governments take action.

Data can empower the public sector to lead the way in creating new ways of living, trading and working, including the creation of safe, green, sustainable circular economies and the protection of ethical frameworks for the use of data and technology.

After decades of austerity, governments will need to steer investments in innovation, skills development, research and development, jobs and education. Perhaps governments now are on the brink of what British-Venezuelan economist Carlota Perez has called a new 'Golden Age' in which public administrations can take the lead in finding solutions to climate change and achieving a more socially and economically balanced society. New ideas are beginning to emerge, for example through the movements around the Green New Deals in the EU and the US.

Force for good

Widescale digital transformation requires that governments have a clear digital vision and agenda. Social distancing could well be a requirement for some time – and new ways of working and communicating remotely are like to stick.

The states who emerge first from covid-19 will be those that embrace the power of technology to be truly transformational. In this context, governments need to engage citizens about the use of digital transformation and how data will be secured, used and controlled. Embracing digital technology and data as a force for good opens up huge new opportunities for the future of government.

The post-cov19 era will be a point of no return for the public sector; ways of living and working will be increasingly digitalized, with no turning back. Given the massive refocusing of government funding towards supporting citizens and businesses in the wake of this crisis, the evolution of modern e-states is less about merely increasing efficiency and much more about the ambition to create a better world for all citizens and ensure the sustainability of our planet.

About the Author

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Kay advises governments, universities and other public bodies all over the world on their digital strategy and transformation. He is a digital visionary, responsible for developing new themes and strategies in the public space. Having worked with public service leaders in Europe, Australia, the US, the Middle East and Asia, Kay advises his clients on their digital agenda and emerging trends and technologies, and benchmarks best practice between countries as they emerge from covid-19 into a new normal in which digital enablers must play a key role.

With his extensive international network across the various continents on the globe, Kay has knowledge and stories to share about how governments and other leading public institutions have navigated their journey to becoming e-states. He advises on setting the national sovereign digital agenda, digital transformation in public sector, platform adoption, hybrid cloud orchestration, security, scalability, resilience, data protection and data sovereignty.

Kay's career includes 15 years in senior management positions within the Government of the Kingdom of the Netherlands. He joined Atos in 2007 as Executive Account Director for Government & (Higher) Education in the Netherlands. Kay has a Masters degree in International Law (LLM) and a BA in Cultural Anthropology & Non-Western Sociology from the University of Leiden.

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