A New “ETHIC” for the Public Sector

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A New “ETHIC” for the Public Sector

A new concept is emerging for public services. The public sector — and national and local governments in particular — are embracing a new “ETHIC” for service delivery.

Efficient public services
The public sector is increasingly being asked to provide more with fewer resources. With budgetary pressures expected to grow in the medium term across Europe, the push towards ever more efficiency will remain a priority.

Trusted operations models
Trust — both technological and interpersonal — has become a pivotal issue in remote-working environments. Public sector organisations have been affected along with organisations in other sectors, with the added pressure of heightened cybersecurity risks.

Highly responsive processes
According to IDC, improving customer experience is a priority for 61.5% of European government officials. To do that, public sector organisations are retooling their processes to enable greater personalisation and quicker response times.

Inclusive stakeholder ecosystems
As face-to-face interactions become rarer, government organisations are focusing on maintaining the inclusiveness of their processes, for both citizens and staff. Staff need the tools to be involved in remote settings and feel included in decision making.

Convenient delivery frameworks
Convenience of delivery frameworks features high on public sector stakeholder agendas. According to IDC, channel innovation is a priority for 60% of European public sector organisations.

Future of Work in Europe

The public sector is striving to implement a new “ETHIC” for service delivery, alongside (and partially because of) the major changes taking place in society as a whole. European organisations, facing internal and external pressures, are executing transformational projects in all three main pillars of “future of work” transformation:

- Work culture
- Workspace
- Workforce

The interplay between the pressure to deliver value to customers and citizens (as seen in the ETHIC framework) and the realities of the next normal in the world of work will shape transformation efforts across the European public sector.

This IDC InfoBrief highlights the challenges that public sector organisations face and shows how future-of-work transformation is helping them to implement the ETHIC framework.
The Next Normal

After a period of uncertainty, public sector organisations across Europe are assessing their long-term outlook — taking stock of how they have been able to perform in remote settings and what steps are needed now to facilitate smooth and effective operations in the future. Within the context of the current business environment, each organisation faces a difficult set of issues as it tries to "flatten the impact curve". IDC data shows that while some public sector organisations are well positioned for the next normal, most are still in the early stages of their transition. 81% of public sector organisations in Europe are still in the initial phases of tackling the current crisis.

Business challenges and immediate tasks for organisations

- **Business continuity** — remote-working policies, efficiency in blended work settings. A business continuity focus will require changes to companies’ culture and remote-working tools.
- **Cost optimisation** — dealing with additional work pressures, optimising long-term costs.
- **Business resiliency** — supporting the hard-hit private sector, managing immediate budget cuts.
- **Targeted investments** — using new capabilities and efficiency gains for further service improvements.
- **Future enterprise** — continuous reiteration of work processes based on embedded analytics.

**ECONOMIC SITUATION**

- **Health Crisis**: 30%
- **Economic Slowdown**: 42%
- **Recession**: 9%
- **Return to Growth**: 9%
- **The Next Normal**: 10%

Source: IDC European IT Buyer Sentiment Survey — Wave 10
Efficiency in the Next Normal

Greater efficiency in the delivery of citizen-facing services and support processes is top of the agenda for many in the public sector. While the immediate financial impact of the current crisis was less severe for the public sector than for some others, the medium-term outlook suggests the public sector could still take a big hit. Forward-looking public sector leaders are already looking at ways to streamline and cut costs in the medium term. They can do this by limiting the services they provide to citizens, or by realising savings by making internal processes more efficient.

The first option may be easier, but cutting back on public services at a time when demand for those services has increased would be unpopular and could damage the credibility of public sector stakeholders in the long term. Reducing costs in the medium term therefore becomes imperative, preferably without a knock-on effect on employment.

Those public sector organisations that are leading the way are:
- Assessing the efficiency of internal processes and looking at areas that could benefit from further digitisation
- Looking at improved ERP options to streamline underperforming processes without affecting citizen-facing service delivery
- Analysing ways to acquire funding to implement change
- Designing the project plan to realise initial savings from projects before medium-term funding cuts take effect

Where to find the funds for digital-driven efficiency gains

European Union funding priorities and the scope of available funds make it easier to invest in new digital initiatives to increase efficiency.

The REACT-EU Cohesion initiative provides an additional €65 billion in the next two years for regions, cities and other local stakeholders such as hospitals. The funding will be allocated to digital and green recovery and resiliency initiatives, so it is well suited for transformational projects focusing on internal processes.

How efficient Cloud-based ERP drives savings for European local Government

A local government council in the United Kingdom saved 4 GBP million in annual savings by implementing a new cloud-based ERP system.

The key areas included in the implementation were HR, Finance, Payroll, and procurement.

By automating 9% of their business processes, the local council was able to move its employees towards more high value tasks, resulting in continuous services improvements.

Facing financial strains, the savings realised helped to maintain the required level of services for vulnerable citizens (senior citizens and children).

The move to cloud, and ERP streamlining, were thus instrumental in helping the local council to meet its primary citizen-related objectives.

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Trust in the Next Normal

The importance of trust in public sector organisations is increasing. This is driven by the shift to remote working, as well as recognition that security vulnerabilities and a lack of trust in general can add significant strain on the public sector during emergencies.

Public sector organisations face two main tasks with regards to trust:

- Acquiring safe and secure technology to “work from everywhere”
- Maintaining the high degree of interpersonal trust in remote settings, with the new culture of trust fostering collaboration

Safe and secure technology for trust

Cybersecurity remains an important part of the public sector agenda. Data leaks and/or loss, whether linked to cyberattacks or procedural errors, can fatally damage public confidence in public sector stakeholders.

This is reflected in public sector priorities. IDC data shows that for government, data leaks, cloud security and regulatory compliance remain the top IT security priorities.

This affects the requirements that the public sector expects to be met for mission-critical solutions and especially solutions that handle sensitive data.

Guaranteed compliance with data security laws and demonstrable cloud backup capabilities are vital as they help to achieve all three key priorities.

Source: IDC European Tech and Industry Pulse Survey 2019-2020

Interpersonal trust in remote-work settings

According to IDC research, 23% of public sector respondents cited difficulties in collaborating with colleagues as one of the main barriers to driving business value.

A main problem is the lack of trusted tools for collaboration, as well as process barriers that make it difficult to engage with colleagues productively.

In traditional work settings trust is easily maintained by constant face-to-face communication, but public sector managers find that for blended workspaces there are additional requirements needed to build trust:

- Regular checkups and informal communication within and across teams to foster team spirit in remote settings
- Easy-to-access analytics and reporting that can fully replace paper trails, especially in sensitive areas such as finance and HR

Source: IDC European Tech and Industry Pulse Survey 2019-2020
High-Level Responsiveness in the Next Normal

High responsiveness in public service is necessitated by increased demand for services, ranging from health to welfare, as well as greater uncertainty. The swiftly changing regulatory framework, in areas such as tax and public health, makes high responsiveness, based on individualised reactions to citizens’ (and other stakeholders’) queries, the crucial component of good citizen experience.

From a citizen standpoint, high responsiveness may seem to be a result of a spontaneous and intuitive approach taken by individual civil servants. But public sector insiders know that to be responsive requires meticulous planning and process design, as regulatory frameworks seldom leave space for spontaneous acts. Effective planning is therefore a condition sine qua non for responsiveness in the highly constrained public sector environment and in the municipalities in particular, as they are often the point of first contact for citizens.

Planning for the unexpected to enhance responsiveness

Budgetary planning, process design and contingencies management are the basis for high responsiveness. From an IT architecture standpoint, this means that the newly adopted solutions need to adhere to the following requirements:

- Good alignment with existing sector-specific regulation; the demonstrated ability to provide advice on further process optimisation tailored to unique public sector country-specific requirements
- Easy integration with other agenda-specific solutions and existing BI solutions to ensure that country/ regulation-specific software third-party artifacts can be utilised

Without appropriate data collection, governments are flying blind and are unable to pursue response strategies aimed at individualisation.

What’s the role of data in responsiveness?

Better data collection ranked as the second most important marketing priority in IDC’s survey of European government stakeholders (the first being overall execution of customer experience). Furthermore, data features heavily in the stated top 3 challenges related to the implementation of a better customer experience strategy.

Top 3 CX challenges — European government

- Gathering and selecting useful data from existing and new data sources
  - 33%
- Integrating data silos across the company
  - 31.2%
- Collecting customer consent and managing consent life-cycle histories
  - 31%
Inclusivity in the Next Normal

Inclusivity means getting everyone’s input when making important decisions. In the context of the next normal in the public sector, top managers and civil servants need to make sure that the workforce feels engaged and valued and continues to have the opportunity to make an impact. To ensure that organisations continue to be inclusive, managers and civil servants need to change the organisational culture to suit the new blended working paradigm, with both remote and physically present workers having equal opportunities for engagement. While the cultural adjustments and the need for appropriate collaboration tools are widely recognised, there are two overlooked traits of enterprise architecture that are pivotal for inclusivity in the next normal:

- The opportunity for bottom-up innovation embedded in the enterprise architecture
- The analytics solutions democratising (within regulatory “need-to-know” bounds) access to insights within organisations

Process optimisation can help here, improving inclusivity for public sector organisations. To align greater inclusivity with the overall goals of process optimisation requires a focus on customisation abilities. Customisation abilities in general and in BI/analytics in particular support bottom-up innovation. Across Europe, cloud SaaS deployments are increasingly seen as a way to deliver improved customisation, as a new generation of SaaS offerings can respond intelligently to users’ needs and lower the cost of innovation.

**How good analytics can help democratise access to insight and lead to greater inclusivity**

- Good analytics with access management for maximum transparency within the organisation
- Ability to see the overall picture beyond one’s task and process and contribute to better innovation discussions in the organisation
- Ability to offer bottom-up solutions for organisation-level challenges

**How cloud can drive bottom-up innovation and lead to greater inclusivity**

- Cloud deployment leading to greater customisation capabilities
- Lower cost of process innovation, leading to greater willingness to experiment based on 360-degree input from within the organisation
- Ability to reflect on input from within the organisation strengthens the innovation culture, encouraging more employee engagement

**BI/analytics in cloud:**

10% of government organisations already say they have moved to cloud for their BI/analytics.

16% of government organisations plan to move to cloud for BI/analytics in the next 12 months.
Convenience in the Next Normal

The current shifts in the world of work have redefined the meaning of a convenient service and working conditions. Public sector organisations need to deliver more with less, especially in some of the hardest hit areas:

- Even without the ongoing public health crisis, health services will have to cope for years to come with delayed demand caused by postponed health checks and treatments.
- Employment services are preparing for a surge in demand as European economies slow down and unemployment increases.
- Welfare services are expected to be under even greater pressure as many households struggle financially and the need for assistance increases.
- Tax services have to tackle abrupt changes to tax codes, and in many countries these are being used to stimulate aggregate demand.

In the current environment, the convenience traditionally viewed from the standpoint of employee experience and customer experience is increasingly tied to the optimisation of internal processes. For public sector employees and managers, convenience means being able to scale up (or down) fast, divert funds where needed, and utilise all available HR tools to tackle the problems brought about by remote working, increased sick leave rates and shifts in employee workloads. For citizens and other service recipients, convenience in the next normal means having the service delivered remotely (and digitally) where applicable, with the least delay possible. For both employees and citizens, the level of convenience is largely determined by how ERP systems can ease the movement of workflows and funds across the organisation and within the larger economic ecosystem.

To deliver the necessary flexibility, European public sector organisations are looking at cloud solutions to help.

- 20% of government organisations already say they have moved to cloud for their ERP.
- 15% of government organisations plan to move to cloud in the next 12 months.

- Even without the ongoing public health crisis, health services will have to cope for years to come with delayed demand caused by postponed health checks and treatments.
- Employment services are preparing for a surge in demand as European economies slow down and unemployment increases.
- Welfare services are expected to be under even greater pressure as many households struggle financially and the need for assistance increases.
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ERP systems at the heart of convenience for day-to-day public sector operations:

- Fast budgeting processes to move the funds where they’re needed
- Agile invoicing and procurement to speed up cooperation with the private sector
- HR to manage changing employee requirements linked to remote work and possible sick leave
- Embedded analytics to quickly see the impact of actions
The workspace changes that have swept through the world of work in 2020 have also impacted the public sector. While there are many roles within the public sector that cannot be fully carried out in remote settings (including most healthcare positions), the sector has still made a major shift to remote and blended workspaces.

The public sector faces even more difficulties adjusting to this shift than most other sectors, however. IDC survey data shows that public sector organisations across Europe are less likely to have a dedicated work transformation budget, were less likely to support flexible working styles before the COVID crisis and are less likely to have modern collaborative tools at their disposal.

Given that, many public sector stakeholders are opting for a step-by-step approach. With the current global crisis affecting public service delivery, organisations have assessed their processes and started to plan for permanent flexible arrangements for individual business units. As the transformation of customer/citizen-facing processes and related CRM suites presents a more long-term challenge linked to changes in customer/citizen preferences, administrative processes and related ERP suites are often seen as good candidates to be moved into permanently flexible modes. C-level executives need to answer the following questions to take the first steps towards the “future of workspaces”:

Key questions for step-by-step transformation to blended (remote) workspaces in the next normal:

- Do my ERP system and assorted processes make it possible to fully eliminate the paper trail (which precludes fully remote settings)?
- Is my enterprise system fully prepared from a security standpoint for remote working, including secure VPN and access management?
- Do my collaboration tools and ERP support each other, creating a seamless remote-working experience?

30% of public sector organisations in which more than 50% of employees worked predominantly from home during Q2 2020

9% of public sector organisations in which more than 50% of employees worked predominantly from home before Q2 2020

Source: IDC European IT Buyer Sentiment Survey — Wave 10
Future of Work Culture

Workspace changes need to go hand in hand with changes in organisational culture and management practices. Without the cultural changes, it could be difficult to make the necessary changes to realise the benefits of the ETHIC framework. 45% of public sector organisations report that employee inertia is the main barrier to change in IDC’s latest research. The importance of employee engagement increases with the shift towards the blended workspace that will be common in the next normal. Retaining high engagement during remote working is a difficult task, with many public sector managers painfully aware that their teams struggle to engage when working remotely. In these settings, employee experience and the ability to motivate employees becomes critical. While there are many ways to promote better employee experience, IDC research shows it’s critical to supply your employees with the right tools.

From an enterprise architecture point of view, public sector executives need to take stock of the tools they provide to their employees. Before embarking on culture changes, they should ask themselves the following questions:

**Effective ways to improve employee experience**

- The right technology tools (48%)
- Career growth opportunities (43%)
- Physical health programmes (40%)
- Access to training and learning (39%)
- Mental well-being programmes (38%)

Source: IDC European Future of Work Survey, 2020

**Key questions for step-by-step transformation to better enterprise culture in the next normal:**

- **Do I have BI/analytics in place to retain the ability to overview the operations in remote settings?**
- **Can the onboarding, including learning how to work with mission-critical CRM and ERP suites, be done remotely?**
- **Do I have the tools to measure employee experience?**
Future of Workforce

Public sector organisations preparing for the next normal are looking at ways to effectively leverage their workforce, use AI solutions for repetitive tasks and shift employees towards higher-value-add tasks. Employee upskilling and reskilling are also key priorities, as changes in tasks and cooperation with digital AI-based “co-workers” necessitate a change in skills. The increase in workforce fluctuation and the need to redeploy employees to different tasks in a more agile way also highlight the importance of having easy-to-master solutions for mission-critical processes (especially ERP and CRM systems and industry-specific applications).

The core future of workforce therefore relies on several interconnected streams of change to deliver the required insights and efficiency gains that come with AI-based solutions.

**Efficiency gains from AI-generated insights and automation**

- **AI-based analytics capable of leveraging diverse data sources**
- **ERP, CRM and industry-specific solutions with easy data integration**
- **Upskilling and reskilling tools to enable human-machine collaboration and utilisation of AI-generated insights**
- **Process alignment to ensure that AI findings are fully utilised, but double checked**

**ETHIC in Europe**

AI is increasingly looked at for efficiency improvements in the public sector:

- **16%** of government organisations plan to implement AI solutions in the next 12 months to increase the efficiency of internal processes.
- **8%** of government organisations have already implemented such solutions.

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**Key questions for step-by-step transformation towards better enterprise culture in the next normal**

- Is my ERP system able to generate data that can be leveraged by AI (either natively in the ERP system or in a separate BI solution)?
- Do we have a learning system in place that can prepare my employees to work with AI-generated insights and fix possible omissions in such a system?
- Do we have appropriate processes in place to utilise AI-generated insights?
Drive Efficiency, Predictability and Citizen Value
More responsive government services through people-centric processes with Unit4

Improve operational efficiency
- Reduce the total cost of ownership without sacrificing capabilities
- Free up resources and time to focus on front-office service delivery
- Deliver using proven, industry best-practice end-to-end business processes
- Rationalise the back-office technology landscape

Recruit, retain and grow a digitally empowered workforce
- Attract and develop talent and retain your people
- Increase user engagement and provide new ways of working
- Reduce administrative burden to focus on higher value tasks
- Ensure you have the right tools, capacity and skills in place to react to changing requirements

Increase transparency, predictability and accountability
- Take full control of your expenditure, income and budget
- Build a robust budget involving and engaging all relevant teams
- Respond to change and uncertainty
- Better understand dependencies and plan for the future more effectively

Enhance citizen value
- Respond to changing citizen needs
- Ensure citizen data is handled securely and within legal regulations
- Better use resources from back-office automation to improve front-line services
- Empower the community by increasing social value
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