



IBM Global Services

Government 2020: Main Trends of Government Development until 2020

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Agenda

- **Government 2020: Six Global forces impacting governments around the world**
- **The impact of the Global Financial Crises**
- **IBM's answer to the upcoming challenges**



Six powerful macro drivers for change

Changing demographics

Long-term changes, varying by country and region, are occurring in the composition of populations.



Accelerating globalization

Economic interdependence is blurring social, political and cultural boundaries within a global context



Rising environmental concerns

Societies and governments are increasingly concerned about the 'finiteness' of Earth and its fine balance.



Evolving societal relationships

"Individuality" at social and commercial levels is demanding that Governments deliver to the same expectations.



Growing threats to social stability and order

Tribalism, pandemics and natural disasters are becoming predictable 'unpredictable' threats.



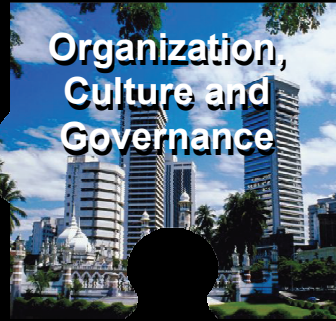
Expanding impact of technology

Technology, and especially the way it is used, is providing unprecedented opportunity for collaboration.





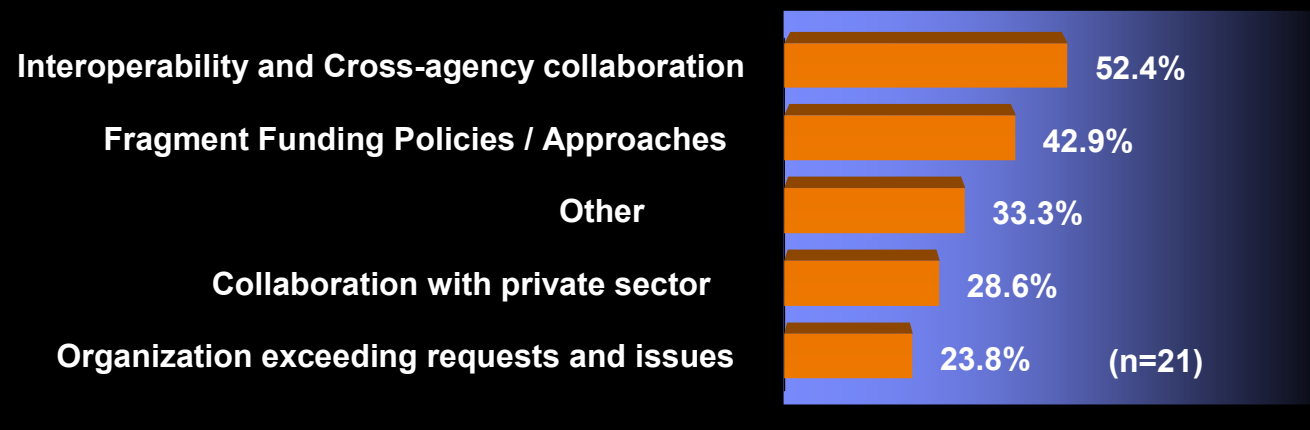
which common capabilities are required ?





collaboration is a catalyst to the future

Which of the following Government Structure Factors will have the greatest impact on your business in the next three years?



Collaboration has emerged as a key issue and a required competency

- Cross-agency collaboration or 'joined up' government has emerged as a key structural priority, as has the associated (fragmented) funding issues.
- To make this a reality, Public Sector Leaders are improving collaboration processes and developing common output based measures to drive integration across departments.

Source: IBM Business Consulting Services, The Global CEO Study 2007



This, we researched in spring 2008 ...

**Then, something happened,
although not unexpected:**

The Global Financial Crisis



Situation snapshot

Overall

- Central banks team up to cut interest rates, again
- G7 announces global policy coordination
- IMF to make recommendations for further action

- U.S. response momentum slows
- Plan unveiled – finally systemic
- 9 major banks partially nationalized, new ↑ in deposit, debt guarantees

USA – Largest debtor nation in the world

- Weaker exports slowing
- Considering measures to contain impact
- Public spending ↑

- Collapsed! Iceland banking system
- Allianz adds €2.5B to Fortis bailout pot
- Europe takes lead**
- Ireland first to guarantee all deposits, bonds, debts – many more follow suit
- UK unveils bailout plan
- France acquires stakes in banks
- Reserve swaps for debt ↑

- Oil price drops \$10
- Weaker exports slowing
- Interest rates cut

- Commodities production under duress
- Public debt exposed
- Inflation ↑

- Russia pledges \$36B to banks

- Major Asian markets avoid panic; confidence remains, but is shaky
- Exports slowing
- Cut! Interest rates in several countries

CHINA – Largest surplus nation in the world

- AU & NZ markets down >5%, trending ↓
- AU & NZ guarantee deposits

“This crisis has also started to depress the swelling liquidity around the world ... and will adversely affect the Gulf.”

– Dr. Jassim Al Manai
Chairman, Arab Monetary Fund
(September 28, 2008)

“... we must remember that the economic fundamentals of Hong Kong are good, and our regulatory system, our fiscal economic system, are sound. For that reason, we should have confidence ...”

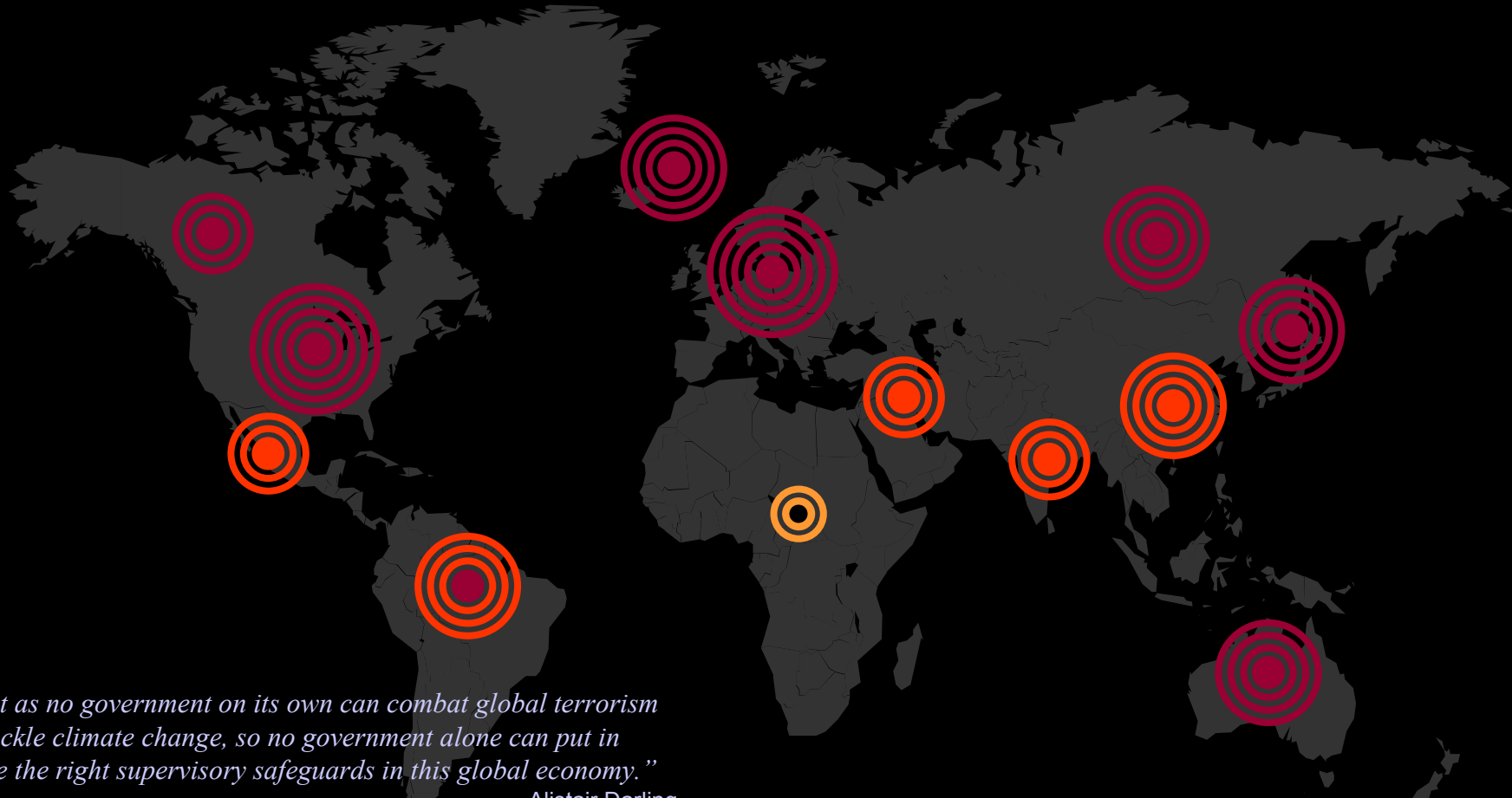
– Donald Tsang
Hong Kong Territory Chief Executive
September 30, 2008

“In this day and age, a bank run spreads around the world, not around the block.”

– Thomas Mayer
Chief European Economist, Deutsche Bank
October 1, 2008



In response to the crisis, national authorities and regulators have been collaborating at unprecedented levels



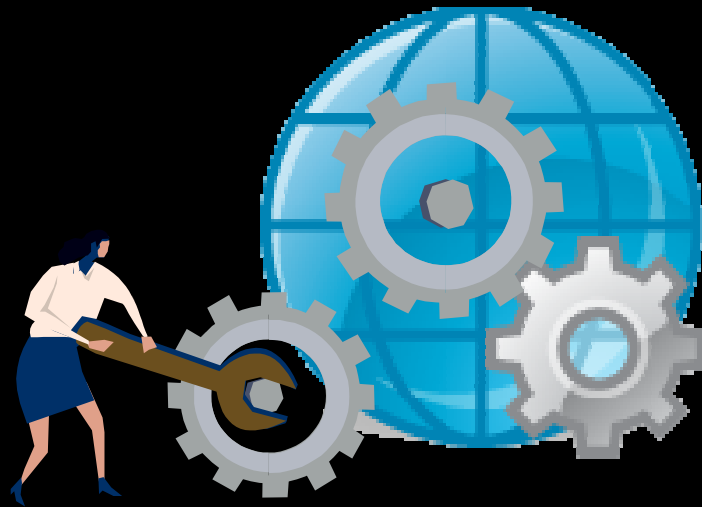
“Just as no government on its own can combat global terrorism or tackle climate change, so no government alone can put in place the right supervisory safeguards in this global economy.”

— Alistair Darling
Chancellor of the Exchequer, U.K.
September 22, 2008



It's a new world

**Today's financial system is global, interconnected,
and faster than we had imagined.
But international, national and local supervisory / regulatory
structures are not synchronised to it**



"Around us, we must build a new ...financial architecture for the years ahead. Sometimes it does take a crisis for people to agree that what is obvious and should have been done years ago can no longer be postponed."

— Gordon Brown
Prime Minister, U.K.
October 13, 2008



IBM's *Government 2020* report describes a world faced by forces beyond individual nations' control



- The global financial crisis is one manifestation of the global, interconnected economy
- Now more than ever, Public Sector Leaders are challenged to drive transformational change in ways they have never done before
 - ❖ **Across all branches of government**
 - ❖ **Across jurisdictions**
 - ❖ **Across sectors**
 - ❖ **Across nations**
- Our analysis suggests that solutions will need to be global in nature, involving high levels of collaboration

"The credit crunch is creating a new world order in banking and finance."

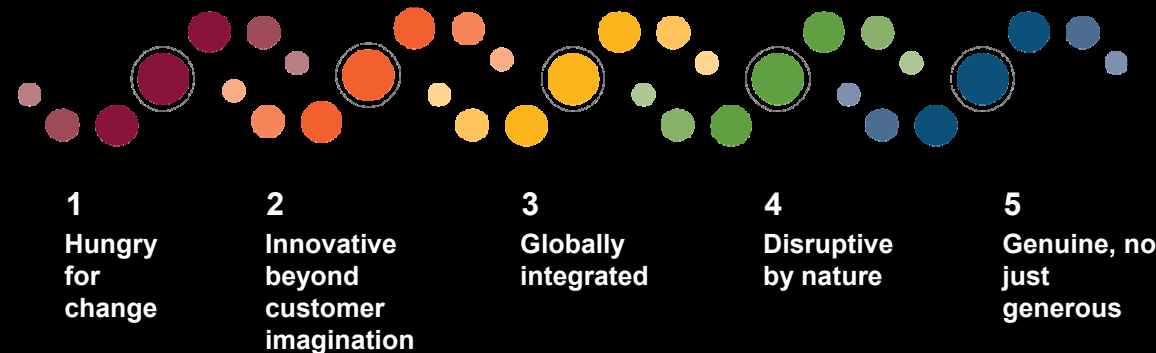
– Robert Peston
BBC News Editor
September 18, 2008

Source: *Government 2020 and the Perpetual Collaboration Mandate*, IBM Institute for Business Value study, 2008



IBM's recent survey of Public Sector Leaders identified the strategies they are following to shape the public bodies of the future

Five core traits of the *Public Enterprise of the Future*



■ **Public Sector leaders are**

- ❖ **Following strategies to deliver “more with less” – meeting heightened demand for services with more efficient delivery, facilitated through technology**
- ❖ **Looking at innovative business models, working with others in the public sector, the private sector and citizens to deliver services in new ways.**
- ❖ **Examining new operating models, including partnering, outsourcing and shared services**

Source: *IBM Global CEO Study*,
IBM Institute for Business Value, 2008



How will these strategies be adapted to the new environment?



A new era, a new “enterprise”

- No matter the group, in the *Era of the Interconnected Whole*,
 - ❖ Roles will evolve
 - ❖ Relationships will change
 - ❖ Responses will ripple throughout the global system

- The *Public Enterprise of the Future* will be



Key dimensions

- ❖ Outcomes
- ❖ Confidence, built on a foundation of trust
 - Transparency and standards play prominently in order to “see”
- ❖ Governance
- ❖ Architecture – [Inter-] Relationships and [inter-] dependencies
- ❖ Measures of both success and progress
- ❖ Collaboration
- ❖ ICT Capabilities that enable “appropriate” transparency and insight into the financial system, market discipline, strategic responses and collaboration in times of

1 Hungry for change

2 Innovative beyond customer imagination

3 Globally integrated

4 Disruptive by nature

5 Genuine, not just generous

Source: IBM Global CEO Study, IBM Institute for Business Value, 2008

Crisis

Stability

Growth



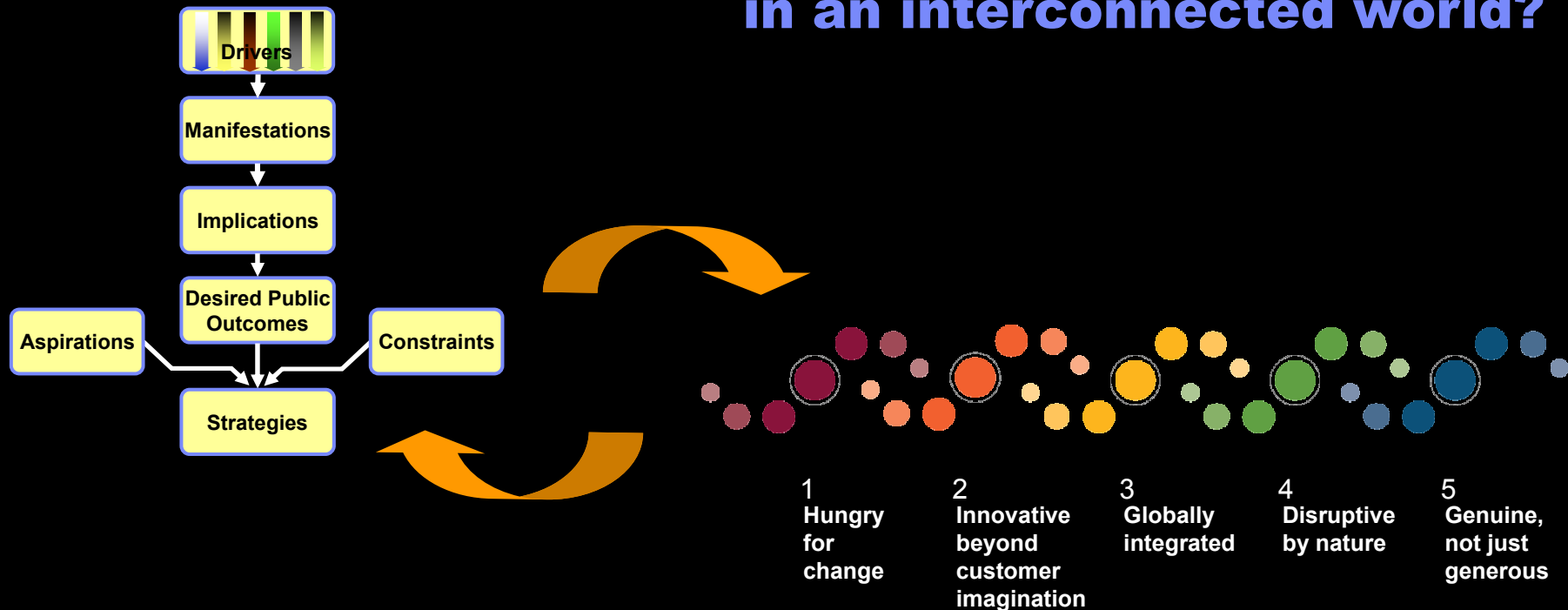
A sidestep to the U.S. industry ...

- **U.S. companies and retailers lose \$40 billion annually due to inefficient supply chains.**
- **In North America, up to 22 percent of total port volume is empty containers.**
- **The Port of Jersey has 100,000 empty containers sitting in storage – worth nearly \$200 million.**
- **In the United States alone, 2.2 million dispensing errors are made a year because of handwritten prescriptions.**
- **The U.S. healthcare system loses more than \$100 billion a year to fraud.**
- **In a small business district in Los Angeles, driving around for parking in one year generated the equivalent of 38 trips around the world, burned 47,000 gallons of gas, emitted 730 tons of carbon dioxide.**
- **Congested roadways cost \$78 billion annually in the form of 4.2 billion lost hours and 2.9 billion gallons of wasted gas.**
- **In the U.S., a typical carrot has traveled 1,600 miles, a potato 1,200 miles, a chuck roast 600 miles...**
- **...grocers and consumers throw away \$48 billion worth of food every year.**
- **In distributed computing environments 85% of computing capacity sits idle.**
- **On average, for every 100 units of energy piped into a data center, only 3 units are used for actual computing. More than half goes to cooling the servers.**



The analyses can provide insights into actions needed at different levels

What does the unfolding financial crisis tell us about how to manage and govern in an interconnected world?



Source: *Government 2020 and the Perpetual Collaboration Mandate*, IBM Institute for Business Value, 2008

Source: *IBM Global CEO Study*, IBM Institute for Business Value, 2008



The Slovak situation

■ Manifestations

- ❖ Slovakia has undergone a thorough reflection of the situation and has developed vision, priorities and strategy to respond to those global drivers.

■ Desired Outcome

- ❖ Rise the competitiveness of the Slovak economy at least to the EU „middleclass“

■ Aspirations

- ❖ Build up the national public infrastructure (communications, transportation, IT) to be ready for the collaborative approach

■ Constraints

- ❖ Structural deficits in regional development, employment and skill set of the society

■ Selected strategy

- ❖ National Strategic Reference Framework (published in June 2007) followed operational programmes
- ❖ Long term vision of the Slovak society - Slovakia 2030 (August 2008)



One of the key principles of the NSRF preparation is the principle of partnership. This principle was applied both in the relationship between Slovakia and the EC, as well as internally within Slovakia

N S R F	1. Infrastructure and regional accessibility	1.1 Regional infrastructure
		1.2 Environmental infrastructure and protection of the environment
		1.3 Transport infrastructure and public passenger transport
		1.4 Modernisation of health infrastructure
	2. Knowledge-based economy	2.1 Informatisation of society
		2.2 Research and development
		2.3 University infrastructure
		2.4 Support of competitiveness of enterprises and services mainly through innovation
	3. Human Resources	3.1 Modern education for a knowledge-based society
		3.2 Fostering growth of employment, social inclusion and building of institutional capacities



What will it take? *A mandate of perpetual collaboration*

But first, what is “Collaboration”?

- A recursive process in a relationship
 - ...
 - ... where participants (e.g. people, organizations) work together as co-equal partners towards an intersection of common goals.
- Each gives up some of their independence and autonomy through formal or informal agreements.
- In the process, each becomes partially dependent on the other for their individual, as well as joint success.

And the “Perpetual Collaboration Mandate”?

- A *state of practice* where the enabling elements of collaboration:
 - ❖ Incorporate broad, innovative perspectives into a shared frame of reference;
 - ❖ Enable situational and contextual awareness; and
 - ❖ Help “systematize” and accelerate the change needed
- Collaboration elements fall into four broad categories
 - ❖ Relationships
 - ❖ Management structure
 - ❖ Enabling operating models
 - ❖ Learning

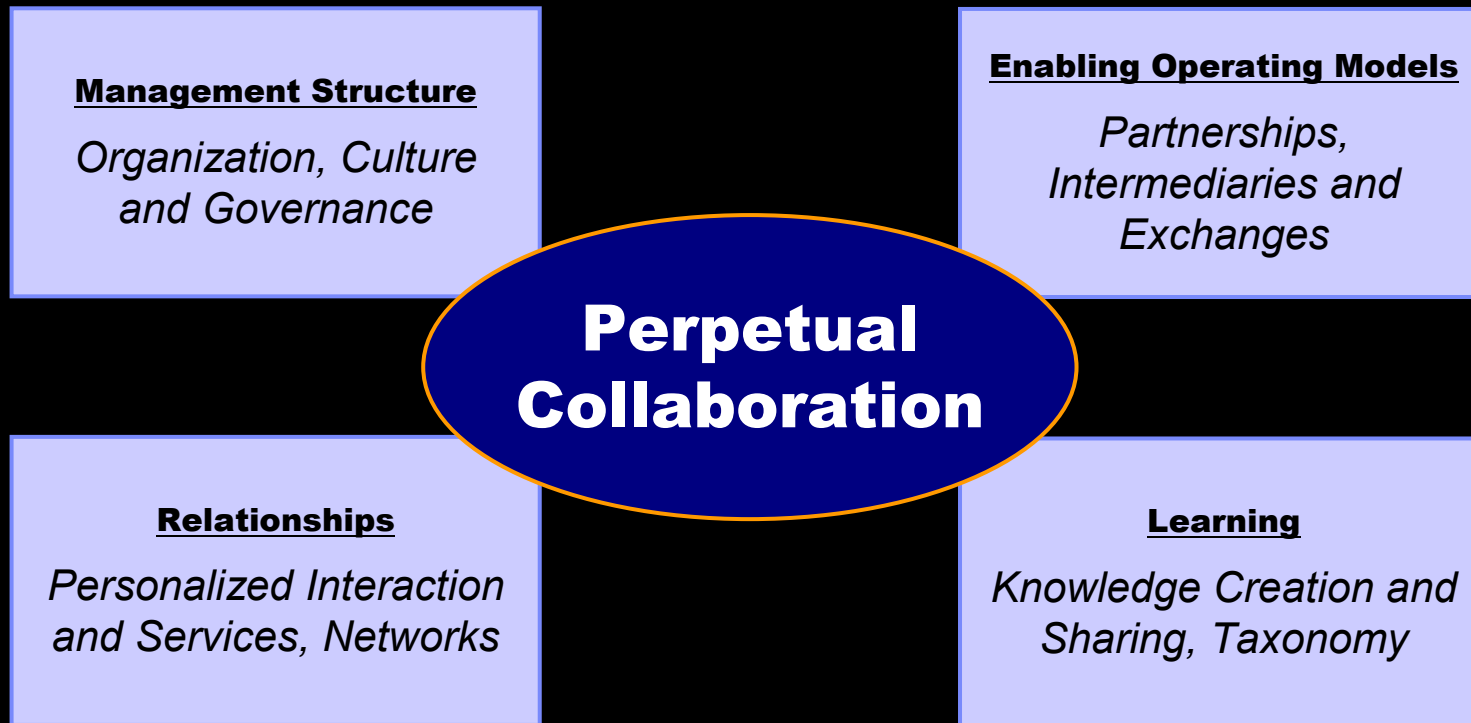
Source (adapted): *Four Strategies to Transform State Governance*, IBM Center for the Business of Government, 2008

Source: *Government 2020 and the Perpetual Collaboration Mandate*, IBM Institute for Business Value, 2008



Perpetual collaboration enables *situational and contextual awareness* and *climate* to facilitate progress towards desired public outcomes

Elements of Perpetual Collaboration



Source: *Government 2020 and the Perpetual Collaboration Mandate*, IBM Institute for Business Value, 2008



What does „collaboration“ mean for our clients?

We've thought about IT as the world of data centers, software, PCs, routers, bandwidth.

We've thought about infrastructure as the world of financial systems, buildings, factories, hospitals, roads, pipelines.

Those worlds are converging.

**We're confident that the world can become smarter.
We're building it with our clients.**

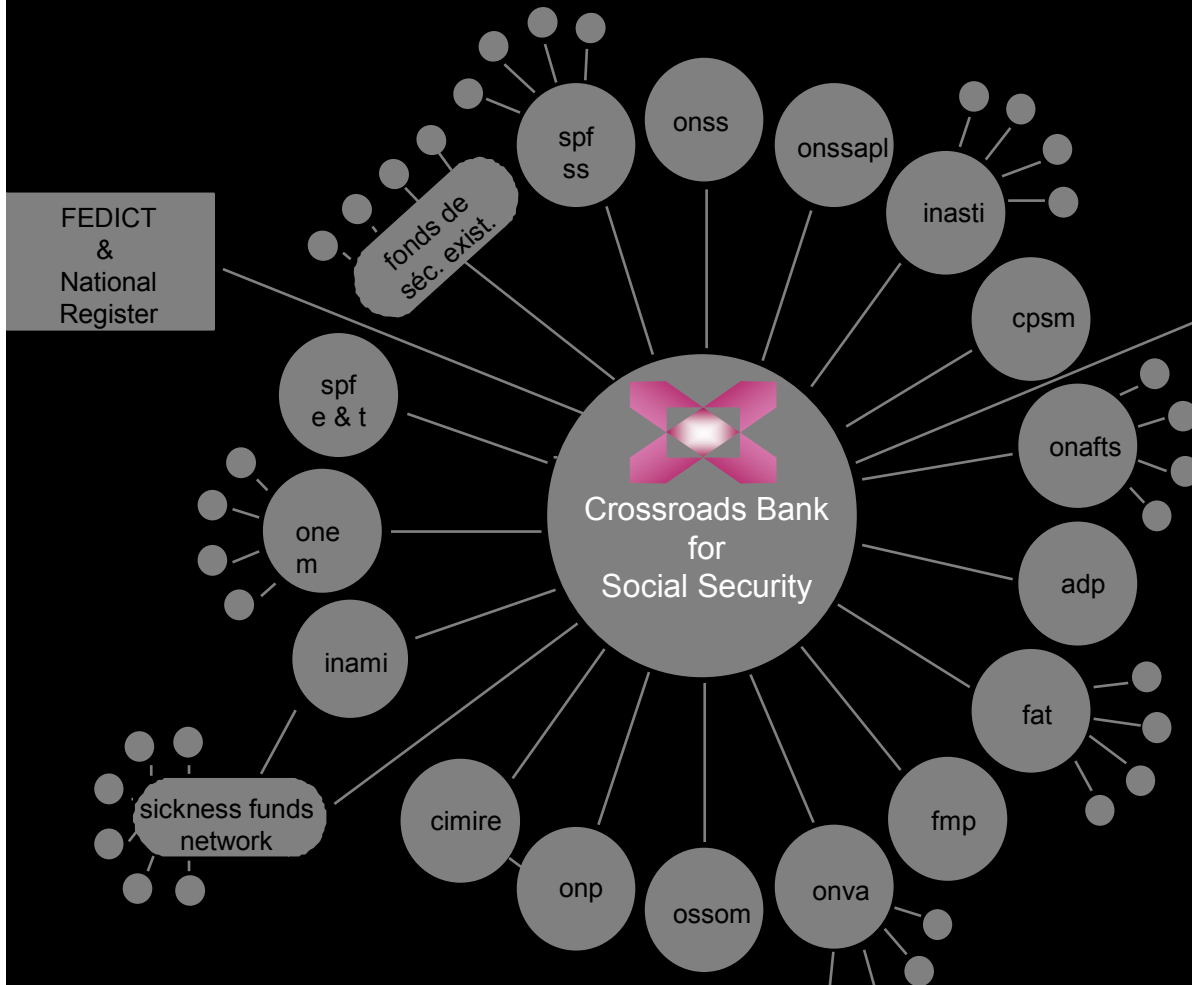




SOA is providing Belgium Crossroads Bank with greater flexibility and cost savings to delivery greater client value.

Services Provider for Government Agencies Delivering Benefits

- ❖ Potential savings through reuse of SOA components
- ❖ Increased security capabilities such as encryption, certificates and digital signatures based upon open standards
- ❖ Possibility to offer value added services to their partners
- ❖ SOA governance embedded in new organisation and processes
- ❖ On demand architecture focused on availability and scalability, using open standards





Australia's Department of Immigration and Citizenship (DIAC)

CHALLENGE

Australia's Department of Immigration and Citizenship (DIAC) grants citizenship to more than 2,000 people each week and facilitates 23 million passenger and crew arrivals each year at Australian borders. The DIAC holds more than 80 million client records and a database of more than 90 million names; 7,000 staff members are affected.

SOLUTION

This project is one of the largest Service-Oriented Architecture projects in the world, requiring a broad range of skills, from developers, testers and helpdesk staff to trainers, environment managers and project managers.

BENEFITS

- A single view of client
- Integrated and nationally consistent processes –
- Early intervention, proactive monitoring and escalation
- Performance monitoring - an executive reporting portal provides whole-of-business updates every 24 hours
- Visibility of cases and workload that can be tracked in real-time
- Quality decision-making and assurance



<http://www.immi.gov.au/>



Social Services: Service Canada

CHALLENGE

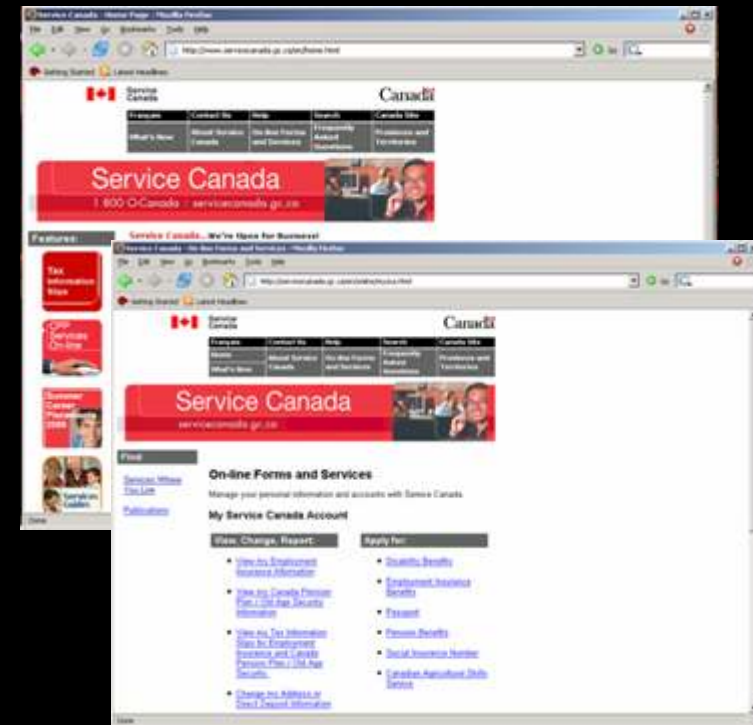
As with most central governments, Canada has a vast array of programs and services for its citizens, but identifying and accessing those services can be very challenging.

SOLUTION

Established Service Canada as a “One-Stop” integrated, multi-channel service center for a broad range of federal programs and services. Services can be accessed through the 300+ offices throughout Canada, by phone (over 50 million calls annually) or through the Web (over 14 million web visits per year).

BENEFITS

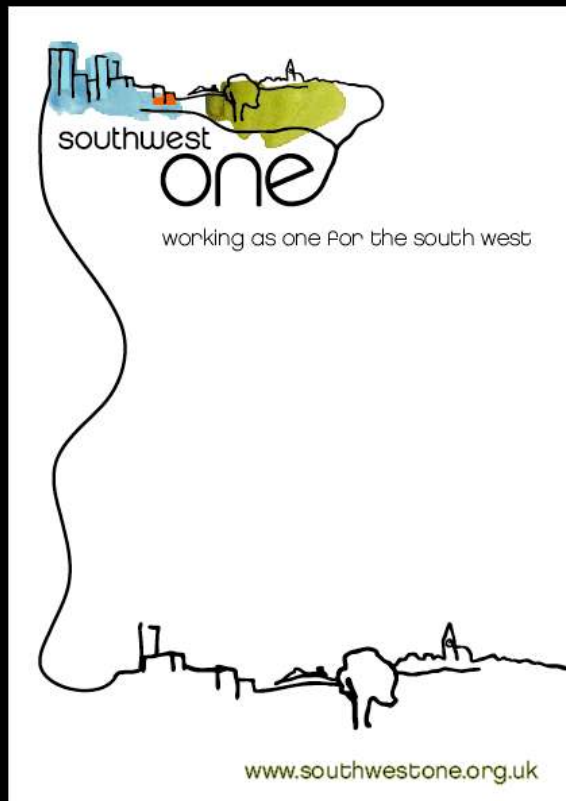
- Created a “Citizen-Focused” delivery network
- Expanded points of service throughout the country, especially in the northern and remote communities
- Focused on building partnerships with other levels of government and community service providers to better integrate services for Canadians
- Established an organization that can continue to enhance and introduce new services – in a one stop environment



<http://servicecanada.gc.ca/en/home.html>



New collaborative models, in the public as well as the private sector, can play a major role in change



- Southwest One is a joint venture between Somerset County Council, Taunton Deane Borough Council and IBM. The vision of Southwest One is to enable the social transformation of Taunton, Somerset and the South West to deliver better value for money for council taxpayers and improve access to services for all Somerset residents
- The company will deliver a range of support and customer services aimed at improving customer access and the entire customer experience, whilst delivering efficiency savings to be invested in further innovation within the region and beyond
- SouthWest One has been constructed to allow other public sector bodies in the South West to purchase services, and Avon And Somerset Police have now joined SouthWest One – this is the first time local government and a police authority have collaborated in a joint venture of this type



Road User Charging together with enforcement technology helps to reduce congestion and emissions

CHALLENGE

Stockholm Sweden, like cities throughout the world, is struggling with traffic congestion and pollution that is adversely affecting the quality of life.

SOLUTION

Congestion charging system that taxes vehicles entering or leaving congestion zones based on time of day, with fares highest during peak rush hours. The solution leverages RFID technologies and cameras linked to license plate and financial data bases to identify vehicles and process billing. Operational from 6:30 am to 6:30 pm Monday to Friday.

BENEFITS

- After a 7-month pilot, traffic was reduced 25% or by 100,000 vehicle passages per day
- Train and Transit passengers increased by 40,000 per day.
- Greenhouse gases fell 40%.
- Voters approved permanent implementation followed by approval by Swedish Parliament in 2007.





Cardiff University - UK

CHALLENGE

Find a way within the University of collapsing the existing silos of technology and systems which were making it difficult to collaborate effectively across the organization. Cardiff was seeking a more loosely-coupled and tightly integrated solution that would enable their applications, information and resources to be virtualized and more intuitively and dynamically leveraged.



SOLUTION

Cardiff University to componentized its business processes and virtualized its applications, infrastructure and information in such a way that any authorized user will be able to access its applications and information in a secure and consistent manner from anywhere over an IP connection.



EXPECTED BENEFITS

Provide students, researchers, alumni, employees and eco-system users with an intuitive and simple single sign-on access to the University's complete range of IT systems and on-line data repositories. It will allow the University to establish - for every individual user - a personalized Modern Working Environment (MWE) to encourage and promote a collaborative environment in which the creative talents within the University can interact with all available information assets to provide a second-to-none learning and research experience."





Cheshire County Council: Providing better care to seniors

CHALLENGE

As many countries are looking for ways to better meet the needs of their aging populations, Cheshire County Council saw this challenge as an opportunity to build a comprehensive, flexible and innovative foundation that would help the council more easily share information around health and social care. The council realized that success would require a fundamental change at the process level, in the way providers and agencies interact and share information.

SOLUTION

Cheshire County Council put in place a shared service delivery platform. This approach puts the needs of the elderly squarely at the center. It brings together health and social care's broad base of service assessment into a single, coherent "virtual" assessment of seniors' services needs. The shared services solution also consolidates roughly 20 unconnected assessment processes into one.

BENEFITS

- Improved quality and continuity of care through more proactive case management
- Improved use of precious health and social care resources
- Over 40 other UK government groups have explored this solution



<http://www.cheshire.gov.uk/>



Thank you for attention, and ...

let's stop talking,
let's start doing!

