

THE TRANSFORMATIONAL CIO

Harvey Nash/KPMG CIO Survey 2018

Local/State Government Sector Findings

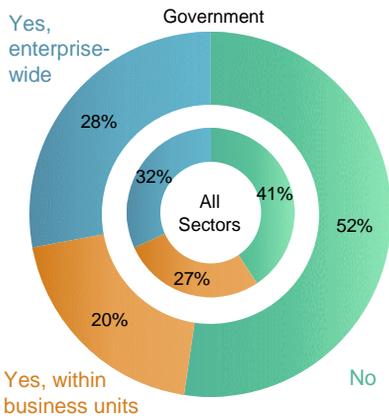


The Harvey Nash/KPMG CIO Survey is the largest IT leadership study in the world, with almost 4,000 respondents across 84 countries, representing over US\$300bn of IT budget spend.

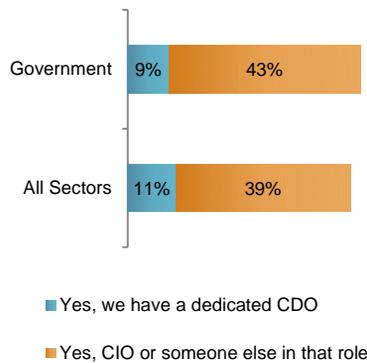
This local/state government sector snapshot provides survey responses from nearly 100 IT leaders on some of the key topics, and highlights several areas where this sector's responses differed significantly from those across all sectors.

Digital Strategy

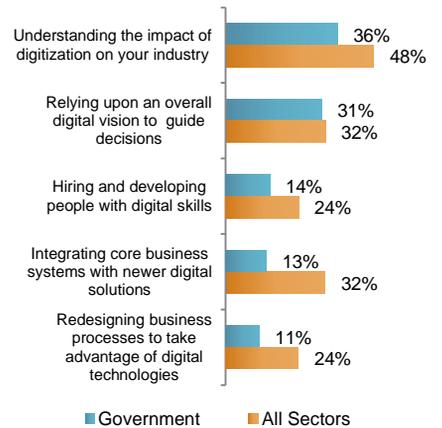
Does your organization have a clear digital business vision and strategy?



Does your organization have a Chief Digital Officer or someone serving in that capacity?



How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



Government entities are **less likely to maintain a digital business strategy** than other sectors, either enterprise-wide (28% vs. 32% for all sectors), or within business units (20% vs. 27%). In fact, 52% have no clear digital strategy at all.

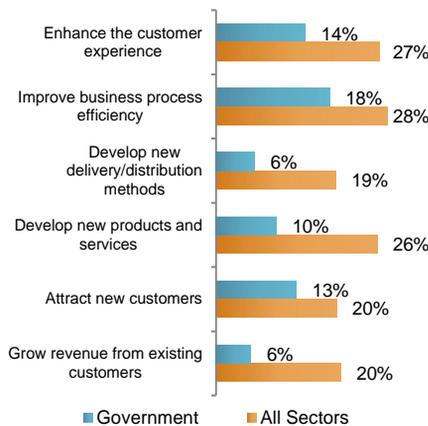
52% of Government entities have a Chief Digital Officer or equivalent, with 9% having a dedicated CDO and an additional 43% having the CIO or someone else acting in that role. Overall, they are roughly equally likely as others to have a single executive lead their digital strategy.

Government effectiveness in key digital capabilities lags other sectors. Government is **most effective at understanding the impact of digitization (36%)**, but **struggles with redesigning business processes to take advantage of digital (11%)**.

Which are the most important goals when prioritizing digital technology initiatives in your organization?



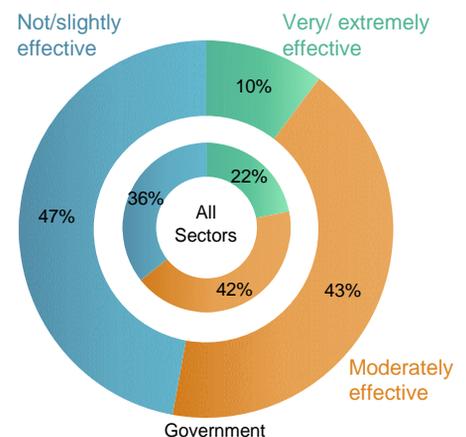
How effective has your organization been in using digital technologies to advance the following goals? (Very/Extremely Effective)



When prioritizing digital investments, Government entities **overwhelmingly focus on enhancing the customer experience (90% vs. 66% for all sectors) and improving business process efficiency (88% vs. 54%)**.

Despite their focus on these goals, Government entities **struggle with using digital to enhance the customer experience (14% vs. 27% for all sectors) and improve business process efficiency (18% vs. 28%)**, with lower effectiveness levels than others in all digital goals.

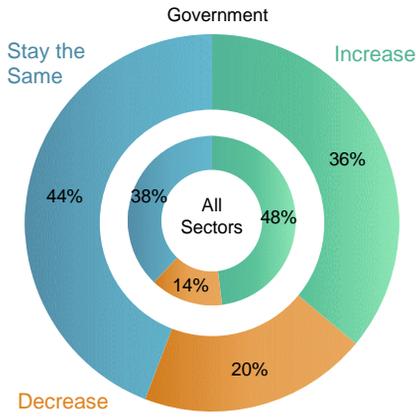
Overall, how effective has your organization been in using digital technologies to advance its business strategy?



Government entities **report far lower overall effectiveness levels in their digital strategies** than others, with just 10% describing their digital strategies as very effective or better versus 22% for all sectors.

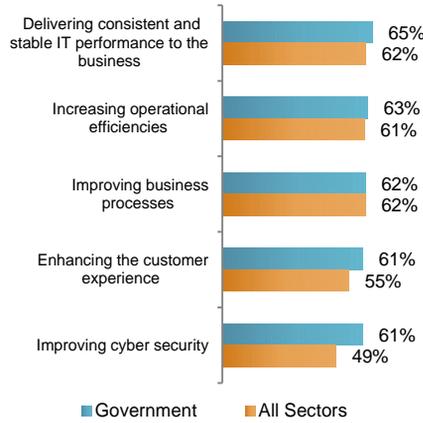
Budget/Priorities

Looking forward, over the next 12 months, what do you expect your IT budget to do?



Government entities are **less optimistic about their IT budgets for next year** than those in other sectors. Just 36% of respondents expect an increase in their IT budgets, compared to an overall average of 48%.

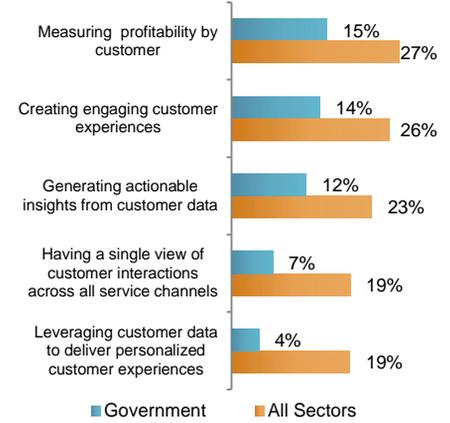
What are the key business issues that your management Board are looking for IT to address? (top 5)



Government entities **heavily emphasize “core” IT issues** such as delivering consistent and stable IT performance (65% vs. 62% for all sectors), increasing operational efficiencies (63% vs. 61%) and improving business processes (62% vs. 62%). They also seek to enhance the customer experience and improve cyber security more than others.

Customer Capabilities

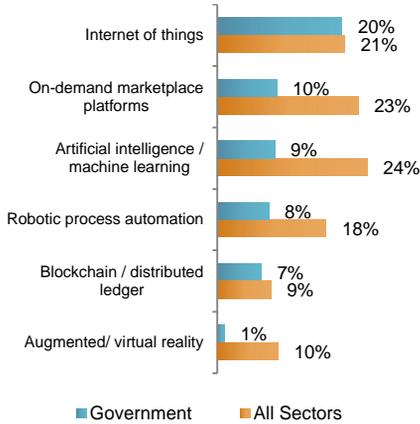
How effective is your organization at each of the following capabilities? (Very/Extremely Effective)



Despite its focus on enhancing the customer experience, Government **struggles even more than other sectors with five critical customer-focused capabilities**. No more than 15% rate themselves very effective or better at any, in all cases well below the cross-sector average.

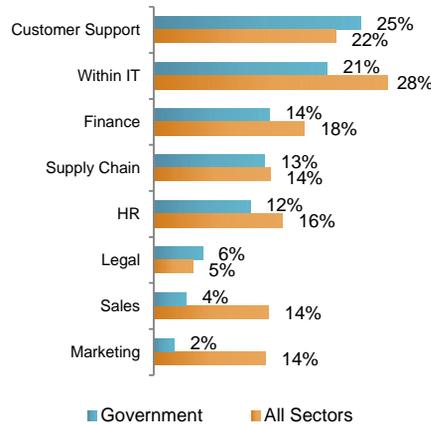
Technology & Innovation

How would you characterize your investment in the following technologies? (Moderate/Significant Investment)



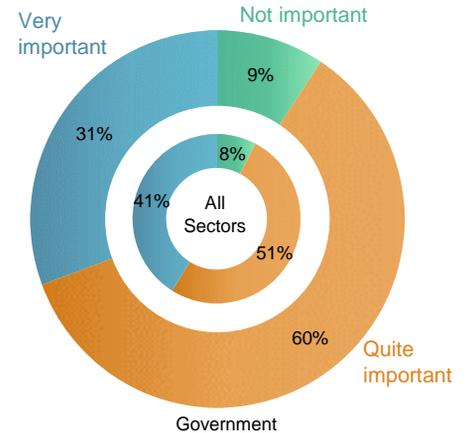
Of next-generation technologies, Government entities are **most likely to have invested in the Internet of Things (20%)**. Their investment in all other next-generation technologies heavily lags other sectors.

In which functions have you implemented digital labor / automation?



While **digital labor / automation remains in its relative infancy across most corporate functions** both in Government and elsewhere, Government entities are most likely to have implemented it in Customer Support (25%) and within IT (21%).

How important is it to have an innovative, experimental culture in your organization to ensure its digital strategy is a success?



As in other sectors, Government entities **view having an innovative, experimental culture as a critical component of the success of their digital strategies**, with 91% viewing it as very or quite important.

Conclusion

The role of the State and Local Government (SLG) CIO continues to evolve from a focus on providing stable and efficient core IT operations to a digital enabler of the government agenda. While the data from the Harvey Nash/KPMG survey shows that government is lagging other industry sectors we believe this is primarily related to the cost of modernizing older technology (e.g., software, hardware, technology architectures) and that transformation efforts take longer to be planned and started in SLG entities.

We are seeing a growing wave of digital innovation designed to create the workforce of the future, more efficiently and effectively deliver core services while improving citizen engagement through modern digital channels. Areas that have already gained momentum in SLG include: the Internet of Things, using Intelligent Automation to enhance the capabilities of their existing workforce, enhanced data analytics, modern development and artificial intelligence. The successful SLG IT organization of the future will partner with the business and program areas to leverage technology to drive improved citizen outcomes.

Further information

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