Mission delivered. Market speed.

Methods to help governments deliver value faster

Growing need to increase speed to mission delivery

Mission delivery is the top priority for most federal, state, and local government organizations in the U.S., whether the agency is serving one of the more than 328 million people,[1] employees, or other constituents. To increase speed to mission delivery, federal, state, and local governments are combining separate business and technology strategies into a single delivery strategy. Technology drives this strategy.

The need to deliver faster will continue to push ahead in order for governments to operate efficiently and safely, comply with regulations, and maintain citizen trust. Commercial experiences and ways of working drive citizens, employees, and other constituents to expect faster delivery with a better experience. Technology and data environments are more complex. Cyber threats intensify daily. New regulations require significant operational changes. Government leaders realize the importance of a resilient, agile organization to evolve with agency needs, especially after 2020 events. Each factor calls for government technology functions to link spending with value as they modernize how they deliver products and services.

Technology departments have an opportunity to enable connected governments that can power faster mission delivery. These forward-leading agencies will have aligned front, middle, and back offices able to deliver citizen-centric, digitally enabled services. **Governments must reimagine their technology delivery models to seize this opportunity**. The challenge is many government organizations' digital transformation efforts are further behind than leaders thought. They need help to **fill the gap between where they are in their digital transformation journey and where they need to be**. After reading this article, government leaders may better understand the importance of increasing speed to delivery and the urgency of reimagining information technology (IT) delivery models to reach citizens and constituents faster. The model we describe in the article can help increase speed to delivery.

Why modern government is important

Government agencies in the U.S. must modernize in order to keep up with changing user needs, regulations, and health and public safety requirements. Leaders of modern governments rethink business processes and service delivery models to more effectively achieve their mission. This article is one of a series that features how modernizing affects the government workforce and the user experience, improves security and public trust, and accelerates the digital journey. KPMG team members offer insights intended to help guide governments in their modernization efforts to encompass all processes, technologies, policies, and the workforce so each works together to create connected, powered, and trusted organizations.

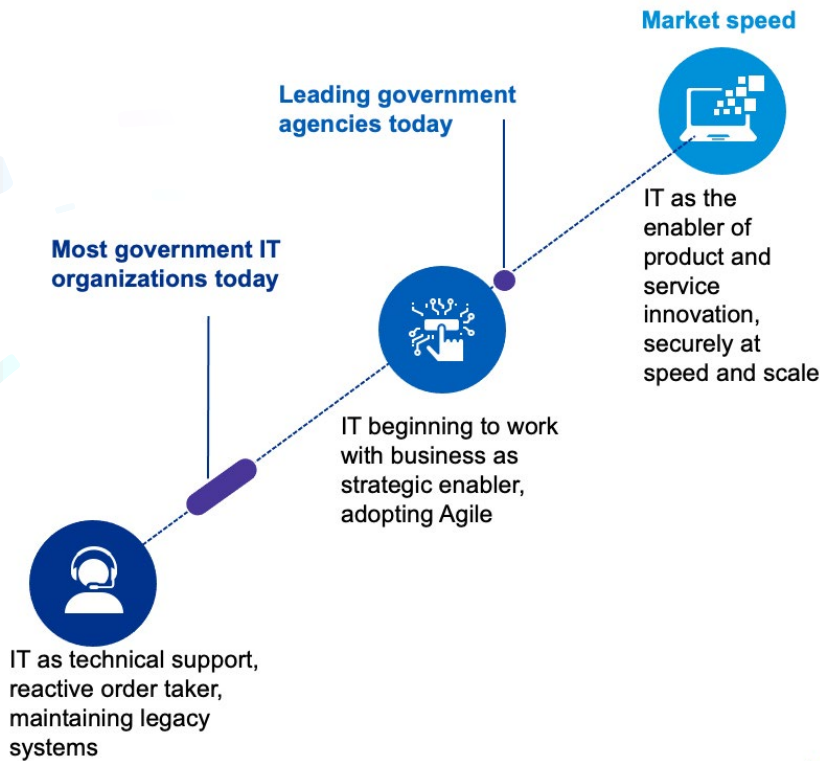[1] "QuickFacts," United States Census Bureau, as of July 1, 2019.

Faster delivery involves speed *and* value

Successful commercial organizations adopt a model that enables them to work faster and pivot. They call this market speed and consider it critical to success and bottom-line growth. Most constituents expect the same market speed service delivery when they interact with governments. That leaves agencies to choose between adapting to keep up with the commercial sector or falling behind in meeting constituents' expectations. While some agencies are making progress, the widening digital divide between public and private sectors could limit the capabilities of others to reimagine delivery models. Slow reactions can also diminish trust in agencies responsible for overseeing and regulating tech-savvy stakeholders.

> **Market speed definition:** Mission delivery at market speed means government technology organizations can deliver at any pace or scale the market, citizens, and constituents require. To achieve market speed, government technology organizations must transform how they deliver products and services and how they deliver technology within the organization.
>
> To run at market speed, governments need to **reimagine the role of technology and how they apply it**. The illustration shows how the technology operating model is evolving. Executive priorities, budget and technology limitations, regulations, and citizens' expectations each have a tremendous impact on the ability for government technology departments to change. In a recent survey, federal, state, and local CIOs listed their three most important technology investments: infrastructure/cloud, customer experience and engagement, and security and privacy.[2] Organizations able to keep these investments as top priorities will be better equipped to narrow the digital divide.

Information technology operating model evolution

Market speed

IT as the enabler of product and service innovation, securely at speed and scale

Leading government agencies today

IT beginning to work with business as strategic enabler, adopting Agile

Most government IT organizations today

IT as technical support, reactive order taker, maintaining legacy systems

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[2] "Harvey Nash/KPMG CIO Survey 2020: Everything changed. Or did it?" KPMG International, 2020.

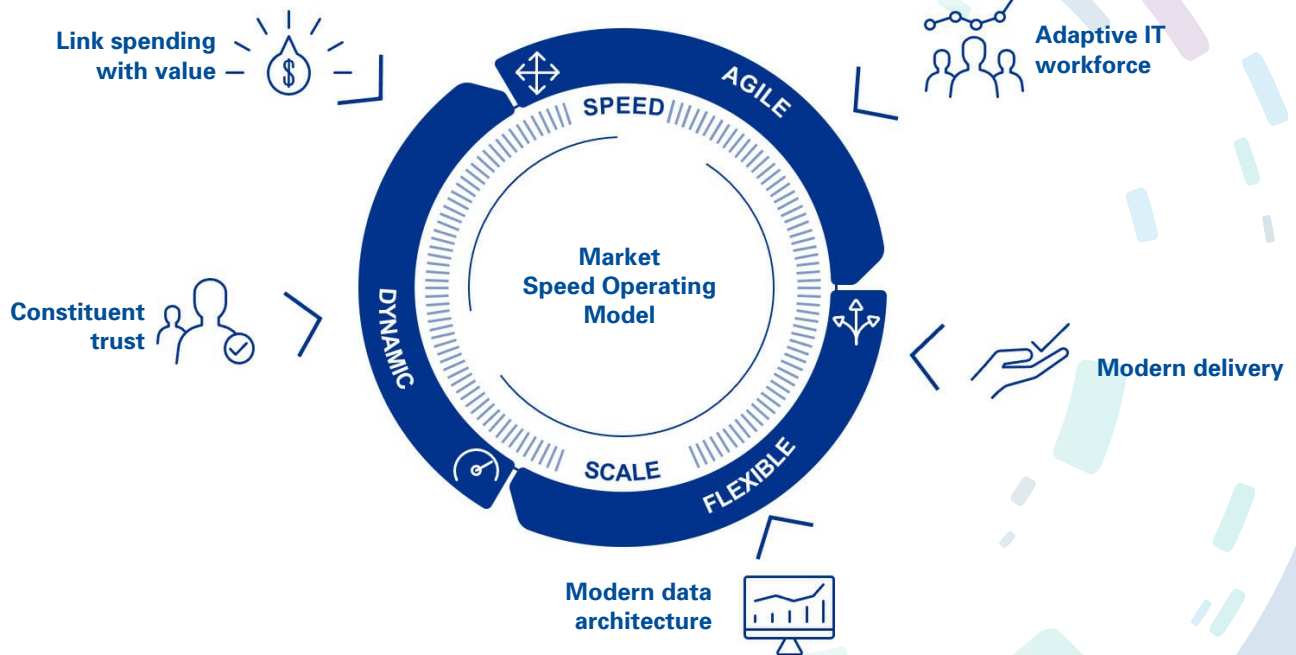# Path to narrow the digital divide

Technology organizations that **follow a market speed operating model can also lessen the divide** by creating more agile, flexible, and dynamic technology functions capable of delivering technology at the speed required to keep pace with user expectations. This dynamic approach enables each unique citizen- and non-citizen-facing government organization to adapt and respond to citizen and constituent needs today and in the future at market speed.

Each organization's **mission must drive their market speed operating model**. This means the organization must design the entire operating model—from how people are organized and governed to the connected technology architecture that supports it—around the organization's value streams and their unique speeds, attributes, and characteristics. Examples of micro-operating models that can coexist within the larger market speed operating model in government might include:

— Social services delivered with speed, agility, and security

— Long-term vendor contracts that are stable, low cost, and change infrequently while allowing new vendors to enter the marketplace

— Employee productivity measures that enable collaboration, personalized insights, and secure access from anywhere

When a government **tech function transforms, reaching market speed, they will achieve a critical part of the agency's overall digital transformation**. We recommend tech organizations evolve these areas to achieve market speed and be ready for the future.

Market speed operating model enablers

Link spending with value

Adaptive IT workforce

Constituent trust

Modern delivery

Modern data architecture

Market Speed Operating Model

SPEED · AGILE · FLEXIBLE · SCALE · DYNAMIC

1. Adaptive IT workforce

Adaptive IT workforce is a method to develop a technology workforce that matches evolving technology skills with organization and mission needs—today and in the future. An adaptive IT workforce organization accommodates current and future employees' expectations related to wellness, culture, and sense of belonging to a purpose-driven agency. An adaptive IT workforce enables remote and hybrid work models and flexibility to automate and augment select tasks. This workforce is better able to meet market speed demands.

For example, using automation to consolidate financial data and integrate disparate systems at the user interface layer can allow leaders to pull data from multiple mission systems to see a better view of operations. Automating is more accurate, provides insights for informed decisions, and encourages tech team members to engage in transformation efforts.

2. Modern delivery

Modern delivery is a new way to develop and deploy technology at market speed using product management, scaled agile, human-centered design, scrum, as well as development, security, and operations—or **DevSecOps**. Modern technology and **agile** processes power these organizations to accelerate service design and delivery while remaining aligned with the mission. Agile and **human-centered design** approaches and technology work together to achieve digital transformation rather than just automating a process. When multiple emerging technology capabilities converge, a **low-code** application can serve as the platform from which to manage these integrations and increase speed to value.

Organizations that use modern delivery methods closely connect business and tech teams across the development and delivery lifecycle and are twice as likely to reach their goals. Read more about how government can use DevSecOps, agile, and human-centered design methods in their digital transformations.

To reach this modern state, leaders need more than new technology and processes. They also need **teams to orient around products rather than projects** and focus on achieving specific objectives and key results. Used together, teams can be more creative, experimental, and innovative, all in support of achieving the mission at market speed. To illustrate this concept in action, an agency's digital transformation team might develop a comprehensive labor model to help understand the skills, capacity, and ways

of working needed to shift toward scaled agile. The labor model would also include renegotiating contracts with the organization's most strategic vendors to support the shift to reach market speed.

3. Modern data architecture

Government organizations with cloud-based, modern data architectures **can keep data at the heart of operations and their transformation**. People within these data-centric tech organizations have access to quality data from multiple sources to govern, adapt to changing conditions, and make insightful decisions fast. With infrastructure/cloud already among government CIOs' most important tech investments, this is achievable. Data-centric organizations can have insight-creating capabilities such as:

— Data analysis that uses big and thick sources

— Integrated internal and external signals data

— Emerging technology such as machine learning and AI-assisted modeling

— Intentional learning to create data literacy

The value of data centricity is the ability it provides to tech team members to create a cohesive picture of the operating environment by translating disparate structured and unstructured data sets with signals and other information to quicken speed to mission delivery. With new concepts like data mesh, organizations can connect cross-functional data sources without moving the data sources.

For example, an agency's tech organization challenged with responding to citizen needs fast enough would have the connected architecture to be able to use data across the agency to enable quick, effective decision-making. They would develop data use cases to better understand what data is needed and in what format. The team would define clear principles to inform its approach then establish data governance to manage the data.

4. Constituent trust

Technology organizations that **put trust at the center of the IT operating model** have greater influence over product and service quality throughout the lifecycle. These organizations are better able to develop and deliver secure experiences that manage technology risk and meet constituents' needs, which helps **build trust with all stakeholders**, from employees and citizens to suppliers and other constituents. Since security and privacy are also among government CIOs' most important tech investments, improving trust is also achievable.

For example, IBM no longer develops, researches, or offers facial recognition technology. The company made this choice based on pushback from governments and controversial civil rights concerns when organizations, including governments, use facial recognition for mass surveillance and racial profiling.[3] To achieve a high level of trust, all stakeholders must have confidence that technology organizations:

— **Build secure, resilient, scalable products that protect stakeholders' data.** Modern technology, architectures, and delivery methods enable security-by-design to protect the user. Add cyber protection such as zero-trust to lower risk of cyber breaches. Read more about zero-trust and how to deliver secure digital experiences.

— **Use automation to enable trust**. The volume of data and transactions far surpasses human limits. Artificial intelligence (AI) and machine learning can continuously monitor and seek out patterns and threats. For example, some organizations use AI and machine learning to ingest a two-factor authentication system log that indicates user authentication from a new device. The technology enriches log information with network or IP tracking to determine the event's risk level. Read more about how government can use AI and automation.

— **Practice ethical and transparent data and technology use**. Resilient, available, and integrated systems deliver a seamless and safe user experience. Trustworthy policies will help organizations govern technology as it evolves so it remains compliant.

5. Link spending with value

Success is more than delivering on scope, schedule, and budget. Success happens when spending links with the organization's mission. When tech organizations link spending with value each dollar invested provides, they fund the most critical things. They also reimagine planning, budgeting, and forecasting and apply the right accounting practices to new technologies and ways of working. In other words, **investments that cannot show outcomes will not get funded**, similar to the way Medicaid is funded.

We have worked closely with a large U.S. agency to achieve more efficient, effective, and accountable product and service purchasing in support of mission execution. The results already exceed these original expectations:

1. Maximize procurement cost savings
2. Leverage buying power to negotiate better contract terms and conditions
3. Select appropriate pricing arrangements to incent stronger vendor performance
4. Align vendor supply to agency demand
5. Create an environment that drives innovative vendor solutions and expands the base to optimize competition
6. Reduce cycle times and transactional value to drive procurement efficiency and effectiveness

Linking spending with value requires a different way of thinking about IT investments. To effectively link spending with value, there needs to be transparency in the costs, quality, and performance it takes for IT services to deliver capabilities. CFOs and finance organizations need to lead or offer strong support with every organization, including procurement, in order for this approach to work. Finance organizations will more likely support the approach if organizations continually evaluate product value streams as well as track product actual spending, budgets, forecasts, and variances based on a total cost of ownership model.

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[3] Cat Zakrzewski, "The Technology 202: Pressure's mounting for Congress to pass facial recognition regulations," *Washington Post*, May 19, 2021.

Keep pace with American innovation

Forward-thinking government agencies will focus on continued improvement toward a future state that flexes as conditions and priorities change. Tech leaders who want their organizations to keep pace with American innovation by delivering at market speed should start by examining the IT operating model. Answering these questions will help start the process:

1. How can our operating model be more flexible and scalable?
2. How scalable and flexible do we need to be?
3. Where will our skills shortages, ways of working, and cultural issues likely impact us most?
4. How do we accelerate delivery and innovation?
5. Where are the silos and barriers that limit our ability to collaborate and move quickly? How do we reduce them?
6. How can we quickly make our most valuable data available and reusable?
7. How can we link spending to value so we fund good ideas fast?
8. How can we instill technical trust into all of our delivery models—from design to continuous?

KPMG has guided many government organizations through successful digital transformations. Our experienced teams help government leaders understand users, rethink processes, and use the right blend of development methods, processes, technology, and change management for successful transformation. Let us help your agency lead the way in keeping pace with American innovation.

About KPMG

KPMG has worked with federal, state, and local governments for more than a century, so we know how agencies work. Our team understands the unique issues, pressures, and challenges you encounter in the journey to modernize. We draw on our government operations knowledge to offer methodologies tailored to help you overcome these challenges and work with you from beginning to end to deliver the results that matter.

The KPMG team starts with the business issue before we determine the solution because we understand the ultimate mission. When the way people work changes, our team brings the leading training practices to make sure your employees have the right knowledge and skills. We also help your people get value out of technology while also assisting with cloud, advanced analytics, intelligent automation, and cybersecurity. Our passion is to create value, inspire trust, and help government clients deliver better experiences to workers, citizens, and communities.

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