Trust Imperative 2

This time it's personal

BCG ✕ salesforce

The Australian and New Zealand perspective on how personalised service delivery supported by modern platforms can improve customer experience, build trust in government, reduce cost to serve, and support governments to attract and retain top talent

About this paper

In early 2020 BCG and Salesforce collaborated to develop the Trust Imperative report. This report established a strong relationship between the quality of customer experience when interacting with governments through digital channels, and the overall trust and confidence that customers have in the government of the day.

BCG and Salesforce have collaborated to further explore customer expectations of governments in delivering digital services, and how governments in Australia and New Zealand (**A/NZ**) can gain trust and provide better services through proactive and personalised services. To do this, we surveyed almost **3,000 customers and interviewed 24 government leaders** and independent experts from across A/NZ. Our findings reveal the important relationship between trust, data sharing, and the personalisation of services.

This paper explores those findings and sets out an approach for governments to secure the gains in trust made during the pandemic, radically reduce costs, and enter into a trusted data sharing compact with customers.

Section A explores the digital service and personalisation imperatives facing governments. It:

- analyses the progress in digital government service delivery throughout the COVID-19 pandemic (**the pandemic**) and the trust generated as a result

- provides an evidence base demonstrating significant demand for more personalised digital government services, and explores the significant benefits it presents for government, its customers and employees

Section B recommends actions that governments should take as they seek to further personalise services and build on the gains made in the pandemic. It:

- explains how governments should define a digital ambition that incorporates personalisation while meeting the need to 'do more for less'

- identifies the steps for governments to take to become leaders in personalised digital customer experience, including how to open a transparent dialogue with customers

Executive summary

Our 2020 Trust Imperative report identified a strong relationship between service quality and the trust and confidence customers have in the government of the day. Our research in 2021 demonstrates that the service quality and trust relationship **has strengthened**. It also reveals that customers are prepared to consent to governments using personal data in exchange for more personalised services.

The global health and economic crisis saw citizens relying on digital services more than ever before. Governments successfully adopted contemporary delivery processes to adapt traditional services to digital. The more digitally mature governments were able to react and adapt far more quickly – at a dramatically lower cost.

Our research showed that customers' **most recent experience** with digital government services was better than previous experiences (**39 per cent** of Australian customers said services had improved, as did **44 per cent** of New Zealand customers). **54 per cent** said that their trust in government services had increased since 2020 (**52 per cent** in Australia and **59 per cent** in New Zealand) based on the **overall quality of digital services**.

However, governments cannot be complacent. In both Australia and New Zealand, over **90 per cent** of customers said they expect digital government services to be as good as – or better than – the best online government services in the world.

76 per cent of customers said that they expect government services to be tailored to their individual circumstances to some degree, and **87 per cent** expect some level of proactivity. This was broadly consistent across A/NZ. When asked about data sharing, around **70 per cent** expressed willingness to share personal data to achieve this, provided the benefits and safeguards are communicated clearly and it made their lives easier.

During the pandemic, A/NZ governments transitioned a large number of conventional services to digital delivery. To gain speed, they streamlined cumbersome processes. Digitally mature governments that had already built scalable, cloud-based digital platforms outperformed digital laggards, dramatically **reducing the cost** to provide new services and the time to **roll them out**.

Digitally mature governments had an advantage during the pandemic, and were able to more easily overcome challenges to deliver services, at speed, scale and at high quality. This paper explores key characteristics driving this success, and sets out three digital imperatives facing governments.

- The **trust imperative**, enabling governments to further build the trust and confidence of their customers.

- The emerging **personalisation imperative**, delivering higher quality services targeted to customers' individual needs.

- The **platform imperative**, enabling governments to deliver personalised services to customers quicker and at a significantly lower cost.

To address these three imperatives, governments require a fresh approach to service delivery: Specifically, it will require governments to:

Secure the gains made in digitising traditional services. Adopting modern project delivery approaches[1] can reduce delivery risk, reduce costs by up to 30 per cent and accelerate value by months. Digital projects were delivered at unprecedented speed during the pandemic, all while meeting the high standards set for government services such as security, customer experience and value for money etc. This was achieved by working in cross-government, multi-disciplinary teams who were empowered to create customer-centric services, and adapting existing processes to remove unnecessary red tape, and more closely align with best-practice digital delivery in 2021.

Preference digital platforms over traditional IT systems. Digital government leaders with standardised, cloud-based digital platforms were able to significantly outperform digital laggards. They delivered projects in weeks, not months – at significantly lower cost.

Establish a data-sharing compact with customers to create personalised services. Personalisation will fuel the service quality-trust cycle, and lower the cost to deliver services. Customers demonstrated that they would share their data if the benefits of doing so were clear, immediate and tangible (e.g. using QR code scanner to 'check-in' at venues during the pandemic to support contact tracing efforts). A data-sharing compact between governments and customers setting out the data to be shared, the services and value this could offer and a transparent framework will drive a new wave of personalisation for customers.
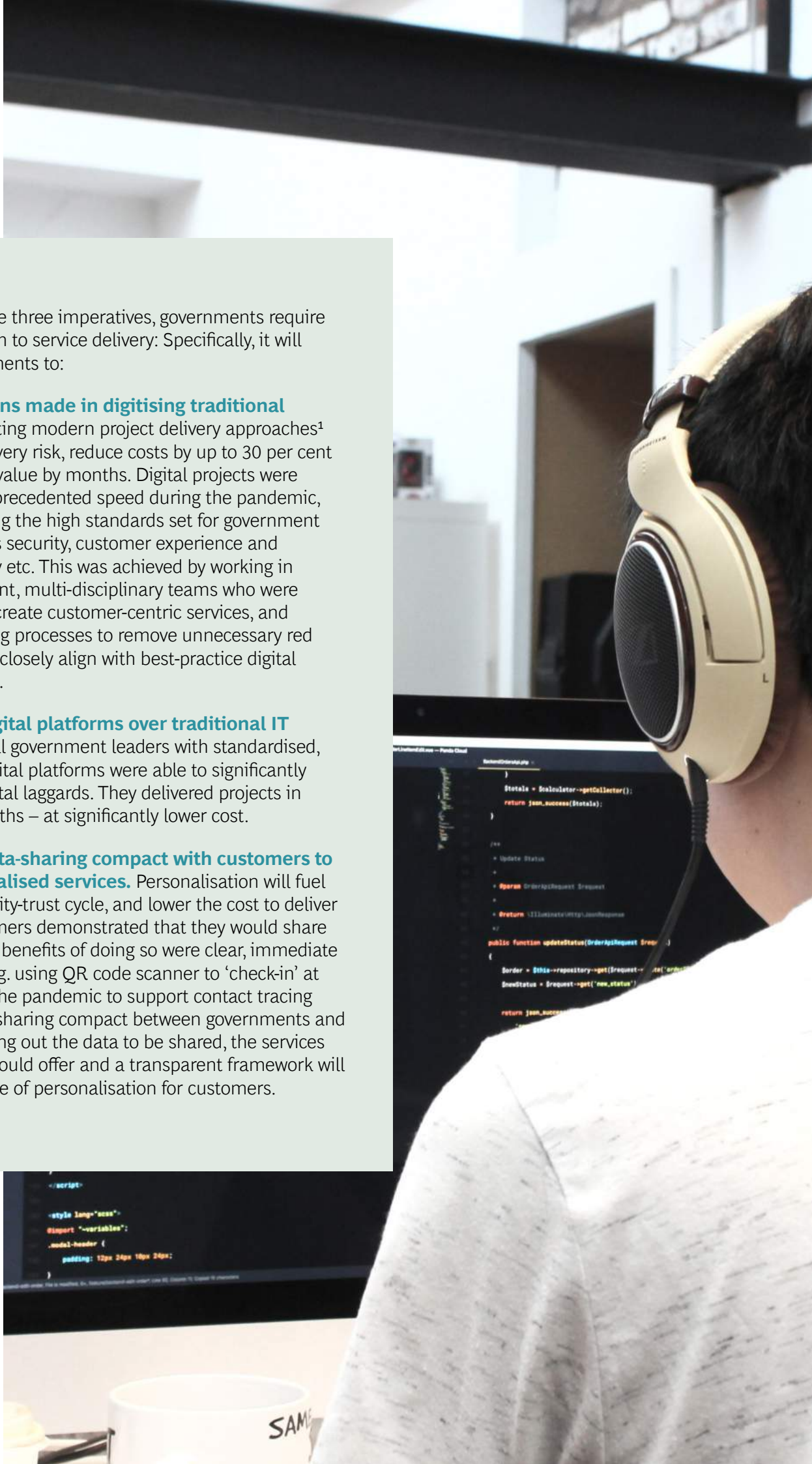
Section A

Raising the bar: The new platform and personalisation imperatives

Our 2020 Trust Imperative Report set out the relationship between the quality of digital services provided by governments, and the overall trust that customers have in the government.

To understand changes in customer experience and perceptions since 2020 and their implications for government service delivery, we surveyed almost 3,000 people and interviewed 24 government leaders and independent experts across A/NZ. We asked them to share how their usage and perception of digital government service delivery has changed, their views on the quality of customer experience and how their experiences have influenced their trust and confidence in government. We also asked them to share their

opinions and levels of expectation about proactive, and personalised services from governments.

In 2021, customers told us again that improved service quality generated greater trust in government. This creates a virtuous circle of trust, data sharing, better service delivery, and improved service quality. Customers told us that transparency in this process is critical to them. Approximately half (**49 per cent**) expressed concern that their personal information could be used without consent, and **44 per cent** said they were concerned that data would be used in a way that did not serve their best interests.

Exhibit 1 - The customer experience/trust cycle

Customer experience & products

Trust & confidence

Customer data

Service insights

TRANSPARENCY

Policy insights
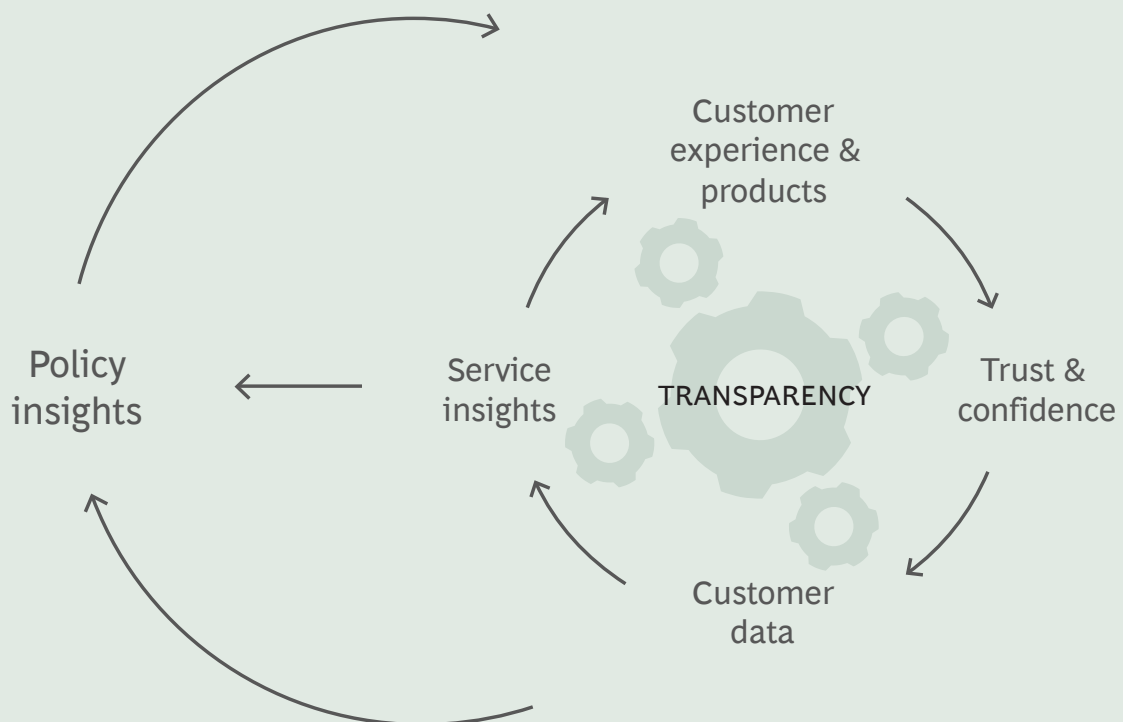
Digital delivered in the pandemic era

The pandemic highlighted why governments must further invest in digital platforms that make it possible to serve customers at a lower cost, at greater speed and scale, and with more flexibility. It demonstrated the importance of digital service delivery when, in the space of days, government services either made available online (end to end) or the services had to be suspended.

In response to the crisis, more digitally mature governments were able to pivot service models quickly, with far more ease, and at lower cost. A/NZ governments were able to not only rapidly transition a vast number of services from traditional to digital delivery, but also rapidly launch new digital services and service offerings to meet customer needs. This included QR code scanners, apps and websites to facilitate cross border travel and contact tracing apps.

> " *Services that were not digital in the pandemic were often not able to be delivered at all.* "
>
> Peter Schwartz, Senior Vice President of Strategic Planning for Salesforce

Closing the trust gap

Our research shows that A/NZ governments' efforts succeeded, with **40 per cent** of customers across A/NZ saying the quality of digital government services had improved over the past 12 months (**39 per cent** in Australia, and **44 per cent** in New Zealand).

Government efforts were rewarded, with **52 per cent** of Australian customers and **59 per cent** of New Zealand customers reporting an increase of trust and confidence in government, based on their experiences interacting with governments through digital channels over the past 12 months.

Our research reveals that there is now is an opportunity to build on this trust by introducing increasingly personalised and proactive services. **76 per cent** of customers expect governments to tailor services to some degree, and **87 per cent** want some level of proactivity in the way government engages them. **70 per cen**t of respondents expressed willingness to share personal data to achieve this, provided the benefits and safeguards are communicated clearly, and it made their lives easier.

To capitalise on these gains in trust and willingness to share data, governments must maintain the digital momentum they gained during the pandemic. This will be challenging, as customers measure government digital service quality against the standard set by technology giants and digital leaders. This already high bar is continuously being raised as companies constantly innovate to sustain revenue growth.

Expectations on the rise

Our research showed that approximately **20 per cent** of customers expect digital government services to be of a similar standard to those offered by **digital leaders and tech giants** like Amazon, Facebook and Google.

50-55 per cent expect governments to match the high standards set by the **best private sector companies** such as banks, e-commerce and telcos. And approximately **20 per cent** expect services to be similar to the **best online government services in the world**.

What constitutes good customer service?

When accessing a digital government service, a GREAT customer experience might include that the service was easy to use and didn't take long to complete, all the information was available and easy to find, and that it was clear how their information would be used.

A POOR customer experience might include encountering technical difficulties, not being able to complete the entire interaction online, or being unable to get help when needed.

Exhibit 2 - Approximately 20 per cent of customers expect digital government services to be similar to global digital leaders

Australia	6	19	51	24
New Zealand	5	22	56	17

My expectation is lower than the other options provided	Similar to the best online government services in the world	Similar to best private sector institutions; such as banks, airlines, telcos, retailers etc.	Similar to global digital leaders; such as Apple, Google, Uber, etc

Question: In your opinion, to what quality standard do you think online government services should be delivered?
Source: A/NZ Digital Government Services Survey, 2021

Seizing the digital advantage

The pandemic created a joint health and economic crisis. Governments were pushed into unchartered waters, forcing them to experiment in digital service delivery to maintain basic services, and meet basic customer needs.

This resulted in significant innovation, albeit from differing levels of digital maturity. Customers could access and use digital services that had been **previously unavailable**, such as telehealth, remote learning, and contactless benefits payments.

To maintain essential services, governments had to deliver digital projects successfully in shorter time frames, and at a scale previously thought impossible. New digital services were created, and traditional services were converted to digital at unprecedented speed.[2]

This extraordinary transformation was achieved through a range of approaches. Governments leveraged scalable digital platforms and adopted agile work approaches. There was more frequent collaboration during project delivery, and more direct engagement with customers. Red tape was removed; empowering teams to deliver customer-centric services and re-imagine processes so that they were more suitable to digital delivery in 2021.

> *If we can do digital projects this way in the pandemic war, why can't we do this in peace time?*
>
> NZ government official

US Department of Defense goes virtual

Early in the pandemic, the US Department of Defense (DoD) struggled to accommodate a massive surge in teleworkers. But within two weeks, the DoD had set up 900,000 employees with remote user accounts as part of its Commercial Virtual Remote Environment – 250,000 of whom joined in just a single day. The DoD's Chief Information Officer, Dana Deasy, commented, "This is the largest rollout ever implemented in this short amount of time".[3]

[2] **BCG analysis, BCG experience**

[3] **US Department of Defense briefing April 2020**

Digital maturity rewarded

More digitally mature governments who were able to fully leverage digital rose to the challenges of the pandemic and were rewarded. For example, the strong digital delivery capabilities of the NSW Department of Customer Service enabled the NSW government to respond faster to pandemic challenges than most other state governments. They deployed new and updated services, leveraged cloud-based digital infrastructure, analysed real-time data, and used behavioural insights to transform their services quickly and efficiently.

Unsurprisingly, our research shows the NSW government outperformed peers during this time. **62 per cent** of customers said their digital interactions with government over the past 12 months has increased their overall trust and confidence in government (compared to an average of **51 per cent** across other Australian states, and **59 per cent** in New Zealand). In New Zealand, the North Island also outperformed, with **60 per cent** of customers saying trust had increased, compared to **57 per cent** of those who resided on the South Island.

Globally, governments who outperformed their peers in bringing digital services to customers quickly and at low cost during the pandemic shared a number of characteristics. They had **flexible, scalable, cloud-based digital platforms** that enabled them to swiftly amend existing services or add new services to meet the rapidly changing environment. They **combined detailed customer data** and strong **customer trust** to build new services. They had **libraries of standardised business processes** that reduced the time to modify or create services, and templates to speed up user interface design and build processes. They also had existing **multi-disciplinary teams**, often from across departments, to deliver new services.[4]

These governments could pilot and rapidly iterate new services consistent with existing customer experiences, which gained them their customers' trust. They could also achieve this **at a fraction of the cost** of less digitally mature governments, who had to build everything from scratch.
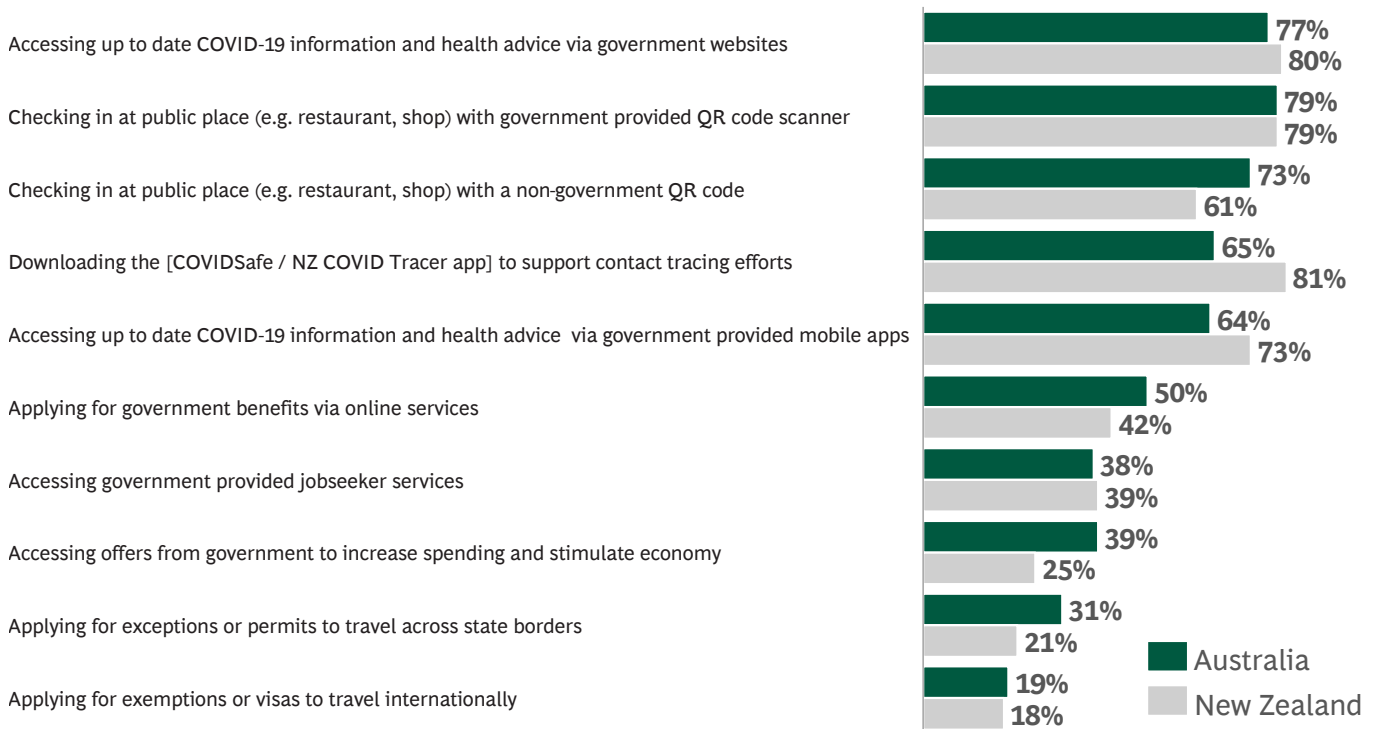
Weathering the storm online

As the number of digital government services increased during the pandemic, more customers relied on them. Between March 2020 and March 2021, as more people stayed at home, an average **38 per cent** of Australians and **52 per cent** of New Zealanders engaged with digital government services weekly, or more than once a week. There was marked growth in the number of people accessing services at least once per week in New Zealand (**+12 percentage** points since 2018). Compared to other Australian states, Western Australia also saw higher than average adoption of services (**+14 percentage** points higher than average for other Australian states).

Digital technology was instrumental in helping A/NZ governments weather the pandemic storm significantly better than their international peers. In A/NZ, **89 per cent** of respondents used at least one COVID-19 digital government service. Governments continue to rely on digital for telehealth, communication, contact tracing, venue check-ins, support payment distribution and vaccine distribution.

Exhibit 3 - Almost 9 in 10 Australians and New Zealanders accessed up-to-date COVID-19 information digitally or downloaded contract tracing apps

	Australia	New Zealand
Accessing up to date COVID-19 information and health advice via government websites	77%	80%
Checking in at public place (e.g. restaurant, shop) with government provided QR code scanner	79%	79%
Checking in at public place (e.g. restaurant, shop) with a non-government QR code	73%	61%
Downloading the [COVIDSafe / NZ COVID Tracer app] to support contact tracing efforts	65%	81%
Accessing up to date COVID-19 information and health advice via government provided mobile apps	64%	73%
Applying for government benefits via online services	50%	42%
Accessing government provided jobseeker services	38%	39%
Accessing offers from government to increase spending and stimulate economy	39%	25%
Applying for exceptions or permits to travel across state borders	31%	21%
Applying for exemptions or visas to travel internationally	19%	18%

Question: Which of the following digital services have you used over the last 12 months? Chart shows proportion of respondents indicating 'yes'
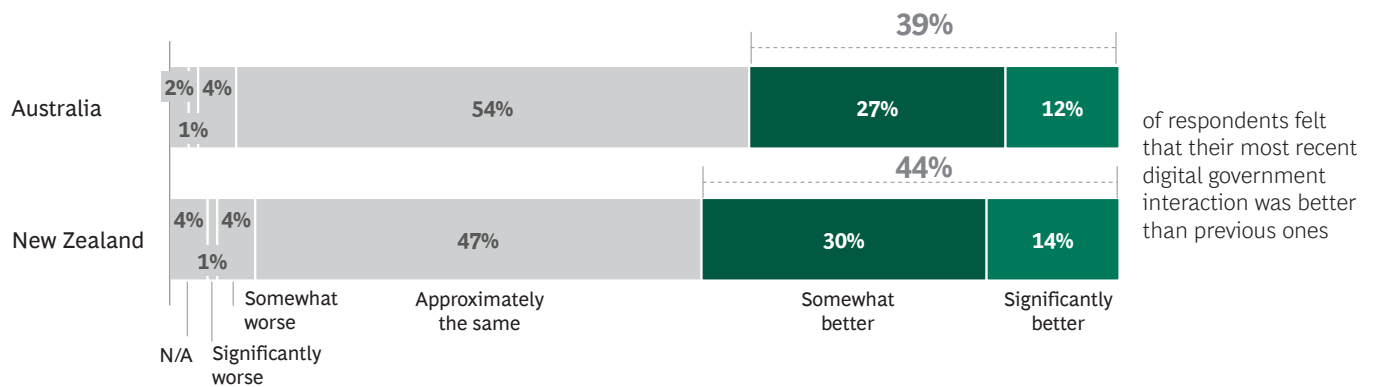**Source:** 2021 BCG/SF.com ANZ Digital Govt Survey

Digital services improving

While the pandemic saw an increase in customer uptake of services, a significant number of customers pointed to an increase in overall service quality. Across A/NZ, **40 per cent** of customers said the quality of digital government services is improving. In New Zealand, governments fared better (**44 per cent**) compared to Australian governments (**39 per cent**).

In Australia, NSW was the stand-out with **45 per cent** of customers saying service delivery in the state had improved, compared to **40 per cent** in Victoria, **38 per cent** in Queensland, South Australia and Northern Territory, **37 per cent** in Western Australia, and **36 per cent** in the Australian Capital Territory and Tasmania.

Exhibit 4 - Many customers believe their most recent digital government experience was better than previous ones

			39%	
Australia	2% 4% 1%	54%	27%	12%

			44%	
New Zealand	4% 4% 1%	47%	30%	14%

N/A Significantly worse Somewhat worse Approximately the same Somewhat better Significantly better

of respondents felt that their most recent digital government interaction was better than previous ones

Question: In comparison to previous interactions, my most recent digital interaction with government was…

Source: 2021 BCG/SF.com ANZ Digital Govt Survey
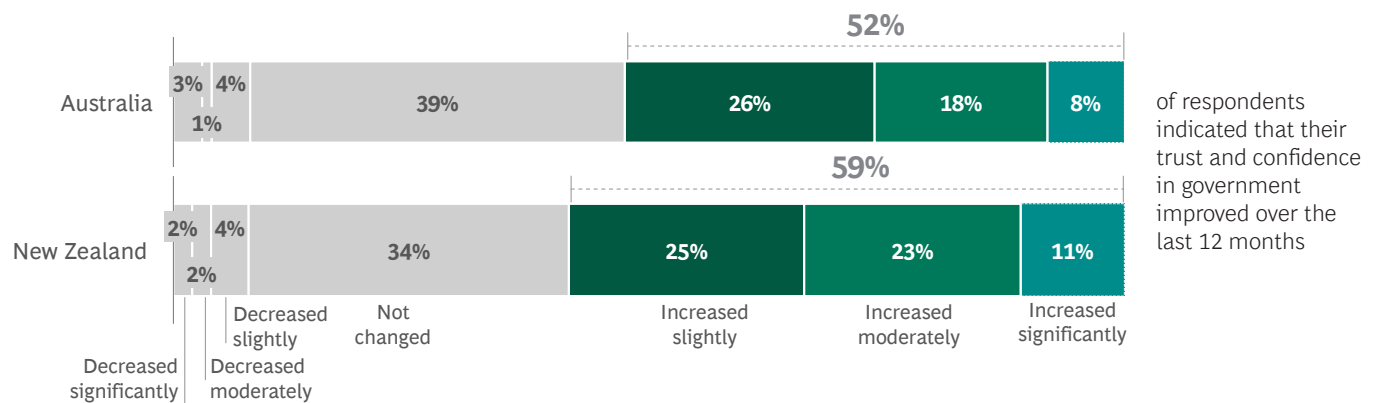
Customer service dividends: trust is increasing

Compared to our findings in our 2020 Trust Imperative report, the nexus between service quality and trust has increased. Approximately **90 per cent** of customers said that the quality of their service experience influences their trust in government. This is **5 percentage points more** than in 2020.

Increased government investment in digital since 2020 overall, including during the pandemic, has been rewarded by an overall increase in customer trust. **59 per cent** of New Zealanders, and just over half of Australians (**52 per cent**), said their trust in government increased in the last 12 months. Overall, **54 per cent** of A/NZ customers said that the government's approach to digital service delivery

during the pandemic helped increase their overall level of trust and confidence in government.

Trust in government has particularly improved for A/NZ Indigenous populations (Māori, Aboriginal, and Torres Strait Islanders), with 75 per cent saying their trust in government has improved over the past 12 months as a result of digital interactions with them. A strong government focus on engaging Indigenous leaders, including providing decision rights to iwi leaders[5] and Aboriginal and Torres Strait elders on how best to protect their communities from the pandemic is likely to have contributed to these results.[6]

Exhibit 5 - Customers' trust in government has increased in the last 12 months

Australia: Decreased significantly 3%, Decreased moderately 1%, Decreased slightly 4%, Not changed 39%, Increased slightly 26%, Increased moderately 18%, Increased significantly 8%. Total increased 52%.

New Zealand: Decreased significantly 2%, Decreased moderately 2%, Decreased slightly 4%, Not changed 34%, Increased slightly 25%, Increased moderately 23%, Increased significantly 11%. Total increased 59%.

of respondents indicated that their trust and confidence in government improved over the last 12 months

Question: Thinking about your recent digital interactions with Government over the last 12 months, has your trust and confidence in Government changed? My trust and confidence in government has....

Note: Figures rounded to the nearest whole percentage point, and may not add to 100%

Source: 2021 BCG/SF.com ANZ Digital Govt Survey

---

[5] The term iwi refers to "people" or "nation" in Māori language and is both singular and plural. It is often translated to English as "tribe".

[6] Based on interviews with Australian and New Zealand government officials and independent experts working with Indigenous communities.

New Zealand iwi digitises services in days

Māori people (iwi) suffered disproportionately during the 1918 flu pandemic. It was feared that the COVID-19 pandemic would have the same effect. The iwi and New Zealand government decided quickly to protect at-risk populations by restricting travel between communities. The iwi developed smartphone apps in a matter of days to create **digital travel permits** for essential travel, and to allow isolated communities to **order and receive grocery deliveries.**

The government rapidly revised policies relating to the Work and Income Payment Card (the eftpos social support card) to extend the time period in which customers could use their balance once loaded (from 3 to 7 days), and **quickly approved additional vendors** where assistance funding could be spent. These changes were quickly reflected in systems, to ensure customers could access the support they needed quickly.[7]

1.8

Securing the gains

Clearly, A/NZ governments have made measurable gains by digitising services during the pandemic. Process gains including agile teaming, streamlined decision-making and governance, and transition to iterative product development. The next challenge for governments will be securing these gains permanently, and sustainably.

Some gains will take bold leadership, including streamlining procurement, building in-house capabilities to improve future organisational resilience, and modernising policies and procedures to reduce program risks. Securing these gains will result in four benefits for governments:

1. significantly **lower unit costs** to deliver government services

2. **improved services** quality, and experience for customers

3. **greater trust** of customers, and confidence in government

4. more **engaged staff**, and increased ability to **attract and retain top talent**.

[7] Source: Expert Interviews, NZ Government, Ministry of Social Development website, for work and income

Customer satisfaction centred on personalised services

As well as securing the digital and process gains made during the pandemic, our research shows that governments can increase customer satisfaction by providing more personalised services. Customers have indicated they want personalised services and are increasingly willing to share their data to get it – provided that the safeguards and benefits in doing so are clear. For governments, this is also an opportunity to provide more targeted services at a lower cost – all while increasing the level of trust of their customers.

> **"**
>
> *Government is arguably sitting on the most amazing data set. Let's use all of the rich data we have to create moments of delight and surprise and prove how contextual and relevant we can be as a government.*
>
> Paul Tatum, Senior Vice President, Solution Engineering, Salesforce
>
> **"**

Customers are accustomed to highly personalised services through their interactions with private sector services. For example, for something as simple and frequent as ordering a coffee, customers often willingly provide a large amount of personal data through café loyalty programs. In exchange, they can access a streamlined ordering process and customised offers that suit their preferences.

Customers want personalisation

Across A/NZ approximately **2 in 3** customers said personalisation would improve government service delivery. More specifically, **62 per cent** of Australian customers and **60 per cent** of New Zealand customers said digital government services would be greatly improved if they were personalised to customers specific situations.

> *Personalisation does matter. As members of society we want to be known, and remembered. We don't want to tell our story again and again. Personalisation and being remembered builds trust.*
>
> John Rose, Managing Director and Partner, BCG New York

Exhibit 6 - 61 per cent of customers in A/NZ say that digital government services would be greatly improved by personalisation

of respondents felt that personalisation would improve digital government services
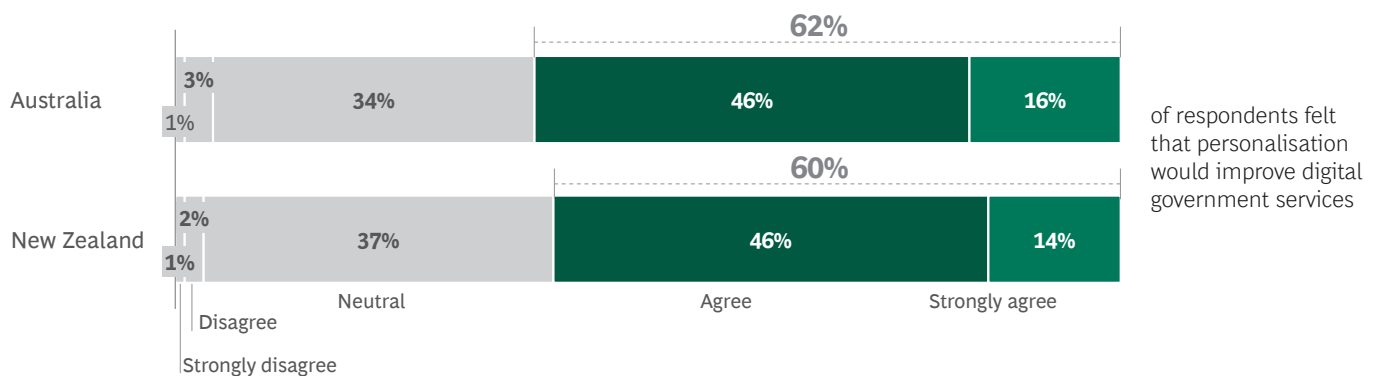
Question: Digital government services would be greatly improved if they were personalised to my specific situation?
Note: Figures rounded to the nearest whole percentage point, and may not add to 100%
Source: 2021 BCG/SF.com ANZ Digital Govt Survey

Roughly 9 out 10 customers expect government to proactively engage them.

Our research showed that **87 per cent** of customers want governments to engage with them proactively about services to some degree; in other words, to offer a notification, information or services based on the customer's context. This leaves only **13 per cent** of customers who do not want governments to proactively engage them.

At the lowest end of the proactivity spectrum, approximately **30 per cent** of customers said they expect governments to proactively engage them about **services they have used in the past. 46 per cent** said they would be comfortable with proactivity that goes one step beyond this, expressing that they want governments to proactively engage with them about **services which might be relevant to them.**

An example could include, notifying them of benefits they may be eligible for but might not know about. Customers were less comfortable with governments **taking actions on their behalf** even if they had previously provided consent, with only **11 per cent** saying they were happy for governments to do so. For example, automatically renewing their drivers licence and direct debiting associated fees.

These results are important because of their consistency across different demographics. There is an assumption that city-dwelling Millennials are driving demand for more proactive government services. In reality, there was little variation in demand between groups by age, gender and location. Governments have been given a clear mandate to take action with all their customers – not just a vocal minority.

Approximately 3 in 4 customers want government to tailor services to some degree.

76 per cent of A/NZ customers want some form of tailored experience, customised to their needs and context, when accessing government services. For example, simplified service tailoring, where government services are based on what governments know about other people like them.
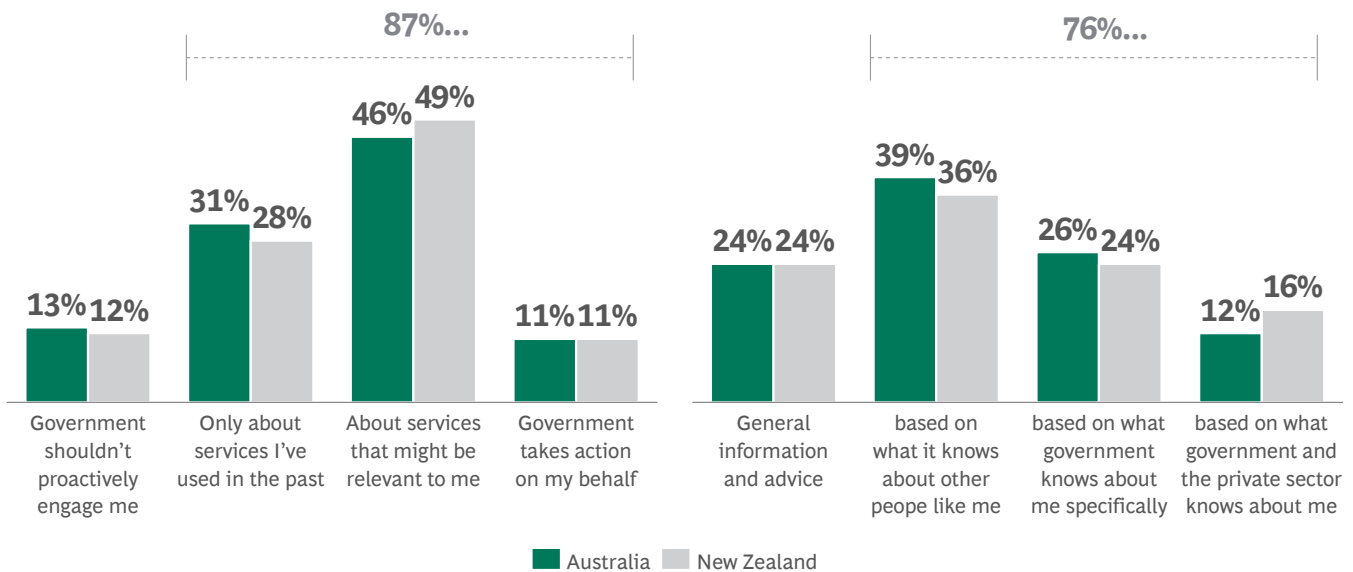
38 per cent of customers expressed that they were comfortable with government services being offered based on what **governments know about people like them. 25 per cent** said they would be comfortable with a higher degree of personalisation, and being offered tailored services based on what **governments know about them specifically. 13 per cent** indicated they would be comfortable with governments tailoring services based on information both the **public and private sector knows about them**. This leaves only **24 per cent** of customers who do not want services to be tailored at all, preferring general information and advice only. As with the survey results on proactive government services, there was little variation between demographics.

Exhibit 7 - 76 per cent of customers say they expect some level of tailoring of services, and 87 per cent expect some level of proactivity

Proactivity of services

87%...

- **13%** / **12%** — Government shouldn't proactively engage me
- **31%** / **28%** — Only about services I've used in the past
- **46%** / **49%** — About services that might be relevant to me
- **11%** / **11%** — Government takes action on my behalf

Tailoring of services

76%...

- **24%** / **24%** — General information and advice
- **39%** / **36%** — based on what it knows about other people like me
- **26%** / **24%** — based on what government knows about me specifically
- **12%** / **16%** — based on what government and the private sector knows about me

■ Australia ■ New Zealand

Question: To what extent should government offer me an interaction tailored to my specific situation? When I interact with government…; To what extent should government proactively engage with me as an individual?

Note: Figures rounded to the nearest whole percentage point, and may not add to 100%

Source: 2021 BCG/SF.com ANZ Digital Govt Survey
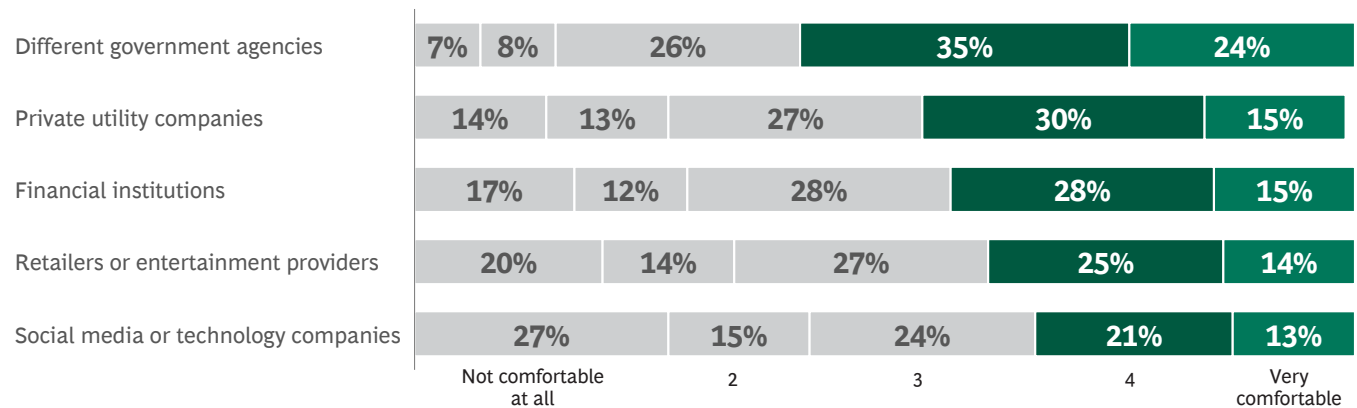
Addressing customer concerns

Despite consuming hyper-personalised services from companies such as Netflix and Amazon, most A/NZ customers remain somewhat hesitant about governments providing **too much personalisation** in their services, or more specifically, leveraging **too much data** to do so. Section B of this report explores ways that governments can engage with customers, increase personalisation and improve service delivery at a lower total cost.

The key prerequisite for successful personalisation of services is sufficient data about each customer. Our research showed that the majority of A/NZ customers are comfortable with their data being shared across different government agencies to deliver more personalised services. **59 per cent** of customers said they were comfortable with government sharing data across different agencies, while a further **26 per cent** were neutral. Only **15 per cent** of customers were uncomfortable with the idea.

Around **45 per cent** of customers were comfortable with governments aggregating data from commercial sources of data, such as utilities and financial institutions. However, customers were far less comfortable about the idea of governments accessing their data from retail and social media companies (**34 per cent**). This result reflects the relative level of trust customers have in these companies, and the volume, granularity and deeply personal data that these providers hold. Customers may also not believe that the data these firms hold to be relevant to the provision of government services.

Overall, governments can be encouraged that customers are prepared to share personal data in exchange for more personalised services.

Exhibit 8 - Customers were most comfortable combining data governments already hold across different agencies

	Not comfortable at all	2	3	4	Very comfortable
Different government agencies	7%	8%	26%	35%	24%
Private utility companies	14%	13%	27%	30%	15%
Financial institutions	17%	12%	28%	28%	15%
Retailers or entertainment providers	20%	14%	27%	25%	14%
Social media or technology companies	27%	15%	24%	21%	13%

Question: What types of data are you comfortable with government collecting and aggregating data to better understand your needs and deliver more tailored services: Select from a scale of 1 (not comfortable at all) – 5 (very comfortable)
Source: 2021 BCG/SF.com ANZ Digital Govt Survey

Data sharing duty of care

To successfully deliver personalised services, governments need a **new data sharing compact** with their customers. This will allow them to collect, aggregate, analyse and store high-quality customer data.

Our research showed that the pre-conditions for this compact are in place. More than **50 per cent** of A/NZ customers are willing to share data related to a specific service or domain if it makes their life better. A further **17 per cent** expressed willingness to share access to any data. Approximately **25 per cent** of customers would only share the bare minimum, while **7 per cent** said they would not permit data sharing at all.

By providing clearer communication each time a customer shares data, governments will more easily gain customer consent to use their data for certain cases or life events. (**Section B** of this report provides more detail about the data sharing compact, and duty of care).

Exhibit 9 - Customers are willing to share data about related services, if it makes their lives better
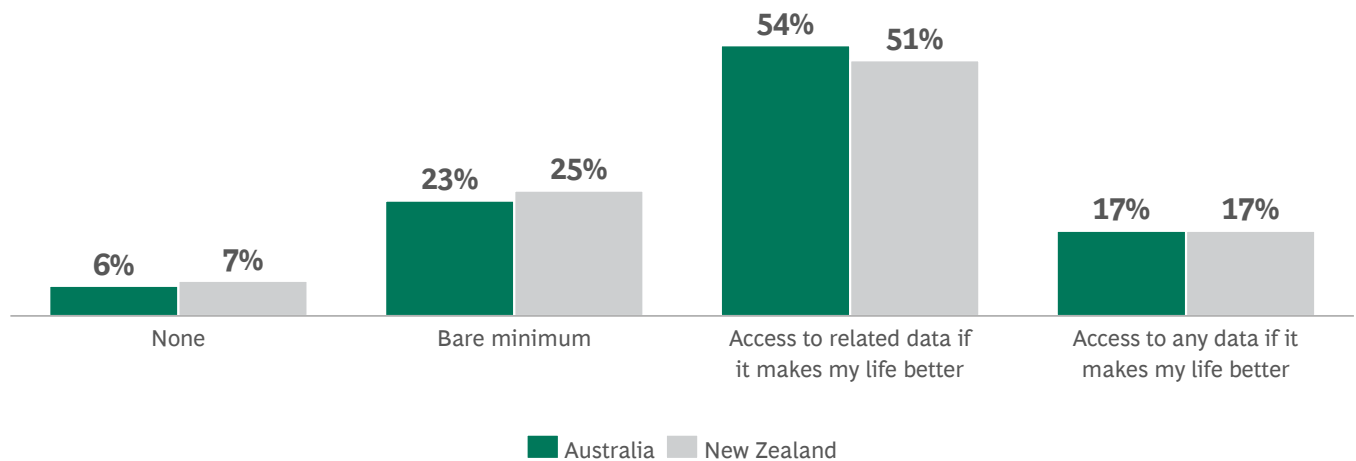
Question: What level of personal data are you willing to share with the Government so it can deliver services that are tailored to your needs and circumstances, provided that you believe it is safe and secure?

Source: 2021 BCG/SF.com ANZ Digital Govt Survey

Communicating the customer value exchange

While governments are improving at communicating the personal and community benefits of sharing data, there is room for improvement. Our research showed that **43 per cent** of customers approved of the way governments were communicating benefits of sharing data. This is an increase of **+16 percentage** points from 2020 when only **27 per cent** believed they were doing a good job (when data for 2020 trust imperative report was collected).
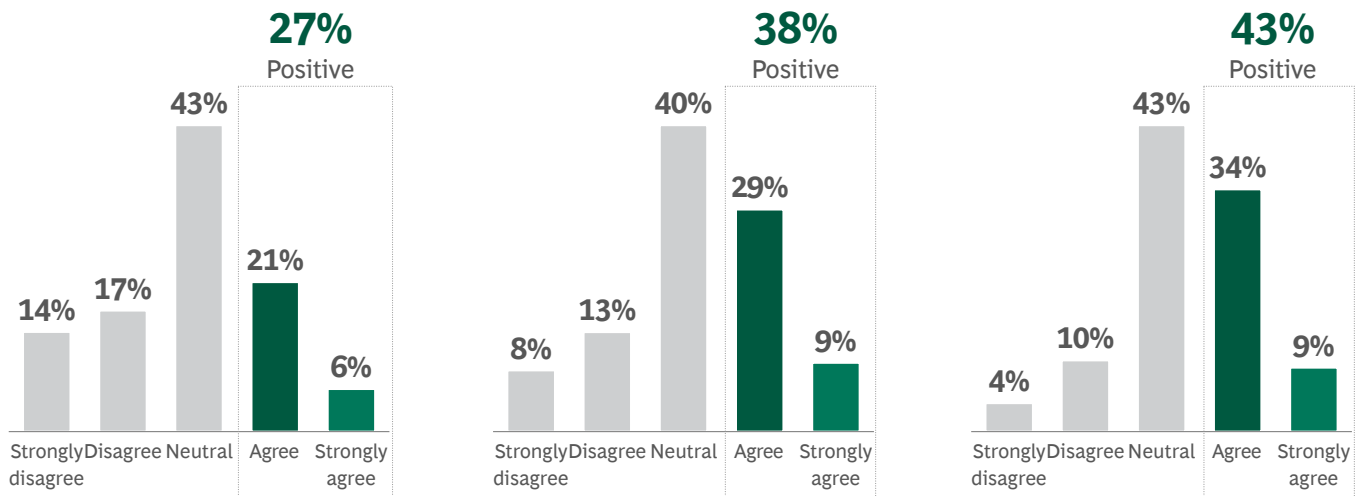
During the pandemic A/NZ governments clearly communicated the benefits of sharing data for personal and community wellbeing during the pandemic. Customers knew the data they provided, for example when checking in at public places using QR scanners, would contribute to contact tracing and faster easing restrictions. The pandemic has proven that customers **will share their data** if the benefit is clear, immediate, tangible, and compelling.

Exhibit 10 - Customers believe governments are getting better at communicating the benefits for sharing personal data[8]

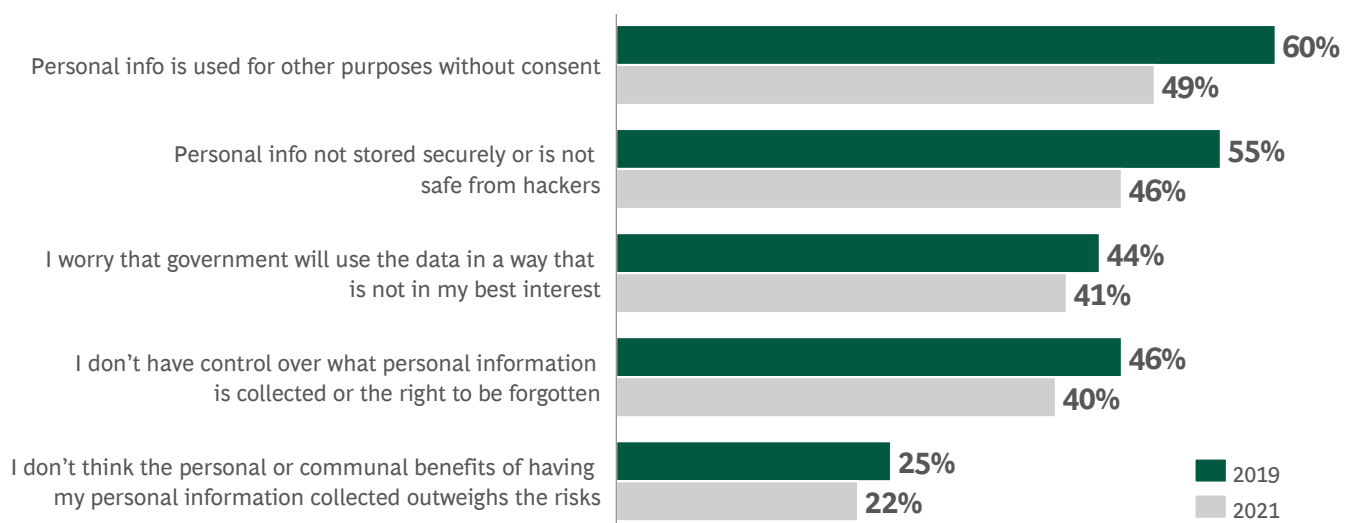| Trust Imperative 1.0 (Oct 2019)	Pandemic Start (Apr/May 2020)	Mid-Pandemic (March 2021)

27% Positive   **38%** Positive   **43%** Positive

Trust Imperative 1.0 (Oct 2019):
- Strongly disagree: 14%
- Disagree: 17%
- Neutral: 43%
- Agree: 21%
- Strongly agree: 6%

Pandemic Start (Apr/May 2020):
- Strongly disagree: 8%
- Disagree: 13%
- Neutral: 40%
- Agree: 29%
- Strongly agree: 9%

Mid-Pandemic (March 2021):
- Strongly disagree: 4%
- Disagree: 10%
- Neutral: 43%
- Agree: 34%
- Strongly agree: 9%

Question: Do you believe the government is doing a good job of communicating the personal and community benefits of individuals sharing personal data?

Source: 2021 BCG/SF.com ANZ Digital Govt Survey

Our research reveals that most A/NZ customers will share their data in exchange for more personalised services if two conditions are met. Firstly, **they must receive a tangible benefit**. This could be better targeted and more timely information, better targeted services or additional services. Secondly, their **data must be secure and not used against their best interests or without consent**. Importantly, **customers' concerns about how their data will be used have reduced significantly** since 2020.

Exhibit 11 - Customer concerns about providing personal data to government departments have decreased since 2020

- Personal info is used for other purposes without consent: 60% (2019), 49% (2021)
- Personal info not stored securely or is not safe from hackers: 55% (2019), 46% (2021)
- I worry that government will use the data in a way that is not in my best interest: 44% (2019), 41% (2021)
- I don't have control over what personal information is collected or the right to be forgotten: 46% (2019), 40% (2021)
- I don't think the personal or communal benefits of having my personal information collected outweighs the risks: 25% (2019), 22% (2021)

Legend: ■ 2019 ■ 2021

Question: What concern(s) do you have when providing personal data to government departments?
Source: 2021 BCG/SF.com ANZ Digital Govt Survey

[8] The research for the "Trust Imperative" was conducted in October 2019 and the report published in early 2020

Section B

Personalised government services in the near future

2.1

Setting the digital ambition

For all the ways automation will change government service delivery, **people will remain at its core**. In fact, the real power of a digital government lies in further unleashing human creativity. It will equip its people with the right tools to be truly helpful to customers, and free them to focus on high-impact activities such as complex customer service requests, or co-designing processes rather than operating them.

As their employees shift from operating processes to co-designing them, governments need to focus on reskilling and motivating them during a time of great change. One way to create high levels of employee engagement will be to ensure employees are helping customers resolve problems, rather than working with last century's manual and convoluted processes. Governments should focus

on understanding their current digital capabilities and what capabilities they will need in the future, and be pragmatic in filling any identified gaps through upskilling, re-training, and recruitment.

Most governments would list "citizen at the centre" as one of their top priorities. However, many have been unable to achieve this aim, and services remain deeply embedded in departmental structures and government policy towers. This isn't due to lack of ambition or significant investment, but an inability to execute against their digital strategies.

The following section outlines our suggested, high-level playbook for governments to empower them on their journey to becoming more customer-centric.

> " *Digital is the application of the business processes, culture, leadership and technologies of the internet-era to meet customers' increased expectations*
>
> Tom Loosemore, Public Digital "

Constructing the digital strategy

Digital customer experience is in its adolescence in government, and will continue to evolve. Increased connectivity and bandwidth, enhanced maturity with digital technologies and changing demography will see greater demand for government digital services. Digital technology will not overtake human interaction; instead, customer experience will blur across digital and human lines, with digitally supported staff providing customers with a superior, more personalised service.

The most important shift will be much deeper, due to the dramatic changes in government delivery models during the pandemic. During this time, they moved from being department focused to a linked business model – the ultimate manifestation of customer-centricity. Only a few years ago it was impossible for governments to know much about their customers other than broad-based geographic and demographic facts. But now, thanks to most customers' digital engagement and 24-7 connectivity, personalised relationships at scale are not only practical but will eventually become imperative.

Like digital leaders in the private sector, governments will be able to engage their customers in context

– at the right time and in the best location. But unlike companies, governments must engage with customers throughout their lifetime, literally from the cradle to the grave. This is a greater imperative for governments to have a more personalised relationship with their customers.

Governments proved during the pandemic that **a relationship-based business model is possible**. Taking the next steps, securing the gains made in the pandemic will need strategic intention to change on governments' part.

> "
>
> *The loose affiliations of government departments became the department of COVID during the pandemic. It was a game changer for governments globally*
>
> Andrew Greenway, Director, Public Digital
>
> "

Doing more for less

Organisations that combine the capabilities of humans and digital technologies develop superior customer experiences and relationships than those that don't. They have more productive operations, greater employee engagement and dramatically increased rates of innovation – all at lower unit cost.[9]

At the same time, customers are demanding deeper relationships with their suppliers. What's more, business is pushing for higher productivity through automation of service delivery using new and emerging technologies. To balance these competing objectives, organisations across all industries are embracing a more personalised, proactive approach to service delivery that leverages customer data.

Governments are no different. In future, they will completely reimagine customer service delivery by combining the best of in-person human and technology capabilities. Relationships and business processes will be radically augmented to place the customer at the heart of service delivery while also reducing the cost to serve.

Governments must make two related shifts with their technology. The first is from a mix of legacy technology systems across departments to a government-wide, common, modern technology stack. The second is from using monolithic technology systems to execute basic processes to fully modular technology platforms (such as those used by digital natives) that enable rapid innovation and the customisation of key processes and experiences.

Take a progressive approach, transforming core systems by gradually moving to digital-native, modular technology that can make data accessible to support key use cases. The challenge and cost of transforming the technology stack and function shouldn't be underestimated. However, governments will make more progress by taking a flexible data and transaction-driven approach – creating modular, standardised digital platforms to transform core processes in stages. A staged approach can create value quickly, while managing the risks of transformation.[10]

Instead of embarking on a multiyear transformation of core systems, governments can deliver twice the value, in half the time and at half the cost.[11] This data and transaction approach, which BCG refers to as **data and digital platforms**, separates business process change from core IT renewal, and liberates data from core systems that are scattered across departments.

With this approach, technology stacks have simple interfaces, and data moves faster and becomes a new source of value for customers. There are cost benefits to reducing IT complexity associated with managing legacy systems, with the potential to **realise operational savings of up to 30 per cent.**[12]

Use platforms to deploy new services at high speed and at low capital and incremental cost.
The pandemic showed why flexible digital platforms are essential for government service delivery. Digital platforms, like the Service NSW platform, enabled new services to be quickly configured, using existing templates and patterns to create new services and modify existing ones. With the fundamental cloud-based services already in place, there was a relatively low capital cost to deploying new services. This dramatically reduced the time to value, typically **accelerating speed to delivery by up to 60 per cent at about half the cost** of traditional IT systems.[13]

> "
> *During COVID, authority flowed to where there was the most information, information didn't go in search of authority. This dramatically sped up decision-making.*
>
> Andrew Greenway, Director, Public Digital
> "

[9] Source: BCG Experience, Expert Interviews

[10] Increasing odds of success in digital transformation

[11] How to successfully accelerate digital transformation

[12] Source: BCG Experience, Expert Interviews

[13] How to successfully accelerate digital-transformation

Case study: The NSW Government's Service NSW platform rapidly delivers new services to customers

In 2013, the NSW Government established Service NSW to put customers at the centre of service delivery. Its aim was to make it easier to deal with the government and to provide a consistent, high quality customer experience.

Service NSW standardised its customer engagement across all touchpoints. Over time, it developed standardised, cloud-based digital platforms to support customers and customer service agents. The platforms included uniform processes, service libraries, and templates to enable the speedy development and iteration of digital services. This approach dramatically lowered the cost to launch and maintain new digital services.

During the pandemic, Service NSW launched a range of services including a QR code scanner to support contract tracing, work and travel permits, and Dine and Discover vouchers for customers to support dining, arts and tourism businesses. It did so quickly, and with a familiar, high-quality customer experience.[14]

[14] Source: Expert Interviews

Adopt an agile approach to delivery. Speed to value is a critical measure for digital governments. Digital projects should deliver value within weeks and months, not years. If a digitally-enabled project cannot be broken down into smaller chunks for quicker implementation and value creation, and the single project will take several years to implement, it should be wrapped up. This is because the project is likely to be delayed, exceed its budget, and the digital experience it creates will be years out of date from day one.[15]

Build a modular technology stack that can be refined and updated easily to allow for rapid iteration. Modular systems are built around Application Programming Interfaces (APIs) and microservices that enable rapid assembly and reconfiguration without need to overhaul the entire underlying system. In a relatively low risk, low-cost environment, governments can afford to experiment and make iterative improvements to service delivery. Low barriers to change means governments can innovate service design and delivery. They can test multiple versions of the service with users, deploy and cheaply roll back and adapt services in response to user feedback.

Manage costs and de-risk project delivery with digital ways of working. Digital ways of working like automation, agile approaches and user-centred design are cheaper and remove some of the risk project delivery. In transitioning to cloud services, most organisations see a 25-50 per cent increase in productivity.[16] Rapid infrastructure provisioning, standardisation and automation of highly manual tasks means employees can move to more meaningful customer service, such as case management for customers with complex needs. The result is an improved employee and richer overall human experience. Agile methodology and design thinking also help reduce project risk by involving users throughout the design process. What's more, introducing more touchpoints with users earlier in the process reduces the relative cost to repair.

Institutionalise new ways of working. Efficient and effective digital platforms are only part of the story. A digital system that is linked to redundant processes, traditional teaming, and burdensome constraints cannot unlock cost savings and customer experience gains. During the pandemic,

governments came together in extraordinary ways. They demonstrated that they could cut unnecessary red tape, work across departmental boundaries, and adopt new ways of working without doing harm. Securing these gains will enable governments to continue to deliver great customer services at dramatically lower cost.

Digital services must be inclusive. Inclusivity is an important tenet of the role of government and something that must flow through to the way in which services are delivered, particularly if they rely heavily on digital technologies. Governments risk disenfranchising customers if they do not build inclusivity into the design of their digital services. This means, for example, incorporating accommodations for people with disability, catering to culturally and linguistically diverse communities, and ensuring those who are unable to access or use digital services or channels have an alternative method for interaction.

In digitising processes, governments should also be mindful of avoiding the mistakes of the early 2010s digital by default programs - which saw some governments adopt a digital-only approach which resulted in some customers being left behind. Because governments have a duty of care to serve every citizen, they must simultaneously **make it simple for all customers to engage online** and to **provide alternatives** for those that cannot.

Build teams to deliver services. During the pandemic, governments relied heavily on external partners to help deliver digital services at speed and scale. This proved effective in terms of responding to the crisis quickly, however governments need to balance accessing these market-delivered capabilities quickly with the need to build capabilities in the mid- and long-term. Investing in the development of in-house capabilities will ensure that governments are able to continue the momentum of digital service delivery that they have built up in the last twelve months.

Work across organisational boundaries. Governments today are typically designed around well-defined business units and traditional practices, defined within department boundaries. Despite the presence of shared services, central functions or centres of excellence, most government processes are managed by business unit heads. As a result,

[15] Source: BCG Experience, Expert Interviews

[16] Source: BCG Experience

processes are customised by the business unit and its top management, and differences often outnumber commonalities across departments and government. This structure has worked for decades. However, in a digital government, processes will need to have many more standardised elements.

BCG experience shows that governments can typically identify 30 to 50 major standardised processes. These can be customer-facing processes, frontline support, operations, or back-office processes. These processes will no longer need to be partially or fully owned by departments. Rather, they can be built and managed by agile, cross-government, multi-disciplined teams that have business missions and service commitments. Taken together, they form platforms that support the frontline and operations teams as well as customers.

Empower teams. During the pandemic the speed at which governments had to move left them with no choice but to operate in a truly agile fashion. Long chains of command for approval were replaced by small, cross-government, autonomous, multi-disciplinary teams built and empowered to make decisions quickly. Steering committees were largely replaced by more agile ways of working, such as stand-ups and showcases.

For example, a small multi-disciplinary team in the Queensland government built and launched an alpha version of a COVID-19 website within days to answer customers' most pressing questions and divert traffic from overburdened call centres. This site continued to be iterated in response to user feedback to meet customers' changing concerns.

Unlocking empathetic personalisation

To attract and retain customers and enjoy long-term success, companies need to provide tailored and memorable customer experiences. Personalisation is key to providing thoughtful, attentive customer service, hopefully giving the company a competitive edge. Personalisation usually takes the form of an offer – a recommendation, a discount or a special product – based on detailed customer knowledge informed by artificial intelligence.

In the government context, a spectrum of personalisation exists, combining differing levels of tailored services, and different extents of proactivity. At one end of the scale, it might be a high level overview of a customer's recent history with the government – perhaps with some forms automatically filled in. At the opposite end, governments may initiate a service interaction on behalf of a customer and complete the transaction automatically. Between these two ends of the spectrum there are myriad options. For example, an interaction may be initiated by the customer, but involve tailored service content. Alternatively, government could proactively recommend services to customers that might be of interest based on the demographic of a customer or a historical pattern of similar customers. Another way to personalise services might be a recommendation of a "next action" for a customer to take.

Deciding the extent of personalisation depends on the use case for a particular service. Customer input is essential to determine the appropriate threshold for where personalisation turns from helpful to concerning.

Truly listen to customers, to strike the right balance between privacy and convenience.
To strike the right balance between privacy and convenience, governments should seek to truly understand customer sentiment, and incorporate the "voice of the customer" when designing services. This requires governments to incorporate user feedback into every stage of design and delivery of digital services, with full transparency of how data is intended to be used, where it will be collected from, and how services will be tailored. This includes consulting customers when considering use cases, testing digital government solutions with real customers and collecting feedback at multiple stages during design and delivery.

Think deeply about where to use personalisation. Armed with a strong understanding of customer sentiment toward individual use cases, governments should steer clear of any which do not have support, or those which feedback suggests could be perceived as intrusive. Good candidates for

increased personalisation and proactivity are likely front-of-house applications where there are real, tangible and demonstrable benefits for customers. For example, being sent information on benefits they are eligible for, but may not be aware of, pre-filling forms with data the transport agency already has on file when applying to renew a licence, or prompting customers when their licence expiry date is approaching.

> *I feel the same way about proactive government as I do about personalisation in the private sector. There's a way to do it that lands really positively and there's a way to do it that feels really creepy and Big Brother like.*
>
> Deputy Secretary, Australian Government

Wait for customers to introduce themselves before providing tailored services. There is a significant difference in customer expectation, depending on whether they are in an unauthenticated or authenticated state (i.e. whether they have logged in, or identified themselves to government during the interaction). Proactively reaching out to customers when they have not self-authenticated with tailored services may come across as invasive and erode trust. Once customers are in an authenticated state, there is generally permission to offer a wider range of personalised services.

Ask for informed consent before providing tailored services. Be transparent, clear and concise in asking for informed consent from customers before using their data to enhance service delivery. This means outlining in plain and simple language what data is recorded, how it has been collected, when it will be shared and with whom, how it will be used, who will have access to it, how long it will be kept for, and how it will be stored. Governments should take all precautions to ensure that customers are not surprised by either the collection of their data, or the way it is used.

> *Don't surprise me with what you do with my data*
>
> John Rose, BCG Managing Director and Senior Partner

Case study: Nordstrom accused of 'spying on customers'

Traditionally, Nordstrom had floor staff who would actively engage with customers as they browsed items to help them with choices and options. In 2013 the retail brand Nordstrom came under fire for using in store sensors to collect information from customers connected to wi-fi services. Using this technology, the company was able to collect data to better understand foot traffic, increase staffing during certain high-traffic times, change the layout of the department to better suit customer shopping patterns, and improve customer engagement. The sensors did not track individual phones from department to department, nor was any personally identifying information collected.

Headlines accused them of 'spying on customers using Wi-Fi'. This is one example of where upfront communication might have seen customers embrace this new service, and willingly opt-in as the data collected was anonymous and its application benign. However, the initiative back-fired because Nordstrom surprised customers with the prima facie misuse of their data, and the lack of informed consent.[17]

[17] Source: Forbes
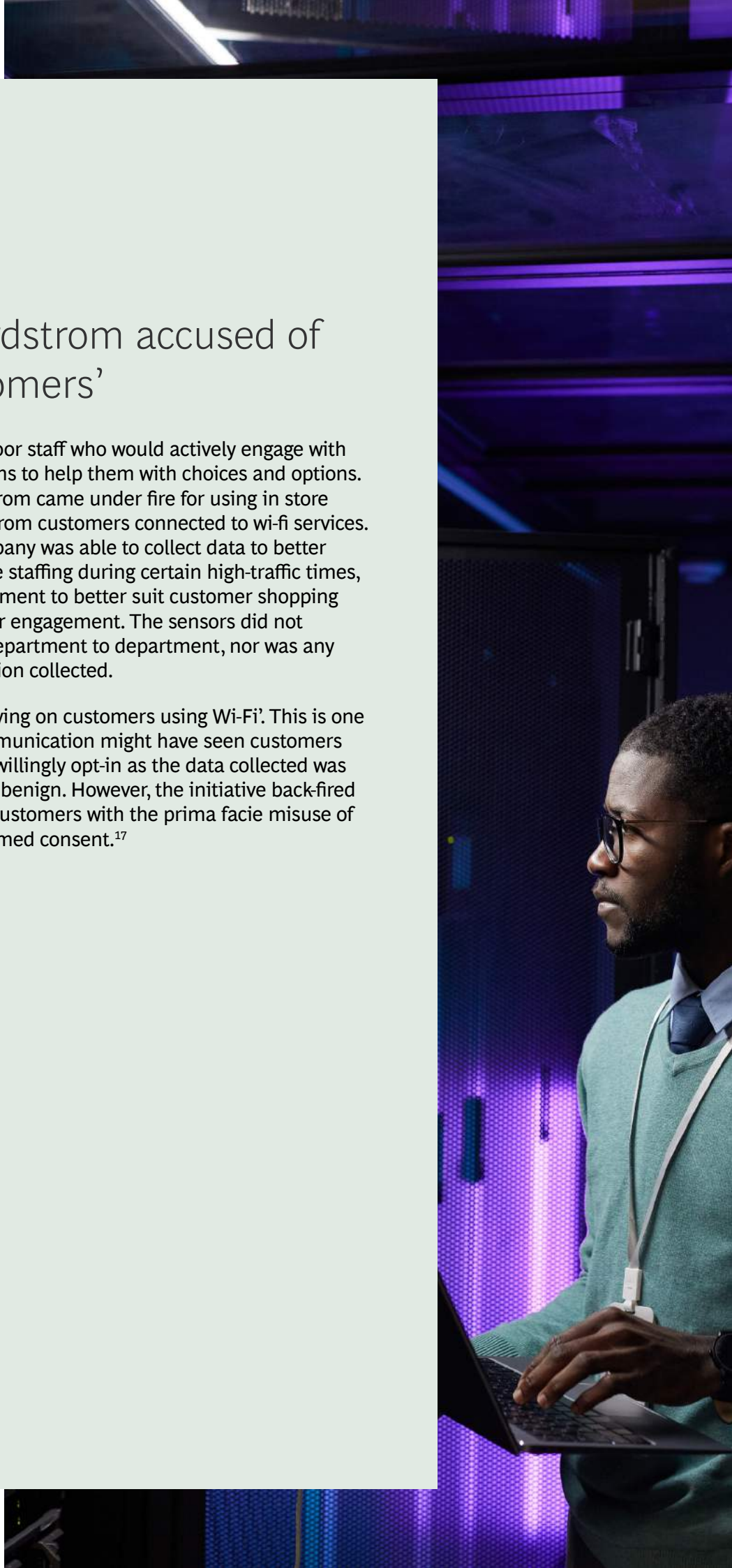
Offer personalisation in context. In the private sector, retailers talk about the concept of contextual commerce – seamlessly introducing purchase opportunities into everyday actions and natural environments. In the public sector, personalisation in context is not about promoting add-on sales, but about relevancy. The majority of customers are willing to share data related to specific service or domain if it benefits them.

> *Governments can use their enviable data set to create services that are contextual, relevant and connected to the status of the individual.*
>
> John Rose, Managing Director and Managing Partner, BCG New York

As an example, one government leader said they would likely be comfortable if the Department of Education stored information about their children, because of the services it offers. However, they would be concerned if governments asked about their children during their driver's license renewal. While it is helpful to acknowledge a pre-existing history in the context of a particular service, governments should be careful not to use customer data in an unexpected way.

Only use technology to deliver more personalised and proactive services if you are confident in the quality of the underlying data. Used correctly, personalisation through data can help perpetuate the virtuous customer experience and trust cycle. Used incorrectly, it can dismantle it. Looking to the previous example, if the customer did not have any children, and they were provided recommendations relating to families anyway (e.g. child care payment benefits), it could result in a worse customer experience than if no personalisation had been offered at all.

Every poor use of data can further erode customer confidence in the government's abilities and reduces trust in the next interaction. Furthermore, it does not demonstrate care for maintaining a real relationship with the customer. Governments should only offer personalised and proactive services if they are confident in the accuracy of their data.

Improve at managing and blending data. Where customers have given consent, the potential improvements for personalisation from combining existing data held by government with non-traditional sources from industries such as banking, utilities, retail and more are significant. In order to realise that benefit, governments need to improve a host of capabilities relating to the management of that data. This could be from ensuring the underlying technology infrastructure is in place through the use of APIs (for example), to the governance and controls that dictate how data should be stored and used.

Leading with transparency

It is critical the government not only has the appropriate safeguards in place to ensure customer privacy is respected and data is used appropriately, but that they effectively communicate these safeguards and the benefits of sharing data.

Communicate the value exchange for sharing data. Customers have a general understanding of the value of their personal data when they exchange it to access discounted goods or free digital services, such as through social platforms and apps. In commercial terms, customers' motivation is usually a form of the fear of missing out.

Usually, customers engage with government out of necessity. Governments should better engage with customers and provide more personalised services, and the cost and process benefits that follow, by developing a meaningful value exchange. This could include an exchange of personal data for time saved filling forms, not having to retell a story or for avoiding the frictions of some transactions altogether.

With digital services, transparency is critical. Customers of most private and public sector digital services have an implicit trust with providers. Governments can reduce their apprehensions about potential misuse of personal data by being transparent about the data it holds on an individual, and how it is being used. There are three key considerations:

1. **Avoid using customer data in an unexpected way, even if it benefits the customer.** The Nordstrom example shows that the best of intentions can end up being perceived as invasive.

2. **Engage with customers.** Don't abuse the privilege of using customer data. There will be an implied consent for certain use cases – and overreach can cause suspicion.

3. **Don't hide data breaches.** Customers generally understand that digital systems are susceptible to attack. Continuous disclosure of data breaches will build greater trust. Prompt, truthful engagement is essential to maintain customer trust.

About the Authors

Grantly Mailes
is a Partner & Associate Director in the Melbourne office of Boston Consulting Group. He is the Asia Pacific Regional leader for the Centre for Digital Government.
mailes.grantly@bcg.com

Gisele Kapterian
Gisele Kapterian is the Director for Salesforce's APAC Public Sector Strategy. She assists in shaping the vision, direction and go-to-market strategies for the APAC public sector business.
gkapterian@salesforce.com

Miguel Carrasco
is a Managing Director & Senior Partner in the Sydney office of Boston Consulting Group. He is the global lead for the BCG Center for Digital Government.
carrasco.miguel@bcg.com

Barry Dietrich
Barry Dietrich is Senior Vice President and GM, Public Sector, APAC at Salesforce. Barry has over 25 years' experience in the IT Enterprise and public sector space.
bdietrich@salesforce.com

Andrew Arcuri
Andrew Arcuri is a Managing Director and Partner in the Sydney office of Boston Consulting Group. He is the ANZ leader of DigitalBCG.
arcuri.andrew@bcg.com

Acknowledgements

Disclaimer