

Digital Economy

The Government's digital transformation: yes, it's big, but it will never be slow again

Expansión (Spain)

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GovTech is every technocrat's dream. The extraordinary technological transformation we have seen in sectors such as financial services and retail trade has also reached the public sector. In a surprisingly short time, all types of interaction between the State and its citizens will be different. High-end technology is changing the way in which central and local governments collect taxes, provide healthcare, keep their inhabitants safe, manage public transport, design their cities and provide all kinds of public services, from simplifying the smallest transactions between citizens and the State, to some of the most ambitious reform programmes in the world. The goal: to provide new and better public services, more cheaply and efficiently.

The driver for this change has come about through the rise of GovTech, new technologies designed specifically for governmental purposes that are applied to public services. This is a global phenomenon, across countries large and small, with the United Kingdom, Singapore and Israel at the forefront. The last few years have borne witness to significant growth in the GovTech ecosystem, which already generates more than USD 400 billion throughout the world (with annual growth estimated at 15%). However, although the public sector is one of the biggest markets, start-ups have only scratched the surface of the opportunities in the sector. This is particularly important given that most of the business infrastructure in Europe, and especially so in Spain, is made up almost entirely of SMEs. Why? Working in the public sector is hard. Start-ups must have a deep understanding of public procurement processes, they need extremely strong networks, both at the decision-making and execution levels, they require a product that can integrate with legacy systems and that is robust enough to meet the public sector's regulations on privacy, security and data acquisition. They need help to build a viable route towards a market strategy and to execute it through drawing up bids, pilot proposals, etc. And they need financing from capital funds that back these ambitions.

Likewise, States face important challenges when they tackle their digital transformation. Rapid changes entail risks, which require policies that explicitly minimise these. When presented with any kind of need, public sector procurers must take decisions that prioritise a viable, coherent response to the problem, one that saves time and money. The way this is done, whether with machine learning, blockchain or intelligent sensors, comes later. Even so, perhaps the most important challenge for governments as they transform is to be inclusive. This is no easy task. We have governments of ever-increasing complexity and scope. No company in the world, not even the biggest multinational, could cope with coordinating such a plethora of essential services and functions, for millions of people, as those provided by governments nowadays. They have a duty to serve everyone, whatever their ability, age, gender, opinion, or where they live. For these reasons, and because bureaucracies are monopolist suppliers by definition, the Government has been slow to use the transformative potential of digital technology to change itself. It has a dual disadvantage: it is big, and it is slow.

In a world in which people expect the Government to provide public services efficiently and fast, this makes the challenge even more overwhelming. People are expressing their desire at the ballot box for the State to be more receptive and the outcome of this disillusionment is made manifest in the form of populisms. It is a call that demands an answer, that depends on transformation, and on doing it quickly and at scale. At its heart lies a change of work, of culture and of mindset, changes that are possible because of digital technology. The technology is not the change in itself, it is what makes the change possible, that is so transformative. GovTech is here to help.

Creating Opportunities

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