

# Digital Strategy in Government

English Summary of Findings

**Title:** Digital Strategy in Government, English Summary of Findings

**Publisher:** Institute of Administrative Information Systems

**Date:** March 31, 2023

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# Thanks

This research would not have been possible without the generous contribution of time from the following people around the world.

## Denmark

- Agency for Digital Government, Mr. Rasmus Lundgaard Nielsen, Clerk, Office for Analysis and Policy.
- Agency for IT and Learning, Mr. John R. Mirland, Product Owner.
- Association of Danish Regions, Ms. Sine Mainz, Team Lead, Office for Digitization and Technology
- Mors Municipality, Mr. Kent Gadgaard, Head of IT

## Taiwan

- Ministry of Digital Affairs (MODA), Director Ken Wang Chengming (Digital Government Department of the Ministry of Digital Development); Director Tiffany Zhuang (Plural Department of Ministry of Digital Affairs - In charge of Data Governance)

## United Kingdom

- Ministry of Justice, Ms. Gina Gill, CDIO; Ms. Ros-Mari Mitova, Chief of Staff
- Liverpool Combined Authority, Mr. Chris Founds, Digital Connectivity Programme Manager; Mr. Thomas Hennessy, Digital Infrastructure Project Manager
- Wirral Council, Mr. John Williams, Fibre Infrastructure Programme Lead

## New Zealand

- Department of Internal Affairs, Mr. Colin Holden, General Manager System Strategy and Initiatives
- Greater Wellington Regional Council, Ms. Sue Mclean, General manager for Corporate Services (prev. CIO)
- Tasman District Council, Mr. Steve Manners, Information, Science and Technology Group Manager

## The Netherlands

- Ministry of the Interior and Kingdom Relations, Ms. Nicky Tanke, Policy Officer International Affairs; Mr. Kees Mouwen, Senior Strategist (Ministry of Internal Affairs); Mr. Joost van der Vleuten, Senior Strategist (Ministry of Internal Affairs)

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# 1 Introduction

This summary report will provide an overview of the findings presented in the main Japanese report.

With the development of information and communication technology, citizens' lives are changing greatly in every aspect. With digital technology, you can make everyday purchases with mobile apps, complete stock transactions online, and communicate with family and friends who live far away over video calls. However, not everyone can enjoy the benefits of digitalization in the same way, and the public sector generally tends to be slow to respond to the digital society, making it less convenient for citizens and businesses. As a result, governments and administrative agencies in countries and regions around the world have begun formulating strategies for the digitalization of society as a whole and the public sector.

Strategy indicates the direction to be taken in order to achieve a certain objective and how to proceed along that direction. Going forward, governments need a digital strategy that describes the vision of digitization, qualitative and quantitative goals, and initiatives to be implemented at each administrative layer, such as the entire government, ministries and agencies, prefectures, and municipalities.

The Japanese government launched the Digital Agency in 2021, and in 2022, it announced the "Priority Plan for Realizing a Digital Society", which is positioned as a government-wide digital strategy.

In this survey research, we investigated the digital strategies formulated in various countries and regions that are considered to be advanced in the digitalization of society and the public sector, and suggest suggestions for formulating digital strategies at each administrative layer from the government to basic local governments.

Through the research it has become clear that digitalization of the public sector entails a rebuilding and shortening of the distance between the government and the people/citizens.

Digital strategy can take various forms depending on the country or region and the maturity of digitalization of public sector organizations. The major factors that determine the maturity of digitization are the infrastructure that supports digitization, organizational culture (governance, leadership, etc.), and services (digital public services provided by governments, digital services provided by private entities, etc.). In order for a digital strategy to be effective, contextual awareness is paramount. The research outcome is a report, structured around patterns that were identified within the various categories of research.

## 1.1 Scope of the Research

This research is conducted in a way that highlights issues particularly relevant to the Japanese context. We looked at the digital strategies formulated by governments and administrative agencies in foreign countries and regions. The research puts less emphasis on what was written in a particular strategy, but on the concept, formulation system, and implementation for realizing the vision, which are the premises for formulating the strategy.

## 1.2 Approach

The research approach consisted of 5 steps:

1. Setting up hypothesis

Based on the content of survey reports by international organizations, academic research, and interviews with local governments in Japan that worked on the formulation of digital strategies, we established hypotheses about issues related to the system of digital strategies that we will focus on in this survey research.

2. Choosing areas of research

By referring to existing indicators related to the digitization of society as a whole and the government/public sector, we selected examples of countries and regions that can be said to be advanced in digitization that are particularly expected to serve as a reference for efforts in Japan.

3. Document analysis

We looked at publicly available strategy documents from 9 countries in the Europe and Asia regions.

4. Interviews

Based on our readings of available strategy documents, we reached out for interviews with relevant organizations at each level of government. This resulted in 12 interviews with government officials from municipal, regional, ministerial and central government levels.

5. Stakeholder discussions

After analyzing the survey results, we shared them with the organization in charge of digital strategy in Japan and organized the final conclusions of this survey research based on the current state of digitalization in Japan.

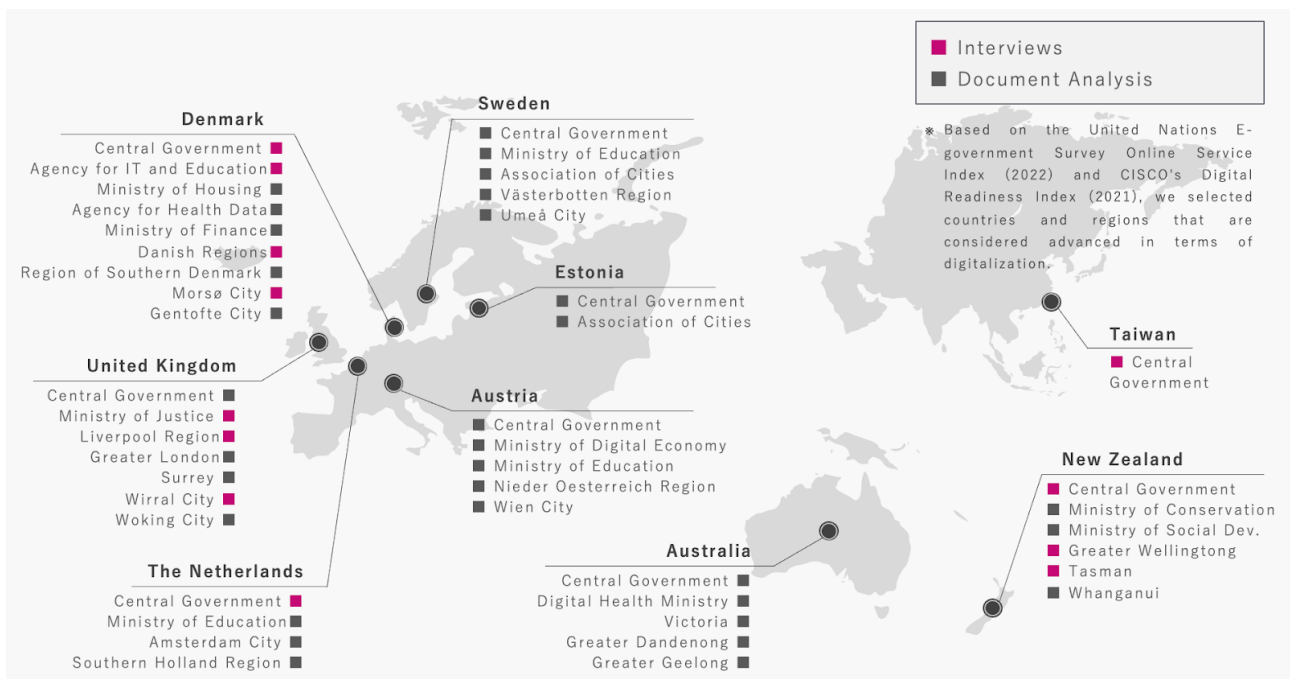


Fig. 1 Map of interviews and documents incorporated in the research

## 1.3 What is Digital Strategy

Strategy can be broadly divided into two phases: formulation and implementation. In the formation phase, the question is why (purpose) and how (method) is formulated. In the implementation phase, the points of discussion are the materialization of the strategy to make it an effective document, and the content and method of evaluating the degree of achievement of goals and the progress of initiatives. As for the strategy document itself, what kind of content should be presented and in what kind of structure should be considered. In addition, digital strategies are formulated at various administrative layers, from the central government (state) to basic local governments, and mutual cooperation is sought.

In many places, IT strategies are being replaced by digital strategies. Behind this is the difference in how “IT” and “digital” are perceived. IT strategy in government agencies was basically dealing with the procurement of hardware and software. If the comprehensive government plan is compared to a house, IT is one of the pillars. Digital, on the other hand, is recognized as an element that underlies all fields, as the foundation of the house. Therefore, we understand digital strategy to be concerned with how an organization thinks about what to do about digital with relation to goals and capabilities.

## 2 Main points to Consider

During the course of the present research, we found the following points to be critical to consider for digital strategy stakeholders at different points in the strategy journey.

1. Being clear about the purpose of the strategy is key in terms of choosing the stance of the organization, as well as in terms of determining who the implicated parties of the strategy are.
2. Both centralized and collaborative approaches to digital strategy have strengths, and these need to be considered based on the purpose of the strategy and the organizational context.
3. The structure of the digital strategy document potentially has implications for how the strategy will be operationalized upon completion.
4. Activation of the digital strategy happens through communication and changes to work practices. Having a clear understanding of the organizational context in terms of digital development, is key to determining what efforts should be made on the back of the digital strategy launch.
5. Digital strategies can be set up for different ways of evaluation, focusing either on implementation of concrete initiatives or on achievement of a given target state for the organization.
6. Inter-layer coordination can benefit especially broader digital strategies, but they put a burden of facilitation on the standard-bearing organization.

## 3 Observed Patterns

### 3.1 Purpose

The first category of findings we look at, are concerned with purpose. In formulating a strategy it is important to first clarify the purpose of the strategy. Being aware of a clear purpose will aid in considering the readers of the strategy, and the involvement of related parties can be considered too. The narrative of strategy will change accordingly.

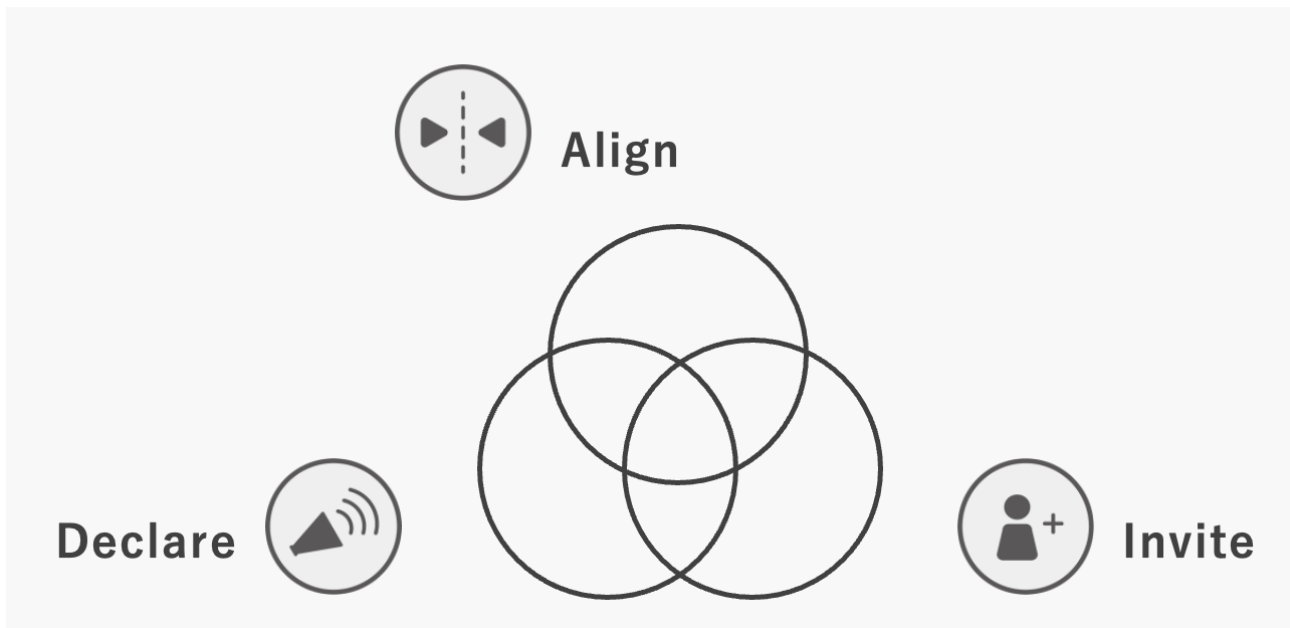


Fig. 2 The three objectives presented here are not mutually exclusive, and a digital strategy may have multiple objectives.

Upon analyzing the research data, we have broken down the purpose into three main patterns. 1) Alignment, 2) declaration and 3) invitation.

Alignment is about aligning stakeholders around a common vision, and is associated with organizational culture change. This could include workshops for government officials during and after the formulation process, that foster awareness of the fact that digitization concerns everyone in the organization. The main concern here is that inclusion is vital in achieving the necessary alignment for impact.

Declaration is about sharing the goal of the digital strategy to outside stakeholders, including what will be done by when. This purpose facilitates the creation of a catalogue of initiatives, and provides a good base for receiving input from citizens and businesses. A potential issue with this approach concerns the fact that there arises an incentive to show off intention and progress in ways that do not correspond to reality, thus in turn diminishing strategy's capacity to serve as a coordinating document.

Invitational strategies actively pursue engagement of citizens and business in relation to the creation and implementation of digital initiatives. This in turn can potentially contribute to a rebuilding or redefinition of the relationship between government and society at large. The



potential for collaboration among diverse stakeholders should not be underestimated, but at the same time nor should the challenges in maintaining a frank and humble attitude of enquiry on the part of the formulating organization(s).

### EXAMPLE 1

An example of purpose in a digital strategy, is the Digital Strategy for Aotearoa (New Zealand), where they acted on a very invitational purpose. This came from an awareness that trust in digital technology is spiraling downwards worldwide, and so inviting the wider society to be part of the strategy is something they took very seriously.

## 3.2 Process

After the central question of the purpose of the digital strategy, comes the question of how it comes about. While differences in ways of working with digital strategy change over time, the clearest patterns we noticed concerned involvement. Involvement highlights the fundamental process of gathering stakeholder input, in order for the strategy to align with a greater goal, either across an organization or a nation.

We have identified three patterns regarding involvement, which are 1) involvement within the organization, 2) involvement within the system and 3) involvement of a wider ecosystem.



Fig. 3 The three patterns of Involvement.

Involvement with the organization is about how the strategy team asks other departments for input. This could be priorities, issues or things that they hear in for example customer facing roles. The point is that it is an internally focussed strategy process, where outside stakeholders are not contributing. By aligning visions and basic policies related to digital policies among departments within an organization, strategies can be made into shared assets and guidelines for the entire organization. The main thing to consider regarding involvement within an organization, is how to avoid interdepartmental conflicts. Especially in times like these, when the pervasiveness of digital technology is dawning on many, agreeing on common footing is paramount to success.

### EXAMPLE 2

In Denmark, the Department of Children and Education Information Technology and Learning Agency, implemented a dynamic engagement process to gather feedback from all staff on key issues and definitions of their strategy to ensure staff endorsement of the final document. This helped them in the implementation phase. Specifically, all staff were asked to participate in two workshops each, on different parts of the strategy.

Systemic involvement concerns involvement of stakeholders who are external to the immediate organization, but still internal to the strategy. This could be other ministries, or stakeholders such as other municipalities or regions. In a government context, it excludes stakeholders like citizens, suppliers and businesses, who are not immediately concerned with the strategy. By involving stakeholders from the beginning, barriers such as backlash and resistance can be removed in advance, creating a better strategic environment overall. However as the scope of involvement expands beyond a single organization, the burden of coordination and facilitation should not be taken lightly.

Finally, an ecosystem approach means gathering information directly from external stakeholders such as citizens or businesses. An ecosystem approach entails a view of the wider implications of the strategy, and not solely the executability of the strategy. A broader acceptance of and engagement with reality can facilitate greater transparency to citizens and collaboration with partners outside the public sector, but also requires a sustained effort to maintain the momentum of co-creation and be perceived as sincere.

### 3.3 Inter-layer collaboration

We have already touched upon how organizations involve other stakeholders in the creation of their digital strategy, either by focussing on organizational involvement, system involvement or ecosystem involvement. These kinds of involvement for example generate alignment and understanding between necessary actors.

We also took a look at how different layers of government interact or interconnect in their strategies. We have identified two overall patterns of interaction in digital strategies. These patterns are 1) ‘referencing up’ and 2) ‘multi-layer joint formation’. There were, however, many cases where clear coordination was not identified.

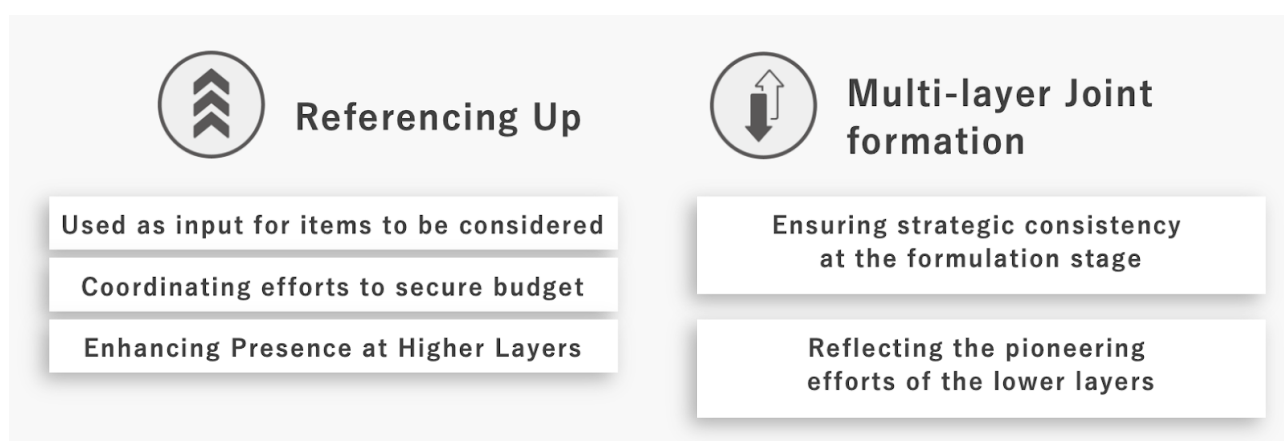


Fig. 4 The two patterns identified in inter-layer collaboration.

The first pattern, ‘referencing up’, relates to how digital strategies can refer to strategies on higher or wider levels of government than their own. Eg. a municipal or regional strategy referencing a national strategy. The purpose of this can be either alignment for budgets or seeking inputs for

priorities. The main challenge to be addressed with regards to such vertical reference, is the fact that issues and granularity differs between strategies at different levels of government.

### EXAMPLE 3

In the UK, in Liverpool City Region Combined Authority, they actively reference the national strategy, in order to better align for budgetary purposes. This kind of referencing up, makes central funding decisions easier, and also furthers the national digital strategy's goals, without any active effort.

The second pattern, which we call multi-layer joint formation, refers to how a digital strategy is jointly formulated by multiple administrative layers. This ensures consistency between local and national strategies and allows the central government to refer to pioneering efforts of local administrative units. As with other patterns identified, the role of the facilitator is key, and for multi-layer joint formation, it is especially critical to avoid simply harmonizing content instead of doing the hard work of co-creation.

## 3.4 Structure

In our research, we also looked at how digital strategies are structured in terms of content, and we identified five main patterns. Digital strategies across all levels of government can roughly be categorized as either 1) domain-based, 2) area-based, 3) matrix, 4) many-to-many or 5) stage setting. The main keywords to be aware of here are vision, goals, policy areas (health, children, SMEs etc) and policy domains (security, digital skills).

In domain-based strategies, goals and initiatives are set for each of the multiple policy areas positioned under the vision. Organizing measures for each cross-sectoral issue of digitization is intended to have the effect of breaking down vertical divisions and silos. Regarding digitization, it is easy to set goals common to the entire government and public sector (applicable regardless of policy area). However as the policy is generalized, ensuring consistent service provision from a recipient perspective might be an issue.

Area-based strategies are organized around a vision too, but they clarify a target group of the outlined policies, which could potentially make it easier to take concrete actions. The drawback of this approach is that it might incentivize vertical divisions, and so considering devising a collaborative framework is needed to ensure a whole-of-government approach.

### EXAMPLE 4

In the Australian Digital Action Plan, the policy areas listed in the strategy are economy, digital nation (government), education/research/innovation, health, and security/infrastructure. The focus will be on providing common guidelines and principles for each sector, and initiatives and projects will be detailed in separate sectoral strategies.

In matrix strategies, both policy domains and policy areas are presented, with goals and initiatives set for each. The leadership of ministries and organizations in charge of digitization is important, and accountability is required in determining priorities. This offers an opportunity to frame initiatives holistically, but it requires a high degree of maturity in the digitization of society and the public sector.

A many-to-many strategy associates multiple goals with multiple policy domains and areas. Strategy is manifested as a list of measures, and the role of the organization in charge of digitalization is centered on monitoring, research and analysis of the degree of achievement of digitalization. This requires a high degree of strategic awareness of the staff, or the risk is that the connection between goals and activities might become unclear.

Finally, a stage-setting strategy takes a broader approach and offers no detailed explanation of specific policy areas, domains or initiatives. Rather, it plays a role in setting a common direction for digital policies as a whole, instead of showing connections between vision and concrete initiatives. This enables the strategy to draw out longer-term principles, but requires discipline in execution and a certain degree of faithfulness to the strategy.

### 3.5 Action Plans

Action plans are a way to bridge the gap between strategy intent and evaluating outcomes. Through the research we saw three patterns of action plans: 1) action plans drafted after the strategy, 2) action plans that are drafted at the same time as the strategy and 3) action plans that co-exist as part of the digital strategy.

Action plans drafted after the strategy appear to be the most common. These plans are either fulfilled by the term of the strategy, or are revised during shorter cycles.

#### EXAMPLE 5

In "Estonia's Digital Agenda 2030", after the announcement of the strategy, the "Digital Society Program" was formulated as an implementation plan for the next four years. This program is scheduled to be revised every year, and is positioned to be used as an input to the formulation process of the "National Budget Strategy," which determines the overall national budget.

When the action plans are made at the same time as the strategy, they tend to be either included as part of the strategy or published as an appendix. They typically consist of timetables for each initiative.

Finally when the strategy and action plans are combined, the strategy itself is oriented towards execution and reaching a concrete schedule with identified initiatives.

## 3.6 Strategy Activation

A strategy without proper activation can not drive the change it intends. Activation is here taken as activities that bridge strategic intention (what is written) with organizational activity (the behaviors that bring the strategy to life). In our research we found several ways strategies are activated. What we understood in our research is that activation in large parts happens through communication and new ways of working. In some cases there is a direct link between creation and activation, because stakeholders, whether they be employees or decision makers, are encouraged to see their own work through a new light during the creation process.

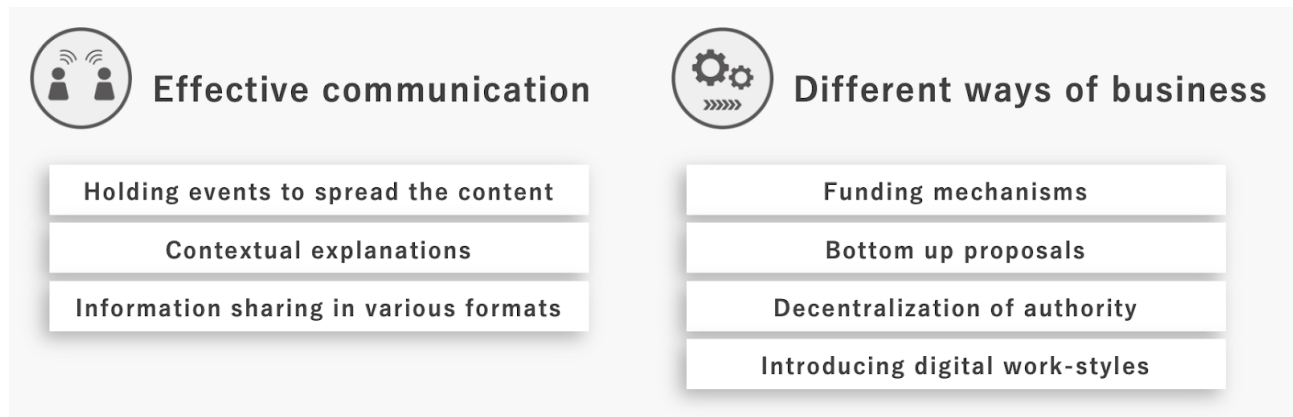


Fig. 5 The two patterns identified around activation of digital strategy.

Activation through communication with regards to digital strategy, is concerned with the ways organizations are talking about the strategy both internally and externally. Communication is most often concerned with the content of the digital strategy, but especially internally faced communication also puts effort into what the implications of the strategy are.

Communication practices employed around the digital strategies we surveyed appear on a spectrum from fairly passive practices such as press releases, websites and TV appearances, to more involved practices such as being aware of which words are used to talk about the strategy, making it available in multiple, accessible formats and having explanation forums with stakeholders or in a public setting.

Conversely, ways of working with regards to digital strategy activation, refers to actively working with the strategy in the organization, and having stakeholders consider its implications on their daily activities. A good example of working with a digital strategy, is to work with staff when defining the implications of the strategy on their work, and creating a culture of referencing the strategy in daily decision making. Another example is how the digital strategy is used as a stepping stone to introduce strategic vocabulary that is necessary to bring the organization further. Rather than simply stating an intention of being 'user-centric' in a superficial manner, actively introducing work with 'users' forces the organization out of status quo thinking.

### EXAMPLE 6

In order to increase the effectiveness of their strategy, New Zealand's Tasman District Council has introduced a personnel strategy that transforms business processes in anticipation of an increase in the number of young staff familiar with digital technology. This includes promoting cross-departmental team collaboration, introducing a flextime system, and creating an environment where employees can work from anywhere.

Thirdly, we saw how following up a strategy with a support structure that enables delivery teams and organizations to pursue the strategy, can be the kind of activity that enables a strategy to succeed and be carried out.

## 3.7 Evaluation

Finally we looked at evaluation as a parameter for digital strategy too. In terms of what is evaluated, we found that strategies look at either progress, achievement or organizational culture - or mix. Progress is indicative of how far the organization has moved in a desired direction, while achievement is an indication of how many KPIs have been achieved. Organizations looking at organizational culture in relation to their digital strategy, come from a point of being aware that a change in mindset is necessary for the digital strategy to instill the necessary transformation.

### EXAMPLE 7

The UK Ministry of Justice is trying to measure the cultural change it expects to come with the implementation of its digital strategy. Measuring organizational culture in terms of how many people attend strategy meetings and how teams talk about what they deliver and how effective it is is a big challenge, officials said. Appropriate indexing is an issue for the future.

## 4 Conclusion

With digital technology developing at a rapid pace, there is still no clear cut way for any layer of government to work strategically in the space. However, through the present research, we have been able to identify patterns pertaining to key aspects of strategy formulation, documentation and implementation as well as relations between different layers of government.

A common refrain during our interviews was that people in all layers of government all around the world, are still grappling with digital strategy in their context. While far from a how-to guide for the optimal setup, it is our hope that this research can help stakeholders formulating digital strategies at different layers of government, as a means to consider their situation from different perspectives.

Japan is making strides with regards to the digital transformation of the government, and with a contextually aware, well-considered digital strategy going forward, it should be possible to improve society through the promise of digital going forward.

**First Published**

March 31, 2023

**Pictures**

Shahadat Rahman / Gilles Lambert / Aaron Burden / Kelly Sikkema (on Unsplash)

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