

## IBM Institute for Business Value

# Cloud for government

*Enhancing services, creating efficiencies and reducing costs*



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### Overview

Multiple disruptive forces are impacting the missions and operations of government organizations globally, and are creating significant challenges in the process. Demand for services is growing, as are citizen expectations. In addition, government organizations at all levels must contend with greater risk and complexity in operations, stagnant economic growth, resource constraints, and an increasing need for resiliency and security. Within this ever-changing landscape, cloud computing offers a new and sustainable means to enhance services, while creating efficiencies and reducing costs.

Using a combination of cloud-delivered services, organizations can accelerate the deployment of enhancements that deliver value to citizens and businesses. Cloud can drive significant value creation. So how can government organizations realize the benefits of the cloud?

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Our experience with cloud computing underscores its power to fundamentally shift competitive landscapes by providing a new platform for creating and delivering value.<sup>1</sup> To take advantage of cloud's potential to transform internal operations, individual and organizational relationships, and industry value chains, organizations across industries must determine how best to employ cloud-enabled models to drive sustained competitive advantage.

Government organizations at all levels are challenged to cope with disruptive forces, while creating and maintaining economic vitality. Increased urbanization, combined with growing and aging populations, creates greater demand for services. Customer expectations for improved and enhanced access to services via multiple channels are rising. Growing geopolitical instability and asynchronous threats are increasing risks and complexity in operations, and an explosion of data is generating both new opportunities and challenges. Economic stagnation and resulting austerity measures continue to place financial pressures on government budgets, while the shortage of skilled resources adds further strain.

Cloud can help government organizations adapt. With cloud, they can expand their economic potential, promoting agility, security, efficiency and cost control. Additionally, they can use cloud to drive internal transformation, build citizen- and business-centric ecosystems and achieve value creation within the economy. In this evolving environment, it is imperative that government organizations at all levels are focused on creating sustainable economies, improving health and social programs, strengthening public safety, and enhancing performance and resilience.



## Cloud is transforming governments

For government organizations, cloud computing redefines the possibilities, enabling them to control costs, create efficiencies for citizen- and business-centric services, and take advantage of opportunities for transformation.

Leading governments leverage cloud for:

- *Operational innovation* – Simpler and faster processes drive internal efficiency; consolidation of back office operations enables cost savings; and IT capacity is better aligned to the roadmap of the future.
- *Revenue model innovation* – Organizations can provide services to other governmental entities or local businesses; regional clouds reduce the need for standalone systems; and value-added services can be introduced.
- *Ecosystem innovation* – Third-party services extend into the government ecosystem; open collaboration and sharing are expanded; and innovation can be systematically introduced across the ecosystem.

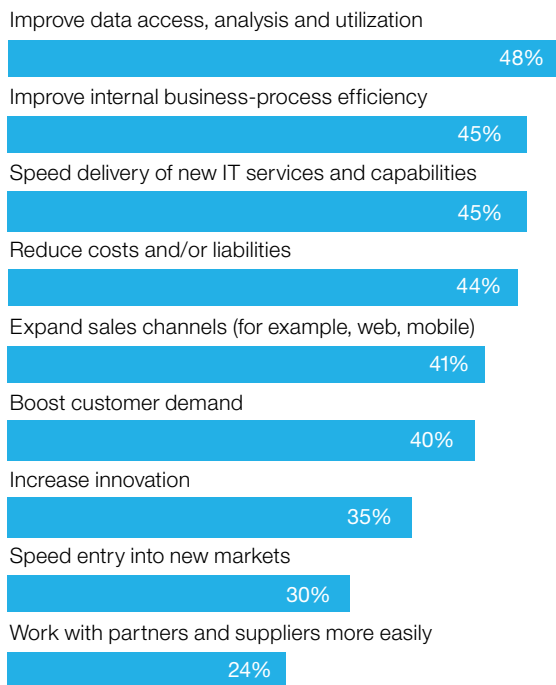
As part of the “Mapping the cloud maturity curve” survey by the Economist Intelligence Unit (EIU) in March 2015, 784 executives from 17 industries were asked to identify their organizations’ *top business drivers* behind cloud adoption. The top-three drivers cited were to boost customer demand (cited by 40 percent); improve data access, analysis and utilization (37 percent); and reduce costs and/or liabilities (36 percent).

*Organizations across industries have realized significant benefits* as a result of cloud adoption during the last two years. Forty-eight percent of the same industry executives said cloud has improved data access, analysis and utilization, while 45 percent said it has improved internal business-process efficiency, followed by 45 percent with faster delivery of new IT services and capabilities (see Figure 1).

As government adoption of cloud matures, other benefits will also accrue. Government users will be able to design and prototype applications quickly. Organizations can benefit from new user-driven, mobile and cloud-centric information technology. Cloud is expected to support transformation of enterprise IT functions, roles and responsibilities. And government managers will increasingly use cloud for application development to enhance agility.

Along with benefits for the enterprise, cloud also brings the potential for increased benefits for citizens and businesses. Cloud can facilitate new and expanded channels, as well as improve access to constituent data, allowing for better, more personalized services. By enabling more integrated, compelling and value-added citizen and business experiences, cloud helps improve the quality of citizen services and the ease of doing business – thus improving economic vitality

**Figure 1**  
*Executives in our study report improved data access and increased efficiency from cloud technologies*



Source: “Mapping the cloud maturity curve” by EIU, March 2015.  
Question: “What business benefits has your company realized as a result of using cloud technologies?” n=784

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Access the full “Mapping the cloud maturity curve,” study here: [ibm.com/cloudmaturity](https://ibm.com/cloudmaturity)

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## Charting the path for cloud adoption

To succeed with cloud, government organizations have to assess its impact on the operating model and determine what actions are required for more effective cloud adoption.

- *Source and manage partnerships and alliances efficiently.* Automate procurement and sourcing functions. Define service-level agreements to secure citizen and business data in a shared environment.
- *Proactively redesign business architecture and processes.* Integrate legacy processes into new cloud-enabled, dynamic processes. Establish available and reliable cloud-based platforms.
- *Change organizational design and governance.* Prepare to mitigate data security, privacy and compliance risks with strong risk management systems.
- *Evaluate existing performance management.* Develop strategy and metrics that address new levels of reporting complexity. Build performance metrics into contracts for cloud-based services.
- *Develop critical new cloud capabilities.* Foster skills in customer (citizens and businesses) and service orientation; vendor and relationship management; and virtualization and network technologies. Build deeper data analytic and operational capabilities.
- *Increase adoption of emerging technologies.* Update IT strategy to support new organizational strategy and cloud enablement. Adjust budgets to cover costs of legacy systems and new network bandwidth.
- *Reassess location strategies for optimal cloud adoption and to enhance the customer experience.* Decommission or consolidate technology assets.
- *Promote organizational culture changes.* Educate employees about organizational changes, addressing resistance by IT and other functions.

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## How can IBM help?

IBM has a unique position in the marketplace with consulting services and enterprise-grade cloud offerings. We are ideally positioned to engage in conversations with government organizations to identify cloud adoption entry points that move beyond cost cutting to transforming organizational models through cloud capabilities that include:

- Organizational and technology strategy consulting services that help government organizations leverage cloud to develop executable strategies and transform their IT operations and organizations by delivering value through technology.
- The next generation, enterprise cloud service delivery platform, IBM Cloud solutions offer governments unprecedented service level control. This common IBM architecture for private, public and hybrid clouds is based on IBM hardware, software, services and best practices.
- A robust set of IBM Cloud services: computing, storage, backup, SAP, security and unified communications.
- Consulting, design, implementation and infrastructure component management services that create an IT environment dynamic enough to effectively support cloud computing deployment.



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#### Reference

- 1 Berman, Dr. Saul, Lynn Kesterson-Townes, Dr. Rohini Srivathsa and Anthony Marshall. “The power of cloud: Driving business model innovation.” IBM Institute for Business Value. January 2013. <http://www-935.ibm.com/services/us/gbs/thoughtleadership/ibv-power-of-cloud.html>



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