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Five key success factors for public sector digital transformation projects

Key strategies and practices for navigating digital transformation in government health and human services agencies.

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Introduction

As of 2024, global computing capacity has expanded exponentially.[1] Modern digital devices have become ubiquitous, with people across all income levels now equipped with the latest user-friendly technology. Furthermore, continuous advancements in network bandwidth have made high-speed connectivity more accessible than ever before.[2] These developments have collectively heightened public expectations regarding the efficiency, accessibility, and responsiveness of government services.

However, digital transformation within the public sector presents unique challenges due to the complex landscape of legacy technology, shaped by decades of organic growth, and is compounded by business processes that are often siloed. This intricate network of systems, data, policies, and operating models has created a multifaceted environment that complicates efforts to implement change.

Despite substantial investments and executive-level support, digital transformation projects continue to face significant hurdles. Studies show that on average, 70% to 80% of these initiatives fail to meet their objectives,[3] underscoring the need for a more holistic approach that considers the complexities inherent in government systems.

This paper reviews the catalysts for digital transformation in the public sector, and discusses strategies for successful and sustainable change, including five key success factors for health and human services agencies.

Catalysts for transformation

Improving experiences and meeting changing needs

In today's digitally driven world, governments are looking to respond more quickly to changing needs and expectations of citizens, deliver services more efficiently, and improve the overall citizen experience. Many governments are making time-bound efforts towards improving system accessibility as part of their digital transformation program.

By prioritizing user experiences and adopting agile methodologies, agencies can speed up service delivery and offer more citizen-focused support throughout key life changes and events. This fosters trust, promotes equitable access to resources, and leads to better health and social outcomes. Agility also supports more flexible systems that can meet both current and evolving government requirements.

Modernizing systems and mitigating risk

As technology evolves, new threats continually surface, challenging the security, privacy, and architectural integrity of government services. Policies like GDPR necessitate large-scale modernization efforts, prompting updates to underlying systems, architecture, and compliance controls to maintain data security and operational efficiency. Likewise, governments are increasingly developing guidelines and strategies around adoption, addressing the challenges of emerging technologies including AI, and concerns around cybersecurity.

Managing technical debt

Escalating costs related to maintaining legacy systems and addressing technical debt are compelling public sector organizations to prioritize digital transformation as a strategic necessity rather than a discretionary initiative:

- Y2K costed more than 300bn.[4]
- In 2014, the US spent more than 75 billion dollars on public sector digital transformation projects, only 7% of the projects were successful.[5]
- 2015: **75% of the US federal IT budget** was consumed by operating and maintaining legacy equipment, leaving just 25% for new technology investment.[6]
- 2019: **The UK public sector** spent nearly half of its 2019 annual £4.7 billion (US $5.76 billion) IT budget on keeping-the-lights-on activities for outdated systems.[7]
- 2023: 31% of **Canadian government agencies** felt that technical debt accounted for 25% to 50% of total full-time employee time; 25% felt it accounted for 25% to 50% of total operational budget.[8]

Government efforts underway

Governments across the globe are taking proactive measures to address the challenges posed by legacy systems and technical debt, implementing targeted legislation and modernization initiatives to enhance public services and improve operational efficiency.

- In **the US**, the **Legacy IT Reduction Act of 2022** is being developed for agencies to declare their technical debt details and develop modernization plans.[9]
- **Canada's federal government** is placing increased focus on transforming and modernizing its technology, with a focus on customer and user experience. Cúram was chosen as the enabling core technology in the Benefit Delivery Modernization Program (BDM)[10] to transform Canada's largest social programs: Old Age Security (OAS),[11] Employment Insurance (EI), and Canada Pension Plan (CPP).[12]
- In **Ontario** specifically, the Digital and Data Strategy[13] laid the groundwork for delivering more convenient, reliable and accessible government services, while the vision for a renewed social assistance system[14] is enabling a modern, sustainable framework that better connects people to the supports they need.

Five key success factors

Digital transformation in the public sector is a complex and multifaceted journey that requires more than just new technology or streamlined processes. It demands a holistic approach that incorporates strategic planning, cross-agency collaboration, cultural adaptation, and robust partnerships.

For public sector organizations, the challenge lies in aligning their diverse stakeholders, overcoming legacy constraints, and managing change at scale, all while delivering enhanced services to citizens.

There are five critical areas that public sector organizations should focus on to ensure the success of their digital transformation initiatives. By addressing these areas—strategic preparedness, proactive assessment of legacy systems, effective change management, strong public-private partnerships, and cultural alignment—public sector leaders can transform potential pitfalls into opportunities for innovation, collaboration, and sustainable growth.

Through careful planning and a commitment to cohesive execution, these initiatives can set a strong foundation for modern, citizen-centric services that can adapt to changing needs and drive long-term value for society.

Outlined below are the five areas that public sector organizations should consider for successful digital transformation projects.

1. Strategic preparedness and organizational maturity

Successful digital transformation in the public sector begins with a well-aligned strategy that encompasses organizational maturity and readiness to embrace change. Unlike conventional IT initiatives, digital transformation is a long-term journey that requires organizations to be agile and adaptive. This entails not only structured planning but also the flexibility to iterate and evolve as new insights emerge. Establishing a collaborative framework across multiple stakeholders—encompassing governance, compliance, fiscal planning, and enterprise architecture—ensures that the program is set up for success from the start.

Agencies should prioritize fostering cross-organizational collaboration, especially when working across diverse domains. Building consensus, facilitating data exchange agreements, and defining common business processes are critical steps in creating an integrated ecosystem. Identifying catalysts that inspire the workforce, such as the rapid shift to remote work in 2020 or the drive for renewable energy, can also ignite passion and commitment within the organization.

A clear differentiation between digitization, digital transformation, and business transformation is essential to set shared expectations among stakeholders. Organizations with complex legacy systems must recognize that transformation may require a longer runway to fully realize the benefits, emphasizing the importance of a clear roadmap and a strategic vision that addresses short- and long-term goals.

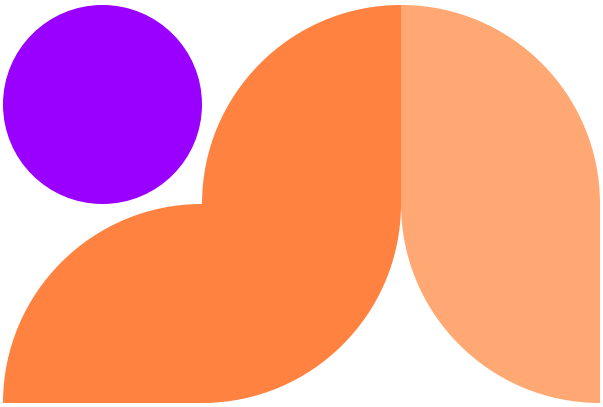
2. Proactive assessment of legacy systems and technical debt

Legacy systems and technical debt often present the most significant barriers to successful digital transformation in the public sector. Overcoming these challenges requires a deep understanding of existing assets, data quality, and technical architecture. Incrementally modernizing legacy systems is often more feasible than pursuing a 'big bang' approach. This strategic unwinding ensures that business continuity is maintained while transformation progresses.

While it's essential to define the future state of business processes, it's equally crucial to carefully manage the transitional phase, where old and new systems may temporarily coexist. Considering the transition-state business processes allows organizations to identify and resolve potential issues early, reducing disruptions and minimizing frustrations for both end-users and clients.

Cross-agency collaboration is crucial in digital transformation initiatives. Establishing interoperable, scalable architectures and expanding data-sharing agreements enable organizations to navigate complex ecosystems more effectively. Encouraging deeper participation from partner agencies throughout the project and program lifecycle fosters a shared ownership of outcomes, ensuring that all stakeholders are actively engaged and contributing to the evolution of the digital landscape. This collaborative approach leads to better alignment of priorities, clearer decision-making, and more effective solutions that address the diverse needs of all involved entities.

Preparing the workforce to adapt to new tools and technologies through continuous learning and skill development is equally important, fostering a culture of shared learning and innovation.



3. Change management for sustainable adoption

Effective change management is a critical component of any successful digital transformation, especially given the scale and complexity of these initiatives in the public sector. Unlike traditional IT projects, digital transformation efforts often involve a broad range of organizations, jurisdictions, and technical environments. This makes it essential to implement a robust change management strategy that goes beyond conventional approaches and adapts to the realities of transformation.

Traditional methods, which may have been successful in static, waterfall project environments, must now adjust to iterative processes, enabling change managers to tweak their strategies as they receive feedback from frontline staff and stakeholders. By fostering a culture of ongoing learning and adaptation, organizations can better navigate the iterative nature of digital transformation projects and avoid potential disconnects.

Employee engagement is another key success factor in achieving sustainable change, particularly for subject matter experts whose roles are critical for the transformation initiative. As digital transformation projects often bring about significant shifts in tools, business processes, and required skill sets, employees may experience anxiety over their roles. Early and consistent communication is essential to mitigate fears of job loss and demonstrate the new opportunities these projects present. Aligning the organization around a shared vision, and providing targeted support through training and enablement programs, helps ensure the buy-in of these critical stakeholders.

Careful consideration should be given to workforce diversity in terms of technological adoption. While younger employees might be more naturally inclined to adopt new technologies and interfaces, more experienced workers often possess deeper institutional knowledge and may require more time to adapt. Acknowledging these differences, offering tailored support, and finding opportunities for knowledge transfer can create an inclusive environment where all employees feel valued and empowered to contribute.

Cross-organizational coordination is equally vital. Given that these projects often span multiple agencies or departments, collecting and incorporating feedback from diverse teams is necessary to refine strategies and maintain alignment. This level of coordination reduces friction, helps preempt issues, and ensures that change management plans reflect the broader ecosystem's requirements and constraints.

Overcommunication and field engagements are effective tools for maintaining alignment and enthusiasm throughout the project lifecycle. Techniques such as milestone celebrations, shadowing sessions, and regular updates help maintain visibility and connection between project planners and employees on the ground. These practices enable all stakeholders to feel informed, involved, and invested in the success of the transformation.

4. Building strong public-private partnerships

Embarking on a digital transformation journey is a complex endeavor that often exceeds the existing capabilities of public sector organizations. This is where public-private partnerships become invaluable. These collaborations provide a head start through access to technology, industry expertise, and proven methodologies. They also bring deeper, cross-disciplinary skills and global experience, enabling governments to transform their business and operating models effectively. Additionally, partnerships can help shoulder risks and can offer financing options, ultimately building capacity within public organizations by fostering new skill sets.

The foundation for a strong partnership is laid early in the procurement strategy. While fairness and transparency are critical, once a partner is selected, both parties should focus on establishing a collaborative relationship that prioritizes mutual benefit and shared goals. Successful partnerships are built on the premise that risk transfer does not equate to risk elimination. Instead, a true risk-sharing approach is established when each party takes responsibility for mitigating risks in areas where they have the most expertise and capability. This balanced approach helps both sides to achieve better outcomes and maintain trust throughout the project lifecycle.

To support this collaboration, both public and private entities must adopt an effective engagement model that balances influence and input. Government agencies need to understand the new technologies and industry best practices being introduced, while private partners should immerse themselves in understanding the client's business context and strategic objectives. A sustainable partnership should prioritize long-term skills development and continuous knowledge transfer. This approach avoids the pitfalls of one-off knowledge transfers and promotes ongoing learning and resource continuity throughout the program.

In multi-vendor scenarios, establishing clear accountability and risk-sharing mechanisms is crucial to facilitate collaboration among different vendors. A well-defined value-for-money equation and benchmarking key performance indicators can provide transparency in performance assessment and help all parties align their expectations. By establishing these frameworks and fostering a shared sense of purpose, public-private partnerships can drive more effective digital transformation outcomes and pave the way for sustainable modernization.

5. Cultural alignment and organizational cohesion

The success of large-scale digital transformation projects hinges not only on technical execution but also on cultivating a cohesive organizational culture that embraces change. These initiatives require organizations to actively address any cultural divides, whether between business and IT teams or across different agencies and departments. Leadership must bridge these gaps by promoting a shared vision, encouraging open communication, and aligning everyone towards common objectives.

A major cultural challenge often faced is the coexistence of traditional, waterfall-based processes with the expectations of agile delivery. Successful digital transformations require a balance between legacy processes and modern methodologies, where both public sector stakeholders and private partners work together to establish realistic goals and timelines. Frequent coaching, celebrations, and interactive sessions can help reinforce agile principles, while ensuring that the overarching culture shifts towards a more iterative and collaborative mindset.

Furthermore, decisions in siloed environments are sometimes made based on perceptions or incomplete information. Developing a culture of data-driven decision-making and incorporating research insights can help dispel unfounded assumptions and lead to more informed choices. Leadership at all levels should actively coach teams to think beyond historical constraints and envision innovative future-state processes that better serve evolving business needs.

There is also a need to address the inertia created by long-standing legacy practices, where there's a tendency to replicate outdated workflows. Leaders should encourage a forward-looking perspective and demonstrate how digital transformation can introduce new value. This requires proactive engagement with middle management, who play a key role in aligning top-down directives with bottom-up insights. By involving all levels of the organization, leadership can help foster a culture that not only supports but drives transformation.

Finally, effective cultural alignment extends to ensuring that business and IT teams are in sync throughout the project lifecycle. Combined leadership from both areas should ensure that all stakeholders have a comprehensive understanding of project goals, realistic targets, and the capacity to meet them. This will help to avoid disconnects and misalignments that could derail project momentum.

By embracing these cultural considerations, public sector organizations can transform digital transformation challenges into opportunities for strengthening organizational cohesion and achieving long-lasting success.

Conclusion

With modern digital services now a fundamental part of everyday life, governments are embracing digital transformation to keep pace and meet the evolving expectations of their citizens.

But successfully achieving this transformation in the public sector is a complex endeavor that requires a strategic and holistic approach. As government organizations grapple with the challenges posed by legacy systems, escalating costs, and evolving public expectations, it is critical for leaders to focus on five key success factors: strategic preparedness and organizational maturity, proactive management of legacy systems, effective change management, strong public-private partnerships, and cultural alignment.

By prioritizing these areas, public sector organizations can lay the groundwork for successful transformations that not only modernize technology and improve operational efficiency but also drive long-term value for society. Aligning cross-agency efforts, fostering a culture of collaboration and innovation, and leveraging specialized external expertise are pivotal steps that can turn the inherent complexities of public sector digital transformation into opportunities for growth and improvement.

Ultimately, public sector digital transformation is not merely about adopting new technologies — it's about building a resilient, agile, and citizen-centric organization that can adapt to future challenges and deliver meaningful, lasting outcomes for the communities it serves.

How can Cúram help support your digital transformation?

Cúram is engaged with numerous federal, state, provincial, and local governments across the globe to help transform the delivery of social services. Let's discuss how we can apply global best practices and lessons learnt to help enable your vision for effective digital transformation.

Learn more about Cúram at
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Let's talk

About Cúram

Cúram by Merative has over 25 years of experience helping national, regional, and local governments, and organizations across health and social ecosystems, to transform the delivery of social services, empower caseworkers, and help individuals and families access the programs they need to achieve better outcomes. Cúram solutions and services expertise are trusted in 12 countries and jurisdictions, and support over 970 government programs. Available in 7 languages, the Cúram platform connects benefits administrators, social services agencies, and case managers, to serve and protect 187 million citizens annually.

Learn more at
merative.com/curam

About Merative

Merative provides data, analytics, and software for healthcare and government social services. With focused innovation and deep expertise, Merative works with providers, employers, health plans, governments, and life sciences companies to drive real progress. Merative helps clients orient information and insights around the people they serve to improve decision-making and performance.

Learn more at merative.com

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Produced in the United States of America
October 2024

SPM-757061555 Rev 1.0