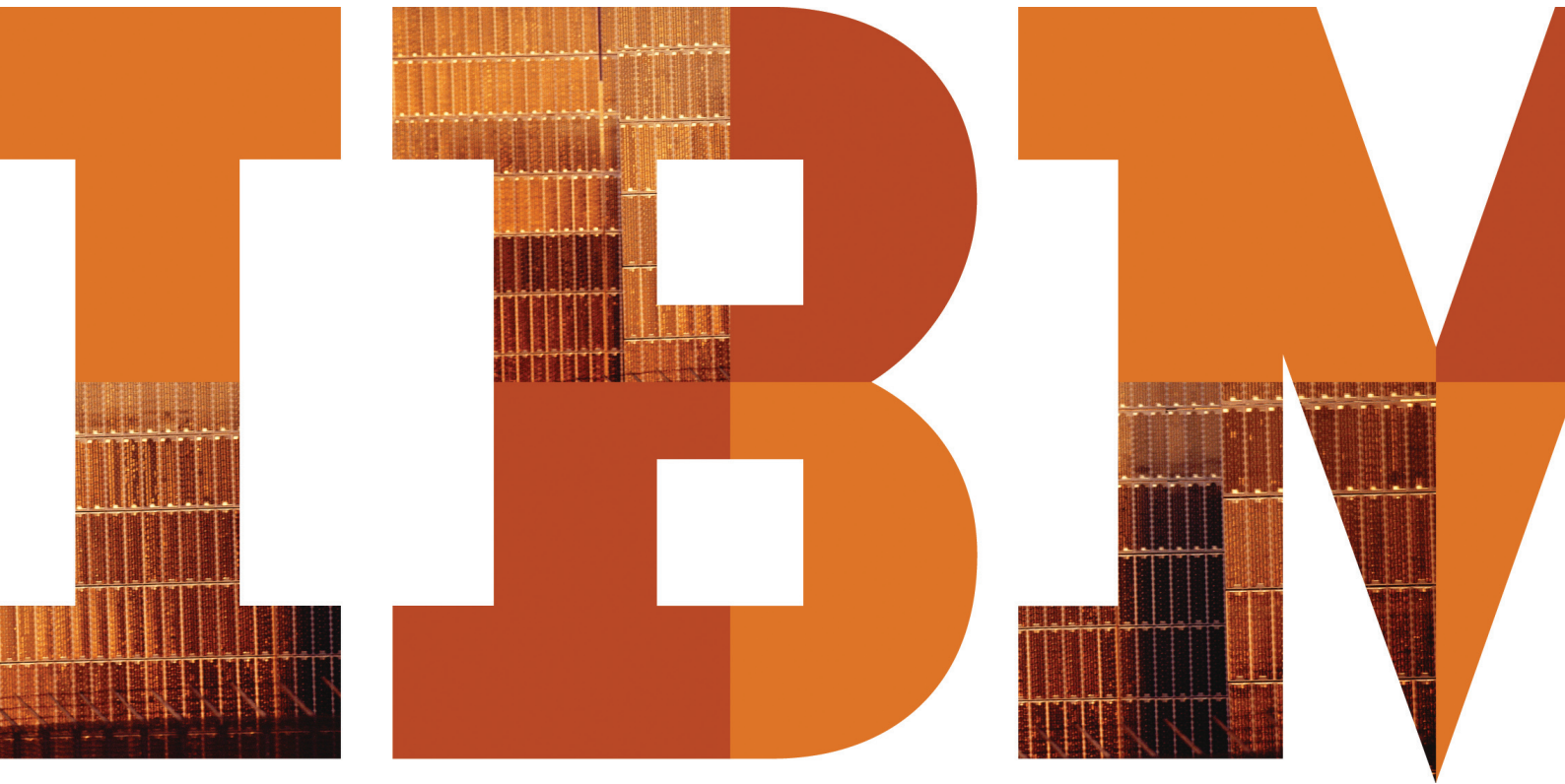


IBM Business Analytics Government Forum Ottawa

January 28, 2011 Proceedings



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Citizens today expect instant and individual response from their government and demonstrated value for their taxes. Public sector employees, especially the younger ones, expect easy access to instant information to make effective decisions on the fly. At the IBM Business Analytics for Government forum, attendees from federal, provincial and municipal levels of government had the chance to see how business analytics solutions give public sector employees and citizens alike better information, insight, transparency and service.

The promise of smart government

The opening remarks by IBM's general manager of business analytics Rob Ashe provided some high level perspective on the challenges and promise of smarter government.

Government plays a critical role in the life of any society. Economy, food supply, public safety, water, climate, land use, defense: these are just a few of the areas that governments must steward. Most of them are essential areas with the potential for catastrophe if you get them wrong, profound and widespread benefit if you get them right.

But governments face many challenges to their effectiveness. Many organizations are still in the phase of automating processes and leaving paper and spreadsheets behind. They need to revise outdated systems and break down information and organizational silos. Ashe spoke about how analytics can play a huge part in the evolution from simple automation of tasks, to gaining efficiency and ultimately, true effectiveness.

Technology, process and culture are converging to support smart government:

- Scenario budget modeling to respond to quickly changing events
- Analysis of unstructured social media and Internet data for insight into citizen needs and sentiment
- Pervasive analytics to move from “sense and respond” to “predict and act”
- Real-time predictive modeling for detecting fraud and warding off crime.

Analytics enables smart government, in which:

- You can predict likely events and act pre-emptively
- Your decisions are driven by facts in real time
- Everyone has access to information, not just a few
- People can access data at the point of impact.

For Ashe, the beauty of analytics is its ability to take intelligence from an instrumented world and make sense of it. It lets us look back on our past and see into our future. It lets us take the new data created every second and use it to better serve citizens and fulfil missions. It lets us connect data together, stop working in isolation and manage local issues with global trends in mind.

It's Your Ship: Build a passionate team and get results

Conference attendees enjoyed speaker Commander D. Michael Abrashoff's keynote on listening to lead, based on his bestselling management book *It's Your Ship*. He managed to turn one of the worst performing ships in the Pacific fleet, the USS Benfold, into the winner of the prestigious Spokane Trophy for the best combat readiness.

He did this by shifting his organizing principle from obedience to performance. He listened, regularly and aggressively, to his crew's ideas on how to improve how they operate. To get a motivated, passionate crew, he needed to engage them as valuable

players in reaching their mission. He encouraged them to stop thinking about things they couldn't influence. He invested in education and training, sought to create a great work environment they could be proud of and helped them value their work.

Over time, he worked to help each sailor feel a sense of urgency for the mission and to not tolerate mediocrity. Here are some of Abrashoff's principles and a description of how analytics can get you there.

Distributed intelligence empowers

Abrashoff emphasizes that your organization cannot depend on you, and you cannot be involved in everything. Good leaders grow leadership skills in their employees. Analytics makes this happen by empowering people with the information they need to make the right decisions. Empowerment means it will happen now, and continue long after leadership changes.

Sharing goals up and down the line

The most important thing a leader can do is to see the ship through the eyes of the crew and have them see it through his eyes. Abrashoff made the time to speak with every sailor to help them understand the mission and find out what's working and what isn't. Analytics offers strategy maps to help employees see how their work fits into the overall plan and help leaders understand how individuals are contributing to the plan. Analytics also offers scorecarding to help everyone track towards goals.

Finding the real metrics

Though US ships are graded on everything from laundry to postage stamps, these metrics do not provide the full picture of the organization's health. Abrashoff looked at metrics such as injury and illness leave and disciplinary cases, key indicators of employee sentiment. He watched these metrics improve as he worked to build team comradery. Instead of a diversity program, he started a unity program to demonstrate how it takes people from all walks of life to reach success.

Abrashoff concluded with this: "You can order all kinds of things, but you can't order excellence." Technology helps you get there, but it's leadership and collaboration that will let you keep improving, and it's a lifelong journey.

After the keynote, audiences attended breakout sessions. Two of these sessions featured IBM Business Analytics customers speaking about the benefits of their systems.

Better budgeting for a critical health service

Combine high complexity, a big budget and an essential health service, and you have the challenge of the Canadian Blood Services. The CBS spends \$1 billion annually to maintain and safeguard the nation's blood and plasma supply. Complete and error-free control of operations is critical. IBM TM1 budgeting software gives CBS Finance the robust and agile budgeting and planning they need to contribute to the mission.

The department manages a great deal of data from a million collection events, 650 cost centres, 250 ledger accounts and 5,000 employees in 40 different union scenarios. Before IBM, Finance used spreadsheets for the data extracted from SAP and other industry specific operational systems. It took 20 days to close and one report had to satisfy all audiences.

Through agile budgeting and planning, Finance is now able to respond quickly to organizational changes and mandate. With automated processes and one source of data, their budgeting is accurate and timely, their rolling plans flexible. They can play with variables and forecast any number of scenarios in terms of employee salary and benefits, cost of collections, insurance or any other. In short, they are an effective, contributing business partner.

"One of the great things about working with a tool like TM1 is that you're grounded in one source of data," said presenter Andrew Little, director of financial services at CBS. "There is no question where the information is coming from."

For more information on IBM at CBS, watch:

<http://www.youtube.com/watch?v=AnOq9AhjwkA>

Analytics in a distributed international service

Conference audiences heard how a federal service with 150 posts on six continents uses scorecarding to strengthen their core mission throughout far-flung operations. The service has been using IBM Business Analytics scorecarding since 2000 to follow and report on a key set of critical metrics across the service.

Their operations are complex. Each post needs to provide the same service and report on the same metrics, but within completely different language, culture and business contexts. IBM Business Analytics lets them tie all of this variety back to the core mission and report to stakeholders. The set of metrics is small and has been carefully tailored over the years to effectively measure and reflect outcomes, shedding any non-key measures.

Scorecarding lets this service keep an eye on the mission and:

- Follow a standard set of metrics in 150 posts
- Report to parliament weekly on the benefits of their service to clients
- Understand why some posts are performing well or poorly and make changes
- Prepare managers for mission visits with budget and spending data
- Manage each mission with less inspection travel
- Answer any questions within the hour.

The service saves well over \$200,000 per year using analytics, time that senior managers used to spend creating reports. They now do regular and ad hoc reporting with ease and confidence, slicing a single source of cross-service data to respond to specific audiences. Service to clients is improving because posts can see and fix any issues, and headquarters can better train and prepare employees.

Government 2020 panel discussion

The conference wrapped up with a Government 2020 panel discussion featuring:

- **Jon Desenberg**, Senior Policy Director, The Performance Institute, and moderator.
- **David Pratt**, CMA, Partner, Business Analytics and Optimization, IBM Global Business Services.
- **Rob Dolan Jr.**, Worldwide Government and Education Industry Executive, IBM Business Intelligence and Performance Management.

The questions to the audience were simple:

- What does success look like in 2020?
- How do we change or improve the way government leaders use analytics?

Jon Desenberg: Governments are seeing an influx of younger employees who have very different expectations for how a workplace should operate and how a government should serve its citizens. What is the impact of this demographic change on the way governments operate?

David Pratt: The younger population is using technology in very different ways that current civil servants do. When they get into management ranks the decision-making style in government is going to change. They're extremely agile. They know how to source and use information and they'll want to make decisions on the fly. That's not the way we plan now.

There's a shift to agile and real-time planning that's going to happen in the bureaucracy and at the political level. Governments need to plan now for what that's going to look

like and put that infrastructure in place. Technology is certainly part of it, but culture and process are big parts, too. It's a more grassroots-up approach.

Jon Desenberg: Does this change the traditional government hierarchy?

David Pratt: I think you're going to see more honeycomb-shaped structures rather than a vertical hierarchy. Management teams are going to have to come together from different groups to tackle one problem, then disperse and recombine in different ways to address another. That's already started and it's going to get much more prevalent. Governments and businesses are becoming much more project-based. Teams come together and work for a period of weeks, not years.

Jon Desenberg: Rob, you've seen governments in transformation all around the world. What can you tell us about this shift?

Rob Dolan: You could call it the "Amazon effect." People expect 24/7 access to government, and that's a challenge because most governments aren't used to providing services or access that way. Citizens want instant access to their government and instant responses from their government, whether they're doing business with it or just want simple tax information. That's what governments are struggling with right now. It's not traditional but it's going to accelerate and change the way governments deliver services.

Jon Desenberg: There are a lot of information silos that get in the way of better performance and better outcomes. Why do we still struggle to break through them to share knowledge? What are the incentives and disincentives to change?

David Pratt: A lot of it has to do with culture. Change needs to happen in service delivery across the organization to make sure there are consistent and reliable performance metrics that are shared across organizations and that management and citizens are holding people accountable.

Question from the floor: You're talking about a fundamental change in how organizations work. Currently, from a performance management point of view, many of the tools we rely on are aligned to the organizational structure. How does this new honeycomb structure affect the tools we use?

Rob Dolan: You need to look at the goal or the mission that an organization is tasked to deliver – to find the commonalities among those silos and leverage them. Take juvenile crime rates, for example. Increases are often driven by higher student truancy ratings. But most police forces don't enforce truancy rules. Likewise, school boards can't arrest students for committing crimes. But both organizations have a vested interest in making sure they share information about truancy rates because we know that the longer kids stay in school, the less likely they are to commit crimes. You need to find leadership that's willing to challenge the traditional way of doing things.

David Pratt: This is a challenge in the private sector as well. When you look at performance measures, you need to look at life from the outside in, not the inside out. Organizational structures are irrelevant when you look at an issue from the citizen's point of view.

Rob Dolan: Take performance-based budgeting. It's based on an end goal, regardless of who is actually contributing. It's designed to cut across silos. If the goal is to combat homelessness and

there are three organizations responsible for doing that, then the measurable goal is what should be funded and the associated metrics are carried across all three organizations. The goals need to take precedence over the budget. When that happens you avoid the collisions and arguments that often come into play.

Jon Desenberg: Two terms I keep hearing are “data calls” and “data overload.” We’re still not making intelligent decisions with all the information we collect. Many of us are tasked with gathering it for unknown people, and it’s probably useless. How did we end up here? How do we get away from this?

David Pratt: It starts with leadership. Your leaders need to ask the right questions of the right people. Beyond that, you need to build up a capability around managing information at the grassroots level – building an information management infrastructure and implementing competency centers. At IBM we teach organizations how to govern, manage and supply information and train people how to use it in a management capacity.

Rob Dolan: Data overload happens when we try to measure everything. And we often use “data” and “information” interchangeably, but there’s a distinct difference between them. The remarkable thing about this generation that’s coming on board now is their innate ability to filter information and decide what’s relevant to them.

David Pratt: Governments also need to know where they’re going to put this expertise. CMAs are now learning strategic analytics and using complex algorithms. We need to think about how we take advantage of these abilities that are coming into the workforce.

Rob Dolan: At IBM we’re working with colleges around the world to train people to become more analytical. They’re no longer in the back room – they’re in the front office, looking at how analytics can be supplied across the board. These people are in very high demand.

Jon Desenberg: Who should people responsible for analytics and performance management report to?

David Pratt: There’s a lot of debate on this subject. I don’t think they should be in Finance, because that discipline is too biased toward financial markets and results. It’s not based on business outcomes. Analytics departments should report to the operational side, where the emphasis is on outcomes and citizen interactions, where you want to know if what you’re spending is having the desired effect, not whether or not you’re spending to meet your budget.

Question from the floor: Sometimes a switch to new metrics doesn’t paint as positive a picture as before. How do you deal with the impact and cultural issues that result?

Rob Dolan: Sometimes it’s leadership. Take Clark County, Nevada. Their Family Services Department had to change the way they provided services, so they brought in a new person who said “Our goal is to keep children safe. It doesn’t matter what we did before.”

Question from the floor: Where does the panel see the greatest impact of the private sector on government analytics in the coming years?

David Pratt: Customer Relationship Management. The algorithms that companies in Telco and Retail are putting

behind their search engines and pricing and recommendation engines to segment their customers are just amazing. They're building dynamic pricing and services engines that operate in real time and they're learning a tremendous amount about their customers.

Another area is social analytics. Companies are using analytics solutions to scour blogs, message boards and other social sources to find out what their customers think of their products and marketing campaigns. Governments can take the same approach to find out what citizens think of their policies and initiatives.

Jon Desenberg: What's one thing we can do to get our leadership to pay more attention to metrics?

David Pratt: We need to act as citizens. If we want answers, we need to ask for them.

Rob Dolan: Agreed. It's us. If governments have put data online, it's because we're demanding that access. Governments need to provide that information because the generation behind us will take no prisoners.

About IBM Business Analytics

IBM Business Analytics software delivers complete, consistent and accurate information that decision-makers trust to improve business performance. A comprehensive portfolio of business intelligence, advanced analytics, financial performance and strategy management and analytic applications gives you clear, immediate and actionable insights into current performance and the ability to predict future outcomes.

Combined with rich industry solutions, proven practices and professional services, organizations of every size can drive the highest IT productivity and deliver better results.

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March 2011
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