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Digital Innovation in Public Finance.

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If you attended recent NASACT or NASC events, you may have heard my colleague, Bill Kilmartin, or me discussing digital innovation in finance. We highlighted the potential of digital technologies and shared insights gained through Accenture's experience with commercial organizations. I've also written extensively about the opportunity to use digital technologies to transform the government back office into a Center of Innovation. That includes realigning the finance function around its true mission: creating a performance-focused organization that is financially sustainable.

We're eager to continue the conversation at next month's NASACT Annual Conference, where instead of *telling* you about digital innovation—we'll be ***showing*** how it's already underway within state governments. One state is testing a chatbot to guide users through its procurement process. Another is applying automation tools to perform massive reconciliation on 100% of records rather than sampling at a fraction of the time previously required, freeing substantial 'human' time to focus on resolving issues rather than compiling data.

These are no longer futuristic concepts. Today digital innovations are within reach for state agencies—and these examples are only the beginning of what's possible.

How can your agency tap into here-and-now digital innovation? Consider a recent Accenture study of government innovation. Spanning nearly 600 government executives in 10 countries, the survey set out to understand what it takes to be innovative—in other words, what an agency must do culturally and operationally to transform itself into a Center of Innovation.

Using the five pillars of the Accenture Innovation Framework—Strategy, Ideation, Execution, Impact & Benefits, and Absorption—we asked about the "what" and "how" of innovation within respondents' government agencies. While our analysis revealed that just 8 percent of agencies can be considered government innovation leaders, it also pointed to some practices and habits that set these leaders apart from the crowd. That includes insights about execution—the important work of turning creative ideas into real-world results.

At the core, executing government innovation requires a sound process and the right skills for evaluating ideas, using a Proof of Concept (POC) to test the highest-potential ideas, rigorously assessing the results of the POC, and, finally, scaling the innovation and continually evaluating performance.

Our study found that for about three-quarters (77 percent) of agencies, moving from pilot to broad implementation at scale remains a significant challenge. Why? The most-cited barriers were budgetary constraints and lack of technological capabilities (cited by 82 percent and 83 percent, respectively). About three-quarters of respondents also pointed to a risk-averse culture (77 percent) and a lack of support from leadership and key decision-makers (73 percent) as barriers to executing innovation at scale. In addition, respondents identified lack of skills as a key obstacle. Sixty-two percent reported that they need more access to user experience (UX) design skills, design thinking

skills and research skills—competencies that have become essential to serving digital citizens.

The good news: These obstacles can be overcome. Based on our findings about government innovation leaders and what we've seen in the real world—including the innovative work we'll be highlighting at the NASACT Annual Conference—Accenture has identified four steps to better execution:

- **Go talk with citizens (your "customers").** Set up a structured mechanism for uncovering customers' needs. Be disciplined and consistent in asking customers what's working—and what's not—with your existing services.
- **Put a process in place.** Be rigorous in managing execution, with a strong tie to the impact and benefits of government innovation. Establish a strong practice for each step of execution—evaluating ideas, executing POCs, assessing POC results, scaling quickly to production and evaluating results once in production.
- **Think like entrepreneurs.** Embrace iterative, agile methods, including willingness to rapidly change course. Build the discipline to end at any point in the cycle based on how well or poorly benefits are realized.
- **Assess skills (technical and "soft").** Perform an objective evaluation of your skills gap. Where gaps exist, determine if you truly need those skills. Where you need skills but have gaps, fill them through partners.

We look forward to expanding on our frontline experience and research findings next month at the NASACT Annual Conference. We hope to inform, inspire and learn from you as we all work to turn digital innovation ideas into actions that make a real impact for agencies and the people they serve.

To learn more about how to bring the back office to the forefront of government innovation visit us here.

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