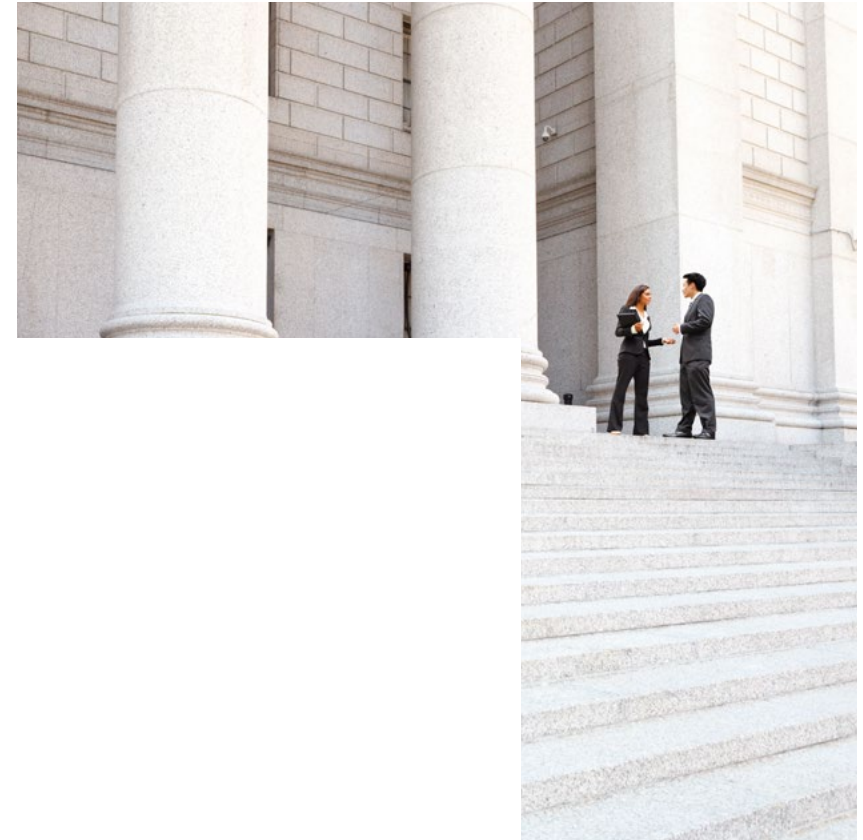


Central and federal government

This year, 60% of executives within central and federal government say the impact of digitization on their business models is high, a 22% increase over last year. In line with this, 80% of executives now have an enterprise-wide digitization strategy in place, a 21% increase over last year. However, fewer are producing results from their digital strategies (14% in 2021 vs. 20% in 2020).

These are just some of the insights shared by executives we interviewed this year. Read on for more insights into their top trends and priorities, along with recommendations for key actions they can take now to accelerate their digital journeys.



Accelerating digital to improve citizen services and the citizen experience

Providing citizens with improved services and a better experience dominates the agendas of executives in central and federal government this year, and these ambitions are driving their digitization. In fact, 44% of executives feel the pressure from citizens to digitize, and 60% say the impact of digitization on their business models is high. In line with this, 80% of executives now have an enterprise-wide digital strategy in place.

As executives pursue digitization, key challenges include aligning business and IT, as well as hiring

experienced digital managers and equipping other employees with the right tools and skills.

Key capabilities, however, helping to drive their success include migrating to the cloud, IT modernization and strong data sovereignty. Increasing use of both the public and private cloud emerges as a top 5 trend this year, while driving modernization to improve efficiencies rises in importance to become the top IT priority for 2021. Another capability growing in importance is sustainability, including digital responsibility.

Each year, we meet with client executives from around the world to get their views on the trends affecting their organizations and industries. Through the CGI Voice of Our Clients, we analyze these findings to provide actionable insights by industry to benchmark best practices, including the attributes of digital leaders. This report summarizes the trends and priorities from our 2021 CGI Voice of Our Clients discussions with 282 central and federal government executives, along with recommendations for executives to accelerate their digital journeys.

About the insights

In 2021, we met with 1,695 business and IT executives. This summary shares sample insights from 282 central and federal government client executives.

Interview demographics

53% Business leaders	47% IT leaders
53% Senior-level	47% Ops-level

Over the past 6 years through the CGI Voice of Our Clients program, we've held 7,470 client discussions, collecting 1 million data points across the industries and geographies we serve. Our anonymized benchmarking data reflects insights from 5,500 client organizations located in countries representing 68% of the world's IT spend across all economic sectors.

Top trends and priorities

Becoming digital for citizens and providing them with improved services and a better experience remains the top trend and business priority this year, respectively, while IT modernization displaces digitization and automation as the top IT priority.

Top trends

- 1 Becoming digital for citizens
- 2 Protecting through cybersecurity
- 3 Enhancing regulatory compliance

Top business priorities

- 1 Improve citizen services and the citizen experience
- 2 Modernize systems and infrastructure
- 3 Harness the power of data analytics to improve insight

Top IT priorities

- 1 Drive modernization to improve efficiency
- 2 Digitize and automate business programs
- 3 Invest in cybersecurity



Top 10 insights for central and federal government

1 **Increasing number of executives say digitization is having a high impact on their business models.**

This year, 60% of executives say the impact of digitization on their business models is high, a 22% increase over last year. In line with this, their number one trend is becoming digital, while top business and IT priorities include modernizing and digitizing systems, infrastructure and business programs.

2 **Most executives now have an enterprise-wide digitization strategy.**

In 2021, 80% of executives now have an enterprise-wide digitization strategy, a 21% increase over last year, and 44% feel pressure to digitize from citizens, a slight increase over last year (2%). However, fewer are producing results from their digital strategies (14% in 2021 vs. 20% in 2020).

3 **Business and IT alignment is a top digital transformation challenge.**

As the impact of digitization increases, executives cite business and IT alignment as a top challenge to digitizing. Only 36% of those building or launching their digital strategies say their internal business and IT priorities are highly aligned. However, 50% of executives who are producing results from their digital strategies cite strong alignment.

4 **Hiring digital managers and equipping employees with the right tools and skills are critical for successful digital transformation.**

A high percentage of executives (86%) cite the lack of employee tools and skills as an impediment to their successful digital transformation. This is a 39% increase over the last two years, indicating that the challenge is becoming more difficult to address. Having the right staff also includes hiring experienced digital managers.

Top 10 insights for central and federal government

5

Enhancing the citizen experience remains a key business and investment priority.

Improving citizen services and the citizen experience remains the top business priority, year over year. In line with this priority, omni-channel service delivery once again is the top innovation investment for 2021, as it has been for the past three years.

6

Cybersecurity continues to dominant as a top trend and priority.

Investing in cybersecurity remains the second dominant trend, as well as the third top IT priority, year over year. It also remains a top business priority, although it has declined somewhat in importance, falling from fourth to fifth place.

7

Cloud usage emerges as a new trend.

Increased use of both the public and private cloud emerges as a top 5 trend this year, taking fifth place. Embracing new and agile cloud-based delivery models also remains a top IT priority, year over year, although it falls from fourth place last year to fifth place this year. Globally, 54% are planning to migrate at least 21% of their applications to the cloud in the next 2 years. Cloud usage includes strong data sovereignty to protect government information.

8

Modernization becomes the top IT priority.

Driving modernization to improve efficiencies rises in importance to become the top IT priority for 2021, after taking second place last year. Further, modernization of systems and infrastructure remains the second top business priority, year over year. Globally, 66% of central and federal executives are planning to modernize at least 21% of their applications in the next 2 years.

9

Sustainability is driving business model change.

37% of executives, on average, believe strongly that environmental sustainability is core to their organization's ability to continue creating value in the future. Among these, a higher number of business leaders believe this is true versus IT leaders (39% versus 35%, respectively). This focus on sustainability includes an emphasis on digital responsibility as part of an agency's overall corporate social responsibility.

10

Few executives indicate a highly agile supply chain; complexity is an issue.

Only 19% of executives rate the agility of their IT supply chains as very high (8 or more on a scale of 1 to 10). 28% of executives cite the complexity of their IT supply chain as posing a high degree of challenge to the implementation of their IT priorities (rating of 8 or higher). This rises to 45% when including those who rate the challenge of complexity as a 7 or above.

Digital leaders in central and federal government

This year, 80% of central and federal executives interviewed have an enterprise-wide digitization strategy in place, a 21% increase over last year. However, the percentage of those producing results from their digital strategies declines from 20% last year to 14% this year. Further, 60% of executives say the impact of digitization on their business models is high, a 22% increase year over year. The table compares responses to questions from the digital leaders to those from executives whose organizations are still building or launching digital strategies.

Common attributes of digital leaders	Executives producing results from digital strategies	Executives building or launching digital strategies
Are better at introducing applicable innovation	56%	21%
Are better at aligning IT and business priorities	50%	36%
Feel strongly that environmental sustainability is core to creating value for customer	42%	37%
Modernize more of their applications	73%	66%
More often run a secure IT environment	78%	43%



5 recommendations for achieving your top priorities

1 Collaborate across organizational boundaries to accelerate digitization. The global pandemic accelerated the need for government agencies to become digital for their stakeholders. Digitization is key to delivering the services taxpayers want — when and how they want them — and to enhancing the citizen experience. Success, however, cannot be achieved in isolation; it requires collaboration across organizational boundaries. This involves bringing different agencies that deliver different services together to communicate, share information and leverage similar processes. With this level of collaboration, government agencies can avoid duplicating information and processes, improve efficiencies, minimize errors, reduce fraud and more, all of which helps them to more effectively advance their digital journeys and meet the public's digital expectations.

Case in point:

CGI's Momentum® goes live at the U.S. Department of Veterans Affairs. CGI announced the successful implementation of its [Momentum® Enterprise Solution](#) at the U.S. Department of Veterans Affairs (VA).

The implementation is the first wave of VA's Financial Management Business Transformation (FMBT) program that will modernize financial management and acquisitions throughout the Department. VA reached this critical accomplishment through VA leadership and a talented, dedicated program team working in partnership with CGI, who worked as the lead integrator leveraging their federal business process and organizational change management expertise.

[+ Read More](#)

5 recommendations for achieving your top priorities

2

Hire experienced digital leaders, improve employee tools and skills, and foster a culture of change. As government agencies progress in digitizing their operations to meet citizen expectations, a key success factor is digital leadership. Digital leaders are required to provide vision, set goals, build strategies and provide ongoing direction. Digital transformation is complex, so it also is necessary to equip employees with the skills and tools to support the implementation and use of new digital technologies and processes. Further, becoming digital requires fostering an organizational culture focused on change. This involves helping employees to adapt to change by explaining why it is necessary and the benefits it will bring. Overall, digital transformation cannot succeed without people—experienced leaders, skilled employees and change management that provides the support people need to embrace new ways of working.

3

Ensure strong cybersecurity and regulatory compliance. While digital transformation is a top trend and priority for government agencies, keeping an eye on the underlying foundation of their organizations—cybersecurity and regulatory compliance—remains critical. As the world becomes increasingly digital, the types and frequency of cyber threats are on the rise. Vigilance in protecting online systems, sites and services must be reflexive and ongoing across the organization. Regulation, likewise, is increasing across geographies and different areas of government, so keeping up with changes is vital. In general, any digital transformation strategy and roadmap must include strong cybersecurity and regulatory compliance capabilities to be successful.



5 recommendations for achieving your top priorities

4

Invest in data analytics to generate insights. Investment in data and data analytics is essential for driving digital transformation. Both are required to anticipate future trends, and without understanding future trends, an agency of any kind will underperform. By collecting and analyzing data, a government agency can foresee the future needs and expectations of its citizens, stay ahead of security threats, drive their agendas and policies, and generally lead from a place of knowledge. To use data effectively, it is important to comply with data regulations, such as data protection mandates. Further, data is a valuable asset, so sharing data outside of an agency must be carefully managed. Ensuring the proper and effective use of data is more a function of governance and processes versus IT and architecture. Governance requires someone, such as a data manager, to be in charge of the data and to have a complete view of its management, including compliance and protection, analysis and sharing, while processes set the boundaries for data usage.

Case in point:

Reducing fraud, waste and abuse in Medicare and Medicaid programs through real-time data sharing. Implementation of the API Gateway — an application programming interface that will aggregate data from multiple source systems — at the U.S. Department of Health and Human Services' Centers for Medicare & Medicaid Services' Center for Program Integrity (CPI) will create a streamlined, data-sharing solution that advances CPI's mission of detecting and combating fraud, waste and abuse in the Medicare and Medicaid programs.

[+ Read more.](#)

5

Drive efficiencies through IT modernization. Leading government agencies seeking to achieve digital transformation understand the need for IT modernization. Modernization involves implementing new technologies such as artificial intelligence, Internet of Things, and robotic process automation, as well as using agile IT delivery models, such as the cloud, to improve efficiencies and reduce costs. In addition, it involves driving product and service innovation. Modernization is complex, so it is important to hire digital leaders who can anticipate trends, set targets and provide the know-how and technologies for achieving those targets. Further, these partners should have proven expertise in specific technologies because each new technology vital for digital transformation requires specialization.

About CGI

Insights you can act on

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world.

We are insights-driven and outcomes-based to help accelerate returns on your investments. Across 21 industry sectors in 400 locations worldwide, our 80,000 professionals provide comprehensive, scalable and sustainable IT and business consulting services that are informed globally and delivered locally.

For a complete set of the CGI Voice of Our Clients industry insights, and to consult with one of our experts, please visit cgi.com/voice-of-our-clients or contact us at info@cgi.com.

