



## The Human Factor in Digital Transformation Projects

### How the people working in government manage tech-driven innovation.

The public sector is the largest employer in the world. In OECD countries, nearly 23 percent of the total workforce is employed by government agencies. Around the world, this figure ranges from 5 percent in Japan to much higher in countries like Saudi Arabia (35 percent), Russia (40 percent) and India (55 percent). Small countries like Estonia and Singapore – leaders in smart government initiatives – also have sizeable public sector employment (22 and 32 percent, respectively). It is surprising therefore that few, if any, studies have been done on the effect of ongoing technology-driven governmental transformation on the people who deliver it. That is, of course, unless something goes wrong, like in the case of **Phoenix**, the Canadian federal payment system, **SKAT**, the Danish tax agency or the Obamacare portal.

To shed light on this topic, INSEAD and EY teamed up to launch an in-depth study of five major digital transformation projects in five very different countries. The study began with the Health Authority of Abu Dhabi (HAAD) and went on to study the Federal Tax Service in Moscow, the digitalisation foundation called BiscayTIK in Bilbao, the national ID administration AgID in Rome and the national employment agency Pôle emploi in Paris.

In Abu Dhabi, we focused on the introduction of a new online portal called Shafafiya, which eliminated the need for paper-based healthcare claims. In

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Russia, we picked an ambitious and critical government digital transformation project: the modernisation of the federal tax system to make it more citizen- and service-oriented. In Spain, we examined the creation of a new foundation to support the design and delivery of a shared digital platform for municipalities. In Italy, we looked into pagoPA, a secure public services payment platform, which allowed citizens to pay any government fee online for the first time. Finally, in France, we explored the digitalisation project and the range of apps available on the AppStore, created by Pôle emploi.

For each of these distinctive governmental cases, we used **rich pictures** and **journey mapping** techniques to capture the experiences of both individuals and teams as they designed and delivered major digital platforms. We were able to gather ample data about their traits, thoughts and emotional engagement with the projects. This is important because the human factor is often missing from the study of technology projects.

### What did we uncover?

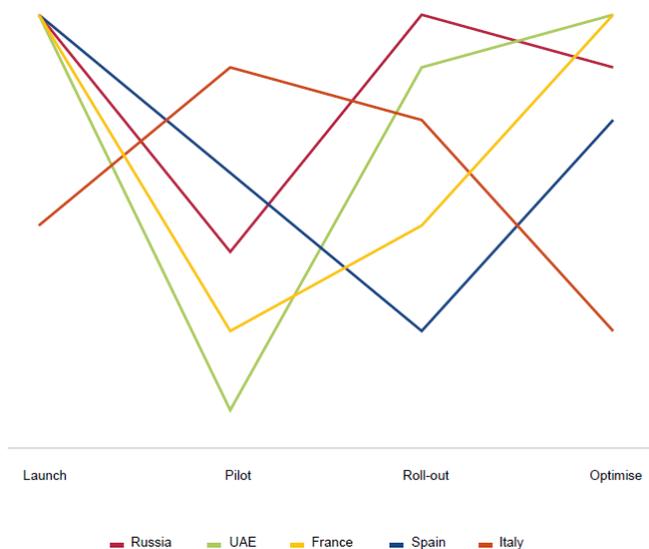
Digital innovation teams are mavericks within their organisations. Public agencies, as we found, are not transforming in their entirety yet. Instead, change is happening via pioneering spirits fighting for it and leading the charge. A member of the Russian digital

innovation team felt it was akin to “facing storms”. Another from the Basque region of Spain said it was “like climbing a mountain, falling down and standing up again”. A member of French team admitted “feeling rebellious for not being taken seriously”. “A road in a beautiful landscape, but with potholes” is how an Italian civil servant described his journey as part of the team tasked with rolling out pagoPA.

In all five cases, the transformation journeys were triggered by political action. Getting buy-in for the use of new technology involved an enormous amount of internal and external deliberation, as well as consultation and negotiation with multiple stakeholders who often had conflicting interests. Describing their endeavours, our digital transformation team members said it was like “pushing a heavy truck”, doing “hard work on a boat” or building “a bridge for citizens, but with sharks in the water”.

### A long journey to a faraway land

The journeys typically began with a high level of excitement accompanied with equally deep doubts, reminiscent of a rollercoaster ride. The figure below illustrates the highs and lows of each team’s journey.



The five teams described the change process like a

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pendulum that constantly moved between excitement and anxiety. This instability resulted in a sense of ambiguity half-way through the project, as new expectations and demands arose just when the anxiety of launching to the public kicked in. It felt like “finding the way through fog”, said a member of the Pôle emploi team, and “like pieces of a puzzle put together and expanding piece by piece”, said another from the Basque team.

As the digitalisation projects dragged on, they began to feel like a “long journey”, “a trip to a faraway land” or “a remote island”. With seemingly no end in sight, their complexity expanded. Under such conditions, project champions couldn’t leave, because if they did, the projects would die. This led to an extraordinary level of commitment towards the projects, sometimes to the extent that the teams felt they had been “captured” or made “hostage”. When they felt “locked-in” to the original design, other possible alternatives were ruled out, escalating further sunken investment in the original design. But changing paths seemed nevertheless inescapable and was depicted as “the red thread in this story” by one Russian team member. Change within the parameters of a locked-in design was therefore the most daunting aspect of the innovation process.

The project leaders, those unsung champions of new and improved services, had to rely on three types of support to survive in an otherwise very suspicious, if not hostile, public administration environment. Firstly, they all depended on high-level political support. Secondly, they had to forge a strong team identity, as well as a sense of “cohesion” and “superiority” vis-à-vis their outer environment. Finally, they had to ultimately prove their worth and generate legitimacy by ensuring customer satisfaction.

### Six key lessons learnt

Here is a summary of the lessons that emerged from the full study, entitled “**Inside the black box: Journey mapping digital innovation in government**” (pdf).

*Pick a team of mavericks, but not entirely so.*

The digital innovation teams consisted mostly of adapters, risk-takers and entrepreneurial individuals, but also included a minority of typically risk-averse civil servants. Creative mavericks are important for any innovative transformational process, but there will always be a need for team members who know how to navigate the more traditional spaces of government. These people have organisation-specific skills that help get things done.

*Plan for team-leadership succession, as champions won't stay forever, or assign collective leadership.*

Innovation teams get their initial spark from a visionary team leader who both sees things and behaves differently. Over time, the team mirrors its leader and over-rely on her, almost like twins joined at the hip. It is important therefore for such teams to devise a succession plan early on. Ideally, this plan would be built into a governance structure, with leadership assumed in a more collective fashion.

*You may be unique, but don't be lonely or alone.*

The strong team bond that's often generated by adversity also creates a "uniqueness bias". Team members affected by this bias see their projects as unique and superior, which impedes their learning from other government projects. It makes it difficult to build bridges with other divisions and remain an open team. This is a source of risk for change agents: Political support and citizen satisfaction alone may not provide enough protection to survive in the wider public administration. This risk can be addressed either through governance mechanisms or by sourcing team members from all parts of the organisation.

*Break down the emotional journey into smaller parts.*

Across all five studies, rolling out the new service, whether as a pilot or as a final product, was the most emotionally demanding milestone. The gap between design and delivery can be made less steep by prolonging the pilot period or by planning a multi-stage launch.

*Spin off new opportunities so you don't drift off track.*

The temptation to divert the teams' capabilities to new projects was evident in all five cases. As a result, the teams felt pressured to respond prematurely to new demands and levels of ambitions. Spinning off some of these emerging opportunities is an ideal way of keeping the original project on track, while leveraging it to expand learnings and create value elsewhere.

*Mind the regulation gap.*

Regulatory change was critical for public entities to agree to share data and adopt common platforms, as well as for nudging citizens to switch to the new digital services platforms. Without a regulatory framework enabling such a shift, innovation teams may end up either failing or delivering a new system or service on top of existing ones, hence increasing government costs rather than reducing them.

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