

# Public Sector



**Public sector organizations are increasingly aware that they need to make the most of the insights that are available from big data**

## **Capgemini view**

In an age of social media and mobile devices, when any good or bad news can go viral in milliseconds, public sector organizations are under unprecedented public scrutiny and pressure from citizens – acting as individuals or groups – to offer superior service levels. Organizations are expected to make this service leap while dealing with restricted access to resources, budget cuts, pressures on spend, a decades-old asset base, and processes that are in many cases being rapidly rendered obsolete by technological progress.

In this scenario, public sector organizations are increasingly aware that they need to make the most of the insights that are available from big data. Adoption paths vary from market to market. Mature markets are undertaking both strategic and tactical adoption, whereas developing markets tend to have a tactical focus, with some rather tentative strategic initiatives in certain regions.

More than technology challenges, it is the people transformation challenges that tend to play a critical role in successful adoption and benefit realization in the public sector.

## **Perception of big data as a disruptor**

Compared with the private sector, public sector organizations in our survey were less likely to have experienced disruption (63% of public sector said they hadn't experienced it, compared with only 42% overall) – or to expect it in the coming three years (62% of public sector respondents didn't expect disruption, compared with 38% overall).

Behind this finding, however, we know that there is considerable variation. Developing markets are more disrupted, with public sector organizations facing both local and global competition, alongside deregulation and privatization. Certain types

of service are also more subject to disruption: for example, postal services are under severe threat from courier services, citizen services are subject to outsourcing to the private sector, and other areas such as utilities and defense are facing inroads from private sector organizations or public-private partnerships.

### Awareness of big data opportunities

Perhaps unsurprisingly, public sector organizations in our survey were typically much less aware of opportunities arising from big data than private sector respondents in most industries. The apparent lack of awareness may be more a reflection of the fact that public sector organizations face a different type of opportunity from their private sector counterparts.

Of the range of propositions we offered, they were most likely to agree that decision-makers increasingly require data in real time, but still less likely than the norm (37% versus 42% across sectors strongly agreed). Few public sector respondents saw big data as enabling new revenue streams (13% of public sector strongly agreed versus 27% overall) or becoming a revenue driver in its own right (16% versus 23%).

### Implementation approach

About 54% of public sector organizations in our study were in some phase of implementing big data technology, compared with 71% average overall. This was the lowest percentage for any industry. An unusually high percentage said that they had no plans to implement big data technology (21% in the public sector versus an overall average of 12%).

Just 35% of public sector organizations (compared with the average for all industries of 56%) planned to increase investment in big data over the next three years – far lower than for private sector organizations. This is likely to reflect spending pressures as much as lack of enthusiasm, however.

Unsurprisingly given these findings, public sector organizations were less likely than average to have put in place specific big data technology and policies. Security and privacy related measures were the most likely to have been adopted in this sector, in common with most others.

Respondents were more likely than average to say that the big data agenda is driven by IT – though this was the most commonly mentioned driver in all industries. In practice, we know that there is disparity between different markets. In mature markets such as EU countries and North America there are open data and data monetization initiatives, which tend to be IT-driven. In developing markets, which tend to be at an earlier point on the adoption curve, we see governance coming from business, with execution by IT.

### Capgemini spotlight on tax and welfare

National tax and welfare agencies are handling millions of citizen interactions each day, trying to meet demands for increased responsiveness, flexibility and efficiency. These high-volume transactions offer opportunities to fraudsters and cyber criminals, as well as scope for error.

Big data has an important role to play; for example, it is already proving its worth in helping to predict tax evasion and welfare fraud, both of which place a huge strain on the public purse. Predictive analytics allows an agency to make informed decisions using data gathered from across multiple government departments and channels. Agencies can pinpoint, and take action against, likely fraudsters based on mismatches between lifestyle and reported taxable income.

Within the digital tax agency, powerful new approaches to managing risk include using deterministic and predictive models to recalculate a customer's risk profile at key points, such as filing of a tax return. Personalized, real-time messages can then prompt potential late or non-paying taxpayers to pay or reconsider their actions.

For the welfare agency, real-time transaction monitoring and pattern recognition can help to counter the increasing threat of organized crime and smooth the journey for legitimate claimants.



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or contact us at  
[insights@capgemini.com](mailto:insights@capgemini.com)