

Digitisation in the public sector: a focus on the customer experience

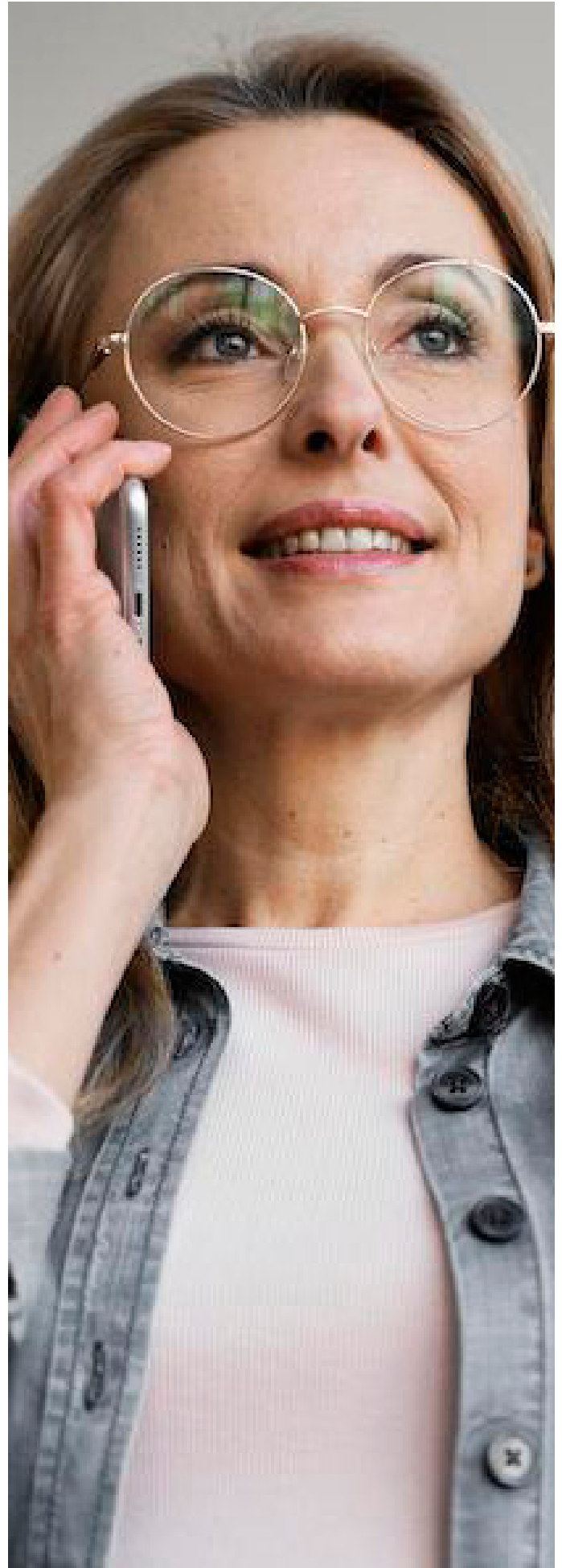
March 2023

Executive Summary

The buzzword of the last two decades for any public facing organisation is 'customer experience' (CX). These days, a small business in a suburban street as well as a large government organisation with many branches, and any business or organisation in between needs to focus on the customer in a holistic way, and for the most part that means focusing on everyone they interact with because it is not always clear who the customer is. This kind of customer centricity means not only looking at customers as people with broad needs and potentially complex requirements, but in many cases, also being compassionate and showing genuine care - something that is not always common in the public sector or in other large institutions.

To try to be as customer centric as possible, many organisations these days are digitising their services. Whilst this is appropriate in most cases, it is important to first identify the underlying reasons for the digitisation, and to properly prepare for it, both in terms of creating the right culture for staff and also for customers. Ultimately, the goal of digitisation, much like the goal of any service organisation in general, is to serve the customer in the most efficient and effective way, so any technology or other process needs to be embedded and needs to be in place for the right reasons.

With this in mind, this report provides insight into CX from a diverse range of practitioners from a number of Australian government agencies. With a focus on digitisation, CX maturity and the unique challenges faced across the government space, this is an expose on the relevant issues in customer experience and the process of digitisation from across the country.



The importance of customer centricity

The goal of any public facing organisation or business is to ensure that the needs of the people they are dealing with – the customers – are met in the best possible fashion, and that services are delivered for those customers effectively and efficiently. This sounds obvious and in many ways it is, but it is equally not as straightforward as it first appears. Moreover, this concept of customer centricity is relatively new.

Though the idea of putting the customer first has been around in academic and literary forms since the 1970s or even a little earlier, customer experience (CX) as a standalone theory really only gained prominence and momentum in the mid to late 1990s. Initially, the concept grew as a result of phone surveys suggesting that the sentiments of the customers needed to be taken into account when conducting a service or a sale. Whilst this is still relevant, by the 2000s technology began to play a part too, and companies started to think about their customers when creating their websites, planning their automations and designing their sales pitches.¹



These days, as the Harvard Business Review says, ‘customer experience encompasses every aspect of a company’s offering—the quality of customer care, of course, but also advertising, packaging, product and service features, ease of use, and reliability.’² Or to put it more simply but less tangibly, Oracle says that ‘customer experience is not just a set of actions. It also focuses on feelings. How do your customers or prospective customers feel about your brand?’³ Most often of course emotions are hard to measure or quantify, but customers almost always instinctively know how they feel about something, even if they can’t always express it. As McKinsey describes, ‘imagine you want a latte. When you visit the coffee shop, are staff members attentive? If you are a regular, do they greet you by your name? Was the store designed intuitively? Do they take your order promptly and hand you your cup with a smile? If you have a problem, is it promptly resolved, or is someone sent to help you? Do they proactively reach out to understand your overall experience?’⁴

Traditionally, how you feel as a customer was not always important to the company. All they cared about was whether or not you bought their product, and in what quantity. This point was reiterated by Ruth Owen, the current Deputy Secretary and Chief Operating Officer of the NSW Department of Education, who said at PSN’s CX Innovation Roadshow in March 2023 that in a different department in the late 1990’s, things were very different. “If you walked into our office back then, you would have faced colleagues like myself sitting behind thick bulletproof screens, not really thinking about you as a customer, thinking about you only as a claimant or a number. We designed our services around ourselves. This is the process, that is the product, these are the forms you have to fill in. We didn’t think about customer centricity at all.” But over the last two decades in particular, these intangibles have become some of the most crucial elements when it comes to the success of a company going forward.

¹ <https://www.forbes.com/sites/heikkivaananen/2022/06/29/the-platinum-age-of-customer-experience-has-arrived/?sh=4c6f6269400c>

² <https://hbr.org/2007/02/understanding-customer-experience>

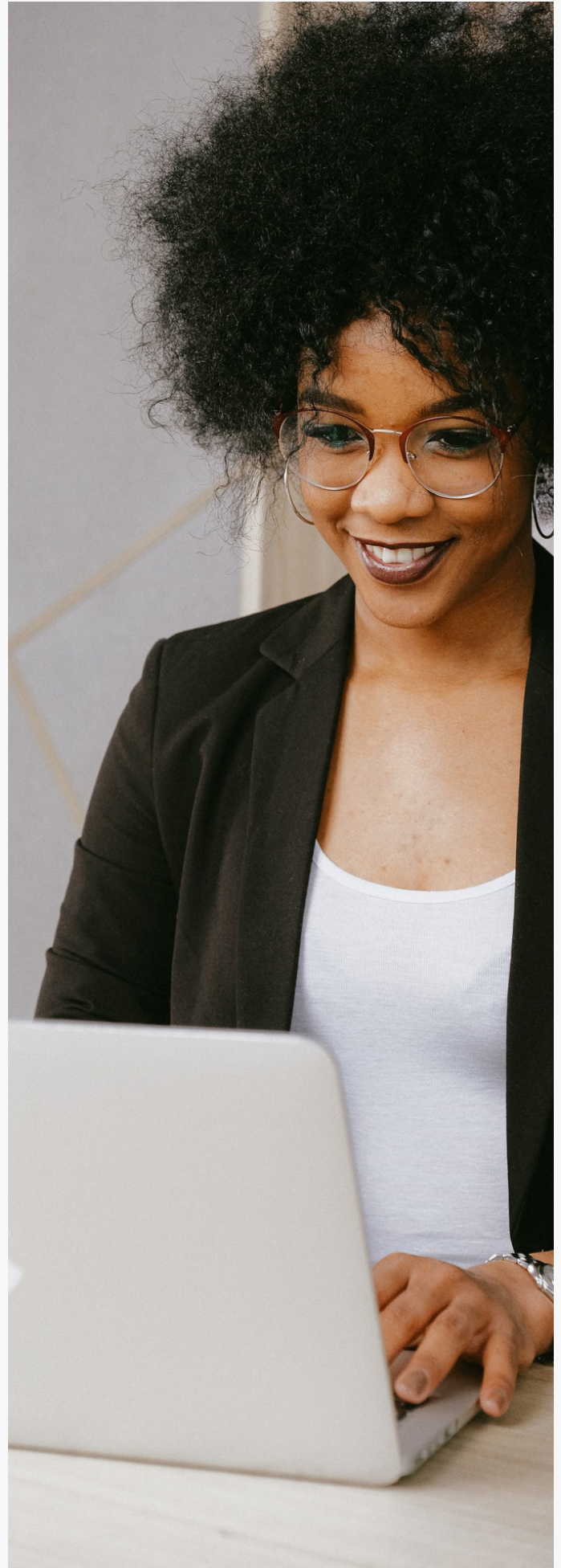
³ <https://www.oracle.com/au/cx/what-is-cx/>

⁴ <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-cx>

Who is the customer? What is the customer?

Due to this relatively new notion of customer centricity and the need to focus on the CX, it is very important to identify who is the customer. That sounds like it would be very clear and obvious, but in many cases it is increasingly opaque and difficult to qualify. For instance, if a small medical clinic buys pharmaceuticals for their patients, who is the customer? The clinic, their patients, the employees of the clinic or all of the above? It is because of these complications and many others that Peter O'Halloran, the Chief Digital Officer of the Australian Digital Health Agency, says that "often we'll find that our customer is someone who doesn't even realise they're using our services." By definition, a customer will be an entity, so some have suggested that asking 'who is the customer?' is the wrong question. 'We must instead ask what is the need that we are expected to address? By moving beyond the apparent and tangible to the latent and intangible, we can conduct a more holistic analysis.'⁵ Peter O'Halloran says it is because of this that "trying to work out who is our customer is a real challenge for us."

This kind of holistic analysis and more amorphous definition of what a customer is has had applications in agencies across the world and in most departments in Australia. For instance, at the Department of Transport and Main Roads Queensland (TMR), Dr Jean Sandall, the Director of Customer Research and Insights, says that they take "a holistic approach that's grounded in understanding our customers and our people through customer research and insights, building a customer first capability and culture, and making tangible commitments to our customers and our people about what outcomes we are going to deliver." To achieve this and to truly understand their customers, they go out "on land, sea, air and in digital platforms," and as such, they have "a very detailed accessibility and inclusion strategy, and informed safety initiatives and communication campaigns." Moreover, they have created "customer and employee personas." These include "personas that are all about customers traveling from A to B, as well employee personas for things like learning and development. In the middle is the intersection between the digital and the physical services. We're now looking at customer needs and expectations for digital interactions with TMR and the transport network, and we're developing some personas for those to even better understand all of our customer needs."



⁵ <https://medium.com/designrover/who-is-the-customer-8bd52474ef22>



In NSW, Ruth Owen from the Department of Education says that their department is now “a customer centric agency,” but at the same time, “the customer experience unit was only set up twelve months ago.” In other words, “we’re at the lower end of the maturity in terms of the customer journey,” though the department has quickly realised that “customers are not there for our convenience; we are there to serve them.” Since everyone needs an education, “our customers are essentially everyone in the state, and our customers are lifelong learners, from the littlest kids to the biggest adults.” On top of that, each student (customer) has “parents, families, carers, and we need to treat them all as customers, not just the 860,000 students who are enrolled in the public school system. All of them are our customers and some of them have very different needs.” What that means is that every time a customer / student calls, engages with the department through a digital channel or comes in, “we need to think ‘what’s the service I’m going to offer you? How quickly am I going to turn things around? What are the measures of success? And how quickly I can resolve your problem or address your particular needs?’ But that is just the beginning.”

To really understand the customer, the department did some journey mapping “to design services around the different segments of our customers,” and in the process found that “it’s not about our services, it’s about their experience.” And in fact, although each department is very precious about their data, their products and their services, customers don’t actually care. “No one agency fulfils all the needs of a customer. That’s why we need to join up across agencies. Everyone has personal issues and complexities and it’s up to those of us in government to help the customers navigate the issues and the agencies.”



Serving the customer is not really about customer service because it’s not only about the services we provide. It’s actually about how we recognise the person and how we can help them and bring a sense of understanding to them.”

Ruth Owen, *Deputy Secretary, Chief Operating Officer*, NSW Department of Education

A new way of thinking

It has become clear that the customer in 2023 is much more than simply someone who comes in and buys a product, and that particularly for a service organisation, thinking about them holistically is critical. But is that enough? Andrew Eriksen, the CEO of the Greater Metropolitan Cemeteries Trust (GMCT) in Melbourne says it is not. Speaking at PSN's CX Innovation Roadshow in March 2023, he talked about compassion – “a term we have not yet heard today despite the fact that we are talking about customer experience.” In their line of work, it is absolutely necessary and in fact a non-negotiable. Not only do they need to be compassionate, they also can't make a mistake. “What if we scattered the wrong person? What if we cremated the wrong person? We can't make such mistakes. It is not the same as an accounting error in finance. If we were in manufacturing and out of 13,000 products we made one mistake, that wouldn't be too bad. But not for us. If we get it wrong, we destroy a memory and maybe even a family.”

On top of that, “we're legislated to care for the deceased, yet we know we impact the living, and our customers are all the people we come into contact with, and that might evolve over time.” So as a compassionate organisation that knows that anyone can be, or is, a customer, “when a visitor comes in, our grave diggers and horticulturalists stop their work out of respect.

They do some gardening or they share stories as well. After all, they too are our customers.” Digitisation even in their industry is important, but it is not everything.

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Reducing anxiety, making a difference and treating people with respect is paramount. We all need to look at customer experience in a different light.”

Andrew Eriksen, *Chief Executive Officer, Greater Metropolitan Cemeteries Trust (VIC)*

This is very much in line with the latest academic thinking. Being sympathetic or even empathetic towards a customer has long been an important trait, but showing compassion takes it to the next level. The difference between empathy and compassion according to the Harvard Business Review is that ‘compassion occurs when we take a step away from empathy and ask ourselves what we can do to support the person who is suffering. In this way, compassion is an intention versus an emotion.’⁶ So when the workers at the cemetery down their tools when a customer visits, that is a compassionate act rather than simply feeling something for the customer. And as another article suggests, ‘despite all the technology, it's humans that will ultimately make or break your CX.’⁷



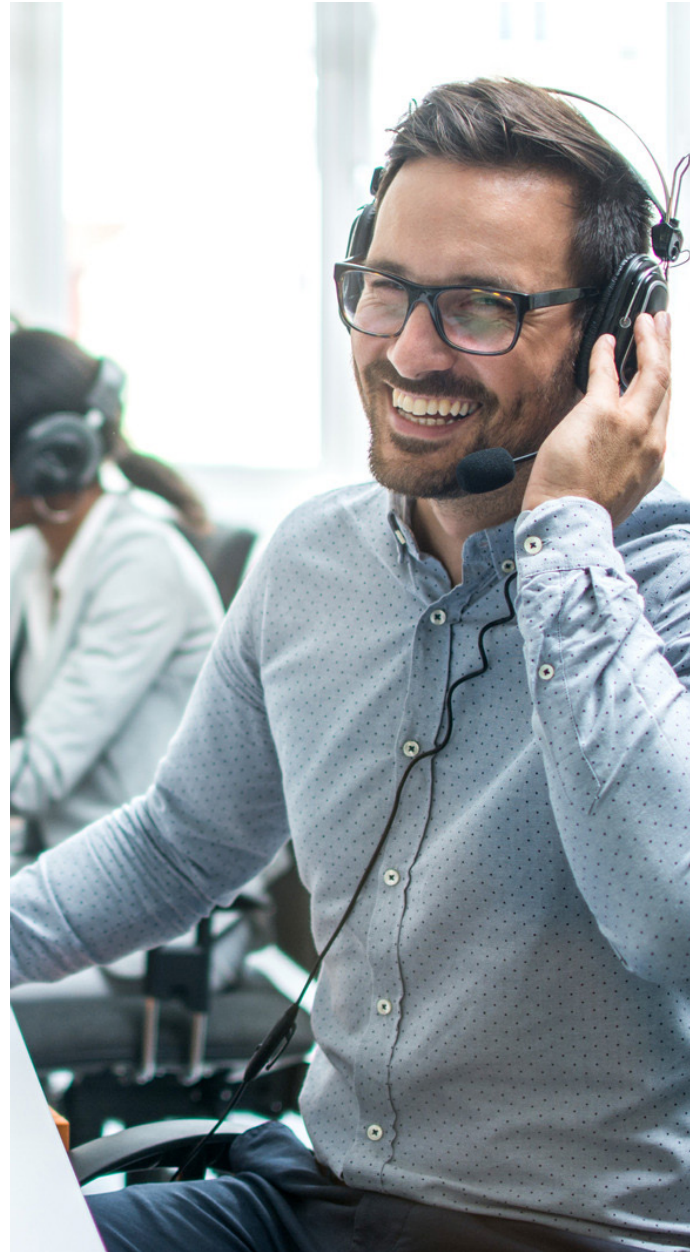
⁶ <https://hbr.org/2021/12/connect-with-empathy-but-lead-with-compassion>

⁷ <https://customerthink.com/why-theres-a-cx-empathy-gap-and-how-to-close-it/>

Digitising the customer experience

Ultimately in our modern world, all transactions that every agency has, should be conducted in a way that is most appropriate for the consumer, and in many cases this has meant digitisation. In NSW for instance, Service NSW is considered to be the gold standard agency when it comes to digital transactions. At present, according to Katie McDermott, the Executive Director of Digital Services at the agency, “many would say that we are in fact a digital business.” But having said that, they have 133 service centres and customers interact with them “via digital channels, service centres or contact centres.” Although they are considered an ‘Omni-channel’ business, “89% of our transactions are digital transactions.” This is as it should be since people like to make their own choices about how they interact with a service. The important point is that “the tech is definitely the easy part.” The key to success, even for a digital or digital native business, is to have “customer centricity at the core, good partnerships, the right sponsor, ways of working that are true to our values, and a great culture and leadership.” Together these are the factors that have made Service NSW so successful, and in many ways it simply comes down to culture, which encapsulates all of the other factors.

Although Service NSW is an outlier from the perspective of digital maturity, many other government agencies are also taking the path towards digitisation. For all of them, as Lisa Collett, the Chief Operating Officer of the Commonwealth Ombudsman says, “it’s never about the technology; it’s about how people set up and use the technology and the procedures that they set.” Customer service should always be at the heart of any decision. To be a truly digital customer service agency, one must make decisions in the best interests of the customer, and one must communicate those decisions well. “It’s not just about what you’re communicating. For customers and staff it’s about the tone as well.” Moreover, it’s about having the right kind of culture and mind-set embedded into the organisational structure. At the office of the Commonwealth Ombudsman there are many documents that explain specific processes and procedures. “But I don’t have time to read 50 pages on how I should do a particular thing. As a member of staff, I need to be trusted to do what I need to do as long as it is within certain parameters. It is a tricky space to navigate but very important.”



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Technology and digital approaches can help, they absolutely can, but technology alone cannot make for a good user experience. It really is about all of those things that feed into how somebody is going to interact with your agency and the experience they’re going to have at the end.”

Lisa Collett, *Chief Operating Officer,*
Commonwealth Ombudsman



in real-time on their phones. That way even the Minister can “text you at 6am on a Sunday morning asking why someone gave a certain feature a thumbs down, and when that happens, you really pay attention.” It means fixes can be made quickly, and data can be properly viewed and analysed.



For us, real-time, transparent customer feedback is critical. It really flattens the organisation and makes sure everyone focuses on what’s truly important to the customer.”

Katie McDermott, *Executive Director, Digital Services, Service NSW*

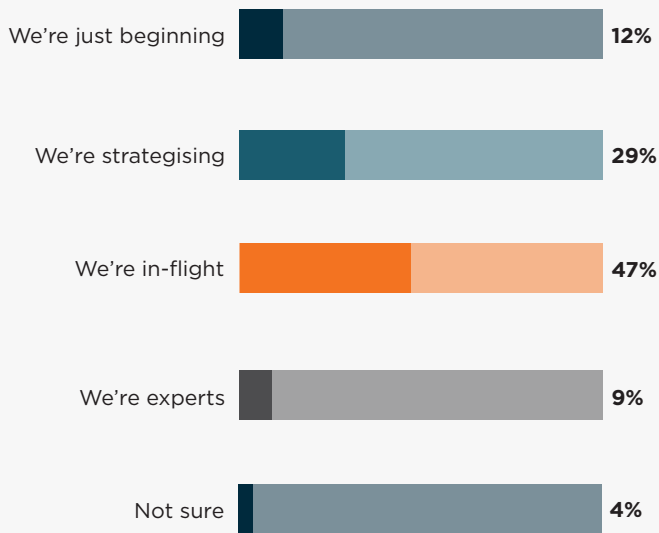
At the GMCT, Andrew Eriksen says that their staff are also always empowered to do what is necessary for the customer. For instance, the coffin of a 104-year-old man arrived with no family. “The grave diggers couldn’t let the coffin go down without saying something, so they said a prayer and talked about what he must have seen in his many years on earth. They didn’t know him and they didn’t ask management. They just did it. This is not something that can be summarised in two hashtags and it’s not exactly digitisation, but that’s because we know what can be digitised and what needs a human touch.” At the same time, for the first time in its history, the GMCT recently employed a Chief Digital Officer. “But for us it’s not about hashtags or LinkedIn channels. It’s about helping our customers better connect to our products, plain and simple. For an organisation like ours, if we don’t get our value proposition absolutely clear, then instead of being a disruptor to other organisations, the digitisation begins to disrupt our own and that’s obviously not what we want.”

At Service NSW, Katie McDermott says that their digital culture is so good because they have “customer feedback in real-time.” Not only does every customer transaction require the customer to give “a thumbs up or a thumbs down, which is an absolute non-negotiable standard,” but all the senior executives have access to that information

However, for it really to work properly, everyone needs to be invested. Each month, every senior executive tries to get out to a service centre for a at least an hour. The apps and features that people hear about, like the back to school vouchers and the digital driver’s licence, are the ones “that politicians like to talk about and give money towards,” but there “are thousands of transactions that millions of customers use day in, day out that probably aren’t in the spotlight. You can’t take your eyes off those.” As much as Service NSW is a digital agency, those apps and features are the ones that will determine if the agency continues to be successful in that field.

As mentioned, most agencies are not at the maturity level of Service NSW, but equally they are not just starting out. Most are somewhere in the middle, and this was also borne out by the results of a national survey of nearly 500 public servants across NSW, South Australia, Queensland, the ACT, Victoria and Wellington that was carried out in March 2023 and asked participants where they were on their digital transformation journey? Aggregated results suggest, as figure 1 shows, that most people or most agencies are somewhere on the journey, with 47% saying that they are ‘in flight’, meaning they are implementing, reviewing and/or improving digital products and beginning to see outcomes in delivery, with most of the rest still in the starting stages.

Figure 1: Aggregate results of the transformation journey / Where are you on your digital transformation journey?



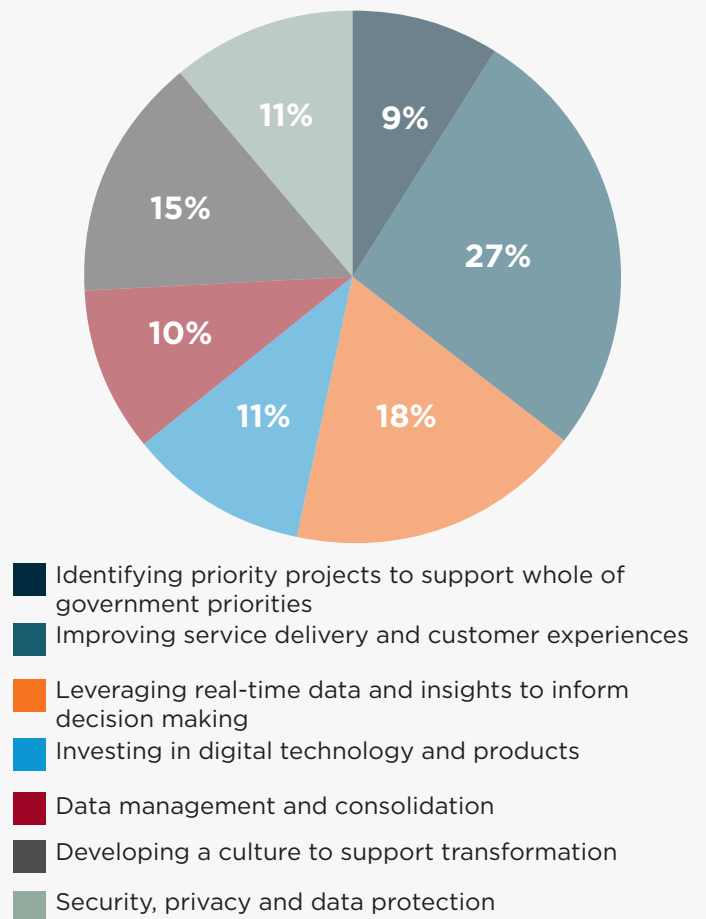
Year two will be about “optimising end-to-end services,” meaning that all customers should see “a shift in language, a shift in the way we do things online.” Essentially it is about “recognising you as an individual or as a family or student, not just the fact that you’re in a childhood setting or school.” And then the third year will be about “striving for service excellence.” At a minimum, this means “a customer service experience that every student, every parent or carer and everyone associated with the Department of Education should be proud of.” This is the example of one department, but is in line with the way most plan their transitions or transformations.

Across the country, improving service delivery and customer experiences is, unsurprisingly, the highest priority, as shown in figure 2, based on the aggregate results of a survey carried out in March 2023. Though there are other priorities that respondents had for the next 12-18 months, ultimately, as Ruth Owen says, the goal of every organisation should be “to become as customer-centric as possible.”

Embedding the transformation

The purpose of a digital transformation, as stated above, is to ultimately create a better user experience for the customer. But to really embed that transformation requires long-term planning and forethought. As we’ve seen, customer feedback in real-time allows small changes to be made, but consistent and regular feedback from customers, through surveys or any other tools, ‘is your best long-term CX strategy.’⁸ At the NSW Department of Education, they have taken this advice to heart. For the first time, they have set up a parents and carers engagement framework because they believe this is ‘critical to a child’s long-term learning journey and education outcomes.’⁹ The framework provides five principles for effective engagement and was set up initially because as Ruth Owen says, “engaging with us on their children’s education is what parents and carers said was most important to them.” Essentially, that engagement with parents is foundational to the process of digital transformation, and as such, “we are still on year one of our journey, where we are building and refining the basics.” This includes “getting the customer definitions right and setting up our capabilities.” Before they even began that though, they spent a lot of time on getting their culture and mind-set right.

Figure 2: Aggregate priorities for the next 12-18 months



⁸ <https://customerthink.com/listening-to-customers-is-your-best-long-term-cx-strategy/>

⁹ <https://education.nsw.gov.au/parents-and-carers/initiatives/engaging-our-parents-and-carers>

Designing for the people: building towards seamlessness

With customer centricity the goal, the way to design digital tools that are embedded and ensure a greater customer experience is by employing a human-centred design methodology. In simple terms, it is a creative ‘problem-solving technique that puts real people at the centre of the development process, enabling you to create products and services that resonate and are tailored to your audience’s needs.’¹⁰ In the health sector for instance, Peter O’Halloran from the Australian Digital Health Agency, says that as a result of the pandemic, 90% of doctors are reporting that digital health and tele-health have resulted in “a reduction in time wastage,” which means they have more time to tend to other matters, but “43% are still saying it is not easy to use, so we still have a long way to go to make it more user friendly.” And ultimately, that is what human-centred design is all about.

In the health sector as much as it is true in any other sector, “you’re not going to get it right the first time, so it always has to be an iterative process.” From the various iterations, new ideas form, plus the process of testing, changing things and re-testing “is core to the human-centred design principles, and also how we interact with our healthcare consumers and with our clinicians across the public health system.” For their agency, the result of their work was the creation of an app,¹¹ which is available to the public. Though most of the information on the app “is available on the MyGov website, putting it on an app and applying a human-centred design approach makes it much easier for people to see the information, and much easier for them to find what they are looking for quickly.” But the important part is that “this is only stage one. We now have to think about what it will look like in three, six and twelve months from now.”

Ideally, “we want everything to do with your healthcare available on one single app, with data from a range of providers across the country.” This vision came from a workshop with “real people” – people who are involved in the industry and understand the technology. There were multiple stages of consultation and in the end, the people were the ones that co-designed the current app and laid the vision and direction for future iterations. Scaling was built into the process too, as was the ability to use it overseas. All of these ideas came from the consultations, but no shortcuts were made because “if you make a shortcut now, you will pay the price for the lifetime of the product.”

In Queensland, Dr Jean Sandall says they have also spent a lot of time “doing more customer research, getting feedback from our staff and our people” that has resulted in a vision of “creating a single integrated TMR network accessible to everyone.” With the Olympics coming to Brisbane and other government priorities, if they can design this with community involvement, “it will be a game changer.” Customer experience, at the end of the day, is about “what can we learn, how we can continuously improve, and how we keep creating an environment where our people and our customers are empowered.”



In the public sector, people don’t come to us generally when life has gone well. They come to us when they have a problem or they need help or they’re stressed. Using human-centred design and focusing on CX lets us help and support those people to the best of our abilities.”

Peter O’Halloran, *Chief Digital Officer*, Australian Digital Health Agency

¹⁰ <https://online.hbs.edu/blog/post/what-is-human-centered-design>

¹¹ <https://www.digitalhealth.gov.au/myhealth>

Featured Speakers



Ruth Owen

Deputy Secretary, Chief Operating Officer

NSW Department of Education



Peter O'Halloran

Chief Digital Officer

Australian Digital Health Agency



Dr Jean Sandall

Director Customer Research and Insights

Department of Transport and Main Roads
Queensland



Katie McDermott

Executive Director, Digital Services

Service NSW



Lisa Collett

Chief Operating Officer

Commonwealth Ombudsman



Andrew Eriksen

Chief Executive Officer

Greater Metropolitan Cemeteries Trust (Vic)

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