

Government 2020 - Why we need to act now.

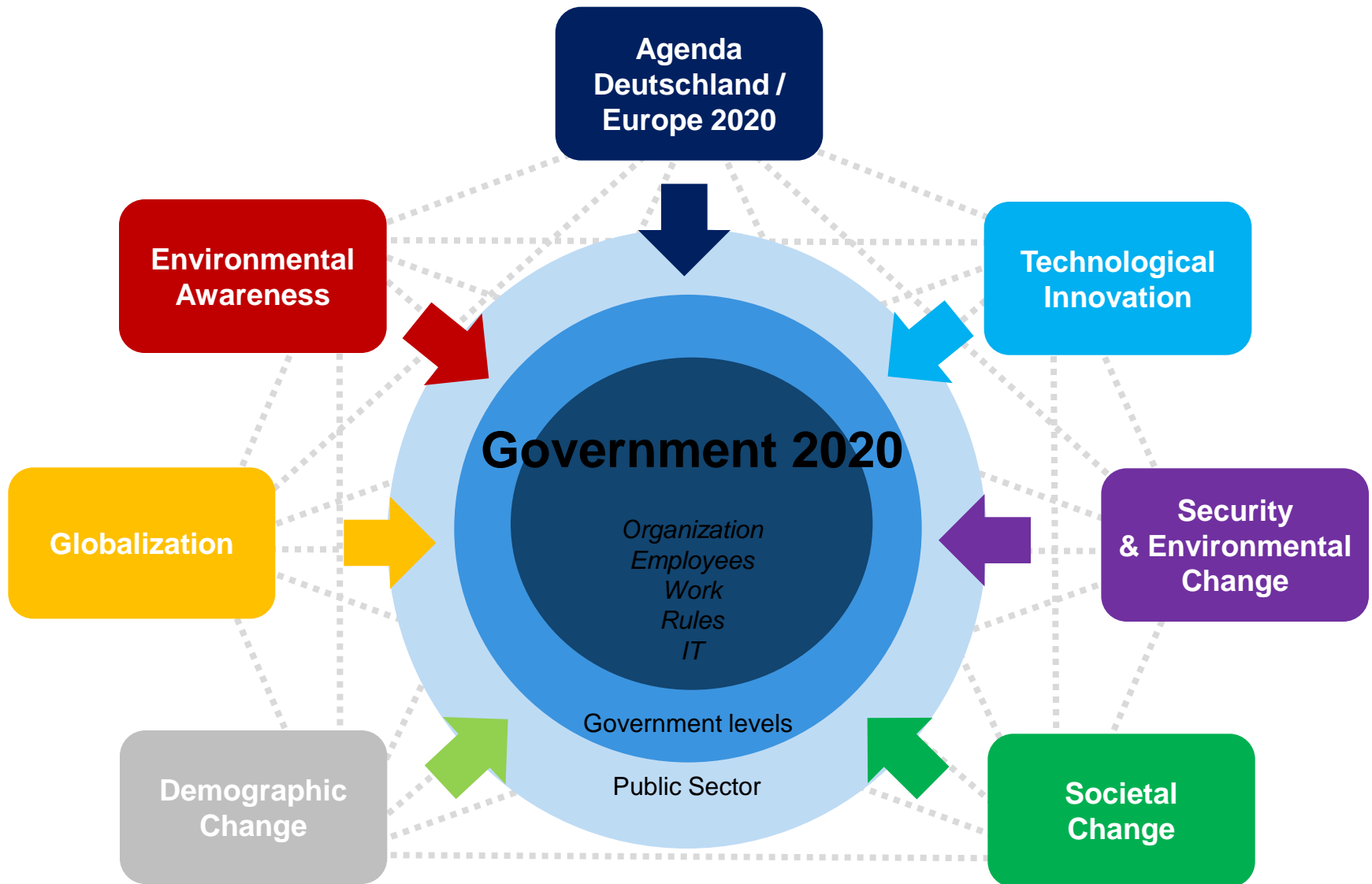


Dr. Oliver Ziehm
Dr. Alexander Schellong
March, 23rd 2010

Take Aways

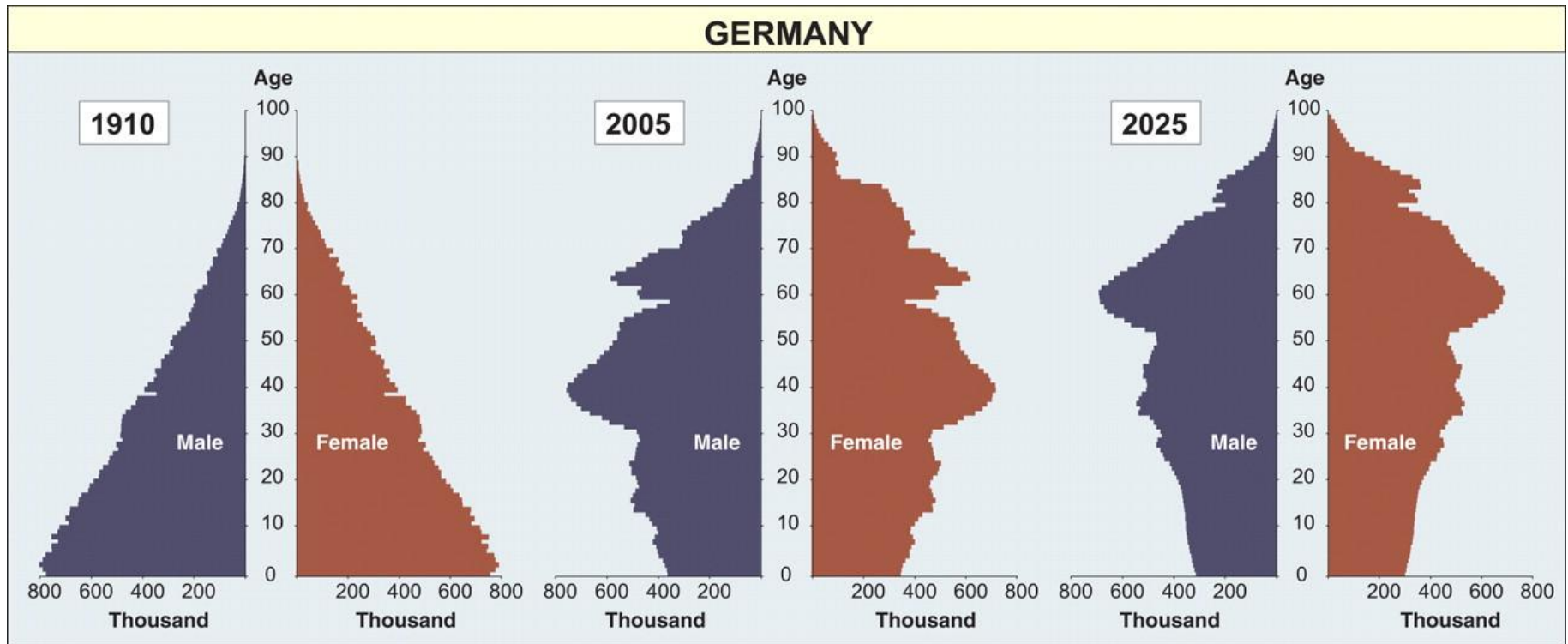


Challenges in government 2020



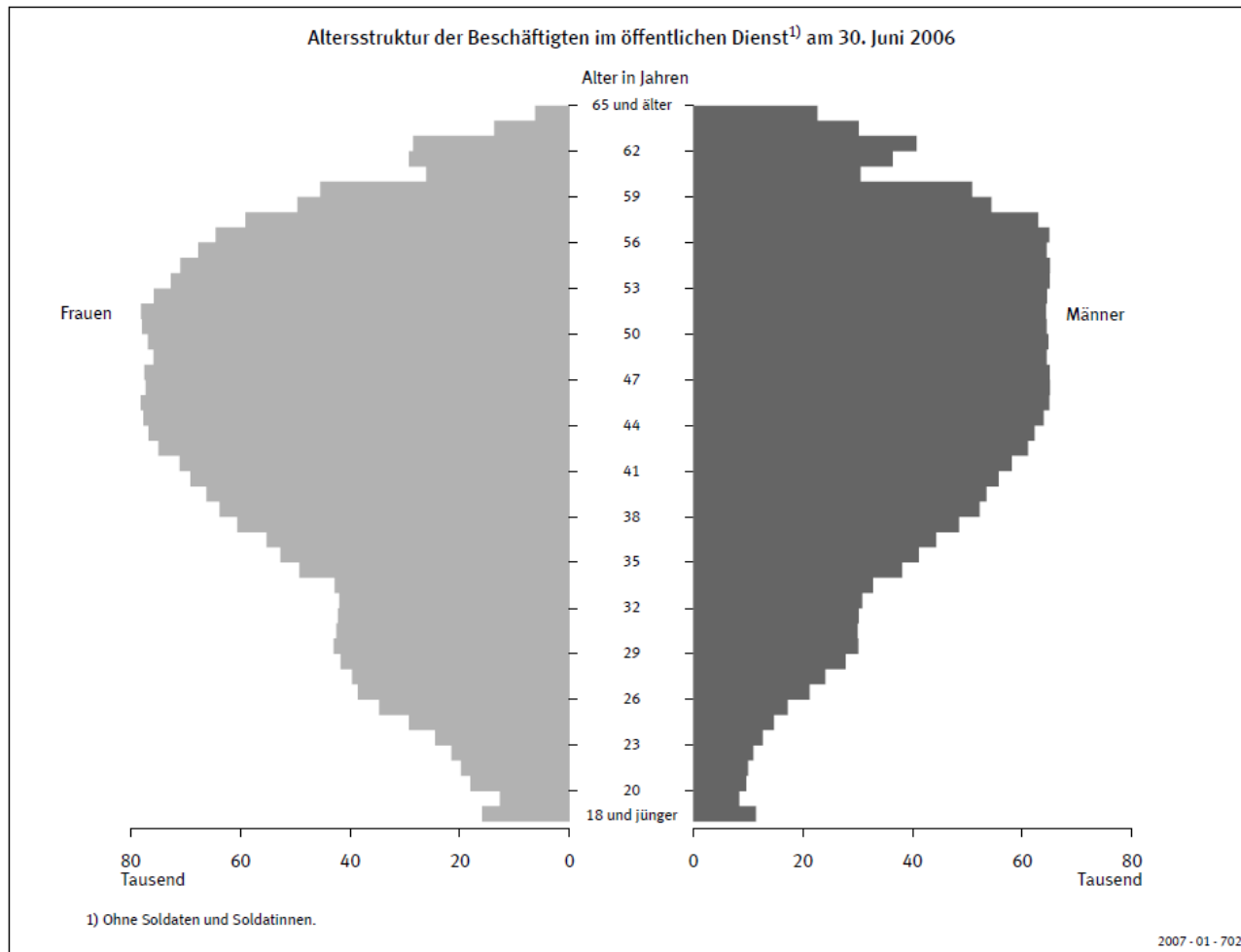
Population pyramid Germany

- By 2025 there will be 3 nonworkers per 2 people in the German workforce



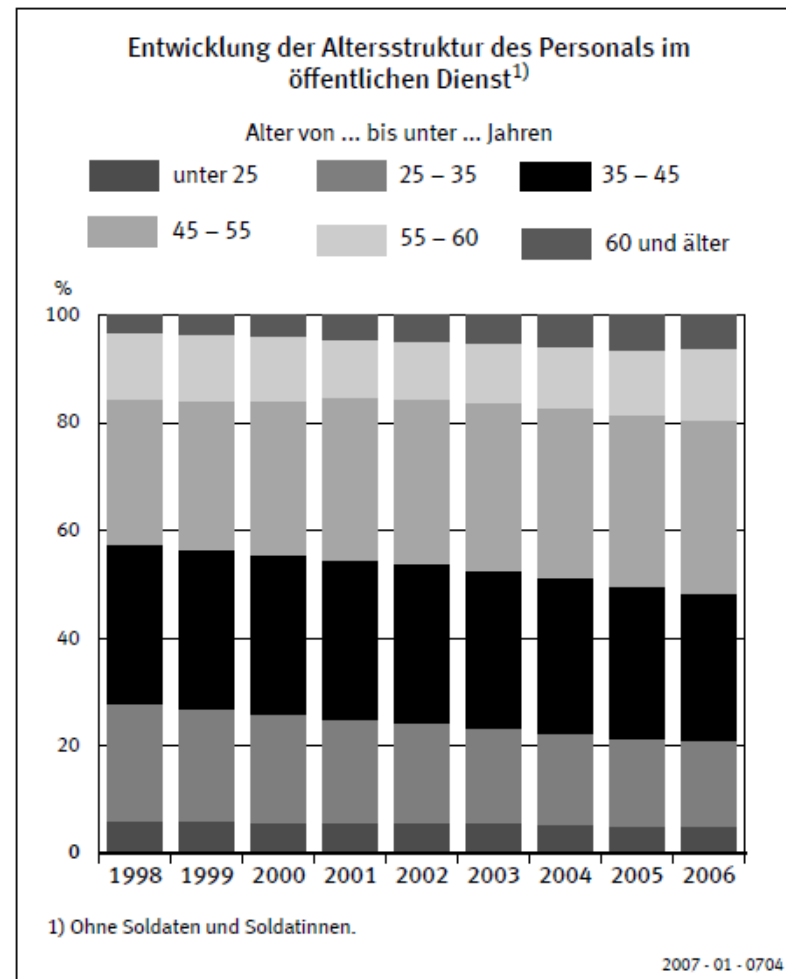
Vaupel/Loichinger (2006) in Science, 312, 5782, 1911-1913

Age structure of government employees 2006 (all levels except soldiers)



German Statistical Office 2007

Development of age structure of government employees 1998-2006 (all levels except soldiers)

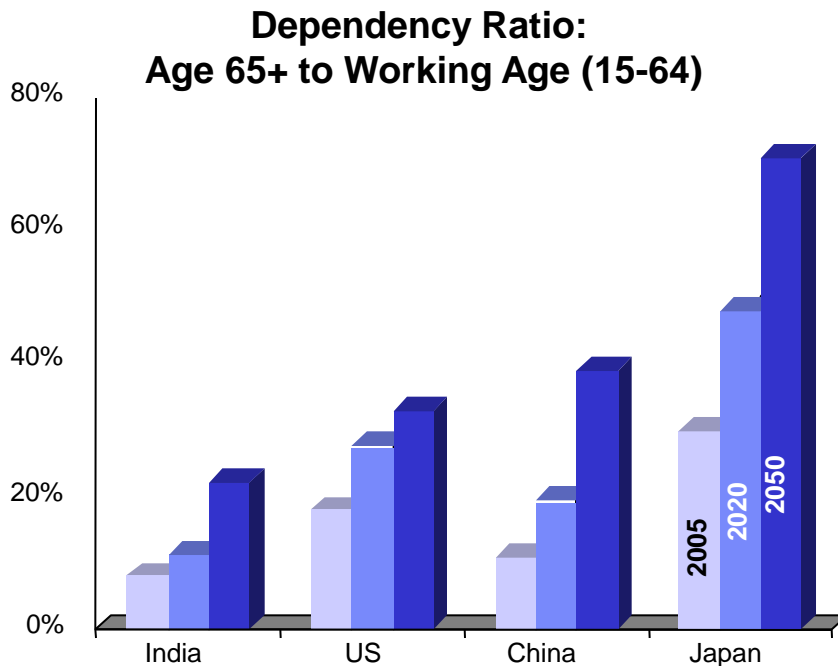


German Statistical Office 2007

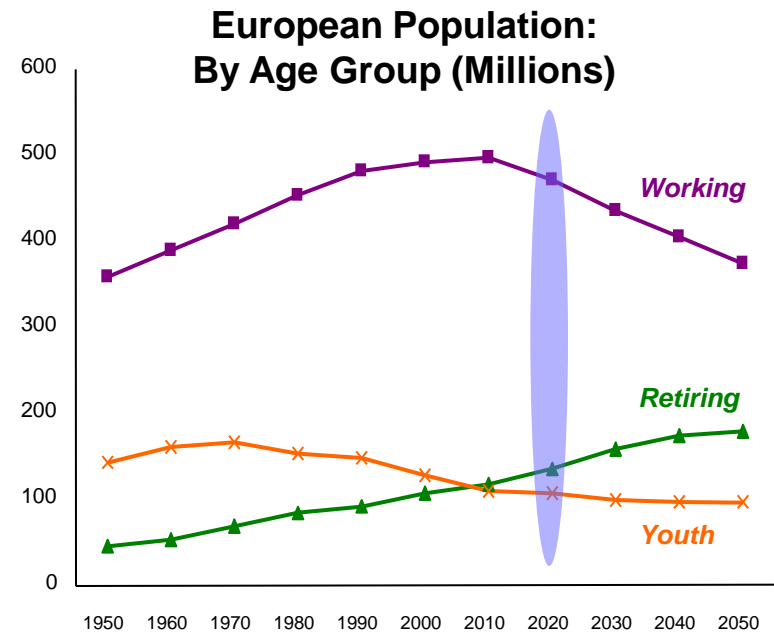
In 2020 the ratio of nonworking people in the society will probably be higher than the working people ratio

- Aging populations, especially in emerging regions, will place a significant **burden on younger generations**

- Europe will experience a **significant decline in working age population** and an upswing in retired citizens – **straining public welfare and pension systems**

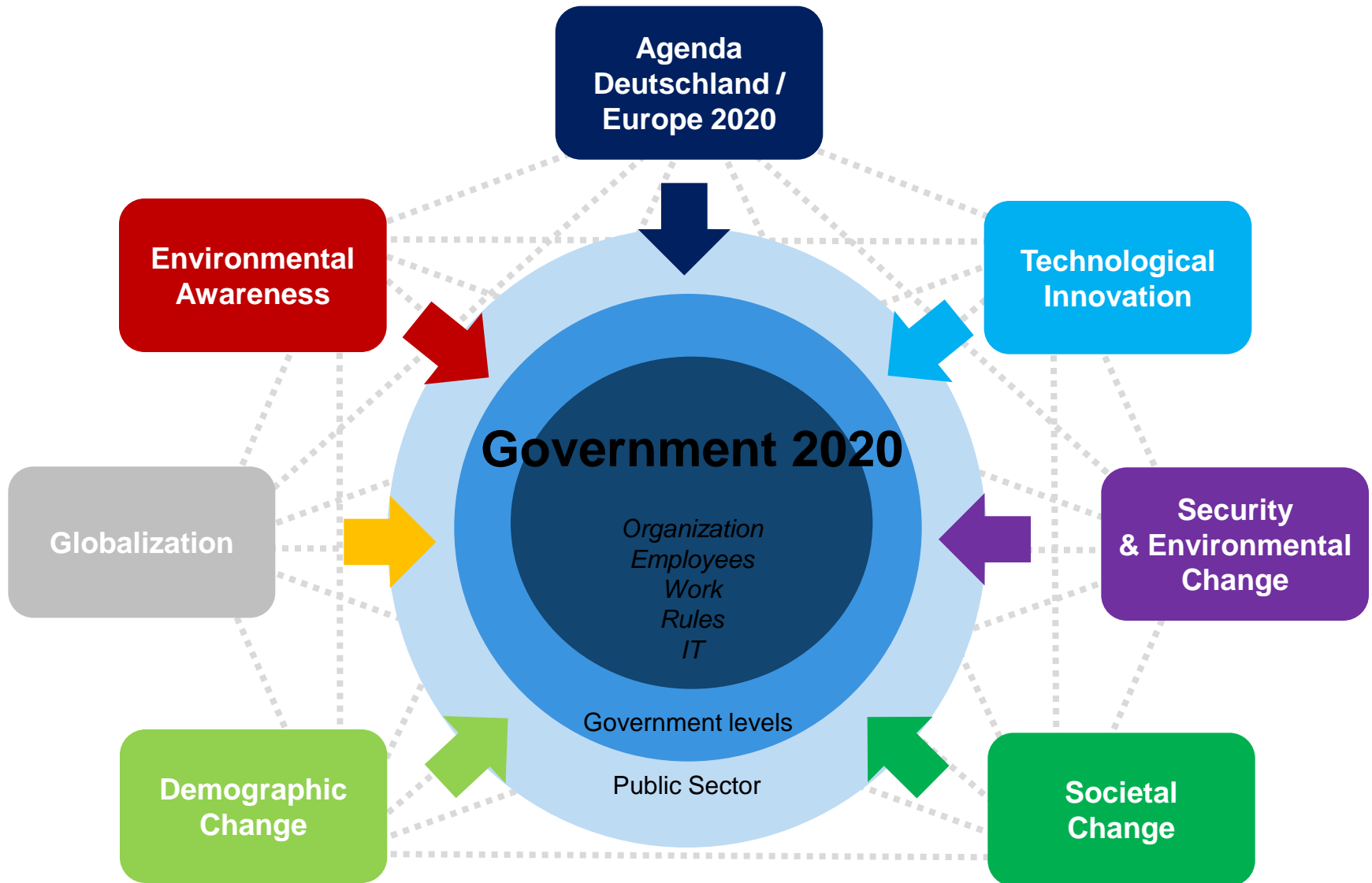


Source: UN Department of Economic and Social Affairs, World Population Prospects Population Database: The 2004 Revision



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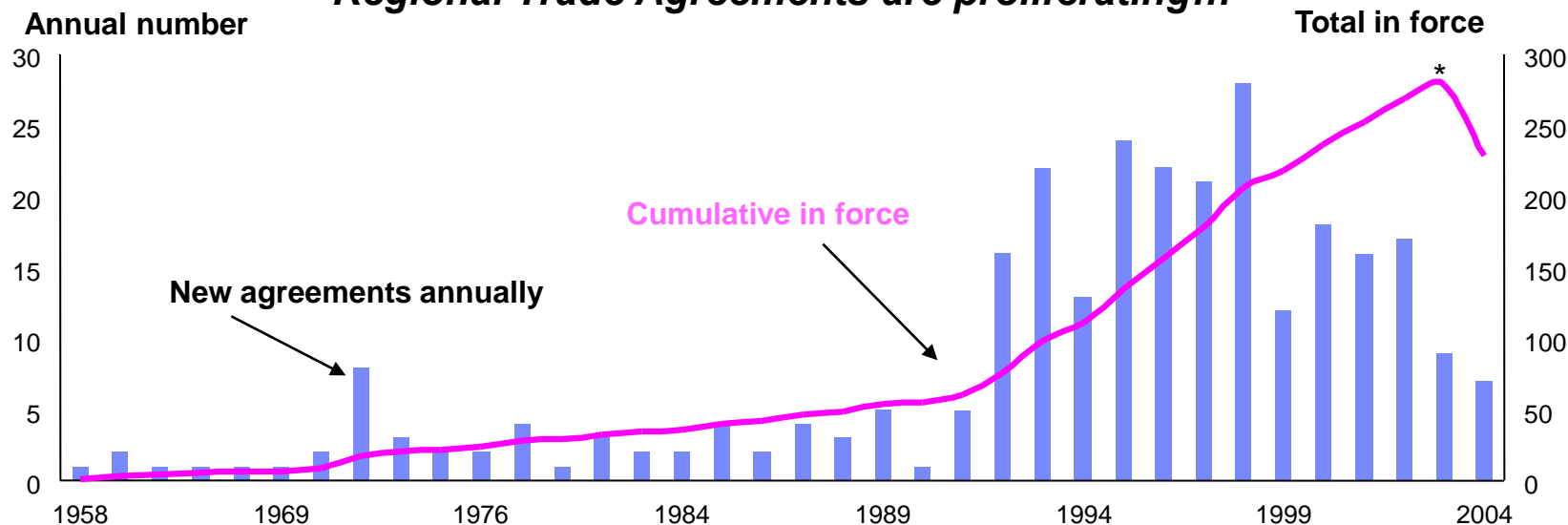
Challenges of government in 2020



The increase in trade agreements is one factor that facilitates global interconnectedness...

- **New e-commerce standards and policies** are developing which are having a beneficial effect on international trade.
- Economies are becoming more **open, liberal, and flexible** to remain competitive.

Regional Trade Agreements are proliferating...



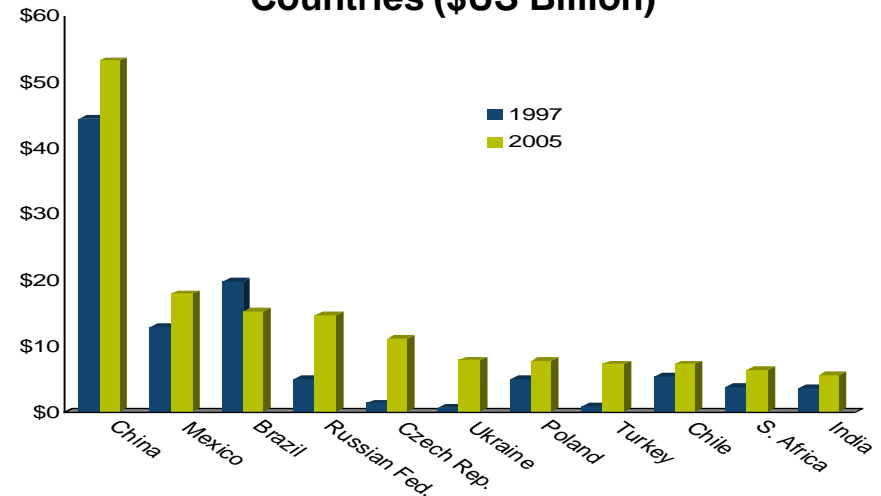
Source: OECD Global Forum on Trade

*Cumulative fall in 2004 reflects accession of 10 countries into EU and elimination of some 60 bilateral agreements

...besides a continuous rise of foreign direct investments (FDI)

- **Record high Foreign Direct Investment (FDI) in 2005** was driven by privatizations, M&A, external debt refinancing, and strong investor interest in local-currency markets.
- China's WTO accession **increased transparency and legal protections** making it more attractive to Foreign direct investment (FDI).
- Foreign direct investment into **eastern Europe hit a record** US\$112bn in 2006, putting the region ahead of Latin America and second only to Asia among emerging markets
- Freer trade, regional integration, and economic partnership **agreements are also encouraging FDI.**

Net Inward FDI in Developing Countries (\$US Billion)



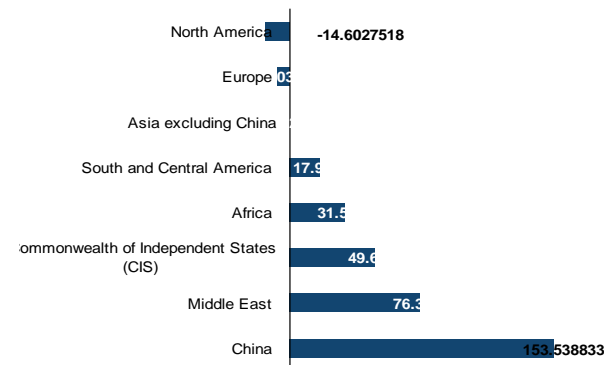
Source: World Bank: GDF 2006: The Development Potential of Surging Capital Flows

How can a society retain, attract, develop and support a range of skills and citizens in an increasingly global, competitive economy?

Economic globalization is accelerating, driving (driven by) technological advances, lower transportation costs and lower trading barriers...

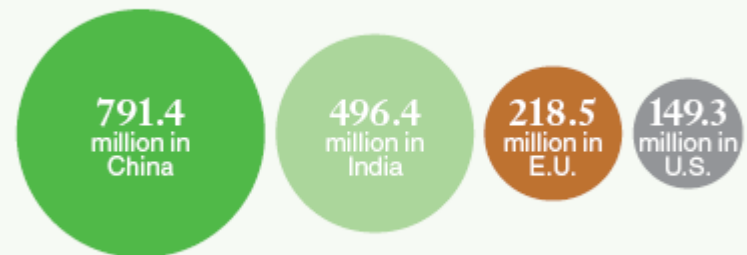
- A more **liberal global trade** environment, WTO membership and **domestic reforms** have driven the rapid increase of China's export market share.
- The increasing pace of globalization is being **facilitated by developing countries** continuing to lower tariffs, reducing administrative burdens and trade related transaction costs.
- Increased globalization with more Chinese and Indian workers has increased **competition** (or has brought increased competitive pressure) in both product and labor markets.
- It is not obvious that western **trade rules** will be the globally accepted ones.
- Governments face the problem of keeping markets open and liberated while protecting core industries from “unfair” competition.

Regional Increases in Global Export Market Share: 1995 – 2005



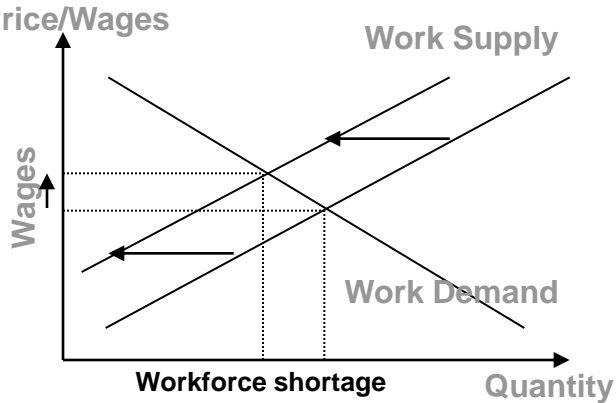
Source: WTO, Annual Report 2006

LABOR FORCES IN 2005

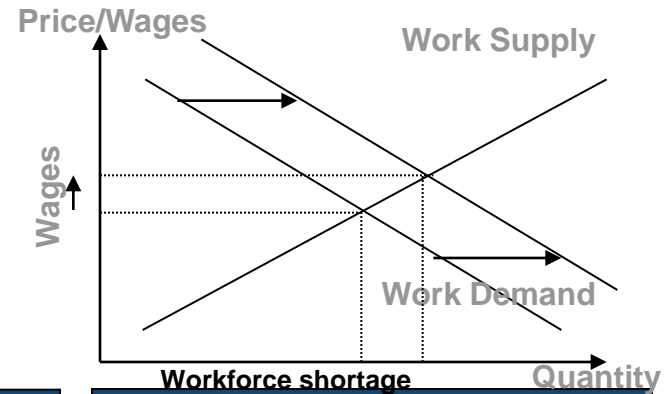


Source: CIA World Factbook

The desire to achieve higher wages or standard of living drives individuals to migrate – with consequences to wages and demographics



- Better standards of living
- Better career perspectives
- Family reasons
- Pursuit of happiness and freedom



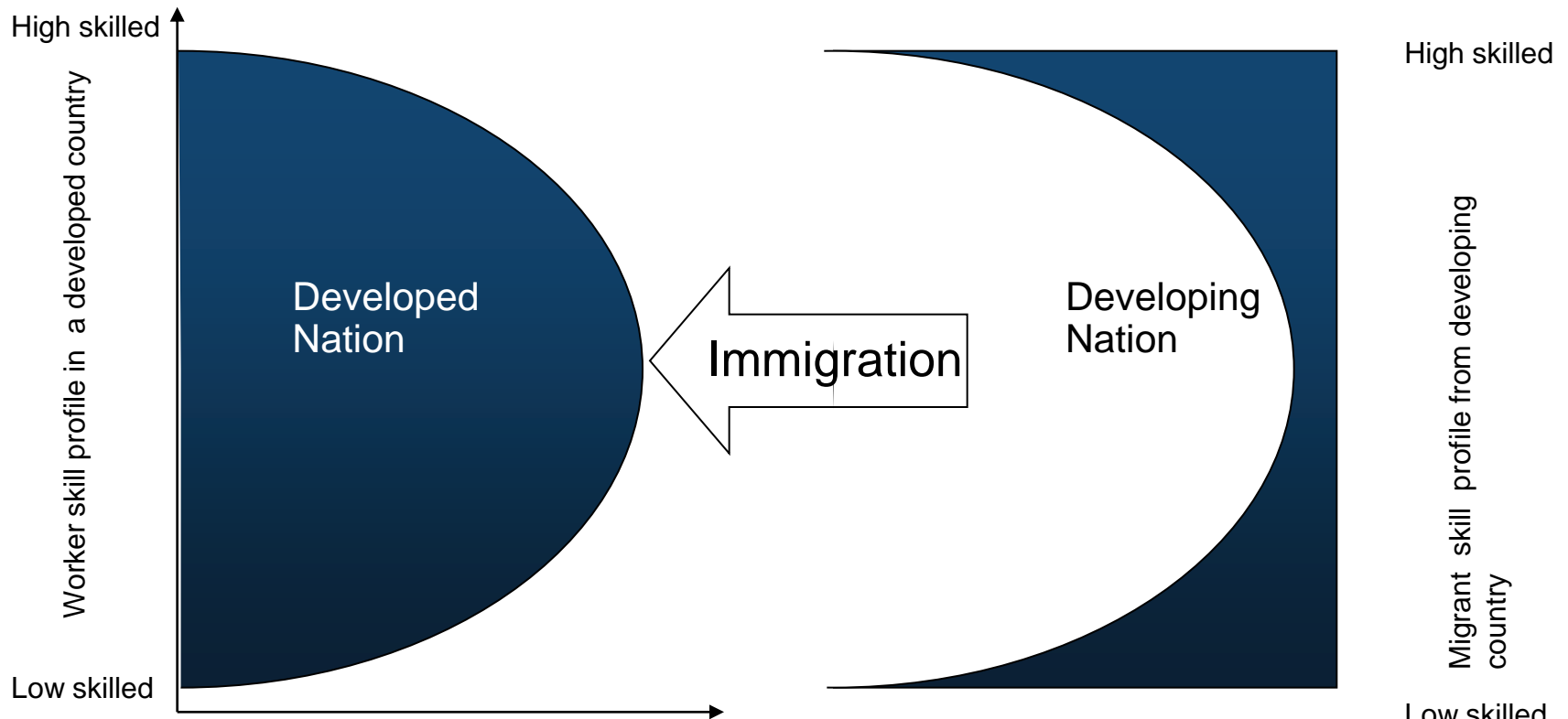
Aging Population leads to shortages in the labor markets

Desire for a better life

Booming economies with rising work demand leads to higher wages

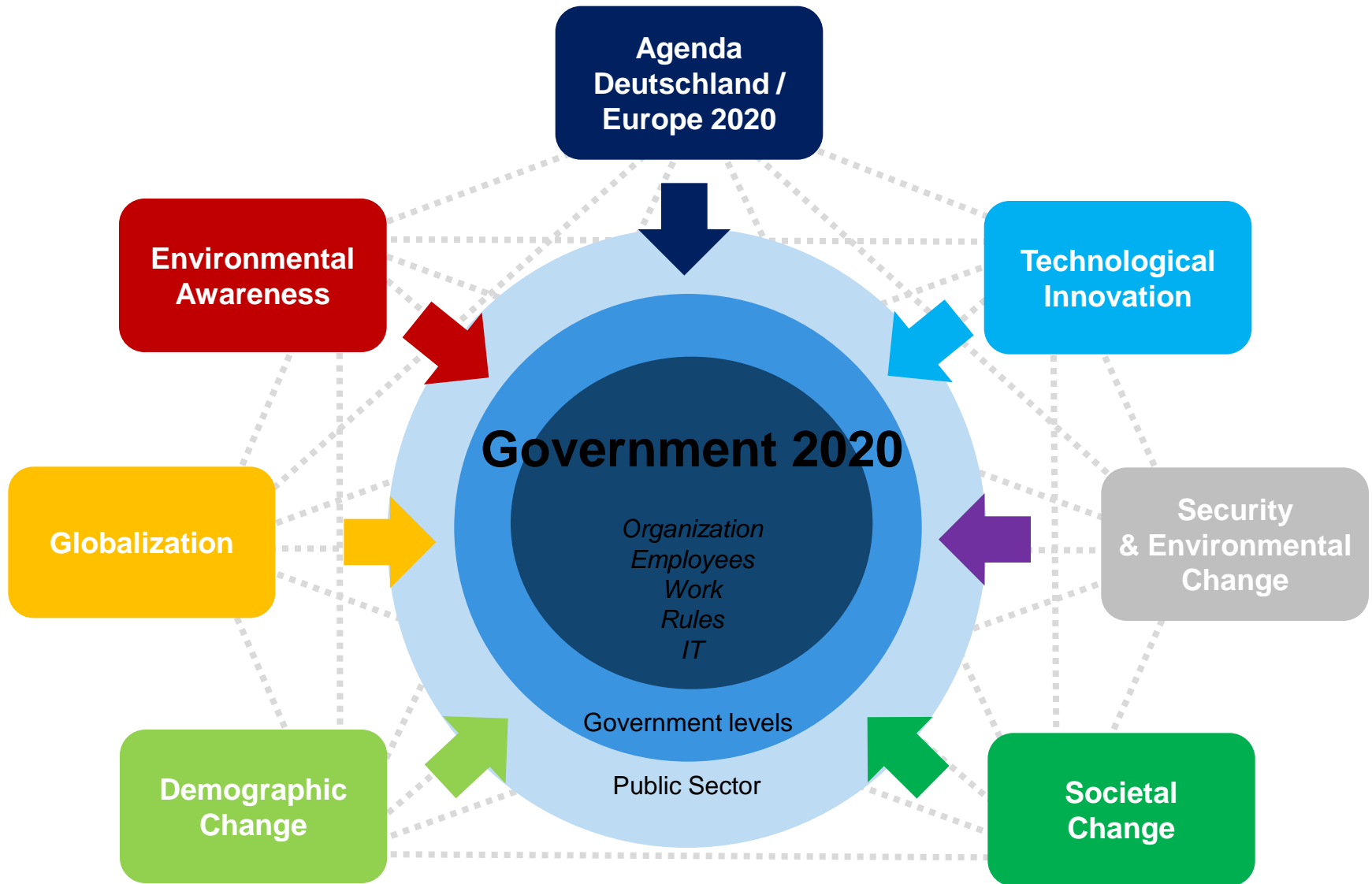
Making migration easy and attractive

Immigration to developed countries is a consequence of globalization. Typically the immigrants are at either end of the skills spectrum – lower skilled workers are vulnerable to not having social protection coverage



Relationship of supply and demand according to skills in regard to migrants moving from developing nations to developed nations

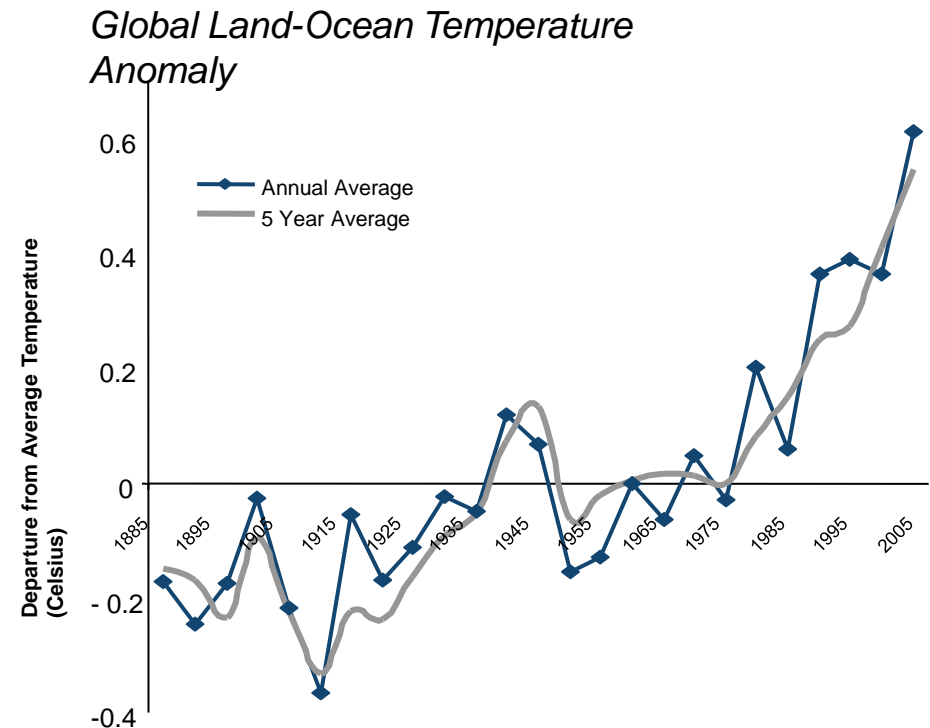
Challenges of government in 2020



Already a small degree rise in global average temperature will be enough to cause different kind of catastrophes

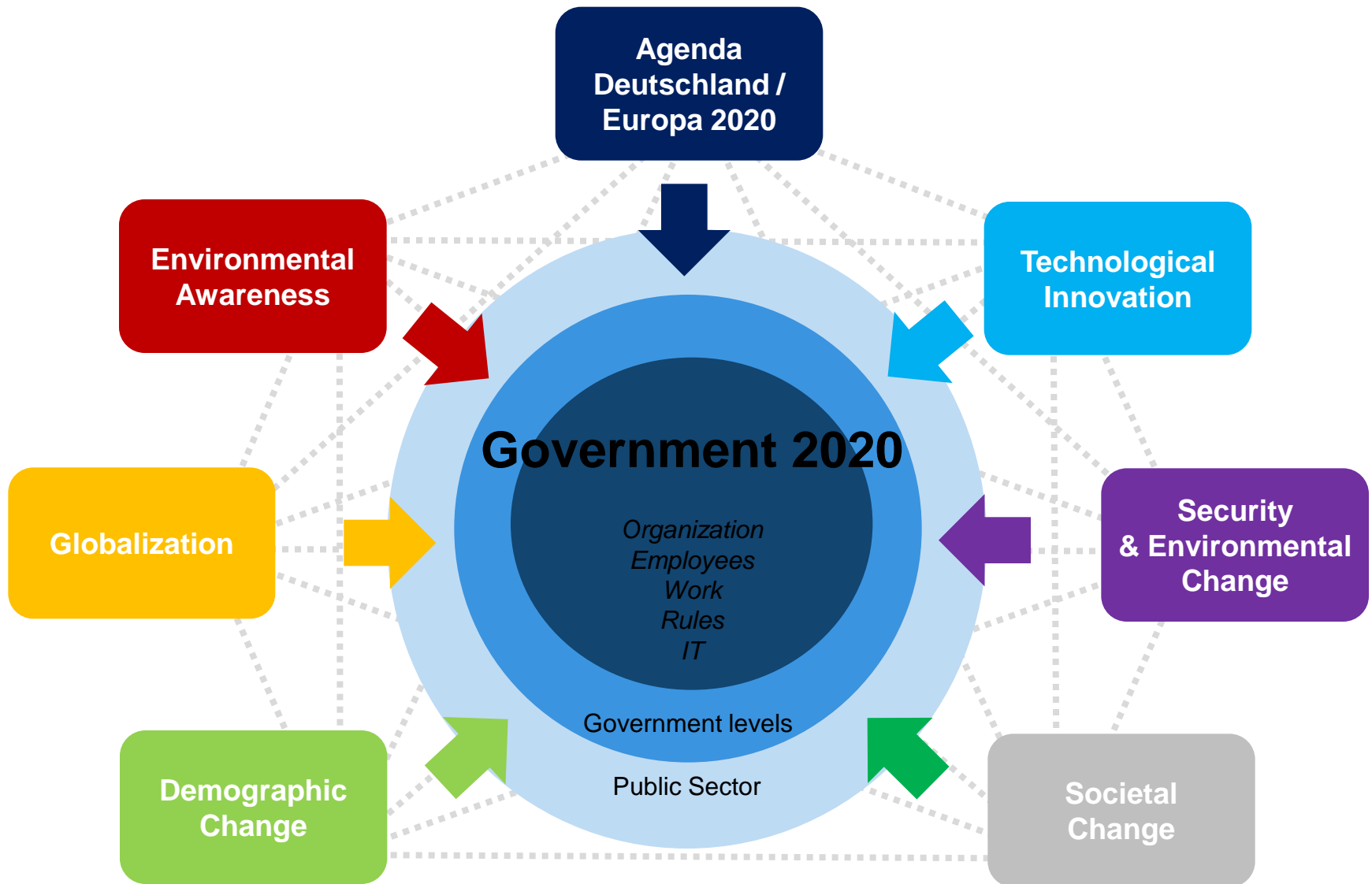
Consequences of global warming could be:

- **Decreasing crop yields** on global scale
- Tripling of **poor harvests** in Europe
- **Large-scale displacement** of people in Northern Africa from desertification
- Up to 2.8B effected by **water shortages**
- Total **loss of summer Arctic sea ice** causing extinction of polar bear and walrus
- **Spread of malaria** in Africa and North America
- **Rising sea-levels** will cause social and economic disruption and migration (welfare, medical care)

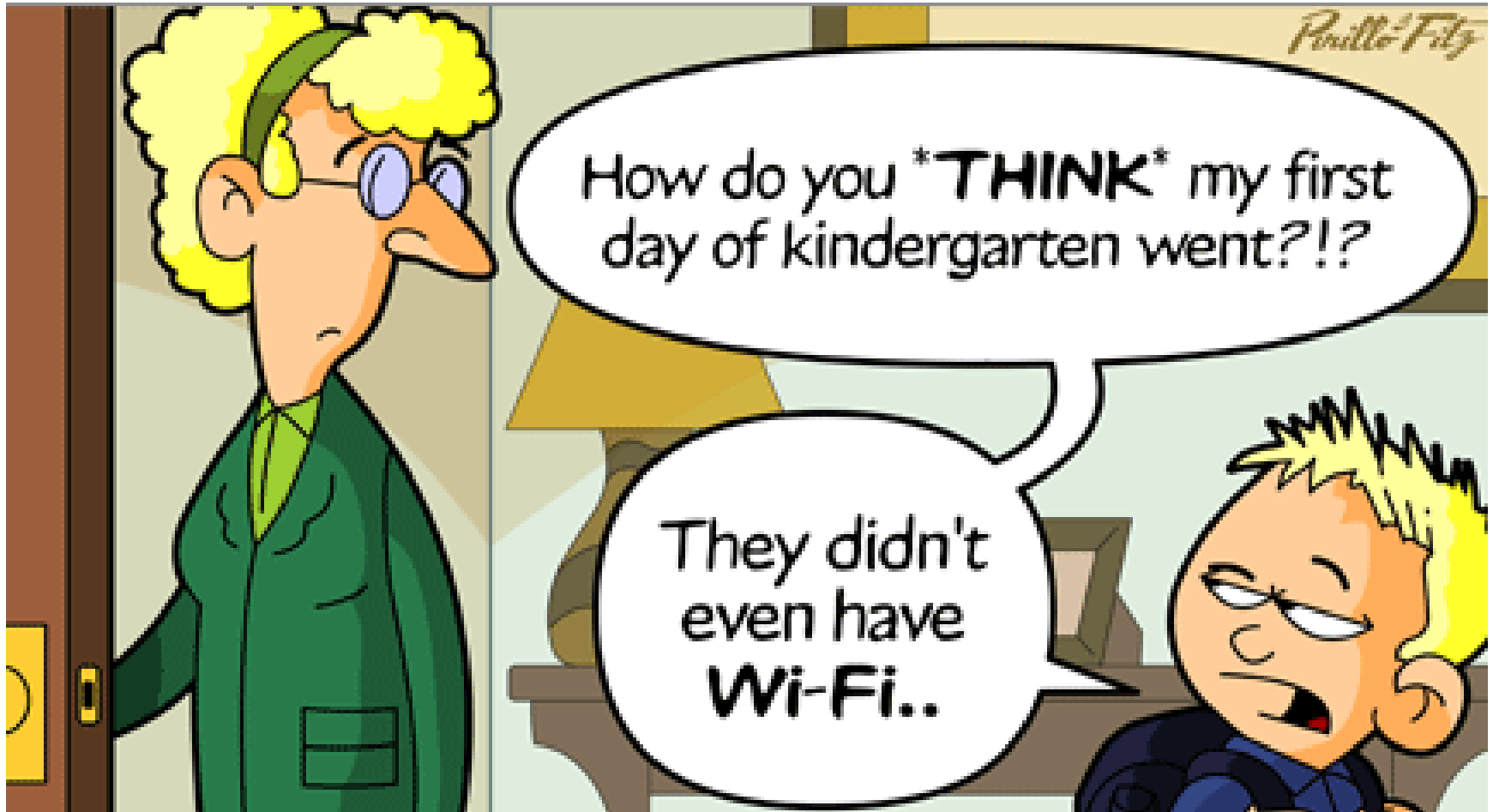


Source: NASA GISS Surface Temperature Analysis (GISTEMP), National Climatic Data Center.

Challenges of government in 2020



In 2020 Generation X is leading while Generation Y is joining your workforce



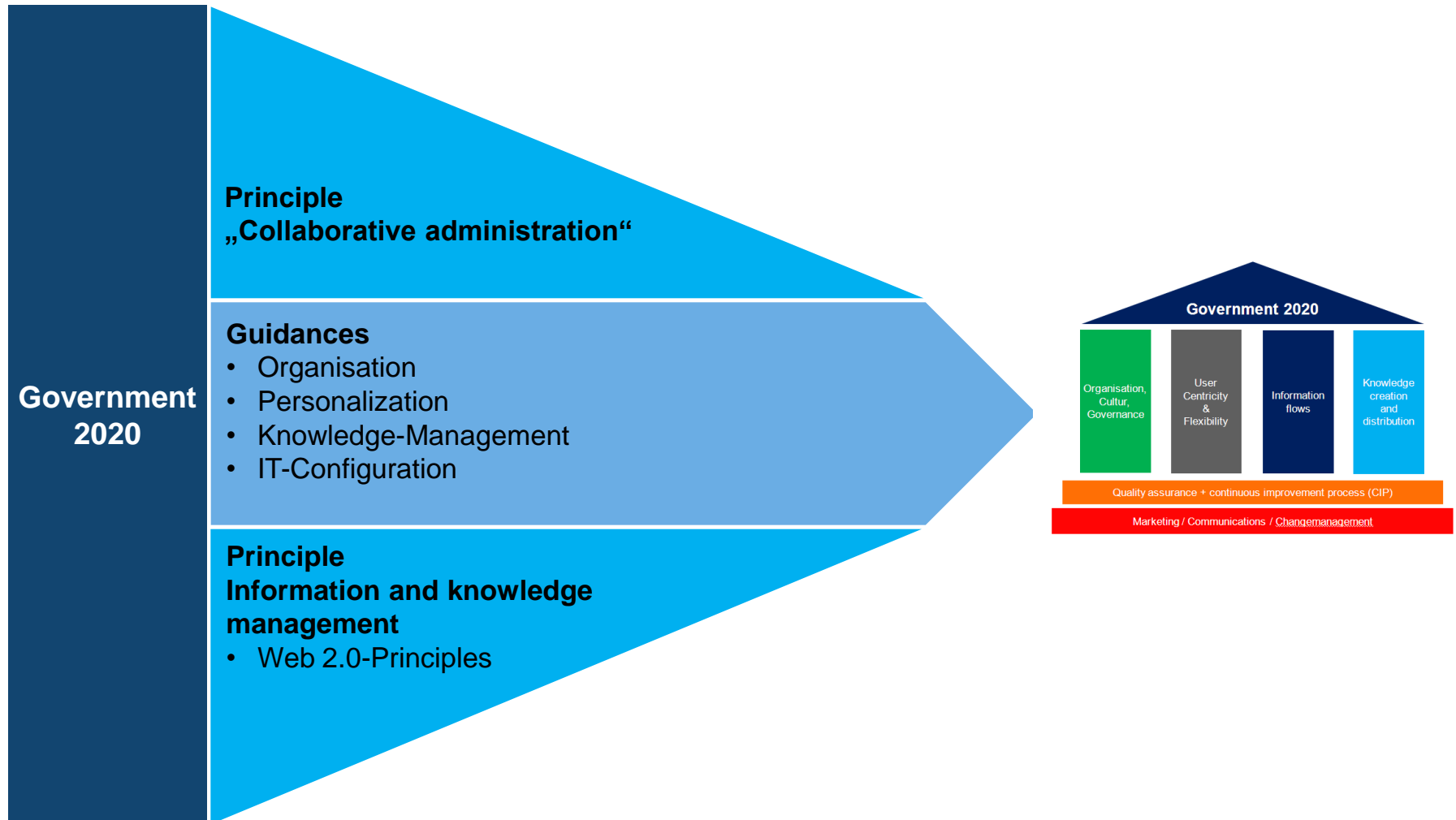
Quelle: Fitz & Pirillo, Übersetzung: CSC

The 8 principles of the Network Society („2.0“)

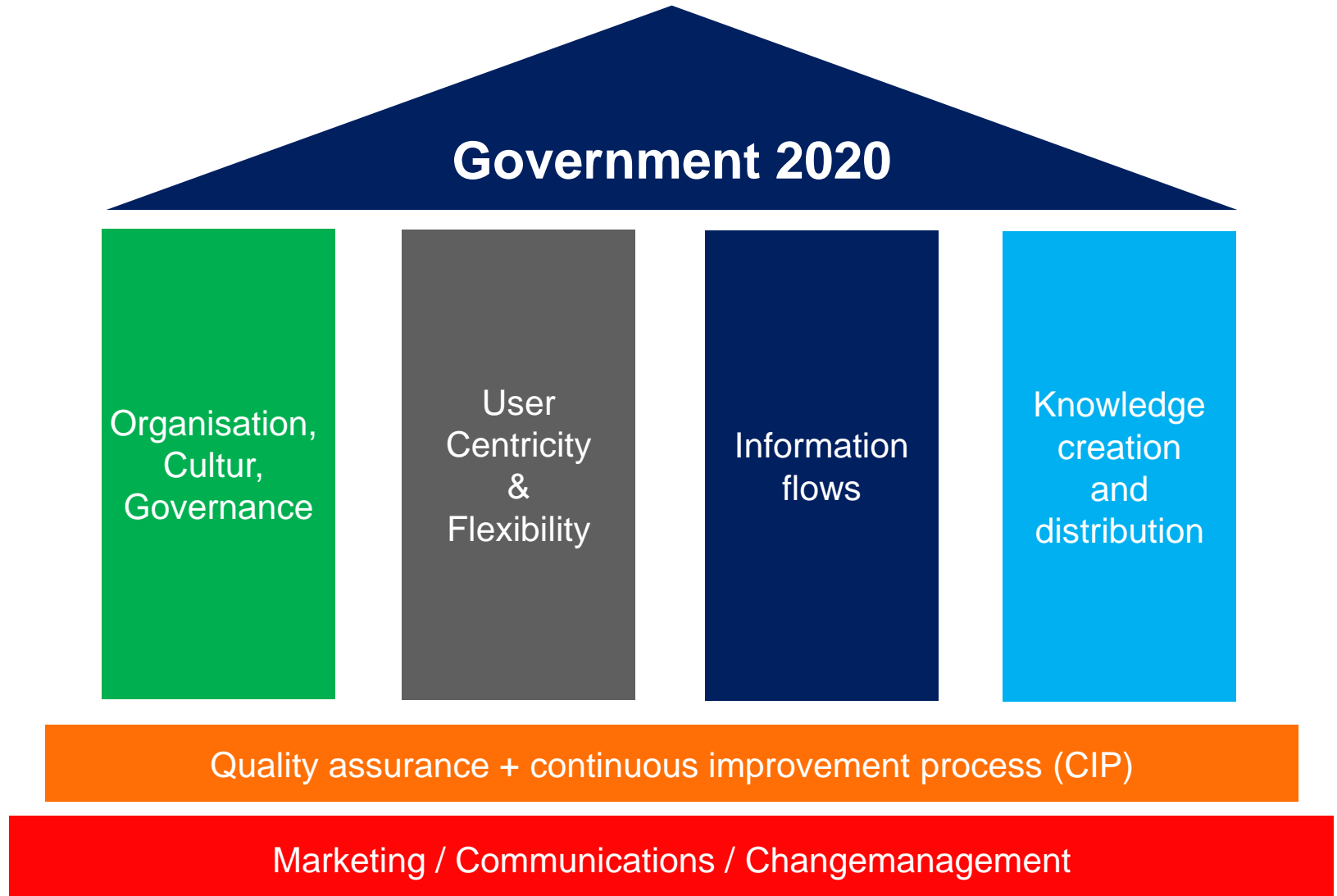
- 1. The Technology Principle:** Network Society is mediated through technology.
- 2. The Complexity Principle:** Everything is connected.
- 3. The Scale and Network Effects Principle:** Network effects are the glue of network society.
- 4. The Choice Principle:** Any network participant chooses to participate or to leave at any given point in time.
- 5. The Consensus Principle:** Decisions in choice-communities are made by consensus (not unanimity ...and forking allowed)
- 6. The Transparency Principle:** Transparency takes the role of democracy as the standard against which any governance situation is evaluated.
- 7. The Outcome Legitimacy Principle:** The legitimacy of a policy that aims to create public value is derived from the public value created (as defined by its stakeholders choice to stay-or-leave)
- 8. The Reflexive Governance Principle:** The term governance assumes that the right of any participant in any decision-making situation needs to be reflected at all times.

See also Schellong/Mueller (2010) in Harvard International Review: <http://hir.harvard.edu/index.php?page=article&id=1926>

With these principles and the guidance of “Government 2020” a new house will be build up



We need a pragmatic change to be prepared for the challenges of government in 2020. Idea: Guiding principles



Paradigmatic change to “Administration 2020” – fields of action

Organisation, Culture & Governance

- New Tasks /-critic / recruiting
- **Principle: Business Process mgmt**
- **In the context of architectural mgmt**
- Principle: process time
- Culture of trust

User centricity & flexibility

- Adapt to the usual contact and the experiences to social media / technologies
 - For employees
 - For citizens

Information flows

- Working together with international organizations
- Standardization
- Transparency to the citizen
- **Principle: one-stop**

Knowledge creation and distribution

- **Principle: 2.0**
 - Amazon-principles (rate, tagging, listing)
 - Google-Principle
 - RSS-Principle
 - Transparency

Marketing & Communications

- Communicate the change
- Project and change management

Quality assurance

- Government-levels (central, federal, local) –benchmarks as a virtual contest
- Certification projects than software
- Continuous quality assurance

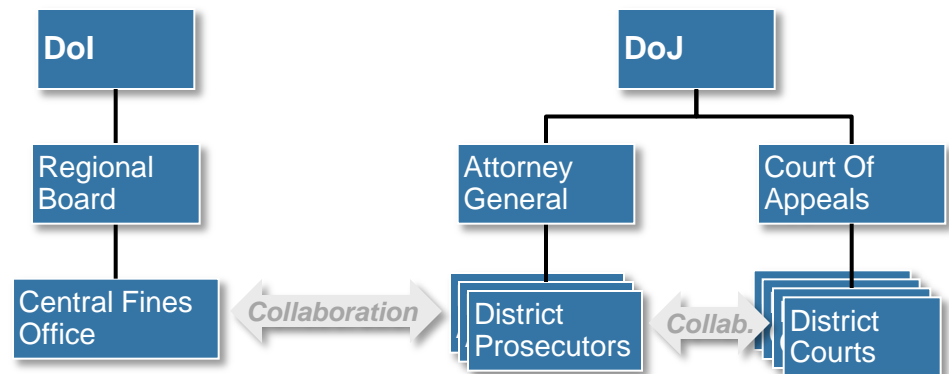
Example organisation, governance: eJustice SOA – The Enforcement of Law Violations in Germany

- Each year, millions of traffic law violations occur in a state like Hesse
 - An objection by a defendant leads to litigation at court
- Law violations are legally processed under regional jurisdiction
 - Frequent transport of paper case files
 - Approx. 3 days delay for each cross-agency transport
 - Approx. 2 hour delay for each transport within agencies
- Legal deadlines for law violations enforcement are tight
 - Expired deadlines abort legal cases
 - Defendants are exempt from punishment
- Extensive manual work and cost required for processing paper case files within agencies
 - Receiving, unpacking, registration, forwarding from desk to desk
 - Sending case files to other agencies
 - Cost for paper and printing

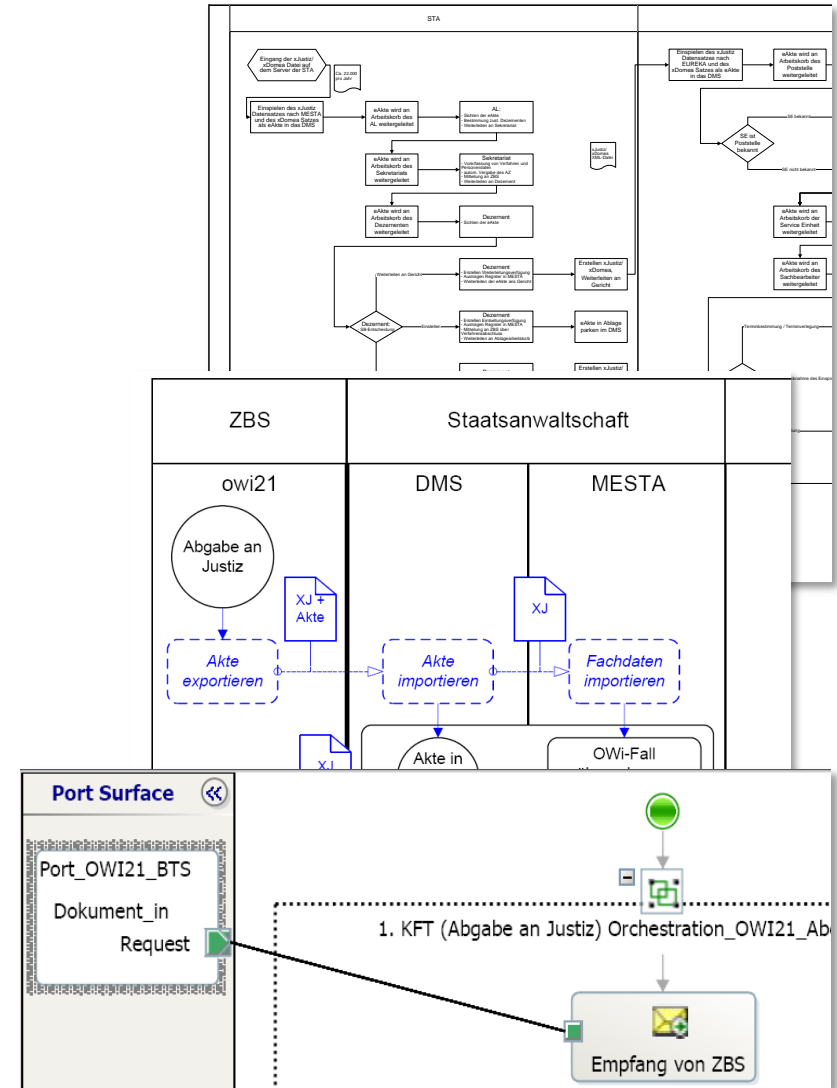
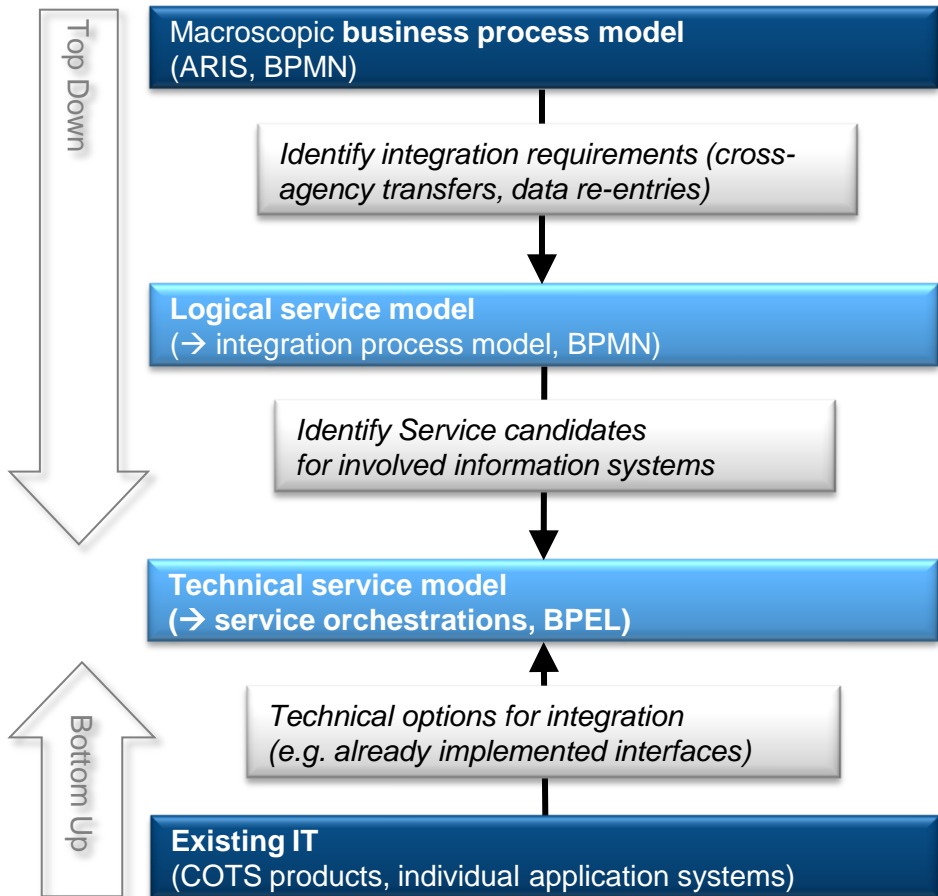


Example organisation, governance: eJustice SOA – The Objectives of eJustice SOA

- Introduce electronic legal relations for law violations in the German state of Hesse
 - Multi-department, multi-agency, electronic collaboration
- Modernize judicial processing by introducing fundamental techniques
 - Enterprise content management (ECM), Business Process management (BPM), Application systems integration
- Accelerate the process
 - Avoid transport of paper files between and within agencies
 - Avoid data re-entry
- Reduce cost
 - Abolish paperwork
- Reduce revenue loss
 - Reduce number of expired cases



Example organisation, governance: eJustice SOA – Business-Driven Modernization Through a Consistently Process-Driven Approach



Paradigmatic change to “Administration 2020” – fields of action

Organisation, Culture Governance

- New Tasks /-critic / recruiting
- **Principle: Business Process mgmt**
- **In the context of architectural mgmt**
- Principle: process time
- Culture of trust

Personalization & Flexibility

- Adept to the usual contact and the experiences to electronic Media
 - For employees
 - For citizens

Information flows

- Working together with international organisations
- Standardization
- Transparency to the citizen
- **Principle: one-stop**

Knowledge creation & distribution

- **Principle: Web 2.0**
 - Amazon-principles (recommend, rate, tagging, listing)
 - Google-Principle
 - RSS-Principle
 - Transparency

Marketing & Communications

- Communicate the change
- Project and change management

Quality assurance

- Government-levels (central, federal, local) –benchmarks as a virtual contest
- Certification projects than software
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Example information flows: geo data can increase the one-stop principle's value and efficiency

Location-search / -analysis

- Support in location search
- Enticing
- Channelizing
- Promotion of the economy

Launching-/ registration process

- Finding responsibilities
- Federal/Länder/ local district authority - integration
- Geo issues
 - Sanctuary
 - Right of special sue
 - Parking lots
 - Disposal

Registration-process

- During registration process geo data is produced, which will be provided to the "circle"

Operations/ Monitoring

- Passing dirty water
- Noise
- Emissions

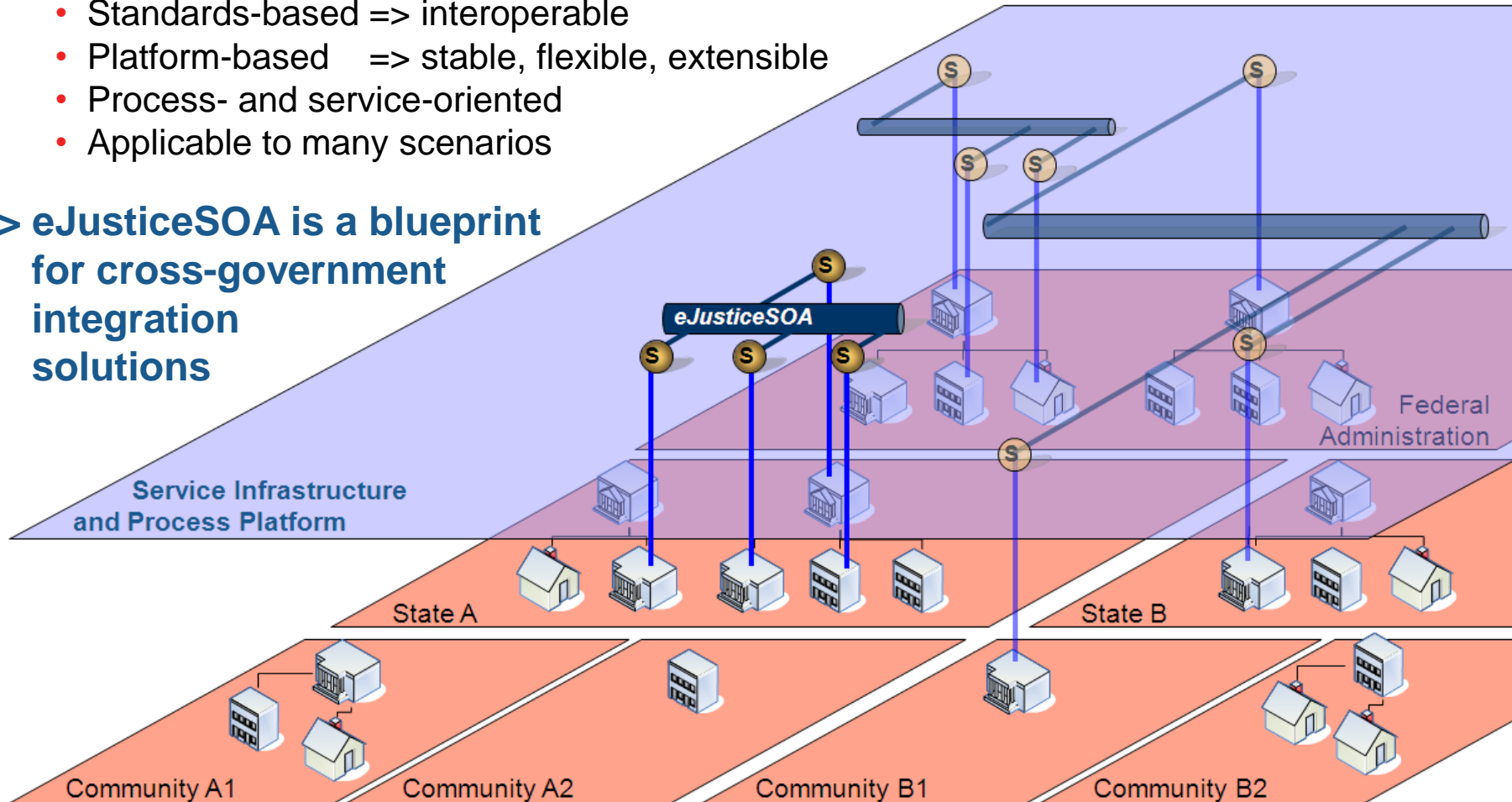
Changes

- Passing dirty water
- Noise
- Emissions

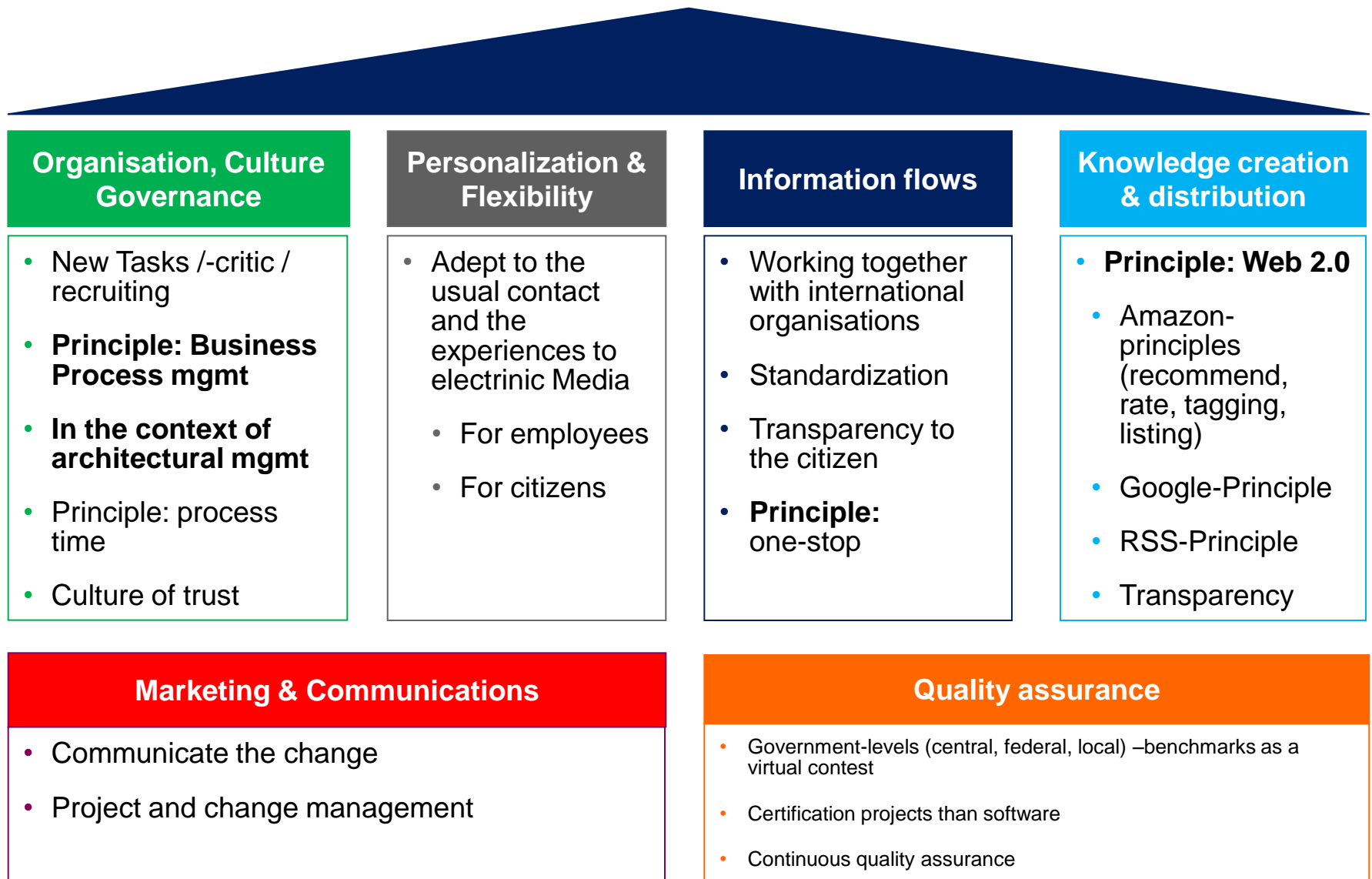
eJustice SOA – a Case Study For Public Federation of Services

- eJusticeSOA has some **key qualities** for German public administration
 - Loose coupling => minimal impact on systems
 - Standards-based => interoperable
 - Platform-based => stable, flexible, extensible
 - Process- and service-oriented
 - Applicable to many scenarios

=> eJusticeSOA is a blueprint for cross-government integration solutions



Paradigmatic change to “Government 2020” – fields of action



Solution corridor

- The paradigmatic change to government activities in 2020 includes:
 - Clear regulations and support during the implementation
 - Establishing a culture of trust, which accommodates the responsibility of responsible employees
 - Stimulation of informational and knowledge management by actions, which separate important from unimportant things
 - Stimulation of transparency
 - Enhance yesterday's working with files, to working with them in today's and tomorrow's way
 - Establishing working on files electronically

Résumé

- After 2020 one working person has to support a non-working person – increasing tendency
- After 2020 an extraordinary amount of knowledge will cease to exist (retire)
- The changes and challenges will be dramatic and exceed actual felt worries
- Government cannot leave out reconsidering its tasks, but the potential is limited
- The example of eJustice shows, how costs can simultaneously be reduced and revenues can be increased
- The 2.0 example shows, how knowledge can be stored and distributed in new ways

We have to start the process of changing now, to be ready in 2020.

Thank you for your kind attention!

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