The next phase of digital transformation

Online Services

We live in a digital society and many organisations are currently investing considerable amounts of both time and money to transform into true digital businesses. As a software engineering company, we have worked with hundreds of organisations to help move multiple, siloed legacy "line of business" systems into new single, integrated browser based platforms. These systems typically deliver a healthy return on investment with significant productivity and efficiency gains. Organisations who have invested in these digital systems are better placed to deal with the rising demand for their services through new channels while at the same time managing pressurised budgets.

However, we believe many businesses may still be missing opportunities to truly harness the full power and convenience of the internet for the benefit of their customers because their own focus is sometimes too narrow or inward facing. Rather than simply automating existing business processes on the "supply side", organisations need to consider how opening up more of their current or new services directly to their customers through "online services" can have a positive impact on the "demand side".

As consumers we have eagerly embraced the shift to digital channels - most of us are now happy to carry out a multitude of activities online, from banking through to shopping and travel. As a direct consequence, our user expectations have increased, and we now expect the same level of service to be available to us when interacting with public services as citizens or in a business to business environment.

In this paper, we look at the benefits of moving more transactional services online, the next phase for many organisations in their march towards full digitalisation and provide examples from recent projects to show the productivity gains and competitive advantage that can be achieved.

What benefits do online services deliver?

Cost saving through channel shift

Perhaps one of the key motivators pushing the digitalisation of transactional services, is the potential cost savings it can deliver. In recent years, there has been numerous global studies carried out which show the potential value of channel shift. In 2012, when the UK Government were seeking to embark on a major digitalisation programme they estimated that a digital transaction cost:

"Digital transactions cost on average 30 times less than a postal transaction"

- ⊘ **20 times less than a telephone transaction**

- ⊘ **30 times less than a postal transaction**

- ⊘ **50 times less than a face to face transaction**

Fast forward to 2019 and recent statistics www.publictechnology.net show the actual cost per transaction for some of the UK Government's most frequently used digital services. The services listed below have the lowest cost per transaction and 100% digital uptake – demonstrating that the UK Government was not overly ambitious when forecasting the potential cost savings:

"There have been numerous global studies carried out over the past few years which show the potential value of channel shift"

- ⊘ **Customs transactions £0.01 (HMRC) – 135 million transactions**

- ⊘ **Vehicle tax: checks by individuals £0.03 (DfT) – 564 million transactions**

- ⊘ **Stamp duty reserve tax transactions £0.06 (HMRC) – 1.59 billion transactions**

A recent study from the USA has attempted to estimate the cost per transaction for different channels. The following figures show the huge savings to be made by moving services online:

- ⊘ **Face to face**   **$9.00**

- ⊘ **Web chat**   **$7.00-$7.50**

- ⊘ **Live phone agent**   **$4.50-$5.30**

- ⊘ **Email**   **$2.50 - $3.00**

- ⊘ **Phone self service**   **$0.45 - $1.85**

- ⊘ **Web self service**   **$0.24 - $0.65**

Traditional communication channels are expensive because they include not only an employee's time (including salary, benefits, pension etc.) but also the resources required to carry out their job including physical office space.

The deeper an organisation invests in digitalisation, the greater the potential cost savings are likely to be. For example, many regulatory bodies issue certificates with a significant cost involved in the printing, signing and despatching of these documents (often still sent out by post or courier). The cost in this case further multiplies when duplicates or updated copies are required. Paper certificates can also get misplaced or could be subject to forgery. Digital certificates on the other hand, are much cheaper and quicker to issue and, with the proper authentication and validation processes already built-in, making it almost impossible to forge.

Convenience for your customers

Decisions around digitalisation often focus on channel shift for budgetary reasons as outlined above. However, one of the overriding advantages that a move to digital provides for an organisation's customers is channel choice leading to improved customer service.

Times have changed. According to the latest figures there are now four billion people around the world using the internet, and many people now prefer the option to use a digital channel for the service they require, whether to find out information, complete forms or simply to ask a question.

By opening up key parts of your business systems to your customers, they have the convenience of being able to find out the information they require at anytime of the day and from anywhere in the world. More importantly, you are providing them with instant access to real time data, so they can for example, see the status of applications, instantly download a document or certificate or submit an application form.

Less administration and greater data accuracy

With your customers inputting and accessing data directly, your organisation will benefit from reduced administration costs. The amount of time your team has to spend responding to routine enquiries will significantly reduce – freeing them up to spend more time on value added tasks. As demand for your services increases, you will not have the associated additional staff overhead costs faced by traditional non-digital businesses. You will be able to absorb demand without increasing costs.

Another knock on benefit, will be improved data accuracy. With individuals inputting their own data into forms and applications, the amount of data entry duplication reduces significantly combined with the provision of real-time validation of data as its entered thus reducing the likelihood of data errors.

The enviroment will benefit too

Moving services online also has a positive impact on our environment by reducing the amount of paper and, for global operations, international postage and the associated air and ship transportation. Online services can help organisations to significantly reduce their carbon footprint.

The digitalisation challenge

When it comes to digitalisation – technology is usually the easy part. The real challenges are often related to people's mindset, both inside and outside of your organisation.

There may be internal resistance from staff who worry about ceding control by making services directly available to their end users. Others may be concerned about the security of the data and potential data protection issues. Some staff may also be concerned that a move to digitalisation will directly threaten their role in the organisation; if it's perceived to effectively 'outsource' tasks they carry out in their everyday work.

Through experience, we have seen that the most successful outcomes are achieved when the approach to digitalisation is managed as a new business change programme rather than simply as an IT project. Senior internal stakeholders need to take the time to ensure that they and everybody within their organisation, at all levels, understand the outcomes they are aiming to achieve. They can also seek to address specific issues ranging from ensuring high levels of security through to the reskilling of existing staff.

Likewise, it is imperative that organisations actively engage with their clients and other external stakeholders from the outset to find out what they need and what aspects of online services will help make their interactions with them both easier and more efficient. The digital experiences you provide for your clients must be intuitively designed so that they are simple to use. You will also need to invest time and energy into promoting your digital services to your customers to ensure high levels of customer take up and thereby realising the savings from channel shift.

Practical example

Improving access to accurate and consistent legal guidance

The police receive thousands of calls per week, and although important, these calls are very time consuming. Many of the questions asked by the callers are focused on routine aspects of police procedures or the criminal law which over time are a repetition of the same question again and again. We worked with the Police National Legal Database team to create a digital portal – www.askthe.police.uk - to provide legally accurate information to over 800 frequently asked questions. Users can also submit questions if they can not find the information they are looking for. The portal is used by both police call handlers and the general public and has also been extended into a mobile app. It is estimated that it saves the police service over £12 million per year.

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Moving maritime services online with the Bahamas Maritime Authority (BMA)

The BMA embarked on a major digital transformation project which aimed to improve internal business efficiencies and customer service delivery through online services. In addition to providing a central integrated platform to help manage their business, we worked with the BMA to open up their services online. BMA customers can update their details online, view recent transactions and access documents issued whilst seafarers can submit their applications, pay, track progress and request certificates all online. Within a short space of time the BMA has achieved considerable improvements in operational performance, customer service, and overall competitive advantage.

Practical example

Making it easier for customers to do business with the Isle of Man Companies Registry

To help improve services to its various stakeholders, the Isle of Man's Companies Registry decided to invest in a new single fully integrated online system. A key part of their digital strategy was to make it easier for their customers to do business with the registry. The digital programme was delivered in a phased approach. The positive impact on the registry was immediate - the new online system reduced the turnaround time for company registrations from two months down to eight working days or less. The public now have more reliable and much faster access to company registry information and the registry's digital roadmap will continue to provide more online services delivering continued service and efficiency benefits.

The next step in your digital journey

For some organisations, keeping ahead, or indeed just keeping pace with the digital game can sometimes seem like an impossible task given the accelerating pace of technological change. However, as it provides a great opportunity to differentiate yourself from your competitors, drive down costs and enhance the services you provide to your customers, it should be well and truly on the agenda of your organisation's strategic business change plans.

If you are ready to take the next step in your digital journey by opening-up more services to your customers, please do get in touch…

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