In a post-Covid world, a new toolkit for governments

A post-Covid-19 world of increased volatility, social and economic tensions, but also one of huge opportunity from technology, is hurtling towards us. Businesses are urgently redefining their strategies to compete in this new era where the growth of the "digital" collides with the slowdown of the "physical".

But what about governments? Surely, if businesses and supply chains are transforming, economic policymaking and governance models cannot remain unchanged.

Economic policies of the 20th century were for a world of "physical" supply chains. In the last few decades, China was the biggest beneficiary of such industrial strategies. In the 21st century, the value pools in every industry are shifting from the physical to the digital (for instance, mobility services or even music streaming in a car). Policymakers must take into account this rapid growth of digital solutions and services. In terms of India's economic strategies, while industrial policy should continue to target a greater share in global physical supply chains, India should not miss the bus to build a competitive position in the new global digital value chains.

What does this mean for governments? Let's take the example of a tractor manufacturer who wants to shift from selling a product to selling a digital farm solution to farmers to improve their profits.

To do this, the manufacturer has to integrate data that measures performance factors such as soil conditions, machine performance, depth of planting with external data on inputs, crop prices and weather into an artificial intelligence (AI) algorithm, which allows the farmer to make considered economic choices.

To enable India and its firms to be globally competitive in digital solutions and services, policies to improve infrastructure and regulatory costs or even innovation capability will not be enough. India needs policies that aggressively build an equally competitive data and digital infrastructure, AI/machine learning (ML) capabilities, with supportive policies on data-sharing and privacy. India will need many more data scientists, analysts and AI/ML programmers.

Another idea from businesses that we find fascinating for governments is the emergence of ecosystems as platforms to solve customer problems. The rationale is simple. Traditional supply chains do not possess all the capabilities to solve fast-changing and complex customer needs. An ecosystem of partners with different skills, using shared digital architecture and data, can do that. For example, tractor manufacturers cannot offer digital solutions to the farmer. They need an ecosystem of partners who offer different parts of the solution — from pricing analysis to weather forecasts and drone-based soil analysis. Governments face a similar challenge of the complex needs of people. They can, therefore, adopt this innovative business model.

However, to do that, they must overcome the cultural challenge posed by the "rules of engagement" for business ecosystems. Ecosystems are more open and collaborative (ranging from completely open such as Wikipedia or semi-open such as an e-marketplace) compared to a "closed" system (controlled by one entity in terms of data flows and transactions). They have a greater number of participants, more diversity and limited/no hierarchy, all connected digitally, with a common objective to deliver customer value. They operate with an open and win-win mindset. Can governments build public ecosystems which harness skills and capabilities inside and outside governments, enabled by digital infrastructure and data-sharing and appropriate public policy, in a culture of openness and collaboration?

The last idea draws upon two radical organisational innovations adopted by leading-edge companies. The first is the concept of agile teams, in a move away from traditional efficiency-driven hierarchical and siloed organisations. Agile is both a philosophy and a way to deliver value. Agile teams are focused, non-hierarchical, cross-functional and outcome-driven. Outputs are clearly defined, measurable and delivered in "sprints", ie, in short periods. There are no reports sent from one silo to another, everyone sits in a room, meetings are short, standing, and participative. There is no place to "hide".

The second is the creation of an internal, dynamic talent market. Desired outcomes are broken into projects and open for people to apply, even external talent, selectively. Those best skilled and qualified are selected, not the most experienced or senior-most. In this talent marketplace, continuous skill upgradation is more important than the years of service and position. While both are radical ideas especially for a hierarchical bureaucracy, they will be increasingly important to deliver a better outcome.

As the post-Covid world unfolds, businesses are deploying a new playbook to compete and thrive. Governments also need to design and deploy one, if they want to better serve the demanding needs of their people in the 21st century.

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