



Modernizing a \$3 Billion State Business: The Pennsylvania Liquor Control Board and Oracle Cloud

With 600 Fine Wine & Good Spirits retail stores and wholesale distribution centers, the Pennsylvania Liquor Control Board (PLCB) is a state agency with nearly \$3 billion in annual sales. As it attempts to navigate seismic changes in its business model and customer expectations, an ambitious cloud migration project centered around Oracle's cloud-based financial and supply chain solutions will help the PLCB improve operations and customer service while meeting its mission.

"We're a government agency, but we're in a retail/wholesale environment. Our stores operate seven days a week," says Michael Demko, the control board's executive director. "The new system will give us the data to manage the business for the future."

Dating back to the repeal of Prohibition in 1933, the PLCB was the only legal retailer of wine and spirits for off-premises consumption in the state for decades. Subsequent changes in state law expanded retail sales of wine to licensed private retailers, increasing the PLCB's wholesale business. Last year, licensees purchased \$528 million worth of wine and spirits from the PLCB, and the PLCB's mission is now focused on meeting wholesale and retail customer expectations, including expanding and improving online sales and other web services.

"For decades, we didn't have to compete. We didn't have to innovate," says Elizabeth Brassell, the PLCB's director of policy and communications. "As the business has evolved and competitors entered the marketplace, there's a desire to operate as a much more effective organization."

New Efficiencies in the Cloud

One key to greater effectiveness involves visibility into the nuances of the PLCB's retail, wholesale and e-commerce lines of business. The board's existing legacy system — built on an on-premises retail system and heavily customized — was incapable of "giving us the flexibility to run a true retail/wholesale business," Demko says.

As a result, the board opted in early 2020 to move forward with a complete replacement of existing systems.

"This was our opportunity to really distinguish those lines of business," Brassell says.

The PLCB decided to move forward with a cloud-based solution enabling out-of-the-box retail and wholesale best practices and reporting instead of maintaining an on-premises solution and data center, according to Demko. The board ultimately settled on an integrated retail and enterprise resource planning (ERP) solution from Oracle. "Having some experience with fragmented systems and difficulties in integration, we decided it may be best to go with a single provider from a technology architecture perspective," Brassell says.

But the board's leadership recognized the transition would involve more than a technology upgrade.

"It's not just putting numbers in different columns on a spreadsheet, but a cultural transformation of our organization," Brassell says.

As a result, leadership prioritized change management, focusing staff on rethinking operations through the lens of better data about

each of the lines of business as it optimizes its retail stores and distribution centers.

“Do we need more distribution centers? Do we need less? Should we use stores more for the wholesale business?” Demko says. “Maybe our assumptions will be wrong when we look at the data.”

Oracle Consulting Services dedicated representatives from its retail and government teams to the project, complemented by supply chain and financial teams from subcontractor Deloitte and change management resources from CMG. Design and implementation faced challenges during the pandemic, with most work done remotely and project teams meeting in person only a handful of times.

“We know other states that started projects before the pandemic and they stopped,” Demko says. “We made it work.”

The financials component of the new system went live earlier this year, and staff are still in the process of assessing the new data capabilities. But it’s already clear that the system has provided a strong foundation, according to Demko.

“We restructured the way we want to look at the business — wholesale, retail, e-commerce,” he says. “To me, that’s the building block of this whole system. Financials are the background, but that’s where the data is gathered that allows us to look at the business.”

Next steps include building out the system’s front end, including an updated e-commerce experience for both retail and wholesale customers, whose order portals will become mobile-friendly for the first time.

“Licensees have been asking to access the portal on an iPhone for more than half a decade,” Brassell says.

For retail customers, the shift to online services powered fully by the Oracle platform will provide a modern online experience, enable store fulfillment and pickup of online orders, and open the door for online gift card sales and a loyalty program. The unified platform will also help address issues such as ensuring the inventory reported on retail and wholesale sites is accurate.

“Our current website is a combination of systems that talk to each other, and there are always discrepancies,” Brassell says. The new integrated platform will also improve point-of-sales systems within retail locations in a later phase of this multi-year project.

“Everything we’re doing is to build on that base functionality from the retail and wholesale lens,” Demko says.

Lessons for Other Government Organizations

While the PLCB’s modernization project is focused heavily on its retail and supply chain needs, the scope of the project reflects the capacity needed for a wide range of government modernization

projects. Even as the project is still underway, some important best practices have already emerged:

Dedicate specific staff and leadership to the project. Adequate staffing was essential “to keep the lights on while also redefining the future,” Brassell says. Equally importantly was the active — and ongoing — representation of executive leadership in the project team, including Demko, who as the PLCB’s executive director has remained involved throughout the project, even earning the anecdotal title of solution architect from his Oracle leadership counterparts.

“We need to be embedded,” he says. “You need to manage it from the top down all the way back to the top. Multiple people have to take ownership and make the tough decisions.”

Establish a strong partnership with your technology provider.

Both the organization and the technology provider need to respond collaboratively to unanticipated challenges. “We can’t do it alone, and the provider can’t do it alone,” Demko says. “It’s all about how the team reacts on both sides.”

Take future workplace models into consideration. While implementing the project remotely during the pandemic proved daunting, both the work teams and the completed system served as a proof-of-concept for hybrid work environments. Many PLCB employees will continue telecommuting most of the time going forward, according to Demko.

Ensure systems reflect the importance of data. Oracle’s unified cloud platform supports PLCB’s focus on data and greater visibility into its different lines of business. “The system will give us the data to manage the business for the future,” Demko says.

Ultimately, the PLCB’s new system should result in dramatic improvements to retail and wholesale purchasing experiences, both in stores, through wholesale locations and online. For the PLCB, the data insights into its different lines of business will allow it to adapt to a changing marketplace and optimize its warehousing and distribution facilities, reducing costs while increasing benefits to constituents.

That’s a valuable improvement for any state or local agency that directly engages with constituents in need of government services.

As Brassell puts it, “the new system puts us in place to be a competitive and effective retailer, not a government bureaucracy.”

This piece was written and produced by the Government Technology Content Studio, with information and input from Oracle.



Produced by:

Government Technology is about solving problems in state and local government through the smart use of technology. Government Technology is a division of e.Republic, the nation’s only media and research company focused exclusively on state and local government and education. www.govtech.com



For:

Oracle offers suites of integrated applications plus secure, autonomous infrastructure in the Oracle Cloud. For more information about Oracle (NYSE: ORCL), please visit us at www.oracle.com.