PUTTING SOME SaaS INTO YOUR SMALL CITY

P rogressive city managers and administrators are turning to cloud-powered back office strategies to help their local governments keep pace with change and deliver the advanced services citizens expect. Experts estimate governments spend as much as 80 percent of their IT budgets maintaining on-premises hardware. The right investment in a cloud-based back office solution — such as a finance or human resources (HR) solution — can make organizations more cost effective, efficient and productive, but that's only the beginning. It can also improve decision-making, spur innovation and enable smart city capabilities that smaller municipalities could only dream of until now.

Much like larger public-sector agencies and institutions, leaders in smaller cities, counties and K-12 schools must respond to the accelerated pace of technology and take a critical look at the performance and cost of legacy back office systems. Many of their on-premises data centers have undergone a series of hodge-podge add-ons over the years to handle new requirements and use cases. Keeping these systems up-to-date is an ongoing and time-consuming undertaking, and it's easy to fall behind. Individual point solutions designed to fix one problem can potentially cause another, from ineffective security measures to the inability to scale. Organizations can't sustain the systems, much less modernize them.

TRUE SAAS: BUILT FROM THE GROUND UP

The advent of cloud computing addresses the challenges that have prevented smaller municipalities from embracing back office modernization. Today, there are "cloud-native" software-as-a-service (SaaS) solutions built from the ground up to operate in the solution provider's technical environment (see sidebar, "Know the Difference: Cloud-Native vs. Cloud-Hosted). Unlike point solutions from niche vendors, all components are integrated and communicate with each other. Scalability and needed functionality are built in, so organizations can easily expand their capabilities over time.

To visualize the opportunities, imagine a department of public works with a mature, cloud-based financial system. An employee at a job site can use his or her smartphone to order supplies from a pre-approved list of suppliers with pre-negotiated prices. Executives can instantly approve requisitions. Conversations and notes are attached to individual transactions, providing a clear record of due diligence and detailed information for auditors. Once a purchase order is approved, relevant information

is automatically forwarded to the appropriate systems for rapid fulfillment, encumbrance, reporting and other tasks. Over time, artificial intelligence (AI) helps the finance team determine which suppliers provide the best value and how they can aggregate purchasing to obtain preferential terms and prices.

As smart city capabilities mature, the department can integrate its purchasing system with sensors and other technologies installed on street lights, bridges and other assets. When an asset needs to be replaced or is malfunctioning, it automatically requisitions new parts, creates and routes work orders, and schedules the job. Workers are more productive; the city is safer; and citizens are more satisfied.

In addition to streamlining and improving business processes, true SaaS solutions are:

- **Fast and affordable –** The cloud vendor provides the underlying infrastructure, so cloud-based solutions eliminate the prohibitive capital and operational costs associated with deploying and maintaining in-house finance and HR systems. In addition, systems can be up and running within a few months at minimal cost.
- **Simple to use –** The best vendors design intuitive systems. Line-of-business users can get the answers they need on their own. This improves productivity and decision-making, while freeing analysts and IT staff to work on higher-value tasks.
- **Built on best practices —** Cloud finance and HR applications are often architected with industry best practices in mind. Workflows are standardized and are modeled on input from subject matter experts.
- **Always modern –** Cloud-powered back office solutions are more sustainable because the vendor continuously upgrades systems to keep pace with innovation and industry developments. In addition, solutions can be easily scaled to accommodate growth or contraction.

SEEKING OUT SaaS FOR FUTURE GROWTH

Back office modernization is a basic requirement for the complete digital transformation of a small city or county. By migrating finance and HR applications to the cloud, local governments can bring efficiency, innovation and smart city functionality to the workplace and the community — without the costs, complexity and built-in obsolescence of on-premises solutions.

KNOW THE DIFFERENCE: CLOUD-NATIVE VS. CLOUD-HOSTED

Although cloud does afford immediate access to software and systems, merely re-platforming and hosting an application in the cloud does not provide full access to the benefits of an application that was "born in the cloud."

True SaaS applications, built from the ground up to take advantage of cloud, are known as "cloud-native." They are hosted in a true cloud infrastructure and are designed to maximize the benefits of the cloud. Features include:
- Short implementation cycles, with near-instantaneous provisioning for new users
- Quick upgrades, with simultaneous rollout of new features and security upgrades and patches
- Seamless scalability in response to increased demand (e.g., tax filing deadlines, elections)

In contrast, a cloud-hosted environment is simply on-premises software that is available remotely, via the cloud. Although the need for a local server or local copies is eliminated, there are some disadvantages:
- Longer implementation times, including server setup, software installation and customization
- Manual upgrades, specific to each server — not all customers are upgraded simultaneously
- Additional servers may be required for expansion because software is hosted on dedicated servers by the vendor
- Security may be a greater challenge because there are more access points for intrusions

The following suggestions can help organizations successfully deploy a cloud-native strategy:
- **Adopt a single, complete service vs. myriad point solutions –** Consider what you need today, but keep an eye on tomorrow. Be sure the cloud service can enable flexible analytics, handle complex scenarios and support deep reporting at the user level. Be sure you can opt-in to AI, chatbots and other advanced technology as your requirements evolve.
- **Use open standards –** Many legacy systems use proprietary code that makes it difficult to import and export data. A solution based on open standards can handle any data format and allows organizations to easily import data from heterogeneous systems.
- **Ensure it's truly cloud-native –** A hosted legacy application that is retrofitted for the cloud does not provide the same features and functionality as software that is purpose-built for the cloud.
- **Look for an intuitive user experience –**Determine how critical metrics are exposed in dashboards, what types of reports general users can create on their own and whether reports are well integrated with other parts of the system. Can users pull narrative and numbers from multiple systems to prepare a comprehensive annual financial report (CAFR) or pull data from the CAFR on an ad hoc basis?
- **Use a trusted cloud –** Be sure that the cloud service can meet service level agreements for availability and that it can protect confidential data whether it is in transit or at rest.
- **Partner with a well-established provider that can grow with you –** Look for expertise in back office modernization and in working with local government. Consider the provider's history of innovation, financial stability and commitment to long-term viability.
- **Champion change –** Partner with an IT consultant that can help maximize your IT investment and smooth the transition to the cloud. Leverage the consultant's change-management expertise to evangelize what's possible, obtain executive and stakeholder buy-in, and arrange user training as needed.

GETTING STARTED

1 Start with data conversion and basic transactional systems. Determine which data to move into the new system, and use this phase as an opportunity to clean up obsolete, incomplete, improperly formatted or redundant data.

2 Once basic systems are in place, start embedding more advanced features into business processes. For example, enable workers to use smartphones or other online tools to update their own records for payroll, timekeeping and benefits management.

3 Evaluate enhancements as they are published and opt in to new functionality as needed. For example, take advantage of AI capabilities to better understand hiring patterns and talent needs, improve decision-making, increase efficiency and move toward more intelligent processes.

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