ERP-driven change

How moving to a cloud-based ERP solution delivers efficiency, better services, and forever-modern transformation for government
The biggest part of our digital transformation is changing the way we think”
- Simeon Preston, Sr. Executive, British United Provident Association (BUPA)

Government agencies face ongoing budgetary constraints and pressure to improve financial transparency. These difficulties surmount government’s challenges with outdated methods of accounting, financial analysis, budget formulation, allocation, and execution. Technology transformation is a fundamental lever to change government operations overall. Forward-thinking government organizations are also changing their cultures to attract and develop workers with advanced digital skills, encourage workers to engage more effectively, and leverage proven technologies to improve operating performance, constituent experiences, and targeted outcomes.

Government priorities – including higher citizen engagement, improved productivity, and stronger economic growth – all depend on effective use of proven digital technologies.

Technology transformation enables government organizations to do more with less and focus their workforce on higher-value activities. How can technology transformation change the fundamental ways government operates and deliver time and cost savings to government agencies? And how can agencies ensure the success of a new technology implementation for both the workforce and constituents? This white paper will help government leaders think through how a cloud-based ERP solution can drive changes in government operations, and the key considerations to implement a new cloud-based ERP solution that delivers more than technology outcomes.

The government modernization imperative

Government finance and budgeting professionals face constant pressure to provide financial and analytical support for difficult decisions on how to budget, account, and allocate scarce government resources. Many state and local governments still rely on outdated legacy systems and cumbersome tools to collect data and analyze financial information and alternatives. As a result, analysts spend most of their time chasing down and reconciling numbers instead of doing the actual analysis that adds value to the decision-making process. The central control units must have a holistic picture of the organization across the entire enterprise to make informed data-driven decisions. Today, many are stuck trying to collect information which resides in siloed systems within various agencies and programs.

Government agencies must deal with shifts in regulatory guidance, mission requirements, the availability of mission-critical skillsets, and challenges in recruiting and retaining a high-performing workforce, while responding to increasing expectations for a high-quality citizen experience, the influence of legislators, and the rapid expansion and impact of technology.

In addition to financial and analytical pressures, government agencies face the ongoing loss of experienced and skilled workers. According to the Center for American Progress, there are 695,000 fewer people employed in state and local government jobs than before COVID-19. Governments’ employment recovery has been notably slower than that of the private sector, and the wave of experience walking out the door has many concerned about a lack of qualified candidates to take their places. The public...
In response, governments are considering how technology can help them adapt to a smaller workforce without sacrificing on services. Emerging technologies like artificial intelligence (AI), blockchain, Internet of Things (IoT), and virtual reality (VR) can streamline workflows and processes, freeing up employee time for higher-level decision-making and potentially having a great impact on the way government operates and delivers services to people. Some agencies are also looking at expanding non-traditional benefits—like working from home—to attract new employees.

Government agencies are moving away from expensive-to-run monolithic information systems, which prevent IT teams from moving beyond activities that simply “keep the lights on” to more innovative technologies that improve speed, accuracy, timeliness of information, and advance workers’ ability to serve people. Many of the legacy business systems in use at present have become increasingly difficult to manage and support, falling behind new advancements in enabling technology and proven best practices.

Modernizing information technology and adapting to change may seem overwhelming, but making and executing the investment effectively helps overcome the challenges all governments face currently, while also future-proofing critical IT business systems against obsolescence.

Transformational approach, forever-modern solution

Government employees often work with antiquated tools and technologies and operate in a largely transactional manner, making it difficult to predict or anticipate change. In most government agencies, lack of integrated systems requires manual intervention and introduces data inconsistencies, inaccuracies, and poor reporting. Antiquated or manual reporting tools are substandard for government needs. Paper-based environments, manual processes, and the lack of flexibility of legacy systems leave the government with an array of redundant, time-consuming, and unreliable processes.

The modern back office, comprised of critical administrative and support systems, is a launch pad for enhanced connectivity and business automation and can help ensure government employees have the right tools to serve constituents anywhere, anytime. Cloud-based technologies enable seamless back-office processes and enhance the workforce’s ability to operate in an increasingly demanding, mobile, and ever-changing environment. When modern business tools and systems meet user needs, business operations will transform in ways that are both quantitative and qualitative. In the short
ERP-driven change can springboard an organization in its digital transformation goals. Forever-modern back-office systems reduce the risk of needing another costly and time-consuming modernization in the future, because these systems are designed to evolve with the organization’s needs, changing external pressures, and technology.

Modernizing operational and critical applications can springboard an organization in its digital transformation goals. Forever-modern back-office systems reduce the risk of needing another costly and time-consuming modernization in the future, because these systems are designed to evolve with the organization’s needs, changing external pressures, and technology. Modern systems and streamlined processes that are intuitive, responsive, efficient, and reliable allow government agencies to work faster, more accurately, and more efficiently. Employees can spend less time on redundant tasks and more time helping customers or supporting strategic priorities.

Potential benefits of transitioning to cloud-based ERP

ERP software has existed for a long time, with most governments using on-premises or legacy ERP systems that have some shortfalls. For instance, they can be rigid and costly to implement, maintain, and upgrade, and legacy systems don’t support remote working. Since 2013, cloud-based ERP has become the preferred solution for businesses. Cloud requires as little as one-sixth of the ERP operating expenditures an online solution would otherwise consume.

Cloud computing entails transferring business services to the cloud to boost innovation, economies of scale, and flexibility. Modernizing ERP systems in the cloud helps to future-proof critical IT business systems against obsolescence and the increasing difficulty of managing legacy systems. Industry-leading cloud applications also offer business opportunities that outdated legacy systems cannot, including:

1. **Lower costs:** Cloud-based ERP eradicates the high cost of running a physical data center and eliminates laborious and costly procedures like software patching and hardware installation.

2. **Accessibility:** Cloud-based systems will allow workers and constituents access to data anytime, anyplace, regardless of device, increasing flexibility and access to critical information, while providing improved ways for government to deliver critical services to people.

3. **Agility:** They give organizations the flexibility to respond quickly and easily to changing industry conditions, emerging technologies, and constituent demands.

4. **Scalability:** Each application has built-in scalability that’s been tested in extreme scenarios, so organizations don’t need to worry about outgrowing their technology. Because businesses only pay for the resources they need, they can scale up or scale down quickly, easily, and cost-effectively. Cloud computing provides unrivalled scalability through additional storage space, computing power, and virtual resources whenever an organization needs it.

5. **Higher security:** They are designed for maximum security to protect government data and reduce risk. US-based safe data centers and self-repairing systems, tailored for government, undergo regular monitoring and upgrading, which does not often occur in small, government-based data centers. Systems are designed to prevent security breaches, care for disaster recovery, data backup, and business continuity requirements.

6. **Reduced errors:** Automated business processes and unified data access dramatically reduce errors.
Migrating finance and HR systems to the cloud lets public sector entities benefit from evolving technologies like chatbots and predictive analytics, powered by the transformational potential of artificial intelligence (AI). Emerging technologies like AI, blockchain, the Internet of Things (IoT), and virtual reality (VR) can automate many tasks and processes, improving efficiency and accuracy. Automation can help governments streamline certain workflows and processes while freeing up employee time for higher-level decision-making.

Employing the AI technology found in Cloud ERP in the government could free up to 1.2 billion working hours annually and save up to $41.1 billion. Blockchain technology has the potential to revolutionize the way governments handle data and transactions, providing a secure and transparent way to manage information. IoT can be used to connect devices and systems, allowing for real-time data collection and analysis. VR technologies improve training and simulation, as well as create immersive experiences for the public.

Meanwhile, blockchain and distributed ledger technology can transform the delivery of public services; redefine the relationship between government and citizens in terms of data sharing; and improve transparency, trust, and government financial management. Robotic process automation tools can remove the drudgery of repeat tasks, allowing employees to focus on more substantive activities. All these technologies have the potential to greatly impact the way government operates, and it is important for leaders to be aware of these technological developments and potential applications.

Once business process changes are made through an ERP implementation, government operations can expect to see additional important benefits, such as:

1. **Ready access to data:** An ERP will provide much greater visibility to government-wide data. This will eliminate some of the need to generate customized management reports. Drill-down capabilities will allow access to targeted information without having to include layers of detail in custom management reports.

2. **More data-driven decision-making and reduced stress on the organization:** Ready access to data also will enable more data-driven decision making throughout the government. The reduced need to create custom reports from disparate systems will reduce stress on organization staff.

3. **Increased adherence to policies and procedures:** Today the government is heavily dependent on people to know policies and procedures and to review and monitor for compliance. With an ERP, most of the business policies, procedures, and controls will be built into the system. This will greatly increase the consistency of processes and compliance with policies and procedures.

4. **More effective interfaces with external parties:** There are many requirements for government agencies to provide information to regulating authorities. A common, updated technology structure would facilitate meeting requirements more easily.

5. **Support for succession planning:** The common resources within an ERP system such as a comprehensive training program would also serve to support succession planning within the government.

6. **Additional purchasing efficiencies with strategic sourcing:** While ERP implementation will produce definitive benefits in purchasing...
processes, the expansion of these processes to include strategic sourcing could yield additional benefits. Strategic sourcing, as the name indicates, involves a more strategic approach to purchasing by analyzing what agencies are buying and the range of needs across agencies; assessing the market for purchases, the number of suppliers in use, and the variation in pricing; identifying opportunities to consolidate spending and negotiate better pricing through volume purchasing; and potential for further automation through an online catalog.

Modern systems: Cloud-based ERP delivers embedded best practices that cross lines of business between HR and finance, providing process efficiencies and transparency. Workflows and approvals are available and configurable, so agencies can take advantage of best practices while maintaining compliance. A single integrated solution allows data to flow seamlessly between departments. Meanwhile, automation, analytics, and reporting features ensure an agency is smarter and better prepared.

Forever-modern ERP platform for government efficiency

Implementing an ERP system is a key activity for any organization choosing to deploy a new enterprise system. The success of the chosen enterprise system—measured by meeting user expectations, business requirements, and project budgets and schedules—depends on successful implementation and requires thoughtful planning and execution with those who understand the technical aspects of the ERP and can navigate the organization’s business and cultural environment.

ERP uses proprietary, multi-module software applications to improve, standardize, and automate government operations and provides modern technology that promotes one-time data input and reuse of data across the enterprise. Technology advancements and visualization capabilities help accelerate financial modelling. Modern ERP also leverages data aggregation technologies with predictive analytics, cognitive, and machine-learning capabilities to provide a streamlined experience for organizations to generate high-impact insights.

The ability to produce accelerated financial insights allows for agile scenario planning, empowering organizations to shift their focus from analysis to decision-making.

Efficiency through process standardization and automation

For Government to meet the efficiency demands of the upcoming decade, standardization and enterprise-wide integration of core business processes must replace non-value-added processes currently in place to manage core functions in accounting, purchasing, payroll, and human resources. An investment in modern ERP technology will serve as the foundational tool set for standardizing core processes and enable automation of many manual processes through a more integrated technology that promotes one-time data input and reuse of data across the enterprise.

Single version of the truth

Governments remain largely unable to solve their data proliferation problem. Data are often dispersed across a fragmented landscape of applications or registers, and often managed in organizational silos. Data are routinely stored in hard-to-process formats or in places where digital access is impossible, such as in legacy mainframe systems. Thus, data is not available where needed, progress on digital government is inhibited, and citizens have little transparency on
what constituent data the government stores or how it is used.

To unlock their data potential, governments can develop an interoperable and connected data landscape, where data collected by any government entity is available where needed, security and privacy are safeguarded, and adequate legal, technical, and organizational protections prevent misuse of data. A proper data strategy and landscape delivers benefits like increased efficiency, improved usability, and value-creating opportunities.

Cloud ERP can be the first step in government and finance transformation, enabling data-driven policymaking, as well as a reduction in fraud, waste, and abuse.

Embrace and enable hybrid for a future-ready workforce

According to a recent McKinsey study, 58 percent of U.S. employees said they can and want to continue working remotely. Centrality of the office is a thing of the past, and remote teams are emerging as a durable component of the work landscape. Legacy on-premises ERP can’t support this type of new hybrid workforce. Governments must transform their ad-hoc and inefficient remote team workflows into something that approaches the efficiency of the office.

Remote team efficiency is about having all the government’s data in the cloud. Without cloud ERP’s cloud-based backend infrastructure, working with files and data (especially financial) becomes both a logistical nightmare and a security risk. Migration to cloud ERP is the digital transformation of a government—it is as much about processes and a mindset shift as it is about tech, making the move to infrastructure that supports remote teams an issue for the C-suite.

While cloud-based ERP brings many benefits, especially in terms of financial management, it also helps with remote team efficiency in at least three areas:

1. **Data centrality with fine-grained permissions:** When an organization uses a cloud-based ERP system, the full range of data and processes used to conduct business is accessible to the remote team. Remote team members work with the same data and applications they would use within the office walls. This data is also shielded from unauthorized access. Unlike most remote team platforms, cloud ERP comes with fine-grained, role-based access so employees can only access data they’re authorized to see.

2. **Complete operational visibility:** CFOs and management at all levels need visibility into remote team performance and daily activity. Cloud ERP greatly assists with this passive monitoring of remote team behavior because all actions and data are captured in the system. Without having to “check-in” with remote employees, management can see the work being performed and by whom at any time. The actual data can also be checked remotely.

3. **Process standardization:** Standard operating procedures can break down in a work-from-home environment or not be followed at all as a result of temporary laziness or the lack of the right tools and applications. ERP is built around standardized processes, through both best practices that come out of the box by default and by custom, management-defined processes. There’s no need to remind or monitor employees about the right way to perform a job function, because the system assumes and demands it.

Three keys to success

Back-office modernization requires two primary components: integrated technology systems and skilled personnel. A technology modernization project, whether it is a “lift and shift” to the cloud or a new implementation, is not the most critical element in delivering transformational value to the government.
Digital transformation needs strong executive support, change management, and a training plan to be successful.

Implementing cloud computing technology involves combining strategy and change management and can benefit public sector organizations by controlling and reducing costs, optimizing human capital, consolidating facilities, efficiently using assets, improving adaptability and agility by virtualizing resources, and increasing the capacity with simple scalability.

An analysis of more than 600 global ERP cloud implementations by Tata Consultancy Service (TCS) revealed the importance of the administrative organization adequately resourcing and staffing the organization, providing top management support, continuously communicating to clarify motivations for implementations, gaining concurrence, and maintaining a change management asset. Though cloud ERP systems are easy to implement, the biggest challenge in the implementation project was to get employees to realize the benefits. This explains the importance of informing the entire business about the benefits of the system and the process to understand the value of the change. For an ERP project to succeed, you must prevent problems in cloud strategy, project management shortfalls, complex technology and systems issues, and end-user resistance. The major success factors of an ERP system are top-management support, training, team contributions, consulting capability, and support.

Plus, the implementation team should be able to implement, maintain, and upgrade the ERP system, actively build relationships with business managers, respond to the end-users, and check for data integrity. Failing to identify the right person in charge, doing too much at once, under-staffing, inadequate training, and not expecting the unexpected increase the cost of an ERP project.

Three keys to digital transformation success:
1. Strong executive support
2. Organizational change management
3. Training

Executive support

When planning for digital transformation, government leaders default to IT leadership to deliver. If IT can’t make it happen, they often bring in a chief digital officer (CDO) or chief citizen experience officer (CCXO). And therein lies the problem. Yes, digital transformation requires technology—but technology is only an enabler. The real driver of transformation, or even optimization, begins with solid planning and strategy to change business policies, processes, and rules across organizational silos.

Ownership of digital transformation must start with the executive (or person with the equivalent title)—not the CIO.

Leaders play a crucial role in steering an organization towards digital transformation. They act as an intermediary between the employees, management, and implementation vendor, create new goals, delegate responsibilities, and tackle the challenges. The executive’s responsibility is to serve as the heartbeat of the organization, driving culture from the top down, owning and meeting key business objectives, and influencing internal and external stakeholders to achieve results. The executive is the glue that holds the organization together and will be a key player in digital transformation.
The real job for the executive is to focus on three key things: culture, people, and innovation.

**Culture:** Drive a culture that values agility, change, and a data-driven approach to working. The real responsibility for the leading executive is to create a culture of curiosity, where everyone across the organization is inspired to look at technology as an enabler and driver of their specific business goals.

**People:** The executive needs to put the right leaders in place who recognize and tie digital transformation into the vision, purpose, and mission of the organization’s work. The executive needs to ensure the C-suite and other leaders are motivated and capable of executing the vision. It is critically important for the leadership team to support the transformation vision and have a positive attitude and willingness to transform. This process might entail replacing key individuals who are not ready to contribute.

**Innovation:** Digital transformation is not just about the technology. It’s about integrating technology into every facet and function of the organization, to collect data and information, and then use this data to sustain and move the organization forward.

**Organizational change management (OCM)**

OCM centers around three core focus areas that have been proven to contribute to accelerated adoption of new technology.

**Impact-led:** OCM captures, documents, and analyzes detailed business impacts during the design process. This disciplined approach identifies key impacted businesses and functions and allows for rapid, role-specific content to be developed for communication, engagement, learning, and training activities.

**Persona-based:** OCM develops personas, consistent with the agile methodology, that are representative of key groups of end users and other key stakeholders. This approach helps users to quickly level-set expectations, understand their role, what is changing, and what is staying the same because of this new ERP system.

**Digitally enabled:** OCM is committed to using digital technology methods to execute OCM activities whenever possible.

**Training**

One of the main reasons for the failure of an ERP implementation is the lack of or insufficient training. To get the most value out of an ERP system, organizations need trained users set with the ability to resolve problems and answer questions, without diverting resources from other teams (support, etc.) After investing a great deal of time and money in implementing an ERP solution, it is essential that employees understand how to best use it to make the most of that investment. Training employees in the ERP system will set up the organization for success and better position people to do their jobs.

A correctly integrated ERP system, with properly trained users, can have a significant impact on an organization’s success in a number of ways:

**Improved productivity and time savings:** When employees understand how to properly use the system, it will empower them to become more efficient at their work. ERP training enables staff to complete tasks more quickly, resulting in an overall increase in productivity. Employees who have received online or classroom-based ERP training will better understand how to interact with the system to accomplish their tasks. This efficiency gain greatly reduces the amount of time it takes to accomplish any given task, while simultaneously reducing time wasted trying to figure out how the ERP system works.

**Better risk management:** When everyone in your organization is trained, it provides consistency in how to complete tasks, putting everyone on the same page and reducing the chances of human errors. Fully understanding the system also enables your employees to use it and input data much more accurately. The end result is that you receive better data through the system that you’ve established.
Performance improvements: Training and development help staff acquire new skills and amplify their strengths. Spot shortcomings or weaknesses within the team, and you can find the gaps where your employees will benefit from training.

Employee satisfaction and empowerment: An organization that invests in employees’ professional development tends to have more satisfied employees. Nonetheless, the training given to them must be relevant to their field. Employees are now requesting more and more industry-specific and useful tools training, like ERP systems.

Through a comprehensive approach to training development, the organization should plan to meet the following objectives:

- Achieve user competence and confidence in new ways of working
- Achieve learning goals and encompassing technology, processes, and new roles
- Measure learning effectiveness and adequate coverage
- Identify Frequently Asked Questions and disseminate among users

Develop a comprehensive training strategy that addresses all aspects of training: training audiences and needs analysis; training development tools; training delivery schedule, logistics and timeline; training metrics, training support plan, training material refresh, and maintenance. When the training needs analysis is complete, existing content development estimates for training content development effort and type will be confirmed or adjusted.

A Master Training Plan should be optimized to prepare the organization to adopt the changes that will come. The approach depends on the stakeholder analysis and change impact analysis. Conduct a thorough training needs assessment to address training needs based on roles, operational changes, and process changes. Deliver training in a train-the-trainers approach onsite. Continue supporting these trainings in preparing end users through each phase of the roll-out. It is imperative that staff, stakeholders, and users understand the new system and can operate within the new environment seamlessly, to continue to meet the organizational needs.

Improve flexibility and eradicate legacy technology pitfalls

Digital transformation is driving governments to reconsider their technology strategy, including moving beyond the organizations’ legacy ERP systems. Instead of investing in on-premises systems, organizations have turned to cloud-enabled ERP systems because of the flexible, agile, and cost-effective structure of their ERP application portfolios on the cloud. Cloud-based systems are easy to configure, constantly updated, and quick to implement and use.

The ERP landscape has taken a drastic shift with cloud-based ERP solutions, which deliver advantages like high availability, optimized performance, faster time-to-market, and improved user experience. Leading cloud-based ERP solutions designed for governments simplify the experience for users, improve management, and speed up the digitization journey cost-effectively. These forever-modern solutions have low implementation and migration cost, scalability, and almost 99.99% uptime.

Before moving to a cloud-based ERP, you must understand your migration challenges, create a project plan, and define the objective and results. Make a change management plan, comprising a full analysis of the new ERP, and identify changes to your current workforce under the new structure. Communication with the team and stakeholders regarding the task and timeliness is essential for success. A vendor-partner should bring industry and domain expertise to provide profound consulting and advisory services to transform your ERP system to the cloud by engaging with stakeholders right from the start, understanding your business needs, addressing your pain points, and implementing your cloud solution seamlessly.

Any digital transformation journey can be challenging. A successful transformation is a big change in culture, business practices, strategy, and even how work is being done. Hence, it’s crucial
that before transforming, leaders galvanize their workforce so they have the mindset and procedures for sustained change and adoption. Cloud-based ERP embeds end-to-end business best processes enabled by industry-leading applications and technologies. By embedding next-generation digital technologies, like cloud, mobile, AI, and IoT, the right solution automates daily business activities, allowing organizations to achieve more, faster, and with less resources.

Digital transformation is a team initiative. MIT’s George Westerman sums it up well: “Digital transformation requires changes to processes and thinking—changes that span your internal organizational silos.” Organizations that have successfully undergone digital transformation find that partnering with technology outsourcers and customers increases success. Digital transformation also results in more agile processes, technology ecosystems, and organizational philosophies. Technology and systems integrator partners can help to bridge internal culture, skill, technology, and data gaps that become stumbling blocks to digital adoption. Training helps to overcome the modern solution technology gap (“consumption gap”) that client end-users experience. Ultimately, success can be defined with happy customers fully utilizing the solution.
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Tata Consultancy Services (TCS) US Public Services
Change starts here. At TCS, we believe public sector change starts with the way change is delivered. The ambition and desire of governments across the U.S. to transform how they deliver services have never been greater. As the rate of change accelerates, TCS is committed to helping governments achieve success by improving the ability to serve people. TCS helps governments transform their ability to respond rapidly to ever evolving technology and constituent expectations, enabling consumer-grade digital experiences and a future-ready workforce. Change begins with understanding your needs and a long-term commitment to your success, because people deserve government that is there when they need it, the way they need it.

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