



COST REDUCTION

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HOW TO BALANCE TECHNOLOGY MODERNIZATION & REDUCED BUDGETS

It may seem like a tall order, but modernization pays off when it comes to helping government organizations make the most of smaller budgets.

The COVID-19 pandemic exposed the need for governments to provide effective digital experiences for citizens and enable remote work. At the same time, massive revenue loss means governments have fewer resources to work with. It's estimated that the current recession will cost states and localities up to \$500B through FY 2022.¹ Meanwhile, federal orders like increases to UI benefits put more fiscal pressure on government organizations.

Addressing these two critical issues — the need to modernize and reduced budgets — simultaneously is challenging but doable. Success will require organizations to strike a delicate balance.

Modernizing on a Budget

Legacy IT applications continue to pose a major challenge to state UI, Medicaid and other programs. When the pandemic struck, some states and localities successfully implemented quick technology solutions to fill the gaps. But longer term, government organizations need to make broader changes that will prepare them for years of higher service demands paired with lower budgets.

"Budget reductions are going to be a shock to the system. Government organizations might be experiencing some of that already, but it's going to hit really hard in the next couple of budget cycles," says Bob Nevins, director of state and local government strategy at Oracle. "That's going to force agencies to assess their most critical functions, prioritize, and

then figure out how to deliver those services as efficiently and effectively as possible."

To address these longer-term needs, government organizations need to shore up supporting IT infrastructure and accelerate adoption of cloud and software-as-a-service (SaaS) into mission-critical layers of their IT infrastructures. Organizations that accomplish this will create a foundation for modernization that will enable them to operate more efficiently. For example, moving on-premises applications into cloud environments can help agencies automate and thereby reduce or eliminate many IT maintenance functions.

"Pushing day-to-day maintenance functions onto a cloud service also means you pay for them through an operating budget that's more predictable and manageable," says Nevins. "That also allows you to scale your services up and down when you have sharp spikes or valleys in usage."

Migrating to cloud also provides the foundation government organizations need to:

- Improve the user experience and create new digital experiences to serve citizens
- Address workforce issues such as managing and running projects long-term, which is especially critical for employees that continue to work remotely
- Enable more flexibility so agencies are better prepared to face new challenges and move employees to remote work environments quickly and easily if needed

Five Places to Begin

While migrating to cloud comes with a cost, there are smaller investments state and local governments can make that will help them move toward greater modernization.

1. Reconsider Disaster Recovery. On-premises disaster recovery (DR) solutions can be expensive, requiring recurring capital investments and maintenance, management and IT support costs. These solutions also limit scalability and do not offer any guaranteed up-time. Moving DR to the cloud allows an agency to reduce or eliminate onsite hardware building costs, pay only for what they use, back up data more consistently and scale easily as needed.

“COVID-19 expanded the traditional definition of disaster recovery,” says Matt Fullerton, senior director for Oracle’s North America Public Sector Channel Sales. “Everyone has been asked to deploy resources, protect people and spin up systems in an environment that may appear to be eerily normal.”

2. Tackle Development Environments. When agencies develop new applications, such as citizen self-service apps, they typically create a separate development environment. Most agencies mirror those environments for testing, so they can do so using the same platform they will use when they move to production. But this is expensive.

“It’s effectively like having three production environments,” says Nevins.

Moving development and test environments to the cloud, even if the agency doesn’t ultimately launch the production environment in the cloud, reduces costs.

3. Work on the Edge. Legacy systems that fail under the weight of sudden demand — like some state UI systems when COVID-19 hit — can cause huge headaches. And while shifting entire systems to the cloud might not be feasible now, agencies can consider cloud or SaaS-based systems that work on the edge to do things like facilitate customer service. For example, many states implemented chatbots in their call centers to handle basic citizen inquires during the first stages of the pandemic. This

helped reduce call wait times for citizens and allowed employees to focus on more complex inquires.

4. Use Analytics to Get More Out of Data. Modernization also helps agencies leverage analytics to get ahead of problems and operate more cost effectively.

“There are mounds of data available to agencies today, both their own data and external data that impacts the citizens they serve,” says Nevins. “Harnessing that data and using analytics tools allows you to help citizens faster and identify pain points before they happen. Who are the frequent callers who have similar needs across different agencies? Where might we consolidate or share resources? The only way to get those types of insights is to garner data and analyze it.”

However, today’s analytics tools are easy for even non-technical people to use to gather insights that can reduce costs and improve efficiencies across the organization.

5. Take Care of Your People. Without people, technology simply does not work. During the pandemic, leaders recognized the importance of keeping their teams healthy and safe while maintaining business continuity.

“For decades, we’ve talked about protecting data, but now, we need to think about protecting our most important resource — our people,” says Fullerton. “And that goes beyond government teams.”

Tough Choices Ahead

Reduced budgets will be a challenge but investing in modernization has the potential to help ease some of the pain.

“Ultimately, you cut more wood by taking some time out to sharpen your saw,” says Nevins.

That doesn’t mean there won’t be tough choices ahead.

“In the end, various divisions within an agency are going to have to sit down and make some critical decisions about how budget is spent,” says Nevins. “There may be situations where you need to borrow from a non-IT area to enable you to move toward a more modern and streamlined approach that ultimately will improve the overall agency.”

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

Footnote:

Next Federal Relief Act Needs \$500B to Avert Big State, City Layoffs, Florida Politics, June 24, 2020, <https://floridapolitics.com/archives/343590-moodys-report-next-federal-relief-act-needs-500b-to-avert-big-state-city-layoffs>

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