

A stylized illustration of a hand holding a glowing, golden orb. The orb is surrounded by binary code (0s and 1s) and has a bright light emanating from it. The background is a dark red with a pattern of binary code and a grid of rounded squares.

Agencies ask ERP to help them solve business intelligence and transparency challenges.

# ERP's Next Big Trick

**M**ore than a decade ago, the Y2K scare had government agencies looking to enterprise resource planning (ERP) software to ensure that their IT systems could handle any computer system disruptions that might occur when the year hit 2000. Las Vegas CIO Joseph Marcella implemented the technology in 1998 for this purpose, but was also using the transition as an opportunity to consolidate services and overhaul back office systems to make business run more smoothly. Las Vegas' disparate IT systems made it difficult to make accurate business decisions about financials and municipal activity, said Marcella.

By Hilton Collins | Staff Writer  
Illustration by Tom McKeith

After a 12-month implementation, the city eliminated much redundancy by running finance, procurement and human resources on its ERP system. Now, 14 years

later, Marcella again is requesting more from the city's ERP system than its initial purpose — this time to help meet growing demand for government transparency.

Las Vegas isn't alone. Many government agencies implemented ERP to prepare for Y2K and streamline cluttered systems. Today those agencies want the technology to make them more transpar-

ent and to deliver insight that helps leaders make tough budget calls. And software providers are working on solutions that respond to those demands.

"We didn't talk about data warehouse or business intelligence in the '90s — it sort of didn't exist," said Pallavi Verma, executive director of revenue, finance and administration practice for state and local government and higher education with Accenture. "The focus of what people are trying to get out of [ERP] has changed, and it is more oriented not on just changing the

technology, but also what the business results are that you're going to achieve by changing the technology.

"That really is just taking all the data in HR and finance, pulling it together in a meaningful way for a government entity to say, 'What does all this data that I'm collecting really mean?'" Verma added.

That's the goal in Las Vegas, where the city is creating a business intel-

ligence dashboard for government leaders, and also intends to use that data to report performance metrics to citizens, said Patricia Dues, an IT manager with the city who oversees applications development. "A lot of cities are doing it," she said. "They're presenting their numbers, their performance measures, and that's what our business intelligence is tracking now."



**Joseph Marcella**



**Pallavi Verma**

## CHANGING THE GUARD

ERP deployments don't only mean software changes, of course. They also can involve big shifts in work processes, which can be a tough adjustment for management and staff.

Las Vegas benefitted from work process changes driven by its ERP project, said Patricia Dues, an IT manager who oversees application development for the city. "We are more of a team environment than we ever were. Departments work together where they didn't in the past, so there are a lot of advantages," she said. But there are challenges too. "We still have managers who go, 'No. No way will we change a process.'"

When Gartner researchers dug into the issue for their 2009 paper highlighting trends in statewide ERP implementations, they came back with four key findings, one of which was: Organizational change management was the single most cited factor driving ERP success when it occurred.

Change management was a key consideration in Minnesota's ERP deployment, said Lori Mo, assistant commissioner of the state's Accounting Services Division. "When we did our evaluation of vendors, we included an evaluation of their change-management approach, and we have had a great deal of agency involvement statewide from the very early days of the planning process."

The migration may not have been easy, but agency involvement and change management made the process smoother, she said. "We have been very fortunate to have really strong agency support throughout all the phases."

Still, preparing employees for change is tough when it ripples through everything they've known. "That was a huge issue, and it takes years to do that," said Pam Sharp, director of North Dakota's Office of Management and Budget. ConnectND is the state's deployment of Oracle-PeopleSoft software for administrative functions in the North Dakota University System, as well as finance and HR for state government. There's an oversight committee and an additional board to coordinate the ERP activity.

"Those are the result of having this project and having the new way of doing things," Sharp said. "When we meet, we have the representatives on this board talk about what's worked and what's not working and where we need to go."

## Enterprise on the Rise

In 2009, Gartner and NASCIO surveyed 37 states and found ERP activity under way in 72 percent of them.

Some of those deployments lost momentum due to the recession, but they're bouncing back. "We saw a slowdown, obviously because of the economy and the local government issues, but recently we've seen a bump," said Rob Roque, senior manager of research and consulting at the Government Finance Officers Association.

Twenty-nine percent of NASCIO survey respondents had recently completed an ERP deployment; 14 percent were considering ERP; 15 percent were in the procurement phase; and 27 percent were implementing an ERP. Only five states, 14 percent, reported no ERP activity. Fifty-four percent of states in the study said their ERP project governance included multiagency participation.

The ability to combine data from multiple sources across an enterprise is big part of ERP's value, Marcella said. "It's infrastructure, or the center, of everything else you do from a business point of view."

For instance, Las Vegas' ERP aggregates data from multiple databases, making it easier to answer tough questions, like how



**Rob Roque**



much the city pays for public safety — a category that's broader than many people think. "We also have food inspectors and business licensing inspectors, and all of that's public safety," Marcella said. "So now all of that has to be taken into consideration."

If systems are integrated and business applications are combined, said Marcella, governments can mine internal data more easily for key performance measures to assess costs and decide how organizations will run.

With government officials facing increasingly tough financial and policy decisions, it's not surprising that ERP users want more business insight from these systems. When Gartner and NASCIO asked respondents why their states chose ERP, one of the top three reasons was the desire for tools that allowed better decision-making and organization of data resources. ERP doesn't only allow ease of business, it also allows users to extrapolate data for self-assessment and improvement.

That's reason enough for Marcella. "Today [the question is], 'What do you need to do to continue to run your business?' And that's business intelligence," he said.

## A Modern Flavor

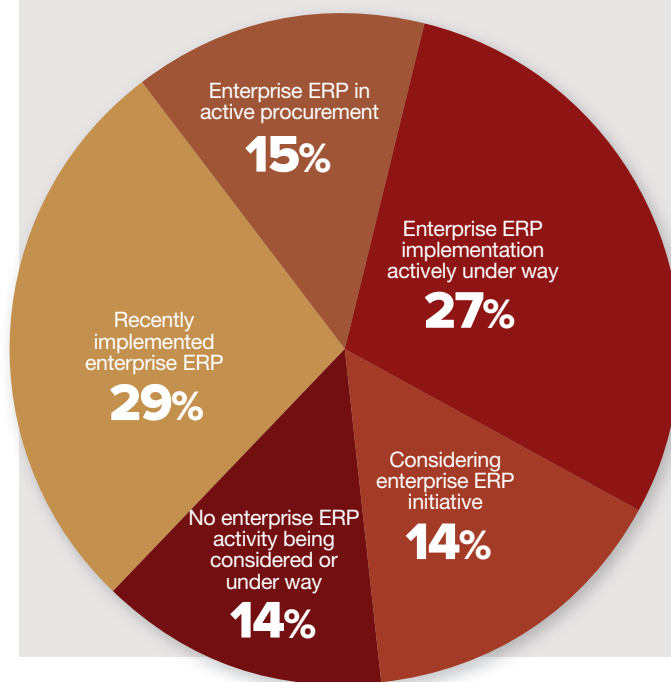
Desire for better transparency was a factor in Oklahoma's ERP upgrade. "It's more of a business-driven process than I would say it's a technology-driven process," said state CIO Alex Pettit.

The state created Oklahoma OpenBooks, OpenBooks.OK.gov, a public website with state financial information, and Data.OK.gov, a site containing state data sets for public analysis. Pettit said ERP technology helped Oklahoma create both websites to meet taxpayer demands. "Everybody wanted to see what we were spending the money on," he said.

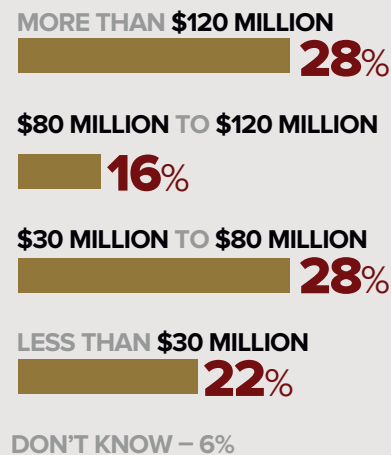
Oklahoma's ERP deployment went live in 2002, but the state recently adapted the system to support the new transparency sites. For instance, data from the ERP's accounts payable module feeds the OpenBooks site, which provides detailed information on state revenue and spending. Users can perform a variety of searches through the site, which may reduce the number of information requests fielded by state personnel, Pettit said.

## ERP Implementation Status

A 2009 survey by Gartner and NASCIO found that about three-quarters of responding states had some type of ERP activity under way.



## Five-Year ERP Project Costs



Source: Gartner (October 2009)

"The requests that we get or the requirements that we face, they're always about: How are you spending the money? How much is the state spending on travel? How much is the state spending on education? How much is the state spending by vendor?" he said. "Every one of those could be an open records request. Well the better thing to do is just go ahead and make the data available."



Alex Pettit

Oklahoma's ERP is also a tool to increase productivity. Pettit said it can be used to determine how the state is performing against its expectations and to analyze what services or activities are ongoing. Sophisticated business intelligence functionality hadn't been deployed as of press time, but Pettit said it will be used in Oklahoma.

In Minnesota, 2009 legislation required the state to expand existing public disclosure activities by putting more expenditure data on the Internet. The state plans to have the feature available this summer. "It's quite

specific in terms of what contract information needs to be out there, what expenditure information," said Lori Mo, assistant commissioner of the state's Accounting Services Division.

Requirements include a searchable database for users to query for contract, financial appropriation, state expenditure and tax expenditure information. Mo's office deployed

PeopleSoft ERP for HR payroll in the mid-'90s, but used software from different vendors for accounting and procurement. The accounting and procurement systems now are obsolete, and with impending legal demands, Minnesota is replacing them with new Oracle ERP modules. Oracle acquired PeopleSoft in 2005, so now all three modules — HR payroll, accounting and procurement — will be linked through the same software.

Mo thinks that many governments may have transparency support in mind when they modify or adopt ERP. "The



**Pam Sharp**

transparency piece has gained traction in recent years," she said.

It's a change that's also evident in North Dakota, which is using ERP to meet a legislative mandate for publicly searchable transparency data. "Our Legislature wanted us to have a transparency mechanism so the public can look at government expenditures, and it just made sense to use what

we have," said Pam Sharp, director of the state's Office of Management and Budget.

The Legislature set a deadline of June 30, 2011 for agencies to meet the mandate.

The state originally deployed its ERP in 2004 to replacing aging legacy systems. "The accounting system we had at that time was more than 20 years old," Sharp said. "It was a mainframe thing. It wasn't

integrated with anything at all, and the university system also had a very, very old system."

The state partnered with the North Dakota University System to launch ConnectND, North Dakota's deployment of Oracle-PeopleSoft software for finance and human resources. The technology functions statewide and also supports student administration functions.

Since deployment, the state has linked business intelligence tools to the ERP to mine for data.

### On the Cusp

Vendors, of course, are working on ways to adapt to new requirements from government agencies.


James Holincheck, research vice president at Gartner, said ERP technology has evolved from core HR, finance and procurement applications to include sophisticated performance management tools, with citizen reporting added on top.

ERP solutions aren't only growing more advanced, they're also likelier to be hosted in the future.

"I think software as a service and cloud computing in general will certainly have an impact on ERP solutions for the public sector," Holincheck said. "Maybe not short term, but longer term."

Verma agreed. "If you look at a city or county, [software as a service] is a much more cost-effective way to do something like this."

She also predicts more cross-jurisdictional collaboration in ERP's future, and some of that evidence exists today. North Dakota's ConnectND project, linking state government and higher education in one ERP environment, exemplifies it.

Government workers are game to this idea in other places as well. "They love the idea and concept about figuring out how to share administrative systems across jurisdictions," she said, "even within their own state, whether it's software as a service or they buy it themselves." 



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