

Mike Riffle: Welcome to Plante Moran's ERP podcast series. I'm Mike Riffle, senior consultant with Plante Moran, and I'm here with Adam Rujan, partner, and Tracey Rau, consultant, from Plante Moran's Technology, Consulting and Solutions ERP team.

Today, we kick off the government ERP podcast series with an introduction to ERP based on Plante Moran's firsthand client experiences. Tracy and Adam, good afternoon.

Tracey Rau: Good afternoon.

Adam Rujan: Hi, Mike. How are you?

Mike Riffle: Good. So as we prepare for the series overall, let's just quickly discuss approach. In today's tight budget times, governments have to do more with less, and many are trying to identify the implementation of new technologies as a worthwhile approach to increase efficiencies. It can be a daunting task for any government to tackle. What approach would you recommend for governments that are in the beginning stages of investigating their technology improvement options?

Adam Rujan: Well, Mike. What I would say, the first question is to really try to determine what's the driver for this? So why are you really trying to take a look at replacing your ERP system?

Is is that your software is outdated? Is the technology support changing in some way? Are you being forced to upgrade or is the vendor not supporting that particular software product anymore? Are you feeling that our spending is too high for these types of systems, or are you getting some kind of pressure from others, maybe it's council members saying, "We need more data," or it's constituents saying, "We'd like access into certain web based services." Any of those can play into that and drive a city or a county to looking at a new ERP system.

Mike Riffle: Adam, so in your experience and what are really the top concerns that prompt local governments to consider their ERP assessment, selection or an implementation?

Adam Rujan: I think probably the big three that I've noticed, number one is that the vendor is requiring some sort of a change. Either they're no longer maintaining that particular product, or they're requiring the client to upgrade. In a lot of cases, those upgrades can be pretty costly, as much as a new system in some cases. So number one is some change in the vendor status is driving clients to look at that.

Secondly then, I would say that somewhere along the way, the client's needs have changed. Again, whether it's a council member saying, "I need more information," or a constituent saying, "We'd like better access or better

functionality." But the current system really can't deliver those needs. So it's some sort of a functional limitation of the system that they've got currently, and they're trying to upgrade to buy more functionality.

Or the third case, and particularly in today's budget times, a lot of folks are really looking at the cost to maintain those systems, and one of the questions that I have a number of clients asking is, "Did we overbuy our last system, and are there less expensive alternatives out there?"

Tracey, what are you seeing?

Tracey Rau:

Well, some other concerns are an antiquated user interface. Governments that still use the old green screen concept system, they have difficulty attracting new talent, because the new talent is only willing to utilize modern browser-based user interfaces.

Another concern is continuous change in the ERP vendor marketplace. For governments that may be looking for their first ERP system, public sector ERP marketplace is very daunting. Many of our clients do not know which ERP vendors will cater to their specific needs or are best suited for their type or size of government, and they have to figure out which system would be possible to effectively maintain for years to come.

The last concern I can think of is system stability and security for those already on an ERP system. It's becoming more common than those who implemented systems in the late 1990s, that they are expressing increased concern about the stability and security of their current ERP system. We have real hands-on experience with clients that have had problems with their internal security and disaster recovery plan. So when we review, and when they review, their current security or recovery plans and the gaps associated to the cost to implement the new plans, that cost may be very high. So they may start looking to alternative solutions such as hosted ERPs or software-as-a-service model. A move to these deployment models puts the responsibility of the disaster recovery plan in the hands of the hosting or SaaS providers.

Adam Rujan:

You know, Tracey, you had mentioned that some of the changes in the marketplace that actually triggered a couple thoughts.

I think a couple of other things that I've seen come up quite recently is, one thing that's prompting a number of clients to take a look at it is the fact that some of the smaller systems, what are generally referred to as tier twos or tier threes, over the past few years have really made some investments, and they've really moved upmarket if you will, and I'm seeing some very large clients now very seriously looking at and purchasing tier two systems. So counties over a million in population are starting to use tier two system in some cases. We got a client that just did that. St. Louis County is an example.

The other thing that we're seeing a lot of are a lot of demand for business analytics, so dashboard type systems and other software like that. I'm seeing clients that are really going for software that facilitates dashboard type systems, business analytics, some of that information, mining capability that really wasn't available just in the last generation of software.

Mike Riffle:

All right, Adam and Tracey, I think we're out of time for this podcast. Thanks for your time today. I'm sure our listeners appreciate this background information, and look forward to our next podcast where we're going to go through the assessment process.

If you would like more information regarding ERP services or a complimentary meeting, please contact Adam Rujan at (248) 223-3328 or Tracey Rau at (248) 223-3820, or visit us online at www.plantemoran.com.