LOCALGOVERNMENT

Kick start your council's move to SaaS ERP

Everything you need to cover to win executive support

technologyone

Contents

Executive summary

Foundational technology, that supports whole-of-organisation operational requirements, is critical for supporting digital transformation. Old, fragmented legacy systems cannot offer the solutions and services necessary to keep pace with rapid technological change, nor can they meet the demands of an increasingly tech-savvy population.

Digital transformation is no longer optional for local government, it's a necessity. Old, fragmented legacy systems cannot offer the solutions and services necessary to keep pace with rapid technological change, nor can they meet the demands of an increasingly tech-savvy population.

How digital transformation is carried out depends on many factors — including whether a council has decided to replace ageing and disparate technology systems and platforms, develop its own data centre, change its core structure and move into the cloud, adopt a shared services framework, or become a smart city.

The permutations are endless, but at the core of them all is the need for foundational technology.

The executive summary of your business case for digital transformation should include details of:

- Overview of the business plan
- Council's approach to digital transformation
- Problem statement, outlining the council's current business challenges & IT challenges
- Proposed solution and justification
- Scope of the digital transformation project

Below is an example proposed solution and justification for the implementation of OneCouncil SaaS, TechnologyOne's SaaS-based ERP solution:

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The proposed solution is a fit-for-purpose 'whole-of-organisation' enterprise solution delivered via Software as a Service (SaaS), along with the provision of services to implement, support and maintain this solution.

Throughout our evaluation process, we selected 2 councils' to participate in a selective tender.

After evaluating both tenders, the panel recommends that TechnologyOne's proposal for the implementation of its OneCouncil SaaS solution be accepted. <Include details of the total cost, scope and subscription period>.

The TechnologyOne OneCouncil SaaS solution delivers improved performance, reduced resource requirements and cost savings to Council. It does this by sharing IT infrastructure across many customers. Council's configuration and data are separated, but the processing power and applications are shared.

TechnologyOne uses world-leading cloud provider, Amazon Web Services (AWS), to provide this compute power, storage and database service.

TechnologyOne and AWS employ experts to manage this infrastructure and the databases to ensure performance is optimised, the applications are always available and Council's data is secure. It is only through this SaaS platform that Council can achieve the level of performance, availability and protection against cyber-security that is demanded by staff and the community.

This platform has three active environments for business continuity. The IT infrastructure provided by AWS allows the software to utilise additional processing power during peak load, ensuring an optimum level of performance.

There are already in excess of 400 TechnologyOne customers on this SaaS platform. In the future, it will be the only platform that TechnologyOne supports.

Meanwhile, the OneCouncil ERP solution underpins the strategic and day-to-day operational requirements of Local Government with a single, integrated solution. OneCouncil incorporates Financial Management, Property & Revenue Management, Procurement, Inventory & Contracts, Human Resource Management, Capital Planning & Delivery, Asset & Work Management, Customer & Community Management, Policy & Compliance Management, Records & Document Management and Corporate Strategy & Planning.

With an end-to-end ERP SaaS solution, Council can reduce costs, improve efficiencies and streamline processes.

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Strategic objectives

Integrated ERP SaaS systems are an attractive option for digital transformation — because it reduces the number of systems, simplifies the user interface and experience, removes all the different silos of data, and minimises complex integration.

Integrated ERP delivered via SaaS lets council IT teams focus on the delivery of better services and outcomes, rather than trying to ensure the data from one system gets transferre d to another.

Digital transformation involves much more than just digitising front-end services and applications. It requires a complete transformation of Council's underlying foundational systems, people and processes.

For many councils, integrated ERP Software as a Service (SaaS) systems are an attractive option for digital transformation — because it reduces the number of systems, simplifies the user interface and experience, removes all the different silos of data, and minimises complex integration.

Integrated ERP delivered via SaaS lets council IT teams focus on the delivery of better services and outcomes, rather than trying to ensure the data from one system gets transferred to another.

Digital transformation also signals a significant cultural change within councils.

When councils move to a consolidated ERP SaaS solution, it's usually part of a larger business transformation strategy at play — a delivery mechanism in order to change the way they do things. There is no point investing in modern technology and then continuing to carry out old processes as they always have done.

Councils have to change the way they do things - from the systems, through to the people and processes.

In this section you should outline the overall strategic objectives of your implementation project and how they link to your underlying business plan.

Some example strategic objectives your council may set out for its digital transformation project include:

- Transform customer service through greater self service and new channels of engagement
- Improve access to Council information and data any time, anywhere, on any device
- Deliver more targeted Council services that meet community expectations
- Create single sources of truth where data is entered once, but used many times
- Monitor and improve Council's performance
- Encourage an organisational culture of continuous improvement and business efficiencies
- Maintain and deliver acceptable rate increases
- Increase community engagement
- Generate higher efficiency and resource utilisation, enabling Council to 'do more', without reducing its workforce

Outline how the software Council is implementing will enable you to achieve these strategic objectives. Some examples include:

- Integrate tightly to provide streamlined, automated end-to-end process operation, management and visibility
- Deliver the analytics needed to target continuous improvement initiatives and to underpin strategic decisions
- Increase user effectiveness and efficiency and improve levels of satisfaction
- Provide new channels of engagement with customers and staff
- Provide anywhere, any time, any device access
- Improve the quality and consistency of key data and information, delivering a single source of truth

In achieving these strategic objectives, your council can expect some of the following outcomes:

- Easier data access, improved access to detailed management information and reduced administration
- Improved and faster decision making
- Consistent processes within and across branches and departments, enabling and supporting improved training
- Consistent workflow capabilities
- Increased workforce mobility options
- Removal of the limitations Council faces in its ability to improve its efficiencies based on legacy system restrictions

A foundation from which Council can transform its interactions with its customers and support a shift to increased customer self-service

Expected outcomes & benefits

By implementing foundational technology to support your digital transformation, you can expect both customer-facing benefits such as 24/7 online self service, improved customer experience and improved asset management, as well as operational benefits such as reduced total cost of ownership, reduced cost of in-house software and expertise, improved efficiency, improved staff experience, better utilisation of staff, improved data reliability and decision making, and a simpler funding model.

In this section, go into detail about the expected outcomes and benefits of the implementation project. This should include return on investment information, to justify the costs of the digital transformation project, and explain how they will translate into improvements in the way Council delivers services.

Some benefits to think about include:

24/7 online self-service for the community

Enabling you to meet community expectations and improve their experience, make services more readily available, and reduce the cost of customer interaction.

Improved asset management

By improving visibility of Council assets across their lifecycle and informing preventive maintenance schedules, you can ensure assets are in optimal condition and increase the return on investment of your assets.

Reduced total cost of ownership

Through the reduction of on-premise IT infrastructure and simplifying complicated licensing models, councils can significantly reduce the total cost of ownership of their enterprise software.

Reduce cost of in-house expertise and software

The operating system, SQL database, and anti-virus software are provided as part of the service. The Enterprise SaaS approach will eliminate the need for in-house expertise to administer and support, upgrade, patch and secure the application and software internally, as this is provided as part of the SaaS service. These resources can be devolved to strategic initiatives to drive better services and efficiencies.

Improved efficiency

Digitising services has benefits for both the community and internal staff. Staff can improve efficiency by allowing them to enter timesheets, asset information or work requests on the go, thereby reducing paper usage and the need for field workers to regularly return to depots/ council offices.

Improved staff experience

By using a contemporary and intuitive system and reducing repetitive manual tasks through automation, you can contribute towards improved staff satisfaction.

Improved customer experience

By enabling Council to deliver improved digital services to the relevant Council communities and stakeholders

Improved utilisation

Moving to a SaaS model means councils only pay for the servers they use, removing the need and expense of having additional unused servers and the onsite space to store them.

Improve data reliability and decision making - Reduce the duplication of data across multiple systems through a single, integrated solution, improve the flow of information across the council, and enable better decision making through the collection of real-time, quality data.

Opex vs Capex

Shifting from a traditional Capex to an Opex funding model will reduce the amount of upfront lump sums required to purchase IT infrastructure and software. Instead, fees are broken down into weekly, monthly or yearly expenses that are more predictable and easier to manage.[Text Wrapping Break][Text Wrapping Break]The SaaS fee schedule may also provide tax advantages. Councils can categorise these fees as operating expenses and claim them as tax deductions.
Because they pay SaaS fees on a recurring basis, they can claim those deductions every year.

Risks and opportunities

On-premise systems are resource-intensive for councils to maintain and update in order to keep up with rapidly changing technology and community expectations, meaning the opportunities for councils to digitally transform under this model are minimal. Cloud hosting, while providing some opportunities to transform, attaches an additional risk of further complicating vendor management, by adding another vendor and set of licensing to the mix.

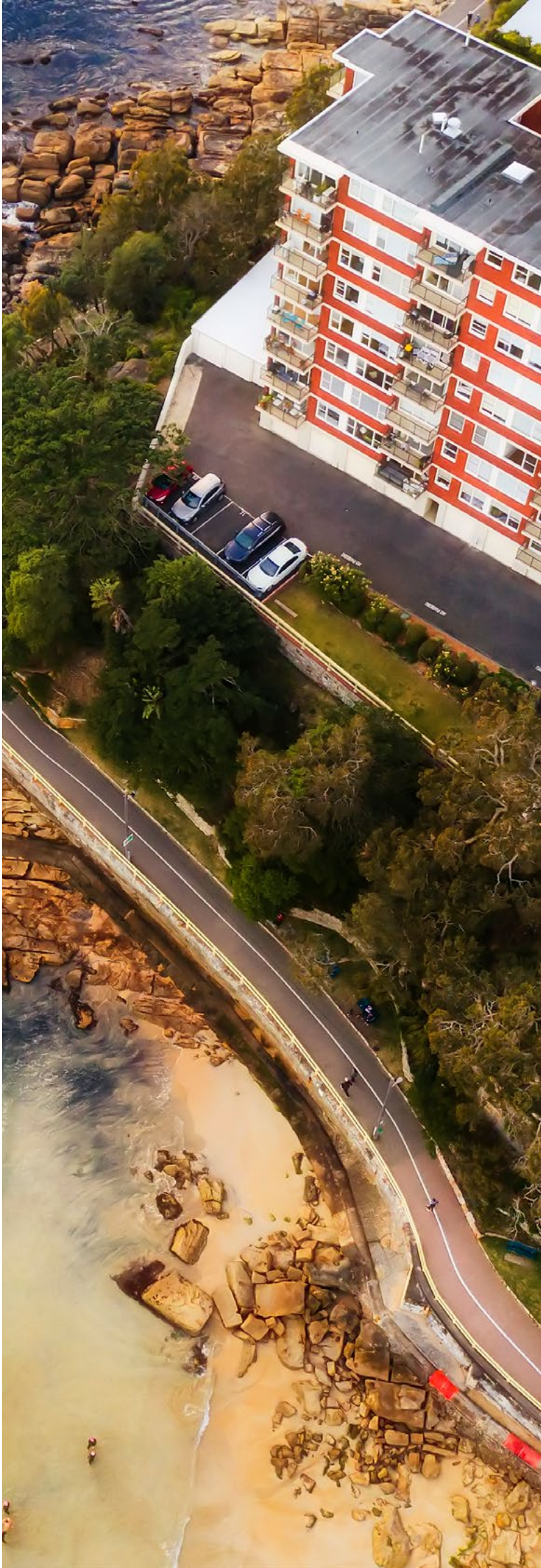
The significant opportunities provided by a SaaS model make it the ideal choice for transformation, far surpassing the opportunities for improvement offered by an on-premise or cloud hosting model. Some of these opportunities include: improved accessibility, improved performance, scalability, security, disaster recovery and staff redeployment.

No transformation project will come without significant risk. It is important to outline the risks and opportunities, so that you can demonstrate all options have been considered and that the overall benefits outweigh the risks.

It is helpful to identify risks under five main categories:

- **Vendor risk:** The ability to manage the vendor partnership to ensure contractual obligations are met.
- **Resource risk:** The availability of suitably skilled resources to deliver the new solution.
- **Organisational change risk:** The ability and desire of Council to adopt and adapt to new ways of working.
- **Integration risk:** The ability of the solution to integrate into the council IT environment.
- **Schedule & budget risk:** Council's core platform requirements are pervasive and touch nearly every part of the business. The dependencies and complexities of making this level of business change has the potential to extend the planned timeline and consequently increase the budget required to successfully deliver.

In this section, it's also a good idea to compare the various delivery models of your proposed new software, including on premise, cloud hosting and Software as a Service.



Some various risks and opportunities of these delivery models include:

On premise

The initial option many councils consider is to continue to operate their IT environment on premise. This option generally has minimal change management risk, as it is already the established operating model. However, the opportunities provided by an on-premise model for councils to digitally transform are minimal.

On-premise systems are resource-intensive for councils to maintain and update in order to keep up with rapidly changing technology and community expectations. Council is required to have appropriate servers, storage and associated software licenses such as Microsoft SQL database management software to operate the software, plus security software. This IT infrastructure needs to be continually replaced, maintained and licensed. The other risk associated with on-premise models is lack of disaster recovery. Councils are required to set up their own disaster recovery measures, and rarely have the budgets or expertise for a disaster recovery model as sophisticated as a cloud-based delivery partner.

A final risk to consider is that many enterprise software providers will not support on-premise delivery in the long term. Gartner predicts that by 2020 all new entrants and 80 per cent of historical vendors will offer only subscription based business models (SaaS). Therefore, the question of when to implement cloud-based software becomes when, not if.

Cloud hosting

A cloud hosting service replaces the need for Council to invest in their IT infrastructure, by shifting the management of physical servers offsite. Hosting providers supply all hardware and storage, and perform the patching and other infrastructure maintenance tasks required. Therefore, hosting provides an opportunity to reduce IT infrastructure costs and storage requirements.

Disaster recovery will also be managed by the hosting provider, thereby minimising this risk. However, Council's IT staff will be required to manage the software itself, along with upgrades and the implementation of any new modules. Therefore cloud hosting solutions don't provide any opportunity to better utilise IT staff.

As cloud hosting simply moves infrastructure management offsite - the solution is essentially still the same on-premise software Council was previously managing onsite. This means the risk of vendors moving to a SaaS-only delivery model, and decommissioning their on-premise software delivery, still exists.

Councils will need to consider a change management risk of moving their IT infrastructure needs offsite, and how this will change processes for IT staff.

Cloud hosting also includes an additional risk of further complicating vendor management, by adding another vendor and set of licensing to the mix.

Software as a Service

SaaS shifts the responsibility for both software and infrastructure management to the software vendor. This can be a significant change for the way councils operate, as it removes the need for IT to manage and administrate the software. Therefore, there is a considerable change management risk councils need to consider - here you should outline specifically how it would change current operating processes and the skill sets required. [Text Wrapping Break][Text Wrapping Break] However, there are significant opportunities provided by a SaaS model, far surpassing the opportunities for improvement offered by an on-premise or cloud hosting model. Some examples include:

Improved accessibility

SaaS enables staff to access the software from any device, anywhere, at any time. This will assist in improving the efficiency and effectiveness of business processes, resulting in better customer service.

Improved performance

Many SaaS providers provide a reliability assurance and promises surrounding software up-time. TechnologyOne, for example, has built its SaaS platform on an active-active-active architecture distributed across two data centres, which ensures an SLA of 99.5% availability. A robust backup regime that ensures data is recoverable is included as part of the service.

Scalability

SaaS solutions offer endless server capacity, meaning they can scale to meet high processing demands without the need to purchase additional servers and storage.

Security

When a SaaS provider invests in security, it delivers the benefit for all of its customers. This means the level of service and security measures provided by SaaS providers will far exceed what can be provided by Council on premise. The TechnologyOne SaaS platform, for example, comes ISO27001 and ISAE3402 certified, and recommended for IRAP certification. This provides enhanced levels of security to keep your data safe.

Disaster recovery

With SaaS, the vendor will take care of backups and disaster recovery, meaning you can focus on your core business, rather than securing the software.

Staff redeployment

Given that IT teams won't need to spend time 'keeping the lights on' under a SaaS model, they can be redeployed to focus on more value added activities that will benefit both Council and the community. This can be delivered in many ways, including:

- Investigating software changes
- Implementing more products and modules
- Implementing end-to-end business processes that improve efficiency
- Enhancing reporting capabilities
- Automating more business processes
- Implementing smart or mobility solutions

Costs

TechnologyOne's long experience as a provider of both on-premise and SaaS software solutions tells us that moving to a SaaS ERP solution can lower IT costs by up to 30 per cent. It can also provide other non-financial benefits, such as streamlining business processes, enhancing customer and employee satisfaction, and enabling the council to identify and capitalise on opportunities for growth and collaboration.

Be upfront with all costs involved in the digital transformation project and anticipated return on investment.

Below, we've shared some comparison frameworks to help you compare the costs of on premise versus Software as a Service, as well as calculate the ROI and assess harder-to-quantify potential costs and benefits.

Calculate relative IT costs

Your council needs to consider a range of direct and indirect software-related IT costs. These fall into three main categories:

Software Licensing, IT Infrastructure, and IT Administration.

Software Licensing

On-premise software and SaaS can have significantly different long-term costs. By examining how these costs are determined, you can identify major savings.

	On-Premise Software	SaaS
Pricing models	Pricing models for on-premise software can be complex. Things you'll need to consider include: • How the licence and maintenance fees accumulate over a three-year or five-year period • The combination of upfront and long-term recurring fees, including the costs of major upgrades and technical support	SaaS pricing models are often more flexible - allowing you to pay monthly, quarterly or annually to suit your cash flow requirements. Simpler approaches make it easier to plan budgets and avoid cost overruns.
Budgeting	Many on-premise models require you to purchase a licence upfront, but pay annual maintenance fees to access new versions and upgrades - meaning you will have both upfront and recurring costs to factor into your budget.	Many SaaS providers will allow you to roll licensing, cloud, support and maintenance fees into a single charge - making budgeting simpler.
Scalability	You will need to negotiate whether contract terms accommodate additional users and geographies. Ask your software vendor whether these will be charged at the same prices as your current licences, or incur a higher 'penalty' charge.	A key benefit of SaaS is scalability, but you will need to ascertain whether the SaaS fee is fixed or flexible according to the level of SaaS usage. This is especially vital for a council with fluctuating software usage.
Upgrades	On-premise models usually charge an additional annual maintenance fee, or a separate upgrade free to gain access to new versions of the software.	SaaS subscription fees usually include access to updates and new versions.

IT Infrastructure

The factors that determine infrastructure costs are different for on-premise software and SaaS, and include the size of your organisation and your level of application usage.

	On-Premic Software	SaaS
Total infrastructure requirements	While costs will vary, on-premise software environments have common key infrastructure requirements. The estimated average cost of ownership over three years is approximately **$1,350,425** - see *Figure 1* on page 11 for further details.	In 2015, IDC analysed the infrastructure savings of 10 companies that ran their application workloads in the cloud.[1] IDC estimated that for every year over a five-year period that the companies ran an application in the cloud, they would reduce their infrastructure costs by an average of **US$131,073.**
Server costs	The estimates in the table on page 9 show that server costs are the highest, accounting for **$992,183.** To accurately calculate this cost, it's vital to investigate your council's level of application use. For instance, if usage increases significantly at certain times, such during peak enrolment periods, your server capacity will need to cater for this peak usage. A main limitation of on-premise software is that you can't easily scale up or down for peak periods.	A SaaS vendor is responsible for purchasing, maintaining and managing the cloud-based IT systems that run its cloud-based applications. It might factor its infrastructure costs into the subscription fees it charges, but typically you will not have to pay for any additional infrastructure costs on top of your SaaS fee.
Application storage	Average storage costs amount to approximately **$247,474.** This includes the cost of primary application storage, such as a storage area network, and storage for backups.	Most SaaS vendors will provide disaster recovery capabilities as part of their service. However, it is important to investigate the backup and off-site disaster recovery capabilities the SaaS vendor provides. If you require additional business continuity measures, you will need to factor them into your cost analysis.
Network equipment	Network equipment accounts for less than 10 per cent of total on-premise costs, totalling **$110,768.** Your council should consider how many users would access high-bandwidth mission critical applications simultaneously, which could increase network infrastructure requirements.	If network performance is a concern, you should determine if you will need to upgrade the physical telecommunication link and network equipment in your office. You could also check whether you will need to purchase broadband services that offer faster transfer speeds or a larger data quota. If you plan to use SaaS to enable more employees to work remotely, then you should check whether your mobile data usage is likely to increase.
Long-term costs	It is important to calculate these costs over the long term, to account for major hardware refreshes. For example, a council might refresh key server and storage infrastructure every five years on average. A long-term cost calculation also allows for depreciation in the value of hardware.	SaaS vendors build, run and continually invest in the software, to ensure it is always up to date - making SaaS a future-proof solution. The true beauty of SaaS is that when the provider enhances its solution with a new feature, all SaaS customers benefit from it.

FIGUREONE

On-premise IT infrastructure costs

Estimated figures below were calculated using an Amazon Web Services (AWS) online tool[2]. Figures are based on the cost (in an on-premise environment) to purchase and operate:

- **50 physical servers**
- **50-terabyte storage area network**
- **For a time period of three years**

Component	Cost
Server costs	
Server hardware	
Server hardware	$175,026
Server hardware maintenance at 15% per year	$78,762
Rack infrastructure	
Rack chassis with power distribution unit ($3,500 per rack)	$18,060
Power distribution units, dual 280V per rack ($540 each, two per rack for high availability)	$4,320
Top of rack switch (48-port 10/100/1G, $5,000 each, two per rack for high availability)	$51,600
Rack and stack one-time deployment cost ($250 per server)	$16,125
Spare servers (5% spare capacity per year)	$38,068
Total rack infrastructure and server hardware costs	**$381,961**
Server overhead	
Total power consumed by servers	27.5 kW
Metered cost per kWH	$0.39
Power cost per month	$7,662.60
Monthly cost to operate a rack	$2,322.00
Total rack costs per month (based on 4 racks)	$9,288.00
Total monthly facilities costs (power cost/month plus total rack costs)	$16,950.60
Total facility costs (total monthly facilities costs x 36 (3 years))	**$610,222**
Total server costs (total rack infrastructure + total facility costs)	**$992,183**

FIGUREONE

On-premise IT infrastructure costs cont.

Component	Cost
Storage costs	
Storage area network (SAN)	
Starting raw capacity	50TB
Usable capacity based on RAID 10 configuration	23,808 GB
Purchase price of raw GB	$5.68
Discounted raw purchase price (50% discount applied)	$2.84
Total cost of SAN storage	**$145,306**
Storage backup	
Total amount to be backed up	50TB
Type of tape library	LTO-5
Maximum uncompressed tape library speed	140 MB/S
Maximum uncompressed speed	11.54 TB per day
Backup window	8 hours
Data processed per drive during backup window	3.85 TB
Number of tape drives	14
Price per tape drive	$2,322
Total backup cost	**$32,508**
Storage overhead	
Data hosted by a single rack	1,000 TB
Number of racks required	1
Monthly cost to operate a rack	$1,935
Total storage overhead cost	**$69,660**
Total storage costs	**$247,474**

FIGURE ONE

On-premise IT infrastructure costs cont.

Component	Cost
Network costs	
Network hardware and software	$76,392
Network hardware and software maintenance per year	15%
Maintenance cost over three years	$34,376
Total network hardware and software costs	**$110,768**
Total IT infrastructure cost over three years (total server costs + total storage costs + total network hardware and software costs)	**$1,350,425**

Note: Table created using the AWS Total Cost of Ownership (TCO) Calculator.[2] All costs shown are for three years. The table does not include the cost of the enterprise software and operating system. Only raw storage capacity is shown, and storage I/O requirements are not factored into the storage cost. SAN storage costs are for hard disk drives.

This table was created using an online tool by cloud services provider Amazon Web Services (AWS), and estimates the total cost of owning IT infrastructure to host on-premise software.[2] It does not show the type of software that might be hosted or its cost, nor does it include the cost of storage and network administration, which we will also examine. However, the table is a useful indicator of the potential proportion of infrastructure costs for each type of hardware.

The table shows the cost to purchase and operate 50 physical servers and a 50-terabyte storage area network in an on-premise environment for three years. It shows that servers can account for a considerable proportion of on-premise infrastructure costs. The total server cost depends on the CPU type, number of processor cores and RAM. It also depends on the cost of the server operating system, which is determined by the upfront licence fee, available discounts and licence maintenance fee (if there is one). Depending on the type of server, a company might also need to include the cost of server racks in its cost analysis.

IT Administration

Managing software and related hardware can be one of the most significant costs of operating enterprise software. It can also tie up IT teams, preventing them from working on strategic business projects

	On-Premic Software	SaaS
Managing hardware	Your IT team, or outsourced IT services provider, will need to manage the on-premise hardware for the applications you run. The assessment should include: • Time to purchase, deploy and manage servers, storage devices and networks • Managing backup and off-site disaster recovery systems	A SaaS provider will take care of deploying and managing the servers, storage and data centre network the SaaS application runs on, meaning there are no additional costs to factor in above your SaaS licensing fee.
Operating the software	Software operations' costs you are likely to incur include: • Deploying and upgrading applications • Managing operating systems and application databases • Time spent managing complex licensing schemes	The SaaS provider will deploy the application, operating system and databases to servers and manage them.
Security	You will need to secure the application environment, including: • Personal and customer information • Complying with privacy regulations • Deploying security software and monitoring for data breaches	Your council may wish to investigate the level of security protecting its SaaS data, such as security monitoring and the nature and frequency of security audits.
Mobile access	Factor in the cost of providing application access to a mobile workforce and employees who work from home. This could involve deploying applications to laptops, phones and tablet computers. You may also need to set up and manage thin-client remote access tools and a virtual private network (VPN).	Generally, it is easier to provide mobile access with a SaaS product than with on-premise software. SaaS solutions are designed to work in a web browser, removing the need to deploy, manage and support mobile apps or VPNs. These can be important cost factors for a council with a large mobile workforce.
Integration with back-office systems	Your council might want to customise on-premise software to share data with other applications. For example, you might customise a back-office payroll application to share data with budgeting software. The more back office applications you have and the more complex they are, the greater the potential scope of this work.	Integration costs can be a significant consideration if you're using a mix of on-premise and SaaS software for your ERP system from various vendors. You can minimise that work by purchasing an integrated SaaS solution.
Technical support	Factor in the cost of providing technical support to application users. This will depend on whether the IT team is expected to provide application support or if it is provided by the software vendor.	An additional cost benefit of SaaS is that the SaaS vendor will typically provide technical support for SaaS users. This could benefit a council with many users and SaaS applications.

FIGURETWO

Estimated on-premise IT administration costs: example scenario

Task	Cost type	Cost base	Multiplier	First year on-premise cost
Provide mobile access				
Provide infrastructure for mobile application access	N/A	N/A	N/A	$28,000
Optimise application performance and scale infrastructure	Salary	$80,000	20%	$16,000
Manage applications				
Work outside business hours to complete major application upgrades	Salary	$80,000	N/A	$5,000
Manage and upgrade systems, including servers, storage, virtual machines and network	Salary	$80,000	20%	$16,000
Manage, maintain and upgrade application database	Salary	$80,000	10%	$8,000
Check health of application, database, operating system, security, network and infrastructure	Days	$2,000	5	$10,000
Ensure business continuity				
Manage active-active infrastructure by setting up, provisioning, patching and upgrading operating systems, databases and other systems. Test disaster recovery system	N/A	N/A	N/A	$12,000
Manage backup database logs, daily incremental backups and weekly full backups. Manage data retention period data	N/A	N/A	N/A	$10,000
Secure systems				
Proactively monitor systems for security threats. Manage anti-virus systems, patch and upgrade security systems. Gain security certifications	N/A	N/A	N/A	$30,000
Monitor systems				
Remotely monitor systems and respond to problems, including after business hours	Salary	$80,000	5%	$4,000
Infrastructure, environments and software and services				
Set up, provision, patch and upgrade computing environment, including operating system and databases	N/A	N/A	N/A	$24,000
Total administration costs				**$163,000**

Estimates developed by TechnologyOne based on current market conditions.

There's also harder to quantify factors of a SaaS versus on-premise delivery model you should consider:

Upgrades

A simpler software environment reduces the risk of technical problems. When software upgrade processes are simple, an organisation is better able to take advantage of new software features. On-premise software setups are often heavily customised, making upgrades time consuming and complex. A SaaS model simplifies software upgrades. Instead of installing your own software, you will use the same codeline as other SaaS users. You do not have to customise the SaaS code, so it is possible to use new versions as soon as they are released.

Vendor management

Another consideration is how many companies you will need to work with to plan, deploy, manage and support your council's software. Having too many partners can cause problems if responsibilities overlap and communication is poor. Moving to an integrated SaaS application can result in fewer software licences and vendors to manage, freeing up the IT team. It can also reduce the risk of fingerpointing if there is a technical problem.

Efficiency

If employees can easily find the information they need on their laptop, tablet or phone, it can also increase their efficiency. Many on-premise solutions require a VPN or custom-built mobile app for the software to work on mobile devices. By contrast, SaaS works on any web-enabled device.

Scalability

Ensuring system scalability can be challenging when software is hosted on premise because it is usually too expensive to buy enough infrastructure to meet all future needs. A Band-Aid approach many organisations with an on-premise setup is to quickly add additional capacity when unforeseen demand arises, but this comes with its own set of challenges. Councils will need to contend with budget, capacity and supply issues. A SaaS environment will typically have excess capacity that can be engaged as required, then released when application usage falls. This approach generally makes it much faster and cheaper to scale a SaaS application environment.

Security

The financial and reputational consequences of failing to secure data and comply with privacy laws can be severe. Cybersecurity incidents and other failures can quickly disrupt operations and cause customers to lose trust in an organisation, especially if its personal information is compromised or abused. SaaS can reduce your organisation's security burden because a SaaS provider takes responsibility for securing the application environment. This includes regularly implementing the latest security updates and technologies. However, not all SaaS providers are equal, so it's important to assess whether your chosen provider has gained relevant security certification, including certification of its data centre.By comparison, if you're running on-premise software, you will need to ensure your IT team has the skills and time to manage complex monitoring software. If they can't perform these tasks, you will need to consider hiring additional staff or paying a security service provider to ensure your application is adequately secured.

Investment appraisal

Once you have identified the total cost of the transformation project, weigh up these costs against the estimated efficiencies you expect to gain from completing the transformation. While the project costs may seem significant, the cost of not doing anything may be greater.

Assumptions & constraints

Outline here any assumptions you have used to develop cost savings figures, and any constraints that may prevent you from realising those savings.

Timeframes

Whether you choose to do a big bang transformation or a phased approach, it's important to outline a detailed timeline of the major implementation milestones and benefit realisation schedule, to set expectations and ensure all contributors are on the same page.

On-premise system

Innovation journey

Many councils will choose to implement a digital transformation project in phases, to allow them to realise benefits along the way.

Below is an example roadmap for a phased implementation of TechnologyOne's ERP SaaS solution.

Phase One:

Simplify & stabilise platform

Step one:
Transition your current system to the TechnologyOne SaaS platfom.

Step two:
Move to the latest software release (e.g. 2020B).

Phase Two:

Implement Ci Anywhere Quick Wins

Step one:
Deploy MyTasks, Workflows, MyReports, Simple Enquiries in Ci Anywhere.

Step Two:
Review and consolidate your existing licences.

Phase Three:

Ongoing transformation & modernisation

Step one:
Adopt and deploy new functionality and apps.

Step two:
Improve digital experience for users with online portals.

About TechnologyOne

TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of Australia's top 150 ASX-listed companies, with offices across six countries. We provide a global SaaS ERP solution that transforms business and makes life simple for our customers. Our deeply integrated enterprise SaaS solution is available on any device, anywhere and anytime and is incredibly easy to use.

Over 1,200 leading corporations, government agencies, local councils and universities are powered by our software. For more than 33 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology.

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