



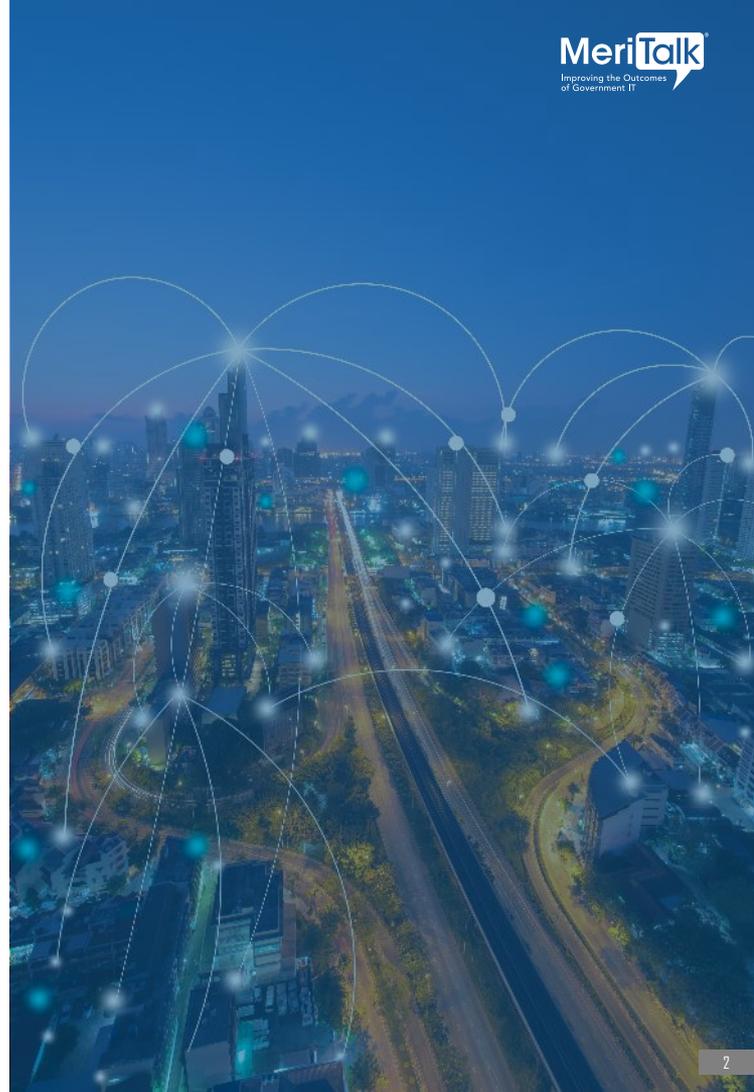
# Optimizing ERP: Effective Financial Management in SLG Organizations

## Introduction

The last year brought several challenges to the forefront, but more importantly it highlighted the need for government-wide resilience to support the American citizen. While the need to quickly modernize is real, there are known hurdles to overcome.

Notably, how will state and local governments (SLG) address much-needed **Enterprise Resource Planning (ERP) modernization**? How satisfied are they with current solutions? And, what are their priorities for the future?

MeriTalk surveyed **100 Finance and ERP managers** to understand the state of ERP in state and local governments and outline recommendations for a more flexible, agile future.



# Executive Summary

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State and local Enterprise Resource Planning (ERP) systems struggle to meet key needs:



**83%** of finance and ERP managers agree the recent surge in telework brought to light shortcomings in their organization's ERP system



Just a third are very satisfied with key aspects of their current ERP system, including data analytics (**35%**), automation (**34%**), and innovation (**31%**)

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SLG leaders are turning to modern ERP systems to improve agility and impact:



Top drivers to ERP modernization include **improved scalability**, **advanced security**, and **improved data analytics**



**45%** are actively modernizing at least one ERP application and another **36%** are researching or preparing a business case for modernization

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To overcome challenges, SLGs are looking to vendor partners for strategic direction and workforce education:

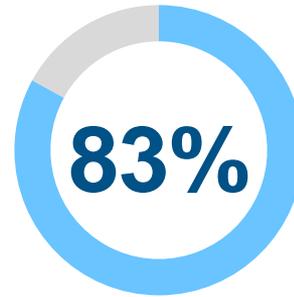


Top challenges delaying ERP modernization include time to migrate (**46%**), cost to migrate (**42%**), and lack of strategy to adopt (**38%**)

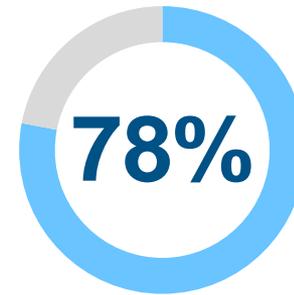


SLG ERP managers would like vendor partners to help their organization achieve meaningful ERP modernization progress through more **strategic direction**, **training**, and **automation**

## Need to Modernize



of **SLG managers** agree the recent surge in telework brought to light **shortcomings** in their organization's **ERP system**



say their **ERP system** is at least **6 years old**



Including **29%** who have been using the same system for **over a decade**

# ERP Scorecard

Just **a third** are completely satisfied with key aspects of their current ERP system:\*

 Data analytics **(35%)**

 Automation **(34%)**

 Innovation **(31%)**

 High availability/disaster recovery **(30%)**

 Scalability **(30%)**

\*Respondents asked to select all that apply



## Only 50%

are completely satisfied with their current ERP security

**TAKEAWAY:**  
Not Making the Grade

## Falling Behind

80%

agree outdated ERP  
systems are  
holding their  
organization  
back

What's **one thing** you'd like to be able to do with your organization's ERP solution(s) that you currently cannot?

- “**Fully automate** [our ERP system] with consistent and reliable updates for better tracking overall”  
- Local Government Enterprise Resource Planning Director/Manager
- “Enhance **procurement planning** solutions”  
- Local Government Finance Director/Manager
- “**Merge** with other tools”  
- State Government C-Suite Executive
- “Strengthen our **inventory preparation**”  
- State Government Budget and Planning Director/Manager
- “See more of our **legacy systems able to integrate**”  
- State Government Chief Human Resources Officer

**TAKEAWAY:**  
Modern Needs Outpace Legacy Updates

## Time to Take Action



90%

say a **modern ERP** system would  
improve tax-payer value

## Status Check

Where does your organization stand when it comes to **ERP modernization**?\*

### Discovering

We are learning about how a modern ERP system could work for us

19%

### Planning

We are preparing a business case for ERP modernization

45%

### Implementing

We are currently modernizing at least one application

22%

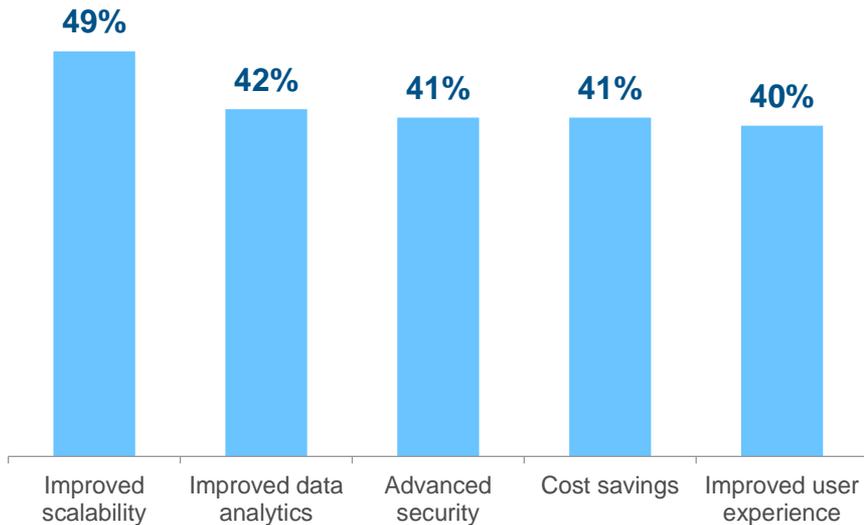
### Benefiting

We have implemented a modern ERP system

14%

## Drivers to Modernization

Which of the following are ERP modernization **drivers** for your organization?\*

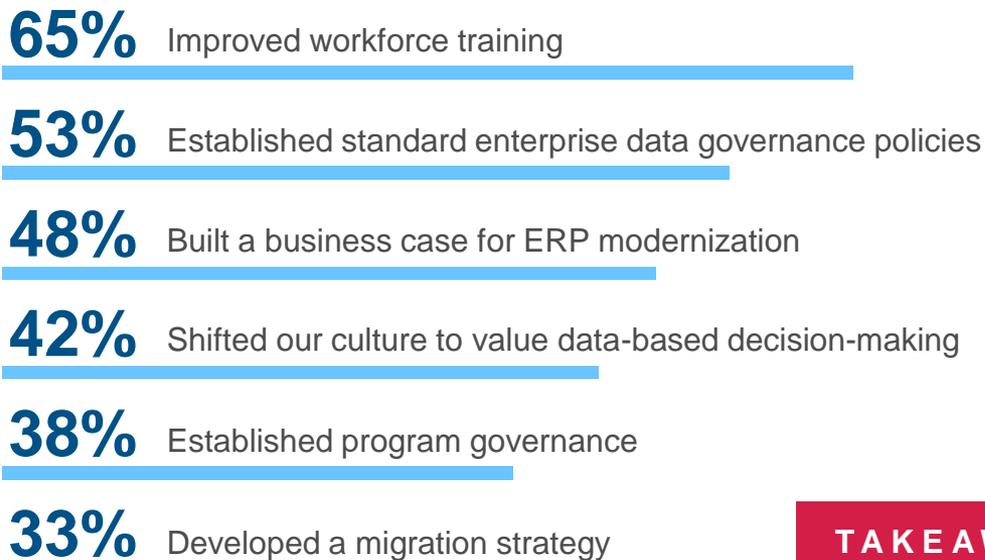


Those already implementing or benefitting from ERP modernization are twice as likely to report advanced security as a driver – **50% to 25%**



## Initial Progress

Which of the following **changes** has your organization made to get the most out of its ERP system?\*



**TAKEAWAY:**  
Train for Success

\*Respondents asked to select all that apply

## Roadblocks Ahead

Which of the following **challenges** are delaying ERP modernization in your organization?\*



**46%**

Time to migrate



**42%**

Cost to migrate



**38%**

Lack of strategy  
to adopt



**34%**

Integration  
challenges



**30%**

Workforce  
skills gap



**28%**

Contract  
commitment  
or restrictions

Those in the early stages of ERP modernization (discovery or planning) are significantly more likely than those in the later stages (implementing or benefiting) to be delayed by migration timing (**53%** to **42%**) and integration challenges (**42%** to **30%**)

\*Respondents asked to select all that apply

## Needed Resources

Aside from funding, what does your organization need to **overcome roadblocks** and advance ERP modernization?\*

- 1 Improved change management (**43%**)
- 1 More workshops and educational opportunities from vendor partners (**43%**)
- 3 Comprehensive requirement analysis (**36%**)
- 3 Establishing an implementation team (**36%**)
- 3 More details on contract requirements or restrictions from vendor partners (**36%**)

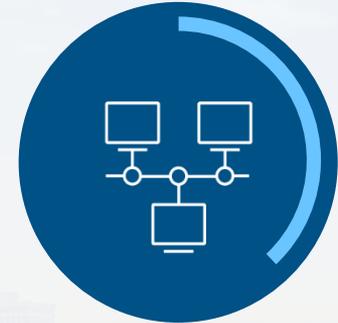
\*Respondents asked to select all that apply

**TAKEAWAY:** Call for Change Management & Education

What type of **cloud-based ERP** solution has or will your organization invest in?\*



**59%**  
**Software  
as-a-Service**



**38%**  
**Infrastructure  
as-a-Service**

\*100% of survey respondents anticipate their organization will use a cloud-based ERP system at some point in the future; the remaining 3% of respondents were unsure which type

90%

agree a modern ERP system would help their organization become **more resilient**

What is one thing vendor partners could do differently to help your organization achieve meaningful progress on ERP modernization?

“ Provide **more feedback**, whether it be negative or positive, on our operations”

“ Take the time upfront to **study our current ERP** so that they can better strategize with us on ERP modernization”

“ Provide as much **training and information as possible** to make the modernization process easier”

“ Increased **automation**”

“ Increased availability and **disaster recovery**”

**TAKEAWAY:**  
Increase Strategic Direction & Automation

## Dive into ERP Modernization

Few SLG leaders are satisfied with key aspects of their current ERP systems. It's time to take a closer look at ERP modernization. Make progress with initial steps like building a strong business case, preparing the workforce, and establishing standard enterprise data governance policies.

## Emphasize Change Management

Finance and ERP managers agree improved change management would help their organization overcome ERP modernization roadblocks. Develop a detailed roadmap to gain leadership buy-in, prioritize consistent communication, and include multiple checkpoints along the way to gather workforce feedback.

## Nurture Meaningful Partnerships

A strong vendor partnership is critical to success, but it's a two-way street. SLG leaders should work with ERP vendors to share migration challenges and misperceptions. Equally, vendors should work to improve communication, increase educational opportunities, and provide custom, strategic guidance to SLG customers.

# Methodology

## Respondent job titles

CIO/CTO/CBO/CFO	19%
Deputy CIO/CTO/CBO/CFO	8%
Financial Business Operations Manager or Comptroller	13%
Finance Director/Manager	28%
Budget and Planning Director/Manager	13%
Enterprise Resource Planning Director/Manager	5%
Chief Human Resources Officer	8%
Benefits or Payroll Director/Manager	6%

## Employer

State government	59%
Local government	41%

## Expertise

**100%** of qualifying respondents are very familiar with their organization's use of or plans for ERP

MeriTALK, in partnership with Amazon Web Services (AWS), conducted an online survey of 100 Finance and ERP managers in December 2020. The report has a margin of error of  $\pm 9.78\%$  at a 95% confidence level.

# Thank You

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