Next-Generation ERP for Government

Improving Organizational Effectiveness and Accountability by Using a Powerful Solution Built for Government
Executive Summary

Government organizations worldwide are facing significant cost pressures because of reduced public funding and revenue shortfalls while the demands on these organizations are increasing. Despite severe budget restrictions, federal, state, and local governments can deliver additional citizen-centric services, offer improved access to information for both citizens and employees, and maintain strict fiscal accountability under ever-changing rules and regulations.

Government organizations can overcome the challenges of outdated technology infrastructure, legacy systems, and disconnected, disparate applications that lack the power and flexibility to meet the demands of today’s connected citizenry, and hamper agencies’ efforts to improve efficiency. This paper examines how strategic investment in technology—specifically in the next-generation enterprise resource planning (ERP) solution Microsoft Dynamics® AX 2012—helps you manage finances, procurement, human resources, citizen relationships, funds, projects and grants, budgetary control, and service delivery. Microsoft specifically designed Microsoft Dynamics AX to provide government organizations the functionality required by the public sector with low total-cost-of-ownership (TCO) and fast time-to-value.
Issues and Challenges in the Back Office

The global economic downturn is now deeply affecting the public sector. Federal, state, and local governments today face challenges that fundamentally impact the way they operate.

Nearly every organization today copes with intense cost pressures. Reduced public funding and revenue shortfalls may be straining the ability of your organization to deliver basic services. With limited ability to generate additional revenue, your choices are to compete for available funding or operate on a slim budget. At the same time, you must deliver the same—or greater—levels of service as you have in the past, with far fewer resources to work with.

The demands on governments typically focus on:

- **Open government**, in which transparent processes give constituents quick, convenient access to information, such as tax and revenue figures, government expenditures, and service levels. This requires that organizations have accurate, real-time visibility into their own performance and reporting mechanisms to capture and present this information.

- **Compliance and regulatory requirements**, which result in increased scrutiny in areas ranging from procurement policies to the application of funds, taxes, and fees. Public-sector organizations must be able to adapt to and demonstrate compliance with changing legislative and administrative mandates on a real-time basis.

- **Fiscal accountability** to taxpayers, funding sources, and oversight agencies. This requires precise budgetary control to improve financial and operational performance, prevent overspending, and provide transparency and reporting to inform stakeholders on how organizations use funds.

In federal, state, and local agencies, where outdated technology is common and capital budgets for IT are virtually nonexistent, you might find these demands to be daunting. Systems that were once state-of-the-art fail to meet the demands of today’s complex bureaucracies and connected citizenry. In addition, your organization may find that maintaining legacy software and hardware has become increasingly expensive, often requiring technical specialists and custom development to connect isolated systems.

Implementing new, complex systems to solve the issues in the back office can be a lengthy and expensive process. A recent study indicated that three out of four public-sector organizations exceeded their ERP implementation timeline and two out of three came in over budget. Top issues often include:

- Time and effort needed to customize commercial systems to work for government.
- User resistance, because of training time and expense.
- Difficulty and the complexity in configuring implementing currently available off-the-shelf products.

“Although officials contend the system has ‘stabilized,’ the county has been unable to issue a financial statement for two years.

An Independent Journal review bolsters contentions that a complicated system more sophisticated than necessary was installed, based in the wrong department, and implemented too quickly.”

California County Journal Review
Achieving the Mission of Government
Fulfilling the mission of government requires new ways of thinking about processes and the role of technology in the organization. When you strategically approach workplace modernization and selectively update and upgrade outdated processes and infrastructure, your organization can transform its operations and increase return-on-investments in new and existing technology.

Next-Generation ERP for Government
Forward-thinking governments are seeking to meet today’s challenges by using a new generation of comprehensive ERP solutions that can deliver wide-ranging functionality, including public-sector financials, budgeting, procurement, human capital management, and service delivery within a single application. The value of a business system is not about putting transactions in; instead, it is about turning those transactions into information—into business intelligence (BI)—to help users make faster, better decisions. To do this, BI must be an embedded part of the application, not a separate tool that requires users to take extra steps and switch contexts. Solutions that are tailored specifically to the business of government can help your organization respond effectively to constituent needs and legislative mandates while optimizing the use of taxpayer funds and increasing fiscal accountability, transparency, and performance.

Modern, Powerful Solution
Reliance on outdated or incompatible systems for critical functions limits the ability of your organization to achieve transparency and openness and to deliver the levels of service that stakeholders demand. To thrive, change, and grow, your organization can adopt modern solutions that have the power to connect people and processes, automate routine tasks, and simplify deployment and maintenance.

“With Microsoft Dynamics AX 2012, we can realize our vision of a full-service city. Not only will it make our jobs a lot easier, but it will also make jobs in other cities across the nation much easier.”

John Marchione
Mayor, City of Redmond, Washington
Purpose-Built for Your Organization: Microsoft Dynamics AX 2012

Get the full benefits of a modern ERP solution by choosing software and systems designed and built intentionally for the public sector that help organizations save money, increase productivity, and become more efficient. Microsoft developed Microsoft Dynamics® AX 2012 with functionality specifically for federal, state, and local governments, with the goal of solving issues that government workers and stakeholders commonly experience with other ERP software.

Ease-of-Use

The Microsoft® vision for public-sector organizations is one in which users—including employees, citizens, vendors, and applicants—easily and securely access specific information and tools that they need to perform their individual roles from a single source: Microsoft Dynamics AX 2012. An easy-to-use environment will give your people quick access to data in familiar tools, such as Microsoft Excel®, Microsoft Outlook®, and Microsoft SharePoint®. Increase productivity across multiple organizations by using Shared Services and use tailored Role Centers and webpages to provide workers with instant access to information, help them prioritize tasks, and connect them to key business processes.

Low Total-Cost-of-Ownership and Faster Time-to-Value

Gain comprehensive functionality, including best practices and accounting designed specifically for the public sector, that helps you take advantage of tools—such as Excel, Outlook, and SharePoint—that you already own. Unlike other ERP solutions, Microsoft Dynamics AX 2012 provides this functionality right out-of-the-box, so you won’t need to purchase and learn to use separate modules. This approach substantially reduces the need for custom development or deployment of third-party software.

The cloud-based capabilities of Microsoft Dynamics solutions help you further reduce the costs of deploying and maintaining new systems. Hosted or subscription-based deployments provide full ERP functionality while eliminating the need for costly server hardware. The streamlined deployment, administration, and management of cloud-based services also reduce the ongoing burden of systems management.

“We want to expose a lot more information to a much broader audience, including elected officials and constituents. The familiar look of the product will immediately remove barriers that some people might experience when it comes to financial information.”

Mike Bailey
Director of Finance and Information Services, City of Redmond, Washington
Comprehensive Functionality
Microsoft Dynamics AX 2012 delivers wide-ranging ERP functionality alongside core business processes that are unique to government organizations. Powerful capabilities can help you manage complex regulatory, budget, and grant requirements, facilitating compliance with accounting requirements, such as the Governmental Accounting Standards Board (GASB). Microsoft Dynamics AX 2012 can help deliver:

- **Easy access to the information that people need.** The familiar user experience of Microsoft software is easy to learn and intuitive to use: simple, innovative user interfaces shorten time-to-benefit. The intuitive user experience streamlines processes for requesting, ordering, and receiving goods and services. And a flexible, fund-based chart of accounts simplifies data entry and addresses accounting requirements issued by the GASB and International Public Sector Accounting Standards (IPSAS).

- **Process management and automation and rich BI functionality.** Choose a solution for your organization that has the broad functionality and support for best practices that you expect from enterprise-class systems. Microsoft Dynamics AX 2012 includes business process libraries that provide core ERP capabilities, including the ability to manage complex budgets and the tracking and reporting to meet regulatory requirements. Powerful, embedded analytics and reporting capabilities put BI in the hands of the people who need it, without requiring additional development or complex integrations.

- **Seamless, natural connection between ERP systems and business productivity applications.** Efficiently share data among people and applications by using Microsoft Dynamics AX 2012. Prebuilt tools, connectors, and orchestration services simplify point-to-point integrations, freeing the information locked in aging legacy systems and facilitating the free flow of data throughout your organization.

Specialized Financial Controls
Although virtually all ERP systems provide core financial functionality, the specific accounting requirements of the public sector can introduce significant challenges. Unlike commercial systems, government financial systems must emphasize transparency, compliance, control, and accountability over profitability. Unique financial management capabilities in Microsoft Dynamics AX 2012 can help meet the following needs:

- **Grants management and project accounting.** Easily manage initiatives with multiyear grant and project accounting. Track multiple funding sources to automatically distribute funds according to program guidelines to facilitate multiyear budgeting, accounting, and project and grant life-cycle reporting. Set up, manage, and improve project management through integration by using Microsoft Project Server 2010. Manage project and grant funding by associating multiple funding sources with a project or grant, optionally linking any transaction to a specific funding source, prioritizing funding sources, and restricting funding sources to exclusive activities or classes of expenditures.

“With Microsoft Dynamics AX 2012 and Microsoft Dynamics CRM, we built a powerful, scalable business infrastructure that helps us serve clients and their constituents with optimal quality and meet their savings and efficiency targets.”

Stephen Bayliffe
Managing Director, Compass Point Business Services
• **Fund accounting.** Gain easy and instant insight into your organization by using a fund-based account classification structure. Unlimited financial dimensions and expanded reporting capabilities accommodate funds, programs, functions, organizations, projects, grants, and locations to support government-specific accounting practices.

• **Budgetary control and commitment accounting.** Enforce legal appropriation compliance and simultaneously support lower-level departmental budgets with multiple, variable, and hierarchical-level budgetary controls. Make organizational commitments transparent by using encumbrance and preencumbrance accounting with integrated workflows. Expense management controls and expense workflows accommodate management of granular expenses, including travel, credit card reconciliation, and expense report delegation.

• **Compliance and audit control.** Help ensure organizational compliance with laws, regulations, policies, and business rules, including internal controls through the Compliance Center. Use built-for-government accounting capabilities and workflow tools to help ensure compliance with regulatory and administrative requirements. Take advantage of the Audit Workbench to define your organization’s policies and automate the auditing process.

**Benefit from Next-Generation ERP**

Help your organization meet the expectations of your constituents and make the most efficient use of tight budgets by using Microsoft Dynamics AX 2012. With a robust set of tools, your organization can streamline workflow and business processes and optimize your existing investment in other systems and technologies. Microsoft Dynamics AX 2012 reflects a commitment from Microsoft to deliver the full breadth and depth of its innovation to governments on a unified platform.

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