

State and local government agencies are leveraging breakthroughs in cloud, mobile, and artificial intelligence technologies to deliver personalized, accurate, and more immediate interactions anywhere, anytime.

The Value of Technology for Helping Government Agencies Control Spending

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Questions posed by: SAP Concur

Answers by: Adelaide O'Brien, Research Director, and Curt Savoie, Program Director

Q. What does it mean to have employees move to higher-value work?

A. State and local governments face tight or reduced budgets and stiff competition for talent and skills from the private sector. To be competitive, agencies must provide employees and managers with tools and solutions that enable a better user experience, digital access to data in real time, and access to artificial intelligence (AI) to optimize workforce operations, deliver strategic insights, and ensure better performance. Time, energy, and resources spent on deploying outdated, manual systems are better spent on accomplishing mission outcomes.

Digitally determined state and local government agencies are focused on workers' productivity. These agencies want easy-to-use solutions that eliminate repetitive, time-intensive work; better meet employees' rising expectations for more convenience, customization, and control; and enable employees to engage in higher-skilled, higher-value work. Agencies are leveraging breakthroughs in cloud, mobile, and AI technologies to deliver personalized, accurate, and more immediate interactions anywhere, anytime. These technologies are enabling agencies to reduce repetitive burdens on employees and managers through AI-enabled integrated and automated software. When employees are empowered with the right tools and employees and technology interact directly, work is done more efficiently and the experience of employees can be significantly altered.

While easy-to-use tools are important for managers, they often also need access to granular levels of data for review, approval, and expense planning. Business intelligence, artificial intelligence, and machine learning can assist in reducing this repetitive work for managers. For example, AI-enabled travel and expense software can automatically audit 100% of expense reports for fraud and compliance and highlight any exceptions or unusual spending.

Q. What are important considerations for CFOs to enable better spending control?

A. Today's state and local CFOs have varied backgrounds — that is, they may have been comptrollers or worked in the finance department or even the IT department — and provide leadership in developing the economy of their government entity. In addition to leveraging their financial acumen to effectively plan, manage accruals, and manage cash flow, CFOs are honing their creative thinking, strategic planning, and communication skills to provide leadership for every major investment in their government entity. Finance officers also must present financial information, particularly the long-term effects of financial decisions, to their mayors, city managers, and city councils.

Finance leaders play a critical role in driving efficient use of funds, economic growth, and long-range planning but are often constrained by inefficient, manual processes that can't keep up as demands increase. Particularly important is technology that enables better spending control by automating and integrating expense management, such as employee travel and vendor invoices. Savvy CFOs want to reduce process and workflow complexity as well as decrease the amount of time and effort that travelers, authorizing officials, and administrators spend on planning travel and reimbursing travel expenses.

CFOs often seek to eliminate paper-, email-, or spreadsheet-based methods that are error prone and prevent efficient, transparent accounting and profitable growth as well as distract managers and teams from leading the business through change. Additional important considerations include capturing all the organization's spending data in one place and using intelligent technology (e.g., AI, machine learning) to automate policies and prevent costly mistakes, eliminate spending fraud, and avoid unexpected expenses.

Further, CFOs expect applications to improve employee satisfaction, be user friendly and straightforward to use, be supported by vendor training and assistance, and align with commercial/industry best practices.

Q. What is the importance of AI?

A. In state and local governments, managing employee head count is always a challenge. Budgets are constrained, and the marketplace for skilled talent is highly competitive. Governments are then forced to do more with less and balance the need to create new programs and improve service delivery while managing increasingly complex processes and compliance tasks.

AI, long talked about as having the potential to revolutionize the way we work, is finally starting to make its impact felt in government. Process automation will simplify complicated workflows and help reduce the costs associated with legacy manual processing. Processing manually becomes a workflow design problem as people now expect instantaneous results. Another issue is the prevalence of human error in the process where people may be denied benefits or services to which they are entitled. Using AI for the automation of these tasks can reduce costly errors that may impact service, program effectiveness, and the bottom line by empowering audit functions with machine learning capabilities.

Another benefit of taking a data-centric, AI-native approach is the increased sophistication of the analytics now possible. Out-of-the-box integration of source data with other key systems such as finance increases the availability of more timely

and accurate information to power new innovations. Areas to optimize workflow will begin to present themselves. Optimized workflow, coupled with AI-enabled applications managing process and workflow, will lead to a feedback loop of continuously increasing opportunities to further automate and improve upon an agency's systems.

In conclusion, AI changes the game dramatically and in ways we are only beginning to understand. Government organizations should embrace these opportunities to learn about AI-enabled technologies and where they will make the most sense for immediate impact across their portfolios.

Q. Why should CFOs and CIOs work together to improve travel, expense, and invoice management?

A. A robust, easy-to-manage financial system can help the CIO and IT staff meet the needs (including regulatory/compliance needs) of their organization's CFO. In tight budget times, it's important to use financial solutions capable of highlighting all types of spending patterns. This is a prime way to improve spending control.

In a recent IDC survey, 82% of state and local government decision makers indicated that cloud-based travel and expense applications are mission critical/highly important. Cloud-based travel and expense-based applications can collect, combine, and manage data from different domains to provide a unified view and enable more responsive operations by leveraging digitally connected secure information. Travel and expense and supplier invoice management can represent significant spending for state and local government, so it's especially worth looking at how the right financial system can help monitor and control financial information, increase productivity, and lower costs in the following key areas:

- » **Travel and expenses.** Automated workforce expense solutions can address many of the challenges faced by agency staff when it comes to scheduling employee travel. With an automated solution, managers can collect and understand data to make informed decisions related to employee availability. The employees themselves gain improved visibility into and control over their travel schedules. Increasingly, traveling employees are demanding mobile applications that allow them to use their smartphones to manage their trips and expenses. They want to be able to see their travel schedule and flight, train, or car details. They want to be able to take a picture of their receipts and channel them directly to their cloud-based expense report. The best systems even offer options to allow credit card information to be automatically imported and matched to receipts (and other data) to improve accounting accuracy.
- » **Invoice management.** For organizational purchases, a well-designed system allows organizations to capture, process, and pay vendor invoices in a fast and efficient manner as well as catch duplicate invoices. This promotes clear accounting and reduces late payments. The bottom line: Finance officers must be supported so they can present financial information — particularly the long-term effects of financial decisions — to agency and city leadership and other institution stakeholders. The right financial system can help manage these aspects in whatever granularity of detail that's needed. It also allows financial officers to assemble the right data and the right view, not only to help make financial decisions but also to do full and accurate reporting.

Q. What are the pain points for decision makers around efficiency and scale?

A. Managers who have financial responsibility in state and local government need a clear view into the organization's spending — in as close to real time as possible. Decision makers also need the ability to effectively control their agency's spending rates. Major pieces of this puzzle include helping plan and budget, managing accruals, and supervising cash flow. In large organizations, this needs to be managed at the departmental level, and often within lines of business, with customized profiles and permissions set for each participant.

Various types of financial systems are available to meet these needs, but institutions are increasingly looking for the following capabilities:

- » A high level of granularity for the types of business functions and financial choices available in the system
- » A cost-saving, cloud-based SaaS solution that can help enable oversight (In a recent IDC survey, 78% of state and local government responders indicated that cloud-based financial applications are important or mission critical.)
- » Robust technologies that include built-in databases and API connections to key partner information that's located on other systems — both within the agency/organization and located at external stakeholders

In concert, these capabilities can boost operational efficiency. When solutions are based in the cloud, departments also can move away from systems and security management, allowing them to focus more fully on organizational operations and detailed financial processing. In addition, employees can be more efficient, freeing up time to do higher-value work versus manually tracking mileage/booking travel, filing expense reports, and processing vendor invoices.

About the Analysts



Adelaide O'Brien, Research Director

Adelaide O'Brien is Research Director for IDC Government Insights, responsible for *Government Digital Transformation Strategies*. Ms. O'Brien assists clients in understanding the full scope of efforts needed for digital transformation and focuses on technology innovations such as Big Data, AI, cognitive, and cloud in the context of government use cases such as customer experience, data-driven benefits and services, and public health protection.



Curt Savoie, Program Director

Curt Savoie is the Director of IDC Government Insights' global *Smart Cities Strategies* program. The central components of his work revolve around data: its use, security, meaning, accessibility, and governance. He brings to IDC a deep interest in algorithms, artificial intelligence, resiliency, identity, ethical considerations, privacy and anonymization, reducing information asymmetry, and how data can power a better future.

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 **IDC Custom Solutions****IDC Corporate USA**

5 Seen Street
Framingham, MA 01701, USA
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com

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