Digitizing
Municipal Processes

BY JONATHAN WOOD

While digitalization itself—automating manual processes, for example—is a tactical maneuver, digital transformation is more about an organization's strategy to increase business value and improve business processes. It is not about the latest gadget or about slapping another IT solution on top of an old one. When implemented properly, technological solutions can provide not only more efficiency, but also more effectiveness in achieving business objectives.

Annual budget planning, for example, is critical. While many team members may be familiar with planning or budgeting software, the set of tasks that help create, control, and update the budget is about the budget process. If your government is interested in taking the next step, the first step is to determine where you are.

DETERMINE WHERE YOU ARE

An organization's digital transformation process depends on where it falls on the maturity scale.

- *Low maturity:* An organization relies primarily on manual processes such as updating an Excel spreadsheet by hand, or email as a communication tool.

- *Mid-level maturity:* An organization has automated some of those processes and can collaborate more effectively.

- *High maturity:* An organization evaluates and transforms its planning, budgeting, and forecasting processes to strategically enhance business performance by using digital solutions.

Digitalization—which is simply the process of converting information into a digital format—may bring technological improvement on its own, but that doesn't significantly increase business value. Planning processes require collaboration, business logic policy, and data integration. An organization can determine its maturity level for digital transformation by looking at its level of collaboration and business planning logic.

Collaboration. The most relevant indicators for process improvement are improved collaboration within the organization and fewer closed-off silos of data. When considering the appropriate technology, decision-makers should look into modern enterprise technology that provides a collaborative link among all levels across the organization. It should also allow for regional planning capabilities to be consolidated. The point of digital transformation is to bring together strategic, financial, and operational planning.

Organizations at the lowest maturity level of collaboration mostly use "offline" communication like email—and digitalization usually allows team members to collaborate within a specific business function. For instance, if a system allows modern sales planning but doesn't create links among the sales, compensation, and the cost of sales, it stops short of being a true digital transformation because it doesn't enable planning across the organization.

Business planning logic. Some business planners are particularly enamored of their spreadsheets because they have invested a lot of time into building business logic into them. (Business logic is the custom rules or algorithms that handle the exchange of information between a database and user interface.) Digital transformation requires more than links embedded in vulnerable spreadsheets. Organizations that only automate or gather the results from these spreadsheets are typically mired down in silos with multiple loose ends standing in the way of their process integration and planning capabilities.

Digital transformation requires business logic management as a part of the planning repository, which should include business drivers—resources, processes, or conditions that are vital for the organization's success and growth—and their impact on the business results. Drivers help optimize the planning process, thereby providing better analysis capabilities and allowing for variances between what is planned and what actually happens.
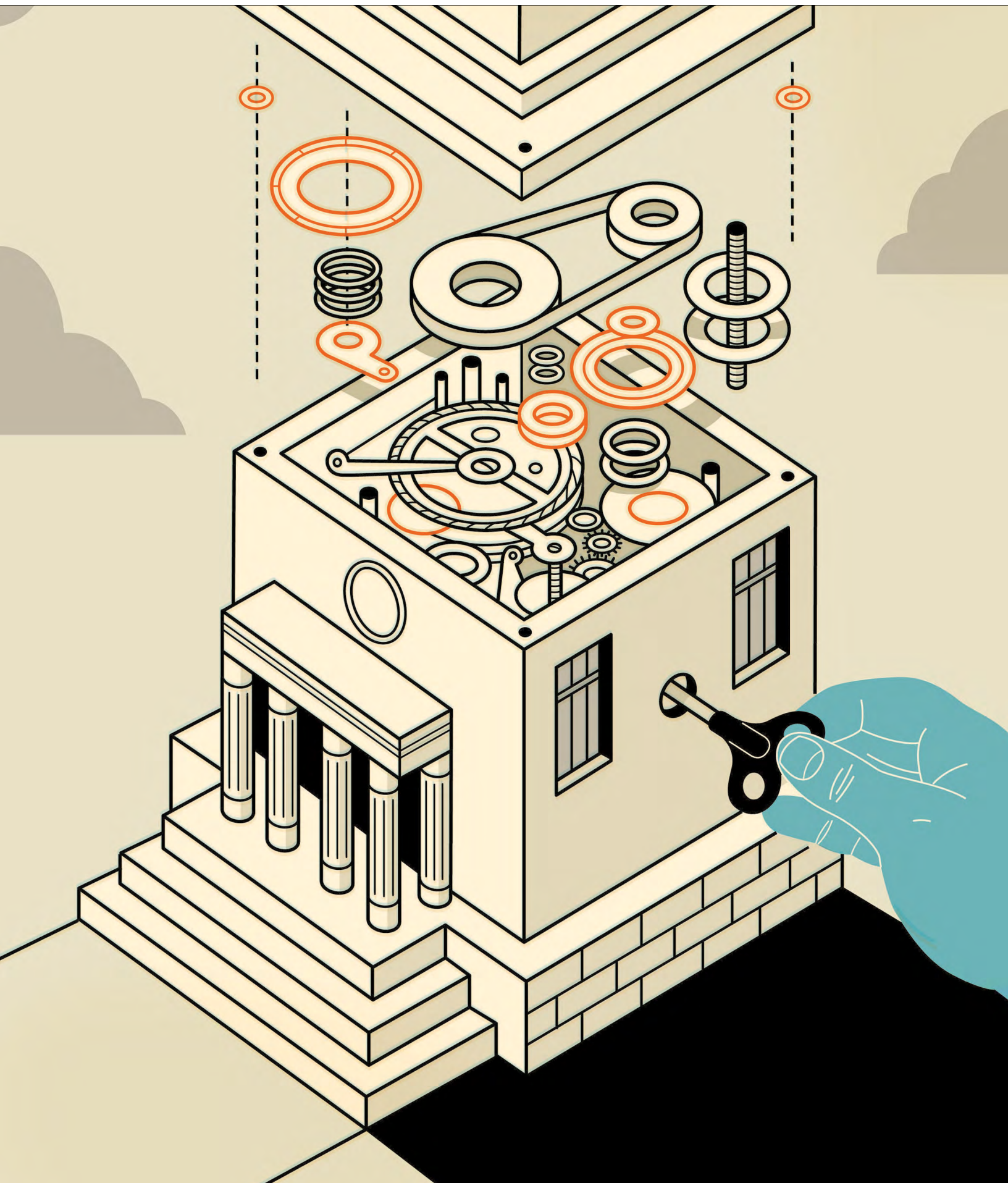
When integrating data sets, the following data types should be taken into consideration:

- *A baseline,* which includes planning data such as financial results, customer data, and billing information.

- *Planning data* from different version scenarios and periods, such as the last forecast or last year's budget.

- *Predictive tools* such as artificial intelligence and machine learning

Planning processes that require users to download files or manually synchronize between automated tools and manual adjustments indicate a lower level of maturity on the digital transformation scale. The final step toward digital transformation is reached when all data sets are automatically synchronized and integrated.

A SINGLE SOLUTION FOR EPM

The enterprise performance management (EPM) market has matured since its early days. Some software allows for data entry capabilities, which may be beneficial to organizations that are trying to digitalize some of their activities. But data entry capabilities alone do not make for a high-maturity digital transformation. Full digital maturity means adopting EPM technology that provides a single platform that can scale to any number of users involved in the planning process, to add modules and other capabilities (such as logistics and controlling over time), and to adapt to developments and changes in real time. Machine learning and artificial intelligence can help enormously in making this transition toward increasing agility in the planning process.

Full-blown digital transformation adds value for any business process, whether it is HR, operations, logistics, or budgeting cycles. Let's look at two examples of municipalities, one large and one small, that have made a successful transition in their financial processes.

CASE STUDY
Senaatti, Finland

SENAATTI is the Finnish government's enterprise responsible for the efficient management of the state's extensive portfolio of real estate assets across the country. Senaatti manages more than 9,000 buildings, including government ministries, research facilities, cultural institutions, defense, and security sites, as well as a diverse mix of office buildings. In addition to providing a streamlined property asset management service, Senaatti aims to provide a governmental work environment that not only helps improve employee performance but also supports the government's strategic goal of saving more than $112 million in office expenses annually between 2022 and 2025.

Senaatti required a new financial planning system that would replace its error-prone manual spreadsheet-based processes, allowing the organization to engage in scenario modeling and data integration. The goal was to create a single version of the truth across the organization, which embraced full digital transformation by automating time-consuming processes and unifying its data.

Increased complexity in its budgeting, forecasting, and planning processes was straining Senaatti's financial budgeting systems. Senaatti provides its property users with a comprehensive range of office management support services, helping them make better use of their working environment and save

space costs. The organization faced a number of challenges. Senaatti's evolving work environment was placing considerable pressure on its financial management team and systems. In addition, a range of Excel-based spreadsheet templates were being used to support the group's budgeting and planning needs. These proved time-consuming to operate, as they were error-prone and couldn't be integrated across the business.

Senaatti needed a system that was easy to use and provided strong data integration capabilities. Replacing error-prone spreadsheets with automated processes would also reduce risk. The organization decided that a new EPM system would deliver the business performance and agility required by the organization's evolving needs. It enabled tight integration with the agency's data warehouse and was able to join different planning processes together to provide a single version of the truth across the organization.

Senaatti's new system supports more than 120 users across Finland, including real estate managers, regional managers, financial business controllers, heads of internal units, and customer managers. Implementing it helped the organization improve its efficiency in various ways, including optimizing its financial planning processes. Replacing its spreadsheet-based planning processes cut the time to produce plans and forecasts by half.

The system also helped simplify reporting and offers more consistent data. It integrates automatically with the Senaatti data warehouse to enable more productive and seamless reporting workflows across the organization. The result is more effective budgeting, and the level of complexity has been substantially reduced. The system is accessible for users throughout the enterprise, making it possible for them to create budgets using an Internet interface.

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CASE STUDY
Faxe Municipality, Denmark

FAXE MUNICIPALITY is a small community of approximately 35,000 people located on the Danish island of Zealand. The municipality was searching for a way to streamline its heavy, manual work processes at both the group level and at business sites.

In search of a new budget follow-up system and a fully digital budget process, decision-makers sought to replace the government's Excel-based model and automate the many manual tasks previously managed, ranging from data collection, drafting of budget sheets, commentary, and monthly follow-up.

In the past, a great deal of manual work was required to keep track of individual emails containing suggestions and descriptions. Different versions also had to be managed, including preparing and maintaining the overall budget book for subsequent decision-making on the number of proposals to be included in the budget. The finance team decided on a new solution that allows for digital control of the processes.

Users are now able to access information through a web browser, and all suggestions with descriptions are automatically collected by the users and then consolidated. The new database manages the individual proposals with financials and specific descriptions about who is responsible and what version is currently available. Once the process is completed, the group chooses the proposals to be included in the following year's budget. This solution allows the approved proposals to be directly transferred and added to the budget.

Faxe Municipality is now considering streamlining key areas such as planning, asset management, and liquidity management to build out the system's ability to gather data and facilitate follow-up and reporting in individual areas. Automating processes has greatly improved the municipality's daily workflow.

CONCLUSION
Digitalization is the first step toward transforming an organization's ability to plan, budget, and forecast effectively. After all, to make good decisions, managers need to have access to as much information as possible. ▣

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