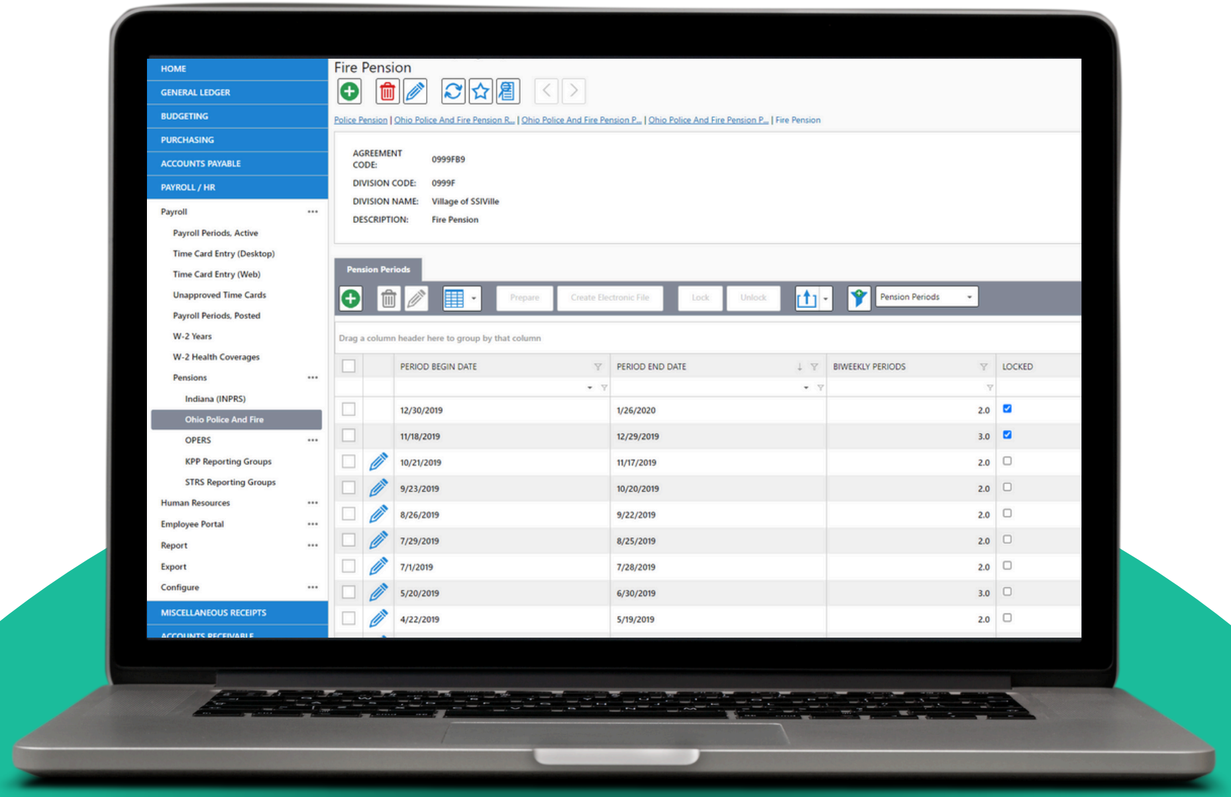
OHIO GFOA

Software Solutions

# Modernization or Marginalization

## The Hidden Cost of Legacy ERP Systems

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# Our Team

**Trent Corbin**
Solutions Engineer

**Grant Halsey**
Director of Sales & Marketing

**Danielle Bergey**
Marketing Manager

# What to Expect

1 Introduction

2 The Risk of Standing Still

3 Case Study

4 Spotting Signs of Outdated Systems

5 Modernization Strategies

6 Q&A

# The Importance of Modern Technology in Local Government

- Enhance service delivery to citizens
- Improve operational efficiency and reduce costs
- Improve data security and privacy
- Enhance transparency and accountability
- Attract and retain a skilled workforce

# The Risks of Standing Still

The dangers of outdated technology in Ohio's local governments

## Impact on Operational Efficiency

- Manual processes
- Data Silos
- Lack of scalability

## Financial Implications

- Maintenance costs
- Compliance penalties
- Lost revenue opportunities

## Workforce Challenges

- Retention difficulties
- Knowledge gaps
- Training burden

Source | Government Technology Insider  Source | appian  Source | colligo  Source | autoagent

# Impact of Outdated Technology

Industry Trends

>25

Average age of existing ERP systems in state & local government

$144B

Collective budget CY2024

60%

IT professionals nearing retirement

50%/30%

(50%) Processing time reduction/
(30%) Reduction in costs

100s

Hours lost annually by government staffs on manual tasks & poor reporting

96%

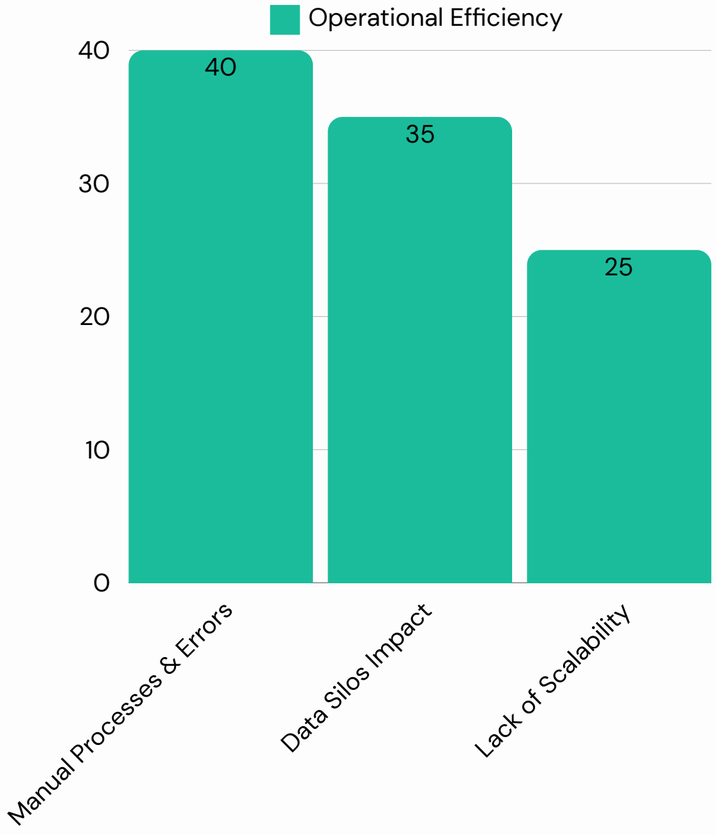
Of Finance Directors consider quality of support and government expertise as critical

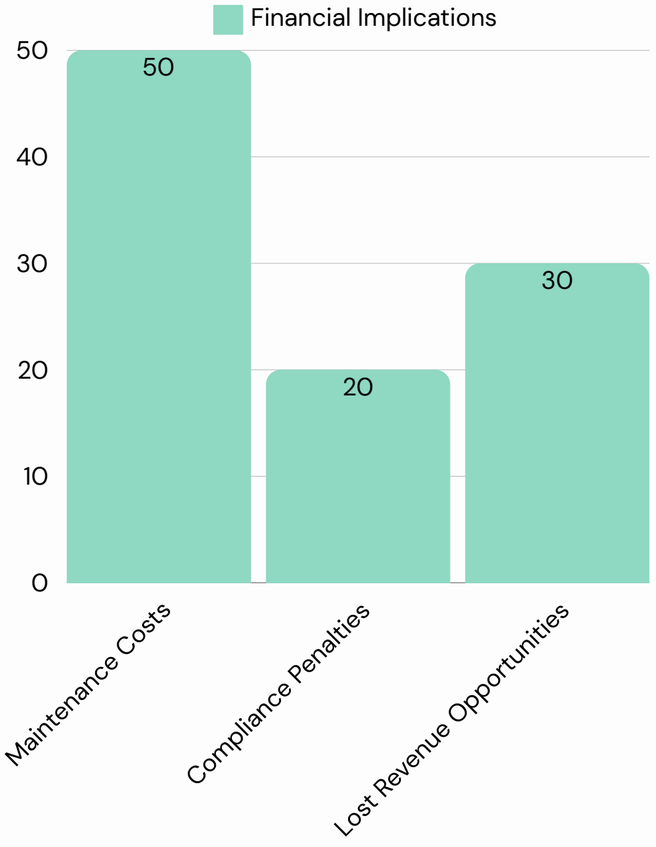
Source | NLC

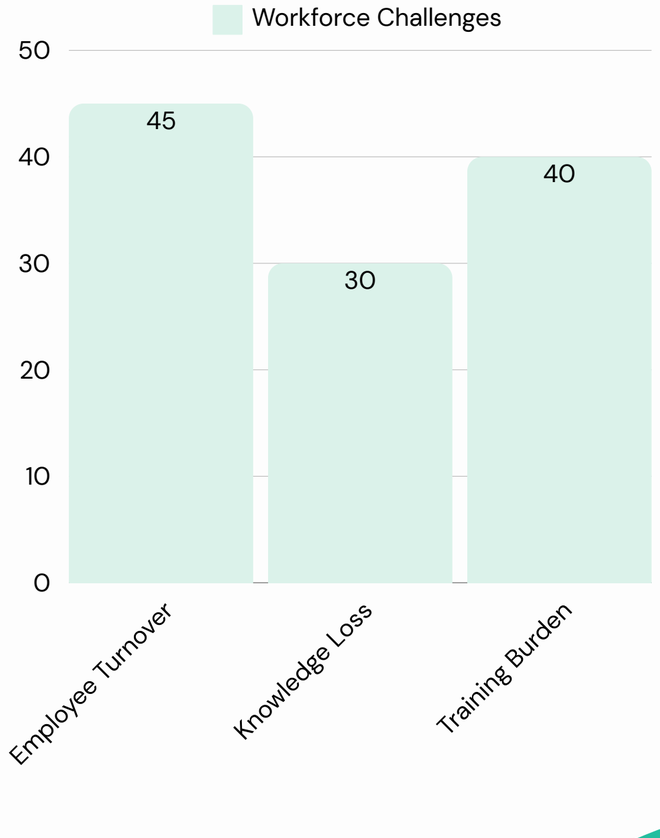
Source | WhiteHouse.gov

Source | OPENGOV

# Impact of Outdated Technology



# Cost of Delayed Modernization

## Small

**< 100 employees**

- Based on reduced ransomware exposure risk ($2.83M average recovery)
- Lost efficiency savings (typically 25-35% of operating budget)
- Increased maintenance costs for legacy systems
- Higher staffing costs due to manual processes

## Medium

**500 employees**

- Full ransomware recovery exposure ($2.83M)
- Average ransom payment risk ($2.2M)
- Lost operational savings (63.4% of organizations see these)
- Increased cybersecurity vulnerability (49% through compromised credentials)
- Extended recovery times (51% take over a month)

## Large

**1000+ employees**

- Maximum ransomware exposure ($2.83M recovery + potential $5M+ ransom demands)
- Substantial efficiency losses (85.5% potential improvement missed)
- Higher IT maintenance costs (90.5% of organizations see savings with modern ERP)
- Increased staffing needs for manual processes
- Extended system downtime costs

Case Study
Customer Stories

# UNLOCKING GREENE COUNTY'S POTENTIAL

The Power of Innovation

# Recognizing the Signs of an Outdated ERP System

- Frequent system outages
- Data silos and inaccurate information
- Lack of integration and automation
- Limited scalability and flexibility
- High maintenance costs
- Security vulnerabilities
- Lack of citizen-centricity

Modernization Strategies

Source | Government Technology Insider

Source | Forbes

# Choosing the Right ERP System

01 Define your needs

02 Establish a realistic budget

03 Leverage peer knowledge

04 Prioritize essential features

05 Conduct thorough vendor research

# The Power of ERP Modernization

A Return on Investment

**68%**

In 2023, reduction of IT maintenance costs with modern ERP

**90.5%**

In 2024, reduction of IT maintenance costs with modern ERP

**63.4%**

Savings in operating and/or labor costs

**$9,000**

Average cost of ERP project per employee *

*Varies with business size

**83%**

Projects met ROI expectations

Source | Panorama Consulting Group (2023 ERP Report)

Source | Software Path 2022 ERP Software Project Report

# Modernization Strategies

## Cloud Computing

Increased agility, scalability, cost-effectiveness, improved security, and disaster recovery.

## Data Analytics & Business Intelligence

Data-driven decision-making, improved service delivery, enhanced citizen engagement, and increased operational efficiency.

## Automation & Robotic Process Automation (RPA)

Reduced manual effort, improved accuracy, increased productivity, and lower operational costs.

# Modernization Strategies

## Cybersecurity Enhancements

Protected sensitive data, minimized cyber threats, ensured compliance with regulations, and maintained public trust.

## Citizen-Centric Design

Improved citizen satisfaction, increased accessibility to services, enhanced transparency and accountability, and strengthened community engagedment.

# THANK YOU!

**Trent Corbin**
*Solutions Engineer*
www.mySoftwareSolutions.com

Q&A

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