WHITE PAPER

**There is a third party in Government.
Frontier Software SaaS Solutions.**

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Version History

Document version	Date	Prepared by	Reason for change
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Over the past few years, there has been a significant shift by government at all levels towards purchasing, implementing and managing cloud-based services. HR and payroll vendors are early adopters of cloud service provisioning. The overarching benefit of cloud services lies in its ability to charge only for what is consumed. Both the Federal and State governments of Australia have policies that support the adoption of cloud technologies, subject to stringent evaluation and accreditation. This Whitepaper seeks to discuss what Cloud Services are and what benefit they offer institutional clients such as government bodies. It also discusses the inherent challenges to rolling out Software-as-a-Service (SaaS) and gives tips to ensure any SaaS rollout is successful. Frontier Software currently provides payroll and HR services via a SaaS model to approximately 250 government entities.

What is Software-as-a-Service?

Software as a service (or SaaS; pronounced /sæs/) is a way of delivering centrally hosted applications over the Internet—as a service. SaaS applications are sometimes called web-based software, on-demand software, or hosted software. Whatever the name, SaaS applications run on a SaaS provider's servers. [1]

Often, ICT departments within government instruments will be provided with guidelines and checklists to assist them with the selection of cloud services. In effect, purchase decisions are made after consideration of such factors as:

- The desired business outcome;
- Alignment to technology, both existing and planned;
- The location and distribution of the user community;
- Current supporting communication and network structures;
- Cost / benefit analyses; and
- Vendor Cloud capability and billing model. [2]

Vendors are assessed on an array of criteria prior to being engaged by government bodies. Successful vendors are able to articulate the benefits of adopting a SaaS solution and also offer means by which perceived risks can be mitigated.

Benefits of Software-as-a-Service

From the perspective of a government client, SaaS offers a number of considerable benefits, as described below.

Cost savings

SaaS solutions reside in a shared environment, which has a direct and measurable impact on the costs of hardware and software licences. SaaS clients don't purchase hardware to host applications and they don't require the services of specialised IT staff to install and maintain the software. For Finance Departments, transparent pricing translates into a predictable cost for budgeting purposes and also informs predictive analysis when considering scale. Subscription pricing models ensure that users have a single rate which accounts for all items, (software, hosting etc.) being consumed.

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[1] Saleforce.com - https://www.salesforce.com/saas/
[2] Resolute Information Technology – Cloud Computing in Local Government, June 2016.

Anytime Access

By not requiring software installation, SaaS clients can access their system using only a secure web browser over the internet. The provision of servers in the cloud means the application is readily available and permits rapid deployment to new users. As mobility becomes increasingly important to a distributed workforce, SaaS solutions provide quick and simple access to real-time data, ensuring distance or location is not a barrier to productivity.

Focus on Business

Without the burden of infrastructure and its associated complexities, SaaS clients need not concern themselves with the maintenance of hardware or questions regarding operating systems' compatibility with databases.   All of these administration tasks become the responsibility of the vendor. Similarly, providers will also manage the software upgrade, new release and patching processes on behalf of government. As a result, you can be sure that the system you are accessing is current, secure and well-tested.

Scale at Will

When it comes to scalability, SaaS clients do not need to involve themselves in the process. Where a premise-based agency would need to invest in the purchase, installation and management of servers and software, cloud solutions take care of capacity issues on your behalf. Simply adjust your licensing arrangement and carry on with your core business.

Ready Adoption

For end-users too, the experience of moving to the cloud is often very positive with an easy and event-free uptake. Users typically access the software via web-browsing apps, the familiarity of which enabling ready adoption and confidence to tackle the software learning curve.

Service Level Provision

SaaS providers are also obligated to offer guaranteed levels of performance and uptime that aren't usually possible from traditional software offerings. This is an investment your vendor makes in a long-term relationship with government.   Frontier Software's recent experience with the South Australian Government and power cuts in South Australia offer testament to and evidence of the commitment made to all clients, including government. For more information, see our "Pay day as usual for SA Government" document [3].

Data Security

Ensuring the security of client data that resides outside of their IT infrastructure is of paramount importance to government clients. In response, in many cases, the vendor often applies stringent controls around security, providing a more secure environment than the one the client is transitioning from.   Coupled with this service is the provision of backup and restore facilities, further reducing the load on internal IT staff and the overall cost to the government, both in infrastructure and skills required.

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[3] http://www.frontiersoftware.com.au/content/pay-day-usual-sa-gov-even-state-wide-electricity-blackout

Risks & Challenges of Software-as-a-Service

In a broad sense, government clients assessing cloud solutions need to address the practicalities, before considering some of the more significant challenges to SaaS rollout. For instance, a cost/benefit analysis of items such as the following should be considered:

- Acquisition and sustainment costs;
- Costs of resources being locked in for fixed periods;
- Storage volumes, data movements across networks, connections between cloud and local infrastructure;
- Ability to manage services during business hours, eg, availability of test environments; and
- Potential impacts of exiting a cloud arrangement, including data extraction and subsequent destruction by the vendor.[4]

Other, more significant challenges include:

Data Security

No government client considering cloud services adopts the solution without a considerable investigation of vendor capabilities. Government bodies are rightly concerned about their data security and the concept of cloud services as being 'shared' by other entities. The perceived lack of control is undoubtedly seen as a risk by senior IT management who should take detailed steps to ensure the vendor can at least meet their expectations. Conversely, vendors must be able to address the concerns of prospective clients in order to allay fears.   Consequently, prospects are seeking evidence of ISO or similar certifications, encryption and monitoring activities, detailed ISMS policies and proven DR plans and strategies for their hosted solutions.

Single-Sign-On (SSO) vs multiple users

Departments with many hundreds or thousands of employees must determine whether user profiles for everyone will be created on the cloud solution.   Similarly, password control for large numbers of employees accessing a new system might also cause headaches for Help Desk facilities, either internally or vendor-provided. As a potentially time consuming and expensive task from an implementation and steady-state perspective, clients should consider whether access might best be handled via   SSO from local systems. By employing SSO, users can access multiple desktop and cloud applications using a single password. Vendors, then, need to be assessed for the capacity to meet SSO requirements and identity provisioning formats.

Data Sovereignty

One of the advantages of SaaS and cloud services is that geography is not a barrier to entry or participation. Although exciting and efficient as a concept, the act of potentially storing client data in an off-shore location brings its own unique challenges. Data Sovereignty is a concept that applies to data stored in a digital format. The concept holds that such data is subject to the laws of the country within which it resides. As such, the laws will pertain to privacy controls and the capacity another government has to subpoena data housed off-shore.   For a vendor hosting Australian data off-shore, that may involve one or more governments besides our own.

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[4] Resolute Information Technology – Cloud Computing in Local Government, June 2016.

Many countries have implemented compliance regulations to ensure such practices do not impact them. From a client's perspective, confirming the location of hosted data is of paramount importance and diligence must be exercised to satisfy this requirement. For vendors, transparency around the location of hosted data is expected; indeed for government clients, housing data in Australia is practically mandated.   In addition, the provision of documented policies around privacy, data protection, Information Security and reporting of breaches should be expected.

Capacity for Lift and Shift

Commonly, prospects adopting a SaaS solution seek to lift and shift data from an on-premise solution to the cloud. In many cases, however, vendors will have data structures that differ between cloud and on-premise solutions. This effectively prevents the client from achieving a rapid transition to a SaaS solution. Prospective clients need to be cognisant of this potential roadblock and take steps to ascertain whether a lift and shift solution is viable and effective when selecting a vendor. Vendors, therefore, must be prepared to address such questions and to enunciate how well their data structures will support a lift and shift approach to deployment. Frontier Software, has identical data structures for cloud and on-premise solutions and can confidently offer a lift and shift approach to government prospects.

Communications Infrastructure

For users located in a capital city, access to robust and reliable infrastructure is a given. Move away from cities to urban and rural areas, however, and the availability and quality of connectivity diminishes. Even with the rollout of Broadband, insufficient bandwidth will lead to sub-optimal experiences. Clients need to assess their own workforce distribution and consider how accessibility to services will determine the adoption and ultimate success of a SaaS rollout. They should also seek to assess what options vendors have in place where SaaS solutions may not be effective.

Software Integration

Government departments adopting SaaS solutions create data sources that are fundamentally segregated from their on-premise applications. The challenge to ERP systems that are on-premise is the ease with which they can integrate with cloud-based HR and payroll solutions. To illustrate, an HRIS may provide source data that forms only part of an enterprise-wide report and must be able to interact with the legacy Business Intelligence system to provide it.   From a user experience, the interaction must be seamless and imperceptible. For government users, that means finding the right balance between securing a feature-rich cloud-based app that also integrates into the overall technology stack.   Vendors, then, need to understand how their solution can integrate with client systems, either as source-of-truth or as a recipient of truth, and offer multiple means to achieve this.

Managing the Change to Software-as-a-Service

Having made the decision to transition to a SaaS solution, government departments need to ensure they manage the process of change to ensure ready adoption and a successful transition. Change is often not well embraced, so here are some tips to help you on your way.

1. **Choose your Vendor Wisely**

   Assess your Vendor to ensure their solution meets your requirements. You're looking for a trusted partner, not an adversary. Ensure your vendor can assist you with Change Management at a software level. Do they have documented processes around testing, implementation and codes of practice? Are they already servicing government clients? Do they have the necessary controls in place around Information Security and Disaster Recovery? Can they demonstrate the solution?

2. **Always address the Why**

   Address the obvious questions first. 'Why are we moving to a SaaS solution', 'What problems is it solving', 'What benefits will it deliver over our existing setup'. Most importantly, you need to address the question most oft **not** asked. "How will it impact me?" Put simply, without the *why*, nobody will buy the *what*. So consider what's in it for the groups most affected. Removing redundant or costly processes is often a winning reason. Mobility and accessibility will win some over, whereas cost and efficiencies will appeal to others. Tailor the message to the group you are addressing.

3. **Assemble the Dream Team**

   Make sure you have the right people on board and engage them throughout the process. As a minimum, dream teams have to contain the person who is going to bring this home. *The Do-er*; the force who sees this project as a done deal, not a discussion point. For them the task is already completed. You'll also need *The Last Word*. This person makes the rules and holds ultimate decision power when things get fractured. The buck, quite literally, stops with them. Next up, find *The Voice*. This person is integral to spreading the message re the change. They speak all languages and can pitch the idea to anyone from C-suite executive to the guy in the workstation at the back of the building who just plugs away at his job. Finally, you need an *Influencer*, and perhaps more than 1. Performing a role similar to The Voice, an Influencer is an opinion leader, well-regarded amongst the troops and someone to whom people look up. Influencers are the folks whose opinions matter and to whom people listen and follow. Make sure they are vocal supporters of the change, but also feedback employee opinion so it can be addressed by Step 4.

4. **Communicate Communicate Communicate**

   Communicate with end users and stakeholders. Often, and in person. Begin early in the process and do not stop until the rollout has successfully concluded. Make sure The Influencer(s) and The Voice have the message and can clearly disseminate it.

5. <u>**Train for Success**</u>

   Even the most intuitive software around has a greater success rate, measured by uptake and actual usage, after training.   Understand your user groups and stakeholders and devise training specific to their requirements. Highlight the changes and how to manage them under your new system. Ensure your training plan employs follow-ups after 3 or 6 months to truly ascertain training effectiveness and user understanding of the system (**hint;** chris can manage both the training records and post training surveys)

In conclusion, the decision to transition some systems to a SaaS solution appears to be an obvious one at first glance. Governments, however, are subject to stringent assessment and evaluation criteria to ensure the transition offers both systemic and economic benefits. Vendors in turn must be cognisant of the requirement to be a trusted partner that is fully conversant with the unique requirements of government and demonstrably able to deliver on them. When both parties work in unison, the challenges can be overcome and the benefits tangibly measurable.