

fraxion

**TRANSFORM PUBLIC
SECTOR SPENDING**
with spend management software





Introduction

Public sector procurement is a vehicle for serving the public, and a driver for civic outcomes.

These duties come with the distinct responsibility to display extensive levels of transparency and accountability throughout the organization; more so than in any other business or industry.

The public sector is often hindered by manual processes and outdated systems that delay progress. State and local agencies are now facing increasing pressure to adopt cloud applications, driven by the need to focus their efforts on delivering public services. Digital transformation and the ability to mitigate the risks associated with legacy systems and data centers is paramount.



Adopting **procurement best practice** in a time of recovery

In the midst of a global economic crisis and a long-awaited period of recovery, when businesses worldwide are more dependent on digital solutions to improve efficiencies and enable operational continuity, can government agencies delay the inevitable migration to the cloud any longer? In addition, a surge in crisis-related expenditure and the subsequent increase in spending thresholds in the public sector is placing a heavier burden on government agencies to improve the transparency and auditability of their spending activities. Legacy or manual systems are simply not equipped to provide this level of visibility or accountability.

The five biggest challenges in **public procurement**

Transparency

A lack of transparency equates to a lack of spend visibility, and, when auditability and responsible fund allocations are your mandate, it's critical to deploy solutions that support and enable these directives. Balancing fairness, process, and transparency to maximize the taxpayer's dollar is a heavy burden for most organizations in the public sector.

Outdated, legacy systems

Government agencies often rely on manual systems or disparate modular systems that do not integrate efficiently, and require high levels of maintenance, unlike the automated process efficiency and seamless integration offered by their cloud-based counterparts.

Data accuracy

An annex to issues of integration with legacy systems—government agencies face ongoing battles with data quality. Information gathered and managed across disparate systems must be carefully scrutinized, checked, and verified to confirm accuracy; this is time-consuming and onerous for resources.

Manual systems

Manual, paper-based requests and approval processes requiring signatures typically cause process delays and bottlenecks. With siloed departments, red tape and reliance on human intervention, hours, days or weeks can pass before authorization takes place. These time-consuming delays result in a longer purchasing cycle, which comes at a cost, with the added risk of inaccuracies and human error.

A more in-depth look at public sector processes identifies distinct, overarching issues that government agencies face, and how they can be alleviated by introducing a comprehensive, cloud-based spend management solution.



Data and security

The US Government Accountability Office (GOA) reports that America's Office of Management and Budget aimed to save \$2.7 billion in technology costs by the end of 2018. However, during the 2017 to 2018 period, the country managed a saving of only \$1.62 billion across its data centers.

While a \$1 billion shortfall is cause for concern, the US Government continued to forge ahead with the implementation of big data centers across the country. Case in point: government agencies are always in search of more data to analyze, in the face of increasing data-gathering requirements.

Fast-forward to 2020, with the onset of a global pandemic—data-gathering has accelerated, as crucial statistical data on infection rates and death tolls became a necessity. In these challenging times, we can surely expect massive increases in costs relating to data capture, storage, and technology implementation at the end of this fiscal year.



The resources, security, maintenance, and repair of legacy network servers equate to a more considerable strain on budget than could ever be attributed to cloud delivery platforms.

It's understandable that the implementation of emerging technologies is a continued necessary expense for any government agency. However, if underpinned by a procurement process that's guided by a comprehensive spend management system, these lofty, unavoidable costs may be reduced in more streamlined and managed environments that ensure stringent approval processes and budget compliance.

While it may seem like a pipe dream, successfully rolling out spend management software solutions in the public sector has been, and still is, a reality for many segmented departments within the US Government.

Even in the face of global businesses reporting cost savings and enhanced procurement processes, government agencies still make up the lower tier of adopters of software solutions. Therefore, the question is, why are so many government agencies still resistant to change?

The short answer seems to lie in the belief that migration at such a large scale may lead to even greater costs in transferring data centers and servers to streamlined cloud platforms. The hesitation is unfounded; the resources, security, maintenance, and repair of legacy network servers equate to a more considerable strain on budget than could ever be attributed to cloud delivery platforms.

At a deeper organizational level, government agencies are reluctant to eliminate obsolete policies and inefficient working methods, either out of caution or bureaucratic red tape. Acquisitions and procurement in the federal sector are often split across multiple departments and offices, without holistic insight into the bigger picture. Levels of compartmentalization also mean difficulty in accessing data, and drain both resources and time.

With efficient processes and easier access to data, agencies can allocate more time and resourcing to other priorities and initiatives. While transferring systems to cloud-hosted platforms may not be the quintessential solution to streamlining all government agency challenges, it certainly is a powerful start.

Here are five immediate benefits of deploying cloud-hosted platforms:

1. Security

More secure than on-premise servers, cloud-hosted platforms are better equipped to deal with the volumes of cyber threats government agencies face daily. Agencies would benefit from switching to vendors that conduct third-party internal, external, and perimeter vulnerability, as well as penetration testing to best safeguard data.





2. Up-to-the-minute updates

Migrating servers to the cloud means that agencies no longer have to concern themselves with keeping up with common industry-standard compliance issues. Cloud infrastructure automates software updates, to ensure compliance with all relevant regulations and safety protocols.

3. Reduced operational costs

Leveraging spend management software leads to an immediate reduction in operational costs, as there is no need to invest in additional hardware, or incur ongoing maintenance costs.

4. Streamlined operations

Without the need for on-premise or third-party IT professionals maintaining your servers, no downtime exists during report creation or access to data. It is also not necessary to allocate additional expenditure to hiring a highly skilled team to manage your data.

5. Scalability

Irrespective of industry, organizations inevitably face growth; or, as we've noticed in the past few months, unexpected downscaling. In any of these events, your organization is best served deploying a software solution that scales in parallel with business growth. In the case of a government agency, this level of flexibility means that your organization is more agile and adaptable to address any changing needs within your operational environment, or the community, as volatility becomes the new normal.



Compliance and regulation

Procurement and delivery services alike face strict regulations and auditing protocols. No industry faces scrutiny more than government agencies, where federal contracts make up a significant source of revenue.

That said, reducing federal exposure to high-risk factors is paramount. Spend management software aids in standardizing and automating processes that can improve auditability. Providing on-demand access to audit trails that detail all activities, approvals and changes, with time stamps and related user activity, assist in this endeavor. In addition, automated scheduled software updates regularly ensure compliance across all business levels in procurement.

FedRAMP compliance

The Federal Risk and Authorization Management Program (FedRAMP) was introduced to provide a standardized approach to the assessment of security, monitoring and authorization of cloud products and services. This government-wide program's framework has been created to save time, costs and resource constraints for security assessments.




FedRAMP carries out a comprehensive two-step evaluation that determines if a cloud platform or service has the necessary controls and security, based on a uniform set of standards. These include ongoing audits and authorization to ensure that a cloud provider can endure a series of security threats, to ensure that federal data is always secure in cloud environments.

Cloud computing can provide significant benefits to government departments, including efficiency, scalability and security. In addition to ensuring security, FedRAMP aims to enable federal agencies to rapidly adopt cloud solutions in a cost-effective manner, and provides smaller agencies with higher levels of security that they might not otherwise have had access to. FedRAMP compliance should be a consideration point when reviewing potential cloud solutions.

Maintaining visibility within the public sector

Possibly the biggest challenge facing government agencies, more so than any other organization, is the difficulty in maintaining visibility throughout procurement processes. With larger departments and touchpoints, and high numbers of stakeholders, it is visibly apparent that this issue has a trickle-down effect on extending the purchasing life cycle.

Visibility is the key to tracking your procurement life cycle while curbing rogue spending. Legacy systems rely on employees' honesty, and submissions of receipts to claim business expenses. This somewhat antiquated system leaves too much room for human error, and leads to delays in recouping business expenses, as well as an additional layer of (often manual) accounting.



Technology enables spend analysis and reporting with a high level of granularity, to support actions that generate value.

Mobile and electronic spend requests with automated approvals—from simple structures to multi-level workflows—is where spend management software saves time, resourcing and eliminates delays. Authorizing managers to review budgets and available and committed spend at decision points, further streamlines the purchasing process.

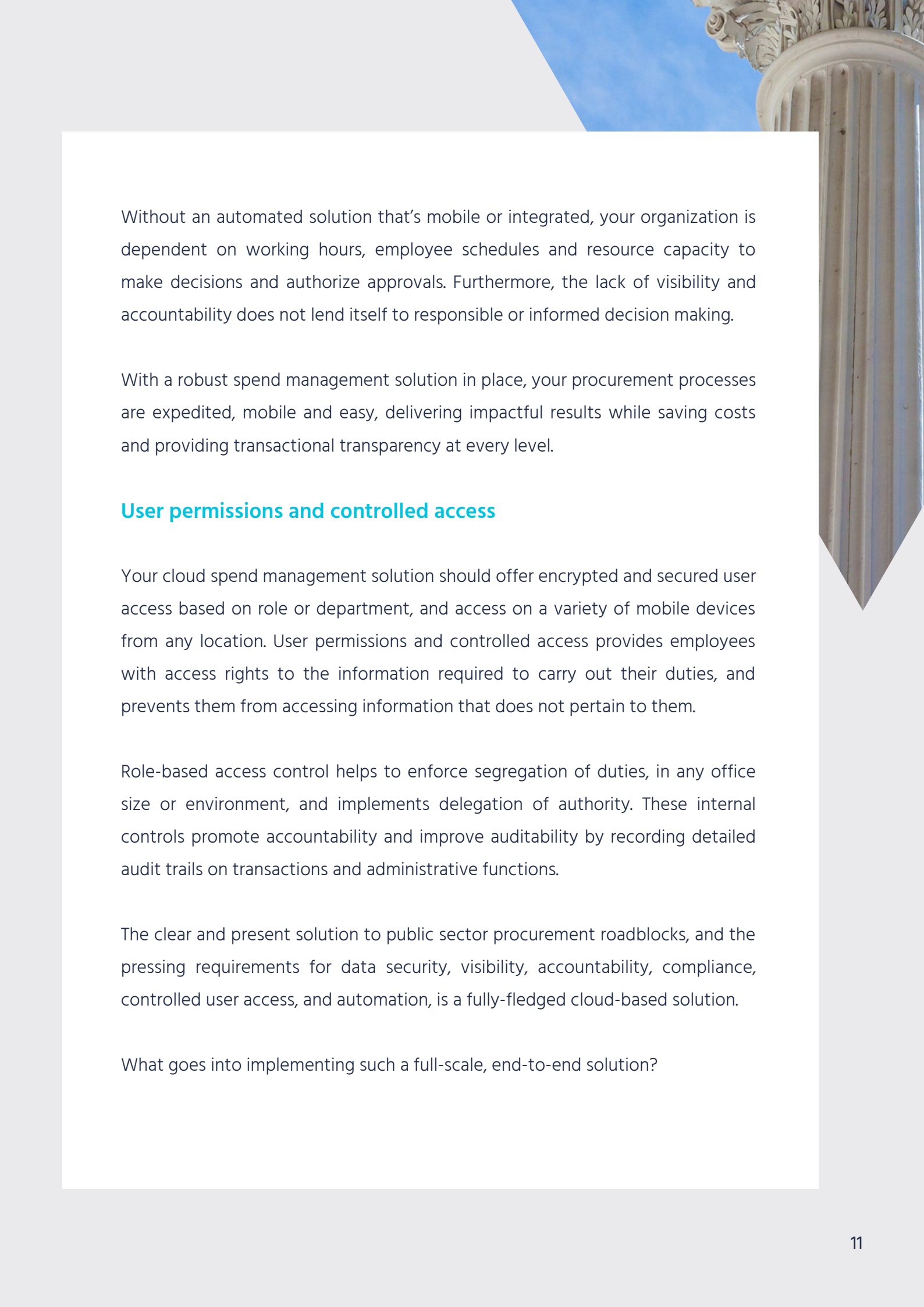
Automating purchasing workflows results in an added level of visibility and internal controls at each intersection of procurement.

Advanced analytics provide visibility into all levels of spend, from users and departments to spend with suppliers. This visibility is the key to identifying cost and risk reduction opportunities. Technology enables spend analysis and reporting with a level of granularity, to support actions that generate value.

Mobile functionality and flexibility

Legacy solutions depend on on-premise servers to store data. These are operated by staff and IT departments who are responsible for managing access, security, and maintenance; a cost that puts immense pressure on budgets. Legacy systems are vulnerable to hackers, and security breaches can render these costly security processes ineffectual.

Opting for a mobile, cloud-based solution, not only means that organizations are spared the hefty costs associated with data storage, but security protocols become a simple matter of scheduled, automated updates. There's the added benefit of recalling information and data at the click of a mouse and allowing stakeholders access to data or reports, no matter where they are.



Without an automated solution that's mobile or integrated, your organization is dependent on working hours, employee schedules and resource capacity to make decisions and authorize approvals. Furthermore, the lack of visibility and accountability does not lend itself to responsible or informed decision making.

With a robust spend management solution in place, your procurement processes are expedited, mobile and easy, delivering impactful results while saving costs and providing transactional transparency at every level.

User permissions and controlled access

Your cloud spend management solution should offer encrypted and secured user access based on role or department, and access on a variety of mobile devices from any location. User permissions and controlled access provides employees with access rights to the information required to carry out their duties, and prevents them from accessing information that does not pertain to them.

Role-based access control helps to enforce segregation of duties, in any office size or environment, and implements delegation of authority. These internal controls promote accountability and improve auditability by recording detailed audit trails on transactions and administrative functions.

The clear and present solution to public sector procurement roadblocks, and the pressing requirements for data security, visibility, accountability, compliance, controlled user access, and automation, is a fully-fledged cloud-based solution.

What goes into implementing such a full-scale, end-to-end solution?

Adopting cloud-based spend management software

With complex operational environments, coupled with pervasive protocols, migrating to an automated, cloud-based solution may seem like an insurmountable task.

Thankfully, this simply isn't the case, as turnkey spend management solutions are rapidly deployed and offer time-to-value and ROI in quick succession. Here are key motivations for introducing an automated spend management system to your government agency, as well as recommendations for driving the user adoption that is vital to a successful deployment.

Step 1 - Create a holistic view of spending activities and procurement processes

Silos of decision-making within different departments lead to a disjointed understanding of organizational challenges. This is often the reason for disparate technology solutions being deployed. Gaining a holistic understanding of your organization's core mission and goals is critical to getting buy-in from various stakeholders, and is the foundation for introducing automation within your current environment.

Step 2 - Streamline internal operations

Government agencies generally depend on split, sequential operations that are often the cause of considerable downtime, as one department waits on another to fulfill a specific step in the process. Streamlining and automating workflows can minimize this cycle, thereby removing delays and bottlenecks. Email notifications and in-app alerts prompt action, further accelerating processes while flagging any potential risk or non-compliance in advance.

Step 3 - Introduce agility

Becoming agile may be daunting in an environment that's habitually steadfast in its traditional processes.

Anticipating change, and the way in which you respond to it, is pertinent to a public sector organization. The ability to pivot and reallocate budget from one area to another as priorities change is crucial. With the insight and analytics gleaned from the business intelligence platform in your spend management solution, such flexibility is possible, and gives you the insights and reporting power to make informed decisions.

Step 4 - Build the foundation for automation

Bearing in mind that introducing automation will change specific organizational structures or roles, it's vital to establish how these functions will structure your delegation of authority when introducing spend management automation.



Automation increases mobility, saves time and costs, and allows for a deeper visualization of your procurement process. Identify stakeholders, departments, and employees who will be responsible for authorizations, and ready your teams for training and onboarding, where necessary. Facilitate change management by highlighting the process improvements and time saving that users will experience when carrying out their day-to-day tasks, when facilitated by an automated solution.

Step 5 - Simplify spend analysis

The value of spend analysis cannot be overstated. The process involves collecting, categorizing and reporting on historical data with the aim of improving future decision making to reduce costs and drive efficiencies. In order to assess where costs need to be reduced, you need to understand how your organization spends money. The deployment of a spend management solution simplifies this process, and enables on-demand reporting and dashboard views of spend data.





Benefits of deploying a spend management solution for your government agency


Encourage your digital transformation; be the change agent to usher in automated process efficiency, accountable spending practices and absolute transactional transparency.

Purchase requisitioning

Governments spend 1 of every 3 taxpayer dollars buying items, from stationery and IT equipment to vehicle fleets. Government purchasing accounts for approximately \$7 trillion annually, comprising 10 to 15 percent of GDP in the United States. With high-value budgets across cities and county departments, purchasing is big business, and the onus lies with these departments to carry out transparent and accountable purchasing and approval processes.

- Mobilize and automate the requisition-to-purchase order process
- Generate purchase orders from approved requests
- Streamline invoice approval, receiving and invoice matching
- Enable transactional audit trails

Take the risk out of approval processes with automated workflows, spend thresholds and multi-level escalation.



Government travel policies are inherently **complex and prone to losses**.

Expense management and travel

A staggering 40% of public sector employees still use manual and paper-based processes for expenses, resulting in tracking difficulties, human error, and susceptibility to risk. Employee-initiated expenditure is one of the largest transactional aspects of public spending. By deploying a software solution, you can eliminate lost receipts, unverified purchases and lengthy approval and reimbursement processes.

- Automate expense claim and reimbursement processes
- Increase productivity through mobility and automation
- Eliminate rogue spending
- Upload supporting documents in real time to ensure accuracy and verify expenditure
- Capture and consolidate data for a holistic view of employee spending
- Ensure policy compliance
- Identify non-compliant expenses prior to reimbursement
- Improve productivity and user adoption with easy mobile expense claims

Government travel policies are inherently complex and prone to losses, as well as intentional and unintentional fraud.

Manage and track all travel requests through electronic travel forms and approval processes against budgets.

Enforce travel policies

Proactively manage travel expenditure before any costs are incurred.

In addition to effective purchasing and expense management, how can a government agency manage budgets, drive efficiency throughout the organization, and make more collaborative, informed decisions that will best benefit the public?

Deploy a software solution that enables:

Budget insights

- Budget versus actual spend reporting
- Track spend and projects against budgets
- Visibility into available and committed spend
- Configure budgets and maintain control at the general ledger (GL) account, department, project or vendor level.

Process improvements

- Automated approval workflows.
- Multi-level approvals (eliminating the time delay between departmental approvals).
- Route requests according to value, role and department.
- Enable internal approval prior to submitting requests to shared services or Treasury.
- Ease-of-use and an intuitive interface that drives user adoption.
- Replace corrective action with proactive spend management processes.
- Streamline and automate your processes.
- Replace manual forms, signatures, and approvals with automated, electronic workflows.
- Visibility and internal controls for procurement flows.
- Accelerate your procurement processes by automating approvals and compliance steps.



Transparency

- End-to-end transparency of your procurement processes from initial requests to product delivery.
- Auditability of all transactions—comprehensive audit trails of all organizational actions, approvals, users and changes, with date and time stamps.

Reporting and spend analysis

- Collect, categorize and report on historical data.
- Gain actionable insights with reporting, business intelligence, and analytical tools.
- Real-time spend and budgetary data.

Procurement

- Centralize procurement
- Configure request for quote (RFQ) functionality
- Manage supplier approval
- Reduce the purchase order cycle

Compliance

- Enforce spending limits
- Enable policy compliance and risk alerts
- Enable access to audit trails for approvals and transactions over defined spend thresholds
- State-of-the-art security and encryption of all data
- Choose a solution that's hosted on a FedRAMP certified cloud platform



How can Fraxion help **your organization?**

Do you want your organization to be more efficient? Do you want to cut the effort, time and high costs that a paper-based or legacy system is causing your company? Do you want to have more time to focus on improving public service? Fraxion can assist you to achieve all of these goals, and more.

With over 20 years of experience in the spend management space, having built both on-premise and cloud-based spend management solutions, Fraxion can offer you a complete spend management solution. Fraxion provides a platform for the proactive management of purchasing and approvals, strategic procurement, expense management, and spend analysis. One complete solution that offers end-to-end spend management, automation, security, cloud storage and mobility for remote workforces.

Fraxion's spend management solution is truly cloud-based, with a modern, user-friendly and intuitive interface for simplicity and ease of use. It is fully scalable, allowing for cost effectivity while solving complex procurement challenges.

Fraxion is hosted on Microsoft Azure, a FedRAMP approved cloud delivery platform. A proven solution provider to the public sector, our customers include the U.S. Election Assistance Commission, Jefferson County Drainage District 6, the Passaic County Sheriff's Department, the City of Charlottetown, and the New York City Department of Parks and Recreation.

Fraxion's software can serve as a standalone spend management solution, or be fully integrated with your ERP or accounting solution.

[Contact us](#) to discuss your spend management requirements.

[Let's talk](#)



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