

2018-2019 BUDGET QUESTION

Response to Request for Information

DEPARTMENT: Communications and Technology Management

REQUEST NO.: 7

REQUESTED BY: Kitchen

DATE REQUESTED: 4/11/18

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REQUEST: How much money would the Smart Cities paperless initiative save the City over the next 5 years? How much would all the Smart Cities projects save?

RESPONSE:

Communications & Technology Management (CTM) currently manages the implementation of three funded Smart Cities initiatives, which Council approved for FY 2017-18: Workforce Management (WFM), Enhanced Security Monitoring, and the Web Redesign of austintexas.gov.

WFM represents the paperless effort of our Smart Cities portfolio. It will replace paper-based timekeeping, leave administration, and staff scheduling functions with an electronic system. In 2013, Gartner, a leading IT research firm, produced a study showing, that once fully implemented, WFM would produce direct cost savings between \$200,000 - \$1,300,000 per year (see attached WFM impact analysis). The savings produced by WFM help to offset the cost of the system.

Increasing the investment in WFM to deploy a full Human Capital Management (HCM) system would increase potential benefits to the City and significantly reduced paper-driven process. Gartner estimated a full HCM will produce direct cost savings between \$400,000 - \$2,700,000 per year which would help to offset the cost of the system.

Aside from direct cost savings, Gartner identified three operational (non-financial) benefit classifications that HCM would potentially generate for the City. Although the additional benefit classification would not generate a direct financial impact on the City's overall budget, Gartner provide estimates for the value HCM would provide in each of the categories:

- **Efficiency** (redirected staff) – benefits accrued through the reduction or elimination of tasks currently performed by staff, making that staff available to perform other activities. For example, Gartner anticipated the ability to reduce approximately 200 workdays/year in grievance related personnel file research.
- **Risk Reduction & Compliance** – benefits accrued through improved compliance and the reduction or elimination of risk exposure(s). For example, Gartner noted compliance issues in an I-9 audit that discovered a 50% documentation error rate including missing/misplaced Social Security Cards in personnel files.
- **Quality Improvements** – benefits accrued through quality improvements. For example, Gartner anticipated improvements in internal recruiting (transfers/rehires) and performance management of employees that transfer between City departments and/or positions.

The table below summarizes the findings of Gartner's report, and provides range of values for each of the identified benefit classifications:

Human Capital Management Benefits
by Classification

Benefit Classification	Range		
	Low	Mid	High
Direct Cost Savings*	\$ 400,000	\$ 1,550,000	\$ 2,700,000
Operational Benefits			
Efficiency (redirected staff)	2,900,000	4,750,000	6,600,000
Risk Reduction & Compliance	6,600,000	12,300,000	18,000,000
Quality Improvements	800,000	2,750,000	4,700,000
Operational Benefits Subtotal	\$ 10,300,000	\$ 19,800,000	\$ 29,300,000

*Financial/budgetary impact

The other two currently funded Smart Cities initiatives, Enhanced Security Monitoring and the Web Redesign project, will increase the City's net technology costs. Enhanced Security Monitoring will add resiliency and capacity to the City's cyber-security capabilities, foundational elements of our Smart Cities efforts. The Web Redesign project will establish a continuous-improvement approach to maintaining the City's web presence and provide a sustainable, resident-focused method to delivering digital solutions and web-based services.

Additionally, CTM has initiated a Paper Census as part our current Smart Cities effort. The project includes a partnership with Austin Tech Alliance to inventory external paper processes that residents encounter when engaging with the City, and a parallel internal effort to inventory paper-driven City processes. Once completed, CTM will analyze the identified processes and prioritize items to bring to Council for consideration.