Ebook

5 Reasons Why the Public Sector Needs Commercial Software Now More Than Ever

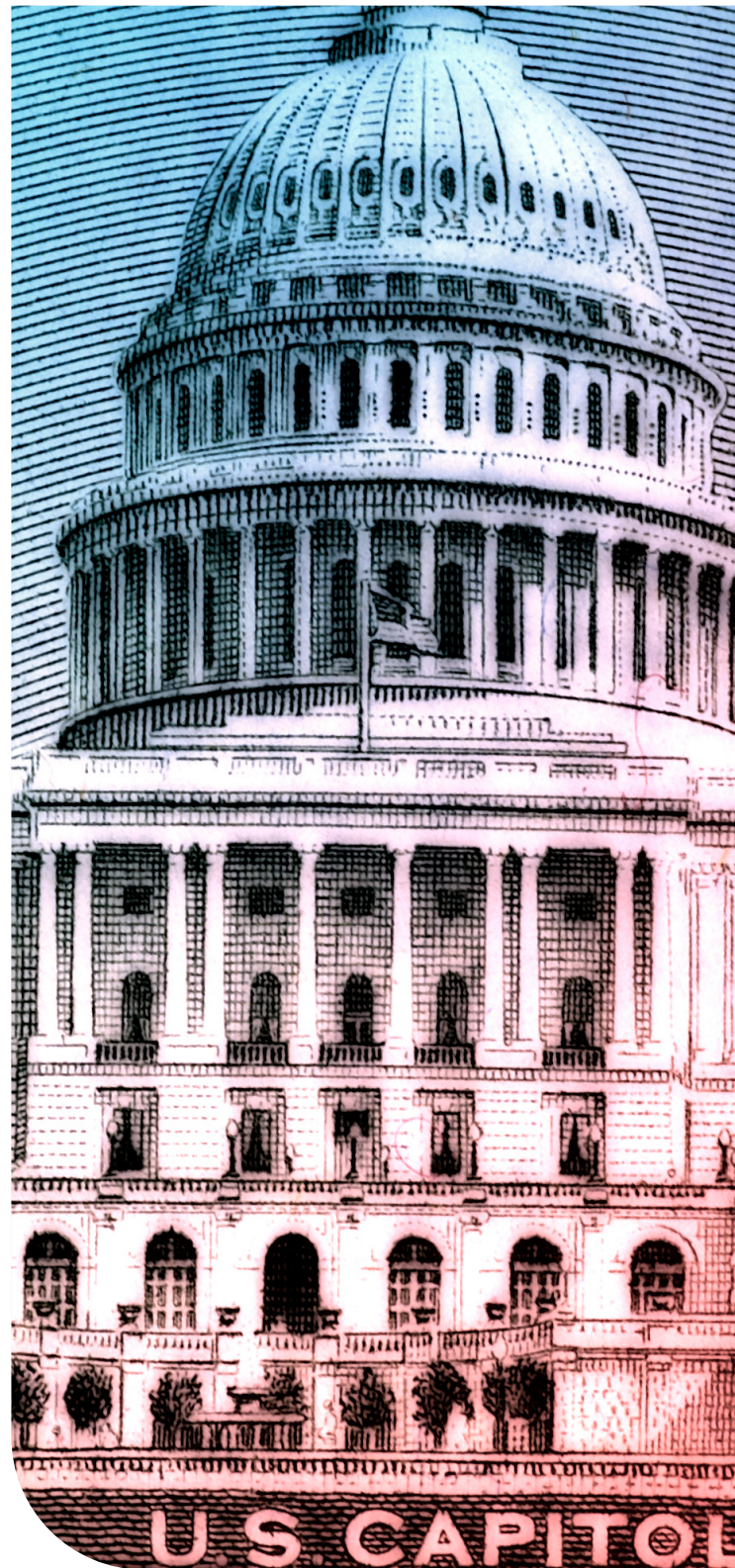DECISION LENS

Table of Contents

The Current Situation

In siloed, bureaucratic organizations across the government, gaining consensus on and investing in the most mission-aligned priorities makes it extremely difficult to meet an agency's mission[1].

This outcome is not the result of any nefarious behavior or negligence, but rather stems from a lack of transparent communication and comprehension of how each element plays a role in the collective objective. Software stands out as a mitigating factor that can help alleviate these problems.

The government's reliance on custom software – purpose built by partners or internal developers – has compromised efficiency, communication, and decision making. Instead of collaborating towards a single goal, departments operate autonomously from the others.

Macro conditions have made it apparent that this approach is no longer sustainable as there is an increasing need for modernization across the public sector. Despite historical challenges in procuring operational software outside the IT department, purchasing commercial off-the-shelf software (COTS) from a software as a service (SaaS) provider is getting easier. The government will unlock the cutting-edge innovation enjoyed for decades across the private sector.

The remainder of this document will highlight the benefits, misconceptions, and tradeoffs of COTS while assessing why it is imperative for public sector leaders to invest in commercial software as they modernize their departments.

3 Custom Software Misconceptions

There are many circumstances when using custom software – developed specifically for your department or agency or for a specific task – may seem ideal, but ultimately the desired benefits and expected cost savings are rarely realized.

ONE   **Your department's process is so specialized that no commercial solution is adequate.**

The government must move away from highly specialized processes, especially in planning and budgeting. Instead, agencies should consider re-engineering[2] their processes to incorporate and deploy industry best practices across multiple organizations. Commercial software embeds optimized best practices based on millions of user interactions to deliver the ideal experience and the right outcomes.

TWO   **Commercial software adheres to government security requirements.**

The right commercial software – especially products developed for the federal government – can be highly secure. Several programs, such as FEDRAMP, exist to guarantee compliance at various security levels. Further, commercial software is regularly updated to address emerging threats and incorporate new security requirements such as zero trust. Cloud hosted software specifically benefits from a worldwide network of developers, hardware experts, and secure facilities to deliver unrivaled information security.

THREE   **Commercial software is too expensive.**

Evaluating the cost of custom versus off-the-shelf software often results in a false comparison. For software developed by and for the government there are significant hidden personnel costs, support investment, and hosting expenses that are not considered part of the "cost of the software." Third party custom software requires significant investment in FTEs and has higher ongoing maintenance costs as no economies of scale are ever achieved. It is important to look at the total cost of ownership over an extended period.
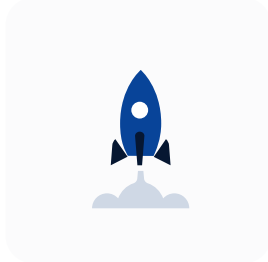
Other Considerations of Custom Software

- It lacks regular, recurring updates and thus offers limited product innovation.

- Lack of data scientists across the public sector will limit access to these valuable resources in developing analysis capabilities.

- There is a steep learning curve for new employees who could take weeks or months to become productive.

- Limited documentation and help content result in an over-reliance on human training which is expensive and inefficient.
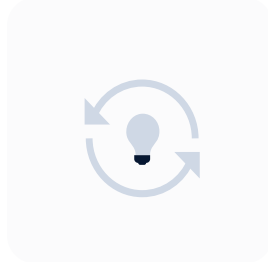
5 Benefits of Commercial-Off-The-Shelf Software

Rapid Time to Productivity

Access to Cutting-Edge Capabilities

Built-In Process Best Practices

Achieve Enterprise Scalability

The Best Total Cost of Ownership

Rapid Time to Productivity

When asked about the implementation of a custom software solution, a 2023 ASMC PDI attendee stated, "Well, we're only three years into implementation so it's not ready yet." This is unacceptable. Commercial software is developed to be usable out of the box. In weeks or days organizations can customize the experience, load their data, and integrate with existing systems. The time to productivity and thus value is incomparable.

Access to Cutting-Edge Capabilities

How long will it be before public sector workers see generative AI in their operational software? Software-as-a-service vendors regularly incorporate the latest technology and package it into a user interface which is accessible for all skill levels. This is achieved because armies of developers are focused on delivering the latest capabilities to their users. These teams of experts must innovate to maintain software subscriptions, which results in new capabilities, advanced security, and ever-improving UI to deliver better outcomes.

Built-In Process Best Practices

Commercial-off-the-shelf solutions are constantly integrating best practices from their customers into the solution. Organizations looking for process improvements should look at modern commercial software as a guide. Without the wisdom of the crowd, organizations are left to optimize processes on their own, or worse, maintain antiquated processes because that is how it has "always been done."

Achieve Enterprise Scalability

A broad adoption of software across a department or agency improves communication and makes workers more productive. Intra-department transfers come prepared to be productive quickly. Leveraging similar data structures allows larger organizations to understand and assess the requirements and performance of subordinate organizations on an apples-to-apples basis. Another benefit of enterprise adoption is the economies of scale achieved by buying in volume. Finally, if a large agency adopts a software solution, it will gain significant influence over the product roadmap which provides access to developers and innovation otherwise unavailable.

The Best Total Cost of Ownership

Commercial software will ultimately deliver the best total cost of ownership for the government by delivering cost savings, improved productivity, and mitigating support costs.

- **Hosting.** The competitive nature of the commercial market means hosting costs for SaaS tend to be lower than software hosted directly by an agency.

- **Security breaches / remediation**. Security is part of the contract price, however if a breach occurs there are remediation options available which may not be possible with custom software.

- **Support.** Commercial software is designed to be user friendly and require minimal ongoing support. Ready access to online training materials, communities which can provide advice, and certification programs also make support cost less with commercial software.

- **Rapid Productivity.** As mentioned above, new employees become productive faster when using software they have relied on in the past. This gained efficiency must be factored in.

- **Limited Administrative Overhead.** Your account manager – included at no cost in most software contacts – is your advocate with the vendor. However, you do not need to invest in a project manager or other administrative overlays.

- **Innovation.** The cost of innovation is dispersed over hundreds or thousands of customers delivering cutting edge capabilities at a fraction of the cost it would have been if developed exclusively for your organization.

Be Aware: Not All Software Vendors Are Created Equal

While working with a commercial SaaS vendor is important, remember that not all software vendors are equally invested in meeting the unique needs of the public sector. Benefits of these vendors include:

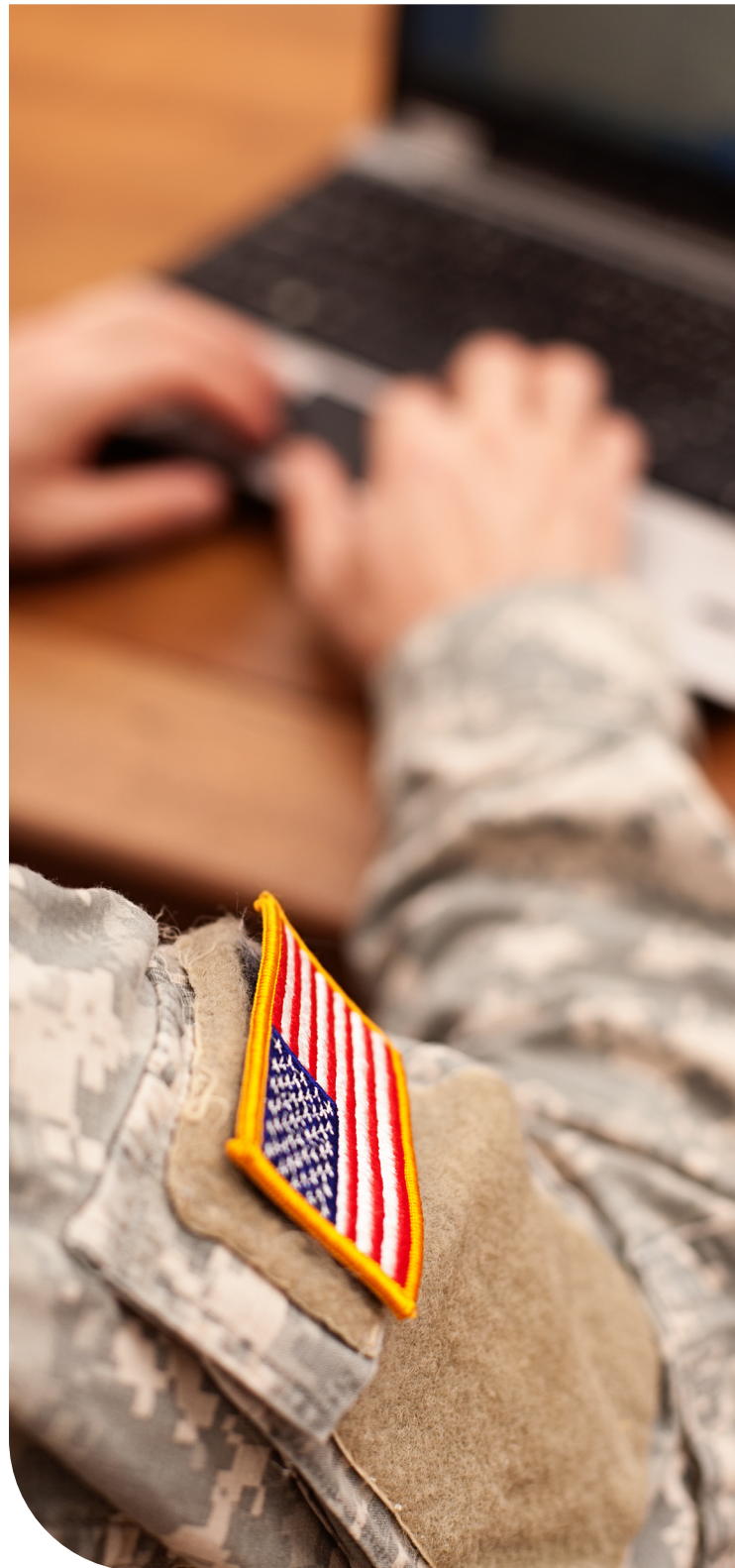### In-Depth Understanding of Public Sector Challenges

Software vendors who specialize in serving the public sector have a deep understanding of the unique challenges faced by government agencies. This expertise allows them to design and develop solutions tailored to meet the specific needs of the government, ensuring a higher level of effectiveness and efficiency.

Regulatory Compliance and Data Security

Public sector-focused software vendors prioritize regulatory compliance and data security. They understand the importance of protecting sensitive government information and adhere to stringent security standards, ensuring that their software solutions meet the highest levels of data protection and privacy.

Investment in Integration With Existing Systems

Software vendors dedicated to the public sector spend significant development time to integrate with systems of record to minimize duplicated work and maximize efficiency. This means that government agencies can more easily adopt new software without having to overhaul their entire IT infrastructure.

Conclusion

The days of multi-year, multi-million-dollar software implementations must end. Not only are these implementations outrageously expensive, but they also fail more often than they succeed. Commercial solutions must be considered to unlock the true potential of an agency and allow it to meet its mission.

As government agencies face increasing challenges in delivering services to citizens during a period of constrained budgets, partnering with commercial software vendors – especially those focused on serving the public sector – has become imperative. These vendors will deliver the cutting-edge capabilities, user interface, and security required to excel with a total cost of ownership and return on investment the government has never experienced.

Citations & References

[1] **5 Obstacles to Better Public Sector Decision Making: Organizational Disjointedness** - Decision Lens Blog - March 1, 2023, Patrick Giger

[2] **Should technology drive your business process re-engineering efforts?** – Decision Lens Blog – October 11, 2022, Kevin Connor

About Decision Lens

Decision Lens is integrated planning software which modernizes how government prioritizes, plans, and funds. Leveraging our unique expertise in decision science, customers across the Department of Defense, intelligence community, and federal civilian agencies achieve a sustained operational advantage though superior long-range planning, continuous medium-range prioritization, and short-range funding execution.

Decision Lens addresses the shortcomings of the current defense budget system by developing cutting edge technology, relying on process re-engineering best practices, and hiring experts who get organizations to realize value quickly. With Decision Lens, the DoD will realize the agile, accountable, and collaborative approach required to retain US global dominance.

Learn more at **www.decisionlens.com**

DECISION LENS