

How State and Local Governments Can Use Technology to Overcome Economic Challenges

At present, state and local governments are confronted with significant challenges stemming from the current state of the economy. This includes a **decrease in tax revenues, sustained high inflation, and a shortage of proficient IT personnel**, who are vital to their day-to-day operations.

During such economic conditions, the need for government services such as unemployment aid and social welfare might increase, exacerbating the financial strain on local government budgets. To surmount these obstacles, administrators often consider implementing fiscal cuts, delaying or downsizing services, or exploring the possibility of strategic IT investments to boost revenue.

Industry experts consider technology as an effective solution to address inadequacies during challenging economic periods. Digital tools and solutions can streamline operations, reducing the time and exertion required to complete tasks and ultimately leading to cost savings and heightened productivity. Technological progress can optimize service delivery to citizens, enhancing the quality of services provided. For instance, web-based platforms are now accessible to the community, providing easier access to information, service requests, and payment methods.

This modernization of information technology also promotes government transparency and accountability to the community. Those who require services can use digital media or online platforms to interact more effectively with government providers, facilitating the application process for programs and support. Lastly, technology can facilitate informed decision-making by efficiently gathering and analyzing data, enabling better-informed decisions concerning budget allocation, planning, and service delivery.

Municipalities can enhance operational efficiency with technological progress and build more flexible operations to thrive amidst uncertain and fast-changing economic conditions. Investments in IT can produce a versatile infrastructure that reduces expenses and enables more nimble operations, enhancing community engagement. Such engagement can help counterbalance dwindling budgets by guiding individuals to the services they need without any delay.

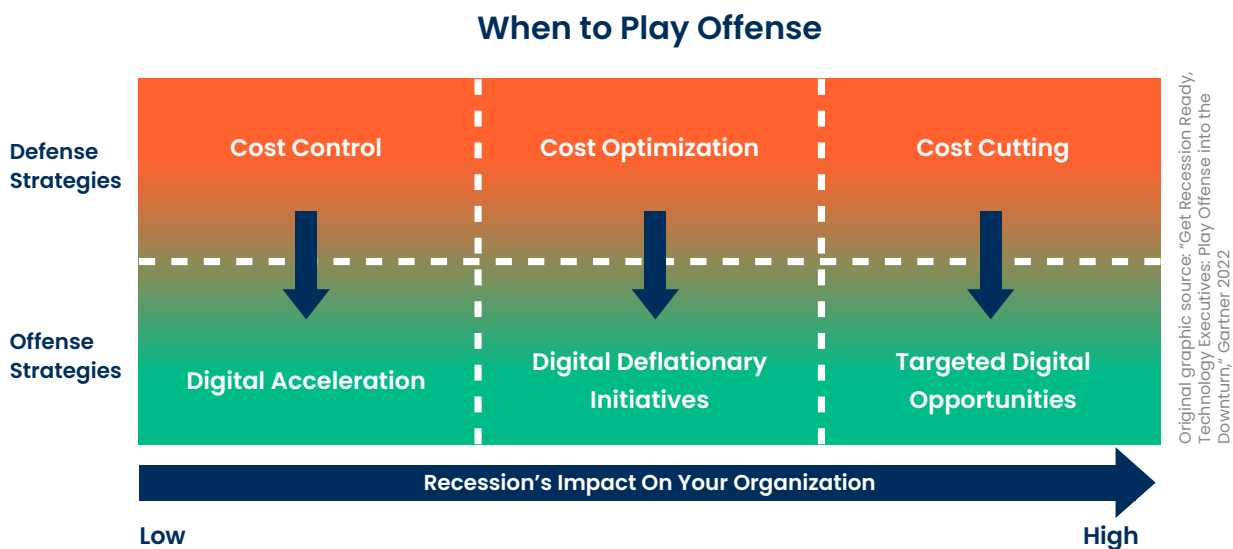
According to the [Harvard Business Review](#), investing in technology during a poor economy is a wise move, as it results in lower opportunity costs and enables greater efficiency gains. Moreover, [Gartner](#) recommends taking an offensive approach during a downturn, rather than reactive strategies of resource reduction. This involves focusing on digital acceleration, deflationary initiatives, and targeted digital opportunities. While this may seem counter-intuitive, such measures can lead to positive outcomes for organizations.

Outlined below are three recommended actions for state and local governments to proactively take to thrive in a down economy.

#1 Address IT Employee Shortage through Partnership

Qualified IT and data specialists are scarce and expensive today. According to Gartner, 64% of tech executives now identify the scarcity of talent as the biggest challenge to adopting emerging technologies, compared to just 4% in 2020. During a troubled economy, it is more prudent to partner with a managed IT and analytics services provider rather than

hiring full-time employees (FTEs). Partnering enables the utilization of highly skilled talent, while also transferring the responsibility and risk of talent acquisition and retention to the tech services company. This results in better consistency, reliability, and reduced costs for acquiring the necessary talent to develop, maintain, and optimize digital solutions.



To illustrate, two years ago, a county government chose to invest in a computing engineer instead of an IT services firm to bolster its digital transformation strategy and decrease its IT infrastructure expenses. The objective was to enhance community engagement and boost revenue by implementing data analytics for user segmentation. The government's engineer employed Google cloud technologies to construct a data warehouse that enabled the project to commence successfully. However, during the tech talent shortage following the Covid-19 pandemic, the engineer departed from the organization in the summer of 2022. Due to their inability to hire a replacement engineer for this digital transformation project, all activities were halted. This is because

no one else knew how to use the deployed technology, causing a loss of operational efficiencies and a lack of direction for moving forward.

Looking back, the CIO now wishes they had partnered with a managed IT and analytics services firm to provide the necessary technical talent and assume responsibility for the solution. Such a partnership would transfer the risk and costs of acquiring and maintaining highly skilled full-time engineers and promote consistency and success in digital transformation projects. Additionally, it would allow for a stronger focus on data analytics insights, supporting agile operations and financial health during economic downturns.

#2 Embrace the Cloud

Government CIOs should take a second action by migrating any remaining on-premises servers to the cloud. Cloud platforms offer several benefits, including speed, flexibility, and scalability. Moving to the cloud not only provides advantages such as cost control, optimization, and cost cutting, but also positions government entities to pursue strategies such as digital acceleration and deflationary initiatives. With a managed cloud services contract, there is greater control over IT spending. Additionally, there is no need for capital outlay to purchase and maintain infrastructure such as data centers and

servers. Finally, cloud resources can be easily scaled up or down to accommodate changing data needs over time.

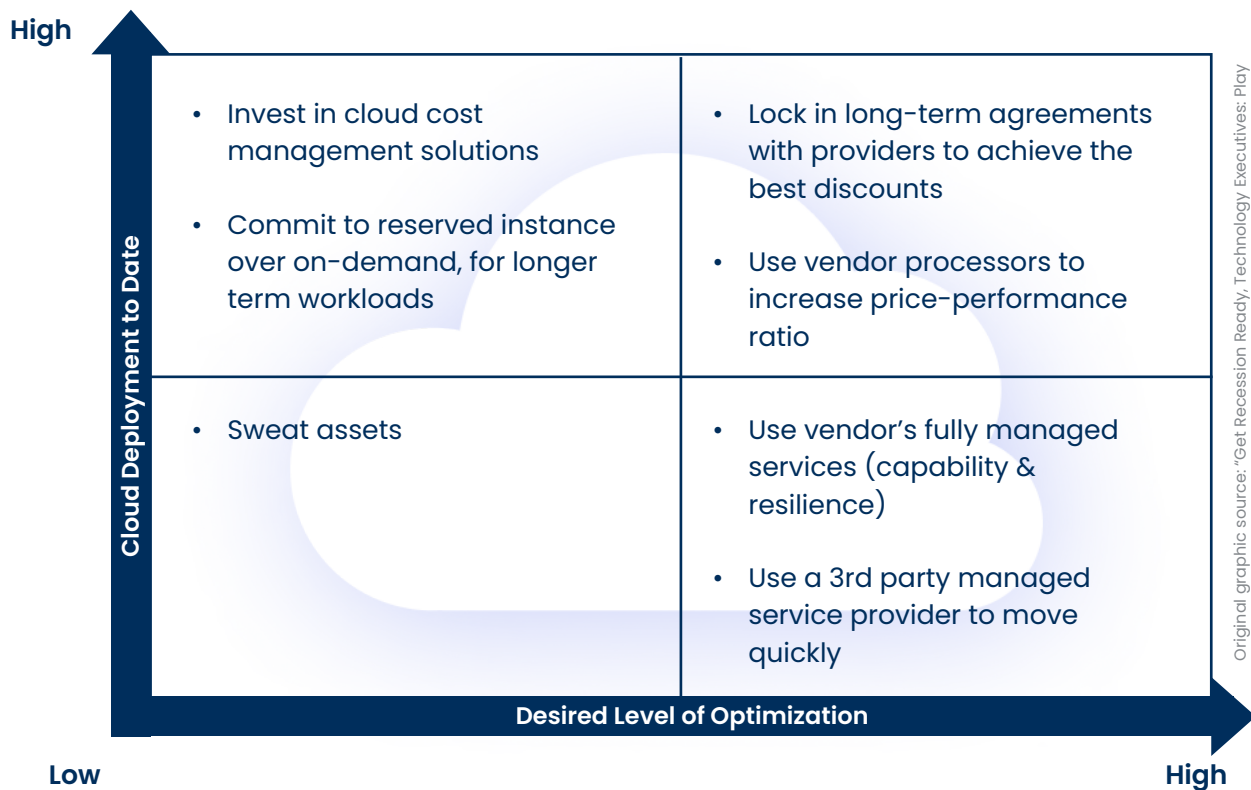
An additional advantage of migrating to the cloud is that the responsibility for maintenance shifts to the cloud vendor. Transferring data to an organization that specializes in running a data center and providing cloud services ensures better security for sensitive information. The vendor assumes responsibility for monitoring the environment and safeguarding data around the clock, rather than relying on an in-house team to guard the server closet.

As security threats are constantly changing and becoming more sophisticated, it is a full-time job to stay current with best practices. Hackers are highly motivated by the prospect of a significant payout, making it crucial to have a dedicated team in charge of security.

This team must remain current on the latest threats, mitigation best practices, precautionary measures, and response strategies to effectively manage risk. However, many governments have limited budgets and may not be able to afford the personnel necessary to address this issue. Cloud vendors, on the other hand, frequently

upgrade their infrastructure (and employ scarce and costly security experts required for the cloud) as part of their IT as a utility-based offering. Partnering with a Cloud Services Provider (CSP) allows government entities to transfer the responsibility of maintaining and securing this equipment, freeing up resources for more critical initiatives. This approach can cut costs and create a more agile architecture for transforming data into a valuable asset through analytics, as well as automate reporting by using cloud data management to integrate data from the entire IT environment, enabling better decision-making.

Review Cloud Options



#3 Improving Community Experience and Decreasing Operational Costs Through an Analytics Investment

The pandemic forced many organizations to quickly transition to remote IT operations, requiring swift investments in products and services to meet digital needs. Combined with inflation and supply chain shortages, this prompted a wave of digital acceleration. Organizations must now take an offensive approach and automate processes to reduce the cost of delivering community services. In light of this, wise leaders are advised to prioritize investments in technology that decrease reliance on scarce labor.

According to Gartner, the most effective way to mitigate the effects of inflation is through back-office automation. By investing in technology that automates data management and reporting, significant back-office labor can be saved. This technology enables faster and more accurate reporting by consolidating data from various IT sources, cleaning it, and generating comprehensive reports that provide a complete picture of the organization's structural health, ultimately leading to better decision-making. Artificial intelligence- or machine learning-powered analytics can identify areas where operational efficiency improvements can be made. Investing in an analytics solution also transfers the burden, risk, and cost of scarce and expensive talent and infrastructure to the vendor, freeing the IT team to act upon the insights generated by AI-powered analytics and achieve their objectives.

Investing in analytics to enhance the community experience is fundamental to surviving difficult economic times. As noted by leading analysts, in a declining economy, the top investment category should be data analytics solutions that are focused on enhancing the user experience. This is followed closely by investments in digital technologies that improve operational efficiency and cost optimization.

Conclusion

Investing in new data analytics initiatives and increased automation can prove to be a wise move for state and local governments in poor economies. This is because they not only save costs, but also improve various aspects of operations, making the city, county, or state more resilient and better equipped to weather such downturns. By taking proactive steps toward this approach, **governments can be better positioned for long-term success and reap the benefits of improved community experience and increased efficiency.**

About Aunalytics

Aunalytics is a leading data management and analytics company delivering Insights-as-a-Service for mid-sized businesses and enterprises. Selected for the prestigious Inc. 5000 list for two consecutive years as one of the nation's fastest growing companies, Aunalytics offers managed IT services and managed analytics services, private cloud services, and a **private cloud-native data platform** for data management and analytics. The platform is built for universal data access, advanced analytics and AI—unifying distributed data silos into a single source of truth for highly accurate, actionable business information. Its **Daybreak™** industry intelligent data mart

combined with the power of the Aunalytics data platform provides industry-specific data models with built-in queries and AI for accurate mission-critical insights. To solve the talent gap that so many mid-sized businesses and enterprises located in secondary markets face, Aunalytics' side-by-side digital transformation model provides the technical talent needed for data management and analytics success in addition to its innovative technologies and tools. To learn more contact us at +1 855-799-DATA or visit Aunalytics at <https://www.aunalytics.com> or on [Twitter](#) and [LinkedIn](#).