

# The Big Shift

*The pandemic created a new set of priorities for legacy modernization.*

**P**rior to the pandemic, state and local government CIOs had created orderly multi-year plans to push toward modern technologies.

They prioritized system replacement based on factors like age, cost of ownership, and ability to comply with changing security and privacy regulations. They tried to secure funding for modernization projects from public officials who may have wondered why old technology needed replacement at all, as long as it was still chugging along.

A year later, the modernization of legacy technology is seen through a new lens.

Security and compliance remain important. But remote work, almost non-existent in the public sector before COVID-19, became a top driver for new systems and capabilities. So did rolling out user-friendly digital services — an issue that was gaining traction before coronavirus hit, but wasn't seen as an imperative by most. And making these moves has taken on greater urgency across the board.

Ultimately, the pandemic changed the risk equation for state and local governments around technology upgrades, says Phil Bertolini, co-director of the Center for Digital Government (CDG). For government leaders,

the potential liabilities associated with old systems have begun to outweigh the risks of implementing something new.

"They may have gotten a pass on legacy technology that failed during the pandemic because it was such an unexpected event — but they won't get that same pass going forward," Bertolini says. "So the shift in thought is anything that touches the public or has an impact on the public is going to rise up the priority list."

## **A Stark Example**

State unemployment insurance (UI) systems became poster children for how legacy technologies struggled to meet spiking demand and changing requirements during the pandemic. When statewide lockdowns were instituted across much of the U.S. last spring, these systems were overwhelmed by out-of-work citizens seeking unemployment benefits.

Many systems were still staggering as 2020 drew to a close. In November, just three state UI systems were meeting the federal standard for timely delivery of benefit payments to citizens, according to a report in Stateline, published by the Pew Charitable Trusts.

Those struggles are driving modernization efforts in multiple states, including Hawaii, where an old mainframe system couldn't keep up with demand and labored to accommodate new federal aid programs launched during the crisis.

"This is a very fragile system, and we wanted to make sure that we balanced being able to service our community as well as get these applications up and running," says Anne Perreira-Eustaquio, director of the Hawaii Department of Labor and Industrial Relations, in an interview with *Government Technology*.

She says Hawaii intends to move toward a new cloud-based system in spite of a budget squeeze triggered by the pandemic's impact on the state's tourism-driven economy.

"Yes, [the] budget's very tight," she says. "The governor announced furloughs here in Hawaii. So we are seeing tough times in Hawaii right now, but I think the legislators understand the importance of upgrading the mainframe."

## **A New Set of Needs**

National surveys conducted by CDG during the second half of 2020 reflect growing attention on modernizing systems that support citizen services. Among the

automate old, often paper-based business processes. They'll also modernize core financial and human resources applications to meet the needs of remote or hybrid workforces.

"A lot of jurisdictions upgraded their ERP systems during the pandemic," says Bertolini. "You need to do that because it's operational. You can't run the business without those systems."

On the other hand, applications that aren't closely related to citizen services and remote work — asset management systems, for example — could get shoved down the modernization priority list.

"Those things are going to get Band-Aids put on them, no matter how important they are," says Bertolini. "The things we're putting Band-Aids on today are going to be different than they were before."

### **A Faster Journey to the Cloud**

Along with turning up the heat on modernization, the pandemic also broke down lingering government resistance to cloud computing.

For the past few years, CDG surveys have shown a wide gap between the amount of state and local government systems that could go to the cloud and the amount of those systems that are in the cloud today. For example, 56 percent of CIOs responding to the 2020 Digital States Survey have less than 10 percent of their systems in the cloud now. Yet 46 percent of those respondents say more than half of their systems ultimately could be cloud-based.

That gap is likely to narrow, thanks to lessons learned during the pandemic. Jurisdictions that may otherwise have agonized over security, financial or cultural issues related to cloud adoption were forced into the cloud because they needed to quickly deploy remote collaboration platforms, expand call center capacity and meet other urgent needs. For the most part, those solutions worked just fine.

Now these experiences will color future legacy modernization efforts.

"I think we'll have a huge push to the cloud," Bertolini says. "This really broke down the barriers."

top five leadership priorities identified in the 2020 Digital States Survey were expanding access to services for citizens and businesses, as well as increasing responsiveness during crises. Results were similar for CDG's 2020 Digital Cities and Digital Counties surveys.

Along with more attention on replacing outdated UI technology and other social safety net systems, Bertolini expects these priorities to translate into greater support for customer relationship management applications, modern web portals, and other solutions that improve digital interactions and strengthen engagement with citizens.

"Before, you might have strung together some sort of kludgy digital service just to say, 'I have that online,'" he says. "But now these things need to be much more robust."

In addition, state and local technology priorities will be driven by a long-term shift toward remote work. Several recent CDG surveys show government agencies expect much of their workforce to continue working remotely — either part time or full time — once the pandemic subsides.

That means agencies will continue to improve virtual collaboration platforms, strengthen network connectivity and

## **Leadership Priorities for a New Era**

### **State**

- 1 /** Expand, simplify and/or improve access to services available to citizens and businesses
- 2 /** Expand economic development opportunities for citizens and businesses
- 3 /** Address or increase responsiveness to crises affecting citizens and businesses
- 4 /** Reduce state business operating and/or long-term costs
- 5 /** Increase citizen privacy and data security protections

### **City**

- 1 /** Address or increase responsiveness to crises affecting citizens and businesses
- 2 /** Expand, simplify and/or improve access to services available to citizens and businesses
- 3 /** Expand economic development opportunities for citizens and businesses
- 4 /** Increase citizen safety
- 5 /** Improve citizen and business engagement with city government

### **County**

- 1 /** Address or increase responsiveness to crises affecting citizens and businesses
- 2 /** Expand, simplify and/or improve access to services available to citizens and businesses
- 3 /** Improve citizen and business engagement with county government
- 4 /** Expand information transparency in government
- 5 /** Expand economic development opportunities for citizens and businesses

*Source: 2020 Digital States, Cities and Counties Surveys*