



# The City of Memphis Streamlines Technology Operations with Agilex

## AGILEX TECHNOLOGIES HELPS LEADING MUNICIPALITY IMPROVE IT PERFORMANCE WHILE REDUCING OPERATIONAL COSTS

### Overview

Agilex helped the City of Memphis' Office of Information Services adopt more innovative and visionary approaches to IT management while operating as cost-effectively and reliably as a utility. By partnering with the city's new CIO, we were able to implement the best practices needed to raise IT performance to 'best-in-class' status.

Utilizing our Enterprise IT Health Check methodology, Agilex quickly identified critical gaps in project management, staffing, system integration, continuity of operations planning, and financial reporting strategies. Building upon this insight, we provided prescriptive advice for rectifying these deficiencies.

At the same time, we outlined a strategy for implementing critical new capabilities and a more rigorous management structure. Through this approach, Memphis can embrace a more metrics-driven approach to management of both IT and the city itself.

What Agilex offered the City of Memphis was a unique combination of experience, tools and best practices for optimizing IT performance:

- **Experience:** Our project team averaged over twenty-years of experience in managing ERP systems in the public sector.
- **Tools:** Agilex' Rapid Fire Engagement model not only delivered quick results, but it also provided the needed controls for ensuring that projects remain on scope and on target to produce their anticipated benefits.
- **Best Practices:** Enterprise IT Health Check is a turnkey methodology for benchmarking performance to industry norms.

### The City of Memphis Office of Information Services

Memphis is the largest city in Tennessee and the economic heart of the Mid-South region. Sitting at the crossroads of America, Memphis is also one of the nation's leading transportation centers as well as a major tourism destination. The city is governed by a mayor and thirteen-member city council with a workforce of approximately 6,000 employees.

The City of Memphis' Office of Information Services provides technology resources for the effective delivery of city government services. They are responsible for the management of IT, including strategic planning and roadmapping, capital planning and budgeting, business process reengineering and enterprise architecture. The Office of Information Services also manages the city's IT outsourcing agreements, through which the bulk of the city's day-to-day technology requirements are met. In terms of magnitude, these operations include over one hundred applications, nearly two hundred servers and approximately 3,500 desktops.

## Challenge

As the epicenter of a region defined by computerized logistics, the City of Memphis understood that IT was vital to the effective operations of city government. However, like many municipalities, Memphis also recognized that the city hadn't fully tapped into IT's potential in terms of either cost-savings or empowering more visionary approaches to city management. While most systems performed adequately, few believed that IT was operating at a 'best-in-class' level.

Achieving 'best-in-class' was the mandate given to Joseph Sanders when he was named the city's Chief Information Officer (CIO) in November 2007. As an outsider, Sanders brought the city over twenty-five years of IT leadership experience in both the public and private sector. He had most recently served as executive vice president for Infrastructure Services for First Horizon National Corporation, the parent company of First Tennessee Bank, and prior to that, as CIO for the bank's Capital Markets division.

Sanders realized that while the objective was clear, little insight existed to where the IT organization stood in terms of current performance. Without knowing where problems existed, it would be impossible to craft and implement an effective improvement plan. Furthermore, the city lacked real benchmarks to what was possible and could be expected from IT.

Another complication was the nature of the city's IT outsourcing agreements, under which Memphis had turned over much of the day-to-day management of its technology operations to third-parties. While these agreements had initially produced some quick wins, many of these benefits had subsequently plateaued. A strategy for working more effectively with these partners and taking greater advantage of outsourcing's potential was needed as well.

## How We Helped

With a number of critical contracts set to expire over a short period, the City of Memphis needed to quickly assess the state of IT in order to determine a go-forward strategy. Additional incentive was created by the continuing impact of the 2007-9 recession, which required all city agencies to assess their operations for potential budget cuts.

What Agilex offered the city was significant, CIO-level experience in managing best-in-class government IT organizations. For example, under the leadership of Agilex Executive Vice President Bob Otto, the United States Postal Services was ranked by *ComputerWorld* as one of the best places to work in IT for five years running. This is a feat that no other organization – public or private sector – has ever accomplished. Furthermore, Agilex also offered unsurpassed experience in configuring and optimizing Oracle applications for the unique requirements of government agencies, which was critical as Memphis relied extensively on the Oracle platform.

In order to create an effective baseline, Agilex conducted an Enterprise IT Health Check for the city. Using this tested methodology, Agilex undertook a thorough and independent analysis of the state of the city's architecture, infrastructure and

business processes against industry benchmarks. In comparison with similar organizations, the Enterprise IT Health Check was also used to evaluate the performance of key projects; the appropriateness of its organizational structure; its management resources, staffing and skill set voids; and the organization's level of operational integration. The assessment offered both 'quick hit' and long-term recommendations for bringing IT performance to 'best-in-class' levels.

Another important factor in the project's success was the use of Agilex' Rapid Fire Engagement model, which relied upon more highly-experienced consultants to execute the engagement more quickly. In this example, the original Enterprise IT Health Check was completed in just ninety days. Another critical facet of the Rapid Fire Engagement model is its laser-like focus, which allows consultants to uncover and document additional findings without losing sight of their primary objective.

### BEST PRACTICES IMPLEMENTED FOR IMPROVING QUALITY AND EFFICIENCY

The Enterprise IT Health Check assessment demonstrated the need for broader adoption of industry best practices. For example, by capitalizing more effectively on available quality control measures, such as the Project Management Institute (PMI), the International Organization for Standardization (ISO) and/or the Information Technology Infrastructure Library (ITIL), the city could reduce the large number of projects requiring change orders that added significantly to their cost.

Likewise, the expanded use of an independent Program Management Office (PMO) was identified as an important avenue for instilling more effective, metric-driven contract adherence and risk mitigation. By providing more holistic project oversight, the PMO could also work to take advantage of additional economies-of-scale, such as the expanded utilization of shared resources and project pooling. Furthermore, the benefits of additional documentation and tracking of project status were cited as another needed best practice.

The use of industry best practices would also improve organizational efficiency. For example, widely-adopted, automated tools could be used to reduce both datacenter and help desk costs measurably. Strategies for retiring several legacy applications without impacting operations were another key recommendation.

### OPERATIONS STREAMLINED FOR BETTER RESPONSIVENESS AND PERFORMANCE

The Enterprise IT Health Check assessment also examined potential staffing and labor distribution models. Through these recommended changes, the city would not only reduce spending, but also improve IT responsiveness and performance as well.

As just one example, Agilex recommended a management structure in line with industry norms that would further streamline decision-making, enhance accountability and shift additional resources to customer-facing priorities. In addition, redundant positions that could be reassigned without impacting performance were also highlighted in the assessment. Agilex also identified specific costs to be borne by the city's outsourcing vendors in accordance with industry practices and current contract language.

## **NEED FOR CONTINUITY OF OPERATIONS PLANNING (COOP) ADDRESSED**

As part of the assessment, Agilex recommended a number of important updates to the city's business continuity plans. These changes would cost-effectively mitigate identified risks by strengthening current systems with additional redundancies at critical junctures.

This evaluation also determined that critical elements of the city's datacenter were reaching the end of their anticipated life. Consistent with the approaches being used in similar metropolitan areas, Agilex proposed a number of steps that could be taken to shift operations to a shared services organization encompassing other regional entities. This transition to a more modern, consolidated datacenter would not only reduce operational costs, but also improve reliability and performance.

## **STRATEGIES HIGHLIGHTED FOR GETTING CLOSER TO THE CUSTOMER**

Agilex audited user perceptions regarding the performance of the Office of Information Services. Their responses indicated significant confusion to the roles played by various entities within the Office of Information Services. As these misperceptions led to higher customer service costs and general dissatisfaction, Agilex proposed that the organization initiate a targeted education and communications program.

In order to more proactively anticipate future requirements, Agilex also urged the city's IT staff to take additional steps to get closer to their customer. These efforts would include a semi-annual survey designed to assess user satisfaction while identifying emerging or unmet needs.

On a more long-term basis, Agilex recommended that the city consider establishing the Office of Information Services as an independent department. As evident by the experiences of similar cities, this heightened profile would provide all stakeholders with greater accountability.

## **REPORTING UPDATED TO MEET NEW REQUIREMENTS**

Agilex also evaluated the financial reporting strategies used throughout the city's enterprise applications. The goal was to ensure that these systems could fully support existing accounting requirements, such as the city's annual Comprehensive Annual Financial Report (CAFR), while also taking advantage of emerging best practices for improving performance management, such as the recommendations of the Government Finance Officers Association (GFOA).

Due to the central role that it plays in tracking financial transaction, updating the city's Chart of Accounts Structure and utilizing existing rollup capabilities to overlay a more robust environment was a key recommendation. By moving to a more granular and flexible reporting structure, the city could track expenditures more effectively, comply more readily with external reporting requirements, and eliminate a number of manually-generated reports. These and other recommendations were designed to capture greater insight at each step of the process, allowing members of the finance team to shift their focus from low-level transaction management to higher-value financial planning.

## **APPLICATIONS CONFIGURED TO OPTIMIZE WORKFLOW**

The City of Memphis had standardized previously on the Oracle E-Business suite, implementing discrete applications for financial management, procurement, enterprise asset management, human capital management and project management. Working with Agilex, the city was able to more fully capitalize on these extensive capabilities.

In terms of specifics, Agilex identified a number of areas where the city could streamline and automate both intra- and inter-application transactions and processes. These encompassed such diverse areas as reconciliation of accounts receivable, management of account encumbrance, interfacing with third-party depository banks, and utilizing existing CRM functionality to manage service calls more effectively.

Agilex also helped the city produce and utilize a number of new reporting formats. For example, by implementing the Position Control feature, labor usage can be tracked and managed at a more discrete level. This makes it easier for the city to comply with reporting requirements for accessing shared source funding.

## **REDUCING THE COST AND RISK OF NEW APPLICATION DEVELOPMENT**

The city's antiquated treasury application serves as the property tax management system for the City of Memphis. Due to its age, it had become difficult and costly to maintain, and didn't offer the flexibility needed to support current tax policies and strategies. As a result, Agilex was asked to develop the specifications for a replacement system.

While some additional development would be required to meet localized requirements, Agilex proposed to leverage the existing Oracle E-Business application suite, wherever possible, as the foundation for the new system. In laymen's terms, the new application would function effectively as another module within the existing suite. Not only would this approach reduce development time, cost and risk, but it would also yield improved workflow and reporting, and enhance financial integrity through reliance on a 'single version of the truth'.

## Solution

**Agilex** is a strategic consulting partner to a number of leading organizations within the public and private sector. Each engagement is designed to help clients optimize IT operations and are supported by an integrated team of former CIOs/CTOs, visionary enterprise architects, accredited program managers and deeply-experienced domain experts. Our consultants help organizations realize greater value from IT at less cost while continuing to meet stated service-level agreements and regulatory requirements.

Agilex addresses the entire lifecycle of IT operations. We help clients benchmark their 'as is' state and define a go-forward strategy. We also provide the program management expertise needed to successfully implement and manage high-profile technology projects. And we utilize lean principles to help clients top themselves by continually refining and improving performance.

Agilex' **Enterprise IT Health Check** is a turnkey, customizable service engagement for assessing the performance of key IT investments. Over a short period of time, Agilex evaluates IT's ability to support specific business requirements, provides performance and cost benchmarking for core IT operations, and identifies the steps required to create a 'best-in-class' IT organization. These findings include both near-term, quick hit opportunities as well as more strategic, roadmap recommendations.

## Benefits

- Developed a strategic roadmap and metrics for elevating the City of Memphis' Office of Information Services to 'best-in-class' status
- Identified actionable, seven figure cost savings and implemented key strategies for achieving these results
- Uncovered and remediated significant operational vulnerabilities
- Streamlined and automated key aspect of financial workflow and other operational processes
- Updated financial reporting in accordance with the recommendations of the Government Finance Officer Association
- Developed and implemented a strategy for replacing the city's property tax management system that is expected to save millions over conventional development while yielding significant improvements in operational flexibility

## About Agilex

Agilex is an employee-owned enterprise application, solution, and advisory firm. Our noteworthy business and technology professionals offer innovative thinking on leveraging advanced technologies. We make it possible for our clients to optimize systems and exploit data to realize the value of information. Headquartered in Chantilly, Virginia, Agilex has delivered significant results for an impressive list of clients throughout federal, state and local government, and within global 2000 corporations.

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