



LEXINGTON MOVES TO THE CLOUD FOR MODERN, SUSTAINABLE BACK-OFFICE OPERATIONS

Known as the Horse Capital of the World® and ranked the eighth-best big city to live in by *Money* magazine in 2018,¹ the city-county of Lexington, Ky., is a vibrant municipality with a rich history, a dynamic economy and a solid vision for the future. With 3,400 employees and a budget of \$650 million, the municipality's leaders recognize the importance of modernizing their human capital management (HCM) and financial supply chain management (FSCM) solutions to more aptly support ongoing business operations today and in the years ahead. To that end, Lexington became the first municipal government in the U.S. to take its entire on-premises PeopleSoft solution, upgrade it and move it to the Oracle Cloud.

MIRED IN LEGACY

Lexington had implemented Oracle PeopleSoft's on-premises enterprise performance management (EPM), FSCM and HCM systems more than a decade earlier, but it had never fully adopted the systems' features. As a result, a number of business processes were not fully automated and treasury, employee performance evaluations and other functions were still primarily manual, which can create inefficiencies and data silos within organizations.

"We knew we were missing out, and we realized we needed additional functionality," says Aldona Valicenti, CIO and Commissioner, Lexington Fayette Urban County Government (LFUCG).

However, moving to the latest release of PeopleSoft presented the complex challenge of upgrading not only software but also ensuring LFUCG had an infrastructure that could support the software's advanced functionality.

"We recognized that we would have to make major upgrades to our data center. We knew we would need highly skilled personnel and have to make continuous investments if we didn't move the solution to a new environment," explains Valicenti.

That's when the municipality decided the best option would be to have these applications managed in a cloud environment.

THE CLOUD AS A PREFERRED STRATEGY: PREDICTABLE BUDGETING AND A BUILT-IN SKILLSET

The Oracle Cloud was the logical choice since LFUCG was going to be running an Oracle product; however, LFUCG had been considering a cloud strategy for many applications, not just PeopleSoft.

"One of the most unpredictable things in any city budget is the ability to get the same type of investment year after year for technology. I wanted a predictable way of providing IT services to the city over time," says Valicenti.

After ample research and due diligence, the LFUCG team decided that cloud-based infrastructure and software services would be the preferred strategy whenever it came time to upgrade or replace existing technology. The Oracle Cloud provides a secure, scalable, future-proof infrastructure for vital services — all with predictable costs. In fact, LFUCG moved its EPM solution to the cloud using Oracle's Planning and Budgeting Cloud Services in 2016.

Another important driver for a cloud-first strategy was employee staffing. In the next five years, many of LFUCG's IT team will be eligible for retirement. Recruiting new staff will be extremely difficult given that IT unemployment in the area is less than one percent and

the city cannot compete with private sector wages. Operating on the Oracle Cloud, as well as working with a managed services team, alleviates the burden of managing and maintaining infrastructure in-house and frees up employee time for higher-value tasks.

“We have to think in terms of not just the next year or two years; but instead, how can we continue to run this system and sustain our investment for at least an additional five or more years. That’s what made us move in this direction,” says Valicenti.

To help manage migration to the cloud and the overall cloud services strategy, LFUCG turned to its longtime partner, Metaformers. The company led the PeopleSoft implementation for the city in 2008, so Metaformers’ familiarity with the city’s systems and processes made it the natural choice for the cloud migration and implementation.

“We didn’t have to spend a lot of time educating them, so we got a quicker start,” says Valicenti. “Above all, upgrading and moving to the cloud were two huge, separate projects. Metaformers was with us the whole time.”

BETTER SERVICES AND A STREAMLINED DATA CENTER

With Metaformers’ support and input from the city’s department heads and commissioners, LFUCG upgraded the PeopleSoft HCM and financials suites, as well as implemented treasury, grants, project costing, performance management and pensions functionality. Oracle Cloud provides the organization increased agility to add new functionality and applications, since compute, storage, networking and other capabilities can be scaled to meet changing needs.

The system was operational on day one and in just six weeks, three payrolls had been processed, employees were using the system for W-2s and employee performance reviews were being deployed.

“Our users had high expectations that this would work as if it were under our own roof. We were able to do a payroll within days, so that in itself speaks well for the upgrade to the system and moving it into a totally different environment,” says Valicenti.

Besides streamlining financial and HCM processes and improving delivery to employees, the solution will allow data center staff to initially retire at least 100 servers — and to the IT staff’s great relief — reduce their management and maintenance load.

Employee acceptance and enthusiasm is a success metric all its own when migrating systems.

“We had a very good project management structure, with tremendous participation from our customer base, and a dedicated and engaged executive steering committee,” explains Valicenti.

LFUCG’s users were excited about the new functionality and improved ease of use, which eased the inevitable transition growing pains and rewarded Valicenti’s team for its careful planning and execution.

BEST PRACTICES FOR GETTING STARTED

Valicenti recommends jurisdictions consider the following suggestions before beginning any migration to the cloud:

- ◆ **Plan and educate.** Operating in a cloud environment is much different than operating on premises. Valicenti’s team spent nearly six months experimenting and educating themselves and staff in the data center about migrating to and operating in the cloud.
- ◆ **Understand your processes and security requirements.** It’s important to know where data exists across the system — both internally and in the cloud. Document how users navigate the system today and what insights they need. Then decide how to manage and control that environment when it’s no longer on premises.
- ◆ **Evaluate the financials.** Determine whether the solution is more or less costly and be able to justify your investment from a financial perspective.
- ◆ **Upgrade and acquire applications with the cloud in mind.** Whenever possible, choose applications that can run in the cloud, and avoid customizing them. State-of-the-art applications have built-in best practices; it’s often better to change internal processes instead of customizing apps to conform to old ways of doing things.
- ◆ **Recognize and account for complexity.** Upgrading is one project; moving to the cloud is a totally separate project. Allot sufficient time and resources — and work with third-party consultants with expertise in each area — to do both successfully.

MEETING EXPECTATIONS FOR MODERNIZATION

As the city-county of Lexington continues to grow and evolve to attract and serve citizens, businesses and employees, it will need innovative solutions to support day-to-day operations.

“As our population and employees become accustomed to these types of services, they want to use the computing and cloud environments almost the same way as walking into the room and turning on the lights,” says Valicenti. From a technology management perspective, Oracle PeopleSoft and the Oracle Cloud give the municipality a sustainable strategy for doing so.

This piece was developed and written by the Government Technology Content Studio, with information and input from Oracle and Metaformers.

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