A Custom Technology Adoption Profile Commissioned By IBM

Don't Underestimate The Value Of Commercial-Off-The-Shelf Software

GET STARTED ▶

Don't Underestimate The Value Of COTS

Public sector IT has unique challenges. Budget restrictions place limits on in-house development staff, shifting the burden for large custom software development projects to third-party system integrators (SIs). Funding processes tend to favor big-bang implementations, leaving little support for year-on-year maintenance and enhancements. As a result, many agencies live with inadequate legacy software solutions long past the programs' intended lifespan. In the age of the customer, citizens have higher expectations of customer service — but government customers report that they feel less valued, wait longer to have their issues resolved, and feel less understood by government employees. At the heart of these issues lies the need for new enterprise software. Forrester hypothesizes that commercial-off-the-shelf software (COTS) is more advantageous than custom-developed software for large public sector social programs.

In July 2015, IBM commissioned Forrester Consulting to evaluate the benefits of using COTS versus custom social services software.

Commercial off-the-shelf (COTS) software is software available in the commercial marketplace. COTS software requires configuration to tailor it for specific uses but requires no coding or customization to the commercial item itself.

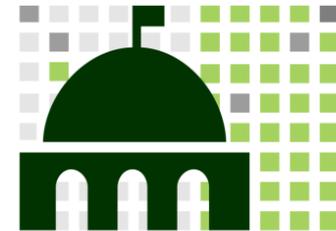Forrester surveyed 50 US government agency professionals responsible for technology strategy.

22%
I am the primary decision-maker on technology strategy

78%
I provide significant input to the final decision-maker on technology strategy

Industry: Government
› 12% Federal
› 32% State
› 56% Local

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Custom-Developed Software Falls Short On Results

Government agencies face many challenges when using custom-developed human and social services software. Topping the list is agencies' dependence on those few IT staffers who understand the system. Other big concerns include the significant funding that enhancements require and dependence on SIs for maintenance and implementing future enhancements. The common thread running through these issues? The long-term sustainability of the software. With budgets a perennial issue, it's risky to depend on SIs for maintenance and enhancements to custom code, placing the burden on limited in-house staff.

The biggest challenge that government agencies face in using custom software is dependence on those few in-house IT staffers who understand the systems.

What are the challenges with using custom line of business human services software?

Dependence on few in-house IT staffers who understand the system	17 out of 24 respondents
All enhancements require potentially significant funding	12 out of 24 respondents
Significant dependence on implementing SIs for future enhancements & maintenance	9 out of 24 respondents

Base: 24 US government agency professionals responsible for technology strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

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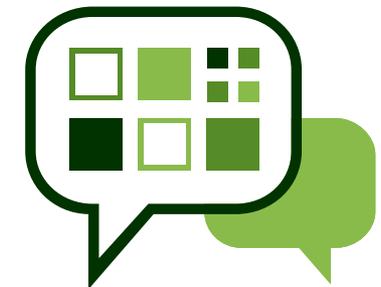## Misconceptions Keep Agencies From Adopting COTS

Despite all of the issues agencies experience as a result of using custom-developed human and social services software, they're not switching to COTS, due to three main misconceptions: the perceived inability to customize such solutions; a belief that these solutions are not well-suited for the public sector; and lack of comfort with a generic solution.

These misconceptions about COTS and human and social services technology approaches are holding agencies back from adopting COTS and improving agency effectiveness and the customer experience.

What is holding you back from switching to COTS software?

10 out of 24
Lack of flexibility to customize it for our business processes

9 out of 24
COTS software is not well-suited for the public sector

8 out of 24
Lack of comfort with a generic solution

5 out of 24
Lack of budget

Base: 24 US government agency professionals responsible for technology strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

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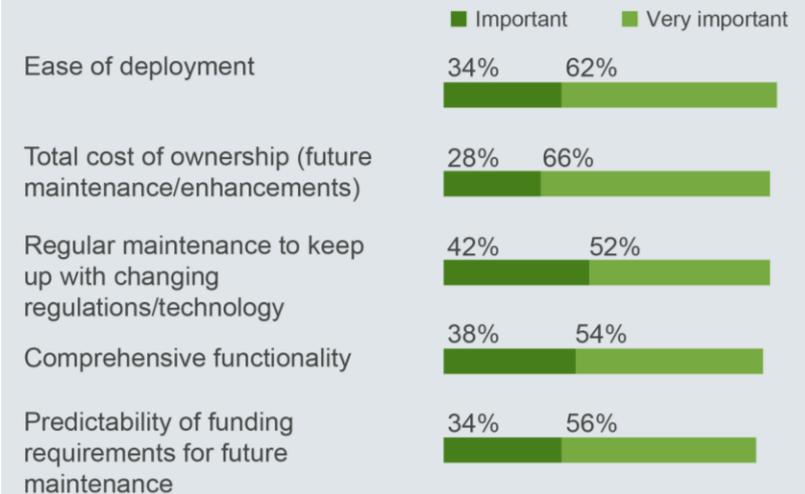
Agencies See The Value In COTS

Human and social services professionals in government have many considerations when selecting a technology solution for their agencies including ease of use, total cost of ownership, maintenance, and functionality.

COTS fulfills many of the requirements agencies have. Survey respondents who are using COTS report that they experience a variety of benefits:

› Lower total cost of ownership

› Ease of use

› Lower operating or maintenance costs

› The ability to allow users to be self-sufficient

› No need for extensive software development staffing

What's more, the use of COTS is not limited to a certain type of program or agency. In fact, data from this study indicates that agencies find COTS to be suitable for a variety of social programs, including child support, food stamps, and elderly assistance.

How important are the following when considering a technology solution for your agency?

■ Important   ■ Very important

	Important	Very important
Ease of deployment	34%	62%
Total cost of ownership (future maintenance/enhancements)	28%	66%
Regular maintenance to keep up with changing regulations/technology	42%	52%
Comprehensive functionality	38%	54%
Predictability of funding requirements for future maintenance	34%	56%

Base: 50 US government agency professionals responsible for technology strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, September 2015

Don't Underestimate The Value Of COTS

What Does It Take To Switch?

Agencies are catching on to the flexibility COTS provides. Forrester found that 33% of government agencies surveyed plan to implement COTS in the future.

Those that have switched to COTS began that process by researching alternatives to their current solutions, securing additional funding from management, and preparing the business case. But it's not just about throwing money at the problem. Health and social program professionals need to become better educated on the alternatives to custom-developed software.

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Conclusion

The benefits of COTS fit hand in glove with the needs of human and social services agencies for their mission-critical software: A viable model for long-term total cost of ownership including predictable maintenance costs, avoidance of SI lock-in for maintenance of custom code, and the need for a software solution created for their programs' requirements. Respondents' perceived downsides to COTS — lack of flexibility and a legacy of having been retrofitted from irrelevant private sector functionality — are misconceptions that simply don't apply.

METHODOLOGY

› This Technology Adoption Profile was commissioned by IBM.

› To create this profile, Forrester leveraged its Customer Experience Index Online Survey, US Consumers Q1 2015 and Business Technographics® Global Budgets Survey, 2014. Forrester Consulting supplemented this data with custom survey questions asked of government agency professionals at the manager level and above who make decisions for their agency's tech strategy.

› The auxiliary custom survey began in August 2015 and was completed in September 2015. For more information on Forrester's data panel and Tech Industry Consulting services, visit forrester.com.