

OUTSYSTEMS WORCESTERSHIRE COUNCIL

ANALYST

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THE BOTTOM LINE

Worcestershire County Council deployed OutSystems as part of its effort to reduce costs under tight budgetary constraints.

Nucleus found that the applications developers built on the OutSystems platform have thus far helped the government reduce service costs by over £1.7 million across all departments. The Council was able to build applications three times faster than on its prior solution, leveraging the flexibility of the platform to match its needs.

ROI: **442%**

Payback: **1.1 years**

Average annual benefit: **£367,547**

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THE COMPANY

Worcestershire County Council (WCC) is a local government branch representing the residents and business of Worcestershire. The Council is divided into several service directorates headed by the Chief Executive: Public Health, Commercial and Change, Economy and Infrastructure, Children, Families, and Communities, Adult Services, and Financial Planning and Reporting.

THE CHALLENGE

In an effort to reduce costs, WCC was tasked making services delivered to citizen more cost-effective. Internally, WCC sought to transform the customer experience and become a world-class council. As a result, WCC developed a plan to redesign how the government provided services based on the local needs. Additionally, the

Council wanted to replace its customer relationship management (CRM) solution, which was based on old technology and had limited capabilities. To make service delivery more cost effective, WCC needed an application development platform that was flexible to the needs of each government service branch.

Cost : Benefit
Ratio | **1 : 2.3**

THE STRATEGY

WCC began with a Request for Information before procuring via G-Cloud, a government digital marketplace. Concurrently, WCC conducted an audit of how citizen engaged with the government and developed a business case for implementing a new technology. Ultimately, OutSystems was selected for the following reasons:

- Flexibility. With OutSystems, WCC saw it could build and integrate organization-specific applications, allowing developers to tailor solutions to the service needs or reuse actions across applications.
- Resilience. With a small development team, WCC needed a platform which ensured that every developer developed in a similar way, allowing the team to work closely together and team members to be interchangeable on projects.
- Speed. Deployed in a cloud environment, OutSystems provided all the non-functional services such as technical support, security, and patching, leaving WCC to focus on rapidly developing applications. The Council's developers saw how quickly they could build applications using the capabilities and tools available on the OutSystems platform.

Once Worcestershire County Council selected OutSystems, it was able to deploy the platform in a cloud environment within a day, enabling developers to begin working on delivering digital transformation immediately. The in-house developers took a week-long training course to learn the platform and worked side-by-side with OutSystems consultants for three months after the initial deployment to gain additional hands-on expertise.

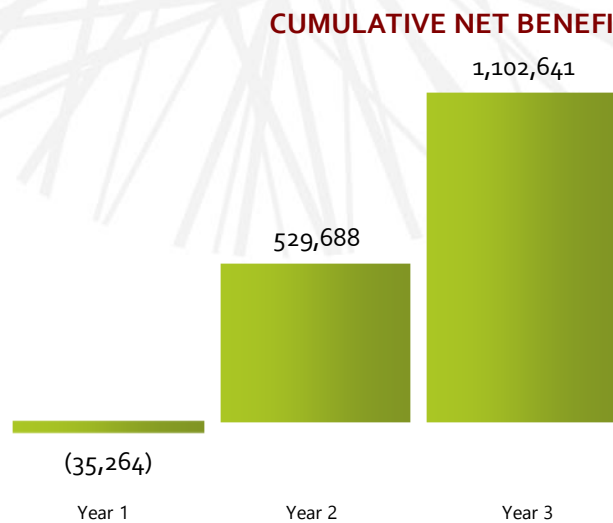
TYPES OF BENEFITS



KEY BENEFIT AREAS

Developing solutions on the OutSystems platform enabled WCC to quickly build applications designed to make service delivery less costly. Key benefits include:

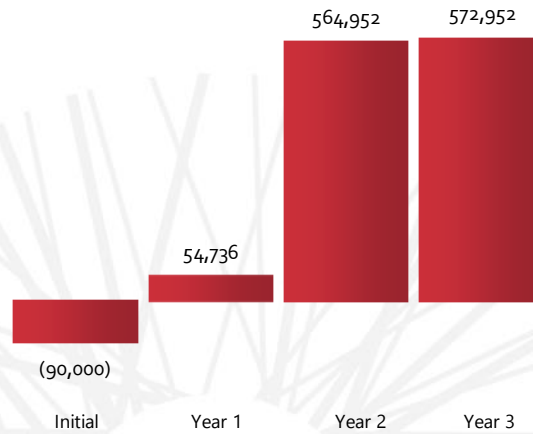
- Improved technology management. The managed cloud deployment ensured that OutSystems was responsible for upkeep, leaving WCC developers to focus on building applications instead of applying patches and addressing technical issues. Additionally, the Council was able to eliminate software maintenance costs associated with prior solutions that were replaced by new applications.
- Improved service. WCC held workshops with each of its service arms to determine how best to redesign service delivery while prioritizing efficiency and cost-cutting. Using the flexibility of OutSystems, developers were able to build applications that addressed the needs of each of the service organizations.
- Increased development speed. The Council’s developer team was able to build more applications with more value-adding capabilities than it could with its prior solutions. By reusing application objects and deploying with one mouse-click, developers could quickly and easily create applications.



KEY COST AREAS

Costs of the project include platform subscription costs, data housing and infrastructure maintenance fees, consulting, personnel costs associated with supporting the platform, and employee time spent in training.

NET CASH FLOWS



BEST PRACTICES

Because OutSystems is a low-code platform with reusable business objects, developers can easily replicate applications that address a broadly-experienced need. As a result, as WCC held workshops with different service organizations and encountered business needs for which it had already built a solution, it could deploy a replicate solution easily. For an organization that is cost-conscious, OutSystems adds efficiency via code continuity across applications, ensuring less time spent applying upgrades and performing application maintenance.

CALCULATING THE ROI

Nucleus quantified the platform subscription costs, data server hardware costs and upkeep fees, consulting, personnel time to support the platform, training fees, and employee training time to calculate Worcestershire County Council's total investment in its OutSystems deployment.

Direct benefits quantified included the elimination of software maintenance on decommissioned applications, the cost of IT staff time to support retired applications, and the avoided cost of hiring additional developers required to match the productivity of the existing developer team. Indirect benefits quantified included

increased employee productivity through internal business process transformation, which was calculated based on the average annual fully loaded cost of an employee using a productivity correction factor to account for the inefficient transfer of time between time saved and additional time worked.

Benefits not quantified include the savings and added productivity of service organizations for whom WCC digital transformation team developed applications and implemented process improvements. This includes the £1.7 million reduction in government spending through more efficient citizen access programs.



FINANCIAL ANALYSIS

OutSystems - Worcestershire County Council

Annual ROI: 442%

Payback period: 1.1 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	602,123	602,123	602,123
Indirect	0	0	142,000	0
Total per period	0	602,123	744,123	602,123

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	90,000	133,000	150,000	-
Hardware	0	48,000	9,600	9,600
Consulting	0	319,000	0	0
Personnel	0	19,571	19,571	19,571
Training	0	18,145	0	0
Other	0	9,671	0	0
Total per period	90,000	547,387	179,171	29,171

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(90,000)	54,736	564,952	572,952
Net cash flow after taxes	(49,500)	30,105	310,724	315,124
Annual ROI - direct and indirect benefits				442%
Annual ROI - direct benefits only				389%
Net Present Value (NPV)				507,268
Payback period				1.1 years
Average Annual Cost of Ownership				281,910
3-Year IRR				220%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.