

How a government obtains value from its citizens and external public environment and how it returns value to them are linked directly to its financial management systems. These systems are crucial links in the flow of revenues to the government and the flow of expenditures and services back to the public. Improving financial management, therefore, has the potential to produce significant returns in terms of both greater internal efficiencies and enhanced value to the public. These were the goals of the Austrian Federal Budgeting and Bookkeeping System project initiated in 1997 by the Minister of Finance and supported by the Chancellor (Prime Minister). The goal of the project was to redesign and integrate the electronic workflow of the federal government's budget and bookkeeping processes. The strategy they chose was to implement a single Enterprise Resource Planning (ERP) software standard throughout the federal government. By 2005, one of the results of the ERP implementation and the adoption of the necessary legal authority was that the Ministry of Finance successfully consolidated 85 bookkeeping units across the federal government into one federally owned, but privately operated, agency.

The consolidation and integration produced immediate and tangible benefits in terms of internal efficiencies. These resulted from the implementation of a new standardized work process for accounting and budgeting throughout the federal government, required fewer steps and less processing time (see Table 1). As of 2005, the legal consolidation of the numerous bookkeeping departments into one agency, along with the technical and organizational implementation of the ERP system, have resulted in actual annual savings of approximately €30 million. In terms of these returns to the government itself, the project is clearly a resounding success.

Table 1. New Federal Bookkeeping System Process Improvements		
Saving Category	Old Process	New Process
Number of process steps	25	14
Number of employees	15	7
Number of positions (roles)	20	10
Throughput time (days)	12	6
Processing time (minutes)	44	30

In terms of broader public returns, the project goals went beyond internal financial management efficiencies. The aim of restructuring the Austrian Federal Accounting and Bookkeeping system was much more than simply an "IT investment" from the very beginning. The bookkeeping system was part of a larger effort to implement ERP technology throughout the Austrian Federal Government as part of a governmentwide public management reform effort. The ERP technology was one part of a comprehensive strategy that included legislative reform, government wide reorganization and consolidation, and implementation of modern accounting and budgeting standards across the government. Though the specific ERP technology was just one element of a larger approach, the ERP technology played a very important enabling role vis-à-vis the legal and organizational strategies. According to Christian Ihle, head of the Department of Accounting and Controlling, who directed much of the project, "All of this was possible only because we were able to communicate in an electronic way; budget planning and budget execution without personal contact. That was possible because we implemented the ERP."

These more comprehensive goals can be thought of as building the internal management and information infrastructure for overall Austrian government efficiency improvements. These improvements reduce the burden on the public of financial support—taxes, fees, etc.—and can ease the burden of compliance with rules and policies. Better financial information can make government budgets and expenditures more transparent and thus, more legitimate and acceptable to the public. A more efficient government also can, in principle, provide more and high quality services. These are all potential "social" and "political" ROI factors from the ERP implementation and the related reforms. However, the government has not as yet mapped the successes in internal efficiencies to the more externally visible returns. There is some evidence of these types of public returns reported below and the discussion of further assessment is included in the final section.