



# GOVERNING THE FUTURE: STRATEGIES TO EFFECTIVELY REGULATE EMERGING MARKETS

**ENFORCING REGULATIONS IS FUNDAMENTAL WORK** of state and local government agencies, but a host of emerging markets poses a unique set of challenges for public officials. In a recent Governing Institute survey,<sup>1</sup> leaders from states and localities throughout the country said they expect to see increased regulation around short-term home rentals like Airbnb, ride-sharing services, cannabis and tiny homes, to name a few.

In this rapidly evolving environment, organizations must implement and enforce regulations quickly and make it easy for citizens and businesses to comply. Given these demands, survey respondents anticipate a need to improve communication, coordination and transparency across all stakeholders, as well as integrate solutions seamlessly across government systems. In addition, they see important benefits to using Software-as-a-Service (SaaS) to implement solutions quickly, avoid reconfiguring infrastructure and take advantage of built-in best practices.

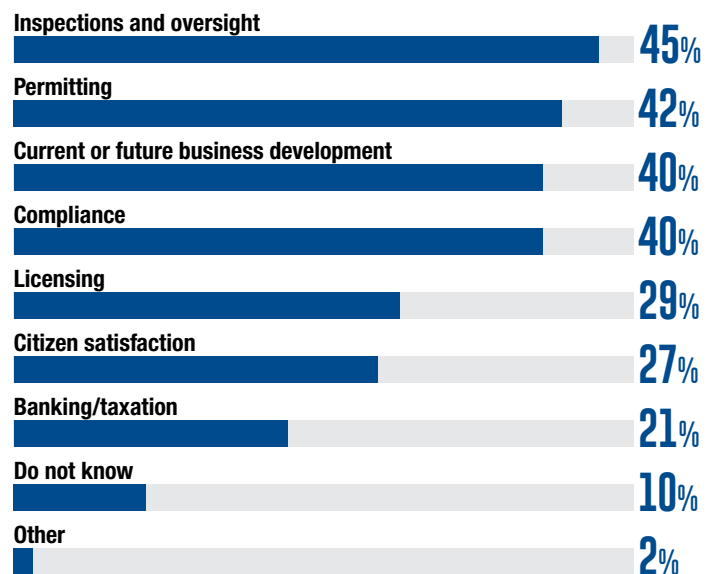
## THE NEW WILD WEST

Disruptive startups and emerging business models — such as those found in the sharing economy — challenge the traditional regulatory process and put pressure on government regulators to ensure new lines of business have adequate oversight. Governing Institute survey respondents expect new and emerging regulations to most significantly impact their jurisdictions in the areas of inspections, permitting, business development and compliance.

Respondents in general anticipate increased regulation of rented products and services such as ride sharing, bike and scooter sharing, and short-term home rentals; however, legislators who responded to the survey most expect increased regulations regarding cannabis, followed by ride-sharing and short-term home rentals. As a sign of things to come, legislators anticipate regulation related to short-term home rentals will nearly double in the coming years.

To comply with legislation, facilitate economic development and meet citizen demand for today's disruptive services, organizations must quickly and nimbly implement permitting, licensing, inspection and other regulatory processes as they arise. Yet siloed systems, manual processes, uncoordinated workflows and lack of integration across departments have led to permitting and licensing processes that are unwieldy, inefficient and out of touch with communities' citizens and businesses.

## AREAS MOST AFFECTED BY NEW REGULATION



Source: August 2018 Governing Institute Survey

Given the accelerating pace of change and the unfamiliar terrain of new markets, many organizations feel ill-equipped to effectively manage emerging regulations. They lack informed best practices, expanded data collection tools, user-centered features, system integration and mobility.

## TECHNOLOGY STRATEGIES FOR THRIVING IN AN EMERGING REGULATORY ENVIRONMENT

SaaS solutions that incorporate the following capabilities can help local government leaders meet their jurisdictions' unmet needs, be more agile and ensure new regulations help enable economic growth.

✔ **BUILT-IN BEST PRACTICES.** Governing Institute survey respondents cited lack of informed best practices as one of their top unmet needs around new and emerging regulations. Built-in best practices help ensure compliance, consistency, speed and efficiency across workflows by automating each step in the regulatory process.

For example, by using an out-of-the box solution with built-in best practices, Culver City, Calif., had a cannabis licensing solution up and running within six months.<sup>2</sup> The Accela business licensing and permitting app allows the city to securely store documentation for applicants — like fingerprint and certification data. It also intelligently routes tasks, digitizes the document review process and provides instant status updates for residents and departments. Today the app can process 22 record types for cannabis and offers applicants their own dashboard where they can see submitted records, get updates and request city inspections. Trisha Perez, Senior Computer Programmer/Analyst for Culver City, says it has enabled the City to improve the methodology and workflows behind the application process.

✔ **EXPANDED DATA COLLECTION TOOLS AND USER-CENTERED FEATURES.** The easier it is for citizens and businesses to go through the regulatory process, the more likely they will be to comply. Digital data collection tools and user-centered features such as online self-service registration portals allow citizens and businesses to easily and conveniently apply for permits and licenses, submit plans and other documents, pay fees, track the application process and more.

The city of Denver is using a self-service registration portal to make it fast and easy for short-term home rental hosts to register online. In doing so, the city quickly achieved an estimated 62 percent compliance rate, one of the highest compliance rates in the nation.<sup>3</sup> The self-service portal also streamlines data collection for government employees and reduces the number of phone calls and in-person queries that applicants make regarding the status of their applications and other requests.

✔ **SYSTEM INTEGRATION.** Governing Institute survey respondents cited system integration as their most common unmet need in current permitting and licensing solutions. Many regulatory processes involved in starting and maintaining

a business are handled by multiple stakeholders and separate job functions, departments and agencies. System integration allows jurisdictions to automate, consolidate and centralize these functions onto a single platform so that applicants and workers can perform all needed tasks within the same user experience.

For example, the state of Michigan uses a medical cannabis licensing solution that integrates three separate systems — the state's licensing database, the Michigan State Police background check system and the statewide inventory control and management system — to expedite the processing of hundreds of medical cannabis license applications.<sup>4</sup>

✔ **MOBILITY.** Mobile capabilities give inspectors and other field workers instant access to the data and tools they need to do their jobs, regardless of their location or internet connection. Workers can collect data and fill out forms digitally. Once an internet connection is established, they can distribute information to the appropriate departments automatically and receive updates about next tasks or optimal routes for appointment scheduling.

✔ **DATA SECURITY AND PROTECTION.** When working with citizens and businesses, government organizations need to comply with state and federal privacy regulations and ensure that confidential data cannot be compromised in any way. Industry-leading SaaS-based regulatory software is FISMA-NIST compliant. In addition, top vendors have a proven track record of providing government organizations with secure solutions, including two-factor authentication, single sign-on, and other forms of identity security and privacy.

## HARNESSING THE FUTURE

While no organization can predict the future, forward-thinking jurisdictions can control how they adapt to a regulatory terrain that is unpredictable and increasingly complex. The key to navigating new and emerging regulations with agility is a SaaS solution that incorporates the strategies recommended here. SaaS solutions offload the burden of maintaining infrastructure on premises, reduce costs and accelerate deployment. They also offer availability, scalability and security levels that are difficult to achieve with in-house solutions.

Although many organizations are tempted to build a custom solution that meets their unique needs, such solutions can prolong implementation times, run over budget and result in disappointment. Industry experts recommend that organizations avoid "re-inventing the wheel" and instead adjust their regulatory processes and approaches to accommodate out-of-the-box solutions that leverage the expertise, best practices and workflows of proven vendors.

*This paper was produced by the Governing Institute Content Studio, with input from Accela.*

### ENDNOTES

1. The Governing Institute, commissioned by Accela, surveyed 127 state, county and municipal government officials in August 2018.
2. Accela. Culver City Charts Path for Safe and Secure Cannabis Licensing. Accessed November 2018. <https://www.accela.com/accela-insights-blog/culver-city-charts-path-for-safe-and-secure-cannabis-licensing/>
3. Accela. Denver Boosts Short-Term Rental Regulation Compliance with First Online Registration Process. Accessed November 2018. <https://www.accela.com/wp-content/uploads/2018/05/accela-case-study-str-denver-colorado.pdf>
4. Accela. Michigan Ready to Issue First Medical Marijuana Licenses. Accessed November 2018. <https://www.accela.com/resources/success-stories/michigan-ready-to-issue-first-medical-marijuana-licenses/>



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