Department of Licensing

System Replacement Information

Presented to the
Joint Transportation Committee

WASHINGTON STATE LEGISLATURE
JOINT TRANSPORTATION COMMITTEE

December 2, 2009

Feasibility Studies

Prorate and Fuel Tax System Replacement study published in June 2008 by MTG Management Consultants

Vehicle and Driver Field System Replacement study published in June 2008 by Quest Information Systems

Agency data study with recommended improvements

Components of the Studies:

❑ Current system challenges

❑ Replacement options

❑ Cost-benefit analysis of each option

❑ Recommendations

Prorate and Fuel Tax System

Fuel tax is Washington's 2nd largest revenue source ($1 billion annually – Motor Vehicle Fund).

Washington is a "tax at the rack" state. Oil companies submit tax returns based on the transfer of fuel

Large and complex tax return data is manually entered into multiple databases – no electronic transfer of data

Statewide Vehicle / Vessel Title and Registration System

Mission critical system responsible for 15 million transactions per year performed in 185 county auditor and subagent offices

Collects over $1.2 billion of state revenue each biennia for the state and local governments

System was migrated from the HP3000 mainframe with existing functionality to the DOL server environment in the 2005 – 2007 biennium

Driver Field System

Mission critical system responsible for approximately 2.8 million driver license transactions performed in 56 DOL license service offices around the state

Collects over $70 million a year in state revenue

Point of Sale system that is over 25 years old that is required to integrate with multiple services:
- ❑ Digital capture workstation
- ❑ Lobby Management System
- ❑ Automated Testing System
- ❑ Digital Images
- ❑ Commercial Driver / Problem Driver Federal System

Current Challenges

Prorate and Fuel Tax System

❑ Multiple process steps and duplicate data entry of large and complex tax returns

❑ Lack of functionality and customer self-service

❑ Inability to comply with stakeholder information requests

Vehicle and Driver Field System

❑ Non-integrated and duplicate data sources

❑ High cost and time to modify and support

❑ Outdated technology and application architecture

❑ Difficult to support local taxing authorities

Recommended Alternative

Purchase a commercial off the shelf (COTS) solution and modify for unique Washington requirements

- ❑ Standard framework with modular software components that can be added as required
- ❑ Table driven fee pricing and distribution structure
- ❑ Client centered data structure
- ❑ Faster lower cost response to legislative changes
- ❑ Integration with external data sources and customer self-service channels
- ❑ Improved capabilities in determining taxes based on address

Replacement Costs / Time Frames

Prorate and Fuel Tax System - $8 million

❑ 18 - 24 month project, including a 6 month procurement cycle

❑ Payback in 7 years due to increased revenue collection

Vehicle and Driver Field System - $30 million

❑ 30 - 36 month project, including a 6 month procurement cycle

❑ Flexibility to implement one system at a time

Funding Alternatives

Deliverable based contract

❑ Full funding required within a biennium

❑ Payment with 20% holdback after each deliverable

Transaction Based Model:

❑ Fee based on transactions performed

❑ Significantly reduced initial investment

❑ Incentive for vendors to complete the project

Conclusion

Information Service Board (ISB) project approval required

The ability of the agency to take on all the replacement projects at one time presents a risk. Priorities must be established.

Large system replacements need agency priority and focus and support from the legislature and all key stakeholders to ensure success

Procurement process and a high quality Request for Proposal (RFP) are critical components and should be started as early

Limiting changes to the system during the replacement project is critical to keep the project on schedule

Project management skills and a dedicated technical team are essential to success