MEMORANDUM

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To:	Transportation and Economic Development Subcommittee Joint Committee on Ways and Means
From:	Sean McSpaden, Principal Legislative IT Analyst
Date:	April 15, 2015
Subject:	ODOT DMV Service Transformation Program LFO Analysis and Recommendations

Agency Request: Within Policy Option Package #140, the Oregon Department of Transportation (ODOT) Driver and Motor Vehicle (DMV) Services Division has made a revised 2015-17 request in the amount of $30,446,463 and 42 Positions/29.91 FTE to launch the initial phase of the DMV Services Transformation Program (STP). These resources will be used to plan and begin implementation of the DMV Services Transformation Program which is ultimately intended to improve DMV services to partner agencies and the public, streamline DMV business processes and improve operational efficiency, and upgrade and replace obsolete technology which in many cases was originally designed and deployed in the 1960s and 1970s.   This program – comprised of a set of manageable projects - is expected to run 9-10 years (through the 2023-25 Biennium) for a total cost estimate of $90 million.

A. LFO Analysis

The 2012 Legislature authorized funding for DMV to conduct initial assessment and planning activities to address long standing issues affecting DMV service delivery and operational efficiency and effectiveness. With these resources, DMV hired a firm in 2013 to conduct a business needs assessment, a peer review analysis of best practices in other states, a gap analysis and develop a long range strategic plan for DMV modernization. Those assessments concluded that DMV information systems are "completely out-of-date and rely on 40+ year old technology…" Further the assessments concluded that the effort required to enhance or expand these "legacy systems" is substantial and the lack of flexibility within these legacy systems keeps the agency "frozen in time". The Strategic Plan for Modernization, delivered in September 2013, recommends a "program of manageable projects" over 9-10 years, with an estimated cost of $90 M.

In addition, the 2014 Legislature created a DMV Customer Service Task Force to recommend ways to improve DMV. The primary Task Force recommendation was to modernize DMV's systems.
At this time, DMV's proposed implementation approach includes a one- to two-year design and development period (readiness planning), a four- to six-year transition period for new systems rollouts, and a one-year or more maintenance stabilization period. The Information Technology systems rollout is expected to be executed as a program of manageable projects with a bias toward the acquisition and configuration of commercially available off the shelf (COTS) systems, although some level of customization may be required.

The expected program deliverables for the 2015-17 biennium will be:

- Complete readiness planning activities—more in-depth business readiness planning and development of complex RFP for the Systems Integrator vendor procurement.
- Procure vehicle title and registration system—rollout planned for 2017-2019 biennium.
- Launch online transaction center, DMV2U—improvements will be made throughout the life of the program.
- Procure point of sale and dealer systems—rollout planned for 2017-2019 biennium.

DMV has developed a high-level roadmap that aligns DMV's approach to the Joint State CIO/LFO Stage Gate review process. ODOT DMV has:

- Actively involved and provided regular status reports to the Office of the State Chief Information Officer (CIO) and LFO
- Held a series of vendor presentations through a broad Request for Information (RFI) process over the past few months to gather additional information about modern solutions available in the marketplace.
- Submitted a high level business case, Strategic Plan for DMV Modernization, and has requested stage gate endorsement to move from initiation into the detailed planning phase of the Service Transformation Program.

Based on the assessments and planning activities conducted and DMV's transparent reporting of program status to date, LFO believes that DMV has performed an appropriate level of due diligence for a program of this scope and magnitude at this point in the program's lifecycle.

B. LFO Recommendations

LFO recommends incremental, conditional approval of Policy Option Package #140 assuming the funding and personnel resources are made available to ODOT DMV within HB 5040. Specifically LFO recommends that ODOT DMV:

- Continue to work closely with and regularly report project status to the Office of the State CIO and the LFO throughout the project's lifecycle.
- Continue to follow the Joint State CIO/LFO Stage Gate Review Process
- Update the STP Business Case and develop/update associated cost benefit & alternatives analysis documents for program subprojects.
- Hire/appoint or contract for qualified project management services with experience in planning and managing programs and projects of this type, scope and magnitude.
- Develop foundational STP project management documents
- Work with the Office of the State CIO to obtain independent quality management services. The contractor shall:
  - Conduct an STP initial risk assessment
  - Perform quality control reviews on the STP Business case, individual cost benefit/alternatives analysis documents, and foundational project management documents as appropriate.
  - Perform ongoing, independent quality management services as directed by the Office of the State CIO

- Submit the updated STP business case, project management documents, initial risk assessment and quality control reviews to the Office of the State CIO and Legislative Fiscal Office for Stage Gate Review
- Report back to the Legislature on Service Transformation Program status during the 2016 Annual Legislative Session and/or to interim Legislative committees as required
- Request Legislative approval to proceed with the Service Transformation Program prior to initiating project execution activities
- Utilize the Office of the State CIO's Enterprise Project and Portfolio Management system as it is deployed for all project review, approval, and project status and QA reporting activities throughout the life of the Service Transformation Program