

Tax Engineering and Modernization Project



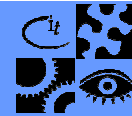
California
Employment Development Department



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Tax Engineering and Modernization Project

- EDD Background
- Scope of the TEAM Project
- Issues and Challenges
- Lessons Learned
- TEAM Benefits
- Current Plans



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EDD Background

- Serves over 1,000,000 Employers in California.
- Collects Withholding Tax, Wage Reports, Employment Training Taxes, and Unemployment and Disability Insurance.
- Collected \$31.5 billion in 2000/2001.
- Maintains records on 18 million Employees.
- Over 24 million Tax documents and payments processed in 1999/2000.
- Approximately 17,000 EDD staff in 34 offices.



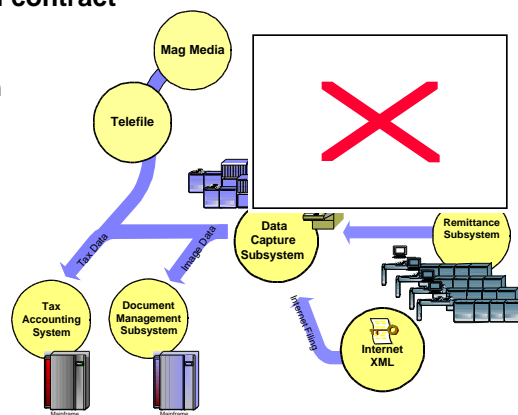
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Scope of the TEAM Project

- Benefits based \$62 million contract
- Started in July 1997
- Multi-Year implementation
 - ❖ BPR / CM / OD
 - ❖ Imaging and Workflow
 - ❖ Automated Data Capture
 - ❖ EDI / Magnetic Media
 - ❖ Telefile / IVR
 - ❖ Automated Mail Opening
 - ❖ Remittance Processing
 - ❖ Internet/FAX



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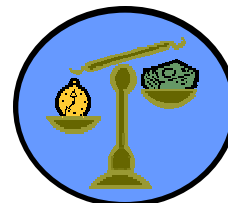
Issues and Challenges

- **Contract Challenges**
- **Business Process Challenges**
- **Change Management Issues**
- **Technical Issues/Challenges**



Contract Challenges

- **Cost Savings versus Revenue Increases---no credit for increased revenue to EDD.**
- **Thirty-three (33) Contract Deliverables/Multiple phases---a paper factory to create the “paperless environment !”**
- **Lack of a Test and Development Environment---the sales versus delivery issue.**
- **Maintaining a “Win-Win” Mentality---the problem of “zero layoffs” and “the cap”**





Business Process Challenge

- Establishing a Baseline----“who’s doing what?”
- BPR and Technology Implementation occurring simultaneously
- Avoiding “doing the wrong thing faster”
- Phasing can force you to do things twice
- “Outside the box” thinking -- when “the box” is pre-defined!



Change Management Issues

- The fear factor---“what about my job?”
- Organizational Design---the need to re-establish the metrics for success
- Addressing the issues associated with “zero layoffs”
- The impact of a missed technical milestone --or, when all hell breaks lose!





Technical Challenges/Issues

- One subcontractor failure can cost both parties millions!
- “Too many cooks spoil the broth”, or “where’s the beef?”
- Re-thinking the model for on-going support and maintenance
- Acceptance vs. Benefits Testing---quantitative versus qualitative measurements



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Lessons Learned

- Alternative Procurements and Partnerships
- Communications
- The “Sub-System” Champion Concept
- Plan on using contingency dollars
- Simplify the “paper deliverables”... focus on the “as-builts”



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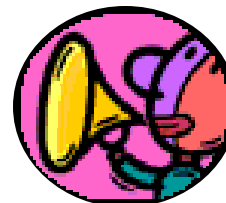
Alternative Procurements and Partnerships

- Be prepared to put the contract in the bottom drawer!
- Require the continuous involvement of senior management.
- Train your staff to begin thinking “win-win”.
- Stay the course and focus on where you want to be, not where you are.



Communications

- Establish a sense of ownership from “day 1”---foster ‘WE’, not ‘THEY’ thinking.
- Be prepared to say “I don’t know”
- Don’t “sugar coat’ the issues/problems
- Use every channel that you can and dedicate resources to execute a Communications Plan/strategy.





The “**Sub-System Champion**” Concept

- It can help establish a sense of ownership from “day 1”
- The amount of informal and formal knowledge transfer is extraordinary!
- Acceptance testing will be much more meaningful.
- You’ll find your benefits numbers much more accurate!



Plan on Using Contingency Dollars

- Use the Change Order process to optimize what the contract baseline established----be willing to “barter”!
- If nothing is changing you are probably doing something wrong!
- Acknowledge that the nature of the contract limits when and why the vendor may want to spend its contingency funds.





Simplify the Paper Deliverables

- Limit the number of reviewers/approvers to those individuals who participated in the entire “process”.
- Recognize that a one hour meeting can prevent hundreds of questions!
- Focus on the documents that have long term benefits—“As-Builts”, Training materials, technical and operational guides and manuals.



What Worked

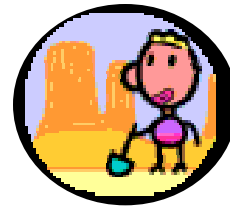
- Integrated Project Teams
- The “Zero-Layoff” Principle
- High Level Management Involvement
- The Technology



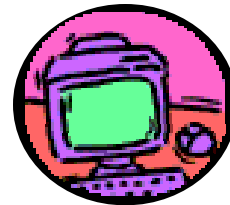
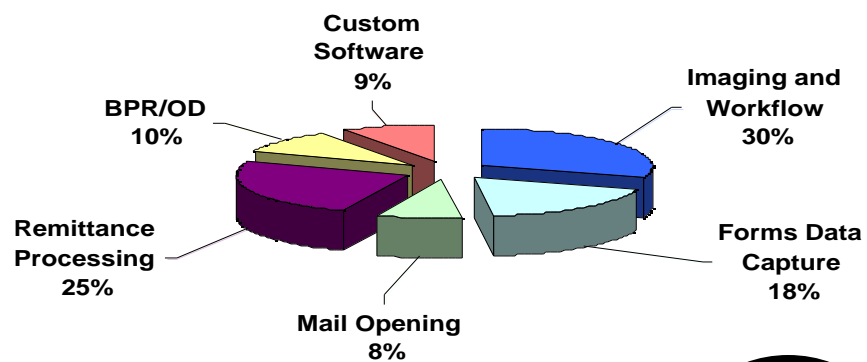


Benefits of the TEAM Project

- Same day deposit on all funds received; accurate funds allocation daily.
- Elimination of backlogs during peak processing periods
- EDD is virtually a “paperless environment”
- Vastly improved Customer Service -- “one call response”



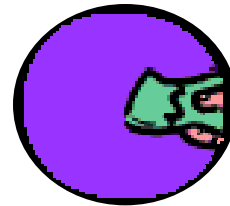
Benefits of the TEAM Project





TEAM Enhancements

- New Employee Reporting (NER/NHR) within TEAM
- TEAM solution was Internet enabled, E-Filing
- Automated FAX channels added to TEAM
- Adding “un-structured” forms processing capability



Current Plans

- TEAM Technology Refreshment (2002-2005)
 - Upgrade/consolidation of system Servers
 - Addition of a Storage Area Network
 - Upgrade/replacement of current document scanners
 - Upgrade/replacement of existing COTS applications
 - Enhancement of existing custom code
- Integration with Enterprise Tax System Review (ETSR)
- Use of TEAM technology to support UI/DI processing

