

## IT Project Proposal Report - Detail

### Agency: 018 - DEPT OF AGRICULTURE

Budget Cycle: 2013-2015 Biennium

Version: AF - AGENCY FINAL REQUEST

### IT Project : Paperless Inspections

#### General Section

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<b>City :</b> Lincoln		<b>NITC Score :</b>
<b>State :</b> Nebraska	<b>Zip :</b> 68509	

#### Expenditures

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
<b>Contractual Services</b>						
Design	0	0	0	0	0	0
Programming	76,500	0	0	38,250	38,250	0
Project Management	0	0	0	0	0	0
Data Conversion	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal Contractual Services</b>	<b>76,500</b>	<b>0</b>	<b>0</b>	<b>38,250</b>	<b>38,250</b>	<b>0</b>
<b>Telecommunications</b>						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
<b>Subtotal Telecommunications</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Training</b>						
Technical Staff	0	0	0	0	0	0
End-user Staff	0	0	0	0	0	0
<b>Subtotal Training</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## Expenditures

IT Project Costs	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
<b>Other Operating Costs</b>						
Personnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal Other Operating Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Expenditures</b>						
Hardware	160,000	0	0	80,000	80,000	0
Software	180,000	0	0	90,000	90,000	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal Capital Expenditures</b>	<b>340,000</b>	<b>0</b>	<b>0</b>	<b>170,000</b>	<b>170,000</b>	<b>0</b>
<b>TOTAL PROJECT COST</b>	<b>416,500</b>	<b>0</b>	<b>0</b>	<b>208,250</b>	<b>208,250</b>	<b>0</b>

## Funding

Fund Type	Total	Prior Exp	FY12 Appr/Reappr	FY14 Request	FY15 Request	Future Add
General Fund	216,500	0	0	108,250	108,250	0
Cash Fund	200,000	0	0	100,000	100,000	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>TOTAL FUNDING</b>	<b>416,500</b>	<b>0</b>	<b>0</b>	<b>208,250</b>	<b>208,250</b>	<b>0</b>
<b>VARIANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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## IT Project: Paperless Inspections

### EXECUTIVE SUMMARY:

The department's biennium request contains an expanded budget request that includes a one time biennium cost to convert inspection activities to a paperless document flow between the office and sixty plus inspection staff home officed throughout the State. This will allow the department to perform electronic inspections, provide the opportunity for a single employee productivity/time entry system, better communications with field staff, including field staff access to central data base data, and give all employees access to the State's LINK system to comply with Administrative Services (AS) new business process. Edoucment Resources conducted a Return On Investment (ROI) study for this project. The report is attached.

### **Attachments:**

Dept of Ag - ROI Projections Slides.pdf

### **GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):**

The primary focus is to perform electronic inspections, but this would also provide the opportunity for NDA to provide a single employee productivity/time entry system, better communications with field staff, including field staff access to central data base data, and give all employees access to the State's LINK system to comply with Administrative Services (AS) new business process.

To accomplish this the following goals have been identified.

1. Improve processing time of field inspections to gain efficiencies for field staff.
  - Remove the form design, purchase and form distribution currently in place.
  - Reduce time handwriting inspection forms and performing various manual calculations.
  - Create a uniform process that will provide better documentation if there is a legal challenge.

Outcome - Implement an electronic data capture solution that would replace the paper process, write directly to the legacy AS400 database and replace current paper records retention with an electronic storage and retrieval system.

2. Reduce cost of printing, preparation and distribution of paper inspection forms.

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- Reduce the cost of printing NCR multipart inspection forms; handling and storage.
- Create staff efficiency in not having to order and handle paper inspection forms.

Outcome - Provide field staff the ability to collect data using an electronic form via a mobile device or tablet.

3. Reduce office clerical time handling and filing of inspection forms.

- Eliminate duplicate data entry of form information.
- Reduce staff time manually filing and retrieving information from files.
- Reduce number of file cabinets that store inspection form data.

Outcome - Provide a solution that electronically stores inspection form data and writes data to a central database.

4. Develop additional applications to replace time sheet and productivity reporting process currently used.

- Provide a mobile device or tablet to all inspection staff.
- Create a uniform electronic time and productivity reporting system for all field staff.
- Provide access to all field staff to the State's LINK system to comply with AS new business process for employee benefits, talent learning and performance reporting.

Outcome - Provide a solution that electronically gives all field staff Internet access to state systems similar to office employees who have either a desktop, laptop, or like device.

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## **PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):**

Performing manual hand written inspections, mailing into the office, clerical staff reentering data into a data base, manual filing and retrieval is not the most cost effective use of limited staff and funding resources. With recent year budget cuts and staff reductions, it was determined there is a need to change the processes used for all the inspection work performed by over sixty field inspectors. The department consulted with the OCIO's office who used an independent contractor to complete an in-depth Return On Investment (ROI) analysis. The report shows in 1.43 years there would be a payback to our agency. The ROI attachment further details the factors taken into consideration.

## **TECHNICAL IMPACT (20 PTS):**

Under this proposed concept, there would be a uniform process to complete all types of inspections performed by the department. There are currently over 100,000 inspections performed annually, mostly on paper forms. An electronic inspection system will increase the number of devices that will need to be managed. The department proposes not to change current data bases. Development costs include design/architecture of e-forms, configuration of document types, key words, foldering, workflow, records storage, digital signatures and printer configuration. Consideration has also been taken into account for AS400 integration of data flow, device testing, training and the need for a support structure. The department has reviewed other private outside vendors and will continue to analyze cost/benefit factors compared to the results found in the OCIO's ROI document.

## **PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):**

The department will direct one time additional resources to implement a new electronic inspection program and to try and convert all programs in this time frame. During FY2012-13, utilizing approved federal funding and some existing resources, the department plans to purchase six each hand held devices from two manufacturers. Selected applications will be developed and tested by field staff. An analysis will be performed to select the best device for the type of inspections being performed and electronic communication needs to interact with the central data base. The department will then prioritize, by focus area, an equipment purchase and development plan. To the extent state funding is available and utilizing approved federal funds, application development will be started.

During the next biennium, assuming funding and appropriation is approved by the Legislature, full implementation will begin to purchase devices, set up communications and develop programs with a goal to have full implementation by January, 2015.

## **RISK ASSESSMENT (10 PTS):**

The department worked with the OCIO's office who utilized a contractor to do a Return On Investment (ROI). The OCIO has up to a 15 year commitment with Edocument Resources that will provide stability if this is the chosen developer. The department is currently in process of evaluating other products that have similar products that are currently utilized in other states. The department has biweekly meetings with focus area administrators that include reviewing risk assessment.

## **FINANCIAL ANALYSIS AND BUDGET (20 PTS):**

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The current proposed model is to use approximately 1/3 state general funds, 1/3 cash fund user fees, and 1/3 federal funding over an approximate 2 year time frame. A large percentage of the federal funds have already been approved. The agency biennium budget request reflects an expanded budget request for state general and cash fund appropriation. There would be an estimated \$616,500 fiscal impact over approximately a 2 fiscal year time frame to make this happen. Based on the ROI study and other management decisions, this could change.

The federal government is supportive so there is uniformity between cooperating states, paperless flow of information, and real time sharing of data.



# Return on Investment Findings *Department of Agriculture*





# Agenda

- Scope of Analysis
- Business Objectives
- Key Factors
- Operational Costs and Savings
- Investment Requirements
- Return On Investment Projections
- Benefits
- Important Considerations

# Scope of Analysis

- **Scope Explained**
  - Paper Forms Process for Field Staff: Onsite data collection and processing.
  - *Process of ordering, distributing, onsite data collection, data entry and filing.*
- **Other Notes**
  - More detailed analysis done of the field staff workflow process
  - Key assumptions about the workflow steps have been made for other departments in order to simplify the process
  - Process Time for Mailing and Time Saving will be significant

# Business Objective #1

- **Improve process time to gain efficiencies for Field Staff**
  - **Purpose**
    - Remove Form Purchase and Distribution
    - Reduce time handwriting inspection forms and performing various calculations
    - Create uniform process that will provide better documentation if there is a legal challenge
  - **Consequences of not meeting this Objective**
    - The Department of Agriculture collects over 100,000 paper filings of data collection from its Field Staff. This causes slower processing and higher overhead.
    - Potential for calculation error's and making calculation changes
  - **Remedy:** *Implement a electronic data capture solution that process that replaces the paper process and writes directly to the legacy AS400 database.*

## Business Objective #2

- **Reduce Material Cost**
  - **Purpose**
    - Reduction in yearly form procurement and distribution
    - Form distribution time savings
  - **Consequences of not meeting this Objective**
    - Continued high cost to print forms and mailing distribution cost to the agency. Continued delay in form distribution to field staff.
  - **Remedy:** *Provide field staff the ability to collect data using an electronic form via a mobile device or tablet.*

## Business Objective #3

- **Reduce Clerical Handling and Filing of Inspection Forms**
  - **Purpose**
    - Reduce clerical time for data entry into central database
    - Reduce time in filing forms and number of file cabinets
  - **Consequences of not meeting this Objective**
    - Continued clerical staff handling of forms and filing of the information.
  - **Remedy:** *Provide a solution that electronically stores inspection form data and writes data to central database.*

# Picture of Current Cost (As-Is)

## Cost Summarization

Cost Category	Definition	Current Op Cost	Daily Op Cost
<i>Total Paper Management Costs</i>	<i>Costs associated to handling paper files. Not associated to a business process.</i>	\$ -	\$ -
<i>Total Information Distribution Costs</i>	<i>Costs associated to the receiving and sending of information.</i>	\$ 18,500.00	\$ 77.08
<i>Total Existing Technology Costs</i>		\$ -	\$ -
<i>Total Miscellaneous Costs (Labor)</i>		\$ -	\$ -
<i>Total Process Costs (Labor)</i>	<i>Costs associated to specific business processes</i>	\$ 914,711.04	\$ 3,811.30
<i>Workflow Support Costs</i>	<i>Costs for support functions and assets pertaining to a business process</i>	\$ 43,740.00	\$ 182.25
<i>Loss Expectancy Costs</i>	<i>Cost avoidance items</i>	\$ -	\$ -
<b>Total</b>		<b>\$ 976,951.04</b>	<b>\$ 4,070.63</b>

### Notes:

- All figures are annual
- Full details available

# Proposed Savings with Solution

## Cost Summarization

Cost Category	Definition	Current Op Cost	Daily Op Cost	New Op Cost	New Daily Op Cost	Cost Benefit
<i>Total Paper Management Costs</i>	<i>Costs associated to handling paper files. Not associated to a business process.</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Information Distribution Costs</i>	<i>Costs associated to the receiving and sending of information.</i>	\$ 18,500.00	\$ 77.08	\$ 18,500.00	\$ 77.08	\$ -
<i>Total Existing Technology Costs</i>		\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Miscellaneous Costs (Labor)</i>		\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Process Costs (Labor)</i>	<i>Costs associated to specific business processes</i>	\$ 914,711.04	\$ 3,811.30	\$ 292,169.68	\$ 1,217.37	\$ 622,541.36
<i>Workflow Support Costs</i>	<i>Costs for support functions and assets pertaining to a business process</i>	\$ 43,740.00	\$ 182.25	\$ -	\$ -	\$ 43,740.00
<i>Loss Expectancy Costs</i>	<i>Cost avoidance items</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>		<b>\$ 976,951.04</b>	<b>\$ 4,070.63</b>	<b>\$ 310,669.69</b>	<b>\$ 1,294.46</b>	<b>\$ 666,281.36</b>

### Notes:

- All figures are annual
- Full details available

# Investment Required

Investment Summary Table

Cost Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<i>eDoc Products and Services</i>	\$ 12,800.00	\$ 12,800.00				\$ 25,600.00
<i>Hardware</i>	\$ 102,740.00	\$ 99,140.00	\$ 36,140.00	\$ 36,140.00	\$ 9,140.00	\$ 283,300.00
<i>Software License</i>	\$ 61,956.00	\$ 61,956.00	\$ 40,608.00	\$ 40,608.00	\$ 40,608.00	\$ 245,736.00
<i>OCIO Products and Services</i>	\$ 92,595.00	\$ 92,595.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 195,990.00
<i>Ag. Support - Department FTE</i>	\$ 39,975.00	\$ 39,975.00	\$ 39,975.00	\$ 39,975.00	\$ 39,975.00	\$ 199,875.00
<b>Grand Total</b>	<b>\$ 310,066.00</b>	<b>\$ 306,466.00</b>	<b>\$ 120,323.00</b>	<b>\$ 120,323.00</b>	<b>\$ 93,323.00</b>	<b>\$ 950,501.00</b>

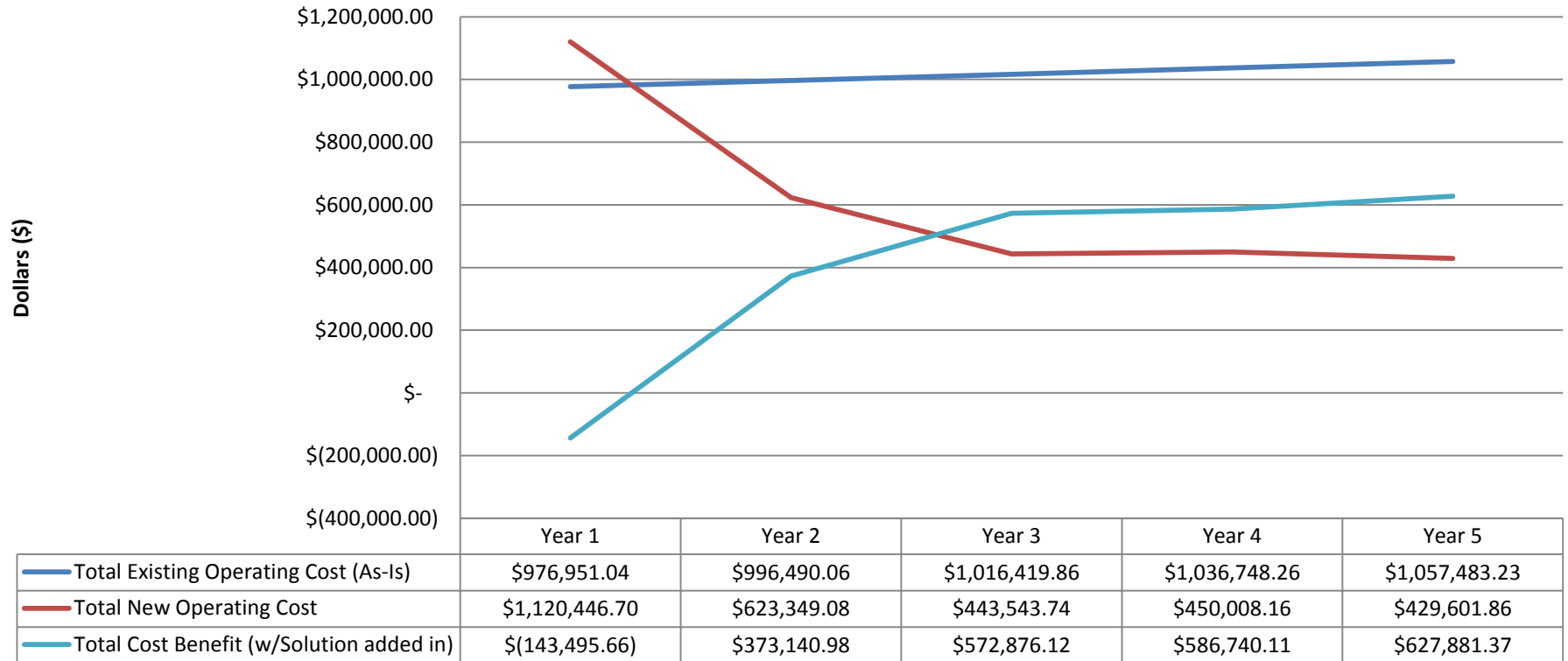
## Notes:

- Full details available
- Estimate Only



# Financial Projections

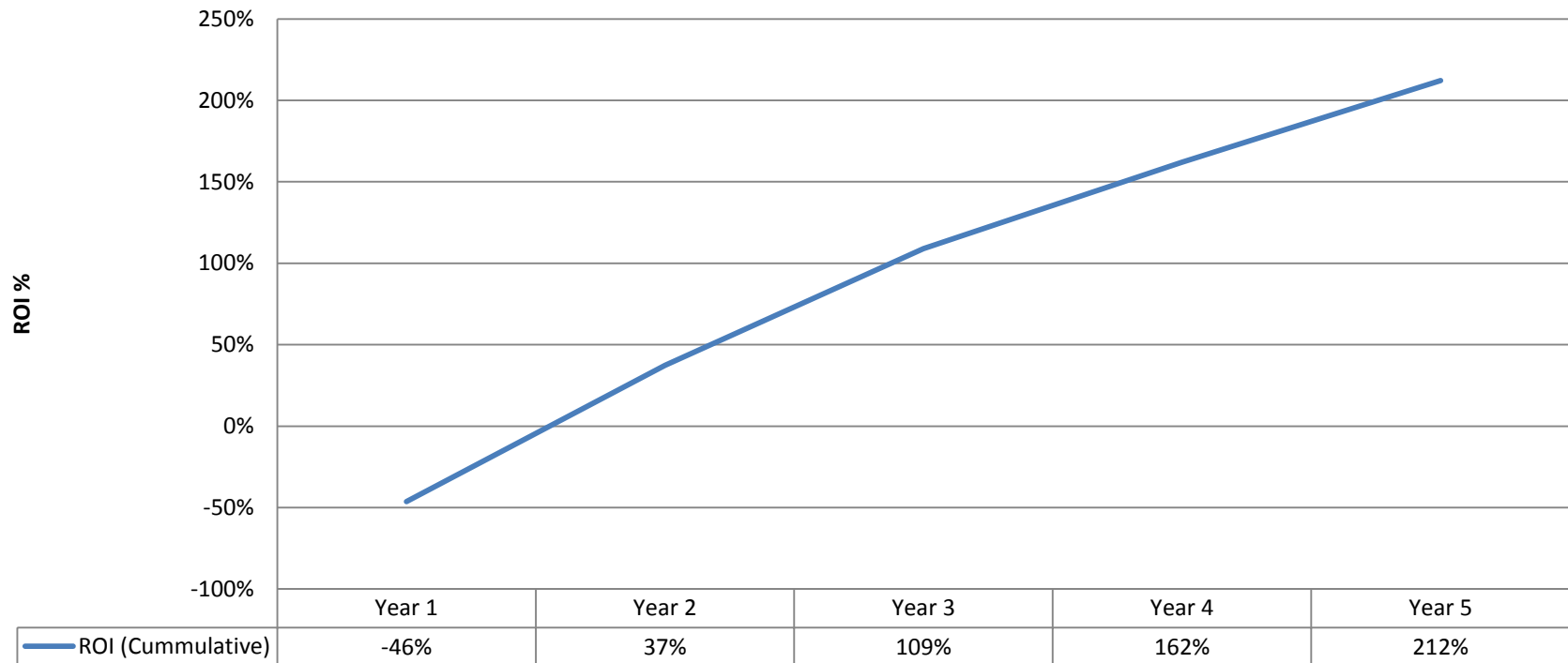
## Cost Scenarios



*Note:*

# Return On Investment Projection

## Project ROI



$$ROI (\%) = \text{Net Benefits} / \text{Project Cost}$$

# Financial Summary

## Base Benefits Statement and Financial Summary

Financial Summary	Value	Notes
<i>Current Operating Cost</i>	\$ 976,951.04	<i>As-Is. Annual Figure</i>
<i>New Operating Cost</i>	\$ 310,669.69	<i>Assumed To-Be. Annual Figure</i>
<i>Operating Cost Delta</i>	\$ 666,281.36	<i>Assumed. Annual Figure</i>
<i>Total Initial Investment</i>	\$ 950,501.00	<i>See Investment Table/Tab</i>
<i>Payback Period (in Years)</i>		1.43
<i>Net Benefit</i>	\$ (284,219.64)	
<i>Base ROI (Return on Investment)</i>		-30% <i>All Costs, All Benefits</i>
<i>BCR (Benefits to Cost Ratio)</i>		0.70

# Other Important Considerations

- Time to market for project
  - Developing eForms Unity Forms
  - Development and Professional Services
    - Change Management
    - Discovery
    - Design/Architecture
    - Configuration
      - Document Types and Keywords
      - Foldering
      - Workflow
      - Records Management
      - Digital Signatures (?)
      - Printer Configuration
      - Brief Case Set Up
    - AS400 Integration
    - Tablet Set Up and Testing
    - Testing
    - Training (Train the Trainer)
    - Production Support
    - Support Structure Planning/Define
    - On Going Support
    - Project Management