

Fork in the Road: Navigating the Build vs. Buy Decision

System Modernization Pop-up

Agenda

0. Build or Buy... What?

1. Defining The Vision For Future Operations

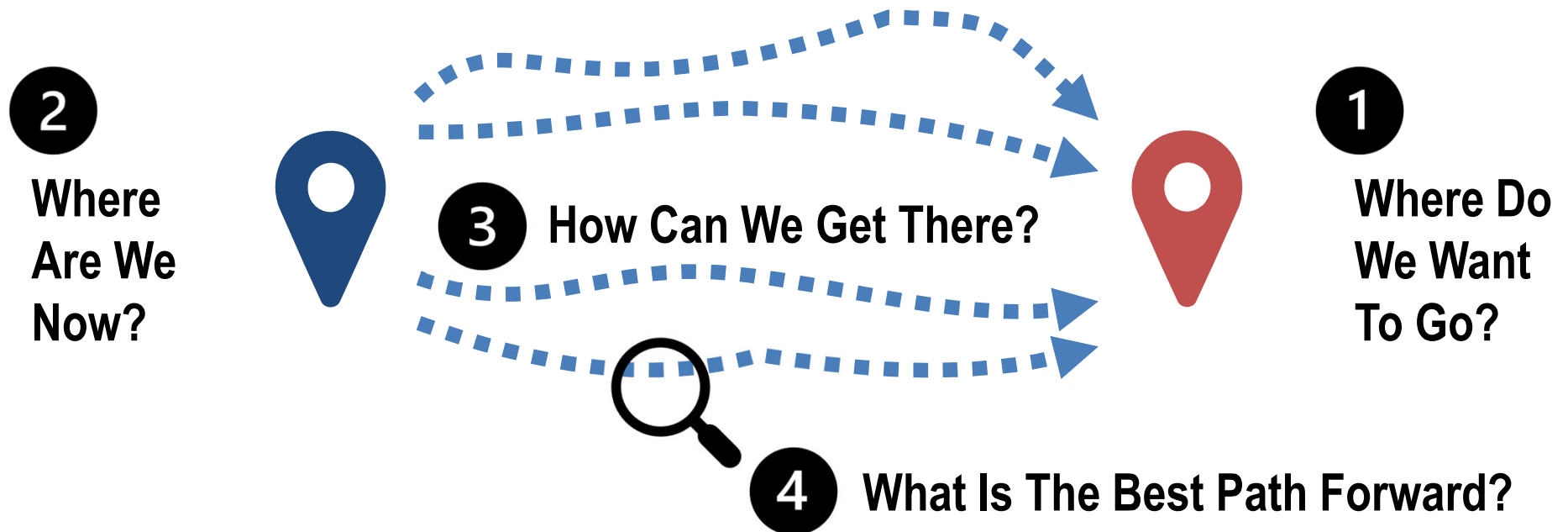
2. Assessing the Current State of Operations & Technology

3. Identifying Options For Implementing The Vision

4. Evaluating The Options

Build or Buy... What? Identifying the Best Modernization Strategy

A DMV modernization effort should not begin with the question, “Should we buy or build a new system?” It should begin with the question, “What does the agency need in order to better achieve its mission in the future?”



1

Where Do We Want To Go?

Defining The Vision For Future Operations

The first step is to establish a clear vision for how the agency wants to operate in the future. This vision should describe:

- Desired Customer Experience
- Operational Goals
- Stakeholder & Partner Needs
- Technology Expectations

In short, this step defines the “future state” the agency wants to achieve before discussing specific technology purchases or implementation approaches.



Creating A Vision

Some considerations for creating a modernization vision...

Inputs should include:

- *what is working well*
- *what is not working well*
- *customer pain points and service gaps*
- *business goals and policy priorities*
- *best practices from private-sector service organizations*
- *best practices from other public agencies,*
- *lessons learned from other DMVs*

Try and answer:

- How customers interact with the DMV in the future?
- What services should be digital, self-service, or automated?
- What services should remain in-person?
- How quickly should transactions be completed?
- What information should staff have available to serve customers effectively?
- What operational flexibility is needed to adapt to law, policy, and program changes?
- What level of security, data quality, and transparency is required?

Additional Vision & Planning Considerations

Ensure your team has consensus on project constraints and expectations – what does modernization mean to leadership?

Considerations

- **Risk** – Willingness to accept risk
- **Schedule** – Mandatory schedule/delivery deadlines
- **Adaptation** – Willingness to adapt and modernize business processes
- **Scope** – Openness to adjust scope and keep some existing technology
- **Outsourcing** – Openness to ongoing vendor dependency
- **Enhancements** – How the agency will stay current and evolve

2 Where Are We Now?

Assessing the Current State of Operations & Technology

We need to assess current operations and technology to better define our options for moving forward.

The current-state assessment should identify:

- strengths that should be preserved
- weaknesses that must be addressed
- operational bottlenecks
- policy or procedural barriers
- customer service issues
- staffing and organizational limitations
- technology constraints
- support and maintenance challenges

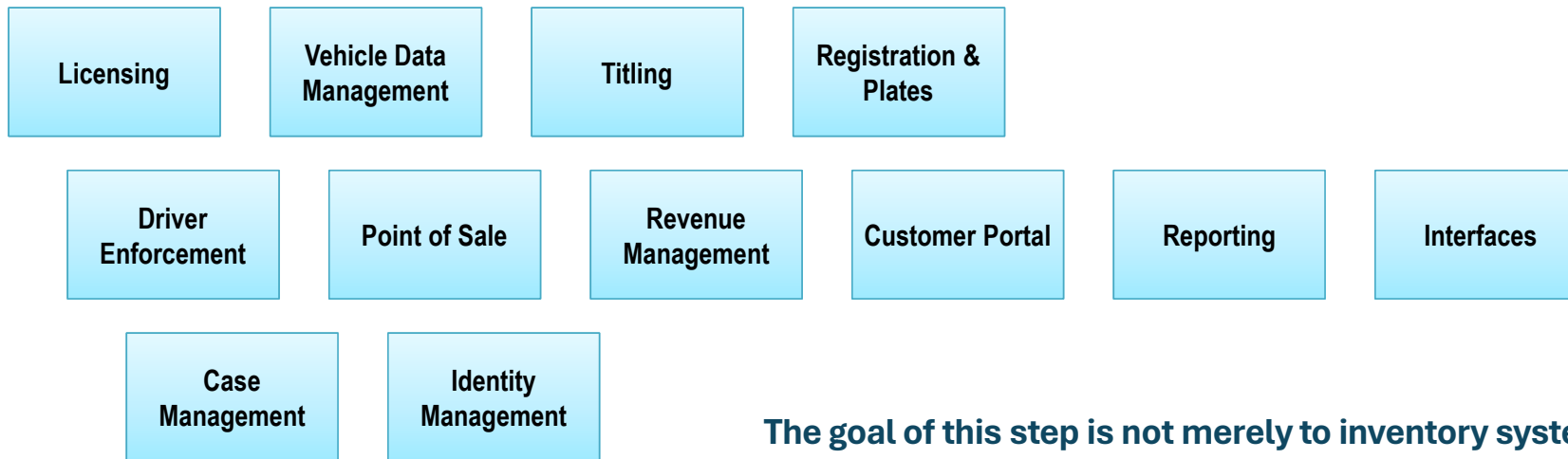


What's The Condition of Your Legacy Systems?

Assessing the condition of your legacy systems is important to the planning process.

What stays? What goes? What needs to be enhanced?

What functions are “in scope” for your future vision and modernization?

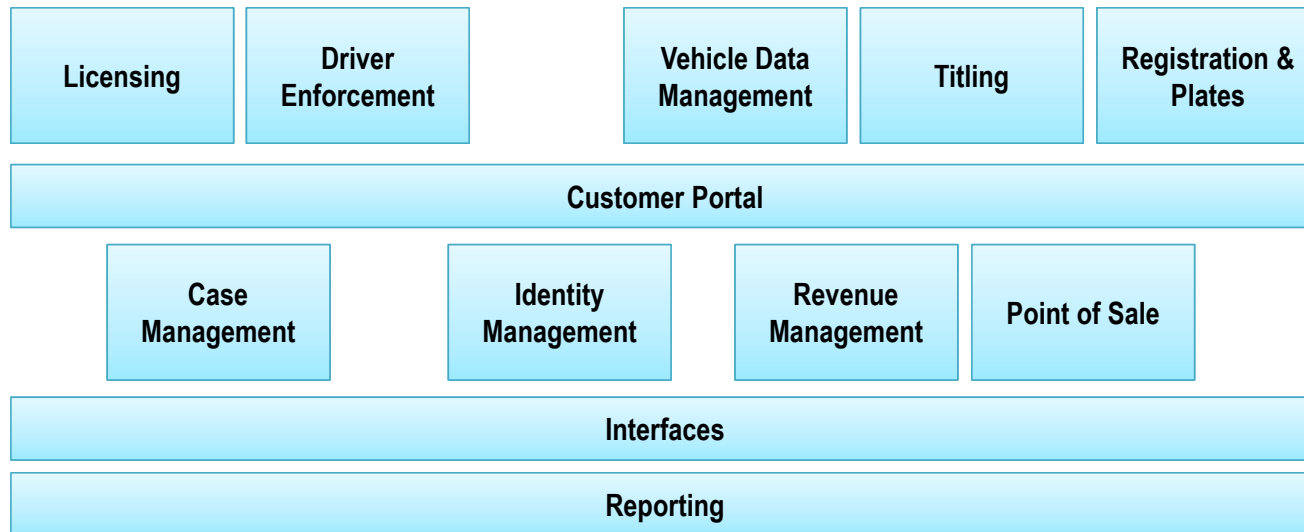


The goal of this step is not merely to inventory systems. It is to understand how well the current environment supports the agency's mission and where the most significant gaps exist between current reality and the future vision.

What's The Condition of Your Legacy Systems?

Graphically organizing them can give the team a better feel for:

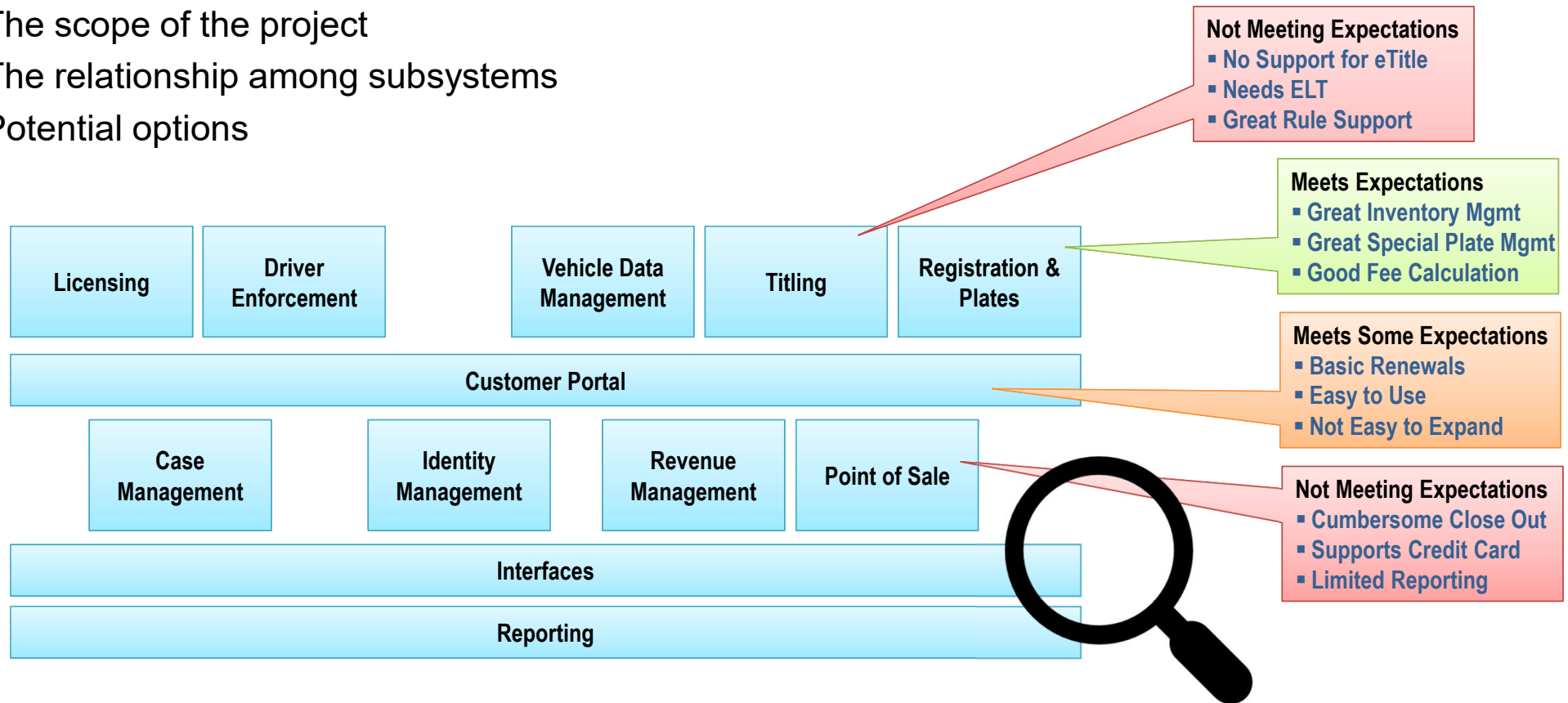
- The scope of the project
- The relationship among subsystems
- Potential options



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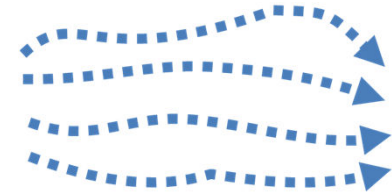
- The scope of the project
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3 How Can We Get There?

Identifying Options For Implementing The Vision

Once we understand the desired future state and current state, we can identify realistic, specific paths to reach our Vision.



Commercial Off-The-Shelf Product

Acquire a commercial off-the-shelf solution and configure or customize it as needed.

- + Quicker path to implementation
- + Proven functionality
- + Vendor-supported maintenance and upgrades
- Vendor dependence
- Implementation can be expensive
- Agency may need to adapt to the product

Custom Software Development

Builds a system tailored to agency scope & requirements, either internally or with implementation partners.

- + Maximum flexibility
- + Adapts to smaller/specific scope
- + Greater control over roadmap and priorities
- Higher risk
- Potentially longer timeline
- ± Need plan for ongoing upgrades

How Can We Get There? More Options

Hybrid

Combine purchased components/systems with custom development and integration.

- + Balance flexibility & reuse
- + Allows packaged solutions where possible
- + Reduce dependence on single product
- May be complex
- May include multiple vendors and contracts
- More complex support model
- ± Requires strong architecture and governance

Incremental Modernization

Modernize subsystems in phases rather than everything at once.

- + Early wins
- + Adapts to smaller/specific scope
- + Spread cost and risk over time
- Legacy complexity/weaknesses remain
- Longer timeline
- ± Requires a disciplined, long-term roadmap.

For each option we need to understand both implementation and ongoing support.

Defining the Support Model for Each Option

An agency should choose not only the system and option it wants to implement, but the system it can realistically operate, maintain, secure, and evolve over time.

Ongoing Support and Maintenance will last much longer than the initial implementation.

Tasks include:

- Enhancements and re-configuration
- Requirements analysis
- Release management
- Infrastructure and cloud operations
- Cybersecurity
- Data and interface support
- Help desk and user training
- Vendor management

Define Support Options that match the agency's needs.

- **High capability agency:** may consider taking on a large part of support for any option.
- **Moderate capability agency:** may prefer COTS and shared vendor support.
- **Low capability agency:** may favor solutions with strong vendor-managed support.

Clarifying Options

There are many sources of information when clarifying options – use them.

Sources of Information

- Vendors & Demonstrations
- AAMVA
- Other Jurisdictions
- Public and Private Sector Organizations
- Consultants

Information to Seek

- Features and Functions
- Costs
- Implementation Schedules
- Challenges and Solutions
- Best Practices and Recommendations
- State Resource Requirements
- Vendor Satisfaction
- Sample RFPs

4

What Is The Best Path Forward?

Evaluating The Options

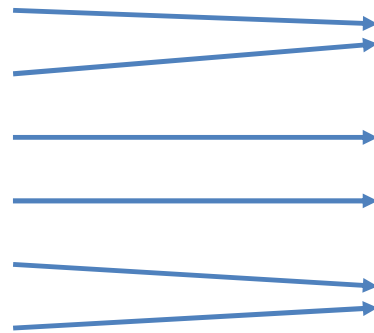
Does This Implementation Approach/Option Meet Your Needs?

Every agency needs to define and prioritize its evaluation criteria.

Considerations include:

Potential Criteria

- Meet Current Needs
- Meet Future Needs
- Your Ability to Engage
- Risk
- Speed
- Cost



Inputs To The Analysis

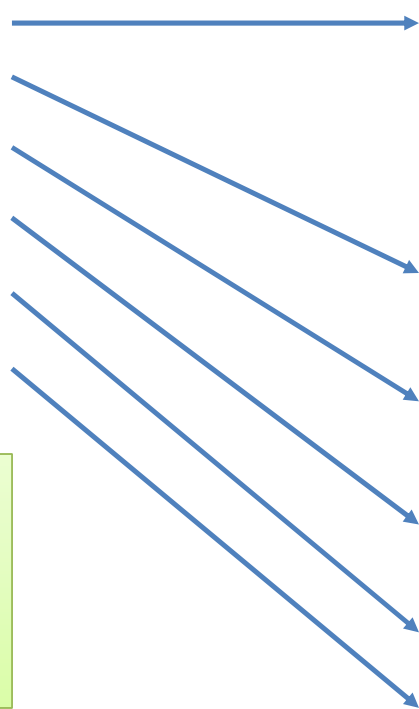
- Scope and Vision
- Level of Effort, Skills, Capacity, Avail Resources
- Complexity, # of Vendors, Scope, Ability to Engage
- Assessment of Similar Projects, Other State Feedback, Vendor & Consultant Guidance

Assessing An Agency's Ability To Engage & Handle an Option

Modernization projects require substantial effort and collaboration to build new subsystems – or replace them all. What can your agency handle? What resources and skills are available?

- IT Capabilities
- Business Analysis
- Data Management
- Project Management
- Change Management
- Governance

- **Are skilled resources available?**
- **Can you contract & manage them?**



- Technology Architecture
- Software Design & Development
- Testing
- Security
- Requirements Definition
- Process Improvement
- Database Design
- Data Cleansing & Conversion
- Schedule Development & Management
- Resource Estimation
- Training & Communications
- Prioritization & Decision Making

Assessing An Agency's Ability To Engage & Handle an Option

Were else is your agency engaged/distracted?

What are you already doing?

Some projects may get absorbed into the modernization or become part of it?

Potential Inflight Projects

- Interfaces
- mDL
- eTitling
- Web Portals
- Legislative Updates

Your ability to

- **identify your current project portfolio**
- **assess the active resources**
- **determine the status of each project**

may tell you how ready you are for a big modernization.

Assessing the Costs of Each Modernization Option

Cost assessment should go beyond initial implementation price. Agencies should evaluate the full life-cycle cost of each option, including implementation, operations, maintenance, enhancements, staffing, vendor support, and future change.

Cost categories to evaluate for every option...

- Planning, procurement, and project management
- Software licensing
- System integration and implementation services
- Configuration, customization, and development
- Data conversion and migration
- Testing, training, and organizational change management
- Infrastructure, hosting, and cybersecurity
- Ongoing maintenance and support
- Enhancements and future releases
- Internal staffing and contractor support
- Vendor fees and recurring subscription costs
- Transition and cutover costs
- Risk contingency for delays, defects, and scope growth

Also include savings categories...

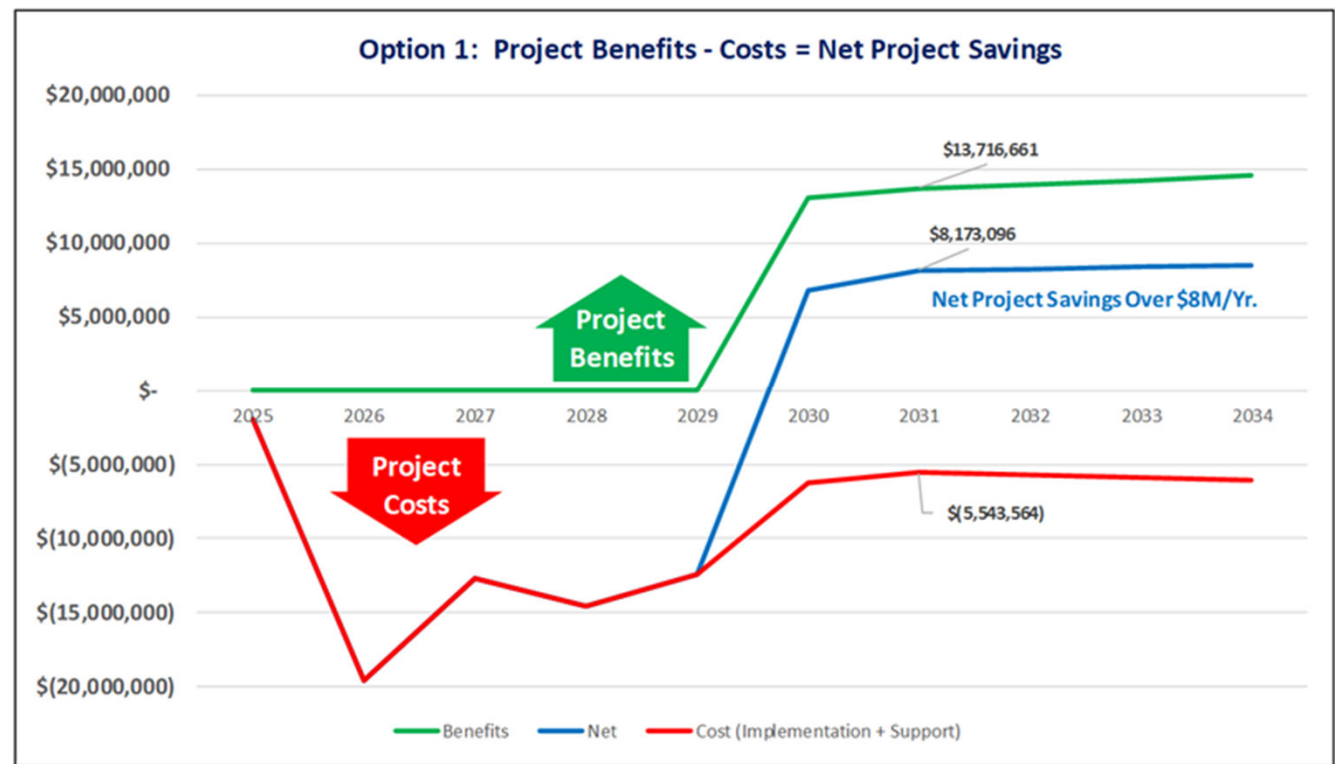
- Reduced overtime costs
- Additional fee collection
- Retired servers – mainframe, servers
- Retired software – database & document mgmt licenses
- Operational savings
- Contractor fees for legacy software maintenance

Assessing the Costs of Each Modernization Option

The following is an example cost analysis including costs and benefits.

In this example, cost savings and operational improvements will result in an annual savings.

This is one of many factors to review when selecting a modernization option.



Big Picture

Jurisdictions are not alike and each has specific challenges, starting points, and goals. Modernization options vary substantially too...

- Be clear on what you are trying to achieve
- Understand what you need
- Identify options
- Understand what you can accomplish internally
- Understand what external resources are available
- Consider both implementation and support



Questions, Discussion

QA &

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