

DERS UI Benefits Modernization

State of Arizona – DES

Change Request

December 18, 2024

Project DE23008



DEPARTMENT OF ECONOMIC SECURITY

Your Partner For A Stronger Arizona

Agency Vision

A Thriving Arizona

Agency Mission

To strengthen individuals, families and communities for a better quality of life



Project Team Introduction

Roles Present at ITAC

- Mark Darmer - Chief Information Officer, Assistant Director

ADES/Division of Technology Services

- Anna Hunter - Assistant Director

ADES/Division of Employment & Rehabilitation Services

- Kristopher Goins - Sr. IT Project Manager

ADES/Division of Employment & Rehabilitation Services

Project Introduction

Date/high-level overview of the approved original project investment justification (PIJ):

On 11/18/2022, ADOA ASET approved the original project investment justification (PIJ) to procure the **DERS UI Benefits Modernization project.*

This solution:

- *Is a Software as a Service provided by a vendor, eliminating ADES' need to provide infrastructure and application support*
- *Provides automation of federal data reporting*
- *Is a scalable technology providing opportunity for further integration with Unemployment Insurance Tax and Workforce lines of business.*
- *Provides disaster recovery*
- *Provides visibility and blocking of malicious use of scripting tools such as Powershell, batch, bash;*
- *Identifies and blocks misuse of system utilities and other post-exploitation tools*

**Nine proposals were evaluated and Geographic Solutions was selected based upon having the highest proposal score.*

The original PIJ spanned 2/1/23 through 4/30/25 and had development costs of \$9,955,984.

**A passive change request for <1% increase was processed with ASET bringing current development is to 10,035,624.*

Project Change Request History

Change Request	Date Approved	Type	Brief Description
CR-0972	9/23/24	<ul style="list-style-type: none"> ✓ Budget <input type="checkbox"/> Schedule ✓ Scope 	FY24 - Amendment # 2 Removal of Third-Party application Zendesk from Implementation - Cost Savings of \$45,360 implementation and \$1,020,432 (licensing) over 10 years. Adding Appeals Module - \$125,000 Increase in Implementation Costs for an increase of \$79,640.

*This was a passive change request for a <1% increase that was processed with ASET bringing current developments to 10,035,624 on 9/14/23.

Current Overall Project Health (RED)

Budget		<ul style="list-style-type: none"> • FY 24 Amendment #2, Removal of Third-Party application Zendesk from implementation, cost savings of \$45,350-implementation and \$1,020,432 in licensing over 10 years. Addition of Appeals Module - \$125,000 increase in implementation costs. • FY 25 Amendment #4, Change Orders totalling \$27,245 • Potential Change Orders estimated \$100,000
Schedule		<ul style="list-style-type: none"> • Data Conversion - Due to the complexity, size and several sources of legacy data, delays relating to data conversion could impact the project. - Added at Project Initiation • Self Assign Work Item Administration - Inability to implement existing Arizona methodology of the Pull method for work item administration will have an impact on the project, preventing timely implementation. • Unexpected amount of change needed to bring the system into compliance with Arizona State Law/Regulations • Vendor pursuing StateRAMP Authorization with Arizona as a sponsor
Scope		<ul style="list-style-type: none"> • Removed Zendesk application from implementation • Added Appeals
Milestones		<ul style="list-style-type: none"> • Mock Conversions 1-6 Completed • StateRAMP is completed and is pending AZ Review
Risks		<ul style="list-style-type: none"> • Work Assignment Methodology - Risk #8 • Data Conversion - Risk #1
Issues		<ul style="list-style-type: none"> • Delays in delivering/completing development - Issue #7

Project Change Request Overview

What in the PIJ is changing?

- ✓ **Timeline**
 - 04/30/2025 to 12/30/2025
- ☐ **Scope**
- ✓ **Budget**
 - From \$10,035,624 to \$10,221,769 (increase of \$186,145)

What initiated this change?

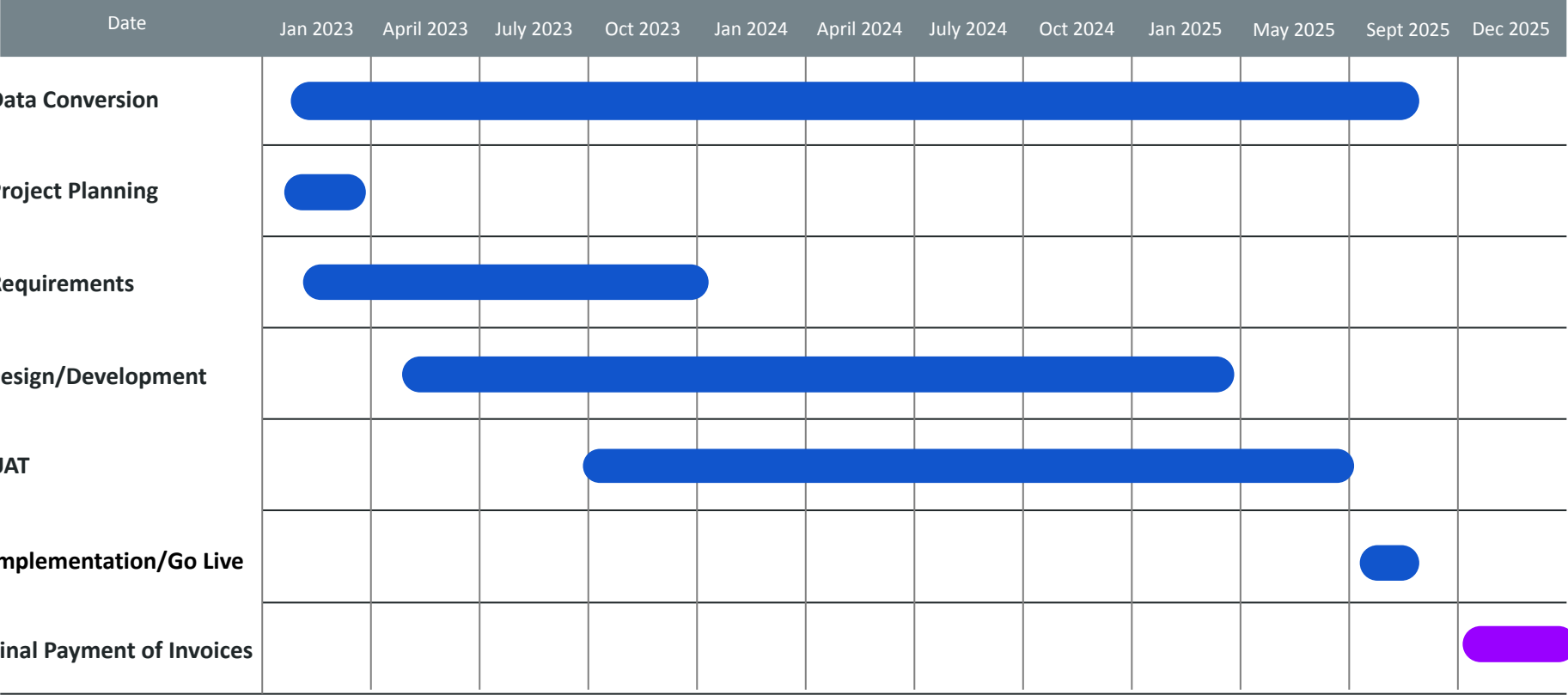
- *Data Conversion - Due to the complexity, size and several sources of legacy data, delays relating to data conversion could impact the project. - Added at Project Initiation*
- *Self Assign Work Item Administration - Inability to implement existing Arizona methodology of the Self-Assign method for work item administration will have an impact on the project, preventing timely implementation.*
- *Unexpected amount of change needed to bring the system into compliance with Arizona State Law/Regulations*
- *Vendor pursuing StateRAMP Authorization with Arizona as a sponsor*

Revised Project Timeline

Identify any change in timeline and possible benefits:

Milestone Name	Milestone Health	% Complete	Original Start Date	Original End Date	Revised Start Date	Revised End Date
Data Conversion Activities		60	4/5/23	10/6/2024		9/12/25
Project Planning		100	2/13/23	3/30/23		
Requirements		100	2/21/23	1/30/24		
Design/Development		90	5/1/23	3/31/24		3/1/25
Sprint & User Acceptance Testing		35	6/1/23	10/1/24		8/15/25
Implementation/Go Live		0	12/1/24	1/31/25	8/15/25	9/14/25
Payment of Final Invoices		0	1/31/25	04/30/25	9/14/25	12/30/25

Proposed Project Timeline



Original PIJ Project Costs

Project Costs by Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Professional & Outside Services (Contractors)	\$5,335,120.00	\$4,620,864.00	\$0.00	\$0.00	\$0.00	\$9,955,984.00
License & Maintenance Fees	\$0.00	\$1,964,130.91	\$3,660,506.35	\$3,770,327.02	\$3,883,444.78	\$13,278,409.06
Total Development	\$5,335,120.00	\$4,620,864.00	\$0.00	\$0.00	\$0.00	\$9,955,984.00
Total Operational	\$0.00	\$1,964,130.91	\$3,660,506.35	\$3,770,327.02	\$3,883,444.78	\$13,278,409.06
Total						\$23,234,393.06

**Passive change request for 1% increase was processed with ASET bringing current developments to 10,035,624.*

Amended Project Costs

Project Costs by Category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Professional & Outside Services (Contractors)	\$5,646,265	\$4,575,504	\$0	\$0	\$0	\$10,221,769
License & Maintenance Fees	\$0	\$1,853,359	\$3,546,411	\$3,652,804	\$3,762,391	\$12,814,965
Total Development	\$5,646,265	\$4,575,504	\$0	\$0	\$0	\$10,221,769
Total Operational	\$0	\$1,853,359	\$3,546,411	\$3,652,804	\$3,762,391	\$12,814,965
Total						\$23,036,734

High Risk Key Recommendations - (Month/Year)

- **Key Recommendations to the Project**

- Recommendation: Regarding the implementation of the Self-Assign functionality, IV&V recommends considering implementing incrementally.
 - Mitigation - This is not an option. The functionality needs to be delivered completely for this to be viable.
- Recommendation: Regarding the outstanding work to be completed, and the quality of delivered functionality, IV&V recommends GSI implement a more rigorous monitoring process to track the progress of remaining work.
 - Mitigation - Arizona has implemented with GSI a regular cadence of meetings and reports delivery to track the progress of outstanding work.

Q & A Session

Current Conditions 1 of 2

ADOA-ASET Conditions

1. Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.
2. Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health. The first status report for this project is due on March 15, 2023.
3. Prior to moving any State data into the vendor-hosted environment and/or spending of funds, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the Arizona Baseline Security Controls document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

Current Conditions Cont. 2 of 2

ADOA-ASET Conditions

- 4 Prior to system production environment launch or go live, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the System Security Plan document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

- 5 **Condition has been met:** The agency shall present ITAC with an informational update on the progress of establishing the Digital Transformation Office and how the agency believes the office will assist in risk mitigation for the project and other agency information technology projects.

ITAC Voting Options

What ITAC May Consider In Review Whether:

- a. The proposed solution addresses the stated problem or situation;
- b. The budget unit is competent to carry out the project successfully;
- c. Sufficient sponsorship and support by budget unit leadership exists;
- d. Cost estimates provided are accurate;
- e. The proposed project aligns with the budget unit's Strategic IT Plan; and
- f. The proposed solution complies with statewide IT standards.

ITAC Motions:

- a. Move to Approve
- b. Move to Approve with Conditions As Presented
- c. Move to Approve with Conditions
 - i. Committee May Modify or
 - ii. Add Conditions
- d. Move To Deny

Relevant Statutes and Rules

Appendix

Financial Impact

Overview of Current Development Budget Position

State Funding			
APF			
	Appropriated	Favorably Reviewed	ADOA Transferred
Total FY24 Appropriated	\$0	\$0	\$0
Total FY25 Appropriated	\$0	\$0	\$0
Total APF	\$0	\$0	\$0
General or Non-APF State Fund			
Fiscal Year	Planned		
FY24	\$0		
FY25	\$0		
Total General Fund	\$0		
Total of All State Funding	\$0		
Federal Funding			
	Appropriated	Approved to Spend	Available to Spend
<i>Name/Number of Fund</i>	\$0	\$ 10,221,769	\$ 10,221,769
Actuals			
	APF/GF Spent	Federal Spent	
<i>Name/Number of Fund</i>	\$0	<i>Name/Number of Fund</i>	\$3,409,770
<i>Name/Number of Fund</i>	\$0	<i>Name/Number of Fund</i>	\$
<i>Total APF/GF Spent</i>	\$0	<i>Total Federal Funds Spent</i>	\$3,409,770
Total Fund Remaining			
Total Funds Available to Spend	\$10,221,769		
Total Funds Spent	\$3,409,770		
Total Funds Remaining	\$6,811,999.00		

- Change Request includes \$186,145 increase.