PFD Imaging System Update **FY2005 Request: $220,000**
Reference No: 38927

AP/AL: Appropriation
Project Type: Information Systems
Category: General Government
Location: Statewide
Contact: Susan Taylor
House District: Statewide (HD 1-40)
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Estimated Project Dates: 07/01/2004 - 06/30/2009

Brief Summary and Statement of Need:
The mission of the Permanent Fund Dividend Division is to distribute the annual Permanent Fund Dividend to eligible Alaskans. Imaging of the more than two million applications and supporting documents received each year is pivotal to maintaining low processing costs and therefore mission critical. The Division's image system, like all complex computer systems, requires periodic upgrades in software and hardware to handle growth, obsolescence, to take advantage of efficiency improvements, and to assure adequate disaster recovery capability. This particular upgrade is urgent. The current system will reach the end of warranty and vendor support in October 2004, and simultaneously hit capacity for storage of images.

Funding:	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	Total
PFD Fund	$220,000						$220,000
Total:	$220,000	$0	$0	$0	$0	$0	$220,000

☐ State Match Required ☐ One-Time Project ☐ Phased - new ☑ Phased - underway ☐ On-Going
0% = Minimum State Match % Required ☐ Amendment ☐ Mental Health Bill

Operating & Maintenance Costs:

	Amount	Staff
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:
FY2003 Permanent Fund Dividend Electronic Imaging Server Upgrade CH 1/SSLA 2002/P46/L4 $80,000 PFD Fund

Project Description/Justification:
1. INITIATIVE / PROJECT SUMMARY

1.1 PFDD Imaging Systems Upgrade and Equipment Replacement

The mission of the Permanent Fund Dividend Division is to distribute the annual Permanent Fund Dividend to eligible Alaskans. Imaging of the more than two million documents received each year is pivotal to achieving the division's mission every year and the system upgrade is key to achievement of two out of three division 2005 Performance Management Outcomes: 1) to pay 100% of eligible applicants, not on appeal, in October (currently some 20-25,000 are not processed for payment by that date); and 2) to reduce processing costs per applicant by 25%.

Imaging is a mission critical system for the Permanent Fund Dividend Division (i.e. the division could not process 2 million documents as currently staffed without imaging). The Division's image system, like all complex computer systems, requires periodic upgrades in software and hardware to handle growth, obsolescence, to take advantage of efficiency improvements, and to assure adequate disaster recovery capability.

The PFD system will simultaneously reach capacity for storage of images and the end of its warranty and vendor support by the end of CY 2004. At that time, the vendor will no longer offer additional storage media that will plug into

aging hardware. The Division has been advised by its computer support team as well as an imaging consultant that the system disaster recovery capability is entirely inadequate.

Requested funding is urgently needed to replace the imaging server, to purchase necessary server software, for contract assistance in migrating to current releases of application software, and for staff training on the new releases.

2. DESCRIPTION

2.1 Key Functionality

- Upgrade of software to supported versions which will provide the basis for Optical Character Recognition (OCR) and automated "linking" of documents supplemental to applications. Our 2005 Performance Target is to electronically link 80% of the approximately 1.25 million supplemental information documents received each year. Eliminating the manual "linking" process which will free up 3.5 PFTs to focus on the processing of applications with problems.
- Replacement of current aging hardware to provide more storage space for images. The Division currently has less than 400G free for new images and the Division used 400G in FY03.
- Image and link more than 2 million documents annually. The Division has set a Performance Target to link 95% of all supplemental documents filed.
- Continue to maintain low per application processing costs. The Division's Performance Target is to reduce the overall cost of processing by 25% and computer costs by 50%.
- Serve up images instantly to staff in Anchorage, Fairbanks and Juneau for processing applications and responding to public questions.
- Prevent the hiring of additional clerical staff to manually file and retrieve over 2M documents as needed in processing applications and responding to questions from the public.

2.2 Requirements

- Bring imaging software to current vendor supported versions
- Align imaging database to Enterprise standards
- Facilitate moving to OCR and bar-coding
- Increased storage capacity

2.3 Relationship to Department Service Delivery

- Imaging is key to the Division's ability to process the high volume of documents involved in the payment of the annual dividend.
- Imaging facilitates problem resolution when responding to questions from the public. Imaging and electronic linking assure availability of complete and accurate information.

2.4 Alternatives considered / process employed to determine this recommendation.

- Return to microfilming and/or manual storage and retrieval of documents – rejected due to cost of hiring additional staff, lack of immediate delivery of images to staff, and additional floor storage space
- Conversion to Stellent – rejected due to cost ($1.2M) to convert the current system
- Purchase additional storage to maintain operations on the old system. Rejected due to being a stop-gap measure that would leave the Division with an unreliable and unsupported system. Beginning in 2005, vendors will not be making storage units that plug into our aging systems and a storage component purchased before 2005 could not be used with the upgraded hardware and software when it is eventually acquired.
- There were no alternatives that would not leave the Division with an unsupported system and a high risk of system failure. All other alternatives jeopardize performance objectives.

3. IMPACT & RESULTS

3.1 On Customer service - service oriented

- Our customers are the 625,000 residents of the State of Alaska
- The Dividend Information offices receive more than 108,000 calls and 61,000 visits from the public each year. The upgrade will assure immediate availability of timely and accurate information for all staff responding to questions from the public.

3.2 Operational excellence - Internal efficiency/effectiveness oriented

- Our objective is to accomplish the division mission and to achieve all Performance Targets in the most cost effective manner possible. Imaging is essential to the Division's ability to do so.

3.2.1 Positive impact if the project is approved / implemented.

- Approval of the project will facilitate or assure the Division's ability to meet several of our Performance Targets as noted above.
- The PFD imaging system will continue to be operational for the 2004 dividend year and beyond.
- The low processing cost per dividend will, in spite of rising costs in general, continue through more reliable and efficient software and hardware.
- With the upgraded system, the division can complete the move to optical character recognition (OCR) and bar-coding of documents, which will ultimately reduce that cost by essentially eliminating the manual "linking" process.
- This project will bring the imaging system into alignment with current proposed Information Technology (IT) standards and move us towards eliminating Sybase as supported database, and it will provide reliable disaster recovery
- Reduce staff time devoted to hardware/software performance problems.

3.2.2. Give detailed information about tangible benefits / deliverables of the project which could include things like – reduced cycle time, cost saving, staff time savings, etc.

- When OCR and document bar-coding is implemented, approximately 3.5 FTE can transfer from manual linking to review duties.
- This upgrade will position the division for moving additional applications to distributed processing which we believe will contribute significantly to our Performance Target of reducing computer processing costs by 50%.

3.3 Innovation leadership - First to market oriented

Not Applicable

3.4 Leveraging Opportunity

3.4.1 Leverage across Divisions within the Department

- Robust backbone for other Divisions to move from Sybase (non-standard database) to MS SQL Server (standard database)
- Allows the sharing of staff expertise and resources in imaging
- The Tax and Treasury Divisions will use the MS SQL database engine and storage component of this project to migrate all of their Sybase databases

3.4.2. Leverage Across Departments within the Service Area

- Unknown, but Division IT staff will network with other agencies and share our expertise

3.4.3. Leveraged Across Service Areas (Enterprise)

- Sharing of staff expertise

3.5. Impact if not implemented

- The PFD program will be left with a high risk of system failure.
- The PFD program would be left with inadequate storage capacity for another full year of imaging
- The PFD system will be left with inadequate backup
- The current version of the imaging software (AX and DX) is no longer supported. Upgrading the OTG software requires migration from Sybase to MS SQL Server.
- It would not be cost effective to add non-supported storage space to the existing hardware.
- The PFD program would be unable to meet 2005 Performance Targets.

4. COST

4.1 Drivers

- Over 2M documents received and imaged each year
- Market costs of hardware and software to accommodate the amount of documents received each year

4.2 Estimates [Includes: "best estimate" dollars, staff time, consultant dollars, hardware and software (IF part of the system), infrastructure modifications due to new system requirements and projected on-going maintenance/support costs]

- $300,000 – details are in 4.3

4.3 Full Life Cycle Cost Information [One Time Costs, Annual Costs, Staff Costs]

4.3.1 Project Initiation/Planning

- Completed

4.3.2 Requirements Definition

- Completed

4.3.3 Staff Resources Required
- Three months (Analyst Programmer V) reprogramming our current imaging interface to the new imaging database and software, porting the database from Sybase ASA to MS SQL Server, etc
- One month Networking position

4.3.4 System Design
- Completed

4.3.5 Software Acquisition $67,000
- $45,000 - 2 copies SQL Server 2000 Enterprise Edition – Includes software assurance through February, 2006
- $6,000 Win 2003 Advance Server for Clustering – Includes software assurance through February, 2006
- $16,000 - Upgrading current interfaces

4.3.6 Software Installation / Programming $37,200
- $37,200

4.3.7 Hardware / Infrastructure Acquisition $190,000
- $190,000 - Hardware - Includes installation, configuration, and testing for 2 dual processor servers, a CX400 disk array, and rack in computer room

4.3.8 Hardware / Infrastructure Installation
- Included in 4.3.7

4.3.9 Hardware / Infrastructure Testing
- Included in 4.3.7

4.3.10 System Integration and Testing
- Included in 4.3.3

4.3.11 Installation and Deployment
- Included in 4.3.3

4.3.12 System Operation and Maintenance
- $20,000 OTG Annual license fees (operational budget)
- No other licensing fees until 2006 (operational budget)
- $5,800 training (when delivered on-site, other agencies will be included)

4.3.13 Corrective and Adaptive Maintenance
- Included in licensing fees

5. FUNDING

5.1 If funding is required what is the department recommended funding source
- 100% CIP – Permanent Fund Dividend Fund

5.2 If this project is already funded what is the current funding source
- The Division already has $80,000 in current PFD Fund capital monies.

5.3 Other “funding” related information as needed
- N/A

6. SPEED TO IMPLEMENT

6.1 Duration of project
- Approximately six months

6.2 Contingent on availability of funding
- Yes

6.3 Contingent on total resources available to do the work
- Yes

6.4 Contingent on approval process
- Yes

7. TECHNOLOGY RISK ASSOCIATED WITH THE INITIATIVE

7.1 Ability of the Department or Enterprise to support the project
- The Division currently has a mature imaging system and capable staff. This is simply upgrading hardware and increasing storage.
- The Division has the ability to support the project and the technological risk is small as long as the critical training is provided.
- All hardware and software complies with the Enterprise IT standards.

7.2 Adherence to Enterprise Technology Standards

7.2.1 List all technology being used to implement the solution

- MS SQL Server
- OTG Application Xtender and Disk Xtender
- Win 2003 Advance Server for Clustering
- Dell PowerEdge 6650 Dual Processor Servers
- Dell/EMC CX 400 Disk Processor Enclosure Array

7.2.2 If not following State standards on project give justification

- Not Applicable