



MOVING FORWARD

MNLARS ANNUAL REPORT **2010**

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INTRODUCTION

In 2009, the Department of Public Safety Driver and Vehicle Services (DVS) division embarked on a journey to replace its legacy information system with a 21st Century model, the Minnesota Licensing and Registration System (MNLARS).

While Minnesota has issued license plates since 1902 and driver's licenses since 1937, the state didn't combine the two functions until the Department of Public Safety was established in the 1970s. As one of the department's largest divisions, DVS oversees the administration of programs and services that impact millions of Minnesotans.

Today, DVS touches more than 11 million customers annually, providing vehicle title and registration services, driver's license issuance, driver safety compliance, commercial vehicle registration and federal fuel tax collection, crash data record maintenance, and dealer licensing. DVS has strong partnerships with law enforcement, local, state and federal agencies, courts, and deputy registrars and driver's license agents, all of whom rely on the information and services DVS provides. DVS carries out its responsibilities with increasingly fragile technology and processes developed in the 1980s. The MNLARS project will replace outmoded, inefficient systems and business processes with a modern, reliable, flexible and secure system to address current and future business operations.

Life in the Eighties

DVS' primary computer system is the mainframe environment hosted by Minnesota's Office of Enterprise Technology (OET). The driver and motor vehicle legacy information systems house not only very large amounts of data, but also more than 25 years of business logic coded into Customer Information Control Systems (CICS) and batch processes.

Motor vehicle data and driver's license data is stored in a SUPRA database on an IBM S390 mainframe. Most DVS employees use "green screens" for data entry and transaction processing. In 1980 this "green screen" technology was common and dependable. Today, it has been replaced with user-responsive graphic interfaces and web-based applications that are more intuitive to use, reliable, configurable, and secure.

Life in this 1980s environment increases the risk for

- Inconsistent, unreliable access to information
- Inability to track activities
- Ineffective fraud detection
- Not being in statutory compliance, or compliance with state and federal mandates
- Poor data integrity
- Possible loss of data as it is transferred from business partners to DVS databases
- Inaccurate tracking of financial revenue

At the same time as we fondly remember the decade that gave rise to the personal computer, compact disc, and Pac-Man, we eagerly await the next generation of technology that will enable us to meet the State's business needs and the customers' requirements in the 21st century.





INTRODUCTION

Project Approach

To fund MNLARS, the 2008 Minnesota Legislature authorized a \$1.75 technology surcharge on motor vehicle and driver's license transactions through June 2012.

- Stage I** Early in 2009, the department began work on the procurement of a Requirements Vendor. This vendor assisted the MNLARS team with gathering the requirements for the project so that a clear and comprehensive Request for Proposals (RFP) could be issued for a MNLARS System Vendor. Stage I concluded in September 2009, when the State contracted with Mathtech, Inc., a consulting firm from New Jersey to provide those services.
- Stage II** Mathtech began to facilitate workshops with DVS staff in the autumn of 2009 and continued through the spring of 2010. The objective was to gather information about current business processes and DVS' vision for the future. This information was used to build the business and technical requirements for the system. Mathtech was also involved in the preparation of the MNLARS System Vendor RFP, which was published in May 2010. Stage II is entering its final phase as the evaluations of the technical proposals submitted by 3M and Hewlett-Packard conclude and contract negotiations begin with one of the vendors.
- Stage III** The department anticipates that the execution of a contract for the MNLARS System Vendor will be finalized in Spring 2011. At that time, Stage III begins. Stage III encompasses the design, build, and implementation of MNLARS, as well as the gradual transition of system operations to state staff.
- Stage IV** Support for on-going MNLARS operations and development.

With the successful implementation of MNLARS, DVS will:

- Increase data integrity and system security
- Increase fraud prevention
- Improve accessibility of information
- Improve support for law enforcement, deputy registrars, driver's license agents and other DVS business partners
- Improve timeliness of services
- Increase customer convenience

INTRODUCTION

MNLARS Goals

- Efficient business processes and service delivery
- Effective integration of driver information and motor vehicle information
- Stable, flexible, secure web-based information system
- Electronic communication with other information systems

Vision

- DVS customers are satisfied
- DVS employees are supported and productive
- DVS partners are well informed and well supported
- DVS fulfills its fiduciary responsibilities

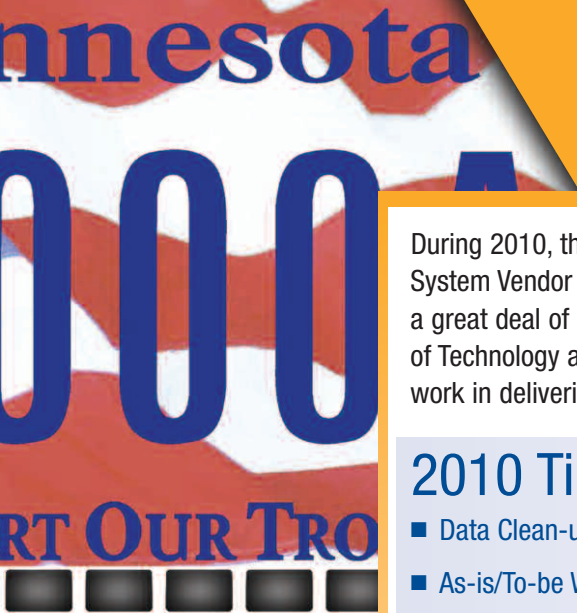
Objectives

- Link 6.4 million vehicle and 4.1 million driver records
- Clean up approximately 11 million records in current system
- Study opportunities to streamline more than 150 business functions
- Simplify/automate data collection activities
- Improve reporting capabilities
- Facilitate data sharing
- Improve access to information

Implementation of MNLARS will result in consistent processes across all business operations, at all locations and will provide:

- A 360-degree view of customer information
- Document management capabilities
- Reporting and analysis tools
- Web-based customer services
- International Registration Plan (IRP)
- International Fuel Tax Agreement (IFTA)





During 2010, the MNLARS project focused primarily on steps necessary to acquire the MNLARS System Vendor responsible for designing, building and implementing MNLARS. At the same time, a great deal of effort was expended to ensure that DVS, the MNLARS team and the DPS Office of Technology and Support Services are operationally ready when the System Vendor begins its work in delivering the project requirements.

2010 Timeline of Events

- Data Clean-up/Preparation | Continuous
- As-is/To-be Workshops | January-June
- Seven vendors respond to a Request for Information (RFI) | January
- Requirements-gathering for MNLARS System Vendor | January-March
- Preparation of MNLARS System Vendor Request for Proposals (RFP) | March-April
- Publish MNLARS System Vendor RFP | May 3
- Seventeen vendors attend mandatory RFP pre-proposal conference | May 25
- Follow-up to vendor questions regarding RFP | June
- 3M and Hewlett-Packard respond to RFP | July 20
- Initial proposal evaluations | July-September
- Oral presentations by 3M and Hewlett-Packard | September 2010
- Best and Final Offer (BAFO) phase of the RFP process | October-November
- Contract negotiations | December 2010-Spring 2011

Business

MNLARS is a DVS business project. DVS understands that the only way to achieve the results they envision — a system that meets the needs of employees, business partners and customers — is to be actively engaged in the project from start to finish.

Larry Ollila and Matthew Marrin serve the MNLARS team as project business managers. Both have extensive knowledge of DVS policies and procedures, and are familiar with Minnesota vehicle titling and registration, and driver's licensing laws. In early 2010, they were involved in a series of intense workshops to collect information about current DVS processes and explore potential opportunities for improvement. These "As-is/To-be" sessions engaged more than 30 DVS employees, as well as driver's license agents, deputy registrars and motor vehicle dealers.

Over the course of several months, the As-is/To-be sessions focused on the core functions of DVS. Existing systems for the following business operations will be retired and completely replaced by MNLARS.

- | | |
|--------------------------|------------------------------------|
| ■ Driver's Licensing | ■ Dealer Licensing and Inspections |
| ■ Title and Registration | ■ Finance and Records |
| ■ Driver Compliance | ■ Inventory |

2010 IN REVIEW

Discussions have centered on the external and internal factors that impact DVS systems and operations. These sessions have resulted in the development of a clear understanding of current DVS processes and the modifications that are necessary to meet the MNLARS vision. For each core DVS function, the workshops created transactional diagrams and transaction matrices. These diagrams and matrices have become the foundation of the business requirements identified in the MNLARS System Vendor RFP.

MNLARS Must

- Reduce processing times
- Improve information access, accuracy, consistency, and security
- Improve customer assistance and communication
- Standardize processes
- Reduce paperwork and paper flow
- Reduce fraud
- Increase customer self-service

The strategies developed to support each goal help to ensure that MNLARS will meet the short- and long-term needs of the State.

Data Cleanup

One of the keys to successful delivery of MNLARS is data cleanup, requiring that all existing data stores are identified, data information documented, all business and compliance rules captured and all existing data moved into a relational database in preparation for the MNLARS System Vendor.

MNLARS administrators knew that the bulk of DVS data is on the Supra mainframe and identified 69 files and about 3,000 fields of data containing millions of records. However, they also found data residing in SQL server databases, in stored spreadsheets, and in Access and dBase databases. As of November 2010, approximately 90 percent of the data from the mainframe has been extracted and loaded onto an SQL server for further analysis.

Analysis of data from the mainframe involves the collaboration of efforts from the MNLARS data team experts and from DVS' subject matter experts. Together, the data team is cleaning up the anomalies that arise when a data field is used to record information other than that for which it was originally intended. The team members record information about the data, the rules and laws that permit DVS to capture the data, how the data is used (current and historic), etc.

To prevent disruption of service during the transition to MNLARS, the data team must identify not only the data, but also the DVS partners and customers who use the data. This includes government and law enforcement agencies, as well as private companies such as LifeSource, which receives driver's license organ-donor information, and insurance companies that receive crash data. The team is documenting each of the partner and customer interfaces, gathering descriptions of shared data, how often it is shared, and the technology used to access the data (e.g., FTP, zipped files, etc.).

The data initiatives will continue through 2011.



MNLARS System Vendor RFP

Good decisions start with fact gathering. Two fact-finding initiatives began in early 2010. The information garnered from those initiatives was essential to the development of the MNLARS System Vendor Request for Proposals (RFP).

The first initiative involved workshops held with DVS staff to gather information on current business processes and establish a vision of how the system and processes would work in the future.

The second was a Request for Information (RFI), published in December 2009. Vendors responding to the RFI met with department employees in January. The purpose of the RFI was to gather information about current products and services specifically related to the implementation of an integrated driver's license and motor vehicle system.

Meetings with the system architects, data experts, operations and service desk leaders, training team staff, representatives from the state's Office of Enterprise Technology (OET) and others helped to clearly define expectations, concisely lay out the scope of the project and outline expectations, requirements and deliverables for MNLARS.

Pulling everything together were RFP manager Bernadette Lantz and Mathtech, Inc. In addition to facilitating workshops with DVS staff, Mathtech, Inc. collaborated on the composition of the RFP. A succinct RFP was published in the State Register on May 3, as scheduled.

Vendors that responded to the RFP had to demonstrate their experience in developing and implementing a motor vehicle and driver's license system similar in size, scope, and complexity to the MNLARS project.

MNLARS is a large and multifaceted project. It will replace the core functionality for driver's licensing, title and registration, driver compliance, dealer licensing and inspection and DVS inventory, finance and records operations. It must:

- Use process automation to capture and report on transaction progress
- Improve accuracy by allowing edits at time of data entry or early in the transaction
- Connect to external systems such as PDPS, SSOLV, CDLIS, NMVTIS, etc. to allow for real time verification
- Automate reconciliation of daily financial reports for DVS staff, deputy registrars, and driver's license agents
- Identify and print the appropriate insert as part of the process of preparing letters and correspondence
- Employ role-based security that grants specific roles access to accomplish specific tasks within a transaction
- Provide a 360-degree customer view that reveals all data related to a customer (e.g., driver's license and associated vehicles)
- Allow for the creation of online reporting to track production and create management reports related to specific business operations

- Utilize an electronic document management system for scanning documents, storing them in the system, and linking them to customer transactions
- Track and log all data (record) changes, the time of the change, and the identity of the change author
- Automate reconciliation of inventory and warnings of out of sequence serialized stock or other problems associated with the inventory
- Provide all online self-service functions currently offered and provide the framework for future services such as self-issued, vehicle related permits; electronic notifications; requirement checklists and personalized plate availability
- Allow for entry and recording of multiple addresses
- Maintain historical records of customer addresses, name changes, registration class changes, transactions, vehicles, related owners, and all other information relevant to the user

On July 20, the department received technical proposals from 3M and Hewlett-Packard. The MNLARS team worked closely with the Department of Administration to develop the evaluation and scoring processes. Initial evaluations and scoring began in late July and continued through September. 3M and Hewlett-Packard were invited to give oral presentations at the end of September. Rescoring was conducted during October and the team developed the outline and questions for the Best and Final Offer (BAFO) phase of the evaluation process. The BAFO phase was completed in late November. The state is entering into contract negotiations with the highest scoring vendor. The department looks forward to awarding the contract in the spring of 2011.

Anatomy of an Evaluation

- 2 proposals – 1,000 pages each, plus artifacts
- 13 Evaluators – 2,860 hours (21 days to read and score proposals)
- Group discussion with subject matter experts (SME) – 8 days (45 SMEs investing 2,520 hours)
- Oral presentations by 3M and HP- 4 days (30 SMEs and 13 evaluators investing 1,290 hours)
- Follow-up evaluation team discussions (393 hours)
- Creating Best and Final Offer (BAFO) Request – 6 days, 8 hours each day, involving 2 SMEs and 5 evaluation team members for a total investment of 367 hours
- BAFO Scoring – 13 evaluation team members over 6 days, 8 hours a day, for a total investment of 585 hours



LEADING THE WAY

MNLARS has more than 20 dedicated professionals on staff, all committed to the project's success. They represent more than 100 years of experience in the driver's license and motor vehicle business and an equal number of years in the field of information technology.

Five of the people on the MNLARS team are highlighted here because of the guidance and leadership they provided on key MNLARS initiatives in 2010.

Paul Meekin / Project Director



Paul Meekin has been an employee of the Department of Public Safety since May 2007. He has an MBA from the University of Maryland, studied computer science at Marquette University and brings more than 25 years of technical expertise and leadership skills to the MNLARS project. His work on other significant information system projects has helped hone his talents for bringing together highly effective teams that deliver quality business solutions using the latest and best technology.

Meekin's education and depth of experience in both the private and public sectors make him the ideal leader for the MNLARS project. "I am excited about this project," he said, "and the opportunity it presents to improve service to the people of Minnesota."

Bernadette Lantz / RFP/PMO Manager



Bernadette Lantz has more than 25 years experience working with technology projects. She has worked with the Department of Public Safety since 2007, and has two roles in MNLARS. Ms. Lantz is responsible for the MNLARS Project Management Office and is the project manager for the MNLARS System Vendor procurement.

"This project requires tenacity," Lantz said. "We don't let go of complex issues until they are understood, planned for, and communicated to the appropriate stakeholders and team members." Her work is fast-paced and intense and is one of the project's strategic drivers.

Susan de Freitas / Data Manager



In her 19 years in the information technology field, Susan de Freitas has gained experience in most aspects of computer system development, including developer, systems analyst, database designer, systems designer, technical team lead, database administrator and project manager. She brings her knowledge of DVS business and data to the team, gained as a database administrator for the department's Office of Technology and Support Services and as a project manager for the MNLARS Pre-design project.

Ms. De Freitas currently leads the data clean-up efforts for MNLARS. What she finds most exciting about the MNLARS project is that it will improve most DVS employees' everyday work experience. She is impressed with the vision of the business experts and their contribution to documenting and analyzing their business processes and their data.

LEADING THE WAY

Larry Ollila / Project Business Manager



Larry Ollila has 27 years of experience working in DVS. During much of that time he served as the manager of the Title and Registration Unit and then as program director of Vehicle Services. He brings to the team his extensive knowledge and understanding of motor vehicle and driver's license laws and DVS processes and procedures. In his role as a business manager, he facilitates discussions with DVS subject matter experts and coordinates the dissemination of the information collected to the rest of the MNLARS team.

"MNLARS is a business-led project," Ollila affirmed, "and it is imperative that the business provide direction so that the finished product is one that can serve DVS and its business partners and customers well."

Matthew Marrin / Project Business Manager



Matthew Marrin began working in state government in 2004 and holds a certification in law enforcement. While working for DVS, he oversaw the regulation and administration of interstate commercial truck drivers, registration of commercial vehicles, the administration of the International Fuel Tax Agreement for motor carriers and also managed the DVS Driver Compliance section, which interacts with drivers who have lost or are at risk of losing driving privileges due to health or driving-related incidents.

As a DVS spokesperson and liaison on the project, Marrin welcomes the opportunity to play an active role in the success of a project that affects all Minnesota families.

Snapshot of 2011

Throughout 2011, MNLARS will continue its mission to "deliver the system." This can only be accomplished by working closely with DVS and business partners and through effective collaboration with the MNLARS System Vendor.

Activities in 2011 include:

- Execution of contract with MNLARS System Vendor
- Data migration
- Organizational readiness planning
- Operational best practices planning and implementation
- Analysis of business processes such as document management and deputy registrar and driver's license agent workflows
- Collaboration with the System Vendor on the design and build of MNLARS

Project updates are regularly posted on the MNLARS website at www.mnlars.dps.state.mn.us

The mission of DVS is to provide fair, accurate, secure, and timely (FAST) service. DVS is committed to providing effective service options, the accurate collection of data, fraud prevention, the efficient collection of state revenue, and quality information and technical support for staff and business partners.

In 2010, DVS made significant progress toward fulfilling its mission by implementing new legislation, modifying processes for greater efficiencies, and enhancing communication with staff and customers.

Technology

Electronic Vehicle Title Registration (EVTR). EVTR allows licensed motor vehicle dealers to begin the title and registration process in their offices. Not only does the program reduce title processing time, but dealers can issue vehicle registrations to customers on the spot. The 49 dealers and 25 deputy registrars participating in EVTR processed more than 16,000 title applications in 2010.

Motor Carrier Safety Improvement Act (MCSIA). DVS moved Minnesota into compliance with federal regulations through the implementation of connectivity with the Commercial Driver's License Information System. Accessing this system decreases the likelihood that DVS will issue a commercial driver's license to an unqualified driver.

Facial Recognition. DVS was awarded a federal grant to assist in cleaning up the driver's license database, removing multiple driving records and preventing fraud. Of the 11 million driver's license and ID images compared for similar biometric and facial structures, 1.2 million were identified as "possible fraud" and are subject to further investigation. DVS has completed the second review of 50 percent of this category; 5,766 licenses/ID cards have been cancelled. DVS' goal is to complete this project by late 2011.

Customer Service

Motor Carrier Online Services. DVS' International Registration/International Fuel Tax System, which allows motor carriers to conduct vehicle registration and fuel tax transactions online, has grown steadily since its introduction in 2005. In 2010, 42 percent of Minnesota motor carriers processed transactions online, a 13 percent increase over 2009. Online access enables motor carriers to conduct business 24/7, from any location.

Driver's License Reinstatement Diversion Program Pilot. 2010 legislation extended this pilot program through 2011. It allows Minnesota Class D license holders charged with driving on suspended or revoked licenses to enter a pilot program in seven eligible cities: Duluth, Inver Grove Heights, Isanti, Minneapolis, St. Paul, South St. Paul, and West St. Paul. This diversion program allows these suspended or revoked drivers to receive valid driving privileges provided that they meet program requirements.

Credit Card Project. DVS initiated a credit card pilot project at its Town Square, Saint Paul location in June 2010. It allows customers to pay for driver's license and motor carrier transactions using MasterCard or Discover credit cards. This project will be extended to DVS exam stations, deputy registrars and driver's license agents.

National Motor Vehicle Title Information System (NMVTIS). DVS has integrated access to NMVTIS as part of its vehicle titling process. NMVTIS is administered by the U.S. Department of Justice and helps to protect consumers from fraud and unsafe vehicles, helps keep stolen vehicles from being resold, and also assists states and law enforcement in preventing title fraud and other crimes.

Communication

Web Development. DVS is preparing for a major transformation of its website as part of a Department of Public Safety initiative to improve its public Web presence. The new site employs clean design and a thoughtful user interface to enrich the user's experience. The new website is anticipated to "go live" in summer 2011.

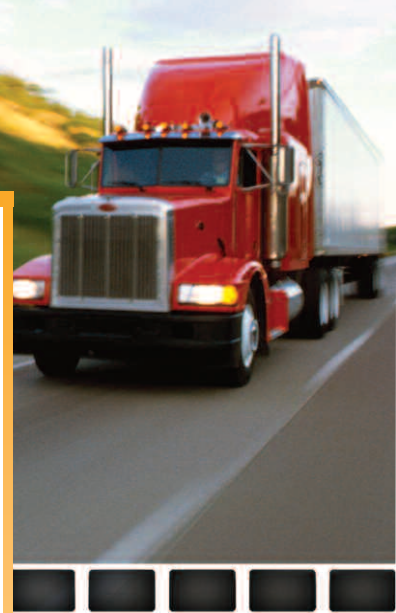
Outreach. DVS staff participated in several outreach efforts in 2010, including seminars for returning veterans, transition fairs at correctional facilities, and training for deputy registrars, driver's license agents and motor carriers. Forty youth received vouchers for state identification cards at the third annual Youth Connect event, held for the first time in the east metro area.

DVS Guiding Principles

- Commitment to continuous improvement
- Innovative use of technology
- Empowerment of employees
- Collaboration through teamwork
- Cultivation of a work environment built on trust, respect, support and recognition

Numbers in FY10

- Revenue collected: \$950 million
- Vehicle titles issued: 1.3 million
- Vehicle registrations processed: 4.6 million
- Dealers licensed: 3,657
- DL/ID cards issued: 1.6 million
- Driver exam tests: 613,000
- Driver compliance contacts: 138,165
- Customer phone contacts: 1.1 million+
- Customer email contacts: 72,000
- Disability parking certificates: 100,135
- Average driver's license transactions: 2,200/hour (including a range of new transactions and queries)
- Average vehicle transactions: 4,000/hour (including a range of new transactions and queries)
- Web user transactions: 375,000 per year (also included in the vehicle transactions above)





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