

2008 NASCIO Award Submission: Digital Government: Government to Business

The District of Columbia's CBE Resource Center:

Promoting the Home Field Advantage

EXECUTIVE SUMMARY

The District of Columbia's Department of Small and Local Business Development (DSLBD) fosters economic growth and the development of Certified Business Enterprises (CBEs) through supportive legislation, business development programs, and contract compliance.

CBE Certification allows businesses to participate in the District's "Sheltered Market" contracting program that directs spending to DC-based businesses resulting in a stronger local economy through job creation and an increase in the city's tax base. CBEs can receive from 2 to 12 preference points (maximum) on District Requests for Proposals and 2 to 12 percent reduction (maximum) on a bid response.

The District of Columbia requires each of its 66 agencies to award 50% of their expendable budget to purchase services and supplies from certified CBE companies. Monitoring compliance was problematic since agencies had to manually prepare a list of awarded contracts and purchases each quarter and then determine the percentage of CBE participation.

When the District awards a contract with CBE subcontracting requirements, the prime contractor must submit a binding CBE Subcontracting Plan identifying specific CBE subcontractors and the percentage of the overall contract amount they will receive. Payments to these CBEs by the prime contractor must be tracked to ensure compliance with the plan submitted. Compliance tracking was handled manually and overall compliance frequently failed to meet the 35 % target.

To become a CBE, a company applies and then undergoes a certification process that verifies their ability to provide specific products and/or services based on National Institute of Governmental Purchasing (NIGP) commodity codes. This process typically took 90 days+. Companies hand-delivered or mailed applications to the DSLBD office where staff manually entered them into a database. Status inquiries or requests for were handled by phone or mail.

DSLBD, working with the Office of Contracts and Procurement (OCP), the Office of the City Administrator (OCA), and the Office of the Chief Technology Officer (OCTO) collaborated to enhance their website and develop a comprehensive web-based application that:

- Allows qualified small, local business owners to submit online applications for CBE certification;
- Provides DSLBD with the means to process those applications via the District's Intranet;
- Provides a transparent and efficient process to verify that city agencies are complying with District CBE participation requirements;
- Tracks prime contractor payments to subcontractors in order to verify compliance with CBE participation plans submitted to OCP when a contract is awarded; and
- Provides outreach tools to proactively reach the CBE community with information on upcoming opportunities, news items, training classes, and DSLBD/District business events.

The result of this effort is the web-based "CBE Online" software and its associated Business Center website that delivers an annual cost savings of **\$246,635**. CBE Online launched in March 2006 and has received major enhancements in 2007 and 2008.

C. Description of Business Problem and Solution

CBE Online Business Center launched in March 2006, before that numerous challenges existed.

1. Many local companies within the District of Columbia were either unaware of the advantages of having CBE certification or didn't understand the certification process. Informed businesses were forced to submit applications by mail or deliver them by hand.

The CBE Business Center website explains the process, identifies required documentation, and estimates the approval timeline. CBE Online allows businesses to securely submit certification applications and then track the status. Requests for certification have increased 62 %.

2. The processing time from submission of a certification application to a final decision was 90+ business days, a long delay for businesses that wanted to bid on current contracts.

Full automation of the certification process cut the approval/denial time to 45 business days for 75% of companies applying in 2007.

3. Previously, local companies had no way of knowing the Enterprise Zone or Economic Development zone boundaries other than to visit a government office and look at a map.

Business owners may now enter a street address, and the system displays a map showing its location in relation to one of the District Enterprise or Economic Development Zones, including a description of the associated preference points.

4. Prior to September 2007, DSLBD did not have the ability to send out communication to all CBEs within the CBE Online database. This was a manual process that a DSLBD staff member was assigned to maintain a master listing.

In October, a new communication and outreach module allowed DSLBD to better communicate with its growing CBE community. This allowed DSLBD to send out announcements about upcoming business and procurement opportunities, community meetings, training, legislative updates, business education courses, and noteworthy events. The CBE e-mail blast tool also allowed DSLBD to alert its constituents of happenings within the agency, including the improved, paperless process for CBE certification and upgrades, via news releases.

5. Prime contractors had no online ability to locate CBEs certified to provide a specific subcontracting service.

CBE Online now provides a search capability to identify certified CBE companies based on NIGP codes, CBE preference categories, and construction trade divisions.

6. DSLBD staff members had no way to measure prime contractor compliance with their CBE subcontracting plan's payment provisions. Using CBE Online, prime contractors now record payments to their CBE subcontractors. This process triggers a confirm or dispute email

7. CBEs had to regularly visit the OCP website and search through new solicitations.

Now, applicable CBEs proactively receive nightly email notifications of District contract solicitations initiated by OCP that match their qualifications (based on NIGP codes). In addition, District companies, organizations, or individuals can post business opportunities.

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8. District agencies had to manually prepare a list of contracts they awarded and purchases they made each quarter, manually determine which were with CBEs, and then calculate the percentage of CBE participation.

This process has now been replaced with a totally automated nightly process.

D. Significance of the Project to the Improvement of Operation of Government

The launch of the CBE Business Center resulted in significant positive impacts on the operations of the Department of Small Local Business Development (DSLBD).

Certification Process

The enhanced website educates businesses on the advantages of becoming a certified CBE; provides detailed explanations of certification types; and explains the process, required documentation, and timing involved in certification. Companies can submit their applications for certification, track the status of their application submission, and track receipt of supplemental documentation required using the Internet. These factors work together to reduce DSLBD's overall workload and the volume of phone calls received.

In the first month of operation, 114 applications were submitted, almost double the normal average of 60 applications per month. A total of 1271 applications were received for 2006 and 1817 in 2007 versus 692 in 2005 (an increase of 62% since inception).

Allowing companies to enter applications for certification online means DSLBD's staff no longer has to enter over 700 nine-to-seventeen page applications each year. Business rules and data validation built into the online application process ensure the information gathered is accurate and complete. The system validates a business' location address against OCTO's Master Address Repository, eliminating the need for DSLBD staff to physically verify that a location exists within the District. The system is able to verify claimed Enterprise Zone eligibility using a simple and dependable web service instead of relying on staff to manually review maps to determine if an address falls within the appropriate boundaries. It also automatically calculates "preference points" based on specific business rules, reducing the inevitable math errors that occur when points are calculated manually. A year after CBE Online was launched; more than 50% of applications were submitted online. Now in 2008 that number has jumped to nearly 80% allowing the DSLBD staff to concentrate more on certifying business than entering in applications. By August 1st, 2008, a mandate has been put in place to ensure that 100% of all applications will be submitted online.

DSLBD managers are able to route applications submitted online to a particular specialist for review and processing. These specialists are able to log receipt of supplemental documents, record milestone dates, and update the status of the application as it moves through the approval process.

In August, 2007 DSLBD executives had the ability to run dynamic reports on ANY field within the application. This allows the executives to track how many applications are completed, verify in how many business days it has been completed and in September 2008 it will be rolled up to Performance Metrics of the certification process and Key Performance Indicators .

Agency Compliance

Previously, agency compliance reporting was a completely manual process requiring a full-time resource an average of two days each quarter to complete. Multiplied by the 66 agencies, it took approximately 4200 person-hours annually across the District. This has been replaced with a totally automated nightly process

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that extracts CBE purchase orders for each agency from the District's enterprise purchasing system so that agency compliance information is always current and accurate.

Prime Contractor Compliance

Each night, newly awarded contracts with CBE requirements are imported from OCP's Contract Award Database System. OCP uses the CBE Online system to enter the associated CBE subcontractors and the amounts they are to be paid from plans submitted by prime contractors. This feature eliminates the need for OCP staff to enter the full contract information into multiple systems and ensures that databases are in synch.

When a prime contractor makes a payment to an CBE subcontractor, they record payment information online in order to demonstrate compliance with the CBE plan they submitted to OCP. This action automatically generates an email to the applicable subcontractor who confirms or disputes the payment information. Agency compliance managers receive email notification if a payment is disputed. Reports tying prime contractor payments to CBE plans are run periodically to monitor compliance. These features substantially reduce the amount of manual review and follow-up previously required to ensure timely and accurate payment of CBEs and should increase the level of compliance over time.

Communication Layer

A "Communications Layer (CL)" allows an authorized DSLBD administrator to define the content of an unlimited number of email messages (including variable data) and then, based on business rules, allows developers to invoke the CL via calls that contain parameters. These calls trigger a specific email to be sent to a pre-defined individual or set of individuals. The CL permits a non-technical administrator to easily change the content of a particular email and/or the recipients of an email without additional programming.

Email notifications are an integral part of the CBE Online application. Examples of events that trigger emails to various roles include:

<u>TRIGGER</u>	<u>RESULT</u>
Company registers with CBE Business Center	Welcome email sent to company confirming username and password
Application submitted online	Thank you email to applicant and notification email to certification manager
Prime records payment to CBE manager	Email sent to CBE subcontractor and compliance manager
CBE disputes payment	Email sent to prime contractor, contract manager, and compliance manager
Subcontracting opportunity submitted	Email sent to compliance manager for approval
Subcontracting opportunity approved/rejected	Email sent to submitting entity
Administrator creates internal user	Email sent to user with username and temporary password

CBE Online also incorporates automated processes, which use the CL to send batch emails to the appropriate recipients. For example, nightly email blasts proactively notify qualifying CBE companies of new contract solicitations entered by OCP or business opportunities posted within the CBE Business Center that match one or more of their commodity codes (NIGP codes). The system also sends out email

renewal notices 30, 60, and 90 days prior to certification expiration and can send out customized outreach communication based on NIGP codes, CBE preference categories, etc.

D. Public Value of the Project

District Enterprise Zone Finder

The CBE Online Business Center's Enterprise Zone Finder allows businesses to enter an address to see if it is located in a District Enterprise Zone or Economic Development Zone. This feature returns a map showing the relationship of the address entered to established enterprise zones. It also returns information on poverty level and census tract. This assists businesses in establishing offices in locations that make them eligible for additional preference points when bidding on District contracts, and it fosters economic development in under utilized areas.

Streamlined Application Process

The Web-based applications within CBE Business Center are role-based. As a result, end user navigation is greatly simplified, which saves business community users significant time and effort required to locate information, complete transactions, and request a service.

"Company" users (i.e. representatives from the business community) are dynamically assigned menu options based on their company profile. Companies without an awarded District contract and not certified as an CBE are only presented with the option to submit an application for certification. Once the company is awarded a contract, another option would dynamically appear allowing them to record contract payments. If they are listed in a contract's CBE plan, a review payments option would appear.

Virtually all applications for certification, re-certification, and upgrade are now being submitted online. Companies are able to check the status of the approval process and the receipt of supplemental attachments online.

Applicants use a step-by-step data entry format where the information on one step is validated before the user moves on to the next step. The system dynamically determines which information is asked for based on a company's business structure. Information from previous applications automatically pre-populates the appropriate fields on a re-certification or upgrade application.

Opportunities and Solicitations

Companies, organizations, or individuals throughout the District are now able to post private business opportunities online within the CBE Business Center. Nightly email blasts proactively notify CBE companies of opportunities that match their qualifications (based on NIGP codes).

Applicable CBEs proactively receive nightly email notifications of District contract solicitations initiated by OCP that match their qualifications (based on NIGP codes).

Statistics and Other Benefits

CBE Resource Center ranks among the top ten (#8) most popular online applications in spite of its relatively narrow audience of small or local businesses within the District of Columbia. There has been an average of 332 visits per day through February 2008. This is an increase of 34% visits in one year. The website has the highest average visits to site per visitor 3.7 than *any* online application on the city's website portal. The system's operational performance has met all availability targets, with no unplanned outages or response time issues.

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CBE Resource Center Annual Metrics and Cost Savings

Expectation	Reality	Old Metric	New Metric	Cost Savings
All applications will be entered online by August 1 st , 2008 significantly reducing data entry time for DSLBD staff members	Virtually all applications for certification, re-certification, and upgrade are now being submitted online	15 hours per week spent entering paper applications	1.5 hours per week spent entering applications	702 hours of work or \$20,250.00 per year
Eliminating receipt letters for submitted applications (and a second page checklist of required documents based on business type) reduces processing time	Receipt emails automatically sent for submitted applications containing list of required checklist items based on business type	2080 hours per year	Fully automated	2,080 hours or \$60,000.00 per year
Eliminating manually entered CBE Analysis Form will reduce processing time	CBE Analysis Form generated by automated system (with limited manual entry)	120 minutes per application	15 minutes per application	3,180 hours or \$91,735.00 per year (based on 1817 applications submitted in 2007)
Storing "site visit" documentation, "deficiency" letters, etc. in database reduces amount of time required to search through paper files to locate for a specific application	Staff member locates application in automated system to view documents	15 minutes per application	1 minute per application	848 hours or \$24,465.00 per year (based on 1817 applications submitted in 2007)
Automating the certification process will cut the approval/denial time to under 45 days	Results were better than expected	Processing time of 90 days or more	Processing time of 45 days or less	75% or 1,363 applications received results in 45 days or sooner
Web-based outreach tool to communicate with CBE community (based on feedback from the community)	Previously list was kept manually and information was distributed via snail mail. Now, communication is automated	40 hours to gather contact and send out information each time communication to CBEs	30 minutes per communication to CBEs	1185 hours or \$34,185.00 (based on approximately 30 times communication was sent out)
Producing automated approval letters	Previously letters were created manually, now they are automated	45 minutes per application approved	5 minutes per application approved	555 hours or \$16,000.00 (based on 832

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	and created based on batch processing			applications approved in 2007)
TOTAL SAVINGS in 2007				\$246,635.00