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# **NASCIO 2003 RECOGNITION AWARDS ENTRY**

## **State of Ohio – Ohio Business Gateway**

### **Executive Summary**

The Ohio Business Gateway (OBG) is Ohio's innovative approach to providing a "one-stop-shop" for businesses transacting with state government. The OBG allows businesses to file and pay eight different tax forms & reports with four state agencies, all from within a single web-based application. The OBG reduces the complexity of state government for business while at the same time creating infrastructure for agencies to use across the state as an enterprise. The OBG was launched January 22, 2002 for Ohio's business community and has seen steady growth during that time.

The Ohio Department of Administrative Services centrally operates the technology OBG's infrastructure which consists of a web-based front-end running on Microsoft 2000 Server utilizing a fully redundant 3-tier architecture. The application is maintained within a central secure server environment with Microsoft SQL server as the database. Data communications between the OBG and existing legacy systems are supported through virtual private network connections. In addition, the system incorporates security protocols that encrypt all information.

#### Operational Improvements for the State of Ohio

The primary improvement to state operations as a result of the OBG has been the increase in electronic reporting/filing from small businesses. The efficiencies and benefits for employers and state agencies are significant because state saves substantial time and money when data is received electronically versus via paper forms.

The OBG is an established solid foundation for future government to business (G2B) systems. With the success of the OBG and continued acceptance by the business community, the State of Ohio plans to expand the OBG to include major employers, additional agencies and small business applications.

#### Benefits Realized by Service Recipients, Taxpayers or State

The OBG eliminates and streamlines data entry requirements, provides taxpayers with the ability to file and pay without using paper and traditional mail delivery methods, reduces unnecessary billings, eliminates mail processing requirements and horizontally integrates government services by eliminating multiple touch-points for taxpayers. A taxpayer can file and pay a sales tax report and an employer withholding tax report with the Ohio Department of Taxation, a Bureau of Workers' Compensation premium report with the Bureau of Workers' Compensation, a payroll withholding tax report with the Department of Job and Family Services, and an unclaimed funds report with the Department of Commerce. Prior to the OBG, a taxpayer was required to submit five separate documents and payments to these different agencies. Now, the OBG provides a single location for all of these filings and payments.

#### Return on Investment

Since its inception, over 24,000 businesses throughout Ohio registered to use the OBG system, reporting over \$160,000,000 in state tax liabilities. The majority of this activity has taken place in 2003. In the first fourteen days of May over \$19 million dollars have been reported through the OBG.

By creating a more readily accessible and flexible application, the State of Ohio has created a more business and citizen friendly image. The Ohio Business Gateway is one more positive and significant step forward in the State of Ohio's mission to leverage technology to manage work processes. This new approach significantly increases the State of Ohio's ability to respond to the changing needs and demands of its constituency while also expanding the choices available to businesses in how to access state government services.

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## Description of Project

The *Ohio Business Gateway (OBG)* is Ohio's innovative approach to providing a "one-stop-shop" for businesses transacting with state government. The OBG allows businesses to file and pay eight different tax forms & reports with four state agencies, all from within a single web-based application. The OBG reduces the complexity of state government for business while at the same time creating infrastructure for agencies to use across the state as an enterprise.

The OBG was launched January 22, 2002 for Ohio's business community and has seen steady growth during that time. Businesses can currently report and pay Ohio tax liabilities associated with workers' compensation premiums, unemployment tax, payroll withholding tax & summaries, sales tax and negative unclaimed funds to state agencies during a single session. Payments are electronically initiated from business checking or savings accounts via automated clearinghouse (ACH) transactions and a recent enhancement allows for credit card payment as an alternative.

## Organization

The OBG is housed within the Ohio Department of Administrative Services under the direction of the State's Chief Information Officer. The Ohio Bureau of Workers' Compensation, Department of Job and Family Services, Department of Taxation, and Department of Commerce are the current client agencies that have electronic forms and reporting hosted in the OBG system. In mid-2002 the Ohio Business Gateway Steering Committee was formed to set the strategic direction for the OBG. The steering committee consists of the State CIO, directors of the five operational agencies above and the Department of Development, with input and participation from the Governor's Small Business Advisory Council, the Small Business Council of the Ohio Chamber of Commerce, the National Federation of Independent Businesses of Ohio and representatives of private businesses.

## Technical Structure

The Ohio Department of Administrative Services centrally operates the technology OBG's infrastructure which consists of a web-based front-end running on Microsoft 2000 Server utilizing a fully redundant 3-tier architecture. The application is maintained within a central secure server environment with Microsoft SQL server as the database. Data communications between the OBG and existing legacy systems are supported through virtual private network connections. In addition, the system incorporates security protocols that encrypt all information.

Communication to the workers' compensation and unemployment insurance legacy systems is accomplished by interchange objects using simple object access protocol (SOAP). SOAP is a lightweight, XML-based protocol used for the exchange of information in a decentralized, distributed environment. This real-time access to back office legacy databases to assist in pre-population of certain form elements significantly reduces time and effort for compliance and increases overall system accuracy and responsiveness for both Ohio businesses and state agencies.

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## **Operational Improvements for the State of Ohio**

The primary improvement to state operations as a result of the OBG has been the increase in electronic reporting/filing from small businesses. The efficiencies and benefits for employers and state agencies are significant because state saves substantial time and money when data is received electronically versus via paper forms.

In the pre-OBG environment, small businesses employers had to type all reporting information on a paper form and mail it to the Department of Job and Family Services for scanning through an optical character recognition system. This processing of the forms by the state was labor intensive and often difficult to detect input errors by the employers. With the implementation of the OBG, small business employers may now report electronically with many of the form fields pre-populated real-time by the OBG. This has resulted in improved reliability, accuracy and efficiency of the tax reports and payments. Employers receive instant confirmation that transactions were received and executed.

At the Department of Taxation, small business employers submitted and reported payroll withholding tax, sales tax and payments manually prior to the deployment of the OBG. Taxation maintained a staff of 12-15 processing analysts to receive and process the incoming manual information. The new functionality of the OBG now frees these analysts from the manual processing burdens, costs and time commitments associated with these transactions.

The OBG is an established solid foundation for future government to business (G2B) systems. With the success of the OBG and continued acceptance by the business community, the State of Ohio plans to expand the OBG to include major employers, additional agencies and small business applications.

## **Benefits Realized by Service Recipients, Taxpayers or State**

The OBG eliminates and streamlines data entry requirements, provides taxpayers with the ability to file and pay without using paper and traditional mail delivery methods, reduces unnecessary billings, eliminates mail processing requirements and horizontally integrates government services by eliminating multiple touch-points for taxpayers. A taxpayer can file and pay a sales tax report and an employer withholding tax report with the Ohio Department of Taxation, a Bureau of Workers' Compensation premium report with the Bureau of Workers' Compensation, a payroll withholding tax report with the Department of Job and Family Services, and an unclaimed funds report with the Department of Commerce. Prior to the OBG, a taxpayer was required to submit five separate documents and payments to these different agencies. Now, the OBG provides a single location for all of these filings and payments.

With deployment of the OBG, small business employers and the state are positioned to enjoy the benefits of a customer-centric application including the following key benefits:

1. Remittance of electronic payments via ACH. Electronic payment transactions eliminate the need for manually creating and issuing paper checks. The electronic payment functionality also supports enhanced data verification and immediate receipt

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confirmation. The results include reduced time in preparing and distributing payments, increased accuracy, and elimination of much of the repetitive paperwork that previously had to be completed manually.

2. Consolidation of tax payment transactions. The OBG allows participating employers to create one payment transaction covering multiple tax liabilities involving multiple agencies.
3. Reduce reporting burden. Participating employers' tax data and associated tax forms from four state agencies are accessible through the OBG. This allows employers to submit and maintain their own business and employee tax data without direct agency involvement. Additionally, the OBG is a paperless system that helps eliminates the need for businesses to obtain and maintain paper forms.
4. The OBG provides significant conveniences for Ohio small business owners by allowing anyone with access to the Internet to conduct business tax reporting and payments with the State of Ohio 24 hours a day and seven days a week.
5. The OBG development process established a trusted communication channel with the Ohio business community spanning a wide range of business sectors. The application was tailored to meet the specific needs identified by small businesses. Because of the collaborative process used to design the system, these relationships can be leveraged for future enhancements and services.

*What the business community is saying about the Ohio Business Gateway:*

“I just filed my IT-501 for the first time, and I have to tell you that I'm THRILLED about this! The site was very easy to use and VERY fast! Thank you for making this service available!”

“Last evening I addressed a group of CPA's (the OSCPA Tax Club). The group was lively, though small because of tax season. Several of the CPA's are using OBG for their payroll clients and are very enthusiastic about it. They are also glad to hear that payment warehousing is in the works, as they've been using the same for BWC. One of the accountants has used all our filing methods except mag tape, and she stated, flatly, that OBG was the best reporting system she's used. I asked her to explain, and she detailed the ease of signing on, setting up an account and reporting, and the ease of reporting subsequent quarters. I had a chance to watch the crowd -- looked to me like her "marketing" was convincing several others...”

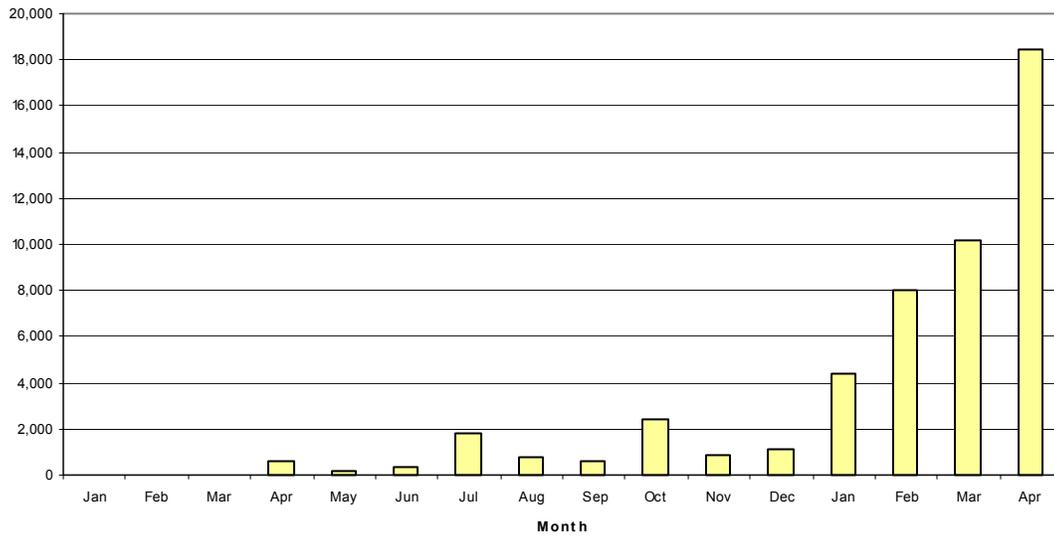
### **Return on Investment**

The reduction or elimination of data entry on the part of government creates many positive results for government and for taxpayers. Since its inception, over 24,000 businesses throughout Ohio registered to use the OBG system, reporting over \$160,000,000 in state tax liabilities. The majority of this activity has taken place in 2003.

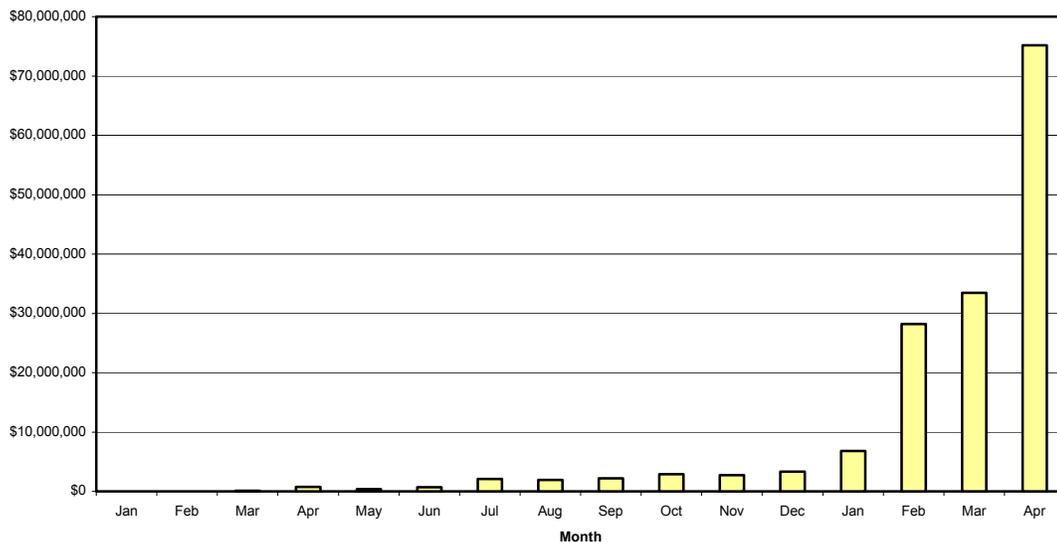
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The following charts represent the increase in usage since the OBG's inception:

**OBG Reports Filed by Month**



**OBG Dollars Reported by Month**



Usage continues to increase. In the first fourteen days of May over \$19 million dollars have been reported through the OBG. Other gains of the OBG are:

- Increases process efficiencies
- Eliminates data redundancies
- Simplifies doing business with the state
- Reduces costs of complying with tax laws
- More efficient allocation of agency staff resources
- Eliminates or reduces processing steps resulting in fewer typographical errors or errors of omission
- Eliminates inefficient handling of mail

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- Consolidates multiple tax liabilities to multiple agencies into a single transaction
- Creates a paperless environment for tax reporting
- Allows business with the State of Ohio 24 hours a day and seven days a week

Long-term benefits of the OBG will increase as more small business employers learn of and take full advantage of the new application and its functionality. The full value of the OBG revolves around the establishment of a customer-focused, single face of government providing services to Ohio's business community. By embracing the lessons learned by the OBG project, the State of Ohio is in a strong position to leverage both this application and its approach to developing and deploying additional efficient and value-added Web-based systems in the future.

By creating a more readily accessible and flexible application, the State of Ohio has created a more business and citizen friendly image. The Ohio Business Gateway is one more positive and significant step forward in the State of Ohio's mission to leverage technology to manage work processes. This new approach significantly increases the State of Ohio's ability to respond to the changing needs and demands of its constituency while also expanding the choices available to businesses in how to access state government services.