Washington, DC LSDBE Online

EXECUTIVE SUMMARY

The mission of the District of Columbia's Department of Small and Local Business Development (DSLBD) is to foster economic growth and the development of **L**ocal, **S**mall, and **D**isadvantaged **B**usiness **E**nterprises (LSDBEs) through supportive legislation, business development programs, and agency and public/private contract compliance.

LSDBE Certification allows businesses to participate in the District's "Sheltered Market" contracting program. The District directs spending to these DC-based businesses that supports and contributes to job creation and the city's tax base, which in turn results in a much stronger local economy. LSDBEs 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 also required each of its 66 agencies to award 50% of all annual contracts to and to purchase supplies from certified LSDBE 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 LSDBE participation.

When the District awards a contract with LSDBE subcontracting requirements, the prime contractor is required to submit a binding LSDBE Subcontracting Plan identifying specific LSDBE subcontractors and the percentage of the overall contract amount they will receive. The total percentage for all LSDBE subcontractors must be at least 35%. Payments to these LSDBEs by prime contractors must be tracked to ensure compliance with the plan submitted. Compliance tracking and follow up was handled manually, and overall compliance frequently failed to meet the 35 % target.

To become an LSDBE, companies had to apply and then undergo a certification process that verified that they could provide particular products or services based on National Institute of Governmental Purchasing (NIGP) commodity codes. This process typically took 90 days or more. Companies had to deliver or mail applications to the DSLBD office, where staff manually entered them into a database. The DSLBD staff then handled any status inquiries or requests for required documentation by phone or letters.

In late October 2005, the Department of Small and Local Business Development (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), began a collaborative effort to develop a comprehensive website and an integrated web-based application that would:

- Facilitate the certification of qualified small, local businesses by enhancing the DSLBD website, by developing software that would allow companies to submit applications for LSDBE certification online, and provide DSLBD with the means to process those applications via the District's Intranet;

- Provide a transparent and efficient way to verify that city agencies are complying with District LSDBE participation requirements; and

- Track prime contractor payments to subcontractors in order to verify compliance with LSDBE participation plans submitted to OCP when a contract was awarded.

The result of this effort is the web-based "LSDBE Online" software with its associated Business Center website. LSDBE Online launched in March 2006.

A. Project Title

Washington, DC, LSDBE Online
Local, **S**mall, and **D**isadvantaged **B**usiness **E**nterprises (LSDBE)

B. Description of Business Problem and Solution

LSDBE Online and its associated Business Center website launched in March 2006 and have operated continuously for 15 months. The application is available on the District's public Internet portal. Administrative processes are accessible to authorized DSLBD users via the District's secure Intranet. The website and web-based software were developed by the Office of the Chief Technology Officer (OCTO) and are administered by the Department of Small and Local Business Development (DSLBD) and the Office of Contracts and Procurement (OCP).

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

   The LSDBE Business Center website educates businesses on the advantages of becoming a certified local, small, disadvantaged business enterprise (LSDBE). It explains the process, identifies required documentation, and estimates the approval timeline. LSDBE Online allows businesses to submit applications for certification online within a secure environment and then track the status of their applications through the approval process. Requests for certification have increased 41 % since the system was launched.

2. The processing time from submission of a certification application to a final decision for approval or denial was 90 days or more, a frustrating delay for businesses that wanted to bid on current District solicitations.

   Automating the certification process cut the approval/denial time to 45 days or less.

3. Based on meeting certain criteria, LSDBEs would qualify for preference points that gave them an advantage when bidding on District government contracts. One of these criteria was locating their headquarters in a District Enterprise Zone or Economic Development Zone. Local companies had no way of knowing the zone boundaries other than to visit a government office and look at a map.

   Via the website, 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 preference points associated with that location. This encourages business owners to set up offices in locations that benefit both themselves and the District.

4. Prime contractors had no online ability to locate LSDBEs who had been certified to provide a specific subcontracting service.

   LSDBE Online now provides an online search capability that enables prime contractors to identify certified LSDBE companies (based on National Institute of Governmental Purchasing [NIGP] codes of goods and services) with whom they can partner when attempting to secure District contracts.

5. DSLBD staff members had no way to measure prime contractor compliance with their LSDBE subcontracting plan's payment provisions. Using LSDBE Online, prime contractors are now able to record payments to their LSDBE subcontractors in order to demonstrate compliance with

their approved LSDBE participation plan. This process triggers an email to the appropriate LSDBE subcontractor who can confirm or dispute these payments online.

6. LSDBEs had to regularly visit the Office of Contracts and Procurement (OCP) website and search through new solicitations for opportunities that matched their qualifications.

   Now, applicable LSDBEs proactively receive nightly email notifications of District contract solicitations initiated by OCP that match their qualifications (based on NIGP codes). In addition, LSDBE Online allows companies, organizations, or individuals throughout the District to post business opportunities within the LSDBE Business Center. Once again, the system sends email notification to LSDBE companies of the opportunities that match their qualifications (based on NIGP codes).

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

   This process has now been replaced with a totally automated nightly process that extracts new LSDBE purchase orders from the District's purchasing system and imports it into LSDBE Online so that agency compliance information is always current and accurate.

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

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The launch of the LSDBE 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 LSDBE; 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 (March 2006), 114 applications were submitted, almost double the normal average of 60 applications per month. A total of 976 applications were received for 2006 versus 692 in 2005 (an increase of 41% in just 10 months).

Allowing companies to enter applications for certification online means DSLBD's staff no longer has to enter over 700 four- to nine-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.

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.

<u>Agency Compliance</u>

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

<u>Prime Contractor Compliance</u>

Each night, newly awarded contracts with LSDBE requirements are imported from OCP's Contract Award Database System. OCP uses the LSDBE Online system to enter the associated LSDBE 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 LSDBE subcontractor, they record payment information online in order to demonstrate compliance with the LSDBE 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 LSDBE 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 LSDBEs and should increase the level of compliance over time.

<u>Communication Layer</u>

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 LSDBE Online application. Examples of events that trigger emails to various roles include:

TRIGGER	RESULT
Company registers with LSDBE 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 LSDBE	Email sent to LSDBE subcontractor and compliance manager
LSDBE 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

LSDBE 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 LSDBE companies of new contract solicitations entered by OCP or business opportunities posted within the LSDBE 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.

D. Public Value of the Project

District Enterprise Zone Finder

The LSDBE 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 of the District.

Streamlined Application Process

The Web-based applications within LSDBE 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 LSDBE 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 LSDBE 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 LSDBE Business Center. Nightly email blasts proactively notify LSDBE companies of opportunities that match their qualifications (based on NIGP codes).

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

Statistics and Other Benefits

The District of Columbia launched the LSDBE Online web-based software and associated Business Center website on March 3, 2006. Since then, a daily average of 245 registered users from District companies logged into LSDBE Online to transact some type of business – with unique visitors averaging 8,133 monthly. The system's operational performance has met all availability targets, with no unplanned outages or response time issues.

The LSDBE Business Center resulted in significant positive impacts on the operations of the Department of Small Local Business Development (DSLBD) and LSDBE community in general.

Expectation	Reality	Old Metric	New Metric	Savings
Most applications will be entered online 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	**2.5 hours** per week spent entering applications	**650 hours** of work per year
Eliminating receipt letters for submitted applications (and a second page checklist of required documents based on business type) will reduce processing time	Receipt emails automatically sent for submitted applications containing list of required checklist items based on business type	**2000 hours** per year	Fully automated	**2,000 hours** per year
Eliminating manually entered LSDBE Analysis Form will reduce processing time	LSDBE Analysis Form generated by automated system (with limited manual entry)	**120 minutes** per application	**20 minutes** per application	**1,627 hours** per year (based on 976 applications submitted in 2006)
Storing "site visit" documentation, "deficiency" letters, etc. in database will reduce the amount of time required to search through paper files to located them for a specific application	Staff member locates application in automated system to view documents	**15 minutes** per application	**1 minute** per application	**14 minutes** per application
Automating the certification process will cut the approval/denial time to under 60 days	Results were better than expected	Processing time of **90 days** or more	Processing time of **45 days** or less	Companies receive results **45 days sooner**
Pro-actively alerting LSDBE companies via email of newly posted opportunities they qualify for will increase response rate to solicitations	Emails are sent on a nightly basis to qualifying LSDBE (based on NIGP codes)	LSDBE's had to manually search for solicitations for which they qualified	LSDBE companies receive email notifications	Significant time savings for the LSDBE community