State of Wisconsin

Date: April 28, 2022

To: Members of the Joint Committee on Finance and Joint Committee on Information Policy and Technology

From: Department of Administration Secretary-designee Kathy Blumenfeld

Department of Workforce Development Secretary-designee Amy Pechacek

Subject: 2021 Wisconsin Act 4 Quarterly Report – First Quarter 2022

Pursuant to 2021 Wisconsin Act 4, under Wis. Stat. s. 108.14(27)(e), this report serves to update you on the progress the Department of Workforce Development (DWD) has made on its project to update the information technology (IT) systems used for processing and paying claims for unemployment insurance (UI) benefits from January 1 through March 31, 2022.

We are pleased to share in this report that DWD has continued to make good progress in its UI modernization efforts. As previously reported, DWD's first step in undertaking UI system modernization was the purchase of an integrated cloud-based communications and messaging center that offers seamless integration of a telephony system with enhanced features and reporting solutions. DWD has fully implemented the communications and messaging center and, as the system's artificial intelligence (AI) continues learning about DWD programs, the Department will continue to evaluate the programming and make updates as appropriate. (See timeline below.)

Cloud Based Contact Center

DWD contracted with Nice CXone, a cloud-based Customer Contact Center, through the NASPO ValuePoint Contract to provide call center services. Effective during this reporting period, DWD transferred **all** of its call center functions to the new system. The move ensures that the technical platform has the scalability necessary to meet DWD's capacity needs, as DWD's weekly call volume can be as low as 12,000 calls per week to over 6 million calls per week (as was experienced during the early stages of the pandemic). The new call center platform monitors capacity regularly and has an architecture that allows for a capacity increase to meet DWD's needs.

As part of this effort, DWD incorporated a virtual agent that can answer frequently asked questions on the main UI phone lines after business hours. DWD has the ability to turn the virtual assistant on or off as needs arise. Additional development and refinement of the virtual assistant is expected in the future releases as the system continues learning.

Governor Evers has directed $80 million of American Rescue Plan Act (ARPA) funds to ensure that the UI modernization project is fully funded. Also, DWD is using federal funds for the purchase of the cloud-based communications and messaging center, including $3,326,400 for chatbot components.

MILESTONES & Timeline	STATUS	START DATE	END DATE
Cloud-based Contact Center			
Requirements to Cooperative Purchasing Vendors	**Complete**	2/26/21	3/16/21
Vendor Submission of Solutions	**Complete**	3/16/21	3/26/21
Review Submissions	**Complete**	3/28/21	4/07/21
Demonstrations	**Complete**	4/12/21	4/16/21
Call Center Vendor Selection	**Complete**	4/19/21	5/14/21
DOA Contract Review	**Complete**	5/27/21	6/2/21
Engagement Addendum: Call Center	**Complete**	5/28/21	6/18/21
First Phone Lines Moved	**Complete**	7/1/21	9/29/21
Remaining Phone Lines Moved	**Complete**	1/4/22	3/17/22
AI Chatbot			
Engagement Addendum: AI Chatbot	**Complete**	5/28/21	9/24/21
FAQ Development and Implementation	**Complete**	10/1/21	2/24/21
Next Steps			
Continued Expansion of AI Chatbot			

Unemployment Insurance System Modernization

As part of the larger modernization project, DWD engaged expert consultants to assist in developing an RFP for overhauling the many components of the system. As previously reported, DWD entered into an initial $1.2-million-agreement with 18F, using federal funds, to help build the RFPs to solicit vendors that will take on additional components of the comprehensive UI modernization project. Following vendor selection, 18F provided consultation services for the startup and initial stages with the selected vendor. The engagement with 18F was complete as of the end of February 2022.

The contract with Flexion was signed on September 27, 2021, to identify and implement technology solutions to modernize the UI system, which involves integration of additional off-the-shelf software and cloud-based solutions, along with significant custom software development as determined through the discovery phase. As detailed in previous reports, DWD is taking an agile approach to the UI modernization project and procurement processes to address the most immediate needs first and transform the antiquated mainframe systems into an innovative and adaptable IT system. DWD and Flexion have entered into a one-year agreement, with three optional renewals. The total cost for four years of the project is approximately $16.5 million, excluding all the hardware and software necessary to support the new system. (See timeline below.)

During the previous reporting period, an initial kick-off meeting with Flexion was held on October 12, 2021. The first quarter of work was focused on developing the team working protocols and language; obtaining access to DWD systems and environments; and obtaining sufficient understanding and knowledge about the data flows, code execution flows, the new cloud-based environment, and policy and business processes. Entering into 2022, the UI modernization team began the task of building out the early stages of the cloud infrastructure with the appropriate security and controls and initial system development with a focus establishing claimant eligibility and employer charging. Manual case processing was identified as one of the key areas to address with modernization. DWD's

existing, antiquated UI IT system cannot properly handle all variations of cases that exist, so an inordinate number of cases must be manually processed. A modernized system will work to reduce the number of cases that require manual processing.

While much of the early work was focused on research and discovery, during the first quarter of 2022, DWD and Flexion focused on establishing the cloud infrastructure to support the modernized system, research work to support development, and prototyping and development work related to establishing claimant eligibility and charging employers. Key outcomes included:

- Research – In addition to the information gathering that Flexion conducted, as described above, the team has:
    - Conducted user research to obtain feedback and information about the needs of each user group (claimants, employers, staff, etc.) to improve their experience with the system. Note, this is the first step in accomplishing a core component of the overall modernization project that the development of the new system must incorporate User Experience (UX) / Human-center Design (HCD).
    - Developed personas that will be used by developers to represent the needs of the larger group. This information is used to assist in developing the ideal user experience.

- Data Modernization – The new system will require a more efficient model for maintaining and accessing the appropriate data. The team has successfully created an initial replication of a portion of the legacy data system and has identified and tested ways to de-identify the data in the test environment.

- Development – Running in parallel to the infrastructure work, new development efforts continue with development focused on screens necessary for the manual processing work. Initial work has focused on:
    - Development of early wireframe protypes for a web user interface.
    - A prototype of the benefit estimator functionality. Additional work is needed for full functionality and integration into existing data sets.

- Technical - As the system is moving from a State of Wisconsin-controlled data center to the cloud, initial work started to establish the infrastructure to include a code deployment pipeline that is efficient and secure. This work includes:
    - Establishment of a source code repository.
    - Development of an environment promotion process.
    - Identification and establishment of baseline security standards and initial work to identify the appropriate security controls for the cloud.

Future work is occurring using agile development sprint cycles. In this process, goals are established for each sprint that are based on set near-term objectives. Given the parallel work to complete the infrastructure in a secure and sound way with application development, the team has established the following as objectives for the upcoming quarter:

- Implement a small scale first production deployment, which will allow a low-risk test of the established code promotion process.
- Identify strategies for the next phase of development within the mainframe, which will identify the work needed to establish a way to isolate a small component within the legacy mainframe system.
- Identify and conduct the first stages of legacy database replication and de-identification so that future efforts will be able to build upon this.

As discussed above, the priority of the initial development stages is to tackle manual processes related to establishing what the claimant qualifies for and the appropriate charging back to the employers. The complexity of these calculations and the limitations of the legacy system require development to begin with the simplest form claim type to build upon for increasingly complex claim types. As each incremental element is added to the basic claim type, the functionality's value will increase as the system can process more complex claims and fewer claims will require manual processing.

UI Modernization MILESTONES & Timeline	STATUS	START DATE	END DATE
Enter into agreements with a vendor to write an RFP	Complete	2/26/21	3/16/21
Accelerated Discovery	Complete	4/1/21	5/13/21
Protype & Validate Sprint	Complete	5/14/21	8/31/21
Solicitation Development	Complete	6/01/21	6/30/21
Vendor Selection and Award (tentative 60 days)	Complete	7/1/21	8/31/21
Contract Negotiation	Complete	9/1/21	9/27/21
Post-Award/Vendor Management Support	Complete	9/28/21	2/28/22
Next Steps			
Initial development phases			

We hope you find this information helpful. We will provide the next quarterly update on the UI modernization project to you in July 2022. In the meantime, please do not hesitate to contact us with any questions.