



Washington State Department of
Labor & Industries

Workers' Compensation Systems Modernization Project

Quarterly Report to the Legislature
January - March 2024

Contents

| | |
|--|----|
| Introduction..... | 3 |
| About this report | 3 |
| Executive Summary | 4 |
| Quantifiable Deliverables | 6 |
| January – March 2024 Deliverables..... | 6 |
| Contract Full-Time Equivalent | 7 |
| Contracted Vendors | 7 |
| Performance Metrics..... | 8 |
| Pre-Procurement Phase | 8 |
| Risks Identified..... | 9 |
| Risks..... | 9 |
| Open risks and High Priority Recommendations as of March 2024..... | 9 |
| Closed Recommendations During Quarter (January – March 2024)..... | 16 |
| Conclusion | 17 |

Introduction

This report is in response to the 2023-25 budget proviso for the Workers' Compensation Systems Modernization Project, Section 220, subsection 1(a) of the 2023-25 operating budget as amended by the Supplemental budget, Chapter 376, Laws of 2024.

This section requires the department to:

(a) Submit quarterly data within 30 calendar days of the end of each quarter, effective July 1, 2023, on:

(i) The quantifiable deliverables accomplished and the amount spent by subprojects identified in (a)(i)(A) through (G);

(ii) All of the quantifiable deliverables accomplished by subprojects identified in (a)(i)(A) through (F), and in total, and the associated expenditures by fiscal month;

(iii) The contract full time equivalent charged by subprojects identified in (a)(i)(A) through (F), and in total, compared to the budget spending plan by month for each contracted vendor and what the ensuing contract equivalent budget spending plan by subprojects identified in (a)(i)(A) through (F), and in total, assumes by fiscal month;

(iv) The performance metrics by subprojects identified in (a)(i)(A) through (F), and in total, that are currently used, including monthly performance data; and

(v) The risks identified independently by at least the quality assurance vendor and the office of the chief information officer, and how the project:

(A) Has mitigated each risk; and

(B) Is working to mitigate each risk, and when it will be mitigated;

ABOUT THIS REPORT

The Workers' Compensation Systems Modernization (WCSM) Project has an approved updated technology budget as of October 20, 2023, as required by Section 701 of the 2023-25 operating budget. Please note that this document provides a high-level overview of project spending for the relevant quarter. More detailed financial data responding to the 2023-25 budget proviso for WCSM, Section 220, 1(a)(i)(G), 1(ii)-(iii) is in the accompanying Excel workbook component of the report.

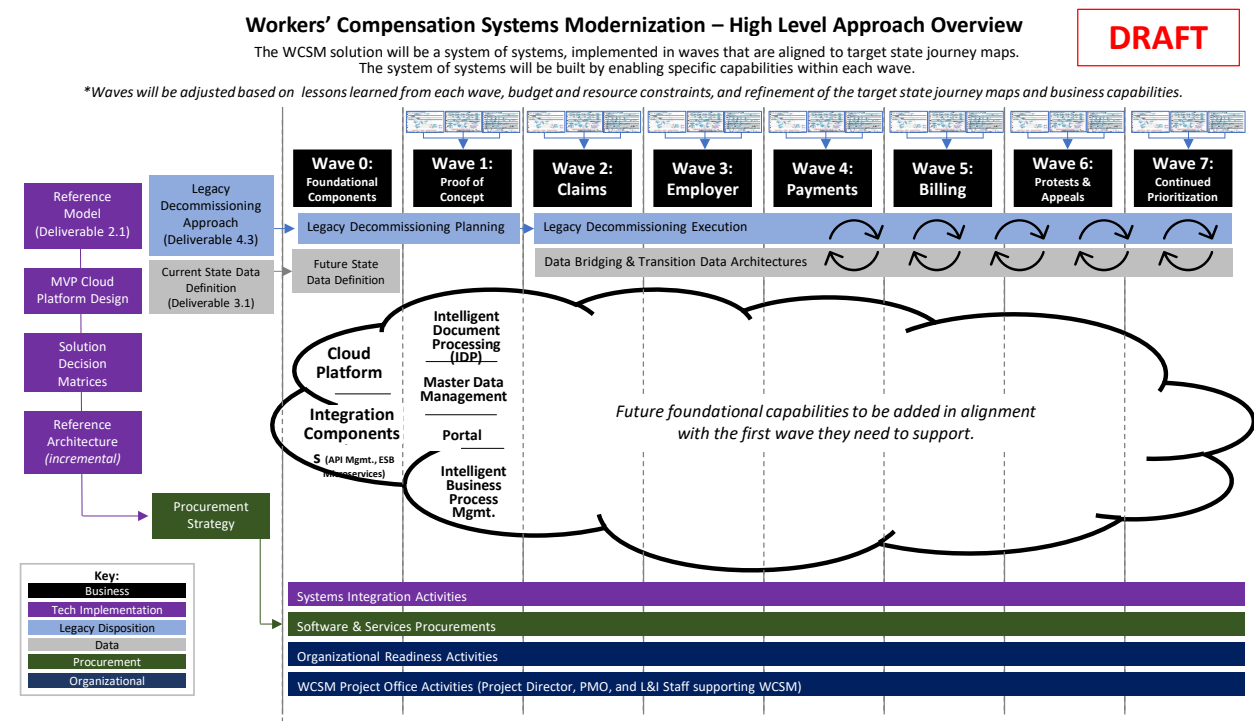
Executive Summary

This report covers the third quarter (Gate 5) of the 2024 fiscal year. Starting in February, Deloitte delivered the first of many “pre-procurement phase” deliverables as identified in their statement of work. Deloitte developed the deliverables based on work sessions that started in December 2023 and continued through March 2024 with nearly 100 L&I subject matter experts from the various L&I program areas.

These deliverables will be the foundation for the WCSM project team to create its procurement strategy and decommissioning approach before Wave 0 starts.

Other key work during Quarter 3:

- The Organizational Change Management team in January successfully launched a quarterly series of Round Table discussions open to all L&I employees. More than 100 employees attended the first session. The April Round Table discussion was held on April 23, 2024. The next Round Table discussion is scheduled on July 8, 2024.
- Project Management Plans approved by the Deputy Project Director during Q3 included: Risk Management Plan; Procurement Management Plan; Vendor Management Plan.
- Plans for Governance Management, Change Control, Process & Documentation Management, Resource Management were under review during Q3 and expected to be approved in Q4.
- Modernization roadmap alignment discussions with WaTech were held in Q3 and lead to an Executive Steering Committee vote to affirm the approach. Overview visual is shown below.



The project team continued to work toward finishing recommendations made during the 2021 independent review of the project. As of March 2024, the project team completed four of the 13 recommendations. Those were to:

- Align WCSM with oversight authority processes.
- Continue to implement WCSM stakeholder engagement.
- Develop application modernization strategy for legacy systems.
- Revise WCSM after solution approach evaluation.

All remaining tasks are in progress, but the remaining independent review recommendations can't be finished until after the pre-procurement phase.

Quantifiable Deliverables

Section 220, subsections 1(a)(i) and (ii) of the 2023-25 operating budget, require all quantifiable deliverables accomplished by specific subprojects and in total to be reported quarterly, including the associated expenditures by each deliverable by fiscal month and in total by fiscal year. Quantifiable deliverable totals by fiscal month and fiscal year are provided in the accompanying Excel workbook component of the report.

JANUARY – MARCH 2024 DELIVERABLES

The WCSM project team worked on several deliverables in Fiscal Year 2024 Q3:

- WCSM Project Plans: Completed Risk Management Plan; Procurement Management Plan; Vendor Management Plan. The project team continues to work on Governance Management, Change Control, Process & Documentation Management, Resource Management with anticipated completion date Fiscal Year 2024 Q4.
- Target State Solution Strategy & Design Approach (Deliverable 1.1)
- WCSM Target Architecture (Deliverable 2.1)
- Current State Data Assessment Summary (Deliverable 3.1)
- Target State Journey Map Crosswalk (Deliverable 4.1)
- Enterprise Impact Assessment (Deliverable 4.2)
- Initial Legacy Decommissioning Approach (Deliverable 4.3)

The project team continues to produce monthly status reports, responses to QA recommendations, decision options analysis, as well as other project-related tasks.

In total, L&I incurred \$1,760,408 in expenditures during this quarter, including proviso expenditures of \$1,639,584 and in-kind expenditures of \$120,824.

| <i>Proviso – Total Quarterly Expenditures Summary</i> | |
|---|--------------------------|
| Cost Category | Total Expenditure |
| State Employee Staffing Costs | \$289,793 |
| Non-State Employee Staffing Costs | \$0 |
| Contracted Professional Services | \$1,294,324 |
| Software Licenses and Subscriptions | \$0 |
| Hardware and Equipment | \$0 |
| Other | \$55,467 |
| Total | \$1,639,584 |

Total proviso-funded contractor spending for January – March 2024 was as follows.

| <i>Proviso – Total Quarterly Expenditures by Contractor</i> | | |
|---|--|--------------------------|
| Vendor | Contracted Work | Total Expenditure |
| Captech Ventures Inc. | OCM Services | \$145,444 |
| Deloitte Consulting LLP | 0.1 Project Plan, 1.1 Target State Solution Strategy & Design Approach | \$990,000* |
| Integrated Solutions Group (ISG) | Quality Assurance | \$74,880 |
| KB & Associates LLC | Leadership Coaching | \$84,000 |
| | Total | \$1,294,324 |

*Deloitte 0.1 Project Plan payment was accrued and paid in March. Anticipate \$50,000 credit to overall spend in quarter 4.

Contract Full-Time Equivalent

Section 220, subsection 1(a)(iii) of the 2023-25 operating budget, requires the department to submit the contracted full-time equivalent charged by subprojects in total and compared to the budget spending plan by month for each contracted vendor and what the ensuing contract-equivalent budget spending plan assumes by fiscal month and in total. The contract full-time equivalent charged by subproject and in total compared to the budget spending plan by month are provided in the accompanying Excel workbook component of the report.

CONTRACTED VENDORS

For this reporting period, L&I used four contracts for the project:

- Captech Ventures Inc.
- Deloitte Consulting LLP
- Integrated Solutions Group (ISG) for quality-assurance services
- KB & Associates LLC

Below are the average monthly costs for each vendor with expenditures recognized during this reporting period, January – March. Q3 spending on contracted workstreams diverged somewhat with the Q3 spending plan, as some originally planned work has been stalled or cancelled. Budget reprioritization meetings are underway in alignment with the project’s approved governance model to determine what adjustments may be needed for the 23-25 planned contracted workstreams. We anticipate these meetings will result in updates to the project investment plan, charter, and technology budget.

| <i>Proviso – Contracted Vendors</i> | | | |
|-------------------------------------|----------------------|---------------------|--|
| Vendor | Average Monthly Cost | Average Monthly FTE | Notes |
| Captech Ventures Inc. | \$48,481 | 1.32 | Services in all 3 months of quarter; one payment for Q2. |
| Deloitte Consulting LLP | \$330,000* | 10.14 | Invoice payment subject to deliverable acceptance; costs accrued in Q3 to reflect work completed/under review. |
| Integrated Solutions Group (ISG) | \$24,960 | 0.78 | Services in all 3 months of quarter. |
| KB & Associates LLC | \$28,000 | 0.39 | Services in all 3 months of quarter; one payment for Q2. |

*Deloitte 0.1 Project Plan payment was accrued and paid in March. Anticipate \$50,000 credit to overall spend in quarter 4.

In addition, during the months of January – March, subject matter experts from across the agency participated in WCSM project meetings and work sessions to provide expertise to support contracted vendor and project management team deliverables. The following costs are estimated for agency in-kind resources used to support the project.

| <i>In-Kind Agency Support</i> | | |
|--|---------------------------|--------------------------|
| Deliverables | Est. Agency Resource Cost | Est. Average Monthly FTE |
| WCSM Project Management Work | \$99,073 | 2.13 |
| Del 4.3: Initial Legacy Decommissioning Approach | \$3,898 | 0.10 |
| Del 2.1: WCSM Target Architecture | \$2,839 | 0.07 |
| Target State Solution Strategy & Design Approach (Del 1.1) | \$9,414 | 0.21 |
| Data Management Strategy & Roadmap (Del 3.1) | \$5,600 | 0.13 |
| Total | \$120,824 | 2.65 |

Performance Metrics

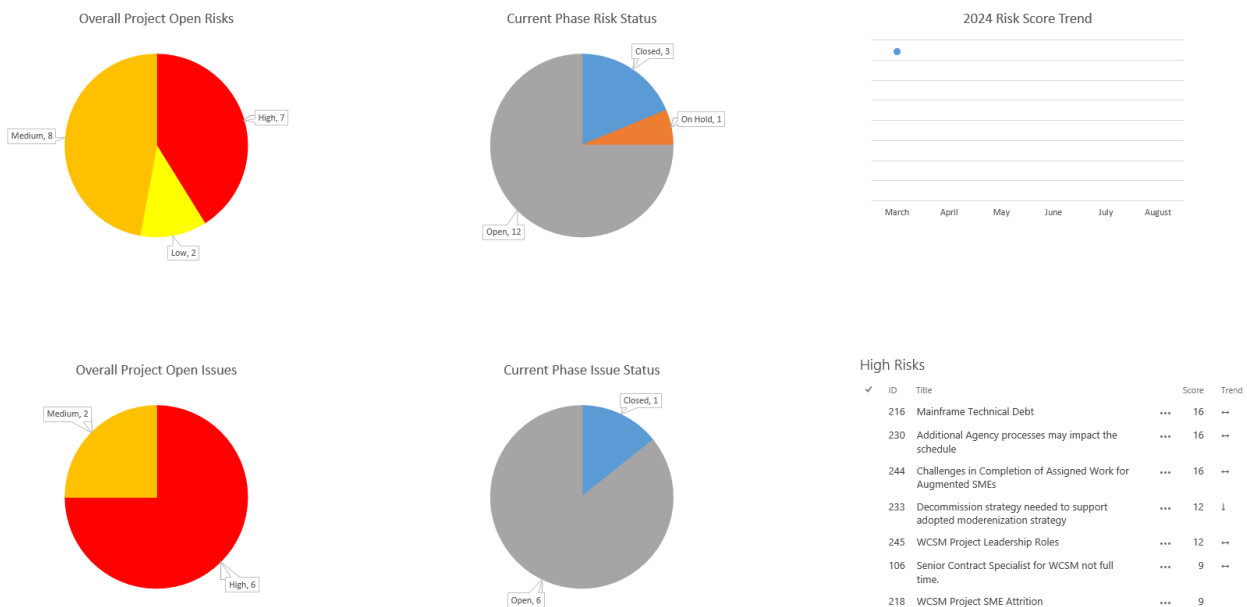
Section 220, subsection 1(a)(iv) of the 2023-25 operating budget, requires the department to report the performance metrics by subprojects that are currently used, including monthly performance data.

PRE-PROCUREMENT PHASE

L&I's WCSM project is in the pre-procurement phase. Performance metrics and SMART goals for this phase were developed and socialized with project team members as part of developing the phase charter. Ongoing project management activities have continued into the current phase. To measure those, on-time completion of tasks are tracked by comparing the baseline integrated schedule against the current progress for key milestones for the project. Key milestones we're tracking include

- QA recommendations and mitigation.
- Risks/issues analysis and disposition.
- Projected vs. actual expenditures.
- Vendor deliverables and schedule management.

The project team is developing business, technology and overall project performance metrics after the WCSM Project and Phase Charter is updated during Q4 2024. Below is a sample matrix being developed for risks.



Risks Identified

Section 220, subsection 1(a)(v) of the 2023-25 operating budget, requires the risks to be identified independently by at least the quality-assurance vendor and the Office of the Chief Information Officer (OCIO) and information provided to explain how the project:

- Has mitigated each risk; and
- Is working to mitigate each risk and when it will be mitigated.

RISKS

During this reporting period, the project was tracking 9 risks; 9 are open, 0 are on hold and 0 were closed. More information on each of the high priority risks is provided below.

OPEN RISKS AND HIGH PRIORITY RECOMMENDATIONS AS OF MARCH 2024

| QA ID# | PMBOK Category | QA Recommendation | Date Identified | Status | Priority | Agency Response | Assignee | Target Date |
|--------|----------------|---|-----------------|--------|----------|---|-----------|-------------|
| 5.13 | Team | Develop and implement corrective measures to address the observed high turnover in the Project Director role. | 3/23 | Open | High | <p>3/24: The WCSM Leadership Culture Survey results were shared with leadership on 3/12/24 with plans to cross-walk the feedback to focus group insights for action plans. The Focus Group/Lessons Learned report was presented on 3/22/24, outlining actions, timelines, and next steps. Starting in April, a monthly Pulse Survey now tracks WCSM culture progress, aiming to address specific areas identified in previous data. The goal is to reduce turnover in the Project Director role through ongoing culture improvement efforts, with support from L&I's Organizational Culture Change Architect. The WCSM project will identify a leadership sponsor to ensure the work continues forward.</p> <p>2/24: The WCSM Leadership Culture Survey is complete with a 50% participation rate and is currently under review. In addition, with the most recent Project Director leaving the project, the Executive Sponsor is working on a transition plan for an interim and permanent Project Director to ensure a smooth transfer of responsibilities and knowledge for the project. The Focus Group/Lessons Learned report to the full team was moved to March 2024 to allow for further refinement of the action plan that will be presented to the full</p> | Liz Smith | June 2024 |

| | | | | | | | | |
|------|------------|---|------|------|------|---|-----------|----------|
| | | | | | | <p>WCSM Team.</p> <p>1/24: The full WCSM Team report on focus group findings and review of the action plan is scheduled for 2/12/24. The full WCSM Project Team will have the opportunity to provide feedback on the action plan to make sure the root causes are adequately addressed. In addition, the WCSM Culture Survey will be activated in January 2024 and include Steering Leadership (voting & non-voting members) externals (WaTech & QA).</p> | | |
| 5.14 | Team | <p>Define Executive Leadership's roles and responsibilities and document them in an Executive-level RACI matrix to ensure better alignment with the model's principles for decision-making and delegation of authority to the Project Director and Executive Sponsor under the adopted Governance Model.</p> | 3/23 | Open | High | <p>3/24: The Risk and Governance Project Manager discussed RACI/RAPID matrices with the Customer Sponsor and Executive Sponsor and how the project would benefit from them. These matrices will be a part of the Focus Group action plan that was reported at the end of March. The Risk & Governance PM will be developing a plan to understand current state problems, building knowledge around the governance model, and how to move forward to reduce the gap.</p> <p>2/24: The Risk and Governance Project Manager is working with the Executive Sponsor to define tasks and decision-making roles and responsibilities and develop the next steps to have other WCSM executives onboarded.</p> <p>1/24: Executive Sponsor and L&I's CFO are working to define the CFO's roles and responsibilities on the WCSM project. In addition, the Project Director and Deputy Project Director are redefining teams and project roles to ensure decision-making at the appropriate level by the correct people.</p> | Liz Smith | May 2024 |
| 7.3 | Governance | <p>Increase the level and scope of Organizational Change Management (OCM) activities and fully integrate them into the Project Management Framework and Governance Model. In ISG's experience with projects of similar scope, scale, and complexity, active and comprehensive OCM participation is most effective when planned and integrated at all levels into each phase of a project.</p> | 6/23 | Open | High | <p>3/24: OCM staff will be revising the OCM strategy and expanding plans from pre-procurement to now also cover Waves 0 through 2. This will allow more time for OCM to involve L&I resources as necessary for education and training. The OCM team is currently validating stakeholders affected by Wave 1 and will conduct interviews accordingly. OCM is holding bi-monthly meetings with the Executive Sponsor and weekly meetings with the Deputy Project Director to enhance communications amidst the absence of a project director. Upcoming Roundtable meetings have been scheduled and allow for executive attendance and participation. OCM continues to be fully integrated into all project workstreams. There is uncertainty on what further actions will satisfy or reduce risks in the eyes of Quality Assurance, or what problem this recommendation is meant to solve.</p> <p>2/24: The OCM Lead was included in the executive-level alignment onsite</p> | Liz Smith | May 2024 |

| | | | | | | | | |
|------|------------|--|------|------|------|--|-----------|-----------|
| | | | | | | <p>meeting held in January. OCM continues to be involved in the focus group/lessons learned report-out effort to address high Project Director turnover, providing feedback on materials and talking points. The WCSM Project Office continues to involve OCM in all efforts. The Executive Sponsor and Project Director participated in the WCSM Roundtable. OCM has developed a plan of engagement to be activated: 1) Onboarding the new/interim Project Director. 2) Regularly scheduled monthly meetings with the Executive Sponsor and 3) Engaging key stakeholders immediately following the approval of the project charter. Next steps: Increase Executive Sponsor meetings to twice a month. Engage stakeholders beginning in March and through May.</p> <p>1/24: OCM integration decreased slightly in December due to holidays and leave. However, the OCM activities have started ramping up. In collaboration with the L&I Network of Knowledge, we are hosting our first round table discussion on 01/25. This is an opportunity for the project team to start sharing WCSM updates and respond to questions from employees across different programs within L&I. Additionally, the team is actively engaged in planning communication and change management around WCSM roadmap alignment discussions. The OCM team is continuing to hold regular meetings with the project leadership and finalizing a stakeholder engagement plan across different activities like – pre-procurement phase charter, integrated schedule, setting up various work streams, socializing the current in-flight work, etc.</p> | | |
| 7.25 | Governance | Produce an approved scope statement and revised Project Charter, at a minimum, prior to authorizing any additional work or initiating new workstreams going forward, and prioritize planning activities to develop, revise, validate, approve and socialize appropriate plans and controls, including critical components such as an organizational chart, work breakdown structure, integrated project schedule, context diagram, resource plan, and clearly defined roles and responsibilities for all parties (including RACI | 7/23 | Open | High | <p>3/24: There have been continued conversations between WaTech and LNI to get a conceptual alignment that included the vendor on how to proceed forward. At a high level, there is conceptual alignment on how to move forward. These decisions will feed into updating and finalizing the scope, charter, and technology budget modifications. PMO is tracking to make updates to the charter and budget.</p> <p>2/24: There is still a misalignment between WCSM leadership and WaTech about the current phase charter and modernization roadmap. More conversations to find alignment are ongoing, and more are needed before a phase charter and scope statement can be finalized.</p> <p>1/24: The Project Director conducted multiple scope and alignment discussions with WCSM Project Leadership and external oversight to move toward an approved scope and phase charter. Internal WCSM Leadership gained alignment on the scope of the pre-procurement phase. Continued conversations are needed with WaTech to gain alignment on the modernization roadmap and</p> | Liz Smith | June 2024 |

| | | | | | | | | |
|------|-----------------------------|---|-------|------|------|---|-----------|-----------|
| | | charts) for the work outlined in the approved scope statement and authorized under the revised WCSM Project Charter. | | | | scope of work necessary in the current phase. | | |
| 4.5 | Quality & Business Outcomes | Prioritize the identification and/or development of WCSM operational metrics using SMART (Specific, Measurable, Achievable, Relevant and Time bound) guidelines and incorporate them into all planning artifacts that describe the desired future state, as well as into project controls, such as the Project Charter, as appropriate. | 7/23 | Open | High | <p>3/24: As we further refine and clarify the project elements, we will be able to identify results and benchmarks of what to expect. We will look to articulate the operational metrics and incorporate them as appropriately as we develop next for the project. PMO is tracking and will make updates as soon as scope is determined.</p> <p>2/24: SMART goals were approved by WCSM Leadership and incorporated into the Pre-Procurement Phase Charter. No further action or changes have been requested at this time.</p> <p>1/24: SMART goals were created to bridge Phase Charter to Project Charter, and included input from leadership team members. SMART goals were included in the Pre-Procurement Charter sent to the Steering Committee. The Steering Committee has not yet approved the Pre-Procurement Charter.</p> | Liz Smith | June 2024 |
| 2.10 | Schedule | The Project should adopt a more iterative approach to schedule development that focuses on producing and maintaining an interim, stand-alone schedule for planning and managing near-term Pre-Procurement activities while continuing to develop an IPP for the entire Pre-Procurement phase. | 10/23 | Open | High | <p>3/24: The project continues to use a 60-day project schedule view to update stakeholders, as well as partnering with Deloitte to monitor vendor project schedules. The PMO team meets regularly to review internal project progress and is available to provide additional details to stakeholders upon request. Status reports also cover high-level project work, although there is uncertainty from the project office about what will satisfy or reduce risks in the eyes of Quality Assurance during the iterative approach.</p> <p>2/24: The project continues the 60-day project schedule view to keep stakeholders informed of current activities and deadlines until alignment on phase scope and approval of phase charter.</p> <p>1/24: The Project Office developed an interim 60-day project schedule view in December to highlight the known work. Full development of a 60-day view, along with an integrated project schedule, is dependent upon WCSM Executive Leadership's alignment on phase scope and approval of a phase charter.</p> | Liz Smith | June 2024 |
| 2.9 | Schedule | Address the discrepancy between estimated vs. actual durations for the review and approval of vendor | 10/23 | Open | High | 3/24: Deloitte and L&I meet regularly to review current deliverables and align schedules. The PMO conducts audits to ensure consistency between the project's schedule and conversations. Addressing discrepancies and implementing changes will be ongoing for new Statements of Work (SOWs) | Liz Smith | June 2024 |

| | | | | | | | | |
|-----|-----------------|--|-------|------|------|--|-----------|-----------|
| | | <p>deliverables and project artifacts. ISG observes that the estimated durations for these tasks appear to be unrealistic based on actual past performance. ISG advises the project to implement one of the following remedies:</p> <p>Revise planning assumptions to reflect the actual durations of recent review and approval cycles, or;</p> <p>Revise the current process to ensure that review and approval cycles can be successfully completed in the desired timeframes.</p> | | | | <p>and PMO tasks. Clarification is needed on when the project will meet its objectives and resolve any outstanding issues relative to this identified QA recommendation.</p> <p>2/24: Option 3 was selected to decompress the schedule, and a Change Request and revised SOW were drafted and approved. Deloitte has updated the workstream schedule to reflect the new decompressed timeline. This decompression includes an increase from 5 to 10 days for vendor deliverable reviews and a less intense working session schedule for the remaining open deliverables.</p> <p>1/24: The Project Director requested that the Deloitte team develop options for how best to decompress the aggressive SOW schedule. Deloitte team shared three options to decompress the schedule the first week of January. The project team shared these options and requested feedback broadly, including the business lead, technology lead, WaTech oversight consultant, and QA vendor partner. The project director recommended an option to decompress the schedule to the Executive Sponsor. A decision is expected by the end of January, and we are targeting to close this recommendation during the next review cycle.</p> | | |
| 8.5 | Risk Management | <p>Prioritize the formalization of executive-level roles and responsibilities (QA Recommendation 6.14, March 2023) to inform core Risk Management activities such as assignment of ownership, development and approval of mitigation strategies, and status reporting to appropriate parties. QA reiterates the critical importance of risk ownership at the appropriate levels within the governance structure to ensure that the responsibility for managing individual risks, issues, and mitigation efforts can be assigned to team members who have the authority to do so effectively.</p> | 12/23 | Open | High | <p>3/24: The Focus Group action plan report scheduled for 03/22/24 will outline the next steps for clarifying roles and responsibilities in the ownership, development, and approval of mitigation strategies.</p> <p>2/24: Roles and responsibilities for ownership, development, and approval of mitigation strategies are a part of the RACI and RAPID matrices that the Executive Sponsor is currently reviewing, and the next steps are being developed for buy-in from other executive leaders.</p> <p>1/24: The WCSM Project Team is analyzing this recommendation and drafting a response.</p> | Liz Smith | June 2024 |

| | | | | | | | | |
|-----|-----------------|---|------|------|--------|--|-----------|----------|
| 4.9 | Cost Management | Review the current Technology Budget for the Pre-Procurement Phase and align all cost items listed therein with the Project's current and planned activities to produce an accurate estimated total cost of the work to completed in the phase. | 2/24 | Open | Medium | <p>4/24: The Executive Steering Committee is assessing the current technology budget to forecast future expenses, prioritize emerging costs, and re-evaluate initial projections for potential deferment. Their decisions will guide a strategic vote to optimize the existing funds for the 23-25 biennium. This will contribute to refining the project's scope, charter, and budget adjustments.</p> <p>3/24: There have been continued conversations between WaTech and LNI to get a conceptional alignment that included the vendor on how to proceed forward. At a high level, there is conceptual alignment on how to move forward. These decisions will feed into updating and finalizing the scope, charter, and needed technology budget modifications. PMO is tracking to make updates to the charter and budget.</p> | Liz Smith | May 2024 |
|-----|-----------------|---|------|------|--------|--|-----------|----------|

| WaTech Recommendations* | Memo Date | Status | Agency Response |
|--|-----------|-----------|---|
| <p>Validate the commitment to the phased modernization approach with the WCSM executive steering committee and the project team as well as establish how the project will approach the procurement strategy. The waved implementation approach allows for incremental deployments while focusing on specific target state journey maps to deliver essential business capabilities as designed by the business. The WCSM charter should reflect the commitment to the phased modernization strategy and be signed by all ESC members.</p> | 1/22/24 | Completed | <p>Working in collaboration with WaTech in March, a visual (see below) that outlined a phased modernization approach was created and stated that, “The WCSM solution will be a system of systems, implemented in waves that are aligned to target state journey maps. The system of systems will be built by enabling specific capabilities in each wave”. This visual and statement was voted on and approved in the March 20, 2024 Steering Committee meeting by the WCSM Executive leadership and reaffirmed our commitment.</p> <p>This high-level alignment is important as we plan and execute on next steps to implement the roadmap. Based on our recent conversations with WaTech, we agree the Steering Committee may need to consider adjustments as we learn new information with each wave/capability implementation. In addition, decisions on how we move forward with next steps will need to be prioritized as we consider available WCSM funding in the 2023-25 biennium. The pre-procurement phase charter was updated to reflect this affirmation. The overall Project Charrter will also be updated to reflect this affirmation.</p> |

| | | | |
|--|----------------|-------------|--|
| | | | <p style="text-align: right;">DRAFT</p> <p style="text-align: center;">Workers' Compensation Systems Modernization – Approach Overview</p> <p style="text-align: center;">The WCSM solution will be a system of systems, implemented in waves that are aligned to target state journey maps. The system of systems will be built by enabling specific capabilities within each wave.</p> <p style="text-align: center;"><i>*Waves will be adjusted based on lessons learned from each wave, budget and resource constraints, and refinement of the target state journey maps and business capabilities.</i></p> |
| <p>Develop a Statement of Work to solicit a multi-disciplined vendor that can assist the project in developing a procurement strategy that aligns the Gartner deliverables and phased modernization strategy and the current work being conducted by Deloitte. This vendor must not create a new set of deliverables that moves the WCSM project away from the approved seven waves of modernization, but helps the project utilize the Gartner and Deloitte deliverables to establish a procurement strategy and plan for the seven waves of modernization with a focus on an initial procurement for phase 1 of the modernization strategy. The SOW should be developed with WaTech and WaTech should be involved in the vendor selection process.</p> | <p>1/22/24</p> | <p>Open</p> | <p>We agree that we will want to have a vendor help with our procurement work ahead. The current work that we are doing with Deloitte to build out the needed elements and capabilities in the roadmap and reference architecture is helping us make many of the decisions on what we need to procure and ensuring we are in alignment with the phased modernization strategy. These decisions and choices will be much of the content that will be outlined in our procurement strategy. Utilizing the expertise of a vendor partner will help ensure that these choices and decisions are woven into an integrated plan and timeline – so we see all of the procurements ahead, the timing, and needed elements.</p> <p>As we continue to outline our next steps with planning and considering approaches for procurement support, we intend to work closely with WaTech. Work with a procurement vendor will be subject to prioritization of resources in view of the limited funds available in the project proviso budget for the remainder of the 2023-25 biennium.</p> <p>Also, in keeping with our discussions with WaTech, multiple vendor relationships often can create complexities. We will continue to closely consider the number of vendors we use during the pre-procurement, and work within our approved WCSM vendor management plan. We will consult as needed with WaTech and the WCSM Executive Steering Committee if we need to bring in additional vendors for specific needs or targeted efforts.</p> |
| <p>Engage quality assurance (QA) to assess the current Project Management Office (PMO) functions, resources, and how WCSM is utilizing the PMO, and make recommendations that will enhance the effectiveness of the PMO.</p> | <p>1/22/24</p> | <p>Open</p> | <p>We agree an assessment would be useful, and believe it could be a step we take as a repeatable activity throughout the life of the project. We're in the early stages of planning and would like to continue to work with WaTech to collaboratively define the scope of work</p> |

| | | | |
|--|---------|------|--|
| <p>Consider the following areas in the assessment:</p> <ul style="list-style-type: none"> • Charter • Schedule and schedule management • Risk and issue management • Budget tracking • Contract and vendor management • Meeting management and participant selection • Resource plan and management | | | <p>around assessing our current Project Management Office capabilities. Until that part is done, we won't know yet if this work is doable and most effective under our existing QA contract or if we'll need to search for an alternative approach. If an alternative approach means procuring a separate vendor, we'd like to work with WaTech to develop the elements for that SOW. This work will also be subject to prioritization of resources in view of the limited funds available in the project proviso budget for the remainder of the 2023-25 biennium.</p> |
| <p>Engage QA to assess the current project resources and identify any resource gaps such as business architect, enterprise architect, business analysts, and organizational change management (OCM) then develop a plan to close the gaps.</p> | 1/22/24 | Open | <p>We agree that it would be beneficial to do a thorough resource gap analysis and how it gets performed is subject to options and discussion. This work will also be subject to prioritization of resources in view of the limited funds available in the project proviso budget for the remainder of the 2023-25 biennium.</p> |
| <p>Develop and execute an OCM strategy and plan to execute on the Gartner phase 0 wave shown in the slide below as initiative "A".</p> | 1/22/24 | Open | <p>The WCSM project currently has 1.25 resources actively involved and dedicated in organizational change management activities for the project. That includes a contract for change management support from CapTech, a technology firm with extensive experience in transformational IT efforts. The project also got approved recently for a recruitment to bring on a full-time OCM member (Management Analyst 4) to assist solely on the WCSM project. We'll work with WaTech to discuss our OCM approach and how our team of OCM experts can support the initiative "A" in the phase 0 of the road map. This work will also be subject to prioritization of resources in view of the limited funds available in the project proviso budget for the remainder of the 2023-25 biennium.</p> |

*L&I received a memo response May 13, 2004 from WaTech that clarified their original recommendations. Those clarifications on recommendations will be reflected in the Q4 Proviso Report.

CLOSED RECOMMENDATIONS DURING QUARTER (JANUARY – MARCH 2024)

| <i>High Priority Recommendations</i> | <i>Opened</i> | <i>Closed</i> | <i>Closure Reason</i> |
|--|---------------|---------------|-----------------------|
| No high priority recommendations were closed during January – March 2024 | | | |

| <i>Low Priority Recommendations</i> | <i>Opened</i> | <i>Closed</i> | <i>Closure Reason</i> |
|---|---------------|---------------|-----------------------|
| No low priority recommendations were closed during January – March 2024 | | | |

Conclusion

The WCSM project team is looking to replace its project director. The project hired a full-time project director in November 2023, but that person accepted a similar position at another state agency in February 2024. The WCSM steering committee soon after decided to procure a vendor partner where the team can select a qualified project director. We have a procurement strategy, including a risk assessment, in place to find this vendor partner, and we're working with the Office of Financial Management and the Department of Enterprise Services to make sure all contingencies are covered. We plan to have a project director onboard sometime before July 2024.

The remaining Deloitte "deliverables" are scheduled to be turned in throughout Q4. Accepted deliverables can be found on the [OCIO Dashboard](#) for the WCSM project. This work is the result of a months-long (Q2 and Q3) partnership between Deloitte and L&I, and will be used to develop the WCSM procurement and decommissioning strategies during FY2025 and FY2026. From this work, the agency also will get a big-picture map of how all systems and applications at L&I connect, or don't connect, so we can get a realistic view of potential changes in the future.