

Ohio Department of Administrative Services
House Bill 49 Budget Testimony
Tuesday, March 14, 2017

Good morning Chairman Schaffer, Ranking Member Rogers, and members of the House Ways and Means Committee. My name is Stu Davis, and I am the Assistant Director of the Ohio Department of Administrative Services and the State Chief Information Officer.

It is my pleasure to appear here today to discuss the Ohio Business Gateway platform. I understand that there has been much discussion regarding the Ohio Business Gateway and I appreciate the opportunity to help this committee in its quest to separate fact from fiction.

I would like to provide some background. In December of 2000, an inter-agency committee was created to make recommendations on the development of an Internet-based system to simplify Ohio business tax reporting and remittance – the Ohio Business Gateway (OBG). The committee was comprised of representatives from the Ohio Department of Administrative Services (DAS), the Ohio Department of Job and Family Services (JFS), the Ohio Bureau of Workers' Compensation (BWC) and the Ohio Department of Taxation (TAX).

Prior to the development of the Ohio Business Gateway, small businesses in Ohio individually reported business data and remitted tax payments to several state agencies. Information filed with each agency was often redundant, with inconsistent due dates for making reports and tax payments. These inconsistencies and redundancies unnecessarily increased the processing and maintenance requirements for both small businesses and state agencies. A new system was envisioned that would address ease of use, data security, process efficiencies, and most importantly, the creation of a single tax reporting and payment interface with the state.

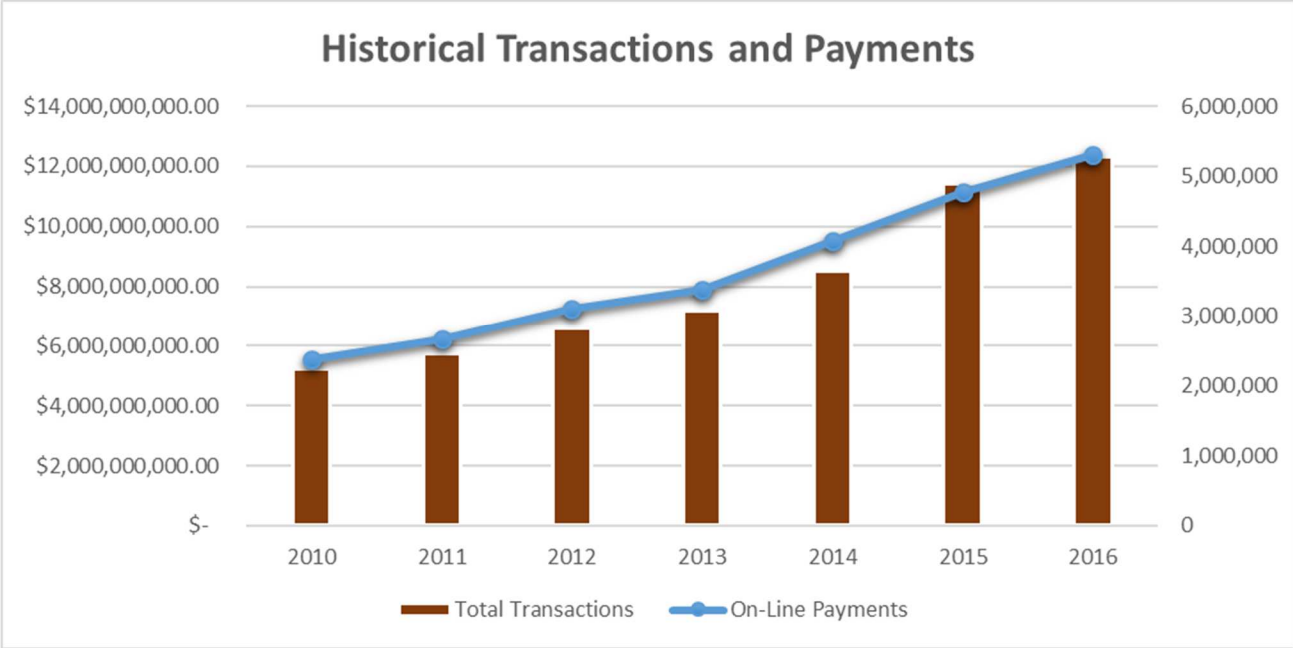
The Ohio Business Gateway went live January 22, 2002 serving Ohio's small business community. Ohio small businesses could report and pay tax liabilities associated with workers' compensation, unemployment tax, payroll withholding tax and sales tax to multiple state agencies through a single web portal. Payments could be electronically initiated from business checking or savings accounts via automated clearinghouse processing (ACH)

transactions. This new functionality enabled employers to pay multiple taxes with a single payment or transaction, thereby eliminating the need to make separate agency payments as was previously necessary.

Since its inception and deployment in 2002, the Gateway has grown exponentially. We collected \$250 million through the Gateway in 2003 with over 100,000 transactions. This past year we collected over \$12 billion and supported more than 5 million transactions with over 825,000 businesses registered on the Gateway. The Gateway has a 15 year track record of managing increased volume and capacity and of adding and enhancing features and services for our Service Partners, our term for the state agencies and local governments who collect payments through the Gateway. We have demonstrated numerous times our ability to meet this ongoing demand for new services and absorb any impacts to our capacity to deliver services through the Gateway.

Over the past six years, we have deployed an additional 32 filing types - more than doubling the overall transactions handled in 2010. This represents an increase of approximately 124% for on-line payments.

Of the 5M+ transactions processed in calendar year 2016, over 4.3M were for our single largest service partner - the Ohio Department of Taxation – and our second largest service partner - all municipal payments collected - accounted for 561,049 transactions. While the single greatest growth was for the Ohio Department of Taxation for transactions and dollar amounts, the transactions for the municipal payments more than doubled (243% growth) between 2010 and 2016.



The team has worked closely with the Ohio Department of Taxation to implement three major tax improvements, a significant voice response filing improvement for Opportunities for Ohioans with Disabilities (OOD), along with other miscellaneous improvements for all service partners during the ten major deployments undertaken during the year.

Over the past year, we have increased the overall monitoring of the Gateway to better serve our Service Partners and the users of the system.

The team has worked to increase network monitoring and security over the past 12 months as well. Improvements to our F5 Core – a workload management appliance – and overall monitoring of the network have increased our awareness and have allowed all support staff to have greater visibility and improved response to any network issues.

The move to virtualize the entire Gateway server platform into a shared environment and deploy underlying hardware monitoring tools has allowed the production support team to understand the changes in usage of the Gateway and has allowed increasing capacity on demand, when needed. With the implementation of these additional tools, the entire team can take a much more forward looking approach to the hardware that the Gateway runs on.

Working closely with the OIT Security Team, there have been additional security tools added to the environment within the last twelve months to allow for increased protection to active threats. This, coupled with the current application monitoring, will keep us up to date to identify and address security threats as they happen.

Several real-time application monitoring tools have been added to the Gateway in the past six months. These tools have provided greater insight as to how the overall application is being used, identifying trends and understanding peaks in performance demands so we can be more proactive, rather than reactive, about any indications of performance degradation. This allows the team to run real-time availability and alerts as issues are detected within the running production system.

There were also improvements to the communications within the Gateway and within the individual service areas and transactions. The implementation of additional messaging to our service partners that receive payment files has improved the processing and reduced uncertainty.

Mr. Chairman, as we have previously discussed with you and your staff, in mid-January – our highest transaction month, sluggish user response times were reported. Reviews of monitoring implemented on the 12th of January indicated increased need for overall processing power. Users were unable to login to one of the 4 web server silos. We rebalanced the workload evenly across the existing 4 web servers and implemented two additional web servers (increasing the number to a total of 6 web servers) for the Gateway.

These fixes worked, and during Martin Luther King weekend and into the next few days, with Sales Tax, Use Tax, and Wireless 911 filing deadlines looming, monitoring showed an even distribution of activity across all 6 silos, with no processing or memory spikes. Users also experienced an improved page load times. To ensure continued responsiveness, we are currently increasing the 6 web servers to 8 web servers by the end of March.

Our scheduled outage periods are defined and communicated. There are 10 scheduled software deployments annually. These deployments are communicated to our Service Partners and OBG users prior to any activity.

We have a standing maintenance window each week on Wednesday mornings between 5 am – 8 am. This window is used for service on the Gateway infrastructure (e.g. software patching, database maintenance, network changes).

Finally, our services partners have differing policies and schedules when it comes to maintenance. Service partners align their work with the scheduled maintenance windows for the Gateway, and there is a standing open maintenance window for all STARS-based service areas and transactions each Wednesday evening beginning at 5:30 pm. These software maintenance windows typically do not exceed two hours.

It is important to note that the current Gateway application is generally 14 years old and we are in the process of a modernization project that will move us to a new platform for the future.

These modernization efforts – OBG 3.0 – driven by the Lt Governor’s Office, will greatly improve the design and flow for the users and improve the user experience by leveraging a Cloud Solution to minimize application impacts. The new Municipal “Net Profit” collections proposed in the budget would be handled in the new OBG 3.0 platform. The approximately 400,000 transactions, estimated by the Ohio Department of Taxation, represent less than 10% of the 5 million transactions the existing OBG handles today. We are confident that either the existing or the new system has more than enough capacity to handle the increased volume and transactions.

It has been my pleasure to testify before you today. I thank you for your time this morning, and I would be happy to answer any questions.