



Ohio Department of Commerce

Invited Testimony

Ohio House Technology and Innovation Committee

June 16, 2021

Chairman Frazier, Vice Chairman Hall, Ranking Member Lightbody, and members of the Committee, thank you for the invitation to speak today. My name is Sheryl Maxfield and I'm the Director of the Department of Commerce.

At the Chairman's request, I'd like to give you the roadmap for IT projects at the Department of Commerce; where we are currently and where we are headed.

Where We Are

It should not come as a surprise to any of you that information technology at Commerce is in dire need of an overhaul. During my budget testimony earlier this year before both the House and Senate, I detailed the many challenges in this area and our plans to meet those challenges. But, for perspective, Commerce's IT issues have been decades in the making.

During the transition into my role as Director in early 2019, I sat down with my predecessor who told me in no uncertain terms that IT would rank as the top priority for the department; she was not wrong. The pandemic only served to exacerbate the situation, especially in the area of liquor and real estate licensing. Unfortunately, that is not the entirety of the department's dated technology issues; our unclaimed funds system, for example, is nearing end-of-life and requires manually intensive work from our divisional team.

While proactively working through our most immediate business needs for technology and enhancements, Commerce identified many competing projects and limited resources; there was a clear need to survey and understand the technology needs, wants and setbacks from each of our divisions. As an aside, prior to the DeWine Administration, most of the divisions within Commerce operated somewhat independently on IT priorities and purchases, with limited overall governance.

So, we did a department wide "inventory", followed by a critical analysis. This led to the creation of a governance process for IT projects. Going forward, this structure and process will serve as a catalog of all IT project requests from within the agency. As part of the analysis we also requested the division superintendents to prioritize their requests. Those priorities were submitted to the Governance team within my office for review and analysis. The Governance team will then send recommendations for department wide prioritization to me. The Governance team prioritization is intended to provide full consideration of the department's operational factors as a whole, determining where we will direct and commit our limited resources.

As a result of this effort, we have 111 IT projects under consideration for completion. Twelve projects are currently active. These initiatives range from replacing functional platforms to updating manually burdened systems and infrastructure capacity to meet current technology best practices. Significantly, based upon initial project sizing estimates, our current list of projects would require 13-18 years to complete when considering current staffing levels, staff capacity, and availability of funding.

Where We Are Headed

The Department's proposed Fiscal Year 2022-2023 budget invests in Ohio's future and supports the Governor's plan to elevate Ohio's continued recovery from the COVID-19 pandemic through investing in communities, businesses, and consumers. Much of our investment will be done through technology upgrades.

We have diligently tried to find different routes to fund our IT needs. As you are aware, the Department receives no General Revenue Funding. Operations are funded through assessments and direct fees for services, primarily licensing, registration, and examination fees. While some divisions will have funding for projects; others may require us to ask for additional resources. In addition, my department recently submitted 19 large projects ranging in estimated costs from the low end of \$300,000 to \$4,000,000 to the Governor's office as potential candidates for federal funding via the American Recovery Act.

We have experienced several successes over the past almost 2 ½ years. As you know many Commerce employees already worked from home, as inspectors in the field throughout the state. With the pandemic, we migrated the entire agency to successfully work from home for the last year with little disruption. We've migrated all Commerce servers to the State of Ohio Computer Center and upgraded the Virtual Desktop Image infrastructure, what you may know as VDI, from Windows 7 to Windows 10. And later, I'll discuss the progress we've already made in liquor licensing.

Unfortunately, manual and paper-based systems can be found across our licensing sections from the Division of Real Estate and Professional Licensing to the Division of Financial Institutions. You'll also find those same challenges in our fire investigations section at State Fire Marshal and with our unclaimed funds processing which I alluded to earlier in my testimony. We continue to address automation issues within the Division of Industrial Compliance as well in the areas of registering, permitting, and compliance.

The Division of Liquor Control (DOLC) has taken aggressive preliminary steps in to bring its archaic licensing process into the 21st Century. The Division processes 42,000+ permits and sees an annual revenue of \$40 million. The trouble, as I mentioned, is that our licensing process is paper based, and storage of information and search capabilities are stored in 1960s technology platforms...almost 60 years old!

Because of the age and piecemeal additions over the years, maintenance of these systems is specialized and expensive. Updates, including those required for legislative changes and technological improvements, are not only challenging to implement, but risky to the overall stability of the system. Functions and services that we have come to expect, and should expect, from our data systems in our day-to-day lives as consumers are simply not available to our licensees and our staff. The very common ability to complete and submit web-based forms, electronically file evidence and supporting documentation, and providing electronic document

storage and retrieval, along with other high-speed workflow management options are lagging or simply not available. Currently, we are not moving at the speed of business in the liquor industry, and our slowness impacts the customer's experience.

To address these issues over the past two years the Division took steps to stabilize the current mainframe and provide backup systems. A "proof-of-concept" project identified potential approaches to implement new technology while maintaining daily operations. We have already implemented a web-based portal for both Temporary and Renewal permits which just went live in March. By the end of the project, this portal will support all permit application types. But there is much more yet to do in this area.

Also, during the upcoming biennium, we hope to accomplish remote accessibility for online transfer of real estate licenses from one company to another, renewal of credentials, filing new applications for credentials and obtaining certificates of licensure. The improvements we have planned for our Division of Real Estate and Professional Licensing will increase the quality of service to our 60,000 real estate licensees. It will also help to reduce the more than 7,100 walk-in customers a year – saving them time and money.

Commerce also is in the process of replacing our current website with a robust "one-stop shop" for customers. In addition to information and education, activities such as scheduling elevator or boiler inspections, applying or renewing licenses, completing grant applications, registering for trainings, and making payments, will be available at the click of a button. Our goal through this website redesign is to make it easier for all our customers.

We developed our IT roadmap so the Department can continue to fulfill its mission: promoting prosperity by protecting what matters most. The House has already signaled your support for our mission and our proposed technology investments by approving our budget requests for the upcoming biennium.

Mr. Chairman and members of the committee, thank you for the opportunity to testify before you today. I am happy to entertain any questions you may have.