

STATE OF CALIFORNIA  
**Budget Change Proposal - Cover Sheet**  
 DF-46 (REV 10/20)

<b>Fiscal Year</b> FY 2021-22	<b>Business Unit</b> 2740	<b>Department</b> Motor Vehicles	<b>Priority No.</b> 2
<b>Budget Request Name</b> 2740-073-BCP-2021-MR		<b>Program</b> All	<b>Subprogram</b> N/A

**Budget Request Description**  
 Digital eXperience Platform (DXP) Project

**Budget Request Summary**

The Department of Motor Vehicles (DMV) requests resources from the Motor Vehicle Account to fund activities associated with the modernization of DMV business processes and services through the Digital eXperience Platform (DXP) Project.

<b>Requires Legislation</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No.	<b>Code Section(s) to be Added/Amended/Repealed</b> Vehicle Code 1685(i)(2)(A)	
<b>Does this BCP contain information technology (IT) components?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	<b>Department CIO</b> Rico Rubiono	<b>Date</b> Click or tap to enter a date.

**For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.**

**Project No.** 2740-227 **Project Approval Document:** Stage 1 Business Analysis (S1BA)  
**Approval Date:** 8/7/2020

**If proposal affects another department, does other department concur with proposal?**  Yes  No  
*Attach comments of affected department, signed and dated by the department director or designee.*

<b>Prepared By</b> Angela Pyara	<b>Date</b> 5/10/2021	<b>Reviewed By</b> Lee P. Scott	<b>Date</b> Click or tap to enter a date.
<b>Department Director</b> Steve Gordon	<b>Date</b> Click or tap to enter a date.	<b>Agency Secretary</b> David S. Kim	<b>Date</b> Click or tap to enter a date.

**Department of Finance Use Only**

**Additional Review:**  Capital Outlay  ITCU  FSCU  OSAE  Dept. of Technology

<b>PPBA</b> Click or tap here to enter text.	<b>Date submitted to the Legislature</b> Click or tap to enter a date.
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## Analysis of Problem

### A. Background/History

The Department of Motor Vehicles (DMV) requests 72 temporary positions and \$54.4 million in Fiscal Year (FY) 2021-22, 90 temporary positions and \$69.3 million in FY 2022-23, and 90 temporary positions and \$69.8 million in FY 2023-24, totaling \$193.5 million, to complete the Occupational Licensing and Vehicle Registration phases of the Digital eXperience Platform (DXP) Project. The requested resources will allow the DMV to continue the modernization of business processes and services through the DXP Project. Total estimated project costs are \$308.2 million and a subsequent request for resources in FY 2024-25 and ongoing is anticipated to be submitted. The DXP Project will update and replace software, hardware, and programming languages for current legacy DMV core systems. The DXP is a multi-year incremental technology project to ensure continuity of the Occupational Licensing (OL), Control Cashiering (CC), Vehicle Registration (VR), Driver's License (DL) and Identification (ID) cards, and Customer Flow Management functions for the public by replacing all obsolete legacy applications and systems. The DXP Project will replace the current obsolete legacy applications and systems with flexible technology to meet business processes and services as well as to comply with changing legislation and new mandates in a timely manner.

In addition, the department requests a re-appropriation of \$6.9 million in previously appropriated 2018 Budget Act Front-End Sustainability project funding in FY 2021-22 to allow for the procurement of a vendor for platform readiness and fit gap analysis. This is a technical budget action and does not require additional funding.

The proportionate share of the DXP Project implementation costs for DMV Business Partner Automation (BPA) is \$31.4 million. The department requests trailer bill language to extend the sunset date of the \$1 additional BPA fee from December 31, 2023, to December 31, 2025, to collect revenue sufficient to cover the costs of the platform and VR project phase.

### B. Background/History

DMV initiated the Front-End Sustainability (FES) Project to evaluate and upgrade the almost 60-year old architecture and obsolete legacy technology to a sustainable technology and received planning funding in FY 2017-18 and project funding in FY 2018-19 through FY 2022-23. The funds received in FY 2017-18 were for planning activities to lay the foundation and evaluate the infrastructure in preparation for the replacement of DMV aging legacy systems. The FES Project was approved as a multi-year incremental technology upgrade to replace DMV's aging systems associated with VR, OL, and CC functions with sustainable technology and languages broadly supported by the Information Technology (IT) industry, using the agile system development life cycle (SDLC) and project management approaches.

DMV is a large, complex and multi-faceted organization that nearly every Californian interacts with throughout their lives. Given the breadth and depth of operations along with legacy technology limitations, there are increasing process inefficiencies and growing manual workarounds to address changing business needs.

In late 2018, the Office of State Audits and Evaluations (OSAE) conducted a Performance Audit of DMV and the results highlighted concerns with dependency on legacy systems that

contributed to issues with the REAL ID implementation and long wait times at field offices. OSAE stated, “without strengthening the underlying foundation supporting its operations, DMV will continue facing challenges in efficiently and effectively delivering services to its customers.”

On January 9, 2019, Governor Gavin Newsom established a Strike Team, led by the Government Operations Agency (GovOps), to assess and make recommendations for modernizing the DMV and reinventing the way services are delivered to Californians.

The analysis performed by the DMV, CDT and the GovOps Strike Team identified the following specific problems related to DMV's core legacy systems:

- System Limitations Place California at Risk
- Scarce System Support Resources
- Inability to Accommodate Mandated Changes
- Expensive Maintenance and Development Costs of the Legacy Architecture
- Constraints to Modernization

In addition, the CDT performed an in-depth evaluation of the FES Project in early 2019 and provided guidance to adjust project activities and related procurements to address risks related to technology instability and needed upgrades versus sustainability efforts, along with organizational change management, project management, governance, and vacancies issues.

Based on CDT's guidance, DMV awarded contracts to International Business Machines Corporation (IBM) and Consultants to Government and Industry (CGI) to address the most critical and problematic technology issues. In addition, IBM and CGI were tasked with evaluating the outdated infrastructure, software and technology to determine the incremental upgrades required to keep the systems operational without introducing additional risks to the systems stability.

Based on these evaluations and at the recommendation of CDT, DMV has restructured the FES Project and approved funding into two distinct projects:

1. **The Legacy Systems Stabilization (LSS) Project**, previously known as the FES Project, stabilizes DMV's existing IT systems to reduce the risk of catastrophic failures of the legacy technology. The Project will stabilize the Department's obsolete applications, systems, and hardware where possible. DMV also instituted a containment strategy designed to limit changes to the legacy system. Most changes to DMV's services will have to be built outside the core legacy system until the replacement in the DXP project is completed. The LSS stabilization efforts will be performed in parallel with the DXP Project activities.

The LSS Stage 1 Business Analysis (S1BA) was approved by CalSTA on October 7, 2020. Approval for Stage 2 Alternative Analysis (S2AA) was received on February 18, 2021 and Stage 3 Solution Development (S3SD) on March 26, 2021. The Stage 4 Project Readiness/Approval is in review and anticipated to be approved by CDT in May 2021.

2. **The Digital eXperience Platform (DXP) Project** is a comprehensive replacement of all of DMV's legacy systems to modernize business processes and service delivery. DXP will provide the platform and technology for VR, OL, and CC, in addition to DL and ID card services and programs. The new technology will provide the flexibility to adapt business and technology processes to comply with changing legislation and new mandates in a timely manner.

The DXP S1BA was approved by California State Transportation Agency (CalSTA) on August 17, 2020. The S2AA and S3SD are anticipated to be approved by CDT in May 2021

The instability and limitations of the legacy systems inhibit the Department's ability to support changing business needs and external events, such as the COVID-19 pandemic. DMV has established a containment strategy which builds any needed changes outside the current legacy system. Typically, building outside the core system is more costly than making changes to the core, however, changing the core introduces risks to the outdated systems that would result in system failure. Therefore, this strategy cannot be implemented on a long-term basis.

The COVID-19 pandemic required DMV to reduce the availability of Field Office services to address social distancing mandates and to reduce the spread of COVID-19. The Department addressed this crisis by significantly expanding online customer services to ensure that Californians continued to have access to essential services. The Department leveraged the containment strategy framework to provide online services, which were previously only available in a field office. The services include: Virtual Field Office transaction offerings; uploading of documents; digital customer services; and communications.

### **DMV Statewide Impact**

DMV is responsible for providing a broad range of services to millions of California residents through 188 DMV field offices (FOs) and three contact centers, along with 186 Auto Clubs (ACs) and over 5,400 Business Partner (BP) locations throughout the state. DMV registers more than 36.4 million vehicles in the state, as well as over 700,000 vessels. In addition, DMV manages over 32 million issued DL/ID and REAL ID cards. DMV collects in total approximately \$12.1 billion in fees annually, which includes revenue received through all service channels, such as FOs, self-service kiosks, mail, phone, and online transaction. Approximately 86% of the funds DMV collects are distributed statewide to local governments, law enforcement, and various state agencies. The risk of DMV legacy systems failure would have a major impact to the citizens of California, external entities, and ultimately the collection of billions of dollars in revenue.

### **DMV Current Legacy Technology**

The DMV core systems architecture was designed in the late 1960s to address the business needs at the time. The 1960s architecture did not envision the revolutionary transformation of technology, the introduction of the internet service delivery channel, or the expansion of the

digital business services that DMV is expected to provide in the 21st century. Simply put, the systems are obsolete, do not scale, and are no longer supportable. The DMV core systems technology has reached its outer limits and any change to or expansion of functionality jeopardizes continuity of services, systems and data integrity, as well as the collection of billions of dollars.

DMV also needs to streamline and optimize key business processes to deliver intuitive customer centric services and improve customer flow management across all customer service channels.

### **C. State Level Consideration**

In July 2019, Governor Gavin Newsom announced a new DMV leadership team to implement the recommendations of the GovOps Strike Team to modern DMV and reinvent the way DMV's services are delivered to Californians.

In response to the COVID-19 pandemic, DMV has accelerated implementation of modern technology and created new service channels to better serve its customers, such as the Virtual Field Office to process transactions online instead of requiring an in-person office visit, expanded online and DMV Now Kiosk services to include additional transactions, expanded DMV Express statewide to expedite the REAL ID application process, redesigned the DMV website, simplified establishing an online account, and expanded credit card to all DMV Field Offices. However, the constraints and limitations of the legacy systems still exist and, therefore, the extent of these improvements have been very limited.

DMV's service transformation via the DXP Project will also enable it to support required legislative mandates and partner Agency's regulation changes in a timely and efficient manner.

The DMV's 2021-2026 Strategic Plan was designed to unify the many initiatives currently underway and, on the horizon, propelling us towards providing greater services and positive experiences for our customers. This DXP effort supports the following goals in that plan:

- **GOAL 2: DIGITAL SERVICES**  
Deliver simpler, faster ways to fulfill customer needs through expanded digital services.
- **GOAL 3: TECHNOLOGY & DATA**  
Create flexible, secure technology systems to enable innovation and continuous improvement.
- **GOAL 4: OPERATIONAL EFFICIENCY**  
Embed measurable efficiency in every aspect of the organization.
- **GOAL 5: CUSTOMERS**  
Become California's leading customer-centric public sector organization.

## **D. Justification**

DMV's core systems have exceeded their intended design, capacity, and functionality. The 1960's architectural foundation, obsolete coding languages and the dwindling workforce with the requisite skills constrains the Departments' abilities to meet current and future business needs. DMV requests DXP Project resources to transform the technology and business processes into a DMV customer-centric service delivery model. DXP will establish and streamline DMV operations while modernizing the activities for gathering, processing, and profiling customer data. DXP will deliver modernized systems and business processes designed to promote progressive improvement of technology and business services. DXP will provide technology solutions that are usable, scalable, flexible, supportable, and secure in delivering customer-centric services.

The DXP Project will leverage a challenge-based procurement (CBP) process to evaluate System Integrators (SI) certified in the design, development and implementation of industry-leading platforms. The CBP process, facilitated by CDT, will include a Limit to Brand condition and qualifications to identify the most qualified SI/Platform teams to compete through a proof-of-technology exercise. The SI/Platform teams will deliver a functional model that demonstrates the SI proficiency with the platform, as well as the platform's capabilities to meet DMV mandatory criteria. The SI must utilize agile development methodology to ensure improved product quality and involvement of business stakeholders in the development process and will focus on the needs of DMV customers.

### **Proposed Solution**

It is essential for DMV to take steps to allow optimal customer service and improve user experience for our internal and external customers. DMV proposes the DXP Project to address the risks and inability to adapt posed by the legacy system by building a system that will ensure that statutory and business-model changes are completed in an efficient and timely manner. The DXP Project will leverage comprehensive business process reengineering efforts to eliminate waste by applying Lean Six Sigma methodology to DMV business practices resulting in improved effectiveness and efficiency of service deliver and operation processes.

The DXP Project will streamline DMV business and technology to implement products and services more efficiently, while providing DMV's customers with a better end-to-end experience. The DXP Project will ensure that DMV meets and exceeds 21st-century customer needs.

Given the importance of DMV services to the citizens, external entities, and the economy of California, it is essential that the solution takes into consideration the critical need for DMV to retain the ability to serve its customers.

DMV has identified increased resources to ensure that both DMV's existing and new customers' needs are met in a timely, efficient and effective manner. DMV requests \$11.1 million and 72 positions in FY 2021-22, \$13.6 million and 90 positions in FY 2022-23 and FY 2023-24.

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<b>Project Team</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
Enterprise Modernization Project Leadership	2	2	2
Enterprise Modernization Architect	6	6	6
Data Analytics	5	6	6
Project Management Office	25	30	30
Deliverable Management Group	13	19	19
Product Quality Group	21	27	27
<b>Total Temporary Positions Requested:</b>	<b>72</b>	<b>90</b>	<b>90</b>

- Enterprise Modernization Project Leadership**

<b>Workload</b>	<b>Classification</b>	<b>FY 2021-22 – FY 2023-24</b>
Enterprise Modernization Project Director	CEA B	1
Enterprise Modernization Assistant Project Director	IT Manager II	1
<b>Total Requested Temporary Positions</b>		<b>2</b>

The DMV modernization will require a project team dedicated to the DXP business and technology objectives. The Project Team will consist of 90 temporary dedicated staff members who will provide subject matter expertise. The project team will be responsible for; supporting the vendor and contract management; vendor support for design, development and testing effort; deliverable review and acceptance; change management; organizational change management; user acceptance testing and system feature adoption. These efforts are in addition to project management, staff management, scope, budget and quality management. The Enterprise Modernization Project Director will be responsible for ensuring that the project achieves its objectives. The Project Director will be responsible for leading the project efforts by working with DMV executive leadership, the vendor designated leader, oversight agencies and business partners to ensure the overall success of the DMV modernization. The Project Director will work with DMV Executive Leadership, CDT and the project steering committee to overcome obstacles to project objectives by identifying opportunities and alternatives designed to achieve project and organizational success.

The Modernization Section Assistant Project Director will support the Project Director and will be responsible for overseeing the project teams. The Assistant Project Director will set standards and expectations for the project teams and guide the teams to effectively collaborate with business partners and stakeholders. The Assistant Project Director will provide the Project Director executive level updates regarding the health of the project including risks, issues and changes to scope, schedule and budget. The Assistant Project Director will provide additional support for managing this large, transformational organization.

The initial software development work will be undertaken by the System Integrator (SI) vendor. This new DXP project organization will consist of the following groups and work units who will help coordinate and facilitate the development of the new modern DMV system built using Agile methods on a PaaS platform.

- **Enterprise Modernization Architecture**

Workload	Classification	FY 2021-22 – FY 2023-24
Technical Architect	IT Specialist III	1
Application Architect	IT Specialist III	1
Business Architect	IT Specialist III	1
Cloud Architect	IT Specialist III	1
Data Architect	IT Specialist III	1
Security Architect	IT Specialist III	1
<b>Total Requested Temporary Positions</b>		<b>6</b>

While DMV will be leveraging the advanced skills, knowledge, and expertise of the SI vendor to develop modern DMV business products and services using the DXP platform, it is essential that the DMV has its own staff who will be participating, influence, guide and advancing the design of this new modern DMV system.

The DMV is proposing a new work unit of enterprise and domain architects who will advise, strategize, plan, and provide guidance to the SI and DMV leadership in support of DXP and enterprise modernization. The Enterprise Modernization Architecture team will consist of six new specific architecture positions for the Application, Business, Technical, Cloud, Data, and Security domains. The architects will report to the Project Director and serve as liaisons between the IT organization, the DMV business programs and DMV business partners, ensuring that the new modern DXP system stays aligned with DMV strategy and vision by finding simpler, faster ways to fulfill customer needs and thus become California's leading customer-centric public sector organization.

- The DXP Technical Architect will provide expertise and guidance for the design and implementation planning of the department modernization of automation systems and technology. The Technical Architect evaluates and recommends new and emerging technologies needed to achieve operational objectives. The Technology Architect providing strategic and technical leadership, influence and expertise to drive continuous improvement of the DXP project's use of technology. The Technical Architect is responsible for guiding the enterprise evaluation and recommendation to add new technology to the Enterprise Architecture inventory of accepted products.
- The DXP Applications Architect will plan how all the applications used within the DXP will work together to achieve DMV business goals. This involves assessing the DMV's use of current and proposed software. The Application Architect assesses the business objectives and researches and recommends application design alternatives. The Application Architect plans and develops application designs (aka blueprint) that contains information about the applications features, configuration,

process flow and interactions including interfaces with internal and external components. The Application Architect establishes the application development standards and practices to ensure consistency in application development processes to include documentation and peer reviews.

- The DXP Business Architect plays a key role in helping structure the new DXP environment in terms of its governance structure, business processes, and business information. This person aligns DMV strategic goals and objectives with decisions regarding DXP products and services; partners and suppliers; organization; capabilities; and key business and IT initiatives. The Business Architect is responsible for providing guidance to enterprise business leaders regarding opportunities for improving business outcome by leveraging business process reengineering and Lean 6 sigma principles.
- The DXP Cloud Architect is responsible for overseeing the DXP cloud strategy. This includes cloud adoption plans, cloud application design, and cloud management and monitoring. The Cloud Architect will design and guide DXP application architecture and deployment in cloud environments -- including public cloud, private cloud and hybrid cloud.
- The DXP Data Architect will create and maintain the DXP data architecture plans and strategies. The Data Architect will lead the enterprise data quality, data cleansing, data management and data governance efforts. The Data Architect will be responsible for designing and recommending the enterprise data models, policies, rules and standards that govern data collected, and how it is stored, arranged, integrated, and used in the data systems and organizations.
- The DXP Security Architect is responsible for providing the project team guidance in addressing security controls that adhere to industry best practices, departmental and oversight agency guidelines. The Security Architect will ensure that the information security requirements necessary to protect the DMV's core missions and business processes are adequately addressed in all aspects of DXP project architecture including reference models, segment and solution architectures, and the resulting information systems supporting those missions and business processes.

- **Data Analytics**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Data Analyst	IT Specialist II	4	4
Data Analyst	IT Specialist I	1	2
<b>Total Requested Temporary Positions</b>		<b>5</b>	<b>6</b>

One goal for the modernized DMV system is to provide the DMV with better and faster access and analysis of its data, turning the DMV into a truly data-driven organization. To accomplish this, the DMV is proposing a new Data Analytics group that will be responsible for enhancing the quality, reliability and access of DMV data. This group will oversee creating value from the DXP Project's data assets and from the larger DMV data ecosystem as well. DMV proposes adding six (6) new temporary positions. These Data Analysts will develop and implement comprehensive tools and strategies that allow raw

data to be transformed into business insights that can be used for DMV decision making and strategic planning. This group will also report to the Assistant Project Director.

- **Project Management Office (PMO)**

Workload	FY 2021-22	FY 2022-23 & FY 2023-24
PMO Manager	1	1
Project Management Unit	4	5
Human Resources Support	3	3
Contract/Vendor Management Group	13	14
Change Management Unit	2	3
Release Management Unit	2	4
<b>Total Requested Temporary Positions</b>	<b>25</b>	<b>30</b>

Modernizing the DMV systems is not simply a matter of new software and hardware, but also requires a shift in thinking and organizing the way in which the system is developed, implemented, and maintained. The DXP effort will be using modern methods and practices, and both Agile and DevOps approaches take a significantly different style of project management than the old waterfall methods. The DXP project is expecting to run multiple, parallel development units at the same time, working on different but integrated components of the new system. To ensure smooth project administration, the DMV is proposing a new PMO that will be led by a PMO Manager (a new IT Manager I position) and consist of the following work units.

- **Human Resources (HR) Support**

Workload	Classification	FY 2021-22 – FY 2023-24
Human Resources Branch Support	Associate Personnel Analyst	2
DXP Project Human Resource Analyst	Associate Government Program Analyst	1
<b>Total Requested Temporary Positions</b>		<b>3</b>

This project will require two (2) temporary Human Resource Analysts at the Associate Personnel Analyst classification to support the additional Human Resources Branch workload due to multiple concurrent work efforts generated to establish the Modernization Project Team. The project will require these positions to support the effort of recruiting qualified individuals to fill numerous DXP project positions.

DMV is requesting one (1) temporary Associate Government Program Analyst position for a DXP Project Human Resource Analyst who will be the liaison for the Human Resources Branch analysts. The Project Human Resource Analyst will collaborate and coordinate with the Human Resources Branch to achieve the

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streamlined and expedited hiring timeline. Perform hiring activities such as preparing the hiring recruitment, support and guide the hiring process, review and validate documentation for compliance, onboarding and monitoring tasks under DXP executive management guidance to fill the ISD technical and DXP project team positions that are vital to the success of the DXP project. This position will also be monitoring project, resources, and budget tracking and validation along with oversight activities regarding compliance and training requirement of new hires and vendor consultants.

○ **Project Management Unit**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Project Manager	IT Specialist II	3	3
Project Manager	IT Specialist I	1	2
<b>Total Requested Temporary Positions</b>		<b>4</b>	<b>5</b>

The DXP project will require five (5) temporary Project Manager positions to manage the DXP efforts through planning, executing, monitoring, controlling and closing of the project life cycle of each product processes.

○ **Contract/Vendor Management Group**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Contract/Vendor Management Lead	IT Supervisor II	1	1
Senior Vendor Management Analyst	IT Specialist II	2	2
Vendor Management Analyst	IT Specialist I	2	2
Contract Management Analyst	IT Specialist I	4	4
Contract Support Lead	IT Supervisor I	1	1
Senior Contract Support Analyst	Associate Governmental Program Analyst	1	2
Contract Support Analyst	Staff Services Analyst	2	2
<b>Total Requested Temporary Positions</b>		<b>13</b>	<b>14</b>

Given the size and scope of this DXP project, the DMV is proposing a new Contract/Vendor Management group that will be led by two lead staff who will work together to ensure their teams stay aligned.

One (1) IT Supervisor II will manage two work units as the Contract/Vendor Management Lead:

- The Vendor Management work unit will be responsible for managing and monitoring contractors' performance and the quality of deliverables via the Deliverable Expectations Documents/Work Order Authorizations

(DEDs/WOAs) process. This includes the vendor staff supporting development of the DXP (e.g., System Integrator, PaaS, and data services). DMV is proposing four (4) new positions for this work unit, two (2) at the IT Specialist II level and two (2) at the IT Specialist I level.

- The Contract Management work unit will perform, organize, and support all aspects of contract development for the DXP Project from initiation to maintenance to closure of each complex hardware, software, and Information Technology (IT) consulting contract. DMV is proposing four (4) new positions at the IT Specialist I level.

One (1) IT Supervisor I will handle a Contract Support work unit as the Contract Support Lead. This unit will assist with project contract analysis activities: drafting statements of work, drafting contract addenda, change request management, tracking contract budgets and invoices, tracking deliverables, and facilitating the approval of contract invoices. DMV is proposing four (4) new temporary positions for this work unit.

○ **Change Management Unit**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Change Management Analyst	IT Specialist II	1	1
Change Management Analyst	IT Specialist I	1	1
Training Manager	Training Officer I	-	1
<b>Total Requested Temporary Positions</b>		<b>3</b>	<b>3</b>

To support the significant organizational change management necessary for the successful delivery of the DXP project, DMV is proposing a new Change Management Unit that will focus on the people and process-related changes necessary to achieve the desired benefits from investments made in DXP technology solutions. This will require the addition of three (3) new positions specifically focused on Change Management Analyst activities.. The other position is a Training Manager who will promote organizational change management (OCM) and coordinate with the DXP vendor to develop, facilitate and supervise DXP training programs for all users (private individuals, state employees, DMV business partners). This individual will also help coordinate the vendor's transfer of training duties to the DMV (via a "train the trainer" approach).

○ **Release Management Unit**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Release Management Analyst	IT Specialist II	2	3
Release Management Analyst	IT Specialist I	-	1
<b>Total Requested Temporary Positions</b>		<b>2</b>	<b>4</b>

To support the shift to Agile and DevOps software development methods, the DMV plans to create a DXP Release Management team that will manage, plan, schedule, and control software builds. The team will facilitate the tracking and sharing of DXP Agile product stories with other projects/products portfolio teams that may be impacted and communicate changes to requirements and user stories. While the DXP vendor will be managing maintenance and operations for the DXP project, DMV needs staff who will interface with the vendor to ensure that DXP products and services are released in a coordinated fashion that is in sync with organizational change management to ensure a smooth transition to the new way of doing business. Particularly given the shorter release cycles used by Agile and DevOps software development methods, having effective release management increases the success rate of DXP releases and reduces quality problems. Overall DMV productivity, communication, and coordination are improved, and the DXP project can deliver software faster while decreasing risk.

DMV is proposing adding three (3) IT Specialist II and one (1) IT Specialist I position to staff this new team as Senior Release Management Analysts and Release Management Analyst, respectively.

- **Deliverable Management Group**

Workload	FY 2021-22	FY 2022-23 & FY 2023-24
Deliverable Management Group Manager	1	1
Information Security Unit	1	2
Deliverable Review Unit	8	12
Requirements Management Unit	3	4
<b>Total Requested Temporary Positions</b>	<b>13</b>	<b>19</b>

To manage and oversee the deliverables being created by the DXP SI vendor, the DMV is proposing the creation of a new Deliverable Management Group that will focus on delivering high quality digital customer experience products and services effectively and efficiently through the identification, development and implementation of DXP-related processes, procedures, tools, templates and tracking mechanisms. This group will be led by a new IT Manager I position who will manage three (3) work units:

- **Information Security**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Information Security Analyst	IT Specialist II	1	1
Information Security Analyst	IT Specialist I	-	1
<b>Total Requested Temporary Positions</b>		<b>1</b>	<b>2</b>

The Information Security work unit will ensure DMV cybersecurity risks are identified, tracked, prioritized, measured and addressed according to best practices, and in accordance with applicable compliance requirements. This will require the addition of two (2) new positions, one (1) IT Specialist II and one (1) IT Specialist I position to staff this new team as Senior Information Security Analysts and Information Security Analysts, respectively.

○ **Deliverable Review Unit**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Deliverable Review Analyst	IT Specialist II	2	4
Deliverable Review Analyst	IT Specialist I	4	6
Senior Review Manager	DMV Manager IV	1	1
Deliverable Review Manager	DMV Manager III	1	1
<b>Total Requested Temporary Positions</b>		<b>8</b>	<b>12</b>

The Deliverable Review work unit will monitor the health and performance of DXP products and services to ensure exceptional interactions with all stakeholders, excellent customer service, and service delivery. This group will consist of four (4) IT Specialist II, six (6) IT Specialist I position, one (1) DMV Manager IV, and one (1) DMV Manager III.

○ **Requirements Management**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Requirements Analyst	IT Specialist II	1	1
Requirements Analyst	IT Specialist I	-	1
Senior Requirements Business Manager	DMV Manager IV	1	1
Requirements Business Manager	DMV Manager III	1	1
<b>Total Requested Temporary Positions</b>		<b>3</b>	<b>4</b>

The Requirements Management work unit will oversee the DXP project business analysis efforts and outcomes including evaluation of current and/or proposed information and business process flows to meet as-is and to-be process and organizational change objectives.

- **Product Quality Group**

Workload	FY 2021-22	FY 2022-23 & FY 2023-24
Product Quality Group Manager	1	1
Quality Assurance Unit	5	6
Product Owners Unit	15	20
<b>Total Requested Temporary Positions</b>	<b>21</b>	<b>27</b>

A new Product Quality group will manage the DXP product portfolio, provide Information Technology oversight for the DXP project, as well as develop and maintain quality standards with respect to DXP products and services. It will be led by a new IT Manager I position, who will manage two work units:

- **Quality Assurance (QA) Unit**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Quality Assurance Engineer	IT Specialist II	2	2
Senior Quality Assurance Business Manager	DMV Manager IV	1	1
Quality Assurance Business Manager	DMV Manager III	2	3
<b>Total Requested Temporary Positions</b>		<b>5</b>	<b>6</b>

The QA work unit will help ensure the delivery of high quality DXP products and services. It will develop and maintain quality assurance plans, monitor DXP product development activities and user experience with delivered products, validate the use of quality processes by the DXP development team, oversee and communicate product testing, and pursue continuous improvement of DXP processes and products.

- **Product Owners Unit**

Workload	Classification	FY 2021-22	FY 2022-23 & FY 2023-24
Senior Product Owners	DMV Manager IV	3	3
Product Owners	DMV Manager III	7	11
Product Manager	IT Specialist II	3	3
DXP Legal Counsel	General Counsel	1	1
DXP Project Accountant	Accounting Administrator II	1	2
<b>Total Requested Temporary Positions</b>		<b>15</b>	<b>20</b>

In utilizing Agile and DevOps methods, the DMV is planning to shift from a project-oriented software development practice to one that is product-based. This requires an organizational transformation that will bring in product owners from the DMV

business units who will be central to the development, delivery, and maintenance of DMV products and services on the new Digital Experience Platform. The DMV is proposing three (3) DMV Manager IV and eleven (11) DMV Manager III new positions for Product Owners who will serve as liaisons to DMV business programs, IT teams, vendors and external stakeholders. These individuals will come from the DMV business programs and will act in a DXP product owner capacity. Their responsibilities will include leading the elicitation and documentation of the most complex business requirements; leading workgroups and efforts to add, enhance and update DXP services; analyzing business requirements, user stories, business problems and developing systems requirements specifications.

This group will also have three (3) temporary IT Specialist II positions to serve as product managers for the DXP project. The product managers will be responsible for guiding the success of a product and leading the cross-functional teams that are responsible for improving it.

Product managers provide the deep business and product expertise needed to influence the organization and contribute to strategic product decisions. The product managers analyze current and emerging business needs providing alternative approaches designed to achieve the product vision. The role spans many activities from strategic to tactical and provides important cross-functional leadership.

The product manager is the person responsible for defining the why, when, and what of the product that the engineering team builds. This means they lead cross-functional teams from a product's conception all the way through to its launch.

DMV is also requesting one (1) temporary General Counsel position to serve as legal counsel for the DXP project. The DXP Legal Counsel will provide, manage, and coordinate in-house legal services for the DXP project. These legal services focus on legal opinions relating to the DXP effort and include providing advice relating to how DXP products and services abide by California vehicle regulations, codes, and laws. The legal services will provide opinions on proposed opportunities to streamline product process flows by modifying, enacting or eliminating regulations, codes or laws.

DMV is also requesting two (2) temporary Accounting Administrator II positions to provide financial and accounting services for the DXP project. The DXP Project Accountants will be responsible for the DXP project's fiscal operations and the overall planning and directing of the project's procedures concerned with the safeguarding of assets and the reliability of financial records.

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**Supporting Contracts:**

<b>Contract Description</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
System Integrator	22,879	34,227	23,798
Platform as a Service (PaaS) Licenses	3,769	4,194	14,074
Enterprise Architecture Roadmap	700	600	600
Transitional Architecture and Technology	7,500	7,500	3,000
Data Migration/Data Repository	1,000	1,000	1,000
DMV IT Support Readiness	250	250	250
Business Process Reengineering	1,500	2,500	1,500
Project Management	356	500	500
Product Manager/Tech Consultants	400	500	500
Contract Management Support	200	200	200
Organizational Change Management (OCM)	250	250	250
Scrum Master/Agile Coach	200	350	350
Test Bed Automation	150	150	150
Independent Verification and Validation (IV&V)	300	500	500
CDT Oversight & STP	120	60	60
IRP Change Requests/Data Analysis	-	375	375
Contingency	7,000	7,000	7,000
<b>Total Support Contracts</b>	<b>\$ 46,574</b>	<b>\$ 60,156</b>	<b>\$ 54,107</b>

(Dollars in thousands)

DMV proposes to hire an SI vendor to acquire, develop, and implement a PaaS solution will require the following contracts and supporting consulting services.

First, there are the essential contracts for the SI vendor and PaaS platform licensing.

- **System Integrator (SI) Services**

DMV requests \$22.9 million in FY 2021-22, \$34.2 million in FY 2022-23, and \$23.8 million in FY 2023-24 to hire an SI to develop the platform solution for OL, VR, CC, and DL/ID product services. The selected SI will design, develop, and implement on an industry leading platform. The SI will be responsible for providing the facilities, IT equipment for staff and consultants, set up required IT environments (such as Integration, development, testing, training, production), and all other products and services to ensure the implementation of the PaaS solution is successful in scope, budget, schedule, and to meet the stakeholders and DMV customers' needs.

The SI/Platform team will implement the platform's capabilities to meet DMV's needs. The SI will utilize agile development methodology to ensure improved product quality and involvement of business stakeholders in the development process to ensure DMV customer needs are addressed. The SI will design and build with input from both technical and business users and provide documentation and knowledge transfer to users at DMV. The SI will ensure the solution enables DMV to continue and expand interfaces with other state and local agencies (e.g., Department of Justice (DOJ), Administrative courts), federal agencies (e.g., Federal Motor Carrier Safety Administration (FMCSA), U.S. Department of Homeland Security (DHS)), non-governmental associations (e.g., American Association of Motor Vehicle Administrators (AAMVA) National Motor Vehicle Title Information System (NMTIS); International Registration Plan (IRP), Inc.) and third party service providers (e.g.,

credit card processors, Geotax services). The SI staff will be required to educate and transfer knowledge to the DMV technical staff, as well as train staff on how to operate and update the new system.

- **PaaS Software Licenses**

DMV requests \$3.8 million in FY 2021-22, \$4.2 million in FY 2022-23, and \$14.1 million in FY 2023-24 for the platform software licenses for each DMV staff member on a gradual rollout of the core product functions. In addition, the PaaS software licenses include the maintenance and operation of a cloud platform for the DXP System. The retirement of legacy DMV system maintenance and operations from the California Department of Technology (CDT) may result in savings to the department which may be redirected to ongoing PaaS costs.

Second, to support the overall DMV strategic goals in the move towards a Digital Experience Platform, these additional contracts will expedite the transformation. One is for enterprise architecture professional services to develop a DXP vision and roadmap. This will help ensure that the work of agile teams is coordinated and integrated; otherwise the result could easily be another set of silo data and systems. Further, while the DMV knows it needs new skills, talents and knowledge needed to maintain and operate digital services, it will benefit greatly by having assistance in evaluating its current staff in these areas so that transformation of its work force can coincide with transformation of its IT systems. The DMV also needs to continue the work in business process reengineering to ensure that its people, processes, and technologies all work smoothly together to achieve its vision of a modern DMV enterprise.

- **Enterprise Architecture Roadmap**

DMV requests \$700,000 in FY 2021-22 and \$600,000 in FY 2022-23 and FY 2023-24 to develop an Enterprise Architecture roadmap (or master blueprint) to proactively and holistically address enterprise responses to disruptive forces by identifying and analyzing DMV's execution of change toward its desired business vision and outcomes. This will create alignment of business planning, operations, automation aspects and the technological infrastructure.

- **Transitional Architecture and Technology**

DMV requests \$7.5 million per fiscal year in FY 2021-22 and FY 2022-23, and \$3 million in FY 2023/24 for the design, development, testing and implementation of the transitional architecture and technology required to support the incremental transform of legacy technology services to the DXP target architecture and technology. The DXP project will employ an agile development approach to incrementally move key business functions to a modernized technology platform. DMV will need to maintain critical legacy business applications and continuous operations throughout the modernize effort. The interdependent of the legacy systems and the need to modernize with minimal disruption will require the establishment of a transitional architecture and technology services. The interim architecture is necessary to support the incremental agile, feature-centric development for the end-state. The transitional architecture will address the fluid nature of the incremental architecture and build a solid foundation to reduce the implementation risks associated with performance, engineering, security, and extensibility.

- **Data Migration and Repository**

DMV requests \$1 million per fiscal year for FY 2021-22 through FY 2023-24 to develop a modern data repository and to migrate data from legacy obsolete data stores to the new data repository. DXP will transform DMV business to a customer centric service-based organization. To achieve this objective, DMV will need to establish a centralized data repository designed to meet changing business needs. The DMV legacy data repositories are obsolete and siloed creating obstacles for relating Drivers Licenses data with Vehicle Registration data with Occupational Licenses data. The DXP project will establish a consumer portal designed to provide a single location for consumers to access DMV services. Establishing a data repository containing related data to establish a consolidated consumer record is required to effectively meet the consumer's needs.

- **DMV IT Support Readiness**

DMV requests \$250,000 per fiscal year for FY 2021-22 through FY 2023-24 to review the department's goals, teams and leaders for digital transformation success by analyzing and identifying the skill gaps of an individual or group of individuals, and then to align the members and stakeholders to ensure program success. Identifying the team members and leaders with the requisite skill sets to create the ideal team for leading the DMV digital transformation. Conducting a skill gap analysis is a three-step process that includes determining desired skills, assessing a candidate's skills and identifying gaps, then identify a plan on how to address the identified the various gaps. This will help DMV hire staff with the needed skills to lead the innovation efforts and support the DMV modernization efforts.

- **Business Process Reengineering (BPR)**

DMV requests \$1.5 million in FY 2021-22, \$2.5 million in FY 2022-23, and \$1.5 million in FY 2023-24 to provide BPR services in analyzing and defining a clear approach to rethinking its entire existing business process workflows. BPR will redesign the way work is done to better support the DMV's mission and improve business processes to increase productivity, reduce costs, and ultimately enhance customer services. The BPR services will include (but may not be limited to) the following areas: OL, VR, CC, DL.

- **International Registration Plan (IRP) Change Requests/Data Analysis**

DMV requests \$750,000 (\$375,000 per fiscal year in FY 2022-23 and FY 2023-24) to make updates to the IRP System interface and provide data analysis services for the support of the SB 210 Heavy-Duty Vehicle Inspections and Maintenance Program.

Third, developing a new system in a new way entails a fair amount of risk, given the existing staff's knowledge and skill levels. While the plan is to have the SI vendor help train the staff in operating and maintaining a PaaS Digital Experience Platform, the success of the project is greatly increased if there is staff augmentation in two key areas. One is to have project managers available who are already experienced in running such development efforts. The other relates to the shift from a project focus to a product focus, and that will be enhanced with the professional services of individuals who are well-versed and knowledgeable about how to manage product portfolios, including the development of product roadmaps and product success metrics. These professional services contracts can help give the DMV DXP project a good running start and ease the transformation to digital services by providing knowledge transfer to DMV's existing staff.

- **Project Manager(s) Consulting Services**  
DMV requests \$356,000 in FY 2021-22, and \$500,000 per fiscal year for FY 2022-23 and FY 2023-24 to provide services in support of the initialization, planning, execution and control of the project, including managing project activities. The Project Manager(s) will plan and designate project resources, prepare budgets, monitor progress, identify and track project risks and issues, and present regular project status updates to stakeholders and the DMV Directorate.
- **Product Manager/Tech Consulting Services**  
DMV requests \$400,000 in FY 2021-22 and \$500,000 per fiscal year for FY 2022-23 and FY 2023-24 to develop product roadmap and agile requirements that include user stories, epics, themes and agile methodology documentation. The Product Manager is integrated in the product planning process and throughout the Product Lifecycle, gathering and prioritizing product and customer requirements, defining the product features/vision, and working closely with engineering, to deliver winning products that exceed customer expectations.
- **Contract Management Support**  
DMV requests \$200,000 per fiscal year for FY 2021-22 through FY 2023-24 to provide an additional layer of insurance to the successful outcome of the project. Consultant will closely monitor deliverable activities, ensuring deadlines will be met in accordance with work order and contract terms/conditions. Consultant will work closely with workstream teams and contract managers providing timely status updates and ensuring issues are reported and resolved quickly. The consultant will also provide coordination/facilitation between workstreams as needed to ensure duplication of efforts is not occurring.

Fourth, the transformation to digital services and a more modern approach to software development and maintenance suggests the success of the DXP project would be increased by having professional services supply crucial coaching and mentoring of current and new staff in several key areas. Transforming to a digital services provider involves significant organizational change, best accomplished with knowledgeable professional support. The other is to help continue DMV on the journey from traditional waterfall software development to a more modern, agile approach, and the path for this journey will be much smoother and more direct with regular supportive coaching and mentoring.

- **Organizational Change Management (OCM)**  
DMV requests \$250,000 per fiscal year from FY 2021-22 through FY 2023-24 for OCM services to focus on the people side of project changes, including changes to business processes, systems and technology, along with how that impacts job duties, roles and organization structures. Effective OCM directly contributes to the project's ability to realize value through faster speed of adoption, higher ultimate utilization, and a greater level of proficiency.
- **Scrum Master/Agile Coach**  
DMV requests \$250,000 in FY 2021-22, \$350,000 per fiscal year in FY 2022-23 and FY 2023-24 to ensure the product teams understand agile values and principles and follow the processes and practices of the Scaled Agile Framework (SAFe). The Agile Coach will coach DMV executives and the product teams regarding agile tools and techniques and

will collaborate with the Scrum Master. The Scrum Master guides, mentors, and interacts with the product teams to manage the process, perform daily check-in, clear obstacles and establish an environment where the team can be effective in following Agile development and delivering high quality customer value.

- **Test Bed Automation**

DMV requests \$150,000 per fiscal year from FY 2021-22 through FY 2023-24 to provide services in support of the User Acceptance Testing regression testing scripts and data preconditioning process designed to streamline repeatable testing events throughout the DXP project. The automated test bed will support the introduction of new product features to ensure that business standard operating procedures are exercised, and that deviation from the expected outcomes are identified for remediation. The test bed automation will also provide the capability to update the test scripts and data preconditioning to address changing business processes.

Fifth, to help ensure that the DXP project stays on target and on budget to deliver high quality products and services for DMV customers and stakeholders, there are two standard project independent verification, validation and oversight contracts – one an internal check and the other an external check.

- **Independent Verification & Validation (IV&V)**

DMV requests \$300,000 in FY 2021-22 and \$500,000 per fiscal year for FY 2022-23 and FY 2023-24 for IV&V consulting service to be performed in accordance with CDT SIMM 45. DMV will enter contract with an independent provider for IV&V services. The IV&V consultants will provide monthly reporting on the status of the project from a technical aspect. IV&V will assess the project from an independent point of view while also ensuring that resources are used appropriately.

- **CDT Independent Project Oversight & Statewide Technology Procurement**

DMV requests \$120,000 in FY 2021-22 and \$60,000 per fiscal year for FY 2022-23 and FY 2023-24 for expenses related to CDT's Independent Project Oversight (IPO) and Statewide Technology Procurement (STP) services. The IPO consultant will provide oversight services to the senior project leadership and DMV PAL team. The CDT STP consultant will guide the CBP procurement phases with the DMV IT Acquisitions Unit and the Project core team to identify the best qualified SI/platform team. They are essential to completing the statement of work (SOW), negotiating and awarding the primary contract for the DXP Project.

**Other Operating Expenses & Equipment**

	FY 2021-22	FY 2022-23	FY 2023-24
General Expense	564	830	830
Communications	14	17	17
Travel In-State	27	45	45
Training	504	551	551
IT Hardware	200	250	250
IT Software	1,260	460	460
IT Staffing Plan/Recruitment	250	-	-
Test Strategist	300	250	-
<b>Total Other OE&amp;E</b>	<b>\$ 3,119</b>	<b>\$ 2,403</b>	<b>\$ 2,153</b>

(Dollars in thousands)

- DMV requests \$3.1 million in FY 2021-22, \$2.4 million FY 2022-23, and \$2.2 million in FY 2023-24 to procure platform certification training for the technical team, data cleansing tool, staffing plan/recruitment services, test strategist, and to provide the standard complement operating expenses for new positions throughout the project. The laptops/PCs will be needed for the consultants that are onboard during the project. The technical team will need to obtain platform certification training during the project to obtain the knowledge and expertise to assist, maintain, and support the new platform. In addition, resources are requested for various software to support the project. The software consists of modeling, power automate, and other software that will be identified during the project. The modeling software will be used to represent and communicate what is important and assist developers throughout the project. In addition, the Power Automate tool will be used to automate document submission and ensure that vendor submission are securely transferred to the bidder's library without manual intervention. Power Automate will also work to automate form submissions, workflow approvals and permission to the share point repository. Without this tool we will have to dedicate a percentage of time to have staff manage this workload.

**E. Outcomes and Accountability**

- Project Approval Lifecycle Review and Approval Process**  
 The Project Approval Lifecycle (PAL) is divided into four stages, each separated by approval “gates”. The gates provide a series of approval points, where CDT involves critical partners from across CDT and other state control agencies (such as DOF and DGS) to evaluate the PAL documents and provide approval to progress to the next stage. As additional information is collected and refined through the PAL, the cost estimates, schedules and business objectives are progressively updated and evaluated to determine if the project is still practical to pursue the State investment. The estimated timeline for the DXP Project PAL stages is shown in section G.
- Controls and monitoring of the Project and Resources**  
 CDT Project Approvals and Oversight will perform the Independent Project Oversight (IPO) services on the DXP Project. DMV will also enter into a contract for an independent provider for Independent Validation and Verification (IV&V) consultant services. The IPO and IV&V assessors will provide required monthly reporting on the status of the project. This

will not only assess the project from an independent point of view but will also evaluate project management processes and deliverables along with technical assessments of the system's development to ensure the requirements, quality and customer needs are met. The CDT IPO will generate a monthly Independent Project Oversight Report (IPOR) to detail the DXP Project progress against the project objectives, scope, schedule, and costs defined in the approved PAL documents. The IPOR will identify any project risks, issues, findings and recommendations throughout the project lifecycle. In addition, the department will collaborate with CDT on the retirement of legacy DMV system maintenance and operations from the California Department of Technology (CDT) services.

## F. Analysis of All Feasible Alternatives

DMV reviewed the results of its preliminary market research and vendor demonstrations to identify the following three different solution alternatives:

- **ALTERNATIVE 1: Platform-as-a-Service (PaaS) Solution**

The PaaS alternative involves having a System Integrator to deliver a cloud-based solution on a platform that is managed by the SI or PaaS vendor. The PaaS providers offer pre-built modules and features to address a number of DMV's DXP objectives, including a unified view of customer data, business intelligence/data mining capabilities, integration across modules, flexibility for product customization, modern interface capabilities, and streamlined reporting. Time-to-implementation is shorter for such platforms, as DMV would define its workflow components into these highly automated applications, more swiftly than in a COTS/MOTS scenario. Operational silos of data can be minimized using modern APIs and underlying data structures provided by PaaS platforms. This alternative provides workflow automation, built-in features and functionality to take care of back-end concerns (such as security, infrastructure, and data integration) and combines the power of no-code and low-code tools into one family for development to meet a variety of business needs.

**COSTS:** \$193.5 million in one-time implementation resources for FY 2021-22 through FY 2023-24 to complete the OL and VR phases

Total estimated project cost - \$308.2 million

**PROS:**

- Ability to redirect infrastructure cost and maintenance workload
- Reduce maintenance and operations (M&O) spending
- Lessen (or remove) the ongoing maintenance of license management
- Control of software deployment remains in DMV hands
- Ability to meet the unique needs of DMV to address legislative mandates
- Ability to build internal expertise in modern technologies as DMV and vendor staff work together
- Maintain DMV flexibility on how and when to implement new changes
- Productivity boost from faster development and delivery of applications
- Ability to leverage new methods, techniques, technologies
- Faster IT modernization and delivery

- Improved availability, mobility, and collaboration of software development teams
- High scalability, allows the DMV to grow sustainably to meet peak business performance demands, all while being flexible in structure
- Retirement of legacy systems will reduce the reliance on costly contractor support
- Reduce reliance on costly mainframe infrastructure and state staffing required to perform hardware, software and configuration updates
- Resolve legacy application technology gaps that require manual workarounds to complete transactions (thus reducing reliance on staff to perform the manual work and reduced processing times)

**CONS:**

- DMV would be highly dependent on the vendor's platform and framework
  - Potential steep learning curve, as PaaS and related cloud technologies constitute new technology and development methods to DMV
  - Data Security is in the hands of the PaaS vendor
  - Risk of provider lock-in, as a different PaaS provider may require rebuilding or heavily altering DMV applications
  - Cloud limitations, as not every part of the DMV's existing infrastructure may be built for the cloud
  - Major migration/integration work, as data and external interfaces, as well as the DMV's existing website infrastructure would need to be migrated to work with the new solution
- **ALTERNATIVE 2: Commercial / Modified Off-The-Shelf (COTS/MOTS) Solution**  
From the demonstrations presented by COTS/MOTS vendors, the business process workflows presented in their products are quite different from DMV's complex workflows and business processes. DMV would need to undergo extensive gap analysis to assess the variance between how DMV business processes work and how the COTS/MOTS might address the DMV workflows. Also, COTS products are not always easy to change, and changes (modified COTS, or MOTS) can require extensive reconfiguration or product extension of the core offering. One risk to customizing a COTS/MOTS solution is that the product vendor may lose the ability to continue to support the customized version of their product with automatic upgrades and bug fixes if changes are major. Offerings in this category also did not show products using a best-of-breed technology layer.

**COSTS:** \$469.7 million

**PROS:**

- Potential cost savings, as current and future enhancements can be shared among other users of the core product selected
- Easier to implement, given the "turnkey" nature of COTS/MOTS, for typical DMV business needs
- Offer maintenance options, such as vendor-hosted and managed solution
- Ability to leverage vendor's industry expertise and leverage functionality already developed, tested, and in use in other states

**CONS:**

- Lack of control, as future changes to the product may not be in the DMV's control or compliant with California DMV requirements
  - DMV needs only partially met, extensive system modifications or significant business process reengineering will be required to fully meet the DMV's current and future business needs
  - Impacts to stakeholders and users, including an increased risk of service disruption, as DMV and its business partners (BPs) will need to modify their current business processes, forms, and procedures to work within the confines of the COTS/MOTS
  - Uniqueness of California DMV regulations and statutes introduces unknown costs for related change requests
  - Restrictions on DMV's ability to make changes, as some vendors require ongoing system changes to be frozen during the implementation period
  - Vendor dependency, as the DMV would be in a Non-Competitive Bid contract with this vendor for the life of the COTS/MOTS system
  - Additional work required to enable DMV business and data processes, website infrastructure, and financial accounting systems to work with the new COTS/MOTS
  - High risk of long-term dependency on the solution vendor
- **ALTERNATIVE 3: Custom-Built Software Development Solution**  
Vendors providing a demonstration of custom development approaches focused on their architecture approach as the key solution element, as well as their reference sites for similar work. The custom development approach could provide a full solution meeting DMV's needs for DXP. However, the technology array is not necessarily state-of-the-art, and both cost and timelines would increase using this type of solution. Likewise, in reviewing the presentations conducted by two large system integration firms offering custom development approaches, it became clear that the time-to-production for a custom solution would take the longest of the solution alternatives.

**COSTS:** \$481.9 million

**PROS:**

- Ability to meet the unique needs of DMV, as a custom-built solution will include everything the DMV needs and nothing it does not
- Can help build internal expertise in modern technologies as DMV and vendor staff work together
- Advances modernization, by providing the opportunity to review and redesign business processes and business rules, without the constraints of prior practice
- Leverages existing DMV resources, such as the existing data structure, allowing for a potentially smaller data migration effort and less data preparation
- DMV maintains flexibility, by not being locked-in on the platform or software provided by vendor, and thereby flexible in meeting DMV current and future business needs
- DMV maintains complete control over scale, customization, and functionality

**CONS:**

- Development and building of the solution estimated to take the longest time of all alternatives
- Custom-built solutions introduce unmanageable scope creep due to changing business needs
- Requires DMV staff to have the expertise and knowledge to maintain the programs and systems
- Deviates from industry best practices to leverage like type products and services from the open market
- Requires a consistent influx of state and vendor expertise to maintain and upgrade operating systems and functions as technology matures
- Introduces infrastructure overhead and maintenance costs not required in a PaaS solution

**G. Implementation Plan**

The Implementation Plan for the PAL Stages completion timeline and contract award for the Digital eXperience Platform effort is currently as following:

Stage 1 Business Analysis (S1BA) – Completed/Approved	08/31/2020
Stage 2 Alternative Analysis (S2AA)	05/14/2021
Stage 3 Solution Development (S3SD)	06/22/2021
Stage 4 Project Readiness/Approval (S4PRA)	07/28/2021
Award Challenge Based Procurement Contract	07/28/2021

**H. Supplemental Information**

The total estimated project costs associated with the DXP project from FY 2021/22 to FY 2025/26 is \$308.2 million, with an estimated cost of \$20.6 million in FY 2026/27 and ongoing. Of the \$308.2 million, \$13.3 million was previously approved in the Front-End Sustainability (FES) Project through a FY 2018/19 Budget Change Proposal. The department proposes that DMV Business Partners, who process vehicle registration transactions, pay a proportionate share of the DXP Project implementation costs. The total estimated additional funding need of \$294.9 million (total estimated project costs of \$308.2 million minus the \$13.3 million in FES Project funding) will be funded by the Motor Vehicle Account, of which \$31.4 million will be recouped through a temporary BPA fee increase of \$1, proposed to sunset in December 31, 2025.

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	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total Estimated DXP Costs	FY 2026-27 & Ongoing
<b>Personal Services</b>							
Permanent Salaries	6,750	8,277	8,277	7,329	4,798	35,431	1,852
<i>Positions</i>	72.0	90.0	90.0	79.0	51.0		19.0
Staff Benefits	4,334	5,313	5,313	4,704	3,080	22,744	1,189
<b>Total P/S</b>	<b>11,084</b>	<b>13,590</b>	<b>13,590</b>	<b>12,033</b>	<b>7,878</b>	<b>58,175</b>	<b>3,041</b>
<b>Operating Expenses &amp; Equipment</b>							
<b>Supporting Contracts</b>							
System Integrator	22,879	34,227	23,798	12,217	9,651	102,772	1,861
Platform as a Service (PaaS) Licenses	3,769	4,194	14,074	15,894	15,894	53,825	15,371
Enterprise Architecture Roadmap	700	600	600	300	-	2,200	-
Transitional Architecture and Technology	7,500	7,500	3,000	1,500	1,000	20,500	-
Data Migration/Data Repository	1,000	1,000	1,000	1,000	500	4,500	-
DMV IT Support Readiness	250	250	250	250	250	1,250	-
Business Process Reengineering for Modernization	1,500	2,500	1,500	500	500	6,500	-
Project Management	356	500	500	750	750	2,856	-
Product Manager/Tech Consultants	400	500	500	500	200	2,100	-
Contract Management Support	200	200	200	100	-	700	-
Organizational Change Management (OCM)	250	250	250	250	250	1,250	-
Scrum Master/Agile Coach	200	350	350	350	150	1,400	-
Test Bed Automation	150	150	150	150	150	750	-
Independent Validation and Verification	300	500	500	575	375	2,250	-
CDT Oversight & STP	120	60	60	60	60	360	-
IRP Change Requests/Data Analysis	-	375	375	-	-	750	-
Contingency	7,000	7,000	7,000	7,000	7,000	35,000	-
<b>Total Support Contracts</b>	<b>46,574</b>	<b>60,156</b>	<b>54,107</b>	<b>41,396</b>	<b>36,730</b>	<b>238,963</b>	<b>17,232</b>
<b>Other Operating Expenses &amp; Equipment</b>							
General Expense	564	830	830	736	484	3,444	183
Communications	14	17	17	16	11	75	5
Travel In-State	27	45	45	40	26	183	10
Training	504	551	551	537	505	2,648	20
IT Hardware	200	250	250	50	50	800	100
IT Software	1,260	460	460	460	460	3,100	-
IT Staffing Plan/Recruitment	250	-	-	-	-	250	-
Test Strategist	300	250	-	-	-	550	-
<b>Total Other OE&amp;E</b>	<b>3,119</b>	<b>2,403</b>	<b>2,153</b>	<b>1,839</b>	<b>1,536</b>	<b>11,050</b>	<b>318</b>
<b>Total OE&amp;E</b>	<b>49,693</b>	<b>62,559</b>	<b>56,260</b>	<b>43,235</b>	<b>38,266</b>	<b>250,013</b>	<b>17,550</b>
<b>Total P/S &amp; OE&amp;E</b>	<b>60,777</b>	<b>76,149</b>	<b>69,850</b>	<b>55,268</b>	<b>46,144</b>	<b>308,188</b>	<b>20,591</b>
<b>Less FES Funding</b>	<b>(6,417)</b>	<b>(6,854)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,271)</b>	<b>-</b>
<b>Total DXP Cost Estimate</b>	<b>\$ 54,360</b>	<b>\$ 69,295</b>	<b>\$ 69,850</b>	<b>\$ 55,268</b>	<b>\$ 46,144</b>	<b>\$ 294,917</b>	<b>\$ 20,591</b>

(Dollars in Thousands)

**I. Recommendation**

**Alternative 1.** The proposed PaaS fully meets the objectives and business functional requirements as documented in the CDT Stage 2 Alternative Analysis, as required by the Project Approval Lifecycle process. PaaS offers pre-built modules and features, including a unified view of customer data, business intelligence/data mining capabilities, integration across modules, flexibility for product customization, modern interface capabilities, and streamlined reporting.

## Attachment 1

SECTION 1. Section 1685 of the Vehicle Code is amended to read:

1685. (a) In order to continue improving the quality of products and services it provides to its customers, the department, in conformance with Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, may establish contracts for electronic programs that allow qualified private industry partners to join the department in providing services that include processing and payment programs for vehicle registration and titling transactions, and services related to reporting vehicle sales and producing temporary license plates pursuant to Sections 4456 and 4456.2.

(b) (1) The department may enter into contractual agreements with qualified private industry partners. There are the following three types of private industry partnerships authorized under this section:

(A) First-line business partner is an industry partner that receives data directly from the department and uses it to complete registration and titling activities for that partner's own business purposes.

(B) First-line service provider is an industry partner that receives information from the department and then transmits it to another authorized industry partner.

(C) Second-line business partner is a partner that receives information from a first-line service provider.

(2) The private industry partner contractual agreements shall include the following minimum requirements:

(A) Filing of an application and payment of an application fee, as established by the department.

(B) Submission of information, including, but not limited to, fingerprints and personal history statements, focusing on and concerning the applicant's character, honesty, integrity, and reputation as the department may consider necessary.

(C) Posting a bond in an amount consistent with Section 1815.

(3) The department shall, through regulations, establish any additional requirements for the purpose of safeguarding privacy and protecting the information authorized for release under this section.

(c) The director may establish, through the adoption of regulations, the maximum amount that a qualified private industry partner may charge its customers in providing the services authorized under subdivision (a).

(d) The department shall charge a three-dollar (\$3) transaction fee for the information and services provided pursuant to subdivision (a). The private industry partner may pass on the transaction fee to the customer, but the total charge to a customer may not exceed the amount established by the director under subdivision (c). The department may establish, through the adoption of regulations, exemptions from the transaction fee for transactions other than an original registration or transfer of ownership.

(e) All fees collected by the department pursuant to subdivision (d) shall be deposited in the Motor Vehicle Account. On January 1 of each year, the department shall adjust the fee in accordance with the California Consumer Price Index. The amount of the fee shall be rounded to the nearest whole dollar, with amounts equal to, or greater than, fifty cents (\$0.50) rounded to the next highest whole dollar.

(f) The department shall adopt regulations and procedures that ensure adequate oversight and monitoring of qualified private industry partners to protect vehicle owners from the improper use of vehicle records. These regulations and procedures shall include provisions for qualified private industry partners to periodically submit records to the department, and the department shall review those records as necessary. The regulations shall also include provisions for the dedication of

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department resources to program monitoring and oversight; the protection of confidential records in the department's files and databases; and the duration and nature of the contracts with qualified private industry partners.

(g) The department shall, annually, by October 1, provide a report to the Legislature that shall include all of the following information gathered during the fiscal year immediately preceding the report date:

- (1) Listing of all qualified private industry partners, including names and business addresses.
- (2) Volume of transactions, by type, completed by business partners.
- (3) Total amount of funds, by transaction type, collected by business partners.
- (4) Total amount of funds received by the department.
- (5) Description of any fraudulent activities identified by the department.
- (6) Evaluation of the benefits of the program.
- (7) Recommendations for any administrative or statutory changes that may be needed to improve the program.

(h) Nothing in this section impairs or limits the authority provided in Section 4610 or Section 12155 of the Insurance Code.

(i) (1) In addition to, and in accordance with, the transaction fee described in subdivision (d), the department shall charge private industry partners a one-dollar (\$1) transaction fee for the implementation of the private industry partners' proportionate share of departmentwide system improvements. All fees collected by the department pursuant to this subdivision shall be deposited in the Motor Vehicle Account.

(2) (A) The fee required by this subdivision shall be discontinued when the director determines that sufficient funds have been received to pay for the system improvements as described in paragraph (1), or on December 31, 20~~23~~25, whichever occurs first. If sufficient funds are received first, the director shall execute a declaration making that determination, which shall be posted on the department's Internet Web site and retained by the director.

(B) This subdivision shall become inoperative when the declaration described in subparagraph (A) has been executed and posted, or on December 31, 20~~23~~25, whichever occurs first.

## BCP Fiscal Detail Sheet

BCP Title: DMV Digital eXperience Platform (DXP) Project

BR Name: 2740-073-BCP-2021-MR

Budget Request Summary

### Personal Services

Personal Services	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Salaries and Wages	0	6,750	8,277	8,277	0	0
Earnings - Temporary Help						
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$6,750</b>	<b>\$8,277</b>	<b>\$8,277</b>	<b>\$0</b>	<b>\$0</b>
Total Staff Benefits	0	4,334	5,313	5,313	0	0
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$11,084</b>	<b>\$13,590</b>	<b>\$13,590</b>	<b>\$0</b>	<b>\$0</b>

### Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5301 - General Expense	0	564	830	830	0	0
5304 - Communications	0	13	17	17	0	0
5320 - Travel: In-State	0	27	45	45	0	0
5322 - Training	0	54	101	101	0	0
5340 - Consulting and Professional Services - External	0	28,888	45,342	46,147	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	120	60	60	0	0
5346 - Information Technology	0	8,100	7,300	7,300	0	0
5368 - Non-Capital Asset Purchases - Equipment	0	200	250	250	0	0
539X - Other	0	5,310	1,760	1,510	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$43,276</b>	<b>\$55,705</b>	<b>\$56,260</b>	<b>\$0</b>	<b>\$0</b>

### Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$54,360</b>	<b>\$69,295</b>	<b>\$69,850</b>	<b>\$0</b>	<b>\$0</b>

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Fund Summary

Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
State Operations - 0044 - Motor Vehicle Account, State Transportation Fund	0	54,360	69,295	69,850	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$54,360</b>	<b>\$69,295</b>	<b>\$69,850</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$54,360</b>	<b>\$69,295</b>	<b>\$69,850</b>	<b>\$0</b>	<b>\$0</b>

Program Summary

Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
2130 - Vehicle/Vessel Identification and Compliance	0	25,899	33,016	33,281	0	0
2135 - Driver Licensing and Personal Identification	0	20,129	25,659	25,863	0	0
2140 - Driver Safety	0	5,833	7,435	7,495	0	0
2145 - Occupational Licensing and Investigative Services	0	2,499	3,185	3,211	0	0
9900100 - Administration	0	4,728	6,027	6,075	0	0
9900200 - Administration - Distributed	0	-4,728	-6,027	-6,075	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$54,360</b>	<b>\$69,295</b>	<b>\$69,850</b>	<b>\$0</b>	<b>\$0</b>

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Personal Services Details

Salaries and Wages

Salaries and Wages	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
TH00 - Temporary Help	0	6,750	8,277	8,277	0	0
<b>Total Salaries and Wages</b>	<b>\$0</b>	<b>\$6,750</b>	<b>\$8,277</b>	<b>\$8,277</b>	<b>\$0</b>	<b>\$0</b>

Staff Benefits

Staff Benefits	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5150150 - Dental Insurance	0	47	57	57	0	0
5150200 - Disability Leave - Industrial	0	24	29	29	0	0
5150350 - Health Insurance	0	884	1,084	1,084	0	0
5150400 - Life Insurance	0	1	2	2	0	0
5150450 - Medicare Taxation	0	98	120	120	0	0
5150500 - OASDI	0	419	513	513	0	0
5150600 - Retirement - General	0	1,982	2,431	2,431	0	0
5150700 - Unemployment Insurance	0	9	11	11	0	0
5150750 - Vision Care	0	9	10	10	0	0
5150800 - Workers' Compensation	0	275	338	338	0	0
5150820 - Other Post-Employment Benefits (OPEB) Employer Contributions	0	151	185	185	0	0
5150900 - Staff Benefits - Other	0	435	533	533	0	0
<b>Total Staff Benefits</b>	<b>\$0</b>	<b>\$4,334</b>	<b>\$5,313</b>	<b>\$5,313</b>	<b>\$0</b>	<b>\$0</b>

Total Personal Services

Total Personal Services	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Personal Services</b>	<b>\$0</b>	<b>\$11,084</b>	<b>\$13,590</b>	<b>\$13,590</b>	<b>\$0</b>	<b>\$0</b>

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<b>Parameters</b>	<b>Selected Values</b>
Year	FY21
Department	2740
House	MR Dept Working
BR Name	2740-073-BCP-2021-MR
Run Time	04/22/2021 05:49:23 PM
Last Data Refresh	04/22/2021, 05:48 PM