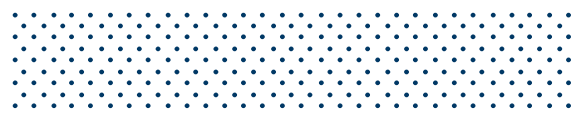


# State & Local Governments: You Can't Just Weather the Storm



CAPTECH TRENDS | PODCAST | EPISODE 4 TRANSCRIPT



## **Vinnie Schoenfelder**

Hello and welcome to CapTech Trends, a place where we meet with thought leaders and subject matter experts to discuss emerging technology, design, and project methodology. I'm your host Vinnie Schoenfelder, Principal and Chief Technology Officer at CapTech Consulting. Today we're focusing on state government and specifically how systems and services can be improved even during the current situation of COVID-19 and having to work from home and the impact to constituents. I have with me today Adam Hofheimer, a principal at CapTech who leads our state government practice, and Dr. David Sprick, an administrator in the operations section at the Kansas Department of Labor Division of Workers' Compensation. Welcome, gentlemen.

## **Adam Hofheimer**

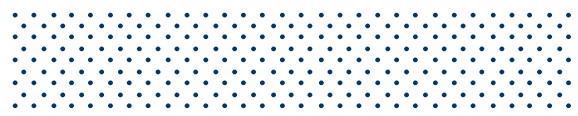
Thank you, Vinnie. Good to be here.

## **Vinnie Schoenfelder**

Great. So, we're also recording this with video cameras to put on our website, which is the first time we've done this and it's kind of nice because in this current pandemic we've been doing everything over Microsoft Teams and WebEx. But we are sitting at least six feet apart, I think it's more like eight or ten, which today is a good thing because Adam ate a lot of garlic before we got on. Anyway, the main point we're trying to make in this podcast is that weathering the storm is not an option. And what I mean by that is the current pandemic situation isn't going to be binary in its resolution. It's just not going to turn off tomorrow, right? Things will get progressive. We'll step into more and more openings of businesses and services. Then there may be a wave two and then we'll have to do that again. So, it's not a matter of waiting till the summer. We don't know when the end of this will be a fully realized. Also, it's our opinion that some things won't go back to normal. Many people are going to prefer a telemedicine or teleconferencing or Amazon Prime and getting a food and goods delivered to their house that had never been exposed to it before. So, the expectations of constituents are also going to change as a result of their experience through this. But to kick us off, David, I'll start with you. What's some of the immediate pain that you think state agencies are feeling in the early stages of this pandemic?

## **David Sprick**

Well, I'll generalize a little bit out of our agency's experience, but I've been talking to other state colleagues in a similar situation as me. And the first was to close to the public. We run courts in our agency, which is a lot of density of people for hearings, hearing rooms, waiting rooms, so we had to shut the courts down. You're talking about due process and all the legal



operations that have to run; those are essential. That was the immediate pain point – when to shut it down to the public. And we sort of took our lead from the governor, etc., but actively that was first thing, shut that down. Second, make our employees remote as fast as we could, and that's not a complete decision by us, there's a lot of other actors. And then third, people that you couldn't remote was an immediate problem. Do you part them? Maybe an unpaid leave? Maybe you furlough them? To most, government agencies are much like probably where you guys work, there's a lot of people on the floors. And so this immediate public health aspect was the first pain. I think the second pain we'll feel down the road, which will be fiscal pain. Depending on how you tax, if you are relying on sales tax, income tax, as the private sector is hit by that, it usually has a lag time with government. Some agencies are in better shape, they have operational reserve funds they can use like mine, so knock on wood, we're luckier. But I think most agencies are worried about that in the immediate future.

### **Vinnie Schoenfelder**

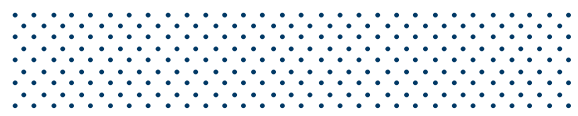
What's interesting. Sorry, real quick a question on the second one. It seems like a strange intersection then because you're going to be asked to come up with new ways to engage your constituents, at the same time you're concerned that you're going to have less revenue coming in.

### **Adam Hofheimer**

Yeah, that's true. Hindsight is always 20/20. But I think you go back to that we had eight and a half years of really strong economic times where governments were running, in certain circumstances, surpluses, and that's really the time to invest. You'll see the agencies that have spent the time and modernized who have probably been able to weather this pandemic storm a little better than the ones that didn't modernize and thought that they can always push the can down the road. When you're in a time of crisis, like the pandemic and COVID-19 has created, it's often difficult to then have to innovate through that when you're impacted by the low budgets and the inability to actually spend the money on the things that you need to do to innovate. So, a lot of things that we'll talk about today are derived around, okay, given the current situation and where you are to weather this storm, you actually need to think differently and creatively. It's sort of like businesses, the ones that have innovated really well and transformed their organizations and transformed their business models – not all of them are thriving, some are hit by the pandemic, you're going to get hit regardless – but it's how difficult it is to weather that storm.

### **Vinnie Schoenfelder**

And so, we're going to spend some time on that and we're going to talk about how we can



accomplish that. But I cut you off, David. You had a third pain point you wanted to mention.

### **David Sprick**

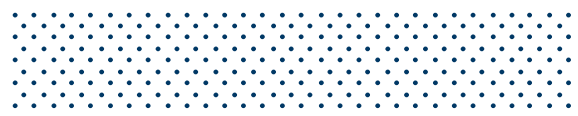
Well, I think the third pain point was then once we immediately move people out, and then we know fiscal is down the road, is the reopen. And my own personal agency reopened only remotely. We're able to do that with about half the staff. One of our umbrella organizations was tracking this in real time and keeping a database, they call it a 'COVID operational tracker' to see what different agencies, like mine, had opened and what they didn't. And so they sort of treated this as a case study. And I've said this to Adam privately, we immediately thought, 'this seems like a remote experiment is going to happen that's going to affect our operations.' Much like when all the planes were grounded after 9/11, some researchers went out and started to do what? Measure air quality, they had a novel natural experiment happening. And – I don't know the word here – not to understate the importance of the emergency, but to my mind immediately, this is a remote experiment. Let's treat it as such, let's document it, let's learn from it. And I think doing things like this, talking to you about it, is in that same similar spirit that we can learn from these things because what Adam said is completely correct, that we're going to have to do business differently in government to be safe. And as Vinnie said at the beginning, this is, this is not an eight-week experiment. It's going to be lasting probably more like a year, year and a half, maybe two.

### **Vinnie Schoenfelder**

Yeah, so one of the points that you both have hit on is safety, right? So, I think of things and there's been a lot in the news about unemployment lines being very long because the systems are antiquated COBOL systems, right from the seventies antiquated, that results in long physical lines. People are instructed to stay six feet apart, but they collapse over time. So, this is like a doubling down and this is happening in cities where unemployment is high and then there's people get in line and then there's higher risk of infection. So, I'm thinking of other things too, like DMV, anywhere there's high density. So, how can state governments address safety with services that require you to be in person? Or do they?

### **Adam Hofheimer**

No, I think that's a great question. I think there's two fundamental mechanisms. One's a little longer term. I'll address the first one and then talk about how government would probably be able to support and innovate through the latter and probably the more advanced one. All government interactions that have to be done in person – there's case law, there's regulations, there's mandates that require an individual to get certain drivers' licenses in person because they vet and they actually look at paper documents to prove Vinnie is Vinnie, or David is David.



In certain circumstances where you actually have to go into a facility, we need to start thinking about the premise of scheduling those activities and queuing those activities. So, if I'm going into a motor vehicles to renew something that has to be done in person, maybe it's to get this new federal ID and they have to see six forms of ID that are actually, it's my passport, it's my social security card, it's a utility bill, it's a variety of the things and you actually have to bring the paper documents with you. Well, I want to be able to schedule that. And then let's say the DMV is running late, I want to be notified by the DMV when it is safe to come into the building. I can sit in my car, I could do work. But when you start to schedule and you start to queue people, you're able to do those government high-touch services, but you're able to do them in a safe and effective way. So, we're actually starting to work on that both for our commercial clients and for our government clients. And I think you'll see the emergence of more advanced scheduling mechanisms across all agencies in all touchpoints, whether it's unemployment, insurance, motor vehicles, getting a business license, things that actually have to be done in person, moving to those.

The latter is actually the more transformative mechanism, and this requires the changes in laws. But you're seeing virtual court case hearings, you can actually take the virtual technology where everyone's now become accustomed to Zoom and becoming accustomed to WebEx. I've actually spent the last eight weeks on calls with my clients and with my internal teams everyday. We can overlay applications on top of those so that you can actually do your business but do it remotely. I can renew my driver's license.

### **Vinnie Schoenfelder**

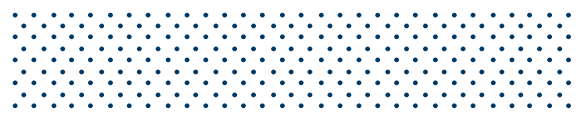
So, you're basically saying either improve on the existing situation with technology and process or just change the rules around it, right?

### **Adam Hofheimer**

It's both.

### **Vinnie Schoenfelder**

Right, and so if I think about the first one, I know you've spoken before about state governments needing to move closer to operating like a business. The immediate analogy I think of in my mind, another implementation of what you're talking about, is Disney World. When you go there, they knew years ago that you were of no value in a two and a half hour line. You weren't buying chicken fingers or ice cream or mouse ears or whatever else. So, by allowing you to schedule when you're going to walk through the doors and get on a ride, it actually not only benefited you because you're enjoying the park more, but it also benefited



them because you're not wasting time in a line. So, these technologies and approaches exist. It's just taking them to state government.

**Adam Hofheimer**

That's right.

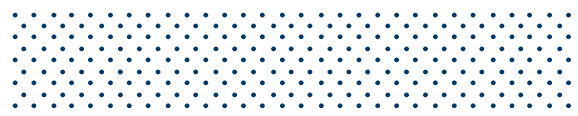
**Vinnie Schoenfelder**

So, David, I'll ask you that and turn it back to you. So, Adam was mentioning both these new kinds of approaches from a technical process or human behavior process, as well as working remotely, working from home, working in WebEx. Have you seen in your agency or the agencies I know you're speaking to, are they having success in either of those two areas? Either working remotely with the tools that you guys have available or improving services.

**David Sprick**

Yeah, one thing I wanted to build before I forget it – because you know how this goes into your head and out – what Adam's saying, and I think it's an important point, if we're going to really learn from this, it does pay to know that what Adam's saying is the sort of first style – and I didn't come up with this, a guy named Chris Argyris did and I happened to be stuck learning this years ago – he called that single-loop learning where if you go in and you say, I have to meet in person because the law requires it, like to get a passport, whatever it is, you can learn how to be more efficient and effective and now add the safety element. Social distancing, arriving at only prescribed times like through scheduling, don't allow walk-ups, wear masks, and that's going to happen in government and that's going to be a person issue we're going to solve.

And you can learn a lot from that, how to do that more effectively. For instance, my MC decided we were not going to do that, there was no safe way to do it. It wasn't safe for the employees, and so we didn't go down that model or learning single loop they called it. An arduous way which Adam hit on. It's funny, it made me think of this double-loop learning, which is to revisit the goals and objectives themselves. And Vinnie mentioned that too with Disney World, do you really need to even have them there? And that's harder to do, if done in government. We did a little bit of that. I always would bring up Argyris, so it's something I've sort of memorized. But it had an effect, that's where you truly say, do I even need to have a person in face-to-face in a hearing or can due process happen? And this is no great insight. Technology can allow the latter if you don't have the structure like of a regulation or law. And so, I think governments will do both those, they should. If they're only thinking about queuing people up to be interviewed for unemployment, they're never going to process that safely,



especially in the near term.

### **Vinnie Schoenfelder**

That's a great point because it goes to the opening where we said some things aren't going to go back to normal. So, these rule changes, like you said, you know, getting away from "we're doing it this way because we've always done it this way" to allowing new ways of interfacing with the government. A year from now when there's a vaccine and everyone's going to back to normal, it's unlikely that constituents will want those additional ways of interacting with you pulled away, right? So, there's going to be an expectation to modernize regardless of where we are a year from now because I think people are going to be accustomed to that increased user experience, for lack of a better term.

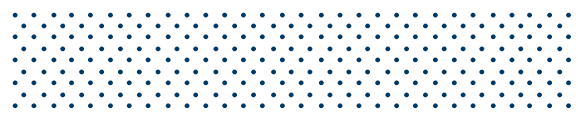
Adam, I had a question for you. You had mentioned, I think early on when I interrupted him on the number two of his three pain points, that the agencies who had invested when they could and made modernizations and improvements are faring rather well right now, or at least for the most part better than those who didn't. But if we're in a tough spot and people are more remote and systems are mainframe and there's less revenue coming in, we can't say, now's the time to invest \$30 million in a platform and replatforming. So, what do you invest in? What can you address?

### **Adam Hofheimer**

Sure, and I honestly have said this even before the pandemic, you have to get away from these large programs. They're inherently risky and complex. I think they're still going to be done in certain circumstances because of budget cycles and the way that funding comes in, but government needs to really break away and think about what are the high volume services we do, and iterate through those, and create repeatable architectures that then can rapidly deploy new services over time. I think the Cloud, the web, are the major parts of that and we're lucky that we're in a situation and in a time where you're able and that the technology is readily available. We're not dreaming up new ways of doing things. What we're dreaming up are new mechanisms of delivering projects. Call it Agile, call it iterative. Honestly, I don't care what you call it, it's getting product to market more quickly. You don't have to solve every function of your organization to be successful. So, breaking things up into high priority items is honestly the highest area of investment I think government needs to make in the near term.

### **Vinnie Schoenfelder**

Well, let's get specific, because I agree with you, but a lot of those are generalized things that are hard to know what to do tomorrow, a week from from tomorrow, three weeks out. So, if I



was looking at the unemployment lines and I was looking at the COBOL systems that are getting overrun because the intake is not a decoupled from the processing, right? My first thought is leave that COBOL system the way it is, replace the intake with web interface, mobile interface, putting a queuing system so that there's not a constraint that the processing has to happen real time and they can just run through the night, the queue can keep on going. So, it's a virtual queue. So, I'm thinking about things like that, like replacing front ends and queuing systems while maintaining backend systems. Is that a good example of what you're referring to?

### **Adam Hofheimer**

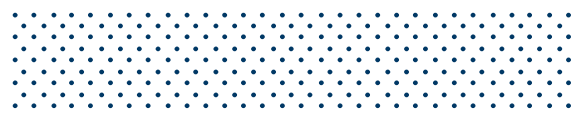
Thank you, it's a prime example of what they need to be doing. And you can even take it a little bit further. There are all these associated rules with unemployment insurance. I think unemployment insurance is inherently complex, as it is. But then when what happened with the new CARES Act, the federal government mandated to cover the gig economy workers that were never paid unemployment insurance and, in the past, they weren't in the systems. So, when you start to add that real time complexity and build new rules in a system that's built on COBOL, that takes six months to do regression testing, it makes things very difficult. So, you not only need to build the intake, but you also need to build lightweight logic that sort of parses the different components in the different personas that would go through the system more effectively and then let the COBOL system do what it does. And I think you can do that in two to three months.

### **Vinnie Schoenfelder**

Yeah. The architect in me gets scared. Because I agree with that approach. But then the unintended side effect can be that it works so well that you continue to kick the can down the road for another 10 years because you've enabled your COBOL system a second life, right? At the same time can be true for RPA, 'robotic process automation.' For architects, we joke that that RPA stands for 'really poor architecture' – you're doing integration at the glass, interface change, things break. It's not a good model for integration. However, it's an excellent thing to do in certain situations to get relief from immediate pain, you know, existing pain. But unless you put something else on your timeline to take that technical debt back off, you're going to basically be throwing more and more vines over this that they're going to be harder to take off later and replace. So, I do think new front ends – cubing systems, RPA – these are things we could do to provide immediate relief, not at the expense of making that perpetuate longer and causing future problems.

### **Adam Hofheimer**





Well, I mean I agree with you. I think there's the three to six months, "how do I get back to work and how do I process the backload of work that I have in my queue?" That's the number one thing, "how do I keep the engine rolling?" Well, once that's through, you do need to start iterating through the services that your mainframe provides and building this. You don't have to do them all at once but pick the highest priority items and get them off the mainframe. It sounds simpler than it really is, but you can. You don't have to put something in production every month like a true Agile project would. But you can put something in production every six months that provides meaningful value to your clients and doesn't cost \$50 to \$60 million.

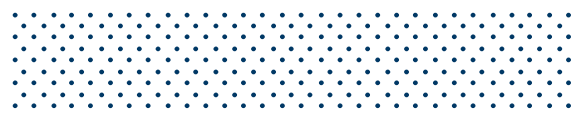
### **Vinnie Schoenfelder**

So, David, Adam and I here are having kind of a theoretical discussion. You're a lot closer to this, the things we are saying, are they too aspirational? Or are they achievable? Are they kind of obvious to you, but there's a restriction in ways you can move forward? Just curious because you're closer to it, how does that discussion resonate with you?

### **David Sprick**

When you have these discussions within government, they many times are aspirational or you're at a higher conceptual plane than than you'd like to be. Because for most people, I'm including myself, there's this bias to the status quo and that it seems to be working. I mean, I've had people when we were modernizing or digitizing – whatever you want to call it – tell me, "well, things seem to be working pretty well." And it was, it's sort of a mindset. What this COVID window is showing are your pain points and that the weaknesses of the technical people, operational design you have in place, this exposes it. And every state knows this because they do this contingency planning for something like this. And, I said to somebody within government as we were going remotely up into the Cloud, we finally got to test how our contingency planning did. And I mean, we put it in place.

And Adam's right, from a few minutes ago, some state agencies, some states are in a better position of that. You had asked me, "have other states felt similar pains?" They have, who I've talked to. I had the fortune to talk to many of them last week, which was nice. And then also we've done it through that tracking of it, and they have very similar points. Mailing is now all of a sudden seen as critical to operations. We lucked out, we've decreased our mailing in three years, probably by 98%, I mean, we mail very little things now. Now if you're doing consulting, mailing just doesn't come up as as a big topic, but in governments, they mail a lot. Think of the people getting mailed checks from the IRS. And so, a lot of one area I know, like a public policy, 90% of its implementation. And so, the CARES Act, all those things were really good aspirationally. The government had the resources to do it nationally. It's all been in the



implementation problems. Same way with adding people to unemployment. It's a great idea, I'm all for it. I think it's the moral thing to do too as well as the politically smart thing or economic. But just wishing it in and then you have these backend legacy systems that aren't ready for it, is much more different than telling my agency, for instance, go do virtual hearings. We can do them, we have the technology in place, so we look like geniuses comparatively. But the real difference was a little bit of luck and we had just planned more and invested in it while we could when the times were good and we're reaping the benefits now.

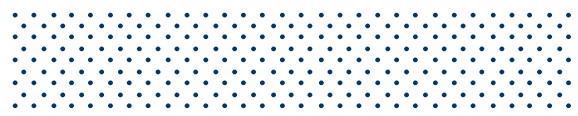
And some of the other states are in the middle of it. They're smart, they're trying to be proactive. They're caught right now trying to finish these things out. So, it's just, you know, I'm not a genius about it. I just have some dumb luck that I got to go remote virtual on all our operations. We've been lucky to do that, we're proud of it. Our governor was proud to hear we could do it and they let us do it and we're probably going to be one of the last agencies to come back onsite. So, my little experiment operationally, hopefully people are willing to share it with them. It's not perfect, but it's going to probably last longer than most.

### **Vinnie Schoenfelder**

Yeah, I'm curious, besides the technical tools that you had to put in place to make that happen, was there a change to how you had to manage these teams, either from a methodology standpoint or an empowerment standpoint?

### **David Sprick**

Where I sit, I'm sort of like an assistant director, but I'm in charge of doing the operations and our director is sort of a lawyer, so he's not really trained in these things. I come from a public administration background, right. So public management is up to me and that's fine. I like doing that, I relished it, I saw it as a challenge. But there's some hard decisions on the people side. First, you have to declare people as essential or nonessential. And you have to be honest with yourself, who can – in the essential pool – do multiple functions? Who are you going to ask to work at their home? They might have kids. I have some young staff, I have some older staff who take care of their parents, for instance. Ask them to work remotely, and myself included, to do the job of two or three people in the immediate short term until we could figure out ways to broaden the essential pool, mostly remotely. But we brought back a few people into the buildings, several weeks, in probably early April. But we're doing like you do, there's maybe three people on a floor, somebody who might have to do mailing, I don't want to harp on mailing, but they're there. But everyone else, they may just be doing some scanning that gets stuff into a system from old paper archives, things like that.



### **Vinnie Schoenfelder**

Yeah, I'm on a couple boards for universities in Virginia. And you know, all the students have to go home and do work from home, school from home, the things they're running into – I guess they're not surprising when you hear them, you know, iterated, but it's things like – no or very poor Internet service where they live. They live on a farm or they live out somewhere rural. They have a family member who has special needs and creates a very difficult environment for them to study. Or their family members are actually coming down with COVID-19 and they need to go to their parents' place of business because it's a home business to keep it running so they don't lose it, right? There's all these little things you don't think about. So as you went remote, you know, it probably didn't hit you quite as hard because it was a nonpandemic situation, but you probably came across a lot of, you know, work life situations that made the adoption of that a little bit more challenging than planned.

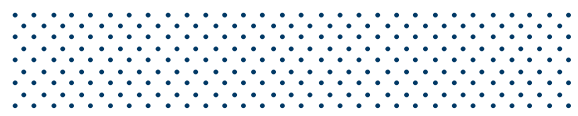
### **David Sprick**

That's correct. And I often say to new managers when I get them and we do a little training, we say, "you're now going to manage people and you're going to manage the work, and managing the work is much simpler than managing the people." And that's been my experience, I've been doing it 20 years. I was told that before I went and did this, I didn't really believe it as much. I thought the work would dominate it. Technology can handle and help you in both of those since that seems to be the focus of what we're discussing here.

But one, simple trick we did was we didn't have giant check-ins like through Skype or through WebEx, we use Business Skype. We would do smaller so you could be more personable. I had young – this is our first job, young – very smart people right out of college who were working for me and they worry me. And so I have their unit manager just check in with them to make sure they're okay. They live by themselves, but they're young versus living by themselves old. I've had people we inquired with them, we'd like to give them at least 24 hours, but we would call them and say, "are you comfortable with being one of our onsite workers in a building? Maybe just two of you? It's plenty safe, if you want to wear a mask, if you want to work seven hours?" You know, we were just trying to be overly empathetic. And so this experience for me on that side is sort of reminding me that you are dealing with people and it doesn't matter if you're in a nonprofit profit or government agency, we all have to deal with those things. CapTech I'm sure is going through that too.

### **Vinnie Schoenfelder**

Yeah, what concerns me is not that the established teams or people who have, you know, a decade of more of work experience. You know, we have work patterns, we know how to



adjust them for different environments. But when you have someone, you know, six months out of school, working from home alone it's tough to mentor them and teach them, you know, how to work, how to create a high-functioning team. It's hard to get that mindset and that muscle memory remote from the start.

**Adam Hofheimer**

I will say that there are certain benefits that we're seeing as part of the pandemic. It's hard to sometimes see the sunshine through the clouds. But in certain circumstances, we have, and we are a consulting company, and we spend a lot of time on the road traveling to client sites. In certain circumstances we may have been able to get 16 hours back of more productivity a week by not flying to a client. We're able to see them and have really productive meetings using these new technologies. I actually think moving forward there's going to be a way to reduce the cost of delivering complex projects because you're going to be more effective using these tools than you've ever been because you've been forced to use them. You're not going to be traveling as much. That's not great for the airlines and for the economy, but it could be great to lower the cost of just operations. And those are sort of the benefits of this – learning new patterns, making people feel more comfortable when you're not in the same room with them, but you can be virtually in the same room with them.

**Vinnie Schoenfelder**

That's part of the things that aren't going to go back to normal, right? I got a quick question, switching gears slightly.

**Adam Hofheimer**

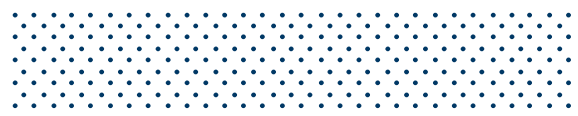
Let's do it.

**Vinnie Schoenfelder**

I'm thinking again of the decreased revenue, right? And one of the things we didn't talk about is innovation. We did a little bit – we talked about virtual queuing and some other things – but we didn't really talk about how innovation can address revenue. So, I'm thinking about things like licensing state parks. I know that these aren't big things, but together they are. So, what are some ways that states can remove friction to increase revenue?

**Adam Hofheimer**

Sure, one of the things that I saw actually was reading a state RFP – I'm not going to mention the state or the RFP in the podcast – but yesterday it was the first time that I'd ever seen the actual language that I've actually used through years. And it's, “we want this new system to



act like an online banking platform. We want it to be as intuitive as it is to deposit a check as it is to activate this service with government.” And I thought that was highly refreshing and I don't know whether that was written before the pandemic or during the pandemic, but I believe that's the way government is going to be able to harness best practices that they've seen from commercial entities. Intuitiveness, innovation, product development – hunting and fishing, parks and rec – all these entities – in certain circumstances alcohol beverage control – are our revenue generators for state and the more intuitive that you make those, the more customer friendly that you make those, the more there'll be used and benefited from.

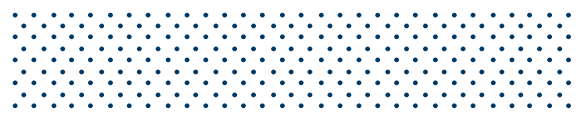
I've always said, I'm not a hunter, I do occasionally fish, I always buy a fishing license – I want to preface that in this conversation – but there's certain circumstances where people may go to a state park with their son for the first time or their daughter for the first time and maybe not have a fishing license. But they want to fish and they have their fishing rod. They don't buy a license because it's not easy to get in the field. But what if you could buy a day fishing license on your phone. So, you're complying with state law, but they're creating new products that are for someone that may have never ever bought a fishing license, but they want to take their child fishing for the first time.

### **Vinnie Schoenfelder**

And they might not even know it's required and if a ranger were to walk up and instead of asking you to stop fishing, just have a barcode on his belt, they just scan it, bang, it's done. I do a lot of hiking and, to this day I'm stuffing dollar bills into paper envelopes and putting them in metal poles. And sometimes you think something is a free hike and sometimes it's not. And you're going back to an ATM 20 miles away.

### **David Sprick**

I think that's a good point because everything you guys are mentioning are sort of public services that are user fees. In other words, they most mimic what the private sector does. Where you eat out, you pay the money and you get the service immediately. Whereas most government agencies are not like that. They're on a lag. So, you're paying once a year, every quarter, like for unemployment, and then you get the service later on if a condition arrives or etc. But I think the greatest sort of low hanging fruit for innovation are those where there's transferability, the business sector. Adam said, “let's run it like businesses run.” Those things like a business, same way with meter parking, all this kind of stuff that's really user driven. I don't have to pay the meters because I'm not going to park in there. But if you do hike, or if you fish, if you want to go to the national park – that should be mobile friendly, innovative thinking there – the passes, hourly passes, whatever the heck it is. And that's where I think, on



the private sector side, they can transfer that the quickest.

### **Adam Hofheimer**

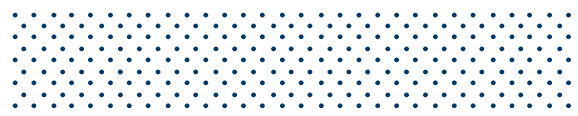
Yeah, there's one other point I want to make Vinnie, I'm sorry to cut you off. For years I've seen that government has given away revenue stream so they didn't have to spend the money building a system. So, they may outsource to a company that does all their payment processing and builds these applications and they get a majority of the revenue for doing that. I actually think moving out of that ... states need to move away from those contracts, build their own systems that they can control, and therefore they're not giving this long tail of revenue away to a vendor. When it's their revenue, it's their service, it's their value. I think that's a near-term thing that we'll start seeing because you know, \$30 or \$40, \$50 million in new revenue to state is huge amounts of meaningful money that they need in these times. And then I think there's the revenue generating – and I'll turn it back to you in a second – but one of the things that we should talk about is the bottom-line expenses as well. And how do you cut the expenses of government while simultaneously creating the same amount of value or better service to your constituents? And I have some ideas on that as well.

### **Vinnie Schoenfelder**

Yeah, so let's get to that almost immediately. I just wanted to say that the first point you made, I totally agree with and that's where you can decouple those interfaces from the legacy backend systems. You can build them yourself without having to replatform, you know, the backend systems. So why don't you jump into the money saving. And then after that we're going to wrap up with some final thoughts.

### **Adam Hofheimer**

That's perfect. We've heard – this concept or people talk about – the concept of fraud, waste, and abuse in government all the time. Commercial entities know this all too well. If you were to go poll the healthcare insurers, they've rapidly built real-time systems to analyze medical claims coming in to stop fraudulent activity that shouldn't happen, and that's important. Well, government too needs to be doing that. They're starting to do that. I think there's billions of dollars in bottom line revenue. They can stop going out the door, which then can go to better care for citizens. The other thing that we can do is, we always talked and we fear if you talk – well I don't want to say many, but many government agencies around the country – the fear of retention and people retiring and, “how do I backfill these people in state jobs?” Well this is the opportunity to innovate, not just wrap new technology around your old processes, but really innovate the process side of it to be efficient. Do you use automated processing where someone in the past had to touch something? This is not a stretch from technology. It may



have been a stretch from technology 15 years ago, but it certainly isn't today. So, everything that we try to do is embedded around driving efficiency in the system to make automated real-time decisions.

### **Vinnie Schoenfelder**

Great, so before we start our thank yous and wrap up, what are some of the high-level takeaways? What are the three things that people in state agencies who are facing these problems can focus on in the next three to six months, take advantage of? What would be your summary of recommendations? I'll start with you, Adam.

### **Adam Hofheimer**

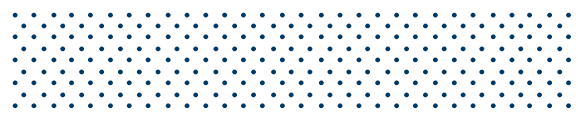
Okay, well I think first and foremost, innovation is sort of this broad spectrum, but think differently about the way that you operate. If there's a regulation change that you need to make sure that someone's not coming into a facility or doesn't need to do an action in person, embrace that. The second is think quickly, think Agile, think about delivery quickly around getting our services to market in a very intuitive way as quickly as humanly possible. We'll worry about the backend later, but that's what you need to do. And the other area is to create new efficient mechanisms for bringing new revenue into your state as much as you can, as well as cutting the bottom line as much as you can. And sometimes you can do those together with really innovative projects.

### **Vinnie Schoenfelder**

Thanks. David, any closing thoughts?

### **David Sprick**

Yeah, I have a couple and then if I go too long just tell me to stop. I think a big one is sort of the thing we have when Adam's talking to innovation. I sort of agree and I just think of it as a learning situation and it has exposed pain points we've talked about. We're seeing some trends that were there already being celebrated, I think we mentioned, and you need to recognize this. And three, I think you just need people to be thinking about this sort of strategy level, a lot of planning, and then you just need to be willing – you were talking Agile and in small chunks – just do some things with the technology, see if it works. If it doesn't, I mean that's just the way lots of knowledge development is. You discard it and move to the next and, especially if you have resource constraints, it's going to force you to chunk out parts of your business. And not all of us can do a big bang, huge rethink of all the business processes. We'd like that, that sounds very nice. But sometimes you can't, and I think in an emergency now we have to be a little more pragmatic and we have to understand the



constraints.

Do the best we can to keep people safe, keep the citizens who are our customers on the public sides safe as well, and use existing technologies that we have. Like what we're using now can be used for holding a hearing. If we can do a podcast on it, we can definitely hold a hearing. And so that means you don't need to purchase new things. A lot of governments have these tools, but they don't use them well. And so we've gotten as much mileage out of using over the Internet phones and using a Cisco Jabber that's been downloaded for us to use for working remotely and hold telecalls with people who are injured and have questions to a judge who's dealing with lawyers. It just works, and we already had this, so we didn't need to go and build something new. We just use what's in the private sector and put them to public purposes.

But I do think that people need to – last takeaway is – learn from this. If they're not able to work remotely well, if their employees can't work remotely and this is a nice opportunity given to you to rethink systematically how you do business. And that doesn't happen enough in government, I agree with Adam a hundred percent on that. We need more people to rethink it. Obviously, we don't want to put unnecessary risk when you rethink. And it doesn't have to be radical, but it just has to be sort of an attitude that the public managers have to have. And then they have to back those up and push them along. And I think this unfortunate emergency, not that there's any silver linings in it, but I think this is going to be something that everyone's going to have to confront.

### **Vinnie Schoenfelder**

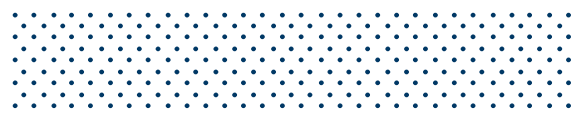
Yeah. I mean, this is when agencies and companies make big gains, right? It's winning in the corners. It's out breaking and out accelerating. So, if you want great invention you have to have great need. And so, this, you know, this is the time to think like that and make the changes you can. So that when we come on the other side of this, we're much improved.

Thank you both for coming. Adam, great to see a co-worker in person after so many weeks, even though we're far apart. David, I can't thank you enough for joining us remotely. It was great to have your viewpoint. You're much closer to this and we are and you're having conversations with other states, so I'm sure everyone's appreciated your insight today.

### **David Sprick**

Thank you very much, thank you for having me on. Thank you for doing this. I think this will be helpful to a lot of people.





## Vinnie Schoenfelder

Great. And for those listening, thank you. I hope you're safe and your families are safe and as we start to get back into opening businesses and getting back into society, let's do so responsibly and make the right precautions we can so that we can open more things more quickly. So again, thanks for listening. We'll see you next time. Thank you.

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