IT Project : Centralized Alcohol Management Project

General Section

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City : Lincoln				**NITC Score :**
State : Nebraska		**Zip :** 68508		

Expenditures

IT Project Costs	Total	Prior Exp	FY20 Appr/Reappr	FY22 Request	FY23 Request	Future Add
Contractual Services						
Design	312,780	0	0	312,780	0	0
Programming	375,180	0	0	375,180	0	0
Project Management	504,000	0	0	504,000	0	0
Data Conversion	212,500	0	0	212,500	0	0
Other	193,500	0	0	193,500	0	0
Subtotal Contractual Services	1,597,960	0	0	1,597,960	0	0
Telecommunications						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
Subtotal Telecommunications	0	0	0	0	0	0
Training						
Technical Staff	52,500	0	0	52,500	0	0
End-user Staff	52,500	0	0	52,500	0	0
Subtotal Training	105,000	0	0	105,000	0	0

IT Project Proposal Report - Detail
Agency: 035 - LIQUOR CONTROL COMMISSION
Budget Cycle: 2021-2023 Biennium   Version: AF - AGENCY FINAL REQUEST

Expenditures

IT Project Costs	Total	Prior Exp	FY20 Appr/Reappr	FY22 Request	FY23 Request	Future Add
Other Project Costs						
Personnnel Cost	0	0	0	0	0	0
Supplies & Materials	258,034	0	0	258,034	0	0
Travel	156,384	0	0	156,384	0	0
Other	1,081,815	0	0	431,855	324,980	324,980
Subtotal Other Project Costs	1,496,233	0	0	846,273	324,980	324,980
Capital Expenditures						
Hardware	0	0	0	0	0	0
Software	1,408,344	0	0	1,408,344	0	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Capital Expenditures	1,408,344	0	0	1,408,344	0	0
TOTAL PROJECT COST	4,607,537	0	0	3,957,577	324,980	324,980

Funding

Fund Type	Total	Prior Exp	FY20 Appr/Reappr	FY22 Request	FY23 Request	Future Add
General Fund	4,607,537	0	0	3,957,577	324,980	324,980
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
TOTAL FUNDING	**4,607,537**	**0**	**0**	**3,957,577**	**324,980**	**324,980**
VARIANCE	**0**	**0**	**0**	**0**	**0**	**0**

IT Project: Centralized Alcohol Management Project

EXECUTIVE SUMMARY:

The Nebraska Liquor Control Commission (NLCC) is seeking to receive funding for a Centralized Alcohol Management Project (C.A.M.P.). The CAMP project would replace all tax processing systems with a single solution that provides centralized revenue management and processes, licensing management and processes, and a robust web interface for its taxpayers, stakeholders and staff. Attached is a Needs Analysis prepared by the State of Nebraska OCIO.

An excerpt of the Needs Analysis is as follows: "the Office of the Chief Information Officer (OCIO) have reviewed all of the information regarding their current processes, workflows, applications, and data. We are amazed at what the LCC has done over the past 30+ years to keep up with the changing statutes and regulations, and a steadily increasing volume. LCC has hit their peak, and they are starting on the downhill slide -- the paper processes, multiple systems and a 30+ year old computer system will no longer support the needs of the agency and their customers." "The more realistic path for the LCC is to review and purchase one of the existing COTS systems available." "The OCIO believes the purchase of a system that would encompass all operations needed by the LCC would be in excess of $1 million."

In 2019, the NLCC issued a total of 11,343 licenses yielding $33 million dollars in revenue. To accomplish this, NLCC's 17 FTE use outdated technology (mainframe application, Microsoft suite applications, copiers, printers, etc.) to perform daily business operations, resulting in significant inefficiencies and an estimated 69 individual steps and 3.5 hours to process, approve and issue a single liquor license. The CAMP aims to replace this aging system through the selection of a software system unique to the alcohol beverage licensing industry that provides one modern solution to streamline business operations, reduce timelines and enhance customer service.

NLCC has contracted with Gartner Inc to provide procurement assistance. With NLCC, Gartner Inc has defined the high-level scope for this system modernization effort which will be further refined as requirements are fully elaborated over the coming months. Gartner Inc has used this information, coupled with NLCC's current software costs (to include expenditures on support personnel) and number of system users to develop cost estimates for the proposed system implementation.

Attachments:
   Signed NEEDS ANALYSIS dated 6-25-20.pdf

GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):

The CAMP Core Team developed a Project Charter that outlines the Project's vision, guiding principles, and objectives. The document clearly articulates the intended outcomes of a streamlined, centralized liquor licensing management system.

C.A.M.P. (Centralized Alcohol Mgmt Project) Vision, Objectives and Guiding Principles

Nebraska Liquor Control Commission

7/20/20

Project Vision

To enhance the industry experience with reporting and licensing services (internally and externally) through a more transparent, efficient, and centralized alcohol management system.

Project Objectives

The Nebraska Liquor Control Commission (NLCC) is launching a project to replace all tax processing systems with a single solution that meets the State's need for a Centralized Alcohol Management System that provides centralized revenue management and processes, licensing management and processes, and a robust web interface for its taxpayers, stakeholders, and NLCC staff.

The objectives of this solution/system must support NLCC by providing for the fair and efficient collection of taxes, business licensing, accurate forecasting and recording of revenue and expenditures, and providing best-in-class taxpayer and technology services. The new solution/system will enable efficient tax processing and collection necessary to support this mission and strategic objectives of the Agency:

1.   The System will replace the State of Nebraska's existing tax processing systems. The System will perform all functions in the current systems. In the future, it may also incorporate several tax and fee types currently administered in other State agencies. Consolidation of all taxes and fees into a uniform system of administration will streamline processing, resulting in better customer service to taxpayers.
2.   The System will allow NLCC to maximize audit, collection, fraud detection, reporting, and estimation functionality either from within the System, via integration with the data warehouse, or by leveraging sources external to NLCC. Applying analytics to processing data will result in more efficient audit selection, targeted collections and fraud detection, flexible reporting, and more refined estimating.
3.   The System will centralize all document processing, imaging, and storage. NLCC users will be able to access all returns and reports filed, account information, payment information, correspondence, and related documents within the System. The result will be the reduction in the number of systems which must be maintained, which will allow NLCC to migrate business processes to more modern, flexible, and supportable technologies.
4.   The System will allow NLCC to increase revenue opportunities by enhancing the collection of existing and new taxes, penalties, and interest.
5.   The System will allow NLCC to maximize compliance with required and recommended security standards, internal controls, and policies by centralizing security. NLCC will continue to improve its security posture by the implementation of industry-standard security controls as advised by our State's OCIO and other partners.
6.   The System will automate business processes as much as possible to increase efficiency, eliminate inefficiencies, reduce duplication, and make better use of available resources. NLCC will realize a reduction in manual processing and redundancies and greater time savings due to the automation of work queues and approval processes and may consolidate or expand license types, excise tax types. Centralization will also allow for the optimization of the employee workforce.
7.   The System will enable taxpayers and licensees to manage their accounts through secure online self-service applications. The ability of taxpayers to manage their accounts online gives them better insight into account transactions. After an initial learning phase, NLCC anticipates the increase in online services will lead to a reduction in call center activities and correspondence volumes.
8.   The System will include imaging and document processing to replace the current imaging equipment and processes. The Agency, State, OCIO and Secretary of State Record Retention standards will be upheld.

9.   The System will include paperless application forms and report submissions for all licensees to improve collaboration, tracking, and records management.
10.   The System will leverage innovative Geographic Information System to enhance the internal and external user experience.
11.   The System will provide a comprehensive content management capability to replace NLCC's current document and license management tools.
12.   The System will improve transparency and access to public records and statistical information.
13.   The System will streamline processes to improve efficiency, consistency and predictability for internal and external users.   The System will provide comprehensive reporting and querying capability.
14.   The System will meet the State's requirements for failover, disaster recovery, and data Ownership.
15.   The System will strengthen industry engagement by providing more web-based alternatives for education and input on agency actions.

Project Guiding Principles

·   Principle 1: Agency, State, OCIO and Secretary of State Record Retention standards will be upheld.

·   Principle 2: The user experience is paramount for both internal and external users.

·   Principle 3: Data ownership, management and integration will be considered crucial in decision making.

·   Principle 4: Product Owners will work together to align business and work processes across State Agencies.

·   Principle 5: GIS and other innovative technology will be a component of the solution/system.

·   Principle 6: All processes involving Data in the solution/system can be trusted.

·   Principle 7: Training and opportunities for feedback are critical for user buy-in and future success. Therefore a multi-tiered team approach will be utilized.

PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):

 The current licensing system used by NLCC, C1 mainframe, is over 30 years old and can no longer be effectively updated to maintain system functionality. NLCC staff must perform 69 discreet process steps to issue a license -- many of which involve performing redundant, manual entries. Implementing a centralized system would streamline business operations, enhance customer service, and reduce timelines -- all of which can result in increased revenue. Confirmation by OCIO, see Needs Analysis attached again for confirmation by a third party.

NLCC's mainframe system has been identified as antiquated since 2009, according to a report issued from the Nebraska State Auditor's Review. Concerns were raised over the system's inability to generate active license reports, which prevents the Commission from accessing relevant information. Overall, report functionality is very limited and usually requires assistance from the OCIO -- at a cost to NLCC. NLCC has been successful in creating workarounds to try to reduce the time spent on each license application, utilizing Excel spreadsheets, email, websites, and collaboration with NIC, ECM, and E1. However, NLCC is unable to streamline any further and the only option without major change is to hire more staff.

The vendor market offers a number of commercial off-the-shelf (COTS) and low-code application platform options that NLCC can utilize to increase efficiency and improve customer service. Gartner research shows a robust market that provides a number of solutions, and NLCC also conducted research and discovered neighboring states that have benefited from implementing COTS solutions, such as Kansas and Colorado.

COTS solutions provide customer-focused, modern capabilities that increase efficiency and consistency while improving data and document management. Further, multi-year software-as-a-service (SaaS) and maintenance agreements ensure that COTS clients receive the latest and greatest updates as well as consistent support governed by negotiated service level agreements. The wealth of benefits derived from implementing a COTS solution justifies the expenditure, and the efficiencies and increased revenues will help the system pay for itself.

Attachments:

   Signed NEEDS ANALYSIS dated 6-25-20.pdf

TECHNICAL IMPACT (20 PTS):

NLCC determines it to be critical that the regulations and processes a citizen or business must navigate to live and work in the liquor industry be as customer friendly and accessible as possible.

The liquor industry has expressed dissatisfaction with cumbersome processes that hinder economic development. Most, if not all, of this dissatisfaction can be attributed to an antiquated software solution that requires significant duplication of effort and lacks critical functional and data management capabilities to serve the industry. NLCC determines it to be critical that the regulations and processes required to operate in the liquor industry are as customer friendly, accessible and transparent as possible. The primary technical impact will be the provision of customer-friendly tools and processes that will streamline interactions and create more efficient customer-facing and internal business processes in support of the liquor industry.

 The new, modern CAMP system will effectively replace the C1 mainframe system that dates back to the mid-80's, and will provide a modern user experience and improve system maintenance, which is currently handled by modification of hundreds of action codes. The action codes are then tied to manually scanned documents and assigned numeric numbers. The new solution will require integration with ESRI for GIS; Nebraska Interactive for payment processing; E1 (JD Edwards) accounting system for financial accounting; and ECM (OnBase) for document management. Based on regulations and practical business rules, a data conversion strategy will be developed for C1 and any ancillary systems, potentially including data stored in ECM, which houses documents and data related to Special Designated Licenses (SDL). All of these technical services will be included partially or completely within the contracted responsibilities of the selected implementation vendor.

PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):

 The NLCC will seek to implement the solution in an iterative fashion, using the recommendations of the selected vendor and best practices to determine the best sequence for deployment. Traditional "big-bang" implementations have not yielded the desired results, pushing jurisdictions to think through more agile approaches. With input from the selected vendor, NLCC will consider operational risk, financial impacts, customer impacts, technology impacts and other germane factors to create achievable gateways and phases to reduce risk and increase the chances of success.

NLCC will review and evaluate the solution as it is being configured and deployed, yet preserve some traditional aspects of waterfall, such as development and approval of design specifications before development begins. NLCC will strike a balance to ensure protection of the investment and promotion of strong organizational change management. NLCC will ensure successful implementation by budgeting funds for third-party project implementation partner. NLCC determines this is required due to low competency gaps within the agency. The project implementation partner will provide comprehensive system integration and project management capabilities, including organizational change management and business process re-engineering. NLCC identifies critical success factors for a successful implementation: 1) business process analysis and re-engineering; 2) advanced data conversion and interface development capabilities; 3) organizational change management. NLCC has identified areas of risk and have mitigated these areas to reduce risk during implementation.

Third-Party Project Implementation assistance will lessen the burden on the in-house team and fill competency gaps relating to technology. This will ensure NLCC's organization's initiative will have a stable and objective resources with the skills and methodologies to manage the project toward a successful outcome.

To reduce risk, NLCC plans to implement an iterative/phased approach and show a return on investment quicker. The exact phasing will be confirmed with the solution vendor but a logical phasing would have three phases: 1) license processing and reporting; 2) excise tax reporting; 3) enforcement and investigations and hearings.

Attachments:
    Implementation Timeline-CAMP.docx

RISK ASSESSMENT (10 PTS):

 As part of the procurement assistance with Gartner, a Readiness Assessment was completed to assess NLCC's readiness for an implementation against known critical success factors based on experience with similar implementations. Several common risks were identified, and NLCC is and will continue to actively address these risks in anticipation of the implementation phase.

1. DATA QUALITY AND DATA SCOPE. The scope for data conversion is a common risk area and conversion activities typically takes longer than expected due to poor scoping and unforeseen data quality issues that require a high level of data cleansing. NLCC has identified this risk and formulating a plan to address it. NLCC intends to utilize current FTE teammates during FY 20 & FY 21 in order to have current data prepared and ready.

2. ORGANIZATIONAL CHANGE MANAGEMENT. NLCC recognizes that it has limited organizational change management (OCM) capabilities to ensure stakeholder engagement throughout the procurement and the implementation phases. In response to this, an emphasis will be placed on OCM planning and execution for the CAMP initiative.

3. SKILLS & STAFFING. The NLCC Team has been identified, however, it is relatively small for an implementation of this size. Vendors typically specify clean feedback and review limits and require heavy SME engagement for design sessions and testing which may strain resources. NLCC will for the most part require current NLCC staff to maintain work flow while other current staff focus entirely on the implementation of the CAMP. NLCC intends to hire one additional subject matter expert to assist if funding would be allocated on a short-term basis.

4. SOFTWARE IMPLEMENTATION INEXPERIENCE. The experience of the NLCC team in large scale business transformation project is low. Inexperience with software vendors may make it difficult to effectively manage the vendor to ensure the project remains in scope, under budget, and on time. A strong contract and Statement of Work and active vendor management will help NLCC address this risk. In addition, it will be imperative NLCC receive the assistance of a third-party implementation team.

The full Readiness Assessment is attached for review. The purpose for this Readiness Assessment is for NLCC to address these high risk areas before and while funding is being considered.

Attachments:

   NLCC Readiness Assessment 200826.pdf

FINANCIAL ANALYSIS AND BUDGET (20 PTS):

 Based on data from similar procurements and projects executed, Gartner and NLCC developed a high-level range of costs that can be anticipated for a project of this size and complexity. This estimate is intended to assist with cost projections for the IT Project Proposal. Key assumptions and inputs used to develop the high-level estimate are provided next to the appropriate line item.

The number of liquor licenses are increasing at an average of 3.3% each year for the last 5 years. NLCC anticipates additional FTEs by 2023 with the current system. NLCC anticipates a decrease of compliance due to the manual nature of the reviews taking place. With a new COTS software and modern technology for all workflows, NLCC anticipates

    A.   No increase of staffing required and 20% decrease once the transition to the new system is accomplished. After the implementation NLCC anticipates a transition of job duties to assist with areas of compliance that are revealed.

    B.   An increase in compliance and excise tax revenue due to every shipment into Nebraska being reviewed. NLCC estimates the increase of excise tax revenue will result in 1.5% to 2.5% increase which equates to $480,000 to $800,000 of additional excise tax dollars. This will also elevate the sales tax revenue for the State collected by Department of Revenue.

While the reduction in staff is anticipated to be a one-time event, the increase in revenues is projected to continue well into the future.

HIGH-LEVEL PROJECT ESTIMATE - CAMP (Centralized Alcohol Management Project)

One-Time Project Costs with Key Assumptions

Implementation Services (100 users) $1,408,344

Configuration (45 license/workflow types) $687,960

Data Conversion (2 conversions) $212,500

Integration (5 integrations) $193,500

Report Development (25 reports) $106,875

Training (30 days of training) $105,000

Program Management (PM 50% dedicated) $504,000

Travel Costs (10% of Implementation) $156,384

Program Assurance (15% of Implementation) $258,034

Year one of annual maintenance & licensing fees $324,980

Total One-Time Costs $3,957,577

<u>**Annual Ongoing Costs**</u>

Saas Licensing (5 years, 4% annual increase) $1,624,897/ $324,980

Hardware Maintenance (server costs or Cloud Services) $94,000 not included

Internal Staffing (will try to utilize existing staff & expertise of 3rd party Program Assurance) $0

Total Annual Ongoing Costs $324,980

Liquor Control Commission

Needs Analysis for Modernizing Operations

June 17, 2020

Prepared for:
Hobert Rupe, Executive Director
Liquor Control Commission

This report is prepared by:
Office of the Chief Information Officer.

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Liquor Control Commission
Needs Analysis-for Modernizing Operations

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$33 million dollars. This is the amount of revenue that the Liquor Control Commission (LCC) brought in during 2019. This is the result of issuing 11,343 licenses and processing many more applications that were not issued licenses – all by 17 staff members – a grand total of 39,000 work hours. Each license application processed by the LCC takes an average of 3.5 hours. While 3.5 hours does not seem like an extraordinary amount of time for each application, when there are over 11,000 license application, it becomes a challenge.
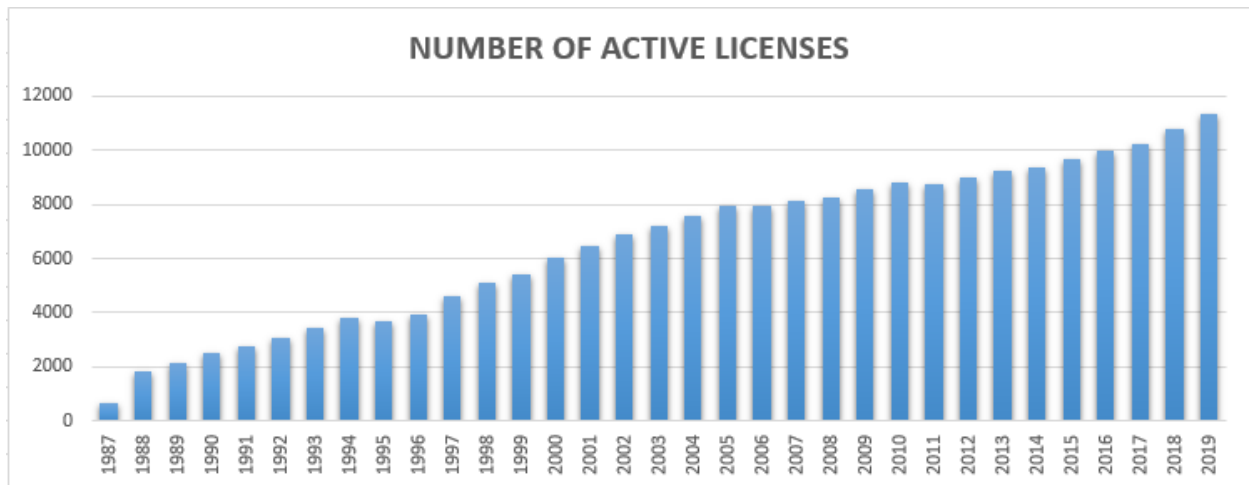
How is this feat accomplished? According to historical records, the LCC brought in $5.7 million dollars in 1967. Back in 1967 each of the license applications were processed 100% on paper – the mail was opened, the documents were stamped, physically delivered to an inbox, the papers were physically reviewed, stamped, marked, stored in file cabinets, licenses were typed manually on typewriters, carbon copies retained, and originals mailed.

In 1987, the LCC took a leap into modernization and had a MAINFRAME computer application built to assist in the tracking of the licenses. In 1987, this brand new MAINFRAME application assisted in the processing of 663 license applications, bringing in $15.4 million. The MAINFRAME application could store the license application information such as the business name, business address, type of operation, type of ownership, mailing address, partners or corporate ownership, and other useful details, which could then be used to generate mailings, provide limited search capabilities for

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existing businesses and licenses, and the auto printing and renewals of liquor licenses. The rest of the workflow continued to be paper processed.

Over the past 30 plus years, since the MAINFRAME application was implemented, the LCC has kept roughly the same number of staff, averaging 16. In that same timeframe, the number of annual licenses has grown from 663 in 1987 to 11,343 in 2019. In 1987, the 16 staff members spent 37 hours per application. In 2017, the 17 staff members were spending 3.5 hours per application. To make that drastic reduction per application from 37 hours to 3.5 hours, over the years the LCC staff has worked on other ways to streamline the licensing process. As new opportunities and technologies were made available to them, the staff began to use them. Some examples are Excel spreadsheets, email, website, and collaboration with NIC, ECM, and E1. LCC staff implemented anything they could to try to reduce the time spent on each license application. Their efforts over the years have been successful – but LCC is unable to streamline any further. Their only option without major change is to hire more staff. One additional staff member was hired in 2014, another in 2015. If the current processes are continued, they project that three additional full-time staff members will need to be added by 2023. These three new staff members would require additional appropriation dollars of approximately $200,000 for the LCC's budget each year. As the number of licenses keeps growing, additional staff beyond three may be needed.

The efforts and effects of streamlining that occurred between 1987 and 2019 has resulted in a variety of steps using many technologies. For one license application to be

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Needs Analysis-for Modernizing Operations

approved, it goes through a series of up to 69 different steps, and passes through the desks of the majority of the licensing staff as each staff member specializes in one area of the license process. The staff must learn and remember logins/passwords for a minimum of seven different applications that each support a different part of the process. The staff must also coordinate with five other agencies during the licensing process, usually by phone calls and emails. The staff also uses scanners, photocopiers, and printers – the results of this is they must apply records retention schedules and the manual scanning and filing of every piece of paper. These 69 steps result in a very complex matrix for how a license is processed, approved and issued. Skipping a step cannot happen, and teaching someone these steps is extraordinarily time consuming. The reality of every place of employment is that the current staff will leave at some point. They will either find new opportunities or retire. Sustaining a process with 69 steps, logging into multiple applications and interfaces, is daunting. These 69 steps are tedious, monotonous, slow and error prone.
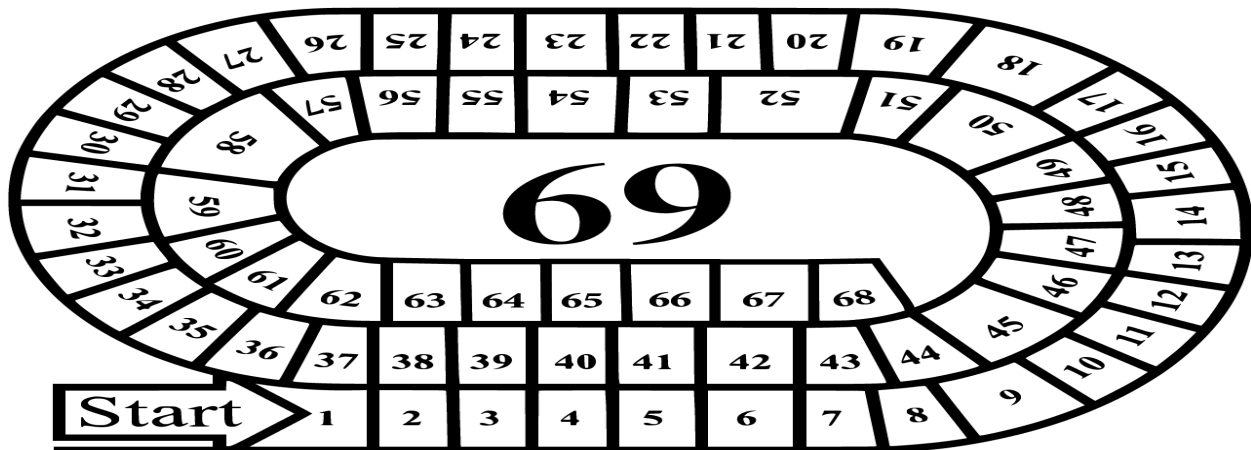
Customer service is another area that the LCC staff can see being damaged with the continued use of the current processes. The LCC staff is known throughout the liquor industry to provide excellent customer service to their applicants and licensees – all 11,000+ of them.   With the current processes, as the number of applicants grows, the LCC staff will have less time to spend with each customer to answer their questions or explain the process, resulting in inferior customer service.

The LCC has done the exploratory work of researching their options. They know they need to move forward and embrace technology, and they have researched how they want to move forward. They realize their current process is a result of 30 years of

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cobbling together different applications, technologies and processes in order to meet the deadlines and to please their 11,000+ customers. The LCC staff is too busy meeting these deadlines and providing public services to rework any of their processes with updated technology. Also to consider, adding in updated technology at this time would undoubtedly result in incompatibility issues because they are restrained by the technology available to them – an ancient MAINFRAME application, the Microsoft suite of applications, copiers, and printers.

The LCC staff is willing to change and looking forward to change. They are excited by the findings of their research – the projection for processing time for one license application is 37 minutes. Compare 37 minutes to the current 3.5 hours – this huge 84% reduction would allow the LCC to annually grow the number of license applications for many years, enhance their current offerings by offering education and regulatory training and information as well as faster turn-around time for Nebraska businesses in the liquor industry. After implementation, LCC predicts a 20% reduction of staff and also predicts from a 1.5% to 2.5% increase in excise tax collection (about $640,000).
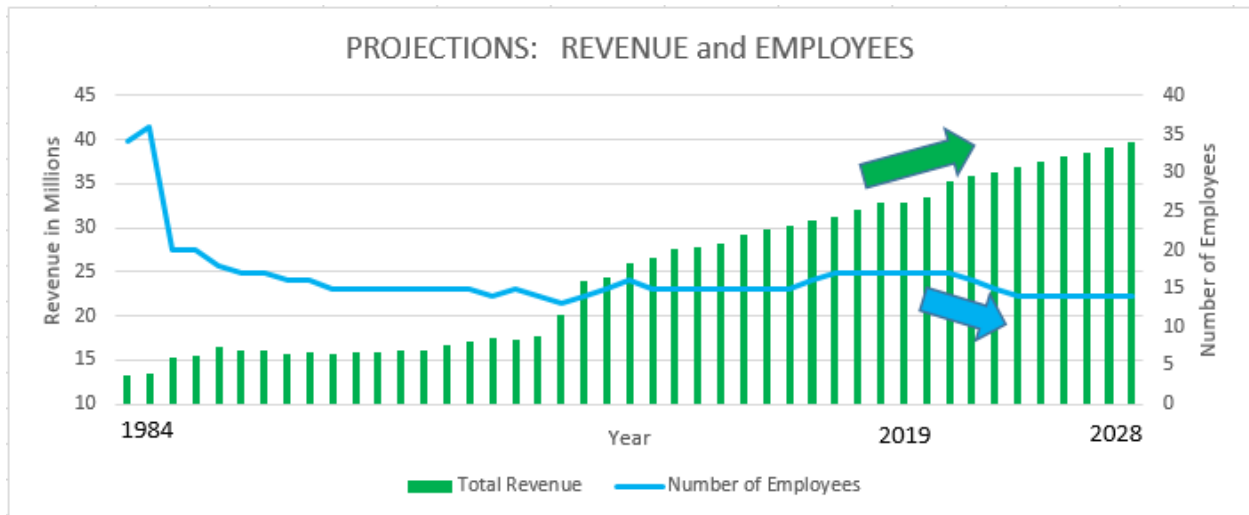
The LCC would like the approval for funding and to release an RFP for a commercial off-the-shelf (COTS) software system unique to the alcohol beverage licensing industry that will eliminate all of the current separate pieces that are patched together. LCC has learned there are a few systems that would meet their needs and other states surrounding Nebraska have adopted the use of these systems and are flourishing: Kansas and Colorado; Missouri is in process of releasing an RFP. Iowa installed a

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custom-approach, e-licensing system in 2007 and although they have been satisfied, they report it is now dated because it is 13 years old.

The result of the RFP would be the implementation of one system that accomplishes all the needs of the LCC starting with the customer applying online, paying online, and having the license process workflow continue 100% electronically, communicating with the customer along the way, and finally electronically delivering the license to the customer – with all of these steps being easily transparent (as determined by the LCC). A new system would eliminate the scanner, the printer, the photocopier, the paper, the review sheets, the checklists, the envelope, the stamp, the hand-delivery, the logins for seven systems, the Excel spreadsheets, the Word documents, the phone calls, the emails, and all the little pieces that take so much time and knowledge to accomplish. A new system would also allow LCC to continue to provide the excellent customer service their customers have come to expect, plus the customers would have some great new features such as quick easy communication, faster services, self-service options, and transparency of the process. A new system is a win-win for all involved.

We, the Office of the Chief Information Officer (OCIO) have reviewed all of the information regarding their current processes, workflows, applications, and data. We are amazed at what the LCC has done over the past 30+ years to keep up with the changing statutes and regulations, and a steadily increasing volume. LCC has hit their peak, and they are starting on the downhill slide – the paper processes, multiple systems and a 30+ year old computer system will no longer support the needs of the agency and their customers. We, the OCIO, have also reviewed how to streamline the process, integrate with other agencies, and what it would take to provide the LCC with the system they need. While the OCIO could likely build a software system that would meet their needs, it would be a large and expensive undertaking potentially resulting in the hiring of additional contractor staff.

The more realistic path for the LCC is to review and purchase one of the existing COTS systems available, as these systems are already built, and "tried and true" in our neighboring states. The COTS systems meet all of the needs of the LCC, eliminating the wait time for building it, and allowing the LCC to immediately progress to implementation. The OCIO believes the purchase of a system that would encompass all operations needed by the LCC would be in excess of $1 million. As reviewed previously, it is expected that the LCC would bring in an additional $640,000 in excise taxes the first year after implementation, and be able to reduce staff by 20%. The benefits from

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modernizing to a new system would be quickly realized with the increase of revenue, and the reduction of staff.

A quick recap: The LCC processed 11,343 licenses in 2019, 10,804 in 2018. The LCC expects a 4% increase annually, an estimate of 450 additional licenses per year. As the State of Nebraska continues to grow, the number of applications and licenses will climb – the numbers will not reduce or stagnate in the liquor industry. In order to handle the growth, the LCC can either hire more staff and train them to use a hodgepodge of applications using various processes to track the licenses, or they could be awarded permission to pursue a new system. A new system that is 100% online, would offer faster processing and timely feedback to the customers as well as compatibility with mobile devices in order to embrace the technology that is expected in today's world.

This report was prepared by Juli Jurgens, IT Lead Applications Developer at the Office of the Chief Information Officer. Data was provided by the Liquor Control Commission.
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6/25/2020

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CAMP Proposed Implementation Timeline

Year 1				Year 2			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4

Phase 1

- License Application, Processing, and Issuance
- Revenue
- Hearings
- General Operations

Phase 2

- License Holder Reporting
- Audit
- Training & Education

Phase 3

- Enforcement

Centralized Alcohol Management Project (C.A.M.P.)

Readiness Assessment

Prepared for:
Nebraska Liquor Control Commission (NLCC)

18 August 2020

Engagement Number: 330064611 | Version #2

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- **Executive Summary**
- **Current State Overview**
- **Key Observations/Findings & Recommendations**
- **Next Steps**

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Background and Context

- NLCC currently leverages outdated technology (mainframe application, Microsoft suite applications, copiers, printers, etc.) to perform their daily business operations resulting in an estimated 69 individual steps to process, approve, and issue a license.

- NLCC aims to release a Request for Proposal (RFP) for a commercial off-the-shelf (COTS) software solution that supports alcohol beverage licensing industry business operations, enhances customer service, streamlines processes, and reduces timelines – all of which can result in increased revenue.

- To properly prepare for procurement and implementation efforts, NLCC engaged Gartner Consulting to leverage its licensing and permitting and sourcing expertise to provide procurement assistance, including:

  - **A holistic, independent Readiness Assessment** of the Agency's people, process and technology for a licensing modernization effort and provide recommendations to address current key risks, opportunities, and pain points.

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Readiness Assessment Methodology

Readiness Assessment assesses NLCC's readiness for procurement and implementation against known Critical Success Factors, identifying areas of high risk and providing actionable strategies to mitigate.

Gathered Inputs

Gartner **conducted 6 small group interviews** during the week of July 29th, 2020 with staff from multiple NLCC departments, including Revenue, Legal & Enforcement, CIO and Licensing. Gartner also interviewed representatives from industry groups.

Gartner **reviewed over 10 artifacts** provided by NLCC, including:

- Project Charter – Vision, Objectives, & Guiding Principles
- NLCC Organizational Chart
- NLCC Process Workflows

Assessed NLCC on CSFs

Gartner assessed NLCC based on the following Critical Success Factors (CSFs) that we have found are crucial in planning and executing licensing and permitting modernization initiatives:

- Governance
- Strategy
- Change Management
- Data
- Skills & Staffing
- Technology

Definitions are included in the Appendix of this document.

Recommended Initiatives to Mitigate Risk

Gartner evaluated Initiative timing across two timeframes:

- **Before RFP Issuance:** Initiatives that fall into this timeframe are critical to NLCC's success during procurement planning and vendor selection

- **Before Implementation**: These initiatives are more critical for NLCC's readiness to begin work with a vendor and implement a licensing solution.

Prioritized recommendations are provided on the following slides

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Readiness Assessment – Key Strengths

Collaborative Organizational Culture

NLCC has strong internal and customer rapport

NLCC staff work well together to perform their licensing functions. Interviewees also expressed great working relationships between NLCC and industry stakeholders.

The **strong and collaborative organizational culture** sets the stage for a stable governance structure, critical for a modernization effort of this size and complexity.

Strong Understanding of Business Rules

NLCC requirements well-understood within and across units

The level and depth of NLCC institutional knowledge of applicable codes, regulations and business rules **will drive the development of strong requirements** necessary for successful evaluation and selection activities, as well as solution design.

The OCIO developed a Needs Analysis that identified NLCC's current business processes and documented current challenges. This foundation, coupled with staff knowledge, can be leveraged to build out the requirements.

Customer-Focused Perspective

NLCC is Customer-Focused and Open to Service Delivery Improvement

The **culture within the departments is customer focused**, striving for ways to improve satisfaction. Divisions have developed effective communication, processes, and workarounds to address system gaps and provide high quality service.

Customer-centric design of workflows and processes is a leading best practice. By focusing on customer outcomes, NLCC can ensure the new solution is configured to support this service delivery model.

Positive Outlook for Change

NLCC staff open to changes and excited about the modernization effort

NLCC **displays a positive outlook to change**, with many of the senior, experienced staff members actively engaged. There appears to be widespread openness and support for a new cross-division solution. In addition, NLCC **enjoys strong support from the OCIO** who will be integral in providing IT knowledge and support throughout procurement and the implementation.

Given the criticality of strong organizational change management (OCM), the positivity will benefit the Agency as it begins OCM activities to ensure internal and external stakeholder engagement and participation.

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Readiness Assessment – Key Weaknesses

Weaknesses	Impact to NLCC Readiness
1 Data Quality and Scope The scope for data conversion has yet to be defined and the data likely has some data quality issues that will need resolution.	• **Data Conversion typically takes longer than expected** due to poor scoping and unforeseen data quality issues that require a high level of data cleansing. • Delays driven by data issues can lead to cost overruns during the implementation.
2 Organizational Change Management NLCC has limited organizational change management capabilities to ensure stakeholder engagement throughout the procurement and the implementation phases.	• It is a best practice to initiate internal OCM activities **early and often** to **ensure sustained "buy-in" to the modernization effort**. OCM effort increases the likelihood of a successful Go Live transition and improves the speed of user adoption.
3 Skills & Staffing The NLCC team (Core Team, SMEs, etc.) has been identified, however, it is relatively small for an implementation of this size – resources may be stretched thin as the project progresses.	• Vendors typically specify client feedback and review limits (i.e. number of days to review deliverables) and require heavy SME engagement for design sessions, testing ,etc. which may strain resources if SMEs are not adequately allocated to the project – **potentially leading to schedule slippage during the implementation.**
4 Software Implementation Inexperience The experience of the NLCC Team in large scale business transformation projects is relatively low other than transitioning the SDL process to be supported in OnBase.	• Inexperience with software vendors **may make it difficult to effectively manage the vendor** to ensure the project remains in scope, under budget, and on time.

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NLCC Readiness for Procurement & Implementation

The objective of Gartner's Readiness Assessment Report is to identify the major risks and associated mitigation strategies associated with NLCC's modernization of their alcohol licensing systems and processes.

- Leveraging our Risk & Readiness Assessment Framework, Gartner assessed NLCC across 24 Common Risk Areas.
  - **3 Red areas identified**
  - **11 Yellow areas identified**
  - **10 Green areas identified**
- Gartner found that multiple risk mitigations for this project are currently underway, which positions the NLCC well to proceed with procurement of a new licensing system.
- To supplement these activities and reduce risk in the remaining areas, Gartner has recommended key initiatives for NLCC to undertake – highlighted on the following slides.

OVERALL PROJECT RISK RATING
(As of the August 2020)

HIGH   MED   LOW

The Overall Project is rated at **Medium Risk** in terms of Readiness for Procurement and Implementation.

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RATING GUIDE

Red = Strong Alert, i.e., High Risk

Yellow = Use Caution, i.e., Medium Risk

Green = Acceptable to Excellent, i.e., Low Risk

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Readiness Assessment Results Dashboard

Gartner assessed the NLCC's readiness against known Critical Success Factors for program success. Recommendations for improvement and mitigation are provided for areas assessed as "yellow" or "red".

Governance - Green

- 🟢 Executive Leadership & Support
- 🟢 Business, Staff & External Stakeholder Engagement
- 🟡 Decision Making Processes & Governance Structures
- 🟡 Communication Management

Strategy - Green

- 🟢 Vision, Drivers, Goals and Objectives
- 🟢 Project Scope
- 🟢 Implementation Roadmap / Strategy
- 🟡 Defined Requirements

Change Management - Red

- 🟡 Culture Open to New Ideas and Change (internal and external stakeholders)
- 🔴 Likely Operational Process Impacts
- 🔴 Internal Organizational Change Management (OCM) Capabilities
- 🟡 Training Needs/Capabilities

Data - Yellow

- 🟡 Data Quality
- 🟡 Scope and Complexity of Data Conversion
- 🟡 Identified Data SMEs
- 🔴 Data Model, Other Docs Available

Skills & Staffing – Yellow

- 🟡 Resource Availability & Planning
- 🟡 System Implementation Experience
- 🟢 Business SME's - Subject Matter Experts and Process Owners, etc.
- 🟢 Technical SME's - Analysts, Developers, Testers, and Legacy System Experts, etc.

Technology - Green

- 🟢 Uniqueness and Complexity of Requirements
- 🟢 Variety of Stakeholder Types / Needs
- 🟢 Need for Interfaces / 3rd Party Applications
- 🟡 Infrastructure

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Roadmap to Readiness – Prioritized Recommendations

- Gartner sequenced recommended initiatives by looking at corrective actions in terms of (1) their difficulty to implement and (2) criticality to project success, NLCC can prioritize where their near-term and long-term effort should go.

  – Near term efforts for readiness should be prioritized for completion prior to RFP issuance.

  – Longer term efforts for readiness can be completed as time permits, ideally before implementation initiation with a selected vendor.

Deadline	Activities	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
In progress	*Define Detailed Requirements*	�							
	Perform Pre-Implementation Discovery on Implementation / 3rd Party Application Requirements	▪yellow							
Before RFP Issuance	1A – Develop Governance RACI Matrix	▪blue							
	1B – Identify Data Sources, Structure and Owners	▪blue							
	1C – Develop a Data Conversion Strategy		▪blue						
	1D – Perform a Data Quality Assessment		▪blue						
	1E – Determine Staffing Plan			▪blue					
Before Implementation	2A – Perform Gap Analysis				▪pink				
	2B – Develop & Initiate an OCM Plan					▪pink			
	2C – Develop Communications Plan						▪pink		

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Prioritized Recommendations – Governance

▪ To reduce risk in the areas rated red or yellow, Gartner has recommended the following key initiatives for NLCC to undertake related to Governance.

Risk Area	Deficiency Area	Recommendation	Difficulty	Urgency
Governance	⬤ **Communication Management**	**Develop a Communication Plan** – NLCC should conduct a stakeholder analysis effort to understand the people and groups that need to be consistently communicated with as part of the project effort, and develop messaging and a communication strategy that helps ensure communication effectiveness and stakeholder engagement throughout the project Lifecyle.	Medium	Low
	⬤ **Decision Making Processes & Governance Structures**	**Create Governance RACI Matrix.** Develop a formal governance framework that outlines decision making authority and communication protocols. Relationships among project governing bodies (i.e. Core, Steering Committee, Executive, and Advisory Teams) should be established with clear roles and responsibilities.	Low	High

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Prioritized Recommendations – Strategy

▪ To reduce risk in the areas rated red or yellow, Gartner has recommended the following key initiatives for NLCC to undertake related to Strategy.

Risk Area	Deficiency Area	Recommendation	Difficulty	Urgency
Strategy	🟠 **Define Requirements**	**Define Detailed Requirements (In progress).** Gartner will facilitate Future State workshops to develop and validate user stories and define functional and technical requirements. These will be documented in a Requirements Traceability Matrix (RTM) that can be leveraged through procurement and implementation to ensure that the selected vendor address all of NLCC's requirements.	High	High

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Prioritized Recommendations – Change Management

▪ To reduce risk in the areas rated red or yellow, Gartner has recommended the following key initiatives for NLCC to undertake related to Change Management.

Risk Area	Deficiency Area	Recommendation	Difficulty	Urgency
Change Management	🟠 **Culture Open to New Ideas and Change (internal and external)** 🔴 **Internal Organizational Change Management Capabilities**	**Develop and Initiate an OCM Plan** – Begin OCM planning immediately to ensure that business and technology stakeholders are engaged during the entire project lifecycle from procurement planning to go live.	High	Medium
	🔴 **Likely Operational Impacts**	**Perform Gap Analysis** – The modernization effort will have a high change impact to the NLCC business processes that may require statutory changes to successfully implement. The Agency should leverage process documentation from the Needs Analysis to quantify the level of change impact to various stakeholders, day-to-day operations, as well as statutory restrictions. Gartner recommends performing a gap analysis between the current and desired future state to identify areas of change for each business unit and any required statutory changes to successfully implement the change.	High	Low

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Prioritized Recommendations – Data

- To reduce risk in the areas rated red or yellow, Gartner has recommended the following key initiatives for NLCC to undertake related to Data.

Risk Area	Deficiency Area	Recommendation	Difficulty	Urgency
Data	● **Reported Quality of Legacy Data and Cleansing Level of Effort** ● **Identified Data SMEs**	**Perform a Data Quality Assessment** – NLCC should conduct a comprehensive data quality assessment in order to identify the current issues with data in the legacy system targeted for conversion. Once the data quality assessment has been completed, NLCC can determine whether a data cleansing effort should begin to clean up data prior to the implementation – or if data cleansing services from an outside party are required. Data SMEs should be identified as part of this effort as well. This information will inform the Data Conversion Strategy (see next recommendation).	High	High
	● **Scope and Complexity of Data Conversion**	**Develop a Data Conversion Strategy** – NLCC should begin assessing the business need and technical feasibility for converting the data from legacy system into the new system. The Strategy should include a model of the current state system that illustrates the various locations that house business critical data. In collaboration with OCIO, NLCC should develop guiding principles to ensure data conversion decisions are made in compliance with business objectives and IT best practices.	High	High
	● **Data Model, Other Docs Available**	**Identify Data Sources, Structure and Owners** – NLCC must understand where all legacy data currently resides, it's structure, as well as understand who "owns" or maintains the data. This will ensure all data sources are accounted for in developing the data conversion strategy as well as performing the data quality assessment.	Low	High

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Prioritized Recommendations – Skills & Staffing

- To reduce risk in the areas rated red or yellow, Gartner has recommended the following key initiatives for NLCC to undertake related to Skills & Staffing.

Risk Area	Deficiency Area	Recommendation	Difficulty	Urgency
Skills & Staffing	🟠 Resource Availability & Planning	**Develop a Staffing Plan** – Many clients typically undertake implementations with an attitude of "we'll make it work" when it comes to balancing day-to-day responsibilities of staff, and participation in implementation activities with the vendor, which can be particularly demanding on staff time – for both business and technical SME's. NLCC should develop a comprehensive resource management and staffing plan to ensure that the Agency (and OCIO) will not run into resource constraints once the implementation is underway. Many vendor contracts have measures in place to impose penalties on the client if required staff are unavailable and/or timely decisions and deliverable approvals cannot be made due to resource constraints.	Medium	Medium

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Prioritized Recommendations – Technology

- To reduce risk in the areas rated red or yellow, Gartner has recommended the following key initiatives for NLCC to undertake related to Technology.

Risk Area	Deficiency Area	Recommendation	Difficulty	Urgency
Technology	🟠 **Infrastructure**	**Perform Pre-Implementation Discovery on Implementation / 3rd Party Application Requirements –** Interface development is often found to contribute to project delays and unexpected costs. NLCC has partnered with Gartner to proactively identify its Interface and 3rd Party Application partners to prepare for the implementation integration efforts. Once 3rd Party Applications are identified, NLCC should set expectations on their level of involvement, NLCC's integration needs, and ensure they have the resources they can commit to the project.	High	High

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Highest Priority Initiative: 1A – Develop Governance RACI Matrix

Name	1A - Develop Governance Framework & RACI Matrix	Risk Area	Governance	Urgency	H	Difficulty	L

Description & Expected Benefits

Develop a formal governance framework that outlines decision making authority and communication protocols. Relationships among project governing bodies (i.e. Core, Steering Committee, Executive, and Advisory Teams) should be established with clear roles and responsibilities.

Assumptions/Dependencies/Timing

- Development of the governance structure will assist in identifying those individuals that should participate in key milestones, such as vendor evaluation and selection.

Related Gartner Research

- Toolkit: Governance Charter (January 2017); ID: G00245867
- Practical Governance (September 2016); ID: G00209451

Implementation Risks and Critical Success Factors

- Set decision rights and accountability.
- Establish policies that are aligned to business objectives.
- Balance investments in accordance with policies and in support of business objectives.
- Establish measures to monitor adherence to decisions and policies (compliance and assurance).
- Ensure that processes, behaviors and procedures are in accordance with policies and within tolerances to support decisions (risk management).

Major Steps / Activities

1. Ensure current Governance Structure is understood and agreed to by all stakeholders to ensure governance model will be effective and executed successfully, including Guiding Principles (from Project Charter), Roles & Responsibilities, and Decision Rights by Role. Leverage template already provided by Gartner.

2. Identify set of materials and reports that the each Project Team would require in order to perform their jobs successfully, and establish quality standards for all documentation (i.e. weekly/bi-weekly status reports to the Steering Team vs. monthly updates to the executive team).

3. Measure governance's effectiveness by identifying a set of key performance indicators and measuring those on a regular basis.

4. Create a responsible, accountable, consulted and informed (RACI) matrix to clarify responsibilities for each stakeholder group and major system implementation process. This should clearly define the relationships between Core Team, Steering Team, Advisory Team and Executive Team at the decision-making level. For example, who will be responsible for reviewing/vetting scope modifications? Who will approve these modifications?

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- **Executive Summary**
- **Current State Overview**
- **Key Observations/Findings & Recommendations**
- **Next Steps**

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Current State Overview

- Nebraska Liquor Control Commission (NLCC) guides alcohol licensing across the state. The organization's mission is to regulate and control the alcoholic beverage industry and beverages within and into the State of Nebraska in an efficient, effective manner to promote the public health, safety and welfare. NLCC reviews and processes license applications, verifies and collects excise taxes as well as provides legal & enforcement of issued licenses.

- Roles and Responsibilities are divided across multiple divisions:

  - **Legal / Enforcement Division.** Ensures rules are followed prior to as well as after license issuance. This group handles exceptions in the application process as well as citations reported by Law Enforcement.

  - **Licensing Division.** Processes, reviews, and issues licensing applications for shippers, retail, and wholesale licenses.

  - **Revenue Division.** Collects statistics and reports for various license types as well as excise taxes.

  - **Audit Division.** Reviews and audits reported volumes and statistics from producers, shippers, and wholesalers.

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Summary of Challenges
NLCC's current state technology environment poses several challenges to the organization

Current system functionality is very limited. NLCC staff must perform 69 discreet steps to process a license application across a variety of systems and tools (mainframe application, Microsoft suite applications, copiers, printers, etc.

The current process **lacks transparency** for end users (both internal and external to NLCC) – as such, it is difficult to determine where a customer is in the licensing process.

Staff commonly resort to **manual processes and inefficient workarounds** to track licensing, auditing, enforcement, and/or revenue activities, typically in Excel spreadsheets as the system lacks automated triggers or reminders, common features of software today

The current system **requires a high level of manual and duplicate data entry** to perform daily business functions.

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Existing Technology

Major Current Systems Supporting Liquor Licensing Operations

Systems	Description	Candidate for Replacement?
C1	Mainframe licensing application used to issue and track a majority of license types.	Yes
OnBase	The State's content management system that was configured to process Special Designated Licenses (SDLs) entirely electronically.	No*
J.D. Edwards	NLCC's financial system	No
Nebraska Interactive	Responsible for NLCC's public facing website and provides an online portal for wholesaler reporting and ACH payments (if subscribed).	No
PayPort	Payment portal (managed by Nebraska Interactive) for debit/credit payments.	No

SDLs will be processed in the future state licensing system, however, OnBase will remain as Nebraska's content management system.

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- **Executive Summary**
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Governance

Low Risk

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Governance – Summary Major Findings

Strengths to Leverage

- Overall, Gartner considers **governance a key strength** of this project.

- The modernization effort enjoys strong **executive support and stakeholder engagement** (both internal and external to the Agency). Over

- Support from **OCIO to provide technical advice** and strategic insight

Opportunities for Improvement

- Currently, detailed decision making responsibilities have not been defined between project teams (executive, steering, advisory and core teams). **Decision rights must be defined within the governance structure** to ensure teams are fully empowered to make timely project decisions.

- NLCC should **refine, modify, and update the project governance** framework and decision making RACI throughout the project to maintain engagement.

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Governance Observations & Findings (1 of 2)

Sub Area	Risk Rating	Observations & Findings
1. **Executive Leadership & Support**	**G** Green	1. The modernization of NLCC licensing systems is fully supported by executive leadership as well as the Commission. NLCC executive leadership is engaged and committed to removing roadblocks. Leadership intends to remain engaged through the full project lifecycle – RFP, vendor selection, and implementation. 2. Executive, Advisory and Steering Teams have been created and consist of NLCC leadership as well as industry partners and associations. Internal and external executive engagement to provide general oversight of the project will ensure it aligns with strategic goals and expected outcomes.
2. **Business, Staff & External Stakeholder Engagement**	**G** Green	1. The project has strong internal and external engagement – business stakeholders fully support the modernization of the current licensing system and are actively involved in the current phase of the project. 2. While participants in the Readiness Assessment interviews indicated that they fully supported the upcoming modernization, more education and awareness of the future vision and scope of the project is needed for Business SME's to be successfully engaged. This will be addressed during the next phase of the Gartner engagement (user stories and requirements development). 3. NLCC has created a Core Team of SMEs to provide day-to-day management of the project. This team represents the multiple divisions within the Agency to ensure all NLCC internal perspectives are represented. 4. While NLCC currently enjoys strong stakeholder engagement, both internal and external to the organization, the Core Team should ensure the governance structure is fully utilized to maintain engagement of various groups (i.e. advisory, steering, and executive teams) throughout the implementation.

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Governance Observations & Findings (2 of 2)

Sub Area	Risk Rating	Observations & Findings
3. Decision Making Processes & Structures	**Y** Yellow	1. The project manager and executive sponsor worked together to create a defined governance structure for the project – consisting of an Executive Team, Core Team, Advisory Team, and Steering Team to provide different levels of direction and oversight as the project progresses. This is a great, proactive first step for the project. 2. However, the decision-making process/governance structure has not been fully put into practice with recurrent meeting schedules, clear division of responsibility for decision making (i.e. who will review scope/budget changes? What group has the right to formally approve scope/budget changes?). 3. State Procurement is aware of the upcoming RFP process and available to provide support, as needed.
4. Communication Management	**Y** Yellow	1. NLCC has proactively engaged a wide array of internal and external stakeholders as well as included them in high level project communications (i.e. Project Kick Off). However, a more formal approach to communication will be required as the project progresses.

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Recommendations – Governance

Overall Risk Rating:

Low

Governance Critical Success Factors

- Executive Leadership & Support
- Business, Staff & External Stakeholder Engagement
- Decision Making Processes & Structures
- Communications Management

RECOMMENDATIONS		
Action	**Timeframe to Complete**	**Primary Owner**
1. **Develop RACI Matrix** – Build off of the formal charter to establish a governance framework, decision making authority, and communication protocols. The proper governing bodies (i.e. Steering Team, Core Team, Executive Team, Advisory Team, etc.) should be given detailed roles and responsibilities, and meeting schedule established and executed.	Before RFP Issuance	NLCC Core Team
2. **Develop Communication Plan** – NLCC should conduct a stakeholder analysis effort to understand the people and groups that need to be consistently communicated with as part of the project effort, and develop messaging and a communication strategy that helps ensure communication effectiveness and stakeholder engagement throughout the project lifecycle.	Before Implementation	TBD (no internal capabilities identified)

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Strategy

Low Risk - Risk area is being managed according to best practices and there is no material impact from this risk area on program success at this time.

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Strategy – Summary Major Findings

Strengths to Leverage

- NLCC has taken **a proactive approach to establishing a strong foundation** for the implementation, and will have a defined preferred implementation strategy prior to RFP issuance that vendors will be required to address.

- The Core Team developed a **Project Charter to provide strategic direction** and guiding principles to the project.

Opportunities for Improvement

- **Requirements are not yet defined** to be able to clearly communicate to the vendor community (however, this will be accomplished through Gartner's engagement with NLCC).

- Additional **analysis will be needed to determine if the organization has any unique/differentiating requirements** that may increase the complexity of the modernization effort.

- Gartner will work with NLCC to **define an implementation roadmap** during procurement planning.

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Strategy Observations & Findings (1 of 2)

Sub Area	Risk Rating	Observations & Findings
1. Vision, Drivers, Goals and Objectives	**G** **Green**	1. The NLCC Core Team has developed a Project Charter that outlines the Project Vision, Objectives and Guiding Principles which will provide strategic direction throughout procurement and implementation. This document has not yet been widely communicated across project teams. 2. A project name has been chosen and is being shared internally and externally to NLCC – Centralized Alcohol Management Project (CAMP) – which captures and communicates the scope/objective of the project at a high level. 3. This is an end-to-end modernization effort of NLCC's business processes – i.e. those related to tax processing, licensing (application, review, issuance, and tracking), and wholesaler reporting as well as capabilities for GIS and content management.
2. Project Scope	**G** **Green**	1. The Project Charter, developed by the NLCC Core Team, details the overall project scope at a high level. However, some stakeholders view this project as a modernization of licensing processes only, however, the intent is to modernize business functions across the entire organization – licensing, auditing, tax processing, and reporting. Determining final project scope will require consensus among the executive team and business leadership. 2. NLCC has clearly communicated the intent to replace the existing mainframe system, C1, but the formal, detailed scope for the project has yet to be finalized. This will be explored and documented by Gartner as part of upcoming Future State Visioning Workshop with key internal and external stakeholders. 3. Key business and technical goals for the future state were documented in the Project Charter, and will provide a baseline for further elaboration and clarification.

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Sub Area	Risk Rating	Observations & Findings
3. Implementation Roadmap / Strategy	**G** **Green**	1. Gartner will work with NLCC to develop a strategic approach and detailed planning around the requirements for implementation. The planned structure of the RFP and vendor response requirements will help ensure that vendors clearly articulate an implementation roadmap and strategy that the Agency can evaluate and leverage as input into selecting the best vendor for the NLCC.
4. Defined Requirements	**Y** **Yellow**	1. While high-level goals and objectives have been documented in the Project Charter, requirements are not yet defined to be able to clearly communicate to vendors in the RFP – so this area is rated medium risk. 2. NLCC has partnered with Gartner to develop requirements for inclusion in the RFP that will include detailed functional and technical requirements that will establish the foundation for the scope of the implementation. The requirements matrices can be easily leveraged in the implementation going forward as part of a requirements traceability effort to ensure the delivered solution addresses all the Agency's requirements. 3. The Needs Analysis conducted in 2019 included process flow diagrams that clearly outlined how current users leverage the Agency's current licensing systems, this will be referenced as an input for requirements development.

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# Recommendations - Strategy

Overall Risk Rating:

Low

Strategy Critical Success Factors

- Vision, Drivers, Goals and Objectives
- Project Scope
- Implementation Roadmap / Strategy
- Defined Requirements

RECOMMENDATIONS		
Action	*Timeframe to Complete*	*Primary Owner*
1. **Define Detailed Requirements (In progress).** Gartner will facilitate Future State workshops to develop and validate user stories and define functional and technical requirements. These will be documented in a Requirements Traceability Matrix (RTM) that can be leveraged through procurement and implementation to ensure that the selected vendor address all of NLCC's requirements.	Within 30 Days	Gartner/NLCC
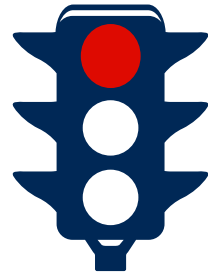
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Change Management

High Risk - If risks are not addressed immediately, could result in significant project stoppage or significant change to scope, schedule and/or cost.

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Change Management – Summary Major Findings

Strengths to Leverage

- Gartner observed an internal culture that is open to upcoming changes related to NLCC's modernization effort. Industry stakeholders also indicated an excitement for the system replacement.

Opportunities for Improvement

- **Additional efforts may be needed with external stakeholders** early on (i.e. stakeholder information sessions) to avoid pushback at later stages in the project (i.e. Go Live).

- Current state documentation, performed as part of the Needs Analysis, should be compared to user stories (i.e. expected capabilities of the new system) to **identify where the largest operational impacts will be felt** – or the business processes that will change the most with the implementation of the new system.

- NLCC either needs to **pursue shoring up its internal OCM & training capabilities** and/or contract with outside resources to obtain OCM and training services.

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# Change Management – Observations & Findings (1 of 2)

Sub Area	Risk Rating	Observations & Findings
1. Culture is Open to New Ideas and Change (internal and external stakeholders)	**Y** **Yellow**	1. There is a general openness to adopt new technology and improve day-to-day business operations, increase efficiencies and eliminate redundancies and manual workarounds (i.e. multiple excel sheets). While this may be primarily driven by existing challenges and system limitations, there is an openness to explore new technology. 2. Interviewees expressed concern that there will be pushback from some external stakeholders who are reluctant to adopt new technologies – this was experienced when the new electronic SDL process was established in 2013. Additionally, those SDL staff members who have gone through the transition to managing their licensing process using OnBase may be resistant to going through another technology modernization effort so soon.
2. Operational Process Impacts	**R** **Red**	1. There have been few technology changes over the years to the mainframe system, C1. 2. The Needs Analysis performed in 2019 detailed the complexity of current NLCC processes, spread across multiple systems and modalities in a total of 69 process steps. The new system will likely streamline a majority of these processes (if not all of them), but the impact to the business and day-to-day operations has not been assessed. 3. The Needs Analysis also identified several statutory changes that may be needed to streamline and/or digitize business processes – statutory limits may limit system benefit realization if they are not addressed prior to system implementation. 4. Potential impacts to operational staffing levels and job responsibilities do not appear to be identified to date. 5. Needs assessment work done to date has been primarily focused on identifying pain points, no assessment has been performed that outlines potential operational impacts associated with taking advantage of new system capabilities, or the amount of operational change that will need to be managed in OCM.

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Sub Area	Risk Rating	Observations & Findings
3. Internal Organizational Change Management Capabilities	**R** **Red**	1. A project of this magnitude and level of change typically requires development of an Organization Change Management (OCM) Plan, which identifies a timeline for executing outreach activities, communications and trainings. Resources are typically needed to execute an OCM plan, however, NLCC does not have any staff that provide OCM services and it unclear whether those skills are possessed by the Office of the CIO.
4. Training Needs / Capabilities	**Y** **Yellow**	1. End users, both internal and external to NLCC, will experience significant changes in their day-to-day interactions with the system and execution of business processes as previously mentioned. This will require extensive training prior to system Go Live to ensure full user adoption of the new system. 2. A level of training will need to be provided by the vendor on the new system. In developing the RFP during procurement planning, NLCC will need to clarify training expectations (full end user training, train-the-trainer) to effectively evaluate vendor training proposals. 3. Vendors typically favor train-the-trainer approaches, where the vendor would train a small group of NLCC trainers who then train the organization's end users. This would require in-house training capabilities, which NLCC does not currently possess.

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Recommendations – Change Management

**Overall Risk Rating:**

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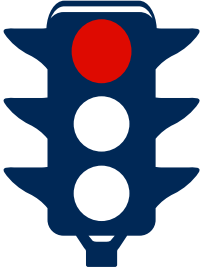
High

Change Management Critical Success Factors

- Culture Open, Supporting to New Ideas and Change
- Likely Operational Process Impacts
- Internal Organizational Change Management Process and Empowerment
- Communications Management

RECOMMENDATIONS		
Action	*Timeframe to Complete*	*Primary Owner*
1. **Perform Gap Analysis** – The modernization effort will have a high change impact to the NLCC business processes that may require statutory changes to successfully implement. The Agency should leverage process documentation from the Needs Analysis to quantify the level of change impact to various stakeholders, day-to-day operations, as well as statutory restrictions. Gartner recommends performing a gap analysis between the current and desired future state to identify areas of change for each business unit and any required statutory changes to successfully implement the change.	Before Implementation Initiation	TBD (no internal capabilities identified)
2. **Develop and Initiate an OCM Plan** – Begin OCM to ensure that business and technology stakeholders are engaged during the entire project lifecycle from procurement planning to go live. An OCM Plan outlines the different methods to maintain or improve stakeholder engagement throughout the project lifecycle (i.e. workshops, project website). Strategies outlined in the OCM Plan should align with the Communication & Engagement Plan.	Before RFP Issuance	TBD (no internal capabilities identified)
3. **Develop and Initiate Communication & Engagement Plan** – NLCC should conduct a stakeholder analysis effort to understand the people and groups that need to be consistently communicated with as part of the project effort, and develop messaging and a communication strategy that helps ensure communication effectiveness and stakeholder engagement throughout the project lifecycle.	Before RFP Issuance	TBD (no internal capabilities identified)
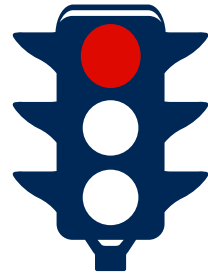
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Data

High Risk - If risks are not addressed immediately, could result in significant project stoppage or significant change to scope, schedule and/or cost.

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Data – Summary Major Findings
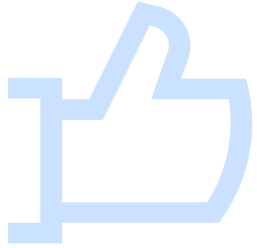
Strengths to Leverage

- **OCIO resources maintain/own most data** and have a good working relationship with NLCC.

Opportunities for Improvement

- The **scope of data conversion for NLCC's modernization effort is unclear** – business areas within NLCC should document their data requirements to determine what needs to be converted into the new system.

- Many interviewees mentioned the **poor quality of current data due to redundant, manual entry processes** – as a result, any data conversion effort will likely require both automated and manual data cleansing activities.

- NLCC should **identify current data sources used by the organization**, detailing the data location (i.e. content management system, shared drive, etc.) as well as identifies who "owns" (i.e. maintains) each data set.

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Data – Findings & Observations (1 of 2)

Sub Area	Risk Rating	Observations & Findings
1. Reported Quality of Legacy Data; Data Cleansing Needs for Conversion	Y Yellow	1. Data quality issues are mostly anecdotal (as reported to Gartner) and no formal dedicated or strategic effort has been undertaken to identify and address any data quality issues to date. 2. Interviewees indicates that some level of data cleansing will need to occur to successful convert/migrate historical data into a new licensing solution. COTS vendors typically do not take part in data cleansing activities – a separate effort will be required. NLCC should ensure any resource and budget planning for the implementation considers resources need for data cleansing activities 3. Typically, data cleansing efforts are most successful when they begin in advance of initiating implementation work with a vendor as data conversion is usually the workstream that takes the longest. Starting data cleansing work early will position NLCC for success and help the Agency avoid schedule slippage during the implementation. 4. Cleansing can be performed by IT resources within OCIO, however, their time may be "billed" to NLCC, so any significant data cleansing activities will increase the project budget.
2. Scope and Complexity of Data Conversion	Y Yellow	1. The scope of data conversion and number of data sources slated for conversion is unclear. For example, does NLCC plan to convert all legacy data, a portion of data fields, a subset of data (i.e. only data from the past five years), maintain all legacy data in a searchable database, etc. 2. NLCC does intend to convert some legacy data, however, it is difficult to understand the "optimal" amount of data to be converted due to the lack of awareness of data quality as mentioned above. Data quality determines the level of effort that will be required to cleanse and convert data. In evaluating what and how much data to cleanse and convert, the Agency must strike a balance between business justification with cost and risk to convert.

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Data – Observations & Findings (2 of 2)

Sub Area	Risk Rating	Observations & Findings
3. Identified SMEs	Y **Yellow**	1. It appears that NLCC does not have designated "data SMEs" within divisions to represent different business needs in making data decisions for the new system as the implementation progresses. Data SMEs will enable easier decision making in scoping the data conversion effort by providing business context to data sets (i.e. we should convert this data because it's critical to this business function).
4. Data Model, Other Docs Available	Y **Yellow**	1. NLCC does not currently have pre-existing documentation of current systems, data models, and requirements. Communication of data conversion to an external party will be challenging without the aid of this documentation. 2. NLCC should develop a model of current data sources used by the organization currently, detailing the data location (i.e. content management system, shared drive, etc.) as well as identifies who "owns" (i.e. maintains) each data set. Where possible, this model should document current table and column structure for data sources, which will help NLCC/the Vendor downstream in the process as they begin to convert legacy data into the new licensing system.

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Recommendations – Data

Overall Risk Rating:

High

Data Critical Success Factors

1. Reported Quality of Legacy Data, Data Cleansing, Conversion
2. Scope and Complexity of Data Conversion
3. Identified Data Stewards
4. Data Model, Other Docs Available

RECOMMENDATIONS		
Action	*Timeframe to Complete*	*Primary Owner*
1. **Perform a Data Quality Assessment** – NLCC should conduct a data quality assessment in order to identify the current issues with data in the legacy system that are candidates for conversion. Once the data quality assessment has been completed, NLCC can determine whether a data cleansing effort should begin to clean up data prior to the implementation – or if data cleansing services from an outside party are required. Data SMEs should be identified as part of this effort as well.	Before RFP Issuance	NLCC / OCIO
2. **Develop a Data Conversion Strategy** – NLCC should begin assessing the business need and technical feasibility for converting the data from legacy system into the new system. The Strategy should include a model of the current state system that illustrates the various locations that house business critical data. In collaboration with OCIO, NLCC should develop guiding principles to ensure data conversion decisions are made in compliance with business objectives and IT best practices.	Before RFP Issuance	NLCC / OCIO
3. **Develop a Data Model** – NLCC must understand where all legacy data currently resides, it's structure, as well as understand who "owns" or maintains the data. This will ensure all data sources are accounted for in developing the data conversion strategy as well as performing the data quality assessment.	Before RFP Issuance	NLCC / OCIO

Skills & Staffing

Medium Risk - Risk area is being managed according to some best practices, but others are missing. There is a potential material impact from this risk area on program success that needs to be addressed proactively at this time.

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Skills & Staffing – Summary Major Findings

Strengths to Leverage

- A project manager has been identified and has created a Core Team of SMEs across NLCC's divisions. This will ensure **NLCC business areas are well represented as the project progresses** through procurement and implementation activities.

- In general, **NLCC has support from OCIO to provide technical resources**, as needed.

Opportunities for Improvement

- There has been **limited identification of backfill requirements for staff dedication to the project** to ensure departmental resources will be available to support day-to-day operations as well as participate in discussions and meetings with the vendor, which can require extensive time commitments.

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Skills & Staffing – Observations & Findings (1 of 2)

Sub Area	Risk Rating	Observations & Findings
1. Resource Availability / Staffing Plan	**Y** **Yellow**	1. SME Resources (both business and technical) have not been formally identified for this project beyond the general awareness that current NLCC business SMEs and OCIO technical resources will be involved in procurement planning and implementation. 2. Limited planning or budget forecasting has been conducted to evaluate the need for contractor or other backfill resources to enable SMEs to dedicate time to the project. Without additional resources, current staffing levels would need to be able to accommodate implementation responsibilities (i.e. design, build, test activities) in addition to day-to-day operations. 3. Vendors typically provide client resource estimates, however, Gartner finds these estimates increase significantly during the actual implementation, leading to resource overallocation that causes schedule slippage and/or cost overruns. NLCC should begin planning for resource backfill now.
2. System Implementation Experience	**Y** **Yellow**	1. NLCC's modernization effort is currently well managed by a Project Manager from within the organizations. Having project management continuity between the procurement planning, vendor evaluation and selection period, as well as the subsequent implementation will be beneficial. However, given the magnitude of the modernization effort, a part-time Project Manager may be unable to sustain the ongoing project management requirements – full-time project management will likely be required for the modernization. 2. The Core Team, NLCC divisions, and Project Manager do not have experience in large Licensing implementations, which are major business transformation initiatives. The ability to manage a vendor, multiple stakeholder groups, and concurrently champion internal initiatives such as OCM is critical to implementation success.

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Sub Area	Risk Rating	Observations & Findings
3. Business SME's - Subject Matter Experts and Process Owners	**G** Green	1. NLCC has knowledgeable business resources within the divisions that will be valuable as SME's in the implementation. 2. NLCC was able to identify knowledgeable Business SME's from each department / functional area who were happy to engage and participate in Readiness Assessment interviews. These SME's should be able to work with the vendor during implementation to provide expertise and knowledge or processes, however, resources have not yet been formally assigned to the modernization efforts. Gartner recommends that NLCC identify/nominate "Process Owners," or business SMEs with deep knowledge of a given business area that are empowered to make requirements, design, and/or build decisions for processes in that business area. 3. Staff changes (retirements, new hires) may impact the knowledge of the organization. While process documentation completed for the Needs Analysis may mitigate the impacts of potential staff turnover, additional efforts to perform knowledge transfer are recommended to be incorporated into the vendor scope (i.e. user guides, training documentation).
4. Technical SME's - Analysts, Developers, Testers, and Legacy System Experts	**G** Green	1. OCIO has technical SME's that may be able to contribute to technical work during the implementation, although implementation activities by OCIO resources may be billed to NLCC directly. OCIO resources have experience in maintaining current systems as well as implementing a licensing process in OnBase in 2013. 2. OCIO technical resources provide ongoing support to NLCC's legacy mainframe system, C1. Maintaining this depth and breadth of in-house knowledge for the main legacy system being replaced will be beneficial when working with the vendor during implementation.

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Recommendations – Skills & Staffing

Overall Risk Rating:

Medium

Skills & Staffing Critical Success Factors

- Resource Availability / Staffing Plan
- Software Implementation Experience
- Business SME's - Subject Matter Experts and Process Owners
- Technical SME's - Analysts, Developers, Testers, and Legacy System Experts

RECOMMENDATIONS		
Action	*Timeframe to Complete*	*Primary Owner*
1. **Develop Resource Management and Staffing Plan** – Many clients typically undertake implementations with an attitude of "we'll make it work" when it comes time to balancing day-to-day responsibilities of staff, and participation in implementation activities with the vendor, which can be particularly demanding on staff time – for both business and technical SME's. NLCC should develop a comprehensive resource management and staffing plan to ensure that the Agency (and OCIO) will not run into resource constraints once the implementation is underway. Many vendor contracts have measures in place to impose penalties on the client if required staff are unavailable and/or timely decisions and deliverable approvals cannot be made due to resource constraints.	Before Implementation Initiation	NLCC Core Team

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Technology

Low Risk - Risk area is being managed according to best practices and there is no material impact from this risk area on program success at this time.

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Technology – Summary Major Findings

Strengths to Leverage

- A project manager has been identified and has created a Core Team of SMEs across NLCC's divisions. This will ensure **NLCC business areas are well represented as the project progresses** through procurement and implementation activities.

- In general, **NLCC has support from OCIO to provide technical resources**, as needed.

Opportunities for Improvement

- Given the current custom-built mainframe legacy system (C1), it will be important to manage user expectations of the availability of customizations in a Commercial-off-the-Shelf (COTS) product. NLCC will need to **take responsibility to manage user requests for customizations and openness to adapting business processes** to align more with "Out of the Box" (OOTB) features.

- A **plan has not been put in place to clearly identify formal roles and responsibilities across stakeholder groups**, such as Process Owners, working group members, decision-making authority, etc. A RACI matrix would help clarify some of these areas.

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Technology

Sub Area	Risk Rating	Observations & Findings
1. **Uniqueness & Complexity of Requirements**	**G** **Green**	1. The majority of NLCC's high-level capabilities observed by Gartner to date align with similar jurisdictions', suggesting few customizations will be required. This will be confirmed during the requirements gathering phase of the implementation.
2. **Variety of Stakeholder Types / Needs**	**G** **Green**	1. NLCC does not have many different types of stakeholders/users, both internal and external to the organization, which decreases the complexity of implementation. However, a stakeholder analysis should be performed to take an inventory of and assess the readiness of all the stakeholders that may be affected by the new system. 2. Despite a smaller number of stakeholder types relative to other jurisdictions' implementations, it is important to identify each stakeholder group that will be affected by the modernization effort to target for engagement during procurement requirements gathering in addition to involving them in project governance, OCM activities, and trainings throughout the implementation.

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Technology

Sub Area	Risk Rating	Observations
3. Needs for Interfaces / 3rd Party Apps	**G** **Green**	1. While scoping discussions are still in progress, anticipated interfaces for the new system include those typically expected as part of a Licensing system implementation: Document Management System (DMS), GIS, Financial integrations. Enterprise-wide investment in a Document Management System (OnBase) can be leveraged as part of the licensing system implementation. 2. Many licensing systems have a history of integrating with the types of systems listed above. While the scope of integrations appear to be normal requests, it should be noted that the complexity of the integrations can vary significantly by jurisdiction depending upon the agency's requirements and level of integration desired.
4. Infrastructure	**Y** **Yellow**	1. The current C1 mainframe was custom built over 30 years ago and no longer undergoes any major upgrades or integrates with outside systems. The current system times out often and contains a considerable amount of redundancy, requiring duplicate manual entries. For example, NLCC staff leverage spreadsheets as workarounds to C1's limited abilities to track and manage licensing processes. 2. The future licensing system will likely contain private / sensitive data as well as integrate to systems that contain criminal justice information, which may impact decisions around the location of application infrastructure (cloud vs. on-premise). Gartner expects to help NLCC / OCIO make decisions around this as part of the requirements gathering effort.

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Recommendations – Technology

Overall Risk Rating:

Low

Technology Critical Success Factors

- Uniqueness & Complexity of Requirements
- Variety of Stakeholder Types / Needs
- Needs for Interfaces / 3rd Party Apps
- Infrastructure

RECOMMENDATIONS		
Action	*Timeframe to Complete*	*Primary Owner*
1. Perform Pre-Implementation Discovery on Implementation / 3rd Party Application Requirements – Interface development is often found to contribute to project delays and unexpected costs. NLCC has partnered with Gartner to proactively identify its Interface and 3rd Party Application partners to prepare for the implementation integration efforts. Once 3rd Party Applications are identified, NLCC should set expectations on their level of involvement, NLCC's integration needs, and ensure they have the resources they can commit to the project.	To be completed during requirements gathering workshops	Gartner/ NLCC / OCIO

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- **Executive Summary**
- **Current State Overview**
- **Key Observations/Findings & Recommendations**
- **Next Steps**

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Roadmap to Readiness – Prioritized Recommendations

- Gartner sequenced recommended initiatives by looking at corrective actions in terms of (1) their difficulty to implement and (2) criticality to project success, NLCC can prioritize where their near-term and long-term effort should go.
  - Near term efforts for readiness should be prioritized for completion prior to RFP issuance.
  - Longer term efforts for readiness can be completed as time permits, ideally before implementation initiation with a selected vendor.

Deadline	Activities	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
In progress	*Define Detailed Requirements*	▰							
	Perform Pre-Implementation Discovery on Implementation / 3rd Party Application Requirements	▰							
Before RFP Issuance	1A – Develop Governance RACI Matrix	▰							
	1B – Identify Data Sources, Structure and Owners	▰	▰						
	1C – Develop a Data Conversion Strategy		▰	▰					
	1D – Perform a Data Quality Assessment		▰	▰					
	1E – Determine Staffing Plan			▰					
Before Implementation	2A – Perform Gap Analysis				▰				
	2B – Develop & Initiate an OCM Plan					▰	▰		
	2C – Develop Communications Plan						▰		

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Before RFP Issuance

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Deadline	Activities	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
In progress	*Define Detailed Requirements*	▓							
	Perform Pre-Implementation Discovery on Implementation / 3rd Party Application Requirements	▓							
Before RFP Issuance	1A – Develop Governance RACI Matrix	▓							
	1B – Identify Data Sources, Structure and Owners		▓						
	1C – Develop a Data Conversion Strategy		▓						
	1D – Perform a Data Quality Assessment		▓						
	1E – Determine Staffing Plan			▓					
Before Implementation	2A – Perform Gap Analysis				▓				
	2B – Develop & Initiate an OCM Plan					▓			
	2C – Develop Communications Plan						▓		

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Highest Priority Initiative: 1A – Develop Governance RACI Matrix

Name	1A - Develop Governance Framework & RACI Matrix		Risk Area	Governance		Urgency	H	Difficulty	L

Description & Expected Benefits

Develop a formal governance framework that outlines decision making authority and communication protocols. Relationships among project governing bodies (i.e. Core, Steering Committee, Executive, and Advisory Teams) should be established with clear roles and responsibilities.

Assumptions/Dependencies/Timing

- Development of the governance structure will assist in identifying those individuals that should participate in key milestones, such as vendor evaluation and selection.

Related Gartner Research

- Toolkit: Governance Charter (January 2017); ID: G00245867
- Practical Governance (September 2016); ID: G00209451

Implementation Risks and Critical Success Factors

- Set decision rights and accountability.
- Establish policies that are aligned to business objectives.
- Balance investments in accordance with policies and in support of business objectives.
- Establish measures to monitor adherence to decisions and policies (compliance and assurance).
- Ensure that processes, behaviors and procedures are in accordance with policies and within tolerances to support decisions (risk management).

Major Steps / Activities

1. Ensure current Governance Structure is understood and agreed to by all stakeholders to ensure governance model will be effective and executed successfully, including Guiding Principles (from Project Charter), Roles & Responsibilities, and Decision Rights by Role. Leverage template already provided by Gartner.

2. Identify set of materials and reports that the each Project Team would require in order to perform their jobs successfully, and establish quality standards for all documentation (i.e. weekly/bi-weekly status reports to the Steering Team vs. monthly updates to the executive team).

3. Measure governance's effectiveness by identifying a set of key performance indicators and measuring those on a regular basis.

4. Create a responsible, accountable, consulted and informed (RACI) matrix to clarify responsibilities for each stakeholder group and major system implementation process. This should clearly define the relationships between Core Team, Steering Team, Advisory Team and Executive Team at the decision-making level. For example, who will be responsible for reviewing/vetting scope modifications? Who will approve these modifications?

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1A – Develop Governance Structure & RACI Matrix (continued)

- **Project Governance IS…**

  - Helping executives (CIO's) oversee individual IT-related initiatives such as projects and programs.

  - Making strategic choices and decisions about how the project is executed.

  - Providing leadership and direction to the project.

  - Ensures decision-making consistency and coordination among key stakeholders.

  - The ability to make, sponsor and enforce the right ePlace program decisions.

  - Setting and monitoring policies and principles for the project.

  - Focused primarily on how the project delivers against the agency and department's strategies, in turn enabling the execution of the business strategy.

- **Project Governance is NOT:**

  - Executing day-to-day project management and execution activities.

  - Carrying out policy.

  - Project governance should not extend beyond the end of a project. If a project governance body feels its collaboration and dialogue have continuing usefulness, assign that objective, if valid, to a standing governance committee or identify a project for which the body would address unmet needs.

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1B – Identify Data Sources, Structure and Owners

Name	1B – Identify Data Sources, Structure and Owners	Risk Area	Data	Urgency	H	Difficulty	L

Description & Expected Benefits

NLCC must understand where all legacy data currently resides, it's structure, as well as understand who "owns" or maintains the data. This will ensure all data sources are accounted for in developing the data conversion strategy as well as performing the data quality assessment.

Implementation Risks and Critical Success Factors

- Understand legacy data structure to facilitate easier data mapping to the new system and a more efficient data conversion process.
- Identify data sources and structure well in advance of executing data conversion activities with the vendor to ensure there is enough time to adequately cleanse data.
- Identify all required data sources are identified to ensure the new system has critical legacy data to execute business functions post Go Live.

Assumptions/Dependencies/Timing

- This initiative should be done in alignment with Initiatives *1C – Develop a Data Conversion Strategy* and *1D – Perform a Data Quality Assessment*
- It is important to understand where data resides (as well as what data will need to be converted into the new system) well in advance of executing data conversion with the vendor.

Related Gartner Research

- Champion Data Management Initiatives to Lower Cost and Reduce Risk (July 2017); ID: G00329577

Major Steps / Activities

1. Take an inventory of all data sources currently used by NLCC to execute day-to-day business operations by interviewing process SMEs in each division.
   - Aim to understand how the data is structured. For example, with addresses – is the address captured in one or three fields (i.e. one field for street number, one for street name, etc. vs. one line for the entire addresses).
   - Use this time to begin asking questions around data quality. This will provide a good starting point for initiative *1D – Perform Data Quality Assessment*
2. Document who owns or maintains this data source, where it resides, and how it feeds data to current systems (if not housed in those systems directly). This will be important when considering who to empower as "Data SMEs," part of initiative *1C – Develop Data Conversion Strategy.*

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1C – Develop a Data Conversion Strategy

Name	1C – Develop a Data Conversion Strategy		Risk Area	Data		Urgency	H	Difficulty	H

Description & Expected Benefits

NLCC should begin assessing the business need and technical feasibility for converting the data from legacy systems into the new systems. NLCC should develop a clear set of guiding principles to ensure data conversion decisions are made in compliance with business objectives and IT best practices.

Assumptions/Dependencies/Timing

- Aligns with initiatives *1B – Identify Data Sources, Structure and Owners* and *1D – Perform Data Quality Assessment*
- A data conversion strategy is necessary in order to provide a decision framework for determining data conversion scope for the system implementation

Related Gartner Research

- Best Practices Mitigate Data Migration Risks and Challenges (March 2016); ID: G00267841

Implementation Risks and Critical Success Factors

- Assess the complexity or magnitude of impact of each of the critical risk factors — complexity and number of data sources, data volumes, timing considerations, availability and proper use of tools, and business-user involvement.
- Set the appropriate scope to minimize the number of data sources and data volumes.
- Focus early and heavily on identifying and determining approaches for resolving data quality issues (i.e. identifying and empowering "data SMEs").

Major Steps / Activities

1. Establish a multidisciplinary working group consisting of both IT and business roles (NLCC should encourage collaboration with businesspeople and IT throughout all phases of data migration by making joint decisions, running governance and maintaining data quality).
2. Establish a set of guiding principles to inform data conversion scope discussions, such as:
   a. Ensure that the scope of the initiative is limited to data sources that will be required or that add value to the target application or data structures — just because records/data sources related to the licensing/revenue/audit divisions are available does not mean there is business value in migrating them.
   b. Leverage existing project charters and formal data source ownership roles (to be collected as part of initiative *1B - Identify Data Sources, Structure and Owners*) to gain approval and confirm the scope of the sources to be migrated.
   c. Leverage application development and support personnel to understand older legacy data structures (i.e. OCIO resources). By tapping the knowledge of the teams currently supporting the systems running atop those legacy structures, insight into their complexities and nuances is rapidly gained.
   d. Use data quality information gathered through Initiative *1D – Perform Data Quality Assessment* to inform scoping decisions.
3. Identify "Data SMEs" who will be empowered to make decisions regarding data conversion scope. These may be the same as those identified to be process owners by functional area. For example, designate a data SME to represent the licensing division – this person will be responsible for communicating the licensing data needs as well as any known data quality issues with legacy licensing data.

1C – Develop a Data Conversion Strategy (continued)

- Key Roles for Working Group to Develop Data Conversion Strategy

Key Roles	Orientation	Responsibilities
Business analyst and line of business (LOB) managers	Business	Assess impact on and readiness of businesspeople and process
Legal and compliance	Business	Provide policies on data retention and archive
IT governance lead	IT	Assess the impact on IT governance
Architects: Data, business, application and infrastructure, etc.	IT	Assess the technical viability and complexity of the system migration
Development lead	IT	Provide the rough estimate of development effort

Source: Gartner (December 2014)

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1D – Perform a Data Quality Assessment

Name	1D – Perform a Data Quality Assessment		Risk Area	Data	Urgency	H	Difficulty	H

Description & Expected Benefits

NLCC should conduct a comprehensive data quality assessment in order to identify the current issues with data in the legacy systems targeted for conversion. Once the data quality assessment has been completed, NLCC can determine whether a data cleansing effort should begin to clean up data prior to the implementation – or if data cleansing services from an outside party are required. Data Stewards should be identified as part of this effort as well.

Assumptions/Dependencies/Timing

- Aligns with *1C – Develop a Data Conversion Strategy*
- Scope of existing outputs / batch processes must be defined upfront to ensure they are included in the scope of the future system.
- Cutover/retirement strategy must be planned to coincide with Go Live.

Related Gartner Research

- Best Practices Mitigate Data Migration Risks and Challenges (March 2016); ID: G00267841
- Toolkit: Measuring Data Quality with Key Data Quality Dimensions (August 2019); ID: G00386578

Implementation Risks and Critical Success Factors

- Develop a data migration strategy upfront as a part of project planning; involve business stakeholders in making decisions about how their data will be migrated to the new system.
- Start data migration activities early in the project to allow sufficient time to identify and resolve conversion issues.
- Review historical data needs and migration readiness; explore alternative ways to retain historical data without migrating it to the new system (i.e. potentially maintain access to the old system as a "Data Warehouse").
- Set the appropriate scope to minimize the number of data sources and data volumes.

Major Steps / Activities

1. Identify major data sets to be evaluated (these will also be used in *Initiative 1B – Identify Data Sources, Structure and Owners*).
2. Interview Business SME's to understand business perception of data quality issues; understand business needs for the data and justification to convert (i.e. why is this data critical to your business functions).
3. Perform data profiling to understand the extent of various data quality issues that may exist. Determine whether manual and/or automated data cleansing options may be available, and overall level of difficult / effort of conversion.
4. Evaluate record retention policies and other legal requirements for maintaining the historical records.
5. Finalize scope of data cleansing and conversion to be performed based on the results of the data quality assessment (input into *Initiative 1C – Develop Data Conversion Strategy*); align action plan with system implementation to ensure data cleansing is completed in time for conversion and any testing/training to be conducted.

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1D – Perform a Data Quality Assessment (continued)

- Data quality (DQ) indicators include both objective dimensions that are straightforward to measure, and subjective factors that must be estimated. DQ factors to evaluate are provided in the table to the right.

Common Data Quality Dimensions

Objective Data Quality Dimensions	Accessibility	Data is available and can be easily retrieved and/or integrated into business processes
	Accuracy	Data value accurately reflects real-world objects or events that the data is intended to model
	Consistency	Data that exists in multiple locations is similarly represented and structured
	Completeness	Records are not missing fields, and datasets are not missing instances
	Existence	Data that is reflective of meaningful events, objects and ideas to the business has been collecte
	Integrity	All expected relationships between data in multiple data stores, tables and files are intact
	Precision	Data is recorded with the precision required by business processes
	Reliability	Data is coming from verifiable and trustworthy source
	Timeliness	Data is updated with sufficient frequency to meet business requirements
	Uniqueness	Data that exists in multiple locations has the same value
	Validity	Data conforms to the defined business rules and falls into allowable parameters
Subjective Data Quality Dimensions	Believability	Data is deemed credible and trustworthy by users
	Clarity	Data has a unique meaning and can be easily comprehended
	Interpretability	Data is in appropriate languages, symbols and units, and the definitions of fields are clear
	Objectivity	Data is unbiased, impartial and not dependent on judgment, interpretation or evaluation of individuals
	Relevancy	Data supports business processes or decisions
	Usability	Business processes and individuals understand, and are able to use, the data

Source: Gartner
ID: 386578

How "dirty" are our datasets? How much cleansing would be required?

Important indicators of business context – may justify the data cleansing required to convert.

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1E – Determine Staffing Plan

Name	1E – Determine Staff Plan	Risk Area	Skills & Staffing	Urgency	M	Difficulty	M

Description & Expected Benefits

Many clients typically undertake implementations with an attitude of "we'll make it work" when it comes time to balancing day-to-day responsibilities of staff, and participation in implementation activities with the vendor, which can be particularly demanding on staff time – for both business and technical SME's. NLCC should develop a comprehensive resource management and staffing plan to ensure that the Agency (and OCIO) will not run into resource constraints once the implementation is underway. Many vendor contracts have measures in place to impose penalties on the client if required staff are unavailable and/or timely decisions and deliverable approvals cannot be made due to resource constraints.

Implementation Risks and Critical Success Factors

- System implementations require the participation of stakeholders to be successful and often demand significant amounts of time from agency staff, such as attending design sessions, participating in prototyping, conducting testing, and attending training.
- Vendor contracts often have clauses that can penalize the agency if resources are not available as scheduled to participate in meetings or if deliverables / design decisions are not made in a timely manner.
- A realistic staffing plan is needed, which may include a backfill strategy for key resources.

Assumptions/Dependencies/Timing

- Initial plan and strategy can be developed by NLCC within the next 60-90 days and further refined once estimates received from vendors on level of estimated dedication

Major Steps / Activities

1. Ensure existing departmental organizational charts are up to date and provide an accurate head count of available resources. Identify which resources are likely to be SME's heavily involved in the implementation, and identify potential backfill candidates who could support those individuals when needed.
2. Identify any constraints that should be included in the RFP to help protect NLCC against resource constraints (i.e. minimum amount of advance notice needed to schedule meetings, any limits to demands on staff time in terms of working hours and/or % dedication).
3. If necessary, begin processes to hire new resources and/or otherwise augment existing staffing.
4. Begin developing contingency plans and raising awareness amongst staff of changes to roles and responsibilities as a result of the upcoming system implementation.

Related Gartner Research

- Use Gartner's Technology Procurement Transformation Framework to Balance Cost, Risk and Speed (June 2019); ID: G00370320

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1E – Develop Resource Management and Staffing Plan (continued)

- **Sample Agency Staffing Plan with Estimated Percentage Dedication**

  – Project Sponsor (5%)

  – Project Manager (100%)

  – Assistant Project Manager (100%)

  – Functional Business Leads (2 FTE's / 100%)

  – Business Analyst (2 FTE's / 100%)

  – SME's (Varies – Multiple Personnel up to 50%)

  – Technical Lead (50%)

  – Technical Developers / Analysts (2 FTE's / 100%)

  – IT Operations Staff (50%)

  – System Administrator (25%)

  – OCM Lead (50%)

  – Training Lead (50% for 6-8 months)

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Before Implementation

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Roadmap to Readiness – Prioritized Recommendations

- Gartner sequenced recommended initiatives by looking at corrective actions in terms of (1) their difficulty to implement and (2) criticality to project success, NLCC can prioritize where their near-term and long-term effort should go.

  – Near term efforts for readiness should be prioritized for completion prior to RFP issuance.

  – **Longer term efforts for readiness can be completed as time permits, ideally before implementation initiation with a selected vendor.**

Deadline	Activities	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8
In progress	*Define Detailed Requirements*	▨							
	Perform Pre-Implementation Discovery on Implementation / 3rd Party Application Requirements	▨							
Before RFP Issuance	1A – Develop Governance RACI Matrix	▬							
	1B – Identify Data Sources, Structure and Owners		▬						
	1C – Develop a Data Conversion Strategy			▬					
	1D – Perform a Data Quality Assessment			▬					
	1E – Determine Staffing Plan				▬				
Before Implementation	2A – Perform Gap Analysis				▬				
	2B – Develop & Initiate an OCM Plan					▬			
	2C – Develop Communications Plan						▬		

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2A – Perform a Gap Analysis

Name	2A – Perform a Gap Analysis	Risk Area	Change Management	Urgency	L	Difficulty	H

Description & Expected Benefits

The modernization effort will have a high change impact to the NLCC business processes that may require statutory changes to successfully implement. The Agency should leverage process documentation from the Needs Analysis to quantify the level of change impact to various stakeholders, day-to-day operations, as well as statutory restrictions. Gartner recommends performing a gap analysis between the current and desired future state to identify areas of change for each business unit and any required statutory changes to successfully implement the change.

Assumptions/Dependencies/Timing

- It is important to shore up capabilities in preparation for developing and negotiating a statement of work with the selected vendor.

Related Gartner Research

- Three Essential First Steps for Leading Transformational Change (September 2016); ID: G00269195

Implementation Risks and Critical Success Factors

- It is essential to understand the change landscape and define what is changing and who will be impacted for each area. Defining a target end state — regardless of how fluid the change is — and doing a fit-gap analysis against the current state will define the magnitude of change.
- A fatal mistake in transformation initiatives is treating everyone in the enterprise the same. Different stakeholders will likely have different changes.
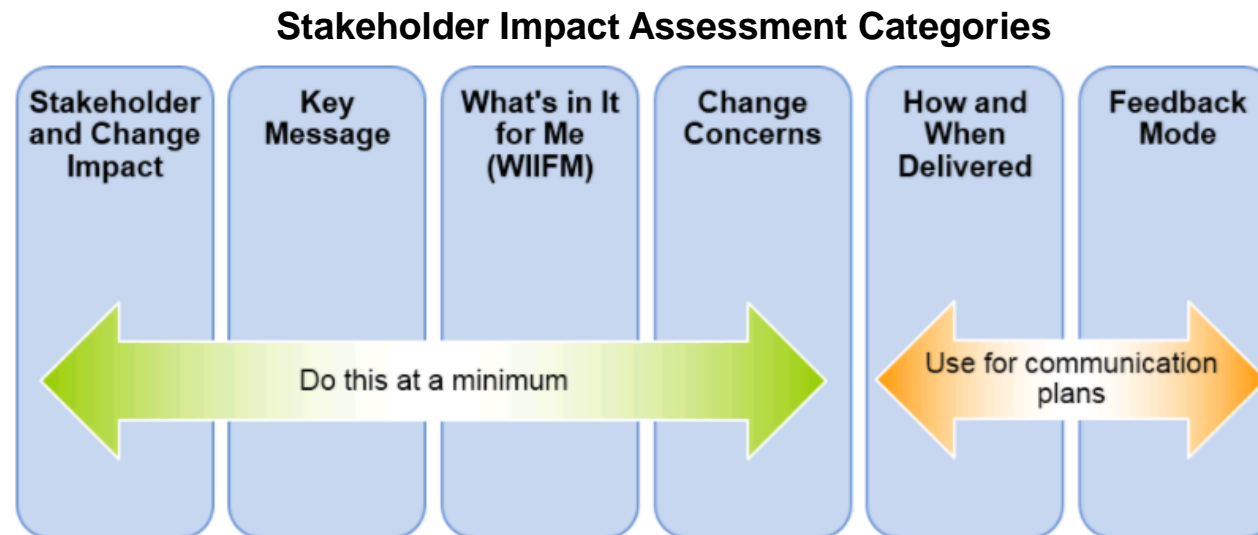
Major Steps / Activities

1. Once the future state has been defined in the RFP at a high-level (functional requirements, use cases, business capability model), perform a high-level comparison with the known current state processes (currently documented in the Needs Analysis).
2. Identify the areas with the highest gap between current state and desired future state, and the stakeholders most affected. At the same time, identify any statutory limitations (initially outlined in the Needs Analysis) that need to be addressed to enable process changes.
3. Use the information from the Gap Assessment to perform a Stakeholder Impact Assessment which defines, by stakeholder group, who is impacted and what is changing from what a stakeholder group is doing today. The assessment helps to properly tailor messages that enable the stakeholder group to understand, respond and begin to take actions as a response to the upcoming changes. Combine this information with the developing of a Communication Plan / Stakeholder Analysis and other Organizational Change Management activities.

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2A – Perform a Gap Analysis (continued)

- Effective communicators abandon a "one size fits all" mentality and are guided by a stakeholder impact assessment. The assessment helps to properly tailor messages that enable the stakeholder group to understand, respond and begin to take actions as a response to the upcoming changes. These communications are aimed to decrease the surprise factor that can derail transformation efforts. Surprise factors often surface during more detailed work and arise because a stakeholder group was not informed and misunderstood the impact of the changes.

- The time needed to perform this assessment is likely a few days. It can be improved over time, so don't strive for perfection. Weigh that against the time needed to deal with unforeseen problems and the accompanying politics, and the investment will likely be a good one.

Stakeholder Impact Assessment Categories

Stakeholder and Change Impact	Key Message	What's in It for Me (WIIFM)	Change Concerns	How and When Delivered	Feedback Mode

Do this at a minimum

Use for communication plans

Source: Gartner (March 2015)

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2B – Develop and Initiate OCM Plan

Name	2B – Develop and Initiate OCM Plan	Risk Area	Change Management	Urgency	L	Difficulty	M

Description & Expected Benefits

Begin OCM to ensure that business and technology stakeholders are engaged during the entire project lifecycle from procurement planning to go live. An OCM Plan outlines the different methods to maintain or improve stakeholder engagement throughout the project lifecycle (i.e. workshops, project website). Strategies outlined in the OCM Plan should align with the Communication & Engagement Plan.

Implementation Risks and Critical Success Factors

- Set decision rights and accountability.
- Establish policies that are aligned to business objectives.
- Balance investments in accordance with policies and in support of business objectives.
- Establish measures to monitor adherence to decisions and policies (compliance and assurance).
- Ensure that processes, behaviors and procedures are in accordance with policies and within tolerances to support decisions (risk management).

Assumptions/Dependencies/Timing

- Ideally, development of the OCM Plan would occur as soon as possible as stakeholders begin to get involved in the project; lack of in-house OCM capabilities may impact timeline.
- Aligns with *2C – Develop Communication Plan*

Major Steps / Activities

1. Develop an OCM strategy that includes the use of peer advocates, bottom-up communication approaches, and other best practices (stakeholder workshops, change champion networks, etc.). This will include engagement strategies customized to the project phase and should be incorporated into the Communication Plan, outlined in Initiative *2C – Develop Communication Plan.*
2. Appoint personnel to appropriate change roles to begin executing OCM plan.
3. Periodically survey NLCC end users to measure effectiveness of OCM plan throughout the process. Inquire about perception of project progress, level of excitement regarding changes, any concerns regarding changes, etc.
4. Create a marketing/branding campaign to excite end users and reverse any existing negative opinions about the modernization effort

See next slide for additional details

Related Gartner Research

- Driving Business Transformation Change by Changing the Culture (June 2015); ID: G00279637
- How to Lead Organizational Change in an Application Organization (December 2019): ID: G00278014

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2B – Develop and Initiate OCM Plan (continued)

OCM Planning

- **Key Recommendations**
  - **Nominate Peer Advocates:** Help reduce uncertainty by providing personal, trusted information and assisting people to ease into organizational change.

  - **Utilize Bottom Up Communication:** Communications are usually top-down, underutilizing bottom-up communications that share stakeholders' concerns and explain decision rationales. **Users don't dislike change, they dislike the uncertainty that comes with it, therefore communicate well and often.**
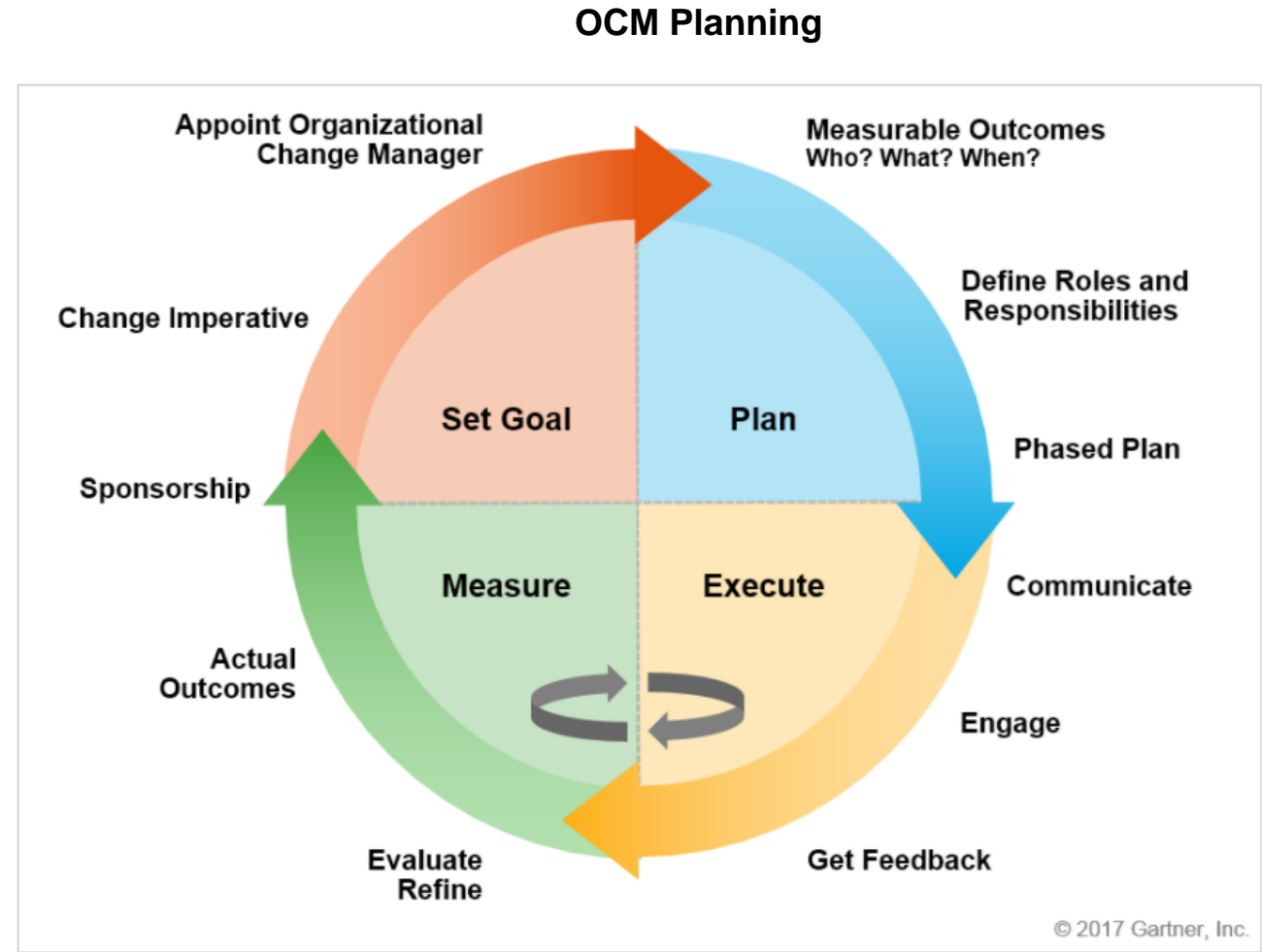
Source: Gartner (March 2017)

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2C – Develop Communication Plan

Name	2C – Communication Plan	Risk Area	Change Management	Urgency	L	Difficulty	M

Description & Expected Benefits

NLCC should conduct a stakeholder analysis/inventory effort to understand the people and groups that need to be communicated with as part of the project effort (both internal and external to the organization), and develop messaging and a communication strategy that helps ensure communication effectiveness and stakeholder engagement.

Implementation Risks and Critical Success Factors

- Communications that consider the specific needs of its stakeholders are considerably more effective than communications that do not.
- Great communication involves delivering the right type of communication and right amount of information to the right people at the right time, using a method that works for them.

Assumptions/Dependencies/Timing

- It is important to establish a formal communication plan before stakeholders become actively involved in the project to ensure that communications are effective and meet their needs.
- This initiative aligns with *2B – Develop and Initiate OCM Plan*

Major Steps / Activities

1. Identify the stakeholders – perform an inventory of all the groups of people within the organization affected by the project.
2. Create stakeholder profiles. Manage stakeholders by identifying their profiles on the current state of the business, as well as how they might impact the future state of the business.
3. Develop a Communications Plan (see next slide).
4. Conduct a stakeholder assessment to understand each stakeholder group and individual, and their communications styles.
5. Map each to the types of communications documented in the Communication Plan.

Related Gartner Research

- Effective Communications: How to Develop a Communications Plan (March 2019); ID: G00170368
- Effective Communications: Stakeholder Analysis (May 2019); ID: G00170514

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2C – Develop Communication Plan (continued)

- Partially Completed Sample Communications Plan

Communications Plan							
Communication Type	**Purpose**	**Communicator**	**Stakeholders**	**Messages**	**Delivery Method**	**Feedback**	**Measures of Success**
Project Newsletter	The purpose of the Project Newsletter is to communicate high level project progress (i.e. key milestones achieved, decisions made, etc.) to ensure the wide array of stakeholders are aware of project activities.	Project OCM Lead	• Commission Members • Industry End Users • Internal End Users • OCIO	• The Project Newsletter ensure stakeholder engagement during the implementation.	• Electronic – via email and/or posted to a central Project Website.	• Qualitative feedback from stakeholders re project progress • Questions submitted online or via email.	• Extent to which people can articulate project progress and strategic direction. • Etc.

Source: Gartner (August 2009)

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Appendix –
- **Project Schedule**
- **Interviews Conducted and Documentation Reviewed**
- **Critical Success Factors Definitions**
- **Risk Assessment Ratings Definitions**
- **Glossary**

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Interviews Conducted and Documentation Reviewed

- Gartner conducted 6 small group interviews during the week of July 29th, 2020 with staff from multiple NLCC departments, including Revenue, Legal & Enforcement, CIO and Licensing. Gartner also interviewed representatives from industry groups.

Stakeholder Group	Interviewee(s)
Licensing	• Jackie Matulka • Michelle Porter • Brenda Hiland • Becky Roberts
Revenue	• Aaron Frank • Patricia Cook • Ritchie Morales • Debbie Jacobson
OCIO	• Laurie Schlitt • Matt Bizal • Robert Spire
Legal & Enforcement	• Hobie Rupe • Shannon Nyhoff • Mark Davis
Industry Wholesalers	• Kristin Crawford • Brian Spangler • Mark McDonald • David Redding

- Gartner also reviewed the following documentation

  – CAMP Project Charter

  – 2019 Needs Analysis

  – RFP Criteria

  – NLCC Organizational Chart

  – NLCC Snapshot of Time Saving Analytics

  – Modernization ROI Worksheet

  – NLCC Process Workflows (licensing, shippers, producers, training, wholesalers, etc.)

  – NLCC License Types

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Critical Success Factors Definitions

Gartner selected the following applicable areas from our Risk Assessment framework for the NLCC's Readiness Assessment. Gartner has found that organizations with deficiencies in these categories often have more difficulties than those organizations who are better prepared:

1 **Governance**	2 **Strategy & Planning**	3 **Change Management**
The structure and process for decision making and oversight	The alignment of an implementation strategy with the business strategy, and establishing a strong project foundation	The effects on established operations and personnel, and changes required to achieve desired outcomes and benefits

4 **Data**	5 **Skills & Staffing**	6 **Technology**
The assessment of the quality of legacy data, the amount of data to be converted, and its potential impact on the complexity of the project	The determination of what personnel will be required to support the system implementation across its life cycle	The impact of the potential complexity of the solution based on agency needs and requirements, such as scope of replacement and integration

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Risk Assessment Ratings Definitions

- Gartner establishes overall thresholds for our color-coded risk scorecard. As described below, the colors indicate the need for action and do not represent a go/no go decision.

Risk Levels	Risk Rating Definitions
Low	**Low / Green** – risk area is being managed according to best practices and there is no material impact from this risk area on program success at this time.
Medium	**Medium / Yellow** - risk area is being managed according to some best practices, but others are missing. There is a potential material impact from this risk area on program success that needs to be addressed proactively at this time.
High	**High / Red** - risk area is in need of best practices mitigation to avoid downstream ramifications. There is a definite material impact from this risk area on program success if this area is not addressed now.

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Glossary

- COE – Center of Excellence

- COTS – Commercial off the Shelf

- CSFs – Critical Success Factor

- DED – Deliverable Expectation Document

- L&P – Licensing & Permitting

- NLCC – Nebraska Liquor Control Commission

- OCIO – Office of the Chief Information Officer

- RACI – Responsible, Accountable, Consulted, Informed

- RFP – Request for Proposal

- RTM – Requirements Traceability Matrix

- SME – Subject Matter Expert

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