



Accelerating Modernization through Washington's Innovation & Modernization Fund

State CIO Office Special Recognition



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Executive Summary

The Washington Technology Solutions (WaTech) Innovation and Modernization (IM) Program is a pioneering initiative – the first of its kind for state government – designed to tackle the pressing issue of outdated IT systems and technical debt for Washington state agencies.

WaTech’s Innovation and Modernization (IM) Program was authorized by the Washington State Legislature in 2023, providing dedicated funding to **support rapid modernization efforts and innovative technology solutions**, thereby enhancing service delivery and operational efficiency.

The IM Program facilitates the swift deployment of innovative technology solutions and the modernization of legacy systems by offering grants to state agencies. Funded projects focus on smaller-scale system replacements and technologies that modernize existing applications, offering high business value and quick implementation. The IM Program accelerates legacy migration and promotes a culture of innovation across state agencies.

The IM Program distinguishes itself by offering a streamlined funding process specifically for **short-term, low-cost, high-impact projects**. Unlike traditional biennial budgeting, the IM Fund allows for a rapid response to emergent needs, fostering agility and innovation. Its governance ensures equitable access for small, medium, and large agencies, promoting inclusive technological advancement. By focusing on both innovation and legacy modernization, the IM Program integrates cutting-edge technologies such as artificial intelligence and electronic consent management, significantly enhancing service delivery and operational efficiency.

The 2023-25 biennial budget appropriated \$3 million for the IM Program, with \$1.5 million available for fiscal year 2024. Within the first five months, WaTech received 34 proposals totaling \$6.6 million in requests. Twelve requests were approved, and all FY24 funds were awarded, driving significant advancements in service delivery and operational modernization. Notable accomplishments include automating manual processes, enhancing data accessibility, and deploying AI to optimize business operations.

Idea

As with many other government services, the COVID-19 pandemic highlighted the need for quick, low-cost, innovative solutions. State agencies faced an unprecedented demand for technology services as society shifted to a remote-access world. Agencies needed to rapidly deploy technology solutions to meet the increased demand for online services.

Some examples of these services include data analytics capabilities to report important metrics, chatbot technology to assist users in accessing information, and the transformation of in-person transactions to online. In the early days of the pandemic, agencies were forced to divert valuable resources to meet the needs of an exceedingly uncertain fiscal period.

In addition to the need for new and innovative technology solutions, the state is grappling with significant technical debt in many legacy systems. In the FY22 statewide application portfolio, state agencies reported over 1250 legacy applications in use today. These legacy applications are challenging to keep up to date and are increasingly on unsupported technology, which presents security risks and business constraints to

QUOTE FROM STATE CIO BILL KEHOE

“The initiation of the Innovation and Modernization Fund program, backed by funding from the Legislature, marks our commitment to staying at the forefront of technological advancement.”



moving forward with needed enhancements. The ongoing maintenance of these legacy systems relies on challenging-to-source and expensive resources, software vendors decommissioning systems, or emergent cybersecurity risks.

To address the significant technical debt and outdated IT systems burdening Washington state agencies, WaTech submitted a decision package request to the legislature to create the Innovation and Modernization Fund (IMF) in the FY2023-25 biennium. The first of its kind for state government, the IMF's intent is to facilitate the rapid deployment of innovative technology solutions and modernization of legacy systems by offering grants to state agencies.

The 2023-25 biennial budget appropriated \$3 million for the IMF, with \$1.5 million available for fiscal year 2024. Within the first five months, WaTech received 34 proposals totaling \$6.6 million in requests. A supplemental decision package request was developed in September 2023 to propose increasing the IMF by \$1.5 million for FY 24 and \$4.5 million for FY 25 to fund the agencies' needs adequately. Ultimately, WaTech was awarded another \$1.5 million for FY 25 from the supplemental budget for a total of \$3 million for 2024 and 2025.

Implementation

To implement this program in FY24, WaTech established an Innovation and modernization (IM) Program and an IT Investment Board (ITIB). The IM Program is led by the State Chief Technology Officer and overseen by the ITIB that reviews and approves project submissions.

The IM Program provides administrative review of agency proposals, establishes criteria and evaluates proposals, collaborates with state agencies to develop proposals for funds access, and provides project oversight of approved projects.

The ITIB is a multi-agency board comprised of experts representing enterprise architecture, privacy, cybersecurity, project management, and critical agency business and technology leaders. The knowledge and expertise of the board members bring additional benefits in reviewing project proposals and ensuring alignment to enterprise services or, where appropriate, providing a foundation for implementing new enterprise offerings. The ITIB reviews agency project proposals and makes recommendations to the [Technology Services Board \(TSB\)](#) on which projects to fund and for what funding level. The TSB is the governing body that decides which projects are funded and the amount of funding an agency should receive.

The ITIB is chaired by the State's Chief Technology Officer (CTO) and one agency representative. Membership is comprised of the:

- WaTech Chief Financial Officer
- WaTech Deputy Director of Technology and Operations
- WaTech Deputy Director of Strategy and Management
- State Chief Enterprise Architect
- State Chief Information Security Officer
- State Chief Data Officer
- One member of the Business Management Council
- One member of the Technology Management Council
- Two members of the Small Agency IT Governance



The ITIB developed the IM Program application process. Agencies requesting funding are required to submit a project proposal outlining the business case including:

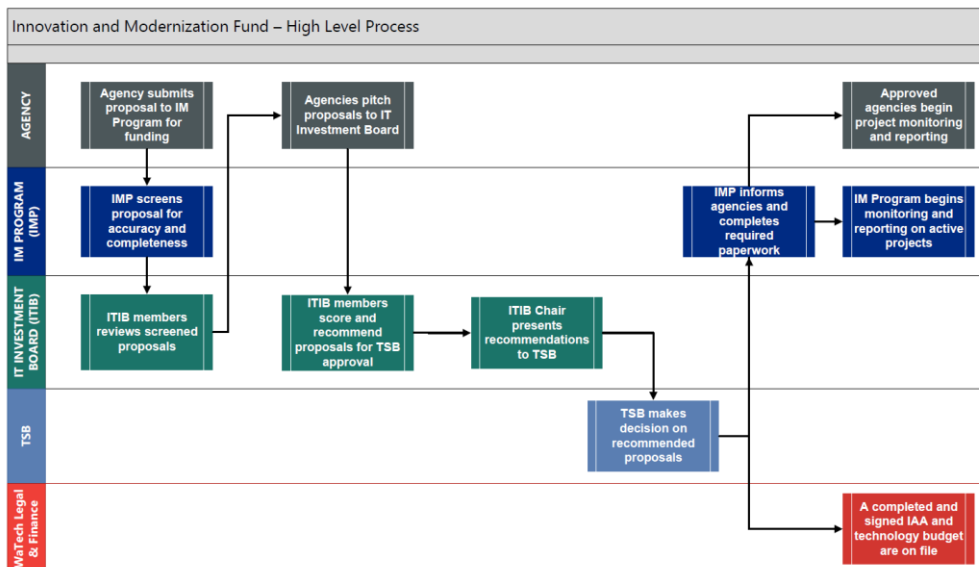
- Problem statement
- Proposed solution
- Cost
- Risk assessment
- High-level milestone schedule

IM funding has been targeted to projects with a short timeline, lower cost, and high value utilizing technologies that can be rapidly deployed. IM funds are ideal for funding smaller-scale system replacements or technology that can modernize an existing application and supplement a lack of agency funding. Notably, the funding offered through this process is only for start-up and project costs; agencies cannot fund ongoing maintenance and operations using this appropriation.

Proposals are assessed on the [rating criteria](#) established by the IT Investment Board. Following the initial review of the applications, selected agencies are invited to present project proposals to the ITIB. The agency presentation highlights the key components of the project proposal and communicates the criteria for a successful project outcome.

The ITIB decision process is as follows:

1. Agencies submit project proposals to ITIB for innovation or legacy modernization funds for review and consideration.
2. The ITIB Chair introduces project proposals at the ITIB meeting for board review.
3. Agency Pitch Presentations: Agency project sponsor and project team present their respective project proposal and respond to board member questions.
4. ITIB Board Meeting: ITIB members discuss project proposals following the agency presentations. Board members score and select proposals for recommendation to the TSB.
5. The ITIB Chair or Co-chair records the ITIB recommendations and notifies the agencies in writing.





The IM Program works with agencies to transfer funding, initiate the project, schedule regular project check ins and establish regular reporting of project progress. The projects funded by the IM Program must deliver services within a 12-month period, ensuring swift implementation.

Impact

Initial demand for the IM Program was high, exceeding the funding available. For the 2023-25 biennial budget, \$3 million was appropriated, with \$1.5 million available for fiscal year 2024. Within the first five months, WaTech received 34 proposals totaling \$6.6 million in requests. Twelve requests were approved, driving significant advancements in service delivery and operational modernization.

[Approved Projects Status Update as of January 2024](#)

Key factors contributing to the program's success include:

- Accelerating the adoption of technologies that improve the delivery of critical services.
- Ensuring equitable access for small, medium, and large agencies.
- Focusing on both innovation and legacy modernization.
- Utilizing technologies such as artificial intelligence, electronic consent management, and low-code/no-code platforms.

The IM Program has established comprehensive performance metrics to track and report the outcomes of funded projects:

- **Cost Savings and Cost Avoidance:** Projects addressing agency technical debt, with reductions in technical debt reported.
- **Fund Utilization:** Increase in projects funded with IM funds, demonstrating the program's success and growth.
- **Service Delivery:** Measurable business outcomes and clear business solutions for project proposals.
- **Technology Reuse:** Projects utilizing existing technology already used by another agency or program.
- **Innovative Technologies:**
 - Number of new innovative technologies implemented.
 - Reduction in time for residents to access services.
 - Increase in technical capabilities to deliver business priorities.
 - Number of technology investments supporting digital government service delivery.
 - Number of innovative solutions establishing new approaches and ways of working which prioritize the citizens served.
 - Number of innovative solutions that prioritize service excellence and achieve equitable outcomes for our communities.



2023 Projects

Project Name	Awarded
Online water right application and fee submittal	\$152,700
Replace legacy museum collections management system software	\$108,000
Electronic Consent Management solution	\$255,013
Replacement Combined Fund Drive Donor Management System	\$150,000
ServiceNow Mentored application development	\$250,000
Digital platform for transitioning paper permit applications to an online portal	\$286,000
Reducing language access barriers for all Washington residents	\$77,000
Total IM Funds Awarded 2023	\$1,278,713.00

Project details:

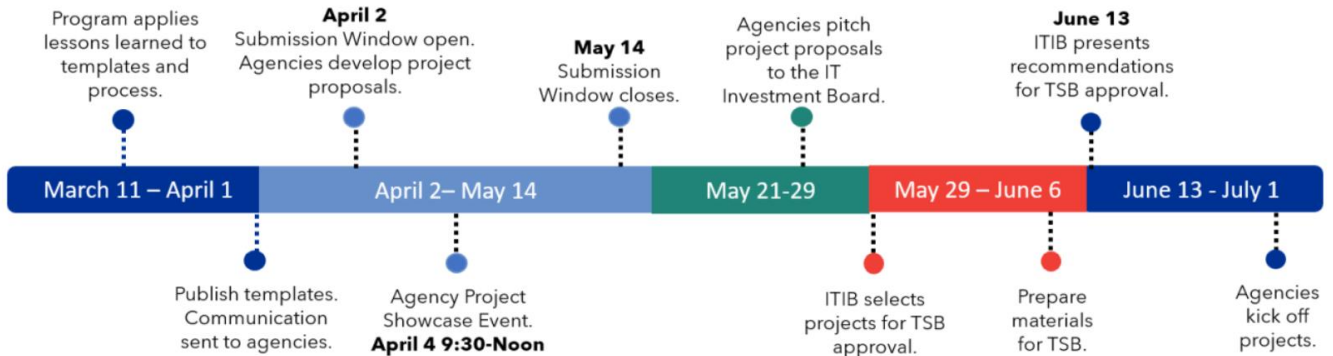
- ARTS:** Art Collection Database Modernization to track the state’s art collection including 6,000 artwork records, 7,000 artists and institutions and 214,000 media files. Full implementation by June 2024. www.arts.wa.gov/my-public-art-portal.
- Department of Social & Health Services:** Innovative AI-powered and human interpretation technology integrated solution, to eliminate communication and language barriers to allow diverse and marginalized clients and partners access to DSHS services. Implementation targeted for July 2024.
- Department of Ecology:** Implemented an online portal for water rights applications using Microsoft’s Power Pages Low-Code/No-Code platform. Significantly reducing processing times and providing Washington residents a modern and mobile capabilities for e-sign and e-pay. **Expected savings: \$35,000 annually.**
- Health Care Authority:** Deployed a centralized electronic consent management solution for healthcare providers. This centralized consent management system will provide vulnerable clients quicker access to mental health and substance use programs by eliminating wait times for consent and centrally locating all consents for the client, allowing providers to collaborate and connect more intentionally on a client’s healthcare.
- Eastern Washington State Historical Society:** Implemented a modern museum collection management system with an online portal for user access to digitized collections available publicly for the first time. Automating manual processes and enhancing data accessibility for students and citizens through a new user portal allowing access to digitized archive records on indigenous tribes in Washington.
- Washington State Patrol:** Adopted ServiceNow for legacy system migration.
- The Department of Fish and Wildlife:** Created a digital platform for transitioning paper permit applications to an online portal with modern capabilities for online signatures and electronic payments.



FY 2024 and beyond

Fiscal year 2025 proposals are set to exceed 2024 volumes with the IM Program already receiving 21 new proposals totaling more than \$5.7 million in requests. The funding for the new proposals will begin on July 1, 2024.

Innovation and Modernization Fund - Fiscal Year 2025 Timeline



Important Dates:

May 14: Agency project proposals due to WaTech IM Program by end of day.

May 21-29: Agencies pitch project proposals to the IT Investment Board. *Due to the higher number of project proposals expected for FY2025, the IT Investment Board has extended the window for agency pitches to begin on May 21.*

June 13: TSB quarterly meeting. IT Investment Board project recommendations for IM funding will be made at the June meeting.