Washington State Department of
Labor & Industries

Workers' Compensation Systems Modernization Project

Quarterly Report to the Legislature
July - September 2023

Contents

Introduction

This report is in response to the 2023 budget proviso for the Workers' Compensation Systems Modernization Project, Section 220, subsection 1(a) of the 2023-25 operating budget (Chapter 475, Laws of 2023).

This section requires the department to:

(a) Submit quarterly data within 30 calendar days of the end of each quarter, effective July 1, 2023, on:

(i) The quantifiable deliverables accomplished and the amount spent by subprojects identified in (a)(i)(A) through (F);

(ii) All of the quantifiable deliverable accomplished by subprojects identified in (a)(i)(A) through (F) of this subsection, and in total, and the associated expenditures by fiscal month;

(iii) The contract full time equivalent charged by subprojects identified in (a)(i)(A) through (F) of this subsection, and in total, compared to the budget spending plan by month for each contracted vendor and what the ensuing contract equivalent budget spending plan by subprojects identified in (a)(i)(A) through (F) of this subsection, and in total, assumes by fiscal month;

(iv) The performance metrics by subprojects identified in (a)(i)(A) through (F) of this subsection, and in total, that are currently used, including monthly performance data; and

(v) The risks identified independently by at least the quality assurance vendor and the office of the chief information officer, and how the project:
(A) Has mitigated each risk; and
(B) Is working to mitigate each risk, and when it will be mitigated;

ABOUT THIS REPORT

The Workers' Compensation Systems Modernization (WCSM) Project has an approved updated technology budget as of October 20, 2023, as required by Section 701 of the 2023-25 operating budget.

Executive Summary

WCSM completed its new roadmap as the project formally accepted the modernization strategy in May 2023. The strategy was developed around five key factors: maximize benefits, minimize technical and business risks, and to minimize costs and time to complete. The modernization strategy is foundational for L&I to modernize our business processes and aging systems. To support actualizing and implementing the modernization strategy, the WCSM Project Team began drafting a project phase charter for the pre-procurement phase.

A supplemental decision package and IT addendum was submitted to make adjustments to the 2023-25 biennium decision package. A Technology Budget was also drafted, reviewed, and formally submitted in September.

Other key work in addition to the modernization strategy also wrapped-up in Quarter 1:

- Issued work request/procurement for Project Director
- Linea (Strategic Business Advisor) finalized their Business Impacts and Policy Implications Recommendations Report that is based on the approved Modernization Strategy.
- Drafted Deloitte Statement of Work for the Architecture, Data & Decommissioning Strategy
- Documented procurement Options Analysis for the vacant Project Director role.
- Developed Workstream Scoping Statements for Pre-Procurement Phase.
- Developed Draft Pre-Procurement Phase Project Charter.
- Onboarded two additional Project Managers.

The Business Strategic Advisor continues to partner with the business, IT, and the project team to share knowledge and experience, leveraging lessons-learned from previous engagements. The vendor partner is also providing strategic advice to business and the project regarding next steps in the modernization effort.

Work continues to search for a WCSM Project Director. The project leveraged the Department of Enterprise Services' statewide Business Consulting contract to try and fill this position without success. The project continues to explore additional options to fill this critical role and bring on someone experienced in large, complex digital and business transformation projects.

Quantifiable Deliverables

Section 220, subsections 1(a)(i) and (ii) of the 2023-25 operating budget, require all quantifiable deliverables accomplished by specific subprojects and in total to be reported quarterly, including the associated expenditures by each deliverable by fiscal month.

JULY – SEPTEMBER 2023 DELIVERABLES

The WCSM project team accepted the remaining outstanding deliverables in September 2023:

- Business Impact and Policy Implications Recommendations Report: The purpose of this deliverable is to identify short- and long-term implications and potential impacts to the business for the following: (1.) potential policy and associated risk implications and (2.) resource strategies for the first body of work in the modernization roadmap.

The project team continues to produce monthly status reports, responses to QA recommendations, decision options analysis, as well as other project-related tasks.

In total, L&I incurred $732,530 in expenditures during this quarter, including proviso expenditures of $637,088 and in-kind expenditures of $95,442. Total proviso-funded contractor spending for July – September 2023 was as follows.

Vendor	Contracted Work	Total Expenditure
Captech Ventures Inc.	OCM Services	$73,000*
Integrated Solutions Group (ISG)	Quality Assurance	$49,920*
KB & Associates LLC	Leadership Coaching	$42,000
Linea Solutions Inc.	Business Strategic Advising	$126,000
	Total	**$290,920**

*The ISG and Captech invoices for Sept were not processed prior to fiscal month close. Expenditures will be captured in the Q2 report.

Contract Full-Time Equivalent

Section 220, subsection 1(a)(iii) of the 2023-25 operating budget , requires the department to submit the contracted full-time equivalent charged by subprojects in total and compared to the budget spending plan by month for each contracted vendor and what the ensuing contract-equivalent budget spending plan assumes by fiscal month and in total.

CONTRACTED VENDORS

For this reporting period, L&I used six contracts for the project:

- Integrated Solutions Group (ISG) for quality-assurance services.
- Linea Consulting Services for Business Impact and Policy Implications

Below are the average monthly costs for each vendor during this reporting period, July – September. Overall vendor costs are consistent with the current spending plan.

Proviso – Contracted Vendors			
Vendor	Average Monthly Cost	Average Monthly FTE	Notes
Captech Ventures Inc.	$24,333*	0.66 FTE	Services in all 3 months of quarter, delayed Sept invoice
Integrated Solutions Group (ISG)	$16,640*	0.52 FTE	Services in all 3 months of quarter, delayed Sept invoice
KB & Associates LLC	$14,000	0.20 FTE	Services in 2/3 months of quarter (Aug-Sep)
Linea Solutions Inc.	$42,000	1.00 FTE	Services in all 3 months of quarter

*The ISG and Captech invoices for Sept were not processed prior to fiscal month close. Expenditures will be captured in the Q2 report.

In addition, during the months of July – September, subject matter experts from across the agency participated in WCSM project meetings and workgroups to provide expertise to support contracted vendor and project management team deliverables. We estimate the following costs for agency in-kind resources utilized to support the project.

In-Kind Agency Support		
Deliverables	Est. Agency Resource Cost	Est. Average Monthly FTE
WCSM Project Management Work	$89,984	2.00 FTE
Business Strategic Advising (Linea Solutions Inc.)	$5,458	0.19 FTE
Total	**$95,442**	**2.19 FTE**

Performance Metrics

Section 220, subsection 1(a)(iv) of the 2023-25 operating budget, requires the department to report the performance metrics by subprojects that are currently used, including monthly performance data.

PRE-PROCUREMENT PHASE

L&I's WCSM project is in the pre-procurement phase. Performance metrics and SMART goals for this phase are being developed and socialized with project team members. Ongoing project management activities have continued into the current phase. To measure those, on-time completion of tasks are tracked by comparing the baseline integrated schedule against the current progress for key milestones for the project. Key milestones tracked include:

- QA recommendations and mitigation.
- Risks/issues analysis and disposition.
- Projected vs. actual expenditures.

Business, technology and overall project performance metrics will be developed with the review and update of the WCSM Project Charter occurring during the next quarter.

Risks Identified

Section 220, subsection 1(a)(v) of the 2023-25 operating budget, requires the risks to be identified independently by at least the quality-assurance vendor and the Office of the Chief Information Officer (OCIO) and how the project:

- Has mitigated each risk; and
- Is working to mitigate each risk and when it will be mitigated.

RISKS

During this reporting period, the project was tracking 5 risks; 3 are open, 2 are on hold and 0 were closed. More information on each of these risks is provided below.

OPEN RISKS AND RECOMMENDATIONS AS OF SEPTEMBER 2023

QA ID #	PMBOK Category	QA Recommendation	Date Identified	Status	Priority	Agency Response	Assignee	Target Date
6.13	Resources	Develop and implement corrective measures to address the observed high turnover in the Project Director role.	3/23	Open	High	10/23: The Executive Sponsor, agency leadership, and alignment coach received lessons learned focus group results from the Enterprise Change Readiness Office (ECRO) team. The focus groups sought to identify success, progress, and critical behaviors needed to achieve the desired future state. As a result of the debrief with agency leadership, next steps were developed to discuss results with WCSM Executive Leadership before a final debrief meeting with the full project team. The lessons learned work that was conducted by ECRO is anticipated to wrap up by 11/30/23. Leading up to that time, The WCSM project will work with ECRO on addressing the lessons learned results that were around generalized project improvement. Additionally, ECRO will collaborate with the alignment coach to integrate the work to address the Project Director turnover in the WCSM alignment coaching initiative, which will run until May 2024. ECRO and the project team will also discuss project improvement lessons. The	Liz Smith and Sherrie Young	November 2023

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						project team and change management will use the twice yearly WCSM Culture Survey to evaluate the effectiveness of addressing the root causes. ECRO will be consulted as needed for this work. 9/23: Lesson learned focus groups being led by the Enterprise Change Readiness Office (ECRO) analyzed data acquired during workshops for themes; follow-ups with focus groups on the data collected and themes are being completed in September and early October. Based on feedback from the sub-team report-outs, the full team report-outs in early October will be canceled and instead, the focus will be on reporting the findings directly to the LT3. This will allow for a more honest and direct conversation. To support the next steps from those conversations, leadership alignment coaching was brought on in September and is integrating into the work to help develop and implement recommendations and next steps. 8/23: Lessons learned activities continue with resources from the Enterprise Change Readiness Office (ECRO) leading the work effort. Data analysis, theme rollup, and report drafting will occur in August, along with initial reviews of data with participants. Workshops to brainstorm next steps for corrective measures will occur in September/October. 7/23: Lessons learned sessions were extended into July due to scheduling conflicts. Data analysis, theme rollup, and report drafting will occur in August. Sharing of information and team goal setting set for September. 6/23: Lessons learned sessions are in progress and will wrap up in June. Synthesizing of information gained and the		

QA ID #	PMBOK Category	QA Recommendation	Date Identified	Status	Priority	Agency Response	Assignee	Target Date
						determination of strategy and next steps will continue into July. 5/23: Members from the Enterprise Change Readiness Office (ECRO) are working with the Executive Sponsor to develop a lessons learned exercise. This lessons learned plan will help inform the next steps and the coaching sessions with leadership and the project team to improve retention. 4/23: The project team, along with the Executive Sponsor, will conduct a lessons learned exercise to understand what occurred over the past several months, look at examples, and reflect on what could have been done differently. The team will build and implement a strategy to address any barriers that have been identified during the lessons learned exercise.		
6.14	Resources	Define Executive Leadership's roles and responsibilities and document them in an Exececutive-level RACI matrix to ensure better alingment with the model's principles for decision-making and delegation of authority to the Project Director and Executive Sponsor under the adopted Governance Model.	3/23	Open	High	10/23: The executive RAPID/RACI matrixes were constructed in September and October by combining and unifying the previously drafted RACI matrix with the approved Steering Committee Charter's roles, responsibilities, and decision making guidelines. During the week of October 16th, the Project Office began reviewing these documents. The next step is to review the RAPID decision making model and the RACI matrix with the Executive Sponsor for alignment. The Risk & Governance PM will then work in conjunction with the Executive Sponsor, OCM Lead, and Leadership Alignment Coach to develop an approach for working with Steering Committee members to gain acceptance of the change and begin leveraging the matrixes to support decision-making on the project. 9/23: The Risk & Governance project manager is still being onboarded. They are working on enhancing the process for the	Liz Smith	November 2023

QA ID #	PMBOK Category	QA Recommendation	Date Identified	Status	Priority	Agency Response	Assignee	Target Date
						RACI Matrix. Additionally, they are developing and testing the RAPID Decision-Making Matrix leveraging the Executive Steering Committee Charter and Governance Management Plan. The RAPID Matrix is designed to increase the efficiency and productivity of the Executive Steering Committee by clarifying decision-making roles and responsibilities. Anticipated reviews of RACI and RAPID matrices is mid-October. 8/23: Risk & Governance project manager onboarding in progress. Initial discussions around project governance and Executive RACI matrix have occurred, with a plan in development to finalize Executive Leadership's roles and responsibilities across the project. 7/23: Risk & Governance project manager will onboard beginning of August, initial focus of work will be on evaluating executive-level RACI matrix and working with leaders to ensure alignment. 6/23: The project is finalizing the recruitment of a project manager to focus on risk and governance. The initial focus will continue to be on defining executive leadership roles and responsibilities. 5/23: Currently the project is recruiting and interviewing for a project manager that will be focused on risk and governance. This will be one of the first areas they will be focusing on with the executive leadership is to define their roles and responsibilities. In order to gain alignment and understanding on roles if there is misalignment, we will be utilizing coaching sessions with the leaders to gain alignment and understanding. 4/23: The project team developed an initial Executive-level RACI matrix. The Executive Sponsor is currently		

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						socializing the WCSM Executive Leadership matrix with other L&I executives in order to document L&I Leaders roles and responsibilities for the WCSM project.		
10.3	Stakeholder	Increase the level and scope of Organizational Change Management (OCM) activities and fully integrate them into the Project Management Framework and Governance Model. In ISG's experience with projects of similar scope, scale, and complexity, active and comprehensive OCM participation is most effective when planned and integrated at all levels into each phase of a project.	6/23	Open	High	10/23: The project has made great progress in integrating Organizational Change Management (OCM) throughought multiple project areas. The Project Office has included the OCM role in their document planning and review meetings, along with having OCM feedback earlier in the review process. The OCM Lead has been added to the daily afternoon Executive Sponsor/Directors check-in meetings, as well as current Vendor meetings. An OCM Assessment is underway, and is scheduled to complete the remaining 2 assessment sections by October 20th. OCM has also actively participated and collaborated in the Charter and Risk Management maturation efforts. The Project Office has embraced the assistance of OCM to increase communication, impacting transparency and clarity throughout the project. OCM also began meeting with workstream leads and other partners. The OCM Pre-procurement Phase Plan was drafted and in the review process with the extended project team. An overall OCM strategy that aligns with the modernization roadmap is in process. 9/23: The project team has integrated the Organization Change Management (OCM) lead into their team. The OCM lead is planning an updated OCM Assessment and working on integrating OCM efforts into communications, workstreams, and increasing awareness and clarity throughout the project. Additionally, the OCM lead is currently working on drafting an OCM strategy that aligns with the modernization roadmap and	Liz Smith	October 2023

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						pre-procurement phase work. 8/23: A full-time contracted OCM resource was brought onto the project August 1, 2023. The OCM resource is currently onboarding and will be integrated into all levels of the project. 7/23: The project team has already engaged in conversations to identify a full-time OCM resource to support the project. We anticipate having a resource onboarded to the project in August.		
1.25	Integration	Produce an approved scope statement and revised Project Charter, at a minimum, prior to authorizing any additional work or initiating new workstreams going forward, and prioritize planning activities to develop, revise, validate, approve and socialize appropriate plans and controls, including critical components such as an organizational chart, work breakdown structure, integrated project schedule, context diagram, resource plan, and clearly defined roles and responsibilities for all parties (including RACI charts) for the work outlined in the approved scope statement and authorized under the revised WCSM Project Charter.	7/23	Open	High	10/23: The Project Management Plan and subsidiary plans have undergone scheduling using Work Breakdown Structures (WBSs) for reviews, updates, and approvals. The Project Team will be reviewing the Executive and Project Team RACIs the week of October 16th to ensure context and clarity, and collaboration with the Communication and Organizational Change Management (OCM) team is planned to ensure a smooth socialization approach and transition with the proposed changes. Additionally, the Pre-Procurement Phase Charter has received continued attention to ensure that the scope, goals, and objectives for this phase are well-defined and follow the SMART guidelines. 9/23: The August QA report upgraded the recommendation from Medium to High. In July, the Project Team began working on a scope statement and Pre-Procurement Phase charter. The refinement of the phase scope, goals, and objectives continued in August and September. During the August Executive Steering Committee meeting, there was a working discussion to gain alignment from project leadership on the direction for this phase. The RACI matrix for the project team is currently	Liz Smith	October 2023

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						under review and being updated as necessary. Work on the executive-level RACI matrix is also ongoing. An integrated project schedule was created in July and is being updated as the scope and SOWs (Statements of Work) are defined and assigned. Additionally, the Project Office is conducting a semi-yearly review of the approved Project Management Plan to align it with the approved Modernization Strategy. The team is also reviewing and updating the overarching WCSM Project Charter. 8/23: Chartering for Pre-Procurement Phase is in progress, including emphasis on phase goals and scope.		
5.5	Quality	Prioritize the identification and/or development of WCSM operational metrics using SMART (Specific, Measurable, Achievable, Relevant and Time bound) guidelines and incorporate them into all planning artifacts that describe the desired future state, as well as into project controls, such as the Project Charter, as appropriate.	7/23	Open	High	10/23: To ensure the development of operational metrics using SMART guidelines, the WCSM Team engaged in SMART exercises and collaborated with QA to meet SMART guidelines. To set clear goals, Statements of Work (SOW) and previous gate artifacts were reviewed. To ensure clarity with stakeholders, plain talk meetings were conducted. The project office also facilitated collaboration and realignment meetings with operational leadership to refine and define our goals. A drafted Pre-Procurement Charter reflecting all this work is being reviewed by the Executive Sponsor for alignment. 9/23: The August QA report upgraded the recommendation from Medium to High. However, work to create a pre-procurement phase charter have been underway since July. The Pre-Procurement Phase Charter includes specific, measurable, achievable, relevant, and time-bound goals, following the SMART principle. In addition, the overarching WCSM Project Charter includes success metrics that were previously identified.		

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						The project team is currently focused on defining additional metrics in all planning documents. 8/23: Chartering for Pre-Procurement Phase is in progress, including emphasis on phase goals and scope.		

CLOSED RECOMMENDATIONS DURING QUARTER (JULY – SEPTEMBER)

High Priority Recommendations	Opened	Closed
None were closed during July – September 2023		

Conclusion

Based on the modernization strategy and the feasibility study developed during the Discovery Phase, the first quarter was spent reviewing and planning for the pre-procurement phase. Additional work was identified to analyze and synthesize the deliverables from the Discovery Phase to develop an agreed upon solution strategy, architectural foundation and data management strategy that will inform and support the overarching WCSM modernization effort and will support L&I's future procurements.

The next few quarters will focus on development of the solution strategy, architectural foundation and data management strategy and business target operating model.