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ROI CASE STUDY **IBM SSIRS** **ALAMEDA COUNTY SOCIAL SERVICES AGENCY**

THE BOTTOM LINE

Alameda County Social Services Agency implemented IBM's Social Services Integrated Reporting System (SSIRS) to achieve the visibility it needed to avoid overpayments and improve productivity.

ROI: 631%

Payback: 2 months

Average annual benefit: \$24,725,000

THE COMPANY

The Alameda County Social Services Agency (SSA) is a 2,200-employee organization that works collectively and in partnership with community-based organizations to serve the social service needs of the citizens of Alameda County. The agency assists approximately 11 percent of Alameda County's 1.6 million residents who receive assistance in areas that include employment, training, financial assistance, housing, and homelessness prevention. In addition to the departments that provide these services, Alameda County SSA's departments include administration and finance, adult and aging, children and family services, economic benefits, and employment services.

THE CHALLENGE

In 2008, Alameda County SSA determined that it needed a centralized and unified way to store and analyze all of the data related to its clients and the programs in which they participate. The agency had historically used a number of manual and disparate systems to track clients, their identities, information about their benefits, and data about their activities within the agency's programs. Although reliance on manual or semi-automated systems is a common practice for large social service agencies, this resulted in challenges for Alameda County SSA that included:

- **Volume.** Keeping current on a client's status was almost impossible, as 1,200 case workers were responsible for 500 to 600 cases at any given time.
- **Visibility.** The agency had outsourced its engagement rate reporting that helps track client activity, but the reports that were received were typically inaccurate and always more than a month late.
- **Productivity.** Analysts spent too much time on tasks such as manually analyzing agency performance and tracking client participation in the agency's various programs.
- **Overpayments.** Because of the high caseload volumes and a lack of visibility, clients sometimes received benefits from an education or employment-related

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program even though they were not in compliance with the terms of their participation in it. Overpayments also occurred when benefits continued to be issued even after a client died or was incarcerated.

- Performance tracking. Without accurate reporting at various levels, the agency was unable measure critical success factors, such as the migration of clients from welfare to self sufficiency.

In order to overcome these challenges, Alameda County SSA decided to deploy a unified platform for tracking all of the data related to its services, benefits, eligibility, clients, and other operationally critical data points. The business requirements for the platform included integration of the agency's various data sources, improved collaboration among agency departments, increased productivity, improved ability to detect and prevent fraud, and a reduction in overpayments.

THE STRATEGY

In late 2008, Alameda County SSA decided to deploy IBM's IBM InfoSphere Identity Insight with IBM Cognos and IBM InfoSphere Warehouse. The platform was eventually named the Social Services Integrated Reporting System (SSIRS) and became the model for the IBM Government Industry Framework. The IBM platform was selected largely because of its pre-built analytics, ease of customization, and ease of use. Other aspects of the platform that the director wanted for SSA included a single vendor, the ability to drill into data at any desired level of granularity, and the ability to provide a view of clients that revealed their interactions with a variety of agencies and services.

IBM's SSIRS was deployed by IBM and integrated with the agency's data sources over a 6-month period beginning in January 2009. The platform was configured to automate processes that included:

- Integrating various data sources to help ensure that clients receive payments under the agency's various programs only if they are both eligible to receive them and in compliance with the terms of those programs.
- Providing more accurate status of clients and their activities, which is critical when there is a need to invoke sanctions for non-compliance.
- Closing the gap between actions required and actions taken in order to make better use of taxpayer funding of the agency.
- Sending notices to clients regarding any actions taken by the agency or requests to contact their case worker.
- Verifying addresses and tracking address changes.
- Reporting to support the compliance process and ensure that sanctions are applied as appropriate.
- Sending automatic status alerts to case workers and supervisors so that workers have up-to-date information regarding certain client activity or automated actions taken by SSIRS.

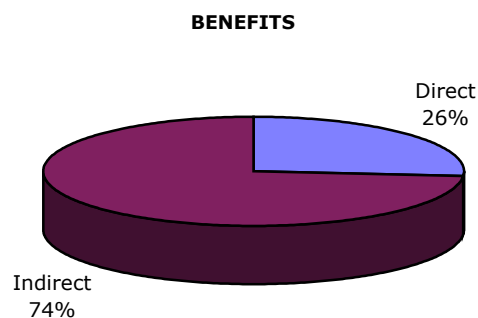
SSIRS went live with a rolling deployment that began in July 2009. At the end of 2009, it was used by 1,200 employees in various departments. The system integrates data from separate data sources related to welfare, child welfare, services for the elderly and disabled, probation, and the state's welfare benefits

and welfare-to-work programs. During 2010 and 2011, the deployment will be broadened to between 10 and 20 new data sources.

KEY BENEFIT AREAS

Deploying SSIRS has enabled the Alameda County SSA to lower costs while also improving the productivity of case workers, who are able to spend more of their time providing social services. Specific benefits of the deployment include:

- Reduced benefits overpayments. Prior to the deployment, benefit checks were sometimes sent to clients who were deceased or incarcerated. Some clients continued to receive benefits even though they were not participating in welfare-to-work activities such as orientation, training, or education. SSIRS enables case workers to rapidly identify such non-compliant clients and discontinue their benefits.

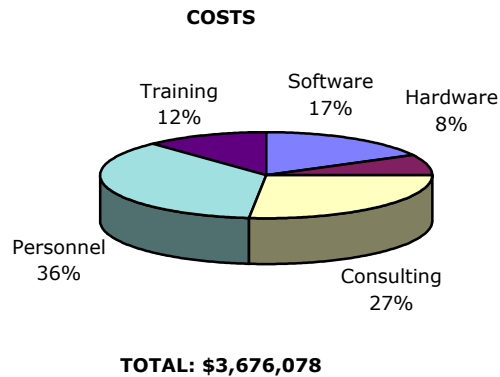


TOTAL: \$74,175,000

- Improved appeals litigation. Having access to better data means the organization has better documentation when it discontinues benefits to a client. This has resulted in increased win rates for the organization when claimants appeal discontinuation of benefits, further enabling the organization to avoid unnecessary payments and saving approximately \$900,000 annually.
- Improved case worker productivity. By automating a variety of service-related workflows, SSIRS has made case workers more productive.

KEY COST AREAS

Key cost areas for the deployment included software, consulting, personnel, hardware, and training. The deployment was completed over a 6-month period by a team of both IBM consultants and agency employees. IBM consultants configured the applications within SSIRS to meet the business requirements of the agency, integrated them with the agency's various data sources, and completed data modeling. Formal training was initially provided to 36 end users who attended a 5-day training program and four members of the integration group who required an average of 30 days of training. Additional users received training on a department-by-department basis as the rolling deployment proceeded. Hardware costs consisted of servers, including annual service agreements, for running the applications and storing the supporting data.



BEST PRACTICES

One reason the deployment was so successful is that its champion maximized the number of departments and types of data touched by SSIRS. This was accomplished largely by performing demonstrations with a variety of managers who learned how the platform could benefit them and therefore became more willing to share their data. Sometimes, restrictions or permissions had to be carefully managed in order to share data while also remaining in compliance with applicable privacy and data-sharing laws.

Because so many databases are integrated with the system, it enables employees to view clients based on a large variety of parameters. Clients can be associated and connected by social security number, address, or family. They can also be analyzed to identify all the services they use at a given time or over the life of their relationship with the agency. This enables employees to better understand clients' needs and meet them more cost effectively. In fact, the practices of maximizing the breadth of organizational adoption and the storing of all client-related data on a preconfigured data warehouse have been used to broaden and improve IBM's Government Industry Framework.

CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, training, and other investments over a 3-year period to quantify Alameda County SSA's total investment in the IBM SSIRS system.

Direct benefits calculated included the elimination of benefits overpayments to clients in noncompliance with their programs and reduced fines as a result of improved appeals litigation. Indirect benefits consisted of improved case worker productivity. This benefit was calculated based on the average fully loaded cost of these case workers and an estimation of the time saved because of the automation of client-related processes on the SSIRS platform.

DETAILED FINANCIAL ANALYSIS

ALAMEDA COUNTY SOCIAL SERVICES AGENCY

SUMMARY

Project:	IBM SSIRS
Annual return on investment (ROI)	631%
Payback period (years)	0.17
Average annual benefit	24,725,000
Average annual total cost of ownership	1,225,359

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	4,260,000	7,620,000	7,620,000
Indirect	0	18,225,000	18,225,000	18,225,000
Total Benefits Per Period	0	22,485,000	25,845,000	25,845,000

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	474,728	0	0	0
Hardware	178,796	0	0	0
Total Per Period	653,524	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	94,946	94,946	94,946
Hardware	0	35,759	35,759	35,759
Total Per Period	0	130,705	130,705	130,705

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	156,464
Hardware	0	35,759	35,759	35,759
Consulting	982,120	0	0	0
Personnel	1,336,500	0	0	0
Training	290,192	150,000	0	0
Other	0	0	0	0
Total Per Period	2,608,812	185,759	35,759	192,223

FINANCIAL ANALYSIS	Pre-start	Year 1	Year 2	Year 3
Net cash flow before taxes	(3,262,336)	22,299,241	25,809,241	25,652,777
Net cash flow after taxes	(1,957,930)	11,214,973	12,969,973	12,891,741
Annual ROI - direct and indirect benefits				631%
Annual ROI - direct benefits only				166%
Net present value (NPV)				26,077,912
Payback (years)				0.17
Average annual cost of ownership				1,225,359
3-year IRR				584%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%