

# State of Indiana: Bringing social services into the 21<sup>st</sup> century

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## Overview

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### ■ **Business Challenge**

Obtaining social service benefits in Indiana was far more difficult than it needed to be, due to an inefficient service-delivery system. To improve the lives of the state's neediest citizens, enable them to become self-sufficient and reduce systemic errors, new channels to the state citizens (Hoosiers) had to be opened and standardized procedures put in place throughout the system.

### ■ **Solution**

The state worked with IBM to completely transform its social services delivery system, including both processes and infrastructure. The new solution is a public-private partnership operated by an IBM-led coalition of nine business partners, which allows Hoosiers to interact with the state via telephone, the Web, or in person at a local office, if they prefer.



### ■ **Key Benefits**

- **For State of Indiana**
  - Projected savings of up to US\$490 million over 10 years
  - Created new levels of efficiency and reduced potential for error
- **For Clients**
  - Enabled citizens to interact with state agencies much more easily

*“At the end of the day, it’s really all about making the lives of our citizens better by delivering the services they need, when they need them. We’re doing that, better than ever.”*

— Zach Main, director of Family Resources, Indiana Family and Social Services Administration

## Delivering benefits faster and better than ever

### Business Benefits

#### For State of Indiana:

- Projected savings of US\$380 million over 10 years, compared to maintaining the status quo; when compared to the cost of the state undertaking the transformation on its own, savings total US\$490 million
- Instituted the state's first-ever set of standardized procedures for service delivery, replacing myriad local, ad-hoc processes for managing cases—thereby creating new levels of efficiency and reducing the potential for error
- Reduced caseworker load by creating new client self-service capabilities

#### For Clients:

- Enabled citizens to interact with state agencies much more easily, via new phone and Web channels—in addition to in-person
- Reduced foot traffic in state offices, enabling faster service for those who prefer to interact personally

#### For State of Indiana and Clients:

- Eliminated the need for one-on-one caseworker/client relationships, making for greater ease of interaction between the state and beneficiaries
- On track to achieve an error rate of less than 5 percent in social service delivery for certain programs, ensuring assistance for those who need it

In the commercial sector, the way large organizations serve their clients has long been multifaceted and highly efficient, because of highly developed customer relationship management. Being able to contact a company by phone, e-mail or Web site, and transact any kind of business from the comfort of home or on the go via cell phone, is taken very much for granted.

But when it comes to government services, the quality of interaction sometimes lags behind, due to tight budgets and conflicting priorities. Such was the case in Indiana, where the model for delivering social services—temporary cash assistance for needy families (TANF), food stamps and Medicaid—was literally decades old.

“I came in with the change of administration a few years ago,” says Zach Main, director of Family Resources, Indiana Family and Social Services Administration. “When we reviewed operations, we found that we were doing business much as banking was done in the 1950s—entirely face-to-face.”

Under the existing case-centric, one-on-one system, citizens needing assistance had to make an appointment at their local assistance office, then meet in person with the specific caseworker assigned to their case. Any difficulty, such as a missing piece of documentation or a caseworker who happened to call in sick that day, would result in another appointment and another visit. “It was a completely unacceptable situation,” says Zach Main. “We were asking our neediest citizens to jump through far too many hoops to get benefits.”

Within the department itself, there was a lack of standardization. There were 107 local offices spread throughout the state's 92 counties, and each one operated independently of the others, with its own, sometimes ad-hoc set of business processes. In addition, there was no statewide coordination of casework; if a client moved to another city, the process would have to be started all over again, with a new caseworker, new documentation requirements, and so on.

Because of the lack of tight processes and high degree of human intervention, systemic errors—such as providing benefits to those who did not need them, or failing to deliver benefits to those who did—were rampant. The food stamp program was experiencing error rates of 15 percent, TANF had error rates as high as 25 percent, and Medicaid was running at 30 percent, with occasional spikes as high as 36 percent.

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– Zach Main

### Value that goes beyond better service to citizens

A transformed social services delivery system based on a process-centric, client-focused model would not only provide better service to state residents, it would also save a great deal of money. By increasing operational efficiency and reducing errors, the savings over 10 years would amount to some US\$380 million over the existing system. The only question for the state was whether to build the new solution on its own or partner with an expert technology provider. The conclusion was that going it alone would cost US\$110 million more than teaming with an outside vendor, due to the investment in infrastructure and development that would have been required.

IBM won the contract because it delivered the best mix of value for the state, according to Main. “Usually, the highest bidder is the one willing to accept the most responsibility and risk, and vice versa. In this case, though, IBM was both less expensive and willing to take on more responsibility.” Part of this was transferring some 1,500 state workers to IBM to operate the new system, under employment contracts as good as or better than they had gotten from the state.

### A top-to-bottom rethink

The state had input into the design of the new system, but relied extensively on IBM business transformation expertise and best practices for its design and optimization.

The new system is housed in four service centers with satellite offices—instead of the 107 independent offices—including call center, Web, and document imaging and archiving capability. This allows citizens to interact with the state in the manner most convenient to them. IBM designed the solution, business processes and workflows to seamlessly integrate case management with the call center and document management functions, making services available across all channels, even if the client changes address within the state.

The solution was designed to minimize up-front expenditures. While the state’s existing mainframe would have to be replaced eventually due to its high cost of ownership, it still performed its basic functions well. It was decided to keep it, but encase it in a software “wrapper” that would enable the system’s new channels and functionality. The software chosen for this was the Cúram Business Application Suite, from IBM Business Partner Cúram Software. It is a comprehensive off-the-shelf, Web-based application suite designed for managing cases, clients and service delivery in the human services, labor and commercial insurance industries.

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## Solution Components

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### Software

- IBM WebSphere® Application Server
- IBM DB2®
- IBM DB2 Content Manager
- IBM IMS™ Connect
- Cúram Business Application Suite

### Servers

- IBM System p®
- IBM System x™

### Services

- IBM Global Business Services

### IBM Business Partners

- Cúram Software
  - Interactive Intelligence Incorporated
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## Smarter Government

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The State of Indiana needed to update the way social services, such as temporary assistance, food stamps and Medicaid are delivered, moving away from a decades-old face-to-face delivery model. The state teamed with IBM to completely transform its infrastructure, adding new service channels such as a call center and Internet self-service access while simplifying the delivery network and introducing standardized procedures, workflows and business processes for the first time.

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The service center solution, which runs on IBM System p servers under IBM AIX®, also leverages IBM IMS Connect for integration with the legacy mainframe, IBM WebSphere Application Server to enable Web services, and IBM DB2 for its database. Call center functionality is provided by software from IBM Business Partner Interactive Intelligence Incorporated (i3), running on IBM System x servers under Windows®. The final piece is a document management system that creates and securely stores digital images of all required documents using IBM DB2 Content Manager, making them available across the state.

### **Delivering on the promise**

“We’re very happy with how things have worked out,” says Main. “We’ve accomplished our basic mission, to open up new channels and increase our accuracy. Our variances are moving towards the target of 5 percent and we’re going to save a lot of money in the process. But at the end of the day, it’s really all about making the lives of our citizens better by delivering the services they need, when they need them. We’re doing that, better than ever.”

### **For more information**

To learn more about how IBM can help transform your business, please contact your IBM sales representative or IBM Business Partner.

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