

NEWSLETTER

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Message from our Labor and Employment Senior Partner

Sagitec truly believes in providing value and solving complex problems for current and potential customers. We have been thinking of innovative ways to provide you with solutions and thought-leadership that spark ideas leading to efficiency, effectiveness, and productivity.

Jeff Bezos once said “We’re not competitor-obsessed, we’re customer-obsessed. We start with what the customer needs and we work backward.”

I am proud to announce that our first newsletter is ready for your reading. We will be publishing these on a regular basis and our goal is to provide you with some relevant thought leadership, news about Sagitec that you might not be aware of, and our take on some labor and employment industry topics.

This edition focuses on what labor and employment agencies can focus on in terms of technology, for example, cloud, and how Sagitec addresses customer advocacy. The newsletter also has a client success story and an interview published in GovTech.com. Lastly, we are proud to be included in GovTech’s top 100 government technology companies. The inclusion of Sagitec on this list validates our approach to serving the public sector with new technology offerings.

We hope you enjoy these articles. Do forward them to your teams and let us know if they trigger new ideas on solutions and what else you would like to hear about in future newsletters.

Cheers,

David Minkinen
Labor and Employment Senior Partner

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Sagitec Named as Member of 2019 GovTech 100 Top Government Technology Companies List

Sagitec has been shortlisted in Government Technology’s prestigious 2019 GovTech top 100 government technology companies list.

The GovTech 100 is an annual list compiled and published by Government Technology as a compendium of 100 companies focused on, making a difference in, and selling to state and local government agencies across the United States.

It is a great way to recognize companies founded to solve problems unique to the public sector. GovTech 100 companies represent a growing set of scalable, digital solutions addressing the tough, complicated

problems that governments face – from health care and public finance to pension administration and labor and employment.

“Four years in, the GovTech 100 continues to provide a glimpse at the most innovative companies partnering with government to solve mission-critical problems,” said e.Republic Chief Innovation Officer Dustin Haisler, who was heavily involved in the list’s creation.

2018 was remarkable for the number of large, significant deals that reshaped the landscape, bringing the sometimes fuzzy outline of how a government technology company can be a profitable investment into clearer focus.

“It is an honor to be part of this prestigious list, amongst a lot of innovative players because it validates our approach to helping clients become more effective, efficient, and customer-centric”, said Piyush Jain, CEO, Sagitec. “Our goal has been to help government agencies in the benefits administration industry. We have been doing so for the last 14 years and will continue to invest in innovative technologies, faster processes, and domain expertise to modernize legacy systems.”

Sagitec is proud to be part of this year’s list and is certain that it can help the public sector and the benefits administration industry a lot more with its focus on cloud and cutting edge technology solutions.



It is an honor to be part of this prestigious list, amongst a lot of innovative players because it validates our approach to helping clients become more effective, efficient, and customer-centric. Our goal has been to help government agencies in the benefits administration industry. We have been doing so for the last 14 years and will continue to invest in innovative technologies, faster processes, and domain expertise to modernize legacy systems.

Piyush Jain, CEO, Sagitec



Transforming the Unemployment Insurance Industry with Modern Technology Solutions



David Minkkinen
Senior Partner

The unemployment insurance sector has been a laggard in adopting modern technology. It is time this trend changes.

Using IT systems is integral to any organization today – private or government. State Unemployment Insurance (UI) agencies are no different. They rely almost entirely on IT systems to collect UI taxes and pay benefits.

In a 2010 NASWA/ITSC study, over 90% of states reported using such systems running on outdated hardware and software. The study found that the numbers are so poor, only eight states have a modernized benefits system, only three have a modernized tax system, and only one has modernized benefits and tax systems. Today, the state of UI IT systems remains exceptionally challenged. As of first quarter of 2017, only about 30% of states have a modernized benefits and tax system.

Many states also have trouble scaling up when workloads surge because they depend on antiquated legacy systems. These outmoded legacy technologies are much less flexible than modern technologies. A task as straightforward as scaling up, adding a data element, or adding a new program is difficult and time-consuming. These limitations make future modifications extremely difficult.

Benefits of an Innovative, Modern IT System

The risks of using antiquated technology and manual processes for core UI functions include limited access to data, poor data integrity, increased errors and fraud, low customer service and adoption rates, and system failures that can disrupt important services for citizens and businesses.

Modernized benefits and tax systems enhance customer service through intuitive web interfaces, improved overpayment prevention and detection, reduced administrative costs, and empowering agencies to incorporate changes to the law and new technology seamlessly.

According to the NASWA/ITSC study mentioned above, states with modernized benefits and/or tax systems (accompanied by re-engineered business processes) generally report:

- **Better staff productivity.**
- **Improved customer service, including shorter wait times.**
- **Faster and more accurate benefit payments.**
- **Quicker and more accurate implementation of new laws/programs.**
- **Lower costs.**

CASE STUDY: HOW SC DEW BECAME THE FIRST UI AGENCY IN THE NATION TO IMPLEMENT A CLOUD-BASED TAX SYSTEM

The South Carolina (SC) Department of Employment and Workforce (DEW) required a comprehensive, modern, UI Tax system to replace a legacy tax system and integrate with its UI benefits system.

SC DEW had certain objectives while planning for their system modernization:

Self-service for employers and Third-Party Administrators (TPAs)

Develop a new and enhanced web portal for employer self-service using a single sign-on to improve employer self-service usage. SC DEW sought a streamlined process for employers to submit wage and tax information and to communicate with the UI Tax department.

Hosting

According to the NASWA/ITSC study, most states find it difficult to scale-up when workloads surge as the capacity of their legacy systems is limited. SC DEW wanted a hosted solution that provides 24-7-365 availability and had the ability to handle the cyclical nature of UI tax work.

Eliminate manual processes

Eliminate most manual tax calculations by introducing enhanced automation. SCDEW sought to reduce manual intervention scenarios to improve data quality and minimize human error.

Easy reporting

Implement a system that empowered business staff to create static and ad-hoc reports reducing the reliance on SC DEW technical staff to generate data queries. SCDEW sought speed and flexibility in accessing and interpreting tax data for data driven decision making.

Compliance

A system to enhance system integrity via real-time error messaging and compliance with South Carolina state and federal IT policies.

Avoid technology obsolescence

Utilize a commercial off-the-shelf (COTS) solution to reduce project implementation time and maximize supportability. Utilize software and hardware components that are scalable, adaptable, modular, and interoperable to improve system maintenance and support.

SC DEW was pleased to have Sagitec's help in meeting their objectives by implementing their Microsoft Azure for Government Neosurance™ solution – one that serves over 105,000 employers, over 1,700 third-party agents, and approximately 100 internal staff users.

SC DEW is just one example of the way in which the increased use of technology in today's society has altered how claimants, employers, and TPAs want to conduct business with government agencies. Adopting technology modernization within the UI sector will allow state agencies to reap the benefits of this technology revolution. It can truly transform the operations of UI agencies and in turn help service the citizens of the country more efficiently.

The first quarter of 2018 was processed in the new system achieving significant results and meeting all the stated objectives.

The following results were achieved:

97%

self-service adoption rate for employer wage reporting significantly reducing paper-based wage filings.

Over 90,000

employers submitted wage detail records through the employer tax portal by the reporting deadline, during the first quarter of implementation.

98%

self-service adoption rate for employer registrations.

86%

self-service adoption rate for employer account updates.

Over 90%

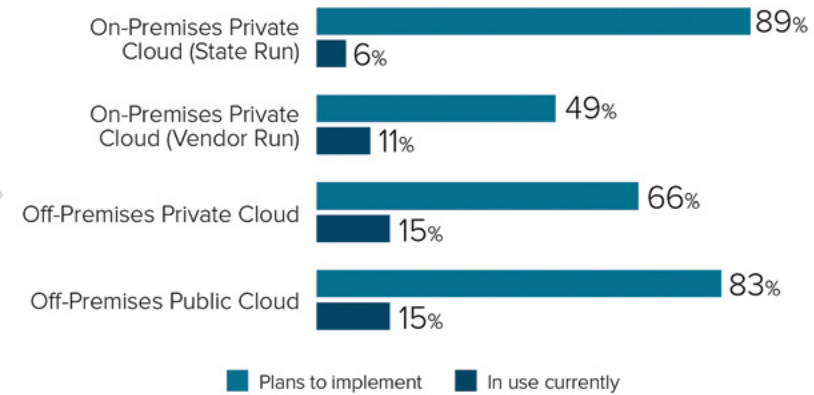
of tax payments were processed using electronic payment processes virtually eliminating paper checks in the first quarter of implementation.

Gaining this high-level of self-service adoption rate by employers within the first month of production is quite extraordinary. Usually, it takes multiple quarters in a year to achieve this level of self-service and automation. Having employers access the system using self-service portals provides SC DEW with significant administrative savings by not having to manually enter wages, process payments, register employers, and make changes to employers' accounts. In addition, the accuracy of the data increases by having the employers and TPAs perform these actions requiring data validation and business rules built into the self-service portals.



State CIOs Plan Strong Cloud Growth

Source: 2018 Digital States Survey



Don't get Left Behind in the Digital Race



Ranjith Kotcherlakota
Senior Partner

Cloud momentum continues to accelerate all across industries, but the uptick in adoption by government agencies has been slow. Organizations that run their own IT have to deal with hardware, software, patches, data security, networking updates, disaster recovery, and IT staffing which are all resource intensive. Cloud vendors like Microsoft efficiently and economically handle those activities.

There are a number of reasons why cloud is here to stay:

1. Reduces infrastructure costs and overall total cost of ownership

The cloud eliminates physical servers and storage space, real estate, power, and personnel to a large extent. While it may seem like the costs of an on premise solution are lesser, most

organizations forget that most of these costs are hidden and recurring. The subscription fees of a cloud solution might be high, but the ongoing costs are minimal thus providing long-term benefits to government agencies often riddled with low budgets and lack of resources.

2. Scalability

Instead of using all the space all the time, cloud solutions can scale during peak times and ramp down at other non-peak times due to low usage.

3. Business continuity and automatic updates

Microsoft Azure guarantees 99.9% uptime. Disaster recovery solutions are also available, thus making business continuity a no-problem area.

Regular software updates are provided automatically thus eliminating precious time of government agency personnel.

4. Security

Contrary to popular belief, cloud gives greater protection if implemented right. Even if personal machines get hacked, the data on the cloud is secure.

5. Increased collaboration

A cloud solution makes it possible to share documents amongst colleagues, thus making collaboration easier and increasing productivity.

Even with all these cloud advantages, public sector agencies have been slow to adopt cloud for many reasons. They have the challenge of trying to achieve all of the above advantages cloud provides while adhering to the highest level of security and compliance requirements.



Public sector entities exist under a microscope of expectations and demands. One eye faces towards connecting all the pieces within and across agencies most seamlessly, while the other looks towards future innovations, both in technology and the creation of ideas. To make both visions come together requires robust management tools that create a simplified IT experience. But that's strictly at the IT level. At the resource level, these agencies need the agility to respond to almost any situation. At the economic

level, they need to maximize their investments in ways that address constricted budgets. Finally, they need to evolve their security levels to minimize risk continually.

According to a recent survey by Penn Schoen Berland, 693 US Government customers were asked to rank their top 20 most important needs from a cloud services provider. In addition to security and privacy, compliance and data residency were in the top five most important needs.

So the question today is not whether the public sector should adopt cloud or not, but how fast and how far can the public sector go to the cloud? The benefits of cloud far outweigh the problems, and clear strategies can be set to overcome adoption inhibitors. Government agencies can rely on IT partners who have experience in multiple cloud migrations and trust them to help migrate to the cloud.

By 2022,
public cloud services
will be essential for
90% of business innovation

Source: Gartner 2018

WHY WE RECOMMEND MICROSOFT AZURE GOVERNMENT CLOUD

Approximately 5.2 million people use Microsoft Cloud for Government, which includes Azure Government, Office 365 Government, and Dynamics CRM Online Government, according to Curt Kolcun, vice president of the US Sector for Microsoft.

In 2013, Sagitec made a business decision to expand its partnership with Microsoft by adopting the Azure Government Cloud platform for achieving optimal performance and value. Currently, we have an 'Azure First' approach to all new business proposals and encourage all potential clients to move from on premise solutions toward a cloud infrastructure. This recommendation is based on industry trends, best practices, scalability, flexibility, and overall lower total cost of ownership.

For you, and other state and local government organizations, we strongly recommend the Azure Government Cloud as your best choice for adhering to foundational principles of security, privacy, control, compliance, and transparency. Microsoft Azure is a government-community cloud that extends world-class security and control for dedicated US public sector workloads and provides a full commitment to government compliance standards.



Provides a physical and network-isolated instance of Microsoft Azure.



Offers continuous commitment to rigorous compliance demands (i.e. FedRAMP, CIIS, and HIPAA) of a government-community cloud.



Provides screened U.S. citizens and policies to help protect customer data and applications.



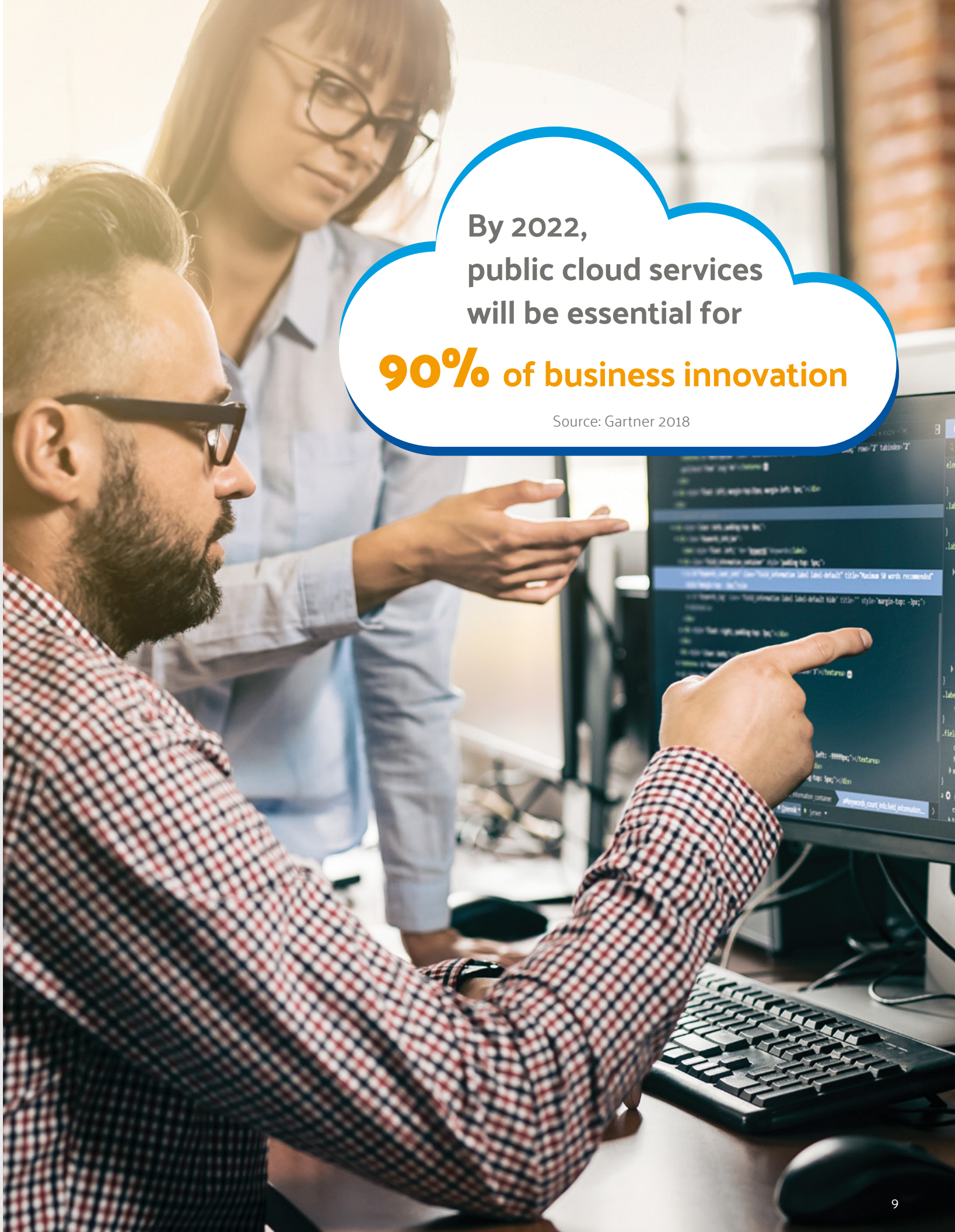
Provides rich infrastructure, storage, and identity management capabilities delivered through cloud, on-premises, and hybrid solutions.



Stores data within the United States.



Delivers integrated, familiar experiences with Office 365 for Government in the cloud.





Advocacy Defined: We Have Your Back

Customer advocacy done right, in its truest form, is the most special kind of customer service. Many organizations treat customer advocacy as the practice of getting their customers to advocate on their behalf – but, not Sagitec. We believe that customer advocacy is the practice of advocating on behalf of our customers, every day and in every way. Our customers, after all, are the reason that we are in business! And, it’s for that very reason that Sagitec has developed our Customer Advocacy Program.

The Proof is in the Pudding

Sagitec’s Customer Advocacy Program is wrapped inside Sagitec’s broader Engagement and Effectiveness function – which is aimed at existing customers as well as existing employees, alike. We strategically united these two (most important) aspects of our company so that we could move customer advocacy beyond product development or a sales tool (the way that most companies treat advocacy initiatives) and truly embed advocacy into the fabric of our corporate culture.

Right Fit Partnerships
Advocate for Customer Needs

FINDING OUR CENTER

Sagitec realized long ago that when we seek to understand, share our joy and our sorrow, and never lose sight of continuous innovation and improvement, we delight our customers. And, it’s in delighted customers that we find our center – otherwise thought of as our purpose or our mission. It took us a little time to formalize what makes us feel whole and officially launch our Customer Advocacy Program, but when we did, here’s what we wanted to accomplish:



Continuously experiment, improve, measure, and refine delighting our customers every day and in every way.



Drive effectiveness and efficiency into the way we communicate with and educate our customers, but value transparency as the highest communication virtue.



Assist customers in collaborating with each other and with Sagitec’s experts in order to solve problems, generate new ideas, and build lasting relationships.



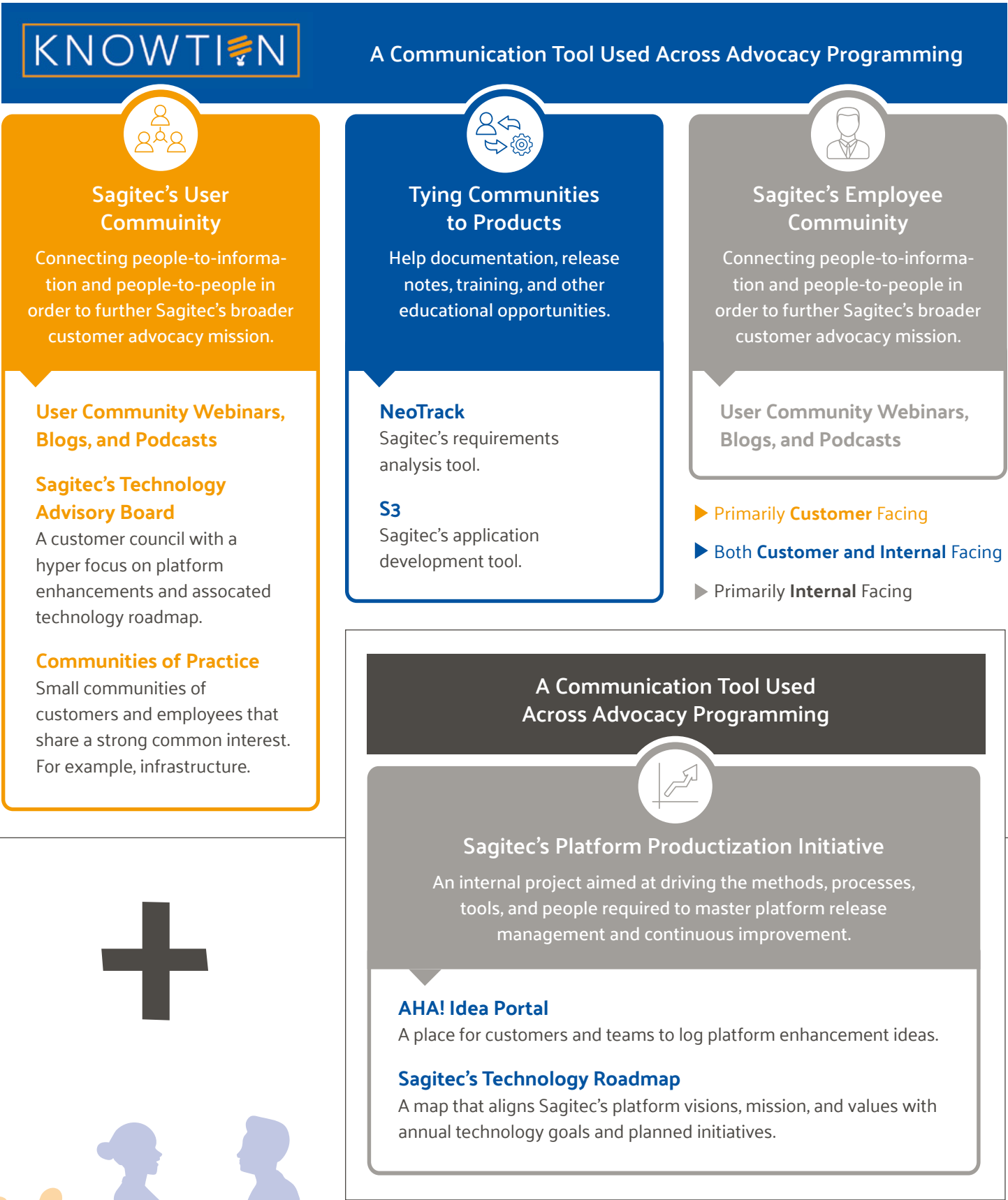
Marry customer advocacy to initiatives aimed at communicating with and developing our employees in order to sew these ideals into the fabric of our corporate culture.



Elicit the voice-of-the-customer and drive that voice into everything we do.

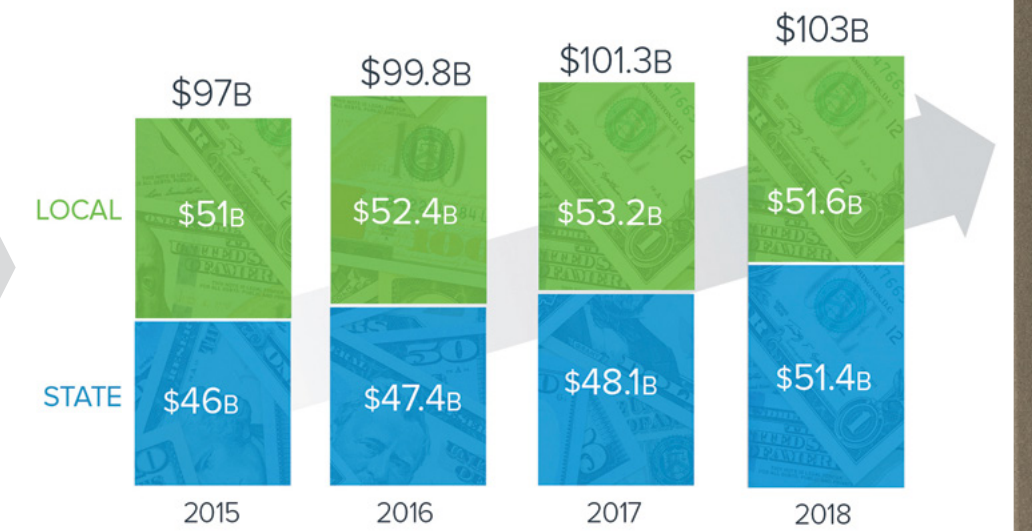
If you would like to know more about our customer advocacy initiatives, reach out to Neil Adcox (Neil.Adcox@sagitec.com), Director, Sagitec.

A PEAK INSIDE SAGITEC’S CUSTOMER ADVOCACY TODAY



State & Local Government IT Spending

Source: Govtech Navigator



Sagitec Solutions is Taking the Complexity Out of Unemployment Insurance Consortium Projects



The Maryland and West Virginia Consortium (MWC)

State unemployment insurance (UI) agencies that have modern IT systems are able to deliver UI services in a more customer friendly and cost effective manner. A modernized tax and benefits system enhances usability and improves customer service, improves overpayment prevention and detection, reduces administrative costs, and allows agencies to incorporate legislative changes and technical modifications seamlessly. While these operational benefits are enticing, UI IT modernization projects are a major undertaking. According to an industry report, around one in five projects are on time, on budget, and deliver the required major functionality.

To help improve the success rate of UI IT system replacement projects, many states are interested in the consortium model. This model enables partner states to pool their resources together to develop a single, common IT system. Each member state uses this base system and can configure it according to their state-specific law and policy requirements. By leveraging economies of scale, consortiums reduce the total cost of ownership for each state while reducing the strain that large software development projects can place on state UI and IT staff resources.

One of the most recent consortiums to form within the UI industry occurred in 2011 when the states of Maryland and West Virginia (MW Consortium)

joined together to modernize their UI tax, benefits, and appeals systems. After securing federal grants from the United States Department of Labor for the modernization initiative and following a formal bidding process, the MW Consortium selected Sagitec Solutions in September 2015 to design a state-of-the-art solution that both states could share.

While the consortium model may seem complex to some, Sagitec is proving that large-scale consortium IT projects are feasible. Inherent features of Sagitec's Neosurance™ solution and the underlying technology platform eliminate complexity and expedite deployment for this type of software implementation.

Saddled by outdated technology, Maryland and West Virginia Establish a Consortium

Maryland and West Virginia's legacy UI systems are primarily mainframe-based and were developed in the 1980s and 1990s. In addition to the difficulty encountered in maintaining and updating the antiquated technology, finding skilled IT professionals adept in working on mainframe technology is increasingly difficult for the consortium states. Lastly, when federal statutes change, it is difficult to update the mainframe systems in an efficient and cost effective manner.

In an effort to provide greater customer service and reduce maintenance and technology costs, Maryland and West Virginia united in their quest for a modern IT system. The consortium has many of the same goals characterized by large-scale modernization initiatives:

- **Promote staff efficiency** and self-service for employers, claimants and agents

- **Automate business processes** through intelligent workflow
- **Eliminate duplicate data entry**, storage, and processing
- **Lower total cost of ownership (TCO)** and share operations and maintenance costs
- **Improve Federal Performance Measures**
- **Improve the flexibility and reliability** of systems to allow for state-specific configuration and scalability to meet external stakeholder demand

At the outset of the project, however, the MW Consortium outlined the following goals that are unique to consortium projects.

- **Create a common core UI benefit**, tax, and appeals solution that the consortium states can share
- **Develop a flexible solution** that can be adapted and configured to each state's specific business processes and rules

- **Reduce the development costs** relative to the collective development of the two partner states by leveraging the inherent commonality between the states
- **Pool resources and skills** among the members states to promote success in all phases of the project
- **Leverage exportable code products** and methods where appropriate to mitigate risk and reduce short and long term costs

Sagitec is currently configuring the Neosurance™ solution into a unified IT system for Maryland and West Virginia's UI programs. The capabilities within Neosurance™ provide the ability to configure state-specific business rules while maintaining a common core. And the consortium selected Sagitec because Neosurance™ is able to meet all the solutions' considerations required.

If you would like more details about this case study, please reach out to us and we'd be happy to talk to you.

SOLUTION CONSIDERATIONS

Here are some solution considerations that are important to keep in mind as you embark on these UI modernization projects.

- A solution should be a proven system platform that allows your UI tax and benefit solution to evolve continuously – there should be no sunset dates with the chosen technology.
- A solution should be designed to drive self-service adoption rates for claimants, employers and third party administrators, allowing your stakeholders to manage their accounts independently and reduce reliance on UI staff.
- Standard modules, application design and development components should meet most of state UI tax and benefits requirements right out-of-the-box. This significantly reduces project implementation risks, maximizes your ROI, and enhances the quality of your eventual solution.
- Your chosen vendor should have a robust design and implementation approach that utilizes project accelerator tools to incorporate your unique business rules and business processes quickly and efficiently.
- Any solutions you choose should identify fraud trends and data anomalies before they occur. Through cross-referencing data and historical patterns, it should identify overpayments and fraud quickly and efficiently.
- The solution you choose should extend self-service to your claimants with a mobile application. This, in turn, improves customer service, reduces call center volume, and assists claimants during the benefits claims and job application process.
- Any solution should offer reduced reliance on third party software products, thus decreasing annual maintenance costs and the total cost of ownership.

DRIVING VISION INTO ACTION



About Sagitec

Sagitec Solutions, LLC, is a global software provider focused on solving complex, business-rule driven problems with domain experts and proven technology. They serve numerous Labor and Employment agencies in the United States. Their fully integrated, web-based solutions meet the majority of unemployment insurance, paid family leave, disability insurance, and workforce business requirements straight out-of-the-box, while also being extremely flexible to accommodate unique business rules and requirements. In addition to serving the Labor and Employment industry, Sagitec also designs and delivers software solutions for other benefits administrators in the pension market and healthcare industries. With deep industry experience in software implementation and systems integration, project management, knowledge management, predictive analytics, chatbots, cloud services, consulting, hosting, and software support, Sagitec is a partner clients can trust to drive their vision into action. For more information, visit www.sagitec.com.



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