Redemption for the DMV

BY: Tod Newcombe | March 2018

On Jan. 31, 2013, California pulled the plug on a long overdue modernization of its Department of Motor Vehicles (DMV) IT systems. Originally scheduled to be completed that March, the state and its prime contractor had only managed to finish one portion of the $208 million system overhaul.

But California was not the only state to stumble. From coast to coast, DMVs struggled to drag their IT systems into the 21st century. Instead of creating new efficiencies for driver's licensing and motor vehicle registrations, states were reporting false starts, failures and lawsuits. Meanwhile, as Americans were growing used to one-click, online orders for retail purchases, they found themselves still heading down to the local DMV office to stand in line, where wait times were lengthening while IT upgrades languished.

Worse still, the deadline for Real ID, the law passed by Congress requiring states to follow federal security standards when issuing licenses, was fast approaching. After years of fighting, all states finally agreed to meet the act's compliance standard by October 2020. That meant every state DMV had to have the capability to verify that a license applicant was in the country legally and to verify with biometrics the authenticity of the person applying for a license or ID card. Try doing that with technology that's 25 years old — or older.

But five years after California, the nation's largest state by population, halted work on its DMV modernization, the landscape looks much different. A growing number of DMVs have modernized, pulling the plug on legacy systems, which have been replaced by integrated platforms that have re-engineered business processes while offering customers faster counter service or, even better, the opportunity to conduct transactions online, eliminating the need to visit the DMV office. The new systems have made it simpler to comply with Real ID while also making it easier to addemerging technologies.

So, what happened? Why have so many state DMVs gone from being the laughingstock of IT to showcases of modernization?

When asked how old New Mexico's legacy DMV technology was, Alicia Ortiz, acting director of the Motor Vehicle Division (MVD), responded that it was built in the late 1970s, a time when mainframes were still new technology, Jimmy Carter was in the White House and the Internet was nothing more than an academic experiment funded by the Department of Defense. Ortiz admitted it was probably the oldest and worst-performing IT system among state DMVs. But New Mexico's was not the only agency that had clung to old tech. Scores of states have kept their big iron technology operational, despite the growing maintenance costs and shrinking resources, not to mention the lack of skilled workers who could code in COBOL, the computer language that runs mainframes.

Drivers' Licenses Go Digital

At the same time as DMVs move toward Real ID compliance, five states and the District of Columbia are moving forward on mobile or digital drivers' licenses in 2018. The hope is that app-based, encrypted licenses and electronic technology to read them will cut costs, create efficiencies and increase safety for both citizens and law enforcement. While there's no sign that high-tech licenses will replace the traditional form anytime soon, governments are seeing the advantages of a digital option.

Leading the pack is Iowa, where in 2015 the state piloted a 90-day mobile driver's license project with identity company MorphoTrust USA, now IDEMIA, and is now working to expand the project statewide, making the tech available for both iOS and Android smartphones.

Ironically, the problem was that mainframes were well-built and designed to last, said Frank Dean, head of marketing and customer relations at Fast Enterprises. "Mainframes have always been solid and reliable," he said. "The problem is that they are limited in what they can do, and now DMVs have reached the capacity for change that mainframes can handle."

Nothing highlighted that capacity problem better than Real ID, according to Dean. "Real ID is a great example of something that comes along that the mainframe isn't designed to handle," he said. "It's another reason why states are deciding to modernize and look at other options."

A third factor in favor of modernizing is the impact new technology is having on the

And in a pilot with digital security company Gemalto, with the help of a two-year grant from the National Institute of Standards and Technology, five jurisdictions — Colorado, Maryland, Wyoming, Idaho and Washington, D.C. — are exploring practical ways to implement digital driver's licenses. Phase 1 of the project in 2017 looked at use cases, such as presenting app-based IDs to purchase lottery tickets or buy alcohol at sports events. Phase 2 in 2018 will expand to cases that include "attribution sharing," where a user can provide a trusted third party, like a car rental company, with personal information from their digital license.

market and customers. Call it the "Amazon effect." Drivers now expect online services, and DMVs are finally responding. "DMVs are moving toward more online transactions, where the customer doesn't have to come down to the DMV in person," said Ian Grossman, vice president for public affairs at the American Association of Motor Vehicle Administrators. "It's become a big push in many states, with an emphasis on cutting down on visits through Web services or the mail."

For early adopters, however, the transition from mainframe to modern would prove painful. Rhode Island began modernizing back in 2008, but the state suffered a

series of setbacks and delays, trading lawsuits with contractor DXC (originally Hewlett-Packard) before launching its new system last July. Walter "Bud" Craddock, administrator for the state's Division of Motor Vehicles, attributed the troubles to the use of a traditional waterfall implementation method.

"It did not go well," he reported. "But once we switched to an agile methodology, we made progress." Today, the state has a Web-based system that is fully integratedand compliant with Real ID.

In 2008, the waterfall methodology, which has reigned over IT implementations for years, was considered the status quo. It also has been the source of many big system failures in government. Unfortunately what state DMVs want these days is a highly configurable system, not something that is going to take months to customize and build, according to Frank Dean.

Along with trying to build more flexible systems, early adopters also faced the challenge of re-engineering business processes that were decades old. Further, modernization called for the integration of what were once separate driver's licensing and motor vehicle systems. Trying to change culture and business, and to integrate disparate systems, while adding brand-new, online services, is not for the faint of heart. The result, said Dean, was a series of modernization projects that turned into battlefields. "There was carnage all over it," he said.

To avoid the problems that plagued the early adopters, states began to take a more innovative and comprehensive approach to modernization. In Colorado, the Division of Motor Vehicles realized that if it was going to succeed, it had to focus on four key areas: the organization, the processes, the facilities and, finally, IT.

While technology would be critical to its success, the DMV began to gather more comprehensive metrics on how it served existing customers. "That allowed us to set down standards in terms of what we wanted to achieve," said Michael Dixon, DMV's senior director. The DMV ran two Lean projects to identify problems, eliminate waste, and demonstrate that it was willing to change both processes and culture. "That helped us in terms of getting the money to make the necessary technological changes," said Dixon.

Colorado launched its new driver services in early 2017, part of a two-phase project that will be completed later in 2018. The new system will radically change how workers are able to access information and run transactions. One big benefit: No longer will staff have to memorize codes, which will result in less time spent in training and more time in front of customers. The new system is also designed to reduce errors and increase accuracy. For customers, the new technology will allow for more online transactions, which can reduce the number of visits to DMV offices.

What makes Colorado's new system, known as DRIVES, unique, is that it's the only DMV in the country to run as a software as a service. The entire platform for driver and vehicle services is hosted and maintained by the vendor, Fast Enterprises. Dixon said that by allowing its DMV system to operate in Fast Enterprise's cloud, the state will have technology that is refreshed regularly — instead of 25 years with the mainframe system — and it won't have to compete with the private sector to attract highly skilled workers who can maintain the software while keeping it secure.

According to Dean, DMVs are interested in having their software hosted in the cloud, but state laws restrict the location of where identity data can be stored, which limits its use. As a result, the company doesn't push cloud as a solution. "We would rather give them what they want, what solves their problem, than push a trend."

New Mexico's MVD is another example of how a state stumbled with its first attempt to modernize, only to try again and succeed. In 2012, the state shut down a modernization project that had cost $5 million so far. But that setback turned into a valuable lesson, according to Ortiz, leading to a second effort that resulted in a fully implemented, integrated driver's and vehicle services system by 2016.

MVD spent a considerable amount of time talking with other states, documenting business processes and checking business rules against state statutes to make sure there weren't any gaps between policies, procedures and technology. More importantly, the agency invested considerable resources in data cleansing. "We had three separate systems and everything was out of sync," said Ortiz.

The goal was to move away from the siloed approach for data management to an integrated platform that was more customer-centric. After investing $36 million, the state has a system that makes it easier to process transactions with a higher level of accuracy, while drivers can access a growing number of online services. "The new system has given us a lot more flexibility to respond to new technologies as they emerge, such as electronic titles or anything that relates to autonomous vehicles," said Ortiz.

As DMVs modernize, interesting trends have begun to emerge. Ortiz and other DMV directors have hinted at how mobile technology promises to open up the field of licensing in ways not seen before. In August 2017, Radius Global Market Research and MorphoTrust USA released a report showing a majority of Americans were interested in having mobile driver's licenses that would be available through a smartphone app. Several states, including Iowa, Maryland and Colorado, among others, have initiatives underway to test the capabilities of a mobile license.

The challenge will be in overcoming the complexity of providing security, so that the license can be validated in real time, according to Frank Dean. "The system on the back end has to be very responsive so that law enforcement can take pieces of information from the mobile license and validate it with the DMV in real time," he said.

As DMVs modernize and improve their ability to accurately identify and verify a driver, they have emerged as the most reliable government agency when it comes to identification. Federal agencies, including the Social Security Administration, now use a program called DLDV (driver's license data verification) to properly identify a person who needs to replace their Social Security card. According to Dean, states that have motor vehicle divisions operating within the department of tax or revenue will use an individual's license number as a form of verification when issuing tax refunds, to reduce fraud.

"There are more and more transactions taking place online without people ever being in the same building together," said Dean. "To have that level of trust in an economy that is becoming increasingly electronic means you have to have a way to verify that trust. The DMV is the only agency in the U.S. that still regularly sees people and records identity information about them."

In essence, DMVs have become identity hubs for government agencies at every level. And without modernization of their IT systems, such a system of trust wouldn't be possible or practical.

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