

Project Investment Justification

ServiceNow

HC24003

Arizona Health Care Cost Containment System

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1. GENERAL INFORMATION

PIJ ID: HC24003

PIJ Name: ServiceNow

Account: Arizona Health Care Cost Containment System

Business Unit Requesting: ISD

Sponsor: Anthony Flot

Sponsor Title: Chief Technology Officer

Sponsor Email: anthony.flot@azahacccs.gov

Sponsor Phone: (602) 417-4831

2. MEETING PRE-WORK

2.1 What is the operational issue or business need that the Agency is trying to solve? (i.e....current process is manual, which increases resource time/costs to the State/Agency, and leads to errors...):

Person Centric Processes: Arizona Health Care Cost Containment System (AHCCCS) and Med-QUEST Division (MQD) maintain their operations through isolated activities that rely on individual employees having personal responsibility to track agency business in email and spreadsheets, which puts the agencies at risk. There is an absence of consistent communication methods within AHCCCS and MQD.

Limited Self-Service Capabilities. AHCCCS and MQD have focused on providing members and providers the ability to find answers and resolve their issues via a website (self-serve web portal providing functionality such as claims status inquiry, eligibility verification, prior authorization submissions). However, the ability for business users to self-serve in support of their daily activities is limited. There is limited business rules documentation to support analysis of issues/concerns without involving the system support teams. Due to a lack of an Enterprise Business Workflow Management Software platform, business is often performed through email, Excel, and Microsoft Access.

Lack of Enterprise Governance. The lack of both an enterprise program management office and established governance structures, policies, and tools across the combined organizations puts AHCCCS and MQD at further risk to delay or fail in their efforts to transform their legacy systems. Multiple vendor-managed modules have been added to the AHCCCS and MQD enterprises without sufficient integration or planning, resulting in disparate processes for managing change control, testing, and documentation.

Inability to View Full Financial Picture: AHCCCS and MQD rely heavily on the manual aggregation of disparate information from multiple sources using MS Excel/Google Sheets workbooks and MS Access databases outside of the PMMIS/HPMMIS and the enterprise data warehouses to provide required state and federal financial reporting.

2.2 How will solving this issue or addressing this need benefit the State or the Agency?

Implementation of a modular Enterprise Business Workflow Management Software will provide an integrated suite of software tools and workflows that will support key functions such as governance, change management, knowledge management, contact and communications management, contract management, and IT service ticketing. The functions currently residing within the PMMIS State System Request (SSR) subsystem, and the numerous manual processes handled through email, SharePoint, and Excel will be consolidated into this comprehensive system. This implementation is specific to the AHCCCS organization; however, the leveraged systems and IT staff within AHCCCS that support the MQD programs will be directly affected by the changes. In addition, a separate existing instance of an Enterprise Business Workflow Management Software within the MQD organization will be integrated with the AHCCCS instance to facilitate the coordination of the activities between the two enterprises.

2.3 Describe the proposed solution to this business need.

AHCCCS will establish a ServiceNow platform implementing common workflows across the systems integration platform and services helping ensure that access to care is prioritized by making data available and systems interoperable with one another in a standardized manner for the AHCCCS and MQD enterprises.

An implementation of the core platform will drive efficiency and accessibility for the business users who support AHCCCS providers, health plans, and members. These systems will also stabilize the supportability of the MES that could affect access to care.

Consolidation to an Enterprise Business Workflow Management Software platform will help ensure that AHCCCS employees are delivering timely and optimal services to support providers and members.

Implementation of the ServiceNow platform will meet not only today's needs but allow the flexibility to adapt to the rapid pace of change associated with technology advancement, government mandates, and the needs of members and providers.

Implementing through cloud hosting and Software as a Service will help drive sustainable infrastructure for AHCCCS.

2.4 Has the existing technology environment, into which the proposed solution will be implemented, been documented?

Yes

2.4a Please describe the existing technology environment into which the proposed solution will be implemented.

2.5 Have the business requirements been gathered, along with any technology requirements that have been identified?

Yes

2.5a Please explain below why the requirements are not available.

3. PRE-PIJ/ASSESSMENT

3.1 Are you submitting this as a Pre-PIJ in order to issue a Request for Proposal (RFP) to evaluate options and select a solution that meets the project requirements?

No

3.1a Is the final Statement of Work (SOW) for the RFP available for review?

3.2 Will you be completing an assessment/Pilot/RFP phase, i.e. an evaluation by a vendor, 3rd party or your agency, of the current state, needs, & desired future state, in order to determine the cost, effort, approach and/or feasibility of a project?

No

3.2a Describe the reason for completing the assessment/pilot/RFP and the expected deliverables.

3.2b Provide the estimated cost, if any, to conduct the assessment phase and/or Pilot and/or RFP/solicitation process.

3.2e Based on research to date, provide a high-level cost estimate to implement the final solution.

4. PROJECT

4.1 Does your agency have a formal project methodology in place?

Yes

4.2 Describe the high level makeup and roles/responsibilities of the Agency, Vendor(s) and other third parties (i.e. agency will do...vendor will do...third party will do).

Vendor will do:

- Deliver Project Management & System Design Documents
- Configure and Implement the software solution
- Complete application testing
- Prepare & Deliver training
- Provide on-going application Maintenance & Operations (M&O)

Shared between Vendor and AHCCCS

- Participate in project meetings
- Project Management
- Test Planning & Execution
- Training Planning & Delivery
- Organizational Change Management (OCM)

AHCCCS will do:

- Project Contract Oversight
- Supply the technology environment and network connectivity
- Subject Matter Expert support
- Review & Accept Deliverables
- User Acceptance Testing (UAT)

4.3 Will a PM be assigned to manage the project, regardless of whether internal or vendor provided?

Yes

4.3a If the PM is credentialed, e.g., PMP, CPM, State certification etc., please provide certification information.

4.4 Is the proposed procurement the result of an RFP solicitation process?

Yes

4.5 Is this project referenced in your agency's Strategic IT Plan?

Yes

5. SCHEDULE

5.1 Is a project plan available that reflects the estimated Start Date and End Date of the project, and the supporting Milestones of the project?

Yes

5.2 Provide an estimated start and finish date for implementing the proposed solution.

Est. Implementation Start Date

Est. Implementation End Date

10/2/2023 12:00:00 AM

2/21/2025 12:00:00 AM

5.3 How were the start and end dates determined?

Based on project plan

5.3a List the expected high level project tasks/milestones of the project, e.g., acquire new web server, develop software interfaces, deploy new application, production go live, and estimate start/finish dates for each, if known.

Milestone / Task	Estimated Start Date	Estimated Finish Date
ITAC ADOA/ASET Approves PIJ	09/20/23	09/22/23
ADOA to receive fully executed signed contract from Ernst & Young	09/22/23	09/29/23
Ernst & Young to begin services - Solution Shaping - Kick-off Meeting	10/02/23	10/06/23
ADOA to receive an updated project plan with new dates	10/02/23	10/13/23
Phase 1 – Platform Stand-up & Security Conformance – set up ServiceNow environment and configure to meet regulatory requirements	10/09/23	11/10/23
Phase 2 – Mobilize IT Operations – Solution Design/Product Build –Implement ITSM module, including: CMDB Incident Management Problem Management Change Management Service Catalog Management IT Services Portal Knowledge Management	11/01/23	04/01/24
Phase 1 - Payment to the vendor \$724,354	11/10/23	12/15/23
Security Plan Development/Submission	12/01/23	12/13/24

Phase 3 – Mobilize HR & Project Operations –Solution Design/Product Build – Implement Human Resources Service Delivery module Implement Strategic Portfolio Management module	04/01/24	09/30/24
Phase 2 - Payment to the vendor \$2,233,657	04/01/24	05/03/24
Phase 4 – Enable customer interactions and manage regulatory compliance/risks Implement Customer Service Management module Implement Grievances and Hearing module Implement Grants manage module Implement Integrated Risk Management module	07/01/24	12/31/24
Phase 3 - Payment to the vendor \$838,782	09/30/24	11/01/24
Training/Knowledge Transfer	10/01/24	12/31/24
Platform Operationalized and Sustainability Model Established	12/01/24	12/31/24
Phase 4 - Payment to the vendor \$2,027,206	12/31/24	01/31/25
Lessons Learned	01/01/25	01/31/25
Project Close Out Report for AODA	01/01/25	02/21/25

5.4 Have steps needed to roll-out to all impacted parties been incorporated, e.g. communications, planned outages, deployment plan?

Yes

5.5 Will any physical infrastructure improvements be required prior to the implementation of the proposed solution. e.g., building reconstruction, cabling, etc.?

No

5.5a Does the PIJ include the facilities costs associated with construction?

5.5b Does the project plan reflect the timeline associated with completing the construction?

6. IMPACT

6.1 Are there any known resource availability conflicts that could impact the project?

Yes

6.1a Have the identified conflicts been taken into account in the project plan?

Yes

6.2 Does your schedule have dependencies on any other projects or procurements?

Yes

6.2a Please identify the projects or procurements.

Systems Integration

6.3 Will the implementation involve major end user view or functionality changes?

Yes

6.4 Will the proposed solution result in a change to a public-facing application or system?

No

7. BUDGET

7.1 Is a detailed project budget reflecting all of the up-front/startup costs to implement the project available, e.g., hardware, initial software licenses, training, taxes, P&OS, etc.?

Yes

7.2 Have the ongoing support costs for sustaining the proposed solution over a 5-year lifecycle, once the project is complete, been determined, e.g., ongoing vendor hosting costs, annual maintenance and support not acquired upfront, etc.?

Yes

7.3 Have all required funding sources for the project and ongoing support costs been identified?

Yes

7.4 Will the funding for this project expire on a specific date, regardless of project timelines?

Yes

7.5 Will the funding allocated for this project include any contingency, in the event of cost over-runs or potential changes in scope?

Yes

8. TECHNOLOGY

8.1 Please indicate whether a statewide enterprise solution will be used or select the primary reason for not choosing an enterprise solution.

There is not a statewide enterprise solution available

8.2 Will the technology and all required services be acquired off existing State contract(s)?

Yes

8.3 Will any software be acquired through the current State value-added reseller contract?

Yes

8.3a Describe how the software was selected below:

Through NASPO utilizing a ServiceNow supplier

8.4 Does the project involve technology that is new and/or unfamiliar to your agency, e.g., software tool never used before, virtualized server environment?

No

8.5 Does your agency have experience with the vendor (if known)?

No

8.6 Does the vendor (if known) have professional experience with similar projects?

Yes

8.7 Does the project involve any coordination across multiple vendors?

Yes

8.8 Does this project require multiple system interfaces, e.g., APIs, data exchange with other external application systems/agencies or other internal systems/divisions?

Yes

8.9 Have any compatibility issues been identified between the proposed solution and the existing environment, e.g., upgrade to server needed before new COTS solution can be installed?

No

8.9a Describe below the issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you.

8.10 Will a migration/conversion step be required, i.e., data extract, transformation and load?

Yes

8.11 Is this replacing an existing solution?

Yes

8.11a Indicate below when the solution being replaced was originally acquired.

Case Management – Module on mainframe – 1997

SSR – Module on the mainframe – 09/2000

InvGate – 02/2020

Prolaw – 2007

8.11b Describe the planned disposition of the existing technology below, e.g., surplus, retired, used as backup, used for another purpose:

Case Management – Module on mainframe – Mainframe is being retired

SSR – Module on the mainframe – Mainframe is being retired

InvGate – license will not be renewed and open tickets migrated to ServiceNow

Prolaw – license will not be renewed. Hosted in Azure and compute will be removed

8.12 Describe how the agency determined the quantities reflected in the PIJ, e.g., number of hours of P&OS, disk capacity required, number of licenses, etc. for the proposed solution?

NTT DATA was contracted to lead the state through requirements develop and worked with a ServiceNow representative to confirm and validate components and quantities. Procurement through a competitive process and two rounds of Q&A

8.13 Does the proposed solution and associated costs reflect any assumptions regarding projected growth, e.g., more users over time, increases in the amount of data to be stored over 5 years?

Yes

8.14 Does the proposed solution and associated costs include failover and disaster recovery contingencies?

Yes

8.14a Please select why failover and disaster recovery is not included in the proposed solution.

8.15 Will the vendor need to configure the proposed solution for use by your agency?

Yes

8.15a Are the costs associated with that configuration included in the PIJ financials?

Yes

8.16 Will any app dev or customization of the proposed solution be required for the agency to use the project in the current/planned tech environment, e.g. a COTS app that will req custom programming, an agency app that will be entirely custom developed?

Yes

8.16a Will the customizations inhibit the ability to implement regular product updates, or to move to future versions?

No

8.16b Describe who will be customizing the solution below:

Vendor

8.16c Do the resources that will be customizing the application have experience with the technology platform being used, e.g., .NET, Java, Drupal?

Yes

8.16d Please select the application development methodology that will be used:

Agile/Scrum

8.16e Provide an estimate of the amount of customized development required, e.g., 25% for a COTS application, 100% for pure custom development, and describe how that estimate was determined below:

~5%

8.16f Are any/all Professional & Outside Services costs associated with the customized development included in the PIJ financials?

Yes

8.17 Have you determined that this project is in compliance with all applicable statutes, regulations, policies, standards & procedures, incl. those for network, security, platform, software/application &/or data/info found at aset.az.gov/resources/psp?

Yes

8.17a Describe below the compliance issues that were identified and how they have been/will be resolved, or whether an ADOA-ASET representative should contact you:

8.18 Are there other high risk project issues that have not been identified as part of this PIJ?

No

8.18a Please explain all unidentified high risk project issues below:

9. SECURITY

9.1 Will the proposed solution be vendor-hosted?

Yes

9.1a Please select from the following vendor-hosted options:

Commercial data center environment, e.g AWS, Azure

9.1b Describe the rationale for selecting the vendor-hosted option below:

Software as a Service

9.1c Has the agency been able to confirm the long-term viability of the vendor hosted environment?

Yes

9.1d Has the agency addressed contract termination contingencies, e.g., solution ownership, data ownership, application portability, migration plans upon contract/support termination?

Yes

9.1e Has a Conceptual Design/Network Diagram been provided and reviewed by ASET-SPR?

No

9.1f Has the spreadsheet located at <https://aset.az.gov/arizona-baseline-security-controls-excel> already been completed by the vendor and approved by ASET-SPR?

No

9.2 Will the proposed solution be hosted on-premise in a state agency?

No

9.2a Where will the on-premise solution be located:

9.2b Were vendor-hosted options available and reviewed?

9.2c Describe the rationale for selecting an on-premise option below:

9.2d Will any data be transmitted into or out of the agency's on-premise environment or the State Data Center?

9.3 Will any PII, PHI, CGIS, or other Protected Information as defined in the 8110 Statewide Data Classification Policy be transmitted, stored, or processed with this project?

Yes

9.3a Describe below what security infrastructure/controls are/will be put in place to safeguard this data:

<https://www.servicenow.com/company/media/press-room/servicenow-secures-fedramp-high-authorization.html>

https://support.servicenow.com/kb?id=kb_article_view&sysparm_article=KB0960500

<https://www.servicenow.com/company/trust/compliance.html>

10. AREAS OF IMPACT

Application Systems

Internal Use Web Application;New Application Development

Database Systems

Software

COTS Application Acquisition

Hardware

Hosted Solution (Cloud Implementation)

Amazon (AWS) GovCloud

Security

Telecommunications

Enterprise Solutions

Management Systems - Financial, Grants, Asset;Disaster Recovery/Business Continuity

Contract Services/Procurements

11. FINANCIALS

Description	PIJ Category	Cost Type	Fiscal Year Spend	Quantity	Unit Cost	Extended Cost	Tax Rate	Tax	Total Cost
ServiceNow Integrator-Hearings and Grievances	Professional & Outside Services	Development	1	1	\$656,118	\$656,118	0.00 %	\$0	\$656,118
ServiceNow Integrator-Governance and Risk Compliance	Professional & Outside Services	Development	1	1	\$724,354	\$724,354	0.00 %	\$0	\$724,354
ServiceNow Integrator-IT Service Management + IT Operations Management	Professional & Outside Services	Development	1	1	\$1,529,185	\$1,529,185	0.00 %	\$0	\$1,529,185
ServiceNow Integrator-Customer Service Management	Professional & Outside Services	Development	1	1	\$704,473	\$704,473	0.00 %	\$0	\$704,473
ServiceNow Integrator-Human Resources Service Management	Professional & Outside Services	Development	1	1	\$838,782	\$838,782	0.00 %	\$0	\$838,782
ServiceNow Integrator-Strategic Portfolio Management	Professional & Outside Services	Development	1	1	\$771,595	\$771,595	0.00 %	\$0	\$771,595
ServiceNow Integrator-Grants Management	Professional & Outside Services	Development	1	1	\$599,493	\$599,493	0.00 %	\$0	\$599,493
ServiceNow Software License	License & Maintenance Fees	Development	1	1	\$3,440,930	\$3,440,930	860.00 %	\$295,920	\$3,736,851
Staff Augment (PM, SME, Test, Dev)	Professional & Outside Services	Development	1	4	\$312,000	\$1,248,000	0.00 %	\$0	\$1,248,000
Independent Verification & Validation	Other	Development	1	1	\$1,000,020	\$1,000,020	0.00 %	\$0	\$1,000,020
Staff Augment (PM, SME, Test, Dev)	Professional & Outside Services	Development	2	4	\$312,000	\$1,248,000	0.00 %	\$0	\$1,248,000
ServiceNow Software License	License & Maintenance Fees	Development	2	1	\$3,778,980	\$3,778,980	860.00 %	\$324,992	\$4,103,973
Independent Verification & Validation	Professional & Outside Services	Development	2	1	\$850,035	\$850,035	0.00 %	\$0	\$850,035

ServiceNow Integrator	Professional & Outside Services	Operational	2	1	\$821,754	\$821,754	0.00 %	\$0	\$821,754
ServiceNow Integrator	Professional & Outside Services	Operational	3	1	\$776,557	\$776,557	0.00 %	\$0	\$776,557
ServiceNow Software License	License & Maintenance Fees	Operational	3	1	\$4,317,180	\$4,317,180	860.00 %	\$371,278	\$4,688,458
ServiceNow Integrator	Professional & Outside Services	Operational	4	1	\$698,901	\$698,901	0.00 %	\$0	\$698,901
ServiceNow Software License	License & Maintenance Fees	Operational	4	1	\$4,446,696	\$4,446,696	860.00 %	\$382,416	\$4,829,112
ServiceNow Integrator	Professional & Outside Services	Operational	5	1	\$629,013	\$629,013	0.00 %	\$0	\$629,013
ServiceNow Software License	License & Maintenance Fees	Operational	5	1	\$5,780,705	\$5,780,705	860.00 %	\$497,141	\$6,277,845

Base Budget (Available)	Base Budget (To Be Req)	Base Budget % of Project
\$0	\$3,758,976	10%
APF (Available)	APF (To Be Req)	APF % of Project
\$1,155,669	\$0	3%
Other Appropriated (Available)	Other Appropriated (To Be Req)	Other Appropriated % of Project
\$0	\$0	0%
Federal (Available)	Federal (To Be Req)	Federal % of Project
\$16,949,369	\$13,424,915	83%
Other Non-Appropriated (Available)	Other Non-Appropriated (To Be Req)	Other Non-Appropriated % of Project
\$727,594	\$715,995	4%

Total Budget Available	Total Development Cost
\$18,832,632	\$18,010,878
Total Budget To Be Req	Total Operational Cost
\$17,899,886	\$18,721,640
Total Budget	Total Cost
\$36,732,518	\$36,732,518

12. PROJECT SUCCESS

Please specify what performance indicator(s) will be referenced in determining the success of the proposed project (e.g. increased productivity, improved customer service, etc.)? (A minimum of one performance indicator must be specified)

Please provide the performance objective as a quantifiable metric for each performance indicator specified.

Note: The performance objective should provide the current performance level, the performance goal, and the time period within which that performance goal is intended to be achieved. You should have an auditable means

to measure and take corrective action to address any deviations.

Example: Within 6 months of project completion, the agency would hope to increase "Neighborhood Beautification" program registration by 20% (3,986 registrants) from the current registration count of 19,930 active participants.

Performance Indicators

Within 3 months of project completion, functionality for Case Management and SSR will be migrated off the mainframe and into modern technology with improved workflow.

Within 3 months of project completion, Prolaw will be retired.

Within 6 months of project completion, Invigate will be retired.

Within 1 year of project completion, AHCCCS will migrate from email and spreadsheets to configured workflows within Service now for 50% of their interactions

13. CONDITIONS

Conditions for Approval

Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.

Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health. The first status report for this project is due on November 15, 2023.

The agency shall select an Independent Verification & Validation (IV&V) vendor, provide the contract to ADOA-ASET and provide an informational update to ITAC that all the necessary requirements have been met for the Federal approval within 90 days of ITAC approval.

Prior to system production environment launch or go live, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the System Security Plan document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

14. OVERSIGHT SUMMARY

Project Background

Business Justification

Implementation Plan

Vendor Selection

Budget or Funding Considerations

15. PIJ REVIEW CHECKLIST

Agency Project Sponsor

Anthony Flot

Agency CIO (or Designee)

Dan Lippert

Agency ISO (or designee)

Michael Heiser

OSP Representative

ASET Engagement Manager

ASET SPR Representative

Emily Gross

Agency SPO Representative

Katie Morris

Agency CFO

Jeff Tegen
