

## CASE STUDY

# HOW CALIFORNIA'S EMPLOYMENT DEVELOPMENT DEPARTMENT ACCELERATES ESSENTIAL INFRASTRUCTURE MODERNIZATION WITH CITY INNOVATE



California's Employment Development Department (EDD) is a vital State agency responsible for managing unemployment claims and payments, disability insurance, and paid family leave.

To support California's 19 million-strong labor force, EDD delivers valuable services for workers, employers, and job seekers. EDD is one of the largest state departments, with approximately 10,000 employees, in 160 locations, processing 130 million pages of documents every year.



## EDD ALIGNS THEIR VISION AND VALUES



EDD's core values include integrity, care, teamwork, and trust, among others, and they have a programmatic vision to make accessing State benefits secure and streamlined. Imagine a Californian only applying for benefits once, and making the information people provide in a single application available across multiple programs. The system is able to verify that a resident's answers satisfy benefits requirements and if they need to apply for additional benefits, there's less burdensome paperwork. EDD provides life-changing support to people during some of the most challenging and stressful times in their lives. The department is committed to supporting people when they need it most – by making paperwork processes easier and faster – and preventing fraudulent efforts at the same time.

## ADDRESSING AN AGING TECHNOLOGY INFRASTRUCTURE

Programmatic changes in any government agency take time and effort, but when considering the size and scope of EDD, it's immense. First, consider the existing systems. California's paid family leave system was put in place in 2004, the disability benefits system arrived in 2012, and their current online unemployment system was launched in 2015. Another State entity supporting this effort is the California Department of Technology (CDT), which provides critical oversight and infrastructure, while acting as a judicious custodian of public funds. After several attempts to modernize their massive technology systems, California took a new approach and enlisted City Innovate.

## ELEVATING THE WORK: EDD NEXT

EDD's goals are tremendous and essential. Dubbed EDD Next, the effort replaces legacy systems – some nearly 20 years old – with a modern, cloud-based, service-oriented architecture. These changes have the ability to dramatically transform EDD itself. The architecture is more flexible and focused on usability – making the experience



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clearer and more cohesive while enabling end users to navigate multiple EDD programs. The changes remove the risk of a single point of failure, which means that EDD can provide better customer service. Simply put, the new systems deliver better customer experience and improved accuracy, across the board.

For EDD Next to make these changes a reality, the agency knew that they needed to rethink their entire technology procurement process. The way that they acquired technology needed innovation, it needed to happen fast, and they needed to maintain rigor and leverage the extensive institutional expertise inside EDD. In early 2022, City Innovate began collaborating with EDD agency leaders to drive the \$1B modernization of its systems.

## CITY INNOVATE IS WITH EDD EVERY STEP OF THE WAY

There was no off-the-shelf solution to instantly solve EDD's challenges. If one existed, the State of California would have already used it. Instead City Innovate came to the table as a partner and offered a combination of consulting services and technology to deliver a custom solution. The resulting plan integrates market research and needs analysis into their procurement methodology and seeks to reduce the time it takes to complete a procurement cycle from five years to just one.



### Getting started

Highly-skilled City Innovate consultants – who, spoiler alert, are the same people working side-by-side with EDD more than a year later – met with department staff to understand their existing processes. City Innovate consultants were able to break down the massive project into 12 focused, inter-related projects. These smaller projects include enabling applicants to seamlessly apply for multiple EDD programs, or implementing real-time fraud detection, prior to fund distribution.

This multi-stream approach – 12 projects, instead of one – means that a wider range of potential vendors can compete for the State contracts. A traditional procurement process favors only the largest vendors who have the capacity to handle a gigantic project. By dividing a big project up into smaller, interconnected components, small- and mid-sized vendors may compete. This change means that the State can enlist a broader group of qualified people to tackle their challenges and it helps remove barriers for minority-, veteran-, and woman-owned enterprises.

### Leveraging City Innovate technology

The 12 identified projects resulted in 15 individual procurements, which were created and tracked using City Innovate's platform for Document Process Automation™(DPA) in record time, by finding the data hidden in documents and making it available everywhere EDD needs it. DPA enables staff to track progress on

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each procurement, identify sources of delays, make tasks visible, and ensure compliance with California's purchasing regulations, and Americans with Disability Act (ADA) requirements. The platform has been configured enabling EDD to translate materials from seven languages, ensuring that native languages are not a barrier for qualified vendors to compete for contracts.

## Building RFIs in record-time

Previously, when a single Request For Information (RFI) could take months to prepare, the idea of preparing 15 RFIs simultaneously was out of the question. Moving this fast would not be possible without City Innovate's advanced platform for document process automation.

EDD needed to accelerate procurement by supporting multi-user editing, collaboration, and project management to make progress on each procurement visible and enable tracking of tasks assigned to collaborators and subject-matter experts. City Innovate's Document Process Automation enabled EDD procurement agents to answer a few questions about what they are trying to accomplish and the system returned the exact document set - complete with all of the exhibits and attachments needed.

This was accomplished by using templates for each procurement type, and when EDD discovered they didn't have a pre-existing template, City Innovate consultants helped develop the necessary template to meet their specific business logic and workflow that also complied with the State of California's Contracting Standards. In addition to RFIs, City Innovate helped develop templates for RFPs, leveraged purchasing agreements, and more.

## Creating a business-friendly environment for potential vendors

Instead of compiling a long requirements list for vendors, City Innovate helped EDD take an agile, Challenge-Based Approach to market research.

A Challenge-Based Approach asks vendors to solve a specific business problem. When the department publishes a RFI, the instructions encourage vendors to submit a limited amount of written information. This shifts the focus from having a vendor tell a government what they can do to instead showing what's possible by building a Proof of Concept. The process encourages vendors to leverage their experience solving similar problems in government and/or private sector settings, and greatly accelerates the procurement timelines. The approach prioritizes solutions over a laundry list of requirements, and enables vendors to begin developing knowledge of EDD's needs, constraints and processes immediately, which pays off in efficient development down the road. Furthermore, agency leaders gain valuable insights for decision-making from the vendors' original Proof of Concept submissions, which are absent when evaluating written proposal documents in a vacuum.

Asking vendors to build a Proof of Concept builds conviction that the solution presented by the vendor actually can solve the problem prior to awarding any contract. Compare this to the traditional method of doing a procurement - where the vendor starts building a solution based on a long list of requirements only to realize years later that it doesn't work or it's not the solution needed because requirements have changed.

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## EDD'S PATH FORWARD

City Innovate is continuing to provide training and hands-on guidance to EDD's hardworking team as they move forward on this mammoth undertaking. As EDD Next progresses, the department will be able to leverage City Innovate's technology, including an updated Evaluation Builder module – which runs as part of its advanced platform for Document Process Automation – to compare and evaluate vendor submissions strategically and efficiently, far surpassing the status quo of a procurement specialist comparing Excel spreadsheets.

EDD's aging technology is not a unique issue in government organizations, but the department's immense size means that even tiny changes can take tremendous effort. These actions are worthwhile: the checks and balances in every step of EDD's modernized system will improve overall quality, reduce the potential for fraud, and provide superior cost and value to the people of the State of California. The department is demonstrating their commitment to future progress by taking a strategic approach today.

To learn how City Innovate can help your government modernize essential processes, [request a demo](#).