



Business Case

Project Name: Direct Loan eServicing

Channel: Student Channel

Project Sponsor: Dan Hayward

Project Lead: TBD

Project Description

Describe the need for change (the business problem to be addressed).

Customers currently receive an inconsistent customer service experience. Direct Loan customers receive service through three mediums: the internet, VRUs, and CSRs who use text-based screens. A small group of CSRs use Graphical User Interface (GUI) screens. Each is supported by separate applications and technologies. Most information does not transfer between mediums causing duplicate efforts and inefficiencies for both the borrowers and the CSRs. Consequently, the customer's experience with the Direct Loan Service Centers is inconsistent.

Billing and payment options for the borrower are primarily paper-based. Borrowers who would like to use automated payments must sign up for the Electronic Debit Account (EDA) plan, locking in the payment date and bank account. Borrowers can view their account balances and amounts due on the Direct Loan internet site, but cannot view their detailed monthly bills or submit electronic payment via the internet. Mailing paper bills and receiving checks also causes time delays and increases manual workloads.

What is the purpose of the initiative?

The objective of this business case is to support the implementation of eServicing to enhance customer satisfaction, to reduce operating costs related to servicing Direct Loans, and to provide a foundation for an expandable Customer Relationship Management (eCRM) approach.

The main eServicing components include:

- Customer Relationship Management (eCRM)
- Internet Billing
- On-line Correspondence

Each of these components will provide significant customer satisfaction improvements and tangible cost savings. By integrating these three components, DLSS will provide a uniform and high-quality customer service experience for our borrowers regardless of how they choose to interact with DLSS – via the Internet, the VRU, or Customer Service Representatives (CSRs).

The eServicing solution will provide a scalable platform that accommodates the growing portfolio, using commercial-off-the-shelf (COTS) software and industry best practices. The solution will be modular and will allow for advances in technology such as voice over the internet.



What is the scope of the initiative, including what it is not?

The scope of the eServicing initiative is to provide best in business customer service by offering 24 hours a day and 7 days a week availability from anywhere the customer chooses. This customer-centric approach includes leveraging the knowledge and history accumulated from each experience with a student, parent, or school to increase customer satisfaction.

eServicing functions include:

- Use COTS products to ensure that industry best practices for eCRM, contact management, and internet billing are quickly and easily incorporated into the system
- Use a modular approach to implementing functions to reduce risks and facilitate future interoperability
- Ensure seamless integration with other SFA enterprise activities
- Deliver information over the internet, promote customer self-service, and provide 24/7 access to customer service from anywhere
- Provide Direct Loan Schools with access to student information

What is the start date and end date of the initiative?

The start date for the initial phase of Requirements determination and Design is December 2000 and the expected end date is March 2001. The development phase is anticipated to immediately follow and conclude by October 2001.

What other business areas/external groups are affected by the implementation of this initiative and how are they affected?

The borrowers will receive the most benefit with improved customer service resulting from electronic business models. The potential impact on other groups is minimal and will be determined during the initial months of the project.

What systems are impacted by the implementation of this initiative and how are they impacted?

The Direct Loan Servicing System is the main system to be impacted. Other systems to be potentially impacted are the interfaces with Loan Origination and Loan Consolidation. The degree of impact will be determined during the initial months of the project.

What business processes are impacted by the implementation of this initiative and how are they impacted?

eCRM COTS software will provide a foundation for the delivery of student loan information over the internet, through a VRU, or to a CSR in a call center. A single user front-end will display information customized for students, schools, or CSRs. Scripting will be provided to CSRs to aid in the delivery of complete and accurate information. The customer will receive the same experience regardless of the channel used. Additional self-service capabilities will be added such as being able to apply for and receive instantaneous approval of payment deferments and forbearances.

Customers will receive bills and be able to make payments over the internet. This allows them the flexibility to choose when to pay as well as which bank account to use. In addition, it saves the borrower time and the postage associated with writing a check. SFA eliminates costs of mailing paper bills and handling checks. It also eliminates delays and increases accuracy by using electronic transfer of funds. With the elimination of the delays caused by the mail, delinquencies will also be reduced.



The DLSS produces more than 400 different letters. Today, all of them are printed and sent via regular mail. More than 4 million students provided their e-mail addresses on the Free Application for Federal Student Aid (FAFSA) for the 2000-2001 school year. The implementation of an e-mail engine to deliver correspondence over the internet will provide information more quickly and efficiently. Students living away from home will receive communications that would otherwise have been delayed for up to several weeks.

Technologies Used

List the proposed technologies that will be used to implement this project

Name/type	Proposed use	Has technology been used at SFA before? Where?	Does Technology fit SFA's Architecture Standard? Explain.	Does SFA have the technical expertise to implement this technology? Why?
COTS eCRM Software	Foundation for the delivery of student loan information over the internet, through a VRU, or to a CSR in a call center	Ombudsman	Yes	Leverage Modernization Partner
Electronic Bill Payment and Presentment	Allows customers the flexibility to receive bills and be able to make payments over the internet	No	Yes	Leverage Modernization Partner
Online Correspondence	To provide information more quickly and efficiently by delivering correspondence over the internet	No	Yes	Leverage Modernization Partner

Benefits

Provide a narrative discussion to explain why SFA is undertaking the initiative and what project objectives or expected outcomes can be quantified and how can they be measured. Demonstrate that the initiative supports the goals and objectives of SFA, how it supports these goals and objectives, to what extent it helps SFA achieve these goals and objectives and when these benefits will be realized.



Reduce Unit Cost

Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
eCRM	Difference between the baseline projected costs without eServicing and forecasted costs with eServicing	Benefits will begin to be realized in FY '01. Benefits will continue to be realized at a greater percentage each FY with increased adoption rates
Internet Billing	Difference between the baseline projected costs without eServicing and forecasted costs with eServicing	Benefits will begin to be realized in FY '01. Benefits will continue to be realized at a greater percentage each FY with increased adoption rates
On-line Correspondence	Difference between the baseline projected costs without eServicing and forecasted costs with eServicing	Benefits will begin to be realized in FY '01. Benefits will continue to be realized at a greater percentage each FY with increased adoption rates
<i>Assumptions</i>		
1. The savings are tied to the adoption of the internet as an alternative delivery channel.		

Increase Customer Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Dramatic Increase in Customer Service	ACSI scores at or above the PBO performance targets	FY'01 when implementation begins. Increased satisfaction as more functions are implemented.
<i>Assumptions</i>		
The customer service staff is adequately trained on system(s) usage and capabilities. Customers will appreciate and use the ability to perform more self-management and as well as the speed and accuracy of electronic correspondence capabilities.		



Increase Employee Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Increased access to customer information enabling employees to more proactively manage the relationship	Ratings on Employee Satisfaction Surveys.	FY'01 when implementation begins. Increased satisfaction as familiarization with tools increase.
<i>Assumptions</i>		
The addition of tools that enable the CSR to more effectively respond to customer inquiries and effect account updates will have a positive impact on their satisfaction with their work.		

Estimated overall dollar amount of all benefits listed above.

Quantified Benefits					
BY	BY+1	BY+2	BY+3	BY+4	Total
\$0 - \$2m	\$5 - \$10m	\$10 - \$15m	\$13 - \$17m	\$15 - \$20m	
<i>Assumptions</i>					
1. The above benefits are estimates based on current knowledge and will be baselined during the initial phase of this project.					



Costs

Provide costs, including those to implement the initiative and the costs to support it over its useful life.

COSTS						
	BY	BY+1	BY+2	BY+3	BY+4	Total
Development	<u>\$2,000,000</u>					
Operations						
Prod. Proc						
Key Pers.						
Ad Hoc						
Sys. Maint.						
Telecom.						
Data Center						
Sub. Ops						
Total	<u>\$2,000,000</u>					
<i>Assumptions</i>						
<p>The developments costs are for the initial phase of work associated with the development of the functional requirements, software selection and solution design. Detailed costs will be developed and provided prior to the next phase of work. The expectation is that this would be a shared in savings contract and that the \$2m would need to be obligated but payments would only be made as the benefits are realized.</p>						

Total Cost of Ownership

What is the level of required enhancement after implementation?

The initial release of these capabilities is expected to contain full functionality as determined by the functional requirements gathered in the initial phase. Future enhancements will be determined as necessary.

What is the life span of this initiative?

The eServicing functionality is expected to be effective for between 5 and 10 years. Additional requirements may be developed during this period on an as needed basis to further enhance the functionality.



Alternatives

Discuss what could be done in place in this initiative and describe the consequences of each alternative.

Alternative	Consequence
Remain as-is	The existing Direct Loan Servicing System and processes will continue to be available. Cost savings and satisfaction levels detailed in this case will not be realized.
Non-technology solution	This would be the same as 'remain as-is.'
Other	None.

Risks

Risk	Description of Risk	Mitigation Strategy
Financial	Cost overruns due to rework; expanding scope; delay in receiving approval of deliverables, resolution of issues, and establishment of technical environments	Develop/use existing standards; maintain close coordination between the project team and those responsible for approvals and resolutions; provide sufficient lead time for the stakeholders
Technology	Relatively new technology for SFA	Apply 'lessons learned' from Modernization Partner and industry practices. Ensure that proper training is developed and conducted.
Scope	SFA resource availability; 'scope creep'	Leverage Modernization Partner resources and use SFA resources as subject matter experts; specifically identify the processes and system functions to be reengineered – all extensions to this will be considered enhancements and will require a modification to the existing Task Order or will require another Task Order
Management	SFA resource availability	Leverage Modernization Partner resources; work closely with the SFA Project Lead (or designee) to resolve issues
Exposure	Identification of areas impacting other internal/external systems and/or groups	Involve key stakeholders. Identify and communicate level of impact within an appropriate time frame



Acquisition Strategy

Sources (Indicate the prospective sources of supplies or services that can meet the need of this project. List the most likely offerors for the requirement, and/or the manufacturer and model of the equipment that will most likely be offered).

Modernization Partner will supply dedicated project team personnel and work with the key stakeholders. New hardware and software will be purchased as necessary to support the eServicing initiative.

Competition (Describe how competition will be sought, promoted, and sustained throughout the course of the acquisition, including any performance requirements that will be required).

This is a project for Modernization Partner. Outside competition will not be sought.

Contract Considerations (For each contract contemplated, discuss contract type selection; use of multiyear contracting, options, or other special contracting methods, ex: performance-based).

It is anticipated that this would become a shared in savings contract but would be initiated with a \$2m fixed price element which would be superceded after the initial phase. This is similar to the mechanism used for the CDS Simplification Shared in Savings contract.

Schedule/Milestones (including acquisition cycle)

#	Milestone	Start Date	End Date
1	Internet Billing and On-Line Correspondence		
2	Analysis and Design	12/01/00	04/01/01
3	Build and Test	03/15/01	06/27/01
4	Release 1 Live	06/27/01	06/27/01
5	Deploy	06/27/01	08/15/01
6	eCRM		
7	Analysis and Design	12/01/00	05/01/01
8	Build and Test	04/15/01	10/31/01
9	Release 2 Live	10/31/01	10/31/01
10	Deploy	10/31/01	12/31/01
11	Training		
12	Call Center Users	06/15/01	12/31/01
13	Operations and Support Staff	06/15/01	12/31/01
14	Operations, Maintenance, and Support		
15	Maintenance and Support	06/27/01	07/01/05
16			



**Department of Education
Office of Student Financial Assistance**

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