



Billing

Business Case

Last Revision	Last Review	Description
1/26/2001		Initial Draft for sub-team review
1/30/2001	1/30/2001	Updated draft distributed to Core Team
2/6/2001	1/31/2001	Updated based on Core Team comments
2/15/01	2/21/01	Modified to reflect elimination of the system, rather than transferring service to CPS
2/21/01		Added detail to Section 4 for Operational Costs

Prepared by: Billing Sub-Team

Date: February 21, 2001



Change History Log

Date	Change Description	Author
1/26/2001	Initial draft of business case.	Chris Smith
1/30/2001	Draft of business case sub-team comments.	Chris Smith
2/6/2001	Updated with Core Team comments.	Chris Smith
2/15/01	Modified to reflect elimination of the system, rather than transferring service to CPS	Chris Smith
2/21/01	Added detail to Section 4 regarding operational costs of system	Chris Smith



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1 Project Information

Name: Billing

Project Sponsor: Kay Jacks (SFA Schools Channel)

Project Lead: Chris Smith (NCS Pearson)

2 Project Description

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

Student Financial Assistance (SFA) is identifying ways to reduce costs to deliver student financial aid. The billing of users for Title IV services is executed through the Title IV Wide Area Network (TIV WAN) contract held by NCS Pearson. TIV WAN is scheduled to expire on September 30, 2001 and SFA does not plan to extend this contract. When data transmissions are migrated to the Internet, SFA will save money by assuming responsibility for the cost of services currently billed to non-ED users and by eliminating the cost to transfer the Centralized Billing System to another contract and the cost to operate and update the system.

What is the purpose of the initiative?

The purpose of this initiative is to support the retirement of the TIV WAN contract without negatively impacting users by eliminating critical services. This initiative also offers a mechanism to SFA to reduce operational cost by eliminating the Centralized Billing System.

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

The Centralized Billing System provides a mechanism to generate consolidated invoices containing customer's Title IV WAN and Title IV Application System charges for the month. There is also a mechanism to track payment status information for each invoice.

SFA and Student Aid Internet Gateway (SAIG) participants currently share the cost of SAIG services. At this time, non-Direct Loan SAIG participants are asked to pay for:

- Connection to On-Line Query
- Transmissions of corrections to the network
- Obtaining year-to-date data
- Electronic Payment Voucher (EPV) data
- Enrollment services
- Customer assistance
- Rejected data transmissions
- Additional copies of user's guides and software

The need to retain the services provided by the Centralized Billing System after September 30, 2001 was evaluated against the opportunity for SFA to reduce operational costs by eliminating the system. The scope of this initiative is to describe the activities necessary for SFA to take over financial responsibility of the products currently billed to non-ED users thus eliminating the Centralized Billing System by September 30, 2001 in a manner that does not negatively impact users of the SAIG. Alternatives to eliminating the Centralized Billing System will also be provided.



Attachment 1 lists the products the Centralized Billing System is set up to bill non-ED users of the SAIG. Non-ED users include schools and colleges, state agencies, guarantors, third-party organizations who perform services on the behalf of the Title IV participants, and lending institutions who are signed up to participate in the Student Aid Internet Gateway (SAIG).

In November 2000, SFA made the decision to take responsibility for the cost of telephone calls to the Central Processing System (CPS) and the TIV WAN application systems. Implementation of free user calls is anticipated on March 30, 2001. SFA's initiative to replace the current General Electric Information System (GEIS) proprietary network with transmission of Title IV data over the Internet will eliminate the cost for prime time and non-prime time kilocharacter transmissions and the hourly On-Line Query access fees. As transmission and telephone calls comprise the majority of all non-ED user billing, SFA has the opportunity to consider eliminating the Centralized Billing System without greatly increasing their annual operational costs.

The scope of this initiative does NOT include elimination of billing SFA for services rendered. An overriding assumption in this business case is that each operating partner who performs services for SFA will develop a method to capture statistical information in order to bill SFA for these services.

This business case will serve as input to the IPT Business Case for presentation to SFA. SFA will make the decision regarding which services will be implemented.

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

Start date: March 23, 2001 – Expected date to receive approval from SFA.

End Date: September 30, 2001 coinciding with the end of the Title IV WAN contract. This end date assumes that SFA is willing to incur the cost for kilocharacter and On-Line Query services for users who have not yet converted to the Internet by September 30, 2001.

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

The following groups are affected by this initiative:

1. SFA - requires agreement to the elimination of the Centralized Billing System requirement.
 - A. requires agreement from CIO Channel staff to assume financial responsibility for kilocharacter transmissions and On-Line Query connect time currently invoiced to non-ED users until all SAIG users have converted to Internet transmission solution.
 - B. requires agreement from the Student Channel staff to assume financial responsibility for enrollment and hardcopy distributions of software and documentation currently invoiced to non-ED users.It is assumed that SFA will be invoiced for all new products.
2. SFA end-users (colleges and schools, guarantors, state agencies, lenders, and third party service providers) will no longer be invoiced for Title IV processing. All services will be provided to them free of charge. This should result in increased customer satisfaction.
3. School Channel Call Centers will no longer receive calls from users regarding invoices received.



4. SFA Operating Partners – CPS no longer needs to create and send the billing file to TIV WAN. Although not directly affected, the other SFA Operating Partners should be made aware that this service is being eliminated.

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

JCL in the CPS system will need to be modified to prevent the creation of the billing file that serves as input to the TIV WAN system.

Data in the TIV WAN product tables will need to be modified to identify the current user products as ED-paid products and the user price will be zeroed out. The production schedule will be modified to eliminate the input of the CPS billing file.

Modifications to the Help Text on the SFA Enrollment web site will need to reflect the fact that user billing has been eliminated. The same is true for the SAIG Enrollment document and the EDconnect Installation Guide.

Impact to the TIV WAN Participant Management system is dependent upon the requirements SFA sets for viewing and archival of non-ED billing data.

The requirement to archive the billing data will need to be considered when the Title IV WAN system is retired.

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

CPS will no longer create a billing file for input into the TIV WAN billing system.

The process by which CPS currently invoices SFA for non-ED user products will be eliminated. Reimbursement to Treasury when funds are received from users will be eliminated, also.

The SAIG Enrollment Document and the EDconnect Installation Guide contain billing information for users. These documents will be updated to accurately reflect costs that SFA will absorb for SAIG users. We recommend that the Enrollment Form be updated around October 1 as part of the annual update activities and that the EDconnect Installation Guide be updated and distributed with the upcoming Internet release of the software.

The processes by which TIV WAN incorporates billing information from CPS with TIV WAN data, creates and mails invoices to non-ED users, collects funds back from the users, and tracks invoice status data will cease. Eliminating invoicing of non-ED users will also reduce the amount of administrative effort in the TIV WAN contract for handling incoming calls regarding billing and contacting customers with payments in arrears.

Following the expiration of the contract, the remaining balance in the TIV WAN loss reserve fund will be refunded to the government or SFA will need to reimburse NCS Pearson for services not paid for by users that exceed the remaining balance in the loss reserve fund.

SFA Call Centers can eliminate the need to train representatives on invoice calls.



3 Technologies Used

This section is not applicable for this business case.

4 Benefits

Reduce Unit Cost

While elimination of the Centralized Billing System will require that SFA assume financial responsibility for Enrollment and Distribution of software and documentation currently paid by non-ED users, SFA is expected to decrease overall operational costs an average of \$28,000 per year through FY 2005.

Reduce Unit Cost

Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
<p>Elimination of non-ED billing will save SFA approximately \$111,000 for the period of FY2002 through FY2005.</p> <p>Assuming responsibility for the current user products is expected to cost SFA an additional \$130,000 per year on average, while maintaining the subsystem and performing annual rollover activities are expected to cost SFA approximately \$157,000 per year.</p>	<p>SFA will spend less on monthly operational costs.</p>	<p>Monthly, upon elimination of the system.</p>
<i>Assumptions</i>		
<p>The additional costs to SFA to cover services currently invoiced to non-ED users was based on actual services invoiced in FY2000. The following assumptions apply:</p> <ol style="list-style-type: none"> 1. A consolidated TIV WAN and CPS call center has been implemented with SFA paying for these calls 2. The Centralized Billing System is eliminated at the end of the TIV WAN contract (September 30, 2001). 3. Processing volumes for new enrollment documents and updates to the enrollment documents are similar to those received in FY 2000, but are processed via the web rather than paper. 4. Distribution of software and documentation products paid by users continues at the current rate of less than \$3k per year. <p>Costs to operate the Centralized Billing System for FY2001 total \$142,000. This includes \$120,000 to operate the system plus \$22,000 to perform the annual rollover activities. 4% escalation is assumed for the outgoing years.</p> <p>The cost does not include outstanding reimbursements invoiced by TIV WAN for CPS phone calls or year-to-date ISIRs.</p>		



Increase Customer Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Provide free services to SAIG user community while maintaining existing service level commitments.	Customer satisfaction surveys.	Upon elimination of the Centralized Billing System (September 30, 2001).
<i>Assumptions</i>		

Increase Employee Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Elimination of inquiries on invoices by SAIG users.	Statistical reports are available from NCS Pearson Call Management System.	Reduction of calls should begin one month after elimination of Centralized Billing System. Full elimination is expected a few months after non-ED invoicing stops.
Provide streamlined business processes for SFA Operating Partners.	Customer satisfaction surveys.	Upon elimination of the subsystem (September 30, 2001.)
<i>Assumptions</i>		
SFA will accept the recommendation of this business case to eliminate the Centralized Billing System.		

Estimated overall dollar amount of all benefits listed above.

Quantified Benefits																								
	BY (2001)	BY+1 (2002)	BY+2 (2003)	BY+3 (2004)	BY+4 (2005)	Total																		
Cost to Operate under TIV WAN	\$142,000	\$148,000	\$154,000	\$160,000	\$167,000	\$771,000																		
Shutdown	\$0	N/A	N/A	N/A	N/A	\$0																		
Cost to Cover Services Invoiced to Users	N/A	\$128,000	\$125,000	\$130,000	\$135,000	\$518,000																		
Net Savings	\$0	\$20,000	\$29,000	\$30,000	\$32,000	\$111,000																		
Cumulative Net Savings	\$0	\$20,000	\$49,000	\$79,000	\$111,000																			
Assumptions																								
<ul style="list-style-type: none"> BY(2001) cost of \$142,000 to operate under TIV WAN consists of \$120,000 for ongoing system operations plus \$22,000 to perform the annual rollover activities. 4% escalation is assumed for the outgoing years. <p><u>Cost to Operate Under TIV WAN:</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">10% of OP18 (Billing System Operations) for Monthly System Support</td> <td style="text-align: right;">OPERATIONS</td> <td style="text-align: right;">\$73,976</td> </tr> <tr> <td>10% of IP7A (Network Documentation)</td> <td style="text-align: right;">ROLLOVER</td> <td style="text-align: right;">2,986</td> </tr> <tr> <td>41% of IP8.2 (MIS Plan)</td> <td style="text-align: right;">ROLLOVER</td> <td style="text-align: right;">2,438</td> </tr> <tr> <td>41% of IP5 (MIS Development & Implementation)</td> <td style="text-align: right;">ROLLOVER</td> <td style="text-align: right;">13,789</td> </tr> <tr> <td>41% of OP13A (Scheduled MIS Reports) – volume 12</td> <td style="text-align: right;">OPERATIONS</td> <td style="text-align: right;">31,416</td> </tr> <tr> <td>41% of OP13B (Develop & Run Ad Hoc MIS Reports) – volume 12</td> <td style="text-align: right;">OPERATIONS</td> <td style="text-align: right;">7,944</td> </tr> </table>							10% of OP18 (Billing System Operations) for Monthly System Support	OPERATIONS	\$73,976	10% of IP7A (Network Documentation)	ROLLOVER	2,986	41% of IP8.2 (MIS Plan)	ROLLOVER	2,438	41% of IP5 (MIS Development & Implementation)	ROLLOVER	13,789	41% of OP13A (Scheduled MIS Reports) – volume 12	OPERATIONS	31,416	41% of OP13B (Develop & Run Ad Hoc MIS Reports) – volume 12	OPERATIONS	7,944
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Quantified Benefits	
41% of OP13C (Rerun Ad Hoc MIS Reports) – volume 30	OPERATIONS 6,827
100% of IP8.1 (Billing Plan)	ROLLOVER 2,942
	TOTAL \$142,318
<ul style="list-style-type: none"> • Cost to Cover Services Invoiced to Users is based on FY00 volumes for Enrollment and Distribution products invoiced to users. The reason the cost for 2002 is higher than 2003 is that 2002 includes \$8,000 for kilocharacter transmissions and On-Line Query connect time for users who have not converted to the Internet solution by September 30, 2001. Again, 4% escalation is assumed. 	

5 Costs

This section provides **estimated** costs, including those to initially transition (BY = Base Year) the system and costs to support it over its useful life (BY+1 through BY+4).

COSTS						
	BY (2001)	BY+1 (2002)	BY+2 (2003)	BY+3 (2004)	BY+4 (2005)	Total
Operations						
Operate system under TIV WAN	\$142,000	N/A	N/A	N/A	N/A	\$142,000
Cover costs currently invoiced to non-ED users	\$0	\$128,000	\$125,000	\$130,000	\$135,000	\$518,000
Assumptions						
<ul style="list-style-type: none"> • BY(2001) cost of \$142,000 to operate under TIV WAN consists of \$120,000 for ongoing system operations plus \$22,000 to perform the annual rollover activities. • Cost to Cover Services Currently Invoiced to Users is based on FY00 volumes for Enrollment and Distribution products invoiced to users. The reason the cost for 2002 is higher than 2003 is that 2002 includes \$8,000 for kilocharacter transmissions and On-Line Query connect time for users who have not converted to the Internet solution by September 30, 2001. Assumes 4% escalation. 						

6 Total Cost of Ownership

What is the level of required enhancement after implementation?

Because elimination of the Centralized Billing System is being recommended, no level of enhancement will be required.

What is the life span of this initiative?

The Centralized Billing System will be terminated with the TIV WAN contract on September 30, 2001. After that, SFA will be invoiced for Enrollment and Distribution products currently paid by non-ED users via the CPS contract. Continuation of this invoicing will continue until such time that the CPS contract is re-competed or modernized.



7 Alternatives

Alternative	Consequence
Contract out this task to a new vendor	<ul style="list-style-type: none"> Increases risk unless new vendor subcontracts to NCS Pearson. Would likely result in increased costs to SFA. Availability of SFA resources and length of time required to recompet a contract add a sizeable risk to completing this effort before 9/30/01. Additional costs to SFA to eliminate this system do not warrant the cost to procure new services.
Move tasks to an existing contract, enhancing an existing system	<ul style="list-style-type: none"> Possibilities include CPS and PIC. Increases contractual paperwork to be completed. No increase in customer satisfaction. Ballpark estimate to rollover and operate the Centralized Billing System is \$157,000 per year. Requires agreement from Student Channel staff to accept responsibility for this additional subsystem.
Remain as is	<ul style="list-style-type: none"> Not an option, as would require extension of multiple deliverables in the Title IV WAN contract.
Non-technology solution	<ul style="list-style-type: none"> The automated billing system could be eliminated, but performing these activities manually would increase cost to SFA.
Eliminate the system	<ul style="list-style-type: none"> Reflected in this business case.
Implement on a smaller scale	<ul style="list-style-type: none"> This is not a valid option as implementation and operational costs would still occur. Services not billed to non-ED users would need to be picked up by SFA.

8 Risks

Risk	Description of Risk	Mitigation Strategy
Schedule	<ul style="list-style-type: none"> Recommendation to eliminate the Centralized Billing System is not approved by SFA, resulting in the need to further research an alternative option. 	Ensure this business case provides clear, complete information regarding the benefits to eliminate the system.
Financial	<ul style="list-style-type: none"> The volume of enrollment transactions processed is higher than in previous years. This would result in additional operating costs for SFA. The operating partner who takes over responsibility for processing SAIG enrollment data may charge a higher or lower price for these services 	Be clear in the business case that the cost to SFA for providing free services to users is an estimate based on current volumes and prices.
Scope	<ul style="list-style-type: none"> The scope of this effort is limited to the products currently identified in the Title IV WAN system as user products. SFA may consider billing users for additional products in the future. 	Be clear in the scope of the business case. Provide a list of products as an attachment to the business case.



9 Acquisition Strategy

Section is not applicable to this initiative.

10 Schedule/Milestones

The schedule and associated dates are still in the planning stage and subject to change.

#	Milestone	Start Date	End Date
1	Receive approval from SFA to eliminate Centralized Billing System	N/A	3/23/01
2	Select Transition Team	3/26/01	3/30/01
3	Create tracking summary of questions to derive requirements	4/02/01	4/13/01
4	Hold requirements meeting with ED	N/A	4/19/01
5	Prepare and submit System Transition Plan (includes requirements tracking document and project schedule)	4/02/01	4/13/01
6	Receive approval of System Transition Plan from SFA	N/A	4/20/01
7	Execute Plan	4/23/01	9/14/01
8	Hold Production Readiness Review (PRR)	N/A	9/21/01
9	Move modified code into production	9/24/01	9/28/01
10	Report status progress to TIV WAN COTR on a weekly basis	3/26/01	9/30/01



Attachment 1
User Products
Letter of Application Processing
Participation Agreement Processing
Web Enrollment Document Processing
New Enrollment Document Processing
Web Enrollment Update Processing
New Enrollment Document Updates
Point to Point User Connectivity Test
On-site User Connectivity Test
Compressed Data Transmission - Prime time
Compressed Data Transmission - Non-prime time
On-Line Query Access - Prime time
On-Line Query Access - Non-prime time
User Technical Service with TIV WAN Customer Service Rep
Faxes/Transfers/AVR Calls to TIV WAN
CPS 3/48 User Services Support with Automatic Call Forwarding
CPS 3/46 Handling Requests for Year to Date ISIRs via the Network
CPS 3/47 Handling Requests for Year to Date ISIRs via Tapes/Cartridge
Title IV WAN User's Guide Distribution
Application Systems User's Guide Distribution
User's Guide Updates 1-25 Pages/Update
User's Guide Updates 26-100 Pages/Update
User's Guide Updates 101-175 Pages/Update
User's Guide Updates 176-250 Pages/Update
Miscellaneous Mailing - e.g. Desk References, Renewal Application Bulk mailing
Interface Software (EDconnect) on Diskette
Interface Software (EDconnect) on CD-ROM
Interface Software (EDconnect) on Tape
Title IV Application Contractor Software on Diskette
Title IV Application Contractor Software on CD-ROM
Title IV Application Contractor Software on Tape
OPEnet/E-mail Hourly Usage Charge

