

# Strategic Lean Project Report



## Electronic Franchise Filings

**Agency:** Department of Financial Institutions

### Project Impact

The Department of Financial Institutions improved and expanded an older system for electronic franchise filings, resulting in a more robust, stable, and easier to use system.

This system features a public-facing module for registrants to submit filings, as well as feeding data and documents to DFI's primary internal database and imaging system. During the 2017 peak renewal season, more registrants filed electronically, resulting in:

- Reduced paper volume received, from approximately 420 reams of paper to 120; that is 75% less paper to handle (i.e. about 64 archival boxes reduced to 16!)
- Increased electronic filings from 623 to 804 in 2017, representing 79% of all filings
- Saved an estimated 335 staff hours (i.e. more than two FTE months) handling and processing paper
- Reduced other costs associated with paper (e.g. registrants' paper and shipping expenses, DFI's scanner maintenance and records center boxes, etc.)
- Reduced other waste: data entry errors and re-formatting, re-work due to incomplete filings, delays in issuing permits, demand for imaging storage capacity, and processing paper through five workstations.

### Project Summary

More often than not, franchise filings include very large supporting documents – literally reams of paper for a single paper-based filing. Since the older electronic filing system could not accept extremely large attachments, registrants found it frustrating; therefore, fewer registrants were willing or able to file electronically. As it aged, the older system struggled to accommodate the high demand for electronic filings. In addition, the older system could not supply certain essential information to our primary database, requiring time-consuming research and data entry by DFI staff.

#### Impact to Registrants:

Our applicants and registrants devote staff time to developing their documents (often several hundred pages each) for this complex application and renewal process. Absent an efficient e-filing system, they must print, copy, redact and copy again these very-large documents before shipping those documents to DFI. These firms incurred costs for additional staff time, paper, ink/toner, packaging, and shipping. In the manual process, registrants commonly forget to send the redacted copy, or other required attachment; whereas the electronic system now reminds filers to attach all required documents. When filing electronically, the registrant enters crucial information which is then imported directly to DFI's primary database ensuring accuracy.

DFI's lead programmer worked directly with business unit experts to quickly identify and repair trouble spots in the older electronic filing system. At the same time, we updated technology for handling very-large uploaded documents and made enhancements to save staff time and address registrant's frustration.

#### Impact to DFI Revenue Room:

Every manual filing includes a paper check which must be processed through time-consuming cash management controls. After processing the checks, the revenue room staff must transport hundreds of these large paper filings to the business unit for processing. This transport involves ensuring the pages stay together through movement from the revenue room to the data entry desk on another floor, then disposing of hundreds of empty shipping boxes.

#### Impact to DFI Securities Division Registration Unit:

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Handling paper for this complex filing process costs extra time and increases the risk of errors. Upon receipt, DFI administrative support staff hand-enter certain information from the paper documents into our primary database, then prepare and scan the paper attachments into our imaging system before DFI analysts can review the document contents for compliance. Incomplete filings cause re-work which may delay approval, thus potentially disrupting the registrants' business activities. After the data entry, the paper is transported to the scanner station, then to a boxing area, and eventually to the records center. In past years, limited staff would redirect efforts to assist with the high volumes of paper received during the franchise peak renewal season; therefore, other work of this unit would suffer backlogs. Even with the older electronic filing system, the backlog averaged over nine weeks; with the improved electronic filing system the backlog was resolved in approximately five weeks.

Impact to DFI Information Services Unit:

The technological challenges of the old system required a technician to remain on standby during the full peak renewal period. Business unit staff (even occasionally registrants) called the technician to troubleshoot, repair, or reset the older system. Maintenance costs for this older application are nearly impossible to quantify, but merit mentioning as maintenance for the new system is negligible.

By June 30, 2018, we want 90 percent of the franchise filings submitted electronically, compared to 64 percent experienced in 2017. Over that same period, we also want to reduce the volume of paper received during our peak renewal season from 420 reams to 100 reams.

## Project Results



Cost

Decreased revenue room processing costs **from** \$4,153 **to** \$2,569 during the peak renewal season.



Avoided \$9,608 of FTE costs handling mail associated with 804 filings received electronically instead of paper in 2017



Cost

Decreased divisional support staff costs to process paper filings (data entry, scan & index attachments, box up paper for records center) **from** \$16,612 **to** \$10,277 during the peak renewal season.



Avoided \$38,431 in FTE costs by receiving 804 filings electronically instead of processing paper in 2017



Cost

Decreased records center storage costs **from** \$2,458 **to** \$1,304 over the six year retention period.



Avoided an estimated \$1,154 in records center storage costs over the six-year retention period for 46 fewer boxes in just this first franchise renewal cycle



Quality

Decreased incomplete filings **from** 64% **to** 52% during the peak renewal season.



Improved percentage of complete filings by 15%



Time

Decreased revenue room staff processing time **from** over 29 hours **to** under 18 hours during the peak renewal season.



Avoided 67 hours of FTE time by receiving 804 filings electronically instead of handling mail in 2017



Time

Decreased divisional support staff time to process paper filings (data entry, scan & index attachments, box up paper for records center) **from** over 116 hours **to** under 72 hours during the peak renewal season.



Avoided 268 hours of FTE time by receiving 804 filings electronically instead of processing paper in 2017

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## Project Details

**Date improvement project was initiated: 3/1/2017**

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