

Case Study

Client: United States Department of Agriculture (USDA) Risk Management Agency (RMA)

Emerging Information Technology Architecture (EITA) Study

RMA administers the Federal Crop Insurance Corporation (FCIC) programs and provides other risk management tools and education programs to support farmers and thus preserve U.S. agricultural capability. In its crop insurance program, RMA reinsures 19 commercial insurance providers who deliver RMA approved programs to agricultural producers throughout the United States. This program now covers the vast majority of cropland in the U.S.

The Agricultural Risk Protection Act of 2000, recently passed by Congress, has expanded RMA's authority to not only begin serving roughly 1 million farmers who raise livestock, but has also identified additional new program directions for RMA. These changes will most likely expand RMA's premiums by over \$500 million within the next few years, as well as extend insurance guarantees to reach \$40 billion or more. Implementation of legislation of this magnitude required RMA to more extensively review its way of doing business and the information technology resources used to ensure that legislative mandates and the challenges of managing larger revenues are met over the next several years.

The Solution

ILS was asked to identify and evaluate RMA's entire program in terms of its business practices and uses of information technology, with the aim of identifying how to modernize and streamline those practices and infuse new technology to meet the challenges ahead. ILS interviewed more than 120 staff, middle managers and executives in Research and Development, Insurance Services and Compliance to create a process map of current business practices and identify bottlenecks and deficiencies in information support to both operations and decision-making. As a benchmark, ILS also examined business models and best practices in industries with similar characteristics, including other Federal insurance programs, Canadian crop reinsurance programs, and private insurance companies. ILS then developed and evaluated alternative business models and business practices that could be applied RMA's needs to deliver significant performance breakthroughs for the Agency. ILS evaluated three alternative business practice models and associated architectures and developed recommendations for a new model and information technology architecture based on projected cost savings and improved market penetration. ILS identified and evaluated alternative funding strategies for implementing the recommendation.

The Results

ILS recommended that RMA adopt an electronic commerce Government-to-Business (G2B) model, employing a web portal in a secure environment. This model would tie the Agency and its 19 private insurance partners into a single electronic community, eliminating the current slow and error prone batch-oriented post-processing approach. In addition, the plan included development of an Agency-wide Business Intelligence capability along with a workflow and document management system for managing the new product development cycle and tracking compliance cases. This plan included recommendations for restructuring and integrating back-end operational systems to facilitate their employment within a real time, transaction-based G2B environment and as a reliable data source for a corporate data warehouse to support business intelligence.

ILS developed the overarching technical architecture for this solution along with a cost benefit analysis and business case, as well as a comprehensive Change Management Plan to help the Agency make a successful cultural transition to this vision. In addition, ILS recommended establishment of a Chief Information Officer (CIO) structure to guide the Agency in executing this strategy, as well as major improvements in the organization and processes for delivering information technology services.

The Technologies

Online Transaction Processing (OLTP), G2B, web portal, Single Sign On (SSO) password synchronization, Authentication Management Infrastructure (AMI), rules servers, web server, Business Intelligence, Online Analytical Processing (OLAP), document management and workflow systems,