Episode 37: Regulatory Modernization – Challenges and Tips
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Line Dempsey: Welcome to our podcast, Regulation Matters: a CLEAR conversation. Once again, I'm your host, Line Dempsey. I am currently the chief compliance officer with Riccobene Associates Family Dentistry here in North Carolina, and I'm the current Chair of the National Certified Investigator Training Committee with clear.

For many of you, you may already know, that CLEAR is the Council on Licensure, Enforcement and Regulation, and it's an association of individuals, agencies, and organizations that comprise the international community of professional and occupational regulation. This podcast is your opportunity to hear about the latest and greatest current topics in our regulatory community. So today I'm joined by Caroline Miller with Tyler Technology, and James Collins with Microsoft. We're very glad to have you with us today.

Caroline Miller: Thanks so much for having us. It's a pleasure.

James Collins: Thanks, Line. It's great to be here back with CLEAR.

Line: Great, we're really happy to have you guys with us. And also thank you to our listeners for joining us today. So, the topic of today's conversation is IT and regulatory modernization. I know both of you have had past experience with leading a regulatory organization. Caroline, if I'm correct, you were with the Ontario College of Opticians as the registrar for number of years, and James, you were the Director of the Delaware Division of Professional Regulation, as well as other state government role. So now, you're both in the vendor community. So your combined perspective, I think, is the perfect opportunity for us to cover today's topic. So let's start with the question. First, let's go with Caroline and then we'll go to James after that. What is regulatory modernization?

Caroline: Thanks so much, Line. So it's a terrific question, and what a good place to start just to sort of define what we're talking about. I know that certainly when I've had this conversation before, the answer that I want to give you is, it depends on who you ask. But I will not leave it at that. So I think there's a couple of things to consider when we think about regulatory modernization. Probably first and foremost, it's about streamlining regulatory processes, and then sort of thinking about adapting

to changing environments and operational needs.

And there are two sort of different ways that we see regulatory modernization happening across the US, and for that matter, across the world. And the first way is sort of, I'm going to call it a refresh. And so what I mean by that is, sort of just, you know, most folks have a system that they're working with now for licensing and enforcement. And so it's sort of looking at that system and just giving it an update. So, enhancing some performance, maybe changing some of the roles, changing some permissions, and getting a new portal in place so that folks can use online, of course, given the current situation. And so, it's just sort of refreshing and updating, and that is what we see quite often.

The other thing that we are starting to see more is more in line with what I would call a transformation. So, it's really thinking about creating a robust new business model and changing the way the organization thinks about managing its work. And that generally involves more of a wholesale system change. And I'll explain a little bit what I mean. So, you know, back in the day, because I'm old and I'm gonna date myself here, I can remember sitting in my boardroom and my director of registrations annually to get application renewals out by October 31st. And so the whole office would pitch and we'd be folding paper and mailing them out to our license holders. And then they'd signed them and send them back with a check. And, you know, that was the process. And so sometimes I think that what we've done is we've taken our technology and we've built it using those paper systems. And that's just because that's what we knew, if that makes sense. And so I think that there are better ways to think about how we can perform these tasks, and they are a little bit more robust, if that makes any sense.

Line: Absolutely. And I harken back to those days as well where our big IT technology was getting something that would actually tri-fold for us. So we would still have to stuff everything, but now we had a machine that would fold it for us. So I completely get that.

Caroline: Perfect. So, I'll stop there, and I think probably James has some stuff to add to that conversation as well.

James: Yeah, thank you. Thanks, Caroline. And both you guys have really triggered my regulatory PTSD here with paper renewals. Oh, my goodness; we should never go back there. I just remember them being in bins on the floor like snow. You know, we couldn't get them processed because people were calling asking about the license. And it's like we had to make a choice: Do we want to answer the phone and answer questions, or do we want to process the renewal? So, oh, my goodness, you guys really took me back there.

I really appreciate Caroline's distinction between modernizing and transforming. I'm just recently coming off of being the CIO for the State of Delaware, so I got a chance to work with a number of agencies in kind of moving their systems toward evolving their business practices. And there is this tendency, and so, what I wanted to say to the members is, try to avoid this tendency of recreating our old system in the news. Because, in the time, you usually only change the system out every maybe 15

years, you know. And, so, business processes have changed; how people interact with your business has changed. The newer systems, I'm encouraging you to adopt some of the newer technology.

So, I'm a fan of transform, as Caroline was saying, instead of modernize, and I'm encouraging you to do it from outside in. If we do it from the customers' perspective, then it causes us to think about what do consumers, what are customers, what are licensees looking for today? What a complaintants looking for? What are board members looking for?

We're kind of conditioned as people that we want to interact when we want to interact, whether it's on a weekend, whether it's at night, whether it's in the morning. We don't want to have to pick up the phone to call anybody; we don't want to have to come to a building. We're fine with entering our own data, so, you know, you can shift that responsibility to us, and you can get your people doing higher level work.

So the newer systems allow, you know, for that online application, that constant Amazon Prime-like notifications—we got your application; we're processing it; we need this before you can. It'll actually reduce your calls, because you're constantly communicating with the licensees so they don't have to call. So, it will benefit your customer experience, and it will allow you to kind of reposition your employees to do higher level work.

One more point I want to make on that is just a reminder that, you know, regulatory agencies are just one aspect of a larger enterprise, and citizens see us all as government or the regulatory agency to fit into government. And government has to move to delivering services as an enterprise, not just as individual agencies. So I said that to say if your state or municipality or organization has a central site, a business site or something like that, then maybe focus on building your services into that site to make it easier for folks to get in touch with you. It will increase compliance; it will increase communication and customer satisfaction.

Line: That's a great perspective. So, again, keeping with James I guess, what would be maybe the two or three most difficult steps in the regulatory modernization process?

James: Yeah, that's a good question because, you know, it's not for the faint of heart, you know, transformation. I always start where Franklin Covey says start: Begin with the end in mind. So, what is the agency's vision? You gotta know where we are now and where we want to be, and then talk about how we're gonna get there.

And so, you know, funding is a component of that. Getting buy in from your team, getting buy in from your regulatory board, and getting buy in from decision makers So you have to create this vision: this is where we are now, this is where we want to be, here's why we need to move to this new place, and here's what it's going to take for us to get there.

And once you have that defined, it'll kind of feed into establishing your requirements. And I can't

stress this enough—take the time to engage with a business analyst and really refine your requirements so that when you go to market for that transformational effort, you're only going to get responses from partners that can actually help you, that can actually deliver on your requirements, and everybody knows going in that this is our minimum viable product that we want to get to. And it's just very clear, saves a lot of heartache down the road if you take the time to define the requirements of what you want in the new system.

I would also say, you know, talk to other regulatory agencies that have already done the transformation or modernize and understand kind of what their pain points were, what their lessons learned were, and build all of those into your proposal. I hope that's helpful. I'm sure Caroline has some things to add.

Caroline: I do. So, Line, the question you asked was, what are the two or three most difficult steps in regulatory modernization? So, my answer would be, there are three things: the beginning, the middle, and the end. And I think that James really talked about the beginning, right? So, like, getting the framework and the foundation and building it, you know, on the principles, and starting out, and getting buy in. I would say that the middle is also challenging. It is very disruptive. And I'm not sure that agencies that go into this are aware of how disruptive it's going to be. It requires some significant change management skills, and then sort of thinking about the end, which is also difficult.

I think it requires some patience, you know. You're teaching people new skills. And I think it's probably worth pointing out that we're talking about adults, right? And we're talking about adults learning new skills. And the thing that we know about adults and their learning (which is different than children; children just absorb like a sponge), the first step for adults when they're learning something new is they need to unlearn the thing that they learned before, before they can add the new information, right? So when you think about agency staff and you think about the public and you think about license holders, you're asking them to really fundamentally change the way they think about what they do and learn new skills. And so, I think that that requires sort of that leadership through and through and that patience. So, I think James said, it's not for the faint of heart, and I would just concur.

James: I was just going to add to that about what Caroline said, I have so much to unlearn. So thank you for that, Caroline! One tip that I would also say is, we have to be careful—if we think about the teams that are doing a great job, especially during this unprecedented time of work and remote meetings and remote processing and things that the pandemic has caused, to use Caroline's term, to disrupt our work—if we're going to go into this type of effort, we can't ask that same team that is essentially already overwhelmed with the work that they're doing to also take on this project. So, it's a large, significant initiative. So when you're scoping it out, make sure you plan in some resources to augment your team so they can help keep those daily processes going and you can break away some of those subject matter experts to really focus on this new effort. Where I've seen projects when they run into trouble, is when they just take this large project and heave it onto already overburdened folks.

Line: That's great perspective too. So, I guess, Caroline, let me ask you this one. When we look at the regulatory modernization process itself, where should we spend more of our time in that process?

Caroline: Sure. That's a really good point. I know, it's all important. So, like everything in regulation, everything is important. I do think that probably, for me, some lesson learned, just sort of picking up on what James is talking about, the lesson for me is solving the problem without creating more problems or different problems or worse problems. Coming from experience, I think you need to walk through all of the steps that are going to happen and be able to at least anticipate them.

I spoke with one of our solution delivery architects at Tyler, Guy Choquette; he works with our clients and goes through all of these steps. And I sort of asked him the question, what are some of the challenges that you've found? And he came back to me, and he said, the most important thing is establishing a communication plan. And, I mean, I think that that goes without saying for everything you do, but in particular, in this sort of world, the communication planning. And then the second thing that he just built off of that was establishing common nomenclature. And I can certainly say that coming from the regulatory world, and now coming into the vendor technology community, there is a bit of a language barrier between what software companies think, for example, case management is, and what regulatory agencies think case management is. And so just sort of getting really clear about the language and getting clear about that communication plan is probably where I would spend most of the time. And just the last thought from our solution architect (and here's a good example)—he calls it a traceability matrix; I would call that a needs assessment. But, sort of walking through, the question is, what do you think you need? And what do you actually need? Guy says that sometimes the agency will put out these requirements and say, I have to have this, or I have to have that. And through this conversation, they'll actually discover one of two things: they don't actually need it, or they think that it's a technology requirement when it's actually better served by a change in business practice, if that makes sense.

Line: Yeah, absolutely. James, your thoughts?

James: I think I'm going to agree with everything that Caroline said. Really important, the communication plan. All of those building blocks are really important.

I'm going to kind of harken back to building the case. I really think it's important to spend some time building the case, doing that initial due diligence. Maybe you put out, depending on what your procurement requirements are, but I would say make sure you spend time. I heard somebody say one time, the taller the building is, the deeper the foundation has to be. So I would really make sure we'd spend time on the foundation of this modernization. Depending on what your procurement requirements are, maybe you do requests for information, RFI, where you get vendors that are in that space to come in and show you what modern technology is available at this point, because you could have been in your current system for over a decade. I would also maybe bring in folks that have process training, like Lean folks, and they just really look at your processes. Because to take ten- or 15-year-old practices and build them into newer technology, you're going to end up with a modernization

instead of a transformation. And, in many instances, it makes it where you have to customize. You buy that product because it's great, or this system because it's great, and then have to heavily customize it to get it to your old processes. So I would take some time looking at processes, and this is all a part of that foundation. You're building a story. You're building the vision, because you're going to have to take that to your board. You're going to have to take it to your finance people and explain to them why this is important, like we said earlier, so I'll definitely make sure I'll spend time there.

Spend time talking with the team and getting them [on board]. I think Caroline mentioned this earlier, the organizational change aspects of it. Kind of talk to them about this journey we are about to take how it's going to impact them, how to use their expertise, and getting them on board, and making it something that you're all doing, and not just something that's happening to them. I would definitely make sure that we spend time there, so that when we start on this journey, we're on it together, and we're all kind of pulling in the same direction, so, that's an area to definitely spend some time.

Caroline: Can I just add one quick thing to that, James? My boss says to me all the time, 'The first conversation you have to have is what is possible.' Because you're probably locked into some old thinking or some standardized way of doing something, and you need to be able to sort of open up to thinking about what is possible.

James: Definitely.

Line: Excellent. So, I guess let's finish up with some examples of some modernization and transformation projects that maybe both of you have worked on. James, we'll start with you and then, Caroline, if you'll follow after him.

James: Thanks, Line. I've had a chance to work on a number of projects across the state of Delaware, and now at Microsoft, I get to work on projects nationally. I can talk very specifically about a regulatory project that I got a chance to work on in the state of Delaware. We started this conversation talking about paper renewals coming in, and we didn't even mention all of the continuing education documents, proof, and all of those things coming in.

And I remember becoming the director of Professional Regulation. They never let me in that building before, you know, during the interview process and everything. And I understand why, because when I did finally take the job and started, I went in and it looked like the place had file cabinets twelve feet high. It was just a hodgepodge of file cabinets, wall to wall all over the place. We were up to our eyeballs in paper.

And so we started on a journey to modernize. We picked renewals first, because that was the thing that was the heaviest burden on the organization. And I remember putting those online, and probably most agencies today have their renewals online. But it just was a major shift for our customers, and people were concerned we're going to have a lot of pushback from customers if they're not gonna want to do it. There was a relatively small amount of people that complained about the process. We

did kinda keep the opportunity, for a couple of years, for people to use the old process. But once we got above 90% adoption, we eliminated that, and made computers available, things like that.

So it radically changed the way that we did business, and then we were able to move into scanning documents. And now, Delaware just finished modernizing their system, where they pushed out their application, they pushed out their complaints process online, and it's just like you can have full self-service in their virtual storefront, if you will. And it's just a game changer, right? It changes the work that their staff is now doing. They're able to kind of focus on the exceptions that are coming through the process, and the ones that take the happy path kinda go through and people get their licenses a lot faster.

And I think that's the thing that we really tried to focus on in these modernizations, that there are people's lives on the other end of the applications that we're getting these renewals, that we're getting these licenses, investigations—there are literally people's lives. People can't work without the work that we do, and the public can't be safe without the work that regulatory agencies do. So, the work is important. It certainly needs to happen. I used to always say to my team, 'You are that somebody that everybody thinks is checking on these things.' Everybody thinks somebody is making sure that this guy is a real doctor or accountant or this lady's a real architect; somebody's doing that. You are that somebody, so the work is important, but also we have to be as efficient as possible to get people to work. We've got, just right now in our nation, we need every healthcare worker getting vaccines out to try to ebb the pandemic. And so if people are having a hard time getting through the regulatory agency, you can see the impact that that would have.

So, that's some of the effects of the modernization that I've seen. And, I think the next evolution you're going to start to see—there's an organization called the National Association of State CIOs that is similar to CLEAR. It is the collection of state CIOs, and they do a survey every year and say what are the top ten things that CIOs are focused on. I've watched over the last five to six years, digital government or the citizen experience has now risen—I think it was, like, number 7; well now it's number 2 on the list.

I think you're going to start to see states and organizations, governments basically, deliver citizen services as an enterprise as opposed to individual agencies. I think that's the next evolution, where you're going to have this front end, where the customers, the citizens, the residents, can enter their information once, and it will talk to all of these backend systems, including regulatory agencies. So, I think we're going to see that type of modernization going forward.

Caroline: Line, do you want me to jump in and respond to the same question?

Line: Yeah, that would be great. Please.

Caroline: Sure. And so, if I could just pause for a second and point out that the organization that James was just talking about, NASCIO—he is a past president. Of course, he won't tell you that, but he played

a very big role in some of the changes that he's talking about.

James: Thanks, Caroline.

Caroline: No problem. So, from my perspective, we're seeing a couple of different things. And I think that the refresh that I was talking about earlier, I would guess that it's in large part because of COVID-19. So, I've got a couple of instances, one in Alabama, and one in Louisiana. In Alabama, they're talking about sort of moving away from a paper-based regulatory agency into an online portal. You know, they just can't have people coming into their office. They can't be processing paper. They need to be able to have the public file a complaint online. Right now, they require a signature. So, I think that that refresh piece, at least from what I'm seeing, is in large part because of the current global health crisis. So, it's out of necessity.

In Louisiana, we are seeing also sort of moving away from paper-based but also some interest in mobile applications for inspectors and investigators. They're having this same sort of issue where they can't go into the office, or they're using paper and it's inefficient. So, I think that refresh piece has in large part sort of come out of the current events.

But in terms of that transformation, I don't think that that's as much of a driver. I've got two things that I think sort of off the top of my head, New York and Pennsylvania looking at really streamlining. And that's back to that wholesale changing the way we do business. In large part, what James was just talking about, you know, I call it workforce optimization, so pushing out the data entry to the citizens or the license holders and enabling and empowering those staff at regulatory agencies to be dealing with those higher order things, like policy and development, and those kinds of things. But, also, we're seeing some desire to streamline, and I think this is also what James was talking about. For example, we've got multiple agencies who have disparate systems, and the data doesn't talk to each other, but it needs to in order to get through the approval steps for whatever the license is. And so, the streamlining and the workforce optimization as part of that wholesale transformation in some of these bigger agencies. And then the smaller refresh pieces because of COVID.

James: Caroline, those were all great points, and they were so good that you actually stirred up a few other thoughts as we think about examples of what the regulatory process needs to look like in the future and some of the things that we can anticipate. Some of the things that I'm hearing, and you're probably already seeing in many instances, is agencies are changing the laws around licensing, where they don't have to issue a paper credential; they're issuing digital credentials. They're basically setting up where their website is the source of truth. So, it's really important that that data is easily accessible on the website so folks can have a real-time look up of licensees.

You're seeing where organizations, like healthcare institutions and others, are getting real-time notifications from regulatory agencies on changes in licensure status. I think in the future, we're going to see more digital credential verification with educational and training institutions, which will also

expedite. So, it's really important that you have a modern system that can handle all of those interfaces to expedite the licensing process

And lastly, and I think Caroline started to go down this path, is how do we use data to be more efficient. So once you go down this path of transformation, it will position you to use data as a strategic asset, which could start to feed (and, remember, we talked about the enterprise approach); it could start to feed into workforce development within your government. It could start to help with identifying needs, to projecting needs in your community. So there's just so much that can happen here when we get on this path of transformation. So I appreciate you guys kind of letting me just think about the future for a little bit as it relates to transformation in the regulatory space. I hope that's helpful.

Line: Absolutely! I think this has been a great discussion. Again, thank you, Caroline and James, for your time and being a part of this CLEAR podcast. It's wonderful to have the perspective on this topic coming from both regulatory and IT experience, so thank you guys both for being with us today.

Caroline: Absolutely, a pleasure. Love to do it anytime.

James: It was great to be here.

Line: Perfect, and thank you to our listeners for tuning in. We'll be back with another episode of Regulation Matters: a CLEAR conversation very soon. If you're new to the CLEAR podcast, please subscribe to us. We're available on Podbean, Apple Podcasts, Google Podcasts, Stitcher, Spotify, and TuneIn. And we're newly available on Alexa for Amazon Echo devices, iHeartRadio, Player FM, ListenNotes, and now Pandora. If you've enjoyed this podcast, please leave a rating or comment in the app. Your reviews help us to improve our ranking and make it easier for new listeners to find us. Feel free to visit our website as well at www.clearhq.org for additional resources, along with a calendar of upcoming online programs and events.

Finally, I want to thank our CLEAR staff, specifically, Stephanie Thompson. She is our content coordinator and editor for this program. Once again, I'm Line Dempsey, and I hope to be speaking to you again very soon.

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