



Colorado Statewide Internet Portal Authority
Annual Legislative Report
November 1, 2015

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INTRODUCTION

The Statewide Internet Portal Authority (SIPA) is pleased to provide this report to the Joint Technology Committee of the Colorado General Assembly. C.R.S. § 24-37.7-113.5, requires SIPA to submit an annual report to the Joint Technology Committee, the Joint Budget Committee of the General Assembly, the member of the Business, Labor and Technology Committee of the Senate, and the Business Affairs and Labor Committee of the House of Representatives that includes:

- (a) a complete and detailed operating and financial statement each fiscal year;
- (b) the total amount of charges or fees imposed by each state agency for accessing electronic information, products, and services through the Statewide Internet Portal;
- (c) the total amount of receipts and revenue derived by SIPA from the transactions in (b); and,
- (d) recommendations regarding additional legislation or other action that might be necessary to carry out the purposes of SIPA.

SIPA was created in 2004 by the Colorado General Assembly with a mandate to provide efficient and effective e-Government services for eligible governmental entities (EGEs) and residents through the use of modern business practices and innovative technology solutions.

SIPA is governed by a 15-member Board of Directors comprised of elected officials, government stakeholders, and private citizens. Four members of the board must be legislators. Currently, two members of SIPA's board are also members of the Joint Technology Committee.

SIPA serves as the oversight body of the Colorado.gov portal, which is the gateway to Colorado government and is intended to be Colorado's single most comprehensive delivery channel for e-Government services.

SIPA, through its partnerships with governments across Colorado, is well positioned to engage in conversations that lead to more online services being available to the residents, businesses, and visitors of Colorado. SIPA will continue to offer innovative services and solutions whereby costs can be controlled and services increased. Governments can create and maintain a web presence at no cost to the government, accept electronic payments without needing to procure a PCI-compliant system of their own, deploy mobile applications, and much more-- by using solutions provided through SIPA.

Online services allowing Coloradans to complete tasks such as renewing driver's licenses, vehicle registrations, and pet licenses are available. New businesses can register for a sales and unemployment tax number using the Colorado Business Express online registration system (www.colorado.gov/coloradobusinessexpress).

SIPA will continue working with eligible governmental entities (EGEs) to offer creative solutions that take advantage of new technologies and meet the fiscal challenges of today.

Using the services provided by SIPA, governments across Colorado save or avoid approximately \$6 million in costs each year. SIPA continues to look for innovative ways to provide new services while continuing to improve the services it offers.

MISSION

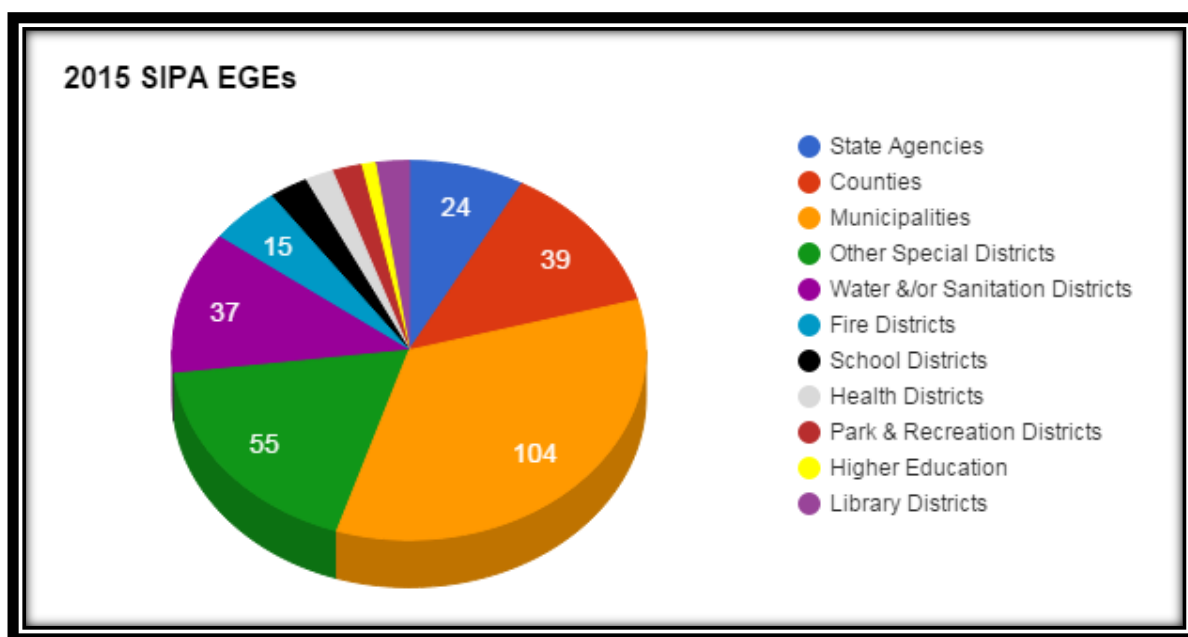
SIPA's mission is to provide efficient and effective services for citizens through the use of modern business practices and innovative technology solutions. SIPA's statute, § 24-37.7-105, requires SIPA to "develop the officially recognized statewide internet portal that provides one-stop access to electronic information, products, and services in order to give members of the public, state agencies, and local governments an **alternative** way to transact business with the state."

VISION

SIPA's vision is to transform Colorado government service delivery through the use of technology, allowing a single point of contact for members of the public to access state and local government information, products, and services.

EGEs SERVED

- SIPA is a body corporate and political subdivision of the state that serves other governmental entities throughout Colorado. Eligible governmental entities (EGEs) are generally State Agencies, County and Municipal Governments, Public Institutions of Higher Education, School Districts, and many other special purpose authorities. As of October 2015, SIPA has agreements in place with 326 governments or subdivisions, including all principal departments of state agencies, 39 Counties, 104 Municipalities, 37 Water and/or Sanitation Districts, 15 Fire Protection Districts, 3 Public Higher Education Institutions, and 8 School Districts. The numbers in the figure sum to slightly fewer than the total because some organizations have multiple agreements in place.



While many of SIPA's initial customers were State Agencies predominately located in the Greater Denver Metropolitan region, SIPA now serves governments across Colorado. For example, 59 of Colorado's 64 Counties use SIPA services.

2015 SIPA CUSTOMERS

State Agencies



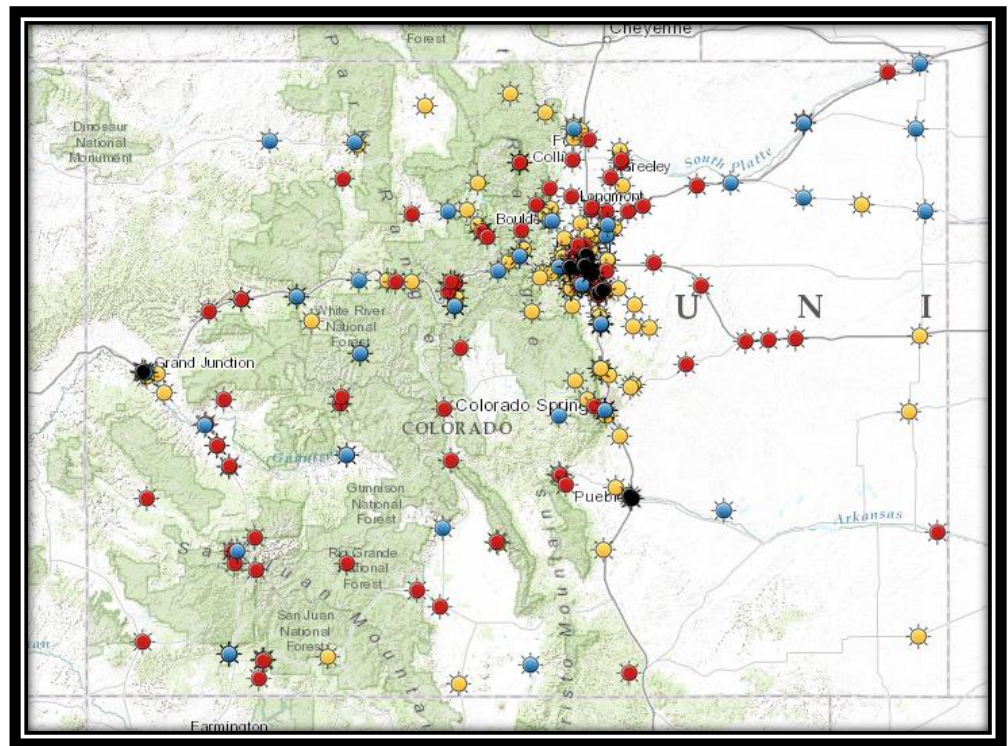
Counties



Cities and Towns



Other Local Governments

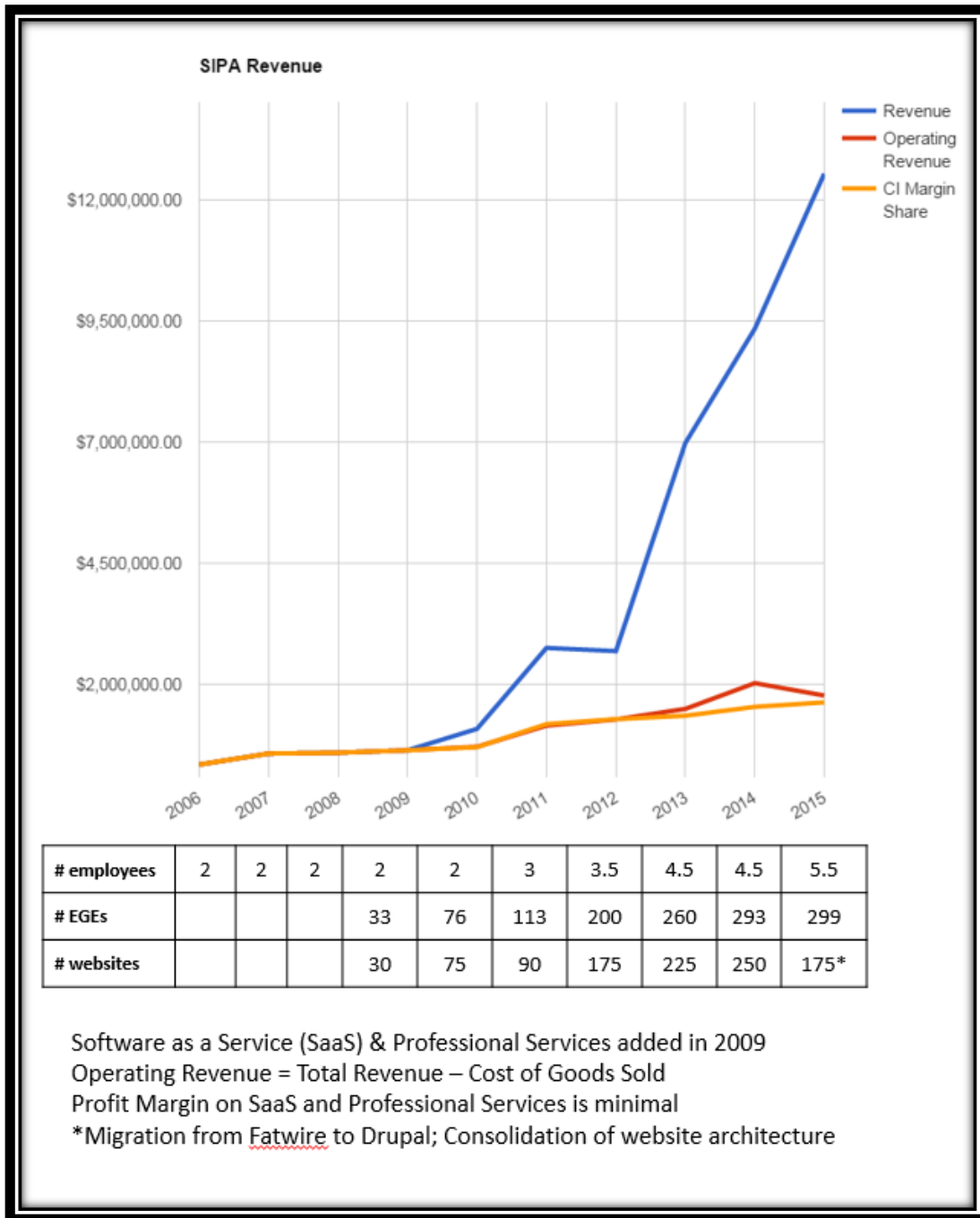


BUSINESS MODEL

SIPA is self-funded through its partnerships, the sale of licenses, and time and material consulting. No governments are required to acquire any services or products from SIPA's portfolio. To remain a viable and functioning organization, SIPA must offer products and services that are in demand by the EGEs and that they elect to use. Because SIPA is self-funded, the SIPA team and its vendor partners are highly motivated to ensure that industry-leading solutions are easily available at competitive prices. Ultimately, if SIPA does not offer the best products, customer service and best prices to governments, then governments will choose to acquire services and solutions through other mechanisms.

SIPA's revenue has grown rapidly as more cloud-based services have been added to SIPA's portfolio. However, operating revenue (total revenue minus the cost of goods and services sold), has not kept pace. This is because SIPA provides many services at **no additional cost** to an EGE. Almost all professional service contracts are provided for the convenience of the EGE contracting with SIPA. Most of these professional service agreements tie to the configuration of some type of software license. With time, should the EGE retain the service (and licenses) over several years, SIPA begins to earn a predictable small margin on those software licenses. SIPA does not routinely add a convenience fee for processing the invoices, managing contracts or pre-paying vendors on behalf of governments. While

government customers eventually pay, there are times when SIPA has paid a vendor 6 or 12 months before receiving payment for services or licenses.



SIPA's Exponential Revenue Growth - linked to SaaS and Professional Services added in 2009. Operating Revenue is not increasing at the same rate. Operating Revenue largely tracks CI Margin Share which is the revenue SIPA receives from its portal integrator contract with Colorado Interactive which runs the Colorado.gov internet portal and provides custom applications and payment processing for many state and local governments in Colorado.

SERVICES

SIPA and its partners offer many services to the eligible governmental entities of Colorado and the members of the public that interact with these services.

Portal Services – Conducted in Partnership with Colorado Interactive

As required by SIPA's statute, § 24-37.7-104 (2), SIPA conducted a request for proposals in 2013 to identify a statewide portal integrator. In 2014, a five year contract, expiring April 30, 2019, was entered into with Colorado Interactive. SIPA provides a variety of portal services in partnership with Colorado Interactive.

- **Electronic Payment Processing** - Integrated within Colorado.gov, SIPA provides a convenient and efficient way for members of the public to pay for services they receive online or over-the-counter by allowing EGEs to Card Industry (PCI) Data Security Standards (DSS). If the state agencies and local governments (more than 118 governments leverage this service including 59 of Colorado's 64 counties) using SIPA's services were to stand a similar service up, it would carry costs of at least \$3.7 million related to PCI compliance alone. In FY 2014-2015 there were more than 39 million transactions completed using SIPA's payment engine. SIPA's partner, Colorado Interactive, serves as the merchant of record on all financial transactions, thus providing EGE's with an added layer of protection.



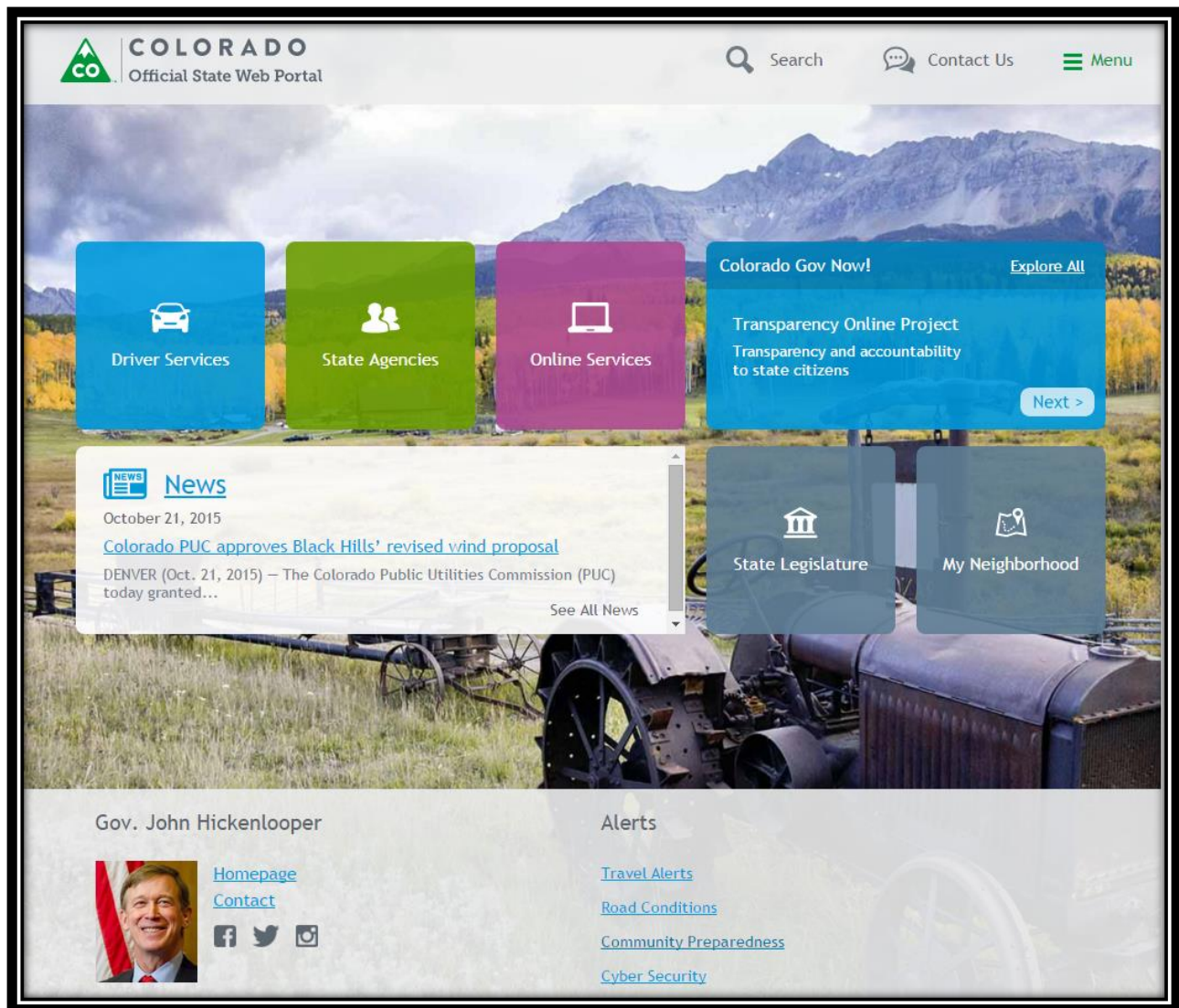
While Electronic Payment Processing is often provided as a standalone offering, many EGEs elect to integrate our payment processing solution into custom applications.

- **Websites** - SIPA provides website creation and hosting to EGEs and has more than 175 websites in production today. These websites allow members of the public to gather valuable information regarding governmental services 24 hours a day 7 days a week from their home, office, or mobile devices. Almost every website that SIPA creates for a governmental entity would have had a cost of at least \$11,500. That cost is absorbed by SIPA and its partners. ***This represents a savings of approximately \$2,012,500 for entities using this service.***

SIPA has been simultaneously helping EGEs launch new websites while migrating the approximately 200 hosted websites from the legacy Oracle-based solution to a state-of-the-art platform built on Drupal. During this migration, a number of EGEs, which had multiple independent websites, consolidated to single independent domains thus decreasing the total number of websites SIPA is currently hosting. More information on the platform and migration can be found at: www.colorado.gov/goingpacific



As mentioned above, SIPA's statute, § 24-37.7-105, requires SIPA to "develop the officially recognized statewide internet portal that provides one-stop access to electronic information, products, and services in order to give members of the public, state agencies, and local governments an alternative way to transact business with the state." SIPA oversees the State of Colorado's Internet portal, www.colorado.gov, which serves as the single and most comprehensive delivery channel for e-Government services available in Colorado. The portal links to state government's websites and connects members of the public to the e-Government service they are seeking. Colorado.gov receives approximately 2.5 million visitors each year looking for information related to government services. The Colorado.gov portal was modernized and relaunched in May 2015.



- **Custom Applications** - SIPA maintains a process to assist EGEs in developing custom applications that provide improved services to the citizens of Colorado. EGEs have partnered with SIPA to develop more than 200 applications since SIPA was created. These applications include the Online

Transparency Portal, Sex Offender Registry, Colorado Business Express, Professional License Renewals, Driver's License Renewal, Online Vehicle Registration, Child Care Directories, Change of Address, Colorado Cold Case, and many more.

The majority of these applications utilize a public-private partnership and are not funded by taxpayer dollars. Instead they are financed through a portal administration fee, whereby the direct beneficiary of the service pays a small amount to support the service.

Cloud-Based Software Solutions

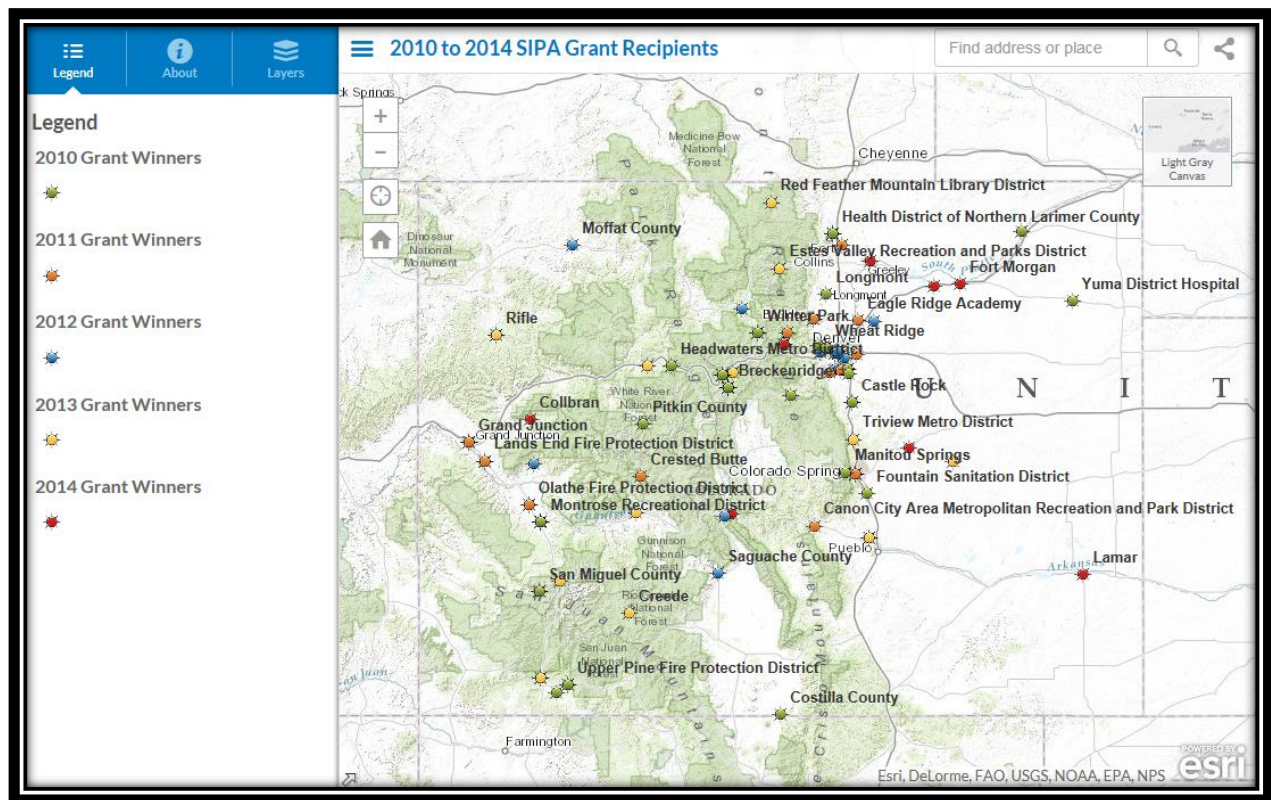
SIPA continues to have partnerships which allow EGEs to acquire a variety of productivity tools at competitive prices. These services are offered using an on-demand pricing model allowing EGEs to pay only for what they are using. These solutions include:

- **Google Apps** - Google Apps offers a state-of-the-art email and calendar system that provides 50x the storage of a typical inbox and dramatically lowers the total cost of ownership. In addition, Google Apps includes a full suite of modern productivity tools, such as built-in voice and video chat, document collaboration, and internal video sharing, to make the 21st century government workforce more productive. More than 35 EGEs take advantage of this service and have deployed more than 44,000 accounts to their employees.
- **Salesforce** - Salesforce.com software allows state and local governments to collaborate openly and seamlessly through a state-of-the-art cloud-based solution, which provides all parties with the tools to satisfy their needs with desired convenience. Through Salesforce.com, governments are able to connect, engage, and create social communities. Partner communities are developed in order to increase employee productivity and cooperation. Citizen communities are developed to engage with the public across any device or social channel. More than 26 governments across Colorado have built numerous custom applications using the Salesforce platform.
- **DocuSign** - DocuSign is a complete digital transaction management platform that includes payment integration, work flows, audit trails, and electronic signatures to facilitate accurate and secure transactions. With documents playing such a crucial role in business, DocuSign accelerates this often manual, paper-based process by helping organizations complete documents from start to finish online. DocuSign was added as a service at the end of Fiscal Year 2013-2014. So far, only two governments have adopted this versatile platform.
- **Lexmark/Perceptive Software** - State agencies have adopted Lexmark/Perceptive Software as their content management solution. Lexmark/Perceptive software offers a wide range of content management software technologies including, business process management, enterprise content management, intelligent data capture, enterprise and federated search, and integration technology. These tools improve financial performance, reduce risk, and ensure flexibility.

Grant Program

SIPA is about to start the sixth year of its Micro-Grant Program. Each year SIPA awards approximately 20 grants and \$100,000 to help governments put more consumer-facing services online. Since the grant program inception in 2010, SIPA has awarded 112 grants totaling \$523,707 across the State of Colorado. The grant program is open to all eligible governments in Colorado including State Agencies.

Our interactive web mapping application, which provides the grant winners, amounts awarded, and grant purposes, can be viewed at: <http://arcg.is/1Hbqlcu>



FINANCIAL INFORMATION

SIPA is self-funded and does not receive any appropriation from the Colorado General Assembly. SIPA is self-funded through its partnerships, the sale of licenses, and time and material consulting. To remain a viable and functioning organization, SIPA must offer products and services that are in demand by the EGEs and that they elect to use.

An overview of SIPA's financial operation is presented below.

FY 2014-2015: Unaudited SIPA Profit and Loss July 1, 2014 to June 30, 2015		
REVENUE		
	Colorado Interactive Margin Share	\$1,634,314.35
	EGE Revenue	\$3,554,496.74
	SaaS License Revenue	\$7,361,391.22
	Interest	\$503.36
COST OF SERVICES		
	EGE Engagement Expense	\$3,536,127.54
	SaaS License Expense	\$6,967,329.05
	Colorado Interactive Projects	\$217,339.10
	CMS Hosting & SIPA University Portal	\$67,156.00
	OPERATING REVENUE	\$1,762,753.98
OPERATIONS		
	Personnel, Travel, Training	\$609,309.39
	Office Operations - Insurance, Equipment, Lease, Phones, Supplies, etc	\$198,554.85
	Functions - Board, Grants, Marketing, Meetings	\$168,103.72
	Professional fees - accounting, audit, legal, consulting, technical assistance	\$197,187.09
	OPERATING EXPENSES	\$1,173,155.05
	NET INCOME	\$589,598.93

SIPA's primary financial risk is whether the amount of cash it has on hand is sufficient to cover vendor invoices between the time an EGE requests licenses or services to be ordered, and the time the EGE remits payment to SIPA. SIPA's retained earning fund size was increased from \$850,000 to \$1,500,000 (to be achieved by FY 2017) when SIPA's board approved its annual Strategic Business Plan in June 2015. The majority of SIPA's net income for this fiscal year has been moved to its retained earning fund.

FINANCIAL TRANSACTION DATA

C.R.S. § 24-37.7-106 requires SIPA to report the total amount of charges or fees imposed by each state agency for accessing electronic information, products, and services through the statewide internet portal and the total amount of receipts and revenue derived by SIPA from those transactions. Both of these reporting requirements are for the preceding fiscal year, which for this reporting period is Fiscal Year 2014-2015.

Fees charged by State Agencies

For most payment transactions, the fees are simple and posted to [SIPA's website](#). EGEs can choose to absorb these fees or pass them down to the end user as a convenience fee for transacting online. The latter is the most common choice.

eCheck Transactions:

Transaction Amount + \$1.00

Credit Card Transactions:

Transaction Amount + ((Transaction Amount + \$0.75) x 2.25%) + \$0.75

www.colorado.gov/SIPA

For some specialized transactions, Colorado Interactive and the State Agencies have come to exceptions on this standard fees. For example, Motor Vehicle related transactions are a flat 2.7% unless the transaction is less than \$10.00 in which case no fee is charged. Judicial fees, are \$1.90 per statutory filing and \$0.50 per case history. Gambling intercept has a fee of \$10.00 per intercept. In some cases Colorado Interactive helps State Agencies to deliver bulk records to others. These fees range from \$0.005 to \$5 per type of record being looked up and delivered.

SIPA, through its partnership with Colorado Interactive, processed more than 4.4 million transactions for state agencies which collected more than \$1 billion for their information, products and services. More than 43 million records were delivered on behalf of the Department of Revenue, generating an additional \$581 thousand for that agency.

Specific fees charged and revenues collected for each state agencies, in some cases by specific application, are shown in the following table.

Fees and Payments Collected by State Agencies FY 2014 – 2015

Agencies	Fee Exceptions	Transactions	Agency Payment
Colorado Department of Agriculture		5,155	\$1,373,519
Colorado Department of Education		37,129	\$2,724,398
Colorado Department of Higher Education		533	\$95,308
Colorado Department of Labor & Employment		1,490	\$188,909
Colorado Department of Local Affairs		5,356	\$395,097
Colorado Department of Personnel & Administration		22,847	\$3,558,943
Colorado Department of Public Health and Environment		2,254	\$978,889
Colorado Department of Regulatory Agencies			
Insurance		311	\$5,788,992
Premium Tax		1,817	\$102,795,563
Professions & Occupations		21,072	\$2,742,964
Public Utilities Commission		930	\$23,139
Registrations		133,904	\$20,600,198
Real Estate		3,030	\$211,788
Colorado Department of Revenue			
General		427,549	\$12,290,612
Motor Vehicle	CC: 2.7% on transactions over \$10.00, under is \$0.00	1,638,052	\$310,967,534
Taxation		341,162	\$521,019,662
Colorado Department of Safety		771	\$59,705
Colorado Judicial Branch	\$1.90/Statutory Filing; \$0.50/Case History	1,781,984	\$40,560,575
Colorado Office of Economic Development and International Trade		75	\$26,050
Colorado Office of the Attorney General		224	\$220,065
Multiple Agencies (Gambling Intercept)	\$10.00/intercept	723	\$1,112,763
Subtotal		4,426,347	\$1,027,734,674
Record Delivery - Department of Revenue	Fee Exception	Records	Agency Payment
Bulk Motor Vehicle Records (# of records)	\$0.005 per record	19,243,920	\$481,093
Additional Record Delivery (# of records)	Varies per lookup type: \$0.03 - \$5.00	24,652,777	\$100,000
Subtotal		43,896,697	\$581,093
Total		48,323,044	\$1,028,315,768

Receipts & Revenues

Colorado Interactive shares revenue, generated by offering portal services, with SIPA through a set formula. SIPA is paid both a flat fee (currently \$38,250 per month) and a percentage (currently 7%) of the portal services revenue collected after expenses (credit card company fees, payment processing fees, and additional payments to agencies). Last year, SIPA received a total of \$1,634,314 from Colorado Interactive. This number includes services for municipalities, counties, special districts, and institutions of higher education. It also includes professional services.

The table on the next page provides information related to the charges imposed by state agencies as a result of laws, rules, or regulations and includes the list of available state agency services, the number of transactions completed, and the total amount of charges associated with processing the transactions. The vast majority of transactions listed reflect a single payment for a single item.

Some transaction numbers, such as motor vehicle title and lien records, marked with an *, are processed in bulk, and the transactions numbers reflect the total number of items or records in the transactions, not the number of independent transactions conducted.

In Fiscal Year 2014-2015 the applications created through SIPA on behalf of state agencies completed 39,828,970 transactions, collecting a total of \$21,112,467 in credit card processing and portal administration fees to operate and maintain the system.

State agencies account for 99.5% of the transactions and 89% of the portal service fees. The revenue (unaudited) SIPA received for FY 2014-2015 related to the transaction services provided to state agencies totals approximately \$1,015,501.

It is important to note that the citizens and residents of Colorado who use these services have many alternatives available and are generally not required to use them, but elect to because of their convenience and ease of use.

Financial Transactions Processed on Behalf of State Agencies – FY 2014 - 2015			
Service (Alphabetical)	Agency	Transactions	Credit Card & Other Fees
AG-Cashier Payment Portal	Agriculture	1,418	\$8,805
Board of Assessment Appeals	DOLA	40	\$330
CDHE Assessment & Transcript Request	CDHE	533	\$1,944
CDLE Boiler Inspections	CDLE	847	\$2,057
Colorado Business Express	Revenue/CDLE	9,965	\$16,693
County DMV PayPort	Revenue	857,079	\$4,736,317
DCJ Class Registrations	CDPS	771	\$1,853
DLR Delivery	Revenue	3,008,952	\$6,021,368
DORA Professional Licensing	DORA	133,774	\$565,835
DORA Real Estate eLicense	DORA	134	\$551
DORA Surplus Lines Tax	DORA	311	\$311
DPA Central Collection Services	DPA	22,166	\$67,037
DPA DHR	DPA	681	\$4,701
Driver Matching	Revenue	2,666	\$160
Driver Record Monitoring*	Revenue	7,559,085	\$1,367,283
Educator License Payments	CDE	37,129	\$88,072
Electrical & Plumbing Permits	DORA	20,928	\$74,726
Gambling Intercept - Child Support	Revenue	723	\$7,230
HOA Payments	DORA	3,030	\$7,204
Measurement Device Licensing	Agriculture	28	\$104
Motor Vehicle Interlock Service	Revenue	14,765	\$575,585
Motor Vehicle Title and Lien Records*	Revenue	19,243,920	\$522,686
Motor Vehicle Verification Service	CBI	10,533	\$140,250
Non-Profit Annual Report Filings	DOLA	2,240	\$6,807
Online Driver License Renewals	Revenue	147,892	\$166,364
Online Sales Tax Processing	Revenue	331,197	\$1,224,540
Online Vehicle Registrations	Revenue	791,188	\$2,668,111
Over-the-Counter Driver License Renewals	Revenue	284,807	\$371,935
Ports of Entry	Revenue	8,238	\$65,905
Premium Tax Payments	DORA	1,804	\$1,814
Private Applicators Exam Request	Agriculture	602	\$892
Private Applicators Licensing	Agriculture	346	\$777
Search And Rescue Cards	DOLA	3,558	\$3,094
State Court Payments	Judicial	1,781,984	\$2,252,056
Storage Tank Registrations	CDLE	466	\$1,503
USA Plants - CDA eLicense	Agriculture	2,684	\$17,711
Utility Payments	DORA	1,116	\$806
Youthful Driver Monitoring	Revenue	5,541,370	\$129,050
Totals		39,828,970	\$21,122,467

Calculation of SIPA Revenue From State Agency Transactions	
Gross State Agency Credit Card and Other Fees (collected by CI)	\$21,122,467
Credit Card Processing Fees (paid by CI)	(\$6,208,086)
Payment Processing Fees (paid by CI)	(\$49,356)
Payments to Agencies (paid by CI)	(\$99,999)
Statutory Fees (paid by CI)	(\$257,867)
SUBTOTAL	\$14,507,159
SIPA 7% Margin Share on State Agency Transactions	\$1,015,501

RECOMMENDED LEGISLATION

As previously noted, C.R.S. § 24-37.7-113.5, requires that SIPA's report to the Joint Technology Committee include any recommendations regarding additional legislation that might be necessary to carry out the purposes of SIPA.

Last year the Joint Technology Committee promoted two changes to SIPA's statute that were adopted – Senate Bill 15-193, and Senate Bill 15-194. These legislative changes clarified SIPA's reporting requirements, and allowed some Board members to appoint designees. SIPA is very grateful to the Joint Technology Committee for supporting these changes. Since these amendments were made, SIPA's Board has had a quorum at every meeting.

SIPA is not requesting any legislative changes this year.