

A Chaddsford Planning White Paper



Chaddsford Planning ASSOCIATES

P.O. Box 2332
West Chester, PA 19380
(610) 918-1161
www.chaddsfordplanning.com

Best Practices in Multi-Application Card Design

*By Bob Bucceri, General Partner
Chaddsford Planning Associates, LLC
Chairman Emeritus, eGovernment Payments Council*

November 7, 2010

Contents

Introduction	2
Problem Statement	2
Previous Options Error! Bookmark not defined.	
Our Solution	2
10 Guidelines for Designing Multi-Application EBT Card Programs	3
Summary	5

Introduction

For nearly two decades the EBT community has discussed the potential for streamlining benefits delivery through the use of multi-application cards. The problem is that too few of these projects ever see the light of day or even make it into the design phase.

The reason is that success in program design is not intuitive. There are few guidelines to follow. Because of the involvement of disparate agencies, often there are irreconcilable differences between the participants. These can sink the project before it gets off the ground.

However, by adopting a business strategy ahead of time, agencies can manage expectations of output and increase their chances of success.

Problem Statement

Complexities, differing business rules, and conflicting visions combine to make the design of a multi-application EBT card program difficult to execute.

The Challenge

Until now project planners' only option has been to spend countless hours wrangling over each business rule, regulation or piece of turf.

Our Solution

We believe that before stakeholders debate creative visions or business rules, they must first agree to a concrete business strategy that will guide the project planning. This strategy is comprised of ten principles that have been gleaned from some of the most successful multi-application or multi-purse EBT projects over the last 20 years.

There are three benefits to this approach:

1: Rules of Engagement

Guiding principles force stakeholders to follow certain rules of engagement in their discussions. A stakeholder that cannot live within the rules probably should not be part of the project. Better to know up front than later on.

2: Avoiding Acrimony

Too often stakeholders who feel passionately about their vision of the project end up in conflict with



other stakeholders who are just as passionate. Guiding principles remove that impediment. They provide conflicting stakeholders a graceful way out by mandating that the shared principles trump their personal feelings.

3: Maintaining Project Energy

Agreeing to a set of guiding principles up front allows stakeholders to focus their energy on the actual design, rather than wasting it on insoluble problems.

If a stakeholder program cannot conform to the guidelines, then it's probably just as well that the project drops that program early in the planning process.

In short, the key to successful multi-application project planning is focus. Agreeing to a set of guidelines will allow project stakeholders to achieve that focus.

But what exactly should those guidelines for success be?

10 Guidelines for Designing Multi-Application EBT Card Programs

An EBT card program, multi-application or not, that can stand the test of time will generally adhere to many of the following ten best practices. The more of these they adhere to, the better the project.

1. A functional, well-tested design

Technology is like a resource that you measure out. Try not to use too much or too little. Well-designed multi-application programs don't try to get too fancy. Often using simple technology they meet project objectives while keeping costs down.

An illustration of this is the former Ohio Directions smart card begun in 1990. The program was ultimately killed in 2003 because of its high cost. At \$4.74 per case

month for food stamps it was twice the cost of EBT in other states at the time.¹

While the smart card technology is appropriate for WIC, it is overkill for food stamps. Without a sensible business case for smart cards, food stamps moved to a simpler and more cost-effective mag-stripe card.

2. Respect Existing Business Practices

Successful multi-application projects respect existing business practices to the maximum extent feasible. Each program participating in the card project has operated successfully under its own rules set. Combining the delivery of those program benefits should also respect those rules.

For example, one reason behind the enormous success of SNAP EBT from the beginning was its respect for existing food stamp rules and regulations. Maintaining the same certification processes for retailers, continued vigilance against fraud, and ultimately portability were all ways the Food Stamp Program respected existing business practices.

3. Form follows function

An important design element of multi-application cards is choosing technology solutions based on the system's functional requirements. Successful programs resist the temptation to use technology that is unnecessary for the applications. Contactless cards may be a nice feature for child care time and attendance, but may not be necessary for other applications.

For a number of years [LaserCard Corporation](#) tried to market its LaserCard® optical media cards as a more secure, robust device for distributing food stamp benefits. But the issues at the time were portability and cost, issues that would be complicated, not simplified, by the new technology. As a result the technology failed to catch on.

4. Combine synergistic programs

¹ "Ohio to replace EBT Card Chip with Mag-Stripe." *American Banker*. October 30, 2003.



Combining programs that have different missions on the same card complicates the planning process and can lead to conflicting visions for the multi-application card.

Cards that combine programs that share an income- maintenance mission like TANF, refugee assistance and others, have a better chance of success than cards that feature programs with disparate missions.

The New York [Common Benefit Issuance Card](#) (CBIC) and Pennsylvania's [ACCESS](#) card were good examples of mission sharing.

5. Demonstrate ruthless cost efficiency

Card programs that cannot demonstrate cost effectiveness are like 7th grade science projects. The purpose of a multi-application EBT card should be to streamline and make benefit delivery more efficient, and ultimately reduce the cost of delivering program benefits separately, not to demonstrate technological superiority.

6. Cross-program/agency coordination

Lack of coordination—between programs or agencies, or between federal and state officials—is a recipe for certain failure.

Successful multi-application card programs share a mission and a vision which makes it easier for them to coordinate.

Programs that are more parochial in their outlook will be less likely to coordinate or to yield to other programs on key decisions.

7. Build in sufficient planning time

The cooperation of multiple agencies and programs in a card project creates additional layers of planning complexity. Complicating the process may be multiple layers of approvals, negotiating multiple letters of agreement, technical issues and programmatic cultural differences.

However, among the most nettlesome issues to resolve is cost allocation between programs. This is often a “make or break” issue.

These additional layers of complexity require additional planning time. This includes identifying beforehand all areas that will require cross-program or cross-agency negotiation. It also requires prior agreement on business rules for handling issues like letters of agreement or cost sharing.

Finally, project team members must create and sign off on a project work schedule that has sufficient planning time to deal with these issues. More importantly, they must pledge to keep to that schedule.

8. Cultivate external champions

Projects with many partners require much support. It is important from the earliest planning stages to seek out and cultivate “champions” for the project.

Champions are external project supporters who occupy positions where their support will be meaningful. Retailers, community advocates, legislators or even members of the media can all be champions of the project.

The pioneer EBT project in [Reading Pa.](#) was a two-year federally funded demonstration project planned to run from 1984 to 1985.² When the popular demonstration project was nearing the end of its run, a Pennsylvania state senator, [Mike O’Pake](#), stepped in and secured state funding so the project could continue.

Because the project enjoyed a champion in the case of Sen. O’Pake, it ran for some ten more years, until it was eventually replaced by a statewide system.

Without a champion like Mike O’Pake the project very well could have ended in 1985. But his support kept the EBT vision alive as other states gradually began converting their food stamp programs.

² “EBT still popular with grocers and food stamp shoppers.” <http://bit.ly/9imJz>. February 1991.



9. *Leverage existing business relationships*

More program partners means more external relationships to leverage and bolster support for the project.

SNAP can bring relationships with the retail and client advocates. WIC has its own retail relationships as well as relationships with public health professionals. And Medicaid has an existing network of relationships with healthcare providers.

The more support you can bring to a project the better your chances of success will be. And the more supporters you can involve in the planning process the less likely you are to have your project derailed by an external dissident.

Project planners who reject the idea of establishing a stakeholder advisory council to foster support risk missing out on a key outreach opportunity at best, and engendering suspicion of the project at worst.

10. *Maintain visibility and communicate externally*

The tendency when managing a complex project like a multi-application card system is to keep it under wraps, tightly guarding any news about it. This is the wrong tactic.

Projects like these do not sell themselves. The more secretive you are, the greater your chances of being derailed by external forces. By communicating frequently with project stakeholders and supporters you keep them involved in the process and working with you instead of against you.

Summary

Multi-application card projects are complex systems that run the risk of collapsing under their own weight unless they are well conceived.

This means ensuring that project planners and stakeholders agree to a common set of business principles prior to beginning the actual design of the project.

Successful projects of this type are notable for “sticking to their knitting.” This means their scope is narrow, they focus on their core mission, and they avoid the temptation of “mission creep.”

Successful projects of this type early on secure one or more champions—supporters who can advocate for the project and are in a position where people will follow them.

Finally, partners on projects like this have adequate sources of funding lined up before beginning. Cost allocation schemes are critical to the success of these projects. Inviting a marquis program to join in without funding may create some buzz for the project, but ultimately the presence of an underfunded partner will cause more harm than good.

Adherence to a set of principles like these will not guarantee the success of a complex card project. However, without them it is difficult to see how it could succeed.

About Chaddsford Planning Associates

Chaddsford Planning Associates provides business consulting services from its base in West Chester, Pa. It provides technical assistance in three practice areas: electronic payments, with an emphasis on government payments; healthcare; and marketing communications. Visit us at our website www.chaddsfordplanning.com.

About the author

Bob Bucceri is the general partner of Chaddsford Planning Associates. His clients include state agencies, hospitals, non-profits, and companies involved in EBT. He was a co-founder of the EBT Industry Council, the forerunner of the eGovernment Payments Council which he continues to serve as its director. He is a recipient of the Electronic Funds Transfer Association’s Pioneer award. Bob posts daily about marketing and business issues at www.twitter.com/bobbucceri.