

9/15/26

**Subject:** Response to OLA Special Examination – ELS Modernization

Members of the Audit Committee,

I would like to thank the Office of the Legislative Auditor for its continued service to Minnesota and for the thoughtful review of the Electronic Licensing System (ELS) modernization effort. Independent oversight is essential to strong public outcomes, and we appreciate the professionalism reflected in this report.

Unlike a traditional software implementation, transitioning to a modern cloud-based platform is an ongoing commitment, one that touches millions of transactions, spans a wide network of partner integrations, and must faithfully reflect the nuances of state statute. We are grateful for the dedicated leadership of both the Department of Natural Resources (DNR) and Minnesota IT Services (MNIT), whose engagement is central to this partnership's long-term success.

We welcome the report's recommendations as constructive and aligned with best practices, many of which are already underway. PayIt remains fully committed to partnering with the State to deliver a successful system for Minnesotans.

#### **Shared Accountability and Program Context**

The ELS modernization is a large, multi-year transformation involving multiple agencies, evolving requirements, and broad stakeholder coordination. As the audit notes, responsibility for progress and outcomes is shared across the DNR, MNIT, and PayIt, all working toward a modern, reliable system that serves Minnesotans.

The audit reflects a point-in-time completion of 7.5% against all requested features, and does not reflect current completion of critical-for-launch functionality. In the latest success criteria published by MN agencies, 100% of PayIt development items are complete. There are currently 32 items of feedback that remain for light configuration, largely involving semantic or display-level items rather than core system deficiencies.

Like many public-sector transformations, the program has evolved through changes in leadership, governance, and scope as the State has balanced modernization goals with continuity of service. These dynamics require sustained alignment and clear decision authority across all parties. PayIt has remained focused on supporting that alignment, adapting to evolving requirements, and maintaining momentum toward a successful launch.

#### **Governance, Decision-Making, and Delivery Model**

We agree with the audit's emphasis on strong project management and will continue to strengthen traceability, reporting, and delivery alignment throughout the program.

The governance context for this project has deviated from standard practices, including clear decision authority, structured change control mechanisms, and clarity about the timeline impacts of scope changes. The program has involved broad stakeholder participation across DNR and MNIT, with prioritization, requirements, and sequencing shaped through extensive coordination. While this reflects a strong commitment to getting the system right, it extends timelines, introduces additional review cycles, and requires revisiting previously established direction.

In parallel, the program has balanced a configurable SaaS platform with Minnesota-specific policies and user expectations, a common challenge in large government transformations requiring ongoing coordination across business, technical, and operational stakeholders. Within this environment, PayIt has worked to adapt its delivery approach, incorporate evolving priorities, and maintain progress toward a successful launch.

### **Scope, Functional Progress, and Phased Delivery**

The audit's discussion of functional gaps reflects a point-in-time assessment during active development. The system is a configurable platform supporting a wide range of state-specific requirements. Many functional requirements are configured, refined, and validated in partnership with the State over time. Items marked as 'partially met' classify items that were finished from a technical standpoint; with remaining configuration, alignment on policy decisions, and final testing.

The State has prioritized highest-value capabilities for initial launch, with additional functionality phased to account for operational readiness, training, and the complexity of transitioning different user groups. Licensing functions are being introduced first, followed by vehicle registration and titling, given their broader operational footprint. PayIt has aligned its delivery approach to support this sequencing and ensure steady progress across all functional areas.

Since the audit, the program has continued to progress. Per the latest success criteria, PayIt's development responsibilities for launch-critical scope are complete. Remaining non-critical feature requests are sequenced into agreed upon future phases, reflecting a deliberate balance between delivering immediate value to Minnesotans and ensuring the system's long-term sustainability. PayIt remains fully committed to supporting the State through every phase of delivery.

### **Readiness, Launch Timing, and Success Criteria**

We share the audit's emphasis on readiness-based decision-making and are fully aligned with the State on ensuring the Electronic Licensing System is prepared prior to launch. The establishment of clear, measurable success criteria has been an important step in that direction, providing a shared framework for tracking progress, prioritizing work, and validating that critical functionality is delivered and tested before launch preparation begins.

These criteria have evolved alongside changes in scope and priorities, requiring ongoing alignment across teams to ensure consistent interpretation and shared visibility into progress. Sustained effort across development, testing, and operational readiness has been necessary to meet them — and the

decision to delay launch until they are met reflects prioritizing system reliability and user experience over adherence to earlier timelines.

The program operates with a clearer, more transparent view of progress, supported by shared metrics and close coordination across DNR, MNIT, and PayIt, ensuring that launch timing is driven by demonstrated readiness rather than schedule pressure. PayIt remains committed to supporting the State in meeting readiness criteria for a successful and stable launch.

### **Other States Using the PayIt Platform**

We are fortunate to have incredible partners across North America, some offering the below sentiments:

“The Arkansas Game and Fish Commission (AGFC) has built a strong partnership with PayIt and intends to renew our contract for the maximum allowable term. Since launching the Core product in fall 2023, we’ve navigated early challenges alongside PayIt, whose investment, talent, and integrated approach have strengthened our system into the most efficient, cost-effective, and robust solution we’ve operated. We remain committed to deepening this partnership as we continue migrating consumer-facing services to the platform and advancing innovation for our customers.”

- Spencer Griffith, Deputy Director, Arkansas Game and Fish

“As with any large system implementation, our initial rollout required close coordination to address configuration and operational details. Since that time, the system has stabilized and is effectively supporting our licensing and boat registration programs. PayIt has been a responsive and collaborative partner throughout, working closely with our team to address issues and adapt to evolving needs - especially in our wildlife programs. PayIt has shown its commitment to MDWFP’s long-term success.”

- Curtis Thornhill, Deputy Executive Director, Mississippi Wildlife, Fisheries, and Parks

Successful adoption of a system of this scale extends beyond technical implementation. It requires sustained collaboration, effective change management, and a partnership. These elements enable the State to not only implement the system, but also to optimize business processes over time and shape how the platform evolves to meet future, often unforeseen, needs.

### **Path Forward and Commitment**

As the program moves forward, all parties remain focused on strengthening the foundation for a successful launch and long-term system sustainability. This includes finalizing key elements such as service level agreements, aligning contract structures to support phased delivery, and ensuring that statutory and operational considerations are coordinated with the system’s rollout.

Just as importantly, the program has continued to mature in its governance, alignment, and execution. There is now greater clarity in roles, priorities, and success criteria, along with improved coordination across DNR, MNIT, and PayIt. These elements are essential to delivering a system of this scale and complexity and position the program for continued progress.

The contract amendment will formalize defined sign-off gates at each stage, from requirements agreement and solution approval through UAT completion and go-live readiness, ensuring that progress is measurable, accountability is clear, and no requirement advances without documented State acceptance and agreement on the associated timeline impact.

This effort is, and will continue to be, a partnership. Paylt remains committed to that partnership and to delivering a modern, reliable Electronic Licensing System that meets the needs of the State of Minnesota and the people it serves.

Respectfully,

A handwritten signature in black ink, appearing to read "TLN", written over a light blue horizontal line.

Tom Nieto, President and COO