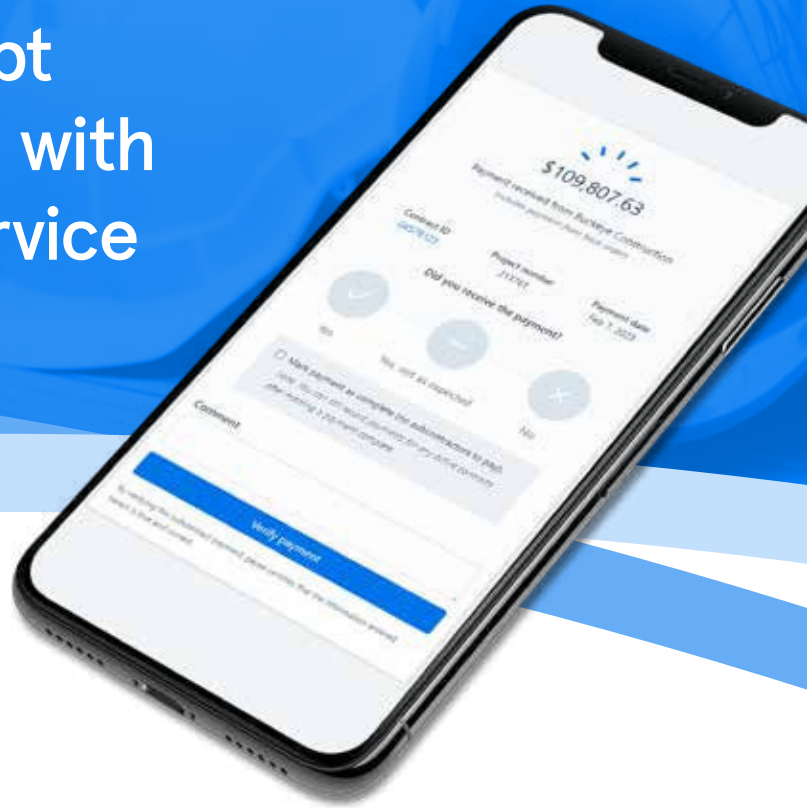


CASE STUDY

Ohio Simplifies Prompt Payment Compliance with Infotech's Signet™ Service



BACKGROUND

Prompt payment compliance is a challenge for many states, and Ohio was no exception. Before the state implemented Infotech's Signet™ service, verifying payments to subcontractors was a pain point for the Ohio Department of Transportation (Ohio DOT) and the Ohio Contractors Association (OCA).

Recognizing the opportunity for improvement, The Construction Industry and OCA reached out to a trusted partner, Infotech, to develop the right solution.

Shared Goals for Ohio DOT and OCA:

- + Support consistent reporting and verification of payments to subcontractors
- + Ensure compliance with state and federal prompt payment requirements
- + Simplify reporting and verification processes for contractors

RESULTS

70% less time spent by prime contractors recording payments

40% increase in subcontractor payment verification

98% of users would recommend the Signet service

700+
Users

16K+
Payments Recorded

500+
Businesses

\$1.2-\$1.8B
billion per year



Prompt Payment Is Always A Priority in Ohio

Federal Regulatory Requirements Add Urgency

Before Ohio implemented the Signet service, the state DOT was under pressure to increase its proactive monitoring of payments to subcontractors as part of an agreement with the Federal Highway Administration (FHWA). In addition to increasing transparency, Ohio DOT officials were also looking to streamline the reporting and verification processes for contractors.

“Our members had a lot of concerns about the overhead associated with prompt payment compliance,” said Chris Engle, Director of Public Agency Advocacy at the Ohio Contractors Association. The pain points applied to all contractors: large and small, prime and sub. Large companies with many projects and subcontractors were concerned about adding headcount to manage the sheer volume of reporting and verification tasks. Small companies faced the challenge of making due with existing resources.

“Prompt payment is something we take very seriously in Ohio, and not just because it’s the law. Subcontractors deserve to be paid for the work they’ve done, and those payments should be timely and correct. We try to ensure that all subcontractors are paid in a timely manner, including our state’s small firms and disadvantaged business enterprises. It’s something we can all take pride in.”

KATIE LAPLACE
ADMINISTRATOR
OFFICE OF CIVIL RIGHTS COMPLIANCE
OHIO DOT

Key Challenges

Ohio DOT

- + Confirming subcontractors are paid for their work, including small businesses and DBEs
- + Generating complete and accurate compliance reports as efficiently as possible
- + Ensuring scalability for large projects with many subcontractors and payments

“Prompt payment tracking is not an easy process in general, because payments are often assigned to multiple subcontractors. It was critical to have the ability to notify multiple subcontractors and identify which payments need to be passed down.”

Eric Khalig, Administrator, Alternative Project Delivery

Contractors

- + Saving time with a convenient, easy-to-use application for recording and verifying payments
- + Avoiding missed deadlines with built-in notifications and reminders
- + Mitigating the cost of regulatory compliance

“As the president of a small construction company, I’m also the accounts payable manager, accounts receivable manager, payroll manager, insurance manager, project manager, expeditor, etc.” said Meg Rietschlin, President of Rietschlin Construction.

“Anything that involves a regulation affects me directly because I have to figure out how to comply with the least amount of time and pain possible.”

Infotech and OCA Partner to Develop a User-Centric Solution

Ohio DOT knew it needed a solution that would empower contractors by simplifying the process to record and verify payments. The Construction Industry turned to the Ohio Contractors Association (OCA) and Infotech to help develop a new compliance tool.

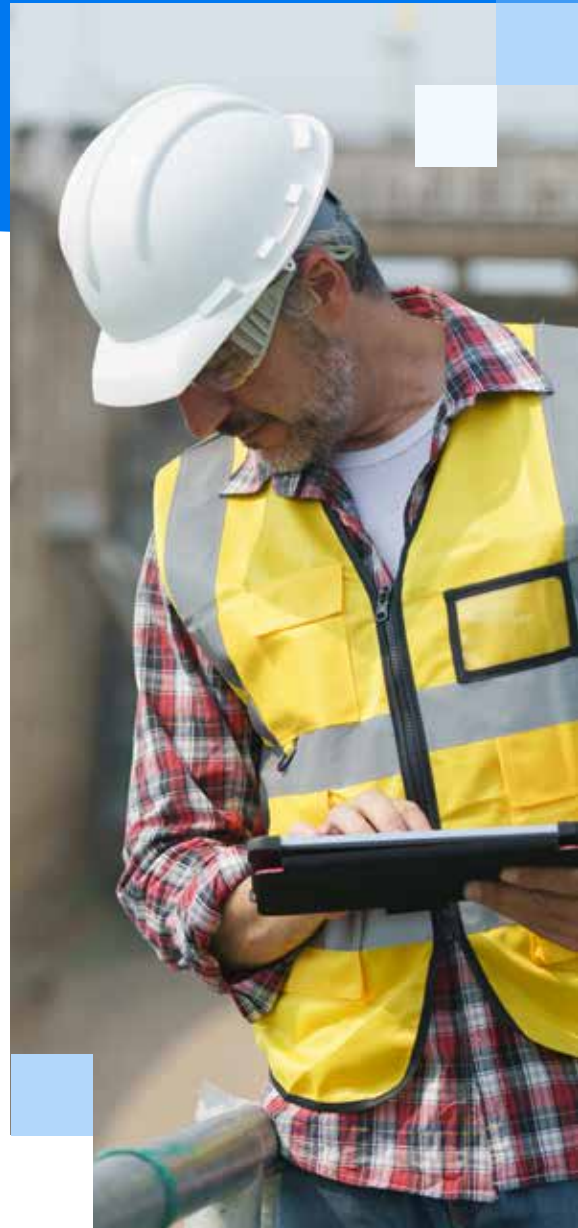
The first step was assembling a user group to understand contractors' needs and identify the most useful and high-priority features. After Infotech developed the Signet application, contractors tested the system during a 19-week pilot program. After seeing the powerful benefits of a simpler, more transparent compliance process, Ohio DOT decided to move forward with a statewide implementation supported by Infotech.

“Signet mail notifications really help because you don’t have to set separate reminders outside of the system to make sure those tasks get done. This was an idea that came up early in the study process, and now everyone is seeing the benefits.”

Chris Engle, Director, Public Agency Advocacy, Ohio Contractors Association

“There’s always some people who are resistant to change or struggle with new technology, but it has been very easy for most contractors.”

Mary Blue, Contract Administrator, Kokosing Construction



Increasing Compliance With a Simplified Process

Using Infotech’s Signet service, 761 users at 567 businesses have recorded and verified more than 16,000 payments totaling \$1.25 – \$1.8 billion per year. Simplifying the payment recording and verification process has been a huge benefit for all parties.



BENEFITS



Ohio DOT

- + Better visibility into payments; 40% increase in subcontractor payment verification
- + More complete, up-to-date information automatically integrated into AASHTOWare Project™ Civil Rights and Labor
- + Automated monitoring and follow-up on prompt payment issues
- + Compliance staff able to focus on investigative work

“Entering our second construction season with this in place, we have 96% of prime contractors recording payments in the application.”

Katie Laplace, Administrator, Office of Civil Rights Compliance, Ohio DOT

“Implementing a better prompt payment solution not only helped bring us out of a conciliation agreement with FHWA, but now we believe our program is respected across the nation.”

Eric Khalig, Administrator, Alternative Project Delivery

Prime Contractors

- + Notifications and reminders for subcontractor payment deadlines
- + Simple, streamlined interface for easy payment recording
- + 70% less time spent recording payments

“The Signet service eliminated a lot of clicking, scrolling and going between pages. I used to spend 4-6 hours a week; now it’s 30 minutes or less to complete the same number of entries.”

Mary Blue, Contract Administrator, Kokosing Construction

“The Signet service has been very beneficial for both large and small contractors. It’s helped them reduce overhead and comply with prompt payment requirements efficiently.”

Chris Engle, Director, Public Agency Advocacy, Ohio Contractors Association

Subcontractors

- + Notifications of upcoming payments and verification reminders
- + Streamlined process to verify payments and report discrepancies
- + Easy access in the field with a mobile-friendly web application

When subcontractors verify they’ve received a payment, they have the ability to indicate whether that payment matches the estimated amount. In cases where payments are different than expected, they can easily flag that payment to Ohio DOT’s compliance managers for investigation. This gives state officials visibility and streamlines the process of reporting and fixing incorrect payments without conflicts between prime and subcontractors.

Testimonials and Best Practices

Focus on User Experience

"The easier and more user-friendly you can make it for contractors, the better the results will be in terms of reporting compliance and monitoring prompt payment."

Katie Laplace, Administrator, Office of Civil Rights Compliance, Ohio DOT

"I love the Signet service. Infotech listened closely to what the Ohio contractor community needed and delivered a solution that really addressed our pain points with prompt payment."

Meg Rietschlin, President, Rietschlin Construction

"The Signet system is simple and efficient from beginning to end: logging in, finding information, entering payments—everything works great. I like having all the contracts we have open listed in one place. You can just click a contract, and make your payment entry one time, on one screen. If you need to go back and review the details of an estimate, everything is right there."

Mary Blue, Contract Administrator, Kokosing Construction

Recognize Opportunities for Improvement

"States need to ask themselves if they actually are meeting the requirements of the regulations. Even if you think you are, or you're able to keep the status quo, FHWA is watching. It's also important to ask whether the process is efficient. How much time is tracking and reporting taking, both for the DOT and the contractors? That time is a cost that ultimately affects businesses and taxpayers, so states need to ask if there's a way to simplify the process."

"If you don't have a proactive way of verifying prompt payment, the DOT only becomes aware of problems if a subcontractor complains they haven't been paid. But just because you aren't hearing complaints doesn't mean there aren't issues. Subcontractors can be reluctant to report incorrect or delayed payments if there isn't a clear process for resolution."

Chris Engle, Director, Public Agency Advocacy, Ohio Contractors Association

Engage Your State's Contractors

"It was very helpful that Ohio DOT let Infotech and Ohio contractors work together to lead the process of figuring out a solution. The pilot and implementation process was top-notch: it went very smoothly."

Chris Engle, Director, Public Agency Advocacy, Ohio Contractors Association

"Make sure that you engage your contractor community. Have an honest, open conversation explaining the purpose and intent so it's clear to everyone why you're implementing the system. Don't do it in a vacuum."

Eric Khalig, Administrator, Alternative Project Delivery

Connect With DOT Peers

"We do a lot of peer exchanges with other states, so we're always happy to engage with DOTs who are trying to improve prompt payment compliance."

Katie Laplace, Administrator, Office of Civil Rights Compliance, Ohio DOT

AGENCY ADVICE COLUMN

Dear Ohio,

Prompt payment is a big issue in my state, but I'm worried about requiring contractors to use a new system when they are already worried about the cost and complexity of compliance. What advice would you give an agency or association in this situation?

Sincerely,
Dreaming of Compliance

Dear Dreaming of Compliance,

One of the biggest benefits of implementing the Signet service is that it will save time and simplify compliance for contractors. Here are a few specific tips for making implementation successful:

- + Involve contractors early in the process to understand their needs and get their input
- + Explain that the goal is to create a more efficient, time-saving process
- + Conduct a pilot project to demonstrate the tangible benefits

Hope that helps,
Ohio DOT and OCA



Start Simplifying Prompt Payment Compliance in Your State

“I can’t imagine anything being simpler than this system, and I would certainly recommend that DOTs and contractors in other states give it a try.”

MARY BLUE
CONTRACT ADMINISTRATOR
KOKOSING CONSTRUCTION

Infotech is a trusted partner with more than 45 years of experience developing software and providing support for state DOTs and the civil construction industry. Contact us to find out how your state can improve prompt payment compliance with the Signet service.

Send your questions to signet-support@infotechinc.com or contact your Infotech account manager by visiting infotechinc.com/account-managers.

