



INVESTMENT REVIEW BOARD (IRB) INVESTMENT LIFETIME MANAGEMENT FORM

Version 3.0 (7/2/13)

Instructions:

- Please complete an IRB Form for all new and existing investments of \$500,000 or above. Contact your [Division's Budget Analyst](#) if an investment is between \$200,000 and \$499,999 to determine whether a form is required.
- All fields marked with a * must be filled out for the form to be accepted. Save forms that you have started but are not ready to submit on your desktop so that you can pick back up where you left off.
- Click the "Submit Form" button at the bottom of the form when you are finished and ready for it to be reviewed by the IRB. A copy of your IRB Form will also be sent to the "Form Preparer."
- Please contact CFPB_IRB@cfpb.gov with any questions.

IDENTIFICATION

1) IRB ID #:

2013999 (Theoretical Investment Example)

2) Title:

Made Up Financial Product (MUFP) Interactive Media Investment

3) Lifetime:

FY12 to FY24

4) Summary:

The investment request is for procuring contractors and software for designing and implementing multiple interactive digital media channels to engage the American public in making educated financial decisions regarding Made Up Financial Products (MUFP) based upon their unique financial situation and life-goals. This is a multifaceted investment that involves several Blanket Purchase Agreement for the primary campaign and an Interagency Agreement with the Department of Defense for service member-specific populations due to the unique issues connected with the population.

CEE has spent the last year in program design and development and is requesting funding to launch the project in FY14.

5) Business Sponsor(s):

All Divisions/Offices with a financial stake in this investment must have a Business Sponsor listed at the [Assistant Director level](#) or above.

Division/Office	Name	Email
<u>CEE: Consumer Engagement</u>	Addy Directorio	Addy.Directorio@cfpb.gov

6) Investment/Project Manager(s):

Division/Office	Name	Email
<u>CEE: Consumer Engagement</u>	Paul Managerio	Paul.Managerio@cfpb.gov
<u>CEE: Servicemember Affairs</u>	Arman Memberarm	Arman.Memberarm@cfpb.gov

7) Form Preparer(s):

Division/Office	Name	Email
<u>CEE: Consumer Engagement</u>	Fran Preparey	Fran.Preparey@cfpb.gov

8) Previous IRB Review(s):

Date	Description
12/19/2011	IRB Presentation on MUFP investment and blueprint for first module for mass public.
	IRB presentation on second module - specifically designed for service members

5/31/2012	
8/20/2012	Tentative FY13 IRB Business Case Approval
12/15/2012	FY13 IRB Business Case Approval
5/15/2013	FY13 IRB Business Case Approval (modified plan)

JUSTIFICATION

9) Purpose/Benefit(s):

Approximately 4.2 million Americans have taken out MUFP. However, CFPB surveys have shown that failure to make a good decision about this financial product costs consumers an estimated \$40 billion in unnecessary fees and other charges. Service members are a population of particular concern due to their unique circumstances (see 2011 CFPB Report on MUFP). These digital multimedia services will allow consumers to move through a series of questions to help them understand MUFPs and provide actionable advice. Through the multiple platforms and specialized targeting of service members, CEE estimates that approximately 80% of this target population can be served under this particular plan.

Though the industry provides some education on MUFP, CFPB's 2011 MUFP Report found strong systematic incentives for MUFP companies to largely avoid consumer education efforts. Furthermore, many MUFP companies are increasingly relying on profits related to MUFP penalty fees in order to remain competitive. This investment will provide public value to the taxpayer in the form of education and transparency related to this market failure.

10) Alignment with CFPB's [Mission](#) and [Strategic Plan Outcomes](#):

2.2: Help consumers understand the costs, risks, and tradeoffs of financial decisions; build trusted relationships...

11) This investment will enable the CFPB to research, design, develop, launch, and continue optimizing these modules through consumer outreach and product feature expansion.

By making an easy and interactive platform that assesses the individual consumer needs, this investment will help CEE achieve Performance Goals to achieve Bureau's mission to help consumer finance markets work by empowering consumers to take more control over their economic lives. In particular, the general and servicemember-specific interfaces of this investment and strategy of this investment allows CEE to increase targeted outreach activities and digital educational materials to engage consumers. Creating a partnership with the Department of Defense allows this investment to particularly focus on a critical population at the right time through the right channels. This investment also intends to promote for improved understanding of successful decision-making approaches by helping the consumer identify key success factors in financial health based upon their particular needs.

12) Requirement(s):

Category	Description of How Investment Meets Requirement:
<u>Legislative Mandate</u>	This program is intended to fulfill the CFPB's mandate to develop and implement "initiatives intended to educate and empower consumers to make better informed decisions." (12 USC 5493 d)
<u>Audit Finding</u>	This investment supports recommendations made in the 2011 Independent Audit (findings C+T.85.2, C+T.85.1.96)
<u>Performance Gap</u>	This investment allows the Legislative Mandate and Audit Finding to be fulfilled given the limitations of CFPB staff resources, uses off-the-shelf cloud-based technology, and in accessing specific target populations.

13) Does this investment implicate [T&I](#) or [Digital Team](#) resources in any phase?

For example, does this investment include: data buys; third party solutions that use technology consulting or an externally hosted technology service or will require transfer of CFPB data to a vendor; design of webpages, forms, posters, etc.; procurement of software or hardware, including mobile devices, storage devices, and printers; or software programming?

Yes

We intend to contract out many of the aspects of this project to outside contractors that specialize in interactive digital media. T&I will be involved in that process, as well as integrating it into the CFPB website.

If yes, please identify the [T&I Technology Portfolio Manager\(s\)](#) (TPMs) or [Product Director\(s\)](#) that you are working with on this investment:

Name	Email	T&I Project ID #
Teddy Technicy	Teddy.Technicy@cfpb.gov	999-999-9999

ALTERNATIVES ANALYSIS

14) **Date of Alternatives Analysis:** 06/27/13
 # 15 should be accurate as of this date.

15) Alternatives Analysis Summary:

Alternative	Description of Alternative	FY14 Cost
Investment (As described throughout this form)	<p>Functionalities, Timeframe, Staff Resources, Risks, Cost Effectiveness</p> <p>Continuing on this investment allows the CFPB to launch the MUFP tools developed during FY13. Through this mostly "out of the box" digital multi-media approach, we estimate that we'll be available to reach approximately 80% of the relevant population and provide a meaningful interactive user experience.</p> <p>Once these tools are in place, they should allow us to also analyze data about the user experience. This particular project has made flexibility and the ability to update the interface a major priority. Thus, we expect this "smarter" system to evolve as consumer's needs related to MUFP's also change.</p> <p>This will result in one more year of higher upfront costs in FY15. Periodically, this system will require updating, but it seems the most cost-effective solution to effectively providing this service to the public.</p> <p><i>[You should be able to compare this alternative to the other alternatives. However, since the rest of the form deals with the various components of this investment, it is acceptable to truncate the description to the highlights]</i></p>	\$3,140,000
No Investment (Plan if funding for investment as described throughout this form is denied)	<p>Past Costs</p> <p>No investment would result in a sunk cost of \$1.75 million in invested funds and FTE resources allocated to this investment in FY13.</p> <p>Functionalities</p> <p>Although using CFPB employees it would still be available to approximately the same 80% target population, but the lack of interaction will also greatly reduce the effectiveness in helping consumers understand their options in this complex market.</p> <p>Timeframe</p> <p>This option would delay the launch of the MUFP education internet tools by approximately a year as we would need time to re-strategize. The tool that would result would not likely be interactive and lack important piloting that helps increase usability.</p> <p>Staff Resources</p> <p>Furthermore, ending the investment in contracting and interagency agreements will quickly overburden CEE, Service Member Affairs, and T&I given the mandate, audit requirement, and other major strategic priorities. Assuming that the project can be prioritized by full time staff, we estimate that an additional \$850,000 in CEE and T&I FTE hours would be spent to create a materially less effective version of the planned tool.</p> <p>Risks</p> <p>Given wide-spread nature of this project, not investing in this project will put the Bureau at risk for not being able to meet its mandate to educate the consumer about financial products like MUFP. Further, the Department of Defense has begun to develop strategies around this project. A major disruption from the current plan due to lack of funding would threaten that relationship and may negatively affect other projects that the Bureau is working on with the DOD.</p> <p>Cost Effectiveness</p> <p>Over the long-term, future modules of the Consumer Experience Program</p>	\$0

	would not be based in a data-driven, user-centered approach making it highly unlikely that the modules would be able to achieve similar impacts. This would greatly reduce the return on investment on the project.	
Temporary Fix Solution	<p>Functionalities, Timeframe, Staff Resources Given the current state of the investment, we could spend a little less in FY14 by doing a customized "tweaks" of the version that we have started to develop. This would allow us to stay on schedule given our current resources, reach the same population, and many of the benefits of the proposed investment would remain.</p> <p>Risks However, much of the costs would be related more to customization rather than adding features. Considering the improvements in technology over the past ten years, it seems prudent to reduce reliance on customized solutions that reduce flexibility to update with the times. Furthermore, increased reliance on customized solutions makes updating information more complex. As the industry changes, this solution runs the risk of providing inaccurate information to consumers.</p> <p>This customization may also increase the complexity of communications with the Department of Defense.</p> <p>Cost-Effectiveness Though this would provide a less expensive solution for this year, we estimate much higher costs over the long term. For instance, this solution would likely cost approximately \$15 million over 5 years, versus the investment's estimated \$9 million.</p>	\$2,500,000
Enhanced Customized Solution	<p>Functionalities Under this option, we would maximize contracting services to develop top-of-the line interactive media solutions for educating consumers. Though the presentation is extremely impressive and slightly "smarter" than the proposed solution, the basic functionalities and ability to reach consumers for this investment are essentially the same.</p> <p>Timeframe & Staff Resources This investment would result in a launch approximately three weeks prior to our current schedule and would reduce the amount of staff time and resources dedicated to this investment by approximately \$30,000.</p> <p>Risks In addition to the immediate costs, the maintenance of this customized solution will be much higher than the maintenance of the proposed system by approximately \$1 million per year. This increased annual cost will increase the risk of being unable to maintain the system over the long term and may reduce the accuracy of information provided to consumers over the long-term.</p> <p>This customization may also increase the complexity of communications with the Department of Defense.</p> <p>Cost-Effectiveness Though the benefits of this investment are slightly better than under the proposed alternative, these additional benefits are not critical and not worth an additional upfront cost of \$1.8 million and annual maintenance cost of an additional \$1 million.</p>	\$5,000,000

16) Rationale for Proceeding with Investment As Described Throughout This Form:

Although the upfront costs of this investment are more expensive than the Temporary Fix Solution, we think that this investment's out-of-the-box technological solution will reduce sunk costs related to expensive customized redesigns over the lifetime of the investment, which is a major risk of the Temporary Fix Solution.

Furthermore, this investment allows for a similar ability to evolve to changes in the MUFP's industry as the Enhanced Customized Solution. However, we have determined that many of the top-of-the-line components of the enhanced alternative are not critical to success and do not provide a strong return on investment to the public.

Thus, the proposed Interactive Media Solution provides a highly effective consumer education solution to the current lack of transparency in the MUFP marketplace.

FINANCIAL

17) Previous Obligations: \$3,932,000

Please include all obligations to date for this investment, regardless of \$ amount.

FY	Quarter	Amount	Contract #	Description
<u>FY12</u>	<u>Q2</u>	\$500,000	XX-099-999-9999	This initial procurement allowed the project team to hire contractors to help with strategic planning and project management related specifically to digital media and consumer outreach.
<u>FY13</u>	<u>Q2</u>	\$3,432,000	0888-S88-8888	This BPA award funded some initial purchasing of software and some T&I consulting regarding interactive digital media

18) Five-Year Cost Breakdown:

A&I = Acquisition & Implementation or Standup

O&M = Operations & Maintenance or Steady State

Cost Category	FY14	FY15	FY16	FY17	FY18
A&I: Contract Services	\$1,500,000	\$1,500,000			
A&I: Software	\$1,000,000	\$1,000,000			
A&I: Shared Costs with DOD	\$0	\$10,000			
O&M: Contract Services	\$640,000	\$659,200	699,345	\$720,325	\$751,935
O&M: Software			500,000	\$500,000	\$500,000
O&M: Shared costs with DOD			5,000	\$5,000	\$5,000
TOTAL	\$3,140,000	\$3,169,200	\$1,204,345	\$1,225,325	\$1,256,935

19) Estimated Lifetime Cost: \$16,500,000

Investment Lifetime = FY12 to FY24

20) Cost Assumptions:

A&I Contract Services

Based on 28-week engagement with user experience design firm at published MOBIS rates and previous costs incurred under the program for previous work.

A&I Software

One week of contracted design and development services according to estimates provided by two firms is approximately \$10,000 for one front-end web developer and back-end developer working side-by-side; module design and development assumes six pairs of developers working for approximately four months. Module design and development costs previously incurred for the Other-Made-Up-Financial-Product Project were also approximately \$1,000,000.

O&M Contract Services

Based on average Google AdWords cost per click of \$6.12 for consumer finance search terms applicable to the CFPB. Program designed to provide an initial surge of paid marketing expected to reach approximately 160,000 consumers in launch year and 65,000 consumers in subsequent years. Consumers will also be reached through owned and earned marketing channels. Also assumes that this cost will not be fixed by contract and will increase 3% per year.

O&M Software

One week of contracted design and development services according to estimates provided by two firms is approximately \$500,000 per year for one front-end web developer and back-end web developer working side-by-side; assumes 10 weeks of product feature expansion per fiscal year. Contract expected to fix price at \$500,000 for first three years

Shared Cost with DOD

DOD will take lead in procuring subject matter experts for servicemember-specific program. Estimated CFPB obligations based upon preliminary estimates made with DOD staff based upon a past contracts and maximum cost/unit of \$100 across 100 units.

Lifetime Cost - In 2013, estimated 10 years of implementation and "steady state" before another major update. Takes into account 3% inflation for costs that are authorized on a yearly basis. After 10 years, we expect that the investment would need to be updated technologically.

Year	1	2	3	4	5	6	7	8	9	10
A&I	2,500,000	2,500,000	-	-	-	-	-	-	-	-
Contract	640,000	659,200	678,976	699,345	720,326	741,935	764,193	787,119	810,733	835,055
Software	-	-	500,000	500,000	500,000	515,000	530,450	546,364	562,754	579,637
DOD	-	10,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
									Total	16,621,088

DEPENDENCIES

21) Internal Stakeholder(s):

Division/Office	Description of Work with Internal Stakeholder
<u>CEE: Consumer Engagement</u>	The Consumer Engagement team has been closely involved throughout the project as "co-designers," from the design in FY11-12 through implementation in FY14.
<u>CEE: Financial Education</u>	The Financial Education team has been a key collaborator in the development of the MUFP program, especially in developing the content of the tools. Several members of the Financial Education team are part of the MUFP Interactive Media Development Team and regularly collaborate.
<u>CEE: Servicemember Affairs</u>	The Servicemember Affairs team has been a key collaborator in identifying special issues related to servicemembers as the next module for development, co-presenting this recommendation to the Policy Committee. The team has designated a subject matter expert to serve as a "co-designer" in FY13-14. They have also been key collaborators in developing a critical relationship with the Department of Defense so that the module may reach a key demographic through the right channels.
<u>RMR</u>	The basis of this project lies in the findings from RMR's 2011 MUFP Report. An added benefit of this project is the collection of encoded data to help illuminate key aspects about consumer issues related to MUFPS. We have held several meetings in the early planning stages to make sure that the collected data meets RMR's needs.
<u>OPS: T&I</u>	T&I has been involved in planning and development of this project from inception, providing critical resources throughout the project to serve in advisory and acceptor/approver roles, as well as providing user experience, front end and back end web development support.
<u>EA</u>	We have engaged External Affairs as advisors to coordinate external communication this highly visible project with other CFPB efforts. Engagement with EA is prioritized during the early planning stages and prior to implementation of key benchmarks.

22) External Stakeholder(s):

Organization	Description of Work with External Stakeholder
Department of Defense	As the servicemember-specific module is developed, the team has held several meetings with the DOD to develop

23) CFPB Investment(s)/Program(s) that this Investment is Dependent on:

Owner	Investment/Program	Status
<u>RMR: Regulations</u>	MUFP Rulemaking (7/21/10-FY14)	ongoing
<u>OPS: T&I</u>	consumerfinance.gov	ongoing

24) CFPB Investment(s)/Program(s) that Depend(s) on this Investment:

Owner	Investment/Program	Status
CEE: Financial Education	MUFP Community Education Program	Planning/Community Outreach

25) External Program(s)/Project(s)/Factor(s) that this Investment is Dependent on:

Owner	Program/Project/Factor	Status
Department of Defense	DOD Financial Education Program	Early implementation

ACQUISITION**26) Date of Acquisition Plan:** 07/03/13

#27 and #28 should be accurate as of this date.

27) Acquisition Plan Summary:

Component/Phase of Investment	Acquisition Approach	Acquisition Status
Implementation	Blanket Purchase Agreement	Ceiling raised on existing BPA, call issued
Implementation	Interagency Agreement	Planning with procurement

28) Contract Specialist(s):

Component/Phase of Investment	Name	Email
Implementation	Patty Procureau	Patty.Procureau@cfpb.gov

TIMELINE**29) Investment Timeline:**

Please add a new line for each event and include both past and planned future actions (acquisition and programming), milestones, phases, etc.

FY	Quarter	Action/Milestone
<u>FY12</u>	<u>Q1</u>	Final presentation to Executive Committee on MUFP Interactive Media Program framework and blueprint for first module.
<u>FY12</u>	<u>Q1</u>	IRB presentation on MUFP Interactive Media program framework and blueprint for first module. Investment approved.
<u>FY12</u>	<u>Q3</u>	Recommendation to Policy Committee about second module: Servicemember MUFP Interactive Media Program Module.
<u>FY12</u>	<u>Q3</u>	IRB presentation on MUFP Interactive Media program framework and blueprint for second module. Investment approved.
<u>FY12</u>	<u>Q4</u>	CFPB Director approves decision memorandum to move forward with modules.
<u>FY12</u>	<u>Q4</u>	Piloted launch of first module of MUFP interface.
<u>FY13</u>	<u>Q1</u>	MUFP user experience design completed and design/development resources identified in T&I issue task order for contracted services.
<u>FY13</u>	<u>Q3</u>	User experience design task order issued for second module.
<u>FY14</u>	<u>Q1</u>	Official launch of MUFP tool (first module)
<u>FY14</u>	<u>Q2</u>	Pilot servicemember specific MUFP tool (second module)
<u>FY14</u>	<u>Q3</u>	Complete program look-back/look-ahead and ROI analysis. Third module design/development resources will be identified in T&I issue task order for contracted services.

PERFORMANCE**30) Lifetime Goal(s):**

The MUFP Interactive Media Project is the premier consumer-facing offering about MUFPs available through the CFPB's digital media channels (consumerfinance.gov, social media, etc.). The Program is a platform for building a trusted relationship the American public by offering a series of modules that provide actionable advice to consumers navigating difficult financial decisions they face in the MUFP marketplace.

31) Expected Lifetime Return on Investment (ROI):

The return on this investment can be quantified by the consumer harm reduced or consumer benefit obtained, the MUFP interactive tool expected to provide a conservative estimated average of \$400 in return per consumer impacted by the program.

32) FY13 Actual ROI (for Continuing Investments):

FY2012 the MUFP Program concept was approved and the first module was designed, developed, and delivered on time and on budget. In FY13 the CFPB held a successful “beta” test of one component of the first module. Approximately 95,000 unique individuals participated in the beta.

Once the MUFP module is online and in active use, in conjunction with quantitative measurements planned around our outreach approach and an Office-wide research program intended to measure awareness, engagement, and impact, Consumer Engagement will be positioned to begin reporting ROI on a quantitative basis.

33) FY13 Goal(s) and Accomplishments:

Please add a new line for each goal.

FY13 Goal	FY13 Accomplishment	Additional Information
Launch MUFP Pilot Program	Successful launch of pilot	Gathered user experience data to improve tool prior to FY14 official launch
Complete user experience design for servicemember-specific module.	Servicemember-specific module design completed.	na
Begin developing actual tool for Module 2	Tool development began in April, 2013	na

34) FY14 Goal(s):

Please add a new line for each goal.

FY14 Goal	Additional Information
Launch official MUFP tool in Q1, FY14	Awaiting IRB approval to continue investing in contracts to move MUFP tool into next phase.
Launch of beta MUFP tool for servicemembers	Dependent upon IAA with DOD
Analyze data gathered through tool to determine performance in Q3, FY14 & develop performance improvement plan as necessary	na
Determine if project should be expanded to cover other major target groups.	To be determined based upon data collected after official MUFP tool launch.

35) FY 15 Goal(s):

Please add a new line for each goal.

FY15 Goal	Additional Information
Analyze data gathered through servicemember tool to determine performance in Q3, FY14 & develop performance improvement plan as necessary	na
Develop plan for next target group; develop implementation plan	Strategy will develop using priorities set forth in the strategic plan, as well as data analyzed in FY14, and the beginning of FY15

36) Performance Metrics:

Please add a new line for each performance metric.

Metric	FY13 Target	FY13 Actual	FY14 Target
Awareness (# of consumers)	90,000 (pilot goal)	100,000 (pilot result)	800,000
Engagement (# of consumers)	80,000 (pilot goal)	94,900 (pilot result)	500,000
Impact (# of consumers)	60,000 (pilot goal)	75,000 (pilot result)	300,000

Improved Customer
Outcomes (\$)

\$24M

approximately

\$120M

RISK MANAGEMENT**37) Date of Risk Assessment:** 07/03/13

38 should be accurate as of this date. Please keep in mind that risk must be actively managed throughout the lifetime of the investment.

38) Risk Management Plan Summary:

Please add a new line for each risk.

Risk Category	Description	Probability	Impact	Mitigation Strategies
<u>Business/operational</u>	In environment of heightened scrutiny of government expenditures, certain community outreach/advertising efforts might become impermissible or inadvisable for government agencies	<u>25-50%</u>	<u>Med.</u>	<ol style="list-style-type: none"> 1. This investment allocated for outreach efforts related to CFPB's media resources would be used for educating and empowering consumers only. All creative materials would be clearly linked to only CFPB's consumer offerings and resources. 2. Create materials require Bureau-wide clearance, providing a critical check against any impermissible use.
<u>Strategic</u>	Contractor deliverables incompatible with existing CFPB brand positioning and strategy	<u>25-50%</u>	<u>High</u>	<ol style="list-style-type: none"> 1. Consumer Engagement has expanded documentation of key decisions and strategic choices made during this program; this documentation will be used throughout development of subsequent modules. 2. Contracture used for brand strategy consulting has been engaged for user experience design of the second module.
<u>Technical obsolescence</u>	Tools involving technology have an inherent risk of becoming obsolescent or inflexible--which may effect the validity of information available through the tool.	<u>50-75%</u>	<u>High</u>	Project management strategy prioritized interchangeable "out of the box" technology solutions in order to increase flexibility.
<u>Creating monopoly for future procurements</u>	Using contractors to develop technology may result in a vendor having unique insight into final product, reducing effectiveness of competitive bids in the future.	<u>>75%</u>	<u>High</u>	Project management and procurement strategy prioritized projects that used open source technology, reducing the risk resulting from highly-proprietary customized systems.

SUBMISSION

39) Form Date:

40) *Click the "Submit Form" button when you are finished with your IRB Form and ready for it to be reviewed by the IRB. A copy will also be sent to the "Form Preparer."*