L-1 IDENTITY SOLUTIONS™

L-1 DMV Self-Service Kiosk

Shorter Lines and Happier Customers

Introduction

During these challenging economic times, State DMVs are faced with budgetary reductions, staffing shortages, and office closings that adversely impact customer service. This translates to congested offices, long wait times, and ultimately…unhappy, dissatisfied customers. Applicants seeking Driver's License renewals and replacements must often wait hours at crowded DMV offices for transactions that should only take minutes to process. Additionally, in this era of state budget shortfalls, staffing cuts, and office closings, it may also mean the inconvenience of traveling to a distant DMV office.

Now there's a solution: biometric-enabled self-service kiosks. These systems automatically capture and update applicant DL/ID photos, conduct ICAO image quality checks, and perform 1:1 facial verification with the image on record with the DMV. Transactions such as no-change license renewals and replacements—with updated photos—can be managed by the customer. Not only does the customer benefit from the added convenience and time saved by using self service kiosks, the States may realize significant benefits as well.

Redirecting simple transactions such as DL/ID renewals and replacements will generate savings to help offset budget shortfalls and staffing reductions that would otherwise result in longer lines and increased waiting times. Additionally, kiosks may be self-funded through convenience fees, resulting in greater savings to help maintain and enhance customer service levels.

The Impact on DMV Applicants

Frustrations Faced by Applicants

For most people, getting a driver's license renewed or replaced means a trip to the local department of motor vehicles (DMV) office. It also means taking time off in the middle of the workday to wait in long lines and crowded motor vehicle offices for what seems like forever to complete a simple transaction. Increasingly, in this era of state budget shortfalls, staffing cuts, and office closings, it may also mean the inconvenience of traveling to a distant DMV office.

The Common Causes

Many of the DMV's limited resources—time, personnel, and funds—are consumed by processing simple, repetitive transactions such as driver's license renewals or replacements. A simple transaction that might take 25 to 30 minutes in an optimal environment can end up taking hours because it must be handled by the same DMV personnel who also process more complex transactions such as new driver license applications that require personal, time-consuming, hands-on attention. This inefficient workflow results in congested offices, long wait times, harried DMV personnel and—ultimately—unhappy, dissatisfied customers, many of who have taken time off from work to conduct their DMV business.

A Way to Ease Frustrations

Using kiosk technology to provide self-service options can automate these simple but time-consuming transactions and help DMVs address customer service challenges in a secure, efficient, convenient manner. Redirecting traffic from customer service lines to self-service kiosks not only enables more effective, efficient allocation of DMV resources during regular office hours, it

Benefits to the Applicant

- Eliminate long waits at the DMV
- Ease of operation taking minutes to complete, freeing up valuable time
- Increased service outlets when placed at remote non-DMV locations such as shopping malls, AAAs, and other high traffic locations

Benefits to the DMV

- Reduced wait times and relief from office congestion
- Lower overall agency cost and increased efficiency of operations
- Flexible business/payment management models to reduce or eliminate potential barriers to implementation
- Improved employee morale

also provides viable options for when the DMV is closed or too far away to be conveniently accessible.

Just as with bank ATM machines, self-service kiosks can be placed in DMV lobbies to provide convenient after-hours access for simple transactions that don't require the hands-on attention of DMV personnel. They can also be placed in remote locations such as shopping malls, libraries, and AAA offices. This not only provides customers with a secure, convenient option for license renewal or replacement in areas where DMV offices have been closed or are not readily accessible, it also lessens congestion in remaining DMV offices.

The result of DMV self-service kiosks is reduced wait times, shorter lines, and increased access, which yield satisfied customers and happier employees.

DMV Business Problem

State Budget Woes Increase Wait Times and Decrease Customer Satisfaction

According to the American Association of Motor Vehicle Administrators (AAMVA), state budget woes have resulted in staffing cuts, hiring freezes, reduced office hours, office closings, and increased wait times—all of which inevitably lead to frustrated, angry DMV customers and harried, stressed-out DMV personnel.

In an effort to reduce costs, California implemented a three-days-a-month furlough for all state employees, closing down motor vehicle offices on those days. This resulted in longer lines and more congested offices on the days the DMV is open and increased the

average wait time from 27 minutes to 45 minutes. Nevada closed three branch offices, eliminated 137 jobs, and implemented a one-day-a-month furlough, resulting in an increase in average wait times from 37 minutes in to 57 minutes. In North Carolina, a hiring freeze and the elimination of overtime resulted in shortened business hours and DMV offices that are so understaffed they have to be closed if someone calls in sick. In Colorado, which eliminated 21 motor vehicle offices, the wait times have gone from 25 minutes statewide to over four hours in metro Denver. In Tennessee, which has proposed closing six driver's license offices and cutting 34 DMV jobs, the wait time is expected to increase from 45 minutes to two hours. Nationwide, 17 states have implemented furloughs of DMV employees, or have approved plans to do so as a way to help balance state budgets.

Resulting Inefficiencies

Unfortunately, states' office closings, staff reductions, and furloughs have generally not helped their general budgets. According to a November 2009 report from the California Senate Office of Oversight and Outcomes, although staff furloughs have reduced the salary paid to DMV workers in that state by 14%, the savings realized have so far only "resulted in a degradation of service levels in nearly all areas of operation" without increasing the state's general fund money. This is because, in California—as in many other states—the DMV budget comes almost entirely from vehicle registration, driver's license, and other fees paid by drivers.

Thus, in addition to an average 60% increase in the national wait time at driver's license offices, fees have also increased in many states. In Massachusetts, driver's license renewal fees have increased from $40 to $50 since last year.

Resulting Inefficiencies

- Staff furloughs have not contributed much to DMV savings, but have compromised the service to DMV customers

- There has been an average 60% increase in the national wait time at driver's license offices

- There has been a need to significantly increase transaction fees

- This has not resulted in improvements in customer service, but is viewed by customers as stop gap measures to keep DMV agencies afloat

In California, renewal fees increased from $3 to $31. Other states that have implemented fee increases in an attempt to help close budget shortfalls include Colorado, Florida, Illinois, Nevada, New Jersey, New York, Virginia, and Vermont. Unfortunately, these fee increases—as with the furloughs and office closings—have not translated into improvements in customer service and are seen as stopgap measures to keep DMV agencies afloat.

Multiple Approaches to Improve DMV Customer Service

DMVs throughout the United States have employed various means to improve customer service and increase customer satisfaction—which, in most cases, means reducing wait times and getting customers in and out of the DMV office as quickly as possible.

Many states have implemented Help Desks or "greeter" stations in an effort to improve office workflow and decrease wait times. The greeter determines the type of transaction the customer needs, assists with some preliminary functions (such as making sure the customer has all the required documentation, scanning the existing driver license, or taking the customer's photo) and directs the customer to the appropriate line. In theory, this means customers with simpler transactions, such as driver's license renewals, would be sent to an express line that would reduce their wait times, while those with more complex transactions would end up in lines with longer wait times at various offices. However, this approach only works well in DMV offices that are fully staffed. In smaller offices or those that have experienced staff cuts—or have been closed—it may not be practical to use a greeter station.

Approaching a Solution

States have employed several measures to improve office efficiency. Such measures include implementation of:

- Help Desks or greeter stations to improve office workflow and decrease wait times

- Web-based systems to encourage customers to use online resources to complete simple transactions

- Self-service kiosks to efficiently handle large amounts of office traffic by improving office workflow and reducing wait times

Other states have implemented web-based systems to encourage customers to use online resources to complete simple transactions, to schedule appointments for more complex transactions, and to view wait times at various offices. However, while some states have seen an increase in online transactions, many others have not. In Massachusetts, for instance, where half of the individuals, whose licenses expired in February, 2009 were eligible to renew their licenses online, only 11 percent did so. Iowa shut down its website because it cost too much to maintain based on the low number of DMV customers who used it.

This non-use of DMV websites is due, in part, to business requirements that necessitate in-office processing of a transaction, including updating a photograph, vision screening, and other transactions which cannot be done online. Thus, many customers feel it is a waste of time to, for instance, begin the driver license renewal process online then they will still have to make a visit to the DMV to have their photo taken in order to complete the transaction and get their new driver's license.

The newest technological innovation available to DMVs to improve customer service is self-service kiosks. Today, a handful of states have installed—or are considering installing—self-service kiosks. In 2004, Nevada piloted self-service kiosks in 14 branch offices to process vehicle registration renewals. In August, 2009 the New Mexico DMV deployed more than 170 self-service kiosks to administer driving tests and accept payment for vehicle registration and driver license renewals. In December, 2009 the Mississippi DMV introduced eight self-service kiosks in a pilot to process driver's license renewals and replacements, and anticipates a broader rollout in 2010.
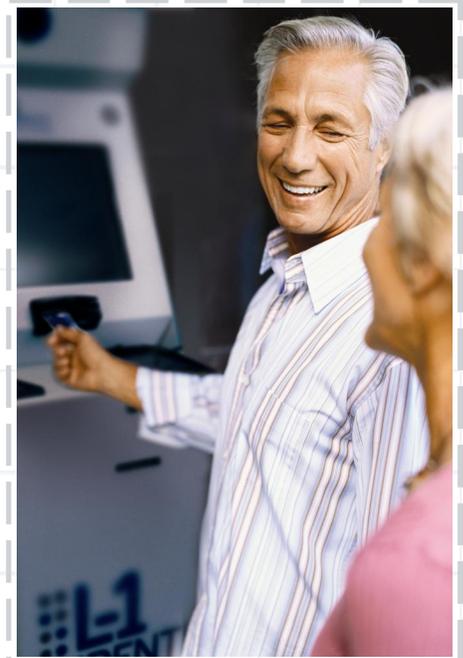
A Self-Service World

Ever since automatic teller machines (ATMs) were introduced in the mid-1960s, self-service kiosks have been making inroads in multiple industries. Today, consumers not only routinely do their banking at self-service kiosks, they buy gas and groceries, rent DVDs, check-in at the airport, check-out books at the library, print photos, and more.

At the Cincinnati Children's Hospital, patients can use the HIPAA-compliant *My Patient Passport Express* kiosk to check in, make appointments, update medical history, make payments, and electronically sign documents. Visitors to Davidson Elementary School check in with the *LobbyGuard* system, which checks sex-offender registries and the schools in-house "do not allow" system before allowing access to school property. At Fort Lewis in Washington State, the U.S. Army uses *OneStop Army* kiosks to obtain information, on- and off-post housing details, recreational information, and more.

A study by NextGen Research estimates the number of kiosks worldwide will grow from 1 million to 2.5 million by 2014, with the U.S. leading the way with two-thirds of global kiosk deployments. "Self service is driving consumer behavior," states Larry Fisher, Research Director of NextGen Research. "Kiosks are an extension of a broader self-service trend, where consumers want more control of the environment. The growth of online banking is an example showing that customers want to transact on their own schedule; kiosks will follow the same growth trajectory, as customers choose when and how they transact."

The major justification for the growth of self-service kiosks is convenience and increased efficiency. In a survey conducted by Self Service World, 45% of respondents said customer demand for

convenient service was the driving force behind the introduction of self-service kiosks; 40% cited increased efficiency as another prime mover.

The same market forces—convenience and efficiency—are behind the introduction of self-service kiosks in state motor vehicle offices across the nation. Increasingly, DMV customers want to be able to access DMV services at *their* convenience. DMV self-service kiosks allow them to do that.

L-1 DMV Self Service Kiosks: How They Work

Using one-to-one facial recognition biometrics, the L-1 DMV Self-Service Kiosk captures the customer's image and then compares it to the holder's most current driver's license photo. Not only does this positively confirm identity, it also ensures the most recent photo of the driver license holder is on file with the DMV. As an option, the L-1 DMV Self-Service Kiosk will also capture and compare fingerprints in those states where it is required. No other DMV self-service kiosk currently available uses biometrics to confirm identity. L-1 is therefore able to provide the securest issuance methods through kiosk technology.

The basics of using self-service kiosks are simple. Using a touch screen, customers select the transaction they want and are then led through a series of prompts that enable them to make a purchase or complete a transaction, such as withdraw cash from an ATM, rent a DVD from a Redbox movie rental kiosk, or buy groceries at a self-serve checkout counter. Payment for the transaction is accomplished by swiping a credit or debit card or feeding cash into the proper slot.

How it Works

L-1 DMV Self-Service Kiosk captures the customer's image and then compares it to the holder's most current driver's license photo. This practice positively verifies the applicant's identity while ensuring that the most recent photo of the applicant is on the DMV records.

Depending on the level of security required (such as when using an ATM) a PIN number may be required, as well. Once the transaction is complete, a receipt is printed and the customer can be on their way in far less time than if they had to wait in line.

To further increase the convenience factor, self-service kiosks can be placed in remote locations such as business lobbies, libraries, and shopping malls, enabling customers to conduct transactions and make purchases when and where it is most convenient for them.

Using a DMV self-service kiosk is not much different—*with one vitally important exception*.

When using a DMV self-service kiosk to renew or replace a driver's license, it is essential to be able to *positively* verify the identity of the customer in order to prevent identity theft and fraud, and ensure the ideal of "One Driver, One License." While other kiosks attempt to confirm identity through the entry of personal data, only L-1 Identity Solutions' DMV Self-Service Kiosks uses an individual's most personal and unique characteristic—their face—to confirm their identity.

A typical driver's license renewal or replacement transaction using the L-1 DMV Self-Service Kiosk is as follows:

- From a touch screen, the customer selects the desired transaction

- Following a series of prompts, the customer securely enters personal data such as date of birth or the last four digits of the Social Security number

- The data is used to locate the customer's record in the DMV database

- The kiosk captures the customer's facial image/photo

Biometric-Enabled Kiosk Highlights

- Automatic image capture and image update with ICAO image quality check

- Comparison of new image with current image on file with the DMV to curtail identity theft and fraud

- Fingerprint capture available for applicant identification or transaction authorization

- Credit/Debit card enabled

SECURE CREDENTIALING DIVISION

- Using L-1's secure biometric one-to-one facial recognition software, the new photo is matched against the existing photo(s) in the DMV database to verify the customer's identity

- Once the identity details are confirmed, newly captured image becomes the image-of-record and is displayed on the individual's new driver's license

- Payment is made by swiping the customer's debit or credit card

- If the State's issuance method is Over-the-Counter, a receipt is printed with the customer's image, a 2D barcode, and basic information; the receipt is then exchanged at an express window of the DMV office for the new driver's license

- If the State's issuance method is Central Issuance, the kiosk prints an interim document/receipt the customer can use until the permanent driver license is received in the mail

L-1's state-of-the-art security technologies ensure the integrity, privacy, and security of *every* transaction provided on the kiosk. The kiosk does not retain any personal information; the data collected is transmitted via a secure encrypted line from the kiosk to the DMV host server/database system where it is stored and managed by the State. Photos taken at the kiosk are transmitted to the central image server after they are taken and purged from the kiosk.

A Secure Transaction

- L-1's state-of-the-art security technologies ensure the integrity, privacy, and security of *every* transation provided on the Kiosk

- The Kiosk does not retain applicants' personal information: photos are purged after they are taken, and data is collected and transmitted to the DMV host server via a secure encrypted line

Benefits to State DMV Offices

In addition to the benefits the DMV *customer* realizes in terms of convenience and time saved by using self-service kiosks, the State may realize significant benefits, as well. Redirecting simple transactions to a self-service kiosk will generate significant savings to help offset budgetary and staffing reductions that would otherwise lead to increased waiting times and congested offices. Automating these routine transactions allows staff to focus on other critical services, redistributing the office workflow to maximize office throughput—resulting in higher overall efficiencies.

Further, kiosks can be self-funded through the use of convenience fees, thus minimizing costs and easing approval efforts. For example, each kiosk implemented in a DMV office can generate up to $75,000 in labor savings per year (based on 1000 transactions/month, a fully loaded labor cost of $25/hour, and 15 minute transaction time). Implementing 20 kiosks in a State DMV office network can realize labor savings of up to $1.5M *each* and *every* year, offsetting labor and budget cutbacks and preserving vital customer service levels. Depending on individual State requirements, a portion of these savings may be re-invested into other mission-critical functions to further enhance customer service. Additionally, placing kiosks in busy remote locations increases the number of available DMV service outlets, resulting in less crowded offices and reduced stress on office infrastructure.

How the DMV Benefits through Self-Service Kiosks

- Significant increase in savings to help offset budgetary and staffing reductions

- Enables staff to focus on other critical services, redistributing the office workflow to maximize office throughput

- Flexible payment models to minimize costs and ease approval efforts

- The overall results are: less crowded offices, eased tension on office infrastructure and improved customer service and employee morale

The Future

The L-1 DMV self-service kiosk has been designed, from the ground up, to expand to meet the changing needs of State DMVs. The kiosk platform can easily be expanded to accommodate future functionality including other simple DMV transactions such as photo first workflow, appointment scheduling, applicant pre-staging, customer queuing, updating customer data, fine and civil penalty collection, document scanning and authentication, and more.

Summary

In the face of budget shortfalls and staffing issues, motor vehicle departments across the U.S. are confronting customer service challenges such as congested offices, increased waiting times, inefficient office workflow, harried DMV personnel and—ultimately—unhappy, dissatisfied customers.

Using self-service kiosks to redirect traffic away from customer service lines can help DMV's address customer service issues by automating repetitive, time-consuming transactions to improve workflow and reduce wait times, while at the same time generating savings in labor costs and producing potential income through convenience fees.

Using L-1's DMV Self-Service kiosks not only automates repetitive, time-consuming transactions, improves workflow, reduces wait times, generates savings in labor costs, and produces potential income through convenience fees—it takes the process one crucial step further by capturing the customer's photo and using biometrics to securely verify identity.

Reduced wait times, shorter lines, and greater convenience yield

Highlights

L-1 DMV Self-Service Kiosks provide a simple solution to the most common problems faced by DMVs today as a result of state budget woes.

L-1 DMV Self-Service Kioks:

- Reduce long wait times
- Relieve office congestion
- Increase DMV staff efficiency by allowing them to focus on critical tasks rather than repetitive and time-consuming transactions
- Provide a secure, biometric-enabled means by which applicants obtain credentials
- Improve both customer service
- Improve employee morale

happier employees and satisfied customers. Labor cost savings, potential income, and no compromise in security yield a more efficient DMV.

About L-1

L-1 Identity Solutions, Inc. (NYSE: ID) protects and secures personal identities and assets. Its divisions include Biometrics, Secure Credentialing, and Enterprise Access solutions, as well as Enrollment and Government Consulting services. With the trust and condfidence in individual identities provided by L-1, international governments, federal and state agencies, law enforcement, and commercial businesses can better guard the public against global terrorism, crime, and identity theft fostered by fraudulent identity.

L-1 Identity Solutions is a leading provider of secure identity management solutions that are used in a wide range of security, identification, and digital media content applications, and provides products and services that enable the production of more than 60 million personal identification documents. L-1 provides driver's licenses and ID card solutions for 44 states and the District of Columbia, as well as more than 20 countries worldwide. The company is headquartered in Stamford, CT, and has more than 2,000 employees around the globe.

For more information on the company, visit: www.L1ID.com. For more information about L-1 DMV Self-Service Kiosks, visit:
http://www.l1id.com/pages/626-dmv-self-service-kiosk.

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