



July 9, 2024

**SUBJECT: Innovation Exemption Justification**

On February 27, 2024, Washington Technology Solutions (WaTech) approved an innovation exemption for the Department of Social and Health Services (DSHS) for procuring a solution utilizing generative artificial intelligence within the bounds of the [Innovation Exemption Policy](#). This policy establishes criteria for waiving public procurement requirements for certain Information Technology purchases under \$100,000. This jointly written justification supports that exemption, as required by the policy and RCW [39.26.100](#) (8).

The procurement will create a pilot program for an AI-driven conversational [Software as a Service](#) solution, known as the Knowledge Interpreter, for improving the digestibility of the division's extensive customer service manual and supporting state and federal laws. This pilot program within the Division of Vocational Rehabilitation (DVR) is expected to significantly shorten the current multi-year onboarding process and improve accuracy of information provided to DVR customers. DSHS will develop a plan for training employees to interact responsibly with the generative AI service.

The project's key areas of innovation are:

- Accelerated adoption of cloud services through Microsoft Azure.
- Pilot deployment within DVR to guide broader DSHS initiatives.
- Incorporation of new capabilities tailored to DVR's unique business requirements.
- Engagement with small businesses, promoting diversity and competition in the procurement process.
- Applying privacy and security best practices to emerging technologies.

Success criteria will be determined by:

1. Adherence to [Interim Guidelines for Purposeful and Responsible Use of Generative AI Guidelines](#).
2. Surveying agency staff to confirm that at least 30% of respondents experience faster, easier, and more efficient access to information.
3. Analyzing usage data for cost-benefit provided by the vendor.

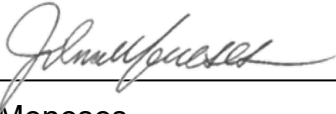
To evaluate the success criteria, DSHS will develop a detailed measurement plan to include measures related to content accuracy, content quality, and DVR business outcomes. DSHS will publish a final report that describes the outcome of project, and any key insights that would be useful to other division and agencies in the first quarter of 2025.

The project offers a scalable, innovative solution within the Innovation Exemption cost limit of \$100,000. DSHS will report the resulting contract to the Department of Enterprise Services in the manner described in DES Policy #[DES-210-01](#).

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