Remarks to IACREOT Annual Conference and Trade Show from David Beirne, Executive Director, of the Election Technology Council

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Spokane, Washington

"The Impact of Voting System Certification"

It is good to be here with all of you in Spokane, Washington at the IACREOT Annual Conference and Trade Show. It seems like only yesterday that I began my career as an election official and within three months attended my first IACREOT conference in Fort Lauderdale in 1998. So every time I come to an IACREOT conference it is very much like coming home.

For those of you who not familiar with the Election Technology Council, we are a national trade association of voting technology providers including over 90% of the voting systems used in the United States. Our membership includes Election Systems and Software, Hart InterCivic, Premier Election Solutions, Sequoia Voting Systems as well as VOTEC, Inc. as our first associate member.

As a trade association, we serve to educate key stakeholders on the need to avoid policy decisions which may negatively impact the marketplace and the ability of providers to effectively serve the election community with innovative products and services. Our primary mission is to minimize those policies that may reduce the competitive nature of the market or create significant barriers-to-entry for new providers.

Since 1998 and my first IACREOT conference, the election community has witnessed significant changes in the voting system landscape as witnessed with the creation of the United States Election Assistance Commission and their charge of carrying out voting system certification. Although the certification of voting systems is voluntary, the reality is that the EAC certification and standards-setting process represents the de facto national standard.

In my remarks today, I intend to review the practical impacts of the current certification environment on voting system manufacturers and offer some potential remedies that the industry would like to see to foster the long-term sustainability of the EAC federal certification program.

"In a Nutshell"

In a Nutshell, the current impact of delays in certification since 2006 and the rising nature of certification costs have created the potential for higher prices, longer times between product upgrades, and potentially worst of all, significant market pressures on current providers and those looking to enter the market.

Higher Prices

With an estimated 300 – 400% increase in certification costs since the start of the EAC certification program, those participating manufacturers are having to look at methods for recouping these costs. As customers, you may already have witnessed a rise in the rates of annual support agreements or in unit pricing.

Unlike other industries which may be mandated to comply with new requirements and would therefore qualify for federal financial assistance (such as auto manufacturers when looking to comply with new federal mileage standards), the "voluntary" nature of the EAC program represents the worst of all possible scenarios as there is no recognition of the practical impact upon industry. This effectively puts election officials and taxpayers in the position of carrying the brunt of these costs.

Longer Times Between Product Upgrades

The increase in certification costs is likely to result in the need for voting system manufacturers to examine their overall product development timelines to determine a schedule for certification that maximizes their investment. With a price tag of $4 million for federal certification, it takes time for revenue to be set aside to fund the actual certification which also takes away from resources dedicated toward further development.

Market Pressures

Lastly, the cumulative impact of these higher certification costs and longer periods for bringing products to market means there is a tremendous negative market pressure being exerted on current manufacturers.

The rise in certification overhead combined with a lack of certifications and saturation in the market from HAVA and post-HAVA purchasing (as jurisdictions changed systems once again to accommodate new legislation) may limit the viability of current providers while also limiting the opportunity for new entries into the voting system marketplace.

Of course, I do not want to leave with you an entire impression of "doom and gloom". We have the ability to make adjustments now and improve the long-term efficiency of the certification process while reducing the actual cost of certification. However, this transition will take time.

On Current Products

During my attendance at conferences and in meetings with election officials, I'm often asked about the "latest and greatest" voting systems and whether election officials should be looking to replace their equipment now or if they should wait.

Given the challenges I've outlined and the current elapsed period of time without product upgrades, the most reasonable expectation is for the current products coming out of certification to be the products that will be on the market for the next 5-10 years.

This doesn't mean that I'm encouraging you to buy new voting systems, but rather it is intended to provide the proper perspective for the ongoing efforts of the EAC, which are long-term, with the short-term practical realities.

In essence, we shouldn't allow our view of the forest overlook the trees.

Towards Sustainability

As the industry looks to the future, the need for a true industry voice in the standards-setting process is critical toward embracing a consensus model.

Standards should be adopted that effective, but are not divergent from market realities.

No one is served if the standards that are created are unreachable or result in product pricing that is unsustainable. While the industry continues to work for formal recognition in the standards-setting process, I would encourage the members of IACREOT to work through your Board of Advisors members and with the EAC directly to make sure your concerns are being heard.

The industry will also continue to voice its recommendation for clear project management benchmarks associated with product certification.   These benchmarks would create a clearly defined path of accountability and help educate our customers on the reasonable expectations associated with the completion of certification.

When you build a home and work with a contractor, there are certain project milestones that must be met. Since the current certification process is contracted out to the Voting System Test Laboratories and the EAC is directly involved in the approval of testing procedures, it would be prudent to institute clear performance requirements in an effort to create greater transparency and lines of accountability.

Voting System Standards should be staggered over a minimum of five years. Since the creation of the EAC, the industry has been asked to consistently provide input on voting system standards which can best be characterized as a moving target. Beginning with the 2002 version, 2005, 2005 revised, and now the latest iteration of standards, it is difficult to begin in earnest on product development and achieve compliance on a moving target. The voting system standards represent the best way for industry to anticipate and shape the next generation of voting products, but time must be given to allow for this development to occur.

Our final recommendation is for the commencement of certification only after test scripts and standardized procedures are established. This would create uniformity in testing, potentially reduce costs in the long-run, and avoid some of the problems we've witnessed which can best be attributed to the launch of the certification program without clear test scripts in place.

Summary

To emphasize, the industry is confronted with a long slog.

We recognize the frustration of our customers in receiving product upgrades or improvements and we share in your frustration.

While the certification program continues to build upon itself and we work with EAC staff to improving the current program, we can only hope to educate our customers on the realities we continue to confront.

The leading manufacturers remain committed to the principles and potential benefits of an effective federal certification program.

It has the potential to create a greater level of competition especially if more states participate. If a potential provider knows they can achieve federal certification and market their product in all 50 states that represents substantial risk versus reward.

While this may be our long term vision and wish, it is dependent upon the program's effectiveness and the ongoing support of it from state and local election officials.