



**ALEX PADILLA** | SECRETARY OF STATE | STATE OF CALIFORNIA  
1500 11<sup>th</sup> Street | Sacramento, CA 95814 | **Tel** 916.653.7244 | **Fax** 916.653.4620 | [www.sos.ca.gov](http://www.sos.ca.gov)

April 13, 2015

The Honorable Mark Leno, Chairman  
The Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, CA 95814

Dear Senator Leno:

In accordance with the Supplemental Report of the 2014-15 Budget Package, Item 0890-001-0228, attached is my office's quarterly report on the progress of the California Business Connect project. If you have any questions about this report, please feel free to contact me at (916) 653-7244, or have your staff contact my Chief of the Business Programs Division, Betsy Bogart, at (916) 651-6973.

Sincerely,

A handwritten signature in black ink that reads "Alex Padilla".

Alex Padilla  
Secretary of State

Attachment

cc: Mr. Daniel Alvarez, Secretary of the Senate  
Mr. E. Dotson Wilson, Chief Clerk of the Assembly  
Ms. Diane Boyer-Vine, Legislative Counsel  
Mr. Mac Taylor, Legislative Analyst

Secretary of State's Office  
Business Programs Division  
BL 14-23 Supplemental Language Report  
Item 0890-001-0228  
April 13, 2015

## **Introduction**

The "Supplemental Report of the 2014-15 Budget" of the Legislative Analyst's Office requires the Secretary of State to provide a quarterly report on the progress of the California Business Connect project on or before October 15, 2014, and on or before every January 15, April 15, July 15, and October 15, thereafter, to the chairs of the Joint Legislative Budget Committee and the fiscal committees of the Legislature. The Secretary of State (SOS) also is required to certify whether the SOS: (a) anticipates making or has made any changes to the project's scope, schedule, or budget; and (b) believes there are any problems that would preclude meeting the approved project schedule and budget. This reporting requirement will end upon the completion or termination of the California Business Connect project.

## **Background**

The California Business Connect project is intended to change how people interact with the Business Programs Division of the Secretary of State's office. The California Business Connect project solution affects nearly every Business Programs Division process, including most of the business filings for corporations, limited liability companies, limited partnerships, statements of information, and other statutorily-required filings which currently are processed and filed in a paper driven production environment (exceptions include Uniform Commercial Code filings and corporate statements of information, which have online services). California Business Connect is proposed as an integrated automated solution that has highly configurable, out-of-the-box components requiring minimal customization, while still being robust, secure, and easy to operate and maintain. In the new California Business Connect environment, initially scheduled for roll out in June 2016, the processes will be almost entirely paperless, with many of the filings and requests for information completely automated through online services.

## **April 2015 Report**

The California Business Connect project currently is behind schedule. The Systems Integration Contractor ("Contractor") proposed a revised draft schedule on February 27, 2015. This schedule, while being considered realistic by the Contractor, projected an implementation date of September 2017, 15 months later than the latest approved Special Project Report implementation date of June 2016. This delay will cost SOS additional monies to extend ancillary contract resources and extend the limited term positions previously approved by the Legislature. In addition, SOS has been unsatisfied with the Contractor's progress to date and issued a Corrective Action Plan to the Contractor in December 2014. The SOS and the Contractor executives have been

meeting regularly to discuss the situation. The SOS has partnered with the Department of Technology to explore all options with the Contractor.

**Timeline**

<b>Major Milestones</b>	<b>Special Project Report Estimated Completion Date</b>	<b>Estimated Completion Date</b>	<b>Actual Completion Date</b>
Receive Feasibility Study Report Approval	4/1/2011	4/1/2011	4/1/2011
Release of Request for Proposal	8/29/2012	8/29/2012	8/29/2012
Contract Award	2/25/2014	2/25/2014	1/10/2014
Project Initiation and Planning	4/30/2014	4/30/2014	6/06/2014
Design	3/16/2015	TBD	
Development	12/31/2015	TBD	
Testing	5/23/2016	TBD	
Deployment	6/30/2016	TBD	
First Year Contract Maintenance and Operations	6/30/2017	TBD	
Post Implementation Evaluation Report	6/30/2017	TBD	