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October 15, 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
October 15, 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 configurable components requiring minimal customization, while still being robust, secure, and easy to operate and maintain. In the new California Business Connect environment, the processes will be almost entirely paperless, with many of the filings and requests for information completely automated through online services.

October 2015 Report

On August 14, 2015, the Secretary of State and the Systems Integration Contractor, working with the California Department of Technology, mutually agreed to terminate the contract. The Secretary of State is partnering with the California Department of Technology to determine the appropriate next steps for moving forward with the project. The Secretary of State is examining changes to the original project scope to focus on the largest annual volume of filings and reduce the complexity of the project, and changes to streamline business processes. In addition, the Secretary of State is evaluating alternative solutions for this project including evaluating other states' solutions, and released a Request for Information to obtain feedback from the vendor community regarding potential solutions.

The major milestones below are based on the last approved Project Schedule (September 2014). The Secretary of State believes there will be changes to scope, schedule and budget for the California Business Connect project. Once the new approach is defined, a new schedule with milestones and budget will be submitted for approval.

Timeline

Major Milestones	Special Project Report Estimated Completion Date	Estimated Completion Date	Actual Completion Date
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	Delayed	
Development	12/31/2015	Delayed	
Testing	5/23/2016	Delayed	
Deployment	6/30/2016	Delayed	
First Year Contract Maintenance and Operations	6/30/2017	Delayed	
Post Implementation Evaluation Report	6/30/2017	Delayed	