



ALEX PADILLA | SECRETARY OF STATE | STATE OF CALIFORNIA
1500 11th Street | Sacramento, CA 95814 | **Tel** 916.653.7244 | **Fax** 916.653.4620 | www.sos.ca.gov

January 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
January 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 will change how people interact with the Business Programs Division of the Secretary of State's office. The California Business Connect project will affect 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 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, 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.

January 2015 Report

The Secretary of State has not made any changes to the project in terms of overall scope, schedule or budget at this time. The California Business Connect scope remains as defined in the January 2014 Systems Integration Contract, SOS 0890-047. The project is currently within budget. The overall impact on the June 2016 implementation date is being evaluated due to the delays mentioned below.

Phase 2 – Design is behind schedule and estimated to finish later than May 28, 2015, as stated in the October 2014 Report. To date, the Systems Integration Contractor has struggled to plan and manage to the approved project schedule. Multiple discussions

with the Systems Integration Contractor resulted in the addition of more analysts and technical writers in December 2014. In addition, the SOS gave the Systems Integration Contractor a Corrective Action Plan to clarify expectations related to late deliverables and managing the project schedule. Per the recommendation of the Independent Project Oversight Consultant (IPOC), the Systems Integration Contractor added a project schedule manager on January 12, 2015, to ensure project tasks are updated regularly and delays are proactively managed and mitigated.

The SOS and Systems Integration Contractor executives met in early January to assess the current situation. The SOS has requested an updated schedule to account for the current and expected delays and to reflect the additional staffing recently added to the project. During the first quarter of 2015, the SOS will evaluate the revised schedule and the contractor's ability to meet the expectations set forth in the Corrective Action Plan. While the estimated completion date for Phase 2 - Design, of the project has been delayed, Phase 3 - Development, has begun to help mitigate any potential delay to the implementation date.

The risk related to the project team's understanding of the solution (reported last period) has been downgraded from high probability to medium as steps have been taken by the Systems Integration Contractor to improve the project team's understanding of the capabilities and limitations of the commercial off the shelf (COTS) software, including software demonstrations and presentations. In addition, an EMC Documentum software knowledgeable expert is now on hand to help the team understand the built-in capabilities of the software being used in the solution.

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	TBD with the schedule currently being revised	
Development	12/31/2015	12/31/2015	
Testing	5/23/2016	5/23/2016	
Deployment	6/30/2016	6/30/2016	
First Year Contract Maintenance and Operations	6/30/2017	6/30/2017	
Post Implementation Evaluation Report	6/30/2017	6/30/2017	