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January 13, 2016

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, appearing to read "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 13, 2016

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.

January 2016 Report

On October 28, 2015, the California Department of Technology approved continuation of the California Business Connect project pending approval of a Special Project Report. Since that time, the Secretary of State has performed market research and re-planned the project in partnership with the Department of Technology. The Secretary of State refined the scope and implementation approach for the project and incorporated key lessons learned from prior activities. Market research performed during this time confirmed that there is significant interest in the vendor community for implementing a California Business Connect solution.

The Secretary of State submitted a final Special Project Report to the Department of Technology on December 28, 2015, with the target of receiving approval no later than

February 1, 2016. The Special Project Report included changes in scope, schedule and budget. In the Special Project Report, the Secretary of State proposed changing the project scope to focus on the largest annual volume filings and reducing the complexity of the project. In addition, the Secretary of State proposed a phased implementation approach so that incremental business value can be obtained by California businesses, other State agencies and the Secretary of State sooner. The major milestones below are based on the last approved Project Schedule (September 2014). Once the new approach is approved, a new schedule with milestones and budget will be communicated.

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	