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April 15, 2019

The Honorable Holly Mitchell, Chair
The Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814

Dear Senator Mitchell:

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) 695-1197.

Sincerely,

Alex Padilla
Secretary of State

Attachment

cc: Ms. Erika Contreras, Secretary of the Senate
Ms. Diane Boyer-Vine, Legislative Counsel
Mr. Mac Taylor, Legislative Analyst

California Business Connect Update as of April 12, 2019

Introduction

The “Supplemental Report of the 2014-15 Budget” of the Legislative Analyst’s Office requires the Secretary of State (SOS) to provide a quarterly report on the progress of the California Business Connect (CBC) 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 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 CBC project.

Background

The CBC project is intended to change how people interact with the Business Programs Division (BPD) of the SOS’s office. The CBC project solution affects nearly every BPD process, including most of the business filings for corporations, limited liability companies, limited partnerships, 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).

CBC 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 CBC environment, the processes will be almost entirely paperless, with many of the filings and requests for information completely automated through online services.

April 2019 Report

The 2nd Anniversary of Secretary of State’s bizfile California Portal will take place in June 2019. This portal supports the Secretary of State’s digital initiative to automate the divisions thus making it easier to do business in California. bizfile California will grow as we add more California Business Connect online services.

Customer Benefits thus Far

New CBC Online Services	Implementation Date	As of 3/31/2019	
		Number of Online Submissions	Adoption Rate
<i>LLC Statements of Information</i>	June 21, 2017	752,058	88%
<i>Trademark Registration</i>	January 11, 2018	6,697	91%
<i>LLC Formations</i>	May 8, 2018	93,188	80%
<i>LLC Terminations</i>	December 27, 2018	8,681	43%

Secretary of State also introduced **Eureka Chatbot** (Implemented May 2018) utilizing Microsoft’s Artificial Intelligence Engine to provide an online search assistant which answered over 57,200 Business Entities and Trademark questions since implementation. Secretary of State is the first State Agency to utilize Microsoft’s Artificial Intelligence Engine. For this introduction in September 2018 the Secretary of State Business Programs Division was awarded the Best of California Award for **Best Application Serving the Public** from the Center for Digital Government.

Module 1 Business Entities Online Forms: The SOS continues to build upon the online forms added to the bizfile California portal with the successful launch of Limited Liability Companies (LLC) Terminations Online on December 27, 2018.

On March 15th the CBC Change Control Board approved the inclusion of Corporate Statements of Information (Corp SI) to the scope of the CBC project. This will update the current look and feel of the Corporation SI E-file tool and add the ability to file no-fee change filings online (approximately 200,000 filings per year). Agile planning sessions for Corp SI were conducted in late March and the first development Sprint began March 25th.

Requirements gathering and planning sessions for BE Certificates of Status Online, is in progress, and development to place this Order form online will be completed in parallel to Corp SI.

Module 2 Trademarks: The CBC project team is also working to complete the final phase of Module 2: Trademarks with 2 more releases, one in April and the final in May 2019. These final two releases include improvements to the Trademark Registration Online service launched in January 2018, Trademark Change Filings Online, California Trademark Search and a Trademark Administration System that includes a Design Code Search and reporting tools. These improvements will give customers the ability to search trademarks online and submit change filings online. The Trademark Administration System was developed in-house to provide tools for staff to better process and manage the Trademark workload

Module 3 Uniform Commercial Code: The market research performed by the SOS of Uniform Commercial Code (UCC) Commercial Off-The-Shelf (COTS) tools was concluded. The outcome of this research resulted in the purchase of Tecuity SOS Enterprise Software (UCC Module) in January 2019. The SOS has engaged California Department of Technology (CDT) Statewide Technology Procurement Division (STPD) to finalize and release a Request for Offer (RFO) to install and configure this software. This procurement is planned for release by the end of April 2019, and the installation and configuration of the Tecuity UCC Module is planned to start in June 2019.

Project Timeline per SPR #3

Project Modules	Planned Full Deployment Date
Module 1: Online Business Filing Forms	11/15/2019
Module 2: Trademarks	4/26/2019 5/30/2019
Module 3: UCC and other Lien Notices	7/17/2020
Module 4: Business Entities	11/30/2020
M & O will be performed iteratively for each Module throughout the project	6/30/2021