October 13, 2020

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
California Business Connect

Update as of October 13, 2020

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 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 California Business Connect project is changing how people interact with the Business Programs Division (BPD) of the SOS’s office. The California Business Connect project solution affects nearly every BPD process, including most of the business filings for corporations, limited liability companies, limited partnerships, and other statutorily required trademark and Uniform Commercial Code filings. The California Business Connect project has delivered online filing functionalities to replace several of these paper driven filing processes. California Business Connect’s online presence is growing. See Customer Benefits, below.

California Business Connect is 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 2020 Report
Within the last quarter, the Secretary of State’s California Business Connect project completed and launched the Uniform Commercial Code (UCC) Replacement application and conducted a soft launch of a special virtual counter called “eForms Online.” During the current concerns over the COVID 19 pandemic, the CBC team, for the most part, is teleworking and remains fully engaged in development of business application solutions towards the project goals. With every release of a new online tool, the Secretary of State is making it easier to do business in California.

Module 1: Business Entities (BE) Forms
This module is complete (as of 4/30/2020) and is currently part of Maintenance and Operations.

Module 2: Trademarks/Service Marks
This module is complete (as of 10/8/2019) and is currently part of Maintenance and Operations.

Module 3: Uniform Commercial Code (UCC)
UCC was deployed to production on 7/15/2020 and has processed over 210,034 filings. Within the last quarter, the project team has completed stabilizing the UCC application and is conducting system acceptance activities.

Module 4: BE Features
SOS has onboarded a systems integration vendor, KPMG, to implement the “SOS Enterprise” COTS product for Module 4. SOS conducted a kickoff of Module 4 on 8/8/2020 and is currently collaborating
with KPMG to develop the Module 4 product backlog. These fit-gap analysis activities will continue through the beginning of December. Additionally, KPMG will begin working with the software manufacturer, Tecuity Inc., to begin configuration of the BE modules of “SOS Enterprise.”

Last quarter, and in response to the COVID-19 emergency, the project team added an additional online filing to the project scope titled, “eForms Online.” eForms Online will allow SOS customers to submit PDF versions of most of the SOS filings online. This generic submission workflow will include payment processing for all submissions, and workflow routing of each submission to the appropriate SOS team for review and processing. eForms Online will increase the total number of available online filings by 70+ forms, as well as provide for the ability for additional SOS staff to process the filings via telework. eForms Online was deployed to production on 10/7/2020 and is available to a select group of stakeholders. A full public announcement and reveal of eForms Online will occur after the November Presidential Election.

CBC project Progress to Date
The 3rd Anniversary of Secretary of State’s bizfile California Portal took place in June 2020. This portal supports the Secretary of State’s digital initiative to automate the Business Programs Divisions thus making it easier to do business in California. bizfile California is growing as we add more California Business Connect online services.

Customer Benefits to Date
As of 9/30/2020

<table>
<thead>
<tr>
<th>New CBC Online Services</th>
<th>Implementation Date</th>
<th>Number of Online Submissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>LLC Statements of Information</td>
<td>6/21/2017</td>
<td>1,503,526</td>
</tr>
<tr>
<td>Trademark Registration</td>
<td>1/11/2018</td>
<td>14,783</td>
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<tr>
<td>LLC Formations</td>
<td>5/8/2018</td>
<td>323,403</td>
</tr>
<tr>
<td>LLC Terminations</td>
<td>12/27/2018</td>
<td>48,184</td>
</tr>
<tr>
<td>Trademark Modifications</td>
<td>10/8/2019</td>
<td>970</td>
</tr>
<tr>
<td>Corporation Statements of Information</td>
<td>11/6/2019</td>
<td>600,430</td>
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<tr>
<td>Corporation Formations</td>
<td>3/27/2020</td>
<td>35,650</td>
</tr>
<tr>
<td>Certificates of Status (Orders)</td>
<td>6/30/2020</td>
<td>43,627</td>
</tr>
<tr>
<td>Uniform Commercial Code</td>
<td>7/15/2020</td>
<td>210,034</td>
</tr>
<tr>
<td>eForms Online</td>
<td>10/7/2020</td>
<td></td>
</tr>
<tr>
<td><strong>Total Submissions Processed</strong></td>
<td></td>
<td><strong>2,780,607</strong></td>
</tr>
</tbody>
</table>

Secretary of State’s award-winning Eureka Chatbot (Implemented May 2018) utilizing Microsoft’s Artificial Intelligence Engine to provide an online search assistant has answered over 159,368 Business Entities and Trademark questions since implementation. Secretary of State is the first State Agency to utilize Microsoft’s Artificial Intelligence Engine.