January 12, 2021

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

Dear Senator Skinner:

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. Cara L. Jenkins, Legislative Counsel
California Business Connect

Update as of January 4 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.

January 2021 Report

Within the last quarter, the Secretary of State’s California Business Connect project completed and launched a special virtual counter called “eForms Online.” eForms Online was advertised to the public on 11/19/2020. The project also completed formal acceptance of Module 3. 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 is complete (as of 7/15/2020) and is currently part of Maintenance and Operations.

Module 4: BE Features
SOS has onboarded a systems integration vendor, KPMG, to implement the “SOS Enterprise” COTS product for Module 4. SOS has completed a coordinated analysis phase (Fit-Gap analysis) with KPMG. During the last quarter, KPMG and the software manufacturer, Tecuity Inc., have started configuring the BE modules of “SOS Enterprise.” The project development team has completed four (4) out of sixteen
In response to approval conditions from the California Department of Technology (CDT), SOS has provided CDT with updated plans for the data conversion and mapping processes, as well as the plan for decommissioning SOS legacy systems at the end of the project.

In the second quarter of 2020, 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 allows SOS customers to submit PDF versions of most of the SOS filings online. This generic submission workflow includes payment processing for all submissions, and workflow routing of each submission to the appropriate SOS team for review and processing. eForms Online has increased the total number of available online filings by 70+ forms, as well as provided the ability for additional SOS staff to process the filings via telework. eForms Online was deployed to production in October 2020 and a full public reveal of eForms Online occurred on 11/19/2020.

**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 12/31/2020

<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>1,635,316</td>
</tr>
<tr>
<td>Trademark Registration</td>
<td>1/11/2018</td>
<td>12,550</td>
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<tr>
<td>LLC Formations</td>
<td>5/8/2018</td>
<td>371,191</td>
</tr>
<tr>
<td>LLC Terminations</td>
<td>12/27/2018</td>
<td>63,630</td>
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<tr>
<td>Trademark Modifications</td>
<td>10/8/2019</td>
<td>784</td>
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<tr>
<td>Corporation Statements of Information</td>
<td>11/6/2019</td>
<td>838,137</td>
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<tr>
<td>Corporation Formations</td>
<td>3/27/2020</td>
<td>54,942</td>
</tr>
<tr>
<td>Certificates of Status (Orders)</td>
<td>6/30/2020</td>
<td>89,584</td>
</tr>
<tr>
<td>Uniform Commercial Code</td>
<td>7/15/2020</td>
<td>361,595</td>
</tr>
<tr>
<td>eForms Online</td>
<td>10/7/2020</td>
<td>17,478</td>
</tr>
<tr>
<td><strong>Total Submissions Processed</strong></td>
<td></td>
<td>3,445,207</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 176,458 Business Entities and Trademark questions since implementation. Secretary of State is the first State Agency to utilize Microsoft’s Artificial Intelligence Engine.