April 14, 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,

Shirley N. Weber, Ph.D.  
Secretary of State

Attachment

cc: Ms. Erika Contreras, Secretary of the Senate  
Ms. Cara L. Jenkins, Legislative Counsel
California Business Connect
Update as of April 1, 2021

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.

April 2021 Report
Within the last quarter, the Secretary of State’s California Business Connect project has continued development and configuration activities for the implementation of Module 4. Multiple teams have worked on various large components of the project including: webform and public portal configuration, back-office workflow configuration, and the cleansing of SOS legacy data. In January, the project team satisfied the last of the three (3) project approval conditions specified by CDT in their approval of the fourth Special Project Report (SPR #4) on May 14, 2020. The last condition, a detailed schedule for the completion of the final project module (Module 4 BE Features) is complete (see further information below). The deployment of Module 4 to production at the end of this calendar year (December 2021) will be the next and last major deployment for the project.

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. The SOS and vendor project teams are on track to deploy all priority 1 functionalities on schedule. The project development team has completed eight (8) of sixteen (16) total development sprints. The team continues to configure customer facing webforms and back-office functionality for SOS internal staff, as well as interfaces and data exchange capabilities for external partner agencies. The newly baselined project schedule includes a new “Go-Live” date of 12/8/2021. This is slightly earlier than the date proposed in SPR #4 (12/31/2021).

In the fourth quarter of 2020, the project reported onboarding SupportFocus, a data cleansing and migration consulting team. Within the past quarter, SupportFocus has caught up to the development team by completing all backlogged data cleansing activities. SupportFocus is now working in parallel with the development team to analyze and cleanse legacy data to be migrated to the new system.

Organizational Change Management (OCM) activities continue with the initiation of “Process Awareness Sessions”. These events offer SOS internal staff the opportunity to see demonstrations of functionalities that have been configured to date, as well as provide feedback to the development team. SOS has also onboarded a communications team from Capitol Tech Solutions to assist SOS with internal and external stakeholder engagement about the new BE application.

CBC Project Progress to Date
Secretary of State’s bizfile California Portal supports the Secretary of State’s digital initiative to automate the Business Programs Division 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 4/1/2021

<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>1,814,792</td>
</tr>
<tr>
<td>Trademark Registration</td>
<td>1/11/2018</td>
<td>13,794</td>
</tr>
<tr>
<td>LLC Formations</td>
<td>5/8/2018</td>
<td>446,126</td>
</tr>
<tr>
<td>LLC Terminations</td>
<td>12/27/2018</td>
<td>78,450</td>
</tr>
<tr>
<td>Trademark Modifications</td>
<td>10/8/2019</td>
<td>1,043</td>
</tr>
<tr>
<td>Corporation Statements of Information</td>
<td>11/6/2019</td>
<td>1,132,050</td>
</tr>
<tr>
<td>Corporation Formations</td>
<td>3/27/2020</td>
<td>81,746</td>
</tr>
<tr>
<td>Certificates of Status (Orders)</td>
<td>6/30/2020</td>
<td>140,914</td>
</tr>
<tr>
<td>Uniform Commercial Code</td>
<td>7/15/2020</td>
<td>500,507</td>
</tr>
<tr>
<td>eForms Online</td>
<td>10/7/2020</td>
<td>58,832</td>
</tr>
<tr>
<td><strong>Total Submissions Processed</strong></td>
<td></td>
<td><strong>4,268,254</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 197,490 Business Entities and Trademark questions since implementation. Secretary of State is the first State Agency to utilize Microsoft’s Artificial Intelligence Engine.