January 15, 2022

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

The Honorable Phil Ting, Vice Chair
Joint Legislative Budget Committee
1020 N St., Room 553
Sacramento, CA 95814

The Honorable Anthony Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

The Honorable Chris R. Holden, Chair
Assembly Appropriations Committee
1021 O St., Room 8220 Sacramento,
CA 95814

Ms. Keely Bosler, Director
Department of Finance
915 L Street
Sacramento, CA 95814

Dear Chairpersons Skinner, Ting, Portantino, Holden and Ms. Bosler:

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,

[Signature]

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

Attachment

cc: Members, Joint Legislative Budget Committee
Hanz Hemann, Joint Legislative Budget Committee Counsel
Erika Contreras, Secretary of the Senate
Cara L. Jenkins, Legislative Counsel
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 filings, including 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 mostly will be paperless, with many of the filings and requests for information completely automated through online services.

January 2022 Report
Within the last quarter, the Secretary of State’s California Business Connect project completed all configuration of priority 1 functionality. Additionally, the project team completed the full end-to-end system testing and initial performance testing of the newly configured “SOS Enterprise” application. The deployment of Module 4 to production will be the next and last major deployment for the project. The project remains within tolerances for cost and schedule and is on track to deploy Module 4 to production on the new approved Go-Live date of March 29, 2022.

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

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

Module 3: Uniform Commercial Code (UCC)
UCC is complete (as of 7/15/2020) and is in Maintenance and Operations.

Module 4: BE Features
The project development team has completed all the 18 total planned development sprints. The team has completed the initial configuration of all customer-facing online documents and back-office functionality for SOS internal staff. Configuration of interfaces and data exchange capabilities for external partner agencies are complete. Within the fourth quarter of 2021 the data migration vendor,
and the project team, initiated validation of the completed data mapping from the legacy systems. Validation of this mapping, by reviewing legacy data within the new application, is ongoing and will continue up until shortly before go-live.

Organizational Change Management (OCM) activities continued with the fourth and fifth process awareness sessions. Process awareness sessions include product demonstrations to SOS business users of the new application, to allow for feedback and possible refinements to the design. All planned process awareness sessions are complete. The remaining OCM efforts consist of User Acceptance Testing and end user training (first quarter 2022).

As projected in the October 2021 report, the project team re-baselined the project schedule in the fourth quarter of 2021 in alignment with the three-month extension agreed to by the Executive Steering Committee. With the project entering its final activities leading up to a production deployment in this quarter (first quarter 2022) the team is on track to complete the following activities.

- SOS external agency data sharing User Acceptance Testing 1/10/2022 - 2/4/2022
- Training for SOS managers (train the trainer training) 2/7/2022 - 2/18/2022
- Training for SOS staff 2/28/2022 - 3/25/2022
- Module 4 deployment to production and cut over from the legacy systems 3/29/2022

CBC Project Progress to Date
The 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 12/31/2021

<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>2,315,083</td>
</tr>
<tr>
<td>Trademark Registration</td>
<td>1/11/2018</td>
<td>17,267</td>
</tr>
<tr>
<td>LLC Formations</td>
<td>5/8/2018</td>
<td>636,431</td>
</tr>
<tr>
<td>LLC Terminations</td>
<td>12/27/2018</td>
<td>124,943</td>
</tr>
<tr>
<td>Trademark Modifications</td>
<td>10/8/2019</td>
<td>1,545</td>
</tr>
<tr>
<td>Corporation Statements of Information</td>
<td>11/6/2019</td>
<td>1,892,362</td>
</tr>
<tr>
<td>Corporation Formations</td>
<td>3/27/2020</td>
<td>150,928</td>
</tr>
<tr>
<td>Certificates of Status (Orders)</td>
<td>6/30/2020</td>
<td>287,016</td>
</tr>
<tr>
<td>Uniform Commercial Code</td>
<td>7/15/2020</td>
<td>1,020,849</td>
</tr>
<tr>
<td>eForms Online</td>
<td>10/7/2020</td>
<td>188,536</td>
</tr>
<tr>
<td><strong>Total Submissions Processed</strong></td>
<td></td>
<td><strong>6,634,960</strong></td>
</tr>
</tbody>
</table>