

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

IT Project : Business Services Filing System

General Section

Contact Name : Chad Sump	E-mail : chad.sump@nebraska.gov	Agency Priority : 1
Address : 1445 K St., Suite 2300	Telephone : 402-471-8779	NITC Priority :
City : Lincoln		NITC Score :
State : Nebraska	Zip : 68509	

Expenditures

IT Project Costs	Total	Prior Exp	FY14 Appr/Reappr	FY16 Request	FY17 Request	Future Add
Contractual Services						
Design	0	0	0	0	0	0
Programming	180,000	0	0	40,000	140,000	0
Project Management	0	0	0	0	0	0
Data Conversion	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Contractual Services	180,000	0	0	40,000	140,000	0
Telecommunications						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
Subtotal Telecommunications	0	0	0	0	0	0
Training						
Technical Staff	0	0	0	0	0	0
End-user Staff	0	0	0	0	0	0
Subtotal Training	0	0	0	0	0	0

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

Expenditures

IT Project Costs	Total	Prior Exp	FY14 Appr/Reappr	FY16 Request	FY17 Request	Future Add
Other Operating Costs						
Personnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Other Operating Costs	0	0	0	0	0	0
Capital Expenditures						
Hardware	0	0	0	0	0	0
Software	2,000,000	0	0	0	700,000	1,300,000
Network	130,000	0	0	0	0	130,000
Other	320,000	0	0	0	0	320,000
Subtotal Capital Expenditures	2,450,000	0	0	0	700,000	1,750,000
TOTAL PROJECT COST	2,630,000	0	0	40,000	840,000	1,750,000

Funding

Fund Type	Total	Prior Exp	FY14 Appr/Reappr	FY16 Request	FY17 Request	Future Add
General Fund	0	0	0	0	0	0
Cash Fund	2,630,000	0	0	40,000	840,000	1,750,000
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
TOTAL FUNDING	2,630,000	0	0	40,000	840,000	1,750,000
VARIANCE	0	0	0	0	0	0

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

IT Project: Business Services Filing System

EXECUTIVE SUMMARY:

The purpose of this project is to replace the existing custom software utilized by the Business Services Division of the Secretary of State's Office.

The existing business services software is used to file and generate a variety of documents within the Secretary of State's Office. These documents include all corporate filings and filings made pursuant to the Uniform Commercial Code (UCC), revised article 9. The software is also utilized to file federal and state tax liens, farm product security filings, trade names and trademarks, and a variety of other statutory filings. The software also interacts with an image library, online filing services, and an accounts receivable system.

The existing business services software is 15 years old and is extremely difficult to modify and support. It was written in Visual Basic (VB6) which was released in mid-1998 and has been unsupported by Microsoft since April 2008. The company that initially developed our filing system stopped providing ongoing support, maintenance and enhancements in 2011. Programming and technical support is nearly extinct. The OCIO's office does not have programmers to support this system. We are at the mercy of a part-time contracted programmer who assists us outside of regular business hours 8:00 AM – 5:00 PM due to having other full time employment. This makes communications, updates, enhancements and support very difficult and costly. Having minimal support often makes it difficult to meet statutory changes for business processes. Replacement software is needed at this time in order to prevent system failure and to continue to provide the level of service currently expected by the business community.

GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):

Specific goals and objectives are contained in the supporting information section.

1. Describe the project, including:

- Specific goals and objectives;
- Expected beneficiaries of the project; and
- Expected outcomes

Specific goals and objectives:

The specific goal of this project is to replace the existing Business Services filing and image retrieval software system with a new system within the next 3 years.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

The new system must meet the following criteria:

1. Use modern technology that is supportable using local resources and can be configured using Secretary of State internal IT resources.
2. Improve the level of functionality of the existing system and expand services currently provided.
3. Interface with existing online services provided by the Secretary of State's Office and allow the expansion of these services.
4. Eliminate existing silos in the current system so that filing processes, accounts receivable and deposit preparation are completed in one system.
5. Interface with the existing image library and with barcode label printers, barcode label hand scanners and document imaging scanners or contain a document imaging solution.
6. Provide extensive reporting capabilities both standard and ad hoc.

Beneficiaries:

Banks and other financial institutions, business entities, attorneys, law offices, accountants, registered agents, insurance companies, lenders, debtors, other state agencies, the Internal Revenue Service, county clerks, buyers of farm products, grain elevators, livestock yards, Legislators, general public, taxpayers, internal processors.

Expected Outcomes:

The expected outcome is to obtain a modern, reliable, efficient, flexible, redundant filing system which easily accommodates statutory changes, reporting, tracking and online services.

2. Describe the measurement and assessment methods that will verify that the project outcomes have been achieved.

Extensive system testing by internal staff and internal operational beta testing by external users will be utilized to determine whether the system meets pre-determined criteria.

Project deliverables will be monitored to ensure the system is fully functional with all components operating 99.9 percent of scheduled production hours. The system will be subjected to penetration testing, intrusion testing and vulnerability scans for both internal and external systems. The results of these scans will be reviewed and a mitigation plan created if vulnerabilities or weaknesses are found.

3. Describe the project's relationship to your agency comprehensive information technology plan.

This project is included in our agency's comprehensive information technology plan. Our agency will be able to use some existing infrastructure (i.e. PCs, printers and scanners) to utilize the system. The new system will incorporate technology that has application support, maintenance, redundancy and provides a more efficient filing process for our business services customers and internal staff. It will be developed with current technology making it easier to find programming support and developers than what's available for our current system.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):

4. Provide the project justification in terms of tangible benefits (i.e. economic return on investment) and/or intangible benefits (e.g. additional services for customers).

The existing business services software system is 15 years old and is likely to fail. It is extremely difficult to modify, maintain and support.

The system had two major failures in 2012. One of the failures lasted five business days. During that time, no new filings were able to be received for three days and documents remained irretrievable for the full five days. During this time period, lenders were not able to file any financing statements evidencing loans made. In addition, businesses, lenders and other constituents were unable to obtain any corporate records. While the true economic impact of the downtime is unknown, it likely had a significant impact on commerce.

Businesses which operate in Nebraska are not required to organize in Nebraska. In order to attract and keep businesses in the State of Nebraska, the processes used to organize and register in the state must be convenient and user friendly and must utilize modern and efficient technology. Delays in the processing of business filings or financing statements could detract from the business climate in the State.

While the precise economic impact of system downtime is unknown, the revenue derived from filings and record requests processed using the system is known. During fiscal years 2013 and 2014, 453,879 filings were completed and 826,912 requests were processed utilizing the existing system. The revenue generated from these filing fees totaled approximately \$19 million, including \$15 million in general fund dollars.

Benefits to external customers:

1. Provide electronic email capabilities.
2. Provide more efficient tracking of filing statuses via system dashboard or in-box capabilities.
3. Provide business owners and registered agents electronic notification when filing changes are made to their entities as tracking and fraud detection tools.
4. Provide direct electronic notifications for annual and biennial tax reports as they are assessed to deliver notices timely and help ensure entities remain in good standing.
5. Improve processing time for filings.

Benefits for staff:

1. Improved access to system data, standard and ad hoc reports.
2. Ability to make statutory changes through configurable software via internal information technology staff.
3. Improved workflow of staff assignments.
4. Ability to track output of individual staff to increase efficiency and productivity.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

5. Reconciliation capabilities for related online services.
6. More efficient retrieval of filing information/documents.
7. Built in tracking of accounting and financial information including recording and generating receipts.

5. Describe other solutions that were evaluated, including their strengths and weaknesses, and why they were rejected. Explain the implications of doing nothing and why this option is not acceptable.

A state system has been sold to two other states at a fraction of the cost of a new system. However, this system only includes the base code of the original state that created it. In order to use such a system (required by current statutes) the code must be modified by each State's own programming team to meet the State's standards and statutory requirements. Our agency needs software that can be configured by in-house non-programmer IT staff. This approach would require a new vendor or OCIO programmers to customize and enhance the code to meet our current business needs plus add functionality and modifications to improve filing processes. Overall this type of system is not an improvement to our current system and does not meet all statutory requirements. This application does not include farm service product security filing capabilities nor the functionality to produce a master lien list which is a requirement for Nebraska. The system would not allow for fees to be split between fund types, has many servers and independent processing parts and is not a central system. This system was developed using .Net 2.0 running on SQL server 2005, both are outdated technology. It also uses .Net 4.0 that will be no longer supported by Microsoft after January 2016. To summarize this system does not meet our needs and provides no real advantages over our current system.

Another option which was considered was to modify the current system from VB6 language to a VB.Net environment which Microsoft has designated as the successor. An automated conversion tool exists but for most projects a fully automated conversion is impossible. Upon consultation with the OCIO, this option has been discouraged as it is likely that some functionality will be lost during the conversion. In addition, this conversion does not enhance the existing system and does not address existing silos within the current system.

Continuing to utilize our current system is not viable. This system is 15 years old and the company that initially developed the application is no longer providing ongoing support, maintenance and enhancements. The technology used by our system has not been supported by Microsoft since April, 2008 and the OCIO's office does not have programmers to support the system. If we lose our existing contracted programmer we will not be able to implement or comply with statutory changes. If the system fails, filings and associated fees cannot be accepted and deposited, and the state will suffer an economic loss as described previously. In addition, the business community will suffer and the business climate of the state will suffer.

6. If the project is the result of a state or federal mandate, please specify the mandate being addressed.

This project is not the result of a state or federal mandate; however our office is required to make changes to the business services filing system in a timely manner based on multiple statutory changes that take place on an annual basis.

TECHNICAL IMPACT (20 PTS):

7. Describe how the project enhances, changes or replaces present technology systems, or implements a new technology system. Describe the technical elements of the project, including hardware, software, and communications requirements. Describe the strengths and weaknesses of the proposed solution.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

This project will replace our current business services software with new technology. Our software was written in VB6 which Microsoft stopped providing maintenance and support for on April, 2008. The system runs on SQL Server 2005 which Microsoft stopped providing maintenance and support for on April, 2011. This technology is dated and finding technical support is nearly impossible. We know of only one part-time programmer that we've contracted with to make needed updates, enhancements and support our system. We are at the mercy of this programmer who assists us outside of regular business hours 8:00 AM – 5:00 PM due to having other full time employment.

The software and hardware for the system must utilize current supported technology and services available for each product. We cannot define yet what the software and hardware requirements are as there are numerous vendors and applications available. We do know that we want the system to be setup on a virtual infrastructure. The system will be configurable to allow for ease of programming changes and there will be an increased pool of programmers and network support. The technology will be newer and have an extended range of programming language support. The technology purchased will be something that can be supported by the OCIO if needed. The system must have the functionality to interface with Hyland OnBase or have a document imaging management solution. The system needs to interact with barcode label printers, barcode label hand scanners and document imaging scanners or have an alternative built into the system. The system will be able to add older entities and filings currently not in the system and have the ability to upload documents currently not imaged from past filings.

It is anticipated that the new system will have the following enhancements:

1. Improved system security and sign-on for individual staff.
2. Allow the ability to easily set permissions based on individual(s), group access or roles.
3. Contain an interface to the state accounting system, Enterprise One.
4. Reoccurring tasks or job processes that can easily be scheduled on a regular basis.
5. More flexibility to add new filings or change funding information when needed.
6. Configuration changes can be supported and managed in a simplified manner.
7. Workflow configuration to route filings and requests to the right user or user group for more efficient processing.
8. Customized templates that can be formatted for filing acknowledgements, certificates, notices, and other documents.
9. Electronic communications that can be sent automatically for notices and alerts.
10. Extensive system reports and ad-hoc reporting.
11. Integrations for online credit, debit, and ACH processing (E-commerce).
12. XML submissions for UCC filings.
13. Internal filers can automate tasks or processes and setup notifications when completed.
14. Apply and install software updates automatically versus current manual process.
15. Auto populated technology that can capture frequently entered information by applicant and prepopulate it into the system when reviewed.
16. Disability compliant.

8. Address the following issues with respect to the proposed technology:

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

- Describe the reliability, security and scalability (future needs for growth or adaptation) of the technology.
- Address conformity with applicable NITC technology standards and guidelines (available at <http://nitc.ne.gov/standards/>) and generally accepted industry standards.
- Address the compatibility with existing institutional and/or statewide infrastructure.

The new system will comply with NITC standards and guidelines as well as adapt to the statewide infrastructure. The software and hardware for the system must utilize updated and supported technology and services available for each product. By upgrading this system we are drastically improving the reliability and security of the information. Individual staff sign on will be more secure and will provide the ability to easily set permissions based on individual(s), group access or roles. A redundancy plan will be established and the system will be on a scheduled backup plan. The system will have separate test, training, and production environments and have a version control system in place to be able to track changes. Any data integrity problems must be easily identified and fixed. The system must be fully functional with all components operating 99.9 percent of the scheduled production hours. The system will be subjected to penetration testing, intrusion testing and vulnerability scans for both internal and external systems. The results of these scans will be reviewed and a mitigation plan created if vulnerabilities or weaknesses are found. We envision the new system will utilize the State of Nebraska's Active Directory Domain (STN).

The system would allow enhanced future growth for new business service filings and have the overall capability to expand and meet future needs of the application.

PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):

9. Describe the preliminary plans for implementing the project. Identify project sponsor(s) and examine stakeholder acceptance. Describe the project team, including their roles, responsibilities, and experience.

This project will replace our current outdated business services software with new technology and will eliminate existing silos so that application filings and other processes are all in one system that provides accurate and extensive standard reports. The level of service will be enhanced to customers by increasing the speed, accuracy, and ease of data filing and retrieval. Greater stability will reduce downtime and eliminate the opportunity for system failure through newer technologies and increased system support.

Stakeholders' acceptance will be gathered by ensuring the new software is simplified, time saving, and user friendly. It will provide better communication and tracking tools for filers on the front-end, with quicker and more accurate retrieval of filing data on the back-end to create efficiencies in answering customer questions.

The Project Team involves a cross-section of resources from several groups which include the following:

- Project Sponsor: John A. Gale, Secretary of State.
- Ann Hinkle – SOS – Deputy for Business Services and Technology. Ann has previously directed IT projects and developed RFPs for other government agencies.
- Teri Sefrna – SOS – Business Services Office Manager. Teri brings extensive business knowledge gained over the 29 years with the Secretary of State's Office.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

- Jody Damian – SOS – Business Services Senior Filing Officer. Jody brings extensive business knowledge gained over the 23 years of experience with the Secretary of State's Office.
- Colleen Byelick – SOS – General Counsel. Colleen serves as the Legal Counsel and has experience in business services processes, legal and RFP requirements.
- Suzie Hinzman – SOS – Deputy for Finance and Human Resources Division. Suzie serves as our Finance Deputy.
- Chad Sump – SOS – IT Systems Analyst. Chad has 12 years' prior experience working at the Kansas Secretary of State's Office doing IT work for the Business Services Division.
- Gavin Crowl – SOS – IT Elections Officer. Gavin has technology experience and provides information technology support to the office.
- Current IT Contracted Support – Has extensive knowledge of the existing system.
- OCIO – (TBD)
- DAS – (TBD)
- External Resource

10. List the major milestones and/or deliverables and provide a timeline for completing each.

Milestones: Project to take entire FY 16-17 and carry over into the next biennium FY 18-19.

- Define specifics that will be delivered and note how they meet statutory requirements. (June 2015)
- Completion of Request for Proposal (RFP) (September 2015)
- Release RFP (January 2016)
- Contract award (June 2016)
- Start date (July 2016)
- Design, Development and Documentation of system and any necessary interfaces (July - October 2016)
- Corporations (October 2016 – June 2017)
 - Conversion of Data
 - Training Documentation
 - Testing of Application
 - Training & Onsite Assistance
 - Communication and Partnership Coordination for Implementation
 - Production Implementation and System Launch
- UCC (April 2017 – December 2017)
 - Conversion of Data
 - Training Documentation
 - Testing of Application
 - Training & Onsite Assistance
 - Communication and Partnership Coordination for Implementation
 - Production Implementation and System Launch

11. Describe the training and staff development requirements.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

Prior to the new system going live staff will receive onsite training by the vendor. The vendor will provide the project manager with the proposed training schedule, training curriculum, and delivery of training for approval. The training will ensure all users are adequately trained on the system including front-line, administrative, and technical support end-users. A training environment will be available so new or existing staff can use it for additional training and future updates. Users attending training will receive handouts and instructional aides.

12. Describe the ongoing support requirements.

Ongoing support will be noted in the contract and will define being hosted either via the vendor or OCIO to ensure hardware, redundancy, back-up, retention, and disaster recovery needs are met and conform to NITC and Secretary of State standards. Key staffing will be identified for ongoing tasks that will be available for the duration of the warranty period to provide software and database support. The system will be supported and warranted after final acceptance.

RISK ASSESSMENT (10 PTS):

13. Describe possible barriers and risks related to the project and the relative importance of each.

- Implementation of the software must have good communication and coordination, stay on track, eliminate scope creep and adhere to set timelines for delivery.
- Possible issues with database conversion to a new system. Some of the existing data may need to be cleaned before it can be placed into the new system.
- Changes in internal staff could slow or delay the project as new staff will need to be trained and brought up to date.
- New statutes or rules may change defined requirements.
- Any system issues, defects or errors that do not meet the Secretary of State's expectations will need to be addressed as minor or substantial fixes.
- Vendor resources don't meet expectations. The timeline for the project is dependent on key vendor staff devoting sufficient time and resources to the project.
- Vendor could misunderstand requirements or deliver components not requested. Must ensure the vendor fully understands processes and requirements so time can be allocated appropriately.
- Additional and unforeseen expenses could push the project over budget.
- Training and learning curve for Secretary of State staff could delay incoming filings and services.

14. Identify strategies which have been developed to minimize risks.

Present well defined requirements in the RFP with specific criteria, expectations, timelines, and deliverables to minimize risk. Staff involvement will take place beginning with design and development through testing and implementation to help identify problems and mitigate risks. All databases will be backed up prior to conversion. Project will adhere to NITC technology standards for both security and technology platforms and best practices.

Selection will be made by identifying the best vendor equipped to meet project outcomes and goals as evidenced by prior experience, proven project successes and references provided by prior customers.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2015-2017 Biennium

Version: AF - AGENCY FINAL REQUEST

FINANCIAL ANALYSIS AND BUDGET (20 PTS):

15. Financial Information

This project will be funded through current and future cash funds from the UCC and Corporations cash funds. The agency has previously addressed the need to keep these cash funds intact and to be able to build fund balances to sufficient levels to complete this project.