

■ ■ ■ ■ A Report for
**California Department of
Corporations**



Department of Corporations Quality Network
(DOCQNET) - Feasibility Study Report

Version 2

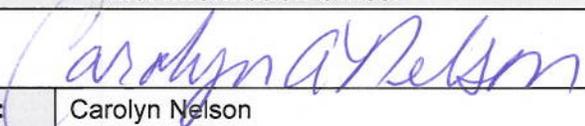
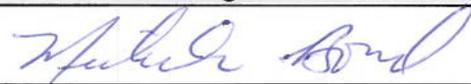
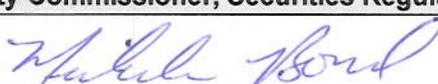
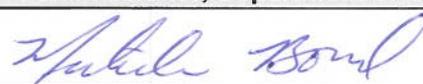
28 October 2008

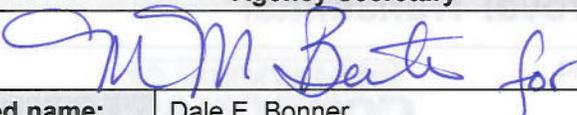
Engagement: 222025041

Table of Contents

1.0	Executive Project Approval Transmittal	1
2.0	IT Project Summary Package	3
2.1	Executive Summary.....	3
2.2	Project Contacts	5
2.3	Project Relevance to State and/or Department/Agency Plans	5
2.4	Budget Information	6
2.5	Vendor Project Budget	8
2.6	Risk Assessment Information	9
3.0	Business Case	10
3.1	Business Program Background	11
3.2	Business Problem or Opportunity	34
3.3	Measurable Business Objectives	39
3.4	Business Functional Requirements	41
4.0	Baseline Analysis	49
4.1	Current Method.....	50
4.2	Established Infrastructure	77
5.0	Proposed Solution	90
5.1	Solution Description.....	91
5.2	Rationale for Selection	107
5.3	Other Alternatives Considered	107
6.0	Project Management Plan	112
6.1	Project Manager Qualifications.....	112
6.2	Project Management Methodology	114
6.3	Project Organization	115
6.4	Project Priorities	117
6.5	Project Plan	117
7.0	Risk Management	127
7.1	Risk Management Approach	127
7.2	Risk Management Worksheet	128
7.3	Risk Response and Control	135
8.0	Economic Analysis Worksheets	137
8.1	Existing System Cost Worksheet	137

1.0 Executive Project Approval Transmittal

Information Technology Project Request Feasibility Study Report Executive Approval Transmittal			
Department Name			
Department of Corporations			
Project Title (maximum of 75 characters)			
Department of Corporations Quality Network			
Project Acronym		Department Priority	Agency Priority
DOCQNET		1	1
APPROVAL SIGNATURES			
<p>I am submitting the attached Feasibility Study Report (FSR) in support of our request for the Department of Finance's approval to undertake this project.</p> <p>I certify that the FSR was prepared in accordance with State Administrative Manual Sections 4920-4930.1 and that the proposed project is consistent with our information technology strategy as expressed in our current Agency Information Management Strategy (AIMS).</p> <p>I have reviewed and agree with the information in the attached Feasibility Study Report.</p>			
Chief Information Officer		Date Signed	
		6/10/08	
Printed name:	Carolyn Nelson		
Budget Officer		Date Signed	
		6/11/08	
Printed name:	Valinda Roberts		
Deputy Commissioner, Financial Services Division		Date Signed	
		6-5-08	
Printed name:	Louisa Broudy		
Deputy Commissioner, Securities Regulations Division		Date Signed	
		6/11/08	
Printed name:	Robert Van Der Volgen		
Deputy Commissioner, Enforcement Division		Date Signed	
		6/11/08	
Printed name:	Wayne Strumpfer		
Commissioner, Department of Corporations		Date Signed	
		6/11/08	
Printed name:	Preston DuFauchard		

Agency Secretary		Date Signed
		6/26/08
Printed name:	Dale E. Bonner	

APPROVAL SIGNATURES		
	Carol Nelson	6/10/08
	Vanda Roberts	6/11/08
	Louise Boudy	6-8-08
	Robert Van Der Volgen	6/10/08
	Wayne Brungie	6/10/08
	Preston Dufresne	6/10/08

2.0 IT Project Summary Package

2.1 Executive Summary

Submittal Date	July 15, 2008
----------------	---------------

	FSR	SPR	PSP Only	Other:
Type of Document	X			
Project Number				

		Estimated Project Dates	
Project Title	Department of Corporations Quality Network	Start	End
Project Acronym	DOCQNET	Jan 2010	June 2012

Submitting Department	Department of Corporations
Reporting Agency	Business, Transportation and Housing Agency

Project Objectives	Major Milestones	Est. Complete Date
<p>The project objectives for the DOCQNET project are as follows:</p> <ul style="list-style-type: none"> ■ Reduce risk to the public by complying with State licensing mandates ■ Improve system performance and staff productivity. ■ Reduce license processing timelines and eliminate backlog. ■ Improve data integrity. ■ Fully automate case management process. ■ Improve management ability to monitor workloads. ■ Comply with state e-government policies. ■ Obtain automated systems that can support Corporations' business needs. ■ Improve Corporations' ability to provide information to customers and stakeholders. 	<ul style="list-style-type: none"> ■ Phase 1—Procurement (Requirements, RFP Development and Vendor Selection) ■ Phase 2—Project Initiation and Planning ■ Phase 3—Development (System Design, Development and System Testing) ■ Phase 4—System Deployment 	<p>Jan. 2010</p> <p>Jan. 2010</p> <p>Jan. 2011</p> <p>June 2011</p>
	Key Deliverables	Estimated Completion Date
	Approved FSR	Jan. 2009
	Signed Contract with Procurement Assistance Vendor	Jan. 2010
	RFP for COTS Licensing and Compliance System	March 2010
	Signed Contract with COTS Vendor for Licensing and Compliance System	Dec. 2010
	DOCQNET System Design and Corporations Customization Requirements Document	March 2011
	Detailed DOCQNET System Deployment Schedule	Dec. 2011
	Testing Plan for System Integration	Jan. 2012
	Final Acceptance Document for DOCQNET application	June 2012
Proposed Solution		
Corporations will replace its existing licensing and case management applications with a COTS solution to meet departmental objectives and legislative mandates.		

Project #

Doc. Type	
-----------	--

2.2 Project Contacts

Executive Contacts							
	First Name	Last Name	Area Code	Phone #	Area Code	Fax #	E-mail
Agency Secretary	Dale E.	Bonner	(916)	323-5401	(916)	323-5440	dbonner@bth.ca.gov
Dept. Director	Preston	DuFauchard	(916)	324-9011	(916)	322-8864	pdufauch@corp.ca.gov
Budget Officer	Valinda	Roberts	(916)	322-4996	(916)	327-7656	vroberts@corp.ca.gov
CIO	Carolyn	Nelson	(916)	322-8703	(916)	263-6912	cnelson@corp.ca.gov
Project Sponsor	Preston	DuFauchard	(916)	324-9011	(916)	322-8864	pdufauch@corp.ca.gov

Direct Contacts							
	First Name	Last Name	Area Code	Phone #	Area Code	Fax #	E-mail
Doc. Prepared by	Magnus	Karlsson	(619)	742-9999	(866)	630-9110	magnus.karlsson@gartner.com
	Hannes Gartner	Scheidegger Consulting	(916)	414-2251	(866)	630-9110	hannes.scheidegger@gartner.com
Primary Contact	Carolyn	Nelson	(916)	322-8703	(916)	263-6912	CNelson@corp.ca.gov
Project Manager	Isaac	Wizenfeld	(213)	576-7683	(916)	263-6912	IWizenfe@corp.ca.gov

2.3 Project Relevance to State and/or Department/Agency Plans

	What is the date of your current Operational Recovery Plan (ORP)?	Date	10/15/07
	What is the date of your current Agency Information Management Strategy (AIMS)?	Date	8/1/03
	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	2003 AIMS
		Page #	Page 36

Project #	
Doc. Type	

		Yes	No
Is the project reportable to control agencies?		X	
If YES, CHECK all that apply:			
X	The project involves a budget action.		
	A new system development or acquisition that is specifically required by legislative mandate or is subject to special legislative review as specified in budget control language or other legislation.		
	The project involves the acquisition of microcomputer commodities and the agency does not have an approved Workgroup Computing Policy.		
X	The estimated total development and acquisition cost exceeds the departmental cost threshold.		
	The project meets a condition previously imposed by Finance.		

2.4 Budget Information

Budget Augmentation Required?							
No							
Yes	X	If YES, Indicate fiscal year(s) and associated amount:					
		FY 09/10	FY 10/11	FY 11/12	FY 12/13		
		\$750,950	\$3,399,960	\$4,255,104	\$0		

PROJECT COSTS

	Fiscal Year	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	TOTAL
1.	One-Time Cost	\$750,950	\$3,290,392	\$3,676,400		\$7,717,742
2.	Continuing Costs		109,568	\$578,704	\$1,148,704	\$1,836,976
3.	TOTAL PROJECT BUDGET	\$750,950	\$3,399,960	\$4,255,104	\$1,148,707	\$9,554,718

SOURCES OF FUNDING

	Fiscal Year	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	TOTAL
4.	General Fund					
5.	Redirection	\$118,000	\$328,000	\$376,000	\$2,372,821	\$3,194,821
6.	Reimbursements					
7.	Federal Funds					
8.	Corporations Fund (Special Fund) ¹	\$632,950	\$3,071,960	\$3,879,104		\$7,584,014
9.	Grant Funds					
10.	Other Funds (Cost Savings)				(\$1,224,117)	(\$1,224,117)
11.	PROJECT BUDGET	\$750,950	\$3,399,960	\$4,255,104	\$1,148,704	\$9,554,718

PROJECT FINANCIAL BENEFITS

12.	Cost Savings/Avoidances				\$1,224,117	\$1,224,117
13.	Revenue Increase					

¹ Comprised of revenue generated through licensing activities

2.5 Vendor Project Budget

Vendor Cost for FSR Development (if applicable)		\$199,440
Figure 1.	Vendor Name	Gartner Consulting

Project #	
Doc. Type	

VENDOR PROJECT BUDGET

1.	Fiscal Year	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	TOTAL
2.	Primary Vendor Budget		\$540,000	\$2,237,000		\$2,777,000
3.	Project Management	\$75,000	\$100,000	\$100,000		\$275,000
4.	Independent Oversight Budget	\$56,250	\$75,000	\$75,000		\$206,250
5.	Other Budget	\$227,500	\$89,000			\$316,500
6.	TOTAL VENDOR BUDGET	\$358,750	\$804,000	\$2,412,000		\$3,574,750

2.6 Risk Assessment Information

	Yes	No
Has a Risk Management Plan been developed for this project?	X	

General Comment(s)
<p>Corporations recognizes the many risks associated with a new system implementation and has taken steps to identify and mitigate potential risks. A thorough risk analysis identified a number of key areas that need to be addressed, they are:</p> <ul style="list-style-type: none"> ■ Project Management Risk—Project Management Risk is high due to staffing and schedule risks and that should be monitored to ensure the project maintains solid project sponsorship, remains on schedule and on budget, and is supported effectively by skilled Corporations resources. ■ Financial Risk—Financial Risk is medium due to the complexity of the project from a program perspective and the resulting difficulty in estimating an accurate budget. ■ Technology Risk—Technology Risk is high since the proposed solution is a COTS solution that must fit within existing Corporations program and Corporations/DTS data center architecture requirements. Data conversion and data synchronization effort is expected to be extensive and lengthy. ■ Change Management/Operational Risk—Change Management/Operational Risk is medium due to significant cultural change that will be required to make the implementation a success. Change Management/Operational Risk Business units that are currently operating very independently today will be asked to work more closely together in the future and use similar terms and processes in support of common business processes such as licensing , examinations , case management, and accounting. <p>Through careful planning, the establishment of a Steering Committee to monitor the DOCQNET project, and the use of Business, Transportation and Housing Agency project oversight, Corporations feels it has planned for and identified all of the major risks of the DOCQNET project and has come up with mitigation strategies that will ensure project success.</p>

3.0 Business Case

The purpose of this section is to provide a clear description of the business environment of the Department of Corporations, hereafter referred to as “Corporations” and the business rationale for making an investment in Corporations infrastructure.

This section of the Feasibility Study Report describes the Corporations organization, its major programs and functions, identifies internal and external customers, and articulates the business problems and opportunities and the desired objectives of the proposed solution. This section also includes the requirements that the proposed solution must fulfill to meet the business needs.

This business case is comprised of the following subsections:

Table 1. Business Case Subsections

3.1	Business Program Background
3.1.1	Program Description
3.1.2	Business Process Description
3.1.3	Impact of the Proposal
3.1.4	Customers and Users
3.1.5	Program Experiencing the Problem
3.1.6	Conditions Creating the Problem
3.2	Business Problems and Opportunities
3.2.1	Business Problems
3.2.2	Business Opportunities
3.3	Measurable Business Objectives
3.3.1	General Objectives
3.4	Business Functional Requirements
3.4.1	Corporations System Conceptual Model
3.4.2	Business Functional Requirements
3.4.3	Infrastructure Requirements
3.4.4	Traceability Matrix

3.1 Business Program Background

Corporations, located within the Business, Transportation and Housing Agency, is responsible for licensing and regulating the securities and financial services industries, including businesses such as securities brokers and dealers, investment and financial planners, and certain fiduciaries and lenders. As part of these responsibilities under three (3) operational divisions, Corporations issues and renews licenses, examines and investigates licensees, and collects fees and periodic assessments from certain licensees. Corporations is supported solely by the fees and assessments it collects.

Corporations is California's Investment and Financing Authority, and has exclusive authority to bring both civil and administrative actions under the laws subject to the jurisdiction of the California Corporations Commissioner.

Corporations licenses and regulates a variety of businesses that affect the lives of Californians and represent a significant part of California's economy, including securities brokers and dealers, investment advisers and financial planners, and certain fiduciaries and lenders. Corporations also regulates the offer and sales of securities, franchises and off-exchange commodities.

The Department certifies certain national securities exchanges under Corporations Code section 25100(o), such as the New York Stock Exchange as well as the National Global System of the NASDAQ Stock Market LLC, as exempt from the Department's review and approval process under the Corporate Securities Law of 1968, as amended, warrants or rights to purchase or subscribe to a security listed on the certified exchange. However, securities listed on the second tier of some national securities exchanges and on the NASDAQ Small Cap Market, and any warrants or rights to purchase or subscribe to those securities, remain subject to the Department's review and approval process, unless otherwise exempt under the law.

The California Department of Corporations by the Numbers

Since 2001, the Department has compelled finance lenders and mortgage bankers to make over \$60 million in refunds to consumers.

The Department has authority over finance lenders and brokers who, in 2006, made or assisted in the making of about \$315.5 billion in consumer and commercial finance loans. The Department also regulates mortgage bankers who made \$252 billion in home loans to Californians in 2006, and who serviced \$603 billion in home loans during that year.

Since 2001, the Department has brought approximately 4,581 enforcement actions, including but not limited to, against people or companies perpetrating frauds, making misrepresentations, and pursuing predatory practices.

The Department regulates over 309,000 entities, including:

- 3,461 broker-dealers,
- 260,281 agents or registered representatives,
- 2,979 investment advisers,
- 43,759 investment adviser representatives or associated persons,
- 868 independent escrow agents,
- 4,358 consumer and commercial finance lenders and 7358 locations,
- 375 residential mortgage lenders or mortgage bankers, and

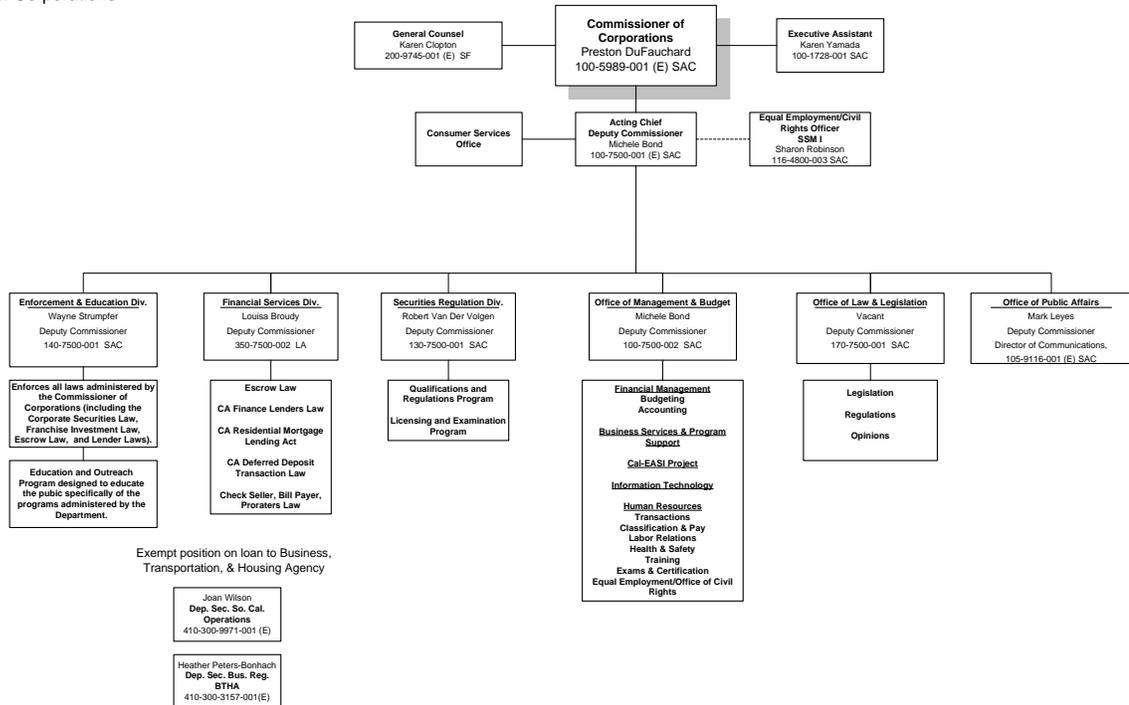
- 463 deferred deposit originators at 2,494 locations

Department of Corporations Organization Chart

Figure 1 below provides an overview of Corporations organizational structure.

Figure 2. Corporations Organization Chart

State of California
Business, Transportation and Housing Agency
Department of Corporations



3.1.1 Program Description

Corporations main business is organized into three operational divisions:

- Financial Services Division (FSD)
- Securities Regulations Division (SRD)
- Enforcement Division (ENF)

3.1.1.1 Financial Services Division

The Financial Services Division (FSD) is headed by a Deputy Commissioner and is responsible for the regulation of five separate laws.

The laws under FSD's responsibility are:

- California Deferred Deposit Transaction Law
- California Finance Lenders Law
- California Residential Mortgage Lending Act

- Check Sellers, Bill Payers and Proraters Law
- Escrow Law

3.1.1.2 Securities Regulation Division

The Securities Regulation Division (SRD) is headed by a Deputy Commissioner and is responsible for the (1) qualification of the offer and sale of securities (2) licensing and regulation of broker-dealers, broker-dealer agents and investment advisers (3) qualification of outstanding securities for secondary market transactions that are not traded on an exempt exchange or marketplace and; (4) offer and sale of franchises under the Franchise Investment Law.

The SRD is divided into two distinct units:

- Broker-Dealer/Investments Advisers (BD/IA)
- Qualifications and Registrations (Q&R)

3.1.1.2.1 SRD Broker-Dealer/Investments Advisers (BD/IA)

SRD BD/IA is responsible for the licensing and regulation of broker-dealers, broker-dealer agents and investment advisers, pursuant to the Corporate Securities Law of 1968.

3.1.1.2.2 SRD Qualifications and Registrations (Q&R)

SRD Q&R examines and analyzes various types of filings, primarily: (1) applications for qualification; notices of exemption; consents to transfer legended securities; and the approval of repurchase offers pursuant to the Corporate Securities Law of 1968 and; (2) applications for the registration of the offer and sale of franchises pursuant to the Franchise Investment Law.

Franchise Investment Law (FIL) Filing

California under the Franchise Investment Law requires franchisors to register their disclosure document before they offer to sell or actually sell franchises in California. The disclosure document must comply with the California Franchise Guidelines, which incorporate the FDD (Franchise Disclosure Document) format required by the FTC (Federal Trade Commission).

Corporate Securities Law (CSL) Filing

The Corporate Securities Law of 1968 is also referred to as California Blue Sky Law. An issuer of securities must consider the applicability of or jurisdiction of California securities law and federal law as administered by the SEC (Securities Exchange Commission). Federal law requires certain kinds of disclosure but California law requires a determination that the offering is fair, just and equitable.

Before an entity or person offers to sell or actually sells securities in California it must either have an exemption or file an application for qualification and receive the authority to sell in California. The burden on proving the exemption is on the filer who claims it. The Department typically issues authority to sell securities for only 12 months.

SRD Q&R is required under Rule 250.51 to process its applications within certain periods of time for both FIL & CSL filings, in addition to meeting other deadlines imposed by Law.

3.1.2 Enforcement Division

The Enforcement Division (ENF) is headed by a Deputy Commissioner and is responsible for enforcing the laws under the Investment and Lender-Fiduciary Programs administered by the Department of Corporations. These laws include the Corporate Securities Law of 1968,

Franchise Investment Law, California Commodity Law of 1990, Capital Access Company Law, Deferred Deposit Transaction Law, Bucket Shop Law, Escrow Law, California Finance Lenders Law, and the California Residential Mortgage Lending Act, Check Sellers, Bill Payers and Proraters Law.

Enforcement actions may include: (1) administrative orders to stop violations of the laws, to deny, censure, suspend, revoke or take possession of licensees, and to censure, suspend or bar individuals from participating in a regulated industry; and (2) civil injunctive actions in the name of the People of the State of California to enjoin violations of the laws, to appoint receivers over companies, and to obtain equitable remedies including rescission, restitution and penalties against the violators.

3.1.3 Business Process Description

The following section provides an overview of the business processes of Corporations.

3.1.3.1 Licensing and Applications

3.1.3.1.1 Application Processing—FSD

The applications processes are designed around the specific laws regulating the filing entities. All of the laws stipulate that a paper copy of the original application be kept on file and that the application include a “wet” signature acknowledging accountability and authority of the filer. Below is an application process workflow and a process chart describing, at a high level, the process of filing an application with Corporations.

Figure 3. Application Process FSD

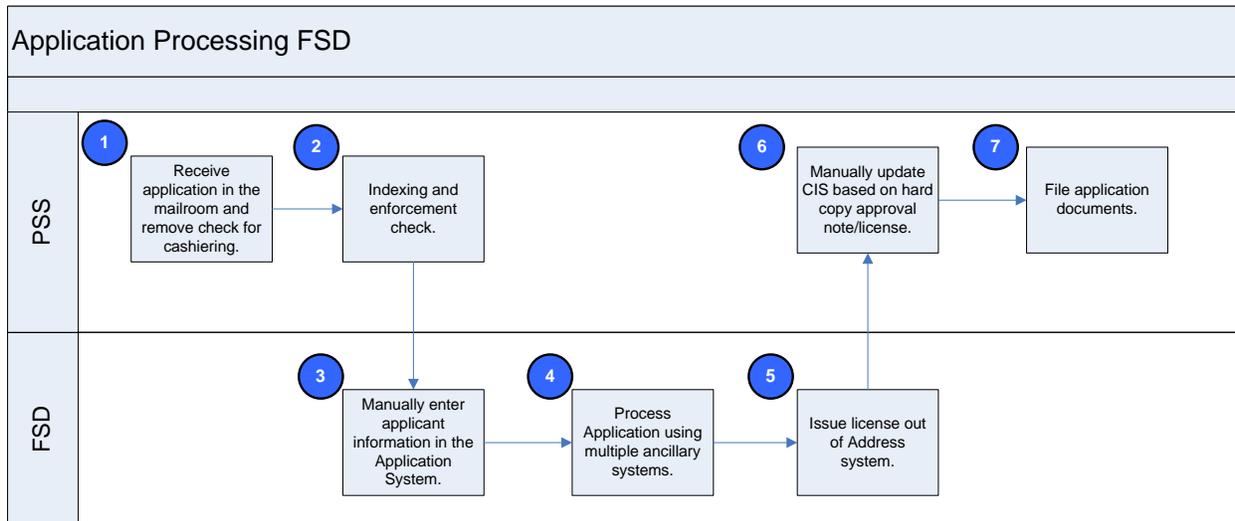


Table 2. Application Process Description FSD

Step #	Process Description
1.	<ul style="list-style-type: none"> Hard copy applications are received by Business Operations Services (BOS) staff in the mail-room, BOS staff deliver application with checks to Cashiers. If checks are included they are processed. Cashiers then deliver the applications to Program Support Services (PSS).
2.	<ul style="list-style-type: none"> The application is entered and indexed into the Central Index System (CIS) and

Step #	Process Description
	enforcement checks are conducted on the applicants. The enforcement check consists of assuring that there is no enforcement case pending against the applicant. Note: the enforcement check outcome is not maintained in CIS, however the paper application is physically stamped.
3.	<ul style="list-style-type: none"> ■ FSD applications are routed to the FSD program where applications are first manually entered into the Application system by FSD staff and then routed based on each of the four laws to specialists responsible for processing the applications. For each law regulated by FSD, a separate system (spreadsheet/access database, FIMS for CDDTL) is used to track and process licensing applications. Note: It sometimes takes several weeks for an application to go from initial receipt to the logging in the Application system. ■ During this process, Corporations corresponds with the applicants and other stakeholders. The entire process to obtain all the approvals and conducting the background checks can take up to several months.
4.	<ul style="list-style-type: none"> ■ During the processing of FSD applications, additional checks and due diligence activities are conducted (fingerprints, bonds) and the outcomes are logged in various ancillary databases (e.g. fingerprint system, bond log).
5.	<ul style="list-style-type: none"> ■ Upon completion of the process, the license is posted in the Address system and issued to the applicant. Note: sometime thereafter the record is removed from the Application system.
6.	<ul style="list-style-type: none"> ■ FSD returns the application package to PSS. On an ongoing basis, CIS is manually updated with new licensee information.
7.	<ul style="list-style-type: none"> ■ Upon processing of all applications by program staff, the hard copy files are sent back to PSS. PSS then manually files the application.

3.1.3.1.2 Qualification and Registration (Q&R) Processing

The Qualification and Registration processes are designed around the two laws regulating the filing entities: The Franchise Investment Law (FIL) and the Corporate Securities Law (CSL). The laws stipulate that a paper copy of the original application be kept on file and that the application includes a “wet” signature acknowledging accountability and authority of the filer. Below is a process workflow and a process chart describing, at a high level, the process of filing an application with Corporations.

Figure 4. Qualification and Registration (Q&R) Processing

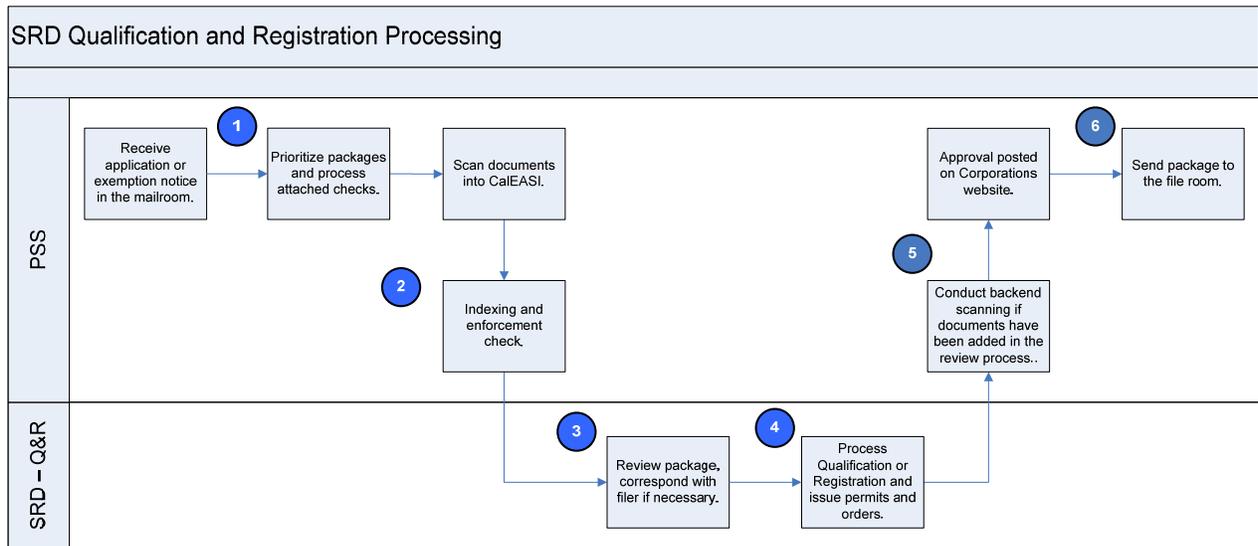


Table 3. Qualification and Registration (Q&R) Processing Description SRD

Step #	Process Description
	<ul style="list-style-type: none"> ■ Overview: All applications for qualification or registration and many exemption notice filings pertaining to the Corporate Securities Law (CSL) and the Franchise Investment Law (FIL) are received by U.S. mail, a delivery service such as FedEx or UPS, hand delivery or a messenger service. ■ Limited Offer Exemption Notices (LOEN) must be filed electronically through the LOEN online system.
1.	<ul style="list-style-type: none"> ■ All hard copy packages (applications, renewals and notices) are received by BSO staff in the mail-room, if checks are included they are processed along with the application. The CSL and FIL packages are then forwarded to PSS staff who then sorts applications by type of filing. Then the files are scanned into the California Electronic Access to Securities Information system (CalEASI). If no check is provided on a notice filing, PSS does not scan the notice and return the filing to applicant along with a cover letter requesting that the notice be refiled with a fee. If no check is provided on an application filing, PSS scans the filing and makes a CalEASI notation.
2.	<ul style="list-style-type: none"> ■ All applications and exemption notice filings pertaining to the Corporate Securities Law and the Franchise Investment Law are scanned into CalEASI.
3.	<ul style="list-style-type: none"> ■ Applications are indexed into the CIS system and an enforcement check is conducted of the officers, directors and sales agents, then the hard copy application files are routed to SRD attorney staff for review. Note: the enforcement check outcome is not maintained in CIS, however a CalEASI journal notation is made. ■ Notices that have been filed electronically are also indexed at this point in the process.
4.	<ul style="list-style-type: none"> ■ SRD attorney staff reviews the package, using CalEASI and CIS as systems of record. ■ During the review of a package, additional documents may be added to the physical file. ■ The final orders or permits are issued and the hard copy file is routed back to PSS (or SRD support staff in LA).
5.	<ul style="list-style-type: none"> ■ Documents added to the physical file are subsequently scanned by PSS (or SRD in LA) support staff in the “backend” scanning process. ■ The final order or permit is posted on the Corporations Web site in CalEASI, along with the public portion of the application.
6.	<ul style="list-style-type: none"> ■ PSS then stores the scanned application documents in on-site or off-site facilities for

Step #	Process Description
	retention purposes.

3.1.3.1.3 License Application Processing—SRD BD/IA

The applications processes are designed around the specific laws regulating the filing entities. Below is an application process workflow and a process chart describing, at a high level, the process of filing an application with Corporations.

Figure 5. License Application Process—SRD BD/IA

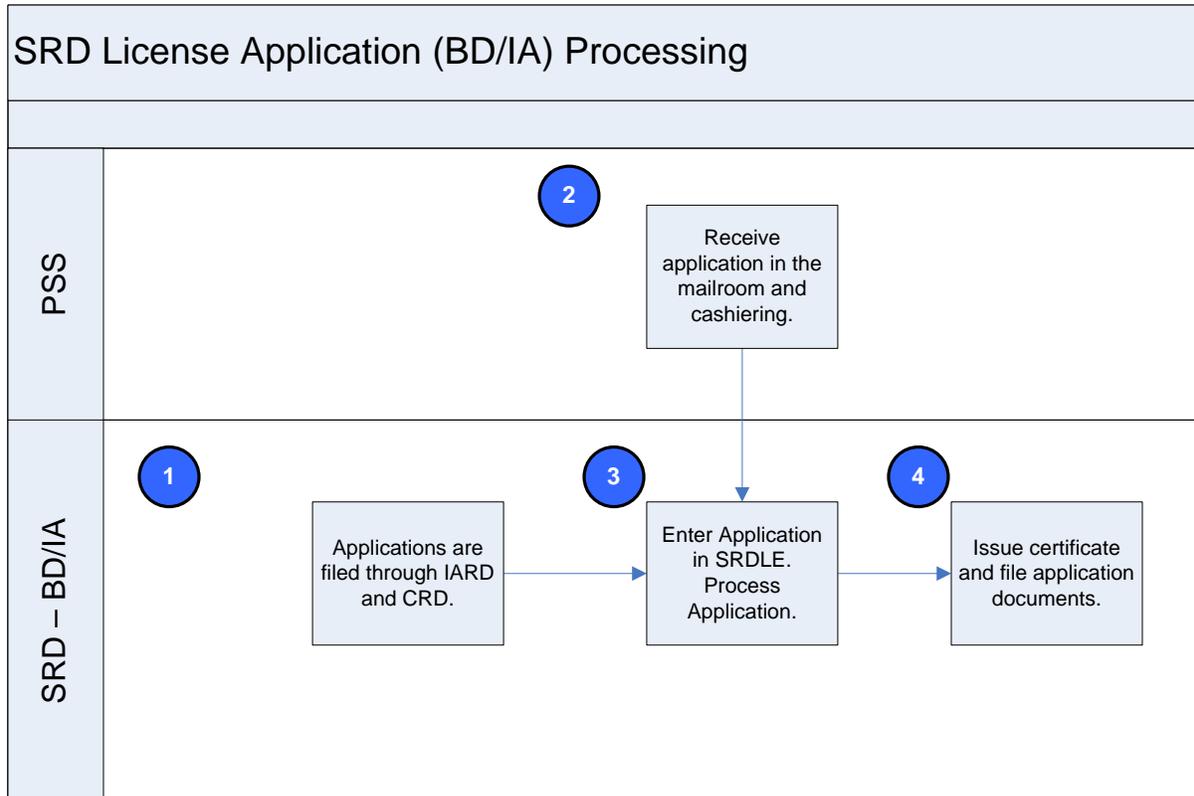


Table 4. License Application Process Description SRD—B D/IA

Step #	Process Description
1.	<ul style="list-style-type: none"> ■ Almost all (more than 99%) of BD/IA Applications are received through the CRD and IARD websites. BD/IA staff check the Central Registration Depository (CRD) and Investment Advisor Registration Depository (IARD) websites for pending applications and copy/paste the application information into the Securities Regulation Division Licensing and Examinations system (SRDLE).
2.	<ul style="list-style-type: none"> ■ All hard copy applications (less than 1% of total applications) are received by PSS staff in the mail-room, if checks are included they are processed. PSS staff then sorts applications by program and law.
3.	<ul style="list-style-type: none"> ■ For BD/IA applications, the applications are routed to BD/IA and the application information is keyed into the SRDLE system by BD/IA staff. ■ Information from CRD/IARD is manually copied from the websites and pasted into SRDLE.

Step #	Process Description
4.	<ul style="list-style-type: none"><li data-bbox="362 247 1398 363">■ The applications are then processed in SRDLE. The application is reviewed for completeness, accuracy, adequate disclosure and compliance with the rules and regulations. This includes a record search for disciplinary action and qualification requirements, confirmation of other securities filings and other due diligence activities.<ul style="list-style-type: none"><li data-bbox="399 373 1390 428">□ If there is an issue discovered during the record search, it is logged in SRDLE. If there is no issue, such comment is not recorded in SRDLE.

3.1.3.2 Examinations

The law requires Corporations to conduct periodic examinations of licensed entities. Pursuant to the legal requirement and other established goals defining the examination procedures, Corporations has established an examination process. Below is an examination process workflow and a process chart describing, at a high level, the examination process currently implemented at Corporations.

3.1.3.2.1 Examinations—FSD

The following section describes the Examinations process for the FSD division.

Figure 6. Examination Process—FSD

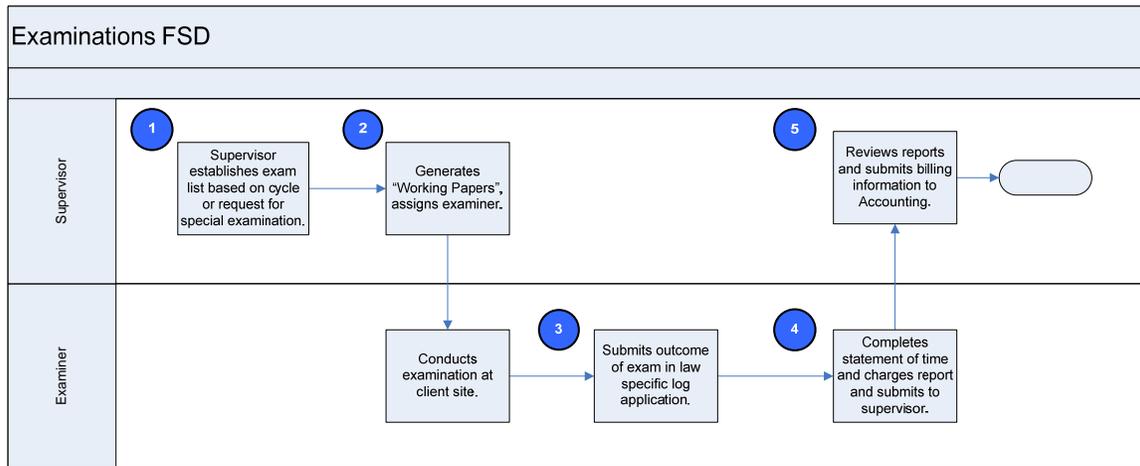


Table 5. Examination Process Description—FSD

Steps #	Process Description
Overview: Examination is scheduled based on a routine schedule (every 1 or 4 years) or through a special exams request. Special exams are initiated by a variety of triggers including but not limited to, excessive complaints identified by Corporations, public outcry, or FSD awareness.	
1.	<ul style="list-style-type: none"> The FSD Supervisor determines if an examination is required. The support staff generates a statement of time and charges report. Examination detail information is run against the log specific to the Law, the Address/Licensing database and the Index Exception database before an assignment to an Examiner is confirmed.
2.	<ul style="list-style-type: none"> This involves querying the active law log (one log specific to each law), the Address/Licensing database and an index exception log. Assignment logs are batch updated during day-end processing.
3.	<ul style="list-style-type: none"> The Examiner schedules the exam and conducts the audit at the client's site. The Examiner completes the audit and determines if any further action is required (e.g. submission of additional documentation, fines, open enforcement case, etc.). For CDDTL, a rate sheet is used to determine fees for violations.

Steps #	Process Description
<ul style="list-style-type: none"> 4. 	<ul style="list-style-type: none"> The Examiner completes and submits a report and a time sheet including expenses to the supervisor. Logs are updated and tracked in a database maintained in the Clipper program
<ul style="list-style-type: none"> 5. 	<ul style="list-style-type: none"> The supervisor reviews the report and submits the billing information to Accounting. Follow up actions include communication with licensee relating to violation resolutions.

3.1.3.2.2 Examinations—SRD BD/IA

The following section describes the Examinations process for the SRD BD/IA division.

Figure 7. Examination Process—SRD BD/IA

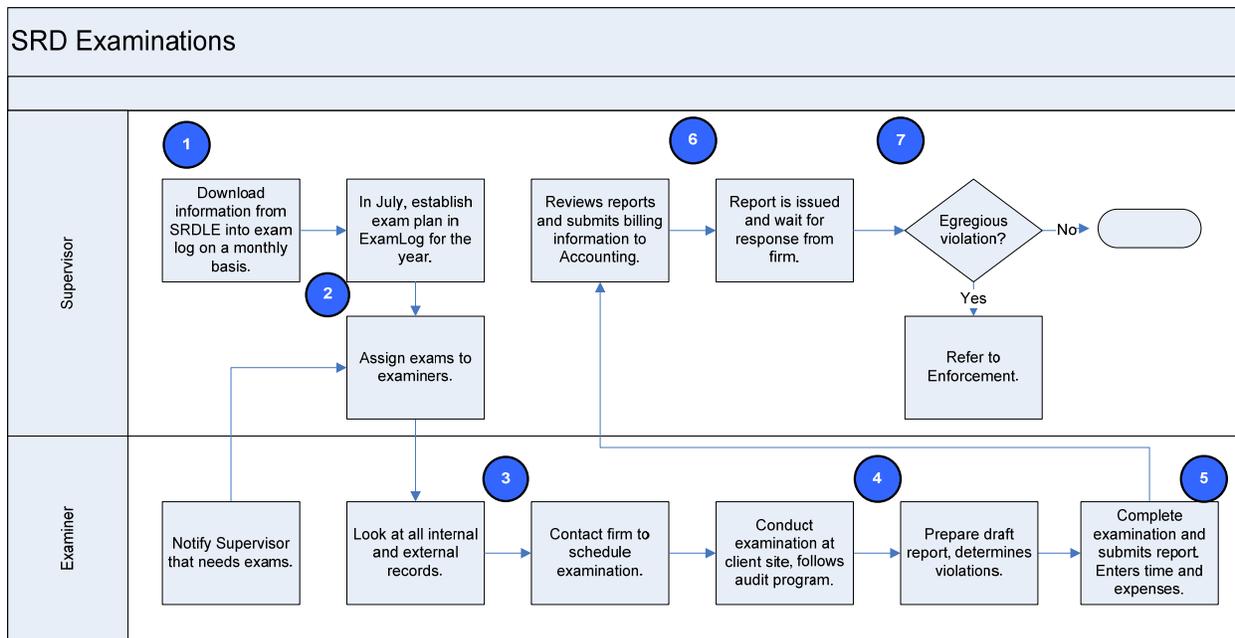


Table 6. Examination Process Description—SRD BD/IA

Steps #	Process Description
<ul style="list-style-type: none"> 1. 	<ul style="list-style-type: none"> The SRD BD/IA Support Staff downloads license information monthly from SRDLE into the SRD ExamLogs. The ExamLogs are stand-alone Access databases used to schedule and track exams.
<ul style="list-style-type: none"> 2. 	<ul style="list-style-type: none"> Every year in July, the Supervisor generates an exam schedule using the ExamLogs. The Supervisor assigns exams to the Examiners as they become available. In addition Examiner may also notify the Supervisor that a licensee may require an examination.
<ul style="list-style-type: none"> 3. 	<ul style="list-style-type: none"> The Examiner prepares for the exam by reviewing all available internal and external records (complaints, enforcement actions, etc.) and contacts the licensee to schedule an exam. <ul style="list-style-type: none"> For non-routine examinations, exams are typically surprise visits rather than scheduled.

Steps #	Process Description
4.	<ul style="list-style-type: none"> The Examiner conducts exam at client site following the audit program requirements. During the examination the Examiner collects backup and supporting documentation. At the conclusion of the examination the Examiner prepares a draft report of the violations found and course of action required to correct those violations. If the violations found are egregious, the Examiner also prepares a memorandum for referral to Enforcement Division for formal action.
5.	<ul style="list-style-type: none"> The draft report and the workpapers, with a time sheet, are submitted to the Supervisor for review. During the review process, Supervisor may be requesting additional information from the Examiner.
6.	<ul style="list-style-type: none"> The Supervisor reviews the workpapers and the draft report and submits the time sheet (which includes the billing information) to Accounting. The draft report is finalized and sent to the licensee. The Supervisor waits for the licensee to respond to the report.
7.	<ul style="list-style-type: none"> If there is an egregious violation, the Supervisor refers the case to Enforcement for formal action if not, the case is closed.

3.1.3.3 Complaints

The objective of the Complaints process of Corporations is to respond and resolve complaints against securities and financial services entities doing business in the State of California. Complaints resolution is critical to protecting investors from fraud. FSD and SRD have complaint teams within the business unit chartered to manage the complaint process. The method to resolve complaints differs depending on various factors and not all complaints result in enforcement proceedings. Below is a complaint process workflow and a process chart describing, at a high level, the complaint process currently implemented at Corporations.

3.1.3.3.1 Complaints—FSD

The following section describes the Complaint process for the FSD division.

Figure 8. Complaints Process FSD

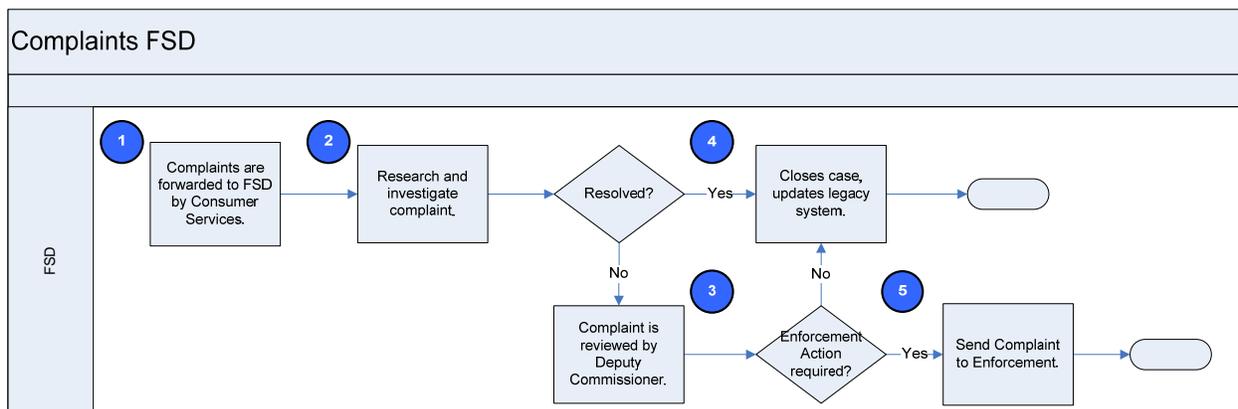


Table 7. Complaints Process Description FSD

Step #	Process Description
■	Overview: In this process, a complaint has been received by Consumer Services (see

Step #	Process Description
	Consumer Services workflow) or from outside agencies such as the Better Business Bureau, or other state and federal regulators such as the Office of the Controller of the Currency (OCC), or Office of Thrift Supervision (OTS).
1.	<ul style="list-style-type: none"> FSD complaints are forwarded to FSD by Consumer Services, bypassing the Complaint Team Unit.
2.	<ul style="list-style-type: none"> The FSD examiner receives the complaints and begins review. <ul style="list-style-type: none"> FSD notifies the Complainant and logs action in the legacy system. The FSD examiner sends a notification to Licensee with complaint and form letter requesting submission of information within 15 days. Upon receipt of information, the case is reviewed by an examiner. Complainant is party to the case and is copied on correspondence.
3.	<ul style="list-style-type: none"> If multiple violations have occurred within a short time period or if the complaint cannot be resolved, the Examiner sends the complaint to the Deputy Commissioner with request to open an enforcement case.
4.	<ul style="list-style-type: none"> If the complaint is resolved, the case is closed and updated in the FSD legacy system.
5.	<ul style="list-style-type: none"> If the enforcement action is required, the case is routed to Enforcement and closed in the FSD legacy system.

3.1.3.3.2 Complaints SRD—Q&R

The following section describes the Complaint process for the SRD—Q&R division.

Figure 9. Complaints Process SRD—Q&R

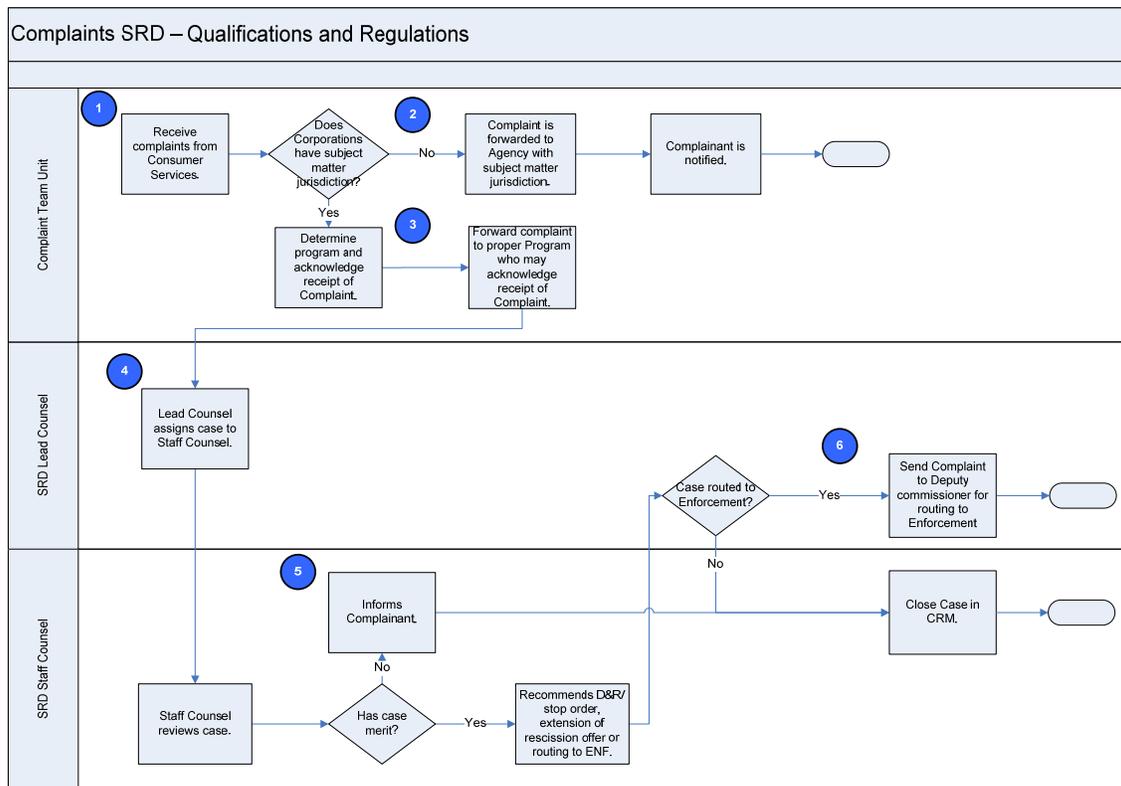


Table 8. Complaints Process Description SRD—Q&R

Step #	Process Description
	<p>■ Overview: In this process, a Qualification or Registration complaint has been received by Consumer Services (see Consumer Services workflow) or directly from outside agencies such as SEC, International Franchise Association (IFA), American Association of Franchisees and Dealers (AAFD), Financial Industry Regulatory Authority, NAASA and Better Business Bureau. Complaints at this point have been entered in the Customer Relationship Management system (CRM) .</p>
1.	<p>■ The complaints are forwarded to the Complaint Team Unit who determines the subject matter jurisdiction of the complaint.</p>
2.	<p>■ If the complaint is not related to a law regulated by Corporations or relates to another Agency or State, the Complaint Team Unit sends the complaint with transmittal letter to an entity with subject matter jurisdiction and copies the Complainant.</p>
3.	<p>■ If the complaint falls within Corporations subject matter jurisdiction, the Complaint Team Unit determines the program responsible. If the complaint is sent to SRD then a Complaint Specialist in SRD (BD/IA) determines if the company has an existing qualification or registration. If so, the Complaint Specialist forwards it to the SRD Q&R Lead Counsel. If the complaint falls within SRD Q&R's subject matter jurisdiction and the Complaint Team Unit determines that the company has no existing qualification or registration, the matter is referred directly to the Enforcement Division (ENF).</p>
4.	<p>■ SRD Lead Counsel assigns the complaint to a staff counsel for a review of the complaint to determine whether there have been any violations of the CSL or FIL. The reviewing staff counsel may obtain evidence to substantiate the complaint.</p>
5.	<p>■ If the complaint has merit, the reviewing staff counsel recommends to the SRD Lead Counsel whether the complaint should be forwarded to ENF for a D&R/stop order or whether a rescission offer should be required. If the complaint has no merit, the reviewing staff counsel recommends that the complaint be closed and so advises the complainant.</p>
6.	<p>■ In the case of an ENF referral, the SRD Lead Counsel will then recommend to the SRD Deputy Commissioner that the complaint be referred to ENF or that the matter be closed in CRM, as appropriate.</p>

3.1.3.3.3 Complaints—SRD BD/IA

The following section describes the Complaint process for the SRD—BD/IA division.

Figure 10. Complaints Process—SRD BD/IA

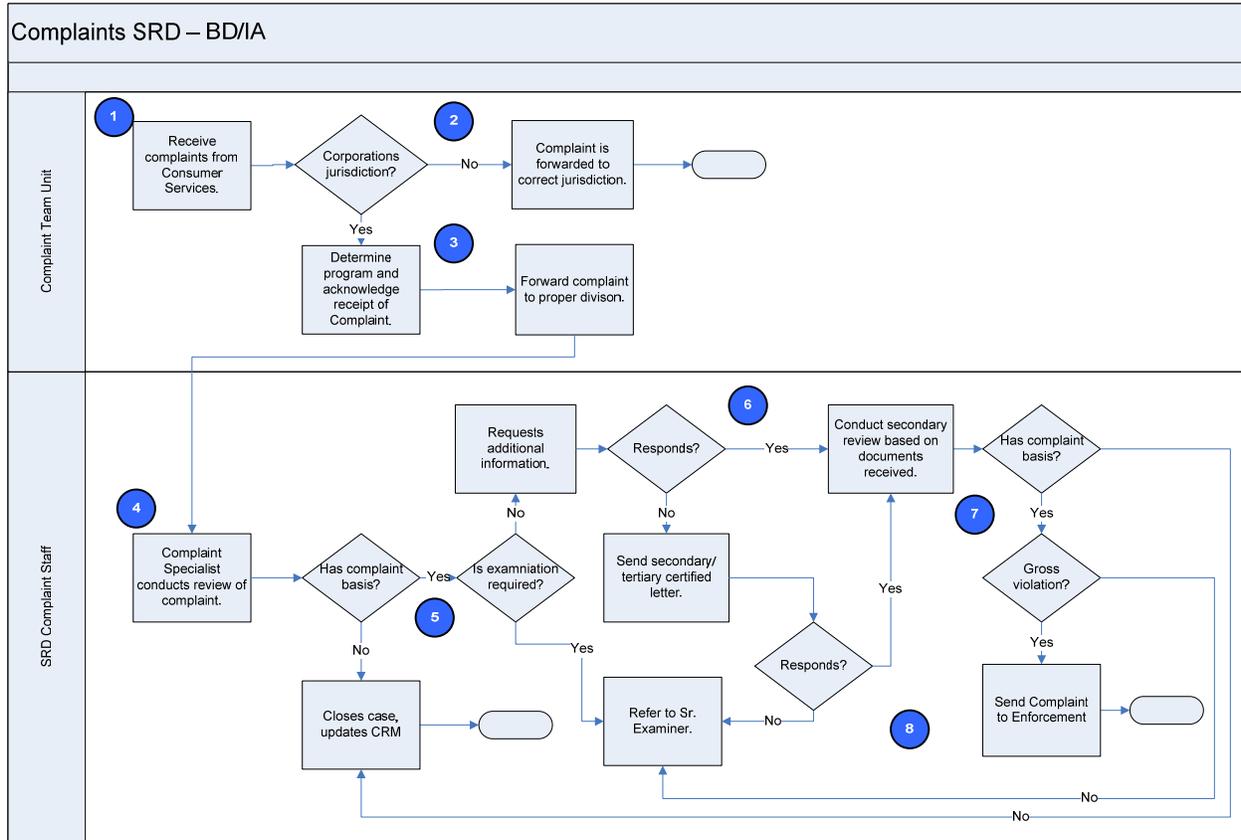


Table 9. Complaints Process Description SRD BD/IA

Step #	Process Description
	<p>Overview: In this process, a complaint has been received by Consumer Services (see Consumer Services workflow) or directly from an outside agency such as Financial Industry Regulatory Authority (FINRA), SEC, or Better Business Bureau. Complaints at this point have been entered in CRM .</p>
1.	<ul style="list-style-type: none"> ■ The complaints are forwarded to the Complaint Team Unit who determines the jurisdictions of the complaint. Please note that the Complaint Team is not a part of SRD, the unit is a part of Department same as Consumer Services, as reflected in the flow-chart..
2.	<ul style="list-style-type: none"> ■ If determination is made that the department does not have any jurisdiction over the activities described in the complaint matter, the Complaint Team will determine which agency may have jurisdiction and the complaint is forwarded to that agency. Complaints forwarded to other agencies are accompanied by a transmittal letter. A separate transmittal letter is also sent to complainant informing complainant of the referral and providing name and address of the agency.
3.	<ul style="list-style-type: none"> ■ If the complaint falls within Department's jurisdiction, the Complaint Team Unit determines the program responsible and forwards the complaint to a Complaint Specialist in that program.
4.	<ul style="list-style-type: none"> ■ The Complaint Specialist conducts a review of the complaint, researches internal and external databases for entity/individual complaint history, licenses or other crucial information.
5.	<ul style="list-style-type: none"> ■ If the Complaint has merit, the Complaint Specialist determines whether it is an isolated case or widely used pattern and practices of the firm or individual. If determination is made that the complaint involves pattern and practices of the firm, certain location or certain individual, then the complaint will be forwarded to the supervisor with recommendation for examination of the firm. If the Complaint has no merit, the complaint is closed in the CRM.
6.	<ul style="list-style-type: none"> ■ If no examination is necessary but additional information is required, the Complaint Specialist sends letter to the firm requesting the firm to investigate allegations and provide additional documentation supporting their findings. The additional documents will assist the Complaint Specialist to independently assess the complaint matter.
7.	<ul style="list-style-type: none"> ■ If necessary, the Complaint Specialist corresponds further with the firm to request additional documents and assess whether the complaint has merit, if so, whether it is warranted to request a special examination or in case of gross violations warrants referral to Enforcement Division.
8.	<ul style="list-style-type: none"> ■ Depending on the result of the investigation, the case is either closed, a special examination is conducted or the case is referred to Enforcement.

3.1.3.4 Consumer Services

Established six years ago, the Consumer Services Office of Corporations manages the call center which fields external inquiry calls to Corporations. Calls range from the public requesting information, submission of a complaint or entities searching for status of an application. A Consumer Assistance Technician performs an initial assessment of the inquiry and provides an answer or routes the call to the appropriate resource for response. In addition to responding to calls, Consumer Services also triages and logs all complaints in the CRM and Corporations Customer Services System (CCSS) systems. Below is a Consumer Services process workflow and a process chart describing, at a high level, the Consumer Services process currently implemented at Corporations.

Figure 11. Consumer Services Process

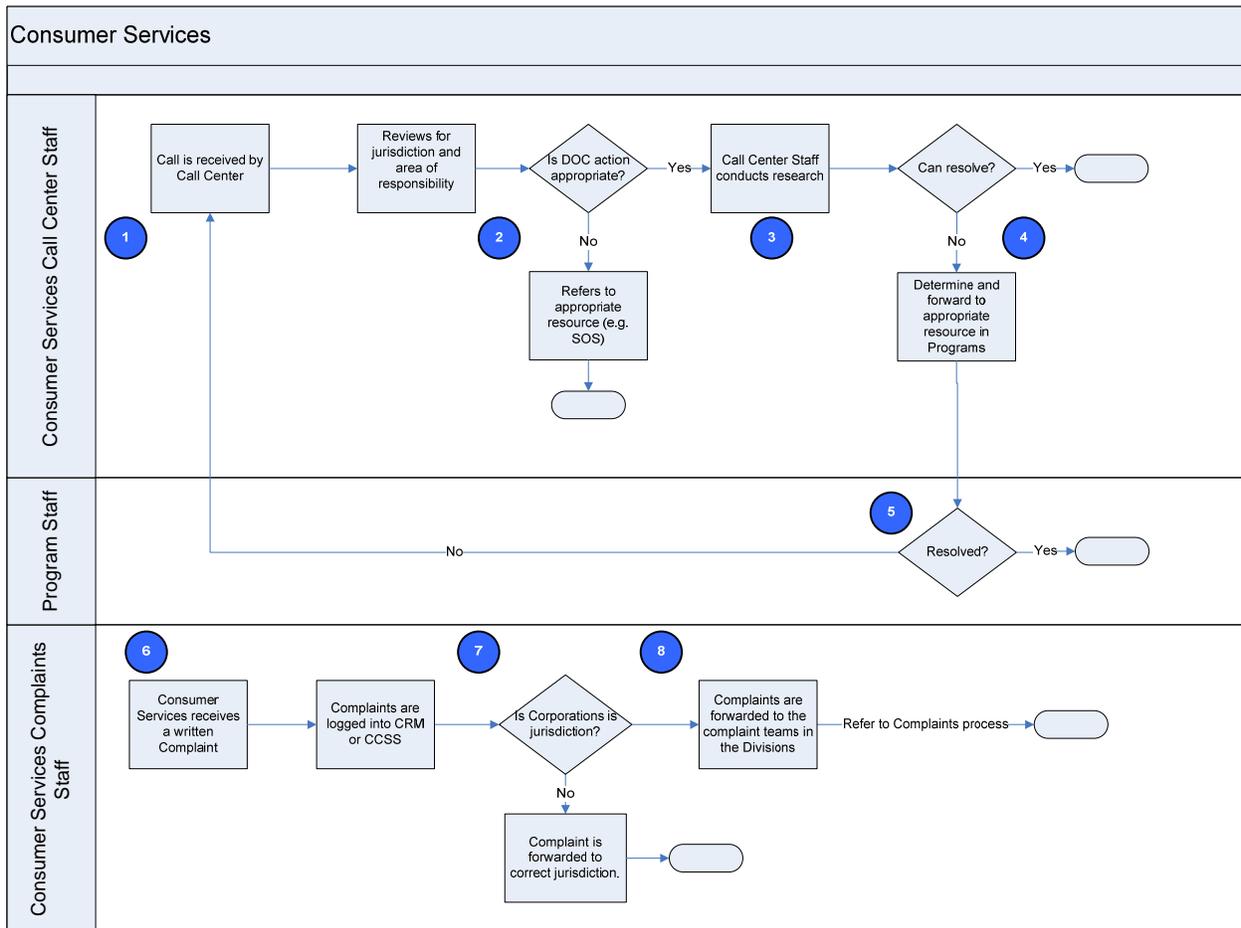


Table 10. Consumer Services Process Workflow Chart

Step #	Process Description
1.	<ul style="list-style-type: none"> ■ Consumer Services call center staff receive calls on weekdays between 8am and 5pm from customers □ Calls that are made directly to Program units are often transferred to Consumer Services
2.	<ul style="list-style-type: none"> ■ Consumer Services staff assesses the call for accountability and jurisdiction. If calls are not within Corporations' jurisdiction, Consumer Services routes the call to the agency or department responsible. ■ Calls are tracked in the Automatic Call Distributor (ACD) ■ Inquiries are not currently logged in the CRM due to inadequate staffing. ■ About 15-20% of all calls are directed to Secretary of State; many are misdirected to Corporations by 411.
3.	<ul style="list-style-type: none"> ■ Inquiries that are related to Corporations are answered by accessing various Program databases. During this process, Consumer Services staff access CIS, Corporations Web site, CalEASI as well as SRDLE and other systems. □ Through accessing various databases, Consumer Services staff can resolve between 75 and 80 % of all inquiries. □ The remaining calls are related to information that is not accessible to Consumer Services due to access issues (e.g. slow response time or no access at all) or policy/regulatory limitations (e.g. information that cannot be shared with the public by Consumer Services staff). □ Inquiries are generally not logged in CRM or CCSS, unless Consumer Services staff determines that the call may lead to a complaint or be related to a violation of law.
4.	<ul style="list-style-type: none"> ■ Calls that cannot be resolved are routed to the Program responsible (i.e. Enforcement, SRD or FSD) as a cold transfer. Consumer Services staff have a list of staff who are on duty for specific time periods to respond to calls.
5.	<ul style="list-style-type: none"> ■ If Program staff pick up the phone and resolve the inquiry, the process ends. If Program staff cannot resolve the inquiry, do not pick up the phone or do not respond to voice mail messages left by the customers, customers usually call back to the Call Center. This is the case for roughly 25% of all transferred calls.
6.	<ul style="list-style-type: none"> ■ Complaints are received by staff in the mailroom, by fax or by e-mail and routed to the Consumer Services Office. □ A complaint must be submitted in hard copy format (e.g. e-mail, letter, or fax).
7.	<ul style="list-style-type: none"> ■ The Consumer Services staff manually logs the complaint into the following databases: <ul style="list-style-type: none"> □ CRM database for SRD and Enforcement □ CCSS database for FSD (nightly synchronization is performed between CCSS and the FSD Legacy Complaint system and vice versa) □ Note: About 20 complaints per year come from the legislature and are logged directly by OLL staff in a separate system. ■ Consumer Services staff review the complaints to determine if they fall into Corporations jurisdiction. If this is not the case, the Complaint is forwarded to the correct jurisdiction with transmittal letter to Complainant and the jurisdiction.
8.	<ul style="list-style-type: none"> ■ The Complaints are then routed to the Complaints Team for processing.

3.1.3.5 Enforcement

The Enforcement Division of Corporations is responsible for investigating complaints that may involve violations of law. Enforcement investigates such complaints and takes enforcement actions when appropriate. Below is an enforcement process workflow and a process chart describing, at a high level, the enforcement process currently implemented at Corporations.

Figure 12. Enforcement Process

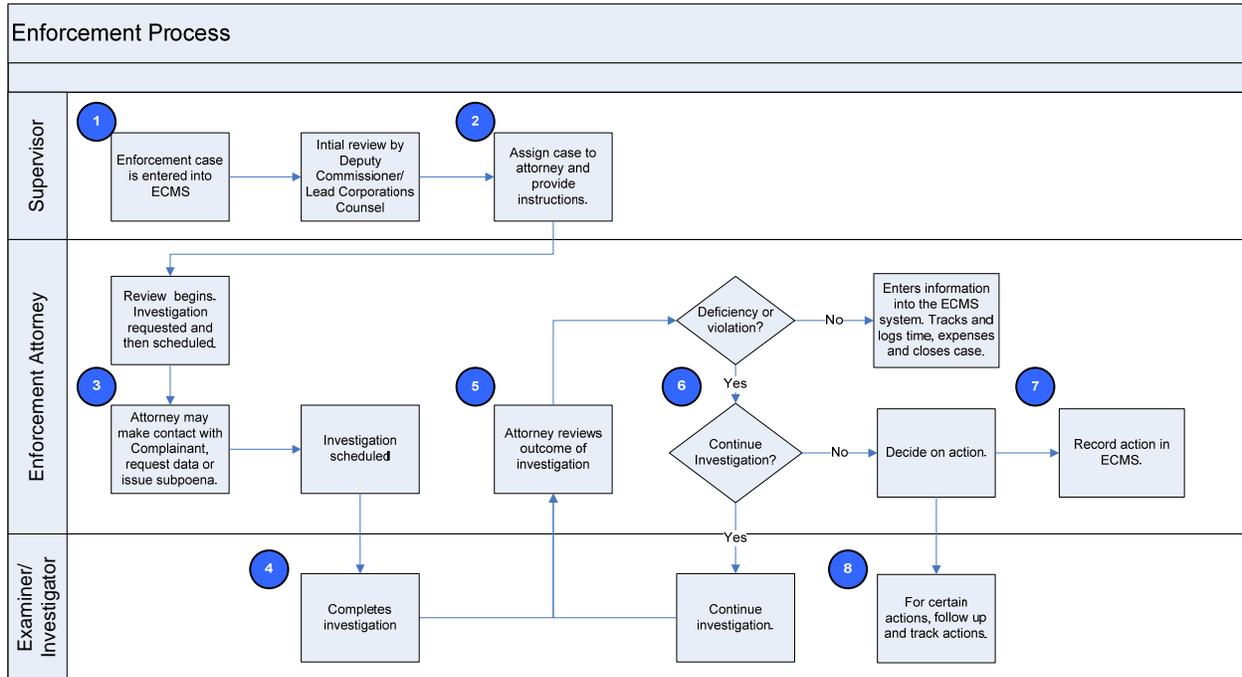


Table 11. Enforcement Process Description

Step #	Process Description
1.	<ul style="list-style-type: none"> ■ Enforcement cases are routed from Consumer Services to the Complaint Team Unit. The Complaint Team Unit reviews (refer to Complaints flow). Cases are then forwarded to Enforcement support staff who enters the case in Enforcement Case Management System (ECMS). <ul style="list-style-type: none"> □ ECMS is a case management system that is uniquely used for the management of enforcement cases.
2.	<ul style="list-style-type: none"> ■ The Deputy Commissioner/Lead Corporations Counsel conducts an initial review of the case and can reject the case or then assigns it to an attorney for handling
3.	<ul style="list-style-type: none"> ■ The Attorney reviews the complaint and any hard copy information that has been filed with Corporations. ■ The Attorney may make contact with Complainant, request additional data or issue subpoenas. ■ If needed, the Attorney requests the assignment of an examiner/investigator and the Supervising Examiner assigns an examiner/investigator.
4.	<ul style="list-style-type: none"> ■ The Examiner/Investigator conducts investigation and reports the outcome back to the Attorney.
5.	<ul style="list-style-type: none"> ■ The Attorney reviews the report. ■ If it is determined that no violation or deficiency is present or that the case will not be pursued further, the information is entered into the ECMS system and the case is closed with approval from the Lead Corporations Counsel. Time is manually logged while the case is opened and entered by staff in the Timekeeping Lotus database.
6.	<ul style="list-style-type: none"> ■ If the investigation finds that the entity/individual is violating the law, the Attorney chooses one of two options: <ul style="list-style-type: none"> □ Continue the investigation □ Decide on action/close case.
7.	<ul style="list-style-type: none"> ■ Enforcement may decide on the following types of legal action: administrative action, file a civil lawsuit or refer a matter to a criminal prosecuting agency. The Attorney records the action taken in ECMS.
8.	<ul style="list-style-type: none"> ■ For certain types of legal action, the Examiner/Investigator will follow up with the subjects to ensure the actions are being complied with.

3.1.3.6 Office of Legislation and Policy

The Office of Legislation and Policy (OLP) is responsible for ensuring consistent interpretation and application of laws administered and enforced by Corporations. Representing the Commissioner and the Department before various public and private agencies and organizations, the Office of Legislation and Policy also serves as the liaison of intergovernmental affairs and the contact for law and legislative matters. Specific examples of duties performed by the Office of Legislation and Policy include the following:

- Legislation—Representing the Commissioner and the Department before the Legislature.
- Rulemaking—Adopting administrative regulations to implement laws administered by the Department.
- Opinions—Rendering opinions on questions of law involving businesses and transactions regulated by the Department.
- Releases—Communicating recent changes in the Department's laws, programs and practices.

Below is a legislative policy review process workflow and a process chart describing, at a high level, the legislative policy review process currently implemented at Corporations.

Figure 13. Office of Legislation and Policy Process

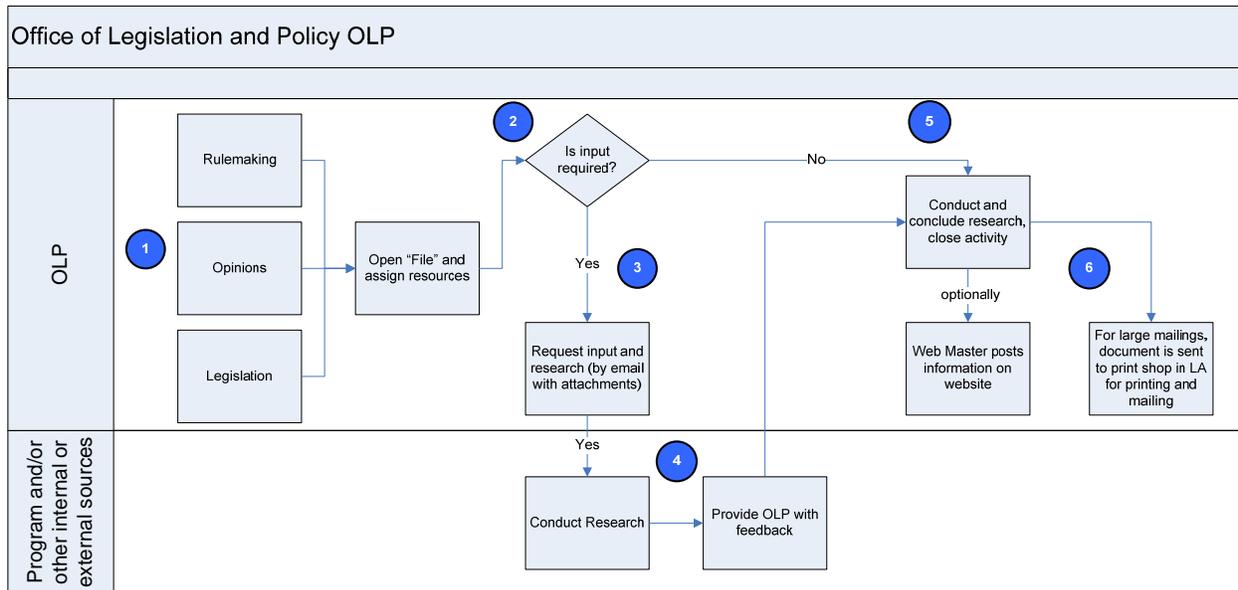


Table 12. Office of Legislation and Policy Process Description

Step #	Process Description
1.	<ul style="list-style-type: none"> ■ The Office of Legislation and Policy (OLP) opens a file (case) for legal review and/or assessment based on one of the following triggers: <ul style="list-style-type: none"> □ Rulemaking: Adopting, repealing or modifying of existing regulations □ Opinions: Questions from Stakeholders, other Divisions, public, subpoenas and administrative hearings, PRA, etc. □ Legislation: proposing, analyzing or tracking bills that may affect Corporations stakeholders
2.	<ul style="list-style-type: none"> ■ A "File" is created and logged in one of a dozen logs (all MS Word or Excel docs), one separate log for each type of file. The file is assigned to an Attorney for processing.
3.	<ul style="list-style-type: none"> ■ If input from other Corporations programs or external resources is required, OLP staff request this by e-mail. ■ If no external input is required, OLP staff conducts research and analysis (see step 5).
4.	<ul style="list-style-type: none"> ■ Program or external resources conduct research and provide OLP with the requested opinion or input typically in a written format (e.g., MS word document).
5.	<ul style="list-style-type: none"> ■ OLP staff then conducts research and analysis around the issue at hand. The OLP opinions and outcome is recorded in one of the three OLP Databases (Opinions Database, Project Database or Sections Database). ■ The opinion of the OLP office is then communicated to the various stakeholders, internal as well as external.
6.	<ul style="list-style-type: none"> ■ If the OLP opinion represents changes to the law or requires communication to licensees, OLP is responsible for this communication and mailing to constituents: <ul style="list-style-type: none"> □ either a response to a requestor or □ a mass mailing to a stakeholder group such as licensees—the mailing is printed and sent out. ■ Mass mailings are printed in Los Angeles or through the State Printers office, Corporations does not currently e-mail out these types of notifications (3-4,000 recipients, several times a year). ■ Depending on the resolution of the file, the outcome of the research is posted on the Internet through the Webmaster (manual process of copy/pasting information, using Dreamweaver).

3.1.4 Impact of the Proposal

Replacing the current Corporations system will impact every business process and activity within the three operational divisions FSD, SRD and Enforcement. Improvements to the Corporations system and infrastructure will help eliminate scanning activities and duplicate data entry, provide internal and external stakeholders with timely and accurate information, and will provide additional business functionality to the benefit of the entire Department such as improved data analysis, proactive monitoring of licensees and enhanced reporting.

3.1.5 Customers and Users

Customers and users of the system include all entities obligated under law to file with Corporations. They also include all parties interested in obtaining information about the companies and individuals conducting financial and/or securities activity in the State of California. Customers and users use the system as an access point through which to conduct research, obtain background and/or conduct due diligence on the business of interest.

The following are groups that are current customers and users of the system and will be impacted by this proposal:

- Applicants for Licenses, Permits, Qualifications and Registrations
- Broker-Dealers, Finance Lenders and Mortgage Bankers, Financial Planners, Escrow Agents, Pay Day Lenders, Check Sellers, Bill Payers & Proraters
- Public
- Partner Agencies
- Corporations Staff

Applicants for Licenses, Permits, Qualifications and Registrations—All Entities listed in this category will use the system to apply for authorization to conduct financial services and/or securities business in the State of California. Entities wishing to use the system to file information to meet certain qualifications and registrations (e.g. member of the State Bar) are also included in this group.

Broker-Dealers, Finance Lenders and Mortgage Bankers, Financial Planners, Escrow Agents, Pay Day Lenders, Check Sellers, Bill Payers & Proraters, Franchisors and Issuers of Securities—All Entities listed in this category will use the system to file the necessary paperwork to obtain or maintain a license to remain compliant with the law governing their business practice in the State.

Public—The public represents interested Parties using the system to access information to obtain information on businesses licensed by Corporations. This includes all Californians, consumer groups, and other constituents interested in license and application information pertaining to licensed Entities under Corporations' purview.

Partner Agencies—Partner Agencies include State entities that use the Corporations system to obtain accurate and salient information on businesses currently operating in the State. Partner Agencies rely on the information obtained from Corporations to supplement and enhance the information on their respective systems. This cross-referencing is imperative to providing the Public with accurate information on businesses affecting their lives. Partner Agencies include:

- Department of Insurance,
- Department of Real Estate,

- Department of General Services
- Business, Transportation, & Housing Agency
- Department of Finance
- Legislative Analyst's Office
- State Legislature

Corporations Staff—Includes all users in the operational divisions, the Executive Office, OLP, Education and Outreach, and Consumer Services who access the system to obtain information to complete their job responsibilities as well as Corporations IT staff.

3.1.6 Program Experiencing the Problem

The business problems identified in Section 3.2 are experienced throughout the entire Department as well as by the customers and users identified in Section 3.1.5. The problems are not isolated to a specific business unit, geographic location, or business function. All Divisions including the Executive Office, SRD, FSD, Enforcement, Customer Services, Budgets, PSS and, to a certain extent, the Office of Law and Policy and Accounting are hindered by the current system's inability to support business processes and to provide the insight needed into enterprise wide data and information.

3.1.7 Conditions Creating the Problem

Information systems within Corporations have organically grown over time around discrete businesses, specific processes and the requirements imposed by new laws Corporations is administering. For the most part, applications were developed to support unique business processes in separate organizational units without an overall blueprint or an enterprise wide architecture in mind. In addition, many applications were either built in-house by Corporations staff or by small consulting firms who, more often than not, built systems without proper documentation and left projects incomplete due to staffing issues or limited funding.

Fragmented systems—The current IT environment at Corporations is very fragmented. Each business unit uses several small, specialized systems that provide, in general, poor functionality. These systems are not designed to support automation and workflow, but rather to record transactions or events that have taken place. Few of the applications support processes across business units and workgroups. Reporting is cumbersome and access to aggregate data is very difficult and must often be compiled manually from paper records.

Limited system functionality—The overall quality of most of the existing systems is poor, both in terms of delivering value to the business as well as technical quality (for a detailed discussion of Corporations' current systems, refer to Section 4, Current Method). The current system is further plagued by performance problems (slow response time and outages) as well as numerous bugs (sporadic errors when calling up data sets, patchy printing and reporting functionality).

Lack of system documentation and support—Corporations does not currently have sufficient skills and staff to adapt the current systems to the changing business needs or to fix bugs. The reliance on internal staff and small consulting firms to build customized systems has resulted in undocumented systems, many of which are not currently supported, putting Corporations at risk should these systems fail or require necessary modifications. Several mission-critical platforms are currently without sufficient support (e.g. SRDLE, CIS, Lotus Time Keeping). As new business needs arise or issues such as broken links remain unfixed, Corporations staff are forced to develop manual workarounds which are time-consuming and prone to errors.

Manual data entry and low data quality—The lack of integration between the myriad of systems, databases and spreadsheets that have evolved over time has resulted in a series of problems for Corporations. Data is manually entered in multiple locations, not only causing inefficiencies due to duplicate efforts but also resulting in data entry errors. Furthermore, some systems (e.g. CIS) have only limited characters available for data entry, causing staff to use abbreviations and codes when entering data. The current systems do not provide any automated integrity checks for data and there are currently no enterprise wide standards for data entry in place. As a result, data quality across Corporations is inconsistent and staff, in general, rely on hard copy files rather than on data stored in the systems.

Lack of search capabilities—The current environment provides limited search capabilities across enterprise wide data. The search capability of many systems is poor. Fragmented systems and low data quality further contribute to the problem. Better search capabilities and access to enterprise wide data would greatly increase the quality of customer service and reduce time spent searching multiple databases and hard copy files for information that should be readily available.

Lack of reporting capabilities—Reporting capabilities out of the current systems are extremely limited. While certain pre-programmed reports exist, program staff spend considerable time every month manually collecting data to prepare standard management reports. There is limited capability to establish ad hoc reports across multiple databases. Retrieval and aggregation of data for reporting is cumbersome and time consuming.

3.2 Business Problem or Opportunity

3.2.1 Business Problems

In January 2007, the California State Auditor presented an audit report concerning the operations of Corporations. Three of the six findings revealed in the report address Corporations current inability to keep regulatory requirements and mandatory timeframes, while two others relate to the timeliness of resolving complaints. These findings present some of the business problems that Corporations intends to address with this Feasibility Study Report for a new enterprise wide system.

The inadequacies of Corporations system together with insufficient support infrastructure have created business problems that include difficulties in meeting mandated services and timelines, inability to obtain and provide necessary program information in a timely manner, inefficiencies stemming from manual processes and a wide range of technical problems that affect staff productivity.

As a result of the conditions cited in the preceding section, Corporations faces the following primary business problems:

- Inability to Comply with Regulatory Requirements
- Compromised Quality of Service Delivery
- Increased Operating Costs

The business problems are described in detail in the following section.

3.2.1.1 Inability to Comply with Regulatory Requirements

Inability to keep regulatory requirements and mandatory timeframes for application processing—Depending on the law, Corporations must process applications within a specified

time frame of submission. As the Audit Report states, “delays in processing are detrimental to the applicants because they prevent applicants from conducting business.” Current backlog and inefficient processes which result in lengthy processing times currently prevent Corporations from completing the full due diligence process within the legal time frame. Under a new system, the application process could be streamlined considerably by allowing applicants to file application online, validating data and completeness of applications prior to submission and establishing workflow that ensure processing applications within mandatory timeframes. A new system would allow applicants to enter application and renewal information online, significantly reducing the time taken to submit an application. Staff would be able to focus on application processing, rather than data entry, reducing the overall time to process an application.

Required examination cycle cannot be maintained—Corporations is required to conduct periodic examinations of its licensees according to the legal requirements. In the past, Corporations has not been able to meet the legal requirements. Corporations has recently hired additional examiners to reduce the backlog. However, current system limitations prevent examiners from accessing data when working in the field and the reporting of time and expenses is time consuming. A new system that facilitates access to data and eliminates the need for redundant data entry would not only improve the quality of examinations conducted, but further reduce backlog.

Fee structure is not transparent—Corporations is required to match the licensing and examination fees to the cost of providing the related services. By law, Corporations is required to limit the reserves it generates to 25% of its expenditures. Currently, Corporations has limited ability to determine the real cost of providing services. The lack of visibility into the total cost of a license results in overcharging/undercharging for some license types. The State Audit Report states, that “without sufficient data and benchmark, it is impossible for Corporations to effectively assess the value of its efforts.” The current system makes the collection and reporting of statistical information extremely time consuming and inconsistent data quality compromises the quality of the reports. A new system with enhanced workflow and reporting capabilities would allow Corporations to more accurately measure efforts related to activities, result in a fair fee structure and reserves that comply with State law.

3.2.1.2 Compromised Quality of Service Delivery

Risk to the public—The lack of an aggregated view of licensee data, automated checks and balances and integration with Complaints and Enforcement systems results in risk to the public. One risk to the public is the inability to resolve complaints in a timely manner. Current processes and reliance on hard copy files can result in considerable delays. In one instance a complaint was recorded in the system and it was only discovered four months later that the hard copy file never made it to the unit responsible for resolution. The State Audit Report observes: “When Corporations does not investigate complaints promptly, its ability to protect consumers from fraudulent activities is compromised. Furthermore, the information systems used by Corporations to track complaints are unreliable because they contain a large number of blank fields, duplicate entries and inaccuracies.”

Sub-optimal customer service quality—Corporations cannot currently provide optimal service to its customers. Applicants do not have access to online status of applications, delays and backlog result in inconveniences and potential loss of business for applicants. The call center has only limited access to enterprise wide information, resulting in a high percentage of calls routed to program staff. A new system would allow Corporations to increase customer satisfaction by providing applicants and licensees with the capability to file applications and check status online. With better access to information, call center staff could significantly

increase call resolution at first contact, reduce waiting times, call transfers and the time it takes to answer a call.

Risk of disclosure of confidential information—Current systems at Corporations do not track which users access what type of information. The lack of audit logs, especially when dealing with data that contains sensitive information, may put stakeholders at risk of involuntary or even fraudulent disclosure of confidential information.

Risk of business disruption—As stated in Section 4, Current Method, some of Corporations' systems rely on outdated technology and have been unsupported for years. Corporations runs a risk of losing systems and data, as systems could be corrupted to a point where they cannot be recovered. In addition, the lack of system functionality and slow response time has led to an over-reliance on paper by Corporations staff. Since hard copy files are in many areas still the only "system" of record and original files are shipped between offices rather frequently, Corporations is at risk of experiencing business disruption, should these files get lost or be damaged beyond the point of recovery. This has happened in the past; a fire in Los Angeles in 1989 destroyed all files that were stored on site. This equated to four years worth of files plus pending applications. All files and supporting documentation had to be re-submitted by the licensees at considerable inconvenience and expense.

3.2.1.3 Increased Operating Costs

Inefficiencies and time consuming (costly) processes—Corporations staff spend considerable amounts of time with manual workarounds to overcome system deficiencies. Additional inefficiencies are also caused by slow system response times which in some cases result in minute long waits for screens to refresh or documents to appear on the screen. Performance issues, poor data quality and lacking functionality cause staff to rely on hard copy files resulting in time spent looking for paper files. These inefficiencies are particularly pronounced in the reporting process. To this effect, the State Audit Report states: "The inefficient methods to compile performance reports also consume time that could be used to complete the tasks the reports are measuring."

Lack of integration with internal and external systems—Current systems do not support electronic interfaces with external agencies, including the Department of Real Estate (DRE), Department of Insurance (DOI), Department of Justice (DOJ) or the FINRA systems IARD and CRD (partial interface capability with FINRA exists). Within Corporations, most sub-systems are not integrated and require redundant manual data entry. The new system and supporting architecture will support internal and external interface requirements as well as the utilization of other office productivity software and business tools.

Obsolete technology—Corporations is hindered in delivering public services by outdated system software. Numerous sub-systems are written in old programming languages, many systems are single-user only and missing functionality is complemented with ancillary databases and spreadsheets. With a new system, resources will be deployed to accomplish Corporations business objectives, rather than performing workarounds due to old systems and lack of functionality.

3.2.2 Business Opportunities

Corporations has identified four opportunities that relate directly to the fundamental business imperatives of Corporations and address the business problems identified in the previous section:

- Increase efficiency and effectiveness to meet State mandates and Corporations business objectives
- Improve quality and timeliness of complaint resolution and customer service
- Provide accurate and timely reporting
- Align with California's Green Initiative

3.2.2.1 Increase efficiency and effectiveness to meet State mandates and Corporations business objectives

An integrated licensing and compliance system with the capability to file applications and notices online will greatly reduce staff effort currently required to process and enter data into the various systems. At the same time, reducing manual data entry will improve the quality of data captured in the system. A single, integrated licensing and compliance system will also allow for automated enforcement checks and eliminate the need to manually access various databases to ensure that no complaint or enforcement case against an applicant is pending.

Workflow capability, an aggregate view of all licensee information and access to data while working in the field will produce significant gains in efficiency in the examination process. The completion of additional exams will help reduce the number of non-compliant activities and assist in maintaining examination cycles. Improved data analysis capabilities will provide staff the opportunity to identify and better track high risk licensees and establish risk-based examination schedules.

These gains in efficiency will allow Corporations to reduce the current backlog and maintain the legally required examination cycles without additional personnel.

Increased efficiencies as a result of an integrated system will allow Corporations to redirect resources currently used for application processing to activities designed to improve program compliance.

3.2.2.2 Improve quality and timeliness of Complaint resolution and response to inquiries

The current systems and processes for resolution of complaints are sub-optimal. Complaints are recorded in three separate systems that are not integrated. Depending on the division, the process of addressing a complaint is different. Access to information is limited and investigators heavily rely on hard copy files during an investigation. Correspondence with complainants and licensees is mostly conducted manually and sometimes by different business units. The time consuming and manual processes result in backlog and lengthy resolution processes. A single complaint and enforcement system with workflow capability and access to all licensee information would allow Corporations to resolve complaints more efficiently, eliminate backlog, increase consumer satisfaction and better protect the public from shady and illegal practices.

The new system will provide the tools necessary to ensure that Corporations can effectively record, track and monitor complaints so they can be appropriately addressed before they become serious situations that potentially put the public at risk.

Corporations currently receives over 100,000 inquires per year by phone in the Call Center. Call Center staff estimate that the volume of calls can be reduced significantly by providing customers and the public with more and better information online. In addition, better access to information could reduce the number of calls that are forwarded to program staff, thus increasing calls resolved at first point of contact and prevent program staff from being distracted from their core activities to answer inquiries.

3.2.2.3 Provide accurate and timely reporting

By integrating data and creating the proper relationships and decision support capabilities, Corporations can better apply resources and measure performance to maximize the effectiveness of Corporations. Improved automated workflow, data analysis, and reporting tools will also allow Corporations management to address deficiencies highlighted in the recently published California State Auditor report.

As an example, more accurate and readily available reports can be used to assess the current fee structure and provide the information needed to adjust fees to reflect the actual efforts taken to process an application.

Finally, an enterprise information system will allow Corporations to be more efficient, to have better information to manage resources and programs, and to serve the public by detecting and reducing fraudulent activities. The efficacy of Corporations can be enhanced considerably by providing complete, comprehensive program information and integrating information and programs to benefit the organization as a whole. Among the benefits that could be achieved by an improvement in business intelligence include more efficient development and approval of standards, increased preventative trend spotting, and, ultimately, fewer instances of non-compliance or violations.

3.2.2.4 Align with California's Green Initiative

As outlined in the workflows pertaining to the submission of applications, virtually every filing submission involves a process of filing, transporting and storing of paper files. The handling of the paper filings involves staff and extensive person-hours to perform these functions. An additional benefit of reducing this manual process includes the reduction of transportation and storage costs associated with storing these documents at a Corporations and State Archives facility.

California's Green Initiative

"As businesses in many industries use environmental proactive methods as a marketing tool, governments also can earn some political capital by appearing environment-conscious. By 2010, environment-related issues will be among the top five IT management concerns for more than 50% of state and local government organizations in North America, EMEA and Australia (0.7 probability). Therefore, it is imperative for strategic planners, CIO's, CTO's and operations managers in government IT organizations to understand early on which types of demand they will face from green IT strategies or environmental actions in general." Examples from Gartner research that apply to this FSR include:

"Online services: Part of the value of electronic services is to eliminate the necessity for people to drive to government premises to obtain services or fulfill administrative obligations. Although the reduction in traffic that this would bring is probably negligible, encouraging the use of online services is nevertheless a politically sound move, and can have beneficial cost-reduction effects in the long run. On the other hand, reducing the physical shipment of paper forms will have a demonstrable positive impact. At this stage of e-government maturity, we can expect more governments mandating the use of online services by putting a price tag on offline channels."

-Gartner Research: "Why Government CIO's need to care about Green IT," by Andrea Di Maio April 19, 2007

3.3 Measurable Business Objectives

The State Audit Report concludes that several of the deficiencies found can be directly linked to the current state and quality of information systems at Corporations. This section outlines the general objectives of a new system and lists specific, measurable objectives that can be achieved with a new system.

3.3.1 General Objectives

Corporations has identified the following general business objectives with the implementation of an industry standard, scalable and efficient system:

- Improve operational efficiency (e.g. eliminate duplicate data entry and automate manual processes)
- Reduce current backlog for applications
- Increase turn-around time for applications
- Improve examination cycle
- Improve timeliness of complaint resolution
- Reduce abandon rate and time to respond to inquiries in the Call Center
- Reduce time and effort to establish management reports

3.3.2 Specific Program Objectives

The following measurable business objectives (see table below) define the significant results Corporations leadership expects to achieve with the implementation of an enterprise information system. These objectives provide the criteria against which Corporations will measure the effectiveness of the recommended alternative in addressing the problems and opportunities discussed above.

Table 13. Corporations Measurable Business Objectives

Corporations Measurable Business Objectives
Opportunity #1—Increase efficiency and effectiveness to meet State mandates and Corporations business objectives
■ In SRD Q&R, reduce efforts to clean up and sorting of application packages by 90% (0.4 PYs)
■ In SRD Q&R, reduce Backend Scanning Effort by 80% (5.6 PYs)
■ In SRD examinations, eliminate the need for dual data entry for time and expense reporting (1.5 PYs).
■ In SRD BD-IA, eliminate manual Enforcement checks (0.5 PYs)
■ In PSS, reduce effort of PSS staff entering data in CIS that resides in other systems by 50 hours per month (0.3 PYs)
■ In Enforcement, increase efficiency by 5% (1.3 PYs)
■ Department wide, increase complaint processing efficiency by 5% by reducing manual processes (0.23 PYs)
■ Department wide, increase efficiency of application and notice processing 70% by reducing the front-end manual processing (6.3 PYs)

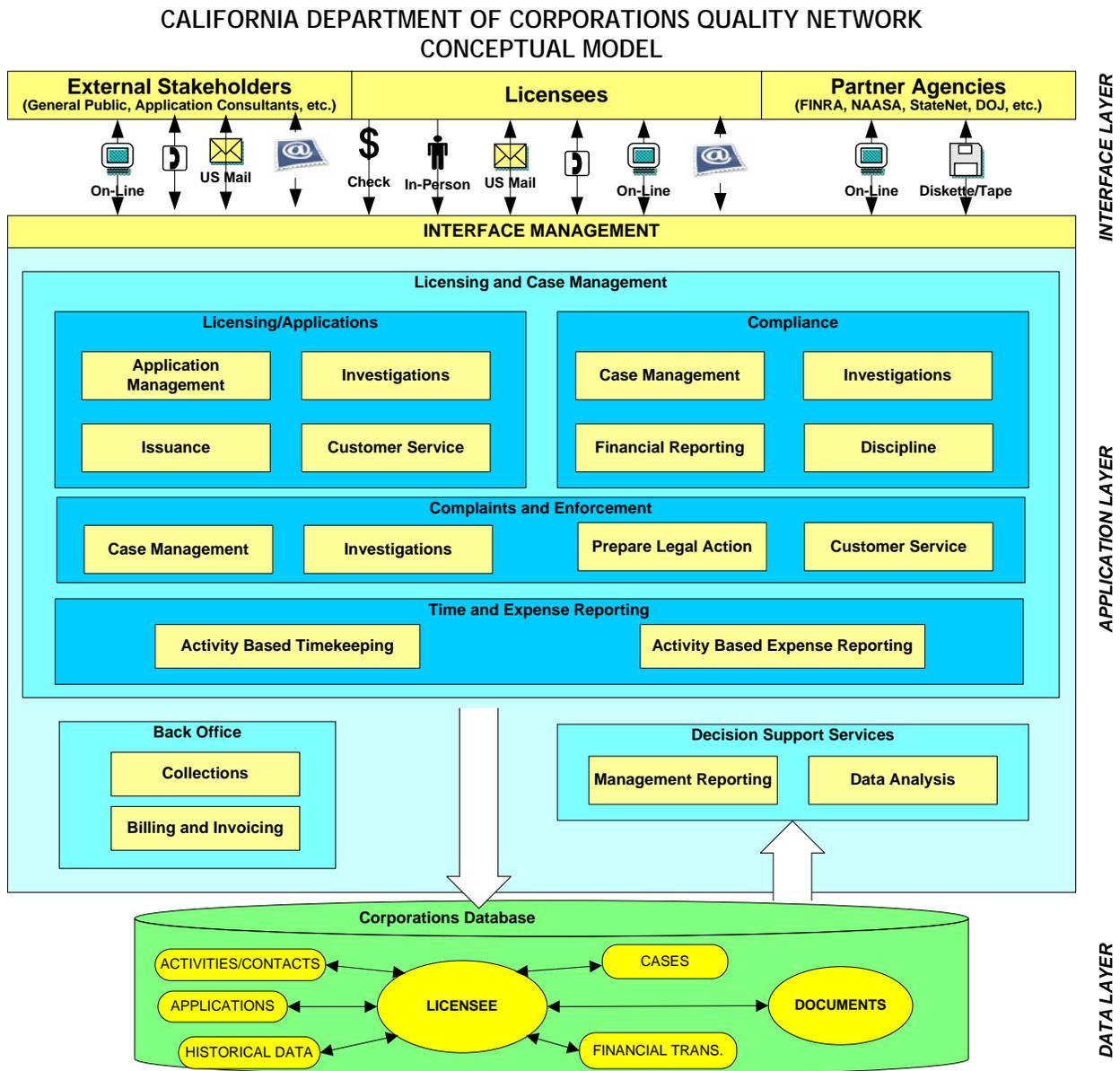
Corporations Measurable Business Objectives
<ul style="list-style-type: none"> ■ Department wide, reduce scanning of applications and notices by 70% (6 PYs)
<ul style="list-style-type: none"> ■ Reduce number of deficiency letters to applicants by 25%
<ul style="list-style-type: none"> ■ Reduce backlog for application processing
<ul style="list-style-type: none"> ■ Eliminate risk of issuing license to applicant with pending complaint or enforcement case
Opportunity #2—Improve quality and timeliness of complaint resolution and customer service
<ul style="list-style-type: none"> ■ In Consumer Services, reduce call volume by 25% (1.5PYs)
<ul style="list-style-type: none"> ■ Improve customer service and improve efficiencies by providing the public with access to electronic filings via the Internet and reduce manual labor by 20%
<ul style="list-style-type: none"> ■ Reduce transfer rate of calls from Consumer Services to programs by 50%.
<ul style="list-style-type: none"> ■ Reduce abandonment rate from current 10% by 50% within first year of system deployment
<ul style="list-style-type: none"> ■ Reduce average wait time for calls by 50% within first year of system deployment.
<ul style="list-style-type: none"> ■ Eliminate unnecessary delay in complaints processing
Opportunity #3—Provide accurate and timely reporting
<ul style="list-style-type: none"> ■ Provide access to operational reports to allow better management of resources, focus on activities and track specific project/business initiatives
<ul style="list-style-type: none"> ■ Improve information to the public through better access to aggregate information about enforcement cases and complaints
<ul style="list-style-type: none"> ■ Improve visibility to product cost to allow for better reimbursement of costs.
<ul style="list-style-type: none"> ■ Reduce number of internal requests from currently 300 per year by 50% within first year of system deployment
Opportunity #4—Align with California’s Green Initiative
<ul style="list-style-type: none"> ■ Reduce number of hard copy notices mailed by 50% within 2 years of system implementation

3.4 Business Functional Requirements

3.4.1 Conceptual Model

This section describes the essential characteristics that must be present in the proposed solution to satisfy the objectives described above. A conceptual model of the solution is presented first, followed by functional requirements and infrastructure requirements.

Figure 14. Conceptual Model



The Corporations conceptual model diagram presented above is separated into three major layers:

Interface Layer

The interface layer depicts the key segments of stakeholders. These entities will provide and access data using a variety of methods including online, in person, by mail, by phone and by fax. The interface layer includes external stakeholders (government agencies, public, etc.), Applicants/Filers and Corporations staff.

Application Layer

The application layer depicts business units and internal processes and represents the overall required functionality the new solution must provide. This includes all current Corporations functions as well as additional functionality required to meet program needs. For Corporations, the application layer is divided into the following functional areas:

- Licensing/Applications
- Compliance
- Complaints and Case Management
- Time and Expense Reporting
- Back Office
- Decision Support Services

3.4.2 Business Functional Requirements

This section contains the key business functional requirements needed to achieve the objectives defined in Section 3.3.

The new systems will replace the following system components as identified in the Conceptual Model:

- Licensing/Applications
- Compliance
- Complaints/Enforcement systems
- Time Keeping and Expense Reporting

The scope of this FSR does not include an Accounting module (GL, billing, collections).

The following table provides an overview of the business functional requirements to be met by the future system. Detailed requirements and use cases for the future system can be found in Appendix 1, Use Cases and Future State Requirements.

Table 14. Business Functional Requirements

Functional Requirements
Licensing/Application
■ Capability to file Applications online.
■ Provide capability to track application status online.
■ Capture and validate information upfront to improve level of completeness and accuracy of data.
■ Provide capability to offload work of data entry to applicants/licensees.

Functional Requirements
■ Provide quality assurance capability at point of data entry (validate information, ensure application is complete).
■ Record and track all pre-application, application and licensing information.
■ Automatically update and trigger notices, letters, case activity, and other calendaring functions.
■ Interface and exchange information with partner agencies and partner agency systems (DOJ, FINRA).
■ Track and update all case and license information (including payments, calendaring functions, investigations, etc.) by a single identification number for each license.
■ Provide one single licensing repository with customized rules and workflows for each law.
■ Adjust/edit business policies that govern the acceptance/correctness of data and the ability to change in response to legislative changes.
■ Provide capability to upgrade functionality to administer future laws.
■ Provide consistency of data collected on licensees across laws.
Compliance
■ Record and track all compliance and case activity information.
■ Generate exam schedules based on regulatory guidelines and risk.
■ Provide integrated workflow capability.
■ Allow filing of reports and notices online.
■ Provide easy access to aggregate information.
■ Provide access to information from the field.
■ Automate billing of time and expenses.
■ Process and track license fees and issue renewal and late payment notice.
Complaints and Customer Service
■ Provide capability to file complaints online.
■ Provide capability to track complaint status online.
■ Provide workflow capability to route cases to appropriate business units for resolution.
■ Provide ticklers and reminders to ensure timely resolution of complaints.
■ Facilitate communication with Complainant and Licensee.
■ Provide aggregate view of all information related to a complaint (complainant, licensee, franchisor, related cases etc.).
■ Provide reporting capabilities and Business Intelligence.

3.4.3 Technical Requirements

The following section describes the technical requirements for the project.

3.4.3.1 Integration Requirements

The following is a list of integration requirements that may impact the project depending on the proposed solution.

Table 15. Integration Requirements

System	Description
CRD/IARD	CRD and IARD are nationwide licensing systems for broker-dealers and investments advisers respectively. The proposed solution must interface to these systems for uploading and downloading of applications data. http://www.finra.org/RegulatorySystems/CRD/index.htm http://www.iard.com/
CALSTARS	California State Accounting and Reporting System (CALSTARS) used by Corporations as Accounting system. http://www.dof.ca.gov/html/calstars/
CalATERS	Statewide Web-based solution for travel advance and expense reimbursement processing. Upload expenses. http://www.calaters.ca.gov/
FileNet	Current system used for document management and storage.

3.4.3.2 Infrastructure Requirements

The following is a list of infrastructure requirements that Corporations would like to see addressed by the project.

Table 16. Infrastructure Requirements

System Administration
User Management
<ul style="list-style-type: none"> ■ The system shall provide the ability to add and activate users to the application. ■ The system shall capture specific information regarding the user (e.g., language, specialization, qualification, approval authority) ■ The system shall provide the ability to deactivate users in the application. ■ The system shall provide the ability for users to manage their profile and passwords. ■ The system shall provide the ability to define access rights for individual user down to the field level. ■ The system shall provide the ability for system administration (e.g., set and reset passwords).
Audit
<ul style="list-style-type: none"> ■ The system shall provide the ability to generate an audit report for all records and transactions so that every change to data or configuration can be traced to the specific user or process that initiated the change. ■ The system shall provide audit-tracking reports for user access and usage logs. ■ The system shall provide an audit trail of all activities.
Security
<ul style="list-style-type: none"> ■ The system shall be implemented with a security infrastructure and tools for protection of programs and data from intentional unauthorized access attempts as well as security breaches due to accidental causes. ■ The system shall provide an efficient, flexible way to control and administer multiple levels of user access. ■ The system shall provide the ability to control/allow access to sensitive filer records (e.g., identity) to identified users/groups.

System Administration
<ul style="list-style-type: none"> ■ The system shall provide the ability to encrypt identified data elements. ■ The system shall provide a user interface to allow the correction of any data element without direct access to the database or use of IT staff.
Performance
<ul style="list-style-type: none"> ■ The system shall provide a high level of performance at all times, including during peak periods.
Availability
<ul style="list-style-type: none"> ■ The system shall be configured for 24/7 availability with a standard of 4 hour weekly maintenance window
User Interface
User Interface
<ul style="list-style-type: none"> ■ System Web site pages accessed by external users must be consistent with State of California standards and be accessible by major browsers (e.g., MS Internet Explorer, Netscape Navigator, Mozilla Firefox, Safari). ■ The system shall provide real-time access to information from Corporations offices and remote sites. ■ The system shall provide multi-user access to all modules/functions within the system. ■ The system shall provide the ability to change color/font scheme of the user screen. ■ The system shall provide or integrate with spell check and other standard MS Word[®] edit features. ■ The system shall provide online secure access via Web-enabled technologies by authorized internal staff, external users and the general public. ■ There cannot be any resident set of code on any one workstation or device.
Help Functionality
<ul style="list-style-type: none"> ■ System should provide online, context-sensitive help at the module, function/screen, and field level. ■ System should provide online user documentation that is indexed and searchable.
Database Management
<ul style="list-style-type: none"> ■ The system shall utilize a modern RDBMS with SQL capabilities. ■ The system shall provide encrypted and non-encrypted data import/export functionality to receive/send standard format data from/to external parties.
Network and Operating Systems
<ul style="list-style-type: none"> ■ The system shall operate within the existing State telecommunications environment. ■ The system shall use industry-standard network protocols. ■ The system shall be able to integrate with and leverage Corporations Enterprise Directory (assumed to be MS Active Directory) for provisioning of users ■ The system shall provide the ability to restrict which printers are available for individual functions.

Application Architecture
<ul style="list-style-type: none"> ■ The system shall provide a Web-based user interface for all system applications and modules used by internal and external users.
<ul style="list-style-type: none"> ■ The application must be developed using industry standard (Java EE or .net frameworks) and be based on a layered architecture with clear separation between user interface, business logic, workflow logic and data logic layers.
<ul style="list-style-type: none"> ■ The application must support configurable workflows for routing of work between users
<ul style="list-style-type: none"> ■ The system should be designed around a rule-based framework to allow administrators to change business rules related to work-flow, computations, data integrity, data validation, etc.
<ul style="list-style-type: none"> ■ The system should provide a Portal architecture/environment to allow internal and external user secure access to the applications
Interfaces
<ul style="list-style-type: none"> ■ The system shall have the ability to export and import data to/from external stakeholders (e.g., other agencies, CRD/IARD) in electronic format.
<ul style="list-style-type: none"> ■ The system shall allow extension to access external Web services of other agencies as these become available.
<ul style="list-style-type: none"> ■ The system should support the development of Web services to allow external authorized agencies to access certain information.
Performance
<ul style="list-style-type: none"> ■ The system must scale to support 500 internal Corporations users.
Security and Security Administration
<ul style="list-style-type: none"> ■ The system should have a single login and security administration module for all components of the proposed systems.

3.4.4 Traceability Matrix

The following traceability matrix provides a visual representation of the relationship between business problems or opportunities, business objectives and system functional requirements.

Table 17. Traceability Matrix

Business Need (Opportunity)	Business Objective	Functional Requirement
<p>Increase efficiency and effectiveness to meet State mandates and Corporations business objectives</p>	<ul style="list-style-type: none"> ■ In SRD Q&R, reduce efforts to clean up and sorting of application packages by 90% (0.4 PYs). ■ In SRD Q&R, reduce Backend Scanning Effort by 80% (5.6 PYs). ■ In SRD examinations, eliminate the need for dual data entry for time and expense reporting (1.5 PYs). ■ In SRD BD-IA, eliminate manual Enforcement checks (0.5 PYs). ■ In PSS, reduce effort of PSS staff entering data in CIS that resides in other systems by 50 hours per month (0.3 PYs). ■ In Enforcement, Increase efficiency by 5% (1.3 PYs). ■ Department wide, increase complaint processing efficiency by 5% by reducing manual processes (0.23 PYs). ■ Department wide, increase efficiency of application and notice processing 70% by reducing the front-end manual processing (6.3 PYs). ■ Department wide, reduce scanning of applications and notices by 70% (6 PYs). ■ Reduce number of deficiency letters to applicants by 25%. ■ Reduce backlog for application processing. ■ Eliminate risk of issuing license to applicant with pending complaint or enforcement case. 	<ul style="list-style-type: none"> ■ Provide capability for applicants to submit applications online. ■ Capture and validate information upfront to improve level of completeness and accuracy of data. ■ Implement an integrated licensing/applications system with a single, enterprise wide data repository. ■ Provide integrated workflow capability. ■ Integrate licensing and compliance systems. ■ Provide Examiners with access to information in the field. ■ Record and track all compliance and case activity information. ■ Generate exam schedules based on regulatory guidelines and risk. ■ Allow filing of reports and notices online.

Business Need (Opportunity)	Business Objective	Functional Requirement
Improve timeliness of Complaint resolution and customer service	<ul style="list-style-type: none"> ■ Reduce call volume in call center by 25% (1.5 PYs). ■ Improve customer service and improve efficiencies by providing the public with access to electronic filings via the Internet and reduce manual labor by 20%. ■ Reduce transfer rate of calls from Consumer Services to programs by 50%. ■ Reduce abandonment rate from currently 10% by 50% within first year of system deployment. ■ Reduce average wait time for calls by 50% within first year of system deployment. ■ Eliminate unnecessary delay in complaints processing. 	<ul style="list-style-type: none"> ■ Provide an integrated view of all licenses and cases to increase percentage of calls resolved at first point of contact ■ Facilitate workflow and exchange of information through an integrated complaints system and eliminate risk of losing complaints ■ Capture complaint data upfront in a single complaint system
Provide accurate and timely reporting	<ul style="list-style-type: none"> ■ Provide access to operational report to all allow better management of resources, focus on activities and track specific project/business initiatives. ■ Improve information to the public through better access to aggregate information about enforcement cases and complaints. ■ Improve visibility to product cost to allow for better chargeback/pricing. ■ Reduce number of internal requests from currently 300 per year by 50% within first year of system deployment. 	<ul style="list-style-type: none"> ■ Provide a single, enterprise wide view of all data and information relating to a licensee ■ Improve efficiencies by reducing the efforts of compiling reports ■ Improve efficiencies and quality by eliminating manual data entry for reporting ■ Implement and enterprise wide repository for licensee information
Align with California's Green Initiative	<ul style="list-style-type: none"> ■ Reduce number of hard copy notices mailed by 50% within 2 years of system implementation. 	<ul style="list-style-type: none"> ■ Provide capability to submit and receive applications, notices and filings electronically.

4.0 Baseline Analysis

The purpose of this section is to provide a clear understanding of the technical environment and infrastructure that currently supports the Corporations business functions. This section builds on the Business Case provided in Section 3, further highlighting the need to implement the Proposed Solution described in Section 5.

Table 18. Baseline Analysis Sub-Sections

4.1 Current Method
4.1.1 Objectives of the Current System
4.1.2 Ability to Meet Workload
4.1.3 Internal User Satisfaction
4.1.4 External User Satisfaction
4.1.5 Technical Satisfaction
4.1.6 Data Input and Output
4.1.7 Data Characteristics
4.1.8 Security, Privacy and Confidentiality
4.1.9 Equipment Requirements
4.1.10 Software Characteristics
4.1.11 Internal and External Interfaces
4.1.12 Personnel Requirements
4.1.13 System Documentation
4.1.14 Failures of the Current System
4.2 Technical Environment
4.2.1 Expected Operational Life
4.2.2 External Systems(s) Interface(s)
4.2.3 State-Level Information Processing Policies
4.2.4 Financial Constraints
4.2.5 Legal and Public Policy Constraints
4.2.6 Department Policies and Procedures Related to Information Management
4.2.7 Anticipated Changes in Equipment, Software or the Operating Environment
4.3 Established Infrastructure
4.3.1 Desktop Workstations
4.3.2 LAN Servers Printers
4.3.3 Network Protocols
4.3.4 Application Development Software
4.3.5 Personal Productivity Software
4.3.6 Operating System Software
4.3.7 Database Management Software
4.3.8 Application Development Methodology
4.3.7 Project Management Methodology

4.1 Current Method

This section provides a detailed description of the current technical environment supporting the applications in scope of the FSR. Information and conclusions from an assessment of how well the current system supports the business needs of Corporations is provided. The business units' processes discussed in Section 3 of this report will be further explored from a technical viewpoint in this section.

4.1.1 Objectives of the Current System

The objectives of the current system are to support the activities of Corporations which at a high level include:

- Licensing and Applications
- Compliance
- Consumer Service
- Complaints and Enforcement
- Back Office
- Office of Legislation and Policy

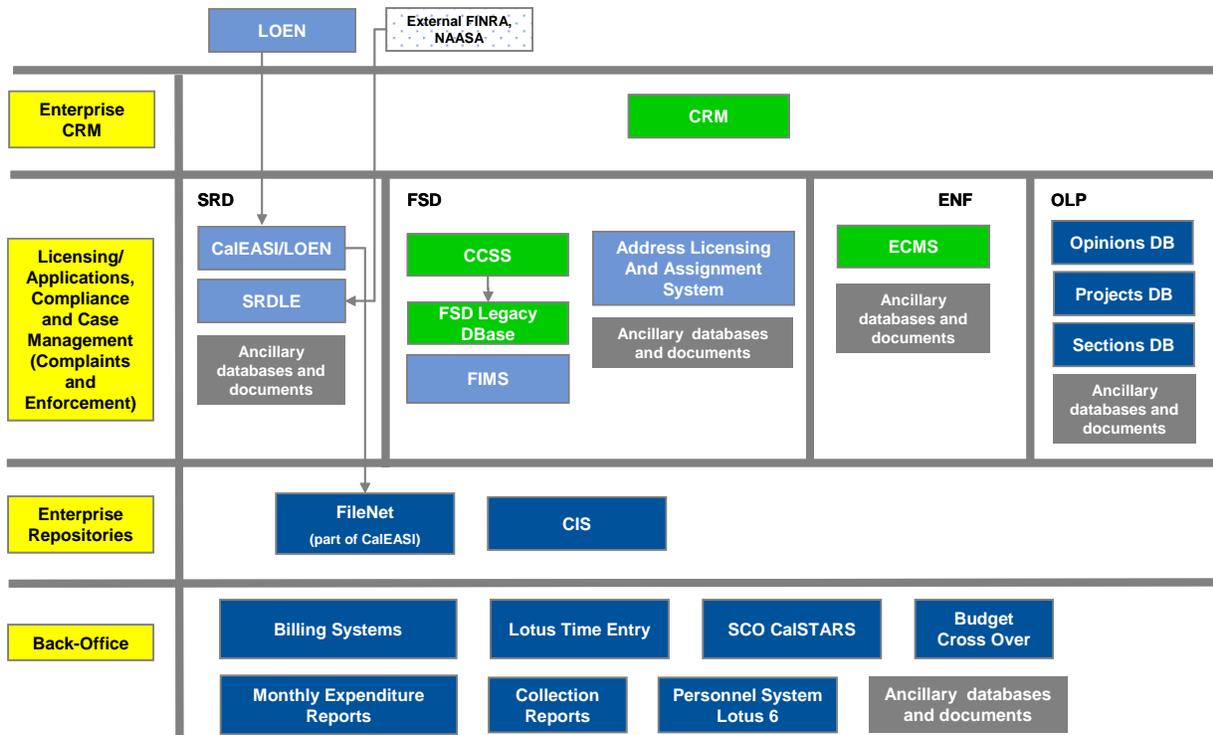
Figure 14 graphically depicts the current Corporations business process and functions presented by business unit.

Figure 15. Overview of Corporations Business Processes and Functions



Figure 15 illustrates at a high level the various components of the system that support the different business units.

Figure 16. System and Sub-Component Overview



The objectives of the System are tabulated in Table 19 where the functionality of each sub-component of the System is described.

Table 19. Objectives and Functionality of System by Sub-System Module

System and Sub-Systems	Objectives and Functions
Licensing/Applications and Compliance (including Qualifications and Registration)	
CIS	<ul style="list-style-type: none"> ■ The Central Index System was developed to provide a central index (pointer to) of files for corporations, licensees and individuals who have ever filed an Application or had a disciplinary action taken against them. CIS also contains some enforcement information. ■ The CIS system was originally built in 1980. Transferred from TEALE in the 90's to a Web based browser technology. ■ CIS has had very few enhancements over the last two decades. ■ Users: <ul style="list-style-type: none"> □ CIS is used by all Corporations staff □ The Call Center staff uses CIS to find information about licensees/complaints
CalEASI	<ul style="list-style-type: none"> ■ California Electronic Access to Securities Information (CalEASI) was developed to provide filers (and the public) with online Internet access to "copies" of completed applications, status of completed applications, etc. ■ Currently, CalEASI is only used for Securities and Franchise Application and exemption notice filings <ul style="list-style-type: none"> □ Phase I: submitted paper files scanned and made available online □ Phase II: submit pdf filing online + credit card payment (LOEN) ■ Modules/Functionality include: Setup accounts, transfer Applications, custom view of filings via Internet; customer access to and retrieval of documents ■ Users: <ul style="list-style-type: none"> □ CalEASI is used by SRD staff (approx. 20 users) and ENF staff □ Used by PSS staff (scanning and indexing) ■ External access users
LOEN	<ul style="list-style-type: none"> ■ The electronic Limited Offer Exemption Notice (LOEN) was developed to provide filers with the capability to file notices online. ■ Modules/Functionality include: <ul style="list-style-type: none"> □ Filing of notices online □ Online verification and updating of CIS □ Tracking status of notices □ Posting of status of notices online on the Web site ■ Users: <ul style="list-style-type: none"> □ Used by PSS, ENF and SRD staff □ External access users
SRDLE	<ul style="list-style-type: none"> ■ SRDLE is the system used for processing and managing all Broker-Dealer and Investment Advisors (life cycle management of licensees and licenses) ■ Capabilities include: <ul style="list-style-type: none"> □ Tracking brokers □ Setting up new firms □ Recording and processing of amendment to a license

System and Sub-Systems	Objectives and Functions
	<ul style="list-style-type: none"> <input type="checkbox"/> Recording withdrawal of an agent <input type="checkbox"/> Recording change of address (or the event of a company leaving the State of California) <input type="checkbox"/> BD-IA applications which are typically filed electronically with NASAA/SEC and managed in CRD/IARD are downloaded to SRDLE for tracking purposes, updates and changes are uploaded from SRDLE to CRD/IARD. ■ Users: <ul style="list-style-type: none"> <input type="checkbox"/> SRDLE Licensing staff, Examiners, Complaints Unit, Consumer Services
SRD ancillary document: Pre-Formed Paragraphs	<ul style="list-style-type: none"> ■ Inventory of the Corporations Codes pre-formed into paragraphs using MS Word Documents
SRD ancillary document: SRD_Log	<ul style="list-style-type: none"> ■ Spreadsheet/Database to track and produce orders, permits and other documents
FileNet	<ul style="list-style-type: none"> ■ FileNet is a document management system used as part of CalEASI to store images and allow retrieval of filings and correspondence
FIMS	<ul style="list-style-type: none"> ■ The Financial Information Management System (FIMS) supports the Deferred Deposit Law (Payday Lender) ■ Functionality includes: <ul style="list-style-type: none"> <input type="checkbox"/> Issuing licenses <input type="checkbox"/> Tracking address and name changes ■ Users: <ul style="list-style-type: none"> <input type="checkbox"/> PSS staff enter initial application information in FIMS <input type="checkbox"/> FSD staff enter approval of licenses and print licenses <input type="checkbox"/> PSS and FSD Licensing and Examination staff (approximately 3 users)
Address Licensing and Assignment system	<ul style="list-style-type: none"> ■ The Address/Licensing & Assignment System is the main application system containing the licensees for the following FSD entities: <ul style="list-style-type: none"> <input type="checkbox"/> Escrow Agents, <input type="checkbox"/> Mortgage Bankers, Check Sellers, and <input type="checkbox"/> Finance Lenders ■ Functionality: <ul style="list-style-type: none"> <input type="checkbox"/> The system tracks address information, applications, and examination assignments <input type="checkbox"/> The Address/Licensing & Assignment System is used together with a number of ancillary databases and spreadsheets which are different for each law ■ Users: <ul style="list-style-type: none"> <input type="checkbox"/> FSD Licensing, Examination, and support staff (approx. 10 Users)
FSD Ancillary databases	<ul style="list-style-type: none"> ■ Annual Assessments—Used to compute assessments relating to all laws. Information is extracted from the Address/Licensing system, manipulated by spreadsheet to databases which are transferred to Accounting for printing and mailing to licensees
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Automated Lender Examination System—Used for conducting examinations relating to Lender Laws
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Closed License Listing—Used to track licensees that have been closed down

System and Sub-Systems	Objectives and Functions
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Escrow Annual Report—Used to gather Escrow Licensee financial data which will be used to generate annual assessment invoices and publish consolidated Annual Industry Report.
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Escrow Automated Examination System—Used for conducting examinations relating to Escrow Law
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Escrow Bond—Tracking of Bonds issued to Escrow licensees
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Escrow Income & Liability System— Annual Income and liability information for Escrow companies
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Escrow Log—Tracks escrow examination assignments. Provides information to control examinations, reviews and billings
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Fingerprint System—Tracks escrow employees' fingerprint status and approved manager information
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ FSD Issues database—used to track and highlight issues that the regulatory staff has forwarded to the various laws Special Administrators.
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Lender Annual Report—Used to gather Lender Licensee financial data which will be used to generate annual assessment invoices and publish consolidated Annual Industry Report.
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Lender Application System—Tracks Lender License Applications
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Lender Bond—Tracks Lender Bonds issued to Lender licensees
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Lender Cross Reference—Lender cross reference database —cross reference to old License numbers changed under new laws.
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Lender Information—licensing tool to get Lender contact information during the licensing process.
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Lender Log—Database for tracking Lender examination assignments
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Mortgage Banker Automated Examination System—Database for tracking Mortgage Banker examination assignments
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Mortgage Banker Bond—Database for tracking bonds issued to Mortgage Banker
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Mortgage Banker Inquiries—Database for tracking Mortgage Banker inquiries raised by the regulatory staff and advanced to the Special Administrator
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Mortgage Banker Log—Tracks Mortgage Banker examination assignments
<input type="checkbox"/>	<ul style="list-style-type: none"> ■ Mortgage Bankers Annual Report—Used to gather Mortgage Banker Licensee financial data which will be used to generate annual assessment invoices and publish consolidated Annual Industry Report.
Complaints	
CRM	<ul style="list-style-type: none"> ■ Four years ago, Corporation consolidated the consumer services into a central unit for handling complaints. Microsoft CRM 3.0 is the main platform for logging and tracking complaints for all units used by Consumer Services. Note: Corporations is not currently tracking inquiries. ■ Complaints (except for FSD complaints) are initially logged in CRM and if escalated, they become enforcement cases which are managed in ECMS ■ Users: <ul style="list-style-type: none"> <input type="checkbox"/> Customer Service desk: 10 users

System and Sub-Systems	Objectives and Functions
	<ul style="list-style-type: none"> <input type="checkbox"/> Program Staff: 5 users
CCSS	<ul style="list-style-type: none"> ■ CCSS is the main platforms for logging and tracking complaints for FSD. ■ CCSS is used by Consumer Services. Note: Corporations does not currently tracking inquiries. ■ CCSS integrates with FSD Legacy database via nightly batch update ■ Users: <ul style="list-style-type: none"> <input type="checkbox"/> Customer Service desk: 10 users <input type="checkbox"/> FSD: approximately 20 users
FSD Complaint System Legacy Database	<ul style="list-style-type: none"> ■ Ancillary system for tracking FSD complaints; FSD Complaint System is synchronized with CCSS on a nightly basis.
Enforcement	
ECMS	<ul style="list-style-type: none"> ■ ECMS is a case management system used by Enforcement staff and attorneys ■ ECMS supports setting up a case, tracking of activities related to case investigation, tracking witnesses, status, etc.
Enforcement Ancillary Databases and Documents:	<ul style="list-style-type: none"> ■ Commodities tracks status of entities required to file notice of commodity trading
	<ul style="list-style-type: none"> ■ Database of case related files
	<ul style="list-style-type: none"> ■ Enforcement case info
	<ul style="list-style-type: none"> ■ Internet surveillance data and complaints
	<ul style="list-style-type: none"> ■ Receipts, disbursements, summaries of forensic accounting product
	<ul style="list-style-type: none"> ■ Spreadsheet Court related deadlines—work papers, reports, schedules of forensic accounting product
	<ul style="list-style-type: none"> ■ Word processing—Pleadings, letters, orders, summons
	<ul style="list-style-type: none"> ■ Word Processing files—litigation and examination materials retrievable for enforcement actions (including San Diego)
Office of Legislation and Policy	
Opinion Database	<ul style="list-style-type: none"> ■ The Office of Legislation and Policy uses three Access databases to track and manage their files. <ul style="list-style-type: none"> <input type="checkbox"/> The database provides basic search functionality and contains summary information on the files processed by OLP. ■ Users: <ul style="list-style-type: none"> <input type="checkbox"/> OLP staff (approx. 10 Users)
Projects Database	<ul style="list-style-type: none"> ■ Same as above
Section Database	<ul style="list-style-type: none"> ■ Same as above
OLP Ancillary Databases and Documents	<ul style="list-style-type: none"> ■ Office of Administrative Hearings (OAH)
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Human Resources (HR)
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Information Practice Act (IPA)
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Litigation (LIT)
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Pending Assignments (PA)
<ul style="list-style-type: none"> <input type="checkbox"/> 	<ul style="list-style-type: none"> ■ Public Records Act (PRA)

System and Sub-Systems	Objectives and Functions
<input type="checkbox"/>	■ Service on the Commissioner (SOC)
<input type="checkbox"/>	■ Class Action
<input type="checkbox"/>	■ Subpoenas
<input type="checkbox"/>	■ Release
<input type="checkbox"/>	■ Word processing—documents used to support Legislation, Regulation, Opinions, Release, etc.
Back Office	
Back Office Ancillary Databases and Documents	■ Budget Crossover—manipulation of past year expenditure data and conversion of line-item budgets to programs and elements
■	■ Collection Reports—enables cashiers to produce daily collection reports from receipts
■	■ Franchise registrations—maintains information on Franchise registrations for reporting to the Commissioner
■	■ Monthly Expenditure Reports—worksheets for projecting costs and revenue
■	■ Subscription Mailing List/Press List—names and addresses for departmental mailing list or press releases
■	■ Spreadsheets—bank reconciliation
■	■ Word Processing—S log file—contains preprogrammed correspondence, permits, and/or orders
■	■ State Licensing Match System—compliance information for AB 1394

4.1.2 Summary of Assessment of the Current System

Gartner assessed the system against two major dimensions:

- Business Value (Ability to meet Business Needs)
- Technical Quality

The ranking of the major sub-component of the system is shown in Figure 16. The scoring is based on the criteria described in the following two sections.

4.1.2.1 Business Value

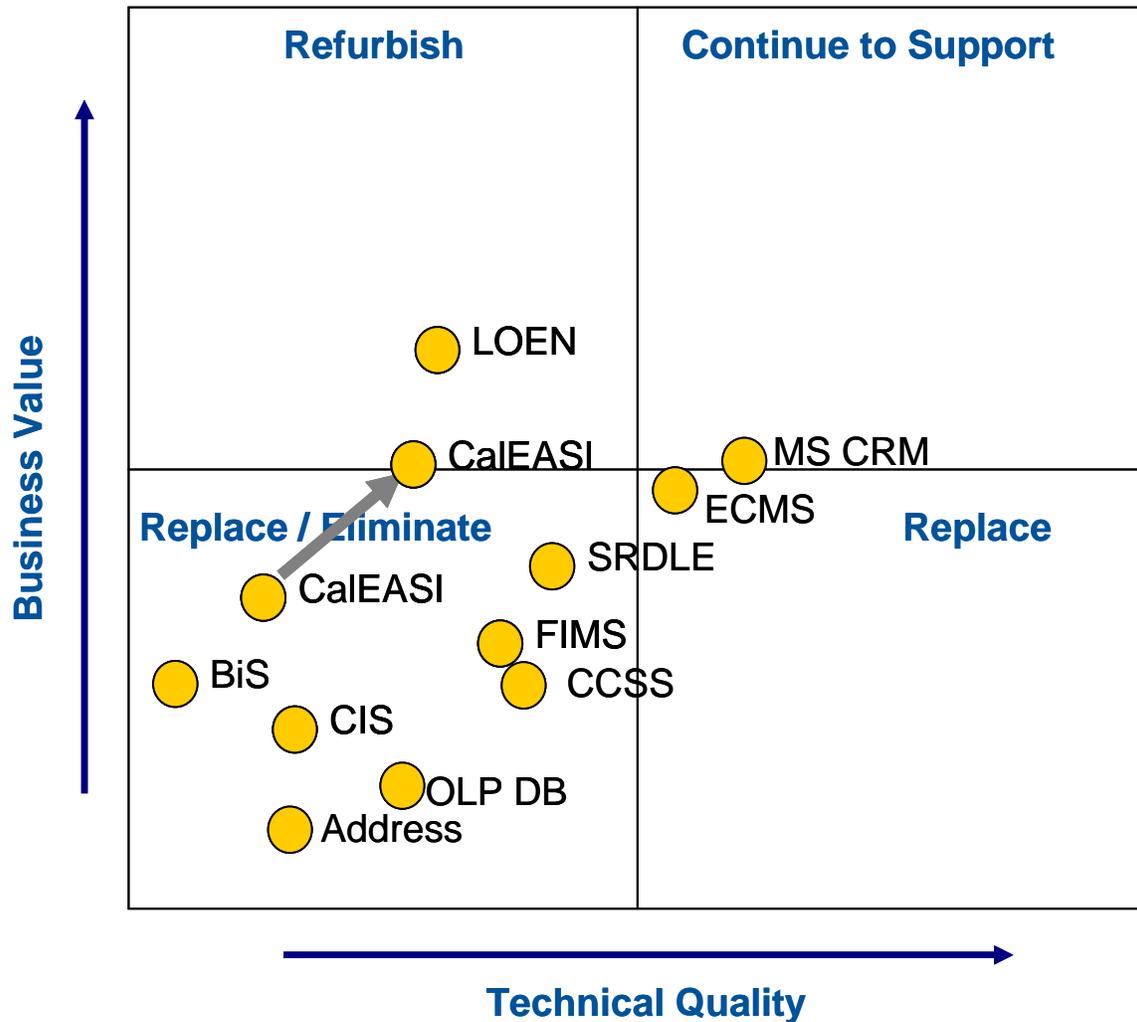
- Adequate
 - Fulfills all business needs
 - System is documented and supported
 - System is user friendly
- Fair
 - Fulfills basic business need
 - Some functional enhancements necessary
- Poor

- Does not meet business needs
- System is cumbersome to use
- Causes inefficiencies (poor response time, requires workarounds and ancillary spreadsheets)

4.1.2.2 Technical Quality

- Adequate
 - Fulfills all business needs in that the system is robust, good availability, no performance problems
 - System is well documented
 - System has adequate support staff
 - Technology infrastructure is supported under maintenance contracts with vendors
 - Licensee agreements are up to date
 - The software version is reasonably up to date
- Fair
 - The system performance and availability may not be perfect but outages and response time does not have major impact on users, customer or profitability of the company
 - Some functional enhancements necessary
 - System is supported but there are some risks due to staff or vendor contracts
- Poor
 - Performance and availability of the system negatively impact productivity, profitability and user morale
 - Causes inefficiencies (poor response time, requires workarounds and ancillary spreadsheets)
 - System is not supported or documented
 - Technology is outdated

Figure 17. Overall Assessment of the System (by Sub-Components)



Note: Corporations currently has a project to improve the technical defect of CaIEASI and this is projected to improve the technical quality of CaIEASI.

The details and rationale for this scoring is described in remaining part of this document.

4.1.3 Ability to Meet Workload (Business Value)

Many of the components of the system are experiencing performance problems contributing to a significant backlog. In addition, lack of functionality and integration, redundant data entry and data inconsistency problems contribute to manual workarounds, backlogs and customer dissatisfaction.

Key workload issues and system contribution to the issues are illustrated in Table 20.

Table 20. System Deficiencies and Ability to Meet Workload

Business Unit	System sub-Component	Assessment Score (business value)	Description/Gaps
Licensing/Applications (including Certification, Qualifications and Registration)			
CIS	Poor		<ul style="list-style-type: none"> ■ The system only contains minimal information on Corporations, licensees and individuals ■ The tool and the search mechanisms are very cumbersome—viewed as “useless” ■ The tools causes inefficiencies ■ Only data since 1980 is in the system—older data is maintained on index cards and microfiche ■ If staff cannot find information in CIS, they will pull the paper record or microfiche or go to ancillary databases. As a result, CIS no longer plays a vital role in Corporations operations. It appears that current efforts to maintain the data are directly attributable to legislative mandates as opposed to actual user needs.
CalEASI	Fair		<ul style="list-style-type: none"> ■ The benefits of CalEASI is significant and has reduced workload for the area implemented; ■ Viewed positively by some users ■ Because CalEASI only contains information concerning applications filed pertaining to Securities and Franchise Applications, it currently has limited business value ■ Productivity has gone from 20 filings/hour to 3 filings/hour (it takes 45 minutes to do a “506”) ■ Page is too small—lots of scrolling ■ Can only have one file opened at a time ■ Electronic files are stored in tiff format, limiting search capabilities ■ Reporting is very limited ■ Documents are sorted by date they are scanned and cannot be resorted ■ System does not track date of changes to an Application, just status (no history) ■ System does not have workflow capability (workload is tracked in separate excel spreadsheet)

Business Unit	System sub-Component	Assessment Score (business value)	Description/Gaps
SRDLE	Fair	<ul style="list-style-type: none"> ■ The system for the most part fulfills the basic business needs manage licensees—users like the system—“it tracks what we need” ■ The system does not track the actual examination process (this is done in MS Excel), however, a tab exists ■ The system does not allow for exam planning based on risk factors ■ The system does not integrate with the examlog that is used to schedule SRD examinations (separate MS Access database) ■ Link to MS CRM was broken during an upgrade and not been reestablished which has resulted in manual work-around ■ Need to update financial reports 	
Address/Licensing & Assignment System and Ancillary databases	Poor	<ul style="list-style-type: none"> ■ The system for the large part fulfills the very basic business needs to track exams 	
FIMS	Poor	<ul style="list-style-type: none"> ■ Easy to use ■ System does not support scheduling or tracking of examinations ■ Does not have functionality to manage workflow ■ Name change after original issuance requires change of status by IT in order to make updates in the system ■ Cannot store multiple letters in the system ■ One screen, or separate screen to generate letter. Letters are overwritten if modified. ■ Documents cannot be attached or stored. 	
Compliance—Current Systems			
LOEN	Fair	<ul style="list-style-type: none"> ■ The benefits of LOEN is significant and has reduced workload for the area implemented ■ Corporations has developed capabilities to support other types of filings, but not yet deployed them to the production environment ■ Viewed positively by users when it works ■ Because LOEN is only Limited Offering Exemption Notices, it currently has limited business value today ■ Posting online is not integrated and has to be done manually 	
CalEASI	Fair	<ul style="list-style-type: none"> ■ See discussion above 	
SRDLE (and ancillary spreadsheets/databases)	Fair	<ul style="list-style-type: none"> ■ See discussion above 	
Address System (and ancillary spreadsheets/databases)	Poor	<ul style="list-style-type: none"> ■ See discussion above 	
Complaints and Enforcement—Current Systems			

Business Unit	System sub-Component	Assessment Score (business value)	Description/Gaps
CRM, CCSS	Poor		<ul style="list-style-type: none"> ■ Currently there are two major systems for customer service and complaints with overlapping functionality ■ None of the systems are used optimally-information around complaints is not available centrally ■ CRM does not have information on status of FSD complaints resolutions—require transfer of calls—50% of FSD calls are transferred, this includes simple inquiries ■ CRM is using a different identifier for tracking cases; synchronization is manual, status update is manual ■ Systems are not designed around consistent customer service processes ■ CRM is not integrated with SRDLE/CIS for consistent customer and address information ■ CRM system is not integrated with CIS
ECMS	Fair		<ul style="list-style-type: none"> ■ ECMS has fair functionality for entering and tracking case information and for tracking case/investigation activities ■ ECMS lacks robust workflow to track status of applications and ensure activities and deadlines are measured and tracked ■ Reporting capability is insufficient ■ Quality of data and consistency is poor as a result of inconsistent usage ■ Lack of integration with CRM and CCSS results in duplicate data entry for setting up cases ■ Critical information is not available at the customer service desk ■ CRM and ECMS are using a different identifier for tracking cases; synchronization is manual, status update is manual
Back Office– Current Systems			
Billing System BiS	Poor		<ul style="list-style-type: none"> ■ The system has functional deficiencies ■ Data for regularity invoices has to be manually entered including name of auditor, address, amount, file number, licensee number, assignment number (5 minutes per invoice) ■ The system does not allow printing an invoice more than once ■ System does not provide complete invoice templates but must use pre-printed formatted templates ■ Systems does not allow for reviewing history of payments ■ The system cannot report on what has been paid—staff have to manually search the paper file

Business Unit	System sub-Component	Assessment Score (business value)	Description/Gaps
Lotus Time Reporting	Fair	<ul style="list-style-type: none"> ■ System does not allow for time tracking at the granularity need by businesses; For example, Enforcement and Examination use separate spreadsheets to track time resulting in duplicate time entry effort <ul style="list-style-type: none"> □ This also leads to inconsistencies as the two systems do not always match ■ Reporting is very limited which occasionally results in managers having to compile data manually by inspecting cases 	

4.1.4 Internal User Satisfaction

Internal users are extremely dissatisfied with the system for the following reasons:

- *Employee satisfaction is low due to poor system performance and transaction response time.* System performance issues have reduced the number of application packages processed per day from forty-five to sixty down to eight in the past year.
- *Current applications lack required functionality.* Functionality within existing applications lack key functions which forces users to generate work-around processes using MS Excel spreadsheets, MS Word tracking documents and MS Access ancillary databases.
- *Lack of integrations between system components.* The lack of integration between internal and external systems creates the need for duplicate data entry. This in turn not only contributes to inefficiencies but also in frustration as a result of data integrity issues. The limitation results in manual searches of multiple databases and manual tracking procedures outside the core system components
- *Inability to track information accurately and consistently.* There is no current method that allows staff to easily track licensing activity across business units or geographic locations.

The key internal dissatisfaction issues and the linkage to system components are described in Table 21.

Table 21. Internal User System Dissatisfaction

Sub-System	Rating	Dissatisfaction Descriptions
CIS	Significant dissatisfaction	<ul style="list-style-type: none"> ■ The system only contains minimal information on corporations, licensees and individuals which forces the user to rely on submitted paper applications and ancillary spreadsheets ■ The tool and the search mechanisms are very cumbersome—viewed as “useless” ■ Response time is very slow causing long wait times ■ Users are frustrated because the database is not complete—Only data since 1980 is in the system—older data is maintained on index cards and microfiche ■ If staff cannot find information in CIS, they will pull the paper record or microfiche or go to ancillary databases. As a result, it no longer plays a vital role in the Corporations operations. It appears that current efforts to maintain the data are directly attributable to legislative mandates as opposed to actual user needs.
CalEASI	System viewed somewhat positively but needs enhancements	<ul style="list-style-type: none"> ■ The benefits of CalEASI is significant and has reduced workload for the area implemented ■ Viewed positively by some users but there are some limitations: <ul style="list-style-type: none"> ❑ Page is too small—lots of scrolling ❑ Can only have one file opened at a time ❑ Electronic files are stored in tiff format, limiting search capabilities ❑ Reporting is very limited ❑ Documents are sorted by date, scanned and cannot be re-sorted ❑ System does not track date of changes to an Application, just status (no history) ■ Data integrity is starting to fail—not clear whether data has been entered into CIS because the screen often locks up. This causes user dissatisfaction and frustration
SRDLE	High degree of satisfaction but needs enhancements	<ul style="list-style-type: none"> ■ The system, for the most part fulfills the basic business needs necessary to manage licensees—users like the system—“it tracks what we need” ■ Link to MS CRM was broken during an upgrade and has not been reestablished which has resulted in manual work-arounds—this has caused employee frustration and extra work ■ Financial Reporting capability does not meet the needs of users

Sub-System	Rating	Dissatisfaction Descriptions
Address/Licensing & Assignment System and Ancillary databases	Some dissatisfaction	<ul style="list-style-type: none"> ■ The system, for the most part fulfills the very basic business needs necessary to track exams but does not track major complaints ■ Various subsystems do not hold comprehensive information <ul style="list-style-type: none"> □ Information is stored in multiple places and information is cumbersome to retrieve.
FIMS	Some degree of dissatisfaction	<ul style="list-style-type: none"> ■ Users complain about response time and limited functionality. Other complaints include: <ul style="list-style-type: none"> □ Name change after original issuance requires change of status by IT in order to make update in the system □ Cannot store multiple letters in the system □ Letters are overwritten if modified □ Documents cannot be attached or stored in the system
LOEN	Viewed Positively	<ul style="list-style-type: none"> ■ Viewed positively by users when it works; some complaints about availability and response times ■ There are functionality gaps causing user frustration including: <ul style="list-style-type: none"> □ Lack of data integrity, multiple users can be editing the same file □ If no perfect match, multiple records for same entities may be created □ Multiple attempts necessary to open record. Some records could not be opened (observed by Gartner)
CRM	Poor/Adequate	<ul style="list-style-type: none"> ■ System is viewed positively but there are issues that relate to availability of information and lack of integration ■ Integration between SRDLE and CRM for updating licensee and address information is broken requiring manual entry
ECMS	Poor/Fair	<ul style="list-style-type: none"> ■ User complaints about quality of information
Billing System BiS	Poor	<ul style="list-style-type: none"> ■ Viewed as very rudimentary by users
Lotus Time Reporting	Fair	<ul style="list-style-type: none"> ■ Some concern from managers because there is a need for tracking time in multiple places; ■ Reporting is totally inadequate

4.1.5 External User Satisfaction

External users include stakeholders outside of Corporations, such as the public, licensees, legislative and other State and federal agencies. There is a significant amount of external user dissatisfaction in key areas and many of these issues have been well documented in the Corporations Audit reports (California State Auditors Report January 2007, 2005-123). The key issues relate to:

- Lengthy timelines for processing licensing applications
- Customer service response time and quality
- Lack of reporting and information related to Corporations' performance
- Inability for other agencies to access public information online

4.1.6 Technical Quality and Satisfactions

Technical satisfaction concerns include problems imposed by the current technical infrastructure on the Corporations’ work processes and products. The key issues include:

- Lack of trust in data as a result of poor quality and inefficiencies. Users keep duplicate manual records to mitigate the problems with the systems and spend many hours validating output. As a result, users often refer to the original hard copy file, adding time to the processes
- Duplicate data entry as a result of lack of integration
- Poor search capability resulting in inability to locate information and the need to rely on paper files
- Poor system response time resulting in inefficiencies and productivity losses
- Poor reporting capability resulting in the inability to track status of work and the need for developing manual tracking procedures
- Lack of workflow and ticklers resulting in missed deadlines, misplaced and lost files
- Older applications with character-based interfaces (not based on graphical interfaces)

Technical issues and linkage to system components are described in Table 22.

Table 22. Technical Quality and Satisfactions

System	Rating	Rationale
CIS	Poor	<ul style="list-style-type: none"> ■ Technical quality is low due to lack of database integrity, lack of enforcement of data standards, low data quality, redundant data, etc. ■ There are no unique identifiers for licensees—Name is a key qualifier staff enters John Doe 123 to add uniqueness to common names ■ Duplicate licensee information (often a result of filing for different licenses) ■ Encoding schemes used in different fields vary based on person and department—lack of standards ■ The search mechanisms is insufficient—it cannot match unless the search terms are entered perfectly ■ Application is stable—no reported outages as a result of application bugs ■ Internally supported ■ Performance is slow

System	Rating	Rationale
CalEASI	Poor	<ul style="list-style-type: none"> ■ While FileNet is a commercial leading edge platform for document management, the technical infrastructure/application is currently experiencing problems resulting in extremely poor response time—data entry response time went from 30 seconds on October 2007 to several minutes today (>9 minutes observed) ■ Corporations currently has a consulting project to update FileNet to latest version and rebuild the CalEASI application to use standard FileNet APIs ■ Current version of FileNet is out of warranty ■ Data integrity is starting to fail—don't know if data has been entered into CIS or not—screen locks up. ■ In-house skills needed to support the application are inadequate. Consultants are used because FileNet requires accredited staff ■ The root-cause of the performance problem is still not completely known
SRDLE	Adequate	<ul style="list-style-type: none"> ■ This application does not integrate with CIS ■ Integration with MS CRM is broken ■ Integration with CRD and IARD is semi-manual, manual updates and status changes are required ■ Because of manual integration, excel spreadsheets are required for reconciliation ■ Application is stable—no reported outages as a result of bugs ■ SRDLE is currently partially supported since the technical staff left in October 2005—partial in-house expertise ■ SRDLE documentation does exist
Address/Licensing & Assignment System and Ancillary databases	N/A	<ul style="list-style-type: none"> ■ Technical quality is poor due to outdated architecture (dBase) and single user architecture ■ It does not integrate with any other application (daily batch updates with some other systems) ■ There is little or no documentation ■ System is stable
FIMS	Fair	<ul style="list-style-type: none"> ■ Web-based, multi user application ■ FIMS is not integrated with CIS, only integration with Address system to generate examination schedule through an overnight batch process ■ Response time slow when printing (several minutes) ■ No outages have been experienced; the system is stable
LOEN	Poor	<ul style="list-style-type: none"> ■ Lack of data integrity, multiple users can be editing the same file ■ Search capability is insufficient—If the search criteria does not generate a perfect match nothing will result ■ There is minimal functionality to detect and prevent redundant data entry of records for same entity ■ Gartner noticed some application bugs in the demonstration. Attempts to open a record did not work properly. Some records could not be opened ■ Response time is very poor

System	Rating	Rationale
CRM	Fair	<ul style="list-style-type: none"> ■ Currently MS CRM 3.0 is an older version—the new version is 4.0—Corporations has no formal plans to upgrade ■ System is supported in house by Customer Service staff which lack the technical skills to make modifications ■ CRM lacks workflow—issue with integration to GroupWise ■ Integration between SRDLE and CRM for updating licensee and address information is broken ■ CRM has experienced several outages
CCSS	Fair	<ul style="list-style-type: none"> ■ Access front end, dBase legacy database ■ System is supported in-house ■ Limited search capability, no multiple field search possible ■ Batch process with legacy database is problematic, currently 69 unreconciled records
ECMS	Fair	<ul style="list-style-type: none"> ■ System can scale ■ System is stable ■ Performance and response time is adequate
Billing System BiS	Poor	<ul style="list-style-type: none"> ■ The BiS systems are DOS based, old architectures, the systems are designed for single user access only ■ There is no integration with the licensee/examination systems, transfer of billing information requires the intervention of IT ■ Invoicing for examination requires manual data entry based on printouts from examination systems. It takes five minutes to input one invoice ■ Reconciliation is not possible in the system; this has to be done manually by going through a physical paper check
Lotus Time Reporting	Fair	<ul style="list-style-type: none"> ■ System can scale ■ System is stable ■ Performance and response time is adequate

4.1.7 Data Input and Output

Input

The major concerns of the data input process are the lack of system/application rules for enforcement of data formats and validation of data quality at the time of entry. This has resulted in data quality and integrity issues. Specific issues include:

- Non-standardized and inconsistent data quality
- Data input is limited due to limited characters available in certain applications (e.g. CIS). This has resulted in staff using multiple forms of abbreviations that can only be deciphered by the staff that input the data; in addition, a single field may also be used for storing multiple data records. The result is poor data integrity, difficulty to search and find data, and most importantly, the utility of the data is questionable.
- Data for the same information is replicated in many places and databases in the system.

Outputs

The major concerns of the data output process are the limitations of useful reports for use by Corporations executive staff or their stakeholders. Specific issues include:

- Availability of standardized reports is limited
- Ad hoc reports must be generated manually, compiling data from multiple systems
- Aggregate view of licensee information and history is not available because information is stored in fragmented systems that are not integrated
- Aggregate complaint and enforcement case history is not available through reports on the system
- CalEASI uses crystal reports which requires customization to work with FileNet

4.1.8 Data Characteristics

Currently, Corporations does not have a consistent enterprise data standard. Information is replicated across many databases but without consistent data standardization. The quality of the data in CIS, the enterprise repository for licensing information, is very poor as a result of:

- The data model itself is not normalized resulting in reuse of fields for purposes other than what was originally intended.
- The database and applications do not have unique identifiers for licensees resulting in staff creating logic directly in the data field—specifically, for two people with similar names such as John Smith, staff uses John Smith001 and John Smith002 or similar notation to distinguish these entities. This results in several business problems:
 - Very difficult to search and locate information
 - Licensees with multiple licenses may have redundant name entries
 - Difficult to get a customer view of all relationships with Corporations
 - Staff have to rely on paper records since they do not always trust the information
- The CIS database is not properly modeled and does not represent the current business information needs which have resulted in staff using available data fields to enter other data. Since there is no standard data dictionary, data in these fields may not be meaningful to users other than those who entered the information.
- Lack of properly designed information architecture and data models together with lack of documentation makes it virtually impossible to modify the system to meet current and emerging business needs (for example, how to support a new law).
- Lack of data standardization makes it difficult to create reliable reporting around basic facts.

4.1.9 Security, Privacy and Confidentiality

Corporation security posture does not meet generally accepted security standards and there are significant needs for improvement:

- Physical data center security, i.e., the security of the computer rooms, does not meet industry standards. Gaps include:
 - Walls are not extended to the ceiling and could allow unauthorized staff to enter via the ceiling.

- ❑ Ceiling tiles are not securely attached and could cause damage if the gas fire suppression system was activated.
- The Billing System does not have proper separation of controls: one of the key administrators can enter and authorize bills as well as reconcile with receivables.
- While network server passwords have recently been changed so that passwords are provided to management and stored in a secure safe in the Sacramento office, passwords in the older systems do not have the proper protection.
- The majority of systems do not have transaction logging of who entered what and when.
- Not all systems have transaction logs and journaling to create traceability of events.
- There is not formal process or tools across the enterprise for monitoring System Administrator access to sensitive records.
- Each location currently has an Internet access point into the facility. This increases the vulnerabilities as there are more opportunities for mis-configured firewalls. This issue is currently being addressed.

4.1.10 Software Characteristics

The various sub-components of the system have evolved fairly independently over the past two decades. Components were acquired or developed by independent contractors using different development methodologies, different operating systems, different development tools, languages, etc. The system has evolved without an overarching blueprint. Few components are documented.

The quality of the software is much below what one would expect from an organization running a large business. The majority of the components are built on single user models and are based on spreadsheets, word documents and smaller database systems. Systems are primarily designed to record data and events and are not designed to assist or automate processes through workflow. The reporting architecture is totally inadequate—many times reports are developed manually by reviewing data from individual case files and licensing applications.

4.1.11 Personnel Requirements

There are a total of approximately 320 employees with the following breakdown per office location:

Table 23. Office Location and Staff Personnel

Office	Personnel
San Diego	9 personnel
San Francisco	30 personnel Commissioner works out of this office part-time
Sacramento	126 personnel Commissioner works out of this office part-time
Los Angeles	155 personnel
Total 320	

Corporations currently has 14 IT support staff and one IT Manager supporting the different offices. The staff and responsibilities are listed in Table 24. Corporations also rely heavily on contractors for support of many systems.

Table 24. Personnel Requirements

Personnel Specialties	PY Staff	Skill Set
Networking/security expert (currently performed by IT Supervisor—recruitment under way)	1	<ul style="list-style-type: none"> ■ Security design and architecture ■ Security, firewalls and switches ■ Security migration support skills ■ Proficient in analysis and risk assessment
Application Architect/Technical Project Manager (recruitment under way)	1	<ul style="list-style-type: none"> ■ Proficient in analysis and risk assessment ■ Application Architecture ■ Technical Project Management ■ Active directory, SQL and exchange
Network Admin/Systems Admin	2.5	<ul style="list-style-type: none"> ■ Back up and restore, Windows administration ■ Border manager technical experience ■ Network experienc ■ Working knowledge of the Windows operating system ■ Active Directory and Exchange ■ FUTURE: ■ Cisco Certified Network Associate (CCNA) certification ■ Working knowledge of Cisco IOS networking and concepts ■ Cisco Firewall Specialist ■ MSCE accreditation desirable
CalEASI and other internal applications developers	4.75	<ul style="list-style-type: none"> ■ Knowledge of crystal reports, file.net, windows, active directory ■ Proficient in problem diagnosis, research and resolution ■ Familiar with business processes and the systems supporting the process ■ Proficient in one or more legacy application languages
Manager	1	<ul style="list-style-type: none"> ■ Policy development ■ Governance ■ Portfolio Management ■ ■ Process improvement ■ Standards development ■ Proficient in formal and informal communication skills
Service Desk	3.75	<ul style="list-style-type: none"> ■ Desktop Support ■ Application Support ■ Account provisioning

Personnel Specialties	PY Staff	Skill Set
		<ul style="list-style-type: none"> ■ Hardware support ■ Hardware and software procurement ■ Licence management ■ Inventory Management
Office Tech	1	<ul style="list-style-type: none"> ■ Project Support ■ Steering Committee Support ■ Contract Support ■ Procurement Support ■ Help Desk phone support

There is a significant staff and skills gap in supporting the application system. The gaps are further described in Table 25.

Table 25. Assessment of Support for Applications

Application Name	Support	Contractors	Comments/Rating/Gaps
CalEASI	Internal/External	Contract with RCSA	<ul style="list-style-type: none"> ■ In-house skills for support is inadequate ■ Consultants (RCSA) are used because FileNet requires Certified staff
CIS	Internally supported	N/A	<ul style="list-style-type: none"> ■ Built/Installed: 1980/1990; Architecture: Java, JSP, MS SQL Server ■ Source code not available ■ System has not evolved much from original deployment
SRDLE	Internally supported	N/A	<ul style="list-style-type: none"> ■ Architecture: VB6, ASP, MS SQL Server ■ SRDLE is currently partially supported since the technical staff left in October 2005—partial in-house expertise left ■ SRDLE Documentation does exist
LOEN	Internal/External	Contract with RCSA	<ul style="list-style-type: none"> ■ In-house skills for support is inadequate ■ Consultants (RCSA) are used because FileNet requires Certified staff;
FIMS	Internally supported	N/A	<ul style="list-style-type: none"> ■ Custom developed by external contractor ■ Built/Installed in 2004 ■ Architecture: VB.NET, ASP.NET, MS Sql Server
CRM	Internally supported	N/A	<ul style="list-style-type: none"> ■ CRM is a packaged solution from MS, implemented in 2005
CCSS	Internally supported	N/A	<ul style="list-style-type: none"> ■ CCSS is a home grown system, built in 2002 (Microsoft Access 2000synchronizes to FSD Legacy DB nightly)
ECMS	Internally supported	N/A	<ul style="list-style-type: none"> ■ Currently no in house support available, no internal resource with appropriate skill set
Lotus Time Reporting	Internally supported	N/A	<ul style="list-style-type: none"> ■ Currently no in house support available, no internal resource with appropriate skill set
BiS	No technical support	N/A	<ul style="list-style-type: none"> ■ The systems are DOS based, old architecture, single user ■ Lack of documentation
Address	Internally supported	N/A	<ul style="list-style-type: none"> ■ Originally developed in 1984, it was re-written in Visual dBase, and is a single user system.

Application Name	Support	Contractors	Comments/Rating/Gaps
OLP Databases	Internally supported	N/A	<ul style="list-style-type: none"> Lack of documentation and in house support, some functionality does not work.

4.1.12 System Documentation

A significant portion of the system lack adequate documentation, see Table 9 below.

Table 26. Assessment of Support for Applications

Application Name	System Documentation
CalEASI	Documentation exists
CIS	No documentation
SRDLE	Documentation exists
LOEN	Documentation exists
FIMS	No documentation
CRM	No documentation
CCSS	No documentation
ECMS	No documentation
Lotus Time Reporting	No documentation
BiS	No documentation
Address	Documentation exists
OLP Databases	No documentation

4.1.13 Failures of the Current System

Corporations’ systems with few exceptions exhibit poor characteristics from an availability, reliability and performance point of view. The following table summarizes failures of the system.

Table 27. Failures of Current Systems

Application Name	Failure descriptions
CalEASI	<ul style="list-style-type: none"> Performance issues related to CalEASI has resulted in delays in the processing time (productivity has gone from 20 filings/hour to 3 filings/hour) The time to access the electronically filed applications for processing by SRD staff has increased significantly in the past year. The system response time has gone from five seconds to five minutes. Package receipt processing time has gone from three minutes to thirty minutes
CIS	<ul style="list-style-type: none"> Performance issues Bugs in the Code Limited search capability
SRDLE	<ul style="list-style-type: none"> Integration to external systems does not work properly Integration with CIS is broken
LOEN	<ul style="list-style-type: none"> Slow response times

Application Name	Failure descriptions
FIMS	<ul style="list-style-type: none"> ■ No historical tracking capabilities ■ Amendments to information require manual intervention
CRM	<ul style="list-style-type: none"> ■ Poor response time and frequent outages
CCSS	<ul style="list-style-type: none"> ■ No failures reported
ECMS	<ul style="list-style-type: none"> ■ No failures reported
Lotus Time Reporting	<ul style="list-style-type: none"> ■ No failures reported
BiS	<ul style="list-style-type: none"> ■ No failures reported
Address System	<ul style="list-style-type: none"> ■ No failures reported
OLP Databases	<ul style="list-style-type: none"> ■ Reporting and printing capability is inconsistent

4.1.14 Expected Operational Life

While most of the system may be able to continue to function for a few more years, the majority of the systems no longer provide efficient and effective support of the business processes. In fact, in many cases as described earlier, the system is inhibiting efficient processes and contributes to inefficiencies through inaccurate data, slow response times, etc.

Given current IT staffing levels and skills, continued support of the current system puts Corporations at risk of outages. Furthermore, the lack of documentation and overall systems architecture limitations increases support costs and risks. Continual customization and modification to meet current and future business needs are not feasible from a financial or technical aspect.

4.1.15 External System(s) Interface(s)

The system currently provides access to licensing information via the Internet. This allows the public and licensees to access Corporations information. The main issue around the current Web architecture and design is that some of the pages are static while others use active server pages (ASP) and much of the information has to be manually entered by IT.

4.1.16 State-Level Information Processing Policies

The Management of Information section of the State Information Management Principles (SAM) manual states that Agencies are strongly encouraged to comply with the following fundamental principles relative to the processing and management of information:

Each agency shall establish and maintain an information management function consistent with its own operational needs and organizational structure. This function shall serve to ensure the agency's ability to identify the information it collects, maintain the integrity and security of the information, and provide for appropriate access to the information.¹

The current technical environment precludes Corporations the ability to adhere to this principle. The limitations of the system stated in previous sections prohibit Corporations from ensuring that the public is provided access to critical information relating to financial entries Corporations is entrusted to manage. The aforementioned data integrity issues and the availability of accurate

¹ State Administrative Manual Chapter 4800

and current information puts Corporations at a high risk of non compliance of this policy and other policies stated in the SAMS manual.

4.1.17 Financial Constraints

- There are currently no budget constraints at this time.

4.1.18 Legal and Public Policy Constraints

The system must meet Corporations security and privacy requirements as stated in the State Administrative Manual (SAM).

4.1.19 Department Policies and Procedures Related to Information Management

The Information Technology Office Memorandum dated 13 March 2006 defines policies regarding the use of desktop and mobile computing security procedures. The policy governing the use of wireless computing for all Corporations employees states:

Item 12:

“Wireless computing is not authorized for use in the department at any time. Any hardware with wireless communications must have the wireless capability disabled with the exception of Department-provided, encrypted BlackBerry devices”

Corporations disables the wireless capabilities of the laptops used by remote users (including investigators) for security reasons. Current remote access to the Internet is through dial up only. There are eight remote access lines in Sacramento and eight remote access lines in Los Angeles.

4.1.20 Anticipated Changes in Equipment, Software, or the Operating Environment

Corporations has a series of initiatives (Table 11) to improve the infrastructure during the next two years which are anticipated to improve performance of systems, improve security and lay the foundation for future system upgrades.

Detailed anticipated changes in equipment, software, or the operating environment (hardware, software, service contracts, new technologies, protocols, etc.) are listed in the table below.

Table 28. IT Upgrades and Changes

Initiative Name	Description	Expected Completion
Network Upgrade	Migrating to Windows 2003	July 2008
Internet Access Upgrade	Border Manager and other firewall upgrades	August 2008
E-mail migration (GroupWise to MS Exchange)	Migration of the NDS and parallel directories	September 2008
CalEASI/Filent Upgrade	Migration to P8 server-based upgrade	May 2008
Data center Improvements	New wiring and other electrical upgrades for the Sacramento data center	June 2008

4.1.21 Availability of IT Personnel

The majority of systems have been developed by smaller contract firms. Many of these are no longer around and Corporation has not acquired sufficient staff and skills to support these systems. The lack of system skills have resulted in:

- Inability to update systems to meet evolving business needs
- Inability to do assessments of problems and effectively contract for support
- System performance problems and outages
- Dependency on contractors

4.2 Established Infrastructure

The following tables provide a high level list of equipment inventory by office location.

Table 29. Sacramento Inventory List

Equipment	Quantity	Manufacture
Scanners	3	■ Sharp
Servers	Approximately 60 Window Servers (20 supporting CalEASI)	■ Dell ■ Compaq ■ Gateway
Printers	26	■ HP ■ Lexmark
Laptops	13	■ Dell ■ IBM
Desktops	90	■ Dell ■ Compaq ■ Gateway

Table 30. San Francisco Inventory List

Equipment	Quantity	Manufacture
Scanners	2	■ Bell and Howell
Servers	4 Windows servers (2 supporting CalEASI)	■ Compaq
Printers	122	■ HP ■ Lexmark ■ Macintosh ■ Okidata
Laptops	26	■ Dell ■ IBM
Desktops	40	■ Dell ■ Gateway

Table 31. Los Angeles Inventory List

Equipment	Quantity	Manufacture
Scanners	1	■ Bell and Howell
Servers	5 Windows Servers (Cal EASI)	■ Dell ■ Compaq
Printers	Not listed	■
Laptops	76	■ Dell ■ Gateway
Desktops	101	■ Dell ■ Gateway

Table 32. San Diego Inventory List

Equipment	Quantity	Manufacture
Printers	1	■ Not listed
Laptops	5	■ Dell ■ Gateway
Desktops	5	■ Dell ■ Gateway

4.2.1 Network Diagrams

The following diagrams depict the current Corporations technical environment

Figure 18. Sacramento Network Configuration

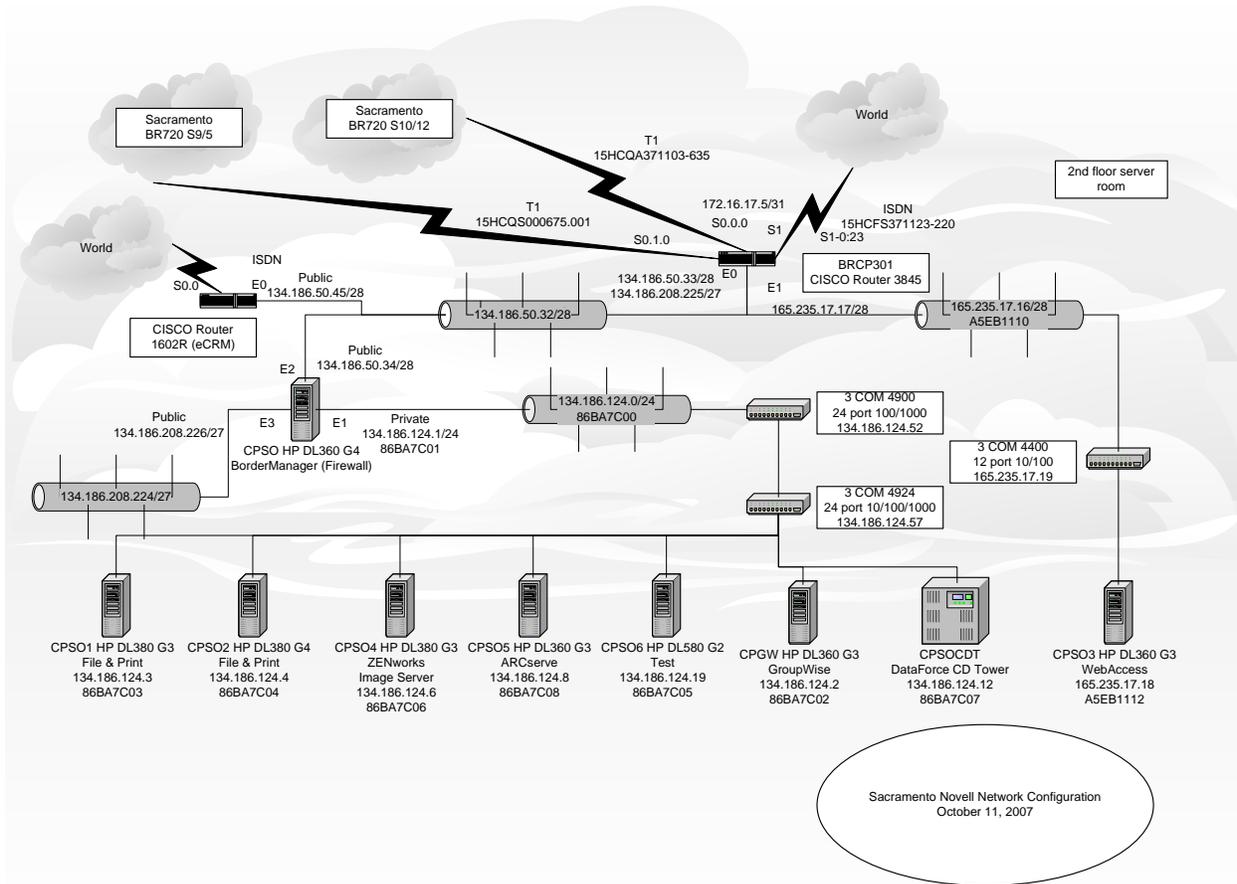


Figure 19. Sacramento Switch Network Configuration

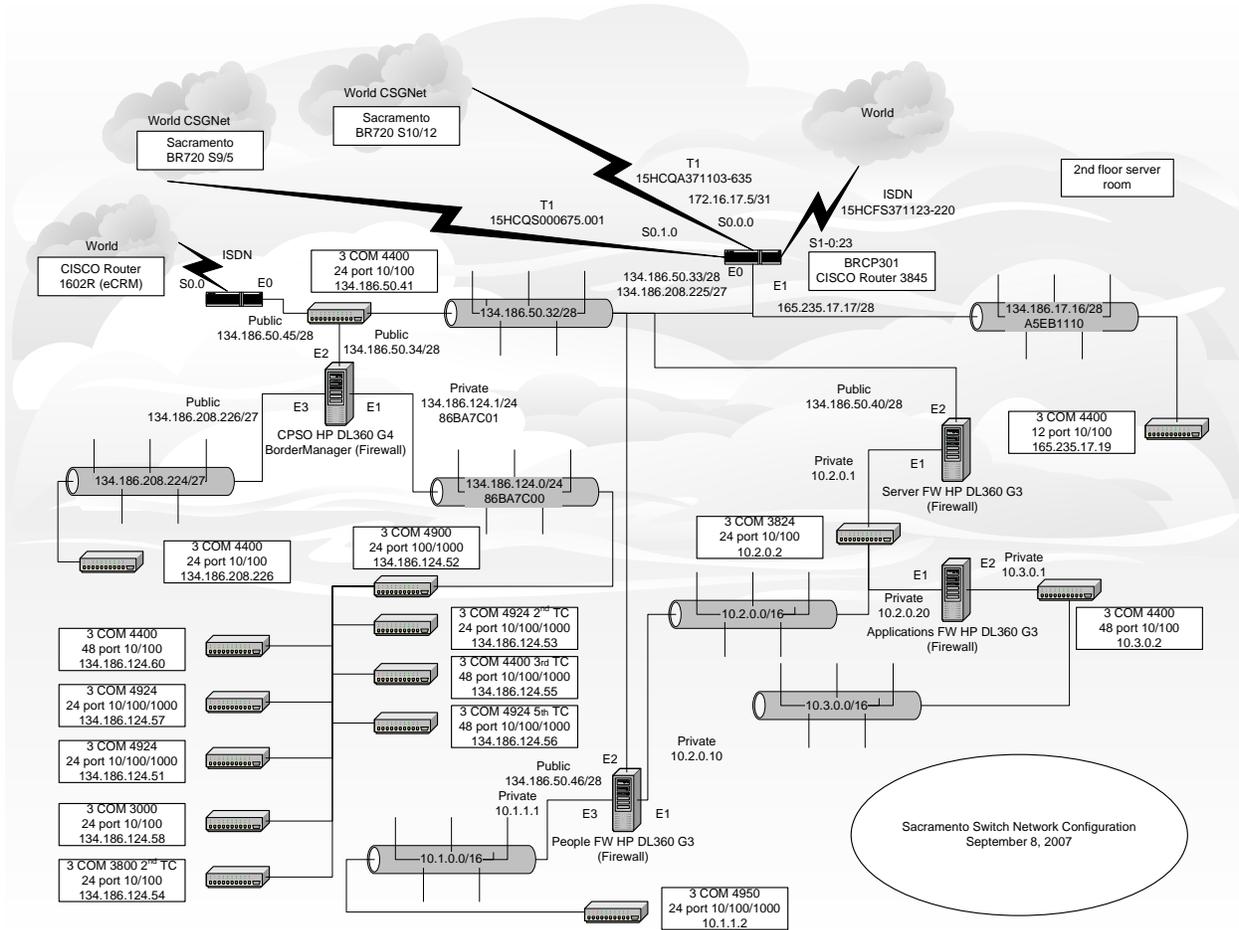


Figure 20. Los Angeles Network Configuration

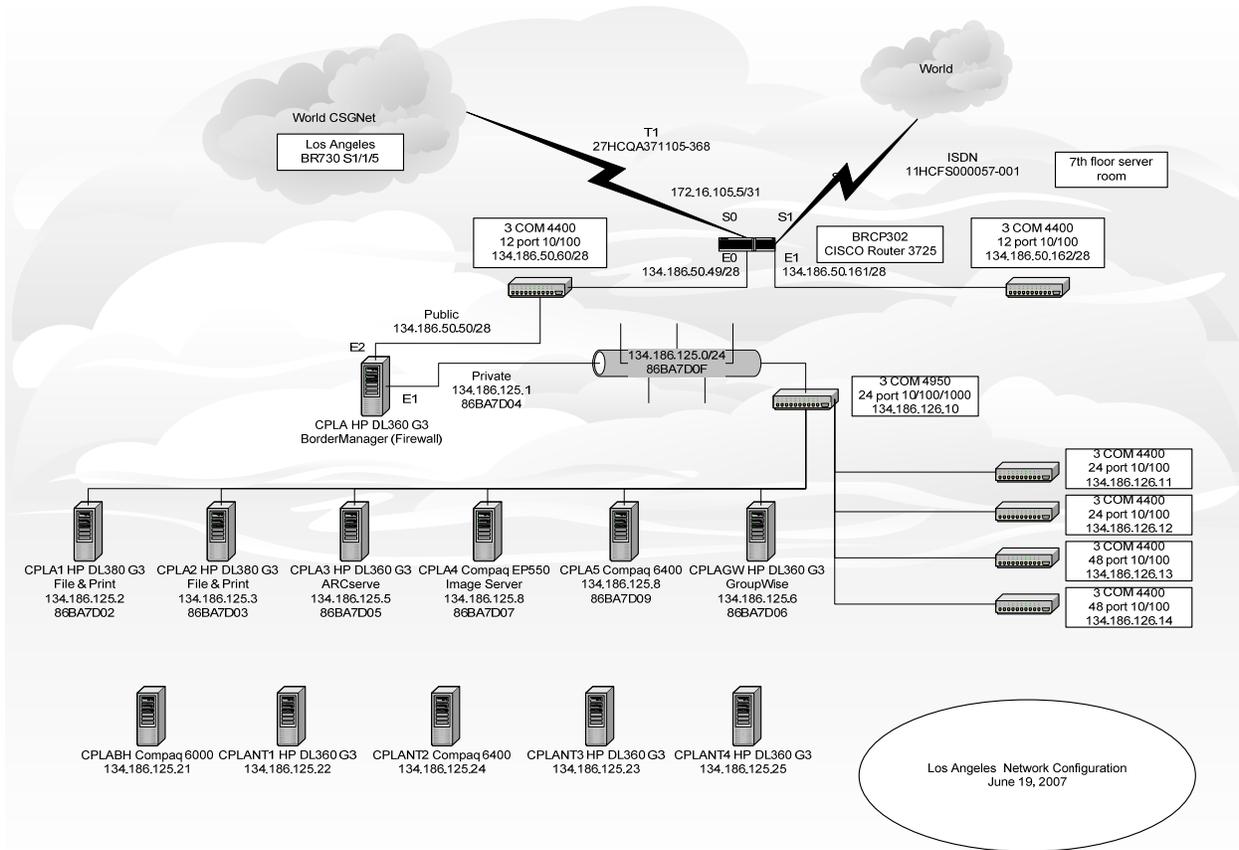


Figure 21. Los Angeles Switch Network Configuration

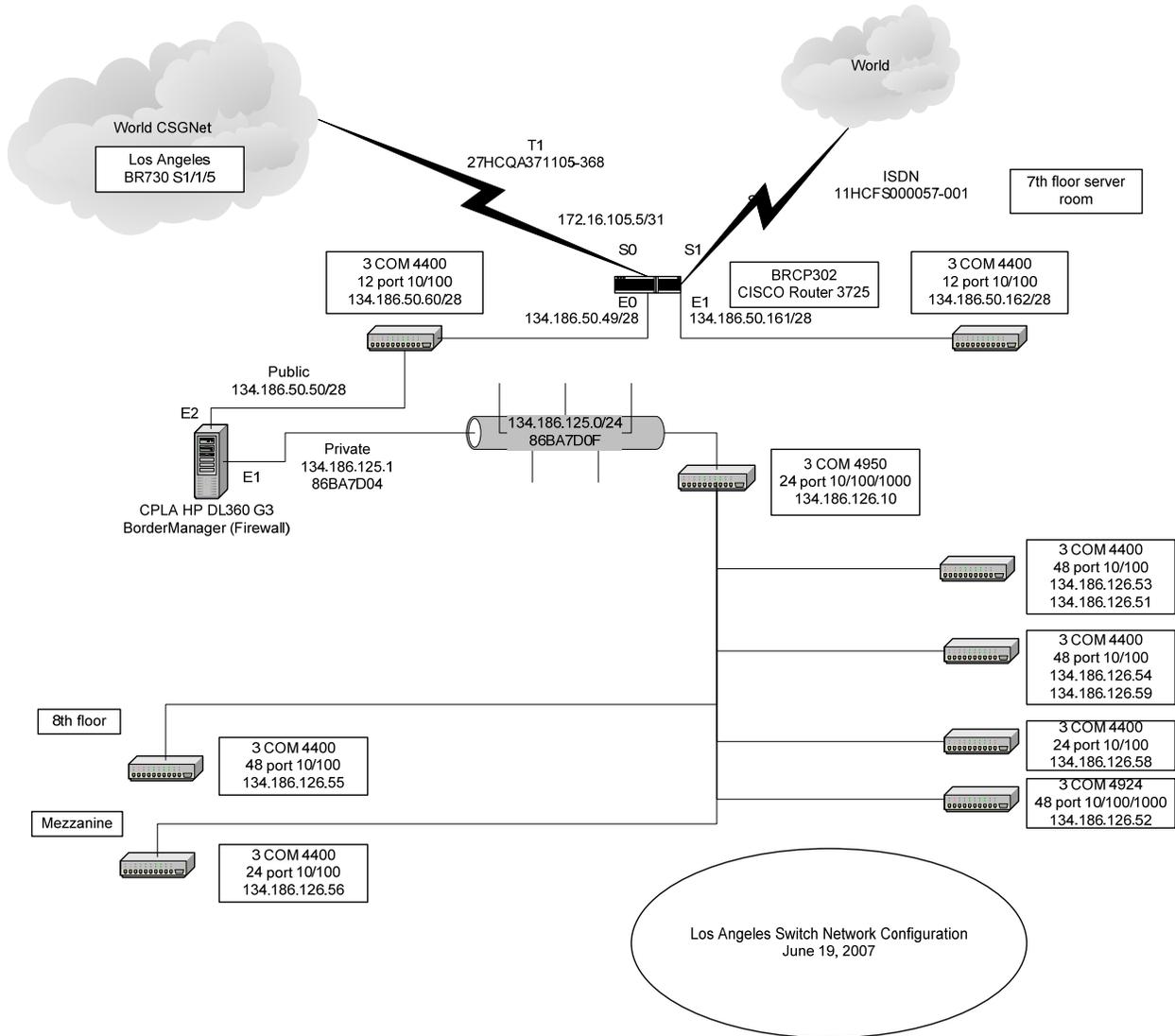


Figure 22. San Francisco Network Configuration

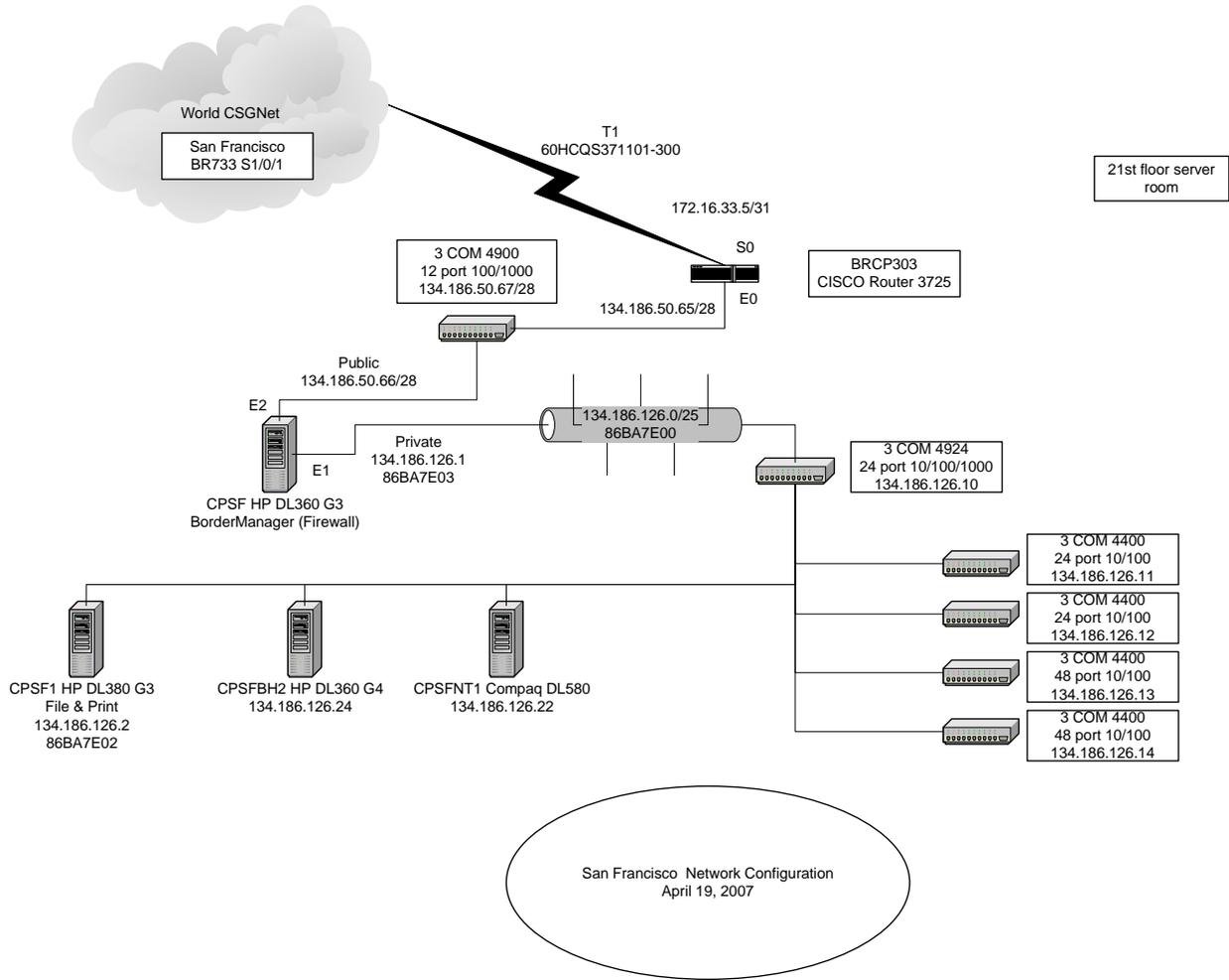
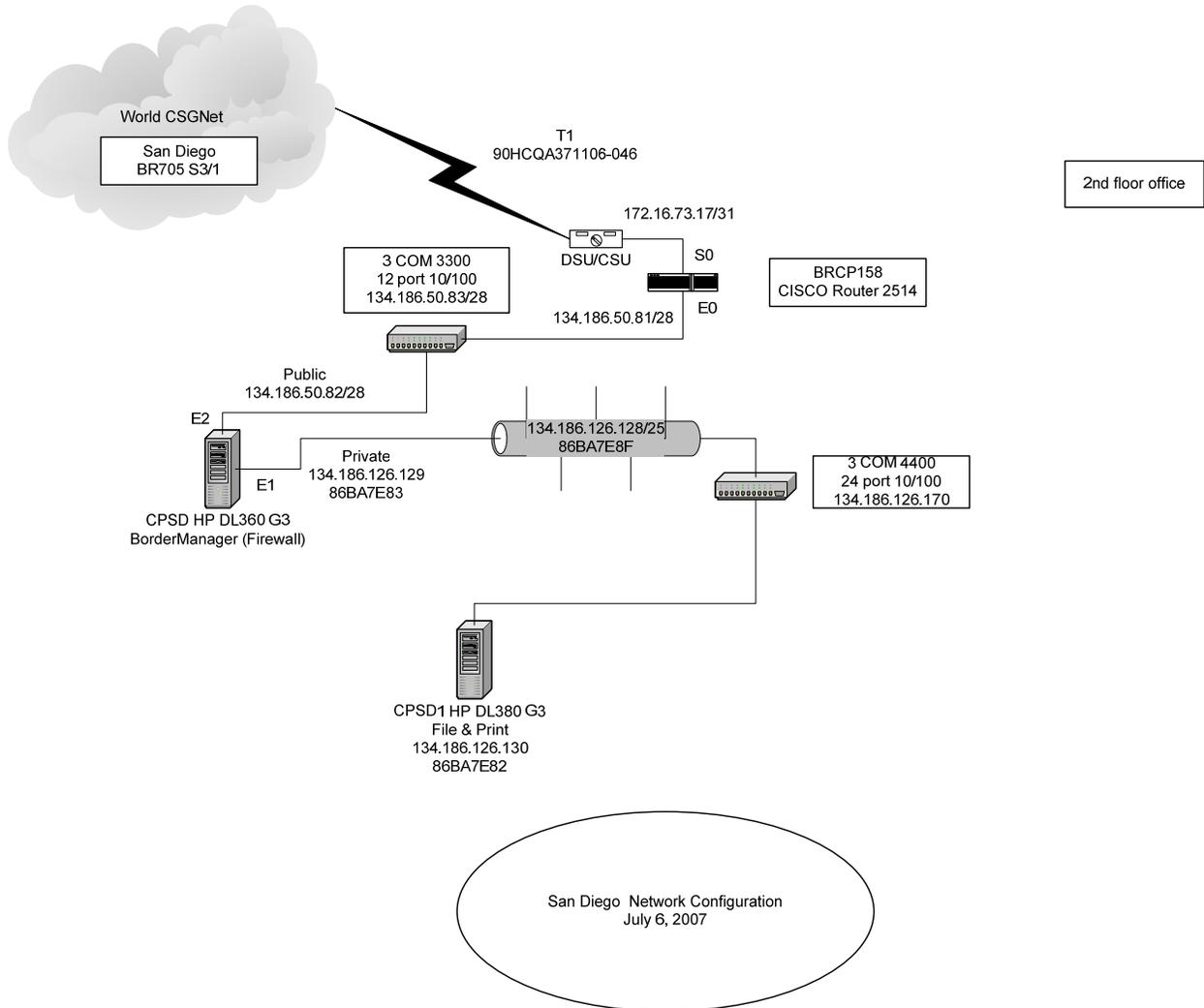


Figure 23. San Diego Network Configuration



4.2.2 Network Protocols

Corporations currently uses standard TCP/IP however, there is a significant use of the Novell IPX protocol as a result of older applications and databases.

4.2.3 Applications Infrastructure Overview

Table 33 details the current applications and the technology infrastructure.

Table 33. Applications Overview

Application	Technology
CRM—Customer Relationship Management System	MS CRM 3.0
CCSS	MS Access overnight update to dBase app
ECMS Management Information System—Maintains statistics on all enforcement cases, actions, personnel, assigned, status, etc.	dBase III
Commodities—Tracks status of entities required to file notice of commodity trading	Lotus 6
Database of case related files	dBase IV
Enforcement case info	MS Excel
Internet Surveillance Data and Complaints	MS Access
Receipts, disbursements, summaries of forensic accounting product	dBase III + Database files
Spreadsheet Court related deadlines—work papers, reports, schedules of forensic accounting product	MS Excel
Word processing—Pleadings, letters, orders, summons	MS Word
Word Processing files—litigation and examination materials retrievable for enforcement actions (including San Diego)	MS Word
Address Listing—Broker-Dealer, Investment/Adviser address listing (SRDLE)	VB6, ASP, MS S Server
Pre-Formed Paragraphs—Cites of the Corporations Code pre-formed into paragraphs using Word	MS Word
SRD_Log—Produce orders, permits and other documents	MS Word (macro)
SRD public search	internal Web site
Address/Licensing/Assignment System—Tracks licensing and address information for all Financial Services licensees	Visual dBase, single user
Annual Assessments—Used to compute assessments on all laws. Information transferred to Accounting	Visual dBase and dbFiler written in Clipper
Automated Lender Examination System—used for conducting examinations on Lender Laws	MS Excel (multiple)
Closed License Listing	dbFiler written in Clipper
Escrow Annual Report	multi-user dbFiler
Escrow Automated Examination System—Used for conducting examinations on Escrow Law	MS Excel 97
Escrow Bond	dbFiler written in Clipper
Escrow Income & Liability System—Annual Income and Liability information for Escrow companies	Dbfiler written in Clipper
Escrow Log—Tracks escrow assignments. Provides information to control examinations, reviews and billings	dbFiler written in Clipper
Fingerprint System—Tracks escrow employees' fingerprint status and approved manager information	Written in Clipper
FSD Issues	MS Access 97

Application	Technology
Lender Annual Report—Information used to publish consolidated report and compute assessments	dbFiler written in Clipper
Lender Application System—Tracks Lender License Applications	MS Access
Lender Bond	dbFiler written in Clipper
Lender Cross Reference	dbFiler written in Clipper
Lender Information	dbFiler written in Clipper
Lender Log—Tracks Lender Assignments	dbFiler written in Clipper
Mortgage Banker Automated Examination System—used for conducting examinations under the Mortgage Banker Law	MS Excel 97
Mortgage Banker Bond	dbFiler written in Clipper
Mortgage Banker Inquiries	dbFiler written in Clipper, MS 97
Mortgage Banker Log—Tracks Mortgage Banker Assignments	dbFiler written in Clipper
Mortgage Bankers Annual Report—Information used for computing assessments	Single user dBase III+
FIMS Financial Information Management System	VB.NET, ASP.NET, MS Sql Server
Time Reporting System	Lotus 6
Opinions Database—Contains information on opinion requests	MS Access
Projects Database—Contains information on rule making projects (past and current)	MS Access
Sections Database	MS Access
Word processing—Documents used to support Legislation, Regulation, Opinions, Release, etc.	MS Word—manual log
Billing System—regulatory and assessment billing system	Visual dBase 5.6
CalEASI—Contains information concerning all applications filed pertaining to Securities and Franchise Applications	FileNet—Panagon, Image Services, Content Services, Capture, eProcess, MS Sql Server backend.
LOEN—Online filings for 25102(f)	Java, Oracle DB, Linux Fedora OS
Central Index System—Contains information concerning all applications filed	Java, JSP, MS SQL Server
Budget Crossover—manipulation of past year expenditure data and conversion of line-item budgets to programs and elements	MS Excel (multiple)
Collection Reports—enables cashiers to produce daily collection reports from receipts	MS Excel
Franchise registrations—Maintains information on Franchise registrations for reporting to the Commissioner	Unknown—possibly various MS Excel spreadsheets
Monthly Expenditure Reports—Worksheets for projecting costs and revenue	MS Excel
Subscription Mailing List/Press List—Names and Addresses for departmental mailing list or Press Releases	Visual dBase 5.5, Crystal Reports for dbase via DLL
Spreadsheets—Bank Reconciliation	MS Excel

Application	Technology
Word Processing—SRD_log file—Contains preprogrammed correspondence, permits, and/or orders	MS Word (macro)
State Licensing Match System—compliance information for AB 1394	MS Access updated by Dept. of Soc. Services monthly download
Personnel System	Lotus 6

4.2.4 Application Development Software

Corporations uses the following Application Development Software:

Table 34. Application Development Software

Application Development Software
■ MS Access 2000
■ MS SQL Server 2000—Enterprise Manager
■ MS Visual Studio 6.0
■ MS Visual Studio.NET 2003
■ Dreamweaver
■ Visual dBASE 5.7
■ DBASE III+
■ Clipper
■ Java Server Web Development Kit
■ Java
■ Java Servlet
■ JavaServer Pages
■ MS ASP
■ MS ASP.NET
■ MS VB6
■ MS VB.NET
■ Oracle Enterprise Manager
■ CRM 3.0
■ Crystal Reports Enterprise Edition 9.0

4.2.5 Personal Productivity Software

Corporations use Microsoft Office suite for personal productivity. Corporations is in the process to upgrade and replace existing Novell GroupWise with Microsoft Exchange.

4.2.6 Operating System Software

4.2.6.1 Desktop and Server Operating Systems

Corporations uses the following desktop and Server Operating Systems:

Table 35. Overview of Operating Systems

Category	Type of OS and Version
Desktop OS	<ul style="list-style-type: none"> ■ Windows 2003 standard and enterprise X64r2, XP on desktop
	<ul style="list-style-type: none"> ■ XP pro for office
Server OS	<ul style="list-style-type: none"> ■ Windows 2000 professional and server
	<ul style="list-style-type: none"> ■ Window 2003 standard and enterprise

4.2.7 Database Management System

Corporations uses the following database management System:

Table 36. Database Management Systems

Database Management Systems
Microsoft Access
Dbase III+
Oracle Enterprise Manager
Visual Dbase 5.7

4.2.8 Application Development Methodology

Corporation has not developed an Application Development Strategy. IT services at Corporations focus on small projects that meet the current need and align with the expertise of the Corporations technical staff. Past projects that required any application development effort were outsourced to a contractor or a consultant.

4.2.9 Project Management Methodology

The current methodology for project management at Corporations is not a focused effort, especially as it pertains to larger projects. While the focus is to align with project management methodologies consistent with the State Information Management Manual (SIMM) guidelines and the PMI Project Management Methodologies stated in the Project Management Body of Knowledge (PMBOK), this has not been a consistent practice.

Projects involving outside consultants are managed through a Work Authorization Process. The relationship is formalized through a written agreement between the consulting organization and Corporations that is completed before the work starts. Corporations should further develop their project management methodologies to employ a more consistent process to manage all projects. This is of utmost importance as it relates to the project detailed in this FSR.

5.0 Proposed Solution

This section identifies the alternative that best satisfies the objectives and functional requirements as outlined in Section 3 of this FSR. Alternatives considered and details on all facets of the proposed solution are described in the sub-sections outlined below.

Table 37. Proposed Solution Sub-Sections

5.1 Solution Description
5.1.1 Hardware
5.1.2 Software
5.1.3 Technical Platform
5.1.4 Development Approach
5.1.5 Integration Issues
5.1.6 Procurement Approach
5.1.7 Technical Interfaces
5.1.8 Testing Plan
5.1.9 Resource Requirements
5.1.10 Training Plan
5.1.11 Ongoing Maintenance
5.1.12 Information Security
5.1.13 Confidentiality
5.1.14 Impact on End-Users
5.1.15 Impact on Existing System
5.1.16 Consistency with Overall Strategies
5.1.17 Impact on Current Infrastructure
5.1.18 Impact on Data Centers
5.1.19 Backup and Operational Recovery
5.1.20 Public Access
5.1.21 Costs and Benefits
5.1.22 Sources of Funding
5.2 Rationale for Selection
5.3 Other Alternatives Considered
5.3.1 Alternatives Descriptions
5.3.2 Evaluation of Alternatives

5.1 Solution Description

The proposed solution for Corporations involves replacing the current systems used for licensing/applications, compliance and complaints/enforcement with a COTS (i.e. Commercial off-the-shelf) licensing and case management solution that will be configured to meet the unique Corporations requirements. This solution provides the best value to Corporations and the State by meeting the business and technical requirements as specified earlier in the FSR in the most cost-efficient manner.

In view of the importance of the proposed initiative, a comprehensive project plan is an essential element of this alternative, as Corporations aims to minimize cost and disruption to current operations, as well as mitigate technological risk. In an effort to expedite this mission-critical initiative, the project phases overlap and several tasks will run in parallel. Each phase of the project will be addressed separately in detail below. A comprehensive project timeline can be found in Section 6, Project Management Plan.

Purchase a COTS Licensing and Case Management System (Department of Corporations Quality Network DOCQNET system)

The proposed solution calls for the acquisition of a COTS licensing and case management system. Several software vendors offer COTS solutions which perform all major licensing, compliance and case management functions. It is anticipated that the proposed COTS solution will be configured to meet all of Corporations' functional requirements. Corporations would benefit from vendor experience with similar licensing entities in other states and other organizations with comparable licensing and case management requirements. Corporations anticipates that using a COTS solution with predefined processes and vendor defined methods developed for other agencies will significantly reduce the risk of implementation as compared to building a solution from scratch.

The current systems used by Corporations for licensing, compliance and case management functions do not meet Corporations' business needs today and is a main contributor to inefficiencies. The current systems which are based on partially obsolete technology and a highly fragmented environment, prevent Corporations from adding functionality in response to legislative mandates or stakeholder requests. As a result, manual processes have been created in response to the systems' inability to support these Corporations business functions. Inconsistent and incorrect data, cumbersome navigation and redundant data entry are just a few of the current problems in the current environment (refer to Section 3, Business Case, for a complete list of identified problems with the current systems).

In light of the limitations of the current systems, the alternative that meets all the requirements and objectives in the most cost-effective manner is purchasing a COTS application and modifying it to meet unique aspects of Corporations' business requirements. Given the fact that augmenting the existing systems through application development is practically impossible, it is essential that Corporations looks to commercial software vendors to procure a system that meets its functional and technical requirements. Upon review of the potential alternatives for Corporations (refer to Section 5.3.1 for details regarding each alternative), the only viable solution requires configuration of a COTS solution. With several vendors capable of providing the major functionality required by Corporations, the decision to choose a COTS application becomes the most logical alternative. Purchasing a COTS solution and configuring it to the needs of Corporations would provide the following benefits:

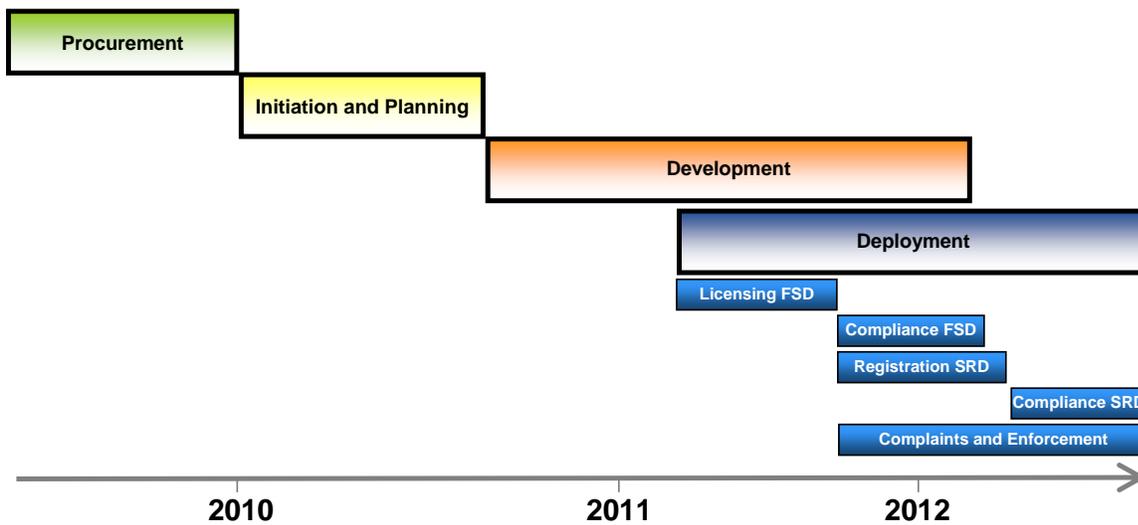
- Meets the technical and functional requirements of the Business.

- Improves customer service capability and ability to exchange data with external stakeholders, other State agencies and the general public.
- Reduces the risk of outages and data corruption present in the current environment.
- Improves staff efficiencies by automating many manual processes and will improve compliance with state mandates.
- Reduces risks by leveraging vendors with experience with other licensing and compliance-oriented organizations and similar control agencies in other states.
- Provides dedicated vendor support and ongoing maintenance to mitigate technological risk and provide the opportunity for externally developed added functionality in the future.
- Provides vendor support for core training and documentation of the system.

Implementation Timeline

Figure 24 provides a timeline depicting the major phases for the DOCQNET project. Following the timeline is a description of the proposed implementation approach.

Figure 24. Implementation Timeline



Implementation Approach

The COTS implementation comprises four major phases, which are listed in Table 38.

Table 38. Implementation Steps

Phase	Description	Deliverable
I Procurement	<ul style="list-style-type: none"> ■ Solution Vendor selection <ul style="list-style-type: none"> □ Select procurement assistance vendor □ Develop system requirements □ Develop proposal evaluation and selection criteria □ Issue RFP for solution vendor □ Evaluate vendor proposals and select final vendor ■ Issue RFP and select project oversight support vendor ■ Issue RFP and select project management firm 	<ul style="list-style-type: none"> ■ Finalized requirements documents with deliverables and acceptance criteria ■ State-approved RFO/RFP for solution vendor, PM services and Procurement support services vendor, and IPOC support vendor ■ Vendor evaluation model and selection criteria ■ Vendor contracts
II Project Initiation and Planning	<ul style="list-style-type: none"> ■ Develop project charter ■ Requirements analysis and validation ■ Conduct Risk analysis and update project plan ■ Develop the Project Communications Plan 	<ul style="list-style-type: none"> ■ Project Charter ■ Project Requirements ■ Updated Project Plan ■ Preliminary Work breakdown structure (WBS) ■ Project Communication Plan
III Development	<ul style="list-style-type: none"> ■ Design and development of required business and IT functionality <ul style="list-style-type: none"> ■ Licensing/Applications ■ Compliance ■ Complaints and Enforcement ■ Design and development of required reporting and knowledge management functionality ■ Design and development of required interfaces and data integration solutions to meet integration requirements ■ Develop data conversion approach and process ■ Unit testing 	<ul style="list-style-type: none"> ■ Detailed Design Document ■ Detailed data model and database design ■ Data Conversion Plan ■ Configured software modules

Phase	Description	Deliverable
IV Deployment	<ul style="list-style-type: none"> ■ Knowledge transfer and training of business super users, and technical support staff ■ Deployment of hardware and software environments ■ Complete data conversion process ■ Testing and integration of a completed solution ■ Deployment of solution throughout the organization ■ Final acceptance ■ Retirement of old environment ■ Project close out and transition ■ Retrospective 	<ul style="list-style-type: none"> ■ Knowledge Transfer Plan ■ Systems training material for end users ■ Training Plan ■ Detailed Test Plan with entry and exit criteria ■ Detailed Deployment Plan ■ Detailed Production Release Plan ■ Project document archive strategy plan ■ Project Retrospective/Lessons Learned document ■ Final Acceptance document

Initiation of the solution implementation will commence roughly at the beginning of FY 2011/12, after completion of the infrastructure migration project. Refer to Section 6, Project Management Plan, for a detailed breakdown of tasks and the associated time frame.

Phase I. Procurement

The procurement process will be initiated in January 2010. Development of an RFP will begin with solicitation and selection of a qualified contractor to provide procurement assistance and coordination with the Department of General Services (DGS). Corporations does not possess the available staff to develop procurement documents, thus creating the need for external assistance.

Internal Corporations staff with intimate knowledge of the business will be required on a part-time basis to assist the procurement vendor. The project management team will coordinate procurement activities in parallel with the infrastructure deployment. Requirements for the new system will be gathered and the RFP document will be developed and issued. Details on staffing requirements can be found later in this section, and the costs associated with this assistance can be found in the Economic Analysis Worksheets. The major accomplishments of this step are summarized in Table 39.

Proposals will be reviewed and scored in accordance with evaluation criteria defined by the project team. Corporations will select the vendor that best meets the RFP requirements and provides the “best value” to the State.

Table 39. Summary of Phase I Accomplishments

1	Issue RFP and select Project Management support
2	<ul style="list-style-type: none"> ■ Solution Vendor selection ■ Develop and issue RFO for procurement selection support ■ Select procurement solution vendor ■ Develop system requirements ■ Develop system evaluation and selection criteria ■ Issue RFP for solution vendor ■ Evaluate vendor proposals ■ Select solution vendor
3	Issue RFP and select Project Oversight vendor

Phase II. Project Initiation and Planning

Using the requirements stipulated in the RFP, project-planning activities will focus on identifying and securing the required resources and time commitments for the project. Business process analysis will be a requirement of the selected COTS vendor and will be an integral part of this phase. The intent of this step is to take advantage of the inherent workflow and best practices within the selected COTS system in order to improve the current manner in which Corporations operates. By improving Corporations business processes through application of best practices inherent in the new COTS application, the level of customization required for the system can be minimized, thus saving time and money. The COTS vendor will be responsible for gaining a deep understanding of Corporations processes and procedures so that system modifications and re-engineering of business processes can be performed in tandem to bear operational efficiencies for the department.

After the business analysis activities have been completed, customization requirements will be determined through gap analysis, and all major project activities will be documented in a project plan. Interfaces with other Corporations systems, state agencies and selected external stakeholders will be identified and defined in this phase.

In order to account for a lack of project management resources within Corporations, project management assistance will be procured to manage the entire project. This resource will work closely with the project director and will be responsible for the day-to-day activities associated with the project. The major accomplishments of this step are summarized in Table 40.

Table 40. Summary of Phase II Accomplishments

1	Develop Project Charter
2	Business process analysis to benefit from best practices and minimize the required level of customization.
3	Requirements analysis and validation
4	Identify key stakeholders
5	Conduct risk analysis
6	Develop updated Project Plan
7	Develop the Project Communications Plan

Phase III. Development

System design activities will be conducted and customization of the application will follow. Based on best practices and correspondence with the top-tier licensing and case management vendors, it is estimated that this process will require ten months to complete. In light of the complex needs of Corporations and the critical nature of this application, the project team has built in a two-month contingency period in case these activities require more time to complete.

Development

Using the requirements developed during the RFP process, the selected vendor will work with Corporations staff to define detailed specifications for the new enterprise system. Screen design, workflow, data elements and detailed functionality will be mapped out and documented to facilitate development. The results of the business process analysis in Step 2 will also be incorporated to ensure that Corporations is taking advantage of process improvements to reap all the benefits that the selected COTS product can offer. Once the design of the system has been sufficiently documented and approved by Corporations, the COTS vendor will begin to develop the DOCQNET system.

Data Conversion

Data conversion will potentially be the most time-intensive activity during this step and imposes the greatest risk. Normalization of the data, conversion and migration to a new relational database management system (RDBMS) will be required. The prime contractor will be responsible for data conversion according to conversion requirements established in the RFP. In addition, Corporations will be responsible for data cleansing required during the conversion.

The major accomplishments of this step are summarized in Table 41.

Table 41. Summary of Phase III Accomplishments

1	<p>System design and customization to Corporations' requirements.</p> <ul style="list-style-type: none"> ■ Licensing/Applications ■ Compliance ■ Complaints and Enforcement ■ Reporting and knowledge management functionality ■ Required interfaces and data integration solutions to meet future integration requirements
2	<p>Develop data conversion approach and process, conduct data conversion from the current system to the new system.</p>
3	<p>System testing in a development environment.</p>

Phase IV. Deployment

Deployment of the new system will involve effectively “shutting off” the old system and “turning on” the new system. Specifics on the optimal method of deployment will be determined with the COTS vendor.

Testing

Testing of the new system will include unit, system testing, performance testing and user acceptance testing and any other testing procedures recommended by the COTS vendor. A comprehensive test plan and detailed test scripts are required deliverables that must be provided by the COTS vendor for Corporations approval.

Once the new system has been deployed, training sessions will continue as needed until the end users feel comfortable with the new system.

Deployment

The DOCQNET system will be deployed in phases by functionality to one Corporations business unit at a time. Corporations anticipates to deploy first the Licensing/Registration to FSD, then to SRD. Compliance, Complaints and Enforcement will be deployed immediately following Licensing/Registration deployment to ensure a seamless transition and a realization of all the business benefits, both quantitative and qualitative.

Training

Training of the IT staff will occur throughout this project phase and will require dedicated time by the future COTS system administrator. Support staff will also be trained on maintenance of the new system. Maintenance of the existing systems will also be required until cutover to the new system. End-user training will be performed using the “train the trainer” model.

The major accomplishments of this step are summarized in Table 42.

Table 42. Summary of Phase IV Accomplishments

1	User acceptance testing.
2	Deployment of the new system throughout the Corporations organization.
3	Training of internal IT staff and employees by the COTS vendor.
4	End-user training for staff conducted by internal trainers.
5	Retirement of all remaining old systems.
6	Full utilization of the new licensing and case management system in the industry-standard Wintel environment.

5.1.1 Hardware

Fours servers will be required for the new DOCQNET system production environment. Additional servers for Development, Testing and Pre-Production/Training will be needed as indicated in Table 43. The level of redundancy conforms to industry best practices.

For a more detailed account of the hardware costs associated with the DOCQNET project, see Section 8, Economic Analysis Worksheets.

Table 43. Required Servers for DOCQNET Solution and Projected Locations

Description	# of Servers	Location
Development Environment		■
Application Servers	1	■ Sacramento
Database Servers	1	■ Sacramento
Web Servers	1	■ DTS
Testing Environment		■
Application Servers	1	■ Sacramento
Database Servers	1	■ Sacramento
Web Servers	1	■ DTS
Pre-production/Training Environment		■
Application Servers	1	■ DTS

Description	# of Servers	Location
Database Servers	1	■ DTS
Web Servers	1	■ DTS
Reporting	1	■ DTS
Production Environment		■
Application Servers	1	■ DTS
Database Servers	1	■ DTS
Web Servers	1	■ DTS
Reporting	1	■ DTS

5.1.2 Software

Software for the proposed solution consists of application development tools, the COTS solution, personal productivity applications, and RDBMS software as a starting point for system design and development and database services.

- **Application development**—the vendor chosen to develop the proposed solution will define the development environment and specific products and programming language(s) used for the new DOCQNET system (e.g., .NET, Java EE). The products and language(s) utilized should be industry standard and should provide the flexibility to react to legislative and business changes. Specific Corporations experience with the development environment and tools will be evaluation considerations in the selection of the vendor solution.
- **COTS solution**—the proposed solution will include base licensing and case management system functionality developed for use in a large, distributed office environment. The selected vendor, under the constraint of the functional and technical requirements, will determine specifics about the solution.
- **Database software**—during the market analysis conducted for this project, it was discovered that multiple industry-standard database software/operating systems combinations are available (e.g. SQL, Oracle). The database software options will be considered and weighed along with other system features in determining the best overall solution. Data currently stored within Corporations legacy systems will be transferred to the new system.
- **Other software**—Corporations does not anticipate additional software requirements at this time; however, the proposed solution may introduce additional software components into the Corporations environment (e.g., GIS software, report writer software, etc.).

For additional detail on the software quantities to be purchased, see the Economic Analysis Worksheets.

5.1.3 Technical Platform

The technical platform (e.g., Unix, Linux or Windows) will be determined by the application(s) proposed by the selected vendor, provided that the solution can be supported within the Corporations technical environment.

5.1.4 Development Approach

The implementation methodology including, at a minimum, design, configuration, development, quality assurance, testing and training, will be robust and will be a key evaluation criterion when assessing vendor proposals. The solution will be developed by a 3rd party vendor while conducting knowledge transfer activities with State staff. As the State develops formal skills in the maintenance and operations of DOCQNET support activities, responsibilities will shift to State experts for ongoing maintenance and operations.

5.1.5 Integration Issues

Corporations realizes the importance and criticality of integrating the new DOCQNET solution into its technical environment. As such, it has already begun to focus on the key integration areas, which are described below.

Network

Corporations currently has significant network issues. An initiative to upgrade the network infrastructure is on the way and will be completed by the time the new DOCQNET system will be implemented. The necessary capacity of these connections will be tested during the test phase of the implementation. Adjustments to line capacity will be included during the deployment phase of the project. Corporations is currently adding bandwidth to its connection to DTS (5 Megabits per second). It is assumed that this capacity will suffice for the implementation of DOCQNET.

Project Management

The overlapping tasks involved in this alternative and the absence of sufficient staff within Corporations necessitates outside assistance to expedite the process. The project management resource will be responsible for managing and executing the design, development, testing and deployment of the new DOCQNET system.

5.1.6 Procurement Approach

Corporations will use existing procurement vehicles that allow the Department to procure services in the most effective and efficient ways available. The vehicle chosen to support application implementation is a business-driven procurement vehicle that will support Corporations' need for fast track selection of a vendor.

- CMAS for selection of an independent contractor to define procurement specifications and prepare RFP documents
- CMAS for selection of an independent contractor to provide project management
- Traditional procurement for the selection of the COTS vendor. Wherever possible and practical, Corporations will eliminate unnecessary and/or redundant procurement steps in order to expedite the process.

5.1.7 Technical Interfaces

Four desired interfaces to the new DOCQNET system have been identified at this time as indicated in Table 44. The system will be built to ensure that additional interfaces can be added in the future. Corporations anticipates that the new DOCQNET solution will integrate with e-mail and personal productivity software (e.g., Word, Excel) to the extent needed to support Corporations business processes.

Table 44. Integration Requirements

System	Description
CRD/IARD	CRD and IARD are nationwide licensing systems for broker-dealers and investments advisers respectively. The proposed solution must interface to these systems for uploading and downloading of applications data. http://www.finra.org/RegulatorySystems/CRD/index.htm http://www.iard.com/
CALSTARS	California State Accounting and Reporting System (CALSTARS) used by Corporations as Accounting system. http://www.dof.ca.gov/html/calstars/
CalATERS	Statewide Web-based solution for travel advance and expense reimbursement processing. Upload expenses. http://www.calaters.ca.gov/
FileNet	Current system used for document management and storage.

5.1.8 Testing Plan

Testing of the new DOCQNET system will require the COTS vendor to propose, plan, execute and complete both unit and system testing. System testing will include load and performance testing to ensure that the implemented system can meet data volume and concurrent user requirements. Acceptance testing plans will be developed by the COTS vendor, approved by the State and jointly executed. Acceptance testing will include reliability and functionality testing.

5.1.9 Resource Requirements

The proposed solution requires redirection of current IT staff, plus skills that will require assistance from external service providers. Costs for all of the proposed resource requirements are detailed in the Economic Analysis Worksheets.

External Resources

- Procurement assistance vendor to define procurement specifications and prepare RFP documents
- Solution vendor to provide required functionality and system integration services and to deliver the integrated solution. This vendor will also provide Business Process Analysis/Re-engineering and Change Management services to facilitate improved business process efficiencies and acceptance of the system.
- Independent Project Oversight (IPOC) vendor to provide monthly reporting to DOF

A summary of the external skills required for the proposed solution is listed below in Table 45. Refer to the Economic Assistance Worksheets for cost information.

Table 45. DOCQNET External Skills Requirements

External Skills Required
Procurement Assistance
Project Management
Solution Vendor for Implementation and Integration services
Independent Project Oversight (IPOC)

Internal Resources

Internal PY estimates that represent the various Corporations employees involved in the implementation of a new DOCQNET were made for each phase based on prior Corporations projects, information from previous public sector implementations, information gathered from a Request for Information (RFI), and Gartner research.

These PY's comprise numerous Corporations employees that will be utilized at different points of the project to gather requirements, design the system, and participate in testing, training, business process re-engineering and change management activities. In addition, Corporations IT personnel will also be assigned to the one-time DOCQNET project. The required internal resources for the DOCQNET project are described in the table below.

Table 46. Required Internal Resources for DOCQNET Project

Organization/Role	PY— 2009/10	PY— 2010/11	PY— 2011/12	PY— 2012/13
Program Resources				
Requirements Analysis and Process Design SME	0.083	.5	.5	0
System and Data Testing/QA SME	0.083	.25	.5	0
Training/Deployment SME	0.083	.25	.5	0
Subject Matter Expert	0.5	1.5	1.5	0
IT Resources				
Project Director	0.125	0.25	0.25	0
Project Manager	0.5	1	1	
IT Lead	0.5	1	1	0
Business Process/Change Management Lead	0.5	1	1	0
Project Administrator	0.125	1	1	0
Infrastructure and Architecture	0.125	1	1	0
Data Conversion	0.0625	1	1	0
Application/ Database support	0.0625	1	1	0
TOTAL	2.75	9.5	10.25	0

Program staff roles will be filled through redirection of current Corporations Program staff. This will save money, avoid organizational disruption and stabilize ongoing support efforts once the DOCQNET system is deployed.

With the exception of the Project Director, all internal IT employees are new positions. These positions may be filled with existing IT staff who in turn will be backfilled for the duration of the project. Temporary IT staff augmentation to support existing systems, while current State IT staff participate on the project team and transition into ownership of the new system will be needed. After DOCQNET project completion, ongoing system administration duties will be the responsibility of IT staff, with supplementary assistance from other IT employees in a backup role.

The exact PY requirements for a given fiscal year depend directly on the phase of the project and the skills required—refer to Section 8, Economic Analysis Worksheets for details.

5.1.10 Training Plan

Training for this solution is a key component and is required throughout the duration of the project. Corporations technical staff must be trained on usage and maintenance of the new COTS licensing and case management system. Technical training addresses development, maintenance and user administration skills to support the DOCQNET. Training of Corporations staff will be required in two areas, which are highlighted in Table 47.

Table 47. DOCQNET Staff Training Needs

Staff Training Needs
COTS solution system and administration
“Train the trainer” courses for end-user COTS solution usage

End-user training will be provided for Corporations staff. Training will be provided immediately prior to the final COTS system deployment to improve information retention. Courses will be conducted at regional offices, and computer-based training will be leveraged where possible. This training will benefit staff whose desktop, print and file services, e-mail and enterprise systems have changed. End-user training needs are highlighted in Table 48.

Table 48. DOCQNET End User Training Needs

End-User Training Needs
COTS application usage

5.1.11 Ongoing Maintenance

The proposed solution requires ongoing maintenance of the COTS application and database services.

- Network and desktop support is provided through the Corporations IT department. Maintenance of the configured COTS software, databases, interfaces and reports will also be the responsibility of the Corporations IT department
- Ongoing operations of production servers and databases, including database backup and recovery development/QA servers and databases will be provide by DTS. Hosting and support of all servers will be contracted to DTS.

- Other support for the DOCQNET will be provided by the COTS vendors through standard maintenance agreements, which provide for help desk support, regular updates, user group access and other benefits depending on the structure of the agreement. Annual maintenance and support costs for the top-tier COTS solutions range from 15% to 25 percent of the implementation costs, including software licenses and services. Estimated costs for support of the COTS solution can be found in the Economic Analysis Worksheets.

Overall, DOCQNET-specific ongoing support will consist of 4.5 PY's as detailed in the Economic Analysis Worksheets.

5.1.12 Information Security

Classes of users will be established, and the user log-on process will manage role-based access levels for the DOCQNET solution. These access levels include inquiry, additions, deletions, modifications, security maintenance (e.g., creation or update of security profiles) and system maintenance (e.g., maintenance of table-driven system parameters).

Key elements of security include:

- **Physical Security:** The production system will be secured within a locked room at Corporations in Sacramento.
- **Network Access Security:** network security will continue to be maintained at various levels including firewalls, a VPN, and network directory structure to facilitate a secure network environment.
- **Application Security:** Roles and rule-based application access controls must be configured in the solution. Administration of roles and rules will be managed by the State using security administrators. These security capabilities will be inherent in the COTS products to be acquired.
- **Audit and Logging:** Access to sensitive data will require separate logging and audit trails. These capabilities are included in the COTS products that comprise DOCQNET. CALSTARS interface audit requirements and capabilities will be assessed and an appropriate audit mechanism will be implemented.

5.1.13 Confidentiality

In accordance with the Public Information Act, some data stored in Corporations databases is required to be available to the general public. However, Corporations does have data elements that are confidential in nature. Consequently, the proposed system will be configured to ensure maximum confidentiality for those elements. The security measures mentioned above will provide the necessary protection of this data.

Confidentiality of data will be maintained using established procedures for the existing Corporations systems including:

- System will be hosted in secure data locations.
- Backup tapes and other media will be protected.
- Access to data will require systems administrators and supervisors to authorize access.
- Critical data will be encrypted in the systems if so required.

- Data in flight (transmitted over the network) will require encryption, e.g., Secure Sockets Layer (SSL).

5.1.14 Impact on End Users

The proposed system will have a significant impact to Corporations end users. The proposed system will be deployed to all Corporations staff, managers and business analysts. The new system will have a different “look and feel” than current systems and will require time for end users to attend training and familiarize themselves with navigation. Although many Corporations employees are familiar with browser applications through Internet use, shifting from menu-driven and character-based systems to a more modern application can be a difficult adjustment. When users do become familiar with the system, the efficiency gains in performing daily job duties using the redesigned business processes and accessing program data will favorably affect end users.

The changes borne through the proposed solution, though significant, will benefit all employees within Corporations. As such, the change management approach that will be implemented is focused on early user involvement and continuous promotion of the benefits of the new solution. Due to the major issues with many the current applications, the majority of users will not be upset regarding the decommissioning of the current systems. Rather, addressing the uncertainty and operational changes via proper training and knowledge transfer will encourage users that the future model is far superior to the current situation.

Beyond the specific, positive impact to end users, DOCQNET provides the significant organizational benefits as described in Section 3. The more efficient use of time due to elimination of redundant and manual processes will allow employees to redirect effort to support reduction of backlogs, improved analysis, enhanced customer service, improved collections, and useful management reporting and trend analysis.

5.1.15 Impact on Existing System

Installation and configuration of the new DOCQNET system will not affect daily operations or the use of the existing systems until “cut-over.” Once modular system components are implemented and go live, the old systems will be “switched off,” leaving DOCQNET as the system of record. Depending on the system being decommissioned, data conversion of active records and other data per Corporations and State policy will be a critical effort. The selected vendor will be responsible for ensuring that there are no disruptions to operations once the legacy systems are shut off.

5.1.16 Consistency with Overall Strategies

The selection of a COTS licensing and case management system meets Corporations overall strategies and addresses many problem areas identified in a January 2007 California State Auditor report. Furthermore, the proposed solution is aligned with the mission and vision of Corporations and supports e-government and Green IT initiatives outlined by the State.

5.1.17 Impact on Current Infrastructure

As mentioned above, new servers will be required at DTS for the production and development environments, respectively. The systems that are decommissioned will eliminate the need for existing Corporations servers; the impact of this is reflected in Section 8, Economic Analysis Worksheets.

5.1.18 Impact on Data Centers

Corporations will utilize DTS facilities to house its primary and backup servers as well as the DOCQNET application and database. There will be some increased availability of space in existing Data Centers due to the retirement of currently used servers. Overall, there is no substantial impact on Corporations' Data Centers.

5.1.19 Backup and Operational Recovery

The new infrastructure will improve Corporations' current disaster recovery routines by establishing a redundant Disaster Recovery environment across multiple DTS Data Centers and this will be in compliance with the Department of Finance's operational recovery plan (ORP) standards.

5.1.20 Public Access

The proposed solution provides increased opportunity to share information with the public and other external stakeholders. An optimized data model will provide organization of Corporations data in a fashion that will facilitate external inquiries or report requests.

The proposed solution is required to have the ability to extend DOCQNET for a variety of Web-based self-service applications, such as:

- Online Filing of Licensing Applications/Notices, including online payment
- Checking on status of license application
- Filing complaints
- Determining whether businesses and/or individuals are licensed and in good-standing

5.1.21 Costs and Benefits

As detailed in Section 8 Economic Analysis Worksheets, the total project cost for the proposed solution over the four (4) years of the project is \$6,839,309, summarized in the table below.

Table 49. DOCQNET Four Year Project Costs

Component	Cost
One-Time Costs	
Procurement and Implementation	\$ 5,631,901
Continuing Costs	
Maintenance and Support	\$ 1,207,408
Total Project Costs	
	\$ 6,839,309

One-time costs include all contract costs and internal costs associated with procurement, development and implementation of the DOCQNET system. Continuing costs over four years (three years of procurement and implementation and one full year of operations and maintenance) include all contract costs and internal costs associated with the ongoing maintenance and support of the solution.

See Section 3 for analysis of the return on investment related to system implementation. As previously mentioned throughout the FSR, some of the direct benefits of DOCQNET are listed below:

- Meets all of the major requirements and objectives for Corporations in support of business operations
- Provides a single, consistent source of data for reporting for all stakeholders to engender improved day-to-day operations and managerial decision making
- Lowers total cost of ownership by leveraging core licensing and case management functionality
- Enhances access to data and analytical tools that will improve the ability of the State to deliver services
- Optimizes operational efficiency through elimination of redundant processes and data entry
- Facilitates the ability to react to legislative and business changes
- Increases the ability to share information with the public and external stakeholders
- Significantly improves customer service capabilities
- Improves investigation and prosecution capabilities resulting from improved data integrity and access

5.1.22 Sources of Funding

Existing Corporations funds have supported all development and maintenance to date. Several potential funding sources exist for the new DOCQNET application. All expenditures of funds require appropriation authority either through the department's budget act item or in separate legislation.

- Redirection of existing IT staff and IT budget resources. This amount will vary according to project needs each year.
- Redirection of Program Resources
- Costs, except for staff, for this project will be from the Corporations Fund as approved via the budget change process.

As noted above, Corporations will be able to finance this initiative internally. A breakdown of the available funding sources that will be used to cover the one-time costs of the project is listed in Table 50

Table 50. Internal Funding Sources for the DOCQNET Project

Source	FY09/10	FY10/11	FY11/12	FY12/13	TOTAL
1. Redirection of IT budget resources	-	-	-	\$582,876	\$582,876
2. Redirection of Program Resources	-	-	-	\$1,789,945	\$1,789,945
3. Corporations Fund	\$750,950	\$3,399,960	\$4,255,104	-	\$8,406,014
TOTAL	\$750,950	\$3,399,960	\$4,255,104	\$2,372,821	\$10,778,835

The Corporations Fund is a special fund in the State Treasury in which licensing fees are deposited. These funds are available for expenditure to support the Department's operations after appropriations by the Legislature in the annual budget act.

5.2 Rationale for Selection

The proposed solution satisfies all of the solution objectives and the technical and functional requirements set forth in this feasibility study report. Additionally, this solution:

- Provides the licensing and case management capabilities required to conduct operations and provides additional opportunities for development (e.g., Internet, system interfaces)
- Allows redirection of current staff to leverage existing skills and avoid organizational disruption
- Provides the most cost-efficient solution for Corporations and the State and mitigates technological risk and support concerns.

5.3 Other Alternatives Considered

In order to explore all viable options and select the best alternative for Corporations to meet its requirements and objectives for the new DOCQNET, the following four alternatives were considered:

Table 51. Alternatives Considered

Alternative	Description
1	Maintain the existing Corporation systems
2	Modify the existing Corporation systems
3	Purchase a COTS system
4	Develop a customized solution

Each of these alternatives is described below, followed by a comparison table to assess each alternative in key areas for Corporations.

5.3.1 Alternatives Descriptions

Alternative 1: Maintain the Existing Corporations Systems

Description

Continue to use current application portfolio for licensing/application, compliance and complaints/enforcement, use existing system functionality and continue manual processes for many case management functions.

Table 52. Advantages and Disadvantages of Alternative 1

Advantages	Disadvantages
<p>Avoid new costs, in particular acquisition, development, data conversion, software, implementation, training and additional staffing costs.</p>	<p>As it exists today, the Corporations application portfolio lacks the ability to meet the majority of the objectives and requirements of Corporations, including the following:</p> <ul style="list-style-type: none"> ❑ Increased staff productivity through the elimination of redundant business processes and data entry ❑ The ability to easily modify the current systems in response to legislative and business changes ❑ Full availability of all public data in accordance with the Public Information Act ❑ The ability to generate meaningful reports for management review, audit preparation and adherence to legislative mandates (census tract, etc.) ❑ Improved customer service via reduced response time and a shortened license issuance cycle ❑ Improved data integrity and security provisions
<p>Avoid disruption of daily operations for conversion, migration and implementation activities.</p>	<p>The current systems lack support and are, for the large part, based on outdated technologies.</p>

Recommendation

Although maintaining the current systems avoids the additional costs that accompany the other alternatives available to Corporations, this option meets very few of the functional and technical requirements for the new system. The dated application architecture limits Corporations from adding new functionality to the system to address the current business problems. Consequently, this alternative is not a viable option and should not be pursued.

Alternative 2: Modify the Existing Corporations Systems

Description

This alternative entails upgrading the current systems to meet today’s requirements of the business.

Table 53. Advantages and Disadvantages of Alternative 2

Advantages	Disadvantages
Meets some of the objectives and functional requirements identified in the Business Case Section of this FSR.	Fails to meet many of the objectives and requirements. <ul style="list-style-type: none"> ❑ Current systems are fragmented and cannot be integrated due to various technical platforms used, even if additional functionality can be added. ❑ Risk, cost and duration of an upgrade are impossible to determine. ❑ Very few business process improvements could be realized, since most data would remain in disparate databases.

Recommendation

Modifying the current systems into a system that meets the requirements of Corporations is not feasible. Internal support concerns, lack of a single database and integration of various systems render this alternative unacceptable for Corporations.

Alternative 3: Purchase a COTS Solution

This is the proposed solution. Detailed information on this alternative can be found in the Solution Description section of this document.

Alternative 4: Develop a Customized DOCQNET Solution

Description

Contract with an external vendor to develop a customized Licensing/Case Management Solution incorporating all the requirements and objectives of Corporations.

Table 54. Advantages and Disadvantages of Alternative 5

Advantages	Disadvantages
All requirements and objectives can be met through customization.	High costs accompany custom development projects, particularly those that involve multiple sites and complex requirements.
New infrastructure personal productivity improvements warranted by Corporations can be made.	The time frame associated with the full customization cycle is significantly longer than the other options.
Ownership of the source code affords flexibility and development options not available with the other options.	Technological risk is high.
Several vendors have developed systems for similar state departments, allowing Corporations to benefit from their experiences in development.	Support concerns will increase over time as a customized solution will not benefit from regular version upgrades, rather relying on new development skills.

Recommendation

Although this option could result in meeting all the requirements and objectives of Corporations, the costs, risk and time that accompany such an initiative are difficult to justify. In the event that

there are no COTS solutions on the market that meet the majority of an organization's requirements, custom development is often the only alternative. However, since COTS solutions do exist, the technological risk, support concerns and cost of customization are simply too high to support this alternative. Consequently, this alternative is not a viable option and should not be pursued.

5.3.2 Evaluation of Alternatives

Specific criteria, shown in Table 55, were established to evaluate the ability of each alternative to meet Corporations objectives.

Table 55. Evaluation Criteria Definitions

Criteria	Definition
1. Meets functional and technical requirements	Does the alternative fulfill Corporations' business process requirements?
2. Business process risk	How closely does the solution meet the functional requirements? Does the gap between functional requirements and solution capabilities force undesirable changes to business processes?
3. Cost	What is the comparable magnitude of cost across alternatives both one time and ongoing?
4. Time to build and install	How long will it take for the alternative to be completely operational?
5. Implementation Risk	How disruptive to operations will the implementation of the solution be?

The evaluation criteria above were applied to assess each of the five alternatives. Table 56 provides a summary of this evaluation.

Table 56. Evaluation of Alternatives

Criteria	Alternative 1 Maintain the Existing Systems	Alternative 2 Modify the Existing Systems	Alternative 3 Purchase a COTS System	Alternative 4 Develop a Customized Solution
1. Meets Functional and Technical Requirements	No	Limited	Yes	Yes
2. Business Process Risk	High	High	Medium-High	Low-Medium
3. Cost	Low or None	High	Moderate-High	High
4. Time to Build and Install	Ongoing	24-36 months	12-18 months	24-36 months
5. Implementation Risk	None	High	Medium—High	High

As stated above, each alternative was evaluated utilizing specific assumptions and background information. Table 57 calls out this background information against the application of each criterion for each alternative.

Table 57. Background Information and Assumptions for Evaluation of Alternatives

Criteria	Alternative 1 Maintain the Existing Systems	Alternative 2 Modify the Existing Systems	Alternative 3 Purchase a COTS System	Alternative 4 Develop a Customized Solution
1. Meets Functional and Technical Requirements	No	Limited	Yes	Yes
Assumptions/Background —Although Corporations has unique aspects to its licensing and case management processes, there are several viable COTS alternatives that could be leveraged with minimal customization. Alternative 1 simply cannot support the needs of Corporations as additional development is extremely limited. Alternative 2 would afford some improvements but would be hampered by the current application portfolio and its inherent flaws. Alternatives 3 and 4 would meet most or all of Corporations’ requirements, although Alternative 4 would carry significant costs and risk.				
2. Business Process Risk	High	High	Medium-High	Low-Medium
Assumptions/Background —Disparity between Corporations’ functional requirements and the solution’s ability to meet those requirements imposes risk to Corporations’ business processes. That is, where a solution fails to address functional requirements, Corporations will have to create “work-arounds” in its business processes. While these “work-arounds” fill gaps not addressed by the solution, they eventually create additional parallel systems, compromising efficiencies gained by a single, integrated solution.				
3. Dollar Cost	Low or None	High	Moderate-High	High
Assumptions/Background —Specific dollar figures are provided in detail in the Economic Analysis Worksheets for Alternative 3. For comparative purposes, we have ranked the alternatives from Low to High. Alternative 1 would have no or very low dollar costs. Alternative 2 will very likely result in high costs, since there are currently dozens of systems that would have to be upgraded under this alternative. Alternative 4 is high since no existing frameworks and designs can be leveraged.				
4. Time to Build and Install	Ongoing	24-36 months	12-18 months	24-36 months
Assumptions/Background —Length of time required to build and install is based on industry standards and interviews conducted on behalf of Corporations. The alternative timeframes will vary based on the implementation methodology (customization, training, rollout, etc.) chosen by Corporations.				
5. Implementation Risk	None	Medium-High	High	High
Assumptions/Background —Implementation of a new system can significantly affect day-to-day operations for an organization. Alternative 2 would affect Corporations but the effect would be less than Alternatives 3 and 4, which include the implementation of an entirely new system. Detailed implementation planning can mitigate these risks.				

6.0 Project Management Plan

Corporations recognizes that a structured approach to project management is required to ensure the successful implementation of DOCQNET. The following table provides an outline of the Project Management Plan components described in this section.

Table 58. Project Management Plan Sections

6.1	Project Manager Qualifications
6.2	Project Management Methodology
6.3	Project Organization
6.4	Project Priorities
6.5	Project Plan
6.5.1	Project Scope
6.5.2	Project Assumptions
6.5.3	Project Phasing
6.5.4	Roles and Responsibilities
6.5.5	Project Schedule
6.5.6	Project Monitoring
6.5.7	Project Quality
6.5.8	Change Management
6.5.9	Authorization Required

6.1 Project Manager Qualifications

Solution Provider Project Manager—An experienced solution vendor Project Manager is critical to the success of any project. It is the solution providers' Project Manager who is responsible to ensure that the project comes in on time, within budget and meets functional requirements. The solution provider's Project Manager reports to the Corporations' Project Manager and should have, at a minimum, the following qualifications:

- Previous successful experience managing IT projects of similar size, scope, and complexity
- Experience with similar size projects in a State/local government setting
- Completion of recognized project management training programs, including quality assurance and risk management concepts and techniques; and
- Expertise in licensing and enforcement management systems and related business environments.

Corporations' Project Manager (State Project Manager)—The State Project Manager plans, directs, and oversees the day-to-day activities of the DOCQNET program staff. The State Project Manager ensures that the project meets Corporations budget and functional requirements and manages the solution provider relationship to ensure a successful project deliverable and outcome. The State Project Manager will ensure that project management practices are being employed appropriately, responds to change requests and coordinates project activities and Corporations' resources (e.g., project and stakeholder meetings). The

Corporations Project Manager serves as the principal interface with the various DOCQNET vendors. The role of the State Project Manager will include:

- Communicate regularly with the Project Director to update on project status
- Manage risks and issues and manage problem escalation
- Contract management with vendors and consultants

The State Project Manager will report to the Project Director. The organizational role and authoritative influence of the Corporations' Project Manager within the organization will be through a matrixed management structure. Due to the lack of true managerial authority being granted to the State Project Manager, management must be done through the use of influence rather than hierarchical power. The State Project Manager should be able to think strategically and possess leadership skills to develop and guide a small project team. The State Project Manager should lead in a way that is consistent with Corporations style and methods of operation.

Project management roles and disciplines involving Contractors in the past have lacked a strong project management governance and methodology. This has not proven to be successful and is a high risk and high impact strategy if employed for this project. To ensure a successful outcome, Corporations will take a different project management approach for DOCQNET. Corporations will fill the role of the Project Manager for this project early in the initiation phase to establish a lead role on the project. The Project Manager's contract should continue on a full time basis throughout the project duration. This will ensure that the Project Manager fully understands the culture, has a clear vision of the project plan and can obtain the information necessary to ensure a successful outcome.

Corporations does not currently have a qualified candidate on staff with experience and skills necessary to manage this project. Corporations will hire a full time employee (FTE) to fill this role. In addition, the State Project Manager will be assisted by a full-time Contractor Project Manager for the duration of the DOCQNET project.

Project Director—The Project Director is responsible for the implementation of the system and for ensuring that the system meets the business requirements as approved by the Executive Steering Committee. The Project Director is responsible for ensuring that the project is implemented within the budget constraints and is accountable to the Executive Steering Committee. For any issues that **significantly** impact the project (e.g. scope change, schedule and budget changes), the Project Director is responsible for analyzing the impact to the project, make recommendations for resolution and escalate the issue to the Executive Steering Committee for decision. The Project Director is responsible for the day-to-day oversight of the project, resolution of issues, monitoring project performance and reporting to the Executive Steering Committee. Project progress against planned activities is assessed and monitored.

The Project Director works directly with the State Project Manager to ensure agreed project management practices are being employed. The Project Director will present the project status to the Executive Steering Committee and to external stakeholders according to the communications plan and as required. The Corporations CIO will fill the role of the Project Director. This role is expected to require no more than 25% of time to successfully execute.

Project Team—The Project Team will be comprised of the Project Director, the State Project Manager, a Business Process/Change Management Lead and an IT Lead. A project administrator will support this team and report directly to the Project Manager. This team will plan, direct, and oversee the day-to-day activities of project. The functions of the team leads will include (but will not be limited to) the following:

- Manage a cross-functional team
- Has the right to do everything within the boundaries of the project
- Organizes itself and its work
- Ensures that project management practices are being employed appropriately
- Respond to change requests and coordinates project activities

Business Process/Change Management Lead—The person in this role will work with the subject matter experts (SME's) of the business units to understand their system and process requirements and articulate the requirements to the Project Manager and IT Lead. The person in this role ensures that the proposed solution aligns with the business requirements of the organization. This person must be a strong leader with the capability to see the big picture. He or she must have the ability to manage the expectations of the business units with a clear understanding of the Commissioner's project objectives. This role will be full time and will be filled by an FTE reporting to the Project Manager.

Business Process/Change Management Team—The Business Process/Change Management Team will be a team of senior level Business SME's that resolve potential minor issues that might arise between different business units. This team consists of representatives from the business units who convene as needed. The time commitment for each of the team members will be 4 hours per week at the most.

Business SME's—Business SME's from all involved business units will be asked to participate in the requirements definition process, data cleansing, QA/Testing and training efforts. Business SME's will be required on an as-needed basis. Total involvement of Business SME's is estimated at approximately 3 PYs during peak times. For detailed information, refer to Economic Analysis Worksheets (EAWs).

IT Lead—The IT lead is responsible for the successful implementation and execution of the proposed solution. Responsibility includes managing the technical resources assigned to support the project. He or she will be responsible for all technical aspects of the project. This role will be full time and will be filled by an FTE reporting to the Project Manager.

The Project Team will ensure that all phases of the project are completed and ongoing support meets Corporations' requirements. A risk inherent to a small project team is project "burnout." It will be incumbent on the Project Manager and Project Director to ensure this is monitored and that a mitigation strategy is developed and enforced. Corporations has identified two staff members qualified to fill the IT and Business Lead positions.

Independent Project Oversight (IPOC)—The IPOC function will be performed by a third-party vendor. The vendor will report to the Executive Steering Committee. Through regular audits of project progress against stated objectives and deliverables the vendor will provide these reports to Corporations, Agency, and Department of Finance as required.

6.2 Project Management Methodology

The current methodology for project management at Corporations is not mature enough to manage large projects. While the goal is to align with project management methodologies consistent with the State Information Management Manual (SIMM) guidelines and the PMI Project Management Methodologies stated in the Project Management Body of Knowledge (PMBOK), this has not been a consistent practice.

As discussed in Section 4 of this FSR, Corporations should further develop their project management methodologies to employ a more consistent process to manage all projects.

Gartner recommends that Corporations develop a Project Management methodology that adheres to the following requirements:

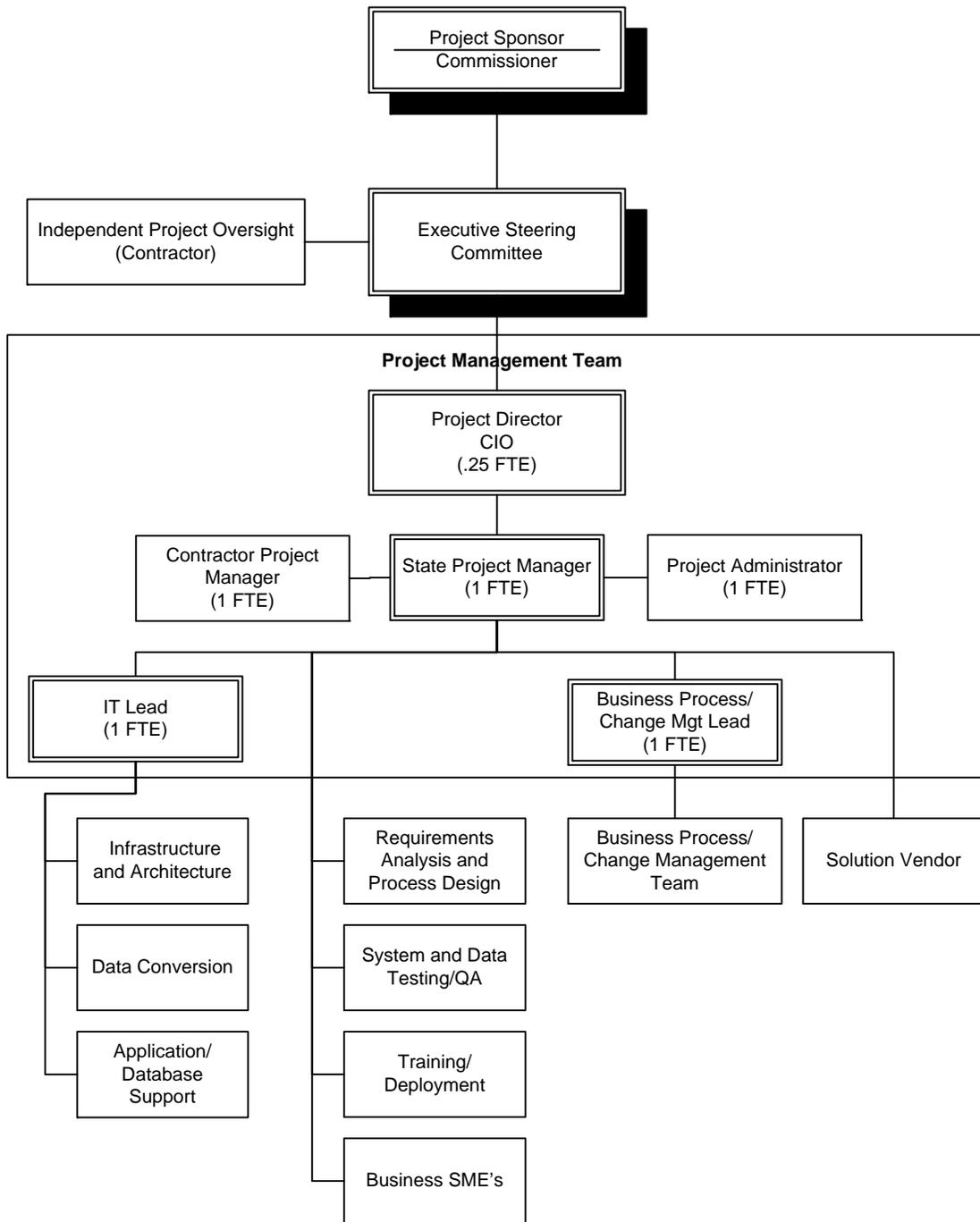
- Completion and acceptance of project charter prior to starting project work
- Development of comprehensive requirements (business and technical) prior to starting actual development
- Development and management of activities through a work breakdown structure
- Documentation of all key deliverables and associated acceptance criteria as part of contract with vendors
- Clearly defined project roles and responsibilities
- Development of a detailed project schedule, including milestones and deliverables
- Development and management of a quality assurance (QA) plan
- Development and management of a risk management plan
- Development and management of a communications plan
- Development and ongoing management of project performance (including reviews and project plan updates)
- Ongoing tracking of planned and actual progress-to-date (against project deliverables)
- Development of formal completion and acceptance criteria for project closeout

The project team will work closely with the various vendors to ensure the vendors consistently meet project schedule and deliverable expectations.

6.3 Project Organization

DOCQNET will involve various Corporations stakeholders and departments in the planning, decision-making, issue resolution, implementation, tracking, and reporting processes related to project activities. The following organization chart and supporting descriptions detail roles and responsibilities and how these stakeholders will be organized to facilitate participation and effective tracking and reporting of DOCQNET activities.

Figure 25. Project Organization



Project Sponsor—The Project Sponsor assumes project ownership, is the highest possible level of project review at Corporations and provides policy leadership and oversight as needed. The Project Sponsor reviews and resolves policy, fiscal, and resource allocation issues that cannot be resolved at lower levels. The Commissioner of Corporations is the Project Sponsor of DOCQNET.

Executive Steering Committee—The Executive Steering Committee must be comprised of Deputy Commissioner-level personnel from Corporations business units (e.g., FSD, SRD, ENF, etc.) and the currently appointed ISO. The Committee will convene regularly (defined in the

Project Plan) to provide any direction or support required to the project and to support the CIO in her role as Project Director. When required, the Committee will review and resolve project issues that are not resolved at lower levels of the organization and will provide advice and insight into project management issues. This entity is responsible for assuring that adequate resources are made available to the project team for successful completion of the project. The Executive Business Leaders comprising the Executive Steering Committee are the owners of the business units impacted by the project and as such are responsible for assuring that the business benefits of the new solution is delivered.

6.4 Project Priorities

Managing a project requires the balancing of three factors: resources, schedule, and scope. These three factors are interrelated; a change in one of them causes the others to change as well. For the Corporations DOCQNET the following priorities exist:

- *Project scope is improved*—the project scope can be adjusted to accommodate major shifts in the project priorities.
- Resources are accepted—if necessary, resources may be adjusted to accommodate the scope and schedule. Resources can be adjusted by utilizing contracting services if additional PY's are not in place.
- The project schedule is constrained—there is a defined limit to the flexibility of the project schedule. The schedule reflects the business requirements of the project.

Table 59. Project Trade-off Matrix

Scope	Resources	Schedule
Improved	Accepted	Constrained

6.5 Project Plan

6.5.1 Project Scope

The scope of the DOCQNET project includes procurement, development, testing and implementation of an integrated enterprise information system that will support Corporations program operations, allowing the program to address current problems while achieving project objectives. The Project scope also includes establishment of an organization for ongoing support of the applications.

6.5.2 Project Assumptions

The following assumptions are made in the development of this FSR:

- All vendor contracts and procurements will be accomplished within planned timelines
- Existing Corporations desktop and network infrastructure will need to be upgraded in order for the project implementation to be successful
- Technical staff and end users will receive training to support the new system
- The project will adhere to a strict schedule in which all milestones must be met
- There will be timely review and feedback on all project deliverables by reviewers

- Problem/issue resolution will be handled on a timely basis (follow a formal process with pre-determined response times)
- Proactive risk management strategies will be employed to minimize risk and ensure timely completion of the project through IPOC

6.5.3 Project Phasing

Table 60. Overview of Project Phases

Phase	Description	Deliverable
I Procurement	<ul style="list-style-type: none"> ■ Solution Vendor selection <ul style="list-style-type: none"> □ Develop system requirements □ Develop and issue RFO for procurement selection support □ Develop evaluation and selection criteria □ Issue RFP for solution vendor □ Evaluate vendor proposals □ Select procurement solution vendor □ Select solution vendor ■ Issue RFP and select project oversight vendor ■ Issue RFP and select project management support 	<ul style="list-style-type: none"> ■ Finalized requirements documents with deliverables and acceptance criteria ■ State-approved RFO/RFP for solution vendor, PM services and Procurement support services vendor, and IPOC vendor ■ Vendor evaluation model and selection criteria ■ Vendor contracts
II Project Initiation and Planning	<ul style="list-style-type: none"> ■ Develop project charter ■ Requirements analysis and validation ■ Identify key stakeholders ■ Conduct risk analysis 	<ul style="list-style-type: none"> ■ Project Charter ■ Project Requirements ■ Preliminary Project Management Plan ■ Preliminary Work breakdown structure (WBS) ■ Preliminary Risk Management Plan

Phase	Description	Deliverable
III Development	<ul style="list-style-type: none"> ■ Design and development of required business and IT functionality <ul style="list-style-type: none"> ■ Licensing/Applications ■ Compliance ■ Complaints and Enforcement ■ Design and development of required reporting and knowledge management functionality ■ Design and development of required interfaces and data integration solutions to meet future integration requirements ■ Review and improve design requirements (conduct an iterative review process) ■ Develop data conversion approach and process ■ Complete data conversion process ■ Testing and integration of a completed solution 	<ul style="list-style-type: none"> ■ Detailed Design Document ■ Detailed data model and database design ■ Data Conversion Plan ■ Detailed Test Plan with Entry and exit criteria
IV System Deployment	<ul style="list-style-type: none"> ■ Knowledge transfer and training of business super users, and technical support staff ■ Deployment of hardware and software environments ■ Deployment of solution throughout the organization ■ Final acceptance ■ Retirement of old environment ■ Project close out and transition ■ Retrospective 	<ul style="list-style-type: none"> ■ Knowledge transfer Plan ■ Systems training material for end users ■ Training plan ■ Detailed Deployment Plan ■ Detailed Production Release Plan ■ Project document archive strategy plan ■ Project Retrospective/Lessons Learned document ■ Final Acceptance document

Phase I—Procurement

The scope of Phase I includes procurement activities and initial requirements definition. Corporations will acquire the services of a procurement support vendor to provide assistance in the development of the requirements and RFP as well as ongoing selection assistance. This phase will include a traditional procurement process to select a vendor that will be responsible for implementation of all the functionality. This phase will include procurement of a project validation, and oversight vendor (IPOC), and a project manager. The procurement process will be initiated with the solicitation and selection of a procurement assistance contractor to establish the procurement documents (RFP) for the proposed solution and coordinate the procurement effort with DGS. Once this vendor is selected, the procurement assistance contractor can initiate the requirements gathering and RFP development process. The Project Director, Project Team and Business SMEs will be required to assist the procurement assistance contractor. Upon completion of the RFP, the document will be issued to the vendor community. After the RFP has been released, the vendor selection process will take a maximum of nine months to complete. For each RFP issued, proposals will be reviewed and scored in

accordance with defined evaluation criteria. Corporations will select the vendors that best meet the RFP requirements for each effort and provide the “best value” to the State.

In addition to the selection of a solution vendor, Corporations will procure the services of an external project manager as well as an IPOC vendor. The selection of the vendors should be prioritized in the following order of selection:

1. Solution Vendor
2. Project Manager
3. IPOC vendor

Once the solution vendor is selected, the development of the various project planning documents and a baseline project schedule begins. Corporations’ staff will provide input and review for these efforts. This phase cannot begin until funding for the project has been approved.

Phase II—Project Initiation and Planning

The DOCQNET initiation and planning process will be executed with a focused effort to document and formalize a Project Charter, DOCQNET project plans, determine scope and a complete set of requirements, estimate a detailed project schedule and identify project resources and key milestones as needed to meet the proposed solutions approach.

Phase III—Development

Requirements Analysis

Using the requirements developed in the procurement process as a starting point, the selected vendor will work with Corporations project management team to analyze and validate the detailed requirements that will drive the overall design and configuration of the new system and new business processes. Staff from each functional area will participate in the requirements sessions to ensure that all functional needs are addressed and included in the system and process design.

Process and Solution Design

Based on the requirements developed in the previous step, the solution design for COTS Licensing, Application, Compliance, Complaints and Enforcement and Case Management software will be architected by the vendor in collaboration with the Corporations project team.

Business process analysis will be an integral part of this step. The intent is to take advantage of the inherent workflow and best practices within the selected COTS system in order to improve the current manner in which Corporations operates. By following this course, the level of customization required for the system can be minimized, thus saving time and money. The use cases detailed in Section 3 will be used to assist the solution vendor in obtaining a level of understanding necessary to develop processes and procedures so that system modifications and re-engineering of business processes can be performed in tandem to bring operational efficiencies for the department.

Development and Configuration

To the extent possible, the majority of the development and configuration of the COTS software will be performed on site at Corporations to ensure that knowledge transfer to Corporations staff takes place and to help foster communication within the project team.

Data Conversion

Planning, design, development, executing and completion of data conversion will be a time-intensive activity. Corporations will need to determine how much history and which data elements will be converted to the new system to accommodate organizational, policy and daily business operations. A plan for how to access data not converted (e.g., paper, ancillary system) also will be defined. Development of a comprehensive database schema, normalization of the data, conversion and migration to a new RDBMS will be required. Corporations can initiate a project to begin the data cleanup and conversion process immediately.

The solution vendor will be responsible for data conversion in accordance with conversion requirements established in the RFP. Database administrators, Corporations business staff, and potentially representatives from the State's Department of Technology Services (DTS) will also be involved in this effort as required.

Phase IV—Deployment

The installation, configuration and deployment of hardware and software components will be conducted during this step. Separate environments will be deployed to support the various development, training and production activities.

Testing

Testing of the new Corporations system in both the development and production environments will begin at Corporations Sacramento location and will include unit, system/integration, load and performance testing, and any other testing procedures recommended by the solution vendor and the project oversight team. It should be noted that maintenance of the existing Corporations systems would also be required until cutover to the new system. Development of comprehensive test scripts, tracking and reporting of test results, and error resolution procedures are examples of the deliverables that the selected solution vendor will be required to produce.

System Deployment

Once the system glitches have been addressed and Corporations executives, management and staff are comfortable with the performance of the new system, it will be deployed. The project schedule for deployment will be determined by the solution vendor in concert with State project management team staff. Corporations anticipates that the DOCQNET system will be deployed in phases by functionality to one Corporations business unit at a time. Corporations anticipates further to deploy first the Licensing/Registration to FSD, then to SRD. Compliance, Complaints and Enforcement will be deployed immediately following Licensing/Registration deployment to ensure a seamless transition and a realization of all the business benefits, both quantitative and qualitative. Once the system is deployed throughout the organization, the new system will become "live" and will be used by all staff for daily business. The incumbent systems will be effectively "shut off" and the new application will be the system of record. Upon successful completion of this stage, Corporations will formally acknowledge acceptance and completion of the project.

Training

Training of the IT staff will occur throughout the project and will require a time commitment by the future system administrators of the new solution. Business unit representatives from the existing Corporations Program and IT staff will be trained on administration of the system to provide a bridge between the business staff and IT. IT staff will also be trained on the functionality and technical architecture of the new system so that they can be adequately prepared to support an integrated COTS application. End-user training will be performed using training resources from the vendor and Corporations, with the vendor responsible for development of the training materials and the overall success of the training effort. Training will not only include using the new system but will also incorporate new processes and procedures.

Project Closure and Retrospective

After formal acceptance, the solution vendor will provide a project closure document (Project Retrospective). The document will include lessons learned. At this time all project related documents must be transitioned to Corporations from the vendor.

6.5.4 Roles and Responsibilities

This section defines the roles and responsibilities of the key State participants in the DOCQNET, as identified in the project organization described earlier. These roles and responsibilities will be refined within the Project Charter during the beginning stages of the implementation project to ensure they are understood and accepted by all involved.

- Project Sponsor
 - Assumes project ownership, is the highest possible level of project review at Corporations and provides policy leadership and oversight as needed
 - Reviews and resolves policy, fiscal, and resource allocation issues that cannot be resolved at lower levels
- Executive Steering Committee
 - Comprised of senior members from Corporations executive units (e.g., Deputy level)
 - Responsible for oversight of the project
 - Reviews and resolves project issues not resolved at lower levels and provides advice and insight into project management issues
 - Responsible for assuring that adequate resources are made available to the project team for successful completion of the project
- Project Oversight Consultant

The Project Oversight Consultant will report directly to the Executive Steering Committee (and also to Department of Finance) and provide the following functions:

- Reviews project planning deliverables to ensure they are sufficient and meet applicable project standards;
- Reviews ongoing project processes and activities;
- Identifies project risks and monitors the project risk management process;
- Develops Independent Project Oversight Reports and delivers them to Corporations, and the Department of Finance;

- Offers suggestions for problem and issue resolution
- **Project Director**
 - Responsible for overall success of the project and accountable to the Executive Steering Committee for project outcomes
 - Facilitates resolution of all issues and monitors and optimizes resource allocations
 - Approves changes to requirements, scope, and risk and monitors actual project progress against the planned activity schedules
 - Works directly with Project Manager to ensure agreed project management practices are being employed for project success
 - Reports project status to executive-level and external stakeholders
- **State Project Manager**
 - Plans, directs, and oversees the day-to-day activities of State IT and project team
 - Serves as the principal interface with the various DOCQNET vendors
 - Ensures that project management practices are being employed appropriately
 - Acts as principal point of contact for resolution of issues
 - Responds to change requests and coordinates project activities
 - Coordinates Project Management team meetings, ensuring all appropriate parties attend and are kept apprised of day-to-day activities
 - Communicates project status
 - Manages risks and issues and problem escalation
 - Manages Vendor relations and contract management
- **Project Management Team**
 - Carries out day-to-day activities across all technical and program phases of the project
 - Conducts or directly manages daily activity such as requirements definition, environmental setup, quality assurance, testing, training, deployment, and other activities
 - Assists with various procurement tasks such as defining requirements (technical and/or functional), providing input and reviewing procurement documents, and evaluating DOCQNET vendor proposal responses
 - Ensures that the implemented components meet the requirements defined within the vendors contracts through system and acceptance testing activities
 - Plans, develops and delivers training to technical staff and end users
 - After deployment, supports the solution on an ongoing basis with the goal of ensuring the proper functioning and management of each component
- **Project Team**

The Project Team, which includes solution vendor personnel as well as Corporations program and IT staff will be responsible for carrying out day-to-day activities across all steps of the project, including:

- Conducts or directly manages daily activity such as requirements validation, process design, data conversion, environmental setup, quality assurance, testing, training, deployment, and other activities;
- Assists with various procurement tasks such as defining technical and functional requirements, providing input and reviewing the RFP, and assessing solution vendor proposal responses and demonstrations;
- Ensures that all required functionality is included in the solution by lending business, process and technical knowledge to the solution vendor;
- Ensures that the completed solution meets the functional and technical requirements defined within the contract through extensive requirements validation, process design, and system acceptance testing activities;
- Addresses change management concerns and oversees the technical development and system deployment of the new solution;
- Plans, develops and delivers training to technical staff and end users; and
- After deployment, supports the solution on an ongoing basis with the goal of ensuring the proper functioning of the new solution.

6.5.5 Project Schedule

The following MS Project Schedule excerpts show proposed project schedule by the four phases. At this early stage of the effort, start and end dates are very broad. The Corporations Project Manager will develop a detailed component-by-component workplan and schedule to stage the DOCQNET appropriate to priorities, available resources and other constraints. This project reflects the engagement of a contractor to assist Corporations develop project procurement services beginning in January 2009. This resource will stay on the project through Phase I. The Project Manager will join the project in July 2009 and will fully engage in establishing the WBS and other require project initiation processes.

Figure 26. Project Schedule

ID	Task Name	Duration	Start	Finish
1	Department of Corporations Project Plan	738 days	Tue 9/1/09	Thu 6/28/12
2	Issue RFO for project procurement support	30 days	Tue 9/1/09	Mon 10/12/09
3	Select project procurement support contractor	10 days	Mon 9/28/09	Fri 10/9/09
4	Establish Project Team/Begin Project Procurement Assistance	50 days	Fri 1/1/10	Thu 3/11/10
5	Phase I Procurement	239 days	Mon 2/1/10	Thu 12/30/10
6	Develop RFP	105 days	Mon 2/1/10	Fri 6/25/10
7	Finalize Functional, Technical, Implementation and Support Requirements	60 days	Mon 2/1/10	Fri 4/23/10
8	Develop Solution Vendor RFP	45 days	Mon 4/26/10	Fri 6/25/10
9	Develop Project Manager RFP	45 days	Mon 4/26/10	Fri 6/25/10
10	Develop Project Support RFP	45 days	Mon 4/26/10	Fri 6/25/10
11	Internal Review of RFPs	15 days	Mon 6/28/10	Fri 7/16/10
12	Department Review	15 days	Mon 6/28/10	Fri 7/16/10
13	Corporations Review	15 days	Mon 6/28/10	Fri 7/16/10
14	Issue RFP, Review Responses, Vendor Selection	119 days	Fri 7/16/10	Thu 12/30/10
15	COTS Solution Vendor RFP	0 days	Fri 7/16/10	Fri 7/16/10
16	Project Support RFP	0 days	Fri 7/16/10	Fri 7/16/10
17	Project Manager RFP	0 days	Fri 7/16/10	Fri 7/16/10
18	Vendor develops draft proposals	30 days	Mon 7/19/10	Fri 8/27/10
19	Review draft proposals/Confidentals/Demos	15 days	Mon 8/30/10	Fri 9/17/10
20	Vendor develops and submits final proposal	7 days	Mon 9/20/10	Tue 9/28/10
21	Review and Score final proposal/open costs	7 days	Wed 9/29/10	Thu 10/7/10
22	Select Solution Vendor/issue intent to award	0 days	Thu 10/7/10	Thu 10/7/10
23	Develop contracts/obtain agency approvals	60 days	Fri 10/8/10	Thu 12/30/10
24	Phase II - Project Initiation and Planning	60 days	Thu 10/7/10	Thu 12/30/10
25	Select State Project Manager	0 days	Thu 10/7/10	Thu 10/7/10
26	Select Oversight Contractor Support Vendor	0 days	Thu 12/30/10	Thu 12/30/10
27	Select IV&V Contract Support Vendor	0 days	Thu 12/30/10	Thu 12/30/10
28	Develop Project Charter and Scope	15 days	Fri 10/8/10	Thu 10/28/10
29	Requirements Analysis and Validation	15 days	Fri 10/29/10	Thu 11/18/10
30	Risk Analysis Review	15 days	Fri 10/29/10	Thu 11/18/10
31	Phase III - Development	375 days	Thu 7/1/10	Wed 12/7/11
32	Design reporting and knowledge management functionality	60 days	Fri 12/31/10	Thu 3/24/11
33	Design interface and data integration solutions	60 days	Fri 12/31/10	Thu 3/24/11
34	Process and Solution Design	60 days	Fri 12/31/10	Thu 3/24/11
35	Development and Configuration	60 days	Fri 12/31/10	Thu 3/24/11
36	Data Conversion	375 days	Thu 7/1/10	Wed 12/7/11
37	Implementation	240 days	Fri 3/25/11	Thu 2/23/12
38	Phase IV - Deployment	90 days	Fri 2/24/12	Thu 6/28/12
39	Training	50 days	Fri 2/24/12	Thu 5/3/12
40	UAT Testing	45 days	Fri 2/24/12	Thu 4/26/12
41	Retirement of old system	30 days	Fri 4/27/12	Thu 6/7/12
42	Deployment and Final Acceptance	15 days	Fri 6/8/12	Thu 6/28/12

6.5.6 Project Monitoring

Project status will be tracked and reported on an ongoing basis. Regularly scheduled status meetings including the Project Manager and project team members will be held to discuss project progress, issues/issue resolution and next steps. The Project Director will advise Corporations business leaders on a regular basis to discuss project progress, changes and open issues. The following standard reporting mechanisms will be used:

- Status reports
- Issues lists
- Risk management updates

Corporations will undertake both a “top-down” and “bottom-up” approach to project quality. The Project Sponsor and Project Director will provide “Top-down” project oversight while the Project Manager will provide “Bottom-up” project oversight.

In addition, a Project Information Toolbox (PIT) will be developed as a single location to store, organize, track, control and disseminate all information and items produced by, and delivered to, the project. The PIT will include a file structure with defined access and permissions. It will also include an interface, such as a Web page, where individuals can obtain project information, the latest documentation, and input issues or comments to the project team. Some beginnings of this structure are currently in place (e.g., intranet sites, file structures) and additional PIT functionality can be developed when necessary for proper project control and communications

6.5.7 Project Quality

In order to ensure that the project meets identified business and technical objectives and requirements, Corporations will develop a Quality Assurance/Risk Management Plan based on the State’s Project Management Methodology. The plan will have the following elements:

- Detailed deliverables by Phase and associated acceptance criteria
- Measurable objectives and functional requirements
- Acceptance testing plan
- Regularly scheduled audits/reviews of key tasks
- Identification of quality assurance responsibilities

6.5.8 Change Management

The DOCQNET Project Manager will jointly develop a change control plan and process and use the Project Director for the review and acceptance/rejection of change requests. For any decisions that cannot be made by the Project Director, the Project Sponsor will be used.

In the change control plan, change requests will be:

- Drafted by the Project Team
- Reviewed and edited by the Project Manager
- Approved by the Project Director with direction from the Project Sponsor if necessary
- Implemented by the Project Team

6.5.9 Authorization Required

In accordance with the reporting criteria in the Statewide Information Management Manual (SIMM), this project is reportable to the Department of Finance (DOF). The project requires an FSR in accordance with SIMM, Volume II, and Guideline 5.0. Upon Corporations approval of the FSR, the Department will submit a copy of the FSR project summary package to DOF. Any significant changes of 10% (+/-) to the cost, schedule or benefits of the original FSR estimate will be handled and approved in accordance with SIMM guidelines. A Special Project Report (SPR) will be submitted to DOF as appropriate and in accordance with SIMM guidelines. No other special authorizations are required.

7.0 Risk Management

To manage and reduce the risk of the Project, Corporations has developed the following Risk Management Plan. The Plan is based on SIMM guidelines and includes the components listed in the table below.

Table 61. Risk Management Plan Sub-Sections

7.1 Risk Management Approach
7.1.1 Responsible Parties
7.1.2 Risk Management Process
7.2 Risk Management Worksheet
7.2.1 Risk Assessment
7.2.2 Risk Identification
7.2.3 Risk Analysis and Quantification
7.2.4 Risk Prioritization
7.2.5 Risk Response
7.2.6 Risk Avoidance
7.2.7 Risk Acceptance
7.2.8 Risk Mitigation
7.2.9 Risk Sharing
7.3 Risk Response and Control
7.3.1 Risk Tracking
7.3.2 Risk Control

7.1 Risk Management Approach

The methodology of the Risk Management Plan is consistent with the State of California's Project Management Methodology and the Department of Finance (DOF) Information Technology Project Oversight Framework. The following sub-sections detail the parties who will be responsible for risk management and the process they will follow.

7.1.1 Responsible Parties

Corporations realizes that risk management is a dynamic process that occurs throughout the project life cycle. Therefore, several parties will be responsible for developing and implementing the Risk Management Plan. The Project Manager will be responsible for managing the risk management process and reporting to the Project Director. The specific roles of various parties are described below.

- **Executive Steering Committee**—the Executive Steering Committee will ensure that all project goals and objectives are being met, and will resolve escalated issues as they arise. The Committee will be responsible for providing the Project Team with resources (time, staff or funding) necessary to help avoid or mitigate risks as needed.
- **Project Director**—the Project Director will have overall responsibility for the implementation of the project. The Project Director will approve the Risk Management Plan and will work with the Project Manager to develop the process for tracking and managing issues and risk factors. The Project Director will also be responsible for

elevating and communicating risks to the Project Sponsor when appropriate, consistent with this plan.

- **State Project Manager**—the State Project Manager will be responsible for working with the Project Director and Project Team members to identify risks. The State Project Manager will be responsible for the development of the project Risk Management Plan. Additional responsibilities will include monitoring project risks, developing mitigation measures and contingency plans, and implementing those contingency plans when necessary.
- **Project Team**—all members of the Project Team will be involved in identifying potential risks and working with the Project Manager to carry out mitigation actions and/or contingency plans.

7.1.2 Risk Management Process

The Corporations risk management process includes further development of this Risk Management Plan in accordance with the State’s Project Management Methodology. The Project Manager will submit a baseline Risk Management Plan to Project Director within 30 days of project initiation. This plan will be used on an ongoing basis to identify risks, quantify the potential impact of each identified risk, present mitigation plans for each identified risk, and enact appropriate risk responses. Mitigation measures and contingency plans will be developed and implemented as high-priority risks are identified and monitored. Project reserves (i.e., time, personnel, funding) will be allocated at the discretion of the Project Director and/or Executive Steering Committee as appropriate.

7.2 Risk Management Worksheet

Table 62. Completed Risk Management Worksheet

Risk Category/ Event	Probability	Assumptions	Preventive Measures	Contingency Measures
Project Management Risks				
Staffing				
Inadequacy of staff allocated to the project—includes business and IT resources.	High —.80	It will be a challenge to obtain the necessary resources to staff the project due to other business responsibilities.	Provide dedicated project resources to ensure focused efforts needed to execute a successful outcome. Bring in resources and plan to back fill staff to support the project as necessary.	Adjust the schedule.
Low project management proficiency or expertise among the current IT or business staff.	High —.80	There are currently no staff resources with project management accreditation or equal experience to fill the role of Project Manager on the Project Management Team.	Hire or contract with a skilled Project Manager. Skills should include a PMP accreditation from the Project Management Institute (PMI) or other professional accreditation, and demonstrated project management experience.	Request additional funding and/or delay start date of the project to allow training of a current staff member.
Schedule				

Risk Category/ Event	Probability	Assumptions	Preventive Measures	Contingency Measures
Legislative changes during the project.	Medium — .50	There is a risk that legislative changes will be made to the program during any phase of the project.	Monitor proposed legislative changes and analyze their associated costs, benefits and impacts relative to their impact on the system. Utilize a flexible system architecture that enables changes in business processes to be reflected in the system quickly through the adaptation of workflows and user defined fields.	Follow change management procedures. Modify business processes as mandated.
Authority and knowledge level of "sitting" members of the Executive Steering committee.	High —.80	The members of the current Executive Steering committee are not at a level in the organization to have a holistic view of the business and are not empowered to make critical decisions relating to the project.	Establish an Executive Steering committee consisting of Deputy Commissioner levels of management from across the organization.	Adjust the schedule. Increase the level of involvement of the Project Director from 50% to 75%.
Corporations Information Security Officer (ISO) project involvement.	High —.80	Oversight responsibility at the department level for ensuring the integrity and security related project issues must be vested in the department ISO.	The ISO must be installed and active on the Executive Steering committee.	Increase risk contingency funding to the project budget. Adjust schedule.
Business units acting individually and resist participating in the project.	High —.80	Large numbers of program staff will be impacted by the new system and should be involved in the design, analysis, implementation, and testing phases. It may be difficult to coordinate the involvement of these stakeholders.	The Project Team will be comprised of representatives from each program area within Corporations. An Executive Steering Committee will be established with business and IT leadership. A communication plan will be developed and implemented.	Sequence deployment to those units' best equipped for immediate implementation. Adjust schedule as necessary.
Financial Risks				
Cost				
Revenue reductions to fund the project.	High —.80	The revenue to fund the project will be reduced due to the reduction of license applications.	Re-allocate and adjust rate fees to align with current rates. Improve the examination schedule to meet the one year audit requirement which would increase the number of exams performed.	Eliminate and/or delay selective project requirements.

Risk Category/ Event	Probability	Assumptions	Preventive Measures	Contingency Measures
State under-estimates project costs.	Medium — .50	The cost of the project could be underestimated based on the fact that FSR project estimates are based on assumptions, past experience, and vendor RFI responses that do not reflect detailed vendor costing that is performed during a competitive RFP process.	Develop conservative cost estimates that take into consideration the complexity and risks associated with this project and the potential for cost changes. Take into consideration projected staffing levels when preparing cost estimates. Require fixed-cost bids from vendors where possible.	Eliminate or delay selected project requirements. Request additional funding.
Vendor under-estimating project costs.	Medium — .50	The cost of the project could be underestimated based on the fact that vendor estimates are based on assumptions that are made before entering the actual environment. A selected vendor may issue change order requests to recover these underestimated costs.	As part of the vendor selection process, Corporations will ensure the proposed solution is robust enough to handle requirements and future changes easily. Corporation’s staff will be prepared to take on additional work as necessary to contain project costs. Ensure Corporations IT staff has the required training to take on additional workload as necessary.	Request additional funding. Add additional Corporations resources to help take on portions of project work to reduce vendor costs where possible (e.g., configuration of system).
Projected benefits will be recognized.	Medium — .50	The system will deliver benefits as described in the business case.	Identify Managers responsible for delivering business benefit; develop baseline benefits metrics prior to go-live. After go-live, track benefits for four years	None.
Technology Risks				
Technical				
Technical skills of the current IT staff.	High — .80	Limitations of available staff and/or outside resources with the technical skills required to support the latest technical platforms and practices are not available in the current IT staff pool at Corporations.	Provide training and formally conduct knowledge transfer sessions during all project phases. Acquire or redirect technical expertise to keep legacy applications current. Support of the legacy systems would include providing a level of support necessary to ensure systems are stable and continue to function as designed.	Ensure there are backfill and training opportunities.

Risk Category/ Event	Probability	Assumptions	Preventive Measures	Contingency Measures
Inadequate infrastructure to support the new solution.	Medium — .50	Technical limitations include inadequate bandwidth; technology design limitations are inflexible and not robust enough to handle future state solutions.	Execute on the planned IT infrastructure upgrades currently planned. Implementing Statewide “Optiman” network solution from DTS.	Request additional funding to acquire and/or improve the infrastructure.
State technology mandates impact projects in flight.	Low —.20	Consolidation efforts and other service offerings from DTS could be considered as a solution alternative to the project.	Use industry standard technology infrastructures and flexible solutions to accommodate change in State requirements.	Follow change management procedures.
Data ownership sharing and synchronization.	High —.80	Data conversion will be a problem due to the variations in data interpretation for existing systems. Current systems have been developed for programmatic areas only vs. an enterprise view.	Facilitate a consensus-based resolution of this issue with the data conversion team. Build a common data dictionary. Develop a data use matrix. Create a data ownership agreement. Implement a data conversion scheme.	Adjust schedule as necessary.
Application and reuse of FileNet in new architecture.	High —.80	FileNet will be included in the proposed solution.	Confirm vendor capabilities to integrate FileNet/Cal EASI into the proposed solution. Conduct demos and ensure vendor can confirm capabilities and approach.	Request additional funding and adjust schedule to allow for manual synchronization of data. Or Replace Filenet
Data quality and purification.	High —.80	Data conversion will be a problem due to the quality of data residing in existing systems.	Data cleansing processes will be initiated prior to vendor selection/arrival. Institute a formal data quality assurance and improvement process. Create meaningful metrics for measuring data quality, including criteria for acceptance of the data prior to system implementation. Actively assess and improve data quality up to system implementation and thereafter. Develop a plan to access old data that is not converted to the new system.	Adjust schedule as necessary. Adjust the budget as necessary to support manual data entry if needed.
Operational Risk				
Internal				

Risk Category/ Event	Probability	Assumptions	Preventive Measures	Contingency Measures
Geographic distribution of the Project Team and stakeholders.	Low —.20	The core Project Team will be in Los Angeles and the IT management will be in Sacramento.	Team leads have been selected based on historical demonstration of their leadership skills in a distributed environment. Technology enhancements and video conferencing features are planned and will be available by project development startup. An adequate travel budget has been estimated to support the project and will be included in the project forecasts and funding request.	Build costs for travel into the project budget.
Inadequate facilities to accommodate project staff.	High —.80	Limited space (rooms for vendor support staff, Project Team, and conference rooms, etc.)	Corporations is implementing a project to redesign and upgrade the facilities. This effort will be completed by project startup.	Compress the current work space.
Corporations staff is resistant to change and new ways of doing their job.	High —.80	Some managers and staff may be resistant to the design, development, testing and implementation of the new system as it will affect how they work in the future (e.g., it will require staff to share and update information in a new manner). These individuals may not participate in the project and/or may try to circumvent the new system.	Involve potentially resistant staff in the design, implementation and testing of the new system. Survey staff to obtain input and acquire continuous improvement data to assess project risk. Educate staff on the benefits of the new system. Design and implement a change management and communication plan. This plan will include use of product demonstrations throughout the project life cycle to introduce the new technology and functional capabilities to managers and staff. Develop clear systems and procedures for the new working environment.	Conduct additional end user training. Adjust project goals and objectives regarding system use.

7.2.1 Risk Assessment

The risk management worksheet was completed to assess the risks involved in the implementation of the proposed solution. Four broad risk areas were examined, including project management risk, financial risk, technology risk, and change management/operational risk. A preliminary assessment of the primary risk areas is outlined in the following table.

Table 63. Primary Risk Areas for the DOCQNET Project

Risk Area	Risk Level
Project Management Risk	High
Financial Risk	Medium
Technology Risk	High
Operational Risk	Medium

- Project Management Risk is high due to staffing and schedule risks and that should be monitored to ensure the project maintains solid project sponsorship, remains on schedule and on budget, and is supported effectively by skilled Corporations resources.
- Financial Risk is medium due to the complexity of the project from a program perspective and the resulting difficulty in estimating an accurate budget.
- Technology Risk is high since the proposed solution is a COTS solution that must fit within existing Corporations program and Corporations/DTS data center architecture requirements. Data conversion and data synchronization effort is expected to be extensive and lengthy.
- Change Management/Operational Risk is medium due to significant cultural change that will be required to make the implementation a success. Business units that are currently operating very independently today will be asked to work more closely together in the future and use similar terms and processes in support of common business processes such as permitting, inspections, case management, and accounting.

7.2.2 Risk Identification

Risks for the IT Infrastructure project were identified through the use of project management and team brainstorming and historical information. The following risk areas were identified:

- | | |
|-----------------------------------|---|
| ■ Project Management Risk | ■ Technology Risks |
| <input type="checkbox"/> Staffing | <input type="checkbox"/> Technical |
| <input type="checkbox"/> Schedule | <input type="checkbox"/> Conversion/Migration |
| ■ Financial Risks | ■ Change Management/Operational Risk |
| <input type="checkbox"/> Cost | <input type="checkbox"/> Internal |

As new risks are identified during the life of the project, they will be fit into these categories or new categories as appropriate. The Project Manager will meet with the Project Team regularly to review new risk assessments as well as ongoing risk efforts to:

- Evaluate and determine the risk exposure and severity
- Identify appropriate action to avoid or mitigate the risk
- When appropriate, elevate the risk assessment and response to the Project Director or Project Sponsor

7.2.3 Risk Analysis and Quantification

Project risks will be tracked and analyzed on an ongoing basis, and discussed as part of regular project management meetings. Risks will be analyzed based on the type of risk, probability of the risk occurring, impact of the risk, the ability to mitigate the risk and the potential effect of the risk.

7.2.4 Risk Prioritization

Based on the risk analysis, each risk has been prioritized and ranked. Those risks with high priority will receive the most attention from the Project Team. Low priority risks will be monitored on an as-needed basis. Based on the risk analysis and quantification completed to date, the following preliminary high and medium risks have been identified in priority order:

■ High Risks

- Project Management Risk—proficiency in Project Management disciplines and skills does not exist in an existing and current staff resource.
- Project Management Risk—level of authority on Executive Steering committee does not have decision level authority or influence to affect the project to meet current goals.
- Project Management Risk—ISO is not a member of the Executive Steering committee.
- Technical Risk—the skilled resources available on the current IT staff lack relevant experience needed to execute the project.
- Project Management Risk—the business structure and current culture will continue to drive autonomous decisions resulting in perpetuation of the siloed technical environment.
- Project Management Risk—obtaining resources that can represent the business and technical areas to provide the insight and tribal knowledge to the project team.
- Technical Risks—the current technical environment cannot handle future state requirements.
- Technical Risks—the data ownership, synchronization and conversion process lack a tactical, and executable plan.
- Technical Risks—Decisions involving use of current applications will impact the cost and schedule of the project.
- Operational Risk—the facilities changes currently in flight will impact the logical arrangements of the Project Team by limiting the available working space.
- Operational Risk—historical patterns suggest that change management will be difficult to achieve based on the organization’s culturally-defined processes currently in place.
- Financial Risk—the impact of a reduction in the number of licenses will impact Corporations capital budget resulting in a reduction in the project scope.

■ Medium Risks

- Financial Risk—the State may under-estimate the costs of the project.
- Financial Risk—vendors may under-estimate the costs of the project.
- Financial Risk—the benefits of the project, as described in the business case, will not be recognized.
- Project Management Risks—changes introduced by the Legislature may impact any phase of the project.
- Technical Risk—current infrastructure limits the potential benefits of the proposed solution.

7.2.5 Risk Response

As the project proceeds and risk events occur, appropriate risk response actions will be implemented. Preventative and contingency measures have been identified for each risk in the risk management worksheet.

Project risk management will be ensured by the project manager and team using standard project control procedures, including the risk management and escalation procedures defined in the Department of Finance's Information Technology Project Oversight Framework.

7.2.6 Risk Avoidance

The implementation of the Corporations Project solution involves inherent risks in terms of new technology implementation, system interoperability and employee acceptance. Many of these risks will be avoided as Corporations develops a best practice design, a detailed project plan and work breakdown structure (WBS) and communication plan.

7.2.7 Risk Acceptance

Corporations accepts the risks identified in the risk management worksheet.

7.2.8 Risk Mitigation

Preventive measures will be taken in each of the risk areas to mitigate the chances of risk occurrence. These measures are identified in the risk management worksheet. As new risks are identified throughout the project life cycle, appropriate preventive measures will be developed. Key risk-mitigation strategies include implementing COTS software solutions, using pilots and other phasing of functionality and contracting for project management and project oversight support.

7.2.9 Risk Sharing

Efforts to share risks will be set in place by contracting with a reputable and competent integration vendor to develop and implement the solution. Service-level agreements and other contractual stipulations (e.g., 10% payment hold-back process) will be established to share the risk of the project as much as is appropriate.

7.3 Risk Response and Control

The Corporations risk response and control process includes further development of this risk management plan in accordance with State and industry-standard methodologies. This plan will be used on an ongoing basis to identify risks, quantify the potential impact of each identified risk, present mitigation plans for each identified risk and enact appropriate risk responses. Mitigation measures and contingency plans will be developed and implemented as high-priority risks are identified and monitored. To ensure that project risks are monitored and responded to effectively, the Project Team will use a variety of methods to track and control potential risks. A description of these methods is outlined below.

7.3.1 Risk Tracking

As stated above, the State Project Manager will be required to complete a full Risk Assessment and Risk Management Plan as one of the initial deliverables. The Plan shall include a system for tracking identified risks through all phases of the project.

The risk tracking system will include a tool that:

- Assigns a unique number to each risk
- Tracks the assigned ratings, as well as efforts to mitigate the risk
- Provides the capability to review and report on risks to the rest of the Project Team

The Project Management Team will meet regularly to review ongoing efforts to mitigate risk, as well as to assess any new risks identified.

7.3.2 Risk Control

Risk control is necessary to help prevent failure on a project. The Project Team will ensure the Risk Management Plan is executed so that it can respond to risk events before they become serious problems. As risk events occur, the Project Team will implement the appropriate contingency plans to ensure the success of the project. The Risk Management Plan will be updated as anticipated risk events occur or are surpassed, and as actual risk events are evaluated and resolved.

8.0 Economic Analysis Worksheets

The Economic Analysis Worksheets included in this section provide a comparative analysis of the costs associated with the two alternatives for implementation of a new Corporations DOCQNET solution.

The instructions for the Economic Analysis Worksheets require full analysis of only those alternatives that “satisfactorily meet the objectives and functional requirements.” Neither the existing system (status quo) nor enhancing the existing system or building a system will fully meet these requirements. As identified in the Proposed Solution, only one alternative meets the requirements:

- Implement a commercial off the shelf (COTS) solution

Selected summary worksheets and associated assumptions are provided in the following pages.

8.1 Existing System Cost Worksheet

8.1.1 Existing System Cost Assumptions

The following existing costs have been estimated:

EXISTING SYSTEM/BASELINE COST WORKSHEET

Department: Corporations
Project: DOCQNET

	FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
Continuing Information										
Technology Costs										
Staff (salaries, benefits and OE&E)	15.0	\$1,941,457	15.0	\$1,941,457	15.0	\$1,941,457	15.0	\$1,941,457	60.0	\$7,765,828
Hardware Lease/Maintenance		\$175,000		\$175,000		\$175,000		\$175,000		\$700,000
Software Licenses		\$480,588		\$544,914		\$495,005		\$528,145		\$2,048,651
Contract Services		\$523,823		\$417,723		\$417,723		\$417,723		\$1,776,992
Data Center Services and Network		\$130,000		\$130,000		\$130,000		\$130,000		\$520,000
Other		\$0		\$0		\$0		\$0		\$0
Total IT Costs	15.0	\$3,250,868	15.0	\$3,209,094	15.0	\$3,159,184	15.0	\$3,192,324	60.0	\$12,811,470
Continuing Program Costs:										
Staff (fully loaded)	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	1,220.0	\$147,202,377
Total Program Costs	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	1,220.0	\$147,202,377
TOTAL EXISTING SYSTEM COSTS	320.0	\$40,051,462	320.0	\$40,009,688	320.0	\$39,959,779	320.0	\$39,992,919	1,280.0	\$160,013,847

The following assumptions have been made:

- \$130,000 in Data Center network costs to support existing systems will remain constant.
- Continuing Program Costs for fiscal year 2008/09 total \$38,742,051 for 320 positions. This cost includes the following:
 - \$20,757,374 for department salaries and wages.
 - \$7,129,668 in benefits (34% of base salary)
 - \$10,855,009 in OE&E costs (26% of base salary)

8.1.2 Proposed Alternative Cost Worksheet—Implement COTS Solution

PROPOSED ALTERNATIVE: Implement COTS Solution

Department: Corporations
Project: DOCQNET

	FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		TOTAL	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
One-Time IT Project Costs										
Staff (Salaries & Benefits)	3.1	\$392,200	9.8	\$1,169,600	10.3	\$1,217,600	0.0	\$0	23.1	\$2,779,400
Hardware Purchase		\$0		\$40,000		\$0		\$0		\$40,000
Software Purchase/License		\$0		\$1,200,000		\$0		\$0		\$1,200,000
Contract Services										
Software Customization		\$0		\$540,000		\$2,237,000		\$0		\$2,777,000
Project Oversight		\$56,250		\$75,000		\$75,000		\$0		\$206,250
Project Management		\$75,000		\$100,000		\$100,000		\$0		\$275,000
Other Contract Services		\$227,500		\$89,000		\$0		\$0		\$316,500
TOTAL Contract Services		\$358,750		\$804,000		\$2,412,000		\$0		\$3,574,750
Data Center Services		\$0		\$26,392		\$0		\$0		\$26,392
Agency Facilities		\$0		\$0		\$0		\$0		\$0
Other Project Costs		\$0		\$50,400		\$46,800		\$0		\$97,200
Total One-time IT Costs	3.1	\$750,950	9.8	\$3,290,392	10.3	\$3,676,400	0.0	\$0	23.1	\$7,717,742
Continuing IT Project Costs										
Staff (Salaries & Benefits)		\$0		\$0		\$0	4.5	\$540,000	4.5	\$540,000
Hardware Lease/Maintenance		\$0		\$0		\$10,000		\$10,000		\$20,000
Software Maintenance/Licenses		\$0		\$0		\$240,000		\$240,000		\$480,000
Contract Services		\$0		\$0		\$0		\$0		\$0
Data Center Services		\$0		\$109,568		\$328,704		\$328,704		\$766,976
Other		\$0		\$0		\$0		\$30,000		\$30,000
Total Continuing IT Costs	0.0	\$0	0.0	\$109,568	0.0	\$578,704	4.5	\$1,148,704	4.5	\$1,836,976
Total Project Costs	3.1	\$750,950	9.8	\$3,399,960	10.3	\$4,255,104	4.5	\$1,148,704	27.6	\$8,803,768
Continuing Existing Costs										
Information Technology Staff	15.0	\$1,941,457	15.0	\$1,941,457	15.0	\$1,941,457	10.5	\$1,401,457	55.5	\$7,225,828
Hardware Maintenance		\$175,000		\$175,000		\$175,000		\$165,000		\$690,000
Software Licenses		\$480,588		\$544,914		\$495,005		\$495,269		\$2,015,775
Contract Services		\$523,823		\$417,723		\$417,723		\$417,723		\$1,776,992
Data Center Services		\$130,000		\$130,000		\$130,000		\$130,000		\$520,000
Other		\$0		\$0		\$0		\$0		\$0
Total Continuing Existing IT Costs	15.0	\$3,250,868	15.0	\$3,209,094	15.0	\$3,159,184	10.5	\$2,609,448	55.5	\$8,977,726
Program Staff (fully loaded)	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	281.3	\$35,010,649	1,196.3	\$108,611,838
Total Continuing Existing Program Costs	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	281.3	\$35,010,649	1,196.3	\$108,611,838
Total Continuing Existing Costs	320.0	\$40,051,462	320.0	\$40,009,688	320.0	\$39,959,779	291.8	\$37,620,098	1,251.8	\$117,589,564
TOTAL ALTERNATIVE COSTS	323.1	\$40,802,412	329.8	\$43,409,648	330.3	\$44,214,883	296.3	\$38,768,802	1279.4	\$126,393,332
Cost Savings - Existing System		(750,950)		(3,399,960)		(4,255,104)		1,224,117		(6,430,947)

8.1.3 Proposed Alternative Cost Assumptions

The following one-time IT project costs for a COTS solution have been estimated:

- The COTS solution project costs are based on a 24 months implementation phase
- Corporations will redirect IT and program resources to the DOCQNET project as follows:
 - 1.5 IT PY's and 0.75 program PY during the 12-month procurement timeframe.
 - 6.25 IT PY's (6 new) and 2.25 program PY's during the first year of system development and deployment.
 - 6.25 IT PY's (6 new) and 3.0 program PY's during the second year of system development and deployment.
- Per the bullets above, Corporations will either backfill existing positions or hire new IT staff to support the implementation of the new system.
- Hardware costs will be as follows:
 - \$20,000 for two servers deployed at Corporations for the development environment
 - \$20,000 for two servers deployed at Corporations for the testing environment
- The one-time Software Purchase/License costs will be as follows:

- \$1,200,000 for 350 named licenses for the COTS case licensing, case management and enforcement system.
- The one-time contract services cost for a solution vendor includes business requirements definition, process and solution design, database design, COTS system configuration, limited customization of COTS design and build, interface development, data conversion, testing (unit, system/integration, and acceptance), training, and project management services. One-time contract services for the solution vendor are as follows:
 - \$2,777,000 for solution vendor services to implement a COTS solution
 - Costs have been estimated across the two fiscal years based on when the specific development task would likely take place.
- The one-time Independent Project Oversight Consultant (IPOC) cost for the COTS solution project is estimated to be \$206,250 beginning during procurement.
- The Contractor Project Manager cost is estimated at \$275,000 for the entire DOCQNET project period
- Other contract services include the following:
 - A cost of \$262,500 will be incurred during FY 09/10 and FY 10/11 for procurement assistance
 - \$54,000 for fees to cover 600 hours of DGS support of the DOCQNET procurement (8 hours per week for 75 weeks).
- One-time data center services costs include:
 - \$46,392 for set up of Pre-production/Training and Production environment at the datacenter.
 - \$3,600 for 40 hours of DTS staff support (e.g., RFP and vendor proposal review) of the DOCQNET procurement effort.
- Other one-time costs include the following:
 - \$50,400 for travel expenses for the project team costs during the project implementation phase.
 - \$76,800 for training costs which covers travel for trainers.

The total one-time cost for the procurement, purchase, design, configuration, and implementation of the proposed solution is \$7,717,742.

The following Continuing Costs for a COTS solution have been estimated:

- IT Staff costs are 4.5 PY's for DOCQNET system maintenance functions including help desk support, application maintenance, database administration, management reporting, system administration and other activities. 3.5 IT PY's will shift from one-time project activities, while 1 PY will need to be hired.
- Continuing hardware costs of \$10,000 covers an annual 25% of hardware costs to cover a four-year DOCQNET testing/training hardware refresh cycle.
- Maintenance costs of \$240,000 per year taken from analysis of Request for Information vendor responses, and prior experience of vendor pricing. This amount covers a standard 20% of one-time license costs for maintenance, support, upgrade, etc. of a

COTS solution of similar scope (functionality, user base). It is assumed that ongoing annual maintenance costs for a software product will begin immediately after the start of the Phase in which the software license is purchased.

- Continuing Data Center costs are \$328,704 annually to cover Pre-production/Training and Production environment hardware and DTS operations/services costs.

Total ongoing annual cost for COTS DOCQNET operations is \$1,148,704, including \$540,000 of redirected staff resources.

One revenue source that will help off-set the new system's maintenance costs are the cost savings associated with decommissioning the existing systems, and realizing benefits in the business programs. These cost savings will start after implementation of the full DOCQNET solution in FY 11/12 and are composed as shown below:

- \$540,000 annually from redirection of 4.5 PYs that perform current system support
- \$10,000 annually from redirection of hardware savings from current system
- \$32,876 annually from software savings from decommissioning the existing systems
- \$1,789,945 annually from program benefits realized by the new system

8.1.4 Project Funding Plan Worksheet

Funding Support Worksheet - Funding Sources

Department: Corporations
Project: DOCQNET

	Procurement/ Implementation	Implementation	Implementation/ Maintenance	Maintenance
Implementation Costs	\$ 750,950	\$ 3,290,392	\$ 3,676,400	\$ -
Redirection of Existing Resources	\$ -	\$ -	\$ -	\$ -
Redirection of Existing System Costs	\$ -	\$ -	\$ -	\$ -
Re-allocation of Special Fund Reserves	\$ 750,950	\$ 3,290,392	\$ 3,676,400	-
Maintenance Costs	\$ -	\$ 109,568	\$ 578,704	\$ 1,148,704
Redirection of Existing IT Resources	\$ -	\$ -	\$ -	\$ 540,000
Redirection of Existing Program Resources	\$ -	\$ -	\$ 10,000	\$ 1,789,945
Redirection of Existing System Costs	\$ -	\$ -	\$ 240,000	\$ 42,876
Re-allocation of Special Fund Reserves	\$ -	\$ 109,568	\$ 328,704	
Cost Savings				\$ 1,224,117
Total Funds	\$ 750,950	\$ 3,399,960	\$ 4,255,104	\$ 2,372,821
Total Project Costs	\$ 750,950	\$ 3,399,960	\$ 4,255,104	\$ 1,148,704

8.1.5 Economic Analysis Summary Worksheet

ECONOMIC ANALYSIS SUMMARY

FY 2009/10		FY 2010/11		FY 2011/12		FY 2012/13		TOTAL	
PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts
15.0	\$1,941,457	15.0	\$1,941,457	15.0	\$1,941,457	15.0	\$1,941,457	60.0	\$5,824,371
305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	305.0	\$36,800,594	1,220.0	\$147,202,377
320.0	\$40,051,462	320.0	\$40,009,688	320.0	\$39,959,779	320.0	\$39,992,919	1,280.0	\$160,013,847

3.1	\$750,950	9.8	\$3,399,960	10.3	\$4,255,104	4.5	\$1,148,704	27.6	\$8,803,768
320.0	\$40,051,462	320.0	\$40,009,688	320.0	\$39,959,779	291.8	\$37,620,098	1,251.8	\$117,589,564
323.1	\$40,802,412	329.8	\$43,409,648	330.3	\$44,214,883	296.3	\$38,768,802	1,279.4	\$126,393,332
(3.1)	(\$750,950)	(9.8)	(\$3,399,960)	(10.3)	(\$4,255,104)	23.7	\$1,224,117	0.6	\$33,620,515

**Any questions regarding this report
should be addressed to:**

Magnus Karlsson
Gartner, Inc.
Telephone: +1-619-742-9999
Facsimile: +1-866-630-9110
E-mail: magnus.karlsson@gartner.com



■ ■ ■ ■ A Report for
**State of California, Department of
Corporations**

DEPARTMENT OF
CORPORATIONS

State of California • Business, Transportation and Housing Agency

**Appendix 1—Use Cases and Future State
Requirements**

Version 2

20 May 2008

Engagement: 222025041

Table of Contents

1.0 Introduction.....	1
1.1 Financial Services Division.....	1
1.2 Securities Regulation Division.....	1
1.3 Enforcement Division.....	2
2.0 Use Cases Future State Requirements.....	4
2.1 Licensing and Applications.....	6
2.2 Compliance.....	27
2.3 Complaints and Enforcement.....	48

1.0 Introduction

This document contains the Use Cases and Future State Requirements for Corporations' new licensing and case management system Department of Corporations Quality Network (DOCQNET).

The Use Cases are grouped around the functional components of the systems and address the needs of Corporations' three operational Businesses SRD, FSD and Enforcement.

The following sections provide an overview of the three business divisions.

1.1 Financial Services Division

The Financial Services Division (FSD) is one of three operational divisions under the California Corporations Commissioner. FSD is headed by an Assistant Commissioner and is responsible for the regulation of five separate laws.

The laws under FSD's responsibility are:

- California Deferred Deposit Transaction Law
- California Finance Lenders Law
- California Residential Mortgage Lending Act
- Check Sellers, Bill Payers and Proraters Law
- Escrow Law

1.2 Securities Regulation Division

The Securities Regulation Division (SRD) is one of three operational divisions under the California Corporations Commissioner. SRD is headed by a Deputy Commissioner and is responsible for the (1) qualification of the offer and sale of securities (2) the licensing and regulation of broker-dealers, broker-dealer agents and investment advisers (3) qualification of outstanding securities for secondary market transactions that are not traded on an exempt exchange or marketplace and; (4) the offer and sale of franchises under the Franchise Investment Law.

- The SRD is divided into to distinct units:
 - Broker-Dealer/Investments Advisers (BD/IA)
 - Qualifications and Registrations (Q&R)

1.2.1 SRD Broker-Dealer/Investments Advisers (BD/IA)

SRD BD/IA is responsible for the licensing, regulation and examination of persons subject to licensing under these laws, such as broker-dealers and investment advisers.

1.2.2 SRD Qualifications and Registrations (Q&R)

SRD Q&R examines and analyzes various types of filings, primarily: (1) applications for qualification of offer and sale of securities; notices of exemption; consents to transfer legended securities, and the approval of repurchase offers pursuant to the Corporate Securities Law of

1968 and; (2) applications for the registration of the offer and sale of franchises pursuant to the Franchise Investment Law.

1.2.2.1 Franchise Investment Law (FIL) Filing

California under the Franchise Investment Law requires Franchisors to register their franchise disclosure document before they offer to sell or actually sell franchises in California. The disclosure document must comply with the California Franchise Guidelines, which incorporate the FDD (Franchise Disclosure Document) format required by the FTC (Federal Trade Commission).

CalEASI (California Electronic Access to Securities Information) and franchise information allows prospective Franchisees to search for and retrieve disclosure documents. This database is the only one of its kind nationwide and is recognized by the franchise community as being a significant public service that protects Franchisees. Thus, timely public access to the Franchisor's effective registration and subsequent amendments is critical.

For each application or exemption notice (otherwise known as a package) that is filed, CalEASI has both a public and confidential portion for each package. The confidential portion captures the internal memo that each staff counsel creates for each application, Sales Agent Disclosure forms that have Agent's personal information (date of birth, social security numbers, etc.), Customer Authorization Form and other documents deemed confidential. The confidential section of CalEASI allows authorized Users within the Department to review the work product of staff counsel and quickly get up to speed on a Filer's history. It provides continuity for filings from year to year.

SRD Q&R is required under Rule 250.51 to process its applications within certain periods of time for both FIL & CSL filings, in addition to meeting other deadlines imposed by Law. CalEASI does not capture and report on the processing times of each application. As a result of and in conjunction with the BSA audit, staff counsel must fill out Performance Metric forms for each file to capture the information so the lead counsel can compile this information monthly and quarterly in a report to Agency.

1.2.2.2 Corporate Securities Law (CSL) Filing

The Corporate Securities Law of 1968 is also referred to as California Blue Sky Laws. An issuer of securities must consider the applicability of or jurisdiction of California securities law and federal law as administered by the SEC (Securities Exchange Commission). Federal law requires certain kinds of disclosure but California law requires a determination that the offering is fair, just and equitable. So it is a merit based review.

Before an entity or person offers to sell or actually sells securities in California it must either have an exemption or filed an application for qualification and received the authority to sell in California. The burden on proving the exemption is on the Filer who claims it. The Department typically issues authority to sell securities for only 12 months.

1.3 Enforcement Division

The Enforcement Division (ENF) is one of three operational divisions under the California Corporations Commissioner. ENF is headed by a Deputy Commissioner and is responsible for enforcing the laws under the Investment and Lender-Fiduciary Programs administered by Corporations. These laws include the Corporate Securities Law of 1968, Franchise Investment Law, California Commodity Law of 1990, Capital Access Company Law, Deferred Deposit

Transaction Law, Bucket Shop Law, Escrow Law, California Finance Lenders Law, and the California Residential Mortgage Lending Act.

Enforcement actions may include: (1) administrative orders to stop violations of the laws, to deny, censure, suspend, revoke or take possession of Licensees, and to censure, suspend or bar individuals from participating in a regulated industry; and (2) civil injunctive actions in the name of the People of the State of California to enjoin violations of the laws, to appoint receivers over companies, and to obtain equitable remedies including rescission, restitution and penalties against the violators.

2.0 Use Cases Future State Requirements

In order to comprehensively and accurately capture user requirements, this FSR employs use cases as a tool to define business requirements for Corporations. As Gartner research states, “Use cases detailing specific scenarios—such as managing exceptions and incidents, or facilitating interactions—can give planners an insight into how a technology would work if implemented with a specific function in mind. This focus on the practical impact of new technology on the working lives of Users can be invaluable in helping bridge the gap between their needs and technological investments. By thinking through the implications, planners can refine their assessment of the requirements, identify the most appropriate technology and determine what work needs to be done to implement it.”¹

The objective of use cases is to provide an overview of the system functionality from a User’s perspective. The purpose of this high-level use case view is not to provide a particular design but rather to illustrate “*what* the system is expected to do, not *how*.” Specifically, these use cases are intended to:

- Provide a sufficient understanding of scope and complexity to allow accurate cost estimates
- Provide the Users with a common language to articulate their understanding of the system capabilities
- Allow Users to discuss what the system needs to do without being constrained by a particular design

While use cases are used as a tool to articulate the requirements, Corporations does not intend to specify how the actual solution will be designed around these use cases. Corporations anticipates that the selected solution provider will develop formal use case requirements and design documents through extensive discussion with end users and other staff of Corporations.

Each use case contains the following:

- Actor—Primary individual interacting with the system for the purposes of the use case
- Purpose and Objectives—A summary of the purpose of the use case
- Trigger Events—An action or event that initiates the use case
- Precondition—Items that must be completed prior to the execution of the use case
- Post condition—Expected state upon completion of the use case
- Use Case Flow—The detailed user interaction with the system during the course of the use case

The future state requirements are organized around a set of use cases that describe from a user point of view what the system is expected to do. The use cases by design are at a high level to give the vendor an overview of what the system needs to do to support the business processes and needs of Corporations. They are not intended to describe a detailed design. Following each use case is a list of requirements that the vendor needs to acknowledge. The use case information is used to confirm the business case and to identify vendors and products that can support Corporations business needs.

¹ Source: Gartner Research: Drakos and Burton, “Devise Use Cases Before Selecting Collaboration Software,” 2005

Table 1. Overview of Use Cases

Licensing and Applications
File Application—FSD
File Application or Exemption—SRD Q&R
Capture Ancillary Documentation
Process Application and Issue License—FSD
Process Application and Act on Requested Authority—SRD Q&R
Process Application, Amendments and Renewals—SRD BD/IA
Review Application Status Online
Compliance
Schedule and Record Examination—FSD
Schedule and Record Examination—SRD BD/IA
File Annual Report—FSD
File for FIL Renewal—SRD Q&R
File Amendments and Notices—SRD Q&R
File Semi Annual Report and Financial Statements—SRD Q&R
File Annual and Other Reports—SRD BD/IA
Complaints and Enforcement
File Complaint Online
Process Inquiry
Investigate Complaint—FSD
Review Complaint—SRD Q&R
Investigate Complaint—SRD BD/IA
Investigate Enforcement Case

2.1 Licensing and Applications

2.1.1 File Application—FSD

Actor

License Applicant

(or, if application is submitted via paper, the information is entered by Corporations staff)

Purpose and Objectives

The system will provide Applicants with the capability to file applications online. This will improve the services to the Applicants, improve turn-around time, reduce the need for manual entry by Corporations staff which in turn will reduce manual errors as well as the amount of paper used in the process.

The Corporations envisions a system with a highly user friendly interface that will guide the Applicants through the process using easy navigation, drop down menus, etc. Corporations also envision a system that has rules to check each entry/data field for correct data formats and immediately prompt and warn the User of input that does not conform to standards. In addition, certain fields such as zip codes, tax id, addresses etc., will also be checked for accuracy by validating with internal/external sources.

Corporations further envisions a system that prompts the Applicant for missing information and required exhibits.

Upon completion of the filing process, the system will automatically compute required fees and prompt the Applicant to pay using various methods including:

- E-check
- PayPal
- Credit Card

Upon submitting the payment, all data on the application form will be stored in Corporations system.

Note: the system should allow the Applicants to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original documents with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporation is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Applicants to submit paper copies—the system should allow bar-coded cover pages to be printed out so that when the paper copy arrives to Corporations, it can be scanned and entered and linked to the applications with a high degree of certainty in an automated fashion.

This use case assists the Applicant with the capability to file a license application with Corporations online and submit it through a Web portal.

Trigger Events

A person or business wants to apply for a license with Corporations

Precondition

None

Post condition

The license application is complete and has been submitted to Corporations for processing

Use Case Flow

1. The Applicant goes to the Corporations Web site and selects the “Apply for New License” option.
2. The system shall prompt the Applicant to sign in with user credentials.
 - a. If the Applicant does not yet have user credentials, the system shall prompt the Applicant to complete a user registration process. The system shall prompt for and capture user demographics.
3. The Applicant selects the type of license and the system shall guide the Applicant step by step through the application process.
 - a. Application forms (see Corporations Web site for details) at a minimum include the following information:
 - i. Company name
 - ii. DBA
 - iii. Type of entity
 - iv. Address of entity
 - v. If individual, profile information on individual
 - vi. If partnership, profile information on partnership
 - vii. If corporations, profile information on corporation
 - viii. Date of incorporation
 - b. Required exhibits (vary by license type)
4. The system shall indicate missing information in mandatory data fields and validate address information.
 - a. If the date of incorporation is missing, the system shall indicate the websites where the date can be found.
 - b. Optionally, the system should have the ability to verify the date of incorporation with other Secretary of State agencies for out of state entities.
5. The system shall prompt the Applicant for all additional exhibits and provide information on how to submit (e-fax, mail, e-mail/pdf).

6. Upon entering all the information necessary for the application, the system shall display the application form to the Applicant for review.
7. The Applicant will confirm the information and the system shall prompt the Applicant to pay the required fee.
 - a. If applicable, the system shall also prompt the Applicant for submitting fingerprint and Livescan payments. The system must be able to calculate the fees due based on the number of people in the application as well as the location of the entity.
8. The system shall guide the Applicant through the payment process (credit card or electronic check).
9. Upon successful completion of the payment process, the system shall assign a file number and prompt the Applicant to electronically sign and submit the application to the Corporations for processing.
10. The system shall store all the information submitted in the application and enter a queue of pending applications at the Corporations.
11. If physical paper copies of documents are needed, the system shall generate a bar coded printable coversheet for all future correspondence with Corporations. The system shall instruct the Applicant to print the cover sheet.
12. The Applicant will mail the required documents with the coversheet to Corporations, where the receipt will be acknowledged and the documents scanned into the system (see Capture Ancillary Documentation Use Case)

Associations to other use cases

Capture Ancillary Documentation

Alternative Flow

If the payment is unsuccessful, the system shall save the application information and allow the Applicant to return at a later time.

If supporting documentation is not received within a specified time frame, the system shall send a reminder notice/deficiency letters to the Applicant.

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of this Use Case.
The system shall allow the Applicant to track the status of an application online.
The system shall provide the capability for the Applicant to register with Department of Corporations and open a user account.
The system shall provide the capability for automatic password reset.
The system shall support online applications for all license types supported by Department of Corporations.
The system shall allow the Applicant to leave the application process at any given time and save the data entered by the Applicant.
The system shall indicate missing information in mandatory data fields.
The system shall have the capability to verify address and zip code information (e.g. through integration with USPS).
The system shall have the capability to route an application to a group or an individual based on business rules.
The system shall have the capability to charge additional fees for exhibits, changes to the licenses etc., based on regulations and policies.
The system shall have the ability to track application history and generate reports (abandoned, denied, withdrawn, approved, etc.).
The system shall track missing information and due dates.
The system shall track elapsed time from application submission and have the capability to generate reminders to the Applicant to submit missing information.
The system shall have the capability to allow a Corporations staff member to enter an application on behalf of an Applicant. If entered by a Corporations staff member, the system shall track date, effort and person entering the information.
The system shall have the capability to allow the back office staff to scan paper applications and supplemental documents and link to the application.
The system shall allow the User to verify the date of incorporation with other Secretary of State agencies for out of state entities.

2.1.2 File Application or Exemption—SRD-Q&R

Actor

Filer for CSL Qualification or FIL Registration or CSL or FIL Exemption Notice

(or, if application is submitted via paper, the information is entered by Corporations staff)

Purpose and Objectives

The system will provide Filers with the capability to file applications and notices online. This will (1) improve compliance and turn-around time (2) reduce the need for scanning and manual entry by Corporations staff (3) reduce manual errors and; (4) reduce or eliminate the use of paper in the process.

The Department of Corporations envisions a system with a highly user friendly interface that will guide the Filers through the process using easy navigation, drop down menus, etc. Corporations also envisions a system that has rules to check each entry/data field for correct data formats and immediately prompt and warn the User of input that does not conform to standards. In addition, certain fields such as zip codes, date of formation, addresses etc., will also be checked for correctness by validating with internal/external sources.

Corporations is further envisioning a system that prompts the Applicant for missing information and required exhibits.

Upon completing the filing, the system will automatically compute required fees and prompt the Applicant to pay using various methods including:

- E-check
- PayPal
- Credit Card

Upon submitting the payment, all data on the application form will be stored in the Corporations system.

Note: the system should allow the Applicants to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original document with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporation is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Applicants to submit paper copies—the system should allow bar-coded cover pages to be printed out so that when the paper copy arrives to Corporations, it can be scanned and entered and linked to the applications with a high degree of certainty in an automated fashion.

This use case assists the Filer to file an application with Corporations online and submit it through a Web portal.

Trigger Events

A person or business wants to submit an application for qualification or registration with Corporations under the Corporate Securities Law (CSL) or the Franchise Investment Law (FIL).

A person or business wants to file an exemption notice so that they do not have to file an application for qualification or registration.

Precondition

None

Post condition

The application or notice package is complete and has been submitted to Corporations for processing.

Use Case Flow

1. The Applicant (includes Notice Filer) goes to the Corporations Web site and selects the “Apply for New CSL or FIL Authority” or “CSL Exemptions” or “FIL Exemptions” option.
2. The system shall prompt the Applicant to sign in with user credentials.
 - a. If the Applicant does not yet have user credentials, the system shall prompt the Applicant to complete a user registration process. The system shall prompt for and capture user demographics.
3. The Applicant selects the type of application and the system shall guide the Applicant step by step through the application process.
 - a. Application forms (see Corporations Web site for details) at a minimum include the following information (info required on the facing page):
 - i. Applicant name
 - ii. Type of entity
 - iii. Primary business address of entity
 - iv. Department’s File Number (for those who previously filed with the Department, if known)
 - v. Filing Date
 - vi. Other information as required on the facing page
 - b. Required exhibits (vary by application type) and are extensive in both CSL & FIL.
4. The system shall indicate missing information in mandatory data fields and validate address information.
5. The system shall prompt the Applicant for all additional exhibits and provide information on how to submit (e-fax, mail, e-mail/pdf).
6. Upon entering all the information necessary for the application, the system shall display the application form to the Applicant for review.
7. The Applicant will confirm the information and the system shall prompt the Applicant to pay the required fee.

- a. The system must be able to calculate the fees due based on the type of filing and/or total value of securities proposed to be sold in CA.
8. The system shall guide the Applicant through the payment process (credit card or electronic check).
9. Upon successful completion of the payment process, the system shall assign a file number (unless the company has a previously existing file number) and prompt the Applicant to electronically sign and submit the application to Corporations for processing.
10. The system shall store all the information submitted in the application and enter a queue of pending applications at Corporations.
11. If physical paper copies of documents are needed, the system shall generate a bar coded printable coversheet for all future correspondence with Corporations. The system shall instruct the Applicant to print the cover sheet.
12. The Applicant will mail the required documents with the coversheet to Corporations, where the receipt will be acknowledged in the system and the documents scanned into the system (see Capture Ancillary Documentation Use Case)

Associations to other use cases

Capture Ancillary Documentation

Alternative Flow

If the payment is unsuccessful, the system shall save the application information and allow the Applicant to return at a later time.

If supporting documentation is not received within a specified time frame, the system shall send a reminder notice/deficiency letters to the Applicant.

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of this Use Case.
The system shall allow the Applicant to track the status of an application online.
The system shall provide the capability for the Applicant to register with Department of Corporations and open a user account.
The system shall provide the capability for automatic password reset.
The system shall support online applications for all application types supported by Department of Corporations.
The system shall allow the Applicant to leave the application process at any given time and save the data entered by the Applicant.
The system shall have role-based security to ensure sensitive material stays protected.
The system shall indicate missing information in mandatory data fields.
The system shall have the capability to verify address and zip code information (e.g. through integration with USPS).
The system shall have the capability to route an application to a group or an individual based on business rules.
The system shall have the capability to record Standard Industry Classification.
The system shall have the capability to charge additional fees for amendments to the requested authority, increased authority sought, etc. based on rules and regulations.
The system shall have the ability to track application history and generate reports (abandoned, denied, withdrawn, approved, etc.).
The system shall track missing information and due dates.
The new system shall capture the time the application is filed with Corporations.
The system shall track elapsed time from application submission and date of comment letters and have the capability to generate reminders (comment letters) to the Applicant to submit missing information.
The system shall have the capability to allow back office staff to scan paper applications and supplemental documents and link to the application.
The system shall allow the User to verify the date of incorporation/formation with Secretary of State agencies for out of state entities.

2.1.3 Capture Ancillary Documentation

Actor

Back Office Staff

Purpose and Objectives

This Use Case assists Back Office Staff to capture ancillary documentation received from applicants, complainants or other stakeholder in the system and link the documents to a case (e.g. application, exemption notice or complaint).

Corporations receives ancillary documents related to applications, annual filings and complaints. SRD Q&R also receives FIL and CSL applications, exemption notices and complaints and other filings submitted as hard copies. These documents will be captured and entered in the system by Back Office Staff or Staff Counsel. These documents may also be scanned and linked to a case in the system.

Trigger Events

Ancillary documents have been received by Back Office Staff

Precondition

A case, license or application exists in the system

A CSL or FIL application or exemption notice exists in the system

The submitted document has a unique identifier or bar-coded cover page that links the document to the CSL or FIL application or exemption notice.

Post condition

Ancillary documents have been captured and linked to a case

Use Case Flow

1. Back Office Staff brings up the document capture screen and searches for the application. He or she then enters information (i.e. type of document) prior to scanning the document. Alternatively, if the document is bar coded, the Back Office Staff scans the bar code on the cover page of the submitted documentation and the system will bring up the case.
2. Back Office Staff scans the documents and the system will link the scanned files to the case.
3. The system will update the case with the information that the documents have been received, indicating date and time of the receipt.
4. The system will then route a notification to an Examiner, reviewing Staff Attorney or processing staff that additional information has been received.
5. Upon receiving a notification, the Examiner/Attorney/processing staff will bring up the case and review the documents for completeness.

6. The Examiner/Attorney/Processing staff will classify the document (using drop-down menu items or similar) and/or determine actions.
 - a. If document is incomplete, the system should have the capability to generate either form letters or allow Staff Counsel to craft their own comment letter to request additional Information
7. The system will record status, store all communication and maintain triggers for notifying staff counsel of time periods that exist for the filings or notice exemptions as defined in the code and regulations and allow staff counsel to communicate or take further action(s).

Associations to other use cases

none

Alternative Flow

For documents that do not have a bar coded cover page, Back Office Staff will scan the documents and indicate the type of document (e.g. application, notice exemption or complaint). The system will then route the documents to the appropriate business units for opening a case or manually linking the document to an existing case.

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of this Use Case.
The system shall have the capability for staff to enter information received from applicants, exemption notice filers or complainants and link the information to the applicant, exemption notice or complaint.
The system shall have the ability to scan documents and link to a license, applicant, exemption notice or complaint.
The system must have drop down menus and list to record action and status of received information.
The system shall have a configurable workflow to allow routing of information to the appropriate person for approval or processing.
The system shall have the capability to track all outgoing correspondence including tracking numbers.

2.1.4 Process Application and Issue License—FSD

Actor

License Processor

Purpose and Objectives

This Use Case assists the License Processor to process a license application, conduct all due diligence activities and issue a license.

Upon submission of a license application online (or entered by Corporations staff), the system stores the application data and associated exhibits in the database. The system at this time starts a workflow that routes the application based on rules (route by law and status of the application) to the business unit responsible for processing the application.

The system shall track the status and the various deadlines associated with the application and provides the staff the capability to report and see the status of all applications including:

- Age of applications
- Outstanding and missing information to be provided by the Applicant
- Actions to be taken

The system will provide the flexibility to allow supervisors and staff to assign application to staff in different ways based on the need of the business.

When logging into the system, the License Processor can see all applications assigned to him/her. The License Processor must have the capability to sort and display the list of applications in the working queue based on various rules such as:

- First in first out
- By importance based on due dates

The License Processor will select and an application from the queue and the system should display the history of the application, upcoming milestones, status, missing data and action required based on various check lists.

The system will guide the License Processor through the various steps of the due diligence process (e.g. fingerprint verification, background check, enforcement check, etc.). Upon completion of the process, the license application may be routed to supervisors or higher authority for approval. Once approved, the system will print out the license; notify the Licensee and post the license and Licensee information on the Corporations Web site.

Trigger Events

A hard copy license application (including payment) has been submitted by an Applicant and entered in the system by Corporations staff.

An online license application has been (including payment) has been submitted by an Applicant and all additional documentation, if applicable, has been entered in the system by Corporations staff.

Precondition

The License Processor has logged in to the system.

Post condition

The license application has been processed, the license is issued (sent to the Applicant), and has been posted to Corporations Web site.

Use Case Flow

1. The License Processor brings up the queue of pending applications and selects an application from the list.
2. The system shall display the Applicant information and indicate if this Applicant has a history of complaints or enforcement cases.
 - a. If there is a history, the License Processor brings up the case and reviews the complaint/enforcement case to determine if this might preclude the Applicant's eligibility for a license.
3. The License Processor reviews the application and indicates that all the requirements have been met.
4. If additional information is required from the Applicant, the License Processor indicates the type of information needed by selecting actions from menus or drop down lists and the system shall generate a notification to the Applicant.
 - a. Upon receipt of the requested information, the License Processor will proceed with the review.
5. Upon completion of the review, the License Processor grants the license or alternatively, the system may route the application based on rules to a supervisor for final review and approval.
 - a. The system shall initiate the printing of the license and notify the Applicant.
 - b. The system shall post the license on the Corporations Web site.
 - c. The system will set up triggers for future examinations, payments and similar actions so that the system can notify staff on pending action in the future.

Associations to other use cases

none

Alternative Flow

If at any time in the process the License Processor determines that a license cannot be granted, the system shall generate a notification to the Applicant

Specific Functional Requirements to this Use Case

Description
The system shall have the ability to provide the intent and functionality of the Use case.
The system shall have the ability to support processing all license types issued by Corporations (e.g., Mortgage Lender, Deferred Lender, Broker-Dealer Investment Advisor, Escrow, Franchise, Securities).
The system shall have the ability to input Applicant information including, but not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Employer/Individual <input type="checkbox"/> Location <input type="checkbox"/> License type
The system shall have the ability to receive completed applications electronically.
The system shall have the ability to store attached supporting documentation (i.e. pdf documents)
The system shall have the ability to support different application steps, workflow and data requirements based on license type and application.
The workflow and specifically the routing of the application to different staff and approval cycles must be configurable.
The system shall have the ability to route applications that have been submitted to the correct office/person based on business rules (e.g., location of site).
The system shall provide the supervisor with flexibility to assign an application to a worker, e.g., by displaying a list of all workers and applications and use of drag-and-drop or similar tools.
The system must track all actions and work. Specifically, each transaction/action must be logged by date and person performing action.
The system must have the capability to collect information on time worked on a case (allow the worker to enter time worked).
The system shall have the ability to generate licenses of various types and duration of validity.
The system shall have the ability to interface with the Corporations e-mail system.
The system shall have the ability to generate correspondence to accompany license.
The system shall support standard form letters for all communication with Applicants and other stakeholders; the system must allow form letters to be edited by staff.
All communication sent and received must be captured and stored in the system as part of the license process.

2.1.5 Process Application and Issue Requested Authority—SRD Q&R

Actor

Application Processor/Staff Counsel

Purpose and Objectives

This Use Case assists the Application Processor to process an application, conduct all due diligence, route to Staff Counsel for review and if appropriate, issue the requested authority.

Upon submission of an application online (or entered by Corporations PSS staff), the system stores the application data and associated exhibits in the database. The system at this time starts a workflow that routes the application based on rules (route by law and statutory time requirements of the application) to SRD Q&R or PSS to process the application.

The system shall track the status and the various deadlines associated with the application. And provide the staff the capability to report and see the status of all applications including:

- Age of applications
- Outstanding and missing information to be provided by the Applicant
- Actions to be taken
- Statutory time requirements of each application.

The system will provide the flexibility to allow supervisors and staff to assign applications to staff in different ways based on the business need

When logging into the system, Application Processor can see all applications assigned to him/her. The Application Processor must have the capability to sort and display the list of application in the working queue based on various rules such as:

- First in first out
- Type of filing
- By importance based on statutory time requirements

The Application Processor will select and an application from the queue and the system should display the history of the application, upcoming milestones, status, missing data and action required based on various check lists.

The system will guide the Application Processor through the various requirements of processing and reviewing the application. Upon completion of the process, the application may be routed to supervisors or higher authority for approval. Once approved, denied, withdrawn or abandoned, the system will print out the permit or order; notify the Applicant and post the permit or order and public portion of the application in CalEASI on the Corporations Web site.

Trigger Events

A hard copy application (including payment) has been submitted by an Applicant and entered in the system by Corporations staff.

An online application (including payment) has been submitted by an Applicant and all additional documentation, if applicable, has been entered in the system by Corporations staff.

Precondition

The Application Processor has logged in to the system.

Post condition

The application has been processed/reviewed and the requested authority is issued or any other final disposition such as an abandonment, withdrawal or denial (sent to the Applicant) and the public portion of the file has been posted in CalEASI on the Corporations Web site.

Use Case Flow

1. The Application Processor brings up the queue of pending applications and selects an application from the list.
2. The system shall display the Applicant information and indicate if this Applicant has a history of complaints or enforcement cases.
 - a. If there is a history, the Staff Counsel brings up the case and reviews the complaint/enforcement case to determine if this might impair the Applicant's eligibility for the requested authority.
3. The Staff Counsel reviews the application and indicates that all the requirements have been met under the applicable code and regulations.
4. If additional information is required from the Applicant, the Staff Counsel indicates the type of information needed by selecting actions from menus or drop down lists and the system shall generate a comment letter.
 - a. Upon receipt of the requested information, the Staff Counsel will proceed with the review.
5. Upon completion of the review, the Staff Counsel grants the requested authority or some other final disposition. Alternatively, the system may route the application based on rules to a supervisor for final review and approval or action.
 - a. The system shall initiate the printing of the permit or order and notify the Applicant by e-mail or regular mail (3 copies of either a permit or order and 2 transmittal letters).
 - b. The system shall post the permit or order on CalEASI along with the public portion of the application on the Corporations Web site.

Associations to other use cases

none

Alternative Flow

This use case is also triggered after a Filer has filed an amendment to reflect material changes to what was previously granted. In this case, the review process may be somewhat simplified and instead of a new authority being granted, the current authority is amended to include the additional disclosure or information. If at any time in the process the Application Processor determines that more information is required or disclosures must be added, deleted or amended then a comment letter is generated making the request. Once the amendment is approved, denied, withdrawn or abandoned the system shall generate a notification to the Applicant.

Specific Functional Requirements to this Use Case

Description
The system shall have the ability to provide the intent and functionality of the Use case.
The system shall have the ability to support processing all license or authority types issued Corporations (e.g. Mortgage Lender, Deferred Lender, Broker-Dealer Investment Advisor, Escrow, Franchise, Securities).
The system shall have the ability to input Applicant information including, but not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Name <input type="checkbox"/> Entity type <input type="checkbox"/> State of organization <input type="checkbox"/> Address <input type="checkbox"/> see Contact person for application or notice filing <input type="checkbox"/> See facing page
The system shall have the ability to receive completed applications electronically.
The system shall have the ability to store attached supporting documentation (i.e. pdf documents)
The system shall have the ability to support different application steps, workflow and data requirements based on type of filing.
The workflow and specifically the routing of the application to different staff and approval cycles must be configurable.
The system shall have the ability to route applications that have been submitted to the correct office/person based on business rules (e.g., location of site).
The system shall provide the supervisor with flexibility to assign an application to a worker, e.g., by displaying a list of all workers who work on a specific law or who are within a specific division and applications and use of drag-and-drop menus or similar tools.
The system must track all actions and work, specifically, each transaction/action must be logged by date and person performing action.
The system shall record the outcome of a review (e.g. approved, denied, abandoned, withdrawn for cause or by Applicant's request)
The system shall have the capability to report on outcome and processing time by reviewer, type of application/notice, law and office.
The system must have the capability to collect information on time worked on a case (allow the worker to enter time worked).
The system shall have the ability to generate comment letters and authority (permits or orders) of various types and duration of validity.
The system shall have the ability to interface with the Corporations e-mail system.
The system shall have the ability to generate transmittal letters with permits or orders. Two transmittal letters and three permits/orders per application.
The system shall support standard form letters for all communication with Applicants and other stakeholders; the system must allow form letters to be edited by staff.
All communication sent and received must be captured and stored in the system as part of the application process.

2.1.6 Process Application, Amendments, and Renewals—SRD BD/IA

Actor

License Processor and other BD/IA staff

Purpose and Objectives

This Use Case assists the License Processor to process a license application, conduct all due diligence activities and issue a license; assists BD/IA staff to process amendments to the application; and facilitates the annual renewal of the Licensee. This Use Case also provides for the system to integrate with the CRD/IARD.

Upon importing of the application from CRD/IARD (or entered by Corporations staff), the system stores the application data and, if applicable, associated exhibits in the database. The system shall send a notification to the Applicant to request additional documentation required for obtaining a license in California within a specified time frame. Upon receipt of the documents, the system at this time starts a workflow that routes the application based on rules (route by law and status of the application) to the business unit responsible for processing the application. If no documentation has been received within a specified time frame of the receipt of application, the system shall send an abandon notice to the Applicant.

The system shall track the status and the various deadlines associated with the application and provide the staff the capability to report and see the status of all applications including:

- Age of applications
- Outstanding and missing information to be provided by the Applicant
- Actions to be taken

The system will provide the flexibility to allow supervisors and staff to assign application to staff in different ways based on the business need.

When logging in to the system, the License Processor can see all applications assigned to him/her. The License Processor must have the capability to sort and display the list of applications in the working queue based on various rules such as:

- First in/first out
- By importance based on due dates

The License Processor will select an application from the queue and the system should display the history of the application, upcoming milestones, status, missing data and action required based on various checklists.

The system will guide the License Processor through the various steps of the due diligence process (e.g, background check, enforcement check, etc.). Upon completion of the process, the license application may be routed to supervisors or higher authority for approval. Once approved, the system will print out the license, notify the Licensee and post the license and Licensee information on the Corporations Web site. If application is denied or abandoned, the system will generate and print the order and notify the Licensee.

Upon importing changes to the application from CRD/IARD, the system will update Licensee information and notify BD/IA staff of material changes. The system will also track the review of these changes.

The system will have the capability to calculate the annual renewal payment, send e-mail reminders and generate letters, memos and orders related to the non-payment of the renewal fee. The system will also have the capability to generate the applicable management reports.

Trigger Events

A hard copy license application (including payment) has been submitted by an Applicant and entered in the system by Corporations staff.

A license application has been submitted by an Applicant and all additional applicable documentation has been entered in the system by Corporations staff, submitted/uploaded by license Applicant, or filed online by license Applicant.

Amendments to the application have been received from license Applicant/Licensee

Annual renewal fees are due

Precondition

The License Processor has logged into the system.

Post condition

The license application has been processed, the license has been issued (sent to the Applicant) and has been posted to Corporations Web site.

Amendments to the application have been processed

Renewal program has been completed

Use Case Flow

1. The License Processor brings up the queue of pending applications and selects an application from the list.
2. The system shall display the Applicant information and indicate if this Applicant has a history of complaints or enforcement cases.
 - a. If there is a history, the License Processor brings up the case and reviews the complaint/enforcement case to determine if this might preclude the Applicant's eligibility for a license.
3. The License Processor reviews the application and indicates that all the requirements have been met.
4. If additional information is required from the Applicant, the License Processor indicates the type of information needed by selecting actions from menus or drop down lists and the system shall generate a notification to the Applicant.
 - a. Upon receipt of the requested information, the License Processor will proceed with the review.
5. Upon completion of the review, the License Processor grants the license or alternatively, the system may route the application based on rules to a supervisor for final review and approval or denial.
 - a. The system shall initiate the printing of the license and notify the Applicant.
 - b. The system shall post the license on the Corporations Web site.

- c. The system will set up triggers for future examinations, payments and similar actions so that the system can notify staff on pending action in the future.

Associations to other use cases

none

Alternative Flow

If at any time in the process the License Processor determines that a license cannot be granted, the system shall generate a notification to the Applicant.

Specific Functional Requirements to this Use Case

Description
The system shall have the ability to provide the intent and functionality of the Use Case.
The system shall have the ability to support processing all license types issued by Corporations (e.g., Mortgage Lender, Deferred Lender, Broker-Dealer Investment Advisor, Escrow, Franchise, Securities).
The system shall integrate with CRD and IARD to receive new applications and amendments and update information on Licensees (e.g. name changes, address changes, change in registration status, etc.).
The system shall allow the license Applicant to submit/upload text-searchable pdf documents and link to a license Applicant or case.
The system shall allow the license Applicant to file standard documents online and link to a license Applicant or case.
The system shall allow BD/IA staff to scan paper applications and supplemental documents and link to the Licensee Applicant.
The system shall notify the Applicant of all additional documents and provide information on how to submit those documents (upload, e-fax, mail, e-mail/pdf).
The system shall have the capability to allow BD/IA staff to manually enter an application for license Applicant not filing thru CRD/IARD. If entered by BD/IA staff, the system shall track date, effort and person entering the information.
The system shall store all information in the application and enter a queue of pending applications.
The system shall have the ability to input Applicant information including, but not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Employer/Individual <input type="checkbox"/> Location <input type="checkbox"/> License type
The system shall track elapsed time from filing of the application to date of final action. The system shall have the capability to calculate permit processing time(s).
The system shall have the capability to identify deficiencies in the application (current auto deficiencies), notify the license Applicant of the deficiencies and update the license Applicant record once the deficiencies are corrected (cleared auto deficiencies).
The system shall provide various checklists (record search and Examiner) to ensure that application review is complete and has the ability to store checklists under the license Applicant record.
The system shall have the ability to store attach supporting documentation (i.e. pdf documents)
The system shall have the ability to support different application steps, workflow and data requirements based on license type and application. This includes providing a tickler system to notify Licensee processor of response due dates.
The workflow and specifically the routing of the application to different staff and approval cycles must be configurable.

Description
The system shall have the ability to route applications that have been submitted to the correct office/person based on business rules (e.g., location of site).
The system shall provide the supervisor with flexibility to assign an application to a worker, e.g. by displaying a list of all workers and applications and use of drag-and-drop or similar tools.
The system must track all actions and work, specifically, each transaction/action must be logged by date and person performing action.
The system must have the capability to collect information on time worked on a case (allow the worker to enter time worked).
The system shall have the ability to generate licenses and orders of various types and duration of validity.
The system shall have the ability to interface with the Corporations e-mail system.
The system shall have the ability to generate correspondence to accompany license.
The system shall support standard form letters for all communication (e.g. deficiency letters, undertakings, affidavits) with Applicants and other stakeholders; the system must allow form letters to be edited by staff.
All communication sent and received must be captured and stored in the system as part of the license process.
All internal correspondence must be captured and stored in the system as part of the license process. The system shall allow for confidentiality of the internal correspondence.
The system shall have the capability to calculate regulatory requirements based on documents filed (e.g. minimum financial requirements) and store that information in the license Applicant record.
The system shall notify BD/IA staff if there has been a material change to a Licensee application (e.g. name change, disciplinary actions, OSJ changes, surrenders, successions, etc.)
The system shall track the review of changes and have the capability to generate amended certificates. This includes a queue of pending actions.
The system shall capture, track and report on Problem Agent/RA applications.
The system shall have the capability to generate notices and undertakings (form letters) and link to Licensees and Problem Agent/RA.
The system shall track communications with Problem Agent/RA Applicants.
The system shall have the capability to calculate the annual renewal requirement and store the information under the Licensee record. The system shall also have the capability to integrate with CRD to enter renewal payments into the Licensee record.
The system shall have the capability to generate e-mail reminders related to the renewal process.
The system shall have the capability to generate letter, memos and orders related to the non-payment of the renewal fee.
The system shall generate all reports related to the application/notice process (applications filed, reviewed, approved, pending, aged, etc.)
The system shall generate all management statistical reports.
The system shall generate specified reports in a download format (applications, firm roster, individual roster, renewal roster, etc.)
The system shall generate all renewal reports including statistics, daily payments, all payments, not paid and renewal roster download.
The system shall have the capability to make modifications for future changes to integration with CRD/IARD. For example, if any changes to CRD/IARD download imported into system, system modifications may be needed.

2.1.7 Review Application Status Online

Actor

Applicant

Purpose and Objectives

This Use Case assists the Applicant or Filer to review the status of its application or exemption notice online.

Trigger Events

The Applicant or exemption Filer wants to review the status of an application or exemption notice.

Precondition

Application or exemption notice has been filed

Post condition

The Applicant or Filer has reviewed the status of an application or exemption notice.

Use Case Flow

1. The Applicant goes to the Corporations Web site and selects the “Application Status” or “Exemption Notice” option.
2. The system shall prompt the Applicant or exemption Filer to sign in with user credentials.
3. The system shall display all pending applications for this Applicant, indicating status of the application, as well as any exemption notices that have been filed by this Applicant.
4. The system shall display all exemption notices for a Filer, indicating status of the exemption notice.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of this Use Case.
The system shall allow Applicant or exemption Filer to track the status of an application or exemption notice online.

2.2 Compliance

2.2.1 Schedule and Record Examination—FSD

Actor

Examiner

Purpose and Objectives

The law requires periodic examinations of Licensees to ensure that they are in compliance with their licensing requirements. Corporations Examiners conduct these exams on a rotational basis. In addition, Corporations also conducts special examinations if there is reason to believe that a Licensee has fallen out of compliance.

Examinations are conducted in the field and scheduled in advance (except for some special examinations). The system will guide the Examiner through the process and ensure that all necessary information is captured.

At any time during the exam, the Examiner will enter the time spent and any applicable expenses. The system shall have the capability to initiate the invoice process and the system will automatically generate an itemized invoice for the Licensee.

As an option, the system shall allow the Examiner to accept payments by Credit Card from the Licensee upon completing the examination, if the Licensee is compliant and no further investigation is required.

This use case assists the Examiner in scheduling and recording the outcome of an examination.

Trigger Events

A periodic examination is due

A special examination has been requested as a result of a complaint.

Precondition

The license is active.

Post condition

The examination has been conducted and the outcome is recorded in the system.

Use Case Flow

1. The Examiner brings up the workload and the system displays the pending examinations.
2. The Senior selects a Licensee from the list and schedules the exam either by phone or electronically through a calendaring function.
3. Upon conformation of the examination date, the system schedules the event in the Examiners calendar. Alternatively, the scheduling can be done by a supervisor or other person and the event will be scheduled in the calendar of the Examiner's schedule to perform the examination.

4. On the date of the examination, the Examiner travels to the Licensee business location and conducts the examination.
5. If the Examiner has access to a mobile device (e.g. laptop), the Examiner will bring up the case and the system will guide the Examiner through the examination process and ensure that all data is collected.
6. The Examiner records date collected and any deficiencies or violations in the system.
7. If hard copies are provide, these will be entered in the system (See Use Case: Capture Ancillary Documentation)
8. Based on business rules, the system will indicate if the Licensee is in compliance or if any additional investigation is required.
 - a. If additional investigation is required, the Examiner enters the type of investigation and the case re-enters the queue with pending cases.
9. If the Licensee is compliant, the Examiner will confirm this and the system shall start workflow to generate an invoice for the Licensee.
 - a. As an option, the system shall allow the Licensee to pay the fees due directly to the Examiner.
 - b. The system shall post the invoice online and allow the Licensee to pay the fees by logging on to its user account.
 - c. The system shall allow Corporations to send an invoice either by e-mail or as a hard copy to the Licensee.

Associations to other use cases

Capture Ancillary Documentation

Alternative Flow

None

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of this Use Case.
The system shall allow the Examiner to access case information such as Licensee history, complaints and enforcement cases through a mobile device.
The system shall have the ability to generate examination schedules based on legally required timeframes.
The system shall have the ability to schedule examinations.
The system shall have the ability to assign resources to examinations.
The system shall have the ability to record and track time and mileage spent on an examination.
The system shall have the ability to calculate examination fees based on time spent on an inspection and rate charged per hour based on inspector and type of inspection.
The system shall have the ability to generate an invoice for examination fees or start a workflow to initiate generation of an invoice.

2.2.2 Schedule and Record Examination—SRD BD/IA

Actor

Examiner

Purpose and Objectives

The law requires examinations of Licensees to verify that they are in compliance with the rules and regulations. Corporations Examiners conduct routine exams on a risk basis. In addition, Corporations Examiners also conducts non-routine examinations if there is reason to believe that a Licensee has violated the rules and regulations.

Routine examinations are conducted in the field and scheduled in advance, non-routine examinations are conducted in the field on a surprise basis. During the examination process, Examiners follow an audit program. Based on the type of examination, the system shall provide the Examiner with components of the audit program, and include modules and forms and to be completed. The system will guide the Examiner through the process and ensure that all necessary information is captured. The system should also allow Examiners to include in their workpapers images of documents and evidence collected during the examination.

The system needs to integrate and function with the national examination modules from (NASAA).

During the exam, Examiner will need to capture the time spent and any applicable expenses related to specific examination. Additionally, the system should capture the time and expenses related to a specific examination incurred by other staff member. The system should have the capability to initiate the invoice process and the system will automatically generate an itemized invoice for the Licensee. The system should also track the collection of any fees collected.

This Use Case assists the Examiner in scheduling and recording the outcome of an examination.

Trigger Events

A firm is selected for a routine examination from the schedule of examination. To prepare the schedule of examination, annually—or more frequently—a risk assessment of each firm is created to rank the firms in priority of examination. Based on their risk an examination schedule of examination is prepared.

A determination is made to conduct a non-routine examination of a firm based on some information received by Corporations (Complaint, SEC, FINRA or other State tip, etc.)

Precondition

The license is active and firm is located in California.

Post condition

The examination has been conducted and the workpapers and outcome are recorded in the system

Use Case Flow

1. The Supervisor brings up the schedule and the system displays the pending examinations (which are ranked according to risk).
2. The Supervisor selects a Licensee from the list and assigns it to an Examiner.
3. Examiner reviews all internal and external records and schedules the exam either by phone or electronically through a calendaring function with Licensee.
4. Upon confirmation of the examination date, the system schedules the event in the Examiners calendar.
5. On the date of the examination, the Examiner travels to the Licensee's business location and conducts the examination. The Examiner prepares workpapers, completes various modules and forms, and collects ancillary documents (See Use Case Capture Ancillary Documentation)
6. The Examiner shall have access to a mobile device (e.g. laptop). The Examiner will bring up the case and the system will guide the Examiner through the audit program (including modules and forms) for that type of firm and ensure that all data is collected. The mobile device should also allow wireless Internet access to permit them to access various databases and websites from the business location.
7. The Examiner records data collected and records any deficiencies or violations in the system.
8. If hard copies are obtained, these will be entered in the system (See Use Case Capture Ancillary Documentation)
9. Based on rules and regulations, the Examiner will determine if the examination requires expanded and/or additional audit procedures.
 - a. If Examiner determines that an examination expansion is warranted, a memorandum is prepared identifying the reason for expanding the audit procedures, and details the preliminary audit procedures that will be performed.
 - b. If no additional procedures are required, Examiner completes the workpapers, prepares a draft of the report and turns in the workpapers and the draft to the Supervisor for review.
10. Supervisor (or their designated reviewer) reviews workpapers
 - a. If additional information is needed the workpapers and comments are returned to Examiner for the additional information.
 - b. If no additional information is needed, the report is finalized and sent to Licensee.
 - i. Wait for response from Licensee.
 - ii. If Licensee does not respond within the requested time frame, system should generate a follow-up letter.
11. Response from Licensee is forwarded to Examiner to determine if response is appropriate.
 - a. If response is not appropriate Examiner communicates with Licensee to resolve issues.

- b. If response is appropriate, examination is closed and time report, with all expenses is forwarded to accounting. Any financial reports submitted with response is forwarded for review (See Use Case File Annual and Other Reports)

Associations to other use cases

Capture Ancillary Documentation
File Annual and Other Reports

Alternative Flow

None

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of this Use Case.
The system shall allow the Examiner to access case information such as Licensee history, complaints, Internet, outside systems and enforcement cases through a mobile device.
The system shall have the ability to generate examination schedules based on risk factor or other factors as management requests.
The system shall have the ability to schedule examinations.
The system shall have the ability to assign resources to examinations.
The system shall have the ability to record and track time and mileage spent on an examination.
The system shall have the ability to calculate examination fees based on time spent on an inspection and rate charged per hour based on inspector and type of inspection.
The system must be able to download the list of Broker-Dealer branch offices from the CRD system
The system must be able to merge the list of Broker-Dealer branch office downloaded from the CRD system with the list of investment advisers to show which investment advisers are working from which branch office.
The system must be able to download from CRD a list of profile information on all Broker-Dealer Agents.
The system must be able to provide ad hoc reports from the Broker-Dealer Agent list downloaded from CRD.
The system must be able to merge the Broker-Dealer branch office list and/or the Broker-Dealer Agent list downloaded from the CRD system with the Department's list of Broker-Dealers.
The system must be able to download from the CRD a list of Investment Adviser representatives with their information.
The system must be able to provide ad hoc reports from the Investment Adviser representative list downloaded from the CRD system.
The system must be able to merge the Investment Adviser representative list downloaded from the CRD system with the Department's list of Broker-Dealers
The system shall be able to generate and print standard and ad hoc reports when requested
The system shall provide a main audit trail to allow designated staff members to review and correct entries made into the system
The system must be able to store and retrieve historical exam information conducted and communications to and from Licensee.

The system shall have the ability to generate an invoice for examination fees or start a workflow to initiate generation of an invoice.

2.2.3 File Annual Report—FSD

Actor

Licensee (or, if report is submitted via paper, the information is entered by Corporations' staff member)

Purpose and Objectives

After the application for a license is processed and the license has been issued, the Licensee is required to submit annual reports and pay annual fees according to legal requirements.

The Licensee receives a system generated reminder notification that the annual filing is due (via e-mail or letter). Similar to the application process, the Licensee will then access the system via the Internet, login and enter the required information online; the system will guide the Licensee through the steps and ensure that only complete reports are submitted. The system will further prompt the Licensee to validate the current address. If the address has changed, the system will calculate the fees for address change (which depends on the data of change and legal requirements for reporting) and generate an invoice.

Upon submitting the payment, all data on the application forms will be stored in the Corporations system.

Note: the system should allow the Licensees to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original documents with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporations is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Applicants to submit paper copies—the system should allow bar-coded cover pages to be printed out so that when the paper copy arrives at Corporations, it can be scanned and entered and linked to the applications with a high degree of certainty.

This Use Case assists the Licensee with annual filings on line.

Trigger Events

Annual reports are due.

Precondition

License is active.

Post condition

Annual report has been filed and Licensee has paid fees.

Use Case Flow—File annual report

1. The system shall trigger a notification/reminder to the Licensee that the annual report is due either via e-mail, paper mail or both.
2. The Licensee goes to the Corporations Web site and signs in with their user credentials.
3. The system shall display the current licenses and address information of the Licensee and prompt the Licensee to confirm the current address.
 - a. If the address has changed, the system shall prompt the Licensee to enter the date the address has changed.
 - b. The system shall validate address information.
4. The system shall the prompt the Licensee to enter the information required for the annual assessment and guide the Licensee step by step through reporting process.
5. The system shall indicate missing information in mandatory data fields.
6. The system shall prompt the Licensee for all additional documentation and provide information on how to submit (e-fax, mail, e-mail/pdf).
7. Upon entering all the information necessary for the report, the system shall display the report summary to the Licensee for review.
8. The system shall generate a bar coded coversheet for all future correspondence with Corporations.
9. The system will store the annual report information and link to the original license.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall have the capability to trigger a notification/reminder to the Licensee that the annual report is due.
The system shall have the capability to send reminders via e-mail, paper or both based on preference of the Licensee.
The system shall update the Licensee's online account with a notification that license renewal is due.
The system shall store all communication sent and received and associate it with the license.
The system shall allow Licensee to update address via the Web/Internet.
The system shall have the capability to validate certain address information, e.g., validate existence of zip code and address.
The system must ensure that all address fields are captured.
The system must have the capability to calculate fees related to address change including penalties.
The system must be able to generate an invoice for address changes.
The system must allow payments online.
The system shall generate a bar coded coversheet for all future correspondence with Corporations.
The system shall store the annual report information and link to the original license.

2.2.4 File for FIL Renewal—SRD Q&R

Actor

Franchisor

Purpose and Objectives

The Applicant receives a system generated reminder notification that the renewal is due (via e-mail or letter). Similar to the application process, the Applicant will then access the system via the Internet, login and enter the required information online; the system will guide the Applicant through the steps and ensure that only complete franchise renewal applications are submitted. The system will further prompt the Applicant to validate the current address.

Upon entering all the information, the system will automatically calculate the fees due, create an invoice and prompt the Applicant to pay using various methods such as E-check, PayPal and Credit Card.

Upon payment submission, all data on the application forms will be stored in the Corporations system.

Note: the system should allow the Applicant to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original documents with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporations is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Applicants to submit paper copies—the system should allow bar-coded cover pages to be printed out so that when the paper copy arrives to Corporations, it can be scanned and entered and linked to the applications with a high degree of certainty.

This Use Case assists the Applicant with Franchise Renewal applications online.

Trigger Events

Franchise Renewal application is due.

Precondition

Authority is effective.

Post condition

Renewal Applications has been filed and Franchisor has paid fees.

Use Case Flow

1. The system shall trigger a notification/reminder to the Applicant that the Renewal Application is due either via e-mail, paper mail or both.

2. The Applicant goes to the Corporations Web site and signs in with its user credentials.
3. The system shall display the current name and address information of the Applicant and prompt the Applicant to confirm the current name and address for both it and its counsel or contact person.
 - a. If the name or address has changed, the system shall prompt the Applicant to enter the date the address has changed.
 - b. The system shall validate address information.
4. The system shall then prompt the Applicant to enter the information required for the renewal and guide the Applicant step by step through the renewal process.
5. The system shall indicate missing information in mandatory data fields.
6. The system shall prompt the Applicant for all additional documentation and provide information on how to submit (e-fax, mail, e-mail/pdf).
7. Upon entering all the information necessary for the application, the system shall display the application summary to the Applicant for review.
8. The Applicant will confirm the information and the system shall prompt the Applicant to pay the required fee.
9. The system shall calculate the renewal fees due.
10. The system shall guide the Applicant through the payment process (credit card or electronic check).
11. The system shall generate a bar coded coversheet for all future correspondence with Corporations regarding this package. Each Applicant is assigned a permanent file number and each new filing should have a different package number. The system must be able to generate both.
12. The system shall store the application information and link to the original registration.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall have the capability to trigger a notification/reminder to the Franchisor that the renewal application is due.
The system shall have the capability to send reminders via e-mail, paper or both based on preference of the Franchisor.
The system shall update the Franchisor or its counsel or designated contact person in its online account with a notification that its franchise renewal is due.
The system shall store all communication sent and received and associate with the registration.
The system shall allow Franchisor to update address via the Web/Internet.
The system shall have the capability to validate certain address information, e.g., validate existence of zip code and address.
The system must ensure that all address fields are captured for both the Franchisor and its designated contact person.
The system must have the capability to calculate timely or late renewal fees.
The system must allow payments online.
The system shall generate a bar coded coversheet for all future correspondence with Corporations.
The system shall store the renewal information and link to its permanent file number and assign a new package number.

2.2.5 File Amendments and Notices SRD Q&R

Actor

Filer (Issuer/Franchisor)

Purpose and Objectives

Issuers and Franchisors are required to file amendments and notices based on various triggers, depending on the law. Similar to the application process, the Filer will then access the system via the Internet, login and enter the required information online; the system will guide the Applicant through the steps and ensure that only complete amendment applications and notices are submitted. The system will further prompt the Filer to validate the current address.

Upon entering all the information, the system will automatically calculate the fees due, create an invoice and prompt the Filer to pay using various methods such as E-check, PayPal and Credit Card.

Upon submitting the payment, all data on the amendment/notice forms will be stored in the Corporations system.

Note: the system should allow the Filer to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original documents with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporations is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Filers to submit paper copies—the system should allow bar-coded cover pages to be printed out so that when the paper copy arrives to Corporations, it can be scanned and entered and linked to the applications with a high degree of certainty.

This Use Case assists the Filer with filings of amendments and notices online.

Trigger Events

An event occurs triggering the Filer to file an amendment/notice (e.g. Notice of Violation, Limited Offering Exemption Notice, etc.)

Precondition

Authority is active.

Post condition

Amendment/notice has been filed and Filer has paid fees.

Use Case Flow

1. The Filer goes to the Corporations Web site and signs in with its user credentials.

2. The system shall display the current address information of the Filer and prompt the Filer to confirm the current name and address.
 - a. If the address has changed, the system shall prompt the Filer to enter the date the address has changed.
 - b. The system shall validate address information.
3. The Filer will select the “File Amendment and Notices” option and the system shall display a list of all available amendments and notices by law (FIL and CSL).
4. The Filer selects an amendment or notice from the list and the system shall the prompt the Filer to enter the information required for the selected amendment/notice and guide the Filer step by step through process of completing the template.
5. The system shall indicate missing information in mandatory data fields.
6. The system shall prompt the Filer for all additional documentation and provide information on how to submit (e-fax, mail, e-mail/pdf).
7. Upon entering all the information necessary for the amendment/notice, the system shall display the amendment/notice summary to the Filer for review.
8. The Filer will confirm the information and the system shall prompt the Filer to pay the required fee, if applicable.
9. The system shall calculate and display the fees due.
10. The system shall guide the Filer through the payment process (credit card or electronic check).
11. The system shall generate a bar coded coversheet for all future correspondence with Corporations.
12. The system will store the amendment/notice information and link to the original registration/qualification as applicable.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall allow Filer to update address via the Web/Internet.
The system shall have the capability validate certain address information, e.g., validate existence of zip code and address.
The system must ensure that all address fields are captured.
The system shall have the capability to provide templates for all amendments and notices under the FIL and CSL.
The system shall have the capability to generate ticklers and reminders based on the amendment/notice filed.
The system shall have the capability to track time elapsed since the amendment/notice has been filed.
The system shall have the capability to route amendment/notice filings to a Review Counsel or Supervisor based on business rules.
The system must have the capability to calculate fees based on the type of amendment/notice filed.
The system must allow payments online.
The system shall generate a bar coded coversheet for all future correspondence with Corporations.
The system shall store the amendment/notice information and link to the original Qualification or Registration.

2.2.6 File Semi Annual Report and Financial Statements—SRD Q&R

Actor

Issuer

(or, if Financial Statement is submitted via paper, the information is entered by Corporations' staff member)

Purpose and Objectives

After the application for qualification is reviewed and the authority has been granted, certain issuers are required to submit semi-annual reports per Corporations Code §25146 and Rule 260.146.

The Issuer receives a system generated reminder notification that the semi-annual filing is due (via e-mail or letter). Similar to the application process, the Issuer will then access the system via the Internet, login and enter the required information online; the system will guide the Issuer through the steps and ensure that the form under rule 260.146 is completed and the financial statements are submitted. The system will further prompt the Issuer to validate or change the contact information.

The Issuer fills out the report and submits to SRD—today this is a paper based process but we expect that the new system will support filing online (see File Financial Report Use Case).

Semi-Annual Financial reports are received in the mailroom and are then forwarded to the SRD Reviewing Counsel.

All data on the application forms will be stored in the Corporations system.

Note: the system should allow the Issuers to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original documents with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporation is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Applicants to submit paper copies—the system should allow bar-coded cover pages to be printed out so that when the paper copy arrives to Corporations, it can be scanned and entered and linked to the qualification with a high degree of certainty.

This Use Case assists the Issuer with filings of Financial Reports online.

Trigger Events

Semi-annual Financial Statements are due

Precondition

Authority is current and 18 months has not gone by since qualification was granted

Post condition

Financial Statement has been filed.

Use Case Flow

1. The system shall trigger a notification/reminder to the Issuer that the semi-annual report is due either via e-mail, paper mail or both.
2. The Issuer goes to the Corporations Web site and signs in with its user credentials.
3. The system shall display the permit and address information of the Issuer and prompt the Issuer to verify or provide the contact person's address (in-house, outside counsel and it should be easy to capture this at any time).
 - a. If the contact address has changed, the system shall prompt the Issuer to provide the current contact information.
 - b. The system shall validate address information.
4. The system shall the prompt the Issuer to provide the semi-annual report and financial statements.
5. The system shall indicate missing information or documents. (Financial statements require Balance Sheet, Profit & Loss, Statement of Cash Flows, Statement of Equity and auditor's notes in compliance with U.S. GAAP)
6. The system shall prompt the Issuer for all additional documents and provide information on how to submit (e-fax, mail, e-mail/pdf).
7. Upon entering all the information necessary for the semi-annual report, the system shall display the report summary to the Issuer for review.
8. The Issuer will confirm the information.
9. The system will route the Financial Statements to the Reviewing Counsel.
10. The Reviewing Counsel, upon selecting the Financial Statements, will bring up various screen including:
 - a. Information on the entity
 - b. Filer's history of filings by file number with all associated packages (filings).
 - c. The Semi-Annual Report and Financial Statements
11. The Reviewing Counsel reviews the Financial Statements.
 - a. If the financial condition of the entity has materially changed, the Reviewing Counsel may contact the entity and request amendments with a post-effective amendment.
 - b. The system shall provide the Reviewing Counsel with the capability to record the date a comment letter was sent.
 - c. Entity files a post-effective amendment.
11. The system shall generate a bar coded coversheet for all future correspondence with Corporations.
12. The system will store the semi-annual report and financial statements and link to the original qualification.

Associations to other use cases

- File Amendments
- Capture ancillary Documentation

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall have the capability to trigger a notification/reminder to the Issuer that the semi-annual financial statements are due.
The system shall have the capability to send reminders via e-mail, paper or both based on preference of the Issuer.
The system shall update the Issuer’s online account with a notification that the semi-annual financial statements are due.
The system shall store all communication sent and received and associate with the current qualification.
The system shall allow Issuer to update contact information via the Web/Internet.
The system shall have the capability to validate certain address information, e.g., validate existence of zip code and address.
The system must ensure that all address fields are captured.
The system shall allow authorized Corporations staff to access and review semi-annual financial statements.
The system shall have the capability to automatically route the semi-annual financial statements to the SRD Reviewing Attorney (or the supervisor or Lead Counsel who will assign it to a SRD reviewing attorney for review.
The system shall have the capability to display a list of Financial Statements that have not yet been assigned.
The system shall have a simple mechanism (e.g., drag and drop) to allow the supervisor/Lead Counsel to assign to a SRD Attorney for the review.
The Reviewing Counsel upon selecting the Financial Statements shall have the capability to easily access various screen including: <ul style="list-style-type: none"> <input type="checkbox"/> Information on the entity, history of filings <input type="checkbox"/> Qualification packages <input type="checkbox"/> The Financial Statements
The system shall generate a bar coded coversheet for all future correspondence with Corporations.
The system shall store the semi-annual financial statements information and link to the appropriate qualification package.

2.2.7 File Annual and Other Reports—SRD BD/IA

Actor

Licensee

(or, if report is submitted via paper, the information is entered by Corporations' staff member)

Purpose and Objectives

After the application for a license is processed and the license has been issued, on an annual basis the Licensee may be required to file reports annually. These reports are:

1. All investment advisers are required to file an annual updating amendment to their Form ADV annual.
2. If the investment adviser is subject to the capital requirements they are required to file an annual financial report. If they have custody the financial report needs to be audited, if they don't have custody the report need not be audited, but must have a verification form.
3. If the investment adviser is subject to the capital requirements they are required to file a notice within 2 days of discovering their net worth is deficient.
4. One day after filing notice under No. 3 above, the investment adviser is required to file a report of its financial condition.
5. Investment advisers who are subject to the capital requirement need to file an interim report when their net worth is below 120% of their required minimum amount. They need to continue to file interim reports until they have filed three consecutive reports that show their net worth is in excess of 120% of their required minimum net worth.
6. Investment advisers who have custody are required to file a verification of clients funds and securities conducted by a CPA on a surprise basis annually.
7. Investment advisers who are also registered as broker-dealers are not required to file their annual financial report.
8. Broker-Dealers are only required to file financial reports when their net worth or their aggregate indebtedness meets certain levels. They are required to continue to file financial reports until they have filed three consecutive reports indicating they have met certain levels of indebtedness.

The Licensee receives a system generated reminder notification that the annual filings due for items 1 and 2 above, and Item 5 above once system is aware that interim report is due. The reminder may be via e-mail or letter. For purpose of the annual updating amendment (item 1 above), the system will verify from IARD that the Licensee has filed the update. For purpose of the filing a financial report (Item 2, 4 or 5 above) the Licensee will log into the Corporation's system and complete a standardized financial report. The system will automatically calculate the firm's net worth requirement and determine if they are in compliance with the requirements. If the firm does not meet the requirements the system will immediately notify them they do not and notify them of the requirements. If the firm's net worth is less than 120% of the required amount the system will also notify the firm they are required to file interim reports.

The system will also accept notices (item 3 above) and the filing after the notice (item 4 above) and notify Supervisor when such filing is made for follow-up review.

System will allow the uploading of a CPA Verification of client funds and securities (Item 6 above), and will notify firm if filing is not made.

For Broker-Dealers the system will allow the uploading of financial statements.

The system will track all filings and notify firm when a filing has not been made.

Upon submission of a report the system will store all information associated with a license in the Corporations system.

Note: the system should allow the Licensees to save work at any time and exit the system and have the capability to return later for continued processing without losing data.

For exhibits that require hard copy and original documents with signatures, the system must offer the capability for the User to submit a scanned file (in pdf or other formats). Over time, Corporation is expected to accept electronic signatures and the system must be ready to support this during roll-out.

Alternatively, there will be a need for Applicants to submit paper copies—the system should allow bard-coded cover pages to be printed out so that when the paper copy arrives to Corporations, it can be scanned and entered and linked to the applications with a high degree of certainty.

This Use Case assists the Licensee with annual filings on line.

Trigger Events

Annual and other reports are due, or filing by Licensee

Precondition

License is active

Post condition

Annual and other reports have been filed

Use Case Flow

1. The system shall trigger a notification/reminder to the Licensee that the reports are due either via e-mail, paper mail or both.
2. The Licensee goes to the Corporations Web site and signs in with its user credentials.
3. The system shall the prompt the Licensee to enter the information required for the financial report and guide the Licensee step by step through reporting process.
4. The system shall indicate missing information in mandatory data fields.
5. The system shall prompt the Licensee for all additional documentation and provide information on how to submit (e-fax, mail, e-mail/pdf).
6. Upon entering all the information necessary for the report, the system shall display the report summary to the Licensee for review.

7. The system shall calculate the firm’s net capital and report to the Licensee their capital position. when any deficiency in the firm’s capital is determined the system shall notify the firm of the deficiency, and inform the firm that immediate resolution is needed, and notify them of the interim reporting requirements
8. If the capital computation reveals that the firm is required to file interim reports the system will notify firm of the requirement.
9. System will track filings and send reminder notices when a filing has not been made.
10. System will notify Supervisor when firm’s capital is deficient for further investigation.
11. System will notify Supervisor when firm has failed to file required reports after reminder notice has expired.
12. The system will store the annual report information and link to the original license.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall have the capability trigger a notification/reminder to the Licensee that a report is due.
The system shall have the capability to send reminders via e-mail, paper or both based on preference of the Licensee.
The system shall have the capability for the Licensee to submit Financial Reports online.
The system shall store reports information and link to the original license.
The system shall allow Corporations staff to access and review reports.
The system shall have the ability to compute net worth based on financial form filed on line, and determine if firm meets their capital requirements. Based on the finding system should also be able to notify firms of deficiencies in their capital and/or if their capital is less than 120% of the required amount.
System shall be able to notify Supervisor (or designated person) when a Licensee’s had not made the required filing or the filing shows some deficiency
The system shall interface with CRD and IARD to obtain information on the payment status of Licensee renewal fees.
The system shall store all communication sent and received and associate with the license.
The system shall have the capability to automatically route the report to the supervisor who will assign an Examiner for review. <ul style="list-style-type: none"> <input type="checkbox"/> The system shall have the capability to display a list of reports that have not yet been assigned. <input type="checkbox"/> The system shall have the capability to display a list of Examiners (including current case workload, availability, skills, etc.).

Description
<input type="checkbox"/> The system shall have a simple mechanism (e.g., drag and drop) to allow the supervisor to assign an Examiner for the review.
<p>The Examiner upon selecting the Financial Report shall have the capability to easily access various screen including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Information on the firm, history <input type="checkbox"/> Financial requirements based on type of law and firm <input type="checkbox"/> The Financial Report
<p>The system shall have the capability and tools (wizard) to guide the Examiner in the review process and allow the Examiner to confirm and record that the requirements are met by selecting items from check lists.</p>
<p>The system shall have configurable workflow to allow and Examiner to forward a review report to a supervisor for final acceptance or assistance.</p>
<p>The system shall have the capability to establish a trigger to monitor the receipt of monthly Financial Statements and report on non-compliance.</p>
<p>The system shall generate a bar coded coversheet for all future correspondence with Corporations.</p>
<p>System must be able to generate and print standardized reports and ad hoc reports when requested</p>
<p>System must be able to maintain audit trails and permit designated person to review audit trail and make corrections</p>
<p>If the financial requirements cannot be met, the case is forwarded to enforcement.</p>
<p>The system shall have the capability to initiate a workflow to route the case to Enforcements.</p>
<p>The system shall have the capability for an Examiner to enter time and expenses related to a case.</p>
<p>The system shall store the reports information and link to the original license.</p>
<p>The system shall have the capability to generate reports:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Number of financial reports received during a given time frame, by law <input type="checkbox"/> Exception reports—list of firms that have not submitted reports on time <input type="checkbox"/> Reports on compliance, non compliance <input type="checkbox"/> Reports processed during a certain time <input type="checkbox"/> Backlog <input type="checkbox"/> Reports processed or assigned to a particular Examiner <input type="checkbox"/> Number of reports forwarded to enforcement <input type="checkbox"/> Cost per report

2.3 Complaints and Enforcement

2.3.1 File a Complaint Online

Actor

Customer

Purpose and Objectives

Complaints to Corporations must be filed in written form. The system shall allow customers to file complaints by completing a form online. The system will collect structured information from the Customer and route the complaint to the appropriate unit within Corporations for resolution. Finally, the new system must provide extensive reporting around complaint volumes, age of complaints that have not been resolved, average processing time in Consumer Services, etc.

This use case assists the Customer to complete a complaint form to Corporations online and submit it through a Web portal.

Trigger Events

A person or business wants to file a complaint with Corporations

Precondition

None

Post condition

The complaint is complete and has been submitted to Corporations for processing

Use Case Flow

1. The Customer goes to the Corporations Web site and selects the “File a Complaint” option.
2. The system shall prompt the Customer to sign in with user credentials.
 - a. If the Customer does not yet have user credentials, the system shall prompt the Customer to complete a user registration process. The system shall prompt for and capture user demographics.
3. The system shall prompt the Customer to select the type of complaint from a predefined list.
4. The system shall instruct the Customer to provide a description of the complaint and enter other relevant information including supporting document attachments.
5. The system shall indicate missing information in mandatory data fields, e.g. name and contact information of the Customer.
6. Upon entering all the information necessary for the complaint, the system shall display the complaint form to the Customer for review.
7. The Customer will confirm the information and the system shall submit the complaint to Corporations for processing.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support intent and functionality of the above Use Case.
The system shall allow a customer to file a complaint online with supporting document attachments.
The system shall guide the customer through the process of entering information regarding a complaint.
The system shall indicate missing information in mandatory data fields.
The system shall have the capability to verify address and zip code information (e.g. through integration with USPS).
The system shall allow customer to track the status of a complaint online.
The system shall have the capability to produce form letters, i.e., acknowledgement and transmittal letters for referrals.
The system shall allow for reactivation of a closed complaint record so staff do not have to re-enter a complaint that was accidentally or prematurely closed.

2.3.2 Process an Inquiry

Actor

Consumer Services staff

Purpose and Objectives

The Corporations' Consumer Services unit receives inquiries related to licensed entities. Calls are routed via a PBX/ACD to the first available Call Center staff. The Consumer Services staff currently requires access to a large number of systems (internal and external) to answer these calls.

It is envisioned that with the new systems, access to information will be readily available through a consolidated and integrated database for all licenses and laws. It is further envisioned that the efficiency of the Consumer Services staff will be increased as a result of resolving more inquiries at first point of contact and the rate of transferred calls will be reduced.

To support an efficient Customer Service organization, the new system is envisioned to provide the capability to log and track resolution to inquiries, workflow capability to route and track inquiry cases for resolution by expert, especially as they get routed through the organization. Finally, the new system must provide extensive reporting around inquiry volumes, age of inquiries that have not been resolved, etc.

This Use Case assists the Consumer Services staff to log and answer an inquiry.

Trigger Events

Call comes in to Consumer Services and is routed via the PBX/ACD to an available staff

Precondition

The Consumer Services staff is logged in to the system.

In order to do a warm transfer, program experts must be readily available for contact.

Post condition

The inquiry has been logged and either been resolved by Consumer Services staff or routed to a Program for resolution.

Use Case Flow

1. The Call Center staff answers the call and collects basic caller information including:
 - a. Name of the caller
 - b. Contact information
 - c. Type of inquiry and if applicable, the Licensee name
2. The system will log this information as well as time information entered and the name of the staff who is recording the information.

3. If the call is related to an existing complaint or inquiry, the staff will enter Licensee name (complaint identifier or other identifying information). The system will search the database and bring up the matching search results, and prevent and detect the creation of duplicate records.
4. The Call Center staff will review the status of the complaint or inquiry and report back to the caller when appropriate.
5. If the caller is satisfied with the resolution to the call, the call is ended.
6. If the Call Center staff cannot respond to the call, but decides that the call needs to be escalated to an expert, the Call Center staff will initiate a call transfer and introduce the caller to the specialist over the phone and provide the specialist with a unique inquiry code. The system must provide the ability for the Call Center staff to notify the specialist or route the inquiry to the specialist.
7. The system will allow the specialist to bring up the new inquiry code and all information regarding the inquiry. The specialist will inform the caller with the status and indicate the resolution (by selecting from a menu.)
8. If there is a new complaint or inquiry, the Call Center staff should have the capability to e-mail a complaint form to the caller or alternatively refer the caller to the Corporations Web site.
9. If the call is related to an entity outside the jurisdiction of Corporations, the Call Center staff will record this fact and redirect the call to the entity responsible.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support intent and functionality of the above Use Case.
The system shall have the ability to log complaints and inquiries, and initial contact information including, but not limited to: <ul style="list-style-type: none"><li data-bbox="253 369 646 401"><input type="checkbox"/> Date/time of complaint/inquiry<li data-bbox="253 405 594 436"><input type="checkbox"/> Type of complaint/inquiry<li data-bbox="253 441 483 472"><input type="checkbox"/> Company name<li data-bbox="253 476 500 508"><input type="checkbox"/> Location/address<li data-bbox="253 512 526 543"><input type="checkbox"/> Contact information
The system shall allow the Call Center staff to record information via simple drop down menus, check boxes and similar tools.
The system shall allow Consumer Services staff to easily access all available information across business divisions and programs regarding licenses, Licensees, pending complaints and enforcement cases to the extent that this knowledge can be shared with the public as well as provide the information electronically through e-mail when appropriate.

2.3.3 Investigate Complaint—FSD

Actor

Examiner (or Investigator)

Purpose and Objectives

Corporations receives a variety of complaints related to its Licensees. These complaints come in either hard copy formal complaints from constituents (constituents complete and submit a formal complaints form online), internally from internal business divisions or external agencies. Corporations' envisions that constituents can file complaints online in the future. Regardless of how the complaint is received, once the complaint has been entered into the system and files have been scanned, the system will route the complaint to the business unit responsible based on the complaint type.

Note: The flow of the complaint may actually vary based on business units. In some cases the complaint is routed to a supervisor and the supervisor will assign the complaint to a staff; in other cases, complaints are kept in a general queue for the business unit and the staff person will select the complains to work on from the queue.

The system will assist the Examiner in the investigation of the complaints. The first step of the process involves setting up a complaints case. The Examiner will bring up the license information and determine if the company is licensed by the Department and if a complaint case already exist for this complaint:

If a complaint case exist and is open, the new complaint will be associated with the case

If a complaint case does not exist, a new case is created.

The system must assist the Examiner by providing the Examiner with access to Licensee history, previous complaints, potential enforcement cases etc. The system will also facilitate the investigation process by assisting the Examiner in scheduling special examinations, generate correspondence to the Licensee and the complainant. The system will record all actions and create reminders and ticklers for outstanding actions.

Upon completing the investigation, the Examiner will determine the disposition of the complaint. If the complaint cannot be closed, the complaint will be routed to the Deputy Commissioner with a recommendation for a legal action. Upon review by the Deputy Commissioner, the complaint will be routed to Enforcement unit for further processing.

This Use Case assists the Examiner to investigate a complaint and record the outcome in the system.

Trigger Events

A complaint has been routed to the complaints unit for resolution

Precondition

A complaint has been submitted online or logged by Consumer Services staff

An internal complaint has been submitted

A complaint from another agency has been received

Post condition

The complaint investigation has been conducted and the complaint is either resolved or routed to Enforcement.

Use Case Flow

1. The Examiner brings up the queue of complaints and selects a complaint.
2. The system shall display a complaint summary, including complaint history.
3. The system will assist the Examiner in the investigation of the complaints. The first step in the process involves setting up a complaints case. The Examiner will bring up the license information and determine if a complaint case already exist for this complaint:
 - a. If a complaint case exist and is open, the new complaint will be associated with the case—the system shall indicate if there have been multiple recent complaints
 - b. If a complaint case does not exist, a new complaint case is created.
4. The Examiner reviews the complaints and shall have the option to select the type of information that will be required from the Licensee to resolve the complaint.
5. The system shall generate a form letter to request information from the Licensee and notify Complainant of the actions taken.
 - a. The system shall have the ability to track due dates and generate notifications.
6. Upon receipt of the requested information, the Examiner will review the case.
 - b. If required, the Examiner schedules a special examination with the Licensee (see Schedule and Record Examination Use Case).
7. After completing all investigation activities, the Examiner will record the final disposition of the complaint case in the system.
 - a. If the complaint is resolved, the case is closed.
 - b. If the complaint is referred to Enforcement, case will be routed to the Deputy Commissioner for review.

Associations to other use cases

Schedule and Record Examination Use Case

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall record the history of a complaint.
The system shall have the capability to record an investigation for both licensed and unlicensed companies.
The system shall have the ability to record investigation activities with date/time stamp according to various codes (e.g. complaint type) and nomenclature.
The system shall have the ability to accept complaints submitted via the Internet and route to the appropriate program for resolution.
The system shall have the ability to track due dates and generate notifications.
The system shall record who entered activities and when.
System shall allow tracking of time spent on a case.
The system shall have the ability to search on complaints by complaint type, Licensee, number or description.
The system shall have the ability for a manager/supervisor to assign investigation resources to a complaint.
The system shall have the ability to link multiple complaints to the same case.
The system shall have the ability to record and track all activities regarding a case for reporting purposes.
The system shall have the ability to generate a monthly log (“hot button report”) by program, complaint type and location, complaint status (i.e. city or county).
The system shall have the capability to report on complaint activities including but not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Complaints received in a given time period <input type="checkbox"/> Complaints processed <input type="checkbox"/> Number of days for processing complaints <input type="checkbox"/> Unresolved complains and age <input type="checkbox"/> Complaints processed by a particular staff and by type
The system shall have the ability to maintain comments and history notes related to a complaint.
The system shall have the ability to categorize complaints according to predefined categories.
The system shall have the ability to monitor case workload for each Examiner.
The system shall have the ability to calculate and track durations to measure elapsed time.
The system shall have the ability to query investigations assigned to Examiners.

2.3.4 Review Complaint—SRD Q&R

Actor

SRD Reviewing Counsel

Purpose and Objectives

SRD receives a variety of complaints related to its issuers and Franchisors. These complaints come in as either hard copy complaints from constituents, including competitors and investors, (constituents complete and submit a formal complaint form, available online), internally from internal business divisions or external agencies. Corporations envisions that constituents can file complaints online in the future. Regardless of how the complaint is received, once the complaint has been entered into the system, the system will route the complaint to the business unit with subject matter jurisdiction

Note: The flow of the complaint may actually vary based on business units. In some cases the complaint is routed to a supervisor and the supervisor will assign the complaint to staff; in other cases, complaints are kept in a general queue for the business unit and the staff person will select the complaints to work on from the queue.

The system will assist the SRD Q&R Reviewing Counsel in the review of complaints. The SRD Reviewing Counsel will determine if a complaint truly falls within the Department's subject matter jurisdiction:

If a complaint case exists and is open about an existing Applicant, the new complaint about the same Applicant from a different complainant will be assigned a new complaint case number. The system shall indicate if there have been multiple recent complaints

If a complaint case does not exist, a new complaint case number is assigned.

The system must assist the SRD Q&R Reviewing Counsel by providing access to the Applicant's filing history, previous complaints, potential enforcement cases etc. The system will also facilitate the review by generating correspondence to the Applicant and/or the complainant. The system will record all actions and create reminders and ticklers for outstanding actions.

Upon completing the review, the SRD Q&R Reviewing Counsel will determine what course of action to take. If Counsel recommends referring the complaint to ENF then the complaint will be routed to the SRD Deputy Commissioner via the Lead Counsel with a recommendation for a legal action by the Enforcement Division. Upon the concurrence by the SRD Deputy Commissioner, the complaint will be routed to Enforcement Deputy Commissioner for further action. If Counsel recommends that the complaint be closed because there is no violation of the CSL/FIL, then this recommendation is given to the Lead Counsel. If the Lead Counsel concurs, Lead Counsel notifies CSO so that CRM is updated, so informs the SRD Deputy Commissioner and directs the SRD support staff to scan the entire complaint and any other documentation into CalEASI.

This Use Case assists the SRD Reviewing Counsel to review complaint and record the outcome in the system.

Trigger Events

A complaint has been routed to SRD Reviewing Counsel for review

Precondition

A complaint has been submitted online or logged by Consumer Services staff

An internal complaint has been submitted

A complaint from another agency has been received

Post condition

The complaint review has been conducted

Staff Counsel may have required or recommended that additional disclosure be made or a Notice of Violation be filed or a Repurchase Offer be filed with the Department

The complaint is referred to Enforcement or closed.

Use Case Flow

1. The SRD Reviewing Counsel is assigned a complaint by the Lead Counsel.
2. The system shall display a history of Applicant's filings with the Department and any ENF actions.
3. The system will assist the SRD Reviewing Counsel in reviewing complaints. The SRD Reviewing Counsel will bring up the application information and determine:
 - a. If a complaint case exists and is open, the new complaint will reference the case number but be assigned a new case number if the complainant is new—the system shall indicate if there have been multiple recent complaints
 - b. If a complaint case does not exist, a new complaint case number is created.
4. The SRD Reviewing Counsel reviews the complaint(s) and shall generate an internal and confidential complaint memorandum
5. The system shall generate a form letter to request information from the Applicant and/or complainant and notify Complainant of any action taken.
 - a. The system shall have the ability to track due dates and generate notifications.
6. Upon receipt of the requested information, the SRD Reviewing Counsel will review the case.
7. After completing the review, the SRD Reviewing Counsel will:
 - a. Require the Applicant to make more disclosure—file a post-effective amendment or file a Notice of Violation or Repurchase Offer.
 - b. If the SRD Reviewing Counsel recommends that the complaint be referred to Enforcement, the complaint and the Enforcement referral will be routed to the Deputy Commissioner via the Lead Counsel.

Associations to other use cases

File Amendment

File Application Alternative Flow

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall record the filing history of the Applicant that is subject of the complaint.
The system shall have the ability to accept complaints submitted via the Internet and route to the appropriate program for resolution.
The system shall have the ability to generate a confidential internal memorandum and generate comment letter to Applicant and complainant.
The system shall record who entered activities and when.
System shall allow tracking of time spent on a case.
The system shall have the ability to search on complaints by complaint type, issuer/franchisor, number or description, including SIC code or type of business
The system shall have the ability for a supervisor to assign Staff Counsel to review complaint.
The system shall have the ability to link multiple complaints to the same case.
The system shall have the ability to record and track all activities regarding a case for reporting purposes.
The system shall have the ability to generate a monthly log (“hot button report”) by program, complaint type and location, complaint status (i.e. city or county).
The system shall have the capability to report on complaint activities including but not limited to: <ul style="list-style-type: none"> ■ Complaints received in a given time period ■ Complaints processed ■ Number of days for processing complaints ■ Unresolved complains and age ■ Complaints processed by a particular staff and by type
The system shall have the ability to maintain comments and history notes related to a complaint.
The system shall have the ability to categorize complaints according to predefined categories.
The system shall have the ability to monitor case workload for each Reviewing Counsel.
The system shall have the ability to calculate and track durations to measure elapsed time.
The system shall have the ability to query investigations assigned to Reviewing Counsels.
The system shall provide very strong search capability to search for existing complaints and inquiries by: <ul style="list-style-type: none"> <input type="checkbox"/> Complaint number/identifier <input type="checkbox"/> By name of complainant <input type="checkbox"/> By name of Licensee <input type="checkbox"/> By license number <input type="checkbox"/> By city, county or zip code
The system shall record the name of the Call Center staff recording the information and the time.
The system shall have the ability to record the account of the call.
The system shall have the ability to start a workflow and route the inquiry to a specialist for processing.
The system shall have the capability to track and report on calls that have not been resolved.
If the call is transferred, the system shall track who the call is transferred to and who is responsible for resolution.
The system shall allow for reactivation of a closed inquiry or complaint record.

The system shall allow Consumer Services staff to easily respond to an inquiry and disseminate information electronically through e-mail.

2.3.5 Investigate Complaint—SRD BD/IA

Actor

Examiner (or Investigator)

Purpose and Objectives

Corporations receives a variety of complaints related to the laws administered by Department. These complaints come in as either hard copy (complainants complete and submit a formal complaints form either online (as an e mail attachment) or through mail, internally from other divisions or external agencies. Corporations envisions that complainants can file complaints online in the future, and automatically entered into system. Regardless of how the complaint is received, once the complaint has been entered into the system and related documents have been scanned, the system will route the complaint to the first line unit responsible for handling the complaint.

Note: The flow of the complaint may actually vary based on divisions. In some cases the complaint is routed to a supervisor and the supervisor will assign the complaint to a staff for review and assessments; in other cases, complaints are reviewed by the appropriate complaint specialists and completed.

The system will assist the Specialist or Examiner, responsible for handling the complaint in the investigation of the complaints. The first step of the process involves setting up a complaints case. The Examiner will search the system for duplication of complaint, bring up the license information and determine if similar complaint cases already exist for this license entity and checks the system for crucial relevant information:

- If a complaint case exist and is open, the new complaint will be associated with the case
- If a complaint case does not exist, a new case is created.

The system must assist the Examiner by providing the Examiner with access to Licensee history, previous complaints, potential enforcement cases etc. The system will also facilitate the investigation process by assisting the Examiner in scheduling special examinations; generate correspondence to the Licensee and the complainant. The system will record all actions and create reminders and ticklers for outstanding actions. The information inputted into system will be secured and any alterations will be permitted by authorized person only.

Upon completing the investigation, the Examiner will determine the disposition of the complaint. If the complaint cannot be closed, the complaint will be routed to the Deputy Commissioner with a recommendation for a legal action. Upon review by the Deputy Commissioner, the complaint will be routed to Enforcement unit for further processing.

This Use Case assists the Examiner to investigate a complaint and record the outcome in the system.

Trigger Events

A complaint has been routed to the complaints unit for resolution

Precondition

A complaint has been submitted online or logged by Consumer Services staff

An internal complaint has been submitted

A complaint from another agency has been received

Post condition

The complaint investigation has been conducted and the complaint is either resolved or routed to Enforcement.

Use Case Flow

1. The Examiner brings up the queue of complaints and selects a complaint.
2. The system shall display a complaint summary, including complaint history.
3. The system will assist the Examiner in the investigation of the complaints. The first step in the process involves setting up a complaints case. The Examiner will bring up the license and system information and determine if a complaint case already exist for this complainant and the new complaint is of same nature:
 - a. If a complaint case exist and is open, the new complaint will be associated with the existing case—the system shall indicate the receipt of the new
 - b. If a complaint case does not exist, a new complaint case is created.
4. The Examiner reviews the complaints and shall have the option to access the type of information that will assist Examiner to assess and resolve the complaint.
5. The system shall generate a form letter to request information from the Licensee. (in most cases we do not notify the complainant (except for acknowledgement letter) until the case is resolved).
 - a. The system shall have the ability to track due dates and generate notifications.
6. Upon receipt of the requested information, the Examiner will review the case.
 - a. If required, the Examiner recommends a special examination with the Licensee (see Schedule and Record Examination Use Case).
7. After completing all investigation activities, the Examiner will record the final disposition of the complaint case in the system.
 - a. If the complaint is resolved, the case is closed.
 - b. If the complaint is referred to Enforcement, case will be routed to the appropriate Supervising Examiner and the system will reflect the referral.

Associations to other use cases

Schedule and Record Examination Use Case

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support the intent and functionality of the above Use Case.
The system shall record the history of a complaint.
The system shall have the capability to record an investigation for both licensed and unlicensed companies.
The system shall have the ability to record investigation activities with date/time stamp according to various codes (e.g. complaint type) and nomenclature.
The system shall have the ability to accept complaints submitted via the Internet, provide electronic confirmation to the complainant and route to the appropriate program for resolution.
The system shall have the ability to track due dates and generate notifications.
The system shall record who entered activities and when.
System shall allow tracking of time spent on a case.
The system shall have the ability to search on complaints by complainant, respondent (Licensee), involved individuals, related company or affiliations, complaint type, type of license, license number, referral to enforcements, referral for examination or other fields determined later.
The system shall have the ability for a manager/supervisor to assign investigation resources to a complaint.
The system shall have the ability to link multiple complaints to the same case.
The system shall have the ability to record and track all activities regarding a case for reporting purposes.
The system shall have the ability to generate a monthly log (“hot button report”) by program, complaint type and location, complaint status (i.e. city or county).
The system shall have the capability to report on complaint activities including but not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Complaints received in a given time period <input type="checkbox"/> Complaints processed <input type="checkbox"/> Number of days for processing complaints <input type="checkbox"/> Unresolved complains and age <input type="checkbox"/> Complaints processed by a particular staff and by type <input type="checkbox"/> Unresolved complaints assigned to Examiners <input type="checkbox"/> Complaints closed/resolved, transferred out or transferred to Enforcement
The system shall have the ability to maintain comments and history notes related to a complaint.
The system shall have the ability to categorize complaints according to predefined categories.
The system shall have the ability to monitor case workload for each Examiner.
The system shall have the ability to calculate and track durations to measure elapsed time.
The system shall have the ability to query investigations assigned to Examiners.

2.3.6 Investigate Enforcement Case

Actor

Attorney/Examiner/Investigator

Purpose and Objectives

The Enforcement Division of Corporations is responsible for investigating complaints that may involve violations of law. Enforcement investigates such complaints and takes enforcement action when appropriate. These cases are routed from Consumer Services to the complaint units, then as appropriate to the Enforcement Complaint Unit and then to the Deputy Commissioner/Lead Corporations Counsel who, after an initial review, rejects or assigns the case to an Attorney for handling.

The system will assist the Actor in the investigation of an Enforcement Case by providing the Actor with access to Licensee history, previous complaints, other enforcement cases etc.

The system will also facilitate the investigation process by assisting the Supervising Examiner in assigning an Examiner/Investigator to conduct an investigation.

In addition, the system will assist the Actor in generating correspondence, forms or pleadings. The system will record all actions, notify Program Support Services of the actions taken for inputting into the Central Index System and to IT for posting on Corporations Web page and create reminders, master calendar and ticklers for outstanding requirements and deadlines.

This Use Case assists the Actor to investigate a complaint and record the findings and outcome in the system.

Trigger Events

A complaint, case assignment or investigation request has been routed to the Deputy Commissioner/Lead Corporations Counsel/Supervising Examiner

Precondition

The Complaints Team Unit has determined to route the complaint to Enforcement

The complaint has been logged in the system

The Lead Corporations Counsel has assigned case to an Attorney and an Enforcement case has been opened which has been recorded in the system

The Supervising Examiner has assigned an Examiner/Investigator to a case that has been opened.

Post condition

The investigation of the Enforcement case has been conducted and an action has been taken or the case is closed.

Use Case Flow

1. The Actor brings up the queue of cases and selects a case to work on.

2. The system shall display a case summary, including case history (e.g. previous complaints, previous actions, etc.).
3. The Actor reviews the case and shall have the option to select activities to investigate the case:
 - a. Contact the Complainant or subject by letter or e-mail
 - b. Attorney can request the assignment of an Examiner or investigator for investigation
 - c. Issue subpoena or search warrant

Note: we envision the system to have drop-down menus/radio buttons to record all activities, time stamp and record who took the action.

4. After completing all investigation activities, the Actor will record the disposition of their portion of the case in the system.

The Attorney will record the overall disposition of the case

- a. If the no action is taken, the Attorney recommends the case be closed and it is routed to the Lead Corporations Counsel for review and approval.
 - b. If an action is taken, the Attorney will enter the disposition and rationale in the system.
5. The system shall track any follow up actions and send a reminder to the Supervising Examiner to follow up.

Associations to other use cases

none

Alternative Flow

none

Specific Functional Requirements to this Use Case

Description
The system shall support intent and functionality of the above Use Case.
The system shall allow a Lead Corporations Counsel to assign a case to an Attorney or co-counsel for handling <ul style="list-style-type: none"> <input type="checkbox"/> The system shall have the capability to display a list of cases that have not yet been assigned <input type="checkbox"/> The system shall have the capability to display a list of Attorneys (including current case workload, availability, etc.) <input type="checkbox"/> The system shall have a simple mechanism (e.g., drag and drop) to allow the Lead Corporations Counsel to assign an Attorney to a case
The system shall allow a Supervising Examiner to assign a case to an Examiner or Investigator. <ul style="list-style-type: none"> <input type="checkbox"/> The system shall have the capability to display a list of cases that have not yet been assigned <input type="checkbox"/> The system shall have the capability to display a list of Examiners and Investigators (including current case workload, availability, etc.) <input type="checkbox"/> The system shall have a simple mechanism (e.g., drag and drop) to allow the Supervising Examiner to assign an Examiner or Investigator for the review

Description
The system shall track and store all correspondence.
The system shall record the history of a case.
The system shall have the capability to record an investigation for both licensed and unlicensed subjects.
The system shall have the ability to record investigation activities with date/time stamp according to various codes (e.g. complaint type) and nomenclature.
The system shall have the ability to track due dates and generate notifications
The system shall record who entered activities and when.
The system shall allow tracking of time spent on a case.
The system shall have the ability to search for cases by case type, Licensee, number or description.
The system shall have the ability for a manager/supervisor to assign resources to a case.
The system shall have the ability to link multiple complaints to the same case.
The system shall have the ability to record and track all activities regarding a case for reporting purposes.
The system shall have the ability to generate a monthly log (“hot button report”) by Actor assigned, program, case type and location, case status (i.e. city or county).
The system shall have the capability to report on case activities including but not limited to: <ul style="list-style-type: none"> <input type="checkbox"/> Cases received in a given time period <input type="checkbox"/> Cases processed <input type="checkbox"/> Number of days for processing cases <input type="checkbox"/> Unresolved cases and age <input type="checkbox"/> Cases processed by a particular staff and by type
The system shall have the ability to maintain comments and history notes related to a complaint.
The system shall have the ability to categorize cases according to predefined categories.
The system shall have the ability to monitor case workload for each Actor.
The system shall have the ability to calculate and track durations and measure elapsed time.
The system shall have extensive search capability to search cases by name, case number, complainant, name of Licensee, subject, etc.
The system shall be able to display cases by worker, law, legal action, violation, time period, age, location, etc.
The system shall have the capability to attach documents (pdf, word) to a case and annotate documents.
The system must be able to capture various code sections (laws) and key words (descriptions).
The system shall allow users to add code sections.
The system shall have the capability to display a summary of the case including contact person, violation, worker, history of actions taken etc.
The system shall have the capability to add multiple parties to the case and classify the parties by type (e.g. complainant, witness, victim, legal advisor, contact person, etc.)
The system shall be able to trigger an invoice for fines and penalties by either interfacing with the billing system or generating an invoice.
The system shall allow the Licensee to pay fines and penalties online through the user account and notify appropriate Department personnel.
The system shall have the capability to track accounts receivables and report on age and amount of

Description
outstanding debt.
The system shall allow to enter and track evidence information (e.g. physical location of evidence, source, description and date of evidence)
The system shall have a tickler system for statutory and self imposed deadlines.
The system shall have the capability to report on actions by type of action, type of violation, law and location, etc.
The system shall have the capability to generate a master calendar of statutory, court imposed and self imposed deadlines and time-off.