

Information Technology Capital Plan

Department IT Capital Plan

Information Technology Capital Plan, Plan Year 2009-10 through 2013-14 Executive Approval Transmittal



Department Name

Department of Corporations

APPROVAL SIGNATURES

I am submitting the attached Information Technology Capital Plan as required by the State Administrative Manual Section 4904.

I certify that the IT Capital Plan was prepared in accordance with State Information Management Manual section 57 and that the proposed IT projects are consistent with our business strategies and information technology strategy.

I have reviewed and agree with the information in the attached Information Technology Capital Plan.

Chief Information Officer		Date Signed
Printed name: Carolyn A. Nelson		
Information Security Officer		Date Signed
Printed name: Jon Wroten		
Budget Officer		Date Signed
Printed name: Valinda Roberts		
Department Director		Date Signed
Printed name: Preston DuFauchard		

DEPARTMENT IT CAPITAL PLAN

Department Name and Org Code:

Department or Corporations

Plan Year:

2009-10 through 2013-14

1. Summarize your organization's business goals and objectives below:

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.

2. What are your organization's plans to upgrade or replace your IT infrastructure for the following? When responding, please indicate the timeframes of your intended upgrade or replacement efforts.

2.1. Hardware

PC Refresh Program

- Laptops: 3 years
- Desktops: 4 years, beginning 06
- Printers: As needed (4 years for budget purposes)

Servers

- 3 years beginning 2008

2.2. Software

Operating Systems

- Novell to Windows – November 2008

Applications

- GroupWise to Exchange – November 2008
- Track-it to GroupLink - November 2008
- CalEASI/Filenet Upgrade – November 2008

2.3. Network

- Optiman - November 2008

3. Existing Approved Reportable IT Projects

Provide the following information regarding your existing approved reportable IT projects on Table 1 on the following page:

- Existing IT Project;
- Approved Project Cost;
- Project Number; and
- Implementation Date

4. Proposed IT Projects

After each proposed IT project has been documented by answering questions 4.1 through 4.15 of the attached IT Project Proposal Form, provide the following information on Table 2 on the following page:

- The name of each proposed IT project;
- The priority ranking;
- The FSR submission date; and
- The estimated cost

Table 1-Existing Approved Reportable IT Projects Summary by Department

Existing IT Project	Approved Project Cost*	Project Number	Implementation Date

***Note:** If a Special Project Report (SPR) was submitted for review in July 2008 that includes project costs that differ from the last approved project document, enter both the last approved project cost and the revised project cost from the SPR under review.

Table 2-Proposed IT Project Summary

Proposed IT Project	Priority Ranking	FSR Submission Date	Estimated Total Cost
Department of Corporations Quality Network (DOCQNET)	1	July 9, 2008	\$10,567,705

PROPOSED IT PROJECTS

Complete this IT Project Proposal Form (questions 4.1 though 4.15 below) for each proposed IT project that meets the definition of a reportable project as defined in the State Administrative Manual Section 4819.37:

4.1. Proposal name and priority ranking:

Department of Corporations Quality Network (DOCQNET)

4.2. Description of the proposed IT project:

In January 2007, the California State Auditor issued 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
- Reduced Quality of Service Delivery
- Increased Operating Costs

4.3. Which of your department's business goals and objectives does this project support, and how?

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
- Improve 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 provide management reports

4.4. What are the expected business outcomes or benefits of the proposal as they relate to your organization's business goals and objectives?

Project objectives for the DOCQNET project are as follows:

- Reduced risk to the public by complying with State licensing mandates
- Improved system performance and staff productivity.
- Reduced license and examination processing timelines and eliminate backlog.
- Improved data integrity.
- Fully automated case management process
- Improved management ability to monitor workloads
- Compliance with state e-government policies
- Obtained automated systems that can support Corporations' business needs.
- Improved Corporations' ability to provide information to customers and stakeholders, including improving the timeliness of compliant process

4.5. The following are from the State's IT strategic plan. Check the appropriate box(es) to identify the goals this proposal supports:

- Supporting and enhancing services for Californians and businesses
- Enhancing information and IT security
- Reducing state operational costs (leveraging, consolidation, new technology, etc.)
- Improving the reliability and performance of IT infrastructure
- Enhancing human capital management
- Supporting state and agency priorities and business direction

4.6. Is the proposal consistent with your organization's Enterprise Architecture?

- Yes
- No

If no, please explain why the deviation from the organization's Enterprise Architecture is necessary.

DOC does not currently have a documented Enterprise Architecture established, but will be working toward developing an Enterprise Architecture.

4.7. Will the proposed system collect, store, transmit, or exchange confidential or sensitive information?

- Yes
- No

4.8. If this proposal is conceptually approved, what is the estimated date (mm/yyyy) the FSR will be submitted?

It was submitted 07/2008.

4.9. What is the estimated project start date (mm/yyyy) if the FSR is approved?

Upon approval

4.10. What is the duration of the proposed project?

Duration: 739 days (2 years and 9 days – calendar days)

Start: 09/01/2008 or upon approval

End: 06/30/2011

4.11. Will the proposed project utilize the existing infrastructure?

Yes

No

If no, please explain.

The project will utilize the existing network infrastructure, but will require additional hardware and software.

4.12. Is the proposal related to another proposal or to an existing project?

Yes

No

If yes, describe the related proposal or project and how it is related:

4.13. Describe the consequences of not doing this proposed project at the planned timeframe:

- **Inability to Comply with Regulatory Requirements**

- ***Inability to keep regulatory requirements and mandatory timeframes for application processing.***

- 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.

- ***Required examination cycle cannot be maintained***

- Current system limitations, including inadequate tracking and reporting, prevent examiners from accessing data when working in the field, and reporting of time and expenses is time consuming.

- ***Fee structure is not transparent***

- The current system makes the collection and reporting of statistical information extremely time consuming and inconsistent data quality compromises the quality of the reports. Department to effectively assess the value of its efforts.

- **Reduced Quality of Service Delivery**

- ***Risk to the public***

- 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.
 - Inability to resolve complaints in a timely manner.
 - **Sub-optimal customer service quality**
 - Applicants do not have access to online status of applications, delays and backlog result in inconveniences and potential loss of business for applicants.
 - **Risk of disclosure of confidential information**
 - The lack of audit logs, especially when dealing with data that contains sensitive information, may put stakeholders at risk of disclosure of confidential information.
 - **Risk of business disruption**
 - Some of Corporations' systems rely on outdated technology and have been unsupported for years. Corporations runs at risk of losing systems and data, as systems could be corrupted to a point where they cannot be recovered.
- **Increased Operating Costs**
 - **Inefficiencies and time consuming (costly) processes**
 - Staff spends considerable amounts of time with manual workarounds to overcome system deficiencies.
 - **Lack of integration with internal and external systems**
 - Current systems do not support electronic interfaces with external agencies, including the DRE, DOI, DOJ or the FINRA systems IARD and CRD (partial interface capability with FINRA exists). Sub-systems are not integrated and require redundant manual data entry.
 - **Obsolete technology**
 - Hindrance 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.

4.14. Check the appropriate box(es) to identify the proposal's funding strategy:

- Augmentation needed**
- Redirection of existing funds**
- Other (describe):** State Corporations Fund

4.15. What are the estimated cost and funding source(s) by fiscal year through implementation (information should be provided in the following format):

PROJECT COSTS

Fiscal Year	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	TOTAL
One-Time Cost	\$623,167	\$3,377,630	\$3,783,820				\$7,161,450
Continuing Costs			\$294,232	\$834,232	\$834,232	\$834,232	\$2,796,928
TOTAL PROJECT BUDGET	\$623,167	\$3,377,630	\$4,078,052	\$834,232	\$834,232	\$834,232	\$9,958,378

SOURCES OF FUNDING

General Fund							
Redirection				\$2,959,924	\$2,959,924	\$2,959,924	\$8,879,772
Federal Fund							
Special Fund* Corporations Fund	\$623,167	\$3,377,630	\$3,783,820				\$7,784,617
Total (\$)	\$623,167	\$3,377,630	\$3,783,820	\$2,959,924	\$2,959,924	\$2,959,924	\$16,258,199

* Note: Identify the fund source and if the department is the sole user of the fund.

PROJECT FINANCIAL BENEFITS

Cost Savings / Avoidances				\$2,125,692	\$2,125,692	\$2,125,692	\$6,377,076
Revenue Increase							

Enterprise Architecture

A.1. Does your organization have documented Enterprise Architecture principles, strategies, or standards to guide decisions on technology projects?

- Yes
- No

A.2. Indicate on Table A-1 below, the completion status of the component Reference Models of your formal Enterprise Architecture efforts. If available, please submit a copy of your Enterprise Architecture document.

Table A-1, Enterprise Architecture Completion Status

Component Reference Model	Status			
	Implemented	Implementation in Progress	Planned or Planning in Progress	Not Implemented and Not Planned
Business			X	
Service			X	
Technical			X	
Data			X	

A.3. Describe the governance structure your organization uses to review and approve the Enterprise Architecture and any subsequent changes.

IT Governance Structure Processes:

- Budget and Funding
- Procurement
- Personnel (IT Training and Classification)
- Policy
- Standards
- Planning
- Performance Achievement

A.4. Does your organization have an Enterprise Architect? (if yes, provide their name, telephone number, and e-mail address below)

- Yes
- No

Name: Bruce Alcoran

Classification: Senior Information Systems Analyst (Specialist)

Telephone Number: 916.327.4137 **E-Mail:** balcoran@corp.ca.gov

Information Security

B.1. How is your Information Security Officer involved in proposed project development efforts?

The Information Security Officer (ISO) sits on the Information Technology Steering Committee which will oversee the project. The ISO will be involved in the development of security requirements for the system and security testing effort.

B.2. What are your department's core business principles, policies and standards related to information integrity, confidentiality, and availability and the protection of information assets?

- Classifying the Corporations' information in terms of its value, legal requirements, sensitivity, and criticality.
- Implementing cryptographic (encryption) solutions when the confidentiality or sensitivity of information must be maintained while a message is in transit between computing devices and when confidential or sensitive information is stored in a file or database.
- Deploying and routinely updating appropriate anti-virus, anti-spyware, and file extension blocking solutions at the gateway entry points and on the desktop and server systems to prevent these systems from being compromised.
- Ensuring a firewall or other boundary protection mechanism is in place and has the ability to evaluate (1) source and destination network addresses, and (2) determine the validity of the service requested.
- Deploying appropriate Intrusion Detection System and Intrusion Prevention System (IDS/IPS) solutions at the correct network location(s) and monitor to detect when the agency is under attack so an effective detection and defense strategy can be deployed.
- Implementing an appropriate change management process to ensure changes to systems are controlled.
- Implementing service level or operating level agreements with customers and program areas to document an agreed-to level of expected service, especially for information technology services.
- Establishing policies and standards that clearly identify what can and cannot be performed, stored, accessed and used through the organization's computing resources (e.g., acceptable use policy, peer-to-peer policy, Internet use policy).
- Disseminating to all appropriate users, staff, management, and third party providers once policies and procedures have been established,
- Obtaining and maintaining an established record of acknowledgement that all appropriate users, staff, management, and third party providers have read the policies and understand the consequences of non-compliance with the policies.
- Promoting security awareness using techniques such as: posters, email messages, formal instruction, web-based instruction, videos, newsletters, and security awareness days.

B.3. If data within your department is shared with external entities, does your department implement data exchange agreements with these entities?

Yes

No

With sufficient state level guidance as to requirements, DOC will pursue data exchange agreements with partner entities.

If no, please explain.

Not applicable

B.4. How does your department ensure that software developers and programmers follow standards and best practices for Web, application, and system development?

With the use of the following standards and guidelines:

- Project Management Body of Knowledge (PMBOK)
- Software Development Life Cycle (SDLC)
- Information Technology Infrastructure Library (ITIL)

B.5. Does your organization have an Information Security Officer? (if yes, provide their name, telephone number, and e-mail address below)

Yes

No

Name: Jon Wroten

Classification: Corporation Examiner IV (Specialist)

Telephone Number: 916.327.2610 **E-Mail:** jwroten@corp.ca.gov

Workforce Development, Workforce Planning and Succession Planning

C.1. Does your organization have a workforce development plan for IT staff?

- Yes
- No

If yes, briefly describe it.

C.2. Check the appropriate box(es) to identify which workforce development tools, if any, your organization is using for IT classifications:

- Training
- Upward Mobility
- Mentoring
- Career Assessments
- Knowledge Transfer Program
- Performance Evaluations
- Other (please list)

C.3. Does your organization have a workforce plan for IT staff (i.e., for Rank and File)?

- Yes
- No

If yes, briefly describe it.

C.4. Does your organization have a succession plan for IT staff (i.e., for Management)?

- Yes
- No

If yes, briefly describe it.

C.5. IT Staffing

Provide the following information in table C-1 on the following page:

- The name of each IT classification currently in the organization.
- The number of staff in each IT classification in the organization.
- The number of staff in each IT classification eligible to retire in the next five years.
- The percentage of each IT classification eligible to retire in the next five years.

Table C-1 — IT Staffing

IT Rank and File Staff Classification	Number of IT Rank and File Staff in Classification	Number of IT Rank and File Staff in Classification Eligible to Retire in Next 5 Years	IT Management Staff Classification	Number of IT Management Staff in Classification	Number of IT Management Staff in Classification Eligible to Retire in Next 5 Years
Office Technician (Typing)	1	0			
Associate Information Systems Analyst (Specialist)	4	1			
Staff Information Systems Analyst (Specialist)	4	4			
Senior Information Systems Analyst (Specialist)	1	1			
Systems Software Specialist II (Supervisor)	1		X	1	1
Senior Programmer Analyst (Supervisor)	1		X	1	1
Data Processing Manager III	1		X	1	1

Project Management, Portfolio Management and IT Governance

D.1. Does your organization have a process for improving the alignment of business and technology?

- Yes**
 No

If yes, briefly describe it.

- Recurring Information Technology Steering Committee Meetings with business and IT personnel in attendance to discuss status of current and planned IT activities.
- Recurring Information Technology Staff Meetings with IT personnel in attendance to discuss status of current and planned IT activities.

D.2. What is the status of implementing a formal portfolio management methodology for technology projects within your organization?

- Implemented (Please describe)**
- Implementation in progress (Please describe)**
- Planned or planning in progress**
- Not implemented and not planned**

D.3. List any automated tools being used for portfolio management. Enter "None" if no automated tools are being used.

None.

D.4. What is the status of implementing a standard project management methodology for technology projects in your organization?

- Implemented (Please describe)**
- Implementation in progress (Please describe)**
- Planned or planning in progress**
- Not implemented and not planned**

Project Management, Portfolio Management and IT Governance

D.5. Does the organization require its project managers to be certified, either through a professional organization (e.g., PMI, ITIL) and/or through completion of specified project management coursework:

- Yes
- PMI
 - ITIL
 - Agency-specified project management coursework (identify below)

No

However, it is our intent to hire a certified, contract Project Manager for the proposed DOCQNET project.

D.6. Select from the list other areas of training your organization requires of its project managers:

- Fundamental Project Management
- Systems Development Life Cycle
- Scheduling tool (identify below)
- Project Performance Management (e.g., Earned Value Management)
- Business Process Analysis
- Requirements Traceability
- Procurement/Contracts Management
- Other (identify below)
- None

D.7. Describe project-level governance practices, including change management, issue resolution, and problem escalation.

- **Change Management** – track changes to production applications and systems
- **Issue Resolution** – identify root cause, and develop and implement solution
- **Problem Escalation** – assess impact on business processes and route for appropriate personnel for resolution
- **Lessons Learned** – review processes and procedures, determine what went well, identify areas for improvement, develop new or revise existing processes and procedures

D.8. Does the project management methodology include processes for documenting lessons-learned and applying these to future projects?

Yes

No