

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

IT Project : Business Services Filing System

General Section

Contact Name : Chad Sump	E-mail : chad.sump@nebraska.gov	Agency Priority : 1
Address : 1201 N Street, Suite 120	Telephone : 402-471-8779	NITC Priority :
City : Lincoln		NITC Score :
State : Nebraska	Zip : 68508	

Expenditures

IT Project Costs	Total	Prior Exp	FY22 Appr/Reappr	FY24 Request	FY25 Request	Future Add
Contractual Services						
Design	0	0	0	0	0	0
Programming	0	0	0	0	0	0
Project Management	0	0	0	0	0	0
Data Conversion	0	0	0	0	0	0
Other	3,000,000	0	0	0	2,500,000	500,000
Subtotal Contractual Services	3,000,000	0	0	0	2,500,000	500,000
Telecommunications						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
Subtotal Telecommunications	0	0	0	0	0	0
Training						
Technical Staff	0	0	0	0	0	0
End-user Staff	0	0	0	0	0	0
Subtotal Training	0	0	0	0	0	0

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

Expenditures

IT Project Costs	Total	Prior Exp	FY22 Appr/Reappr	FY24 Request	FY25 Request	Future Add
Other Project Costs						
Personnel Cost	0	0	0	0	0	0
Supplies & Materials	0	0	0	0	0	0
Travel	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Other Project Costs	0	0	0	0	0	0
Capital Expenditures						
Hardware	0	0	0	0	0	0
Software	0	0	0	0	0	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
Subtotal Capital Expenditures	0	0	0	0	0	0
TOTAL PROJECT COST	3,000,000	0	0	0	2,500,000	500,000

Funding

Fund Type	Total	Prior Exp	FY22 Appr/Reappr	FY24 Request	FY25 Request	Future Add
General Fund	0	0	0	0	0	0
Cash Fund	3,000,000	0	0	0	2,500,000	500,000
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
TOTAL FUNDING	3,000,000	0	0	0	2,500,000	500,000
VARIANCE	0	0	0	0	0	0

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

IT Project: Business Services Filing System

EXECUTIVE SUMMARY:

The purpose of this project is to replace the existing custom software utilized by the Business Services Division of the Secretary of State's Office. Our existing software has been unreliable and the vendor for this software has not been able to remedy the issues or provide adequate maintenance and support for the software. We are seeking to replace the software to prevent future outages and to enhance and increase the reliability and functionality of the system.

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

GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):

This project is to replace the existing Business Services filing and image retrieval software system with a new system within the next 3 years.

1. Describe the project, including:

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

Specific goals and objectives:

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

The new system must meet the following criteria:

1. Use modern technology that is supportable using local resources and can be configured using Secretary of State internal IT resources.
2. Improve the level of reliability and functionality of the existing system.
3. Include existing online services provided by the Secretary of State's Office and allow for the expansion of these services.
4. Ensure that filing processes, accounts receivable and deposit preparation are completed in one system.
5. Contain a document imaging solution, preferably compatible with existing scanning equipment.
6. Provide extensive reporting capabilities both standard and ad hoc.
7. Enhance the reliability of the system and provide adequate post-implementation support and maintenance.

Beneficiaries:

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

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

Expected Outcomes:

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

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

Extensive system testing by internal staff and internal operational beta testing by external users will be utilized to determine whether the system meets pre-determined criteria. Project deliverables will be monitored to ensure the system is fully functional with all components operating 24/7 with the exception of scheduled maintenance windows.

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

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

PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):

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

The current business services filing system vendor was procured through an RFP process in 2016. The original contract period ran until June 30, 2021 and was renewed through June 30, 2024. Given the state's two-year budget cycle and concerns with the performance of the existing vendor, the decision has been made to seek a new system. This decision is based upon concerns with the reliability of the current application, vendor performance related to support of the current application, efficiency of the current application functionality, and inability to expand and enhance online services due to limitations of our current online vendor.

The current filing application has had constant issues since it was procured. Although five years have passed since the system was purchased, the system continues to experience significant failures and reliability issues. Additionally, the system is slow and inefficient for internal users which impacts processing time to respond to questions or filings for external users. Our current online vendor has indicated they are unable to provide any additional online filing services for over a year or more. Delays in the processing of business filings or financing statements and limited online filing options detracts from the business climate in the State.

Since January of this year (2022), 110 system issues (tickets) have been reported, with only 40 items resolved (although nine of the resolutions involved combining or splitting the original ticket into a new ticket so that the original could be closed). Currently, we have 76 pending tickets for various system issues, with 9 of these items identified as critical, meaning serious system issues such as the exposure of private information, an issue that could cause a system failure, or error causing filings to either not to be able to be completed, viewed, or accessed correctly by our office or the public.

There were full system failures on 1/3/2022, 2/1/2022, and 2/10/2022. This was during our busiest time of the year and required the servers for all internal and online services to be restarted. Customers were unable to file, and staff were unable to access the system leading to numerous customer calls and complaints. Severe system slowness with similar

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

filing and processing delays were also experienced on 1/4/2022, 1/27/2022, 1/28/2022, 3/25/2022, and 3/30/2022. While some of the stored procedures that appeared to cause the system failures have been fixed, there are still some that are not fixed. The filing volume has slowed since March, so there are still concerns with system failures and slowness that may come in January 2023 when the filing volume increases substantially.

Further compounding these reliability issues is the fact that the current vendor has experienced several ownership and structural changes since the system was procured. Due to these changes, the vendor development support team maintaining the system has changed several times. It appears that the vendor has not passed on historical knowledge regarding system functions and system architecture and design during these various transitions. Each new support team assigned to the project appears to be re-learning the system significantly delaying the vendor's ability to address system issues in a timely manner.

Following are some examples of the impact on these performance issues to the business community. When the system experienced outages in the first months of the year, businesses were unable to file their biennial or occupation tax reports, new business were unable to form, lenders were unable to file UCC documents and businesses were unable to obtain certificates of good standing which are needed for loan closings. These are critical functions related to commerce in our society. By law, UCC filings are required to be available 24/7 (see U.C.C. § 9-529). Additionally, due to the increased nature of online filing, customers have an expectation that services will be available online to them at all times.

While the precise economic impact of system downtime is unknown, the revenue derived from filings and record requests processed using the system is known. During fiscal year 2022, 252,507 filings were completed, and 313,544 requests were processed utilizing the existing system. The revenue generated from these filing fees totaled approximately \$15.2 million, including \$12.5 million in general fund dollars.

Given that the current renewal period ends on June 30, 2024, and the important functions and revenue associated with this system, it is appropriate to seek a new system at this time. We've identified a vendor and a solution that is available on an existing statewide contract that will be a better fit for our ongoing needs. The solution that we are interested in procuring is an end-to-end web-based solution specifically developed for Secretary of State filing offices which includes enhanced online filing functionality. The proposed vendor has demonstrated experience successfully implementing similar systems in other states and we have received positive feedback from other states regarding this vendor.

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

We have considered continuing to work with the current vendor to maintain the existing system. The benefit of this option is that it would likely be a cost savings over acquiring a new system and would require less internal staff time dedicated to a new system implementation. However, given the past performance of our existing vendor, we are concerned that this option leaves us vulnerable to ongoing reliability and system performance issues. We have slated this project for the second year of the biennium in order to give us additional time to evaluate the performance of our current vendor and to prepare for a new vendor.

We have considered other system vendors and other custom developed state solutions. The vendor we are interested in is best fits our needs and requirements. We do not have the resources to convert another state's internally developed system to meet Nebraska's requirements and it would be difficult to maintain support for this type of system. The best use of our resources is to procure a fully developed system that can be configured to meet our requirements.

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

This project is not the result of a state or federal mandate; however, our office is required by state law to file and maintain a variety of business documents and is required to implement and maintain a centralized computer system related to Uniform Commercial Code (UCC) filings per U.C.C. § 9-529.

TECHNICAL IMPACT (20 PTS):

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

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

This project will replace our current business services software with a new business services software solution. The solution that we are interested in procuring is an end-to-end web-based solution specifically developed for Secretary of State filing offices. The application is significantly more configurable by our in-house staff and built on a template model that allows for easy changes and additions to forms and processes.

With respect to the technical elements of the project, including hardware, software, and communications requirements, the current application is hosted in a virtual server environment with the OCIO. The system data related to the application is hosted in the OCIO enterprise SQL server environment. The operating system for the virtual servers (Server 2012 R2) is at end of life. Filed document images associated with the system are currently stored on the OCIO network. In addition, the current system uses Internet Explorer (IE) scanning software which is no longer supported by Microsoft. We are considering hosting the new application and related data and images in the cloud with approval of the OCIO.

The current application also interfaces with a separate online portal vendor. The system we are interested in procuring includes online functionality and we are considering utilizing the online functionality of the new system as opposed to integrating with our current online vendor.

We anticipate that we will use existing scanners and PCs to interface with the new application.

With respect to enhanced system functionality, the system that we are interested in procuring is more easily configured to meet our needs, easier to navigate for internal staff, and provides improved online functionality. The online functionality associated with the new system allows public users to log in to submit filings/requests, track the status of the filing, view history, and correspond with internal staff on corrections needed.

As indicated above, the solution that we are interested in procuring is used in other states and we have received favorable information from other states regarding the vendor's ability to implement and support systems and favorable information regarding the systems themselves. Based on this information and several demonstrations of the system, this system would be a significant improvement over our current solution.

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

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

The new system will comply with NITC standards and guidelines as well as adapt to the statewide infrastructure. The software and hardware for the system must utilize updated and supported technology and services. By upgrading this system, we are improving the reliability and accuracy of the filing system. Individual staff sign on will be secure and will provide the ability to easily set permissions based on individual(s), group access or roles. A redundancy plan will be established, and the system will be on a scheduled backup plan. The system will have separate test and production environments and have a version control system in place to be able to track changes. Any data integrity problems must be easily identified and fixed. The system must be fully functional with all components operating 24/7 except for scheduled downtime for maintenance.

The system would allow enhanced future growth for online business service filings and have the overall capability to expand and meet future needs of the office. The new system will be configurable to allow for Secretary of State staff to modify filing actions or entity types based on statutory or regulatory changes made.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

The application's vendor has demonstrated experience successfully implementing this system in other states. We have also talked to other states about their experience with this vendor and have received positive feedback regarding this vendor.

PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):

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

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

- Project Sponsor: Robert Evnen, Secretary of State.
- Chad Sump – SOS – Chief Information Officer. Chad has previously directed IT projects, develop project requirements, and brings extensive IT knowledge from his 8 years with the Nebraska Secretary of State, as well as 12 years' prior experience working at the Kansas Secretary of State's Office doing IT work for the Business Services Division.
- Colleen Byelick – SOS – Interim Deputy for Business Services, Chief Deputy, and Legal Counsel. Colleen has previously directed IT projects, developed project requirements and brings extensive business knowledge gained over the 16 years with the Secretary of State's Office. Colleen also serves as the Legal Counsel and has experience in business services processes, legal and contract requirements.
- Teri Sefrna – SOS –Assistant Deputy for Business Services. Teri brings extensive business knowledge gained over the 37 years with the Secretary of State's Office and has previously been an integral part of planning and implementing an IT project.
- Kenny Schumacher – SOS – Business Services Senior Filing Officer. Kenny has previously been an integral part of IT project planning, implementation, and ongoing testing and brings extensive business knowledge gained over the 7 years of experience with the Secretary of State's Office.
- Joan Arnold – SOS – Controller. Joan has previously worked on planning and implementing IT projects and has been with the Secretary of State's Office for 4 years.
- Minank Patel – SOS – IT Infrastructure Support Analyst. Minank has technology experience and provides information technology support to the office.
- OCIO – (TBD)
- DAS – (TBD)
- External Resource(s) – (TBD)

Stakeholders' acceptance will be gathered by ensuring the new software is simplified, time saving, and user friendly. It will provide better communication and tracking tools for online filers and will create efficiencies in answering customer questions.

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

Milestones: Project to take entire FY24/FY25 biennium and may carry over into FY26 of the next biennium.

- July 2023 – June 2024: Internal project planning including review of project requirements, hosting, contract negotiation, and review of possible legislation needed to improve filing processes.
- July 2024 – Contract award and start date
- July 2024 – October 2024: Overall project planning with vendor including technical design and functionality of common system features
- Production Implementation and System Launch:
 - October 2024 – March 2025: UCC/EFS/Liens
 - Gap analysis

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

- Documentation of Functional Requirements
- Technical Design
- Database Configuration
- Environment Setup
- Data Conversion
- Configuration
- User Acceptance Testing
- Training
- Production Deployment
- Training & Onsite Assistance
- April 2025 – December 2025: Business Entities/Tradenames/Trademarks
 - Gap analysis
 - Documentation of Functional Requirements
 - Technical Design
 - Database Configuration
 - Environment Setup
 - Data Conversion
 - Configuration
 - User Acceptance Testing
 - Training
 - Production Deployment

11. Describe the training and staff development requirements.

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

12. Describe the ongoing support requirements.

Ongoing support requirements will be documented in the contract and will include the following:

The vendor must provide system validation period support after implementation for a mutually agreed-upon period to address and resolve any production issues. The vendor must provide all maintenance, modifications, and corrections that are necessary for the system validation period in production. After the system validation period, all corrections will be handled under the maintenance period.

Maintenance Requirements:

The vendor must have a plan for updating, enhancing, and modifying the software in response to technological advances and the need for additional features to improve efficiency and ability to meet the public's and our needs.

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

Normal and preventative maintenance shall be performed at a time that shall not adversely impact daily operations, with prior notification to and approval of any downtime.

The vendor shall provide a list of all enhancements and changes to be made to the system in a maintenance release document prior to the release.

The vendor shall monitor availability of upgrades offered by their hardware and software vendors and make timely installation of such changes when technically appropriate, at no additional cost.

When changes or additions are made to the database, vendor will provide updated field mapping and relationship documentation.

The vendor shall provide a maintenance plan describing vendor's internal knowledge transfer process and documentation process in order to maintain the system for the life of the contract. The maintenance plan shall be mutually agreed upon.

Support Requirements:

The vendor will provide a plan for ongoing support that includes, but is not limited to, help desk functionality, service up-time commitments, service disruption resolution, continuity of services planning, support commitments, and defect resolutions. The plan will also include providing all system documentation. The plan for ongoing support shall be mutually agreed upon.

As part of the help desk functionality, vendor must provide a mechanism to report system issues or problems via a help desk or online ticket system. Help desk support personnel will be available during workdays from 8 a.m. to 5 p.m. CT. The help desk will function to solve problems and will maintain a log of all reported problems or requests for assistance, fully documenting the problems and what actions were taken to correct the issues. The log will be made available upon request.

The vendor must provide a prioritized response process to manage maintenance issues and hardware or software enhancement / defect submittals. Incidents and service requests must be escalated to the appropriate resource based on the level of support required.

RISK ASSESSMENT (10 PTS):

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

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

IT Project Proposal Report - Detail

Agency: 009 - SECRETARY OF STATE

Budget Cycle: 2023-2025 Biennium

Version: AF - AGENCY FINAL REQUEST

- Training and learning curve for Secretary of State staff could delay incoming filings and services.

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

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

The vendor will be selected based upon ability to meet project outcomes and goals as evidenced by prior experience, proven project successes and references provided by prior customers.

FINANCIAL ANALYSIS AND BUDGET (20 PTS):

15. Financial Information. The “Financial” information tab in the Nebraska Budget Request and Reporting System (NBRRS) is used to enter the financial information for this project (NOTE: For each IT Project Proposal created in the NBRRS, the submitting agency must prepare an “IT Issue” in the NBRRS to request funding for the project.)

This project will be funded through current and future cash funds from the Secretary of State Cash Fund. The agency has expressed the need to keep this cash fund balance at a sufficient level to complete this project. Based upon analysis of funding, the cash fund will have sufficient funds to support this project.