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SECRETARY OF STATE

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APPENDIX B

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October 14, 2010

TO: Senator Robinson and Members of the Legislative Information Technology Committee

FR: Al Jaeger, Secretary of State

Re: Secretary of State's Data Processing System Project

The following is the status of the Secretary of State's Data Processing System Project

1. The project continues to be behind schedule.
2. The project is under budget and within appropriations because the vendor has only received payment for delivered product.
3. The Secretary of State's project coordinator continues to work daily on product testing and with the vendor several times during the week on the development of the software.
4. The source code is in the possession of ITD and they are conducting an architectural review of it. Although the review is still underway, the software has been found so far to be architecturally sound and modular in nature so that new functionality can be added without difficulty (this has been a design requirement from the beginning of the project). According to the contract with the vendor, the source code will be owned by the State of North Dakota.
5. As reported previously to this committee, the vendor experienced financial challenges, which has impacted the timely delivery of product. We have had numerous discussions with them and they are working on a recovery plan, which, if successful, will allow the project to resume with the expectation of a completion within the upcoming biennium. In the meantime, the project's Executive Steering Committee is reviewing all options, if the vendor is unable to execute a recovery plan.
6. The Central Indexing System software has been demonstrated to lenders, banker associations, and other businesses and was very well received.
7. Even though the software is being developed for the Secretary of State's office and the needs of our customers, it is believed the modular architectural base will allow the addition of functionality that could be used by other agencies that receives filings or issues licenses and receives payment for those services whether they are at state, county, or local government levels.

8. While our desire is that the project was completed on schedule, we are pleased with the product developed to date. When completed, it will be one of the most functional and user friendly systems used in Secretary of State's offices across the country. Through our contacts with the International Association of Commercial Administrators (IACA), whose membership includes the states, Canadian providences, and many countries from around the world, many of them have systems that are antiquated and they have not been able to move forward because of budget cuts. Because of our annual attendance at the IACA conference, other states are aware of our project and interested in its functionality. While some states do have on-line filing, they do not have the functionality and versatility of the software being developed for North Dakota. That is why the vendor has the incentive to complete their recovery plan for North Dakota in order to capture that market.

For your review, I have attached a time line for the agency's technology project.

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**Time Line for Technology Project - Secretary of State
October 14, 2010**

2004

1. Secretary of State (SOS) begins exploring replacement for AS/400 and Mainframe
2. Summer 2004 – Phase 1 of Secretary of State Knowledge Base (SOSKB) project presented to SITAC
3. Fall 2004 – SOS Budget request of \$500,000 for Central Indexing System (CIS) portion of SOSKB
4. Fall 2004 – Governor's Budget recommendation included \$250,000

2005

5. Spring 2005 – Legislative Assembly approved \$125,000 for Phase 1
6. Spring 2005 – ITD continues working with SOS and contracts with CC Intelligent Solutions (CCIS) to provide technical assistance
7. December 2005 – Al Jaeger, Mike Ressler, Tracy Korsmo, and Jim Silrum travel to North Carolina (NC) for meeting with North Carolina SOS. The North Carolina software is being used by approximately 14 states through a company called OSI.

2006

8. April 2006 – Signed Memorandum of Understanding with NC SOS on SOSKB development to .net using ITD, ITD Contractors and the NC SOS technology staff. Although written in VB6, the parties believed it could be converted to .net based on assurances from Microsoft.
9. Summer 2006 – Phase II of SOSKB project presented to SITAC
10. Fall 2006 – SOS Budget request included \$1,716,413 for Phase II
11. Fall 2006 – Governor's Budget recommendation included \$824,153

2007

12. Spring 2007 – Legislative Assembly approved \$824,153 for Phase II
13. Fall 2007 – ITD, NC SOS, and the ITD contractor continued developing Phase I with little success and discovered that earlier assurances from Microsoft were erroneous that conversion from VB6 to .net could be easily accomplished.

2008

14. January 2008 – ITD Developers informed the SOSKB Executive Steering Committee that Phase I could be completed with more funds, but it would not be a lasting and viable solution. The challenges with the code conversion were not reported earlier by the ITD development team to upper management at ITD or the Secretary of State's office. Had this been known, the project would have been stopped somewhat earlier resulting in significant savings (NOTE: As a result of this delay in reporting, many positive and beneficial changes were made to project management and reporting)
15. February 2008 – Secretary Jaeger stops the SOSKB project
16. March 26, 2008 – Report of project stoppage reported to Information Technology Committee
17. Spring 2008 – SOS determines it has approximately \$600,000 remaining in the budget for another solution, if available

18. Spring 2008 – ITD estimates it would require approximately \$2.4 million to build the desired system from the beginning
19. Spring 2008 – A company named FileONE offers a solution to SOS
20. Spring 2008 – SOS issues a notice of intent to award sole source to FileONE
21. Spring 2008 – SOS receives four challenges to this notice
22. May 2008 – SOS releases RFP for new system to four challengers and FileONE
23. June 2008 – After extensive evaluation by a large team of evaluators from ITD and SOS staff, CCIS is selected as vendor for new system
24. July 2008 – FileONE protests the notice of intent to award – protest denied by State Procurement Office
25. August 2008 – Contract is executed between CCIS and SOS for a product identified as cGov360 for \$1,959,000 over six years (subject to legislative appropriations)
26. October 2008 – CCIS team arrived in ND to gather requirements
27. November 2008 – CCIS begins development

2009

28. January 2009 – CCIS team is in ND gathering more requirements
29. Spring 2009 – 2009 Legislative Assembly approves \$780,000 for continuation of cGov360 project consistent with the contract executed with the vendor
30. June 2009 – cGov360 Contract date for completion of project
31. June 2009 – CCIS team is in ND gathering requirements
32. Summer 2009 – New project completion schedule is approved
33. October 2009 – CCIS team in ND gathering requirements

2010

34. February 2010 – CCIS begins to raise "churn" as the reason for the project delay
35. April 2010 – CCIS management is in ND to meet with Executive Steering Committee
36. April 2010 – Launch date for Central Indexing module is set for August 16, 2010
37. May 2010 – CCIS furlongs most of its staff due to financial challenges
38. June 2010 – cGov360 project was to be completed according to the revised schedule adopted in summer of 2009
39. Present – cGov360 project is not complete and CCIS is working on a recovery plan.

Since 2004, the Secretary of State has requested in its budget requests a total of \$2,996,413 to develop the needed software to provide the productivity of the staff and to provide online services to its customers. It has received appropriations of \$1,729,153, which is \$1,267,260 less than the estimates provided by informed sources as to what it would cost to build a system.