Corporation and LLC Registration Software

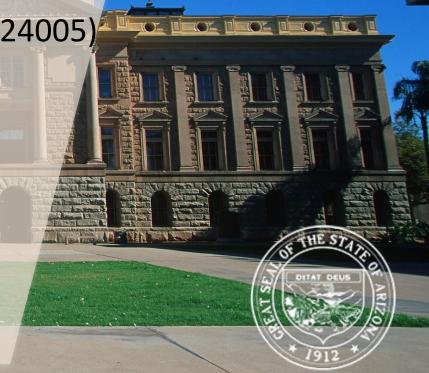## State of Arizona – Corporation Division

Project Investment Justification (CC24005)

April 17, 2024

The Arizona Corporation Commission's mission is to ensure safe, reliable, and affordable utility services; have railroad and pipeline systems that are operated and maintained in a safe manner; grow Arizona's economy as we help local entrepreneurs achieve their dream of starting a business; modernize an efficient, effective, and responsive government agency; and protect Arizona citizens by enforcing an ethical securities marketplace.

Project Team Introduction

Roles

- Tanya Gibson – Director, Corporations Division

- Ed Block – CIO / IT Division Director

- Cristi Thatcher – Chief Financial Officer

- Barbarajo Transue – IT Assistant Director

Project Introduction

Stated Operational/Business Issue

- By authority of the Arizona constitution, the Arizona Corporation Commission, is granted the authority for registration of Corporations and LLCs both foreign and domestic.
- The ACC uses software to allow the public to file and the agency to then review and approve the required documents to start, maintain, or close any business.
- The agency has had the current Customizable Commercial Off-the-Shelf (COTS) solution since May 2018, and it is at end of life and needing replacement.

Benefit to the State Agency and Constituents

- Obtaining the new solution will allow the ACC to continue to provide the required services to the public and enhance internal efficiencies in providing those services.
- The new system will utilize current technologies and this will make online filing more efficient and user friendly. The platform will also allow for continuous upgrades to enhance the customer experience over time.
- In addition, internal document reviewers will gain efficiencies by streamlined processes and reliable functionality.

Proposed Solution

Overview of Proposed Solution

- The Arizona Corporation Commission (ACC) proposed solution will replace the current software platform known as "eCorp" used to approve initial registrations, subsequent change of information filings, and termination/dissolution filings for limited liability companies and corporations both foreign and domestic to the state of Arizona as well as provide searchable records, and other services as required by state law.
- The new customizable off the shelf solution will offer a high degree of office configurability and control, and a host of security advances to enhance our ability to detect and prevent fraudulent filing, business identity theft, and cybersecurity intrusions.
- The new platform will support ACC driving continuous upgrades to significantly enhance the customer experience over time. In addition, internal document reviewers will gain efficiencies by streamlined processes and reliable functionality.
- The solution supports the existing system interfaces. This includes APIs with the Business One Stop program and data exchange APIs with ADOR, ADOA, AzSOS and the AzROC.

Proposed Solution

Due Diligence and Method of Procurement

The Commission worked with the State Procurement Office (SPO) in 2022 on a Request for Information (RFI). The Commission used the information gathered from the RFI to submit a budget request for $7,000,000. With SPO's assistance, the Commission released a formal Request for Proposal (RFP) July 2023. SPO received responses from 8 suppliers. An evaluation committee was formed and the top 3 suppliers demonstrated their product to the evaluation team. Working with SPO the evaluation team scored each of the suppliers and the contract was awarded February 2024 to WSD Digital LLC (ReFrame Solutions).

Technology

The technical solution is deployed on Azure GovCloud in a full-Cloud model. The technical components for the core solution such as App and database services are available as PaaS offerings on highly secure Azure GovCloud environment. The core of the technical architecture is microservices-based which is realized using native technologies (Angular/.NET 6/SQL Server) and is hosted on the Cloud that can be scaled dynamically and automatically.

- OS Windows Server 2019 Datacenter
- Database Server Microsoft SQL Server 2019 Standard
- WAF & DNS Cloudflare WAF / Azure Front door
- Anti-virus Software Symantec Antivirus / Microsoft Defender
- Vulnerability Scan Qualys & Logging /Monitoring Site 24x7 Azure Monitor

Project Responsibilities

Identify Proposed Solutions Responsibilities
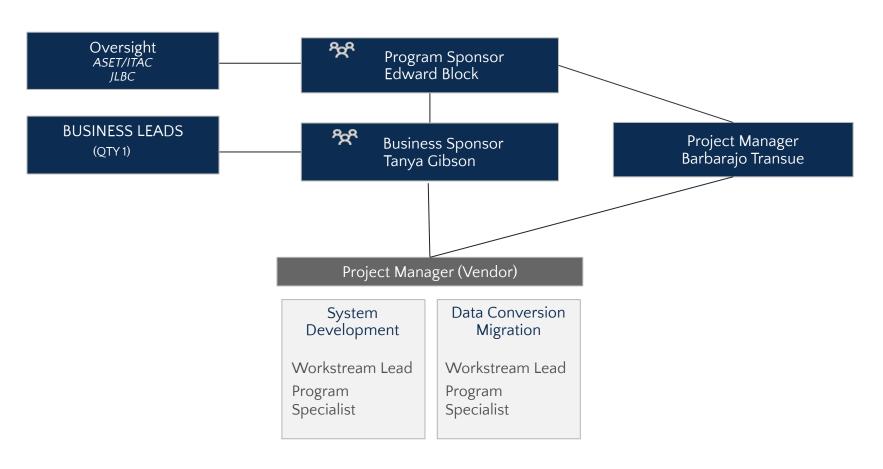
Agency

1. Requirements
2. Final UAT

Shared

1. Project Management
2. Testing
3. Data Mapping
4. Training / Transfer of Knowledge

Vendor/Contractor

1. Functional Specifications
2. Data Migration
3. Hosting configuration
4. Development

Agency Program Structure

Oversight
ASET/ITAC
JLBC

BUSINESS LEADS
(QTY 1)

Program Sponsor
Edward Block

Business Sponsor
Tanya Gibson

Project Manager
Barbarajo Transue

Project Manager (Vendor)

System Development

Workstream Lead

Program Specialist

Data Conversion Migration

Workstream Lead

Program Specialist

Project Timeline

Task	Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25
Project Initiation	██																				
Signed SOW & Detailed Project Plan	██																				
Communication Plan (B1S and agencies)	██																				
Detailed System Design & Requirements		██	██																		
Design				██																	
System Development					██	██	██	██	██	██	██	██	██	██							
Data Conversion					██	██	██	██	██	██	██	██	██	██							
UAT (includes B1S and integrations)														██	██						
System Training & Implementation																██					
Cutover & Go Live																	██				
Lessons Learned & Close Out																	██	██			
Warranty Period																	██	██	██	██	
Final Development Payment																				██	██

Project Costs

Project Costs by Category	FY24 - FY25	FY26	FY27	FY28	FY29 - FY30	Total
Professional Services	$112,500	$0	$0	$0	$0	$112,500
Hosting	$148,500	$118,800	$118,800	$118,800	$148,500	$653,400
Software	$2,399,259	$0	$0	$0	$0	$2,399,259
Data Migration	$359,792	$0	$0	$0	$0	$359,792
License & Maintenance Fees	$470,600	$280,800	$280,800	$280,800	$351,000	$1,664,000
Other Development Expenditures	$265,194	$0	$0	$0	$0	$265,194
Contingency & Est. Taxes	$321,205	$68,494	$0	$0	$0	$389,699
Total Development	$4,077,050	$468,094	$0	$0	$0	$4,545,144
Total Operational	$0	$0	$399,600	$399,600	$499,500	$1,298,700

Financial Impact

Breakdown of Financial Impact

Project Development Funding

Base Budget - Available	
Base Budget - To Be Requested	
APF Budget - Available	$7,000,000
APF Budget - To Be Requested	
Other Appropriated - Available	
Other Appropriated - To Be Requested	
Federal - Available	
Federal - To Be Requested	

Total Development Project Funding

Available Budget	$7,000,000
Projected Development Costs	$4,545,144

Operational Changes

Current 3-Year Operational Cost (Avg)	$968,250
Proposed 3-Year Operational Cost (Avg)	$1,298,700
Financial Impact of New System	-$330,450

Total Operational Funding - Project

Projected Operational Costs	$1,298,700

What Success Looks Like

Change Management Success Criteria

A. Project Milestones
   a. Project kick off / Plan
   b. User Acceptance of Development plan
   c. User Acceptance of Data Conversion/Migration
   d. Final Test Plan & Test Cases
   e. User Training
   f. Go Live

Measures of Success

The current platform is end of life and exists on non-supported technology.

The new platform will be updated, stable and technologically advanced which will enhance the customer experience and decrease costs through the reduction of paper filings. The success of the system will be measured by:

Reduction of paper filings.
- The upgraded platform will offer filing efficiencies and greater security which will encourage online filing. The current adoption rate is 84%. Within a year of implementation, the expected adoption rate will be 90%.
- An increased online adoption rate will lead to fewer rejected filings
- Reduction of 200 FTE hours of scanning per year
- Cost savings of $7,000 per year (reduction in purchase of paper)

Q & A
Session

Recommended Conditions

ADOA-ASET Conditions

1. Should development costs exceed the approved estimates by 10% or more, or should there be significant changes to the proposed technology scope of work or implementation schedule, the Agency must amend the PIJ to reflect the changes and submit it to ADOA-ASET, and ITAC if required, for review and approval prior to further expenditure of funds.

2. Monthly reporting on the project status is due to ADOA-ASET no later than the 15th of the month following the start of the project. Failure to comply with timely project status reporting will affect the overall project health. The first status report for this project is due on June 15, 2024.

3. Prior to system production environment launch or go live, the Agency must work with the Department of Administration (ADOA) and Department of Homeland Security (AZDOHS) Cyber Command, to assure the System Security Plan document is completed and approved by Cyber Command in order to ensure that the selected solution will provide an appropriate level of protection for State data.

ITAC Voting Options

What ITAC May Consider In Review Whether:

a. The proposed solution addresses the stated problem or situation;

b. The budget unit is competent to carry out the project successfully;

c. Sufficient sponsorship and support by budget unit leadership exists;

d. Cost estimates provided are accurate;

e. The proposed project aligns with the budget unit's Strategic IT Plan; and

f. The proposed solution complies with statewide IT standards.

ITAC Motions:

a. Move to Approve

b. Move to Approve with Conditions As Presented

c. Move to Approve with Conditions

    i. Committee May Modify or

    ii. Add Conditions

d. Move To Deny or temporarily suspend development activities

Relevant Statutes and Rules

Per A.R.S. § 18-101 - Per Administrative Code R2-18-101