

**State of California
Department of Insurance**



**Paperless Workflow Project
#0845-39
Special Project Report (SPR)**

July 15, 2008

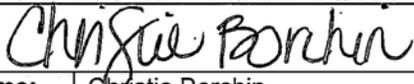
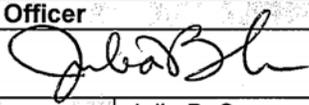
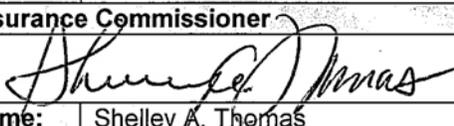


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1.0 Executive Project Approval Transmittal

Information Technology Project Request Special Project Report Executive Approval Transmittal			
Department Name			
Department of Insurance			
Project Title (maximum of 75 characters)			
Paperless Workflow Project – #0845-39			
Project Acronym	Department Priority	Agency Priority	
PWP	1		
APPROVAL SIGNATURES			
<p>I am submitting the attached Special Project Report (SPR) in support of our request for the Department of Finance's approval to continue development and/or implementation of this project.</p> <p>I certify that the SPR was prepared in accordance with State Administrative Manual Sections 4945-4945.2 and that the proposed project changes are 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 Special Project Report.</p>			
Chief Information Officer		Date Signed	
 Printed name: Christie Borchin		7.15.08	
Budget Officer		Date Signed	
 Printed name: Julia B. Cross		7/15/08	
Deputy Insurance Commissioner		Date Signed	
 Printed name: Shelley A. Thomas		7/15/08	
Agency Secretary		Date Signed	
Printed name: N/A			

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT

SECTION A: EXECUTIVE SUMMARY

2.0 Information Technology Special Project Report

2.1 Section A: Executive Summary

1.	Submittal Date	July 15, 2008
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	FSR	SPR	PSP Only	Other:
2.	Type of Document		X	
	Project Number	0845-39		

			Estimated Project Dates	
3.	Project Title	Paperless Workflow Project		Start
	Project Acronym	PWP		End
		07/01/08	06/30/2011	
4.	Submitting Department	California Department of Insurance (CDI)		
5.	Reporting Agency	N/A		

6.	Project Objectives
	<ul style="list-style-type: none"> • Provide online access to the operational documents received by the CDI. • Improve customer service by providing on-demand access to public files. • Support ability for CDI to accept online submissions and perform on-line transactions with insurers to provide for a modernized, efficient and more environmentally friendly (green) way to do business. • Reduce document processing and storage costs. • Increase the ability to share documents and files across the Department electronically. • Increase the CDI's ability to recover from a disaster.

8.	Major Milestones	Complete Date
	System Requirements Validation	08/31/2008
	Release Solicitation for Vendor Solution	10/01/2008
	Vendor Selection	02/15/2009
	Phase 1 – Requirements Analysis	09/30/2009
	Phase 1 – Configuration/Development	02/15/2010
	Phase 1 – User Acceptance Testing	04/30/2010
	Phase 1 – Deployment	07/31/2010
	Phase 2 – Requirements Analysis	11/30/2010
	Phase 2 – Configuration/Development	01/31/2011
	Phase 2 – User Acceptance Testing	04/30/2011
	Phase 2 – Deployment	05/30/2011
	Project Closeout	06/30/2011
	PIER	07/31/2012
	Key Deliverables	
	Request for Offer	10/01/2008
	Phase 1 – Requirements Specification	09/30/2009
	Phase 1 – Design Document	12/15/2009
	Phase 1 – Training Materials	04/01/2010
	Phase 2 – Requirements Analysis	11/30/2010
	Phase 2 – Design Document and Training	12/28/2010
	Phase 2 – Close out and Lessons Learned	06/30/2011

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT

SECTION A: EXECUTIVE SUMMARY

7.	Proposed Solution
	<p>The scope of the Paperless Workflow Project is to implement a new enterprise-wide document management system with automated workflow and electronic-based forms (eforms) to transform CDI business operations.</p> <p>The implementation of a document management system repository and internal eforms and workflows for internal business transactions is planned to occur in the first phase. Next, the CDI will implement scanning centers and data capture features to convert any incoming paper to electronic images. Finally, the solution will expand the use of eforms and workflows to support external business transactions.</p>

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT

SECTION B: PROJECT CONTACTS

2.2 Section B: Project Contacts

Project #	0845-39
Doc. Type	SPR

Executive Contacts								
	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
Agency Secretary	N/A							
Dept. Director	Shelley	Thomas	916	492-3072		916	327-3482	thomass@insurance.ca.gov
Budget Officer	Julia	Cross	916	492-3264		916	445-6544	Crossj@insurance.ca.gov
CIO	Christie	Borchin	916	492-3294		916	327-3481	borchinc@insurance.ca.gov
Proj. Sponsor	Jim	Richardson	916	492-3263		916	492-3263	richardsonj@insurance.ca.gov

Direct Contacts								
	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
Doc. Prepared by	Michelle	Leach	916	492-3362		916	327-3481	leachm@insurance.ca.gov
Primary Contact	Christie	Borchin	916	492-3294		916	327-3481	borchinc@insurance.ca.gov
Project Manager	Michelle	Leach	916	395-6350		916	327-3481	leachm@insurance.ca.gov

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT
SECTION C: PROJECT RELEVANCE TO STATE AND/OR DEPARTMENT PLANS

2.3 Section C: Project Relevance to State and/or Department Plans

1.	What is the date of your current Operational Recovery Plan (ORP)?	Date	May, 2008
2.	What is the date of your current Agency Information Management Strategy (AIMS)?	Date	August 31, 2007
3.	For the proposed project, provide the page reference in your current AIMS and/or strategic business plan.	Doc.	AIMS
		Page #	Page 13, 3.1; Page 34, 5.1.3; page 39, 7.1

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4.	Is the project reportable to control agencies?		Yes	No
			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.		
X	The project meets a condition previously imposed by Finance.			

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT

SECTION E: VENDOR PROJECT BUDGET

2.4 Section D: Budget Information

Project #	0845-39
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Budget Augmentation Required?			If YES, indicate fiscal year(s) and associated amount:								
No											
Yes	X		FY	08/09	FY	09/10	FY	10/11	FY	11/12	Total
				\$ 2,787,205	\$	2,526,267	\$	2,823,704	\$	791,609	\$ 8,928,785

PROJECT COSTS

1.	Fiscal Year	08/09	09/10	10/11	11/12	TOTAL
2.	One-Time Cost	\$ 2,979,345	\$ 2,909,911	\$ 2,932,124	\$ 100,000	\$ 8,921,380
3.	Continuing Costs			\$ 678,138	\$ 1,186,047	\$ 1,864,185
4.	TOTAL PROJECT BUDGET <u>1/</u>	\$ 2,979,345	\$ 2,909,911	\$ 3,610,262	\$ 1,286,047	\$ 10,785,565

SOURCES OF FUNDING

5.	General Fund					\$
6.	Redirection	\$ 192,140	\$ 383,644	\$ 786,558	\$ 494,438	\$ 1,856,780
7.	Reimbursements					\$
8.	Federal Funds					\$
9.	Special Funds <u>2/</u>	2,787,205	\$ 2,526,267	\$ 2,823,704	\$ 791,609	\$ 8,928,785
10.	Grant Funds					\$
11.	Other Funds					\$
12.	PROJECT BUDGET <u>1/</u>	\$ 2,979,345	\$ 2,909,911	\$ 3,610,262	\$ 1,286,047	\$ 10,785,565

PROJECT FINANCIAL BENEFITS

13.	Cost Savings/Avoidances <u>3/</u>	\$	\$	\$	\$ 97,828	\$ 97,828
14.	Revenue Increase	\$	\$	\$	\$	\$

Note: The totals in Item 4 and Item 12 must have the same cost estimate.

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT

SECTION E: VENDOR PROJECT BUDGET

2.5 Section E: Vendor Project Budget

Vendor Cost for FSR Development (if applicable)	\$ 284,148
Vendor Name	Visionary Integration Professionals, LLC

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VENDOR PROJECT BUDGET

1.	Fiscal Year	08/09	09/10	10/11	11/12		TOTAL
2.	Primary Vendor Budget	\$ 1,544,818	\$ 1,898,733	\$ 1,716,855	\$ 100,000		\$ 5,260,406
3.	Independent Oversight Budget	\$ 23,760	\$ 71,280	\$ 71,280			\$ 166,320
4.	IV&V Budget	\$ 27,000	\$ 108,000	\$ 104,940			\$ 239,940
5.	Other Budget (Project Manager)	\$ 74,700	\$ 179,280	\$ 179,280			\$ 433,260
6.	TOTAL VENDOR BUDGET	\$ 1,670,278	\$ 2,257,293	\$ 2,072,355	\$ 100,000	\$	\$ 6,099,926

-----**(Applies to SPR only)**-----

PRIMARY VENDOR HISTORY SPECIFIC TO THIS PROJECT

1.	Primary Vendor	TBD
2.	Contract Start Date	
3.	Contract End Date (projected)	
4.	Amount	

PRIMARY VENDOR CONTACTS

	Vendor	First Name	Last Name	Area Code	Phone #	Ext.	Area Code	Fax #	E-mail
5.	TBD								
6.									
7.									

INFORMATION TECHNOLOGY SPECIAL PROJECT REPORT

SECTION F: RISK ASSESSMENT INFORMATION

2.6 Section F: Risk Assessment Information

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RISK ASSESSMENT

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

General Comment(s) Section 7 of this SPR
The Risk Management Plan is contained in Section 7 of the Feasibility Study Report submitted to OCIO on December 14, 2007.



3.0 Proposed Project Change

3.1 Project Background/Summary

The Office of the Insurance Commissioner has the responsibility to enforce the insurance laws found in the California Insurance Code, California Code of Regulations, and other related laws. The role of the Insurance Commissioner is to regulate the insurance industry, thereby protecting California consumers from abusive insurance practices.

The California Department of Insurance (CDI) regulates the largest insurance market in the United States with over \$118 billion in direct premiums written in the state. In fulfilling its responsibility to protect California's insurance policyholders, CDI conducts examinations of insurance companies and producers to ensure that operations are consistent with the requirements of the Insurance Code and that insurance companies are financially viable and able to meet their obligations to policyholders and claimants. CDI also investigates complaints and responds to consumer inquiries; administers the conservation and liquidation of insolvent and delinquent insurance companies; reviews and approves insurance rates; and is a major contributor in combating insurance fraud.

CDI is mandated by legislation to regulate California's insurance industry, ensuring that the business of insurance is conducted lawfully and in an open and fair manner. The agency fulfills this mission through six key interlinked regulatory functions:

- Financial Solvency Oversight
- Licensing and Certification of Companies, Agents, and Brokers
- Premium Rate and Insurance Product Examination
- Consumer Services
- Enforcement of Insurance Laws
- Premium Tax Collection

CDI consists of the following organizational units:

- Operations
 - Administration and Licensing Services Branch
 - Consumer Services and Market Conduct Branch
 - Enforcement Branch (combining Fraud and Investigation Divisions)
 - Financial Surveillance Branch
 - Rate Regulation Branch
- Office of Policy and Regulations (changed from Office of Policy and Planning)
- Executive Operations
- Office of Communications and Press Relations
- Office of Community Relations
- Legal Branch



Information Systems Overview

The CDI's Information Technology (IT) network infrastructure includes the following component changes from those identified in the approved feasibility study report.

Routers and Switches – The CDI's network consists of Cisco routers and switches. All switches supporting IP telephones were upgraded to Cisco model 3750 providing Power over Ethernet (PoE). These upgraded switches were also procured with battery backup devices providing limited continued usage in the event of a facility electrical outage.

The routers on the wide area network, (WAN) supplied by the Department of Technology Services, were upgraded to support Quality of Service (QoS) required for the segregation and management of voice and data over the same lines.

Notebook PCs – The CDI's network consists of approximately 550 notebook PCs identified through an upgrade to whole disk encryption software in FY 2006-07 compliant with Budget Letter 05-32. Approximately 20 laptops are using Cisco softphone technology allowing call center staff to work from home or alternate worksites during emergency or disaster scenarios.

Connectivity Lines – Sacramento, Los Angeles and San Francisco are the CDI's major office sites. All three major office sites are connected in a DS3 line triangle. All satellite offices are connected to the wide area network by way of T1 transmission lines.

Business Problem Opportunities (BPO)

The business problem opportunities identified in the approved feasibility study report did not change.

Business Objectives

The business objectives identified in the approved feasibility study report did not change. However, the Insurance Commissioner has placed a higher emphasis on the need to transform the department's way of doing business with the insurance industry. For example, Senate Bill 1279 was developed by the Commissioner to eliminate barriers to CDI becoming a paperless State Agency. The bill changes existing insurance code to allow the Commissioner to accept, publish, and maintain records in electronic form, and to handle transactions electronically to the extent not otherwise prohibited by law. This is something that the insurers have been requesting for quite some time, not only because they are equipped with the tools to make electronic submissions, but mainly to save time and expenses incurred in printing and mailing multiple copies of their submissions to the CDI. SB1279 will allow the Commissioner to lay the basis for electronic transactions with the insurance industry and to develop regulations requiring all insurers to submit their documents electronically. This will allow the Commissioner to pass along the benefits of electronic processing with the industry and the general public as this would be more efficient, cheaper, more accessible, and more environmentally friendly. Paper documents with original signatures would not need to be maintained and could be destroyed, thereby eliminating storage, retrieval and other problems associated with paper-based systems. Internal administrative processes will be expedited through secured electronic workflow without the need for original documents and signatures.



The Paperless Workflow Project will fully support the Commissioner's plans to begin accepting electronic documents from the industry, as well as plans to make it required for insurers to submit documents electronically. It is critical for the CDI to achieve successful outcome of the Paperless Workflow Project so it is equipped with the necessary infrastructure to support electronic transactions.

Business Functional Requirements

The business functional requirements identified in the approved feasibility study report did not change.

3.2 Project Status

The FSR for the Paperless Workflow Project was approved by the Office of the Chief Information Officer (OCIO) on April 1, 2008. A Spring Finance Letter (SFL) was submitted in January 2008 requesting expenditure authority to fund the first year of the project. The Legislature approved the SFL with the following supplemental report language:

The California Department of Insurance shall report by January 10 of each year through 2011 to the chairperson of the budget committee of each house of the Legislature and to the Legislative Analyst's Office on its progress implementing the Paperless Workflow System--a centralized electronic document management system. Specifically, the department shall report on its progress as compared to the milestone and deliverable dates reported in its feasibility study report for this project, as well as report on its actual and projected expenditures.

The Information Technology Procurement Plan (ITPP) is currently in review for approval by the Department of General Services (DGS). Initial review of the ITPP indicates it will be approved. The CDI estimates the ITPP will be finalized and approved by July 18, 2008.

The project schedule in the Paperless Workflow FSR is still accurate. At this time, the CDI has initiated a steering committee, identified a project team, and is recruiting business subject matter experts throughout the department. In addition, the CDI is pre-planning for the procurement phase, ensuring that associated tasks will get completed in the most efficient and timely manner. It is the CDI's first goal to plan and execute an efficient and competitive procurement process for the Paperless Workflow Project.

3.3 Reason for Proposed Change

There are no proposed changes to the approved Feasibility Study Report.

3.4 Proposed Project Change

The details of the project identified in the approved Feasibility Study Report have not changed



3.5 Impact of Proposed Change on the Project

The details of the project identified in the approved Feasibility Study Report have not changed.

3.6 Feasible Alternatives Considered

The feasible alternatives considered in the approved Feasibility Study have not changed.

3.7 Implementation Plan

The implementation plan in the approved Feasibility Study has not changed.



4.0 Project Management Plan

The project management plan identified in the approved feasibility study report did not change.

4.1 Project Manager Qualifications

The project manager qualifications identified in the approved feasibility study report did not change.

4.2 Project Management Methodology

The project management methodology identified in the approved feasibility study report did not change.

4.3 Project Organization

The project organization identified in the approved feasibility study report did not change.

4.4 Project Priorities

The project priorities identified in the approved feasibility study report did not change.

4.5 Project Plan

The project scope, assumptions, dependencies, constraints, phasing, roles and responsibilities, identified in the approved feasibility study report did not change.

4.6 Project Monitoring

Project monitoring identified in the approved feasibility study report did not change.

4.7 Project Quality

Project Quality assurance and monitoring identified in the approved feasibility study report did not change.

4.8 Change Management

Change management identified in the approved feasibility study report did not change.

4.9 Authorization Required

Approval of this SPR is required internally from the CDI's Executive Office, the Chief Information Officer, and the Budget Officer. Approval is required from DOF and the Department of General Services as part of the standard SPR review process. A copy of the SPR will also be provided to the Legislative Analyst's Office.



5.0 Risk Management Plan

The risk management plan identified in the approved feasibility study report did not change.

5.1 Risk Management Worksheet

The risk management worksheet identified in the approved feasibility study report did not change.

5.1.1 Assessment

The risk assessment methodology identified in the approved feasibility study report did not change.

5.1.2 Risk Identification

The risk identification process identified in the approved feasibility study report did not change.

5.1.3 Risk Analysis and Quantification

The risk analysis and quantification process identified in the approved feasibility study report did not change.

5.1.4 Risk Prioritization

Risk prioritization continues as identified in the approved feasibility study.

5.1.5 Risk Response

Risk response continues as identified in the approved feasibility study.

5.1.6 Risk Avoidance

Risk avoidance continues as identified in the approved feasibility study.

5.1.7 Risk Acceptance

Risk acceptance continues as identified in the approved feasibility study.

5.1.8 Risk Mitigation

Risk mitigation continues as identified in the approved feasibility study.

5.1.9 Risk Sharing

Risk sharing continues as identified in the approved feasibility study.

5.2 Risk Tracking and Control

There were no changes in the way the CDI will track changes or control risks from those identified in the approved feasibility study report.



6.0 Updated Economic Analysis Worksheets

There are no changes to the Economic Analysis Worksheets as identified in the approved feasibility study report.