

INbiz: New Business Registration

Digital Government: Government to Business (G to B)

State of Indiana Secretary of State

June 3, 2008

<http://www.in.gov/ai/appfiles/sos-registration/landing.html>



B. Executive Summary

In early 2007, the Indiana Secretary of State (SOS), in partnership with the Indiana Office of Technology's IN.gov program, launched INbiz, a business entity registration service, which simplifies the business start-up process for entrepreneurs and some foreign entities. The one-stop application guides users through the various data-entry requirements for business registration and allows online payments. Additionally, a clerical interface allows SOS staff to retrieve, review and approve or reject new domestic business and some foreign entity registrations that are submitted online. Available entity registration types include:

- Domestic Corporation
- Domestic Limited Liability Company
- Domestic Limited Liability Partnership
- Domestic Limited Partnership
- Domestic Nonprofit Corporation
- Foreign Limited Liability Partnership
- Foreign Limited Partnership

After a soft rollout of the new service to key contacts in multiple geographic locations, additional desired features were identified, including the ability to add additional articles beyond the required information by statute, the ability to number sequentially those added articles and for the application to truncate text properly. The online service was introduced to the general public in May 2007, after the previous-mentioned improvements were made to the tool.

C. Description

Problem statement

In order to register a new business with the state of Indiana, the proper form(s) had to be obtained from Secretary of State (SOS) via mail, an in-person visit to the office or downloaded from the SOS Web site. The forms were then filled out and returned with payment to SOS, where they were processed by clerks who manually entered all data into an SOS database. If the filing was approved, the clerk completed the registration process, processed the payment and mailed a certificate and receipt to the business. If the filing was rejected, the clerk created a rejection letter, listing the reason(s) for the rejection, and mailed the rejection letter along with the submitted form and the payment back to the mailer.

This process was not only time-consuming and cumbersome for those seeking to register a new business' it was also labor-intensive for SOS employees to manually enter each application. Additionally, it caused SOS to incur hefty postage and mailing supply costs.

Issue or problem context

After beginning conversations with IN.gov (Indiana official Web site) staff, SOS discovered that the seven business registration applications were 30% of the offices filing activity during 2006, a total of 31,455 applications that were entered manually by SOS employees. The amount of man-hours dedicated to the paper-based process, coupled with fact that new business entity registration does not require additional documentation, such as a Certificate of Existence from the domicile state, drove SOS to move forward with the development of an easy-to-use online service.

Solution

New business entity registration was created by SOS in collaboration with Indiana Interactive (II), the managing vendor of the state's official Web site, IN.gov, which manages hosting and development of new applications. The development was done for a cost of \$135,000 over a period of ten months with a core team of six persons, including staff from SOS and II. A project manager from II managed the project, which was created in ASP.NET and Microsoft SQL Server.

Working with IN.gov program staff, SOS began development of the new business registration service. Using project management best practices, including time and resources allocation and documentation, and in conjunction with staff from the Indiana Office of Technology (IOT), SOS launched a robust, interactive tool that guides new business registrants through the online registration process.

Features of the user-friendly application are:

- Collects submitter contact information to be used for notifications;
- Allows data entry of business entity registration information for seven entity types;
- Leverages existing *Name Availability* search previously only available on the SOS Web site;

- Provides business information and guidance for new users;
- Collects payment from submitter at time of filing submission;
- Generates a receipt, certificate and copy of approved and files document for customer to download;
- Establishes periodic save points that allow users to start a filing and return at a later time to complete;
- Captures filing data, uploaded document(s) and payment information in appropriate databases
- Allows submitters to check the status of submitted transactions; and,
- Electronically notifies customers of approval/rejection, with appropriate documents attached.

Description of the solutions architecture

The customer begins the online process by confirming their e-mail address, which is used in all correspondence for the filing. The customer then conducts a *Name Availability* search, which is only preliminary. The final submission of the name is considered under review by SOS corporation filers until the entity receives approval.

After searching the database for name availability, the customer automatically receives an e-mail with a transaction number. This allows customers to end their sessions at any point through the filing process and save what they have typed to date. Using their transaction number and their e-mail address, they can log into the application at any time to complete the filing or identify the status:

- Incomplete: Customer must finish filling in registration form with the required information before SOS reviews the request.
- Pending Review: Customer has completed their registration and successfully submitted it to the SOS which will then contact the customer via e-mail to give final approval/rejection notification.
- Rejected: Customer's business entity registration was not approved SOS. Justification for rejection is including in the message sent to the e-mail address provided by the customer. Customer may contact SOS at 317.232.6576 to determine justification for rejection.
- Approved: Customer's business entity registration is been approved.

The application itself provides a template (depending on the entity type) which contains the required fields of information driven by statute. Once completed, the customer submits the filing after providing payment with an IN.gov subscriber account or credit card. The filing is then available for review in SOS's clerical interface. SOS staff being review process by checking name availability in production database and then confirms other required data. If approved, the data is captured in the SOS production database and is posted in real-time to the SOS Web site at <http://sos.in.gov>.

The customer receives a congratulatory e-mail from Secretary Todd Rokita. The e-mail provides links for the customer to download the Certificate and the stamped approved and filed documents.

If the filing is rejected, the customer receives an e-mail explaining the status and reasons for rejection. The customer can then log into the application to update or correct the faulty filing. Their payment is submitted again with the new filing since the customer is refunded upon rejection.

Length of time in operation:

SOS's Business Entity Registration was first introduced in February 2007 as a soft launch to limited agency contacts. Upon completing suggested enhancements, the service was released to the public in May 2007.

Communication Plan

SOS advertised heavily on its Web site at <http://sos.IN.gov> as well as leveraged partnership with the Indiana Bar Association, Indiana Bankers' Association and the Indiana Chapter of Certified Public Accountants. These organizations informed their members of the new service through their e-newsletters, presentations and workshops. In addition to specific placement of links to the application with the SOS website:

D. Significance

Benefits to Secretary of State

In addition to the many benefits and convenience experienced by SOS's end-users, SOS employees also benefit greatly from the new business registration tool.

Efficient: The approval process requires approximately three minutes for SOS staff, compared to the twenty minutes or more for paper submissions. Additionally, SOS staff has instant electronic access to all data, including rejection information, images and filing statuses. Rather than searching through physical box storage, SOS staff can query their database to find all relevant information for any given filing.

Cost-effective: Submissions are stored digitally, reducing physical storage requirements, while retrieval times and supplies and postage costs have been drastically reduced. Additionally, with a drastic reduction in the number of paper filings (adoption of the new service was at 50% in just six months), SOS was able to eliminate one position within the filing department. Depending on continued success of adoption, further staff eliminations may occur.

Accuracy: With nearly 25,000 new registrations filed each year, it is imperative SOS staff remains in compliance with all business rules. Web validation within the new online service improves compliance. And with that increased compliancy comes a faster turn-around time for approvals, increasing customer satisfaction with the Secretary of State's office.

Benefits to Indiana Businesses

A recent customer’s feedback says it all:

“I wanted to take a few minutes to say how much I appreciate the ease of filing my Article of Organization today. To register in under fifteen minutes has been much easier than I could have ever envisioned!!!! Not only was this process extremely streamlined.....it was cheaper!! Nice work!!”

Efficient: Filings can be entered and submitted quickly online. After submission, approval and notification averages less than eight minutes. The entire process can be completed in less than 30 minutes from start to finish during business hours, compared to several days for a paper submission.

Global & Time Neutral: Rejection/approval turnaround time is no longer dependent on geographical location, in contrast with a paper submission which favors those closer to the filing office. Additionally, filings can be submitted online any time day or night and the registrant knows the status of the registration within minutes of the beginning of the next business day.

Benefit of the Project:

SOS has monitored the adoption rates mainly for the Domestic Corporations and Domestic Limited Liability Company filings. During the first full month after deployment to the general public in June 2007, SOS 43.11 percent of the Articles of Incorporation and Articles of Organization filed online. As of May 1, 2008, the adoption rate continues to rise with 63.04 percent filing online.

The cost-benefit to the online filings includes but is not limited to the decrease in cost for paper, toner, envelopes, postage, manpower and the wear and tear to printers.

<u>Corp grand totals thru 05/30/08</u>	
E-filed	18,908
E-file rejections	1,268

With more than 18,000 entities filed online since May 2007, SOS has saved in envelopes, printing, assembly and postage for all 14,000. While the division averages over 7,000 paper corporate transactions monthly, the Business Services Division has been able to process all Corporate mail, UCC filings, Apostille requests, Trademark applications and mailed business entity reports the same day they are received since July 1, 2007. Two hundred twenty-five (225) business days in a row and counting!

To demonstrate the efficiency of this application, SOS selected a random day of high-volume traffic, March 10, 2008, in which average approval time was just 4.10 minutes. With such great turnaround time, there are fewer phone calls from customers questioning if we’ve received their paperwork and/or where their documents are within the review process. As a result, we have eliminated one full-time position since July 2007, realizing an annual salary savings of \$22,000.