




M E M O R A N D U M

Date: January 28, 2021

To: California State Lottery Commission

From: Alva V. Johnson, Director 

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Subject: Item 8(d) – Digital Signature Technology - DocuSign

ISSUE

The California State Lottery (Lottery) is requesting approval to enter into a one-year agreement to renew subscription and support services for DocuSign digital signature technology.

BACKGROUND

The Lottery procured DocuSign in 2020 to implement an enterprise-wide electronic signature process. Electronic signature technologies have evolved over the years allowing businesses and government organizations to work more efficiently in a secured environment. California law restricts the use of digital signature products to those authorized by the California Secretary of State (SOS). The SOS website¹ provides the 'Approved List of Digital Signature Certification Authorities' who are authorized to issue certificates for digitally signed communications with public entities in California. A provider of a digital signature product is not required to be on this list, but the product is required to use a certificate from a certificate authority on this list.

The Lottery performed a product capability analysis on the six companies listed on the SOS website to compare critical capabilities of the leading digital signature solutions. The

¹ Effective 4/22/20, the Secretary of State issued emergency regulations that temporarily relaxed digital signature requirements and removed the approved product list from the website. Removal of the approved products list means that while the digital signature market has likely evolved, the Lottery does not know which commercial products will be approved. For this reason, it is prudent to remain with DocuSign until the emergency regulations are rescinded or made permanent by regulatory action.

analysis focused on four capabilities which were of particular architectural importance to the Lottery:

1. Electronic Signature – while this seems obvious, some certification authorities focus on SSL, a different type of certification.
2. Lifecycle Management – this capability includes workflow which is document routing and it includes auditing and archiving.
3. Application Programming Interface (API) Focus – using a product that can be embedded in an application or web page via API calls provides greater flexibility in how Lottery architects business processes.
4. Cloud Security – security is a concern when Lottery moves to a cloud-based system for document management and FedRAMP certification is a key requirement.

The analysis established that DocuSign was the only product that meets the enterprise needs of the Lottery. DocuSign focuses on electronic signature products. Their product provides lifecycle management, has an API focus, and is FedRAMP certified.

The Lottery identified five categories of business use cases across the enterprise that would benefit from incorporating the electronic signature feature. The Lottery used the initial DocuSign subscription to pilot the automation of the required “review and approval” process for all formal approvals and agreements. A red folder containing hard copy documents was assembled for designated signees to review and approve contracts, purchase orders, and service level agreements. The “review and approval” process could take days, if not weeks, to obtain the required approvals and final signoff.

DISCUSSION

The Lottery implemented DocuSign in 2020 but had to pivot away from the original pilot strategy of implementing the “review and approval” process to meet critical business and employee needs due to the pandemic and focused on transforming attendance and time reporting to deal with the immediate critical teleworking needs. This enabled Lottery to quickly transition to the emergency telework program, eliminated manual paperwork processing steps and greatly improved efficiency. The automated processes provided by DocuSign were crucial to the seamless transition to teleworking operations. To date Lottery has deployed over 40 DocuSign e-signature templates supporting the most critical use cases to keep the Lottery running efficiently via telework. Shifting to and maintaining a telework environment could not be accomplished without DocuSign. The Lottery is routing and signing over 3500 electronic documents per month and continues to prioritize and develop additional e-signature templates. Renewal of DocuSign will allow Lottery to continue using fully digital processes for signing important documents like time sheets,

SCO prize payment claim schedules, invoice approvals, procurement packages, and Red Folders. Lottery is developing a roadmap for improving the efficiency of other processes that currently rely on manual routing and wet signatures. The retailer sign-ups, equipment forms, and end of game notification processes are high priority examples. Especially in this time of COVID19 and the telework environment, Lottery needs to maintain its current digital signature capability. Critical document submission and approval via the 40 e-signature templates and ad-hoc e-signature requests would be severely hampered if Lottery reverted to wet signatures and manual approval routing. The Information Technology Services Division (ITSD) believes Lottery will greatly benefit from extending the use of digital signatures further into sales, finance, SLED and human resources.

ITSD is developing a business service strategy that leverages the ServiceNow product which was implemented in 2020. ServiceNow provides a platform on which business processes are implemented. A service portal has been implemented that allows employees to request equipment and software, access to systems, and other technical support. The business service strategy defines a roadmap of projects to implement new electronic services, especially ones that leverage DocuSign electronic signature and workflow capabilities. Human resource services that leverage DocuSign capabilities will substantially improve process efficiency. ITSD Enterprise Architecture has begun to perform an architectural analysis of Lottery HR operations and the HR capabilities of ServiceNow.

The Lottery's formal competitive procedures will not apply to this procurement, pursuant to the exception set forth in Lottery Regulations Section 8.1.2.C as follows:

“The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices.”

The Lottery utilized a leveraged procurement agreement, requesting bids from multiple resellers that participate in the Software Licensing Program administered by the State of California, Department of General Services. The lowest bid was submitted by Allied Network Solutions, Inc.

RECOMMENDATION

Lottery staff recommends that the California State Lottery Commission approve the procurement of the DocuSign subscription and support services agreement with Allied Network Solutions, Inc. The maximum authorized contract expenditure amount is \$268,000.00. The one-year contract term will begin on January 31, 2021 and end on January 30, 2022.