



Regular Meeting

Item Number 23d – Open Session

Subject: Contracts Requiring Board Approval

Presenter(s): Chairperson

Item Type: Consent Action

Date & Time: May 2, 2024 – 0 minutes

Attachment(s): None

PowerPoint(s): None

Contracts Requiring Board Approval

The Teachers' Retirement Board delegation to the Chief Executive Officer requires that the board approve: all non-investment contracts with a cumulative value exceeding \$1,000,000; all non-competitive bid contracts with a cumulative value exceeding \$100,000; and any contract amendment exceeding 15% of the cumulative value previously approved by the board exceeding \$1,000,000. The contracts listed below meet these criteria:

AMENDMENTS

1. Deloitte Consulting, LLP

Title:	SAP Managed Services
Contract Number:	4400004560, A-1
Current Term:	March 1, 2024 through February 28, 2026 (cost for all 7 years and a 3 month exit period)
Current Contract Amount	
Approved by the Board:	\$36,130,146.80
Amendment Amount:	\$ 4,590,000.00
Proposed Contract Amount:	\$40,720,146.80
Source of Funds:	Support Appropriation
Branch Executive:	Ashish Jain

PURPOSE

Staff requests the board’s approval to amend the contract with Deloitte Consulting, LLP, to increase the Board approved amount of \$36,130,146.80 by \$4,590,000.00 for a new contract total of \$40,720,146.80 to upgrade the current SAP procurement solution within BusinessDirect, known as Supplier Relationship Management (SRM) and the Supplier Self-Service Portal (SUS), with the next-generation cloud solution, SAP Ariba.

SUMMARY

The BusinessDirect project, previously known as the Corporate Accounting and Resource Management (CARM) project, improved financial reporting, corporate accounting, budgeting, travel management, procurement, and contract management by implementing policies and technology systems that include automated internal controls to reduce financial and operational risks. CalSTRS completed the implementation in January 2013 and has since been in the Maintenance and Operations (M&O) phase.

CalSTRS has embraced SAP's advanced cloud solutions, enhancing our system capabilities. In 2022, the integration of Concur optimized travel and expense management, while SAP SuccessFactors bolstered our Human Capital Management with its robust analytics and user-friendly interface. The next step involves implementing SAP Ariba to elevate our procurement and contract management processes, offering streamlined workflows and improved supplier collaboration through its comprehensive cloud environment.

Deloitte Consulting, LLP, has been our SAP M&O partner since 2018. This contract amendment will allow Deloitte to lead the efforts to implement SAP Ariba at CalSTRS to replace SRM and SUS.

Approval of this contract amendment supports CalSTRS’ Strategic Plan for leading innovation and managing change by innovating, streamlining, and automating business processes. If the SAP Ariba implementation does not begin this year, there is a high risk that the subsequent project to upgrade CalSTRS’ financial system in BusinessDirect will occur beyond the mainstream SAP support window, significantly increasing future support costs to CalSTRS.

2. Quest Media & Supplies, Inc.

Title:	Pension Solution Hosting Services
Contract Number:	4400004021, A-3
Current Term:	July 1, 2022 through July 31, 2024
Proposed Term:	July 1, 2022 through July 31, 2025
Current Contract Amount:	\$3,432,268.75
Amendment Amount:	\$1,677,864.00
Total Contract Amount:	\$5,110,132.75

Source of Funds: Support Appropriation
Branch Executive: Ashish Jain

PURPOSE

Staff requests the board’s approval for a contract amendment with Quest Media & Supplies, Inc. (Quest) to increase the contract by \$1,677,864.00 to continue providing the Pension Solution hosting-related services for another year through July 2025.

SUMMARY

CalSTRS is in the process of replacing multiple legacy systems with a new pension administration system, a project known as Pension Solution. Quest currently provides the data centers for the Pension Solution project, which includes network, servers, infrastructure, and disaster recovery.

Originally, CalSTRS entered into an agreement with CGI Technologies and Solutions Inc. (CGI) in 2015 to implement the new pension administration system. Quest was CGI’s sub-contractor tasked with providing the data centers and hosting services for the solution. In June 2022, both parties agreed to assign this data center contract to CalSTRS. Since the original agreement between CGI and Quest does not include language for extensions, a contract amendment with Quest is required to be submitted as a non-competitive bid for any extensions.

To address the costs associated with maintaining the aging infrastructure, and to align to the CalSTRS Technology Services enterprise vision, a strategic decision was made to move all the Quest data center workloads to Amazon Web Services (AWS). Both CalSTRS and Sagitec aim to complete the migration to AWS by May 2024 and are working towards a successful conclusion to the migration by this deadline. Considering the scope of work, CalSTRS Technical Services team understands that it is an aggressive timeline to complete the migration and to systematically decommission the data center assets by July 2024. The proposed strategic extension serves as a proactive contingency, offering the flexibility needed to address unforeseen challenges that may emerge during the migration and decommissioning process. This contract amendment would only be executed, and the dollars expended, if needed.

Approval of an additional 12-month contract extension is being requested through July 31, 2025 to ensure the continuance of the Pension Solution hosting-related services until the AWS migration has been completed.

RECOMMENDATION

Staff recommends the board approve the above amendment items.