Regular Meeting
Item Number 21 – Open Session

Subject: Pension Solution Project Update

Presenter(s): Ashish Jain, Bill Perez, Anthony Suine, and Chriss Cabodi, Guidehouse

Item Type: Information

Date & Time: May 2, 2024 – 15 minutes

Attachment(s):

Attachment 1 – Independent Project Oversight Report

Attachment 2 – Pension Solution Glossary

PowerPoint(s):

PowerPoint 1 – Pension Solution Update

PowerPoint 2 – Independent Project Oversight Consultants' Presentation

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Item Purpose

The purpose of this item is to provide a Pension Solution Project update.

System integration testing

The project team has successfully completed three SIT streams with stream 3 closing on April 8, 2024. SIT stream 3 contained 355 test cases and closed with a 96% pass rate with the remaining test cases being tracked as they roll over to SIT stream 4. With the SIT progress, the project has passed over 2,000 test scripts. SIT stream 4 began on 4/8/2024 with approximately 350 test cases and is expected to close on 7/8/2024. To date, the overall actual executed and passed test cases remains on schedule.

User acceptance testing

The primary objectives of UAT are to ensure the new pension administration system meets the business and user requirements and operates as it was planned and designed to do. UAT planning and preparation activities are underway and the UAT detailed test plan was approved in mid-

April. The detailed test plan provides insight into UAT's scope, high level schedule and test approach including UAT entrance and exit criteria. Links to the identified test case inventory are included as well as locations of detailed supporting draft and finalized documentation, and job aids to assist testers.

Efforts were undertaken to develop the UAT test case development plan, pilot the creation of test cases, as well as the execution. Time studies were piloted for test development and execution, respectively, and the information was assessed to help with planning adjustments and schedule projections for the management of UAT preparation and execution activities.

Human Resources Update

We continue to fill vacancies on our project team and recently onboarded the project administration lead in the project management office and two analysts on our change management team. One final leadership position over the Transformation Readiness area is in process.

Project Management Office

The Project Management Office serves as a centralized hub driving project management best practices, processes, and governance across the Pension Solution Project. As a support service, the PMO enables the project team by equipping them with tools and resources to drive efficiencies and facilitate a successful transition to the new pension administration system. The key functions and responsibilities of the PMO include Project Management institute methodology and standards application, reporting and metrics creation, resource management, risk and issue management, budget control, implementation support, and quality and schedule management.

Since November, the PMO reengineered the schedule to ensure compliance to standards, which promotes consistency in how the schedules are developed, updated, and reported. It also leads to a higher accuracy in identifying potential delays or risks. The schedule currently tracks 2,352 tasks with 2,100 dependencies, of which 711 have been completed across 10 workstreams since July 3, 2023, the start of Destination Go Live.

The PMO also aligned and centralized the onboarding processes, improved the deliverable process, and retooled the resource management process, which improved forecasting and capacity planning. They are also ensuring we have key performance indicators to trace requirements through all test cases to confirm we have completed testing. In addition, we created the executive dashboard design and coordinated its automation in Microsoft Power BI.

As the project prepares for go live, the PMO will continue to monitor the project KPI's and the schedule, create and drive risks and issues to closure, meet with the workstreams to remove roadblocks and ensure the work is completed on time, and optimize the overall PMI methodology across the team. Our primary goal is to ensure a schedule-driven culture.

Risk Management

CalSTRS Enterprise Risk Management office monitors 10 risk categories and their respective sub-risks, with Transformational Change identified as the 2nd highest risk in the organization. The project team has focused on aligning the project risks to the enterprise strategic risks and recently lowered the overall risk category scores from a high to medium risk rating through mitigations which include:

- Continuing progress on development and testing, resolving problem incident reports, assessing change requests, data quality, and data conversion.

- Approval and onboarding of the implementation support services vendors.

- Continuing to interact with IPOC and IV&V, our independent oversight vendors, weekly and receive monthly status reports.

- Baselining and monitoring a new schedule with go live date of 2025 utilizing the rolling wave process and adhering to best practices for schedule management.

Budget Update

Our budget projections for the fiscal year remain on target through the first eight months of our Destination Go Live project schedule. The following table identifies the project budget through go live of fall 2025 and breaks down the encumbrances and expenditures by three major categories of expenses, the CalSTRS team, technology administrative costs, and the implementation solution vendor, from July 1, 2023, through February 29, 2024.

Pension Solution Budget (Amounts in Millions)	Go-Live Budget[1]	Expenditures as of 02/29/2024	Remaining Budget Available
CalSTRS Project Team[2]	$225.3	$145.2	$80.1
Technology Admin Costs	$16.0	$6.1	$9.9
Solution Implementation Vendor Costs	$281.8	$205.2	$76.6
Total Pension Solution Budget For Go-Live	**$523.1**	**$356.5**	**$166.6**

[1] An additional $104.7 million is approved for post implementation activities including maintenance and operations and stabilization.
[2] CalSTRS Project Team includes project staff, subject matter experts and CalSTRS contractors.

For fiscal year 2023/2024, our expenditures have been $39.4 million through February 29, 2024 with a remaining fiscal year budget of $47.8 million.

NCB contract for Quest Data Center

To address the costs associated with maintaining the aging infrastructure, and 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. Both CalSTRS and Sagitec are working towards a successful migration to AWS by May 2024. Considering the scope of work, CalSTRS Technical Services Team understands that it is an aggressive timeline to complete the migration and 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.

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.

Approval of this contract will be before the board in Regular Meeting item 22d.

Strategic Plan Linkage: Goal 2, Objective A of the Strategic Plan - *Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities*.