



# Regular Meeting

## Item Number 5 – Open Session

**Subject:** Pension Solution Project Update

**Presenter(s):** Prashant Mittal / Graeme Finley, Grant Thornton LLP

**Item Type:** Information

**Date & Time:** July 9, 2021 – 15 minutes

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**Attachment(s):** Attachment 1 – Grant Thornton Oversight Report

Attachment 2 – Glossary of Terms

**PowerPoint(s):** None

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### **PURPOSE**

The purpose of this item is to provide the board with an update on Pension Solution project activities.

The Project Oversight report from Grant Thornton is provided as Attachment 1, and Graeme Finley of Grant Thornton will be available to answer questions.

Attachment 2 provides a glossary of terms relating to these items.

### **Background**

At the June 2021 meeting, staff, oversight consultant and CGI provided updates on project status, employer readiness, Functional Rollout 2 (FR2) Contractor Acceptance Testing (CAT) delays and impacts on FR2 User Acceptance Testing (UAT) and FR3. Staff also discussed current progress on the development of the revised project schedule.

### **DISCUSSION / SUMMARY**

#### **Schedule Replanning Update**

CGI has delivered the high-level draft schedule based on the current rollout strategy indicating a delay of 18 to 24 months for FR2 and FR3 go-live. Staff have begun review of the delivered draft schedule. As a next step, CalSTRS and CGI will review the revised timelines to ensure impact to business operations is considered and if needed, explore any other alternate

implementation rollout strategy to further reduce the risk and impact to business operations. This step will be followed by finalization of schedule and associated negotiations through the change request process, including mitigating the cost impact to the project budget. At this point, we expect to have those steps complete by September. Accordingly, CalSTRS staff expect to be able to present the recommendation for the board's review and consideration at such time. Staff will keep board updated with the progress.

This revised schedule provides a more achievable timeframe to complete various test activities, and remediation of identified defects. Additionally, in the adjusted schedule, the overlaps between CGI testing and UAT tasks have been reduced to allow for better task sequencing and quality of UAT. While the schedule gets finalized, CalSTRS and oversight will continue to work with CGI to ensure the risks around skilled resources, timely completion of scope clarification items, and other challenges as listed in the update remains in sight and get addressed as expected.

### **Project Response to COVID-19**

Staff continue to monitor and mitigate the impacts on the project due to COVID-19 and working remotely. Key risk areas that continue to be monitored and mitigated include:

- COVID-19 and Personal Leave Program (PLP) have resulted in impacts on resource availability which staff continues to monitor and adjust execution plans, as needed. The increase in COVID in India has had additional impacts on some of CGI and Sagitec's offshore project resources and their families. The severity of impacts will continue to be in flux over the next few months. Staff continues to closely monitor and adjust strategies to ensure the virtual mode of communication and collaboration remains as effective as possible. Beginning July, the state discontinued the employee PLP program which is expected to reduce the resource impact from that leave program.
- Training is another critical activity for CalSTRS besides UAT. So far, the key training activities continue to be successfully conducted and delivered virtually while mitigating the impact of the pandemic. The UAT and Training teams continue to monitor and adjust strategies to ensure the virtual mode of communication remains as effective as possible.
- Staff continues to monitor the impact on external interfacing employers and partners as they may have competing priorities and delayed response time due to their pandemic-induced challenges.

### **Employer Readiness**

#### Employer Readiness Update

The Employer Readiness Team continues to prepare the employer community with system upgrades and testing support and is also working with report sources to identify and develop additional engagement activities to enable their successful transition to the new Secure Employer Website.

## **Functional Rollout 2 (Enrollment and Contributions, Calculations & Payments) Update**

### Design, Development and Unit Test Activities

Functional system design, development and unit test activities are complete, pending validation from CAT and UAT.

The CalSTRS team continues to make progress with performance testing of remaining FR2 operational reports.

### Contractor Acceptance Test (CAT) Activities

CAT continues to experience delays and is progressing at a much slower rate than planned. CGI has missed many of the schedule dates agreed to in the latest change order (CO) approved in October 2020. Overlap with UAT activities has increased, requiring additional UAT, and will delay completion of UAT. Testing pass rates are below expectations which translates into additional work and additional time for CalSTRS to complete UAT. Timely resolution of various Problem Incident Reports (PIRs) identified from various CAT test activities to meet critical business and technical requirements remains important for the successful completion of various CAT test activities.

### User Acceptance Test (UAT) Activities

FR2 UAT execution continues to progress at a slower rate than planned as of mid-June 2021. CalSTRS remains concerned about the lower than planned pass rate and the higher number of defects resulting in a significant increase in the UAT workload, as well as an increased need for CGI resources to fix defects promptly. The schedule replanning effort is defining a more achievable timeframe for the completion of UAT. Timely resolution of various PIRs identified during the UAT to meet critical business and technical requirements remains important for the successful completion of UAT.

### Data Conversion Activities

Data conversion continues to make progress on defects raised by the various testing efforts that are underway. The team is converting just over two billion records from the legacy systems to BenefitConnect. The team continues to track conversion fallout. Mock data conversions occur frequently to supply data for the various testing efforts (Parallel, UAT, CAT, and development unit test) that are underway. These will continue through go-live.

### Training

FR2 training development for staff, employers, and members continue to make progress. FR2 training logistics planning continues for training delivery.

CGI involvement with FR2 training development has been paused by CGI as training resources have been redirected to support FR2 testing activities.

### Change Management

The Change Management team has been working collaboratively with project leadership to develop and distribute transparent communication to the organization on the schedule development progress. The team continues to work with project and business areas leadership teams to implement recommendations following the completion of the Change Readiness Assessment. Efforts are focused on maximizing individuals' awareness and desire for changes prior to training to increase its effectiveness. Additionally, the team continues to use Change Roadmaps to introduce, organize, and track changes, impacts and action items for business areas.

### Implementation Readiness/Cutover/Go-Live

An FR2/FR3 Implementation Communication Plan is being developed by the teams to provide appropriate coordination between the project and the business areas, to foster consistent, accurate messaging across CalSTRS and to all impacted stakeholders; and to proactively build optimism and confidence surrounding the implementation of BenefitConnect with both internal staff and external business partners. A targeted FR2/FR3 Communication Forum will meet regularly and utilize centralized tools to strategize, organize, and verify the communication needs of all stakeholders in a timely manner.

### **Functional Rollout 3 (Customer Service Management, Enhanced Member Self Service) Update**

The FR3 schedule continues to be impacted by the cascading effects of FR2 CAT delays. CGI has re-directed many of the FR3 resources to support FR2 CAT delays, leading to further delays in completing many FR3 activities. The increased overlap of FR2 activities with those FR3 activities has also negatively impacted the availability of resources.

### Design, Development and Unit Test Activities

CGI has redirected most of its FR3 resources to assist with FR2 system testing delays. Many FR3 activities have been paused due to CGI reassignment of resources to FR2 activities. This maneuver has essentially put FR3 at a standstill and has caused FR3 development and unit testing activities (and any dependent activities) to fall considerably behind schedule. As of mid-June 2021 CGI has begun resuming these FR3 activities.

The CalSTRS team continues to make progress with the design and development of FR3 operational reports.

### Contractor Acceptance Test (CAT) Activities

FR3 CAT execution has been delayed due to aforementioned reasons.

User Acceptance Test (UAT) Activities

FR3 UAT execution was scheduled to commence in mid-July 2021 but will be delayed due to FR3 CAT activities being delayed.

Data Conversion Activities

FR3 conversion development is complete. The next step will be to validate the converted data by various teams. Conversion team has supplied FR3 data for development and test efforts.

**Summary of Top Challenges and Mitigations**

Staff continues to monitor and report on the significant challenges facing the project. Challenges and associated mitigations include:

<b>Challenges</b>	<b>Mitigations</b>
Ensuring impacts to downstream activities (e.g., UAT, BusinessDirect Retrofit project, and FR3, etc.) due to FR2 CAT execution and defect remediation schedule delays beyond the approved change order dates, are minimized and don't impact quality.	CGI testing activities continue to be delayed, directly impacting activities such as UAT, which continues to experience pass rates below expectations and results in additional retesting work for both CalSTRS and CGI. CGI has delivered the high-level draft schedule in the 3 <sup>rd</sup> week of June. CalSTRS and oversight are reviewing the revised high-level schedule and assessing against the impact to business operations.
Ensuring CGI address the higher than normal staff turnover in recent months, many with the in-depth project knowledge.	In recent months, CGI has experienced higher staff turnover than typical. Loss of staff with in-depth project and system knowledge will impact project progress. CalSTRS and oversight have asked CGI to provide a mitigation plan to address this issue.
Response to COVID-19. Ensuring staff remains productive while working remotely and continues to meet project goals. Re-planning Training and User Acceptance Testing based on a fully remote workforce.	User Acceptance Testing and Training activities require close collaboration across various teams and efficiency have been somewhat impacted due to staff working remotely. Staff continues to monitor, assess, and mitigate the impacts of COVID-19, on the staff working remotely and ongoing/upcoming tasks. Staff continues to identify opportunities to improve the virtual work environments, collaboration, and communication.
Timely completion of critical scope items to meet business and technical requirements.	Staff continues to be engaged with CGI to ensure contract agreements remain at the center of scope resolution. Staff and oversight

<b>Challenges</b>	<b>Mitigations</b>
	continue to monitor the progress of CGI addressing the critical functionality to meet our business and technical requirements timely.
Ensuring timely availability and continuity of business area resources (subject matter experts) for the duration of the project.	Continue to work with various business areas to identify and secure resources (subject matter experts) in advance of the anticipated need-by dates.
Ensuring employer readiness and ability to report production contribution data at FR2 go-live.	Continue active engagement and support to employers by the Employer Readiness Team to achieve participation goals of ensuring employer readiness for FR2 go-live.

**RECOMMENDATION**





None during this reporting period. CalSTRS staff expects to finalize the schedule and associated negotiations through the change request process, including mitigating the cost impact to the project budget by September. Accordingly, we expect to be able to present the recommendation for the board’s review and consideration at such time.

## Pension Solution Independent Project Oversight Report

This informational item includes the Executive Summary of Grant Thornton’s monthly oversight report for the Pension Solution project. The assessments contained in this report are focused on key project risks and issues and provide recommendations for improvement where appropriate.

Grant Thornton uses a graphical dashboard that assigns a checkpoint rating to each Pension Solution project area. The legend of these checkpoint ratings is as follows:

### Checkpoint Rating Legend

Checkpoint Rating	Checkpoint Rating Definition
<b>Green</b> 	No priority items noted that require the project to take action at this time
<b>Yellow+</b> 	Risks, issues and/or challenges are noted, and the project is taking action with sufficient progress to address
<b>Yellow–</b> 	Risks, issues and/or challenges are noted, and the project has taken action to partially address.
<b>Red</b> 	High priority items noted, and the project has not taken action or made progress in addressing





The Pension Solution project has an extremely dynamic operating environment. Given this, it is possible that the checkpoint ratings and supporting justifications may change prior to the Board meeting. Should this occur, Grant Thornton will explicitly note this in any discussion with the Board.

## Pension Solution Project Oversight Update

Grant Thornton LLC Independent Project Oversight Consulting (IPOC) services has observed continued progress by the Pension Solution project while maintaining a fully remote workforce. However, progress of testing activities for Functional Release (FR) 2 has continued at a slower than expected pace, and FR3 development activities have only recently resumed after being paused for much of the year.

The overall status of the Pension Solution project along with progress and concerns are noted below.

Overall Status

Scope	Schedule	Cost	Resources
Yellow- 	Red 	Yellow- 	Yellow- 

FR2 Testing Progress and Schedule Development





FR2 user acceptance testing (UAT) and contractor acceptance testing (CAT) activities continue with slower than planned progress while problem incident reports (PIRs) continue to be identified and resolved.

In the prior update we indicated that the project was working toward estimating the duration of the schedule delay by the July Board. Team CGI delivered the revised draft schedule which indicates a delay of 18-24 months for FR2 and FR3 go-live. This revised schedule is based on the current implementation strategy and includes the expected duration of the remaining project activities. CalSTRS and project oversight are reviewing the schedule, and IPOC expects conversations to occur regarding business operations impacts along with potential alternative implementation strategies. A more precise date is expected to be known once those discussions have taken place and change request negotiations have concluded. The project team expects to complete the remaining tasks by September and subsequently provide their recommendations to the board.

As noted previously, CalSTRS, Team CGI and oversight have worked collaboratively on the revised schedule development effort. The majority of estimates and assumptions have been informed by prior experience and appear to be conservative, which allows for a more achievable timeline to complete the remaining activities. As the schedule review and discussions proceed, IPOC will continue to provide input and feedback to staff and Team CGI.








**Project Category Assessment**


Category Rating	Category Rating Summary
<b>Scope</b> <b>Yellow-</b> 	<p>Project scope remains Yellow- for this reporting period.</p> <p>The project’s capacity for additional scope through FR2 go-live has been included in the revised schedule as an additional CR “bundle.” If additional items are identified during the remainder of CAT and UAT beyond the estimates in the revised schedule, they will need to be critically prioritized, and choices will need to be made to ensure critical functionality is included at go-live.</p> <p>Several disputed items remain escalated for resolution. Extended scope dispute negotiations will impact the timeline to develop a revised schedule as the inventory of CRs needs to be included in level of effort estimates and the schedule.</p>
<b>Schedule</b> <b>Red</b> 	<p>The project schedule area maintains a Red rating as the project will not be able to complete FR2 UAT within the current schedule due to the number of PIRs identified, the pace of PIR resolution, and the pace of execution.</p> <p>As noted, Team CGI, CalSTRS and oversight have worked through the bottom-up estimates, staffing plan, and assumption models used to develop the draft revised schedule which indicates an 18-24 month implementation delay. Staff and oversight are reviewing the schedule and will participate in discussions with Team CGI regarding operational impacts and considerations along with implementation strategies to determine more precise go-live dates.</p> <p>FR3 development has resumed after an extended pause for the majority of the year.</p>
<b>Cost</b> <b>Yellow-</b> 	<p>Project cost is downgraded to Yellow- for this reporting period, primarily due to the inability of the project to meet the current implementation date. The project is currently on budget overall, however the schedule delay will result in additional cost that will be quantified and discussed over the next few months.</p> <p>IPOC has continued to observe effective management of scope-related cost through the formal CR management process and the level of scrutiny applied to potential changes through criticality, implementation timing, and cost analyses.</p>
<b>Resources</b> <b>Yellow-</b> 	<p>The project resources area maintains a Yellow- rating for this reporting period. CAT testing delays have resulted in multiple overlapping activities for Team CGI development and analysis resources, and for CalSTRS business area subject matter experts. CalSTRS’ resources are also involved in a number of validation, training, transition, and implementation activities through go-live. CalSTRS’ UAT testers are performing more re-executions</p>

Category Rating	Category Rating Summary
	<p>than originally planned to validate that PIRs are fixed, resulting in additional strain on resource capacity.</p> <p>Team CGI has experienced several functional staff departures that could impact progress if not addressed. Specifically, a resource who has been with the project from inception and currently holds the role of Assistant Project Manager (APM) and Implementation Lead will be leaving the project at the end of June. This resource will require two personnel to fill these roles with specific qualifications defined by the project. Team CGI has proposed a replacement for the APM role which was rejected by CalSTRS as they did not fully meet the qualifications. It is important to fill these roles quickly to provide for knowledge transfer and an effective transition. New Team CGI executive leadership personnel have engaged in the project. IPOC has recommended the new executive lead work with project sponsors to understand and address current challenges. IPOC has requested an updated project governance organizational chart from Team CGI to document the leadership changes and decision-making structure.</p> <p>Impacts to the project have been noted as a result of the fully remote workforce and the COVID19 pandemic. Most recently, Team CGI has experienced impacts to their offshore resources due to the current pandemic impacts in India. Though the project team has mitigated many of the remote work challenges to the extent possible, the fully remote environment has impacted the efficiency and effectiveness of these project activities.</p>

### Project Area Assessment

Area Rating	Area Rating Summary
<p><b>Project Sponsorship and Governance</b></p> <p><b>Green</b></p> 	<p>This category is rated Green for this reporting period.</p> <p>The Chief Operating Officer (COO), Chief Technology Officer (CTO), Chief Benefits Officer (CBO), and business area Directors remain effectively involved in the project. The COO assumes the CEO role in July and the COO role will be vacant at that time. The COO assumes the CalSTRS CEO role in July and the COO role will be vacant at that time. IPOC will continue discussions with the CEO and project sponsors while that role is open.</p> <p>The Pension Solution Steering Committee (PSSC) and Executive Steering Committee (ESC) continue to meet regularly to discuss upcoming CRs, key activities, open concerns, and pending challenges across the project.</p> <p>Project Sponsors are meeting with project team members and Team CGI, and oversight frequently to discuss the current challenges.</p> <p>As noted, Team CGI has changed executive leadership personnel and a revised governance structure was requested by IPOC at the time the change occurred.</p>

Area Rating	Area Rating Summary
<p><b>Project Management</b></p> <p><b>Red</b></p> 	<p>The Project Management area maintains a Red rating for this reporting period primarily due to the continued CAT delays, higher than expected PIR count, lack of an agreed upon schedule for testing activities through FR2 go-live, and significantly slowed FR3 progress. Disputed items requiring scope clarification and agreement also need to be resolved to come to a revised schedule.</p> <p>As noted, the revised schedule was delivered by Team CGI and is in review. The schedule of remaining project activities indicates a delay of 18-24 months for go-live. Additional activities to come to a final revised schedule agreement are underway, and the project team expects these activities to conclude by September. The revised schedule comprises more achievable activity timeframes, as the models have been informed by historical actual results and conservative estimates.</p> <p>Team CGI has experienced several functional staff departures and is working to replace important open positions including business analysis and system development as soon as possible. The APM and Implementation Lead roles should be filled quickly to allow for an effective transition for these important positions.</p>
<p><b>Risk and Issue Management</b></p> <p><b>Green</b></p> 	<p>Risk and Issue Management maintains a Green rating for this reporting period.</p> <p>The Risk and Issue Management process continues to follow defined procedures. Risks and issues continue to be submitted by project stakeholders, monitored by assigned risk owners, and discussed in formal bi-weekly risk and issue meetings. The number of identified risks and issues has increased due to the ongoing challenges.</p> <p>IPOC has continued to emphasize the importance of clearly defining risks/issues to allow for specific, time-based mitigating actions.</p>
<p><b>Organizational Change and Training Management</b></p> <p><b>Green</b></p> 	<p>This category maintains a rating of Green for this reporting period.</p> <p>Learning and development continues to make progress in developing training materials. Team CGI's training activities have been put on hold due to prioritization of FR2 testing activities.</p> <p>Change management continues to work on change readiness assessments and FR3 business process readiness documentation.</p>
<p><b>Solution Delivery</b></p> <p><b>Yellow-</b></p> 	<p>This assessment category maintains a Yellow- rating for this reporting period.</p> <p>The primary focus of the Solution Delivery area for this period is FR2 testing, particularly CAT and UAT.</p> <p>Team CGI has completed the remaining 5 percent of CAT system testing with all test cases passed. Though approximately 6 months behind its original</p>

Area Rating	Area Rating Summary
	<p>schedule, this is a significant milestone for the project. Parallel, performance, conversion, and end-to-end testing continue.</p> <p>UAT continues to experience slower than expected progress in execution and PIR resolution, with continued higher than expected initial PIR counts.</p> <p>CalSTRS and Team CGI project leadership, sponsors, and executives have continued to state their commitment to system quality. Current discussions to address the CAT and UAT challenges are focused on maintaining the planned exit criteria and scope for all testing activities prior to going live with FR2.</p> <p>FR3 development has resumed.</p>
<p><b>Vendor and Contract Management</b></p> <p><b>Yellow+</b></p> 	<p>This assessment category is rated Yellow+ for this reporting period.</p> <p>Collaboration between Team CGI and CalSTRS has been challenging while developing the new path forward.</p> <p>The APM and Implementation Lead positions need to be filled as soon as possible with qualified candidates to enable the project to make progress against a revised schedule.</p> <p>Given the current phase of the project, it is critical for Team CGI and CalSTRS project management and leadership to effectively and efficiently discuss concerns and negotiate agreements, particularly disputed items requiring negotiation that are considered critical for FR2.</p>

## IPOC Activities and Contributions

For this reporting period, the IPOC team has been engaged in a variety of oversight-related activities, including meeting attendance, document review, independent analysis, and discussions with project staff and leadership. Representative activities are presented below:

### Change request management:

- Continued to track the CR credit balance against approved CRs
- Attended weekly CR review meetings
- Participated in discussions with Team CGI, and CalSTRS staff and leadership regarding FR2 CRs, and scope and cost negotiation processes
- Conducted specific conversations with Team CGI leadership and CalSTRS project management regarding scope determination processes and defect classification, particularly related to UAT items
- Participated in multiple meetings related to disputed items identified during testing

### Project metrics / leading indicators:

- Participated in multiple meetings with Team CGI and CalSTRS project staff to provide recommendations on methods and approaches to presenting leading indicators/metrics, particularly related to FR2 UAT progress and results
- Continued conversations with Pension Solution project management and business area leadership regarding tracking/metrics for UAT
- Held discussions with Team CGI and CalSTRS project sponsors and business area Directors regarding project needs for business resources, and ongoing capacity management

### Project analysis and observation:

- Performed independent analysis of Team CGI's bottom up estimates and staffing plan
- Performed independent analysis of CalSTRS' UAT level of effort models and provided feedback
- Participated in multiple meetings to discuss schedule path forward strategy and feedback resolution
- Conducted multiple meetings with new Team CGI executive leadership to discuss current status, challenges, and recommendations
- Continued individual conversations with Team CGI Executive leadership regarding resourcing challenges and gaps
- Conducted additional meetings with project management team members regarding UAT execution and metrics
- Participated in multiple meetings with Team CGI leadership regarding UAT progress, assumptions, and challenges
- Conducted meetings with Team CGI regarding CAT test metrics, status, and plans to address current challenges
- Continued analysis of testing data to assess the UAT progress against plan and conduct conversations with Team CGI and CalSTRS staff
- Delivered Comprehensive Monthly Reports

- Continued to meet with the Pension Solution Project Sponsors, Project Director, CalSTRS Executive, and Governance Advisor to discuss overall observations and areas of focus
- Presented monthly analysis at the Pension Solution Steering Committee
- Presented independent assessments of path forward process progress to the Pension Solution Steering Committee and Joint Executive Steering Committee
- Participated in Executive Steering Committee and Joint Executive Steering Committee meetings

Selected project meetings attended:

- Bottom up estimate and staffing plan meetings
- Executive Steering Committee meetings
- Pension Solution Steering Committee meetings
- Pension Solution Joint Implementation Status meetings
- One on one meetings with project sponsors
- Project leadership and project sponsor meetings
- IPOC, Sponsor, and Executive leadership meetings
- Risk and Issue Management meetings
- UAT Update meetings
- CalSTRS Pension Solution Status meetings
- Individual Stakeholder meetings
- CR Review meetings
- PIR discussions
- Employer Readiness Round Table meetings
- Daily UAT Stand-up meetings
- Multiple one on one project team member meetings
- FR2 System Test Metrics meetings
- UAT Test Metrics meetings
- Team CGI Executive discussions
- Team CGI project management discussions

## **Glossary of Terms for the Pension Solution Update**

**Basic Issues (BIs)**, also referred to as basic data issues, are data issues resulting from general inconsistencies in the type of data intended for a data field, such as missing values in a field, abnormal date ranges, abnormal alpha-numeric values, etc.

**BCP (Budget Change Proposal)**: A proposal to change the level of service or funding sources for activities authorized by the Legislature and approved by the Governor or to propose new program activities not currently authorized.

**BusinessDirect (BD) Retrofit Project** will make the changes necessary for BusinessDirect to integrate with Pension Solution and update functionality that remains in Business Direct. The prime vendor for this project is Deloitte Consulting.

- BusinessDirect is the financial system that was implemented thru the Corporate Accounting and Resource Management (CARM) Project.
- BusinessDirect is an SAP system that manages CalSTRS' budgeting, procurement, accounting and contract management functions.

**Change Requests (CRs)** are formal requests to modify project scope, schedule and/or cost. These requests go through a rigorous process and series of approvals. Once approved, these requests are called **Change Orders (COs)** and modify the agreements in place between CalSTRS and CGI.

**Change Order #130 B** memorialized CalSTRS and CGI negotiating a 30-month, \$34 million contract amendment, adjusting the project's scope, schedule, and contract cost with CGI for the Pension Solution system effective March 30, 2018. The schedule extension moved the implementation of the last functional rollout (FR3) to February 2022 and also extend the scheduled project end date to January 2023, after a one-year warranty, maintenance and operations period.

**Complex Issues (CIs)**, also referred to as complex data issues, are data issues resulting from business or system process deficiencies, prior system conversion, placeholder data, employer and member contribution changes, changes in the law, missing functionality in START, etc.

**Contractor Acceptance Testing (CAT)** demonstrates successful testing and operation of the system prior to transitioning the Pension Solution to CalSTRS for User Acceptance Testing. CAT is performed by Team CGI and supported by CalSTRS.

**Conversion** refers to the work required to move data from an old computer system (the “legacy” system) to a new computer system.

**Employer Readiness Environment (ERE):** A non-production system environment utilized by employers during Soft Launch.

**Employer Support Portal:** A website that employers will visit to be a one-stop-shop for everything CalSTRS related. Employers can access the current Secure Employer Website, PALMS (Pension Administration Learning Management System) and the Employer Readiness Environment from the landing page. Employers will also have access to tools and resources such as job aids and file specification documents. Employers have a Message Board where they can learn about key items from CalSTRS.

**Encumbrances:** Commitment of funding for legally authorized expenditures. Recording an encumbrance is the initial step in legal/budgetary accounting for expenditures.

**External Reporting Partners (ERPs)** includes employers (some have custom systems, and many are vendor supported), payroll software vendors, and third-party administrators.

### **Fit/Gap**

The fit/gap analysis is an opportunity for CalSTRS and Team CGI to identify key design gaps in advance of the detailed Functional Rollout 3 (FR3) JAD sessions. The benefits of conducting a fit/gap phase before moving forward with JAD sessions are:

- Reduce project risk by identifying critical design expectation gaps and involving project leadership to resolve issues prior to proceeding with JADs.
- Enable CalSTRS leadership to make more informed decisions regarding subsequent functional rollouts.
- Provide the project a foundation to complete FR3 design, build, and test activities more efficiently.
- Improve estimates of the amount of work remaining to produce a more reliable schedule.

### **Functional Rollout (FR).**

- FR refers to the project’s three phased releases.





## Implementation in 3 Functional Rollouts

Rollout #1: Soft Launch of the Employer Readiness Environment	Rollout #2: Administration Calculations and Payments	Rollout #3: Customer Service Management Mobile Applications and Accessibility
Non-production environment for employers  Early exposure to system for staff supporting employers	Processing benefit applications Calculating benefits Benefit payments and adjustments Employer reporting	Benefits planning scheduling Internal customer service view New <i>myCalSTRS</i> functionality
Fall 2019	Fall 2021	Winter 2022

PENSION SOLUTION

**Funding authority** authorizes the allocation of appropriate funding to meet project needs.

**Implementation Dry Runs:** Testing activity or dress rehearsal to simulate the tasks and activities to be performed during the production implementation. During these simulations, the team can identify potential gaps or failures and develop corrective actions to mitigate any problems during the production implementation.

**IPOC:**

- IPOC stands for Independent Project Oversight Consultants. Grant Thornton has served as the board oversight vendor since 2011.
- IPOC reports focus on project sponsorship and governance, project management, risk and issue management, organizational change and training management, and vendor and contract management.

**IV&V:**

- IV&V stands for Independent Verification and Validation.
- MAXIMUS has served as the Pension Solution IV&V consultant since 2015.
- The IV&V report currently focuses on six project areas, including requirements, system development, interfaces, deliverable review, and data conversion and reconciliation.

**JAMA:** The Pension Solution project requirements management repository.

**Joint Application Design Sessions (JADS)** are the meetings in which the vendor and CalSTRS staff work through the process of aligning business requirements with technological design specifications to design the system. These sessions will begin again after the FR3 Fit/Gap.

**New File Format (NFF):** The project includes the implementation of two new file formats—the Employment File and the Contribution File—that will replace the existing legacy reports referred to as MR87, Address, Accounts Receivable, F496 and VDF files. The new file formats will be available to test in the employer readiness environment.

**Operational Reports:** Standard operational reports monitor basic operations such as workflow metrics, user access trace audit logs, problem incident reports, and many more. Most of the standard reports do not require any customization. Additionally, Neospin tracks basic operational transaction response times, including online transactions, batch jobs, query execution time, screen access timestamp, and user information. Operational Reports are intended to be statistical in nature providing metrics not found in Benefit Connect.

**Parallel Testing:** Testing performed to confirm that the new Pension Solution system is functioning properly based on comparisons with the existing CalSTRS legacy system(s). Parallel testing confirms that key business processes (e.g., monthly payroll and benefits recalculations) that are tested side-by-side with legacy systems return results that either match or have explainable and acceptable differences (i.e. due to changes in edit rules or other planned functional changes).

**Pre-Flight:** Informal testing to validate UAT test cases are written in accordance with the navigation, system components, and functions from within a fully operational system environment. This will provide CalSTRS advance time to potentially identify gaps in functionality necessary for FR2 Go-Live.

**Pre-User Acceptance Testing (Pre-UAT):** Testing of core system functions with the intent of improving both the overall system quality and UAT experience, confirm key functionalities, and build confidence for CalSTRS that the system is ready for UAT prior to commencement of formal UAT.

**Problem Incident Report (PIR):** Documentation that is submitted when a defect is discovered. A “defect” refers to any instance in which the system in the test environment does not function according to the design specification (DS) or when the actual result does not match the expected result during test execution.

**Resources:** Project resources usually means people resources, including staff, but could reference financial resources or materials.

**Secure Employer Website:** The Secure Employer Web Site provides a secure mechanism for reporting sources and reporting units within CalSTRS to submit inquiries about and changes to member information.

**Soft Launch:** The FR1 Soft Launch of the employer readiness environment was implemented on October 7, 2019. This environment is intended for the employer reporting partners to gain familiarity with the new system and to test the new file formats in advance of the production implementation in the fall of 2021 of FR1 and FR2.

**Software defects,** also known as Problem Incident Reports (PIRs), are descriptions of problems with software that block it from performing the business functions they were designed to execute.

**Spending Authority:** Authorizes the project to expend appropriated funds based on the approved project budget.

**To-be Process Documents:** A process document outlines the steps necessary to complete a task or process in the new system.

**User Acceptance Testing (UAT)** is formal testing of CalSTRS business processes to verify the new system, BenefitConnect meets organizational needs and is ready for production. UAT is performed by CalSTRS and supported by Team CGI.