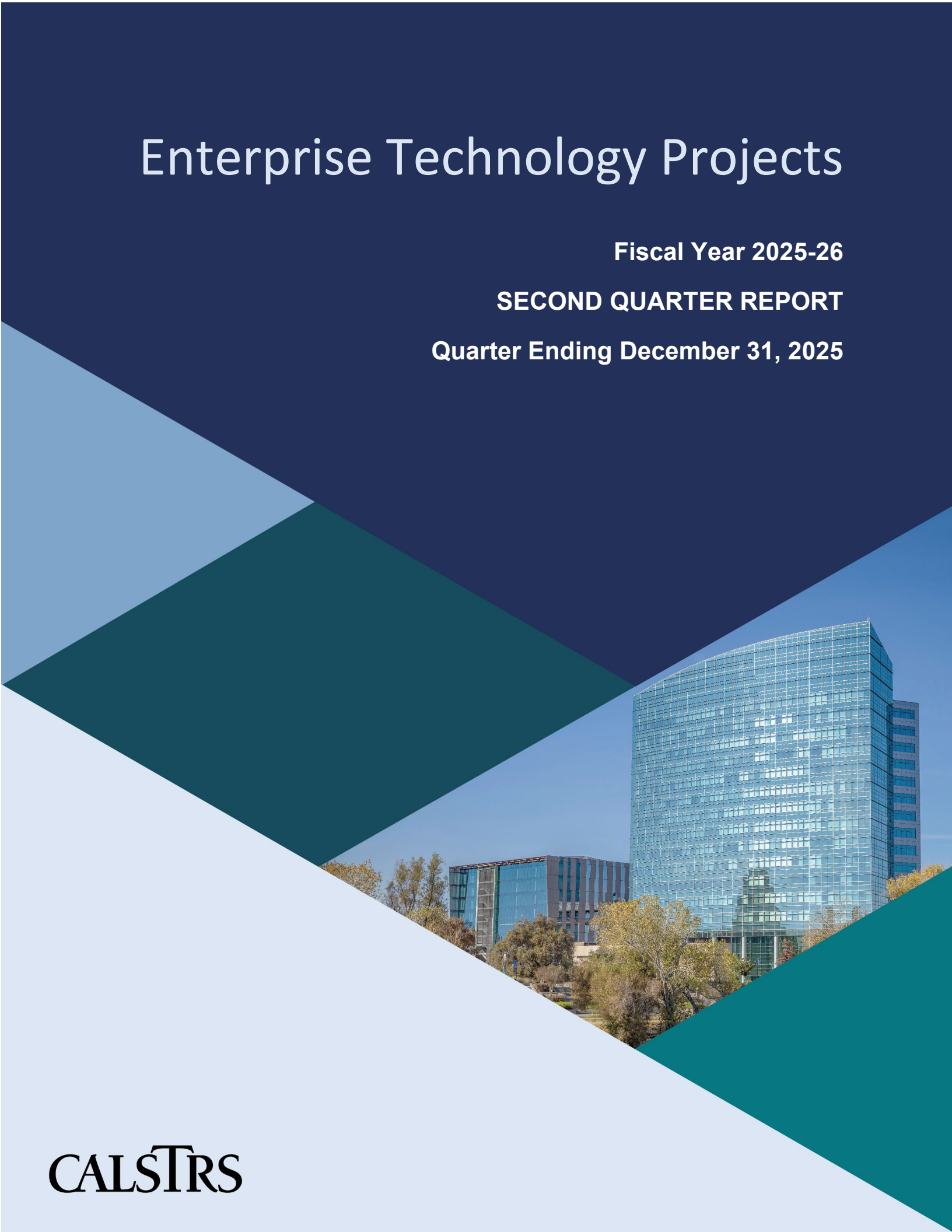
Enterprise Technology Projects

Fiscal Year 2025-26

SECOND QUARTER REPORT

Quarter Ending December 31, 2025



CALSTRS

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About this Report

The Project Support Office monitors and reports monthly on the technology appopriations budget and enterprise projects' status to the Enterprise Program Investment Council and quarterly to the Teachers' Retirement Board.

At the end of the second quarter for fiscal year 2025-26, CalSTRS had nine reportable enterprise projects: eight major technology projects over $1 million and one project under $1 million.

The CalSTRS executive team is identified below.

Name	Title
Cassandra Lichnock	**Chief Executive Officer**
Lisa Blatnick	**Chief Operating Officer**
Julie Underwood	**Chief Financial Officer**
Melissa Norcia	**Chief Administrative Officer**
Teresa Schilling	**Chief Public Affairs Officer**
Ashish Jain	**Chief Technology Officer**
Jeff Zimmer	**Chief Benefits Officer**
Scott Chan	**Deputy Chief Investment Officer**

Major Enterprise Technology Projects

The following table summarizes the major enterprise technology projects over $1 million for the reporting quarter.

Project Name	Project Schedule	Schedule (Status)	Project Budget	Budget Expended	Budget (Status)
BenefitConnect[1]	Jul 2014[2] – Jun 2027	On Track	$627,843,818	$493,927,535	On Track
Business Intelligence and Data Warehouse	Sep 2019 – Jun 2026	On Track	$7,722,005	$5,718,572	On Track
Contact Center Modernization	Jun 2023 – Mar 2026	On Track	$1,375,000	$715,520	On Track
Data Quality	Nov 2011 – Jun 2027	On Track	$38,815,252	$36,424,924	On Track
Datacenter Hosting and Migration Services	Nov 2020 – Jun 2026	On Track	$31,595,000	$25,919,609	On Track
ServiceCenter Upgrade (ServiceNow)[3]	May 2024 – Dec 2026	At Risk[4]	$2,406,350	$1,008,003	At Risk[5]
SAP Ariba	Apr 2024 – July 2026	On Track	$12,425,365	$5,098,502	On Track
Transformation Readiness	Jul 2016 – Jun 2027	On Track	$30,972,842	$25,617,378	On Track

[1] BenefitConnect: The Pension Solution project has changed its name since Go-Live in September 2025. The change was made to align with the name of the system.
[2] BenefitConnect: The project's start date represents the effective date of the first comprehensive project budget approved by the Teachers' Retirement Board and enacted through a Budget Change Proposal during the annual budget process. Pre-implementation project activities (e.g., discovery, requirements, and procurement) began in 2010.
[3] ServiceCenter Upgrade (ServiceNow): A project request was approved by the Enterprise Program Investment Council in April 2024 to procure and implement ServiceNow ITSM to replace CalSTRS' current ITSM solution, that will reach end-of-life and end-of-support at the end of December 2026. The project has a schedule of 2 years 8 months and a budget of $2,406,350. The project was not included in the Fiscal Year 2025-26 First Quarter Report to safeguard budget estimates and uphold a competitive procurement process. The procurement was finalized, including contract execution, in October 2025.
[4] ServiceCenter Upgrade (ServiceNow): The project is unlikely to be completed on time due to implementation vendor procurement delays and resource constraints.
[5] ServiceCenter Upgrade (ServiceNow): It was identified that an AWS ServiceNow MID Server is necessary to complete implementation. Discussions are taking place within CalSTRS to determine the parameters and cost.

BenefitConnect

The BenefitConnect (formerly Pension Solution) project replaced the CalSTRS legacy pension administration system with a new solution, BenefitConnect, to increase the organization's ability to respond to business and customer needs, enhance services to members, beneficiaries, staff and employers, gain long-term operational efficiencies, and improve internal controls. Since Go-Live in September 2025, the project has entered the Maintenance & Operations phase.

NOTE: Phase 2 will be implemented in the Employer Readiness Environment (ERE) by July 1, 2026.

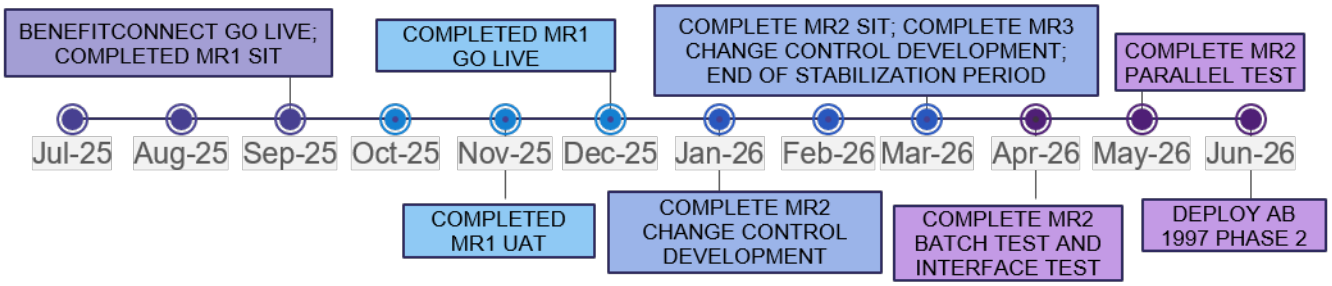
Accomplishments – Period Ending December 31, 2025

- Commenced Maintenance & Operations Phase.
- Completed parallel test of first production payroll.
- Supported procedure development and high priority batch coordination.
- Completed MR1 User Acceptance Testing.
- Completed MR1 Go Live.
- Started MR2 System Integration Test.
- Obtained approval for MR2 Change Control (CC) 1411, Creditable Compensation Simplification (AB 1997).
- Completed design for Creditable Compensation (AB 1997) Phase 2.
- Completed Disaster Recovery Failback Tabletop Exercise.

Planned Major Activities & Milestones by March 31, 2026

- Obtain approval for MR2 CC 1423, Actuarial Extract Changes (MR2).
- Complete design and development for CC 1423, Actuarial Extract Changes (MR2).
- Complete development and System Integration Test for CC 1411, Creditable Compensation (AB 1997) Phase 2 (ERE).
- Complete design for CC 1411, Creditable Compensation (AB 1997) Phase 3 (MR3).
- Complete BC Updates and start CalSTRS development for MSS Statistic Reports.
- Complete MR2 System Integration Test.
- Complete MR2 Parallel, Batch and Interface Testing.
- Complete MR2 User Acceptance Test Preparation.
- Arrive at agreement for MR3 Scope between vendor and CalSTRS
- Start MR3 System Integration Test.
- Implement readiness checkpoints process for Major Releases.
- Plan transition to steady state.

Fiscal Year 2025-26 Major Milestones



MR = Major Release; CC = Change Control; ERE = Employer Readiness Environment

Business Intelligence and Data Warehouse

The objective of the Business Intelligence (BI) and Data Warehouse (DW) project is to develop use cases, create predictive models and advanced analytical dashboards and reports. Additionally, the CalSTRS data platform will be optimized through architectural enhancements, and a data governance framework will be designed to elevate data integrity and security. AI will be incorporated to enhance the existing business use cases and build new intelligent data analytics and business use cases with generative BI (Gen BI) capability.

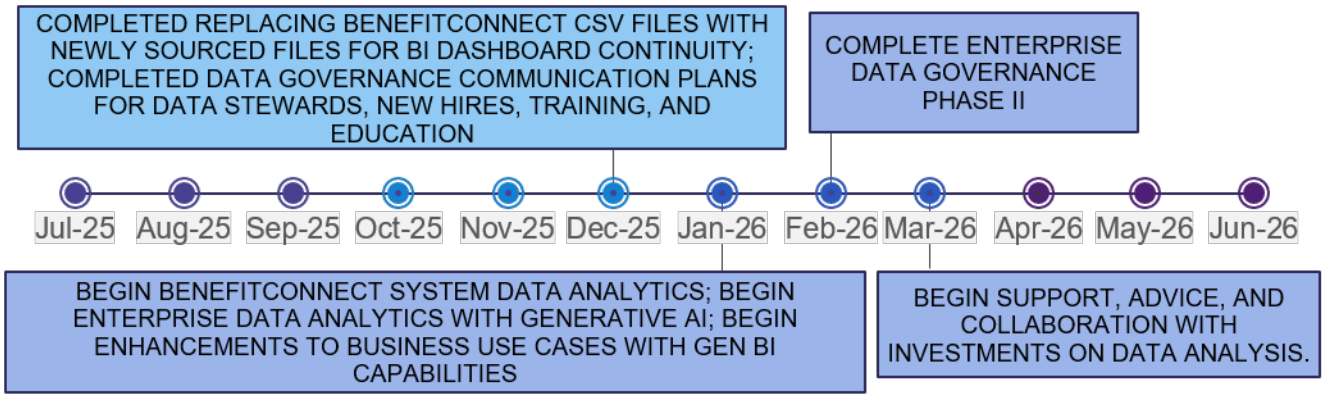
Accomplishments – Period Ending December 31, 2025

- Replaced old pension system-sourced csv files with newly sourced files from new pension solution, BenefitConnect, for BI Dashboard continuity (i.e. Extract-Transform-Load pipelines, System Integration Testing through Production testing, Business signoffs) and deployed to UAT environment for Business User Acceptance Testing and sign-off.
- Created a Communication Plan for providing Data Governance updates and overview for Data Stewards, New Hires, Training and Education.
- Synced Investments and other Data Governance frameworks with EDAP Data Governance Framework.
- Completed business value assessment of the use cases delivered from Year1 – Year3.
- Identified Refund Datamart as the new use case to kick-off Requirements gathering and Design phases.

Planned Major Activities & Milestones by March 31, 2026

- Obtain UAT sign-off from Business Users on the newly sourced files from BenefitConnect for Service Retirement use case 1 and deploy to production.
- environment.
- Analyze, design and implement Data Governance strategies identified in AUDIT3 and TECHGOV use cases to address gaps in data quality, data security, retention and access standards as per Data Governance standard documents.
- Gather business requirements to design, develop, and implement a streamlined Enterprise Data Warehouse and begin user acceptance testing for the Refund use case.
- Begin support, advice, and collaborate with Investments in Data Analytics.

Fiscal Year 2025-26 Major Milestones



ETL = Extract, Transform, And Load; EDAP = Enterprise Data & Analytics Platform

Contact Center Modernization

The Contact Center Modernization project replaced the prior Contact Center platform, Genesys, with the NICE CXone platform. In addition, three additional surveys, automated speech recognition and interaction analytics to enhance services to CalSTRS members and employers were implemented. Phase 3 is to implement a NICE CXone AI-powered Knowledge Management System (KMS) and AutoSummary to allow staff to optimize the services CalSTRS provides to our members and employers.

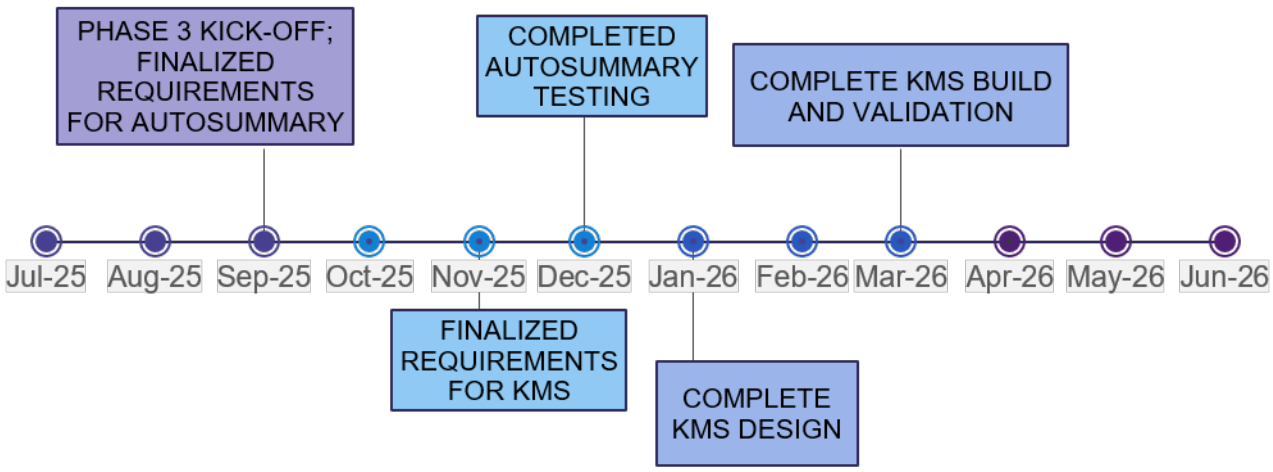
Accomplishments – Period Ending December 31, 2025

- Completed requirements analysis of the KMS, known as “Expert.”
- Completed design and build configuration of AutoSummary.
- Conducted testing and validation of AutoSummary using three large language models to improve results.
- Made a project decision to remove AutoSummary from scope due to poor performance in testing and validation.
- Commenced design phase for the KMS.
- Identified business need to double licenses for the KMS.

Planned Major Activities & Milestones by March 31, 2026

- Complete Technology Request process for approval of Surfly, a co-browsing tool.
- Submit change request to remove AutoSummary from scope, adjust budget for increased KMS licenses, and adjust schedule for in-house KMS development.

Fiscal Year 2025-26 Major Milestones



Data Quality

The Data Quality project will prepare the legacy pension administration data for conversion to BenefitConnect (BC), the new pension administration system. The Data Quality Business Team has finalized data cleansing in the legacy system (START).

NOTE: Conversion went live in September 2025. Remaining data quality activities are considered post-conversion.

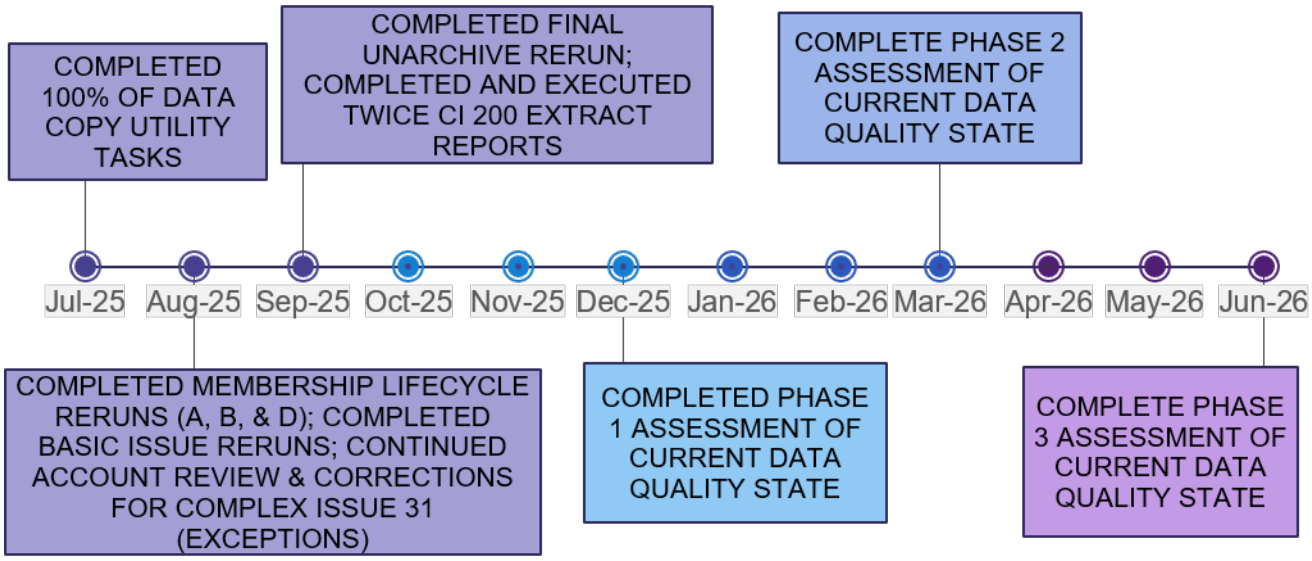
Accomplishments – Period Ending December 31, 2025

- Completed the Phase 1 Assessment of current data quality state to catalogue all commonly used tables for data harvesting and reporting.

Planned Major Activities & Milestones by March 31, 2026

- Completed the Phase 2 Assessment of current data quality state to catalogue all commonly used tables for data harvesting and reporting.

Fiscal Year 2025-26 Major Milestones



Datacenter Hosting and Migration Services

The Datacenter Hosting and Migration Services (DHMS) project will enable CalSTRS to mitigate the business continuity risks, support CalSTRS enterprise strategic goals, and establish a flexible framework for operational efficiency and cost optimization through the migration of on-premises critical systems/equipment onto a multi-modal data center solution.

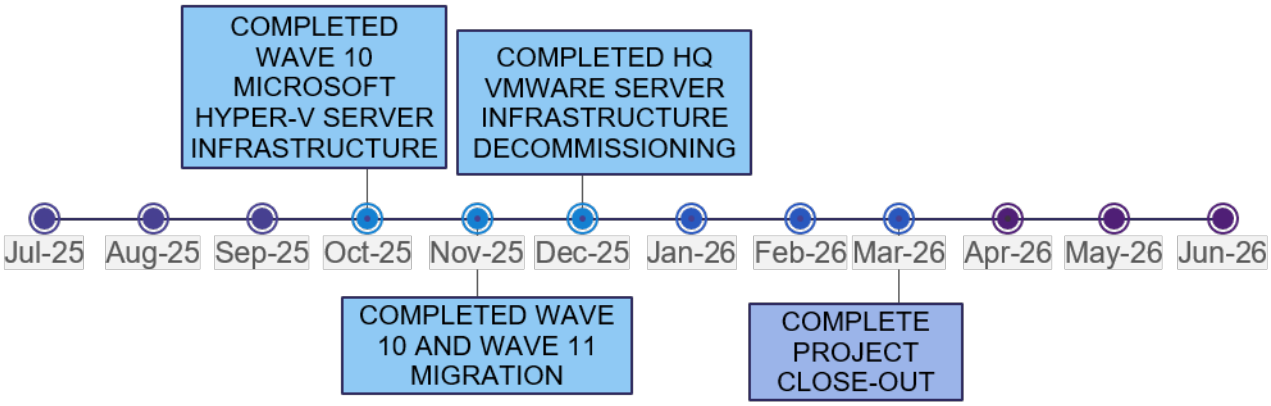
Accomplishments – Period Ending December 31, 2025

- Completed the WAVE 10 migration of required on-premise solutions to the Microsoft Hyper-V Solution to be maintained in the CalSTRS HQ Main Distribution Frame.
- Completed the WAVE 11 migration of the shared services solutions to CAP.
- Completed the decommission of CalSTRS HQ VMware server infrastructure.

Planned Major Activities & Milestones by March 31, 2026

- Complete close-out of migration and transfer to maintenance and operations.

Fiscal Year 2025-26 Major Milestones



ServiceCenter Upgrade (ServiceNow)

The ServiceCenter Upgrade (ServiceNow) project replaces CalSTRS current IT Service Management (ITSM) system that will reach end-of-life and end-of-support in December 2026. ServiceNow ITSM will be implemented first, followed by ServiceNow IT Operation Management (ITOM) and IT Asset Management (ITAM), under the scope of this project.

NOTE: A project request was approved by the Enterprise Program Investment Council in May 2024 to procure and implement ServiceNow ITSM to replace CalSTRS' current ITSM solution. The project has a schedule of 2 years 7 months and a budget of $2,406,350. The project was not included in the Fiscal Year 2025-26 First Quarter Report to safeguard budget estimates and uphold a competitive procurement process. The procurement was finalized, including contract execution, in October 2025.

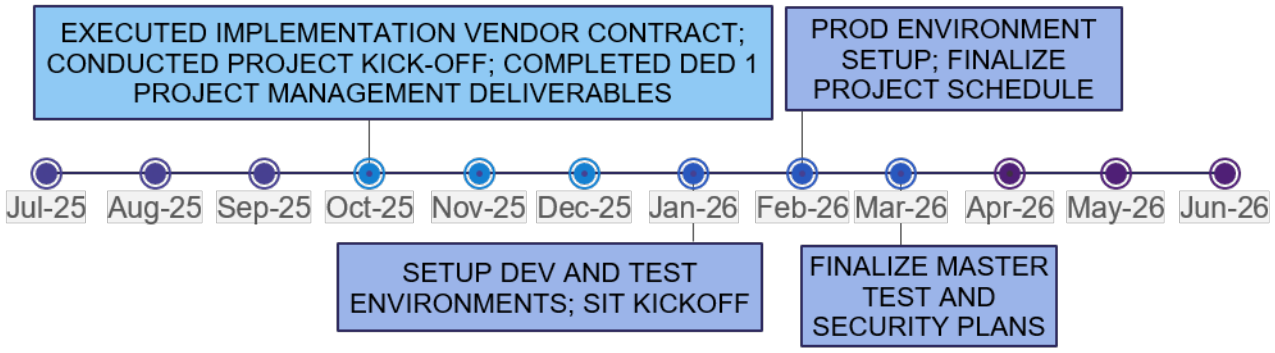
Accomplishments – Period Ending December 31, 2025

- Kicked off project implementation.
- Finalized Staffing Plan.
- Finalized Communications Plan.
- Vendor proposed schedule received.

Planned Major Activities & Milestones by March 31, 2026

- Finalize project schedule.
- Complete ServiceNow ITSM analysis, design and configuration.
- Submit Change Request to the Enterprise Program Investment Council to rebaseline the scope, schedule, resources, and budget.

Fiscal Year 2025-26 Major Milestones



SAP Ariba

The SAP Ariba Project will procure and implement the next-generation cloud-based SAP procurement solution, SAP Ariba, to replace CalSTRS current source-to-pay solutions, SAP Supplier Relationship Management (SRM) and Supplier Self Service (SUS) Portal (Invoicing), before they reach end-of-life and end-of-support in December 2027. SAP Ariba will enhance CalSTRS supply chain and procurement processes and source-to-contract and procure-to-pay workflows to streamline the purchasing lifecycle, improve supplier collaboration, and optimize procurement operations.

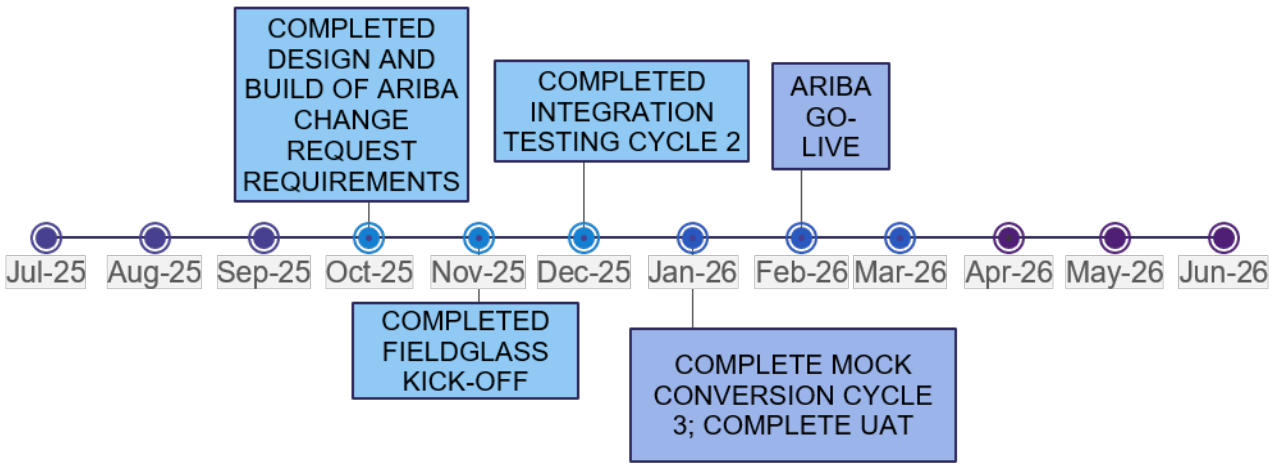
Accomplishments – Period Ending December 31, 2025

- Completed design and build for all SAP Ariba change request related requirements.
- Signed change request with Deloitte and kicked off implementation effort for SAP Fieldglass and Supplier Risk.
- Purchased software for SAP WalkMe (User Adoption Platform), SAP Fieldglass (Supplier Compliance Software to replace DC Compliance tool), and Supplier Risk.
- Completed Integration Test Cycle 1 and Integration Test Cycle 2.
- Completed Mock Conversion Cycle 2 for business partners, contracts, and purchase orders.
- Developed training materials.

Planned Major Activities & Milestones by March 31, 2026

- Complete Mock Conversion Cycle 3.
- Complete User Acceptance Testing.
- Complete all cutover activities including data conversion related to SAP Ariba.
- Train staff on use of SAP Ariba.
- Complete design and build activities for SAP Fieldglass.
- Sign change request with implementation vendor for SAP Supplier Risk.
- Procure and begin implementation of SAP Supplier Risk.
- Go-Live with SAP Ariba.

Fiscal Year 2025-26 Major Milestones



Transformation Readiness

The Transformation Readiness Project supports business areas and prepares staff for impacts, changes, and benefits from large enterprise modernization efforts. Transformation Readiness will work closely with Pension Solution project leadership to ensure that change management and learning activities are completed respective to the project schedule.

NOTE: ADKAR activities occur every quarter.

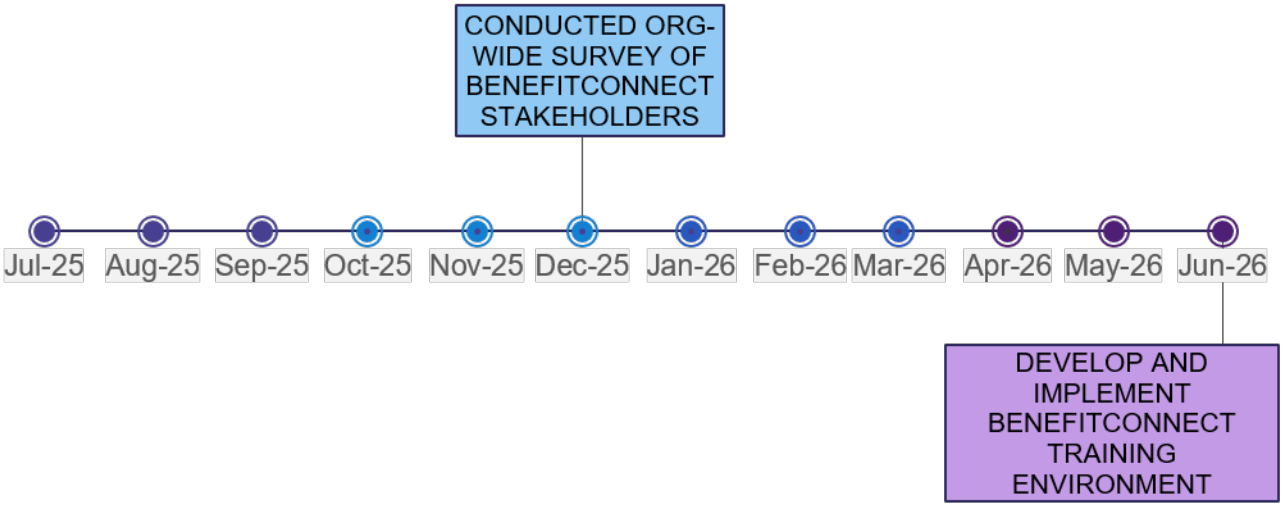
Accomplishments – Period Ending December 31, 2025

- Approved and implemented the Training Transition Plan.
- Conducted ADKAR assessment for change reinforcement and retention.
- Conducted organization-wide survey of BenefitConnect stakeholders.
- Collaborated on efforts for a future training environment.

Planned Major Activities & Milestones by March 31, 2026

- Plan organization-wide survey of BenefitConnect adoption.
- Continue ADKAR ”Reinforcement” assessment.

Fiscal Year 2025-26 Major Milestones



Enterprise Projects Under $1 Million

The following table summarizes the major enterprise technology projects over $1 million for the reporting quarter.

Project and Description	Project Duration	Schedule (Status)	Project Budget	Budget Expended	Budget (Status)
Print to Mail Software Install and integrate Pitney Bowes print-to-mail software, Planet Press, between the new pension administration system, BenefitConnect, and CalSTRS centralized printer. Provides the ability to process outgoing member correspondence in zip code order and varying page-counts, to align with how it is generated by BenefitConnect. Provides a modern print-to-mail software solution with more automated workflow and built-in security oversight protections and risk-mitigation measures.	Dec 2020 – Jun 2027	On Track	$559,283	$149,185	On Track