CALSTRS.

HOW WILL YOU SPEND YOUR FUTURE?

Enterprise Technology Projects

Fiscal Year 2018–19
Fourth Quarter Report

Quarter Ending June 30, 2019

At the end of the fourth quarter for fiscal year 2018–19, CalSTRS had eight enterprise projects: five major technology projects over $1 million and three additional projects under $1 million.

Of the three projects under $1 million, one has been completed and two are on track to be completed within schedule and budget.

The Project Management Office (PMO) monitors and reports monthly on the technology appropriations budget and enterprise projects' status to the Enterprise Program Investment Council (EPIC) and quarterly to the Teachers' Retirement Board.

ENTERPRISE PROGRAM INVESTMENT COUNCIL MEMBERS

Jack Ehnes	**Cassandra Lichnock**
Chief Executive Officer	Chief Operating Officer
Julie Underwood	**Lisa Blatnick**
Chief Financial Officer	Chief of Administrative Services
Grant Boyken	**Ashish Jain**
Public Affairs Executive Officer	Chief Technology Officer
Vacant	**Debra Smith**
Benefits and Services Executive Officer	Chief Operating Investment Officer

The following table summarizes current major enterprise technology projects during the fourth quarter.

Project Name	Project Duration	Schedule (Status)	Project Budget[1]	Budget Expended[2]	Budget (Status)
Data Quality	Nov 2011 – Jul 2020	●	$25,981,894	$18,926,370	●
EIM Software Tool	Jun 2018 – Jan 2020	●	$1,036,350	$0	●
Pension Solution	Jul 2014 – Jan 2023	●	$285,833,040	$162,008,026[3]	●
SAP SuccessFactors	Dec 2018 – Jun 2020	●	$0[4]	$19,500[5]	●
Transformation Readiness	Jul 2016 – Jun 2021	●	$16,416,930	$6,566,558	●

Schedule & Budget Indicators ● *On Track* ⚠ *Warning* ⊖ *Critical* ✓ *Complete* ✕ *Cancelled* ⏱ *Not Started*

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[1] Project Budget – Amount represents the sum of the projects' prior years' actual expended, remaining encumbrances, and current and future years budgeted amounts.

[2] Budget Expended – Amount represents the total expended.

[3] Pension Solution – Represents the actual and projected amounts for the project through June 30, 2019.

[4] SAP SuccessFactors – The project budget will be determined once the procurement is finalized.

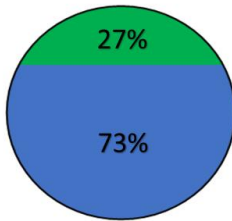[5] SAP SuccessFactors – Amount represents expenditures to date for a contract Business Analyst.

DATA QUALITY

The Data Quality project (formerly Data Preparation) is in the second phase of data cleansing to include data clean-up and preparation for conversion to the new pension administration system.

Project Budget
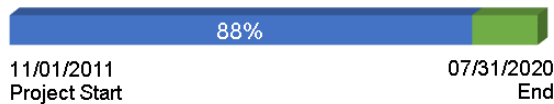$25.9 Million

● % Expended   ● % Remaining

ACCOMPLISHMENTS – PERIOD ENDING JUNE 30, 2019

- Completed Member Lifecycle[6] (Fix 2 of 3) – Reverse and Rereport.
- Completed Member Lifecycle (Fix 3 of 3) – Line Splitting.
- Completed Termination Out of Balance[7] – Contributions After Benefit Effective Date (BED) was a cross population between Member Lifecycle and was resolved by the Member Lifecycle solution.
- Completed or closed 31 of 76 currently assigned Functional Rollout 2 basic issues.

PLANNED MAJOR ACTIVITIES & MILESTONES BY SEPTEMBER 30, 2019

- Complete Termination Out of Balance – Reverted Accounts.
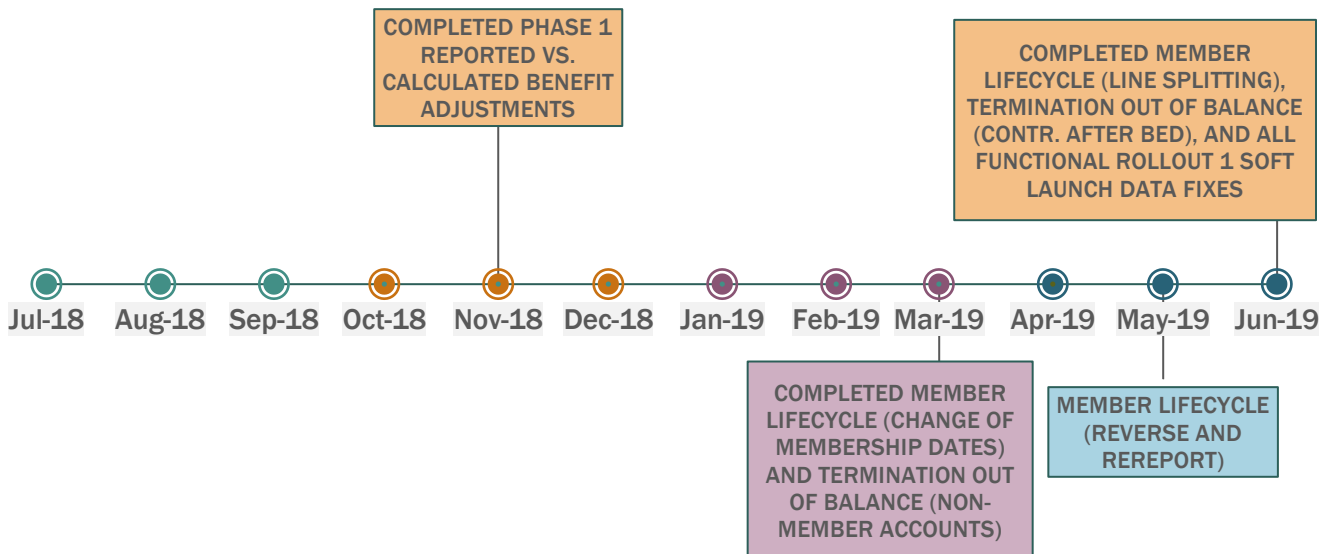- Complete 18 additional Functional Rollout 2 basic issues.

PROJECT SCHEDULE STATUS TIMELINE

88%

11/01/2011
Project Start

07/31/2020
End

FISCAL YEAR 2018–19 MAJOR MILESTONES[8]

COMPLETED PHASE 1 REPORTED VS. CALCULATED BENEFIT ADJUSTMENTS

COMPLETED MEMBER LIFECYCLE (LINE SPLITTING), TERMINATION OUT OF BALANCE (CONTR. AFTER BED), AND ALL FUNCTIONAL ROLLOUT 1 SOFT LAUNCH DATA FIXES

Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19 Apr-19 May-19 Jun-19

COMPLETED MEMBER LIFECYCLE (CHANGE OF MEMBERSHIP DATES) AND TERMINATION OUT OF BALANCE (NON-MEMBER ACCOUNTS)

MEMBER LIFECYCLE (REVERSE AND REREPORT)

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[6] Member Lifecycle – Changes to membership dates and/or employer reporting lines that will not convert successfully because they do not occur within begin and end dates of member lifecycles as defined in the new pension administration system.

[7] Termination Out of Balance – Correction of erroneous contribution and interest amounts on accounts that were not closed out correctly after benefit inception or for which there should not be contributions and interest remaining.

[8] As approved by Pension Solution Steering Committee.

EIM SOFTWARE TOOL

Procurement and implementation of a tool that will support effective information management and governance throughout the enterprise's repositories. It will manage and enforce internal controls for unstructured data such as electronic documents and emails related to members and internal enterprise operations.

Project Budget
$1.03M

0%
Expended

100%

● % Expended   ● % Remaining
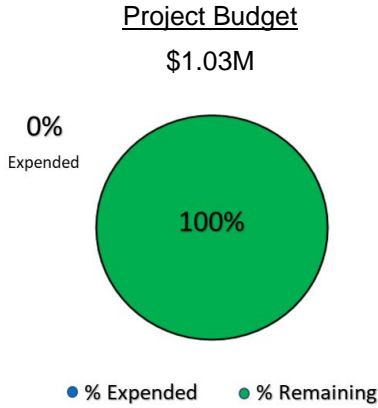
ACCOMPLISHMENTS – PERIOD ENDING JUNE 30, 2019
- Completed solution and vendor selection process.
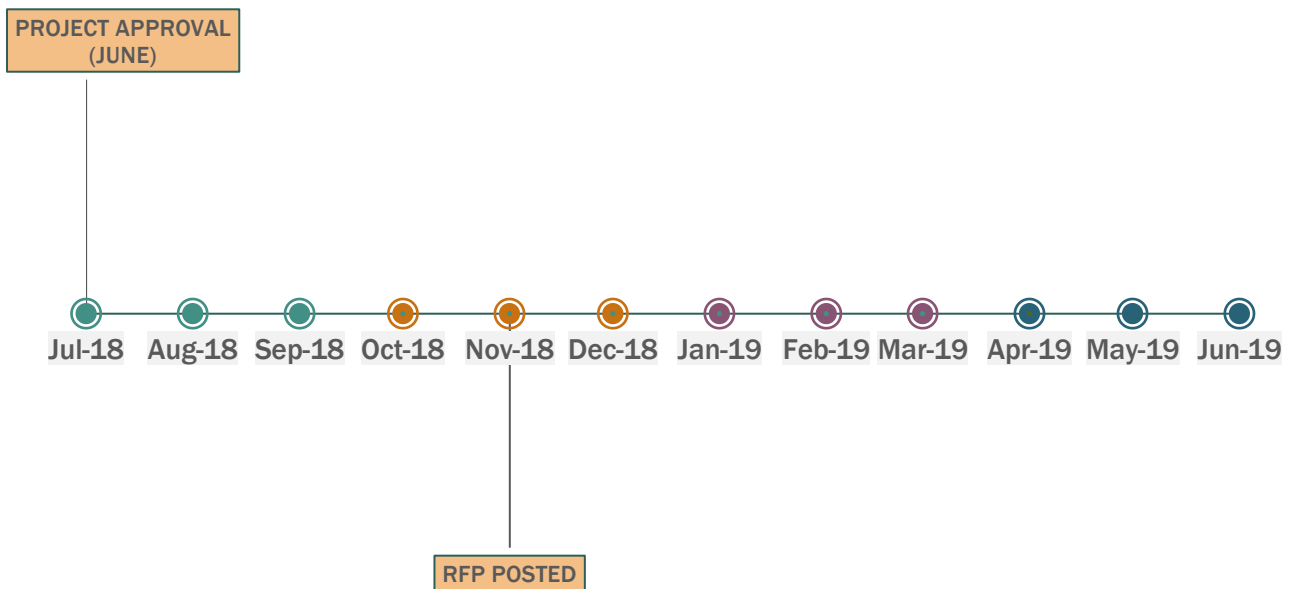- Finalized contract development and internal approvals.

PLANNED MAJOR ACTIVITIES & MILESTONES BY SEPTEMBER 30, 2019
- Execute contract for solution and vendor services.
- Complete project management planning phase.
- Complete project requirements analysis phase.

PROJECT SCHEDULE STATUS TIMELINE

65%

06/01/2018
Project Start

01/31/2020
End

FISCAL YEAR 2018−19 MAJOR MILESTONES

PROJECT APPROVAL
(JUNE)

Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19 Apr-19 May-19 Jun-19

RFP POSTED

PENSION SOLUTION

The Pension Solution project will replace CalSTRS legacy pension administration system 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.

Project Budget

$285.8 Million

43%

57%

● % Expended   ● % Remaining
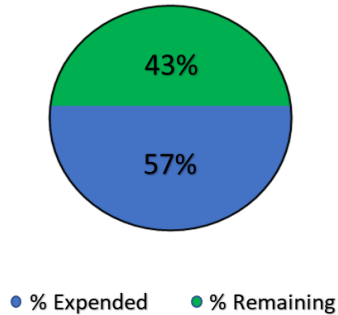
ACCOMPLISHMENTS – PERIOD ENDING JUNE 30, 2019

- Achieved the project milestone of user acceptance testing for Functional Rollout 1 (Employer Reporting functionality) commencement.
- Conducted new system functionality demonstration (4th of 5) for Functional Rollout 2.
- Achieved the project milestone of contractor acceptance testing for Functional Rollout 2 commencement.
- Achieved the project milestone of Fit/Gap activities for Functional Rollout 3 (Customer Service Management, Mobile Applications, and Accessibility) commencement.
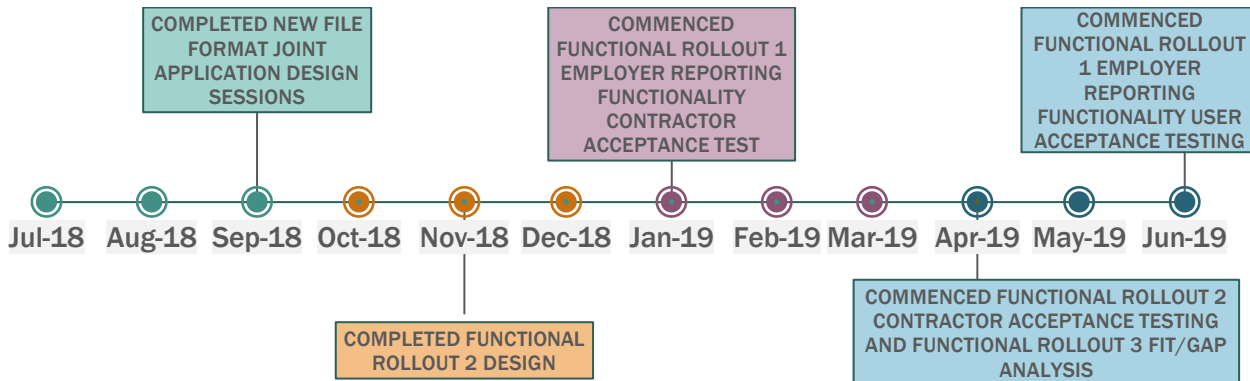
PLANNED MAJOR ACTIVITIES & MILESTONES BY SEPTEMBER 30, 2019

- Complete user acceptance testing for Functional Rollout 1 (Employer Reporting functionality).
- Complete Parallel testing for Functional Rollout 1.
- Complete Final Dry Run activities for Functional Rollout 1.
- Perform cut-over activities for Functional Rollout 1.
- Conduct new system functionality demonstration (5th of 5) for Functional Rollout 2 (Benefit/Payment cancellations, Tax documentation, Survivor Benefits).
- Complete development activities for Functional Rollout 2.
- Complete Fit/Gap activities for Functional Rollout 3 (Customer Service Management, Mobile Applications, and Accessibility).
- Commence Joint Application Development activities for Functional Rollout 3.

PROJECT SCHEDULE STATUS TIMELINE[9]

58%

07/01/2014
Project Start

01/31/2023
End

FISCAL YEAR 2018–19 MAJOR MILESTONES

COMPLETED NEW FILE FORMAT JOINT APPLICATION DESIGN SESSIONS

COMMENCED FUNCTIONAL ROLLOUT 1 EMPLOYER REPORTING FUNCTIONALITY CONTRACTOR ACCEPTANCE TEST

COMMENCED FUNCTIONAL ROLLOUT 1 EMPLOYER REPORTING FUNCTIONALITY USER ACCEPTANCE TESTING

Jul-18   Aug-18   Sep-18   Oct-18   Nov-18   Dec-18   Jan-19   Feb-19   Mar-19   Apr-19   May-19   Jun-19

COMPLETED FUNCTIONAL ROLLOUT 2 DESIGN

COMMENCED FUNCTIONAL ROLLOUT 2 CONTRACTOR ACCEPTANCE TESTING AND FUNCTIONAL ROLLOUT 3 FIT/GAP ANALYSIS

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[9] Pension Solution Status Timeline represents the project period beginning with the Fiscal Year 2014-15 through the July 2018 board-approved change request of January 2023.

SAP SUCCESSFACTORS

The SAP SuccessFactors project will improve efficiencies by automating Human Resource (HR) processes, delivering real-time data and a self-service platform for all CalSTRS staff. The solution includes a core HR platform and tools for time management, learning and development, performance and goals, succession planning, onboarding, workforce planning and analytics. This is a multi-year project that will be implemented in phases. Employee Central is the first module and includes a core HR platform and time management.

Project Budget

To Be Determined[10]

1% Expended
99%

● % Expended ● % Remaining
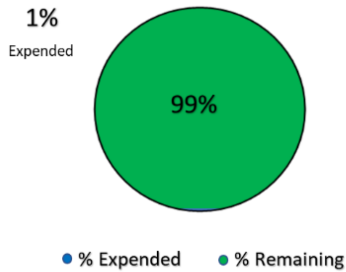
ACCOMPLISHMENTS – PERIOD ENDING JUNE 30, 2019

- Released implementation services RFP for vendor responses.
- Progressed current state business process documentation (25%) and functional requirements refinement (55%) for Employee Central.
- Developed internal Change Management Plan.
- Interviewed for temporary back-fill resources in HR.
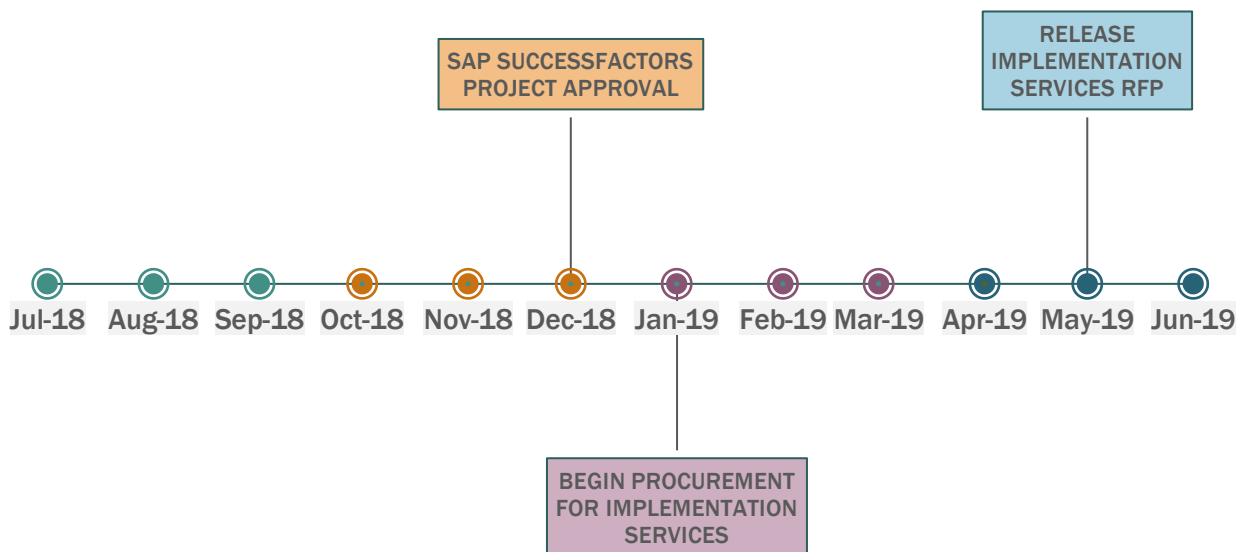
PLANNED MAJOR ACTIVITIES & MILESTONES BY SEPTEMBER 30, 2019

- Conduct vendor interviews for implementation services.
- Complete current state business process documentation and requirements refinement for Employee Central, including external interface requirements.
- Conduct internal change management activities to promote awareness.
- Staff temporary back-fill resource positions in HR.

PROJECT SCHEDULE STATUS TIMELINE

37%

12/01/2018
Project Start

06/30/2020
End

FISCAL YEAR 2018–19 MAJOR MILESTONES

SAP SUCCESSFACTORS PROJECT APPROVAL

RELEASE IMPLEMENTATION SERVICES RFP

Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18 Jan-19 Feb-19 Mar-19 Apr-19 May-19 Jun-19

BEGIN PROCUREMENT FOR IMPLEMENTATION SERVICES

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[10] SAP SuccessFactors – The project budget will be determined once procurement is finalized; expenditures to date cover a contract Business Analyst.
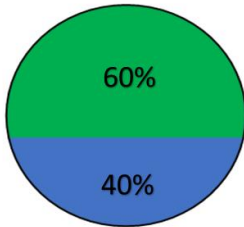
TRANSFORMATION READINESS

The Transformation Readiness project (formerly Business Transformation) supports business areas and prepares staff for impacts, changes and benefits from large enterprise modernization efforts.

Project Budget
$16.4 Million

- % Expended   - % Remaining

ACCOMPLISHMENTS – PERIOD ENDING JUNE 30, 2019

- Completed six instructor-led training modules for employer reporting functionality training for internal staff supporting employers.
- Published change management roadmaps for each business area affected by Pension Solution.
- Completed to-be process documentation for Benefit Payroll, Employment Maintenance, Death Before/After Retirement and others to support change and testing preparation.
- Held a Change Champion Network Quarterly meeting to increase project awareness and provide an opportunity for participants to share best practices.
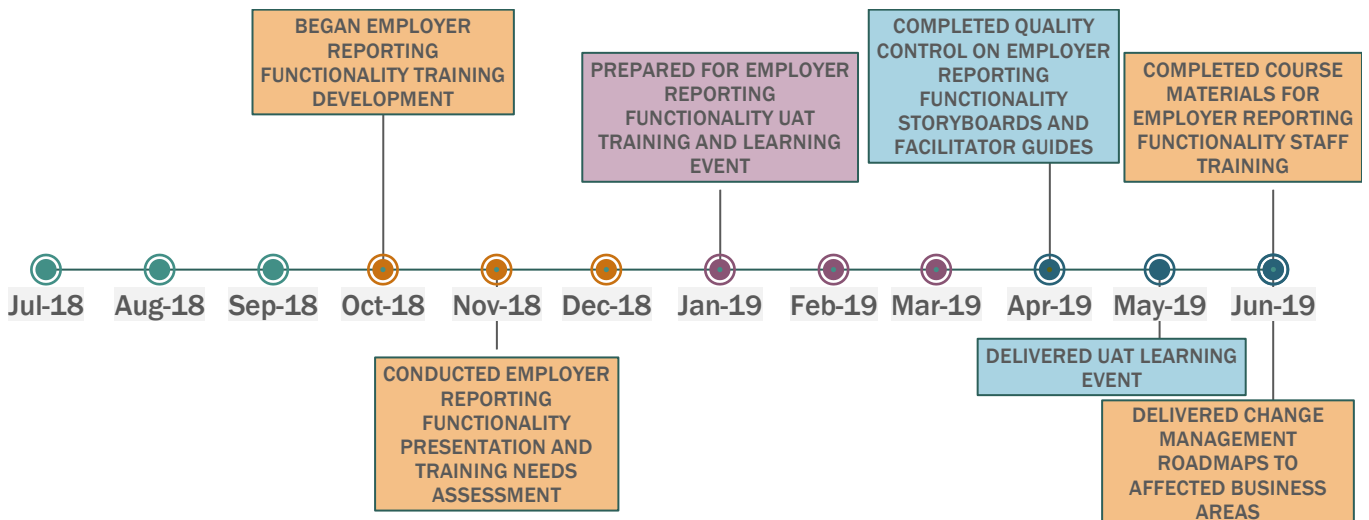
PLANNED MAJOR ACTIVITIES & MILESTONES BY SEPTEMBER 30, 2019

- Prepare business area trainers to deliver staff training for employer reporting functionality.
- Deliver process readiness overviews regarding employer reporting and survivor benefit form processing to Member Account Services and Disability and Survivor Benefits, respectively.
- Develop Change Management for Leaders computer-based training module.
- Deliver final Change Champion Network training course regarding the sponsor's role in change.
- Complete to-be process for security role administration for Technology Services staff responsible for the task during employer reporting functionality.

PROJECT SCHEDULE STATUS TIMELINE

60%

07/01/2016
Project Start

06/30/2021
End

FISCAL YEAR 2018–19 MAJOR MILESTONES

BEGAN EMPLOYER REPORTING FUNCTIONALITY TRAINING DEVELOPMENT

PREPARED FOR EMPLOYER REPORTING FUNCTIONALITY UAT TRAINING AND LEARNING EVENT

COMPLETED QUALITY CONTROL ON EMPLOYER REPORTING FUNCTIONALITY STORYBOARDS AND FACILITATOR GUIDES

COMPLETED COURSE MATERIALS FOR EMPLOYER REPORTING FUNCTIONALITY STAFF TRAINING

Jul-18   Aug-18   Sep-18   Oct-18   Nov-18   Dec-18   Jan-19   Feb-19   Mar-19   Apr-19   May-19   Jun-19

CONDUCTED EMPLOYER REPORTING FUNCTIONALITY PRESENTATION AND TRAINING NEEDS ASSESSMENT

DELIVERED UAT LEARNING EVENT

DELIVERED CHANGE MANAGEMENT ROADMAPS TO AFFECTED BUSINESS AREAS

The following table summarizes other enterprise projects during the third quarter.

Project and Description	Project Duration	Schedule (Status)	Project Budget[11]	Budget Expended[12]	Budget (Status)
Contact Center Migration Migrates from the existing Contact Center solution to the new cloud platform with 'like-for-similar' functionality and processes.	Jun 2017 – Aug 2018		$401,428	$336,085	
FI$Cal R17 Changes Updates file formats and file transfer processes necessary to support the exchange of files associated with the FI$Cal project. Note: The State Controller's Office has contacted CalSTRS and is in the process of resuming this effort with limited scope of the first two of six interfaces originally identified.	Dec 2016 – Sep 2019	● 13	$319,965	$209,926	●
Information Technology Service Management Replaces the current, unsupported Service Desk system with a modern and hosted Information Technology Service Management solution. Phase 2 scope and schedule is being defined.	**Phase 1** May 2016 – Dec 2018	● 14	$475,000	$351,550	●

Schedule & Budget Indicators ● *On Track* ⚠ *Warning* ⊖ *Critical* ✓ *Complete* ✕ *Cancelled* ⏱ *Not Started*

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[11] Project Budget – Amount represents the sum of the projects' prior years' actual expended, remaining encumbrances, and current and future years budgeted amounts. In addition, those projects with a $0 budget utilize internal resources and operational program budgets.

[12] Budget Expended – Amount represents the total expended.

[13] FI$Cal R17 Changes – CalSTRS is ready to deploy and is awaiting FI$Cal's deployment date, as it is an external dependency. Due to moving go-live dates from FI$Cal and SCO, a change request may be submitted in the next quarter to extend the schedule beyond September 2019.

[14] IT Service Management – Phase 1 was completed on time and within budget. Phase 2 is currently being defined.