

Enterprise Technology Projects

Fiscal Year 2025-26

THIRD QUARTER REPORT

Quarter Ending March 31, 2026



CALSTRS

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About this Report

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

At the end of the third 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	Chief Investment Officer
David Lamoureux	Chief Actuary 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	Jul 2014 ¹ – Jun 2027	On Track	\$627,843,818	\$502,550,341	On Track
Business Intelligence and Data Warehouse	Sep 2019 – Jun 2026	On Track	\$7,722,005	\$5,928,324	On Track
Contact Center Modernization	Jun 2023 – Mar 2026	On Track	\$1,375,000	\$731,843	On Track
Data Quality	Nov 2011 – Jun 2027	On Track	\$38,815,252	\$36,618,783	On Track
Datacenter Hosting and Migration Services	Nov 2020 – Jun 2026	On Track	\$31,595,000	\$26,903,307	On Track
SAP Ariba	Apr 2024 – July 2026	On Track	\$12,425,365	\$7,454,748	On Track
ServiceCenter Upgrade (ServiceNow)	May 2024 – Dec 2026	At Risk ²	\$2,406,350	\$1,132,444	At Risk ³
Transformation Readiness	Jul 2016 – Jun 2027	On Track	\$30,972,842	\$25,988,292	On Track

¹ 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.

² ServiceCenter Upgrade (ServiceNow): The project is unlikely to be completed on time due to implementation vendor procurement delays and resource constraints.

³ 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 project replaced the CalSTRS legacy pension administration system with a new solution 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.

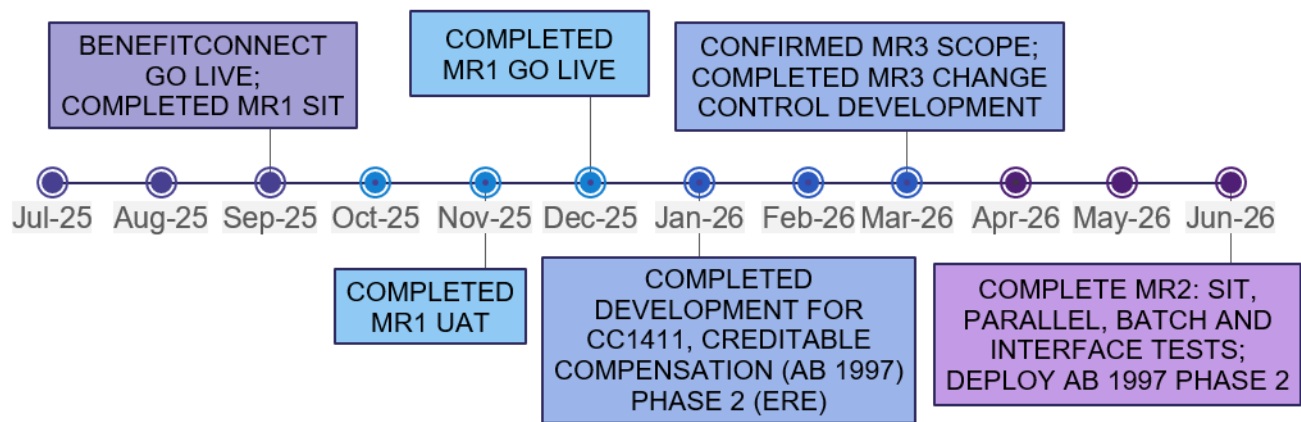
Accomplishments – Period Ending March 31, 2026

- Completed development for CC 1411, Creditable Compensation (AB 1997) Phase 2 (ERE).
- Completed System Integration Test for CC 1411, Creditable Compensation (AB 1997) Phase 2 (ERE).
- Completed MR2 User Acceptance Test Preparation.
- Confirmed MR3 Scope by mutual agreement between the implementation vendor and CalSTRS.

Planned Major Activities & Milestones by June 30, 2026

- Complete design and development for CC 1423, Actuarial Extract Changes (MR2)
- Obtain approval for CC 1423, Actuarial Extract Changes (MR2).
- 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.
- Start MR3 System Integration Test.
- Implement readiness checkpoints process for Major Releases.

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. Artificial Intelligence (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.

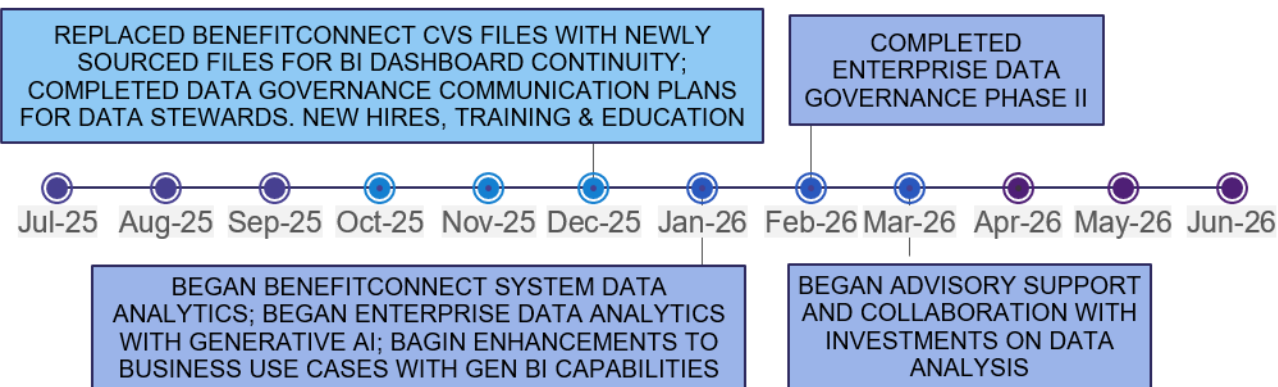
Accomplishments – Period Ending March 31, 2026

- Obtained UAT sign-off from business users on the newly sourced files from BenefitConnect for Service Retirement Use Case #1 and deployed it into production.
- Analyzed and implemented Data Governance strategies for AUDIT3 and TECHGOV use cases, addressing gaps in data quality, security, retention, and access standards.
- Delivered the Minimum Viable Product (MVP) for BenefitConnect files integrated into the Enterprise Data Warehouse for the Refunds use case, deploying to the test environment and securing UAT sign-off from Financial Services.

Planned Major Activities & Milestones by June 30, 2026

- Gather requirements and lead design, development, and testing of newly sourced BenefitConnect files for Disability and Survivor benefits and deploy to production.
- Analyze and implement Data Governance strategies for the AUDIT3 use case, addressing gaps in data quality, security, retention, and access standards.
- Secure UAT sign-off from Business Users and deploy BenefitConnect files integrated into the Enterprise Data Warehouse for the Refunds use case to production.
- Gather requirements and deliver a streamlined Business Intelligence Assistant tool for one of the business areas and obtain UAT sign-off.

Fiscal Year 2025-26 Major Milestones



ETL = Extract, Transform, Load; EDAP = Enterprise Data & Analytics Platform; UAT = User Acceptance Testing

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.

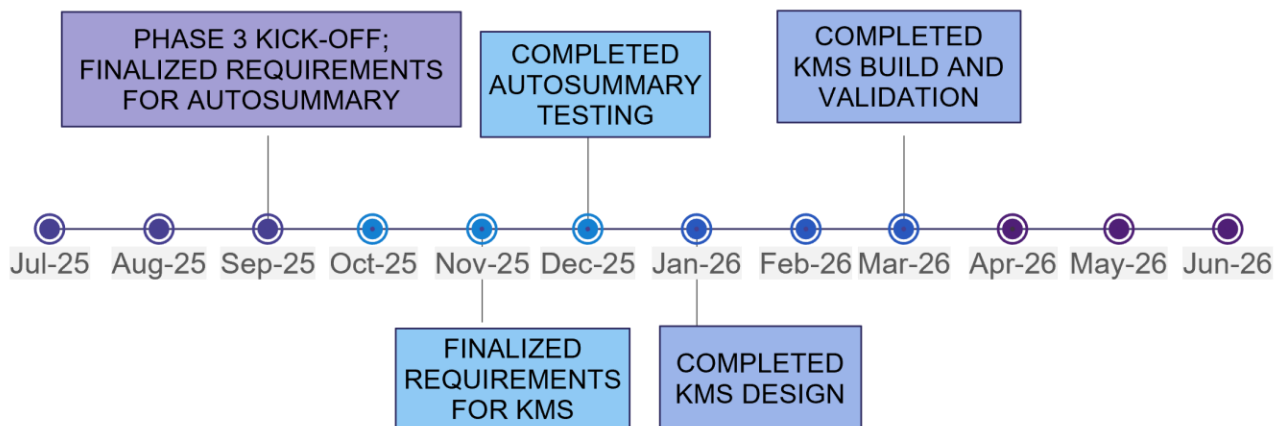
Accomplishments – Period Ending March 31, 2026

- Held kick-off meeting with external resources for Surfly, a co-browsing tool.
- Drafted change request to remove AutoSummary from scope, increase KMS licenses and adjust schedule for in-house KMS development/deployment, implement IVR changes, add Surfly, add Call Branding, and reduce budget as a result of these changes.
- Completed call forwarding changes made to Pension2 and 403b “interactive voice response” telephone call routing.
- Completed KMS design, build, and validation in-house; successfully implemented ahead of schedule.

Planned Major Activities & Milestones by June 30, 2026

- Obtain approval from the Enterprise Program Investment Council on the change request to remove AutoSummary from scope, increase KMS licenses and adjust schedule for in-house KMS development/deployment, implement IVR changes, add Surfly, add Call Branding, and reduce budget as a result of these changes.
- Activate and assign additional KMS licenses for service and support staff.
- Implement Surfly co-browsing tool, provided change request is approved.
- Implement Call Branding (caller ID), provided change request is approved.
- Conduct Lessons Learned and complete project close-out activities.

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.

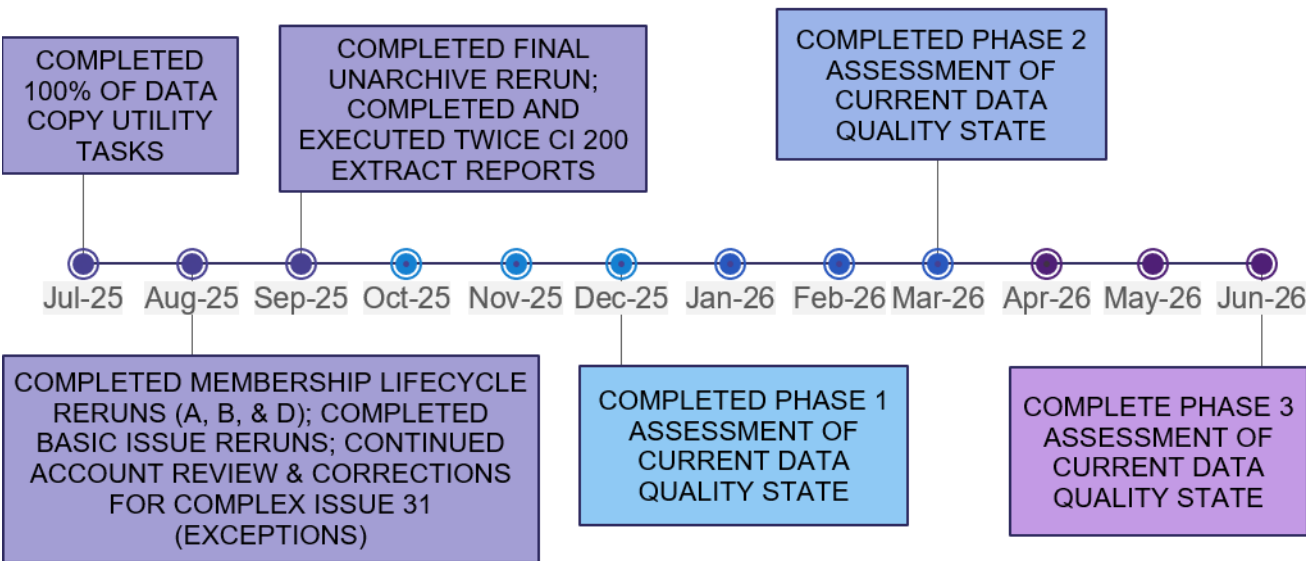
Accomplishments – Period Ending March 31, 2026

- Completed the Phase 2 assessment of current data quality state to catalogue all commonly used tables for data harvesting and reporting.
- Completed Proof of Concept using xAqua AI to auto-generate Data Quality Rules from business rules, significantly reducing manual effort and accelerating rule creation. (Phase 2)
- Delivered automated data quality rule generation and established foundational data profiling capabilities across key datasets, improving data validation readiness (Phase2).

Planned Major Activities & Milestones by June 30, 2026

- Establish a comprehensive Data Quality Management framework (aligned with Data Management Body of Knowledge) including profiling, baseline assessment, and prioritized issue inventory for high-impact data domains (Phase 3).
- Design and implement a scalable data quality ecosystem including rule library, automated monitoring jobs, dashboards, and continuous improvement processes (Phase3).

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.

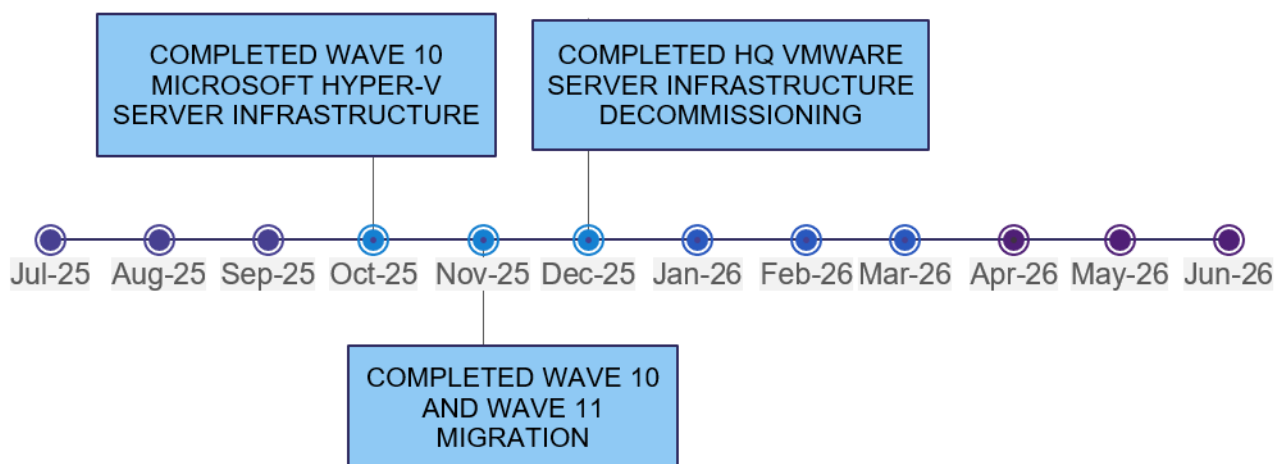
Accomplishments – Period Ending December 31, 2025

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

Planned Major Activities & Milestones by March 31, 2026

- Verify all internal data center software and services migrated to Amazon Web Services.
- Remove all equipment from Headquarters' 4th floor data center.
- Remove all equipment from the offsite Quest data center, except the Business Recovery Center equipment.

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.

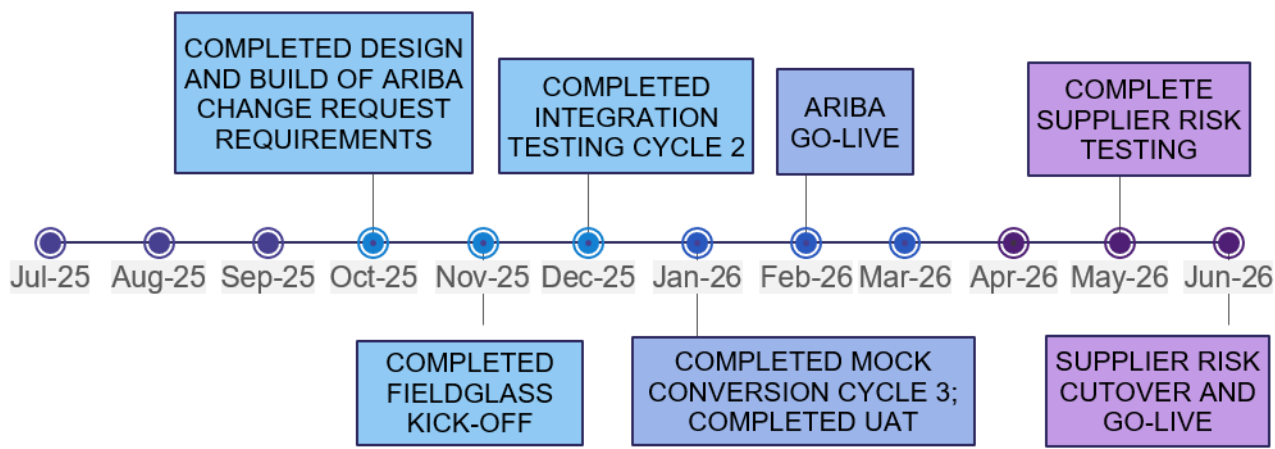
Accomplishments – Period Ending March 31, 2026

- Completed Mock Conversion Cycle 3.
- Completed User Acceptance Testing.
- Completed all cutover activities including data conversion related to SAP Ariba.
- Trained staff on use of SAP Ariba.
- Completed design and build activities for SAP Fieldglass.
- Signed change request with implementation vendor for SAP Supplier Risk.
- Procured and began implementation of SAP Supplier Risk.
- Go-Live with SAP Ariba successful.

Planned Major Activities & Milestones by June 30, 2026

- Closeout Ariba and Fieldglass projects.
- Complete Integration Test Cycles 1 and 2 for Supplier Risk.
- Complete UAT for Supplier Risk.
- Link Dun and Bradstreet Data Feed into Supplier Risk.
- Cutover from Test environments to Production Environments for Supplier Risk.
- Supplier Risk Go-Live complete.

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.

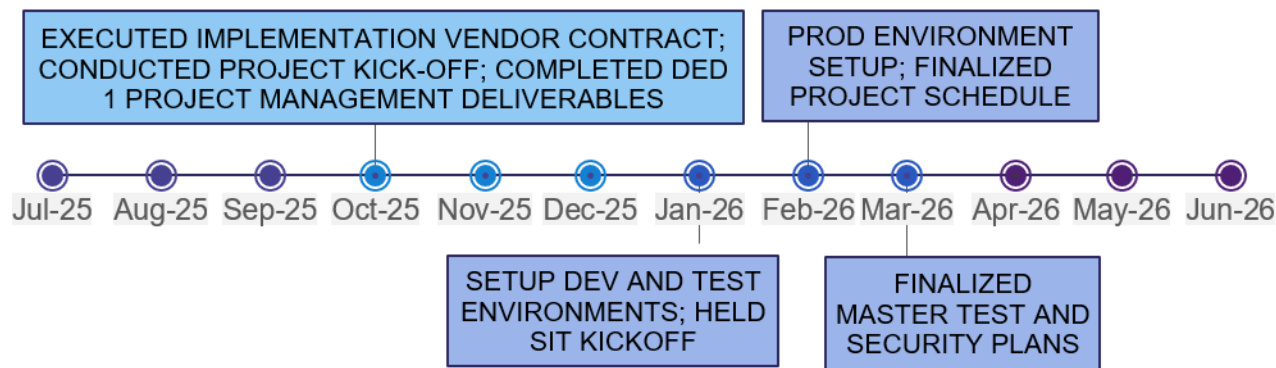
Accomplishments – Period Ending March 31, 2026

- Completed Development and Test Environment Setup.
- Completed ServiceNow ITSM analysis, design and configuration.
- Kicked off System Integration Testing (SIT).
- Kicked off training delivery planning
- Kicked off Organizational Change Management (OCM).
- Submitted Change Request to the Enterprise Program Investment Council to re-baseline the scope, schedule, resources, and budget.

Planned Major Activities & Milestones by June 30, 2026

- Obtain Change Request approval from the Enterprise Program Investment Council to re-baseline the scope, schedule, resources, and budget.
- Complete System Integration Testing.
- Kickoff User Acceptance Testing.
- Complete training delivery for Fulfillers, System Administrators, Process Owners and Power Users.
- Kickoff Production Environment Setup and Deployment activities.

Fiscal Year 2025-26 Major Milestones



DED = Deliverable Expectation Document

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 respectively to the project schedule.

NOTE: ADKAR activities occur every quarter.

Accomplishments – Period Ending March 31, 2026

- The two training environments, TRN1 and TRN2, are now available for use.
- The process for greenifying (removing personally identifiable information) has been improved to provide meaningful names instead of scrambled ones. This enhancement was requested by the business to improve the training experience.
- Issues related to accessing documents from content management servers have been resolved and are now functional.
- Planned ADKAR “Reinforcement” assessment, focusing on the final stage of the Awareness, Desire, Knowledge, Ability, and Reinforcement (ADKAR) change model.

Planned Major Activities & Milestones by June 30, 2026

- The Benefit Connect AI team is currently training Business Training Managers to utilize xAqua AI services for data harvesting through Natural Language Processing (NLP). This feature will help extract training data by allowing users to write prompts in plain English, eliminating the need to consult programmers for data extraction needed for training purposes.

Fiscal Year 2025-26 Major Milestones



Enterprise Projects Under \$1 Million

The following table summarizes the major enterprise technology projects under \$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