



Agenda Item 8c

September 16, 2014

ITEM NAME: myCalPERS PIER Plus Report Update

PROGRAM: Enterprise

ITEM TYPE: Information

EXECUTIVE SUMMARY

CalPERS is engaged with a myCalPERS PIER Plus assessment being conducted from June through November with a final report to be submitted December 2014. This reporting item provides an update for the Board and will address the approach, deliverables and preliminary observations.

STRATEGIC PLAN

This agenda item supports Strategic Plan Goal B: Cultivate a high-performing, risk-intelligent and innovative organization.

BACKGROUND

During the 1970's and 1980's, CalPERS began to automate the primary retirement functions (enrollment, contribution reporting, benefit payments) utilizing standalone systems to meet the specific needs of the business units. In the mid-1990's, CalPERS recognized the challenges associated with these standalone legacy systems and initiated steps to consolidate pension information into a single source to improve data integrity and create online capabilities for members. This pension system replacement effort was captured through the CalPERS Online Membership Transaction (COMET) strategy. During the project lifecycle of COMET, initial strategies and objectives were adjusted due to changes in business objectives. In July 2004, CalPERS staff provided the Board with an update and a path forward that essentially laid the groundwork for developing the architecture for an enterprise system.

In 2006, after re-evaluating strategies against advancing technologies, CalPERS embarked on a journey to establish an enterprise system to serve as the primary channel for conducting core business functions. Replacing numerous standalone legacy systems with an enterprise system, the vision was to create an environment that offered flexibility, expandability and scalability to meet the changing and dynamic business demands in the present and the future.

The Pension System Resumption (PSR) project scope was finalized in 2007 and, in partnership with Accenture, the systems integrator, the PSR Project Team moved forward with development and implementation of the enterprise system. Recognizing

the magnitude of transformation necessary for successful implementation the following were established: (1) a governance structure, (2) the Enterprise Transition Management (ETM) project to address workforce transitions, (3) the Public Employer Readiness Team (PERT) Project to focus on employer transition and readiness and (4) an Independent Project Oversight Committee (IPOC) was established to monitor and report on project objectives.

During the lifecycle of the project, CalPERS and Accenture worked together to overcome significant challenges that required extensions on the launch date, which was realized in September 2011.

In April 2013, CalPERS staff reported to the Pension & Health Benefits Committee that we reached a significant contractual milestone with final system acceptance. Final system acceptance represents completion of the project's original scope and the authorized changes. While there is much that has been accomplished, CalPERS also recognizes there is more to be done to continue to customize the system, maximize system functionality and to realize the full spectrum of benefits to be gained from an enterprise system for members, employers, staff and management.

Following the final system acceptance, staff presented to the Finance & Administration Committee two options for conducting an evaluation of the project:

1. a standard Post-Implementation Evaluation Report (PIER) of the project, or
2. a PIER and a benefits realization assessment (PIER Plus).

The Committee approved conducting a PIER Plus with an understanding that by intentionally conducting these assessments together, we gain efficiencies and manage resources through the coordinated approach. While the lessons learned from the management of an enterprise system transformation project are valuable, the benefit of this approach comes from applying these lessons to our ongoing work to complete the enterprise system transformation and fully realize the benefits of our investment.

Different from a project assessment, the benefits realization is a business review aimed at identifying the benefits that can be attained through the implementation of an enterprise system and the identification of the gaps between the current and desired state. Research supports that bridging the critical factors that link enterprise system implementation and business performance can be attained through a comprehensive identification and realization of benefits.

With approval from the Committee to conduct a PIER Plus, CalPERS staff initiated the vendor solicitation process in the 1st quarter of 2014 and, following a robust review process by a 5-member evaluation panel, selected Grant Thornton to conduct the myCalPERS PIER Plus in May.

ANALYSIS

The purpose of the mylCalPERS PIER Plus is to evaluate whether the project outcomes (PSR, ETM and PERT), end-user satisfaction, and business expectations of mylCalPERS have achieved the originally intended objectives and to assess the realization of benefits through the enterprise system solution. The results will help to identify ways to improve and optimize the delivery and outcomes of future projects by CalPERS and provide guidance for the optimization of benefits.

Deliverables include the following:

1. Deliverable Expectation Document (completed)
2. Status Reports (ongoing)
3. Presentation of findings to key stakeholders
4. Final report of findings, lessons learned, successful practices and recommendations for improvement
5. Knowledge transfer roadmap for the realization of benefits and project management practices

BUDGET AND FISCAL IMPACTS

The findings from the PIER Plus, which will include a roadmap for the realization of benefits, may drive a reassessment of resources to ensure the realization of future benefits from the mylCalPERS system.

BENEFITS/RISKS

Through the PIER Plus, CalPERS will be able to identify ways to improve and optimize the delivery and outcomes of future projects and provide guidance for the optimization of benefits for mylCalPERS.

Given the scale of the mylCalPERS enterprise system and the modifications made during the lifecycle of the project, we recognize that (1) there are challenges in establishing a project baseline for an end-to-end analysis and (2) the evaluation will identify gaps and areas for improvement. To mitigate the challenge of establishing a baseline, we have worked with Grant Thornton to ensure we are able to establish a project baseline in order that we may secure a valuable and constructive assessment. Regarding the identification of gaps and areas for improvement, we welcome an objective assessment to serve as a guide for project management improvement and the successful enterprise system transformation for CalPERS and those we serve.

ATTACHMENTS

Attachment 1 – mylCalPERS Post Implementation Evaluation Review (PIER) Plus Update

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