



## Finance and Administration Committee

# Agenda Item 5a

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**April 14, 2025**

**Item Name:** Investment Data and Technology Modernization Initiative and Contract Extension of Total Fund and Capital Markets Platform

**Program:** Investment Office

**Item Type:** Action

### **Executive Summary**

This agenda item provides a status update on the Investment Data and Technology Modernization Initiative, funding request for 2025-26, and contract term extension.

### **Strategic Plan**

This agenda item supports the CalPERS Strategic Plan Goal – Pension Sustainability – to strengthen the long-term sustainability of the pension.

### **Investment Beliefs**

This agenda item supports four of CalPERS' Investment Beliefs:

- Investment Belief 5: CalPERS must articulate its investment goals and performance measures and ensure clear accountability for their execution.
- Investment Belief 8: Costs matter and need to be effectively managed.
- Investment Belief 9: Risk to CalPERS is multi-faceted and not fully captured through measures such as volatility or tracking error.
- Investment Belief 10: Strong processes and teamwork and deep resources are needed to achieve CalPERS goals and objectives.

### **Background**

During the November 2024 Finance and Administration Committee (FAC) meeting, an update was provided on the Investment Data and Technology Modernization Initiative, which is one of the strategic initiatives launched in 2022-23 by the Investment Office. The last meeting provided a status update on the initiative and mid-year funding request for the remainder of 2024-25.

## **Analysis**

The purpose of this strategic initiative is to establish a modernized investment platform for improved fund performance. The objective of the modernized platform is to enable reduced operational risk, improved efficiency, and investment innovation to deliver a better portfolio.

The initiative consists of four projects, including Capital Markets and Total Fund, Private Markets, Data Platform, and Developed Applications. The goal during the remainder of 2024-25 is to progress the overall Initiative with focus on Project 1: Capital Markets and Total Fund and Project 2: Private Markets.

## **Budget and Fiscal Impacts**

- Requesting funding of \$38M, as part of the 2025-26 Investment Office budget, to continue to progress the Initiative during 2025-26.
- Requesting to extend the standard five-year contract term to a seven-year contract for Software as a Service (SaaS) partner for the Total Fund and Capital Markets portfolio management platform with an optional three-year term.

## **Benefits and Risks**

### Benefits of Proceeding

- Funding the request will enable the Investment Office to continue to progress Project 1 and Project 2 and initiate Project 3 during 2025-26.
- The long-term outcome of this investment data and technology initiative will enable CalPERS to innovate, drive scale, efficiency and mitigate operational risks. This, in turn, will provide an opportunity to deliver improved returns.
- Reduces operating risks associated with implementing the SAA to achieve long-term investment return.
- More timely/informed decisions leading to better outcomes and investment innovation.
- Improves staff utilization through leveraging technology to shift focus from low value-add repetitive operational tasks to higher value-add analytical outputs.

### Risk of Status Quo

- Lack of funding will not allow the Initiative to progress.
- Increased levels of operational and financial risk.
- Increased manual processes and sub-optimal allocation of staff to high value add activities.
- Longer lead times to investment insights and potential impact on returns.
- Limited data and technology capabilities to support investment innovation.

## **Attachments**

Attachment 1 – Investment Data and Technology Modernization Initiative Presentation

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