MEETING DATE: July 19, 2017

SUBJECT: SCERS Enterprise Solutions and IT Modernization Program Update

RECOMMENDATION

Staff recommends the Board receive and file the SCERS Enterprise Solutions and IT Modernization Program Update presented by the SCERS Management Consultant and the Linea Solution Project Manager.

PURPOSE

Provide an update on the portfolio of projects in process and planned over the next few years as part of the IT Modernization and SCERS Strategic Plan initiated Continuous Improvement Program.

DISCUSSION

The Enterprise Solutions Management Office has begun development of a SCERS Enterprise Solution Project Plan to facilitate inter-project communications and coordination. The plan will provide a vehicle for communication among the SCERS Executive Team and for reporting progress to the Retirement Board. The program portfolio of projects presently includes:

- IT Modernization Program
  - IT Modernization Consultant (Linea Solutions)
  - Data Conversion (ICON Integration)
  - Pension Administration System (PAS) Replacement
  - Investment Accounting System
  - Financial Reporting System

- Continuous Improvement Projects
  - Strategic Plan Fulfillment Initiatives
  - Customer Service Performance Management Improvements
Under the IT Modernization Consultant’s (Linea Solutions) leadership, SCERS staff has thoroughly reviewed five large proposals from PAS solution vendors. As a result, three finalists have been designated for further consideration in the next stage of evaluation. Upon completion of the next stage, SCERS staff will have selected a vendor with which to begin contract negotiations.

BACKGROUND

At the May 11, 2017 meeting, the Board approved changes to the SCERS staff structure including the creation of the Enterprise Solutions Management (ESM) Office to provide program management leadership and interoffice coordination for initiatives and projects for implementation of the SCERS Strategic Plan 2014-2018, IT Modernization Program, operation of the SCERS Enterprise Risk Management function and ongoing Continuous Improvement Program projects.

ATTACHMENTS

Presentation by Steve Hawley, Management Consultant
Presentation by Brian Colker, Linea Solutions
**SCERS Enterprise Solutions Project Plan**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td></td>
</tr>
<tr>
<td><strong>IT Modernization Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Modernization Consultant (Linea)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Conversion (ICON)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension Admin System Replacement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Accounting System</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Reporting System</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Continuous Improvement Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Plan Fulfillment Initiatives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Service Performance Management Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Knowledge Repository Implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cyber Security Risk Mitigation Initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
IT Modernization Program

• Linea is contracted to provide consulting services related to the procurement and contract negotiations for Pension Administration System (PAS) vendors. SCERS may elect to extend arrangements with Linea to provide PAS implementation oversight and support services.

• The ICON data conversion contract and project plan may be modified upon selection of the PAS vendor to align project plans and schedules.

• Castle Peak Associates is providing consulting services to identify requirements and potential solutions for the Investment Accounting System.

• The timing and approach for the Financial Reporting System is being deferred until after selection of the PAS vendor because of solution interdependencies.
Continuous Improvement Projects

- The **Strategic Plan Fulfillment Initiatives** project includes the remaining items from the SCERS Strategic Plan 2014-2018
- The **Customer Service Performance Management Improvements** project will improve the oversight of key benefit claims processes considering both SCERS staff and business partner activities and will set benchmarks for measuring improvements resulting from the IT Modernization Program and other strategic initiatives
- The **Knowledge Management Repository Implementation** will improve the infrastructure for developing, collecting and communicating enterprise knowledge including policies, procedures, business rules, system designs, training materials and other important documents
- The **Cyber Security Risk Mitigation** project will follow up on recommendations from the recent risk assessment, will better define SCERS security policies and practices and will monitor the security risk profile as changes occur internally during the IT modernization and externally due to the changing county, state, federal and global regulatory and operating environments
- Detailed project plans for this set of projects are in development with ESM support
IT Modernization Program – Update on Pension Administration System (PAS) Procurement

Presentation to the Board of Retirement
July 19, 2017

Brian Colker, Project Advisor
Agenda

1. Procurement Activities, January - present
2. Assessment Criteria
3. Assessment Team
4. Assessment Results
5. Next steps
Procurement Activities Undertaken Since January

+ Pension Administration System RFP issued on 2/17/2017
+ Five PAS vendors submitted intent to bid
+ Bidders’ Conference held 4/17/2017
+ Individual vendor meetings held 4/17 & 4/18/2017
+ Bids submitted 5/10/2017
+ Project team completed bid assessment on 6/28/2017
+ Three finalists notified on 6/30/2017
Assessment Criteria

The project team considered the following criteria in assessing the bid responses:

+ Functional fit
+ Technical fit
+ Relevant experience
+ Company stability / longevity
+ Implementation team and approach
+ Quality of maintenance & support program
+ Cost
Assessment Team

+ The procurement process has been time intensive
  – Vendor Q&A, vendor conference, and individual vendor meetings required significant prep time

+ Bid assessment:
  – Five SCERS staff members assessed each bid
  – Two DTECH staff members assessed the technical sections
  – The bids were 300-600 pages each
  – Each staff member spent ~40 hours reading and analyzing bids
  – The project team held all-day meetings twice to discuss the analysis and to select finalists
## Assessment Results

<table>
<thead>
<tr>
<th>Vendor (alphabetical order)</th>
<th>Description</th>
<th>Finalist?</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRS / PensionGold</td>
<td>Illinois-based vendor that has several divisions, including one that focuses on pension.</td>
<td>Yes</td>
</tr>
<tr>
<td>Morneau-Shepell</td>
<td>Large Canadian vendor that specializes in pension outsourcing; has US division</td>
<td>Yes</td>
</tr>
<tr>
<td>Sagitec Solutions</td>
<td>Minneapolis-based vendor that specializes in public pension market; medium-sized company</td>
<td>Yes</td>
</tr>
<tr>
<td>Tegrit Technologies</td>
<td>Small Michigan-based vendor that specializes in public pension</td>
<td>No</td>
</tr>
<tr>
<td>Vitech Systems, Inc.</td>
<td>Med-Large NY based firm specializing in multi-employer and public pension</td>
<td>No</td>
</tr>
</tbody>
</table>
Next Steps

+ Finalist interviews and demos – 8/1-8/3; we expect to down select to 2 vendors
+ We will solicit Best and Final Offers
+ We will perform reference checks
+ We will visit retirement systems that have installed the software
+ We will begin contract negotiations
+ We will return to the BOR in September with a recommendation to award