



Regular Meeting

Item number 8 – Open session

Subject: Pension Solution Project update

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Item type: Information

Date and time: January 9, 2025 – 15 minutes

Attachment(s): Independent Project Oversight report

PowerPoint presentation(s):

PowerPoint 1 – Pension Solution Project update

PowerPoint 2 – Independent Project Oversight Consultants presentation

Item purpose

The purpose of this item is to provide a Pension Solution Project update.

Project summary

The overall project schedule remains in green status and is on track for a fall 2025 implementation date. Each of the five key workstreams, Data Conversion, Employer Readiness, Technical Testing, User Acceptance Testing and Business Transition, Training and Change Management are currently in green status based on schedule activity performance of planned versus actuals. We will continue to watch the throughput of testing closely with a focus on timely defect resolutions and the impact of competing priorities, as well as manage the risks identified across all project activities.

Over the course of 2024, the project team completed several pivotal accomplishments that were instrumental in keeping the project momentum towards go live in fall 2025. The following activities were completed by the team to achieve our success to date:

- Procured and onboarded five technical analyst resources with significant experience implementing and maintaining the Neospin system at other state pension systems.
- Initiated enterprise-level business transition meetings in preparation for cutover and implementation.
- Fully staffed a Change Management team; developed and approved business transition, communications, internal stakeholder management and change management plans.

- Developed and approved the Training Plan Model, Train the Trainer Model, Training Data and Environment Management Plan, HR Link User Manual, and the Articulate Storyline Developer Guide.
- Successful migration of the on-premise environment to the Amazon Web Service Cloud.
- Performed data quality review of over two million accounts.
- Revised and approved the detailed test plan for user acceptance testing.
- Initiated and completed five of six system integration test streams.
- Commenced user acceptance testing.

Testing update

System integration testing (SIT)

The project team is on target to closeout the sixth and final SIT stream on January 13, 2025. SIT stream 6 began on October 8 and contains 210 test cases. All testing efforts remain on track and any outstanding issues from vendor test efforts still being remediated with the CalSTRS team will be completed by the end of February.

User acceptance testing (UAT)

Since the UAT kickoff in October, the team is making great progress. Currently, 446 test scripts have been identified to execute during the nine-month testing window. Approximately 400 of those test scripts have been written and are ready to execute. Over 100 test scripts have been passed, and progress is on target with planned passed rates through mid-December.

Business update

Implementation

While all project team members have been working toward completing our new system, we formed an Implementation team last summer to focus on the key activities necessary for Go Live. This team is comprised of CalSTRS and Sagitec resources who bring experience from other recent Sagitec implementations, as well as in depth experience with our project.

The Implementation team primarily addresses the technical activities that must occur before, during, and after the cutover from the legacy system to the new system. The team has developed tools, such as a readiness scorecard and a cutover matrix to identify and document the key activities that must be completed before we make the decision to begin cutover. To develop the readiness scorecard, the team collaborated with the project teams to identify objective measures to confirm each team's readiness. The sequence in which these tasks must occur are detailed in the cutover matrix. Currently, the team is preparing the support structure for both cutover and the stabilization period that begins once we are live.

In late February the team will execute the first of four scheduled checkpoints to ensure we are progressing as needed to implement in the fall. There will also be two dry runs where we will orchestrate practice cutovers which include having the project complete a data conversion and bring up the new application in a test region as a timed event.

Transformation Readiness update

Training

The Learning and Development team, in collaboration with the business area trainers, continue to make progress on the development of the materials needed to prepare end users on the new system. The team is creating customized training implementation plans which provide training details specific to each highly impacted business area. Train the trainer is scheduled to begin in March with full-scale training sessions beginning in May.

Change Management

In November, the Change Management team conducted an organization-wide survey to solicit feedback and assess overall project awareness and communication effectiveness. We were pleased to receive 432 responses, which represents over a third of CalSTRS. We also received 63 written comments that were particularly constructive and helpful to our efforts.

The comments were categorized into six themes: Awareness, Confidence, Training, Resources, Communications, and Technology concerns.

The responses indicate that our key internal project stakeholders have high positivity scores of 80 percent with respect to the new system's impact, its successful implementation, and current project communications.

Among those internal stakeholders with less project involvement, we saw large "neutral" scores, in the 30-60 percentile. When combined with the written comments, we see a strong desire among these groups to "know more" about the project progress. With respect to communications, 71% felt communications were adequate. However, some staff are unclear as to what Go Live looks like regarding functionalities, timelines, and expectations.

To address comments and concerns from the survey, our Change Management and Communication team has developed a robust communications strategy for 2025 that will continue to update our key internal stakeholders through regular monthly Pension Solution Town Halls, ongoing meetings with business area leadership to address any gaps, updates at business area all staff meetings, Change Champion meetings, and project update and division meetings. We will also increase our outreach to lower-impacted business areas. We will continue to define and communicate a clear vision for success while being transparent on areas needing improvement.

Communications

CalSTRS' Communications division, in collaboration with the project team, will implement the member communication plan which includes tactics to inform and prepare members for the transition to a new system.

Project Management Office

Project to Program

Senior leadership has been working on a plan that will ultimately transition the project into a program division that will be created to support our new system for the long-term. This program division will leverage the skills of existing project team members and identify new skills needed to blend the support team between our state staff, contractors and our vendor partner. Once these concepts are further vetted with leadership, human resources and executives, we will share more details on the project to program efforts.

Risk management

Project risks continue to be managed across our workstreams. The risk landscape has not changed significantly, as we have 23 active risks with a low severity average. Our key risk topics continue to be resolving defect counts from all testing efforts, user acceptance testing progress and reconciling data between the legacy system and our new system. Mitigation strategies for over half of our risks have been completed but are reviewed periodically to ensure progress is continuing. The remaining risks are reviewed often for mitigation and actions.

Budget

The table below identifies the project budget through go live in the fall of 2025 and breaks down the encumbrances and expenditures by three major categories of expenses, the CalSTRS project team, technology administrative costs, and the implementation solution vendor, as of October 31, 2024. Budget projections remain on target for FY 2024/25 and the project overall.

Pension Solution budget (Amounts in millions)	Go live budget¹	Expenditures as of 10/31/2024	Remaining budget available
CalSTRS Project Team ²	\$225.3	\$164.9	\$60.4
Technology admin costs	\$16.0	\$7.4	\$8.6
Solution implementation vendor costs	\$281.8	\$234.4	\$47.4
Total Pension Solution budget for go live	\$523.1	\$406.7	\$116.4

¹ An additional \$104.7 million is approved for post implementation activities including maintenance and operations, and stabilization.

² CalSTRS Project Team includes project staff, subject matter experts and CalSTRS contractors.

Strategic Plan linkage: Goal 2, Objective A of the Strategic Plan - *Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities.*