PERS Update

A presentation to
Joint Committee on
Information Management and Technology

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PERS IT Strategy Overview

PERS' current technology was built through the RIMS Conversion Project (RCP), a $35+ million project that built the Oregon Retirement Information Online Network (ORION). ORION is set of loosely-coupled functionality components, the main pieces shown in the original diagram here:

The loosely-coupled nature of ORION supports further modernization based on Service Oriented Architecture (SOA), which integrates other functionality with existing pieces, extending the useful life of the network's components and allowing incremental improvements, instead of "waterfall" system replacements.

Helping our clients transform and modernize through IT innovation & our continuous investments in HP Clarety™

HP Clarety™ Solution

Industry-recognized, best-in-class public pension information management system with the flexibility and agility to meet evolving business needs

Business Evolution

- ✓ Enhanced data analytics
- ✓ Retirement SaaS
- ✓ Master data management

2015

- ✓ Online Member Self-Service
- ✓ Application security
- ✓ Online Third Party Administrator transactions

- ✓ Defined contribution plans
- ✓ Call center integration
- ✓ Health plan admin
- ✓ Employer Web self-service
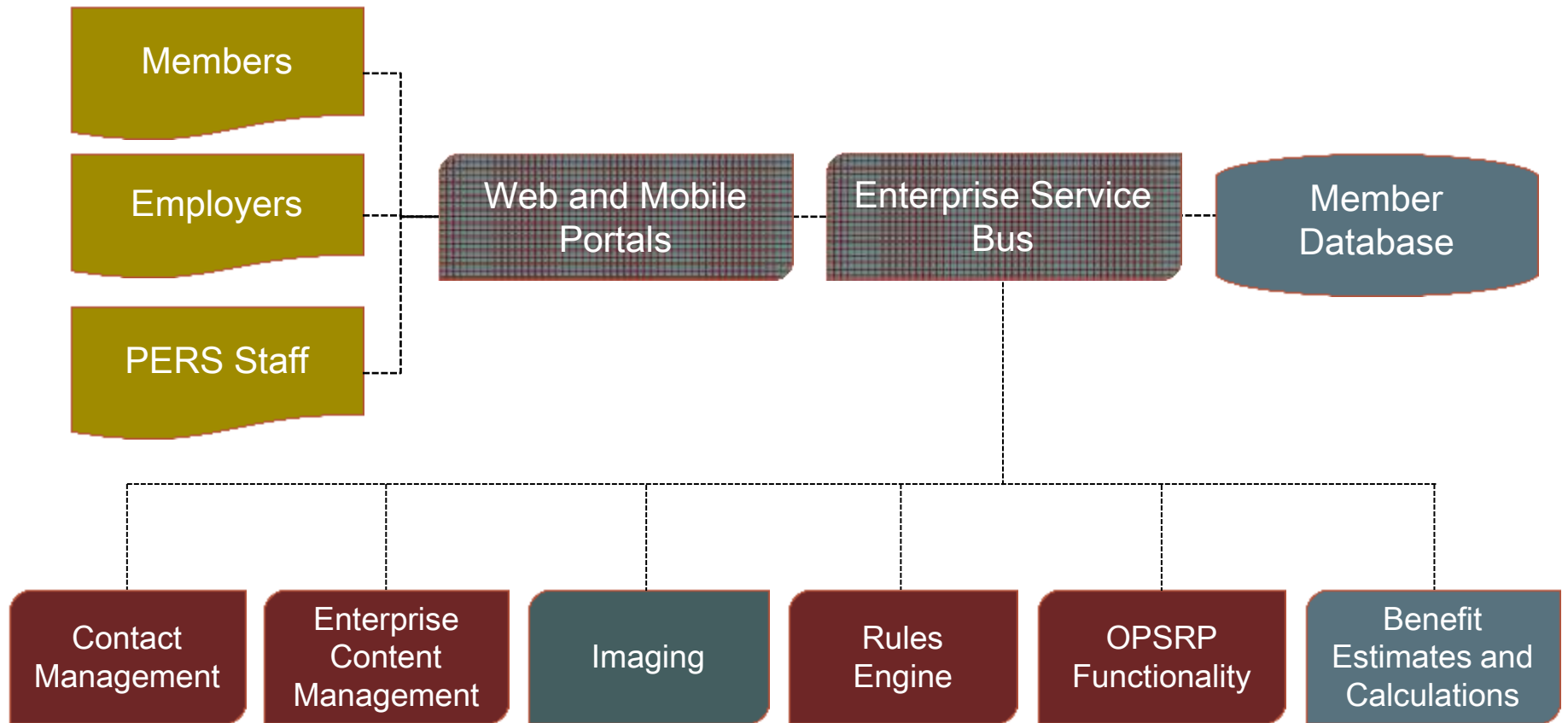- ✓ Correspondence management
- ✓ Enhanced security/privacy

- ✓ Member accounts
- ✓ Employer reporting
- ✓ Pension payroll
- ✓ Financial transactions

- ✓ Service purchase
- ✓ Imaging and workflow integration
- ✓ QDRO processing
- ✓ Role based security/access

1985

1990

1995

2000

2004

2011

SOA, Best-of-Breed Edition

JBoss Edition. Mobile Portal

Cloud Hosting Edition, UI Upgrade

Final release of Oregon PERS implementation

First release of Oregon PERS implementation

Java Edition

Managed Infrastructure Services

Self-Service Edition

Client/Server Edition

Mainframe Edition

Ohio State Teachers Retirement

(First Retirement Client)

Technical Evolution

hp

Road to ORION Modernization

```
Members ─┐
         │
Employers ┼─ Web and Mobile ─── Enterprise Service ─── Member
         │     Portals              Bus                 Database
PERS Staff ┘

Contact      Enterprise              Rules    OPSRP         Benefit
Management   Content     Imaging     Engine   Functionality Estimates and
             Management                                     Calculations
```

Recommendations for services by Hewlett-Packard Enterprise

PERS

Technology Maintenance and Enhancements
(Policy Package 104 – 2015 Regular Session)

Nature of the request:

Hewlett-Packard Enterprise assessed the current state of jClarety and identified some areas of improvement based on their further development and enhancement of the product. PERS requests an increase in the agency's Other Funds limitation by $1,659,976 for the 2015-17 biennium to address the following areas (see descriptions on the following page):

$ 203,229 - Batch Job Failures

$ 227,595 - Database Design

$ 728,185 - User Interface Redesign for Browser Compatibility

$ 274,738 - Replace Outdated Reporting Engine

$ 226,229 - Improve Error Handling

$1,659,976 - Total

Agency Request:

The original Policy Package 104 request was for $3,281,250. We have reduced the scope of work and now request $1,659,976 to address five key areas listed above.

Preview: Modernization Key Goals*

- **Agile Technology System and Information Governance:**

  The agency needs to maintain and evolve its IT systems to meet business demands and provide expected levels of service to PERS' members and employers. The jClarety Technology Maintenance and Enhancements requests in the 2015-17 biennium is a precursor to the ORION modernization planning.

- **Data Constancy**

  Data in jClarety may be incomplete, inconsistent, and even missing in some cases. To improve data reliability, PERS will institute new procedures to "lock" member data on an annual basis. Unresolved data inconsistencies are disruptive when a member retires. Retroactive data corrections can also present a significant financial burden to employers. Any problems with a member's data need to be resolved prior to any final transactions.

* These key goals support PERS' 2015-2020 Strategic Plan

PERS Oregon Public Employees Retirement System

Preview: Modernization Key Goals*

- **Increase and Improve Member Focused Communications**

  Engaging and supporting members in making informed retirement decisions requires a broader role for PERS as a retirement education and planning resource, and enhanced, easy-to-use tools to track their retirement. Our current tool set needs to include better account information, but also transaction status tracking.

- **Improve Member Data Security and Reliability**

  PERS requires an improved information and security program that transitions to being more business focused and risk driven with greater operational accountability.

- **Organizational Communications**

  Enhanced systems should provide access to timely, accurate, and relevant internal information to ensure that PERS can communicate effectively with its members, employers, and stakeholders.

* These key goals support PERS' 2015-2020 Strategic Plan.

PERS Oregon Public Employees Retirement System

Fully Integrate IAP into ORION: Phase III
(Policy Package 102 – 2015 Regular Session)

Nature of the request:

PERS requests an increase in the agency's Other Funds limitation by $1,255,601.

Background:

The Individual Account Program (IAP) is an account-based benefit funded by member contributions of six percent of their subject salary, which is subject to full investment earnings and losses. The program was started January 1, 2004.

Since inception, PERS has shared IAP administration with a Third Party Administrator (TPA) who charges about $2.2 million per year (to host a member web site and process contributions, earnings crediting, and payments). Upon project completion, these functions will be performed by PERS with no additional ongoing costs.

Phases I and II developed the operations model and captured requirements. Phase III will complete the construction and transition to in-house administration.

Our 2015-17 Legislatively Adopted Budget included $1,914,399 and establishment of three new full-time limited duration positions to complete Phase III. This amount was unscheduled until joint approval of the OSCIO, CFO, and LFO.

Fully Integrate IAP into ORION: Phase III
(Policy Package 102 – 2015 Regular Session) (cont'd)

Agency Action to Date:

On August 28, 2015, $400,000 was rescheduled to address any remaining shortfalls and deficiencies in foundational project management documentation, address key conditions identified by LFO, OSCIO, and CFO, and contract for external Quality Assurance. OSCIO recommends moving to Stage Gate 3, pending consideration of the agency's request noted below. $430,000 was rescheduled for project activities through the first quarter of 2016, with the balance withheld pending approval of this request.

Added project disciplines, including external QA, and expanded requirements, along with the delay in starting the next phase of the project, have pushed the completion date out and total project costs up.

The additional limitation requested for the balance of this biennium, joined with the re-scheduling of the remaining funds that were already approved, will allow PERS to complete this project in the fourth quarter of 2018, for deployment effective January 1, 2019. A policy package for the 2017-19 biennium is under development for the remaining project funding, currently estimated to be $1,884,000.

PERS Oregon Public Employees Retirement System

IAP Phase III: Details of 2015-17 and 2017-19 Project Cost Estimate

	Approved 2015-17	Requested 2015-17	Shortfall 2015-17	Estimated 2017-19
Personal Services	$ 513,076	$ 257,000	$ 256,076	$ 364,000
Services and Supplies	$ 901,323	$ 2,413,000	$ (1,511,677)	$ 1,520,000
Capital Outlay	$ 500,000	$ 500,000	$ -	$ -
Subtotals	$ 1,914,399	$ 3,170,000	$ (1,255,601)	$ 1,884,000
Revised Phase III Total Cost		$ 5,054,000		
Total Additional Funding		$ (3,139,601)		

Services and Supplies increase: Caused by an increase in professional services due to project schedule and scope increases. Factors include:
- More accurate estimation of the total work
- Addressing scope gaps
- Project delay
- Loss/shift of resources
- Increased project formalities and rigor

External QA increase: Based upon 8% of the total cost of construction due to a more rigorous QA process and formalities.