



Consent

Agenda Item 3b

August 20, 2013

ITEM NAME: Contract Administration: FactSet® Purchase Order Increase

PROGRAM: Investment Office

ITEM TYPE: Action Consent

RECOMMENDATION

Approve staff's recommendation to authorize an increase of an existing purchase order for FactSet® from \$1.2M to \$2.9M.

EXECUTIVE SUMMARY

On April 17, 2013, staff presented the Report of Prospective Contract Activity (Prospective Report) to the Finance & Administration Committee (FAC), which included the purchase order for FactSet® with an approximate figure of \$1.2M. FactSet® provides critical data for investment analytics and research across multiple asset classes. The approximated figure was based on historical information and has become stale. Additionally, the Investment Office (INVO) expanded the service provided by FactSet®, which has resulted in an increase in costs from \$1.2M to \$2.9M. The Operations Support Services Division (OSSD) is unable to process payments related to this service until prior notification to the Board has occurred, as stipulated in Attachment 1, CalPERS Board of Administration Contract Activity Report Policy (Policy).

STRATEGIC PLAN

This agenda item supports the CalPERS Strategic Plan goal to cultivate a high-performing, risk intelligent and innovative organization. Approval of the increase to the existing purchase order to \$2.9M supports CalPERS mitigation of investment and operational risks by ensuring the continuation of services.

BACKGROUND

The Policy requires staff report to the FAC, on a semi-annual cycle, forthcoming contract activity that exceeds a threshold of \$1M. Staff reported the estimated purchase order amount of approximately \$1.2M in the Prospective Report on April 17, 2013. Billing from FactSet® is based on the number of users and functionality attributed to the users. FactSet® has provided services to CalPERS since April 2004.

ANALYSIS

Staff has reviewed costs associated with FactSet® and determined the expenditure for this service will reach \$2.9M for FY 2013-14; \$1.7M over what was originally reported. This is due to the INVO's expansion of the FactSet® user base and functionality requirements to better manage the portfolios within CalPERS Total Fund. Given the associated costs of services exceeds \$1M, OSSD is currently unable to process an increase in the purchase order to process payments related to this service until Board notification has occurred, as stipulated in the Policy.

BUDGET AND FISCAL IMPACTS

FactSet® is budgeted annually for \$1.2M. The cost for the proposed increase of licensing and functionality through FY 2013-14 would increase to \$2.9M.

BENEFITS/RISKS

Approval of the increase of the purchase order will support the continuation of services through June 30, 2014. Failure to approve the increase of the purchase order will result in default of payment and loss of a critical tool utilized by INVO.

ATTACHMENTS

Attachment 1 – CalPERS Board of Administration Contract Activity Reporting Policy
Attachment 2 – Prospective Report

CAROL MOODY
Interim Chief Operating Investment Officer