

# Knowledge Transfer & Business Optimization

## Finance and Administration Presentation

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# Agenda

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- Introduction
- my|CalPERS Achievements
- Resource Status
- Lifecycle Support Model
- Targets of Optimization
- Anticipated Funding Needs
- Next Steps

# my|CalPERS Achievements *(30 months post launch)*

Over **1.7 million** logins

**119,300 members** registered on my|CalPERS

Over **11,698 members** submitted requests to **change payment options**

More than **7,300 members** applied for **retirement** online

**2,367 members** completed **open enrollments** online

## Conducted

- 29 Monthly Warrant Rolls for more than \$30 Billion in Pension Benefits
- Three Annual Tax Cycles for 650,000 Retirees each cycle
- Three Open Enrollment Cycles for Participants
- Sweeping & Complex Pension Reform Changes into the System

## Completed

- Replacement of 49 Major Systems and 60 Support Systems
- Two Annual Member Statement Cycles for 1 Million+ Members each cycle
- Two Annual Health Statement Cycles for 460,000 Participants each cycle

## Implemented

- Two Year-end Close and Comprehensive Annual Financial Report Cycles
- More than 80 Weekly Warrant Rolls
- Integration of Judges, Legislators & Supplemental Income Plans

# The my|CalPERS Journey

**2004**  
Legacy systems reaching  
end of productive useful life

**September 19, 2011**  
PSR Project Launch of my|CalPERS

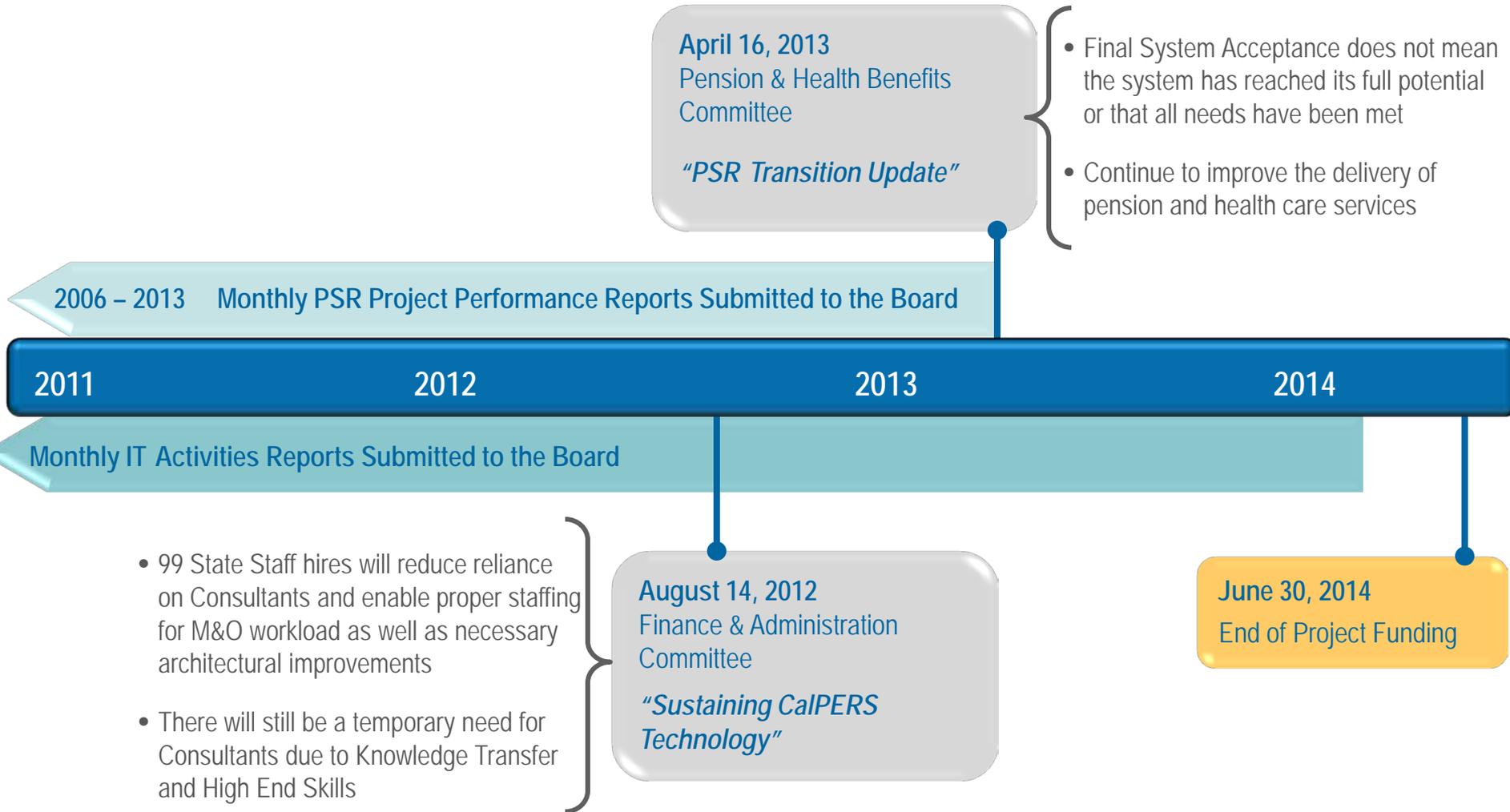
2004    2005    2006    2007    2008    2009    2010    2011    2012    2013

**2006**  
Pension System  
Resumption (PSR)  
Project Kickoff

**2010**  
PSR Recovery Project

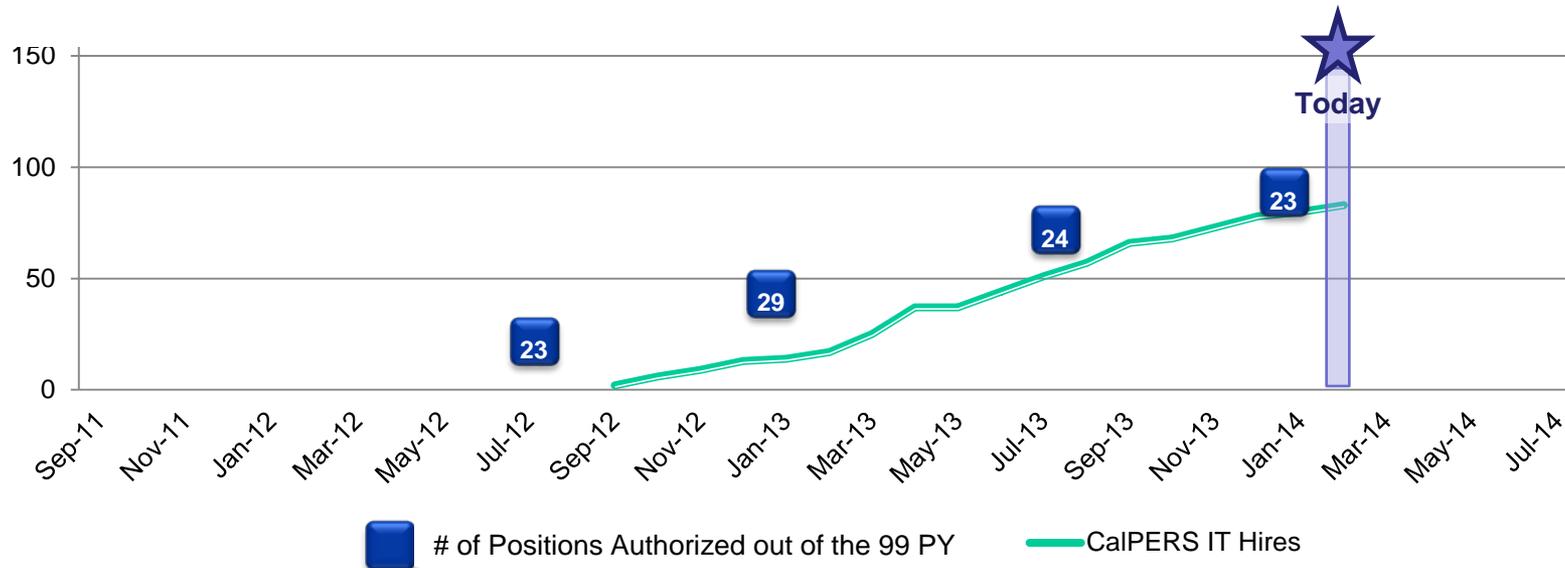
**April 2013**  
Final System Acceptance

# Latest Updates



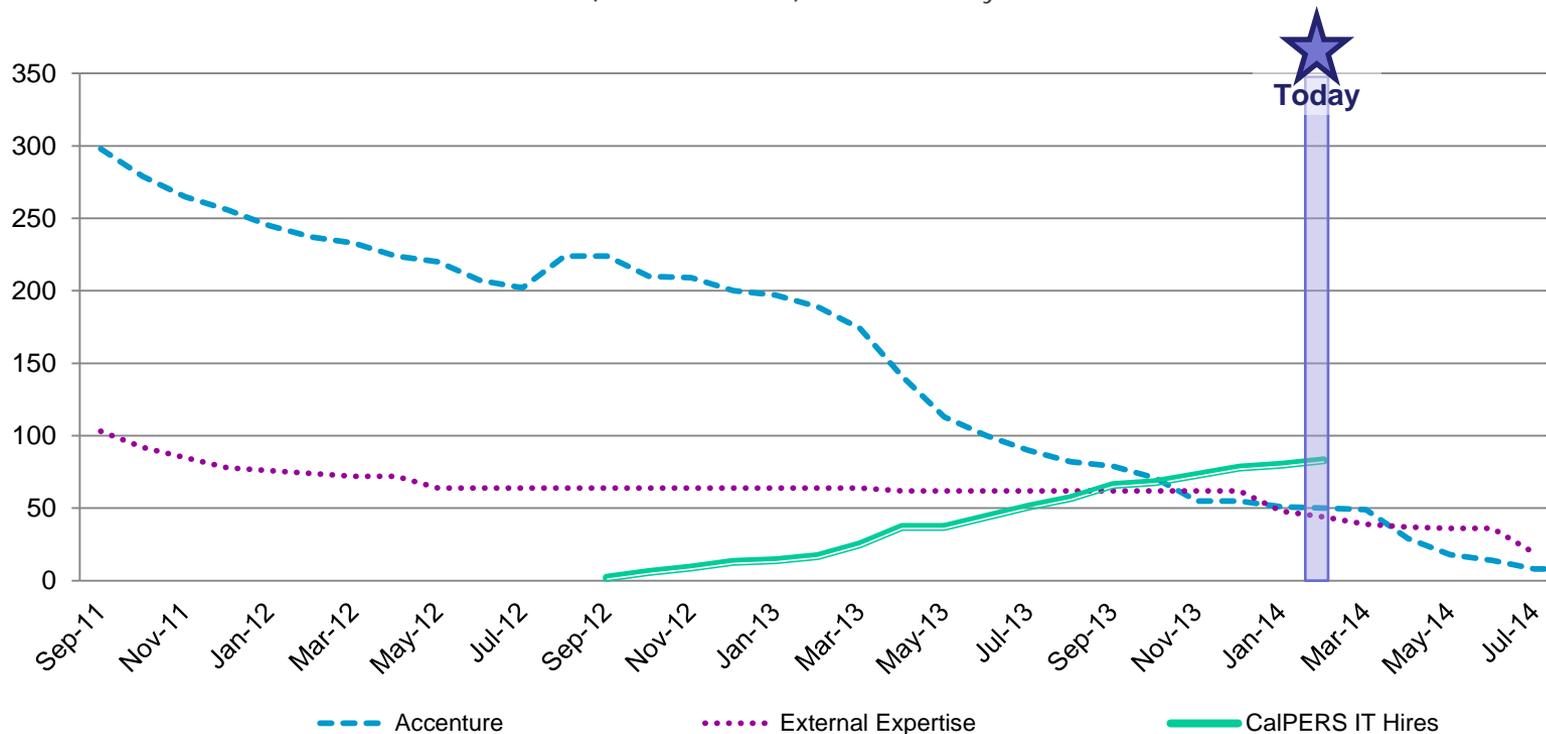
# Status of 99 State IT Hires

- The 99 authorized IT State staff positions were released in 4 phases
  - 23 in July 2012, 29 in January 2013, 24 in July 2013, 23 in January 2014
- There is an approximate 80 day hiring process period
- Majority of new hires have on-boarded within the last 6-8 months
- **83 of the 99 authorized IT positions have been filled as of January 31, 2014**



# Off-boarding Consultants

- Consultant roll-off has been consistent to plan since launch
- Accenture consultants have reduced from 298 at launch to 51 (83% reduction) as of January 31, 2014
- my|CalPERS consultant roll-off has been steady to insure knowledge transfer and continuity of service levels
  - Reduced from 103 at launch to 48 (54% reduction) as of January 31, 2014



# Upcoming Focus Areas

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## Knowledge Transfer Need

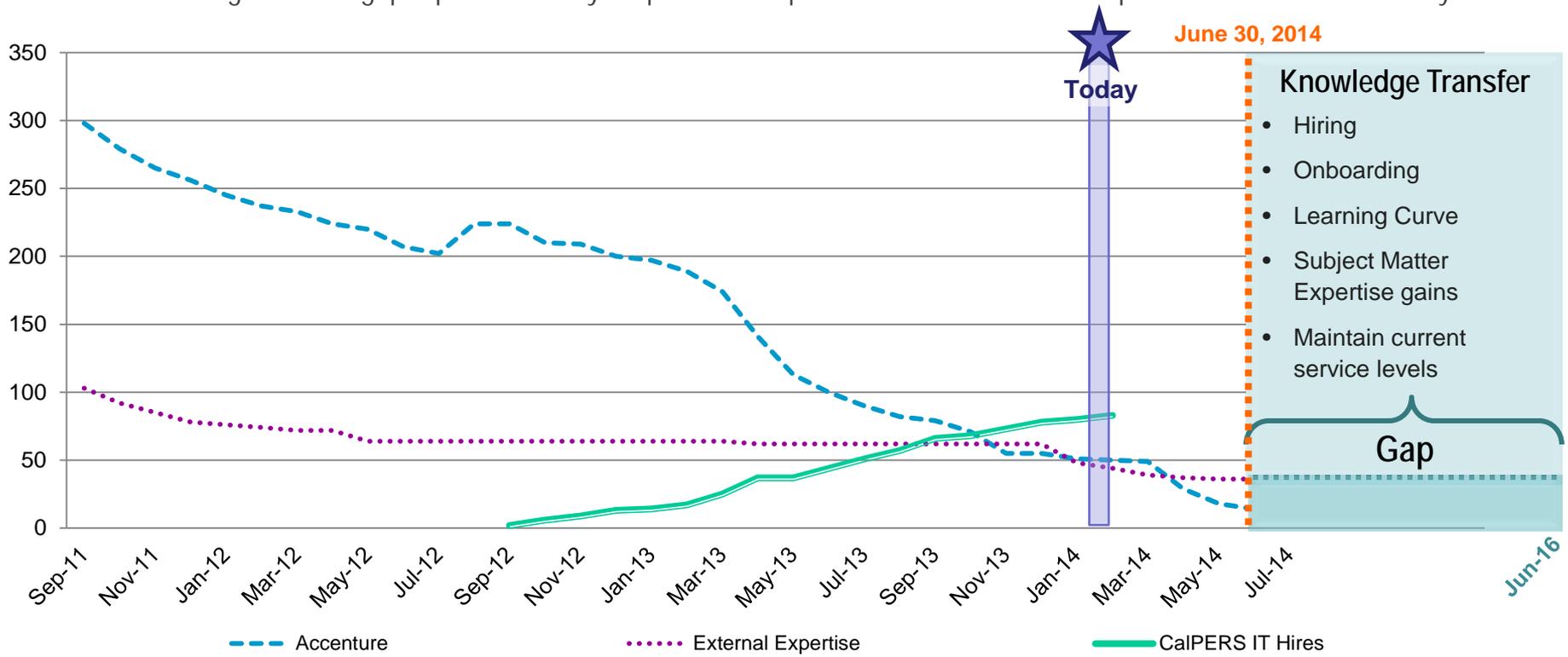
- New State Staff joining CalPERS to support Information Technology (IT)
- Consultants off-boarding by June 30<sup>th</sup> (project end) and September 30<sup>th</sup> (end of Accenture Maintenance & Operations contract)
- Learning curve creates gap in expertise and service level continuity

## Optimization Need

- my|CalPERS has been in production for 2.5 years
- Through daily use, system and process improvements have been identified to increase service for our members and employers
- Program and IT have partnered to identify optimization opportunities to maximize on our my|CalPERS investment

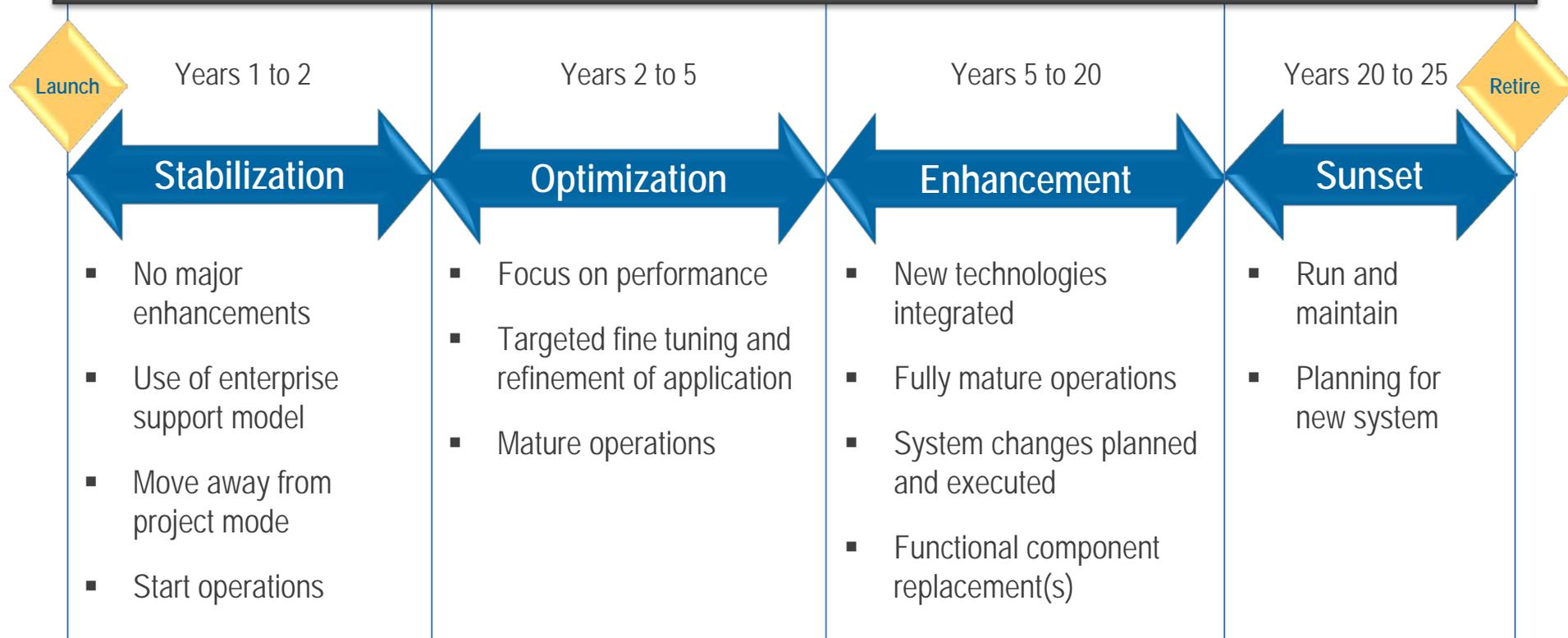
# Knowledge Transfer

- Project funding ends on June 30, 2014
- There is a 1-3 year my|CalPERS learning curve depending on the technical classification and expertise role
- Sufficient CalPERS resources will not be available to absorb knowledge transfer and maintain capacity levels to support business demand at end of project funding
- The knowledge transfer gap represents a 2 year period of requested funds for skill development and service continuity

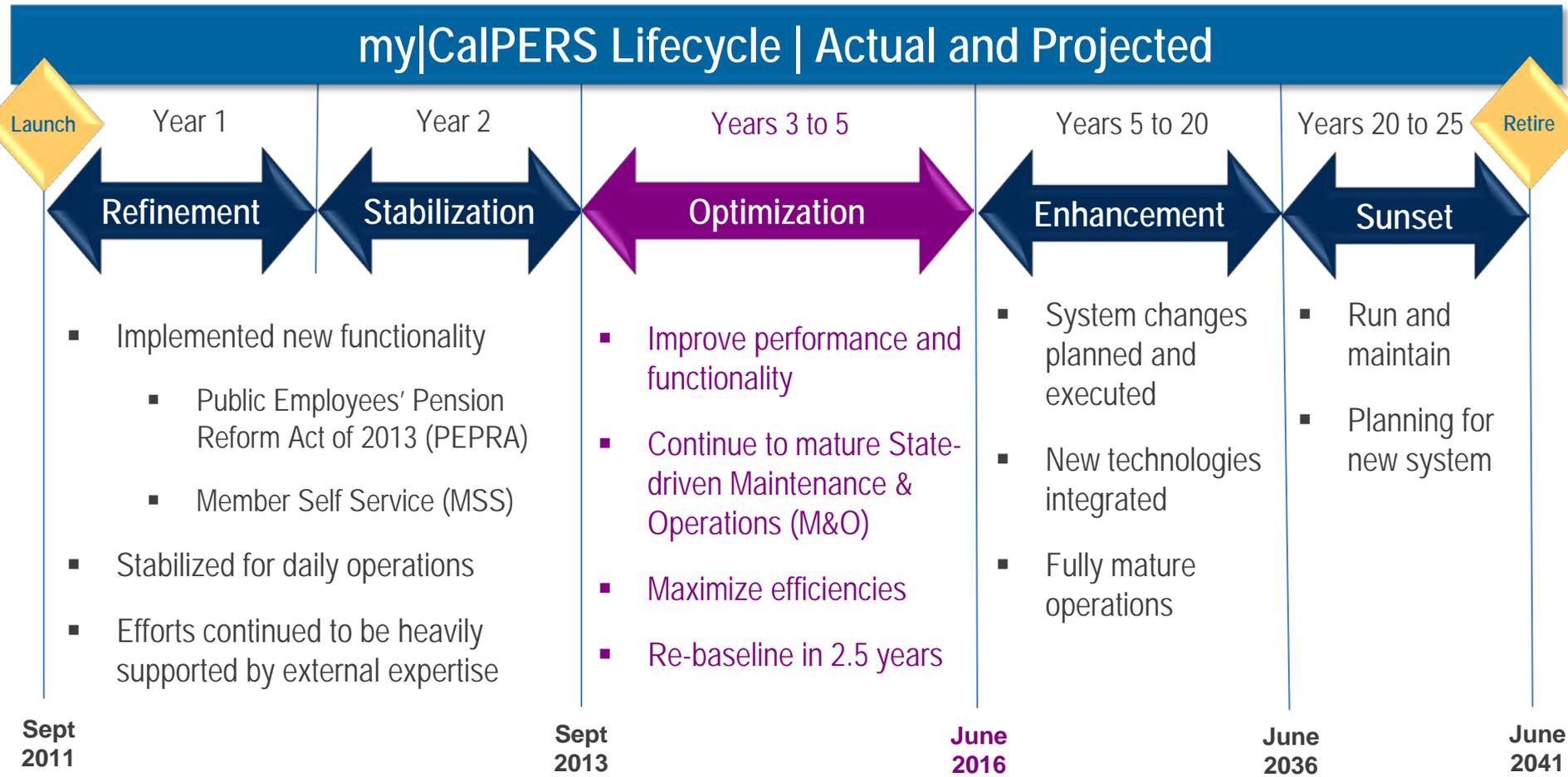


# Lifecycle Support | Standard Planning Model

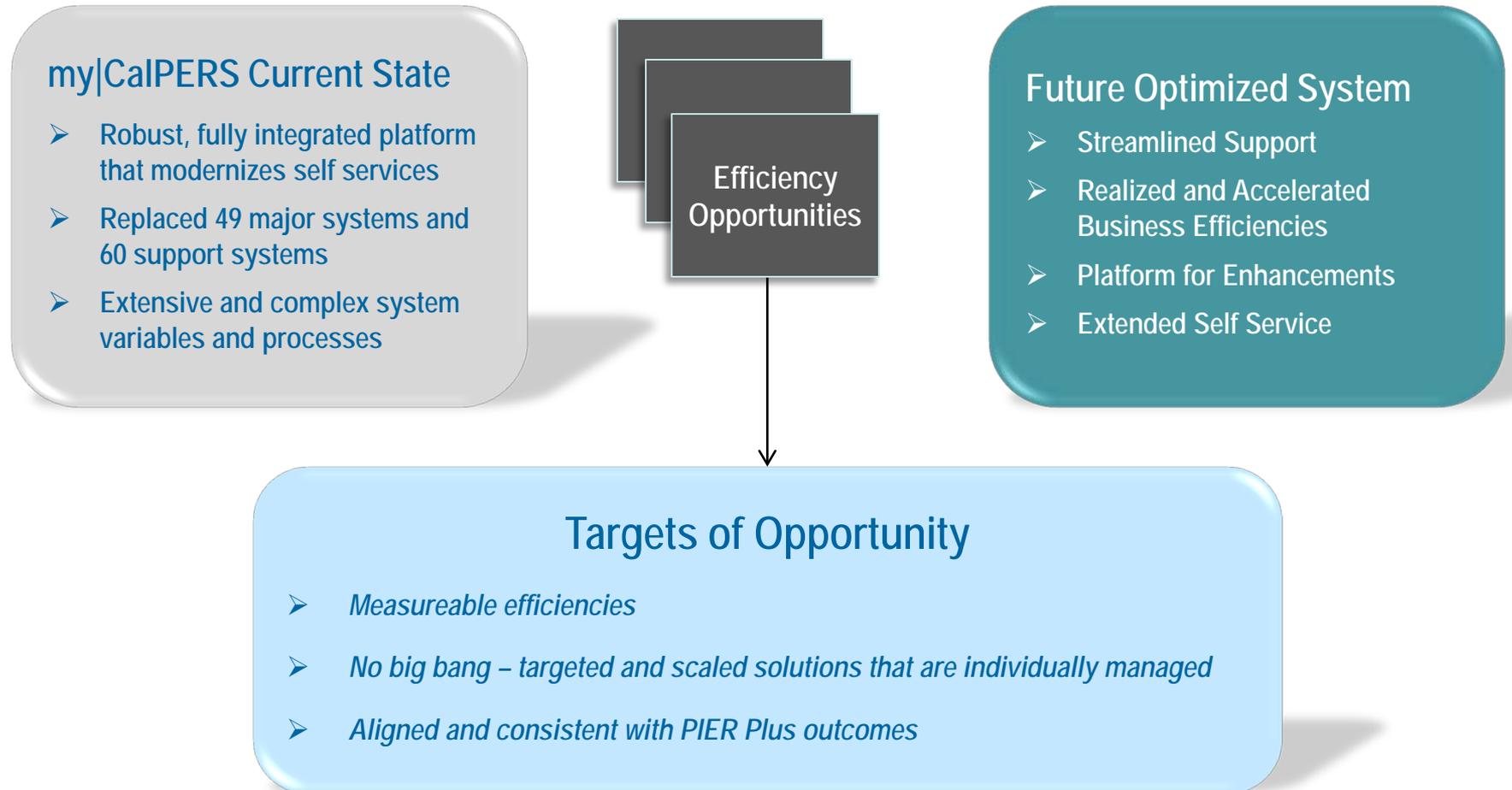
## Typical Lifecycle Timeline | Assumes 25 Year Productive Useful Life



# my|CalPERS Lifecycle Support Model



# Process to Determine Optimization Opportunities



# Targets of Opportunity for Optimization



# Optimization Goals

## Provide Efficiencies to Enhance Business Processes

- Improve Customer Service (faster benefit payments, noticeable gain in service levels)
- Reduce Risk (less chance of errors, increased compliance)
- Realize Operational Efficiencies (reduce temporary resources, reduce overtime expenses)
- Streamline Processes (reduce manual errors, save time on cases)



# Optimization Target Examples

Final Compensation Calculation Value

Improve timeliness and quality of service by providing consistent benefits calculation results maintained in the system

Automate the Compensation Review Adjustments Process

Increase customer service through timely completion of compensation reviews for determining retirement benefits

Streamline Call Center Screens

Provide for quicker search of member information and improve call times

Enhance Contributions Domain

Increase accuracy of accounts receivables and tracking of amounts due

Configure Separate Reporting Environment

Provide Ad Hoc reporting for users to retrieve data

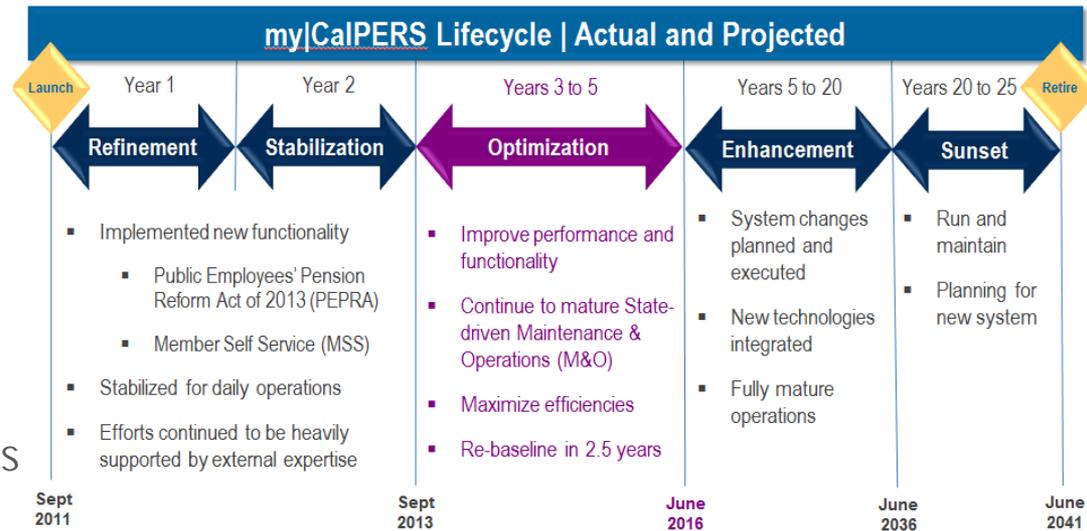
# Anticipated Funding Needs

## Knowledge Transfer

- Up to \$18M to augment core budget over next 2.5 years
  - FY 13/14 – no additional
  - FY 14/15 – \$10M
  - FY 15/16 – \$8M

## Optimization Targets

- FY 13/14 – no additional
- FY 14/15 – up to \$20M
- FY 15/16 – \$TBD consistent and in alignment with PIER Plus outcomes



# Next Steps

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- **March/April 2014** - FY 14/15 Budget Review (First & Second Reading)
  
- **July 2014** - PIER Plus First Draft
  
- **Fall 2014** - PIER Plus and Optimization Alignment  
- Presentation to the Board
  
- **March 2015** - FY15/16 Opportunities Determined
  
- **July 2016** - Complete Optimization and Knowledge Transfer Phase  
- Re-Baseline Operations Budget