OREGON
PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

2023-25 Budget Presentation

Joint Committee on Information Management and Technology
April 26, 2023

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Director
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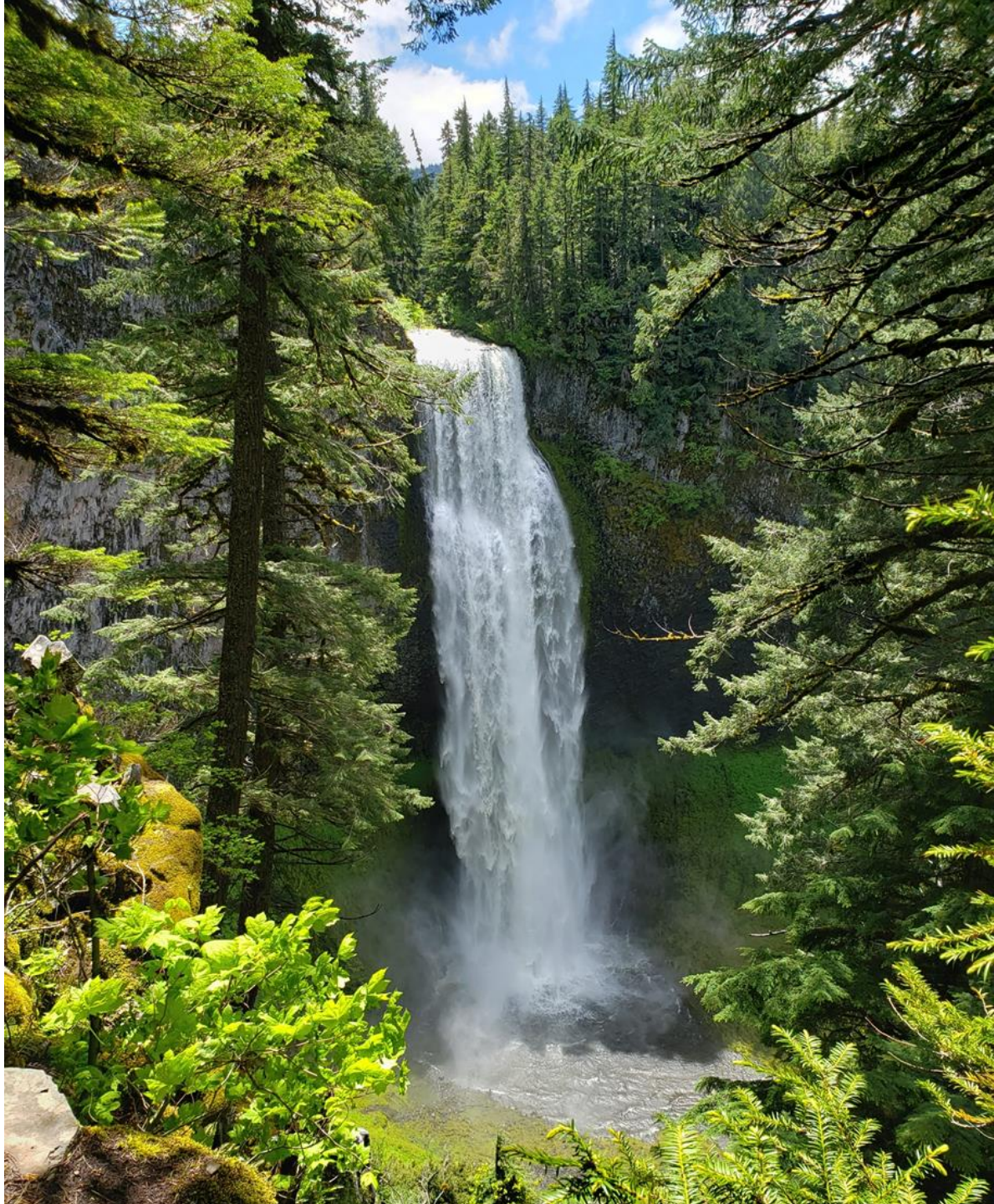
Deputy Director



Agenda

- PERS Modernization Program Introduction
- Business Rationale and Modernization Approach
- 2021-2023 Initiatives and Progress
- POP 103 Overview
- Oversight and Guidance

PERS Modernization Program

PERS Modernization Program Vision & Goals

Modernization Vision:

As PERS emerges from its 75th year as an agency, we recognize that we must reimagine how we evolve and deploy our business capabilities via our people, processes and technologies. This evolution is necessary to meet our member and employer needs into the future. Members and employers have a desire for more personalized and updated service delivery, such that they can be informed and interact and transact with PERS at the time of their choosing using the channel of their choosing. This reimagining of our service delivery model will be accomplished, in alignment with our Strategic Plan, via an overarching Modernization program that, ultimately, ensures that we are meeting those future stakeholder needs in the most effective and efficient means to do so.

Modernization Goals:

TRANSFORM BUSINESS PROCESSES — Provide a digital self-service experience for both members and employers

AUTOMATE PROCESSES AND CALCULATIONS — Automate processes and calculations, where possible, to improve efficiency and reduce risk

ENGAGE MEMBERS IN THEIR RETIREMENT PLANNING AND EDUCATION

INTEGRATE LINES OF SERVICE — Incorporate all benefit plans and functionality into one integrated system, including online services, for a seamless experience for members, employers and staff

CREATE AN ADAPTABLE ENVIRONMENT — Build system on a platform which can be modified, in an efficient and cost-effective manner to reflect future needs and legislative changes

PROTECT MEMBER DATA — Ensure the confidentiality, integrity, availability and privacy of member and employer data are protected.

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Business Rationale and Modernization Approach

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PERS Behind the Numbers

66,721

- PERS members eligible to retire as of June 30, 2022
- This represents nearly 30% of PERS members
- Last retirement spike in 2003

$163

- PERS total pension administration cost per active member
- $53 higher than peer average cost per active member
- Costs with manual processes are $105+ higher than peer median

7,500

- Retirement applications processed in 2021
- 25% required extensive manual data adjustments
- 38% of new retirees receive their first payment within 45 days of retirement date

180,000

- Phone calls received from Members in 2021
- 750+ calls handled on average day
- 10 minutes average handle time per call

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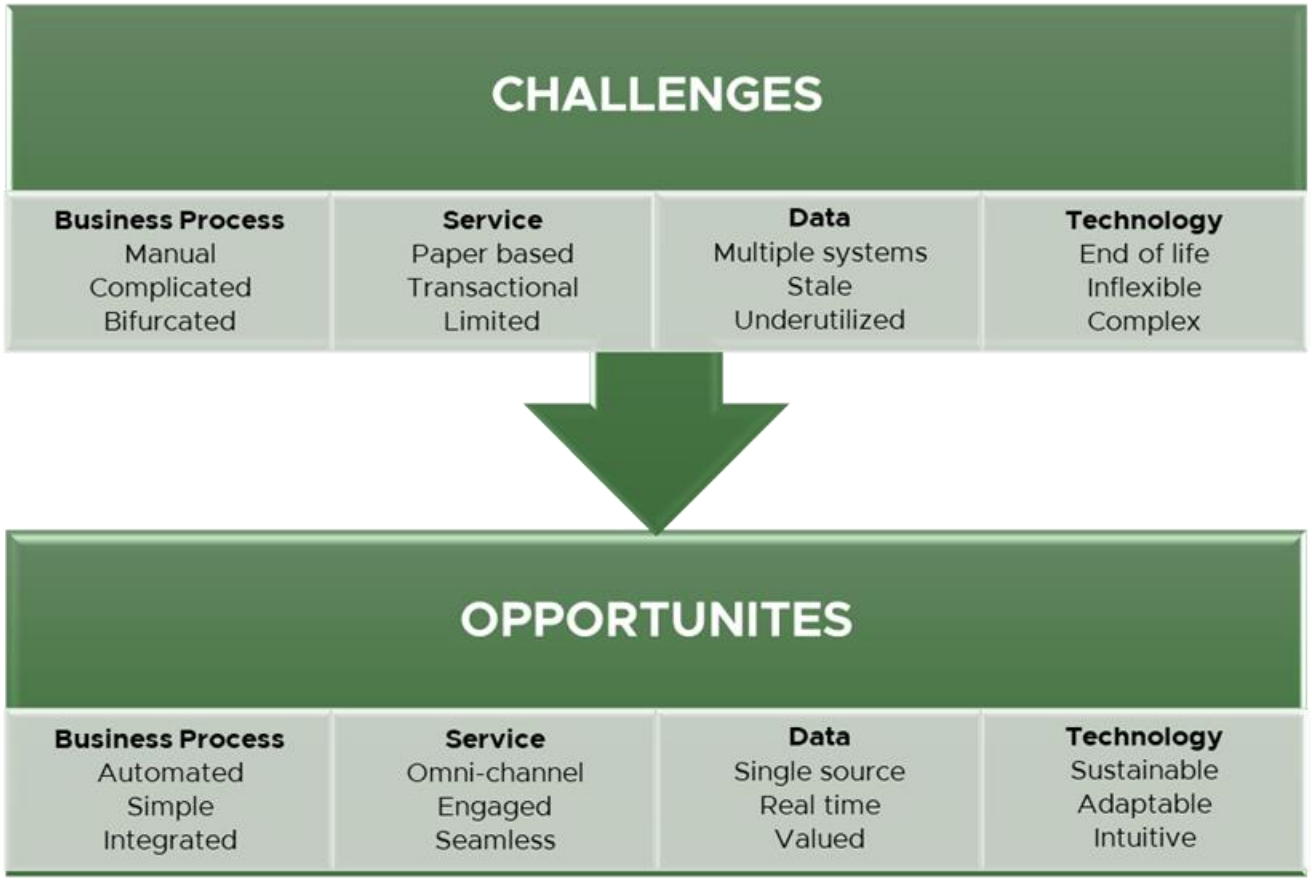
Challenges and Opportunities for Modernization

80% of IAP processes conducted at PERS are manual in nature.

Many tools are complex to update and integrate within the system, or are standalone tools that are unable to communicate with key PERS technologies.

PERS uses at least 48 offline tools to meet member needs.

System-wide technical debt directly impacts PERS' ability to make legislatively mandated updates and provide efficient service to members.



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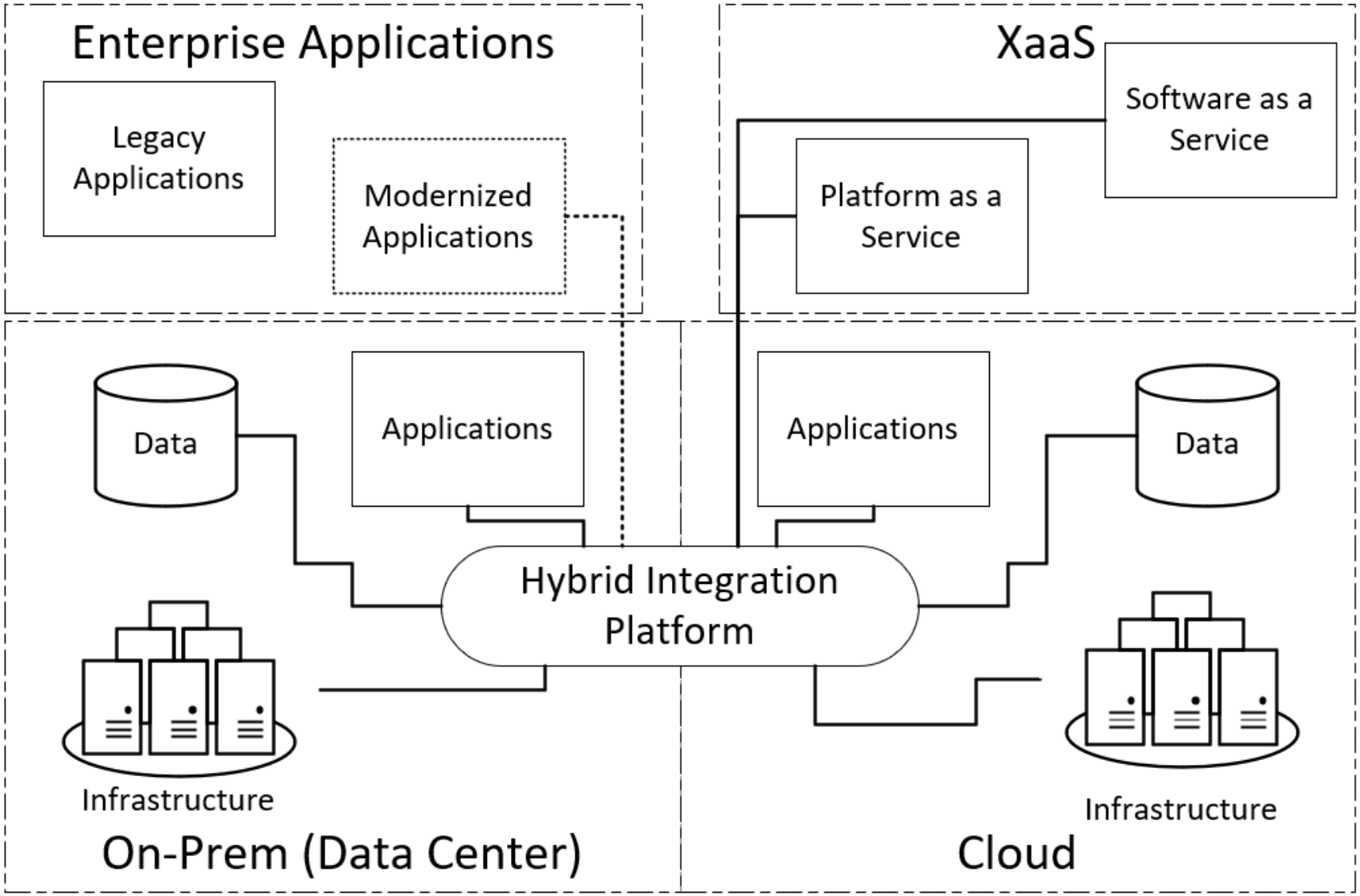
Technology Modernization Approach

PERS' modernization approach centers on a hybrid integration platform that facilitates seamless connections between business critical applications in the agency.

This approach allows PERS to integrate best-in-class applications and/or custom developed applications as appropriate to deliver the best business value to stakeholders.



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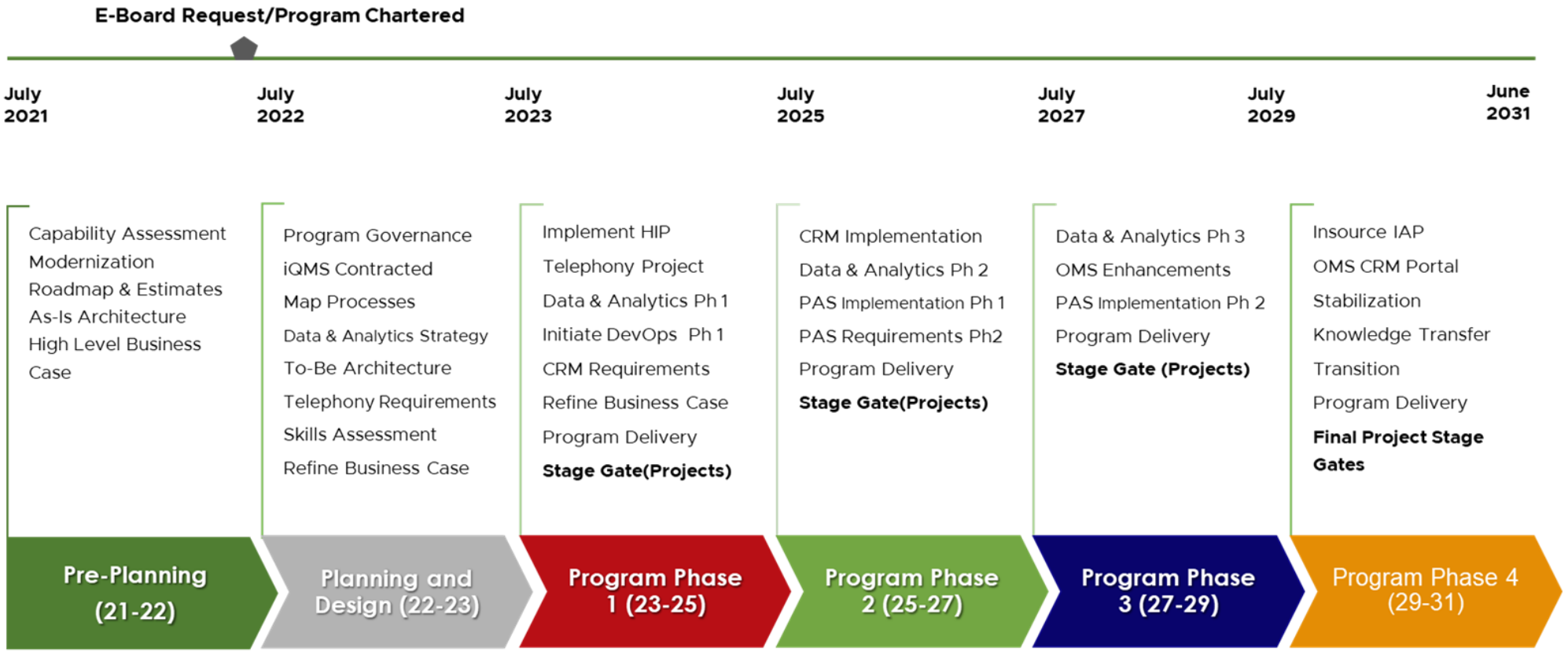
PERS Modernization Timeline



2021-23 Initiatives and Progress

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2021-22 - $800,000 in 2021-23 LAB

Accenture: Modernization Strategic Services

- Engagement through December 2021 to produce a Business Capabilities Assessment, Modernization Roadmap, and Modernization Estimates documentation

Lancesoft: Modernization Architecture

- Engagement through June 2022 to produce foundational architecture documentation, as-is and to-be architecture models, and conduct a Proof of Concept for the Hybrid Integration Platform

Internal resourcing for project administration, management, and support for early business case development.

2022 Emergency Board Request

During June Emergency Board, PERS received an additional Other Funds expenditure limitation of $3,797,797 through June 30, 2023, to support 6 limited duration positions (2.75 FTE) and four specific areas of pre-planning work (see table below).

PHASE #1 PRE-MODERNIZATION (Program Stage Gate #1 only)	Positions/FTE	Est. Cost
Program Establishment	6/2.75	$647,797
Program/Project Oversight	-	$250,000
Strategic Architectural Planning	-	$2,600,000
Development/Operations Lifecycle	-	$300,000
Total	6/2.75	$3,797,797

Completed Activities Funded by June 2022 E-Board

- **Hiring:**
  - Program Director (October 2022), Program Manager (February 2023), PCS 3 (March 2023)
- **Program Chartering/Steering Committee Establishment:**
  - Modernization Program Charter was signed in December 2022
  - First Modernization Program Steering Committee meeting held January 2023
- **DevOps Roadmap:**
  - Work with consultant concluded and final roadmap deliverable received in January 2023
- **Data & Analytics Roadmap:**
  - Roadmap deliverable received January 2023
- **Enterprise Architecture:**
  - Completion of HIP Proof of Concept; documentation and deliverables describing current state architecture and target future state architecture
- **Training:**
  - Agency staff have attended trainings for Microsoft cloud administration, enterprise architecture (TOGAF), Business Process Mapping Notation (BPMN), program management

Ongoing Activities Funded by June 2022 E-Board

- **Hiring:**
  - Recruitments for Product Owner and Project Managers (2) are currently underway
- **Foundational Program Documentation:**
  - Drafts of Program Roadmap, Program Schedule, Program Governance Plan, Program Management Plan, and other key artifacts are underway
- **iQMS RFQ:**
  - Response period ended on April 14; PERS is currently reviewing responses and anticipates executing a contract by June 30, 2023
- **Enterprise Architecture:**
  - Contracted deliverables for target future state and transition state architectures are underway
- **Business Process Mapping:**
  - PERS has contracted with a consultant for a comprehensive review of Business Process Mapping processes and governance; artifacts including a gap analysis and recommendations are expected in June 2023
- **Other enablement-related procurements:**
  - ⓾ Enterprise architecture gap analysis and roadmap; repository software upgrade

POP 103 Overview

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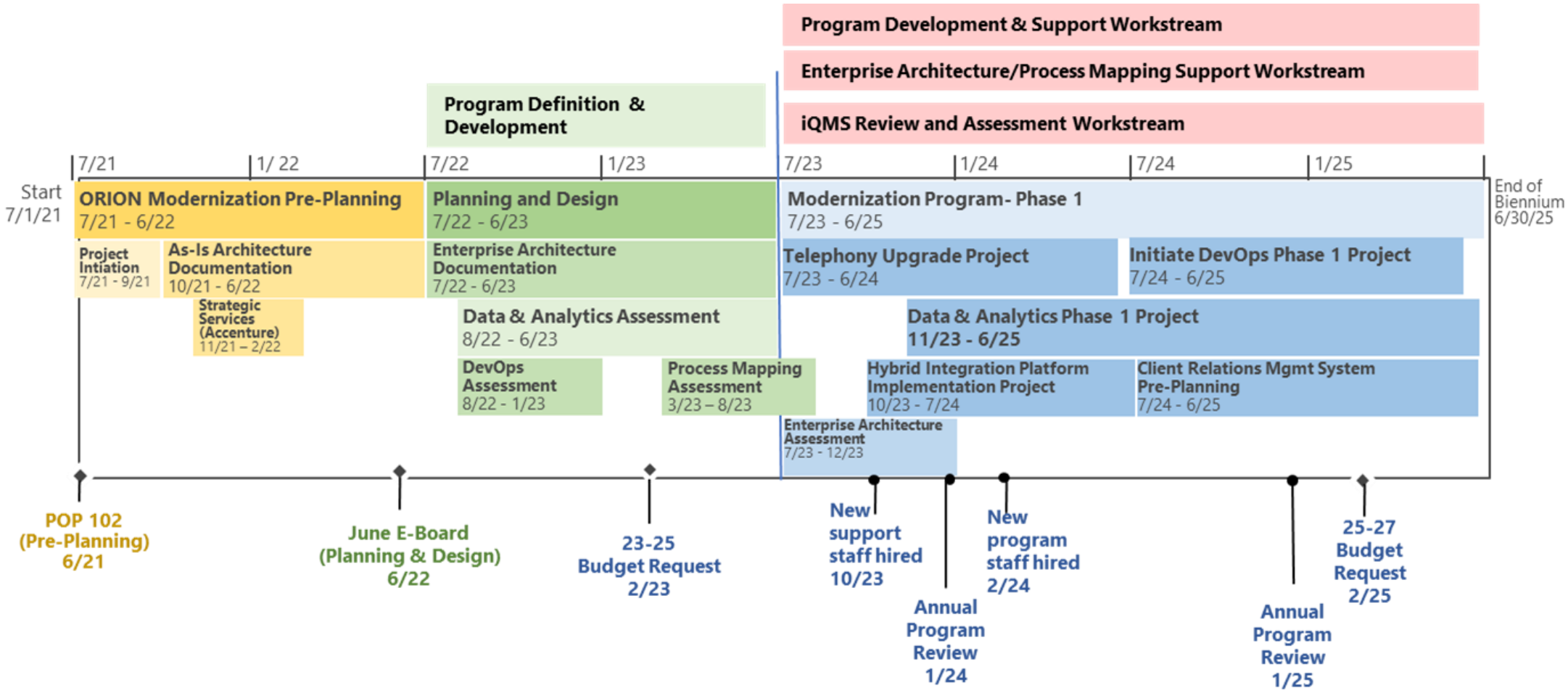
PERS Modernization Program

Background: PERS will engage in significant planning and design work in our initial phases of our Modernization efforts. Efforts will focus on modernizing our core pension administration system, business process and supporting technologies. This planning and design work will consume a significant portion of the biennium with initial implementation efforts focused on non-core pension administration system technologies and processes.

Budget Breakdown	Total Costs
Hybrid Integration Platform	$400,000
Client Relationship Management Software	$1,255,000
DevOps	$1,102,000
Telephony	$210,000
iQMS	$950,000
Architecture	$950,000
Data and Analytics	$1,300,000
Personal Services	$3,228,103 (16 staff – 15 Perm, 1 LD)
Other Services and Supplies*	$177,970

* Staff set up costs, training, office expenses

2021-25 Timeline



POP 103 Telephony Upgrade Project

Telephony Upgrade Project

Implement a cloud-based telephony system that can be integrated with future capabilities.
The current hardware is end-of-life/support by February 2023

Project Activities

- Project initiation/analysis/requirements
- Determine solution for telephony
- Conduct procurement of solution
- Implement solution
- Transition to Operations

Anticipated Goals & Benefits

- Goal 3: Engage Members in Their Retirement Planning and Education
- Goal 4: Integrate Lines of Service
- Goal 5: Create an Adaptable Environment
- Benefit: Increase satisfaction with PERS Services
- Benefit: Improved confidence in PERS technologies, applications, tools, and data

Value as of June 30, 2025

- Critical member-facing tool will be implemented and stabilized
- New system will be supported by vendor
- New system will integrate with future client relationship management (CRM) system

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POP 103 Hybrid Integration Platform (HIP) Project

HIP Project

Implement a Hybrid Integration Platform (HIP) to enable future capabilities.
The HIP is a foundational building block to facilitate seamless connections and communication across the systems and applications in the enterprise.

Project Activities

- Project initiation/analysis/requirements
- Determine solution
- Conduct procurement of solution
- Implement solution
- Transition to Operations

Anticipated Goals & Benefits

- Goal 4: Integrate Lines of Service
- Goal 5: Create an Adaptable Environment
- Goal 6: Protect Member Data
- Benefit: Improved confidence in PERS technologies, applications, tools, and data
- Benefit: Majority of service offerings available in integrated systems

Value as of June 30, 2025

- Hybrid Integration Platform will be implemented which enables future integration of various systems between the State Data Center and the Cloud
- Project builds the necessary foundation to provide substantial improvements in the next Modernization phases
- Provides the path for IT and business needs to align in an adaptable environment

POP 103 Implement DevOps Phase 1

Implement DevOps Phase 1

Implement a Cloud DevOps framework to increase speed and efficiency when deploying new functionality. This framework will support both co-located and on-cloud functionality.

Project Activities

- Project initiation/analysis/requirements
- Determine process improvements and identify any needed technical solutions
- Conduct procurement of solution (as needed)
- Implement solution
- Transition to Operations

Anticipated Goals & Benefits

Goal 5: Create an Adaptable Environment
- Benefit: Increase satisfaction with PERS Services
- Benefit: Improved confidence in PERS technologies, applications, tools, and data
- Benefit: Reduction of costs for technology maintenance and enhancements
- Benefit: Reduction of system downtime for PERS staff and members/employers

Value as of June 30, 2025

- Building, testing and releasing software can happen more rapidly, frequently and reliably
- Enables early detection of issues
- Enables ability to easily track changes, increases transparency

POP 103 Data & Analytics Phase 1

Data & Analytics Project	Create a framework to implement, document and manage data infrastructures and address data quality issues identified in the Data Quality Assessment
Project Activities	• *Dependency on completion of Final Data Quality Assessment* • Project initiation/analysis/requirements • Determine process improvements and identify any needed technical solutions • Conduct procurement of solution (as needed) • Implement solutions • Transition to Operations
Anticipated Goals & Benefits	• Goal 4: Integrate Lines of Service • Goal 5: Create an Adaptable Environment • Goal 6: Protect Member Data • Benefit: Increase satisfaction with PERS Services • Benefit: Improved Data Accuracy • Benefit: Improved confidence in PERS technologies, applications, tools, and data
Value as of June 30, 2025	○Strategy to address current ongoing sources of non trustworthy data and identification of solutions to improve data ○Identified process improvement solutions will be implemented

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POP 103 CRM System Pre-Planning

CRM System Pre-Planning

Initiate Client Relationship Management (CRM) System project pre-planning activities such as detailed requirement gathering with a wide variety of stakeholders, comparative system inquiry and analysis

Activities

- Identify stakeholder groups
- Engage with and solicit requirements from stakeholders
- Identify and engage with peers to understand lessons learned and best practices
- Detailed solution analysis

Anticipated Goals & Benefits

- Goal 1: Transform Business Processes
- Goal 4: Integrate Lines of Service
- Goal 5: Create an Adaptable Environment
- Benefit: Increased PERS Staff engagement
- Benefit: Improved confidence in PERS technologies, applications, tools, and data

Value as of June 30, 2025

- This effort will result in a detailed business case, solutions analysis and business requirements
- We anticipate these activities will result in the information needed to initiate a future CRM Implementation Project envisioned for the 25-27 biennium

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PERS Modernization Program Workstreams

Architecture - $950,000

This cost reflects the continuing engagement of services to support enterprise architecture activities for the duration of the 2023-25 biennium. Enterprise architecture will be an ongoing need for the duration of the program. Conceptual future state architecture will need to be maintained as work begins to implement early foundational technologies, and development of transitional architectures will be required as projects are initiated and completed. This work also includes the support of PERS' enterprise architecture practice more generally to ensure that PERS is adhering to industry standards and best practices as well as producing quality artifacts and deliverables to support strategic decision making for modernization.

- *Expected Deliverables:* Updated future state architectures following the conclusion of the HIP and Telephony projects; transition architectures for the 2025-27 implementation activities.

Independent Quality Management Services (iQMS) - $950,000

This cost reflects the continuing engagement of services from an iQMS vendor through the duration of the 2023-25 biennium. PERS is currently working with DAS Procurement Services to conclude an RFQ to select a vendor to provide iQMS services for the Modernization Program and its qualifying projects (RFQ #OPERS OPERS-0320-23, quotes are due on April 11, 2023). PERS expects to receive the Initial Risk Assessment deliverable from this vendor prior to June 30, 2023; if the RFQ is unsuccessful or the contract negotiation process is longer than expected, the Initial Risk Assessment will also be delivered in the 2023-25 biennium.

- *Expected Deliverables:* Initial Risk Assessment; periodic status and quarterly quality reports; quality reviews of program- and project-level artifacts; ongoing risk reporting.

2023-25 Requested Positions

6 Current Positions (1.0 FTE)	7 New Positions (10/23, .88 FTE)	3 New Positions (2/24, .75 FTE)
- PE/M F – Program Director	- AS 2 – Program Admin Support	- OPA 3 – Product Owner (Corporate)
- PM 3 – Program Manager	- OPA 3 – Organizational Change Management	- OPA 2 – Associate Product Owner
- OPA 3 – Product Owner (Member Facing)	- OPA 2 – Business Process Mapping	- OPA 2 – Associate Product Owner
- PCS 3 – Procurement Specialist	- OPA 2 – Business Process Mapping	
- PM 2 – Project Manager	- HRA 1 – Recruiter (LD)	
- PM 2 – Project Manager	- EPDS 3 – Electronic Publication Design Specialist – Production Lead	
	- PAS 2 – OCM Communications Support	

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Oversight and Guidance

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Guidance/Direction from External Oversight

- Independent Quality Management Services (iQMS)
  - iQMS RFQ #OPERS OPERS-0320-23 response period closed on April 14, 2023; contract execution is expected before June 30, 2023.
  - Initial Risk Assessment deliverable will be the first opportunity for PERS to receive guidance/direction from the selected iQMS consultant.
- EIS Guidance/Direction
  - Per EIS communications, the PERS Modernization Program will not be stage gated, but program level status reporting is expected.
  - Individual IT investments and component projects within the PERS Modernization Program meeting the thresholds of Statewide Policy 1007-004-130 will be subject to EIS oversight.
- LFO Guidance/Direction
  - PERS is following the directives and guidance provided by the LFO as part of Emergency Board proceedings in June 2022.
- PERS will be establishing an Executive Steering Committee following the conclusion of the 2023 Legislative Session.
  - The Program Steering Committee was established in January 2023.

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Thank You

PERS Program and Project Prioritization

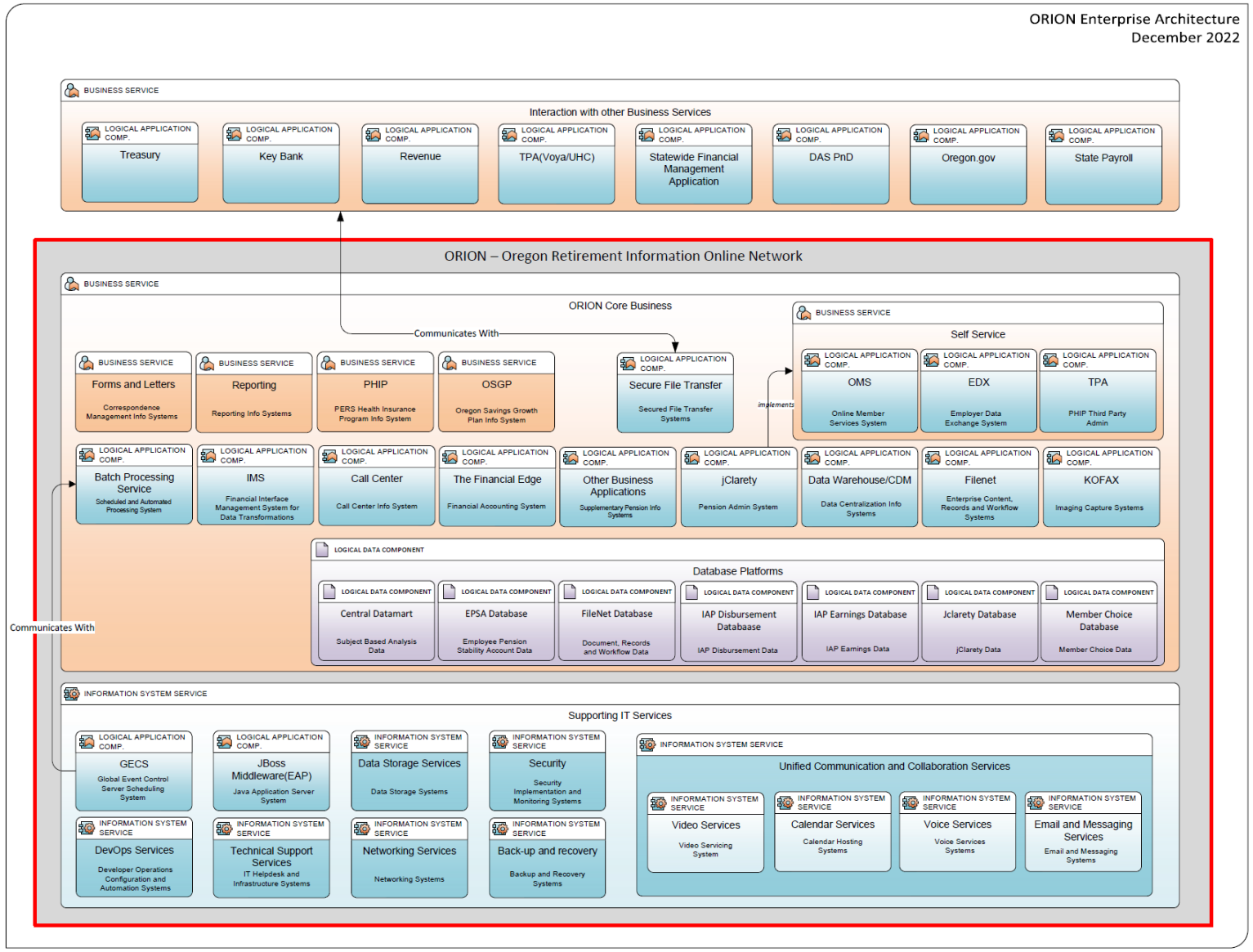
PERS Program and Project Priorities 2023-25

SB 1049 Program	• Member Redirect • Close Out
Backup Data Center	• Configuration • Deployment
Modernization Program	• Planning & Design Efforts • Preliminary Implementation Efforts

Names/Terms Clarification

- **PERS Modernization** – addressing risks and opportunities related to PERS' people, processes, and technologies, and enabling digital transformation and embracing the "modernization mindset" in the process
  - Modernization within PERS has already been occurring via the Centers of Excellence reorganization and the data center migration projects
- **PERS Modernization Program** – the program currently being initiated that includes a specific set of projects delivered between now and 2031
  - PERS Modernization Program components submitted for funding in POP 103
  - This is the first specific PERS modernization effort that is being named as such
- **ORION Modernization** – restructuring and modernizing of the provision of business capabilities currently enabled by the ORION system (made up of business processes, applications, and technologies) through the PERS Modernization Program
  - The modernization of ORION in terms of technology, process, and people is an objective of the PERS Modernization Program
- **Modernization Program Section** – the newly established organizational unit within the Central Administration Division of PERS
  - Has primary responsibility for creating, maintaining, and delivering on the PERS Modernization Program plan, and operationalizing the "modernization mindset" within PERS (the ongoing modernization "plan")

Current ORION Architecture



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