

## PROJECT STARTUP REPORT

**Project Name:** PERSLink

**Agency:** North Dakota Public Employees Retirement System

**Business Unit/Program Area:** NDPERS

**Project Sponsor:** NDPERS - Sparb Collins, Executive Director

**Project Manager:** Sharon Schiermeister

### Project Description

NDPERS new benefits administration system will be rich in Web-enabled self-service functionality, providing ease of use not only to NDPERS staff, but also to members, retirees, beneficiaries, other plan participants, 3<sup>rd</sup> party vendors, and employers. The solution will provide web enabled self service capabilities to members and retirees. In addition, all functionality will be available to each of the plans administered by NDPERS as appropriate for the plan (e.g., handling of member and employer payments and receipts and refunds of over payments, correspondence generations, imaging, maintenance of address information, etc.)

### Business Need or Problem

The application system that NDPERS currently utilizes has been in use for over thirty (30) years. Consequently as the system has had to adapt to changes it has become increasingly complex and very difficult to modify. NDPERS intends to implement a new integrated benefits administration solution that will fill the business needs of the departments and staff of NDPERS, as well as the needs of its customers. This implementation is based upon a feasibility study NDPERS conducted in the first half of 2006 and the RFP that resulted from the study, done in conjunction with L.R. Wechsler, Limited (LRWL) in the fall of 2006. Response to the RFP was evaluated by the consultant (LRWL) and NDPERS staff. Sagitec Solutions was selected as the vendor for the project.

### *Business Issues and Challenges*

A review of the current organizational dynamics of PERS identifies three key points:

1.  NDPERS' staff is approaching retirement eligibility and will begin to leave employment in the next several years, decreasing NDPERS' ability to handle additional complex business procedures while maintaining customer satisfaction. In nine years NDPERS could lose 50% of its staff with 60% of today's institutional knowledge and in 15 years this rises to 72% of the staff with 87% of today's institutional knowledge.

2.  A significant amount of work is performed outside of the primary mainframe computer system using either Excel spreadsheets or database programs. This practice increases the risk that business rules will be applied inconsistently or data transferred incorrectly. There are also a significant number of non-integrated processes and workarounds in NDPERS current operations.

3.  The current technology at NDPERS has made it difficult to keep up with the agency's growth. To the extent changes have occurred they have exponentially complicated the systems and made it more difficult to continue to maintain.

The systems for many of the programs and functions that NDPERS administer are not integrated. This forces NDPERS staff to enter data multiple times and gives opportunity for data to be out of sync, missing and inaccurate and makes internal control difficult.

The legacy systems are now between 8 and 33 years old. After going through many changes and enhancements over the years, the systems have become very complex and difficult to maintain or enhance.

The State of North Dakota has also experienced difficulty in recruiting, training and retaining technical staff capable of maintaining the system – i.e. COBOL, Natural, Adabas.

- New programs and benefit options implemented by NDPERS have led to several stand alone systems being implemented to solve the immediate processing needs.
- The fragile nature of the application evidences itself when maintenance is performed on the system. Even seemingly simple changes often cause unanticipated problems in other areas of the application.

These and other challenges are documented in the Legacy Application System Review (LASR) Feasibility Study submitted June 27, 2006.

Key Metrics		
Project Start Date	Estimated Length of Project	Estimated Cost
10-01-2007	36 months	\$10,502,214

*Estimated cost includes the appropriation of \$9,594,000 plus the estimated cost for approximately 24,000 hours of PERS staff time.*

Benefits to Be Achieved	
Project Objectives	Measurement Description

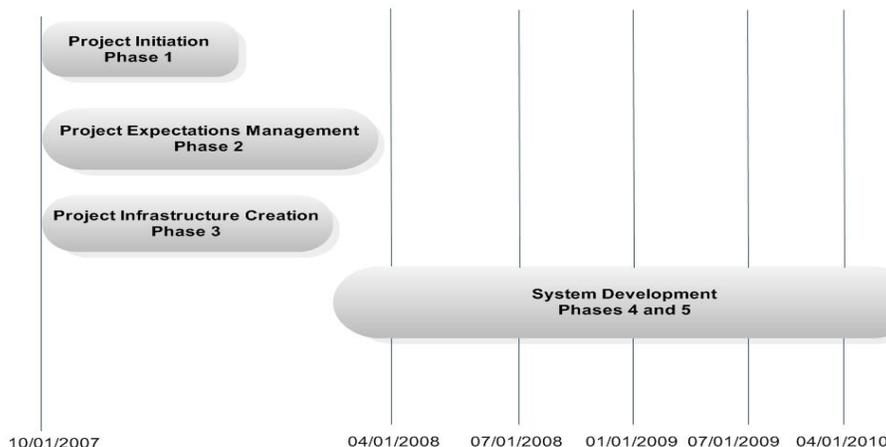
### **Project Objectives**

**Objective 1:** Complete the project on or under budget with the full scope completed.

Measurement: The appropriated budget for the project is \$9,594,000.

**Objective 2:** Complete the project on schedule with the full scope completed. The project will be implemented using phased roll-outs.

### **Project Timeline for Phases**



Measurement: The final phase of the new system will be deployed in production by September 30, 2010.

**Objective 3:** Transition to the new system without interrupting operations so that the transition is transparent to the membership.

Measurement:

- Maintain at least the same level of customer service satisfaction ratings as measured on the report cards
- Continue processing monthly retirement payments, benefit enrollments, new retirements, refund requests, insurance premiums, retirement contributions and deferred comp contributions within timeframes currently in place

**Objective 4:** The new system will need to be adaptable to future benefit changes and requirements.

Measurement: Within 6 months after the system is fully implemented, NDPERS staff will have the training and experience to make routine changes to the system, such as parameters, business rules and other table driven elements.

**Objective 5:** Get membership to use web based self-service functionality to change personal information (such as address, designation of beneficiary) freeing up staff to handle more complex requests.

Measurement: 10% of such transactions will be handled via Self-Service within 6 months; 50% will be handled via Self-Service within 2 years.

**Objective 6:** Get employers to use web based self-service functionality for enrollments, terminations, changes in status and payroll reporting, freeing up staff to handle exceptions, rather than normal processing.

Measurement: Employers representing 80% of the members will be handled via self-service within 6 months of go-live.

**Objective 7:** Capture the institutional knowledge of NDPERS in the business rules of the system or other documentation related to the project.

Measurement: At go-live, the business rules for the following processes will be captured in the new business system, including documentation on exception processing: eligibility, enrollments, terminations, refunds/rollovers, retirements, deaths, service purchases, employer reporting, benefit estimates, court orders, disabilities.

**Objective 8:** Reduce the number of business function spreadsheets currently used by staff by integrating information into the new system.

Measurement: Eliminate 50% of the spreadsheets within 3 months of go-live; 80% within 6 months.

**Objective 9:** Improve integration with vendors (insurance carriers, deferred comp providers, PeopleSoft payroll) to reduce duplicate data entry and the transfer of paper.

Measurement:

- PeopleSoft payroll: Information such as address changes and benefit enrollments will only need to be entered once, instead of multiple times (NDPERS, employees, employers)
- Insurance, retirement and deferred comp vendors: Information such as address changes and benefit enrollments/changes will only need to be entered once, instead of multiple times (NDPERS, vendor)

**Objective 10:** All benefit plans are integrated on the new system.

Measurement: At go-live, all benefit plans, with the exception of FlexComp claims processing, will be integrated on the new system.

## Cost/Benefit Analysis

By implementing a new benefit record keeping system, NDPERS will:

- Have functionality spanning plans integrated under one umbrella solution, thereby ensuring the efficient and accurate administration of member benefits
- Increase operating efficiency and ability to deliver timely, accurate services, thereby ensuring the efficient and accurate administration of member benefits
- Decrease training time for new hires through better documentation and workflows, thereby educating members, employers and the public on the value of NDPERS policies and programs, and earning the respect and trust of our clients
- Improve member communications, thereby providing an employee benefit package that is among the best available from public and private employers in the upper Midwest, and educating members, employers and the public on the value of NDPERS policies and programs
- Improve the accuracy of member data, thereby ensuring the efficient and accurate administration of member benefits, and earning the respect and trust of our clients
- Enable electronic interactions with employers, members, and retirees, thereby ensuring the efficient and accurate administration of member benefits, and maintaining the actuarial and financial soundness of the funds
- Eliminate the time lag associated with batch-oriented mainframe systems and replace such with interactive real-time processing, thereby providing an employee benefit package that is among the best available from public and private employers in the upper Midwest.

A high-level list of the benefits NDPERS' stakeholders can expect to see from a system replacement are identified below:

### **Members and Retirees: Employers:**

- Faster response to inquiries
- New services
- Streamlined reporting
- Easier training

### **NDPERS: NDPERS Employees:**

- Support for increased retirements with minimal increase in staff
- Easier training
- Work managed automatically through the system Management information (metrics)
- Flexibility in work schedules and locations
- Improved job satisfaction
- More focus on higher-value-add tasks and less on tedious, repetitive processes (which can be automated)

### **All NDPERS Stakeholders:**

- Improved audit capability
- Ability to meet new and changing requirements more rapidly and more easily

## Key Constraints or Risks

**Constraints:**

NDPERS staffing levels are fixed for the duration of the project and staff will perform current duties as well as system replacement project work.

NDPERS institutional knowledge is concentrated in a handful of staff that is critical to the outcome of the project.

The new system is scheduled to be fully implemented by 09/30/2010. This project implementation date provides sufficient time for NDPERS to move off ITD's mainframe. As part of the ITD mainframe migration project, NDPERS must be off the mainframe by early 2011.

The appropriated budget for the project is \$9,594,000.

**Potential Project Risks:**

The project team conducted a risk assessment, documented and prioritized the risks, developed risk mitigation and preventive actions and will continuously monitor the risks throughout the duration of the project.

The following table presents the High Priority risks:

<b>Description</b>	<b>Likelihood Rating</b>	<b>Impact Rating</b>	<b>Priority Rating</b>	<b>Preventative Actions</b>
NDPERS Understaffing and Turnover	Medium (60)	Very High (100)	High (80)	Add backup Staff, have excess capacity, fill positions as they become vacant, keep team happy.
Budgeting Problems/Hidden Costs	Low (40)	Very High (90)	High (65)	Ensure that the budget includes all costs, track and monitor.
Poor System Architecture and Integration	Low (30)	Very High (100)	High (65)	Analyze the integration with Filenet and establish proof of concept with first two Pilots.
Staff Burnout	Medium (60)	High (80)	High (70)	Reinforce asking the support from the Steering Committee - Share risk with PERS staff at the kick off meeting-celebrate accomplishments.