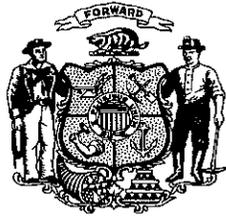


STATE OF WISCONSIN

SENATE CHAIR
Alberta Darling

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

309 East, State Capitol
P.O. Box 8953
Madison, WI 53708-8953
Phone: (608) 266-2343

JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: June 30, 2015

Re: ETF Report to JFC

Attached is an annual report on the Department's major initiative of modernizing its business process and integrating its information technology system from the Department of Employee Trust Funds, pursuant to s.40.03(2)(vm), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax (608) 267-4549
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June 30, 2015

SECRETARY SCOTT NEITZEL
WI DEPARTMENT OF ADMINISTRATION
101 E WILSON ST, 10TH FLOOR
MADISON WI 53703

RECEIVED
JUN 30 2015

BY: St. Finance

THE HONORABLE ALBERTA DARLING
CO-CHAIR, JOINT COMMITTEE ON FINANCE
317 E STATE CAPITOL
MADISON WI 53707

THE HONORABLE JOHN NYGREN
CO-CHAIR, JOINT COMMITTEE ON FINANCE
309 E STATE CAPITOL
MADISON WI 53707

Dear Secretary Neitzel, Senator Darling, and Representative Nygren:

The FY 2013-15 Biennial Budget Bill (Act 20) required the Department of Employee Trust Funds to submit an annual report on the Department's major initiative of modernizing its business processes and integrating its information technology systems. The report was due by July 1, 2015. Attached is the report.

Please contact me or ETF's Legislative Liaison, Tama Hunter at 267-0908, if you have any questions or would like additional information.

Sincerely,

Robert J. Conlin
Secretary

TIM System and Functional Guiding Principles

Fall 2012

Enterprise-wide Guideposts

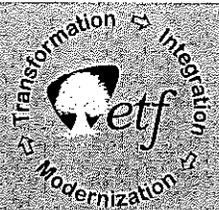
1. Establish a single source of the "truth" and view of all information related to the customer. Customer includes active, inactive members, beneficiaries, annuitants, non-WRS members, alternate payees, employers and TPAs.
2. Maximize opportunities for self-service. The level of self-service will vary depending on the system/process/procedure being changed/automated.
3. Move data entry (includes electronic and manual data entry) closer to the source for customers and anyone interacting with ETF. A.k.a. push accountability closer to most knowledgeable source
4. Ensure the ability to support member-centric process improvement (provide measurement and analysis capabilities that enable effective member interactions and also enhance effective changes to processes)
5. Involve employers and TPAs as partners
6. Ensure flexibility and thoroughness in member and partner communications by fully utilizing customer relationship management (CRM) capabilities with member/partner profiles and interactions visible to any ETF employee who may interact with members/partners
7. Optimize information flow in an effort to eliminate or minimize the number of handoffs needed to complete a request or process
8. Seek to implement transaction rather than batch processing. All changes made by staff, members, employers and TPAs should be processed immediately ("real-time") rather than saved up for overnight processing.
9. Allow customer service representatives and other ETF employees who support members and/or partners to see the same screens/data that the member/partners/TPAs see at the same time and in real-time
10. Implement proactive member services (e.g. Life-event planning and downloadable data at appropriate times in a member's life – e.g., x months prior to disability period expiring)
11. Ensure that a solid data management infrastructure (policies, procedures, technology and staffing e.g. data stewards) is in place to provide effective ownership, accuracy, classification and organization of data

TIM System and Functional Guiding Principles

Fall 2012

System-specific Guideposts

12. Ensure that the Benefits Administration System (BAS) – or any other computer application being considered by ETF – contains all of the information and logic necessary to accurately and correctly address most business needs and calculations (likely through use of configurable parameterization and/or a rules engine developed with natural language business rules - a.k.a. simple English)
13. Implement (and integrate) industry standard software and software solutions whenever possible and minimize modifications to software code. (Any changes to the core code will require TIM Steering Team approval.)
14. Ensure any solution being considered utilizes the most current system security principles for member and partner related transactions as well as transaction level security
15. Capitalize on existing and emerging enabling technologies appropriately (this includes, but is not limited to capabilities like smart phone functionality)
16. Fully-automate electronic workflow that is seamlessly integrated with a system solution (e.g. ability to intelligently route incoming work, forms and information while adjusting for backlogs/work-load, provide for random audits, provide view/metrics of employee performance, etc.)
17. When unable to provide on-line, real-time capabilities and/or when business requirements necessitate the use of hard copy communications, make sure that we image and electronically capture all pertinent communications (all documents and correspondence captured electronically in member's record regardless of how received or generated: telephone call, paper, electronic e-mail/text, etc.)
18. Implement enhanced management reporting (visual dashboards, etc. to help guide management decisions and quality assurance capabilities and strategies)
19. Optimize auditing capabilities (electronic workflow should enable random auditing, track all changes to any record, by day, time and user, etc., as well as ensure system accuracy)
20. Ensure the capability/flexibility of the given systems solution to be easily changed/updated based on changes in legislation/policy/etc.



TIM Governance

Oversight

Executive Sponsor – Secretary Bob Conlin
 TIM Steering Team
 ETF Contract Administrator Bob Martin and Chris Lodge, Vitech
 Oversight Project Manager Peter Cole, LRWL
 Risk Management Monitoring Team - Steve Hurley and Yikchau Sze
 Board of Managers, Board of Supervisors, Board of Leads
 Advisory Groups: Employers, Members, Third-Party Administrators

Core

ETF BAS Project Director Jovy Swanton and Vitech Project Manager Brian McKinney

Project Management Resources

BAS Project - Plan Coordinator John Hoskins
 STAR-FMIS Project - Manager Dan Voss

BAS Rollout Leads

BAS Rollout 1 - John Hoskins and Neil Sullivan, Vitech
 BAS Rollout 2 - Pete Blasco, and Edwin Eun, Vitech
 BAS Rollout 3 - John Hoskins and Mike DaCosta, Vitech

DI Project - Managers Mike Rufflo and Mark Crall, ICON

BA Council - Coordinator David Allaby

Technical Infrastructure Team - Manager Joe Rueden

ETF Team Leads

Business Analysts – Lana Esch, Connie Koberle
 Business Operations – Chris Lindeman
 Quality Assurance & Performance and Build & Implementation – Kurt Ludeking
 Communications – Cheri Seeger Porter

Training – Gene Janke
 Testing – Cindy Mestelle
 Data – Mark Robinson
 Customer Relationship – Brian Shah
 FMIS Integration – Michelle Solberg Ford

Staff Resources

Division of Management Services

Division of Retirement Services

Division of Trust Finance

Office of Communications

Office of Enterprise Initiatives

Office of Internal Audit

Office of Legal Services

Office of Policy, Privacy & Compliance

Office of Strategic Health Policy

ETF BAS Subject Matter Experts

DOA-Division of Enterprise Technology

Vitech Staff

Tentative Rollout 1

- Functionality (Estimated Go-Live Date Q2 CY 2015)
- Electronic Content Management with V3 Imaging to Replace Legacy System
 - Workflow (Basic)

BAS Roadmap

Tentative Rollout 2

- *Functionality (Estimated Go-Live Date January 2017)
- Beneficiary Maintenance
 - Call Center and CRM (Employer Interactions)
 - Customer Education (Employers)
 - Customer Maintenance (Demographic Information)
 - Employer Reporting
 - ↳ Wage and Contributions Reporting
 - ↳ Ongoing Reconciliation (Replaces Annual Reconciliation)
 - ↳ Optional Benefit Plans
 - Employer Self Service
 - Enrollment
 - ↳ Health Insurance
 - ↳ Life Insurance
 - ↳ Income Continuation Insurance
 - Group Insurance
 - Member Self Service for Group Insurance
 - Power of Attorney (Identify Current Relationships)
 - QDRO and Court Orders (Identify Current Accounts)
 - Simultaneous Service (Tracking)
 - Third Party (Identify Current Relationships)

Tentative Rollout 3

- *Functionality (Estimated Go-Live Date CY 2019)
- Activity Tracking
 - Annual Statements
 - Benefit Estimates
 - Benefit Processing and Calculations
 - Call Center and CRM (Member Interactions)
 - Customer Education (Members)
 - Death
 - Deferred Compensation
 - Disability
 - Flexible Compensation
 - Management of Administrative Reviews
 - Member Self Service (Other than Group Insurance)
 - Multiple Service-Reciprocity (Eligibility and Elections)
 - Optional Benefit Plans (Enrollment)
 - Payroll and Payments
 - Power of Attorney (Maintenance and Processing)
 - Purchase of Service
 - QDRO and Court Orders (Maintenance and Processing)
 - Refree Return to Work
 - Retirement
 - Separation Benefits and Refunds
 - Sick Leave Conversion Credit
 - Simultaneous Service (Calculations)
 - Tax Reporting
 - Telephony and IVRU Integration (Member and Employer)
 - Third Party (Maintenance and Processing)

Business Process Management Workflow, Business Rules Management, Fund Management Throughout Rollouts 2, and 3

Query, Reports and Security Throughout Rollouts 1, 2, and 3

Systems Decommissioned

Systems in red will be entirely decommissioned after that rollout; systems in blue will be partially discontinued after that rollout. This includes the related applications listed on FRED's System page.

<p>Step 2000 Input/A ccel Content Manager</p>	<p>myETF Benefits System (MEBS) One Site Part of Domestic Partner System (DPS) Part of Wisconsin Employee Benefits System (WEBS) Employer Training Registration Application</p>	<p>Domestic Partner System Variable Participation System Wisconsin Employee Benefits System (WEBS) Benefit Payments System (BPS) Lump Sum Payment System (LSPS) Accumulated Sick Leave (ACSL) CallSS Online Calculators Disability MS Access Database Benefit Complaint System Service Purchase MS Access Database</p>
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* Functionality in Each Rollout is Subject to Change

Bridge and Interface Counts

Bridges: Synchronize between BAS and legacy systems. Bridges will be turned off after Rollout 3 is complete.
Interfaces: Communicate data between BAS and external systems. Interfaces will exist after BAS is complete.

Bridges	Bridges	Bridges
Estimated for Rollout 1: 7 Estimated Total Active: 7	Estimated for Rollout 2: 6-12 Estimated Total Active: 13-19	Estimated for Rollout 3: 0 Estimated Total Active: 0
Interfaces: Estimated for Rollout 1: 5 Estimated Total Active: 5	Interfaces: Estimated for Rollout 2: 5-10 Estimated Total Active: 10-15	Interfaces: Estimated for Rollout 3: 25-30 Estimated Total Active: 35-45

Interfaces Identified in the BAS RFP

Rollout 1	Rollout 2	Rollout 3
<ul style="list-style-type: none"> ■ Life Insurance Enrollment (UW Hospital and Clinics) ■ Income Continuation Insurance Enrollment (UW Hospital and Clinics) ■ Kofax Image Ingest ■ Online Retirement Estimate Request Ingest ■ Active Directory Ingest 	<ul style="list-style-type: none"> ■ Health Insurance Exchanges with Health Plans ■ Health Insurance Enrollment (UW Hospital and Clinics) ■ CMS VDSA Program ■ Payment Lockbox ■ Central Payroll ■ Employer Files 	<ul style="list-style-type: none"> ■ WIS/MART ■ DOA Check Print ■ DOA Check Ingest ■ DHS Death Match ■ SSA Death Match ■ Milwaukee Teachers Health Ingest ■ Milwaukee Teachers Health Extract ■ Milwaukee Teachers Life Extract ■ Vision Care Extract ■ Vision Care Ingest ■ MLIC Monthly Extract ■ MLIC Annual Extract ■ MLIC Periodic Ingest ■ MLIC Periodic Insurance Certificate Ingest ■ LTDI Ingest ■ IRS Extracts (W2, 1042 and 1099R) ■ WIDOR Filing Extracts (W2, 1042, 1099R) ■ Telephony



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

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Fax (608) 267-4549
<http://etf.wi.gov>

DATE: June 30, 2015

TO: Secretary Scott Neitzel
Department of Administration

Senator Alberta Darling
Representative John Nygren
Joint Committee on Finance

FROM: Department of Employee Trust Funds

SUBJECT: 2013 WI Act 20 Informational Report – Transformation, Integration and Modernization (TIM) Initiative

The FY 2013-15 Biennial Budget Bill (2013 Wisconsin Act 20) provided the Department of Employee Trust Funds (ETF) funding to assist in modernizing ETF's business processes and integrating its information technology (IT) systems. The TIM initiative is an umbrella initiative consisting of a suite of projects that will transform, integrate and modernize ETF's benefit administration system and the functional applications that keep ETF running. The TIM initiative, spanning from 2012 to 2019, will enable ETF to offer enhanced online member and employer services, and maximize the capacity for handling an increasing number of annuitants. This major initiative is essential for the proper administration of the Wisconsin Retirement System (WRS) and the other employee fringe benefit programs ETF administers.

Act 20 created a statutory requirement (Wis. Stats. 40.03 (2)(vm)), which directs ETF to submit an annual report by July 1 to the Department of Administration (DOA) Secretary and the Joint Committee on Finance regarding ETF's progress in modernizing its business processes and integrating its information technology systems (Section 713). This report is submitted in compliance with this requirement.

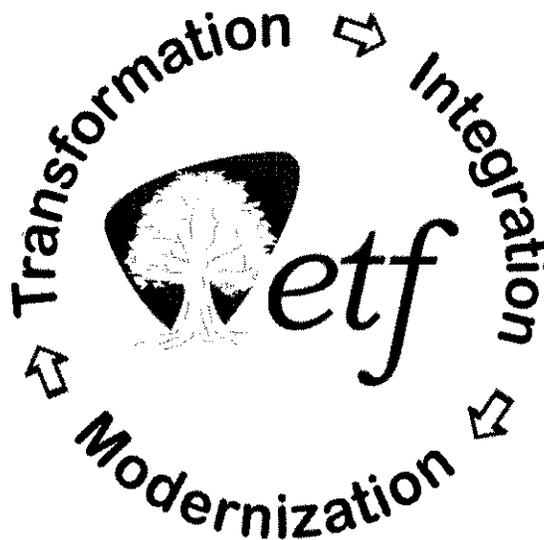
The Department of Employee Trust Funds

The Department of Employee Trust Funds administers the WRS, the group health insurance program for state employees, and a variety of other public employee fringe benefit programs. The WRS is the 9th largest pension system in the nation and ETF's largest program, providing retirement benefits for more than 590,000 current and former state and local government employees via more than 1,500 employers. Members include current and former employees of Wisconsin's state agencies, University of Wisconsin System, most local governments other than the City of Milwaukee and Milwaukee County,

and school districts across the state. The agency is overseen by an independent governing board, and WRS trust funds are held on behalf of ETF benefit program members.

The Department's sole statutory mission is to administer the Public Employee Trust Fund (Trust) in a manner that provides legislatively-created, employment-related benefits at the lowest reasonable cost. Chapter 40 effectively serves as the controlling document for the Trust.

Background: ETF's Modernization Initiative



The name of this enterprise-wide initiative or “portfolio” of projects is **TIM**, which stands for **Transformation, Integration and Modernization**. The goal of the TIM initiative is to implement modern, professional benefits administration technology along with business process improvements to more efficiently and effectively serve our members and participating employers. Successful implementation will enable ETF to do the following: 1) meet the significant growth in demand for ETF services with limited need for additional staff; 2) meet the growing demand for online services; 3) increase operational efficiency; 4) achieve overall improvement in customer service; and 5) reduce long-term administrative costs for public employers throughout the state.

In proceeding with the TIM initiative, ETF has applied lessons learned from past IT projects within both ETF and state government. For example, well over a decade ago ETF attempted to replace the IT application that pays WRS benefits. This project was initially not successful and was terminated. Rather than accept the failure, ETF partnered with Virchow Krause & Company to provide an evaluation of the project and recommendations on how to proceed. Virchow Krause & Company provided ETF with a list of the major causes of failures and lessons learned. This analysis allowed ETF to

move forward and successfully replace the application in question. About this same time, the Legislative Audit Bureau also produced reports detailing failed state IT projects and suggesting best practices for agencies to follow. ETF has utilized these analyses in approaching this current enterprise-wide initiative. In addition, ETF has been collecting lessons learned during the project and immediately applying them to the next step of the project. This has enabled ETF to make changes as necessary to ensure that the TIM initiative is being implemented in an efficient and successful manner.

In 2009, ETF developed a strategic vision that guides its major initiative: to improve customer service via self-service tools for our customers. ETF recently clarified this vision through its strategic goal planning process for the 2015 – 2019 years: develop and implement a secure, intuitive benefits administration system that empowers our customers to access online benefits information and self-service tools.

After creating the initial strategic vision and before ETF selected its roadmap to implementation, Deloitte Consulting, LLP, was engaged to conduct a business risk assessment. This assessment identified the primary risks that ETF would encounter in moving forward to successfully offer more online services. Among other things, this assessment highlighted ETF's need to upgrade its siloed legacy systems to an integrated systems approach to service delivery and demographic data storage. Put simply, to achieve the desired level of customer service for members and employers, a large and complex effort was needed.

From the business risk assessment, it also became apparent that this effort would require extensive upgrades to all ETF systems and the eventual replacement of some or all of them. In 2011, ETF began investigating the feasibility of commercially available off-the-shelf, line-of-business solutions and concluded that pursuing this option would be preferable to, and less risky than, a custom rebuild. Recognizing that pursuing this option was a new endeavor, in 2012 the Department hired LRWL, Inc. (LRWL) as its strategic partner to assist in this undertaking. LRWL's sole focus is on the public pension and benefits administration industry and is nationally recognized for its expertise in the replacement of retirement/benefits administration systems throughout the world.

LRWL spent the first year collaborating with ETF on developing a request for proposal (RFP) for a new Benefits Administration System (BAS). The RFP was issued in June 2013, and the evaluation team spent the fall evaluating the 6 responding vendors and their solutions, including visiting other peer pension systems that have successfully implemented similar projects. The proposal from Vitech Systems Group, Inc. (Vitech) met all of ETF's program administration needs. In February 2014, ETF contracted with Vitech for the BAS implementation, a project currently expected to last approximately five years.

The TIM initiative is comprised of three main projects: Financial Management Information System (FMIS), Data Integrity (DI) and the BAS. The remainder of this report will discuss these three areas and the governance structure of the TIM initiative.

TIM Governance Structure

ETF has created a governance structure that ensures collaboration and oversight from many levels in the Department. The TIM Steering Team (TST) provides strategic direction, guidance, resource and policy support, and executive management oversight to the Employee Trust Funds' TIM Initiative, including the BAS. The TST oversees the overall TIM initiative with a goal of elevating and expanding customer service. The team consists of top-level ETF leadership, which meets on a regular basis to hear updates on the status of the BAS Project, DI Project, FMIS, risk management and other strategic initiatives taking place at ETF. A TIM Governance Structure model is included in the attachments. This document lists the various groups and levels of responsibility for the TIM initiative.

The TST's goal is to monitor the progress of the TIM initiative, ensure adequate human and capital resources are available, monitor project risks and mitigation strategies, and make sure the agency is ready to make full use of the BAS upon completion. The TIM System and Functional Guiding Principles provide the basis for the manner in which the TST functions. The Guiding Principles and Objectives are included as an attachment of this report.

Other key elements of the governance structure include the following:

- Dedicated staffing;
- Extensive training;
- Thorough testing; and
- Comprehensive security

Staffing

Dedicating personnel to the TIM initiative portfolio is crucial for successful implementation. ETF has created a staffing plan that represents a partnered approach based on ETF and project vendors working closely together at all levels of the project. ETF is actively involved in the development of the project to ensure proper implementation, as well as ongoing administration. The three projects have project managers and teams to support the respective initiatives. The BAS project as a whole is co-managed by two project managers, one from ETF and the other from Vitech. ETF has identified and reallocated 12 subject matter experts from their positions in ETF business areas to work exclusively on the TIM initiative. In addition to these 12 core team members, ETF also expects to commit an average of 20 full-time employees and 17 part-time employees to the project over the next four years. In 2014, ETF staff dedicated more than 22,700 hours to the TIM initiative. In the first half of 2015, ETF staff has spent more than 13,800 hours on the TIM initiative. Committing the necessary resources and staff is essential to the successful deployment of the BAS.

Training

Emphasis has also been placed on training. For example, ETF has a designated BAS training officer who is playing a central role in the TIM initiative. Staff are continuously trained on new initiatives and infrastructure. ETF will provide adequate training on system use before its implementation for individuals who will be using the system and for technical support staff. ETF has a documented training plan that will be customized for each rollout of BAS. The training is designed to be compact and will be delivered as close to the go-live date as possible. The training plan for rollout 1 is in progress to ensure that all end users will be trained by the go-live date. Different training plans have been assigned to staff based on their specific job duties. The training for rollout 1 consists of 17 different courses and 57 sessions to make sure that ETF staff and ETF's third party administrators receive the training they need, but also making sure that current business needs are being met.

Testing

ETF has a designated testing lead, and has also set up a testing office and dedicated testing space. For the BAS project, a rigorous testing methodology has been implemented, including testing by both ETF staff and Vitech staff during the design and configuration of the project. Before a specific deliverable of the project is approved, it must go through vendor acceptance testing, which is end-to-end system testing with converted data. After the vendor has successfully completed testing, ETF performs end-to-end user acceptance testing, to ensure that the requirements are met. The project also deploys stress testing, which is conducted to evaluate a system or component at or beyond the limits of its anticipated use and to determine what its breaking point and safe usage limits are. Providing adequate testing is essential to making sure that problems are identified and corrected prior to system implementation.

Security

Finally, security plays a chief role in the oversight and implementation of the TIM initiative. ETF has created a Security Policy Subcommittee, which includes the ETF Security Officer, ETF Privacy Officer, policy advisors, internal audit, and information technology specialists. The subcommittee is part of a broader Policy Committee chaired by ETF's Policy Director. The Security Policy Subcommittee works to advise business areas on various security measures, as well as to develop and implement security policy and procedure. Such policies and procedures safeguard access to sensitive data, the ability to make system changes, and the ability to disburse funds which are limited to those individuals requiring this access to perform their job duties. The Security Policy Subcommittee completed the security plan based on industry standard security plan from the National Institute of Standards and Technology. The BAS security plan provides security expectations for ETF's technologies configurations, approaches, policies and procedures needed to minimize the likelihood of an information security breach. The security plan will be updated to reflect security improvements made with each of the

project rollouts. Protecting our member's information and benefit accounts is vital to successful implementation.

Financial Management Information System (FMIS)

The FMIS project is the initial implementation of a state of Wisconsin enterprise-wide rollout of PeopleSoft Financials modules that will provide ETF with an integrated financial system designed to support legacy applications as well as the new BAS. FMIS replaced the old reporting systems and interface with the benefits payment system (BPS), lump sum payment system (LSPS) and Wisconsin state management accounting and reporting tool (WisMART). FMIS will also allow greater visibility of the financial management data throughout ETF.

In February 2013, ETF issued an RFP seeking to identify a vendor to assist in the implementation of this new financial management system. Sierra Systems Inc. was selected through a competitive process. The contract with Sierra Systems was executed in June 2013 and continues through December 31, 2018. The total ETF expenditure to Sierra Systems, including change orders, is \$2,247,000.

The FMIS team, which included ETF employees and consultants, as well as employees of DOA who provided project management, software installation, system administration support, testing, training and production support services, as well as fit-gap analysis, solution design and configuration. This has allowed for a smooth deployment and internal control of the project. The overall scope is inclusive of the state enterprise system infrastructure, which is being established in this project.

Current Status

The FMIS has been through extensive testing and was successfully implemented on 4/1/2014 and continues to be in production today. ETF's FMIS project has been a successful pilot project for the state's STAR project. Due to the upcoming implementation of the STAR project, ETF has actively participated with the STAR team. ETF's experiences and lessons learned implementing FMIS have been shared with the STAR project. ETF has been working with the STAR project to migrate ETF's FMIS implementation of PeopleSoft to the STAR implementation. ETF has also played a significant role in the STAR project Phase II Human Resources and Payroll implementation due to the heavy dependence on ETF's benefits processing role for the WRS and most health, life, dental and optional insurance plans.

Data Integrity (DI)

The DI project is a broadly defined project addressing data quality and consistency issues related to all of ETF's production data. The DI project will ensure that ETF's current data is accurate and well aligned for the BAS implementation. This project will analyze and profile ETF's current data to meet and adhere to BAS business rules. The DI Project allows the BAS vendor to begin their system implementation process before all cleansing is completed and ensures they will receive high quality data on schedule.

In September 2012, ETF issued an RFP seeking to identify a vendor who could provide services to assist ETF in identifying, defining, and analyzing all data sources located and used at ETF. ICON Integration and Design Inc. (ICON) was selected through a competitive process. ICON is nationally recognized as data management experts in the pension industry. The contract with ICON was executed in January 2013 and continues through December 31, 2017, with two, two-year extensions possible. The Department has budgeted \$2,700,000 for the entire project.

The project is a necessary precursor to fully and successfully implementing the BAS. Data segregation, redundancy, inconsistencies, and inconsistent business practices caused by multiple siloed systems are sources of significant risk to implementing an integrated IT system like the BAS. The overall goal of the project is to mitigate this risk by identifying and resolving all data inconsistencies and implementing consistent data management business practices.

More specifically, the data integrity project will:

- Identify instances where legacy data does not accurately reflect and support ETF business rules and protocols;
- Document the resolution of instances identified in the first step;
- Identify, cleanse and appropriately merge data from disparate systems by identifying the best, single data source; and
- Prepare legacy data for migration into the new benefits administration system.

ETF created the Data Stewards Council to ensure the accuracy of ETF's data, by assessing and improving the quality of data that will be migrated into the BAS. The council is composed of data stewards who represent diverse business areas enabling them to monitor and ensure the quality of the information ETF uses in its business.

Responsibilities of the data stewards include:

- Define business rules and develop diagnostics to see which data conforms to the rules.

- Define and work within the timeline for improving data integrity for various ETF systems to meet deadlines for migration to the new system.
- Communicate data integrity progress on different tasks to align to other groups and deadlines.
- Build a consistent system-wide approach for validating foundational demographic data, such as names, Social Security numbers and member IDs.

Since the beginning of the DI efforts, the DI team has identified data sources, verified and validated the integrity and accuracy of the data and developed a platform for migration to the new integrated system. ICON created a data source inventory, which lists all electronic data sources within ETF legacy systems. This inventory will classify data by type and categorize it by data platform (Excel, Access, DB2, SQL Server, etc.).

The DI team also developed and executed a data profiling plan. Data profiling is the statistical analysis and assessment of the quality of data values within a data set for consistency, uniqueness and logic. ICON will use the insight gained by data profiling to determine how difficult it will be to use existing data for the BAS. Based on the results of the data profiling project, ICON will develop an approach and plan for improving data quality in compliance with the business rules documented. The DI team is also in the process of validating names and other identifying information for the more than 590,000 members of the WRS and insurance programs. This is a time consuming but necessary project for the successful migration of information from the legacy systems to the BAS.

Current Status

The DI team completed a data Conversion Plan for Rollout 1 and moved more than one million member and employer data fields from ETF legacy systems to the new system.

The DI project is vital to the overall success of the TIM initiative. Inconsistent data contained in multiple, non-integrated legacy systems, present a substantial risk to implementing one integrated system.

Benefits Administration System (BAS)

The BAS project will build a fully integrated benefits administration system at ETF. This multi-year, multi-phased project will bring the majority of ETF's insurance and retirement benefit programs under one integrated system. This system will empower members and partners with self-service functionality at a one-stop shop and will provide ETF staff with efficient workflows and updated processes, which will allow for more focus on customers.

As mentioned above, ETF contracted with Vitech to implement its configurable off-the-shelf product (Vitech's V3 software) for the BAS implementation. The \$22.2 million contract with Vitech was executed in February 2014 and continues through June 2020. This contract timeline includes post-implementation support.

Vitech has extensive experience in the retirement and insurance administration software and systems consulting industries. Vitech's proposed benefits administration system solution leverages the lessons and best practices they learned through experiences at nearly 50 other multi-employer benefit organizations including 21 public retirement and/or public health insurance clients. These organizations include:

- Iowa Public Employees Retirement System
- Milwaukee County Employees Retirement System
- Ohio Teachers Retirement System
- Oklahoma Group Insurance Division
- Pennsylvania Teachers Retirement System

Through their experience with other clients, Vitech has successfully addressed a wide array of project objectives and priorities including improved customer service, straight-through-processing, web-based employer and member self-service capabilities, legacy modernization and system consolidation.

To ensure the success of the project, it is critical that the correct staff from both ETF and Vitech are placed on the project team. The project staffing plan is a partnered approach with Vitech and ETF working together at all levels of the project. Each Vitech lead position has an ETF lead working directly with it. Areas these leads will oversee include testing, training, infrastructure, data and communications. ETF has also reallocated subject matter experts (SMEs) from their respective areas of expertise to be co-project and co-team leads on the project. This staffing approach provides ETF staff with the first-hand knowledge that will be necessary for post-implementation administration and maintenance. It also provides Vitech will expansive first-hand knowledge about ETF's current systems.

Vitech and ETF have employed an Agile software development methodology to design, test and implement the BAS Project. Agile is a project management methodology that provides opportunities to assess the direction of the project throughout the development lifecycle. This is achieved through regular short, intensive planned spurts of work, known as sprints, at the end of which teams must present a potentially finished product increment or functionality. By focusing on the repetition of condensed work cycles, as well as the functional product they yield, agile methodology is described as "iterative" and "incremental." In an agile project, every aspect of development — requirements, design, etc. — is continually revisited. This methodology keeps the BAS implementation team re-evaluating the direction of the project and application functionality every few weeks. This ensures that there are regular opportunities for course correction. This methodology has proven to be cost effective, as well as providing a quality product in a timely fashion, in other similar projects.

Current Status

The BAS project will be completed in five phases over the next four years. The BAS project team spent the last year simultaneously completing the first three phases.

Phase 1 – Launch (March – July 2014)

The first phase of the BAS implementation was the 100-day planning phase, which established the foundation for the project and finalized the detailed project plan. As a part of this phase, the Vitech team arrived onsite and was placed among its ETF project counterparts. The project team went through team building classes, project training and preparation and various communications have been shared with all ETF staff about what to expect with the project implementation. Phase 1 of the project was successfully completed.

Accomplishments of Phase 1 include:

- The Project Kickoff Meeting was held in April. This meeting included a presentation by Vitech, ETF Leadership and BAS project members, which highlighted the project goals, roadmap and functionality rollouts. This meeting was followed by bureau and section meetings with individual staff. The completion of project governance documents, including:
 - BAS Project Launch Phase Gantt Chart
 - Bridging and Interface Plan - Rollout 1
 - Communications Plan
 - Change Control Methodology
 - Concept of Operations Overview
 - Data Conversion Approach and Strategy
 - Development Methodology Overview
 - Problem Incident Reporting Methodology
 - Risk Management Plan

Phase 2 – Discovery & High Level Design (April – July 2014)

Phase 2 of the project is also complete. The primary work of this phase was the Requirement Validation Sessions, which were small group sessions where Vitech and ETF subject matter experts ensured that the requirements identified by ETF made sense and that everyone has an understanding of the 3,350 requirements that were listed in the BAS RFP. These requirements consist of the abilities that ETF desires in the BAS to handle the work and enhance services related to benefit programs and business tasks. Examples of these requirement areas include benefit estimates, insurance enrollment, disability benefit applications and proposed self-service portals for members and employers.

Accomplishments of Phase 2 include:

- 56 out of 56 Requirements Validation Sessions completed.

Phase 3 – Infrastructure (March 2014 - July 2015)

The technical infrastructure to host the BAS has been built, with the exception of the disaster recovery component, which should be completed shortly. The BAS Infrastructure Build (BIB) team is a collaboration between ETF, Vitech Systems and DOA's Division of Enterprise Technology (DET) to install the computer systems and supporting software for the BAS. The team is working with DET to house and operate the servers and systems supporting Vitech's V3 software for BAS. This infrastructure is the physical core of the BAS project and includes connections between all three collaborators to these server-based systems. Housing the BAS at DET will ensure a secure, robust location for the systems servers.

Accomplishments of Phase 3 include:

- The initial infrastructure design was completed.
- The initial network configuration was completed.
- The development and training environments were built and turned over to Vitech for configuration.

Phase 4 – Implementation (March 2015 – 2018)

The implementation of the BAS is scheduled to consist of three rollouts, which are divided into logical categories and functionalities based on business processes, business areas and targeted customers. These rollouts occur when new system functionality developed in V3 is deployed to users. Attached is the BAS rollout map which details the functionality requirements of each rollout.

- A. The first rollout, tentatively planned to go live in quarter three of CY 2015, will be a replacement of ETF's imaging, workflow, and document management systems. These systems include technologies that will be used in the management of customer's electronic content, for example correspondence imaging, which is the conversion of paper documents into an electronic format, and workflow, which is how customer requests are routed to different areas of ETF for processing.

Rollout 1 consists of four tracks (total of four sprints):

- Imaging Implementation (Four agile sprints)
- Reports (Completed in traditional project cycles.)
- Workflows (Completed in traditional project cycles.)
- Interfaces and Bridges (Completed in traditional project cycles.)

To date the sprints for Imaging Implementation are complete. The remaining tracks and testing are scheduled for wrap-up in July of 2015.

- B. The second rollout, tentatively scheduled to go live in January 2017 will involve “inputs” into the system, such as enrollment, contribution reporting and employer reporting. Rollout 2 will also include group insurance, including health insurance, life insurance and income continuation insurance. Work on rollout 2 is currently underway and is scheduled to spend the entire year of 2016 in testing.

Rollout 2 consists of 13 tracks (total of 46 sprints):

- Enrollments and Demographics (Five agile sprints)
- Employer Wage and Contribution Processing (Nine agile sprints)
- Employer Self Service (Six agile sprints)
- Employer Call Center/CRM and Education (Three agile sprints)
- Miscellaneous Employer Processing (Three agile sprints)
- Enrollment/Elections (Five agile sprints)
- Premium Billing and Deductions (Five agile sprints)
- Member Self-Service Group Insurance (Five agile sprints)
- Funds Management
- Security
- Reports and Documents (Completed in traditional project cycles.)
- Workflows (Completed in traditional project cycles.)
- Interfaces and Bridges (Completed in traditional project cycles.)

To date, 30 Rollout 2 sprints are complete. The remaining tracks are scheduled for wrap-up in February of 2016, with testing continuing throughout 2016.

- C. The third rollout, tentatively scheduled to go live in early 2019, will involve the “outputs” from the system, such as benefit estimates and processing, tax reporting and member self-service.

The Rollout 3 sprint plan is under development.

Phase 5 – Post Implementation (2019– Ongoing)

As a part of Phase 5, ETF will maintain a contract with Vitech to provide the necessary maintenance, support and training required by ETF. ETF has already begun work on co-development training, where ETF developers work hand-in-hand with Vitech developers to configure the system. This phase will ensure that there is sufficient Vitech-to-ETF knowledge transfer at the end of the project, and that ETF staff will be able to provide effective onsite support without consulting Vitech staff.

As the project progresses, more detailed information about the post-implementation support and maintenance plan will be made available.

Conclusion

The TIM initiative will enable ETF to provide the level of customer service that is expected by ETF's members and public employers. As shown above, ETF has developed a plan and approach, drawing on past state experience and third-party expertise, which will help ensure a successful implementation. The Joint Committee on Finance, Legislature and the Governor continued their support of this initiative in the 2015-17 biennial budget. The Department looks forward to providing the Legislature and the Administration with annual updates regarding the progress of the TIM initiative.

If you have any questions on this report, please contact Tarna Hunter at 608-267-0908.

Attachment: TIM System and Functional Guiding Principles
TIM Governance Structure
BAS Roadmap