



Texas Municipal Retirement System Pension Administration System Assessment Board of Trustees Update

September 27, 2019

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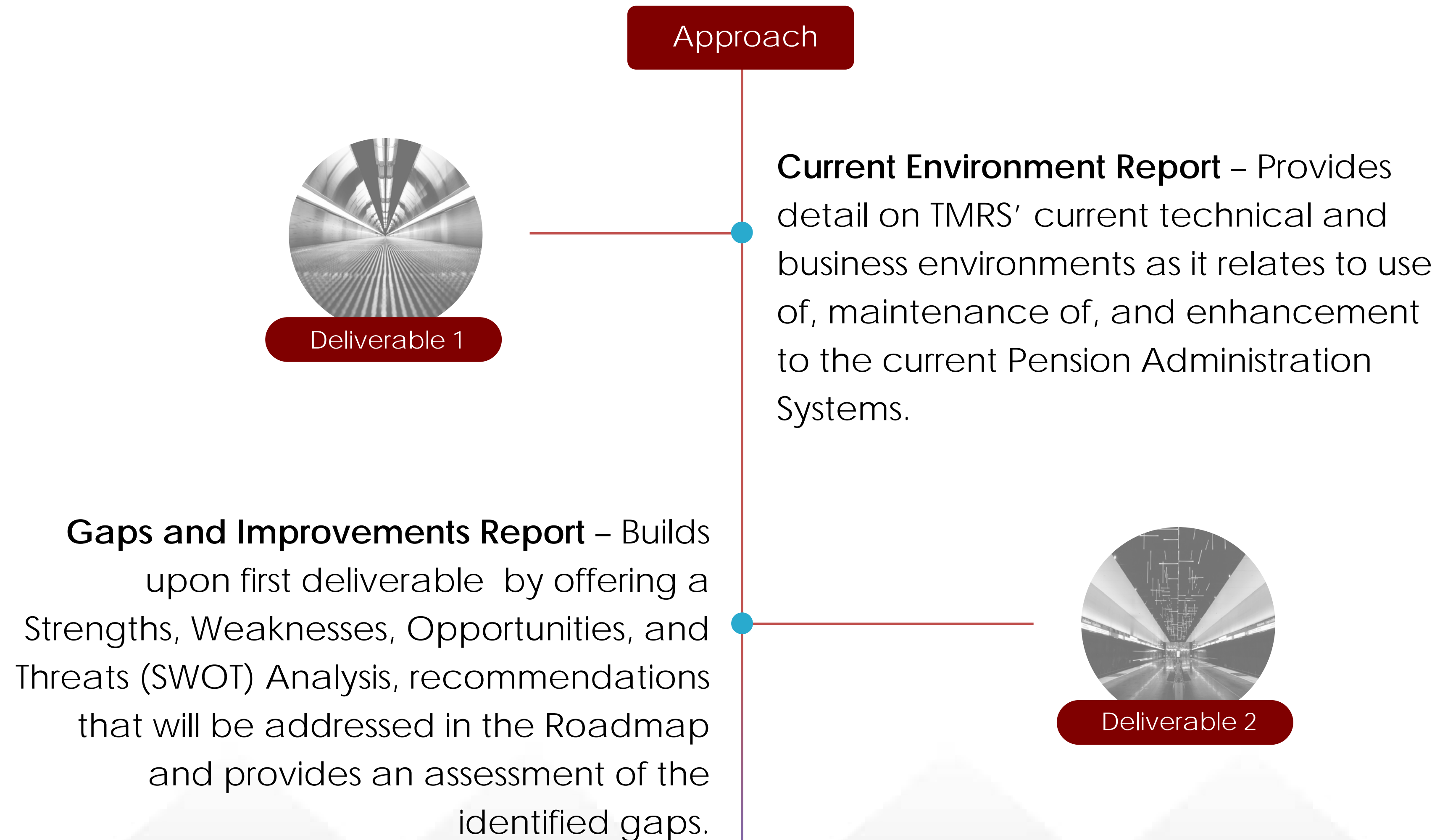
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Questions/Answers

Project Objective

- Assess the current TMRS Pension Administration System
- Provide gaps & improvements
- Present solution options for TMRS consideration
- Recommend the best option(s) for TMRS to pursue

TMRS PASA Report Deliverables



Solution Options Report – Provides a description and cost benefit comparison of three solution options. This report also addresses other considerations for moving forward with any of the options including CRM and Mobile Applications.



Deliverable 3



Deliverable 4

Recommendation and Roadmap – Based upon the results of the gap assessment and option comparison, this report provides a recommended solution for TMRS consideration along with a roadmap for implementation. An Executive Summary of all four reports is included.

Execution

TMRS PASA Report Deliverables (Cont.)

Pension Application: Summary of Findings

- ❑ TMRS has built and maintained a solid foundation, with a modern toolset - The NextGen custom pension application at its core.
- ❑ The core processing needs of TMRS staff are met with the exception of the City Contribution System, which is on an unsupported platform.
- ❑ Deficiencies in the PAS primarily exist in areas where TMRS interacts with its members; however, this could be addressed by implementing outstanding features from the TMRSDirect Project and automating case management features.

Pension Application: Summary of Findings (Cont.)

- ❑ TMRS has successfully developed and maintained a list of complex and unique system generated calculations (Annuity Options, Taxes, USC, COLA, Refunds, and Disability) to ensure each member's benefit is accurate.
- ❑ TMRS IR has provided the organization with a well-rounded graphical user interface (GUI) for the user. The IR Department continues to evolve the GUI by working closely with Member Services to capture their ideas and preferences during requirement and design phases.
- ❑ The introduction of online update capabilities within MyTMRS has led to less paper, and more account updates by members. The MyTMRS solution is accessible via a mobile device.
- ❑ *The Current PAS (NextGen), with some improvements, and continued enhancement is a viable alternative for the future.*

Technology Infrastructure / Security

- ❑ There were no critical findings that need immediate attention.
- ❑ TMRS network is configured with multiple security layers and the expected intrusion detection tools and methods in place.
- ❑ The appropriate disaster recovery and business continuity procedures are in place.
- ❑ There were no findings related to capacity, monitoring procedures/practices, and the appropriate alert systems are in place.
- ❑ The expected System Use policies and cyber insurance policy are in place.
- ❑ TMRS has integrated or is in the process of integrating MyTMRS with third party tools to improve data and security including facilities for multi-factor implementation and device authentication.

Information Resources Organization

- ❑ IR has a mixture of experience levels.
- ❑ Average tenure of Software Development staff is 11.2 years.
- ❑ Average Software Development staff time in current position is 8.8 years.
- ❑ Software Development Team share a balance of experienced staff along with newer, less experienced staff.
- ❑ Low degree of turnover at the higher level positions in IR, with a rotation occurring more at the entry Computer Support level.
- ❑ IR is able to maintain adequate support of TMRS.

Project Governance

- ❑ New in 2019, a formal project governance structure was created
 - ✓ Led by an Executive Project Steering Committee (EPSC);
 - ✓ Scheduled to meet quarterly, at a minimum; and
 - ✓ Composed of four voting members, advisory (non-voting members) and is supported by the Project Management Office and subject matter experts (SME).
- ❑ Senior Project Manager reports to the Executive Office.
- ❑ TMRS uses Waterfall software development methodology but is beginning transition to Agile development methodology.

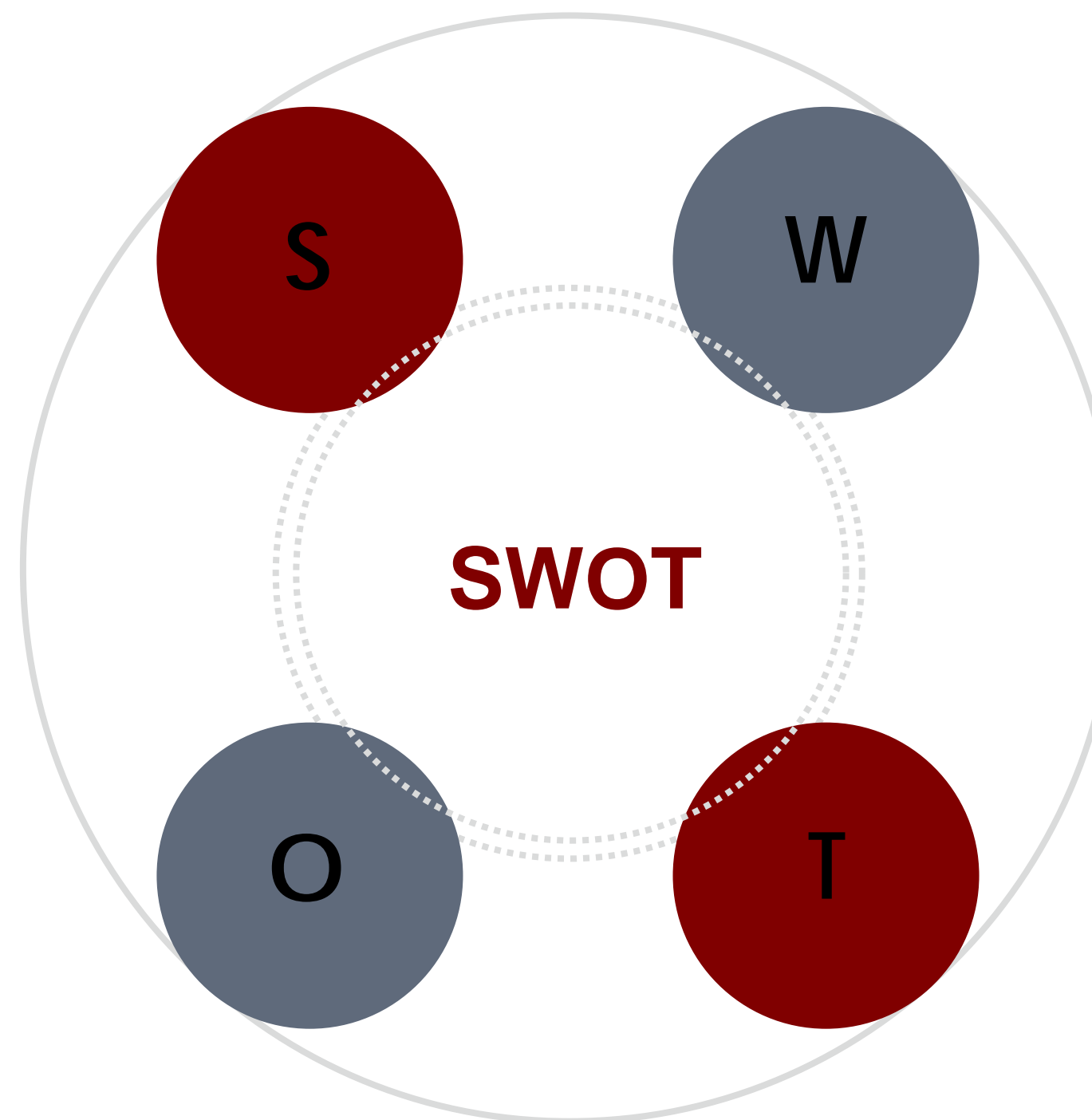
SWOT Analysis

Strengths

- Solid Pension Admin Solution Foundation and expandable
 - Staff collaboration, tenure, and management support for improvement
- Business needs drive technology investment

Opportunities

- Advance Security implementation to enable completion of TMRS Direct and alleviate workload
 - Expand/Improve upon existing architecture to promote integration, reusability, and scalability



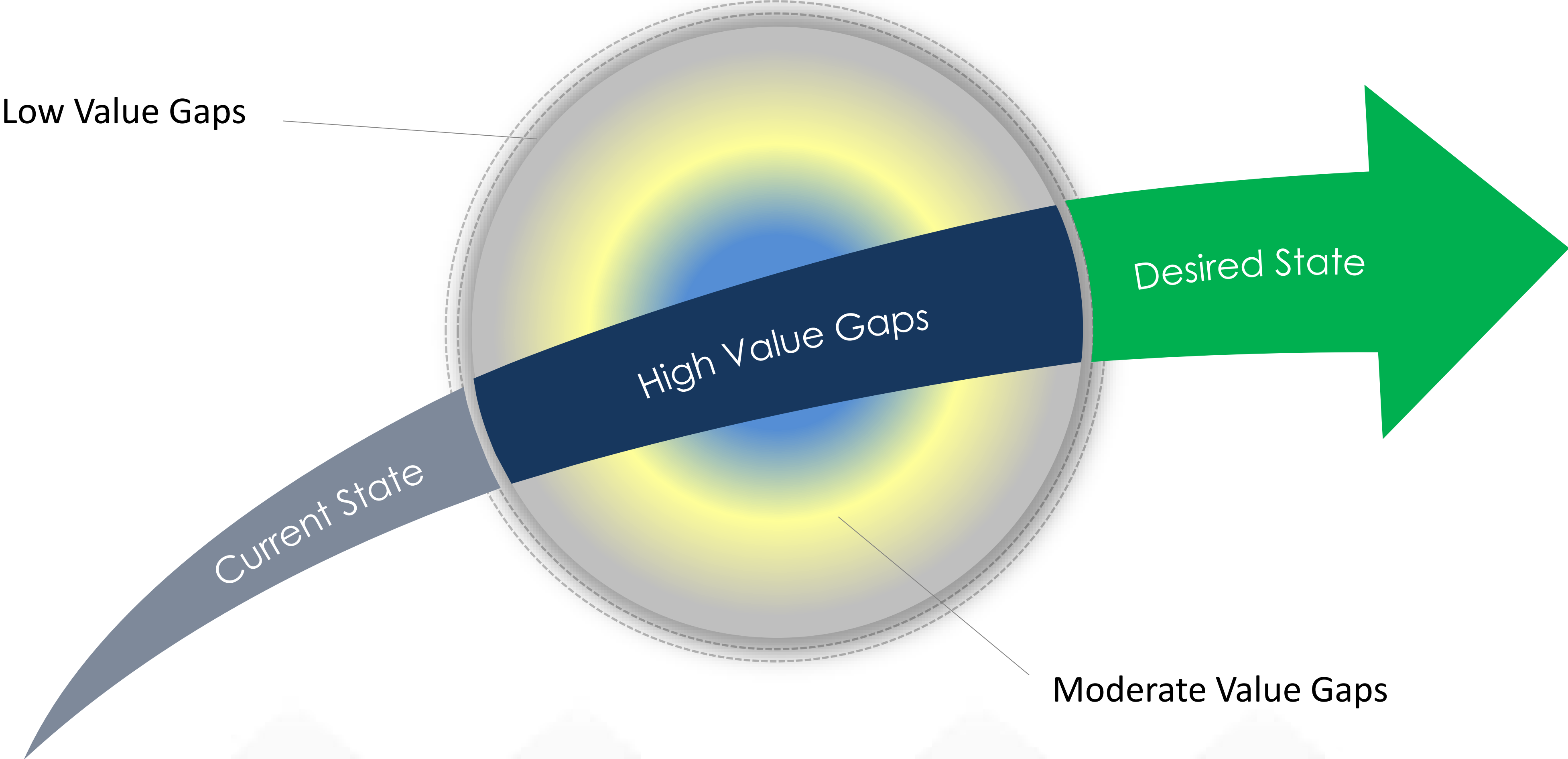
Weaknesses

- Contribution System is outdated / unsupported software
- Staff capacity/allocation to projects without effective project management tools to help remedy
- Inefficient decision making delays implementation

Threats

- TMRS culture of risk aversion and sense of 'uniqueness' results in delays in decision making
- High dependence on Institutional knowledge (not uncommon)

Gap Analysis



Gap Prioritization

(Technical Hours) Difficult: 121 hours or more Moderate: 41 - 120 hours Simple: 40 hours or less		Relative Benefit		
		High	Medium	Low
Relative Ease of Implementation	Simple	6	6	5
	Moderate	7	6	2
	Difficult	27	5	2
Total Gaps: 66				

Other Findings

(Technical Hours) Difficult: 121 hours or more Moderate: 41 thru 120 hours Simple: 40 hours or less		Relative Benefit		
		High	Medium	Low
Relative Ease of Implementation	Simple	2	6	12
	Moderate	12	11	3
	Difficult	13	1	2
Total findings: 62				

Gap Grouping

Group 1: Completion of MyTMRS

Group 2: Replacement of City Contribution System with City Portal Expansion

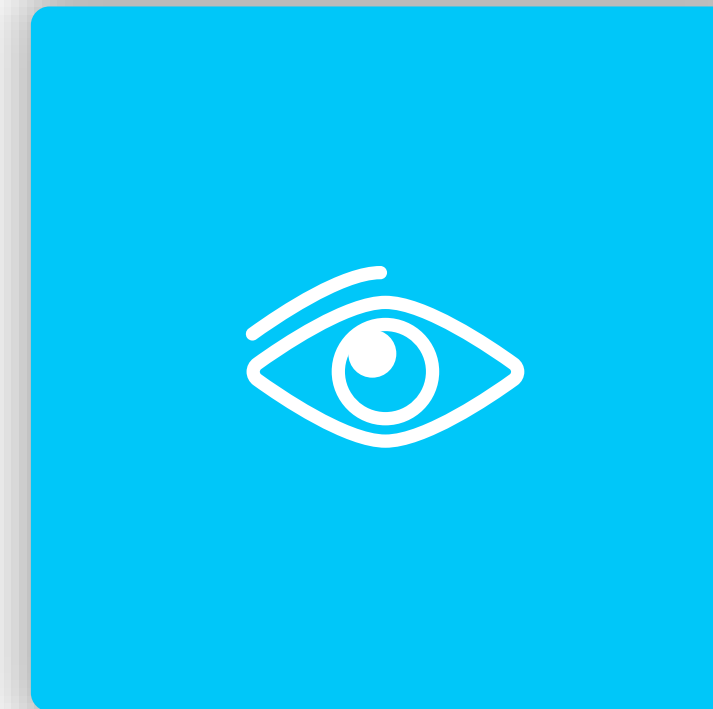
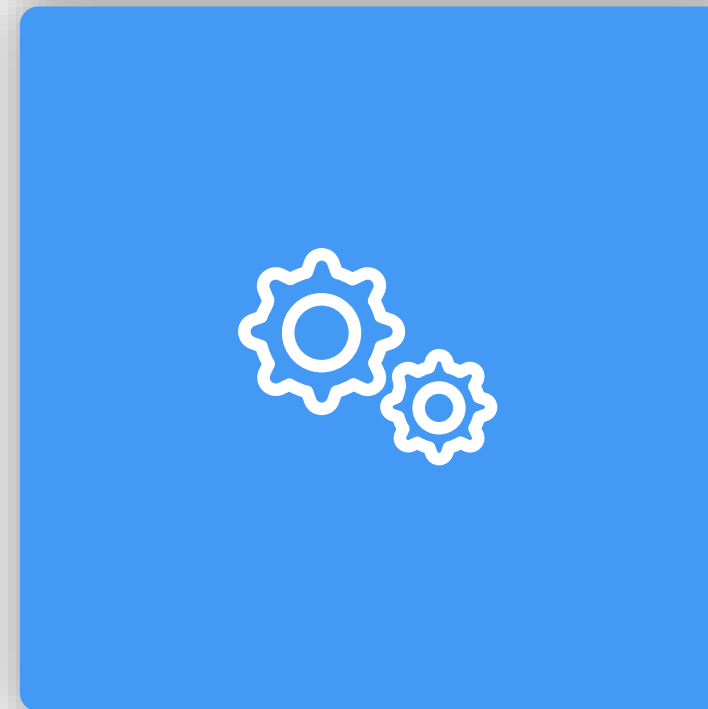
Group 3: Improve Case Management and Correspondence

Group 4: Other High Value Gaps

Solution Options & Considerations

Option 1: Retain and Upgrade

Enhance existing base architecture
Solve for the four groupings of Gaps

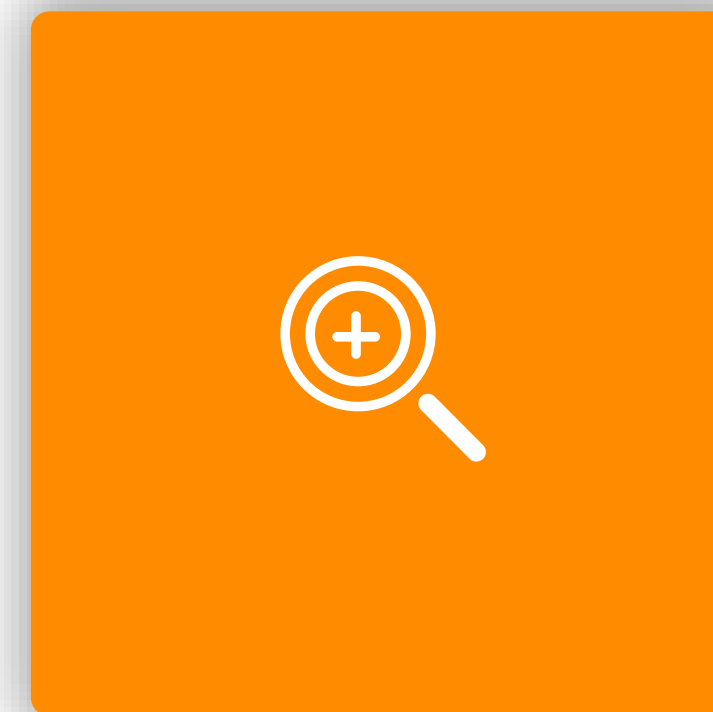


Option 2: Replace with full custom solution

Hire a company to do a full re-write of the PAS and related portals

Option 3: Replace with Customizable off-the-Shelf solution

Replace current PAS by buying a COTS product



Other Considerations:

Customer Relationship Management, Mobile App, Hybrid Components (combining core with a COTS), Project Oversight and Consulting

Solution Option Comparison

Criteria	Assigned Weighting	Option 1 - Retain	Option 2 - Custom	Option 3 - COTS
Strategic Goals	25%	24	17	18
Flexibility	25%	23	23	21
Longevity/ Expandability	25%	23	23	19
Cost	15%	15	8	9
Technical Complexity	10%	7	6	10
TOTAL SCORE		92	77	77

- The dollar values in this table were used to compare options only. None of these numbers represent the final recommended budget.

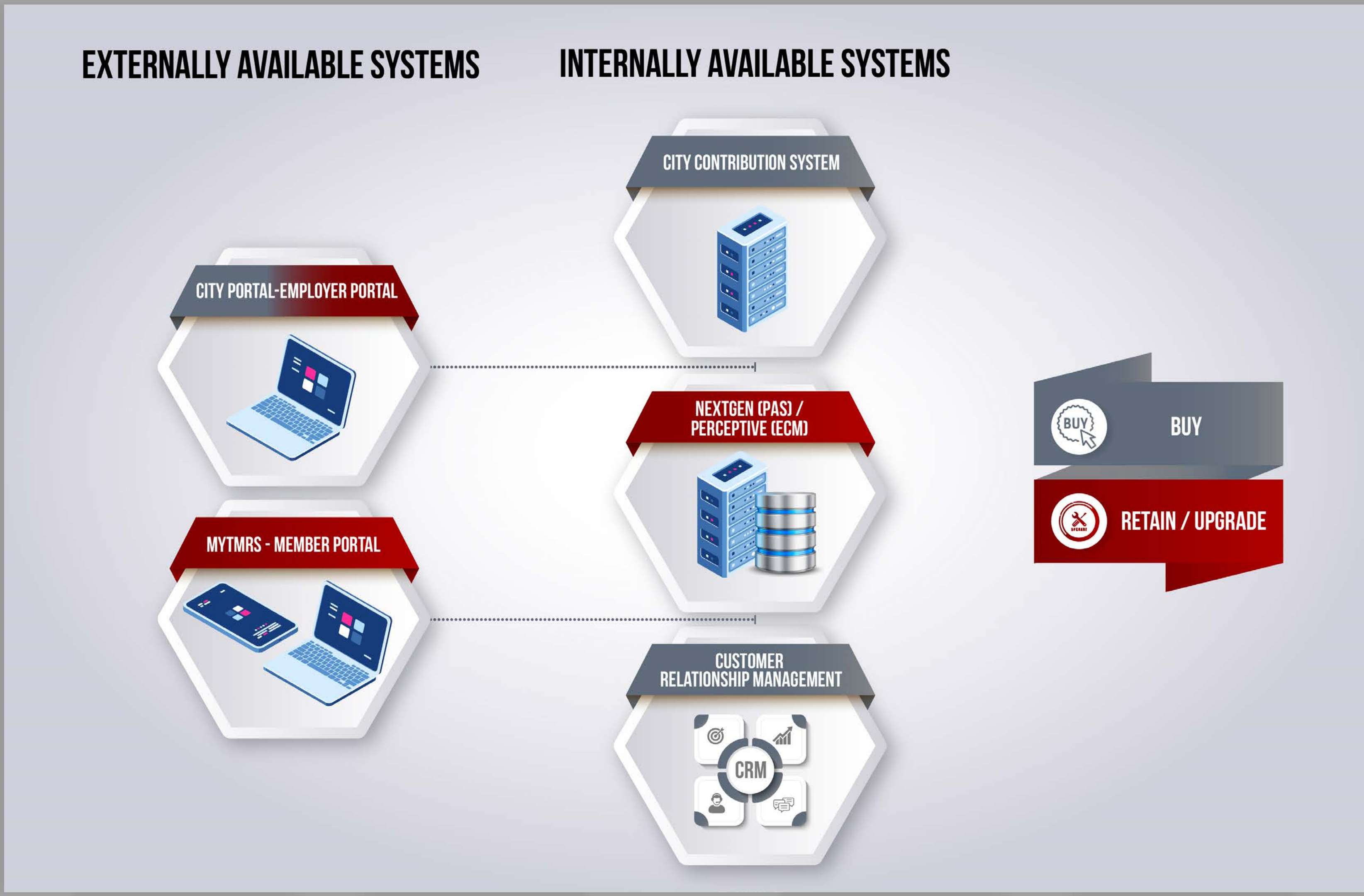
One-Time Implementation Cost (Years 1-4)	\$5,725,550	\$24,185,650	\$19,640,000
Post-Implementation PAS Costs (Per Year)	\$2,793,828	\$2,793,828	\$2,773,430
Total 10 Year Costs	\$22,488,518	\$40,948,618	\$36,280,581

Recommendation & Roadmap

Create a Single Pension Modernization Program

1. Retain and Upgrade the Current Solution
 - Complete the TMRSDirect projects (MyTMRS)
 - Filling High Value Gaps
 - Refactoring of Current PAS
2. Replace the City Contribution System with a COTS
3. Implement a Commercially Available Customer Relationship Management (CRM) Solution
4. Evaluate the Introduction of a Mobile Application

Overall Pension Modernization Program



Preparation for the Pension Modernization Program

Governance

- Tailor structure for goals of Program
- Prepare to be nimble with decision making

Program Management

- Implement management and tracking tools
- Establish methodology and reporting standards

Program Staffing

- Assign Product Owners
- Prepare to supplement with additional staffing

Select Partners

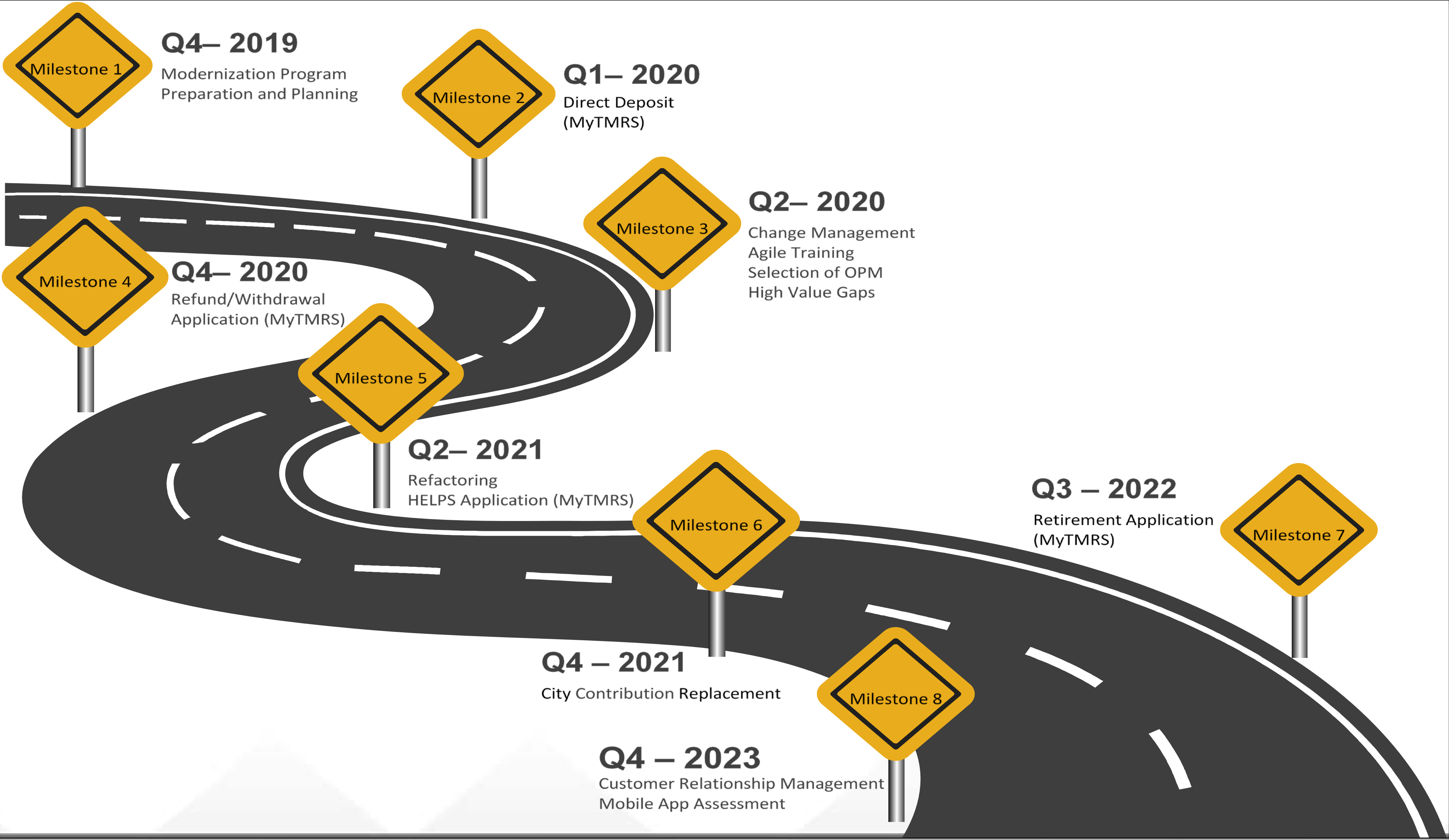
- Procure Services for Agile Training, Organizational Change Management, Project Oversight, and City Contribution System

Pension Modernization Program Execution

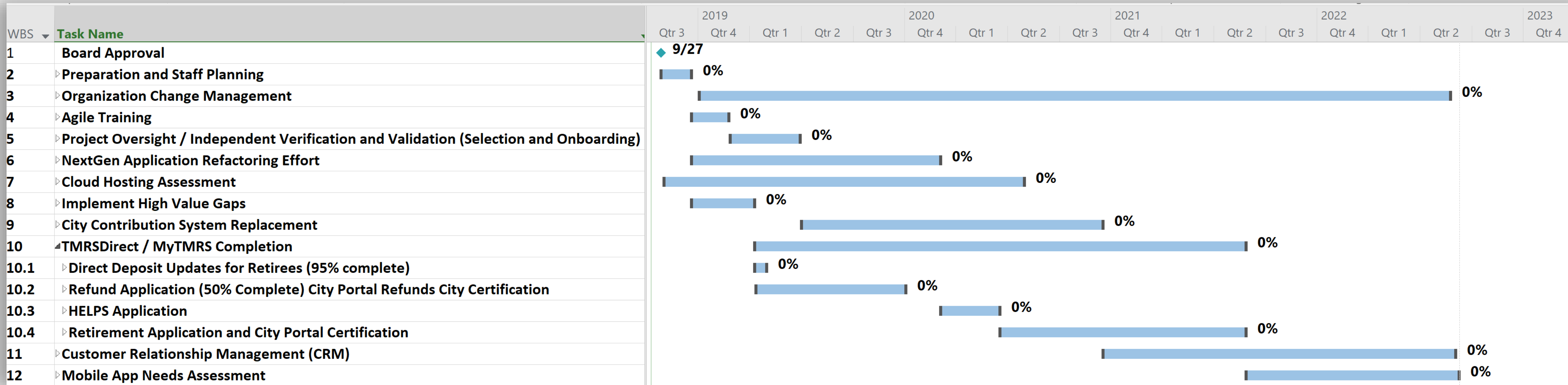
- ❑ Member Services owns this project, not Information Resources
- ❑ Define the requirements to close the gaps, and measure program success by completing those requirements
- ❑ Alongside implementation of new technologies (e.g. CRM, Contributions System), comes an opportunity to improve processes by removal of low value, high cost steps
- ❑ Set measurable goals as a result of the program – in some cases at the process level

- ✓ Increase overall member engagement by X
- ✓ Decrease paper/manual processing by Y
- ✓ Shorten case management by Z

TMRS Pension Modernization Program Roadmap



TMRS Pension Modernization Program Schedule



Preliminary Budget

Cost Item	Additional Staffing Requirements	Implementation Cost	Post Implementation Cost (Annually)
Additional Project Staffing			
Temporary (Contract) Full-Time Project Manager (4 years)	1	\$680,000	N/A
Backfilling of Temporary (Contract) Business Staff (3 FTE*4 yrs.*\$55/HR)	3	\$1,380,000	N/A
Temporary (Contract) Development Resource (2 FTE*4 yrs.*\$100/HR)	2	\$1,660,000	N/A
Permanent Quality Assurance / Testing Resource (1 FTE*4 yrs.*\$120,000 per year)	1	\$480,000	\$120,000
Temporary Developer(s) / Architect - Refactoring of NextGen (12-18 Months only for 4,000 hours)	2	\$400,000	N/A
Total	9	\$4,600,000	\$120,000
Consulting, Training, and New Software Costs			
Organizational Change Management		\$300,000	N/A
Agile Training (Training Course)		\$80,000	TBD
Oversight Project Management (4 years)		\$1,800,000	TBD
Replacement of the City Contribution System (Software and Implementation Services)		\$2,500,000	\$100,000
Customer Relationship Management Software (Software-as-a-Service [SaaS]: 100 users*\$100-150*12)		\$1,200,000	\$150,000
Mobile App Assessment		\$150,000	TBD
Total		\$6,030,000	\$250,000
Grand Total		\$10,630,000	\$370,000
Total + ~15% Contingency		\$12,224,500	\$425,500

Next Steps

- ❑ Gain authorization to begin the first stages of implementing the Pension Modernization Program
- ❑ Start the Pension Modernization Program by first defining measurable goals and objectives
- ❑ TMRS will need to fully embrace the roadmap by
 - ✓ Reviewing the priorities of this program to that of the other projects in the portfolio
 - ✓ Confirming the projects within this program are prioritized accordingly
 - ✓ Making any corresponding changes to the high-level timeline and budget

Questions / Comments

