To: Joint Legislative Commission on Governmental Operations
Senate Chairs of Appropriations
House Chairs of Appropriations

From: Michael Williamson
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Date: October 1, 2008

Subject: Report on status of replacement of information technology systems

The Online Retirement Benefits through Integrated Technology (ORBIT) Project in the Retirement Systems Division is officially out of the warranty period and is in full support mode, effective as of today. ORBIT has provided the technology to dramatically change the way we provide services to the more than 480,000 active members who are currently enrolled and the more than 215,000 retirees who receive monthly benefits from the pension systems we administer.

Project Activities for the current reporting period:

The most significant milestone for this reporting period is the completion of the one year warranty period and the transition to a full support mode of operating. We are now ready to begin a series of technology upgrades and functional enhancements to the system that are required in order to allow us to deliver services.

Future Project Activities:

Technology Upgrades:
We are now beginning an upgrade to the technology infrastructure of the ORBIT system which was frozen for legitimate reasons during the development and warranty phases. The technology upgrade includes migrating to newer versions of SQL Server, the .NET Framework, BizTalk and Team Foundation Server. The second phase of the technology upgrade will include replacement of servers, upgrading to Windows Server 2008, migrating to 64 bit technology and moving to a VM environment. In addition we will be pursuing a Customer Relationship Management (CRM) System and an upgrade to the Retirement Call Center Telephone System, both of which must be integrated with the ORBIT System.

Employer Reporting:
The ORBIT system requires that all employer reports from the almost 1,200 participating government agencies be submitted electronically. The new electronic employer contribution system feeds ORBIT with over 500,000 updates monthly. Employers are now required to submit over five times the previous amount of information than was previously required. The one-half million monthly account submissions must be processed through a load/update process which

verifies technical data file structure, records counts, etc, resulting in the pass/fail of each submission. Retirement staff are responsible for monitoring and verifying the incoming information in order to insure the integrity of the data. Failures must be communicated to the origination agency and assistance provided to overcome technical problems. Each month, staff receive on average more than 15,000 errors to correct and are required to assist more than 75 agencies with their file rejections and 70 agencies with missing details or fund allocation issues. This process has required a total rethinking of the Employer Reporting function and the re-assignment of key counselor staff as well as the hiring of significant temporary staff to maintain minimal performance. Based on benchmark data gathered from three other retirement systems and our own experience for the past 12 months, it is clear that additional staff resources will be required to insure the integrity as well as the timely processing of member data.

Action Needed: The ongoing funds for the operations and support activities will be requested in the 2009-11 biennial budget to provide the maintenance and support for the ORBIT System. Funding for this project does not come from General Fund resources but from the Retirement Trust Fund.

Project Funding Status:

ORBIT Projected Costs (Total Lifecycle)	**$34,685,426**
Budget Appropriated	**$32,928,107**
Support Budget To Be Requested in 2009-11	**$ 1,421,575**

Operational Budget To Be Requested in 2009-11	
For CRM/Telephone System, Business Analysts	
and Employer Reporting	**To Be Determined**

Actual Project Costs To Date	**$28,446,584**

Proportion of Total Lifecycle Costs Spent	**82%**
Proportion of the Implementation Costs Spent	**100%**

Budgeted Items: the budget for the ORBIT project is comprehensive and includes, among others: Hardware, Software, Rent, Contractual Services, Project Management, Legal Services, Quality Assurance Reviews, and Personnel Backfill as well as support for 8 years following the initial implementation.

Project Start Date: May 2004.

Retiree Payroll Implementation: January 2006.

Active Member Implementation: October 2007.

Project Completion: the project completed both the retiree payroll and active member services implementations within the scheduled 41 months to complete (May 2004 - October 2007), has transitioned through the 1 year warranty period (October 2007 - September 2008), and is now in full support mode with internal resources and vendor maintenance and support services over the next 8 years.

Summary: In summary, the General Assembly approved this project for implementation, the necessary project approval was granted, the IT Procurement Office approved the bid award including a finalized contract, and the project activities have been completed guided by the approved project work plan. The ORBIT project team coordinated with the Office of State Controller and the Office of State Personnel to insure the ORBIT system was fully integrated with the new BEACON system that these offices developed. In addition, the Department has taken extraordinary steps to insure the project's success that we believe resulted in it becoming a model for future information technology projects in North Carolina. Funding for ongoing maintenance and support services as well as system enhancements will be needed.