Pension Administration Modernization

Fuse Perspectives and Lessons Learned

Fuse Strategy Partners

2024

Introduction and Context

- Fuse is a research-driven strategy firm focused on the pension industry, partnering with clients to *make choices* and *build capabilities*
- Many participants in the Canadian pension industry are currently modernizing their Pension Administration Solutions (PAS); this requires making complex strategy, organizational, technology, and procurement choices as well as leveraging new capabilities to deliver change
- Modernization is hard! We have hand's-on experience with PAS transformation programs of all kinds and have summarized our perspectives in this document to support leaders in planning and executing successful modernization programs.
- Fuse can help – we would be happy to discuss our learnings with you, and how they might enhance your organization's journey.

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Pension Administration Strategic Options

Insourced Pension Administration

In-house employees perform all Pension Administration capabilities leveraging a comprehensive Pension Administration Solution (built or bought) which includes client facing portals.

Co-Sourced Pension Administration

Select business capabilities are administered in-house while others are administered in partnership with or by a third-party. e.g.(pension benefit calculations vs call center)

Outsourced Pension Administration

A third-party service provider who specializes in managing and administering pension plans or behalf of organizations administers all Pension Administration capabilities. They also provide the supporting applications and portals.

Third-party Partnerships

A plan administrator partners with a non-traditional partner e.g., a peer organization to leverage select capabilities, tools or services.

Pension Administrators seeking to modernize their systems face a strategic choice on the desired approach to administering the plan; this modernization perspective focuses on plans that insource pension administration

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How we think about PAS Modernization

A — The Case for Change: *Why should we modernize?*

1. **Modernization Drivers:** Assess program drivers such as efficiency, regulatory compliance, member experience, employee engagement, streamlined processes, end of life technology and data analytics to determine the rationale for modernization.
2. **Modernization Value:** Evaluate key benefits, including increased efficiency, regulatory compliance, enhanced data security, cost savings, employee engagement, increased member satisfaction and reduced risk.
3. **Industry Trends:** Examine industry trends to appreciate the impact of emerging technologies and align modernization efforts with the evolving pension landscape.

B — Modernization Research and Readiness: *What should we know?*

1. **Success Factors:** Identify key success factors, such as executive sponsorship, project objectives, stakeholder engagement, risk mitigation, and robust governance structures.
2. **PAS Solution Options:** Evaluate solution options, including Commercial Off-The-Shelf (COTS), Best of Breed, and Custom Build, based on organizational goals and requirements.
3. **Vendor Landscape:** Assess the vendor landscape for product offerings, comparing features, functionality, and expertise to select the most suitable solution.
4. **Implementation Considerations:** Explore various implementation approaches, such as Big Bang, incremental, piloting, and full parallel testing, to determine the optimal rollout strategy.
5. **Peer Examples:** Review peer examples to learn from successful modernization efforts, identify best practices, and understand industry benchmarks.
6. **Key Risks:** Analyze potential risks, such as budget constraints, stakeholder resistance, vendor management, data migration challenges, and integration complexities.

C — Delivering Modernization: *How do we do it?*

1. **Preparation:** Engage in thorough preparation by conducting a market scan, defining guiding principles, developing a business case, mapping customer journeys, designing the future state, and preparing data for migration.
2. **Procurement:** Manage procurement activities, including requirements gathering, RFP development, vendor selection, and contract negotiation, ensuring alignment with organizational objectives and constraints.
3. **Implementation:** Oversee the implementation process, encompassing fit-gap assessment, environment provisioning, data migration, solution build and delivery, and rigorous implementation oversight.
4. **Ongoing Maintenance and Support:** Ensure processes are in place to transition to steady state including working with the vendor to address outstanding defects, maintain system stability and invest in continuous improvement.

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A) The Case for Change

Why should we modernize?

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Modernization Drivers

The challenges faced by current state systems in addressing various aspects of pension administration can be broadly classified into two categories:

Business Limitations

- **Inefficiency and Ineffectiveness:** Current systems and ad-hoc supporting tools (spreadsheets) lead to struggle to streamline processes and reduce manual work and reviews, leading to suboptimal response times, service quality for members.
- **Fragmented Pension Administration Processes:** The existing systems are disjointed and lack automated tasks, resulting in cumbersome processes for employees, complex workflows, data duplication and inconsistencies.
- **Regulatory Compliance:** The current systems lack auditability, or is unable to easily respond to ever-changing regulations, increasing the risk of non-compliance, penalties, and reputational damage.
- **Member Experience:** Absence of self-service capabilities, outdated interfaces, limited accessibility, and lack of personalized communication in the existing systems hinder member satisfaction and engagement.
- **Data Analytics and Insights:** Current state systems fail to fully utilize advanced analytics and insights, limiting the potential for data-driven strategies in managing pensions and serving members.
- **Pension Talent Management:** Key person risk, high employee attrition and changing workforce demographics, long recruitment cycles and complex onboarding processes leads to operational risk and poor employee experience.

Technology Challenges

- **Complex and Outdated Technology Stack:** Maintaining many different technology platforms and licensed software versions leads to high overhead and the inability to take advantage of standard upgrades or efficiencies of scale.
- **Lack of Flexibility:** The inability of current systems to adopt contemporary digital solutions prevents them from meeting evolving member expectations and providing competitive services.
- **Lack of Scalability:** Current state systems struggle to accommodate growth, such as adding new pension plan offerings or benefits, without the need for separate platforms or manual workaround.
- **Disjointed Workflows:** The current systems cannot effectively implement end-to-end automated workflows, resulting in suboptimal processes, increased hand-offs, and a higher risk of errors.
- **Insurability:** The outdated and unsupported software or hardware in existing systems pose risks to insurability and protection against cyber threats.
- **Data Security and Privacy:** Existing systems lack advanced security measures, putting sensitive information at risk and potentially compromising member trust and compliance with data protection regulations.
- **Pension Technology Talent Scarcity**: Talent required to support outdated technology are scarce and come at a premium price.

Modernization Value

The benefits of Pension Administration System (PAS) modernization can be broadly categorized into three main areas:

	Improved Productivity and Operational Efficiency	Improved Risk Management and Business Agility	Improved User Satisfaction
Description	*Enhancements in processes and system performance that lead to cost savings and efficiency gains*	*The ability to adapt to changing circumstances, reduce operational risk by addressing technology challenges,*	*The enhancement of member, employer, and employee experiences*
Value Drivers	• ***Cost reduction*** *from operational cost savings (process automation, system flexibility, channel migration, data management, system maintenance) and capital cost savings (hardware and licensing)* • ***Efficiency gains*** *from process improvements and additional system functionality*	• ***Improved risk management*** *driven by reduced operational risk, better business continuity, knowledge retention, and security* • ***Greater business agility*** *allowing for growth, future-proofing, decision-making and ongoing system enhancements*	• ***Enhanced member and employer experience*** *enabled by the system (satisfaction, engagement, digital usage)* • ***Improved Pension Administrators employee experience*** *due to improved processes and time allocation towards value added activities*

Industry Trends and Implications

We have observed the following trends…	Leading us to believe Pension Administrators should…
Member Engagement: Members continue to expect personalized experiences, delivered seamlessly across multiple channels of communication.	Take a multi-disciplinary approach in designing member service experience, enabled through platforms that offer the flexibility of delivering on diverse and evolving member expectations.
Adaptability: As pension regulations and organizational priorities (e.g., plan sustainability, ESG considerations) continue to change, existing legacy systems are proving insufficient and costly.	Invest in modern platforms that can evolve with changing regulations and are adaptable, allowing for changes to plan design, growth through mergers.
Cloud Hosting: Increasing shift away from on-premise IT infrastructure towards cloud-based solutions, allowing for improved scalability and cost-effectiveness while increasing focus on core competencies.	Collaborate with tech vendors that offer innovative, future-proof solutions to maintain a competitive edge in the digital landscape.
Automated Workflows: The continued shift towards a paperless society, flexible work models, and the need for operational efficiency are driving demand for automated workflows.	Re-engineer processes, automating workflows where viable; integrate digital solutions like electronic signatures and digital files to support straight-through processing.
Analytics and Business Intelligence: Leveraging data for insights and strategic decision-making is becoming increasingly crucial.	Consider solutions with robust analytical capabilities, or their ability to integrate with third-party tools
Data Security and Privacy: Increasing service digitization exposes sensitive data, necessitating improved protection against cyber threats.	Develop rigorous cybersecurity strategies, incorporating robust cyber security frameworks, multi-factor authentication, regular security audits, and advanced fraud detection.
Emerging Technology: Continued strides in emerging technology (e.g., AI, ML , RPA) are providing opportunities for enhancements in efficiency, productivity and service offerings.	Stay updated on emerging technologies, systematically identifying use cases that may benefit from these advancements.

B) Modernization Research and Readiness

What should we know?

Success Factors

While specific success factors may vary depending on the context and goals of a modernization program, the following are important to ensure that the initiative is effective, efficient and achieves the desired outcomes.

- **Strong Executive Support and Leadership:** Active support and involvement of top-level management in the PAS modernization initiative to ensure that the project has the necessary resources, authority, and direction to succeed, while also facilitating decision-making and alignment of the project with the organization's strategic goals.
- **Clear project vision, objectives and guiding principles:** Well-defined understanding of the desired outcomes and benefits of the modernization project, articulated through a clear vision, objectives, and guiding principles to enable decision-making and help foster the desired culture.
- **Effective stakeholder communication and involvement:** A robust change management plan to ensure ongoing engagement, collaboration, and transparent communication with all relevant stakeholders, such as employees, members, vendors and the Board of Directors to ensure that their concerns are addressed in a timely manner.
- **Robust project management and governance:** A solid project management framework and governance structure to oversee the modernization effort to ensure timely, quality, and on-budget delivery of the modernization initiative, while also allowing for effective management of risks and issues.
- **Managing ongoing Risks:** Identification, assessment, and prioritization of risks associated with the PAS modernization project, as well as the development of strategies to mitigate those risks to ensure the project's success.

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Success Factors – Select Best Practices

We have highlighted select best practices for each success factor.

Strong Executive Support and Leadership

- **Steering Committee:** Establish a steering committee with key executive leaders to oversee the project
- **Executive sponsorship:** Ensure that executive sponsors are actively involved in decision-making and project reviews
- **Socialization:** Encourage leaders to communicate the importance of the project to the organization and demonstrate their commitment to its success

Clear project vision and objectives

- **Project vision:** Develop a well-articulated project vision statement that outlines the desired outcomes and benefits
- **Goals and objectives:** Break down the vision into specific, measurable, achievable, relevant, and time-bound objectives
- **Monitor:** Regularly review and communicate on project objectives to ensure they remain aligned with the organization's strategic goals and adapt them as needed

Effective stakeholder communication and involvement

- **Stakeholder mapping:** Identify and map all relevant stakeholders and their interests, concerns, and expectations
- **Engagement plan:** Develop a stakeholder engagement plan, outlining communication channels, frequency, and key messages
- **Communication:** Keep stakeholders informed about project progress, challenges, and successes, and encourage open dialogue to address concerns and gather feedback

Robust project management and governance

- **Approach:** Align on a project management methodology to guide the project
- **Resourcing:** Assign dedicated resources in key roles (e.g., executive sponsor, project manager) with the necessary skills and experience to lead the modernization effort
- **Governance Framework:** Design a project governance framework that defines roles, responsibilities, reporting lines, and decision-making processes

Managing ongoing Risks

- **Risk Register:** Develop a risk register at the beginning of the project and maintain it on an ongoing basis
- **Accountability:** Assign risk owners (with clear sponsor alignment) to be responsible for monitoring and mitigating identified risks
- **Planning:** Develop contingency plans with risk mitigation actions for high-priority risks and establish a process for escalating and addressing emerging issues

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PAS Solution Options

Commercial off-the-shelf (COTS)

- Acquire a PAS COTS solution from a provider, complete with configurable integrated components such as core engines (calculators, data and rules), document management, case management, pension payroll, and CRM.
- Although these systems are pre-built, they offer the ability to be modified to align with business processes for optimal efficiency (at a cost)

Best of Breed

- A combination of purchasing off-the-shelf software and securing resources to integrate and assemble these components into a cohesive system.
- It relies on an enterprise architecture (e.g., Enterprise Service BUS) to enable integration of different software components.
- Significantly increases the complexity of executing a modernization program, and reduce number of available vendors

Custom Built

- Stand-up sizeable or use existing software development team to create and maintain a tailored system from scratch.
- Approach typically used where pension administrators have extremely unique requirements.
- Often leverages modern architecture using industry standards and best practices

There are several viable vendors in the Canadian market catering to the needs of Pension providers; where possible, we recommend a COTS approach to reduce implementation and operational complexity.

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Vendor Landscape

The vendor landscape in Canada continues to evolve, bringing choice and competition to the pension industry. Fuse categorizes vendors into four types:

ILLUSTRATIVE

	Large	Boutique	Unique	Emerging
Description	Vendors with significant market share and/or additional offerings to pension administration.	Established vendors who cater to the pension administration niche, and have substantial experience with defined-benefit administration, domestically or internationally.	Offerings such as bundled partnerships between solution providers and system integrators or component parts of broader solution.	New or existing vendors in the space, with compelling offerings but limited experience
Examples	Aon Hewitt; TELUS Health formerly LifeWorks; Oracle PeopleSoft	vitech; Avenu Insights & Analytics; sagitec; Penad; procentia; D.	accenture; Levio Business + Technology; Ellement; alight; Multifonds temenos; meritive; Workiva	strive business soli...; Oliver

Fuse is vendor agnostic, and supports clients on modernization programs regardless of the selected vendor

Implementation Considerations

Pension Administrators have several implementation approaches to consider; each needs to be evaluated for suitability based on the organization's needs.

Typical Implementation Approaches to Consider…

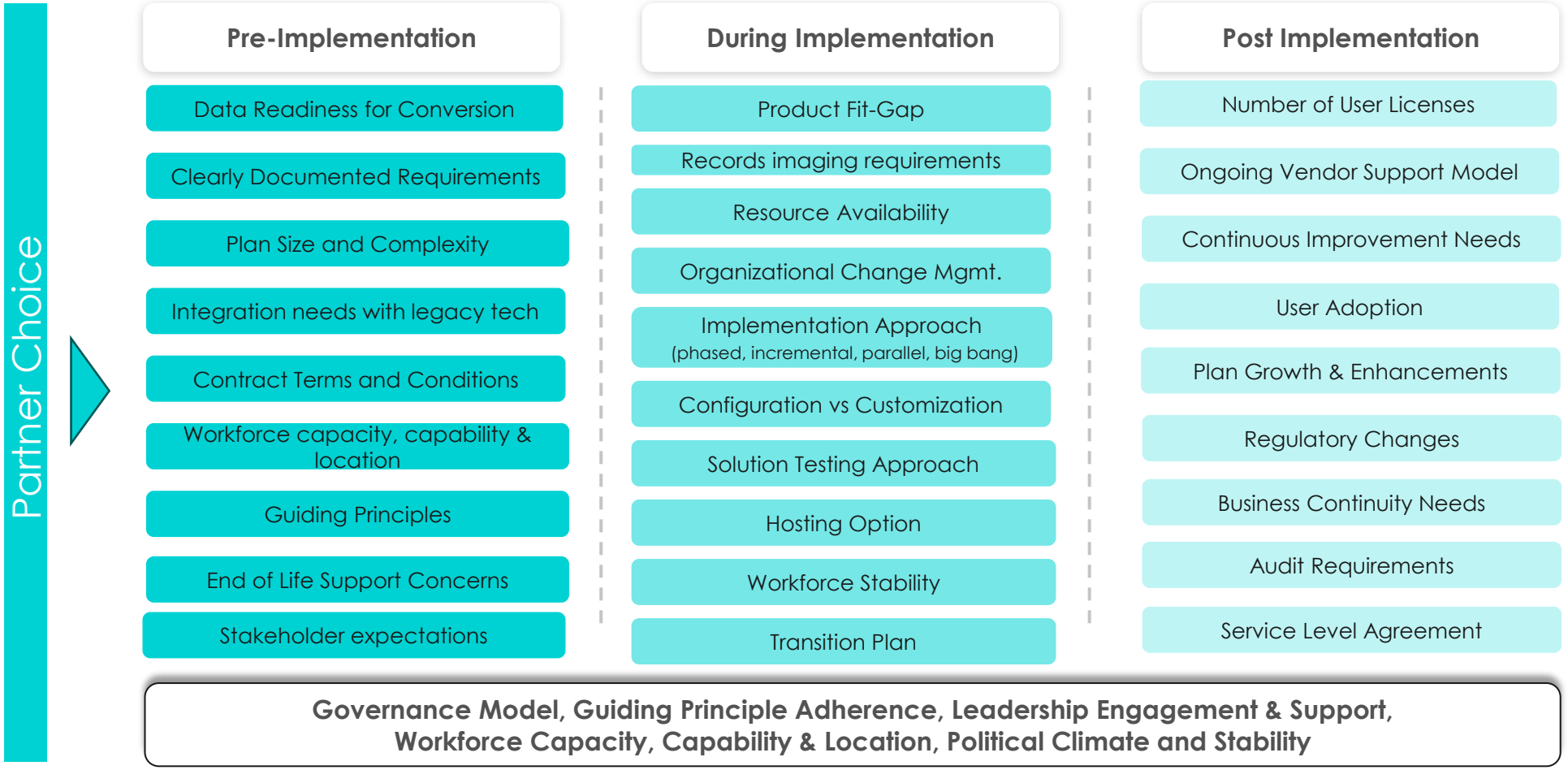
- **Pilot:** New system is deployed in a small, controlled environment to a subset of users.
- **Phased:** Implementation is divided into distinct phases based a subset of users (e.g., one of several plans), who transition to the new system at a time.
- **Incremental:** Involves implementing the new system in iterations or in modules; each module represents a specific functionality or component of the overall system.
- **Big-Bang:** Involves implementing the new system all at once, replacing the old system completely. It requires careful planning, testing, and training.
- **Parallel:** New system is implemented alongside the existing system for a certain period. Users perform tasks on both systems, allowing for a gradual transition and comparison of results.

Factors to Consider When Evaluating the Suitability of an Implementation Approach

- **Cost:** Evaluate the costs associated with the implementation approach, relative to the operational and financial context of the organization.
- **Timeline:** Assess whether the implementation duration allows sufficient time to deploy a solution that meets the requirements. Consider whether implementation duration aligns with the lifetime of the existing solution.
- **Quality Assurance**: Determine whether the implementation approach allows for adequate assessment of the solution's quality prior to going live.
- **Efficiency:** Evaluate whether the implementation approach supports the development of a well-integrated system in an efficient manner, minimizing throw-away work.
- **Operational Complexity:** Evaluate the level of operational complexity associated with the chosen implementation approach relative to peak transaction periods (e.g., year-end processing and Annual Statements). Consider factors such as organizational readiness, data readiness, legacy system limitations, stakeholder training, and potential challenges in integrating the new system.
- **Risk Mitigation:** Assess the ability to manage risks associated with each implementation approach.

Many plans choose to utilize a combination of these approaches as part of their gating process to mitigate risk.

Many variables impact potential costs of different sourcing options



Implementation Approach Considerations

Pilot	Phased	Incremental	Big-Bang	Parallel
• **Cost:** Additional cost incurred for pilot phase • **Timeline:** Additional time required to add pilot phase into implementation program • **Quality Assurance:** Allows for quicker deployment and feedback gathering • **Efficiency:** While there may be throw-away work at the beginning, there are efficiency gains during the full implementation based on user feedback • **Operational Complexity:** Allows for better training and integration prior to full-scale deployment; but can create capacity constraints • **Risk Mitigation:** Mitigates risks by testing the new system with smaller sample of users, helping identify and resolve issues before wider implementation	• **Cost:** May be spread out over longer time period • **Timeline:** Provides flexibility in terms of pacing the program, with longer duration to complete implementation. • **Quality Assurance:** Allows for targeted training, support, and issue resolution within each phase before moving on to the next. • **Efficiency:** Promotes efficiency by breaking down the implementation into manageable stages • **Operational Complexity:** Helps manage complexity by allowing for gradual integration, training, and addressing challenges in each phase. • **Risk Management:** Allows for lessons learned from each phase to be applied to subsequent phases, reducing the overall risk of the implementation.	• **Cost:** May result in higher costs due to iterative nature of development life cycle • **Timeline:** Longer timelines compared to other options due to modular nature of program. • **Quality Assurance:** Allows for independent quality assurance for each module, ensuring that specific functionalities are met, but requires emphasis on overall integration on modules • **Efficiency:** Supports efficiency by focusing on specific modules, allowing for targeted development and integration. • **Operational Complexity:** Helps manage complexity by implementing modules at a time. • **Risk Management:** Allows for a step-by-step transition, risk management, training, and issue resolution before moving on to the next module.	• **Cost:** May be costly due extensive planning, testing, and training capacity required • **Timeline:** Shorter time to implementation but requires meaningful time on planning and testing phases. • **Quality Assurance:** Limited Requires significant emphasis on testing all aspects of the complete solution • **Efficiency:** Most efficient of the options with least amount of throw-away work required • **Operational Complexity:** May result in significant complexity during transition period, requiring resource allocation for training, support, and managing potential disruptions. • **Risk Mitigation:** Carries higher risks as any issues or failures could impact the entire organization simultaneously.	• **Cost:** More expensive as it requires running and maintaining two systems simultaneously during the transition period. • **Timeline:** Similar timelines to Big-Bang to go-live, with the addition of a transition period. **Quality Assurance:** Allows for robust comparison between the two systems, ensuring the new system meets the required quality standards. • **Efficiency:** Redundancy due to maintaining two systems in parallel. • **Operational Complexity:** Higher complexity due to managing users on both systems; peak transaction periods lead to additional constraints. • **Risk Mitigation:** Mitigates risks by allowing for a gradual transition, helping identify and resolve issues while still relying on the existing system for critical operations.

Peer Examples

Pension Administrator	Solution	Solution Type	Implementation Approach
Peer A	SaaS model where they are not responsible for upgrades.	COTS, minimal customization	Phased Implementation, with a Pilot
Peer B	100% cloud based – looking for SaaS solutions	COTS	Big Bang
Peer C	Outsourced, licensed model for the engine	Custom	Considering full spectrum of options, from Core PAS, PAS+, Full COTS
Peer D	Cloud first – SaaS solution requiring minimal internal resource support	Custom	Incremental
Peer E	Hosted- Private Cloud, collaborative approach to upgrades	COTS PAS, custom built Member Portal.	Incremental, Parallel with a Phased Rollout
Peer F	Self-Hosted, Cloud environment, collaborative and custom approach to upgrades	COTS PAS, Hybrid Member Portal	Pilot, Phased, Incremental and Parallel

Key Risks

Vendor Management

- **Vendor Concentration:** Concentration of critical responsibilities / knowledge with a few key employees or vendors
- **Existing Vendor Collaboration:** Ineffective collaboration from existing vendor with Pension Administrator.
- **Existing vendor management:** Inability to effectively terminate vendor relationship or change implementation strategy.
- **Changes to Vendor structure:** Risk of vendor business restructuring impacting services and support. –
- **Contracting delays:** Delay in contract negotiations.

Planning Risks

- **Unclear business case:** Substandard business case due to insufficient detail and stakeholder engagement
- **Lack of clarity:** Insufficient understanding of desired future state, complexity of data, business processes and plan rules.
- **Insufficient / unclear requirements:** Ineffective or unclear understanding of business requirements and key decisions.
- **Business case delays:** Delayed completion of business case approval process.

Operational Challenges

- **Capacity constraints:** Ineffective management of resources across competing demands.
- **Lack of Readiness:** Readiness of employees to integrate a new vendor, system, and related processes.
- **Budget Variance:** Significant budget variances due to scope changes, timing of budgeting cycles, software customization, and insufficient contingency.
- **Data security:** Risk of increased exposure of sensitive data during development and implementation.
- **Integration issues:** Suboptimal or poorly integrated new processes with other systems.

Stakeholder Management

- **Insufficient communication:** Insufficient engagement and communication with employees and participating employers and members.
- **Stakeholder conflicts:** Material stakeholder conflicts not resolved in a timely manner.
- **Reputational risk:** Impact on reputation with stakeholders, including Board of Trustees and confidentiality breaches.
- **Resistance to Change:** Failure to adopt new solution and supporting processes hindering realization of benefits - Establish a robust change management program.

C) Delivering Modernization

How do we do it?

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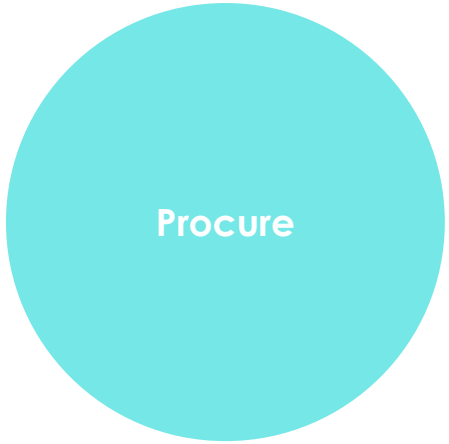
Delivering Modernization

Engage in thorough preparation by conducting a market scan, *defining guiding principles, developing a business case, mapping customer journeys, designing the future state, and preparing data for migration.*



Manage procurement activities, including requirements gathering, RFP development, vendor selection, and contract negotiation, ensuring alignment with organizational objectives.

Oversee the implementation process, encompassing fit-gap assessment, environment provisioning, data migration, solution build and delivery, and rigorous implementation oversight.

Prepare Overview

Summary

This phase involves all the groundwork necessary for the successful modernization of the pension administration system. The organization establishes governance, examines its current system, studies the market and potentially gathers information from vendors. It also develops a case for change, plans resource needs, decides on the modernization approach, invests in 'no regrets' actions like data readiness, and examines the needs of its stakeholders. The outcome of this phase is a comprehensive plan of action for moving forward with the project.

Outputs of Fuse Work

- Comprehensive market scan report to guide system selection
- Compelling case for change to gain stakeholder buy-in
- Program Guiding Principles
- Defined governance structure with clear roles and responsibilities
- Detailed current state assessment report highlighting areas of improvement
- Detailed resource plan
- Chosen modernization approach
- Data readiness plan
- Stakeholder research report and customer journey map
- Project charter

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Procurement Overview

Summary

The goal is to find the best-fit solution and vendor for the organization's needs. In this phase, the organization outlines the specific needs and requirements for the new system. This involves detailed descriptions of the business requirements to be met by the new system. This is followed by a competitive bidding process initiated by a Request for Proposals (RFP). After analyzing all proposals, the organization selects the most suitable vendor and negotiates a contract with them. The output of this phase is a contractual agreement with a vendor to provide the new system.

Outputs of Fuse Work

- Detailed list of business requirements
- RFP document ready to be issued to potential vendors
- Chosen vendor based on a thorough evaluation process
- Support on signing contract with the chosen vendor

Implement Overview

Summary

Once the contract is in place, the actual implementation begins. This involves a detailed examination of the gaps between the current system and the new solution, planning for the new system environment, collaborating with the vendor for customization and integration, and finally, transitioning to the new system. This is a critical phase as it is here that the new system is tested and implemented. The result is a fully functioning, modern pension administration system.

Key Outputs

- Detailed implementation plan including project scope, objectives, and timelines
- Completed fit-gap analysis and plan to address gaps
- Oversight of the following phases:
  - Set-up infrastructure ready to support the new system
  - Delivered solution customized to the organization's needs
  - Successful transition to the new system

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Delivering Modernization Details

Prepare

- **Program Guiding Principles:** Establish and align on the guiding principles for the modernization program
- **Program Governance:** Set up a governance structure to oversee the modernization program, ensuring effective decision-making and accountability; clearly outline the goals and objectives of the modernization program.
- **Current State Assessment:** Analyze the existing pension administration system and identify areas for improvement.
- **Market Scan / Learning Journey:** Research industry trends, best practices, and peer experiences in modernization efforts.
- **Case for Change:** Create a compelling argument for the need to modernize the pension administration system.
- **Resourcing Needs:** Determine necessary resources, including staffing and budget, to successfully execute PAS modernization.
- **Modernization Approach:** Reach consensus on the chosen modernization approach, taking into consideration factors like risk mitigation, quality assurance, and efficiency.
- **Member Research and Customer Journey Mapping:** Conduct research on members' needs and map their experiences throughout the pension administration process.
- **Change Management**: Define the way in which you will address the people and organizational factors that will drive, implement, and sustain change.
- **Data Readiness**: Develop a plan to assess and improve data quality and readiness in advance of a migration.

Procure

- **Business Requirements:** Develop a comprehensive list of business requirements for the new pension administration system.
- **RFI (Optional):** Issue an RFI to gather information on potential vendors and solutions.
- **RFP Development:** Create a Request for Proposal to solicit bids from potential vendors.
- **Vendor Selection:** Evaluate proposals and select the best-fit vendor based on the organization's needs and requirements.
- **Contract Negotiation:** Negotiate terms and conditions with the selected vendor, ensuring a mutually beneficial agreement.

Implement

- **Initiation and Planning:** Kick off the implementation process by outlining project scope, objectives, and timelines.
- **Fit Gap Assessment:** Conduct an analysis to identify the gaps between the current system and the proposed solution and develop a plan to address these gaps.
- **Environment Setup:** Set up the necessary infrastructure and environments to support the new pension administration system.
- **Delivery:** Collaborate with the vendor to configure, customize, and integrate the new system based on the organization's requirements.
- **Production:** Transition to the new system, ensuring a smooth and successful go-live, while continuously monitoring and refining the system as needed.

Prepare: What is a Guiding Principle?

An idea that influences you very much when making a decision or considering a matter.[1]

- Guiding principles are simple rules or value statements that help project teams make directionally correct decisions quickly and with greater autonomy and accountability
- They can enhance flexibility, improve decision-making and empower teams
- Objectives can have internal tensions (to help balance priorities), but guiding principles should be coherent (to enable consistent action)
- At Fuse, we follow a proven approach to developing actionable guiding principles

[1]Cambridge Dictionary

Prepare: Members, employers and employees have unique journeys with pensions

- Evaluating stakeholder interactions with our organization from the customer perspective provides a unique perspective on pain points and can help to inform design of the future state

Member	start a new job	work less	go on leave	resign	change relationship status	have children	move homes
	move employers	purchase / transfer service	experience disability	end a career	live retired	end a life	leave a legacy
	participate in the plan – view pension, receive statement, change information, file taxes, plan finances						
Employer	join the plan	fulfill administrative obligations	fulfill financial obligations	get support	leave the plan		
Employee	recruiting & hiring	onboarding	training & development	engagement	progression	exit	

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Prepare: Change Management
The W5H of Change

Fuse's structured, adaptable, and repeatable approach addresses the W5H of Change - Who, What, Where, When, Why, and How. It is supported by a comprehensive set of tactical assets that can help accelerate change management outcomes.

- **Why** are you changing?
- Are your change leaders involved and aligned?
- What is your elevator pitch to articulate the vision for the future and define the scope of the change?

- **Who** will be affected by the changes and how will they react?

- **What's** changing and **when** - across processes, policies, procedures, systems/tools, and the work environment?
- Learn "What's in it for me (WIIFM)?" from the stakeholders' perspective

- **Where** are your stakeholders on the change transition curve?
- Where is further support required to manage resistance?

- **How** are you...
- ✓ Communicating these changes
- ✓ Preparing stakeholders for training
- ✓ Managing workforce and culture implications?

Prepare: Data Readiness

Data Discovery

- Data migration should begin with discovery in three critical areas: sources, processes, and consumption
- Fuse leverages an SPC Inventory template to:

1. Build and analyze a current state inventory of the existing data sources
2. Identify any data processing activity that takes place on all source data
3. Defining the data consumption layer, by listing all the data elements that are being consumed by various stakeholders within the client environment.

Data Prioritization

- Using the outcomes of data discovery, data can be prioritized for migration based on the scope and focus of the modernization project. From this step forward, organizations can iterate through their data in prioritized increments.
- Determining early in the process whether all or some data is required for the new system will help make subsequent activities more efficient. The SPC Inventory can be used to determine what data needs to migrate over, what can be left behind, and what might be missing.

Data Profiling

- Data prioritized for migration can be profiled for quality, reconciled, and assessed for integrity – essentially, providing a data health check to identify any incomplete, inaccurate, or poorly populated data.
- Using the learnings from this health check, data profiling techniques can be deployed deliberately to improve data quality.

Data Mapping & Migration

- Prioritized, profiled data is next mapped to a desired data model; this can be either a PAS vendor's data model or an industry-generic, 'staging area' data model
- The central artifact of the data migration is the data map between the current system's data fields and the new system's data fields
- Several technologies can be used for data migration, extract, transform, and load (ETL) is the most preferred.
- Data validation and verification must be carried out extensively to ensure each portion of migrated data satisfies business logic expectations and any issues are fixed in a timely manner.

Data Management

- The objective of this step is to maximize the benefit of your investments to-date by ensuring ongoing, active governance and stewardship of your data
- Data must be actively governed throughout its lifecycle from acquisition to usage and retirement.
- Governance involves building and managing an authoritative architecture, a combination of people, processes, and tooling to ensure the right audiences – internal and external – get consistent, reliable, and timely data through enforcement of policies and processes that enable better visibility into quality and lineage of data.

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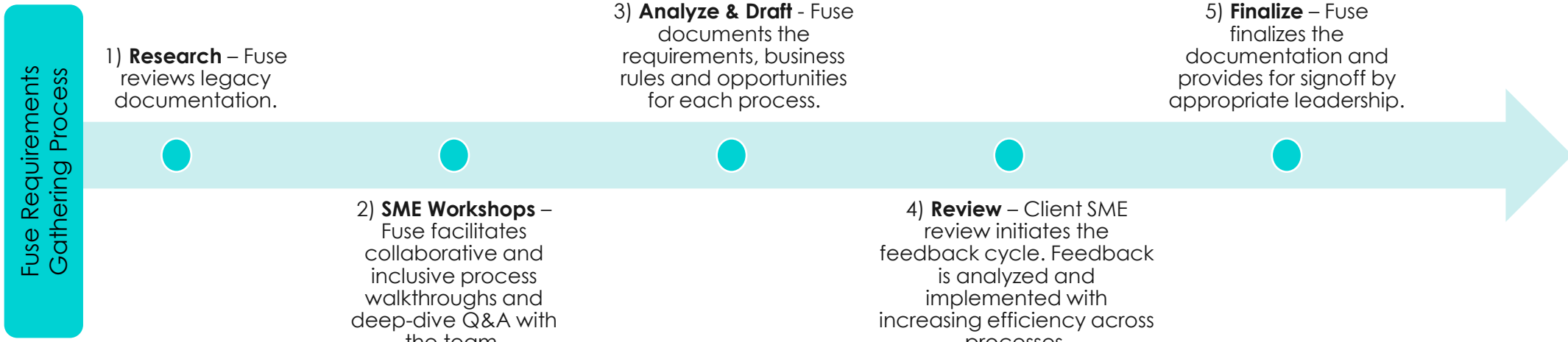
Prepare: Business Requirements

- Fuse pension process experts leverage existing assets and SME input to develop documents that can materially accelerate and de-risk modernization
- Fuse has extensive experience conducting business analysis with clients; we have codified our approach into a repeatable process that accelerates our work and impact for clients.



Have questions? Let's talk!

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