



Date: March 30, 2015

To: Scott Neitzel, Secretary
Department of Administration

David Cagigal, Chief Information Officer
Department of Administration

From: Michael Williamson, Executive Director
State of Wisconsin Investment Board (SWIB)

SWIB FY16 IT PLAN

In response to the annual requirement to submit agency IT plans for Executive review, SWIB has attached its FY 2016 plan per the standard template format. If you have any questions or would like additional clarification, please contact me or Erich Huemoeller, SWIB's information technology director at 261-9348.

- I. Top Five IT Goals** – Identify your agency's top five goals/objectives for utilizing information technology in FY16, and how they serve your agency's business needs. This response can be a high-level, one-page summary.

As an investment organization, we continue to improve the way we approach investment management in order to meet our goals and provide for the retirement of the over 590,000 participants in the WRS. As part of SWIB's three-year strategic plan, we are implementing a number of new investment initiatives that will better position SWIB to continue to provide solid investment returns while limiting risk. To adequately and efficiently process trades, measure risk and manage investments, SWIB must continually enhance its systems and processes. SWIB is currently implementing a new enterprise investment management system that will improve accounting, trading, risk and portfolio management activities. The new system, comprised of seven applications, will be implemented in several phases over the next three to four years at an estimated cost of \$48 million. The system will provide staff easy access to high quality and timely data, improve SWIB's ability to monitor and manage risk, and increase the capability to manage more assets internally. This enterprise system includes individual projects within the scope of Chapter 16 reporting, which are included in this IT plan, as well as other activities outside the scope of the required reporting. In order to ensure transparency, SWIB is reporting on the overall enterprise system program to its Board, LAB and other interested parties on a regular basis.

The projects to accomplish this are all part of SWIB's ongoing ARIES program of projects. This effort, which is expected to last until June of 2017 is outlined below in first four strategic goals. This systems update is a critical component to SWIB's competitive edge and ability to make informed investment decisions. SWIB's top five goals and objectives involving technology in FY 16 directly support the strategic plan.

1) Implementation and process redesign work for improving SWIB's investment management systems, processes and capabilities.

This goal relating to SWIB's Investment Management systems is focused on upgrading business processes and technology to more effectively manage multi-asset portfolios and other complex investment strategies necessary to achieve SWIB's strategic performance and risk goals. This includes the implementation of enhanced portfolio management, modeling and analysis tools, trading, performance and risk management applications and capabilities.

2) Implementation and process redesign work for improving SWIB's investment operations and accounting systems, processes and capabilities.

SWIB's investment accounting needs are unique within State government. This initiative is designed to implement the investment accounting offering from an outsourcing partner to help service the investment accounting needs of SWIB. This will mean utilizing new systems and changing processes in order to access the services, manage the relationship and oversee the output from the provider.

3) Implementation and process redesign work for enhancing SWIB's financial and administrative systems and processes and integrating them with SWIB's investment management platform.

In order to effectively manage profit and loss of investment strategies, apply costs and manage investment administrative functions, SWIB is in the process of implementing a financial system that will allow for the close integration and coordination of our investment management and accounting systems. Due to the integral nature of these functions, this initiative is highly dependent on the investment accounting relationship and how that is being implemented going forward, and must also provide for integration with the STAR.

4) Continuing implementation and process redesign work for improving SWIB's data architecture including identification of systems, processes and capabilities that should be enhanced in future years.

Managing the significant volume of data that is processed and analyzed daily at SWIB in its many investment management systems has become a challenging function. In order to manage data quality and more effectively meet system requirements, SWIB is enhancing its data architecture. One key business driver behind this project is the need to increase individual analyst access to critical investment data. Complex multi-asset portfolio structures have significantly elevated the challenges associated with the investment processes and many of those challenges have been data related. This includes providing data for risk analysis, multi-asset portfolio exposure reporting, economic and industry analytic reporting, etc.

The design of the architecture, selection of data integration, administration and reporting tools and the initial implementations have been completed. Continuing refinement of the architecture, evolutionary implementation work as the other strategic objectives are advanced, and process improvements will take place to ensure that the data architecture adapts to the needs of the business.

5) Construction of the internal infrastructure and trading capabilities to support Over The Counter (OTC) derivative trading.

The ability to trade OTC derivatives requires specialized systems and organizational processes to stay in compliance with regulatory and industry requirements. In order to successfully use these products, SWIB needs to modify a number of systems and business processes to support

this type of investment. This work is expected to provide significant flexibility in how we meet or exceed our investment targets without incurring the cost that other types of investments introduce.

II. Provide your agency’s IT budget – At a minimum, include the budget for your central IT organization. If you also have budget figures for IT within program areas, please include those and identify the additional areas from where the numbers are derived

SWIB’s operational IT Budget has not been set yet for FY16 but is expected to remain consistent with FY15’s budget. The FY15 budget was \$775,000.

III. Provide your agency’s number of IT employees – At a minimum, include the employee numbers for your central IT organization. If you also have numbers for IT employees within program areas, please include those and identify the additional areas from where the employee numbers are derived.

FTE	21
LTE	0
CONTRACTORS*	18
OPEN POSITIONS	1

*Contractor number includes contractors across all business areas including strategic projects being reported here and other projects outside the scope of this report.

IV. Agency Projects – List all of your agency’s IT projects expected to cost \$1 million or more. (\$1 million is the statutory threshold for reporting to the Legislature on IT projects, e.g., Wisconsin s.16.973(16), stats.) This includes projects that are starting, ongoing or ending anytime between July 1, 2015 and June 30, 2016. Include all types of IT projects (not just application development). You also can include IT projects expected to cost less than \$1 million that your agency views as high-visibility and/or particularly critical to serving business needs.

1) Project Name: Unit4 Agresso Implementation (Phase 2)			
2) Project Type: <input type="checkbox"/> New FY16 <input checked="" type="checkbox"/> Ongoing			
3) Project Description: In order to effectively manage profit and loss of investment strategies, apply costs and manage investment administrative functions, SWIB is in the process of implementing a financial system that will allow for the close integration and coordination of our investment management and accounting systems. Due to the integral nature of these functions, this initiative is highly dependent on the investment accounting relationship and how that is being implemented going forward, and must also provide for integration with the STAR. The first phase of this project is slated to coincide with the first phase of the DOA STAR project. Delivery of basic financial and procurement functionality will be included in phase 1 slated for completion 6/30/2015. The subsequent phases will deliver financial and human resource related functionality by 12/31/2015.			
4) Project Schedule	Start:7/1/2015	Expected Completion: 1/31/2016	
5) Application Platform:	<input type="checkbox"/> Mainframe	<input checked="" type="checkbox"/> Web	<input checked="" type="checkbox"/> Client-Server
	<input type="checkbox"/> Physical	<input checked="" type="checkbox"/> Virtual	
6) Application Type:	<input type="checkbox"/> In-house	<input checked="" type="checkbox"/> COTS	<input type="checkbox"/> SaaS

	Developed <input type="checkbox"/> Vendor Managed/hosted	<input type="checkbox"/> Other (specify)
7) Technical Architecture Components: MS Windows, VMWare, MS SQL Server, IIS, vendor supplied client app.		
8) Estimated Total Project Hours: 5,700		8a.) Estimated Total Project Cost:\$1,700,000
9) Related Projects and Dependencies: Unit4 Agresso Implementation (Phase 1)		
10) Project Sponsorship and Funding <i>(please complete the information below)</i>		
Executive Sponsor:	Lori Wersal	Division: Finance
Business Sponsor:	Lori Wersal	Division: Finance
Senior Project Manager:	Tony Sciamè	IT Authority: Kevin Acker
Is Full Funding for Project Approved/Secured? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Funding Source for the Project: <input type="checkbox"/> GPR \$ _____ <input checked="" type="checkbox"/> PR \$ _1.7M_____ <input type="checkbox"/> SEG \$ _____ <input type="checkbox"/> FED \$ _____		
11) Issues that may influence successful execution of the project: This is a significant project with major business redesign implications and complex coordination challenges with the DOA STAR project as well as other SWIB investment applications, systems and third party investment accounting services. Close interaction with DOA and other vendors is being used to mitigate this risk. Multiple additional resources have been brought in to help design, document and implement the new business processes supported by the new application and functionality.		

V. Potential Agency Projects – List all potential agency IT projects expected to meet the \$1 million cost threshold that are in the conceptual phase, or that might be initiated in FY16 due to potential legislative changes (state or federal), or that might be dependent on securing grant funding (from a state, federal or nongovernmental organization). Note: The difference between projects listed in Item III above and Item IV is that projects in Item III are currently active or scheduled projects, and Item IV is for projects that are only in the conceptual or planning phases.

Potential Project Name: Unit4 Agresso Phase 3 implementation (See goal 3)
Description: Follow-on implementation work to complete the full Unit4 Agresso implementation effort.
Anticipated Total Cost: \$1.5M
Resourcing: Internal program funding sources.

Potential Project Name: Data Administration (See goal 4)
Description: Additional work in the data architecture area to build the capabilities to build a master data management (MDM) infrastructure capable of supporting the investment system needs.
Anticipated Total Cost: \$1M
Resourcing: Internal program funding sources.

VI. IT Infrastructure Projects or Expenditures – Describe any projects or anticipated expenditures over \$100,000 related to augmenting IT infrastructure (e.g., hardware, servers, storage, networking components, security, backup and disaster recovery), if these projects

have not already been described in sections IV or V above. Use the same abbreviated format as in section V.

SWIB does not have any planned infrastructure augmentation projects that will exceed \$100,000 during FY16.

VII. Issues (OPTIONAL) – Identify and explain issues or other activities not described already that are influencing, or could influence, successful execution of your agency’s IT plan and about which DOA/DET should be aware. Be sure to include the issue type and description.

No issues currently exist that will appear to have a potential to impact projects underway, planned or conceptualized at SWIB.