Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

May 29, 2024

2. Department

California State Teachers' Retirement System

3. Organizational Placement (Division/Branch/Office Name)

Technology Services/SAP Solution Center

4. CEA Position Title

Director of SAP Solutions (Final title TBD)

5. Summary of proposed position description and how it relates to the program's mission or purpose.
(*2-3 sentences*)

Under the general direction of the Chief Technology Officer, the Director of SAP Solutions oversees all performance activities of the CalSTRS SAP Solution Center and is responsible for policy formulation, implementation, leadership, and oversight of CalSTRS SAP Program. The incumbent acts as an enterprise advisor and provides centralized oversight, leadership, and governance for large and complex, integrated enterprise business systems vital to CalSTRS long-term sustainability and business continuity and provides the primary oversight and leadership for the transition to cloud-based systems, ensuring that all SAP operations enhance CalSTRS' service delivery and operational efficiency.

6. Reports to: (*Class Title/Level*)

Chief Technology Officer, CEA C, a member of the CEO's Executive Staff.

7. Relationship with Department Director (*Select one*)

☐ Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.

☑ Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(*Explain*): As a member of Senior Leadership, will act as an advisor to the executive management team providing advice and consultation on all enterprise SAP business solution matters related to business continuity and the mitigation of business disruption that have an impact on the investment of CalSTRS portfolio and the payment of member benefits.

8. Organizational Level (*Select one*)

☐ 1st   ☐ 2nd   ☑ 3rd   ☐ 4th   ☐ 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Provide senior leadership, management, and policy direction to build and maintain a robust and responsive SAP Solution Center to address CalSTRS' business system needs. Plan, direct, and organize the work of staff dedicated to CalSTRS business systems support. Develop an enterprise SAP program strategy in alignment with the organization's overall business goals and objectives and translate business needs into SAP Solutions. Develop and implement SAP program policies and strategies that align business system integration and related activities with the goals and objectives of the Strategic Plan to lead in innovation, explore advanced technology, integrate highly adaptive business systems to modernize business capabilities, transform business processes, and drive digital adoption. Provide centralized oversight of SAP systems to maintain the integrity and effectiveness of CalSTRS business systems, enhancing capacity to manage enterprise risks and modernize financial, procurement, human capital management systems, and other business systems efficiently. Attract, develop, and retain top technology talent to strengthen CalSTRS' technical capacity and reduce dependence on external vendors.

Act as an enterprise advisor, providing a single path of governance, oversight, and leadership for all business system solutions. Act as an advisor to the executive management team providing advice, consultation and expertise on all business solution matters impacting business continuity and the mitigation of business disruption. Lead all efforts in the identification, evaluation, and implementation of innovative technologies and solutions to address business challenges, strengthen CalSTRS technical capacity, and foster a culture of innovation throughout the organization. Work collaboratively with executives and business leaders to ensure all enterprise business systems operate in cohesion and that resources are focused on business priorities. Oversee the activities for the collection of new business system requirements to achieve desired business processes and functionality. Evaluate and advise on the impact of long-range planning and the introduction of new programs and strategies.

Set and influence the strategic direction of SAP solutions including the development of short and long-term roadmaps for evolving business solution portfolios from current to future states. Direct the activities necessary for the successful and secure migration of legacy SAP systems to SAP Cloud solutions. Develop, create and implement policies that govern the use of cloud-based systems, ensuring that all SAP operations enhance CalSTRS' service delivery and operational efficiency. Develop governance policies and standards related to architectural compliance concerning the SAP environment. Oversee relationships with SAP solution providers, system integrators, and consultants. Evaluate and select vendors, negotiate contracts, evaluate vendor performance, and ensure service level agreements are met. Oversee priority determinations and approve deliverables and expectations for each SAP solution. Ensure effective management of resources and resolve resource contentions.

Manage cross-functionally and collaboratively to ensure a strong control environment. Ensure the appropriate risk assessments are made when introducing new technology into the organization. Collaborate with the Chief Technology Officer and the Chief Information Security Officer on security and risk issues. Serve as a member of CalSTRS Architecture Standards Council, Project Review Council, Enterprise Information Management Council and Risk Management Review. Stay updated with the latest advancements in technology and industry best practices ensuring CalSTRS' practices align with the latest regulatory requirements and industry standards. Identify emerging technologies and lead technology innovation to explore how emerging technologies can transform business operations.

Act on behalf of the Chief Technology Officer in their absence. Serve as a Senior Leadership representative on other CalSTRS governance councils and organization-wide forums.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

☐ Program is directly related to department's primary mission and is critical to achieving the department's goals.

☐ Program is indirectly related to department's primary mission.

☐ Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The program function to be overseen by the CEA are related to CalSTRS mission to secure the financial future and sustain the trust of California's educators. With a portfolio valued at $330 billion, CalSTRS is the largest educator-only pension fund in the world and the second largest pension fund in the United States. CalSTRS serves California's 1 million public school educators, retirees, and beneficiaries from the state's 1,800+ school districts, county offices of education and community college districts. CalSTRS provides retirement, disability and survivor benefits through a hybrid retirement system consisting of its Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs, and a voluntary defined contribution plan. The Teachers' Retirement Fund is a special trust fund established by law that holds the assets of the CalSTRS Defined Benefit, Defined Benefit Supplement and Cash Balance Benefit programs. CalSTRS members are not eligible for Social Security benefits from their CalSTRS covered employment.

SAP (Systems, Applications, and Products) is the Enterprise Resource Planning (ERP) software system used at CalSTRS to connect all parts of the organization's business management and provide integrated business management solutions and intelligence. There is a critical need for a single path of leadership and governance to build and maintain a robust and responsive SAP Solution Center to address CalSTRS' business system needs. CalSTRS wishes to establish a Director of SAP Solutions to provide strong centralized oversight, leadership, and governance for its large and complex, integrated enterprise business systems requiring staff from multiple branches across the organization to support the organization's financial management, human capital management, and procurement and contract management, which are vital to CalSTRS long-term sustainability and business continuity. These critical functions support the investment of CalSTRS $330 billion portfolio, the payment of $18 billion in annual benefit payments to CalSTRS members and beneficiaries, and the receipt of contributions from members, employers, and the state's general fund. The cash flow from employer and member contributions into the system is critically needed for investment. Every delay that prevents CalSTRS from being able to invest member contributions timely results in opportunity costs to the fund and the inability to realize the gains from investment allocation strategies set forth by the board.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

CalSTRS is requesting the establishment of a CEA to provide direction and oversight for a newly established SAP Solution Center within Technology Services. The proposed CEA will be titled Director of SAP Solutions.

There is pressing need for CalSTRS to centralize the oversight, governance, and leadership of its SAP business systems and establish a dedicated SAP program. CalSTRS has large and complex, integrated enterprise business systems requiring staff from multiple branches across the organization to support the organization's financial management, human capital management, and procurement and contract management which are vital to CalSTRS long-term sustainability and business continuity. These critical functions support the investment of CalSTRS $330 billion portfolio and the payment of $18 billion in annual benefit payments to CalSTRS members and beneficiaries. Currently, the SAP business systems and applications are decentralized across the organization with business owners in Financial Services, Human Resources, Procurement, and Technology Services with no single leader to provide oversight and governance of the SAP program. The lack of centralized oversight and governance has led to disparate and competing priorities and resource contentions between branches and with SAP solution providers, system integrators, consultants, and internal technology staff. These issues have resulted in non-standardized processes, a decline in service levels, inefficient use of resources, increased risks, and costly dependence on vendor support. These issues have become particularly concerning because the financial systems are tightly integrated with CalSTRS pension solution system, BenefitConnect, and have a significant impact on the payments to CalSTRS members and beneficiaries and the receipt of accurate contributions from members, employers and the state general fund. Without centralized and dedicated oversight, it has become more and more challenging to coordinate system integrations and to understand impacts of decisions and changes without communication across the various teams. Importantly, CalSTRS is currently in the process of migrating legacy SAP systems to SAP Cloud solutions. There is critical need for a single path of governance and leadership for the successful and secure migration of the legacy systems to modern cloud systems.

CalSTRS' executive management team has assessed the current disparate SAP organizational structures and has evaluated the existing challenges, issues, and negative impacts of a decentralized SAP program for its business systems that have resulted in significant risks, costs, and inefficiencies and has approved the establishment of centralized and dedicated SAP Solution Center to be placed within the Technology Services Branch. This strategic realignment will consolidate all SAP program staff currently residing within multiple business areas under the leadership of the proposed CEA. The SAP Solution Center will encompass a team of dedicated individuals managed from a common central point. Under the umbrella of the CEA will be business leads and staff with specialized knowledge of the business program areas, IT resources staff, and the various vendors including SAP solution providers, system integrators, and consultants.

CalSTRS uses SAP applications and various modules for the following corporate business functions:

- Financial Management: financial reporting, financial accounting, investment accounting, pension accounting, expense management, funds management, general ledger, accounts payable, accounts receivable, and budgeting. To reiterate from above, these business systems are highly critical to complete monthly payroll to retirees and to receive accurate contributions from members, employers and the state general fund critically needed for investment. These systems tightly integrate with BenefitConnect, CalSTRS future pension solution system.

- Human Capital Management: employee record management, position record management, organization structure management, employee on-boarding and cross-boarding, learning and development, performance management, and employee self-service. Future functions and application modules include succession planning and management, workforce planning and analytics, and career development.

- Supply Chain Management: procurements, asset management, contract management, business partner relationship management, supplier management, purchasing and invoicing, and travel management.

For an institution the size and complexity of CalSTRS, with a fiduciary responsibility for the $330 billion investment portfolio providing benefits of over $18 billion annually and services to over 1 million public school educators, a dedicated CEA is necessary to provide oversight and governance of CalSTRS business systems and applications

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

CalSTRS is unlike most other California State entities that rely on various control agencies to provide administrative functions. Under statute, the CalSTRS Board has exclusive control of the administration, investment, and safeguarding of CalSTRS' assets. CalSTRS is responsible for managing and tracking all contributions and payments and prepares its own financial statements and secures the conduct of its annual financial audit from a certified public accounting firm. Unlike most state agencies, CalSTRS independently conducts its information technology projects, contracts and procurement activities under the oversight of its board and does not rely on the Department of General Services, the California Department of Technology, or the Department of Finance to provide control and administrative functions. CalSTRS information technology projects and procurements are conducted in a manner that ensures that they meet business needs and that expenditures made in their support represent a prudent investment of CalSTRS resources. By centralizing the management of SAP solutions into its own dedicated SAP Solutions Center, the CEA will provide a single path of governance, oversight, and leadership for all business systems solutions within CalSTRS. This centralized oversight is vital to maintain the integrity and effectiveness of CalSTRS business systems.

The Director of SAP Solutions will have the following governance and policy responsibilities for SAP system management that support the payment of CalSTRS pension benefits, and the investment of CalSTRS portfolio.

- Develop and implement SAP program strategy in alignment with CalSTRS' Strategic Plan, goals and objectives to integrate modernized technology capabilities to drive innovation and securely gain business agility for long-term sustainability.

- Develop governance policies and standards related to architectural compliance concerning the SAP environmental infrastructure. Provide direction and definition of solution architecture encompassing business, application, data and technical aspects to support business strategy and business continuity.

- Evaluate and advise on the impact of long-range planning, introduction of new programs/strategies, new regulatory actions, and new legislation, and determine the need for new or updated policies and governance vehicles.

- Develop and implement governance standards and processes to ensure compliance, security, data integrity, and to mitigate risks and prevent material weaknesses across SAP systems.

- Set and influence the strategic direction of SAP solutions including the development of short and long-term strategic roadmaps for evolving enterprise business solution portfolios from current to future states.

- Develop, create, and implement policies that govern the use and security of cloud-based systems, ensuring that CalSTRS practices align with the latest regulatory requirements and industry standards.

- Develop and execute change management strategies to ensure smooth adoption of SAP systems.

- Serve as a member of CalSTRS Architecture Standards Council, Project Review Council, Enterprise Information Management Council and Risk Management Review. Serve as a Senior Leadership representative on other CalSTRS governance councils and organization-wide forums.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The Director of SAP Solutions reports directly to the Chief Technology Officer and will have full decision making authority in the development, establishment, and implementation of a new CalSTRS SAP Solution Center. The CEA will provide senior leadership, management, and policy direction for the work activities and performance of the SAP Solution Center and will plan, direct, and organize the work of staff dedicated to CalSTRS business systems. The CEA will have full authority to develop and implement SAP program policies and strategies that align business system integration and related activities with the goals and objectives of the Strategic Plan to lead in innovation, explore advanced technology, integrate highly adaptive business systems to modernize business capabilities, transform business processes, and drive digital adoption. The CEA will provide a single path of governance, oversight, and leadership for all business systems solutions within CalSTRS and will act as an advisor to the CalSTRS executive management team providing advice and consultation on business solution matters related to business continuity and the mitigation of business disruption that have an impact on the investment of CalSTRS portfolio and the payment of member benefits.

The Director of SAP Solutions will have full authority to act as the enterprise chief advisor and to manage cross-functionally and collaboratively with CalSTRS executives to ensure a strong control environment, strategic leadership, and necessary stewardship for the SAP solutions. The CEA will collaborate with branch executives and other senior leadership across all business functions and ensure all business systems that support financial management, human capital management, and supply chain management, operate in cohesion and resources are focused on business priorities. The CEA will evaluate and advise on the impact of short and long-range business system planning, including the introduction of new programs or strategies requiring modernized business system technologies. The incumbent will be charged with the responsibility to provide leadership and technical expertise to grow capabilities and culture to support a strategic and innovative mindset, strengthen CalSTRS technical capacity, bring configuration and technical skills in-house, reduce dependence on costly vendors, and communicate the value of SAP as a strategic asset.

In addition to the above, in this role the CEA will:

- Oversee relationships with SAP solution providers, system integrators, and consultants, evaluate and select vendors, negotiate contracts, evaluate vendor performance, and ensure service level agreements are met.
- Oversee priority determinations and approve deliverables and expectations for each SAP solution.
- Ensure effective management of resources and resolve resource contentions.
- Navigate legislative and regulatory changes (e.g., GFOA, GASB, FASB, SEC, IRS, etc.) that impact each SAP solution.
- Develop strategies that spearhead change management and drive continuous improvement.
- Develop strategies to identify and mitigate material risks including those that impact the payment of member benefits as well as information security risks.
- Oversee division budget and seek funding as required for SAP solutions.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The SAP Solution Center is a new initiative within CalSTRS that necessitates the development and implementation of new policies for centralized oversight and governance. As technology progresses, the need for new policies and standards becomes ongoing. The CEA will be responsible for formulating and directing the development and implementation of new or revised policies and procedures required by legislative changes, policy updates, or information system modifications. CalSTRS cannot afford to be complacent with systems and technologies that support the delivery of member benefits, totaling $18 billion annually, and the management of CalSTRS' $330 billion investment portfolio. The cash flow from employer and member contributions is critically important for investment purposes. The Director of SAP Solutions will be the primary leader to oversee the transition to cloud-based systems, ensuring that all SAP operations enhance CalSTRS' service delivery and operational efficiency.