

MODERNIZING TODAY

United States Office of Personnel Management
Retirement Programs

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The Modernization Effort—A Look at our People, Process, and Technology

Ed Flynn, Associate Director
for Retirement and Insurance



Retirement Program employees serve Federal employees and annuitants across the globe. We provide responsive customer service and timely and accurate payments to our annuitants wherever they are. Consider this—

- More than 1.7 million annuitants and more than 600,000 survivor annuitants receive retirement benefits here and overseas
- During 1999, we processed approximately 77,000 retirement applications under the Federal Employees and Civil Service Retirement Systems and approximately 85,000 survivor claims

- More than two million Federal employees are in over 100 agencies worldwide in all three branches of Government and the U.S. Postal Service
- OPM's current retirement technology is 30 years old with software that lacks integration and the ability to share data

Although our customer satisfaction rating remains relatively high today, you can see that yesterday's processes and technology will not be able to keep pace with the changing and growing needs of our customers. That is why I firmly believe in the Modernization effort. We are working to—

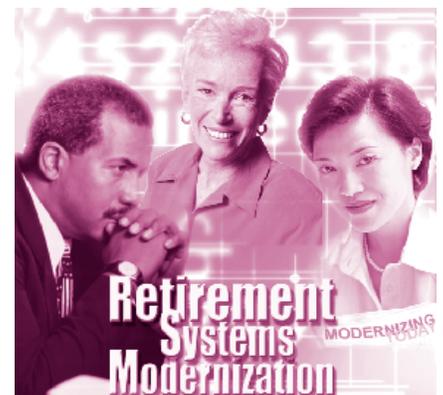
- Assess the best way to reengineer retirement system business processes and utilize technology so we can continue to lead in the delivery of earned benefits to our customers
- Determine what tools and training are needed by Retirement Program employees
- Learn what our customers want, need, and expect
- Hold ourselves accountable by

establishing performance measures that track the progress of our Modernization effort

I invite you to read more about the Modernization effort in this issue. We have a variety of articles including—

- An interview with the Director of the Retirement Operations Center in Boyers, Pennsylvania
- Updates on the information technology and performance measures
- A new Modernization puzzle

Have questions or comments?
Email the author at
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Modernization effort— *A strategic initiative to rethink, reevaluate, and ultimately reengineer the various processes that support and provide retirement services.*

JULY 2000

Technology Update

By Joyce Ludwig
Business Systems Reengineering Division



The March 2000 issue gave you an idea that the purpose of a technology architecture is to define the major kinds of technologies needed to support the reengineered effort. This

article explains what we are doing currently to create the technology architecture.

Now that we have drawn up a blueprint for the Member Administration core process, it is time to begin creating technical requirements for it. The technical requirements say what the system must do to support the new way of doing business that we designed in the blueprint.

As we complete each blueprint, we will create a new group of technical requirements for that blueprint. We need requirements to document what we want from

the automated system. They are the first step toward creating the software we will use.

COTS Packages

While we are creating the technical requirements for the Member Administration blueprint, we will have IBM investigate COTS packages. COTS means Commercial Off-The-Shelf (software), which is simply ready-made software. An example of a COTS package is your word processor. For the retirement system, IBM will investigate larger COTS packages, such as ones that might handle the

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Quotable Quote

From the Federal Human Resources Data Network Program Manager

John C. Moseley

"Record keeping for the Government's workforce is in need of substantial change. Anyone who has transferred between agencies knows the feeling of becoming a new Federal employee all over again! And sometimes with ill effects: the inadvertent termination of health insurance coverage or goofed up leave balances to name a couple.

Creating, extracting, moving, and piling paper for filing in a folder, a folder which has to be found, extracted, opened, filled, and placed back in storage, has become obsolete. With the Retirement Systems Modernization effort and the Human Resources Data Network Program, the idea that a number of diverse, transactional systems can be linked to allow the flow of information between Federal agencies is becoming a reality."

Read more about the Human Resources Data Network Program in Mr. Moseley's article to appear in the Fall issue of Modernizing Today.

Technology Update

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annuity roll. Part of IBM's investigation is to decide how many Commercial Off-The-Shelf packages are out there that could meet our needs and whether very much customization would be needed. Large COTS packages usually need some work to make them meet all your needs. The idea is to try to find ones that don't need too much work. Of course, there are other considerations, such as price.

Eventually, we will compare all this to the cost and benefit of creating our own custom software. If we can find the right COTS package, it can save time and money; the wrong COTS can be a headache. For the time being, we only want to get a good idea of what is out there so we can consider it as we create the architecture.

Database Software and the Data Exchange Gateway

Another reason for looking at the COTS packages is to select what database software we will use. Large COTS packages may require using a particular database software, so we must learn what our database choices might be so as not to exclude any COTS package we might want. The database is key to the success of Modernization effort.

IBM will also plan a pilot for the Data Exchange Gateway. The Gateway is the beginning of electronic retirement data exchange with agencies. Eventually, we won't need to exchange paper records.



We will select candidate agencies and create a working group to identify the information we will exchange during the pilot. Our planning must address many items, including the technical procedures—the method by which the data will be sent—and security.

What does it all mean?

We need these activities to complete the technology architecture, which is the foundation for the software programs you will use. Using pilots and COTS packages will also bring us some early

results while we complete the architecture. We want to have benefits from the Modernization effort as early as possible and also follow correct system development processes.

Have questions or comments?
Email the author at
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Modernizing Today Interviews... Don Lacey

By Delberta Grossman and Sandy Ringler



On June 16, 2000, Don Lacey will have 25 years of service with OPM. He remembers his first day well, since it was also his oldest daughter's second birthday. Don began his Federal career as a GS-4 Benefit Payment Roll Clerk, in the Survivor Annuity Service Section (SASS), with Lee Jones as Section Chief and Gertrude Prather as Unit Supervisor. Don fondly remembers those early days, spent working in the trenches with Jimmy Friert, Tom Smith and Bill Cunningham; and he continues to value those friendships and working relationships to this day. Don became the Director of the Retirement Operations Center (ROC) in May of 1995, making him only the third ROC Manager in its 40-year existence. Don has proven to be a valuable asset in the Retirement Systems Modernization (RSM) effort. His knowledge of the program, enthusiastic support of Modernization, and commitment to successful business process reengineering have combined to add value to the Modernization effort.

MT. The Modernization effort is an important key to our future, affecting each one of us by dramatically changing the way we do business. Can you tell us what your personal goals for Modernization are, as Manager of ROC?

Don. My primary goal would be to reduce, if not eliminate, the need for paper records in doing our work. The reasoning behind this goal involves delays in accessing the records and the impact this has on customer service, the space needed to maintain these paper records, and the fact that the current hard copy record processes represent a substantial drain on our limited resources. These efforts could be redirected and better utilized in more direct customer service, such as in the role of Customer Service Representatives. Obviously, the elimination of our paper records would require new automated technology, which is an important part of the overall Modernization effort. Also, the needs of our customers are changing, and one of the goals is to make our organization more adaptable to meeting these changing needs.

MT. Do you feel the Modernization effort is on schedule, with respect to both the short-term and long-term solutions necessary to take us from where we are today, to meet the challenge of the future?

Don. I feel, with all things considered, that we are on schedule. However, I wish that we could

speed up the overall process, especially in the area of electronic data feeds from the agencies.

MT. Employees are concerned about how the new technology will impact their jobs and opportunities for career advancement. What encouraging advice would you offer them?

Don. Yes, I think the employees do have concerns. They want to know, 'Where do I fit in the scheme of things?' or 'What is my role in this effort while it is being initiated and after it is completed?' I do encourage all employees to take advantage of any and all learning opportunities. Some suggestions may be volunteering for details and projects, utilizing the Learning Centers, signing up for home study courses, or taking classes through local colleges. Employees should increase their participation level all around and take the initiative to commit to continuous learning. Their jobs will not go away; there will be plenty of work to do, ample employee training on the new technology, and opportunity for career advancement during and after the Modernization effort.

MT. Can you explain how the five member agencies of the Modernization Agency Advisory Committee are working with OPM to ensure smooth and successful transition of changes made through the Modernization effort?

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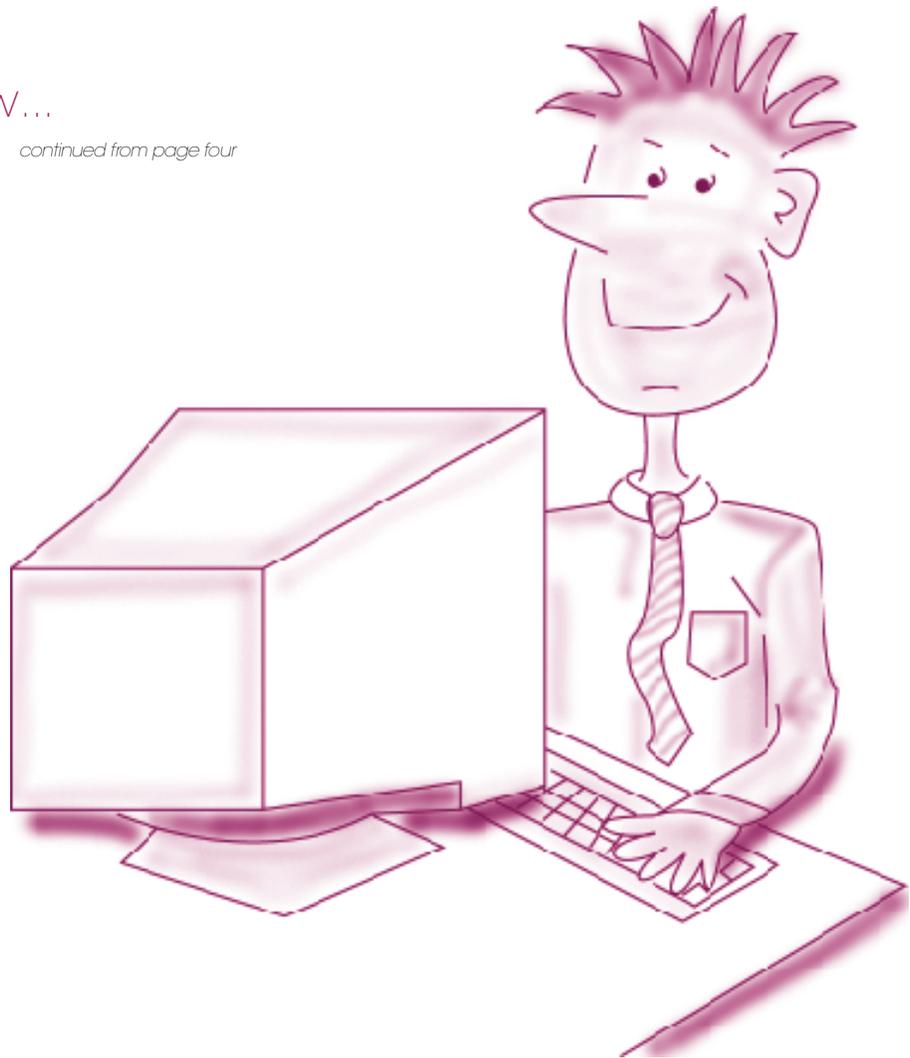
Don Lacey Interview...

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Don. Bringing their insight to the table has helped with the transition to date. These Agencies are essential stakeholders to this process. Communication and information from stakeholders help us develop ways to meet their needs and helps us all realize we are part of the process. Working with the agencies makes us more aware of the true partnership we have—to provide service to the Federal community in the administration of retirement, health and life insurance programs.

MT. The Modernization Project Team has looked at the people, processes, and technology currently operating the Retirement Program, and has asked the question, "What can we change to drive the retirement program to operate at its fullest potential?" Of the three areas identified for change, (1) new processes, (2) new technologies, and (3) expanded capabilities of employees, which do you feel will be the most important factor in a successful Modernization effort and why?

Don. It must be a melding of the three, and for it to be successful, we will need to balance all three. We cannot institute new procedures and receive maximum benefit without new technology being in place or without having expanded the capabilities of the employees to use new technologies; this may be one of the biggest challenges facing us. The three must be accomplished simultaneously to be effective.



MT. Don, in conclusion, is there anything else you would like to add?

Don. I have been, I am and I will continue to be committed to the Retirement Systems Modernization effort. I have demonstrated my commitment by my level of participation in this effort. I see great accomplishments resulting from the Modernization effort, for example, the new 'Federal Retirement Benefits Booklet'. The response from our customers on this informational booklet indicates very favorable reaction to the information being provided.

I do want to thank all of the employees who participate in the Modernization effort, especially those here at the Retirement Operations Center. Being 300 miles away from Washington Headquarters requires extra commitment because of the travel involved to fully participate in the effort. The Retirement Systems Modernization effort should ultimately be able to provide the systems, tools and support to enable the employees to meet our customers' needs in a more effective and efficient manner.

Have questions or comments?
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Assessing How Well We Work— The Performance Measurement Program

By Diane Tyler and Fred Diehl



We have all done self-assessments, examined where we are personally or career-wise, and have made decisions based on our findings. We have even given ourselves goals. An organization does the same to maintain its health and vitality—that is why a Performance Measurement Program like ours is important. In our March issue, we introduced Performance Measurements to you. Now we wish to explain more about these measures.

What are the Modernization effort's performance measures?

Each measure is a snapshot of how well the organization and the Modernization effort is meeting different objectives. We have strategic measures that indicate how well the Modernization effort is doing as a whole and more specific operational measures that indicate how well different core processes are performing. These measures are not only unique to the Modernization effort but reflect the goals of the Retirement and Insurance Service.

Whether we are talking at the strategic or operational level, the Performance Measurement

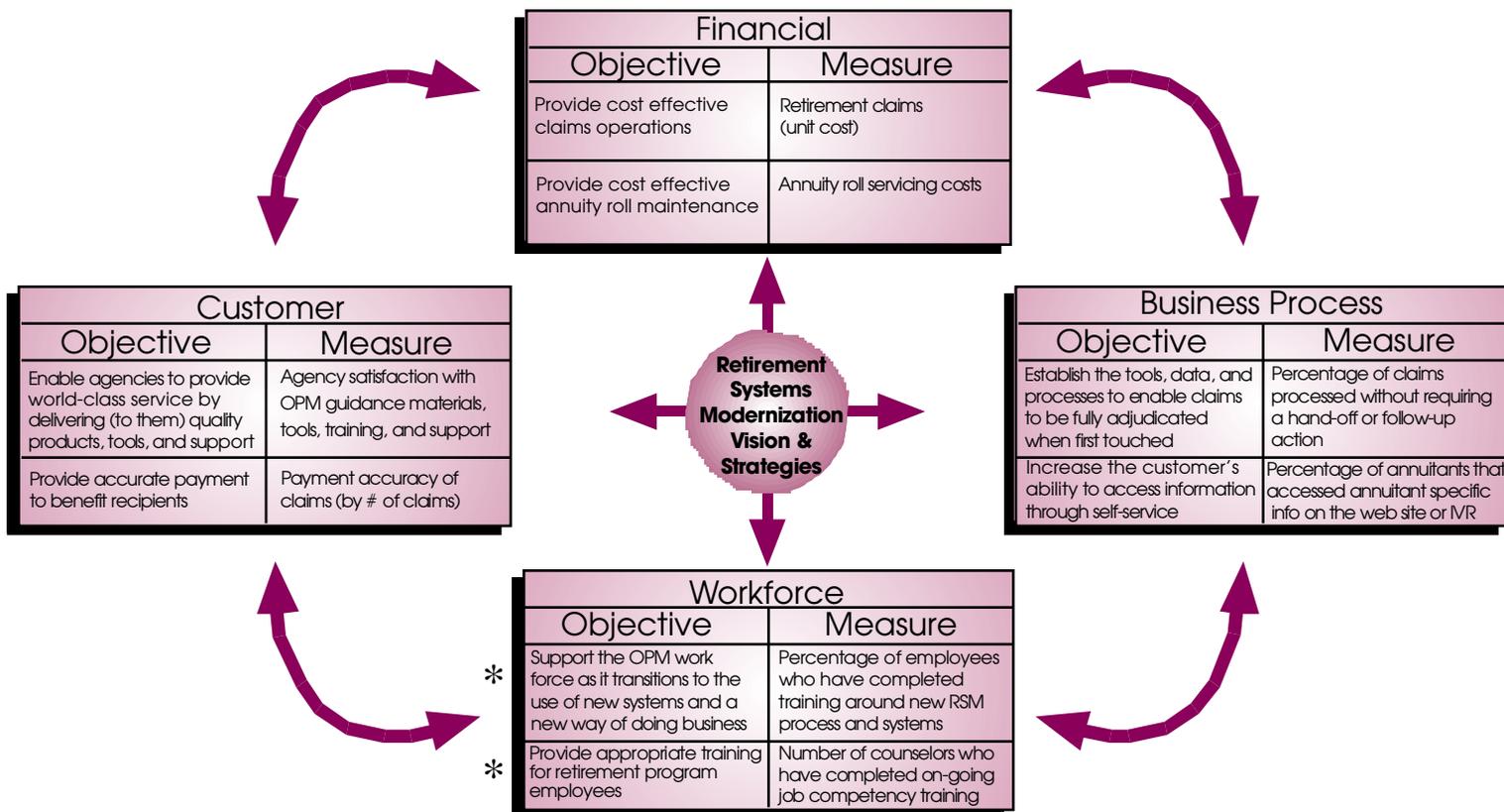
Program will measure results from the Financial, Customer, Workforce, and Business Process categories.

The following composite chart illustrates that our measurement program uses a program-wide perspective by measuring OPM performance as well as agency performance.

Targets and baselines

Measures need targets to aim for and a baseline to work from. For example, we know that under today's environment it costs \$111 to process each retirement claim. This data gives us the baseline for the measure 'Retirement Claims

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*The Modernization team will make sure there is no degradation of service while we make the transition.

Performance Measurement Program...

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(unit cost)', shown in the chart. We have set a target of \$27 for this measure which is a big change. However, the Modernization effort will change the way we do business (for example, shared data, increased self-service access, new tools, streamlined processes) and will result in dramatic improvements and efficiencies that will help us reach our targets.

While we still need to set some of the baselines for our measures, we have established targets for the majority of them.

Long-term versus Interim implementation

We will fully implement our measurement program once the technology architecture and blue-printing are complete. In other words, some of these are long-term measures for processes and systems not yet in place. We needed to identify them now to ensure that we build our new retirement system at the highest level of performance reasonably possible and that these modernized systems can capture and report additional measurement data.

Until the modernized systems are in place, we will use interim

measures and current system capabilities and reporting mechanisms. This way, we can track the impact that incremental changes are having on our processes.

What's next?

The Modernization team will work with offices like OPM's Financial Management Division, Management Information Branch, Quality Assurance Division, and others as we continue to refine our Performance Measurement Program. We will keep you posted on our progress.

Have questions or comments?
Email the author at
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Focus on the Customer

By Bob Kane
Business Systems Reengineering Division



In the last issue of *Modernizing Today*, Ed Flynn, Associate Director for Retirement and Insurance, talked about the series of thought-provoking meetings that we conducted with our Federal employee and human resource customers last fall. Since that time, we have conducted additional meetings with retired Federal employees who are receiving benefits from us to listen to their ideas on the Modernization effort. We also

talked with Retirement and Insurance Service (RIS) employees from Washington, DC, the Tele-Service Center in Pittsburgh, Pennsylvania, and the Retirement Operations Center in Boyers, Pennsylvania about their thoughts on the Modernization effort and their suggestions for change. We will be continuing our "Focus on the Customer" efforts in the upcoming months by conducting additional sessions with Federal

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Focus on the Customer...

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agency human resource representatives. These sessions ensure that we are incorporating feedback from all of the customers of the Retirement Program.

The most recent sessions provided valuable information on our customers' expectations for the modernized system, and we also confirmed, by tremendous positive feedback, their satisfaction with service improvements made over recent years. The sessions with RIS employees reinforced the vision of Retirement Systems Modernization, validated that our vision is on track and confirmed that our employees are dedicated to their work and want nothing less than to provide world class service to our annuitants.

In general, the themes of the retiree customer and the RIS employee sessions were the same, with customers focused on how to gain access to our services and

information and RIS employees focused on the tools and information needed to provide top quality service to the retirees. Specifically:

- Retirees focused on being able to access retirement system information and services through a variety of methods but emphasized their need to speak to a knowledgeable, customer-oriented individual ("a real live person") when needed. RIS employees were focused on the tools, technology, and information needed to respond to our customers with out having to refer them to other places, or delay the response while waiting for needed information from paper files or outside sources.
- Retirees were very concerned about making sure important information is available to survivors when the retiree passes, while RIS employees

were very concerned about the way we deal with survivors and provide assistance to them during a very trying time in their lives.

- Retirees expressed a desire to be able to get the information they need or speak to a knowledgeable person without being transferred. RIS employees were concerned about servicing annuitants after they had been transferred and rebuilding the inquirer's confidence in RIS, as well as providing correct information.

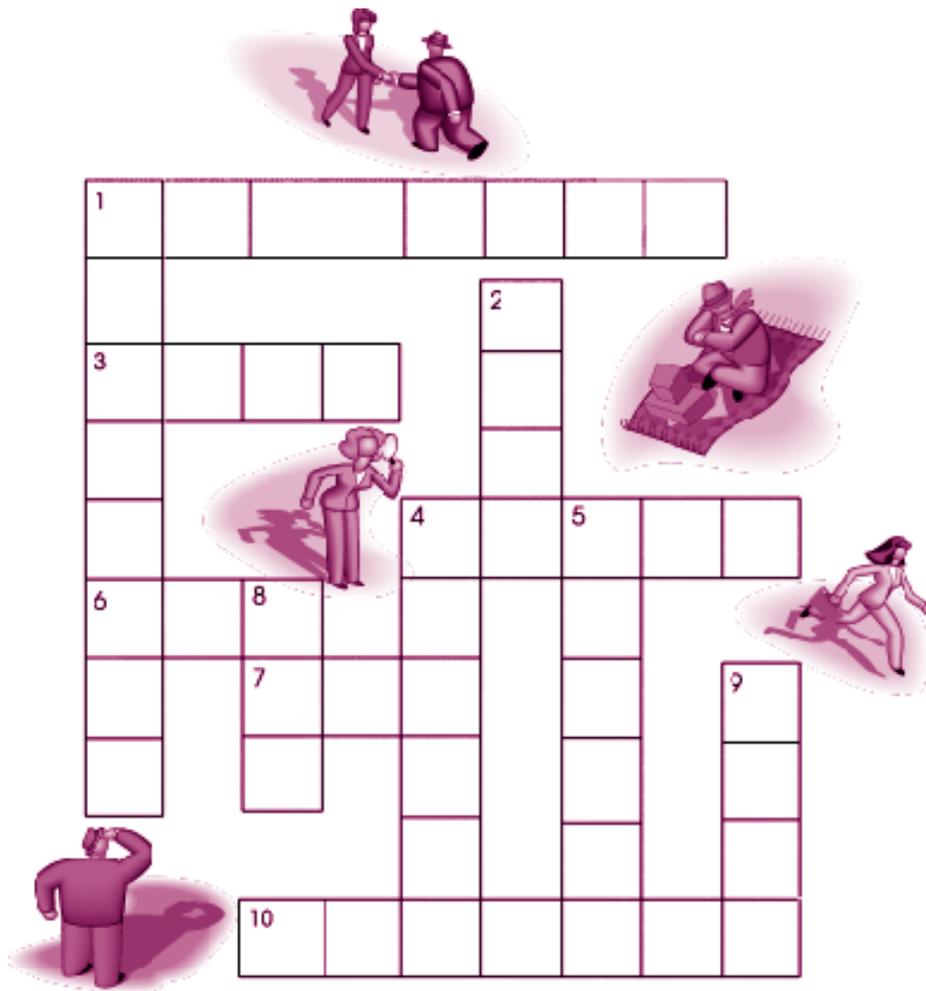
As we bring the Modernization from a vision to a reality, the concerns, expectations, and ideas expressed by customers and RIS employees will ensure that we build a system that will enable us to continue to provide high quality customer service in the 21st century.



We would especially like to thank the National Association of Retired Federal Employees National Headquarters staff and the NARFE Chapters in Alexandria, Virginia, Albuquerque, New Mexico, San Diego, California, and New York, New York. Their hospitality and participation enabled us to talk with retirees, their spouses, and survivors who receive benefits from Civil Service and Federal Employee Retirement Systems.

Have questions or comments?
Email the author at
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Modernization Crossword



Across

- Employees will have user- _____ software that will enable them to perform retirement estimates based on different scenarios. (Hint: see the "I'm Glad You Asked" section)
- The Modernization effort is not a big- ____ process—it is a phased approach that focuses on incremental changes. (Hint: rhymes with "sang")
- ____ Townley is the Leader of the Benefits Calculator Development Team (Hint: he was interviewed in the March issue of Modernizing Today)
- One of the Modernization team contractors who wrote articles on blueprinting and the To be models. (Hint: first letter begins with "A")
- The Modernization team contractor who is working to define the technology architecture. (Hint: first letter is an "I")
- What our Modernization Performance Measures Program is striving to hit. (Hint: Robin Hood could always hit these)

Down

- This was the month that *Modernizing Today* was first issued in 1999. (Hint: this is the month for hearts and chocolates)
- We use this term to describe our high level model of the modernized retirement system. (Hint: part of a famous phrase uttered in the Shakespeare play Hamlet)
- We have completed the blueprints for the _____ Administration, Claim To Payment, and Annuity Roll Maintenance core processes. (Hint: clue can be found in #8 down)
- The Modernization web site address is:
www.opm.gov/____/modern.
- The Modernized retirement system contains ____ core processes. They are Member Administration, Employee Withholdings, Benefits Counseling, Claim to Payment, Annuity Roll Maintenance, and Trust Fund Management.
- The Modernization effort has already resulted in Early ____ such as the Benefits Calculator and Benefits Booklet. (Hint: what avid sports fans want their teams to have many of)

Answers can be found on the Retirement Systems Modernization Web site:
www.opm.gov/retire/modern.



I'm Glad You Asked

At the focus group sessions you mentioned electronic storage. If all the information is going to be electronic, how do you keep from losing the information?

Actually, maintaining a Federal employee's work history electronically in a centralized database is more secure and reliable than keeping it in paper storage in different locations. Technology tools allow us to either scan paper documents directly into the database or key retirement data into the database file via a personal computer. Electronic storage means an end to lost pieces of important papers, for example, prior military service or Postal Service employment. By maintaining a database called the Retirement Data Repository (RDR), we can start a new file as an employee is hired and periodically update that file electronically. As the employee moves from agency to agency or from one Federal appointment to another, the appropriate staff would be able to access their benefits file.

The likelihood that we will lose electronic retirement data is even smaller than with paper records. But, we will maintain a back-up electronic copy in the event the original electronic file is destroyed or loses integrity. The bottom line is that electronic storage gives us quick and secure access to an employee's Federal service and makes customer service so much easier when all the information is at the employee's fingertips.

How are we going to get the retirement information that is in the Retirement Operations Center into electronic format?

This is definitely an issue, but one we can solve with technology. IBM, along with other members of the Modernization team, will be looking at a variety of ways to accomplish this, such as indexing and scanning into the database files of employees as their agencies decide to participate in the Modernization effort. We will initially focus on populating the

repository database (mentioned previously) with data from newly hired Federal employees. This will give us a good sample to work with as we move towards addressing larger files like those in Boyers.

Are customers going to be able to estimate their retirement benefits?

Yes they will. We will have software applications that can run different retirement scenarios not just estimates—for example an employee could do a retirement calculation with a survivor annuity and another calculation without the survivor annuity, another with a paid redeposit and another without the redeposit paid and so on. Federal employees will be able to access the software from their desktop PCs or from home if they have Internet access. This software will be user-friendly, be one standard version used by all Federal agencies, and will pull in data from the electronic Retirement Data Repository (another reason why electronic storage is important). With the software and proactive benefits counseling by their agency, employees will be more prepared than ever for retirement.

Okay, so you've told us about the new software tools that employees can use to run different retirement scenarios. What else can we expect in the near future and how about three to five years from now?

I'm Glad You Asked...

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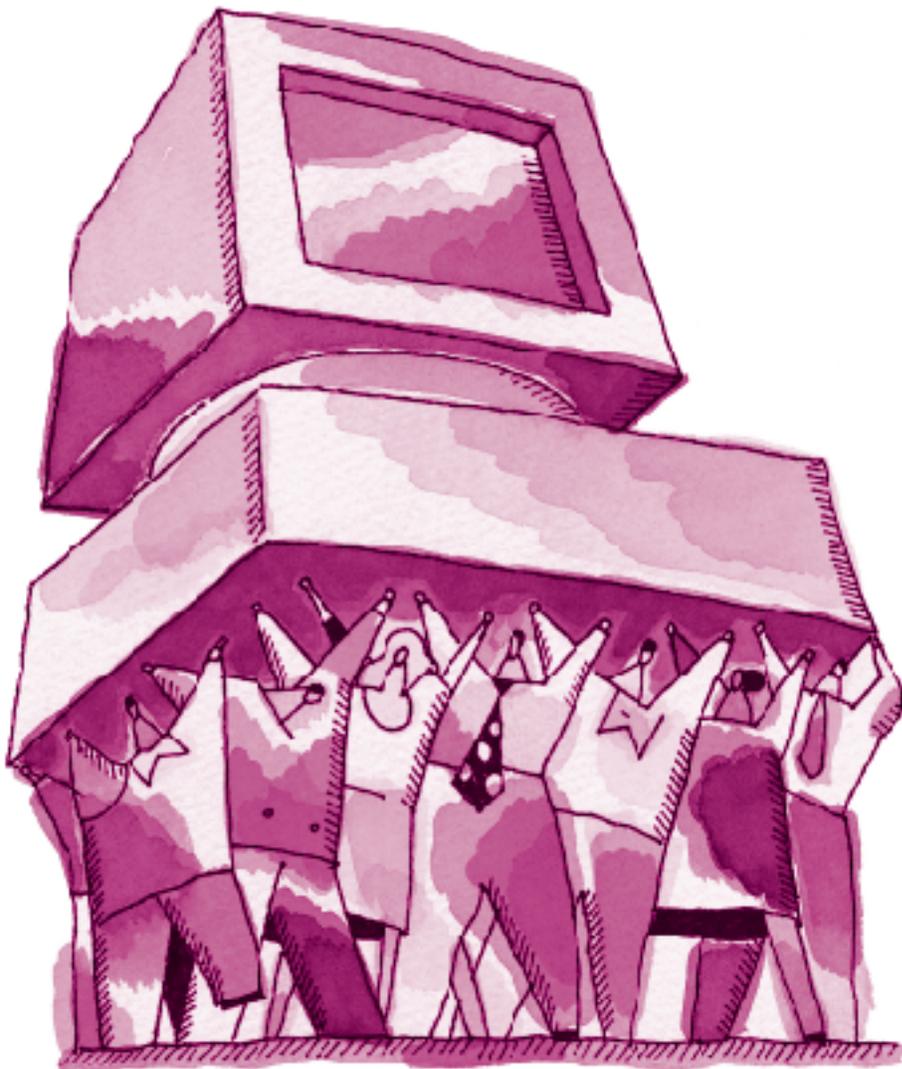
We know everyone is anxious to see the end results of our effort but we still need to carefully plan Modernization as we work with our stakeholders. At this time, we are designing the 6 core processes that make up the retirement systems and the technology architecture that will support them. You read about both of these in our last issue and we have a technology architecture update in this one.

In the short term, we will:

- Develop and pilot the first version of a Coverage Determination Application tool that agencies can use throughout an employee's career to verify that they are in the correct retirement system.
- Design and pilot the technology to capture employee retirement data electronically. This is the first step toward electronic record keeping for all employees.
- Complete the design of the modernized system, including the technology design.
- Develop an implementation plan and organization blueprint to map how we will move from where we are today to the modernized system, including the training plan.

In the longer term, you can expect:

- More and more agencies will be exchanging retirement data with the Office of Personnel Management electronically.
- Federal employees will start to receive proactive counseling notices at different times in their Federal careers—notice that might remind them to prepare to make a military deposit for example.
- Employees participating in and supporting the retirement program will have more tools to plan for retirement and know the actual amount of retirement benefits before retirement.
- Annuitants will have more options to access information about their benefits than by phone or mail, for example, via the Internet and email.





Have Questions or Suggestions?

We'd like to hear what you think! There are several ways to get more information about the Modernization effort, or provide feedback.

Contact BSRD

Retirement and Insurance Service's Business Systems Reengineering Division (BSRD) supports the Retirement Systems Modernization (RSM) effort and manages the communication process. To find out more about the Modernization effort, please email us at: askrsm@opm.gov or write us at U.S. Office of Personnel Management, Business Systems Reengineering Division, 1900 E St. NW Room 3H28, Washington, DC 20415-3400; or fax us at (202) 606-0548.

Look us up on the World Wide Web

If you have Internet access, you can visit the Retirement Systems Modernization Web site at: www.opm.gov/retire/modern. Past *Modernizing Today* bulletins and notes from the focus group sessions can be found on the Web site.

Late-Breaking News

OPM has expanded the services available at Services Online, an interactive retirement Web site. Annuitants can now change mailing addresses, sign up for direct deposit, and make allotments to organizations. Check out the options available at www.servicesonline.opm.gov and look for an article about the site and its developers in our Fall issue.

Modernization Communications Committee Members

From the Agency Advisory Committee

Eleanor Ratcliff
Department of Agriculture
Syrena West
Department of Defense

From OPM's Retirement and Insurance Service

Chris Brown
Management Information Branch
Marty Ehrlich
Business Systems Reengineering Division
Phil Gardner
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