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Correspondence Memorandum

Date: February 24, 2023
To: Budget and Operations Committee
From: Michelle Baxter, Director
Office of Enterprise Initiatives
Subject: ETF's Transformation Update

This memo is for informational purposes only. No action is required.

This memo is a presentation of the Department of Employee Trust Funds long-term transformation journey moving from serving customers as we can to supporting customers as they prefer. The purpose is to provide the Committee more context relative to ETF's overall strategic goals; objectives and desired outcomes; annual strategic initiatives; biennial budget requests; proposed legislative and administrative code changes; and other ETF activities that effectuate changes to transform the agency. Updates will be provided periodically, but no less than annually.

Background

ETF has four strategic goals:

- Create an effortless customer experience.
- Implement outcomes-driven performance measurement and process management.
- Build a talented and agile workforce.
- Implement modern, secure, and resilient information technologies.

ETF's transformation efforts, which are critical to accomplishing these goals, focuses on outcomes affecting people, process, technology, data, and governance across the enterprise. The Transformation is a multi-year effort and comprises several initiatives that will upgrade and modernize our technologies, processes, workforce, and improve

Reviewed and approved by John Voelker, Secretary
Electronically Signed 03/07/23

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customers' experiences with ETF. This will move us from our current state of serving customers as we can to our desired future state of supporting customers as they prefer. Current planned initiatives are annually set by ETF's Strategic Council, with input from other agency governing groups, including the Agency Management Council and the Portfolio Committee. To set and execute on strategic initiatives, consideration is given to our operating budget and resources. These same groups oversee the progress of initiatives relative to the day-to-day operational demands of administering benefits and recommend course corrections as needed.

Customer Experience

To create an effortless customer experience, ETF has several objectives, including:

- Determine the strategy, programs, and organizational infrastructure needed to drive customer experience improvements,
- Increase employer competency for managing employee benefits, and
- Ensure program sustainability.

Current Focus Areas:

- Continuation of ETF's Customer Experience Vision, which is, "Our customers feel empowered and trust us to meet their needs through personalized, convenient, and helpful interactions".
- Development of a high-level customer experience roadmap to guide future work.
- Implementation of a training application to support employer data and engagement strategies.
- Implementation of Group Insurance Board-approved initiatives.

Performance & Process Management

To implement outcomes-driven performance measurement and process management, ETF has several objectives including:

- Improving operations through effective process management, performance metrics, controls, and improvement initiatives, and
- Optimizing processes to leverage capabilities of modern technologies initiatives.

Previous work to create a business capability model, maturity framework, and development of ETF's scorecard has set the stage for continued work within this area.

Current Focus Areas:

- Optimizing processes to leverage the capabilities of the new technology and streamline operations.

- Documenting current state Insurance Administration processes to be used to identify optimizations and ensure the system is configured to meet ETF's business requirement.
- Documenting future state Insurance Administration processes within ETF's business process management software to allow for ongoing management and measurement.
- Identifying and documenting current state Pensions Administration processes as time permits.
- Continuing process improvements efforts. Two notable improvements providing significant value are highlighted in the ETF Organizational North Star Metrics report.

Talented Workforce

To build a talented, diverse, and agile workforce, ETF has several objectives, including

- Attract, and advance top talent.
- Advance employee development through meaningful and intentional performance management approaches.
- Build the culture, recruitment, and retention practices that will make ETF an equitable and inclusive organization.

Current Focus Areas:

- Application and measurement of core and leadership competencies.
- Rollout of new job-specific competences for all positions within ETF job families.
- Use of a performance management system to identify needs and develop staff to work in new ways as we transform.
- Implementation and analysis of a recruitment diagnostic tool to better understand ETF's recruiting process effectiveness, quality of hires, and the impact of employee value proposition.
- Implementation of diversity, equity, and inclusion efforts identified in the ETF Equity & Inclusion Plan.
- Development of a performance management learning program, including redesigning the ETF Leadership and Emerging Leaders training programs.
- Increasing Data Literacy across the enterprise.

Modern Technologies

To implement modern, secure, and resilient information technologies to support an effortless customer experience, ETF has several objectives including,

- Developing and deploying solutions to support an effortless customer experience that enables accurate self-service and timely benefit administration services,
- Integrating systems and data to support an effortless customer experience,
- Preserving the safety and security of all ETF systems and data through standard practices, appropriate security controls, risk management and information security, and
- Strengthening the required infrastructure to support and integrate with modernized systems.

Modernizing technologies within ETF's transformation was initially focused on technology and data management foundational capabilities, including development and alignment of technical, business application and data architectures. A strong foundation is critical to support ETF's modernized business applications, including our Enterprise Content Management System, Insurance Administration System, Pension Administration System, and potentially a Customer Relationship Management system.

Current Focus Areas:

- Design, configuration and testing the Insurance Administration System.
- Selection of an identity proofing solution to ensure individuals trying to access our systems are who they say they are.

For detailed project updates reference the Modernization document link.

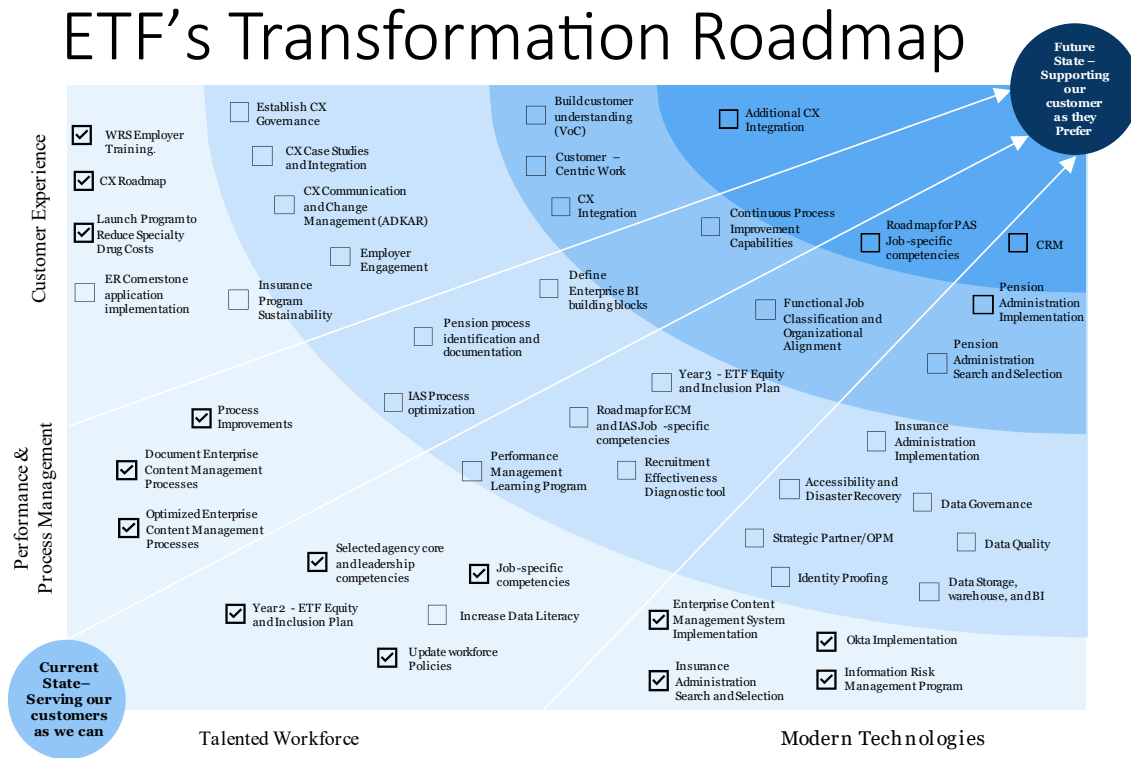
Key Risks and Issues

Transformations are inherently risky, and ETF's Transformation is no exception. With a transformation of this size and complexity comes risks and issues that must be addressed throughout the transformation. The following are key risk areas that are being monitored.

- People Resource Risks
- Budget Risks
- Third-party Risks
- Customer Risks
- Organizational Change Risks
- Federal and State Mandates

Transformation Roadmap

Below is ETF's Transformation Roadmap for reference. This will be reviewed and updated periodically to ensure that we continue to stay organizationally aligned in implementing the initiatives under each of the four goals as we progress toward serving our customers as they prefer.



Revised: 02.27.2023

Staff will be available at the Board meeting to answer any questions.