

Iterative Project Report for Programs & Multi-Year Phased Projects

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GENERAL INFORMATION

Program/Project Name: Investment Management Systems Strategy (IMSS)

Agency Name: North Dakota Retirement & Investment Office (RIO)

Project Sponsor: Nitin Vaidya

Project Manager: Brenda Bulawa

PROJECT DESCRIPTION

North Dakota Retirement & Investment Office (RIO), on behalf of the North Dakota State Investment Board (SIB), has been granted the authority to expand its investment management program. RIO has procured the Aladdin System as a Software as a Service (SaaS) product from BlackRock Financial Management, Inc., for its Order and Execution Management System (OEMS) and Portfolio Management System (PMS).

RIO will address the need for a data warehouse in addition to a third-party data exchange to integrate data and analytics across all investment strategies, including the internal direct strategy. The data exchange will enable the investment and fiscal operations teams to create custom analysis and data validation/transformation as needed.

BUSINESS NEEDS

1. The Internal Direct Investment Team (IDIT) needs an Order and Execution Management System (OEMS) and a Portfolio Management System (PMS) to allow them to function – without OEMS the IDIT will not be able to execute the investment strategy required of it. These systems include the following needed features:

- a. Pre-trade analysis
- b. Transaction Execution
- c. Market Data
- d. Curation of Data
- e. Portfolio Modeling and Management
- f. Post Trade Actions
- g. Compliance Monitoring
- h. Real-Time Investment Book of Records
- i. Reporting

RIO currently has a Portfolio Management System (PMS), but it does not have the full capabilities the IDIT need. An updated PMS is needed for the IDIT to function and will also benefit the current investment team. Such a portfolio management system will include daily performance, risk and position analytics as well as a dashboard among others that facilitate more timely and effective investment decisions.

2. To better serve our clients and the state of ND, RIO needs a centralized repository for all Fiscal and Investment data – a Data Warehouse. The assets under management (AUM) have grown from \$13.7 billion to \$21.8 billion over the past 6 years. The current investment team has grown from 3.5 FTEs to 8 FTEs in the past two years and will grow to 13 FTEs by the end of the current biennium. This growth has been accompanied by additional accountants and operations staff. This increased specialization has highlighted the need for improved data analytics. Current access to data is disparate, via multiple third-party vendors. Further, we are currently dependent on our custodian for all current and historical data. We need to have this data stored in our own data warehouse and build history, so we have control of our data for use as needed in custom and on-the-fly analytics.

3. RIO sources data from multiple third-party vendors: our custodian bank, risk analytics, performance database, proxy voting database. A Data Exchange will serve two purposes. First, this will take away the need to set up and manage direct data transfer channels with third party analytical tools. All data will transition through the data exchange. Second, data exchange will also enable on-the-fly custom analytics that combines data from our warehouse with data from third party analytical platforms. Together, this will enable increased analysis and better reporting. This will benefit RIO client funds as this will enhance investment decisions and help realize increased overall performance of those client funds.

PROGRAM/PROJECT FORMAT

Program/Project Start Date: 10/19/2023

Budget Allocation at Time of Initial Start Date: \$1,900,000

How Many Phases Expected at Time of Initial Start Date: 3

Phase Approach Description: Program consists of multiple projects delivering functionality into production as completed

Estimated End Date for All Phases Known at Time of Initial Start Date: TBD

PROGRAM/PROJECT ROAD MAP

The program road map shows the high-level plan or vision for the program/projects/phases. It is intended to offer a picture of the lifespan of all the effort that is expected to be required to achieve the business objectives.

Project/ Phase	Title	Scope Statement	Estimated Months Duration	Estimated Budget
Project 1	Investment Information Technology System (IITS)	Plan, configure and implement Aladdin Risk SaaS product (OEMS and PMS)	10 months	\$1,680,478.25
Project 2	Data Warehouse	Plan, Configure and implement	TBD	TBD
Project 3	Third Party Data Exchange	Plan, Configure and implement	TBD	TBD

Notes:

The state legislature has given RIO continuing appropriations spend authority under NDCC 21-10-06.2. The State Investment Board Investment Committee (SIBIC) has given approval of the project and budget.

PROJECT BASELINES

The baselines below are entered for only those projects or phases that have been planned. At the completion of a project or phase a new planning effort will occur to baseline the next project/phase and any known actual finish dates and costs for completed projects/phases will be recorded. The iterative report will be submitted again with the new information.

Project/ Phase	Project/ Phase Start Date	Baseline End Date	Baseline Budget	Funding Source	Actual Finish Date	Schedule Variance	Actual Cost	Cost Variance
IITS	10/19/23	5/29/25	\$1,680,478.25	Special				
Data Warehouse	TBD	TBD	TBD					
Third Party	TBD	TBD	TBD					

Notes:

OBJECTIVES

Project/ Phase	Business Objective	Measurement Description	Met/ Not Met	Measurement Outcome
Project 1	Enable the Internal Direct Investment Team to invest approximately \$3 billion or 15% of assets internally. The cost of engaging an IDIT is substantially lower than those of external managers currently utilized. This will result in a direct benefit in realized returns of client funds managed by RIO.	<p>The baseline is \$0. One year after full implementation of IDIT and annually thereafter, the amount of assets internally invested will be evaluated and reported to the SIB Investment Committee.</p> <p>The costs of implementing an IDIT vs. external managers are directly observable from the RIO expense data. Further, we can directly measure whether the cost savings meet our stated objectives from the same data. The per unit cost of management using IDIT should be substantially lower than that of external managers using similar strategies.</p>		
Project 1	Reduce response time for data-driven open records requests by 50%.	<p>RIO receives regular Open Records Requests from industry publications and data gathering companies. Due to the disparity of data, RIO sometimes fulfills only part of a request without the requestor incurring charges.</p> <p>At project start, RIO will survey staff regarding the average estimated amount of staff time required to respond to these data-driven Open Records</p>		

Project/ Phase	Business Objective	Measurement Description	Met/ Not Met	Measurement Outcome
		Requests. One year after go live (data warehouse and data exchange), and annually thereafter, RIO will send out a follow up survey to determine how much estimated response time has reduced, with the goal being more than 50% reduction within 3 years.		
Project 1	Consistently provide client financial and performance reporting within 31 days of month end.	<p>RIO began documenting the number of days after month end it takes for financial and performance reports to be made available to clients at FY2023 end. June 2023 through May 2024 reporting will serve as a baseline. One year after go live (data warehouse and data exchange), and annually thereafter, RIO will compare the number of days to the same month of the previous year, with the goal being 31 days within 3 years. Fiscal year end reporting, June, is an exception, the goal being 45 days.</p> <p>Additionally, an annual client satisfaction survey recently resulted in an average score of 3.33/4.0, one factor of which is frequency of communications/reporting. Within 3 years of go live, RIO would like to improve the average score, with the goal being at or above 3.5/4.0 within 3 years.</p>		
Project 1	Reduce staff time creating financial and performance reports by 20%.	At project start, RIO will survey staff to determine the amount of time they are spending creating and publishing monthly financial and performance reports to establish a baseline. One year after go-live (data warehouse and data exchange), and annually thereafter, RIO will send out a follow up survey to determine how much staff time has reduced, with the goal being 20% reduction within 3 years.		

KEY LESSONS LEARNED AND SUCCESS STORIES

A lessons learned effort is performed after each project or phase is completed. This process uses surveys and meetings to determine what happened in the project/phase and identifies actions for improvement going forward. Typical findings include, "What did we do well?" and "What didn't go well and how can we fix it the next time?"

Project/ Phase	Key Lessons Learned and Success Stories
Project 1: IITS	TBD
Project 2: Data Warehouse	TBD
Project 3: Third Party Data Exchange	TBD

KEY CONSTRAINTS AND/OR RISKS

- RISK: Project 1: IITS: End-to-end SWIFT connectivity could take up to 4 months after obtaining a membership. This could be a potential risk to the go-live date.