

Information Technology, Physical Damage Reengineering, and Value Management

October 2018



**Manitoba
Public Insurance**



Agenda

- 1) IT Strategy
- 2) IT Scorecard
- 3) IT Staffing Strategy
- 4) 2018/19 IT Capital Budget
- 5) Value Management
- 6) PDR & CCRS



Information Technology

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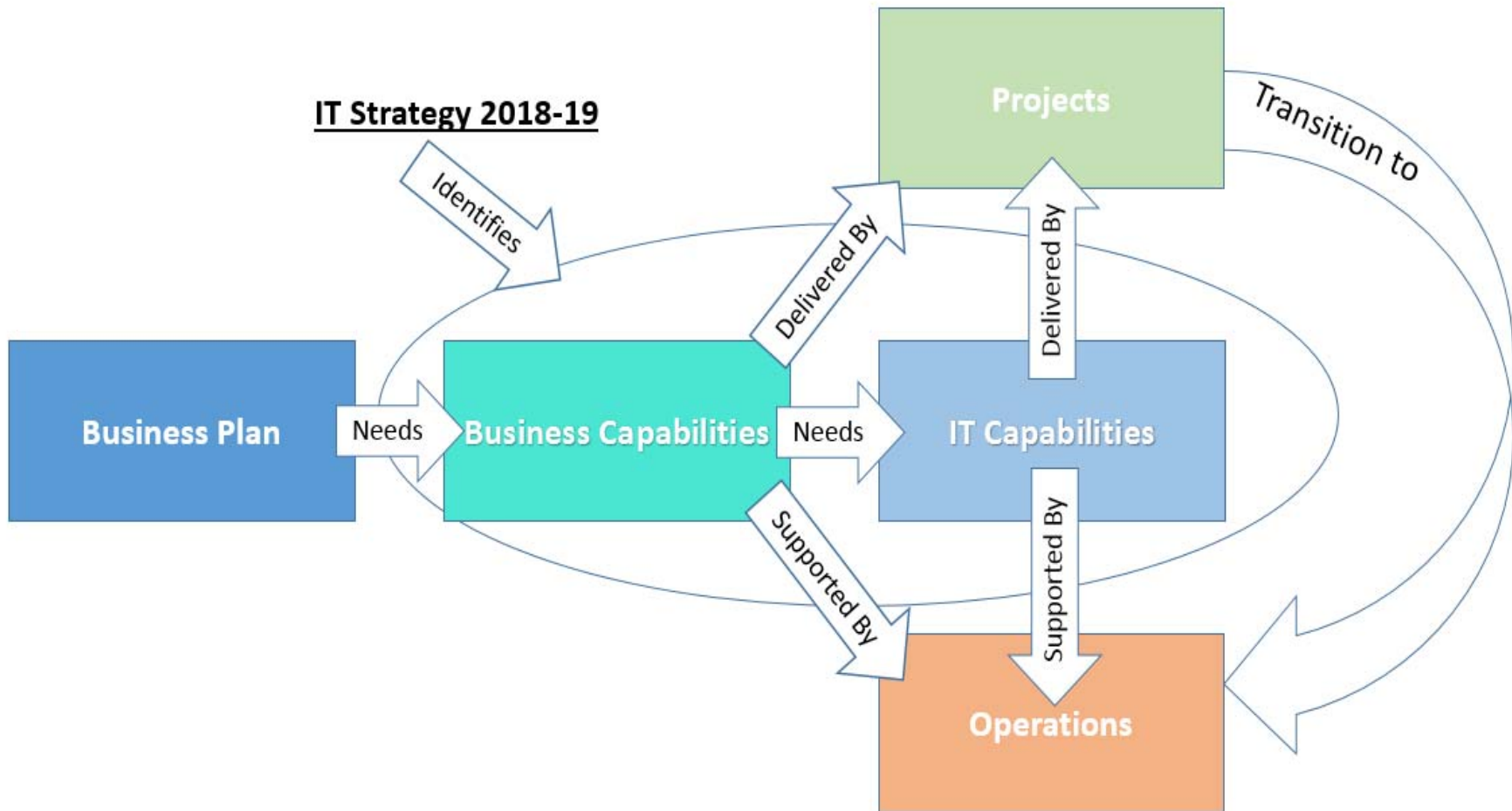
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IT Strategy: Overview

- The IT Strategy connects strategy and action at MPI
- The IT strategy was created in Q1 – 2018/19 leveraging the MPI business plan, and guidance from the Board of Directors
- The IT strategy focuses on the 2018/19 fiscal year, and provides guidance for future years. The IT strategy will be updated annually
- The outcome of the Legacy Modernization assessment will have a significant impact on the next IT Strategy

IT Strategy: Executive Summary





IT Strategy – Path Forward

| Where we were... | Where we're headed... |
|--|---|
| Leaders in creating innovation | Adopt proven mainstream technology |
| Executed High risk projects | Identify all risks prior to project initiation and incorporate into project decision |
| Project Governance with non-business project sponsor for all projects | Project sponsor is the Operational Business Champion, |
| Customize out of the box software to suit our processes | Align, wherever possible, our processes to industry best practices that is incorporated in vendor provided software |
| Candidate projects were not vetted through a detailed value management process | Value management discipline becomes engrained in MPI process and culture |
| Technology driven change within the organization | IT capabilities are created to support Business Capabilities |





IT Scorecard

What is the IT Scorecard?

- Formerly called the CIO Scorecard, now called IT Scorecard (By Gartner)
 - Independent assessment of MPI's IT progress and peer comparison

How MPI Uses the IT Scorecard

- MPI uses results to continuously improve.
- Targets for action and progress to plan is provided annually.
- Results are reflected in improvements to process maturity

MPI Performance

- Improving over time, and moving closer to the peer group in several key areas:
 - MPI's IT Spend as a % of Operating Expense (decreased 7.1% over 5 years)
 - MPI's IT maturity growing (3.9% over 5 years)



IT Staffing Strategy

Objective: More effective use of in-house vs. external contractors for IT

- **Target:**
 - Positions: 27 between 2016/17 and 2019/20
 - Savings: \$2.4 million in annual savings
- **Actual:**
 - Positions: 20 positions have been transitioned
 - Savings: Between \$2.4 and \$3.0 million in annual savings (at completion)



2018/19 Financial Year Capital Projects

| Project Name | 2018/19 Capital Budget |
|--------------------------------------|------------------------|
| Technology Risk Management | \$ 4,500,000 |
| Legacy Systems Modernization | \$ 2,000,000 |
| High School Driver Education Phase 3 | \$1,900,000 |
| Customer Self-Service – Phase 1 | \$ 1,500,000 |
| BI3/Fineos Upgrade 2020 | \$ 1,257,000 |
| Credit Card Strategy | \$ 1,000,000 |
| Finance Re-engineering | \$ 500,000 |



Value Management, PDR and CCRS

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October 2018



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Value Management

- All big projects go through expected rigor with all costs and all benefits as any normal business.
- Value management checkpoint is now engrained in the process
 - E.g. High School Driver's Education
- Not all business cases may reach positive NPV and yet still proceed for non-monetary reasons (eg compliance, business continuity)
- Even daily operational decision and/or industry partnership agreements require business acumen to proceed



PDR and CCRS Review

Context

- Board of Directors requested new NPV analysis from Executive
- Preliminary NPV on PDR delivered to Board of Directors in Feb 2018

Updated NPV on PDR: \$13 million NPV down to -\$53 million

CCRS Implications

- Executive recommended further review of CCRS go/no-go for April 2018
- Cancellation of CCRS April 2018
 - Open, multi-team review of strategic issues with CCRS



PDR and CCRS – Lessons Learned

1. Corporate culture and tone from the top is essential for integrity of project budgets, and post implementation reviews
2. Must stay open to revisiting weak assumptions
3. Third parties may not find all the weak assumptions or missing costs
4. MPI executive management has to be accountable for NPV integrity
5. Don't need new technical skills to correct this historical issue at MPI



Summary

- Updated IT Strategy is aligned with our corporate mission
- Performance on IT is improving relative to our peers
- We've made some mistakes when it comes to managing large IT projects
- Our new Value Management Process is operational and has provided more industry standard approaches and results
- Legacy Modernization is underway and we're prepared to deliver