



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
2021/2022 GENERAL RATE APPLICATION

HEARING

Before Board Panel:

Robert Gabor, Q.C. - Board Chairperson

I Hamilton, Q.C. - Panel Chair

C. Hainsworth - Board Member

(by Teleconference)

HELD AT:

Public Utilities Board

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APPEARANCES

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1 --- Upon commencing at 9:01 a.m.

2

3 THE PANEL CHAIRPERSON: Good morning,
4 everyone. Ms. McCandless, can you just recap what
5 we're going to be dealing with today?

6 MS. KATHLEEN MCCANDLESS: Yes. Thank
7 you. Good morning. This morning we have the MPI
8 Project Nova panel. John Remillard and Shayon Mitra
9 are here to give their testimony on Project Nova.

10 And then, once their evidence is
11 complete, whether that's later this morning or after
12 the lunch break, we will then hear from the MPI IT/
13 Value Management Panel, which is Brad Bunko and
14 Lawrence Lazarko. And that will be our day.

15 THE PANEL CHAIRPERSON: Thank you very
16 much.

17 Mr. Scarfone...?

18 MR. STEVE SCARFONE: Thank you, Madam
19 Chair. Yes, as Ms. McCandless just indicated, this
20 morning we have the Project Nova panel. Let me
21 introduce the gentlemen for you.

22 Shayon Mitra will be making the
23 presentation here this morning for the Board. Mr.
24 Mitra is the Chief Transformation Officer for Project
25 Nova.

1 And sitting to his left in front of --
2 in front of myself is John Remillard, and Mr.
3 Remillard is Program Director for Project Nova.

4 And also in the room is Gary Dessler.
5 Mr. Dessler is to my right, and Mr. Dessler is the
6 Corporate Systems Architect for Project Nova.

7 And so what we'll do is have the
8 gentlemen sworn, and then we'll proceed with the
9 presentation.

10

11 MPI PANEL NO. 5 re: Project Nova

12 SHAYON MITRA, Affirmed

13 JOHN REMILLARD, Sworn

14 GARY DRESSLER, Affirmed

15

16 EXAMINATION-IN-CHIEF BY MR. STEVE SCARFONE:

17 MR. STEVE SCARFONE: Thank you. Just
18 before we begin, Mr. Mitra, we've just heard that you,
19 sir, are the Chief Transformation Officer of the Nova
20 Project. Is that correct?

21 MR. SHAYON MITRA: Yes.

22 MR. STEVE SCARFONE: And, sir, how
23 long have you held that role in that governance
24 structure for Project Nova?

25 MR. SHAYON MITRA: Since September of

1 last year.

2 MR. STEVE SCARFONE: And just
3 generally, speaking for the benefit of the Board, can
4 you -- can you let the -- the Panel know what your
5 duties encompass as -- as -- in that role, sorry, as
6 Chief Transformation Officer?

7 MR. SHAYON MITRA: So I'm the
8 executive sponsor for Project Nova, reporting directly
9 to our CEO, and also to the technical committee of the
10 Board, also working closely with our governance vendor
11 which is PricewaterhouseCoopers.

12 MR. STEVE SCARFONE: And the
13 expectation I gather, sir, is that you'll be in that
14 role for at least the next five (5) years while the
15 Corporation delivers the project in the various
16 phases?

17 MR. SHAYON MITRA: That's correct.

18 MR. STEVE SCARFONE: Okay. And if
19 there's nothing further, I understand you have a
20 presentation to provide to the Board this morning?

21 MR. SHAYON MITRA: Yes.

22 MR. STEVE SCARFONE: And will you be
23 adopting that -- the content of that presentation as
24 part of your examination-in-chief here today?

25 MR. SHAYON MITRA: Yes.

1 MR. STEVE SCARFONE: Okay. Go ahead.

2 Thank you, sir.

3 MR. SHAYON MITRA: Thank you. Good
4 morning, Madam Chair, Mr. Gabor, and members of the
5 PUB Panel on the phone, Ms. McCandless, and Mr.
6 Williams. So this is my first time presenting here,
7 so I'm going to apologize in advance if I'm fidgety or
8 learning the technology a little bit.

9 Just to give you some background before
10 I jump into the slides, if -- if you're not aware,
11 'nova' is a Latin word. I did not come up with it.
12 It means 'new', and this was the transition the
13 Corporation made from the Legacy Systems Modernization
14 Project which was approved by the Board in February of
15 2019. And it was called Project Nova, effective
16 August of 2019 after factoring in the significance of
17 this undertaking and the impact it would have not just
18 for MPI, for also for Manitobans.

19 Next slide, please. So to open, I'd
20 like to talk quickly about the project governance.
21 And -- and so this is an important slide only because
22 it speaks to how significant Project Nova is.

23 The first bullet point, we had engaged
24 an external advisor whose title was Program Advisor
25 for one (1) year. And the specialty brought in was on

1 the property and casualty on the insurance line of
2 business.

3 But since Nova was bigger than that, it
4 also incorporated the driver vehicle licensing and
5 registration line, the online presence, the
6 integration component. The contract was ended July a
7 year after.

8 My role, as I already spoke to it, came
9 into effect in September of last year. Mr. Remillard,
10 along with myself, also started at that point in time
11 as the program delivery director.

12 The acronym RACI stands for
13 Responsibility, Accountability, Consulted, and
14 Informed. So our first piece of work was John and --
15 and myself, or Mr. Remillard and myself, under the
16 guidance of Mr. Ben Graham, created our RACI and
17 decision-making matrix.

18 And then by then,
19 PricewaterhouseCoopers, our governance vendor, also
20 come into the picture. As I mentioned earlier, they
21 work -- or report directly to the technical committee
22 of the Board, but in addition to that, they are also
23 working closely with our CEO, myself, members of the
24 Nova team, and extended members of the Corporation to
25 ensure that we're on the right track, but also to

1 provide advice and -- and input when and where needed.

2 NPMO, the Nova Program Management
3 Office, that has been established for a little while
4 now. And one (1) of the key roles that we have filled
5 is the Program Manager role. The individual was hired
6 in March of -- of this year.

7 This gentleman brings a lot of
8 experience in the transformation sector previously
9 from the insurance side of the business, so he
10 continues to be front and centre.

11 What's also unique for Nova is the
12 roles of our Operational Business Champions. They
13 were all appointed in January of this year. Simply
14 put, OBC, or Operational Business Champion, is an
15 existing MPI leader who brings experience and
16 knowledge in a specific field.

17 For example, for the driver, vehicle,
18 licensing, and registration component, we've had -- we
19 now have Marni Kachur who previously was our registrar
20 and actually ran the operational lines of business for
21 DBA. She's the Operational Business Champion on Nova
22 for that line of business.

23 Project Managers and Product Owners,
24 Mr. Dessler can do more justice to that, but these are
25 agile terminologies. Our intent is to deliver Nova in

1 a hybrid, agile approach, and so we have now filled
2 the Product Manager roles, so we have three (3)
3 Product Managers, one (1) each dedicated to the three
4 (3) lines that we're looking at from a Nova
5 perspective for insurance for the digital on the
6 customer side and the driver, vehicle, licensing side.

7 And then in the next slide, I'll speak
8 in depth to solution governance, and that one is the
9 most recent work we have completed. It is our
10 solution governance for the program over the course of
11 the next four (4) to five (5) years.

12 My apologies because it's a busy slide
13 and it has a lot of information. I'm going to start
14 at the bottom.

15 So, this reflects our hybrid agile
16 delivery approach. So, at the bottom, we have eight
17 (8) pods. I'm going to go from left to right, my left
18 to my right.

19 So, on the left, we're got, excuse me,
20 our DVA stream, our dri -- Driver Vehicle
21 Administration stream. Then we've got the insurance
22 steam, digital or online. And then it moves into the
23 technical components, which is integration, data
24 migration, analytics, QA, quality assurance or
25 testing.

1 And then the red key component for Nova
2 is operational readiness and the people aspects, and
3 so that's got its own stream.

4 The blue represents MPI leaders and
5 team members. The brown or -- or orange, alone with
6 green, represents system integrators and vendor
7 leaders and team members. And yellow, of course, up
8 top to the right is our governance vendor.

9 So, these pods in a hybrid agile
10 delivery model will continue to function within --
11 within their respective pods with the program manager
12 having a high-level oversight on schedule, attainment,
13 delivery sequencing and any other change orders or a
14 change request and decision requests that are needed,
15 and then, based on them, escalate them to the program
16 director, which is Mr. Remillard.

17 At the centre is the Nova steering
18 committee. So, I am -- I chair that committee, along
19 with the operational business champions. And this
20 committee then works closely with the program
21 sponsors, again, myself and would be my counterparts
22 from the system integrators and the vendors.

23 And then we report into our -- the
24 Corporation's executive steering committee, which is
25 our CEO and all the other executives.

1 On the right side is the Nova
2 architecture committee. So, Mr. Dessler would be
3 primarily on that committee along with his
4 counterparts from the system integrators and vendors
5 with extended team members from Nova.

6 And then to the right is where the
7 program director, in this case, Mr. Remillard, will
8 continue working with his counterparts from the system
9 integrators and the vendors along with our vendor
10 management team; reason being, and I'll get into
11 details when I speak to the procurement side -- slide,
12 we are looking at up to seven (7) system integrators
13 and vendors collectively.

14 So, vendor management is going to have
15 a key role to play. And -- and so, you know, that
16 collaboration is important for us.

17 And then, obviously, we have our CEO,
18 the technical committee of the Board on top and -- and
19 oversight with -- oversight with our MPI Board of
20 Directors.

21 You may have seen this slide. This is
22 -- this was used when the -- when we spoke about the
23 Legacy system modernization, now also known as Project
24 Nova.

25 At the core of this slide is our case

1 for change, so why Nova or -- or why modernizing a
2 system -- systems platforms. And then I'll just use
3 the example of technology risk. Honestly, these are -
4 - this is information that Mr. Dessler has provided
5 me. I'm not the expert. But at the core of this is -
6 - is the transition that we intend on making to
7 commercial off-the-shelf software.

8 So, the example is, if you look at our
9 Autopac online or CARS, which is a Claims
10 Administration and Reporting System, these were all
11 developed by MPI within MPI. And -- and the
12 technology used for that was PowerBuilder. It's a
13 development platform. The database would have been --
14 or is Sybase.

15 From what I've been informed, this is
16 not taught in schools or universities anymore. So,
17 when we need to make significant upgrades, we're
18 having to bring in leaders who have retired or
19 individuals outside of the Corporation that have this
20 expertise; hence, you know, posing potential
21 technology risk.

22 So, the intent with going to a
23 commercial off the -- off-the-shelf platform is giving
24 us that local capability, and also aligning us with
25 what happens outside of the Corporation.

1 Customer service, cost savings, and
2 information security, you know, pretty self-
3 explanatory, but I can go in more detail if the panel
4 wishes me to do so.

5 But on the Future Business Agility
6 there are two (2) key aspects I want to quickly cover.
7 One (1) is, through Nova, we continue to look at our -
8 - our internal processes and -- and how we do them,
9 the amount of time it takes, and where we can
10 streamline them and get more efficient.

11 And in order to do that, we're using a
12 lean methodology approach. The second piece that
13 we're looking at, which is also critical for the
14 program, is looking at our regulatory and legislative
15 requirements.

16 And in order to be able to execute on
17 legislative and regulatory changes, we are trying to
18 understand how we can streamline that. In doing so,
19 we have engaged our -- our government partners,
20 specifically the regulatory accountability
21 secretariat, Manitoba infrastructure, Crown services.
22 And we've also highlighted certain regulations and
23 legislation -- legislation, sorry, that may need
24 changes or, in some -- some instances, even
25 deregulation.

1 The premise behind that is to give us
2 that ability to bring more agility to how we offer
3 products and services to Manitobans. That work is at
4 its initial stages, it has started, but is also -- is
5 a key dependency for Nova to be successful.

6 The next slide, please. So, I think
7 for the second week of September when Mr. Remillard
8 and I had started and one (1) of our Board members had
9 put us on the spot with the question, if you're
10 speaking to an MPI employee or Manitoban, what is the
11 elevator pitch for Nova? How can you describe Nova in
12 three (3) to four (3) sentences.

13 And what we have in front of you is
14 that elevator pitch. The intent is to transform our
15 business by empowering our -- our people and our
16 partners. This would include brokers. This would
17 include law enforcement. This would include internal
18 stakeholders.

19 Obviously, technology is a key
20 component, but process is another one (1) that we're
21 looking at. And the intent behind it is to be more
22 responsive, to become more efficient and, most
23 importantly, to give customers more choice and a
24 better experience. Customers, in this case, would be
25 Manitobans.

1 So, just piggybacking off of the last
2 slide, at the core of this is -- is why is Nova at the
3 centre of everything from an MPI lens right now? And
4 that's because we are looking at creating more
5 convenience for customers.

6 You know, if you factor in the pandemic
7 and -- and how that has forced us to do things a
8 little differently, in my case, I'm more concerned
9 about my wife being online and what she's going to buy
10 next. But -- but on a more serious note, you know,
11 the concerns are enabling Manitobans to -- to access
12 services and products as they deem fit through a
13 service channel that they prefer.

14 And how we plan on doing that is -- one
15 (1) is online. And I know it's been front and centre
16 in a lot of discussions, but our intent is not to take
17 away bricks and mortars, which -- by which I mean we
18 do envision service centres. We do envision brokers
19 continuing.

20 And more so, in parts of Manitoba where
21 the internet coverage or accessibility is not, you
22 know, optimal, our hope is those channels will
23 continue but, ultimately, the choice is -- is with the
24 Manitobans.

25 Lastly, in order to achieve that, you

1 know, it's not just the technology; it has to be the
2 process, and then with that come the people. And, you
3 know, the reference to PowerBuilder and local -- you
4 know, it -- it would need new skills and -- and for
5 our teams to understand how to do things differently
6 in these new platforms.

7 So, when you re-imagine -- to
8 summarize, when you re-imagine customer experience,
9 there are three (3) components to that, people, which
10 is MPI staff, our -- our team members at service
11 centres, Manitobans, external stakeholders, and the
12 list goes on.

13 Products; this would be products that
14 we offer for licencing, registration, insurance, our
15 Extension lines of business, our SRE line, which is
16 our special risk -- risk Extension, and obviously the
17 platforms, which is a getting away from Legacy system
18 platforms and going to the commercial off the -- off-
19 the-shelf systems.

20 Business Process Management. So, I've
21 been building up to these slides. This is the process
22 component. This one (1) is near and dear to me. And
23 at the -- at the heart of that, it speaks to the use
24 of lean and really visiting MPI processes as they
25 stand, value stream.

1 Value stream mapping is -- is a lean
2 tool, but it also aligns well with agile or hybrid
3 agile because agile also focuses on finding value
4 through these value streams and using releases or
5 sprints to incrementally deliver value for -- for
6 Manitobans or the end user.

7 For Nova, we looked at value stream
8 mapping from -- from two (2) lenses. We looked at it
9 at a high level.

10 So, to use an example and not reading
11 off the slide is -- is think of getting a licence.
12 So, a high-level value stream would the process of a
13 Manitoban coming in and -- and requesting a licence,
14 and then finally receiving the licence in the mail.

15 A detailed value stream, a good example
16 would be the old experience of first notice of loss.
17 So in the event that a Manitoban is in a collision, he
18 or she then gets into the process of first notice of
19 loss, the detail stream will capture that and the
20 whole intent is to really understand how that process
21 is panning out today.

22 And that was important for us, because
23 if we had planned to use a commercial off-the-shelf
24 system, you can't simply take how we do things today
25 and try and put it into something that is off the

1 shelf. The risks you are going to run into with that
2 is -- is the need to customize or extensively
3 configure.

4 And so this was our as is or current
5 state due diligence approach, and I'll speak to the
6 impact it had from a timeline standpoint. But it was
7 a key to do for us before we embark on standing of
8 technology and -- and working with the system
9 integrators and vendors to start making the changes.

10 So I'll briefly touch on -- on detailed
11 VSN. So if the question was: What was the output of
12 the detailed VSN? It was the following four (4)
13 items.

14 It -- it captured the entire process,
15 details, step-by-step. At a high level it captured
16 how long it took. And then it really honed in on what
17 is the value that it gave to Manitobans. So in the
18 licensing example it would be when a Manitoban
19 receives the -- his or her driver vehicle license.

20 It also got us to focus in on points of
21 cause and root cause analysis. In other words, why is
22 it taking us so long to do this, or why does the step
23 have four (4) levels of approval, hypothetically
24 speaking, and then how we can reduce that.

25 And then the two (2) key deliverables

1 which I'll speak to in greater detail in the next two
2 (2) slides, were the value graph and the feature
3 sheet.

4 So a value graph, again, is a lean tool
5 and it looks at effort on the Y axis and looks at
6 impact on the X axis.

7 Using that -- the X and Y inputs, it
8 then categorizes opportunities, so essentially looking
9 at root causes, and put them -- places them into four
10 (4) buckets, quick hits, that can be done now with low
11 effort and the impact is not as significant.

12 A gem, which the impact is going to be
13 significant and the effort is not so high.

14 Strategic initiatives, so these would
15 be takeaways for Nova as we were going through the
16 detailed VSN, and parking lot item is they are outside
17 of our control or are not in -- in scope for this --
18 for this initiative.

19 And the feature -- feature sheet was --
20 was another key artifact or deliverable as a result of
21 our detailed value stream maps, and it captured the --
22 the problem statement. SME stands for Subject Matter
23 Experts. So these would be Manit -- Manitoba Public
24 Insurance staff and employees who understand, for
25 example, the licensing processes. So we were engaging

1 them.

2 Actors are actually end users, people
3 that do the actual job. Features are phases, so in a
4 licence think about, you know, validation of
5 identificat -- of ID, confirmation of address, et
6 cetera, et cetera. And then the request for creation
7 of an ID, and then, you know, receiving the ID. So
8 that would be the phases -- phases. And then
9 ultimately customer value or the value added steps.
10 So those were the key components coming from the DBSN.

11 As I touched on earlier, that's what we
12 use to capture our current state, which is a departure
13 from how we have done it in the past, be it the
14 physical damage or engineering or some of the other
15 approaches, because we need it to go deeper than that
16 so you would clearly understand, you know, what is
17 working.

18 So we retain that, what can get changed
19 or improved, and things that need to be added or -- or
20 more value to be provided. So, that was the focus on
21 current state. Next slide, please.

22 And so the other key component of using
23 the value stream mapping was we engage our teams. We
24 engage front line staff, we engage the different
25 layers, and we establish that, you know, we need to

1 start getting ready for Nova from the lens that
2 everything that we do today is not necessarily how a
3 commercial off-the-shelf system is going to deliver
4 that.

5 So creating the nimbleness in the
6 corporation to get ready for significant
7 transformation.

8 You know, the positive side of this
9 exercise was the engagement that we saw from our staff
10 and their understanding of this. And so that has set
11 us up well for the implementation of -- of the
12 platforms and getting ready for the next phase of the
13 program.

14 It also helped us get ready in -- in
15 documenting what is needed from a readiness standpoint
16 as it pertains to the system integrator and the
17 vendors. So we did not harness information, that's
18 simply recited on our internet, which is our internal
19 portals and platforms. We validated that and then
20 used our detailed value stream maps to take it to the
21 next level.

22 So, this is dated though, this is as of
23 when the -- the current state was done, we have now
24 gone ahead and also completed our feature state value
25 stream maps.

1 And to summarize, what this -- what we
2 did was we looked at our internal processes, we
3 reached out to other Canadian firms and corporations
4 that are either, you know, an insurer or offer driver
5 vehicle licensing and -- and administration and
6 registration.

7 Also engaged Gartner, we got a lot of
8 input from PricewaterhouseCoopers and then we reached
9 out to other corporations that have done
10 transformations like us.

11 Unfortunately, we couldn't find one
12 that is done insurance, licensing, registration, and
13 have gone on line at the same time.

14 Maybe because they don't exist, and
15 that could be my lack of understanding, but we've
16 found other corporations that have done the insurance
17 transformation or the licensing and registration.

18 The reason why I bring it up, because
19 that is the layer of complexity that Nova is bringing
20 and -- and I will try and address delivery risk in my
21 subsequent slides as a component of that.

22 So this slide speaks to procurement. I
23 had mentioned earlier that we were looking at changing
24 our four (4) key core platforms, so this would be the
25 insurance, licensing, registration application, which

1 enables us to go online, and integration is what
2 brings all of that together.

3 For these, we released five (5) RFPs.
4 Why five (5) for four (4)? Because the property and
5 casu -- casualty or the insurance platform, we had two
6 (2) RFPs. One was for the actual platform, the second
7 one was for the system integrator.

8 Only because of the -- the magnitude of
9 this transformation or the -- the transition, and so
10 Duck Creek On Demand is the selected platform for the
11 property and casualty solution. It is a -- a software
12 as a subscription, that's what SaaS stands for.

13 In a nutshell, it speaks to how
14 licensing is going to -- is going to be approached.
15 And then what we have already done and validated is
16 Duck Creek's architecture is a good fit for what MPI
17 is -- is looking towards.

18 And we have also since released and
19 completed the selection of the system integrator for
20 the insurance platform. We are in final negotiations
21 of that contract, but we do have a system integrator
22 logged in and we are in the process of signing contact
23 with them.

24 On the licensing and registration, RFP
25 was a unified RFP for the platform and the system

1 integrator. This -- this market is not as mature as
2 the insurance side, so the number of players were not
3 as significant or not as -- as many.

4 And then we have finalized our system
5 integrator and the -- the platform for this as well.
6 This is going to be on premise, so it's not software
7 as a subscription. Again, final stages with the
8 platform and the system integrator.

9 The same applies to the application
10 platform. Mr. Dessler can do more justice if the
11 Panel wants clarity between application and
12 integration. But application is our ability to
13 provide customer facing -- or -- or external
14 stakeholder-to-partner facing portals. So think about
15 our online presence as we get into customer self-
16 serve. That's what application is going to enable us
17 to do.

18 Integration will be the interface
19 between our existing, so the ones that we want to
20 retain platforms, the net new, and so how information
21 transfer will happen between these different
22 platforms.

23 So that's the integration platform. So
24 that one (1) is lagging, it's not needed immediately.
25 It would happen towards the end of the program, as we

1 standup (sic) the new technology in the platforms and
2 then the integration. So for that we are still a
3 little behind compared to application and -- and the
4 DVA side.

5 So the purpose of this slide was to
6 bring to your attention the delivery sequencing for
7 LMA, so this is the original business case, which was
8 created in January of 2019.

9 I want to emphasize that this was done
10 by MPI in consultation with two (2) independent firms.
11 We had contracted them to provide us input on our
12 Legacy systems. They were Deloitte and Avasant, but
13 this was done without us going to the market for any
14 of our Requests For Proposals.

15 This was done without consultation with
16 the -- the vendors or the system integrators. It was
17 -- it was done pre, you know, Nova taking momentum.

18 I want to highlight that, in blue, is
19 the planning and readiness phase.

20 Green speaks to when the driver vehicle
21 licensing and registration would get modernized.

22 Purple is the insurance platform.

23 Brown is the customer self-serve;
24 again, delivered through the application platform.

25 And then, the orange speaks to when

1 customer transition happens. And then, you've got the
2 stars that speak to go live from an end user
3 standpoint.

4 And then, the red star -- which, I
5 think, Mr. Williams, in your opening remarks alluded
6 to as big bang, this is envisioned to be big bang,
7 when we would start releasing transactions or make
8 them available to Manitobans should they choose to go
9 online.

10 Again, this was done before we went to
11 the market, before we did our due diligence. And one
12 (1) of my professional mentors had taught me that, you
13 know, it's always important to go slow to go fast.
14 And so, this is where we started. And this is before
15 Mr. Remillard and I got involved. Next slide, please.
16 And this is as of September 2020.

17 I've got a -- I've got another slide
18 that directly compares the time lines in the original
19 plan when the Board approved the business case and
20 what I'm -- I'm sharing here to -- to call out line by
21 line the time line changes.

22 And I've -- I've also got a slide that
23 speaks to the spending on -- on a Nova standpoint from
24 year-to-date and life-to-date, should there be
25 concerns on has that negatively impacted the dollars

1 associated with Nova.

2 On this slide, what I want to emphasize
3 -- to address the concerns around big bang is, first
4 of all, this has not been developed in isolation.
5 This had been developed in consultation with our --
6 our vendors and system integrators.

7 So Duck Creek, one (1) of the due
8 diligence steps we -- we did -- or took with Duck
9 Creek is we went into workshop with them for about
10 three (3) days. And this was even before we released
11 the insurance system integrator RFP. To -- to
12 confirm, number 1, if all the requirements in that
13 were accurate.

14 Number 2, to understand that, you know,
15 our projections from a dollar perspective were
16 accurately captured.

17 Number 3, if our time lines were --
18 were consistent and something that Duck feels is -- is
19 in sync or in line with what they've done in other
20 jurisdictions. After that, we released the RFP for
21 the system integrator for PNC.

22 So, clearly, as you can tell, we are
23 finishing off our planning and readiness. So right on
24 top, in blue, the row in blue, is indicating that end
25 of October that will be done.

1 Then there's a -- there's a row that
2 speaks to inception or discovery. Simply put, what
3 that is is, starting November, first week, our plan is
4 to engage all the vendors and system integrators
5 collectively to review this and make sure we align on
6 delivery sequence, timing, resourcing, and -- and a
7 statement of work.

8 I'll use the example -- and I'm not an
9 expert -- but I'll use the example of customer master.
10 This is where Manitobans information resides. It's
11 their -- their information, their address, vehicles,
12 licensing information, registration. That, for
13 example, is a critical -- critical piece of
14 information because that will be leveraged in our
15 different platforms.

16 So, really, the discovery and inception
17 looks at getting into that level of detail with all
18 the players. And also confirming that, you know, the
19 timing and the release cycles are in alignment.

20 Subsequent to the discovery sequence
21 completion, we would then break into our pods, which I
22 spoke at the -- on the solution governance slide. And
23 they will take into effect and the driver vehicle
24 licensing and registration pod will take off, and so
25 will the insurance, the integration, migration,

1 analytics, and the readiness component take off.

2 Going further below, if we look into
3 green, the change from what the original business case
4 had envisioned to what we have done is, for the
5 licensing and registration, we now have two (2)
6 releases; not one (1).

7 What is a release? In a hybrid, agile
8 delivery model, it's -- it's -- it's development at --
9 at cadence. Meaning you stand up technology, you do
10 the testing, and you're ready to -- to release it, but
11 you only release it on -- on demand.

12 And so, we've now expanded that into
13 two (2) releases, from one (1), in consultation with
14 the selected vendor and also based on the experience
15 and -- and recommendations to mitigate any delivery
16 risk.

17 The same applies to our insurance. The
18 difference here, though -- and if -- if you were to
19 compare -- we have now reduced that. So we have
20 tightened that from four (4) to three (3) releases.
21 So I'm talking about the rows in purple under PNC
22 insurance.

23 Reason being, we had envisioned a pilot
24 for the commercial and then the rollout of commercial.
25 So this would be our special risk Extension lines.

1 We've -- through consultation and
2 workshop realized that the risk is less because today
3 we are heavily dependent on -- on paper-based approach
4 for our commercial lines. Hence, doing a pilot and
5 then going live did not make sense because the risk
6 was not as significant. It was recommended to go with
7 one (1) release and then, obviously, the personal and
8 the claims happening after that.

9 At the bottom, you've got the customer
10 self-serve. This is, again, the application. This
11 one, again, uses a three (3) release approach, which
12 is, again, more than what was initially envisioned.

13 So these due diligence steps and the
14 time we've taken for being ready is with the intent of
15 addressing any delivery risk and taking away concerns
16 around big bang. Not done independently by MPI; done
17 through consultation workshop with the SI vendor and
18 then also bounced off of PricewaterhouseCoopers, which
19 is our governance vendor. And then, we reached out to
20 other carriers and players that are using Duck Creek
21 or will be using the platform that we are working with
22 for DVA and application. Next slide, please.

23 So this is a direct comparison slide.
24 I would like to start on the top. I used the words,
25 you know, go slow to go fast. So we've added ten (10)

1 months to planning and readiness.

2 One (1) was because, originally, LSM,
3 Legacy System Modernization, did not envision
4 dedicated leadership to be running the program. So
5 operational business championships, Mr. Remillard's
6 role, my role. So we come into -- into the equation
7 in September.

8 Our -- the RFP process, for example,
9 took significantly longer than we anticipated. Just
10 to give you a snapshot, for the five (5) RFPs, we
11 received thirty-eight (38) responses. We've got one
12 (1) vendor management team. They are dedicated
13 resources. They have to screen every response. They
14 have to score every response. Then, for the short-
15 listed SIs and vendors, we have to get into, what's
16 known as, demonstration and presentations.

17 Until March, we were doing them in
18 person. So we would have to coordinate the logistics
19 for that. So, for Duck Creek, it happened in our
20 premises.

21 COVID-19, the pandemic, hits us. Then
22 we have to do a reset. So get away from doing in
23 person. So, on the fly, then leverage technology and
24 coordinate that. That set us back by a month, a month
25 and a half.

1 We continued to march forward. In
2 parallel, we were doing current state value stream
3 mapping, which was the high level and detailed. Same
4 challenges with the pandemic, we could -- we could not
5 do them in person, so we had to do them virtually.
6 That added a layer of complexity.

7 And then, so in a nutshell, all of
8 these were the contributing factors to the addition of
9 ten (10) months.

10 We believe those were the right due
11 diligence steps, to do that upfront at the start of a
12 program or project of this size. And -- and then,
13 further down, if you look at the DVM modernization and
14 if you look at the claims -- sorry, personal insurance
15 modernization, that shifts their end dates by twelve
16 (12) months because we have shifted readiness by -- by
17 ten (10) months at the onset. So, as a result of
18 that, everything has -- has moved out.

19 At the bottom, if you look at customer
20 self-serve/online, the online transactions -- with the
21 exception of insurance policy renewal -- they will be
22 made available earlier now or, at least, the plan is
23 to have that made available July 2023. But it will be
24 a function of then Manitobans come in for their
25 renewal/reassessments -- so it'll take up to a year

1 for all of -- all of the -- all of Manitobans to go
2 through that -- that cycle. Thank you.

3 So with regards to risk mitigation,
4 what is Project Nova doing -- doing to address risk?
5 A number of steps going on. You know, we have
6 provided, in Appendix 2, through our value management
7 section, how engaged our VMO, value management office,
8 is. They have been involved from -- from the onset.

9 Number of responsibilities that value
10 management office is responsible for. One (1) is the
11 overall financial model for Project Nova. They are
12 fully aware of all the assumptions and continuing that
13 in.

14 As we finalize our contracts/RFPs, the
15 capital and the ongoing operational dollars are
16 getting added into the financial model and getting
17 compared against what was originally envisioned in the
18 approved business case.

19 Further to that, you know, FT impacts,
20 any change orders, decision requests, and any
21 implication that may have on the financial business
22 model, that's being -- that's got direct oversight
23 from our value management office. And so they are
24 heavily involved and continue to have direct link to
25 what Nova is doing, oversight of the financial model,

1 and reporting to myself, our -- our executive team, as
2 well as PricewaterhouseCoopers.

3 From a risk management plan, you know,
4 Project Nova continues to work with our enterprise
5 management team. For example, when the -- the
6 pandemic hit Manitoba in March, there was nervousness.
7 There were concerns on what that's going to do to
8 Nova, so that had escalated certain risks. We were
9 able to mitigate them in short order using Webex and
10 now moving to Microsoft Teams for information and data
11 sharing.

12 They continue to report any risk that
13 they see within the program to our CEO and,
14 eventually, to the Technical Committee of the board
15 and the board. And the due diligence that Nova has to
16 execute on -- so Mr. Remillard, myself, and our
17 excellent lee -- leadership team -- is to continue
18 addressing these risks with traceability, should there
19 be interest from whether it's external entities or
20 internal to understand what is being done and what are
21 the current risks from a program standpoint.

22 I touched on solution governance. What
23 I did not cover was vendor management strategy. When
24 you think of the four (4) RFPs, potentially up to
25 seven (7) system integrators and vendors, it is a

1 complex paradigm. Our vendor management team is going
2 to be heavily involved in -- in finalization of the
3 statement of work, you know, holding our system
4 integrators and vendors accountable.

5 One (1) of the approaches we are using
6 is, you know, our payment cycles are a function of
7 delivery or -- or outcomes, so that is something that
8 they're looking at from a vendor management
9 standpoint. So that strategy is -- has been developed
10 and is getting finalized and is going to be aligned
11 with our solution governance.

12 I touched on discovery phase, three (3)
13 weeks of extensive workshops with all of the players,
14 with MPI leadership team, to get into details of
15 shared services, billing, standing up technology,
16 vendor master, customer master, data migration, all of
17 that even before we start standing -- doing any part-
18 specific work to create that alignment.

19 I used the word "hybrid agile," and Mr.
20 Dessler, who is sitting behind me, can do more justice
21 to the difference between hybrid agile and agile. But
22 in order for a program like this to even launch, we
23 needed to use the waterfall approach. And what I mean
24 by that is we had to create solution governance. We
25 had to have dedicated roles and responsibilities. We

1 had to create the RACI -- and the decision matrix
2 RACI, again, is responsibility, accountability,
3 consulted, and informed. Those are all components of
4 a waterfall approach.

5 The release cycles speak to our use of
6 agile. So, you know, "agile" also sometimes
7 references a scale agile framework. With -- within
8 that, there is portfolios or value streams and there's
9 large initiative. Nova would be a large initiative.
10 Hence, we felt that the use of a hybrid-agile approach
11 would mitigate that risk and position us better to be
12 successful.

13 NPMO office, which is obviously the
14 Nova Program Management Office, we've got a number of
15 resources that are coming into the program or will
16 continue to come in. Some of them are our staff, so
17 incremental. Some would be non-incremental, so when
18 we are thinking subject matter experts, the hope is to
19 leverage them without having significant incremental
20 costs, should there be additional capacity in the
21 areas that we are working on.

22 And then, obviously, the need for use
23 certain consultants for areas that a) we cannot fill
24 internally, or if there's an incremental ask and it's
25 -- it's having a -- a negative impact on other

1 deliverables that are in play, i.e., CERP or other
2 initiatives that are already in flux in the
3 Corporation -- then we would use that. So the NPMO
4 office, overall, continues to assist with that.

5 At the bottom, Mr. Remillard and I
6 present to our Technical Committee of the board on a
7 monthly basis. We are providing updates. We have a
8 dashboard that speaks to the progress of the program.
9 Same with the PricewaterhouseCoopers -- they engage at
10 -- with and -- with the Nova leadership team and
11 members of the Nova program, extended MPI leadership
12 team, and also report to the Technical Committee of
13 the board on a monthly basis.

14 So there is significant oversight on
15 this program internally and with the governance vendor
16 to continue addressing any -- any risks as they
17 continue to surface. Next slide, please.

18

19 (BRIEF PAUSE)

20

21 MR. SHAYON MITRA: From a business
22 case, I know there have been questions on when is
23 rebates line going to be completed. What are -- Mr.
24 Williams, in his opening remarks, said, What are the
25 implications of the conciliation on the NPV? And, you

1 know, with regards to licensing, we learned, for
2 example, for Duck Creek, which is our insurance
3 platform, there was a \$12 million miss in what the
4 original business case had versus what was realized
5 through the scoring process. So I'll try and address
6 them through this slide and obviously through the Q
7 and A after.

8 With regards to the \$12 million as it
9 pertains to Duck Creek, the numbers that went into the
10 business case were not developed independently by MPI.
11 I'll continue to emphasize that we used two (2)
12 independent firms. They were Deloitte and Avasant.
13 Those were the numbers that they recommended. We then
14 created the business case, went to the market with
15 that.

16 So with -- with a SaaS li -- or,
17 software-as-a-subscription approach, these licensing
18 costs kick in a lot earlier than an on-prem -- on-
19 premise platform because it takes longer to have the
20 technology stand up. So that was a miss, and
21 obviously, the \$12 million miss had a -- had a impact
22 on -- on the program. So we took a pause after that.

23 And so to address that, what we did was
24 we then engaged Duck Creek before we released the
25 system integrated -- integrator RFP for the platform

1 to the market and made sure that our requirements were
2 right and even our estimates on how much it's going to
3 cost were in line with what Duck has seen in other
4 jurisdictions.

5 Not only that, the other component that
6 we did is we put in a range in the RFP for what MPI
7 envisioned that to cost the Corporation. To -- to
8 address that -- and I can share this, because we are
9 still in negotiations with the selected system
10 integrator -- the responses came in within that range.
11 So we then mitigated any other significant dollar
12 misses as it pertains to the RFP.

13 The -- the RFPs that are being
14 negotiated, we are not anticipating significant
15 setbacks from that either. They are in the final
16 stages. Vendor management's doing a lot of due
17 diligence and negotiation, so our confidence level is
18 high as it pertains to the rest of the platforms and
19 RFPs, and we don't anticipate impacts of the magnitude
20 of 12 million coming out of those negotiations at this
21 point in time.

22 With regards to broker commissions and
23 conciliation, I'm not in a position to speak to that.
24 Mr. Wennberg will address that next week when he's
25 here, but that is in flux, and for the business case

1 and the re-baselining that will happen in front of the
2 Technical Committee on the 5th of November, we are
3 using the original business-case assumptions, which
4 had specific numbers on online adoption and also
5 numbers on the broker commissions.

6 Now, you may ask, why did you not have
7 the re-baselining done before the 5th of November?
8 Answer is we needed to get our -- our negotiation
9 numbers finalized, the contracts at a stage where they
10 could be signed. So it wasn't done by design. We
11 were working against a clock. The complexity with
12 thirty-six (36) RFP responses, the pandemic, and the
13 due lil -- due diligence needed to do all of that has
14 pushed us against -- against the wall, to a certain
15 extent.

16 But our intent is to -- to be
17 transparent, get our Technical Committee of the board
18 to approve it, and then we'll be in a position to --
19 to share that. But those are the contributing factors
20 why we don't have a re-baseline number for you at this
21 point in time.

22 That said, though, we are continuing to
23 -- to look at, for example, within the contracts, a
24 fixed-priced model as it pertains to system-integrated
25 services. So this would be implementation, training,

1 and professional service. Licensing is a little
2 different when it pertains to Duck Creek; however,
3 when you're looking at system integrators, we can use
4 a -- a fixed-price model. So our vendor management
5 team has used that approach, again, to mitigate any
6 significant surprises like 12 million from Duck Creek.

7 The other one (1) would be software
8 licensing and infrastructure and ongoing maintenance.
9 They have been factored in and will be part of the re-
10 baseline.

11 The last piece is now that we
12 understand the release cycles, now that we understand
13 and we have been -- worked with our assigned vendors,
14 we have a better understanding of the resourcing
15 needed to stand up the technology and deliver Nova,
16 and -- and we'll continue to validate that through the
17 discovery phase. So the re-baseline number will also
18 factor that in.

19 So with -- with all these inputs, I
20 think our confide -- confidence level is fairly high
21 that the business case will stand. And if you want to
22 make a comparison to physical-damage re-engineering,
23 this will not be a surprise like the physical-damage
24 re-engineering program or project.

25 To finish off, the use of lean also

1 positions us well, because when you're using a
2 commercial off-the-shelf solution, you only use as
3 much of the out-of-box functionality.

4 And so through lean, the value stream
5 mapping, we've understand the true customer value.
6 And we've also created a nimbleness in our -- in our
7 teams to leverage that as much as possible and reduce
8 the impact of customization and as little
9 configuration as needed.

10 So my hope is collectively with those
11 comments we are -- we are able to address any of your
12 concerns. At this point, I would open it up for any
13 questions.

14 THE PANEL CHAIRPERSON: Mr.
15 Scarfone...?

16 MR. STEVE SCARFONE: Thank you, Madam
17 Chair. Just a few questions for Mr. Mitra following
18 up on that very thoughtful and informative
19 presentation.

20

21 CONTINUED BY MR. STEVE SCARFONE:

22 MR. STEVE SCARFONE: So, generally
23 speaking, Mr. Mitra, I just want to ask you a couple
24 questions about the progression of the project and how
25 the project is tracking.

1 And I know you touched upon it in your
2 presentation, of course. But if we look to slide 16
3 and 17, which were your road maps, it struck me from a
4 comparison of the LMA road map versus that of the
5 Project Nova road map that the Corporation seems to
6 have added a year, where 2024 is now appearing where
7 before it didn't.

8 And so is it fair to say that would be
9 the new timeline for I think what the Corporation is
10 calling the inception of the project?

11 MR. SHAYON MITRA: That's correct.

12 MR. STEVE SCARFONE: Okay. And on
13 that point, you mentioned just briefly the various
14 phases. And -- and you said that the Corporation is
15 now, I believe, in the final stages of the planning
16 phase.

17 Is that right?

18 MR. SHAYON MITRA: Planning and
19 readiness; that's correct.

20 MR. STEVE SCARFONE: It's called the
21 planning and readiness phase. There's also reference
22 to the discovery phase. And then I'm just wanting to
23 clarify the language with you. There's also the
24 inception phase or perhaps the delivery phase.

25 Is there anything else that's missing?

1 MR. SHAYON MITRA: So "inception" is
2 the terminology that's being used by one (1) of our
3 system integrators. "Discovery" is the term used by
4 the rest of the system integrators and vendors.

5 We've incorporated both. Inception is
6 -- is a little more detailed. Discovery would be not
7 to that level of detail.

8 So if you go further down, the -- the
9 insurance system integrator calls it inception. The
10 licencing and registration system integrator calls it
11 discovery. From our lens, it is the -- the exercise
12 needed to create alignment, to confirm that the
13 timelines are accurate, and to address any other
14 delivery risk which, in our opinion, should be not
15 that significant.

16 MR. STEVE SCARFONE: Okay. Thank you
17 for that. And so carrying on with that tracking line
18 of questioning, Kristen, if you could pull up the
19 procurement slide at 15, I believe it was.

20 And so I heard you say, Mr. Mitra -- I
21 took notice of the application platform because you
22 described it as the -- the platform that -- that
23 brings the Corporation into the online world.

24 MR. SHAYON MITRA: That's correct.

25 MR. STEVE SCARFONE: And -- and is it

1 fair to say that, given what we see there with the
2 procurement and the roadmap slides, that the -- the
3 Nova project is still in its infancy stages? We're
4 still -- you know, we're not -- we're maybe 25
5 percent, if -- if that, complete?

6 MR. SHAYON MITRA: If you're looking
7 at it from a strictly timeline perspective, yes. If
8 you're looking at it from a due diligence, I would say
9 we are -- our level of confidence is a lot higher than
10 it was last year only because we have now engaged the
11 vendors and the system integrators through a series of
12 workshops.

13 And we also understand through the
14 releases, based on, I believe, slide 16 -- no, sorry,
15 17, that this is -- this is fairly accurate.

16 MR. STEVE SCARFONE: And so with the
17 application platform, you mentioned that that's
18 expected towards the end of the program and, as I've
19 indicated, it'll bring the Corporation online.

20 So is that something that's currently
21 projected to be in 2024?

22 MR. SHAYON MITRA: So the -- and I
23 might defer to Mr. Dessler as the expert on this, but
24 I'll -- I'll give my two (2) cents first.

25 The application platform is more than

1 just online. So the customer transition would happen
2 starting July 2023 into '24. So if I'm the end user,
3 in this case Manitoban, they will have the ability to
4 go online and, you know, enable transactions, but the
5 -- the work needed to get there is going to start a
6 lot -- a lot earlier than that.

7 Mr. Dessler...?

8 MR. GARY DESSLER: Yeah, I would say
9 that, as well. The application platform is going to
10 be used day 1. It's going to hold our record. It's
11 going to be our gold source for customers. It's going
12 to be our gold source for partners.

13 And it will be integrated in with all
14 of the other systems that we're installing with --
15 with Nova.

16 MR. STEVE SCARFONE: Okay. Thank you,
17 Mr. Dessler. A couple other questions for you, Mr.
18 Mitra.

19 Is it still the case that the -- the
20 Duck Creek vendor, the P&C vendor, is the only vendor
21 that has a fully negotiated RFP with a signed contract
22 to -- to date?

23 MR. SHAYON MITRA: Duck Creek? Yes.

24 MR. STEVE SCARFONE: You mentioned
25 PricewaterhouseCooper is in a role of governance

1 vendor and that there'll be various reviews that that
2 -- that agency conducts throughout the course of the
3 project?

4 MR. SHAYON MITRA: That's correct.

5 MR. STEVE SCARFONE: And will that
6 governance role also include reporting, written
7 reports to the Corporation?

8 MR. SHAYON MITRA: Yes.

9 MR. STEVE SCARFONE: And who is it
10 that will be receiving those? Is that you, or does
11 that go directly to the Board of Directors or the
12 president?

13 MR. SHAYON MITRA: They go to -- I get
14 a copy. Our CEO also gets that report. And the
15 technical committee of the Board gets the same report.
16 I then also share it with our extended MPI executive
17 team.

18 MR. STEVE SCARFONE: Okay. And are
19 you able to say how often that the vendor would be
20 reporting in that manner?

21 MR. SHAYON MITRA: It is on a monthly
22 basis, and so there are a couple components. There's
23 a report, and there's also an observation log that --
24 that tracks back from their initial engagement in
25 October.

1 So there is full view on where the --
2 the observation started and the progress we are making
3 on each one of them through the course of the program.

4 MR. JOHN REMILLARD: If I could add,
5 Mr. Scarfone, in this year it is currently monthly
6 reports to the Board. To make note, in next -- next
7 year it will be every second month, just to
8 acknowledge that.

9 MR. STEVE SCARFONE: Okay. Thank you.
10 And so, in that observation part of it, does
11 PricewaterhouseCoopers have someone onsite during the
12 course of the project?

13 MR. SHAYON MITRA: Sorry, could you
14 repeat that?

15 MR. STEVE SCARFONE: Do they have
16 someone onsite? Do they have someone working on the
17 premises?

18 MR. SHAYON MITRA: Pre-COVID, that was
19 the case. Since March, we've been using WebEx and --
20 and technology only because a lot of the members are
21 based out of Toronto. And with the needs for being
22 quarantined, it did not make any sense for them to
23 come here, and then have to quarantine for fourteen
24 (14) days, yeah.

25 MR. STEVE SCARFONE: Right. Thank

1 you. But that, if this pandemic ever ends, will go
2 back to onsite visitations, I expect?

3 MR. SHAYON MITRA: That's correct.

4 MR. STEVE SCARFONE: Just a couple
5 more questions. You mentioned the licensing costs and
6 what you described as -- as a miss. You recall that,
7 Mr. Mitra.

8 Isn't it fair though to say that that
9 particular number, the \$12 million number, was
10 negotiated down after that miss was identified?

11 MR. SHAYON MITRA: I'll have to defer
12 to Mr. Remillard.

13 MR. JOHN REMILLARD: The \$12 million
14 delta is actually the final result. The beginning
15 pre-negotiated number was significantly higher.

16 MR. STEVE SCARFONE: And that was a
17 result of MPI's negotiations with the vendor?

18 MR. JOHN REMILLARD: That is correct,
19 due to the due diligence of our vendor management
20 area.

21

22 (BRIEF PAUSE)

23

24 MR. STEVE SCARFONE: And then I don't
25 want to take up too much of the time because I know

1 that my learned friends and the Board have a number of
2 questions, so that -- those are all the questions I'll
3 ask as part of the examination-in-chief, Madam Chair.

4 THE PANEL CHAIRPERSON: Thank you, Mr.
5 Scarfone. Ms. McCandless...?

6 MS. KATHLEEN MCCANDLESS: Thank you.

7

8 CROSS-EXAMINATION BY MS. KATHLEEN MCCANDLESS:

9 MS. KATHLEEN MCCANDLESS: Good
10 morning, Mr. Mitra and Mr. Remillard. Just a couple
11 matters of housekeeping before I begin. I won't be
12 directing my questions to any -- either one of you.
13 Whoever's most appropriate to answer the question --
14 question can, pardon me, proceed.

15 Secondly, there is some IT information
16 in this Hearing that is protected and commercially
17 sensitive. My questions this morning all are grounded
18 in what's on the public record, but if, in the course
19 of answering a question, you would need to provide
20 commercially sensitive information, I would just ask
21 that you indicate that, and we can defer that
22 information to tomorrow's CSI session.

23 And in that regard, I will be deferring
24 some questions about the business case for Nova to
25 tomorrow just out of an abundance of caution, to

1 ensure that we don't accidentally delve into a CSI
2 area.

3 So with that, pardon me, just a few
4 quick questions based on Mr. Mitra's presentation and
5 the use of hybrid agile for Project Nova.

6 Just to clarify, can you define what
7 hybrid agile is and how it differs from agile?

8

9 (BRIEF PAUSE)

10

11 MR. SHAYON MITRA: I'm going to defer
12 that to Mr. Dessler.

13 MS. KATHLEEN MCCANDLESS: Was Mr.
14 Dessler sworn already this morning? I -- I -- okay.
15 Thank you.

16 MR. STEVE SCARFONE: Yes, he was.

17 MR. GARY DESSLER: Yes. So basically
18 the -- in an agile -- in an agile project, we
19 typically see releases being given to our customer
20 base or user base on regular short intervals.

21 The big difference in the Nova world
22 with hybrid agile is we have these SIs and we have
23 this large body of work that we have to create up
24 front. So what we've planned is we have this large --
25 we've got this planning session, we've got -- we'll

1 have a number of interim releases that are internal,
2 but we also have the SIs and their methodology which
3 is a bit waterfall and a bit agile.

4 So that's where we've come up with this
5 hybrid agile approach which really tries to take the
6 best of the agile world where we want to -- where we
7 want to end up versus the constraints that we have
8 with these negotiated contracts with the vendors. We
9 have kind of fixed deliverables, so it's kind of a bit
10 of both. That's what we're trying to do inside of the
11 hybrid Nova world.

12 MS. KATHLEEN MCCANDLESS: And are you
13 able to quantify in terms of 50/50, 70/30, waterfall,
14 agile?

15 MR. GARY DESSLER: It's pretty hard to
16 quantify it like that. What we're trying to do is
17 take some of the different principles, so it's not
18 it's half agile or half waterfall. It's -- you know,
19 we -- we've got, you know, some planning sessions
20 which are typically waterfall.

21 We're creating pods. We have, you
22 know, scrums. We have different Kanban approaches
23 that are coming from the agile world. So it -- it's
24 really hard to quantify it as a percentage, but it's
25 more characteristics that I would describe that we're

1 trying to build, right?

2 So we want to work on the things that
3 are most important for the business, right? We want
4 to prioritize the features and requirements that are -
5 - that can show value to the cus -- to our business
6 sponsors first.

7 So we want to kind of focus on it in --
8 in that way as opposed to, you know, where we look at
9 a plan-driven approach, a hybrid approach where we do
10 all the analysis up front. Then we do the design and
11 then we do the build and then we do tests and then we
12 do a big-bang release.

13 What we're trying to do in the agile
14 world is, you know, identify kind of all the key
15 features that we want to do. We -- we do an analysis
16 design build, but in really tight -- in tighter
17 increments, and then release them into this kind of --
18 I'll call it into a test environment.

19 And we're going to collect all those up
20 into these test environments and then have a big re --
21 a bigger release to our -- our business community. So
22 that's where we talk about -- when Shayon talked
23 about, you know, we've got a commercial release, and
24 then we're going to have a -- a property and casualty
25 release. Like, so those will be -- those are more

1 typical waterfall.

2 MR. JOHN REMILLARD: Sorry, Gary.

3 MR. GARY DESSLER: Yes, go ahead, Mr.
4 Remillard.

5 MR. JOHN REMILLARD: I'd like to add
6 if I could. Kirsten, could you pull up slide 17 from
7 Mr. Mitra's presentation, please?

8 Just adding to Mr. Dessler's testimony,
9 what I'd like to -- to add is -- in contrast is the
10 hybrid approach is in essence we've got an overarching
11 plan and roadmap for how we want to execute Nova.
12 This is depicted on slide 17 which is in essence how
13 we're going to -- I use the verb "orchestrate" Nova as
14 we execute over the course of the next few years.

15 With respect to all of these associated
16 streams, be it the -- and now I'll just use Release 1
17 for the property and casualty insurance as an example.
18 As we're building out the policy administration and
19 billing modules for the Duck Creek platform, we'll be
20 focussing on implementing that technology in agile
21 sprints.

22 So hence the -- we've got the agile
23 methods that Mr. Dessler talked about being two (2) to
24 four (4) weeks as far as building out that technology,
25 but giving us the benefit of being able to measure

1 opposite where we expect to be and need to be in this
2 overall orchestration from the roadmap perspective.

3 MS. KATHLEEN MCCANDLESS: Is it safe
4 to say that MPI is using agile but then flipping to
5 classic or waterfall for system integration?

6 MR. JOHN REMILLARD: No. That's not a
7 -- that's not a fair -- I -- I like to refer to it as
8 it's bringing the best of both methodologies and
9 approaches together and how they complement each
10 other, and hence the -- the term hybrid agile, so not
11 traditional waterfall as -- as Mr. Dessler has
12 highlighted from a technology implementation approach.

13 MS. KATHLEEN MCCANDLESS: Thank you.
14 And then if we could just look to slide 13 of Mr.
15 Mitra's presentation, and this is the current state
16 analysis?

17 MR. SHAYON MITRA: Yes.

18 MS. KATHLEEN MCCANDLESS: The fourth
19 bullet here outlines identifying low-lying fruit to be
20 addressed near term and strategic solutions for future
21 state discussions.

22 Can you give an example of what low-
23 lying fruit might be?

24 MR. SHAYON MITRA: Sure. Think of
25 doing a detailed value stream, and if you were to find

1 out that we are printing artifacts for documentation
2 at a service centre and also maybe at City Place, this
3 is for records but they are being duplicated.

4 So low-lying fruit would be: Is that
5 really necessary? What is the customer value that's
6 adding? And then can we synchronize some of these
7 efforts to take away that -- that additional task?

8 It's not strategic because it doesn't
9 actually impact the solution. And so the strategic
10 components would be captured from a Nova lens. The
11 low-lying fruits are more operational or tactical and
12 they can be addressed now.

13 MS. KATHLEEN MCCANDLESS: And have any
14 been addressed at this time?

15 MR. SHAYON MITRA: They continue to be
16 -- happen. Just to take it a level higher, lean is
17 being applied not just within Nova. Our operational
18 teams are doing that in their day-to-day work or
19 processes, so we've essentially put that on a fast
20 track or -- or mobilized that even more. So they're
21 happening both operationally, and they continue to
22 happen through Nova as well.

23 With Nova, the -- the dual advantage
24 was, one, is we completed our current state
25 documentation, but then we're also addressing some of

1 the opportunities or, if you'll recall the value graph
2 -- it was titled as 'Quick Hits' -- they're getting
3 done now.

4 MS. KATHLEEN MCCANDLESS: Kristen,
5 could we go to PUB-MPI-1-67? Here I have some
6 questions about the workforce usage for Project Nova.

7 And you can see the response from MPI
8 here in -- in response to a question about the
9 expected number of consultants and areas of focus for
10 Project Nova. And the response was that MPI
11 anticipated using twenty-seven (27) consultants on a
12 contingent basis.

13 MR. JOHN REMILLARD: At the time of
14 drafting this, yes. We do have some refinements in
15 that regard that we are in the process of finalizing
16 as part of our re-baselining.

17 The number has gone up a little bit in
18 that regard, but just to echo where we're at in our
19 approach and to -- to ensure there's clarity here,
20 these are not consultants that are part of the system
21 integrator. This is associated with where MPI would
22 leverage consultants from a staff augmentation
23 perspective for the MPI work that's required to
24 deliver Nova.

25 MS. KATHLEEN MCCANDLESS: If we could

1 go to page 2 -- and you anticipated my next question,
2 Mr. Remillard -- excuse me -- at the very bottom of
3 the screen -- pardon me -- MPI notes that at this
4 time, so August of 2020, it was reviewing and
5 confirming the external labour forecast as part of the
6 stated Project Nova business case re-baseline efforts,
7 yes?

8 MR. JOHN REMILLARD: That is correct.

9 MS. KATHLEEN MCCANDLESS: And at this
10 time, MPI was advising that those re-baseline efforts
11 were due for completion this month?

12 MR. JOHN REMILLARD: That's correct.

13 MS. KATHLEEN MCCANDLESS: And I
14 understand that the timeline for that has now been
15 delayed.

16 Is that correct?

17 MR. JOHN REMILLARD: To -- to clarify,
18 it's part of the re-baselining, but what's required as
19 part of that due diligence is to assess Nova's needs,
20 also in light of other corporate initiatives that are
21 coming forward as part of the budgetary process and
22 having our executive committee, through the budget --
23 budget cycle and our re-baseline confirm what is going
24 to be considered outside of Nova, thus determining
25 what capacity we have internally to staff Nova where -

1 - and where we will need to rely on consultants.

2 So we do have all the staffing needs
3 determined as part of that re-baseline. We just need
4 to finalize and decide how they will be fulfilled.

5 MS. KATHLEEN MCCANDLESS: And you said
6 that there would be an increase from twenty-seven
7 (27)?

8 MR. JOHN REMILLARD: Yes.

9 MS. KATHLEEN MCCANDLESS: And do you
10 have the number today?

11

12 (BRIEF PAUSE)

13

14 MR. JOHN REMILLARD: I'll take that
15 away as an undertaking to provide a final number. And
16 how would you like that, as a maximum or year over
17 year?

18 MS. KATHLEEN MCCANDLESS: I think --
19 can you do both?

20 MR. JOHN REMILLARD: Yes.

21 MS. KATHLEEN MCCANDLESS: So that
22 would be to advise us as to the number of consultant
23 resources expected for the project -- for Project Nova
24 as a result of the business case re-baseline as a
25 maximum and year over year.

1 MR. JOHN REMILLARD: Yeah,
2 notwithstanding, just to qualify, that it's not
3 finalized based on that corporate capacity
4 conversation that needs to occur as part of the budget
5 cycle.

6 MR. STEVE SCARFONE: We'll provide
7 that undertaking, Ms. McCandless.

8 MS. KATHLEEN MCCANDLESS: Thank you.

9

10 --- UNDERTAKING NO. 23: MPI to advise as to the
11 number of consultant resources
12 expected for Project Nova as a
13 result of the business case re-
14 baseline as a maximum and year over
15 year

16

17 CONTINUED BY MS. KATHLEEN MCCANDLESS:

18 MS. KATHLEEN MCCANDLESS: Then if we
19 could go to PUB-MPI-1-68. And the preamble here
20 indicated that based on the application MPI was using
21 external resources to support legacy technologies
22 replaced by Project Nova and the external resources
23 supporting them would no longer be required.

24 MR. JOHN REMILLARD: That's correct.

25 MS. KATHLEEN MCCANDLESS: And then MPI

1 was asked to confirm that the external resources were
2 included in a fifty-five (55) total?

3 MR. JOHN REMILLARD: That's correct.

4 MS. KATHLEEN MCCANDLESS: And MPI
5 confirmed that?

6 THE CHAIRPERSON: Sorry, Ms.
7 McCandless, can I just interrupt for a second?

8 Can I just go back to the last
9 question?

10 MR. JOHN REMILLARD: Certainly.

11 THE CHAIRPERSON: You raised one
12 question, the -- the issue of the business case
13 baseline, the new one, was due for completion October
14 2020.

15 MR. JOHN REMILLARD: Yes.

16 THE CHAIRPERSON: You indicated all
17 the steps. What's the new date?

18 MR. JOHN REMILLARD: The new date?
19 This is part of the technology committee review on
20 November 5th, Mr. Gabor.

21 THE CHAIRPERSON: Okay. Thank you.

22 MR. JOHN REMILLARD: But we are
23 bringing it forward for discussion with our executive
24 committee in advance of that -- of that meeting next
25 week.

1

2 CONTINUED BY MS. KATHLEEN MCCANDLESS:

3 MS. KATHLEEN MCCANDLESS: And so just
4 to go back, with respect to that number fifty-five
5 (55), is the total number of external resources
6 expected to remain at fifty-five (55) as a result of
7 the re-baseline?

8 MR. JOHN REMILLARD: These were
9 external resources that are being utilized outside of
10 Nova, correct.

11 And just to reiterate, any consultants
12 that will be used for Nova are not envisioned to be
13 carried forward in operational capacities, unlike
14 historical projects.

15 MS. KATHLEEN MCCANDLESS: Now, if we
16 could go to PUB-MPI-1-72, Figure 1. And this schedule
17 depicts the Project Nova life to date expense as
18 compared to the budget for 2019/'20.

19 MR. JOHN REMILLARD: That is correct.

20 MS. KATHLEEN MCCANDLESS: And we see
21 that for 2019/'20 at line 28, MPI had originally
22 forecast to spend \$10 million, including \$8 million
23 for project streams, and \$2 million for contingency.

24 Is that right?

25 MR. JOHN REMILLARD: And the budget

1 was 8 million, that's correct.

2 MS. KATHLEEN MCCANDLESS: Plus the 2
3 million contingency?

4 MR. JOHN REMILLARD: Yes. But we
5 always -- always like to refer to our budget as eight
6 (8).

7 MS. KATHLEEN MCCANDLESS: Okay.
8 And life to date actuals, spending on
9 these initiatives was only \$3.4 million?

10 MR. JOHN REMILLARD: That is correct.

11 MS. KATHLEEN MCCANDLESS: And that's
12 at line 28.

13 MR. JOHN REMILLARD: 26?

14 MS. KATHLEEN MCCANDLESS: And 28.

15 MR. JOHN REMILLARD: Yes.

16 MS. KATHLEEN MCCANDLESS: Okay.

17 So did MPI achieve its sought after
18 objectives in 2020, or I think we've heard this
19 morning achievements has been delayed?

20 MR. JOHN REMILLARD: To echo Mr.
21 Mitra's earlier testimony, there has been a go slow to
22 go fast. The RFPs have taken us significantly longer,
23 (a) due to the size, complexity of them, doing
24 associated due diligence.

25 And as we shared in some of our

1 responses, the sheer magnitude of these, the number of
2 resources that needed to be included, which -- which
3 included doing that in light and -- parallel, sorry,
4 to their operational capacities, yes, dragged out some
5 of the procurement.

6 However, with that, we definitely have
7 taken the necessary steps to make the informed
8 decisions on all of our chosen vendors and/or
9 platforms.

10 MS. KATHLEEN MCCANDLESS: The life to
11 date column at the top, just could you advise as to
12 what date life to date actuals means?

13 MR. JOHN REMILLARD: Life to date in
14 this context would have been from March 2019, so last
15 fiscal year.

16 MS. KATHLEEN MCCANDLESS: From and to?

17 MR. JOHN REMILLARD: To? This would
18 have been -- at time of this draft, I believe it was
19 to be -- excuse me.

20

21 (BRIEF PAUSE)

22

23 MR. JOHN REMILLARD: This would have
24 been to -- this was to the end of the -- the '19/'20
25 fiscal year, so in this case, aligned with our new

1 fiscal year for financial reporting.

2 MS. KATHLEEN MCCANDLESS: Is there
3 information as to what has been spent then to date?

4 MR. JOHN REMILLARD: Yes. For this
5 year we have to the end of August 2020, we have spent
6 2.3 million this year for a total of -- on life to
7 date of 5.7 million.

8 MS. KATHLEEN MCCANDLESS: And do you
9 have the breakdown as to what that 2.3 million was
10 spent on?

11 MR. JOHN REMILLARD: Available with
12 me? No. But certainly I can provide, yes.

13 MS. KATHLEEN MCCANDLESS: Okay.

14 So if by way of undertaking, MPI could
15 provide the detail as to the \$2.3 million spent for
16 fiscal 2020/'21 to date on Project Nova.

17 Thank you.

18 MR. STEVE SCARFONE: Yes, Ms.
19 McCandless.

20

21 --- UNDERTAKING NO. 24: MPI to provide the detail as
22 to the \$2.3 million spent for fiscal
23 2020/'21 to date on Project Nova

24

25 CONTINUED BY MS. KATHLEEN MCCANDLESS:

1 MS. KATHLEEN MCCANDLESS: Now Figure 2
2 on the next page, this schedule shows the life to date
3 expense, plus estimated costs to complete for Project
4 Nova, compared to the 2019/'20 budget?

5

6 (BRIEF PAUSE)

7

8 MR. JOHN REMILLARD: Correct.

9 MS. KATHLEEN MCCANDLESS: And at line
10 28 we see a life to date plus estimate complete
11 column. Can you explain what that means?

12

13 (BRIEF PAUSE)

14

15 MR. JOHN REMILLARD: Bear with -- bear
16 with me for one moment.

17 The life -- life to date actuals was
18 the incurred up to March 31st in 2020. And then the
19 estimate to complete was for -- is for the remainder.

20 MS. KATHLEEN MCCANDLESS: Okay, and
21 for the remainder of?

22 MR. JOHN REMILLARD: The planning
23 phase. My apologies.

24 MS. KATHLEEN MCCANDLESS: Okay.

25

1 (BRIEF PAUSE)

2

3 MS. KATHLEEN MCCANDLESS: Now is the
4 forecasted 2019/'20 variance expected to be spent in
5 this fiscal year?

6 MR. JOHN REMILLARD: Could you qualify
7 that number, please, just to make sure we're
8 referencing the same number?

9 MS. KATHLEEN MCCANDLESS: Yes. Just
10 bear with me for a moment.

11

12 (BRIEF PAUSE)

13

14 MS. KATHLEEN MCCANDLESS: So we have
15 the life to date actuals at column B, then we have the
16 estimate to complete.

17 MR. JOHN REMILLARD: Yes.

18 MS. KATHLEEN MCCANDLESS: And that
19 variance there, so are you expected essentially to
20 spend the remainder?

21 MR. JOHN REMILLARD: Oh, okay.

22 On the planning phase? No. Because
23 planning phase actually ends on October 31st and then
24 we transition into the new -- the discovery phase that
25 Mr. Mitra referred to, and then the implementation

1 phase at the end of January.

2 MS. KATHLEEN MCCANDLESS: So the \$1.5
3 million is not expected to be spent?

4 MR. JOHN REMILLARD: Fully, no. But
5 with us being at 5.7 right now, our average monthly
6 burn rate is about four hundred and fifty thousand
7 (450,000) to five hundred thousand (500,000). So we
8 will be close, yes, to that forecast.

9

10 (BRIEF PAUSE)

11

12 MS. KATHLEEN MCCANDLESS: And just to
13 understand this table, does it indicate, based on the
14 information that was provided at the time, that to
15 complete the streams MPI expected to have a \$3.5
16 million variance at line 28, including a \$2 million
17 positive variance for contingency?

18 MR. JOHN REMILLARD: The variance of
19 this in light of the original \$10 million budget, yes.

20 MS. KATHLEEN MCCANDLESS: Thank you.

21 We understand that MPI dipped into the
22 Project Nova contingency by \$1.3 million for vendor
23 governance?

24 MR. JOHN REMILLARD: That is correct.

25 MS. KATHLEEN MCCANDLESS: And is that

1 reflected this schedule at Figure 2?

2 MR. JOHN REMILLARD: No. It is not,
3 and the reason being, the contingency is drawn monthly
4 as the invoices are paid for PWC. So this is looking
5 at more the actuals and -- and forecast. But the --
6 to show the overall program financials, that is not
7 this view. So the one-point-three (1.3) is drawn from
8 the -- the contingency itself, the twenty-one-point-
9 four (21.4).

10 MS. KATHLEEN MCCANDLESS: Thank you.

11 Now with respect to the execution of
12 Project Nova, first with slide -- slide 2 from Mr.
13 Mitra's presentation this morning, you spoke about --
14 the fourth bullet there is Program RACI, or R-A-C-I,
15 responsibility, accountability, consult, and inform?

16 MR. SHAYON MITRA: Yes.

17 MS. KATHLEEN MCCANDLESS: And,
18 essentially, that's a way to determine who is
19 responsible for an area of interest in a given
20 initiative?

21 MR. SHAYON MITRA: In decision making
22 and -- and initiative, yes.

23 MS. KATHLEEN MCCANDLESS: And that
24 Program RACI in decision making matrix was finalized
25 and implemented in October of 2019, as set out here?

1 MR. SHAYON MITRA: For the program,
2 yes.

3 MS. KATHLEEN MCCANDLESS: Okay. Was it
4 aligned in the original Project Nova business case?

5 MR. SHAYON MITRA: I just need to
6 consult with my members here.

7 MR. JOHN REMILLARD: Could you --
8 could you maybe elaborate on the question, please?
9 Aligned from what perspective?

10 MR. SHAYON MITRA: The original
11 business case did not have -- if your question was did
12 the original business case also have a RACI and
13 decision making matrix, the answer was it did not get
14 into that level of detail. Hence, we needed to do
15 that before going deeper into the program.

16 MS. KATHLEEN MCCANDLESS: And the RACI
17 outcomes would affect the estimated cost to delivery
18 for the project?

19 MR. SHAYON MITRA: The RACI more
20 supports how decisions are made within the program.
21 And not directly related to cost implications.

22 For example, if there are decisions
23 around what is in scope as it pertains to licensing
24 and registration, then it would be coming through the
25 DVA pod. So it would be the operational business

1 champion, along with our primary for architects and
2 solutions.

3 MS. KATHLEEN MCCANDLESS: So maybe
4 just to re-state it to make my line of inquiry more
5 clear, did the RACI expectations of usage match from -
6 - match the original business case? Did they line up
7 with the original business case once --

8 MR. SHAYON MITRA: Could you
9 elaborate, please?

10 MS. KATHLEEN MCCANDLESS: Okay. I
11 believe, actually, that what you've provided is -- is
12 sufficient. Thank you.

13 Now with respect to the delays for the
14 release of certain initiatives that we saw at slide
15 18, has MPI costed the implications of the delays in
16 Project Nova?

17 MR. JOHN REMILLARD: That -- those
18 considerations are built into the rebaseline of the
19 business case, yes.

20 MS. KATHLEEN MCCANDLESS: Okay. And
21 in terms of the revised timing and the road map, how
22 confident is MPI with the presented plan, given that
23 we all are already significantly behind what was
24 presented last year?

25 MR. STEVE SCARFONE: I might just

1 suggest that they first comment on whether they agree
2 that we are significantly behind.

3 MR. SHAYON MITRA: Thank you. So I
4 want to highlight the delay is more from a planning
5 and readiness standpoint. So on top, if you shift
6 planning and readiness by -- by ten (10) months, all
7 the downstream deliverables also get shifted.

8 From a financial standpoint -- and Mr.
9 Remillard spoke to it -- that has not had a negative
10 impact on -- on the project costs. If anything, it's
11 -- it's contrary to that.

12 So now to answer your question how
13 confident, I would say fairly confident based on the
14 fact that we've had multiple workshops and dialogs
15 with the system integrators and the lenders. And the
16 fact that we have added additional three (3) weeks as
17 part of the discovery with the extended teams,
18 external and internal.

19 So from a program standpoint, our
20 confidence level is -- is fairly high.

21 THE CHAIRPERSON: Sorry, I just -- I
22 want to get this clear. I thought your first comment
23 was it was fairly high and, at the end, you said very
24 high.

25 Is it -- maybe I misunderstood 'fairly'

1 at the beginning to 'very'. But I -- I thought you --
2 your first comment was 'it was fairly high' and then
3 you finished off with 'very high'. So is it -- did I
4 misunderstand you or --

5 MR. SHAYON MITRA: Can I go with high?

6 THE CHAIRPERSON: Well, you can go
7 with whatever you -- you believe to be true. That's -
8 - I just want to make sure that the record's accurate.
9 It's just I -- you know, the first time you said it, I
10 thought -- well, I thought he said 'fairly', but he
11 may have said 'very'. And then, later, you said
12 'very'. And now -- so I'm just questioning --

13 MR. SHAYON MITRA: I think it's my
14 inexperience that's coming through little bit, but
15 I'll --

16 THE CHAIRPERSON: No, that's -- that's
17 fine. It's just which -- which one is it?

18 MR. SHAYON MITRA: I'll go with
19 'high'.

20 THE CHAIRPERSON: High, okay. High
21 confidence.

22 MR. JOHN REMILLARD: If I -- if you
23 don't mind if I could add?

24 THE CHAIRPERSON: Yeah.

25 MR. JOHN REMILLARD: The -- and the

1 reasons it's higher than -- than it was last year, and
2 I think that that's something to -- to emphasize, is
3 it -- it grows -- the confidence is higher by -- by
4 month, phase, and so forth, reason being that,
5 ultimately, we are getting more experience. We've
6 done more due diligence with our vendors. We've done
7 more consultation with our future partners with
8 respect to their approaches.

9 We have -- in the midst of finalizing
10 contracts and/or statements of work that will be paced
11 -- based on deliverable based payments, so the vendors
12 will be incentivized to -- to achieve those milestones
13 in relation to payment because they're going to want
14 to be paid.

15 And then, lastly, the next three (3)
16 months that -- that we're referring to in switching
17 from planning phase to discovery, incremental due
18 diligence is going to be done over the course of those
19 months via workshops, all day, every day, with -- with
20 these vendors with the goal of having an even higher
21 confidence at the end of January for delivery.

22 The reason being we -- we know what we
23 know regarding this road map. Yes, there's a higher
24 degree of confidence than when we were last -- at this
25 time last year, if that's a fair contrast. It will be

1 even -- to end and conclude, it will even -- even be
2 higher at end of January 2021.

3 MS. KATHLEEN MCCANDLESS: Thank you.

4 Mr. Mitra, in your presentation, I
5 believe you mentioned that the original business case
6 for Nova did not require a dedicated governance
7 structure?

8 MR. SHAYON MITRA: The original
9 business case did not factor in a number of leadership
10 positions, so my role was not envisioned. Operational
11 business champions being 100 percent on the program
12 was not envisioned. And then the need to use value
13 stream mapping to capture current state of detail and
14 -- and high level was also not envisioned, for which,
15 we had to, you know -- obviously, it took time to fill
16 these positions, which then result in, you know, the
17 delay that you see in line 1 on slide 18 for the ten
18 (10) months.

19 MS. KATHLEEN MCCANDLESS: And Mr.
20 Remillard, I'll take you back to about a year ago --

21 MR. JOHN REMILLARD: Sure.

22 MS. KATHLEEN MCCANDLESS: -- when we
23 had a discussion about project governance for Project
24 Nova. And I -- your evidence was that the -- the
25 governance vendor was in the process of being

1 retained, I believe, in October of 2019.

2 MR. JOHN REMILLARD: That is correct.

3 And when we say that, we're referring to

4 PricewaterhouseCoopers.

5 MS. KATHLEEN MCCANDLESS: Yes. Okay.

6 MR. JOHN REMILLARD: Yes.

7 MS. KATHLEEN MCCANDLESS: And so I --

8 I gather that, at least at that time, there was some

9 understanding that there was a need for a distinct

10 governance for Project Nova.

11 MR. JOHN REMILLARD: That is actually

12 a -- an independent view and/or -- call it a

13 governance element or reporting our controls -- that

14 the technology committee has -- has requested and put

15 in place. So we -- we work in partnership providing

16 PWC with the necessary deliverables, keeping them up

17 to date on what's happening on the project. They

18 attend a lot of our leadership meetings, so they can

19 actually witness progress there.

20 And just one (1) other element that we

21 haven't shared regarding PWC and the Technology

22 Committee, yes, they produce the monthly report. They

23 attend the Technology Committee meetings. Mis --Mr.

24 Mitra and I, as -- as you shared, are -- are there in

25 person for their review of the report so that we can

1 either answer questions of the panel members.

2 However, there's an incremental piece
3 that we haven't mentioned, is that there's also an in-
4 camera element, where Mr. Mitra and I are excused and
5 there -- there's an in-camera session between PWC and
6 the Technology Committee members, which I think is
7 important to -- to note.

8 MS. KATHLEEN MCCANDLESS: I think what
9 I'm trying to understand is, I guess, the extent to
10 which -- when MPI was before the Board last year,
11 knowing that it had this need for governance advice,
12 the extent to which any of that had been factored into
13 the initial business case or if that was all new to
14 MPI over the last year.

15 MR. JOHN REMILLARD: Net -- net new?
16 Not completely. As -- as we've shared, I think the
17 breadth and complexity of Nova in the initial business
18 case, I don't want to state it was significantly
19 understated, but was understated. We have -- at -- at
20 that time as well, there was a corporate desire to try
21 and have the operational business champions, that Mr.
22 Mitra has shared, by our business streams, which are
23 senior leaders at a directorate level, and try and
24 accomplish participation on Nova as part of side-of --
25 side-of-desk, meaning in parallel to their operational

1 roles.

2 We gave that six (6) to nine (9)
3 months. That was part of some of our delay. And we
4 quickly came to the corporate realization and -- that
5 that was not going to -- to be a -- a critic -- a
6 critical success factor was to have full-time
7 representation, which was a cost driver and is a cost
8 driver because, in some cases, these people have been
9 replaced. And we do take those things seriously. We
10 just don't add FTEs leisurely, we want to challenge
11 ourselves, but that came to fruition in that regard.

12 In relation to that, there are other
13 elements of governance, and I just want to maybe
14 qualify that the governance element from a PWC
15 perspective is more for the independent review and
16 reporting and observations of the program and its
17 performance as a transparent and independent lens for
18 our Technology Committee. The governance with respect
19 to -- and then the -- with respect to Nova has
20 matured, yes, and, you know, we even have more
21 incremental roles.

22 When -- when Mr. Mitra shared the
23 solution-governance, I'll call it chart, earlier in
24 his presentation, I'm sure you -- you gathered the
25 breadth of the complexity of that solution governance.

1 It's complex. It's a big program.

2 There are other roles that were not
3 identified at that time as well, those being the
4 product managers and the product owners. It's with
5 the maturity, again, that we've learned over the last
6 year regarding agile, and with the actual vendor bids,
7 our system integrator bids, as part of their RFP
8 responses, as to what does MPI need to bring to the
9 table in order to stand up these platforms. So those
10 are also learnings since the original business case.

11 So, sorry, that was a bit long-winded,
12 but it's -- it's a big -- it -- it -- it's just big --
13 it's a big matter opposite the original.

14 MR. SHAYON MITRA: If I may add,
15 because we've spoken a lot about governance, PWC,
16 PricewaterhouseCoopers' role is overall -- over -- is
17 overall oversight reporting in to the Tech Committee.
18 That was envisioned in the original business case.

19 The leadership that is needed to
20 deliver Nova, that was realized in the middle of last
21 year, and that's what we are referring -- again, maybe
22 we need to reword it, we called it solution
23 governance, but these are roles within the Corporation
24 that'll be front and centre to stand up technology,
25 engage staff, work with the system integrators and the

1 vendors.

2 And so initially, the thought process
3 in the original business case were -- was directors,
4 managers could do that while being operationally
5 involved. And we learned very quickly through August,
6 September, October of last year that this undertaking
7 was significant and we needed operational business
8 champions to be dedicated 100 percent on Nova, hence
9 that transition. Hopefully that answers the question.

10 MS. KATHLEEN MCCANDLESS: Thank you.

11 Madam Chair, I'm about halfway through
12 my cross-examination. I can push through till 11:00,
13 or we can take a break.

14 THE PANEL CHAIRPERSON: Let's take a
15 break now and come back at quarter to 11:00, please.

16 MR. STEVE SCARFONE: Madam Chair, just
17 before we break, I'm being reminded that I neglected
18 to mark the presentation that was just made by Mr.
19 Mitra. I apologize -- these appear to be out of order
20 -- but MPI Exhibit number 33 will be the information
21 technology presentation being made this afternoon.

22

23 --- EXHIBIT NO. MPI-33: Information technology

24 presentation

25

1 MR. STEVE SCARFONE: And the Nova
2 presentation will be marked as Exhibit number 34.

3

4 --- EXHIBIT NO. MPI-34: Nova presentation

5

6 MR. STEVE SCARFONE: And then I might
7 only add that I'm going to take my leave now, and my
8 co-counsel, Mr. Guerra, will be here for the balance
9 of the Nova panel and the information technology panel
10 and the commercially sensitive information module
11 tomorrow afternoon -- or, tomorrow, sorry.

12 THE PANEL CHAIRPERSON: Thank you, Mr.
13 Scarfone. We'll see you next week.

14 MR. STEVE SCARFONE: On Monday, yes.
15 Thank you.

16

17 --- Upon recessing at 10:35 a.m.

18 --- Upon reconvening at 10:50 a.m.

19

20 THE PANEL CHAIRPERSON: Good morning,
21 Mr. Guerra.

22 MR. ANTHONY GUERRA: Good morning,
23 panel -- panel members, rather.

24 THE PANEL CHAIRPERSON: Ms.
25 McCandless...?

1 MS. KATHLEEN MCCANDLESS: Thank you.

2

3 CONTINUED BY MS. KATHLEEN MCCANDLESS:

4 MS. KATHLEEN MCCANDLESS: Before the
5 break, we were talking about the delays in Project
6 Nova. And if we could go to slide 17, so just the
7 previous slide, please.

8 So, the time line presents three (3)
9 parallel major initiative work streams; yes, driver
10 and vehicle administration, property and casualty
11 insurance, and customer self-service?

12 MR. JOHN REMILLARD: Yes.

13 MS. KATHLEEN MCCANDLESS: Are there
14 dependencies among the work streams whereby, if there
15 were delays in one (1) work stream, it might affect
16 the completion or costs of another?

17 MR. JOHN REMILLARD: There are risks
18 and dependencies, yes. To the degree that they need
19 to be understood, we are -- that is part of our due
20 diligence over the courses -- over the course of
21 November, December, January, to better understand that
22 through the discovery phase and have all the
23 associated vendors understand those associated inter -
24 - interdependencies, risks, and the critical nature of
25 -- of those in delivering Nover -- Nova overall.

1 MS. KATHLEEN MCCANDLESS: So, I gather
2 that means that, at this time, MPI is not aware of
3 what those interdependencies are, but it will be
4 exploring that over the next few months?

5 MR. JOHN REMILLARD: At the highest
6 level, yes, we are -- we are aware of some. So, for
7 example, particularly when you look at the application
8 platform which is associated with the customer self-
9 service, you know, within there the -- determining
10 when and where on -- on the Nova journey that platform
11 will become the -- I'll call it gold source of -- of
12 information, meaning the system of record that
13 particularly customer data will -- will reside in.

14 With that, that will drive a lot of the
15 interdependencies from building the -- the information
16 sharing of customer data amongst the DVA platform and
17 the Duck Creek insurance platform, as an example.

18 MS. KATHLEEN MCCANDLESS: And with
19 respect to the use of hybrid agile delivery
20 methodology, have project metrics and KPIs been
21 defined to assess the health of a hybrid agile
22 program?

23 MR. JOHN REMILLARD: Overall, yes, we
24 are still in the process of finalizing that. When you
25 -- when you look at agile and -- and hybrid agile,

1 certainly you refer to one (1) of the key points,
2 which would be interdependency.

3 So, that's more of a macro and risk
4 level measurement. Of course, when you then look at
5 agile, agile being two (2) to four (4) week increments
6 of work, with that, there's a commitment to delivering
7 certain business functionality or technical features
8 and measuring at the end of that sprint, a) the -- did
9 all that work get completed.

10 So, that would be referred to as, you
11 know, velocity and/or the -- the measurement of
12 completion. Quality, how -- how well did that -- that
13 function come in, are there residual what's referred
14 to as system problems or defects that need to be
15 resolved.

16 So, that would be a measurement that
17 will be holding the system integrators to -- to task
18 on regarding the quality of work that we're getting
19 with -- when they deliver work to us for MPI
20 consumption and/or quality assurance testing.

21 Those are just a few. With that, of
22 course, there's measurement of value. When I say,
23 "value," we expect to get certain business value
24 within certain time frames. Again, that'll be further
25 defined dur -- at the end of the discovery phase.

1 With that, we will be looking at what
2 those implementation statements were, how and when
3 would tho -- would those vendors be paid accordingly.
4 So, those are also measurements from that controls
5 perspective.

6 And, lastly, did the vendor, you know,
7 ultimately fulfill, I'll say, the contract for
8 specific dates. So, I'm just highlighting a few that
9 -- because I could go on for quite some time on that.

10 MS. KATHLEEN MCCANDLESS: So, you said
11 the metrics are in progress and they're part of the
12 discovery phase. So, I take it that they're going to
13 be defined over November, December of this year and
14 into January of 2021?

15 MR. JOHN REMILLARD: To the end of
16 January. That's correct, yeah, so finalized by then,
17 and then, in essence, call it a contract, yeah.

18

19 (BRIEF PAUSE)

20

21 MS. KATHLEEN MCCANDLESS: And it's the
22 system integrators who will be responsible for
23 defining the metrics and KPIs?

24 MR. JOHN REMILLARD: No. Mani -- MPI,
25 our leadership team. And so, certainly, we will

1 entertain and listen to each vendor from a best
2 practice. But we will be guiding that expectation.

3 We are also seeking the counsel of
4 Gartner, as Mr. Mitra has provided earlier testimony
5 on. As well, PWC, as our governance vendor, does give
6 us some value-added advice in that regard, regarding
7 best practices.

8 MS. KATHLEEN MCCANDLESS: Thank you.
9 Now, the -- MPI indicated that software licencing
10 infrastructure and ongoing costs have been
11 incorporated into the business case re-baseline. And
12 that's at slide 20 of the presentation from this
13 morning?

14 MR. JOHN REMILLARD: That's correct,
15 based on where we're at in the negotiations. The
16 negotiations -- just to qualify, the -- the
17 negotiations are, in essence, you know, pretty much
18 complete, is basically now with respect to creating
19 contracts that support those commitments between
20 ourselves and Mani -- and -- and the vendor
21 themselves.

22 MS. KATHLEEN MCCANDLESS: And so, just
23 to clarify then, it says they have been incorporated
24 into the business case re-baseline. So, that aspect
25 of the re-baseline is complete?

1 MR. JOHN REMILLARD: It is, yes.

2

3 (BRIEF PAUSE)

4

5 MS. KATHLEEN MCCANDLESS: And then I'm
6 going to defer some of my questions in that respect to
7 the CSI portion. If we could go to PUB-MPI-1-73 and
8 figure 1, please, at page 2.

9 MR. JOHN REMILLARD: My apologize, Ms.
10 McCandless. I did have an afterthought on the -- on
11 the RFPs, if you don't mind.

12 I just want to qualify. Outside of the
13 integration platform, we are just in the midst of
14 beginning negotiations on that platform; however, it
15 is the smallest of all of the platforms, so not deemed
16 to be a significant risk from our re-baseline numbers
17 and projections.

18 If anything, to the benefit and
19 testament of our vendor management area, are -- on all
20 the contracts are pre-negotiated numbers as to what
21 the vendor bid versus what the final number have all
22 come in under the initial bid.

23 So, if anything, it'll actually be
24 better than what -- what we have in the re-baseline.

25 MS. KATHLEEN MCCANDLESS: Thank you.

1 So, we're looking now on the screen at figure 1 from
2 PUB-MPI-1-73.

3 And this schedule shows changes to the
4 Project Nova original business case in terms of costs,
5 yes?

6 MR. JOHN REMILLARD: Correct.

7 MS. KATHLEEN MCCANDLESS: And at line
8 4 we see the variance. So, there's been a variance
9 identified of \$22.6 million to the original business
10 case?

11 MR. JOHN REMILLARD: At the time of
12 writing? That's correct, yes.

13 MS. KATHLEEN MCCANDLESS: Okay. So,
14 you say, "at the time of writing." So, is there more
15 up-to-date information that you could speak to?

16 MR. JOHN REMILLARD: With respect to
17 these numbers, nothing has changed.

18 MS. KATHLEEN MCCANDLESS: Okay.

19 MR. JOHN REMILLARD: I -- in that
20 context, I was referring to the other RFPs and the
21 contracts associated with the other software platforms
22 that we are finalizing those contracts on in relation
23 to software licencing, system integrator costs, et
24 cetera.

25 So, those were not outside of the --

1 the line 2, the Duck Creek platform. These were the -
2 - the numbers that we knew were variances at the time
3 of writing.

4 MS. KATHLEEN MCCANDLESS: Right,
5 variances at the time of writing. And this would have
6 been early August. So --

7 MR. JOHN REMILLARD: Right.

8 MS. KATHLEEN MCCANDLESS: -- I'm not
9 sure I understand your explanation then.

10 MR. JOHN REMILLARD: Okay.

11 MS. KATHLEEN MCCANDLESS: These -- I
12 think you said these numbers haven't changed?

13 MR. JOHN REMILLARD: That's correct.

14 MS. KATHLEEN MCCANDLESS: Okay.

15 MR. JOHN REMILLARD: And they are part
16 of the re-baseline, yes. So, just to qualify, the
17 governance vendor contract is locked in. That -- that
18 variance will not change. The -- line 2, the Duck
19 Creek contract, locked in, and that is the variance.

20 On the -- for leadership and
21 incremental resources, that was based on the
22 leadership and incremental resources we needed to add
23 to -- to the program with respect to the governance.

24 There will be a re-baseline regarding
25 the MPI effort required to support the program, so

1 there will be incremental costs in that regard, yes.

2 MS. KATHLEEN MCCANDLESS: So -- and
3 just to qualify my question, if your response gets
4 into commercially sensitive information, certainly I'm
5 not asking for that right now, but if you're able to,
6 on the public record, are there further anticipated
7 cost variances identified but not yet disclosed?

8 MR. JOHN REMILLARD: Versus original
9 budget? Yes.

10 MS. KATHLEEN MCCANDLESS: And is the
11 detail something we can pro -- provide today, or
12 should that be discussed in --

13 MR. JOHN REMILLARD: It'll act --

14 MS. KATHLEEN MCCANDLESS: -- the
15 commercially --

16 MR. JOHN REMILLARD: It'll actually
17 have to be after the contracts are -- are signed, so
18 my apologies. We have to get through that -- that
19 process in order to adhere to procurement law and --
20 because we actually haven't even awarded publicly as
21 to who those vendors are. Hence, we've been very
22 vague and intentional in identifying the vendors that
23 we can talk about and not talk about today.

24 MS. KATHLEEN MCCANDLESS: Mr. Mitra,
25 in your presentation, you mentioned that there were

1 some COVID-19 effects that led to some of the delays
2 in Project Nova, and I believe your evidence was about
3 a month to a month and a half?

4 MR. SHAYON MITRA: Yes.

5 MS. KATHLEEN MCCANDLESS: And in terms
6 of the revised project delivery schedule or road map
7 that we discussed this morning, I -- I take it, then,
8 there's no further COVID-19 impacts, or if there are
9 any further, they're baked into this now -- this
10 revised road map. Is that right?

11 MR. SHAYON MITRA: That's correct.

12 MS. KATHLEEN MCCANDLESS: And in terms
13 of timeline, did MPI put its mind to where it thought
14 this pandemic might end in -- in terms of coming to
15 that road map?

16 MR. SHAYON MITRA: That's a difficult
17 question. The approach we took is getting the
18 technology needed to be able to do this virtually.
19 So, for example, we're use -- using Microsoft Teams
20 and Webex to have virtual meetings and information
21 sharing, and that is the intent through discovery and
22 inception into the new year. So physical presence
23 from the SI's and vendors are not needed for the --
24 for the discovery and inception phase.

25 MS. KATHLEEN MCCANDLESS: In terms of

1 beyond discovery and inception, there will be some
2 need for a physical presence?

3 MR. SHAYON MITRA: In the ideal world,
4 we would have preferred that. That is a question that
5 we have posed through the vendor demonstrations and
6 presentations that happened in person and -- sorry,
7 that happened virtually over the course of May and
8 June.

9 And what we've been informed is they
10 are doing this. So the SI's and vendors, that, to Mr.
11 Remillard's comments, cannot be disclosed until the
12 contracts are signed. They -- they have shared with
13 us that they are operating in a similar model in other
14 jurisdictions. So our hope is we will be able to
15 mitigate any significant risk over and beyond that
16 we've already identified, yeah.

17 MR. JOHN REMILLARD: I'd like to add,
18 if I could. There's an important piece from a vendor-
19 management perspective. So by design and with intent,
20 we have negotiated all these contracts that should
21 there be a greater pandemic impact, that MPI at any
22 time can suspend these contracts and any payment. So
23 that is an important element.

24 Should things get to a very difficult
25 state socially and -- and so forth -- I -- I don't

1 want to call it -- refer to it as an off ramp, but we
2 have, you know, legal references that -- that we can
3 certainly execute in the event that the pandemic
4 causes significant progress challenges, I would refer
5 to.

6 MS. KATHLEEN MCCANDLESS: Thank you.
7 Just back on the issue of contingency and the original
8 Project Nova business case that we discussed last year
9 had a 25 percent contingency, yes?

10 MR. JOHN REMILLARD: The original
11 business case? That's correct, 25 percent
12 contingency.

13 MS. KATHLEEN MCCANDLESS: And the
14 contingency is being used by MPI for the variance with
15 respect to program governance vendor of 1.3 million?

16 MR. JOHN REMILLARD: To qualify, and
17 it's an important element regarding governance. So
18 used by MPI, yes; management, no. So, in this case, I
19 just want to qualify and reiterate that all
20 contingency utilization, for the most part, needs to
21 be reviewed and approved by the Technology Committee
22 before it can be, in essence, utilized from an -- an
23 approval perspective.

24 But in this case, yes, the board of
25 directors did elect to utilize one point three (1.3)

1 of contingency and allocate it to the program
2 governance vendor contract.

3 MS. KATHLEEN MCCANDLESS: Thank you.
4 Kristen, could we go to Figure 1 from PUB-MPI-2-30?

5

6 (BRIEF PAUSE)

7

8 MS. KATHLEEN MCCANDLESS: And this
9 schedule shows the allocation or the handling of the
10 variance from budget for program governance vendor
11 insurance and claims and leadership and incremental
12 resources?

13 MR. JOHN REMILLARD: Yes, it does.

14 MS. KATHLEEN MCCANDLESS: And so we
15 see the variance-handling method, as just discussed,
16 for program governance was 1.3 million to contingency
17 allocation.

18 Then with respect to insurance and
19 claims and leadership and incremental resources, they
20 are being alloc -- added to the project costs, yes?

21 MR. JOHN REMILLARD: At this time,
22 yes.

23

24 (BRIEF PAUSE)

25

1 MS. KATHLEEN MCCANDLESS: Has MPI
2 determined that the -- the costs for insurance and
3 claims and leadership resources will not, in whole or
4 part, use the contingency for this project, or is that
5 still a decision to be made?

6 MR. JOHN REMILLARD: It's a good
7 question, and I -- I'm going to have to think about
8 how to -- how to respond to that in light of
9 governance with the board. I'm going to maybe rewind
10 a little bit because it's a little broader response,
11 but I will get to this specific point.

12 MS. KATHLEEN MCCANDLESS: And perhaps
13 to assist, we could go to PUB-MPI-1-85, the response
14 to c) and d), because that may help you, Mr.
15 Remillard.

16 MR. JOHN REMILLARD: Right. So with
17 respect to -- I'm going to circle back just quickly to
18 the -- to the governance vendor and why that decision
19 was made.

20 It was very early on in the -- in the -
21 - the project when Mr. Mitra and I had been put in our
22 -- our positions. It was the first variance that came
23 in on the overall program, and at that time, the board
24 of directors elected to use contingency to -- for that
25 -- that associated variance.

1 Subsequently, when the property and
2 casualty insurance software came in, certainly, that
3 presented a significant delta. We acknowledged that.
4 Mr. Mitra highlighted as to -- in his earlier
5 testimony as to how we got to that point.

6 It was the board of directors that, in
7 consult -- with our advice and our consultation, but
8 it was their decision to decide not to use contingency
9 at that time, with the fact that, ultimately, there
10 could be other variations in the -- in the RFP costs
11 that were about to go to market as well.

12 So that was a -- a decision with
13 intent, and rounding it out to your initial question
14 regarding other variances, part of our re-baseline is
15 to re-baseline the base expense for this -- this
16 project.

17 With that exercise, the board of
18 directors has also asked us to revisit our allocation
19 of and forecast for contingency because some of these,
20 as we've highlighted, are going to be negotiated
21 contracts, which are now firm prices. So therefore,
22 the residual contingency should reflect that.

23 And then there will be different
24 contingency percentages based on project line items.
25 And I'm not going to get into detail with intent,

1 because we haven't reviewed that -- that contingency
2 al -- proposal allocation with our -- our board of
3 directors at this time. That will be part of the re-
4 baseline exercise with the goal that we have a re-
5 baseline project cost and -- or a updated conting --
6 residual contingency allocation of funding overall.

7 MS. KATHLEEN MCCANDLESS: Thank you.
8 So just to summarize, do you expect -- because the
9 board has asked you to look at not only the budget,
10 but also the contingency -- that now that there is
11 more certainty built into the project, that that 25
12 percent contingency may come down?

13 MR. JOHN REMILLARD: It will be a big
14 part of the discussion on November 5th, yes.

15

16 (BRIEF PAUSE)

17

18 MS. KATHLEEN MCCANDLESS: And so when
19 we just remember back to the -- the cost to date, or
20 the -- the amount spent to date compared against the
21 budget, there have been some savings of about \$3.5
22 million to date --

23 MR. JOHN REMILLARD: Yes.

24 MS. KATHLEEN MCCANDLESS: -- because
25 of the delays in the project.

1 So, given that's the case, then can you
2 explain why a contingency was needed for that \$1.3
3 million?

4 MR. JOHN REMILLARD: Sure. Actually,
5 I'm -- I'm going to maybe, if I don't -- I'd like to
6 first talk about the word "savings" that's utilized.

7 Because I wouldn't necessarily call it
8 a savings. So yes, there -- there were some line
9 items that are original forecast versus actual. We
10 have not spent as much forecasted money, acknowledged.

11 However, to use the word "savings"
12 implies that overall -- the overall budget will
13 decrease. Because we're -- and going back to our
14 earlier testimony, things have gone a little slower
15 during the planning phase.

16 There will be a residual of costs in
17 that regard. So I just want to be careful on the word
18 "savings" overall. There will be some line items
19 that, yes, weren't as significant as originally
20 projected.

21 MS. KATHLEEN MCCANDLESS: But
22 certainly at the time that the contingency was
23 requested, the -- the project was under budget?

24 MR. JOHN REMILLARD: That's fair. And
25 -- and the rationale, again, for utilizing the 1.3 at

1 the time, it was early days in the program.

2 And secondly, the -- just to remind the
3 Panel and the Board, is that the techn -- the
4 governance vendor was chosen and -- at request of the
5 technology committee.

6 And so with that forecasted expense
7 based on that -- that -- the RFP responses, the chosen
8 vendor had that bid and that price. It was the
9 decision of the Board to utilize contingency in that
10 regard because it was their budgetary line item, per
11 se, in the original business case.

12 MS. KATHLEEN MCCANDLESS: And so with
13 the re-baselining and looking again at the
14 contingency, I think just to clarify your earlier
15 response, is the Corporation now looking at a
16 contingency that supplied or allocated to each step of
17 the project, rather than one (1) blanket contingency
18 for the project as a whole?

19 MR. JOHN REMILLARD: The re-baseline
20 contingency will be derived at a specific line item
21 within our -- within our project forecast.

22 Examples being system integrator costs,
23 by -- by stream. When I say "stream," property and
24 casualty, the driver vehicle administration, and what
25 we're calling the digital stream, which is in essence

1 the portal elements, there will also be an independent
2 forecast as part of the re-baseline for our MPI
3 labour, which is associated with all of those -- those
4 streams.

5 But in the end, it will determine a net
6 new contingency, I'll call it funding, that will be
7 still allocated and drawn at a program level, not at a
8 line item level.

9 MS. KATHLEEN MCCANDLESS: And so just
10 to take you back to my initial question, and c) and d)
11 from PUB-MPI-1-85.

12 At the time of this response, which was
13 August 5th, the Board of Directors had yet to make a
14 final decision as to whether it would take that \$12
15 million unplanned variance out of the contingency?

16 MR. JOHN REMILLARD: That's correct.

17 MS. KATHLEEN MCCANDLESS: And has
18 there been any update?

19 MR. JOHN REMILLARD: At this time we -
20 - we have not drawn from contingency as well.

21 Because of the -- as Mr. Mitra has
22 highlighted, on a monthly basis we go before the --
23 the board to provide them an update on where we're at
24 with all of the RFPs and procurement and the
25 associated forecasts. And the board also plays a role

1 in awarding the -- the said contracts for the chosen
2 vendors.

3 So they're -- they're fully aware of --
4 of all the RFP costs that are coming in. And because
5 of all those things happening in parallel, that's why
6 they've elected not to use contingency at this time,
7 because it was a -- an -- a strategy with intent that
8 was acknowledged earlier this year that we would re-
9 baseline in October. That we -- we needed to re-
10 baseline.

11 And we had the support of the
12 technology committee and board to do so at the end of
13 October.

14 MS. KATHLEEN MCCANDLESS: Which is now
15 November 5th?

16 MR. JOHN REMILLARD: Yes, it's just
17 timing, the -- it was actually supposed to be last
18 week of October, and it was just a scheduling
19 administration element with respect to the members,
20 so, yeah.

21 MS. KATHLEEN MCCANDLESS: Thank you.
22 So, does MPI's experience with the variance from the
23 original budget -- budget to date raise any or affect
24 its strategy at all to use commercial off the -- off-
25 the-shelf software going forward?

1 MR. GARY DESSLER: Yeah, I -- I --
2 yes, I don't think that does.

3 I mean, we've had a small variance so
4 far. I don't think it impacts our overall strategy to
5 really utilize technologies that are common in the
6 marketplace.

7 MS. KATHLEEN MCCANDLESS: So just to
8 wrap up on the issue of -- of budget and contingency
9 then, Mr. Mitra we'll take your -- your evidence that
10 you have a high degree of confidence that -- that the
11 roadmap can be achieved.

12 When it comes to that, then would you
13 agree that if there is a better understanding of what
14 the project requires and the higher degree of
15 confidence that it can be achieved, that perhaps the
16 budget amount may go up, but that contingency would go
17 down correspondingly.

18 MR. SHAYON MITRA: That's a fair
19 comment.

20 MS. KATHLEEN MCCANDLESS: Thank you.
21 Those are my questions for this panel.

22 THE PANEL CHAIRPERSON: Thank you.
23 Thank you, Ms. McCandless. Mr. Williams...?

24 DR. BYRON WILLIAMS: Thank you. Good
25 morning, members of the panel, MPI witnesses.

1

2 CROSS-EXAMINATION BY DR. BYRON WILLIAMS

3 DR. BYRON WILLIAMS: Mr. Mitra, can
4 you remind us how many years of experience you have
5 with the property and casualty insurance industry?

6 MR. SHAYON MITRA: I've been with
7 Manitoba Public Insurance since March of 2011.

8 DR. BYRON WILLIAMS: And you mentioned
9 in your original statement, your oral evidence this
10 morning that in terms of the -- you were offered
11 guidance in terms of the program RACI, and decision
12 metri -- making matrix by Mr. Graham.

13 Do you recall that suggestion?

14 MR. SHAYON MITRA: Yes.

15 DR. BYRON WILLIAMS: And of course,
16 Mr. Graham has left the Corporation as of the fall of
17 2020?

18 MR. SHAYON MITRA: That's correct.

19 DR. BYRON WILLIAMS: On to bluer
20 pastures, with Manitoba Blue Cross?

21 MR. SHAYON MITRA: That's a fair
22 comment.

23 DR. BYRON WILLIAMS: And Mr.
24 Remillard, good morning.

25 Do you anticipate playing your current

1 role with Project Nova beyond March 2021, sir?

2 MR. JOHN REMILLARD: Wow. Thank you
3 for the question, Mr. Williams. So for the -- the
4 panel's information, so back in August of this year,
5 after careful personal and professional and corporate
6 reflection as to what is best for Nova, and -- and so
7 I made the decision then to announce my retirement
8 with the -- with the organization.

9 And so my retirement date is January
10 8th. And why did I provide advanced notice to the
11 Corporation? One, hopefully I've -- I've earned the -
12 - the trust and value that I care about this
13 Corporation, I care about this project, I care about
14 this team, and I care about the outcome of this
15 project.

16 And when I reflected on the next stage
17 of -- of this project, there was one (1) element that
18 -- that I learned personally over the last year as
19 well, I appreciated the opportunity that Mr. Graham,
20 the extended executive team, and the board entrusted
21 me in this position as program director. And I do
22 have a lot of proven delivery experience at MPI.

23 However, there -- there's an element
24 that I -- I would be not a fish out of water, because
25 I have adapted well over the years, and that's

1 managing these vendors.

2 And it's a -- with the -- with that in
3 mind as well, my initial date for retirement was a
4 little later, so I did have a different personal goal
5 at the time, which was probably about eighteen (18)
6 months afterwards. So I'd reflected on that.

7 What I've learned over the course of
8 this year and doing what's best for this project, I
9 decided to -- to announce my retirement.

10 And so, with that, the Corporation is
11 going to be in -- in a great position because the --
12 the position has been filled. And -- and that person
13 starts on November 30th, so we have a great
14 opportunity to transition within the course of the
15 discovery. And I think this program will be well-
16 positioned with the -- my successor who will be before
17 you next year to -- to comment on Nova.

18 DR. BYRON WILLIAMS: And thank you for
19 that answer, Mr. Remillard.

20 And it's interesting that you chose the
21 term "fish out of water." Will there be fishing
22 involved in your retirement, sir?

23 MR. JOHN REMILLARD: Yes. There will
24 be a little bit of fishing, yes. And so, the intent
25 is to -- to retire, though. Yes.

1 DR. BYRON WILLIAMS: Mr. Mitra, were
2 you involved in the original Legacy system
3 modernization business case, the one that was produced
4 in 2019?

5 MR. SHAYON MITRA: Not directly.

6 DR. BYRON WILLIAMS: Okay. And, Mr.
7 Remillard, were you involved with the original Legacy
8 system modernization business case prepared in 2019?

9 MR. JOHN REMILLARD: I had some
10 involvement. My involvement was part of a steering
11 group that -- that Mr. Dessler chaired. Mr. Dessler
12 was ultimately the -- the lead, the corporate lead,
13 responsible and accountable for the Legacy systems
14 modernization execution, the completion of the
15 assessment, as well as the preparation of the business
16 case.

17 And it was Mr. Dessler that brought the
18 business case, at that time, before our Board of
19 Directors for approval.

20 DR. BYRON WILLIAMS: Thank you. And,
21 Mr. Mitra, in your oral comments this morning, in the
22 context of speaking to commercial off-the-shelf
23 software, you spoke off having to modernize business
24 processes to minimize customization and suggested that
25 that involves -- I think I'm quoting here --

1 significant transformation.

2 Do you remember words to that effect,
3 sir?

4 MR. SHAYON MITRA: Yes.

5 DR. BYRON WILLIAMS: And would it be
6 fair to say that as you significantly transform or
7 modify business processes, you run the risk of the --
8 the three (3) D's with regard to your staff;
9 dislocation, disenchantment, and disengagement.
10 That's a risk that -- that one looks -- sees in the
11 midst of a major IT project and significant parallel
12 business transformation?

13 MR. SHAYON MITRA: Sure.

14 DR. BYRON WILLIAMS: And we'll come
15 back to that a bit later.

16 You also spoke this morning of your
17 review of your search throughout Canada, I believe,
18 for analogous projects on the DVA side or on the
19 property and casualty side.

20 Do you remember that, sir?

21 MR. SHAYON MITRA: Yes.

22 DR. BYRON WILLIAMS: And it would be
23 fair to say that you were unable to identify a project
24 that simultaneously was launching a major property and
25 casualty transformation at the same time it was

1 simultaneously launching a major driver and vehicle
2 administration transformation and trying to integrate
3 those processes. Would that be fair?

4 MR. SHAYON MITRA: That's correct,
5 yes.

6 DR. BYRON WILLIAMS: And, Mr.
7 Remillard, this morning I think you said words to the
8 effect that the breadth and complexity of the Legacy
9 system modernization/Project Nova was significantly
10 understated in the original business case.

11 Do you recall words to that effect,
12 sir?

13 MR. JOHN REMILLARD: I do, sir.

14 DR. BYRON WILLIAMS: And I wonder if
15 you can elaborate on what you mean in terms of the
16 "breadth and complexity being significantly
17 understated"?

18 MR. JOHN REMILLARD: Sure. And I
19 think -- not to be fully repetitive of Mr. Mitra's
20 earlier testimony but it's -- in the context of --
21 first and foremost, as much as we've searched the
22 marketplace, we have yet to find another jurisdiction,
23 another insurance company or government agency that
24 has done this all at the same time.

25 So not to say that we had rose-colored

1 glasses on with the initial business case, no. It's
2 what we knew at the time. We had a lot of advice by
3 Deloitte and Avasant as to what these journeys would
4 entail.

5 But I think one (1) of the things that,
6 again, when you look at Deloitte and Avasant -- and
7 maybe Mr. Dessler may want to add to this point in a
8 moment, again, from their perspectives, Deloitte was
9 very experienced in the property and casualty
10 insurance domain.

11 Avasant came to us with probably less
12 insurance expertise, but some driver and vehicle
13 administration experience, as well as more
14 modernization elements. So, again, even with our
15 advice, no vendor had done it all themselves.

16 And when we went to market, we
17 certainly did seek out and -- and would have preferred
18 to have that over-arching view. Hence, the
19 complexity. We are -- we are embarking on things that
20 probably no other jurisdiction has done.

21 MR. GARY DESSLER: I'll just add to
22 John's point that Avasant really specialized in
23 modernization and digital transformation. So that was
24 their area of expertise.

25 And kind of one (1) of the things I

1 think we found was there's no one like -- there's very
2 few organizations like MPI for breadth, but our
3 insurance is, you know, very similar to others, right?
4 Our driver licensing is very similar to other
5 organizations. Our registration is very similar.

6 So what we do, in each of our
7 individual streams, is, you know, very comparable.
8 And we think we can go out to the market and find
9 tools that line to what others are doing.

10 What makes MPI special is the breadth
11 of services that we provide in that one-stop shop,
12 right? So licensing is licensing, whether or not it's
13 in Manitoba or Ontario or Alberta, right? Insurance
14 is, you know, very comparable across jurisdictions.
15 But, again, there's only a few of us that -- a few
16 organizations that do all this together.

17 DR. BYRON WILLIAMS: Thank you. I'm
18 going to pose this to you, Mr. Remillard, but if
19 someone else chooses to answer -- you'll recall that
20 during the physical damage re-engineering journey with
21 -- with the Public Utilities Board and with MPI, MPI
22 benefitted from the services of the Gartner Group in
23 terms of reviewing the physical damage, re-engineering
24 project, considering its implications for the business
25 case and the net present value associated with the

1 business case.

2 And then, reporting both to MPI and to
3 the Public Utilities Board. You recall that, sir?

4 MR. JOHN REMILLARD: I do, sir.

5 DR. BYRON WILLIAMS: The governance
6 review that's been undertaken by
7 PricewaterhouseCoopers -- is that the right name?
8 Yeah.

9 MR. JOHN REMILLARD: Yes.

10 DR. BYRON WILLIAMS: Is it carrying
11 out an analogous function to what the Gartner Group
12 did, as I've described it to you, with physical damage
13 re-engineering?

14 MR. JOHN REMILLARD: I would actually
15 suggest to you that it's more in depth. And the
16 reason I say that is it's project-specific.

17 Yes, Gartner had some involvement on
18 physical damage re-engineering to your point. But
19 they were also contracted at the time for all of the
20 Corporate portfolio to review all Corporate projects.

21 What makes the governance vendor
22 engagement unique as well is the actual approach and
23 discipline that PWC brought to the table. And so, in
24 contrasting that opposite, the other vendor that bid
25 on that -- that RFP, the -- the Board members were

1 impressed with the level of detail. They saw the
2 difference in contrast opposite to how Gartner
3 approached their reviews. And -- and there's an
4 essence, a methodology and a discipline that PWC is
5 following, which is, in essence, a methodology.

6 That methodology, just -- is also
7 described and has been shared as part of the PWC
8 materials that's been shared via this forum.

9 DR. BYRON WILLIAMS: In the CSI?

10 MR. JOHN REMILLARD: That's correct,
11 yes.

12 DR. BYRON WILLIAMS: So going to my
13 question, is PricewaterhouseCoopers -- in the midst of
14 the re-basing of the Legacy system modernization
15 business case -- have they conducted and prepared an
16 independent review of the business case for Project
17 Nova?

18 MR. JOHN REMILLARD: I think the best
19 way to -- to answer that, Mr. Williams, is that
20 PricewaterhouseCoopers is -- we were fully transparent
21 with them with respect to all of our deliverables
22 including our business case. And so they've been --
23 been kept abreast of all of the changes to the
24 business case as far as the -- the process that we're
25 following, the due diligence, the framework.

1 They have not seen the re-baseline view
2 yet, as of yet, just because we're in the midst of
3 finalizing that, but they have seen the framework for
4 its preparation, and they have seen preliminary views
5 of that.

6 But just to qualify, their -- their job
7 is not to, in essence, endorse it. They may provide
8 an in-camera commentary that Mr. Mitra and I would not
9 be privy to as to the validity or confidence level,
10 but they would probably not be put in the position to
11 do that in a report, based on what I'm aware of.

12 DR. BYRON WILLIAMS: Just so I'm
13 clear, they have not prepared an independent
14 evaluation of the Project Nova business case?

15 MR. JOHN REMILLARD: To date, no.

16 DR. BYRON WILLIAMS: And so there's no
17 report out there analogous to what we might have seen
18 from Gartner Group with -- and -- and filed with the
19 Public Utilities Board with -- with regard to the
20 Physical Damage Re-engineering Project?

21 MR. JOHN REMILLARD: In contrasting
22 it, I guess the answer would be -- it would be similar
23 in that regard, so I'll -- I'll maybe qualify. So
24 let's just briefly talk about Gartner now 'cause I
25 want to make sure we're talking about the right --

1 right vendor.

2 Gartner did not provide initial review
3 or approval or endorsement of the original PDR
4 business case. To your point, Mr. Williams, Gartner
5 was engaged during the course of the execution of the
6 Physical Damage Re-engineering and did provide those
7 annual reviews as to -- to the -- to the Board as to
8 how MPI was performing.

9 I would suggest to you that PwC's
10 review, due diligence, and discipline is much more
11 detailed and involved than Gartner's from a day-to-day
12 project review, day-to-day awareness, and from a
13 financial review and -- and awareness and -- and --
14 but they're not here to confirm that the business case
15 is valid. That's not part of their services.

16 DR. BYRON WILLIAMS: Just so I
17 understand, MPI has not asked PricewaterhouseCoopers
18 to look at the merits of the business case and say
19 whether the net present value estimates and the
20 assumptions underlying those estimates are defensible.
21 Is that right?

22 MR. JOHN REMILLARD: It is not clearly
23 a definitive element of their scope of services.
24 However, because they are reviewing it, I'm sure they
25 -- they will be identifying areas of concern.

1 So one (1) of the things that -- and
2 I'll qualify -- one (1) of the things that they're
3 very good at via their monthly reports is providing
4 observations. These observations are to guide us as
5 to where we may be I'll call it off track, where we
6 may be not filling gaps or risks, and ultimately where
7 they may see gaps or risks in our planning, our
8 approach, our risk mitigation.

9 But I just want to round out, they have
10 yet -- and maybe the Board will ask them, but they
11 haven't to date, Mr. Williams, to provide an
12 endorsement on the validity of the business case.

13 DR. BYRON WILLIAMS: And by
14 'endorsement', you mean an independent, critical
15 evaluation rather than a check mark.

16 Is that what you mean by 'endorsement',
17 sir?

18 MR. JOHN REMILLARD: Correct.

19 DR. BYRON WILLIAMS: Okay.

20 THE CHAIRPERSON: Sorry, Mr.
21 Remillard. I just want to clarify. Your comments
22 over the last few minutes have been about PwC?
23 Because at one (1) point you -- you referenced
24 Gartner.

25 MR. JOHN REMILLARD: Oh, my apologies,

1 Mr. Gabor.

2 THE CHAIRPERSON: Yeah, no, in terms
3 of --

4 MR. JOHN REMILLARD: Yeah, okay.

5 THE CHAIRPERSON: -- what they were
6 doing. And all of a sudden you slipped in Gartner --

7 MR. JOHN REMILLARD: Yeah.

8 THE CHAIRPERSON: -- and I -- I
9 thought maybe --

10 MR. JOHN REMILLARD: Okay.

11 THE CHAIRPERSON: -- you had meant
12 PwC.

13 MR. JOHN REMILLARD: So I'll maybe
14 quickly summarize, if you don't mind then, just to --

15 THE CHAIRPERSON: Sure.

16 MR. JOHN REMILLARD: -- to alleviate
17 that concern. And my apologies in that regard.

18 So Gartner was specifically associated
19 with PDR and other corporate projects. My intent was
20 to highlight the fact that PwC has a very similar
21 approach regarding review, but my -- my intent was to
22 express that it's -- it's much more involved than
23 Gartner is from a day-to-day review, paying attention,
24 providing observations, identifying risks, reviewing
25 our management responses, escalating things that they

1 -- they feel we aren't resolving in a timely manner,
2 that we're not moving or resolving from a risk
3 mitigation perspective.

4 But just to round it out, at this time,
5 the technology committee members have not asked PwC to
6 validate the business case.

7

8 CONTINUED BY DR. BYRON WILLIAMS:

9 DR. BYRON WILLIAMS: Thank you. And
10 just one (1) other piece of clean-up from the oral
11 testimony so far.

12 Mr. Remillard -- and we'll come back to
13 PUB/MPI 1-73. I don't think we need to go there right
14 now, but you do recall some discussion of the variance
15 in terms of leadership and incremental resources of
16 \$9.3 million?

17 MR. JOHN REMILLARD: That's correct.

18 DR. BYRON WILLIAMS: And I just want
19 to be clear I'm not trying to get any insight into --

20 MR. JOHN REMILLARD: M-hm.

21 DR. BYRON WILLIAMS: -- Requests For
22 Proposals that haven't been signed yet and are still
23 in the works. But in terms of that specific line
24 item, you indicated that there would be a variance
25 related to the incremental costs associated with

1 COVID-19 and delays. Did -- do I have that --

2 MR. JOHN REMILLARD: It was more the -
3 - the intent there was the leadership and incremental
4 resources revised estimate and -- and approval that we
5 sought out from the technology committee members were
6 resources that we required this year to be added to
7 the program. And this is the cost of those asso --
8 those associated resources for the lifetime of the
9 project.

10 The other thing that -- that we are
11 reviewing as part of the re-baseline of the business
12 case, the initial business case had projections on --
13 on what we're going to have for -- for staffing,
14 meaning, what MPI -- what MPI labour would be required
15 to support the system integrators in the completion of
16 -- of Nova.

17 What we've done, again we -- we
18 certainly know more now than we -- we did then. We
19 have more refined estimates. As I stated earlier, the
20 Request For Proposals from all of our partners, future
21 partners, have specifically stated the MPI resources
22 required to be embedded within their delivery teams.

23 They've associated and detailed out the
24 ancillary leadership support, and with all of that, we
25 are re-projecting the required MPI effort and capacity

1 to complete Nova. So that will be part of our re-
2 baseline, yes.

3 DR. BYRON WILLIAMS: Okay. And that
4 leadership and incremental resources variation, that
5 will be more than 9.3 million? Like so we've got 9.3
6 million in this response, and what you're telling us
7 is that negative variance will be more than 9.3
8 million.

9 MR. JOHN REMILLARD: Yes.

10 DR. BYRON WILLIAMS: And are you able
11 to share the number?

12 MR. JOHN REMILLARD: Sorry, I can't at
13 this time.

14 DR. BYRON WILLIAMS: Can you give us
15 an order of magnitude on the public record?

16 MR. JOHN REMILLARD: This is -- and
17 I'm -- I'm not trying to -- to duck -- duck the
18 question, Mr. Williams. The --

19 DR. BYRON WILLIAMS: Well --

20 MR. JOHN REMILLARD: Yeah.

21 DR. BYRON WILLIAMS: -- I -- I think
22 what you're trying to get at is you may have some
23 governance --

24 MR. JOHN REMILLARD: Yes.

25 DR. BYRON WILLIAMS: -- issues.

1 MR. JOHN REMILLARD: It's --

2 DR. BYRON WILLIAMS: I understand

3 that.

4 MR. JOHN REMILLARD: And it -- it's

5 related to my earlier testimony --

6 DR. BYRON WILLIAMS: Is it material?

7 MR. JOHN REMILLARD: Pardon me?

8 DR. BYRON WILLIAMS: Is it material,

9 sir?

10 MR. JOHN REMILLARD: The -- the

11 difficulty in answering that question is that what we

12 -- what we're -- what we've been talking about so far

13 is the pluses. And there are other elements of the

14 business case based on the RFP bids, once they're

15 finalized, that may have a positive outlook.

16 DR. BYRON WILLIAMS: There's puts and

17 takes.

18 MR. JOHN REMILLARD: Yes.

19 DR. BYRON WILLIAMS: So I'm asking --

20 MR. JOHN REMILLARD: Without getting

21 into specifics, there are puts and takes.

22 DR. BYRON WILLIAMS: -- I'm asking

23 about this take.

24 MR. JOHN REMILLARD: Yes.

25 DR. BYRON WILLIAMS: As compared to

1 the 9.3 million that's embedded there, is -- is the
2 negative variance material?

3

4 (BRIEF PAUSE)

5

6 MR. JOHN REMILLARD: It's material
7 enough for us to challenge ourselves corporately. And
8 -- and this has been a discussion and dialogue that
9 Mr. Mitra has been sharing amongst his peers with
10 respect to capacity -- corporate capacity.

11 And so, when I say that, Mr. Williams,
12 since earlier this year -- and I think the
13 Corporation's not getting tired of hearing Shayon use
14 that term, but he is using it a lot, meaning
15 challenging ourselves as to ensuring that outside of
16 keeping the lights because, yes, we have a business to
17 run day to day, that we corporately commit as a -- as
18 an executive team, as a leadership team, that Nova is
19 priority number 1.

20 So, with that, we are going to get the
21 associated resources that we require to complete Nova.
22 The difficulty in responding to that -- that question
23 from a magnitude perspective is we're just in the
24 midst in that discussion that needs to occur next week
25 with our executive team confirming what is our

1 corporate capacity.

2 And we -- we have a ask of -- of the
3 Corporation that we are bringing forward. We have
4 prev -- presented the preliminary ask earlier in
5 August, so they will not -- this is just now the final
6 number in that regard, and it's an acknowledgment to
7 confirm, yes, MPI, from an operational perspective,
8 can afford to provide this level of resources to Nova
9 or not.

10 So, with that, once that number is alt
11 -- confirmed, that will then finalize what are we
12 going to have to go to market for, meaning incremental
13 MPI positions, or we may -- or to Ms. McCandless's
14 earlier questions, what level of consultants would --
15 may we require to support Nova.

16 So, it's a very complex question that
17 other corporate matters outside of Nova influence that
18 final number, Mr. Williams.

19 DR. BYRON WILLIAMS: It's never been
20 suggested in my career that I've ever asked a complex
21 question, so I don't know if that was a compliment or
22 not.

23 I'll -- we'll move on. And -- and I
24 thank you. I know it's -- it was a bit -- you're in a
25 bit of a state of flux. Probably to you, Mr. Mitra, a

1 short snapper and CAC-MPI-1-57, and just the preamble.

2

3 (BRIEF PAUSE)

4

5 DR. BYRON WILLIAMS: CAC-MPI-1-57,
6 probably 311 in your materials. Just one (1) second.

7

8 (BRIEF PAUSE)

9

10 DR. BYRON WILLIAMS: I wonder if you
11 can scroll down on this page a bit more, on to the
12 next page. Keep going, please. Here is is.

13 So, Mr. Mitra, this is where -- I'm
14 referring to a IR, but it's actually, you'll see,
15 quoting from your value management document.

16 Do you see that, sir, right in front of
17 you, quoting from part 4 value management?

18 MR. SHAYON MITRA: Yes.

19 DR. BYRON WILLIAMS: And -- and you'll
20 see the statement by Manitoba Public Insurance that
21 Project Nova has significantly changed since the
22 initial business case; that Project Nova will be
23 focussing on enhancing the customer experience by
24 holistically reviewing all aspects of MPI's products,
25 all of which will be supported and enabled by future

1 technology plat -- platforms.

2 Do you see that reference? I'm just
3 paraphrase -- phrasing it, sir. Do you see that?

4 MR. SHAYON MITRA: Yes.

5 DR. BYRON WILLIAMS: How is that a
6 change of focus or significant change? Or maybe that
7 was the thrust of your entire opening statement, but
8 would -- hasn't Manitoba Public Insurance always been
9 focussed on enhancing the customer experience?

10 MR. SHAYON MITRA: So, I'll take a
11 step back. The LSM business case, the Legy -- Legacy
12 system modernization, focus on changing the core
13 platforms. So, it specifically spoke to the insurance
14 licencing, registration, and the online.

15 What we've learned through our value
16 stream mapping exercise, engaging frontline staff,
17 that just giving technology will not change customer
18 experience.

19 In order to change customer experience,
20 we also have to look at our processes that are in play
21 today, and so it has to be a function of what our COTS
22 -- cost -- commercial off-the-shelf, platforms deliver
23 with minimum configuration or customization.

24 To -- to do -- to do that, we spent
25 time to do the --

1 DR. BYRON WILLIAMS: Value stream.

2 MR. SHAYON MITRA: -- detailed value
3 stream mapping --

4 DR. BYRON WILLIAMS: Okay.

5 MR. SHAYON MITRA: -- and get --
6 extract the customer value for our frontline staff to
7 see. So, when we try and use as much out-of-box, it's
8 -- it's not, you know, the response that this is how
9 we've always been doing things and more focussed on
10 let's try and leverage as much out of box as possible
11 to continue to improve the customer experience.

12 DR. BYRON WILLIAMS: Okay. Thank you.

13 MR. GARY DESSLER: Sorry, Mr.
14 Williams, I just want to kind of jump in. If you look
15 at kind of the transformation, we had LSM, right, it's
16 was Legacy Systems Modernization, very technical and
17 focussed, right?

18 And we -- we kind of recognized
19 throughout the development of that and into the New
20 Year that we needed to have a business-driven approach
21 to that, right? So, that was really the pivot, right,
22 and where we looked at, you know, understanding the
23 businesses processes around it, the impact.

24 So, it wasn't -- we had to shift away
25 from a purely technical view. And that was, you know,

1 more of a focus even from the words LSM, right, Legacy
2 Systems, right, more to this Nova, we're looking for,
3 you know, a change in approach.

4 DR. BYRON WILLIAMS: Thank you. Mr. -
5 - I'm going to be triple tag teamed on this one. Mr.
6 Remillard...?

7 MR. JOHN REMILLARD: Well --

8 DR. BYRON WILLIAMS: Bring it on.

9 MR. JOHN REMILLARD: Bring it on. No,
10 it's -- it's...

11 DR. BYRON WILLIAMS: Just kidding.

12 MR. JOHN REMILLARD: There's a --
13 there's an important element. So, as -- as the
14 panel's been aware, I've -- I've been on many projects
15 with -- with -- over the course of the years with MPI.

16 One (1) of the fundamental differences
17 with -- with Nova is this. I'll maybe qualify it.
18 Yes, we -- we did keep the customer experience in mind
19 with other programs. But to be blunt and to be quite
20 honest, we subjected customers to change.

21 And one (1) of the fundamental
22 differences based on Mr. Graham and Mr. Mitra's
23 guidance and leadership was, no, the -- the customer's
24 need front and centre. And so -- and the word
25 'engagement'.

1 And so, we've already gone to market
2 with a E-panel, that's a new survey mechanism that we
3 have within our MPI infrastructure, to solicit the --
4 the opinions of Manitobans.

5 We are considering changing a process,
6 offering different services or -- or products and
7 getting the voice of Manitobans imbedded in our future
8 vision and help driving our customer experiences going
9 forward.

10 DR. BYRON WILLIAMS: Okay. Thank you.
11 Probably to Mr. Mitre, but can you explain to -- to me
12 and to my -- more importantly, to my clients, the
13 distinction between software as the subscription
14 versus on premises?

15 MR. SHAYON MITRA: I'm going to defer
16 it to Mr. Dessler.

17 DR. BYRON WILLIAMS: Okay.

18 MR. GARY DESSLER: Yeah, so software
19 as a service is -- is just that. It's a service that
20 we're buying from an organization that's typically
21 yearly or monthly.

22 So, we don't run the infrastructure.
23 So, in Duck Creek onDemand, we're buying software and
24 the infrastructure to run that software.

25 When we talk about 'on premises,' we

1 mean inside of the data centres that our IBM manages
2 for us. So, inside of that, IBM manages the
3 infrastructure. So, they manage the servers, the
4 networking, the cooling, all the data centre pieces.

5 We manage the applications. So, we
6 would do software patching. We would do, you know --
7 you know, kind of keep the lights on from a software
8 point of view.

9 In a service model, a lot of that is
10 handled by the -- the software vendor. So, in this
11 cre -- in this particular case, it's Duck Creek
12 onDemand. So, they -- they handle all the servers.
13 They handle all the networking between their
14 components. They do the patching and the -- the
15 regular updating of the software.

16 What we need to manage is our
17 configuration in their software.

18 DR. BYRON WILLIAMS: Okay.

19 MR. GARY DESSLER: So, the -- the
20 amount that we have to do varies in software as a
21 service model.

22 DR. BYRON WILLIAMS: So, if we were to
23 use something like Mitchell as associated with
24 physical damage re-engineering, would that be a
25 software as a service or would it be an on-the-

1 premise?

2 MR. GARY DESSLER: Mitchell is a
3 software as a service technology.

4 DR. BYRON WILLIAMS: And how about
5 Lawson, which is used within the financial system?

6 MR. GARY DESSLER: That particular --
7 that's an on prem -- on premises software package that
8 we utilize.

9 DR. BYRON WILLIAMS: And what about
10 Fineos, F-I-N-E-O-S, which obviously you use to manage
11 PIPP claims in the project, the BI3 project?

12 MR. GARY DESSLER: Today, that's a
13 package that runs inside of our data centre, so it's
14 an on prem -- an on-premises offering.

15 DR. BYRON WILLIAMS: Okay. So,
16 Mitchell, which was brought in, to a significant
17 degree, through physical damage re-engineering, would
18 be an example of software as a service that MPI
19 already has experience with?

20 MR. GARY DESSLER: Correct.

21 DR. BYRON WILLIAMS: If we can go to
22 again the preamble to CAC 1-60, and the first
23 paragraph.

24 Mr. Mitra, you'll see in that -- that
25 paragraph what you referred to as the miss and what

1 Mr. Remillard referred to as the significant delta.

2 The -- the fact that with respect to
3 the property and casualty insurance software program,
4 the licensing costs were assumed to be an ongoing
5 operational cost, due to the model being utilized
6 SaaS, which resulted in an unplanned \$12 million
7 project cost variance, due to the application of MPI
8 accounting rules in the separation of capital project
9 costs versus operational costs.

10 Do you see that, sir?

11 MR. SHAYON MITRA: Yes.

12 DR. BYRON WILLIAMS: And that's an
13 accurate statement of fact?

14 MR. SHAYON MITRA: Yes.

15 DR. BYRON WILLIAMS: Can you explain
16 to our clients the latter part of that sentence,
17 what's the relevant of the application of MPI
18 accounting rule practices, how did that contribute to
19 the miss?

20 MR. SHAYON MITRA: Could you give me a
21 moment, please?

22

23 (BRIEF PAUSE)

24

25 MR. SHAYON MITRA: Mr. Remillard is

1 going to respond to that.

2 MR. JOHN REMILLARD: I'll give it a
3 shot and then we're going to have to get Mr.
4 Giesbrecht or so forth, if you really want to go deep
5 from an accounting perspective.

6 In -- in relation to the software
7 service and then the -- the accounting practices, you
8 know, it started off the software as a service model
9 is still fairly new for us.

10 To your point, Mr. Williams, you
11 highlighted Mitchell was the -- the first one and we
12 didn't have the -- that delta in that case. Then
13 again, the PDR business case wasn't to the level of
14 the Nova business case either.

15 In that regard, it really boiled down
16 to when we look at the -- what Duck Creek bid. It was
17 the -- in applying the accounting practices, it's the
18 timing within what we negotiated for the software
19 standup versus the op -- operational costs overall.

20 And when was the right trigger point
21 within the, I'll call it Nova journey, to in essence
22 from an accounting rule perspective, define said
23 licensing as Cap. Ex. versus Op. Ex.

24 It is basically the definition and the
25 -- the -- the -- I'll call it the gate, is when on our

1 journey we stand up the production software and,
2 ultimately, when the first element of production data
3 is now being utilized on that platform.

4 So that's the trigger point within the
5 Nova roadmap and it was the associated expenses for
6 the Duck Creek platform up to that point.

7 So I'm not sure if that answered your
8 question, but it was the definition of when and that
9 definition is -- is basically when the software is
10 stood up when we're -- we're from a production
11 standpoint traversing or utilizing that software for
12 our first production instance of data movement.

13 DR. BYRON WILLIAMS: I think I've -- I
14 think I'll -- I'll take a shot at it and we'll -- so
15 if we think of the Duck Creek contract that's for \$36
16 million, agreed?

17 MR. JOHN REMILLARD: Subject to check,
18 but that sounds --

19 DR. BYRON WILLIAMS: And that's
20 divided between 12 million in capital costs and 24
21 million in operating costs, subject to check?

22 MR. JOHN REMILLARD: Subject to check,
23 yes.

24 DR. BYRON WILLIAMS: I think I'm going
25 off a resolution from your Board of Directors and PUB

1 1-1, but I'm going off -- off memory as well.

2 But there is -- let's be -- for sure
3 there's a distinction between the capital expenditures
4 and -- and the operating expenditures, and it's the
5 capital expenditures of -- of roughly \$12 million that
6 were missed.

7 MR. JOHN REMILLARD: Correct.

8 DR. BYRON WILLIAMS: And in terms of
9 defining when the trigger point is, between when
10 something ceases to be a capital expenditure and
11 starts to be tracked as a cap -- as an operating
12 expenditure, you're saying if -- if I talk to Mr.
13 Giesbrecht, he would explain to me in very slow words
14 and using plain English that it's when it becomes
15 operational?

16 MR. JOHN REMILLARD: Yes.

17 DR. BYRON WILLIAMS: Okay. And Mr.
18 Dessler, just -- I'm trying just to get my -- my
19 clients' head around this in terms of the miss, you --
20 you spoke of what IBM does for you, for example, with
21 Lawson and Fineos versus what Duck Creek will be doing
22 -- doing with you.

23 And is that the mathematical equivalent
24 of the \$12 million?

25 MR. GARY DESSLER: So I guess one (1)

1 of the things -- maybe I'll go back and just add
2 another characteristic of a SaaS offering versus kind
3 of an on-prem solution, is that we -- we expect costs
4 are really consumption based. So the more you use in
5 a SaaS model, the more you pay for.

6 A -- an so the miss that -- that I
7 think we -- that we saw in LMA, the Legacy
8 Modernization project is, you know, we understood that
9 software costs for insurance systems are based on
10 gross written premium.

11 So some of the assumptions that we
12 made, based on our delivery model, is well we're doing
13 the, you know, our personal, our Autopac, Basic and
14 Extension, that was happening later on in our life
15 cycle, like in our delivery time line.

16 So we made some assumptions, validated
17 by Avasant and Deloitte that, you know, those costs
18 would come later in our project.

19 When we issued the RFP and we got the
20 responses from the vendors, they had a different
21 licensing model that we hadn't anticipated, and
22 Deloitte and Avasant hadn't anticipated either, and
23 that contributed to the -- this miss.

24 The -- the software vendors needed to
25 provision much more infrastructure on our behalf and

1 that's what triggers the costs upfront. And that's
2 the gap that we hadn't anticipated.

3 DR. BYRON WILLIAMS: And -- and the --
4 and if I'm making this too simplistic, you'll correct
5 me.

6 But the infrastructure that you're
7 contemplating is something that IBM might do for you
8 in -- in other on-premise circumstances?

9 MR. GARY DESSLER: Yes, in an on-prem
10 model, an on-premises model, where everything is
11 inside of our data centres, a vendor like IBM would
12 have to provision all that infrastructure ahead of
13 time and -- and, you know, there would be costs to
14 acquire the hardware, there's costs to set up the
15 hardware, install the software, do that, all that
16 configuration. And a lot of that happens earlier on
17 in the life cycle as well.

18 In the SaaS models, right, we -- we
19 look for that to be more handled, you know, as we use
20 it and more of a -- an operating cost, an operating
21 expense and not a capital expense.

22

23 (BRIEF PAUSE)

24

25 DR. BYRON WILLIAMS: Mr. Remillard, in

1 terms of the Mitchell analogy associated with physical
2 damage or engineering, you mentioned that the -- that
3 delta, i.e., the Cap. Ex. that -- that we're talking
4 about in the context of Project Nova, was not in the -
5 - in the physical damage re-engineering business case?

6 MR. JOHN REMILLARD: Same -- the same
7 type of issue?

8 DR. BYRON WILLIAMS: Yeah.

9 MR. JOHN REMILLARD: Well, as we know
10 there were other issues with that business case.

11 DR. BYRON WILLIAMS: Yeah, I'm just
12 trying to --

13 MR. JOHN REMILLARD: And so I'll just
14 remind all of us that we had many gaps in -- in the
15 PDR business case. The software licencing being one
16 of them, being properly forecasted, maintenance,
17 ongoing support. So that -- it was just -- contrast.

18 In essence, what I'm trying to state is
19 that the PDR business case didn't have a -- a defined
20 year-over-year licencing in the beginning for Mitchell
21 --

22 DR. BYRON WILLIAMS: Okay.

23 MR. JOHN REMILLARD: It was within
24 that context.

25 DR. BYRON WILLIAMS: I guess what I'm

1 trying to ask, and Mr. Dessler you probably know where
2 I'm going with this, is three -- through the
3 experience of Manitoba Public Insurance with Mitchell,
4 the -- the analogous issue that you're experiencing
5 with Duck Creek didn't arise.

6 MR. JOHN REMILLARD: Do you want me to
7 go?

8 DR. BYRON WILLIAMS: Oh, Mr. Dessler,
9 wants to answer this first, I could see him leaning
10 in.

11 MR. GARY DESSLER: Well, hindsight is
12 always, you know, 20/20, right?

13 So, you know, we relied on Deloitte and
14 Avasant to help us, you know, figure out what the --
15 the business case and the costs were going to be.

16 The -- there is Duck Creek and Mitchell
17 are both SaaS offerings, but they're very different
18 kinds of offerings, right?

19 There are some SaaS offerings where all
20 you do is you turn them on and you start using them.
21 Like Office 365 is a SaaS offering that many may use
22 at home, right? There's no configuration, you
23 basically give them your credit card and you start,
24 right?

25 There are many systems like, you know,

1 Duck Creek onDemand that are going to require many
2 years to configure. So the complexity is very, very
3 different.

4 Mitchell is not as complex as what we
5 saw out of -- what we see out of -- in -- in Duck
6 Creek.

7 So, lessons learned in one (1) example
8 are not always 100 percent transferrable, right? I
9 mean, so you know, we thought we understood, we
10 expected what a licensing model would be from the
11 vendors, right? And those -- those assumptions turned
12 out to be false.

13 DR. BYRON WILLIAMS: Okay.

14 MR. JOHN REMILLARD: Can I finish
15 that? If you don't mind, just a small --

16 DR. BYRON WILLIAMS: Please. That's
17 all right.

18 MR. JOHN REMILLARD: The Duck Creek
19 bid was not unique in this regard either. So, it was
20 basically -- this would have been a delta regardless
21 of the platform that we chose. So I just want to add
22 that to the record.

23 And so in essence, to round it out, it
24 was a -- it was a gap in advice that -- that we
25 received. But this marketplace does change and

1 mature, regarding what is being offered.

2 SaaS, in this domain, is also fairly
3 new. Gary, is that a fair -- Mr. Dessler, is that a
4 fair --

5 MR. GARY DESSLER: Yes, I would agree
6 with that.

7 DR. BYRON WILLIAMS: Okay. Noting the
8 time, I probably have around thirty (30) minutes to go
9 afterwards, thirty (30) to forty (40).

10 THE PANEL CHAIRPERSON: Okay. Thank
11 you, Mr. Williams. I think we'll break for lunch now
12 then and be back at one o'clock, please.

13 DR. BYRON WILLIAMS: Thank you.

14

15 --- Upon recessing at 12:02 p.m.

16 --- Upon resuming at 12:59 p.m.

17

18 THE PANEL CHAIRPERSON: Good
19 afternoon, everyone.

20 Mr. Williams...?

21

22 CONTINUED BY DR. BYRON WILLIAMS:

23 DR. BYRON WILLIAMS: Thank you, and
24 we're going to return to Informa -- Information
25 Request CAC-MPI 1-60 and the preamble, the last

1 paragraph on the first page of this -- of the preamble
2 first of all.

3 And I'm not sure -- is it you, Mr.
4 Mitra, or -- or Mr. Dessler that I -- I'm going to
5 have some questions about this, so just -- I want to
6 draw your attention in terms of the January 2020
7 review of the business case benefit streams.

8 And it's fair to say that, at that
9 point in time, confidence is high on all aspects of
10 the operational savings being realized with the
11 exception (1) of the full-time equivalent reductions
12 and (2) broker commission -- commission savings.

13 Is that fair?

14 MR. SHAYON MITRA: Yes.

15 DR. BYRON WILLIAMS: Okay. And we
16 know that we're going to chat with Mr. Wennberg about
17 broker commission savings, so I just want to turn to
18 the full-time equivalents for a second. And you see
19 at the bottom of this page -- this is obviously the
20 preamble, but:

21 "MPI requires further due diligence
22 and conceptual build-out to confirm
23 the forecasted operational FTEs."

24 And what I'm focussing on is on the
25 next page:

1 "It is currently working towards a
2 2021 spring mile -- milestone date
3 to solidify these benefits in their
4 business case and to update the NPV,
5 being Net Present Value analysis."

6 That was what was said at -- at the
7 time, Mr. Mitra, correct?

8 MR. SHAYON MITRA: Correct.

9 DR. BYRON WILLIAMS: What I'm trying
10 to get at is you're aware that there's a re-basing of
11 the -- of -- of the Project Nova which is going to --
12 up -- up the food chain to -- to the -- to the Board
13 on or about November 5th?

14 MR. SHAYON MITRA: Yes.

15 DR. BYRON WILLIAMS: Will that re-
16 basing include an updated Net Present Value analysis
17 or is that something that will not occur until the
18 spring of 2021?

19 MR. SHAYON MITRA: The re-baselining
20 will have an updated NPV that would go to the Board on
21 the 5th of November.

22 DR. BYRON WILLIAMS: And will the
23 insights into the full-time equivalents be sufficient
24 at that point in time? Like, will that work be done
25 in terms of the expected savings with regard to the

1 full-time equivalents?

2 MR. SHAYON MITRA: I will attempt to
3 respond to that, and then I -- I might defer to Mr.
4 Remillard and/or Mr. Dessler.

5 With regards to what our intent is on
6 the 5th of November, we are going with the business
7 case for FT as is. Our early indications are that the
8 one fifty (150) number, we don't intend on changing
9 that.

10 The due diligence that we intend on
11 executing on effective start-up discovery until spring
12 of 2021 is get even deeper as to where specifically
13 we'll realize the efficiencies as we understand the
14 platforms better through the discovery phase.

15 So simply put, whatever the numbers
16 were in the original business case, they -- they stand
17 as is going into November 5th. And now we are
18 validating them to the next level of detail to
19 understand from what pockets of the operational and IT
20 areas will these efficiencies get realized.

21 And then our value stream mapping
22 exercise has also shed further light on understanding
23 those opportunities.

24 Mr. Remillard or Mr. Dessler, if you
25 have anything to add...?

1 MR. JOHN REMILLARD: Yeah, if you
2 don't mind.

3 DR. BYRON WILLIAMS: Yeah, please add,
4 and then I'll follow up on that.

5 MR. JOHN REMILLARD: Yeah, certainly.
6 That was a very good lead-in to it, and I'll maybe
7 just qualify a couple of incremental things. So, it's
8 kind of related to our confidence level on the roadmap
9 conversation earlier today.

10 In relation to the FT analysis, at this
11 time it's not deemed to -- we don't have any evidence
12 in support that we can't achieve the -- the stated
13 number in the business case.

14 As to Mr. Mitra's point, that is being
15 included -- included in the -- the NPV analysis and to
16 round it out by seeing the software in greater detail
17 via the workshops during the discovery phase over the
18 next few months.

19 The reason we had the -- and that's the
20 -- hence, the timing for the -- the spring 2021. It's
21 about that confidence level. So should -- should we
22 have a deviation from that number, and following our
23 value management strategy that -- that we shared as
24 part of our application, this would be one (1) of
25 those checkpoints on -- on the business case.

1 I can also assure you that the Board
2 will be holding, you know, management to task to -- to
3 achieve said number. So in the spirit of, you know,
4 transparency, in the spirit of applying value
5 management, that's what we're working towards with
6 respect to dates.

7 Does that represent some risk with
8 respect to the business case? Certainly some residual
9 risk. So citing the confidence level that we had, you
10 know, put Mr. Mitra on the spot earlier today, you
11 know, I think the confidence level is high enough to
12 keep the number as is, but seeking to even have
13 greater clarity, greater confirmation, and factual
14 proof as to where it's going to -- where those
15 operational savings will be realized throughout the
16 organization.

17 DR. BYRON WILLIAMS: So just in terms
18 of the response -- and I'll go to both of you in turn
19 -- Mr. Mitra, the business case that is being shared
20 on November 5th will include the equivalent full-time
21 equivalents benefit savings that were predicted in the
22 original Legacy modernization business plan?

23 MR. SHAYON MITRA: Yes.

24 DR. BYRON WILLIAMS: Okay. And, Mr.
25 Remillard, what you're telling us is that the next

1 checkpoint on the business case in terms of those
2 estimated full-time equivalent savings is the spring
3 of 2021 --

4 MR. JOHN REMILLARD: That's correct,
5 and -- and the alignment there is the completion of
6 the discovery phase at the end of January.
7 Precipitating an updated view of the business case,
8 there may not be any changes, but following the spirit
9 of the value management strategy that we -- for Nova,
10 that we shared as part of our application, that is a
11 known and committed gate that we will perform and
12 review with the Board of Directors as a next step.

13 DR. BYRON WILLIAMS: Now, you've used
14 two (2) terms. One is 'checkpoint', one is 'a gate'.
15 And would it be correct to suggest to you that, if, at
16 that checkpoint or gate in the spring of 2021, there's
17 a deterioration in your confidence with the equivalent
18 full-time savings, that that will cause some hard
19 rethinking?

20 What happens if you hit that checkpoint
21 and there's a deterioration in your confidence, sir?

22

23 (BRIEF PAUSE)

24

25 DR. BYRON WILLIAMS: Like the question

1 is simple. What -- if you -- if you don't meet the
2 estimates at the checkpoint, at the gate, what does
3 that do?

4 MR. JOHN REMILLARD: I'm not going to
5 -- I guess it would depend on the degree that we were
6 off, Mr. Williams.

7 And, you know -- and the reason I -- I
8 use my words intentionally with 'checkpoint,' this is
9 all in relation to our governance from a value
10 management perspective, and how we're going to
11 continue to review the business case, validate the
12 business case, and be transparent with the Board as to
13 how we're progressing.

14 Now, having said that -- and maybe --
15 so I just wanted to use that overarching. You know,
16 should it be, you know, 30 percent less, I can't
17 certainly speak for the -- the Board. That's not --
18 and -- and what guidance they'd -- and/or decision
19 they would apply.

20 However, in following the -- the spirit
21 of our value management, we'd probably revisit what
22 we're trying to achieve, and where are those gaps
23 being realized? Is it a certain area of the program?

24 If it is, then do we need to look at
25 re-evaluating our investment in that regard to have --

1 have a higher rate of return? If it's across the
2 board, then again we may have to look at scope and/or
3 what we're going to do to -- to realize those savings.

4 Incrementally, you know, Mr. Mitra's
5 spoken quite a bit about lean today. You know, the
6 software's going to bring a certain aspect of -- of
7 those savings in our future environment --

8 DR. BYRON WILLIAMS: Okay.

9 MR. JOHN REMILLARD: -- challenging
10 ourselves with respect to how efficient our -- our
11 processes are. And that -- that work with the system
12 is within MPI management control and so challenging
13 ourselves in that regard to have the -- the most
14 efficient. So it may end up with many different paths
15 --

16 DR. BYRON WILLIAMS: Okay.

17 MR. JOHN REMILLARD: -- or many
18 different avenues, depending on what is driving the
19 variance.

20 DR. BYRON WILLIAMS: Okay. If we can
21 go to Figure 1 at the back of Response to CAC-MPI 1-
22 60(d). And I don't know who -- Mr. Mitra is smiling
23 at me, so I'm going to direct that question to you,
24 unless -- if it's someone else, just tell me.

25 Yeah. Okay. Mr. Mitra, figure 1 shows

1 the projected savings in full-time reductions and
2 broker commission savings as a percentage of the total
3 benefits of the projected benefits with Project Nova.

4 At a high level, is that what it's
5 doing here, sir?

6 MR. SHAYON MITRA: Yes. But I'm going
7 to redirect to Mr. Remillard

8 DR. BYRON WILLIAMS: Okay. My
9 apologies.

10 MR. JOHN REMILLARD: Okay.

11 DR. BYRON WILLIAMS: It was the smile
12 that threw me off. So, Mr. Remillard, if you want me
13 to ask you questions, just smile.

14 MR. JOHN REMILLARD: Well, I -- I
15 think one (1) of the suggestions we have for you, Mr.
16 Williams, is just pose the question and us, as a
17 panel, we'll pipe in as who's best.

18 DR. BYRON WILLIAMS: Okay.

19 MR. JOHN REMILLARD: So I will take
20 this one. So to answer your question, yes.

21 DR. BYRON WILLIAMS: Okay. The -- and
22 so, just if we take an example. If I look for line 8
23 for the '26/'27 year, that's telling me that the net
24 full-time equivalent reductions of 13.7 million are
25 roughly forty (40) -- are roughly 30 percent of the

1 estimated total benefits up to that point in time of
2 \$44.9 million. Would that be fair?

3 MR. JOHN REMILLARD: That is fair,
4 sir.

5 DR. BYRON WILLIAMS: And just going
6 along that line, it would tell me that the -- if we go
7 on to the broker commissions, that, on line 8, in the
8 '26/'27 year, estimated broker commission savings of
9 10.2 million to that date amount to 23 percent of the
10 total estimated benefits up to that point in time of
11 44.9 million.

12 MR. JOHN REMILLARD: Agreed.

13 DR. BYRON WILLIAMS: Okay. And if we
14 went down to 2033/'34, what that tells us that, at
15 that point in time, it's -- we're estimating, fourth
16 column in, that the next FTE reduction will amount to
17 30 percent of the total estimated benefits of the
18 project.

19 MR. JOHN REMILLARD: Agreed.

20 DR. BYRON WILLIAMS: And similarly, at
21 that point in time, being 2033/'34, the sixth column
22 in, the estimated benefits related to broker
23 commission savings would be 23 percent of the
24 estimated benefits.

25 MR. JOHN REMILLARD: Confirmed.

1 DR. BYRON WILLIAMS: Okay. Thank you.
2 In -- in the business plan, we're basing -- Mr.
3 Remillard -- or to the panel -- presumably there's
4 risk assessments undertaken. For example, what does
5 the net present value look like if we only achieve
6 half of our full-time equivalents or we only achieve a
7 third of our commission savings.

8 Is that part of the Project Nova
9 business plan re-basing?

10 MR. JOHN REMILLARD: I just want to
11 paraphrase. If you're -- if you're asking whether or
12 not, as part of the re-base lining, we're performing
13 sensitivity analysis with respect to the net present
14 value and -- and financial analysis and benefits, the
15 answer is yes.

16 DR. BYRON WILLIAMS: And recognizing
17 that any response would be CSI -- like, or at least --
18 are there any sensitivity analysis that have been
19 performed to date that the Corporation could undertake
20 to provide to give our clients and the Public
21 Utilities Board some sense of the ramifications if --
22 if things don't turn out quite as expected?

23 So I'm not -- I'm just asking you if
24 there's anything that could be shared, whether in
25 confidence or not, with regard to the sensitivity

1 analysis undertaken to date.

2

3 (BRIEF PAUSE)

4

5 MR. GARY DESSLER: So what we can
6 share is we did some sensitivity analysis with the
7 original business case. So we can share that -- that
8 sensitivity analysis.

9 The -- the new -- the new sensitivity
10 analysis that John's referring to hasn't been reviewed
11 yet, so we can't share that.

12 DR. BYRON WILLIAMS: So -- and I very
13 much appreciate that answer.

14 So by undertaking -- Manitoba Public
15 Insurance is undertaking, through filing in the CSI
16 process, to share the sensitivity analysis undertaken
17 with regard to the original Legacy system
18 modernization business case.

19 MR. GARY DESSLER: Correct.

20 MR. ANTHONY GUERRA: Yes, We'll
21 undertake to provide that.

22

23 --- UNDERTAKING NO. 25: MPI, through filing in the
24 CSI process, to share the
25 sensitivity analysis undertaken with

1 regard to the original Legacy system
2 modernization business case.

3

4 (BRIEF PAUSE)

5

6 DR. BYRON WILLIAMS: Mr. -- MPI panel
7 -- excuse me one (1) second.

8

9 (BRIEF PAUSE)

10

11 DR. BYRON WILLIAMS: I wonder if I can
12 direct your attention to the Response to CAC-MPI 1-60.
13 Just a couple -- (b), excuse me, Kristen. My
14 apologies. I should be a little more precise.

15

16 (BRIEF PAUSE)

17

18 DR. BYRON WILLIAMS: You see a
19 suggestion here considering what happens if things do
20 go south in a very unfavorable way with -- with
21 Project Nova in the response to -- to this Information
22 Request. By south, I mean negative, sir.

23 MR. JOHN REMILLARD: I do.

24 DR. BYRON WILLIAMS: And the -- the
25 thrust of the question was: Are there abandonment

1 criteria for Project Nova? And I take it that, at
2 this point in time, there are not. It would be --
3 there would be adjustments if there was in terms of
4 its scope or in terms of its -- a re-evaluation at
5 those trigger points or -- or gates?

6 MR. JOHN REMILLARD: I guess -- and --
7 and when we read the question to begin with, the key
8 word being 'abandon', right?

9 And so, I'm not ducking that word, but
10 it's not a word that -- that we're applying. And --
11 and what I want to contrast with -- and -- and maybe
12 in this regard, if we wouldn't mind -- because I've
13 been trying to find the right venue and opportunity to
14 share.

15 So to value management Appendix 1,
16 pages 12 and 13, if we could, please?

17

18 (BRIEF PAUSE)

19

20 MR. JOHN REMILLARD: Or sorry, pages 4
21 and 5.

22

23 (BRIEF PAUSE)

24

25 MR. JOHN REMILLARD: If you could

1 continue to scroll down, please. Scroll down. My --
2 sorry. Can you just pause for a sec? I just want to
3 make sure I'm guiding you to the right section.

4

5

(BRIEF PAUSE)

6

7 MR. JOHN REMILLARD: It's actually
8 page 2, so it's up, my apologies. Yeah, scroll down,
9 please, and we'll focus on some of these bullets.

10 And so I certainly don't want to leave
11 this panel and/or the Board that, you know, MPI would
12 blindly proceed with Nova. And so where I'm going
13 with this is that, you know, when we -- we look at the
14 case for change, certainly -- and I think we've tried
15 to provide evidence and -- and supporting evidence as
16 to why Nova and -- and why we need to take action,
17 action being related to these key areas.

18 Mr. Mitra, in his opening presentation
19 -- we've talked about technology risk, and, you know,
20 we've got systems that are twenty (20) to forty (40)
21 years old here. We -- we have a desire to -- to
22 provide enhanced capabilities and services to our
23 customers, be it online, as we've shared, via the
24 historical customer self-service project that's been
25 in our value management chapter for the last few

1 years. We attempted to do that and provide said
2 services. Doing backward integration into our Legacy
3 systems, we quickly found that that was cost
4 prohibitive opposite the value that we were providing
5 Manitobans -- another driver for Nova.

6 Certainly, we don't want to overlay
7 the information security, but when we're dealing with
8 outdated technologies, we -- we have to adopt new --
9 newer era technologies to -- to deal with these risks
10 going forward.

11 And last but not least, but probably
12 most importantly, is, you know, business agility. And
13 when -- when we look at business agility -- and if you
14 could scroll down to the top of the next page, please,
15 because I think there's a couple more -- one (1) more
16 point, yes.

17 So the business agility cost savings
18 and efficiencies, you know, when we're looking at --
19 and -- and it's really related to -- to this forum,
20 you know. How does MPI continue to improve itself?
21 Well, we need to find ways to be more cost-effective,
22 we need to find ways to be more efficient, and based
23 on the nature of who we are and the services that we
24 provide, we need supporting technologies.

25 Having said all that, you know, what

1 I'd also like to next bring up is the value management
2 strategy, if you could, which is... And if you could
3 scroll down, please.

4

5 (BRIEF PAUSE)

6

7 MR. JOHN REMILLARD: Keep going. Keep
8 going. I'll tell you when to stop. My apologies -- I
9 should have had a more definitive spot. It's on the
10 next page. Here -- here we go. Okay. Just a bit
11 more. Thanks.

12 What we're striving -- and the reason
13 that we prepared this -- this document and then felt
14 it was relevant for the supporting application
15 materials is to demonstrate that not only has value
16 management matured at MPI over the last few years.
17 Yes, you know, we've talked about -- about the \$12
18 million miss regarding licensing, but from a
19 discipline perspective, certainly wanted to talk about
20 the gates and just haven't had an opportunity to talk
21 about those.

22 So, you know, when we talked about --
23 when I use the word "checkpoint," I guess I -- for
24 commonality in -- in this document, it's "gates." And
25 so in relation to abandonment and so forth and in --

1 and in applying our value management discipline, what
2 we're going to be inherently doing -- this isn't a
3 once-and-done re-baseline. We will continue to assess
4 the validity of -- of our business case based on all
5 of these gates as -- as we achieve milestones on -- on
6 our journey.

7 If there is deviations from a forecast
8 or budget, so in relation to your point on the FTEs,
9 that would be on a forecast basis from a business case
10 perspective, and as we've shared, you know, that would
11 be done, at a minimum, quarterly. And so this isn't a
12 let's dust off the -- the business case for -- because
13 it's that time of the year. This is an ongoing
14 process discipline.

15 Change requests and dison -- decision
16 requests, if -- if we experience situations that --
17 that have -- that cause ongoing cost est --
18 escalations or critical decisions that -- that may
19 have a cost effect or scope or road map impact, again,
20 we will be applying our, you know, value management
21 strategy and discipline.

22 All of these, in essence, are a
23 complete review of the business case. So -- and it's
24 the viability of the entire business case based on
25 these -- these gate checkpoints, as I -- as I refer to

1 them as, that will be performed within the program and
2 socialized and -- and shared with our board of
3 directors to seek ongoing guidance and decisions as to
4 do they want to let Nova to proceed as originally
5 planned? Do they want to -- us to pause and not
6 approve a certain change request or decision request?
7 Do they want us to change scope or take some other
8 sort of deviation?

9 So, sorry that was a -- a bit of a
10 long-winded response, Mr. Williams, but I -- I guess
11 really trying to emphasize that -- that we're taking
12 value management -- we're taking this business case
13 very seriously, and -- and any deviations from it will
14 have scrutiny, review, and a governance application.

15 DR. BYRON WILLIAMS: No, thanks, that
16 was helpful, and as you might have noticed, I -- it
17 saved me about eight (8) questions, so that's all
18 good.

19 Let's -- I want to turn -- just the
20 last two (2) subjects, I want to turn to customization
21 for a second. So I'm looking probably down the row,
22 and perhaps we can start with CAC-MPI-1-56(b), which
23 actually relates to Fineos, but then we'll -- we'll
24 come back to Nova.

25

1 (BRIEF PAUSE)

2

3 DR. BYRON WILLIAMS: And I am going to
4 go off smiles, because I saw Mr. Dessler si -- smiling
5 at -- at me for this one.

6 And, sir, you're aware, perhaps
7 intimately, that Fineos, F-I-N-E-O-S, is a
8 commercially off-the-shelf system that MPI bought to
9 manage personal injury protection plan claims, agreed?

10 MR. GARY DESSLER: That's correct.

11 DR. BYRON WILLIAMS: And in terms of
12 Fineos, when it was purchased, there had to be certain
13 customizations, and some of them related to the
14 addition of integrations with other MPI systems,
15 agreed?

16 MR. GARY DESSLER: Correct.

17 DR. BYRON WILLIAMS: And some of them
18 were to accommodate gaps in functionality of the
19 Fineos base product.

20 MR. GARY DESSLER: Correct.

21 DR. BYRON WILLIAMS: Others were to --
22 changes required to support the unique products and
23 processes that MPI has.

24 MR. GARY DESSLER: Correct.

25 DR. BYRON WILLIAMS: And for the

1 initial implementation of Fineos, there were forty-
2 eight (48) customizations?

3 MR. GARY DESSLER: That's correct.

4 DR. BYRON WILLIAMS: Since then, some
5 of those have been retired, probably about twelve (12)
6 or so?

7 MR. GARY DESSLER: Subject to check,
8 but yes, there's been -- as the product has evolved,
9 not all those customizations that MPI had built
10 originally are nee -- are no longer needed.

11 DR. BYRON WILLIAMS: And you can turn
12 here if you want -- I want -- I want to go -- it's
13 PUB-1-82(a), and -- and I'll let you get there. I --
14 I think you know this by heart, but...

15

16 (BRIEF PAUSE)

17

18 DR. BYRON WILLIAMS: 1-82(a).

19 And you can go there, Kristen. It's just --

20 MR. GARY DESSLER: Okay, I have it.

21 DR. BYRON WILLIAMS: And in this
22 response, MPI is talking about its -- its -- the
23 Project Nova -- Nova leadership team, the road trip to
24 -- to gain insight from comparable companies, as well
25 as from Gartner, agreed?

1 MR. GARY DESSLER: Correct.

2 DR. BYRON WILLIAMS: And in the second
3 paragraph here, it talks about:

4 "The frequently identified takeaway
5 was to avoid 'lifting and shifting'
6 existing business processes into a
7 replacement commercial off-the-shelf
8 software like the one offered by
9 Duck Creek."

10 Agreed?

11 MR. GARY DESSLER: Correct.

12 DR. BYRON WILLIAMS: So I -- I guess
13 the question is: After the Fineos experience, how is
14 this an insight?

15 MR. GARY DESSLER: Well, I guess it --
16 I mean, so one (1) of the things -- so I'm going to
17 start off by saying, you know, when we -- when Fineos
18 was implemented back in 2008, 2009, right -- so we're,
19 you know, looking back ten (10) plus years, the
20 industry has also changed quite a bit as well.

21 So when we were looking at we did a --
22 a Request for Information, we're talking to Avasant
23 and Deloitte, many of the vendors had an approach
24 where customers -- customers, you know, whatever the
25 customer wants, we're going to build for the customer,

1 right?

2 So there was a lot of effort in earlier
3 days where the systems were, I'll call them over-
4 configured or over-customized, right?

5 And I think, you know, looking back
6 Fineos, you know, may be an example of that, right,
7 where we -- we were too fixed on our ways of doing it
8 the MPI way and didn't adopt out of the box or what
9 the applications were doing.

10 So one (1) of the things that we're
11 trying to do with this, what we're saying here is look
12 at what these packages are doing, right? And we went
13 through a process to select a property and casualty
14 system that we felt aligned to what MPI wanted to do.

15 So what we want to do in this case is
16 try to adopt the out-of-the-box capabilities and not
17 be so fixed on, well, this is the way MPI has always
18 done it, right? And that's -- you know, because we
19 came from a custom built environment, where we were
20 building everything ourselves, we -- well, that's the
21 way we do it, that's the way we built it, right?

22 We need to shift away from that
23 mentality as we try to adopt these new SaaS offerings,
24 these new commercial packages, right?

25 So we want to do that in order to have

1 a faster implementation and lower the overall cost of
2 ownership of these software packages.

3 DR. BYRON WILLIAMS: And the Fineos
4 path is one you obviously don't want to repeat?

5 MR. GARY DESSLER: Yeah, I mean --
6 sorry, let me -- can I just check just for a sec?

7

8 (BRIEF PAUSE)

9

10 MR. GARY DESSLER: My virtual back
11 room here. Okay, could you repeat the question for
12 me?

13 DR. BYRON WILLIAMS: The -- in
14 interpreting your answer, the path that you walked
15 down for Fineos is a project you're not -- a path
16 you're not anxious to walk down for Project Nova in
17 terms of the customizations?

18 MR. GARY DESSLER: Correct. I think,
19 you know, we -- we don't want to customize the cost
20 package as much as what we had originally done for
21 Fineos.

22 DR. BYRON WILLIAMS: Go ahead, and
23 then I'll have one (1) last question.

24 MR. JOHN REMILLARD: Yeah, we -- I'd
25 just like to -- to add to that.

1 So, it's rounded out, a -- a fair
2 question contrasting Fineos versus Duck. However,
3 many years ago, when -- when I reflect, I wasn't
4 formally part of the Fineos project, but there was a
5 big difference in that the -- the marketplace wasn't
6 as mature for that -- that platform at that time.

7 And it was the best foundation to
8 utilize opposite custom building a solution.

9 So a little different. When we
10 contrasted to the Duck Creek solution, when we
11 contrasted to the Duck Creek decision, you know, a
12 very good fit to our business.

13 And the context of lift and shift here,
14 was also from us talking to other like companies,
15 meaning the mistake that they made is that they went
16 into this more so with the original intent of the
17 Legacy systems modernization view, and that they
18 needed to take action to replace their Legacy systems.

19 And instead of challenging themselves
20 from a business process perspective, from a customer
21 experience perspective, they tried to, in essence,
22 force feed their -- their old business into a COTS --
23 a new COTS solution. And hence the coined term "lift
24 and shift".

25 So with everything that Mr. Mitra

1 shared earlier, and is in his presentation with us
2 challenging ourselves, applying lien from a business
3 process management, being open minded to seeing what
4 these platforms offer out of the box, we're going to
5 certainly resist customizing.

6 In relation to customizing, I also want
7 to highlight the fact that one (1) thing that's
8 associated with Nova governance, as well, and I'm
9 going to use that 'governance' word again, is that any
10 customizations have to be approved by the CEO.

11 So no one on the project team can
12 approve those, including Mr. Mitra. So this will be a
13 big scrutiny because of the lessons learned via
14 Fineos.

15 And last but not least, you know, when
16 we look at Duck Creek and what we're buying with the
17 software as a service, this is one of -- one (1) of
18 the benefits of that, is that you get that base and
19 you don't -- you're not running your own instance
20 which then companies tend to customize.

21 Last but not least -- sorry, there was
22 one (1) more. We've purchased a -- an incremental
23 professional service as another security measure on
24 Project Nova, via Duck Creek.

25 And that what -- what that's referred

1 to is conformance reviews. What that entails is Duck
2 Creek providing an architect that is immersed and --
3 and has many years of experience on the Duck Creek
4 platform, and they will come in and review our code
5 and how we're configuring the system to ensure that
6 MPI and our future property and casualty system
7 integrator are not deviating away from core product.

8 So those are many things that we're
9 implementing, Mr. Williams, to try and deal with the
10 customization mistakes.

11 DR. BYRON WILLIAMS: Just the last
12 question. As part of the MPI strategic plan, there is
13 the development of key priorities and it would be fair
14 to say that a new key priority added for the 2021 year
15 is culture, correct?

16 If you need a reference it's PUB-1-62,
17 but you know that, you know that's a new key priority?

18 MR. SHAYON MITRA: Yes, but could you
19 elaborate on from a Nova context?

20 DR. BYRON WILLIAMS: I'm -- I'm
21 speaking generally about as part of the MPI key
22 strategic priorities a new addition for 2021 is
23 culture, agreed?

24 MR. SHAYON MITRA: Yes.

25 DR. BYRON WILLIAMS: From the context

1 of Project Nova, what does 'culture' mean?

2 MR. SHAYON MITRA: It's got a number
3 of components, Mr. Williams. I'll make an attempt to
4 speak to a few of them and then I'm going to defer to
5 Mr. Remillard and Mr. Dessler.

6 So we -- we spoke to walking into this
7 transformation as a corporation, understanding that we
8 want to avoid as much customization as possible.

9 In order to do that, it was important
10 for us to engage front line staff, because from their
11 lens, we're now trying to change from a culture
12 perspective, how they've been doing things for many
13 years, giving them a new platform and then expecting
14 them to adopt new ways of doing things without it
15 giving them the rationale, the time and due diligence
16 to understand why this is needed.

17 And then I feel like I'm repeating
18 myself, hence the -- the need to use lien which
19 focuses on customer value.

20 And so if you recall in -- in my
21 presentation when I referred to the features sheet,
22 one of the deliverables there were actors, 'actors' is
23 another term for 'end user,' or the individuals who
24 were doing the job.

25 So they've been involved in assessing

1 our processes in our current state of valley stream
2 mapping and so they now understand why are we -- so
3 the questions they are posing, and I think one (1) of
4 the questions was are you executing on the gems and
5 quick hits, so they're bringing these ideas to the
6 forefront.

7 So from a culture standpoint, you've
8 already brought into motion the need to revisit how we
9 do things from a customer value lens, and that is
10 positioning as well to adopt a COTS solution,
11 Commercial Off The Shelf, as one (1) of the examples
12 that Nova is planning on using.

13 Now, I can continue on, hybrid agile
14 and agile, but I -- I would defer to my --

15 DR. BYRON WILLIAMS: That's okay, I
16 was really aiming at the -- the relationship with your
17 staff. So that's exactly what I was -- so thank you.

18 And since Project Nova was initiated,
19 has MPI surveyed its staff in terms of the impact upon
20 their job satisfaction or their confidence in the
21 project?

22 MR. SHAYON MITRA: Could you give us a
23 moment, please?

24

25 (BRIEF PAUSE)

1

2 MR. SHAYON MITRA: So, Mr. Williams, a
3 two (2) prong answer to your question. At a corporate
4 level, we haven't done a single all-encompassing Nova
5 survey.

6 But at multiple levels, including
7 myself, Mr. Remillard, our operational business
8 champion for the -- the people strategies, we have
9 presented at various departments, directorate. And
10 then we have a dedicated commune -- communication and
11 readiness strategy for -- for the Corporation.

12 So, this is, again, in line with what I
13 covered a few minutes ago.

14 DR. BYRON WILLIAMS: And so I
15 understand, there's been no empirical evaluation in
16 terms of the implications on the -- the corporate
17 culture of the profound transformation associated with
18 -- with Project Nova?

19 MR. SHAYON MITRA: If you could give
20 us one (1) moment, please.

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: Mr. Williams, we've
25 continued to communicate and engage staff, like I've

1 said, at multiple levels. But at -- because we are
2 still in the -- in the readiness and planning phase,
3 we haven't done a single survey that gives us a score
4 from -- from a readiness standpoint at this point in
5 time.

6 DR. BYRON WILLIAMS: Thank you. I
7 have no further questions.

8 THE PANEL CHAIRPERSON: Thank you, Mr.
9 Williams. Mr. Gabor...?

10 THE CHAIRPERSON: Thank you. Kristen,
11 could you pull up PUB-1-73, please?

12

13 (BRIEF PAUSE)

14

15 THE CHAIRPERSON: Scroll down. Yeah,
16 right there. Mr. Remillard, you made a comment about
17 -- you were asked, I believe, by -- by Ms. McCandless
18 whether there would be any other changes to the
19 numbers here.

20 And your -- I believe your comment was,
21 well, there may be, but we'll only know after the
22 contracts are signed?

23

24 (BRIEF PAUSE)

25

1 MR. JOHN REMILLARD: So, I'll -- I'll
2 rephrase the response, or requalify it. The numbers
3 that are shown here --

4 THE CHAIRPERSON: Yeah.

5 MR. JOHN REMILLARD: -- will not be
6 changed again, so. But I will -- then I just wanted
7 to -- and --

8 THE CHAIRPERSON: Sure.

9 MR. JOHN REMILLARD: -- there will be
10 other forthcoming changes based upon what is being
11 agreed to and contractually finalized as part of those
12 final agreements, yes.

13 THE CHAIRPERSON: Yeah. So, I take it
14 -- would I be correct in assuming that you have -- or,
15 sorry, the Corporation has the numbers it sees as the
16 total for the contracts, but once negotiated, if it
17 happens that the total for the contracts is higher
18 than what you anticipated, that that will be the --
19 that difference will be the amount to increase the --
20 the cost of the project?

21 MR. JOHN REMILLARD: I'll -- I'll try
22 and keep it high level just to respect the governance
23 with the Board. I think you -- if you recall, we used
24 the phraseology earlier today about puts and takes --

25 THE CHAIRPERSON: Yeah.

1 MR. JOHN REMILLARD: -- meaning pluses
2 and minuses. So, not everything that we're bringing
3 forward -- without getting into specific details -- in
4 our re-baseline, not everything's an add, okay.

5 Yes, there are other additions, but
6 there are significant reductions, as well. I realize
7 that I'm speaking in very high levels, so it's not
8 very factual, apologies, just based on timing.

9 And the one (1) other qualifying
10 response is that on number 3, the leadership and
11 incremental resources, just to requalify, those were
12 for the resources that we added this year as part of
13 our re-baseline.

14 We will be solidifying that MPI effort
15 which, again, is different than the original business
16 case.

17 THE CHAIRPERSON: Yeah. I -- I guess
18 -- and I don't have a problem with it at a high level.
19 The total for the project will either go up or down
20 depending on where you -- you -- among other things,
21 you -- you land on your final contract --

22 MR. JOHN REMILLARD: Yes.

23 THE CHAIRPERSON: -- price? If it
24 goes up, your -- your total will go up. If it come --
25 if the total is less than you projected, the total

1 will go down. That -- that was my only point.

2 MR. JOHN REMILLARD: Yes.

3 THE CHAIRPERSON: So, we're -- we're
4 still sort of at an uncertain point.

5

6 (BRIEF PAUSE)

7

8 THE CHAIRPERSON: Mr. Remillard, maybe
9 you have a better memory than me. Two (2) years ago
10 when we were here and we were talking about the Legacy
11 Modernization Project, we were talking about a budget
12 of approximately \$76 million, weren't we?

13 MR. JOHN REMILLARD: The original
14 budget, and Gary's going to correct me, was 85.4.

15 THE CHAIRPERSON: Eighty-five point
16 four?

17 MR. JOHN REMILLARD: Correct.

18 THE CHAIRPERSON: Okay.

19 MR. GARY DESSLER: That was without
20 the contingency though.

21 THE CHAIRPERSON: Yeah. So -- so,
22 when we moved last year to 106.8, including the
23 contingency of 25 percent, that's roughly the same
24 amount as the Legacy Modernization Project?

25 MR. GARY DESSLER: I -- I'm going to -

1 - you're challenging my memory now.

2 THE CHAIRPERSON: Okay.

3 MR. GARY DESSLER: But I think when we
4 originally had some line items in our capital master
5 summary, we had put in placeholders just for rate
6 setting. We had not used -- we had nothing that built
7 up that number. That number wasn't built up from a
8 top-down or bottom-up estimate. We just put some --
9 we put some money aside for -- for forecasting rates.

10 That's what we originally had in our
11 capital master summaries a couple years ago.

12 THE CHAIRPERSON: Right. Okay.

13 MR. GARY DESSLER: Yeah.

14 THE CHAIRPERSON: Okay.

15 MR. GARY DESSLER: The first time we
16 came in front of this panel would have been with the
17 106 point --

18 MR. JOHN REMILLARD: Yeah.

19 THE CHAIRPERSON: Which was last year?

20 MR. GARY DESSLER: Last year --

21 MR. JOHN REMILLARD: Yeah.

22 MR. GARY DESSLER: -- yes.

23 THE CHAIRPERSON: Okay. Kristen,
24 could you pull the transcript from last year, page
25 1,575?

1 MR. JOHN REMILLARD: And while we're
2 doing that, I just want to -- if we could -- and it's
3 important because we use the words 'budget', and then
4 there's 'funding'. And --

5 THE CHAIRPERSON: Yeah.

6 MR. JOHN REMILLARD: And -- and our
7 budget is 85.4. The corporate funding, as far as, you
8 know, what's being put into forecasting and so forth,
9 yes, is the -- is the 106, but we don't have
10 authorization to blindly spend 106. We have
11 authorization to spend 85.4.

12 THE CHAIRPERSON: So, your
13 authorization is the amount you want to spend. And
14 then if you want to spend more under the contingency,
15 you need to go through an appro -- approval process?

16 MR. JOHN REMILLARD: Right.

17 THE CHAIRPERSON: Okay.

18 MR. JOHN REMILLARD: So, I just --
19 it's -- it's very important words for us that we, you
20 know, live by day in and day out. And I just wanted
21 to --

22 THE CHAIRPERSON: Yeah.

23 MR. JOHN REMILLARD: When we through
24 out 'budget', that's why --

25 THE CHAIRPERSON: Yeah. The -- the --

1 MR. JOHN REMILLARD: Yeah.

2 THE CHAIRPERSON: The problem I have,
3 quite frankly, Mr. Remillard, in a number of MPI
4 documents you show amounts. And then at the bottom
5 you put, "Contingency and total." So --

6 MR. JOHN REMILLARD: Fair enough.
7 Yeah.

8 THE CHAIRPERSON: -- I appreciate the
9 comment.

10 MR. JOHN REMILLARD: Noted, yeah.

11 THE CHAIRPERSON: Mr. -- Mr. Dessler,
12 so here we spoke last year, right at the top, if you
13 go up, Kristen, \$106 million budget, 25 percent
14 contingency. You said, yes, that's a really high
15 contingency. And you said, it is, yes. Sorry, you
16 agreed with that.

17 And then, later on, you talk about,
18 well, you need to get more specifics of the -- the
19 technology. And if you could go to page 1,576,
20 Kristen. You said:

21 "We'll have to see what the vendors
22 propose both from a software and
23 professional number."

24 And then go to 1,578. And this is the
25 question I asked you.

1 "When do you think you'll have that
2 number with a smaller contingency?"

3 And then you started going through the
4 procurement process. And you thought the number would
5 be firmer in September of next year. I guess the
6 question I have for you still is --

7 MR. GARY DESSLER: Yeah.

8 THE CHAIRPERSON: -- when's the
9 contingency -- I -- I understand how these projects
10 work.

11 MR. GARY DESSLER: Yeah. Yeah.

12 THE CHAIRPERSON: But in the period of
13 a year --

14 MR. GARY DESSLER: Right.

15 THE CHAIRPERSON: -- your project has
16 gone up \$22.6 million, you're much further to signing
17 contracts, and your contingency's still at 25 percent,
18 which is still a high number.

19 So, that's my question. When's the
20 contingency come down?

21 MR. GARY DESSLER: Let me --

22 MR. JOHN REMILLARD: I'll -- I'll take
23 that. No, I'll take it. In fairness to Mr. Dessler,
24 since January last year, he hasn't been attending the
25 Board frequently, so it's primarily Mr. Mitra and I.

1 So, in fairness to him, I'll -- I'll take this one.

2 So to answer your question, I -- I
3 started to get into it earlier today, the contingency
4 -- the re-baselining of the contingency is a factor in
5 our re-baseline.

6 And the Board, we've had dialogue with
7 the Board over the course of this year as to what that
8 contingency should be and what level, and I can assure
9 you that the Board is -- is guiding us to a lower
10 contingency, to your point, yet to be confirmed
11 because -- and the -- the reason I say that is based
12 on what we're going to be presenting on November 5th,
13 we -- we need the Board to feel comfortable with what
14 we're forecasting for our expenses, particularly on
15 items that are still variable.

16 What I mean by that is we have locked
17 in licensing. We have locked in -- by then we will
18 have locked in our contracts with the system
19 integrators and so forth, which are fixed-price
20 contracts.

21 And what we're left with, from a --
22 I'll call it a variability perspective, as to where
23 there may be risk and/or sensitivities regarding the
24 go forward re-baseline is MPI labour and that
25 consultant mix that I referred to.

1 And so what's the appropriate
2 contingency that the Board would like us to place on
3 that go-forward budget number so that collectively
4 we're corporately comfortable with that re-baseline
5 number.

6 But to round it out, yes, contingency,
7 there will be pressure -- there is pressure on us to
8 come with a reduced number and we are taking that
9 seriously as part of what we're bringing forward.

10 THE BOARD CHAIRPERSON: A reduced
11 number for contingency?

12 MR. JOHN REMILLARD: Yeah.

13 THE BOARD CHAIRPERSON: Thank you.

14 MR. GARY DESSLER: Mr. Gabor, if I
15 could just kind of jump in here. When you talk about
16 September of -- of next year --

17 THE BOARD CHAIRPERSON: Yes.

18 MR. GARY DESSLER: -- right, it would
19 have been around the time we would have been -- had
20 signed contracts.

21 THE BOARD CHAIRPERSON: Yeah.

22 MR. GARY DESSLER: So, I think the --
23 you know, the month is wrong, but I think the
24 milestone is still the same as what John is referring
25 to.

1 THE BOARD CHAIRPERSON: Right.

2 MR. JOHN REMILLARD: And actually what
3 we've committed is actually, in essence, almost spot
4 on, because we said September next year, and as we
5 shared earlier, COVID has resulted in about a month
6 and a half delay that we experienced on some of the
7 RFPs.

8 So, here we are at the end of October
9 and pretty much aligned to what we said last year
10 outside of that COVID impact, for being able to have
11 those numbers.

12 THE BOARD CHAIRPERSON: Okay. And I
13 don't know who in the panel wants to answer this, one
14 (1) of the issues before the Board and before MPI at
15 this hearing is the Driver Safety Rating System and
16 whether there is a change to it to move from
17 registered owner to something else.

18 Kristen, if you could pull up from the
19 MPI Application part 6, Drivers Safety Rating, page 5
20 of 15.

21

22 (BRIEF PAUSE)

23

24 THE BOARD CHAIRPERSON: If you could
25 scroll down. Yes, starting there, if you put that at

1 the top, right there.

2 So starting with line 22 it states:

3 "MPI must also assess and coordinate
4 the system resource requirements of
5 any changes to the DSR system with
6 Project Nova, in particular,
7 substantial changes to the DSR
8 should be planned to coincide with
9 the installation of the new system
10 to avoid having to modify the
11 existing system just prior to its
12 decommissioning.

13 If a substantial change to the
14 existing DSR system were to be
15 implemented prior to the
16 implementation of Project Nova, the
17 implementation costs will be
18 significant."

19 So I guess the question is: What are
20 you doing about it now in terms of if there's a
21 decision to change DSR to something other than
22 registered owner, how long the process would take and
23 what the timing would be?

24

25 (BRIEF PAUSE)

1

2 MR. GARY DESSLER: I'll try and tackle
3 that one, Mr. Gabor.

4 THE BOARD CHAIRPERSON: Sure.

5 MR. GARY DESSLER: So, what we'd like
6 to do is the -- the look at the DSR model is underway
7 today. What we want to do, though, is have a decision
8 on what the new model is going to look like for we
9 don't have to make the changes inside of our existing
10 technology and then have to redo it as part of the new
11 technology.

12 So we really want to, you know, get
13 that decision done before we start to implement the
14 rating changes for Duck Creek.

15 So it's really a timing pro -- a timing
16 challenge for us. We want to get that work underway
17 now, as soon as possible.

18 THE BOARD CHAIRPERSON: Well, what --
19 so give me the time frame. I'll -- I'll be very frank,
20 the concern we have is that we have had constant push
21 back from MPI.

22 One (1) of the things we've been told
23 is we're focussed on Project Nova and the concern I
24 have is if there's a decision down the road, we're
25 going to face an argument of, well, we can't do it now

1 because we've already put in place Project Nova.

2 I mean, I think what we need to do is -
3 - is have an idea of exactly what the time frame is
4 when the decision has to be made so that it can be
5 implemented in the most cost-effective manner and not
6 miss that window.

7 So what's the window?

8 MR. JOHN REMILLARD: I'll take that.

9 THE BOARD CHAIRPERSON: Okay.

10 MR. JOHN REMILLARD: So if we contrast
11 back to the updated road map that Mr. Mitra shared
12 with us in his opening presentation, and if we look at
13 the -- the -- I'm referring to the road map elements
14 for the Duck Creek platform.

15 Just to remind everybody, the first
16 implementation is basically -- the first release,
17 sorry, is standing up the policy and billing modules
18 for the Duck Creek platform, and we're starting to
19 build out our commercial insurance.

20 So to answer your question, Mr. Gabor,
21 we would need to know by April of 2022 with some
22 certainty as to the direction that we are going, or
23 some pretty strong assumptions so that we could start
24 building that out as part of our build on Duck Creek.

25 Otherwise, it would either be an

1 incremental cost to -- to Nova, or it may end up being
2 a timing element because what does it do to the Nova
3 road map?

4 Again, and I'm not going to over-play
5 it, but this is where that whole value management
6 discipline would come in, as to the cost and benefit
7 of such a change request.

8 THE PANEL CHAIRPERSON: Thank you.
9 That's very helpful, Mr. Remillard.

10 THE PANEL CHAIRPERSON: Ms.
11 Hainsworth, do you have any questions?

12 MS. CAROL HAINSWORTH (by phone): I do
13 not, Madam Chair.

14 THE PANEL CHAIRPERSON: Thank you.
15 Mr. Remillard, I have one (1) question with regard to
16 a comment you made just a few minutes ago, and that is
17 with regard to the -- the cost of MPI labour.

18 Am I correct that the \$9.3 million that
19 is shown under leadership and incremental resources do
20 not include figures for MPI labour?

21 MR. JOHN REMILLARD: It was
22 incremental resources that were needed that weren't
23 initially budgeted in the initial business case.

24 And we needed to acknowledge and get
25 Board approval to start -- to, in essence, support the

1 said expenditures for those resources.

2 So in essence, phrasing that
3 differently, supporting our governance model that we
4 talked about earlier today, supporting the key roles
5 that -- that we shared in the solution governance, and
6 -- but -- or however, I don't want to lead you to
7 believe that there is no funding in the original
8 business case for MPI labour.

9 There is. But what we didn't want to
10 do is -- I'll use the term start gobbling up all that
11 money blindly without acknowledging for the Board that
12 this was a miss, that the 9.2 we believe needed to be
13 addressed opposite the original business case and that
14 between spring of this year and our -- part of our re-
15 baseline, we would solidify what we would refer to as
16 the MPI labour to build out the solution.

17 So, now you're getting into -- without
18 getting too technical, you're getting into, you know,
19 the business analyst project managers, developers, and
20 so forth, so that type of labour, Madam Chair.

21 THE PANEL CHAIRPERSON: Okay. Thank
22 you for that. So, just to refer back to something
23 that Mr. Mitra said this morning, was that there were
24 going to be dedicated resources now to Project Nova
25 rather than people doing it off the sides of their

1 desk.

2 MR. JOHN REMILLARD: Right.

3 THE PANEL CHAIRPERSON: So, is part of
4 that leadership and incremental cost the backfill for
5 those positions whose --

6 MR. JOHN REMILLARD: Correct.

7 THE PANEL CHAIRPERSON: Okay.

8 MR. JOHN REMILLARD: Exactly.

9 THE PANEL CHAIRPERSON: Thank you.

10 MR. JOHN REMILLARD: Exactly. Yeah.

11 And so, you know, right or wrong -- and you could call
12 it a miss in the original business case. I -- I would
13 -- I wouldn't call this one a miss.

14 We corporately attempted to execute
15 Nova as side of desk and quickly realized that it was
16 impacting the pace, the focus, and it was just not a
17 sustainable model to have a very different approach
18 and -- to this project, and that being, again, with
19 my, you know, twenty (20) plus year at MPI and -- and
20 sometimes playing the role of the business on
21 projects, where our business is the voice.

22 And that's what this -- this funding
23 has allowed -- allowed us to put in place. So, this
24 isn't IT driving the project. This is IT supporting
25 the business; very different approach.

1 THE PANEL CHAIRPERSON: Thank you very
2 much. Mr. Guerra, do you have an redirect?

3 MR. ANTHONY GUERRA: One (1) moment,
4 please.

5

6 (BRIEF PAUSE)

7

8 MR. ANTHONY GUERRA: Thank you.

9

10 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

11 MR. ANTHONY GUERRA: I do have a
12 question for the panel with respect to the -- the
13 issue of employee engagement which My Friend had
14 canvassed quite thoroughly in his line of questioning.
15 The -- the topic, though, was centred more around what
16 MPI has done to date to engage its employees.

17 And I -- and I wonder if there is any
18 opportunity at this point for the panel to discuss if
19 there are any opportunities for MPI that it's planned
20 to -- to spark or to -- to bring forth employee
21 engagement going forward with respect to Project Nova?

22 MR. JOHN REMILLARD: Certainly. I'll
23 take that, Anthony. If you'll recall, our solution
24 governance and -- and Mr. Mitra highlighted the
25 importance of it as we reflect on that model. But

1 just to reaffirm what we're referring to, it was the
2 operational readiness stream.

3 And so, over the course of my tenure at
4 MPI, I certainly have learned how valuable having
5 employee engagement, organizational change management
6 at the table, and as a discipline, from a operational
7 readiness perspective.

8 What we do intend on doing -- and --
9 and the reason that it may have appeared that we
10 haven't been seeking the pulse of -- of staff to date,
11 fair -- fair statement, but just want to qualify that.

12 And -- and to reiterate, we've been
13 very transparent with staff, as best we can. Just,
14 actually, over the last two (2) weeks, one (1) of our
15 operational business champions has visited all of our
16 -- and is -- is still in the midst of his final
17 visits, meeting with frontline staff to provide some
18 enheighten awareness of Nova because they will be a
19 key group that will be impacted by Nova and the
20 technology, as well, you know, making them aware as to
21 -- as to what coming -- what's coming and what's
22 coming ahead.

23 So, right now, it's more about
24 communicating and engagement, so we like to -- to
25 refer to those two (2) words. But as we continue to

1 move forward and as we know more, there -- there are
2 other elements that -- that we plan on exercising
3 regarding employee engagement.

4 With Project Nova, we have a new -- a
5 new concept that we're also embarking on, that being,
6 what we're referring to as a model office. And the
7 model office is actually going to be -- it's not a
8 test solution or whatever. We -- we're -- it's
9 related to engagement.

10 It's going to be related to getting
11 feedback from employees, but think of it as employees
12 are going to be able to -- so it's going to be both
13 virtual and physical.

14 So, you know, we're -- we're not
15 redesigning a service centre or whatever. We're
16 basically -- in key locations throughout the province,
17 we'll dedicate a couple of cubicles and work stations
18 so that staff can be walked through what the new
19 system looks like? What do we envision a new driver
20 issuance process? What does issuing insurance look
21 like on the new platform?

22 And so, this will be done during the
23 course of the project. It's not going to be done on
24 every agile sprint. It'll be with meaningful
25 checkpoints and when there's meaningful change to be -

1 - to expose to the staff, and with that, you know,
2 leveraging the model office.

3 The staff are going to be able to, you
4 know, give us some feedback as to this is -- I'll use
5 the word 'clunky,' or they may find something that --
6 that may not be the most operational efficient flow,
7 challenge us, offer -- offer a suggestion that we
8 would consider based on, you know, the commonality of
9 that observation and so forth.

10 So, incrementally, we will have pulse
11 surveys going forward, again, as we know more. And --
12 and that's really to -- to gauge our -- our readiness
13 for our implementation.

14 So, our organizational change
15 management strategy, you know, we have preliminary
16 thoughts and ideas as to how that's going to unfold.
17 And I'm -- and I'll -- I'm -- I'm going to basically,
18 you know, go back to the discovery phase again how
19 that's going to be solidified.

20 And -- and the reason I say that is
21 each one (1) of our system integrators is -- is
22 bringing a different approach to how they implement
23 their software, how they support it.

24 And so, what we need to find by the end
25 of January and solidify is what is the Nova

1 organizational change management strategy? What role
2 will the system integrator partners play in that
3 strategy from an execution perspective? What role
4 will MPI play? And have greater certainty as to, you
5 know, what does that look like, what does it feel
6 like, and so forth.

7 So, I just felt we didn't give it
8 enough go forward address earlier today.

9 MR. ANTHONY GUERRA: Thank you, Mr.
10 Remillard. Also, just in terms of -- we talked about
11 value stream mapping and -- and adjusting the business
12 processes, making them more efficient and making them
13 more amenable to a custom off-the-shelf solution.

14 Would it be fair to say that that value
15 stream mapping or that revamping of processes is -- is
16 a function that is being carried out using MPI
17 frontline staff?

18 MR. SHAYON MITRA: Yes. And so, I --
19 I'd reference the -- the out -- output from a VSM
20 being a feature sheet. And in there, they're actors.
21 And actors would be the end user.

22 So, these are our -- our service centre
23 frontline team members. These are members in the back
24 offices. So, the end user that actually does the
25 function or the job is who gets involved in -- in the

1 VSMS.

2 MR. ANTHONY GUERRA: And so, there
3 would be in -- there would be opportunities during
4 those VSMS for frontline staff to voice any concerns
5 they might have with existing processes and put their
6 feedback into developing a better process.

7 Would that be fair to say?

8 MR. SHAYON MITRA: Absolutely. And
9 then, through the value graph, it's -- it's captured
10 for each of these VSMS. And then it's put into the
11 four (4) categories which were Gem, quick heads,
12 strategic and -- and parking line.

13 MR. ANTHONY GUERRA: Thank you. I do
14 have one (1) more question with respect to DSR. We
15 did hear earlier in the evidence that timing or the
16 inability to have a DSR model confirmed -- a new one,
17 if that's the case, confirmed by, I think it was April
18 of 2022, might -- might cause some hiccups with
19 respect to incremental costs and delays with Project
20 Nova going forward.

21 But other than that timing issue, is
22 there anything else that the Board should be aware of
23 between now and then that might limit the ability of
24 MPI to change or revamp its DSR system?

25 MR. JOHN REMILLARD: Yes. Thank you

1 for raising that. That would be potentially the
2 regulatory amendments that may be required in support
3 of said bus -- business change.

4 So, you know, a) we need to solidify
5 our direction, but then, b) getting the regulatory
6 amendment process in line.

7 Now, that wouldn't necessarily have to
8 be completed prior to the beginning. However, what we
9 would want is an agreement in principle with
10 government, that the proposal put before -- before us
11 regarding amendments to DSR are supported by all key
12 stakeholders.

13 MR. ANTHONY GUERRA: Okay. Thank you
14 very much. I have no further questions.

15 THE PANEL CHAIRPERSON: May I ask one
16 (1) question in followup to that? The regulatory
17 change is a change, an amendment to the regulation as
18 opposed to the legislation?

19 MR. JOHN REMILLARD: Correct. I use
20 those terms loosely. So, it could -- depending on the
21 -- the amendment, it could be an act or it could be a
22 regulation. Higher probability, in this case, it
23 would be a regulation because of DSR, yeah.

24 THE PANEL CHAIRPERSON: Okay. Thank
25 you. Next, I believe that we have the Information

1 Technology panel. So, thank you very much to the
2 members of this panel. And I think we are expecting
3 Mr. Bunko and Mr. Lazarko. Is that correct?

4 MR. ANTHONY GUERRA: Yes, that's
5 correct. Perhaps I can suggest we take a five (5) --

6 THE PANEL CHAIRPERSON: Sure.

7 MR. ANTHONY GUERRA: -- ten (10)
8 minute break.

9 THE PANEL CHAIRPERSON: Five (5)
10 minute break. Well, or we can take the afternoon
11 break now.

12 MR. ANTHONY GUERRA: Yeah.

13 THE PANEL CHAIRPERSON: So, we can --
14 let's break for fifteen (15) minutes. And then we'll
15 just run through until the end of the day.

16

17 --- Upon recessing at 2:12 p.m.

18 --- Upon resuming at 2:28 p.m.

19

20 THE PANEL CHAIRPERSON: Mr. Guerra, I
21 think we have one too many many people in the room.
22 We're at eleven (11).

23 MR. ANTHONY GUERRA: Yes, I understand
24 that.

25 DR. BYRON WILLIAMS: I can step out.

1 (BRIEF PAUSE)

2

3 THE PANEL CHAIRPERSON: Mr. Guerra,
4 please proceed.

5 MR. ANTHONY GUERRA: Thank you, Madam
6 Chair. There is a housekeeping matter I'd like to
7 address before we get into our next panel, and that is
8 MPI does have some more exhibits to file. In
9 particular, these are responses to Information
10 Requests. So in particular, MPI Exhibit Number 35 is
11 it's response to Undertaking Number 4.

12

13 --- EXHIBIT NO. MPI-35: MPI Response to Undertaking
14 Number 4

15

16 MR. ANTHONY GUERRA: MPI Undertaking
17 (sic) Number 36 is its response to Undertaking Number
18 1.

19

20 --- EXHIBIT NO. MPI-36: MPI Response to Undertaking
21 Number 1

22

23 MR. ANTHONY GUERRA: Undertaking num -
24 - sorry, MPI Exhibit Number 37 is its response to
25 Undertaking Number 5.

1 --- EXHIBIT NO. MPI-37: MPI Response to Undertaking
2 Number 5

3

4 MR. ANTHONY GUERRA: MPI Undertaking -
5 - sorry, MPI Exhibit Number 38 is its response to
6 Undertaking Number 6.

7

8 --- EXHIBIT NO. MPI-38: MPI Response to Undertaking
9 Number 6

10

11 MR. ANTHONY GUERRA: MPI Exhibit
12 Number 39 is its response to Undertaking Number 13.

13

14 --- EXHIBIT NO. MPI-39: MPI Response to Undertaking
15 Number 13

16

17 MR. ANTHONY GUERRA: And Exhibit --
18 MPI Exhibit Number 40 is its response to Undertaking
19 14.

20

21 --- EXHIBIT NO. MPI-40: MPI Response to Undertaking
22 Number 14

23

24 MR. ANTHONY GUERRA: Now with respect
25 to the next panel, which is the Information Technology

1 and Value Management Panels, I do note that there are
2 four (4) witnesses that will be speaking to that
3 panel.

4 What I've done is we've -- we have
5 currently all four (4) witnesses in the room right now
6 for the purposes of having them sworn in. And then
7 what I'm going to do is I'm going to ask one (1) of
8 our witnesses to step out into another room, and they
9 are going to be available via the teleconference
10 mechanism. And so they will -- they will be here in
11 spirit and be able to testify that way.

12 So just to confirm, today I will ask
13 that our four (4) witnesses, Mr. Bunko, Mr. Lazarko,
14 and then Mr. Yakel and Mr. Ramchander be sworn in,
15 please.

16 THE PANEL CHAIRPERSON: Thank you.

17

18 MPI PANEL NO. 6: IT/Value Management Panel

19

20 BRAD BUNKO, Affirmed

21 LAWRENCE LAZARKO, Affirmed

22 JONATHAN YAKEL, Affirmed (by phone)

23 STEPHEN RAMCHANDER, Affirmed

24

25 MR. ANTHONY GUERRA: Thank you. And

1 Mr. Yakel is just leaving the room, and Mr. Williams
2 will -- will enter on his departure.

3

4 (BRIEF PAUSE)

5

6 EXAMINATION-IN-CHIEF BY MR. ANTHONY GUERRA:

7 MR. ANTHONY GUERRA: So the next
8 presentation will be the Information Technology
9 presentation, which I understand will be presented by
10 Mr. Bunko. Is that correct?

11 MR. BRAD BUNKO: Yes.

12 MR. ANTHONY GUERRA: Mr. Bunko, you
13 are the Vice President of Information Technology and
14 the Business Transformation and Chief Information
15 Officer.

16 Is that correct?

17 MR. BRAD BUNKO: Yes.

18 MR. ANTHONY GUERRA: And you have
19 prepared this presentation for the Board's infor --
20 excuse me, to advise the Board this afternoon?

21 MR. BRAD BUNKO: Yes.

22 MR. ANTHONY GUERRA: And this is going
23 to be adopted as part of your direct examination
24 today, sir?

25 MR. BRAD BUNKO: Yes.

1 MR. ANTHONY GUERRA: Thank you. You
2 may proceed.

3 MR. BRAD BUNKO: Good afternoon, Madam
4 Chair, Mr. Gabor, and other members of the Public
5 Utility Board, Board counsel, and counsel from
6 Interveners.

7 Today's presentation is grouped into
8 two (2) main categories. Under IT, I will be talking
9 about strategy, staffing, scorecard, and agile
10 delivery and information security. Next, I will
11 provide information on value management, emphasizing
12 the scope of the work.

13 So first, our IT strategy. This is the
14 third year we have provided it as part of the General
15 Rate App. I'd like to emphasize that the strategy
16 guides the development of IT capabilities that will be
17 needed to support the business capabilities required
18 to meet the Corporation's business objectives.

19 Our three (3) main areas of focus for
20 this year were, first, Project Nova. From the IT
21 strategy perspective, this is where the majority of
22 our efforts will go in building capabilities over the
23 next several years. During this time, we will need to
24 properly manage our capacity for non-Nova activities.

25 Our next focus area has been agile

1 software development. We have made significant
2 advances in this delivery capability. I will talk
3 about these in greater detail later in the
4 presentation.

5 A third area of focus is information
6 security. We continue to invest in this area at a
7 rate required to address the risk of the Organization
8 -- to the Organization, and I will also provide more
9 details on this topic.

10 I'd like to provide an update on our IT
11 staffing. Our phase 1 of twenty-seven (27) consultant
12 conversions is now saving the Corporation
13 approximately \$3 1/2 million per year. We anticipate
14 our second phase of nine (9) consultant conversions
15 will save us approximately \$1 million per year once
16 complete.

17 We are now into the second year of
18 using what we call contingent workforce which is
19 actually a process to broaden our access to
20 consultants, thereby creating more competition. And
21 we should see a savings of approximately \$1.3 million
22 this year.

23 Now onto the IT scorecard. At the IT
24 Summit in May, we indicated that Gartner was the
25 successful bidder for our IT benchmarking service. We

1 are pleased to inform the Board that MPI has entered
2 into a three (3) year agreement for these services.

3 Key findings of the IT scorecard, I
4 essentially want to just read some of the quotes taken
5 directly from -- from the scorecard itself, and the
6 first is:

7 "Overall, MPI has demonstrated a
8 trend of reducing IT spending as a
9 proportion of total expenses while
10 simultaneously improving IT service
11 -- service management maturity
12 levels."

13 Next:

14 "Maturity comes at a cost. MPI's
15 higher investments in IT are
16 commensurate with the higher levels
17 of maturity achieved compared to
18 peers."

19 And finally:

20 "IT investments have yielded --
21 yielded highly mature IT service
22 management processes which positions
23 MPI well to changing business
24 demands. Further improvements could
25 be made to improve certain functions

1 as part of MPI's continuous
2 improvement initiatives."

3 Which to us means, despite the positive
4 comments, there is always room for improvement.

5 When it comes to agile software
6 development, it's important to know the primary
7 objective for us to adopt this methodology. The goal
8 of our agile transformation is to better align the
9 business with IT into more -- so that we can more
10 quickly respond to changing business needs.

11 This objective is what we keep in mind
12 when rolling out the agile SDLC, and it guides our
13 decisions.

14 For Nova, the system integrator
15 selected prefers agile SDLC and will bring their own
16 expertise and experience to the table to -- to support
17 the Nova Project. Our transformation vendors to date
18 are -- I'm sorry, our transformation efforts to date
19 have prepared us to work well with these vendors.

20 We've come a long way in our agile
21 transformation. I know last year we were explaining
22 essentially what agile was, and now we've -- we've
23 matured significantly.

24 We've formalized most of the essential
25 roles to maximize the value of software development.

1 There are sixty (60) team members spread across six
2 (6) teams working on our core business systems,
3 including Autopac Online and the driver licensing
4 system, delivering software changes every two (2) to
5 three (3) weeks.

6 Our coach has provided significant
7 value in this transformation, and we have done a
8 substantial amount of training which first started as
9 general agile training, but now has evolved into role-
10 specific training.

11 The list you see before you is a sample
12 of the work that has been completed, and much more is
13 in progress, all while continuing to provide support
14 and defect resolutions to these -- this sys -- these
15 systems with agile delivery.

16 I'd now like to talk about information
17 security. The information types handled by MPI make
18 us a can -- a prime candidate for cyber attacks which
19 continue to increase with the rapidly changing threat
20 landscape.

21 Customers have expectations from their
22 service providers related to their privacy and the
23 security of their information.

24 In many industries, regulators demand
25 that companies mature their security programs to

1 secure customer data and to avoid negative customer
2 impacts.

3 MPI must continue to build its cyber
4 resiliency and be ready to effectively respond to
5 cyber attacks.

6 Next slide, please. To become cyber
7 resilient, MPI has adopted the NIST cyber security
8 framework. Now, NIST stands for National Institute of
9 Standards and Technology.

10 The security services and functions are
11 architected and built as a comprehensive system of
12 people, process, and technology to create a self -- a
13 services based capability model.

14 This allows MPI to grow its security
15 program in alignment with businesses needs and to
16 address emerging threats in a controlled and organized
17 fashion.

18 Here is our program roadmap. It shows
19 we're about halfway through our three (3) year program
20 to attain our next level of information security
21 maturity.

22 The value management process has
23 brought transparency to the cost and value of
24 initiatives taken on by MPI. This slide provides a
25 clear picture of the process that value management

1 oversees.

2 It begins with a formal cost benefit
3 analysis, detailed assumptions, and measurable
4 objectives and benefits.

5 The objective of the business case
6 phase is to provide relevant information to assist in
7 making a decision.

8 Once the initial business case is
9 approved, any changes to scope, cost, or benefits are
10 re-assessed against the original business case.

11 Cost benefit validation is performed at
12 the completion of the project and at points after
13 implementation to track against expectations.

14 Next slide, please. This slide shows
15 how the processes I just described are being applied
16 to Project Nova. We maintain a repository of
17 assumptions, manage the financial model and perform
18 scenario analysis, interact with Nova leadership to
19 incorporate ongoing refinements, validate financial
20 assertions, and put tracking mechanisms in place to
21 monitor cost and benefit realization.

22 Outside of Nova, value management is
23 performing reviews of all projects shown in the value
24 management chapter. And here's a list of those
25 business cases that value management is looking after,

1 as outlined in the '20/'21 GRA.

2 So, in summary, we've updated our IT
3 strategy. Benchmarking shows that we are comparable
4 to our -- to our peers. External labour strategy is
5 effective and -- at reducing costs. Agile has become
6 a proven delivery method and continues to mature.
7 Ongoing investments and information security are
8 essential and we are tracking well to obtain our
9 desired maturity level. We continue to strive to
10 improve. And, finally, value management continues to
11 mature and be a significant part of the business
12 transformation process.

13

14 (BRIEF PAUSE)

15

16 MR. ANTHONY GUERRA: Thank you very
17 much, Mr. Bunko.

18

19 (BRIEF PAUSE)

20

21 THE PANEL CHAIRPERSON: Do you have
22 any direct of any other members of the panel, Mr.
23 Guerra?

24 MR. ANTHONY GUERRA: No, I have no
25 further direct. Thank you.

1 THE PANEL CHAIRPERSON: Ms.

2 McCandless...?

3

4 CROSS-EXAMINATION BY MS. KATHLEEN MCCANDLESS:

5 MS. KATHLEEN MCCANDLESS: Good

6 afternoon to the members of the panel. Before I

7 start, I won't be directing my question to any

8 particular witness, so whoever would like to answer,

9 feel free to jump in.

10 And to the extent that I delve into an

11 area that may be commercially sensitive, please do not

12 answer that and just indicate that that's the case. I

13 don't expect to, but if, in the course of providing an

14 answer, you feel as though that's an area you need to

15 address, then please just mention it for the record.

16 We're going to be having a --

17 MR. ANTHONY GUERRA: Sorry, Ms.

18 McCandless. On the issues dealing with agile, I'll

19 just note that Mr. Yakel is probably going to best

20 spoken to those. So we just need to be mindful that

21 he's still on the panel and --

22 MS. KATHLEEN MCCANDLESS: Yes. I know

23 where he's listening. Yeah.

24 MR. ANTHONY GUERRA: Yeah. That's

25 right. Thank you.

1 MS. KATHLEEN MCCANDLESS: Okay. Thank
2 you.

3 And so the good news for this panel is
4 that we covered a lot of ground earlier with the
5 Project Nova panel and I've managed to strike off a
6 number of questions. So I don't expect to be too long
7 this afternoon.

8 First, just some questions for follow-
9 up from your presentation, and starting at slide 4,
10 and the middle bullet about agile. MPI has made
11 significant advances in its agile delivery capability.

12 Does this apply to hybrid agile
13 delivery as well?

14 MR. BRAD BUNKO: Not so much so. The
15 way -- or what we have to apply our software changes
16 to right now is able to utilize a pure form of agile
17 delivery. It's not often part of a large waterfall
18 project, which would require some form of hybrid.

19 MS. KATHLEEN MCCANDLESS: Such as
20 Project Nova?

21 MR. BRAD BUNKO: Such as Project Nova,
22 yes.

23 MS. KATHLEEN MCCANDLESS: Thank you.

24 Slide 5, on the issue of resourcing for
25 IT staffing, the bottom two (2) bullets, there's

1 resourcing over the next several years and a reference
2 to Project Nova.

3 Just for some precision, when MPI is
4 referring to the next several years, how many years
5 are we looking at?

6 MR. BRAD BUNKO: Well, I -- I would
7 say that, through the duration of Nova, they'll be
8 utilizing external labour outside of the system
9 integrators. So I would say, for the next four (4)
10 years.

11 The point on the slide is that the
12 contingent work force -- the benefits from the
13 contingent work force will spill over into the costs
14 of Project Nova.

15 MS. KATHLEEN MCCANDLESS: And then, at
16 slide 9, there's a reference to the agile
17 transformation, and the delivery cadence for agile at
18 item 5.

19 So it's noted here that delivery is
20 occurring in a regular cadence of two (2) to three (3)
21 week sprints.

22 MR. BRAD BUNKO: Correct.

23 MS. KATHLEEN MCCANDLESS: And does
24 that apply to Nova as well?

25 MR. BRAD BUNKO: I'm not aware if

1 they've defined the duration of the sprints that Nova
2 will use.

3 MS. KATHLEEN MCCANDLESS: And I
4 appreciate there is some crossover and so it's --

5 MR. BRAD BUNKO: I would suggest as
6 well that they do not know yet. Until they have their
7 system integrators and go through all of the -- the
8 next phase of their interactions with them, that will
9 be defined during that phase, the discovery phase.

10 MS. KATHLEEN MCCANDLESS: Thank you.

11 The next slide 10, you note here, agile
12 delivery successes, and there a number of initiatives
13 here.

14 What -- if you're able to provide an
15 average of both expense and project duration for each
16 of these, I appreciate it may be difficult, but if you
17 -- even in general terms, what we're looking at in
18 terms of expense and time for these projects.

19 MR. BRAD BUNKO: On an individual
20 basis or just a scope of how much we've done?

21 MS. KATHLEEN MCCANDLESS: If you're
22 able to provide the individual information, that would
23 be great.

24 MR. BRAD BUNKO: Yeah. We -- well,
25 I'll tell you what. I mean, we did think about that

1 question. Mr. Gabor asked a good question last year
2 and we didn't have a good answer for him.

3 You essentially, I believe, asked as to
4 what the -- the value was of all of those agile
5 initiatives were that we had completed, or were in the
6 throes of.

7 So, Jonathan, if you're on the line, if
8 -- if you could start with a response on that?

9 MR. JONATHAN YAKEL (by phone): Hi.
10 Yeah, I'm here.

11 So on average, these changes have taken
12 between -- some of them are ongoing and continuous.
13 Like the BI3 customization, it took eighteen (18)
14 months and we still continue to work with that team
15 and we continue to deliver changes. Other items have
16 taken six (6) months or -- and some of them were in
17 the several sprint range.

18 So far this year, in terms of agile
19 software delivery, we've -- delivered about
20 approximately \$4 million worth of changes, including
21 the sample on -- that Brad has -- or, Mr. Bunko's
22 provided on this slide, as well as system support,
23 maintenance, minor enhancements to the system, as well
24 as system upgrading and maintenance type of
25 activities.

1 MS. KATHLEEN MCCANDLESS: Okay, so
2 just to summarize then, project duration is roughly
3 six (6) to eighteen (18) months, and the \$4 million
4 that you mentioned, is that in the aggregate or is
5 that average per project? I'm assuming it's
6 aggregate.

7 MR. JONATHAN YAKEL (by phone): That
8 would be -- oh, sorry.

9 MS. KATHLEEN MCCANDLESS: Oh, please
10 proceed.

11 MR. JONATHAN YAKEL (by phone): That
12 would be an aggregate for across all of the agile
13 teams and the work that they've delivered.

14 MS. KATHLEEN MCCANDLESS: Thank you.
15 And so if we think back to the last year -- and there
16 was some commentary from the Board in its order with
17 respect to Project Nova -- Mr. Bunko, I'm assuming
18 you'll remember the Board's recommendation that the
19 Corporation pilot use an agile pilot for a larger-
20 scale project of approximately \$10 million?

21 MR. BRAD BUNKO: I recall that, yes.

22 MS. KATHLEEN MCCANDLESS: And so this
23 is in the aggregate of 4 million. Is there any plan
24 by the Corporation to move towards piloting something
25 more significant for agile?

1 MR. BRAD BUNKO: We would find that
2 hard to do. We -- what Jonathan didn't, I think,
3 expand on is the \$4 million to this point in time for
4 this fiscal year, and it's expected to be between 6
5 and \$8 million by the end of this fiscal year, which
6 is getting pretty close to that \$10 million to just
7 start up a project.

8 We don't have anything in -- in the
9 works right now that is deemed a priority that we
10 could apply agile methodology. There is no other \$10
11 million project out there right now, certainly nothing
12 that we'd want to embark upon since we are very close
13 to the throes of Project Nova.

14 MS. KATHLEEN MCCANDLESS: Thank you.
15 If we could go to PUB-MPI-1-80.

16 The question at (a) was asked of the
17 Corporation to provide a list and description on the
18 standard agile delivery metrics used to monitor the
19 pros -- progression of the CERP projects; and at (b),
20 if the list in (a) was not the full list, then provide
21 the full list of standard agile metrics. So those
22 metrics are provided on page 2 of the response?

23

24

(BRIEF PAUSE)

25

1 MS. KATHLEEN MCCANDLESS: And do the
2 agile metrics provided in the IR response -- and we
3 may need to shrink the page a little bit just so
4 they're all on the screen -- do they represent a
5 comprehensive view for agile metrics at this time?

6 MR. BRAD BUNKO: Pass that to -- to
7 Jonathan -- I'm sorry, Mr. Yakel.

8 MR. JONATHAN YAKEL (by phone): These
9 represent a road map and a future vision for -- of the
10 metrics that we will implement, and they will be
11 subject to learnings that we may have along the
12 journey. It will be the final -- they're what we're
13 targeting right now, so they will be the final list of
14 metrics that we would create.

15 Our focus to date has been on the team-
16 level or sprint-level metrics and building consistency
17 across all of our teams in -- in those metrics.

18 MS. KATHLEEN MCCANDLESS: Thank you.
19 And has MPI identified how these metrics will be used
20 to navigate delivery of initiatives?

21 MR. JONATHAN YAKEL (by phone): Yes,
22 that's part of our agile road map -- or, sorry, our --
23 our metrics road map that we are developing. These
24 are generally leading measures. The -- the ultimate
25 measure of success of an agile initiative is software

1 delivery, so at the end of every sprint we do a check
2 to make sure we delivered within that sprint what we
3 had set out to deliver. And if we didn't, then we
4 need to assess what roadblocks or issues came in our
5 way of delivering that and addressing those
6 immediately and not trying to push them off till
7 later.

8 These will also feed into better
9 development of estimation for future projects and
10 initiatives, and understanding our capacity to deliver
11 change.

12 MS. KATHLEEN MCCANDLESS: Thank you.
13 How are the added -- the agile metrics, pardon me,
14 used to identify any budget overruns?

15 MR. JONATHAN YAKEL (by phone): So in
16 agile, we try to focus on what can be delivered within
17 a sprint. And so using current -- things like cost
18 per sprint and then summarizing those to identify the
19 road map and how many sprints it requires to deliver
20 an initiative, we can early on identify if our initial
21 estimates were incorrect, if we need more sprints than
22 we thought to deliver an initiative, if -- if the
23 change is more complex. So we would use that.

24 In an agile team, there's a consistent
25 spend of resources. We try not to change the team.

1 The team stays as a -- as a steady group, so the --
2 the spend on that team is consistent, so we're able to
3 project out the -- the estimated spend on any
4 particular initiative by understanding how long it
5 will take us to deliver.

6 MS. KATHLEEN MCCANDLESS: Thank you.
7 With respect to value management and the capital
8 project business cases that are found at slide 16 of
9 the presentation -- thank you, Kristen.

10 Obviously, we've heard already a lot
11 about Project Nova, and it's a significant
12 undertaking. With respect to the other non-no -- Nova
13 initiatives, is MPI IT ready to equally support them
14 at the same time that it's embarking on this endeavour
15 with Nova?

16 MR. BRAD BUNKO: So we've gone through
17 a very detailed process of our capacity over the next
18 year with the determination of the number of
19 resources, internal resources, that we know will be
20 going over to Nova and resources that would still be
21 required to keep the lights on. And with that
22 assessment, we've determined what we feel comfortable
23 venturing into for next year in the -- in the way of
24 initiatives.

25 I would also add that not every

1 initiative that was proposed was accepted, so we did
2 draw a line. We did a prioritization of all of our
3 initiatives and essentially whether it was something
4 that we must do or whether it's discretionary. Of the
5 discretionaries, we set a prioritization of high,
6 medium, and low. We currently believe that we can
7 attain all of the high discretionary items in the next
8 fiscal year, and the mediums are wait-and-see, and the
9 lows are a no.

10 MS. KATHLEEN MCCANDLESS: Thank you.
11 Kristen, can we go to PUB-MPI-1-76?

12 And the preamble of this Information
13 Request just paraphrases what MPI had noted in the
14 application in terms of some prov -- projects having
15 an unfavourable variance. And MPI stated that:

16 "The unfavor -- unfavourable
17 variance was due to mismatched skill
18 sets of internal resources with new
19 technologies as the projects
20 unfolded."

21 Yes?

22 MR. BRAD BUNKO: I think I'll pass
23 this to Mr. Lazarko or Mr. Ramchander.

24 MR. STEPHEN RAMCHANDER: Yes.

25 MS. KATHLEEN MCCANDLESS: Okay.

1 Pardon me. That's with respect to the VIP upgrade and
2 loss-of-use platform upgrade, and then there are four
3 (4) other projects below there that had unfavourable
4 variances due to human resource changes during the
5 project, yes?

6 MR. STEPHEN RAMCHANDER: Yes.

7

8 (BRIEF PAUSE)

9

10 MS. KATHLEEN MCCANDLESS: And would
11 you agree then that with reference to these six (6)
12 projects, at least, that MPI incurred negative
13 variances on what would be considered relatively small
14 and historically traditionally executed initiatives?

15

16 (BRIEF PAUSE)

17

18 MR. STEPHEN RAMCHANDER: The -- yes,
19 I'll take the answer. Yes, that is correct. We did
20 incur the negative variance on these initiatives.

21 MS. KATHLEEN MCCANDLESS: And we've
22 established that. And would you agree that they are
23 relatively small initiatives in terms of the overall
24 IT initiatives at MPI?

25 MR. STEPHEN RAMCHANDER: Correct, yes.

1 In terms of dollar figure, if that's what you're
2 asking for, they are smaller if we are equating things
3 by a dollar figure metric.

4 However, I will note that when we do
5 have an initiative that is smaller with fewer
6 resources assigned to that particular initiative, any
7 change and -- in that dynamic of -- of the team
8 composition would propose a larger risk.

9 You know, for example, if you had many
10 people on the team, if you lose one (1), then that is
11 a -- you're -- it's easier to absorb that type of risk
12 versus a smaller team composition.

13 MS. KATHLEEN MCCANDLESS: Thank you.
14 So, as a result of this, MPI was asked at (a) to
15 provide details on how its value management and/or
16 project management execution would address that issue
17 of mismatch scale and key human resource changes. And
18 that's at (a), so just on the second page.

19 And maybe just so there's a response
20 before you, perhaps you could summarize how MPI
21 expects the causes of these variances to be reduced as
22 the organization reshapes its delivery, taking into
23 account things like new methodologies and reliance on
24 external resources, and then the riskier Nova
25 initiative?

1 MR. STEPHEN RAMCHANDER: Sure. So, I
2 can start the answer on that one. This is part of our
3 ongoing value management exercise that wherever we
4 have initiatives that are underway, they are not only
5 involved in the inception of that particular
6 initiative, they participate during the ongoing
7 delivery of the initiative, to understand the changes,
8 to be aware of any changes in scope, any assumption
9 changes, and then at the end of that, looking at any
10 lessons learned.

11 And so these examples that are in this
12 IR, they do feed into our overall lessons learned
13 contribution towards building out a better and more
14 mature project delivery for MPI.

15 MS. KATHLEEN MCCANDLESS: Thank you.
16 Now on to IT strategy. Kristen, could we please go to
17 PUB-MPI-1-62?

18

19 (BRIEF PAUSE)

20

21 MS. KATHLEEN MCCANDLESS: And in the
22 preamble here we just see the key priorities
23 established at the bottom of the screen in the
24 2019/'20 IT strategy and updated at the top to the
25 2021 -- 2020/'21 key priorities, yes?

1 MR. LAWRENCE LAZARKO: Yes.

2 MS. KATHLEEN MCCANDLESS: And it
3 appears that the new priorities at the bottom of the
4 screen, predictability, operational excellence --
5 pardon me, the new priorities at the top, finances,
6 operations, culture, users, and stakeholders, seem
7 somewhat broader than those identified in 2019/'20?

8 MR. LAWRENCE LAZARKO: No. There's
9 actually a significant amount of overlap and they're
10 very similar.

11 MS. KATHLEEN MCCANDLESS: Okay. So,
12 perhaps you could explain what that overlap and
13 similarity is?

14

15 (BRIEF PAUSE)

16

17 MR. LAWRENCE LAZARKO: Can we scroll
18 down later to the response, please?

19

20 (BRIEF PAUSE)

21

22 MR. LAWRENCE LAZARKO: All right. So
23 as we mentioned in part (a), finances versus
24 predictability are very comparable; it's all about
25 that fiscal prudence, that stability.

1 We talked about operational excellence
2 and operations, really about the delivery of services.
3 Those are very, very consistent. Product and service
4 leadership really changed from internal building,
5 developing for ourselves, to really partnering with
6 others. So that's where we've really got more users
7 and stakeholders. And Nova's very big for those last
8 two (2).

9 And finally, as we talked about this
10 morning, culture is important. It's always been
11 important, but that's something we specifically
12 explicitly wanted to call out. It was there in the
13 previous three (3) but not as strong as it is now.

14 MS. KATHLEEN MCCANDLESS: And so, how
15 are these priorities going to be managed or assessed
16 to determine actual progression towards completion?

17

18 (BRIEF PAUSE)

19

20 MR. LAWRENCE LAZARKO: Can we open up
21 the IT strategy, go to section 8?

22

23 (BRIEF PAUSE)

24

25 MS. KATHLEEN MCCANDLESS: And,

1 Kristen, that's part 4, IT Appendix 1.

2

3 (BRIEF PAUSE)

4

5 MS. KATHLEEN MCCANDLESS: Mr. Lazarko,
6 perhaps just for the record you could restate the
7 reference you were looking for?

8

9 (BRIEF PAUSE)

10

11 MR. LAWRENCE LAZARKO: Please move to
12 section 8, Required Business and IT Capabilities.
13 Thank you.

14

15 (BRIEF PAUSE)

16

17 MR. LAWRENCE LAZARKO: All right. So
18 the specific business priorities are not necessarily
19 goals to achieve; they are direction for other things.
20 So if we take a look at an example, any of these in
21 section 8, we're really talking about the linkage
22 between the business plan, which has really got those
23 business priorities, to the capital master summary.
24 That's what we really want to do with the IT strategy.

25

So we link something like Project Nova

1 back to business priorities, operations, users,
2 stakeholders, culture. These are the key things in
3 the business plan that Nova impacts.

4 And we talk -- how we get there is
5 sometimes challenging. So that's where we talk about
6 the business capabilities, IT capabilities. They're
7 really the connectors for us, the things that we're
8 doing and the reasons why we're doing them.

9 So in section 8 we really want to show
10 that linkage from the business plan and their kind of
11 priorities all the way down to the specific projects
12 that we're doing and make sure that we can explain and
13 -- and talk to the capabilities as that glue to
14 connect the two (2) together.

15 MS. KATHLEEN MCCANDLESS: Thank you.
16 And so would MPI -- does MPI have the view that the
17 new priorities for 2020/'21 are an improvement on the
18 approach used in the previous strategy?

19 MR. LAWRENCE LAZARKO: Can you restate
20 the question?

21 MS. KATHLEEN MCCANDLESS: Is MPI of
22 the view that its new priorities as identified in --
23 in the previous Information Request response, is it of
24 the view that that's an improvement from the previous
25 strategies, the way they were identified?

1 MR. BRAD BUNKO: I think to Lawrence's
2 point about the business objectives being very
3 similar, that there was quite a bit of consistency
4 that we were able to -- to utilize in identifying the
5 business capabilities, and then the corresponding
6 technology capabilities required.

7 MS. KATHLEEN MCCANDLESS: So does this
8 approach perhaps reduce the likelihood of operational
9 and initiative mismatches going forward?

10 MR. BRAD BUNKO: This is exactly what
11 that's for. You're not wanting to build technologies
12 that the -- that does not align to a business
13 objective.

14

15 (BRIEF PAUSE)

16

17 MS. KATHLEEN MCCANDLESS: Now if we
18 could go to PUB-MPI-1-63. And this relates back to
19 the IT strategy, as well. In the preamble, there's a
20 reference to the inventory of business capabilities.
21 And those are found at pages 15 and 16 of the IT
22 strategy that we were just looking at.

23 The observation note in -- in the
24 preamble was that certain items in the -- the previous
25 strategy were identical in the 2020 GRA -- or 2021 GRA

1 strategy. So perhaps as an illustration we could go
2 to page 15.

3

4 (BRIEF PAUSE)

5

6 MS. KATHLEEN MCCANDLESS: So the light
7 grey strategies that you see on the table here, our
8 understanding is that they -- they are depicted in the
9 same manner in the previous IT strategy, and is MPI
10 aware of that?

11 MR. LAWRENCE LAZARKO: Yes.

12 MS. KATHLEEN MCCANDLESS: So what this
13 represents then is some slower pro -- progress, I
14 suppose, in terms of those strategies than was
15 anticipated last year?

16

17 (BRIEF PAUSE)

18

19 MR. LAWRENCE LAZARKO: One (1) moment,
20 please.

21

22 (BRIEF PAUSE)

23

24 MR. STEPHEN RAMCHANDER: The -- the
25 list that we find that's shown on the page here

1 represents a future state vision for what we are
2 looking towards with respect to our business
3 capability definition broken down at three (3)
4 different levels. So you have the first level
5 category, the second level, and then the third level.

6 And as a representation of our future
7 state, it -- it largely has been set out with our
8 current understanding. It will evolve over time as
9 that understanding grows, but we don't expect it to
10 change significantly year over year as our lines of
11 business aren't changing year over year.

12

13 (BRIEF PAUSE)

14

15 MS. KATHLEEN MCCANDLESS: Okay. And
16 alternatively, could this mean that MPI is complete
17 with -- in terms of reviewing and defining its
18 capabilities?

19 MR. STEPHEN RAMCHANDER: I would say
20 we've conducted a significant amount of effort to
21 understand our capabilities and document them in a
22 fashion that is representative in this model.

23 A lot of this work was driven out
24 through the Nova initiative and understanding the
25 target state that we need to work towards and our

1 future needs for the -- the vendor platforms.

2 MS. KATHLEEN MCCANDLESS: Thank you.

3 Now with respect to the usage of project managers, can
4 we please go to PUB-MPI-1-66, and page 2?

5 Figure 1 here, this schedule represents
6 an update of the Corporation's project management
7 resources for 2020/'21?

8 MR. LAWRENCE LAZARKO: Yes.

9 MS. KATHLEEN MCCANDLESS: And so we
10 see that at line 4 there are eleven (11) internal and
11 seventeen (17) external?

12 MR. LAWRENCE LAZARKO: Yes.

13 MS. KATHLEEN MCCANDLESS: And do you
14 know offhand the increase from 2019 in terms of number
15 of resources?

16 MR. LAWRENCE LAZARKO: So in 2019 we
17 had eleven (11) internal, nineteen (19) external? Was
18 that the nature of the question?

19 MS. KATHLEEN MCCANDLESS: Yes. Thank
20 you.

21 MR. LAWRENCE LAZARKO: Okay.

22 MS. KATHLEEN MCCANDLESS: And so the
23 reason for the reduction in the number of project
24 managers from last year?

25 MR. STEPHEN RAMCHANDER: The -- the

1 reason would be just a lot of our external project
2 managers are directly tied to a initiative, and it is
3 in relation to our existing portfolio, so that will
4 ebb and flow over time.

5 MR. BRAD BUNKO: I -- I'd like to add
6 that our initiative portfolio, we -- we started
7 slowing that down actually in the fiscal year that we
8 are in right now and will continue to slow it down to
9 only what's necessary. And so, yes, that did directly
10 cause a reduction in the number of project managers
11 required.

12

13 (BRIEF PAUSE)

14

15 MS. KATHLEEN MCCANDLESS: And just
16 bear with -- bear with me for one (1) moment. I'm
17 looking for my reference.

18

19 (BRIEF PAUSE)

20

21 MS. KATHLEEN MCCANDLESS: Now in terms
22 of -- I appreciate there is some crossover and I tried
23 to extract as many Project Nova questions as possible,
24 but this does tie into the issue of project management
25 resources.

1 MPI has indicated that a Nova program
2 management office with a dedicated resource officer
3 will be tracking resources used for Project Nova.

4 Is that something that anyone is aware
5 of?

6 MR. STEPHEN RAMCHANDER: Yes, I
7 believe that's correct.

8 MS. KATHLEEN MCCANDLESS: And in terms
9 of the number of project management resources
10 determined for 2020/'21, how was that number
11 determined?

12 MR. STEPHEN RAMCHANDER: Again, it is
13 largely tied to the portfolio of projects that we have
14 in flight, as well as our anticipated project
15 management needs for --

16 THE PANEL CHAIRPERSON: Excuse me for
17 a moment. There's somebody who is on video
18 conference, who does not have a phone or a mic muted.
19 Could you please do that? Yeah, the conversation is
20 about deli sandwiches. Could you please mute your
21 phone.

22

23 (BRIEF PAUSE)

24

25 THE PANEL CHAIRPERSON: Sorry, Ms.

1 McCandless. Please proceed.

2

3 CONTINUED BY MS. KATHLEEN MCCANDLESS:

4 MS. KATHLEEN MCCANDLESS: Yes. Thank
5 you.

6 So looking at figure 1, we have three
7 (3) different position titles. We have project
8 control analyst/project coordinator, project director,
9 and project manager. Yes?

10 MR. STEPHEN RAMCHANDER: Yes.

11 MS. KATHLEEN MCCANDLESS: And could
12 you explain the respective roles for each of these
13 titles?

14 MR. STEPHEN RAMCHANDER: Sure. So a
15 project manager is -- maybe I'll just start with that
16 position on -- on line 3. A person who is largely in
17 charge of conducting project management activities
18 related to an initiative that is underway. And a
19 project that we have endorsed through -- through MPI's
20 processes. They are responsible for controlling the
21 different elements of project management delivery
22 related to schedule management, team assignment,
23 various things that fall within that category.

24 The project director would be a person
25 who largely oversees a group of projects. And so, the

1 TRM program, for example, is a good example where we
2 have several projects that are rolling up into an
3 overall program.

4 Project coordinator and a project
5 control analyst are usually roles that are in support
6 of a project manager. And from time to time, a
7 project coordinator may lead a small-scale initiative
8 that is within their wheelhouse.

9 MS. KATHLEEN MCCANDLESS: And who is
10 accountable for the overall budget management for each
11 project and initiative; is that the project manager?

12 MR. STEPHEN RAMCHANDER: Yes. In
13 charge of making sure that the project is adhering to
14 the endorsed budget that is set out at the beginning
15 of the project's inception.

16 MS. KATHLEEN MCCANDLESS: And how are
17 each of these roles expected to mitigate scope,
18 budget, and time line risks in a Dev. Ops. or Agile
19 environment? And perhaps you could just explain what
20 Dev. Ops. means for the record.

21 MR. STEPHEN RAMCHANDER: These --
22 these roles are more akin to our waterfall mode of
23 deliver. And in the Agile mode of delivery, roles are
24 slightly different and responsibilities are also
25 slightly different as well.

1 MS. KATHLEEN MCCANDLESS: Do they each
2 have a role in mitigating scope, budget, and time line
3 risks or is it devoted to a particular role?

4 MR. STEPHEN RAMCHANDER: Within the
5 context of a waterfall type project, if that is the --
6 the method we are using to deliver that project, then
7 these roles would have the responsibility for that,
8 for managing scope, risk, and so on.

9 The -- the other role that's at play
10 here that is not part of the formal project management
11 element is the operational business champion who is
12 driving the business case. And so, they have an
13 overall MPI responsibility to -- to make sure the
14 benefits are realized through the business case
15 completion.

16 MS. KATHLEEN MCCANDLESS: Thank you.
17 Are these individuals trained to support Dev. Ops. and
18 Agile initiatives?

19 MR. STEPHEN RAMCHANDER: Dev. Ops. and
20 Agile training is different than project management
21 training.

22 MS. KATHLEEN MCCANDLESS: So the
23 answer would be they aren't specifically trained for
24 Dev. Ops. and Agile?

25 MR. STEPHEN RAMCHANDER: They aren't

1 specifically trained for Dev. Ops. and Agile. They're
2 a crossover in skills, but there is specific training
3 related to Agile that is specific to that type of
4 delivery.

5 MS. KATHLEEN MCCANDLESS: How do these
6 resources interact with using a commercial off-the-
7 shelf solution?

8 MR. STEPHEN RAMCHANDER: Well, the --
9 the project management responsibility would be similar
10 with -- it really depends on the type of -- of project
11 they are delivering. If they are delivering a COTS
12 product, they may be working with a vendor and they
13 have to manage that type of engagement and
14 deliverables need to align with the vendor's schedule,
15 in accordance with the overall project schedule.

16 If they were, you know -- conversely,
17 if we were looking at a -- a system we were developing
18 and building in-house, they would be managing our
19 internal team of developers, testers, coordinators,
20 whereas that may be provided entirely by the COT
21 solution.

22 MS. KATHLEEN MCCANDLESS: Now, in
23 terms of the movement in the number of project
24 management resources, does MPI expect that number to
25 move down or up or stay the same in terms -- with

1 Project Nova and the resources that are needed for
2 that initiative?

3 MR. STEPHEN RAMCHANDER: I would
4 suggest that we would have to refer to Project Nova's
5 resourcing schedule and let them speak to what their
6 project management needs would be in regards to that.

7 MS. KATHLEEN MCCANDLESS: Now, with
8 respect to impairments in IT, if we go to PUB-MPI-1-
9 71(c), in figure 2, this is a list of impaired
10 projects for Basic from 2015/'16 to 2019/'20?

11 Who would like to take this one?

12

13 (BRIEF PAUSE)

14

15 MR. BRAD BUNKO: Yes, it is.

16 MS. KATHLEEN MCCANDLESS: And over the
17 last three (3) years, the Corporation has written off
18 roughly \$22.9 million in project costs, being the
19 total of line 12?

20 MR. BRAD BUNKO: Just for clarity, on
21 an impairment, an impairment can be derived as no
22 future value. It also could be a project that is
23 under our financial requirement for deferred
24 development expenses. So it is not necessarily
25 something that is not got future value.

1 But, yes, from the technical term of
2 'impairment', yes, these are what has been done over
3 the last three (3) years.

4 MS. KATHLEEN MCCANDLESS: Okay.
5 Thank you. Does MPI undertake an annual impairment
6 review of its IT projects?

7 MR. BRAD BUNKO: The impairments are
8 looked at on the -- on a one-off basis. Each time
9 something hits the criteria, there -- there is a
10 discussion as to whether or not that does meet the
11 impairment definition.

12 MS. KATHLEEN MCCANDLESS: So I think
13 that means that there's no annual review. It's done
14 on an as-needed basis as projects are reviewed.

15 MR. BRAD BUNKO: Correct.

16 MS. KATHLEEN MCCANDLESS: Okay. Are
17 there any current projects on MPI's radar for
18 impairments?

19 MR. BRAD BUNKO: Nothing that comes to
20 mind. Having said that, there are a couple projects -
21 - and I -- I'm not sure what they are -- but at -- in
22 a recent discussion, it looked like we may not spend
23 as much as what was originally anticipated.

24 So what may have been originally been
25 slated for a deferred development project, being over

1 five hundred thousand dollars (\$500,000), but we're
2 going to come in under five hundred thousand dollars
3 (\$500,000). So that -- technically, an under budget
4 initiative will be considered an impairment. And I
5 believe there's a least one (1) of those being
6 considered right now.

7 MS. KATHLEEN MCCANDLESS: Thank you.
8 And in terms of future impairments, is MPI taking any
9 steps to minimize impairments in the future for IT
10 projects?

11 MR. BRAD BUNKO: Well, I think -- I
12 think we've taken a lot of steps in -- in the realm of
13 value management to minimize impairments.

14 Those where we spend less than the
15 defined amount of five hundred thousand dollars
16 (\$500,000), I -- I think those are good news, when it
17 is less than what we originally anticipated.

18 But, having said that, the -- the
19 overarching value management process is a very good
20 tool to -- to ensure that we're tracking projects well
21 and -- and the costs and the changes to them and
22 trying to identify earlier on where a project may be
23 in trouble and -- and requires some -- some more
24 actions.

25 Projects themselves are always in a

1 state of either green, amber, or -- or red. That is
2 initially, you know, the -- the first time when an
3 issue might be identified.

4 The large -- largest impairment that we
5 see on here -- I'll -- I'll speak to that one because
6 it is probably more than every other impairment
7 combined -- is the Customer Claims Reporting System.

8 This is certainly an example of where a
9 value management process done earlier on would have --
10 would have probably greatly reduced that -- that
11 impairment that we saw and identified much earlier on
12 that the business case was -- was weak and not
13 substantial.

14 MS. KATHLEEN MCCANDLESS: So with --
15 with that in mind, what are the lessons learned by MPI
16 from the '19 -- 2019/'20 impairments? I appreciate
17 that the CCRS was prior to that.

18 MR. BRAD BUNKO: I think the '19/'20
19 Technology Risk Management Impairment had to do with -
20 - was it not losing some of the resources? Maybe,
21 Lawrence, you could add to what that impairment was.

22 MR. LAWRENCE LAZARKO: I'll need a
23 moment to review for that.

24 MR. BRAD BUNKO: I can move on to the
25 credit card strategy while Lawrence is having a look

1 at that. Now, that was an impairment where the
2 solution changed, and this is something that we were
3 seeking government approval for quite some time as to
4 which way we wanted to go.

5 Essentially, in our credit card
6 strategy, we had one (1) of two (2) paths to go down.
7 We could absolutely remove all credit card numbers
8 from our systems or we could utilize a system
9 described as tokenization.

10 Tokenization was a more expensive route
11 to go, and in the end we -- we were -- were able to
12 finally convince the decisionmakers that that was not
13 the best way to go, and -- but the money that we spent
14 in the effort towards tokenization, essentially,
15 translated into an impairment. And I think that was
16 part of a \$4 1/2 million initiative.

17 MS. KATHLEEN MCCANDLESS: Thank you.
18 Now on to the Gartner IT benchmark from fiscal year
19 2018/'19, and that's MPI Exhibit Number 10.

20 And you mentioned in your presentation,
21 Mr. Bunko, that Gartner's now been retained for a
22 three (3) year contract to deliver the benchmarking
23 services?

24 MR. BRAD BUNKO: Correct.

25 MS. KATHLEEN MCCANDLESS: And it had

1 been providing those historically for some time.

2 MR. BRAD BUNKO: Yes.

3 MS. KATHLEEN MCCANDLESS: Okay. And
4 page 12 of 21 provides an overview of Gartner's
5 findings for fiscal year 2019/'20. So on the left-
6 hand side, we see that MPI's IT spending is higher
7 than peers, but within a typical range of spending.

8 Staffing levels are higher than peers,
9 but within a typical range of staffing, and IT
10 maturity levels outperform peers in all nine (9) of
11 the IT domains, yes?

12 MR. BRAD BUNKO: Yes.

13 MS. KATHLEEN MCCANDLESS: And page 19
14 is a further summary or explanation of the findings.
15 So we see that, overall, MPI according to Gartner has
16 demonstrated a trend of reducing IT spending as a
17 proportion of total expenses while simultaneously
18 improving IT service management and maturity levels,
19 yes?

20 MR. BRAD BUNKO: Yes.

21 MS. KATHLEEN MCCANDLESS: At page 14,
22 Gartner commented that, during its interviews, it
23 discovered that the focus areas for information
24 technology and business transformation will
25 increasingly be driven by the requirements for Project

1 Nova and satisfying its associated demand, yes?

2 MR. BRAD BUNKO: Yes.

3 MS. KATHLEEN MCCANDLESS: So in other
4 words, Nova is foundational, and if MPI doesn't get
5 Nova right, there could be a trickle-down effect to
6 other IT initiatives.

7 MR. BRAD BUNKO: Yes.

8 MS. KATHLEEN MCCANDLESS: Is that
9 fair?

10 MR. BRAD BUNKO: Yes.

11 MS. KATHLEEN MCCANDLESS: And at page
12 17, these are Gartner's recommendations for MPI's
13 implementation roadmap? Perhaps you could just
14 explain, to the extent you're aware, what Gartner
15 means in terms of implementation roadmap.

16 MR. BRAD BUNKO: Why don't -- why
17 don't you start and I'll pipe in.

18 MR. LAWRENCE LAZARKO: All right. So
19 as part of the benchmarking scorecard, Gartner
20 provides us with the key measures and metrics against
21 the peer group. They also provide us recommendations
22 for improvement.

23 When they're speaking about
24 implementation roadmap, they're really talking about
25 those recommendations for improvement, which is what

1 we have here.

2 MS. KATHLEEN MCCANDLESS: And
3 Recommendation 2 is to add capacity and transition
4 vendor management from a focus on transaction-based
5 activities to all aspects of the vendor management
6 life cycle.

7 MR. LAWRENCE LAZARKO: Yes.

8 MS. KATHLEEN MCCANDLESS: Okay. And
9 does MPI have the capability to focus on life cycle
10 rather than transaction-based or project-based?

11 MR. LAWRENCE LAZARKO: Can you
12 rephrase the question?

13 MS. KATHLEEN MCCANDLESS: Has MPI made
14 progress in respect of item 2? So does it have the
15 ability or capability of focussing more on all aspects
16 of the life cycle rather than the transaction-based
17 activities?

18 MR. LAWRENCE LAZARKO: Yes. One (1)
19 of the areas you'd note about this scorecard in
20 maturity as opposed to the previous year is our
21 increase in vendor management for procurement
22 maturity. That reflects the efforts we've made both
23 on things like Nova and those major RFPs, but also on
24 the operations and administration side.

25 MS. KATHLEEN MCCANDLESS: Thank you.

1 Those are my questions.

2 THE PANEL CHAIRPERSON: Thank you, Ms.
3 McCandless. Mr. Williams...?

4

5 CROSS-EXAMINATION BY DR. BYRON WILLIAMS:

6 DR. BYRON WILLIAMS: Yes. Late on a
7 Thursday afternoon, I have a scathing cross-
8 examination planned on grape jelly sandwiches, so
9 beware. I'll try to move through relatively
10 gracefully.

11 Just in terms of the Physical Damage
12 Re-engineering Project, would it be fair to say that,
13 in this year's General Rate Application, Manitoba
14 Public Insurance indicates that the Net Present Value
15 related to that project is negative 55.6 million,
16 which is revised from negative 49.7 million from the
17 last General Rate Application, subject to check? If
18 you need a reference, it's PUB-1-51.

19 MR. BRAD BUNKO: I wouldn't mind
20 seeing the reference, please.

21 DR. BYRON WILLIAMS: Yeah. Go to the
22 preamble to PUB-1-51.

23

24 (BRIEF PAUSE)

25

1 DR. BYRON WILLIAMS: Agreed?

2 MR. BRAD BUNKO: Agreed.

3 DR. BYRON WILLIAMS: I wonder if we
4 can turn to PUB-MPI-1-50, start with the preamble, and
5 then we're going to go to (c) in a couple of minutes,
6 Ms. Schubert.

7 To MPI, you see the reference in PUB-
8 MPI-1-50 to the Direct Repair Program and an
9 indication that MPI has indicated that it has removed
10 forecast increases in the earned approval limits to
11 avoid the potential for leakage of higher EAL levels.
12 You see that reference?

13 MR. BRAD BUNKO: I do.

14 DR. BYRON WILLIAMS: And that's
15 actually taken place. The -- the intention to
16 increase the earned approval limits for body shops is
17 -- is not taking place, sir?

18 MR. BRAD BUNKO: I am not really the
19 best person to speak to this.

20 DR. BYRON WILLIAMS: Should this go to
21 Mr. Wennberg?

22 MR. BRAD BUNKO: I -- I would suggest
23 that this may be something for our Chief Operating
24 Officer, Curtis.

25 DR. BYRON WILLIAMS: Yeah, this --

1 just on that point -- and I've had some conversations
2 with My Learned Friend. There's a -- panels are
3 great, but there is some overlap between different
4 panels. So I'll -- you can just let Mr. Wennberg know
5 I'll have some questions on PUB-1-50 and on Mitchell.
6 I think we'll move those on, as we discussed
7 previously as well.

8

9

(BRIEF PAUSE)

10

11

DR. BYRON WILLIAMS: I'd like to talk
12 -- and I know this is in value management's bailiwick.
13 I'd like to talk about the financing of capital
14 projects.

15

And, first of all, it would be fair to
16 say that Manitoba Public Insurance's current capital
17 spending plans are either among the most significant
18 or the most significant in the Company's history,
19 agreed?

20

21

(BRIEF PAUSE)

22

23

MR. BRAD BUNKO: Actually, the capital
24 initiatives, the total of capital initiatives for this
25 current fiscal year I don't believe is as high as I've

1 seen in the ten (10) years that I've been here.

2 DR. BYRON WILLIAMS: Let me try this a
3 different way. On the horizon is the -- the big one,
4 Project Nova which, with contingency, may exceed a
5 hundred million dollars, agreed?

6 MR. BRAD BUNKO: Yeah, certainly, from
7 many years out, several years out, it would be
8 something that is as large as we've seen, yes.

9 DR. BYRON WILLIAMS: Yeah. And --
10 and, in your experience, you have not seen a capital
11 project of that relative magnitude before, have you?

12 MR. BRAD BUNKO: I have not.

13 DR. BYRON WILLIAMS: And currently,
14 the Corporation does not debt finance any of its
15 project initiatives, agreed?

16 MR. BRAD BUNKO: Sorry, could you
17 restate the question?

18 DR. BYRON WILLIAMS: No. I think I'm
19 going to state it exactly as I did. Currently, in
20 terms of the financing of its project initiatives, the
21 Corporation does not do debt financing?

22 MR. BRAD BUNKO: I'm unable to answer
23 that question.

24 DR. BYRON WILLIAMS: Okay. If we can
25 go to Exhibit 13, the '20/'21 business plan, section

1 5, under, "Capital plans." This isn't in your -- in
2 your -- the funding of capital projects is not in your
3 area of expertise, sir?

4 MR. BRAD BUNKO: The -- the approval
5 on funding is something that I receive. How they
6 refinance it, whether it's debt financing, is out of
7 my purview.

8 DR. BYRON WILLIAMS: Okay. So, Mr.
9 Guerra, it looks like --

10 MR. ANTHONY GUERRA: That might be a
11 better question for Mr. Giesbrecht. Is that fair to
12 say?

13 MR. BRAD BUNKO: Yes, definitely.

14 DR. BYRON WILLIAMS: This is going to
15 be a very short conversation.

16 MR. BRAD BUNKO: Mr. Williams...

17

18 (BRIEF PAUSE)

19

20 DR. BYRON WILLIAMS: Just in terms of
21 the capital management hurdle rates, Manitoba Public
22 Insurance rates different projects as low risk, medium
23 risk, or high risk, agreed?

24 MR. BRAD BUNKO: Agreed.

25 DR. BYRON WILLIAMS: And in

1 calculating the -- or assessing the business case for
2 those various projects, it assigns a discount rate to
3 those projects depending on its judgment of relative
4 risk.

5 Would that be fair, sir?

6 MR. BRAD BUNKO: Yes, it is.

7 DR. BYRON WILLIAMS: And in terms of
8 evaluating the risk or developing the discount rate
9 for high risk projects, Manitoba Public Insurance
10 looks to a benchmark of private -- of a number of
11 other comparators, property and casualty insurers.

12 Would that be fair?

13 MR. BRAD BUNKO: I'm not very involved
14 in the creation of the discount rates that we assign
15 to our projects. I know that it is something that
16 value management manages.

17 Mr. Ramchander, I'm not sure if that's
18 something that you're able to cover off.

19 MR. STEPHEN RAMCHANDER: I would like
20 to make note that within the GRA we do have a chapter
21 that speaks at length to --

22 DR. BYRON WILLIAMS: Yeah.

23 MR. STEPHEN RAMCHANDER: -- details
24 around that. For reference, it is in the value
25 management chapter, part of the ITBT section. I

1 believe it is Appendix 8.

2 DR. BYRON WILLIAMS: Yeah. And my
3 questions are, I hope, a little more simple. You've -
4 - sir, in terms of developing the -- the calculation
5 of the -- of the discount rate for high risk projects,
6 Manitoba Public Insurance looks at a sample of
7 property and casualty insurers, agreed?

8 MR. STEPHEN RAMCHANDER: I believe
9 there is several factors that go into that. I'm --
10 I'm not able to speak to the specifics of the entire
11 calculation that feeds into that final number, but
12 there are several facets that -- that feed into the
13 determination of the calculation.

14 DR. BYRON WILLIAMS: And one (1) of
15 those facets would be the reported returns on equities
16 of a sample of property and casualty insurers, agreed?
17 Or you're not able to answer, sir? I'm taking you
18 beyond your comfort level?

19 MR. STEPHEN RAMCHANDER: Let me check
20 one (1) second.

21

22 (BRIEF PAUSE)

23

24 DR. BYRON WILLIAMS: If you...

25

1 (BRIEF PAUSE)

2

3 DR. BYRON WILLIAMS: It's a fairly
4 simply question, sir. Maybe I can refer you to PUB-1-
5 86G, Appendix 2. And, sir, if you're not familiar
6 with this, I don't want to put you in a place where
7 you're uncomfortable answering.

8 MR. BRAD BUNKO: We have a friend
9 online, so we could take a shot at it in our virtual
10 back row, yes.

11 DR. BYRON WILLIAMS: Yeah. You could
12 probably trust me on these questions, too, but maybe
13 that's imprudent.

14 This calculation presented on Appendix
15 2 of PUB-1-86(g) is the foundation for your assessment
16 of the high-risk discount rate, agreed?

17

18 (BRIEF PAUSE)

19

20 MR. STEPHEN RAMCHANDER: Yeah, can we
21 take a look at that appendix please? And we might be
22 able to confirm the answer that way, Appendix 8 within
23 the value management chapter. We could start on page
24 1.

25

1 (BRIEF PAUSE)

2

3 MR. STEPHEN RAMCHANDER: Here we see
4 the discount rates that are applied for the different
5 categories of projects. And if we scroll down a bit
6 further to the second page, there's a table within
7 there.

8 You see the option presented and a
9 description related to that. Does that help answer
10 the question?

11 DR. BYRON WILLIAMS: I know what the
12 number is. I'm asking that when you calculate the
13 number, it's based on a sample of property and
14 casualty insurers. And based upon your assessment of
15 those fourteen (14) to fifteen (15) companies, you
16 concluded that it's 8.5 percent.

17 Is that right, sir?

18 MR. STEPHEN RAMCHANDER: I believe if
19 we scroll to page 4, and the second -- yeah, right
20 there. I'll just read this out.

21 "One (1) external benchmark for this
22 rate is the average return on equity
23 within the comparable benchmark
24 group in the Canadian property and
25 casualty industry. The average of

1 the four (4) year return on equity
2 as reported is 8.5 percent."

3 DR. BYRON WILLIAMS: So, when Manitoba
4 Public Insurance is going out to comparable property
5 and casualty firms in the industry, that's the average
6 return on equity they're getting?

7 MR. STEPHEN RAMCHANDER: Yes.

8 DR. BYRON WILLIAMS: Okay. Thank you.

9

10 (BRIEF PAUSE)

11

12 DR. BYRON WILLIAMS: Mr. Chair and
13 Madam -- sorry, Madam Chair and members of the panel,
14 I believe that most of my questions are more
15 appropriate for Mr. Wennberg or for Mr. Giesbrecht. I
16 apologize for this.

17 THE PANEL CHAIRPERSON: That's fine.
18 They will be here on Monday, so you can ask those
19 questions on Monday.

20 Mr. Gabor, do you have any questions?

21 THE CHAIRPERSON: Yeah, I have, I
22 guess, a few questions, and I don't know who it goes
23 to, and it just arose from some of the discussion
24 here.

25 In relation to IT right now, MPI agents

1 have access to what information from MPI? If I go to
2 an agent's office and they want to -- are they
3 actually going into the MPI system or -- or what --
4 what do they see on their screen?

5 MR. BRAD BUNKO: They would -- they
6 would see quite a bit on their screen. They would see
7 certainly policies in effect for the customer. They
8 would see their status of driver licencing.

9 Anything that is required to do further
10 transactions with that customer, they would have the
11 background information on it.

12 THE CHAIRPERSON: And -- and what
13 decisions can they make? Specific -- I'll give you a
14 specific example. This is what sort of triggered it
15 for me.

16 I wanted to change my payment from
17 monthly to quarterly. I -- I assumed incorrectly that
18 I would go in and they would simply change it on the
19 screen and it would be changed.

20 MR. BRAD BUNKO: Mr. Yakel, our
21 application expert...?

22 MR. JONATHAN YAKEL (by phone): So --
23 sorry, there's feedback in the room. An agent would
24 have access to be able to change your payment
25 frequency. Depending on how recent the banking

1 information was entered, they may have to re-enter it.

2 They may not be able to immediately select that.

3 But an agent should be able to make a
4 change to your -- to your payment method.

5 THE CHAIRPERSON: Okay. So, in my
6 instance, they had to phone, which I found odd. And I
7 found out the next day it had been approved. I --
8 that's the problem I have.

9 From -- from last year's hearing with
10 Mr. Bunco I found out the sophistication of the MPI
11 system and the way -- the interplay between the agents
12 and MPI. And I guess I found it odd that we're going
13 back to phoning MPI which, quite frankly, took a few
14 hours, apparently, for them to -- to get somebody.

15 MR. JONATHAN YAKEL (by phone): So,
16 there may be business logic in the system that
17 requires overrides by our head office in certain
18 situations. I can -- I don't have all of the -- at
19 hand all of the situations that would require a phone
20 in to head office to complete a transaction.

21 So, I -- I can't speak to that exact --

22 THE CHAIRPERSON: Okay.

23 MR. JONATHAN YAKEL (by phone): --
24 situation on a --

25 THE CHAIRPERSON: Okay. In terms of

1 an -- and I guess it only came up now. But in terms
2 of Project Nova's, is part of Project Nova looking at
3 the relationship between the agents and the Company?

4 MR. BRAD BUNKO: I would say that that
5 is an ongoing discussion as far as the efficiency of
6 what overrides are needed and when. We've been doing
7 studies as to the number of times an override is
8 requested and the number of times that that override
9 may be denied or consequently accepted.

10 So, if you are accepting 98 percent of
11 all requests for a certain override, why are you
12 forcing an override? And that is a conversation that
13 they are, I mean, I think having for the last maybe
14 year, but certainly it is something that they've
15 identified as an area for improvement.

16 THE CHAIRPERSON: Okay. Thank you.

17 THE PANEL CHAIRPERSON: Mr.

18 Hainsworth, do you have any questions?

19 MS. CAROL HAINSWORTH (by phone): I do
20 not, Madam Chair.

21 THE PANEL CHAIRPERSON: Okay. Thank
22 you. Ms. Schubert, could you please bring up MPI
23 Exhibit 34, the Nova updates, slide 3?

24

25 (BRIEF PAUSE)

1 THE PANEL CHAIRPERSON: Thank you.
2 Mr. Bunko, this is the presentation that was made this
3 morning by Mr. Mitra, and it's, as it says, "The Nova
4 Solution Governance."

5 As the -- the vice-president of IT, can
6 you tell us where you fit on this organizational
7 chart?

8 MR. BRAD BUNKO: I'm a member of the
9 executive steering committee.

10 THE PANEL CHAIRPERSON: Executive --
11 okay. So, you're not an SI -- no, those are the --
12 the integrator leads. Okay. Thank you very much.

13

14 (BRIEF PAUSE)

15

16 MR. BRAD BUNKO: I'm a member of the
17 Executive Steering Committee.

18 THE PANEL CHAIRPERSON: Executive --
19 okay, so you're not an SI -- no, those are the -- the
20 integrator leads. Okay, thank you very much.

21

22 (BRIEF PAUSE)

23

24 THE PANEL CHAIRPERSON: Mr. Guerra, do
25 you have any re-direct?

1 MR. ANTHONY GUERRA: I do, but I -- I
2 also just need to confirm something with Mr. Yakel
3 first.

4 THE PANEL CHAIRPERSON: Okay.

5 MR. ANTHONY GUERRA: If I may just
6 have five (5) minutes, please?

7 THE PANEL CHAIRPERSON: Sure.

8 MR. ANTHONY GUERRA: Thank you.

9

10 (BRIEF PAUSE)

11

12 MR. ANTHONY GUERRA: My apologies.
13 Thank you for the accommodation.

14

15 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

16 MR. ANTHONY GUERRA: I just have one
17 (1) question, and I think this question is best posed
18 to Mr. Lazarko; however, Mr. Lazarko, if there's
19 another responder who is best suited for this
20 question, please let me know.

21 There was a question earlier about
22 impairments with respect to the technology risk
23 management 2018 project, and I think you were going to
24 be looking for some information to be able to better
25 respond to that. I'm just wondering if you had a

1 chance to find that.

2 MR. LAWRENCE LAZARKO: I'm still
3 looking for the details on the specific projects;
4 however, I don't see any reason why it would be
5 different from what's in PUB-1-71(b), which is:

6 "The TRM impairments are related to

7 --"

8 Sorry, one (1) second.

9

10 (BRIEF PAUSE)

11

12 MR. LAWRENCE LAZARKO:

13 "Did not meet the amortization of
14 intangible asset policy."

15 So this is linked to what Mr. Bunko
16 stated earlier, where these projects were planned to
17 be combined in excess of five hundred thousand dollars
18 (\$500,000); however, when executed, they came in at
19 under five hundred thousand dollars (\$500,000), and as
20 a result, they were marked as impaired.

21 So I'm -- would agree with what's in
22 Section (b). I don't have the specific projects in
23 front of me just at the moment.

24 MR. ANTHONY GUERRA: Okay, thank you
25 very much. I have no further questions.

1 THE PANEL CHAIRPERSON: Can I just ask
2 a question for clarification? So does that mean that
3 that is effectively eight hundred and thirty-two
4 thousand dollars (\$832,000) under budget?

5 MR. LAWRENCE LAZARKO: A project could
6 be budgeted for five hundred thousand dollars
7 (\$500,000), come in at four hundred and fifty (450),
8 and that whole four fifty (450) would be marked as
9 impaired.

10 THE PANEL CHAIRPERSON: Okay, thank
11 you.

12

13 (BRIEF PAUSE)

14

15 THE PANEL CHAIRPERSON: I -- thank
16 you. I think we will now adjourn for the afternoon.

17

18 (BRIEF PAUSE)

19

20 THE PANEL CHAIRPERSON: We -- oh, good
21 point. Yes.

22

23 We are starting tomorrow with the CSI
24 panel, and I believe that one (1) of the issues
25 relates to an outstanding undertaking that counsel for
PUB has not yet received and counsel for CAC?

1 MS. KATHLEEN MCCANDLESS: Yes, it was
2 a CAC undertaking. I've just been corresponding with
3 Mr. Scarfone and Mr. Triggs. I don't know if Mr.
4 Guerra can speak any more to timing.

5 I don't have any information from Mr.
6 Scarfone as to timing apart from that they have made
7 the business unit aware that the undertaking is a
8 priority. So I don't know if that means that it will
9 be available at some point later today or tomorrow, or
10 it won't be available at all tom -- by tomorrow.

11 So, Mr. Guerra, do you have any further
12 information that you can provide?

13 MR. ANTHONY GUERRA: Just that in that
14 we were -- we are currently working on it as of the
15 last email I received, and that I -- I did impress
16 upon our team to make it available as quickly as
17 possible, noting that it was going to be part of
18 tomorrow's CSI panel. I wish I had a little bit more
19 to provide to you at this point, but I just don't.

20 DR. BYRON WILLIAMS: Madam Chair, if -
21 - if I might just -- from our perspective, we'll be --
22 on behalf of CAC Manitoba, we'll be ready to go
23 tomorrow with as much as we can do.

24 If -- if that undertaking isn't
25 available, obviously we'll -- we'll have to go back to

1 it in CSI, or it -- it may be a judgment call tomorrow
2 in terms of if we get it, we might need a brief
3 adjournment to -- to review it. That's -- that's --
4 from our perspective, that's the best advice we can
5 offer.

6 THE PANEL CHAIRPERSON: Well, and
7 certainly if it comes in tomorrow, it's quite
8 acceptable to have an adjournment.

9 I would recommend that we start
10 tomorrow at nine o'clock with the CSI panel, certainly
11 with the -- the request that to the extent that it
12 can, MPI gets that information here as quickly as
13 possible. And then we'll see how the morning unfolds.
14 Is that acceptable?

15 MS. KATHLEEN MCCANDLESS: Yes.

16 THE PANEL CHAIRPERSON: Okay. Thank
17 you. We will adjourn until nine o'clock tomorrow
18 morning.

19

20 --- Upon adjourning at 4:00 p.m.

21

22 Certified Correct,

23

24 _____

25 Donna Whitehouse, Ms.