



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)  
2023/2024 GENERAL RATE APPLICATION  
HEARING

Before Board Panel:

- Irene Hamilton, K.C.- Panel Chairperson
- Robert Gabor, K.C. - Board Chair
- Susan Nemec - Board Member
- George Bass, K.C. - Board Member
- Susan Boulter - Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
October 31, 2022

Pages 1763 to 2005  
Day 8

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APPEARANCES

- Kathleen McCandless ) Board Counsel
- Robert Watchman ) Board Counsel
- Kara Moore ) Board Counsel
- Roger Cathcart ) Board Advisor
- Blair Mantketelow-Eckler (remote) ) Board Advisor
  
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- Michael Triggs ) Insurance
- Anthony Guerra )
- Jordan Lang (Student-at-law) )
  
- Byron Williams ) CAC (Manitoba)
- Chris Klassen )
  
- Karen Wittman ) Taxi Coalition
- Sharna Nelko )
  
- Charlotte Meek ) CMMG
  
- Jennifer Sokal ) IBAM
- Michael Weinstein )
  
- Christian Monnin ) Bike Winnipeg
- Charles Feaver (np) )

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1 --- Upon commencing at 9:00 a.m.

2

3 THE PANEL CHAIRPERSON: Good morning,  
4 everyone. Mr. Scarfone, would you introduce your  
5 panel, please?

6 MR. STEVE SCARFONE: Yes. I was just  
7 saying to my counsel, Mr. Guerra, that perhaps, if  
8 it's all right, he'll read in a couple of exhibits,  
9 and then we'll do the introductions and have the panel  
10 sworn in.

11 THE PANEL CHAIRPERSON: Certainly.  
12 Thank you.

13 MR. ANTHONY GUERRA: Thank you. Good  
14 morning, Madam Chair. I have approximately ten (10)  
15 to read in this morning.

16 MPI Exhibit number 75 is response to  
17 Undertaking number 7.

18

19 --- EXHIBIT NO. MPI-75: Response to Undertaking 7

20

21 MR. ANTHONY GUERRA: MPI Exhibit  
22 number 76 is its response to Undertaking number 12.

23

24 --- EXHIBIT NO. MPI-76: Response to Undertaking 12

25

1 MR. ANTHONY GUERRA: MPI Exhibit  
2 number 77 is its response to Undertaking 24.

3

4 --- EXHIBIT NO. MPI-77: Response to Undertaking 24

5

6 MR. ANTHONY GUERRA: MPI Exhibit  
7 number 78 is the amended part 6 Driver Safety Rating  
8 Appendix 1B, Primary Driver Model Chart, page 13,  
9 blackline clean.

10

11 --- EXHIBIT NO. MPI-78: Amended Part 6 Driver  
12 Safety Rating Appendix 1B,  
13 Primary Driver Model  
14 Chart, page 13, Blackline  
15 Clean

16

17 MR. ANTHONY GUERRA: MPI Exhibit  
18 number 79 is amended PUB/MPI IR-1-128(e), Appendix 1,  
19 Frontier for Basic, blackline clean.

20

21 --- EXHIBIT NO. MPI-79: Amended PUB/MPI IR-1-  
22 128(e), Appendix 1,  
23 Frontier for Basic,  
24 Blackline Clean

25

1 MR. ANTHONY GUERRA: Exhibit number 80  
2 is the Basic combined portfolio based on EF-2.

3

4 --- EXHIBIT NO. MPI-80: Basic Combined Portfolio  
5 Based on EF-2

6

7 MR. ANTHONY GUERRA: MPI Exhibit  
8 number 81 is the response to Undertaking 14.

9

10 --- EXHIBIT NO. MPI-81: Response to Undertaking 14

11

12 MR. ANTHONY GUERRA: MPI Exhibit  
13 number 82 is the response to Undertaking 3.

14

15 --- EXHIBIT NO. MPI-82: Response to Undertaking 3

16

17 MR. ANTHONY GUERRA: MPI Exhibit  
18 number 83 is the response to Undertaking number 6.

19

20 --- EXHIBIT NO. MPI-83: Response to Undertaking 6

21

22 MR. ANTHONY GUERRA: MPI Exhibit  
23 number 84 is the response to Undertaking number 22.

24

25 --- EXHIBIT NO. MPI-84: Response to Undertaking 22



1 MR. ANTHONY GUERRA: MPI Exhibit  
2 number 85 is the NOVA Presentation for this morning.  
3 Thank you.

4

5 --- EXHIBIT NO. MPI-85: NOVA Presentation

6

7 THE PANEL CHAIRPERSON: Thank you.  
8 Mr. Scarfone...?

9 MR. STEVE SCARFONE: Thank you, Madam  
10 Chair. So I will introduce this morning's panel,  
11 along with a number of people that are providing  
12 support in the back row.

13 To my immediate left, Gary Dessler.  
14 Gary is Director of NOVA Technical Solutions. Beside  
15 Mr. Dessler, is Sid Parti. He's Vice-President, Chief  
16 Information and Technology Officer for MPIC. Beside  
17 Sid Parti is Alex Ramirez. He is the MPIC Program  
18 Director, NOVA Program Delivery.

19 Oh, sorry. I'm out of order. Shayon  
20 Mitra is beside Mr. Parti. Mr. Mitra is Vice-  
21 President, Chief Transformation Officer. And beside  
22 him is Mr. Ramirez, Program Director, NOVA Program  
23 Delivery.

24 Of course, behind us is Mark  
25 Giesbrecht, Vice-President and Chief Financial

1 Officer, and a number of individuals providing back-  
2 row of support virtually: Jim Humble, Financial  
3 Forecasting Specialist; Michael Gandhi, MPIC's  
4 Corporate Controller; Shan -- Shan -- Shanne, sorry,  
5 Kernested, one (1) of MPIC's consultants on Project  
6 NOVA; Madison Roney -- Madison Roney is Manager of  
7 Business Architecture; Jeff Sass, Director of Service  
8 Delivery and Broker Operations; Grant Gaudry, Manager  
9 of Budgeting and Project Accounting; Lynne  
10 Onofreychuk, Assistant Manager, Project Accounting;  
11 and lastly, Christine Ragasa, Expense Management  
12 Specialist.

13                                   And so with that, I'll ask Dr. Christle  
14 to have the panel members sworn in.

15

16 MPI NOVA/CSI

17

18                                   GARY DESSLER, Affirmed

19                                   SHAYON MITRA, Affirmed

20                                   ALEX RAMIREZ, Affirmed

21                                   SIDDHARTA PARTI, Resumed

22

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

24                                   MR. STEVE SCARFONE:    Thank you, Dr.  
25 Christle.

1                   So, gentlemen, you are all familiar  
2 with this process, and I understand, as we see before  
3 us, that the panel has a presentation to make.

4                   Mr. Mitra, will you confirm, please,  
5 that this presentation will form part of this panel's  
6 direct evidence?

7                   MR. SHAYON MITRA:    I do.

8                   MR. STEVE SCARFONE:   And I understand  
9 you'll be starting the presentation and then Mr. Parti  
10 will be completing it.

11                  MR. SHAYON MITRA:    Yes.

12                  MR. STEVE SCARFONE:   Okay. Well, go  
13 ahead then. Thank you.

14                  MR. SHAYON MITRA:    Thank you. Good  
15 morning. So, there's two (2) of us presenting. I'll  
16 cover most of the slides on Project Nova. And then  
17 Mr. Parti will cover a couple slides. And then, of  
18 course, after that, we'll open it up for any cross-  
19 examination and questions. So, could we jump to the  
20 first slide. Thank you.

21                  For Project Nova the objectives have  
22 not changed since the onset. Our focus is still on  
23 modernizing our systems. It is centered around  
24 technology risk, information security, business  
25 agility, customer self-serve, cost savings and

1 efficiency.

2                   Specific to cost savings and  
3 efficiency, we are aware that the net present value  
4 for the program is in the negative, but that is not  
5 the primary driver for the program. And Mr. Parti  
6 will get into the details in this slide, but it's  
7 centred around our ability to continue to serve  
8 Manitobans; moving away from our Legacy systems that  
9 are strained, and how we continue to service  
10 Manitobans and provide new products, and also around  
11 information security, cyber security, and our ability  
12 to bring in new products as we move along.

13                   The effort needed today to make changes  
14 to our existing product offerings, leveraging cobalt,  
15 power builder, and some of the -- the Legacy  
16 platforms. It's significant and -- and it takes a lot  
17 of time, a lot of effort.

18                   But, also, as Mr. Herbelin had  
19 presented, it's taken us to bring back individuals who  
20 are in retirement and to help us to continue to  
21 service Manitobans. That has been the primary driver  
22 behind NOVA and -- and the strains associated with  
23 that.

24                   The second component and in light of,  
25 you know, where we are from the -- the pandemic

1 impacts and the preferences that Manitobans have,  
2 there's heighten expectations or desire to do more  
3 customer self-serve.

4 Our intent is to work with our broker  
5 partners and IBAM, and enable online options to  
6 Manitobans; and for that, we need to move away from  
7 our Legacy system to the new platform and services  
8 that we have selected through our RFP process. So  
9 I'll cover that in the subsequent slide.

10 So, as you're aware, NOVA began as a  
11 Legacy system modernization; that's how it was  
12 envisioned at the onset. And we learned really  
13 quickly that simply moving our Legacy platforms would  
14 not suffice. We would need to do more as an  
15 organization to improve on how we service Manitobans.  
16 And so then the transition from a Legacy system  
17 modernization project to Project Nova started, and it  
18 became a transformational initiative and less of a  
19 Legacy system modernization.

20 At the gist of it, or -- or the -- at  
21 the nucleus, it is our core systems that we're looking  
22 at. We're looking at changing our property and  
23 casualty system. We're looking at changing our Legacy  
24 driver vehicle administration system.

25 In order to offer self-serve options,

1 we're looking at a CRM, customer relationship  
2 management solution, and then to bring it all  
3 together, an integration platform.

4           The property and casualty system, or  
5 the insurance platform, is Duck Creek. Assisting to  
6 that transition is Accenture which is our system  
7 integrator. The licensing and registration platform  
8 is Celtic and Info (phonetic) is the system integrator  
9 that's working with us, and for the -- Microsoft is  
10 the customer relationship management solution and  
11 assisting us with that is KPMG. So, we have gone to  
12 experts in the industry to help us through that --  
13 through this transition.

14           MuleSoft is the integration platform  
15 that we're leveraging, and we've got assistance on  
16 that, as well.

17           But what I want to emphasize is, as we  
18 started the transition as a Legacy system  
19 modernization project into Project Nova from the  
20 planning phases, into the execution phases, we learned  
21 quickly that there were gaps in the organization in a  
22 number of areas in capabilities.

23           But at the same time as we are maturing  
24 our capabilities, it would put a lot of strain on  
25 capacity, not just on the existing capacity to

1 continue to service Manitobans, but there's also the  
2 need to build capacity in the areas where we had  
3 capacity gaps. And that really -- sorry, in the areas  
4 where we had capability gaps.

5                   And -- and collectively, that added to  
6 the complexity of Project Nova. And I'll speak to the  
7 results or impacts of -- of the complexity in the  
8 subsequent slide.

9                   For the next slide, I'm going to turn  
10 it over to Mr. Parti. And then I'll come back and  
11 finish out the presentation from slide 5 onwards.

12                   MR. SIDDHARTHA PARTI: Thank you, Mr.  
13 Mitra. Good morning, everyone. You just heard Mr.  
14 Mitra talk about the original scope, which is again  
15 our core business, DVA, insurance and CRM is our front  
16 end to customers, and then MuleSoft is integration.

17                   So as we started with the  
18 implementation of the program, a number of capability  
19 gaps were encountered. On the technology side, we had  
20 gaps around enterprise architecture. We had gaps  
21 around our cloud capabilities, moving our core  
22 business -- our core ecosystem to the cloud, but we  
23 didn't have the peripheral ecosystem built around it  
24 to support it.

25                   There were data capabilities -- I did

1 allude to it in my presentation last week as well.

2 Our data maturity is quite low.

3                   And that's a very, very integral part -  
4 - very important part of making NOVA a success or the  
5 program a success. Those capabilities were just  
6 weren't built out or envisioned even.

7                   Then we had our very, very important  
8 cyber capability. And now we're moving our data from  
9 an on premise ecosystem to the cloud. And data of  
10 Manitoba is going to sit on the cloud.

11                   So how do we structure the technology  
12 ecosystem from a cyber perspective and there were gaps  
13 that were encountered in -- in that sense as well.

14                   Apart from that, there were other  
15 maturity gaps that were discovered in areas of our  
16 enterprise processes. We had -- we didn't have them  
17 documented end to end, around business architecture,  
18 around lean. You would want to lean out your  
19 processes before you start migrating into the new  
20 platforms.

21                   Our Agile delivery mechanism is just  
22 such an important aspect of delivering any kind of  
23 software project in today's day and time.

24                   And then, of course, we had our  
25 organizational change management capabilities as well



1 which are not really thought about or thought through  
2 to the end.

3                   So overall, it was -- there were a  
4 number of gaps that were encountered that were  
5 discovered which contributes to where we are today and  
6 I will hand it over to Mr. Mitra to take us through  
7 the rest of slides. But I would elaborate on a lot of  
8 these through the cross over the next few hours.

9

10                   (BRIEF PAUSE)

11

12                   MR. SHAYON MITRA:    Better?  Is it  
13 better now?  Thank you.

14                   So as you are aware, when we -- when we  
15 started the Legacy system modernization, we did seek  
16 the input of external consulting firms and -- and  
17 based on their input, the case for change was made and  
18 the original business case was established.

19                   In -- in that volume of work, there  
20 were a number of areas where capability or maturity  
21 levels were underestimated.  And if you'll recall, our  
22 -- our -- at least our presentation from last year,  
23 around the same time, we were in program increment  
24 number 3, so we were in the implementation stages.  We  
25 were running into issues in a number of areas with

1 Project Nova.

2                   So it became visible to us that --  
3 earlier on, even before the first release that we had  
4 a number of pinpoints, we had some complexities,  
5 capability and capacity gaps that needed to be  
6 addressed in short order.

7                   It was also an ambition -- ambitious  
8 undertaking to try and do an insurance platform, a  
9 driver vehicle -- vehicle licensing and registration  
10 platform, and a CRM, customer relationship management  
11 solution all in a forty (40) month time period. So we  
12 realized that that was -- that was going to be  
13 extremely difficult for us to accomplish.

14                   So based on that, we started an  
15 internal assessment and I'll speak to the external  
16 diagnostic assessment as well, in the subsequent slide  
17 and -- and our initial findings or our findings then  
18 were we needed to flatten our approach to delivery and  
19 not try and do as much in parallel. And move from  
20 forty (40) months to sixty (60) months.

21                   Thereby giving us more time to mature  
22 these capabilities, enable us to have capacity, and  
23 then, at the end of that, enable the successful  
24 delivery of Project Nova.

25                   In doing so, in adding twenty (20)

1 months it had impacts on project costs because we now  
2 needed our system integrators for a longer period of  
3 time; we needed our internal resources that were  
4 incremental on the -- on the project for a longer  
5 period of time; but also we needed to invest on -- in  
6 capacity and the capability gaps that Mr. Parti spoke  
7 to and that we were made aware of through the  
8 implementation phases as we moved along.

9                   The other component I want to highlight  
10 is our governance vendor which is PwC  
11 PricewaterhouseCooper -- around -- or -- I believe  
12 fall of last year, so it would have been in report 17.  
13 Also recommended that we do an internal assessment  
14 based on the velocity and speed at which the program  
15 was moving ahead and some of the challenges we were  
16 running into.

17                   So, we also adhered to their  
18 recommendations and we did two (2) assessments, the  
19 internal assessment that I spoke to, but then we also  
20 reached out to a third-party consulting firm in  
21 McKinsey that had extensive experience in this field  
22 to come in and do a diagnostic -- diagnostic  
23 assessment simultaneously. Next slide please.

24                   With regards to McKinsey, I want to  
25 mention the reason why we did not go to market and do

1 a Request For Proposal was, based on where the program  
2 was at a given -- at that point in time. Of course,  
3 we followed the right protocol with regards to waive  
4 of tender, internal approvals, with the executive  
5 Board approval.

6 But, to go to market, go through the  
7 RFP process, the selection of -- a third-party  
8 consulting firm would add more delays, because on  
9 average we take anywhere from -- on average, we take  
10 anywhere from eight (8) to sixteen (16) weeks to go  
11 through an RFP process, sometimes a lot longer.

12 That would put significant strains on  
13 the -- on a program that was already in the  
14 implementation mode and running into some issues. So,  
15 we -- we went through a -- a wave of -- of tender  
16 process and selected McKinsey. And they have  
17 experience in de-risking programs of this size. They  
18 have done that in the past.

19 We also spoke to other similar  
20 organizations that had experience and -- and based on  
21 our understanding, decided to move ahead with  
22 McKinsey.

23 I also want to highlight that we had  
24 three (3) consulting firms and system integrators  
25 already working with us, so they could not take on the

1 role of a diagnostic assessment consulting  
2 responsibility.

3                   And prior to that,  
4 PricewaterhouseCooper was already our -- our  
5 governance vendor, so we could not leverage them  
6 either for -- for this component.

7                   So, based on -- on those factors, the  
8 decision was to move ahead with McKinsey to help us  
9 with this diagnostic assessment and also validate our  
10 findings from the internal assessment that we  
11 concluded towards the end of last year.

12                   So, the findings from McKinsey's  
13 diagnostic assessment and -- and our internal  
14 assessment, highlighted several strengths, but also  
15 brought forward an action plan that we needed to work  
16 on to address some of the strains on NOVA.

17                   But -- speaking to the -- the  
18 strengths, obviously it identified that there was both  
19 sponsorship and support. MPI executive and leaders  
20 were involved. The focus was to improve customer  
21 experience, while also looking at modernizing our  
22 technology platform.

23                   A selection of Duck Creek, Celtic,  
24 Microsoft Dynamics was consistent with standard  
25 technology platforms that the -- that a carrier of our

1 size typically uses, and the -- the fact that we are  
2 leveraging Agile delivery was also consistent with how  
3 a program of this size should be executed.

4 McKinsey also helped us in confirming  
5 our internal assessment findings, specific to what  
6 areas we needed to improve both from capabilities and  
7 capacity.

8 And then, from there, collectively we  
9 worked with McKinsey to execute on their action plan,  
10 to try and mitigate the risks that were upon us from  
11 Project NOVA standpoint. Next slide, please.

12 So this slide summarizes the -- the --  
13 the diagnostic findings and our internal assessment  
14 findings and, in a sense, speaks to what the action  
15 plan -- plan encompassed.

16 The first thing was to -- to look into  
17 the strategy and road map, specifically what  
18 capabilities to address, in what order to enable  
19 success for release 1, release 2 and then subsequently  
20 releases, which are releases 3 and 4.

21 The -- the Project NOVA operating  
22 modeling and governance, so if you recall, from an  
23 executive sponsorship, previously it was -- the role  
24 of the Chief Transformation Officer to have oversight  
25 of the program. We have made changes since. Now it's

1 a collective responsibility between the Chief  
2 Transformation Officer, the Chief Information and  
3 Technology Officer, and Mr. Parti, and the Chief  
4 Operating Officer, and Ms. Marnie Kacher.

5           The three (3) of us, collectively, have  
6 oversight of -- of Project Nova, the reason being, as  
7 we go through releases, there will be impacts to  
8 different components of our lines of business, our  
9 staff, change management will be an important  
10 component, our stakeholders, our broker network, and  
11 our customers. So, making that shift, enabled that  
12 level of due diligence, decision-making, and  
13 governance.

14           Further to that, in order to address  
15 resource gaps and build new capabilities, we have  
16 strengthened our product ownership, project management  
17 components, the architecture components, customer  
18 experience and associated design components, and  
19 business process management, and -- and the process  
20 component. So, that was another recommendation.

21           Adoption in change management continues  
22 to be an area that we -- we are looking at improving  
23 and, so, we are looking at change management from an  
24 enterprise lens, not strictly from a Project Nova  
25 lens, thereby ensuring that we're working with our

1 stakeholder partners and our workforce as we go  
2 through this initiative.

3           And, lastly, under Mr. Parti's  
4 leadership, the technology enablers specific to areas  
5 such as data migration, integration, testing, quality  
6 -- quality assurance, those are the areas that we are  
7 -- continue to mature from a capability standpoint.

8           This is a summary slide that speaks to  
9 the implement -- implementation costs for Project  
10 Nova, from the onset to where we are today. So, on  
11 top, at eight-five point four (85.4) million was the  
12 case for change that was initially pulled together,  
13 with help from external consulting firms, specifically  
14 Deloitte & Avascent. With contingency, it was one  
15 hundred and six point eight (\$106.8) million.

16           I want to identify that, at that point  
17 in time, we had not gone to market and selected any of  
18 our platforms or system integrator partners. So, this  
19 was before the Request For Proposal process.

20           From there, in 2021, the budget was  
21 increased to one hundred and twelve point seven  
22 (\$112.7) million dollars. With contingency it came in  
23 at one hundred and twenty-eight point five (\$128.5)  
24 million dollars.

25           This was after we had selected our



1 platforms, partners, and system-integrator partners  
2 but also identified the fact that the initial baseline  
3 or the -- the case for change dollars did not include  
4 leadership to -- to deliver Project Nova and, also,  
5 there were some gaps with regards to licensing and  
6 subscription costs.

7                   So, those were factored in in the 2021  
8 number at one hundred and twenty-eight point five  
9 (\$128.5) million dollars, with contingency.

10                   What you see at the bottom, flattened  
11 delivery and McKinsey assessment are the numbers that  
12 were the result of the work we did towards the end of  
13 last year, with board approval in February of this  
14 year, and then subsequently presented at the IT PUB  
15 April panel

16                   And -- and the two (2) components are  
17 the flattened deliver adds up in numbers as a function  
18 of increasing the project time lines from forty (40)  
19 months to sixty (60) months, so it factors in the  
20 additional twenty (20) months and, as a result of  
21 that, the increases are on resources, licensing,  
22 system integrated costs, and product and the services.

23                   McKinsey's assessment then recommended  
24 the addition of thirty-five million dollars  
25 (\$35,000,000) and, essentially, looked at two (2)

1 areas: de-risking opportunities and its forward  
2 thinking. It looks at de-risking from Release 3 and  
3 Release 4.

4 Release 3 is going to be our biggest  
5 release and we haven't done the pre-discovery and  
6 discovery for that yet and, in addition to that, for  
7 addressing resource gaps, as we get into Release 3 and  
8 4, additional dollars associated with that.

9 So, the combination of the one hundred  
10 and eighty-nine point five (\$189.5) million, along  
11 with the thirty-four point six (34.6), brought us to  
12 two hundred and twenty-four (\$224) million, plus the  
13 contingency factor and, to summarize, it's coming in  
14 at \$290 million dollars, with contingency.

15 So, I'm going to switch gears now and  
16 speak to where we are on the Program. So, with  
17 regards to Release 1, as explained, the complexity of  
18 the Program, the challenges we had with capabilities  
19 and capacity, trying to do work in parallel for  
20 Release 1 and Release 2 has impacted the -- the  
21 release date for R-1.

22 So, currently, the key drivers -- so,  
23 to summarize, we are planning to go live with Release  
24 1 end of October. We are now slated to go live  
25 January 23rd of 2023, for the first release.

1                   Release 1 is for the special risk  
2 Extension line of business, so essentially, your  
3 commercial insurance lines. And the good news is we  
4 have completed the -- the code. So, the code, our  
5 development, work associated with Release 1 is done.

6                   Right now, our focus is on the  
7 readiness activities. Our focus is on the reporting  
8 functionality, and then finishing off the remaining  
9 testing that's needed before we can go live.

10                  We wanted to avoid going live around  
11 the December time frame, factoring that we will be  
12 working closely with the broker partners and our  
13 staff, so we didn't want to do it around the holidays,  
14 so we moved that to January 23rd.

15                  But, we did run into some environmental  
16 issues as it pertains to the Duck platform. The  
17 defect con (phonetic) was relatively high, and so we  
18 did our best to mitigate those. And then Mr. Parti  
19 can speak to this better than I can, but also concerns  
20 with application security testing.

21                  So, factoring all of that in, the  
22 decision was made not to go live on the 23rd of  
23 October, instead to go live on January 23rd. And at  
24 this point in time, we are on schedule towards  
25 achieving that. Sorry, I think I've covered that

1 slide as well. Thank you.

2 Now, with regards to the remaining  
3 releases, release 2, release 3, and release 4, because  
4 we're going live in Jan with release 1, it is going to  
5 impact the release date for release 2.

6 So, release 2, to summarize, is the  
7 international registration plan as it pertains to our  
8 commercial customers. And our intent is to go live in  
9 the fall of 2023 with R-2, or release 2.

10 In parallel, start the pre-discovery  
11 and discovery work for releases 3 and 4 in January.  
12 So the plans are being developed as we speak on the  
13 resources needed to do the pre-discovery work for  
14 release 3 and 4 while we're going live with release 1.  
15 And then subsequently finish the work needed for  
16 release 2, for fall of 2023.

17 BOARD CHAIR GABOR: Sorry to  
18 interrupt. But I just want to get clear, when you're  
19 talking about doing discovery and pre-discovery work  
20 for release 3 and 4 and you said January, are you  
21 talking January 2023 or January '24?

22 MR. SHAYON MITRA: My apologies,  
23 January 2023.

24 BOARD CHAIR GABOR: Okay, thank you.

25 MR. SHAYON MITRA: So the January

1 that's coming on us.

2                   And so, our intent to share the update  
3 on -- on how release 1 went in the PUB IT Summit early  
4 next year, and also provide updates on our release 1,  
5 execution and implementation handout.

6                   Progress on R-2 and the outcome of pre-  
7 discovery and discovery for release 3 and 4 at the  
8 next Public Utility Board hearing.

9                   So this is my last slide and it speaks  
10 to success and implementation learning. And there's  
11 been a lot of learning. It has not been a -- a smooth  
12 sailing for us, to be really honest. Some of us have  
13 got more grey hair now than we did in the past, but  
14 it's not because of lack of effort; it's not because  
15 of lack -- lack of dedication. It's on account of the  
16 complexity of the program.

17                   And so, we continue to learn, adapt,  
18 and make changes as quickly as we can while trying to  
19 be prudent. So, overall objective of the program, and  
20 the project has not changed.

21                   We are looking at streamlining decision  
22 making so we can act quickly and reduce any -- and  
23 downstream impacts. That's why we made changes to our  
24 governance model and bringing in three (3) executives  
25 for oversight, and realigning the program to -- to

1 enable that expediency.

2                   To Mr. Parti's comments, the creation  
3 of the lean and business process management centre of  
4 enablement, just to give you an example, as we start  
5 thinking, leveraging a new platform, which is  
6 commercially off the shelf, we need to configure that  
7 to do things the way they are designed in the new  
8 platform.

9                   So simply taking processes, the way we  
10 do today, and moving them over into a new platform has  
11 the risk of moving away from configuration to  
12 customization. And to avoid that -- that black hole,  
13 we needed to do a lot of work to define our end-to-end  
14 processes up front so that we can leverage these  
15 solutions as they're designed and to configure them  
16 optimally.

17                   So, the creation of the business  
18 process management centre of enable -- enablement has  
19 given us the ability to document these end-to-end  
20 processes before the release work starts and then  
21 leveraging the epic features and story points to  
22 deliver that.

23                   So, that has been successfully  
24 completed. We have done the end-to-end processes for  
25 release 2. Now, the work is starting for release 3

1 and release 4 as a function of the pre-discovery and  
2 discovery exercise.

3           From a reporting and dashboarding  
4 standpoint, we are able to escalate risks and issues  
5 in a timely fashion now to enable decisions and  
6 actions to mitigate them. That has been a learning  
7 opportunity for us only because of the number of  
8 moving parts and the complexity.

9           For example, for release 1, our focus  
10 is on the seventy (70) reports that are needed by Jan.  
11 23rd. We are aware of the seventy (70), how many are  
12 out of the box from Duck Creek and how many are  
13 requests from the business to enable functionality or  
14 decision-making.

15           And we're looking at it very closely to  
16 understand which ones are needed on the 23rd and if  
17 there are any that can be delivered after. That's the  
18 level of due diligence that we are putting into our  
19 reporting and dashboarding.

20           With regards to change management, we  
21 are leveraging the concept of Model Office. Simply  
22 put, the Model Office enabled us -- enables us to see,  
23 and our stakeholder partners to see, what we expect  
24 when go live happens.

25           So it's an environment that -- that

1 enables this functionality earlier on so -- so that  
2 training onboarding can happen in advance. And if  
3 there are any concerns, they can be addressed ahead of  
4 the go-live dates.

5                   And the last component is to do with  
6 how we are realigning our information and technology  
7 areas specific to software development operations. It  
8 was previously known as Enterprise Application  
9 Management.

10                   That has been restructured under Mr.  
11 Parti's leadership and, essentially, looks at five (5)  
12 functional pillars. All of these are -- three (3) of  
13 these have centres of excellence pertaining to data  
14 migration, integration, quality assurance, and  
15 testing. They are driving from the front and enabling  
16 services for NOVA to leverage.

17                   But also we are looking at maturing and  
18 enabling system architecture, work-around, product  
19 planning, and delivery, and, lastly, everything to do  
20 with cyber security. They're -- those are all  
21 components of -- of where software development  
22 operations and the extended IT team are leading from  
23 the front.

24                   So this slide summarizes those  
25 learnings and -- and the improvements we have made.



1 There's more work to be done ahead of us, and we'll  
2 continue to be diligent as we progress through Project  
3 Nova.

4           Before I -- I finish off my  
5 presentation, there's one (1) last item I want to  
6 acknowledge, and that is to do with -- with our  
7 presentation last year at this point in time.

8           Our intent has been to be transparent.  
9 Our intent has been to share information as and when,  
10 you know, we are made aware of that. But we also  
11 follow process as it pertains to approvals --  
12 approvals with regards to budget.

13           So at this point in time last year, we  
14 were going through our internal assessment, and with  
15 McKinsey's help, we were going through the diagnostic  
16 assessment. But it was not until late December when  
17 we truly understood the magnitude of impact from a  
18 dollar perspective that -- that needed approval to the  
19 new re-baseline number of \$290 million.

20           That approval was received in February  
21 at the technical committee of 2022, which is this  
22 year, and subsequent to that, in April, we presented  
23 those numbers and findings to the IT panel of the  
24 Public Utilities Board.

25           At this point in time, there is no

1 additional exercise happening where we're looking at  
2 re-baselining the already approved \$290 million. Our  
3 focus is really to get our first release out of the  
4 gate in R-1, continue to work towards the success of  
5 R-2, and finish pre-discovery and discovery for  
6 release 3 and release 4. Than you.

7 THE PANEL CHAIRPERSON: Thank you.

8 Mr. Scarfone...?

9 MR. STEVE SCARFONE: Thank you, Madam  
10 Chair.

11

12 CONTINUED BY MR. STEVE SCARFONE:

13 MR. STEVE SCARFONE: Just some follow-  
14 up questions, largely concerning what Mr. Mitra just  
15 spoke to, and that is: What's changed since this  
16 panel was here last one year ago? I'll have some  
17 questions about the 2020/'22 re-baseline. But maybe  
18 the first place to start: Last year, the panel was  
19 composed somewhat differently.

20 Can someone speak to any changes to the  
21 executive sponsorship of NOVA from last year to today?  
22 'Cause we have Mr. Parti joining us this year, as  
23 Chief Information and Technology Officer.

24 MR. SHAYON MITRA: I can speak to it,  
25 and then I'll turn it over to Mr. Parti to add any

1 additional comments.

2                   So at the executive sponsor level, we  
3 now have three (3) executive sponsors for Project  
4 Nova. There's our Chief Operating Officer, Ms. Marnie  
5 Kacher. She's one (1) of the executive sponsors. The  
6 second executive sponsor is Mr. Parti as the Chief  
7 Information and Technology Officer, and the third one  
8 is myself in my role as Chief Transformation Officer.

9                   MR. STEVE SCARFONE: And so maybe Mr.  
10 Parti can just briefly explain the reason for the  
11 change to the executive sponsorship of the program.

12

13                   (BRIEF PAUSE)

14

15                   MR. SIDDHARTHA PARTI: I think the  
16 main reason for having the CIO part of the biggest  
17 technology transformation that's happening in MPI's  
18 history is that the technical organization is leading  
19 the delivery of NOVA.

20                   What's happened in the past is there --  
21 there have been two (2) parallel IT organizations  
22 running at the same time within MPI, and that's  
23 created a lot of issues around delivery, around  
24 handing it over to operations and the success of the  
25 program.

1                   So really with the CIO now leading the  
2 technology delivery of NOVA, what it enables really  
3 for MPI is there's core capabilities. The Centre of  
4 Excellence that Mr. Mitra was talking about around  
5 quality and testing, migrations, product planning and  
6 delivery, digital, and so on.

7                   That IT now builds those enterprise  
8 capabilities, guides Program Nova or any other kind of  
9 transformation for MPI, and then is also ready to take  
10 that particular piece of transformation or technology  
11 or whatever into operations.

12                   There's that seamless level there  
13 because you're owning the delivery and then you're  
14 taking it into operations at the same time. So that  
15 was the premise behind it. I do believe that was the  
16 right decision and recommended by McKinsey and other  
17 partners.

18                   MR. STEVE SCARFONE: Thank you for  
19 that. So in that presentation, we heard Mr. Parti  
20 allude to some additional foundational work that was  
21 required, an internal assessment of NOVA was  
22 performed, and then also a full diagnostic was  
23 performed by McKinsey.

24                   Are these the program reviews that are  
25 made reference to in the Application?

1 MR. SHAYON MITRA: Yes.

2 MR. STEVE SCARFONE: And as part of  
3 those two (2) program reviews, who was it -- was it  
4 MPI or McKinsey that arrived at the additional twenty  
5 (20) months and the flattening of -- of the delivery  
6 schedule?

7

8 (BRIEF PAUSE)

9

10 MR. SHAYON MITRA: The original  
11 recommendation was through our internal assessment  
12 but it was validated by McKinsey.

13 MR. STEVE SCARFONE: Okay. Thank you.  
14 And we heard as part of McKinsey's program review that  
15 they identified some de-risking opportunities for the  
16 program, correct?

17 MR. SHAYON MITRA: Yes.

18 MR. STEVE SCARFONE: What -- can you  
19 just elaborate on that somewhat, Mr. Mitra? What does  
20 that mean in terms of de-risking the program?

21 MR. SHAYON MITRA: I'll use -- there  
22 were a number of them. I'll -- I'll share one (1)  
23 example. At the onset, the way the program was  
24 structured, we were standing up our technical  
25 capabilities and our delivery was happening in three -

1 - in three (3) components: The insurance stream, the  
2 licensing and registration stream, and the digital  
3 stream. The focus there was to deliver epics and  
4 features to enable these technical capabilities.

5           From a customer lens, so think of  
6 something as simple as a new customer on -- onboarding  
7 function. That needs all of these three (3) streams  
8 to deliver epics and features and integrations that  
9 align.

10           So one (1) of the examples of de-  
11 risking exercises was to create release objectives  
12 that truly understands the benefit to the end customer  
13 and then coordinates the efforts through these streams  
14 to deliver that in -- in that order.

15           So now we understand our release  
16 objectives for each of the releases, for sure for  
17 release 1 -- excuse me, release 1 and release 2 for  
18 when -- before we haven't done the discovery. But  
19 that was an example of a de-risking exercise that --  
20 that really enabled us to be more customer focussed  
21 and not really focussed on just the technical, epic  
22 and -- and (INDISCERNIBLE).

23           MR. STEVE SCARFONE:    Okay. Thank you  
24 for that explanation. Another explanation, and during  
25 the course of Mr. Herbelin's evidence, he said it was

1 somewhat difficult to definitively comment on the new  
2 budget without having performed pre-discovery and  
3 discovery of R-3 and R-4.

4 Can you explain just what that  
5 discovery process entails, what it looks like, what it  
6 is?

7 MR. SHAYON MITRA: So the discovery  
8 process involves leadership from MPI, our system  
9 integrated partners, and expertise from the platforms  
10 that we leverage.

11 At the highest level, it really scopes  
12 what would be a minimal viable product, in other  
13 words, what we'll deliver once we go live and then it  
14 starts breaking them down into components of work, so  
15 highest level and epic which is, simply put,  
16 onboarding a new customer, the features, components  
17 that are below that, and eventually story points,  
18 which is the effort needed to deliver that.

19 It goes over a couple months because at  
20 -- at the onset, it start at -- it starts at a macro  
21 level. And then you go deeper. And then you iron out  
22 all the details. But you also look into the  
23 integrations needed, the -- the data architecture  
24 associated with it, the testing needed, and the list  
25 continues.

1                   Maybe, Mr. Parti, if you want to add  
2 more to it, by all means.

3

4   (BRIEF PAUSE)

5

6                   MR. STEVE SCARFONE:   He's good.  And,  
7 Kristen, could you pull up slide 9, please, of the  
8 presentation.

9                   So, firstly, before I ask a question  
10 directly related to this slide, Mr. Mitra, we heard  
11 that release 1 and the delay of three (3) months.

12                   Was there any cost associated with that  
13 and is it reflected here in this -- this new re-  
14 baseline?

15                   MR. SHAYON MITRA:   The delay has cost  
16 associated, but it does -- it does not increase the  
17 baseline.  It is within the contingency associated  
18 with release 1.

19                   MR. STEVE SCARFONE:   And would that  
20 also apply for the delay that will be caused, as you  
21 said earlier, to release 2 as a result of the three  
22 (3) month delay of release 1?

23                   MR. SHAYON MITRA:   Yes.

24

25   (BRIEF PAUSE)



1 MR. STEVE SCARFONE: And slide 13,  
2 please. I just had a question on the second bullet,  
3 particularly at the end where it indicates that, after  
4 releases 3 and 4 -- and I heard you say that release 3  
5 is the big one, that's the claims one, correct?

6 MR. SHAYON MITRA: Release 4 is the  
7 claims one. Release 3 enables insurance, licensing,  
8 and registration -- registration functions for all of  
9 Manitoba.

10 MR. STEVE SCARFONE: Okay. Thank you.  
11 I see. Okay. Thank you for that clarification.

12 And so, where it says there that it  
13 "will enable MPI to introduce additional online  
14 services," could you comment on what might be expected  
15 with regard to that?

16 MR. SHAYON MITRA: The release 3 has  
17 two (2) components, 3(a) and 3(b). 3A is  
18 foundational, to enable those -- those functions in  
19 Duck Creek, in Celtic and through Microsoft Dynamics.  
20 3(b) is when we're able to offer it to Manitobans with  
21 regards to self-serve options.

22 And we have a listing of six (6)  
23 transactions that potentially could be part of the  
24 minimal viable product but until we complete pre-  
25 discovery and discovery, the specifics of which online

1 functionality or services will be made available as  
2 part of Project Nova's minimal viable product that  
3 will not be known.

4 Plus, our intent is to have  
5 consultation and engagement with our broker community,  
6 specifically with IBAM and the working groups, before  
7 we make that conclusion.

8 MR. STEVE SCARFONE: Thank you. With  
9 the additional twenty (20) months that was added to  
10 the delivery schedule, remind me again what the  
11 initial projection was for completion and now what the  
12 date is going from forty (40) to sixty (60) months.

13

14 (BRIEF PAUSE)

15

16 MR. SHAYON MITRA: With the addition  
17 of twenty (20) months, we are looking at completion of  
18 the work associated with release 4 by October 2025.  
19 So, if I do the math backwards, I think it's February  
20 of 2024 when we had originally planned to have the  
21 program completed by.

22 MR. STEVE SCARFONE: Thank you. And  
23 as it concerns the -- the re-baseline, the 2022 re-  
24 baseline, has the Corporation done any calculations  
25 concerning the impact on premiums for this rate

1 application?

2 I appreciate that it might not be --  
3 it's not a technical question, but in terms of budget,  
4 does the Corporation have that information?

5 MR. SHAYON MITRE: Can you give me a  
6 second, please.

7 MR. STEVE SCARFONE: Sure.

8

9 (BRIEF PAUSE)

10

11 MR. SHAYON MITRA: An impact of .3  
12 percent.

13 MR. STEVE SCARFONE: For this rate  
14 Application. Thank you for that.

15

16 (BRIEF PAUSE)

17

18 MR. STEVE SCARFONE: And the last  
19 question. You mentioned the original baseline was  
20 prepared without certain costs included, namely,  
21 leadership, subscription costs, and licensing costs?

22 MR. SHAYON MITRA: That's correct,  
23 yes.

24 MR. STEVE SCARFONE: And those are now  
25 reflected in the 2022 re-baseline?

1 MR. SHAYON MITRA: Yes.

2 MR. STEVE SCARFONE: And are there --  
3 are there any additional costs in terms of  
4 subscription and licensing costs on the horizon that  
5 might not be reflected in the 2022 re-baseline?

6 MR. SHAYON MITRA: Not that I'm aware  
7 of, no.

8 MR. STEVE SCARFONE: Okay, thank you  
9 for that.

10

11 (BRIEF PAUSE)

12

13 MR. STEVE SCARFONE: Thank you, Madam  
14 Chair. Those are my questions for the panel.

15 THE PANEL CHAIRPERSON: Thank you, Mr.  
16 Scarfone. Ms. McCandless...?

17 MS. KATHLEEN MCCANDLESS: Thank you.

18

19 CROSS-EXAMINATION BY MS. KATHLEEN MCCANDLESS:

20 MS. KATHLEEN MCCANDLESS: Good morning  
21 to everyone. I believe we've all met before either in  
22 this GRA or a previous one. Mr. Mitra, I expect that  
23 you'll probably be answering most of my questions  
24 given how much you've spoken already this morning, but  
25 any member of the panel who feels appropriate to

1 answer my questions, please proceed to do so.

2 I'm just going to start my questioning  
3 by following up on Mr. Scarfone's last bit of  
4 questioning with respect to the rate impact.

5 Mr. Mitra, can you just explain how MPI  
6 came to that determination of the rate impact of the  
7 NOVA budget?

8

9 (BRIEF PAUSE)

10

11 MR. GARY DESSLER: I'm going to  
12 respond to this. So, this is based on post-allocation  
13 and what I mean by that is, a percentage of what's  
14 allocated of budget cost to our P&C line of business,  
15 or our Basic line of business, and so it's not the  
16 \$290 million, it is a portion of that. And that is  
17 then allocated to our rate application increase.

18

19 (BRIEF PAUSE)

20

21 MS. KATHLEEN MCCANDLESS: So, I think  
22 we just need to understand a little bit better how  
23 that's calculated.

24 Is that something that could be  
25 provided by way of undertaking because I appreciate

1 this panel's expertise is more IT than -- than  
2 ratemaking, so.

3 MR. STEVE SCARFONE: We can -- we can  
4 make that undertaking, Ms. McCandless. We would have  
5 had Mr. Giesbrecht in the front row, but we ran out of  
6 chairs. So, I think -- yeah, he's saying that we  
7 could provide that.

8 MS. KATHLEEN MCCANDLESS: The  
9 undertaking would be to provide the breakdown or  
10 explanation calculation of the budget rate impact of I  
11 think .3 percent?

12 MR. STEVE SCARFONE: Correct.

13

14 --- UNDERTAKING NO. 38: To provide the breakdown  
15 or explanation calculation  
16 of the budget rate impact  
17 of .3 percent.

18

19 BOARD CHAIR GABOR: Sorry, can I  
20 interrupt? I just want to get the undertaking clear.  
21 Is it just for this year? Is it cumulative years?  
22 Because we've got money that was spent this year or  
23 that will be spent this year. You'll have money that  
24 will be spent next year. There's a cumulative impact  
25 of that as on a go-forward basis.

1                   So, if we're going to do that, I'd ask  
2 that it not only be this year, but if we're going on  
3 the -- the two hundred and twenty-eight (228) or  
4 whatever number we're looking at, that we determine  
5 the cumulative impact on an ongoing basis so that, as  
6 more money is spent, I assume there will be a greater  
7 impact on future rate increases.

8                   So it'll be a little more -- it'll be  
9 more work. But at least then we'll, I think, have a -  
10 - a better picture, rather than a --

11                   MR. STEVE SCARFONE:     Snapshot.

12                   BOARD MEMBER GABOR:    -- a snapshot as  
13 of right now.

14                   MR. STEVE SCARFONE:     Let me just  
15 check, Mr. Gabor, with Mr. Giesbrecht on that.

16

17   (BRIEF PAUSE)

18

19                   MR. STEVE SCARFONE:     Thank you, Mr.  
20 Gabor. So you're right, it would be some additional  
21 work if that hasn't been calculated. But it would be,  
22 as Mr. Giesbrecht said, an estimate based on the  
23 number in the -- in the re-baseline, that the number  
24 that we've heard here this morning is a more  
25 definitive number. The outlook would be subject to

1 any changes that might occur following the discovery  
2 of -- and pre-discovery in the later stages of the --  
3 of the program.

4 BOARD MEMBER GABOR: Well, I just want  
5 to get this clear. There may be changes later on with  
6 discovery and pre-discovery. Right now, you have a  
7 budget.

8 MR. STEVE SCARFONE: Yes.

9 BOARD MEMBER GABOR: If you go on that  
10 budget, say, This is how it's broken down, here's the  
11 cumulative impact, here's the impact on rates.

12 You've got a -- you put forward --  
13 unless you're telling me this budget isn't the budget,  
14 you have a budget right now. We can go on that basis.

15 Understanding that, you know, as you  
16 get to discovery and -- and pre-discovery of releases  
17 3 and 4, there may be changes.

18 MR. STEVE SCARFONE: Yes. And -- and  
19 that's exactly what Mr. Giesbrecht said. It would be  
20 based on the 2022 re-baseline number.

21 BOARD MEMBER GABOR: Okay. Thank you.

22

23 CONTINUED MS. KATHLEEN MCCANDLESS:

24 MS. KATHLEEN MCCANDLESS: Thank you.

25 So now, I'm just going to go back a little bit through



1 the history of the budget on NOVA.

2                   Kristen, could we go to PUB-MPI-1-80,  
3 figure 1. And I know this is -- a lot of this  
4 information has been well -- has been discussed in  
5 detail already in this GRA. So I'm not going to take  
6 the panel through it in detail.

7                   I just -- just wanted to ask a few  
8 questions. So since the original 2019 business case,  
9 the budget has increased from \$106.8 million,  
10 including contingency, to now \$273.5 million, which --  
11 which is the midpoint of the contingency range of 20  
12 to 40 percent. Correct?

13                   MR. ALEX RAMIREZ: Yes.

14                   MS. KATHLEEN MCCANDLESS: And I  
15 believe the panel's evidence this morning was that the  
16 objectives of the original Legacy systems  
17 modernization have not changed.

18                   MR. ALEX RAMIREZ: Correct.

19                   MS. KATHLEEN MCCANDLESS: The original  
20 budget, at line 4, included a contingency of \$21.4  
21 million, which was a 25 percent contingency. Yes?

22                   MR. ALEX RAMIREZ: Yes.

23                   MS. KATHLEEN MCCANDLESS: And at the  
24 time, that was considered a high contingency because  
25 project budgeting was not mature at the outset?

1 MR. ALEX RAMIREZ: Yes.

2 MS. KATHLEEN MCCANDLESS: And at line  
3 12, originally the project was estimated to provide  
4 \$423.7 million in total benefits over fifteen (15)  
5 years?

6 MR. ALEX RAMIREZ: Yes.

7 MS. KATHLEEN MCCANDLESS: There's a  
8 footnote -- and -- and so there's -- there's mention  
9 of FTE costs and FTE savings in figure 1.

10 There's a footnote at line 17 that  
11 says: "FTE costs and benefits recorded separately."

12 Can you explain what that means?

13

14 (BRIEF PAUSE)

15

16 MR. ALEX RAMIREZ: So that is  
17 referring to our ongoing benefits. So when it comes  
18 to the ongoing benefit FTEs and additional benefits  
19 are recorded separately but in reference to row 12,  
20 they are included in that total.

21 MS. KATHLEEN MCCANDLESS: And so, if  
22 we look at line 13, these are approximate FTE position  
23 savings. Were they expected to be -- and are they  
24 expected to be the net FTE savings?

25 MR. ALEX RAMIREZ: At the time of 2022

1 re-baseline, yes.

2 MS. KATHLEEN MCCANDLESS: And that --  
3 that's included in the most recent re-baseline as  
4 well, but it's decreased by twenty-seven (27).

5 MR. ALEX RAMIREZ: That's correct.

6 MS. KATHLEEN MCCANDLESS: The -- the  
7 budget for NOVA that the Board reviewed in last year's  
8 GRA was the 2021 re-baseline business case, column B?

9 MR. ALEX RAMIREZ: That's correct.

10 MS. KATHLEEN MCCANDLESS: And at that  
11 time, the contingency was reduced to 15 percent and it  
12 was \$16.8 million at line 4?

13 MR. ALEX RAMIREZ: That's correct.

14 DR. DARREN CHRISTLE: I'm sorry to  
15 interrupt, Ms. McCandless. We're having some audio  
16 problems with our transcription.

17 Madam Chair, would -- would it be okay  
18 if we took a break right now so we can reboot the  
19 system?

20 THE PANEL CHAIRPERSON: Yes. Let's do  
21 that. We'll take the morning break now and back to Mr  
22 Ramirez at 10 after 10:00, please. Subject to the  
23 system being rebooted.

24

25 --- Upon recessing at 9:57 a.m.

1 --- Upon resuming at 10:13 a.m.

2

3 THE PANEL CHAIRPERSON: Mr.

4 Williams...?

5 DR. BYRON WILLIAMS: Yes. Thank you,

6 Madam Chair. And I -- I -- I've just -- I wanted to

7 just speak in terms of the agenda which is the CIA day

8 and, I believe I've -- I've been canvassing just the

9 order of witnesses with my friends from Manitoba

10 Public Insurance, as well as with Board counsel and

11 our preference would be to bring the PwC witness for

12 nine o'clock tomorrow and -- and just because they're

13 under subpoena and for timing issues.

14 And I believe MPI has no objective --

15 objections to that, but, of course, it's the Board's

16 decision in terms of timing.

17 THE PANEL CHAIRPERSON: Mr.

18 Scarfone...?

19 MR. STEVE SCARFONE: Yes, so, Madam

20 Chair, once this panel is done, they'll return for the

21 confidential module and so we would, in effect, be

22 kind of breaking up our case. But because, as Mr.

23 Williams has indicated, we've got a fellow that's

24 coming in for 9:00, I think it makes sense to have him

25 go first because we don't know how long the CSI module

1 will go, and we can ensure that he gets his evidence  
2 in, and -- and then, back these gentlemen for the  
3 confidential module.

4 THE PANEL CHAIRPERSON: Thank you.  
5 Ms. McCandless, do you have any comment?

6 MS. KATHLEEN MCCANDLESS: I'm  
7 agreeable to whatever is most convenient so.

8 THE PANEL CHAIRPERSON: That's fine  
9 then. If you could start tomorrow morning with the  
10 witness from PwC, that makes sense.

11 DR. BYRON WILLIAMS: Thank you, Madam  
12 Chair.

13 THE PANEL CHAIRPERSON: Thank you. I  
14 apologize for the interruption.

15 Mr. Ramirez, unfortunately you were in  
16 the middle of answering a question. If you remember  
17 the question, please continue, otherwise, we could ask  
18 Ms. McCandless to state it again.

19 MR. ALEX RAMIREZ: If you could state  
20 it again please.

21

22 CONTINUED BY MS. KATHLEEN MCCANDLESS:

23 MS. KATHLEEN MCCANDLESS: Yes. And I  
24 -- I think my last question was with regards to the  
25 contingency in last year's re-baseline budget. The

1 contingency was reduced from the previous budget by 10  
2 percent, from 25 percent to 15 percent. Yes?

3 MR. ALEX RAMIREZ: Yes, that's  
4 correct.

5 MS. KATHLEEN MCCANDLESS: And, was  
6 that -- that was because MPI believed it had a better  
7 handle on the cost of the project last year.

8 That would explain the reduction in the  
9 contingency?

10 MR. ALEX RAMIREZ: Initial business  
11 case, when it was at eight-five (85) million, plus  
12 contingency of twenty-five (25), that brought it up to  
13 about a hundred and six million (106), as Mr. Mitra  
14 mentioned in his presentation, was prior to the  
15 completion of RFPs.

16 So, no products had been selected, no  
17 system integrators had been selected. There was no  
18 negotiations or contracts completed at that point.

19 It was always expected to complete a  
20 final business case once those contracts were  
21 negotiated and products selected. Once those were  
22 selected, the organization felt it was appropriate to  
23 reduce contingency as the contracts were all  
24 negotiated as fixed price, for the most part.

25 MS. KATHLEEN MCCANDLESS: And then, if

1 we compare the original business case to the 2021 re-  
2 baseline business case, MPI lowered its estimate in --  
3 in re-baseline to 2021, of assumed on-going costs  
4 during the fifteen (15) year period from \$208.4  
5 million, at line 6, in the original business case,  
6 down to \$180.9 million in the 2021 re-baseline  
7 business case.

8 MR. ALEX RAMIREZ: Yes. That's  
9 correct.

10 MS. KATHLEEN MCCANDLESS: And then  
11 moving to column C of figure 1, this is the 2022 Re-  
12 baseline Business Case and that's -- that has been  
13 presented in this GRA and is this the February 2022  
14 re-baseline business case?

15 MR. ALEX RAMIREZ: That is correct.

16 MS. KATHLEEN MCCANDLESS: And, I  
17 understand that as of today, this is the most current  
18 budget that MPI has?

19 MR. ALEX RAMIREZ: It is our current  
20 budget.

21 MS. KATHLEEN MCCANDLESS: And now we  
22 have the one (1) time -- the -- the total budget of  
23 \$273.5 million including a -- about a 30 percent  
24 contingency. Yes?

25 MR. ALEX RAMIREZ: Two hundred and

1 seventy three point five (273.5) at 30 percent, with a  
2 Board approved range of contingency; that brings it up  
3 to 40 percent, which is at two eighty-nine point nine  
4 (289.9).

5 MS. KATHLEEN MCCANDLESS: Now, the  
6 total benefits forecasted at line 12 are \$296.5  
7 million, a decrease of \$157.9 million from the 2021  
8 re-baseline business case?

9 MR. ALEX RAMIREZ: So it's Alex  
10 responding and correct.

11 MS. KATHLEEN MCCANDLESS: And the  
12 full-time equivalent position savings, we briefly  
13 looked at that before the break, but the -- the dollar  
14 value of that decrease in FTE position savings is \$27  
15 million.

16 So, that savings has now forecasted \$27  
17 million lower than it was forecast last year? Or is  
18 it -- pardon me, I'm looking at the wrong number here.  
19 It's twenty-seven (27) positions, pardon me. Yes?

20 MR. ALEX RAMIREZ: Alex responding.  
21 Correct.

22 MS. KATHLEEN MCCANDLESS: Thank you.  
23 The on-going benefits then are line 9 and that's \$54.1  
24 million lower than what was in the budget last year.

25 MR. ALEX RAMIREZ: Alex, once again.



1 Yes. Correct.

2 MS. KATHLEEN MCCANDLESS: And a  
3 significant part of the decrease in the estimated  
4 benefits is a reduction in broker commission savings?

5 MR. ALEX RAMIREZ: Alex, once again,  
6 yes. That's correct.

7 MS. KATHLEEN MCCANDLESS: And that --  
8 that's due to a change in the assumption of the number  
9 -- or the take-up of on-line transactions because of  
10 the delay in the implementation of that aspect of  
11 NOVA?

12

13 (BRIEF PAUSE)

14

15 MR. ALEX RAMIREZ: Alex responding.  
16 It is a two-part impact and one is the delay and,  
17 then, the second is a further rationalization of those  
18 transactions.

19 MS. KATHLEEN MCCANDLESS: When you say  
20 "further rationalization," can you explain what you  
21 mean?

22 MR. ALEX RAMIREZ: A validation of  
23 which transactions could successfully be executed on.

24 MS. KATHLEEN MCCANDLESS: At Line 10,  
25 we see "ongoing cost avoidance benefit." Can you

1 explain what that means?

2

3 (BRIEF PAUSE)

4

5 MR. ALEX RAMIREZ: So line 10, ongoing  
6 cost avoidance benefits -- let me check with my back  
7 panel.

8

9 (BRIEF PAUSE)

10

11 MR. GARY DESSLER: Gary Dessler  
12 responding. So, the ongoing cost avoidance items  
13 would be -- it's for items that we did not have to  
14 implement that were recurring with NOVA. For example,  
15 if we didn't -- did not implement NOVA, what were  
16 those costs that we would have done.

17 For example, you need changes for some  
18 new technology to support AOL or DLS. So estimate, as  
19 part of our original business case, we estimated costs  
20 that we wouldn't have to spend, and that was part of  
21 the cost avoidance. We had one-time cost avoidance  
22 and reoccurring cost avoidance.

23 MS. KATHLEEN MCCANDLESS: Thank you.  
24 In your response, you mentioned a couple of acronyms.  
25 Perhaps you could just use the full definition. I --

1 I heard a couple in there.

2 MR. GARY DESSLER: Oh. Yeah. So, we  
3 say AOL. So, that was Autopac On-Line. So, that's  
4 our -- our personal insurance application. DLS,  
5 driver licensing system..

6 MS. KATHLEEN MCCANDLESS: Thank you.  
7 So, if we could go to NOVA, Appendix 1, page 28 of 75,  
8 I think this may speak, in part, to your response, Mr.  
9 Dessler. Page 28. Thank you.

10 So, at the bottom of this slide, there  
11 is an impact on business case benefits and the first  
12 bullet states:

13 "Further investigation by the IT  
14 leadership team has determined that  
15 there would not have been special  
16 software or services needed to  
17 protect the Legacy systems. As a  
18 result, there is no ongoing cost  
19 avoidance opportunity. Security  
20 control tools will continue to be an  
21 ongoing cost. And the impact over  
22 the fifteen (15)-year life of the  
23 NOVA business case is nineteen point  
24 nine (\$19.9) million in reduced  
25 benefits."

1 MR. GARY DESSLER: Gary here. That's  
2 correct.

3 MS. KATHLEEN MCCANDLESS: So, am I  
4 correct that that's -- that's part of what you were  
5 talking about?

6 MR. GARY DESSLER: Yes. That's  
7 correct.

8 MS. KATHLEEN MCCANDLESS: And so,  
9 that's about nineteen point nine (\$19.9) million. The  
10 total, at Figure 1, was twenty-six point nine (\$26.9)  
11 million.

12 So, are you able to kind of fill the  
13 gap there?

14 MR. GARY DESSLER: Could you bring up  
15 the other table for me?

16 MS. KATHLEEN MCCANDLESS: Kristen,  
17 it's just the previous schedule that we were looking  
18 at. Figure 1. Thank you.

19 MR. GARY DESSLER: Okay. So, Gary  
20 here. So, the -- the nineteen (19) million was for  
21 security software. There was other software, besides  
22 security, that we looked at from a cost avoidance  
23 point of view that we didn't need.

24 MS. KATHLEEN MCCANDLESS: And would  
25 that be the AOL and the DSL (sic)?

1 MR. GARY DESSLER: No, Autopac On-  
2 Line, that's our -- one (1) of our core systems,  
3 right. So, it would be -- it would be software to  
4 enhance and support that software.

5 MS. KATHLEEN MCCANDLESS: Now, with  
6 respect to the net present value, I -- I assume the  
7 panel is aware of Mr. Herbelin's testimony, on October  
8 19th, that the net present value analysis is, now, not  
9 the appropriate measure, in order to evaluate the need  
10 for this project. Are you aware of that?

11 MR. ALEX RAMIREZ: Alex responding.  
12 Yes.

13 MS. KATHLEEN MCCANDLESS: And that's  
14 also found in other Information Request responses but  
15 that I -- I don't think that we need to take you there  
16 but, how is MPI planning to systematically evaluate  
17 achievement of its business objectives, given that  
18 financial considerations, now, do not appear to be the  
19 driver of the project?

20

21 (BRIEF PAUSE)

22

23 MR. SHAYON MITRA: Shayon here. I'll  
24 respond and then Mr. Parti will add to it.

25 As I mentioned in my opening

1 presentation, we have broken the Program down into  
2 four (4) releases. For each of the releases, we are  
3 aware of the release objectives and then we are  
4 looking at the results, as they pertain to these  
5 objectives.

6           They're focussed around business  
7 agility, customer experience, enabling on-line  
8 transactions and, then, from a long term, our ability  
9 to be able to provide particalling (phonetic) services  
10 to Manitobans. That is the -- the lens that we're --  
11 one of the lenses we're looking, as we assess the  
12 success of the program, at a release by release basis.

13           In addition to that, there are other  
14 capabilities that are being stood up, as a function of  
15 Project Nova, and they are also being assessed, the  
16 maturity of the same, to enable MPI to offer the  
17 public insurance model from a long-term pers --  
18 perspective.

19           So, to summarize, net present value is  
20 not the critical or most important factor in assessing  
21 the success of the project, in light of the effort  
22 needed to transform our Legacy systems.

23           MS. KATHLEEN MCCANDLESS: Kristen,  
24 could we please go to CAC-MPI-1-27 and, first, to the  
25 question on the first page.

1                   So, here, the Corporation was asked to  
2 provide a narrative discussion on the rationale for  
3 recommending to proceed with Project Nova when the net  
4 present value is projected to be negative a hundred  
5 and eighty-eight point nine (-\$188.9) million.

6                   And going to the response at page 2,  
7 there are a number of bullets here, and MPI states it  
8 will measure project succe -- success with reference  
9 to meeting the following objectives.

10                   Now, are these objectives consistent  
11 with the original Legacy system's modernization  
12 project objectives?

13                   MR. SHAYON MITRA:     Yes.

14                   MS. KATHLEEN MCCANDLESS:   Has the  
15 Corporation developed a metric to measure whether it  
16 has been prudent in the investments that it is  
17 proposing for NOVA?

18

19                                   (BRIEF PAUSE)

20

21                   MR. SHAYON MITRA:     Shayon here. My  
22 apologizes. Ms. McCandless, can you please repeat the  
23 question?

24                   MS. KATHLEEN MCCANDLESS:   Has the  
25 Corporation developed a metric to measure whether it

1 has been prudent in the invest -- in the investments  
2 that it is proposing for NOVA?

3 MR. SHAYON MITRA: So, we have a  
4 number of controls in place and we continue to evolve  
5 them as we progress through Project NOVA. The first  
6 one was the change in the governance model, whereby we  
7 brought in additional oversight at the executive level  
8 that is now continuing to report to the technical  
9 committee of the Board.

10 In addition to that, we're working  
11 closely with our Value Management team and building  
12 our capabilities on value assurance which will help us  
13 measure if we are achieving the objectives as it  
14 pertains to customer online, cyber security, and --  
15 and stable technology platforms.

16 Net present value is -- is negative,  
17 and we're aware of that. And that is a metric that is  
18 not the primary driver for Project NOVA, but there are  
19 additional controls, including financial and budget  
20 reporting against the estimates and projections that  
21 we continue to monitor as we progress through Project  
22 Nova.

23 MS. KATHLEEN MCCANDLESS: So, just to  
24 understand the last part of your response then, while  
25 the net present value is negative, MPI still intends



1 to track where it's going in terms of the budget?

2 MR. SHAYON MITRA: Yes.

3 MS. KATHLEEN MCCANDLESS: And are  
4 there any off-ramps or points at which MPI would say  
5 this is no longer a viable investment?

6

7 (BRIEF PAUSE)

8

9 MR. SHAYON MITRA: Shayon here. In  
10 the absence of having done pre-discovery and discovery  
11 for releases 3 and 4, as I mentioned release 3 being  
12 the most complex and the largest.

13 The way we're bringing in controls is  
14 understanding our objectives at a -- at a release  
15 level broken down by release objective 1 all the way  
16 down to, let's say, release objective number 10.

17 So, the off-ramps would be within those  
18 releases in understanding what is the definition of a  
19 minimal viable product and at what point in time that  
20 will suffice with regards to achieving that release's  
21 specific objective.

22 So, for example, as we're thinking  
23 release 2, that is com -- coming up on us, we  
24 understand there are 19 release objectives associated  
25 with release 2. And in -- in light of the fact that

1 we want to go live -- live the fall of next year,  
2 you're looking at our ability to deliver all of those  
3 19 release objectives, or does the minimal viable  
4 product, once defined, potentially stops at 18 release  
5 objectives and then needing the last one to be done  
6 operationally and, hence, the creation of an off-ramp.

7                   So, that's the level of due diligence  
8 we are taking at a release-by-release level.

9 Unfortunately, in the absence of having done pre-  
10 discovery and discovery 4 -- release 3 and 4, the  
11 details are not in front of us at this point in time,  
12 but we will be more than happy to share them either at  
13 the PUB IT Summit in April, contingent on the progress  
14 we make with R-3 and R-4, or at the next hearing once  
15 that has been defined as well.

16                   MS. KATHLEEN MCCANDLESS:    The  
17 Corporation has -- is now using story points to assess  
18 progress within NOVA?

19                   MR. GARY DESSLER:     Gary, here.  Yes,  
20 that's correct.

21                   MS. KATHLEEN MCCANDLESS:    So, can you  
22 just explain how story points figure into what Mr.  
23 Mitra just described about potential off-ramps and --  
24 and objectives within each release?

25                   MR. GARY DESSLER:     Sure.  So, story

1 points are -- are part of the Agile methodology for  
2 software element. And think of a story point is just  
3 -- measure how much work it is and what -- it's not  
4 number of hours, it's not necessary number of days.

5           What you do is you look at a unit of  
6 work and you compare that to other pieces of work. So  
7 if you've got like 1 story point or 2 story points or  
8 4 story points, and you kind of look at it and you  
9 compare it to each other.

10           So, everyone's had a -- you know,  
11 estimate how much work it is. If you're doing  
12 yardwork, how much yardwork is that. Well, you say  
13 that's a story point. But if you're doing -- if  
14 you've got a bigger yard, well you know that's going  
15 to be double that size. He might do something like  
16 that's two (2) or four (4) story points.

17           So, story points is just -- it's an  
18 arbitrary number that we use as to figure out how much  
19 workload we have. It doesn't translate into dollars.  
20 I mean, what we do is we use that to measure how much  
21 work a team can do. So a team we estimate how much  
22 story points a team can do.

23           So, you've got a team of ten (10)  
24 people. Say they can do a hundred story points worth  
25 of work. And then we estimate the workload, how much

1 work is coming and say, hey, we've got two hundred  
2 (200) story points of work. We've got a team that can  
3 deliver a hundred story points of effort. That tells  
4 us that may happen in like two (2) sprints or two (2)  
5 PIs or two (2) program increments. So, that's how we  
6 use story points to estimate the work, and it's kind  
7 of a combination of estimating the work and estimating  
8 the capacity of the team doing the work.

9                   So you can't take a story point that  
10 MPI has and say, hey, I'm going to compare story  
11 points with Manitoba Hydro or Great West Life. You  
12 can't -- it's not meant to be -- it's not like a -- a  
13 story point is one (1) day's effort or a story point  
14 is one (1) hour's worth of effort.

15                   MS. KATHLEEN MCCANDLESS: Thank you.  
16 Kristen, can we please go to figure NOV-4 from Part 4,  
17 the NOVA project section of the filing.

18

19                   (BRIEF PAUSE)

20

21                   MS. KATHLEEN MCCANDLESS: It's page 11  
22 of 32. Thank you. So, this is the -- the flattened  
23 delivery roadmap that was prepared after McKinsey was  
24 engaged, correct?

25                   MR. ALEX RAMIREZ: This is Alex. This

1 was developed in parallel with the McKinsey  
2 engagement.

3 MS. KATHLEEN MCCANDLESS: And what we  
4 see on the flattened delivery road map is the blue  
5 circles have -- have dates. In the -- the larger font  
6 is the new date and underneath that is the previous  
7 date.

8 So, the previous date would have been  
9 as set out in the re-baseline schedule that the Board  
10 reviewed in last year's GRA?

11 MR. ALEX RAMIREZ: Alex once again,  
12 that's correct.

13 MS. KATHLEEN MCCANDLESS: And the new  
14 date is now based on the most recent re-baseline, the  
15 2022 re-baseline?

16 MR. ALEX RAMIREZ: That's correct.

17 MS. KATHLEEN MCCANDLESS: So, looking  
18 first at release R-1A, commercial insurance, that was  
19 delayed from March 2022 to October 2022.

20 We've now heard this morning, I  
21 believe, that that release is delayed to January of  
22 2023?

23 MR. ALEX RAMIREZ: It's Alex. That's  
24 correct.

25 MS. KATHLEEN MCCANDLESS: And, Mr.

1 Mitra, I believe you explained a little bit about why  
2 that's delayed. And you did mention that you didn't -  
3 - MPI didn't want to go live in December over the  
4 holidays, but I'm not sure that you explained why it  
5 was delayed from October to a potential release date  
6 of December?

7 MR. SHAYON MITRA: Shayon, here. I'll  
8 provide a higher/lower view and -- and Mr. Dessler can  
9 add to that. So, as we were getting closer -- I'll  
10 just take a step back. The approach we take to our --  
11 our release go live is leveraging release management,  
12 and that uses gates.

13 And the gates are a count backwards  
14 from the go-live date. So, it would be -- the -- the  
15 last gate would be gate 30, so 30 days before go live,  
16 gate 60, gate 90, gate one -- 120, and gate 150.

17 For release 1 at gate 150, we were  
18 doing good. At gate 120 we -- we had some challenges,  
19 and by gate 90 we realized that the October date was  
20 in jeopardy primarily -- primarily for three (3)  
21 reasons. One is we were running into issues in the --  
22 in the performance of the product. So, within Duck we  
23 had a number of defects of different levels of  
24 severity that needed quick resolution.

25 We also had testing that needed to be

1 completed in light of the fact that we're moving to  
2 the cloud and there was some potential security due  
3 diligence that was needed.

4           And then the readiness work would not  
5 have been able to be completed within the time that  
6 was left from gate 90 to go live. So, factoring all  
7 of that in, the -- Nova governance team looked at what  
8 would be the most viable option and the decision was  
9 made to move the go live date to Jan 23rd. What we're  
10 still encountering is we still have work to be done  
11 around reports.

12           I had mentioned earlier, approximately  
13 seventy (70) reports are needed for Jan 23rd. A large  
14 -- a contingent of them are out-of-the-box  
15 functionality in Duck's insight solution, which is  
16 their reporting module and we're running into some  
17 issues there, but we're working collectively with Duck  
18 Creek and Accenture to address that, and others are  
19 configuration components of reporting that we need to  
20 develop.

21           So, to summarize, these challenges put  
22 a strain on October go-live date and -- and the  
23 decision was made to add additional three (3) months  
24 to move it to January 23rd to avoid any overlap of the  
25 holiday season.

1 MS. KATHLEEN MCCANDLESS: And so, I --  
2 based on your response then, I don't -- I take it that  
3 resources weren't an issue within MPI for release 1,  
4 or is there also a staffing challenge?

5 MR. SHAYON MITRA: So resources were  
6 extended to continue to work to finish the due  
7 diligence needed to go live, but they were not a  
8 constraint.

9 MS. KATHLEEN MCCANDLESS: The delay in  
10 release 1A, that -- that pushes back the release dates  
11 for all the other releases. Is that fair?

12 MR. SHAYON MITRA: Shayon here. The  
13 delay for release 1A to January pushes back the  
14 release date for release 2. But we haven't completed  
15 the pre-discovery and discovery work for release 3 and  
16 4, so at this point in time I can't speak with -- with  
17 certainly that it also has an impact on release 3 and  
18 4.

19 MS. KATHLEEN MCCANDLESS: Is there  
20 work in release 1 and release 2 upon which releases 3  
21 and 4 are dependent?

22 MR. GARY DESSLER: Gary here. I can  
23 answer that. So in release 1 and release 2, there's  
24 foundational components that are going to be utilized  
25 in release 3. So, for example, you know, release 3 is



1 going to include the Duck Creek platform and the  
2 Celtic platform. In R-1, release 1, we're standing up  
3 Duck Creek for the very first time. In release 2  
4 we're standing up the Celtic system for the very first  
5 time. That foundational work will be used in release  
6 3 and R-4.

7 MS. KATHLEEN MCCANDLESS: Kristen, can  
8 we go to PUB-MPI-1-81.

9 And here, the Corporation was asked to  
10 define the term 'flattened delivery plan'. If we  
11 scroll to the response so -- and we've been discussing  
12 this somewhat already, but the -- the plan if we -- I  
13 think this is the end of the response actually.

14 The -- the plan shifts towards  
15 sequential approaches. And so would it be fair, based  
16 on what I've heard now, to say that a delay in a  
17 previous release -- so a delay in release 1 or 2 --  
18 could cause schedule delays in R-3 and R-4 depending  
19 on what happens with Duck Creek, et cetera?

20 MR. GARY DESSLER: Gary speaking. So  
21 for release 2, we -- we're definitely seeing a delay  
22 in R-2 because of the delay for R-1. But when we look  
23 at R-3, we're taking a different approach for R-3.

24 So instead of having a big-bang  
25 release, when we look at all the capabilities that we

1 have for commercial -- or, sorry, our personal lines  
2 of business, our driver licensing and testing,  
3 everything that we do inside of our insurance work  
4 station system, we're looking at breaking those down  
5 into much smaller releases.

6           So instead of having a big-bang  
7 release, where we start to move customers over at  
8 their anniversary date, we're going to look at  
9 implementing a small component first. So, for  
10 example, and just as an example, we might look at  
11 something like rental vehicle insurance. Something a  
12 customer can come in and -- and buy and put that on  
13 the Duck Creek platform. And we'll do that -- just  
14 that piece first, get that working.

15           And then we'll look at maybe -- maybe  
16 we do something like renew a driver's licence or get a  
17 new picture or something like very, you know, not --  
18 not the whole end-to-end function of all of -- all of  
19 our insurance applications.

20           So it's harder for us to now to say  
21 that -- you know, our original target date used to be  
22 one (1) big date. So we're looking at kind of  
23 mitigating the risk by delivering lots of little  
24 releases.

25           MS. KATHLEEN MCCANDLESS: Thank you.

1 Can we go to PUB-MPI-2-52, please, and the bottom of  
2 page 1. Thank you.

3 So at the time of this Information  
4 Request response, MPI advised that, for releases R-3  
5 and R-4, it would better understand the budget  
6 allocation for each release, including contingency on  
7 completion of their respective discoveries.

8 And that MPI planned to complete these  
9 discoveries by the end of this fiscal year, correct?

10 MR. ALEX RAMIREZ: Alex responding.  
11 At the time of the response, correct.

12 MS. KATHLEEN MCCANDLESS: So end of  
13 this fiscal year, meaning March 31, 2023.

14 MR. ALEX RAMIREZ: Correct.

15 MS. KATHLEEN MCCANDLESS: So are -- is  
16 MPI on track now to complete those discoveries?

17 MR. ALEX RAMIREZ: Alex responding.  
18 Pre-discovery is planned to start at the beginning of  
19 the next calendar year. And we have discovery to  
20 still complete above that.

21 MS. KATHLEEN MCCANDLESS: Is pre-  
22 discovery something other than discoveries?

23 MR. ALEX RAMIREZ: So it's two (2)  
24 phases within discovery. So it's a pre-discovery  
25 where MPI gets themselves prepared. Discovery is

1 where the system integrators lead us through the final  
2 scoping.

3 MS. KATHLEEN MCCANDLESS: So pre-  
4 discovery is targeted to begin by the end of the  
5 calendar year? I just wanted to make sure I got your  
6 response accurate.

7 MR. ALEX RAMIREZ: Alex responding.  
8 By the start of the calendar year, so January 2023.

9 MS. KATHLEEN MCCANDLESS: So does MPI  
10 know when it plans to complete the discoveries then  
11 for R-3 and R-4?

12 MR. SHAYON MITRA: Shayon here. At  
13 the time of the -- the response, we were also  
14 assessing the impact on R-1, release 1, October go-  
15 live date. So if -- if -- I'm just trying to do the  
16 math.

17 So the intent then was -- originally,  
18 we had anticipated to go live in October, and  
19 obviously, release 2 would have been a go-live date a  
20 little earlier. I -- I believe it was end of April.  
21 That meant we could have started pre-discovery and  
22 discovery by -- I think it was targeted in November of  
23 this year.

24 To answer the question, pre-discovery  
25 could take anywhere from two (2) to three (3) months,

1 and then discovery another two (2) to three (3)  
2 months. So our intent is to have pre-discovery and  
3 discovery done by summer of 20 -- calendar year 2023.

4 MS. KATHLEEN MCCANDLESS: Thank you.  
5 Can we go back to figure NOV-4.

6 So based on what you've just said, Mr.  
7 Mitra, would that not push back, essentially, all of  
8 R-3 and R-4 from these dates, the new dates?

9 MR. SHAYON MITRA: So our intent is to  
10 start first program increment for release 3 by fall of  
11 -- of next year. Potentially, it could impact these  
12 release dates, but in the absence of having done pre-  
13 discovery and discovery, I can't speak with any level  
14 of accuracy on -- on how significant that impact is.

15 Alternatively, based on what Mr.  
16 Dessler stated, we are looking at other options where  
17 we're not looking at a big go-live date, i.e., April  
18 2024 and offer all release 3A functionality right at  
19 the onset, and instead have smaller release dates.

20 So by that definition, it actually  
21 takes away the -- the rationale that we'll have one  
22 (1) go-live release date for R-3. We plan on having a  
23 number of them to de-risk the program and enable  
24 success.

25 So my apologies. It's a long-winded

1 answer. The first release may happen in April 2024,  
2 and then a series of releases after. The first  
3 release, subject to check and -- and in the absence of  
4 pre-discovery and discovery, may be rental car  
5 insurance, and then we build up -- sorry, build off of  
6 that.

7 So there are a number of unknowns at  
8 this point, but we are weighing all our options to be  
9 as diligent as possible.

10 MS. KATHLEEN MCCANDLESS: So MPI --  
11 there may be changes to figure NOV-4, but at this  
12 point MPI would not be able to create a new -- or a  
13 revised NOV-4 because there are too many unknowns.

14 Would that be fair?

15 MR. SHAYON MITRA: We will have more  
16 details -- Shayon here, sorry. We will have more  
17 details after we have completed our pre-discovery and  
18 discovery for release 3 and 4.

19 MS. KATHLEEN MCCANDLESS: Thank you.  
20 If there's a delay in the flattened delivery roadmap,  
21 would that then trigger an authorization of the use of  
22 contingency over and above what's been used to date?

23 MR. SHAYON MITRA: Shayon here. Yes.

24 MS. KATHLEEN MCCANDLESS: Kristen, can  
25 we please go to PUB-MPI-1-94. It's also MPI Exhibit

1 number 19.

2                   And as I understand this schedule, this  
3 is a -- a table of eight (8) projects upon which  
4 Project Nova is dependent. Is that fair?

5                   MR. ALEX RAMIREZ: This is Alex.  
6 That's correct.

7                   MS. KATHLEEN MCCANDLESS: And if any  
8 of these eight (8) projects, any one (1) of them, was  
9 not complete, would that lead to a delay or even  
10 incompleteness of some aspects of Project Nova?

11

12                                   (BRIEF PAUSE)

13

14                   MR. GARY DESSLER: Gary answering.  
15 So, some of the projects, yes. Some of the projects  
16 have -- we would only -- maybe only use a small  
17 portion of that, like, for example, you know,  
18 enterprise monitoring. We would monitor what we have  
19 today.

20                                   But one (1) -- like the cryptographic  
21 key management, we need that in order to secure the  
22 secrets that we use inside of Nova to talk to, you  
23 know, things like, managing passwords and -- and keys,  
24 so, we need that technology in order to implement  
25 NOVA.

1                   But it really it's a 'depends' answer  
2 for you.

3                   MS. KATHLEEN MCCANDLESS:   And are each  
4 of these projects and the budgets included within the  
5 overall Project Nova budget cost?

6                   MR. GARY DESSLER:   Gary answering  
7 again. No. These are in the IT budget.

8                   MS. KATHLEEN MCCANDLESS:   And subject  
9 to check, the -- the aggregate budgets of these eight  
10 (8) projects would be roughly \$6.7 million?

11                  MR. GARY DESSLER:   Subject to check.

12                  MS. KATHLEEN MCCANDLESS:   So that's  
13 over and above the 273 to 289 million, correct?

14                  MR. GARY DESSLER:   Correct. But these  
15 are also initiatives that are used outside of just  
16 NOVA. They're not just NOVA. They're not just a  
17 component that is only going to use. So there'll be  
18 the other projects, other initiatives, other  
19 technologies that would advantage of this technology  
20 as well.

21                  MS. KATHLEEN MCCANDLESS:   Does the  
22 Project Nova budget -- so not this budget, but the  
23 Project Nova budget, without its contingency, take  
24 into account potential delays in completion of the  
25 dependent projects?



1 MR. ALEX RAMIREZ: This is Alex  
2 responding. There's an indirect correlation, so  
3 contingency isn't -- and, as an example, in the  
4 McKinsey recommendations there was 4 million  
5 technology; that takes into account things like  
6 enterprise monitoring as an example. So there is some  
7 direct; there's some indirect.

8

9

(BRIEF PAUSE)

10

11 MS. KATHLEEN MCCANDLESS: We heard  
12 from the Corporation earlier in the GRA that MPI is in  
13 -- is budgeting for an additional two hundred and  
14 eighty-three (283) full-time equivalents for 2023/'24.  
15 Are you aware of that?

16

MR. SHAYON MITRA: Yes.

17

MS. KATHLEEN MCCANDLESS: Is that --  
18 is that the net new full-time equivalents that are  
19 required to complete the work for Project Nova?

20

21

(BRIEF PAUSE)

22

23 MR. SHAYON MITRA: Shayon, here. I  
24 think NOVA is a component of that. But I think the  
25 increase in FTE were also to address operational needs

1 and other capabilities that are needed for -- for the  
2 enterprise beyond Project Nova.

3 MS. KATHLEEN MCCANDLESS: Does the  
4 2022 re-baseline Project Nova budget incorporate these  
5 -- these additional full-time equivalents required to  
6 complete the work?

7 MR. SHAYON MITRA: Shayon here. The  
8 budget incorporates the incremental resources needed  
9 to deliver Project Nova from within the project. The  
10 additional capabilities that I was referring to are  
11 beyond Project Nova for -- for the enterprise, and  
12 they have been accounted for in the GRA separately.

13 MS. KATHLEEN MCCANDLESS: Now, with  
14 respect to contingency use, the range of contingency  
15 that's been approved by the Board of Directors is 20  
16 to 40 percent?

17 MR. SHAYON MITRA: Shayon here. Yes.

18 MS. KATHLEEN MCCANDLESS: So, that's a  
19 range of contingency then of \$32 million?

20 MR. SHAYON MITRA: Yes.

21 MS. KATHLEEN MCCANDLESS: In PUB-MPI-  
22 2-52 which we just looked at a few minutes ago --  
23 thank you.

24 MPI at (a) currently -- so, at the time  
25 of providing this response, which would have been

1 September 2022, it anticipated needing approximately  
2 15 percent of the budgeted contingency for Project  
3 Nova releases R-1 and R-2?

4

5 (BRIEF PAUSE)

6

7 MR. SHAYON MITRA: Shayon here. Yes.

8 MS. KATHLEEN MCCANDLESS: And is that  
9 still the case today?

10 MR. SHAYON MITRA: Yes.

11 MS. KATHLEEN MCCANDLESS: How does MPI  
12 determine when to use contingency on NOVA?

13

14 (BRIEF PAUSE)

15

16 MR. ALEX RAMIREZ: This is Alex  
17 responding. As part of our re-baseline, the budget is  
18 broken down by release. So, we've estimated a budget  
19 per release and then based on our confidence, there's  
20 contingency that's allocated to each release.

21 As an example, release 1, we were in  
22 flight, completed discovery; therefore, we understood  
23 what it would take to complete the release. And if  
24 there was slippage, we understood exactly the  
25 contingency that would be required.

1                   Release 3 more unknowns. Discovery's  
2 not completed; therefore, the confidence drove a  
3 higher rate of contingency. So, it is allocated by  
4 release based on the phase we are in at each release.

5                   MS. KATHLEEN MCCANDLESS:   How does MPI  
6 determine the amount of contingency, or the percentage  
7 of contingency that it will allocate to a particular  
8 release or initiative?

9                   MR. ALEX RAMIREZ:   We leverage a class  
10 system, and based on our evaluation of where each  
11 release is at -- there's a class allocated range from  
12 1 to 5. One being fully understand the release or no  
13 unknowns; therefore, the contingency is lower. The  
14 higher the number, the higher the contingency range  
15 that we apply to that release.

16                   MS. KATHLEEN MCCANDLESS:   Has MPI  
17 determined what would happen if a project has used all  
18 of its approved contingency but is no longer -- or is  
19 not yet complete?

20

21   (BRIEF PAUSE)

22

23                   MR. SHAYON MITRA:   My apologies.  
24 Could you repeat the question, please?

25                   MS. KATHLEEN MCCANDLESS:   Has MPI

1 determined what it would do if the project has used  
2 all of its approved contingency but the project has  
3 not been completed?

4 MR. SHAYON MITRA: I'll respond to it  
5 from a NOVA lens. At this point in time, for releases  
6 1 and 2, we will be using contingency, but we are  
7 going to come in within the allocated contingency for  
8 release 1 with the Jan. 23rd release date.

9 And there's more due diligence to be  
10 done for release 2, which is now slated to come into  
11 effect in -- in August of 2023.

12 For release 3 and 4, we have a higher  
13 contingency percentage allocated to it and, also,  
14 based on recommendations from McKinsey, we have  
15 assigned the funds to address or de-risk the program.

16 In the absence of the pre-discovery and  
17 discovery, we -- we can't speak with certainty if that  
18 contingency will be in jeopardy, but we will take the  
19 steps needed from a release management perspective and  
20 minimal viable product and the scope to look at it  
21 very closely. And our intent is to make prudent  
22 decisions as those -- those crossroads are -- are --  
23 or those unknowns are presented in front of us.

24 MS. KATHLEEN MCCANDLESS: Is the panel  
25 aware of Mr. Herbelin's testimony earlier in the GRA

1 that even with reliance on experts such as McKinsey,  
2 there remains uncertainty with respect to the budget  
3 for releases 3 and 4?

4 MR. SHAYON MITRA: Shayon here. Yes.

5 MS. KATHLEEN MCCANDLESS: And is  
6 release 3 the most complex release for the  
7 Corporation?

8 MR. SHAYON MITRA: Yes.

9 MS. KATHLEEN MCCANDLESS: Appreciating  
10 the pre-discovery and discovery have not begun on  
11 three (3) and four (4), is MPI still confident that  
12 the contingency of up to 40 percent will be sufficient  
13 to accommodate unplanned risks?

14

15 (BRIEF PAUSE)

16

17 MR. SHAYON MITRA: Shayon here.

18 Subject to completion of pre-discovery and discovery  
19 for release 3 and 4, we have no indications at this  
20 point in time that -- that there's any risk to the  
21 contingency as it pertains to release 3 and 4.

22 MS. KATHLEEN MCCANDLESS: Thank you.  
23 Kristen, can we please go to CAC-MPI-1-23. And first  
24 to the questions that were asked of MPI at 'E' and  
25 'F'.

1 (BRIEF PAUSE)

2

3 MS. KATHLEEN MCCANDLESS: Thank you.  
4 So MPI was asked, at 'E', to provide a narrative on  
5 its confidence in the re-baselined budget of \$273.5  
6 million, 2022. And was also asked about MPI's  
7 confidence level that discovery workshops for 3 and 4  
8 would not significantly increase costs and/or delay  
9 the project further into the future. Yes?

10 MR. SHAYON MITRA: Shayon here. Yes.

11 MS. KATHLEEN MCCANDLESS: Thank you.  
12 And then, if we could go to the response. Thank you.

13

14 (BRIEF PAUSE)

15

16 MS. KATHLEEN MCCANDLESS: So first at  
17 'E', MPI -- beginning the second line, states:

18 "Release 1 confidence is higher than  
19 future releases because the product  
20 costs are fully negotiated. Fixed  
21 price with no CPI inflation. The  
22 system integrator costs are fixed  
23 with no increase in scope to date,  
24 with the exception of schedule."

25 Yes?

1 MR. SHAYON MITRA: Shayon here. Yes.

2 MS. KATHLEEN MCCANDLESS: And then,  
3 about the middle of the response here:

4 "Confidence is less for release 2 as  
5 delivery is further out and there is  
6 some risk of slippage based in  
7 parallel for release 1 and 2.  
8 Release 3 and 4 pre-discovery and  
9 discovery are not complete,  
10 contributing to the increase in the  
11 contingency amount with estimates  
12 for releases 3 and 4 at class 3.  
13 And the confidence level for these  
14 future releases is reflected in the  
15 up to 40 percent contingency, which  
16 is intended to capture any unknown  
17 items or scope surprises from  
18 discovery."

19 Yes?

20 MR. SHAYON MITRA: Yes.

21 MS. KATHLEEN MCCANDLESS: And you've  
22 essentially given the -- the same evidence today with  
23 respect to 3 and 4?

24 MR. SHAYON MITRA: Yes.

25 MS. KATHLEEN MCCANDLESS: And then, at



1 'F', at the very bottom of the screen, MPI states  
2 that:

3 "If the schedule remains as  
4 forecasted, MPI anticipates that the  
5 contingency will sufficiently  
6 address any increased costs  
7 following the completion of  
8 discovery."

9 Yes?

10 MR. SHAYON MITRA: Yes. Contingent on  
11 completing pre-discovery and discovery for release 3  
12 and 4.

13 MS. KATHLEEN MCCANDLESS: Right. So -  
14 - and you somewhat anticipated my question because it  
15 appears that the response at 'F' is predicated on the  
16 schedule remaining as forecasted. Yes?

17 MR. SHAYON MITRA: Yes.

18 MS. KATHLEEN MCCANDLESS: So should  
19 the schedule then change, there's a possibility that  
20 MPI may need more than what has been budgeted for in  
21 terms of contingency?

22

23 (BRIEF PAUSE)

24

25 MR. ALEX RAMIREZ: It's Alex

1 responding. And so to answer that question, we have  
2 to explain the drivers to the budget. There are three  
3 (3) primary drivers to any project budget of scope and  
4 scale.

5                   One (1) is the product itself, which we  
6 call subscription costs. In the past, prior  
7 technology projects, you would have known them as  
8 licensing costs. Those are fixed price. And so those  
9 are locked in. There's no volatility in those  
10 contracts. They're written to lock in the costs up to  
11 ten (10) years for MPI.

12                   Two (2) of the contracts don't have CPI  
13 in them. So CPI is inflation. I'm not a fan of  
14 inflation, therefore, we negotiated those with no  
15 inflation.

16                   The third -- the second driver -- so  
17 that was first. The second driver is system  
18 integrator costs. Those are negotiated as -- as --  
19 for the most part, fixed price with Accenture  
20 (phonetic) for our property and casualty end of  
21 business with emphasis for our driver vehicle  
22 administration.

23                   For release 3, we still need to  
24 negotiate with Accenture for release 3 and 4 but with  
25 emphasis that is locked in. The driver behind any

1 increased cost there would only be schedule which is  
2 already accounted for in the re-baseline, unless  
3 there's further schedule slippage that would be  
4 impacted.

5                   And the third one is resourcing.  
6 Resourcing has three (3) subdrivers, if we can call  
7 them that, which is incremental costs. Non-  
8 incremental, which means the organization is not  
9 backfilling those resources. They're assigned to the  
10 project. They're not charged to the project. They're  
11 delivering services to the project at no cost. And  
12 then external consultants.

13                   So to answer the question -- I know  
14 it's long-winded, but those are the three (3) primary  
15 drivers that we try to control.

16                   Like I said, the first one is fully  
17 under our control. Second one has a bit of volatility  
18 with some contracts upcoming with system integrators.  
19 And then the third one, obviously, is the one that  
20 gets impacted the most when it comes to schedule  
21 slippage.

22                   MS. KATHLEEN MCCANDLESS: Thank you  
23 for that answer.

24                   So if we were able to distill it down  
25 then, the question was whether this -- if a change in

1 the schedule occurs, that there's a possibility that  
2 the budget may exceed the contingency.

3 And so, are you able to give an answer  
4 or is it an unknown at this time?

5 MR. ALEX RAMIREZ: This is Alex  
6 responding. It is an unknown. As we mentioned, we use  
7 the class system to evaluate, and so in -- what's on  
8 the screen right now, release 3 and release 4 have 40  
9 percent allocated for contingency for the very purpose  
10 of the unknowns.

11 MS. KATHLEEN MCCANDLESS: If, at some  
12 point, within release 3 or release 4, it became  
13 apparent to MPI that some aspect of that release would  
14 exceed the contingency, the budget including  
15 contingency, what would the options be for MPI at that  
16 time?

17

18 (BRIEF PAUSE)

19

20 MR. SIDDHARTHA PARTI: Sid here. I'll  
21 try to respond to this. I think, first of all, our  
22 intention would be to pick up on those red flags way  
23 earlier in program, in the release, so that we are not  
24 waiting until we are hitting the end of the  
25 contingency budget to flag the fact that, Hey, we need

1 more money to do this thing. So that would be the  
2 first part and that comes through good program  
3 governance, program management. So, that would be the  
4 first aspect of it.

5           Now, if we were to find ourselves in a  
6 situation where the contingency is inefficient for the  
7 completion of the program or a project, at that time  
8 it would totally depend on how far we are from the  
9 goalpost.

10           If we are not too far from the goalpost  
11 and we need some -- a few more million dollars as an  
12 example -- and totally hypothetical, of course -- we  
13 would go to the board and make a request to say, This  
14 is what we want because of these reasons.

15           If we are very far from the goalpost  
16 and we have totally missed it, at that point, we would  
17 look at the scope, and we'll try to evaluate is the  
18 scope real -- can we shrink the scope in terms of the  
19 program and take further responsibility into  
20 operations to deliver some of those capabilities.

21           So it's -- it's a "depends" kind of an  
22 answer on the situation that's present at that point.

23           MS. KATHLEEN MCCANDLESS: Thank you.  
24 So in terms of the deliverables for release 3 -- and  
25 perhaps it would be helpful to have NOVA-4 up on the

1 screen then just for reference. So R-3A, that's  
2 personal auto insurance, vehicle registration, and  
3 driver licensing.

4 And can you just expand a little bit on  
5 what's included within those three (3) items?

6 MR. GARY DESSLER: Sure. Gary here.  
7 So when we talk about personal auto insurance, so this  
8 is your, you know, your annual renewal. It's your  
9 insurance for your vehicle for personal and fleet. It  
10 includes, you know, the ability to, you know, get a --  
11 you know, insure a new vehicle insurance; renew your  
12 insurance year over year; cancel that insurance,  
13 change that insurance. So everything around kind of  
14 the insurance products. That -- that's what we mean  
15 when we talk about personal insurance.

16 For vehicle registration, this is the  
17 work that we around, you know, tracking what vehicles  
18 are in the MPI -- in the Manitoba fleet with the help  
19 of those vehicles, you know, who owns those vehicles,  
20 that's part of -- of the information that we track for  
21 driver licensing. This your part, you know, the card  
22 that everyone has, right, their driver license card,  
23 it's the picture. It's the, you know, demerits. It's,  
24 you know, convictions, all the things that influence  
25 that. Driver safety, driver improvement and control

1 are all part of that driver licensing umbrella.

2 MS. KATHLEEN MCCANDLESS: So the  
3 intention then is to enable online services for each  
4 of these three (3) things?

5 MR. GARY DESSLER: Correct. There  
6 would be elements for -- you know, in each of the  
7 areas, right? We're not taking our whole business,  
8 and putting everything online. There are certain  
9 things that customers won't be able to do on line but  
10 one (1) of the things we're going to be looking at is  
11 what are the, you know, that customers want to do  
12 online, what fits well online.

13 You know, for example, getting a new  
14 driver's licence isn't something that lends itself to  
15 an online experience because we need to take a photo.  
16 How are you going to take that photo, right? So we  
17 need to go cus -- a Manitoban would have to go into a  
18 broker office or a service centre to get their picture  
19 taken. So that doesn't lend itself well to online  
20 transaction.

21 Insuring a brand-new vehicle isn't  
22 something today that lends itself very well to online.  
23 If you go out and get a new vehicle from a dealer, you  
24 get some paperwork that you've got to take to a broker  
25 office. So again, you've got something physical. How

1 do you translate that into the digital world, right?  
2 So you've got to make a trip anyway. So that -- those  
3 are some examples where transactions won't be  
4 available online.

5 MS. KATHLEEN MCCANDLESS: Then R-3B,  
6 customer portal services, so what's included with  
7 that?

8 MR. GARY DESSLER: Sorry. Could you  
9 repeat the question?

10 MS. KATHLEEN MCCANDLESS: Can you  
11 describe what's included within R-3B, customer portal  
12 services?

13 MR. GARY DESSLER: Sure. So when we  
14 talk about the -- the 'A' versions, we think of those  
15 as the services that the brokers are performing. So,  
16 for example, if we're, you know, renewing an insurance  
17 policy, so you would go to a broker office. They'd be  
18 using Duck Creek to renew that -- that policy.

19 When we talk about the 'B' versions,  
20 the 'B' versions are always meant to be what the  
21 customers will do themselves. So we don't want a  
22 customer coming in and renewing their insurance on  
23 Duck before the broker can do that, right. So we kind  
24 of ordered the services, you know, to do the core  
25 internally and at the broker office, those are



1 everything that's considered in the 'A' version.

2                   The 'B' version is once it's up and  
3 running and it was -- you know, a number of months  
4 after that, then we'll have a -- roll out a customer  
5 self-service component of that, right? And, for  
6 example, not everything will be -- a customer won't be  
7 able to do everything that the broker can do. The  
8 broker will handle the complex transactions.  
9 Customers would handle various -- you know, the  
10 simplified straightforward items.

11                   MS. KATHLEEN MCCANDLESS: Thank you.  
12 And then R-4A and R-4B, physical damage claims, so is  
13 that reporting and adjusting physical damage claims?

14                   MR. GARY DESSLER: Yeah. Gary here  
15 again. Yes. That would be, you know, first notice of  
16 loss. So, when you report a claim, the adjudication  
17 of the claim. The repair of the claim is already  
18 handled through our Mitchell (phonetic) system, but  
19 that integration of that into the physical damage  
20 system would all be done.

21                   The 4A, again, is everything that we  
22 would do internal. So our adjustors, estimators would  
23 all be using the Duck Creek system. They have a  
24 claims module, right, so they'd all be handling that  
25 using the Duck Creek system.

1

2                   The 'B' version of that would be, you  
3 know, is there a customer or self-service first notice  
4 of loss. So a customer goes on to the website and  
5 reports their first notice of loss. Do they want to  
6 get claim status, you know, is their deductible been  
7 determined so they could go get their vehicle  
8 repaired. That would be the 'B' version of that.

9

                  MS. KATHLEEN MCCANDLESS: Thank you.  
10 I'm now going to ask a few questions about the NOVA  
11 approval process. And so I'm going to go back a  
12 little bit.

13

                  If we could go to PUB-MPI-1-3, Appendix  
14 1 from the 2022 GRA. We're looking for Technology  
15 Committee Minutes from September 18, I think. It's  
16 page 11 of 36.

17

18

(BRIEF PAUSE)

19

20

                  MS. KATHLEEN MCCANDLESS: So, Mr.  
21 Ramirez, you were present at the -- at the Technology  
22 Committee meeting on December 18, 2020, where you and  
23 Mr. Remilar (phonetic) presented the business case re-  
24 baseline?

25

                  MR. ALEX RAMIREZ: Yes, that's

1 correct.

2 MS. KATHLEEN MCCANDLESS: And if we  
3 scroll down to what was carried here by the Board at  
4 this time. So this is the first re-baseline project.  
5 This was the approval that was given by the Board at  
6 that time, the 2021 re-baseline. Would that be fair?

7 MR. ALEX RAMIREZ: That is fair. It  
8 was labelled 'Re-baseline'. It was finalization of  
9 the business case post-product selection in  
10 negotiation of contracts.

11 MS. KATHLEEN MCCANDLESS: Thank you.  
12 And at the very bottom of this page, we can see that  
13 the Technology Committee at that time stated it was  
14 willing to consider, if necessary, in a worse-case  
15 scenario, additional funding equivalent to a 0 percent  
16 net present value?

17 MR. ALEX RAMIREZ: Yes, that's  
18 correct.

19 MS. KATHLEEN MCCANDLESS: Then we're  
20 going to jump ahead to the meeting from September 28,  
21 2021, and that's found at PUB-MPI-1-1(c) Appendix 3,  
22 and I think it's page 9 of 31, Kristen. Thank you.

23 So this is a November 5 -- oh -- so  
24 you're looking at September. Thank you. Yes, this is  
25 the September 28, 2021, board of directors Technology

1 Committee meeting, correct?

2                   And Mr. Parti and Mr. Mitra and Mr.  
3 Ramirez I understand, if we scroll down here, that you  
4 were all in attendance at this Technology Committee  
5 meeting, yes?

6                   MR. SHAYON MITRA:    Shayon here.  Yes.

7                   MS. KATHLEEN MCCANDLESS:   And this was  
8 the meeting at which the committee agreed that it  
9 would waive its tendering process to engage McKinsey  
10 on a proposal to review Project Nova.  Is that fair?

11                   MR. SHAYON MITRA:    Shayon here.  Yes.

12                   MS. KATHLEEN MCCANDLESS:   And do you  
13 recall when it was that the Corporation initially  
14 reached out to McKinsey?

15

16   (BRIEF PAUSE)

17

18                   MR. SHAYON MITRA:    Shayon here.  The  
19 governance vendor, PwC, in its -- I believe in its  
20 August findings had recommended that the Corporation  
21 complete an assessment, so it would have been around  
22 the September time frame when we would have reached  
23 out to McKinsey and another similar organization.

24                   MS. KATHLEEN MCCANDLESS:   And when you  
25 say, "McKinsey and other similar organizations," can

1 you explain?

2 MR. SHAYON MITRA: We also reached out  
3 to Ernst & Young because they had done similar de-  
4 risking work for large transformations that are mid-  
5 flight and -- and needed a diagnostic assessment.

6

7 (BRIEF PAUSE)

8

9 MS. KATHLEEN MCCANDLESS: Thank you.  
10 And so, how soon after the September 28th, 2021,  
11 technology committee meeting did McKinsey start its  
12 work on its engagement?

13

14 (BRIEF PAUSE)

15

16 MR. SHAYON MITRA: Shayon here.  
17 Subject to check, October of the same year.

18 MS. KATHLEEN MCCANDLESS: Was that  
19 early October, mid-October?

20

21 (BRIEF PAUSE)

22

23 MR. SHAYON MITRA: Sorry, just  
24 checking.

25

1 (BRIEF PAUSE)

2

3 MR. SHAYON MITRA: Shayon here. Early  
4 October.

5 MS. KATHLEEN MCCANDLESS: Thank you.  
6 Now carrying on through this appendix to page 13 of 31  
7 we have the November 5th, 2021, technology committee  
8 meeting minutes, yes?

9 MR. SHAYON MITRA: Shayon here. Yes.

10 MS. KATHLEEN MCCANDLESS: And, Mr.  
11 Parti, Mr. Mitra, and Ramirez, you were all present at  
12 that meeting?

13 MR. SHAYON MITRA: Yes.

14 MS. KATHLEEN MCCANDLESS: And at page  
15 14, towards the bottom of the page, there's a Project  
16 Nova program update and approval request for updated  
17 R-1A and R-2A schedule. You see that?

18

19 (BRIEF PAUSE)

20

21 MR. SHAYON MITRA: Shayon here. Yes.

22 MS. KATHLEEN MCCANDLESS: And the  
23 second paragraph under that update states:

24 "The committee acknowledged that the  
25 scheduled releases of R-1A and R-2A

1                   will be delayed by at least six (6)  
2                   months."

3                   MR. SHAYON MITRA:   Yes.

4                   MS. KATHLEEN MCCANDLESS:   And, at that  
5                   time, the estimated financial impact based on what --  
6                   what was known at that time was \$11.96 million, plus  
7                   or minus 15 percent?

8                   MR. SHAYON MITRA:   Shayon again.  At  
9                   that point in time, yes.

10                  MS. KATHLEEN MCCANDLESS:   And do you  
11                  recall who provided the estimate of unknown -- of the  
12                  known cost delay here?  Was it McKinsey?

13                  MR. SHAYON MITRA:   Shayon again.  It  
14                  was an estimate that we had compiled, Manitoba Public  
15                  Insurance.

16                  MS. KATHLEEN MCCANDLESS:   And then, at  
17                  the time, we see that management, so that would  
18                  include yourselves, Mr. Mitra, Mr. Parti, and Mr.  
19                  Ramirez, you were awaiting the McKinsey report,  
20                  correct?

21                  MR. SHAYON MITRA:   Shayon again.  We  
22                  were awaiting the McKinsey report and, also, the  
23                  completion of our own internal assessment.

24                  MS. KATHLEEN MCCANDLESS:   And then a  
25                  complete program re-baseline was anticipated for

1 review and approval in February of 2022, yes?

2 MR. SHAYON MITRA: Yes.

3 MS. KATHLEEN MCCANDLESS: And do you  
4 recall approximately when McKinsey provided its  
5 preliminary assessment?

6

7 (BRIEF PAUSE)

8

9 MR. SHAYON MITRA: It was between late  
10 -- late 2021. So, it would have been -- the draft  
11 would have been ready in January with the financial  
12 implications.

13 MS. KATHLEEN MCCANDLESS: January of  
14 2022?

15 MR. SHAYON MITRA: Sorry, January of  
16 2022.

17 MS. KATHLEEN MCCANDLESS: Thank you.  
18 And then moving ahead to page 24 which are the board  
19 of director technology committee meeting minutes from  
20 February 10, 2022.

21 And, Mr. Parti, Mr. Mitra, and Mr.  
22 Ramirez, you were all present at this meeting?

23 MR. SHAYON MITRA: Yes.

24 MS. KATHLEEN MCCANDLESS: And going  
25 down to page 25. The first full paragraph here, or



1 the -- the second paragraph on the page.

2                   Here what's noted is that in mid-2021,  
3 six (6) months after the start of the project's  
4 implementation, MPI management recognized despite  
5 prior advice and best efforts that the complexity and  
6 scale of the project was greater than anticipated.

7                   Consequently, it was unrealistic based  
8 upon current plans that the project could be completed  
9 on time and on budget, assuming that the scope of work  
10 would remain constant, yes?

11                   MR. SHAYON MITRA:    Yes.

12                   MS. KATHLEEN MCCANDLESS:    So, then  
13 would it be fair to say that in advance of last year's  
14 General Rate Application public hearing, at which the  
15 Corporation presented its 2021 re-baseline budget, the  
16 Corporation had already identified that there would be  
17 issues with completing it on time and on budget on the  
18 2021 re-baseline budget?

19                   MR. SHAYON MITRA:    Shayon here.  Yes,  
20 we were aware.  And we had stated that there were  
21 strains on the budget and schedule on the record last  
22 year at the General Rate Application.

23                   We had also confirmed that there were  
24 two (2) assessments that were outstanding and -- and  
25 pending following the process the Corporation uses,

1 which is getting Board approval for any changes to the  
2 Project Nova budget, the -- the magnitude of the  
3 budget impacts were -- were not known.

4 And, also, as -- as presented, the time  
5 lines were initially assessed to be, I think, six (6)  
6 months, but we know today that it's -- it's more than  
7 six (6) months based on the complexity of the project.  
8 Now we're going live in January of 2023.

9 So, we had a number of moving parts at  
10 that point in time. And we also had to follow the  
11 approval process with regards to the budget before it  
12 could be presented, and we did so in April of 2022 in  
13 front of the PUB IT summit as soon as the technical  
14 committee of the board approved it.

15 MS. KATHLEEN MCCANDLESS: Now, jumping  
16 down to page 27. These are continued meeting minutes  
17 from February 10, 2022. Just scroll down a little bit  
18 more, please. Thank you.

19 So, here it's noted in the middle of  
20 the paragraph -- the first paragraph you see here on  
21 the screen, that:

22 "Management's proposal is to retain  
23 McKinsey in the general contractor  
24 role for a period of six (6) months  
25 at a cost of not more than \$5

1 million with an option to extend the  
2 contract for an additional six (6)  
3 months at a further cost not to  
4 exceed \$5 million.

5 And an additional component of the  
6 deliverables will be the training of  
7 MPI staff to assume the general  
8 contractor role."

9 Yes?

10 MR. SHAYON MITRA: Shayon here. Yes.

11 MS. KATHLEEN MCCANDLESS: And just  
12 scrolling on to page 28. We see that at 2A, the  
13 motion to enter into the un-tendered contract with  
14 McKinsey for deliverables essential for the successful  
15 execution of releases 1A and 2A -- B was carried by  
16 the committee, yes?

17 We can scroll down so you can see that.

18

19 (BRIEF PAUSE)

20

21 MR. SHAYON MITRA: Yes.

22 MS. KATHLEEN MCCANDLESS: Thank you.  
23 So, with that -- all that in mind, can you just sort  
24 of run through or give an overview of the progress of  
25 McKinsey's involvement in providing consulting

1 services for NOVA because they were initially  
2 contacted in and around September of 2021, right? And  
3 then just run through what happened with McKinsey  
4 after that. It would be helpful.

5

6

(BRIEF PAUSE)

7

8 MR. SHAYON MITRA: Shayon here. So,  
9 they were initially contacted around August,  
10 September, as I mentioned of 2021. The initial  
11 engagement was for doing a diagnostic assessment  
12 following the recommendations of our governance  
13 vendor, which is PricewaterhouseCoopers, in parallel  
14 to our own internal assessment.

15 On completion, there were a number of  
16 recommendations from McKinsey that centred around  
17 furthering our ability to manage multiple system  
18 integrators as they pertain to the insurance platform,  
19 licensing, registration, and the digital, i.e.,  
20 customer relationship management, but also with  
21 regards to overall governance of the program,  
22 decision-making, value management and value assurance,  
23 release objective, focus and -- and understanding  
24 customer aspects as they pertain to customer journey  
25 mapping, and the list continues.

1                   So, that engagement was concluded,  
2 subject to check, in March of 2022. Subsequent to  
3 that and as per what you shared here, we have retained  
4 the services of McKinsey to help us mature  
5 capabilities in the areas that were actioned in their  
6 report.

7                   And that was done (a) to continue  
8 progress in the program and -- and not have further  
9 setbacks, and (b), also to be able to simultaneously  
10 continue working on release 1, release 2, and prepare  
11 for release 3 and 4.

12                   MS. KATHLEEN MCCANDLESS: Thank you.  
13 So have staff now been trained to take over the  
14 general contractor role as contemplated by the  
15 McKinsey engagement?

16                   MR. SHAYON MITRA: We have improved  
17 our capabilities in a number of areas.

18                   So the -- the term 'general contractor'  
19 entails a number of capabilities, and embedded in  
20 there is value assurance, governance, decision making,  
21 reporting, management reporting, and board reporting,  
22 and the list continues.

23                   In a number of areas, we have improved  
24 and we have created self sufficiency. But the fact  
25 that the release date has moved to January 2023 and

1 the fact that there's more work needed to deliver  
2 release 2 in -- in the fall and we haven't completed  
3 pre-discovery for releases 3 and 4 and discovery,  
4 there's work still outstanding in -- in a number of  
5 other areas.

6 So all this progress made -- made, I  
7 don't think we're 100 percent there yet.

8 MS. KATHLEEN MCCANDLESS: Has the  
9 Corporation extended McKinsey's engagement at all?

10 MR. SHAYON MITRA: At this point in  
11 time, we are evaluating the option to extend McKinsey  
12 for the -- the second term, which is the additional  
13 six (6) months because -- because of the facts I just  
14 -- just mentioned. There's more to be done in a  
15 number of areas.

16 So that is currently being reviewed and  
17 it's contingent on board approval as well.

18 MS. KATHLEEN MCCANDLESS: So then, can  
19 you describe what the general contractor role looks  
20 like right now?

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: Shayon here.

25 Sorry, could you repeat the question?

1 MS. KATHLEEN MCCANDLESS: Maybe it  
2 wasn't totally clear.

3 So there was discussion within these  
4 meeting minutes about McKinsey's engagement. And one  
5 of the deliverables being staff training with --  
6 within MPI, so that MPI staff could assume the general  
7 contractor role.

8 I gather from your testimony just now  
9 that that's still a bit of a moving part. And so, I'm  
10 trying to understand where we're at in that process,  
11 essentially.

12 MR. SHAYON MITRA: Yes. Shayon here  
13 again. So the general contractor role entails a  
14 number of capabilities and -- and areas of  
15 responsibility.

16 As listed here, our ability to do  
17 customer journey maps as it pertains to release 1,  
18 release 2, release 3, release 4, in those areas, we  
19 have self sufficiency today and we are able to move  
20 ahead.

21 It also entails our ability to deliver  
22 end-to-end process maps that will be then used to  
23 define release objectives. Also made a lot of  
24 progress there and we have self sufficiency.

25 As it pertains to value assurance, as

1 it pertains to overall governance and decision-making,  
2 as it pertains to managing multiple system integrators  
3 and prioritization -- prioritization to deliver  
4 release objectives, those continue to be areas where  
5 we need more improvements. And that's where  
6 additional assistance is being sought after.

7 MS. KATHLEEN MCCANDLESS: So the  
8 general contractor role then, is that an individual, a  
9 committee, leaders within different areas of the IT  
10 division? Can you maybe just pinpoint what that  
11 actually is within the organization?

12 MR. SHAYON MITRA: Shayon here. And  
13 I'm going to go back in time and -- and maybe try and  
14 explain where it came about.

15 I think the -- the term 'general  
16 contractor' was pulled together by our governance  
17 vendor, which was PricewaterhouseCooper. And what's  
18 implied there was, in a transformation program of this  
19 size, there's a number of moving parts and -- and the  
20 general contractor's role is to be able to work with  
21 the system integrators, the platform providers, the  
22 business, the subject matter experts, and other  
23 technology and technical enablers to deliver as per  
24 the release objectives.

25 So it was an overarching, I guess,



1 capability that had a number of sub-capabilities.  
2 And -- and -- so loosely put, that was my  
3 understanding of the definition of 'general  
4 contractor'.

5 MS. KATHLEEN MCCANDLESS: So I'm just  
6 trying to get my head around what this role is.

7 So is it somewhere on the org chart?  
8 Or is it more conceptual? It's...

9

10 (BRIEF PAUSE)

11

12 MR. SHAYON MITRA: Shayon here. Maybe  
13 I'll try and respond to it differently. It's the  
14 ability of -- for MPI to be able to govern, manage,  
15 track, deliver Project Nova while there are competing  
16 priorities and a number of moving parts.

17 I think that was the -- the premise  
18 behind the term 'general contractor'. It's not a  
19 specific role. It's not specifically to a given area.  
20 It's got an overarching oversight component associated  
21 with it.

22 MS. KATHLEEN MCCANDLESS: Thank you.  
23 I'm going to go back one more time to figure NOV-4.

24 So you may recall, in last year's GRA,  
25 reference to NOVA 1.5. I believe Mr. Herbelin

1 introduced the concept in his testimony at the outset  
2 of the 2022 GRA. Are you familiar with that?

3 MR. SHAYON MITRA: Shayon here. I'm  
4 familiar with that, yes.

5 MS. KATHLEEN MCCANDLESS: And am I  
6 correct that the end of -- or the release 4B takes MPI  
7 to what was described, at that time, as NOVA 1.5?

8 MR. SHAYON MITRA: Shayon here. My  
9 understanding is there's MPI 2.0 and MPI 1.5. MPI 2.0  
10 is aspirational. It is centred around being a  
11 customer-centric organization, being data-driven, and  
12 empowering our employees. That's -- that's an  
13 aspirational ambition and it has a number of strategic  
14 initiatives and NOVA being a big component of that  
15 that will help us achieve that.

16 So MPI 1.5 was -- was our way of saying  
17 that we were closer to our five (5) year ambition with  
18 regards to MPI 2.0.

19 MS. KATHLEEN MCCANDLESS: And MPI 2.0  
20 is not contained within figure NOV-4? It's not  
21 described here?

22 MR. SHAYON MITRA: Shayon again. It's  
23 aspirational. So there is no project plan, budget  
24 assigned to 2.0. It's truly to -- to -- and every --  
25 in my opinion, every organization should have that

1 aspiration. So it's true north or -- or that's the  
2 view.

3 To answer your question, no. MPI 2.0  
4 is not captured in -- in this figure.

5 MS. KATHLEEN MCCANDLESS: Thank you.  
6 And thank you for your time this morning. I don't  
7 have any further questions.

8 THE PANEL CHAIRPERSON: Thank you, Ms.  
9 McCandless.

10 Mr. Williams or Mr. Klassen, sorry?

11

12 (BRIEF PAUSE)

13

14 CROSS-EXAMINATION BY DR. BYRON WILLIAMS:

15 DR. BYRON WILLIAMS: Good morning,  
16 members of the panel and good morning MPI folks.

17 Mr. Mitra, at a -- at a high level,  
18 Project Nova is a complex program consisting of three  
19 (3) product streams and a number of shared services.  
20 Agreed?

21 MR. SHAYON MITRA: Agreed.

22 DR. BYRON WILLIAMS: And those three  
23 (3) product streams, one would be DVA. Correct?

24 MR. SHAYON MITRA: Yes.

25 DR. BYRON WILLIAMS: And another would

1 be property and casualty insurance?

2 MR. SHAYON MITRA: Yes.

3 DR. BYRON WILLIAMS: And the third  
4 would be digital?

5 MR. SHAYON MITRA: That's correct.

6 DR. BYRON WILLIAMS: And in terms of  
7 governance of Project Nova, over and above the program  
8 itself, there would be a NOVA program management  
9 office. Agreed?

10 MR. SHAYON MITRA: Agreed.

11 DR. BYRON WILLIAMS: And, there would  
12 also be a Project Steering Committee. Agreed? A  
13 Program Steering Committee?

14 MR. SHAYON MITRA: The short answer is  
15 yes, but we have two (2) steering committees and I can  
16 speak to it or I can --

17 DR. BYRON WILLIAMS: I would really  
18 like you to speak to both of those steering  
19 committees, sir.

20 MR. SHAYON MITRA: So, because we --  
21 we are working with a number of system integrators and  
22 -- and also the platforms -- Duck Creek, Celtic and  
23 Microsoft Dynamics, we have a program steering  
24 committee but then we have a second steering committee  
25 that involves our CEO, Mr. Parti, myself, our Chief

1 Operating Officer, Marnie Kacher which is the sponsor  
2 steering committee. And -- and that is meant to make  
3 decisions in short order to mitigate risks and issues.

4 DR. BYRON WILLIAMS: And so the term  
5 you use for that is the 'sponsor steering committee'?

6 MR. SHAYON MITRA: Just give me one  
7 second --

8 DR. BYRON WILLIAMS: Sorry, let me --  
9 let me just be more precise.

10 In terms of the committee that involves  
11 the CEO, the COO, the CIO and presumably the CTO, that  
12 is the sponsor steering committee?

13 MR. SHAYON MITRA: That is the sponsor  
14 steering committee, yes.

15 DR. BYRON WILLIAMS: And in terms of  
16 the sponsor steering committee, can you indicate when  
17 that was initiated, sir? On or about?

18

19 (BRIEF PAUSE)

20

21 MR. SHAYON MITRA: Just checking.

22 DR. BYRON WILLIAMS: Would that be a  
23 more recent initiative than the other steering  
24 committee?

25 MR. SHAYON MITRA: Yes.

1 DR. BYRON WILLIAMS: And it probably  
2 would have taken place in the fall or winter of 2021,  
3 agreed?

4 MR. SHAYON MITRA: It's a little more  
5 recent than that.

6 DR. BYRON WILLIAMS: So, even more  
7 recent than that. Do you have any more details?

8 MR. SHAYON MITRA: Can we take that  
9 away and we'll just confirm and get back?

10 DR. BYRON WILLIAMS: Yes. So, oh boy,  
11 I hesitate to make it an Undertaking, but I -- I will,  
12 by way of under -- undertaking, indicate when the  
13 sponsor steering committee consisting of the CEO et al  
14 was initiated.

15 MR. STEVE SCARFONE: Yes, Counsel, we  
16 can give the undertaking.

17

18 --- UNDERTAKING NO. 39: MPI to advisee when the  
19 sponsor steering committee  
20 consisting of the CEO et  
21 al was initiated.

22

23 CONTINUED BY DR. BYRON WILLIAMS:

24 DR. BYRON WILLIAMS: Moving away from  
25 MPI management, PwC or PriceWaterhouseCoopers, plays a

1 role variously described as 'governance vendor' and  
2 'transformation advisor'. Agreed?

3 MR. SHAYON MITRA: Yes. Agreed.

4 DR. BYRON WILLIAMS: And, for the last  
5 couple of years, PriceWaterhouseCoopers has been  
6 providing the technical committee of the Manitoba  
7 Public Insurance Board and the Board of Directors of  
8 Manitoba Public Insurance with regular reports, from  
9 the transformation advisor. Agreed?

10 MR. SHAYON MITRA: Yes, agreed.

11 DR. BYRON WILLIAMS: And the Chief  
12 Executive Officer of Manitoba Public Insurance would  
13 be on the distribution list for reports of the  
14 transformation advisor. Agreed?

15 MR. SHAYON MITRA: Yes, agreed.

16 DR. BYRON WILLIAMS: We'll come to  
17 those reports more tomorrow, but just process wise,  
18 would it be fair to suggest that  
19 PriceWaterhouseCoopers appears an initial report,  
20 provides it to Manitoba Public Insurance for -- for  
21 comment and then prepares kind of a final report, on a  
22 -- on a -- monthly or bi-monthly basis?

23 MR. SHAYON MITRA: PwC would conduct a  
24 series of interviews through the cross-section of the  
25 leadership team working on Project NOVA. From the

1 series of interviews, they would come up with their  
2 findings, typically captured in their observation log.  
3 And then management would be given an opportunity to  
4 respond to the -- to their findings in the observation  
5 log.

6 DR. BYRON WILLIAMS: Thank you. And  
7 then, it was after the management had been given that  
8 opportunity to respond to the findings, in the  
9 observation log, that a -- a report would be provided  
10 to the Board of Directors and the board technology  
11 committee, from PriceWaterhouseCoopers. Agreed?

12 MR. SHAYON MITRA: The governance  
13 vendor has noted reports into the technical committee  
14 of the board. The rule of management is to respond to  
15 the observation log comments.

16 The summary report, that went to the  
17 technical committee of the Board, was produced by PwC  
18 for the consumption by the technical committee of the  
19 board. The Corporation did not directly work with PwC  
20 on that report for the board. So, our input was in  
21 the observation log.

22 DR. BYRON WILLIAMS: And in terms of  
23 that input in some -- some cases, Manitoba Public  
24 Insurance chose to provide input to the observation  
25 logs, in other cases, it chose not to. Agreed?



1 MR. SHAYON MITRA: Shayon here. More  
2 often than not, subject to check, management provided  
3 responses to PwC in the observation log. In some  
4 instances, MPI also seek clarification because, at  
5 times, there were some ambiguity with the information  
6 there and we needed to understand the root cause or  
7 the premise behind it.

8 DR. BYRON WILLIAMS: Okay, thank you.  
9 Now, release 3 comprising 3A and 3B is the biggest  
10 release of the four (4) releases contemplated by  
11 Project NOVA. Agreed?

12 MR. SHAYON MITRA: Agreed.

13 DR. BYRON WILLIAMS: At a -- at a high  
14 level, one (1) element of release 3A and B, will be  
15 the deployment of Celtic for vehicle registration and  
16 driver licensing?

17 MR. SHAYON MITRA: Yes.

18 DR. BYRON WILLIAMS: And, another  
19 element will be the deployment of Duck Creek for  
20 personal auto insurance. Agreed?

21 MR. SHAYON MITRA: Yes.

22 DR. BYRON WILLIAMS: And then there's  
23 an integration through the MuleSoft program --  
24 platform to Microsoft Dynamics for the portal and for  
25 existing applications?

1 MR. SHAYON MITRA: Yes.

2 DR. BYRON WILLIAMS: And the  
3 integration task FOR release 3 is quite complex.  
4 Agreed?

5 MR. SHAYON MITRA: Agreed.

6 DR. BYRON WILLIAMS: And, complex,  
7 compared to releases 1 and releases 2. Correct?

8 MR. SHAYON MITRA: I'm not an expert  
9 in integrations but release 2 integrations have been  
10 complex, so we are anticipating release 3 integrations  
11 to be even more complex.

12 DR. BYRON WILLIAMS: Okay. And when  
13 relative to releases 1 and releases 2, the complexity  
14 of the integrations associated with release 3 is  
15 higher. Correct?

16 MR. GARY DESSLER: Yeah, Gary  
17 speaking. Yes, it's more complex and there's also  
18 more of them.

19 DR. BYRON WILLIAMS: And you've had an  
20 extensive discussion with my learned friend, counsel  
21 for the Public Utilities Board, in terms of both  
22 release 3 and release 4, still being in the pre-  
23 discovery and discovery phases. Agreed?

24 MR. SHAYON MITRA: Yes.

25 DR. BYRON WILLIAMS: And you've

1 acknowledged the potential for revisions both to the  
2 time line and the budget, depending on the outcome of  
3 discovery related to release 3 and release 4. Agreed?

4 MR. SHAYON MITRA: Agreed. Including,  
5 also looking at a -- a different approach to release  
6 management which Mr. Dessler had -- had spoken to.

7 DR. BYRON WILLIAMS: Yes. And I -- I  
8 heard that conversation and thank you for sharing  
9 that.

10 In terms of release 3 pre-discovery  
11 activities, would it be fair to suggest that in the  
12 spring of 2022, Manitoba Public Insurance was  
13 contemplating that they would be initiated in the  
14 summer of 2022?

15 MR. SHAYON MITRA: Shayon here. Yes.

16 DR. BYRON WILLIAMS: And at that point  
17 in time, in the spring of 2022, you were contemplating  
18 three (3) months of pre-discovery in the summer of  
19 '22, followed by three (3) months of discovery in  
20 September of 2022? Agreed?

21 MR. SHAYON MITRA: Agreed. Yes.

22 DR. BYRON WILLIAMS: And, subsequent  
23 to that, and subject to check, you moved the pre-  
24 discovery and discovery period for release 3 into the  
25 October/November window? Agreed?

1 I know, now, it's going into January,  
2 but I'm asking if there was a subsequent movement.

3 MR. SHAYON MITRA: Shayon here. The  
4 biggest challenge we had in front of us was to deliver  
5 release 1 and, so, the pre-discovery and discovery  
6 work for releases 3 and 4, while extremely critical  
7 and important, the time lines were moving because we  
8 were -- we were honed in on -- on -- on delivering  
9 release 1 and, then, subsequently, release 2.

10 To answer your question, the time lines  
11 for R-3/R-4, release 3 and 4, pre-discovery and  
12 discovery moved and they've now moved to the new year  
13 is to enable us to successfully deliver release 1.

14 DR. BYRON WILLIAMS: And I'm  
15 suggesting to you, sir, they -- they've changed twice  
16 since the spring of 2022, first fro -- to the - from  
17 the summer and September of 2022 to October/November  
18 '22. Agreed?

19 MR. SHAYON MITRA: Subject to check,  
20 agreed.

21 DR. BYRON WILLIAMS: Yes, and you've  
22 now moved them into beginning in January of 2023.  
23 Agreed?

24 MR. SHAYON MITRA: They are starting in  
25 January 2023. Agreed.

1 DR. BYRON WILLIAMS: And release 3, in  
2 addition to being more complex and the biggest  
3 release, will impact almost all Manitobans.

4 Its reach is farther?

5 MR. SHAYON MITRA: Yes.

6 DR. BYRON WILLIAMS: Agreed?

7

8 (BRIEF PAUSE)

9

10 DR. BYRON WILLIAMS: Mr. Mitra, you've  
11 discussed your response to CAC-1-23 with Ms.  
12 McCandless, my friend from the Public Utilities Board,  
13 this morning. So, I won't take you there, except for  
14 to say -- ask you to confirm that the level of  
15 uncertainty associated with -- with releases 3 and 4  
16 is the highest level of uncertainty that Manitoba  
17 Public Insurance has, given the fact that it has not  
18 completed pre-discovery and discovery?

19 MR. SHAYON MITRA: The level of  
20 complexity associated with releases -- release 3 is  
21 higher than releases 1 and 2. But that said, we've  
22 also had some setbacks and lots of learnings through  
23 the work we've done on release 1 and, now, on release  
24 2. So, we're factoring that in, as we go into pre-  
25 discovery and discovery from -- from release 3.

1 DR. BYRON WILLIAMS: The highest  
2 contingency you have, sir, proper -- percentage wise,  
3 is for releases 3 and 4. Agreed?

4 DR. SHAYON MITRA: That is correct,  
5 yes.

6 DR. BYRON WILLIAMS: And that is a  
7 reflection of the attendant uncertainty, given that  
8 you -- you're -- you've not gone through pre-discovery  
9 or discovery. Agreed?

10 MR. SHAYON MITRA: Agreed.

11 DR. BYRON WILLIAMS: Going back to  
12 release 1 for a second, were there any increases in  
13 the scope of that project, as a result of IFRS?

14 MR. GARY DESSLER: Gary here. No,  
15 there was nothing material the scope would increase.

16 DR. BYRON WILLIAMS: So, in -- in  
17 terms of release 2, it was flowing from the 2022 re-  
18 baseline, anticipated to be released in May of 2023.  
19 Agreed?

20 MR. SHAYON MITRA: Shayon here.  
21 Agreed.

22 DR. BYRON WILLIAMS: And it's now  
23 moved out, a number of months, to the fall of 2023 or  
24 to August of 2023?

25 MR. SHAYON MITRA: August of 2023.

1 DR. BYRON WILLIAMS: And in terms of  
2 release 1A not meeting its release schedule of October  
3 -- well, let me back up a second.

4 You were looking, based upon the 2022  
5 baseline, for a release schedule of October 2022?  
6 Agreed, for release 1A?

7 MR. SHAYON MITRA: Agreed.

8 DR. BYRON WILLIAMS: Okay. It's now  
9 moved to January of 2023?

10 MR. SHAYON MITRA: Correct.

11 DR. BYRON WILLIAMS: And one (1) of  
12 the reasons is environmental issues related to Duck  
13 Creek. Agreed?

14 MR. GARY DESSLER: Gary speaking.  
15 There were a number of items that impacted the change  
16 from October to January. So, the amount of testing  
17 that we needed to do.

18 One (1) of the things that we wanted --  
19 with a brand new production environment, we wanted to  
20 do another round of rigorous security testing in that  
21 so those were kind of key drivers for the switch from  
22 October into January.

23 DR. BYRON WILLIAMS: And, sir, you're  
24 familiar with the term 'freeze code'?

25 MR. GARY DESSLER: Yes.

1 DR. BYRON WILLIAMS: And, in terms of  
2 release 1A, are you at that stage in terms of freeze  
3 code?

4 MR. GARY DESSLER: Yes. We've  
5 established our code freeze, which means we're not  
6 allowing any more changes to any of the functional  
7 elements of our application. So we had reached that  
8 milestone. We've frozen our code which means no more  
9 changes coming in.

10 DR. BYRON WILLIAMS: Okay. Mr. Mitra,  
11 Manitoba Public Insurance is a Crown Corporation that  
12 is expected to operate within the operating norms of  
13 the Government of Manitoba? Agreed?

14 MR. SHAYON MITRA: Agreed.

15 DR. BYRON WILLIAMS: And the  
16 Government of Manitoba expects its Crown corporations  
17 to undertake decision-making consistent with industry  
18 norms and accepted business practices. Agreed?

19 MR. SHAYON MITRA: Agreed?

20 DR. BYRON WILLIAMS: And the  
21 Government of Manitoba, similar to large businesses,  
22 expects large decisions involving expenditures --  
23 expenditures of funds to be undertaken on a business  
24 case basis. Agreed?

25



1 (BRIEF PAUSE)

2

3 MR. SHAYON MITRA: My apologies.

4 Could you repeat that question, please?

5 DR. BYRON WILLIAMS: Yes. The  
6 Government of Manitoba expects large decisions,  
7 involving the expenditure of funds, to be undertaken  
8 on a business case basis?

9 MR. STEVE SCARFONE: And, Mr.  
10 Williams, you probably know why my mic is on. And I  
11 just had this discussion with Mr. -- Mr. Mitra. It is  
12 difficult for Mr. Mitra to answer questions about what  
13 the government's expectations are. So, I've asked  
14 him. If he's aware of that, he can certainly respond  
15 but it's -- it's a difficult question to put to the  
16 witness, 'cause he may not be aware of what the  
17 government expects.

18 DR. BYRON WILLIAMS: He's got Mr.  
19 Giesbrecht in the back row, does he not?

20 MR. STEVE SCARFONE: And the same  
21 would apply for Mr. Giesbrecht. So, that's the  
22 objection, but I'll -- I'll see what they have to say.

23

24 CONTINUED BY DR. BYRON WILLIAMS:

25 DR. BYRON WILLIAMS: Okay. Go ahead,

1 Mr. Mitra.

2 MR. SHAYON MITRA: From  
3 (INDISCERNIBLE), we follow due diligence, which is get  
4 approval from our Technical Committee Board and, then,  
5 also the Treasury Board Secretariat and, eventually,  
6 the Treasury Board, as it pertains to decisions with  
7 regards to Project Nova and other larger business  
8 cases.

9 DR. BYRON WILLIAMS: Okay. And, just  
10 a pro pos of your -- of my learned friend's comments,  
11 are you suggesting that you're unfamiliar with the  
12 Government of Manitoba's expectations in -- in -- in  
13 terms of large decisions involving a significant  
14 expenditure of funds?

15

16 (BRIEF PAUSE)

17

18 MR. SHAYON MITRA: Generally speaking,  
19 yes.

20 DR. BYRON WILLIAMS: And you would  
21 acknowledge, sir, that accepted business case  
22 practices include decision criteria which include a  
23 financial analysis, a requirement for deten -- defined  
24 return on investment, as well as a reasonable payback  
25 period?

1 MR. SHAYON MITRA: Yes.

2 DR. BYRON WILLIAMS: Is it also fair  
3 to say that the accepted business practices of the  
4 Government of Manitoba involve offering a tender for  
5 significant projects to ens -- ensure there is a  
6 competitive bill -- bidding?

7 MR. SHAYON MITRA: Yes.

8 DR. BYRON WILLIAMS: And at a high  
9 level, and we won't go into too many details now,  
10 tendering is a practice to ensure value for money for  
11 public entities, as well as to provide fairness in the  
12 competitive market. Agreed?

13 MR. SHAYON MITRA: Agreed.

14 DR. BYRON WILLIAMS: Just to take us  
15 to the lunch break, Mr. Mitra, in terms of the scope  
16 of Manitoba Public Insurance, you'll agree that, by  
17 far, the largest part of the MPI business is the basic  
18 insurance line of business. Agreed?

19 MR. SHAYON MITRA: Agreed.

20 DR. BYRON WILLIAMS: Its revenues  
21 exceed a -- a billion dollars; fair enough?

22 MR. SHAYON MITRA: Fair enough.

23 DR. BYRON WILLIAMS: And, of course,  
24 Manitoba Public Insurance enjoys a statutory monopoly  
25 in terms of Basic insurance. Agreed?

1 MR. SHAYON MITRA: Agreed.

2 DR. BYRON WILLIAMS: And it would be  
3 fair to say that Manitoba Public Insurance is unlike  
4 many property and casualty insurers in that its  
5 primary line of business is not competing in an open  
6 marketplace -- in an open marketplace. Agreed?

7 MR. SHAYON MITRA: Agreed.

8 DR. BYRON WILLIAMS: Madam Chair, just  
9 noting the time, if this would be an appropriate time?

10 THE PANEL CHAIRPERSON: Yes. Thank  
11 you, Mr. Williams. We will break now and come back at  
12 one o'clock, please.

13

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

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

16

17 THE PANEL CHAIRPERSON: Mr.  
18 Williams...?

19 DR. BYRON WILLIAMS: Thank you, and  
20 good afternoon. We heard with interest how big the  
21 back row for Manitoba Public Insurance was today, so  
22 immediately we went out and invited a Robson Hall  
23 intern, Mr. Mikal, M-I-K-A-L, Sokolowski, S-O-K-O-L-O-  
24 W-S-K-I, and he's -- he's behind -- right behind me.

25 He's our back row, and he's attending

1 Robson Hall Law School and is an intern at the Public  
2 Interest Law Centre. Apparently you get credit hours  
3 for that, so spread the word. And I just wanted to  
4 acknowledge that he was here and thank him for his  
5 interest on this file.

6 THE PANEL CHAIRPERSON: Welcome, Mr.  
7 Mikal --

8 DR. BYRON WILLIAMS: Sokolowski.

9 BOARD CHAIR GABOR: Mr. Sokolowski, I  
10 trust Mr. Williams he did not take lessons on doing up  
11 ties from you, though.

12

13 (BRIEF PAUSE)

14

15 CONTINUED BY DR. BYRON WILLIAMS:

16 DR. BYRON WILLIAMS: Mr. Mitra, you  
17 recall a discussion you had this morning with PUB  
18 counsel about the general contractor's role in terms  
19 of Project Nova? Do you recall that?

20 MR. SHAYON MITRA: I do, yes.

21 DR. BYRON WILLIAMS: And without  
22 revisiting that conversation, it's fair to say that  
23 the general contractor plays a key role in project  
24 leadership and coordination. Agreed?

25 MR. SHAYON MITRA: Yes.

1 DR. BYRON WILLIAMS: And if we look  
2 back to what the general contractor might have been up  
3 to in the -- the summer of 2021 through to today, they  
4 would be overseeing releases 1 and 2, while at the  
5 same time preparing for timely discovery and launch of  
6 release 3A, agreed?

7 MR. SHAYON MITRA: Amongst other  
8 things, yes.

9 DR. BYRON WILLIAMS: And it's an  
10 immense responsibility to coordinate simultaneous and  
11 sequential work of that magnitude, agreed?

12 MR. SHAYON MITRA: Agreed.

13 DR. BYRON WILLIAMS: I'm going to ask  
14 Ms. Schubert to turn to the response to PUB-MPI-1-  
15 1(c), the Board of Directors Technology Committee  
16 Minutes from February 10th, 2022, and in particular  
17 page 25. So a page or two (2) up from where you are,  
18 Ms. Schubert.

19

20 (BRIEF PAUSE)

21

22 DR. BYRON WILLIAMS: Page 25. Where  
23 are we? Could you scroll down on the page, please.  
24 Right there. That's perfect.

25 Mr. Mitra, again, you had a bit of a

1 conversation with My Learned Friend this morning, so  
2 I'll try not to duplicate too much.

3 But in mid 2021, MPI was coming to  
4 grips with the fact that the complexity and scale of  
5 Project Nova was greater than anticipated, agreed?

6 MR. SHAYON MITRA: Agreed.

7 DR. BYRON WILLIAMS: And that -- and  
8 it was having concerns in terms of both the timing and  
9 the budget for Project Nova in the summer of 2021,  
10 agreed?

11 MR. SHAYON MITRA: There were two (2)  
12 -- there were two (2) -- those were the two (2) areas  
13 of concerns. The other were associated with our  
14 velocity, configuration, integration complexity, our  
15 ability to test and -- and deliver the release  
16 objectives. So there were a multitude of issues that  
17 were starting to surface, but the two (2) you listed  
18 were definitely amongst them.

19 DR. BYRON WILLIAMS: Okay. And in  
20 this context, without trying to get into any  
21 confidential information, MPI was also receiving  
22 advice from its governance advisor PwC expressing  
23 concerns with where the project was, agreed? It's  
24 right here in this paragraph, sir.

25 MR. SHAYON MITRA: The governance

1 advisor predominantly provided feedback or input to  
2 the Technical Committee of the board, but they would  
3 share that with us as well.

4 DR. BYRON WILLIAMS: Okay. Mr. Mitra,  
5 in the summer of 2021, the general contractor role for  
6 Project Nova was being held by Manitoba Public  
7 Insurance, agreed?

8 MR. SHAYON MITRA: Agreed.

9 DR. BYRON WILLIAMS: And it continued  
10 in that role until on or about February of 2022,  
11 correct?

12

13 (BRIEF PAUSE)

14

15 MR. SHAYON MITRA: Agreed.

16 DR. BYRON WILLIAMS: Would it be  
17 accurate to say that by the summer of 2021, Manitoba  
18 Public Insurance was concerned with whether it was  
19 able to fulfil the general contractor role?

20

21 (BRIEF PAUSE)

22

23 MR. SHAYON MITRA: There were  
24 components within the general contractor role that  
25 were of concern to Manitoba Public Insurance. Yes.



1 Let me restate that.

2                   General contractor, as I tried to  
3 explain earlier, is a terminology that PwC has -- has  
4 used to describe the roles and responsibilities and  
5 capabilities needed to manage a program of this size,  
6 and so there are a number of capabilities embedded  
7 underneath that. So there were a number of these  
8 capabilities that -- that needed more due diligence  
9 from our end.

10                   DR. BYRON WILLIAMS:    Given the scope  
11 and complexity of the general contractor role in the  
12 summer of 2021, Manitoba Public Insurance was -- was  
13 concerned that it was not competent to fulfil the  
14 entirety of that role, agreed?

15                   MR. SHAYON MITRA:    Agreed.

16                   DR. BYRON WILLIAMS:    When would the  
17 Technical Committee of the Manitoba Public Insurance  
18 board have been advised that Manitoba Public Insurance  
19 was struggling in its role as general contractor?  
20

21   (BRIEF PAUSE)

22  
23                   MR. SHAYON MITRA:    It would have been  
24 around end of August, early September.

25                   DR. BYRON WILLIAMS:    And you'll

1 correct me if I'm wrong, but there were actually two  
2 (2) meetings of the Technical Committee of the board  
3 in August of 2021, agreed?

4 MR. SHAYON MITRA: Subject to check,  
5 agreed.

6 DR. BYRON WILLIAMS: And would  
7 Manitoba Public Insurance have advised the Technical  
8 Committee of the board in August of 2021 that it was  
9 struggling in the role of -- of general contractor?

10

11 (BRIEF PAUSE)

12

13 MR. ALEX RAMIREZ: Alex responding.  
14 In August -- August 5th, 2021, we spoke to our members  
15 about velocity concerns, acceleration of key areas  
16 that need to be mature, as well as some capacity  
17 concerns with key subject-matter experts within the  
18 business and IT.

19 DR. BYRON WILLIAMS: And then you had  
20 a subsequent meeting with the Technical --  
21 Technological Committee later in August. Agreed?

22 MR. ALEX RAMIREZ: That's correct.

23 DR. BYRON WILLIAMS: And at that  
24 meeting, did you raise concerns with Manitoba Public  
25 Insurance's struggle as general contractor?

1 (BRIEF PAUSE)

2

3 MR. SHAYON MITRA: We continued to be  
4 transparent with the Technical Committee of the board,  
5 but our concerns were on -- on a number of  
6 capabilities. The term 'general contractor' was more  
7 in reports from PwC, but we were -- actually, our --  
8 our intent was to be transparent.

9 So we would be very specific in -- in  
10 the areas that we needed assistance, and -- and those  
11 would have been called out in -- in our Technical  
12 Committee meeting minutes.

13 DR. BYRON WILLIAMS: So it would have  
14 been, I think your evidence is, later in August or  
15 early in September when the actual concerns with the  
16 competence of Manitoba Public Insurance as a general  
17 contractor was raised for the Technological Committee?

18 MR. SHAYON MITRA: From our end, it  
19 would have been documented as part of our internal  
20 assessment, along with the diagnostic assessment. But  
21 from our governance vendor's standpoint, I think they  
22 started bringing that to our Technical Committee's  
23 attention a little earlier than that.

24 DR. BYRON WILLIAMS: And a little  
25 earlier than that, sir, what do you mean by that?

1 MR. SHAYON MITRA: Subject to check.  
2 I'll have to look at the specific report from PwC to  
3 confirm --

4 DR. BYRON WILLIAMS: We'll canvass  
5 that tomorrow, thank you. I wonder if we can turn to  
6 MPI Exhibit 85, slide 9, just for a second.

7 And again, Mr. Mitra, you've gone  
8 through this in your direct and as well as with a  
9 conversation with -- with My -- My Friend Ms.  
10 McCandless, so I'll -- I'll try to move through it  
11 lightly. Slide 9.

12

13 (BRIEF PAUSE)

14

15 DR. BYRON WILLIAMS: Mr. Mitra, we --  
16 just at a high level...

17

18 (BRIEF PAUSE)

19

20 DR. BYRON WILLIAMS: What this slide  
21 documents is the -- is the four (4) stages of the  
22 development of the budget for Project Nova starting  
23 from the initial assessment to the re-baseline in  
24 2022?

25 MR. SHAYON MITRA: That is correct.

1 DR. BYRON WILLIAMS: And without going  
2 into grinding detail, there's a material change from  
3 the original assessment of 106.8 million to the 2022  
4 re-baseline in a range somewhere between 257 and 289.9  
5 million. Agreed?

6 MR. SHAYON MITRA: Agreed.

7 DR. BYRON WILLIAMS: And directing  
8 your attention to re-baseline 2021, MPI approved that  
9 re-baseline on or about February of 2021, subject to  
10 check?

11 MR. SHAYON MITRA: Yes.

12 DR. BYRON WILLIAMS: Okay. And then  
13 we're going to turn to NOVA .2 Project Nova -- oh,  
14 NOVA .3, isn't it. NOVA .3, objectives 8 and 9. Page  
15 8 and 9, right at the bottom of page 8 and turning on  
16 to the bottom of page 9.

17 And, Mr. Mitra, you'll see and you'll  
18 agree that Manitoba Public Insurance, shortly after it  
19 initiated NOVA in the spring of 2021, began to see a  
20 number of concerns emerge. Agreed?

21 MR. SHAYON MITRA: Agreed.

22 DR. BYRON WILLIAMS: And some of these  
23 concerns are set out on the -- on the top of page 9 of  
24 part 4 NOVA project. Correct? You'll see those three  
25 (3) bullets in front of you, sir?

1 MR. SHAYON MITRA: Yes.

2 DR. BYRON WILLIAMS: And I want to  
3 direct your attention to the second bullet which  
4 speaks, you'll agree, of magnification of identified  
5 risks, including numerous complexities and competing  
6 priorities.

7 Do you see that reference, sir?

8 MR. SHAYON MITRA: Yes, I do.

9 DR. BYRON WILLIAMS: And you'll agree  
10 that that was one (1) of the concerns of Manitoba  
11 Public Insurance shortly after Project Nova was  
12 initiated with its competing priorities?

13 MR. SHAYON MITRA: Yes.

14 DR. BYRON WILLIAMS: And I wonder if  
15 you can elaborate on what Manitoba Public Insurance  
16 meant by "competing priorities," sir?

17

18 (BRIEF PAUSE)

19

20 MR. SHAYON MITRA: Specific to  
21 competing priorities, the challenge Manitoba Public  
22 Insurance was running into was while we were trying to  
23 deliver NOVA, we had identified that there were a  
24 number of capabilities that needed to be mature. For  
25 example, being cyber security, transition to the

1 cloud, maturity in integrations, understanding testing  
2 and quality assurance, and associated automation,  
3 business process management, and proficiency around  
4 business architecture.

5           Our ability to do customer journey  
6 mapping to really understand impacts to Manitobans,  
7 whether it's personal or on the commercial lines of  
8 insurance and -- and developing customer journey maps  
9 and interim processes.

10           And so, we had to find the balance  
11 between continuing work on Project Nova and getting  
12 closer to meeting the release objectives while  
13 maturing these capabilities with limited resources, in  
14 many instances, or missing capabilities in some  
15 instances.

16           So, that's where the competing  
17 priorities started to surface. While also needing to  
18 service Manitobans. A simple example is when we go  
19 through a General Rate Application, we still have to  
20 leverage our Legacy systems, the ones that exist  
21 today, and do integrations there and -- and utilize  
22 the same subject matter experts to enable that while  
23 do the Legacy integrations needed for NOVA while  
24 maturing these capabilities.

25           So, that was the complexity we were

1 against and we are still up against, and those were  
2 the competing priorities. So it was really the effort  
3 needed at our lens -- from our lens to prioritize  
4 those without having impacts in a multitude of areas.

5 DR. BYRON WILLIAMS: Okay, and thank  
6 you for that. And in terms of that broad scope of  
7 competing priorities, were those priorities necessary  
8 for the completion of Project Nova? Were they co-  
9 extensive with it? I wonder if you could elaborate on  
10 that?

11 MR. SHAYON MITRA: So that's a tough  
12 question. And I'm going to do my best to respond to  
13 it. It -- it depends on -- on a specific initiative  
14 or priority.

15 So, I'll let Mr. Parti jump in, but as  
16 it pertains to the cloud or as it pertains to cyber  
17 security, I don't think we want to take a complacent  
18 approach. I think we want to be due diligent, more  
19 specifically, to cyber security.

20 So, we would need to mature our  
21 capabilities in those areas in advance of  
22 transitioning to a solution that's leveraging the  
23 cloud.

24 As it pertains to business process  
25 management, business architecture, end-to-end process



1 mapping, some of the decisions we made, for example,  
2 is not spend time and effort in documenting current  
3 state end-to-end processes but quickly understanding  
4 what the 'to be' end-to-end process -- processes will  
5 be for a given release and focussing our energy and  
6 resources in capturing those.

7                   So, we were trying to balance it out as  
8 a function of a given priority to make sure that, as  
9 the release came along, we were able to support the  
10 release objectives, but then also move into  
11 sustainability and self-sufficiency shortly after.

12                   DR. BYRON WILLIAMS:    Thank you.  And  
13 there's been a bit of ephemeral talk in this Hearing  
14 about MPI 2.0.  You've heard a bit of that  
15 conversation.  You recall that, sir?

16                   MR. SHAYON MITRA:     Yes, I do.

17                   DR. BYRON WILLIAMS:    In terms of MPI  
18 2.0, how, if at all, was it a competing priority in  
19 terms of Project Nova?

20                   MR. SHAYON MITRA:    Project Nova is --  
21 is our number 1 priority right now.  It is, in my  
22 opinion, a prerequisite and -- and we are right in the  
23 midst of it.  So, we're not diminishing -- or we don't  
24 intend on diminishing the effort, complexity, and due  
25 diligence needed to deliver that.

1 MPI 2.0, as I mentioned earlier, is our  
2 five (5) year ambition. It's an aspirational  
3 statement, and it's centred around being customer  
4 centric, data driven, and empowering an employee.

5 I'll use the example of empowered  
6 employees. And Mr. Parti had mentioned lean, which is  
7 derived from manufacturing. But at the core of lean  
8 recites the ability for our team members, our staff  
9 members, to make improvements, process improvements,  
10 to better serve customers.

11 So, it's a bit of a culture change.  
12 It's -- it's got a component around change management.  
13 And that's what we are aspiring to become as an  
14 organization whereby we are able to make continuous  
15 improvement at service centres, at back offices, and  
16 at Cityplace.

17 So, a 2.0 aspiration would focus around  
18 that -- around those components as it pertains to  
19 empowered employee.

20 Now with the customer driven and  
21 customer centric, I had mentioned we are now looking  
22 at release objectives as a function of each release.  
23 And associated with them are customer journey maps.  
24 That has been customer centric.

25 And so, again, NOVA is -- is enabling

1 that, but we don't have a project plan. There is no,  
2 at this stage, a budget associated with MPI 2.0 only  
3 because of the fact that it's a five (5) year ambition  
4 and it's aspirational.

5 So, the priorities that we are  
6 referring to here are the ones that were needed a) to  
7 enable NOVA, and, b) to -- to set us up for success  
8 beyond NOVA.

9 DR. BYRON WILLIAMS: So, just to be  
10 clear, in terms of the terminology competing program  
11 priorities here, it in no way refers to MPI 2000.  
12 That's your evidence?

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

15 DR. BYRON WILLIAMS: Sorry. We've got  
16 the words "competing priorities" here.

17 What I think I -- you're saying, and  
18 I'll ask you to confirm, is that MPI 2000 was not  
19 competing with Project Nova for the Corporation's  
20 attention in 2021 or early 2022?

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: If I understood  
25 right, the question is MPI 2.0 and associated

1 priorities are not competing with Project Nova. That  
2 answer is, no, they are not.

3 DR. BYRON WILLIAMS: Okay. Mr. Mitra,  
4 when Manitoba Public Insurance, you'll recall,  
5 referencing their engagement of McKinsey in the fall  
6 of 2021, agreed?

7 MR. SHAYON MITRA: Yes, agreed.

8 DR. BYRON WILLIAMS: Would it be fair  
9 to say that when MPI retained McKinsey, it did not ask  
10 that firm to consider redesigning or curtailing  
11 aspects of Project Nova?

12 MR. SHAYON MITRA: For my  
13 understanding, could you elaborate on "redesigning"?

14 DR. BYRON WILLIAMS: By the fall of  
15 2021, MPI was aware that Project Nova was badly off  
16 track financially. Agreed?

17 MR. SHAYON MITRA: Agreed.

18 DR. BYRON WILLIAMS: When you retained  
19 McKinsey, you didn't ask them what's an option to get  
20 us back on track financially. Agreed?

21 MR. SHAYON MITRA: Subject to check,  
22 the diagnostic assessment from McKinsey was to look at  
23 all factors, including our budget, including where we  
24 were in the program, and the steps needed to de-risk,  
25 the scope, and the time lines.

1 DR. BYRON WILLIAMS: In terms of the  
2 project that emerged after the McKinsey re-baseline,  
3 would it be fair to say that it was somewhat expanded  
4 in scope to the extent that it adopted the  
5 recommendations from the McKinsey assessment? The  
6 control tower, et cetera.

7 MR. SHAYON MITRA: The scope of  
8 Project Nova did not expand as a function of the  
9 McKinsey diagnostic assessment.

10 DR. BYRON WILLIAMS: The elements of  
11 it changed?

12 MR. SHAYON MITRA: The recommendations  
13 from McKinsey focused on -- on better governance,  
14 better oversight. And if you're referring to the  
15 control tower, those were the recommendations from  
16 McKinsey that would enable us to have that level of  
17 due diligence.

18 DR. BYRON WILLIAMS: And those are  
19 additional financial costs to Project Nova that did  
20 not exist prior to the McKinsey assessment. Agreed?

21 MR. SHAYON MITRA: There were -- from  
22 a budgetary standpoint, that did have an implication  
23 on the re-baselining amount, yes.

24 DR. BYRON WILLIAMS: And if we look at  
25 the initial project back in 2019, or at the time --

1 would it be fair to say that, in its original business  
2 case, Manitoba Public Insurance anticipated making all  
3 transactions available online?

4 MR. GARY DESSLER: Sorry, could you  
5 repeat the question? I want to make sure I understand  
6 the scope of your question.

7 DR. BYRON WILLIAMS: I'll do my best.  
8 In the original business case for Manitoba Public  
9 Insurance circa 2019, MPI anticipated making all  
10 transactions available online. Agreed?

11 MR. GARY DESSLER: You're talking  
12 about the original Legacy modernization?

13 DR. BYRON WILLIAMS: Yes.

14 MR. GARY DESSLER: So when we looked  
15 at that, we kind of separated in to two (2) topics.  
16 We had NPV calculation and we talked about what we  
17 want to expose to our customers.

18 So from an NPV calculation, we picked a  
19 number of, kind of, the -- the high hitters, right?  
20 That's what we used in the LSM business case.

21 But we were -- we talked about -- we  
22 had a, I would say, a wide scope for what we could  
23 offer customers. We hadn't done the due diligence to  
24 say, We want to enable, you know, every single one of  
25 these transactions.

1                   So from a business case point of view,  
2 from an NPV point of view, we only used a few  
3 transactions to quantify the benefits. But we had  
4 aspirations to be larger and add a lot more  
5 transactions to it.

6                   DR. BYRON WILLIAMS:   And by the time  
7 of the 2022 re-baseline, your ambitions in terms of  
8 the transactions that -- that could be available  
9 online was reduced from the original. Agreed?

10                  MR. GARY DESSLER:   Correct. And we  
11 looked at transactions that made sense for customers  
12 to do self service. So things where they needed to  
13 bring material in to MPI, where we needed them in  
14 person. Originally, we didn't really quantify that in  
15 the original business case. So that's what we looked  
16 at that subsequent review.

17                  DR. BYRON WILLIAMS:   And in terms of  
18 the available commissionable transactions, starting --  
19 comparing the Legacy project in 2019 or so to the re-  
20 baseline in 2022, that was reduced by 16 percent or  
21 so?

22                  MR. GARY DESSLER:   Let me check,  
23 please.

24

25

(BRIEF PAUSE)

1 MR. GARY DESSLER: Yes, that's  
2 correct.

3 DR. BYRON WILLIAMS: And if we go to  
4 NOVA Appendix 1, slide 6, Ms. Schubert.

5

6 (BRIEF PAUSE)

7

8 DR. BYRON WILLIAMS: Directing your  
9 attention to the -- first of all, at a high level,  
10 this slide identify stream issues impacting releases  
11 identified in the fall of 2021. Agreed?

12 MR. GARY DESSLER: Yes.

13 DR. BYRON WILLIAMS: And in terms of  
14 digital services, in the top left-hand corner, you'll  
15 see there's a reference to a scope increase to avoid  
16 customization other applications such as billing.  
17 Agreed?

18 MR. GARY DESSLER: That's correct.

19 DR. BYRON WILLIAMS: So as compared to  
20 the initial 2019 project, the scope of the 2022 re-  
21 baseline was broader, in that it included some digital  
22 services -- an expanded vision of digital services,  
23 sir?

24 MR. GARY DESSLER: I would say not. I  
25 mean, what we're referring to here is -- when we got



1 into the details for our DVA software, we understood  
2 that we needed to augment that with how they managed  
3 the financial transactions. They expected Celtic  
4 software literally -- you know, tightly integrated  
5 with the GL for all the, what I'll call, sub-ledger  
6 details -- all the transactional details.

7 Celtic doesn't support that. They  
8 assume that the financial system would take care of  
9 all that. We wanted to keep that out of our GL and  
10 had it in -- so we needed a place to put that. And  
11 that's where we looked at our digital platform as  
12 being that candidate for that which was always what  
13 our original plan was for our -- the digital platform.  
14 We didn't want to customize Celtic. We didn't want to  
15 customize Duck.

16 And anything that would kind of fall in  
17 between, we were looking to use our digital platform  
18 as kind of the mortar between those bricks.

19 And so, it wasn't really a scope change  
20 at the highest level. It was really we moved some  
21 work from Celtic to digital but it wasn't brand new  
22 scope to the program.

23 DR. BYRON WILLIAMS: Okay. Thank you.  
24 Would it be correct to say that certain parts of NOVA  
25 were -- by the time the '22 re-baseline moved out of

1 NOVA and into other MPI projects, such as the IT  
2 transformation project?

3 MR. GARY DESSLER: Yes, that's  
4 correct.

5 DR. BYRON WILLIAMS: Thank you. Mr.  
6 Mitra, would it be fair to say that, as compared to  
7 the 2021 re-baseline, the deliverables and releases of  
8 Project Nova have changed materially as a result of  
9 re-baseline 2022?

10 MR. SHAYON MITRA: Sorry, if your  
11 question is have the deliverables for Project Nova  
12 changed as a result of 2022 re-baseline?

13 DR. BYRON WILLIAMS: Yes.

14 MR. SHAYON MITRA: As I mentioned  
15 earlier, for release 3 and 4, we haven't defined the  
16 release objectives yet because we have to finish pre-  
17 discovery and discovery.

18 For release 1, we have not changed the  
19 -- the scope and -- and the intent is to still deliver  
20 what the minimum parameters is for release 1.

21 For release 2, I had mentioned that  
22 there's nineteen (19) release objectives that we have  
23 listed. And our intent is to deliver them, contingent  
24 on other strains.

25 So that high level scope has not

1 significantly changed for Project Nova.

2 DR. BYRON WILLIAMS: And the timing of  
3 the release has obviously changed substantially  
4 between the 2021 and '22 re-baselines. Agreed?

5 MR. SHAYON MITRA: That is correct.  
6 So we have added twenty (20) months and -- and, along  
7 with that, there have been financial implications  
8 because of the extension, yes.

9 DR. BYRON WILLIAMS: And, in fact, the  
10 financial case for Project Nova as measured in NPV,  
11 net present value, has deteriorated substantially.

12 MR. SHAYON MITRA: It is negative \$189  
13 million right now, yes.

14 DR. BYRON WILLIAMS: And would it be  
15 fair to say that Project Nova continues to face  
16 material risk that not all of the benefits promised  
17 will be achieved and with specific reference to  
18 release 3, sir?

19 MR. GARY DESSLER: So Gary responding.  
20 Some of the financial benefits, definitely we have  
21 some questions about, you know, what that -- that's  
22 impacting our business case, the NPV. But the other  
23 benefits, like modernizing our, you know, core  
24 systems, getting rid of security dat -- or technology  
25 obsolescence, are all benefits that we absolutely feel

1 strongly with that that are going to be delivered as  
2 part of release 3.

3 DR. BYRON WILLIAMS: Okay, thank you.  
4 I'd like to go to the October 19th transcript of this  
5 hearing. Mr. Herbelin at pages 2 -- page 206, lines 6  
6 to 11.

7 Mr. Mitra, I'll give you a -- a second  
8 to read lines 6 to 11, sir. You're seen that, sir?

9 MR. SHAYON MITRA: Yes, I have.

10 DR. BYRON WILLIAMS: Okay. So, you're  
11 familiar with that statement?

12 MR. SHAYON MITRA: Yes, I am.

13 DR. BYRON WILLIAMS: And you agree  
14 with that statement, sir?

15 MR. SHAYON MITRA: On hindsight? Yes,  
16 I do.

17 DR. BYRON WILLIAMS: In terms of the  
18 critical capabilities in the business that Mr.  
19 Herbelin is referencing at lines 9 and 10, are those  
20 some of the competing priorities that you were talking  
21 to me about previously, sir?

22 MR. SHAYON MITRA: In a nutshell, yes.

23 DR. BYRON WILLIAMS: Okay. And, in  
24 terms of the critical capabilities, in terms of the  
25 technology area, at lines 9 and 10 of Mr. Herbelin's

1 statement, again, are those some of those competing  
2 priorities that you were talking to me about  
3 previously?

4 MR. SHAYON MITRA: Yes.

5 DR. BYRON WILLIAMS: Mr. Mitra, would  
6 it be accurate to say that despite the decline of the  
7 NOVA financial business case, MPI did not step back  
8 and ask itself whether a temporary stop work order  
9 should be issued?

10

11 (BRIEF PAUSE)

12

13 MR. SHAYON MITRA: For us to put a  
14 stop to Project NOVA, the risk would be significant in  
15 the sense that, we have signed contracts for releases  
16 1 and 2, with our system integrator partners and the  
17 platforms.

18 And, as stated previously by Mr.  
19 Herbelin and Mr. Parti, NPV is not a primary driving  
20 factor for Project Nova and it -- it's a key enabling  
21 initiative of project, and -- and for us to move away  
22 from our Legacy systems, so that's why -- that was  
23 another reason why we could not put a stop to -- to  
24 the project mid-flight, while we were getting ready  
25 for release 1 and release 2.

1 DR. BYRON WILLIAMS: And does that  
2 same concept apply to release 3 and 4, that you're  
3 sunk so deep into it that a temporary work stop --  
4 temporary stop work order is beyond contemplation?

5 MR. SHAYON MITRA: So for releases 3  
6 and 4, we are -- first of all, we're taking all our  
7 learnings, and missteps from releases 1 and 2 and  
8 applying it to release 3 and 4.

9 The second piece is to what Mr.  
10 Dessler had shared, the way we are looking at release  
11 3 and 4, is breaking it down into smaller components  
12 that are -- that are smaller releases versus Big Bang  
13 Go Live.

14 And then, we are also making a number  
15 of improvements in capability gaps that did not --  
16 capabilities that did not exist as we moved through  
17 releases 1 and 2.

18 So, it -- with all of those  
19 improvements happening and, obviously, contingent on  
20 finishing discovery and -- pre-discovery and discovery  
21 for release 3 and 4, I think we will be better  
22 positioned to deliver that release than we had in the  
23 case of release 1 and 2.

24 DR. BYRON WILLIAMS: That's fair  
25 enough, sir, and we've heard your point. I'm just

1 trying to understand, is MPI so deep into Project Nova  
2 now, that it is beyond contemplation that it -- it  
3 would issue a temporary stop order for -- release 3?

4

5 (BRIEF PAUSE)

6

7 MR. SIDDHARTHA PARTI: Sid Parti.

8 I'll try to respond to that question.

9

I think it's very important to  
10 understand that, yes, technically, you can put a stop  
11 work order to anything that you're trying to do, but  
12 is it in the best interest for the Corporation? Is it  
13 in the best interest of Manitobans?

14 My position on that, and I believe,  
15 broadly, our organization's position on that, is that  
16 no. We have to replace a Legacy eco-system.

17 Now to Mr. Mitra's point where we are  
18 taking all of the lessons learned from release 1 and 2  
19 and external recommendations and so on and bringing  
20 that maturity that's required to -- for us to be  
21 successful.

22 So, a stop work order perhaps would not  
23 be the most viable option for MPI going forward. Can  
24 it be done? Technically? Absolutely, anything can be  
25 stopped.

1 DR. BYRON WILLIAMS: Thank you. I  
2 wanted to shift gears a little bit and go back to the  
3 general contractor issue and, Mr. Mitra, through your  
4 work with MPI and -- and your general familiar --  
5 general familiarity with systems integration and  
6 insurance, you are familiar with the firms Deloitte  
7 and PricewaterhouseCoopers. Agreed?

8 MR. SHAYON MITRA: Yes, I am.

9 DR. BYRON WILLIAMS: And, both would  
10 be world class consulting organizations, with  
11 significant experience in both systems integration and  
12 insurance?

13 MR. SHAYON MITRA: That is correct.  
14 Yes.

15 DR. BYRON WILLIAMS: And Deloitte was  
16 the firm that undertook the original project scoping  
17 and business planning for the LSM or Legacy System  
18 Modernization, back in 2018, sir?

19 MR. SHAYON MITRA: To my recollection,  
20 Deloitte, along with Avascent.

21 DR. BYRON WILLIAMS: Deloitte was one  
22 of the two (2)?

23 MR. SHAYON MITRA: Correct. Yes.

24 DR. BYRON WILLIAMS: And by the summer  
25 of 2021, PwC had been on-site, with Project NOVA, for



1 a couple of years by that time. Agreed?

2 MR. SHAYON MITRA: Agreed. Yes.

3 DR. BYRON WILLIAMS: And both PwC and  
4 Deloitte would have significant familiarity with  
5 Project Nova. Agreed?

6 MR. SHAYON MITRA: Agreed.

7 DR. BYRON WILLIAMS: And, if you can't  
8 answer this, I understand, but in terms of the  
9 technical teams that they have available to them, both  
10 PwC and Deloitte would be larger organizations than  
11 McKinsey. Agreed? If you can't answer it, that's  
12 fine.

13 MR. SHAYON MITRA: From my experience,  
14 (INDISCERNIBLE) be able to.

15 DR. BYRON WILLIAMS: Now, Mr. Mitra,  
16 you discussed with my learned friend Ms. McCandless,  
17 excuse me -- my -- my learned friend for the PUB, the  
18 untendered contract for McKinsey for general  
19 contractor for the project.

20 Do you recall that conversation, sir?

21 MR. SHAYON MITRA: Yes, I do.

22 DR. BYRON WILLIAMS: And that decision  
23 was made at some point in time in February of 2022.  
24 Agreed?

25 MR. SHAYON MITRA: Yes, agreed.

1 DR. BYRON WILLIAMS: Is MPI familiar  
2 with the accelerated tendering project that the  
3 Government of Manitoba sometimes employs?

4 I should have said accelerated  
5 tendering process, that the Government of Manitoba  
6 sometimes employs.

7 MR. SIDDHARTA PARTI: Subject to  
8 check, but I -- I believe our strategic sourcing and  
9 vendor management team that's running the procurement  
10 line of business would be aware of it, but subject to  
11 check.

12 DR. BYRON WILLIAMS: And is MPI aware  
13 whether or not the Government of Manitoba has used  
14 accelerated tendering processes for circumstances such  
15 as floods or emergencies? If you're not aware, you  
16 can say that, sir.

17 MR. SIDDHARTA PARTI: I'm personally  
18 not aware of it. No.

19 DR. BYRON WILLIAMS: And is MPI aware  
20 whether or not the Government of Manitoba has used  
21 accelerated tendering processes for technology  
22 initiatives, such as the FleetNet Project?

23 MR. SIDDHARTA PARTI: I'm not aware of  
24 that, no.

25 DR. BYRON WILLIAMS: Would it be fair

1 to say that, in the time period between the summer of  
2 2021, when concerns about the general contractor role  
3 first emerged, and February 2022, that Manitoba Public  
4 Insurance did not contemplate an accelerated  
5 purchasing proj -- process, that would have allowed  
6 for an expedited review of tenders?

7

8 (BRIEF PAUSE)

9

10 MR. SIDDHARTA PARTI: Subject to  
11 check, but I don't believe we evaluated that option.

12 DR. BYRON WILLIAMS: Thank you. Mr.  
13 Mitra, again, I'm -- I'm trying not to trespass too  
14 much on what my learned friend has already discussed  
15 but, at a high level, in terms of potential risks to  
16 the current budget and benefits contemplated by re-  
17 baseline 2022, one potential risk is the delay in  
18 release 2? That will put pressure on the budget?

19 MR. SHAYON MITRA: That's correct.

20 Yes.

21 DR. BYRON WILLIAMS: Another potential  
22 risk could be new challenges that emerge from the  
23 discovery of release 3 or release 4. Agreed?

24 MR. SHAYON MITRA: Agreed, yes.

25 DR. BYRON WILLIAMS: And you're aware

1 that MPI is contemplating negotiating a new agreement  
2 with the insurance brokers at some point in time.

3 Agreed?

4 MR. SHAYON MITRA: That's correct.

5 Yes.

6 DR. BYRON WILLIAMS: And, depending on  
7 how that -- those discussions turn out, that  
8 discussion, again, may impact the 2022 re-baseline?

9 Agreed? Put pressure on it?

10 MR. SHAYON MITRA: From a commission's  
11 perspective?

12 DR. BYRON WILLIAMS: Yes.

13 MR. SHAYON MITRA: Yes.

14 DR. BYRON WILLIAMS: Mr. Mitra, to you  
15 or your Panel, can you define "self-sufficiency" in --  
16 as MPI uses it, in the context of Project Nova?

17

18 (BRIEF PAUSE)

19

20 MR. GARY DESSLER: Yeah, I'll answer.

21 Gary Dessler. So, self-sufficiency -- in context of  
22 self-sufficiency with NOVA, we're talking about the  
23 ability of our IT Teams to be able to support the  
24 technologies that we're implementing.

25 So, for example, you know, Duck Creek

1 is a configurable system. So, if we want to make any,  
2 you know, kind of rating changes, anything that we  
3 want, we want to be able to do that ourselves, as  
4 opposed to relying, long-term, on contractors to do  
5 that.

6 In the context of something like  
7 Celtic, where it's a COTS package, and emphasis is the  
8 system integrator, we have to understand, okay, what  
9 does that mean for us to support the Celtic System.  
10 So we want to be able to do the simple things, like,  
11 you know, if, for example, the government says that  
12 there's more demerits for a certain type of moving  
13 violation, we want to be able to make those changes  
14 ourselves, instead of relying on a con -- a -- a  
15 contractor consulting firm to make those changes. So  
16 self-sufficiency is about supporting infrastructure  
17 that we're putting in.

18 DR. BYRON WILLIAMS: Thank you, sir.  
19 And focussing exclusively on release 1, would it be  
20 fair to say that with the timing pressures and sense  
21 of urgency related to release 1, that self-sufficiency  
22 has had to take a back seat to just getting the  
23 project done?

24 MR. GARY DESSLER: Gary here, again.  
25 I -- I don't know if I would say a back seat. So,

1 there are definitely areas that we are going to be  
2 self-sufficient in. Are we going to be self-  
3 sufficient in every single corner of supporting all  
4 the technology? No. So, we've -- you know, one of  
5 the things that we've -- as part of self-sufficiency,  
6 we want employees to be in working on the projects, so  
7 they learn how to configure the system.

8                   We don't want to -- you know, the first  
9 time the Operational Team starts to see Duck Creek is  
10 when they take responsibility for it on January 23rd.  
11 So, they've been involved in the project earlier. So,  
12 we are building that -- that capability internally.

13                   Have we covered as much as we maybe  
14 originally thought at the very beginning? No. So,  
15 it's -- it's not like it's taken a back seat but it's  
16 just been, you know, the complexity, the amount of  
17 work that we're doing, you know, we talk about some  
18 other competing projects.

19                   So, there's been a number of issues  
20 that have impacted our ability to be self-sufficient  
21 but, again, I don't -- I wouldn't want to say it's  
22 been in the back seat. It's -- you know, we have made  
23 some progress but maybe not as much as we wanted to  
24 across the board.

25                   DR. BYRON WILLIAMS: Thank you. We're

1 in the short snappers area I think, Mr. Mitra.

2 At a high level, I can take you to an  
3 IR -- Information Request response if you need it but,  
4 in terms of Project Nova, at a high level, you will  
5 agree that there has been a change in the cost  
6 allocation methodology, in terms of how the costs of  
7 the project are allocated to the various lines of  
8 business, including Basic, Extension, SRE and DVA?  
9 Agreed?

10 MR. SHAYON MITRA: I would agree.  
11 Yes.

12 DR. BYRON WILLIAMS: Again, at a high  
13 level, that change in -- in -- in methodology was  
14 based on a business analysis and project management  
15 advice, received from the vendor, Acc -- Accenture, as  
16 at January 2022?

17

18 (BRIEF PAUSE)

19

20 MR. SHAYON MITRA: Story points, as  
21 Mr. Dessler had explained earlier, are components at  
22 work that are, if you roll them up, they go into  
23 features and that's how we deliver release objectives.  
24 So to get an analytical approach in understanding cost  
25 allocation, from our understanding, that would have

1 been an accurate way of doing so.

2                   So, the recommendation was driven  
3 internally. Accenture may -- may have assisted us  
4 with that but it was not strictly on the heels of  
5 Accenture's recommendation.

6                   DR. BYRON WILLIAMS:    Okay. Under the  
7 previous approach, significantly more costs of Project  
8 Nova would have been allocated to Basic. Agreed?

9                   MR. SHAYON MITRA:    Subject to check.  
10 Yes.

11                   DR. BYRON WILLIAMS:    And has there  
12 ever been an external validation of the  
13 appropriateness of changing this cost allocation?

14

15                                   (BRIEF PAUSE)

16

17                   MR. SHAYON MITRA:    Not an external  
18 organization but it was approved by our Audit and  
19 Finance Committee of the Board.

20                   DR. BYRON WILLIAMS:    And as Manitoba  
21 Public Insurance embarks upon pre-discovery and  
22 discovery of releases 3 and 4, there is a possibility  
23 that the breakdown of the cost allocation will change  
24 again. Agreed?

25                   MR. SHAYON MITRA:    Agreed.



1 DR. BYRON WILLIAMS: Is the current  
2 state of the cost allocation approach, Mr. Mitra, that  
3 the billion dollar Basic line of business is currently  
4 allocated less than 20 percent of Project Nova's  
5 costs?

6 MR. SHAYON MITRA: Yes, approximately.

7 DR. BYRON WILLIAMS: And in terms of  
8 the approval for that change in cost allocation, when,  
9 about, did that take place? Would that be in early  
10 2022?

11

12 (BRIEF PAUSE)

13

14 MR. SHAYON MITRA: Subject to check.  
15 It would have been around January/February of 2022 as  
16 well.

17 DR. BYRON WILLIAMS: Okay. I am  
18 wondering if I could ask Ms. Schubert to pull up the  
19 agreement with the insurance brokers, Part 4, NOVA,  
20 Appendix 14. And specifically, we'll just start with  
21 section 3.15.

22

23 (BRIEF PAUSE)

24

25 DR. BYRON WILLIAMS: Again, Mr. Mitra,

1 I assume this can go to you, but at a high level, if a  
2 consumer -- once -- once there are more services  
3 available online, at a high level, if that consumer  
4 wishes to interact with Manitoba Public Insurance  
5 online, but doesn't chose a broker of record, would it  
6 be correct to suggest that they can't use the online  
7 program?

8

9

(BRIEF PAUSE)

10

11

MR. STEVE SCARFONE: Mr. Williams,  
12 with respect to that particular question, can we -- if  
13 -- if you're agreeable, take that away as an  
14 undertaking and check with the -- the business unit?

15

DR. BYRON WILLIAMS: I think it's --  
16 it's right there, Mr. Scarfone.

17

MR. STEVE SCARFONE: Oh, we're getting  
18 some back row response actually.

19

20 CONTINUED BY DR. BYRON WILLIAMS:

21

DR. BYRON WILLIAMS: Let me phrase it  
22 a different way, selecting a broker of record is a  
23 pre-condition to be able to renew online, agreed?

24

MR. GARY DESSLER: Yes.

25

DR. BYRON WILLIAMS: So, if the

1 Manitoba consumer does not wish to select an online  
2 broker, they can't renew online, agreed?

3 MR. GARY DESSLER: Correct.

4

5 (BRIEF PAUSE)

6

7 DR. BYRON WILLIAMS: If we can turn to  
8 section 3.8 --

9 MR. GARY DESSLER: Sorry, I just want  
10 to -- that was only for the insurance transactions.  
11 There may be some other DVA transactions or something,  
12 but for the insurance transactions they would need to  
13 specify a broker, a broker of record.

14 DR. BYRON WILLIAMS: And if -- in  
15 terms of renewing their Basic insurance, if they don't  
16 select a -- a broker, they can't renew online, agreed?

17 MR. GARY DESSLER: Correct.

18 DR. BYRON WILLIAMS: Section 3.8, one  
19 other element of the Broker Agreement is that Manitoba  
20 Public Insurance will continue its practice of not  
21 actively promoting the sale of MPI products through  
22 its service centres, agreed?

23 MR. SHAYON MITRA: Agreed.

24 DR. BYRON WILLIAMS: And then section  
25 four four, if we might.

1 (BRIEF PAUSE)

2

3 DR. BYRON WILLIAMS: In this clause,  
4 Manitoba Public Insurance is agreeing not to apply to  
5 the Public Utilities Board for differential premiums  
6 for in-person transactions, and online transactions  
7 for the commission periods listed in Article 4-1.

8 Is that right?

9

10 (BRIEF PAUSE)

11

12 MR. SHAYON MITRA: That's correct.

13 DR. BYRON WILLIAMS: Okay, thank you.  
14 Mr. Mitra, just to finish off, Manitoba Public  
15 Insurance would describe Project NOVA as the largest  
16 single technical project in its history, agreed?

17 MR. SHAYON MITRA: Agreed.

18 DR. BYRON WILLIAMS: And Manitoba  
19 Public Insurance would agree that a significant  
20 cultural transformation will be required in the  
21 business in the '22 and 20 -- 2022 and 2023 years to  
22 successfully implement Project NOVA?

23 MR. SHAYON MITRA: Could you elaborate  
24 on "cultural transformation?"

25 DR. BYRON WILLIAMS: Do you -- does

1 Manitoba Public Insurance agree that there will be a  
2 significant change in the way it does business after  
3 Project Nova?

4 MR. SHAYON MITRA: Agreed, yes.

5 DR. BYRON WILLIAMS: And would it have  
6 received advice that it -- that it should be expect --  
7 expecting the need for a significant cultural  
8 transformation in the 2022 and 2023 year?

9 If not, sir, if that's -- if you don't  
10 -- you're not familiar with it, that's fine.

11

12 (BRIEF PAUSE)

13

14 MR. SHAYON MITRA: Maybe I'll respond  
15 differently. We are aware that -- that change  
16 management is an important component for the success  
17 of Project Nova and, for that matter, where we are  
18 headed as an organization.

19 In light of where things are post-  
20 pandemic. So, from that lens we are looking at it  
21 from an enterprise sense. From a cultural  
22 transformation, we expect that things will change once  
23 we deploy these solutions and platforms. And  
24 associated with that there will be other impacts and -  
25 - and we are aware of that as well.

1 DR. BYRON WILLIAMS: And since the  
2 initiation of -- of this project originally, known as  
3 Legacy System Modernization, now known as Project  
4 Nova, you would agree that there has been significant  
5 delays in the rollout of the various releases?

6 MR. SHAYON MITRA: That is correct,  
7 yes.

8 DR. BYRON WILLIAMS: And there's no  
9 doubt that the project is significantly over budget  
10 compared to initial cost estimates?

11 MR. SHAYON MITRA: It's higher than  
12 initially assessed, yes.

13 DR. BYRON WILLIAMS: More than double?

14 MR. SHAYON MITRA: More than double,  
15 that's correct.

16 DR. BYRON WILLIAMS: And you'd agreed  
17 there's been a significant reduction in the initial  
18 ben -- in the benefits expected from this project, the  
19 financial benefits expected from this project?

20 MR. SHAYON MITRA: The financial  
21 benefits, yes.

22 DR. BYRON WILLIAMS: And it would be  
23 fair to say that there has been substantial change in  
24 project leadership over the last two (2) or three (3)  
25 years in terms of Project Nova?

1 MR. SHAYON MITRA: That's correct,  
2 yes.

3 DR. BYRON WILLIAMS: And in the course  
4 of working on Project Nova, Manitoba Public Insurance  
5 has employed multiple high-level external -- external  
6 consultants including Deloitte, Avascent, and  
7 McKinsey. Agreed?

8 MR. SHAYON MITRA: Agreed.

9 DR. BYRON WILLIAMS: And would it be  
10 fair to characterize this project given its size, and  
11 its financial challenges, and its timing challenges as  
12 a high-risk project, Mr. Mitra?

13

14 (BRIEF PAUSE)

15

16 MR. SHAYON MITRA: Yes, agreed.

17 DR. BYRON WILLIAMS: We have no  
18 further questions. Thank you, Madam Chair.

19 THE CHAIRPERSON: Thank you, Mr.  
20 Williams. Mr. Weinstein...?

21 MR. MICHAEL WEINSTEIN: Madam Chair, I  
22 know it's only two o'clock, but I just wonder if we  
23 might take a short break so I can relocate to the  
24 front and just readjust. We won't be straying  
25 anywhere near the end of the day with our questions so

1 I'd just ask if we can have that brief adjournment.

2

3 THE CHAIRPERSON: Sure, we'll just  
4 wait for you to re-organize and carry on.

5

6 (BRIEF PAUSE)

7

8 MR. STEVE SCARFONE: Madam Chair, is  
9 it 10 after 2:00? Is that when we're resuming --

10 THE CHAIRPERSON: Well, I thought we  
11 were just going to wait until -- you want a break?  
12 Okay, I'm sorry. Excuse me, I misunderstood. We'll -  
13 - we'll break until a quarter after 1:00 -- or 2:00  
14 rather.

15

16 --- Upon recessing at 1:58 p.m.

17 --- Upon resuming at 2:16 p.m.

18

19 THE PANEL CHAIRPERSON: Thank you.

20 Mr. Weinstein...?

21 MR. MICHAEL WEINSTEIN: Thank you,  
22 Madam Chair.

23

24 CROSS-EXAMINATION BY MR. MICHAEL WEINSTEIN:

25 MR. MICHAEL WEINSTEIN: Good



1 afternoon, members of the panel. My name is Michael  
2 Weinstein and along with my colleague Jennifer Sokal.  
3 I represent IBAM.

4 I will have questions for the panel I  
5 suppose generally. I -- I expect that some of those  
6 answers may come from Mr. Mitra or Mr. Dessler, but  
7 they may be better suited coming from others so,  
8 please, answer them as you deem appropriate amongst  
9 you.

10 We know and we've heard today that  
11 Project Nova and the launch of online services for  
12 customers has been pushed back over a year from past  
13 forecasting. That originally it was supposed to be  
14 launched in April of 2023, and now it's expected to be  
15 in July of 2024 at the earliest.

16 And we've also heard that the -- the  
17 cause of that date being pushed back is due to, among  
18 other things, risks associated with the IT aspects of  
19 the project resulting in MPI choosing to slow down and  
20 flatten the time line. Is that fair?

21 MR. SHAYON MITRA: IT is one (1) of  
22 the aspects, but there are other capabilities outside  
23 of IT as well, such as, customer journey mapping,  
24 business process management, operational and -- and  
25 business readiness. So they were a number of

1 contributing factors beyond IT.

2 MR. MICHAEL WEINSTEIN: Thank you for  
3 that. That's helpful. I just wanted to confirm MPI's  
4 been asked a number of questions by others about the  
5 reasons for that delay in the rollout.

6 But can you just confirm that those  
7 delays aren't attributable to anything done on the  
8 part of brokers causing the delay, that they're for  
9 the other reasons that you've explained so far?

10 MR. SHAYON MITRA: That's correct.

11 MR. MICHAEL WEINSTEIN: Thank you.  
12 Can we please bring up Exhibit 3. It's IBAM-MPI-2-2.  
13 And turn to figure 1.

14 This chart shows the estimated broker  
15 commissions from 2023 to 2033 based on the rates from  
16 the last broker agreement to the current broker  
17 agreement, correct?

18 MR. SHAYON MITRA: Correct.

19 MR. MICHAEL WEINSTEIN: And by the  
20 current broker agreement, just so we're clear, we both  
21 understand that doesn't include any amendments that  
22 may be coming pursuant to discussions that are ongoing  
23 between MPI and IBAM -- MPI and IBAM.

24 It's just the existing agreement,  
25 right?

1 MR. SHAYON MITRA: Existing agreement  
2 as it stands, correct.

3 MR. MICHAEL WEINSTEIN: Thank you. So  
4 we can see, looking at this table, that for the next  
5 two (2) years, absent any amendments that are  
6 expected, brokers will make more commissions than they  
7 would have under the old agreement, right?

8 MR. SHAYON MITRA: Correct.

9 MR. MICHAEL WEINSTEIN: And this  
10 increase in commissions, as it stands under this  
11 table, is due to the delays associated with the  
12 rollout of Project Nova, correct?

13

14 (BRIEF PAUSE)

15

16 MR. SHAYON MITRA: That is correct,  
17 yes.

18 MR. MICHAEL WEINSTEIN: Thank you.  
19 Right. And -- and that's -- that's because the  
20 increase in commission for two (2) years is -- is just  
21 -- it was expected there would be immediate savings in  
22 2023 because NOVA was originally supposed to launch at  
23 that time, right?

24 MR. SHAYON MITRA: Correct, yes.

25 MR. MICHAEL WEINSTEIN: But even with

1 the push-back of the rollout of NOVA, there are only  
2 two (2) years that are expected to result in higher  
3 commissions under this agreement than under the old  
4 agreement, correct?

5 MR. SHAYON MITRA: Subject to check,  
6 correct.

7 MR. MICHAEL WEINSTEIN: Thank you.  
8 And would you also agree that that amount is expected  
9 to then be recouped or recovered by MPI in less than  
10 two (2) years after NOVA launches due to the new rates  
11 that have been agreed to?

12 MR. SHAYON MITRA: That's correct.

13 MR. MICHAEL WEINSTEIN: Thank you.  
14 And in fact, it's possible that these losses we've  
15 just discussed may not even occur because IBAM and MPI  
16 are currently negotiating the possibility of moving  
17 back the new rates to the new launch date for NOVA,  
18 right?

19 MR. SHAYON MITRA: That's correct. I  
20 also want to call out that it also makes an assumption  
21 that the percentage of online transaction, and the  
22 adoptions after Go Live the first two (2) years, would  
23 10 and 25 percent.

24 MR. MICHAEL WEINSTEIN: Fair enough.  
25 And the negotiation of this potential new broker

1 agreement or revisions to the existing agreement,  
2 that's aimed, in part, at relieving pressure on costs  
3 associated with Project Nova arising from commissions  
4 due to the push-back date, right?

5 MR. SHAYON MITRA: That's correct.

6 MR. MICHAEL WEINSTEIN: Thank you.

7 Can we turn to MPI Exhibit 76. And if we can go to  
8 the table. Thank you.

9 This is a similar table to the one that  
10 we just looked at, but this table shows what the  
11 commissions are forecasted to be if MPI and IBAM come  
12 to an agreement to delay the implementation of the new  
13 rates to an assumed launch date of NOVA of July 2024,  
14 right?

15 MR. SHAYON MITRA: That's correct.

16 MR. MICHAEL WEINSTEIN: And so if you  
17 look at this table at the year 2024/2025, it shows  
18 that, in those circumstances, MPI is forecasted to  
19 experience savings of eighty thousand dollars  
20 (\$80,000) in commissions as compared to the  
21 commissions that would be paid under the old broker  
22 agreement, right?

23 MR. SHAYON MITRA: That's correct.

24 MR. MICHAEL WEINSTEIN: And then if  
25 you look at 2025/'26, it shows that MPI is expected to

1 experience savings of \$4.73 million in commissions as  
2 compared to those that would have been paid under the  
3 old agreement?

4 MR. SHAYON MITRA: That's correct.

5 MR. MICHAEL WEINSTEIN: And so if MPI  
6 and IBAM are able to come to an agreement on pushing  
7 back the dates for different commissions for online  
8 and in-person until the launch of online services, MPI  
9 won't experience losses in commissions when compared  
10 to what it would have paid under the old agreement,  
11 right?

12 MR. SHAYON MITRA: That's correct.

13 MR. MICHAEL WEINSTEIN: And if you  
14 look at the total difference in commissions paid in  
15 the circumstances or in the context of the MPI-IBAM  
16 agreement being renegotiated, MPI will in fact under  
17 this table realize savings of 90.13 million as  
18 compared to the prior agreement, right?

19 MR. SHAYON MITRA: Correct, subject to  
20 the assumption the percentage on online transaction  
21 adoptions. That's something that'll be outside of  
22 MPI's control.

23 MR. MICHAEL WEINSTEIN: Fair enough,  
24 but based on the -- the table that we're looking at.

25 MR. SHAYON MITRA: Calculations here,

1 yes, agreed.

2 MR. MICHAEL WEINSTEIN: And this means  
3 that there would be additional savings then to MPI in  
4 an amount just under \$9 million, right?

5 MR. SHAYON MITRA: Yes.

6 MR. MICHAEL WEINSTEIN: Thank you.  
7 And is it fair to say that MPI has also reduced its  
8 expected savings in commissions in NOVA due to some  
9 flat-fee services being removed from online?

10

11 (BRIEF PAUSE)

12

13 MR. SHAYON MITRA: Yes.

14 MR. MICHAEL WEINSTEIN: Thank you.

15 And I understand this is because that MPI learned that  
16 some services just cannot be offered online, correct?

17 MR. SHAYON MITRA: Yes, due to the  
18 complexity and nature of those -- those transactions,  
19 yes.

20 MR. MICHAEL WEINSTEIN: And -- and you  
21 -- you said the complexity and nature of the  
22 transactions.

23 And I -- I think that also includes  
24 that there are some security concerns that require  
25 people to attend in person to see a broker or a

1 service centre, right?

2 MR. SHAYON MITRA: That would be  
3 correct, yes.

4 MR. MICHAEL WEINSTEIN: And -- and, as  
5 you said, other cases, just the complexity of certain  
6 transactions requires they attend in person, right?

7 MR. SHAYON MITRA: That is correct,  
8 yes.

9 MR. MICHAEL WEINSTEIN: And so, it's  
10 fair to say that complex transactions actually require  
11 that customers not go through the transactions  
12 strictly online?

13 MR. SHAYON MITRA: I think we would  
14 have to assess it at a transaction by transaction  
15 standpoint.

16 MR. MICHAEL WEINSTEIN: Okay. Well,  
17 let's -- let's take even -- you know, even the example  
18 of where a customer is making the choice of deductible  
19 or the third-party liability amount that they're  
20 selecting, even in that case, would you agree that  
21 many customers don't even understand the choice that  
22 they're making when they're being presented between  
23 those two (2) options?

24

25 (BRIEF PAUSE)



1 MR. MICHAEL WEINSTEIN: And sorry, if  
2 I could just take you to -- to the transcript from  
3 October 19th of 2022, page 245.

4

5 (BRIEF PAUSE)

6

7 MR. MICHAEL WEINSTEIN: And I'll just  
8 ask you to review lines 16 to 23. This is Mr.  
9 Herbelin's testimony.

10

11 (BRIEF PAUSE)

12

13 MR. MICHAEL WEINSTEIN: So, again,  
14 sir, I'm just showing you that Mr. Herbelin gave  
15 evidence to this effect, that customers often don't  
16 really understand the choices that they have to make  
17 with respect to deductibles or third-party liability  
18 because they're -- they're not regularly exposed to  
19 those choices.

20 Do you agree with that?

21 MR. SHAYON MITRA: That's fair.

22 MR. MICHAEL WEINSTEIN: So, in fact,  
23 brokers and -- and MPI employees play a role in  
24 explaining those choices to the customer when they are  
25 confronted with those choices, right?

1 MR. SHAYON MITRA: That is correct.

2 And, alternatively, it could also be our website or --  
3 or a broker's website.

4 MR. MICHAEL WEINSTEIN: Right. If  
5 they -- if you're saying a customer could go and  
6 search that information out?

7 MR. SHAYON MITRA: That's correct.

8 MR. MICHAEL WEINSTEIN: Okay.

9 MR. SHAYON MITRA: Potentially, yes.

10 MR. MICHAEL WEINSTEIN: But if they  
11 have questions on that, they'd pose those to brokers  
12 or -- or MPI employees, right?

13 MR. SHAYON MITRA: Whoever, yes.

14 MR. MICHAEL WEINSTEIN: All right.  
15 So, the -- the brokers and the MPI employees play a  
16 role in the consumer protection function because they  
17 can answer these questions, correct?

18 MR. SHAYON MITRA: Correct. Yes.

19 MR. MICHAEL WEINSTEIN: Thank you.  
20 And further to that point, and I think we may have  
21 just agreed on this, but certainly some customers who  
22 are transacting with MPI online are going to have  
23 questions about, you know, various products that  
24 they're -- they're seeking out, right?

25 MR. SHAYON MITRA: Yes.

1 MR. MICHAEL WEINSTEIN: And so, it's  
2 fair to assume that some customers will call MPI  
3 service centres to ask questions while purchasing  
4 their insurance online?

5 MR. SHAYON MITRA: Yes.

6 MR. MICHAEL WEINSTEIN: And some may  
7 also call their broker to do the same, right?

8 MR. SHAYON MITRA: That's correct.

9 MR. MICHAEL WEINSTEIN: And you'd  
10 agree that where a customer makes that call in advance  
11 of making a purchase online, there's no transaction  
12 that shows for the call to that service centre or the  
13 broker if they ultimately make the transaction online,  
14 right?

15 MR. SHAYON MITRA: There is no  
16 transaction correct, that's correct.

17 MR. MICHAEL WEINSTEIN: And I just  
18 wanted to provide you with some examples of the types  
19 of questions that MPI customers might -- might ask  
20 about when they're transacting online.

21 So, for example, it's possible that a  
22 customer transacting online might -- might say, you  
23 know, I legally own a vehicle, but for all intents and  
24 purposes, it's really my child's car.

25 Does it matter who the registered owner

1 is? You know, can I just register it in my name so  
2 the insurance is cheaper?

3                   These are the types of questions that  
4 can be asked, correct?

5

6                   (BRIEF PAUSE)

7

8                   MR. STEVE SCARFONE:    Mr. Weinstein, so  
9 the difficulties to your questions present to this  
10 panel, at least, as you probably anticipate, is  
11 they're not experts in the -- in the service delivery  
12 of the products and services that the Corporation  
13 provides and, I think, you know, would have expected  
14 this.

15                   What we can do, is consider the  
16 questions and if there's a panel member that can  
17 reasonably answer it, he will.  If not, we can take it  
18 away.  And then -- by way of undertaking.  And then  
19 when we reappear on the undertaking panel, we can have  
20 Mr. Sass (phonetic) or someone else here to answer  
21 those questions.  I think it might be a more effective  
22 use of -- of this panel at least.

23                   MR. MICHAEL WEINSTEIN:   What I then  
24 propose to do, if it's acceptable to you, Mr.  
25 Scarfone, is that I'll just -- I have a list of

1 questions here; it's not terribly lengthy, but I'll  
2 read them all in. And -- and unless you can tell me  
3 that some can be answered now we'll allow you to take  
4 them -- or ask you to take them away.

5 MR. STEVE SCARFONE: Yeah. And I  
6 expect most of them are transactional in nature?

7 MR. MICHAEL WEINSTEIN: That's right.  
8 That's right.

9 MR. STEVE SCARFONE: Yeah.

10 MR. MICHAEL WEINSTEIN: Okay. So I  
11 think the first question is already on the -- on the  
12 record. The next question is: What factors go into  
13 deciding who the proper registered owner is? And what  
14 happens if I choose the wrong person?

15 The next question: I only ride my  
16 motorcycle in the summer, should I cancel my coverage  
17 in the winter?

18 Next question: I get in an accident  
19 every year, what is the best deductible for me?

20 Next: I have not been in an accident  
21 in twenty (20) years, what is best for me?

22 Next: I'm using my car to drive for  
23 Uber occasionally. I'm still covered by MPI, correct?

24 Next: I'd like coverage for my vehicle  
25 that I keep at my house in Arizona and use when I go

1 down for the winter, that's not a problem, is it?

2                   Next: I live on a gravel road in the  
3 country, does this matter?

4                   Next: I work from home and drive my  
5 children to school every day, should I select pleasure  
6 or all-purpose?

7                   Next: I go to Arizona in November and  
8 March, should I change my coverage?

9                   And lastly: My vehicle is worth  
10 ninety-five thousand dollars (\$95,000) but I hardly  
11 drive it, do I need to buy beyond Basic?

12                   MR. STEVE SCARFONE: So, I'm glad that  
13 we've done this because I -- I fully expect that this  
14 panel wouldn't have the answer to those questions.  
15 And so, can we then take those -- we can take those  
16 questions and respond to each of them by way of  
17 undertaking?

18                   MR. MICHAEL WEINSTEIN: Okay. I want  
19 to -- actually, I think maybe we're not -- we're not  
20 totally clear on -- on what -- what I'm asking.

21                   THE PANEL CHAIRPERSON: Mr. Weinstein,  
22 I believe that Mr. Gabor has a question.

23                   BOARD CHAIR GABOR: Sorry. I'm just -  
24 - I'm sort of at a loss of what the purpose of this  
25 is.

1 MR. MICHAEL WEINSTEIN: I -- I'm not  
2 asking --

3 BOARD CHAIR GABOR: And I -- and I  
4 don't know if what you're asking is, have they heard  
5 these questions or not, number 1.

6 Number 2, quite frankly, Mr. Weinstein,  
7 this panel is here to talk about Project Nova. The  
8 Interveners are to assist us on questions of Project  
9 Nova. We've been looking at costs and the whole  
10 thing.

11 Quite frankly, your -- your cross  
12 sounds like an advertisement for IBAM. And if you  
13 want to get evidence in in terms of the value of IBAM,  
14 as part of the process, I think it would be more  
15 appropriate just to put in a witness at the time that  
16 IBAM's testifying, and you can get that in.

17 You're -- you're trying to get in that  
18 information through people who, quite frankly, are IT  
19 people.

20 So, if -- if there are questions to  
21 assist the -- the panel in determining NOVA, the  
22 costs, the future of it and all that, I understand it.  
23 I'm just sort of at a loss in terms of the purpose of  
24 your cross.

25 MR. MICHAEL WEINSTEIN: Well, let me

1 clarify, first of all. I'm not actually asking that  
2 the -- that MPI -- and what I was just getting to is  
3 that we're not asking for answers to these specific  
4 questions, what's the answer, you know, to those  
5 questions.

6 I was coming to the conclusion, which  
7 is really what I'd like the answer from MPI on, and  
8 what it goes to is, number 1 -- and I -- I understand  
9 the -- the role of IBAM that you've -- that you've  
10 told us.

11 But as part of Project Nova, and as  
12 part of online transactions coming on, one (1) of the  
13 questions that has been raised at a couple points  
14 during this hearing, in fact, is the complexity of  
15 those types of transactions and what's involved in  
16 online transactions.

17 So, if I can just get to my -- my last  
18 question and maybe... Okay?

19 BOARD CHAIR GABOR: Sure, go ahead.

20

21 CONTINUED BY MR. MICHAEL WEINSTEIN:

22 MR. MICHAEL WEINSTEIN: And so the --  
23 the question is that, you'd agree -- would you agree  
24 with me that the answers to these questions, whatever  
25 they may be, are important to customers in ensuring



1 that they understand the decision they're making when  
2 they choose their level of deductible, their level of  
3 third-party liability, and other decisions they make  
4 in transacting their insurance?

5 MR. SHAYON MITRA: Yes.

6 MR. MICHAEL WEINSTEIN: Thank you.

7

8 (BRIEF PAUSE)

9

10 MR. MICHAEL WEINSTEIN: And sir, would  
11 you agree that -- that in answering calls to MPI's  
12 service centres to answer questions such as this, that  
13 will take up resources for MPI. Correct?

14 MR. SHAYON MITRA: Yes.

15 MR. MICHAEL WEINSTEIN: And if, for  
16 instance, MPI doesn't have the capacity to answer  
17 these calls in a timely manner, it's a logical  
18 inference that customers may choose to finish the  
19 transaction without getting the advice they might  
20 need.

21

22 (BRIEF PAUSE)

23

24 MR. SHAYON MITRA: Yes, but the  
25 customer may also choose to use the broker website or

1 an MPI website to follow up on -- on finding  
2 additional details.

3 But I'm not in a position to be able to  
4 speak to it with any level of expertise.

5 MR. MICHAEL WEINSTEIN: Fair enough.  
6 Let me ask you this. If -- if an MPI -- if a customer  
7 receives an MPI product and it doesn't have the proper  
8 advice from MPI, that then creates a risk that that  
9 customer can be under insured. Right?

10

11 (BRIEF PAUSE)

12

13 MR. STEVE SCARFONE: So we're having -  
14 - we're still having -- this panel is having the same  
15 problems with the content of the questions, Mr.  
16 Weinstein, just -- because they're certainly not  
17 experts in -- in -- they're not from the operations  
18 side of the business, quite frankly.

19 MR. MICHAEL WEINSTEIN: Okay. Well,  
20 let me ask it another way that...

21

22 (BRIEF PAUSE)

23

24 MR. MICHAEL WEINSTEIN: If having a --  
25 a broker provide advice to customers regarding their

1 insurance needs, it helps to mitigate the risk for the  
2 customers and for MPI. Right?

3 MR. SHAYON MITRA: Yes.

4 MR. MICHAEL WEINSTEIN: Okay. And my  
5 understanding is MPI hasn't yet forecasted how many  
6 people it expects will call into MPI or to brokers  
7 when online launches. Is that right?

8 MR. SHAYON MITRA: That's correct.  
9 Simply because we can't predict the percentage of  
10 adoption based on Manitobans' preferences.

11 MR. MICHAEL WEINSTEIN: Agreed. And -  
12 - and without that information, MPI doesn't yet know  
13 the level of staffing it's going to require in its  
14 service centres or contact centres to service  
15 customers. Right?

16 MR. SHAYON MITRA: That's correct.  
17 But it's also making an assumption that when you do  
18 offer online, that the call volumes will go up.  
19 Because today, we do not offer online.

20 MR. MICHAEL WEINSTEIN: Right, okay.  
21 And I also understand that MPI is currently  
22 experiencing gaps in service levels because of  
23 staffing. Correct?

24

25 (BRIEF PAUSE)

1 MR. MICHAEL WEINSTEIN: Maybe I can  
2 assist you.

3

4 (BRIEF PAUSE)

5

6 MR. MICHAEL WEINSTEIN: I can assist  
7 you. Let me take you to -- to the transcript from  
8 October 20th, 2022, page 352. And let's go to lines 8  
9 to 18. And this is Mr. Giesbrecht's testimony and  
10 you'll see that -- that he advised the Board that:

11 "MPI is seeing longer customer wait  
12 times and customer impact. There  
13 aren't enough attendants to answer  
14 calls from customers, so customers  
15 are getting busy signals. And that  
16 there are, in some cases, one (1) to  
17 two (2) hour wait times at service  
18 centres."

19 Do you see that?

20 MR. SHAYON MITRA: Yes.

21 MR. MICHAEL WEINSTEIN: And so, would  
22 you agree with me there's a risk that customers may  
23 not be able to reasonably get in contact with MPI  
24 staff to get advice when they're performing an online  
25 transaction?

1

2

(BRIEF PAUSE)

3

4

MR. SHAYON MITRA: The high call volumes are a concern at our contact centre today and we are taking the steps needed to address that.

7

8

And then, sorry, if you could repeat your question?

9

MR. MICHAEL WEINSTEIN: Yeah. And so, my question was, because of these longer times, that there's a risk to customers that -- unless they wait on the phone for a while, if they hang up, they may not get that advice, that -- on their insurance transaction, right?

15

MR. SHAYON MITRA: That's a fair comment. But that's also making the assumption that these long wait times will also be prevalent when we do decide to go online and MPI would not have taken mitigation steps to be better prepared.

20

MR. MICHAEL WEINSTEIN: And I have a few more questions -- and Mr. Scarfone, you may tell me that they're not best asked of this panel and they go to the undertaking panel. So I'm going to set them out and then I'll -- I'll move topic.

25

So I just ask, you know, would you

1 agree with me -- and I'll ask you, Mr. Mitra -- that  
2 when a person experiences a change in their personal  
3 circumstances -- and I'll give you some examples --  
4 that their insurance may change.

5                   So for example, if a person used to  
6 work in an office and they make the decision to work  
7 from home, they may want to change their insurance  
8 from all purpose to pleasure. Right?

9                   MR. SHAYON MITRA: Potentially, yes.

10                   MR. MICHAEL WEINSTEIN: Okay. And  
11 that many people would have been in a circumstance of  
12 no longer commuting to work since the pandemic  
13 started. Right?

14                   MR. SHAYON MITRA: That is correct.  
15 Yeah.

16                   MR. MICHAEL WEINSTEIN: And that if a  
17 person was unaware that they could save money by  
18 changing their insurance from all purpose to pleasure,  
19 they might be paying higher premiums than they need  
20 to?

21                   MR. SHAYON MITRA: If the person is  
22 not aware? Yes.

23                   MR. MICHAEL WEINSTEIN: Right. And  
24 would you agree that by getting advice from a broker  
25 on the ramification of that change of circumstance, it

1 would be expected the customer be told they could  
2 change to pleasure, instead of all purpose, and  
3 thereby save money?

4

5

(BRIEF PAUSE)

6

7 MR. SHAYON MITRA: Yes, I would agree,  
8 in the absence of getting their -- the right advice.  
9 Or in an instance where the customer did not do his or  
10 her due diligence, that risk exists.

11 MR. MICHAEL WEINSTEIN: And then, so  
12 you'd agree that -- that by having that professional  
13 oversight -- for example -- on those changes,  
14 including on online transactions, that there would be  
15 a benefit to customers to provide advice on the  
16 impacts of changes in the circumstance on their  
17 insurance.

18 MR. SHAYON MITRA: I would agree, yes.

19 MR. MICHAEL WEINSTEIN: Can we turn  
20 now to MPI Exhibit 4.

21

22

(BRIEF PAUSE)

23

24 MR. MICHAEL WEINSTEIN: And can we  
25 turn to figure 1. So IBAM had asked for an

1 explanation of the revenue brought in by each of the  
2 service centres, brokers, and contact centres for the  
3 past five (5) years. And that's what's been provided  
4 here.

5                   And if you look at figure 1, in the  
6 Basic column, at the 2021/'22 year, you'd agree that  
7 the total Basic premium between each of brokers, MPI  
8 contact centres, and MPI service centres, subject to  
9 check, it equates to just under \$388 million?

10                   MR. SHAYON MITRA:     Yes.

11                   MR. MICHAEL WEINSTEIN:    And in the  
12 2021 year, brokers brought in just under \$373 million  
13 of premiums? Or 2021/'22, pardon me.

14                   MR. SHAYON MITRA:     That's correct.  
15 Yeah.

16                   MR. MICHAEL WEINSTEIN:    And so of this  
17 past year, brokers were bringing in 96 percent of  
18 Basic revenue?

19                   MR. SHAYON MITRA:     Well, that's not  
20 that good, but I would agree.

21                   MR. MICHAEL WEINSTEIN:    Okay, well,  
22 yeah, I'll say it's subject to check.

23                   MR. SHAYON MITRA:     Subject to check.

24                   MR. MICHAEL WEINSTEIN:    Thank you.

25 And MPI contact centres we see are bringing in about



1 seven point four (7.4) million, is that right?

2 MR. SHAYON MITRA: Yes.

3 MR. MICHAEL WEINSTEIN: And this  
4 constitutes about 1.9 percent of all Basic revenue.  
5 Do you agree, subject to check?

6 MR. SHAYON MITRA: Subject to check,  
7 yes.

8 MR. MICHAEL WEINSTEIN: And service  
9 centres were bringing in slightly less than the MPI  
10 Contact Centres and I'm going to suggest that's about  
11 1.6 percent. Do you agree, subject to check.

12 MR. SHAYON MITRA: Subject to check,  
13 yes.

14 MR. MICHAEL WEINSTEIN: And then for  
15 the Extension category, we see that brokers brought in  
16 to MPI in 2021/'22, about \$63.1 million.

17 Do you see that?

18 MR. SHAYON MITRA: Yes. That's  
19 correct.

20 MR. MICHAEL WEINSTEIN: And that  
21 represents about 97 percent of all the Extension  
22 revenue. The total Extension revenue is just over \$65  
23 million. Do you agree?

24 MR. STEVE SCARFONE: I just -- can I  
25 just -- so, maybe Mr. Weinstein's not aware, we will

1 have one (1) further panel that -- with Mr.  
2 Giesbrecht, on the front row, that will deal with  
3 revenues.

4 MR. MICHAEL WEINSTEIN: I -- I -- you  
5 caught me on my last question and then I just -- I  
6 have some follow-up questions now and if those -- if  
7 those -- if you tell me those are more appropriate for  
8 someone else, you can let me know, but I'm hoping this  
9 panel can answer these questions.

10

11 CONTINUED BY MR. MICHAEL WEINSTEIN:

12 MR. MICHAEL WEINSTEIN: Does -- does  
13 MPI carry, do you know, errors and omissions insurance  
14 for its employees who provide insurance to customers  
15 through the service centres and contact centres?

16

17 (BRIEF PAUSE)

18

19 MR. STEVE SCARFONE: The panel is  
20 unaware -- Mr. Weinstein, the panel is unaware of --  
21 of the response to that question, Mr. Weinstein. So  
22 if you want to do it by way of undertaking, we can  
23 agree to that.

24 MR. MICHAEL WEINSTEIN: Yes, please.  
25 Thank you.

1 MR. STEVE SCARFONE: And the question  
2 is whether the employees are covered by error and  
3 omissions insurance?

4 MR. MICHAEL WEINSTEIN: That's right.  
5 Whether it's through service centres, contact centres,  
6 or anyone else who's providing insurance.

7 MR. STEVE SCARFONE: Okay. Thank you.

8

9 --- UNDERTAKING NO. 40: MPI to advise whether  
10 employees are covered by  
11 error and omissions  
12 insurance

13

14 CONTINUED BY MR. MICHAEL WEINSTEIN:

15 MR. MICHAEL WEINSTEIN: But, would you  
16 agree, sir, that when a customer takes out a policy at  
17 a service centre or a contact centre, it's possible  
18 that an error could be made resulting in that customer  
19 being under insured, right?

20 MR. STEVE SCARFONE: We'll concede  
21 that that's a possibility.

22

23 CONTINUED BY MR. MICHAEL WEINSTEIN:

24 MR. MICHAEL WEINSTEIN: You know, an  
25 example of that would be insufficient third-party

1 liability insurance. Right?

2 MR. SHAYON MITRA: Yes.

3 MR. MICHAEL WEINSTEIN: And, you know,  
4 a -- it's -- with such an example, if a driver was  
5 under insured, and they got in a significant accident,  
6 in an at-fault jurisdiction, that person could be  
7 found liable for a significant sum.

8 And when taking on the obligation to  
9 provide to Manitobans advice about their insurance,  
10 there's a liability risk associated with that, right?

11 MR. STEVE SCARFONE: So, I don't want  
12 to be giving evidence, but we'll concede as well that  
13 there are liability concerns if -- if you don't have  
14 the proper third-party liability insurance, if driving  
15 in a tort jurisdiction.

16 MR. MICHAEL WEINSTEIN: Right. And --

17 BOARD CHAIR GABOR: Mr. Weinstein, I -  
18 - I just have to repeat, what's this got to do with  
19 Project Nova? I mean, this entire line of question,  
20 you're asking IT people legal questions, service  
21 questions, everything but Project Nova questions.

22 If, you know, Mr. Giesbrecht, will be  
23 back on. You can ask him revenue questions, but I --  
24 I -- I'm -- I'm just at a loss as to why Project Nova  
25 people, who are testifying on a major project, are

1 being asked general questions in relation to legal  
2 issues and the relationship of brokers to MPI.

3 MR. MICHAEL WEINSTEIN: Well,  
4 ultimately, what the questions go to is -- is the  
5 question of when Project Nova takes services on-line,  
6 ultimately what the cost will be to -- to MPI and the  
7 cost savings that will result from having brokers  
8 involved in those transactions.

9 BOARD CHAIR GABOR: But -- but those -  
10 - those could have been asked of Mr. Giesbrecht,  
11 before. They can be asked of the revenue panel.  
12 These are IT specialists. I just don't -- you know, I  
13 don't understand the value of questions where you need  
14 undertakings for all of them. They're the wrong  
15 group. I mean, if Mr. Giesbrecht's coming back to ask  
16 questions, ask him the questions.

17 The -- the revenue question should have  
18 gone -- should be going to a revenue panel, not to an  
19 IT panel.

20 MR. MICHAEL WEINSTEIN: Well, we --  
21 you know, we -- we thought they fit because of a  
22 broker's role within Project Nova and that's why  
23 they're being asked of the -- the Project Nova panel.

24 If I could just ask a -- can I be  
25 permitted to ask a couple more questions on this line

1 of questioning, sir?

2

3 CONTINUED BY MR. MICHAEL WEINSTEIN:

4 MR. MICHAEL WEINSTEIN: Sir, just  
5 going back to the table that I showed you, brokers  
6 writing 96 to 97 percent of all premiums. Okay.

7 What I'm suggesting to you, sir, is  
8 that brokers are shouldering a significant risk that  
9 MPI then would otherwise be exposed to that brokers  
10 are bearing.

11 MR. STEVE SCARFONE: And -- and, so,  
12 in addition to Mr. Giesbrecht on the panel, the -- our  
13 Chief Risk Officer will be on that panel as well.

14 MR. MICHAEL WEINSTEIN: Okay, then  
15 we'll defer those to -- to that panel.

16 Okay. Thank you, Mr. Scarfone. The  
17 balance of my questions, I think, then we will defer  
18 to a different panel and we'll move on. Thank you  
19 very much for your time to this panel today.

20 THE PANEL CHAIRPERSON: Thank you.  
21 Ms. Nemec...?

22 BOARD MEMBER NEMEC: Thank you.  
23 First, I'd like to clarify and I think it was Mr.  
24 Mitra that talked about release number 1 and you said  
25 minimum (sic) viable product MVP.

1                   Is that the same as an objective when  
2 you talk about -- I think you said there was eighteen  
3 (18) objectives to phase -- to release -- or nineteen  
4 (19) objectives to release 2.

5                   MR. SHAYON MITRA:    So, minimal viable  
6 product is a -- an Agile terminology.  So my apologies  
7 for -- for using it and so release objectives are  
8 components that make the minimal viable product for  
9 release 1.

10                   And so, for release 2, we know there  
11 are nineteen (19) release objectives.  The collection  
12 of them will make the minimal viable product for the  
13 second release.

14                   BOARD MEMBER NEMEC:    Okay, that makes  
15 sense, thank you.

16                   How many objectives are there in  
17 release 1?  And -- and probably my follow up would be,  
18 how many are -- of those will -- are expected to be  
19 delivered January 2023?

20                   MR. SHAYON MITRA:    We're just  
21 following up on the total count for release 1, because  
22 we have achieved code completion, or the code is  
23 frozen.  What was originally envisioned that will be  
24 delivered for our -- for release 1, for R-1.  But  
25 we'll get the confirmation on the exact count shortly.

1 MS. SUSAN NEMEC: And -- and I guess  
2 my curiosity comes from -- I think there was a comment  
3 made -- and I think it was by Mr. Parti that if -- if  
4 budgets were too stretched or time lines were too  
5 stretched that, perhaps, you would not -- choose not  
6 to complete all of the objectives from that -- from  
7 that release. So, I was just curious as to, you know,  
8 where you are at for release 1.

9 And, secondly, I guess, is after each  
10 one of these releases, do you do a post mortem or are  
11 you planning on doing sort of a final financial  
12 accounting, because a lot of times people think the  
13 budget might be under or ex -- or the budget has been  
14 met, however, not always the benefits or the  
15 realization of those benefits have been met.

16 So, curious as to sort of what you have  
17 planned and also release 1, so far, where you're at  
18 because that's pretty close.

19 MR. ALEX RAMIREZ: This is Alex  
20 responding to your first question. We have, in  
21 release 1, twelve (12) business release objectives and  
22 then we had nineteen (19) what we call technical  
23 enablers supporting those business objectives.

24 BOARD MEMBER NEMEC: And -- and that's  
25 what was budgeted and what's expected to be delivered?



1 MR. ALEX RAMIREZ: That's 100 percent  
2 of the original scope and what's expected to be  
3 delivered, yes.

4 BOARD MEMBER NEMEC: Okay, thank you.  
5 My next que -- question talks -- is about non-  
6 incremental costs and I can't -- I can't remember  
7 exactly where it was but, when I looked at the non-  
8 incremental costs, in one of the charts that were  
9 shown, they seem to be higher, both FTEs, I think, and  
10 costs, than incremental costs.

11 Is that -- is that what I saw?

12 MR. ALEX RAMIREZ: Can you please re -  
13 - re -- repeat the question, please.

14 BOARD MEMBER NEMEC: Non-incremental  
15 costs, both, I think, costs and FT -- the number of  
16 FTEs, appear to be higher than the incremental costs.

17 MR. ALEX RAMIREZ: That is correct.

18 BOARD MEMBER NEMEC: And the non-  
19 incremental costs of internal staff that are being, I  
20 believe, are being allocated to the project, and  
21 incremental costs are new or specified direct people  
22 on the project -- accounted for on the project, and  
23 the incremental, I believe, is included in -- in your  
24 budgets, the non-incremental is not included in your  
25 budgets.

1 MR. ALEX RAMIREZ: That is correct.  
2 Incremental are resources that are what we call back-  
3 filled. They are assigned to Project Nova. They're  
4 back-filled, so that the home department doesn't  
5 reduce their FTE counts. Non-incremental are assigned  
6 to the program, not back-filled, therefore, no cost to  
7 the project.

8 BOARD MEMBER NEMEC: So -- okay. So no  
9 new costs assigned to the project.

10 And for the non-incremental costs, as  
11 there isn't a -- those costs are still retained in the  
12 department? Correct?

13 MR. ALEX RAMIREZ: Yes. That's  
14 correct.

15 BOARD MEMBER NEMEC: So, those costs  
16 are going to be allocated to the different product  
17 lines, Basic or Extended, in the same fashion as they  
18 would have been in the past versus in the new  
19 methodology?

20 MR. ALEX RAMIREZ: Yes, that's  
21 correct.

22 BOARD MEMBER NEMEC: And is that fair?  
23 I don't know if it's significant or is that reasonable  
24 from an allocation perspective?

25 MR. ALEX RAMIREZ: From an allocation

1 perspective? Sorry. I'm just looking at a chart that  
2 I have in front of me. Our target is roughly 35 to 38  
3 percent, incremental and anywhere from 40 to 46  
4 percent non-incremental on the project. And so that  
5 was done in conjunction, obviously, with all the  
6 leaders, to understand how much capacity  
7 organizationally we can have allocate to the project.

8 BOARD MEMBER NEMEC: Okay but -- then  
9 I'm just thinking of the impact on Basic rates if  
10 those should be allocated in a different fashion.

11

12 (BRIEF PAUSE)

13

14 MR. ALEX RAMIREZ: And that's correct.  
15 It will get allocated to the lines of business.

16 BOARD MEMBER NEMEC: In the old --  
17 with the old methodology?

18 MR. ALEX RAMIREZ: Old methodology.

19 BOARD MEMBER NEMEC: Not the new  
20 methodology?

21 MR. ALEX RAMIREZ: That's correct.

22 BOARD MEMBER NEMEC: Thank you.

23 Another question I had was on the negative MPV. I  
24 know the Corporation has taken a look at the MPV and  
25 said, on an overall basis, that it didn't do an MPV

1 for, say, DVA -- DVA line of business or Basic or  
2 Extended? Is that true?

3 MR. ALEX RAMIREZ: As we were  
4 finalizing the business case, we did look at MPV in  
5 two separate line -- primary lines of business, DVA  
6 and P&C.

7 BOARD MEMBER NEMEC: Okay. And did  
8 they show -- and I know you're not looking at the MPV  
9 from a decision-making point at this time but was it  
10 significantly different for DVA?

11 MR. STEVE SCARFONE: Can we dig that  
12 information up for you, Ms. Nemec, and get back to  
13 you?

14 BOARD MEMBER NEMEC: That would be  
15 very good. Thank you. My next question, just to  
16 follow up a little bit more on the allocators and --  
17 and the old method versus the new method.

18 Normally, I think allocation methods  
19 are very objective, sort of a standard process that  
20 just gets comp -- computed every year. People buy  
21 into the -- the methodology and, then, the -- the  
22 computation comes up and, so, it's kind of consistent  
23 and -- and -- over years.

24 But, with this new methodology, and I  
25 think it's based on stor -- I can't remember. Story

1 points. So, the story points sounds like it's quite  
2 subjective and you've been very transparent about  
3 that, being a -- a -- or a subjective process.

4                   So, I'm just trying to look down the  
5 road to see how do you, using story points, I'm  
6 assuming that's a long-term pro -- decision you've  
7 made to use that as your allocation methodology and  
8 what will that look like in the next few years and  
9 have -- and -- and coming down to the impact on rates,  
10 Basic rates?

11                   MR. GARY DESSLER: So Gary here. I'll  
12 try to answer that. So, I mean, we're looking at that  
13 story points right now just inside of NOVA, other  
14 parts of the Corporation. So, we're looking at that  
15 kind of in that short term piece for (INDISCERNIBLE).

16                   BOARD MEMBER NEMEC: But what would  
17 you define as short term?

18                   MR. GARY DESSLER: Yeah. Well.  
19 Sorry. For -- for NOVA. Like, we're using it for the  
20 duration of Nova.

21                   BOARD MEMBER NEMEC: For the duration  
22 of NOVA. And, then, so post-NOVA could be a different  
23 methodology? Like, for depreciation that's associated  
24 with capital costs, that will go on for maybe another  
25 five (5) years?

1 MR. GARY DESSLER: So, for Agile  
2 initiatives, we're looking at that story point  
3 allocation, just for Agile projects. So that's the  
4 approach that we're doing. In NOVA right now is  
5 we're trying to transition into that Agile  
6 methodology.

7 BOARD MEMBER NEMEC: M-hm. Sorry, I'm  
8 just looking at my notes to see if I had a follow-up  
9 for that.

10 Okay, thank you. My next question --  
11 also, a bit about the allocations down the road. So,  
12 once Pro -- Project Nova's done in '25 or -- fiscal  
13 '25/'26, all those costs are going to be amor --  
14 amortized over a longer period of time.

15 Had you looked or -- or looked forward,  
16 to see what impact is that going to have on rates,  
17 once Project Nova is completed and the amortization  
18 process occurs and, if so, would you have like a 2031  
19 close rate compared to a rate in today's GRA?

20

21 (BRIEF PAUSE)

22

23 MR. STEVE SCARFONE: That was provided  
24 this morning as an undertaking, Ms. Nemecc.

25 BOARD MEMBER NEMEC: Okay. Thank you.

1 And my last question was on the contingencies and I  
2 think you mentioned in -- someone mentioned in release  
3 1, 15 percent of that contingency, and I think maybe  
4 you might have said -- release 2, as well expected 15  
5 percent of that contingency to be used.

6 And, right now, for -- for release 3  
7 and 4, you're hanging on to the 40 percent, as -- as  
8 your contingency. So, with -- if -- if you don't use  
9 40 percent contingency on release 1 and 2, what  
10 happened to that contingency?

11 MR. ALEX RAMIREZ: So that contingency  
12 at 40 percent is allocated across the program. Based  
13 on the level of confidence and where each release is,  
14 we budgeted a different percentage across each  
15 release. If it is not utilized, it remains at CO  
16 authority level. So, it's not for the program to  
17 utilize. The CO and the board will weigh in and  
18 approve. If the funds need to be re-allocated to a  
19 future release, that is an opportunity for the  
20 organization to make that decision but that is, like I  
21 said, with CO authority.

22 BOARD MEMBER NEMEC: Thank you.  
23 That's all my questions.

24 THE PANEL CHAIRPERSON: Mr. Bass...?

25 BOARD MEMBER BASS: Thank you. The

1 McKinsey contracts, the first one was for six (6)  
2 months, correct?

3 MR. ALEX RAMIREZ: The first contract  
4 was the consulting engagement where they helped us  
5 pressure test and assess our re-baselining. It was  
6 shorter duration, not quite six (6) months, from  
7 October to January -- October 2022 to January 2023.

8 BOARD MEMBER BASS: '21.

9 MR. ALEX RAMIREZ: Sorry, '21 to '22.

10 BOARD MEMBER BASS: And then was that  
11 the contract that we heard earlier, had an option to  
12 renew for a further six (6) months?

13 MR. ALEX RAMIREZ: That is not -- post  
14 that consulting engagement, they were retained to help  
15 support the program and delivery of the program  
16 activities. That is the contract that has an option  
17 for a six (6) month renewal.

18 BOARD MEMBER BASS: Okay. And when  
19 did that contract begin?

20

21 (BRIEF PAUSE)

22

23 MR. ALEX RAMIREZ: That contract was  
24 signed and started March 7th, 2022.

25 BOARD MEMBER BASS: So, the six (6)



1 months has -- has run on that?

2 MR. ALEX RAMIREZ: That is correct.

3 BOARD MEMBER BASS: And was the option  
4 for the renewal for first six (6) months taken up?

5 MR. ALEX RAMIREZ: That is currently  
6 under review with our Technical Committee, with the  
7 board members.

8 BOARD MEMBER BASS: So it would have -  
9 - the first six (6) months would have expired  
10 September 6ish?

11 MR. ALEX RAMIREZ: That is correct,  
12 around there.

13 BOARD MEMBER BASS: So, McKinsey is  
14 waiting to hear from MPI if it's going to be renewed.

15 MR. ALEX RAMIREZ: That is correct.

16 BOARD MEMBER BASS: So, the  
17 circumstances are, but for any technicalities the  
18 lawyers may raise, there is no existing contract right  
19 now with McKinsey; would that be correct?

20 MR. ALEX RAMIREZ: No active contract  
21 right now, that's correct.

22 BOARD MEMBER BASS: Thank you.

23 THE PANEL CHAIRPERSON: Mr. Gabor...?

24 BOARD CHAIR GABOR: Thank you, Mr.  
25 Bass, that helped me with my -- my understanding

1 McKinsey.

2                   So, I'll start by saying there's a line  
3 in one (1) of my favourite movies and the line goes  
4 like this: Houston, we have a problem. So, when was  
5 that phrase said inside MPI?

6                   Are we talking the summer of -- of '21?

7

8                   (BRIEF PAUSE)

9

10                   MR. ALEX RAMIREZ: July/August of 2021.

11                   BOARD CHAIR GABOR: Because as I look  
12 at MPI Exhibit 85, screen 2. I'm looking at the NOVA  
13 objectives, these are the same objectives that were  
14 put forward in the last GRA.

15                   MR. ALEX RAMIREZ: That is correct.

16                   BOARD CHAIR GABOR: Okay. And the  
17 last GRA the budget was approximately \$130 million  
18 with contingency?

19                   MR. ALEX RAMIREZ: That's correct.

20                   BOARD CHAIR GABOR: If you go to  
21 screen 9. The year before the budget was, according  
22 to this screen, \$106.8 million.

23                   Is that correct?

24                   MR. ALEX RAMIREZ: That's correct.

25                   BOARD CHAIR GABOR: Okay. And I

1 understand that the original baseline is before you  
2 received responses to the RFPs.

3 Is that correct?

4 MR. ALEX RAMIREZ: That is correct.

5 BOARD CHAIR GABOR: Mr. Mitra, were  
6 you at MPI when the original baseline was presented to  
7 the panel?

8 MR. SHAYON MITRA: I was working for  
9 MPI at that point in time, but I joined NOVA after the  
10 Deloitte and Avascent work was completed.

11 BOARD CHAIR GABOR: I'm not sure if  
12 you listened to the hearing, and I'm going by memory,  
13 because I didn't check the transcript, but I remember  
14 from that hearing, which is the 2020 hearing, that MPI  
15 was confident that this was a solid budget and we had  
16 nothing to worry about.

17 Mr. Dessler, you were there with Mr.  
18 Bunco (phonetic).

19

20 (BRIEF PAUSE)

21

22 MR. GARY DESSLER: So just to clarify,  
23 you're talking about the first line, 106.8 million?

24 BOARD CHAIR GABOR: Yes.

25 MR. GARY DESSLER: Yeah, so in that

1 budget -- or in that hearing, we talked about -- you  
2 know, we brought in two (2) vendors to help us, you  
3 know, set the dollar amount, look at the scope.

4           We did try to express some uncertainty  
5 around we didn't have contracts; we didn't have  
6 product selections yet. In some cases we were looking  
7 at indicative pricing. We had -- had done Requests  
8 for Information, so, we had gone to the market. We'd  
9 asked vendors to give us, you know, indicative pricing  
10 for -- for their different solutions.

11           And so we used that to build our  
12 hundred and -- hundred and six point eight million  
13 dollar (106.8) million business case. So at that  
14 time, you know, based on the information we had, we  
15 felt we were, you know, we were confident, but we --  
16 and we had that 25 percent contingency.

17           BOARD CHAIR GABOR: Right. And the  
18 next year you lowered the contingency, and I'm, again,  
19 going by memory, that we were led with the impression  
20 that everything was under control at \$130 million  
21 because now we have the contracts?

22           MR. GARY DESSLER: Correct. We had, I  
23 mean, we lowered the contingency to 15 percent because  
24 we had fixed price agreements. We had corrected some,  
25 I'll call it, subscription -- we had an error in

1 subscription pricing. We corrected that.

2                   So, going into kind of a pre -- you  
3 know, our pre-implementation phase, we felt we had a  
4 good number. And it's when we started into the  
5 delivery aspects is we started seeing problems arise  
6 then.

7                   BOARD CHAIR GABOR:   And so, you have a  
8 -- you had a level of comfort last year, but as you  
9 move into -- you moved into implementation, there were  
10 unforeseen circumstances?

11                   MR. GARY DESSLER:   Yes.

12                   BOARD CHAIR GABOR:   Okay. Then you  
13 hit last summer, okay. And PwC, as I understand it,  
14 raised issues. You then approached McKinsey.

15                   When did the discussions with McKinsey  
16 start?

17                   MR. SHAYON MITRA:   Around the August  
18 time line, August of last year.

19                   BOARD CHAIR GABOR:   Okay. And you  
20 entered into the agreement, I understand, in early  
21 October?

22                   MR. SHAYON MITRA:   So it had to get  
23 approval through our executive committee and Board so  
24 that was not until October when we went into an  
25 agreement.

1 BOARD CHAIR GABOR: Okay. Last year  
2 this Board started the MPI hearing October 12th. This  
3 Board was never notified that there were any concerns  
4 about the status of NOVA.

5 In fact, we were told there was a level  
6 of comfort at \$130 million. Is there any reason why  
7 we weren't informed at the time of the hearing that  
8 concerns had arisen internally about -- about NOVA?

9 MR. STEVE SCARFONE: Mr. -- Mr. Gabor,  
10 the only -- only concern that I have is that we're  
11 making references to a transcript that, unfortunately,  
12 are not before the members of this panel.

13 And I appreciate that some people are  
14 going off of memory here, but when I've reviewed the  
15 transcripts, it -- it did not strike me as being so  
16 equivocal about the confidence in the budget with  
17 respect to these witnesses.

18 So, my only -- my only concern about  
19 the line of questioning about this is that these  
20 particular witnesses are not being shown what they  
21 specifically said last year to this -- this Board, and  
22 I think it's unfair to have them to commit to things  
23 without them having a chance to review those  
24 documents.

25 BOARD CHAIR GABOR: Okay. I guess

1 later on we can look at the transcripts from previous  
2 hearings are -- are in evidence.

3 Mr. Mitra, your comment in relation to  
4 the budget of -- of the re-baseline, I understand it  
5 in terms of you have a level of confidence now in  
6 release 1.

7 As you move forward, you're moving to  
8 release 2. You'll -- you said in relation to release  
9 3 and 4 there are a lot of unknowns at this time.

10 Is that correct?

11 MR. SHAYON MITRA: That is correct.

12 BOARD CHAIR GABOR: And in fact,  
13 you're expecting the release in the summer of 2023.

14 Is that correct?

15 MR. SHAYON MITRA: Expecting the...?

16 BOARD CHAIR GABOR: Release of --  
17 sorry, release 3 in the summer of 2023. That's what I  
18 have on my notes.

19 MR. SHAYON MITRA: No, our -- sorry,  
20 my apologies if I said that. We are planning on  
21 starting work on release 3 in the summer of 2023.

22 BOARD CHAIR GABOR: Okay. Okay.

23 MR. SHAYON MITRA: So, it would be the  
24 first -- our plan is to do the first program increment  
25 which would be a foundational program increment on

1 release 3 in the summer of 2023.

2 BOARD CHAIR GABOR: Okay. So when you  
3 made the offer that, in fact, we could talk about --  
4 just hold on for a second -- that you could share  
5 information about release 3 and the IT summit in 2023  
6 or at the GRA, what information would be available at  
7 the IT summit on release 3?

8 MR. SHAYON MITRA: Our intent is to  
9 have made progress on pre-discovery work for release  
10 3.

11 BOARD CHAIR GABOR: Right.

12 MR. SHAYON MITRA: So we would have a  
13 better understanding of, at a high level the scope, of  
14 -- of this release, and we would be able to speak to  
15 our plan with regards to the program increments as we  
16 start doing the foundational work for release 3 in  
17 April.

18 And then at the next Public Utility  
19 Board hearing, we would be better positioned to speak  
20 to how release 1, release 2, and our plans to start  
21 the foundational work for release 3.

22 BOARD CHAIR GABOR: Okay. And how --  
23 how much would -- how far down the road would you be  
24 in relation to the budget of release 3 to know whether  
25 the budget -- you're still on budget or the budget's



1 going to change?

2

3

(BRIEF PAUSE)

4

5

MR. SHAYON MITRA: We would be better positioned than we are today to -- with regards to understanding the implications on release 3 and release 4 budget, including any implications to the 40 percent contingency.

10

BOARD CHAIR GABOR: Right. So would I be correct that the re-baseline number now is the best estimate as of now, but it could change after you receive results from the release of the third and fourth release?

15

16

(BRIEF PAUSE)

17

18

MR. SHAYON MITRA: Potentially it could change, yes.

20

BOARD CHAIR GABOR: Okay. How much could it change? What's the upside -- or downside, depending on how you're looking at it?

23

24

(BRIEF PAUSE)

25

1 MR. SHAYON MITRA: It would be  
2 difficult for us to quantify from an order of  
3 magnitude the amount by which it could change after  
4 pre-discovery and discovery.

5 BOARD CHAIR GABOR: Okay. But you're  
6 not saying now that this range of two fifty-seven  
7 (257) to two ninety (290) is the final number? You're  
8 saying this is the number -- this is your best  
9 estimate as of now. Is that correct?

10 MR. SHAYON MITRA: That is correct,  
11 but I also want to qualify that statement by saying we  
12 are not undertaking any activities now that are re-  
13 baselining two fifty-seven or two ninety (290).

14 BOARD CHAIR GABOR: Right.

15 MR. SHAYON MITRA: We are relying on  
16 our learnings from release 1 and delivering release 2  
17 and pre-discovery and discovery for releases 3 and 4,  
18 which is contrary to the position we were in at the  
19 last hearing because there were restraints on how we  
20 were progressing, and we had engaged McKinsey and were  
21 waiting on our own internal assessment at that point  
22 in time, October of last year.

23 THE PANEL CHAIRPERSON: Can I ask,  
24 when you retained McKinsey, did you require -- with  
25 source -- or sole-source contract, and I understand

1 the reason, did you need to seek Treasury Board  
2 approval for the sole-source contract?

3

4 (BRIEF PAUSE)

5

6 MR. SIDDHARTA PARTI: I've just been  
7 advised by the back panel that Treasury Board was not  
8 required for that approval.

9 BOARD CHAIR GABOR: Thank you. Those  
10 are my questions.

11 THE PANEL CHAIRPERSON: Thank you.  
12 Ms. Boulter...?

13 BOARD MEMBER BOULTER: Thank you very  
14 much. You have Project 3066 on your list. It says,  
15 "Decommission the enhanced driver's licence and ID  
16 cards." ID cards are very important for financially  
17 challenged and -- individuals and those who cannot  
18 drive, so this particular heading is of particular  
19 interest to me.

20 It's a bit ambiguous, so I just want  
21 clarification on that. Is it decommissioning the  
22 enhanced driver's licence and the enhanced ID cards,  
23 or is it just all ID cards? Like I'm not sure if the  
24 enhanced reply -- refers to both sets of cards 'cause  
25 people need those ID cards.

1 MR. GARY DESSLER: Yeah. Gary  
2 answering. It's just the enhanced only portion.

3 BOARD MEMBER BOULTER: Of both, the  
4 driver's licence and the ID cards?

5 MR. GARY DESSLER: Yes.

6 BOARD MEMBER BOULTER: Okay. Thank  
7 you very much because that's a bit concern to me. I  
8 appreciate that.

9 Second, Mr. Mitra noted concerns about  
10 security with the new system, and I have concerns  
11 about that and protection of personal information.

12 Have you sought guidance, counsel, the  
13 great wisdom of the Ombudsman's office?

14 MR. SIDDHARTA PARTI: I don't believe  
15 we have taken any guidance from the Ombudsman's  
16 office. What we have done is we have a lot of experts  
17 within our panel, within our organization within MPI,  
18 then obviously on the systems integrator side, so, we  
19 have been collaborating with these experienced  
20 professionals from industry to build a position from a  
21 cyber security perspective. But to your question, no,  
22 we haven't referenced Ombudsman on this.

23 BOARD MEMBER BOULTER: Okay. Thank  
24 you for that. You might not be able to answer this  
25 right now. I just have two (2) more. You've got a

1 bunch of off-the -- off-the-shelf systems like Celtic.

2                   Are they being used in other  
3 jurisdictions across Canada? And how successful are  
4 they, and how long have they been in those  
5 jurisdictions so that you can use them as a benchmark  
6 and chitty-chat with those boys and girls there for  
7 information?

8                   MR. GARY DESSLER:    Yeah. So Gary  
9 answering. So for the Celtic software, there are a  
10 number of different modules that are used inside of  
11 Canada, and for Duck, there's also other Canadian  
12 carriers using Duck Creek.

13                   BOARD MEMBER BOULTER:   Which ones?

14                   MR. GARY DESSLER:    I'd have to take  
15 that away.

16                   BOARD MEMBER BOULTER:    Okay.

17                   MR. GARY DESSLER:    I mean --

18                   BOARD MEMBER BOULTER:    That would be  
19 nice to know. I'd appreciate that.

20                   MR. GARY DESSLER:    Yeah.

21                   BOARD MEMBER BOULTER:    And my --

22                   MR. STEVE SCARFONE:    So, we'll provide  
23 an undertaking to that effect. Thank you.

24

25 --- UNDERTAKING NO. 41:    MPI has a bunch of off-

1 the-shelf systems like  
2 Celtic. MPI to advise, are  
3 they being used in other  
4 jurisdictions across  
5 Canada? And how  
6 successful are they, and  
7 how long have they been in  
8 those jurisdictions

9

10 BOARD MEMBER BOULTER: Okay. I lied.  
11 There's two (2) more questions. Are there other non-  
12 tendered contracts out there for NOVA?

13 MR. ALEX RAMIREZ: No. All other  
14 contracts on Project Nova have been tendered and  
15 negotiated.

16 BOARD MEMBER BOULTER: Okay. Thank  
17 you very much. And my final question -- and it is --  
18 the post-implementation of each review, how long after  
19 that are you going to be reviewing each release so  
20 that you know whether all of its goals are met and  
21 will that report be shared?

22

23 (BRIEF PAUSE)

24

25 MR. ALEX RAMIREZ: So our plan right

1 now is a ninety (90) day period consisting of  
2 stabilization and warranty. So that's ninety (90)  
3 days post go live.

4 BOARD MEMBER BOULTER: And will it be  
5 shared?

6 MR. ALEX RAMIREZ: Yes, it will be  
7 shared.

8 BOARD MEMBER BOULTER: Thank you very  
9 much. That's my questions for today.

10 THE PANEL CHAIRPERSON: Mr. Bass...?

11 BOARD MEMBER BASS: Mr. Ramirez, with  
12 respect to the undertaking that you've just given in  
13 response to Ms. Boulter's question, could you also  
14 indicate within that -- you're going to talk about  
15 carriers, you had mentioned, specifically which ones  
16 are property and casualty insurers.

17 And secondly, what lines of business,  
18 if that's available, that they are being used?

19

20 (BRIEF PAUSE)

21

22 MR. STEVE SCARFONE: Yes, we can  
23 provide that as well. We'll add it to the existing  
24 undertaking.

25 BOARD MEMBER BASS: Thank you.

1 MR. STEVE SCARFONE: Thank you.

2 THE PANEL CHAIRPERSON: Thank you. I  
3 have one (1) question just to clarify my  
4 understanding.

5 On your revised timetable for the  
6 releases, we're now seeing release 1 is extending out  
7 a further three (3) month period, that may have an  
8 impact on release number 2. So, that's a question.

9 And if so, will it have at least an  
10 equal impact on releases 3 and 4 and will the increase  
11 in costs resulting from that delay be capable of being  
12 covered under the existing contingency?

13 MR. SHAYON MITRA: So release 1 is now  
14 slated to go live in January of 2023. We're targeting  
15 release 2 to August of 2023; in parallel doing pre-  
16 discovery and discovery for releases 3 and 4 starting  
17 in the new year, January '23 onwards.

18 The financial impacts of delaying  
19 release 1 and release 2 are covered within the  
20 contingency associated with -- with these two (2)  
21 releases and will not impact the contingency or  
22 dollars associated with releases 3 and 4.

23 THE PANEL CHAIRPERSON: And will  
24 release 3 and 4, by necessity, be delayed by three (3)  
25 months?



1 MR. SHAYON MITRA: At this point, we  
2 are -- we are not in a position to assess that only  
3 because we haven't defined the release objectives and  
4 the timing and based on Mr. Gary Dessler's comments,  
5 we're looking at a different approach to the releases,  
6 not the big bang, but the staggered, that will give us  
7 the ability to be a little more -- more specific when  
8 we -- when we present this after pre-discovery and  
9 discovery.

10 THE PANEL CHAIRPERSON: Thank you, Mr.  
11 Mitra. Mr. Scarfone...?

12

13 (BRIEF PAUSE)

14

15 MR. STEVE SCARFONE: Thank you, Madam  
16 Chair. Just before I ask just a couple questions on  
17 re-direct, there's one (1) question concerning the  
18 number of release objectives in release 1, and that  
19 number is thirty-one (31), twelve (12) of which -- how  
20 many were technical, Gary?

21 MR. GARY DESSLER: Nineteen (19).

22 MR. STEVE SCARFONE: Nineteen (19)  
23 were technical, and twelve (12) were business related.  
24 Thank you. So I wanted to provide that response. I  
25 don't believe we gave it by way of undertaking, so you

1 have it now.

2

3 RE-DIRECT EXAMINATION BY MR. STEVE SCARFONE:

4 MR. STEVE SCARFONE: A couple  
5 questions, one (1) for Mr. Parti.

6 Sir, my friend, Mr. Williams, put to  
7 you a statement of the president, Mr. Herbelin,  
8 concerning, with the benefit of hindsight, you know,  
9 how would a delay to the start of -- of Project Nova  
10 have changed where the program is today, if at all.

11 And -- and I think the -- the statement  
12 that was put to him from the transcript -- or put to  
13 the panel from the transcript had Mr. Herbelin saying  
14 not starting the project but perhaps delaying it.

15 And how would that have changed where  
16 we are today, in your view?

17 MR. SIDDHARTHA PARTI: I think when  
18 you start a program of this complexity, and this size  
19 and this budget and all those different elements:  
20 scope, time and budget, there's a -- there's a  
21 methodology. There's a way of doing things.

22 You start with a vision. You try to  
23 figure out what are you trying to ultimately achieve  
24 with the program and -- and investments of this size  
25 and -- and very importantly, how will we know that you

1 are successful? You start with that vision initially.

2                   What you do is you conduct a capability  
3 assessment, across the organization, people, process,  
4 technology, data every single thing, and you do a very  
5 robust investigation as to where are you today as an  
6 organization. Can you really -- do you have really the  
7 capacity and the capability to do this?

8                   Based on that assessment, you then  
9 build a business case. And then you build time lines  
10 and book your products and -- and so on. So a lot of  
11 the plumbing that Mr. Herbelin keeps referencing --  
12 I've used the word 'plumbing' and a lot of other  
13 people, a lot of the -- if they were set up correctly  
14 for MPI.

15                   My -- my position on that is that we  
16 would have been in a much better position financially  
17 from a delivery perspective -- every single -- scope,  
18 time, and budget.

19                   And absent of those capabilities that  
20 we didn't invest in or perhaps we overestimated, we  
21 are finding ourselves to be where we are, and  
22 hindsight is 20/20 and, you know, certain decisions  
23 were taken way back I suppose.

24                   But, yeah, to respond to your question.  
25 I hope we answered that question.

1 MR. STEVE SCARFONE: No, that was  
2 good. Thank you very much for that.

3 Mr. Dessler, a question for you, sir.  
4 We heard Mr. Mitra indicate with the flattened  
5 delivery schedule that the additional twenty (20)  
6 months has now moved NOVA out to about October 2025.

7 And I was wondering -- I wanted to  
8 reconcile that with your evidence about the program  
9 now moving forward with what you described as little  
10 releases. That is a release one (1) of -- one (1) a  
11 time. I think the example you gave was perhaps  
12 releasing rental car insurance or the renewal of  
13 driver's licence.

14 How does that fall in line with the  
15 October 2025 date? Is that the commencement of those  
16 -- those little releases?

17 MR. GARY DESSLER: Sure. So, what  
18 we're referring to -- we talk about -- that was the  
19 end date, right. So we're looking at starting having,  
20 you know, the smaller releases, you know, a number of  
21 months after pre-discovery and discovery complete.

22 We'll need some time to establish a  
23 foundation. Now, whether or not that's, you know,  
24 three (3) months, six (6) months, nine (9) months, we  
25 don't know yet. That'll have to come out of the work

1 that we do during the discovery phase.

2 But once we get the foundation in  
3 place, our plan would be to roll out small releases,  
4 you know, every two (2), three (3) months. So, you  
5 know, we look at the different release objectives,  
6 bundle them together into a smaller release. And we  
7 would then, you know, release that to the brokers, to  
8 internal staff and eventually customers, as well.

9 So, that -- that's -- the commencement  
10 of that would start, you know, after pre-discovery.  
11 And I think the target dates that you're still  
12 referring to, that was the end, when we think the  
13 program is going to end.

14 MR. STEVE SCARFONE: Thank you for  
15 that. We're sharing a mic at this stage but I do want  
16 to ask you another question.

17 So, you made what I thought was a  
18 pretty good explanation for the difference between R-  
19 3A and R-3B, in that it's really the user that's --  
20 that's affected by those releases, and you said that  
21 the Corporation prefers to have it in the hands of the  
22 brokers first, for example, before the customer.

23 And I didn't catch your reasoning for  
24 that, or the Corporation's reasoning for taking that  
25 approach.

1 MR. GARY DESSLER: Sure. So, in order  
2 to expose our transactions to customers, we need to  
3 upgrade our underlying technology. We can't take, you  
4 know, rental vehicle insurance out of our existing  
5 technology and expose it on the web for customers very  
6 easily. It's a complicated progress to integrating  
7 with our Legacy systems. There's lots of security and  
8 technical concerns to do that.

9 So, in order to expose those core  
10 transactions to customers, we want the modern platform  
11 to do that first. And we don't want to have to redo  
12 the business rule.

13 So, go back to my example of rental  
14 vehicle insurance. There's a number of rules around  
15 that. So, we want to establish those rules that the  
16 brokers will use and follow through the Duck Creek  
17 software.

18 But then we'll expose it to customers  
19 and it will reuse what the brokers have and really put  
20 that -- kind of that -- that front-end, that  
21 simplified version, for the customers to use that, you  
22 know, would -- be still the -- kind of that -- tie in  
23 back into that core business.

24 So, rental vehicle insurance is, you  
25 know, a nice simple example, but it's got to be -- you

1 know, we can't expose it directly to our back end.

2                   So, it's got to be -- you've got to get  
3 it under the new platform first, then we can expose  
4 it. And that's why we stepped this into the 'A' 'B'  
5 releases.

6                   MR. STEVE SCARFONE: Thank you. And  
7 so a question that -- a couple questions that arise  
8 from Mr. Gabor's questions about the panel having  
9 appeared back on October 12 of 2021.

10                   Mr. Ramirez, do you recall giving  
11 evidence at that time that the program status was  
12 identified as yellow?

13                   MR. ALEX RAMIREZ: I do recall that.

14                   MR. STEVE SCARFONE: And what -- what  
15 does that -- what did that mean to you at the time?

16                   MR. ALEX RAMIREZ: That the schedule  
17 was at risk. I think we mentioned earlier a project  
18 has three (3) pillars: schedule, scope and budget.  
19 The fact that the schedule was at risk meant there  
20 would be a direct impact to budget.

21                   MR. STEVE SCARFONE: Thank you. And,  
22 Mr. Mitra, do you also recall indicating to the panel  
23 that there were some reservations about the adequacy  
24 of the \$128 million budget last year?

25                   MR. SHAYON MITRA: I do. I used the

1 word 'reservation', I recall. I recall that, yes.

2 MR. STEVE SCARFONE: And at the time,  
3 had the re-baseline, the one that's now before this  
4 Board been prepared yet?

5 MR. SHAYON MITRA: No, the new numbers  
6 were not presented to us by McKinsey until end of the  
7 year/early January. So December/January was the time  
8 line and it went to the Board in February of this year  
9 for formal approval.

10 MR. STEVE SCARFONE: And those program  
11 reviews, both the internal one performed by MPI in  
12 addition to the one that was ultimately performed by  
13 McKinsey, had those yet been done?

14 MR. SHAYON MITRA: The reviews were  
15 not complete at that -- at that point in time, no.  
16 That said though, I do want to qualify what we were  
17 aware, that the velocity and the progression of the  
18 program was not ready to be -- that we had to finish  
19 our due diligence to really assess the -- the impact  
20 and that was why the two (2) assessments needed to get  
21 completed before we could say with any level of  
22 confidence what the impact was from a budget  
23 standpoint.

24 MR. STEVE SCARFONE: Thank you for  
25 that. And Mr. Parti, last question for you, sir.



1 Board counsel put to the panel the comments of Mr.  
2 Herbelin that he was of the view that the net present  
3 value was not now the appropriate measure.

4 Can you just comment generally, based  
5 on your experience, sir, whether NPV is ever the  
6 appropriate measure for a project of this size and  
7 scope?

8 MR. SIDDHARTHA PARTI: I think I did  
9 allude to it in my cross-examination last week as  
10 well. But I think -- and NPV is one (1) of the  
11 factors that need to be looked at, as an important  
12 factor, but it's not the only factor.

13 When it comes to programs of this size,  
14 there's an end-of-life considerations as an example:  
15 the sustainability of the business model, and various  
16 other aspects that need to be -- risk, I suppose.  
17 Various other aspects that need to be looked at. But  
18 in my experience NPV is not the only measure that's  
19 used to gauge the success or whether a program should  
20 go ahead or not.

21 MR. STEVE SCARFONE: And so that  
22 phrase, "end of life," how -- is that something that  
23 can be quantified?

24 MR. SIDDHARTHA PARTI: It's difficult  
25 to quantify in terms of definite time lines. What it

1 really means is that the support from vendors for  
2 particular technology, as an example, has ended or is  
3 about to end at whatever particular date.

4           The skill set required to support those  
5 technologies are scarce. Training schools are not  
6 training people on those technologies anymore.

7           So, you combine a bunch of those  
8 reasons, really, you know that there's an expiry date.  
9 And, at some point in the future, when those  
10 technologies are no longer be supported and -- and the  
11 risk can be managed for the Corporation, right.

12           So -- so you use that as an analogy to  
13 say, yep, you're getting towards end of life for a  
14 particular product.

15           MR. STEVE SCARFONE:   And I hate to put  
16 you on the spot, but is there a -- a real world  
17 example that you could provide that -- of an end of  
18 life where some technology has basically stopped  
19 working for the customer?

20           MR. SIDDHARTHA PARTI:   I'm sure all of  
21 us were familiar when Windows '98, second edition. So  
22 Microsoft -- I mean, this is -- this happens every  
23 single year on different products across the board  
24 with any of the Windows operating systems. It's --  
25 it's a very standard practice that after a number of

1 years, the operating system has an end of life which  
2 forces customers to move to a next new version of  
3 Windows operating system.

4                   And IT divisions have a lot of work to  
5 do when that happens. So that would be perhaps one  
6 (1) of the easier examples.

7                   MR. STEVE SCARFONE: Thank you for  
8 that. Those are all my questions, Madam Chair, on  
9 redirect.

10                   THE PANEL CHAIRPERSON: Thank you, Mr.  
11 Scarfone. And thank you very much to this panel.

12                   I won't say goodbye because we will see  
13 you tomorrow morning at nine o'clock. Thank you.

14

15                   (PANEL RETIRES)

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17 --- Upon adjourning at 3:39 p.m.

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20 Certified Correct,

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24 Wendy Woodworth, Ms.

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