

# Project Nova Updates

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2023/24 General Rate Application



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# Project Nova Objectives

Modernizing our systems



Technology  
Risk



Customer  
Self-Service



Cost Savings  
& Efficiency



Information  
Security



Future Business  
Agility



# Nova began as a legacy modernization project

## Core systems are outdated and must be replaced.

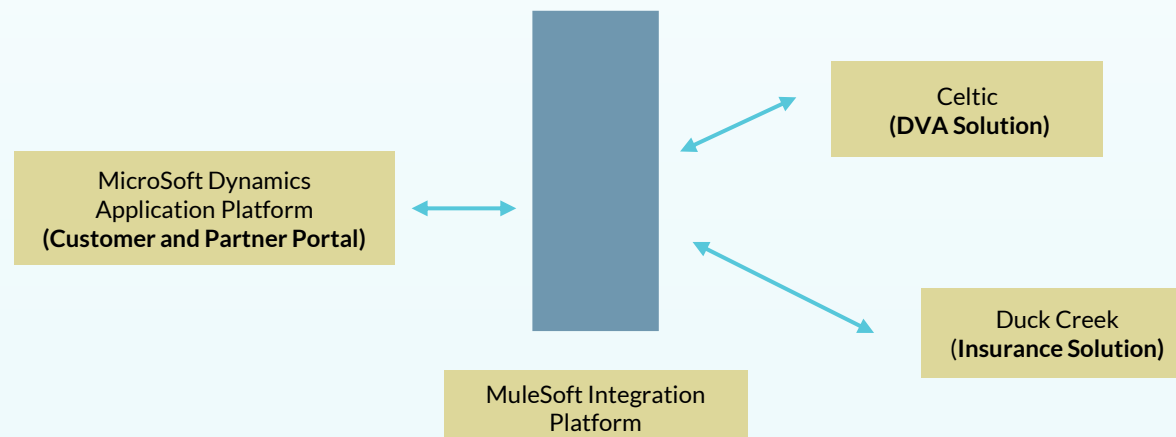
Replacement of our core systems was **the original scope**, including:

- The insurance platform.
- The DVA platform.
- Digital front-end and Customer Relationship Management (CRM).
- The integration platform.



Quickly after the project implementation began, **missing Enterprise elements** were discovered, including:

- Enterprise Architectural Maturity
- Cloud Infrastructure and Capabilities
  - DVA cloud hosting
- Organization Capacity



Collaboration of 4 software vendors and 3 professional services (KPMG, Infosys, Accenture).



# But outside of Nova, we learned additional foundational work was required.

Our investment needs to happen in three distinct but inter-related areas.



## 1. Core Systems Replacement

- The insurance platform.
- The DVA platform.
- Digital front-end and CRM.
- The integration platform.



## 2. Technology Enablers

- Cloud operations.
- Data infrastructure.
- Cybersecurity.
- Enterprise content management.



## 3. Capabilities and Skills Upgrade

- Self-sufficiency in IT services.
- Digital capabilities.
- Customer experience.
- Process management.
- Agile methods.
- Change management.



# Internal Assessment of Nova

While MPI did seek advice from consultants before starting the project, maturity levels were underestimated.

- This became visible in early stages of the implementation and during which numerous pain points and complexities were discovered along the way.
- It became evident to MPI:
  - (a) it could not deliver the project within the set timeline of 40 months,
  - (b) it would need to “flatten” the delivery of the project and extend the timeline to 60 months
  - (c) project costs would increase, and
  - (d) importantly MPI would need to significantly upscale its capability and capacity levels within Nova but also in critical business areas and technology enablers .
- In early implementation, the Nova governance vendor also identified pressing concerns, so MPI engaged McKinsey to perform a diagnostic of the Nova program and develop an action plan to ensure successful delivery of expected benefits.



# McKinsey Involvement and Assessment

It became clear to MPI that following the RFP process for external validation of our findings and to conduct an independent review would have caused additional delays to the progress of the project as well as subsequent financial impact.

With that in mind, the Corporation judiciously did the following:

- Interviewed multiple vendors with the knowledge, skills and history of working on projects of this size and scope to determine best fit
- Chose McKinsey based on their expertise, methodology and experience, including:
  - Proprietary research in conjunction with Oxford University that studied 3,000+ IT projects of \$84 billion in spend
  - Experience in setting up and building capabilities for approximately 500 IT projects of around \$25 billion in spend
  - Supported by a range of industry, functional and technical experts who have experience in setting up, architecting, managing and delivering value from large technology programs



# McKinsey Involvement and Assessment

Once an agreement with McKinsey was in place, they conducted a full diagnostic of Nova, including a thorough review and interviews with staff and stakeholders.

## Key findings included:

- Highlighting several strengths in the program, including:
  - Strong sponsorship from the board and MPI leaders
  - Focus on customer experience vs. pure play tech modernization
  - Selection of industry standard technologies
  - Modern approach to Agile delivery
- Validating MPI's internal analysis around gaps in capabilities and existing capacity, leading to changes to timeline and budget
- Identifying opportunities and recommendations to get the program on track towards a successful implementation
- MPI has accepted McKinsey's recommendations to ensure successful delivery of the project



# Enabling Nova's Success

In partnering with McKinsey to perform a diagnostic of Nova, MPI developed an action plan to ensure the success of the project's delivery.

This included validating internal findings as well as offering new perspectives, including:

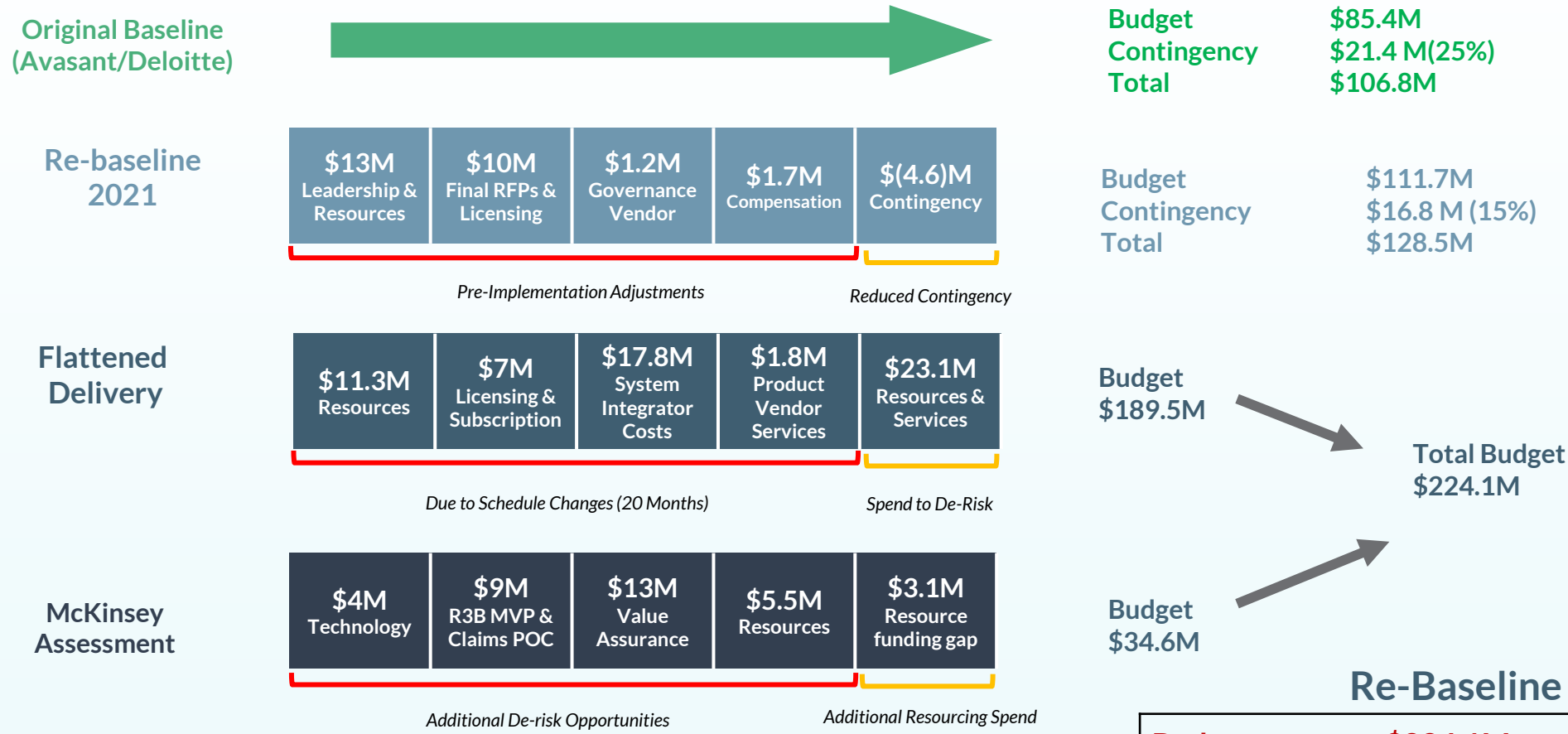
- **Strategy and roadmap** – Address capabilities and adjust the roadmap/investments to account for missing program elements (e.g. billing, capacity skill gaps, use of cloud services)
- **Operating model and governance** – Shift delivery to be more solution-based vs. technical feature focused. Address resource gaps, especially around newer capabilities, such as product ownership, architecture CX/design, process re-engineering
- **Adoption and change management** – Refine the communication and stakeholder plans to strengthen change management and stakeholder engagement journeys
- **Technology** – Address IT enablers required for Nova to launch and maintain project releases





# One-Time Implementation Costs

## Assessment and Re-baseline 2022



<b>Budget</b>	<b>\$224.1M</b>
<b>Contingency*</b>	<b>\$32.9 - \$65.8M (20 - 40%)</b>
<b>Total</b>	<b>\$257 - \$289.9M</b>



\*Contingency is calculated against the unspent budget (\$164.6M)

# Release 1 Update



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# Release 1 Updated Timeline

Per the developed action plan for Nova, it became clear that the timeline for Release 1, focused on modernizing MPI's commercial insurance management for our Special Risk Extension line of business, needed to be extended by four months.

## The key drivers of this decision included:

- The volume and type of technological defects uncovered
- An underdeveloped digital environment required for testing and training
- Concerns with application security testing



# R1 is on track to launch on January 23

Dedicated efforts are underway to ensure that the revised schedule is met, including:

- Working closely with our partners and vendors, Duck Creek and Accenture, to address technical gaps and defects
- Developing robust reporting and detailing functionality and security testing prior to implementation
- Finalizing a digital environment to allow for broker partner training opportunities



# Updates on future Nova releases

With the timeline changes to R1, subsequent releases will also be impacted:

- The initial scope and schedule for Release 2, which is focused on international registration plans, are currently being reviewed
- Currently, MPI is in the early stages of planning (pre-discovery and discovery) for Releases 3 and 4, which will provide the most value and impact for most Manitobans as they will enable MPI to introduce additional online services
- This work, which we expect to conclude by next summer, will allow us to share an updated release schedule in future GRAs



# Successes and Implementation of Learning

- Created Nova sponsorship structure that reflects the depth of Nova's objectives across divisions. This has provided greater alignment between executives, helped streamline decisions and increased the speed of impediment resolution.
- Developed Lean & Business Process Management (BPM) Centre of Enablement (CoE) which brings together Business Architects, Process Architects and Analysts to focus on the delivery of Nova BPM deliverables.
- Continued maturity reporting dashboards to manage risks, issues, decisions and actions to proactively manage overall program delivery.
- Adopted Model Office sessions to give staff and brokers the opportunity to experience the new systems before they go live.
- Continue to apply lessons learned to complete existing and future work.
- Software Development & Operations (previously known as Enterprise Application Management) has been restructured into five functional pillars, including three Centres of Excellence (COE) – Product Planning & Delivery, Systems Architecture, COE Integration, COE Digital Solutions, COE Quality. These groups hone expertise in a specific subject area to ensure Nova's successful delivery.

